

**“[OSLEG has] the resources to protect and defend, support logistically, and assist generally in the development of commercial ventures to explore, research, exploit and market the mineral, timber, and other resources held by the state of the Democratic Republic of the Congo.”**

*Extract from the partnership agreement between the Zimbabwean company OSLEG and the Kinshasha based Comiex-Congo, whose majority shareholder was Laurent Desire Kabila, former president of the DRC.*



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Recommendations contained on page 2

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# Branching Out

Zimbabwe's Resource Colonialism in  
Democratic Republic of Congo

A Report by Global Witness. February 2002



Map No. 4045 Rev. 2 UNITED NATIONS  
March 2001

Department of Public Information  
Cartographic Section

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## 1 Recommendations

- The Government of Zimbabwe should unilaterally withdraw from the SOCEBO logging deal, as it is contrary to peace initiatives in the Democratic Republic of Congo.
- The Parliament of Zimbabwe should condemn the corporate ambitions of Zanu-PF, the ruling party, some of which are detrimental to regional peace, and undermine political stability.
- To demonstrate its commitment to regional peace, the Government of the Democratic Republic of Congo should cancel the SOCEBO contract to exploit the country’s forests.

*The UN Security Council should:*

- Endorse and expand upon the recommendation contained in 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*, that ‘conflict timber’ be categorised as a commodity banned from international trade.\* Accordingly, the UNSC should impose sanctions on all timber exports from the DRC until it can be demonstrated that these exports do not fund or otherwise contribute to the continuation of conflict.

*The UN Security Council and the Commonwealth Heads of State should:*

- Condemn the Government of Zimbabwe’s ‘resource colonialism’ in Democratic Republic of Congo.
- Exert pressure on both Zimbabwe and the DRC to cancel the proposed 33 million hectare logging deal because it poses a severe threat to the regional peace process, sustainable forestry is not possible in the current climate, and because the forests of DRC have been highlighted by the United Nations Environment Programme (UNEP) as one of only 15 countries where conservation efforts should be concentrated.

*The international community, particularly the EU, its member states and the Commonwealth, should:*

- Place an embargo on imports of natural resources that have been plundered or expropriated by armed factions, or those linked to them.

\* “New criteria on ‘conflict timber’ should be considered...Failure to abide by [the recommended procedures] should be considered to be complicity on the part of those countries and they should be listed as countries facilitating ‘illicit timber’ and ‘conflict timber product’...” *Report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of the Democratic Republic of Congo; 2001.*

## 2 Preface

*The first version of this report was released in August 2001. Since then there have been significant developments which make the release of an updated report necessary.*

*Firstly, logging has commenced in DRC’s Katanga Province. Secondly, in mid – late 2001 the United Nations Panel of Experts on the Illegal Exploitation of Natural Resources of the Democratic Republic of Congo (DRC), under an extension of their mandate, carried out further investigations and were able to obtain important new details about Zimbabwe’s logging ambitions in the DRC.*

*Since then the political situation in Zimbabwe has seriously deteriorated, very probably increasing President Mugabe’s dependence on the DRC’s natural resources to fund the forces, both political and military, necessary to his political survival. Therefore the logging deal detailed in this report could well become a central plank in Mugabe’s funding of his increasingly despotic regime and corrupt electioneering.*

### List of acronyms

<b>CIO</b>	Central Intelligence Organisation
<b>DRC</b>	Democratic Republic of Congo
<b>OSLEG</b>	Operation Sovereign Legitimacy
<b>SOCEBO</b>	Société congolaise d’exploitation du bois
<b>WHCM</b>	Western Hemisphere Capital Management
<b>WHRE</b>	Western Hemisphere Resource Exploration
<b>ZDF</b>	Zimbabwean Defence Forces
<b>ZDI</b>	Zimbabwean Defence Industries
<b>ZFC</b>	Zimbabwean Forestry Commission

### 3 Introduction

**T**HIS REPORT focuses on Zimbabwe’s logging ambitions in the DRC – potentially the world’s largest ever timber deal. However, it should be remembered that this deal is just one strand of the powerful and intricate corporate web created over the past few years by Zimbabwe’s ruling party, Zanu-PF, and the Zimbabwe Defence Forces, in an attempt to capture both foreign and domestic state and private assets. This network has presumably been created to enhance the personal wealth of those involved, to maintain Zanu-PF’s power base and to recoup some of the costs of Zimbabwe’s chaotic military intervention in DRC.

The despotic behaviour of the Zimbabwean government in early 2002, in the lead up to the March elections, can only be maintained by the brutal exercise of power; the Zimbabwean army is therefore crucial to Mugabe’s power-base. In early January the army commander issued a statement stating that “we [the army] will ...not accept, let alone support or salute, anyone who has a different agenda that threatens the very existence of our sovereignty...”; in effect, that they would only support a Zanu-PF victory in the elections. The fact that Mugabe had doubled army pay the week before is very possibly related.<sup>1</sup>

A Zimbabwean company whose board comprises senior Zanu-PF and military figures have effectively created the world’s largest logging concession by gaining rights to exploit 33 million hectares of forests in the DRC: 15% of total land area and one and a half times the size of the UK. Logging has already commenced in Katanga province, carried out by the Zimbabwean military in conjunction with a company called SAB Congo. The export sales arm of SAB Congo is a London based company, African Hardwood Marketing Ltd.<sup>2</sup>

In a deal made with former President Laurent Kabila, but still being actively pursued, the embattled leaders of the Zimbabwean government are desperate to recoup some of the losses they have incurred in their disastrous intervention in DRC.

