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ERITREA/ETHIOPIA

Ceasefire under threat

The OAU peace deal between Asmara and Addis Ababa is hanging by a thread as both sides rearm and turn up the war rhetoric

Ethiopia and Eritrea are set to start fighting again (AC Vol 40 Nos 4 & 9). Neither trusts the other and each accuses the other of preparing for war - accurately, since troop numbers have been increased again along the border and arms are flowing in. Ethiopia has bought more Mi-35 attack helicopters, Eritrea has bought air defence units. Both sides have replaced lost tanks by purchases from **China**, **Russia**, **Ukraine** and other East European countries.

Both sides carry on their over-the-top propaganda: 'gargantuan tantrum'; 'blasphemous, reeking of petulance'; 'an unmitigated disgrace'; 'psychopathic'; 'collaborator of the CIA'. At the United Nations General Assembly in early October, Ethiopian Foreign Minister **Seyoum Mesfin** repeated that Eritrea, 'ruled by the whim of one man', was 'a major source of instability in our sub-region', exploiting **Somalia**'s chaos to 'advance its irresponsible policy of destabilising countries in the Horn of Africa'. He castigated the UN for failing to defend international law. His Eritrean counterpart, **Haile Woldetensae** (likely to be replaced in a reshuffle) denounced 'Ethiopia's avowedly ethnic-based policy of territorial aggrandisement and its systematic annexation of large areas of Eritrean territory'. He spoke of Ethiopia's 'shrill war hysteria' and of Eritrea's 'sovereignty and dignity'.

Both sides claim to have accepted the Organisation of African Unity Framework, plus the Modalities produced at this year's Algiers OAU conference. Ethiopia dislikes the technical arrangements, querying the timetable, the details for restoring Ethiopian administration in disputed areas, compensation for property (including 30,000 tonnes of food aid) and details of the proposed demarcation and monitoring missions. Eritrea, too, complains about compensation, particularly for its deportees. OAU special envoy **Ahmed Ouyahia**, on his fourth visit to both countries at the end of October, made no progress. Ethiopian Premier **Meles Zenawi** insisted on the need for a return to the *status quo ante* and the withdrawal of Eritrean troops from all disputed areas; Eritrea refused to move before a ceasefire.

More war, less economy

Badme, whose seizure by Eritrea in May 1998 started the conflict, remains at the centre of the fighting. Despite heavy losses in the last big battle, in June (see Box), President **Issayas Aferworki** has invested a lot of political capital in the fight for Badme, which Ethiopia recaptured in February. In Eritrea, criticism of the war is growing, though the ruling People's Front for Democracy and Justice (PFDJ) ensures that it's hardly heard; Eritrea's 12 private newspapers exercise stringent self-censorship. But the war is seen as less successful, and bloodier, than the government pretends; as during the Independence struggle, the PFDJ (formerly the Eritrean People's Liberation Front) refuses to announce casualties.

More conscripts are evading service, with the original bracket of 18-40-year-olds widened to include 15-55 or even 60-year-olds. The latest recruits at the Sawa training camp were deployed after a training programme already cut from six months to three and now, it is reported, to one month. A fresh call-up is under way and a new training camp has been opened near Assab. The Alliance of Eritrean National Forces, set up in **Sudan** earlier this year, is now numerous enough to tie down several brigades in western Eritrea.

Eritrea spent about a third of its gross domestic product on defence last year; very few countries spend more. Economic growth fell to four per cent in 1998 and is likely to be less than half that this year. Massawa port operates at no more than a third of capacity. Over 300,000 people have been internally displaced by the conflict and more than 65,000 deportees from Ethiopia must be integrated. Some 75,000 more may be regarded by Ethiopia as Eritrean citizens and could also face expulsion.

The Ethiopian government has similar problems. In September, the Central Committee of the Tigray People's Liberation Front (TPLF), which still controls the ruling Ethiopian People's Revolutionary Democratic Front (EPRDF), put the war at the top of its agenda; Ethiopia's

Battling for Badme

Badme, taken by Eritrea in May 1998, has this year been the focus of several deadly battles. In February, Ethiopia attacked with artillery, then aircraft and tanks, then human-wave assaults. After four days and heavy losses, Ethiopia broke the Eritrean defences in two places. Eritrea, too, took heavy casualties, and withdrew.

Eritrea had seven divisions at Badme against Ethiopia's five; over-confident, it had built only a single line of trenches, which were broken by guns and tanks. At Tserona in March, Eritrean troops had dug three lines; an Ethiopian armoured brigade broke through the first two in six hours but lost more tanks than expected and withdrew when threatened by Eritrean reinforcements.

A week later, Eritrea made the first of three attempts to retake Badme and the strip Ethiopia holds to the west, between the Merab and Setit rivers, parallel to the former frontier but 20-30 kilometres on the Eritrean side of it. The last and largest attack lasted six days in late June; Eritrea made some ground but failed again. The first assault by Eritrea's 271 Corps, commanded by General **Teklai Habteselassie**, came at 10.00 am on 18 June and surprised the Ethiopian forces.

Conventionally, Eritrea began with a rocket and artillery barrage, followed by infantry. The 271 Corps (one mechanised and three infantry divisions) was supported by the similar-sized 381 Corps (Gen. **Umar Hassan Teweel**) and 161 Corps of three infantry divisions (Gen. **Felipos Woldeyohannes**, demoted after February's failure but reinstated), plus elements from 2001 Corps (Gen. **Gabregziabher Gebremaryam 'Wacho'**), 491 Corps (Gen. **Haile Samuel 'China'**) and 525 Commando Division: a total of one commando, eleven infantry and two mechanised divisions. Ethiopian forces, commanded by Gen. **Samora Yunus**, included the 21st, 22nd and 23rd divisions and were quickly reinforced, reaching a total of seven.

Ethiopian divisions comprise one mechanised and three infantry brigades - about 10,000 troops at full strength. Eritrean divisions have 7-8,000 troops in three infantry brigades; their mechanised divisions have one tank brigade and three artillery brigades.

