British-backed mining companies are stealing Zaire's patrimony

by Richard Freeman

When the forces of Uganda's President Yoweri Museveni overran eastern Zaire in October 1996, under the guidance of Baroness Lynda Chalker, the head of Britain's Overseas Development Office, this military phase was the culmination of an invasion of Zaire which had been ongoing for the past three years: the theft of Zaire's wealth and patrimony. Zaire, as a nation, is being dismembered. Its various energy-rich provinces, including Shaba and Kivu, are being encouraged to form separate micro-states. Already, because of the economic dislocation forced on Zaire over the past seven years, most of the provinces act semi-autonomously from the central government; for example, Shaba province issues its own currency.

In the following report, we document some of the most important features of this genocidal looting operation.

On Sept. 21, 1996, a tiny Toronto, Canada-based raw materials company, Banro Resources Corp., obtained the concession to mine gold in Zaire's central-east province of Kivu. The rich concession starts in the town of Bukavu, and extends southward. Bukavu was the site of one of the major Rwandan refugee camps in Zaire, which was teeming with half-starved women and children. Banro needed this site cleared of people to begin its mining operations; the clearing started with Uganda's invasion of Zaire in mid-October. Banro appears to be a cutout for the Anglo American Corporation, which is the world's biggest mining company, and a key cog in the international oligarchy's Club of the Isles raw materials cartel.

In August 1996, Toronto-based Barrick Gold obtained a gold mining concession in Zaire's northeast province, Haut Zaire, which reportedly covers 83,000 square kilometers. The Hollinger Corp.-allied Barrick is chaired by Peter Munk, and its strategy is shaped by the international intelligence network of former U.S. President George Bush, who is honorary senior adviser to its international advisory board.

Also during 1996, the tiny Vancouver-based raw materials company Consolidated Eurocan, headed by international wheeler-dealer Adolf Lundin, began work on exploiting the Tenke-Fungurume copper-cobalt mines in Zaire's southernmost Shaba province, near the border with Zambia, which has the richest cobalt reserves in the world. Cobalt is a strategic metal, crucial in forming alloys with steel and other metals, giving them great strength and heat resistance. Some 40% of cobalt's use is in aircraft gas turbine engines, and 10% is in magnetic alloys. Consolidated Eurocan is purchasing the mining property in phases, for a quarter of a billion dollars, which is a "song," for a property that could yield many tens of billions of dollars in revenues. Consolidated Eurocan is in a joint venture in this deal with Anglo American.

Simultaneously, over the past 18 months, the American-based, Canadian-run American Mineral Fields, of former DeBeers Diamond executive Jean-Raymond Boulle, has obtained the Kipushi zinc mines in Shaba province, one of the largest sources of zinc in the world; the Vancouver- and Cayman Islands-based Panorama International has obtained significant cobalt holdings in Shaba province; and, Zaire's diamond company, MIBA (Zaire is one of the three largest diamond producers in the world), has been thrown open to bidding and takeover by foreign firms.

The 'Second Great Scramble'

When Maj. Gen. Paul Kagame, the Rwandan defense minister, recently called for a new Berlin Conference to set new borders for African states—referring to the 1884-85 Berlin Conference of the imperialist powers which ratified the national borders that are now in effect in Africa—he had in mind the fragmentation of Zaire into mini-states as a paradigm for all of Africa.

The first Berlin Conference occurred during what was called the "Great Scramble," during the 1880s and 1890s. Imperialist Britain and France led the way, and were joined by Belgium, Italy, and Germany, in grabbing up the raw material wealth of Africa. The Berlin Conference codified the Congo, which included present-day Zaire, as the personal property of Belgium's King Leopold II. Leopold II worked the Congo like a plantation, with brutal methods. For example, Congolese Africans who did not meet their production quotas had their arms amputated.

This time around, the British are making a move to push the Belgians and French entirely out of Central Africa, and, at the same time, they don't want to have the expense of running a nation-state, an institution that they don't like anyway. Rather, they deploy the companies of their global raw materials cartel to buy up sections of a country. They keep the people needed to run the mining and related enterprises alive at subsistence levels, and the rest of the population is treated as useless eaters, left to starve or be butchered.

