

## Sub-Saharan Report

Sub-Saharan Africa is one of the focal regions of Global Challenge 2015.

These reports are by Mr. Kenshi Tsunemine, an expatriate employee working in Johannesburg with a view across the region.

### Vol. 24 - Benin

August 10, 2016

Even without knowing where the location of the country of Benin is, many Japanese may remember Zomahoun Rufin, better known as “Zomahon”, as an African who became famous as a “TV personality” on the Japanese television show “Hey Japanese People, This is Strange” for the interesting way he spoke Japanese.

“Oh, you say Zomahon is from Benin? And he is now the Benin ambassador to Japan (note 1)?” as many Japanese are and would be surprised to hear. Through him though, many have in some way a feeling for the country, which you may have guessed is the country I am introducing this time, Benin.



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In order for the Marubeni Research Institute to acquire live information from the field and contribute to the Company's strategy, young Marubeni staff well-versed in economic and industry analysis have been posted to the region.

**Table 1: Benin Country Information**

Basic Data (2015)	
Population	10.9 million
Land Area	113 thousand km <sup>2</sup>
Nominal GDP	\$8.5billion
Per Capital GDP	\$780
Official Language	French, Fon, Yoruba
Cell Phone Penetration	106%
Electrification	38.4% (2012)
Electric Power Capacity	171MW

Source:IMF, World Bank, CIA

Benin is located in West Africa bordered by Togo in the west, Burkina Faso in the northwest, Niger in the northeast and Nigeria in the east while facing the Bay of Guinea in the south. The constitutional capital of the country is Porto Novo, however, the political and economic center of the country is found in it largest city Cotonou, which also boasts the country's only international airport (picture 1).



**Picture 1:** A street with vendors in town near the border with Togo

Benin is only 120 kilometers from east to west, while being 700 kilometers in length from north to south being a narrow, elongated country like Togo which I introduced last time. Being adjacent, it only takes 3 hours by car from Togo's capital of Lome along the coast and through the border to Cotonou in Benin (note 2).

Benin's climate is the same as Togo's. The north has a savannah-type climate, while the south has a hot and humid tropical climate, with the average yearly temperature in Cotonou 27 degrees centigrade.

French is mostly spoken as the official language of the country, and Benin utilizes the CFA franc which is the currency issued by all the central banks in the countries of West Africa. As such, there is no need for foreign exchange when moving between such neighboring countries as the Ivory Coast, Niger, Mali, Togo and so on, and as French is mostly used there very little in the way of communicative barriers.

In terms of religion, 30% are Islamic, around 25% are Catholic (roughly 40% of Benin's population practices some form of Christianity), while the rest are made up of traditional African religions, including Vodun (Voodoo), which 12% of the population adhere to (however, many Christians and Muslims also believe in indigenous religions including voodoo). While many of us may associate Voodoo with the word zombie or curses using doll-sacrifice it is actually not the case in the true form of Voodoo, and you will not see these things in spectacles related to Voodoo in Benin.

One of the main food staples in Benin is akassa, which is fermented corn (maize) or cassava dough made by kneaded the corn or cassava into a dough or paste using hot water. It is closest in texture to the Japanese bean paste sweet called uiro, except there is very little taste to akassa. It is eaten widely with such dishes as vegetables, beef, chicken and fish. There is a chopped vegetable sauce served over stewed meat, fish and crab dish called dekoï which is known for its nutritional balance and is also quite tasty (picture 2).



**Picture 2:** Akassa with meat, fish and crab dekoï

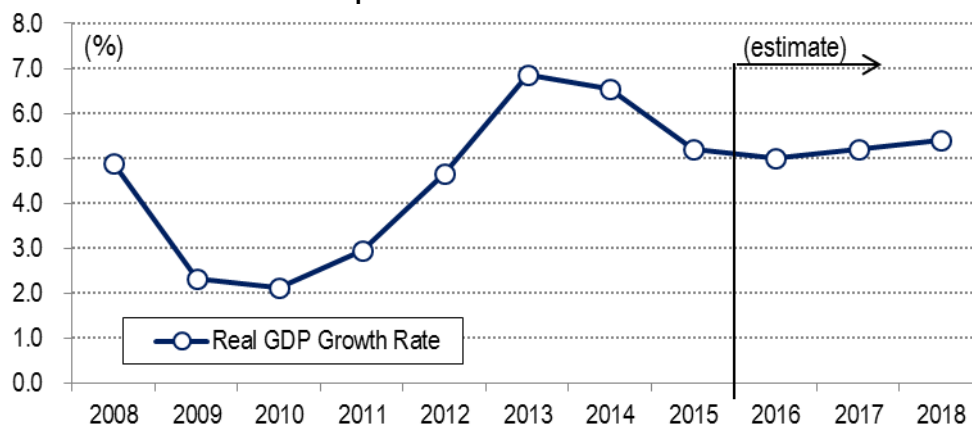
France's influence in Benin began around the end of the 19<sup>th</sup> century when it advanced into the region, eventually making Benin a protectorate in 1904 called French Dahomey at the time. Following this, the French ruled until 1960 when Benin gained its independence as the Republic of Dahomey. However, ethnic strife soon ensued lasting until the early 1970s with a series of coups taking place making for a politically unstable situation during the period. In 1972, Lt. Colonel Mathieu Kerekou led another coup, the 5<sup>th</sup> since independence, and became president of the country. In 1975 he renamed the country the People's Republic of Benin. President Kerekou adopted a socialist framework of state control for managing the

