

Chapter 5: Executive Outcomes – A corporate conquest

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An old emperor in a new suit

Executive Outcomes (EO)¹ has been called a ‘new’ mercenary company – one which was different to any that preceded it – one which was more legitimate than the former armies raised by mercenary heroes such as Bob Denard, Jack Schramme and ‘Mad’ Mike Hoare – one which was less of a threat to regional stability than it was an enforcer of peace – one which functioned as a highly disciplined and organised military corporation – accountable to international and national leaders, which could even be a solution to African problems of insecurity.²

However, there is much that is not new about EO and the factors which give rise to the present proliferation of South African mercenaries and private security companies in Africa and abroad. Throughout history, professional soldiers have sold their military skills to foreign forces and private corporations in post-war periods. Prior to demobilisation that began in the early 1990s, the former South African Defence Force (SADF) had a combat capacity of roughly 40 000 soldiers out of a total permanent force cadre of about 120 000 men and women. About 3 500 men constituted the special forces regiments and covert military or intelligence units.³ Most of these units fought for more than a decade in Africa, combating the African National Congress (ANC) and its allies. As a result, many of these troops are both feared and unwanted by the new political order in South Africa, are still hungry for combat in lawless lands where ‘quick-rich’ opportunities abound, and have few other marketable skills. The existence of major private security forces that are primarily staffed by the élite of the former SADF is therefore not surprising. They include former commanders and members of the Koevoet counterinsurgency unit (a police unit that co-operated closely with the SADF in northern Namibia), 32 (Buffalo) Battalion, 1 to 5 Special Forces Reconnaissance regiments, 44 Parachute Brigade, the offensive intelligence units of the Civilian Co-operation Bureau (CCB), former Directorate of Covert Collection (DCC), as well as Special Branch detectives and top-ranking officers of the former South African Police (SAP).

There is also little new in the fact that EO is the advance guard for corporate kings and their emerging corporate empires. Through the ages, mercenaries have been useful to imperialistic states and opportunistic individuals wishing to carve out a more prominent place in the world. As such, mercenary armies have shaped the history of warfare and, in part, the history of the world. For example, the armies of Rome in the 11th century, of Napoleon Bonaparte in the 18th century and of the small, wealthy states of Italy at the time of the Renaissance were all mostly composed of mercenary forces. The latter case is especially relevant. Small city-states in 14th century Italy used highly organised mercenary armies to conquer rich and strategic neighbouring states. In the course of plundering wealth and seizing land, they built their noble houses into larger, more powerful states. The captains of these forces were called *condottieri* because they signed a written contract – a *condotta* – with a feudal lord or a rich city for a

mercenary army.⁴ Interestingly, these *condottieri* used the rewards of their mercenary activities to found their own noble houses and, in time, became rulers of states.⁵ These powerful states that emerged in 14th century Italy, in turn, sponsored and financed the development of a new age of Western learning and art – the Renaissance. The revival of science, literature, architecture and knowledge which began in Italy, soon spread throughout Europe.

The *condottieri* of the Italian Renaissance are worth noting in an attempt to make sense of the upsurge of mercenarism in Africa in the last six years and when looking at its most visible and powerful agent yet, Executive Outcomes (EO). This is important – not so much in the sense that the mercenaries and private security companies can be seen to be assisting (or resisting) the delivery of some sort of ‘Renaissance’ in Africa – but in the sense that they constitute an advance guard for the construction of new corporate empires. These corporate empires, in turn, are useful to the architects of a new order in two important ways. Firstly, EO and other private military companies are capable of forcing political change in strife-torn regions characterised by weak and crumbling states – as in West and Central Africa. The military companies are hired to play a direct role in controlling or changing the outcome of an emerging balance of power. Secondly, the corporate powers provide the bulk of the funds and are the key sponsors of the military companies – a fact that greatly assists the impoverished African client governments or rebel armies. In turn, the corporate sponsors win access to the strategic mineral and energy resources of the beleaguered countries.

When England defeated France during the 14th century, English soldiers refused to disband and return to their home countries. Instead, they formed large mercenary companies which pillaged France and laid its feudal system open to anarchy.

“They hired themselves out to feudal lords and princes, grew rich on protection money and ransoms ... squeezed the Pope at Avignon dry and even [opposed] a formidable feudal army sent to suppress them by the King of France ... Their power was so great ... and their military ability was so useful ... that the only way to be rid of them was, the feudal authorities discovered, to siphon them off elsewhere. Thus it was that ... with the Pope’s blessing ... [mercenary companies hired by Lord Montferrat attacked] the Pope’s [greatest enemy] and Europe’s wealthiest and most populous city, Milan.”⁶

One state’s problem was cleverly diverted to a rival, neighbouring state – a move that not only solved the first state’s problems of insecurity, but allowed it to gain a political and economic advantage in Europe. For his services, the opportunistic procurer of the mercenary companies gained a vast personal fortune.

Throughout history, mercenary armies are a common factor found at the initial phase of building up an economic empire that later becomes a legitimate structure. They are also valuable to others who use their services at arm’s length. Like the Pope at Avignon, these greater powers can reduce their own domestic security risks and, simultaneously, secure a strategic foreign victory through the activities of mercenary forces. In the same way, after independence was granted to African countries in the mid-20th century, mercenary forces

such as those commanded by Denard and Schramme acted in the interests of European powers while backing African politicians. Mercenaries have thus covertly and in a deniable way, served their native state's foreign political agendas.

EO and the new mercenary companies are therefore modern manifestations of an old phenomenon. Instead of medieval battle dress, these new *condottieri* wear Savile Row suits and carry satellite telephones. In EO's case, they may even own major weapon systems such as attack helicopters. Key new developments in the private military business are: the wide range and sophisticated nature of the security-related services on offer; an apparent wide demand for their services; the transnational nature of their operations; a complex corporate and military organisation; a determined campaign to gain international credibility; and the diverse range of hidden corporate, financial and political powers that fund their operations. Determining the above are the new, global forces discussed elsewhere in this book by Lock, Cornwell and Cilliers.

Hired armies lessen the risks for petroleum and mineral companies with business interests in resource-rich Africa. While the high risks of exploration and mining in Angola, for example, are unattractive to large mining houses, who are sensitive to their public profile and to shareholder sentiment, the potential for earning quick and extraordinarily high profits make these risks worthwhile for an exploration company. The rules of the high-risk junior mining game lie in first procuring and then marketing the concessions in such a way that they are attractive to the larger mining concerns to whom the concessions can be sold. At the second and more legitimate tier of this commercial strategy, an established mining company with real investment potential moves in. Far from becoming obsolete, the private security company who partnered with the exploration company in securing the concession, can now win a follow-on contract with the mining group. The junior who has sold the concessions takes a percentage of the mining and, in some cases, also the security profits. In this way, the proprietors of military firms like EO, who are paid in cash by major strategic resource corporations and given rights to land and mineral concessions by political leaders, are not unlike the *condottieri* of the 14th and 15th centuries.

21st Century *condottieri*: A consolidated corporate army

A corporate army is defined here as a privately owned military group whose finances, personnel, offensive operations, air wing division and logistics are all handled within a single group or through interlinked companies and enterprises. In its most basic form, it would be managed by a common pool of directors and have a small permanent corps of staff, serving its own commercial interests and those of affiliated entities. Such a group of companies would typically be owned, organised, paid and deployed by the controlling shareholders of one or more private companies which, in turn, may be transnational conglomerates. As such, the traditionally state-owned powers and instruments for effecting political and social change through the use of force are transferred through privatisation to a corporate entity or group. These powerful entities function at both a corporate, suprastate and the transnational level thus transferring the powers of a global city-state to a corporate group that is essentially accountable only to laws of profit and those of supply and demand.⁷

This article will show how EO started out as a covert front company for its national defence force and was later used to recruit military personnel for Angolan support operations. Under the primary control of a group of British-based entrepreneurs (consisting of former élite British soldiers and foreign businessmen), a consortium of military-related and mineral companies was established. EO formed a key military component in this group and its directors became shareholders in a number of the affiliated companies. EO grew into a veritable private military giant between 1994 and 1997 whose operations in Africa were facilitated by these affiliated companies. As such, EO was only the most visible part of the consortium and press reports often confused the identity of the consortium with EO. In certain cases, it would have been more accurate to refer to the ‘EO-related group of companies’ or the EO group. In this article, the term ‘EO group’ refers to the consortium of security and mineral companies with common shareholders and paymasters whose day-to-day business was closely affiliated with EO’s military operations. Between 1994 and 1998, this network included anything from thirty to fifty companies. Although EO has announced its closure, new military companies have taken its place and the consortium continues to do business.

Since its inception almost a decade ago, EO has shown itself to be an adaptive military entity that mutates and reincarnates itself when the political environment changes and when it encounters challenging or hostile influences. Underpinning this mutation is an aggressive and competitive marketing strategy to survive both as a private army and as a corporation. Key to its business strategy has been the drive to gain greater legitimacy in order to become an international peace enforcement agency

Phase 1: 1989 – 1992

Between 1989 and 1992, EO was a faithful agent of the former apartheid state and a privatised part of its ‘total onslaught’ war machine. It operated as a small closed corporation (cc) with only two directors and a fast-dwindling bank account after the CCB, the state’s covert special forces organisation, was closed in 1990.⁸ This secret unit targeted ANC leaders for surveillance and possible elimination. When these activities were exposed in the late 1980s, the CCB was officially disbanded.

