

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.

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Did you know there is an elongated, strip of a country in Africa that is 560 kilometers from north to south but only 70 kilometers across from east to west named Togo? Togo is called “the smile of Africa” and those that know the country well nearly unanimously refer to it as the country of “good or friendly people”. It is this country that I will introduce to you this time.

Table 1: Togo Country Information

Basic Data (2015)	
Population	7.3 million
Land Area	56.8 thousand km ²
Nominal GDP	\$4.2 billion
Per Capital GDP	\$569
Official Language	English, Ewe, Kabiye
Cell Phone Penetration	66%
Electrification	31.5% (2012)
Electric Power Capacity	220MW

Sources: IMF, World Bank, CIA, other

As mentioned Togo is a long, narrow country that faces the Gulf of Guinea in the south, and is bordered by the countries of Burkina Faso in the north, Ghana in the west and Benin in the east. The southern part of the country has a tropical climate that is humid with temperatures averaging about 27 degrees centigrade, while the north has a tropical savannah type climate with an average temperature of around 28 degrees centigrade. However, given the humidity in the south it may seem a little hotter there than in the north.

Togo's capital Lome is located right on the coast of the Bay of Guinea, with sandy beaches just off its main road. However, there is no feeling of it being a developed resort area, rather you can see small fishing boats not too far from a container terminal and people casting their nets into the sea from the beach, which seems to be firmly rooted in their daily lives (picture 1).

Togo's main food staple is the same “fufu”, which is a familiar staple in much of Africa. Fufu is kneaded from taro or cassava with hot water into a white doughy paste that goes well with fish, and various meats mixed in a soup with such stewed vegetables as tomatoes and onions. I took on the cassava fufu this time, which



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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.



Picture 1: Lome is a city spread along the coast with beaches, and you can see figures fishing in the background

has a texture like sticky mashed potatoes, and went well with a curry-flavored soup with chicken (pictures 2 and 3).



Picture 2: Fufu with curry-flavored soup (stewed) and chicken



Picture 3: Boiled fish

There are also a number of seemingly expensive French restaurants in Togo (Lome). In addition to French cuisine, German cuisine has also made inroads into the country as Togo was once German territory before being colonized by France.

Togo became a German protectorate following the Berlin Conference in 1884 and then fell under French jurisdiction in 1919 in the aftermath of WWI. Togo remained under French mandate for 40 years (it was a United Nations Trust Territory administered by the French after WWII) until it gained independence in 1960 under the leadership of Mr. Sylvanus Olympio, who became the self-governing prime minister of the country. Mr. Olympio became president of Togo in the 1961 elections, but was assassinated in 1963 in a coup d'etat with Mr. Nicolas Grunitzky being named president following the coup. However, Mr. Grunitzky was exiled in 1967 following another coup led by Colonel Gnassingbe Eyadema, who took over the regime and seized control of the country. Mr. Eyadema later appointed himself president. In the early 1990s, President Eyadema's hold on power was weakened by the emergence of Mr. Joseph Koffigoh as prime minister, armed conflicts and an assassination attempt. This led to the introduction of a multi-party system and other requests for democratization taking hold. However, a constitutional amendment that had been passed to limit presidents to 3 terms in office was later rescinded and Mr. Eyadema was able to maintain his dictatorial reign as president, mostly due to the support of the military, until his sudden death in February of 2005 after 38 years in power.