Driving the British actions this time, is another "Great Scramble." The international financier oligarchy, grouped around the House of Windsor, knows that the world financial bubble—which they themselves created—cannot be sustained, and will burst. They are getting out of paper financial instruments and into hard commodities: precious metals, such as gold; strategic metals, such as cobalt and tantalum; base metals, such as copper and zinc; energy supplies; and increasingly scarce food supplies. They want to either own the physical assets, or, better still, own the mine production facility for these assets. As the price of the hard commodity asset goes up, the oligarchy makes super-profits. At the same time, they have finger-tip control over the minerals, food stuffs, and so on upon which human life depends. They plan to exercise a food- and raw materials-control dictatorship in a post-collapse world.

The international oligarchy already owns extensive raw materials holdings. But they now seek to obtain those holdings in Africa, Ibero-America, and Asia, which they don't control.

Mineral-rich Zaire is in their target sights. Zaire's mineral belt is located in the eastern and southern part of the country (see **Figure 1**). It is a crystalline belt that runs alongside the Great Rift, a geological fault running from the Jordan River Valley in the Middle East, south through the Gulf of Aqaba, through Central Africa (where Zaire is located), down to southern Africa.

IMF, World Bank, financiers cut off credit

Most of Zaire's raw materials holdings are owned by the state, and President Mobutu Sese Seko has resisted selling them to foreigners. A seven-year campaign, including a total credit and aid cutoff of Zaire, has been waged to force Mobutu to give in. At the center of the campaign has been the International Monetary Fund (IMF), the World Bank, and the international banks, which are run by the same oligarchical forces that run the global raw materials cartel.

On June 29, 1960, Zaire obtained its independence from Belgium, although, as with many African countries, it was only a partial independence, because the countries were kept in economic backwardness. In the case of Zaire, in 1961, its first elected President, Patrice Lumumba, was assassinated. Mobutu, who had been an Army general, was made President in 1965. In 1967, he declared that all the minerals in Zaire's subsoil belonged to Zaire, and nationalized the foreign mining holdings, which meant principally Belgium's two all-powerful companies, Union Minière and Société Générale. According to one source, "The Belgians were so angry at Zaire that they took with them all their records and plans needed to mine."

Despite difficulties, and while never enjoying true economic developments that would have brought a decent standard of living to Zaire's now 40 million people, Zaire nonetheless was able to harness and mine some of its immense raw materials wealth. A sample of what Zaire accomplished can be gleaned from the report of the *Minerals Yearbook*, published by the Bureau of the Mines of the U.S. Department of Interior (Vol. III). In 1988, among the world's raw materials mining countries, Zaire held the following rank, for the following commodities:

Cobalt	world's largest producer and exporter
Diamonds	2nd in the world
Copper	5th in the world
Tin	12th in the world
Zinc	20th in the world

Zaire also mined other commodities, such as barite, boron, magnesium, and gold. Because of historical ties, Zaire shipped a good amount of these goods to Belgium. In the 1960s, in order to run its mining operations, Zaire created the state-owned La Générale des Carrières et des Mines du Zaire, which is known by its acronym, Gecamines. One of its other important state-owned companies was based in Kivu province, the Société Minière et Industrielle de Kivu, known by its acronym Sominki.

