



## Executive Summary

Chad is one of Africa's largest countries, with a land area of 1,284,000 square kilometers that encompasses three agro-climatic zones. Chad is a landlocked country bordering Libya to the north, Sudan to the east, the Central African Republic (CAR) to the south, and Cameroon, Niger, and Nigeria on the west (with which it shares Lake Chad). The nearest port, Douala, is 1,700 km from the capital, N'Djamena. Chad is one of six countries that comprise the Central African Economic and Monetary Community (CEMAC), a common market.

Chad's human development is very low, according to the Human Development Index (HDI), and poverty continues to afflict a large proportion of the population. The oil sector dominates economic activity, despite a declining trend in the medium term. Agriculture and livestock breeding are important economic activities that employ the great majority of the population, but generate just over 10 percent of official GDP. Manufacturing makes only a minor contribution to GDP (less than 2%), while the services sector accounts for 30% of GDP on average.

Chad is currently enjoying a period of political and economic stability, and the government of Chad (GOC) is focused on improving internal economic and social conditions. The government of Chad is favorably disposed to foreign investment, with a particular goal of attracting North American companies. There are opportunities for foreign investment in Agribusiness; Agricultural, Construction, Building & Heavy Equipment; Architecture & Engineering; Automotive & Ground Transportation; Education; Energy & Mining; Environmental Technologies; Food Processing & Packaging; Health Technologies; Industrial Equipment & Supplies; Information & Communication; and Services.

Chad's business and investment climate remain challenging. Private sector development is hindered by corruption, poor transport infrastructure, lack of skilled labor, unreliable energy, weak contract enforcement, and high tax burdens. Chad has expressed willingness to address these issues, and in 2013 created an inter-ministerial committee to address business climate concerns.

### 1. Openness To, and Restrictions Upon, Foreign Investment

The GOC's view of **foreign direct investment (FDI)** is generally positive. There are few formal restrictions on foreign trade and investment. Since 2009, Chad's foreign investment inflows have been increasing, largely due to investments in the oil sector. According to the World Bank's most recent figures, Chad's net FDI accounted for 19.6 percent of GDP in 2011, higher than the Sub-Saharan African average.

In July 2013, the World Trade Organization (WTO) published an **investment policy review (IPR)** for the countries of the Central African Economic and Monetary Community (CEMAC), including Chad. (Note: Full report and Annex 5 Chad are available for download at: [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp385\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp385_e.htm). End Note). The GOC has not recently

undergone an IPR by the Organization for Economic Cooperation and Development (OECD) or the United Nations Committee on Trade and Development (UNCTAD).

Chad's **laws and regulations** encourage FDI. Laws also specify fundamental principles on the property regime, real estate and business rights, environmental protection and the conservation of natural resources, land tenure; borrowing saving, and credit; the transport and telecommunications industries farming, livestock breeding, and fisheries; and fauna, water, and forests.

The National Investment Charter of 2008 offers incentives to foreign companies establishing operations in Chad, including up to five years of tax-exempt status. Under Chadian law, foreign and domestic entities may establish and own business enterprises. The National Investment Charter permits full foreign ownership of companies in Chad. The only **limit on foreign control** is on foreign ownership of companies deemed related to national security. In recent years, the GOC fully or partially **privatized** several state-owned enterprises (SOEs) while creating new SOEs. For example, in February 2014 the GOC issued a public tender for the state-owned Telecom, SOTEL. The National Investment Charter guarantees foreign companies and individuals equal standing with Chadian companies and individuals in the privatization process. In principal, tenders for foreign investment in SOEs and for government contracts are done through open international bid procedures. Foreign companies wishing to invest in the oil and mining sectors should directly contact the Ministry of Mines, Petroleum, and Energy.

There are no national content criteria or restrictions for foreign investments in Chad. However, local nationals have a preference in the hiring process over foreigners when they have the same qualifications or experience as a foreigner. Foreign businesses interested in investing in Chad should contact the National Agency for Investment and Exports (ANIE), a one-stop shop for filing the legal forms needed to start a business. The process officially takes 72 hours and is the only **legal requirement for investment**. In addition, most foreign corporations operating in Chad have taken the extra step of signing contracts directly with the GOC. Contracts are tailored to each investment and often include additional incentives and concessions, such as permissions to import labor or agreements to work with specific local suppliers. Some contracts are confidential. There is an increasing **trend** of government ministries attempting to change the terms of contracts or apply new laws broadly, even to companies that have preexisting agreements that exempt them. Chad's judicial system is weak and rulings, including those relating to contract disputes, are susceptible to government interference. There is limited capacity within the judiciary to address commercial issues, including contract disputes. In the absence of an effective judiciary, parties usually settle disputes directly or through arbitration provided by the Chamber of Commerce, Industry, Agriculture, Mining, and Crafts (CCIAMA). The Ministry responsible for trade has intervened in a number of out-of-court settlements.

