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ABSTRACT:

Beyond the Record: The political economy of cross border trade between Cyangugu, Rwanda and Bukavu, DR Congo

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March 2003

The author begins by advocating research into African cross border trade (CBT), including unrecorded CBT, arguing that insufficient knowledge on the subject distorts understanding of Africa's economy, and weakens policy formation on a range of issues, including tariff reform and debt relief. Rejecting First World-based macroeconomic research models as inappropriate, the author proposes for Africa a fieldwork-based approach instead. The author assesses the literature on African CBT, and advocates a methodology rooted in economics and anthropology, with an historical perspective to give time-depth to an otherwise static picture.

The author then presents his research findings on CBT on the Cyangugu-Bukavu border of Rwanda and DR Congo. The findings are derived from analysis of official statistics, semi-structured interviews, and structured border monitoring conducted by research assistants. Data is laid out commodity by commodity. In each case, traders and trade flows are discussed, with excerpts from the interviews, and best estimates of the recorded, unrecorded values (in US dollars) of trade in every commodity, along with the methods used to derive them.

The author concludes that the thesis confirms the finding of other investigations of African CBT, that it is substantial but largely unrecorded, particularly in the case of DR Congo and its neighbours. The author argues that behind the economic explanations for trade flows in each commodity lie political factors generally relating to the divergent political trajectories of the state in Rwanda and DR Congo.

The author asserts that in contrast to studies that detail Africa's dysfunctionality, the thesis emphasises how the continent *does* work, and is, at heart, a celebration of traders and trade on the Cyangugu-Bukavu border.

**Beyond the Record: The political economy of cross border trade
between Cyangugu, Rwanda and Bukavu, DR Congo**

Gregory Mthembu-Salter - SLTGRE001

A dissertation submitted in fulfillment of the requirements for the award of the degree of
Master of Arts in Economics

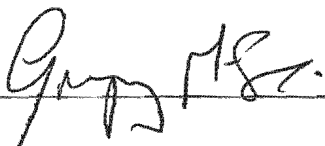
Faculty of the Humanities

University of Cape Town

2003

The work has not been previously submitted in whole, or in part, for the award of any degree. It is my own work. Each significant contribution to, and quotation in, this dissertation from the work, or works, of other people has been attributed, and has been cited and referenced.

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It is in the nature of the study of African cross border trade that the scope for weakness and error is vast. There are sure to be many weaknesses and errors in this thesis, for which I accept all due responsibility in advance. My hope is that the thesis's shortcomings, and particularly those that are discovered and improved upon, support a key premise of this thesis. The premise is that in the absence of precise statistics and

definitive conclusions about African trade, research-based estimates and analysis that can be improved on are worth having, particularly in comparison with either speculative guesswork or nothing at all.

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Map One Bukavu and Cyangugu in the Great Lakes region



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Introduction

African cross border trade in comparative perspective

African borders are dynamic and complex, and border crossings, both officially recognised and not, are the conduits for significant flows of people and goods. In addition to the movements of refugees, whose images have been burned into the consciousness of global media consumers, less noticed labour and trade networks criss-cross the continent, where, as Paul Nugent and A.I. Asiwaju have observed, borders are zones of interaction, rather than of genuine partition¹. Yet, according to the statistics, Africa conducts very little trade with itself. Using national trade figures, the Community for Eastern and Southern Africa (Comesa), for example, has estimated that only 6% of sub-Saharan African trade is intra-African.

How reliable, however, are national trade figures in Africa? As African traders can confirm, the answer is "not very". Intra-African trade is significantly under-recorded, and total trade (defined as recorded + unrecorded trade), is far higher than figures generated from official national sources have hitherto revealed. This much is popularly acknowledged, yet we have no clear idea of by how much, even approximately, total trade exceeds recorded trade. In most writing on trade there is either silence or only passing reference to the subject, while the few estimates of the value of unrecorded African trade that have emerged, particularly regarding illegal activities such as money laundering and narcotics trading, have often been unsupported by even rudimentary research or investigation.

¹ P. Nugent and A.I. Asiwaju, *The Paradox of Boundaries* in P. Nugent and A. Asiwaju (eds), *African Boundaries - Barriers, Conduits and Opportunities*, Pinter, London 1996, page 2

I have in this thesis utilised the terms recorded and unrecorded trade, rather than those such as the formal, and informal, hidden, second economy or parallel trade. This is because, unlike these other terms, for which each writer who uses them chooses a different connotation, the meanings of recorded and unrecorded trade are clear and verifiable - recorded trade has been written down by state authorities, and unrecorded trade has not. In addition, the distinction between recorded and unrecorded trade is generally more useful than these other distinctions, because it focuses attention directly on what we know about trade and what we, so far, do not.

It may conceivably be argued that the general silence on unrecorded trade is justified, since the subject does not much matter. Collated national statistics suggest that Africa contributes under 5% of recorded world trade by value. If unrecorded trade notches this up a few points, it might be said, so what? The fact of the continent's growing marginalisation within the global economy remains unaltered.

It is almost certainly true that, even with an allowance for unrecorded trade, Africa is increasingly marginalised within the global economy. Nonetheless, the lack of information available about Africa's unrecorded trade obscures our understanding of the nature and scale of the continent's insertion into the global economy, particularly if this insertion has become as criminalised as some suggest², and thus of the nature of the global economy itself.

² See for example, J.F.Bayart, S.Ellis & B.Hibou (eds), *The Criminalisation of the State in Africa*, James Currey, Oxford, 1999

In addition, because the stories of unrecorded African trade have, for the most part, never been told and celebrated, Africa's economic resilience and functionality is under-appreciated, and the origins of so much of its growth ignored or misunderstood. This is particularly true for African countries trying to recover from devastating conflicts. In these instances, as Carolyn Nordstrom has persuasively argued with reference to Mozambique and Angola, "shadow" trading networks, that occur apart from formal state structures, and which have previously supplied and profited from the conflict, are ironically almost the only structures still capable of generating economic recovery³. Even in African countries that have avoided the devastation of civil war, the absence of information about unrecorded trade impacts negatively on national policy formulation, and on the interventions of international donors, development agencies and financial institutions. To give one example, under the Heavily Indebted Poor Countries (HIPC) programme, the net present value (NPV) of a country's external debt (EXTD) is judged unsustainable if it exceeds 150% of the value of the annual export of goods and services (EGS). Once countries are awarded debt relief, they must ensure that future borrowing does not push the NPV of external debt above this 150% cap. But because the value of recorded exports is much less than total exports, governments are able to borrow substantially less, even on concessional terms for projects that could generate real growth, than they otherwise might if more of the total was known. A good example of this is Rwanda, where recorded export values are among the lowest on the continent. Recorded exports were estimated at just US\$68m in 2002, compared to imports recorded

³ C. Nordstrom, *Out of the Shadows*, in T.Callagy, R.Kassimir & R.Latham (eds) *Intervention and Transnationalism*, Cambridge University Press, Cambridge, 2001

at US\$253m⁴, while a high proportion of total exports are unrecorded - this study shows unrecorded exports of over US\$10m in 2001 at one border alone. Rwanda was prevented by the IMF in 2002 from increasing its new borrowing to the level desired by its government because, on the basis of official trade figures, this would distort the country's NPV of EXT/EGS ratio⁵.

Another example of the application of information on unrecorded trade also applies to Rwanda and relates to broader macroeconomic issues. Rwanda's official exports are dominated by two cash crops, tea and coffee. Prices for both commodities are very low in historic terms and national policy, formulated under a donor-required Poverty Reduction Strategy Paper (PRSP), is that agricultural production must be boosted and diversified, and that a new range of agricultural exports to the region be developed. My research at the Cyangugu-Bukavu border shows clearly that the export from Rwanda to the DR Congo of a range of agricultural commodities is already underway, but is almost entirely unrecorded.

Data on unrecorded trade is also useful in tariff and tax policy formulation. The Rwandan government increased VAT from 15-18% in mid-2002, following pressure from the IMF to increase domestic revenues, but would have done well to consider the impact of the hike on the unrecorded fuel import trade from Rwanda's neighbours. This unrecorded

⁴ Economist Intelligence Unit, *Rwanda Country Report February 2003*, Economist Intelligence Unit, London, 2003, page 6

⁵ Economist Intelligence Unit, *Rwanda Country Report August 2002*, Economist Intelligence Unit, London, 2002, pages 19-20

import trade was already high before the rate hike, and is certain to have risen sharply since, depriving the government of more revenue.

To take another example, since 2001, when the gap between the official and parallel exchange rates of the Zimbabwean dollar to the US dollar started widening dramatically, traders have bought goods in Zimbabwe and exported them to neighbouring countries for retail at a substantial discount to local equivalent goods. The revenues are then exchanged for Zimbabwean dollars at parallel market rates, providing the traders with the funds to start all over again. The trade has had serious consequences for manufacturers in neighbouring countries, and particularly Zambia and Malawi, whose economies are very fragile anyway. In 2002, the Zambian government tried to protect its industry by banning a range of Zimbabwean products, but the measure had far less impact than had been hoped for because it did not factor in the traders' response of diverting nearly all their Zimbabwean export trade to the unrecorded sector⁶.

There are many such applications for improved information and analysis about unrecorded African trade. Ideally, such information and analysis should be both quantitative and qualitative; that is, delivering not only improved estimates of the value of unrecorded trade, its content and its direction, but also showing who is trading, under what conditions and why. This is not easy to accomplish. The data is not readily available, and is often, though by no means always, deliberately hidden. It is frequently the case that trade in a given commodity is not sufficiently profitable to be worth

⁶ Economist Intelligence Unit, *Zambia Country Report November 2002*, Economist Intelligence Unit, London 2002, page 28

undertaking *unless* it is hidden. Trade is also concealed when people wish to hide their involvement in it. This makes data collection difficult and, occasionally, dangerous. However since, well-informed estimates and approximations are preferable to ill-informed ones or nothing at all, this is not reason to abandon the task, but rather a further incentive to develop creative ways to perform it.

The twin quantitative and qualitative requirement for information and analysis of unrecorded trade suggests a blend of economic and anthropological methodology, as proposed by Emmanuel Grégoire⁷, to which I would add the requirement of an historical perspective, in order to generate time depth. An interesting body of work is steadily developing along these lines, to which this study is intended as a contribution.

Concerning quantitative analysis, it has become apparent that the indirect, macroeconomic methods for measuring unrecorded economic activity, which have been cogently outlined by Vito Tanzi⁸, while clearly of relevance to Western industrialised countries, are of little assistance in the African context. This is primarily because the statistical quality on which the methods rely is simply not available. For example, Tanzi suggested looking for traces of unrecorded economic activity in monetary aggregates, such as the ratio between money in circulation and in demand deposits. The assumption is that unrecorded activity is more likely than recorded activity to be conducted in cash, and that therefore an increase in demand for currency is due to an increase in unrecorded transactions. However, the approach yields little in a typical African environment where

⁷ E. Grégoire, *Les Chemins de la Contrabande: Etude des Réseaux Commerciaux en Pays Hausa*, in *Cahiers d'Etudes Africaines*, 124, 1991 pages 509-532

monetary data is suspect, banking penetration is low, most transactions whether recorded or otherwise are conducted in cash, and there are unknown amounts of US dollars circulating as a favoured medium for unrecorded trade.

In its own study of the measurement of informal economic activity, the International Economics Department of the World Bank concluded that micro-level approaches that employed direct surveying methods were more effective in developing countries than these kind of indirect, macro approaches, but lamented that this kind of research was "too expensive" to perform regularly or systematically. Instead, the Bank team advocated a research emphasis on labour participation, while conceding, however, that this would require significant improvements to Africa's national employment data⁸.

Studying labour participation can reveal much about the unrecorded economy, and more work is required in this area. However, the development of the national monitoring systems that are required, on the Bank's admission, to perform this task depends on the enhancement of African governmental capacity in general and is, at best, an ambitious and long-term project. For as long as official data remains in the parlous state that it is in most African countries, micro-level fieldwork will be central to our understanding of unrecorded trade on the continent. I seek to demonstrate in this study that with the appropriate methodology, a fieldwork approach yielding reliable quantitative data on

⁸ V. Tanzi, *The Underground Economy in the USA and Abroad*, Lexington Books, Lexington, 1982

⁹ S. Ordoubadi, *Treatment of Informal Economic Activity in the National Accounts: Conceptual and Methodological Issues*, Socio-Economic Data Division, International Economics Department, World Bank, Washington 1995

unrecorded cross border trade (CBT) can be performed quickly and relatively inexpensively.

The most comprehensive and reliable investigations into the value of unrecorded and total CBT in Africa to date were conducted from 1996-1999, and were funded by the US official humanitarian agency USAID. Case studies were conducted throughout Eastern and Southern Africa¹⁰, all employing the same methodology, developed by the main theoretician of the exercise, Chris Ackello-Ogutu¹¹. Ackello-Ogutu's method was primarily based on detailed border monitoring. Monitors observed and recorded trade at selected border crossings for two weeks per month for a year, in order to take full account of seasonal variations. Researchers also interviewed traders using structured questionnaires to generate baseline data, and, in one instance, there was limited use of market stock taking. Ackello-Ogutu also advocated tracking cargoes of vehicles in transit, but the option was not taken up in the studies. Monitoring was conducted during the day and at recognised border crossings only.

¹⁰ C. Ackello-Ogutu, *Unrecorded Cross-Border Trade Between Kenya and Uganda: Implications for Food Security*, AFR/SD and REDSO/ESA Nairobi 1997

C. Ackello-Ogutu, *Unrecorded Cross-Border Trade Between Kenya and Uganda: Proceedings of a Workshop Held at the Mayfair Hotel, Nairobi, Kenya, December 6, 1996*, AFR/SD and REDSO/ESA, Nairobi 1997

C. Ackello-Ogutu, P. N. Echessah, *Unrecorded Cross Border Trade between Tanzania and her Neighbours: Implications for Food Security*, AFR/SD and REDSO/ESA, Nairobi 1998

Independent Management Consultants, *Informal Cross Border Trade, Zambia Study*, AFR/SD and REDSO/ESA, Lusaka 1999

J.L Macamo, *Estimates of Unrecorded Cross-Border Trade Between Mozambique and her Neighbours*, AFR/SD and REDSO/ESA, Maputo 1999

I. Minde, T. Nakhumwa, *Unrecorded Cross-Border Trade between Malawi and Neighbouring Countries*, AFR/SD and REDSO/ESA, Blantyre, 1998

¹¹ C. Ackello-Ogutu, *Methodologies for Estimating Informal Crossborder Trade in Eastern and Southern Africa*, AFR/SD and REDSO/ESA, Nairobi, 1996

To generate values for unrecorded and total trade, researchers in each case estimated the value of what they had not been able to monitor because it had been concealed, or had crossed at night or away from the official border crossing. In contrast to the thoroughness with which border monitoring was carried out, these estimates were apparently arbitrary, and this weakened the credibility of the detailed findings. Nonetheless, the overall conclusions were robust, and of considerable significance. The studies found that at least half CBT in the region in value terms was unrecorded, and that in some cases, particularly where the DR Congo (then Zaire) was involved, the figure was consistently far higher. Unrecorded trade between Kenya and Uganda was estimated to be 150% of recorded trade in value terms, and 98% of Tanzania's trade with the DR Congo (then Zaire) was found to be unrecorded. The studies showed that throughout the region unrecorded CBT is a major contributor to regional food security, a major employer and the main source of income for many people, particularly in border areas. The studies' principal policy recommendation was that governments of the region should stop thinking of food security in national terms and so try to curb CBT in food stuffs, but should instead further reduce tariff and non-tariff barriers to encourage CBT in food and so strengthen regional food security.

CBT studies need to be repeated over time in order to understand the longer-term dynamics of borders and their trading patterns. It is thus particularly unfortunate that the USAID studies have never been followed up, perhaps because USAID considers that it has proved its point regarding state regulation and regional food security, or perhaps

the people who live in borderlands¹³. One anthropologist who has pioneered research on unrecorded African CBT (and the original inspiration of this study) is Janet MacGaffey, particularly in her 1991 study, *The Real Economy of Zaire*¹⁴. In this book, MacGaffey argues that the origins of the DR Congo's massive "second economy", by which she means economic activity beyond the control of the state, are as much political as economic, and that for most people, second economy activities are "political options, co-opted by political discourse"¹⁵. Four case studies are then presented, three of which concern CBT, which illustrate the intricate workings of the second economy, though declining to offer any informed estimate of its value.

Other authors too have sought to highlight the important role of politics, history and culture in unrecorded CBT, in opposition to what Kate Meagher has notably termed the "cult of price", meaning an approach that explains unrecorded trade solely with reference to purely economic considerations, such as tariff and non-tariff barriers and other price distortions¹⁶. Meagher showed that on the Arua border in Northern Uganda, contemporary trade with the DR Congo, while influenced by price distortions, is also shaped by traditions of labour migration, and that trading networks have long pedigrees that predate current price distortions. Meagher made the useful economic generalisation, however, that in Africa, whenever the visible balance of trade is heavily in favour of one side of a border, it is likely that this is being financed by unrecorded exports from the other side. This is notably the case with the DR Congo, which imports so much, including

¹³ H. Donnan, T. Wilson, *Borders: Frontiers of Identity, Nation and State*, Berg, Oxford, 1999

¹⁴ J. MacGaffey, *The Real Economy of Zaire: The Contribution of Smuggling and Other Unofficial Activities to National Wealth*, James Currey, London, 1991

¹⁵ J. MacGaffey, *op cit*, page 9

food, from its neighbours, and is at the same time richly endowed with portable, high value goods that trade for a premium in the unrecorded economy: particularly metals, diamonds, bush meat, ivory, and tropical hardwood timber.

Influential and persuasive work from Arjun Appadurai on value has challenged the conventional understanding in economics of demand as a function of need, and instead interprets demand, and therefore value, as "a function of social practices and calculations"¹⁷. Working from this premise, Filip de Boeck has produced fascinating research on diamond smugglers in southwestern DR Congo, explaining, with particular reference to local Luunda concepts of hunting and manhood, why people spend so lavishly and so fast the money they have risked so much for in neighbouring Angola¹⁸.

MacGaffey and Stephen Ellis' 1996 paper, *Research on Sub-Saharan Africa's Unrecorded International Trade: Some Methodological and Conceptual Problems* aimed to outline the requirements for successful research on unrecorded trade and traders¹⁹. They adopted a challenging, rigorous approach, insisting on thoroughness despite the fuzzy nature of much of the data, and most of their recommendations, born of years of practical experience in the field, were astute. The authors correctly emphasised the need for researchers to win the trust of informants, and to be well informed about the local

¹⁶ K. Meagher, *The Hidden Economy: Informal and Parallel Trade in Northwestern Uganda*, *Review of African Political Economy*, 47, Spring 1990, pages 64-84

¹⁷ A. Appadurai, *Commodities and the Politics of Value*, in A. Appadurai, *Modernity at Large : Cultural Dimensions of Globalization*, University of Minnesota Press, Minneapolis, 1996

¹⁸ F. de Boeck, *Domesticating Diamonds and Dollars: Identity, Expenditure and Sharing in Southwestern Zaire (1984-1997)* in B. Meyer, P. Geschiere (eds), *Globalisation and Identity - Dialectics of Flow and Closure*, Blackwells, Oxford, 1999

political context, and their call for more research on the relationship between Africa's political and trading networks deserves a serious response.

The authors displayed a marked preference for research conducted over an extended period, in the manner of classic anthropological fieldwork. A key finding of my research, however, is that reliable quantitative estimates on unrecorded trade, as well as rich qualitative data, can successfully be derived from much shorter periods of research, which does not necessarily require slowly and painstakingly cultivated profound relations with informants.

The Great Lakes region of Africa, while much studied in the former imperial power Belgium, has historically received little attention from anglophone academia. However, the refugee movements, genocide, and war that have afflicted the area since the early 1990s have generated an already enormous and still fast-growing international literature. Some of the new work is excellent, but much suffers from two weaknesses: studies are often historically un- or under-informed, with analysis that is political, military and/or humanitarian to the exclusion of all else, particularly economic and commercial perspectives. Yet these perspectives are crucial to our understanding of the politics of the region.

A prime example of the inter-connection between politics and economics in the Great Lakes is the regional war that has been fought in the DR Congo since 1998. On one level,

¹⁹ J. MacGaffey, S. Ellis, *Research on Sub-Saharan Africa's Unrecorded International Trade: Some Methodological and Conceptual Problems*, *African Studies Review*, 39, No.2, September 1996, pages 19-

the war has been about regional security. However, following reports of controversial business deals between the DR Congo's three competing governments and their foreign allies, in 2000 a panel was appointed by the UN to investigate. Despite important shortcomings, the UN panel's final report, released in October 2002, demonstrated a strong connection between the DR Congo war and the economic interests of the belligerents' political elites, and made a good implicit case for underpinning and informing all Great Lakes political analysis with economic research²⁰.

The study that follows examines trade on the border between Cyangugu in southwestern Rwanda and Bukavu, in the South Kivu province of the DR Congo, and is based on five weeks of fieldwork divided into two periods, supplemented with border monitoring by research assistants for an additional period. I aimed to find out what is traded, by whom and in what direction on this border, and to generate reliable numerical estimates for the value of total CBT, as compared to that recorded in official statistics. I researched CBT in every commodity I was able to identify, to generate as broad and diverse a picture as possible of trade flows and networks on the Cyangugu-Bukavu border. The methodology is rooted in economics and anthropology, and the findings, which form the core of this thesis, are presented in Chapter One. Chapter Two evaluates the methodology. A historical perspective was required to provide time-depth to the otherwise static picture of trade on the Cyangugu-Bukavu border created by the data, and for this reason, Chapter Three sketches a brief political and economic history. The Conclusion discusses the policy implications of the findings, in addition to those I have touched on already, and

goes on to explore the connections between contemporary border trade and the historical survey, in order to explain why the trade on the Cyangugu-Bukavu border flows the way it does. I argue that a fundamental dynamic shaping the economics of trade on this border is the strong divergence between the political trajectories of Rwanda and DR Congo, and close with remarks about the significance of unrecorded CBT.

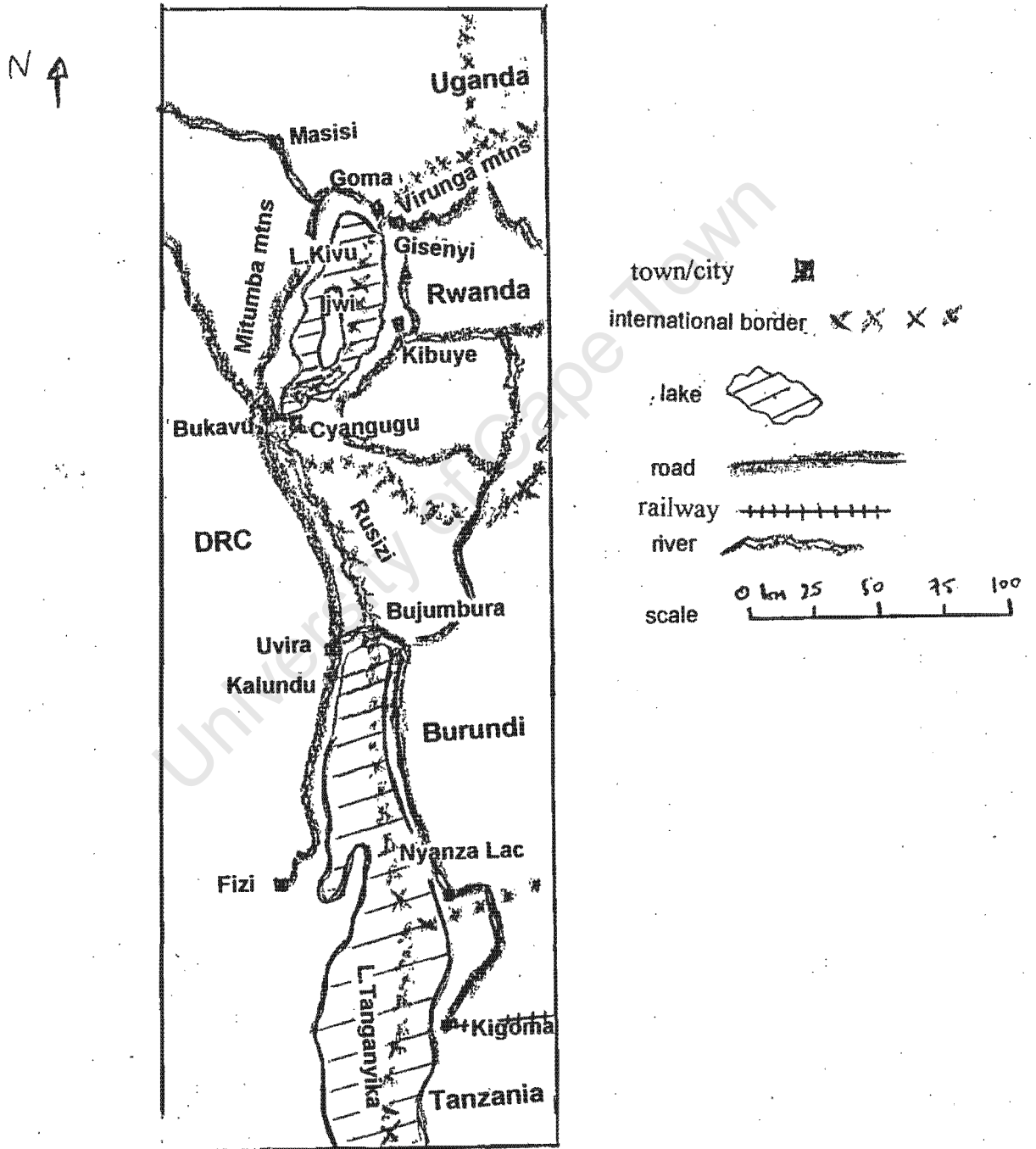
I selected Cyangugu-Bukavu for research for several reasons. First, as I have indicated, Great Lakes region CBT has barely been studied to date, and Cyangugu-Bukavu, as one of the main border crossings in the region, is a good place to begin. Trade levels are substantial, yet with Lake Kivu to the north and the Rusizi River to the south, the options for traders evading official border crossings at Cyangugu-Bukavu are more restricted, and trade is thus a little less complex to monitor, than at other crossings. Safety was also a consideration. Because of the firm control the Rwandan state currently exercises over its territory, and its strong influence, if no longer its military presence, just across the border, Cyangugu and Bukavu have been relatively secure places to work. Finally, as Chapter Three shows, many of the key developments of the past decade, which have affected the whole of Africa, have unfolded in Cyangugu and Bukavu or close by, and studying this border is intended as a contribution towards analysing and understanding these developments.