The vehicle for this ‘resource colonialism’ is SOCEBO (Société congolaise d’exploitation du bois), a joint venture between Zimbabwean military controlled OSLEG (the ironically named Operation Sovereign Legitimacy) and Kinshasa based company Comiex. It appears that DRC has placed most, if not all of its timber concessions under the SOCEBO umbrella. It is unlikely that SOCEBO can achieve its over-ambitious production and profit targets, but such a deal would almost certainly see severe social and economic impacts on local populations, who virtually always suffer at the hands of industrial forest concessions, massive revenue loss in DRC and massive destruction of the country’s forest resources.

According to the Addendum to the Report of the [UN] Panel of Experts investigating natural resource exploitation in the DRC, released in late 2001, a stated aim of SOCEBO is to “contribute to the war effort in the framework of South-South cooperation”.<sup>3</sup> Even in a continent permeated by resource-based conflicts, this blatant assertion is a surprisingly cynical example of perpetuating conflict



© A Photo / Francois Mori

**Zimbabwe’s President Mugabe looking happy after meeting French President Chirac, Paris; March 2001. The day before, Mugabe said in Brussels that his country was ready to withdraw its forces from DRC. They are still there.**

using funds derived from natural resource exploitation. It could more accurately be regarded as South-South colonialism.

Given the Lusaka peace process and the proposed withdrawal of troops from DRC by foreign governments, perhaps most disturbing is the fact that the Zimbabwe Defence Forces are still planning to exploit DRC’s forests. This casts severe doubt on Zimbabwe’s pledges to withdraw troops from the DRC, a scenario which would pose a significant threat to the peace process. It accords with other sources that suggest that even if the DRC conflict ended, a core of Zimbabwean troops would remain in DRC. Furthermore, Global Witness received reports about the current process of fake troop withdrawals whereby troops are being flown into DRC, and then directly back again, creating the illusion that they are returning soldiers.<sup>4</sup>

In short, to obtain personal wealth and to shore up Zanu-PF’s political machine, Zimbabwe’s elite are pursuing the development of a business empire at the expense of a country (DRC) which has seen the deaths of 2.5 million people and where 75% of children born during the war have or will die before the 2nd birthday.<sup>5</sup> In this, the Zimbabwean government is complicit in prolonging one of the world’s bloodiest conflicts. The growing oppression, intimidation and violence against the lawful political opposition, white farm owners, black farm workers, all to perpetuate the rule of one man, requires extensive funding. This funding is being sought from even weaker countries – a new colonialism.

The logging deal is just one part of an extensive Zanu PF inspired and controlled business strategy which has significant implications both in Zimbabwe and for the region. The strategy is devoted to controlling not just numerous businesses, but the infrastructure essential to virtually all business activity in the region, including energy and transport. The strategy centralises both money and power under the control of key Zanu-PF politicians and military leaders.

## 4 The timber deal

AS DISCUSSED in Section 5, Zimbabwe's intentions to exploit DRC's natural resources are well documented, and the corporate structure is in place to manage such exploitation. However, Zimbabwe's experience with Gecamines (see Section 5.1) and the failed floatation of Oryx Diamonds demonstrates that Zimbabwe has not yet been able to rise to the challenge of resource exploitation in such a difficult climate. Expert opinion relating to the timber deal suggests that, once again, a combination of poor judgement (unrealistic optimism) and a lack of management skills and financial resources means that the projected returns from the deal are extremely unlikely to be met, even in small part. However, some large quick returns would be possible if SOCEBO teamed up with an unscrupulous short-term investor, and Africa's logging industry is riddled with these.

Possibly the first public affirmation of Zimbabwe's intentions to exploit DRC's rich timber resources was made in an article in *The Herald*, a pro-Government newspaper, on 17th January 2000. The article was one of many put out at this time to counter public criticism of Zimbabwe's cripplingly expensive military involvement in DRC. It was essentially a puff piece boasting of the country's close ties with the government of Laurent Kabila, and of the rich natural resources that would be available to Zimbabwe. "...This co-operation has seen the establishment of a rail link between Harare and Lubumbashi,...the shipment of 30,000 tonnes of copper concentrates from Gecamines....and the moving in of the Forestry Commission to exploit timber in the vast country".