Chad's economic activity and foreign investment **trended** upwards during the past ten years, coinciding with rising oil production. Economic activities include agricultural, construction, building, and heavy equipment particularly new roads and bridges, government office buildings, and oil-industry infrastructure, including pipelines. Potential opportunities for future foreign investment in Chad include construction of a new international airport, business center, hotels, a railway, and an industrial parkway. The GOC is also promoting agribusiness and value-added

food processing and packaging. There is also opportunity for Foreign Direct Investment (FDI) in information and communication. In 2013, the GOC announced the forthcoming opening of a meat processing plant, juice bottling facility, and industrial park in Moundou.

Chad has received large-scale investments from Libya, but those have dwindled following conflict in Libya. The majority of foreign-owned companies are French; however, Chinese, Canadian, Saudi, and Nigerian investments have increased. American companies remain concentrated in the energy and mining.

Chad's business climate remains challenging and private sector development is hindered by corruption, poorly developed road and transport infrastructure, recurrent energy shortfalls, lack of skilled labor, and heavy tax burdens. Corporate tax rates are high.

**TABLE 1:** The following chart summarizes several Chadon indices and rankings.

Measure	Year	Rank or value	Website Address
TI Corruption Perceptions index	2013	19 Corrupt (163 of 177)	<a href="http://www.transparency.org/country/#TCD">http://www.transparency.org/country/#TCD</a>
World Economic Forum Global Competitiveness Index 2013–2014	2013–2014	2.85 Uncompetitive (148 of 148)	<a href="http://www3.weforum.org/docs/GCR2013-14/GCR_Rankings_2013-14.pdf">http://www3.weforum.org/docs/GCR2013-14/GCR_Rankings_2013-14.pdf</a>
Heritage Foundation's Economic Freedom index	2014	44.5 Repressed (167 of 178)	<a href="http://www.heritage.org/index/country/chad">http://www.heritage.org/index/country/chad</a>
World Bank's Doing Business Report "Ease of Doing Business"	2014	31.23 Not Easy (189 of 189)	<a href="http://doingbusiness.org/data/explore/economies/chad">http://doingbusiness.org/data/explore/economies/chad</a>
World Bank GNI per capita	2012	\$770 Low Income	<a href="http://data.worldbank.org/country/chad">http://data.worldbank.org/country/chad</a>

**TABLE 1B - Scorecards:** The Millennium Challenge Corporation, a U.S. Government agency charged with supporting countries that have demonstrated a commitment to reform, produced scorecards for countries with a 2012 per capita gross national income (GNI) or \$4,085 or less. Chad's 2014 MCC scorecard is below, the full version is available at:

<http://www.mcc.gov/documents/scorecards/score-fy14-english-td-chad.pdf> Details on each of the MCC's indicators and a guide to reading the scorecards, are available here: <http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf>

MCC Indicator	Country's Score
MCC Government Effectiveness	-0.57 (15%)*
MCC Rule of Law	-0.55 (9%)
MCC Control of Corruption	-0.34 (15%)

MCC Fiscal Policy		-0.4 (85%)
MCC Trade Policy		55.2 (8%)
MCC Regulatory Quality		-0.33 (24%)
MCC Business Start Up		0.602 (9%)
MCC Land Rights Access		0.48 (11%)
MCC Access to Credit		23 (50%)

Represents a country's percentile ranking in its respective income group (0 percent is the worst; 50 percent is the median; 100 percent is the best)

## 2. Conversion and Transfer Policies

### *Foreign Exchange*

Chad has no **restrictions on converting, or repatriating funds** associated with an investment (including remittances of investment capital, earnings, loan repayments, lease payments, royalties) into a freely usable currency and at a legal market-clearing rate. There are some limits associated with **transferring funds**. Individuals transferring funds exceeding \$1,000 must document the source and purpose of the transfer with the local sending bank. Companies transferring more than \$800,000 out of Chad have additional reporting requirements. There were no reports of any capital outflow restrictions in 2013. Businesses can obtain advance approval for regular money transfers.

