

Supporting the War Economy in the DRC: European companies and the coltan trade



Five cases studies

An IPIS report
January 2002

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GLOSSARY

AFDL	Alliance des Forces Démocratiques pour la Libération du Congo
CAR	Central African Republic
CPH	Chemie Pharmacie Holland
DRC	Democratic Republic of Congo
EU	European Union
EWR	Eagle Wings Resources
FEC	Fédération des Entreprises Congolaises
GEMICOM	Groupe des Entreprises Minières Congolaises
GDP	Gross Domestic Product
IPIS	International Peace Information Service
MAGERWA	Magasins Généraux Rwandais
MDM	Mudekereza-Defays-Minerais
MPR	Mouvement Populaire de la Révolution
MLC	Mouvement pour la Libération du Congo
PHIBRO	Philip Brothers
RCD	Rassemblement Congolais pour la Démocratie
RPA	Rwandan Patriotic Army
RPF	Rwandan Patriotic Front
SOMIGL	Société Minière des Grands Lacs
TIC	Tantalum and Niobium Study Centre
TMK	Transports et Messageries au Kivu
UN	United Nations
UNDP	United Nations Development Programme
UPDF	Uganda People's Defence Forces

Democratic Republic of Congo and neighbouring countries



Source: World Factbook 2001, CIA

Eastern Democratic Republic of Congo: Towns



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Executive summary

Since the outbreak of the second Congolese war in August 1998, the people of the Democratic Republic of Congo have been caught up in a fight over their country's vast natural resources. Six neighbouring states and several rebel groups compete to extract maximum commercial and material benefits at an exorbitant human cost for millions of Congolese. The private sector plays a vital role in the continuation of the war by facilitating the exploitation, transport and marketing of Congo's natural resources. This report lays out the results of an investigation conducted by IPIS into the dealings of European companies involved in the coltan trade and named in the report of the UN Panel of Experts on the Illegal Exploitation of Natural Resources of the DRC. Coltan, an ore containing the rare tantalum metal, was singled out because it is an essential element in the production of mobile phones and computers, symbols *par excellence* of modern European lifestyle.

The first three case studies examine the relationship between European trading companies active in South Kivu and the Rwandan backed rebels of the RCD-Goma. Building on the institutions inherited from the Mobutu era, the RCD collects taxes on mineral exports to finance its war effort. Reacting to a steep rise in coltan prices at the end of 2000, the rebel administration even granted a monopoly on all coltan exports from the territories under its control to a new company called *SOMIGL* until March 2001.

Documents gathered by IPIS establish that the Belgian company *Cogecom Sprl* was a key business partner of the rebels' monopoly. The deals between *SOMIGL* and *Cogecom* are estimated to have generated a revenue of 600.000 USD for the RCD in December 2000 alone. Similar deals were documented between *SOMIGL* and *Cogear*, a company with a fictitious address in Belgium.

Sogem, a subsidiary of the Belgian transnational corporation *Umicore* (formerly *Union Minière*) did not enter into commercial transactions with the rebels' proxies. Together with its local partner in South Kivu, the *MDM* trading post, it was forced out of business by the *SOMIGL* monopoly. However, as all European companies trading coltan in Kivu, *Sogem* indirectly financed the war through its local partners' tax payments to the rebel administration.

Research into the activities of the German corporation *Masingiro GmbH* documents three business transactions covering the export of 75 tonnes of coltan from June to September 2001. The volume of these cargoes makes it plausible that these deliveries originated from old stocks of RCD's *SOMIGL* monopoly. The coltan exported by *Masingiro* was transported to Germany via the airport of Ostend and the seaport of Antwerp by the expedition companies *TMK* (DRC), *A.B.A.C* and *NV Steinweg* (Belgium). The coltan was presumably destined for the tantalum processing plant operated by the *Bayer* subsidiary *H.C. Starck*, a world leader in this field.

The Rwandan Patriotic Army (RPA) is a strongly organised and efficient force in the war economy of the Great Lakes region. According to the UN Panel of Experts, the RPA has set up an ad hoc structure to oversee the mining of Congolese

resources and facilitate contacts with Western clients. Under the header of 'military commercialism' the second part of the report looks at joint ventures between European coltan traders and members of the RPA and Paul Kagame's inner circle.

The Swiss businessman Chris Huber appears to play a major role in the financing of the Rwandan war effort. Research shows that his offshore companies *Finmining* and *Raremet* buy coltan from *Rwanda Metals*, a company acting as a front for the RPA, and sell it to the Ulba processing plant in Kazakhstan. Through agreements with the Kazakh air freight company *Ulba Aviakompania/Irtysh Avia*, which handles *Finmining's* shipments from Kigali to Kazakhstan, Chris Huber may be linked to Viktor Bout, a notorious arms trafficker who supplies various rebel groups and armies in Africa.

Eagle Wings Resources (EWR) is a joint venture between the American *Trinitech* and the Dutch *Chemie Pharmacie Holland*. *EWR's* local representative in Kigali is Alfred Rwigema, President Kagame's brother-in-law. President Kagame was accused by the UN Panel of Experts of playing a pivotal role in the exploitation of the DRC's natural resources. *EWR's* management claims it has turned down business proposals by another RPA-controlled coltan trading firm called *Grands Lacs Metals* but was unable to specify from which trading posts its local representative purchases the coltan exported by *EWR*.

The report concludes with recommendations to the UN Security Council, the EU Council of Ministers, European countries and Kazakhstan, the private sector and consumer organisations. These recommendations are supported by a large coalition of NGOs from several European countries. They aim at increasing the incentives for the warring parties to seek a negotiated and sustainable peace agreement and at creating an environment in which the coltan trade will benefit the people of Congo instead of fuelling a war that destroys their livelihoods. A key recommendation is the need to impose a temporary embargo on coltan and other natural resources originating from occupied DRC and countries involved in the Congolese war. This temporary measure should allow the UN, the EU and national governments to investigate companies and nationals involved in the coltan trade and take measures to prevent this trade from contributing directly or indirectly to the financing of the war in the DRC. Specific recommendations are made to the governments of Belgium, Germany, the Netherlands and Switzerland on the basis of this research. Leading international corporations using tantalum capacitors such as *Alcatel*, *Compaq*, *Dell*, *IBM Ericsson*, *Nokia* and *Siemens* are called upon to immediately refrain from buying components containing tantalum originating from occupied Congo and its neighbours and to allow for independent verification.

Introduction

The war in the Democratic Republic of Congo has cost the lives of millions of Congolese people¹ and jeopardises the future of a whole continent. Since the outbreak of the 'second Congolese war' (August 1998), the Congolese population has been caught up in a fight over the DRC's vast natural resources. The conflict involves at least six neighbouring states and many rebel groups. In its recently published reports, the UN Panel of Experts investigating the illicit trade in minerals and other natural resources of the DRC came up with the startling conclusion that "extracting the maximum commercial and material benefits" has become "the primary motive" of the countries and armies involved in this war.² Equally worrying is the Panel's finding that "the in the exploitation of the continuation of the

"The role of the private sector in the exploitation of natural resources and the continuation of the war has been vital."

UN Panel of Experts

This report takes number of companies the UN experts because

a closer look at a and ventures named by of their involvement in the coltan trade i.e. *Cogecom, Cogear, Sogem, Masingiro, Finmining, Finconcord, Raremet and Eagle Wings Resources*. They are all partially incorporated in European countries and/or managed by European nationals. The coltan trade was singled out because of its link to an object that has become so important in the everyday lives of so many Europeans, i.e. the mobile phone. In June 2001, a coalition of 18 Belgian NGOs launched a campaign with the slogan "No blood on my mobile! Stop the plundering of Congo!" to demand that measures be taken to ensure that the trade in Congolese minerals benefits the people of Congo instead of fuelling a war that destroys their livelihoods. This report is intended as a contribution towards this goal.

The aim of this report is to assess the responsibility of the companies under scrutiny in the financing and continuation of the war. These companies operate chiefly from Rwanda and Rwandan controlled territory in Eastern DRC. Accordingly, this report will concentrate on the attempts by the Rwandan Patriotic Army (RPA) and its Congolese allies to control the coltan trade in Kivu. Many important issues, such as human rights violations and ecological devastation accompanying coltan mining and trading, will not be discussed in this report.⁴

¹E.g. "Access to health and violence in Congo (DRC)", Médecins Sans Frontières, December 2001; "No End in Sight – The Human Tragedy of the Conflict in the Democratic Republic of Congo", Christian Aid, Oxfam GB and Save the Children UK, August 2001.

² Addendum to the report of the UN Panel of Experts on the Illegal Exploitation of Natural Resources of DR Congo, 13-11-2001, §148.

³ Report of the UN Panel of Experts on the Illegal Exploitation of Natural Resources of the DR Congo, 12-04-2001, §215.

⁴ These issues are discussed in other publications. See for example: "DRC – Rwandese controlled east: Devastating human toll", Amnesty International, June 2001 and Redmond, Ian, "Coltan Boom, Gorilla Bust. The impact of coltan mining on gorillas and other wildlife in Eastern DR Congo", Born Free Foundation & Dian Fossey Gorilla Fund Europe, May 2001.

The first part of this report looks at how European trading companies active in South Kivu have reacted to the attempts of the '*Rassemblement Congolais pour la Démocratie*' (RCD) to monopolise the coltan trade. This rebel movement was created at the beginning of the second Congolese war in August 1998 to serve the interests of Rwanda in Eastern Congo. Its headquarters are currently based in Goma. The case studies presented in this part are *Cogecom*, *Cogear*, *Sogem* and *Masingiro*. Whereas all these companies have indirectly financed the RCD's military budget through the taxes levied by the rebels, some have played a more direct role in the continuation of the war by entering into very lucrative transactions with the rebels.