In June, Eritrean losses were very heavy: against fixed and heavily defended positions, the first and second divisions of 291 and 381 Corps were devastated, as was 525 Commando, used several times as a strike force. Both sides had lost 70,000 men before the June fighting; they have since lost at least 30,000 more, of which most were Eritrean.

Ambassador in Washington, **Berhane Gebre Christos**, was present to discuss the recent coolness in relations with the **United States** (see Box). It was agreed that Eritrea could not be trusted: it accepted the OAU Framework only after being defeated at Badme in February and the Technical Agreements after taking another beating in June.

The Ethiopian generals thought they could win another victory, which would further weaken Issayas's regime, but it was decided to delay military operations, to make time for modifying the Technical Agreements and identifying areas from which Eritrea should withdraw. Since then, in what Addis Ababa sees as a provocation, Asmara has claimed sovereignty over Zalembessa and made probing attacks there and on the Jerbert river on the Badme front, on 24 October.

The TPLF reluctantly agreed that Ethiopia would stop military operations in Somalia, provided Eritrea stops backing the Oromo Liberation Front (OLF) and other opposition groups in southern Ethiopia. In Addis Ababa in the last week of October, Ethiopian officials held 'difficult' talks with Somalian warlord **Hussein Mohamed Farah 'Aydeed'**; Eritrea is said to be sending more weapons to his allies in Kismayo, while Ethiopia is still arming his enemies, including Gen. **Mohamed Said Hirsi Morgan** (for whom an aircraft-load of weapons arrived in Baidoa in mid-October). Hussein Aydeed is said to have got money for weapons on his latest visit to **Libya** and has already bought some Toyota Landcruisers in Dubai, **United Arab Emirates**, along with food, medicine and ammunition.

Ethiopia still blames Eritrea for underwriting Aydeed, the OLF and other small Oromo and Somali opposition parties. Eritrean radio on 26 October publicised a coordination meeting of six Ethiopian resistance movements: the OLF, Ogaden National Liberation Front, Oromo Liberation United Front, Sidama Liberation Front (formerly 'Movement', with new leaders), Oromo People's Unity Front and Western Somali Liberation Front. In late October, **Yemen** agreed to stop the use of its territory as a channel for arms and recruitment for Aydeed's allies among Ethiopian opposition movements.

The TPLF Central Committee also considered the elections due next May for regional/state and national governments, amid growing concern about corruption and the cost of the war. Last year, military expenditure was around seven per cent of GDP and rising sharply. The bill is partly met by 'restructuring of priorities'; a fifth of the 1998 Ethiopian Roads Authority budget was unused, capital and current expenditure budgets have been trimmed, taxes have been raised and treasury bonds issued. While Eritrea's war-chest was last year swelled by 'voluntary' donations from Eritreans abroad of more than US$300 million, Ethiopia has been spending its privatisation receipts, $360 mn. by this May. Another 41 companies (including three breweries) are to be sold off in the next phase and a further 80 by 2002, with foreign bidders tempted by concessions on company debts and payment details.

War shortages

Export earnings fell by almost 15 per cent in 1998-99, to $442.5 mn.; world coffee prices were low, while war-induced shortages of labour and equipment cut the exportable volumes of pulses, hides and cereals. Since drought reduced the yield for the main 1998 harvest and almost completely spoiled the 1999 secondary harvest, more than seven mn. Ethiopians (up by two mn. since July) suffer from food shortages. This year's main rains have been better in the Highlands but with over 330,000 internally displaced people, workers and resources have been diverted by the war from farming and food distribution. Donors are cutting aid because of the war and a World Bank Vice-President, **Callisto Madavo**, recently warned both Ethiopia and Eritrea that they could expect no new lending until the fighting stopped.

Even the government admits to problems with corruption and inefficiency in the public sector. Accusations have been levelled at the Electric Power Corporation, Telecommunications Corporation, Agency for the Administration of Rented Houses, customs service and the administrators of land leases in Addis Ababa. Regional government scandals have reached the headlines, especially in Eastern Shoa and in Harar. It has been alleged that money raised for agricultural development is missing from the national accounts and revenue receipts, and that the money has been diverted to pay for the war.

The EPRDF runs a business empire, organised through regional development funds. Since political parties aren't allowed to own for-profit companies, these conglomerates belong to individual party members. The original company was the Endowment Fund for the Rehabilitation of Tigray (Effort), with its main divisions headed by leading TPLF members and Former Defence Minister **Siye Abraha** as Chairperson; his brother **Assefa Abraha** is head of privatisation, reporting directly to the Prime Minister's office. A similar organisation, Endeavour, has been set up by the Amharic National Development Movement (ANDM), another EPRDF party, but none such organisation exists for the other two EPRDF parties, the Oromo People's Democratic Organisation (OPDO) and the Southern Ethiopian People's Democratic Front (SEPDF), though companies called Dinsho and Wendo operate in their regions.

The regional funds and companies operate nationwide, with access to government (and international aid) funds and contracts, tax-free imports and advantages in land leasing. They reinforce the EPRDF's political dominance ahead of the May 2000 federal (national) and regional state elections. The Front, gaining patriotic support from the war, plays down its former ethnic-federal ideology; it is bound to win the elections.

The National Electoral Board has registered 23 parties belonging or allied to the EPRDF and 11 opposition parties, most of them in disarray. **Beyene Petros**, who leads the Coalition of Alternate Forces for Peace and Democracy in Ethiopia, has spent the past year abroad; in August and September some CAFPDE activists were arrested in Burji, Awassa, Arbaminch and other southern towns. The previously suppressed All Amhara People's Organisation (AAPO) has failed to open the 14 offices authorised by the Electoral Board; its Chairperson, Professor **Asrat Woldeyes**, was released from gaol on medical grounds but died in the USA in May; there are rows about replacing the acting head, **Kegnazmatch Neqatibeb Bekele**. There is little space for opposition while the war drags on.

