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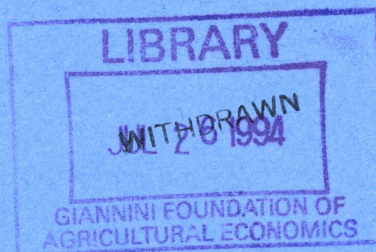
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THE DAIRY INDUSTRY IN TOGO: AN ASSESSMENT



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**THE DAIRY INDUSTRY IN TOGO:
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Department of Agricultural and Resource Economics
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The Dairy Industry in Togo: An Assessment

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PREFACE

The author spent two months in Togo in 1992 under the auspices of the U.S. Agency for International Development's Language, Culture and Professional Development (LCPD) Program. The purpose of this program is to enhance language skills and cultural understanding, and to provide professional development opportunities.

As part of the professional development activities, the author attempted to gain an understanding of the dairy industry in Togo, including sources of supply, prices, consumption, industry structure, and government policies affecting the dairy industry. A literature search in the United States and in Togo yielded very limited and incomplete information, especially about the availability of different types of dairy products, their prices, and distribution channels. Therefore, an attempt was made to collect this type of information. However, the author's visit coincided with a period of political and civil unrest which, in combination with improved but scarcely adequate language skills, curtailed some opportunities for travel and information gathering and limited his ability to pursue certain issues and collect data. Consequently, the information presented is limited in scope. The publication begins with a description of Togo and its agricultural sector, to provide the setting for an assessment of the dairy industry. Conditions in Togo are similar to those in other Sub-Saharan countries.

INTRODUCTION

The Republic of Togo is a small country in West Africa, slightly smaller than the state of West Virginia and with a land area of 21,850 square miles. Togo's longest borders are with Ghana to the west and Benin to the east. There is a short border with Burkina Faso in the north and thirty-five miles of coastline along the Gulf of Guinea, also known as the Bight of Benin, forms the southern boundary. The climate is tropical and the terrain is varied, from

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the coastal plain in the south through a hilly mid-section to savannah in the north (U.S. Department of State; Central Intelligence Agency).

Togo has a checkered history. It was part of a larger German colony called Togoland from 1884 until 1914, when it was invaded by France and Great Britain. Togoland was divided after the invasion; the eastern part, now Togo, was administered by France, whereas the western part, now part of Ghana, was administered by Britain. The political boundaries were drawn by the colonial powers with little regard for geographic distribution of traditional ethnic groups. There are 37 distinct ethnic groups in Togo and the most numerous of these are the Ewe, the Mina and the Kabye.

Togo gained independence in 1960, but the early years were characterized by political instability. In 1967 a military coup led to installation of Lt. Col.--now General--Eyadema as President, a post he continues to hold, and to creation of a one-party system of government (U.S. Department of State). However, opposition to the one-party system has increased in recent years and pressure for reform has had international support. A national conference held on July 16, 1991 led to formation of a transitional government and a timetable for democratic elections was drawn up (L'Avenir, February 1992). These plans have been disrupted by violent clashes between supporters of the President and supporters of the transitional government, and hundreds of people allegedly have been injured or killed. Furthermore, the effectiveness of the transitional government has been impaired by lack of experience and a weak economy (L'Avenir, January 1992). Presidential elections were held in 1993, but the opposition candidates, disputing the fairness of the election process, withdrew on the eve of the elections, thus allowing President Eyadema to claim victory and retain the presidency.

THE TOGOLESE ECONOMY

For many years the performance of Togo's economy was hampered by a high degree of government intervention and nationalization of manufacturing industries and the export sector of agriculture (Ministere du Plan et de l'Industrie du Togo). Foreign debt increased because of continued borrowing to finance government investments and a chronic trade deficit, which currently stands at US\$1.3 billion (Central Intelligence Agency; The World Bank, May 1993). A program of reform and privatization began in 1987, but the economy has not yet responded (L'Institut National de la Recherche Scientifique; Ministere du Plan et de l'Industrie du Togo; l'Avenir, January 1992).

