

TOGO

*By Jean-Pierre Palut
AGEMI Paris*

In 2002, and for the first time in a number of years, the overall economic situation of Togo improved significantly: real GDP increased by 4.2% after falling by 0.3% in 2001 (revised figure) and amounted to CFA1,021.5 billion (€1,557 million), and the inflation rate decreased from 3.9% in 2001 to 3.1%. In the meantime, the global balance of the Public Treasury which enjoyed a credit representing 0.6% of GDP in 2001 was again in deficit (-0.7% GDP). At the end of 2002, Togo's external debt was CFA890 billion (-6%) or 87% of GDP (instead of 98% in 2001) and its current servicing, at CFA48.1 billion (€73 million), represented 14% of export revenues.

Togo's economic growth in 2002 relied chiefly on subsistence agriculture (+9.6%) and cattle breeding (+6.5%), as well as extractive and manufacturing industries which grew respectively by 18.5 and 8.1%. Conversely, Togo's construction/public works and the tertiary sectors declined by 2.0% and 2.3% respectively in 2002. As a result, contributions from the primary, secondary and tertiary sectors to 2002 total economic growth were respectively 3.1%, 1.7% and -0.6%.

Economic progress was achieved despite continued political difficulties. The latter upset Togo's economic development during most of the 1990s, when nearly all bilateral and international donors stopped their co-operation with the Togolese authorities in 1993 in order that Togo could focus on its uneasy democratisation process. In 1999, in an agreement with the opposition parties brokered by EU facilitators, President Eyadema promised not to run for a new term in 2003 and to proceed in 2000 with new legislative elections. However, these were postponed several times after further disagreements between representatives of the President's party and opposition parties in the National Independent Electoral Commission (CENI). Eventually, in February 2002, the National Assembly modified the election rules and in May 2002 the government appointed a committee of seven magistrates to monitor the election instead of the CENI. These changes led the major opposition parties to decide to boycott the general elections which were eventually held on October 27, 2002. The RPT, the ruling party, won 72 of the total 81 seats in the Assembly. In December 2002, with this vast majority, the government introduced major changes to the 1992 constitution, namely an amendment which enables the country's president to seek re-election as often as he wishes. This enabled General Eyadema to seek re-election at presidential polls held in June 2003.

Phosphate

The major Togolese mineral resource consists of coastal sedimentary phosphate deposits which are of very high grade and quality, with a small particle size which minimises beneficiation. Also, the proximity of the phosphate deposits to the coast minimises transport costs for

processing/export. Reserves are estimated at 260 Mt of high-grade ore, and more than 1,000 Mt of lower-grade carbonate phosphate. However, in recent years, marketing of Togo ore has suffered from the collapse of world phosphate prices, and is also hampered by a relatively high cadmium content which denies it access to many countries which are implementing stricter environmental legislation in this regard.

Up until January 2002, Togo's phosphates were mined and marketed by the Office Togolais des Phosphates (OTP), a parastatal company. In recent years, due to ageing mining equipment and increased stripping ratios, OTP's production declined continuously from a maximum of 2.5 Mt recorded in 1997 to 1.07 Mt in 2001. The Togolese Government has made various efforts to partially privatise the phosphate sector and, eventually, in September 2001, OTP was incorporated as a mixed economy company, International Fertilizer Group-Togo (IFG-TG). Its share capital of CFA9 billion (€3,7 million) was subscribed equally by the government and Brifco Ltd, a company connected with Tunis-based MEDEX Petroleum, which, in turn, is controlled by BRH, a Cyprus-based holding company. The new company aims at rehabilitating the operation so as to increase its production capacity to 3.0 Mt/y of phosphate over a two-year period. A second stage includes plans to build a phosphoric acid plant.

In January 2002, the Togolese Government dissolved OTP's structures and transferred the management of the phosphate operation to IFG-TG. The latter which was supposed to invest €46 million in 2002, then began to purchase the necessary new equipment. However, during the year there was only a marginal improvement in output, with production reaching 1.1 Mt compared with 1.07 t in 2001.

Limestone

Limestone is another mineral resource of importance, and increasingly so in recent years. The Tabligbo deposit, located 60 km northeast of Lomé, possesses reserves estimated at more than 175 Mt. Between 1980 and 1984, it was mined by Cimao, a parastatal company, and fed a clinker plant that was connected to the coast by a railway line. In early 1997, West African Cement (Wacem), originally a joint Togolese-Ivoirian-Ghanaian venture incorporated in 1996, acquired Cimao's assets but failed to re-start the operation. Thereafter, an Indian firm resurrected the company, which now produces clinker, chiefly for export to neighbouring countries, although it is now beginning to manufacture and market cement itself. In January 2002, the government announced that the Togolese railways would be managed by Wacem.

In July 2002, at Aflao in Ghanaian territory but just on the border with Togo, a new cement plant installed by Diamond Cement Factory began operating. It uses clinker transported by truck from Tabligbo.

