China steps up investment in Congo as war in east continues

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The Democratic Republic of the Congo is in the process of receiving $9 billion of Chinese investment in what has been dubbed Congo's "Marshall Aid Plan," a reference to American refinancing of Europe at the end of the World War II.

The Chinese are not concerned with rebuilding the economy in Congo after the destruction of the 1998-2003 war, in which more than five million people died, mainly from disease and starvation. The accord between China and DRC signed on January 28 is meant to provide China the much needed cheap resources for its booming economy—and the Congo elite greater opportunities to enrich themselves.

China's Export Import Bank, Exim, pledged finance for major road and rail construction projects and for the rehabilitation of its mining sector, badly damaged by years of war, corruption and neglect. According to reports, China has already dispatched 5,000 containers holding mining equipment to renovate mines involved in Katanga province. Oliver Kamatu, DRC planning minister, said $3 billion will go towards bringing mining back into operation and $6 billion on infrastructure projects.

China's Sinohydro Corporation and China Railway Engineering Corporation have negotiated a deal giving them a 68 percent share in a joint venture, with 32 percent going to state copper mining company Gecamines. The Chinese state companies have been granted rights to two large copper and cobalt concessions representing around 10.62 million tonnes of copper and 620,000 tonnes of cobalt. The DRC produced 500,000 tonnes of copper annually in 1989 at its highest levels of output.

The new infrastructure proposed will consist of 3,300 kilometres of road and 3,000 kilometres of railway. Mineral rich Katanga will be connected by rail to the port of Matadi in the west and by road to Kisangani on the Congo River. Transport links to Zambia in the south will also be improved.

Two hydro electric dams are proposed to facilitate mineral exploitation and export energy to take advantage of power-starved Africa, particularly South Africa. Most of the infrastructure construction will be carried out by Chinese companies and labour with very little benefit to the Congolese workforce or to the wider economy.

Pierre Lumbi, infrastructure minister, reported to the DRC's parliament that the deal included the construction of several hundred clinics, hospitals and schools, but this is a small contribution to a country the size of Western Europe.

Members of the DRC parliament have criticised the deal. Jean-Lucien Mbusa, speaking on behalf of the main opposition, the Movement for the Liberation of the Congo (MLC), said that the deal "forces us to sell off our national heritage to the detriment of several generations."

As with previous sell-offs of mineral rights in the Congo, the value of the concessions to China cannot be easily quantified. No tender process is in place to assess the assets. But Congo businessmen speculate that China will reap at least $30 billion in profits.

The privatization program in the DRC, implemented by the International Monetary Fund and World Bank after the end of the war in 2003, opened the door for dividing up the nationalised mining industry. Contracts were drafted that gave mining concessions away for as little as $15 million when resources were valued at $60 billion.

"In terms of value to the country, about 60 to 80 percent of the contracts had language that allowed the companies to avoid an obligation to actually ensure that it does what it says it will do," Peter Rosenblum, law professor at Columbia University and expert on DRC mining contracts said. "The contracts often undervalued the worth of the minerals being taken from the country in order to avoid paying taxes on the wealth that was extracted."

Under pressure from opposition politicians and NGO campaigners, the DRC government set up a review commission in October 2007 to look into mining contracts made in the civil war of 1998-2003 and under the transitional government of 2003-2006. The commission selected 60 contracts to be investigated and put them into three categories: A, those that do not need renegotiation; B, those that have to be renegotiated; and C, those that should be cancelled.

The new contract negotiations are being kept under wraps. Global Witness, a campaign group which monitors the mining industry, said it had contacted some of the companies under investigation as well as the Kinshasa government. Neither would speak on the details of their renegotiations.

Even given the terms negotiated with China there is plenty of room for massive profits. But many western corporations had gained concessions for a negligible sum paid to members of the regime, and it is in their interest and that of the Kinshasa elite to keep the lid on those deals.

Several of the smaller contracts were cancelled and in at least one case the contract was cancelled before renegotiations were completed. Two concessions with a life of 12 and 15 years respectively, Mashamba and Dikuluwe, held by the Katanga Mining Company, were given over to China's Sinohydro Corporation and the China Railway Engineering Corporation as part of the Exim deal.

According to the *Financial Times* the Toronto and London-listed First Quantum Minerals has been told that its title to its huge copper and cobalt project at Kolwezi in Congo's Katanga province was improperly structured. The Review Commission said the Kolwezi title had been sold off too cheaply and has advised that the contract be redrawn to include “up-front payments” of cash and a more active role for Gecamines in the management.

One of the biggest recommended changes concerns the massive Tenke Fungurume copper project, which is being developed by US company Freeport McRoRan. The report recommended renegotiation of Gecamines’ role in the project, increasing its stake from 17.5 percent to 45 percent.