Under the header of 'military commercialism', the second part of the report looks at joint trade ventures of European businesses with Rwandan military and political actors: Swiss managed off-shore companies (*Finmining*, *Finconcord* and *Raremet*) and a Dutch-American joint venture (*Eagle Wings Resources*). Finally, this report will make a number of recommendations to prevent the coltan trade from contributing to the financing of the war in the DRC and from jeopardising the Lusaka peace process.

Coltan: "black gold"

What's in a name?

"Coltan" is a contraction of "colombo-tantalite", the name of an ore combining two rare metals with similar atomic structures: niobium (Nb), also known as columbium, and tantalum (Ta).

What is it used for?

Before it can be used, coltan needs to be refined. The tantalum or niobium are separated through a chemical reaction from their ore and transformed into a metal powder. A very small group of companies in the world is capable of processing coltan. These include *H.C. Starck* (Germany), *Cabott Inc.* (U.S.), *Ningxia* (China), *Ulba* (Kazakhstan). Tantalum and Niobium powder are in great demand by a number of industries. Tantalum powder is used to manufacture highly heat-resistant electronic components needed for mobile phones, laptop computers, play stations,... Tantalum is also used in the aviation and atomic energy industries. Niobium is mostly used in heat-resistant steel and glass alloys in the construction industry.

Where is it found?

Niobium is found chiefly in two mines in Brazil (CBMM, Araxà and British-American, Goias) and one mine in Canada (Niobec, St Honoré). Until recently the majority of the world's production of tantalum was from the discard slags of tin smelters. The tin mineral cassiterite is frequently associated with coltan ore. Following the gradual decline of the tin industry, new sources have emerged. The biggest coltan mines, which account for approximately 60% of the world's production are located in Australia (Greenbushes, Wodgina, Sons of Gwalia). It is generally believed that 80% of the world's reserves are in Africa, with DRC accounting for 80% of the African reserves. In DRC, coltan is mostly found near rivers and in riverbeds or

hidden in the vast natural reserves of eastern Congo in the two Kivu provinces and in Maniema.

The “coltan gold rush”

At the end of 2000, the population of Kivu was suddenly dragged into an unprecedented “gold rush for coltan”. In a few months’ time, the price of coltan rose tenfold. In January 2000, an international trader paid between 30 and 40 USD for a pound (lb) of unprocessed coltan ore. By December 2000, the price had risen to 380 USD. This increase was caused by an overvaluation of the technology market triggered by a new generation of mobile phones (UMTS) and a rush on computer games (Sony Playstation II), causing a sudden and steep rise in the demand for tantalum powder. However, the coltan boom was short-lived and prices rapidly decreased. In April 2001, coltan was priced around 150 USD/lb, in July 2001, around 100 USD/lb and in October 2001, coltan prices were back to where they were before the “coltan gold rush”, i.e. around 30 USD/lb. In the meantime however, thousands of destitute Congolese people had gone digging for the precious ore, a few international traders had made a fortune and millions of dollars had flowed to the parties waging war.

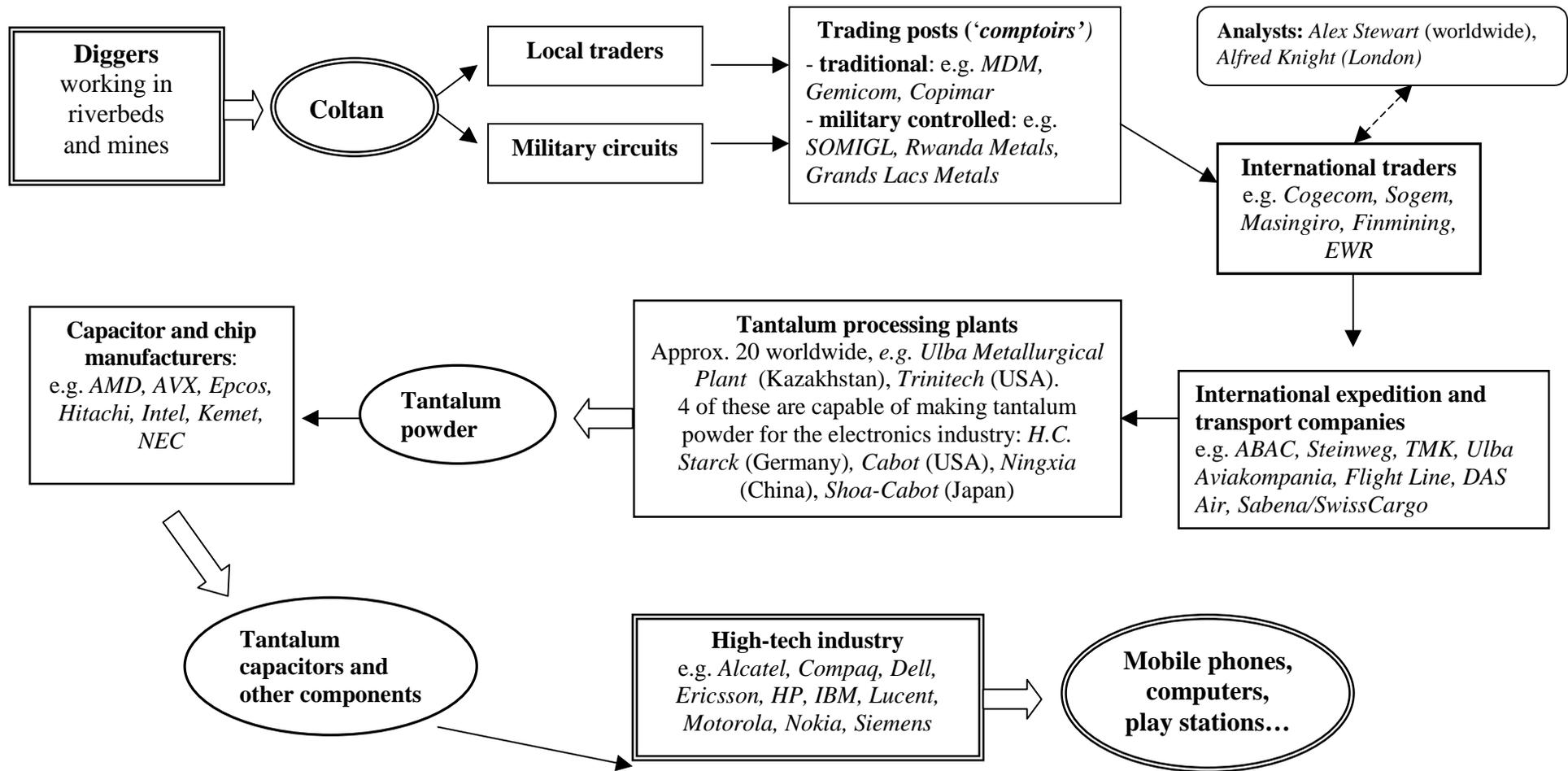
Sources: Tantalum-Niobium International Study Center (www.tanb.org) and Didier de Failly, “Coltan, pour comprendre...”, in L’Annuaire des Grands Lacs, Antwerp, November 2001.

COLTAN LOCATION AND TROOP DEPLOYMENT IN DRC

Prov. Orientale	North Kivu
Mambasa (UPDF/FLC) Bafwasende (UPDF/FLC)	Masisi (RPA/RCD) Walikale (RPA/RCD) Myanga (RPA/RCD) Kibabi (RPA/RCD) Pinga (RPA/RCD) Katanga Manono (RPA/RCD)
Maniema	
Punia (RPA/RCD) Kalima (RPA/RCD) Kama (RPA/RCD) Saramabila (RPA/RCD)	
South Kivu	
Shabunda (RPA/RCD) Ninja (RPA/RCD) Kalehe (RPA/RCD) Walungu (RPA/RCD) Walikale (RPA/RCD) Bunyakire (RPA/RCD)	

Source: All Party Parliamentary Group on the Great Lakes and Genocide Prevention, UK House of Commons, Report of a Visit to DRC, 2nd – 6th August 2001

Coltan: from the Congolese war zones to your mobile phone



Sources: Kristi Essick, 'A call to arms', The Industry Standard Magazine, 11/6/01; E. Bruylant, 'Bloed aan uw GSM?', Trends, 19/4/01; Tantalum-Niobium International Study Center (www.tanb.org); Didier de Faily, "Coltan, pour comprendre...", in L'Annuaire des Grands Lacs, Antwerp, November 2001.

**PART. 1 FINANCING THE REBELS: EUROPEAN COMPANIES AND THE RCD-GOMA'S
ATTEMPTS TO MONOPOLISE THE COLTAN TRADE**

Controlling the coltan trade: the RCD-Goma's SOMIGL monopoly

When the RCD seized power in Kivu in August 1998, the mining sector was a complete shambles. However, instead of restructuring the infrastructure and looking for a new viable management for the mines in their territory, the RCD leadership quickly started looting the remaining stocks of colombo-tantalite with their Rwandan partners⁵. Shortly after, the newly instated rebel government decided to collect its own taxes on mineral exports, using the institutions inherited from the Mobutu era. The only new office created by the RCD government was the 'Office de Protection des Recettes Publiques'⁶. For a period of almost two years, the RCD obliged every trading post or 15.000 USD month period. to pay a tax exports⁷. dependent on military

*"We raise more or less
200.000 USD a month
from diamonds. Coltan
gives us much more: a
million USD a month!"*

RCD-Goma President
Adolphe Onusumba

'comptoir' operating in its territory to pay for a licence that was valid for a 12 In addition, the licensed 'comptoirs' had estimated at 8% of the total value of However the RCD remained highly its Rwandan backers to finance its deployment in the region.

