

Collapsed Bridges Affect Regional Trade

In late July, the collapse of bridges in Togo paralyzed the country's road transport network, cutting off an important supply route for landlocked countries north of Togo and increasing the cost of moving goods to and from them. The ensuing crisis has cost businesses tens of thousands of dollars in lost profits.

The Trade Hub is working on transport infrastructure in West Africa to remove impediments to trade and to reduce the costs of moving goods, in order to make the region economically more competitive. Increasing public and private investment in infrastructure is a key objective of the Trade Hub's work and the problems in Togo show why such investment is desperately needed and critical to regional development. Indeed, the Government of Togo has announced that it will invest up to US\$10 million to deal with the collapsed bridges.

A multimedia presentation on the infrastructure issues in Togo is available at:
http://www.watradehub.com/index.php?option=com_content&task=view&id=38&Itemid=53

The collapse of the bridges, and particularly one on the national highway about 70-km north of Lomé, effectively stopped shipments of food and other necessary goods to the northern part of the country for several weeks. The northern areas, in turn, could not transport agricultural products to southern consumers. As a result, a shortage of goods occurred leading to price increases. Meanwhile, landlocked countries were facing the dilemma of how to get their goods from the sea port in Lomé, one of the busiest in the region to their people north of Togo. For example, SCIMAS, a large food importing company in Burkina Faso, saw its activities slow down and chose to re-route its imports from Lomé through Benin.

"Getting our goods supplied in a timely manner and at a competitive price is a serious concern," said a transit officer at SCIMAS, who asked to remain anonymous because of the political sensitivity of the issue. "For instance, a 20-foot food container costs US\$177.25 to truck from Lomé through Benin to Ouagadougou, instead of US\$87.5 using the direct Lomé - Ouagadougou corridor instead. We have found ourselves experiencing a shortage of milk, cooking oil and other consumer goods in our stores because of the road transport delays."

After three convoys of goods used the route through Benin, the officer said the company decided to stop using that corridor because of the delays and high transit cost. The company is back using the alternative Togo corridor that has recently been opened by the Togolese Government. "Previously, US\$2,500 was sufficient to move cargo from Lomé to Ouagadougou, in terms of the cost of hiring the truck, but now we need US\$3,500 which is a 40% increase," the transit officer said.

Some truck owners are even ready to renegotiate for a higher rate for their services because of these delays.

Importers and businesses in other landlocked countries are also facing this situation and, as a result, there has been a gradual rise in the price of goods due to the rising costs of truck transport. Ultimately, consumers bear the rise in prices when they go to buy their basic consumer goods that have to be imported.

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