



global witness

# Under-Mining Peace

Tin: The Explosive Trade  
in Cassiterite in Eastern DRC

# Under-Mining Peace

## ***The Explosive Trade in Cassiterite in Eastern DRC***

### **Contents**

	<i>Abbreviations</i>	3
<b>I</b>	<i>Executive Summary</i>	4
	<b>What are the problems?</b>	4
	<b>Why does it matter?</b>	4
	<b>What can be done?</b>	5
<b>2</b>	<i>Introduction</i>	8
	<b>Box: Major Armed Groups</b>	9
<b>3</b>	<i>The peace process, the transitional government, the upcoming elections and how they have been postponed due to the problems in the Kivus</i>	10
<b>4</b>	<i>The militarisation of mining in eastern DRC</i>	11
	<b>Violence and human rights abuses in the mining areas of the Kivus</b>	11
	<b>Box: MONUC in the Kivus</b>	12
<b>5</b>	<i>Coltan exploitation</i>	13
<b>6</b>	<i>Cassiterite exploitation</i>	14
	<b>Box: Cassiterite</b>	14
	<b>Box: Turbulent history of mineral concessions in the Kivu</b>	15
	<b>North Kivu</b>	16
	<b>Box: Eugene Serufuli, the governor of North Kivu</b>	17
	<b>South Kivu</b>	20
	<b>Box: Problems associated with artisanal mining</b>	21
<b>7</b>	<i>The Role of Rwanda</i>	24
	<b>Box: Background to relationship between Rwanda and the Kivus</b>	26
<b>8</b>	<i>DRC trade statistics</i>	27
	<b>Summary</b>	27
	<b>Cassiterite production in the DRC</b>	27
	<b>Exports of cassiterite from the Kivus</b>	28
	<b>Exports of coltan from the Kivus</b>	29
	<b>Rwanda</b>	29
<b>9</b>	<i>Revenue flows from the Kivus back to Kinshasa</i>	31
	<b>Box: DRC and the Extractive Industries Transparency Initiative (EITI)</b>	32
<b>10</b>	<i>Conclusion</i>	33
<b>11</b>	<i>Citations</i>	33
<b>12</b>	<i>Interviews</i>	34
<b>13</b>	<i>Appendices</i>	35
	<b>Appendix I: EITI criteria</b>	35
	<b>Appendix II</b>	35
	<b>References</b>	36



Reference: Democratic Republic of the Congo, no. 4007 Rev 8, UN Cartographic Section.

## Abbreviations

<b>ALiR</b>	Army for the Liberation of Rwanda	<b>NGO</b>	Non-Governmental Organisation
<b>ANC</b>	Armée Nationale Congolaise	<b>OCC</b>	Office of Congolese Control
<b>CEEC</b>	Centre d'Évaluation et d'Expertise des Matières Précieuses du Congo	<b>OFIDA</b>	Office des Douanes et Accises
<b>CIPRO</b>	Companies and Intellectual Property Registration Office	<b>PPRD</b>	Parti du Peuple pour la Reconstruction et la Démocratie
<b>COPIMAR</b>	Co-operative for the Promotion of Artisanal Mining Industries	<b>RCD</b>	Rassemblement Congolais pour la Démocratie
<b>DRC</b>	Democratic Republic of Congo	<b>RCD-G</b>	Rassemblement Congolais pour la Démocratie-Goma
<b>EITI</b>	Extractive Industries Transparency Initiative	<b>RCD-ML</b>	Rassemblement Congolais pour la Démocratie-Mouvement de Libération
<b>FAR</b>	Forces Armées Rwandaises	<b>RPA</b>	Rwandan Patriotic Army
<b>FARDC</b>	Forces Armées de la République Démocratique du Congo	<b>REDEMI</b>	Régie d'Exploitation et de Développement des Mines
<b>FDLR</b>	Forces Démocratiques pour la Libération du Rwanda	<b>SAKIMA</b>	Société Aurifère du Kivu et du Maniema
<b>FEC</b>	Fédération des Entreprises du Congo	<b>SOMIGL</b>	Société Minière des Grands Lacs
<b>IMF</b>	International Monetary Fund	<b>SOMINKI</b>	Société Minière du Kivu
<b>ISCOR</b>	Iron and Steel Corporation of South Africa	<b>SOMIRWA</b>	Société Minière du Rwanda
<b>LDF</b>	Local Défence Force	<b>SONEX</b>	Société Nationale d'Exportation
<b>MDM</b>	Mudekereza-Defays-Mudenge	<b>SORWAMIN</b>	Société Rwandaise des Mines
<b>MLC</b>	Mouvement pour la Libération du Congo	<b>TMK</b>	Transport et Manutention du Kivu
<b>MONUC</b>	Mission de l'ONU au Congo	<b>TOR</b>	Terms of Reference
<b>MPA</b>	Metal Processing Association	<b>TPD</b>	Tous pour la Paix et le Développement
<b>MPC</b>	Metal Processing Congo	<b>UN</b>	United Nations
		<b>WMC</b>	World Mining Company



## I Executive Summary

### What are the problems?

- The DRC is a country of extraordinary natural wealth but this wealth has never been used for the benefit of the Congolese population. Instead, the country is currently emerging from one of the world's worst conflicts, which has resulted in the deaths of up to 3.5 million people. This conflict has been fuelled by the (mainly) illicit trade in natural resources.
- During the war, numerous rebel groups funded their occupation of eastern DRC through the exploitation of minerals, such as diamonds, coltan and cassiterite (tin ore). The problems with coltan have been well documented. In 2000 demand soared, the price soared and military groups in the DRC responded by funding themselves using coltan exploitation. The price of coltan fell in 2001 and demand for the mineral decreased.
- Exactly the same thing is now happening with cassiterite (tin ore). A massive increase in demand for tin caused tin prices to rise dramatically in early 2004. Tin ore is now being used by military groups to fund themselves. It is found in the same areas as coltan, and is being traded by the same networks.
- Despite reunification of the country, much of North Kivu still remains under the control of the pro-Rwandan group, RCD-G. Over the past year, fighting has broken out around key mining towns, with the RCD-G, the FARDC (national army) and Mai-Mai militias vying for control of these areas. Battlefield enemies have been cooperating to share the spoils of war between them.
- South Kivu is supposedly under the control of the transitional government and the FARDC army. However, with the army receiving low and erratic pay, many of the soldiers illegally tax the miners to supplement their income. The soldiers are doing what has always been done in this region: turning to natural resources and the control of mines to support themselves. The FDLR (Rwandan Hutu rebels) also, illegally, control mines and mining revenues.
- Smuggling across the border into

Rwanda means that large quantities of cassiterite and coltan are leaving the DRC unrecorded and untaxed, presenting a loss to the Congolese economy. With all processing occurring outside the country, no value is being added inside the DRC.

- Rwanda, through which most of the minerals transit, is currently exporting five times more cassiterite than it produces. This report demonstrates that Rwanda may have imported a substantial quantity of cassiterite during each of the last five years, roughly 400 – 900 tonnes annually in the three years 1999 – 2002 and about 1500 – 1800 tonnes in each of 2003 and 2004. It is highly likely that these imports derived predominantly from eastern DRC, including conflict areas, although this is not reflected in their import statistics.

### Why does it matter?

- Cassiterite from conflict areas in eastern DRC is being purchased by foreign companies and ending up on the international market. There are no international mechanisms in place to regulate this trade, therefore allowing various armed factions, many with appalling human rights records, unfettered access to world markets, in order to generate funds.
- The Kinshasa government does not record cassiterite exports from eastern DRC and does not receive tax revenues from the trade. Meanwhile Rwanda, which is the main conduit for cassiterite exports, is reaping major benefits. Thus the stabilisation of Rwanda is being achieved at the expense of the DRC's peace, security and its treasury.
- Much of the fighting that is still occurring in the east of the country is driven by the desire to control natural resources. This violence in eastern DRC is one of the main factors that has led to the postponement of the country's first elections for 45 years, and has stalled the reunification and reconstruction of the country.
- Meanwhile, artisanal miners are working in hazardous conditions for very low pay, in mines that are often controlled by the military. Fighting around mining areas – for the control of lucrative mining revenues – is common. Violence and displacement in North and South Kivu are widespread.

- Consumers have no way of knowing whether items they buy fuel conflict or not. Tin is used in a wide variety of consumer goods, most obviously in tin cans, but also recent regulation means that all new circuit boards now contain tin rather than lead. As a reader of this report you are likely to come into contact with tin on a daily basis and will have no means of knowing whether this has originated from a conflict zone.

## What can be done?

### *The DRC Government should:*

- Extend its administrative control into the mining areas of the Kivus to ensure that essential controls over the mining industry are in place, including the accurate reporting of production and export statistics and the collection of appropriate fiscal revenues. This information should be made widely available to the public.
- Ensure that all production and export that does not fall under government control is declared illegal and investigated.
- Ensure that constitutional safeguards are in place to guarantee transparent and accountable resource exploitation, and that a right to information and of redress is available for ordinary citizens.
- Require the Ministry of Mines to register all artisanal miners. This is mandatory according to the Mining Code, and is a crucial step towards gaining control over the sector.
- Establish agricultural projects in the Kivu provinces, including development of road building projects, to regenerate the agricultural sector. This will improve food security as agricultural production has collapsed in the Kivus as farmers have taken more lucrative employment as miners.
- Ensure that all the FARDC (national army) soldiers receive regular and adequate pay.

### *The National Assembly should:*

- Ensure that, as per its constitutional mandate (the transitional constitution), the commission for reviewing all contracts signed during the war is properly resourced and supported so that it may fulfil its mandate to review the mining contracts, and ensure that the resulting reports are made public.

### *The International Community should:*

- Ensure that new debt relief deals, under the G8 debt relief programme, are conditional on Rwanda and Uganda actively preventing the illegal import of minerals from eastern DRC.
- Ensure that the financial stabilisation of Rwanda and Uganda is not achieved at the expense of their neighbours. In particular, the following measures should be taken:
  - The World Customs Organisation should provide focused assistance to the DRC to highlight discrepancies in the production, import and export statistics of natural resources between the DRC and its immediate neighbours, to highlight possible non-declaration or misdeclaration by companies and countries, and to detect potential tax evasion.
  - The World Bank and the IMF should assist and support the above process, and use the results to address the role of countries such as Rwanda that are enabling illicit resource flows from the DRC.
  - The World Bank should assist the government of the DRC to commission an audit of all prospective and active mining sites in order to assess the value of the mineral assets of the DRC and its neighbours, so that plans can be made for appropriate interventions to control future exploitation.
- Demand statistics for mineral production and export from both central and provincial governments of the DRC and makes these statistics widely available to the public. The World Bank and the IMF in particular should demand these statistics.
- Fund SAESSCAM (Service d'Assistance et d'Encadrement du Small Scale Mining) to ensure that cooperatives are established and that benefits deriving from the mining industry are fairly distributed to local communities.
- Support the establishment of agricultural projects in the Kivus, including the development of road building projects, to regenerate the agricultural sector. This will improve food security, as agricultural production has collapsed in the Kivus as farmers have taken up more lucrative employment as miners.

- Ensure that natural resource governance becomes part of the mandate of the UN Secretary General's proposed UN Peacebuilding Commission and Peace Building Support Office and that such activities should be integrated with the on-the-ground operations of peacekeeping missions and UN support staff.

*Neighbouring countries (notably Rwanda and Uganda) should:*

- Record and declare all imports of natural resources from the DRC, in line with World Customs Organisation standards.
- Ban and actively prevent importation of any illegally-exported commodity from the DRC.

*Processing and importing countries should:*

- Verify the country of origin of their cassiterite and coltan, and publicise the information. Where the origin of imports cannot be verified, they should be impounded and the importers should be prosecuted.
- Impose sanctions on cassiterite and coltan imports from Rwanda until Rwanda can either demonstrate that it is the country of origin, or that it has paid the appropriate taxes to the producer country. This should also apply to imports from Tanzania and South Africa.

*The UN Security Council should:*

- Put natural resources back into future mandates of the UN Expert Panel on the DRC, and charge them with investigating the links between natural resource exploitation and arms trafficking, organised crime, the funding of rebel groups and other forms of illegal rent capture. The UN Expert Panel should investigate any companies found to be involved in this and should also find and freeze looted assets.
- Include monitoring of natural resource exploitation and control of illegal resource flows in the mandate of MONUC, in order to prevent capital flight from the DRC, and the funding of armed factions and political groupings.
- Increase MONUC troop levels in the DRC, to ensure that there are sufficient personnel in the Kivus to both protect the public and to carry out the above monitoring activities.
- Use its prerogative to refer cases to the

International Criminal Court to seek legal redress for economic crimes which might be linked to war crimes, as defined by the Rome Statute.

*MONUC should:*

- Proactively monitor border crossings and airfields to prevent resource smuggling and arms trafficking.

*On the Extractive Industries Transparency*

*Initiative (EITI):*

- The DRC government should actively implement the EITI, in accordance with the EITI minimum criteria, with the full and broad-based participation of Congolese civil society, including civil society from areas of resource extraction, and with a view to extending revenue transparency to transfers from the central to provincial governments. EITI processes should be given an unambiguous grounding in national laws and regulations.

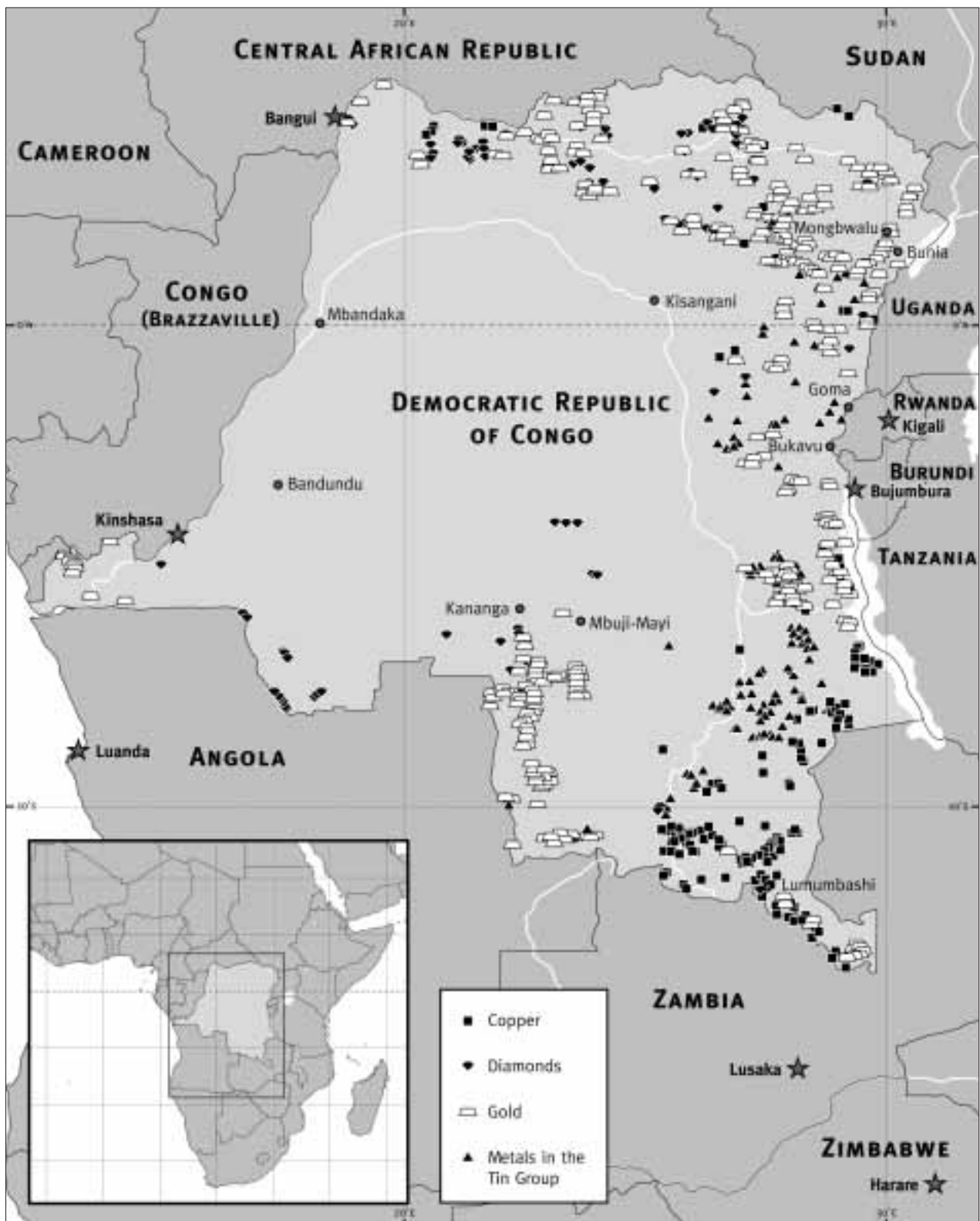


**The forests of South Kivu, DRC**

- The World Bank, IMF and other donors should provide funding and technical support for the implementation of the EITI in the DRC, especially supporting the watchdog role of civil society in the initiative. Progress towards the meaningful implementation of the EITI, in

accordance with the EITI minimum criteria should be a condition of all non-humanitarian lending and aid to the DRC.

- All oil, gas and mining companies operating in the DRC should actively support the implementation of the EITI in the DRC.