Getting DC's drift

Ethiopia is angry at what it sees as the international failure to condemn Eritrean aggression. When receiving the new **United States**' Ambassador to Ethiopia, **Tibor Nagy**, in early October, Ethiopian President **Negasso Gidada** pointedly noted that 'aggression should and must not be rewarded'. Nagy, an administrative officer in Addis Ababa in the mid-1980s but recently stationed in West Africa, claimed at his confirmation hearings in August that Ethiopia was one of the USA's most important partners in Africa. The Addis Ababa government would like some positive indication of that. Ethiopia believes that the USA has not condemned Eritrean aggression partly because it wants to keep Eritrea out of the Arab camp, presumably at the behest of **Israel**, which worries about the prospect of an 'Arab Red Sea'.

Neither Ethiopia nor Eritrea has been impressed by the level of US involvement. Last year, President **Issayas Aferworki** was dismissive of the peacemaking efforts of **Susan Rice** (Assistant Secretary of State for African Affairs) and **Gayle Smith** (presidential adviser on Africa). In the past few months, Ethiopia has been equally concerned by what it sees as their failure to understand the issues or its concerns. Viewed from Addis Ababa, US policy seems to be drifting.

We hear the outgoing US Ambassador to Ethiopia, **David Shinn**, was deeply frustrated by the State Department's failure to listen to his advice in recent months and by the way the US diplomatic teams, including those headed by former National Security Advisor **Anthony Lake** which have shuttled between Addis Ababa and Asmara over the last year, isolated him from the discussions. It seems there was no consultation with the Ethiopian government before a recent US offer to provide logistic support for the planned Organisation of African Unity observer group of troops from seven African states, apparently to be based in Decamare in Eritrea and in Adigrat and Makelle in Ethiopia, with helicopters and communications equipment.

CONGO-KINSHASA

Precious little peace

Divided rebels, stay-put foreign troops and carpet-bagging threaten the ceasefire

There is not much sign of peace. The Lusaka peace deal, signed in July and August, has survived, just. Implementation is moving painfully slowly, with only a handful of United Nations' observers in place (AC Vol 40 Nos 14 & 18). The rebels are increasingly divided and the foreign armies seem determined to stay put. Perhaps the most promising signs are the discreet contacts between **Zimbabwean** President **Robert Mugabe** (the leading backer of the forces supporting Congo-Kinshasa President **Laurent-Désiré Kabila**) and **Uganda**'s President **Yoweri Museveni** (the leading backer of the rebel forces). These contacts appear to be designed to forestall a major new outbreak of fighting around the diamond capital of Mbuji-Mayi. Few details have emerged about the possible negotiating points in these discussions, although some suggest they may involve Ugandan access to Congolese natural resources.

This dialogue hasn't moderated the Kabila camp's rhetoric yet on 2 November Congo's state television reported that Kabila would lead a liberation mission against **Rwanda**'s occupation of Eastern Congo and threatened to take Congolese forces to Kigali. In the last week of October, Kabila's forces captured Libanda town from **Pierre Bemba**'s *Mouvement pour la Libération du Congo* (MLC) and, early in the following week, started a wider bombing campaign against territory held by Bemba.

The biggest changes, though, have been in the rebel-held eastern territory, where the largest rebel faction is divided against itself. Barely five months after it chose **Emile Ilunga** as its president, the *Rassemblement Congolais pour la Démocratie*, based in Goma and backed by Rwanda, is in extreme crisis. At the end of October, after a meeting of the RCD's general assembly, Ilunga's 'government' was trimmed from 24 to 16 members and the president himself was instructed to run things in a more 'collegial' way with his two vice-presidents, **Moïse Nyarugabo** (a Tutsi, head of civilian affairs) and Commandant **Jean-Pierre Ondekane** (defence).

The movement's assembly, meeting while Ilunga was visiting Washington with his 'minister' of foreign affairs, forbade the president to sign commercial contracts, saying that the only valid ones were those signed by the relevant minister. The assembly's finance committee had censured Ilunga and his minister for security and information, **Bizima Karaha** (Munyamulenge); it said Ilunga had accepted US$300,000 for exempting a Rwandan company, Petrocom, from taxes worth $1.3 million, under a contract unapproved by the assembly or the ruling council. Karaha was said to have been unable to explain why he had postponed delivery to the treasury of half a million dollars contributed to the RCD-Goma by **Libya**'s Colonel **Moammar el Gadaffi**.

Ilunga's friends say that part of the $300,000 was handed over to Tutsi Commander **James Kabarehe**, to finance the mid-August conquest by the RCD and its Rwandan allies of Kisangani, which was at the time held by the rival Ugandan-backed RCD faction under Professor **Ernest Wamba dia Wamba** The rest had been used to pay public servants. Karaha finally paid most of the half-million into the treasury, on orders from Rwandan Vice-President **Paul Kagame**.

One of the rebel movement's new ministers says that Ilunga's time as president would have been up, save that sacking him so soon after his appointment would damage the RCD's image. From now on, said the minister, Ilunga is 'under observation'. His new ministerial team has some tough work ahead. The people of Goma are fed up. Hotel-keepers reckon the RCD owes them $2 mn. Traders complain they have lost their market in Kinshasa, which used to buy the considerable agricultural surplus of Kivu. A 100-kilogramme sack of beans which used to fetch $50 pre-war now sells for $17. The only benefit of RCD rule is that the Congolese franc has lost its value in Goma only half as fast as in Kinshasa, since the Goma regime does not print new notes.

The biggest grievance is the presence of Rwandan troops, who are accused of looting. Gold is smuggled out in an aircraft which shuttles between Kigali and Pinda, 80 kilometres west of Goma. Light planes come and go between Kigali and Walikale, with similar cargoes and diamonds, too. The same aircraft, privately owned, are chartered by the Rwandan army to carry troops and supplies. When asked about this by the **Belgian** daily *La Libre Belgique*, Kagame replied that Europeans, Asians and **Americans** are in the smuggling business, as well as his own countrymen. 'It isn't our affair, it's up to the Congolese'. Kagame added that soldiers involved in smuggling were punished.