²⁰ UN, *Final report of the Panel of Experts on the Illegal Exploitation of Natural Resources and Other Forms of Wealth of DR Congo*, UN, New York, 2002

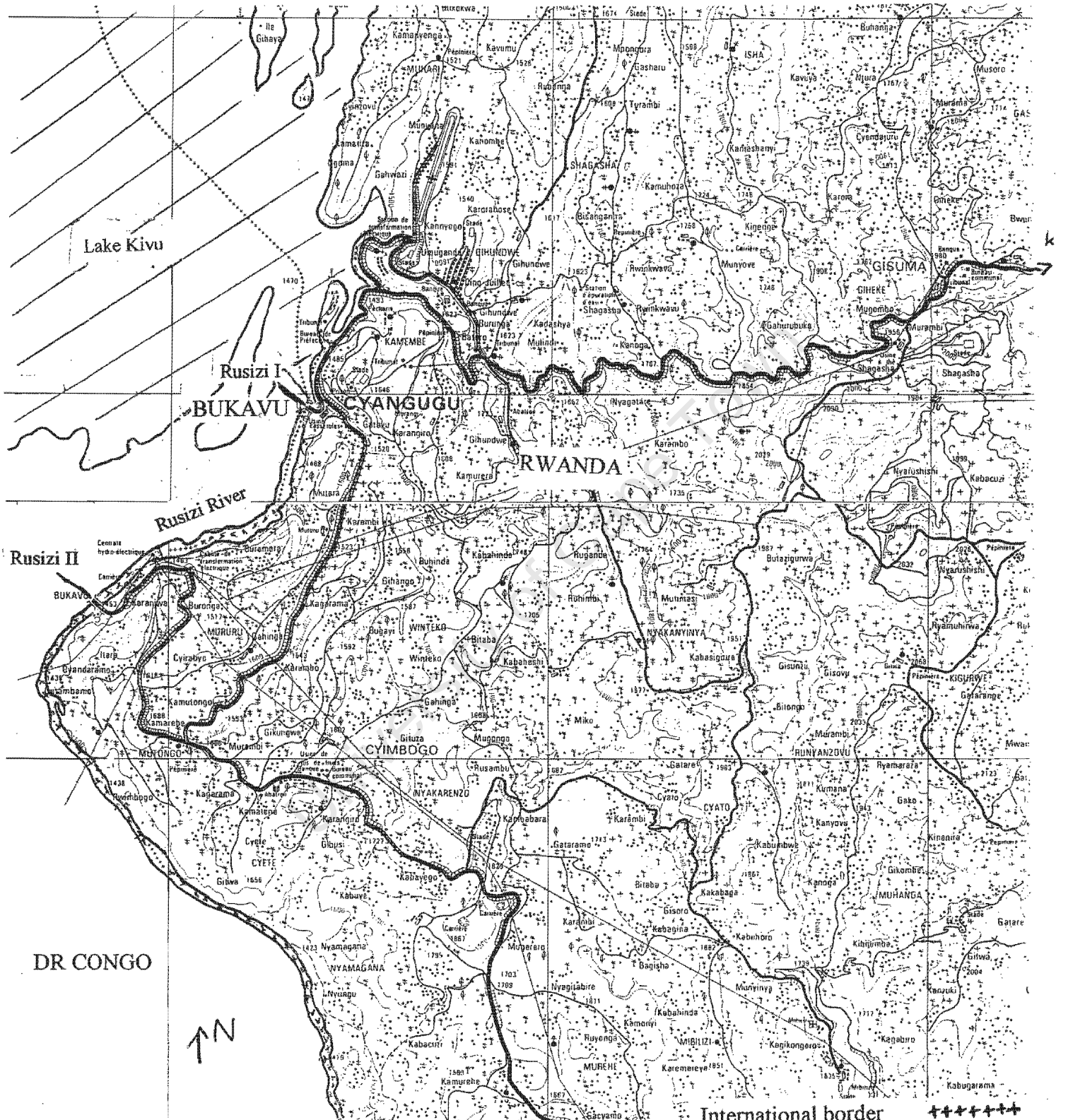
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The findings: Cross border trade between Cyangugu and Bukavu today

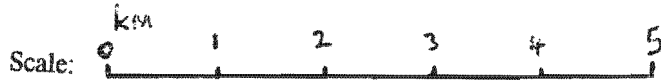
Map Two: The border and lakeside towns of the Great Lakes region



Map Three Rusizi I and II border crossings



- International border ++++++
- Prefecture CYANGUGU
- Commune CYIMBOGO
- Sector KAMEMEMBE
- Tea ☩
- Banana 🌾
- Concentrated settlement 🏠
- Dispersed settlement ⬤
- Church ⛪



Ordinance survey map of the Cyangugu area, showing the Rusizi I and II border crossings, obtained from government offices in Kigali. Comparable maps of the other side of the border proved impossible to find - a further indication of the collapse of the Congolese state.

University of Cape Town

The town of Cyangugu and city of Bukavu, ten kilometres apart on either side of the Rusizi River, which flows between Lake Kivu and Lake Tanganyika, nestle in the beautiful southern fringes of Lake Kivu. The two settlements are in the heart of the Kivu rift valley, and form the middle link in a three-part chain of twins beside the shores of these two Great Lakes, running closely parallel to the mountainous eastern spine of the DR Congo. To the north are Goma and Gisenyi, sited beneath the volcanoes on the northern shores of Lake Kivu, and to the south are Uvira and Bujumbura, also either side of the Rusizi, and both on the northern shores of Lake Tanganyika. To the west of all these border towns extend the great and green Mitumba mountains, running from Lake Tanganyika to the province of North Kivu. To the east is a plateau of drier high ground running from southern Burundi and through Rwanda to central Uganda, which peaks at the northern end in the spectacular Virunga mountain volcanoes. Much of this plateau is still forested. Around thirty kilometres east of Cyangugu, the Nyungwe forest begins, straddling the plateau and forming a natural barrier between the province and Rwanda's central regions. The forest runs south into Burundi, where it is called the Kibira forest (see Map One). The plateau marks the western limits of the huge Nile drainage area, just as the Mitumba mountains mark the eastern limits of the drainage area for another of Africa's greatest rivers - the Congo.

The Rusizi I border crossing is a rickety bridge spanning the Rusizi River just at the point that it opens out into majestic Lake Kivu. The bridge is too weak to take trucks, and

while vehicles cross from time to time, most of the traffic is on foot. The crossing is at its busiest on market days, when Bukavu women flock across to Rwanda to buy provisions. The Rwandan border customs and immigration office is right next to the bridge, and close by, in a remarkably small space, are the rudimentary elements of a small town. There are a few bars and fast food outlets, a fuel station doing a brisk trade in kerosene for export, a taxi rank (minibus, motorbike and bicycle), a small fish market, a crowd of currency dealers, and, up a steep hill near a small waterfall, a well-situated and popular hotel. The river section between Rusizi I and Rusizi II is narrow and usually easily navigable, and at many points along it lie inconspicuous *pirogue* (dugout canoe) peers among the banana groves, from where oarsmen row people and smuggled goods across the border.

The road up the hill from the crossing on the Rwandan side of the border leads in the opposite direction to the smugglers, past several large burned-out mansions, to a turn. Turning right at this turn takes one south down a potholed road ending in a junction. The Rusizi II border crossing is about three kilometres down the road to the right, and because it sports a far sturdier bridge across the Rusizi than does Rusizi I, it is where all larger vehicles cross the border. There is not much at the border crossing beyond a small cassava and tomato market and a few guesthouses, and there is notably less pedestrian traffic than at Rusizi I. On most days, a small stream of Congolese women cross the bridge to buy food and a few Bukavu prostitutes also come to do business with transit truck drivers in local guesthouses. Almost all the larger trucks are transiting Rwanda with imports destined for Bukavu, and much of the city's fuel supply arrives this way.

However, the majority of Bukavu's imports by volume and value come via Uvira and Kalundu (see Map Two), and there is not a huge volume of this traffic. It is one indicator of the DR Congo's economic plight that most of the trucks return to Rwanda empty or under-loaded, on account of the dearth of exportable goods. Many of the smaller trucks and *bakkies* are owned by Congolese, and drive from Bukavu into Rwanda to buy goods, often from Kigali.

If, on heading into Rwanda from the Rusizi I border crossing, one ignores the turn leading to Rusizi II and continues up the hill, there is soon a turn to the unpretentious offices of the prefect of Cyangugu, from where the whole Cyangugu province is run. Further up the hill is the turn for the small airport, and at the top of the hill sits the small urban settlement of Kamembe, where buses from other towns disembark, and where lie Cyangugu's main road, hospital churches, banks, post office and market. The market is neatly contained in a red brick compound, with only a few traders in commodities like cooking oils and vehicle spare parts, operating outside it. In 1996, the population of Kamembe was given as just 9,000²¹, but just beyond the central district are a host of smaller settlements, and the population of the district is given in the 2002 census as 129,986, out of a provincial total of 609,504, and a national total of 8.2m²². There is little industry to speak of in the town or its surrounds, beyond brick making and a smattering of crafts, but between the town and the Nyungwe forest to the east, particularly around Gisuma, lie acres of neatly tended and highly productive tea estates. There is also

²¹ Government of Rwanda, *Enquete Socio-Démographique, 1996, volume 4*, Kigali, 1998

²² Government of Rwanda web site, December 2002

substantial production of vegetables and other food stuffs in the hills surrounding Cyangugu, and a thriving produce market south east of the town at Bugarama.

The Congolese customs and immigration office is at the top of the hill on the western side of the Rusizi River, with a public health office in a tent half way up to trap and tax foreign visitors who lack the required health certificates. The Congolese customs and immigration office also sports a taxi rank outside, though Bukavu lacks the Japanese minibus taxis used in Rwanda, and instead are a selection of extraordinarily dilapidated Peugeot saloon cars to make the pot-holed journey into town.

In contrast to humble Cyangugu, Bukavu is a city on a grand scale, with approximately 600,000 inhabitants²³. There are sweeping boulevards, a grand Roman Catholic cathedral, a university and a seminary, a once-impressive though now crumbling central business district, exclusive lakeside suburbs, burgeoning townships and informal settlements, a (barely functional) industrial quarter, and the massive, glorious Kadutu market. Kadutu market proper is a huge brick compound at the top of a hill above central Bukavu, but trade and mayhem have long since spilled out everywhere around it. Stretching in every direction are small streets crammed with tiny stores, with little alleyways in between that lead to still further shops, stalls and restaurants. In this market can be found goods from all over the world, though its staples are foodstuffs, and cassava in particular, household goods, fabrics and vehicle parts.

²³ Save the Children UK, Bukavu, 2002

Bukavu is the capital of South Kivu province, which was once one of the great agricultural production provinces of the DR Congo, but which has been reduced by war to penury and devastation. South Kivu's once substantial commercial agricultural sector, which included a variety of food processing industries, has all but ceased operations, though in addition to a brewery, there is Pharmakina, which profitably manufactures an expanding range of high quality quinine products. As mentioned in the preceding historical review, South Kivu is also rich in mineral deposits, particularly of gold and tantalum, which are the prime targets for the many militia currently operating in the province.

Most trade between Cyangugu and Bukavu is unrecorded on either side. The Rwanda Revenue Authority (RRA) concedes that goods exported from Rwanda across the border are only recorded by its officials if they are supposed to be taxed. However, Rwanda has few export taxes, and those that are in place are intended mainly for commercial agricultural and mineral exports to Western countries, and thus do not affect Rwanda's exports to the DR Congo, which are mostly agricultural. RRA customs officials in Kigali were able to furnish no data at all on Rwandan exports to the DR Congo via Cyangugu²⁴.

The main Congolese customs authorities are *Office des Douanes et Accises* (OFIDA), are the *Office Congolais de Controle* (OCC). These two bodies attempt to record and tax imports coming in via the Rusizi borders, but have extremely weak capacity, and fail to capture the bulk of the trade²⁵. My estimates show that 88% of agricultural imports and

²⁴ Interview with RRA customs officials. Kigali, June 2002

²⁵ See Appendices 3 and 4 for samples of OFIDA and OCC statistics

76% of manufactured imports from Rwanda are not recorded by either OFIDA or the OCC, as well as 59% of goods importing via Rwanda.

Table One: Estimated trade (excluding minerals) between Rwanda and DR Congo via Cyangugu 2001 (\$'000 except where stated²⁶)

Item	Recorded value	Total value	Unrecorded as % of total
Rwandan exports to DR Congo			
Export total	1,366	10,383	86.8
of which:			
Agriculture	1,168	9,321	87.5
Manufacturing	198	816	75.7
Services	0	246	100.0
Rwandan re-exports to DR Congo	1,100	2,875	58.8
DR Congo exports to Rwanda			
Export total	405	457	11.4
of which:			
Agriculture	5	37	86.5
Manufacturing	400	420	4.8
DR Congo re-exports to Rwanda	247	776	68.0
of which:			
fuel	0	283	100.0

Figures in blue denote that they have been recorded by the Congolese authorities. Figures in yellow denote that they have been recorded by the RRA

Sources: RRA, OFIDA, OCC, border monitoring²⁷, and trader estimates

Goods worth an estimated US\$2.2m²⁸ transited Rwanda for the DR Congo via Cyangugu in 2001, about half of which was recorded by the RRA. To this needs be added a trade with an estimated value during 2001 of nearly US\$700,000 from Rwanda to the DR Congo of kerosene and tyres, which was entirely unrecorded on the Rwandan side.

²⁶ The average exchange rates during 2001 for the Congolese franc (CF) and Rwandan franc (Rwaf) to the US\$, which have been employed throughout this study were CF220:US\$1 and Rwaf440:US\$1

²⁷ See Appendix 1 for the complete results

²⁸ See footnote 26

The DR Congo's non-mineral exports to Rwanda are low in volume and value. Palm oil and bread the main commodities, and I estimate the total value of DR Congo's imports into Rwanda for 2001 via Cyangugu, excluding minerals, at US\$457,000. Again, almost none of this was recorded by the RRA. Instead, the RRA concentrated most of its efforts on combating the smuggled import of goods from the DR Congo into Rwanda that originate from elsewhere and on which duty is payable, especially *kitenge* cloth originating from the Middle or Far East, petrol and diesel. I calculated these re-imports to be worth US\$778,000 in 2001, of which about one third were recorded by the RRA. It has not been possible for me to generate a reliable estimate of DR Congo mineral exports to Rwanda via Cyangugu-Bukavu, but macroeconomic data discrepancies suggest an unrecorded colombo-tantalite (coltan) export of up to US\$8.5m (for more information on coltan, please see page 74).

While the RRA is steadily gaining in capacity and competence, and its ability to track trade flows is improving, in RCD-held DR Congo, OFIDA and OCC customs officials are either paid a pittance or, in most cases, are not paid. This has naturally weakened Congolese customs capacity, eroded statistical reliability, and entrenched a tradition of corruption that began during the Mobutu era²⁹.

The RCD administration in South Kivu has few sources of revenue and is heavily dependent on trade taxes. A plethora of lengthily titled departments performing no discernible service, but whose officials have tax levying powers on goods crossing the

²⁹ In one illustration of the contrasting capacity levels on either side of the border, RRA records are computerised, while those of OCC and OFIDA are not (see Appendices 3,4&5)

border have sprung up since 1998. Traders are assailed by officials on the Congolese side of the border who hope to tax them, and have little option but to negotiate. Negotiations are eased by the fact that it is in the interests of officials to reach agreement, as, with no salaries, this is the way in which they get paid each day. The result is that traders and state officials generally collude, often as a matter of course, to under-declare goods, and thus reduce the tax payable.

Officials negotiate under-declarations because some of the tax that would have been paid to the central authorities is instead paid directly to them, with the balance representing a saving for the traders. Neither traders and customs officials seem enthusiastic that taxes flow to the central administration, and many are of the opinion that any funds paid to the RCD "capital" in Goma will either go straight into the war or the pockets of senior members of the administration. The result is that DR Congo official statistics under-record import and export trade in nearly every commodity, with the apparent exception of petrol and diesel, where it is claimed that all imports are accounted for³⁰.

Although there are many more trade taxes in RCD-held DR Congo than in Rwanda, many traders nevertheless estimate that because of corruption, the tax burden in terms of what they actually pay is lower in the DR Congo than Rwanda. This, rather than any difference in transport costs is what enables many goods imported from outside the region to retail for marginally less in Bukavu than in Cyangugu, even in instances where they have transited through Cyangugu to get to Bukavu³¹.

³⁰ Interview with Bukavu petrol dealer, June 2002

³¹ This was confirmed by several Indian traders in Bukavu who use both routes

A striking feature of economic life in South Kivu is that such is the poverty that even the tiniest opportunities for trading profit are pursued by great numbers of desperate people. The small difference in price on a range of imported commodities between Cyangugu and Bukavu is sufficient incentive for thousands of Congolese to smuggle them across the border into Rwanda to sell. Many smugglers are caught but enough get through to keep smuggled goods readily available at predictable and slow-changing prices, to consumers on the other side.

In the following sections, Rwanda's trade with the DR Congo at the Cyangugu-Bukavu border is presented commodity by commodity, showing who trades, why, and in what direction. Available data on trade from national statistical sources is presented where available, the likely proportion of total trade in this commodity that is recorded and unrecorded is discussed, and informed estimates provided for the value of total trade. The findings are based on fieldwork and border monitoring conducted by myself and research assistants between late 2001 and mid-2002³² and national trade statistics.

³² Mathieu Ntigurirwa, Maryam Safari, Bobos

Rwandan exports to DR Congo

Table Two: Rwandan exports to DR Congo via Cyangugu 2001 (US\$'000)

Item	Total value
Cassava	3,880
Vegetables and beans	456
Cattle and beef	2,570
Pigs and pork	312
Fish	1,820
Charcoal	287
Agriculture total	9,321
Cement	780
Sulforwanda	36
Manufacturing total	816
Insurance	27
Banking	16
Communications	203
Services total	246
Export total	10,383

Sources: National trade statistics, border monitoring, and trader interviews

Table Three: *Office des Douanes et Accises (OFIDA)* tariff structure for imports, Bukavu (selected items, US\$)

Item	Unit	Tariff rate
Cassava flour	Kg	0.040
Tomatoes	Kg	0.025
Beans	Kg	0.040
Cattle	Head	15.000
Pigs	Head	2.000
Fish	Kg	0.010
Cement	50kg sack	5.000

Source: OFIDA, *Tarif Simplifier A L'Importation Revise Au 03 Juin 1997*, OFIDA, Bukavu, 1997

Rwanda's recorded exports in 2001 were worth US\$93m. My research shows that there were unrecorded exports with an estimated value of US\$10.4m - an additional 12.7% - at one border crossing alone. An estimated 89% of this, worth US\$9.3m, was from agricultural produce. All of this trade, with the exception of charcoal and some livestock exports, was legal, and yet was almost completely unrecorded on the Rwandan side. If the figures seem excessive and implausible, it should be considered that Rwandan GDP was an estimated Rwafr754.7bn (US\$1.70bn) in 2001, of which around 40%, US\$680m,

was recorded as agricultural³³. Given the collapse in agricultural production in eastern DR Congo, the export from Rwanda of 1.4% of her agricultural GDP and 0.6% of her total GDP to the country via Cyangugu is reasonable, and is only surprising because such a tiny proportion is recorded.

It is official Rwandan government policy to increase agricultural exports, and the government would do well to take note that the country is already exporting, though not recording the export of agricultural goods to its neighbours. Because of Rwanda's weak manufacturing capacity, it is a net importer of manufactured goods from most of its neighbours, and has limited potential to expand this. However, my research shows there is a small Congolese market for Rwandan manufactured goods, and particularly cement. These exports would probably increase in the event of an economic upturn in South Kivu, since the first sign of such an upturn would, judging by past precedent, be a construction boom, particularly in the big towns like Bukavu.

Also of note is Rwanda's export of services to the DR Congo. The services include banking, insurance and telecommunications. Although the estimates generated by the research are less reliable than for agricultural and manufactured goods, they indicate significant value for these exports nonetheless. These service exports have the potential to expand, particularly if consumer purchasing power improves in the DR Congo, since this would be unlikely to be met, in the short term at least, by significant improvements in local service provision, thus increasing demand for Rwandan imports.

³³ Economist Intelligence Unit, *Rwanda Country Report November 2002*, *op cit*, page 6

Cassava

Cassava is the staple food of South Kivu, and the region has traditionally been self-sufficient, and for long periods an exporter of the crop. However, in late 2000, disease struck, and South Kivu's cassava production declined steeply. Imports increased from Tanzania, often via Rwanda, and imports began for the first time from Rwanda itself. Nearly all the cassava exported to the DR Congo from Rwanda at the Cyangugu border is first traded in the Kamembe central market in Cyangugu, almost exclusively by Rwandan women. Many are Moslem. Like most people, cassava traders have suffered because of war and economic decline, but are, however, currently profiting from the DR Congo's agricultural woes.

Cassava trader, Kamembe market, November 2001

We cassava sellers from Cyangugu share information. We also share a fear of God. My main problem is of course when there is a lot of cassava in Congo. But even so, life was better before the war. I lost lots of family and wealth. But now the Congolese cultivate less and that helps us.

The women trading in cassava said they work for themselves though they sometimes club together to rent transport to fetch their stock³⁴. Like nearly all the small-scale traders I interviewed, these women said they had no access to credit through the formal banking system, and that this was one of their major difficulties. However, substantial demand for cassava from the DR Congo ensured that their businesses were among the most liquid and most lucrative during 2001 of any involving CBT on this border.

Congolese traders generally cross to Kamembe market, or to a smaller market on the Rwandan side of the Rusizi II border post to buy cassava, on which the traders say they

³⁴ Interviews with cassava traders, Cyangugu, December 2001, May 2002.

make a profit of Rwafr5 per kg (US\$10.9/tonne)³⁵. The cassava is purchased either whole or already ground, and is carried across the border in a variety of volumes and packaging ranging from small baskets holding a few kilogrammes to 100kg sacks.

From Cyangugu central market to the Rusizi I border crossing, where most cassava head loads cross, is a steep downhill descent of around three kilometres. Having bought their cassava, many Congolese traders, instead of loading it onto vehicles, divide it into 30-35kg sacks that are then carried down the hill on the backs of immensely strong Congolese women, who earn US\$0.4 per sack for doing so. The sacks are then usually transferred at the Rwandan frontier to the specially adapted bicycles of handicapped people, around ten of whom work at the Rusizi I border, who transport them across the bridge and up the short hill to the DR Congo frontier. These transporters are entitled to a slight discount on the import tax for cassava levied by the main Congolese customs collection body, OFIDA. From the border, the cassava traders arrange for the transport of their sacks into Bukavu.

Adelaine Mukuzo, cassava carrier, Cyangugu border, May 2002

I am a Congolese from Bukavu and I am 25 years old. I have been carrying cassava for a year. Before I sold avocados, but had to stop because I lacked money... I carry 35kg sacks down the hill from Kamembe as far as the customs in Congo and get Rwafr200 for each sack. Some just give me some flour. I don't have regular clients, but I just look for people to employ me. Some days I get no work. At most I can make two trips per day. It is very difficult, but it is money. If I could find other work I would take it.

Heryette Nzimire, handicapped cassava flour transporter, Cyangugu border, May 2002

I am Congolese. I carry cassava flour. I have been doing this for years. I have so many problems. Before I could cross without paying, but now I have to pay at the Congolese customs. We have had to pay at customs for the past three years. It is not fair. We are penalised. It is not my flour, I carry the flour for others. I carry 2 sacks of 100 kilos each. I can do 4 journeys in a day, though there are days when there is no work. There are 10 or so of us working here.

³⁵ See footnote 26 for exchange rates

Method for calculating trade value:

Rwanda's cassava export trade to the DR Congo has been completely unrecorded by the RRA, but in the DR Congo, OFIDA statistics show that imports began in October 2000. According to OFIDA figures, a little over 1,800 tonnes of cassava, worth approximately US\$250,000 was imported in 2001³⁶. Imported cassava is subject to a hefty tax from OFIDA of US\$40 per tonne, and is also liable to taxes from other state departments. To keep their prices competitive in Bukavu's Kadutu market, cassava importers have a powerful incentive to avoid these payments, and it is therefore highly likely that OFIDA's figures are severe underestimates. Border monitoring in late 2001 and early 2002 showed that an average of 884 tonnes of cassava was crossing into Bukavu on head loads every week for three weeks. 870 tonnes of this crossed at Rusizi I³⁷. Cassava is not a seasonal crop but cassava traders say that from June to December cassava is plentiful, and from January to May it is less so. It is therefore likely that the weekly average during the monitoring periods was higher than the weekly average through the year. I have conservatively assumed a weekly average of 800 tonnes of cassava exported from Rwanda to DR Congo via Cyangugu, giving a yearly export total of 41,600 tonnes. This is 23 times the import figure recorded by OFIDA, and is worth an estimated US\$5.82m. Given trader profit margins of US\$10.9/tonne, this indicates earnings to cassava traders in 2001 of about US\$450,000.

