

Annex VI - Case Study - Togo

Contents

VI.1.	<i>General Description and Basic Economy</i>	1
VI.2.	<i>Shipping and Aviation</i>	2
VI.3.1	Aviation	3
VI.3.2	Shipping	4
VI.3.	<i>Trade and Tourism</i>	5
VI.3.1	Exports	6
VI.3.2	Imports	7
VI.3.3	Tourism	7
VI.4.	<i>Key Demographics</i>	9
VI.5.	<i>Impacts on Trade and Tourism</i>	10
VI.6.	<i>Planned Port Expansion</i>	10
VI.7.	<i>Modelling results</i>	11
VI.8.	<i>Similar Countries</i>	11

VI.1. General Description and Basic Economy

Togo is a small, sub-Saharan country in West Africa, sharing land borders with Ghana to the West, Benin to the East and a short border with Burkina Faso to the north. The South of the country borders the Bight of Benin, of the Atlantic Ocean. The population of 6.96 million (July 2012 estimate)¹ has increased steadily from 3.67 m in 1990,² and currently 99% are African, descending from 37 tribes. The official language is French, but African languages are also spoken. 62% of the population is considered to be rural, decreasing slowly from the 1990 level of 71% (see Figure 8).²

The GDP per capita is low at just \$ 900 (2011 USD), although economic growth in 2011 was 3.9%, driven largely by improved agricultural output and steady industrial activity (see Figure 1). Agriculture alone accounted for 1.4% of this growth.³ The economy is heavily dependent upon both commercial and subsistence agriculture, which employs a significant proportion (72%) of the labour force and contributes around 40% of GDP.³ The secondary sector, including phosphates, cement manufacturing, construction and energy employs about 12% of the population and accounts for around 22% of GDP.⁴ Services, dominated by commerce and transport,

¹ CIA- The World Factbook, Togo Profile.

<https://www.cia.gov/library/publications/the-world-factbook/geos/to.html>
Accessed 4 November 2012.

² World Development Indicators 2012, The World Bank.

<http://databank.worldbank.org/> Data for 2011; accessed 19 October 2012.

³ African Economic Outlook Country Profile: Togo (2012).

<http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/PDF/Togo%20Full%20PDF%20Country%20Note.pdf> Accessed 4 November 2012.

⁴ World Bank Country Brief: Togo.

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/TOGOEXT/N/0,,menuPK:375275~pagePK:141132~piPK:141107~theSitePK:375265,00.html>

Accessed 4 November 2012.

employ about 21% of the population and generate about 33% of GDP. Cotton is the most important cash crop, and together with cocoa and coffee are the country's most significant exports.¹

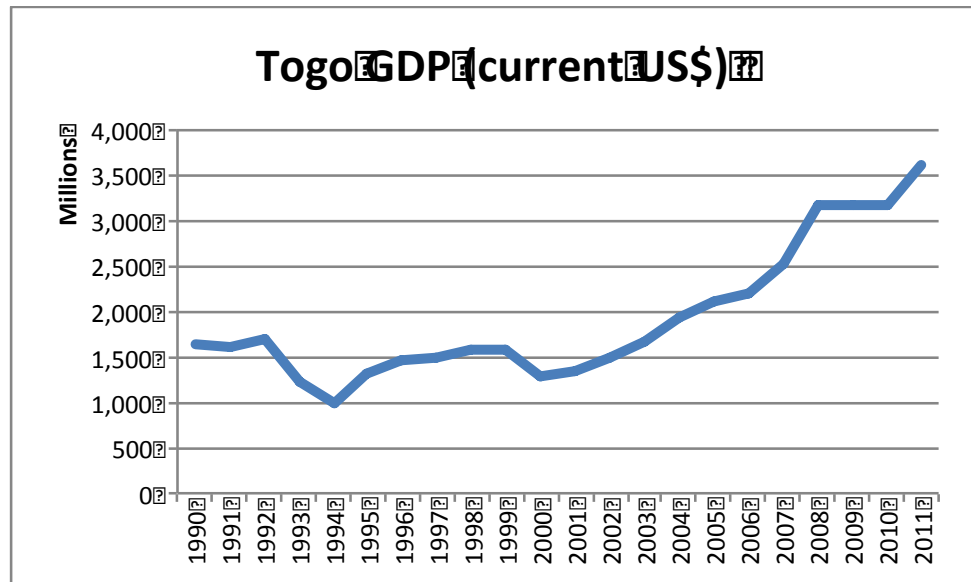


Figure 1 GDP of Togo, 1990-2011²

Togo serves as a regional trade centre, although in the past political unrest has restricted Togo's economic growth. Togo belongs to the West African Economic and Monetary Union (WAEMU) and the Economic Community of West African States (ECOWAS), both of whose goals are a monetary union, although non-tariff barriers such as a high number of road blocks and police/customs bureaucracy slow free circulation of goods. Togo has experienced a consistent trade deficit over the last decade, which rose to 14.8% in 2011 and is expected to worsen.³

