

ANNEX 5 CHAD

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1 ECONOMIC ENVIRONMENT

1.1 Main features

1.1. With a land area of 1,284,000 km², Chad is one of Africa's largest countries, and the fact that it extends for about 1,700 km from north to south gives it a diversity of weather patterns that make it suitable for farming and livestock breeding, in three main agro-climatic zones. The principal features of the Sahara zone (accounting for about 47% of the country's land area and 2% of its total population) are low rainfall (50-200 mm) and the predominance of camel breeding. Crops such as vegetables, dates, and certain varieties of millet are grown in dried-out river beds (*wadis*). The Sahelian band in the centre of the country covers about 28% of the land area and receives annual rainfall of between 400 and 800 mm, making it suitable for livestock farming and certain food crops (cereals, groundnuts). The relatively abundant rainfall (between 800 and 1,200 mm) in the Sudanian zone (in the south) allows farming to develop. Cotton and sugar cane are the main cash crops.

1.2. Chad is a landlocked country. It has borders to the north with Libya, to the east with Sudan, to the south with the Central African Republic and to the west with Cameroon, Niger and Nigeria (with which it shares Lake Chad). The nearest port, Douala, is 1,700 km from the capital, N'Djamena. The Chadian population was estimated at 11.5 million in 2011 (27.2% of the total population of the CEMAC zone) and is relatively young¹, with a large majority living in rural areas. Albeit with a slowing trend, demographic growth averages 2.6% per year² and at this rate, the population can be expected to double before 2040.

1.3. Ranked among the least developed countries (LDCs), Chad's human development is considered low, according to the Human Development Index (HDI). Since its previous trade policy review (TPR), Chad's HDI has barely increased, and it is 183rd out of 187 countries.³ Poverty has retreated slightly, but continues to afflict a large proportion of the population, weighing most heavily on rural areas. The proportion living below the national poverty line fell from 55% in 2003 to 46.7% in 2011.⁴

1.4. Despite a declining trend, economic activity continues to be dominated by the oil sector, which accounted for nearly 41% of GDP on average over the period 2007-2011. Agriculture, which is heavily dependent on weather vagaries, contributes just 10% of GDP, but remains a crucial source of employment, providing jobs for about 80% of the active population. Manufacturing makes only a minor contribution to GDP (less than 2%), while the services sector accounts for 30% of GDP on average.

1.5. Chad's total public debt, estimated at 24.3% of GDP in 2012, is largely external but its level is considered sustainable.⁵ Oil revenues give the country a high capacity to meet its debt commitments: debt service absorbed roughly 5% of budgetary income in the period 2006-2012. Chad has not yet reached the completion point of the enhanced HIPC initiative.⁶ According to the International Monetary Fund (IMF), attaining that status would make the country eligible for a reduction of up to half of its external debt.

1.6. Chad faces numerous development constraints, both domestic and external. The encroachment of the desert and the drying up of Lake Chad each year put a strain on the resources needed to develop agro-pastoral and fishing activities; and weather hazards such as droughts and floods regulate agricultural production. Its status as a landlocked country with difficult access to the sea, restricts its participation in international trade and pushes up consumer prices. The country's main export product, oil, is transported to international markets by a pipeline over 1,000 km long, linking the oilfields in the Doba region to the port terminal at Kribi (in Cameroon).

¹ In 2011, 45.3% of the population was under 15 years of age (World Bank, 2012a).

² This rate includes refugee communities living in Chad.

³ In 2005, Chad was 173rd (out of 177 countries) in the human development ranking.

⁴ INSEED (2013).

⁵ IMF (2011).

⁶ Chad attained the HIPC initiative decision point in 2001. As of 31 December 2012, it was the only country still at the interim phase of that initiative IMF (2013).

Table 1.1 Basic economic indicators, 2006-2012

| | 2006 | 2007 | 2008 | 2009 ^a | 2010 ^a | 2011 ^a | 2012 ^b |
|-------------------------------------------------------|--------------------------|------|------|-------------------|-------------------|-------------------|-------------------|
| Nominal GDP (US\$ million) | 6.6 | 7.2 | 8.4 | 7.1 | 8.6 | 9.7 | 9.7 |
| Real GDP growth rate (%) | 0.8 | 2.6 | 2.0 | 1.2 | 13.9 | 2.2 | 7.4 |
| Average inflation rate (%) | 8.0 | -9.0 | 10.3 | 10.0 | -2.1 | -4.9 | 10.2 |
| Sector share of GDP | (as a percentage of GDP) | | | | | | |
| Primary sector | .. | 64.5 | 64.4 | 56.9 | 61.9 | 58.3 | 56 |
| Farming | .. | 9.5 | 8.9 | 9.8 | 14 | 7.7 | 8.2 |
| Livestock breeding | .. | 7.5 | 7.7 | 9.3 | 7.3 | 7.5 | 7.4 |
| Forestry, fisheries and mining | .. | 1.9 | 1.9 | 2.3 | 2 | 2.1 | 2.2 |
| Petroleum | .. | 45.6 | 46 | 35.5 | 38.6 | 41.1 | 38.3 |
| Secondary sector | .. | 7.0 | 7.0 | 8.4 | 7.7 | 8.7 | 9 |
| Manufacturing | .. | 1.4 | 1.4 | 1.5 | 1.3 | 1.8 | 1.9 |
| Cotton lint | .. | 0.5 | 0.4 | 0.2 | 0.1 | 0.3 | 0.2 |
| Handicrafts | .. | 3.5 | 3.5 | 4.3 | 3.6 | 3.6 | 3.7 |
| Construction and public works | .. | 1.7 | 1.6 | 2 | 2.3 | 2.7 | 2.8 |
| Water and electricity | .. | 0.4 | 0.4 | 0.6 | 0.5 | 0.6 | 0.6 |
| Services sector | .. | 26.2 | 26.4 | 32 | 27.7 | 30.3 | 32.4 |
| Transport and communications | .. | 1.6 | 1.6 | 1.8 | 1.6 | 1.9 | 1.9 |
| Trade | .. | 10.5 | 10.6 | 12.6 | 11.6 | 11.3 | 11.5 |
| Public administration | .. | 9.4 | 9.5 | 12 | 10.1 | 12.3 | 13.8 |
| Other | .. | 4.7 | 4.7 | 5.6 | 4.5 | 4.9 | 5.2 |
| Indirect taxes | .. | 2.3 | 2.2 | 2.7 | 2.6 | 2.7 | 2.6 |
| Uses of GDP | (as a percentage of GDP) | | | | | | |
| Final consumption | 73.8 | 69.1 | 66.6 | 72.0 | 66.2 | 67.0 | 77.8 |
| Final public consumption | 4.7 | 6.8 | 7.5 | 9.3 | 7.6 | 8.2 | 7.4 |
| Final private consumption | 69.0 | 62.3 | 59.2 | 62.7 | 58.6 | 58.8 | 70.5 |
| Gross investment | 25.8 | 25.7 | 27.1 | 36.9 | 42.0 | 36.6 | 37.1 |
| Gross fixed capital formation | 25.5 | 25.4 | 26.7 | 36.5 | 41.8 | 36.4 | 36.8 |
| Change in inventories | 0.3 | 0.3 | 0.4 | 0.4 | 0.2 | 0.2 | 0.2 |
| Net exports (Goods and non-factor services) | 0.4 | 5.1 | 6.3 | -8.9 | -8.3 | -3.7 | -14.9 |
| Public finance | (as a percentage of GDP) | | | | | | |
| Revenue and grants | 16.7 | 21.7 | 26.4 | 16.1 | 23.8 | 28.0 | 26.6 |
| Total revenue | 16.7 | 21.7 | 26.4 | 16.1 | 23.8 | 28.0 | 26.6 |
| Oil revenue | 12.1 | 16.3 | 20.8 | 8.5 | 15.2 | 21.0 | 16.9 |
| Non-oil revenue | 4.5 | 5.4 | 5.6 | 7.7 | 8.6 | 7.0 | 9.7 |
| Total expenditure | 18.4 | 20.5 | 23.6 | 29.5 | 28.8 | 30.0 | 31.7 |
| Current expenditure | 11.1 | 13.5 | 15.5 | 19.0 | 16.4 | 16.2 | 17.3 |
| Salaries and wages | 2.6 | 3.2 | 3.3 | 4.0 | 3.2 | 4.0 | 4.5 |
| Material and equipment | 3.2 | 1.8 | 1.7 | 2.0 | 2.0 | 1.9 | 1.2 |
| Interest | 0.4 | 0.4 | 0.3 | 0.6 | 0.4 | 0.7 | 0.6 |
| Transfers and subsidies | 3.8 | 6.2 | 7.7 | 9.0 | 8.3 | 7.4 | 9.3 |
| Military expenditure | 1.0 | 1.8 | 2.5 | 3.3 | 2.5 | 2.3 | 1.7 |
| Investment expenditure | 7.3 | 7.0 | 8.1 | 10.5 | 12.4 | 13.8 | 14.4 |
| Overall balance (commitments basis, excluding grants) | -1.7 | 1.2 | 2.7 | -13.3 | -5.0 | -2.0 | -5.1 |
| Overall balance (accruals basis, including grants) | 0.5 | 3.0 | 4.5 | -10.8 | -2.9 | 0.8 | 0.0 |
| External sector | (as a percentage of GDP) | | | | | | |
| Total external debt (as a percentage of GDP) | 26.5 | 26.5 | 23.5 | 27.3 | 23.2 | 23.9 | 24.3 |
| Debt servicing (% of budgetary income) | 4.0 | 6.3 | 6.4 | 7.1 | 3.8 | 3.9 | 6.2 |