Global Witness spoke to the author of this piece who confirmed its veracity. Moreover, the tone of the conversation suggested that all the Zimbabwean agencies involved were acting under centralised direction; the sections which follow hint at where this direction may come from. He stated that the Zimbabwe Forestry Commission (ZFC) were "sluggish" in their response, given that the National Railways of Zimbabwe, Air Zimbabwe and Zimbabwean mining interests had already begun their operations. He described the ZFC's role as twofold, either to carry out timber exploitation or to act as a consultancy, seconding others to help with forest management. The timber would be exported as Zimbabwe is self sufficient, although some could be used for domestic consumption in DRC. He also gave the impression that the ZFC were dragging their feet on the project, stating that the bureaucracy on the Zimbabwean side had been slowing things down, and that there was mistrust on the part of the ZFC of their counterparts in DRC. The engine pushing the process forwards is the Zimbabwe Defence Forces.<sup>6</sup>

Global Witness provided information relating to SOCEBO to the UN Panel of Experts investigating resource exploitation in the DRC, and their subsequent investigations unearthed interesting new information. Of great interest is that they interviewed President Mugabe himself, in Harare, and that he was able to comment on the deal. This illustrates the high level of importance accorded to it in Zimbabwe. Mugabe stated that logging should have commenced in May 2001 but had been delayed by an inability to pay customs duties to the Zimbabwe Revenue Service on imported machinery.

### Zimbabwe and DRC undertake joint diamond mining venture

The Herald, 17th January 2000

President Sata of the Democratic Republic of Congo greets General Jitlu Zimomoshi at the Mervue International Airport, journey President Mugabe took on.

The Herald reported that President Sata of the Democratic Republic of Congo had just returned from a visit to Zimbabwe. He was accompanied by General Jitlu Zimomoshi, the Zimbabwean military commander in the DRC. The two leaders discussed the joint diamond mining venture between Zimbabwe and the DRC.

The Herald reported that the joint venture was a significant step towards the exploitation of the DRC's rich natural resources. It was expected to generate significant revenue for Zimbabwe and create jobs for Zimbabwean citizens.

The Herald also reported that the joint venture was a testament to the close ties between Zimbabwe and the DRC. It was expected to strengthen the relationship between the two countries and promote economic cooperation.

### Joint diamond mining venture with DRC

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President Sata of the Democratic Republic of Congo greets General Jitlu Zimomoshi at the Mervue International Airport, journey President Mugabe took on.

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#### 4.1 The creation of SOCEBO

On 6th January 2000 COSLEG, the Zimbabwe Defence Forces (ZDF)/DRC joint venture company (see Section 5.1), established a subsidiary, SOCEBO – Société congolaise d’exploitation du bois – to exploit four forest concessions in DRC. The company is based at No.195D Avenue Colonel Ebeya – Kinshasa, Gombe, DRC.

COSLEG hold 98.8% of the shares in SOCEBO, with the remaining 1.2% held by:

**Mawapanga Mwana Nanga** – Minister of Finance under Laurent Kabila, appointed by Joseph Kabila as Minister of Fisheries and Livestock.

**Abdoulaye Yerodia Ndombasi** – Minister of Foreign Affairs under Laurent Kabila.

**Godefroid Tchamlesso** – Minister of Defence under both Laurent and Joseph Kabila.

**Charles Dauramanzi** – Global Witness does not know if this person is the same as Major-General Dauramanzi, a director of OSLEG.

**Francis Zvinavashe** – Brother of Vitalis Zvinavashe – commander of the Zimbabwean army.

**Colin Phiri** – Projects Coordinator of the Zimbabwe Forestry Commission.

A further joint venture, SAB-Congo, has been established between SOCEBO and Western

**“SOCEBO aims to be the world leader in trading tropical hardwoods. All our operations are environmentally friendly and our products are designed to meet our customers specifications in terms of delivery time and quality. Sustainable forestry management is our business. Our employees are our strength and their development and growth is our concern.”**

*Mission statement of SOCEBO, Société congolaise d’exploitation du bois.*

Hemisphere Capital Management (WHCM), a United Kingdom Company with an office in Harare, to develop the Katanga concession. WHCM owns 60% of the shares in the new venture and is providing capital and equipment. SOCEBO owns 35% of the shares with the remaining 5% being held by the Congolese state-run Institut National pour l’Etude et la Recherche Agronomique (INERA). It was anticipated that the first timber sales would commence in November 2001, and in late 2001 the UN Expert Panel received information that the Zimbabwean military were engaged in intensive logging operations in this concession, with SAB-Congo.

It was always the intention of the ZDF that they actually carry out the logging operations, rather than sub-contract a third party company; the Zimbabwe

**Zimbabwe troops serving with government allied forces, Mbandaka, DRC; April 2001.**



© AP Photo / Blaise Musau

Forestry Commission are purely advising on the technical aspects of the project, which is headed by a variety of senior military figures.

The start-up capital required was just under US\$15 million, with the remainder to be made up from borrowing from financial markets (see Section 4.2).

The intention is to create four concessions, from each of which SOCEBO hopes to produce over 150,000m<sup>3</sup> of timber per year at full capacity. SOCEBO has received the rights to a total land area of 33 million hectares: 15% of the DRC’s total land area; 1.5 times the size of the UK. All the concessions were scheduled to be opened by 30<sup>th</sup> April 2001 but the start dates have not been met. The four concessions are located in Katanga, Kasai, Bandundu and Bas-Congo Provinces.