EO was set up in 1989 as an intelligence training unit for SADF special forces. It was run by Luther Eben Barlow, previously a lieutenant-colonel with military intelligence and a senior CCB member.⁹ Barlow was head of an external CCB cell that is allegedly tied to the murder of ANC activists in Europe. Barlow was also engaged in sanction-busting efforts in Europe which brokered the procurement of military equipment on behalf of the SADF. EO’s origins, like many private security and intelligence companies operating in South Africa today, are therefore to be found in the complex and still shielded web of civilianised front companies set up by the former SADF.

The military services provided by this early version of the future EO giant are interesting, because it has consistently denied that such services are provided. In a 1992 proposal, EO offered the following:

- support services for “... *clandestine warfare operations*”;
- training of “... *freedom fighters*” (in other words, insurgency forces);
- procurement of “... *any*” weapons and equipment;
- the conducting of “... *clandestine sabotage actions*”;
- conducting of “... *specific harassment operations within enemy rear-areas*”;
- conducting of “... *political propaganda operations*”; and
- waging of “... *total guerrilla warfare behind enemy-lines*.”¹⁰

The EO proposal also states: “*The deployment of a well-trained, well-equipped and well-led element of Freedom Fighters can greatly assist a Sponsor in attaining the tactical and strategic advantage in an Area of Operations [sic].*”¹¹ During this early phase, EO developed a business relationship with the mining sector and, in particular, with the diamond world, including the Anglo American and De Beers conglomerate.¹²

Phase 2: 1993

In 1993, EO executed its first significant military operation and thereby led the charge of the new corporate brigades into Africa.¹³

Two former British special service officers with oil interests in Africa hired Barlow and a colleague to recruit a band of mercenaries for two month’s work in north-western Angola in January 1993. The operation sounded simple – capture and defend valuable oil tanks at Kefekwena and then do the same for the oil town of Soyo which had been overrun by the troops of Jonas Savimbi’s *União Nacional para a Independência Total de Angola* (UNITA). Barlow brought in Lafras Luitingh, a former CCB cell leader who had been touting for private security contracts in Luanda in 1992 while he evaded South African authorities who wanted him for questioning in connection with the murder of anthropologist and ANC activist, David Webster in Johannesburg in 1989.

Barlow and Luitingh recruited as many of their former 32 Battalion, CCB and ‘Recce’ friends as they could and departed for Soyo with half the numbers that had been requested. An operation that was regarded as a cinch turned into a pitched battle once the South Africans were deployed. Thousands of UNITA troops had moved into the area. Several mercenaries were wounded and three died in action. Over two dozen chose to terminate their contracts and were evacuated after just a few days. The remaining men – including Luitingh who led one of the three fighting groups – chose to stay on. For their perseverance, they were paid a bonus of \$3 000 by their client, former British officer, Anthony Buckingham. Buckingham is a senior board advisor to several North American oil companies and the founder and chief executive officer of Heritage Oil and Gas in London.¹⁴ Barlow and

Buckingham told the mercenaries that payment would be made by Buckingham from offices in London and would be deposited by Barlow into the men's local bank accounts.¹⁵ After two months, the reduced force of EO mercenaries were extracted. Although UNITA subsequently reclaimed the area, EO did succeed in controlling it while deployed. Barlow and Luitingh had secured not only a sizeable sum of cash, but had also won the opportunity to sell EO.

In early 1993, UNITA troop columns were marching on the Angolan capital, Luanda. With its oil resources under threat and its back against the sea, the *Movimento Popular de Libertação de Angola* (MPLA) government was ready to accept outside assistance – especially from forces with a firsthand knowledge of UNITA. In the early 1980s, Barlow was the deputy commander of the long-range reconnaissance wing of 32 Battalion – a crucial component of the SADF's operations in Angola conducted in support of UNITA.¹⁶ A deal was struck – negotiated by Buckingham and his colleague, former British Special Air Service (SAS) officer Simon Mann – whereby the state-owned oil entity SONANGOL would partly finance the mercenary support operations and, in turn, the project leaders of EO would work closely with their former enemy, the *Forças Armadas Angolanas* (FAA) and its military chief, General João de Matos. EO set about planning a more thorough mission. They recruited more carefully and established a highly successful support operation in Angola that enabled the FAA government forces to claim a decisive military victory in late 1994. In November 1994, representatives of Savimbi and the Angolan president, José Eduardo dos Santos, signed the Lusaka Peace Accord and full-blown war was temporarily averted.

Phase 3: British principals and African commanders, 1993 – 1995

EO's two-and-a-half year contract with the Angolan government earned the company over US \$40 million per year and several lucrative oil and diamond concessions. Angola gave EO the necessary capital and the wartime opportunity to establish itself as a powerful corporate army. Front-line combat operations of the cost, scale and level of sophistication that EO deployed in Angola are not commonly available. It used this military contract to diversify and establish a range of related companies.

Between 1993 and 1995, EO adopted several aggressive corporate strategies. It sought to align itself politically with the new ANC government.¹⁷ It also expanded, diversified and reincarnated itself as a full-fledged private army. British operations were established under EO (UK) Limited, registered in London during September 1993.¹⁸ Barlow registered EO as a private limited company in South Africa in 1994.¹⁹ He also set up a holding company called Strategic Resources Corporation (SRC) which was registered in South Africa in 1995.

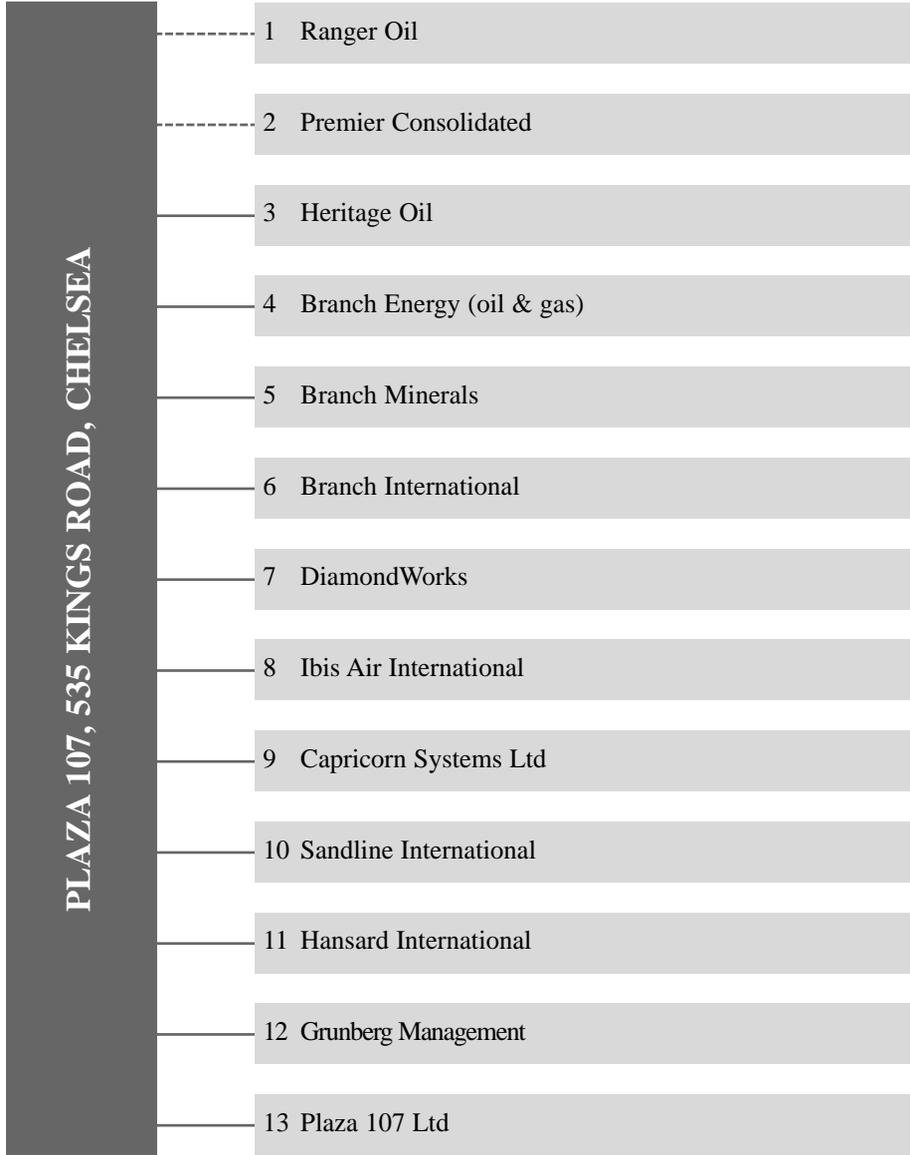
Corporate and military expansion occurred under two main branches: South African-managed operations conducted under the parent company SRC in Pretoria were controlled by EO directors; and UK-managed operations conducted out of London offices were controlled by Buckingham, Mann and a group of directors who ran Heritage Oil and a new company called Branch Energy, which served as EO's mineral counterpart until late 1996.