Chad is a member of the African Financial Community (CFA) and uses the CFA Franc (FCFA) as its currency. The FCFA is pegged to the Euro at a fixed rate. In 2013, the CFA/USD exchange rate fluctuated between 473 and 500 FCFA as a function of the performance of the USD against the Euro. There are no restrictions on obtaining foreign exchange.

Chad, as an Economic and Monetary Community of Central Africa (CEMAC) member, shares a central bank with Cameroon, Central African Republic, Equatorial Guinea, Gabon, and the Republic of Congo. Individuals or companies need authorization from the Central African Economic Bank (BEAC) for transfers exceeding \$800,000. Authorization may require up to three working days to process at BEAC's headquarters in Yaoundé, Cameroon. To request authorization for a transfer, a company or an individual must submit contact information for the sender and recipient, a delivery timetable, and proof of the sender's identity. Chad is also a member state of Chad is a member of the Action Group against Money Laundering in Central Africa (GABAC), which is in the process of becoming a Financial Action Task Force (FATF)-style regional body. On the national level, the National Financial Investigation Agency (ANIF) implements GABAC recommendations to prevent money laundering and terrorist financing. For more information on money laundering, please refer to the Bureau of International Narcotics and Law Enforcement's 2013 [International Narcotics Control Strategy Report \(INCSR\)](http://www.state.gov/j/inl/rls/nrcrpt/2013/database/211180.htm#Chad) at <http://www.state.gov/j/inl/rls/nrcrpt/2013/database/211180.htm#Chad>.

## 3. Expropriation and Compensation

Chadian law protects businesses from nationalization or expropriation, except in cases where such expropriation is in the public interest. There were no government expropriations of foreign-owned property in 2013, although the government expropriated private residences and local businesses in several cities for development purposes. There are no indications that the GOC intends to expropriate foreign property in the near future.

Article 41 of Chad's Constitution prohibits seizure of private property except in cases of urgent public need. A 1967 Land Law prohibits deprivation of ownership without due process, stipulating that the state may not take possession of expropriated properties until 15 days after the payment of compensation. The government is working to reform the 1967 law. A draft law encourages foreign companies to own property instead of renting. The Ministry of Land Affairs established the One Stop Land Titling Office (Guichet Unique pour les Affaires Foncières) in 2013 to speed up the process of acquiring land titles.

#### 4. Dispute Settlement

Chad's **legal system** and commercial law is based on the French Civil Code. However, the constitution recognizes customary and traditional law as long as it does not interfere with public order or constitutional rights. Chad's commercial laws are set through international arrangements among the member states of the CEMAC, CEEAC, and the Organization for the Harmonization of Business Law in Africa (OHADA). However, domestic laws have not been fully adjusted to these provisions. OHADA strongly influenced Chadian business law through its creation of an international court that ensures uniformity and consistent legal interpretations across its member countries. The OHADA Investment Arrangement, with provisions for securities, arbitration, dispute settlement, bankruptcy, recovery, and other aspects of commercial regulation, has defined the commercial rights of several economic stakeholders (e.g., the Chadian Treasury, wage earners, etc).

Chad's court system rules on commercial disputes, but its capacity to do so is limited. The Chadian President appoints judges without National Assembly confirmation, thus the judiciary is subject to executive influence. Courts normally award monetary judgments in local currency, although it may designate awards in foreign currencies if the disputed transaction was made in such foreign currencies.

**Specialized commercial tribunal courts** were authorized in 1998 but not operational until 2004. These tribunals exist in five major cities but lack adequate abilities to perform their duties. The Commercial Tribunal N'Djamena has heard disputes involving foreign companies. Firms not satisfied with judgments in these tribunals may appeal to OHADA's regional court in Abidjan and several Chadian companies have pursued dispute-settlement through the OHADA mechanism. CEMAC established a regional court in N'Djamena in 2001 to hear business disputes, but this body is not widely used.

Contracts and investment agreements can stipulate **arbitration procedures** and jurisdictions for settlement of disputes. If both parties agree and settlements do not violate Chadian law, Chadian courts will respect the decisions of U.S. or other foreign courts. In the absence of specification, the accepted principle is that jurisdiction belongs to the nation where a given agreement was

signed. This principle also applies to disputes between companies and the Chadian Government. Such disputes can be arbitrated by the International Chamber of Commerce (ICC).