.. Not available.

a Estimates.

b Forecasts.

Source: Data provided by the national authorities, and the Bank of Central African States (BEAC).

1.7. Recurrent episodes of socio-politico-military conflict have created a situation of latent insecurity that does little to encourage economic activity. Conflicts in neighbouring countries (Libya, Nigeria, Sudan and the Central African Republic) are also potential sources of instability. Nonetheless, the security situation seems to have improved since 2010, following the signing

of a peace agreement with Sudan⁷ and the establishment of a joint force to secure the border between the two countries.

1.8. Private sector development continues to be hindered by many other factors such as corruption, the poorly developed road and transport infrastructure, recurrent energy crises, and the heavy tax burden imposed on businesses. The *Global Competitiveness Report* published by the World Economic Forum⁸ ranks Chad 140th out of 144 countries for the supply of electric power. Corporate tax rates are among the highest in the subregion and a large proportion of economic agents operate informally.

1.2 Recent economic developments

1.9. Following two straight years of recession, the Chadian economy recovered in 2010, to post real GDP growth of 13.9% - thanks to a good agricultural harvest and an upturn in the price of oil, supported by an appreciation of the United States dollar against the CFA franc (CFAF). The growth rate slackened in 2011 owing to the drought, but the coming on stream of a number of industrial projects in 2012, which was also the first full year of production at the oil refinery, caused economic activity to recover with growth of 7.4% that year.

1.10. Prices generally fluctuated widely over the same period. Following steep rises in 2008 and 2009 driven by the surge in food prices, they fell by 2.1% in 2010 and 4.9% in 2011. This was in part the result of the exemptions from certain duties and taxes charged on products for mass consumption and of government subsidies on the price of oil products. The drought in 2011 pushed the following year's inflation rate up to 10.2%, well above the 3% threshold set in the multilateral surveillance framework.

1.11. On the public finance front, the robust performance of oil prices helped the Government implement an expansionary budgetary policy aimed at providing the country with road, education, and health infrastructures. Boosted by a large inflow of oil revenues, public sector income stabilized at 28% of GDP in 2011 (compared to 16.1% in 2009). This underpinned the Government's expansionary budgetary policy aimed at providing the country with road, education and health infrastructures [sic: this is basically repeated]. As a result, total expenditure represented 30% of GDP, and the 2011 budget deficit came in at 2%, before growing to 5.1% of GDP in 2012, mainly owing to transfers and subsidies.

Table 1.2 Balance of payments, 2006-2012
(US\$ million)

| | 2006 | 2007 | 2008 | 2009 ^a | 2010 ^a | 2011 ^a | 2012 ^b |
|-------------------------------|----------|----------|----------|-------------------|-------------------|-------------------|-------------------|
| Current account balance | 374.4 | 812.7 | 746.5 | -289.9 | -430.1 | -102.1 | -917.9 |
| External trade balance | 2,002.5 | 1,881.6 | 2,144.2 | 791.6 | 1,149.5 | 1,611.1 | 753.1 |
| Exports, f.o.b. | 3,352.0 | 3,627.2 | 4,168.3 | 2,794.9 | 3,537.6 | 4,306.3 | 4,049.7 |
| Cotton lint | 84.4 | 64.7 | 52.0 | 28.4 | 31.5 | 70.4 | 60.1 |
| Livestock | 227.5 | 282.9 | 273.1 | 246.9 | 207.2 | 245.0 | 274.6 |
| Oil | 2,969.3 | 3,202.6 | 3,737.1 | 2,442.7 | 3,233.9 | 3,891.1 | 3,618.0 |
| Imports, f.o.b. | -1,349.5 | -1,745.6 | -2,024.1 | -2,003.2 | -2,388.2 | -2,695.5 | -3,296.6 |
| Non-oil sector | -312.2 | -1,090.6 | -1,079.0 | -936.9 | -936.2 | -993.7 | -1,266.9 |
| Oil sector | -750.0 | -298.0 | -504.9 | -533.5 | -795.7 | -975.9 | -1,180.3 |
| Public sector | -90.9 | -166.3 | -184.0 | -226.2 | -326.1 | -377.0 | -412.1 |
| Services balance (non-factor) | -1,975.7 | -1,512.3 | -1,616.3 | -1,424.0 | -1,863.4 | -1,966.7 | -2,205.4 |
| Transport and insurance | .. | -457.8 | -553.4 | -536.2 | -696.4 | -784.3 | -966.1 |
| Public administration | .. | 72.2 | 115.9 | 313.4 | 244.7 | 261.9 | 213.1 |
| Travel | .. | -166.3 | -332.5 | -335.0 | -500.9 | -543.8 | -573.7 |
| Other business services | .. | -490.5 | -468.3 | -456.8 | -526.0 | -446.9 | -459.7 |
| Other transport and insurance | .. | -469.7 | -378.1 | -409.2 | -384.8 | -453.7 | -419.0 |
| Balance of the income account | 211.9 | -158.2 | -266.2 | -385.7 | -355.6 | -314.1 | -331.0 |
| Wages and salaries | .. | 4.0 | 7.8 | 22.0 | 20.0 | 19.7 | 18.0 |
| Investment income | .. | -162.1 | -274.0 | -407.7 | -375.3 | -333.8 | -349.1 |

⁷ Online information from the newspaper *Le Monde*. Viewed at: http://www.lemonde.fr/afrique/article/2010/02/09/le-Soudan-et-le-tchad-se-rapprochent-apres-sept-annees-d-e-conflit_1303014_3212.html [8 February 2013].