VI.2. Shipping and Aviation

Although the majority of Togo's international exports are to neighbouring countries, with Burkina Faso, Benin, Niger and Ghana the destinations for almost 38% of exports in merchandise trade, meaning overland trade is significant, China is nonetheless the single largest destination country accounting for 12.5% of exports.⁸ Further, the EU (27), India and Thailand are the main origins for imports. With merchandise trade accounting for between 68% and 82% of GDP over the last decade (see Figure 5 below), aviation and shipping are key components of the Togo economy and stability.

Lomé, the capital and largest city of Togo, is the site of the country's main airport and sea port.

VI.3.1 Aviation

Togo has 8 airports, 2 with paved runways. The two functioning national airlines, Africa West Airlines and Asky Airlines, are both based in Lomé. Six airlines have gone defunct since 2000.⁵ The fleet of Africa West Airlines is displayed in Table 1.

Table 1 Africa West Airlines Fleet⁵

Manufacturer	Type	Current Active	Current Inactive	Current or Planned	Historical	Total all times	Avg Age Active
Boeing	B.747-200B(SCD)				1	1	-
Airbus	A300C4				1	1	-
Boeing	B.767-300(ER/F)				1	1	-
McDonnell Douglas	DC-9-30	1		1		1	43.2 years
Antonov	An-12BP	1	1	2	12	14	-
Antonov	An-32B				1	1	-
TOTAL:		2	1	3	16	19	43.2 years

Information on air transport in Togo ends in 2001, with passengers and freight carried showing sharp declines in the last years of the century, and particularly between 2000 and 2001, as shown in Figure 2 and 4 below.

⁵International Airline Industry Directories:
http://www.airlineupdate.com/content_public/airlines/airline_profiles/airlines_togo/africawest.htm Accessed 25 October 2012