**Bilateral judicial cooperation** is in effect between Chad and certain nations. In 1970, Chad signed the Antananarivo Convention, covering the discharge of judicial decisions and serving of legal documents, with eleven other former French colonies (Benin, Burkina Faso, Cameroon, CAR, Congo-Brazzaville, Gabon, Cote d'Ivoire, Madagascar, Mauritania, Niger, and Senegal.) Chad has similar arrangements in place with France, Nigeria, and Sudan. Chad is also a member of the International Center for the Settlement of Investment Disputes (ICSID established by the Washington Convention.)

## 5. Performance Requirements and Investment Incentives

Chad's National Investment Charter of 2008 provides a five-year **tax exemption** to foreign investors when the investment significantly benefits Chad's economy, offering additional advantages to firms investing in isolated areas and with little industry. In such cases, the tax exemption period extends to ten years. Firms may also receive **development subsidies** if they provide social services otherwise provided by the GOC. The General Tax Code (CGI), the Mining Code, and the Hydrocarbons Law establish further incentives.

The CGI offers **incentives** to business start-ups, the introduction of a new activity, or a substantial extensions of existing activities. Eligible economic activities are limited to the industrial, mining, agricultural, forestry and real estate sectors, and may not compete with existing enterprises already operating in a satisfactory manner (Articles 16 and 118 of the CGI). Under these conditions, operators can obtain a five-year exemption from the following taxes and charges: company tax (IS); personal income tax (IRPP); real estate levies on developed land; real estate levies on undeveloped land; tax on the rental value of professional premises; the flat rate levy (*taxe forfaitaire*) and the apprenticeship levy; self-employment tax for small businesses, and the minimum fiscal levy.

Foreign investors may also ask the GOC for other incentives through **investment-specific negotiations**. Large companies usually sign separate agreements with the government which contain mutually negotiated incentives and obligations. The possibility of special tax exemptions exists for some public procurement contracts, and a preferential tax regime applies to contractors and sub-contractors for major oil projects. In the past, the government occasionally offered lower license fees in addition to ad hoc tax exemptions. Incentives tend to increase with the size of a given investment, its potential for job creation, and the location of the investment, with rural development being a GOC priority. Investors may address inquiries about possible incentives directly to the Ministry of Economy, Commerce, and Touristic Development or the Ministry of Petroleum, Mines, and Energy.

Chad is a founding member of the WTO and has least developed country (LDC) status. Chad does not have any measures that it has notified the WTO are inconsistent with **Trade Related Investment Measures (TRIM) requirements**. Chad does not impose any performance, local content, or export requirements on businesses. There is no requirement to transfer technology or proprietary business information to Chadian companies or the GOC. There are likewise no

government-imposed conditions on authorization to invest, such as location in specific geographical area, use of a specific percentage of local content (goods and services) or local equity, substitution for imports, export requirements or targets, legal requirements to use specific employment agencies, technology transfer, or local sources of financing. There is, however, a legal requirement that obliges foreign companies to employ Chadian nationals for 98 percent of their staff. Firms can formally apply for permission from the Labor Promotion Office (ONAPE) to employ a more than two percent expatriates if they can demonstrate that skilled local workers are not available. Most foreign firms operating in Chad have obtained these permissions.

Foreign workers require work permits in Chad, renewable annually. Prior to 2009, work permit fees for foreign employees were approximately \$1,000 per year. In 2009, President Déby Itno signed two decrees significantly raising these fees. The first decree stipulates that work permit fees be equivalent to one month's salary for foreign workers. The second decree requires firms to demonstrate that local skilled workers are unavailable. Companies must present personnel files of local candidates not hired to the GOC for comparison against the profiles of foreign workers. Multinational companies and international non-governmental organizations routinely protest these measures. The Ministry of Labor applies the new fees to companies with previously established special agreements with the government exempting them from such fees. However, many foreign companies operating in Chad have individually negotiated paying lower fees than those prescribed in the presidential decrees.