Local officials in Goma have had only one month's pay since the rebellion started in August 1998. Ilunga blames that on the economic war instigated by the rival, Ugandan-backed, RCD-Wamba, based in Bunia, 800 km. north of Goma. When the RCD-Wamba cut the customs duty at the border from $20,000 per container to $3,000, haulage firms bypassed Goma until, at the beginning of October, Ilunga's RCD set up a customs and immigration post at Rutshuru, 60 km. north of Goma. The effect is to formalise the division of RCD territory into Rwandan and Ugandan zones, to the fury of local residents.

One month's pay in eighteen

The RCD's soldiers are angry, too. The movement's officials claim that 70 per cent of its income goes to the war effort but the minister for military supplies, **Michel Tshibwabwa** (who lost his job in the October reshuffle), claimed he had received nothing from Goma with which to feed his soldiers, who must make do with what local people 'give' them. In mid-October, a group of soldiers tried to persuade Ondekane to back a coup against IIunga and Tshibwabwa called for the president's resignation. Some expect Tshibwabwa to organise a guerrilla movement of his own, in alliance with Rwanda, at Lusambo in Kasaï.

There is just as much confusion at Bunia, where Wamba dia Wamba leads the rival RCD faction. Since June, there has been fighting in the Djugu area between members of the Hema and Lendu peoples, whose relationship tends to resemble that of the Tutsi and Hutu in Rwanda, **Burundi** and Kivu. Relief workers say 300 people died between 16 and 18 October and the Bahema are said to be supported by Ugandan soldiers and the RCD-Wamba's forces. Some have even accused Kabila's forces (specifically, Zimbabwean special forces) of behind-the-lines operations to create even more problems in rebel-held territory.

Elsewhere, intra-rebel disputes hardly need outside encouragement. Relations between troops of the RCD-Wamba and RCD-Ilunga are as tense as those between the Ugandan and Rwandan contingents. People in Bunia dread an attack by the RCD-Ilunga from Goma. In late September, thousands of traditional MaiMai and Wangilima warriors with their priestesses moved, with help from Ugandan soldiers, into a training centre at Bafwasende. The RCD-Wamba could employ them in an offensive against Rwandan forces and the RCD-Ilunga at Kisangani.

One stays, all stay

None of the foreign armies seems prepared to pull out. In his interview with *La Libre Belgique*, Kagame said: 'We must stay for various reasons which are our own business'. He added that Rwanda's security was at stake, claiming that there were *Interahamwé* and soldiers of Rwanda's former government at Mbuji-Mayi and Lubumbashi. Rwanda plans to set up export processing zones along its frontier with Congo and to establish a twin-town relationship between Bukavu and Rwanda. The RCD's enemies call this 'colonisation'.

Somewhat similarly, in late October the **Angolan** army said it intended to send troops into Congo to impose security along the frontier, in an area which rebels of the *União Nacional para a Independência Total de Angola* claimed, until recently, to control. On 23 September, too, the Zimbabwean Defence Ministry announced a joint venture for dealing in Congolese gold and diamonds between Comiex, a company belonging to Laurent Kabila and some of his ministers, and Osleg, one of whose main shareholders is General **Vitalis Zvinavashe**, the Zimbabwean Chief of Staff. This suggests that Zimbabwe has longer-term ambitions in Congo.

Namibia is also expressing an interest. Home Affairs Minister **Jerry Ekandjo** told the National Assembly in mid-October, 'The government would accept an invitation to explore any mineral enterprise, if invited by the Congolese people'. The Windhoek government has postponed the adoption of next year's budget until after the presidential election on 30 November-1 December for fear of opposition criticism of its involvement in Congo. Half of the budgeted increase of $363 mn. Namibian dollars (US$59 mn.) is for military expenditure rather than health and education.

Within Congo the unarmed opposition, its freedom of action strictly limited, refuses to take part in a national dialogue. The Kabilists have begun a dialogue with themselves, involving on one side Kabila's own *comités du pouvoir populaire* (people's power committees) and on the other, some token Lumumbists picked by the President. Some prefer to call it a monologue.

Kabila's government has brought an action before the International Court of Justice in the Hague, claiming war damages for actions by the armies of Uganda, Rwanda and Burundi. Hearings began on 19 October, yet on 29 October, Kabila sent his Justice Minister, **Mwenze Kongolo**, to Kampala to propose an out-of-court settlement; Kongolo said that Rwanda believed only in the force of arms and would not consider such an offer.

Recent military operations and scares include an accusation on 7 September by a Zimbabwean major general, **Amoth Chingombe**, that Congolese rebels and their Rwandan allies had assembled troops around Mbuji-Mayi. On 5 October, the headquarters of Kabila's *Forces Armées Congolaises* (FAC) said Rwandan troops had mounted an attack nearby, at Kileta on the outskirts of Kabinda, three days earlier.

A week after that, FAC HQ accused Uganda's 'aggressive forces', plus rebels of the MLC, of building up troops and military supplies at Bomongo in Equateur Province. The FAC also claimed that Rwandan forces had attacked Kapondo, near Pweto in Katanga.

Nothing has been done to move a United Nations mission into Congo. On 9 October, the Kinshasa government said it would allow UN technical evaluation teams to operate in rebel-controlled areas but not in those under government control. In Brussels and Paris, the message is that Zimbabwe and Namibia may keep Kabila in power for longer than was expected, leaving a power vacuum from which the United States is absent. French Cooperation Minister **Charles Josselin**, making the first ministerial visit to Kinshasa since Kabila took power in May 1997, announced that '*coopération* ' would begin again, starting with some health and education projects. In mid-October, before Josselin's trip, the Secretary General of Belgium's Ministry of Foreign Affairs, **Jan de Bock**, visited Kinshasa to reopen a dialogue with Congo and suggested areas in which Belgian aid might be useful as well.