Mineral deposits in the DRC



## 2 Introduction

**T**he DRC is a country that contains an extraordinary abundance of natural wealth. However, this wealth has never been used for the benefit of the Congolese population. Instead, the DRC has been at the centre of what has been termed ‘Africa’s world war’. The conflict officially lasted for six years (although conflict continued in the east of the country after the signing of the peace accords), involved seven countries and killed an estimated 3.3 million people between 1998 and 2002<sup>1</sup>, more than any conflict since the Second World War. The motivation behind the war was not only political and/or ethnic, but also economic: the plunder of the country’s rich natural resources provided both the incentive and the means to continue the conflict. Key battles such as the fight for Kisangani, an area rich in diamonds, were driven by the presence of natural resources. The DRC, perhaps more than any other country, epitomises the ‘paradox of plenty’ – how being rich in natural resources can be more of a curse than a blessing. Although the conflict officially ended in 2003, this report examines the current situation regarding resource extraction in eastern DRC, where fighting in mining areas and a militarised control over mining activities continues today, posing a significant threat to the entire peace process, and the country’s reconstruction.

Numerous NGO and UN Expert Panel reports have documented how high coltan prices created a “coltan boom” in the DRC in 2000, enabling the RCD-G and other rebel groups to fund their occupation of the Kivu provinces through coltan exploitation. These reports highlighted the devastating effects of this scramble for resources on the country’s population. Yet no substantial action was taken to address the situation, despite the clear interference of neighbouring countries and the interdependence between arms and resource trafficking in the east, not to mention the demand – the willing western and Chinese markets for the resources. The international community remains reluctant to recognise this interdependence and as such, the stretched MONUC-forces in the east do

not have a mandate to take any action to tackle the problem of resource exploitation.

This report reveals how the situation has improved very little over the past five years. With the price of coltan now low, and tin prices tripling in early 2004, cassiterite (tin ore) has replaced coltan as the ‘mineral of choice’ in the Kivus. Despite attempts to reunify the country – and the installation of the transitional government in 2003 – this report details how there is still no information or money flowing back to the Central Bank in Kinshasa from resource exploitation in the Kivu provinces. Until December 2004 when government troops took over Walikale, a major cassiterite mining centre in North Kivu, RCD-G troops controlled cassiterite production and trading in the province and fighting has plagued this resource-rich area over the past year. In South Kivu, mining activities are equally militarised, with soldiers from the FARDC (national army), FDLR (Rwandan Hutu rebels) and Mai-Mai groups controlling mines, illegally taxing the artisanal miners and committing massive human rights violations in these areas.

This report focuses on cassiterite leaving eastern DRC via Rwanda. Although minerals also pass through Uganda and Burundi in smaller quantities, this will be addressed in later reports by Global Witness. Investigations carried out by Global Witness revealed that large quantities of cassiterite cross the border from North and South Kivu to Rwanda every month. Official figures for the trade are small, a maximum of US\$1 million a month and often much less, and severely underestimate the actual scale of the trade which, at a minimum, is worth US\$46 million per year and employs several hundred thousand artisanal miners in the Kivus. Thus, huge quantities of cassiterite are leaving the country unregistered and untaxed. With tin prices at a record high, this presents a serious loss to the Congolese economy. Meanwhile, Rwanda continues to export five times as much cassiterite as it claims to produce. It could be argued that the foundations of Rwanda’s increasing stability are being built on the continuing predatory exploitation that has characterised the history of the DRC. These discrepancies need to be addressed immediately to ensure that natural resources begin to benefit, rather than curse, the Congolese population.



## Major Armed Groups

### **Rally for Congolese Democracy (RCD), after May 1999 known as the RCD-Goma**

The original rebel movement that attacked the Kabila regime, the RCD was put together by Rwanda and Uganda and was made up of disparate anti-Kabila elements, and former Mobutists. Initially lead by Professor Ernest Wamba dia Wamba, who was removed in May 1999. The RCD-G has very close ties with Rwanda, and is based in the east of the DRC. It is a significant part of the transitional government, with one vice-president, a quarter of the ministries and three military regions.

### **Rally for Congolese Democracy – Liberation Movement (RCD-ML)**

When Wamba dia Wamba was ousted from the RCD, he and his followers moved first to Kisangani, and then to Bunia, where the RCD-ML was established, under Ugandan patronage. However, the RCD-ML never created strong internal structures, and was continually paralysed by power struggles between Wamba and his deputy Mbusa Nyamwisi. Having been a part of the abortive Congolese Liberation Front (FLC) (an umbrella group of the RCD-ML, RCD-N and the MLC) from January to June 2001, the RCD-ML started to fight the RCD-N and the MLC. Under Nyamwisi, who had gained power in November 2001, it switched allegiance from the Ugandans to the Kabila regime, but still lost most of its territory, being reduced to areas around Beni. Nevertheless it gained two ministries and one military region in the transitional government.

### **Movement for the Liberation of Congo (MLC)**

Formed by millionaire businessman Jean-Pierre Bemba in October 1998 and armed and trained by Uganda, the MLC established itself in the diamond-rich province of Equateur. Its lack of internal division is a marked contrast to the RCD, although it was the senior member in the FLC umbrella group. It signed a peace agreement at Sun City with the Kabila regime, and was well represented in the final transitional government, gaining one vice-presidency, a quarter of the ministries and three military regions.

### **Mai-Mai**

Traditional self-defence groups in the Kivus allied to the Kabila regime and opposed to the RCD and the Rwandans and Ugandans. Claiming to represent the population of the Kivus, they conducted guerrilla campaigns against the rebel groups. They were represented in the transitional government, gaining two ministries and one military region.

### **Democratic Forces for the Liberation of Rwanda (FDLR)**

Primary Rwandan Rebel Group of the Second Congolese Civil War; formed in 2000 after the merger of the Kinshasa-based Hutu Command and ALiR, the Army for the Liberation of Rwanda; the members of the Interahamwe that carried out the Rwandan genocide now belong to the FDLR. During the war, it sided with the Congolese government, receiving extensive backing from it, and fought mainly against the Rwandan Army (RPA) and the RCD. On 31 March 2005, the FDLR announced it was abandoning its armed struggle and returning to Rwanda to form a political party.

### **Armed Forces of the Democratic Republic of Congo (FARDC)**

Army of the transitional government, formed according to the Sun City Accords of 1 April 2003. It was formed by integrating the various military parties under a unified military command; however, certain groups, such as the FAC (former Congolese army) and the RCD-G, maintain 'informal' autonomous control of their armed groups, and the Presidential Guard has not been integrated into the command. Additionally, armed units from the MLC and RCD-ML were dropped into the FARDC with little regard for integration.



**Mai-Mai militia at a cassiterite mine, South Kivu**

### 3 The peace process, the transitional government, the upcoming elections and how they have been postponed due to the problems in the Kivus

The past three years have seen significant political and security shifts in the make-up of present-day DRC. The first shift was marked by the Pretoria Agreement signed by the DRC and Rwandan governments in July 2002, which outlined Rwanda's withdrawal from the DRC and security plans for both countries. It was followed by much debate and disagreement over its implementation. In December of the same year the Global and All Inclusive Agreement outlined a three-year transitional period for the country. It marked the most significant shift in national politics since the war and paved the way for the setting up of the transitional government in July 2002.

The transitional government consists of the former government, various rebel factions and civil society representatives and elections were set for 30 June 2005. The Transitional Constitution states that the establishment of a democratic, elected government would mark the end of the transition period. The elections were to be the first free vote in the country for 45 years. However, there has been a string of problems associated with the elections. Some of these have been at the national level: no electoral law has been drafted, no law on the public financing of political parties has been passed, no law on the status and registration of opposition parties has been passed and security reforms have been severely delayed. Events in the Kivus have also caused problems. Bukavu was occupied for three days by RCD-G militias led by Colonel Mutebutsi and General Nkunda in May 2004<sup>2</sup>. In South Kivu the governor was suspended in April 2005 after a confrontation over corruption with the RCD-G and vice-governors (representing civil society)<sup>3</sup>. Despite the appointment of provincial authorities in line with the Resolution of the Inter Congolese Dialogue<sup>4</sup>, in practice, they have failed to perform as intended. The delivery of other scheduled outputs has also been weak, including moves to reunify the country, establish state authority and create an integrated army. The process of army reunification is in disarray, and unpaid

and underpaid soldiers constitute daily threats to peace and stability.

As a result of all these problems, the elections have been delayed.

The Independent Electoral Commission submitted a request to the National Assembly for a six month extension of the transition period in April 2005, as allowed by Article 196 of the Transitional Constitution, in order to prepare for the elections. The National Assembly is expected to grant this extension soon. While the draft of the new Constitution was adopted on 13 May 2005 by the National Assembly, no date has yet been announced for the popular referendum on the constitution that is slated to happen before its publication.

After years of violent conflict and embedded corruption, the Congolese people have high expectations for the June elections and remain strongly opposed to any postponement. Rumours of scheduled disturbances in Kinshasa if the elections do not take place are increasing. Threats come not only from the population, but also from individuals integral to the transitional government. In February 2005, the MLC Vice-President Jean Pierre Bemba threatened to undermine the fragile transitional government by withdrawing from the government if the overall implementation of the Pretoria Agreement and measures to ensure elections were held faced continued delays.

With tensions and threats running high in the lead-up to the scheduled elections, the DRC is once again facing the possibility of instability that may affect not only itself, but the entire sub-region. The declining political and security situation in the eastern provinces and the lack of oversight between these provinces and Kinshasa means that national and international efforts to bring peace to the DRC and the region stand to be undermined and progress witnessed so far overturned. The effects of instability on the Congolese population would be devastating and as such, national and international efforts to safeguard the transition must be stepped up in order to ensure peace and stability for the DRC and the Great Lakes region today and in the future.

<sup>2</sup> The entities that participated at the Inter Congolese dialogue agreed to share political power at provincial level as well as at the central government level. There are three provincial authorities, respectively the governor, a vice governor in charge of politics and administration and another vice-governor in charge of economic related issues.

## 4 The militarisation of mining in eastern DRC

**M**ining activities in eastern DRC have been, and remain, highly militarised. In some areas, military groups are actually in control of the mines and are carrying out their own digging<sup>4</sup>, whilst in other areas military personnel are illegally taxing the artisanal miners, either on site or when the miners carry the minerals to the nearest town or trading point<sup>5</sup>. This section explores the current exploitation and export of cassiterite, and how it mirrors the experience of the coltan-rush of 2000. It appears that important lessons from the past have not been learned: the international community needs to act now to ensure that the country does not slip back into all-out war.

### Violence and human rights abuses in the mining areas of the Kivu

The mining areas of North and South Kivu are violent places. Violations against international human rights and humanitarian law are colossal. Abuses on the part of government soldiers and other armed combatants target non-combatants and include killing, rape, torture, arbitrary arrests, intimidation, mutilation, and the destruction or pillage of private property<sup>6</sup>. This also causes mass displacement<sup>7</sup> and all the effects that come with this as people are forced to live in subhuman and dangerous conditions within the reach of armed combatants. There is evidence to show that all armed groups are involved in these abuses against civilians.<sup>8</sup> The abuses are integrally linked to natural resources, particularly in the eastern provinces, as they are employed as methods by which to gain control either over resource-rich areas, or over the ability to

tax resources. Impunity is widespread and inaction on the part of the transitional government against perpetrators sends signals throughout the DRC that abuses will be tolerated and even encouraged.

In South Kivu, human rights abuses are rife, with killings, rape and looting of property occurring on a daily basis. These abuses are being committed by both FDLR combatants and by soldiers from the FARDC.<sup>9</sup> For example, on 25 May 2005, 18 civilians were killed, 11 injured and up to 50 abducted by FDLR soldiers in the Nindja locality, 80 km north-west of Bukavu.<sup>10</sup> The residents of South Kivu live in fear from the large number of poorly trained, poorly supervised and underpaid FARDC army personnel who have recently been deployed to the region.



Congolese miners in the jungle town of Mubi, near Walikale, North Kivu, break up and bag raw chunks of cassiterite

Credit: Reuters



## MONUC in the Kivus

MONUC has had a presence in the Kivus since it began its operations in the DRC at the end of 1999.<sup>b</sup> MONUC has recently been criticised for its failure to fulfil key parts of its mandate, in particular the protection of civilians. This is due to a lack of coherent strategy and vision to implement the mandate<sup>11</sup> and to a lack of capacity in the force. This has been evident in all aspects of MONUC's work, from the protection of civilians, to supporting the national army in demobilising the FDLR, and in the enforcement of the arms embargo which came into effect in July 2003.

One incident that has cast a shadow over MONUC's work in the Kivus was their response to the siege of Bukavu in May 2004. MONUC was accused of failing to act with speed and confidence whilst fighting was occurring in the city.<sup>12</sup> Despite having a clear mandate to protect civilians, MONUC took little action to defend the residents of Bukavu against the widespread looting, killing and rape that occurred between 26 and 29 May. As a consequence, a backlash occurred against MONUC with violent protests taking place at its Kinshasa headquarters and at regional offices around the country.

MONUC clearly needed to step up its presence and impact in the Kivu and in September 2004, 5,900 additional Pakistani and Indian troops were deployed. Despite these extra troops, however, Global Witness observed very few MONUC patrols in Goma and Bukavu in February 2005.

The demobilisation of the FDLR in the Kivus has been a slow process. In 2004, MONUC acknowledged that voluntary disarmament and demobilisation could not make any further progress and the organisation received the mandate to support the new army in forceful disarmament.<sup>13</sup> It remains to be seen how effective MONUC can be in this process.

MONUC was given the mandate to monitor and discourage the illegal movement of arms across Congolese borders into the Kivus and Ituri in 2003. On 18 April 2005, the UN Security Council extended the arms embargo to "any recipient" across the whole of the country. However, this part of its mandate has not been sufficiently enforced. There is no MONUC presence at the border crossings and the mission has failed to carry out vehicle or house-to-house searches in the Kivus.<sup>14</sup> There has also been an inadequate presence of MONUC observers at airfields, despite evidence showing the use of these landing strips by planes bringing in arms to the region. There are now MONUC observers present at Goma and Bukavu airports, but the majority of the 300 plus landing strips in eastern DRC remain completely unmonitored.

MONUC currently has no mandate to monitor the illegal trade in natural resources in the DRC. However, with strong connections between the arms and minerals trade, a concerted effort to combat the flow of weapons in this region could in turn reduce the illicit and uncontrolled movement of resources. With clear links having been exposed between the trade in natural resources, arms flows and fighting in eastern DRC, MONUC's mandate should be extended to include the monitoring of illegal resource flows. Proper training and capacity building should be provided for MONUC observers so that they can fulfil the crucial monitoring aspect of their mandate.



**Violence has been rife in eastern DRC since 1996**

<sup>b</sup> For detailed analysis of MONUC's work in the DRC, refer to reports available on the websites of the International Crisis Group and the Institute for Security Studies.

## 5 Coltan exploitation

**C**oltan is a mineral from which the precious metals columbium (also known as niobium) and tantalum are extracted. The most well-known use of tantalum is in the manufacture of capacitors required for electronic goods such as mobile phones and computers.

The DRC has large deposits of coltan, and when international demand and prices soared in 2000, various military factions were quick to use the trade in coltan to fund their activities. Many well-researched reports were written about the problem and recommendations on how to disentangle natural resources from power were devised. Few of the recommendations were implemented, however, and the trade eventually slowed down, not because of the result of any substantial action by the DRC government or the international community, but simply because the price of coltan fell.

### **64% of the world's known coltan reserves occur in the DRC**

Although Australia is currently the largest producer of coltan, it is estimated that Africa possesses 80% of the world's reserves, with 80% of this believed to be in DRC. Coltan deposits are also found in Canada, Brazil, Thailand, Malaysia and China.

Global consumption of coltan surged dramatically in 2000 to approximately 2,268 tonnes, a 38% increase on the previous year, driven primarily by the growth in the electronics sector. Prices reached their peak in November 2000 at US\$164 per kilo and the population of eastern DRC was suddenly dragged into an unprecedented scramble for coltan.<sup>15</sup> In 2002, the US was the principal destination for the DRC's coltan exports.

Congolese miners extracted the minerals and Rwandan (and sometimes Ugandan) brokers traded the ore. The operation was

highly organised and was coordinated centrally from an administrative entity known as the Congo Desk, located in Rwanda's Ministry of Defence.<sup>16</sup> Throughout the war, Rwanda benefited directly from coltan exploitation in eastern DRC and it has been suggested that between late 1999 and late 2000 the Rwandan army alone reaped revenues of at least US\$20 million a month.<sup>17</sup>

The pattern started when the RCD seized power in Kivu in August 1998. The RCD leadership started to loot the remaining stocks of coltan with their Rwandan partners. Shortly after, the newly instated rebel RCD government collect its own taxes from coltan exports. For example, from 1998 – 2000, the RCD obliged every trading post or comptoir operating in its territory to pay US\$15,000 for a 12-month licence.<sup>18</sup> The licensed comptoirs also had to pay a tax estimated at 8% of the total value of exports. The SONEX company was founded in March 1999 in Kigali by RCD-G in order to serve as the financial arm of the organisation and to establish a pattern for the transfer of resources such as coltan from the RCD to Kigali.<sup>19</sup>

This changed on 20 November 2000 with the establishment of another company SOMIGL, to which RCD-G granted a monopoly on all coltan exports from rebel held territories. The monopoly was set up to finance the war effort of the RCD-G and was a direct reaction to the steep rise in coltan prices. SOMIGL enabled the RCD to finance its own military for the first time. Under the control of Nestor Kiyimbi, the RCD mining minister, coltan money was used to maintain a 40,000-strong RCD army. However, prices fell drastically at the end of March 2001 (bottoming out in October 2001, at less than a third of their peak) and the RCD-leadership decided to abandon the SOMIGL monopoly, once again liberalising the market.<sup>20</sup>

In addition to the control of coltan exploitation by the Rwandan army and the RCD, there were also reports of Mai-Mai groups collecting taxes from coltan diggers in areas such as Ntoto in Masisi zone, North Kivu.<sup>21</sup>

## 6 Cassiterite exploitation

**C**assiterite has taken over from coltan as the resource of choice for military groups in the Kivu provinces. This was an easy transfer to make as the two minerals are often found together and can be mined using artisanal methods. Both minerals use virtually identical trade structures in the Kivus.

