

TOGO

By Jean-Pierre Palut

AGEMI Paris

In 2003, the Togolese economy continued the recovery that began in the previous year. Real GDP is estimated to have expanded by 2.7% (4.2% in 2002), driven chiefly by increased agricultural production as well as phosphate and cement output. GDP amounted to CFA1,003 billion at current prices (equivalent to €1.53 billion), and the inflation rate decreased from 3.1% in 2002 to -0.9%. In the meantime, Treasury enjoyed a credit representing 1.2% of GDP against a deficit of 0.4% GDP in 2002. At the end of 2003, Togo's external debt was CFA827 billion, or 82% of GDP (87% in 2002), and its debt servicing, at CFA52.2 billion (€80 million), was equivalent to 11% of export revenues.

The continued accumulation of domestic and external payment arrears in 2002-03 led the IMF to suspend payments to Togo from January 2003. In order to alleviate these financial difficulties, the Togolese authorities need to normalise their relations with creditors and donors, including the European Union, if budgetary aid is to be resumed. Such aid, as well as most international aid, was suspended in 1993 as a means of exerting pressure on the Togolese Government to keep its promises to maintain the lengthy (and uneasy) democratisation process that began in 1990.

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 and eventually they were organised under conditions that led the major opposition parties to boycott them. Held in October 2002, these elections gave the ruling RPT party an overwhelming majority in the National Assembly. In December 2002, the latter approved 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 obtain re-election at presidential polls held in June 2003. Thereafter, a new unity government was announced, but the main opposition parties were not included.

Phosphate

Togo's major mineral resource consists of coastal sedimentary phosphate deposits. They are of very high grade (36%) and quality, with a small particle size that 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 that 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. Because of 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. In September 2001, the Togolese Government partially privatised the phosphate sector by incorporating a mixed economy company, International Fertilizer Group-Togo (IFG-TG) whose share capital was subscribed equally by the government and Brifco Ltd, a company connected with Tunis-based MEDEX Petroleum. The new company began to rehabilitate the operation so as to increase phosphate production capacity to 3.0 Mt/y and possibly at a later stage build a phosphoric acid plant. In 2002, output rose by 29% to 1.38 Mt and in 2003 it reached 1.47 Mt (+15.8%). However, phosphate exports (chiefly to the Philippines and South Africa) increased only by 2.1% in 2003 to 1.36 Mt. Such export difficulties, as well as management problems, caused delays in the payment of salaries and industrial tensions, which reportedly led to a crisis within IFG-TG management in November 2003.

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, Tabligbo was mined by a parastatal company and was railed to a clinker plant on the coast. After a failed attempt in 1997 to re-start the operation by West African Cement (Wacem), the latter was taken over by Kenyan and Indian interests who resurrected the company in 1998. With the financial support from the IFC, Wacem then rehabilitated the clinker production plant which now produces around 1 Mt/y of clinker, chiefly for export to neighbouring countries, although it is now beginning to manufacture and market cement itself.

In July 2002, at Aflao, in Ghanaian territory but just on the border with Togo, a new cement plant installed by Indian-owned Diamond Cement (Ghana) Ltd began operating. It uses clinker transported by truck from Tabligbo and produces 700,000 t/y of cement.

Cimtogo, a mixed-economy company was created in 1969 to manufacture cement from imported clinker. It was controlled 50% by the government and 50% by the private sector. In March 1998, as part of the government privatisation programme, the company was sold to Scancem of Norway and now successfully exports cement throughout West Africa. Since 1998, Togo's annual cement production has increased from 500,000 t to about 800,000 t.

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 programmes of systematic geological, geochemical and pan-concentrate sampling, aided by technical and financial assistance from France, the UNDP and lately from the EU. 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-sedimentary sequences and intrusives belonging to the 600 million year-old (Panafrican) Atacora Belt which extends north-northeast into Benin. Associated with this belt, there are a number of gossans (150 occurrences extending north-south for over 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, 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 a 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

In the Pagala area in central Togo, 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. However, it is likely that no

significant exploration effort was carried out there as, in June 2002, the exploration project was halted.

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 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 (approximately 4,067 km²). In October 2002, a new agreement was signed between the government and Togo Hunt Oil Co, a JV 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. However no new development has been announced in 2003.