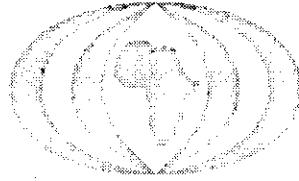


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ZAIRE - THE HEART OF AFRICA

Not for Publication

Background Briefing No. 14

Wavering faith in the ability of Third World countries to repay major debt has focussed attention on turbulent Zaire, thought to be a potential defaulter.

This Background Briefing discusses the following:

1. Background Information and Statistics;
2. History and Recent Political Developments;
3. Recent Economic Developments; and
4. Foreign Policy.

1. BACKGROUND INFORMATION AND STATISTICS

Political Status: Formerly known as the Belgian Congo; became independent as the Republic of the Congo on June 30, 1960. Changed to Zaire in October 1971.

Head of State: General Mobutu Sese Seko, President.

Form of Government: Executive power rests with the President who is the elected leader of the Mouvement Populaire de la Révolution (MPR), the only political party.

Legislative: Unicameral National Legislative Council consisting of 268 members elected by universal suffrage for five years.

Party (MPR): The Central Committee comprises 140 members and is the highest policy-making body. The Political Bureau (Executive) has 38 members, elected by the Central Committee. [A Constitutional Committee, appointed in August 1980, is studying a new structure for the Party.]

Regional structure: Zaire comprises 8 regions, each headed by an appointed Commissioner, with the capital city of Kinshasa under a Governor.

Judiciary: A Justice Department under the control of the State Commissioner for Justice was created in January 1980, to replace the Judicial Council. There is a Supreme Court in Kinshasa, nine courts of Appeal and 32 Tribunaux de Grande Instance, (lower courts).

Defence: Military service is voluntary. In July, 1982, the armed forces totalled 22 100, of whom 18 500 were in the army, 2 100 in the airforce and 1 500 in the navy. There is also a para-military force of about 35 000, comprising the National Guard and the Gendarmerie. Defence expenditure for 1979 totalled 92 million Zaires.

Population: 28 million (1980 estimate).

Languages: French, official.
Others - English, Swahili and other African languages.

Literacy: Estimates vary widely, from 20% upwards.

Economy:

Currency and

Exchange Rates: 10 000 sengi = 100 makuta = 1 Zaire.
(January 1982) 1 £ Sterling = 10,46 Zaires
1 \$ US = 5,44 Zaires
1 Rand = 5,77 Zaires

Trading Trends: (million Zaires)

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Imports	452,4	546,6	527,7	490,7	1 046,9	2 327,8	2 950,7
Exports	432,4	747,3	846,9	778,2	2 342,2	4 553,8	2 836,1

- [Note: (i) Figures erratic as a result of successive devaluations.
See 1978 - 1979.
(ii) Exports increase dramatically between 1979 and 1980 as a result of massive increases in cobalt price.]

Budget Estimates: (million Zaires)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Revenue	1 023,0	2 430,0	3 335,9	5 070,8	7 800,0
Expenditure	1 410,1	2 661,9	3 193,6	5 571,5	8 800,0

Consumer Price Index: Base = 100 (1970).

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
Food	511,0	856,3	1 413,1	2 842,5
Housing	282,6	408,9	486,8	1 189,6
Clothing	287,2	454,2	721,8	1 810,6
General Index	433,3	706,3	1 191,5	2 326,9

<u>GDP Trend:</u> (million Zaires)				
At 1970 prices		At Current prices		
1976	1977	1976	1977	1979
994,3	987,1	2 889,1	3 274,0	10 654,4

GNP: At market price (1980) \$ US 6 340,0 million
Per capita (1980) \$ US 220,00

Other:

Natural Resources: Copper, oil, cobalt, zinc, diamonds, manganese, tin, gold, bauxite, iron and coal.

Crops: Coffee, palm oil, rubber, tea, cotton, cocoa, manioc, bananas, maize, rice, vegetables, fruit and sugar.

Industry: Mineral-processing, consumer goods, chemicals, construction and steel.

Exports: Copper, cobalt, diamonds, gold, manganese, coffee and palm oil.

Imports: Crude oil, petroleum products, chemicals, transport equipment, textiles and food.

Trading Partners: USA, West Germany, Japan, Belgium, Luxembourg, UK, France and Italy.

(Zaire is a signatory of the Lomé Convention and the European Community remains her chief trading partner with Belgium and Luxembourg taking 17% of exports, and providing 15% of imports in 1978.)