There is considerable speculation about where this cassava comes from. Many Congolese believe that much of the cassava they buy from Rwanda originally comes from Ijwi

³⁶ Inspecteur Provençal de l'Agriculture et Elevage, *Approvisionnement de la Province en Manioc 2000-2001*, Bukavu, 2002, reproduced in Appendix 2b

island, on the DR Congo side of Lake Kivu, and is therefore of Congolese origin. This thesis was supported by a report commissioned by the Rwandan ministry of agriculture in 2001³⁸. According to this report, 1,800 tonnes of cassava was imported into Rwanda at Cyangugu during the first half of 2001, with much of it apparently coming from Ijwi at unmonitored crossing points. However, it is not possible to assess the plausibility of this figure, since the report offers no clues as to how it was arrived at.

One Kamembe-based cassava trader I interviewed said she sourced her cassava from Tanzania, via Kigali, but other traders interviewed said most of their stock came from Gitarama, in southwestern Rwanda. A local Rwandan agricultural official stated that cassava in Cyangugu came from the Rwanda - primarily Kibungo, Bugesera, and Gitarama³⁹. I have assumed that a third of cassava exported to the DR Congo at Cyangugu comes from Ijwi or Tanzania, that still leaves a Rwandan export to DR Congo via Cyangugu of about 27,700 tonnes per year, worth US\$3.88m.

Vegetables

There has been an export trade in Rwandan tomatoes to South Kivu for decades. Rwandan production dipped during the genocide and aftermath but has since improved, while output on the other side of the border has worsened. The main tomato-growing region in Cyangugu province is around Bugarama. Tomatoes come to Kamembe market on Tuesdays and Fridays, which are market days, and this is the day when Congolese

³⁷ See Appendix 1

³⁸ Agro Consulting Business, *Evaluation des Importations et Exportations des Produits Alimentaires du Premier Semestre, 2001*, Ministry of Agriculture, Kigali, 2001

³⁹ Interview with André Kagwenderi, director, Ministry of Agriculture, Cyangugu, May 2002

traders, who are all women, cross the border at Rusizi I to buy their tomatoes in Cyangugu. In late 2001, these traders were paying around US\$19 for a wicker basket full of tomatoes, on which they hoped to make a profit of US\$2-4 in Bukavu markets. There appear to be almost no Rwandans crossing into DR Congo to sell tomatoes. The trade is theoretically taxed on the DR Congo side by OFIDA at a quarter of a US cent per kilo, but because the sum is low and irregularly collected, it does not deter traders from using the official border crossings. Tomato imports are recorded by neither OFIDA nor the RRA.

Tomato seller, Bukavu, June 2002

I am from Bukavu. I have sold in the market since I was a young girl. I have sold tomatoes since I was young. I also sell salt, onions, and salsa [tomato purée] in cans. The tomatoes come from Rwanda because our ones do not last - they go off. Rwandan tomatoes can last a week. [important factor for market traders]. I think their earth is better.

We just pass at customs. We don't pay. There are no large-scale buyers among us. Rather, there are very many of us. Some only come as far as the frontier, and some go as far as Kamembe. Congolese production of tomatoes has fallen. People nowadays prefer to plant onions. Rwandan production fell when the Hutus left but now it is rising again.

Method for calculating trade value:

Monitoring volumes of tomatoes and other vegetables crossing the border was difficult, because they are transported in a variety of packages, and mixed in a variety of combinations. My method here was to employ the research assistants to count the number of each type of package that crossed the border. Then I randomly inspected a number of each different type of package at the border on market day and used this to generate an average value for each package that was likely to contain tomatoes and/or other vegetables. The result according to this method was that over the monitoring period, the

average weekly value of Rwandan vegetable exports crossing at Rusizi I was US\$7,800 and US\$2,870 at Rusizi II, giving a total of US\$10,670⁴⁰.

Tomato traders say that tomatoes are only available during dry seasons, but are very scarce during the rainy season. Rains are supposed to last for six months of the year, and I have assumed that during this period, only a quarter of the volumes of tomatoes sold during the dry season are available. I have thus assumed a weekly average export of tomatoes and other vegetables from Rwanda to DR Congo of US\$10,670 for six months, and of US\$2,670 per week for the rest of the year. This gives a total value for the export of tomatoes and other vegetables of around US\$347,000 for 2001. Given trader profit margins of around US\$3 for every US\$19 spent on tomatoes and other vegetables, this gives trader profits as around US\$55,000 in the year.

In addition to this trade, Rwandan cabbages are exported by Congolese into South Kivu, usually in 50kg sacks on trucks and other vehicles, which mostly cross at Rusizi II. The OCC recorded imports of 14.3 tonnes of cabbages in June 2000, and 9.8 tonnes in December 2000⁴¹. These are both harvest times, when more cabbages are available for export than at other times of the year. Traders say that no specific import levies are levied on their cabbage imports into DR Congo, but because other taxes are levied by the Congolese authorities on the overall tonnage imported, there is still an incentive for traders to under-declare. Traders interviewed who import goods via Rusizi II estimate

⁴⁰ See Appendix I

⁴¹ Office Congolais de Controle, *Rapport Mensuel, Trafic Frontaliers Rusizi I, Mois de Juin 2000*, OCC, Bukavu, 2000; Office Congolais de Controle, *Rapport Mensuel, Trafic Frontaliers Rusizi I, Mois de Décembre 2000*, OCC, Bukavu, 2000; Office Congolais de Controle, *Rapport Mensuel, Trafic Frontaliers*

that 1/6th of the value of their goods are recorded by the OFIDA and the OCC⁴².

Assuming that one sixth of the total volumes of cabbages were declared in June and December 2000, the average total monthly volume that crossed Rusizi II into the DR Congo in this period was 32 tonnes. Using the same seasonal variations as were assumed for tomatoes, the resulting total cabbage importation is 240 tonnes per year, worth around US\$14,440. Adding this figure to the previous one for tomatoes and other vegetables, this gives a total estimated value for Rwandan vegetable exports to DR Congo via Rusizi I and II in 2001 as roughly US\$361,000. None of this was recorded by the RRA, while around 1/6th of the cabbage imports (worth US\$2,400) were recorded by the Congolese authorities.

Beans

Method for calculating trade value:

Before the war in eastern DR Congo, North Kivu exported beans to the whole region, including Bukavu, much of the rest of South Kivu, and western Rwanda. Since the war however, production has fallen and instead, beans are imported from Rwanda. Most beans come from northwestern Rwanda via Goma, but a small quantity of Rwandan beans are exported to Bukavu via Cyangugu. According to available OCC statistics, the monthly average volume of bean imports via the Cyangugu border in 2000 was 6 tonnes. Traders said the situation was little changed in 2001, so I have assumed the same tonnage for the year. Bean imports are taxed by OFIDA at US\$0.04/kg, and the OCC also levies a small charge, thus creating an incentive for smuggling, usually by means of under-

Rusizi II, Mois de Juin 2000, OCC, Bukavu, 2000; Office Congolais de Controle, Rapport Mensuel, Trafic Frontaliers Rusizi II, Mois de Décembre 2000, OCC, Bukavu, 2000

declaration. I have assumed that, as was the case with vegetables, only 1/6th of the total imports were recorded by the OCC and OFIDA. This implies a total monthly bean export during 2001 of 36 tonnes, and an annual figure of 432 tonnes, worth around US\$95,000. None of this was recorded by the RRA, while imports worth US\$16,000 were recorded by the Congolese authorities.

Cattle

The livestock trade is one of the oldest still flowing in the region. Almost all those involved in livestock trading are men, and belong to well-established associations, in contrast to traders in most commodities on the border, who are more often wont to report that "it is every person for themselves". Rwandans have sold livestock to the Congolese across the Rusizi for decades, and possibly centuries. One of the earliest photos of what is now Cyangugu, taken in the 1920s, depicts a muddy cattle market. European commercial farmers and the Banyamulenge community of Masisi became the main suppliers in South Kivu during the colonial era, but in the post-independence period, commercial supplies from South Kivu dwindled as one farm after another went bankrupt. Limited Banyamulenge livestock supplies, to Bukavu at least, continued until early 2002⁴³, but heavy fighting in Masisi since 1996, and particularly since 2002, when rebel Banyamulenge units of the RCD began fighting other RCD units and the Rwandan Patriotic Army (RPA), has made access to the area impossible, and devastated the herds.

⁴² Interviews with Bukavu traders. November-December 2001, May-June 2002

⁴³ Interview with Assalmani, *op cit*, and Bukavu butcher, June 2002

Masisi cows used to cost Bukavu butchers US\$100-120 a head, enabling them to make a net profit of US\$50 per carcass. Rwandan cattle are much more expensive, costing the butchers US\$250-300 a head, leaving a net profit per carcass of just US\$10. Rwandan traders cross with cattle to sell, but more often Bukavu butchers travel into Rwanda to cattle markets to make their purchases.

In early 2002, the Cyangugu province cattle markets were temporarily closed to stop the spread of livestock disease. It was further stipulated that livestock must cross the border in trucks only, and could only be transported if a permit has been obtained from the Rwandan ministry of agriculture⁴⁴. However, traders have reported widespread evasion, which has been conceded by local representatives of the Rwandan ministry of agriculture.

Many Bukavu residents allege that livestock herds on farms outlying the city have been entirely pillaged by Rwandans since 1996 and removed to Rwanda. Certainly, Rwandan livestock levels fell to almost nothing after the genocide, but were later largely replenished by the herds of former refugees returning from Uganda. Today, most cattle that are sold across the Cyangugu border are said by Rwandan officials to come from all over Rwanda, and particularly Umutara.

OFIDA taxes cattle imports at US\$15 per head, and according to trader estimates, 60-70% of CBT in cattle at the Cyangugu border is unrecorded. The ministry of agriculture in Bukavu recorded average weekly Rwandan cattle imports of 26 head in 1999, 80 in

⁴⁴ Interview with André Kagwenderi, *op cit*

2000, and 48 in 2001⁴⁵. Using the trader estimates, average weekly total cattle CBT was 86 head in 1999, 266 in 2000 and 160 in 2001. This suggests that in spite of the recent restrictions, CBT in cattle is continuing at similar levels to before they were imposed. While a few traders take their cattle across the Rusizi in dug-out canoes and thus evade the authorities entirely, most use the Rusizi II border crossing, suggesting the collusion of the authorities in unrecorded livestock trade on both sides of the border.

Butcher, Bukavu, June 2002

I am from Bukavu. I have been a butcher for 35 years. It is a family thing, but I have not put my children into it because it is no longer profitable. My business has fallen a lot since the war. Here in Bukavu they don't have any money. They can't afford meat.

Before the war we used to go to Masisi to buy. The cows came from the Rusizi plateau. We did not really buy from Rwanda. We bought from the Banyamulenge and from refugees and from the farms of the Europeans.

Some people use *pirogues* to bring cattle across the border from Rwanda but you can't really evade customs. However, at the border there is a lot of messing around which you can avoid. Then there are the soldiers. If the Congolese customs officials are present, the Rwandan soldiers will not ask for money, but if they are not there, the soldiers will ask.

The cattle trade is recorded, but hardly. If there were 100 head of cattle crossing, 60-70 would not be written down.

Method for calculating trade value:

Border monitoring reported the export from Rwanda to DR Congo of a weekly average of 65 head of cattle. This appears to be an underestimate, since Bukavu abattoirs slaughter around 214 head of cattle a week, 180 of these are thought to be Rwandan, with the balance coming from around Uvira⁴⁶. Assuming an average value of US\$275 per cow, this puts the value of this trade in 2001 at US\$2.57m. The RRA does not record cattle exports, and assuming that 30-40% of CBT in cattle at the Cyangugu border is recorded by the Congolese authorities, this implies that the unrecorded Rwandan cattle export

⁴⁵ Inspecteur Provençal de l'Agriculture et Elevage, *Approvisionnement de la Province en Gros Bétail de Boucherie, 1999-2001*, Bukavu, 2002, reproduced in Appendix 2a

trade at this border was worth US\$1.67m in 2001. Meanwhile over the same period, Rwanda imported cattle hides from Bukavu worth an estimated US\$ \$37,500. Traders estimate that 10-15% of this import is declared, and it may be that some hides from the DR Congo are re-exported as Rwandan exports.

Pigs

Cattle trading is a male preserve, but Congolese and Rwandan women control the trade in pork, buying in Rwanda and selling in the DR Congo. Pork traders reported that before the war, pigs and pork sold in Bukavu mostly came Masisi in South Kivu, but because of stock destruction, they were forced to source supplies from Rwanda instead. OFIDA figures show a tax of US\$2 per pig, but traders say that the tax levied is a far heavier US\$2/kg, leaving them a profit of US\$1/kg. Evading this duty makes a big difference to profit margins, creating a substantial incentive to smuggle. Another smuggling incentive is that Rwandan regulations stipulate that pigs must be slaughtered before crossing the border into DR Congo. Traders, however, improve their profit margins by smuggling live pigs across instead, in part because pork imports run the risk of being rejected by government veterinarians in Bukavu, which can result in substantial trader losses. Pork dealers estimate that a third of the total pig and pork trade travels clandestinely on *pirogues* across the Rusizi River, rather than via the official border crossings. In addition, pork traders commonly negotiate reductions in duty with OFIDA and other DR Congo customs officials.

⁴⁶ Interview with Bukavu butcher, *op cit.*

Method for calculating trade value:

There is no mention of pork CBT in any of the official data on either the Rwandan or DR Congo side. On the basis of trader estimates, I have assumed a weekly trade of 60 pigs from Rwanda to DR Congo at Cyangugu, giving an estimated value to the trade in 2001 of US\$312,000.

Fish

Lake Kivu is the least well stocked with fish of all the Great Lakes because of its substantial methane gas deposits. However, fishing co-operatives on the Rwandan side have developed a sizeable business in *frétins* (small, frying fish). Catches are strongest during the rains, and drop significantly during dry seasons. Rwandans do not in general cross the border to sell fish. Instead, Rwandan women traders buy in bulk from the fishermen, and then retail the fish to Congolese women at an open-air market adjacent to where fishermen land their catch, and a smaller market a little further along the lake near the Rusizi I border. Congolese women buying from Rwandan retailers usually carry their fish across the border in headloads at Rusizi I, while Congolese traders buying in bulk usually cross by truck at Rusizi II. According to its rule book, OFIDA is supposed to levy an import duty of US\$0.01/kg on fish, but it is rarely collected and traders have little incentive to smuggle, so most fish enters the country at the official border crossings.

Frétin seller, Rusizi I border crossing, Rwandan side, December 2001

I am a Rwandan woman from this area. I have been selling *frétins* for seven years. All of us sellers are Rwandan. We currently do not have to pay any business registration fees, but we will have to start from next year.

I am independent and do not work for anybody. I buy from fishermen at the shore, and carry the fish myself to this place [a little way back from the border crossing next to the road coming from Kamembe]. I buy a basin of 20kg for Rwafr7000 (US\$15.2) and sell the load for Rwafr8000 (US\$17.3), though I only receive this profit if I sell all my fish. Most of my buyers are Congolese, but there are also Rwandans. This year we have seen Congolese bulk buyers coming to the fishermen and buying all their catch, so we cannot buy and sell. It would be better if the co-operative could buy the stock.

Method for calculating trade value:

Rwanda's export of fish to the DR Congo is not recorded by the RRA. The OCC does record fish imports, but does not indicate their value. The average weekly value of the trade monitored at the border by my research assistants was around US\$33,700 at Rusizi I, and US\$14,560 at Rusizi II, giving a combined total of \$48,260⁴⁷. This research was conducted shortly after the short rains, which usually end in mid-December, this figure is higher than the dry season average, but lower than the rainy season average. US\$35,000 is a conservative weekly average value for fretin exports via Rusizi I and II for 2001 a whole, giving an export value total of US\$1.82m.

Charcoal

Charcoal made from hardwoods from Rwanda's Nyungwe forest is a prized commodity in the DR Congo, where it is appreciated for burning hotly but slowly. In order to preserve the ever-dwindling forest, the export of charcoal is forbidden by Rwandan law. However, the trade remains common, and a source of income for many. Rwandan traders, who are mostly women, buy the charcoal in Cyangugu market for US\$4.25/sack, and then cross the short width of the Rusizi by *pirogue* from concealed crossing points to sell

it on the Congolese side for US\$8/sack. The traders say they are often caught and their merchandise confiscated, but they nonetheless trade charcoal every day⁴⁸.

Piroguer, Rusizi River, May 2002

This crossing has been here a long time. I have been crossing it all my life. My work can be dangerous because of customs officials. When the RRA capture us, they take the produce and confiscate it, but they usually leave us alone. Also, sometimes the river is dangerous. It is a difficult trade. Sometimes I fish too, though this is just in the rainy season. My main profession is crossing the river. I charge Rwafr100 per person. Some dried fish and sugar comes from Congo, but mainly the Congolese come to buy. They buy manioc, sweet potatoes, and especially charcoal. I cross many, many times during a day. No one crosses at night because of the soldiers with their boats.

Method for calculating trade value:

Piroguers informed me that there were at least 40 of them crossing the Rusizi River, who could take up to ten sacks of charcoal a time, and who cross the river "many times a day". I have conservatively assumed that 50 *piroguers* cross 35 sacks of charcoal a day, giving a figure for 2001 as a whole of 63,700 sacks, worth around US\$286,700.

Cement

Rwandan cement is exported to DR Congo via Cyangugu's border crossings, despite the presence of a functioning cement factory in South Kivu, because it is less expensive, though allegedly of poorer quality, than Congolese cement. In 2001, a 50kg sack of Rwandan cement retailed for US\$7.5 in Cyangugu and US\$9.5 in Bukavu, while Congolese cement cost US\$10.5 a sack. There appears to be no export of Congolese cement to Rwanda. One Rwandan businessman has set up a shop in Bukavu retailing Rwandan cement, which he reportedly purchases for a discount at the factory, but the other cement traders in Bukavu are Congolese. These traders buy their cement in

⁴⁷ See Appendix 1

⁴⁸ Interview with charcoal traders, Rusizi River, May 2002

Cyangugu for an estimated profit, after transport costs and duties, of US\$0.5 per sack⁴⁹. Most of these traders are women, which one trader explained by saying that no man would work so hard for so little money. The traders must pay a hefty US\$1.3 per sack at the DR Congo customs post, thus providing them with a strong financial incentive to smuggle, but traders claim they are fearful of using dugouts for fear of losing their stock into the Rusizi. Instead, traders negotiate under declarations with DR Congo customs officials.

Cement sellers, central Bukavu, June 2002

We sell cement from Rwanda, as well as rice, sugar, and vegetable oil. The rice, sugar and oil we buy wholesale from Kotecha [Major Indian owned wholesaler and retailer]. Some of our cement also comes from Congo. We travel to Rwanda and buy the cement in Kamembe. Our profit is US\$0.5 per sack, and we sell around 10-20 sacks a day. We work for ourselves. I buy 200 sacks at a time. Some buy 50. But business has fallen here because there is no money.

Method for calculating trade value:

OCC figures for 2000 showed a monthly export of about 50 tonnes of cement from Rwanda to DR Congo at Rusizi II, but my research assistants monitored exports of 50 tonnes a week. Curiously, the assistants did not monitor any cement exports at Rusizi I, though OCC figures show a monthly average of 50 tonnes there too⁵⁰. Cement exports are recorded at Rusizi I by the RRA, and showed a monthly export of 60 tonnes at this border crossing in the first half of 2001. However, customs officials working at this crossing admitted that most cement was being smuggled across, because "we see so little of it, but there is so much building going on in Bukavu"⁵¹. Based on trader estimates, I have assuming a weekly export during 2001 of 50 tonnes at Rusizi II, and a further weekly export 50 tonnes at Rusizi I. This gives the estimated export of Rwandan cement

⁴⁹ Interview with cement seller. Bukavu, June 2002

⁵⁰ See Appendix 1

via Cyangugu during 2001 as 5,200 tonnes, worth US\$780,000, generating around US\$52,000 in profit for traders.

Sulforwanda products

Sulforwanda in Kigali makes a range of chemical, cosmetic and pharmaceutical products and was originally founded as an import substitution industry in 1975. Reduced import tariffs during the late 1990s have enabled regional competitors to encroach on the company's domestic market, and annual turnover fell from US\$12m in 1999 to US\$8m in 2000⁵². The company has a wholesale branch in Cyangugu, with sales of around US\$2,000 per month, a quarter of the level they reached before 1994. There is a demand for Sulforwanda products in South Kivu, and some Sulforwanda goods are exported to Bukavu from Cyangugu. In most cases however, Sulforwanda goods are bought wholesale and transited through to Bukavu from Kigali. In Bukavu, Sulforwanda goods often retail for less than in Cyangugu because by transiting to the DR Congo, they have not been liable for Rwandan VAT, and in addition have often entered the country paying less than the prescribed tariff because of negotiations between traders and customs officials. This has led to a smuggling trade in Sulforwanda products back across to Rwanda from Bukavu.

Method for calculating trade value:

Sulforwanda products are lumped under "other merchandise" in OFIDA statistics, and it is not possible to estimate a value from these. There is no available record of the export

⁵¹ Interview with RRA official. Cyangugu, November 2001

⁵² Interview with Sulforwanda directors, *op cit*.

of Sulforwanda goods to the DR Congo in RRA figures. I have assumed that retail sales in Cyangugu before 1994, US\$8,000 per month, equaled total demand in Cyangugu and Bukavu at that time, with demand from both towns also being equal. I have assumed that Bukavu demand has since fallen, and have estimated the value of demand during 2001 at US\$3,000 per month, giving an annual export figure to meet Congolese demand of US\$36,000. In addition, based on trader estimates, I have calculated that Sulforwanda products worth an additional US\$10,000 were re-exported to Rwanda from Bukavu during 2001.

Insurance

There is only one Congolese general insurance company with a branch in Bukavu, the *Société Nationale des Assurances et Reassurances* (SONAR). Many businesspeople based in Bukavu testified to the fact that SONAR does not pay out in the event of a claim, and that the only reason people continued to use the company was because drivers are fined for not having proof of insurance for their vehicles. In Rwanda however, insurance companies generally do pay out for claims. The main insurance company operating in Cyangugu is the *Société Nationale des Assurances du Rwanda* (Sonarwa). Rwandan insurance companies such as Sonarwa say they would like to open Congolese branches in order to position themselves for any economic upturn, but have not been allowed to do so by the Congolese authorities⁵³. Sonarwa and the others do however sell insurance to Congolese. In 2001, US\$21,700 of the turnover at Sonarwa's Cyangugu branch was from Congolese clients, with 70% of the total for insuring the DR Congo-

⁵³ Interview with Alphonse Kayiranga Mukama, co-director general, Compagnie Generale d'Assurances et de Reassurances au Rwanda (COGEAR), Kigali. May 2002

based *Société Nationale d'Electricité des Grands Lacs* (Sinelac), and the balance for private clients. Most of the business with private clients is for vehicle insurance⁵⁴.

Alphonse Kayiranga Mukama, co-director general, Compagnie Generale d'Assurances et de Reassurances au Rwanda, Kigali, May 2002

There is no functioning insurance in Congo. SONAR gives you a piece of paper you can show the *gendarmes* but you won't get any money if you have an accident. By contrast, here, if you have an accident, the insurance will pay. So Congolese inhabitants in areas near Rwanda will get their insurance from here. Risks are higher in Congo, because state control is weaker so there is less checking on vehicles and so on. But the premiums are the same.

With peace and the liberalisation of the economy there we could do very good business in Congo. I started work in Kinshasa. I know Congo well. The local companies there cannot cope with the business, so it would create openings for us. If their factories functioned, we could insure them. That's where the good money is. At the moment they just want vehicle insurance and there is not much money in that.

Method for calculating trade value:

Sonarwa has 55% of the national insurance market, and I have assumed the same proportion for Bukavu-based clients of Rwandan insurers too. However, unlike Sonarwa, other Rwandan insurance companies have only domestic clients in Bukavu, so I have estimated their probable Congolese totals as a proportion of Sonarwa's trade with Congolese private clients only. The resulting estimate for Rwandan insurance exports to Bukavu in 2001 is US\$27,000.

Banking

Formal sector banking in eastern DR Congo has almost entirely ceased to function. According to the director of the *Banque de Commerce et du Développement* (BCD), one of the main Bukavu banks, the central bank no longer supplies liquidity, but instead just acts as a clearinghouse for cheques. The BCR offers almost little credit, and has a

⁵⁴ Interview with Marie Mukantabana, director general, SONARWA, Kigali, June 2002

miniscule deposit base, all of which is in US dollar accounts⁵⁵. Depositors are not offered interest because the banks derive no profit from their deposits, since there is nothing to invest in. Bukavu banks have all long since ceased selling US dollars for Congolese francs, unless it is at rates competitive with the parallel exchange rate.

The main remaining banking function is to provide a means for companies to pay tax to various government departments. 50% of tax payments must be in US dollars, at rates that artificially overvalue the Congolese franc⁵⁶. However, the Bukavu offices of the different departments in Bukavu prefer taxpayers to pay cash directly to them, so as to prevent the funds disappearing to the central administration in Goma.

Ernest Kigero, directeur co-ordinateur du Banque de Commerce et du Développement (BCD), North and South Kivu, Bukavu, December 2001

We only offer short-term credit, mainly to the petroleum sector. We don't touch minerals because the business is too risky. We ask for title deeds as security, but selling houses is very difficult, so I rather work with people I know can pay. I visit the clients. Those who can't get credit with us can try the priests, or perhaps the big companies, but Congolese hardly use banks. They have forgotten them, for two reasons. First, the instability in the currency, and second, because the banks have collapsed. There is no security, people are traumatised, and deposits are very down.

All the money is printed in Kinshasa. Congolese francs are worth less and are cheaper to buy in Kinshasa than here, and if you buy them in Kinshasa and sell them here, you double your money. We mostly get by on the notes we had before the war. Some people used to use all sorts of roundabout ways to import Congolese francs from the government-controlled zone, but this is forbidden, and that has preserved the franc's value a bit here.

We have an account with all the departments taxpayers have to pay, like OFIDA, OCC and OGEFREM. Clients have accounts too. They fill in a form to pay all their contributions, but the departments prefer that you pay them at the office. Otherwise it is too transparent...