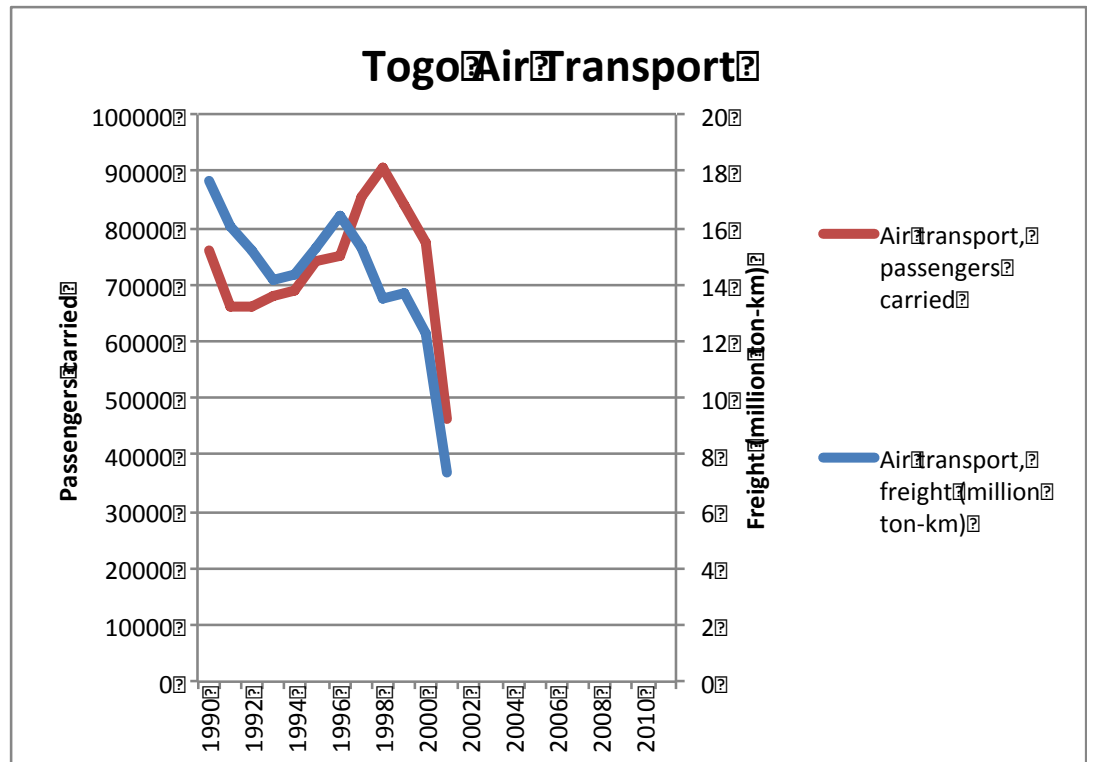


Figure 2 Air transport in Togo

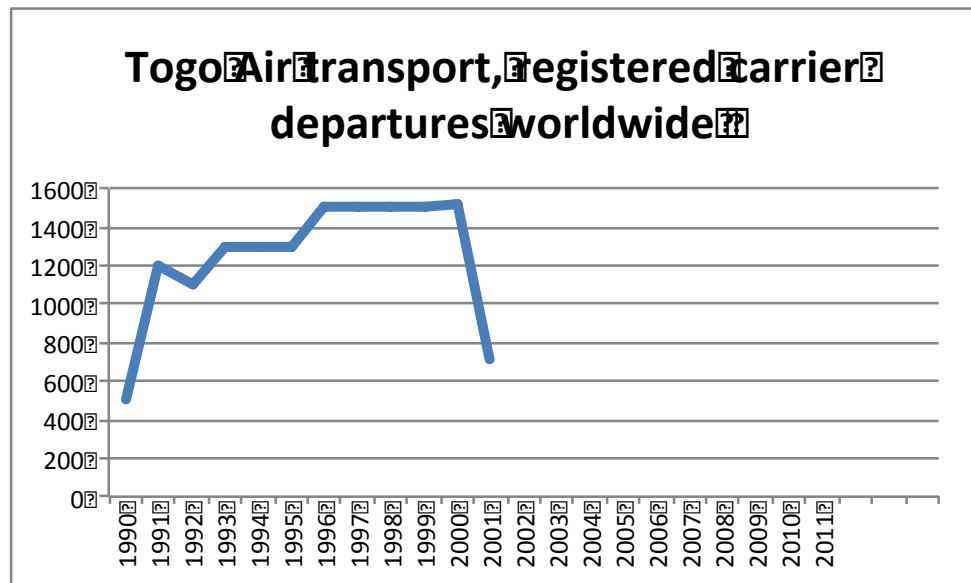


Figure 3 Togo carrier departures worldwide

VI.3.2 Shipping

The main port of Togo is located in the capital city Lomé, and is listed as ‘very small’ in size. A further natural port with one jetty and very few facilities is located

along the coast in Kpeme.⁶ According to a report from the African Development Bank, the volume of merchandise handled at the port of Lomé has also increased since 2000, with an average yearly increase of 12%.¹⁰ The CIA World Factbook lists 61 merchant marine vessels registered in Togo, a relatively high number ranking it 66th in the world. The vessels are of the following categories:

- 6 bulk carrier,
- 38 cargo,
- carrier,
- 5 chemical tanker,
- container,
- 1 passenger/cargo,
- petroleum tanker,
- 1 refrigerated cargo,
- 1 roll on/roll off.

A further 21 vessels are listed as foreign owned. (Data from 2010.)¹

UNCTAD shipping data for Togo is shown below for the years 2011 and 2012, which indicate large increases in shipping between the two years despite incomplete data for 2012.

Table 2 Merchant shipping data for Togo, 2011 and 2012⁷

YEAR	Number of ships		Gross Tonnage in thousands		Dead weight tons in thousands	
	2011	2012	2011	2012	2011	2012
Total fleet	107	130	246.922	397.963	346.986	585.474
Oil tankers	12	24	26.267	146.748	40.387	240.504
Bulk carriers	5	4	60.427	44.992	99.182	73.391
General cargo	57	69	120.57	160.116	166.007	221.796
Container ships	2	3	22.926	29.745	31.774	39.479
Other types of ships	31	30	16.732	16.362	9.636	10.304

VI.3. Trade and Tourism

Whilst exports have fluctuated between 28% and 42% of GDP since 1999, imports have remained a consistently higher percentage, rising from 39% in 1999 to a peak of 59% in 2003, and remaining above 50% since (see Figure 4)². In real cost terms, imports have exceeded exports, and Togo has had a consistent trade deficit as a result, rising to 14.8% in 2011.³

⁶ World Port Source, <http://www.worldportsource.com/ports/TGO.php> Accessed 5 November 2012.