SOCEBO originally expected to make profits of up to US\$300 million in the first three years of

operations, but these targets are almost certainly over-optimistic. Similarly, the company has probably underestimated start up costs, estimated to be approximately US\$30-40 million per concession. It is this initial investment that SOCEBO lacks, and is probably the only thing that has prevented the operations from commencing.

President Mugabe told the UN Expert Panel that commencement of logging operations had been delayed “owing to an inability to pay the customs duties to the Zimbabwe Revenue Service on machinery imported for the project”. However, the directors of SOCEBO told the Panel that the delay was caused by lack of capital. The Panel received “credible reports” that the initial start-up capital of \$600,000 had been embezzled by representatives of the diamond buying office of another COSLEG subsidiary, the Mineral Business Company.

## Log Exports and the UK Connection

As stated above, the export sales arm of SAB-Congo is African Hardwood Marketing Ltd, of 2 Millwood St., London W10. The owner of both WHCM and SAB-

Congo is Elkin Pianim, former husband of Elizabeth Murdoch, daughter of media tycoon Rupert Murdoch. African Hardwood Marketing claims to have an output of 11,000m<sup>3</sup> of sawn timber per month and, according to Mr Pianim, “This timber has all been harvested using current best practice in forestry management, and we are working toward obtaining certification from internationally recognized agencies.”

However, according to the UN Panel of Experts, they received ‘credible reports that Zimbabwean military personnel have been carrying out intensive logging operations in the SOCEBO concession in Katanga, apparently in conjunction with SAB-Congo’. Elkin Pianim confirmed to a Global Witness investigator that the timber originates in Lubumbashi, in Katanga Province,<sup>7</sup> but that he has hired specialists to carry out the logging operations. Mr Pianim also stated that he had only been in the timber business for one year, so his assertion that AHM operate using current best practice in forestry management is unlikely to be true.

Mr Pianim also owns a company called Western Hemisphere Resource Exploration, which is registered in the Isle of Man. This company has formed a diamond mining joint venture, this time with COSLEG, the Société Congolaise d’exploitation minière. It is highly likely that some of the necessary investment required to exploit DRC’s natural resources has been provided by companies linked to Elkin Pianim.

African Hardwood Marketing is actively looking for markets and already claims to export timber to Germany. The timber from the Katanga concession is being transported both by rail through Zambia and Zimbabwe for use in South Africa, and via Tanzania for export from Dar Es Salaam. The other concessions are further north and, due to poor road conditions, it is likely the timber would be transported by river:

Currently 80% of logs exported from DRC transit via Congo-Brazzaville and are destined for the European market. Judging by regional trends France could become a major importer (as it is already from Cameroon, Gabon and Liberia).

Whilst logging operations have actually commenced, there are several major obstacles to the project achieving its own targets:

**“SOCEBO was set up ... to provide for Zimbabwe covering the incremental costs of their peacekeeping force [in DRC].”**

*Elkin Pianim, owner of African Hardwood Marketing Ltd, the export sales arms of a SOCEBO joint venture logging in Katanga Province. 25th January 2002.*

African Hardwood Marketing Ltd.  
2 Millwood St., London W10 6EH  
Tel: +44 208 960 4153 / +44 7768 44 69 55  
Fax: +44 208 960 6037

1/23/02

Dear ...

I hope this letter finds you well, per your request, a brief overview of our company and products. African Hardwood Marketing is the export sales arm of SAB Congo SARL, a forest products firm with concessions in the Democratic Republic of Congo.

SAB produces 11,000 cubic meters of logs per month, and the schedule below details the following on a per species basis: commercial name (where available), scientific name, local name, monthly output volume in cubic meters of logs. The logs are converted into planks by onsite sawmills, air-dried, and then exported by road and rail to ports in South Africa and Tanzania.

...

Elkin Pianim

**Above: Letter from African Hardwood Marketing obtained by Global Witness.**

- Realistic start up costs per concession are high, as discussed above. The ZDF and its affiliates do not have this kind of money available, and it is unlikely that any legitimate bank would lend against such a risk. However, Global Witness believes that, based on experience in Cambodia and Liberia, it would be possible to attract investment from south-east Asian, French, Lebanese or other logging companies. There are rumours of Malaysian involvement in this deal, but Global Witness’ investigations did not expose such a link. However, Malaysia has a track record in investing in Zimbabwe and these interests are still in-country.
- Transportation would be extremely difficult and costly.
  - Some of the concessions are a very long way from suitable transport routes.
  - In many areas water transport would be necessary and in DRC this would mean that there would be no means of controlling or monitoring the timber in transit. Whilst in some ways this is an ideal scenario for illegal loggers, it also creates the possibilities of timber theft – which could jeopardise the project.
  - The nearest concession to Kinshasa is 60km, which with bad roads means one log truck can do one trip per three days. They would need 40 trucks to cope with the planned extraction rate, each one costing US\$50,000. In addition they would need the drivers, fuel etc.

Timber in DRC has been exploited for over 60 years by what has effectively become a cartel, which includes French, Belgian and some German interests. Unless a company is a member of this cartel, it is considered that operating timber concessions would be extremely difficult, if not impossible. Entry into the cartel is not easy as the pickings are good.