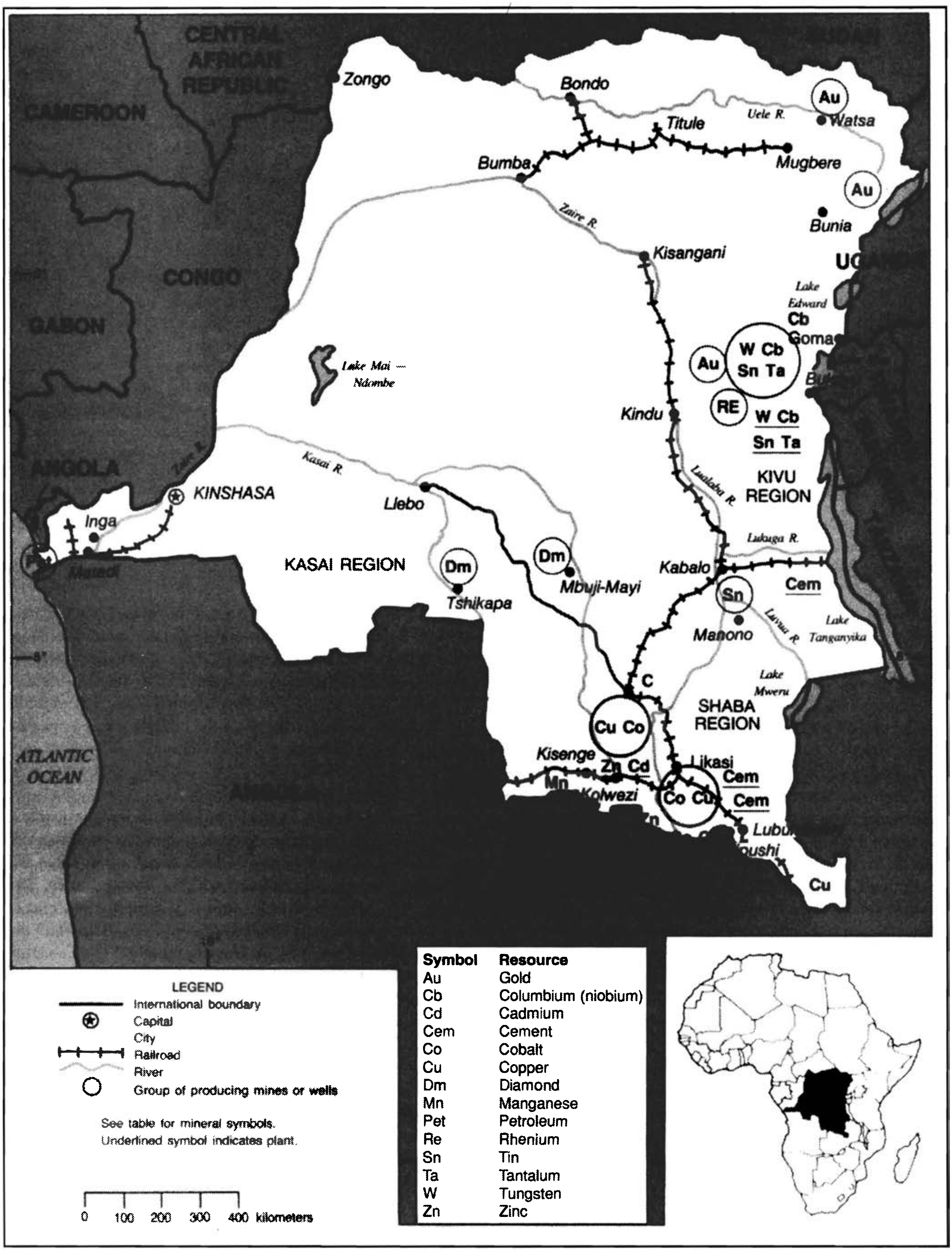
When Belgium granted Zaire independence, it bequeathed to Zaire about $5 billion in debt, which Belgium had run up. By the late 1980s, Zaire's debt stood at about $8 billion—a large debt for a small economy based on raw materials and food, but no manufacturing. Zaire got further and further behind on its debt payments, and finally defaulted on most of it in the early 1990s.

This was the excuse that the banks wanted. They demanded that Zaire pay the debt, but also, joined by the World Bank and others, demanded that Zaire "democratize" its government and, especially, privatize its state-owned raw materials mining concerns. Privatization had three components: slashing the social services provided to miners by law, laying off half the workforce at Gecamines, and selling more than half of the different properties of Gecamines and Sominki to foreign investors. Secessionist movements were started in Shaba province; the net effect would be to dismantle the Zairean state.