While tensions grow between the mining companies and the DRC regime, President Joseph Kabila has escalated the dispute with neighbouring Uganda.

A conflict has developed over the demarcation of the border between the DRC and Uganda in the Albert Lake area. A joint commission between the countries was established to determine the border, using maps that date back to 1915 when Britain and Belgium established them.

With what seems to be prior knowledge of the investigation results—which reveal that the current Congolese border encroaches 1.2 kilometres into Uganda territory— Kabila sent troops in to occupy the disputed area.

Uganda’s Lieutenant Colonel Hassan Kimbowa accused the Congolese troops of actually moving the border posts into Ugandan territory, reportedly by as much as four kilometres.

The border dispute is tied up with ownership rights of oil reserves under Lake Albert, with estimated reserves on what the joint commission established as the Ugandan side of the border in the region of 2 billion barrels.

Tullow Oil of Ireland, along with the Canadian company Heritage Oil, had signed an agreement with both the DRC and Uganda, granting them the right to drill for oil under Lake Albert. Last year the Congolese army attacked a Ugandan boat carrying oil personnel from Tullow on Lake Albert, killing an oil technician. The dispute has worsened, with the DRC cancelling at least one of the two concessions it had made and handing it over to a South African oil company.

China’s increased role in DRC has displaced the former colonial power Belgium, which has become highly critical of the Kabila government. Kabila has forced the Belgian government to close its consulates in Bukavu and Lubumbashi, withdrew DRC’s Ambassador to Brussels and closed the consulate in Antwerp earlier this year. The Belgium diamond industry are said to be in horror over the move.

Belgian Foreign Minister Karel De Guch complained that they were spending €200 million annually and had a moral duty to criticise the DRC government. He demanded that the DRC government should do more to fight corruption.

Kabila responded by denouncing the comments as “arrogant and provocative.” Belgium should stay out of Congo’s internal affairs, he insisted.

China will replace Belgium as the DRC’s most important trade partner, according to Kabila, because it is prepared to offer aid and trade without insisting on political reforms.

In an attempt to curry favour with the DRC government, Belgium has arrested Kabila’s opponent Jeanne Pierre Bemba on war crimes charges. The charges date back to his days of fighting in the Central African Republic, in support of its then president Ange-Felix Patasse in 2002-2003, against an attempted coup.

Bemba is a multi-millionaire businessman and was the leader of the Movement for the Liberation of the Congo (MLC). His militia, Army for the Liberation of the Congo, ALP, is accused of torture and rape, among other charges. He fled Congo to Portugal after Kabila’s presidential guard attacked his home, shortly after he had lost the controversial elections to Kabila at the end of 2006.

The civil war officially ended in 2003, but fighting continued in the east of the country. Warring factions fight each other, as well as the Kabila government’s marauding army, the Forces Democratiques de Liberation du Rwanda (FARDC).

In January of this year a western-backed peace agreement was signed in Goma, but the fighting continues. According to an IRIN report the conflict has escalated, particularly in the North Kivu province, with some 857,000 displaced people. An unnamed aid worker told IRIN that the region was still heavily militarised, with some 50,000 bearing arms.

As well as some 20,000 FARDC troops in the region, there are several other militias, all with records of serious human rights abuses. These include the Forces démocratiques pour la libération du Rwanda (FDLR), Mayi-Mayi militiamen and troops loyal to renegade army commander Laurent Nkunda. The FDLR is ethnically Hutu, containing the remnants of the notorious Interahamwe that carried out the 1994 genocide in Rwanda. Nkunda is originally from the Rwandan army and claims to defend the local Tutsi population against the FDLR.

A United Nations peacekeeping force, MONUC, the largest UN force ever assembled, is stationed in the DRC. But it too has been implicated in breaches of human rights. Members of MONUC have been accused of sexually exploiting children. In the latest scandal, three Indian soldiers serving with MONUC were accused of trading in gold, ivory, guns and drugs with the Hutu FDLR. The UN investigated, but only tried one of the soldiers for assaulting a Congolese trader who had sold him fake gold dust.

An investigation by the BBC *Panorama* programme found evidence that UN soldiers were illegally trading with local militias in both the Kivu and Ituri regions. BBC reporters claim that UN insiders told them that they had been forced to end their inquiries into the activities of MONUC because of political pressure. Analyst Martin Plaut said it only took him a few days to “come across exactly the evidence the UN said it couldn’t find.”

In some cases FDLR and FARDC forces are sharing revenue raised from the local population. Under the Goma Agreement the DRC and Rwandan governments are supposed to be working together to establish peace in the eastern provinces of the DRC. This would mean the DRC government taking action against the Hutu militia. But the indication that they are working with the FDLR suggests that there is no realistic prospect of peace. MONUC and the UM have become just one more faction in the scramble for the DRC’s wealth.

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