### *Cassiterite*

Tin is mined as a number of different ores, the most important of which, and the one we refer to in this report, is cassiterite. Tin is used for a wide variety of purposes, from coating other metals to prevent corrosion (for example, tin cans are made from tin-coated steel) to circuit boards, plumbing, dental fillings and fire retardants. The recent price increase is due to increased demand, in part resulting from new environmental regulations in Japan and Western Europe that forced manufacturers to use tin instead of lead in printed circuit boards.

World consumption soared by 14% (or 20,000 tonnes) in the first half of 2004, as consumers over-reacted to the threat of a supply shortfall.<sup>22</sup> Tin became the most traded metal on the London Metal Exchange and prices tripled between August 2002 and May 2004,<sup>23</sup> reaching a ten-year high of US\$9,600 per tonne in May 2004. Today, the price is still at the high level of

US\$8,045 per tonne,<sup>24</sup> but the question is for how much longer these prices will be sustained. They have crashed before in 1985 and are likely to do so again. As prices rose, so did the intensity and regularity of fighting in eastern DRC where some of the best-quality tin originates. In order to finance a war, such a high price represents significant income for logistics and for personal profit.

In the DRC, cassiterite tends to be found in exactly the same places as coltan. Key areas in the Kivus include Walikale and Masisi in North Kivu, Kamituga in South Kivu and Kalima in Maniema. The map below shows the mineral deposits and key cassiterite mines in eastern DRC. Similar methods of extraction are used. Neither require industrial extraction equipment and therefore need virtually no investment, while providing significant financial returns.

Alongside the DRC, the world's main producers of tin are Australia, Bolivia, Brazil, China, Indonesia, Malaysia, and the United Kingdom. The main consumers are Brazil, France, Germany, Japan, the United Kingdom and the United States.<sup>25</sup>



Credit: Reuters

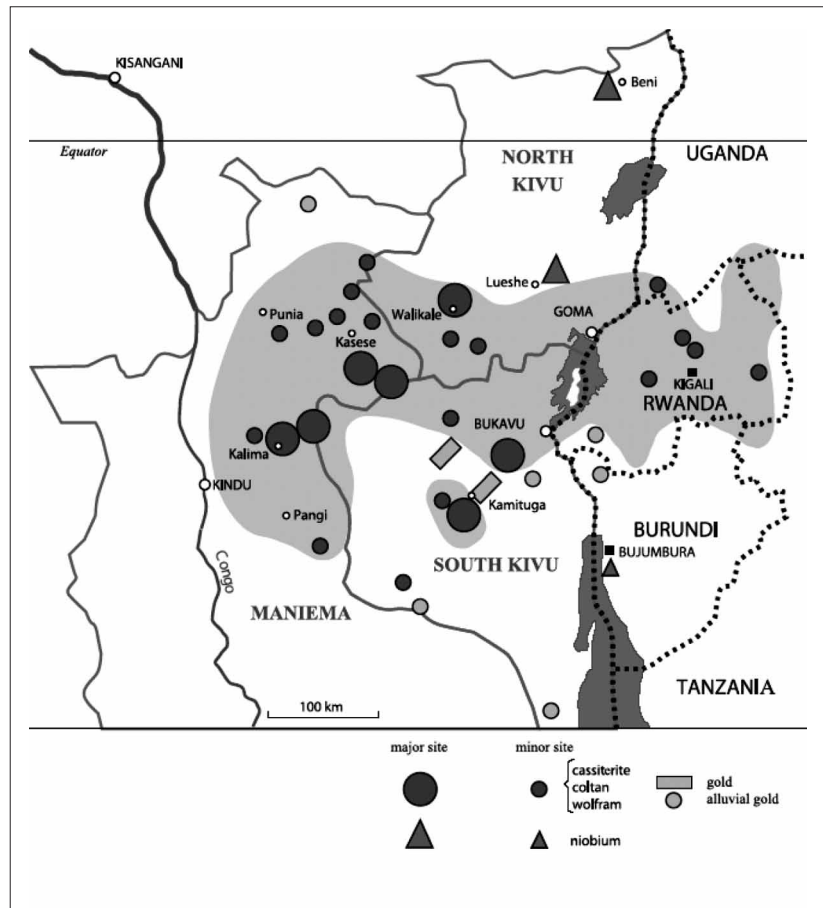
**Under tight security, a Congolese miner in the jungle town of Mubi bags raw chunks of cassiterite**



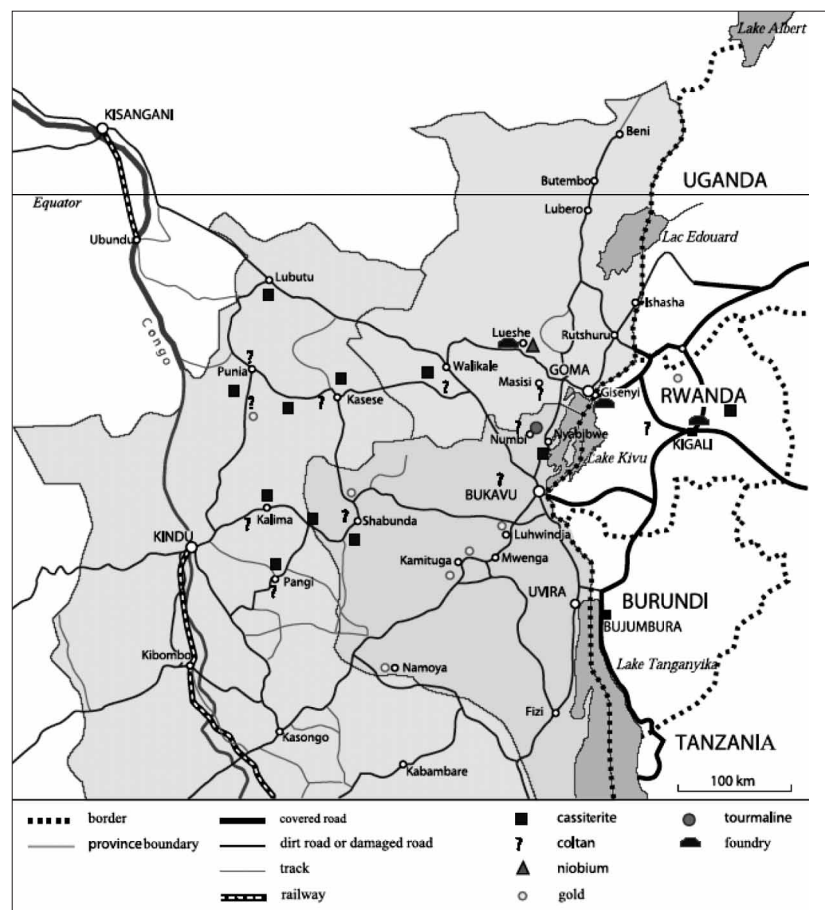
### *Turbulent history of mineral concessions in the Kivus*

From 1976, mining activities in the Kivus were dominated by the state-owned company Société Minière du Kivu (Sominki), but the crisis of the Congolese economy in 1980 and the fall in world cassiterite prices induced Sominki to close many of its industrial operations and allow individuals to engage in artisanal mining.<sup>26</sup> In 1995, Sominki was sold to the US company Cluff Mining and the Canadian Banro Corporation. The following year, Banro bought out Cluff Mining's shares and created a Congolese subsidiary called Sakima.<sup>27</sup>

However, in 1998, Laurent Kabila dissolved Sakima and cancelled all its rights, because the deal had been signed by his predecessor, Mobutu. Soon after, most of Sakima's cassiterite and coltan stocks disappeared: RCD-G seized some of them and the government "requisitioned" the rest. After several court battles in New York, Cape Town and elsewhere, it was agreed that Sakima's parent company, Banro, could keep the Congolese gold concessions, but it lost control of Sakima, which appears to have been dormant since 2002. According to the website of the Cadastre Minière, who are responsible for allocating all concessions in the DRC, the cassiterite and coltan concessions in the Kivus still belong to Sakima.<sup>28</sup>



**Mineral deposits in the Kivus**



**Mining in the Kivus**

## North Kivu

### *The control of resources is highly militarised*

The control of resources in Walikale the largest and richest cassiterite mine in North Kivu is highly militarised, with soldiers 'taxing' the miners at the mine site and at roadblocks along the road between Bisie and Mubi, where the airstrip is located.<sup>29</sup> Mineral exploitation in Walikale has always been controlled by the military, be they Mai-Mai, RCD-G or FARDC troops.<sup>30</sup>

### *Battlefield enemies co-operate to enrich themselves*

Reports suggest that in 2003 there was an agreement between the Mai-Mai and RCD-G troops over the control of resources – coltan and cassiterite – in the Walikale area. The deal gave control of the mine at Bisie to the Mai-Mai and control of the town of Mubi to the RCD-G. Thus, the Mai-Mai benefited by taxing the mineral trade at the mine itself and the RCD-G benefited by taxing the minerals as they were transported out of the area (and again in Goma).<sup>31</sup>

This collaboration between battlefield enemies during times of conflict to divide the profits of war is a recurring theme of conflict situations. For example the Khmer Rouge and the Cambodian government struck a deal whereby the government issued the Khmer Rouge with the permits that they needed to export timber to Thailand, allowing both sides to profit from royalties raised on the timber.

### *Fighting for control of mining sites:*

#### *1. Mai-Mai and the RCD-G*

The agreement between the Mai-Mai and the RCD-G seemed to break down in early 2004. Intense fighting between these two groups has displaced the population on numerous occasions since then. In June and September 2004 fighting between Mai-Mai troops (supported by the FDLR) and those of the RCD-G troops was focused on gaining control over the lucrative mining sites.<sup>32</sup>

### *Fighting for control of mining sites:*

#### *2. RCD-G and the FARDC*

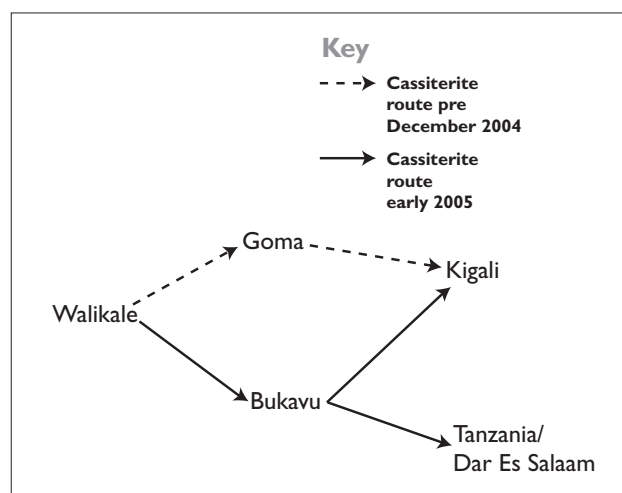
President Joseph Kabila has recently deployed 10,000 government troops to eastern DRC.<sup>33</sup> These FARDC soldiers have begun to gain control over key parts of North Kivu, including Walikale. The FARDC, with support from local Mai-Mai groups, took control of the town on 16 December 2004. The RCD-G was pushed out of the area. This has angered both military and civilian members of the party as they no

longer have access to the richest coltan and cassiterite mine in North Kivu.

Although the RCD-G troops left without too much of a struggle, the loss of Walikale presents a serious blow to the party in financial terms as the key economic operators in Goma are now cut off from Walikale's large mineral deposits. Any attempt by the FARDC to move further into Goma, and areas surrounding the border town, will be met by fierce resistance from Eugene Serufuli, the governor of North Kivu, and his political and business allies.

The change of military control of the town led to a change in the trading routes for the cassiterite. When the town was controlled by the RCD-G, cassiterite left Walikale on about 15-20 flights a day for Goma, also controlled by the RCD-G, and thence to Kigali, the capital of Rwanda. The UN Panel of Experts discovered that many of the aircrafts that had been hired to carry cassiterite from Walikale to Goma had also been used to transport soldiers and cargo to the area.<sup>34</sup> Each flight carried approximately 1.5–2 tonnes of cassiterite, making a daily total of 22–40 tonnes transported per day<sup>35</sup>, providing a valuable source of income for the RCD-G. At the height of cassiterite prices in mid 2004, this represented more than US\$50,000 worth of cassiterite leaving Walikale every day.

However, when the Congolese government re-took the town in December 2004 they stopped the flights from there to Goma.<sup>36</sup> Instead, the cassiterite was flown to Bukavu in South Kivu province, which is also controlled by the FARDC. MONUC observers stationed at Bukavu airport in February 2005 report that around 10–15 flights a day land at the airport carrying cassiterite, with each plane carrying up to two tonnes of cassiterite. From there the cassiterite goes on to Goma,<sup>37</sup> Tanzania or Rwanda, although it is difficult to obtain information on exact routes.



However, information obtained in June 2005 suggests that the situation has changed once again and large quantities of cassiterite are now coming back through Goma. Operators in Goma have re-gained access to cassiterite supplies in Walikale, suggesting increased cooperation between the RCD-G officials and the FARDC troops in Walikale.<sup>38</sup>

The militarised control over resources in Walikale means that the rich mineral wealth of the area has benefited local traders and numerous military factions, but has left the local population living in danger and poverty, not to mention the fiscal losses to central government.



Credit: Reuters

Signpost showing the two major cities in the Kivus

### *Eugene Serufuli, the governor of North Kivu*

After the formation of the transitional government, new governors were appointed across the country. The aim was for the governors to come from a different party to the one that controlled the province during the war. Ten out of the total eleven provinces followed this rule. The only exception was North Kivu where Eugene **Serufuli**, an RCD-G strongman kept his position. Serufuli had been installed as governor by Kigali in September 2000. In other words, the RCD-G retained control over the province.

Control of Walikale has benefited Serufuli and the business elite that he controls. Serufuli has been allowed to continue to run North Kivu autonomously, with very little effort being made to reconcile his administration with the transitional government.<sup>39</sup> When Serufuli became governor, he revived the Local Defence Forces creating his own personal military and turning it into an all-Hutu army. The force amounted to 10–15,000 fighters.<sup>40</sup> Although in 2003 these were integrated into the ANC (the military wing of RCD-G), Serufuli has still retained extensive control over these troops.<sup>41</sup> However, recent information suggests that this situation is changing and there has been increased effort to integrate the ANC into the FARDC in North Kivu.<sup>42</sup>

A new military commander has been appointed in North Kivu, General Amisi. Although Amisi originates from the military wing of the RCD-G he is not a Rwandophone, unlike his predecessor General Obedi, and seems keen to move the agenda of the transitional government forward, particularly the reunification of the army.<sup>43</sup> This has set him on a collision course with Serufuli as control of North Kivu is the only political asset Serufuli has left and he needs to maintain his control over the province.<sup>44</sup>

Although the RCD-G is represented in the central government, through a share of the seats in Kinshasa and the appointment of Vice-President Ruberwa, the party has been plagued by internal dissent. This has created an incentive for North Kivu's new governor to maintain control over the province and avoid being part of the transitional government, and the peace process.

Beyond its narrow base of support amongst the Kinyarwanda speakers (Hutu and Tutsi communities) of North Kivu, the RCD-G remains deeply unpopular, with most Congolese regarding it as a puppet of Rwanda.<sup>45</sup> In addition to this, the RCD-G hardliners in Goma have criticised Ruberwa for failing to represent their concerns of perceived ethnic persecution against these Hutu and Tutsi communities in eastern DRC. These RCD-G hardliners in the Kivus, who feel they have nothing to gain in the transition, can be considered as a potential spoiler element in the DRC peace process.<sup>46</sup>

Serufuli co-founded an organisation called TPD, which is run by Alexis Makabuza. Although it is described by Serufuli and his associates as an NGO, it is generally believed to be his political party.<sup>47</sup> It was initially established to repatriate Rwandan refugees from North Kivu, in collaboration with the Rwandan authorities. However, it now functions as a parastatal, involved in everything from roadwork to the transport of the Local Defence Forces and their supplies.<sup>48</sup> Numerous reports have indicated that TPD's trucks were used to transport Nkunda's troops to Bukavu in May 2004 for the siege of the city.<sup>49</sup> It has also been alleged that TPD has been involved in distributing arms to armed groups in Masisi and to the Rwandophone community in North Kivu.<sup>50</sup> It is widely believed that Serufuli channels state funds through TPD to run his military and administrative organisation in North Kivu and that this money is then used to pay and supply his Local Defence Force fighters.<sup>51</sup>



### From mine to purchasing agent to export

Once the cassiterite has been mined, it is then sold onto purchasing agents, or *comptoirs*. These purchasing agents then arrange for the onward transport of the ore, by plane or truck. The ore sometimes travels through several different destinations before being bought by a company which will process the ore and sell it on to international markets.

#### *Mines*

The largest and richest cassiterite mine in North Kivu is in Bisie, near Walikale (west of Goma). The mine also contains coltan and was a key producer of coltan during the coltan boom. Cassiterite costs US\$1–2 per kilo here, and twice this amount at the *comptoirs* in Goma and other principal trading sites.<sup>52</sup> There are also several important cassiterite mines around Masisi, north of Goma, such as Bisuru Bibatama mine.

Prices vary slightly in different areas, but generally the artisanal miners sell their minerals for around \$1.50–\$2 per kilo to the middle-men, which the middle-men in turn sell on to the purchasing agents at just under \$3 a kilo.<sup>53</sup>

#### *Purchasing agents*

With the vast majority of mining in the Kivus being carried out artisanally, numerous purchasing agents and *comptoirs* have opened up to buy and trade the ore. These purchasing agents buy ore either directly from the miners or from middle-men (*négociants*). They then organise its export.