SOUTH AFRICAN WEB OF COMPANIES
1995 & 1996

STRATEGIC RESOURCE CORPORATION (SRC)

- 1 Executive Outcomes cc 1989 CC 1993, (Pty) Ltd 1995
- 2 Cross Swords Holdings (Pty) Ltd
- 3 OPM Support systems (crime & intelligence)
- 4 Saracen (security – Angola/Uganda/SA)
- 5 Ibis Air/Ibis Ltd
- 6 Capricorn Systems – 50%
- 7 Branch Mining Ltd (Angola – 40%)
- 8 RANGOL Medical (Pty) Ltd & Stuart Mills
- 9 Trans Africa Logistics (Pty) Ltd – 100%
- 10 Military Technical Services (MTS)
- 11 Gemini Video Productions (music & videos)
- 12 Advanced Systems Communication Ltd (telecommunications)
- 13 Shibata Ltd – 60% (demining)
- 14 New Africa Informatics (Pty) Ltd
- 15 Livingstone Tourists (tourism)
- 16 The Explorer (travel & tourism)
- 17 Steelpact & Falconer Systems (equipment)
- 18 Aquanova Ltd – 33,3% (Zambia, exploration equipment)

UK WEB OF COMPANIES AT:



As a military force, EO grew in size and operational capabilities. Its stock of military hardware increased. Entities within the EO group procured a private fleet of troop and cargo carriers and a light aircraft fitted with sophisticated surveillance equipment. On behalf of the Angolan government, they procured and deployed aircraft that included Soviet-issue Mi-24 helicopter gunships, converted Mi-17 troop-carriers and L-39 trainer jet fighters. They also set up a charter airline with several light aircraft and two Boeing 727 carriers that operated out of Johannesburg International Airport and Malta. These aircraft were owned by Ibis Air and Techline Resources Limited – based in Cyprus and the south of England.²⁰ The executive officers of Ibis included Buckingham, Mann, Luitingh and Barlow. Ibis-owned planes have had frequent access to airports in South Africa, England, the Middle East, Malta, Cyprus, and several African countries. EO also established and absorbed a multitude of other privatised

military and civilian companies within the SRC holding company. The EO group's website has been reported to include between thirty to fifty affiliated or subsidiary companies, but an exact number has not been confirmed.

Ironically, while EO carefully concealed core aspects of its war business, it adopted a highly successful international media campaign between 1994 and 1997. In 1994, EO began conducting media tours of their operations in Angola, hosting many domestic and international media groups – including CNN, Sky and BBC, as well as foreign correspondents from many of the world's major newspapers. Journalists (no visas needed) were flown from Johannesburg directly to Angolan military bases. Once in Angola, they were briefed by Barlow and senior intelligence officers (who acted as media managers), and were shown EO/FAA training. Barlow and his men constantly refuted all reports of EO's active involvement in the war. They also denied having any relationship with mining operations and strictly controlled journalists' access.²¹ Similar tours were conducted in Sierra Leone and later planned for Papua New Guinea. News coverage of its activities in Angola, Sierra Leone and even Papua New Guinea ensured that EO remained highly visible for four years and that it was seen to operate in several war-theatres. EO promotional brochures and a corporate video – produced by their in-house facility, Gemini Video Productions – were distributed to journalists to use in their reports. In the process, Barlow and Luitingh were established as experts in the private war business and the media attention they received, helped to sell EO as a global military brand and as the best-known transnational mercenary firm in history.

Buckingham and his London-based associates had established Branch Energy to manage the mineral concessions awarded to them. Branch Energy still operates out of a suite of offices at Plaza 107, Kings Road, Chelsea, and is formally incorporated in the Bahamas. In 1995, Branch Energy acquired gold, diamond and other mineral concessions in six African countries: Angola, Uganda, north-eastern Kenya, Sierra Leone, Mozambique and Tanzania – “... a portfolio of prime exploration properties covering an area of some 35,000 sq km.”²² A company inventory for the Branch group claims that, in 1996, it was considering mining ventures that would increase its property portfolio by more than double the number. In addition, the prospectus describes the Branch Energy group as having a significant competitive advantage over its rivals:

- It has a “... *pan-African communication network*” that enables it to bypass the logistical problems of operating in Africa. This includes the “... *provision of aircraft for the transport of personnel and supplies and an established procurement infrastructure for the distribution of equipment and consumables.*”
- The mineral group is capable of operating in “... *politically sensitive and high risk security regions [and] has the ability to secure its own and other's assets in extremely confrontational situations.*”²³

During this period, Barlow, Luitingh and Nico Palm, a former weapons procurement manager at ARMSCOR, set up a number of corresponding companies and offices outside South Africa to facilitate this pan-African system.²⁴ The companies were each registered as a separate corporate entity – which Barlow and the other directors insisted were not directly connected

to EO. The group's aviation firm, Ibis Air, was also registered in Angola and Kenya; the demining and security company, Saracen International was registered in Uganda and Tanzania; and Branch Energy was registered as a local company in Angola, Sierra Leone, Uganda and Kenya. In these local variants, partnerships were extended to local politicians and influential power-brokers to secure the group's business interests.²⁵ To further occlude matters, the key companies such as EO, SRC and their cornucopia of sister and affiliated companies are registered in offshore locations where their true directorships and financial details are concealed.²⁶

In London, a similar web of companies can be found at the Heritage Oil and Branch Energy offices at Plaza 107. Over fifteen companies operate from this suite, share the same telephone numbers and the same UK-based directors and personnel. This clandestine approach to business enables EO and its British principals to operate and benefit from a hidden empire of corporate and military companies. In this sense, EO is only the visible tip of a great iceberg of interconnected and related corporations. The private companies function in the same way that the main support structures of a formal defence force would – only on a much smaller scale. They supply the mercenary component, namely EO, with all the services it needs to function as a private army. These include an air attack wing, logistical supplies, a small medical corps, weapons and equipment procurements, technical support systems, strategic, aerial, tactical and counterintelligence sections, infiltration of enemy or rival groups, sophisticated surveillance capabilities, demolition, demining and associated engineering services, recruitment of personnel and, of course, financing.

In addition to this military capability, EO's operations facilitated the granting of some of the richest diamond concessions in the world, valued at over US \$3 billion.²⁷ EO directors also expanded into civilian sectors through trade, transport, construction, tourism and mining equipment companies. As well as tendering for civilian contracts through their civilian fronts, EO principals have also acted as local brokers for large transnational corporations wanting to secure contracts in the construction, aviation, telecommunication, information technology, financial, fuel and mining sectors.²⁸ As a result, EO was a vastly transformed organisation by the beginning of 1996, and could no longer be seen simply as an independent military company. It was a crucial unit within a greater military and corporate whole and its directors were dominant figures in a web of interconnected companies that shared directors, personnel, contracts and clients.²⁹ As Vancouver-based financial analyst, Adrian du Plessis said of the mining and military companies: "*[The directors] are always keen to say, 'You can't show there's a corporate relationship ... But it's just ... a word game because essentially you have the same people involved on both sides.'*"³⁰

Phase 4: Problems and solutions, 1996-1997

Between 1996 and 1997, EO encountered several commercial threats. International pressure resulting from its role in a country such as Angola, was rising, it experienced increasing cash-flow problems to fund its operations in Sierra Leone, and was confronted by the proposed legislation in South Africa, aimed at outlawing mercenaries and controlling the provision of security services.

In 1996, EO was forced to relinquish a lucrative contract with the Angolan government following pressure from the US government and calls from the United Nations for its withdrawal. To avoid pulling out entirely and to capitalise on the commercial opportunities that had opened up in the Angolan market, it utilised other private companies to protect and continue its interests. A few of these are:

- **Saracen International** – which tenders for a wide range of security and military contracts including the clearing of landmines. Saracen is registered and based in South Africa, as well as offshore. It operates in a number of African countries, including Angola, Uganda, Rwanda, Tanzania, and Mozambique.
- **Bridge Resources International** – which provides reconstruction and development services.
- **OPM Support Systems Limited** – a South African registered security and private intelligence company which is headed by senior former officers of the South African Police and which operates both internally and in African countries. OPM recruits both former SADF intelligence and police counterintelligence officers. It offers a wide range of services that range from offensive intelligence gathering, organised crime prevention projects, VIP protection and airport privatisation schemes.
- **Stuart Mills International** – a professional medical unit staffed by former SADF medical officers that provides field medical assistance to the EO group's fighting troops. It is also involved in developing medical care schemes in African countries, and has secured contracts to establish and equip clinics in Angola and Rwanda.³¹
- **Advanced Systems Communications** – registered in South Africa and England. It supplies satellite communications, designs and manufactures communication systems and has tendered for contracts to supply telecommunications systems in Africa.
- **Trans Africa Logistics** – provides logistical support to all the affiliated companies in Africa.³²

Through companies like these, EO and the SRC group have established and retained a considerable grip on key sectors of the Angolan economy.³³

In 1996, EO ran into further problems when it shifted its core military forces from Angola into Sierra Leone where Buckingham had secured a two-part deal with the ruling military junta.³⁴ This involved the deployment of mercenary forces to drive the Revolutionary United Front (RUF) rebels from strategic mining areas in the east of the country in return for significant diamond concessions.³⁵ However, during the eighteen months that EO operated in Sierra Leone, the company was paid less than a third of its total fee.³⁶ EO found itself strapped for cash and had to cut back on staff. The company reportedly used Angolan profits to fund the Sierra Leone military operations.