country, however these economic policies eventually ended in failure. He abandoned socialism in 1989 along with the collapse of many socialist regimes worldwide and in 1990 threw out the old constitution (established in 1977) and changed the name of the country to the Republic of Benin. A new constitution based on a separation of powers and a multi-party political system were instituted and Mr. Nicephore Soglo, a former prime minister, was elected as the new president in the 1991 presidential election. It is said that the Benin people were very proud of the new constitution enacted by the National Assembly in 1990 and the peaceful transition to democracy in the following presidential election. Mathieu Kerekou returned to power in the elections of 1996 and was re-elected in the 2001 presidential election. A new president, Mr. Boni Yayi was elected and re-elected in the presidential elections of 2006 and 2011. In this way, Benin has carried out the smooth transition of government power in democratic elections based on its constitution and is said to have become a model of democracy in the West African region

In Benin's most recent presidential election held in March of this year, Mr. Patrice Talon, a wealthy businessman, was elected as Benin's new president (note 3). Expectations are high for Mr. Talon as he has said he will seek to limit the presidency to just one term, strengthen the separation of powers and is committed to economic revitalization led by the private sector, fiscal consolidation and elimination of corruption in the government.

The Benin economy has continued to see strong growth of more than 5% per annum in recent years. This growth has been led by agriculture and port-related services.

Graph 1: Real GDP Growth Rate



Source: IMF

Given the large amount of fertile land in Benin due to a high precipitation rate it is said that Benin's agricultural industry has great potential. In addition to corn, various types of millet, vegetables and fruits are grown for domestic consumption (food security), such commodity products as cashews, cacao, and shea butter are also produced, although cotton is Benin's largest export crop (table 2).

Along with agriculture, port-related services is Benin's other economic pillar. The Port of Cotonou is used as a logistics gateway to such neighboring countries as Nigeria, Burkina Faso, and Niger and accounts for about one-third of Benin's GDP (note 4) (picture 3).

**Table 2: World Cotton Production**

Country	tons
China	18,930,000
India	18,913,000
U.S.	7,625,804
Pakistan	6,243,300
Brazil	3,417,196
Uzbekistan	3,361,204
Australia	2,675,860
Turkey	2,250,000
Greece	1,050,000
Burkina Faso	766,221
Mexico	587,337
Turkmenistan	570,000
Argentina	543,008
Mali	484,165
Egypt	435,000
Ivory Coast	405,223
Kazakhstan	396,730
Tajikistan	392,811
Tanzania	357,133
Benin	306,728
Zimbabwe	290,000
Myanmar	280,000
Cameroon	240,000
Nigeria	209,000
Iran	200,000
Syria	169,094
Malawi	158,826
Mozambique	150,000
Spain	145,600
Zambia	139,583

Source: FAO



**Picture 3:** Port of Cotonou and adjacent beach

With the inauguration of President Talon, who comes from the private sector, such policies as the establishment of special economic zones is already underway, and there are growing expectations that the economy will be boosted by utilizing the private sector to make it more efficient.

Another distinguishing feature of Benin's economy is its very substantial links with the Nigerian economy. With such a large African economic power neighbored in the east, Benin's eastern border is heavy with the traffic of people and goods and the circulation of Nigeria's currency the naira. One noticeable activity that has emerged from this connection to Nigeria is the smuggling of gasoline. Along the side of the roads while traveling in Benin you can see containers of brown liquid being sold. This is mostly gasoline and diesel fuel smuggled from Nigeria. And, although the government has been trying to regulate and control the smuggling of gasoline, there is an overwhelming shortage of gasoline stations in Benin which has created strong dissatisfaction among the public, so the current situation has been allowed to stand (note 5) (picture 4).



**Picture 4:** Gasoline (brown liquid in the container) being sold along the roadside

Of course, many types of goods besides gasoline are smuggled back and forth across the border which is said to be helping support the economies of the two countries.

While Benin's robust economic growth has continued, a slowdown in the Nigerian economy is starting to put downward pressure on Benin's economy. As a result of this economic downturn, demand in Nigeria has stagnated with the decline in the naira also reducing Nigeria's purchasing power. This has led to a decrease in the volume of goods headed to Nigeria handled by the Port of Cotonou.