The Gross National Product (GNP) of Togo was approximately US\$1.6 billion in 1990 and US\$1.4 billion in 1991 (L'Institut National de la Recherche Scientifique; Central Intelligence Agency). Per-capita GNP was approximately US\$410 in 1990 (The World Bank, May 1993). A broad breakdown of GNP for 1990 by production and utilization sectors is contained in Table 1 (L'Institut National de la Recherche Scientifique). The importance of the primary sector is apparent, accounting for approximately one-third of total GNP. The primary sector includes agriculture, mining and forestry. Manufacturing industries such as textiles and the processing of raw agricultural products are classified in the secondary sector.

Table 1. Gross National Product, Togo, 1990

	Amount (million US\$)	Percent of total
<i>Production Sector</i>		
Primary	525	32
Secondary	367	22
Commerce	367	23
Services, private	235	14
Services, public	132	8
Total GNP	1,638	100
<i>Utilization</i>		
Private consumption	1,146	70
Public sector consumption	228	14
Investment	459	28
Exports	555	34
Imports	(746)	(46)
Total GNP	1,638	100

^aCalculated at an exchange rate of 272.3 CFA francs per U.S. dollar (Central Intelligence Agency).

Source: L'Institut National de la Recherche Scientifique.

The European Community (EC) is the dominant trading partner. There are preferential trading arrangements between the EC countries and their former colonies under the terms of a treaty known as the Lomé Convention. Togolese exports amounted to US\$330 million in 1989 and EC countries were the destination for over 70 percent of the total. Phosphates and other minerals, cocoa and coffee are major exports. The EC countries supplied over 60 percent of the US\$344 mil. in imports in 1989, 60 percent of the total. Major imports include food, consumer durable goods, capital goods and other intermediate goods (Central Intelligence Agency).

Togo is a member of the Communauté Financière Africaine (CFA) and the CFA franc is legal tender in Togo, Burkina Faso, Benin, Ivory Coast, Senegal, Niger and Mali. The CFA franc is tied to the French franc and the rate has been fixed at 50 to 1 for many years. The French Treasury Department guarantees the value of the CFA franc. This arrangement

provides stability and imposes restraint in monetary policy in the member nations, which has resulted in moderate rates of inflation in recent years (The World Bank, May 1993). It also constrains the member governments' abilities to influence exchange rates and the balance of trade.

FOOD AND AGRICULTURE

Togo has a population of approximately 3.8 million that is growing at an annual rate of 3.6 percent (Central Intelligence Agency). The capital, Lomé, is located on the coast and adjacent to the Ghanaian border. It is home to some 700,000 people, with as many again living close by in the coastal plain region. Another 840,000 live just to the north, in the plateau region. In total, only 30 percent of the population lives in urban areas, but this percentage is increasing (L'Institut National de la Recherche Scientifique). More than 70 percent of the labor force depends on agriculture for its livelihood. Manioc (cassava), yams, corn, and sorghum are the major food crops. The country is self-sufficient for basic foodstuffs when harvests are normal, but per-capita food production is declining (The World Bank, April 1993). Coffee, cocoa, cotton and palm oil are the major agricultural export crops. Fish is an important source of dietary protein. The livestock sector is small, with sheep, goats and cattle being the most important species. Increasing population pressure, slash and burn agricultural production practices, variable rainfall, and deforestation for fuelwood and charcoal are sources of concern about environmental degradation and the future productivity of Togolese agriculture (Personal communication, Institut National des Sols and International Fertilizer Development Center-Africa).

Togo's per-capita income is low, approximately US\$410 in 1990, and during the 1977-86 period the average per-capita caloric intake in Togo was estimated to be only 90 percent of the average intake for all low-income countries (U.S. Department of Agriculture). Research conducted in the 1970s and early 1980s concluded that the traditional diet, with its heavy reliance on grains and tubers, was nutritionally deficient and that the average caloric intake of the Togolese was below levels recommended by the United Nations Food and Agriculture Organization. Certain groups such as pregnant women and infants were identified as being particularly vulnerable to protein deficiency (Niqueux). Although foreign aid agencies operate feeding programs for approximately 100,000 individuals, hunger and severe malnutrition are not as widespread or severe in Togo as in many parts of Africa (Personal communication, CARE International). U.S. food aid includes wheat flour and dried milk powder (Personal communication, U.S. Agency for International Development).