That same year, Buckingham approached a high-risk mining entrepreneur and, at the time, one of Canada's wealthiest men, Robert Friedland. A fast-talking penny stocks promoter,

Friedland had hit an unexpected jackpot two years earlier when his junior exploration company, Diamond Field Resources, discovered the richest nickel deposits in history in Canada's Voisey's Bay.³⁷ Friedland was paid \$400 million for his stake in Diamond Fields and moved his office from Vancouver to Singapore where he set up a "... dizzying array of high-risk mining ventures" through his private holding company, Ivanhoe Capital Investments.³⁸ The move to Singapore saved Friedland and his new-found fortune from legal procedures brought against him by US authorities who were trying to recover the costs of a massive environmental disaster he had caused in Summitville.³⁹

With ventures in China, Burma and Indonesia, Friedland was a known high-risk mining opportunist who "... thrives in countries that have dodgy governments that are reputed to be corrupt."⁴⁰ Friedland and Buckingham came to an agreement whereby Branch Energy's diamond concessions in Angola and Sierra Leone were merged with Carson Gold Corporation which had gold mining interests in the Far East, Venezuela and North America. Friedland provided an injection of capital, at least \$24 million, in exchange for Branch Energy's diamond concessions. As a result, a new company called DiamondWorks Limited was formed in late 1996 with Buckingham as the controlling member.⁴¹

A list of DiamondWorks' major shareholders provides a clear linkage between the two groups of military and mining companies. In 1997, in addition to Buckingham, the following were listed as shareholders:

- Tim Spicer, the head of the UK-based military company, Sandline International, who subcontracted EO to conduct military operations in Papua New Guinea in 1997;
- Michael Grunberg, a British chartered accountant who is head of finances for the group; and
- Eben Barlow, who bought his shares in February 1997.⁴²

DiamondWorks quickly claimed that it was a prominent diamond producer in Angola – the richest diamond-producing state after Botswana.⁴³ In May 1997, it announced an expansion of its African properties and added prospecting rights in the Republic of Congo, Namibia, Botswana and Senegal to its growing portfolio.⁴⁴

Interestingly, when its links with mercenary armies and disreputable governments were publicly disclosed in media reports in 1997, DiamondWorks did not suffer any serious setbacks to its mineral business. As Correy pointed out, "... [mercenaries] are opportunists. It is problems with geology that drives down the cost of shares, not association with mercenaries. In fact when DiamondWorks' connection to mercenaries was made public in Canada, the share prices went up immediately. The risks may be high, but so are the potential profits."⁴⁵

By early 1997, EO had proved itself militarily in both Angola and Sierra Leone, but it still had not secured international credibility for its operations. As a mercenary organisation, its continued presence in both Angola and, arguably, Sierra Leone hampered the conclusion of a peace accord. It also presented a problem to governments wishing to secure financial aid from

international bodies like the World Bank and the International Monetary Fund (IMF). Despite having provided emergency evacuation services to UN staff members and escort services to humanitarian aid organisations in Sierra Leone, EO could not shake off its mercenary identity.

In 1996, British principals at the London offices formed a new military company, Sandline International. As the British equivalent to EO, Sandline provides the same military services, but it has a more sanitised image. It is commanded by a respected former British officer with a distinguished record, Lieutenant-Colonel Timothy Spicer from the Scots Guards battalion, who had participated in the Falklands campaign of 1982 and had received an OBE for service in Northern Ireland. In 1991, Spicer spent six months as a military assistant to General Sir Peter de la Billiere, the most senior British officer in the Gulf War. He also served in Bosnia as a senior aide to General Sir Michael Rose in 1995/96. Upon his retirement, Spicer began a new career as the head of Sandline International.⁴⁶ Sandline is registered in the Bahamas and is headquartered at the smart, glass-fronted offices of Branch Energy and Heritage Oil in Chelsea.⁴⁷ It also has offices and representation in the US, headed by Bernie McCabe, a former officer in the US Army Special Forces. Sandline claims to have engaged in six operations since 1993 and has admitted that it frequently subcontracted EO to do the work.⁴⁸ Curiously, Sandline was only incorporated in 1996 and its known operations have always been linked to the EO group. It would therefore appear that Sandline is a newer and more sanitised version of EO. A measure of the impact of these companies can be seen in the fact that both Sandline and EO were invited to a US closed-door conference sponsored by the Defense Intelligence Agency (DIA) in 1997. Both Barlow and Spicer attended the event and were generally regarded as the key protagonists of an “... activity ... [that] is going to greatly increase during the next few years.”⁴⁹

Sandline first drew public attention in the mineral-rich islands of Papua New Guinea where it secured a contract to quell a nine-year armed independence movement in 1997. Sandline claimed that it had subcontracted EO to provide the necessary armed forces and logistics for the military contract.⁵⁰ In February 1997, about seventy EO soldiers were deployed with a few British officers. At the time, Spicer and EO directors claimed that the contract only provided for strategic advisory and training services. They also claimed that there was no direct relationship between EO and Sandline. But the military group was destined to see a serious setback – described by one military analyst as ‘EO’s Vietnam’. Spicer and two senior EO officers were arrested and held for several days by military leaders who staged an army mutiny against the government. The mercenaries were later expelled from the Pacific island state and Spicer was charged with possession of a 9mm pistol and 41 rounds of ammunition. To make matters worse, the Papua New Guinea government was forced to resign. A confidential contract signed by Buckingham and the government was subsequently leaked to the press and quickly found its way onto the Internet.⁵¹ The contract and resulting public inquiry into Sandline revealed direct corporate connections between Sandline International and Buckingham, on the one hand, and Sandline International and EO, on the other. It also revealed that the Papua New Guinea government made payment for the Sandline contract into a Hong Kong bank account owned by both Barlow and Buckingham.⁵²

Shortly after the Papua New Guinea debacle, Sierra Leone was also seized by a paroxysm of war and destruction in the wake of a military *coup* staged by former National

Provisional Ruling Council (NPRC) officers early in 1997. Nigerian-led forces of the Economic Community of West African States Monitoring Group (ECOMOG) laid siege to and attacked the capital in a bid to oust the military junta. EO's former enemy, the RUF, joined sides with the *coup* plotters and a vicious eight-month battle ensued in the capital. In the wake of EO's involvement in both Papua New Guinea and Sierra Leone, both countries saw greater violence and unrest ensue.

In Sierra Leone, EO trained, armed and used traditional hunters known as the 'Kamajors'. In 1995, at an early stage of their involvement in Sierra Leone, EO identified the traditional hunters as a useful alternative to the Bushmen trackers used by the SADF in northern Namibia in the 1970s and '80s.⁵³ Not only could the Kamajors provide the necessary tracking skills to penetrate thick jungle, but the hunter society, which is spread across the strife-torn land, could also provide useful tactical intelligence to the South Africans. With their warrior cult beliefs and hunting habits, the Kamajors were eager to co-operate, since they were not highly regarded by the government military troops who were less interested in fighting than they were in commandeering. During 1995 and 1996, EO equipped the Kamajors with ammunition and radio communications and deployed them as part of their ground attack forces when carrying out air and ground offensives on rebel bases hidden in the tropical jungle.⁵⁴

The chief of the Kamajors, Captain Hinja Norman was later appointed as the Deputy Minister of Defence under the new civilian president, Tejan Kabbah. After the military *coup* in May 1997, EO and Sandline were both involved in the training of thousands of Kamajors who fought alongside the Nigerian-led ECOMOG forces and who were instrumental in the ousting of the military junta in mid-1998.⁵⁵ It remains to be seen whether Sierra Leone will survive the meddling of foreign military forces in its mineral-rich and war-devastated land. The involvement of the EO group in Sierra Leone between 1995 and 1997 needs to be carefully examined in the light of its consequences. EO trained groups of inept soldiers to become far more capable fighters and some of these men later seized power after EO's departure. This in itself could not be blamed on EO, since Sierra Leone has experienced several military *coups*. The heavy air attacks that EO carried out on rebel-held areas and which killed both civilians and rebels fuelled the fury of the RUF leaders who were not easily overcome in their bases hidden in the rainforest. The role of 'peace-enforcing', which EO is so keen to claim for itself, cannot be achieved by operations that are primarily targeted at reclaiming strategic resources and which essentially service the commercial interests of mining companies.