ZIMBABWE/CONGO-K

Rhodies to the rescue

Some of Ian Smith's old friends are helping to finance Mugabe's Congo war effort

Zimbabwe's war in the Congo gets costlier by the day. As the bill rises, the failure of President **Robert Mugabe**'s government to budget accurately for its intervention has caused a new rift with the World Bank and International Monetary Fund. Domestic opposition is growing, too, as **Morgan Tsvangirai**'s opposition Movement for Democratic Change (AC Vol 40 No 18) asks awkward questions about the Zimbabwe Defence Force's contracts and the 'growing militarisation of the economy'.

Two white businessmen, **Billy Rautenbach** and **John Arnold Bredenkamp**, have played a central role in procuring and transporting military supplies for Zimbabwean and Congolese troops. They were also meant to set up financing schemes through which Zimbabwe could invest in Congo's mining sector, using the profits to defray the cost of military support for President **Laurent-Désiré Kabila**'s government. They are linked into a white business network that includes figures such as **Ricky Passaportis**. Even in Zimbabwe's cabinet, the Bredenkamp-Rautenbach partnership and its close links to Justice Minister **Emmerson Mnangagwa** are drawing fire.

Rautenbach's problems are now financial as well as political. In June, his **Botswana**-based Hyundai Motor Distributorship Company (HMD) had to negotiate a standstill agreement with its **South African** creditor banks. Rautenbach had more than 27 million Rand (US$4.5 mn.) of unsecured loans from Wesbank and Bankfin in South Africa, and Marubeni Auto in Europe. The bank creditors told him to pay a total of $16 mn. into HMD by the end of October to avoid insolvency. They say he has complied but appears to have sourced most of the money from operations in Congo, where his Ridgepointe company took over Gécamines' valuable *Groupe Central*; he became Chief Executive of Gécamines a year ago. After an investigation by South Africa's internal revenue department, Rautenbach has recently reached a settlement of corporate and personal tax liabilities.

His **British**-based partner, Bredenkamp, has been vulnerable to political criticism for his acknowledged support for the **Ian Smith** regime and its secret 'Zephyr' programme, which broke United Nations sanctions against the minority Rhodesian regime. At the height of Zimbabwe's liberation war, **Dutch** journalists photographed in a **Belgian** hangar a fleet of **Italian** Marquetti fighter planes procured by Bredenkamp for the Smith regime. Bredenkamp's political rehabilitation in independent Zimbabwe is generally attributed to Mnangagwa, whom he now tells friends he is 'positioning' to succeed Mugabe.

This year, Bredenkamp offered US$50 mn. to Zimbabwe's state-owned fuel distribution company Noczim (central to the government's 'parallel financing' of the Congo war) after its **Kuwaiti** suppliers had refused to extend further credit. Bredenkamp, who sold his tobacco and arms trading company Casalee for $150 mn. in 1993, now divides his time between running his Masters sports management company in Britain and his Lake Kariba villa in Zimbabwe. Although the Bredenkamp-Rautenbach partnership has delivered materiel to Congolese and Zimbabwean forces, it hasn't produced the needed income for the Zimbabwean government. Bredenkamp claims he is the leading arms supplier to Congo and Zimbabwe but other business people point to new arms-brokers entering the market.

Mugabe insists that Zimbabwe's military support for the Kabila regime in Congo-K is self-financing. Oppositionists argue that the only beneficiaries are a few senior politicians and military officers, business partners of a group of 'Rhodies' (white Zimbabweans formerly loyal to Smith's regime). Meanwhile, Harare's share of the war costs is mounting. Economic growth is projected to fall to 1.2 per cent this year from last year's 1.5 per cent and inflation is at almost 60 per cent for the year. **Denmark**, Italy and the Netherlands are cutting aid to Zimbabwe because of 'governance issues'.

Fog envelops the government's war spending. Finance Minister **Herbert Murerwa** estimates that defence spending will grow by 62 per cent next year to Z$9 billion. (US$235 mn.) Accordingly, the IMF is reviewing the 14-month US$193 mn. stand-by facility approved in August. Since negotiations on the facility started late last year, the economic and political situation has deteriorated sharply; privately, Fund officials acknowledge that the government's estimates of $3 mn. a month for its Congo intervention never looked credible.

No political strings

Mugabe clearly wants to keep troops in Congo for the longer term and the IMF seems unlikely to obtain water-tight assurances that stand-by credits would not be used to free funds for this. Previously worried about appearing discriminatory (the IMF and World Bank have approved several credits for **Rwanda** and **Uganda**, which sponsor Congo's rebels), Washington economists now argue that the case against more lending to Zimbabwe can be made solely on grounds of economic management, with no political considerations.

Zimbabwe's war finance effort is also threatened by recent ructions between the Rautenbach-Bredenkamp partnership and Congolese ministers. In particular, the ministers criticise Rautenbach's management of state-owned Gécamines for not generating enough revenue for the government. Gécamines has been technically bankrupt since before Rautenbach took over. Some suspect Belgian interests, the biggest losers in Rautenbach's takeover of Gécamines, of being behind the more xenophobic denunciations of Zimbabwean businessmen in Congo.

Gécamines workers have protested against Rautenbach's announcement of mass redundancies and his broken promises over back-pay. One recent demonstration delivered a coffin with his name on to Gécamines' Kinshasa headquarters. We hear that senior Congolese ministers had persuaded Kabila to break commercial ties with Bredenkamp-Rautenbach, until Mnangagwa brokered a compromise allowing Rautenbach to retain management control of Gécamines.

One of Rautenbach's closest contacts in the Kabila government was the urbane **Pierre-Victor Mpoyo**, Minister of State in the presidency and its leading financial strategist. Last year, the two negotiated an agreement under which Gécamines' core mineral assets are assigned to Rautenbach's Ridgepointe, in which Congolese officials have an equity stake. *Africa Confidential* has obtained a copy of the contract signed on 4 September 1998 which differs significantly from copies posted on the Internet.

