

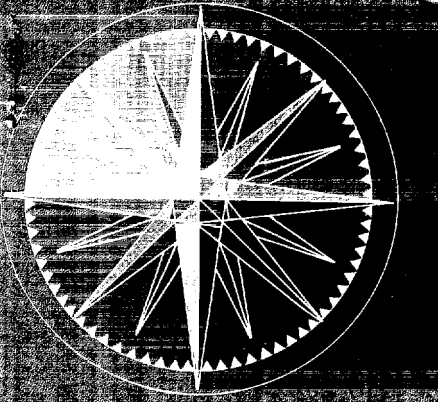
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# SPECIAL REPORT

BELGIUM'S CONTINUING PROBLEMS WITH THE CONGO

CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE

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**BELGIUM'S CONTINUING PROBLEMS WITH THE CONGO**

Belgium gave the Congo its independence four years ago but still maintains a presence there almost as pervasive as that of the colonial era. The withdrawal of the United Nations military force--to be completed by 30 June--will once again leave the Belgians as a potential stabilizing influence in what has been a steadily deteriorating political, military, and--from the Congolese point of view--economic situation. Meanwhile, most of the large Belgian commercial enterprises in the Congo have continued to prosper. Consequently, Belgium is increasingly interested in finding some way to bring stability to the Congo in order to assure a more lastingly favorable environment for the multi-billion-dollar Belgian commercial investment there. The Belgians also want to settle the intricate Belgian-Congolese financial differences, and to end the former colony's continuing drain on the Belgian treasury.

Economic Stake

Vast Belgian business interests and the tens of thousands of Belgians who are presently in the country still form the backbone of the Congo's economy. Damage to the economic infrastructure during the fighting since independence has so far been relatively slight. Belgian investment in the Congo has undergone some depreciation in capital equipment but, up to now, has escaped nationalization. Consequently, Belgian fears that independence would inevitably lead to a severe economic decline in Belgium have proved unjustified. In fact, Belgium has had a substantial growth in gross national product every year since 1960.

The Societ  Generale de Belgique, a gigantic holding

company, still has numerous subsidiaries throughout the Congo, representing a large portion of Belgium's approximately \$3.5-billion investment in the country. Its interests, moreover, are by no means restricted to Union Miniere, the huge mining complex in Katanga, but extend throughout the Congo.

Societ  Generale also maintains constant liaison with the Belgian Government and exerts an influential voice in financial negotiations between Brussels and Leopoldville. Auguste Girard, key figure in Societ  Generale, is highly regarded by Foreign Minister Spaak. In addition, he is said to have more influence with Congolese Premier Adoula than any other Belgian.

Financial Differences

Belgium and the Congo have only recently come to tentative

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agreement on a division of the assets and liabilities of the colonial government. On independence day, 30 June 1960, the colonial government's public debt stood at \$900 million--equal to approximately three fourths of the Congo's annual gross national product. It is due in part to large deficits incurred by the Belgian colonial administration in 1958 and 1959 in connection with what was to have been a ten-year development plan. To date, much of the debt has been serviced by Belgium, whose bill for 1963 was approximately \$60 million in interest payments alone.

Belgium has insisted, however, that the Congolese Government assume part of the load. Premier Adoula now is agreeable to settling the debt problem by taking on a \$6-million share of the annual service due on the debt. In return, Belgium would hand over to the Congolese the colonial government's portfolio of shares in local public and private enterprises.

The Belgian Government valued the portfolio at \$760 million at the time of independence. It contains documents of full ownership and control of some 35 Congolese public corporations, including the main public transport companies, saving and lending agencies, public utilities, and social welfare funds. In addition, about half the value is made up of income-producing shares and debt instruments of large private Belgian-controlled

companies in transport, mining, manufacturing, and primary agricultural producing industries which have accumulated over the years prior to independence, generally in lieu of royalties and other cash payments for land and subsoil concessions. Along with this portfolio the Congolese Government would acquire special auditing and monitoring rights to exercise close supervision over both public corporations and private companies.

In negotiations last March between Spaak and Adoula, the Belgian Government tentatively agreed to turn the portfolio over to a ten-man management committee. The Congolese are to have six representatives on the committee, while the remainder would be chosen from European banks and possibly from the International Bank for Reconstruction and Development. Delivery of the portfolio, however, is contingent on the solution of a complicated problem involving certain shares of Union Miniere which are to be included.

The problem of payment of Congolese taxes by Belgian companies in the Congo has also been a matter of contention between the two governments. Since independence the Belgian companies--in the absence of a Belgian-Congolese double taxation agreement--have continued to pay their taxes directly to Brussels. In pre-independence days, the revenues were divided between the metropole and the

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colony, and made up about half of the Congo's income.

The Belgian Government's economic aid to the Congo is comparatively small in financial terms. It consists primarily of a program of commercial credit and the supplying of some 2,000 technicians, the majority of whom are teachers.

#### Military Role

The Belgian effort to retrain the Congolese National Army has thus far been almost a complete failure. Belgian Army and police officers now on duty in the Congo, however, are making a notable contribution in helping to maintain existing security. The training plans, worked out in May 1963, called for Belgium to complete the retraining of three battalions of the 25,000-man force in 1963, and six more by the end of 1964.

The program, however, has in the main not gone forward. Neither Brussels nor Leopoldville felt any sense of urgency as long as the United Nations forces were on the scene. Younger Belgian officers have been discouraged from volunteering for service in the Congo partly because of old jealousies between regular army and former colonial officers. In addition, there has been continuing dissension among Belgian officers in Leopoldville, particularly between the old-timers, who by and large have

been commissioned from the ranks, and the better qualified recent arrivals. Moreover, the newcomers--including Colonel Guillaume Logiest, who heads the mission--have had difficulty getting information on Congolese Army activities.