A final problem for EO in 1997, was the drafting of new legislation by the ANC government to ban mercenarism and regulate foreign military support in South Africa. Under pressure from international human rights groups who had monitored five years of press reports on EO's activities, the South African government drafted a tough new Act to clamp down on mercenarism. The new legislation rules that any South African or permanent resident or any company registered or incorporated in South Africa that wishes to provide any type of foreign military assistance (including medical, logistical, advice, training, intelligence, support or any other action that has a military benefit) to a party that is involved in an armed conflict, must obtain authorisation from the National Conventional Arms Control Committee

(NCACC). Authorisation to supply foreign military assistance is a two-step process – first, the applicant must obtain permission from the NCACC to offer its services to foreign clients and, after the contract has been approved, the applicant must reapply for permission to supply its services. The penalty for operating without the state’s approval is harsh and can result in the seizure of assets, as well as fines in excess of \$150 000 (R1 million) or ten years in jail, or both.

Publicly, EO welcomed the legislation, stating that it was not a mercenary organisation and therefore had nothing to fear. Privately, it sought extensive legal advice. In addition, EO lobbied about fifty top resource corporations with interests in Africa to sensitise them to the broader implications of the proposed new Act and rally support for opposition to certain clauses.

As a result of the new legislation, EO began unbundling and restructuring itself. EO’s top guns – Luitingh (operations manager) and Barlow (chairman) – announced their ‘resignations’ from the firm in mid-1997. Both Barlow and Luitingh admitted that they would continue acting as consultants to EO when necessary. Sources close to EO were sceptical about Barlow and Luitingh’s departures. According to one former EO employee, “... [t]hese moves are prompted by the new bill. They are simply removing the guts of the company to place it elsewhere where it can function in the same way.”⁵⁶

Barlow was replaced by Nick van den Bergh, a former paratrooper with the SADF who had a less controversial history of military service with the SADF, since he had no known links to the CCB. Van den Bergh was a project manager for EO during the first Angolan contract and served the same role in Papua New Guinea where he was arrested and held captive with Tim Spicer. According to Van den Bergh, Barlow and Luitingh had not sold their shares in EO, but had awarded it to him as part of a remuneration package. There had therefore been no transfer or sale of shares or of company assets.⁵⁷

Barlow retained ownership of SRC, the holding company, as well as EO (UK) and Advanced Communications Systems.⁵⁸ In addition to these, Barlow is still a registered director of several other companies attached to the EO complex. In late 1997 and early 1998, he moved his operations offshore and was reported to be working out of the Branch Energy offices in Chelsea.⁵⁹ He has maintained his business links with the Angolan and Ugandan governments where Saracen and other affiliates operate. Barlow has also retained the services of EO employees and former ANC intelligence officers to assist with his strategic planning operations in North Africa (Morocco and Algeria).⁶⁰

Luitingh focused his business operations in Angola where tensions were rising between UNITA and the MPLA. In late 1997, he was reported to have secured a new deal with the FAA for a ‘surgical operation’ in UNITA territory and had deployed dozens of members of the core fighting group that EO previously recruited and deployed in Angola, Sierra Leone and Papua New Guinea.⁶¹ Luitingh’s team have also conducted air reconnaissance operations, one of which led to the forced landing of a UNITA supply plane and the arrest of its South African pilots in early 1998.

Phase 5: Recent developments and renewed attempts to win international legitimacy, 1998

EO underwent significant corporate changes in 1998, prior to the decision to close the company with effect from 1 January 1999. In response to both new legislation that has tightened South Africa's control of mercenarism and new developments in the mining and private military industry, the consortium reconfigured itself and altered its *modus operandi*. Several affiliates were closed or 'sold' and a number of key personnel moved to separate businesses. The web of entities was therefore dissected so that the most powerful components and shareholders remain hidden. By December 1998, EO still worked out of its suburban offices in Pretoria, but its permanent staff had been reduced to a mere handful. It was no longer the giant of earlier days and did not publicise any of its operations. Upon termination, Van den Berg has established a new company, NFD (Proprietary) Limited, which now operates from offices in Centurion, while a number of former senior EO staff are seeking alternative employment. Since EO is registered in the UK and offshore, it is likely to continue operating both as an international company and through Sandline.

EO was the first entity in the group to establish an Internet website in mid-1997. The website enables the military group to recruit soldiers discreetly in South Africa and around the globe. As Kader Asmal, the Minister of Water Affairs and Forestry and chairperson of the NCACC, pointed out when presenting the Regulation of Foreign Military Assistance Act in Parliament in February 1998: "... [a] mere website on the Internet can raise an army, from a dirty dozen to a brigade far more effectively than any previous form of press gang."⁶²

EO's most visible recent security contract was with farmers in the Eastern Cape in South Africa where it operated a rapid reaction helicopter service to protect assets and livestock in the Lesotho border region. In addition, EO admitted to having several smaller military projects in Africa that utilise small groups of men.⁶³ Contracts with such personnel are signed for short periods – usually three months – with the option of renewal. Employees are often not told where they are going and are unsure of the identity of the client. Strict secrecy is enforced and names of the new security fronts are not readily available. Contracts with clients are now secured by individual consultants – rather than a group of directors linked to a specific company. This ensures that corporate ownership remains hidden. The EO group's present activity in Africa is therefore hidden by a brokerage system and new fronts in a complex web of affiliated corporations.⁶⁴ Today, it is harder to identify where and what is still active, who their clients are, how they are organised and which corporate entities are involved than ever before. While EO may no longer formally exist in South Africa, the industry continues to expand and, as it grows in complexity and sophistication, is increasingly hard to monitor.

In 1998, EO's former CEO, Van den Bergh, pointed out that despite the new legislation, EO would still be able to operate in foreign countries.

"The crux of the new bill [is] to regulate foreign military assistance to parties involved in armed conflict. So, as far as I'm concerned, if I'm not going to support any party involved in armed conflict then I don't need to apply for permission or authorisation ... If a country like

the United States wants to contract me to provide a specific service for them, why would I need to ask the government's permission? Because that is not regulated by this bill.”⁶⁵

As seen recently in Sierra Leone, EO's military operations have increasingly been taken over by Sandline. As long as EO or an alternative entity within the EO group is subcontracted to Sandline, its services to foreign clients should escape legal scrutiny. In addition, it will be very difficult to enforce the Act since South Africa's notoriously high crime rate is already stretching law enforcement agencies and the judiciary beyond their capabilities. It is very difficult to police “... *mercenaries who are able to create offshore companies and simply shift the locus of their activity outside South Africa.*”⁶⁶

In 1998, Van den Bergh expected EO to continue operating successfully and that it would secure official contracts with the UN, the Organisation of African Unity (OAU) and even the South African National Defence Force (SANDF).⁶⁷ “*It's part of our strategy to engage in discussions with the UN and tell them who we are and what we can do; and where and when we can provide a service for them which will be much cheaper than what they can do on the ground ... We can do a better job than the UN for about 10 percent of the cost.*”⁶⁸

But EO's controversial and mercenary reputation prevented it from securing the legitimacy and confidentiality it needed since South Africa passed the Regulation of Foreign Military Assistance Act in early 1998. The consortium of companies described above as the EO group, therefore had to divest itself of this liability and over a period of about two years, its executives set in place the necessary corporate moves to achieve this. The consortium may have become smaller, but it has not closed its doors. Companies such as Sandline International, Saracen International, OPM, Bridge Resources and LifeGuard – to name a few – continue to sell their military-related services to clients in Africa. EO's rural operations that provide security to farmers will also continue, according to Van den Bergh.⁶⁹

Overview of services provided by EO and its military-related affiliates in Africa

Since EO was part of a greater network of security and mining affiliates, it is perhaps more useful to describe its services in the context of the growing private security market. During its six years as a dominant player in this field, the EO group expanded and adapted its range of services to meet new demands in the market. When government clients requested a service that EO could not supply, its principals still tendered for the contract and then drew from a vast pool of military and security expertise in South Africa, Britain or any other country to supply these services. EO could therefore subcontract either a second firm or relevant experts to provide the necessary services.⁷⁰

Offensive or mercenary operations contracted by governments

Very few of the prominent private military and security companies operating in Africa can deploy full-scale combat operations. In addition, contracts of the size, scale and cost that EO had with the MPLA government between 1993 and 1995, are very rare.

Military contracts of the type deployed in Angola, and to a lesser extent in Sierra Leone between 1994-1996, therefore constitute the smallest wedge at the extreme of the private security market. But such contracts are also the most lucrative – not only because of the high price-tag attached, but because they provide access to profitable mineral rights. Government contracts afford the mercenary leaders direct contact with the most powerful political structures in the client country. This allows them to:

- secure payment in the form of strategic mineral and oil concessions;
- earn greater, long term incomes from the concessions which are worth far more than the military contract fees;
- secure other business contracts with the host government;
- broker deals on behalf of transnational companies wishing to gain access to the indigenous economy; and
- act as agents of influence for foreign governments, non-governmental organisations (NGOs), business corporations and international or regional organisations like the OAU, the Southern African Development Community (SADC), ECOMOG and the UN.

Government contracts for mercenary services are therefore the key means by which a corporate empire is quickly developed. EO was clearly the recognised leader in this field – despite its insistence that it only advised and trained armed forces.