#### 4.2 Supporting information

Before the release of the first edition of this report in August 2001, the Zimbabwean authorities did their best to conceal the existence of the SOCEBO deal. For example, in May 2001 a senior official within the Zimbabwean Ministry of Environment and Tourism, responsible for the ZFC, denied that a company had been established to operate logging concessions in DRC, denied that military affiliates OSLEG or COSLEG were involved, and denied that the ZFC had actually visited the DRC.<sup>8</sup> He did admit that the ZFC was conducting a cost-benefit analysis of exploiting timber in the south-eastern area of DRC, and that concession maps had been drawn up.

Many of these activities were carried out by an employee of the ZFC, who visited DRC in May-August 1999 and in 2000, both before and after SOCEBO was formally established. He was carried on at least one, if not all of these occasions, by helicopter, suggesting collaboration with the military.<sup>9</sup> (At this time the current Minister of Agriculture, the Hon. J M Made - then Head of Agricultural Extension Services - was involved in meetings setting up agricultural projects in DRC. These projects never came off). Subsequently the ZFC drew up the harvest plans for the DRC concessions.<sup>10</sup>

In addition to the admission by Elkin Pianim of African Hardwood Marketing that logging had commenced in Katanga, the following points support the theory that an extensive logging strategy is being created.

- A transport operator interviewed by Global Witness met with some businessmen in DRC in April 2001, who mentioned that Zimbabwe had been granted ‘huge’ timber concessions in DRC. These were not yet operational. Apparently “huge trees are involved. One tree will take up a 35 ton truck”. This person’s impression was that the timber was for US buyers, as this was inferred by another business contact.<sup>11</sup>
- In late 2000/early 2001 a Zimbabwe based bank made several enquiries, presumably checking investment security, on behalf of a client wanting to import timber to Zimbabwe from DRC. It was apparent the bank was thinking of investing and wanted advice on the feasibility of the project.<sup>12</sup> This is in line with SOCEBO’s intention to borrow from financial markets.
- In May 2001 Global Witness overheard a telephone conversation with a member of the



State Activities Board of the ZFC. The call referred to logging in DRC, and on the speaker phone the person was heard to say that nothing has been done yet. Global Witness clearly heard “not yet”. He said that they did not know of anything going on at board level, but they may know something at management level. Global Witness were not able to ascertain the identity of the person, other than that he is the son of a government minister.<sup>13</sup>

Prior to the release of Global Witness’ report, and prior to the investigations by the UN Panel of Experts in mid 2001, the closest to an admission of the existence of the deal, by the authorities, was on a rather bizarre internet site hosted by Global Analysis Zimbabwe. An article accused Global Witness of being ‘spy agents’ linked to MI6, but confirmed that a logging deal had been agreed.<sup>14</sup>

#### 4.3 Will the deal happen as planned?

Based on past experience, Global Witness believes the timber deal will not achieve its projected returns. Costs are estimated far too low, and profits too high and too soon. The Zimbabwean agencies concerned do not possess the necessary management or forestry skills demanded by the project, they lack financial and other resources, and are underestimating the difficulties the project will face.

However, again based upon experience elsewhere, there is a very serious risk that the project will be underwritten by foreign investors, as the involvement of Elkin Pianim demonstrates. There are numerous foreign logging companies (especially south east

Asian, Lebanese and French) which actively target scenarios such as the one presented in DRC. The lack of rule of law, enforcement capabilities and a structured tax regime make DRC a honey pot for unscrupulous loggers. Other areas in which Global Witness works, for example Cambodia, Liberia and Cameroon, had no problem attracting companies whose intention is to ‘mine’ the forests. It may well be that SOCEBO fails to achieve the returns it hopes for. The kind of company attracted to this type of deal probably won’t hesitate to plunder the forests at an unsustainable rate and simultaneously to bribe senior officials in both Zimbabwe and DRC to look the other way regarding timber royalties and taxes. Zimbabwe has already lost heavily through potentially profitable ventures that went wrong, such as the Gecamines cobalt operation and Oryx diamonds’ failed share flotation. So although the projected returns are extremely unlikely to be achieved, a few well-placed individuals would stand to become extremely rich – or richer!

#### 4.4 The Malaysian element

Zimbabwe and Malaysia enjoy close commercial and political links, which seem often to be intertwined. In some well documented cases Malaysian interests appear to have been given preferential treatment in various business deals, allowing them to avoid, for example, statutory competitive bidding processes for public contracts. For these reasons the suspicion of

Malaysian involvement in the timber deal would seem to have some foundation, although it could also be that Zimbabweans would cite Malaysian involvement simply because they are already involved in so much and are the most likely candidates.

In 1996 Mugabe’s government awarded Malaysia’s YTL Corporation a 51% stake in Hwange power station, usurping an existing competitive tendering process, whilst the Malaysian Celcom company approached Mugabe directly to benefit from the Posts & Telecommunication Corporation’s new cell phone project. Both of these deals, according to news reports at the time, were allegedly connected to the son of Malaysia’s Prime-Minister Mahathir Mohammed. The Malaysian Hasedat Corporation cut a deal with the Development Trust of Zimbabwe to secure logging rights in Zimbabwe’s forest reserves.<sup>15</sup> A chorus of protest against these deals came from Zimbabwean businessmen, the international donor community and, in the latter case, forestry experts and conservationists.