Historically, dairy products have not been a significant part of the Togolese diet. According to one estimate, in the mid-1980s, dairy products contributed only 0.24 percent of average total caloric intake, the second lowest of the 39 African countries studied (U.S. Department of Agriculture). Consumption has grown slowly, but this growth has been met through increased reliance on imports, including food aid. During the period from the mid-1970s to the mid-80s imports accounted for 16 to 64 percent of total annual consumption of dairy products. During this same period, the share of dairy product imports accounted for by

food aid increased from 68 percent to 95 percent (U.S. Department of Agriculture). A study of changes in commercial imports of dairy products in African countries from the early 1970s to the early 1980s found little evidence that exchange rate distortions or the effects of changes in government policy on import prices had adversely affected Togo's commercial imports of dairy products (von Massow). Reasons for low per-capita consumption of dairy products, therefore, must lie elsewhere.

One likely factor in the low per-capita consumption of dairy products is the virtual absence of an indigenous dairy industry. FAO reported only 33,000 cows kept for milk production in 1990, with an average annual yield of only 225 kg. (500 lb.) per head (United Nations). Traditional livestock production in sub-Saharan Africa is limited largely to the arid and semi-arid regions by triptomoniasis, an often fatal disease of cattle transmitted by the tse-tse fly (von Massow). Much of Togo falls within the humid climatic zone where triptomoniasis is endemic. High producing dairy breeds of cattle and goats are particularly susceptible to triptomoniasis and are, therefore, virtually non-existent in Togo (Personal communication, Institut National Zootechnique et Vétérinaire). The north of Togo is dry, but it is remote from the main population centers. In most of the arid regions in sub-Saharan Africa, milk is produced by native breeds of cattle and either consumed by herders and their families in a subsistence, pasture-based economy or sold locally. Milk yields of native cattle are low and production in these drier areas is limited by uncertain rainfall and its impact on pasture availability (von Massow).

AVAILABILITY OF DAIRY PRODUCTS

A variety of dairy products were available through different marketing channels, including supermarkets, small neighborhood grocery stores, traditional markets, street vendors, and a small number of specialty dairy stores (Table 2). The U.S. Embassy visitors guide lists four large grocery stores in central Lomé. These stores have many of the characteristics of smaller U. S. and European supermarkets and sell a variety of fresh, frozen and dry grocery items. However, other items such as clothing and housewares are sold in addition to food. One of these stores, SGGG, operates a smaller food-only supermarket outside the city center and has smaller stores in other cities in Togo. A discount store in central Lomé sold dry grocery items in bulk, including canned condensed and evaporated milk.

Three of the downtown supermarkets and the one outside the city center were surveyed by the author to identify the types and prices of dairy products offered for sale. Each store was well supplied with a variety of dairy products, including many types of cheese, butter, ice-cream, yogurt, large quantities of dried milk powder, canned evaporated and condensed milk, and Ultra-High-Temperature (UHT) processed milk, which can be stored without refrigeration. Most of these products were imported from European Community countries. France was the source of many of the cheeses, butter and UHT milk, and The Netherlands and Denmark were the countries of origin for much of the powdered and canned milk. The main exceptions were locally made ice-cream and yogurt. Prices were sufficiently high,

Table 2. Dairy product availability through selected market channels.

Product	Marketing Channel			
	Supermarkets	General stores	Traditional markets	Street vendors
1. Dried milk powder	X	X	X	X
2. Consensed and evaporated milk	X	X	X	X
3. UHT milk	X			
4. Ice cream and frozen yogurt	X			X
5. Yogurt	X	X		
6. Cheese	X			
7. Butter	X			

particularly for cheese, to place most of these items beyond the reach of all but the most affluent Togolese and foreigners from developed countries (Table 3).

Small general stores were to be found away from the center of Lomé and in other towns. In Lomé, these types of stores were likely to carry limited ranges and quantities of dairy products, typically dried milk powder, canned concentrated milks, yogurt, and ice-cream. Three stores of this type were surveyed.

