

“NATURAL RESOURCE EXPLOITATION AND CONFLICTS IN DRC”

A contribution to the SID conference on Resource Based Conflicts.

Introduction

A constant and fundamental contradiction impresses itself on the minds of most Congolese citizens. Living in one of the richest countries in African and being counted among the poorest people in the world. One wonders how such a contradiction is possible, and a short look at how this huge country (the third biggest country in Africa) came into existence could shed some light on this paradox.

1. Learning from the past

Historians are at loss when they try to understand how a small king of a small country, Belgium, managed to secure such a large territory at the heart of the continent, picking up this treasure from the ground under the feet of conflicting interests of powerful European countries such as Germany, France, England and Portugal. King Leopold II played a shrewd game and convinced the colonial powers that by giving him the entire basin of the Nile and the Congo River, this vast territory was going to be open to whoever wished to come and go. Thus, « Les Etats Indépendants du Congo » became the first free market. The « Congo des comptoirs » (Congo of traders) was born. The country was open to geographers, scientific explorers, entrepreneurs, business people and missionaries.

It did not take long for the king of Belgium to realize the kind of profit he would get out of what gradually became his private back yard: « Les domaines de la couronne royale ». Congo was there to exploit and the demand for rubber in western industries was going to be the first nightmare of the Congolese population. Adam Hoschschild¹ has written a thorough account of this tragedy in his book « King Leopold's Ghost », a dark period in the building of the Belgian colony which was kept hidden until recently. The author has revealed that during the first forty years of King Leopold's colonial enterprise, ten million Congolese lost their lives in rubber hunting and construction of the Matadi – Leopoldville railway. These victims of greed and power have gone into history unknown and uncounted. And yet, the brutality and the methods used by King Leopold's agents in trying to maximise profits in total disregard of the human cost have only one parallel in world history, the genocide of native Indians in the Americas. King Leopold handed over his private back yard « Les domaines de la couronne royale » to the Belgian State in 1908 and the new Belgian colony entered its second phase of ruthless exploitation, well structured on a triangle of three key players: the administrator, the business man, and the missionary. The missionary were encouraged to preach obedience and surrender, the business man extracted as much profit as possible and the administrator enforced the law. The exploitation of resources concerned mainly mines and land. The rich province of Katanga provided copper, cobalt and various minerals, Kasai province furnished diamonds, Equateur, Oriental Province and Kivu provided agricultural land, gold

¹ HOCHSCHILD, Adam, Les Fantômes du roi Léopold II. Un holocauste oublié, Paris, Belfond, 1998

mines and industrial diamonds. Three committees were created to organise resource exploitation. The « Comité Spécial du Katanga (CSK) » created in 1900 for the copper and colbat mines in Katanga, the « Compagnie des Chemins de Fer du Congo (CFL) » created in 1902 for railways, and the « Compagnie Foncière Agricole et Pastorale » created in 1909 for land distribution. For Kivu, a special committee was created in 1928, the « Comité National du Kivu » with a monopoly on land, forestry and mines.

Right from the beginning, labour was a crucial question for these companies. Population movements were organised internally and externally to satisfy labour demands. In the Kasai, the Luba population was moved into Lulua territory to work in the diamond mines of Tshikapa. Decades later, the bloody clash between these two communities became the first internal civil war, between 1959 and 1961. Thousands of Luba were killed and others expelled.²

In Katanga, the Luba population from Kasai was recruited and external labour immigrants were brought in to work in the copper mines. Cohabitation between these multi-ethnic groups and the indigenous Lunda population was good so long as the company was doing well and the national economy was booming. With the collapse of the price of copper on the world market, the slump of the Congolese economy in the 1980s and ethnic manipulation by the local elite paid and encouraged by the Mobutu regime, Katanga witnessed the first ever clashes between the indigenous Lunda population and the fourth or fifth generation descendants of ethnic Luba labour settlers.