Dividing the spoils

A secret annex to the contract stipulates that profits from the sale of Gécamines' copper and cobalt are divided 62.5 per cent to the Congo government and 37.5 per cent to Ridgepointe. From the government's share, 20-30 per cent of profits are meant to go to the Zimbabwe government in part payment for its military support. Business people party to these transactions say that some highly placed Congolese and Zimbabweans have received *ex gratia* payments from both Ridgepointe and Congo. The contract waives Gécamines' rights to a share in the profits, partly because Gécamines' ownership of the most valuable concessions has been transferred, according to the contract, to a new company called the Central Mining Group Corporation, registered in Congo under Rautenbach's name.

Rautenbach and Mpoyo had planned to extend this mechanism to the diamond sector. Earlier this year, they were working on an arrangement whereby a Rautenbach company would get control of the majority state-owned *Minière de Bakwanga* (Miba). They had persuaded Kabila to approve the restructuring as a source of financial incentives for the **Angolan** and Zimbabwean governments to defend Mbuji-Mayi, Congo's diamond capital and the site of Miba's headquarters. Miba is 80 per cent owned by the Congo government and 20 per cent by Belgium's Sibeka, in which De Beers has a minority stake.

Since the Miba negotiations, Rautenbach's relationship with Kabila's government has deteriorated rapidly; the government is increasingly dissatisfied with its returns from Ridgepointe's cobalt and copper sales. It now seems that it is mainly Mnangagwa's sponsorship that keeps Rautenbach operating in Congo. Kabila sent Mpoyo to Paris in early November for talks with **French** and **Japanese** companies keen to replace all or part of Rautenbach's operations.

Rautenbach's problems in Kinshasa started in June after he fell out with the UK-based Metal Resources Group. Specialising in cobalt trading, MRG had been trying to get a monopoly of African supplies by negotiating exclusive purchase deals with the continent's two bulk cobalt suppliers, Congo's Gécamines and **Zambia** Consolidated Copper Mines, which together are reckoned to produce about 40 per cent of world supply. MRG boss **Rami Weisfisch** predicted a major price hike, given that estimated world cobalt demand was around 34,000 tonnes this year but world supply was no higher than 30,000 t.

Weisfisch and Rautenbach set up a working arrangement under which Gécamines would send cobalt to MRG which would market it, repatriate the money to Ridgepointe and pass on a share to Kabila's government. Yet the two sides disagreed about business tactics at a stormy meeting at Rautenbach's London lawyers, S.J. Berwin, in June. Later that month, Kabila complained to MRG that the government hadn't received its expected share of the cobalt revenue from Rautenbach. In turn, Rautenbach accused MRG of bad faith and of trying to exclude him from future transactions.

For now, Rautenbach has won the battle, though MRG says it is negotiating with Kabila. Currently, Rautenbach is selling all of Gécamines' (now effectively Ridgepointe's) copper production to **Marc Rich** Investments Limited. In 1981, Rich was the subject of a **United States**' indictment for running the 'largest tax evasion scheme ever prosecuted' and was a leading oil supplier to South Africa's apartheid regime. Since then, Rich has run his businesses out of Zug, **Switzerland**. Rautenbach is selling all of Gécamines' cobalt production to Glencore, a commodity company founded by Rich but now commercially independent of him.

How long these contracts continue depends mainly on how much revenue they produce for Kabila's government. Kabila may be reluctant to unravel the complex financial arrangements negotiated with Ridgepointe if a new partnership with a Japanese or French company provides only marginally more revenue. However, Rautenbach's own position in Zimbabwe and South Africa is important. His bankers have found it extremely difficult to assess his real financial standing. He is the ultimate owner of some 150 companies in 11 different African countries, the British Virgin Islands (BVI) and the USA. Over 40 of his companies have been incorporated as International Business Companies in the BVI to ensure secrecy of ownership. He has also vested the ownership of all his companies, including the BVI-registered ones, in two discretionary trusts, the Sinai and El Hara trusts, registered in Jersey.

Such secrecy may confuse some of Rautenbach's commercial rivals but doesn't much help him maintain good relations with Kabila, which ultimately depend on revenue levels for the Kinshasa government. Rautenbach's and Bredenkamp's strongest card in Congo is that as long as they have the political backing of Mnangagwa and Mugabe, Kabila will be under huge pressure to retain them. Kabila's future is more than ever dependent on the willingness of the Zimbabwean troops to protect him and the government's mineral assets. For now, the Zimbabwe government is willing to do that, almost at any cost to its treasury.

GABON

Digging deeper holes

Debts and corruption are rocking President Bongo's African emirate

A massive hole in Gabon's public finances - some say of more than US$350 million - is at the heart of its growing financial and political crisis. By the end of last year, arrears to foreign creditors were estimated at 160 billion CFA francs ($256.4 mn.). They have probably doubled this year. President **Omar Bongo**'s government also has arrears of CFA 100 bn. to local banks. With an oil-fired gross national product per head of $4,000, Gabon is one of Africa's wealthiest states. Yet most people live in poverty and a damning new report from the United Nations Development Programme says social services are collapsing.

Tracing the missing $350 mn. preoccupies both foreign creditors and Gabonese who worry about government corruption and mismanagement. A decade ago, Bongo could have dealt with such a crisis by calling the **French** treasury for bridging finance and talking smoothly to foreign creditors. That changed when, in 1994, Paris devalued the French-backed CFA franc, against Bongo's objections. It told Libreville there would be no more *ad hoc* bail-outs and that future financial help would go through the International Monetary Fund.

Like fellow dinosaurs such as **Togo**'s **Gnassingbé Eyadéma** and **Zaïre**'s late **Mobutu Sese Seko**, Bongo (in power since 1968) was shocked by his marginalisation by Paris and Washington. His regional clout, in the group that included **Angola**'s **Jonas Savimbi**, Mobutu and **Morocco**'s late King **Hassan** II, has gone, overtaken by the end of the Cold War and the death of two key players. Gabon has little economic leverage. The **United States** takes almost 70 per cent of its oil but could easily buy elsewhere. Gabon has nothing to match the massive oil discoveries in Angola and **Nigeria**. Its big foreign friend is France, which supplies about 40 per cent of imports.