As such, Benin needs to develop an economic structure that is less dependent on Nigeria. Furthermore, Benin has barely developed any manufacturing industry with its exports, mainly raw cotton, being in the form of raw materials. At the beginning of the socialist period Benin's industry was mainly managed by foreign engineers and experts, mostly French. However, as the foreign engineers were banished during this period the related technology, including that related to agricultural processing, languished and Benin's manufacturing industry failed to develop in any significant way. This is one of the current administration's most pressing challenges.

In addition to this, 90% of the potential tax revenue in the country is not collected as most of the economy essentially functions as an underground economy. So another issue for the government is to strengthen its capacity to collect taxes.

Although Benin faces many challenges and headwinds blowing against it, it also has some strengths to enhance its future economic development such as its continued political stability and having an African economic power, Nigeria, as its neighbor which helps to bolster Benin's economy.

On another note, traveling overland from Togo to Benin I noticed a drastic increase in the number of two-wheeled vehicles (motorcycle taxis) upon entering Benin and not so prevalent in Togo. It was a scene reminiscent of transport in some of developing Asia's largest cities (picture 5). Also found in Benin is the French supermarket/general merchandise store called Super U, which is very sophisticated in its shopping mall (complex) appearance and its assortment of goods and food products, something not usually found in Africa outside of South Africa (picture 6).



**Picture 5:** Tremendous number of motorcycle "taxis"



**Picture 6:** A parking lot at a Super U-type shopping complex. There is also a Swatch store in the complex.

Compared to Togo, Benin has many more large buildings too, and although there is not much difference in the per capita

GDP between the two countries, Togo at around \$600 and Benin roughly \$800, it feels as Benin's economic level is much larger than this figure as it has very active markets in goods, more so than in Togo, as well. If you need to buy something I would choose Benin without hesitation.

In addition, Benin has a large number of diverse tourist spots including the floating city of Ganvie, a unique site which has been labeled the Venice of Africa, which can be found near Cotonou, and the Royal Palaces of Abomey, which were part of the Dahomey Kingdom (17<sup>th</sup> to 19<sup>th</sup> centuries) and are now a world heritage site. There is also Voodoo's sacred town of Ouidah (home of the Voodoo festival) and which also has the remnants of the "Door of No Return" (slave fort), which was a point of departure in the slave trade with the West. I might have gotten a little carried away here. Anyway, by taking the overland route from Togo to Benin I think I was able to get a better feel of the development process taking place in Africa and experience some of the changes first-hand.

There might not be much of a chance to visit Benin from Japan, but remember it is a unique country and home to the "Zomahon" founded "Takeshi elementary and Japanese language schools" (Zomahon established 4 schools in Benin, 2 named after the famous Japanese comedian, TV personality, actor and film director Takeshi Kitano, better known as "Beat" Takeshi), so why not go off the beaten path and visit Benin (note 6)

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**Note 1:** *He first came to Japan in 1994 and began to appear on television in the program "Hey Japanese People, This is Strange" hosted by "Beat" Takeshi (Takeshi Kitano) the famous Japanese comedian, TV personality, actor and film producer. He was named the Benin Ambassador to Japan in 2012.*

**Note 2:** *Lome, in the western part of Togo, is located about a one hour drive from the Benin border. It usually takes less than 30 minutes for border procedures and then is a little less than two hour drive on to Cotonou.*

**Note 3:** *Mr. Talon made a fortune in cotton-related and port-related businesses. Mr. Talon and the former president, Mr. Yayi, originally were on very good terms, however, their relationship worsened and Mr. Yayi turned on Mr. Talon during his second term of office and forced Mr. Talon into exile in France. Mr. Talon returned from France and ran in the presidential election of 2016, where he defeated Mr. Yayi's chosen successor, former Prime Minister Mr. Lionel Zinsou, due to the rise in corruption and high unemployment rate, among other negative factors associated with the previous administration.*

**Note 4:** *However the port is comparatively shallow (10 to 13 meters in depth) and competes with Togo's Lome port, which means it doesn't really have the dominant position in West Africa.*

**Note 5:** *The government is now taking measures based on the actual situation by not collecting tax at the point of importation, but rather trying to collect tax on the smuggled gasoline at the point of sales (from the seller).*

**Note 6:** *The "Takeshi Japanese Language School" was established in 2003 as the first Japanese language school in Benin for the purpose of cultural exchange and mutual understanding as well as technology transfer. The school has enrolled more than 100 students and has sent 22 students to Japan to study (as of 2010). Young Japanese interested in teaching Japanese in Benin as volunteers are also there. <http://npo-ife.jp/activities/jschool/>*

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