⁸ World Economic Forum (2012).

| | 2006 | 2007 | 2008 | 2009 ^a | 2010 ^a | 2011 ^a | 2012 ^b |
|-----------------------------------------------|--------|--------|--------|-------------------|-------------------|-------------------|-------------------|
| Balance of current transfers | 135.7 | 601.5 | 484.8 | 727.9 | 639.4 | 567.7 | 865.6 |
| Public | 56.8 | 530.8 | 402.0 | 654.6 | 594.2 | 531.7 | 403.1 |
| Private | 78.9 | 70.7 | 82.6 | 73.3 | 45.2 | 36.0 | 462.5 |
| Capital and financial account | -76.4 | -475.5 | 3.1 | -206.5 | -61.4 | 307.3 | 1,233.2 |
| Capital account | 92.7 | 95.1 | 94.5 | 104.6 | 119.9 | 179.7 | 153.0 |
| Financial account | -169.1 | -570.7 | -91.3 | -311.3 | -181.3 | 127.8 | 1,080.3 |
| Direct investment | -279.3 | -321.1 | 464.0 | 374.6 | 312.1 | 281.6 | 323.2 |
| Portfolio investment | 0.0 | 7.5 | 6.9 | 3.6 | 4.0 | 4.2 | 0.0 |
| Other investment | 110.2 | -257.1 | -562.3 | -689.6 | -497.5 | -158.3 | 757.1 |
| Errors and omissions | 96.2 | -119.8 | -274.7 | -245.7 | 502.1 | 152.6 | 0.0 |
| Overall balance | 394.2 | 217.6 | 475.0 | -742.3 | 10.7 | 357.7 | 315.4 |
| Financing | -394.2 | -217.6 | -475.0 | 742.3 | -10.7 | -357.7 | -315.4 |
| Changes in official reserves (reduction +) | -375.6 | -259.4 | -467.4 | 742.3 | -10.7 | -357.7 | -315.6 |
| Exceptional financing | -18.7 | 41.7 | -7.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| Residual | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

.. Not available.

a Estimates.

b Forecasts.

Source: Data provided by the national authorities and the BEAC.

1.3 Trends in trade and investment

1.12. Chad's exports are very poorly diversified, consisting mainly of crude oil exported almost exclusively to the United States (Charts 1.1 and 1.2). The other main export products are: livestock, exported on the hoof mainly to Nigeria; cotton, exported directly to France; and gum Arabic, exported mainly to Europe. In the case of livestock, a large proportion of trade takes place outside official channels, and the real value of exports is probably underestimated by the official statistics. Imports have been dominated over the last few years by capital goods, in the context of work to develop the petroleum sector. Since its previous TPR, Chad's trade with China has surged in terms of both imports and exports.

1.13. With the exception of Cameroon (through which the vast majority of its merchandise trade transits) and, to some extent, the Central African Republic, Chad trades very little with other CEMAC countries. It imports manufactures from Cameroon and sugar from the Congo and, since 2011, it has exported diesel fuel to the north of Cameroon and the Central African Republic, and a number of food crops (groundnuts, onions, garlic) also to the Central African Republic.

1.14. Since 2009, Chad has received burgeoning foreign investment inflows, attracted by the oil sector (refinery) and industrial projects. Net foreign direct investment (FDI) accounted for 19.6% of GDP in 2011, well above the average for sub-Saharan Africa.⁹ This high level of FDI is associated with the major works being undertaken as part of the Rônier oil project (Chapter 4), together with industrial construction (the reopening of a textile company, and the construction of a cement works, an agricultural equipment assembly plant, and a fruit juice manufacturing plant). This trend is set to continue if the investments visualized for the construction of a new airport and a railway line, as well as the industrial zone, come to fruition.

1.15. In the past, Chad has received large-scale investments from Libya, but these have since dwindled owing to the conflict in that country. For example, the takeover of the Société tchadienne de télécommunications by Libyan Green (LAP), which was agreed upon in 2010, had to be cancelled.

⁹ World Bank (2012a).

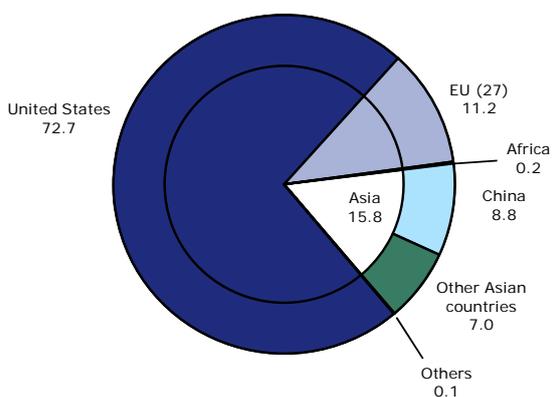
Chart 1.1 Direction of merchandise trade, 2005 and 2010