Numerous traders complained to Global Witness about what they viewed as the ‘problem of government taxes’, although it is not clear whether they mean taxes to the local government or central government. The traders argued that high taxes are making it difficult for them to compete on the international market and so companies are instead trading with neighbouring countries where they claim taxes are not so high.<sup>54</sup> The new national tax rates introduced by Kinshasa are apparently higher than the rates levied when the RCD-G controlled the area.<sup>55</sup> These rates increased in 2004. For example, the cost of a cassiterite purchasing agent’s card increased from \$300 to \$345.<sup>56</sup> In addition to this, they have to pay taxes to cover the cost of decentralised administrative bodies, such as the mayor’s office, and to cover different government services, such as the Congolese inspection office and customs.<sup>57</sup> The purchasing agents argue that these costs are

too high and encourage smuggling to Rwanda.

The largest of the purchasing agents in the Kivus is **Metal Processing Congo (MPC)**, which has a purchasing operation in Goma, and, until recently, also had one in Bukavu in South Kivu. The Bukavu office was run by an Iranian national called Baman, who was allegedly arrested by the 10th Military Region in Bukavu in February 2005,<sup>58</sup> although the reason for and circumstances surrounding his alleged arrest are unclear. No further information about his reported arrest or his whereabouts could be obtained. During Global Witness’ visit to South Kivu in February 2005, M.P.C.’s office was open but Baman was ‘out of town’ and his colleagues were unable to answer questions in his absence.<sup>59</sup> However, recent reports seem to suggest that MPC may have now closed down their Bukavu office, possibly due to disagreements with the authorities in South Kivu.<sup>60</sup>

MPC is owned by **Metal Processing Association (MPA)** which is discussed in more detail below as it also acts as an exporting agent.

There are a number of other purchasing agents based in Goma, including Munsad Minerals, Clamab, Sodexmines and Cometex and independent operators<sup>61,62</sup>, such as the Makabuza brothers, who are close to Governor Serufu.<sup>63</sup>

The UN Panel of Experts recently stated that: “Competing commercial networks have aligned themselves with different military units on the ground in Walikale, in order to gain privileged access to the cassiterite. As such, the networks provide their allies with logistical support, including the transport of military personnel and supplies”.<sup>64</sup> It is not clear as to which purchasing agents the UN Panel of Experts refer. These alliances have allowed them access to the mining areas even during periods of intense fighting. For example, during the fighting of September 2004, only Sodexmines was allowed to fly into the area because of its direct ties with the military forces controlling the airstrip at Mubi.<sup>65</sup>

The purchasing agents have been severely affected by the change in control of Walikale from the RCD-G to the Congolese government. In February 2005, Global Witness met with representatives from the Federation des Entreprises du Congo (FEC) in Goma who were angered by the government takeover of Walikale, which denied them access to its cassiterite supplies. They now have to focus their trade on smaller supplies from areas such as Masisi, north of Goma.<sup>66</sup>

### ***Transport companies***

Transport companies play a key role in moving cassiterite around the Kivus and transporting it across the border. The lack of roads in most mining areas in eastern DRC means that the minerals are carried by hand from the mining sites to the nearest landing strip, and are carried by small aircraft to the trading centres of Goma and Bukavu. From these trading centres, the ore is then exported by road to the neighbouring countries to the east – Rwanda, and to a lesser extent Uganda, Burundi and Tanzania. The Kivus are more than 1500 km from Kinshasa – further than the distance between London and Rome – and are not connected to the capital by road.

The main air-freight companies operating in the Kivus include Kivu Air, Eagle and Swala.<sup>67</sup> Most of these companies own one or two planes which travel daily between the mining areas and Goma or Bukavu taking goods such as beer, clothes and food out to the mining areas and bringing back cassiterite.<sup>68</sup>

The smaller purchasing agents pay to transport ore on planes that also carry passengers and other goods, but the largest purchasing agent, MPC, transports large enough quantities of ore that it charters its own planes.<sup>69</sup>

The main road transport companies in North Kivu are TMK (Kivu Transport and Handling) and Jambo Safari, owned by Modeste Makabuza.<sup>70</sup> Modeste Makabuza is also connected to Governor Serufuli's 'NGO' TPD (see page 17), which is run by Makabuza's brother Alexis. It is interesting to note that TPD is also involved in trading and transporting cassiterite,<sup>71</sup> with witnesses reporting cassiterite transiting its base in Goma.<sup>72</sup> This transport operation is run by Alexis Makabuza.

### ***Foreign buyers and processing***

The main buyer of cassiterite from North Kivu is Metal Processing Association (MPA), which runs an export operation between Goma and Gisenyi, across the border in Rwanda. According to the Managing Director of the company, MPA buys cassiterite from licensed buyers in the areas of Kalemie and Kindu in the eastern DRC.<sup>73</sup>

MPA has a smelting plant in Gisenyi, Rwanda, just across the border from Goma, which produces around 200 tonnes of tin ingots per year.<sup>74</sup> The plant is controversial and has upset a number of Congolese leaders, who feel that their country is being exploited



Credit: Reuters

**Weighing cassiterite**

as no real value is being added to the cassiterite inside the DRC.<sup>75</sup>

All of this tin was being sold via **Metmar Trading** in an exclusive marketing agreement to the former major South African main manufacturer, ISCOR (Iron and Steel Corporation of South Africa), which has recently gone through a number of mergers to become part of **Mittal Steel**, the world's largest steel manufacturer.<sup>76</sup> Metmar's managing director confirmed in 2004 that they obtained most of their cassiterite and occasional shipments of coltan from eastern DRC.<sup>77</sup>

MPA signed an exclusive marketing deal with Sakima SARL (Société Aurifère de Kivu et Maniema), the DRC state-owned mining company, for all cassiterite production and export for the next five years in December 2004.<sup>78</sup> The managing director said that this deal gave MPA 37 concession areas in eastern DRC which they hoped to bring into production within the next year.<sup>79</sup>

Whether MPA now also controls all the Sakima mineral leases – the original Sominki rights had mostly lapsed by 1997 – remains to be seen (for more on Sominki and Sakima see box on page 15). The managing director however seems convinced that this is the case, and plans to construct a US\$30 million smelter to increase production to 5,000 tonnes of tin ingots per year in order to take advantage of the deal with Sakima.<sup>80</sup>

MPA is a purchasing agent and as such it seems unlikely that it will get involved in industrially mining the Sakima concessions. Instead, it will probably hire others to mine the concessions artisanally. In other words, they are unlikely to be investing in the area.

A feasibility study for the new smelter has recently been completed and funds for constructing it are planned to be raised by listing on the London Stock Exchange Alternative Investments Market. The managing director expected that once fully operational, the new refinery would continue to supply ISCOR with a minimum of 400 tonnes of tin ingot per year with the balance being marketed internationally, and a "substantial amount" going to China.

MPA maintains a small and un-staffed buying office in Modderfontein, outside Johannesburg.<sup>81</sup> The company is not registered with the South African Department of Trade and Industry's Companies and Intellectual Property Registration Office (CIPRO),<sup>82</sup> but the managing director said MPA was registered in Kinshasa, Lubumbashi, Goma and Bukavu. This could not be independently verified due to the difficulty of

obtaining company records in the DRC.

According to the managing director, Brian Christophers, MPA was founded by himself and Bruce Stride in 2001 and is currently managed by three South Africans: himself, Nick Watson, and Ronald Crossland. Recent UN reports have named Cape Town businessman Nick Watson as a partner of Rwandan Tibere Rujigiro, who is reportedly a major backer of the Rwandan ruling party.<sup>83</sup> Christophers was keen to stress that MPA was "well-known to MONUC" and that they fully cooperated with the United Nations' mission to the DRC.<sup>84</sup>

## South Kivu

The military situation in South Kivu is very different to that in North Kivu. Similar to North Kivu, South Kivu was predominantly under the control of the RCD and the Rwandan army during the war.<sup>85</sup> However, following the week-long occupation of Bukavu by RCD-G militias led by Colonel Mutebutsi and General Nkunda in May 2004,<sup>86</sup> the town has since remained under control of the central government.

South Kivu's governor is from the Political Opposition grouping and its two vice-governors are from the RCD-G and from civil society. A number of problems have occurred recently the governor being recalled to Kinshasa over charges of misappropriation, his appointment of staff without adequately consulting his deputies<sup>87</sup> and the two vice-governors going on strike to oppose his return. There have also been problems with the reunification of the army in South Kivu, with ex-Mai-Mai soldiers angry at not having received the same treatment as trained forces.<sup>88</sup> Despite these problems, for the past year, the Kinshasa government has managed to maintain far closer control over South Kivu than North Kivu.

### The control of resources is highly militarised

#### *Battlefield enemies co-operate to enrich themselves*

In the same way as there are reports of cooperation between battlefield enemies in North Kivu – the Mai-Mai and the RCD-G – collaborating to share the proceeds of war between them, there have also been similar reports from South Kivu. In this case the collaboration is between ex-Mai-Mai fighters and the FDLR, in order to move minerals out of mining areas in South Kivu.<sup>89</sup>



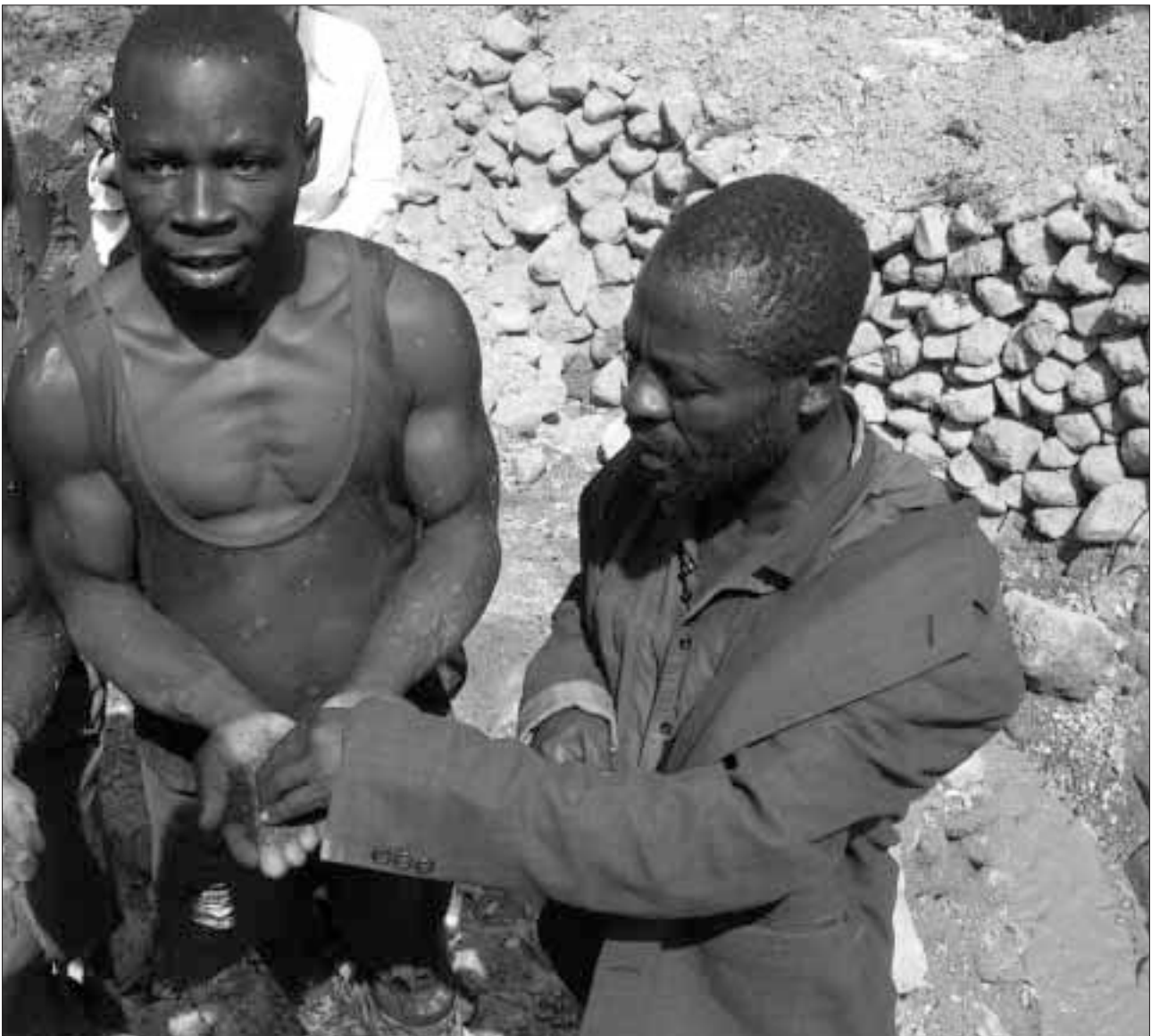
### *Problems associated with artisanal mining*

There are essentially only two jobs available to men in the rural Kivus: subsistence agriculture and mining. During the coltan boom of 2000 many people abandoned traditional agricultural activities in the Kivus to work in the mines, leading to agricultural instability and food shortages. For example, manioc flour, a staple food in the region which can be easily grown in Walikale, now has to be flown into the area because of this agricultural collapse.<sup>90</sup>

The mining sector is completely unregulated and disorganised, with no monitoring of the mines or conditions there. Young men and boys work in the open-pit mines with no equipment, often no basic tools and with no protection from falling rocks and mud slides. The conditions are appalling and accidents are frequent.

The majority of the mining sites in eastern DRC are inaccessible by road. Thousands of men in the Kivus earn a meagre living from carrying 50kg sacks of cassiterite by foot on often long journeys to the nearest town or airstrip. In some areas, for example Bisie mine near Walikale, this walk takes several days and dangers such as military roadblocks are frequent along the way.

Most artisanal cassiterite miners in eastern DRC are paid very little. Earnings vary slightly from place to place: in the Miki area (South Kivu) the miners work in pairs and sell around 3-4kg of cassiterite per day (equivalent to US\$4-6)<sup>91</sup> whereas in other areas miners earn less than US\$1 per day. In many of these areas, mining is the only option for men to earn cash to supplement subsistence agricultural production.<sup>92</sup>



**Artisanal miners examining the cassiterite, South Kivu**

***Extraction of cassiterite is controlled by FDLR troops***

At least seven of the cassiterite mines in South Kivu are currently being controlled by FDLR troops.<sup>93</sup> This is supported by numerous reports which suggest that the FDLR is now controlling the economic networks in parts of South Kivu.<sup>94</sup> In some areas, the FDLR tax the miners after they have extracted the ore.<sup>95</sup> In the Moyens Plateau area and elsewhere in South Kivu, the FDLR impose taxes on both the exploitation and transportation of minerals.<sup>96</sup> Reports of FDLR soldiers looting the local population and carrying out muggings in mining areas are frequent.<sup>97</sup> In the Miki area of Mwenga territory, South Kivu, FDLR combatants ambush Congolese civilians and steal cassiterite – as well as petty goods – which they then sell at the major markets in the area.<sup>98</sup>

***Extraction of cassiterite is also controlled by government soldiers***

Since the reunification of the army and the deployment of FARDC soldiers to the Kivus, a number of brigades have also become involved in the mining sector and a large number of mines in eastern DRC are currently controlled by the FARDC. Since the majority of the FARDC soldiers are either unpaid or underpaid, many have turned to mining to supplement their income. Similarly to the FDLR, in some places FARDC soldiers are actually involved in actually carrying out the digging and in other places the control takes the form of a tax on the artisanal miners. For example, in Miki, the artisanal miners have to pay a, relatively low, monthly tax of US\$1 each to the traditional chief of the village and to the local FARDC commander.<sup>99</sup> In other areas, such as Walikale in North Kivu, these taxes have reportedly been much higher, possibly up to half of their daily production.

**From mine to purchasing agent to export*****Purchasing agents***

Export lists produced by the Office of Congolese Control<sup>c</sup> in South Kivu show that the agents who exported cassiterite officially in 2004 and early 2005 from Bukavu are World Mining Company (WMC), Mudekereza-Defays-Mundenge (MDM – part-owned by a Belgian individual, Michel Defays), Muyeye, Kamu, Olive, MPC (see the section on North Kivu purchasing agents) and Société Kotecha.<sup>100</sup>

<sup>c</sup> The Office of Congolese Control is responsible for checking and registering all exports leaving the country.



**Bukavu, South Kivu**

Many of these purchasing agents were previously involved in the buying and exporting of coltan. Some of them, such as Muyeye, still continue to trade in small quantities of coltan now, but their primary product is currently cassiterite.<sup>101</sup> This switch was made when the price of coltan fell in 2001 and tin prices rose.

***Transport***

Official documents show that the main transporters carrying cassiterite out of Bukavu in 2004 and early 2005 were Trafca, Agetraf, Inter Express, Amicongo and Sotrabo,<sup>102</sup> although other companies may be involved in the unofficial transport of minerals in eastern DRC.

***Foreign buyers***

There are two main buyers of cassiterite from South Kivu: a Belgian company, Sogem, and a British company, Afrimex.

***Sogem***

The majority of cassiterite leaving South Kivu is purchased by a Belgian company called Sogem SA<sup>103</sup> which is a 99.68% owned

subsidiary of UMICORE (formerly known as Union Minière) which is one of the largest and oldest Belgian trans-national corporations.<sup>104</sup> Sogem has branches in 27 countries and is involved in the marketing, trading and brokering of non-ferrous and precious metals. Sogem is based in Brussels, Belgium and its director is Mr P. Careyre. Sogem says that it imports lead, zinc, copper and cassiterite from Germany, Great Britain, Italy, USA, Brazil, Peru, Taiwan, France and Venezuela, but the DRC is curiously absent from their list,<sup>105</sup> despite export documents from the DRC showing that they are importing from there.<sup>106</sup>

Sogem has a history of purchasing coltan from the DRC. The UN Panel of Experts, in their April 2001 report, accused Sogem of cooperating with SOMIGL (the RCD-G's monopoly).<sup>107</sup> However, Sogem responded to this accusation by claiming that their contract was with the Congolese trader MDM and not with the RCD-G monopoly.<sup>108</sup> They claimed that they ended their partnership with MDM in November 2000<sup>109</sup> as MDM was forced out of business by the SOMIGL monopoly and as a result Sogem was cut off from its supplies.<sup>110</sup> Sogem also claimed that it was doing business in the Kivus prior to Laurent Kabila's seizure of power and the start of hostilities in the region.<sup>111</sup> They were therefore keen to distance themselves from the operators that arrived in the area after the start of the war, when the RCD-G had taken control of eastern DRC.