No one seems quite clear what resulted from some of these deals as a certain amount of backtracking took place in the face of the protests. The YTL deal collapsed when it was cancelled by the government, apparently at the behest of the World Bank.<sup>16</sup> The timber deals did not go ahead, but the general impression is that the Malaysians are still very much involved with senior figures and that the deals are dormant rather than dead.

Forest clearing for timber and land, DRC.



## 5 Zimbabwean military involvement in DRC

The timber deal, which is the main focus of this report, is just one of many business interests being developed by the Zimbabwean military in DRC, and comes under the same complex corporate umbrella as many of the others. It is worth describing, in brief, the nature of these deals to put the timber deal in context, both in terms of its corporate connections, but also the great incentive it offers to offset what has so far been an investment disaster for Zimbabwe.

At the heart of this is the Speaker of the Zimbabwean Parliament, Emmerson Mnangagwa. A former Chief of Intelligence in Zanu-PF’s military wing, Mnangagwa has extensive military experience and eastern-bloc training, which resulted in his receiving the post of Minister of State Security, in charge of the Central Intelligence Organisation (CIO), in the 1980s. At the same time he was Zanu-PF treasurer and began to develop the party’s now extensive business interests.<sup>17</sup>

In 1998, because of his party loyalty and military experience, he was sent by Mugabe to DRC to investigate the heavy human and material losses suffered by the ZDF. Apparently, at around this time the leadership in the Defence Ministry began to report directly to him, rather than to Moven Mahache, the Minister of Defence. In early 1999 Mugabe ordered Mnangagwa to take over responsibility for the ZDF in DRC, effectively usurping Mahache., Mnangagwa used this opportunity to forge close commercial links with Laurent Kabila, in conjunction with ZDF allies and

friends, in particular General Vitalis Zvinavashe, the head of the Zimbabwean army.

During this period Mnangagwa developed a regional strategy to gain control over the region’s rich natural resources, and to take over and expand the infrastructure necessary to transport and market the end product. This has resulted, so far, in several major areas of interest: Oryx Diamonds, a joint venture between the ZDF, the late Laurent Kabila and various business interests; the New Limpopo Bridge Project, the Beitbridge Railway and the National Oil Company of Zimbabwe.<sup>18</sup> The timber deal will be another major element of this portfolio.

### 5.1 Operation Sovereign Legitimacy (OSLEG) – the corporate structure develops

From the beginning of Zimbabwe’s involvement in the war in DRC the ZDF had provided advisors to Laurent Kabila to help him overthrow Mobutu, as part of Mugabe’s general support, which also included the provision of US\$5 million to Kabila. This investment resulted in some quick returns: the Zimbabwe Defence Industries’ General Manager, Col. Dube, secured a \$53 million\* deal to supply food, uniforms, boots and ammunition to Kabila. The contract to transport these goods went to Zvinavashe Transport, a trucking company owned by Vitalis Zvinavashe the head of the army.

Two more deals followed a special request, in 1998, by Mugabe to Laurent Kabila:

- **Congo-Duka:** The formation of Congo-Duka, a joint venture between Zimbabwe Defence Industries (ZDI) and its Congolese equivalent, General Strategic Reserves. It was intended that this company would supply consumer goods in DRC. ZDI received government loan guarantees totalling Z\$1.65 billion (US\$33.6m). The company failed to excite Zimbabwean businesses due to government manipulation of payment procedures which converted US dollars to a lower managed exchange rate against the Zimbabwean dollar. Consequently Congo-Duka became bankrupt.
- **Gecamines:** The appointment of long-time Zanu-PF supporter Billy Rautenbach as head of Gecamines, the DRC state owned cobalt mining company. This deal was forged at a meeting in Kabila’s office at which Rautenbach, Mnangagwa and another man purported to be representing Mugabe represented the Zimbabwean side.<sup>†</sup> Although this operation produced around US\$6 million worth of cobalt monthly it is believed that little money was received by the Zimbabwean government, leading to speculation that the money was siphoned off by senior figures. In 1999 Rautenbach was dismissed by the Congolese. At the same time the South African authorities were closing in on Rautenbach for tax reasons, which made his exports from Durban difficult, therefore compromising the viability of Gecamines’ organisation.<sup>19</sup>

\* It is unclear whether this is US or Zimbabwean dollars.

† According to a journalist interviewed by Global Witness, it is likely that the Congolese signatory on all DRC deals was Dr Pierre-Victor Mpoyo, Minister of State in President Kabila’s office, whose signature appears on virtually all natural resource deals including Gecamines. He was subsequently sacked by Joseph Kabila.