Barring a few exceptions, Chad applies the CEMAC Common External Tariff (CET). Chad's annual finance laws may introduce new exceptions. The taxation of foreign trade, including an 18 percent value-added tax (VAT), generates a large proportion of the country's non-oil revenue. Like other CEMAC countries, Chad collects the Community Integration Levy (TCI), the OHADA levy, and the Community Integration Contribution (CCI). These charges amount to 1.45 percent of import value. Other levies include the Community Preference Levy (TPC) on fish, meat, dairy, and other animal products; down payment of four percent of import value; statistical levy of two percent on all imports; and the Rural Intervention Fund (FIR) duty on agricultural products. Although Chad levies a broad spectrum of other duties and charges on imports, they are set at zero for tariff lines for which Chad has made tariff commitments. These levies have not been notified to the WTO.

Products imported from outside the CEMAC region are subject to customs duties falling under four tariff rate categories:

- Products of First Necessity (e.g. flour, rice, etc.): 5 percent
- Primary Materials and Equipment: 10 percent
- Intermediate Goods (e.g. tools, tires, etc.): 20 percent
- Consumer Goods (e.g. canned foods, electronics, etc.): 30 percent.

In addition to the above regular custom duties, there are other supplementary taxes, including excise taxes of 20 percent on luxury products (such as televisions, audiovisual equipment, air conditioners, automobile radios, CD laser discs, home appliances, etc.), 25 percent on alcoholic beverages and tobacco, and a tax of 51 percent on new automobiles.

The GOC applies a 18 percent VAT to all local and imported goods and services. There are VAT exemptions for inputs for livestock breeding and fishery products used by producers; materials, equipment and services needed for producing and exporting cotton; materials, equipment and services needed for the production and distribution of water and electricity; locally-made fired bricks; and interest on real estate loans granted by financial institutions.

The GOC applies a two percent “statistical tax” to all goods entering or leaving Chad. In 2013, companies that had signed contracts with the government alleviating or reducing the statistical tax began reporting that the government now demands that they pay the tax.

## **6. Right to Private Ownership and Establishment**

Foreign and domestic private entities have the right to establish and own business enterprises and engage in remunerative activity, and may freely establish, acquire, and dispose of interests in business enterprises.

## **7. Protection of Property Rights**

The Chadian Civil Code **protects real property rights**. Chad’s constitution establishes decentralized territorial units (regions, departments, communes, and rural communities), under state tutelage but enjoying administrative, financial and economic autonomy. The state is represented in the territorial units by administrative units (governorships, prefectures, and sub-prefectures). Traditional chiefdoms underpin the administrative units and are the first recourse for settling inter-community conflicts and property disputes.

The ratification of the Treaty on Harmonization of Business Law in Africa (OHADA) in 1996 establishes property laws. The office of "Direction de Domaine et Enregistrement" in the Ministry of Finance and Budget is responsible for recording property deeds and mortgages. In practice, this office only asserts authority in urban areas; rural property titles are managed by traditional leaders who apply customary law. Chadian courts frequently deal with cases of multiple or conflicting titles to the same property. In cases of multiple titles, the earliest title issued usually has precedence. Fraud is common in property transactions. By law, all land for which no title exists is owned by the government, and can only be given to a separate entity by Presidential decree. There have been incidents in which the government reclaimed land for which individuals held titles, which government officials granted without the backing of Presidential decrees. In 2013, the Ministry of Land created the One-Stop Land Titling Office (Guichet Unique pour les Affaires Foncière.) .

Chad is a member of the African **Intellectual Property** Organization (OAPI) and the World Intellectual Property Organization (WIPO). Chad ratified the revised Bangui Agreement (1999) in 2000 and the Berne Convention in 1971. The GOC adheres to OAPI rules within the constraints of its administrative capacity.

Within the Ministry responsible for trade, the Department of Industrial Property and Technology, addresses intellectual property issues. This department is the National Liaison Unit (SNL) within the OAPI, and is the designated point of contact under Article 69 of the TRIPS

Agreement. As of 2012, the unit has received about 90 deposits of different intellectual property instruments. With support from WIPO, a strategic plan for intellectual property development and technological innovation is being prepared. The GOC finalized an intellectual property strategy in 2012 but it has not been formally adopted.

Counterfeit pharmaceuticals and artistic works, including music and videos, are common in Chad. Counterfeit watches, sports clothing, footwear, jeans, cosmetics, perfumes, and other goods are also readily available on the Chadian market. These products are not produced locally, and are generally imported through informal channels. Due to limited resources, Chadian customs officials make occasional efforts to enforce copyright laws, normally by seizing and burning counterfeit medicines, CDs, and mobile phones.