⁷ Data from UNCTAD, UNCTADstat, <http://unctadstat.unctad.org/> Accessed 19 Oct 2012

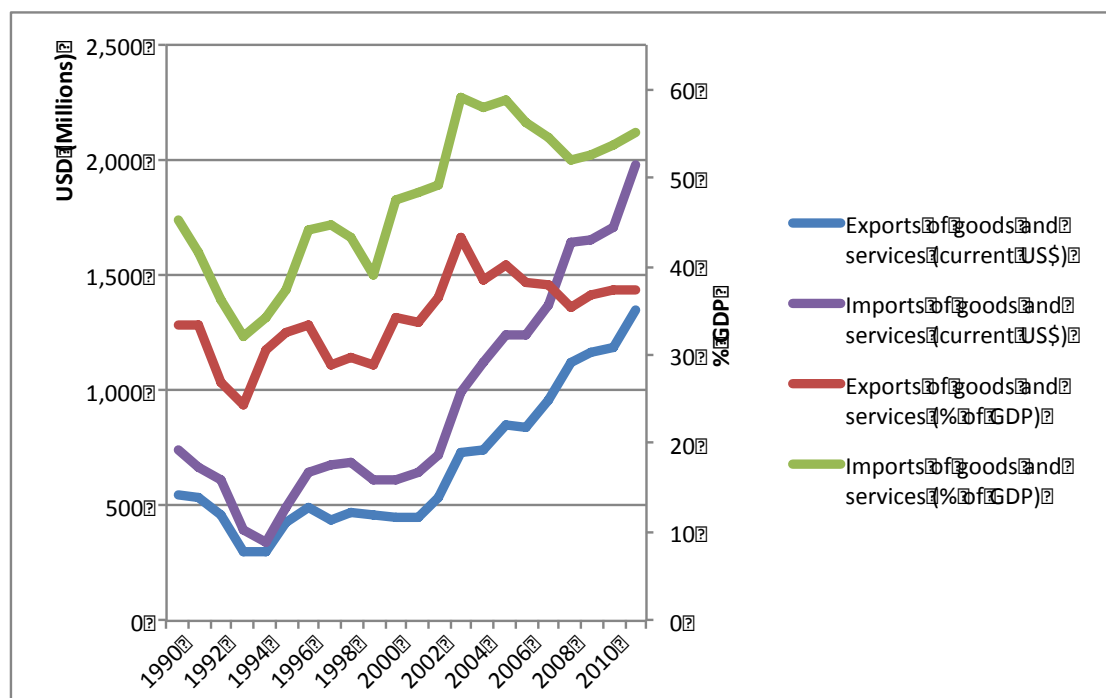


Figure 4 Togo Imports and Exports in current USD and % GDP, 1990-2011. WDI data

VI.3.1 Exports

Agricultural products are one of the main merchandise exports of Togo at 32.3% in 2011. Manufactures made up over 38%, and fuel and mining products making up another 5% (WTO stats, 2011 data)⁸. Phosphates are an important export, with Togo regarded as one of the world's largest phosphate producers.¹ The phosphate industry is currently being restructured, and receipts are expected to increase.³

China is the biggest export nation accounting for 12.5% of exports, yet the other four of the top five export destinations are nearby African nations, Burkina Faso, Benin, Niger and Ghana, together accounting for 37.8% of merchandise exports.⁸

Figure 5 shows the importance of merchandise trade for the economy, and that exports of ores and metals, traditionally high, have been decreasing in recent years. Receipts from international tourism are low, staying between 1.8 and 4% of export receipts over the last two decades, with a high of 4.1% in 2005.²

⁸ WTO Country Profile, Togo - September 2012.

http://stat.wto.org/CountryProfiles/TG_e.htm Accessed 5 November 2012.