The commercial banks in Cyangugu are the *Banque de Kigali*, the *Banque Commerciale du Rwanda* (BCR) and the *Banque de Crédit, Développement et l'Industrie* (BCDI). The *Banque de Kigali* is the biggest bank in Cyangugu. 70% of its US dollar deposits are held

⁵⁵ Interview with Ernest Kigero, director, BCR, North and South Kivu, Bukavu, December 2002

⁵⁶ The street rate for Congolese francs in 2001-2002 was US\$1:CF240, but the rate for tax payers was fixed at around US\$1:CF190.

by Congolese, and these accounts earned 6-9% interest per year during 2001⁵⁷. Interest rates on loans were around 17% per annum, but banks say they prefer not to lend to Congolese clients, and will not accept their properties in the DR Congo as collateral. However, each of the commercial banks in Cyangugu has Congolese depositors - a trend that apparently began in the 1980s.

Cyangugu banks do not generally finance CBT. One bank manager claimed that most traders "do not understand credit", though nearly every trader interviewed said they wanted credit, and reported frustration that it was not available to them through the commercial banking sector.

Callixte Nyizindekwe, Manager, Banque de Kigali, Cyangugu, November 2001

We are the biggest bank in Kamembe. The level of trade here really fell with the crisis in Congo. And also the RRA became very strict. Fraud is harder than it used to be. Before it was all corrupt on both sides. Also Lake Kivu is much more controlled now. Our business has declined too because of this fall in trade.

We do not give credit for those who cross this border to buy. There are also mineral traders who go to Congo to buy, but we also don't give credit for that. Indirectly, we give credit to traders here, and they sell there, but it is not direct.

We do not lend money to clients from Bukavu, because they cannot give guarantees. We cannot accept houses in Bukavu as guarantees. For Rwandan clients, we accept houses as collateral. Congolese do deposit money here. NGOs also deposit too. But it is not much. They are frightened of crossing with money.

⁵⁷ Interview with Callixte Nyizindekwe, manager, Banque de Kigali, Cyangugu, November 2001

Damien Gatera, director, Banque Commerciale du Rwanda, Cyangugu, May 2002

Congolese have been depositing money here since the 1980s, because they trade here. Since the 1990s their banks have not functioned which has encouraged them to come here, but since the crisis those who can prefer to bank in Europe. It is not a significant part of our business. It is mostly petty traders, though they mostly hang on to their money. The big businesses, the Indians, they don't bank here.

We cannot lend money to Congolese unless we have an authorisation from the central bank. This never happens. We are allowed to give credit to Rwandans for import/export, but again, this does not happen very often. The main trade is just petty traders and fraud.

Trade levels have fallen partly because of the RRA, which administers the law strictly. There is fraud of course but I cannot say much about that. But regarding legal trade, the level is low because the duties on this side are quite high and the system is well organised. Of course the other side is not organised.

Method for calculating trade value

As of late 2001, the Cyangugu branch of the BCR had about US\$2.2m in deposits. I have estimated total deposits from Congolese at the BCR at around US\$500,000. The BCR has 30% of the Rwandan market, and assuming it has 30% of the Cyangugu market too, I have estimated the total value of US dollar deposits held by Congolese in Cyangugu banks at around US\$1.6m in 2001. Assuming a modest 1% annual profit on these deposits for the banks above what they pay in interest to depositors, I have calculated earnings from Congolese clients in Cyangugu banks during 2001 at US\$16,000.

Communications services

Method for calculating trade value

The post in South Kivu does not function, and to receive mail, Bukavu residents need a post box in Cyangugu. Post boxes cost US\$22.5 per year to rent. I could not establish how many Congolese use them, and have instead assumed that at least 120 of the over 1,200 post boxes are rented by Congolese. This gives an income to the Cyangugu postal service of US\$2,700 during 2001, excluding money spent by Congolese on sending letters and parcels.

Mobile phones are popular in Bukavu, and subscribers use the Rwanda-based Rwandacell MTN network. Rwandacell MTN has over 120,000 subscribers in all, and it is reasonable to suppose that at least 4,000 of them live in Bukavu. Assuming, conservatively, that each spent an average of US\$50 on calls in 2001, this gives a total for the year of US\$200,000.

The Rwandan telecommunications parastatal Rwandatel began supplying land lines in Bukavu in 2002. Rwandatel has however been unable thus far to supply statistics on the number of its Bukavu-based subscribers, making it impossible to estimate a value for the service.

Rwandan re-exports to DR Congo

Table Four: Rwandan re-exports to DR Congo via Cyangugu in 2001 (\$'000)

Item	Value
Transit cargo	2,200
Kerosene	656
Tyres	19
Total	2,875

Sources: RRA, border monitoring, and trader interviews

Transit cargo

Method for calculating trade value

Most of the re-export of foreign goods from Rwanda into the DR Congo via Cyangugu consists of transit trade, usually in trucks coming from Mombasa or Nairobi, which have to be cleared at customs in Kigali and given authorisation to continue before they can proceed to Bukavu. Customs officials in Kigali receive records of the value of transit cargo from border crossings where the cargo enters, which they estimate accounts for

roughly half its total value. The records are sent by the Kigali office on to the border crossings the trucks are heading for, to enable RRA officials at these crossings to ensure that no goods have been added or have disappeared in transit. The Kigali RRA office told me that it does not keep a copy of these records.

The RRA appears only to have begun measuring re-exports in a systematic matter in 2000, since figures for this year are much higher and more detailed for each country than for preceding years. Re-exports to Tanzania and Kenya, for example, are valued at Rwafr0 and Rwafr0.9m respectively in 1999, and Rwafr357.3m and Rwafr494.7m in 2000. For the DR Congo, re-exports are valued at Rwafr5.2m in 1999 and Rwafr843.8m (US\$2.2m) in 2000⁵⁸. Figures for 2001 have not been made available, and until they become so, I have assumed the same level of recorded re-exports for 2001 as for 2000. Cyangugu is one of only two major crossings between Rwanda and the DR Congo (the other being Gisenyi-Goma). On the assumption that Cyangugu is the conduit for half of the transit trade through Rwanda to the DR Congo, the estimated value of recorded transit trade in 2001 through this border is US\$1.1m, and the estimated value of total transit trade twice that - US\$2.2m. My research shows the value of additional re-exports not recorded by the RRA to be worth an estimated US\$675,000 in 2001, suggesting a total re-export trade for the year of US\$2.88m.

Kerosene

Unlike petrol and diesel, which costs less in Bukavu than Cyangugu, in 2001 kerosene cost roughly US\$0.39/litre in Cyangugu and US\$0.43/litre in Bukavu. The difference is

said to be due to a preferential deal negotiated with suppliers by Rwanda's main importer Gapco, and lower excise duties on the product than are levied by the RRA on petrol and diesel. Kerosene is widely used in Bukavu, particularly for lighting, and there is a thriving trade in the commodity on the Cyangugu border. Every day, large numbers of Congolese traders clutching *bidons* (plastic containers) of volumes from 1 litre to 25 litres fill up at the fuel station just next to the Rusizi I border crossing, and then proceed to Bukavu to sell. A 25 litre bidon attracts a DR Congo customs duty of US\$0.42, and some bidons are concealed before traders reach the DR Congo customs check point in order to minimise payments. Meanwhile, larger scale traders fill whole trucks with 25 litre bidons of kerosene, and cross at Rusizi II. Here they, like other traders, negotiate tariff reductions with customs officials, leading to the under-registration of their imports.

Wabiwa Machose, kerosene trader, Rusizi I border, May 2002

I am a Congolese woman from Bukavu. I am here to buy Kerosene. I buy it here and sell it in Bukavu. I fill 2 bidons of 25 litres. I've been doing this for a month. Before I sold sugar but I encountered difficulties. This kerosene trade is profitable but I hope to return to sugar trading, since there is so much competition in the kerosene trade. The way I know of to evade customs is to give a bidon to one of the mamas carrying manioc and they conceal it.

Method for calculating trade value

Border monitoring showed the export of a weekly average of 32.3 cubic metres of kerosene (each cubic metre is 1000 litres) over a three week period in late December 2001, worth US\$12,616, suggesting a total for the year of around US\$656,000⁵⁹. The export is not recorded by the RRA, but the OCC recorded an average monthly import of about 17 cubic metres in 2000⁶⁰, roughly 13% of the total. Unrecorded and untaxed kerosene earned traders US\$0.04/litre, while recorded and taxed kerosene earned them

⁵⁸ Ministry of Finance, *Rwanda Development Indicators 2001*, Ministry of Finance, Kigali, 2001, page 166

⁵⁹ See Appendix 1

⁶⁰ Office Congolais de Controle, *Rapport Mensuel, Trafic Frontaliers*, *op cit*.

US\$0.023/litre. Assuming 13% of the kerosene trade was taxed in 2001, and 87% untaxed, this means trader profits for the year were around US\$59,000.

Second-hand tyres

Little apart from kerosene is re-exported from Rwanda at Cyangugu, though there is also trade in second-hand tyres. One Bukavu-based tyre trader, who has been trading since 1998, reported that before the war in South Kivu people went to Europe to get tyres, but that this was now impossible, leaving traders with no option but to go to Rwanda⁶¹. The traders, who are all Congolese men, generally travel in groups to Kigali to buy, and hope to make a profit of US\$2 per tyre once all their transport costs and taxes have been paid.

Tyre seller, Bukavu, November 2001

I am 40 years old. I am married with 8 children. I used to be a petrol seller but I stopped because there was so much competition. I changed to tyre selling in 1998. I am independent and work for no-one.

Before the war people went to Europe to get tyres. Now we buy in Rwanda, in Kigali. We go in a group to buy - 20 of us. I buy second hand tyres, but if I have money I buy new. We don't pay duties on the Rwandan side. on the Congolese side we pay US\$8 for a new tyre and US\$1 for an old one. But you can discuss and reduce the tax to 50c per tyre. Our biggest problem is that taxes are very high.

The war has diminished our business. There are not so many people travelling. There is also insecurity, which discourages travel. Business is certainly harder than before and it is still declining.

Method for calculating trade value

The tyre trade is unrecorded by the RRA, but OCC figures for 2000 show an average monthly import of 60 tyres. Assuming similar import levels for 2001, and using the trader estimate that only a quarter of such imports are recorded by the OCC, this gives a monthly total of 240, to which need to be added an estimated 30 per month that evade

⁶¹ Interview with tyre seller, Bukavu, November 2001

customs altogether by traveling by dugout canoe. At 270 tyres a month and an average value of US\$6 per tyre on the Rwandan side, the trade was worth an estimated US\$19,500 in 2001, of which an estimated US\$4,300 was recorded by the OCC, and generated an estimated US\$6,500 in profit for traders.

DR Congo exports to Rwanda, excluding minerals

Apart from minerals, which are considered later, the DR Congo exports little to Rwanda. The principle items are bread, palm oil, smoked and dried fish, corrugated roof sheeting and Pharmakina products, which I have calculated were worth roughly US\$457,000 in 2001⁶². Agricultural produce attracts no import duty from the RRA, while manufactured goods are subject to a 15% levy. RRA import statistics for Rusizi I and II in 2001 make no mention of these imports at all, and only register re-imports such as *kitenge* cloth⁶³. Rwandan national statistics record imports from the DR Congo as being worth US\$280,000 in 2000. Assuming a similar level in 2001, and that half these imports were registered as coming in via Cyangugu, it suggests that up to 70% of DR Congo's exports by value are unrecorded.

Table Five: DR Congo exports to Rwanda via Cyangugu, 2001, excluding minerals (\$'000)

Item	Value
Bread	7.8
Palm Oil	24.0
Dried Fish	5.2
Agriculture total	37.0
Pharmakina	400.0
Roof sheeting	19.5
Manufacturing total	419.5
Export total	456.5

Sources: Border monitoring, Pharmakina, trader interviews

⁶² See Appendix 1

Pharmakina

Pharmakina was founded in 1942, and in 1998 was taken over by two former staff members in a management buy out. Prior to the buy out Pharmakina exported raw materials only, but has subsequently acquired new plant, enabling it to manufacture a range of quinine products, made from its own cinchona plantations in South Kivu and Rwanda. It is the largest and much the most successful company in South Kivu, producing 30% of the world's supply of quinine products, and with the capacity, its management says, to produce 60%⁶⁴. The company employs 1,200 people in South Kivu, compared to the next biggest employer, the Bralima brewery, which employs only 200. Pharmakina's exports via Cyangugu by truck to Kigali, from where its goods are flown to the rest of the world.

Method for calculating trade value

According to Pharmakina, its exports to Rwanda, as opposed to exports merely transiting Rwanda, were worth around US\$400,000 in 2001.

Other goods

Bread is exported from Bukavu to Cyangugu in small quantities, apparently because the quality of baking is better there. Border monitoring showed DR Congo bread exports at Rusizi I worth US\$150 per week, suggesting a total for 2001 of US\$7,800, which is entirely unrecorded on either side of the border. Border monitoring revealed **palm oil** exports at Rusizi II with an average weekly value of US\$460, giving a total for 2001 of

⁶³ See Appendix 5 for a sample of RRA import statistics at the Cyangugu-Bukavu border

⁶⁴ Interview with managing director of Pharmakina, Bukavu, May 2002

roughly US\$24,000⁶⁵. Most palm oil is produced in the Uvira and Fizi regions of South Kivu, and the bulk of exported oil crosses into Burundi from around there. Bukavu's chief agricultural officer said that controls were very lax, and estimated that up to 80% of this export is unrecorded⁶⁶. Border monitoring was unable to track any trade in **dried fish**, making it difficult to establish a value for it. However, judging by the rarity of the commodity in Cyangugu market, the trade is unlikely to be worth much more than US\$100 per week, giving a total for 2001 of US\$5,200. A small factory in South Kivu produces **corrugated roof sheeting**, for which there is some demand in Cyangugu. The RRA has no record of roof sheeting imports, but border monitoring suggested imports worth roughly US\$375 per week, giving a total for 2001 of US\$19,500.

DR Congo re-exports to Rwanda

Table Six: DR Congo re-exports to Rwanda via Cyangugu, 2001 (\$'000)

Item	Value
Fuel (petrol and diesel)	283
Kitenge, clothing, shoes etc	495
Re-export total	778

Sources: RRA, border monitoring, and trader interviews

Table Seven: RRA import duty structure, 2001

Item	Import duty (as % of total value)
Kitenge	25
Clothing	15
Zambian sugar	5
Batteries	15
Powdered milk	15
Mayonnaise	15
Tea	15

Source: RRA

⁶⁵ See Appendix I

⁶⁶ Interview with Bernard Assalmani, *op cit.*

On the Rwandan side of the border, the RRA alone levies trade taxes. Rwanda is a member of the Common Market of Eastern and Southern Africa (Comesa) and levies a reduced rate on goods of Comesa origin, such as sugar from Zambia, which attracts a 5% duty. On the Congolese side, trade taxes are demanded by OFIDA and the OCC, but also a bewildering selection of newly created state bodies. This is how one manager of one of the main Indian-owned import-export companies based in Bukavu described the system for importing goods into the city:

"Here in Bukavu we have to clear goods at the *entrepot*. You have to 'feed' the people working there. We don't try to manipulate our documents. We are too big for that. The ones who do that are the smaller traders. It takes a whole day to clear goods through the *entrepot*. When our goods come into Rwanda, they go to the *entrepot* in Kigali, at Magerwa. They - the RRA - send an escort with you to the border to make sure there is no leakage of goods, and that they transit. They leave you at the border. On the Congolese side, they charge border fees and check documents and then permit you to go on to the *entrepot*. We don't commit fraud here, either. As I said, we are too big. Smaller scale traders do it to reduce the duty structure.

There are so many taxes. OFIDA and OCC are the main ones, which we pay in the bank. There is also the *Taxe sur le commerce exterieure*, and then FPI - *funds des promotions de l'industrie*, Ogefrem (*Office de gestion de frets maritime*), BIC (*Benefices industriel et commercial*) is a new one that came in 1996. There's a new body that came in six months ago called the OFRP - *Office de protection de recettes* et... I can't remember. Anyway, they have the right to search everything. They do not charge a formal levy but you have to pay to keep them off your back. 50% of the taxes we pay have to be in US dollars, and 50% in Congolese francs."⁶⁷

Though there are more tax collecting bodies on the Congolese side than the Rwandan, and more taxes, the RRA is far more effective at collection, and less open to negotiation when doing so. The result is that the overall tax bill on many imports often ends up being less in eastern DR Congo than on the Rwandan side of the border. This, rather than any significant difference in transport costs, makes these imports less expensive in Bukavu

⁶⁷ Interview with import-exporter, Bukavu, December 2001

than in Cyangugu, and creates an incentive for traders to smuggle them past the RRA and back into Rwanda for resale. The most important commodities for which this happens at the Cyangugu border are petrol and diesel, *kitenge* cloth, clothing, particularly for children, and shoes. Over 90% of re-imports recorded by the RRA are *kitenge*, clothing and shoes. In addition, there is a small re-import of Zambian sugar, and diverse goods such as powdered milk, batteries, mayonnaise and tea.

The entire petrol and diesel trade is unrecorded, as is roughly half the trade in *kitenge*, clothes and shoes. This suggests 70% of the estimated value of DR Congo re-exports to Rwanda, - worth roughly US\$545,000 in 2001 - was unrecorded by the RRA.

Petrol and diesel

Petrol (gasoline) and diesel retailed during 2001 for around US\$0.8/litre and US\$0.85 in Cyangugu and US\$0.6 and US\$0.55 respectively in Bukavu. The reason for this substantial difference in price is the duty structure in Rwanda and RCD-controlled DR Congo. During 2001, fuel in both countries was purchased in Kenya for around US\$0.24/litre. Transport costs to Rwanda were US\$0.1/litre and taxes on petrol added up to US\$0.39/litre, leaving a dealer profit on petrol of US\$0.07/litre. Taxes were even higher on diesel, but the dealer profit margin was the same. In RCD-controlled DR Congo taxes on petrol added up to only US\$0.2/litre, and were even less for diesel, though transport costs were slightly higher than in Rwanda, at US\$0.13/litre. Dealer profits averaged only US\$0.04/litre⁶⁸.

Fuel smuggling is a very popular activity on the border. Hundreds, if not thousands of Bukavu and Cyangugu residents work as *kadaffis* (the name is in honour of the Libyan president), buying fuel in Bukavu to smuggle across the border and sell in Cyangugu. Profits can be good for those who are not caught, with the well capitalised earning as much as US\$40 in a day, though the majority of smugglers scrape by on far less.

The *kadaffis* descend into the banana plantations by the Rusizi river, and then catch waiting dugout canoes across to the other side, paying US\$0.12 to the canoeist per 20 litre *bidon* of smuggled fuel. The *kadaffis* work with children to increase the amount they can carry at one time, and once in Rwanda walk up the hill to near the prison to sell. Many pre-arrange sales with Rwandan motorists, and particularly truck owners, who generally pay them in advance for the purchases. Participating petrol stations in Bukavu take the traders to and from the Congolese border. The co-operation of the RCD's armed forces can apparently be secured for US\$0.04/bidon. On the Rwandan side, the police and workers for a private security company in Rwanda called KK are employed to stop the trade, but the RPA is said not to interfere. *Kadaffis* usually drop their stocks and run if surprised by the police or KK guards, and prosecutions are extremely rare.

⁶⁸ Interview with petrol station owner, Bukavu, June 2002

Fuel smuggler, Bukavu, May 2002

I am from Bukavu. I buy petrol here and sell it in Rwanda. I have done it for eight months. I go with the little children. We go into the banana plantations by the Rusizi, and then use the *pirogues*. I cross with the children. If they catch you they confiscate your stuff. Then we walk to Kamembe. Taking transport is too risky. We sell near the prison, and the stadium. There are regular clients, truck owners who can buy 1000 litres in advance, give you the cash and tell you to fetch it.

I work with Rwandans. They help protect us. Also Rwandans cross to buy. In fact the Rwandans are more numerous than us Congolese. Nearly all the youth in Kamembe are doing it. They are abandoning their studies. There are also many Congolese who do it. In fact we do it everyday except when it is a public meetings day in Rwanda. Many people are crossing, everyday, it is thousands of litres. It is not that profitable, but we sell quickly. Us traders, we do not really work as a team. It is everyone for themselves if you are caught. There is no solidarity among us. I will continue in the job but if I am stopped 3-4 times, I will give up. I was once stopped with 85litres. I ran and the children ran.

We cross during the day if there is no security presence, but otherwise we can go at night or early in the morning. The Congolese military assist us if we pay CF10/bidon. The RPA doesn't touch us because it is here for the war. It is not their business.

Method for calculating trade value

RRA officials estimated that they confiscated 500 litres per week of smuggled fuel during 2001⁶⁹, and *kadaffis* were agreed that their trade was increasing. Boosting the smuggling trade even more, the VAT rate was increased in Rwanda in mid-2002, which has made fuel within the country even more expensive relative to the DR Congo.

Petrol station owners in Bukavu, who are the main retailers to *kadaffis*, reckoned they sold around 7,300 litres per week of petrol and diesel to them during 2001. Assuming 500 litres were confiscated, this left 6,800 litres, giving a total during 2001 of around 354 cubic metres, worth roughly US\$283,000 that made it across the border. This represented lost revenue to Rwanda during the year of nearly US\$138,000, and implies trader profits of around US\$71,000. In addition, at least five Rwandan trucks crossed the border per week to fill 1,400 litre loads, and minibus taxis came every day to fill 70-80 litres. This

⁶⁹ Interview with RRA officials, Rusizi I, May 2002

gave at least another 7,500 litres per week of fuel worth another US\$312,000, representing lost revenue in 2001 to Rwanda of a further US\$153,000.

Kitenge, clothes, shoes and other goods

Kitenge is a brightly coloured fabric, either wrapped round the body or tailored into clothes, which has for decades been a favourite clothing item of women from all over the African continent. *Kitenge* is manufactured in several African cities - the closest such cities to Bukavu and Cyangugu are Kisangani, Kigali and Bujumbura - but the most popular products, considered to be of the highest quality, are from Europe, the Middle and Far East. Demand for *kitenge* is much higher in the DR Congo than in Rwanda, which is accredited by many Congolese women to the alleged Eurocentrism of Rwandan Tutsis and the alleged lack of fashion sense of the country's Hutus. Whatever the reason, the selection of imported *kitenge* available in Bukavu's Kadutu market far outstrips the selection available in Kamembe, and also Kigali. Bukavu's supply of *kitenge* is mostly imported by expatriate traders via Dar es Salaam, Kigoma and Kalundu. Import duties on these goods are lower in DR Congo than in Rwanda, where there is a 25% import tax on the value for *kitenge* and a 15% tax for clothes and shoes. These taxes make legally imported *kitenge* more expensive than in the DR Congo, and create an incentive for smuggling. However, the RRA makes a concerted effort to record and tax *kitenge*, clothing and footwear imports at the Cyangugu border, and those involved in the trade admit that it is not as easy to smuggle as it used to be.

RRA officials have often in the past few years raided the Kamembe market to carry out spot checks on whether imported *kitenge* and clothing have paid sufficient import duties, confiscating those deemed to have been smuggled across. In a further, largely successful effort to encourage legality, the notional value given to *kitenge* on which the 25% duty is levied was reduced in November 2001, thus lowering the overall tax burden. Traders who used to declare only a small portion of their stock at the border now declare about half of it⁷⁰. Traders are adamant that CBT from the DR Congo to Rwanda in *kitenge* and clothing is simply not profitable unless at least a portion of their stock enters Rwanda without paying the full duty to the RRA. This means that despite the best efforts of the RRA, the very continuance of CBT in these goods shows that smuggling is still rampant.

Kitenge smuggler, Bukavu, June 2002

I am from Bukavu. I sell *Dubai*, *Real*, and *Faux Super* [from the Middle and Far East] but do not sell *Super* or *Hollandes* [more expensive material from Europe]. I have been in this business for eight years. To benefit from the wholesale price, I must buy at least ten of the 'douze yards' from the Bukavu wholesalers. Normally, I buy around thirty. When I buy my goods, I must always pay cash. I am never given credit. But we women do borrow money from each other sometimes, usually a few thousand francs. We do sell on credit, but I find that the women always pay in the end. It is only women who do this trade. We share information and do not hide it from each other.

I buy at least once a week, usually on Monday to be ready for the Kamembe market on Tuesday. If I sell all my stock, I can then buy again on Thursday for the Friday. After I have bought my stock, I bring it to my house. Then mamas from the *quartier* come to take them, and then cross the border with them during the night by *pirogue*. They leave them there on the other side with my friends. I then cross the next day to sell. I work with more than ten mamas in this trade. They come from Kadutu. But I also work with Rwandans. We work very well together, and all in all we are very numerous.

The Rwandan customs try to control the trade at the market. If they find *kitenges* that have not paid duty, they confiscate them and take them to the customs office. The RRA often come to the Kamembe market. And if they catch us then we must pay twice the duty we would have had to pay if we had declared them. So if I see that they are checking a lot, I pass by the customs officials. But if I go via the RRA customs officials on my way across the border, the trade is not profitable. Sometimes, I under-invoice. So I might declare ten 'douze yards' when there are thirty.

Before, the duty was Rwafr1,500 per 'douze yards' and we never declared anything, but since November [2001] the duty has been Rwafr540, and so now we declare more to the RRA. Yet most *kitenges* in the market continue to cross the border by fraud. Most traders under-declare, declaring ten or fifteen, out of thirty, or use the mamas to carry the *kitenges* across.

⁷⁰ Based on interviews with RRA officials, *kitenge* and clothing traders

Another recent change is that before we never needed a piece of paper to trade in the market, but now we do. [She shows a piece of paper marked "Certificat Provisoire d'Identification Fiscale" issued by the RRA with her name written on it]. They give this paper to me for free, but they tell me that next year we will have to pay to renew it. You have to have it though. You cannot trade without it.

Method for calculating trade value

RRA figures for Rusizi I over an 18 week period in 2001 indicate an average weekly value of US\$4,300 for re-imports from DR Congo into Rwanda, and its figures for a 34 week period during 2001 at Rusizi II give a weekly average of around US\$440⁷¹.