In Kivu, the demand for labour was handled by the Belgian colonial administration by bringing in immigrants from Rwanda from 1937 to 1955. These immigrants were mainly settled in Northern Kivu. In Masisi territory, the new immigrants were given land and an administrative entity was created for them until 1956 when their chief was removed, and the « Banyarwanda » entity was abolished and incorporated into the indigenous Hunde traditional chieftaincy in January 1958. The 1960s multi-party elections in which immigrant Banyarwanda took part was a turning point for what came to be known as the nationality question in eastern DRC. Banyarwanda immigrants regrouped in the CERECA party and their candidates were elected in constituencies where they were in the majority. From this incident, the demographic weight of the Banyarwanda in Northern Kivu was seen as a political threat to indigenous ethnic groups, especially in some territories such as Masisi, Rutshuru and Nyiragongo. In the aftermath of the collapse of the Berlin war and the end of the cold war, multi-party politics were revived in the early 1990s and triggered bloody clashes between indigenous Hunde and Banyarwanda immigrants, from March 1993 onwards. The exclusion of Banyarwanda « en bloc » as aliens was a thorny issue that the Congolese State never managed to handle properly and this culminated in an all-out war from September 1996 onwards. The first military campaign led by Laurent Kabila which saw the ousting of Mobutu in May 1997 was widely welcomed by the Congolese population at large. The disagreement between Kabila and his Rwandan backers plunged the country in a new war, where the outcome was uncertain. These self-financing wars drew heavily on local natural resources until the international community woke up and literally forced Congolese belligerents to sign a global and inclusive peace accord in Pretoria on 17th December 2002. The impact of successive wars on the population has been frightful and bloody, leaving in its wake

² MARCHAL, Jules ; Travail forcé pour l'huile de palme de Lord Leverhulme, Editions Paula Bellings, 2001, pp 35 - 45

a range of conflicting interests which are far from being solved. These conflicts concern mining and agricultural concessions allocated to different claimants by different authorities at different times. These competing interests are difficult to resolve and lay a basis for further conflicts. This paper concentrates primarily on conflicts based on competition for resources in Eastern DRC.

2. Natural resources and competing interests in DRC

a) Mining sector

To understand competing interests around mining concessions, the story of Sominki (Société Minière du Kivu) is a case in point. Formed in 1976 as a result of a merger between several Belgian mining firms whose origins go back to a major concession granted to the Belgian Baron Empain by the Belgian King Leopold II in 1902, Sominki traditionally owned most of the extensive mining concessions in Eastern Congo, with gold mining constituting four fifths of its activities, cassiterite (an ore from which tin is extracted), and coltan (which is often found in cassiterite deposits making up the rest). The collapse of the economy in the 1980s caused Sominki to close most of its industrial mining operations and allowed individuals to engage in small-scale traditional mining in its concession. The phenomenon of small-scale mining which characterises coltan exploitation today originates from this period. In 1995, Sominki sold 72% of its shares to the US firm Cluff Mining and the Canadian Banro group (28% remained in the hands of the government). In 1996, Banro bought Cluff's shares, created a subsidiary company Sakima (Société Aurifère du Kivu et Maniema) and signed a new mining agreement on 13th February 1997, owning 93% with the government's share reduced to 7%. Meanwhile Kabila toppled Mobutu on 17th May 1997 and on 29th July 1998, Kabila annulled the Banro deal entirely and created a new successor company Somico (Société Minière du Congo). On 2nd August 1998, a new rebellion broke out in Eastern Congo. The RCD rebel movement supported Sakima for a while before requisitioning its assets for its war effort. A stock of 312 tons of coltan and 190 tons of cassiterite were requisitioned. In June 2000, the rebel movement RCD annulled the Sominki/Banro deal and declared Sominki concessions an abandoned property.³

A new company, Congo Holding Development Company (CHDC), was created in June 2001 by the RCD rebel movement, which owned 37 concessions out of 47 of the former Sominki, and these were subsequently awarded to a South Africa company (Kramer group). The latter was more interested in speculation and intended to trade the 37 concessions on the Toronto stock exchange, an idea vetoed by the rebel movement. In November 2003, the Minister of the Portfolio, Joseph Mudumbi, gave back to the Canadian mining company Banro its concessions ending years of speculation and uncertainty.