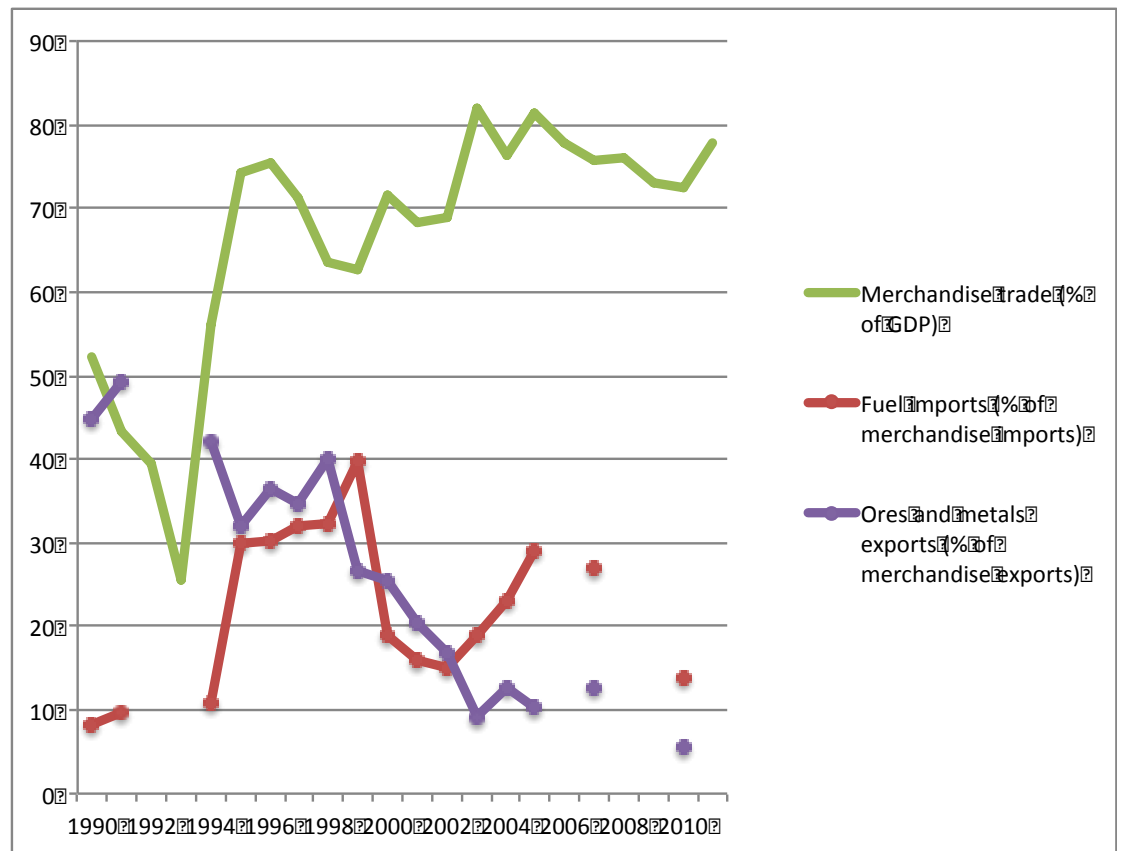


Figure 5 Togo Merchandise trade and ore and metal exports and fuel imports as a percentage of merchandise trade²

VI.3.2 Imports

Togo imports machinery and equipment, foodstuffs and petroleum products, with fuel imports making up between 10 and 40% of total imports, reaching 39.8% in 1999 and falling to 14% in 2010 (see Figure 5). According to WTO data, imports are as follows:⁸

Agricultural products	12.9
Fuels and mining products	12.2
Manufactures	45.9

Fuel price rises and food price fluctuations have significant impacts on the Togo trade balance, as witnessed in 2011.³ Imports are mostly from overseas, with the EU (27) supplying 36.6% of merchandise imports followed by China at 18.8%. For the economy's services imports, transportation is the largest sector at 63.3%.⁸

VI.3.3 Tourism

As Figure 6 shows, receipts from tourism are small but rising, reaching 3.9% of total exports in 2008. Monetary receipts are also rising. International arrivals have seen recent increases (see Figure 7), although this contrasts the (incomplete) data from international passengers in air transport (compare with Figure 2). The gaps in data

do not allow dependable conclusions, but suggest that recent tourism increases may relate to land or sea arrivals.