Chad is not listed on the USTR's Special 301 report or the Special 301 - Notorious Markets Report. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

## **8. Transparency of the Regulatory System**

Chad created the National Investment Agency for Investment and Exportation (ANIE) to streamline the process of creating a business and provide a single point of contact for foreign businesses and investors. The agency has improved transparency of the regulatory system.

Chad is a Candidate Country for the Extractive Industry Transparency Initiative (EITI). In May 2013, EITI recognized Chad's efforts towards compliance. EITI granted Chad twelve additional months to achieve compliance.

## **9. Efficient Capital Markets and Portfolio Investment**

Chad's financial system is underdeveloped. There are no capital markets or money markets in Chad. A limited number of financial instruments are available to the private sector, including letters of credit, short- and medium-term loans, foreign exchange services, and long-term savings instruments.

Credit is available from commercial banks on market terms, often at rates of 16 to 25 percent for short-term loans. Medium-term loans are difficult to obtain, as lending criteria are rigid. Most large businesses maintain accounts with foreign banks and borrow money outside of Chad. There are ATMs in some major hotels, N'Djamena airport, and in some neighborhoods of N'Djamena.

Regulations and financial policies do not generally impede competition in the financial sector. Legal, regulatory, and accounting systems pertaining to banking are transparent and consistent with international norms. Chad's banking sector is regulated by COBAC (Commission Bancaire de l'Afrique Centrale), a regional agency. Chad began using OHADA's accounting system in 2002, bringing its national standards into harmony with accounting systems throughout the

region. Several international accounting firms have offices in Chad. There is no effective regulatory system to encourage or facilitate portfolio investments.

Although there is no stock market in Chad, there are two nascent stock markets in the region. A small regional stock exchange, known as the Central African Stock Exchange, in Libreville, Gabon, was established by CEMAC countries in 2006. Cameroon, a CEMAC member, launched its own market in 2005. Both exchanges are poorly capitalized.

## **10. Competition from State-Owned Enterprises (SOEs)**

The GOC operates SOEs in a number of sectors, including energy and mining, water, cement, agricultural, construction, building & heavy equipment, and information and communication. There were no reports of discriminatory action taken by SOEs against the interests of foreign investors in 2013, and some foreign companies operated in direct competition with SOEs. Chad's Public Tender Code (PTC) provides some preferential treatment for domestic competitors, including SOEs; however, the GOC is in the process of reviewing and removing provisions that conflict with WTO obligations.

SOEs are subject to limited government subsidies under the national budget; however, in practice SOEs do not respect the budget. State and company funds are often comingled. All Chadian SOEs operate under the umbrella of government Ministries. A Board of Directors and an Executive Board manage each SOE. The President of the Republic appoints SOE Boards of Directors, Executive Boards, and CEOs. The Boards of Directors give general directives over the year, while the Executive Boards manage general guidelines set by the Boards of Directors. Some Executive Directors consult with their respective Ministries before making business decisions, but others do not.

## **11. Corporate Social Responsibility**

There is general **awareness of Corporate Social Responsibility (CSR)** among firms in Chad. The GOC does not encourage foreign and local enterprises to follow generally accepted CSR principles such as the **OECD Guidelines for Multinational Enterprises** and the **United Nations Guiding Principles on Business and Human Rights**. However, most Western firms operating in Chad acknowledge corporate social responsibility and obligations, particularly those in the petroleum sector. Many foreign firms commit to extensive local staff training efforts, purchase local goods, and donate excess equipment to charities or local governments. While work safety and environmental protection regulations exist, the government does not always enforce and companies do not always adhere to these regulations. There are a number of local NGOs, particularly in the southern oil producing regions, which monitor safety and environmental protection in the oil sector, and which have held government and private companies publically accountable. For example, in August 2013, the GOC halted operations of the Chinese National Petroleum Corporation (CNPC) following NGO reports of violations of environmental standards. In March 2014, the GOC fined CNPC \$1.2 billion in environmental damages.

## **12. Political Violence**

Chad has enjoyed political stability since 2010, following a peace agreement with Sudan. The GOC has taken advantage of its stability by focusing attention and resources on economic development. The Government's vision for 2025 is for Chad to be an emerging economy "driven by diversified and sustainable growth sources, creating value-added and jobs, and making sure that every Chadian citizen has appropriate access to core social services, decent housing, and suitable opportunities for skill training."