No more Monsieur Afrique

The next shock came when neither Paris nor Washington would block exposure of some murky areas in Bongo's government. He tried everything, including a personal call to President **Jacques Chirac**, to stifle the inquiry by investigating magistrate **Eva Joly** into Elf-Aquitaine's unorthodox financing operations. This focussed on Bongo's relationship with **André Tarallo**, Elf-Gabon's disgraced and ousted *Président-Directeur Général*. Late last month, Joly's inquiries moved on when a **Swiss** magistrate, **Paul Parraudin**, produced bank records showing that over 600 mn. French francs ($97 mn.) had been channelled through Tarallo's Swiss account from the Gabonese presidency.

Tarallo ('*Monsieur Afrique*') claims he didn't benefit personally from the arrangement, which was essentially an 'extraordinary bonus' scheme agreed between Elf's senior management and the Bongo government. French investigators now have documents detailing payments from Libreville to Tarallo's account. Further, the US Senate's Special Investigations Committee will on 9-10 November start looking at gaps in the US banking regulations by examining cases in which foreign politicians appeared to break the spirit, if not the letter, of US banking law. Cases to be examined by the hearings will include those of **Raul Salinas** (brother of former **Mexican** President **Carlos Salinas**), **Asif Ali Zardari** (**Benazir Bhutto**'s husband), **Mohammed Abacha**, (son of the late **Nigerian** military ruler), and Omar Bongo. A private banker, **Alain Ober**, who has worked for Abacha and Bongo, will testify on Tuesday 9 November. The hearings will examine whether the commercial banks used observed their own rules of banking when dealing with these foreign account holders. None of Bongo's five hired lobbyists and several informal 'advisors' in Washington was able to forestall this public airing of his financial affairs in the US Senate. His US trip in April was a fiasco, as hungry lobbyists tried to clamber onto the Bongo gravy train (AC Vol 40 Nos 8 & 9).

Back home, after a year of strikes, demonstrations and the payments crisis, Bongo's government needs a new deal with the IMF. Last year, the Fund suspended its Extended Financing Facility for several reasons, including 'lack of transparency in public finance' (Fundspeak for corruption). Libreville's negotiating team is led by respected Finance Minister **Emile Doumba**, who has been trying, with limited success, to persuade his ministerial colleagues and the presidency to implement an IMF-inspired austerity programme.

It isn't easy to sell austerity to the Gabonese. Libreville's lively oppositionists and trade unionists resent paying for an economic crisis they blame on political corruption. Politicians such as **Paul Mba Abessole**, leader of the *Rassemblement National des Bûcherons* and Mayor of Libreville, complain about December's presidential election, when Bongo's 66.5 per cent vote was broadcast by state radio hours before the count had finished in many voting centres.

Tens of thousands of new voters had found their way onto electoral rolls since the parliamentary elections two years earlier, particularly in Bongo-strongholds outside the capital. A negligible vote was recorded in the main opposition districts of Libreville. Under-age voters, claiming to be Bongo-loyalists, got voting cards. These oddities attracted no comment from a select group of French lawyers and magistrates brought in by *Maître* **Robert Bourgi**, Bongo's lawyer and a friend of Chirac's. Later, French Justice Minister **Elisabeth Guigou** remarked that it was a 'little curious' that Bourgi's independent observers were under the control of the state-run *Conseil National Electoral*. They concluded that Bongo had been fairly re-elected in a climate of 'calm and transparency... and without massive fraud.'

Opposition activists such as Abessole (who got 13.41 per cent of the vote) and **Pierre Mamboundou** (who got 16.5 per cent as leader of the alliance known as the *Haut Conseil de la Résistance*) are stepping up the rhetoric as Bongo's troubles multiply. However, Abessole and Mamboundou distrust each other; without an alliance between their parties and the unions, Bongo's ministers should be able to flatter or crush the opposition as usual - unless the financial crisis becomes a catastrophe.

The World Bank and the IMF would like to use Gabon's political and financial difficulties to promote macro-economic reforms and financial transparency. Without an IMF deal, nobody will talk about rescheduling Gabon's debt; the government is in arrears to all its creditors, including the multilateral agencies. Government sources say its total external debt at the end of 1998 was close to CFA 2,000 bn. (then $3.54 bn.). The Paris Club of governmental bilateral creditors accounts for perhaps CFA 1,600 bn. of this, including almost CFA 1,000 bn. to France. Debt to the London Club of commercial creditors was refinanced in 1994 and is less than $100 mn. An external audit by Deloitte & Touche Consulting is under way. McKinsey & Co are assessing the government's liabilities to local creditors.

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Pointers

MOROCCO/WESTERN SAHARA

Desert king

Is the 'people's King' preparing an initiative that would win him huge support at home by underlining the 'Moroccaness' of Western Sahara but could seriously compromise the United Nations-led referendum process?

As we go to press, we hear quiet discussions are afoot about a visit to the disputed territory by **Mohammed** VI. Meanwhile, in a sinister new turn last month, violence pitted local Saharawis against settlers, while youths have been rioting over unemployment.

Mohammed's meet-the-people tour last month took in most of his kingdom, including the troublesome, cannabis-growing north, which his late father, **Hassan** II, avoided for decades. Palace counsellors, with an increasing say in Saharan affairs at the expense of Interior Minister **Driss Basri**, mooted a speedy trip south. This would mobilise the pro-Moroccan vote and silence widespread criticism that **Algerian** President **Abdelaziz Bouteflika** has been allowed to manipulate the inexperienced young monarch, reasserting what many Moroccans still see as Algerian 'hegemony' in North Africa.