That all changed on 20 November 2000. Reacting to the steep rise in coltan prices, the RCD-Goma granted a monopoly on all coltan exports from rebel held territories to a newly created company called *SOMIGL (Société Minière des Grands Lacs)*.⁸ The monopoly was set up to finance the war effort of the RCD-Goma. First of all, a new tax of 10 USD was levied on every kg of coltan exported by trading posts operating in rebel territory. Secondly, the *SOMIGL* leadership was given to Aziza Kulsum, aka 'Madame Gulamali'. In a recent past, this notorious Burundian businesswoman had been a fierce ally of the Hutu-rebels in Burundi and had built up a reputation as a tough arms dealer. Finally, *SOMIGL* was backed by four foreign partners, i.e. *Africom*, *Premeco*, *Cogecom* and *Cogear*. Although the identity of the two first companies is unknown, *Cogecom* and *Cogear* will be discussed below.

SOMIGL allowed the RCD to finance its own military budget for the first time. However, the exact amount of tax revenue for the RCD-Goma generated by the monopoly is not known. According to official RCD statistics, coltan exports from RCD-territory prior to the *SOMIGL* monopoly (January to October 2000) totalled 445.255 kg, averaging 44.525,5 kg a month (see chart below). During the monopoly, official

⁵ From late November 1998 to April 1999, the RPA and RCD leadership in Goma organised the removal and transport to Kigali of between 1,000 and 1,500 tonnes of coltan and between 2,000 and 3,000 tonnes of cassiterite: 'Report of the Panel of Experts on the illegal exploitation of natural resources and other forms of wealth of the Democratic Republic of the Congo', New York, 12 April 2001

⁶ Significantly, the person who is currently in charge of that office is Gervais Ruboneka, the former coordinator of the *SOMIGL* monopoly.

⁷ Tegera, Aloys, 'Le coltan et les populations du Nord-Kivu', Pole Institute, 17 March 2001

⁸ Arrêté interdépartemental n°43/RCD/CE/DFBP, DTME & DEPIC/2000 du 20 novembre 2000, portant dispositions spéciales applicables à l'achat et à l'exportation du colombo-tantalite. The provision was signed by the Minister of Finance (Emungu Ehumba), the Minister of Mines (Nestor Kiyimbi Mutangi) and the Minister of Economy (Gaston Rutong Sandam Muyey) of the RCD-Goma.

exports increased to 112 tonnes in December 2000, falling back again to 96 tonnes in January 2001 and 27 tonnes in February.⁹ On the basis of the RCD's proclaimed taxation method of 10 USD/kg, the *SOMIGL* monopoly would have enabled the RCD to cash 2,35 million USD in three months.

As a result of the monopoly, two renowned trading posts in Bukavu, MDM (cf. infra) and the leading Kotecha group, allegedly suspended their coltan trading activities in eastern DRC¹⁰. Moreover, *SOMIGL* constantly had to contend with regular export stops and a complete unwillingness from some local '*comptoirs*' to cooperate with the authorities¹¹.

RCD-GOMA COLTAN EXPORT STATISTICS for January – October 2000

<i>Comptoir</i>	Amount in kg	Estimated value in USD
Ntale	26.100	391.500
Mbanzabugabo	14.000	210.000
Socomi	165.000	2.475.000
Singoma-Mwanza-Shenimed	49.000	735.000
MDM	41.147	617.205.
Muyeye	120.176	1.802.640
Sogermi-Congo	12.968	194.520
Vanga-Entreprise	1.000	15.000
Hitimana	5.364	80.460
EFP/Business	1.500	22.500
Kaferege (Rwanda Metals)	9.000	135.000
Total	445.255	6.660.825

Source: Official Statistics RCD Ministry of Mines and Energy, October 2001

When prices fell drastically at the end of March 2001 – and official exports slumped to a mere 19 tonnes, the RCD-leadership finally decided to abolish the *SOMIGL* monopoly. The market was again liberalised.¹²

⁹ Official RCD-Goma statistics collected by IPIS in March 2001 in Goma.

¹⁰ The Indian Kotecha family heads a group of trading companies in east-DRC, and has been a leader in the coltan trade in Kivu for decades. Mr Ramnik O. Kotecha introduces himself as the honorary consul of the US in Bukavu. Report of the UN Panel of Experts, 12 April 2001, § 183

¹¹ For a more detailed discussion, see: de Failly, 'Coltan. Pour Comprendre', in: *L'Afrique des Grands Lacs*, November 2001, p. 21-23

¹² *Le Potentiel*, 14 April 2001

As the following case studies will show, this short period allowed the RCD leadership to engage in considerable business activities with a number of foreign partners. Two of these companies are discussed below, i.e. *Cogecom* and *Cogear*. The second company we discuss, *Sogem*, had to stop its activities in Kivu because its local partner was temporarily forced out of business. Finally, the end of the *SOMIGL* monopoly offered European companies new business opportunities. This was the case for the German company *Masingiro* which will be discussed in the third part of this chapter.

Case 1 - *Cogecom* and *Cogear*: the rebels' key Belgian business partners Trading with the rebels

Cogecom SPRL was established on 9 November 1992 as an import-export business to and from Zaire. Initially it was a head-company to control a number of buying points in Burundi, Rwanda and Zaire, it is now principally engaged in the import of products from the DRC, such as coffee, papaya, quinine, tin and, of course, coltan. According to *Cogecom's* manager, Mr Jacques Van den Abeele, his coltan-supplier is a comptoir based in Bukavu (South Kivu) called *Shenimed* – led by Mrs Shenila Mwanza and her brother Mohammed¹³. Both are children of the local business mogul Aziza Kulsum, who led the RCD coltan monopoly from November 2000 to March 2001.

Cogecom's transactions account for more than 50% of the SOMIGL monopoly's business for December 2000.

The UN Panel of experts included *Cogecom* in the list of companies exporting coltan from the DRC via Kigali and asserted that the Belgian company was one of Ms Gulamali's clients¹⁴. Nevertheless, in reactions to the press, Mr Van den Abeele has persistently denied having any relation with Ms Gulamali or *SOMIGL*. However, evidence gathered by IPIS suggests the contrary. IPIS researchers are in the possession of two documents which prove the sale of considerable amounts of coltan by *SOMIGL* to *Cogecom* in December 2000. The documents authorise the export of 30 tonnes of coltan of 'small-scale production' ("*de production artisanale*") valued at 1.568.575 USD on 1 December 2000 and of another 30 tonnes valued at 1.545.593 USD on 16 December 2000. Both documents are signed by the provincial chief of the RCD Ministry of Mines for South-Kivu, Mr Kayonga Abbas¹⁵.

Following RCD's taxation method, the 60.000 kg exported by *Cogecom* should have generated a tax revenue of 600.000 USD for the RCD. If the RCD's official export data for December 2000 is correct, this means that *Cogecom's* transactions account for more than 50% of *SOMIGL's* business revenue for that month. If the value stated by *SOMIGL* (USD 3.114.168) is the price actually paid, then *Cogecom's* profit can be estimated at 2.5 to 4 million USD given the price of tantalum on the

¹³ Interview with Mr Jacques Van den Abeele, 22 August 2001

¹⁴ Report of the UN Panel of Experts, 12 April 2001, Annex I

¹⁵ Authorisation d'exportation n° mines/345.7/252/2000 (1/12/00); authorisation d'exportation n° mines/345.7/242/2000 (16/12/00)

world market at that moment and assuming a tantalum content of 20%¹⁶. Transport and other taxes should be deducted from this amount. As Mr Van den Abeele has declined to reveal any information on the destination of the exports and the identity of his shipping agents, it is impossible to evaluate these costs¹⁷.

Cogear: a mysterious company linked to Cogecom?

While researching *Cogecom's* activities, IPIS discovered documents that established similar transactions between *SOMIGL* and another company *Cogear SARL*. The total proclaimed value of these coltan deals, which were also made in December 2000, amounts to 828.468 USD¹⁸. According to three export permits obtained by IPIS, the address of this company is 134, Avenue Albertine, 1120 Brussels. However, research in Belgium shows that *Cogear's* address is fictitious. Subsequently, the company has no commercial registry or telephone number. An insurance company called *Cogear* exists in Kigali but its management states not to have an address in Belgium. Some sources have linked *Cogear* to Jacques Van den Abeele, *Cogecom's* manager, but IPIS has been unable to confirm this allegation. Whoever is behind *Cogear*, this ghost company has enabled the RCD to export coltan and to increase its financial revenues.

Conclusion

The discussion of the former companies shows that the RCD's war financing activities have certainly not been limited to taxation alone. Rather, the tremendous increases in prices at the end of 2000 have inspired its leadership to export as much coltan as possible through deals with foreign companies. *Cogecom's* Jacques Van den Abeele has been a very important business partner for the RCD. *Cogear SARL* also appears to be such a partner. However, as the following case will illustrate, not every comptoir has been willing to cooperate to the same extent.

Case 2 - Umicore subsidiary Sogem: a Belgian transnational corporation keeping at a safe distance from the RCD-Goma?

Sogem is a 99,68% subsidiary of the Belgian *Union Minière* group (recently renamed *Umicore*), one of the largest and oldest Belgian transnational corporations¹⁹. Founded in 1900 in Brussels, *Sogem* now has branches in 27

¹⁶ The calculation is made on the basis of the price paid by processing companies to traders for tantalum in the period between 1 and 19 December 2000, which fluctuated between 215 and 275 USD/lb. 26.455 lb of tantalum (amount based on an estimated 20% of the delivered 60 tonnes of coltan) cost between 7.257.125 and 5.687.825 USD at the time.

¹⁷ Interview with Mr Jacques Van den Abeele, 22 August 2001

¹⁸ Authorisation d'exportation n° mines/345.7/236/2000 (7/12/00): 5.728 Kg coltan "de production artisanale", valued 300.152,44 USD; authorisation d'exportation n° mines/345.7/237/2000 (7/12/00): 7.822 kg coltan "de production artisanale", valued 303.180,72 USD; authorisation d'exportation n° mines/345.7/241/2000 (13/12/00): 5.003 kg coltan "de production artisanale", valued 225.135 USD.

