

TOGO

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Following the depression recorded in the previous year, Togo's economic and financial situation improved slightly in 2001: real GDP increased by 1.1% (0.5% in 2000) and amounted to CFA909 billion (€1,386 million) although inflation increased from 1.9% to 3.9%. The global balance of the Public Treasury passed from a deficit of 5.5% of GDP to a 0.6% credit in 2001. At the end of 2001, Togo's external debt was CFA952 billion (€1,451 billion or 105% of GDP) and its debt servicing requirement, at CFA55 billion (€79 billion) represented 21% of exports and 43% of government revenues.

Two-thirds of Togo's population depends on subsistence and commercial agriculture which represent 41% of GDP. Togo's major export crops are coffee, cocoa, and cotton. Despite falling prices on the world market, cotton remained the most significant cash crop, contributing with 14% of export earnings. In 2001, industry represented 23% of Togo's GDP. Phosphate mining, which in recent years represented up to 10% of GDP and over 40% of export revenues, has sharply declined and furnished only 13% of total exports. Conversely, cement exports have substantially progressed to reach 17% of total exports in 2001.

During most of the 1990s the economy of Togo was severely affected by an uneasy democratisation process which brought unsettled political conditions, including sporadic civil disorder. As a consequence most bilateral and international donors stopped their co-operation with the Togolese authorities in 1993. The democratisation process stalled after a controversial presidential election in 1998 and the subsequent boycott of general elections by the main opposition parties. In July 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. But it was only in January 2001 that the National Independent Electoral Commission (CENI), which includes representatives of the President's and opposition parties, decided that such elections would take place in October 2001. However, disagreements within the CENI as well as lack of financing led to a further postponement of general elections until March 2002. Meanwhile, the political climate remained unsteady and in August last year Yawovi Agboyibo, leader of the main opposition party (CAR), was sentenced to six months imprisonment for defaming the prime minister. Such events did not favour a resumption of international development co-operation.

Togolese phosphate deposits are of very high grade and quality, distinguished by a small particle size that simplifies beneficiation. Furthermore their proximity 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 the 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.

Togo's phosphates have been mined and marketed to date by Office Togolais des Phosphates (OTP), a parastatal company. In recent years, because of ageing mining equipment and increased stripping ratios, OTP's production has declined continuously from a maximum of 2.5 Mt recorded in 1997. In 2001 it further decreased from 1.37 Mt to 1.07 Mt. However, during the same period phosphate exports increased 7% to 1.30 Mt.

In recent years, the Togolese Government has endeavoured to partially privatise the phosphate sector by transferring to the private sector a 40% stake in OTP. Eventually the government decided in March 2001 to incorporate a mixed economy company, International Fertilizer Group Togo (IFG Togo) which would be in charge of managing OTP until it is privatised. This was confirmed when IFG Togo was officially incorporated on September 27, 2001. The share capital of the company, CFA9 billion (€13.7 million), is to be subscribed equally by the Togo Government and Brifco Ltd. This new company, according to Moncef Kaouach, president of Compagnie Financière de la Méditerranée and representing Brifco, aims at rehabilitating the operation so as to increase its annual production capacity to 3 Mt phosphate over a two-year period and, in a second stage, to build a phosphoric acid plant. It is believed that Brifco is connected with Tunis-based Medex Petroleum which, in turn, is controlled by BRH, a Cyprus-based holding company.

Another significant mineral resource in Togo is Palaeocene limestone near the coast. The Tabligbo deposit, located 60 km northeast of Lomé, with reserves estimated at more than 175 Mt was mined by Cimao a parastatal company which, during the early 1980s utilised a clinker plant linked to the coast by a railway. Incorporated in 1996, West African Cement (Wacem), originally a joint Togolese-Ivoirian-Ghanaian venture, acquired Cimao's assets in early 1997 but failed to re-start the operation. Thereafter an Indian firm resurrected the company, which now produces clinker exported chiefly to neighbouring countries, and is beginning to manufacture and market cement itself.

Cimtogo, a mixed-economy company was created in 1969 to manufacture cement from imported clinker. Controlled 50% by the government and the private sector, it has produced in recent years around 350,000 t/y of cement. In March 1998, as part of the government's privatisation programme, the company was sold to the Norwegian

multinational Scancem and now successfully exports cement throughout West Africa.

For years, in order to reduce its 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 in the West African context. Second, since 1986, the Mines Department, with technical and financial assistance from France, the UNDP and lately from the EU, has conducted programmes of systematic geological, geochemical and pan-sampling reconnaissance, and follow-up, over a total area of some 45,000 km². Such 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 north, northeast into Benin. Associated with a number of gossans (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 known in Togo concern rutile, iron ore and phosphate in metamorphic formations, and marble, bentonite and attapulgite.

Mineral Exploration

In the Pagala area, in the central part of the country, where a 4.5 m intersection averaging 14.5% Zn had been obtained by BRGM while

drilling through Atacora Panafrican 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 has 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% zinc over one metre. In 2001, a new diamond-drilling programme was aimed at testing new targets identified by the above mentioned geophysical survey. the CIMC/Anglo American joint venture was also awarded the Kabagni Exploration Permit which covers some 988 km² due south of the Pagala permit. In this area, BHP had previously confirmed the main base metal and gold anomalies but had carried out no further significant exploration work.

Within the Haïto ophiolitic formations, in the southern part of the country, geochemical exploration work (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 yielded a value of 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. In 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 (which comprises approximately 4,067 km²). In January 2002, the Minister of finance announced that "the drilling recently completed by American experts with Hunt Oil Co. Togo confirmed the conclusions of geophysical surveys carried out from 1997 to 1999 by Norwegian company Petroleum Geo Service".