Working with the assumption that only half the total value of re-imports was recorded, this gives a total import value for re-imports at Rusizi I and II during 2001 of around US\$493,000.

DR Congo mineral exports to Rwanda

Table One shows that DR Congo's estimated trade deficit with Rwanda at the Cyangugu-Bukavu border in 2001, excluding re-exports, was US\$9.9m. Research conducted at other DR Congo borders would doubtless yield evidence of similar trade deficits, raising the important question of how DR Congo finances and sustains the deficit. The answer, or part of it, is that DR Congo's trade deficit with its neighbours is largely financed by the unrecorded export of the country's most valuable raw materials⁷². There is a tradition of these neighbours re-exporting this smuggled produce as their own, dating back to the 1970s, and the systematic collusion in this trade for personal gain of DR Congo civil servants and politicians for personal gain is also long-established.

⁷¹ Rwanda Revenue Authority, *Rusizi I and Rusizi II import statistics, 2001*, RRA, Kigali, 2002

⁷² See the Introduction. and K. Meagher, *The Hidden Economy...*, *op cit*

In South Kivu in the 1970s, the main commodities smuggled to neighbouring countries were tea and coffee, much of which was later exported as Ugandan, Rwandan or Burundian. Almost no tea or coffee is produced in South Kivu today, and the main valuable export commodities are minerals - coltan, cassiterite and gold. Mining areas have been particularly hard fought-over by eastern DR Congo's competing military forces since the war began, and minerals sales have sustained the war efforts of all of them. This has inevitably greatly reduced the role minerals exports have played in financing the RCD-controlled territory's trade deficit with its neighbours. In addition, some mines have been, and apparently still are under the direct control of neighbouring countries' armed forces, including Rwanda's, meaning that almost no revenues accrue to the DR Congo from their production⁷³. One of the consequences of the situation is the lack of reliable information about production, and indeed almost all other aspects of the trade. OFIDA in Bukavu keeps export statistics which include figures for gold, cassiterite and coltan, and their records are estimated by traders to reflect about 10% of the total in value. At issue here is the fate of the other 90% of mineral exports, and what portion ends up in Rwanda and is then re-exported as being of Rwandan origin.

Coltan

Coltan - its properties and uses

The following information is taken from material published by the Belgium-based Tantalum-Niobium Study Centre:

"Coltan is an abbreviation for colombite-tantalite, a mineral from which the precious metals Tantalum (Ta) and Colombium (Cb), also known as Niobium (Nb), are extracted.

Tantalum is a refractory metal that offers a valuable combination of properties. Tantalum and its alloys are midway between tungsten and molybdenum in density and melting points. Tantalum can be worked easily at room temperature. Its thermal conductivity is one-fourth that of molybdenum and its coefficient of expansion is one-third greater. Its elevated temperature strength is low compared with tungsten and molybdenum. Tantalum's corrosion resistance is unusually good in most commercial combinations of acids. Pure tantalum recrystallizes at approximately 2200°F (1204°C).

Tantalum has several unique properties that have made it essential to certain applications, making it well worth the high cost. It offers approximately the same corrosion resistance to most acids and caustics as glass. In addition, it can be fabricated by bending, roll forming, and welding with relative ease by personnel experienced with the metal. Tantalum's ductility and density have made it popular with the military for armour penetration.

Its density and nuclear stability make it a valuable material for containers of radioactive elements. Tantalum has gained wide acceptance for use in electronic components, chemical equipment, missile technology, and nuclear reactors. The electronics industry consumes the majority of tantalum produced (approximately 60%) for capacitors. Other industries concerned with corrosion, especially the chemical processing industry, are accounting for an increasingly large percentage of the market.

Tantalum can be used to fabricate valves for corrosive liquids and to manufacture heaters for acids and heat shields for rocket motors. It is also used as a component of ion implanters in the manufacture of semiconductors. Also, because tantalum does not have a low neutron absorption cross section, it is used for radiation shielding.

Tantalum mill products are used in the fabrication of corrosion resistant process equipment including reaction vessels, columns, bayonet heaters, shell and tube heat exchangers, U-tubes, thermowells, spargers, rupture diaphragms, and orifices.⁷⁴

Around 80% of known tantalite reserves are in the DR Congo, mostly in North and South Kivu. The main commercial application for tantalum of late has been for mobile phone capacitors, and demand between 1992 and 2000 is reported to have grown an average of 10% per annum⁷⁵. Since the late 1990s, the other component of coltan – niobium and its derivatives – has also found increased use in similar applications, further boosting demand, and the price hit record highs in 2000. However, prices fell back sharply in late 2001 because of falling growth rates in the global telecommunications market, increased production from the main coltan supplier, Australia, which eased market concerns about shortages, and reduced reliance on supplies from the DR Congo.

⁷³ UN. *Final report of the Panel of Experts on the Illegal Exploitation...*, *op cit*

⁷⁴ Cited in. Aloys Tegera. *The Coltan Phenomenon: How a rare mineral has changed the life of the population of war-torn North Kivu province in the East of the Democratic Republic of Congo*, Pole Institute, Bukavu, 2001

⁷⁵ Aloys Tegera. *The Coltan Phenomenon...*, *op cit*

The RCD awarded an export monopoly in coltan from November 2000 to April 2001 to a company named the *Société Minière des Grands Lacs* (SOMIGL), headed by Aziza Kulsum, alias Mrs Gulamali. Kulsum had a strong involvement in the coltan trade prior to this award, which was supposed to be of substantial benefit to both SOMIGL and the RCD administration. However, SOMIGL was never able to acquire for itself in practice the monopoly bequeathed to it by the RCD, and the arrangement collapsed amid allegations of fraud and embezzlement. All the coltan dealers interviewed attested to the significant involvement of Rwandans in the trade, particularly since the price boom that began in late 2000, purchasing from Congolese miners and reselling abroad⁷⁶. Congolese coltan traders alleged the extensive involvement of the RPA in the coltan business, and say that in addition to trading, it has secured direct control of individual mines in DR Congo. These allegations have been repeated by many others, including NGOs, the DR Congo government in Kinshasa and the UN panel of inquiry into the exploitation of the DR Congo's resources during the current war. The allegations have been denied by the Rwandan government.

Particularly during the short-lived boom period of 2000-01, there have been many incentives to smuggle coltan from South Kivu to Rwanda. First, there has been the pressure on the Rwandan government to conceal the level of its spending on the war in the DR Congo from international donors in order not to jeopardise aid levels. A discreet and direct source of income for the RPA, which means that central government defence

⁷⁶ Interview with coltan traders. Kigali and Bukavu, June 2002

budget allocations can be kept at pre-war levels, would therefore be extremely desirable for the government.

Another incentive to smuggle, affecting all coltan traders, is that the international outcry at the role coltan has played in financing the DR Congo war has led to restrictions on coltan labeled as being of Congolese origin. Coltan of Rwandan origin appears to attract no such hostility. In addition, although both Rwanda and RCD-controlled DR Congo levy production taxes on mining operations, unlike RCD-controlled DR Congo, Rwanda charges no export taxes on mineral exports. This means there is a direct financial incentive for traders to export their coltan as Rwandan rather than Congolese.

Coltan trader, Bukavu, June 2002

I started in this business in 1995. We were very few. I had a relative in the business, and that's how I got involved. The price was pretty low, and the whites were buying cassiterite from us. At that time we didn't know about coltan. But in 1995 the whites became interested in coltan. The price rose. Myself, I used to go and find coltan, though I employed others to actually dig it out. We sold to the *comptoirs* in Bukavu. We didn't have good machines to measure density but now we have all the equipment. In 1999 the business started to be popular. I did purchasing for the company I was working for and this company exported the coltan. Very little of this trade was recorded. Me too, I crossed into Rwanda to sell there. But with a war, what can be recorded?

The Rwandan army did most of the trade, but in 2000, the price peaked, and then it fell. There had been so much money in Bukavu, and then suddenly there was none. But when there was money, there were dollars flying, it was like the USA. My coltan was exported as Rwandan coltan. This continues, but since the price fell, the level is very low. Nearly everyone here has stopped digging for it, though I still have one foot in the business. I have also become interested in gold and other stones. Gold is starting to be interesting.

Method for calculating trade value

All the other commodities so far described cross the border between Cyangugu and Bukavu by land, with the journey for some also including a short *pirogue* trip across the Rusizi River. Coltan also often travels this way out of DR Congo and into Rwanda, but entirely secretly, so that border observation cannot capture any of it. Coltan can also be

flown out of DR Congo directly to Kigali, again generally clandestinely, and it is not possible to estimate what proportion of the total travels in which manner.

OFIDA, which traders estimate records 10% of coltan exports, provides figures for the export of coltan show an export value of US\$5.73m from January to October 2001⁷⁷, but do not indicate the destination of the exports. Rwandan production and export figures provide an alternative way to estimate the total value of coltan exported from DR Congo to Rwanda in 2001. Tea and coffee are traditionally Rwanda's most valuable recorded exports, but in 2001 coltan was Rwanda's most valuable recorded export, for the first time ever. Rwanda officially exported coltan worth US\$44.5m in 2001, which was more than the value of its tea and coffee exports combined. Rwandan government ministers have insisted that all the exported coltan came from Rwanda, and it is true that new artisanal mine works have sprung up all over the country since 1999. However, the total recorded value of coltan mining production within Rwanda for 2001 was US\$36m⁷⁸, US\$8.5m less than the recorded export figures. Part of the discrepancy may be because of stockpile selling, but most is probably because of unrecorded imports from DR Congo.

Rwanda's earnings from coltan are unlikely to match their 2001 level in future. After peaking in January 2001 at a spectacular US\$200/lb 20% coltan ore, the price leveled off in September 2001 at around US\$8/lb. Most of those who flocked to the mines over the last two years in eastern DR Congo in search of quick money have apparently given up mining coltan because of the low price, and exports to Rwanda are said to have slumped.

⁷⁷ OFIDA. *Statistiques des Marchandises...*, *op cit*

⁷⁸ Rwandan ministry of finance

Rising Rwandan coltan production levels may, however, partially compensate for reduced unrecorded imports from DR Congo in future because of ongoing investments in the local coltan mining industry by foreign companies which formerly operated in DR Congo, but found the operating environment too difficult there⁷⁹.

Gold

Following the fall in the international coltan price in 2001, and the rise in the international gold price, particularly since 2002, many South Kivu-based miners and traders who formerly worked with coltan have switched their intention to gold. Gold was under US\$300/oz for most of 2001 but was around US\$360/oz in early 2003. This has encouraged increased production in South Kivu, though as with coltan, high taxes in South Kivu provide a strong incentive for traders to smuggle gold across the border⁸⁰. OFIDA recorded the value of gold exports for January to October 2001 at US\$9m⁸¹, though as with coltan, traders reckoned this was an underestimate. Most of those interviewed on the matter said that gold was generally exported to Burundi from South Kivu, and to Uganda from North Kivu. Burundi has had gold processing companies in operation since the 1980s, even though the country produces no gold, with nearly all their material apparently coming from DR Congo. In addition, there is evidence of direct gold export to Europe. According to the Belgian police, in November 2002, a Canadian national named Zulfa Karim Panju was arrested in Brussels with five 10kg gold bullion bars, which he carried in plastic boxes with the seal of the RCD. The police alleged that every two weeks for four years, Panju had brought over 50kg of gold, destined mainly for

⁷⁹ Interview with European coltan dealer, Kigali, June 2002

⁸⁰ Interview with gold trader, Bukavu, June 2002

Belgium, UK, USA, and Switzerland. The gold was allegedly smelted in Antwerp before being sold on the international market⁸².

Gold trader, Bukavu, June 2002

The gold mostly comes mostly from Fizi, Kalemie and Uvira. There is also some from round here. It exports via Burundi and Uganda. 60kgs a week is going to Burundi. The gold going to Uganda comes from Bunia and Butembo in North Kivu. They pay better there than here. Here there are too many taxes, totaling 1.7% of the value. In Burundi it is 0.5% of the value I think, and in Uganda the same. There is no export tax in Rwanda, but there's VAT and they require that when you export you have to put the foreign exchange into the banking system and convert it into Rwandan francs. But in Burundi and Uganda you can keep the US dollars as they are, and the traders prefer this.

The profit for me in this trade is very low. Our profit is 0.5% of the value, or at most 1%. Everyone knows the prices, even the diggers, so you can't fool them. At Kametuka, there are said to be 10,000 diggers, but I don't know. I have never been there.

University of Cape Town

⁸¹ OFIDA. *Statistiques des Marchandises...* op cit

⁸² UN Integrated Regional Information Network (IRIN), *Daily Bulletin November 20th, 2002*, UN, Nairobi

Two

Evaluating the methodology

I argued in the introduction for a methodology in researching African cross border trade that is fieldwork-based, drawing on economics, anthropology and history. Following the work of Morris and Dadson⁸³, I proposed that the methodology must accept that estimates are unavoidable in evaluating unrecorded CBT, and that therefore ways must be found to make the estimates as reliable as possible. I also argued that traders themselves are an invaluable resource in this regard. The research on which the findings of the last chapter are based was devised according to these principles.

I decided early on that the co-operation of the political authorities on both sides of the border was a necessity. It is impossible for an outsider loitering at a border to be anonymous in the Great Lakes region, and it seemed wiser for state officialdom to be clear as to my purpose and status. This enabled my research assistants to conduct border monitoring unimpeded, and in addition, I was able to secure useful official data as well as interviews with a wide range of politicians and state officials. The RRA (Rwanda Revenue Authority) provided me with national import and export figures, statistics for imports at Cyangugu, and information on tariffs. It could, however, offer no data on exports or transit trade via Cyangugu. OFIDA (Office des Douanes et Accises) and OCC (Office Congolais de Controle) for their part provided a limited range of import and export data, which was supplemented by figures from the South Kivu provincial ministry of agriculture.

In addition to state officials, and drawing on my experience and contacts as a journalist in the region, I interviewed a wide range of traders and others with knowledge of cross border trade. Many were identified with the help of my research assistants, and I also used classic "snowballing" methods, in which informants recommended others to me, who in turn recommended still others. Tracking down informants in a short space of time was challenging, and I was greatly assisted by the use of a mobile telephone, with a local SIM card inserted, enabling me to fix up many of the interviews at short notice while conducting fieldwork.

Most unrecorded trade across the Cyangugu-Bukavu border is legal, or largely so, and there was little incentive for informants to conceal their involvement to me. However, the obvious disadvantage of being obviously known to the authorities is that it deters those who are seeking to conceal their activities from providing information. In response to this, I chose research assistants carefully, who are well known in their local area, and could assure informants that their testimonies would be anonymous, and that no incriminating information would be handed to the authorities. That is why I have provided few names of informants in the text.

Such is the collapse in state power in eastern DR Congo that few Congolese traders seemed to mind supplying evidence of their systematic evasion of their authorities, and I found that Congolese traders were also generally prepared to indicate how they evaded the RRA. A symptom of the growing capacity of the Rwandan state is that it is more

⁸³ G. Morris, J. Dadson, *Ghana: Cross-Border Trade Issues...*, *op cit*

adept at monitoring the indiscretions of its subject, and as a result, Rwandan traders were generally more cautious about such revelations.

Interviews were mostly semi-structured, and were conducted by myself in French, or with a research assistant as a translator from the local language into French. In contrast to the classic anthropological approach, my interaction with informants was not prolonged or particularly intimate. Interview questions dealt almost entirely with factual matters, such as prices paid for goods on either side of the border, and problems encountered in trade, and the interviews were short, rarely extending beyond twenty minutes. Responses were written down and not recorded so as to reduce intimidation, and where possible conducted in private. The first round of interviews was to help me establish what commodities are currently traded across the border, and in which directions. Subsequent interviews were with traders in each commodity, and were intended to elicit information on the conditions under which it was traded, and what proportion of the trade was unrecorded. It was stressed in each instance that this was not an inquiry into whether the informant had personally evaded the authorities, but into what proportion of trade in general was not recorded. The interviews also elicited limited biographical details, and brief assessments of the impact of the events of the past few years on trade, though informants were told that the research was explicitly not about politics, which had been a precondition of many for talking to me.

I was assisted by the fact that trade in most commodities is conducted by a large number of people, and that even if it is a secret, it is often an open secret. Fuel smuggling from

DR Congo to Rwanda, for example, might be thought a difficult subject to investigate. Yet thousands of Congolese and Rwandans participate in the trade, and are generally ready to testify that they do, in what sort of quantities, and how often they get caught. In addition, fuel retailers in Bukavu who sell to the smugglers were also ready to provide information, since they have committed no crime in selling fuel to the smugglers and have no reason to conceal having doing so.

In addition to official data and interviews, another key component of the methodology was border observation⁸⁴. Border observation was intended to capture data on goods that crossed openly on foot across the border. Information on goods crossing in vehicles or smuggled across was obtained through interviews and official data. The border monitoring method, based on the pioneering work of Ackello-Ogutu discussed in the Introduction⁸⁵, worked as follows. Having secured the permission of the border authorities, I sat at the two border crossings for long enough to establish all the principal containers for transporting goods across them. There were over twenty types in all, including sacks, varying sized buckets, plastic bags, and cloth. In some cases, such as with kerosene or cassava, the contents of the containers were obvious and unambiguous. Where they were not, I and my research assistants performed numerous spot checks on people carrying each identified container so as to determine the general range of what was contained.

⁸⁴ The full results are presented in Appendix 1

⁸⁵ C. Ackello-Ogutu. *Methodologies for Estimating Informal Crossborder Trade in Eastern and Southern Africa.... op cit*

After this, I investigated the prices of each commodity I was tracking on either side of the border, in Cyangugu's Kamembe and Bukavu's Kadutu markets. For convenience, I converted all prices into US dollars, using exchange rates from November/December 2001. Using the information from our earlier spot checks on container contents, this enabled me to ascribe a money value to every container crossing the border. Once this was completed, my research assistants monitored Rusizi I and Rusizi II during December 2001 and January 2002, recording the number of containers that crossed in either direction. Using Congolese ministry of agriculture statistics that indicated variations in production and import between months, I then used the fieldwork data to generate estimates for the annual volume and value totals for all commodities traded on foot across the Cyangugu-Bukavu border crossings. To this was added estimates from interviews and official data about goods transported across the border by other means, such as by vehicle, or clandestinely by *pirogue* across the Rusizi River. With this information, using methods specific to each commodity, which are described in chapter Two, I was able to generate estimates for the total value of unrecorded, recorded and therefore total cross border trade in every important commodity - bar minerals - at Cyangugu-Bukavu.

Border monitoring was of no use in attempting to track the unrecorded cross border trade in minerals, because not only is the trade deliberately concealed, but also minerals are often flown across the border, and thus do not use land crossings. Instead, I used official data and interviews, but was not able to generate sufficiently reliable estimates for the minerals trade between Cyangugu and Bukavu, though I was able to produce an estimate for the value of DR Congo's unrecorded coltan exports to Rwanda.

I have never seen any attempt previously to monitor the cross border trade in services between African countries, and the issue is methodologically challenging. The method utilised for each service - banking, insurance, communications - was outlined in Chapter One, but it seems appropriate to concede here that the estimates are less reliable than those for agricultural and manufactured goods, and that further interviews would be required to improve them. Useful data for this task would include: the number of Rwandatel telephone lines that are operational in Bukavu; annual earnings for Rwandatel from these lines; MTN-Rwandacell estimates of the value of mobile telephone "Pay-as-you-go" card sales in Bukavu; Rwanda post office estimates of how many Congolese rent post boxes in Cyangugu and data on annual postage stamp sales in the local office; estimates from all the banks in Cyangugu of the extent of the deposits held by Congolese nationals.

Identifying weaknesses in the data and ways to improve on it is an important part of the methodology, since the ultimate aim is to produce increasingly reliable estimates of cross border trade. As well as sourcing more data on services, there are many other ways to improve the estimates presented in the previous chapter. Regarding official data, the OCC and OFIDA in Bukavu gave me only incomplete records of their 2001 trade statistics, though it would perhaps be possible, with some gentle persuasion, to obtain the complete set and thus generate a truer picture of the official record. On the Rwandan side, I encountered the problem that at the Cyangugu-Bukavu border I was informed by RRA officials that detailed records of transit trade could be obtained from the central office in

Kigali. However, once in Kigali, I was informed that the detailed records could only be found at the border crossings themselves. At this stage, it was not possible for me to return to the border to inquire further, and I have had to content myself with (outdated) national statistics instead. A future research task is to determine who between the centrally located and border-based RRA officials is correct on this matter, and then to track down and analyse detailed transit trade data. A useful corollary of this would be that this transit trade data could be compared to corresponding Congolese transit trade statistics, to help determine the extent of fraudulent under-invoicing on the Congolese side.

Unrecorded trade can be a sensitive subject, and despite a general willingness among people to talk, some informants gave false or distorted information. Sometimes I was able to detect this, and but sometimes I was not. The best approach in this context is to interview as widely as possible, and thus corroborate information, which I did within the available time constraints. I restricted my fieldwork to five weeks, since a significant part of the appeal of the methodology is intended to be its relative brevity, making it affordable, and, one hopes, repeatable. However, five weeks was, on reflection, a little too short to conduct enough interviews to generate reliable trade estimates in each commodity under consideration, and six weeks would have been better.

The major weaknesses of the border monitoring were that at three to four weeks, it was too short, and its lack of seasonal sensitivity, as it took place during the months of December and January only. This was primarily for funding reasons, and was not through

choice. Monitoring two consecutive months only was particularly problematic for agricultural goods, for which production varies throughout the year, but was also an issue for manufactured goods, for which demand also appears to be seasonally influenced. Monitoring a border twelve months in twelve is the only sure way to track seasonality accurately, but this is expensive. A few weeks of border monitoring is sufficient to generate adequate sensitivity to seasonality, but in order for it to be so, one month of monitoring should be during a high productivity season, and one month during a low one. The resulting data can then be adjusted using national agricultural production figures to generate a more seasonally adjusted picture.

The primary intention of this thesis is to present reliable estimates for total cross border trade between Cyangugu and Bukavu, combined with a range of qualitative information, and my overall assessment is that the methodology employed, despite the weaknesses identified above, has succeeded in generating this. However, the data presented is only a "snap shot". The historical analysis of the following chapter is intended to provide context to this snap shot, but to generate a "moving image", and thus a far better understanding of trading dynamics and trends, it is necessary to repeat the same trade study on the same borders at a later date. One of the reasons I designed a low-cost methodology was to make it more possible for fieldwork that employs it to be repeated over time, but it remains to be seen whether this will materialise.

Three

Trade between Southwest Rwanda and Eastern DR Congo: an historical context

Chapter One offers a detailed "snap-shot" of trade between Cyangugu and Bukavu. This chapter outlines the historical context of this snap-shot, beginning in pre-history and continuing right up to the present day, giving the picture time depth, and allowing deeper insight into the Cyangugu-Bukavu border's trading trends, continuities and discontinuities.

Of particular concern is the Cyangugu-Bukavu region, but I have also dwelt on broader Rwandan and Congolese economic and political developments. This is in support of the case made in the Conclusion that the differing political trajectories of the Rwandan and Congolese states are the main causes of the economic factors that in turn determine the direction and nature of commodity trade on the Cyangugu-Bukavu border.

The history of the Great Lakes region, particularly in recent times, is extraordinarily complicated, involving many competing forces, with a perplexing range of acronyms. I have endeavoured to present the information as clearly as possible, and only to include material pertinent to trade and its historical and political context, which has ironed out some of the difficulties. I have also included a glossary of terms and acronyms. However, I ask the reader's indulgence if some of the following material is confusing - the subject matter is even more so.

The early years

The Kivu rift valley was Bantu speaking by 1000 BC, and there is archaeological evidence of iron working near present-day Bukavu dating back to 500 BC⁸⁶. According to regional early history specialist David Schoenbrun, modern Great Lakes regional identities formed between AD300-800, consisting of "densely sedentary lakeshore and riverine root-cropping and fishing societies, interlinked with more mobile and pastoral societies"⁸⁷. Pastoralism intensified from AD500 onwards, and in the centuries that followed the region became home to progressively larger numbers of people and cattle. The general movement of people was eastwards, from what is now eastern DR Congo towards Lake Victoria. As population levels increased, and competition for land intensified, access to land became restricted through what Schoenbrun terms "patrilineal idioms of inclusion and exclusion"⁸⁸. The social distance between leaders and followers also steadily widened, and by the 15th century, Schoenbrun reports an entrenched division of labour, such that it was no longer possible for one person to be a hunter, a farmer and a herdsman⁸⁹.

Until the early 20th century, there were few markets in the Kivu rift valley, nor indeed in the Great Lakes region as a whole, in contrast to the many that proliferated in West Africa during the same period. There was considerable trade nonetheless⁹⁰. As remains the case today, the main local trade items in the Kivu rift valley were foodstuffs, which

⁸⁶ D. Schoenbrun, *A Green Place, a Good Place: Agrarian Change, Gender and Social Identity in the Great Lakes Region to the 15th Century*, James Currey, Oxford, 1998

⁸⁷ D. Schoenbrun, *A Green Place...*, *op cit*, page 70

⁸⁸ D. Schoenbrun, *A Green Place...*, *op cit*, page 123

⁸⁹ D. Schoenbrun, *A Green Place...*, *op cit*, page 156

⁹⁰ D. Newbury, *Lake Kivu Regional Trade in the 19th Century*, *Journal des Africanistes*, vol.50, 2, 1980 pages 7-30

were mostly produced and exchanged locally. The main direction of the trade in food was east, with the region west of Lake Kivu and the Rusizi River, and particularly Ijwi island in Lake Kivu, trading food to the less fertile lands of modern-day Rwanda and Burundi. On Ijwi island, there was a saying that "bridewealth is greater in the west" and a popular conception that women who married someone from the east were in danger of starvation⁹¹.

In contrast to agricultural produce, cattle traded over far greater distances, and there the direction of trade depended on prevailing conditions, which changed over time. Cattle trading networks in the region are centuries old, which is why the cattle dealers I interviewed for this thesis were members of long-established associations, rather than each person working for himself alone, as is the case with more recently established commercial networks, such as those smuggling fuel.