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**Zimbabwe soldiers loading ammunition onto planes, Mbandaka, DRC; April 2001. These soldiers were on their way home as part of the peace process. However, the Zimbabwean army are still operating in DRC, exploiting the country’s resources.**

In mid-1999 Mugabe ordered over 11,000 troops, a third of the ZDF’s strength, to deploy in DRC. Laurent Kabila pledged to pay for this support in US dollars, but was unable to honour this pledge. Instead he offered mining, agricultural and forestry concessions. Following the failure of their previous investments the Zimbabweans saw the opportunity to recoup their losses. The ZDF were already deployed in the resource-rich Kasai Oriental and Katanga Provinces, and were ideally placed to guard these resources for their own benefit.

In late 1999 Congo-Duka was replaced by OSLEG (Pvt.) Ltd. This company is regarded as the commercial arm of the ZDF, and is the key to their business interests in DRC, including timber. Its directors are listed as Lt. Gen. Vitalis Zvinvashe, Job Whabara, the Permanent Secretary of the Ministry of Defence, Onesimo Moyo, the Director of the Minerals Marketing Corporation of Zimbabwe and Isiah Ruzengwe, the General Manager of the Zimbabwe Mining Development Corporation. OSLEG is represented in DRC by Zvinvashe’s brother, Col. Francis Zvinvashe, retired Major-Gen. Dauramanzi and Brigadier John Moyo.

To match their military strength with business expertise OSLEG entered into a joint venture with Comix-Congo, a Kinshasa based company whose main shareholder was Laurent Kabila. The joint venture is known as COSLEG (Pvt.) Ltd. According to the company’s partnership agreement OSLEG has “the resources to protect and defend, support logistically, and assist generally in the development of commercial ventures to explore, research, exploit and market the mineral, timber, and other resources held

by the state of the Democratic Republic of Congo”.<sup>20</sup>

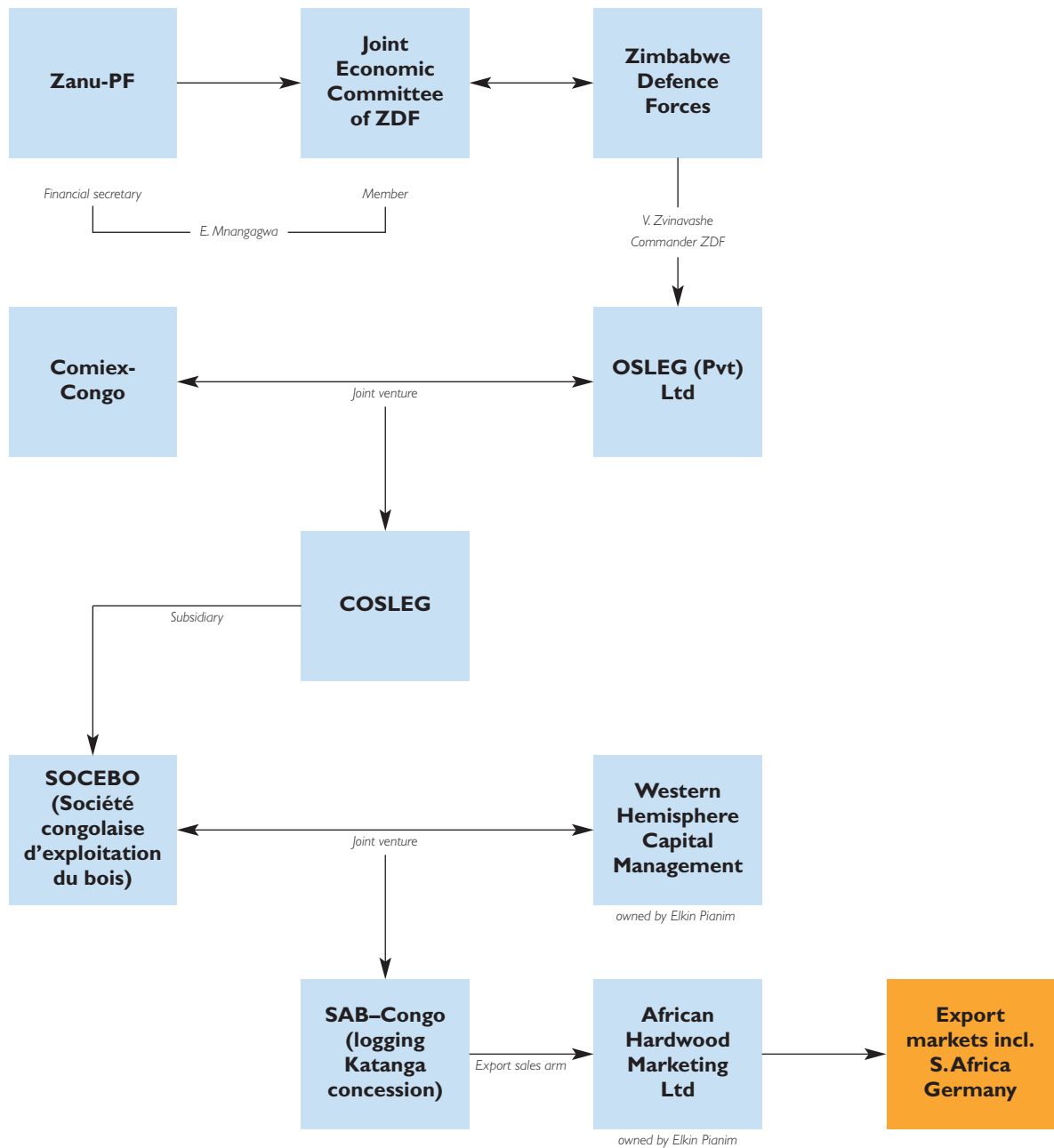
As discussed below, Zimbabwe initially publicised its commercial intentions in DRC to appease growing public concern about its expensive military involvement. But as time went on two main factors led Zimbabwe to cover up the depth of its involvement: several of its major investments embarrassingly and expensively failed, and the extensive international criticism of the role of DRC’s neighbours profiting from the war.