¹⁹ See www.um.be. The board of directors of the Belgian department of *Sogem* comprises 53 members. Managing directors are Etienne Denis, George Neve, Michel Moser, Marc Grynberg, Thomas Leysen, Freddy Van Grimbergen and Thierry Caeymaex.

countries involved in marketing, trading and brokering non-ferrous and precious metals.²⁰

The UN Panel of experts initially accused *Sogem* of cooperating with the RCD through its *SOMIGL* monopoly and Ms Gulamali²¹. In response to the UN Panel's accusations, *Sogem* declared to the press that it had never dealt with *SOMIGL* and that it was only doing business with its long time partners in Kivu, independent local traders.²² *Sogem's* management also alleged that the *SOMIGL* monopoly had prompted a steep drop of *Sogem's* share in the local coltan market²³.

Sogem's partner in South Kivu: MDM

IPIS has identified two *Sogem* trading partners in the Kivu region. The first one operates in the area of Beni and Butembo (North Kivu). Due to the limited scope of this report, IPIS has not investigated *Sogem's* activities in North Kivu.

Sogem's second partner in DRC is *MDM*, a coltan trading post based in Bukavu, South Kivu. *MDM* – an acronym for Mudekereza-Defays-Minerais – is run by a Congolese businessman, Namegabe Mudekereza²⁴, and a Belgian expatriate, Michel Defays²⁵, and sells coltan from small-scale miners with mines in Punia, Walikale, Mwenga, Nindja and Shabunda in South Kivu.²⁶

Both the managers of *Sogem* and *MDM* maintain that their activities in Kivu date back to before Laurent-Désiré Kabila's AFDL seized power in Kinshasa in 1997. They pride themselves on the fact that they serve Congolese interests as much as possible while conducting their business. *Sogem* financed a new factory for the treatment of minerals in July 1998. It presented this investment as very beneficial for local traders. Whereas in the past people had to send their coltan samples to laboratories abroad, they could now have them analysed locally and react promptly to the evolution of coltan prices on the world market²⁷.

The Sogem-MDM partnership and the RCD-Goma

A closer look into *MDM's* activities illustrates the complex relationship between Congolese traders and the Rwandan-backed RCD rebels. With the start of the second 'Congolese' war in August 1998, *MDM*, as all existing '*comptoirs*', continued

²⁰ *Sogem's* brokerage activities are handled by *Sogemin Metals Ltd*, one of the leading companies at the London Metal Exchange: Bel-first (update 36, March 2001), University of Antwerp, p. 1. www.eurodb.be, www.sogem.co.uk

²¹ Report of the UN Panel of experts, 12 April 2001, § 92.

²² See i.a. the open letter to the 18 NGOs promoting the campaign "No blood on my mobile! Stop the plundering of Congo!" published by *Sogem* in all Belgian newspapers on 23/06/01.

²³ Conversation with *Sogem* manager Bruno Deliëns, 9 August 2001.

²⁴ Mr Mudekereza also exports agricultural products and has his own quinine plantations in the regions of Kalehe, Walungu and Kabare. He has been exploiting these products since the 1980's and says that he employs hundreds of people. Source: letter received from Namegabe Mudekereza on 5 September 2001.

²⁵ Michel Defays lives at the Avenue Muhumba in Bukavu. In addition to being one of the managers of *MDM*, he is also the president of the Board of directors of GSM Equipment, a company based in Liège (Belgium). Until July 2001 Defays was managing director of Agerco, a family enterprise that recently has been liquidated. Source: www.eurodb.be.

²⁶ Fax sent by Mr Mudekereza, 6 September 2001.

²⁷ Fax message addressed to the head of the department of Mines and Energy in Goma, 24 November 2000; interview Bruno Deliëns, 9 August 2001.

to pay taxes to the various government outlets created by Mobutu and taken over by the Rwandan-backed RCD. This meant that *MDM's* Belgian client *Sogem* indirectly contributed to the financing of the rebels' war effort. According to Mr Mudekereza, *MDM* paid 80.581 USD in taxes to the RCD from January to October 2000.²⁸

However, when the RCD imposed the *SOMIGL* monopoly in November 2000, things changed. From one day to the next, *MDM* was forced out of business and *Sogem* cut off from all supplies²⁹. In a desperate attempt to stay in business, Mr Mudekereza offered the RCD a new form of cooperation asking the head of the Department of mines to allow *MDM* "with 2 or 3 other companies" to resume trading.³⁰ On the basis of this quote, it could be concluded that – at least during the first stage of the monopoly – *MDM's* management was willing to start a structural cooperation with the rebels. It even wanted to take the initiative to negotiate a cooperation agreement.

*Sogem, as all European companies
trading coltan in occupied Kivu,
indirectly financed the war.*

MDM made several unsuccessful attempts to release a stock of 15 tonnes of coltan destined for *Sogem*, withheld by the RCD.³¹ By January 2001 the coltan seized by the RCD had still not been released.³² The head of *SOMIGL*, Madame Gulamali, would not hear of Mudekereza's request. She suspected he wanted to circumvent the monopoly and vehemently refused to accept that his *comptoir* was the only one concerned about the well being of the 'indigenous' traders. This quarrel between Ms Gulamali and one of Bukavu's most important businessmen illustrates the growing tension between a group of resisting Congolese traders and those who decided to openly collaborate with the occupying rebel movement (see box: the '*Fédération des Entreprises du Congo*' : resistance and power sharing).

Conclusion

Sogem, as all European companies trading coltan in occupied Kivu, indirectly financed the war from August 1998 to November 2000 through its local partner's tax

²⁸ Fax message from Namegabe Mudekereza to the head of the Department of Mines and Energy, 24 November 2001.

²⁹ Fax from Mudekereza, received on the 6 September 2001.

³⁰ « (...) nous voudrions demander au Chef de Département de bien vouloir vérifier l'authenticité de notre société et son impact sur le terrain et **de nous maintenir ainsi où nous incorporer dans la nouvelle organisation minière avec 2 ou 3 autres sociétés pour éviter le monopole. Nous sommes aussi prêts à discuter avec le pouvoir central du RCD sur cette nouvelle modalité qui va de l'intérêt de nous tous RCD-MDM** et surtout la population que nous ne devons pas oublier car les mesures prises doivent être bien accueillies par cette dernière et avoir de l'impact sur l'économie en générale en évitant le monopole.», fax addressed by *MDM* to the head of the department of Mines and Energy in Goma, 24 November 2000. (editor's stress).

³¹ « Votre mesure actuelle nous a mis en difficulté parce que nous devrions honorer notre contrat de 2000 avec notre partenaire '*Sogem*' avec nos 3 lots de 5 tonnes par lot de coltan soit 15 tonnes bloquées au niveau du Chef de division pour l'autorisation d'exportation. Nous demandons au Chef de département de nous autoriser la sortie de ces lots afin d'apurer ce litige vis à vis notre partenaire qui les réclame. », fax addressed by *MDM* to the head of the department of Mines and Energy in Goma, 24 November 2000.

³² « Nous tenons à vous rappeler que nous continuons à attendre votre décision d'achat pour la matière, Coltan, retirée au sein de notre usine par le soin du Chef des Mines accompagnée des militaires, des éléments de sécurité, du détachement de la Police Nationale pour vous la revendre eu égard au monopole vous accordé. » Letter from Namegabe Mudekereza to the head of the *SOMIGL* monopoly, 5 January 2001.

payments to the rebel administration. However, *Sogem* did not enter into commercial transactions with the rebels' *SOMIGL* monopoly. When *MDM*, *Sogem*'s partner in Bukavu, was forced out of business by *SOMIGL*, *Sogem* apparently did not seek to negotiate directly with *SOMIGL* or the RCD to release the stocks to which it was entitled or to make alternative business arrangements. Nevertheless, contrary to what is stated in the UN Panel's addendum report³³, *Sogem* did not voluntarily end its partnership with *MDM* in November 2000 but was simply forced to suspend it.

MDM, *Sogem*'s local partner, was initially prepared to cooperate with the rebels to be allowed to resume its coltan exports. *MDM*'s subsequent attempts to resist the RCD's monopoly and restore the economic framework prior to *SOMIGL* further marginalised this 'comptoir' on the local market.

The 'Fédération des Entreprises du Congo' : resistance and power sharing

Tensions relating to nationality and ethnicity permeate all areas of life in Kivu, including the coltan trade. This becomes apparent in the exchange of letters that took place between Namegabe Mudekereza, manager of *MDM*, and Aziza Kulsum alias 'Mme Gulamali', head of the rebels' *SOMIGL* monopoly. Relations were tense not only because of competing business interests and disputes over the value *MDM*'s immobilised coltan stocks.³⁴ Gulamali violently reacted to Mudekereza's statement that his comptoir was the only one run by "natives" and concerned about the well-being of the people:

*« Vous vous obstinez à soutenir que vous êtes le seul comptoir qui s'occupe du social et le seul à Bukavu, fondé et créé par un autochtone comme pour autant dire que les autres n'ont pas des droits ou des mérites. Nous vous faisons observer que votre affirmation n'est pas correcte. »*³⁵

This is probably symptomatic of the growing tension between a group of resisting Congolese traders grouped within the '*Fédération des Entreprises du Congo*' (*FEC*) and those who decided to openly collaborate with the rebel movement and the occupants.

The issue of 'economic collaboration' between 'indigenous' Congolese and 'foreign' invaders is an extremely sensitive topic that has prompted very little attention so far. It is interesting to see how some local individual traders and small companies – in a context of disturbed economic affairs as a result of the occupation – were discussing possibilities to restore a regulatory framework for the economy. As the *SOMIGL* monopoly continued, the tension came to a head between the '*Fédération des Entreprises du Congo*' and the rebel administration. Before the monopoly, local traders had continued to pay taxes to the old government institutions. Although these taxes now ended up in the pockets of the RCD, they allowed the local traders to

³³ "Sogem, a subsidiary of Umicore (formerly Union Minière), which was cited in the report, ended its partnership with its coltan supplier, MDM, in Bukavu in November 2000", Addendum of the Report of the UN Panel, 13 November 2001, §18.