The most important long-distance trade items throughout the Great Lakes region during most of the first and second millennium AD were iron, salt and, in some places, people⁹². Arab commercial networks extended far into Central and Southern Africa from an early period, trading in a wide range of goods, including slaves, but the Kivu rift valley had no direct trading connection to the Indian Ocean until the 19th century⁹³.

⁹¹ D. Newbury. "Bunyabungo": *The Western Rwandan Frontier, c.1750-1850*, in I. Kopytoff (ed), *The African Frontier: The Reproduction of Traditional African Societies*, Indiana University Press. Bloomington. 1987. page 184

⁹² R. Gray (ed) *Pre-Colonial African Trade: Essays on Trade in Central and Eastern Africa Before 1900*. Oxford University Press. London. 1970. pages 104-106

⁹³ D. Newbury. *Lake Kivu Regional Trade...*, *op cit*. page 8

The Rwandan monarchy, which began around 1500 around Lake Muhazi, fifty kilometres east of the current Rwandan capital Kigali, rapidly colonised eastwards, but extended much more slowly to the west. The area around present-day Cyangugu only came fell under sustained royal control in the 19th century, though there were significant settlements of people from central and eastern regions of Rwanda from the 18th century onwards⁹⁴. It has been said that the expansion of the Rwandan royal house depressed commercial activity wherever it went, because the monarchy, and the hierarchy of chiefs and ritual specialists, extracted so much surplus labour and produce from subject peoples, particularly by the end of the 19th century⁹⁵. Certainly, the levels of labour and production and extraction achieved by Rwandan *bami* and chiefs were extraordinarily high, and diverted goods that their producers might otherwise have traded with their peers. However, David Newbury has persuasively argued that the presence of the royal court, which shifted around the territory of the *mwami*, stimulated commerce through its tribute collection, albeit of an inegalitarian nature, and also because of its role as a centre of cultural and religious activity⁹⁶. In addition to consuming food, cattle, iron (particularly for hoes and spears) and salt, the royal courts were the main consumers of *butega* (woven fibre bracelets), which were produced west of Lake Kivu, and had a high status in Rwanda. Mainly because the terrain is easier, there were greater levels of trade for all commodities north of Lake Kivu than south of it, but trade flowed nonetheless across the Rusizi, and there was a small *butega* market in Cyangugu in the late 19th century. The *butega* trade, according to Newbury, was typically conducted by Tembo or Shi

⁹⁴ C. Newbury. *The Cohesion of Oppression: Clientship and Ethnicity in Rwanda 1860-1960*, Columbia University Press. New York. 1988. pages 23-37

intermediaries from west of the Rusizi, who traveled in small groups, not generally using markets, but working instead through informal, diffuse trade networks. Because the *butege* trade was never controlled by the Rwandan royal court, despite the demand for the bracelets from the court, it was generally not mentioned in royal oral histories, and was thus ignored by later historians⁹⁷.

There were some significant settlements of people of Rwandan origin west of the Rusizi River during the 18th century, and limited Rwandan royal expansion there during the 19th century⁹⁸. Royal court histories nonetheless presented Lake Kivu and the Rusizi River as the border between civilised Rwandans and uncivilised and lazy Bunyabungo or (Ba)Shi people, and many Rwandans continue to hold this view today. Borderlanders from modern-day Cyangugu were similarly stereotyped by people from central and eastern regions, while they in turn applied the stereotypes with vigour to those living west of them. One of the most famous of the Rwandan court *ibiteherezo* historical narratives relates how the Rwandan mwami Ruganzu Ndoori tricked and then killed the stupid and uncouth emissaries of the Shi king Gatabirora, after the emissaries dared suggest Ruganzu pays tribute to Gatabirora. Another narrative related how a Shi woman called Nyiransibula, who worked in the Rwandan court, was expelled after farting in front of

⁹⁵ I. Berger. *Religion and Resistance: East African Kingdoms in the Precolonial Period*, Musée Royale de l'Afrique Centrale, Tervuren, 1981, pages 8-10; M. d'Hertefeldt, A. Trouwborst & J. Scherer. *Les Anciens Royaumes de la Zone Interlacustre Meridionale*. International African Institute, London, 1962, page 35

⁹⁶ D. Newbury. "Bunyabungo"... , *op cit*, page 182

⁹⁷ D. Newbury. *Lake Kivu Regional Trade...*, *op cit*, page 16

⁹⁸ R. Doom and J. Gorus (eds). *Politics of Identity and Economics of Conflict in the Great Lakes Region*, VUB University Press, Brussels, 2000, pages 55-57

courtiers. In revenge, Nyiransibula threw her chamberpot on the ground, which broke, flooding the whole area and thus creating Lake Kivu⁹⁹.

Rwandan court stories such as these disguised, but could not eliminate the strong links that had developed between those living east and west of Lake Kivu and the Rusizi River, which were principally sustained by commerce, marriage, and migration. According to Newbury, in the 18th century, migration was in both directions, but as the powers of the Rwandan royal court intensified, the flow became mainly from east to west as people sought to escape its increasingly onerous labour and tribute obligations¹⁰⁰.

The area west of Lake Kivu was more heterogeneous than Rwandan Bashi stereotypes suggested, though Shi states, ruled by monarchs such as Gatabirora, had begun emerging there during the 18th century. The Shi kings never attained the levels of hegemony and central control of their Rwandan counterparts, but managed nonetheless slowly to expand the territory under their control, largely at the expense of Havu chiefs. Despite this, according to Newbury, the area where the Rusizi River flows into Lake Kivu, where Bukavu is today situated, was predominantly Havu and was under Havu control until it fell to the Shi shortly before the arrival of European imperial forces in the 1890s¹⁰¹.

The arrival of Europeans was recounted to historian Catherine Newbury in the 1970s by local people in southwestern Rwanda as "the beginning of a long period of anarchy and

⁹⁹ D. Newbury, *"Bunyabungo"...*, *op cit*, page 179

¹⁰⁰ D. Newbury, *"Bunyabungo"...*, *op cit*, page 181

¹⁰¹ D. Newbury, *Kings and Clans: Ijwi Island and the Lake Kivu Rift 1780-1840*, Wisconsin University Press, Wisconsin, 1991, page 153

destruction"¹⁰². In 1894, Germany's Count Van Götzen became the first European to reach the Rwandan royal court, and a few German soldiers made their way to southwestern Rwanda from the east late in the following year. However, the Force Publique and Belgian soldiers (known as Abapari) of the Congo Free State (CFS), who had already earned notoriety for extreme cruelty, were heading towards the region from the west to conquer it for king Leopold of Belgium. In 1895 the Abapari inflicted heavy defeats on Rwandan royal armies east of the Rusizi River, although the river was supposed to have been fixed in 1885 as the eastern limit of the CFS¹⁰³. Protest from the German authorities in Bujumbura eventually ensured the retreat the Abapari and Force Publique. However, Belgian Abapari returned to Shangi hill (the site of modern-day Cyangugu) in 1896, and remained for a year, working with a local Hutu called Seevumba, who nursed a grudge against the Rwandan king for allegedly stealing his cattle, and quickly earned a reputation as a tyrant that has endured. Seevumba and the Abapari were later chased out of the area by deserters from the Force Publique known as Abagufi, and the German authorities established a military post at Shangi in 1898. The border dispute between Germany and Belgium simmered on nonetheless, and was only finally settled in 1910¹⁰⁴.

Shortly after the retreat of the Force Publique from Rwanda, a Belgian settlement later called Costermanville (whose name was changed after independence to Bukavu) was established on the west bank of Lake Kivu. Costermanville was subsequently made the

¹⁰² C. Newbury, *The Cohesion of Oppression...*, *op cit*, page 54

¹⁰³ I. Brownlie, *African Boundaries: A Legal and Diplomatic Encyclopaedia*, Hurst, London, 1979, page 675

¹⁰⁴ C. Newbury, *The Cohesion of Oppression...*, *op cit*, pages 55-57

capital of the Kivu district of the massive Province Orientale, while provincial capital was Stanleyville (later called Kisangani). Province Orientale as a whole was an important location for the notorious CFS rubber trade, but the Kivu district escaped relatively unscathed, and there was little effective administration there, nor significant demands for labour until World War I¹⁰⁵.

Between 1898 and World War I, the Rusizi River and Lake Kivu marked the border between two rival colonial powers. Belgian forces occupied Rwanda and Burundi towards the end of the War, and Belgium was formally granted their administration by the League of Nations in 1921. In 1925 the two territories were fused with Congo to form "Le Congo Belge et le Ruanda-Urundi"¹⁰⁶. This demilitarised the Bukavu-Cyangugu border, and turned it into a provincial boundary, which transformed, but did not end, state regulation of the flow of goods and people across it.

After World War I there was in Rwanda, and to a lesser extent in Congo, a rapid escalation of labour and produce taxes levied by the colonial state, and by the indigenous political elite. This tendency towards greater produce and labour extraction continued until the end of World War II, by which time Rwanda had been "transformed into a labour camp"¹⁰⁷. This was seen as an achievement by the Belgian authorities. In the 1920s the Ruanda-Urundi governor-general boasted that he administered "the finest

¹⁰⁵ D. Northrup, *Beyond the Bend in the River: African Labour in Eastern Zaire, 1865-1940*, Ohio University Center for International Studies, Ohio, 1988, pages 40-49

¹⁰⁶ G. Nzongola-Ntalaja, *The Congo from Leopold to Kabila, A People's History*, Zed Books, London, 2002, page 36

¹⁰⁷ C. Newbury, *The Cohesion of Oppression...*, *op cit*, page 157

reservoir of labour in Central Africa"¹⁰⁸. Congo's mines and plantations had huge labour requirements and the state also demanded labour, particularly for public works, including a major road building drive. From the 1920s until the late 1950s, there were substantial labour migrations from Rwanda to the mines in Katanga, to Kivu (which was by now a province in its own right) and also to Uganda. Official policy in Ruanda-Urundi was that as well as exporting labour, it must also export food, and thus, despite severe famines in Rwanda during the 1920s, the authorities nonetheless commanded the exportation to Congo of thousands of tonnes of agricultural produce¹⁰⁹.

In Kivu, Rwandans worked with Congolese in the fast developing agricultural plantations and also in urban areas. European settlers were flocking to Kivu province, some to farm, and others to work in towns, and particularly Costermanville, whose idyllic location on Lake Kivu was soon well known, particularly in Belgium. Costermanville acquired a college and a cathedral, and transformed into an elegant city and one of the main intellectual centres of the colony. At its colonial peak in the 1950s, Costermanville had a white settler community of 6,000, which had by 2002 dwindled to fewer than 30¹¹⁰. Competition for labour in Kivu province increased wages, but the so-called "colonial trinity" (the state, the church and business) never paid their workers well and, according to David Northrup, Africans were "usually pushed, not pulled into wage labour"¹¹¹.

¹⁰⁸ cited in M. Lyons, *Foreign Bodies: The History of Labour Migration as a Threat to Public Health in Uganda*, in P. Nugent and A. Asiwaju (eds), *African Boundaries...*, *op cit*, page 134

¹⁰⁹ C. Newbury, *The Cohesion of Oppression...*, *op cit*, page 153

¹¹⁰ Interview with Marc Moreau, long term Bukavu resident and owner of the *Hotel Orchid*, Bukavu, December 2001

¹¹¹ D. Northrup, *Beyond the Bend in the River...*, *op cit*, page 219

There was never much attempt by the colonial authorities to integrate Costermanville and the other far-eastern towns of Congo with the colony's main transport infrastructure. The river Congo and its tributaries were the colony's main transport arteries, flowing west to the capital Leopoldville (later Kinshasa), to which mineral rich Katanga was attached by rail. Costermanville and the other eastern towns were, however, left isolated and thus forced to look east instead¹¹².

European and Indian traders successfully established themselves in Costermanville, and, to a lesser extent Kamembe during the inter-war period nonetheless, and developed commercial networks that reached to the Indian Ocean ports of Mombasa and Dar es Salaam and beyond. Manufactured and luxury goods were imported from Europe and the rest of the world, while the output of Kivu plantations, mines and forests was exported. As had been the case in earlier times, inter-connected with this long distance commerce was a regional trade in livestock, and local trade in agricultural foodstuffs.

Congo became independent in 1960, and Rwanda followed suit two years later. From this point, despite important continued links, Congo and Rwanda's political and trajectories diverged, and will be considered separately until the 1990s, when their histories became profoundly and bloodily entwined. The intention in the following sections is not to provide a comprehensive overview of these histories, but rather to sketch developments with a particular significance for trade.

¹¹² G. Gran, *Zaire: The Political Economy of Underdevelopment*. Praeger, New York, 1979, page 194

DR Congo: 1960-1990

As has been extensively documented elsewhere, DR Congo's first post-independent government, headed by prime minister Patrice Lumumba, was opposed from the outset by Western powers, which encouraged, funded and militarily assisted secessionist bids and coups against the government until it was defeated¹¹³. Mobutu staged his first, short-lived coup on September 14th 1960 and Lumumba was assassinated, with Belgian and US collusion, on January 17th 1961. Mobutu staged his second, enduring coup on November 24th 1965. At this time, much of DR Congo was in rebel hands, particularly in Kivu and the other eastern provinces. However, the West and the US in particular was determined to consolidate Mobutu's position, and when the notorious French mercenary Bob Denard initiated a revolt in 1967 in east DR Congo, the Congolese army fought it with direct US military assistance. Denard was soon driven out of Stanleyville, but captured Costermanville on August 8th, holding it for seven weeks until he was defeated by a US airforce bombing campaign.

Costermanville, which was renamed Bukavu in 1971 as part of a general name change that saw the DR Congo become Zaire, remained in Mobutu's hands until 1996. Anti-government rebel forces retained a presence further south throughout Mobutu's reign, on the shores of Lake Tanganyika around Fizi. Rather than fighting, the rebels, who included future president Laurent Kabila, smuggled goods to-and-fro across the lake, and reached

¹¹³ See for example G. Nzongola-Ntalaja. *The Congo from Leopold to Kabila...*, *op cit*, pages 94-120; L. De Witte. *L'Assassinat de Lumumba*, Karthala. Paris. 2000

mutually beneficial arrangements with the Zairean armed forces (FAZ), enabling both to profit from the clandestine trade without having to fight over it¹¹⁴.

DR Congo was one of Africa's most industrialised countries at independence, but politically, it was among its most fragile. The country's huge size, the refusal of the colonial power ever to prepare it for independence, and the traumas and turmoil of the first five years of independence greatly weakened the state's scope and capacity to function. As William Reno has shown, Mobutu adopted a classic weak-state ruler response, where his primary intention was not the development of the state or the country but rather the elimination and defeat of alternatives to his own rule. Social spending progressively diminished. 17.5% of government spending went on health and education in 1972, but only 2% in 1992, by which time over 90% of government expenditure was spent by the president's office¹¹⁵. Mobutu's main economic aim was not to stimulate growth but to divert as much wealth as possible to himself. Mobutu then used this wealth to position himself as the patron of interconnected but competing political-commercial networks, and thus retain power.

The classic instance of this was the Zaireanisation decree of November 30th 1973, in which Mobutu appropriated all foreign owned businesses to the state, retained the most lucrative concerns and distributed the rest to his clients, known in Zaire as *acquéreurs* (acquirers). Zaireanisation, the lack of government investment in infrastructure and ever-

¹¹⁴ C. Young, T. Turner. *The Rise and Decline of the Zairean State*, University of Wisconsin Press. Wisconsin, 198, pages 249-250

¹¹⁵ W. Reno. *Warlord Politics and African States*, Lynne Rienner, London, 1998, pages 147-172

increasing tax rates all had a crippling impact on the economy. Mining, manufacturing and agricultural output plummeted, massively reducing government revenues in the process, and thus undermining the president's power base and sources of patronage. Zaireanisation was officially reversed in December 1974, but the main previously Belgian-owned large-scale mining, industrial and agro-processing concerns remained nonetheless in the hands of *acquéreurs*. These businesses' contribution to GDP and government revenues declined from this point on, in many cases down to zero, forcing Mobutu to make up the shortfall with massive foreign loans and an increasing involvement in clandestine and unrecorded trade, particularly in diamonds¹¹⁶.

As the official economy shriveled, so the unofficial, "second" economy expanded¹¹⁷. Every sector of society, from the president downwards, came to participate in what Congolese call *Système D*. The D stands for *débrouillez-vous* (sort yourself out), and it is often said that Mobutu himself at one time declared this the official policy of the country. Agricultural marketing was mostly controlled by parastatals, which, even by the dismal standards of Africa's post-independence state marketing boards, paid producers a pittance for their crops. The result was massive smuggling of cash crops to neighbouring countries with the systemic involvement of Congolese state officials, which, as the UN panel's report on the exploitation of DR Congo resources during the 1998-2002 war shows, has continued to this day¹¹⁸. In east Congo the main smuggled commodities were tea, coffee,

¹¹⁶ W. Reno. *Warlord Politics...* *op cit*, page 154

¹¹⁷ J. MacGaffey. *The Real Economy of Zaire...* *op cit*, page 13

¹¹⁸ UN. *Final Report of the Panel of Experts...* *op cit*

palm oil, rubber, ivory, timber, gold and diamonds¹¹⁹. Some of this trade eventually surfaced in the statistical record as the exports of other countries, with Rwanda, Uganda and Burundi the main beneficiaries, though an unknown amount, inevitably, did not.

Kivu's economy boomed briefly after independence and older locals remember the 1960s as "the golden years". Kivu was, however, particularly badly affected by Zaireanisation, with its once profitable plantations and other concerns swiftly destroyed by *acquéreurs*¹²⁰. The value of recorded and unrecorded exports went into decline, and import levels fell too, as local purchasing power declined¹²¹. Thanks in part to exceptional soil fertility in so much of the province, and despite many farmers being driven off the land (see below), subsistence agriculture survived there better than in other parts of DR Congo, and the province managed to export food to Rwanda until the 1990s¹²². Most European businesspeople left Bukavu during the 1970s, but many Indian traders stayed on, their commercial dominance in the city increased by default.

Businesspeople requiring access to Indian Ocean ports that time preferred Mombasa to Dar es Salaam, because Mombasa was better equipped and subject to few of the controls and taxes imposed at Dar by the socialist Tanzanian state. This meant that goods moving in and out of Bukavu generally came via Uganda and Rwanda. Some trucks would go via Goma and then down the western shore of Lake Kivu, while others would go via Kigali, and enter via Cyangugu (See Maps One and Two). One trader said he recalled that

¹¹⁹ J. MacGaffey, *The Real Economy of Zaire...*, *op cit*, page 20. Also Interview with Gertrude Mudekereza, WFP programme assistant, Bukavu, December 2001

¹²⁰ Interviews with Congolese traders, Bukavu, May 2002

¹²¹ Interview with Indian import-export traders, Bukavu, December 2001

during the 1970s, there was a fleet of over 300 trucks based in Cyangugu that would regularly drive in and out of DR Congo on business, adding sadly that by 2001 the number of trucks doing this had fallen to below 30.

Most of Bukavu's African traders and businesspeople were Shi, and the Tutsi community, which found itself excluded by the Shi from most legitimate commerce, turned instead to the illegal trade in cigarettes, beer, fuel and minerals. Tutsis came to dominate the mineral *comptoirs* of Bukavu, where gold and diamonds mined in the Kivu interior were exchanged for US dollars¹²³.

Rwanda: 1960-1990

Hutu and Tutsi

The meaning of an ethnic label evolves over time, yet its authenticity, ironically, derives from its appeal to unchanging tradition and history. The terms Hutu and Tutsi were in use prior to colonialism, denoting increasingly unequal power relationships that generated tension and sometimes conflict¹²⁴. However, colonial rule altered the meanings of Hutu and Tutsi, partly because of the speculative and inaccurate theory advanced by colonial rulers that Tutsis were "sub-Aryan", rather than Bantu, like Hutus, and therefore racially superior. Physical differences were invoked by the colonial authorities to perpetuate these distinctions with the result that the tallest and lightest-skinned were cast as Tutsi archetypes and the shortest, stockiest and darkest-skinned as their Hutu counterparts.

A changing economy in the colonial period, including enforced coffee cultivation, transformed Rwandan society. Clientage relations previously based on cattle ownership and usage changed once patrons acquired coffee plantations and clients became wage labourers. To the wage-labourers, Tutsi came to imply "boss", while owners increasingly equated Hutus with "labourers". In the charged atmosphere prior to independence, these easily became "exploiter" and "the mob".

The terms Hutu and Tutsi have since acquired further polarised meanings through the atrocities committed in Rwanda and Burundi since independence. Being a Tutsi today is to belong to a community devastated by the 1993 Burundi massacres, and the Rwandan genocide of 1994. To be a Hutu is to belong to a community massacred in Burundi in 1972, 1988, 1990 and 1991, in northern Rwanda in 1990-93, and subsequently in eastern Zaire/DR Congo.

¹²² Interview with Bernard Assalmani, inspecteur provincial de l'agriculture et élevage, Bukavu, May 2002

¹²³ K. Vlassenroot, *Identity and Insecurity: The Building of Ethnic Agendas in South Kivu*, in R. Doom, J. Gorus (eds), *Politics of Identity...*, *op cit*, page 271

Rwanda's president at independence in 1962, a Hutu named Grégoire Kayibanda, came to power on the back of a systematic campaign of persecution and massacre of the country's Tutsi minority. Tens of thousands of people were killed and many more fled the country as refugees. A large number of Tutsis, particularly from Cyangugu and the other western provinces, fled west into DR Congo. Many refugees went to Burundi, but the bulk went north to Uganda. Guerilla movements arose from the Tutsi refugee communities and launched sporadic, unsuccessful raids into Rwanda throughout the 1960s.

Kayibanda promised Rwanda's Hutus a "social revolution" but his regime swiftly degenerated into corruption and prebendalism, to the benefit of few beyond the well-connected from Kayibanda's home province of Gitarama. Kayibanda's government made a limited attempt to develop local industry in the name of import substitution, but Rwanda remained desperately poor. Agricultural production failed to keep pace with population growth, and Rwanda subsisted on earnings from official exports of tea and coffee, supplemented by aid, and income from smuggled Congolese exportable goods.

Rwanda's economic fate since independence has been more tied up with DR Congo's than has often been realised. Many Rwandan businesspeople have made their living trading between Mombasa, Nairobi, and Kivu, and in addition will often admit today that the Congolese "taught us business". Cyangugu benefited from being on one of the main trading routes between Bukavu and the Indian Ocean, but its revenues from this trade fell

¹²¹ See for example R. Lemarchand. *Burundi: Ethnocide as Discourse and Practice*, Cambridge University Press, Cambridge, 1994

steadily as the Zairean economy collapsed, and the Kivu provinces' import and export volumes declined.

Kayibanda was toppled in 1973 in a coup by his armed forces chief-of-staff Juvénal Habyarimana, following which there was further politically orchestrated violence, partly against Kayibanda supporters, but mostly, once more, against Tutsis. An estimated 100,000 people were killed in this latest wave of killings, and again, many more fled Rwanda as refugees. Habyarimana instituted a one-party state in 1975, and all Rwandans, regardless of age, were automatically members of the Mouvement Révolutionnaire Nationale pour le Développement (MRND). Real power however lay not with formal party structures but with Habyarimana and his presidential guard, together with a small coterie of people close to him, many of whom are related to his wife Agathe, called the *akazu* (little house). Political office, business tenders and jobs in parastatal companies were the key elements of Habyarimana and the *akazu*'s patrimony, and were distributed with loyalty rather than competence as the main criterion. The systemic corruption and ensuing general mismanagement compounded worsening structural problems in the Rwandan economy. International prices for Rwanda's main exports, tea and coffee, fell sharply in the late 1980s, while agricultural yields, particularly in subsistence crops, fell also, because of chronic over-cropping brought on by increasing rural population density.

Rwanda and DR Congo: 1990 to the present day

A guerilla movement originating from the Tutsi refugee camps in Uganda called the Rwandan Patriotic Front (RPF) invaded Rwanda in September 1990. French troops were immediately deployed to save Habyarimana, and prevented what would otherwise have been the swift capture of the Rwandan capital Kigali by the RPF. Under French pressure, Habyarimana instituted long-delayed political reforms, including an end to the one party state in 1991. A multiparty government was formed in 1992, and began peace negotiations with the RPF, despite hostility to the process from within the MRND. An agreement between the Rwandan government and RPF was signed in Arusha, Tanzania, in August 1993. French troops left in November 1993, and a UN force called UNAMIR arrived to oversee the implementation of the Arusha agreement. However, the upper echelons of the MRND instead planned the genocide of the entire Rwandan Tutsi population, while Habyarimana bought time by stalling the installation of a new government¹²⁵.

The war had a devastating impact on the already weakened Rwandan economy. Up to one million people were internally displaced by the fighting, and, rather than tilling their fields, became entirely dependant on food aid instead. According to official statistics, national GDP fell 5.9% in 1991, 3.2% in 1992, and a further 10% in 1993. Annual recorded export earnings meanwhile fell from US\$95.6m in 1991 to just US\$67.5m in

¹²⁵ Gregory Mthembu-Salter. *Mediation and Genocide: The Case of Rwanda*, in *Track Two*, Centre for Conflict Resolution. Cape Town. 2002. page 11

1993, while imports rose from US\$228.1m to US\$294.5m over the same period, mainly because of increased military purchases¹²⁶.

Habyarimana's plane was shot down over Kigali on April 6th, 1994, killing the president and his Burundian counterpart Cyprien Ntaryamira instantly. Habyarimana's death proved the instant trigger for the genocide to begin, in which up to one million predominantly Tutsi people were slaughtered in 100 days by militias (generally known as *interahamwe*) and the Rwandan army (FAR)¹²⁷. The FAR was, however, unable to resist the RPF, which resumed its advance when the genocide began, and captured Kigali on July 19th, 1994.