Percentage

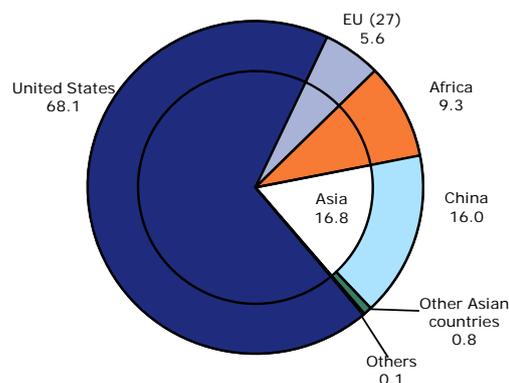
2005

2010

(a) Exports

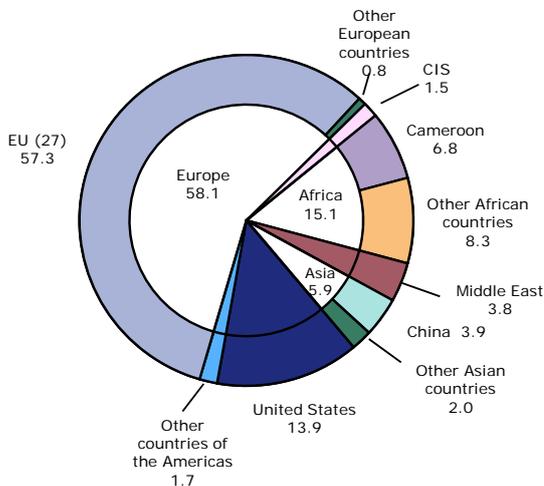


Total: US\$2.2 billion

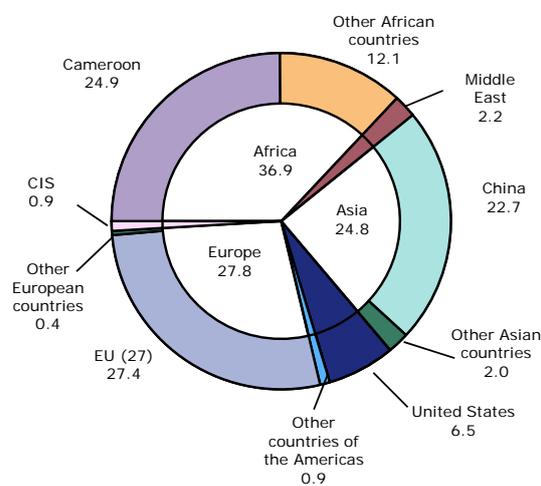


Total: US\$3.1 billion

(b) Imports



Total: US\$400 million



Total: US\$1.4 billion

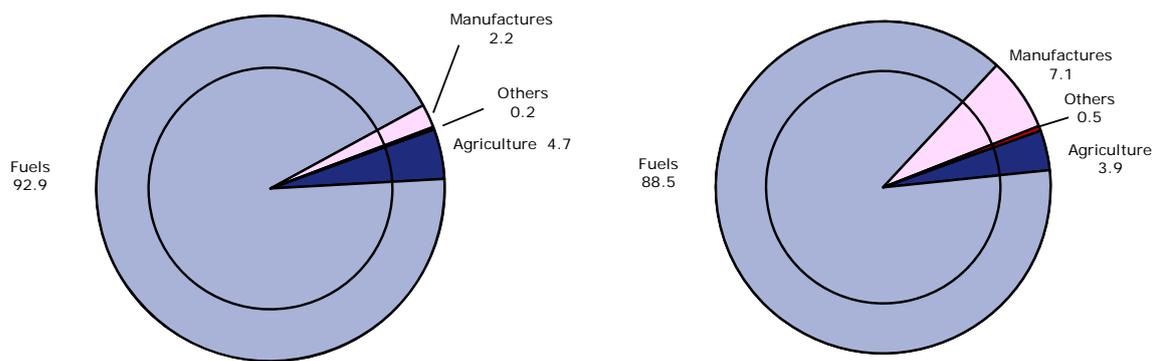
Source: WTO calculations, based on data obtained from Comtrade, mirror statistics, United Nations Statistics Division (UNSD) (SITC, Rev.3).

Chart 1.2 Structure of merchandise trade, 2005 and 2010

Percentage

2005
2010

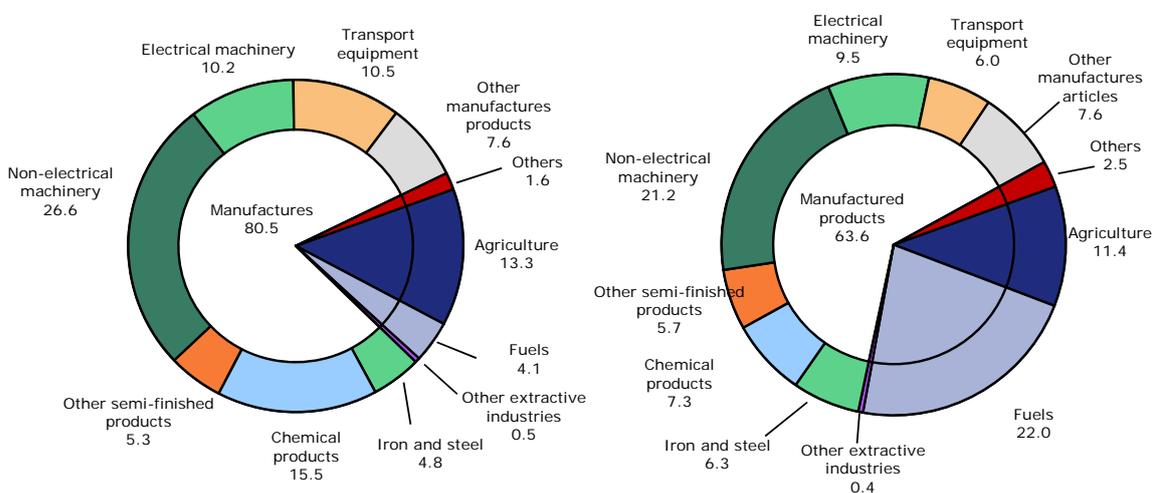
(a) Exports



Total: US\$2.2 billion

Total: US\$3.1 billion

(b) Imports



Total: US\$400 million

Total: US\$1.4 billion

Source: WTO calculations, based on data obtained from Comtrade, mirror statistics, UNSD (SITC, Rev.3).

1.16. The creation of a single window for enterprise creation and the implementation of the Investment Charter are among recent initiatives aimed at attracting private investment. These measures have been of limited effectiveness, however, owing to other more exacting constraints such as corruption, the heavy tax burden, and the problematic supply of electric power.

1.4 Outlook

1.17. The outlook for the Chadian economy depends on the trend in oil prices and weather conditions. Output from the country's leading oil project, at Doba, has been declining; the high price of oil over the last few years has justified additional investment in drilling, but has not managed to reverse the downward trend. The IMF is forecasting that economic activity will grow moderately by 3.2% in 2013, driven by a sustained level of public investment. The coming on-line of the new electric power plant at Farcha, and the completion of work to construct the infrastructure needed to transport part of the energy produced by the Djermaya refinery to the capital, should make electricity more widely available and promote economic activity, particularly among small and medium-sized enterprises (SMEs).

1.18. The Government's vision for 2025 is to turn Chad into 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". The actions to be undertaken are defined in the 2013-2015 National Development Plan¹⁰; but their implementation will depend on oil revenues and non-concessional loans, among other factors.

¹⁰ Republic of Chad (2013a).

2 TRADE AND INVESTMENT REGIMES

2.1 Overview

2.1. The Constitution currently in force was adopted by referendum in March 1996. Its most recent amendment, in 2005, repealed a provision limiting the number of presidential terms, thereby allowing the President to be re-elected indefinitely.¹¹ Another review is currently under way, and a draft law was adopted by the National Assembly in February 2013. The amendments introduced will abolish permanent tenure for Supreme Court judges¹² and will enable the President of the Republic to engage in certain activities, specifically within political parties.

2.2. Under the Constitution, the President of the Republic is the Head of State and supreme commander of the armed forces. He oversees compliance with the Constitution and ensures international treaties and agreements are fulfilled. He is elected by direct universal suffrage for a five-year term. He appoints the Prime Minister and other members of the Government proposed by the latter, and he defines their responsibilities and powers by decree. The President may dismiss the Government, either on his own initiative or when the Prime Minister tenders his Government's resignation, or following a vote of no-confidence or the passing of a censure motion by a majority of the National Assembly. The current President has been in power since 2 December 1990. The latest presidential election was held in April 2011 but was boycotted by several opposition political parties.¹³

2.3. Legislative power is exercised by the National Assembly, which consists of 188 members elected by direct universal suffrage for a four-year renewable term. The most recent legislative elections were held in February 2011.

2.4. Judicial power is vested in the Supreme Court, the Appeals Courts, tribunals and magistrates courts. The Supreme Court is the highest authority for judicial, administrative and public accounts matters, and has been operating since October 2000. Its members are chosen by the President of the Republic and the President of the National Assembly. Magistrates are appointed by the Supreme Council of Justice. The Constitution guarantees the independence of the judiciary from the legislative and executive branches.

2.5. According to its Constitution, Chad is organized into decentralized territorial units (regions, departments, communes, and rural communities), under State tutelage but enjoying administrative, financial, capital and economic autonomy. The State is represented in the territorial units by administrative units (governorships, prefectures, and sub-prefectures).¹⁴ The administrative units are underpinned by traditional chiefdoms, organized on a customary law basis. These represent the first recourse for settling inter-community conflicts and property disputes.