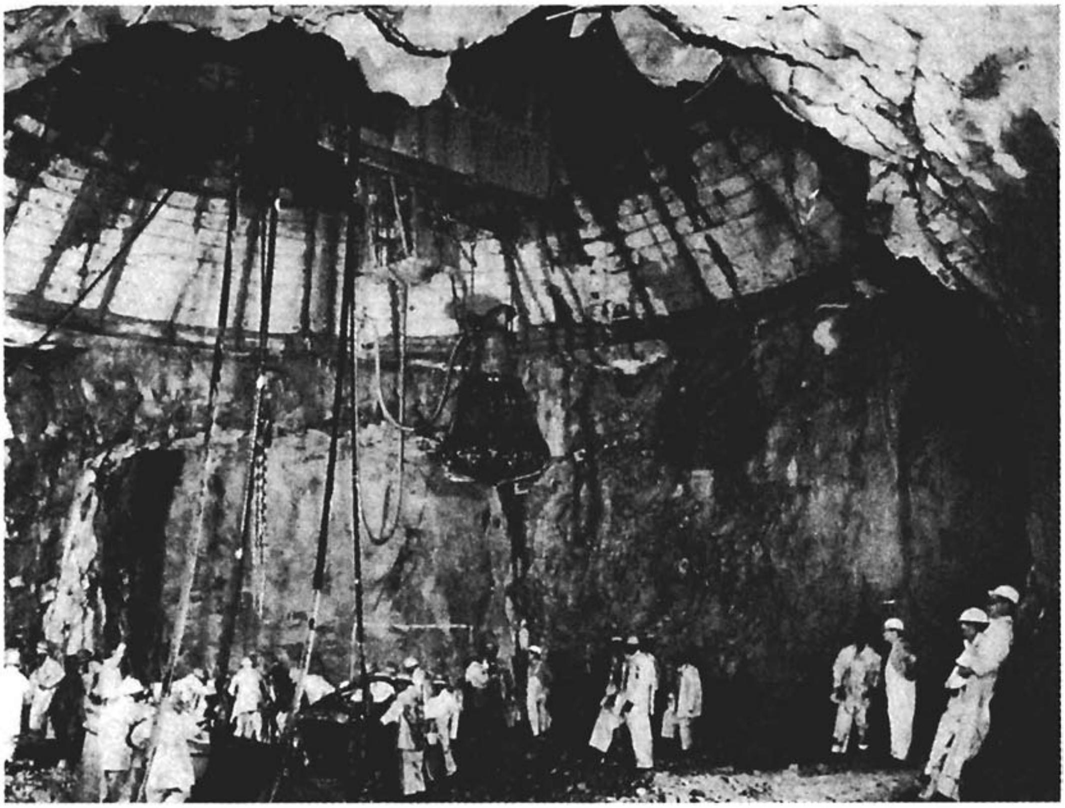
The banks organized an international credit cutoff, meaning that Zaire could not get the money to purchase mining machinery, spare parts, and other essential imports. The West had always denied Zaire technology transfer, as long as the raw materials wealth was primarily in Zairean hands. Around 1993, the World Bank and IMF declared a credit cutoff to Zaire. A senior source at the U.S. Geological Survey reported on Nov. 27, 1996, that the World Bank and its loan guarantee

FIGURE 2

Zaire's natural resources



Source: *Mineral Industries of Africa, 1992 International Review*, Washington, D.C.:United States Department of the Interior, Bureau of Mines, 1994.



A gold mine in South Africa. International mining interests were in the process of grabbing up Zaire's strategic mineral wealth, three years before Zaire was invaded by British-backed military forces.

agency, the Multi-Lateral Investment Guarantee Corporation (MIGA), recommended to Zaire that it would not get new money until it agreed to "modernize," that is, privatize, its mining operations, by selling off sections of state holdings.

At about the same time, the governments of Belgium, France, and the United States cut off all official government aid to Zaire.