The Sominki story is typical of most mining concession in DRC. Amidst competing interests the local population is nowhere to be seen, since the generalized poverty excludes them from public life.

Mining potential is recognised as the key to Congolese economic recovery. Official sources put its share in the national income at 28% and its share in exports at 70%.

³ Pole Institute, The Coltan phenomenon in war-torn Northern Kivu province, in *Regards Croisés*, no 7, september 2002

Known reserves as of 1995 are 1 billion tonnes of copper, 30 million tons of niobium (one of the components of coltan), and 206 million carats of diamonds. To organise the mining sector and supersede existing legislation, a Code Minière was promulgated on 11th July 2002; it serves as the framework for reorganising this sector.⁴

b) Land question

The pattern is no different from the mining sector. Huge land concessions have been divided and allocated to new claimants. A concession is declared vacant when the contract expires and former claimants, often in exile, who fail to renew the contract in due time, end up losing their rights.

In Eastern DRC, demographic pressure coupled with diminishing arable land in the highlands along the volcanic chain of the Rift Valley escarpment have become a serious problem, if new living space is not created in the low land, where malaria is endemic.

c) Forestry

The Congo basin has the second biggest rainforest area in the world with 2.5 million square kilometres, half of which is in the DRC. According to a World Bank study of 2002, 60 million hectares of the Congo rainforest is economically viable and DRC could produce six million cubic metres of tropical hardwoods a year, 60 times more than at present, making it the biggest forestry country in Africa.⁵

DRC issued a Forestry Code in August 2002 which says that 15% of the national territory should be protected and that 40% of the taxes paid by loggers on the sale of their product should go back to the communities concerned. As a result of the Code, the government in 2002 annulled 143 forest concessions totalling over 25.5 million hectares (over half the existing forest concessions of 44 million hectares). Thus there are 19 million hectares left of which 9 to 12 million hectares are held legitimately.

The main concession holders are SIFORCO (Société Industrielle et Forestière du Congo), a subsidiary of the German firm Danzer, with around 3 million hectares. SODEFOR (former FORESCOM) and SOFORMA together hold 8 million hectares and produced 87% of the official production in 2002, mainly in Bandundu and Bas-Congo. A planned concession of 33 million hectares to Zimbabwean interests in 2001 never materialised. In Ituri, Dara and Enra produce around 40,000 cubic metres of commercial hardwoods a year.⁶

d) Water

Multinational energy companies are set to be the biggest investors in DRC currently and in the future and the country might be the epicentre of energy on the African continent by 2040. DRC hydro-electric potential is estimated at 100,000 megawatts of which 40,000 megawatts are expected from Inga.

⁴ JOHNSON Dominic, « The Congolese transition and the debate on natural resources in Kinshasa, May 2004

⁵ JOHNSON Dominic, « The Congolese transition and the debate on natural resources in Kinshasa », May 2004

⁶ JOHNSON Dominic, idem

A consortium of multinational companies (including Westcor) is engaged in a huge energy project « Grand Inga », worth 13 billion USD, to be completed by 2040. The project intends to create four « Energy Highways ». The first energy highway is meant to connect DRC to Central Africa Republic, Sudan and Egypt. The second energy highway is going to connect DRC to Congo Brazzaville, Gabon, Cameroon and Nigeria with an extension to Equatorial Guinea. The third highway is going to connect DRC to Angola, Namibia, Botswana and South Africa. And the fourth highway is going to connect DRC to Zambia and Zimbabwe.⁷