2.6. Although commercial tribunals were created in 1998¹⁵, they have only been operating since 2004.¹⁶ Disputes between economic agents are generally settled out of court through arbitration provided by the Chamber of Commerce, Industry, Agriculture, Mining and Crafts (CCIAMA). The Ministry responsible for trade has had to intervene in a number of out-of-court settlements.

2.7. The design, implementation and evaluation of trade policy is the responsibility of the Ministry of Trade and Industry, which also serves as the WTO focal point. The other entities involved in developing and implementing that policy include the Office of the President of the Republic, the Office of the Prime Minister, and the Ministries of Finance, and Budget,

¹¹ Constitution of 31 March 1996 (amended by Constitutional Law No. 08/PR/2005 of 15 July 2005). Viewed at: http://www.presidentetchad.org/Constitution_Tchad.pdf [28 February 2013].

¹² Their term will be limited to seven years, renewable once.

¹³ Online information. Viewed at: <http://www.rfi.fr/afrique/20110323-tchad-trois-candidats-opposition-entendent-boycotter-election-presidentielle> [12 February 2013].

¹⁴ Ordinance No. 003/PR/2008 of 20 February 2008 defining fundamental principles of the administrative organization of the territory of the Republic of Chad.

¹⁵ Law No. 004/PR/98 of 28 May 1998 organizing the judiciary.

¹⁶ Ordinance No. 009/PR/2004 of 23 August 2004 on the organization and functioning of the commercial courts.

Planning, Economy and International Cooperation, Foreign Affairs and African Integration, Agriculture and Livestock, among others. The extent to which these ministerial departments are involved depends on the potential effect of specific trade policies on their spheres of competence. In particular, for measures with a fiscal effect, the initiative rests with the Ministry of Finance.

2.8. According to the authorities, the following institutions are frequently consulted in the trade policy-making process:

- The Chamber of Commerce, Industry, Agriculture, Mining and Crafts (CCIAMA);
- the National Investment and Export Agency (ANIE);
- the Chadian National Employers' Council (CNPT); and
- the Consumer Protection Association (ADC).

2.9. Legislative initiative rests with the Government and the National Assembly. Draft laws emanating from the National Assembly are reviewed in the Council of Ministers before being submitted to the National Assembly for adoption. Once adopted, the President of the Republic must enact them within 15 days of their transmission to the Government. In theory, laws are published in the Official Journal of the Republic, but in practice this journal is no longer being published. In fact, laws are generally published in *Tchad info*, a daily bulletin edited by the Chadian press agency (ATP), and in certain private media.

2.10. International treaties and agreements are negotiated and ratified by the President of the Republic. Once published, they take precedence over domestic laws, subject in each case to their application by the other party. After the Constitution, domestic legal instruments are ranked in the following order of preference: laws, ordinances, decrees, ministerial orders and decisions. Certain instruments, such as trade treaties and treaties or agreements concerning international organizations and the exploitation of natural resources can only be approved and ratified once they have been authorized by the National Assembly.

2.11. Rules concerning the nationalization or privatization of enterprises are legally defined. The law also specifies fundamental principles relating, in particular, to 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 regime; farming, livestock breeding, fisheries, and fauna, water and forests. The main legal instruments governing trade and investment are set out in Table 2.1.

Table 2.1 Main trade and investment laws currently in force, January 2013

| Scope | Legal text |
|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| WTO agreements | Law No. 12/PR/96 of 26 March 1996, ratifying the Marrakesh Agreement Establishing the World Trade Organization (WTO) |
| Foreign trade | Decree No. 452/PR/85, repealing Decree No. 282/PR/85 defining import procedures Order No. 054/MCPI/DG/DC/95, abolishing import licences and establishing the negative list of products subject to special import authorization Decree No. 451/PR/95 of 29 July 1995 repealing Decree No. 113/ET/65 of 11 July 1965 regulating the exportation and re-exportation of products, merchandise, foodstuff and items of all kinds from Chad |
| Customs legislation | CEMAC Customs Code Order No. 110/MFB/SE/SG/DGDDI/2009 (customs valuation) |
| Merchandise inspection | Decree No. 521/PR/MEF/2003 (preshipment inspection) Decree No. 1587/PR/MFB/2011 (at-destination verification) |
| Business taxation | General Tax Code, 2006 Edition Finance Law |
| Procedures and regulations for the establishment of private commercial enterprises | Uniform acts of the Organization for the Harmonization of African Business Law (OHADA) Law No. 016/PR/96 of 13 April 1996, ratifying the Treaty on Harmonization of Business Law in Africa Law No. 10/PR/2009 rectifying Ordinance No. 004/PR/2009 (revised OHADA Treaty) |

| Scope | Legal text |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment | Law No. 006/PR/2008, instituting the Investment Charter of the Republic of Chad |
| Government procurement | Decree No. 503/PR/PM/SGG of 25 December 2003 establishing the National Government Procurement Code |
| Mining Code | Law No. 011/PR/1995 of 20 June 1995 establishing the Mining Code |
| Oil | Law No. 006/PR/2007 of 2 May 2007 on hydrocarbons Ordinance No. 006/PR/12 of 7 February 2012, on the exportation and importation of petroleum products |
| Water code | Law No. 016/PR/99 of 18 August 1999 enacting the Water Code |
| Electricity | Law No. 014/PR/99, on the generation, transport and distribution of electricity |
| Pharmaceuticals | Law No. 024/PR/2000 of 24 November 2000, the Pharmacy Law |
| Postal services | Law No. 008/PR/98 of 17 August 1998, on the organization of the Public Postal Service |
| Telecommunications | Law No. 009/PR/98 on telecommunications (currently under review) |
| Merchandise transport by road | OHADA, Uniform Act of 1 January 2003 on contracts for the transport of merchandise by road |
| Civil aviation | Law No. 032/PR/2000 of 17 May 2000, enacting the Civil Aviation Code |
| Insurance | CIMA Insurance Code |
| Domestic trade, competition | Law No. 30 of 28 December 1968 on pricing, economic intervention and the repression of economic offences; and Law No. 008/PR/2001 amending it (liberalization of hydrocarbons prices) |
| Forestry, fauna, fisheries | Law No. 014/PR/2008 of 10 June 2008 on the forestry, fauna and fishery regime. |
| Land tenure | Laws Nos. 23, 24 and 25 of 22 July 1967, dealing, respectively, with the status of public property, the real estate property regime and customary rights; and limitations on property rights |
| Tourism | Law No. 019/PR/2002 of 2 December 2002, regulating tourism establishments Law No. 012/PR/2007 of 15 June 2007, creating the Chadian Tourism Office |
| Intellectual property | Revised Bangui Accords (1999) Law No. 005/PR/2003 of 2 May 2003, on the protection of copyright, neighbouring rights, and rights in respect of expressions of folklore |
| Sanitary and phytosanitary measures | Law No. 14/PR/95 of 13 July 1995 on plant protection Order No. 0059/MSP/DG/187/DACS/96, regulating the importation, distribution and use of pesticides of public health use Law No. 009/PR/2004 of 19 May 2004, organizing the sanitary inspectorate and the collective prevention of known contagious diseases of animals on the territory of the Republic of Chad |
| Commercial courts | Law No. 004/PR/98 of 28 May 1998, on the organization of the judiciary Ordinance No. 009/PR/2004 of 23 August 2004, on the organization and functioning of the commercial courts, and Law No. 014/PR/2004 ratifying it |

Source: Information provided by the Chadian authorities.