³⁴ Letter from Aziza Kulsum to MDM dated 16 January 2001 accusing Mudekereza of understating the tantalum contents of his coltan stocks and of "merely acting from motives of gain, trying to make more profit than the modest traders and diggers who did not have access to similar machines".

³⁵ Letter from Aziza Kulsum to MDM, 16 January 2001.

show their international partners that they were acting legally.³⁶ With the installation of the SOMIGL monopoly, this was no longer the case and the restoration of the old economic framework thus became the FEC's key objective. From December 2000 onwards, Namegabe Mudekereza and other FEC members looked for a direct dialogue with the RCD Department of Land, Mines and Energy. They urged the RCD government to choose between two scenarios, *either* the SOMIGL monopoly had to be abolished and new legislation developed in conjunction with the local economic operators; *or* the RCD needed to consider a new division of export rights.³⁷

Ultimately, the SOMIGL monopoly was abolished following the fall in coltan prices (March 2001). In the meantime, it further jeopardised local businesses' relations to their international partners.

Case 3 - Masingiro GmbH: a German contribution to the war in the DRC

The UN experts' accusations against Karl-Heinz Albers, manager of Masingiro and Somikivu

The case of Masingiro clearly illustrates that, today, the coltan trade continues to fuel the war in DRC.

Masingiro GmbH is a German corporation³⁸ accused by the UN Panel experts of rushing for profit and being "ready to do business regardless of elements of unlawfulness and irregularities".³⁹ Nonetheless, the manager of *Masingiro*, Mr Karl-Heinz Albers, has remained secretive about his business. To the German issue of the *Financial Times*, he explained that *Masingiro* mainly exports coltan to "the big three", i.e. the processing companies *H.C. Starck* (Germany), *Cabott Inc.* (US) and *Ningxia* (China). Also according to the *Financial Times*, he imports "around 50 tonnes of coltan a month", part of which comes from DRC. The rest comes from countries such as Rwanda, Zimbabwe or Zambia. His trading company is led by another consortium, KHA International, which is also based in Germany⁴⁰.

The UN established that Mr Albers is also the director of *SOMIKIVU*, which operates a niobium mine near Rutshuru, in the territory of Luheswe (South Kivu). According to the UN experts, Mr Albers received a preferential 500.000 DM loan from the German government to expand *SOMIKIVU*'s activities⁴¹. According to the UN experts, Mr Albers' business was a front for the former chief of Finance of the RCD-Goma, Mr Emmanuel Kamanzi and his mine was guarded by RCD soldiers. According to the RCD sources cited by '*L'Observatoire de l'Afrique Centrale*', this "protection money" cost him 300.000 USD a month⁴².

³⁶ Interview with Namegabe Mudekereza and Byaboshi Muyeye, Brussels, 12 October 2001.

³⁷ Reports of FEC meetings held on 1 december 2000 and 10 January 2001.

³⁸ Masingiro's board of directors is composed of the 42 year old Rita Breyll, Karl Meixner and – until recently - Karl-Heinz Albers. Masingiro's financial operations are handled by Sparkasse Neumarkt i.d. Opf-Parsberg, Postbauer-Heng: www.eurodb.be

³⁹ Report of the UN Panel of Experts, 12 April 2001, §183 and Annex I.

⁴⁰ Förster, Nikolas, 'Bayer: Der Teufelskreis', in: *Financial Times Deutschland*, 29 August 2001

⁴¹ Report of the UN Panel of Experts, 12 April 2001, §186; Addendum report, 13 November 2001, §25.

⁴² *L'Observatoire de l'Afrique Centrale*, volume 4, numéro 2, du 4 au 14 janvier 2001

When IPIS contacted Mr Albers for further clarifications, he stated that the UN experts' information was incorrect. He denied having received any money from the German Embassy and said he only knew Mr Kamanzi from the time he was working for the 'Gesellschaft für Elektrometallurgie' (GFE) – the former German manager of the SOMIKIVU mine. Mr Albers also underlined that he always enjoyed the trust of the Kabila government and, until today, kept an office in Kinshasa. After all, many of Somikivu's trade relations still date "from the time of Mobutu", Mr Albers concluded⁴³.

In its second report issued on 13 November 2001, the UN Panel clarified the reasons for what it had described as a "preferential loan" given by the German cooperation to Mr Albers. Quoting the German government, it stated that this money was "a payment resulting from a federal guarantee for the original investment of the shareholder registered in Germany, the Gesellschaft für Elektrometallurgie MbH, Nürnberg". This loan was meant to cover "for economic losses incurred because of the wars in the east of the Democratic Republic of the Congo"⁴⁴.

To conclude, Mr Albers' position vis-à-vis the RCD is questionable. According

"Expedition and transport companies are crucial in the financing of the war. Their pivotal position in the handling of Congolese minerals makes them an essential topic for further investigation."

to the UN, his various businesses could be acting as a front for the RCD's war engine. In addition, current evolutions on the Congolese coltan market have created new opportunities for Mr Albers. When the rebels put an end to their SOMIGL export monopoly, Masingiro entered into a partnership with a new

comptoir in Kivu – under the name of Gemicom.

Masingiro's partnership with Gemicom

Gemicom ('Groupe des Entreprises Minières Congolaises') was established in April 2001 by two veteran Congolese coltan traders: Namegabe Mudekereza and Byaboshi Muyeye. As already mentioned in the previous case study, the instalment of SOMIGL caused Mr Mudekereza a lot of trouble in the previous months. Consequently, Masingiro now provided him with a unique opportunity to recover his losses. IPIS has evidence of three business transactions between Gemicom and Masingiro concerning approximately 75 tonnes of coltan from June to September 2001. The first delivery, which arrived on 12 June 2001, comprised 40 tonnes (55 drums) of coltan and landed at Ostend Airport in Belgium⁴⁵. The second delivery took place in July 2001. It comprised 33 drums, weighing 23.073,4 kg net and 23.670 kg gross. A last transport departed from Bukavu on 20 August 2001, allowing arrival within the next 30 days. The net weight of this cargo was 22.580 kg and the gross weight 23.083 kg. The sample had a tantalite percentage of 22,5 per cent and the total cargo was valued at 191.930 USD. The amount of these cargoes makes it plausible that these deliveries originated from old stocks of the RCD's SOMIGL monopoly. Acknowledging the amounts of coltan Mudekereza and Muyeye usually

⁴³ Interview with Mr Karl-Heinz Albers, 31 August 2001

⁴⁴ Addendum report, 13 November 2001, §25

⁴⁵ Airway Bill, describing transport from Gemicom (DRC) to Masingiro (Germany) via the expedition company Steinweg in Antwerp and the airport of Ostend (Belgium).

transported prior to the monopoly, the content of the cargoes to *Masingiro* could hardly have come from the small-scale 'comptoirs' these traders used to cooperate with⁴⁶. Nor can they be restricted to the stocks which were withheld by the RCD. When IPIS asked Mr Albers to clarify the origin of the aforementioned exports, he refused to comment⁴⁷.

Transport networks: the importance of European freighters

Especially interesting are the transport documents relating to the aforementioned transactions. They shed light on the transport networks delivering coltan from remote areas of Eastern DRC to companies in the west.

The first delivery, arriving in Germany on 12 June 2001, is particularly well documented. This cargo left from Bukavu to Goma by ship on 9 June 2001 through the services of a certain Mr Mihigo of the Congolese expedition company *Trafca*. *Trafca* contracted the Belgian company *A.B.A.C.* to fly the coltan from Goma to Ostend airport in Belgium. *A.B.A.C.* subcontracted *Air Memphis*⁴⁸, which leased an airplane belonging to *Tristar Air*. Both *Air Memphis* and *Tristar* are based in Heliopolis (Egypt). The cargo arrived in Ostend on 12 June, with flight number MHS 200 and registration code SUAVZ⁴⁹. From there, it was transported by lorry to *Masingiro* in Germany through the Belgian expedition company *NV Steinweg*⁵⁰. From there on, it presumably went to *H.C. Starck*, which is reportedly *Masingiro*'s most important consumer.

The two subsequent deliveries documented by IPIS were handled by *TMK* ('*Transports et Messageries au Kivu*'), a company based in Goma. *TMK* shipped the coltan to Antwerp via the seaport of Mombassa, in Kenya. *Steinweg* then transported it to Germany. Unfortunately, both the management of *Steinweg* and of *TMK* were reluctant to give details about these shipments to IPIS. Information gathered by the UN Panel of Experts suggests that *TMK* transports Congolese timber to Greece and Belgium⁵¹. This information proves that expedition and transport companies continue to play a crucial role in the shipments of natural resources from occupied territory in DRC.

Conclusions

The case of *Masingiro* clearly illustrates that, today, the coltan trade continues to fuel the war in DRC. This company exported coltan at least until September 2001. Undoubtedly, Karl-Heinz Albers' businesses in Eastern DRC contributed to the

⁴⁶ Joint exports of the 'comptoirs' of Muyeye and Mudekereza amounted to 161 323 kgs between January and October 2000- or 17924, 77kgs per month.

⁴⁷ Information asked during interview with Mr Karl-Heinz Albers, 31 August 2001

⁴⁸ The full address of *Air Memphis* is 4, Ahmed Loffy Street, Elnozha Elgedida, Heliopolis (Egypt). The director is Hamdy Eisa (source: Klee, Ulrich and others (eds.), *Airline-fleets International*, 2000, p. 593).

⁴⁹ Fax message *Aviapartner*, received on 28 August 2001

⁵⁰ Interview with *ABAC*, 28 August 2001. *NV Steinweg* is an expedition company with branches all over the world. The company was founded in Rotterdam in 1847 and is specialized in the storage and transport of non-ferrous metals and ores. In Antwerp, the offices are located in Haven 74, Ouland nr. 3. The Antwerp board of directors is composed of Jacques Van Den Hende, Paulus Swart, Marc Van Der Beken, Klynveld Peat Marwick Goerdeler Reviseurs d'entreprises and Luc Verrijsen. Source: www.steinweg.com/offices.com and www.eurodb.be.