Currency warfare was unleashed in 1990, and has continued to this day. At one point, the Zairean currency, the zaire, depreciated from a few new zaires to the dollar, to 3,250 to the dollar. This devaluation meant that Zaire earned almost nothing for its foreign exports.

As the U.S. Geological Survey source explained, "The economy went down the tubes. Mining production today is 10% of what it was in the late 1980s. Because of the economic dislocation, most of the provinces are operating on their own." Indeed, between 1987 and 1993, cobalt production fell 82%, and copper production fell 90%. As a result, exports of minerals and metals, which accounted for three-quarters of Zaire's foreign exchange earnings, dried up. Zaire's ability to service the debt, should it choose to do so, disappeared.

The conditions of life for the population worsened, in a country in which living conditions were already bad. In 1990, only 39% of Zaireans had access to safe drinking water. Infrastructure is virtually nonexistent. In 1994, Zaire's infant mortality rate was 111 deaths per 1,000 live births, i.e., an 11% infant death rate, more than 13 times that in the United States. In 1992, the last year for which figures were available, 335,000 Zairean children under the age of five died. In 1994, life expectancy in Zaire was 53 years, lower than in 1990.

Under this assault, President Mobutu opened the door to privatizing Zaire's patrimony, although still not at a rate fast enough to satisfy the World Bank vultures.

The corporate invasion

At the heart of the invasion of Zaire's mining properties, are the Canadian mining companies and the Oppenheimer family-run Anglo American Corp., which often takes the Canadian companies under its wing in joint ventures. The Canadian mining companies started an invasion of Zaire in 1994, which reached a flood tide in 1996. This was the opening shot of the "Second Great Scramble." The Canadian mining companies represent forward beachheads for the Commonwealth-centered British Empire (see *EIR Special Report,* May 24, 1996, "The Sun Never Sets on the New British Empire"). Behind the companies, lurks the shadowy presence of the Oppenheimer family's Anglo American Corp., the linchpin of the Club of the Isles' raw materials cartelization strategy.

We look at three examples. First, the takeover of Sominki, in Kivu province, by Toronto-based Banro Resource Corp.

Zaire has three eastern provinces: Haut Zaire, in the northeast; Kivu, in the center-east; and Shaba (formerly Katanga), in the southeast. Kivu province is second in richness of raw materials, after Shaba. The leading mining concern in Kivu is the Société Minière et Industrielle de Kivu, or Sominki. Sominki was formed in 1976 as an amalgamation of nine companies that had been operating in Kivu province since the early 1900s. It operates 47 mining concessions, encompassing an area of 10,271 square kilometers.

In 1996, Banro Corp. of Toronto bought 36% of Sominki, raising some of its money for the purchase by floating shares in Singapore. Banro was previously a small financial institution, with little apparent aptitude for mining. The impression is that it was reconfigured as a company for the special purpose of this purchase, perhaps acting as a front for someone. (Who that someone is, will become clear.)

Another large chunk of Sominki was bought by the Belgium-based company Mines D'or du Zaire, or MDDZ. Owning 60% of MDDZ is Cluff Mining Co. of London, and controlling 65% of Cluff is Anglo American Corp., the world's largest mining company and a key component of the Club of the Isles.

On Sept. 21, 1996, Banro and MDDZ announced their merger, with Banro selling its shares to MDDZ. The new Banro-MDDZ company consolidated a 72% stake in Sominki, while the government of Zaire holds 28%. The Banro-MDDZ entity has announced that it plans to acquire that 28% from the government. The overall enterprise is essentially a vehicle for Anglo American.