Sandline International is also included in this category and it frequently subcontracts South Africans from the EO group to provide the manpower and logistical services required by its clients. Sandline claims that it only accepts recognised governments and international organisations as clients.⁷¹ In this category of services, Sandline advertises the following: “*Operations that provide reaction forces, special operations forces, and air operations ... [as well as] ... Combat Service support in hostile environments.*”⁷² In Papua New Guinea, Sandline agreed to purchase and deploy an air force of Mi-17 and Mi-24 attack helicopters, as well as 57mm rocket launchers and AGS-17 grenade launcher systems.⁷³

Mercenary contracts are kept secret – unlike training contracts. EO and other private military companies have confidentiality clauses written into their contracts with both client governments and their hired forces. It is therefore difficult to ascertain how many offensive operations Sandline and the EO group have undertaken. What is certain is that there is an increasing demand for foreign military support in conflict-torn parts of the world, especially in Central Africa.

Newly emerging South African companies are increasingly entering this narrow end of the market. The former Stabilco – which secured contracts with the former Mobutu government in 1997 and which was almost entirely staffed by former EO soldiers – is one example. Many of these companies seemed to be both associated with EO and, at the same time, rivals. The exact nature of the relationships between these firms remains unclear and can at best be

described as fickle – depending on the availability of work. Many other South African-based military companies have been set up by former EO personnel or were rejuvenated out of the past network of front companies set up by the former SADF. Another example is Military Technical Services (MTS) which was set up in 1989 under retired Major-General Tai Minnaar, and procures Soviet-issue helicopters and provides private military services. Although some companies, like MTS, have the same business interests, cross shareholdings and even shared personnel, EO directors denied that they were associated with these companies. In addition, they claimed that these companies were falsely using the name of EO in order to win contracts. This is yet another confusing aspect of the recent proliferation of private military companies in South Africa.⁷⁴

An alarming factor is that many of these rival or formerly affiliated firms are selling military services and weapons to insurgent forces opposed to governments that have contracted the EO group. This is a concerning development, since South African soldiers who previously fought side by side in the SADF are now conducting offensives against one another in foreign battlefields. In Angola, South African-based military firms and former SADF special forces soldiers are supporting UNITA troops.⁷⁵ The MPLA government is also militarily assisted by South African personnel who formerly worked for EO, but who now fall under Luitingh's 'separate' employ. In early 1998, Luanda-based sources reported that mercenaries deployed by Luitingh were training for a joint government and mercenary forces operation against UNITA strongholds and its remaining rear bases. An L-39 trainer jet fighter procured by EO personnel in Angola in 1994 was deployed during this time to obstruct South African-flown aircraft delivering supplies to UNITA-held capitals.

Combat operations by South Africans against other South African mercenary companies are increasingly possible in Angola and Central Africa. At the time of writing, no significant offensive of this nature had yet occurred. But the longer term implications are worrying. Many of the South Africans who support UNITA, ally themselves to an apartheid regime ideology, while supporters of the MPLA government generally subscribe to the new order.

Private military companies like EO, who can and will conduct offensive operations, are extremely useful to governments and parties who cannot publicly disclose their support of a beleaguered government. EO is ostensibly unaccountable to a government, unlike its American equivalent, Military Professional Resources, Incorporated (MPRI) which is closely linked to the US government.⁷⁶ *“Corporate entities are used to perform tasks that the government, for budgetary reasons or political sensitivities, cannot carry out.”*⁷⁷ As Silverstein of The Nation explains: *“The use of private military contractors allows the [foreign power] to pursue its geopolitical interests without deploying its own army, this being especially useful in cases where [services are] provided to regimes with ghastly records on human rights. It’s foreign policy by proxy.”*⁷⁸

Training of defence force personnel

Military training contracts are not conducted as covertly as combat operations and there are a greater number of competitors to the EO group and Sandline. The nature of these contracts is

well-illustrated by the EO promotional video which claimed to provide “... *the most professional military training related to land, sea and air warfare.*” In addition to the training of ground forces and naval or airborne special forces, EO and Sandline also provide intelligence training courses which equip foreign defence forces with surveillance, countersurveillance, interrogation and counterinterrogation skills. Competitors to EO would include:

- MPRI;⁷⁹
- the full range of British-based companies, for example, Defence Systems Limited (DSL), Saladin and Omega Support Systems (which is partly South African);
- Israeli companies like Lev’dan and Silver Shadow;
- French companies like Paul Barril’s SECRETS, ABAC run by Lucien Thomas, which also protected a pipeline constructed by Total and Unocal oil companies in Burma; and
- South African companies like MTS which secured a contract with the Botswana government that involved the training of pathfinders for its parachute troops.

Training of police, customs and excise, and immigration personnel

Governments could hire the full spectrum of modern police services from both EO and Sandline. The EO group acquired the services of both former and presently serving members of the South African Police Service to provide the following training interventions:⁸⁰

- riot control;
- rapid deployment, SWAT services and hostage negotiation;
- marine, port and airport policing;
- counternarcotics, countercontraband and counterterrorist operations;
- corporate mineral field policing;
- electronic surveillance;
- covert operations to counter organised crime; and
- fire protection.

The training of dog and horse units is an interesting development. With the rise in organised crime in South Africa that is linked to global syndicates, such services are now popular. Both EO and MPRI tendered for a dog unit contract in Saudi Arabia in 1997.

Training of politically-allied paramilitary units

Where leaders of governments distrust their own security forces and political rivals are backed by armed forces, private militias are sought after. This is a controversial sector of private security, since it often exacerbates existing internal disputes and gives rise to further internal destabilisation. In Congo-Brazzaville, for example, political leaders armed themselves with foreign-trained personal militia who did not form part of the national forces. During Denis Sassou-Nguesso's rule, he hired the services of primarily French agencies to arm and train his personal Cobra militia. Lissouba, in turn, hired Israeli and South African forces to arm and train his Zulu paramilitary forces. Bernard Kolelas adopted the same strategy and built up a Brazzaville-based militia known as the 'Ninja's' who received military assistance from both South African and Belgian private military specialists.

In EO's case, the most comparable example would be the training, arming and military use of the Kamajors in Sierra Leone, described earlier in this chapter.

Other types of government contracts

Presidential and VIP protection contracts are common in Africa, especially where insecurity is increased and governments are weak. Kinshasa, in particular, has been a fertile ground for such business and both the head of state and members of government have traditionally bought personal protection packages from different agencies.

Demining and the removal of explosive ordnance is both a lucrative and popular sector of the private military industry. Saracen International is well-known in this respect and has recruited top SADF and SANDF experts to assist its mine-lifting and training operations. It has been hired by a variety of oil companies, as well as several UN departments, and has had contracts in Angola, Uganda, Bosnia and Mozambique. Mechem also provides such services and has worked with both Saracen and other rival firms.

Both Sandline and the EO group provide surveillance, countersurveillance and espionage services to government forces in a large number of African countries. Affiliated firms and the directors of both Sandline and EO have advised on weapons procurements and acted as arms brokers for governments. In addition to these services, both Sandline and EO have brokered arms deals and advised on weapons procurements for government clients.

The section of the private security market that provides strategic planning, threat analysis, risk consultancy and related services is where the largest number of consultancies can be found. It is also the most important and legitimate part of the industry. A vast number of private security and intelligence companies provide African situation reports and risk analyses to many governments, as well as to corporate clients. In Sierra Leone, EO was able to win support from the international community because it provided a number of embassies and aid organisations with intelligence on the unfolding war. In many parts of Africa where conflict is ongoing, reliable information is hard to access. Security and military firms with personnel in remote locations can provide useful security reports and risk analyses.

Corporate contracts

While deployed on military operations, EO has also provided personal, convoy and asset protection services to strategic resource companies. In Sierra Leone, EO led government forces in an offensive to liberate a large mining compound owned by Sierra Rutile Limited (SRL) that was held by rebel militia. EO subsequently established a base force of about twenty soldiers to protect the Sierra Rutile mining compound, owned equally by Consolidated Rutile Limited (CRL) in Australia and Nord Resources Corporation (Nord) in the US.⁸¹ In both cases, payment was made by SRL. EO also provided helicopter transport and VIP protection to SRL executives who later visited the mining compound to assess the cost of repairs. There is therefore often an overlap of government and corporate contracts and military operations are sometimes fused with corporate protection contracts. EO also provided protection services to Lebanese diamond miners and conducted night patrols to stop nocturnal theft at diamond mines in Kono, near the Liberian border. EO and LifeGuard provided protection services to their affiliated mining companies, Branch Energy and DiamondWorks.

Using its military helicopters and small fixed-wing aircraft, EO can provide rapid reaction services, hot extraction, casualty evacuation and medical emergency services to private clients in Africa. It performed such operations in Sierra Leone and Angola and claimed to have performed hostage rescue operations in South America and Indonesia.

Industrial espionage services are provided by EO's affiliated companies, such as OPM Support Systems, one of the largest and most technologically sophisticated private companies operating in South Africa. OPM is also known to operate in Central and Southern Africa and has a client base that includes several large mining and energy corporations.

The EO group and private military firms can also protect and transfer mining equipment, general goods, cash and gems for corporations in high-risk territories. They can provide rapid reaction air transport to diamond miners when large gems are found – which presents an immediate security risk. These services have also been utilised by humanitarian and international organisations.