Another hindrance is the Congolese aversion to permitting the Belgians to gain too much influence. Belgian officers are generally not allowed to exercise command authority, even at the battalion or company level. Only since the Congolese commander in chief was beaten up by army mutineers in late 1963 have Belgian officers in uniform been able freely to visit army installations and units outside Leopoldville. Another small forward step occurred in February when Logiest was permitted to assume temporarily the functions of acting chief of staff.

With the phasing out of United Nations forces, Belgium has moved to send additional officers to the Congo to supplement the 70 on duty as of 7 May. As training officers, the Belgians can have little short-term effect, but as tactical advisers --which many of them are turning into--they are proving their worth. Indeed, a complete collapse of the central government's authority in turbulent Kivu Province has been avoided largely because of the arrival there of a handful of Belgian officers.

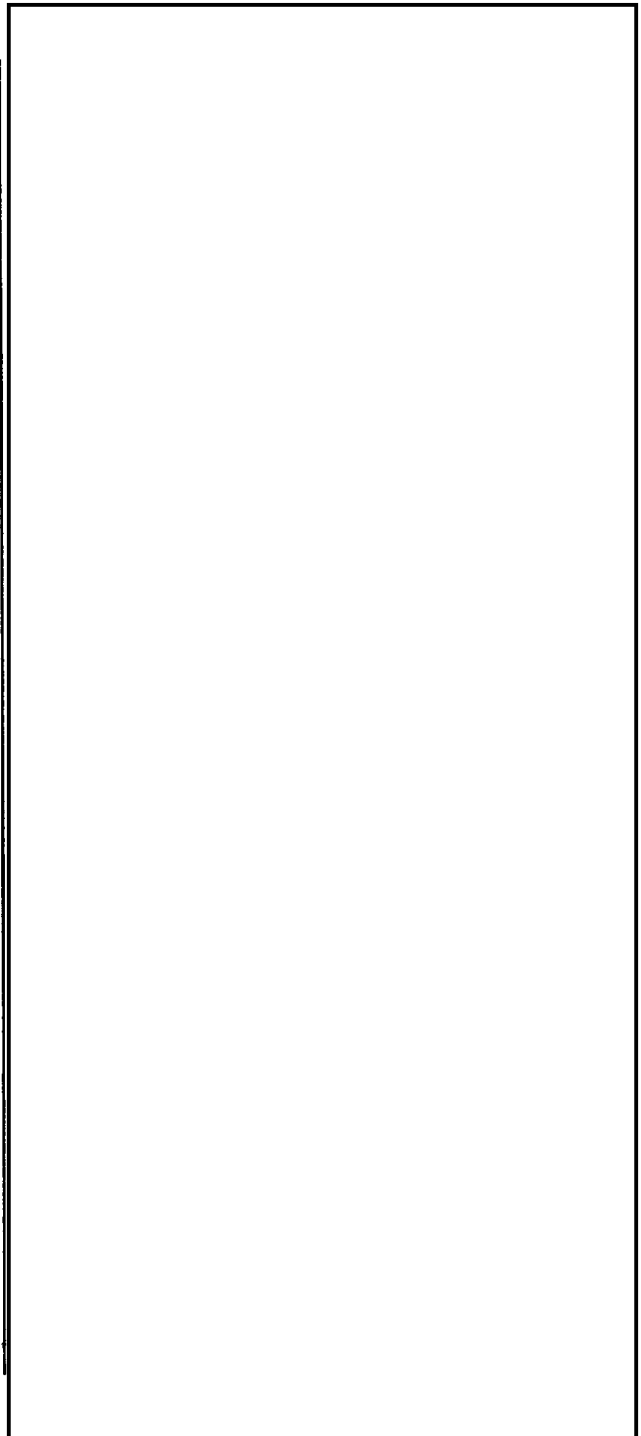
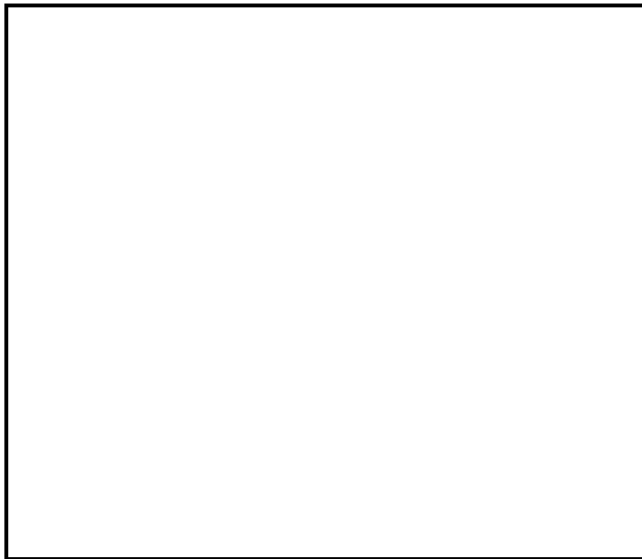
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In compliance with a request from the Congolese commander in chief, a highly regarded Belgian Navy officer has recently been assigned as adviser to the Congolese armed forces. In addition, 36 Congolese naval officers are now being trained in Belgium as future instructors in the embryonic Congolese Navy. Belgium is also providing crews for US-furnished helicopters.

Possibly Belgium's most important contribution to internal security in the Congo thus far is the provision of police advisers. Belgians direct and administer the only sections of Congolese police which are effective. The presence of Belgian police officers in provincial cities is still an important factor in the preservation of order in those areas.



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