Conflicts in neighboring countries (Libya, Nigeria, Sudan, South Sudan, and the Central African Republic) are potential sources of instability. Additionally, regional instability has pulled resources from Chad's internal development. In 2013, Chad participated in interventions in Mali and Central African Republic (CAR) and has troops along its Sudanese, Libyan, and Lake Chad borders. Chad continues to host significant numbers of refugees from neighboring countries, including approximately 350,000 refugees from Sudan. In mid-February 2014, there were more than 100,000 returnees from CAR in Chad.

There have been no reported incidents over the past few years involving politically motivated damage to projects and/or installations. Kidnapping and banditry are persistent threats, particularly in rural areas. The latest national legislative and Presidential elections occurred respectively in February and April 2011. Presidential elections are due in 2016 and legislative elections are due in 2015.

### **13. Corruption**

According to Transparency International (TI) the country is among the worst-rated in terms of perception of corruption. Chad has not ratified the **UN Convention on Preventing and Combating Corruption** or the **OECD anti-bribery convention**.

Chad has taken action to fight corruption, primarily in the public sector. In 2004, Chad created a ministry responsible for monitoring government expenditures and ethics. In 2012, Chad adopted a national good governance strategy, and in 2000, passed an anti-corruption law that stipulates penalties for corrupt practices. In 2013, the GOC removed several high-profile government officials, arresting several on corruption charges.

Despite the Government's efforts, corruption continues at all levels of government, and businesses consistently describe corruption as one of the major obstacles to operating in Chad. As in other developing countries, low salaries for civil servants, judicial employees, and law enforcement officials, coupled with a weak state and a culture of rent-seeking, have contributed to corruption. Corrupt practices include bribery, non-transparent public procurement, and embezzlement of public funds. American companies, in particular, lament that other foreign companies feed corruption by offering bribes and facilitating payments.

President Déby Itno pledges to continue the campaign to eliminate corruption and promises prosecution of those who accept kickbacks or demand bribes. Despite this commitment, courts routinely dismiss corruption charges, and the GOC often promotes or reinstates implicated individuals in different government positions.

#### 14. Bilateral Investment Agreements

Chad is eligible for tariff exemptions under the African Growth and Opportunity Act (AGOA). The GOC created an AGOA oversight committee in 2002, but it is not functional. The bulk of Chad's exports total exports under AGOA are crude oil. Chad is eligible for its Third-Country Fabric exemption but local products do not currently satisfy quality requirements. The U.S. has neither an investment treaty nor a bilateral tax agreement with Chad.

Chad has signed bilateral investment treaties with approximately a dozen countries, in Europe, Africa, and the Middle East. These agreements include:

COUNTRY	AGREEMENTS
Algeria	<ul style="list-style-type: none"> <li>- Trade Agreement, February 9, 1990</li> <li>- Friendship and Cooperation Protocol Agreement, March 27, 1990</li> </ul>
Cameroon	<ul style="list-style-type: none"> <li>- Cooperation Agreement on Economic and Customs matters, August 20, 1970</li> </ul>
Canada	<ul style="list-style-type: none"> <li>- Economic and Technical Cooperation Agreement</li> </ul>
Central African Republic	<ul style="list-style-type: none"> <li>- Economic Cooperation Agreement, December 10, 1980</li> </ul>
Czech Republic	<ul style="list-style-type: none"> <li>- Trade Agreement, February 13, 1997</li> </ul>
Democratic Republic of Congo	<ul style="list-style-type: none"> <li>- Economic, Scientific, Social and Cultural Cooperation Agreement, November 18, 1987</li> <li>- Trade Agreement, November 16, 1987</li> </ul>
Egypt	<ul style="list-style-type: none"> <li>- Trade Agreement, October 14, 1994</li> <li>- Convention on Promoting and Protecting investments June 5, 1981</li> </ul>
France	<ul style="list-style-type: none"> <li>- Multiple Agreements (trade and assistance)</li> </ul>
Iran	<ul style="list-style-type: none"> <li>- Agreement on creating a Mixed Commission for Cooperation, July 17, 1997</li> </ul>
Iraq	<ul style="list-style-type: none"> <li>- Trade, Economic and Scientific Cooperation Agreement, August 21, 1989</li> </ul>
Morocco	<ul style="list-style-type: none"> <li>- Trade and Tariff Convention, December 4, 1997</li> </ul>
Niger	<ul style="list-style-type: none"> <li>- Cooperation Framework Agreement November 9, 1976</li> <li>- Agreement on creating a Mixed Commission for Cooperation, no date</li> </ul>
Nigeria	<ul style="list-style-type: none"> <li>- Economic, Scientific, and Technical Agreement Cooperation, December 10, 1986</li> </ul>