2. HISTORY AND RECENT POLITICAL DEVELOPMENTS

A seizure of power by the army under Col. Joseph Désiré Mobutu in 1965 enabled him to become "Head of the Second Republic". Five years later in an atmosphere of relative calm after an initial period of trauma, Mobutu was unopposed for the Presidency and took the first seven-year term. In January 1972, following a nationality law which required all officials to take indigenous names, he became known as Mobutu Sese Seko.

In spite of a monotholic state structure there has been opposition particularly from the Catholic church: the majority of the population are Catholics. However, other opponents of the regime have appeared and there have been several plots to overthrow the government. Those alleged to have been implicated in these attempts were "army generals", "foreign powers", the CIA and high government officials. Most citizens accused were brought to trial and many sentenced to death.

With systematic and total suppression of the opposition, has gone a concentration of all political power on the President and Zaire has begun to resemble an absolute monarchy. This is endorsed in the Constitution which states that the President incarnates the MPR and is the embodiment of the nation in its political organisation. He thus stands above and presides over all government and party bodies. The 1974 Constitution enshrined this state of affairs, thus accurately reflecting the political situation in the country.

In the post-independence period the unity of Zaire has been continuously threatened by the possible secession of mineral-rich Shaba (formerly Katanga), and the late 1970s saw two Shaba crises which muddled Zaire's political and economic waters.

In March 1977, the National Liberation Front (FNLG) of Zaire, (originally formed in 1963) and led by Lt. Gen. Nathaniel Mbumba, invaded Zaire through Shaba province. This invasion resurrected the spectre of the Katangese problem which had deeply affected post-independence Zairean history. By May the FNLG rebels were repulsed as a result of assistance to Zaire from foreign sources, particularly the French under President Giscard d'Estaing. Mobutu responded to this threat with minor internal reforms which included the establishment of a new Central Government and direct elections under a revised electoral code. In December 1977 he was re-elected for a further seven-year term.

In early 1978, Shaba flared again and the FNLG reached Kolwezi in the centre of the province. A conduit was provided to the FNLG by Angola particularly as a result of Kinshasa's considerable support for the FNLA faction of Holden Roberto, one of the aspirant leaders of Angola. (Roberto and Mobutu are brothers-in-law.) Again the crisis was averted by relying on Western aid and on an inter-African force which restored order in the province. Consequently, in an attempt to check the insecurity on the Zaire/Angola border both Luanda and Kinshasa agreed to withhold support from the rebels whose aim it is to upset the other.

In an attempt to offset Western criticism of his Government and create a broader base of support Mobutu has frequently tinkered with the political apparatus in the country. For example, in June 1979 he transferred the seat of government temporarily to Lubumbashi in Shaba, and six months later attempted to re-organise a National Executive Council and the Judicial system as part of a massive anti-corruption drive.

However, significant opposition to the regime still exists. In 1980, for example, thirteen local politicians expressed concern at the oppressive nature of the regime. They argued that there was no country in the world where "there was such a scandalous concentration of economic and political power ... [Mobutu] ... has substituted the rule of 250 Belgian families for a family of 50 Zaireans". The thirteen were immediately arrested and released two years later. Upon release they announced the formation of the "Union for Democracy and Social Progress" (UDPS), and sent the President notification of the move: they were again arrested but no charges were brought.

In April 1981 the then First State Commissioner (Prime Minister), Nguza Karl-I-Bond, went into self-imposed exile while on an official trip to Belgium. He was highly critical of Mobutu and brought fairly concrete evidence that Mobutu had accumulated a considerable personal fortune at the expense of the people of Zaire. (There are some rumours that Karl-I-Bond intends forming a government in exile to oppose the present Kinshasa Government.)

All available evidence suggests that while dissatisfaction with the Mobutu Government appears more vociferous and geographically spread, there is no single person or group strong enough to threaten his position. Thus, Mobutu's hold over the country appears as strong as it was in 1965 when he initially took power.

3. RECENT ECONOMIC DEVELOPMENTS

Zaire is potentially one of the richest states on the continent for it is endowed with extensive mineral, agricultural and energy resources; most of which are centered in Shaba province. Kinshasa has relied extensively on mineral production for its export earnings, with the result that this sector accounts for an average of 75% of foreign exchange. However, recently depressed international sources for primary products have drastically affected the country's economic wellbeing, with the result that Zaire is extensively over-committed to the international community and is a major headache in international banking and financial circles.