The retreating Rwandan government and FAR, through a mix of their scare tactics, intimidation and the massacres perpetrated by the advancing RPF, engineered the flight of over two million predominantly Hutu civilians, mostly into enormous refugee camps in the two Kivu provinces, by August 1994¹²⁸.

The Rwandan refugees carried as many of their possessions with them into the Kivus as they were able, while much of what they could not bring was destroyed. The massive decapitalisation this represented, combined with the devastation and turmoil of the aftermath of war and genocide, resulted in profound economic crisis in Rwanda.

¹²⁶ Economist Intelligence Unit, *Rwanda Country Report 1st Quarter 1996*, Economist Intelligence Unit, London, 1996, page 19

¹²⁷ There is a growing literature on the Rwandan genocide. One of the earliest, and still among the most thorough accounts is African Rights, *Rwanda: Death, Despair and Defiance*, African Rights, London, 1994. Also excellent is Alison Des Forges, *Leave None to Tell the Story: Genocide in Rwanda*, Human Rights Watch, New York, 1999

Agricultural production plummeted, and the national GDP is recorded as falling 49% year-on-year in 1994¹²⁹.

By contrast, in neighbouring South Kivu, local farmers had sudden access to a huge labour pool. Large numbers of Hutu refugees were soon at work on the land, and the result was a mini-boom in the agricultural sector, which was greatly assisted by substantial inflows of humanitarian assistance, including agricultural inputs such as seed, hoes and fertiliser. The volume of food produced in South Kivu, and exported to Rwanda via Cyangugu, notably increased, but at the same time South Kivu suffered considerable environmental degradation because of the refugees, and livestock levels fell dramatically¹³⁰.

The arrival of the refugees in South Kivu, followed by humanitarian workers and the international media, also increased the dollarisation¹³¹ of the local economy, and accelerated the militarisation of ordinary life. Attacks orchestrated by local politicians and the refugees' leaders began against Congolese Tutsis of Rwandan origin, known as the Banyamulenge in 1996, and many Banyamulenge people left for Rwanda, often to join the new RPF-dominated Rwandan armed forces, the RPA.

At the national level, Mobutu made shrewd use of Rwanda's troubles to rehabilitate his own position vis-à-vis the West. Most Western creditors had stopped lending to Zaire by

¹²⁸ Economist Intelligence Unit. *Rwanda Country Report 4th Quarter 1994*, Economist Intelligence Unit. London. 1994. pages 21.24

¹²⁹ Economist Intelligence Unit. *Rwanda Country Report 4th Quarter 1998*, Economist Intelligence Unit. London. 1998. page 24

the early 1990s, and Mobutu attempts to meet the resulting revenue shortfall through diamond smuggling and money laundering were insufficient to meet the voracious demands of his patronage networks, and Mobutu's position as the country's supreme patron was threatened. Multipartyism, which was legalised in 1991, also undermined Mobutu's position. In response, Mobutu secured the armed forces' willingness to harass and obstruct his political rivals by giving them both license and opportunity to profit from second economy trade.

The presence of massive Rwandan refugee camps in Zaire forced international governments and humanitarian agencies to swallow their scruples and resume co-operation with Mobutu. Meanwhile, the exiled former Rwandan government and ex-FAR were eager to re-invade Rwanda and resume political control, and Mobutu ensured that fresh military supplies reached them in Zaire's refugee camps and that military training could take place unimpeded. Reno alleges, in addition, that Mobutu used his earnings from the illicit trade in diamonds directly to fund the Rwandan militia and ex-FAR.

The Rwandan militia and ex-FAR launched their first raids into Rwanda during 1995 and in response the RPA invaded North and South Kivu in October 1996. The RPA dismantled the refugee camps, driving most inmates back to Rwanda, though many thousands fled further into Zaire, and a substantial but unknown number lost their lives. When the refugees left, most of the humanitarian agencies pulled out too, and the sudden

¹³⁰ Interview with Dieudonné Katuse, co-ordinator, FAO, Bukavu, May 2002

¹³¹ meaning the use of the US dollar in economic exchanges rather than the Congolese franc

loss of cheap labour and cheap donor inputs caused food production and availability in South Kivu to fall suddenly and steeply¹³².

The RPA achieved easy victories against the enfeebled FAZ wherever they went, and soon attracted Zairean allies looking to topple Mobutu. A new movement was formed, called the Alliance des Forces Démocratiques pour la Libération du Congo (AFDL), which rapidly conquered Zaire, forcing Mobutu to flee. The AFDL entered Kinshasa on May 17th, 1997, and the AFDL's leader Laurent Kabila proclaimed himself president, changing Zaire's name back to DR Congo.

The new balance of power in Kinshasa was good news to Banyamulenge and Rwandan businesspeople in the Kivus, and in Bukavu, Shi traders lost ground to both. The overall economic climate in the Kivus improved, with agricultural production showing signs of modest growth, and the return of peace stimulating trade. In addition, as is fondly remembered today, civil servants were paid on time for the first time in many years, thus reducing corruption.

In Rwanda, improved security levels and the return of so many Hutu refugees boosted the economy, particularly in the agricultural sector. There was in addition a steady rehabilitation of public infrastructure and of state extension services, which also contributed to growth. Real GDP growth in Rwanda was recorded as 15.8% in 1996,

¹³² Interview with Claude Jibidar. WFP co-ordinator. eastern DR Congo. December 2001

12.8% in 1997 and 9.5% in 1998¹³³, which were among the highest growth figures anywhere in the world.

In Cyangugu, agricultural production rose steadily, in contrast to declining production levels on the Zaire/DR Congo side of the border, and traders reported in interview that it was during this period that the current trend of food exports being exported via the Bukavu-Cyangugu border crossing began. Food exports from Rwanda to DR Congo have continued until the present day to the point that they constitute the main items of trade across the Cyangugu-Bukavu border.

Meanwhile, transit trade between Bukavu, and the Indian Ocean ports that passed through Cyangugu was falling. During the 1990s, Mombasa fell out of favour with businesspeople due to growing corruption that could result in entire container loads "disappearing". At the same time, Dar es Salaam port modernised and many of the Tanzanian government's previous restrictions on trade were lifted. The preferred import-export route for the major Bukavu-based businesses became via Dar es Salaam, using the railway line to Kigoma on Lake Tanganyika. Imports were then shipped up the lake to Kalundu, and then driven by road to Bukavu, bypassing Cyangugu and the rest of Rwanda completely (see Map Two)¹³⁴. The problem for Bukavu import-exporters however, which has steadily worsened as the war has gone on, is that not only has Congolese purchasing power collapsed, but also that there is almost nothing besides contraband to export, and most of their containers go back to Dar es Salaam empty.

¹³³ Economist Intelligence Unit, *Rwanda Country Report November 2001*, Economist Intelligence Unit, London, 2001, page 6

In July 1998, Kabila ordered the RPA to leave DR Congo. The RPA withdrew, but re-invaded a month later, assisted by Ugandan and Burundian forces, launching a second DR Congo war. The RPA nearly captured Kinshasa in September 1998, but retreated following the intervention on the DR Congo government's side of Zimbabwean and Angolan forces. Back in eastern DR Congo, the Rwandan government facilitated the creation of a Congolese political movement called the RCD, which, by the end of 1998, the RCD had captured Bukavu and all the other key eastern DR Congo towns. By early 1999, roughly one third of DR Congo was nominally under RCD control.

Since 1998, RPA and RCD armed forces in South Kivu have fought not only with the ex-FAR, *interahamwe*, but also Congolese *Mai-Mai* militia, and a Burundian militia called the Forces pour la défense de la démocratie (FDD). In addition, the RPA and RCD have since early 2002 tried, but failed, to crush a Banyamulenge rebellion led by a former RCD commander called Patrick Masunzu.

Kabila was assassinated in January 2001 - allegedly by a bodyguard - and one of his sons, Joseph Kabila, became president in his place. The new president instituted swift political and economic reforms that endeared him to international donors, lifting price controls, floating of the Congolese franc, and co-operating with international efforts to end the war. There has been little large-scale fighting between the main belligerents in the DR Congo conflict since the young Kabila took office, and in February 2002, inter-Congolese political negotiations finally began in earnest in Sun City, South Africa. The RPA

¹³⁴ Interviews with traders. Bukavu. December 2001, May 2002

withdrew from the DR Congo in October 2002, while the DR Congo government took steps to disassociate itself from the ex-FAR and *interahamwe*. This provided crucial impetus to the peace process, and by the end of 2002, the bulk of Angolan, Zimbabwean and Ugandan forces had also withdrawn from the DR Congo. A new round of the inter-Congolese political dialogue in South Africa in late 2002 resulted in agreement on December 16th signed by all the main political forces, including the RCD.

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Conclusion

Trade and politics in the Great Lakes region

This thesis tests a methodology designed to generate a "snap shot" of reliable quantitative and qualitative data on African CBT, using short term intensive fieldwork, involving border monitoring, semi-structured interviews and official data analysis. The findings are presented in Chapter One. As the evaluation presented in Chapter Two indicated, the methodology was generally successful in generating the required data on the chosen site. There was nothing in the methodology that was specific to this particular border, however, and there is nothing to stop it being used successfully on others.

The snap shot has been given time depth by the historical analysis provided in Chapter Three. However, as I argued in Chapter Two, the research should be repeated on the Cyangugu-Bukavu border at a later date to reveal continuities and discontinuities, and thus generate a "moving picture".

The main data finding of my research is that Rwanda exported unrecorded goods and services to DR Congo at the Cyangugu-Bukavu border worth an estimated US\$8.9m in 2001, which is equal in value to 9.6% of the country's entire recorded exports.

Unrecorded exports from Rwanda constituted nearly 90% of the total at the Cyangugu-Bukavu border. Nine tenths of the unrecorded exports were agricultural. Rwanda also exported a small range of manufactured goods to DR Congo via Cyangugu-Bukavu, in contrast to its substantial trade deficit in manufactured goods with the rest of the region.

In addition, Rwanda exported a small but expanding range of services to DR Congo, including banking, insurance and telecommunications.

Goods worth an estimated US\$2.9m transited through Rwanda to DR Congo via Cyangugu-Bukavu during 2001, around 40% of which was unrecorded. I estimated DR Congo non-mineral exports to Rwanda at under US\$500,000 in 2001, nearly all of which were the produce of just one company, Pharmakina, which makes quinine products.

Going most of the way towards balancing the otherwise massive trade deficit between Rwanda and DR Congo at the border, though not exclusively exported via Cyangugu-Bukavu, DR Congo mineral exports to Rwanda were worth up to US\$8.5m in 2001, none of which was recorded. In addition, nearly US\$1m-worth of goods originating from outside DR Congo were smuggled into Rwanda from DR Congo in the year.

The clear general conclusion from these quantitative findings, which confirms the findings of other, earlier African CBT studies¹³⁵, is that trade on the Cyangugu-Bukavu border is substantial, and that most of it is unrecorded. The research also confirms earlier findings that almost all the CBT between DR Congo and its neighbours is unrecorded¹³⁶.

¹³⁵ C.Ackello-Ogutu. *Unrecorded Cross-Border Trade Between Kenya and Uganda...*, *op cit*; Independent Management Consultants. *Informal Cross Border Trade, Zambia Study...*, *op cit*; J.L Macamo. *Estimates of Unrecorded Cross-Border Trade Between Mozambique and her Neighbours...*, *op cit*; I. Minde. T. Nakhumwa. *Unrecorded Cross-Border Trade between Malawi and Neighbouring Countries...*, *op cit*; G. Morris. J. Dadson. *Ghana: Cross-Border Trade Issues...*, *op cit*

¹³⁶ C.Ackello-Ogutu. P. N. Echessah. *Unrecorded Cross Border Trade between Tanzania and her Neighbours...*, *op cit*, page xiii

As I argued in the Introduction, more attention needs therefore to be paid to African CBT, and specifically to unrecorded African CBT. In the Introduction I outlined some of the more important implications that improved consideration of unrecorded CBT would have for fiscal, trade and debt relief policy. A further policy implication derived from the research at Cyangugu-Bukavu is that, as the earlier USAID Southern Africa studies cited also found, agricultural CBT plays an important role in providing food security in the region, suggesting that it should be encouraged and promoted. In Rwanda's case, this should include examination as to whether credit can be provided to agricultural exporters, who all complained in interview about the lack of it from formal banking structures. In order to promote agricultural CBT, it would also be desirable to improve recording and monitoring mechanisms for statistical purposes, though (lest revenue authorities are tempted) there is no reason this should be accompanied by any additional taxation.

An additional factor that is important for policy formulation is the impact of CBT on employment. Where possible in the detailed analysis of the research findings, I have estimated the total profit accruing to traders in a given commodity, but I did not attempt to establish how many people this was divided between. Through observation and interview, however, I can confirm *thousands*, if not tens of thousands of people make all or part of their living through CBT across Cyangugu-Bukavu. The cassava trade is one of the major employers, with a large number of traders assisted by an even larger number of transporters and carriers. The trade in other foodstuffs employs more modest numbers of people, as does CBT in manufactured goods and services, but the smuggling of charcoal, *kitenge* cloth, and especially fuel is highly labour intensive.

Finally, donors have insisted that the Rwandan government, and many other African countries, increase the proportion of their revenues derived from domestic taxation. The findings in this thesis suggest that greater consideration should be given in applying this principle to what prevailing tax regimes are in neighbouring states, since when the price of goods rises because of tax hikes in one country but not another, increased smuggling between the two is inevitable, thereby reducing much of the hoped-for revenue gain from the tax hike.

Chapter One outlined the economic reasons for trade trends in each commodity that crosses the Cyangugu-Bukavu border. In summary, these were that:

- Foodstuffs export from Rwanda to DR Congo because of surpluses in the former and substantial deficits in the latter.
- Rwanda exports services to DR Congo because demand for services in DR Congo far exceeds supply.
- Fuel and other goods, like *kitenge* cloth, are smuggled from DR Congo to Rwanda because lower tariffs make them less expensive in DR Congo, and create an incentive for traders to evade the RRA.
- Mineral exports from DR Congo to Rwanda are high in order to finance DR Congo's otherwise substantial trade deficit with Rwanda.

Behind each of these economic explanations, however, lie political factors that have their origins in the historical developments outlined in Chapter Three. Taking these case by case:

- As Chapter Three shows, for most of the region's history, foodstuffs have traveled west to east, probably because of superior soil quality. There was forced cultivation and export to Congo of agricultural foodstuffs in Rwanda during the colonial era, but subsequently trade flows reverted to the historical trend. However, in recent years, the flow has reversed once more. There are agricultural surpluses in southwestern Rwanda today because Hutu farmers who fled to eastern DR Congo in 1994 have mostly returned to their fields, after the RPA chased them out of DR Congo in 1996-7. In addition, largely as a result of the RPA deployment in eastern DR Congo, southwestern Rwanda has not suffered from insecurity in recent years. Furthermore, the Rwandan state security forces do not steal crops, agricultural extension services provided by the Rwandan state are expanding, and rural infrastructure, such as roads and markets, is improving. By contrast, there are agricultural deficits in South Kivu because the war and insecurity of the past few years have compounded the impact of years of the state's total neglect of the sector. Agricultural extension services are almost non-existent, rural infrastructure has collapsed, rival military forces all act as predators against farmers, and there has been a huge level of internal population dislocation as a result of all the fighting, leaving many would-be farmers eking out a living in Bukavu instead of cultivating.

- Services are exported from Cyangugu to Bukavu because, while the war and economic crisis has much reduced services demand in Bukavu, it has reduced supply still further, in many cases to zero. Meanwhile, the supply of services is increasing in Cyangugu. Starting with banking and insurance, banking in Bukavu has collapsed in part as a consequence of the division of DR Congo into three since the war began in 1998, which has denied Bukavu banks access to the DR Congo central bank and thus liquidity beyond their immediate depositor base. However, the main cause appears to be the absence of public confidence in the sector following decades of mismanagement, whose impact has been compounded by the ongoing conflict and insecurity. Insurance does not function in Bukavu for similar reasons. There has been systemic embezzlement for decades by staff of the monopoly insurance company in lieu of wages, and in addition the war has resulted in substantial losses by clients, leading to massive claims that are way beyond the capacity of the company to cover. Meanwhile, on the other side of the border, most Rwandan banking and insurance companies have a well-established presence in Cyangugu. Although these institutions were financially and administratively devastated by the 1990-94 war and 1994 genocide, they have been partially recapitalised since, and have been joined by some well-financed new arrivals. Despite continued concerns about the solvency of some Rwandan financial institutions, the sector has clearly recovered to the extent that it is able to offer clients core services.

The almost total lack of landline telecommunications and the absence of a functioning Post Office in Bukavu are further symptoms of the Congolese state's collapse, that

contrast markedly with rapidly expanding postal and telecommunications provision in Rwanda, where they are in turn symptoms of expanding state capacity. The Post Office in Rwanda not only delivers the post well, but has also since the late 1990s operated a limited but efficient public transport service, and internet cafés at local branches (so far without coffee). The state telecommunications company Rwandatel has a very low and predominantly Kigali-situated subscriber base, but began expanding into Bukavu in 2002. International mobile phone companies have been understandably wary of investing in eastern DR Congo, but encouraged by new investor-friendly legislation from the Rwandan government, South Africa's MTN established a mobile phone monopoly in Rwanda called MTN-Rwandacell in 1998, and has sustained an impressive expansion programme since. Network coverage is excellent in both Cyangugu and Bukavu, and retail outlets in both towns for Pay-as-you-go cards are plentiful.

- *Kitenge* cloth and fuel are smuggled into Rwanda from DR Congo because of tariff differences between the two countries, but the reasons for the differences are largely political. In Rwanda, tax rates, particularly on consumption, have risen substantially in recent years, largely in response to donor demands that government revenues be increased as a proportion of GDP. Particularly since the creation of the semi-autonomous RRA in 1998, revenue collection has become increasingly efficient in Rwanda, and, as in South Africa in recent years, revenues have often exceeded budget projections in consequence. Donors think there is still further to go in Rwanda. In 2001, Rwandan government revenues were roughly 12% of GDP, but the IMF long-

term target for the country is said to be the sub-Saharan Africa average of around 17%¹³⁷. By contrast with Rwanda, RCD-controlled eastern DR Congo is not recognised as sovereign by donors, receives no assistance from them, and is thus under no obligation to comply with their strictures. Instead, having no external sources of support, the RCD administration is heavily dependent on trade taxes for revenue. Indeed, in common with many weak states, the RCD administration's main economic assets are its borders¹³⁸. Such reliance on trade taxes is an incentive for the RCD to increase trade tax rates, and the administration has tried to do just that, as the proliferation of new quasi-customs bodies created in Bukavu since it took power in 1998 is testimony to. However, it is not the tax demanded by the state, but, as Jeffrey Herbst has observed, the state's capacity to collect tax that is the best measure of its reach¹³⁹, and the RCD's capacity to collect revenue is exceptionally weak. In eastern DR Congo, tax hikes or new taxes initially generate increased funds for the state, but soon result in higher evasion rates from tax payers, and generate little, if any, extra revenue in the medium and long term. For some key commodities, and particularly fuel, the RCD administration has maintained lower tariffs than neighbouring governments, including Rwanda. As a result, the RCD administration benefits from tax revenues on subsequently smuggled goods that would otherwise have benefited these neighbours. This may well be deliberate - Hibou has claimed that many African governments have purposefully endowed themselves with a comparative advantage at

¹³⁷ Interview with Donald Kaberuka, Rwandan minister of finance, Kigali, May 2002

¹³⁸ J. Herbst, *States and Power in Africa: Comparative Lessons in Authority and Control*, Princeton University Press, Princeton, 2000, page 25

¹³⁹ J. Herbst, *States and Power in Africa...*, *op cit*, page 113

regional level by keeping import tariffs lower than those of neighbouring states, and then facilitating smuggled re-exports to those neighbours¹⁴⁰.

- Minerals are eastern DR Congo's most valuable, exportable, and politically significant commodities. Mineral exports play the major role in financing South Kivu's trade deficit with Rwanda, and this is true generally of DR Congo and its international trading partners. However, the extent to which mineral sales benefit DR Congo government coffers is, and has long been, severely constrained by systemic and large-scale smuggling. Conversely, unrecorded mineral exports have been hugely beneficial to many individuals, and particularly those in DR Congo state structures. Ellis and MacGaffey have argued that the failure of industrialisation and export agriculture in sub-Saharan Africa has meant an increasing focus on the export of high-value primary commodities such as minerals, and that the maintenance of political power increasingly depends on control of, or access to, the profits of such trade¹⁴¹. The generalisation does not apply everywhere on the continent, and fits Rwanda poorly, but is particularly apt of DR Congo. As has been shown, Mobutu depended increasingly on the proceeds of illicit diamond sales in the latter years of his rule. As Reno has written, since Mobutu's fall, what he calls DR Congo's "competing strongmen" have also all benefited from the rich concentration within the country of portable, valuable natural resources¹⁴². Alongside the fragmentation and violent contest of political power in DR Congo since the onset of the 1998 war has

¹⁴⁰ B. Hibou. *The Ruses of Economic Intelligence*. in J.F. Bayart, S. Ellis & B. Hibou (eds). *The Criminalisation of the African State...*, *op cit*. page 80

¹⁴¹ S.Ellis & J.MacGaffey. *Research on Sub-Saharan Africa's Unrecorded International Trade...*, *op cit*, page 38

come the fragmentation and violent contest of control of its mineral production and export, to the point where it is no longer always clear if "strongmen" export minerals to sustain political power, or sustain political power in order to export minerals.

The RPA high command have been among those "strongmen" in South Kivu, and are commonly held and alleged to have benefited from unrecorded mineral exports, particularly of coltan. The Rwandan government denies it, and the evidence of the involvement of particular individuals within the RPA has so far appeared weak, in contrast, for example, to the strong case levied against named senior members of the Ugandan armed forces. The allegation that the RPA has been directly involved in coltan production and export from South Kivu is nonetheless eminently plausible, though my fieldwork has left me unable to prove it either way. If the allegation about RPA involvement is true however, this trade would be an important component of the extension of Rwandan state influence in eastern DR Congo since the fall of Mobutu, whose political and military aspects has been outlined in Chapter Three.

However, the most compelling reason coltan traders interviewed gave for smuggling coltan into Rwanda from DR Congo was the high mineral export tax levied by the RCD, compared to the absence of a mineral export tax in Rwanda. Similarly, the explanations gold traders gave for preferring to export gold from South Kivu to Burundi and Uganda than Rwanda also concerned economic incentives or the lack of them. Indeed, the impression arises that DR Congo's eastern neighbours have

¹⁴² W. Reno. *Warlord Politics and African States*, *op cit*, page 148

competed among each other to provide tax and incentive schemes that will attract the unrecorded import of DR Congo's mineral wealth. What this means is that the systemic unrecorded export of minerals from South Kivu is inherently political, while the particular destinations of mineral exports hinge mainly on trader calculations of the economic implications of each option.

The analysis presented above, of four categories of trade between Rwanda and DR Congo at Cyangugu-Bukavu - agricultural goods, services, fuel and *kitenge* cloth, and minerals - has advanced political explanations of the economic conditions that drive each one. A common thread running through the analysis is that *it is the divergent political trajectories of the state in Rwanda and DR Congo that have largely generated these conditions.*

Bayart's analysis of the modern African state has compellingly identified its core features and tendencies¹⁴³. For Bayart, the African state is a "rhizome" - "an infinitely variable multiplicity of networks whose underground branches join together the scattered parts of society"¹⁴⁴. Out of these networks, Bayart has argued, in each African country, a dominant national class has constructed itself, aspiring to, but never attaining, hegemony. In the process of constructing their national hegemonies, dominant classes in Africa have forged deep links with the West, which Bayart has characterised as being primarily based on rent-seeking by the dominant classes, resulting in the formation of what Bayart has termed a postcolonial historic bloc, transcending national boundaries. Bayart has

¹⁴³ J-F. Bayart. *The State in Africa: The Politics of the Belly* (English translation), Longman, London, 1993 ... J-F. Bayart. S. Ellis & B. Hibou. *The Criminalisation of the State in Africa, op cit*

interpreted participation in unrecorded trade as an integral part of the hegemonic strategies of dominant classes in Africa. However, while these classes participate in unrecorded trade, they do not control it, which Bayart has treated as one of the obstacles to the concretisation of their hegemonic quest¹⁴⁵.

Bayart's overall thesis is a strong one, but it underplays the impact of the large variations in the degree to which his general observations apply in each African country. The differing post-colonial histories of Rwanda and DR Congo were sketched in Chapter Three. The general picture, it may be recalled, was that following the development of a classic prebendial¹⁴⁶ system in the post-independence era, the Rwandan state experienced devastation as a result of the 1994 genocide, but subsequently recovered and is extending its capacity and reach. By contrast, the state in DR Congo remained weak in the post-independence era, with its economic base withered by the relentlessly prebendial and increasingly criminal nature of its politics under Mobutu. The war since 1998 has factionalised and further criminalised the state, and reduced its already feeble ability to function. The result is that Rwanda, a militarily powerful, politically secure state with growing administrative capacity and established relations with donors shares a border with a state that continues to descend from kleptocratic to felonious dysfunction¹⁴⁷. It is true that the presence of substantial mineral resources in DR Congo, and the lack of them in Rwanda, which is a fact of geology and not politics, has had huge bearing on the nature of trade between the two countries. Beyond this, however, it is in large measure

¹⁴⁴ J-F. Bayart. *The State in Africa...*, *op cit*, page 220

¹⁴⁵ J-F. Bayart. *The State in Africa...*, *op cit*, pages 177-178

¹⁴⁶ This term, referring to the political gift of positions that come with rents attached, is more accurate than the more commonly used "patrimonial", which, somewhat inappropriately, implies inheritance.

the increasing divergence in the political development of the two states that has generated the economic context for the trade on the Cyangugu-Bukavu border whose depiction forms the core of this thesis.

The different trajectories of the state in Rwanda and DR Congo have created openings for commerce along their borders, but it takes the ingenuity of traders to exploit them. This thesis is intended as a celebration of this ingenuity, which has been presented, commodity by commodity, in Chapter One.