2.12. The overall legal environment for business is, in principle, governed by the various uniform acts of OHADA (common report, Chapter 2).¹⁷ Nonetheless, domestic laws have not yet been fully adjusted to these provisions.

2.13. Corruption remains a scourge, despite several actions undertaken by Chad since its previous TPR. According to the ranking published by Transparency International, Chad is among the worst-rated countries in terms of corruption perception - ranked 165th out of 176 countries in 2012 (compared to 172nd out of 179 in 2007).¹⁸ Steps taken by the Government mainly aim to improve public sector governance. These include: the creation in 2004 of a Ministry responsible for State control and ethics; the creation of a national financial investigation agency; the adoption in 2012 of a national good governance strategy, and an anticorruption law¹⁹; and the organization

¹⁷ Chad ratified the OHADA Treaty in 1996.

¹⁸ Online information from Transparency International. Viewed at: <http://cpi.transparency.org/cpi2012> [27 February 2013].

¹⁹ Ordinance No. 011/PR/2012 of 15 June 2012, establishing the regime for the prevention and suppression of corruption and similar or related offences in the Republic of Chad.

in 2012 of a number of missions to oversee the management of resources assigned to government agencies.²⁰

2.14. Since August 2007, Chad has been seeking to join the Extractive Industries Transparency Initiative (EITI). Nonetheless, it has not yet satisfied all requirements and currently has "candidate country" status. An independent office collects and publishes the tax revenues which the Government declares it has received from enterprises in the sector, as well as the payments which these enterprises declare have been transferred to the State. The reports published thus far cover revenues for the years 2007-2009.²¹

2.2 Trade policy objectives

2.15. Chad's trade policy is framed by commitments made at the multilateral and regional levels (common report, Chapter 2) and by national legislation. The Government's overall objective in this domain is to promote trade to sustain growth, and thus contribute to the fight against poverty.²² Its actions aim specifically to sustain competitive sectors and create a suitable framework for the development of domestic and international trade. For that purpose, the Government is targeting the following:

- Development of specific sectors, such as gum arabic, shea butter (karité), beef cattle;
- capacity building in trade support structures (ANIE, the Standardization and Metrology Agency, the Centre for Foodstuff Quality Control);
- promotion of the marketing of local products (construction/refurbishment of warehouses, dissemination of storage conservation and packaging techniques, support for transport services in rural areas); and
- capacity building for the formulation and implementation of trade policies, and for trade negotiations.

2.16. The private sector has been identified by the Government as "the essential source of productive employment and growth", and its development is one of the priorities defined in the 2013-2015 National Development Plan.²³ Actions envisaged in this domain involve the promotion of SMEs, tourism and handicrafts; better exploitation of the country's agro-pastoral and mining potential with a view to developing the industrial fabric; and strengthening of the financial sector.

2.17. In terms of subregional and continent-wide cooperation, Chad has set itself the objectives of deepening its economic and trading relations with other countries, and of helping to strengthen subregional institutions (CEMAC and the Economic Community of Central African States - ECCAS, in particular). The strategies deployed include exploiting agro-pastoral export potential; supporting subregional initiatives for the free movement of persons, goods and capital; and the incorporation of community provisions in the national development programme.

2.3 Trade agreements and arrangements

2.3.1 World Trade Organization

2.18. Chad is a founding member of the WTO and has least developed country (LDC) status. It has been the subject of "administrative arrangements" relating to sanctions against countries that are in arrears with their contributions, and this limited its participation in WTO decision-making mechanisms for a time.²⁴ Chad has a Permanent Mission in Geneva, which monitors issues reviewed at the WTO, the United Nations Conference on Trade and Development (UNCTAD), the International Chamber of Commerce (ICC) and the World Intellectual Property Organization (WIPO).

²⁰ According to the authorities, this mission has made it possible to recover over CFAF 22 billion.

²¹ Online information from ITIE Tchad. Viewed at: <http://www.itie-tchad.org> [27 February 2013].

²² Republic of Chad (2013a).

²³ Republic of Chad (2013a).

²⁴ In 2010, Chad accepted a plan to reschedule its arrears over several years (WTO (2011)).

2.19. Chad participates in activities organized by the WTO, albeit on an irregular basis. Between 2007 and 2012, it participated in 58 trade-related technical assistance activities (covering all categories), 38 of which were organized by the WTO.²⁵ Its most active participation occurred in 2010 (22 activities), when it participated in 13 trade-related training activities and nine trade facilitation activities. According to the authorities, Chad's low participation rate could reflect ignorance of the activities in question. In 2002, the authorities set up a committee to monitor implementation of the WTO Agreements and ongoing trade negotiations, but this is not currently operational.

2.20. Chad is one of the four African countries sponsoring the Sectoral Initiative in Favour of Cotton. Although it has not been directly involved in any trade dispute settlement procedure, either as complainant or defendant, it was a third party in the dispute concerning subsidies on upland cotton in the United States.²⁶

2.21. As an LDC, Chad has been participating since 2004 in the Integrated Framework (IF) programme and, automatically, in the Enhanced Integrated Framework (EIF) since this was launched. It validated its first diagnostic trade integration study (DTIS) in 2005. The matrix of actions arising from this study was included in the country's Second Poverty Reduction Strategy Paper (PRSP II, 2008-2010).²⁷ Nonetheless, the tardy installation (in 2010) of the national implementation unit delayed implementation of the country's matrix of actions. The DTIS is currently being reviewed. Between 2009 and 2010, Chad benefited from Window II financing, which enabled it to organize workshops and finance several projects to promote the leather industry. A number of Category 2 projects in relation to gum arabic, shea butter (*karité*) and spirulina are currently being prepared.

2.22. Chad is fulfilling few of its notification obligations (common report, Chapter 2). According to the authorities, this situation is partly attributable to the complexity of the notification process and lack of human resources. Training on notifications was organized by the International Organization of La Francophonie (OIF) in 2008. According to the authorities, steps are being taken to set up a sustainable notifications mechanism. Technical assistance is needed in the following areas:

- implementation of WTO Agreements, particularly in relation to customs valuation and notifications;
- implementation of a complete sanitary and phytosanitary control system; and
- strengthening of the WTO Reference Centre.

2.3.2 Relations with the European Union

2.23. Chad benefits from trade preferences under the European Union's "Everything but Arms" programme, which allows it to export all products except weapons to the EU, duty free and quota free. Chad is participating in the negotiations on an economic partnership agreement (EPA) between the African, Caribbean and Pacific (ACP) countries and the European Union, as a member of CEMAC, expanded to include São Tomé and Príncipe and the Democratic Republic of the Congo (common report, Chapter 2). A committee was set up in 2002 to monitor these negotiations.

2.3.3 Relations with the United States

2.24. Chad is eligible for the African Growth and Opportunity Act (AGOA). A committee to oversee the use of the provisions of this law was set up in 2002, but is not operating. Chad receives technical assistance from the United States under this framework, particularly in relation to the packaging and conservation of agricultural products. An AGOA resource centre was set up in 2004.

²⁵ Global trade-related technical assistance database (GTAD). Viewed at: <http://gtad.wto.org/index.aspx?lg=fr> [27 February 2013].