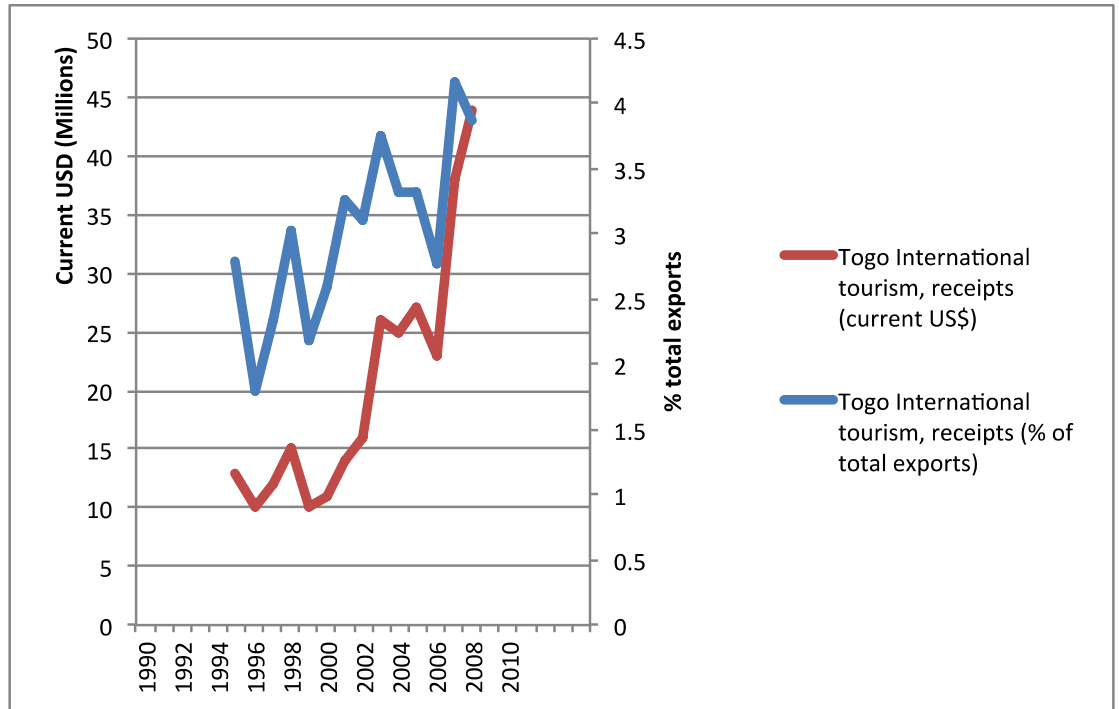


Figure 6 Togo international tourism as % of exports and receipts²

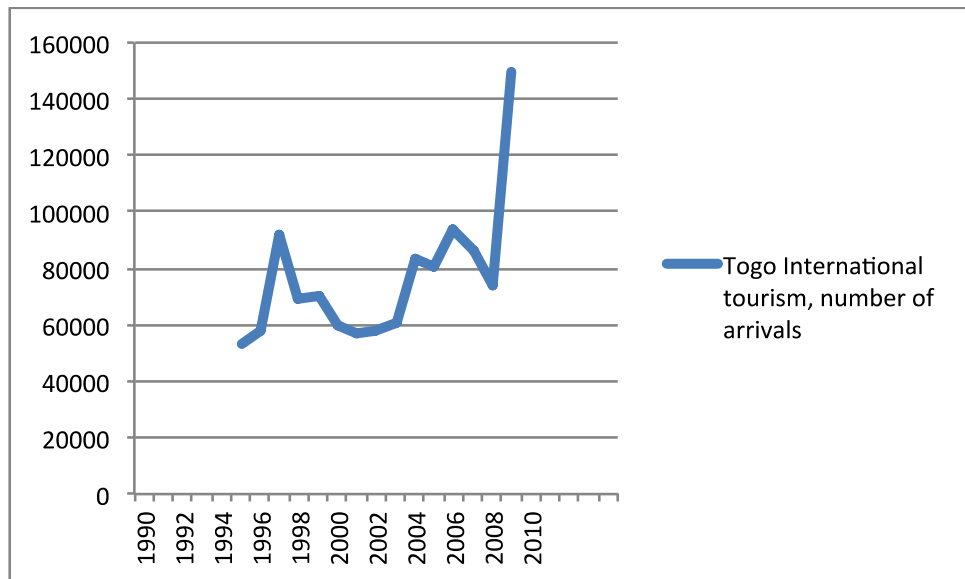


Figure 7 Togo international tourism, number of arrivals

VI.4. Key Demographics

The population of Togo is 99% African, including descendents of 37 main ethnic groups. The most important of these are Ewe, Mina, and Kabre. Less than 1% are European and Syrian-Lebanese.¹ Although French is the official language and the language of commerce, Ewe and Mina, two major African languages, are spoken in the south with Kabye and Dagomba spoken in the north. The age structure is heavily weighted to under 14 years old as shown below:

0-14 years: 40.8%
15-64 years: 56%
65 years and over: 3.2% (2012 estimate)¹

The majority of the population (62%) is rural and 38% urban² with Lomé containing 27% of the population in 2009; although urbanisation is occurring at a rate of 3.9% (2010-2015 estimate) (see Figure 8).¹