However, Sogem now appears to have resumed its business in eastern DRC, although it is unclear when this involvement recommenced. Now that coltan prices have dropped, they appear to be buying significant quantities of cassiterite, and a smaller quantity of coltan, from a number of comptoirs in South Kivu. Export records show that in 2004, Sogem SA purchased cassiterite from MDM (their old coltan supplier), WMC, Muyeye and Olive in Bukavu.<sup>112</sup> Documents from the Office of Congolese Control in North Kivu also revealed that Sogem is buying cassiterite from there,<sup>113</sup> but we were unable to ascertain from which comptoirs.

#### **Afrimex**

The second largest recipient of cassiterite from South Kivu is Afrimex, a company that is based in Wembley, UK.<sup>114</sup> Afrimex was named

in a UN Panel of Experts list for importing coltan from eastern DRC during the war.<sup>115</sup>

The executive directors of Afrimex are Ketankumar Kotecha and Diti Ketan Kotecha.<sup>116</sup> They are also directors and sole shareholders of Kotecha Group Limited.

Official export documents reveal that in 2004 and early 2005 Afrimex purchased large quantities of cassiterite, and a smaller quantity of coltan, from two traders in South Kivu – Muyeye and Olive. The value of this cassiterite amounted to US\$1,308,000 in 2004, which is 42.95% of the total cassiterite exported officially from South Kivu. This ore has come from various mines in South Kivu and from Walikale, in North Kivu.

Société Kotecha is the name of the office in Bukavu run by the two Afrimex directors. Ketan Kotecha says that Société Kotecha has existed since 1962 and has been trading in cassiterite since the 1980s. He claims to receive one truck a week of cassiterite from Walikale. The ore is then crushed – but not processed – in Bukavu<sup>117</sup> and then travels from Bukavu to Mombassa and then by ship to the UK.<sup>118</sup>

Global Witness was told by Kotecha's office in Bukavu that they purchase 60-70 tonnes of cassiterite per month from one main supplier,<sup>119</sup> which comes to around US\$560,000 at current market prices. However, the duty manager also claimed that Société Kotecha does not actually buy minerals itself and that it simply acts as a 'facilitator'.<sup>120</sup> Société Kotecha also deals in commodities such as sugar, rice and oil.

## **Maniema**

In eastern DRC, Kalima in Maniema province is currently one of the largest centres for cassiterite and coltan production in eastern DRC. This report has focused on the trade in North and South Kivu – logistical difficulties made visiting Kalima impossible – and therefore little information on Maniema is included here.

In early 2005, there were approximately 80 tonnes per month of cassiterite being traded, and 20 tonnes per month of coltan. Transport infrastructure in the Kivus is such that, in order for most trading to occur, traders have to rent a plane in Bukavu to go to Kalima. For this reason, the volume of trade has to be estimated by load-capacity and the regularity of flights between the initial trading points and principal trading centres.



## 7 The Role of Rwanda

Much of the cassiterite that is mined in North and South Kivu is exported via Rwanda, much of it unreported and undeclared.

Until 1989, cassiterite comprised Rwanda's main export earnings after coffee and tea. In 1980, exports accounted for 23% of the country's entire export revenues.

The mining sector is better organised in Rwanda than in eastern DRC, with the artisanal miners organised into co-operatives. Despite this, there is a lack of investment in the sector, no industrial mining and the state-owned mining company has problems preventing the smuggling of minerals from their sites.<sup>121</sup>

### *Mines*

There are an estimated 22 concession areas where minerals are found in Rwanda – some of these are cassiterite, some are coltan and some mixed – but the potential of these sites remains unknown.<sup>122</sup> A lack of prospection means that it is impossible to clarify the quantity of cassiterite found in the country. Unlike eastern DRC, there are no abundant identified reserves of cassiterite.<sup>123</sup>

### *Redemi*

The largest producer of cassiterite in Rwanda is Redemi, the state-owned mining company. This was formerly known as SOMIRWA, which was the Belgian colonial mining company pre-independence. However, in 1985 international cassiterite prices collapsed and SOMIRWA went bankrupt. The government subsequently established Redemi as its replacement.<sup>124</sup> In 2004, Redemi produced 205 tonnes of cassiterite,<sup>125</sup> compared to 168 tonnes in 2003.<sup>126</sup> The Rwandan government is aiming to increase its cassiterite production and Redemi is currently looking for joint ventures with foreign partners in order to increase their output.<sup>127</sup>

### *Purchasing Agents*

Although the majority of the country's concessions are owned by Redemi, there are around 10 companies purchasing and exporting cassiterite in Rwanda.<sup>128</sup>

COPIMAR (Co-operative for the Promotion of Artisanal Mining Industries) owns a number of small mining sites around the country which are operated by co-operatives of small-scale miners. COPIMAR say it exports 20 tonnes of cassiterite and

5 tonnes of coltan per month to Belgium, China and South Africa.<sup>129</sup>

Other major purchasing agents are Rwanda Metals, Pyramide, NMC and SORWAMIN.<sup>130</sup> Like the traders on the Congolese side of the border, many of these companies previously dealt in coltan but have switched to cassiterite since the drop in coltan prices. Rwanda Metals, which began operations in 1998, was set up by the Rwandan military and was heavily involved in the exploitation and exportation of coltan from eastern DRC during the war. Rwanda Metals obtained their own mining sites in eastern DRC and conscripted miners to work on these sites.<sup>131</sup> In 2004, it was claimed that the company is still very close to the Rwandan military,<sup>132</sup> although Global Witness has been unable to independently ascertain their current relationship. Rwanda Metals claims to export an average of 5 tonnes of cassiterite and 2 tonnes of coltan per month, although exact figures vary each month.<sup>133</sup>

### *Processing*

There is a cassiterite processing factory based in Gisenyi, near the Congolese town of Goma, which is owned by Metal Processing Association (see section on page 19 for more information).

Most of the cassiterite passing through Rwanda, however, is exported as cassiterite rather than processed tin. Much of Rwanda's cassiterite is transported to two major processing plants – Thaisarco in Thailand (which is owned by the UK-based Amalgamated Metals Corporation) and Malaysian Smelting Corporation in Malaysia, which has a co-operation agreement with the Belgian company Sogem (see page 22 for more information on Sogem).

### *Export routes*

The majority of Rwanda's cassiterite travels overland from Kigali to the ports of Mombassa (Kenya) and Dar Es Salaam (Tanzania).<sup>134</sup> From there, it is carried by ship to South Africa, Europe, Thailand and Malaysia.

Note that the trade routes for cassiterite from eastern Congo and from Rwanda are pretty much the same. Although some cassiterite is exported from the DRC via Burundi, Tanzania or Uganda, the majority passes through Kigali *en route* to the ports.

### *Export statistics*

Global Witness investigations have shown that Rwandan companies listed as importers of Congolese cassiterite do not report any of

their imports from the DRC or elsewhere. In fact, in 2003 Rwanda produced 283 tonnes of cassiterite but exported 1,458 tonnes, five times what it produced.<sup>135</sup> According to the Rwandan export department, these exports were valued at US\$4.49 million.

There are no statistics available yet for the production of cassiterite in 2004, however the state-owned mining company, Redemi, says that it produced 205 tonnes and so a national figure of around 300 tonnes, similar to 2003, seems likely. In contrast to its production figures, Rwanda declared that it exported 700 tonnes of cassiterite in 2004. However, import statistics from Thailand and Malaysia (where much of the cassiterite is being processed) indicate that they imported a total of 1,853 tonnes of cassiterite from Rwanda last year. Once again, this shows a discrepancy of around 1,500 tonnes (or 500%) between what Rwanda produced and what it exported. This would suggest that Rwanda is importing a substantial quantity of cassiterite, which is being exported shortly after. It seems likely that this shortfall is being supplemented by imports of cassiterite from mineral-rich eastern DRC.<sup>136</sup>

Furthermore, Global Witness investigations uncovered that all except one of the companies that were listed as importers of Congolese cassiterite, did not report any of these imports when questioned. According to the Office of Congolese Control (OCC), between January 2004 and February 2005, COPIMAR, SOMIRWA, SORWAMIN and Metal Processing Association (see below) all purchased numerous shipments of cassiterite from traders in the Kivus.<sup>137</sup> However, COPIMAR, SOMIRWA (presumably Redemi, as SOMIRWA is now defunct) and SORWAMIN all claimed that they do not buy imported cassiterite from the DRC or elsewhere – instead they claimed that all their exports are cassiterite that was mined inside Rwanda.<sup>138</sup> Metal Processing Association, however, said that the cassiterite they process in Gisenyi comes from ‘DRC, Rwanda, Burundi, all over the place’,<sup>139</sup> but refused to comment further.

If, as everything would indicate, Rwanda is supplementing its exports with cassiterite that has been mined in the DRC, then the country must start declaring all imports of minerals from the DRC and elsewhere. The situation as it stands now means that Rwanda is exporting Congolese cassiterite as its own – the country is benefiting from the DRC’s mineral deposits and the Congolese economy is losing out.



Credit: Reuters

Artisinal miners bagging up cassiterite rocks

## *Background to relationship between Rwanda and the Kivus*

The relationship between Rwanda and eastern DRC is extremely complex but is key to examining cross-border trade. Since the border was drawn up in 1885, Rwandophone Tutsi and Hutu communities have been living in the Kivus and common ethnic groups and languages are found on both sides of the border. Cross-border trade has occurred freely in this area for many years and links between communities living on either side of the border are strong. Following the Rwandan genocide of 1994, around 1.5 million Hutu refugees crossed the border to seek refuge in the DRC. A number of these refugees were ex-FAR/Interahamwe, the perpetrators of the genocide in Rwanda. There are still an estimated 8,000 – 10,000 Hutu rebels based in the Kivus, associated with the FDLR.<sup>140</sup> The Rwandan government claims that these FDLR rebels remain a serious threat to their security and that the FDLR made 11 armed incursions into the country in 2004 from their base in eastern DRC. At least three of these attacks have been confirmed by international observers.<sup>141</sup>

During the war, Rwanda provided military and financial support to the pro-Rwandan rebel movement, RCD-G, and enabled them to control a significant part of eastern DRC. In addition to this support to the RCD-G, Rwandan troops invaded the DRC on numerous occasions and occupied part of the Kivus, Maniema and Orientale provinces. This was justified by the Rwandan government as necessary action to remove the Rwandan rebels from the Kivus and alleviate the threat to their internal security.<sup>142</sup> The Rwandan government claims that the DRC President Laurent Kabila promised that he would deal with the ex-FAR/Interahamwe threat when he came to power, but reneged on his promise once he became president. Instead the Rwandan government has argued that it had to send their own troops into eastern DRC in an attempt to capture the rebels.<sup>143</sup>

However, the UN Expert Panel reports, published between 2001 and 2003, and numerous NGO reports have documented the extensive economic networks established by senior Rwandan officials in eastern DRC during the war. The UN reports linked key Rwandan officials to the exploitation of minerals, including coltan and diamonds, in the Kivus. In particular, Rwanda benefited significantly from the boom in coltan prices in 2000. Because of these links, it can be suggested that as well as responding to security concerns, the Kigali regime wishes to pursue its own economic objectives in the DRC. In addition to this, it has been argued that Rwanda has an expansionist attitude towards the Kivu provinces, which are extremely fertile and under-populated, in contrast to its own territory, which is suffering from over-population and land pressure.

Despite signing the peace accords, Rwanda has continued to interfere in the internal affairs of the DRC and to undermine the peace process.<sup>144</sup> Most recently, in November 2004, just days after signing the Dar Es Salaam Declaration at the Great Lakes Conference, Rwanda threatened to send troops back into the DRC. Although MONUC was never able to confirm the presence of Rwandan troops on Congolese territory, other sources did witness army trucks crossing the border in late November, and both the UK and Sweden received enough evidence of an invasion to suspend substantial quantities of aid to Rwanda.<sup>145</sup> There have been continued reported sightings, by aid agencies, NGOs and civilians, of Rwandan troops in the Kivus since 2002. In March 2004, MONUC made an official report after encountering Rwandan soldiers whilst on a patrol in North Kivu.<sup>146</sup> There are also worrying reports that during 2004, Rwanda deployed army officers to Walikale (one of the key cassiterite mining areas in eastern DRC) to guard the airport,<sup>147</sup> which would indicate direct involvement by Rwandan military personnel in facilitating the movement of minerals within Congolese territory.

In any case, Rwanda does not need to actually send troops into the Kivus to destabilise the region – just issuing the threat is enough to cause chaos in eastern DRC, particularly in Bukavu where civilians live in constant fear of a Rwandan invasion. Until the FDLR threat is resolved, Rwanda will continue to have an excuse to meddle in the DRC's affairs and to retain a military presence in the Kivus.

Although the nature of Rwanda's involvement in the Kivus has changed significantly since the establishment of the transitional government, the region has remained under direct or indirect Rwandan influence since 1996.<sup>148</sup> Rwanda officially withdrew its troops under the peace agreement and the Rwandan proxy companies that were established to exploit and export Congolese minerals have now left the country. However, close connections between senior individuals in the Rwandan regime and key players in the Kivus mean that Rwanda is still able to exert a strong influence over affairs in eastern DRC. One example of this is the close links between Eugene Serufuli, the governor of North Kivu, and General Kabarebe, Chief of Staff of the Rwandan army. Global Witness has seen a confidential UN document which claims that General Kabarebe is the godfather to Serufuli's son.<sup>149</sup> In addition to this, Alexis and Modeste Makabuza, Serufuli's main financial backers who are involved in the cassiterite trade, are said to be very close to the Rwandan President, Paul Kagame.<sup>150</sup> Modeste runs Jambo Safari, a company initially involved in tourism but which is now one of the two major transport companies in North Kivu.<sup>151</sup> Senior Rwandan officials and civilians have developed important business links with members of the RCD-G in eastern DRC.<sup>152</sup> The fact that senior members of the Rwandan government and army have maintained such strong connections to the political and economic leadership in the Kivus illustrates that Kigali has no intention of cutting off the links it established with eastern DRC during the war.

## 8 DRC Trade Statistics

This part provides and interprets import and export statistics for cassiterite<sup>153</sup> from the DRC and nearby countries.<sup>154</sup> The first part looks at the reported production levels from the DRC and then estimates the true production levels. The second part then looks at the amounts of cassiterite exported from the Kivus, and the third part looks in detail at exports from the DRC to Rwanda.

### Summary

It is possible to estimate the amounts of cassiterite being produced by the DRC, even in the absence of reliable figures from the DRC itself. This can be done by assuming that the excess of exports over production levels

for nearby countries derives from the DRC. This calculation implies that the DRC's true level of production in 2004 was 8,300 tonnes or 3% of the world's total cassiterite production. This amount of cassiterite is estimated to have an import value of US\$46 million.

Using the same logic, Rwanda is likely to have imported roughly 400-900 tonnes of cassiterite annually in the years 1999 – 2002 and about 1500-1800 tonnes in 2003 and 2004. It is highly likely that these imports derived predominantly from the eastern DRC, including conflict areas.

### Cassiterite production in the DRC

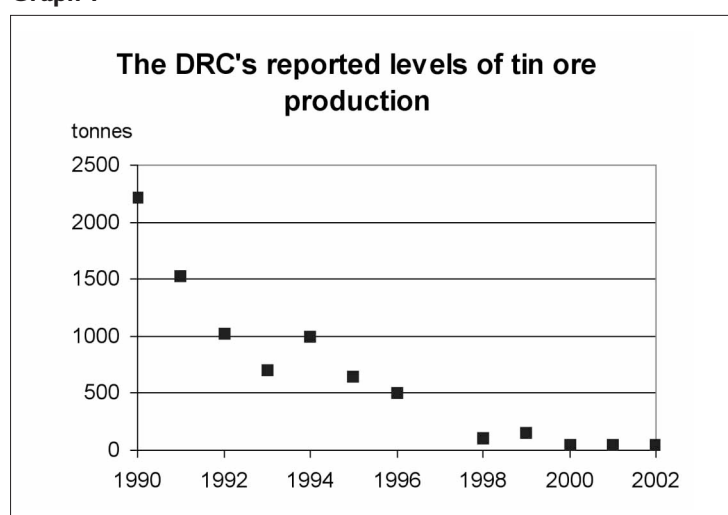
Graph 1 shows the DRC's reported levels of cassiterite production. The picture appears to show that production levels have dropped off to nearly zero in recent years. However, the evidence presented in this report shows

that the DRC is currently producing significant quantities of cassiterite.

We can estimate the true quantities of cassiterite production in the DRC by looking at the import statistics of other countries. With the exception of Rwanda, the DRC is the only significant producer of cassiterite in the region. Any other country exporting cassiterite (e.g. Tanzania, South Africa) is highly likely to have obtained all of it from the DRC, and Rwanda is highly likely to have obtained its excess of exports over its own production levels from the DRC. It is therefore possible to calculate the DRC's true level of production by taking the excess of exports over production for other neighbouring countries. These calculations can be found in Appendix II.