²⁶ Online information from the WTO. Viewed at: http://www.wto.org/french/tratop_f/dispu_f/cases_f/ds267_f.htm.

²⁷ Republic of Chad (2008).

2.25. Between 2006 and 2011, exports from Chad to the United States grew from US\$1.9 billion to US\$3.2 billion (common report, Chapter 2). The bulk of these exports were under the AGOA regime - 80.4% of Chad's total exports to the United States in 2006 and 93.8% in 2011, nearly all of which involved crude oil.

2.26. Chad is eligible for the Third-Country Fabric provision. Local products (t-shirts) do not appear to satisfy the necessary quality requirements, however.

2.3.4 Other agreements

2.27. Chad receives trade preferences from other developed countries under their national preference schemes. It is also a member of the following regional and subregional organizations: African Union (and the Economic Commission for Africa), ECCAS, Community of Sahelian-Saharan States, and CEMAC (common report, Chapter 2). Although it has not signed the Agreement on the Global System of Trade Preferences among Developing Countries (GSTP), as an LDC it is granted preferences by certain signatories.²⁸

2.4 Investment regime

2.28. Chad has one of the least attractive business environments in the world. In 2012, it was ranked second to last under the "Ease of doing business" criterion of the World Bank's 2013 *Doing Business Report*. It is also ranked 139th out of 144 countries in the Global Competitiveness Index measured by the World Economic Forum (WEF).²⁹ The survey of perceptions conducted by the WEF with business leaders identifies difficult access to financing, corruption, high taxation, and infrastructure weaknesses as the most problematic constraints faced by private enterprise.

2.29. Chad considers free enterprise and private investment to be key levers of its development policy, and encourages them in its legislative and institutional arrangements. In principle, private investments are unregulated, apart from specific provisions on public health, social protection, the environment and respect for public order.

2.30. Chad's Investment Charter is the main regulatory framework for investment. The most recent review was conducted in 2008, and consists of a transposition of community provisions on the subject (common report, Chapter 2).³⁰ The Charter is applicable to investments in the following sectors: processing or packaging of industrial products; preparation or processing of products of plant, animal or fisheries origin; geological, mining, and oil research and exploration; exploitation of mineral substances, their processing and related activities; production and distribution of water and electricity, and the exploitation of other energy sources; manufacture and assembly of articles or objects for mass consumption; tourism and hotel services; construction, public works and transport industries; maintenance of industrial equipment; and information and communications technologies.

2.31. The Charter provides guarantees, such as non-discrimination, free movement, and free transfer of earnings, and both customs and tax advantages to newly-created enterprises (Chapter 3). Implementation of the Charter is the task of the National Investment Commission (CNI), which is operational and has issued several framework agreements.

2.32. The procedures for setting up a business were reviewed in 2010³¹ and involve the following stages: registration with a notary of the deeds creating the enterprise; enrolment in the Commerce and Personal Property Credit Register; enrolment in the employers' register at the National Office of Employment Promotion and with the National Social Security Fund; enrolment in the statistical code; declaration of existence, obtaining of a tax identification number and payment for its registration; and an administrative declaration of the creation of the business.

²⁸ Online information from the United Nations Conference on Trade and Development (UNCTAD). Viewed at: <http://unctad.org/fr/pages/PressReleaseArchive.aspx?ReferenceDocId=4905>.

²⁹ World Economic Forum (2012).

³⁰ Law No. 006/PR/2008 of 3 January 2008 creating the Investment Charter in the Republic of Chad.

³¹ Decree No. 743/PR/MCI/2010 of 6 September 2010 establishing administrative procedures for setting up a business.

Regulated activities also require a licence or authorization to be obtained from the relevant ministry.³²

2.33. Since 2008, the ANIE³³ has coordinated the execution of most of these formalities through a single-window facility and a business formalities centre (CFE).³⁴ Apart from notary deeds and licensing and authorization procedures, all other formalities involved in setting up a business can be completed through this mechanism. Once the dossier has been received, the CFE carries out a check and gives the applicant a deposit receipt (or a justified notice in the event of rejection). The dossier is then transmitted to the single-window facility for processing by each of the departments concerned. In principle, the set of formalities has to be completed within 72 hours or less, but this period is not respected.

2.34. The cost of these procedures depends on the legal format of the business in question (Table 2.2). Between November 2001 and August 2012, the ANIE registered 1,742 business start-up dossiers.³⁵

Table 2.2 Business start-up expenses

(in CFAF)

| Legal format | Registration duties | Public treasury | CFE | ANIE | Court fee | Stamp duties |
|---------------------------------------------------------------------------|---------------------|-----------------|--------|---------|-----------|--------------|
| Joint stock corporation | 3% of capital | 35,000 | 15,000 | 52,000 | 8,000 | 3,000 |
| Limited liability company, sleeping partnerships and general partnerships | 3% of capital | 20,000 | 10,000 | 42,000 | 8,000 | 3,000 |
| Sole trader | Not applicable | 15,000 | 5,000 | 15,000 | 3,000 | 3,000 |
| Economic interest group | 3% of capital | 30,000 | 10,000 | 37,000 | 8,000 | 3,000 |
| Multinational branch | 3% of capital | 60,000 | 20,000 | 242,000 | 8,000 | 3,000 |

Source: ANIE (2012).

2.35. On tax issues, corporations are assigned to one of three taxation regimes: real, simplified, and flat-rate (*impôt général libérateur* - IGL), depending on their annual pre-tax turnover and type of activity.³⁶ Businesses subject to the real regime have a turnover of more than CFAF 200 million in product sales and CFAF 60 million in services. For the simplified regime, the turnover must be between CFAF 60 million and CFAF 200 million for product sales, and between CFAF 20 million and CFAF 60 million for services. Businesses with a turnover of less than CFAF 60 million in product sales and CFAF 10 million in services can opt for the IGL regime.

2.36. Depending on their legal format, enterprises may also be subject to corporate profits tax or personal income tax (Table 2.3); and there are also payroll levies and local taxes. The tax burden is one of the heaviest in the world. According to World Bank estimates, the total amount of taxes and obligatory charges levied on firms appears to have absorbed an average of 62.5% of commercial profits in 2008-2012.³⁷ Moreover, the substantial increase in the minimum guaranteed interprofessional wage (SMIG), which was raised by 135% in 2011, could further inflate business costs, particularly for SMEs. Currently the SMIG stands at CFAF 60,000 (about €91.50).

³² The activities in question are health care, security, telecommunications, financial and banking services, tourism, education and transport.

³³ Law No. 004/PR/2007 creating a National Investment and Export Agency.

³⁴ The enterprise formalities centre is the responsibility of the ANIE, but it is managed by the CCIAMA.

³⁵ Online information. Viewed at:

<http://anie-tchad.com/index.php/fr/statistiques/170-statistique-de-creation-d-entreprises-2011-2012> [27 February 2013].

³⁶ Law No. 024/PR/99 defining the 2000 General State Budget.

³⁷ World Bank (2012a).