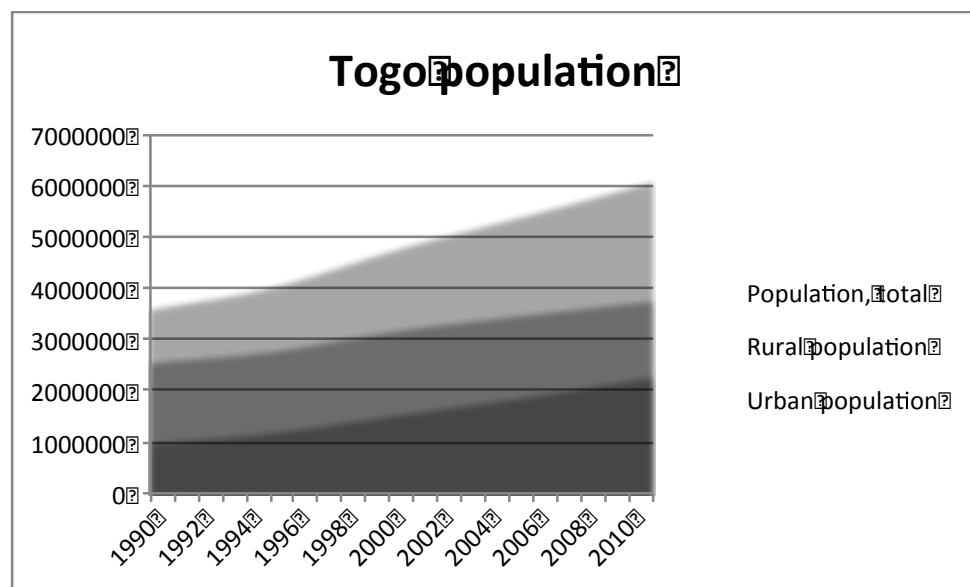


Figure 8 Togo population

Linked to the high rural population, the majority (72%) of the Togo workforce is employed in agriculture, with services employing a further 21%.³ According to a survey of basic welfare (QUIBB) done in 2006, poverty affects 61.7% of the population, affecting 74.3% in the countryside and 36.7% in towns. This is said to be the result of the serious social and political crisis that undermined development efforts between 1990 and 2005. Currently only 4% of the population has any social welfare coverage, but measures are in place to increase this, and plans for a broad social security programme are being developed.³

Unemployment affects 21.4% of young people in towns and 5.4% in the countryside, while under-employment was highest in rural areas (21.7%) compared with 16.1% in towns. Crafts are a major source of jobs and account for 18% of GDP, yet population pressure and the gap between job-seekers' qualifications and the needs of the labour market remain big challenges. Joblessness is higher amongst the more educated.³

Literacy rates are low at 60.9% and only 46.9% for females (2003 estimate), with a school life expectancy of 11 years for males and 8 years for females (2007).¹ Further, although the situation has improved in recent years, gender discrimination still exists. Women are 51.3% of the population and 53.46% of the agricultural workforce but cannot own land, and made up only 23.9% of non-agricultural workers in 2006.³

Poverty is high with 38.7% living below \$1.25 PPP per day, and the Human Development Index for Togo is 0.435, which is low even amongst other Sub-Saharan African countries, ranking Togo 162nd in the world.⁹

VI.5. Impacts on Trade and Tourism

Given the small contribution of international tourism to Togo's export receipts, decreased numbers of tourist arrivals as a result of increased air transport costs may not impact the economy significantly. The dominance of agriculture in both employment and contributions to GDP may buffer the economy against increased air and maritime costs. However, the economy has proven to be sensitive to price rises in both fuel and food imports,³ a situation which could be exacerbated by increased shipping and air transport costs. The high reliance of imports from distant nations such as the EU and China, largely in foodstuffs and fuel, mean price rises in transportation of these goods could further increase the trade deficit of the nation. Additionally, given the high levels of poverty and low levels of employment outside agriculture, price increases in food and fuel could have a disproportionate impact on the poorest of the nation.