Other services that private military companies can provide for corporate clients include the training of security staff, risk assessment and threat analysis. In Sierra Leone, EO supplied risk assessment and conflict reports to several corporate clients. According to a confidential report,

“EO personnel were able to put together the most complete and up to date data on diamond production and recoverability figures covering many diamond producing areas across [Angola]. By extension they were able to monitor the quality of diamonds as well as gauge future production estimates, and were invariably better informed on diamond production figures than their Angolan government counterparts.”⁸²

There appears to be an increase in joint ventures with prominent local military, political and business leaders who become partners to foreign private security companies. For example, the

local security companies in Angola – Mamboji, *Tele Service Sociedade de Telecomunicações, Segurança e Serviços* (TeleServices) and Alpha 5 – all have Angolan shareholders who are either military or police leaders. The firms are managed by South African security experts and former SADF officers who are members of the EO group or other major security firms. The real partners are generally shadow partners.

A second trend is that government ministers and political leaders force foreign corporations to hire specific security firms from which they would benefit. If the corporation refuses and tries to bring in its own security company, government leaders could deny such a corporation access to its concessions. This has been reported in Liberia and Angola and has allowed several large, South African-managed firms to dominate the security business in some African states.

Finally, security executives increasingly attempt to negotiate cluster contracts that allow them to secure a number of non-security trade leases and mineral concessions that can be sold off to multinational companies.

Conclusion: Renaissance or disaster?

In its six years of existence as a corporate army, EO deployed fighting battalions and heavy artillery units, and undertook sophisticated airborne operations, protracted guerrilla warfare operations and air-to-ground bombardments. The EO/SRC/Sandline/Branch Energy complex of military and mining companies has offices around the globe – in the UK, the US, Canada, Singapore, Hong Kong, South Korea, Indonesia, China, Australia, and in over 26 African states. In Africa at present, through affiliated and front companies, it has personnel deployed in Angola, Uganda, Rwanda, the Democratic Republic of the Congo, Congo-Brazzaville, the Central African Republic, Sierra Leone, Liberia, Guinea, Senegal, Algeria, Kenya, Sudan, Mozambique, Namibia and South Africa. Through a wide number of affiliated companies, it provides a range of military, security and civil services. The latter include offshore banking services, tourism ventures, video productions, water drilling and purification, construction and air transportation. Companies in the complex use several offshore banks and have separate corporate accounts – a strategy that allows them to keep their total worth hidden.⁸³ In the spectrum of new corporate or mercenary armies, EO was the most visible and controversial.

As a result of their military conquests in African conflicts, organisations like the OAU and the UN have considered using the services of private military or security companies to facilitate regional peace-enforcing initiatives where the UN prefers not to be directly involved after its failures in Somalia and Rwanda.

It has been argued that the upsurge of South African mercenarism and the existence of EO as its most visible forerunner are not new or unexpected phenomena. EO has arisen in a post-Cold War and post-apartheid world as a result of historical and political factors that are hard to control or impede. It also has to do with what has been called the triumph of neo-liberal capitalism – unbridled commercialism. Currently, if a government wants control of its war-

torn state, but does not have the means to do so, it must be prepared to both part with its sovereign jewels and sup with the devil, because there are no benign saviours to come to the rescue.

EO has claimed that it did not conduct mercenary activities – a claim that is clearly false, regardless of the semantic definitions one prefers. Hired foreign troops who conduct offensive operations and receive salaries from private contractors in excess of any national defence force's pay, are mercenaries. Admittedly, it was not a label that EO preferred and, in response, EO and Sandline attempted to coin a neutral term for themselves, such as 'contract soldiers', 'professional military advisors', or 'force multipliers' – a modern variant of the Italian Renaissance's *condottieri*.

EO representatives also claimed that the company was accountable to the rules of good business and to the foreign dictates of Britain, South Africa and the US. It claimed that EO adhered to international rules of military engagement. Yet, EO wore too many hats and juggled too great a diversity of political issues for an organisation whose business was war and whose operations would always be governed by laws of profit. Enrique Ballesteros, the UN Special Rapporteur on mercenarism, expressed his own fears about this:

*“What worries me the most is the protection of human rights. Who can guarantee that a private company, which will protect mines in Zaire, or who are involved in armed conflict in South Africa, North Africa or South America, will not violate human rights in the absence of a tribunal which would have jurisdiction to judge them? Because what we are talking about are companies which come, do their job, and leave.”*⁸⁴

There can be no lasting stability or legitimacy for a company such as EO without it being deployed under the full view of public scrutiny. As long as its business remains occluded and covertly sanctioned, Africa is at risk. A system is being created whereby power resides less with the governments of countries than it does with the new *condottieri* and their corporate kings who own multinational mineral and energy empires. If Western democracies and the international community continue to tacitly approve the involvement of private military companies like EO, they too should be accountable for the result.

The corporate conquest of EO has given rise to the proliferation in South Africa of smaller and less successful military companies. Many would like to apply the EO formula for success: secure a foreign military deal in Africa, grow trade relationships in the domestic and international arms industry, get mineral concessions, attract investors and build an empire. Not many will succeed. To improve their chances, some formed strategic alliances with EO and with competitors to increase space at the lucrative trough. They operate more as a loose network than as rivals. Private military companies are now arming and training numerous warring factions in Africa – a fact which is far more likely to exacerbate tensions and accelerate existing civil and regional conflicts than it is likely to bring stability and security to Africa. While companies like EO are able to secure strategic islands within conflict zones, their operations have not yet brought lasting peace to the continent. EO's initial success has also helped to activate a boom in the business of war.

Can Africa benefit from the strategy of allowing yesterday's apartheid warriors to become today's peace enforcers? Where will the proliferation of the storm-troopers for the global mineral and oil companies bring us tomorrow? In the case of the Italian *condottieri*, a new era of prosperity and learning developed in Europe after their feudal wars. Before this time, in the case of the free companies of the medieval era, the proliferation of mercenary armies brought chaos and destruction. The outcome in our contemporary case is still unclear. But already in 1998 and 1999, civil conflict has spread across Africa and started a transcontinental war.

Are the entities that constituted the private military industry and the EO group army stabilisers or destabilisers? The aftermath of EO's involvement in Sierra Leone and in Papua New Guinea argues for the latter. During 1998, EO personnel were redeployed in Sierra Leone through their affiliates, Sandline and LifeGuard. In Angola, troops are deployed under Luitingh – troops who are visible to visitors, but invisible to international eyes. The experiment goes on. Viewed through the lens of time, they will play either a constructive or destructive role in building the hesitant future in Africa. Hopefully, we will survive their executive outcome.

Endnotes

- 1 The information contained in this chapter is drawn from over a hundred interviews conducted during a period of more than three years. The author has interviewed about forty former SADF soldiers who were employed by Executive Outcomes between 1993 and 1998. Much of the information in this chapter can therefore not be attributed in an open manner.
- 2 See M Ashworth, *Africa's New Enforcers*, The Independent, 16 September 1996; D Shearer in a report by P Taylor, *Mercenaries Aren't All Bad – UK Think Tank Report*, Reuters News Agency, 26 March 1998; W Shawcross, *In Praise of Sandline*, Spectator, London, 1 August 1998.
- 3 H R Heitman, Personal Interview, Cape Town, 12 October 1998.
- 4 See A Mockler, Mercenaries, Macdonald, London, 1969, p. 44.
- 5 A Mockler, The New Mercenaries, Garden City Press, London, 1985, pp. 2-10.
- 6 *Ibid.*, pp. 11-12.
- 7 A corporate army is here defined based on concepts borrowed from A Sampson and V Gamba.
- 8 Interviews with former special force trainers who worked with EO at the time.
- 9 In the early nineties, Barlow used Luther as a first name and Eben [sic] as a second name. Friends knew him as Eben. Later, his name was given as Eeben. 'Eben' is used throughout to avoid confusion.
- 10 Executive Outcomes, Special Training Programme Proposal, 1992-1993.
- 11 *Ibid.*
- 12 EO job quotes, marked 'secret', for "... specialised [security] equipment" were submitted to Anglo American Corporation at Marshall Street in Johannesburg in 1992. Invoices for electronic countersurveillance services were issued by EO in Kimberley and Johannesburg in 1993 and marked 'paid'. EO also carried out evaluation seminars for

security officials at the Debswana Diamond Company, a subsidiary of De Beers in Botswana. De Beers have denied that it had a direct relationship with EO. In a personal interview, De Beers' security chief, Vice-Admiral Sir Alan Grose (ret.) said that the group had hired a separate company that subcontracted the work to EO and that Anglo American and De Beers therefore did not have a direct relationship with EO. Documents in the author's possession show direct correspondence, addressed to EO, from Anglo American Corporation at Marshall Street.