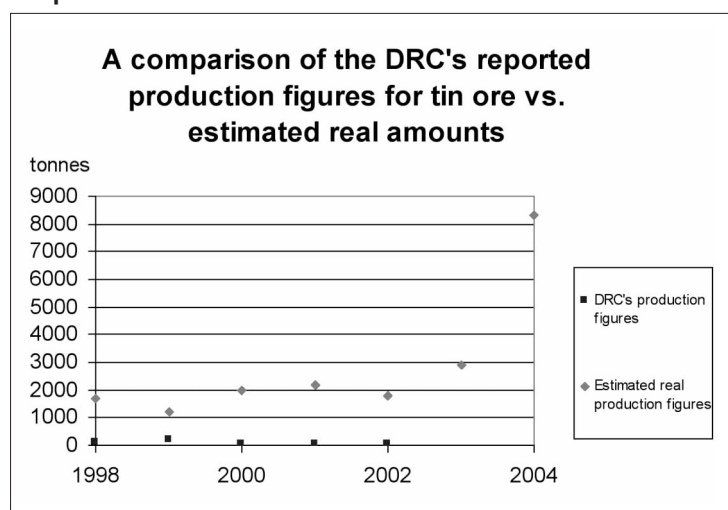
Graph 2 shows the results of those calculations, compared to the reported levels of production. It can be seen that true levels of production are at least ten times greater than recorded amounts. In 2004 (for which no reported levels of production are yet available), the estimated level of production for the DRC is 8,300 tonnes – roughly 3% of world production.<sup>156</sup>

Graph 1



Source:<sup>155</sup>

Graph 2





**An estimate of the import value of the DRC's cassiterite exports**

	1998	1999	2000	2001	2002	2003	2004
Estimated production (000 tonnes)	1.7	1.2	2.0	2.2	1.8	2.9	8.3
Unit value <sup>157</sup> (US\$/kg)	3.5	3.5	3.5	2.5	2.5	3.0	5.5
Import value (production x import value)	\$6 m	\$4 m	\$7 m	\$6 m	\$5 m	\$9 m	\$46 m

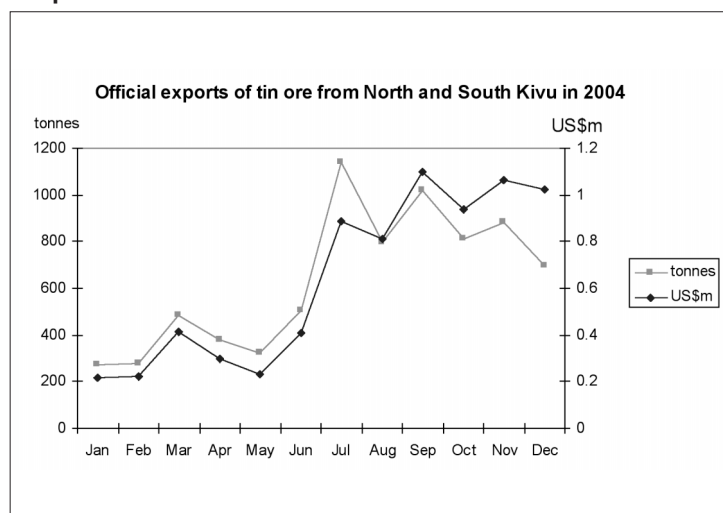
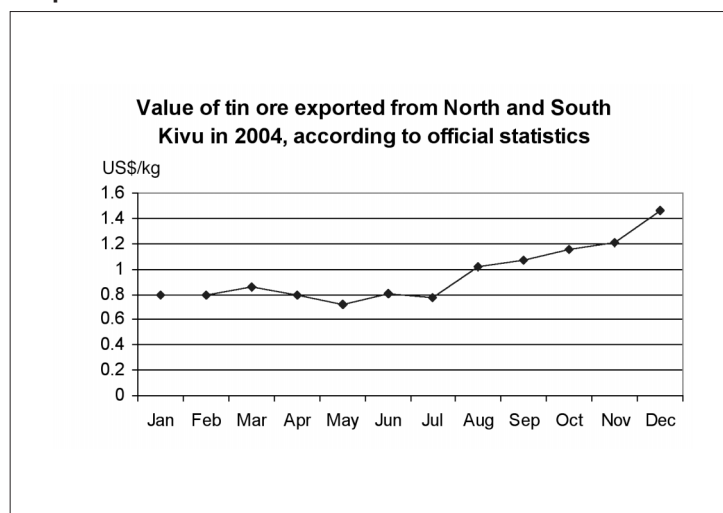
8,300 tonnes of tin has an estimated import value of US\$46 million (see table above). With the combined rise in estimated production levels accompanied by the increase in cassiterite prices, the estimated import value of cassiterite exported from the DRC has shot up in recent years to almost ten times its estimated value in previous years.

### Exports of cassiterite from the Kivus

Official statistics for the export of cassiterite from Goma (North Kivu) and Bukavu (South Kivu) in 2004 were obtained from the Office of Congolese Control (OCC). The figures are reproduced in graph 3. They show that exports of cassiterite increased dramatically approximately half way through 2004 – from about a quarter of a million dollars a month at the beginning of the year to about a million dollars a month by September.<sup>158</sup>

The totals for the whole of 2004 for North and South Kivu come to 7,591 tonnes and \$7.6 million. This compares to the previous estimated figure for the production in the whole of the country of 8,300 tonnes. (Note that the value cannot be compared as one is import value and one is local value.) It is likely that the majority of cassiterite coming from the Congo does originate from North and South Kivu. The only other area likely to have produced significant quantities of cassiterite is Kalima in Maniema province. Therefore, this comparison suggests that, although total exports are likely to be larger than the official figures show, the figures collected by the OCC are fairly accurate, or, at least, they are not orders of magnitude out (unlike the figures for the whole of the DRC).

It is, of course, difficult to estimate the scale of the unofficial trade. The borders between the DRC and Rwanda, Burundi and Uganda are extremely porous and it is highly likely that large quantities of cassiterite are smuggled across these borders in order to

**Graph 3****Graph 4**

avoid taxes. The Congolese customs office (OFIDA) told Global Witness that smuggling and fraud in the Kivus is rife and that the official trade is small compared to the actual trade taking place.<sup>159</sup> The Ministry of Mines in Bukavu estimates that the number of artisanal miners in the South Kivu province alone may amount to hundreds of thousands, yet the number of artisanal miners' cards that have been issued amount to only 112.<sup>160</sup>

At the height of cassiterite production

near the town of Walikale in mid 2004, around US\$50,000 of cassiterite was being flown out of the area to Goma every day, totalling over US\$1 million per month.<sup>161</sup> The official statistics in the graph above record these sorts of levels of export from July onwards, though of course the official statistics cover the whole of the two provinces whereas the figure for Walikale is for one mine only. This is another indication that the official figures collected by the Office of Congolese Control are under-estimates, although not vast underestimates.

### Exports of coltan from the Kivus

As implied elsewhere in this report, exports of coltan are now relatively small. Figures obtained from authorities in South Kivu back this up.<sup>162</sup> The maximum value of cassiterite exported from South Kivu in any month in 2004 was US\$42,000 in November. All other months recorded exports of less than US\$15,000. Congolese authorities in the Kivus explained that as coltan is lighter than cassiterite, it is easier to smuggle large quantities across the border so exports are likely to be much higher than official records convey.<sup>163</sup> This is supported by several recent reports of trucks stopped for carrying coltan with no official papers. For example, on 26 January 2005 police at Nyangezi (south of Bukavu) intercepted a lorry carrying eight tonnes of coltan without the correct papers; similar seizures have also taken place in Bukavu.<sup>164</sup>

### Rwanda

This part looks in detail at the exports of cassiterite from the DRC to Rwanda. It uses the same logic as the calculations above – that the excess of exports of production in Rwanda can probably be attributed to cassiterite being imported from the DRC.

Graph 5 shows that estimates of the official levels of cassiterite production in Rwanda have been around 200 to 400 tonnes per year since 1996. This is of the same sort of quantity – 200 tonnes – that the smelting plant at Gisenyi consumes.

Graph 6 shows estimates of the amounts of tin ore that Rwanda has exported. The figures from the Commercial Bank of Rwanda and the Rwandan customs (blue and black lines) are similar (except in 1999). However, the amounts of tin ore that other countries declare that they have imported from Rwanda (red line) paint a different picture – a sharp increase in imports during 2000, and a surge

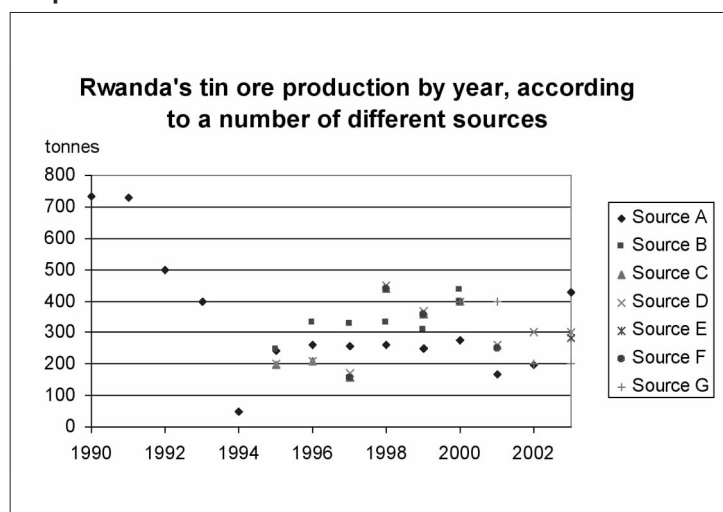
(attributable to Malaysia) in imports during 2004 rather than 2003. Although there will of course be a time lag for tin to travel between Rwanda and South East Asia, Malaysia's monthly import statistics indicate a steep rise in imports from Rwanda during the second half of 2004 – well after any ore exported from Rwanda during 2003 would have reached Malaysia.

Furthermore, most of the other countries to which Rwanda records exports of tin ore (Belgium, Kenya, South Africa, Tanzania, Uganda, UK) themselves declare that they import no or negligible quantities of cassiterite from Rwanda.

Nowhere in the import statistics of Rwanda is there any mention of cassiterite going from the DRC to Rwanda. This suggests that the large quantities that are known to cross this border probably do so illicitly.

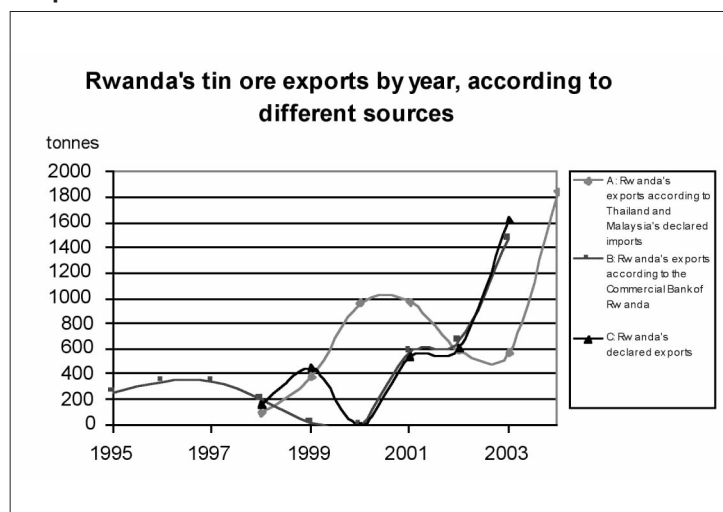
If all of the cassiterite that is exported

Graph 5



Source: A<sup>165</sup>, B<sup>166</sup>, C<sup>167</sup>, D<sup>168</sup>, E<sup>169</sup>, F<sup>170</sup>, G<sup>171</sup>

Graph 6



Source: A<sup>172</sup>, B<sup>173</sup>, C<sup>174</sup>

**Estimates of Rwanda's cassiterite production and exports (tonnes)**

**Note that all estimates have been rounded to the nearest 100 tonnes in order not to give the impression that the figures are accurate to the nearest tonne.**

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
Production <sup>175</sup>	400	300	400	300	200	300	300
Exports from Rwanda <sup>176</sup>	200	500	1000	1000	600	1600	1900
Refined tin exports by Rwanda <sup>177</sup>	200	200	200	200	200	200	200
Balance	0	-400	-800	-900	-600	-1500	-1800

from Rwanda derived from mines in Rwanda, the weight exported would be more or less the same as the weight produced – after making allowance for locally mined cassiterite being refined in the smelter at Gisenyi.

An excess of exports over production in a given year is likely to imply that Rwanda imported cassiterite during that year and that those imports were exported shortly thereafter. It is rather less likely to imply a reduction in Rwanda's stocks of cassiterite.

An excess of production over exports in a given year might imply that Rwanda stockpiled cassiterite during that year.

The table above indicates that Rwanda may have imported a substantial quantity of cassiterite during each of the last five years, roughly 400-900 tonnes annually in the years 1999 – 2002 and about 1500-1800 tonnes in 2003 and 2004. It is highly likely that these imports derived predominantly from the eastern DRC, including conflict areas.



Credit: Robert Grossman/Africaphotos.com

**The DRC's roads are in a dire state**

## 9 Revenue flows from Kivus back to Kinshasa

**I**t is difficult to find evidence of any oversight of the trade in the Kivus by authorities in Kinshasa. Despite the unification of the country in 2003, and the adoption of a Mining Code in 2002 (which states that 60% of the mining royalties should remain in the hands of the central government)<sup>178</sup>, authorities in the Kivus are operating autonomously of Kinshasa. Information has yet to start flowing back to the capital or to the international financial institutions trusted with supporting and promoting the economic development of the country.

The head office of the DRC's customs service – Office des Douanes et Accises (OFIDA) – in Kinshasa has no information on the cassiterite or coltan trade in eastern DRC. The last annual report of the Congolese Central Bank, published in 2003, listed cassiterite exports as zero and did not mention coltan at all in their exports.<sup>179</sup> The Congolese Central Bank produced a report listing monthly exports up until May 2004, which included copper, cobalt, zinc, diamonds, gold and oil but which failed to include statistics for cassiterite and coltan.<sup>180</sup>

The World Bank and the IMF, despite providing substantial financial assistance to

the DRC, also have no information about revenue flows from the east of the country. The World Bank confirmed that there are currently no revenues that they know of flowing back from the Kivus to Kinshasa.<sup>181</sup> The IMF would like to see revenues transferred directly to the treasury. However, at the moment they are unable to estimate how much, if any, of the revenues from North and South Kivu are appearing in the DRC's treasury.<sup>182</sup> Neither institution receives any statistics from the authorities in North and South Kivu.

This pattern is not new. Under Mobutu's rule, an informal economy developed where, failed by the state, people turned to clandestine national and regional trade networks, particularly the gold and coffee sectors in North and South Kivu.<sup>183</sup> In this way, Kinshasa had very little control over the exploitation and trade in natural resources in the Kivus. Following Laurent Kabila's seizure of power and Rwanda's increasing influence in eastern DRC, links were consolidated between Goma and Bukavu, and Kigali. The provinces under RCD-G rule were administered independently from Kinshasa, with no profits from the trade flowing back to the country's capital.

However, nearly two years after unification – and nearing the end of the official transition period – information and money should be flowing back to Kinshasa. Unfortunately, little progress has been made in reuniting and aligning the Kivus economically with the capital.



Loading cassiterite onto a plane in Mubi, near Walikale, North Kivu



## *DRC and the Extractive Industries Transparency Initiative (EITI)*

The Extractive Industries Transparency Initiative (EITI) was launched by British Prime Minister Tony Blair at the World Summit on Sustainable Development in Johannesburg in September 2002. EITI is a voluntary process bringing together governments both from the North and South, extractive companies, investors, international financial institutions and civil society groups to develop a framework for the publication of company payments to governments and of government receipts in countries that are dependent on natural resource revenues. Its aim is to ensure that resource revenues contribute to poverty reduction and sustainable development and are not squandered or misappropriated.

To date, around 15 producer governments have committed to implement the EITI, including many of Sub-Saharan Africa's resource-rich countries. Several pilot countries, including Azerbaijan and the Kyrgyz Republic, have already begun to publish figures.

At the EITI Conference in London on 17 March 2005, the DRC's Vice President for Economic and Financial Commission, Jean Pierre Bemba, announced his country's support of the Initiative. This was followed by the convening of a Forum in mid-May, in Kinshasa, to launch the EITI in the country. The event was attended by Vice-President Bemba, ministers and officials from relevant government departments and representatives of international financial institutions, foreign embassies, extractive industries and development agencies. A large number of civil society groups from across the country also participated actively in the Forum.

The Forum agreed that a provisional multi-stakeholder working group would be set up to begin elaborating an action plan, timetable and funding strategy for implementation and to look into embedding the EITI principles within a legal framework. It also called for donor support for this process.

Prior to the Forum, local civil society along with international partners held a workshop on EITI. Subsequent to the workshop, a "Publish What You Pay" NGO coalition in the DRC was formed to devise civil society strategy for EITI participation, to monitor its implementation and to raise public awareness of the Initiative. The Coalition will also campaign more widely for mandatory revenue transparency measures, such as its call for lending and technical assistance by donors in the DRC to be conditional on the effective implementation of revenue transparency. The EITI process will serve as a useful forum for the various human rights, religious, environmental and women's groups involved, to work with the transitional government and other stakeholders on increasing transparency and accountability in resource revenue management.

The DRC's commitment to EITI is without doubt driven by a desire to improve the country's international standing with investors and international financial institutions and, if successfully implemented, the EITI could indeed attract greater foreign investment. But most importantly, it must be a serious process that ensures that information on natural resource revenues and payments is put into the public domain in an accessible and comprehensible fashion, so that the DRC's citizens can hold their government accountable for the management of their natural resources.