A map of Lomé identifies 14 traditional markets. These markets vary greatly in size, from the multistory Grand Marché in the center of Lomé to small local markets serving neighborhoods away from the city center and the smaller towns and villages. Similar markets were visited or seen at many other locations in Togo, including Atakpamé, Kara, Tsevié, and Kétau. These markets sold all kinds of products but usually included a wide variety of food items. Electricity is available in the larger markets, but there is no refrigeration—not even for meat and fish. The most commonly sold foods were fresh vegetables, grains, yams, and other staple items. Canned and other preserved foods were less common. Most vendors specialized in a limited number of items sold from small stalls or booths. Street vendors set up similar booths along main roads and in vacant lots.

Canned and powdered dairy products were offered for sale at booths along with other canned and dry food items and sometimes in combination with nonfood items. However, there were relatively few vendors, which is consistent with the low per-capita consumption

Table 3. Retail prices for selected dairy products.

Product	Container type	Size	Price		Origin
			FCFA	US\$ ^a	
A. Supermarkets					
<i>Milk powder:</i>					
- Instantized whole milk	Can	2.5 kg	3,194-4,650	14.26	Denmark, Netherlands, Nestlé ^b
	Can	1800 g	2,238-2,475	8.57	
	Can	900 g	1,194-1,890	5.61	
	Can	400 g	589-760	2.45	
- Skim	Can	1 kg	1,895-1,985	7.05	
<i>Concentrated milk:^c</i>					
- Sweetened	Can	1 kg	490-518	1.83	Nestlé
	Can	397 g	195-225	0.76	

Table 3 (continued).

Product	Container type	Size	Price		Origin
			FCFA	US\$ ^a	
- Unsweetened	Can	170 g	90-95	.34	Nestlé, Germany
<i>UHT Milk:</i>					
- Whole	Tetra-Brik ^d	1 l	259-278	0.98	France
- Low fat	Tetra-Brik	1 l	231-250	0.87	
- Skim	Tetra-Brik		243-250	0.90	
<i>Cheese:</i>					
- Brie		1 kg	3,850-4,425	15.05	Netherlands
- Other table varieties, max. price		1 kg	6,250-9,995	29.54	
- Cooking varieties		1 kg	2,100-3,250	9.73	
<i>Cream Cheese</i>	Foil wrapped, boxed	160 g	490	1.78	France

Table 3 (continued).

Product	Container type	Size	Price		Origin
			FCFA	US\$ ^a	
<i>Processed Cheese</i> (several types)	Sliced, plastic wrapped	200 g	395- 610	1.83	France, Germany
<i>Butter^e</i> - Sweet & lightly salted	Foil	200 g	265- 275	0.98	France
- Extra fine		200 g	375	1.36	
- Sweet & lightly salted	Foil	250 g	370 435-	1.35	
- Extra fine	Plastic tub	250 g	500	1.70	
- Sweet & lightly salted	Paper, foil	500 g	580- 865	2.67	
<i>Yogurt - spoonable</i> (plain, vanilla, strawberry, apricot)	Plastic cup	150 cc	175	0.64	Togo ^f

Table 3 (continued).

Product	Container type	Size	Price		Origin
			FCFA	US\$a	
<i>Yogurt - drinking</i> (plain)	Paper carton	75 ccg	150	0.55	Togof
<i>Ice cream</i> (vanilla, chocolate and strawberry)	Plastic tub	2 l	1,800	6.55	Togof
		1 l	1,000	3.64	
		0.5 l	600	2.18	
		150 ml	140	0.82	
B. Traditional Markets and Street Vendors					
<i>Concentrated milk:</i> - Sweetened	Can	397 g 170 g	225	.82	Netherlands, Germany
- Unsweetened	Can	397 g 170 g	115	.42	
C. Street Vendors					
<i>Frozen yogurt</i>	Plastic wrap	100 ml	100	.36	Togo

Table 3 (continued).

^aPrices were surveyed in February 1992 and converted at the rate of 275 CFA per US\$. This rate was based on 5.5 French francs per US\$ for February 1992, as reported in The Economist magazine, April 11, 1992. The exchange rate between the CFA franc and the French franc is fixed at 50-to-1. However, dollar exchange rates fluctuate and the actual exchange rate obtained on a given day also can vary depending on the specific characteristics of the transaction.