- 13 See Chapter 8 on Angola.
- 14 Personal interviews with several mercenaries who were deployed in Soyo in 1993.
- 15 They were also told that the Angolan oil corporation, SONANGOL was paying a portion of the finances. A colonel was paid over R1 000 (then about \$200) per day. At the signing of later contracts with personnel, Barlow and Luitingh reduced the salaries to \$3 000 per month for normal soldiers.
- 16 Buffalo (32) Battalion was a Portuguese-speaking, light infantry unit staffed mostly by Angolans who had fought for the *Frente Nacional de Libertação de Angola* (FNLA) and was commanded by white South Africans.
- 17 Several ANC intelligence officers have admitted that they were approached by Barlow who offered to supply information to both the external and internal South African services. EO members subsequently provided the South African intelligence services with several briefings between 1993 and 1996. Personal interviews, Gauteng, 1996-1997. ANC intelligence and military officers also visited EO's operational Headquarters at the MPLA military base at Cabo Ledo, Angola in 1994. See K Pech, *UK Spies Link ANC Officials to Mercenaries*, Sunday Independent, 26 January 1997.
- 18 There is confusion over whether Buckingham or Barlow first registered EO Limited in London. Buckingham has denied reports that he registered EO in London. But a top secret UK intelligence document produced two years later stated that Buckingham and Mann registered the company in London. See K Pech & D Beresford, *Africa's New Look Dog's of War*, Weekly Mail & Guardian, Johannesburg, 17 January 1997.
- 19 Barlow and his second wife, Dorothy Harding are registered as the directors of EO (UK) Ltd.
- 20 Ibis Air named its clients as the governments of Liberia, Sierra Leone, Angola and Sudan, as well as EO, Sandline International and Renamo, the Mozambican opposition party and former rebel army and advertised its helicopter and fixed-wing expertise on the Ibis/Techline website in 1998 at <www.inter-plane.com/techline/prod02.htm>
- 21 Only two war correspondents, Jim Hooper and Al Venter, were allowed access to front-line operations.
- 22 Branch Minerals, Mineral Holdings Inventory, September 1996.
- 23 Ibid., p. 7.
- 24 All three had former experience with setting up or working for CCB front companies. In Palm's case, he was associated with a front company called Geo International Trading for which, as an explosives expert, he conducted "... *specific tasks during highly sensitive foreign operations.*" See comments by former Special Forces chief, Major-General 'Joep' Joubert in newspaper reports in the Natal Sunday Tribune, late 1992.
- 25 Corporate documents in the author's possession.
- 26 Bank documents in the possession of the author dated up to 1995 reveal that about thirty of these companies fell under the full or partial control of EO directors at the time. These companies all shared directors, offices, personnel, contracts and clients.
- 27 Group corporate documents make this claim. See also Journeyman Pictures, EO: The Business of War, video documentary, 1997.
- 28 Personal interviews with former managers of EO-affiliated companies.

- 29 Although the directors of EO and Branch Energy have claimed that no formal relationship exists between the two groups, an internal memorandum at the Chelsea reception office of the London group of companies listed EO Ltd as a company operating out of the Plaza 107 offices in 1996.
- 30 S Correy, *Robert Friedland: King of the Canadian Juniors*, Background Briefing, Australian Broadcasting Corporation (ABC), 6 April 1997.
- 31 N van den Bergh, Personal Interview, EO offices, Wierda Park, May 1998. Stuart Mills no longer exists, since it was sold to Netcare, a private hospital group in South Africa.
- 32 According to Van den Bergh, Trans Africa Logistics was liquidated in 1997 and is no longer in operation; *ibid*.
- 33 The same strategy has been adopted by EO and Branch Energy in other African countries. In Sierra Leone, the group established a security company called LifeGuard, to protect their mining interests, which absorbed EO personnel and took over asset protection contracts when EO was forced to leave in early 1997. The group also tendered for marine fishing protection contracts and fishing concessions in Sierra Leone.
- 34 See Chapter 8.
- 35 K Pech, *Sierra Leone Battles to Pay SA's Former Stormtroopers*, Sunday Independent, Johannesburg, 7 July 1996; interviews with members of the former NPRC government, Sierra Leone, 1996.
- 36 The cost of EO's military operations was about US \$1,5 million per month, according to a Branch Energy director interviewed in Sierra Leone in 1996.
- 37 Friedland quickly raised the stakes and "... *orchestrated a bidding war*" between two of the world's leading nickel producers, Inco and Falconbridge. Inco won, buying Diamond Fields for \$3,1 billion in 1995. W Green, *Mining the Suckers*, Forbes, 10 March 1997.
- 38 *Ibid*.
- 39 In 1990, Friedland earned the name of 'Toxic Bob' when his first gold mining venture leaked cyanide into Colorado rivers and resulted in the largest toxic spill in North America. He abandoned the mine in 1992, leaving the Environmental Protection Agency to repair the damage – at an estimated cleanup cost of \$148 million. R Moody, *The Mercenary Miner: Robert Friedland Goes to Asia*, The Multinational Monitor, Washington, 18(6), June 1997.
- 40 John Woods in Correy, April 1997, *op. cit*.
- 41 Canadian Securities Exchange, Prospectus for DiamondWorks, 1996, p. 55.
- 42 Correy, April 1997, *op. cit*.
- 43 They sold their first parcel in October 1997 for US \$3,1 million. See DiamondWorks press releases, <www.diamondworks.com>, October 1997.
- 44 *Ibid.*, May 1997.
- 45 *Ibid.*; Correy, April 1997, *op. cit*.
- 46 *Profile: Timothy Spicer – Dog of War with his Tail Between his Legs*, Sunday Times, Johannesburg, 30 March 1997.
- 47 M Smith, *Big Business for Officers of Fortune*, International News, 27 March 1997.
- 48 Information provided by a London-based security analyst who had interviewed Sandline.

- 49 K Silverstein, *Privatizing War: How Affairs of State are Farmed out to Corporations beyond Public Control*, The Nation, New York, 1997.
- 50 Press statements made by EO and Sandline representatives at the time.
- 51 *Agreement for the Provision of Military Assistance between the Independent State of Papua New Guinea and Sandline International*, 31 January 1997; see <www.pactok.net.au/docs/nius/9704141.htm>
- 52 Correy, April 1997, op. cit.; transcript from the judicial inquiry.
- 53 Interview with EO personnel, Sierra Leone, 1996.
- 54 Interviews with EO soldiers and Kamajors, Sierra Leone, February to April 1996.
- 55 How the Kamajors were financed during the rule of the military junta remains unclear. The ousted President Kabbah could not afford this cost and certainly the Kamajors have no money to speak of. Training and support that continued after EO left Sierra Leone in early 1997 were conducted through LifeGuard. Interviews with EO personnel, 1998.
- 56 Ibid.
- 57 Van den Bergh, op. cit.
- 58 Confidential interview.
- 59 Interview with former EO employees still under contact with the military group, November 1997 and January 1998.
- 60 Interview with informant who had been consulted by EO regarding Algeria. These operations are run out of the London office.
- 61 Confidential interviews
- 62 Remarks in Parliament, Cape Town, 26 February 1998.
- 63 Van den Bergh, op. cit.
- 64 Security informants have reported that a number of new companies have surfaced in Central Africa, but so far their links to EO have not been confirmed.
- 65 Van den Bergh, op. cit.
- 66 Interview with L Nathan, Executive Director, Centre for Conflict Resolution, Cape Town, 1997.
- 67 Van den Bergh, op. cit.
- 68 Ibid.
- 69 SAFM news report, South African Broadcasting Corporation (SABC), 4 January 1999.
- 70 For example, when approached to train and deploy dog units in Angola, senior members of both EO and Saracen International consulted experts in South Africa who supply such services to the local police and defence force. Interview with consultant to the private defence industry, January 1998.
- 71 D Isenberg, Soldiers of Fortune Ltd.: A Profile of Today's Private Sector Corporate Mercenary Firms, Center for Defense Information Monograph, Washington DC, November 1997, <www.cdi.org/ArmsTradeDataBase/control/SmallArms/mercenaries>

- 72 Ibid.
- 73 See Sandline contract with Papua New Guinea government.
- 74 Not all former EO staff who are deployed into new companies retain formal links with EO and it would be useful, given EO's reputation, to describe oneself as attached to EO in order to secure contracts.
- 75 P Thornycroft, *South African Arms Going to UNITA*, Weekly Mail & Guardian, Johannesburg, 25 June 1997.
- 76 See Chapter 6 on MPRI.
- 77 Silverstein, op. cit.
- 78 Ibid.
- 79 See Chapter 6.
- 80 Saracen unsuccessfully tendered for a contract to do dog training in Angola in 1996. EO also tendered with rival MPRI for such a contract in Saudi Arabia in 1997. Interviews with former EO personnel, October 1997; documents in the possession of the author.
- 81 Sierra Leone has one of the largest known deposits of rutile – a rare, strategic metal that is used in the production of titanium and its alloys. The SRL mine used to produce 25 per cent of the world's rutile and was the cornerstone of Sierra Leone's mining industry and economy prior to the start of civil conflict in 1992.
- 82 Confidential corporate report produced for a mining corporation by a Johannesburg-based strategic analysis company, May 1997.
- 83 According to a UK informant, in 1994 – barely one year after they first began – they were already said to be worth \$43 million. Interview, October 1996.
- 84 E Ballesteros, UN Special Rapporteur, to S Correy, *We Don't Do Wars*, Background Briefing, Australian Broadcasting Corporation (ABC), 15 June 1997.