	- Framework Agreement on Trade, April 9, 1971
Republic of Congo	- Air Transport Agreement October 19, 1988 - Transport and Cultural and Scientific Cooperation Agreement, signed on October 19, 1988
Romania	- Trade Agreement, November 5, 1969
Russia	- Economic and Technical Cooperation Agreement, February 17, 1968
South Africa	- Trade Agreement, 1994
The Netherlands	- Assistance Cooperation Agreement, August 8, 1988
Tunisia	- Framework Agreement on Economic, Scientific, Cultural and Technical Cooperation, October 9, 1998 - Agreement creating Mixed Commission for Cooperation, September 9, 1998
Turkey	- Trade, Economic, Scientific and Technical Cooperation Agreement, October 14, 1999

## 15. OPIC and Other Investment Insurance Programs

Chad is a member of the Multilateral Investment Guarantee Agency (MIGA), and the U.S. Overseas Private Investment Corporation has provided political risk investment insurance to U.S. companies in Chad. The French investment guarantee agency, COFACE, has also guaranteed a number of investments in Chad. The annual average exchange rate is approximately 500 FCFA = 1 USD. Given that the FCFA is pegged to the Euro, devaluation or depreciation of the rate reflects changes in the Euro/USD rate.

## 16. Labor

Chad has a shortage of skilled labor in most sectors due its weak education system. Although there is an increasing pool of university graduates able to fill entry-level management and administrative positions, skilled workers still represent a very small percentage of the total labor pool. 80 percent of the Chadian labor force is estimated to be engaged in subsistence activities including fishing, farming, and herding, and according to the 2012 CIA World Factbook 34.5% of the population is literate. Unskilled and day laborers are readily available. Few Chadians speak English, although an increasing number of university graduates and business professionals have English skills. Acceptable translators and interpreters are available.

Chadian labor law derives from French law and tends to provide greater protection for workers than U.S. law. Labor unions operate independently from the government. There are two main labor federations, the "Confederation Libre des Travailleurs du Tchad" (CLTT) and the "Union

des Syndicats Tchadiens" (UST), to which most individual unions belong. Most Chadian businesses operate in the informal economy, where labor law is not applied. The Ministry of Labor and Employment is in the process of reviewing the current labor code, which will include provisions for the informal economy.

### **17. Foreign Trade Zones/Free Ports**

There are currently no foreign trade zones in Chad. The Chadian Agency for Investment and Exportation (ANIE) is currently examining the possibility of creating a duty-free zone.

### **18. Foreign Direct Investment (FDI) and Foreign Portfolio Investment Statistics**

Data on FDI and Foreign Portfolio investment for Chad is limited. World Bank and IMF data is drawn from data provided by the National Statistical Office of Chad, thus local and international statistics do not differ significantly. Data on American FDI in Chad is not published to prevent disclosure of data of individual companies.

#### **TABLE 2: Key Macroeconomic data, U.S. FDI in host country/economy**

The World Bank website <http://www.worldbank.org/en/country/chad> provides information regarding USG FDI in Chad. In 2012, there was \$12.89

#### **TABLE 3: Sources and Destination of FDI**

The IMF website <http://cdis.imf.org> does not list sources and destination of FDI for Chad.

#### **TABLE 4: Sources of Portfolio Investment**

The IMF website <http://cpis.imf.org> does not list sources of portfolio investment for Chad.

### **19. Contact Point at Post for Public Inquiries**

The point of contact for Economic and Commercial issues, including intellectual property, labor, and corruption is:

- **NAME:** Ann Marie Warmenhoven
- **TITLE:** Economic and Commercial Officer
- **ADDRESS OF MISSION:** Embassy N'Djamena, Avenue Felix Eboué, BP 413, N'Djamena, Chad
- **TELEPHONE NUMBER:** +235 2251-7009 ext 4294
- **EMAIL ADDRESS:** [WarmenhovenAM@state.gov](mailto:WarmenhovenAM@state.gov), [Ndjamena-Commerical@state.gov](mailto:Ndjamena-Commerical@state.gov)