Fairly ambitious counter-measures have been launched. For example, in June 1981, the IMF announced the biggest ever loan to an African country [\$1,06 billion]; over 400% of Zaire's normal quota from the Fund. This special credit facility was aimed at keeping Kinshasa's finances afloat and at allowing for some forward planning which would aim at developing not only mining, but agriculture and transport as well.

The 1981-1983 public investment plan was fixed at 6,9 billion Zaires, of which nearly 70% was to be in foreign exchange. However, Kinshasa's track record on development projects has not been a great success and Zaire's principal Western backers did not follow-up with the requested \$ 800 million towards the plan when they met in mid-1981. Thus, a continuing headache for the Mobutu Government has been the problem of debt servicing and rescheduling of debt has become a common-place occurrence. In 1978 in an attempt to force more financial discipline, the IMF sent an official to take over as Director of Zaire's Central Bank. The arrangement lasted twelve months and has subsequently revealed major fraud in circles close to Mobutu.

On the positive side, Zaire has kept to its debt repayment deadlines and has instituted counter measures for extensive haemorrhage of goods from the country in the form of smuggling. In addition, there has been some check on inflation as a result of strict control of the money supply. In an effort to attract mining investment, Mobutu reversed a 1973 decision on nationalisation and offered to restore 100% of many holdings to their former owners.

The majority of the population is dependent on the agricultural sector, many of whom rely for their livelihood on the production of subsistence crops. However, agricultural production has declined steadily since 1970 and the country has for several years been a net importer of food. The collapse of transport infrastructure has made it impossible for farmers to get their goods to the market and this has provided a disincentive for agricultural production. Although the international community has taken seriously the need to rehabilitate Zaire's rural sector, it is uncertain how many of the dollars aimed at this end will help the average Zairean peasant.

Added to these extensive economic woes, Zairean exports have suffered as a result of regional insecurity and a failure to secure effective transport lines; guerrilla attacks on land and rail routes through Angola - particularly the Benguela railway line - are commonplace and effective transport through Zambia and Zimbabwe has been hampered by a lack of personnel. In the north, the uncertain border arrangements with Sudan also pose a problem.

4. FOREIGN POLICY

Zaire's foreign policy remains a prisoner of its economic problems. The country is extensively supported from abroad by the US - seen to be Mobutu's chief backer - France, Belgium, Morocco and Japan.

Washington's policy towards Zaire appears, however, ambiguous; while realising that the Kinshasa Government is corrupt and oppressive, it is felt that the withdrawal of support would cause the fall of Mobutu and possibly generate a major international financial crisis. Moreover, under Mobutu, Zaire is seen by the Reagan Administration as an important counter to Soviet influence in Angola and elsewhere in south and central Africa. Under the previous Administration Kinshasa had been extensively criticised for its Human Rights policy and the hardnosed assessment made by the current Administration is particularly conducive to an improvement in relations between Kinshasa and Washington.

Initially, the advent of the Mitterand Government in France was thought to be the harbinger of a re-assessment of French policy towards Kinshasa. However, Mitterand's Africa Policy has not deviated substantially from that of his predecessor and at the end of 1982 a Franco-Zairean summit was held in Kinshasa. Mobutu claimed that Paris is the "guarantor of Africa's security ... and defender of the continent's economic interests". Recently France increased its investment in Zaire and the French mining company, BRCM, has a major stake in the mineral deposits at Tenke Fungurume, believed to be the world's largest untapped copper reserves.

Zaire's relations with its African neighbours are conditioned by the fact that Zaire is considered to be a conservative state in a region which is, generally speaking, thought to be socialist or left-leaning. Of particular interest is Zaire's relations with Angola which are presently of a purely functional nature. As a result of the extensive transport problems, Kinshasa needs the use of the Benguela Railway line to the Angolan port of Lobito. Kinshasa is considered to be a Francophone country and therefore on the conservative side of the African spectrum.

Some inter-African tension has developed as a result of Zaire's increased diplomatic contact with Israel in recent months. The Israelis have agreed to assist Zaire in military training and development projects, and this has brought some condemnation on Kinshasa as a result of African antipathy towards Israel.

While Zaire has an official policy of hostility towards South Africa she is seen to be moderate in the application thereof. For example, at least two airlines travelling between Europe and South Africa use Zaire as a stop-over point and South African businessmen are said frequently to visit the country.

Jan Smuts House
15 February, 1983

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