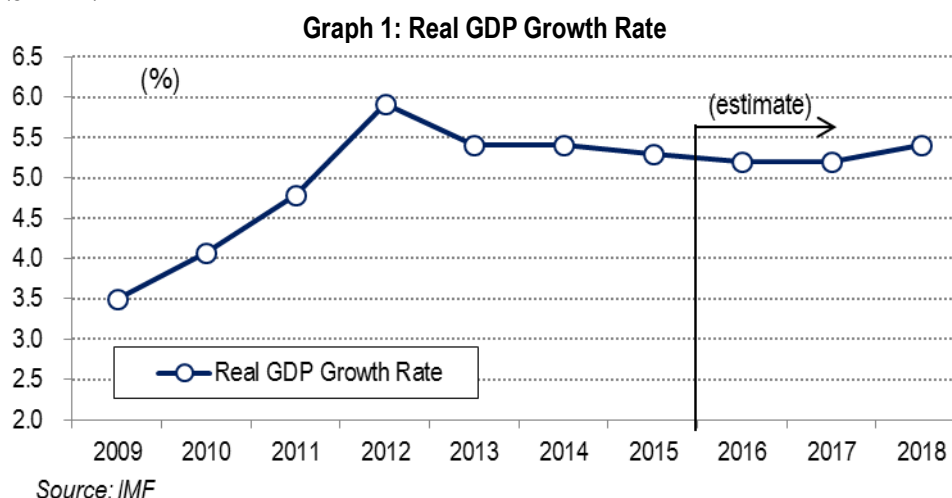
After his death, Mr. Eyadema's son, Faure Gnassingbe, who was Minister of Equipment, Mines, Posts, and Telecommunications at the time, was named president by the military, a hereditary handing down of power that was an apparent violation of the constitution which the military then had amended. However, due this underhanded and non-transparent selection process the country came under heavy criticism from the African Union and the international community which led to the quick resignation of Mr. Gnassingbe and the appointment of Mr. Bonfoh Abass as interim president until an election could be held. A formal election was held on April 24th (2005) in accordance with constitutional provisions in which Mr. Gnassingbe officially became president of Togo (note 1).

Although, this seems to have been an almost hereditary transfer of power, President Gnassingbe won the 2010 presidential election with more than 60% of the vote and was again re-elected to his third term as president in March of 2015 (note 2).

Actually, President Gnassingbe has had a strong track record having stabilized the government and boosted economic growth. In addition, he has been focusing on social development by appointing women to cabinet positions and by providing the poor with access to financing by promoting microfinance. As a result, his popularity is now high with the public.

And although the Gnassingbe regime has so far been a stable one, such political issues as whether or not local elections, which have not been held since 1980, will actually be realized after President Gnassingbe promised to hold them in response to opposition calls, are a cause for concern.

Looking at the economy, the real GDP growth rate in Togo over the last few years has been relatively high averaging more than 5% a year (graph 1).



Togo's main industry is agriculture, making up 40% of the country's GDP and employing 70% of its labor force, with cocoa and coffee grown in the south and cotton produced in north. In addition, phosphorous ore is mined in Togo and has become one of its main export items. However, as Togo does not have a large competitive advantage with neighboring countries in terms of its agricultural products and metal and mineral resources, strong economic development based on the agricultural and metals and mineral industries as the driving force will be difficult (table 2).

Furthermore, the manufacturing industry is hardly developed. The country does produce cement as well as soap, however, on other fronts industrialization has barely made any progress. It has been pointed out that the long, narrow shape of the country, its climate and its extreme ethnic diversity may all be factors in hindering the country's development.

Table 2: Phosphorous Ore Production/Reserves

	Production (1,000 tons)		Reserves (1,000 tons)
	2014	2015	
China	100,000	100,000	3,700,000
Morocco/West Sahara	30,000	30,000	50,000,000
U.S.	25,300	27,600	1,100,000
Russia	11,000	12,500	1,300,000
Jordan	7,140	7,500	1,300,000
Brazil	6,040	6,700	320,000
Egypt	5,500	5,500	1,200,000
Peru	3,800	4,000	820,000
Tunisia	3,780	4,000	100,000
Israel	3,360	3,300	130,000
Saudi Arabia	3,000	3,300	960,000
Vietnam	2,700	2,700	30,000
Australia	2,600	2,600	1,000,000
South Africa	2,160	2,200	1,500,000
Mexico	1,700	1,700	30,000
Kazakhstan	1,600	1,600	260,000
Algeria	1,500	1,200	2,200,000
India	1,110	1,100	65,000
Senegal	900	1,000	50,000
Togo	1,200	1,000	30,000
Syria	1,230	750	1,800,000
Iraq	200	200	430,000
Other	2,370	2,600	380,000
Total	218,000	223,000	69,000,000

Source: USGS MINERAL COMMODITY SUMMARIES 2016

Due to the fact that the development of Togo’s agricultural, mining and manufacturing industries has largely remained in the infant stage, which means economic growth has been held back (with pent up potential), and the country’s currency, the CFA franc, is pegged to the euro, Togo has had a relatively low inflation rate of around 2% and has avoided the decline in the value of its currency that has plagued many other African nations, which may be factors contributing to Togo’s relatively high growth rate in recent years.