⁵¹ Addendum report, 13 November 2001, § 48

financing and continuation of the war – even if further investigation is needed to assess the extent of his responsibility. Besides, serious questions can be raised about the German processing company *H.C. Starck*'s involvement in this business network. Whereas its management has always maintained that it does not import coltan from DRC⁵², it cannot be ruled out that some cargoes indeed ended up in its factory through the services of *Masingiro*. Finally, the pivotal position of transport companies in the handling of the transport of Congolese minerals certainly makes them an essential topic for further investigation.

PART 2 MILITARY COMMERCIALISM: BUSINESS PARTNERSHIPS BETWEEN EUROPEAN COMPANIES AND THE RWANDAN MILITARY

Military commercialism or “war as the continuation of economic activities by military means”⁵³

Apart from the short-lived coltan monopoly of RCD-Goma discussed above, a great deal can be said about the activities of the Rwandan Patriotic Army (RPA) in DRC. As the UN Panel report illustrates, the RPA is a strongly organised and efficient force in the war economy of the Great Lakes region⁵⁴. According to the UN Panel, top RPA officials are deeply involved in the mining of natural resources. Allegedly, the Rwandan president Kagame even created a “Congo desk” within the Department of External Relations of the RPA to oversee the mining of Congolese resources and facilitate contacts with Western clients.⁵⁵ This is in fact a form of “military commercialism” in that military officers create corporate-military businesses in order to generate income for themselves and their politico-military (state) apparatus.⁵⁶ Certainly in Northern Kivu, where the regular economic infrastructure has completely collapsed, the Congolese miners are trapped between the fierce competition amongst RPA and Mayi-Mayi combatants, who are all fighting for their share in the coltan profits. Via the numerous airstrips in North Kivu, the coltan is flown straight to Kigali in army helicopters and commercial airplanes. Various Antonovs 26 and 28 and Ilyushins 18V, from all over the world, have been identified: South-Africa (ZS), United Arab Emirates (3C), Australia (VH), Moldova (ER) and even Liberia (EL)⁵⁷.

As a result, documenting the activities of these companies has proven very difficult. RPA officials have done everything they can to keep the identity of their foreign backers and the routes via which they operate a secret. Nevertheless, the UN Panel of experts has been able to identify two companies that act as fronts for RPA's business activities, i.e. *Rwanda Metals* and *Grands Lacs Metals*⁵⁸.

⁵² H.C. Starck press release: ‘H.C. Starck denies UN allegations about raw material trading’, 25 May 2001: http://www.hcstarck.com/19&NEWS_ID=20010724081200177004000000

⁵³ David Keen, *The economic functions of violence in civil wars* (1998).

⁵⁴ Report of the UN Panel of Experts, 12 April 2001, 86§.

⁵⁵ Report of the UN Panel of Experts, 12 April 2001, §198, 126-134, 147.

⁵⁶ Chris Dietrich, “The commercialisation of military deployment in Africa”, *African Security Review*, Institute for Security Studies, vol.9, 2000.

⁵⁷ De Faily, *art. cit.*, p. 21

⁵⁸ Report of the UN Panel of Experts, 12 April 2001, §82-86, 129, 179.

Rwanda Metals and Grands Lacs Metals the RPA's coltan trading arms

According to the UN Panel, *Grands Lacs Metals'* stockholders include Majors Gatete, Dan and Kazura. Major Kazura is the Rwandan Army's Chief-of-Security in DRC. Major Dan Munyuza, which is his full name, is the former head of the Congo-Desk in Kigali and personally signed some of the letters sent to potential clients in Europe and the US.⁵⁹ The director of *Rwanda Metals* is Francis Karimba. In response to questions of IPIS researchers, Mr Karimba denied having any relationship with the Rwandan army or the country's leading RPF party and maintained that he did not recall an incident linking him to top RPA officers recounted by the UN experts.⁶⁰ He acknowledged, however, that *Rwanda Metals* traded Congolese coltan with a number of foreign companies, more specifically, *Euromet*, *Raremet*, *Northington Trading Company* and *Finmining Ltd*.

The following case study takes a closer look at *Finmining Ltd*.⁶¹

Shipments for Finmining are loaded in a separate military zone at Kigali airport.

Case 4 - *Finconcord*, *Finmining*, *Raremet*: a Swiss entrepreneur with Kazakh connections becomes a key business partner of the Rwandan Patriotic Army

Chris Huber: Swiss businessman with a Kazakh connection

Chris Huber has been active as a coltan trader since 1997 at least. That year, he concluded a long-term contract with the coltan-processing plant Ulba in Kazakhstan through his company *Finconcord SA*. Under the provisions of the agreement, *Finconcord* was responsible "for all raw material purchases and sales of the Ulba plant tantalum based end-products"⁶². According to the Kazakh newspaper *Novoye Pokoleniye*, *Finconcord* sold the tantalum bars to its Gibraltar based mother company for 75 USD/kg, at a moment when the market price was no less than 174 USD⁶³. Ulba, which is located in the Ust-Kamenogorsk region, has a capacity of 250 mts/year. Its largest shareholder at the time of the contract was the governor of the region, Vitaly Mette. Mette is a local industrialist and the former deputy prime minister of Kazakhstan. He played a role in the privatisation of the Ulba plant, where he was a director. Mette also has close links with Oleg Soskovets, the former first deputy prime minister of Russia⁶⁴. According to Chris Huber, this favourable contract with the

⁵⁹ Willum, Bjorn, 'Foreign Aid to Rwanda: Purely Beneficial or Contributing to war? The role of foreign aid to Rwanda in relation to the Congo War', Candidate Dissertation, University of Copenhagen, October 2000 and Report of the UN Panel of Experts, 12 April 2001, 12 April 2001, §129

⁶⁰ Report of the UN Panel of Experts, 12 April 2001, §82.

⁶¹ Interview with Francis Karimba, 5 September 2001.

⁶² Fax message, *Finconcord SA*, signed Chris Huber, 7 July 1997.

⁶³ *Novoye Pokoleniye*, 26 March 1999

⁶⁴ Foreign and Commonwealth Office, Research and Analytical Papers, 'Kazakhstan's regions', London, May 2000, p. 22-23

Kazakhs has enabled him to establish partnerships all over the world.⁶⁵ However, research has revealed that the Swiss address used by *Finconcord* in Geneva was fictitious⁶⁶ and that the advertised business partnerships were exaggerated.⁶⁷

Finconcord was forced to leave Kazakhstan in April 1999. Following a judicial investigation into fraud and tax evasion, *Finconcord* lost its coltan supply monopoly in Kazakhstan and all its assets were confiscated to pay for nearly 1,5 million USD in evaded taxes and overdue salaries. The local director of *Finconcord*, Vitaly Frolov, was later arrested in Switzerland while travelling with a Kazakh diplomatic passport.⁶⁸

Becoming the RPA's major partner for the export of Congolese coltan

Chris Huber's activities did not stop with the abolishment of *Finconcord*. Commercial documents obtained by IPIS show that he has been exporting coltan from Kigali to Kazakhstan at least since 1998 through another company: *Finmining Ltd*. In these documents, the names *Finmining* and *Finconcord* are used simultaneously. His supplier in Kigali at that time was a cooperative trading post called *Copimar*⁶⁹.

tax-

An investigation into the relation between Viktor Bout and Chris Huber could shed light on illegal shipments of minerals and arms in and out of eastern DRC.

Finmining is an offshore company registered by Huber in the free haven of Saint Kitts, in the Caribbean.⁷⁰ In addition, Mr Huber registered a third company at this

address for his coltan business: *Raremet Ltd*⁷¹. Along with *Finmining*, this company became the chief partner of the RPA's *Rwanda Metals* corporation.

Huber's favourable relation with the Kazakh and Rwandan authorities has enabled him to export coltan from Kigali to Kazakhstan for more than two years, first through his fictitious company *Finconcord*, then through *Finmining* and *Raremet*. While his problems with the Kazakh judicial authorities prompted Huber to move his "official" office from Geneva to the secretive tax haven of Saint Kitts, the increase in coltan prices in 2000 made him change partners from a conventional 'comptoir' in Kigali (*Copimar*) to the RPA's business front in DRC (*Rwanda Metals*).

Huber's transport networks: working with a notorious arms dealer?

Huber's new partnership with the RPA changed his transport networks. Whereas *Finmining's* cargo was shipped via the traditional airport warehouses of

⁶⁵ Fax message, *Finconcord SA*, signed Chris Huber, 7 July 1997.

⁶⁶ « rue de Rive n° 8, 1204 Geneva »

⁶⁷ Interview with Alan Crawley, manager of *Pacific Ores*, a Hong-Kong company presented as a partner of *Finconcord* by C. Huber, 22 April 2001.

⁶⁸ *Novoye Pokoleniye*, 26 March 1999, see also: *RFE/RL Kazakh Report*, 9 July 1999

⁶⁹ Purchase contract n° 201, between *Finmining Ltd.* and *Copimar*, Kigali, 1 March 1998. *Copimar* is a Rwandan comptoir, owned by Mr Dany Nzaramba. Nzaramba has confirmed this contract, but he has ceased to do business with Mr Huber since the beginning of the war in DRC (July 1998).