In late November 2000 the UN Expert Panel on DRC visited Zimbabwe but failed to obtain meetings with Mugabe or most of his senior ministers, who all claimed prior commitments. They did meet with Foreign Affairs Permanent Secretary Willard Chiwewe who, according to the Zimbabwe Independent, told the panel ‘not to concentrate on Zimbabwe and its allies in the Congo because they were not exploiters but liberators’. “I urged them to limit their investigations to the aggressors and their internal rebel allies and not to include the SADC allies in their probe... The context of [the SADC allies] relationship with the DRC government exclude them from being the focal point of the investigation”.<sup>20</sup> Accordingly, the UN Expert Panel report contained very little information about Zimbabwe’s role.\*

As discussed above, in late 2001, with an extended mandate, the UN Expert Panel uncovered significant information relating to Zimbabwe’s role in the DRC.

\* It should be noted that a plethora of information is available to the diligent researcher, so it is probably fair to say that the Expert Panel could have been more thorough.

**5.2 The Structure of ZDF’s holdings in DRC<sup>20</sup>**



**5.3 The cost of Zimbabwe’s intervention in DRC**

Zimbabwe’s intervention has incurred heavy costs in men, materiel and money. These facts add to the government’s incentive to recoup at least some financial losses, which they could use to justify their role in the country.

In mid 1999 the Zimbabwean government admitted to the press that 35 troops had been killed, although the rebel forces opposing Kabila claimed to have killed over 200.<sup>21</sup> Whatever the true facts are, they are suppressed because detailed casualty figures are not released by the ZDF, other than various non-specific and probably inaccurate admissions to the press. In addition to troop losses, which now certainly

run into the hundreds, Zimbabwe is believed to have lost MiG fighters, helicopter gunships, tanks and artillery.

In January 2000 the Zimbabwean Finance Minister said the country’s (then) two year involvement had cost Z\$10 billion (US\$204m), – but Michael Qunitana of Africa Defence Journal said these figures should be treated with caution, stating that an estimated Z\$14 billion (US\$281.5 m) not mentioned by the Minister had been spent on mounting an air bridge to supply their army, and new equipment (gunships etc).<sup>22</sup> Other sources stated that the official figures were direct costs only, and omitted the funds necessary to replace and renew equipment. This was an additional cost of Z\$6 billion.<sup>23</sup>



Mayombe Rainforest, DRC.

## 6 Conclusion

**Z**IMBABWE has made no secret of its wish to exploit the natural resources of DRC. However, it is probable that with the mounting expenses of the election campaign, especially the need to carry out intimidation of the opposition by both the armed forces and ad hoc gangs, that Mugabe more than ever needs to make the DRC pay. The doubling of army pay in January 2002 will add to this burden. Where will Mugabe find the money? Zimbabwe is in economic tatters and such gestures of largess must be funded from somewhere. Certainly, the country has received Libyan support, but it is highly likely that the government will look to its operations in the DRC.

What started as opportunism is now probably a necessity given the parlous state of Zimbabwe's economy, which is due in large part to their military involvement in DRC, together with intimidation and oppression of their own citizens. It is not just a question of recouping some of their losses: if Mugabe cannot rescue the economy, and is seen as the man who brought about Zimbabwe's Vietnam in DRC, then his political future is at stake. The government has already lied to the population, and to the multilateral lending institutions about the true

cost of the war, and it will be hard to maintain this lie through the Presidential elections in 2002.

DRC's timber provides a massive incentive to the unscrupulous logger, and it is an incentive the ZDF is actively pursuing. The logging has begun so, for the social, economic and ecological future of DRC, and indeed for regional security and stability, the international community must take action.

In the recent past the DRC has been racked by a resource based war which has resulted in millions of deaths, appalling atrocities and the social and economic breakdown of the country. That Zimbabwe, a country that should be taking a leading role in pursuing regional peace, is in fact attempting to profit by prolonging military intervention, is a demonstration of the moral bankruptcy of the nation's leadership. It is evident that they will stop at nothing to cling to power.

History shows that in the absence of proper forest management, tropical forests are mined to the detriment of the country concerned. More importantly in the short to medium-term, any natural resource exploitation by warring factions, especially foreign-backed ones, will seriously delay if not completely derail the potential for lasting peace and stability in DRC. It is therefore imperative, given that DRC's timber is destined for foreign markets, that the international community take strong action to prevent the Zimbabwean deal going ahead.

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