Another South Africa company, Clacksons, is clearing the way to build two power stations worth 31 million USD. The first to be built in Katende (Kasaï Occidental) with a capacity of 18 megawatts is estimated to cost 21 million USD, and the second to be built in Kakobola (Bandundu) will cost 10 million USD. In the Eastern DRC, the same company Clacksons is building another power station in Butembo worth 8.3 million USD, to provide 5 megawatts. The construction started in October 2002 and was due to be completed in March 2003.⁸

It is difficult to gauge what the local population will gain in these huge energy investments. Practically all the energy will pass overhead through several DRC villages which live in the dark without electricity; one wonders whether there will be the capacity to satisfy local urban energy.

e) The legacy of war and a conflicting regional agenda

Three UN panel reports on illegal exploitation of the DRC natural resources by various belligerent allies has brought into the open the mechanisms of self-financing wars and a systematic pillaging at the hands of warlords. What is frightful is less the quantity of what was looted using mainly small-scale exploitation methods, but the disrespect for human lives and the risk it involves of maintaining a low-intensity war for economic gain. The world at large witnessed with dismay three rounds of fighting between Rwandans and Ugandans in Kisangani, which claimed hundreds of civilian lives. Apart from rivalry between high ranking officers of the two armies, who by the way knew each other since the Museveni National Resistance Army rebellion, control of the rich industrial diamond areas around Kisangani may have been a sufficient reason for the fighting.

In Eastern DRC, the remnant of Rwandan ex-FAR and Interahamwe, Burundian FDD and CNDD combatants are still active and control some rich mining territories such as Shabunda and Walikale. These armed bands are able to finance their military campaigns with minerals they exploit and commercialise, and this has maintained both low and high intensity war for a long time. Native Congolese armed bands who have worked with these groups and used the AK 47 to feed themselves are always willing to lend them a hand.

There are also certain natural resources found on both sides of the frontier between Uganda, Rwanda and DRC. There is an oil potential in the Rift Valley between Uganda and DRC and methane Gas in Lake Kivu. In normal and peaceful time, joint ventures are possible between these countries to exploit these shared resources.

⁷ Fulgence M, *Intégration régionale : le barrage Inga dans les autoroutes de l'énergie à l'horizon 2040*, in *Le Potentiel*, 11 May 2004

⁸ AFP, 12 May 2004.

See also JOHNSON Dominic, « Shifting sands : Oil exploration in the rift valley and the Congo conflict, Pole Institute, in *Regards Croisés* no 9, March 2003

However, the antagonism and mutual mistrust created during the recent successive wars in DRC in which Rwanda and Uganda played a key role, could turn these resources into a source of potential conflict.

Conclusion

DRC is potentially one of the richest countries in African but the Congolese population is counted among the poorest in the world. This situation is not likely to change rapidly despite the heavy investment announced especially in the energy sector because of the structural problems facing this failed state. As Dominic Johnson says, « There is consensus in DRC that any attempt to reform natural resource management must begin with breaking up the empire of corrupt state enterprises which was set up by Mobutu through Zaïrianisation in 1973. All these enterprises were bled dry by Mobutu to satisfy his private appetites, taking the Congolese economy with them to the dogs. The practice whereby a telephone call by the President is enough for a state enterprise director to siphon millions out of his company to a presidential account is apparently still alive. »⁹

Contracts signed with foreign investors give the government less than 18% of shares. Many experts tend to say that this is normal because the government is supposed to gain more on import and export taxes. However, in the absence of a solid, transparent and accountable bureaucracy most of the gain will certainly be lost. Herein lies the root cause of Congolese poverty.

Lastly, despite the efforts of MONUC, uncontrolled armed bands are capable of maintaining both low and high intensity war, especially in Eastern DRC, as is now the case.

Aloys Tegera

***Pole Institute
Manager***

⁹ JOHNSON Dominic, idem