⁷⁰ The UN expert panel erroneously referred to *Finmining* as a Belgian company called *Finimining*. (Report of the UN Panel of Experts, 12 April 2001, Annex I). The company's full address is Herbert Office Complex, Cnr. Bird Rock, Frigate Bay Roads, PO Box 398, Basseterre, Saint Kitts

⁷¹ 'Contrat d'achat de tantalite' n° 2920, between *Raremet Ltd.* and M. Nsabimana Aphrodis, Kigali, 7 July 2000

FOT/MAGERWA ('Magasins Généraux Rwandais') until July 2000, independent sources have confirmed that from April 2001 onwards, these shipments were loaded in a separate military zone of Kigali airport⁷². In addition, credible information exists that *Finmining's* shipments to Kazakhstan are handled by *Ulba Aviakompania (ULB)/Irtys Avia (IRT)*, an air freight company operated by the Ulba Processing Plant – with headquarters at Ust-Kamenogorsk airport. According to *Airline-fleets International*, a renowned business publication, *ULBA* and *IRTYSH* merged in 2000 following the privatisation of the national Air Kazakhstan.⁷³ Today, the joint company operates 16 ex-Soviet Yakovlev airplanes and leases Ilyushin 18 aircraft from the company *AIR CESS-CESSAVIA (CSS)* for cargo and passenger flights when required. This suggests that Chris Huber and his coltan business may be linked to one of Africa's main arms traffickers.

AIR CESS has been managed until recently by Viktor Vasilevich Butt, aka Viktor Bout. Under investigation by Interpol and a number of Western countries, he is often referred to as 'Victor B' because he uses at least five aliases and different versions of his last name⁷⁴. Today, Bout oversees a complex network of over 50 planes, several airline companies, cargo charter companies and freight-forwarding companies, many of which are involved in shipping illicit cargo. Thanks to this network, Bout has established himself as the world's most famous arms supplier to embargoed state actors such as the Revolutionary United Front (RUF) in Sierra Leone and UNITA rebels in Angola⁷⁵.

A former KGB agent, Viktor Bout has been very quick to adapt himself to the growing international scrutiny of his business. Since 1997, Bout's new companies have shot up like mushrooms to shield his lucrative arms dealing network. In 1995, he set up his airline company *AIR CESS* in Ostend airport in Belgium, together with Belgian pilot Ronald Desmet. The airplanes of this company were registered in Monrovia (Liberia)⁷⁶. Involvement in arms smuggling was first evidenced in 1997 when an insider revealed that Ronald Desmet paid the AIR CESS pilots 10.000 USD (in addition to their usual salaries) for each flight carrying arms and munitions, mostly intended for Afghanistan. But when the Belgian intelligence services started poking around and ultimately instituted a judicial investigation into the company's activities, Bout moved to the United Arab Emirates airport of Sharjah, where AIR CESS still has its official company address⁷⁷. Currently, Viktor's brother Sergey Bout heads the company. Little after the closure of the Ostend offices, the company *Air Cess Swaziland* was set up. This company operates from the airport of Pietersburg in South Africa. Together with a local consortium, it makes up a new entity called *Air Pass*. In 1998, Bout founded his company *Cessavia*, which is registered in Equatorial Guinea. In early 2000, the Central African Republic initiated an investigation into fraud concerning the registration of an aircraft operated by *Centrafricain Airlines*, also controlled by Viktor Bout.

⁷² Erik Bruyland, Bloed aan uw GSM?, *Trends*, 19 April 2001.

⁷³ Klee, Ulrich and others (eds.), *Airline-fleets International*, 2000, p. 612

⁷⁴ 'Report of the Panel of Experts appointed pursuant to Security Council resolution 1306 (2000), paragraph 19, in relation to Sierra Leone', New York, December 2000

⁷⁵ 'Final Report of the Monitoring Mechanism on Angola sanctions', New York, December 2000

⁷⁶ In fact, Bout re-opened the offices of an already existing company, Trans Aviation Network (TAN). The activities were set up by Bout and a French partner (Michel Thomas), and led by Ronald Desmet: www.eurodb.be

⁷⁷ Klee, Ulrich and others (eds.), *Airline-fleets International*, 2000, p. 686. *Air Cess* airplanes have been spotted at Ostend airport until 1999 at least, however.

Viktor Bout is also active in the Great Lakes region. Bout's planes have transported arms, diamonds and coltan from and to rebels and military alike. According to US military intelligence quoted by *Human Rights Watch*, *Air Pass* organised flights between CAR, Kisangani, and Kigali carrying weapons, timber and precious stones in 1999⁷⁸. *El Pais* alleges that when coltan prices sky-rocketed at the end of 2000, Bout's planes started transporting coltan from DRC to Uganda. From there on, the cargo pursued its journey to Tanzania and Kenya.⁷⁹ UN experts state that over the same period, one of Bout's aircraft also transported coltan for the Rwandan colonel James Kabarebe, who served as a facilitator for some of the RPA deals.⁸⁰

Hitherto, little is known about the activities of Viktor Bout in Kazakhstan. An investigation was opened into the smuggling of two Mi-8T helicopters in 2000 by his accomplice Oleg Grigorovich Orlov. The UN Panel of Experts on Sierra Leone asked for further investigation into the association between Bout and Orlov but no information has become available since then.⁸¹ Accordingly, an investigation into the relation between Viktor Bout and Chris Huber could give a similar clarification of illegal shipments of minerals and arms in and out of eastern DRC.

Conclusion

Chris Huber and his numerous off-shore companies play a major role in the financing of the war through their partnership with the RPA. Further investigation is required to determine if he also plays a role in arming the RPA and other belligerents in partnership with Viktor Bout.

Case 5 - *Eagle Wings Resources*: a Dutch-American trading venture with the Rwandan president's brother-in-law on its payroll

Trinitech and Chemie Pharmacie Holland: the companies behind the Eagle Wings Resources joint venture

Eagle Wings Resources (EWR) is a joint venture of the American *Trinitech* and the Dutch *Chemie Pharmacie Holland*.

Unlike the secretive Chris Huber, *Trinitech's* manager Robert Raun has not shied away from international attention. In the international press, Mr Raun was quoted as describing the coltan business in the DRC as follows: "It is capitalism in its purest form (...) let me put it in a positive way: A good civics lesson on how you pay for governance, and the elements of governance, would be useful in this region."⁸² Mr Raun's own civics track-record is far from perfect, however. His company *Trinitech*

⁷⁸ *Human Rights Watch*, 'Angola Unravels. The Rise and Fall of the Lusaka Peace Process', 1999 (www.hrw.org/reports/1999/angola/Ang1998-09.htm).

⁷⁹ 'Un traficante de armas con carné del KGB', *El Pais*, 2 September 2001

⁸⁰ 'UN Report on the illegal exploitation of natural resources and other forms of wealth of the Democratic Republic of the Congo', New York, 12 April 2001, § 91

⁸¹ "Further investigation of Orlov and his association with Victor Bout could shed light on an important source of illegal weapons flows into Africa". 'Report of the Panel of Experts appointed pursuant to Security Council resolution 1306 (2000), paragraph 19, in relation to Sierra Leone', New York, December 2000.

⁸² Vick, Karl, 'In the Waging of Congo's Wars, Vital Ore Plays Crucial Role', in: *International Herald Tribune*, 20 March 2001

was implicated in an international waste dumping scandal in the nineties (see box: *Schott Fiber Optics* and *Trinitech*: international waste dumpers). *Trinitech* is established in Ohio and has been a provider of tantalum and niobium products since 1984. It is specialised in mill products, powder and oxide forms of these and other refractory materials⁸³. *Trinitech*'s long time supplier for tantalum has been the same Ulba Metallurgical Plant in Kazakhstan presented in Case 4 in connection with *Finconcord* and *Finmining*.

EWR venture's other partner, *Chemie Pharmacie Holland (CPH)* has a long history of involvement in the tantalite business. *CPH*'s president, G. Klein, was appointed in 1955. *CPH* emanated from *Philip Brothers (Phibro)*, one of the biggest coltan traders worldwide in the sixties. Today, *CPH*'s main business activities involve trading metals and alloys and producing chemical products for the pharmaceutical industry. In the early nineties, the present director Doron B. Sanders breathed new life into *CPH*'s tantalite activities by using a project in Brazil as a test laboratory⁸⁴.

Schott Fiber Optics and Trinitech: international waste dumpers

Alfred Rwigema, President Kagame's brother-in-law, is on Eagle Wings Resources' payroll in Kigali.

On 13 June 2000, the Attorney General of Massachusetts filed a complaint for the violation of environmental laws against the Southbridge based *Schott Fiber Optics Inc.* The company, which manufactures fibre optic lenses and fibres for medical and military use, was accused of not complying with the transport and disposal regulations for glass waste shipped to Germany between 1991 and 1993. *Schott* had contracted the German company *H.C. Starck* to dispose of the waste. *Starck* was interested in extracting the tantalum contained in the glass and agreed to pay for all of *Schott*'s shipping and processing costs. However, because of new German environmental regulations, *Starck* required that *Schott* first pay for the extraction of the highly poisonous cadmium also contained in the glass waste. Consequently, *Schott* created an exit strategy by signing a contract with *Trinitech* in May 1995. In a press release, the Office of the Massachusetts Attorney General states that between May and December 1995, *Schott* shipped a total of 260 drums of hazardous waste to *Trinitech* without obtaining the required recycling permits and without labelling the drums as hazardous waste. *Trinitech*, in turn, violated international laws when shipping *Schott*'s hazardous waste via a German based firm to the state-run Ulba Metallurgical Plant in Kazakhstan where the tantalum was finally recovered from the glass waste.

Source: www.ago.state.ma.us/txt/schott.htm: "Southbridge company agrees to pay state \$150, 000 and \$50,000 to town in settlement with Attorney General".

Understanding Eagle Wings Resources' success

According to its own account, *Eagle Wings Resources* hardly has any direct business activities in the DRC and is totally absent in Uganda. *Chemie Pharmacie*

⁸³ Source: www.thomasregister.com/olc/trinitech.

⁸⁴ Interview with G. Klein and Doron B. Sanders, Amsterdam, 14 September 2001.