The EITI is still at a very early stage in the DRC and it is important not to underestimate the challenges facing its implementation. Firstly, it is critical that the momentum generated by the Forum not be squandered and that the next steps are quickly implemented, in particular the formation of a provisional National Stakeholders Working Group to begin elaborating Terms of Reference and an Action Plan for implementation according to the minimum criteria of the EITI (see appendix I).

Secondly, the Initiative needs wider buy-in from all relevant government departments and executive backing from the president and Council of Ministers in particular. Thus far the process has been convened primarily by Vice President Bemba's team working at the Economic and Finance Ministry. A national EITI administrator within government tasked with coordinating implementation and leading the work of the National Stakeholders Working Group needs to be identified immediately.

Thirdly, donor support will be critical to the successful implementation of the Initiative in the DRC. Specifically, donors must ensure that the DRC's very active civil society is equipped with the knowledge and skills to enable it to participate meaningfully in the stakeholder process and to play its monitoring role effectively. Wider donor policy should also reflect the centrality of good natural resource governance to political and economic stability and development in the DRC. All non-humanitarian aid and technical assistance should be conditional on the establishment of a functioning and transparent system of accounting for public revenues, with effective EITI implementation as a key element of this.

Finally, the DRC possesses numerous valuable natural resources, and its overall natural resource wealth is staggering. EITI implementation in even one sector will involve a substantial amount of work and consultation by government, civil society, donors and industry. The government has made reference to including fishing, forestry and water, in addition to the oil and mineral sectors, in the EITI. While revenue transparency in these sectors is also extremely important, the government's Action Plan needs to be realistic if it is to achieve concrete results in terms of disclosure of data within the next 1-2 years. For this reason, we would recommend that in a first, experimental stage, the EITI in the DRC should focus on a small number of extractive sector resources.

EITI implementation alone will not eradicate corruption or end the harsh poverty in which millions of Congolese citizens live. However, given that unaccountable and illegal exploitation of the DRC's vast mineral wealth was a major driver of the recent devastating conflict, EITI could be a critical first step to improving the DRC's economic governance.

## 10 Conclusion

**T**he continuing conflicts in eastern DRC pose a significant threat to the fragile peace process, especially given the political sensitivities around the delayed elections. Natural resource exploitation by private companies and armed factions continues to provide the incentives and the means to maintain military control over territory. Illicit exports deprive the Kinshasa government of much needed revenues whilst enriching its neighbours, and also provide the infrastructure for the transportation of illegal commodities, especially arms. International markets, free of any regulation that prevents them buying commodities from combatants or areas of conflict, also benefit at the expense of the DRC and its people.

Despite the lessons of the war, the international community has not only failed to implement measures that can help curb the continued militarisation of eastern DRC, which has such tragic impacts on its population, but it has deprived the one international instrument that has the on-the-ground presence that could help, MONUC. With natural resources included in its mandate, MONUC could monitor border crossings and airfields and prevent illegal resource flows. With a strengthened and more dynamic approach, it could also crack down on arms trafficking and other illegal trades. Similarly, the UN Expert Panel on the DRC has had natural resources removed from its mandate, thereby tying the international community's hands behind its back as it tries to help with the reconstruction of the country.

As long as companies, armed factions and countries have unfettered access to the DRC's resources outside of any reasonable controls, the country will be deprived of revenues and riven with corruption and conflict.

## 11 Citations

- Amnesty International, 'Over three million dead – arms trafficking and plunder in the Democratic Republic of Congo'.
- ABC for Commerce and Industry. SOGEM SA-NV. [Lexis Nexis].
- Companies and Intellectual Property Rights Office, South Africa.
- CRU Group, 'Tin ore', October 2004.
- Cadastre Minière – <http://www2.gaf.de/cgi-bin/mapserv.cgi>
- Documents obtained from the Office Congolais de Controle, South Kivu, February 2005.
- EURAC, 'Between a rock and a hard place: Violence against civilians in Eastern Congo', 15 April 2005.
- Export documents, South Kivu, detailing exports from January 2004 – February 2005.
- Export documents, North and South Kivu, February 2005.
- Export documents, South Kivu, detailing exports from January 2004 – February 2005.
- Global Witness report, 'Same Old Story', June 2004.
- Human Rights Watch, 'War Crimes in Kisangani: The Response of Rwandan-backed Rebels to the May 2002 Mutiny', August 2002.
- Human Rights Watch, 'World Report 2005: DRC', 2005.
- ICC Directors. Afrimex (UK) Limited. [Lexis Nexis].
- International Peace Information Service (IPIS). (2002) Supporting the War Economy in the DRC: European Companies and the Coltan Trade.
- International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005.
- Institute for Security Studies, 'Growing Instability in the Kivus: Testing the DRC transition to the limit', October 2004.
- IOL, 'Kivu violence leaves 18 dead', 25 May 2005, {[http://www.iol.co.za/index.php?set\\_id=1&click\\_id=136&art\\_id=qw1116994320121B236](http://www.iol.co.za/index.php?set_id=1&click_id=136&art_id=qw1116994320121B236)}.
- IRC, 'Conflict in Congo Deadliest Since World War II, Says The IRC', 2003.
- List of mines in South Kivu obtained by Global Witness.
- London Metal Exchange, 23rd May 2005 {[http://www.lme.co.uk/tin\\_ore.asp](http://www.lme.co.uk/tin_ore.asp)}.

- Mail & Guardian, 'SA's war vultures', 16 January 2004.
- Mittal Steel {[www.mittalsteel.com](http://www.mittalsteel.com)}.
- Moyroud, C and Katunga, J. , Coltan Exploration in the Eastern Democratic Republic of Congo, in: Lind and Sturman (eds), 2001.
- News 24, [http://www.news24.com/News24/Africa/Features/0,,2-11-37\\_1428777,00.html](http://www.news24.com/News24/Africa/Features/0,,2-11-37_1428777,00.html)
- Official import statistics obtained from Rwandan authorities, Kigali, February 2005.
- Pole Institute, 'The Coltan Phenomenon', 2002.
- Report of the UN Arms Panel of Experts, 25th January 2005.
- Report of the UN Arms Panel of Experts, 25th January 2005.
- Roskill {[http://www.roskill.com/reports/tin ore](http://www.roskill.com/reports/tin%20ore)}.
- The Industry Standard Magazine, 'A call to Arms' by Kristi Essick, June 11 2001.
- UN Panel of Experts, 'Report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of Congo', 12 April 2001.
- UN Panel of Experts, 'Addendum to the report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of Congo', 10 November 2001.
- UN Panel of Experts, 'Final report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth in the Democratic Republic of Congo', 8 October 2002.

## 12 Interviews

- Global Witness interview with MONUC officials, Bukavu, February 2005.
- Global Witness interview with UN official, Goma, February 2005.
- Global Witness interview with representatives from the Fédérations des Entreprises du Congo, February 2005.
- Global Witness interview with UN official, Bukavu, February 2005.
- Global Witness visit to MPC, Bukavu, February 2005.
- Global Witness interview with UN military observer stationed at Bukavu airport, February 2005.
- Global Witness interview with UN officials, Goma and Bukavu, February 2005.
- Global Witness interview with international NGO representatives and UN official, Goma, February 2005.
- Global Witness interview with international NGO representative, Goma, February 2005.
- Global Witness interview with journalist, North Kivu, February 2005.
- Global Witness interview with local civil society representative, Bukavu, February 2005.
- Global Witness interview with Kotecha representative, Bukavu, February 2005.
- Global Witness interview with Rwanda Metals representative, Kigali, February 2005.
- Global Witness interview with MPA representative, Gisenyi, February 2005.
- Global Witness interview with international NGO representatives, Goma, February 2005.
- Global Witness interview with unnamed source, February 2005.
- Global Witness interview with Mme Mugorewera, Minister of Lands, Environment, Forestry, Water and Mines, Kigali, February 2005.
- Global Witness interview with REDEMI representative, Kigali, February 2005.
- Global Witness interview with COPIMAR representative, Kigali, February 2005.
- Global Witness interview with SORWAMIN representative, Kigali, February 2005.
- Global Witness interview with Vice-President Bemba, London, March 2005.
- Global Witness telephone interview with Brian Christophers, April 2005.
- Global Witness interview with UN official, London, April 2005.
- Global Witness interview with Christophers, April 2005.
- Global Witness visit to MPA head office, April 2005.

## 13 Appendices

### Appendix I: EITI criteria

Regular publication of all material oil, gas and mining payments by companies to governments (“payments”) and all material revenues received by governments from oil, gas and mining companies (“revenues”) to a wide audience in a publicly accessible, comprehensive and comprehensible manner.

Where such audits do not already exist, payments and revenues are the subject of a credible, independent audit, applying international auditing standards.

Payments and revenues are reconciled by a credible, independent administrator, applying international auditing standards and with publication of the administrator’s opinion regarding that reconciliation including discrepancies, should any be identified.

This approach is extended to all companies including state-owned enterprises.

Civil society is actively engaged as a participant in the design, monitoring and evaluation of this process and contributes towards public debate.

A public, financially sustainable work plan for all the above is developed by the host government, with assistance from the international financial institutions where required, including measurable targets, a timetable for implementation, and an assessment of potential capacity constraints.

### Appendix II

Estimating the true quantities of cassiterite produced by the DRC. The table shows the amounts of cassiterite imported from the DRC and countries near it (in 000 tonnes) and the amount of tin and cassiterite produced by Rwanda (in 000 tonnes).

To estimate the DRC’s production levels, add together the amounts of cassiterite imported by other countries and the refined tin produced by Rwanda, and subtract the amount of cassiterite produced by Rwanda (the only other country nearby that produced significant amounts of cassiterite).

**Estimating the true quantities of cassiterite produced by the DRC. The table shows the amounts of cassiterite imported from the DRC and countries near it (in 000 tonnes) and the amount of tin and cassiterite produced by Rwanda (in 000 tonnes).**

Supplier	Importer	1998	1999	2000	2001	2002	2003	2004
DR Congo	Malaysia	0.6	0.2	0.3	0.7	0.3	0.4	2.6
“Congo”	Thailand	0.2	0.2	0.5	0.4	0.4	0.9	1.5
Rwanda	Malaysia	0.1	0.4	0.8	0.5	0.4	0.1	1.2
Rwanda	Thailand			0.1	0.5	0.2	0.7	0.6
South Africa	Malaysia	1.0	0.6	0.5	0.2	0.4	1.1	2.2
Tanzania	Thailand					0.2	0.0	0.7
Rwanda	Production of tin ore	0.4	0.4	0.4	0.3	0.3	0.3	0.7
Rwanda	Production of refined tin					0.2	0.2	0.2
DR Congo	Calculated production	1.5	1.0	1.8	2.0	1.8	3.2	8.3

To estimate the DRC’s production levels, add together the amounts of cassiterite imported by other countries and the refined tin produced by Rwanda, and subtract the amount of cassiterite produced by Rwanda (the only other country nearby that produced significant amounts of cassiterite).



## References

- 1 IRC, 'Conflict in Congo Deadliest Since World War II, Says The IRC', 2003.
- 2 See Institute for Security Studies, 'Growing Instability in the Kivus: Testing the DRC transition to the limit', October 2004, for further information.
- 3 Global Witness interview with UN official, London, April 2005.
- 4 Global Witness interview with MONUC officials, Bukavu, February 2005.
- 5 Global Witness interview with MONUC officials, Bukavu, February 2005.
- 6 Human Rights Watch, 'World Report 2005: DRC', 2005 and Global Witness investigations in Goma and Bukavu, 2005.
- 7 The Industry Standard Magazine, 'A Call to Arms' by Kristi Essick, June 11 2001.
- 8 Global Witness research 2004, and investigations to Goma and Bukavu, 2005.
- 9 EURAC, 'Between a rock and a hard place: Violence against civilians in Eastern Congo', 15 April 2005.
- 10 [http://www.iol.co.za/index.php?set\\_id=1&click\\_id=136&art\\_id=qw116994320121B236](http://www.iol.co.za/index.php?set_id=1&click_id=136&art_id=qw116994320121B236)
- 11 International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 23.
- 12 International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 24.
- 13 International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 26.
- 14 International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 26.
- 15 IPIS, 'Supporting the War Economy in the DRC: European companies and the coltan trade', January 2002.
- 16 Moyroud, C. and Katunga, J., 'Coltan Exploration in the Eastern Democratic Republic of Congo', in: Lind and Sturman (eds), 2001, p.175 – 176.
- 17 Moyroud, C. and Katunga, J. *op. cit.* p.175 – 176.
- 18 IPIS, (2002) Supporting the War Economy in the DRC: European Companies and the Coltan Trade, p. 11.
- 19 UN Panel of Experts, 'Report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of Congo', 12 April 2001, p. 30.
- 20 IPIS. *Op. cit.* p. 11 – 12.
- 21 Pole Institute, 'The Coltan Phenomenon', 2002, p. 13.
- 22 CRU Group, 'Tin ore', October 2004.
- 23 [http://www.roskill.com/reports/tin\\_ore](http://www.roskill.com/reports/tin_ore)
- 24 London Metal Exchange, 23rd May 2005 ([http://www.lme.co.uk/tin\\_ore.asp](http://www.lme.co.uk/tin_ore.asp)).
- 25 This paper is part of the Brazilian project coordinated by Henrique Rattner, on gold, tin ore, and aluminum in Brazil, integrating the overall Mining and Environment Research Network (MERN), which is coordinated by Alyson Warhurst.
- 26 Global Witness report, 'Same Old Story', June 2004.
- 27 Global Witness report, 'Same Old Story', June 2004.
- 28 Cadastre Minière, <http://www2.gaf.de/cgi-bin/mapserv.cgi>
- 29 Global Witness interview with NGO representative, Goma, February 2005.
- 30 Global Witness interview with NGO representative, Goma, February 2005.
- 31 Global Witness interview with NGO representative, Goma, February 2005.
- 32 International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 14; and Report of the UN Arms Panel of Experts, 25 January 2005.
- 33 International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 6.
- 34 Report of the UN Arms Panel of Experts, 25 January 2005
- 35 Global Witness interview with NGO representative, Goma, February 2005.
- 36 Global Witness interview with NGO representative, Goma, February 2005.
- 37 Global Witness interview with NGO, Goma, February 2005.
- 38 Global Witness telephone interview with journalist, Goma, 15 June 2005.
- 39 International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 14. See ICG's report for detailed analysis of the situation in the Kivus.
- 40 International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 10.
- 41 International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 10.
- 42 Global Witness telephone interview with journalist, Goma, June 2005.
- 43 Global Witness interview with UN official, Goma, February 2005.
- 44 Global Witness interview with UN official, Goma, February 2005.
- 45 International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 2.
- 46 International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 2.
- 47 Institute for Security Studies, 'Growing Instability in the Kivus: Testing the DRC transition to the limit', October 2004, p. 3.
- 48 International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 10.
- 49 International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 3 and Global Witness interview with international NGO representatives, Goma, February 2005.
- 50 Global Witness interview with international NGO representative, Goma, February 2005.
- 51 International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 11.
- 52 Global Witness interview with NGO, Goma, February 2005.
- 53 INICA, 'The Mining Economy in the Kivu and its Regional Implications', July 2004, p. 20.
- 54 Global Witness interview with representatives from the Fédérations des Entreprises du Congo, February 2005.
- 55 INICA, 'The Mining Economy in the Kivu and its Regional Implications', July 2004, p. 26.
- 56 INICA, 'The Mining Economy in the Kivu and its Regional Implications', July 2004.
- 57 INICA, 'The Mining Economy in the Kivu and its Regional Implications', July 2004, p. 26.
- 58 Global Witness interview with UN official, Bukavu, February 2005.
- 59 Global Witness visit to MPC, Bukavu, February 2005.
- 60 Global Witness interview with UN official, London, May 2005.
- 61 INICA, 'The Mining Economy in the Kivu and its Regional Implications', July 2004.
- 62 Report of the UN Arms Panel of Experts, 25 January 2005, p. 36.
- 63 Global Witness interview with UN official, Goma, February 2005.
- 64 Report of the UN Arms Panel of Experts, 25 January 2005, p. 35.
- 65 Report of the UN Arms Panel of Experts, 25 January 2005, p. 35.
- 66 Global Witness interview with FEC representatives, Goma, February 2005.
- 67 Global Witness interview with UN military observer stationed at Bukavu airport, February 2005.
- 68 Global Witness interview with UN military observer stationed at Bukavu airport, February 2005.
- 69 Global Witness interview with UN officials, Goma and Bukavu, February 2005.
- 70 INICA, 'The Mining Economy in the Kivu and its Regional Implications', July 2004.
- 71 Global Witness interview with international NGO representatives and UN official, Goma, February 2005.
- 72 Global Witness interview with NGO representative, Goma, February 2005.
- 73 Global Witness telephone interview with Brian Christophers, April 2005.
- 74 Global Witness interview with Christophers, April 2005.
- 75 Global Witness interview with Vice-President Bemba, London, March 2005.
- 76 [www.mittalsteel.com](http://www.mittalsteel.com)
- 77 Mail & Guardian, 'SA's war vultures', 16 January 2004.
- 78 Global Witness interview with journalist, Goma, February 2005.
- 79 Global Witness telephone interview with Brian Christophers, April 2005.
- 80 Global Witness telephone interview with Brian Christophers,