According to various Banro corporate reports and news releases, Banro was anxious to get its mining operations started as quickly as possible. However, the Sominki mining zone that Banro acquired started in the town of Bukavu, the center for the major camp for Rwandan refugees who had fled to Zaire, with nearly a million people. To get mining started, the entire zone would require clearing. Suddenly, as Uganda launched its invasion of eastern Zaire, near Bukavu, in mid-October, there was firing on the Bukavu refugee camp, supposedly against "Hutu rebels" who were hiding there. The military attack on the camp forced hundreds of thousands of refugees to flee Kivu province, back to Rwanda. But, who did the firing? While a clear answer is not forthcoming, it may have involved portions of the newly acquired Sominki apparatus itself. For, in acquiring Sominki, Banro did not just acquire a company; it acquired the effective governmental structure of the entire Kivu province.

According to a Banro corporate press release, "Sominki owns an extensive infrastructure which includes repair shops, machine shops, electrical shops and a large fleet of Land Rover vehicles. In addition, it operates six hydroelectric sites, a number of air strips, and 1,000 kilometers of roads. Sominki is virtually self-sufficient. The company has about 5,000 employees." The release added, "In fact, Sominki is *the de facto government providing all the essential services for the Kivu Province*" (emphasis added).

Banro/Anglo American effectively stole a good chunk of the government of Kivu. This is the British model for the Second Great Scramble. As a mining company, Sominki has its own explosives supplies and access to weapons, i.e., it has the capability to carry out such an attack, or is in a commanding position to influence, those who fired on the refugee camps.

The second example, is that of American Mineral Fields (AMF), which is based in Hope, Arkansas, but run from Canada. AMF has acquired from Gecamines the Kipushi copper-zinc mine, one of the world's premier copper-zinc mines, located in Shaba province (copper and zinc are often mined together). The Belgians developed Kipushi and began mining in 1925. At its peak in 1988, the Kipushi mine produced 143,000 tons of zinc, and 43,000 tons of copper. Its total known and probable reserves stand at 22.6 million tons, grading 2.1% copper and 13.8% zinc.

AMF is the brainchild of its owner, Jean-Raymond Boulle, a former executive for DeBeer's Diamonds. In turn, AMF signed an agreement with Anglo American, which allows Anglo American to invest up to $100 million in any AMF venture in Shaba province, representing up to a 50% equity stake in the venture, including the Kipushi mine. Once again, ubiquitous Anglo American shows up.

The third example, is that of tiny Consolidated Eurocan of Vancouver. In 1996, Eurocan finalized a deal that will allow it to purchase from the state mining company Gecamines, a 55% interest in the Tenke-Fungurume copper-cobalt deposits. Eurocan will pay a quarter of a billion dollars over 72 months for its stake, but the stake is worth potentially tens of billions of dollars in revenues. According to a Eurocan spokesman on Dec. 18, Tenke-Fungurume, located in Shaba province, represents the largest operating cobalt reserves in the world. It has geological reserves of 222 million tons of copper and cobalt, with potential reserves of 1 billion tons.

Consolidated Eurocan is owned and run by Canadian wheeler-dealer Adolf Lundin. One U.S. mining source reported, "There is no way that Eurocan can develop the mines on its own. It doesn't have the capabilities. It will have to sell off shares to established mining companies, most likely Iskor and Gencor, to work the properties." Iskor and Gencor are both South African companies, and part of the British raw materials cartel.

Thus, these Canadian companies, in some cases stalking horses for Anglo American, are gobbling up Zaire's gold, copper, zinc, and cobalt reserves.

Add to this, the Barrick Gold purchase of a huge concession in Haut Zaire, and the fact that there is now discussion of opening up the major government-owned diamond mining company, Société Minière de Bakwanga (MIBA), to foreign investors. MIBA accounts for 40% of Zaire's official diamond exports. The remaining 60% are developed by artisanal miners, i.e., prospectors, who then sell the gems to "Israeli diamond buyers and to [international gem dealer] Maurice Templesman," according to a knowledgeable source. The Belgian-born Tempelsman, who squired around Jacqueline Kennedy Onassis before she died, is an international tycoon. He is former president of the U.S. Africa Society, a group that is influential in the shaping of U.S. government Africa policy.