Holland's management claims it has always taken great care not to do business with warlords or people who manipulate small-scale miners. In particular, G. Klein and Doron B. Sanders claim that, on two occasions, they turned down proposals by *Grands Lacs Metals* to enter into a cooperation agreement with *Eagle Wings Resources*. Under this agreement, *Grands Lacs Metals* would have delivered 10 to 20 tonnes of coltan a week. *Chemie Pharmacie Holland's* managers say they refused to enter into the agreement because they feared it would have done serious damage to *EWB's* contacts with its traditional partners⁸⁵.

In Rwanda, *Eagle Wings Resources'* initial success was enhanced by the fact it was one of the few companies with a specialised laboratory to analyse coltan ore and determine its value. The laboratory enabled *EWB* to pay local traders immediately. This laboratory, which is based in Kigali, is operated by *Alex Stewart*, a London based company.

Another factor that has undoubtedly contributed to *Eagle Wings Resources'* success was the appointment of Alfred Rwigema as its local representative in Kigali. Often simply referred to as "Monsieur Alfred", Alfred Rwigema is the husband of Paul Kagame's sister, Béatrice.⁸⁶ A persistent rumour in trading circles is that Alfred granted *Eagle Wings Resources* and the *Alex Stewart*-laboratory a large villa in Kigali. *Chemie Pharmacie Holland's* management dismissed this rumour and presented IPIS with a copy of the lease for the villa occupied by *Eagle Wings Resources*.⁸⁷

According to Robert Raun, Monsieur Alfred's job is to buy coltan from local traders and 'comptoirs' in DRC and to bring it to *Alex Stewart's* laboratory for analysis. However, Raun was unable to specify from which 'comptoirs' or traders Alfred Rwigema buys the coltan they import. He was also unable to say if Alfred Rwigema and his wife had other business interests in Rwanda or abroad. Rwigema has also been asked to prepare a 'food for work' programme for the Kivus. Through this programme, *Eagle Wings Resources* says it aims to make people less dependent on the transport facilities of (dubious) cargo companies. Worth approximately 200.000 USD, the programme will allow for the repair of a road between two major towns.⁸⁸

Conclusion

IPIS has found no hard evidence to conclude that *Eagle Wings Resources* received favourable treatment in Rwanda because of its relation with Alfred Rwigema. Nevertheless, the family ties between *Eagle Wings Resources'* local representative and the Rwandan President raises serious doubts about its involvement in the Rwandan war effort. President Kagame has been accused by the UN Panel of experts of playing a pivotal role in the exploitation of the natural resources of the DRC because of "his relations with the Rwandan business community operating in the Democratic Republic of the Congo" and of "his control over the army, and the

⁸⁵ Interview with G. Klein and Doron B. Sanders, Amsterdam, 14 September 2001.

⁸⁶ Interview G. Klein & Doron B. Sanders, Amsterdam, 14 September 2001.

⁸⁷ The lease is dated 6 April 2000. It mentions a man called Jean Bosco Nkundunkundiye as lessor, *EWB* as tenant and a monthly rent of 4.000 USD.

⁸⁸ Interview with Robert L. Raun, 5 October 2001.

structures involved in the illegal activities”⁸⁹. The fact that *EWR*'s European management appears not to be informed about the exact origin of the coltan bought by Alfred Rwigema is especially alarming. Finally, questions can also be raised regarding the screening of companies hired for the transport of the coltan. *CPH*'s management stated that the company *Flight Line* is responsible for all transport arrangements, adding that it is also their responsibility to check the identity of the owners of the transport companies⁹⁰. As these companies continue to play a pivotal role in the handling of minerals originating from DRC, further investigation is required to clarify this business relationship.

RECOMMENDATIONS

The trade in coltan and other natural resources of the DRC is currently a source of war and destruction. European companies involved in this trade indirectly, and in some instances directly, contribute to the continuation of the war. The following recommendations aim at increasing the incentives for the warring parties to seek a negotiated and sustainable peace agreement within the framework of the Lusaka agreements and create an environment in which the exploitation of the natural resources of Congo contributes to the development of the country and the region and the wellbeing of its people.

To the UN Security Council and the EU Council of ministers:]

1. Immediately impose a temporary embargo (e.g. for a period of six months), banning the purchase and import of coltan and other natural resources originating from areas in the DRC that are controlled by foreign troops and rebel groups, as well as from the neighbouring countries involved in the Congolese war – as has been recommended by the UN Panel of Experts on the illegal exploitation of the natural wealth of the DRC.
2. During the temporary embargo, establish a permanent mechanism to investigate and monitor the trade in coltan and other natural resources from the Great Lakes and other conflict regions. Give this monitoring mechanism a mandate and the resources to develop and implement adequate preventative measures such as a certification system and identify those individuals and companies that should be submitted to targeted sanctions such as a travel ban and the freezing of assets.

To all EU member states and other European countries:

3. All European countries should immediately investigate the companies and nationals involved in the trade, transport and processing of coltan originating from the DRC and its neighbouring countries. They should take the necessary measures to put an end to commercial activities that contribute directly or indirectly to the financing of the war in the DRC. Banks and insurance companies (including state provided credit export insurance) facilitating such

⁸⁹ Report of the UN Panel of experts, 12 April 2001, §196.

⁹⁰ Until the release of the first UN report *Flight Line* usually engaged *DAS Air* and *Sabena/SwissCargo*. Interview with G.Klein and Doron B. Sanders, Amsterdam, 14 September 2001.

activities should also be scrutinised. Customs administrations should heighten controls at strategic points of entry of goods coming from Central Africa.

4. In the medium-term, all European countries should develop new legislation promoting transparency and ethical practices of companies active in conflict areas and set up national mechanisms to monitor the purchase and import of natural resources originating from countries at war.

On the basis of this report, more specific recommendations can be made to the following European countries:

5. The government and judicial authorities of **Belgium** and the Commission of inquiry of the Belgian Senate on the Great Lakes should:

Investigate the commercial activities of Mr Jacques Van den Abeele and his company *Cogecom sprl* in Rwanda and the DRC and his links with the RCD-Goma.

Investigate the unregistered company *Cogear sarl* activities in Belgium and the Great Lakes region. Identify *Cogear's* management and shareholders and their possible links with the Rwandan military and other armed actors.

Investigate Ms Aziza Kulsum's business interests in Belgium, the former head of the RCD-Goma's *SOMIGL* monopoly.

Investigate *Sogem's* commercial activities in North Kivu (Beni-Butembo) and the possible relationships of its local partner with the Ugandan army or other armed groups in that region.

Heighten customs controls at the airport of Ostend and the port of Antwerp.

Investigate the role of *TMK*, *Steinweg NV*, *ABAC* and other companies involved in the transport and handling of coltan coming from the Great Lakes region.

Investigate the following companies that were mentioned in the UN Panel of experts report and were not included in this investigation: *SDV*, *Specialty Metals*, *Trademet*, *Transintra*.

6. The government and Parliament of **Germany** should:

- Investigate *Masingiro GmbH* and Mr Karl Heinz Albers' other business activities in the Great Lakes region such as *Somikivu*.
- Investigate the commercial relations between the *Bayer* subsidiary *H.C. Starck* and *Masingiro GmbH* and *H.C. Starck's* commercial policy in relation to coltan from the Great Lakes region.

7. The government and Parliament of **the Netherlands** should:

- Investigate *Chemie Pharmacie Holland*'s commercial activities in the Great Lakes region and the possible links between its joint venture *Eagle Wings Resources* and the Rwandan military.
 - Heighten customs controls at the airport of Schiphol and other Dutch ports and airports.
 - Investigate *DAS Air*, *Flight Line* and other companies involved in the transport and handling of coltan from the Great Lakes region.
8. The government and parliament of **Switzerland** should launch a full scale investigation into the business activities of Mr Chris Huber and his various companies (*Finconcord SA*, *Finmining Ltd*, *Raremet Ltd*,...) in Europe, Kazakhstan and the Great Lakes region. Mr Huber's possible links with Viktor Bout and other actors involved in arms trafficking should receive special attention.

To the Kazakh government:

9. Investigate the commercial links between the *Ulba* metallurgical plant and companies involved in the coltan trade in the Great Lakes region such as *Finmining*.

Investigate the role of *ULBA AVIAKOMPANIA/IRTYSH AVIA* in the transport of coltan from the Great Lakes region and its links with Viktor Bout and arms trafficking.

10. Implement adequate preventative measures and sanctions to curb the purchase and import of natural resources originating from the Great Lakes and other conflict areas. Establish a specific system to control these imports.

To the companies involved in the international trade, the transport and processing of coltan:

11. These companies should immediately observe a moratorium on the purchase, transport and processing of coltan from occupied Congo and from the countries involved in the Congolese war, as recommended by the UN Panel of experts. Leading European corporations such as the Belgian *Umicore* and the German *Bayer* can set an example by adopting clear and public policy guidelines for their subsidiaries involved in the trade and processing of coltan.
11. Cooperate with the UN to establish a permanent mechanism to investigate and monitor the trade in coltan and other natural resources from the Great Lakes and other conflict regions and implement the measures recommended by this mechanism.

To the high-tech industry:

12. *Alcatel*, *Compaq*, *Dell*, *Ericsson*, *HP*, *IBM*, *Lucent*, *Motorola*, *Nokia*, *Siemens* and other leading corporations using tantalum capacitors and other

components containing tantalum and companies manufacturing these components such as *AMD, AVX, Epcos, Hitachi, Intel, Kemet, NEC* should oblige their suppliers to certify that they use no tantalum originating from occupied Congo or from countries involved in the Congolese war and to allow for independent verification. Other industries using tantalum such as the nuclear industry and the aeronautics industry should also follow this policy.

To consumer organisations:

14. Raise consumer awareness about the link between appliances used in every day life such as mobile phones and computers and the continuation of the war in the DRC. Demand from the companies manufacturing and marketing these appliances that they certify to consumers that their products do not contain tantalum originating from occupied Congo or from countries involved in the Congolese war and to allow for independent verification.



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Most of these organisations are members of CCAC/Great Lakes Advocacy Network and/or Réseau Européen Congo (REC).