- April 2005.
- 81** Global Witness visit to MPA head office, Johannesburg, April 2005.
- 82** Companies and Intellectual Property Rights Office, South Africa.
- 83** Mail & Guardian, 'SA's war vultures', 16 January 2004.
- 84** Global Witness telephone interview with Brian Christophers, April 2005.
- 85** Human Rights Watch, 'War Crimes in Kisangani: The Response of Rwandan-backed Rebels to the May 2002 Mutiny', August 2002, p. 2.
- 86** See Institute for Security Studies, 'Growing Instability in the Kivus: Testing the DRC transition to the limit', October 2004, for further information.
- 87** Global Witness interview with local civil society representative, Bukavu, February 2005 and with MONUC officials, Bukavu, February 2005.
- 88** Global Witness interview with local civil society representative, Bukavu, February 2005.
- 89** Global Witness interview with MONUC officials, Bukavu, February 2005.
- 90** Global Witness interview with MONUC officials, Bukavu, February 2005.
- 91** INICA, 'The Mining Economy in the Kivu and its Regional Implications', July 2004, p. 19.
- 92** Commodity code 2609 of the United Nations' Harmonised System of product classification – description: Tin Ore and Concentrates (assumed here to be the same as "tin-in-concentrate")
- 93** List of mines in South Kivu obtained by Global Witness.
- 94** EURAC, 'Between a rock and a hard place: Violence against civilians in Eastern Congo', 15 April 2005.
- 95** Global Witness interview with MONUC officials, Bukavu, February 2005.
- 96** EURAC, 'Between a rock and a hard place: Violence against civilians in Eastern Congo', 15 April 2005.
- 97** Global Witness interview with MONUC officials, Bukavu, February 2005.
- 98** Global Witness interview with MONUC officials, Bukavu, February 2005.
- 99** Global Witness interview with MONUC officials, Bukavu, February 2005.
- 100** Documents obtained from the Office of Congolese Control, Bukavu.
- 101** Documents obtained from the Office of Congolese Control, Bukavu.
- 102** Documents obtained from the Office of Congolese Control, South Kivu, February 2005.
- 103** Export documents, South Kivu, detailing exports from January 2004 – February 2005.
- 104** IPIS, 'Supporting the War Economy in the DRC: European companies and the coltan trade', January 2002, p. 14.
- 105** ABC for Commerce and Industry. SOGEM SA-NV. [Lexis Nexis].
- 106** Export documents, North and South Kivu, February 2005.
- 107** UN Panel of Experts, 'Report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of Congo', 12 April 2001, point 92.
- 108** IPIS, 'Supporting the War Economy in the DRC: European companies and the coltan trade', January 2002, p. 15.
- 109** UN Panel of Experts, 'Addendum to the report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of Congo', 10 November 2001, point 18.
- 110** IPIS, 'Supporting the War Economy in the DRC: European companies and the coltan trade', January 2002, p. 17.
- 111** UN Panel of Experts, 'Addendum to the report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of Congo', 10 November 2001, point 18.
- 112** Export documents, South Kivu, detailing exports from January 2004 – February 2005.
- 113** Export documents, North Kivu, detailing exports in 2004.
- 114** Export documents, South Kivu, February 2005.
- 115** UN Panel of Experts, 'Final report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth in the Democratic Republic of Congo', 8 October 2002.
- 116** ICC Directors. Afrimex (UK) Limited. [Lexis Nexis].
- 117** Global Witness interview with Kotecha representative, Bukavu, February 2005.
- 118** Global Witness interview with unnamed source, February 2005.
- 119** Global Witness interview with Kotecha representative, Bukavu, February 2005.
- 120** Global Witness interview with Kotecha representative, Bukavu, February 2005.
- 121** Global Witness interview with Mme Mugorewera, Minister of Lands, Environment, Forestry, Water and Mines, Kigali, February 2005.
- 122** Global Witness interview with Redemi representative, Kigali, February 2005.
- 123** INICA, 'The Mining Economy in the Kivu and its Regional Implications', July 2004, p. 9.
- 124** INICA, 'The Mining Economy in the Kivu and its Regional Implications', July 2004, p. 9.
- 125** Global Witness interview with Redemi representative, Kigali, February 2005.
- 126** INICA, 'The Mining Economy in the Kivu and its Regional Implications', July 2004, p. 9.
- 127** Global Witness interview with Mme Mugorewera, Minister of Lands, Environment, Forestry, Water and Mines, Kigali, February 2005.
- 128** INICA, 'The Mining Economy in the Kivu and its Regional Implications', July 2004, p. 17.
- 129** Global Witness interview with Copimar representative, Kigali, February 2005.
- 130** Global Witness investigations, Spring 2005.
- 131** UN Panel of Experts, 'Final report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth in the Democratic Republic of Congo', 8 October 2002, point 76.
- 132** INICA, 'The Mining Economy in the Kivu and its Regional Implications', July 2004, p. 17.
- 133** Global Witness interview with Rwanda Metals representative, Kigali, February 2005.
- 134** Global Witness investigations, Spring 2005.
- 135** INICA, 'The Mining Economy in the Kivu and its Regional Implications', July 2004, p. 31.
- 136** INICA, 'The Mining Economy in the Kivu and its Regional Implications', July 2004, p. 31.
- 137** Export documents, South Kivu, February 2005.
- 138** Global Witness interviews with representatives from Copimar, Kigali, 21 February 2005; Global Witness interview with representative from Redemi, Kigali, 21 February 2005; Global Witness interview with representative from Sorwamin, Kigali, 24 February 2005.
- 139** Global Witness interview with MPA representative, Gisenyi, February 2005.
- 140** International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 19.
- 141** International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 20.
- 142** Global Witness interview with senior Rwandan government officials, Kigali, February 2005.
- 143** Global Witness interview with senior Rwandan government official, Kigali, February 2005.
- 144** International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 21.
- 145** International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 22.
- 146** Institute for Security Studies, 'Growing Instability in the Kivus: Testing the DRC transition to the limit', October 2004, p. 5.
- 147** International Crisis Group, 'The Congo's Transition is Failing: Crisis in the Kivus', 30 March 2005, p. 14.
- 148** Institute for Security Studies, 'Growing Instability in the Kivus: Testing the DRC transition to the limit', October 2004, p. 5.
- 149** Confidential UN document, produced 2004, as seen by Global Witness in February 2005.
- 150** UN Security Council, 'Report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth in the Democratic Republic of Congo', 12 April 2001.
- 151** INICA, 'The Mining Economy in the Kivu and its Regional Implications', July 2004, p. 22.

- 152** Institute for Security Studies, 'Growing Instability in the Kivus: Testing the DRC transition to the limit', October 2004, p. 6 and Global Witness interview with diplomats, Kinshasa, February 2005.
- 153** Erika Archibald, 'Cassiterite Mining Replaces Coltan Threat in Eastern Congo', 10 June 2004.
- 154** Sources of official statistics for this trade considered include: the United Nations (as presented by Global Trade Atlas Annual – annual data for the period 1998 to 2003 inclusive) – for Rwanda only; the Customs Services of importing countries (as presented by World Trade Atlas – annual and monthly data, including for 2004) – which (import value data excepted) one might use as a proxy for export statistics; and reports published on the Internet (which also provide statistics of tin production).
- 155** United States Geological Service at: <http://minerals.er.usgs.gov/minerals/pubs/country/1994/9244094.pdf>
- 156** United States Geological Service at <http://minerals.usgs.gov/minerals/pubs/commodity/tin/tinmyb02.pdf>
- 157** Estimated using the unit import value for imports of tin ore from Central Africa by Malaysia and Thailand during the periods concerned
- 158** Export documents, North and South Kivu, February 2005.
- 159** Global Witness interview with OFIDA representative, DRC, February 2005.
- 160** Global Witness interview with Ministry of Mines official, South Kivu, February 2005.
- 161** Reuters, 'Rush for Natural Resources Still Fuels War in Congo', 9 August 2004.
- 162** Export documents from North and South Kivu, February 2005.
- 163** Global Witness interview with CEEC representative, DRC, February 2005.
- 164** Radio Bukavu, 28 January 2005; also on BBC Monitoring Alert, 28 January 2005. 2005, 'DR Congo police seize huge haul of precious mineral'.
- 165** United States Geological Service
- 166** UN Expert Panel as in [http://www.inica.org/webdocuments/EN/DOC%20AND%20MEDIA%20CENTER/SPECIAL%20REPORTS/The%20mining%20economy%20in%20the%20Kivu\\_en.pdf](http://www.inica.org/webdocuments/EN/DOC%20AND%20MEDIA%20CENTER/SPECIAL%20REPORTS/The%20mining%20economy%20in%20the%20Kivu_en.pdf)
- 167** Rwanda Official Statistics as in [http://www.inica.org/webdocuments/EN/DOC%20AND%20MEDIA%20CENTER/SPECIAL%20REPORTS/The%20mining%20economy%20in%20the%20Kivu\\_en.pdf](http://www.inica.org/webdocuments/EN/DOC%20AND%20MEDIA%20CENTER/SPECIAL%20REPORTS/The%20mining%20economy%20in%20the%20Kivu_en.pdf)
- 168** Commercial Bank of Rwanda (perhaps using the same original sources as B and E) as estimated by inspection of chart on page 42 of [http://www.inica.org/webdocuments/EN/DOC%20AND%20MEDIA%20CENTER/SPECIAL%20REPORTS/The%20mining%20economy%20in%20the%20Kivu\\_en.pdf](http://www.inica.org/webdocuments/EN/DOC%20AND%20MEDIA%20CENTER/SPECIAL%20REPORTS/The%20mining%20economy%20in%20the%20Kivu_en.pdf)
- 169** Kigali, Mines and Geology Directorate as on p. 31 of [http://www.inica.org/webdocuments/EN/DOC%20AND%20MEDIA%20CENTER/SPECIAL%20REPORTS/The%20mining%20economy%20in%20the%20Kivu\\_en.pdf](http://www.inica.org/webdocuments/EN/DOC%20AND%20MEDIA%20CENTER/SPECIAL%20REPORTS/The%20mining%20economy%20in%20the%20Kivu_en.pdf)
- 170** (probably the same original source as in B and E)
- 171** [http://www.euromines.org/mm\\_tin.html](http://www.euromines.org/mm_tin.html)
- 172** The sum of the declared imports of Malaysia and Thailand, as provided by World Trade Atlas.
- 173** Commercial Bank of Rwanda as estimated from chart on p. 42 of [http://www.inica.org/webdocuments/EN/DOC%20AND%20MEDIA%20CENTER/SPECIAL%20REPORTS/The%20mining%20economy%20in%20the%20Kivu\\_en.pdf](http://www.inica.org/webdocuments/EN/DOC%20AND%20MEDIA%20CENTER/SPECIAL%20REPORTS/The%20mining%20economy%20in%20the%20Kivu_en.pdf)
- 174** The sum of declared exports by Rwanda to the destinations shown, as provided by Global Trade Atlas.
- 175** Based on an average of the production figures from the sources in the graph above, rounded to the nearest 100. Figures are not yet available for 2004, and therefore it has been assumed that production levels in this year were an average of years 1998-2003. This is a reasonable assumption because production levels have remained fairly stable over this time period.
- 176** Based either on the figures declared by importing countries, or on the figures declared by Rwanda (whichever is the higher). It is reasonable to pick the higher of the two figures because under-declarations of goods are much more likely (for tax reasons) than over-declarations. There is only one year where these two sets of figures differ markedly: 2003. This could be because importing country declarations were based on the country given in the address of the supplying country rather than on the country of origin of the export.
- 177** Based on the declared tin ingot production levels of 200 tonnes a year by the refinery at Gisenyi, and assuming that these levels applied to previous years too.
- 178** Law No. 007/2002 of July 11 2002 relating to the Mining Code, Article 242.
- 179** Banque Centrale du Congo, 'Rapport Annuel', 2002 – 2003.
- 180** Banque Centrale du Congo, 'Condense D'Informations Statistiques', Numero 24/2004, 11 June 2004.
- 181** Global Witness interview with World Bank representative, Kinshasa, February 2005.
- 182** Global Witness interview with IMF representative, Kinshasa, February 2005.
- 183** Global Witness, 'Same Old Story', July 2004, p. 9.

## Acknowledgements

### DfID

This report was realised with financial support from the UK Department for International Development (DfID). The opinions expressed herein reflect those of Global Witness and do not necessarily reflect the views of DfID.

### USAID

This work was made possible through support provided by the Office of Transition Initiatives, Bureau for Democracy, Conflict and Humanitarian Assistance, U.S. Agency for International Development, under the terms of Award No. DOT-G-00-03-00001-00. The opinions expressed herein are those of the author(s) and do not necessarily reflect the views of the U.S. Agency for International Development.

### i2

The conclusions in this report are based on results from Global Witness' use of i2 Limited's award-winning software, which is used as standard by enforcement and intelligence agencies worldwide. The software allows organisations to undertake complex investigations involving huge and varied datasets, providing visualisation and analysis tools which are used by 1500 organisations in 90 countries. i2 Limited has very generously supplied this software to Global Witness, along with intensive support and consultancy.



## Global Witness' previous publications

Also available on our website: <http://www.globalwitness.org>

### **"A Time for Justice**

**Why the International Community, UN Security Council and Nigeria should help facilitate Charles Taylor's immediate extradition to the Special Court for Sierra Leone"**

published June 2005

### **"Forest Law Enforcement in Cameroon.**

**3rd summary report of the independent observer July 2003 – February 2005"**

published April 2005

### **"Making it add up**

**A Constructive Critique of the EITI Reporting Guidelines and Source Book"**

published February 2005

### **"Dangerous Liaisons**

**The continued relationship between Liberia's natural resource industries, arms trafficking and regional insecurity"**

published December 2004

### **"Taking a Cut**

**Institutionalised Corruption and Illegal Logging in Cambodia's Aural Wildlife Sanctuary"**

published November 2004

**"The Key to Kimberley: Internal Diamond Controls, Seven Case Studies"**

published October 2004. Produced in association with Partnership Africa Canada.

**"Rich Man Poor Man Development Diamonds and Poverty Diamonds.**

**The potential for change in the artisanal alluvial diamond fields of Africa"**

published October 2004. Produced in association with Partnership Africa Canada.

**"Déjà vu Diamond Industry Still Failing to Deliver on Promises"**

published October 2004. Produced in association with Amnesty International.

**"Rush and Ruin The Devastating Mineral Trade in Southern Katanga, DRC"**

published September 2004

**"Resource – Curse or Cure? Reforming Liberia's government and logging industry"**

published September 2004

**"Same Old Story A background study on natural resources in the Democratic Republic of Congo"**

published June 2004

**"Liberia – Back To The Future What is the future of Liberia's forests and its effects on regional peace?"**

published May 2004

**"Broken Vows Exposing the "Loupe" Holes in the Diamond Industry's Efforts to Prevent the Trade in Conflict Diamonds"**

published March 2004

**"Time for Transparency Coming clean on oil, mining and gas revenues"**

published March 2004

**"Forest Law Enforcement Cameroon – Second Summary Report of the Independent Observer December 2001 – June 2003"**

published October 2003

**"A Conflict of Interests – The Uncertain Future of Burma's Forests"**

published October 2003

**"For a Few Dollars More – How al Qaeda Moved into the Diamond Trade"**

published April 2003

**"The Usual Suspects – Liberia's Weapons and Mercenaries in Côte d'Ivoire and Sierra Leone – Why it's Still Possible, How it Works and How to Break the Trend"**

published March 2003

**"Forest Law Enforcement Cameroon – First Summary Report of the Independent Observer May – November 2001"**

published November 2002

**"Logging Off – How the Liberian Timber Industry Fuels Liberia's Humanitarian Disaster and Threatens Sierra Leone"**

published September 2002

**"Deforestation without limits – How the Cambodian Government Failed to Tackle the Untouchables"**

published July 2002

**"All the Presidents' Men – The Devastating Story of Oil and Banking in Angola's Privatised War"**

published March 2002

**"Branching Out – Zimbabwe's Resource Colonialism in Democratic Republic of Congo"**

published February 2002

**"Can Controls Work? – A Review of the Angolan Diamond Control System"**

published December 2001

**"Taylor-made – The Pivotal Role of Liberia's Forests and Flag of Convenience in Regional Conflict"**

published September 2001

**"The Credibility Gap – and the Need to Bridge It – Increasing the pace of forestry reform"**

published May 2001

**"Review of the Sierra Leone Diamond Certification System and Proposals and Recommendations for the Kimberley Process for a Fully Integrated Certification System (FICS)"**

published April 2001

**"Conflict Diamonds – Possibilities for the Identification, Certification and Control of Diamonds"**

published June 2000

**"Chainsaws Speak Louder Than Words"**

published May 2000

**"Timber Takeaway – Japanese Over-consumption – the Forgotten Campaign"**

published March 2000

**"The Untouchables – Forest Crimes and the Concessionaires – Can Cambodia Afford to Keep Them?"**

published December 1999

**"A Crude Awakening – The Role of the Oil and Banking Industries in Angola's Civil War and the Plundering of State Assets"**

published December 1999

**"Made in Vietnam – Cut in Cambodia**

**How the Garden Furniture Trade is Destroying Rainforests"**

published April 1999

**"Crackdown or Pause – A Chance for Forestry Reform in Cambodia?"**

published February 1999

**"A Rough Trade – The Role of Companies and Governments in the Angolan Conflict"**

published December 1998

**"Going Places – Cambodia's Future on the Move"**

published March 1998

**"Just Deserts for Cambodia – Deforestation & the Co-Prime Ministers' Legacy to the Country"**

published June 1997

**"A Tug of War – the Struggle to Protect Cambodia's Forests"**

published March 1997

**"Cambodia, Where Money Grows on Trees – Continuing Abuses of Cambodia's Forest Policy"**

published October 1996

**"RGC Forest Policy & Practice – the Case for Positive Conditionality"**

published May 1996

**"Corruption, War & Forest Policy – the Unsustainable Exploitation of Cambodia's Forests"**

published February 1996

**"Thai-Khmer Rouge Links & the Illegal Trade in Cambodia's Timber"**

published July 1995

**"Forests, Famine & War – the Key to Cambodia's Future"**

published March 1995





## **global witness**

Global Witness Publishing Inc.  
8th Floor, 1120 19th Street NW  
Washington DC 20036  
<http://www.globalwitness.org>  
© Global Witness Publishing Inc. 2005

ISBN 0-9768481-4-7