The Anglo American paradigm

Anglo American Corp. offers a foretaste of how a world without nation-states, run by the financier oligarchs, would operate. It was formed in 1917. Financing for, and investments into Anglo American and its associated companies, came from the Rothschild bank and J.P. Morgan. The South Africa-based Anglo American, through cross-ownership shares, owns DeBeers Centenary and DeBeers Consolidated (which together control the Central Selling Organization, that markets and controls 80% of the world's diamonds), and the Luxembourg-based Minerals and Resources Corp. (Minorco) mineral holding company. In South Africa alone, Anglo American owns more than 1,600 companies, where it is the world's leading gold producer, the world's leading platinum producer, the world's leading diamond producer, and much else.

The Oppenheimer family runs the Anglo American Corp. empire. Cambridge University-educated Harold Oppenheimer was chairman until 1982, and still reportedly makes all important decisions. His son Nicholas is the leading family member in the company. The Oppenheimer family members are in the 1001 Club, the tightly knit, elite society that brings together oligarchs, financiers, raw materials company executives, and billionaires to coordinate strategy worldwide. Barrick Gold chairman Peter Munk is a member of the Club, as are many other heads of the world's top mining companies. The Club is closely intertwined with the World Wide Fund for Nature of Britain's Prince Philip.

Though the Oppenheimers publicly professed to be critics of South African apartheid, they fundamentally supported and benefitted mightily from its existence, which allowed them to run their mines as slave-labor plantations.

But the Anglo American Corp. empire extends to every mineral-producing country in Africa and the world, and it continues to grow. In October 1996, Anglo upped to 26% its ownership stake in the London-headquartered, Zimbabwe (formerly Rhodesia)-centered Lonrho raw materials company, which had been run by Tiny Rowland. In turn, Lonrho owns a 30% ownership stake in the Ashanti Mines in Ghana, which represents the richest operating goldfield outside of South Africa. Anglo American has been trying to purchase the state-owned CVRD company of Brazil, which controls the Gran Carajas mining project in Brazil. With everything from iron and copper to precious minerals, some estimates put its worth at more than $1 trillion. According to one report, Anglo American is trying to buy what remains of Zaire's Gecamines, after everything else has been sold off.

TABLE 1

Anglo-American and Rio Tinto Zinc combined share of Western world mining production

(percent of total)

Commodity	Share	Commodity	Share
Antimony	20%	Nickel	8%
Bauxite	10	Niobium	8
Chromite	15	Palladium	39
Cobalt	10	Platinum	45
Copper	12	Rhodium	41
Diamond	48	Silver	6
Gold	25	Titanium	31
Iron ore	10	Tungsten	18
Lead	7	Uranium	8
Lithium	5	Vanadium	36
Manganese	6	Zinc	6
Molybdenum	11	Zirconium	23

But the full global reach of Anglo American only becomes clear when viewed in conjunction with the holdings of the London-based Rio Tinto Zinc (RTZ), the world's second largest raw materials producing company. RTZ was formed in the 1870s by China opium trader Hugh Matheson, who was a principal in the Hongkong-based firm Jardine Matheson. The Rothschilds have a significant stake in the company. Queen Elizabeth II is also a significant investor in RTZ. Anglo American and RTZ combined control a stunning percentage of the Western world's most important raw materials (see **Table 1**).

The Anglo American-RTZ combination anchors the House of Windsor's raw materials cartel. *EIR* showed in its Sept. 15, 1995 issue, that the House of Windsor cartel controls, overall, 59.5% of world gold production, 78% of world platinum production, 25% of copper, 55% of alumina bauxite, 64% of cobalt, 42% of manganese, 39% of chromium, and so on.

Thus, Anglo American Corp. and the Canadian companies integrated into the process of taking over Zaire, are out to extend the power of the raw materials cartel. If they succeed, there will be no nation-state: Only a portion of the population, that permitted to slave for the mining companies' operations, will remain; the rest will be written off. As is shown by the treatment of the Rwandan refugees in Kivu province, who were either starved, butchered, or simply moved away to make way for mineral production, the mining companies do not care about human lives, only about their profits and their geopolitical control.