In this environment, the Togo government is looking to build sustainable development by fostering its service industry with the aim of making itself the “Singapore of Africa”.

One of the pillars of this concept is port logistics. The Port of Lome is a natural deep water harbor open to ocean currents which needs less dredging than most ports and is therefore very conducive for large-scale ships to dock at. It also has set itself up as a free port (free trade zone area) and could act as the logistics gateway for such landlocked countries as Burkina Faso, Mali and Niger. The government is planning to expand the handling capacity and other functions of the port and construct an inland road network from the harbor in an effort to make it a logistics hub (picture 4).



Picture 4: Lome container terminal

In addition, ASKY Airlines (a subsidiary of Ethiopia Airlines), which serves West African countries, chose Lome-Tokoin Airport, which was recently upgraded and expanded through Chinese aid, as its base of operations, making it the center of a West African flight network.

Another sector Togo is trying to develop is finance. Ecobank is a giant banking group which operates in 36 countries focusing on sub-Saharan Africa and is based in Lome, giving the bank a larger presence in the African region than Togo itself (picture 5).



Picture 5: Even in a city like Lome where there are many large buildings, Ecobank’s large headquarters stands out

In this way, with logistics and finance acting as the axis, Togo is trying to build itself into a “service industry nation”. There are of course obstacles to this. One is the existence of the Ivory Coast. To the west of Ghana, the Ivory Coast has 3 times the population of Togo and 7 times its GDP while functioning as the de facto leader of French-speaking West Africa. For Togo (like Singapore in SE Asia) to be the financial and logistics hub for the West African region

it will have to make itself attractive enough to win out over the Ivory Coast. In addition, there is much room for improving Togo's ICT climate, which is not yet conducive to supporting a "service industry nation", as telecommunications have been monopolized by the state-run telecommunications company and foreign capital not allowed into the industry until recently.

Finally, about the "good or friendly people". A Japanese person who runs a taxi service in the area said the Nigerian and Beninese drivers are fairly aggressive and assertive. On the other hand, Togolese drivers are easy-going, even gentle by comparison. It has been said that the Togolese are the type of people that would lose at an auction (so as not to outbid the other people). In view of the competition from surrounding countries though, Togo may want to take a little more aggressive approach in order to establish its presence as a "service industry nation" in the region (note 3).

Although faced with the above issues, Togo has the advantage of being a compact country, and if it can make the most of its political stability and other such factors, it could become a country where consistent economic growth is expected.

It has been heard from the voices of people who have lived in West Africa for a long time that it is "very easy to live in Togo, even in the capital of Lome which still retains the air of the countryside". Whether it is good or whether it is bad I don't know, but the Togo national character is easy-going and generous, something which Japanese, with fairly little exposure to Africa and with very few Japanese actually living in Togo, may not be aware of. This can be said is the nature of Togo and its people.

It only take 15 minutes from the airport to the capital of Lome where you can still glimpse the world of original African landscapes and sensibilities. Now, will this national character, this easy-going and friendly nature change as Togo's economic development accelerates? Before that happens why not visit the "good and friendly" people of Togo (picture 6)?



Picture 6: Traditional roadside shops

Note 1: Following the elections of 2005, more than 100 people died in riots protesting the election results after the opposition declared them fraudulent and unfair.

Note 2: While the introduction of a ban on the president serving 3 terms was debated before the 2015 election, the opposition was not able to induce the public to fully support it. As a result, the constitution was not amended allowing Mr. Gnassingbe to run for a third term.

Note 3: A corridor development plan to construct an international logistics corridor linking the West Africa growth ring made up of the Ivory Coast, Ghana Togo and the landlocked country of Burkina Faso is underway with the aim of not only

making these countries more competitive, but also as part of a plan to coordinate the development of all of West Africa.

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