It's a high-risk strategy. Western Sahara remains turbulent after October's riots, which were not, it seems, triggered by Polisario. Mohammed has announced a new Saharan body to include elected local representatives and to fund an employment initiative. Successful 'fair and transparent' elections in the Sahara to elect a 'Royal Consultative Council' might build momentum behind a new Moroccan initiative. Polisario is expected vehemently to oppose any such move.

Efforts continue to ease relations between Algeria and Morocco, with **Saudi Arabia** in a leading role (one played down by the Saudi Foreign Minister, Prince **Saud al Faisal**) after a high-profile visit by the Deputy Premier, Crown Prince **Abdullah bin Abdul Aziz**. **French** President **Jacques Chirac** also apparently offered his services during a 28 October one-day 'private' visit for lunch with Mohammed. French commentators are already talking of the next postponement of the UN referendum to help Mohammed avoid a 'catastrophe on the **Indonesian** model'.

MOROCCO

Bziz buzzes again

In the latest slight to his father's old guard, King **Mohammed VI** has unbanned the country's leading satirist, **Ahmed Sanoussi**, better known as 'Bziz' for buzzing at the authorities. For 13 years, he'd been barred from public performances by an Interior Ministry order, renewed only last month. Mohammed nevertheless picked Bziz to present his latest television promotion for the royal charity for poor people. Mohammed has moved quickly to break paternal taboos, earning himself the nickname 'Royal **Kherrouj** ', after Morocco's world-record middle-distance runner. On a recent tour, he strode so briskly that some said he was trying to kill off the late **Hassan**'s ageing advisors, who panted to keep up.

Mohammed's key target is **Driss Basri**, veteran for 20 years of the Information and latterly, Interior, ministries. Without visible resistance, Basri has been publicly stripped of his intelligence network, the *Direction de Surveillance du Territoire* (DST), of the Western Sahara portfolio (AC Vol 40 No 18) and of the chair of the ultra-prestigious Moroccan Golf Association (though he's been sighted on the greens). Exiled dissidents have been allowed home.

To avoid further humiliation, say officials, Basri has thrice tendered his resignation, in vain. Royal advisors may reckon that he is safer inside the tent. It's a gamble. Basri's old security network controlled everything from television to town halls and is unused to humiliation. Already, the reform process is unbalanced. The supposedly socialist-led government, with its seven parties and 41 ministers, is inert. Ailing Premier **Abderrahmane Youssoufi**, 76, is losing credibility as he dithers between new guard and old. Meanwhile, Islamist groups are getting more strident. They have gained little from Mohammed. **Abdessalame Yassine**, mentor of the banned *Adl wal Ihsan*, remains under house arrest, with dozens of his disciples in gaol.

MALI

Counter-attack

Beleaguered President **Alpha Oumar Konaré** and Prime Minister **Ibrahim Boubacar Keïta** chose *la rentrée* and the end of the rainy season to counter-attack, following unprecedented criticism of both men over corruption and incompetence (AC Vol 40 No 15). So far Konaré is succeeding.

Since mid-September, when he purged tens of top civil servants and parastatal bosses, Konaré has carefully encouraged a climate of fear among the rest, hinting darkly that more sackings and even arrests can be expected. After being ridiculed in the press all summer, Konaré felt he had to act. The timing was significant: following his putsch, he flew off to a Transparency International conference in **South Africa**. He has also pointedly made public the companies which have faced a hostile audit since the start of his rule in 1992. Meanwhile, presidential spin doctors are briefing about potential future victims.

Keïta has been gunning for opponents in the hopelessly divided ruling *Alliance pour la Démocratie au Mali*: he is Adema President. At the long-delayed second party conference, on 7-10 October, anti-Keïta factions were thoroughly outmanoeuvred: Finance Minister **Soumaïla Cissé** was even barred from the hall at one point, we hear. He's viewed as head of the 'CMDT clan' (AC Vol 40 No 2), named after the locomotive of the economy, the *Compagnie Malienne de Développement Textile*, where Keïta is not popular.

A back-handed bonus for Keïta came with the news on 25 October that the CMDT had lost US$100 million on world cotton markets this year, due to falling prices. Outgoing CMDT boss **Drissa Keïta** is a major player, though not an Adema member: the announcement hurts him. Cissé is keeping a low public profile and is under attack from the pro-IBK wing in his fiefdom of Niafunke. Another threat, *Assemblée Nationale* Speaker and Adema Political Secretary **Aly Nouhoum Diallo**, has simply had his party post abolished.

Some of those purged were major party fixers in Bamako: local pundits tell *Africa Confidential* that Konaré is trying to shore up Premier Keïta's chances of adoption as Adema candidate for the 2002 presidential election. At least one regional governor thought to be lukewarm on Keïta has also gone. Further disarray among the more credible opposition parties will help Keïta's cause. The *Union Soudanaise-Rassemblement Démocratique Africain* is split in two; one faction, under **Daba Diawara**, is getting close to Adema. The uneasy ruling coalition partner, the *Parti pour la Renaissance Nationale*, has suffered a string of high-profile defections following controversy around the role of Parena co-founder and current Energy Minister **Yoro Diakité**.

Since 28-29 October rumours have been circulating in Bamako that Konaré is considering organising a referendum which would allow him to run for a third term, with the permission of the population. The locals are sceptical. But that would pose an interesting challenge for his Anglophone friends in Washington and London who have been particularly laudatory about Konaré's work to promote a ban on the small arms trade. Mali was the first port of call on United States Secretary of State **Madeleine Albright**'s late October swing through Africa. And Mali is already the biggest recipient of US aid.

If he refuses the blandishments of those encouraging him to go for a third term, Konaré will further stand out from his fellow long-standing Francophone leaders — **Côte d'Ivoire**'s **Henri Konan-Bédié** and **Senegal**'s **Abdou Diouf** - both of whom face elections next year which threaten to degenerate into chaos and violence. Relations between Bédie's government and Washington are deteriorating rapidly after strong words over the arrests of supporters of former Premier and Deputy Managing Director of the International Monetary Fund, **Alassane Ouattara**.