VI.6. Planned Port Expansion

Lomé Container Terminal has signed a contract with the Togolese government to build a private terminal at the Port of Lomé, increasing the capacity and improving services of the port. The project intends to expand the existing facilities of the harbour in order to enable large container carriers to enter the port of Lomé, and to subsequently distribute these containers to neighbouring countries on feeder ships. Objectives include 'to increase the port's capacity to create an international commercial, efficient and competitive port to rival ports in Sub-Saharan Africa.'¹⁰ Work is anticipated to conclude in late 2013.¹¹

Upon completion, the Terminal is expected to have an estimated handling capacity of up to 1.5 million twenty foot equivalent unit ("TEU") moves per annum. A Reuters news article states that the aim is to double current container traffic of 350,000-400,000 a year within five years, and to triple that within a decade.¹²

⁹ UNDP Human Development Indicators, Country Profile: Togo
<http://hdrstats.undp.org/en/countries/profiles/TGO.html> Accessed 5 November 2012

¹⁰ The African Development Bank Group: Lomé Container Terminal Project, Togo; Executive Summary Of The Environmental And Social Impact Assessment.
<http://www.afdb.org/fileadmin/uploads/afdb/Documents/Environmental-and-Social-Assessments/LCT%20ESIA%20Exec%20Summary%20English%20final.pdf>

¹¹ <http://www.theafricareport.com/west-africa/a-day-in-the-life-of-lome-port-in-togo.html> Accessed 5 November 2012.

¹² Reuters Africa: Bolloré confirms \$640 mln Lomé port expansion plan. Mon Mar 7, 2011 <http://af.reuters.com/article/investingNews/idAFJJOE7260F420110307> Accessed 5 November 2012.

There are also plans to expand the Gnassingbe Eyadema International Airport at Lomé. After the completion of modernization and extension, it is anticipated that it will be able to receive 1.5 million visitors annually and simultaneously serve two large planes and three medium-sized planes, and handle 50,000 tons per year. and plans to build a new airport also in Lomé. However, it is already anticipated that expansions beyond this will be required, and thus there are plans to build an additional airport at Lomé by 2020.¹³

VI.7. Modelling results

Results from the modelled Global Emissions Trading (MBM1a) scenario predict an overall positive impact on Togolese GDP of 0.055%. Impacts from aviation and shipping are both positive with aviation contributing the majority of this impact at 0.038%, with the remaining 0.017% from the maritime sector. With revenue recycling where the auctioning revenues are returned to the country, impacts on GDP are predicted to be more positive, at 0.111%, with positive impacts of the Global Emissions Trading for aviation sector highest at 0.075%. These positive GDP impacts under all MBMs distinguish Togo from the other CSEs considered here, which have all been predicted to receive negative impacts on GDP.

This result is thought to be due to an improvement Togo's current and significant trade deficit. A predicted decrease in imports resulting from an increased import cost would lead to a reduction in monetary losses for the economy. However, these numbers do not reflect the possible impacts on the people of Togo. For a majority poor population with a per-capita GDP lower than that seen in other CSEs considered here, such anticipated increases in import costs and commodity costs would likely have profound negative impacts on individual economic and social situations.

VI.8. Similar Countries

The high dependence on agriculture for employment and income is a significant feature of Togo when considering how it will be impacted by specific economic perturbations, along with its location on the West African coastline for trade opportunities. The four other countries situated along the Gulf of Guinea other than Togo, the Côte d'Ivoire, Ghana, Benin and Nigeria, aside from similar geographical features, with Togo but together form an important trade corridor supporting some of the highest levels of traffic in West and Central Africa.¹⁴ They all have relatively high poverty levels although there are large variations across the countries: in Ghana, 28% of the population live below the poverty line, and in Nigeria this rises to 70%. The other three countries lie at around 40%. A similar pattern follows the employment in agriculture of these countries' labour forces. However, whilst Benin and Togo have similar export values of around USD 800 million,¹⁵ that of Nigeria and Côte d'Ivoire are an order of magnitude higher, and Ghana a scale above that again.

¹³ http://news.xinhuanet.com/english/world/2012-05/24/c_131609342.htm
Accessed 5 November 2012

¹⁴ WorldBank.org: Ghana/Benin/Togo: Abidjan-Lagos Trade and Transport Facilitation Program: <http://www.worldbank.org/en/news/2010/03/23/ghana-benin-togo-abidjan-lagos-trade-and-transport-facilitation-program>

¹⁵ US Dollars at current prices and current exchange rates in millions: data from World Development Indicators for 2010

Other differences include Benin and Ghana's higher contribution of tourism in GDP, and the absence of Côte d'Ivoire in the G77 negotiating groups. All the others are members in this group, whilst Benin and Togo are also members of the LDC group.²

In few other countries in the world does agriculture make up similar proportions of GDP as in Togo (46%), but of those that do, many are also in West Africa (Sierra Leone: 51.5% Niger: 39%, Mali: 38.8%, Guinea-Bissau: 55.8%, Ethiopia: 41%, Central African Republic: 53.1%). Others include Comoros (51.6%) and Burma (38.2%), although for Falkland Islands (Islas Malvinas) agriculture makes up 95% of GDP.¹