Cimtogo, a mixed-economy company was created in 1969 to manufacture cement from imported clinker. Controlled 50% by the government and 50% by the private sector, it has produced around 350,000 t of cement annually in

recent years. In March 1998, as part of the government programme, the company was sold to Scancem of Norway and now successfully exports cement throughout West Africa.

For years, in order to reduce the country's dependence on phosphate, the Togolese Government has undertaken a policy of development and diversification of mineral resources. This has been implemented in two ways:

- First, a new Mining Code was enacted in 1996. It includes all the rules and guarantees normally expected by mineral investors, as well as a tax package which may be considered as attractive on the West African scene. In January 2002, the government approved several amendments to the Mining Code aimed at further streamlining and guaranteeing more secure conditions for investors. New decrees also suppressed the state monopoly over the trading of gold and diamonds in Togo.
- Second, since 1986, the Mines Department has continuously conducted, with technical and financial assistance from France, the UNDP and lately from the EU, programmes of systematic geological, geochemical and pan-concentrate sampling. This reconnaissance, and follow-up work has extended over a total area of some 45,000 km². The work has led to significant mineral discoveries hosted chiefly by sediments, volcano-sediments, and intrusives of the 600 million year-old (Panafrican) Atacora belt which runs SSW-NNE into Benin. Associated with this belt, a number of gossans are known (150 occurrences over a north-south extent of 270 km in Atacora volcanosediments). Zinc anomalies have been explored in detail in the Pagala area, where France's BRGM encountered ore intersections in 1991. In the same general area as above, several thousand gem-quality diamonds have been found since 1991 by local diggers in streams running over Atacora terrains.

Over both the Atacora belt and reworked Archaean terrains to the east, several significant gold occurrences and anomalies have been followed up by the Togo/UNDP programme, as well as extensive copper-nickel geochemical anomalies over the Haito ophiolitic complex. Finally, other potentially interesting mineral occurrences include rutile, iron ore and phosphate in metamorphic formations, and marble, bentonite and attapulgite.

Since 1999, the results of the above technical programmes have been recorded and are being compiled as part of a GIS data bank. Geochemical results of the surveys can be accessed on the website of the General Directorate for Mines and Geology (http://www.togo-mines.com/index_eng.html), together with government geological maps and copies of the Mining Code and other relevant legislation.

Mineral exploration

Over the Pagala area, in the central part of the country, where a 4.5 m drill intersection averaging 14.5% Zn was encountered by the BRGM in the course of drilling through Atacora formations in a Sedex-type environment, London-

based Coronation International Mining Corp. (CIMC) was granted an exploration licence in 1998. After having completed geological mapping and soil geochemical sampling over some 80 km², the company entered into a joint venture agreement with Anglo-American Prospecting Services (AAPS) in April 2000. Since then, AAPS has flown the same area on a 100 m line spacing to acquire airborne magnetic, electromagnetic and radiometric data and also completed a gravity survey. In the meantime, 17 diamond drill holes totalling 1,948 m were completed. Several holes intersected zinc mineralisation, the best intersection yielding 28% Zn over 1.0 m. In 2001, a new diamond-drilling programme was aimed at testing new targets identified by the geophysical surveying. The CIMC/Anglo American jv was also awarded the 988 km² Kabagni Exploration Permit located due south of the Pagala permit. It is believed that, in 2002, Pagala exploration was discontinued as part of AAC's general policy regarding base-metals exploration which, in the past two years, has seen the geographical spread of activity reduce from 23 to 13 countries.

Within the Haïto ophiolitic formations, in the southern part of the country, geochemical exploration (conducted with UNDP assistance) has outlined copper and nickel anomalies. Copper soil anomalies are between 200 ppm and 1,600 ppm, and two rock samples yielded respectively 5% Cu with 130 ppb Au and 30 g/t Ag, and 1% Cu with 1 g/t Au. Nickel soil anomalies range from 1% to 2% Ni. A sample of peridotite averaged 2.47% Ni.

Petroleum exploration

The Togolese Petroleum Law, elaborated with the assistance of international experts, was promulgated in February 1999. This law covers all petroleum operations, from exploration to exploitation and transportation, and economic and tax provisions. The same year, Petroleum GeoServices (PGS) a Norwegian company, concluded the interpretation of the 3D geophysics carried out on an offshore area of 3,100 km² which "show considerable potential for hydrocarbons in a number of geological settings and intervals".

In May 2001, Togo signed a production-sharing agreement with a wholly-owned subsidiary of Hunt Oil Co. of Dallas, for the exclusive right to carry out petroleum exploration and production in an area encompassing the entire offshore area of Togo (approximately 4,067 km²). In October 2002, a new agreement was signed between the government and Togo Hunt Oil Co., a joint venture between Hunt Oil Co. and Petronas Carigali of Malaysia, for the extraction of oil in Togo. It was announced that the first offshore drill hole would be sunk within a few months.