^bThe brands of the Nestlé company did not identify the country of origin.

^cConcentrated milk products are similar to U.S. condensed and evaporated milks.

^dTetra-Brik is the registered trade mark and the package consists of bonded layers of plastic, foil and paper.

^eMargarine prices were slightly higher for comparable package types.

^fAll stores charged the same price for the Togolese brand, including supermarkets and neighborhood stores.

^gContainers appeared to be mislabelled but appeared to be approximately 150 ml. in size.

estimates discussed above. The proportion of stalls selling dairy products was estimated to be less than 1 in 100 in the main food section of the Grand Marché in Lomé. The proportions were similar among the food vendors in the neighborhood market of Marché de Bè. The proportion was higher, 1-in-6, in a smaller market located in a neighborhood populated by a different ethnic group, the Marché d'Abovey in Lomé. However, only half the stalls were occupied at the time of the visit. A count of street vendors selling domestic items such as clothing, soap and food items (including prepared food) along one long main street in Lomé revealed that only about one out of fifty stalls sold canned and dried milk products.

Items most commonly offered for sale were small (397 ml. and 170 ml.) cans of condensed or evaporated milk of Dutch origin. Less common were small containers of dried milk powder and powdered dairy-based flavored beverages.

Ice-cream and frozen yogurt were readily available in Lomé from numerous vendors, who sold their wares from coolers mounted on bicycles. However, these frozen products were relatively expensive and cost as much as or more than a basic meal available from the "Bonnes Femmes" selling prepared traditional foods at roadside stands.

DAIRY PROCESSING

There is only one modern dairy processing plant in Togo. This plant is operated by a Danish company that also operates other dairy plants in Ghana and Nigeria. The plant was built in the early 1980s as a joint venture between foreign investors and the Togolese government to produce condensed milk from imported milk powder. However, the venture failed because the plant was unable to compete with imported products, which were cheaper. The availability of subsidized products from the European Community may have been a factor. In the mid-1980s the current operators remodelled the plant to produce frozen dairy products from imported ingredients (Personal Communication, Fan Milk S. A.).

Unlike in the United States, there are no government regulations governing either the standards of identity of dairy products or plant design and operation. Retail prices are not regulated and there are no restrictions on trade practices or the entry of new businesses.

The company distributes its products through wholesale distributors, direct sales to stores, and street vendors who use company-supplied bicycles and coolers. The company establishes recommended wholesale and retail prices and expects distributors and vendors to abide by these. No price variation was observed in the various stores in Lomé.

FUTURE PROSPECTS

The commercial demand for dairy products by the Togolese is unlikely to increase significantly in the near future. Population growth has been fairly rapid and this is expected to continue. However, the political turmoil has caused some outmigration and dislocation of

the population. Growth in commercial sales, excluding food aid, likely will depend on income growth, given the relatively high cost of dairy products and ordinary citizens' lack of familiarity with these products because they are not part of the traditional Togolese diet. There is little prospect for significant growth in personal incomes until the political situation improves, and the experience of the last three years suggests that it will take some time for a stable political structure to emerge. Furthermore, it cannot be assumed that a new government (or a continuation of the old order) would adopt policies conducive to economic growth. Decisions about macroeconomic policy and policies affecting trade and investment will be critical. Foreign assistance in the form of aid, investment and debt relief would assist economic recovery, but at best, it will take some time to overcome the economic problems inherited from the past.

There is little prospect that Togo's domestic production of dairy products will expand in the near future. Triptomoniasis remains a major obstacle to milk production in the country's humid regions. Production in the arid region is limited both by climate and the low milk yields of native cattle. The economic incentives are weak because of the demand factors discussed above and the lack of an established processing and distribution system for domestically produced dairy products. Furthermore, at the present time, an emerging dairy production sector likely would face stiff competition from imports available at world prices that are depressed by European export subsidies. For these reasons, the potential for increased domestic production in Togo is severely limited and, at least initially, increases in commercial demand for dairy products are likely to be met through imports.

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