There has been much commentary on Africa's dysfunctionality through the years, and it is surely high time, as Patrick Chabal and Jean-Pascal Daloz have convincingly argued, to understand and appreciate the ways in which the continent *works*, as well as the ways in which it does not¹⁴⁸. One of the ways that Africa works is through the endeavours of people who recognise and seize any economic opportunity, wherever and however marginally it presents itself. Cross border traders are precisely these kind of people, and this thesis is a window on their creativity at one border.

MacGaffey has argued that unrecorded CBT in Africa is a form of popular resistance against a system that has denied the poor other opportunities in life¹⁴⁹. This view has been echoed by others, such as H. Donnan and T. Wilson, who have written that unrecorded

¹⁴⁷ J-F.Bayart, S.Ellis.& B.Hibou, *The Criminalisation of the State in Africa*, *op cit*, page 1

¹⁴⁸ P. Chabal & J-P. Daloz, *Africa Works: Disorder as a Political Instrument*, The International African Institute, Oxford&Indiana, 1999

¹⁴⁹ J.MacGaffey & R.Bazenguissa-Ganga, *Congo-Paris: Transnational Traders on the Margins of the Law*, James Currey, Oxford, 2000, page 80

trade across borders "ignores, contests and subverts" state power¹⁵⁰. My own view after studying the Cyangugu-Bukavu border is more nuanced. Donnan and Wilson's description fits trade in some of the commodities under consideration, but is unhelpful for others. Their analysis holds well, for example, for *kitenge* cloth smuggling from DR Congo to Rwanda, in which women from both sides of the border collude to evade and defraud the RRA. The unrecorded export of food from Rwanda to DR Congo only partially fits the description, however, since the main reason the trade in food is unrecorded is less because of evasion of the authorities by traders than a lack of interest on the part of the authorities. Like *kitenge* smugglers, fuel smugglers from DR Congo to Rwanda rely to some extent on borderland solidarity to evade the Rwandan customs authorities. However, as I suggested earlier, the tariff difference which makes fuel smuggling worthwhile may well be a deliberate policy of the RCD administration in South Kivu, suggesting that while the fuel trade may be subverting Rwandan state power, it is strengthening the capacity of the RCD. Finally, while the unrecorded export of minerals from South Kivu to Rwanda certainly signals the contest of state power, it is not between the elite and the poor, but instead between armed rival elites for whom these exports are integral to the maintenance of their political positions.

Before pronouncing, therefore, on whether unrecorded trade signifies popular resistance, or is perhaps instead an elite political survival strategy, one must first establish how much trade there is, how much is unrecorded, why it is unrecorded, and the composition of the trading networks in each commodity traded. Through the use of an appropriate methodology, this study answers these questions for the Cyangugu-Bukavu border, in the

¹⁵⁰ H. Donnan & T. Wilson. *Borders: Frontiers of Identity...*, *op cit*, page 88

belief that while Africa works, it does so in particular and often hidden ways. To appreciate and better celebrate the continent's functionality, careful empirical investigation, estimation and analysis is required into how and why it works. This thesis has been an attempt to do so.

University of Cape Town

Appendices

Appendix 1

Border Monitoring Results

Observed headload¹⁵¹ values 11-24.12.2001 & 15-21.1.2002 at Rusizi I and Rusizi II

(all prices in US\$, based on market prices at Kamembe market, Cyangugu, November 2001, converted at the November 2001 exchange rate of Rwafr440:US\$1.)

a. Rusizi I, Rwanda>DR Congo

Item	Quantity	Unit value ¹⁵²	Total value	Average weekly value
Cassava				
100kg sack, milled	15,728	14.0	220,192	73,397
50kg sack, unmilled	7,874	6.0	47,244	15,748
50kg sack, milled	6,281	7.0	43,974	14,658
30kg sack (11-24.12.2001 only) unmilled	4,240	3.6	15,264	7,632
30kg sack (11-24.12 only) milled	3,740	4.2	15,708	7,854
Mzigo(cloth) ¹⁵³	1,929	3.5	6,752	2,251
Wicker basket	290	7.3 ¹⁵⁴	2,117	706
Tomatoes and other vegetables				
small bag	1,493	1.0	1,493	498
medium bag	2,022	3.0	6,066	2,022

¹⁵¹ This is taken to mean everything carried over the border. It includes goods transported across by wheelbarrows, and bicycles for the handicapped.

¹⁵² In instances of hidden or mixed goods, average unit value was determined by random sampling

¹⁵³ Assumed to contain 25kg of cassava flour

¹⁵⁴ The assumption is that 70% of wicker baskets are filled with cassava flour, and 30% with tomatoes. A wicker basket can hold about 15kg of cassava flour, worth US\$2.1. A basket full of tomatoes cost US\$19.5, giving an average value per basket of US\$7.3.

Item	Quantity	Unit value	Total value	Average weekly value
large bag	256	7.5	1,920	960
plastic basket	1,607	3.6	5,785	1,928
woven basket	165	3.3	545	182
small bucket	360	4.3	1,548	516
big bucket	173	19.6 ¹⁵⁵	3,391	1,130
Sugar cane bundle	13	13.7	178	89
Fish				
100kg sack (11-24.12.2001 only)	512	91.0	46,592	23,296
Bowl	2,579	9.5 ¹⁵⁶	24,603	8,201
metal plate (11-24.12.2001 only)	220	17.4	3,828	1,914
wooden plate (11-24.12.2001 only)	130	7.2	936	468
Kerosene				
25 litre <i>bidon</i>	1,274	9.8	12,485	4,162
20 litre <i>bidon</i> (11-24.12.2001 only)	650	7.8	5,070	2,535
5 litre <i>bidon</i>	342	2.0	667	333
3 litre <i>bidon</i> (11-24.12.2001 only)	252	1.2	295	147

¹⁵⁵ Buckets are usually filled with tomatoes. A large bucket full of tomatoes costs \$19.6

¹⁵⁶ The assumption is that 50% of bowls are filled with fish (worth US\$17.0), 30% with avocados (worth US\$2.6), and 20% with bananas (worth US\$1.3), giving an average value per bowl of US\$9.5.

b. Rusizi I, DR Congo>Rwanda, 11.12-24.12.2001

Item	Quantity	Unit value	Total value	Average weekly value
Crate of bread	61	5	305	153
kitenge bale	117	108.7 ¹⁵⁷	12,718	6,359
Carton of powdered milk	75	57.6	4,320	2,160
Carton of tomato puree	75	15.2	1,140	570

c. Rusizi II, Rwanda>DR Congo, 31.12.2001-6.1.2002

Item	Quantity	Unit value	Total value	Average weekly value
Cement (50kg)	1040	7.5	7,800	7,800
Cassava milled	5.06 tonnes ¹⁵⁸	140.0	708	708
Cassava 30kg sack unmilled	578	3.6	2,080	2,080
Beans 30kg sack	148	6.6	977	977
medium bag	955	3.0	2,865	2,865
Fish 100kg sack	160	91.0	14,560	14,560
Cows	75	275.0 ¹⁵⁹	20,625	20,625
Goats	85	n/a	n/a	n/a
Rice (25 kg sack)	65	10.8	702	702
kerosene (25 litre bidon)	488	9.8	4,758	4,758

¹⁵⁷ Information supplied by RRA

¹⁵⁸ Research assistant did not supply aggregate breakdown

¹⁵⁹ Information supplied by Bukavu butcher

d. Rusizi II, DR Congo>Rwanda, 31.12-6.1.2002

palm oil (25l <i>bidon</i>):	19	24.2	461	461
corrugated roofing	75	5.0	375	375
smoked and salted fish: not counted				
Sugar (50kg sack)	8	32.5	260	260
Bread flour (50 kg sack)	9	26.0	234	234
<i>kitenge</i> (bale)	7	108.7	108.7	761
shoes (pair)	336	5.2	1,747	1,747
clothes (bale)	16	21.7 ¹⁶⁰	347	347
flip flops (sack of 100 pairs)	7	100.0	700	700
plastic basins	22	1.3	29	29
Carton of powdered milk	12	57.6	691	691
carton of tomato puree	50	15.2	760	760

¹⁶⁰ Information supplied by RRA

Appendix 2a -

Inspecteur Provençal de l'Agriculture et Elevage *Approvisionnement de la Province en*

Gros Bétail de Boucherie 1999-2001 (Livestock Supply to the Province), Bukavu, 2002

EN GRAS BÉTAIL DE BOUCHERIE

	ANNEE 2001		ANNEE 2000		ANNEE 1999		TOTAL
	PROVINCE	RWANDA	PROVINCE	RWANDA	PROVINCE	RWANDA	
JANVIER	40	437	166	132	—	185	—
FEVRIER	109	341	150	191	—	256	—
MARS	639	151	151	142	64	131	—
AVRIL	402	32	115	267	142	100	—
MAI	452	78	136	416	101	148	—
JUIN	316	81	90	439	38	114	—
JUILLET	221	340	5	479	152	135	—
AOUT	159	247	—	528	294	78	—
SEPTEMBRE	232	167	—	412	413	31	—
OCTOBRE	125	231	20	264	267	81	—
NOVEMBRE	46	225	—	290	262	54	35
DECEMBRE	144	254	—	595	281	48	—
TOTAL	2.885	2.524	823	4.151	2.014	1.361	35

Appendix 2b -

Inspecteur Provençal de l'Agriculture et Elevage, *Approvisionnement de la Province en Manioc 2000-2001 (Cassava Supply to the Province), Bukavu, 2002*

II. MANIOC								
SITUATION				MATHÉMATIQUES				
SITUATION ACTUELLE								
MOIS CONCERNÉS	ANNEE 2000			ANNEE 2001				
	QUANTITE IMPORTÉE (EO KGS)	PRIX PRATIQUE AU MARCHÉ FC	TAUX OFFICIEL	TAUX PARALLÈLE	QUANTITE IMPORTÉE (KGS)	PRIX PRATIQUE AU MARCHÉ FC		TAUX OFFICIEL
JANVIER	—	3,00	12,00		266.350			
FÉVRIER	—	4,60	17,50		201.900			
MARS	800	6,23	17,50		107.609			
AVRIL	—	8,33	25,00		54.750			
MAI	—	9,60	25,00		142.250			
JUIN	—	11,30	31,00		185.400			
JUILLET	3.500	14,60	31,00		205.000			
AOUT	—	13,30	31,00		172.150			
SEPTEMBRE	—	17,30	39,00		169.500			
OCTOBRE	32.600	33,30	45,00		121.150			
NOVEMBRE	39.600	51,66	50,00		120.050			
DÉCEMBRE	130.500	46,66	50,00		93.100			
TOTAL	207.000				1.839.209			
					1.446.000			

Appendix 3 -

Sample of Office Congolais de Controle (OCC) Rapport Mensuel (Monthly Report)

OFFICE CONGOLAIS DE CONTROLE
DE PARTIEMENTS PROVINCIAL EST
B.P. 2278
BUKAVU

RAPPORT MENSUEL PREMIERE QUINZAINE MOIS DE DECEMBRE 2000
POSTE: RUE 12/1 Ter
"TRAFFIC FRONTALIERS"

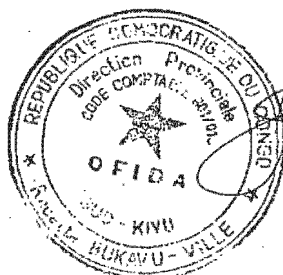
2000 DATE	CLIENTS	MARCHANDISES	Nbre de COLIS	N° REÇU	MONTANT PAYE	OBSERVAT.
01/12/00	Momom Onyopin	Ciments	15 sacs	2882	F.C 150	
-	Bogz	Pneus usages	7 pneus	2883	F.C 120	
-	Jumpha	Pneus	13 sacs	2884	F.C 130	
-	Buyumyembeka	Pneus usages	12 pneus	2885	F.C 200	
-	Bobito + Apolosa	Divers	2 colis	2886	F.C 100	
-	Aruette + Chiba	Petrole + Ciments	3 bidons + 1 sac	2887	F.C 190	
01/12/00	Chirakaga + Koloti	Assiette plastique	5 cartons	2888	F.C 156	
02/12	Momom Onyopin	Ciments	40 sacs	2889	F.C 400	
04/12	Momom Larve	Ciments	25 sacs	2890	F.C 200	
05/12	Kishi; Neema,	Maïs en graine	20 sacs	2891	F.C 200	
-	Fokuda, Henuette	Colis aux têtes.	10 colis	2892	F.C 500	
-	Mupera	Savons, glycérine + P. #				
-	Jumpha	Pneus	15 sacs	2893	F.C 100	
-	Momom Larve	Ciments + Petrole	14 sacs + 3 bidons	2894	F.C 700	
6/12/00	Jumpha	Pneus	18 sacs	2895	F.C 120	
6/12/00	Momom Larve	1 carton glycérine, pompe + P. #	4 cartons	2896	F.C 150	
-	Toku, Kishi & Fogo	Maïs	22 sacs	2897	F.C 300	
-	Chirakaga, Apolosa	Nido + glycérine	3 colis	2898	F.C 150	
-	Chirakaga	huile végétal	5 cartons	2899	F.C 100	

Appendix 4 -

Sample of OFIDA Sud-Kivu Bureau Recette/Bukavu, *Statistiques des Marchandises**(Trade Statistics) 2001*OFIDA/SUD-KIVU
BUREAU RECETTE
BUKAVU/VILLE.

STATISTIQUES DES MARCHANDISES MOIS D'OCTOBRE 2001.

DESIGNATION	QUANTITE	VALEUR (EN \$)	DROITS PERCUS (EN \$)
I. EXPORT			
- Or artisanal	163,45 KGS	1.370.592	1.713
- Cassiterite	104.000 KGS	96.925	969
- Coltan	22.502 kgs	661.977,38	67.502
- Café arabica	43.200 kgs	31.104	62,21
- Ecerces de quinquina	20.000 KGS	12.000	NEANT
- Chlorhydrate de quinine	5.663 kgs	255.098	NEANT
- Autres marchandises	27.182 KGS	33.536	225
II. IMPORT			
- Essence super	410.264 l	80.165,58	25.846,63
- Pétrole lampant	99.180 l	20.837,71	6.218,58
- Gazoil	355.021 l	71.856,25	23.182,87
- Jet A1	146.591 l	31.436,43	5.069,11
- Friperie	83.247 KGS	87.360,64	7.119,9
- Tissus imprimés	61.200 KGS	89.887,64	32.000
- Huiles végétales	2.250 KGS	1.425,18	116,15
- Cahiers	2.950 kgs	3.185,59	751,8
- Tôles endulées	13.205 KGS	7.451,28	3.494,64
- Véhicules automobiles	20 U	44.602,43	7.309,02
- Médicaments	-	-	-
- Produits alimentaires	204.252 KGS	86.353,38	12.318,03
- Autres marchandises	373.961 KGS	427.569,92	113.487,11
III. AMENBES SUR DROITS D'ENTREE			65
IV. ACCISES LOCALES			95.691,31
V. CAUTIONNEMENT			5.791
VI. PARAFISCALITE			80.524,64
			489.457



Appendix 5 -

Sample of Rwanda Revenue Authority, *Rusizi I Import Statistics, 2001, Kigali, 2002*

Date	Import ID	Importer Name	Product Description	Quantity	Value (RWF)	Value (USD)	Origin
21-May-01	79140	MUSEMA	HE,CULTTES	1,500Z,8PCS	4,000	15	800
21-May-01	79141	MBARUSHIMANA	HUILES/PRODUIT DE BEAUTE	8DOZ	2,000	25	500
21-May-01	79142	NSENGUMUREMYI	CHOUSSULES	1DOZ	500	15	75
21-May-01	79143	SAFARI	HE,TRICOTS,PANTALON	500Z,400Z,100Z	21,000	25	3,150
21-May-01	79144	NTEGEYIMBUGA	TRICOTS,PANTALON,CULOTTES,BLOUSES	300Z,200Z,300Z,300Z	25,000	25	3,750
21-May-01	79144	NTEGEYIMBUGA	PANTALON,BLOUSES	100Z,200Z,100Z	8,000	15	1,200
21-May-01	79145	GATASHYA	VALISE,PETT	4PCS	2,800	25	500
21-May-01	79145	MANALIRO	PANTALON	7PCS	2,800	15	360
22-May-01	79147	HYAMAYIRA	HE	3,5DOZ	5,000	15	750
22-May-01	79148	HZEYIMANA	CHEMISES,PANTALON	1DOZ,8PCS	4,800	15	800
22-May-01	79148	MIMARI	BALLOTS	1PCS	8,900	25	1,600
22-May-01	79148	MIMARI	FRIPERIE	1BALLON	12,900	25	3,000
22-May-01	79150	SINDAYIMBEA	FRIPERIE	1,2PCS	12,900	25	3,000
22-May-01	79151	NSANZAMAHORO	TISSUS,IMPRIMES	4PCS	16,400	25	2,800
22-May-01	79152	UMURAGIYE	SUCRE A CANNE	2SACS	18,000	25	4,500
22-May-01	79153	MUTARAMBIRWA	CHEMISE	1DOZ	8,000	15	900
22-May-01	79154	MUKESHIMANA	SUCRE	2BACS	16,000	25	4,000
22-May-01	79155	MWARIZU	KITENGE	2PCS	4,800	25	1,000
22-May-01	79158	ISENDWA	THE NOIR	35SACS	43,120	25	10,780
22-May-01	79157	FURAHA	KITENGE	4PCS	6,400	25	1,600
22-May-01	79159	NABINTU	KITENGE	2PCS	3,200	25	800
22-May-01	79160	NYOTA	TIGER	8PCS	25,000	15	3,760
22-May-01	79161	KASHOZI	SAVON LIQUIDE,MAYONAISE, PATEA TOTINER, SOUCE TOMATE	5CTN,3DOZ,2DOZ,4DOZ	17,000	15	2,550
22-May-01	79162	MURIMPUNDU	TRICOTS	13DOZ	15,900	15	2,385
22-May-01	79162	MURIMPUNDU	TRICOTS	13DOZ	18,100	15	2,715
22-May-01	79164	MUNAN	BALLOTS	2PCS	12,000	25	3,000
22-May-01	79165	NSIMIRE	SEALIX	4DOZ	7,200	15	1,050
22-May-01	79165	BAWATI	BAWATI	8CTNS	68,800	25	17,200
22-May-01	79167	MUKABUTERA	TRICOTS,HE,BLOUSE,PANTALON	1DOZ,800Z,1DOZ,8DOZ	23,000	15	3,450
22-May-01	79169	BAZIRUMUNA	GURETS	100Z	4,000	15	600
22-May-01	79169	HABIMANA	BALLOTS PETT	7DOZ	42,000	15	6,300
22-May-01	79170	NSENGUMUREMYI	TRICOTS,HE	300Z,8PCS	7,000	15	1,050
22-May-01	79171	SAFARI	TRICOTS,PANTALON,BLOUSES	300Z,1DOZ,2DOZ	11,000	15	1,650
22-May-01	79172	UMAMAHORO	HE	400Z	8,000	15	1,200
22-May-01	79174	MAGEZA	52085100 PAINES	20PCS	30,520	25	7,630
22-May-01	79175	MUKANDINDA	T.SHIRT,PANTALON,BLOUSES	1000Z,1DOZ,8BLOUSES	50,900	15	8,400
22-May-01	79178	AMANI	52085100 SUPER WAX	19PCS	10,731	25	2,683
22-May-01	79177	GASIZA BERNARD	SUCRE	4PET	19,000	25	2,530
22-May-01	79178	HARUNDINTWALI	CHEMISEB	8PCS	1,600	15	235
22-May-01	79178	NEMA	KITENGE	1PCS	1,800	25	400
22-May-01	79180	GATABAZI	TRICOTS,PANTALON	1DOZ,800Z	3,500	15	525
22-May-01	79181	BIZIMANA	ROBE,HE	1,500Z,1DOZ	5,000	15	750
22-May-01	79182	HABARUREMA	GURETS,CHEMISES,PANTALON	800Z,800Z,3DOZ	4,800	15	600
22-May-01	79183	MUHINDO	PAINES	100Z	1,800	25	400
22-May-01	79184	NTEGEYIMBUGA	BLOUSES,TRICOTS	100Z,200Z,1DOZ	5,000	15	750
22-May-01	79184	NTEGEYIMBUGA	DRAP,VALISES	8PCS,4PCS	8,000	25	1,600
22-May-01	79185	VEDASTE	SERVITTES	3DOZ	2,000	25	500
22-May-01	79185	VEDASTE	TRICOTS,ENFANTS	1DOZ	2,000	15	300
22-May-01	79185	NZEYIMANA	BALLOT	20Z	12,000	25	3,000
22-May-01	79187	MUSEMA	HE,TRICOTS,	1,5DOZ,1DOZ	5,000	15	750
22-May-01	79188	QATARE	PANTALON,CHEMISES,HE	2DOZ,8PCS,2PCS	7,500	15	1,125
22-May-01	79188	RUKASYA	BLOUSES,TRICOTS,HE	2DOZ,2DOZ,1DOZ	10,000	15	1,500
22-May-01	79188	RUKABYA	DRAP	10PCS	2,500	25	625
22-May-01	79190	MBARUSHIMANA	FROUDRE,S,VETEMENTS	40Z,2DOZ	5,000	15	750
22-May-01	79191	MBUGIJE	FRIPERIE	1,2BALLON	3,000	25	750
22-May-01	79192	BASEME	CHEMISE	1DOZ	2,000	15	300
22-May-01	79192	BASEME	T.SHIRT	2DOZ	4,000	15	600
22-May-01	79192	BASEME	PANTALON	8PCS	2,500	15	375
22-May-01	79193	MBARUSHIMANA	POUNDRE	2DOZ	8,000	15	135
22-May-01	79194	HYAMAYIRA	CHEMISES	1DOZ	6,000	15	900
22-May-01	79194	HYAMAYIRA	SHWOLET	1,2DOZ	600	15	75
22-May-01	79194	HYAMAYIRA	SAVON,APPRON	8DOZ	600	25	150
22-May-01	79195	BASEME	TRAINING (PANTALON	3PCS	2,000	15	300
22-May-01	79197	UMIMANA	T.SHIRT	1,2DOZ	1,000	15	150
22-May-01	79197	UMIMANA	HE	1,2DOZ	1,000	15	150
22-May-01	79198	HASYARIMANA	PANTALON	1DOZ	8,000	15	600
22-May-01	79199	MURIMPUNDU	BLOUSE	5PCS	1,868	15	250
22-May-01	79200	MUKABIRWA	HE	100Z	2,000	15	300
22-May-01	79201	MAPENDO	KITENGE	35PCS	53,550	25	13,388
22-May-01	79202	NDISHUTSE	FRIPERIE	1BALLON	6,000	25	1,500
22-May-01	79203	NYOTA	TIGER	5CTNS	3,000	15	450
22-May-01	79203	NYOTA	KITENGE	35PCS	53,550	25	13,388
22-May-01	79204	WOTA	TIGER	5CTN	25,000	15	3,750
22-May-01	79205	HABIMANA	FRIPERIE	2BALLON	12,000	25	3,000
22-May-01	79206	MWEMELAKURINDA	52085100 SUPER WAX	20PCS DE4 YARD	30,800	25	7,895

Glossary

AFDL	Alliance des Forces Démocratiques pour la Libération du Congo
Banyamulenge	One of South Kivu's main ethnic groups. Of Rwandan origin
CBT	Cross border trade
Coltan	Colombo-tantalite
Comesa	Common Market of Eastern and Southern Africa
Costermanville	Bukavu's name during the colonial era
DR Congo	Democratic Republic of Congo
FAR	Forces Armées Rwandais - Rwandan armed forces
FAZ	Forces Armées Zairois - Zairean armed forces
FDD	Forces pour la défense de la démocratie - Burundian militia active in South Kivu
HIPC	Heavily Indebted Poor Countries
Habyarimana, Juvénal	Rwandan president, 1975-1994
Havu	One of South Kivu's main ethnic groups
Hutu	One of Rwanda's main ethnic groups
IMF	International Monetary Fund
Interahamwe	Hutu militia implicated in the 1994 Rwandan genocide
Kabila, Joseph	DR Congo president, 2001-
Kabila, Laurent	DR Congo president, 1997-2001
Kadaffi	Fuel smuggler
Kadutu	Bukavu market area
Kagame, Paul	Rwandan president, 1999-
Kamembe	The central area of Cyangugu town
Kitenge	Colourful African cloth
Mai-Mai	Congolese militia
MLC	Mouvement pour la Libération du Congo - the ruling movement in northern DR Congo
Mobutu Sese Seko	Zairean president 1965-1997
MRND	Mouvement Révolutionnaire Nationale pour le Développement (MRND) - ruling party in Rwanda under Habyarimana
OCC	Office Congolais de Contrôle (OCC) - a Congolese customs authority
OFIDA	Office des Douanes et Accises - the main Congolese customs authority
Pirogue	Dug-out canoe
PRSP	Poverty Reduction Strategy Paper
RCD	Rassemblement Congolais pour la Démocratie - the ruling movement in eastern DR Congo
RPA	Rwandan Patriotic Army (now the Rwanda Defence Force)
RPF	Rwandan Patriotic Front - the ruling party in Rwanda
RRA	Rwanda Revenue Authority
Rusizi I and II	The two official crossings on the Cyangugu-Bukavu border
Shi	One of South Kivu's main ethnic groups
South Kivu	Eastern DR Congo province, whose capital is Bukavu
Tutsi	One of Rwanda's main ethnic groups

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The author concludes that the thesis confirms the finding of other investigations of African CBT, that it is substantial but largely unrecorded, particularly in the case of DR Congo and its neighbours. The author argues that behind the economic explanations for trade flows in each commodity lie political factors generally relating to the divergent political trajectories of the state in Rwanda and DR Congo.

The author asserts that in contrast to studies that detail Africa's dysfunctionality, the thesis emphasises how the continent *does* work, and is, at heart, a celebration of traders and trade on the Cyangugu-Bukavu border.