Table 2.3 Main taxes and charges applicable to businesses set up in Chad

| Type of tax, duty, or charge | Scope of application | Rate | Tax base | Exemptions |
|----------------------------------------------------|--------------------------------------|-------------------------------------------------|------------------------------------------|---------------------------------------------------------------------------------------------|
| Corporate profits tax | | | | |
| Tax on company profits | All companies | Generally 40% | Fiscal result | First 5 years; negotiable rate |
| General flat rate tax | Business turnover | Standard, based on locality and activity sector | Not applicable | First 5 years |
| Minimum flat rate tax | All companies subject to company tax | 1.5% (minimum CFAF 250,000 per quarter) | Sales turnover | First 5 years |
| Payroll taxes: | | | | |
| Flat rate levy (<i>taxe forfaitaire</i>) | All employers | 7.5% | Payroll | A reduced rate can be negotiated |
| Training levy | All employers | 1.2% | Payroll | Exemption in the framework of agreements, or if the company has an internal training policy |
| Personal income taxes (progressive charges) | | | | |
| Income from real estate (IRVM) | Property values | 20% | Dividends, directors' fees | Exemption possible in the framework of establishment agreements |
| Wages and benefits | All wage earners | 10.5% | Wages | .. |
| Industrial and commercial profits (BIC) | Generally traders | 20% | Net trading profits | .. |
| Industrial and non-commercial profits (BNC) | Liberal professions | 20% | Net trading profits | .. |
| Property income | | 15-20% | Rents | .. |
| Other levies | | | | |
| Customs duties (DD) | Imports | 0%, 5%, 10%, 20% and 30% | c.i.f. value + value added tax (VAT) | See Chapter 3 |
| Export duties | Exports | 2%, 2.5% and 8% | f.o.b. value | .. |
| Advance import duties | Commercial imports | 4% | c.i.f. value + DD + excise duties | See Chapter 3 |
| VAT | Imports and local products | 0 and 18% | c.i.f. value + DD, or factory gate value | See Chapter 3 |
| Excise duty (DA) | Imports and local products | 5%, 20% and 25% | c.i.f. value + DD, or factory gate value | See Chapter 3 |
| Flat rate levy charged on companies | | 12.5-25% | Net amount of contract | |
| Local taxation | | | | |
| Real estate levy on developed land | | 11-12% depending on location | 50% of rental value | First 5 years |
| Real estate levy on undeveloped land | | 20-21% depending on location | 80% of rental value | First 5 years |
| Registration | | | Provisional turnover | First 5 years |
| Tax on the rental value of business premises | | 15% | Rental value of premises | First 5 years |

Source: Information provided by the Chadian authorities.

2.37. The ANIE is responsible for investment and export promotion and a strategy is currently being developed for this purpose.

2.38. Chad does not have any tax-free zones. Studies are reportedly under way for the creation of a dry dock at Nguéli (on the border with Cameroon).

2.39. Disputes between the State and an investor are conducted pursuant to national legal provisions, or in accordance with the many regional and international conventions and treaties on investment to which Chad is a signatory (common report, Chapter 2).

2.40. Chad has signed bilateral investment protection treaties with Switzerland (1967), Germany (1968) and Italy (1969).³⁸ Under a bilateral reciprocity agreement, French nationals have access to Chadian courts on an equal footing with nationals.³⁹ The Cotonou Agreement contains provisions aimed at protecting investments by EU nationals in Chad.

³⁸ Bilateral investment agreements have been signed with Benin, Burkina Faso, China, Egypt, France, Guinea, Lebanon, Mali, Mauritius, Morocco and Qatar, but they have not yet been ratified. Online information from UNCTAD. Viewed at: <http://www.unctadxi.org/templates/DocSearch.aspx?id=779> [27 February 2013].

³⁹ Convention of 11 August 1960, between the Government of the French Republic and the Government of the Republic of Chad.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures directly affecting imports

3.1.1 Registration

3.1. Although imports enter Chad duty free⁴⁰, the authorities can ban or restrict the importation of certain products for health or security reasons. No commercial activity is exclusively reserved for Chadian nationals. The import of goods for commercial purposes is reserved for economic agents holding commercial exporter/importer status. The formalities for obtaining this status are identical to those for setting up a business (Chapter 2). On completion of the procedure, the agent in question is provided by the ANIE with a certificate marked as "Import/Export".

3.1.2 Procedures

3.2. Pursuant to community legislation, a customs declaration can only be made by approved customs brokers, or by the owners of the goods in question (common report, Chapter 3). A simplified declaration may be filed for goods whose taxable value does not exceed CFAF 30,000.

3.3. The applicable customs regimes are those defined in the CEMAC Customs Code. In Chad, the release-for-consumption regime is the most widely used. In this case, a separate declaration of the value of the goods must be submitted. Other customs regimes are seldom used. There are some warehouses used to hold stocks of chemical products awaiting resale to the Government. The temporary admission regime is only used in connection with oil or mining research and prospecting. In the case of inward processing, the national cigarette company, Manufacture des cigarettes du Tchad, only carries out one or two operations per year.

3.4. Owing to the country's landlocked status, transit is rare. Goods in transit from Cameroon must be accompanied by the mandatory vehicle certificate (*lettre de voiture obligatoire* - LVO) and an international safe conduct document. The LVO costs CFAF 2,000 for vehicles registered in Cameroon and 7.5% of the freight value for vehicles registered in Chad. An international safe conduct certificate, adopted to facilitate transit between Chad and Cameroon⁴¹, is issued for each journey between the two countries; it is supposed to ease passage through border posts.

3.5. An online declaration service is available in four customs bureaus located in the capital (and its suburbs) and in the city of Moundou. These offices process about 80% of all customs declarations.⁴² Although the customs authorities use the computerized customs system programme ASYCUDA++⁴³, few of its functions are operational, and system networking problems persist. At the present time, only the Nguéli customs bureau is connected to the General Directorate of Customs and the Ministry of Finance.

3.6. In January 2013, Chad introduced a cargo tracking note (BSC)⁴⁴ scheme, which is operated by the Chad Freight Forwarders Council (CCT). It is mandatory for both imports and exports, and must be validated before any shipment, either by the CCT itself or by its agent. In the case of imports shipped without it, and shipments from places that do not have a CCT office, the BSC can be issued on arrival, as it is one of the documents required at the time of the customs declaration.

3.7. The customs authorities systematically inspect all merchandise declared on importation. They are currently weighing up the benefits of introducing a system of selective checks, based on risk analysis.

3.8. Despite the importance of trade with Nigeria, particularly in livestock and livestock products, there is no official exchange bureau and trade is generally informal.

⁴⁰ Decree No. 452/PR/85 repealing Decree No. 282/PR/85 on import modalities.

⁴¹ Decision No. 03/MTPTHU/SE/DG/DTS/2000 of 10 February 2000, creating a procedure to facilitate transport in transit between the Republic of Chad and the Republic of Cameroon.

⁴² Chad has about 70 customs bureaus in its territory.

⁴³ Online information from ASYCUDA. Viewed at: <http://www.asycuda.org/french/aboutas.asp>.

⁴⁴ Decree No. 04/PR/PM/MTAC/2013 of 3 January 2013, establishing a cargo tracking note scheme in the Republic of Chad.

3.1.3 Preshipment or at-destination inspection

3.9. The merchandise preshipment inspection programme has been in force in Chad since 2003. It aims to reduce the risks of fraud and guarantee customs revenues. Inspection is obligatory for imports from all countries, and is carried out by the company Bureau Veritas B.I.V.A.C. BV (BIVAC). It covers merchandise imports of an f.o.b. value of CFAF 2 million (around €3,049)⁴⁵ or more, and aims to verify the value, quality, quantity of the goods in question.

3.10. To set the inspection procedure in motion, the importer must notify BIVAC of its intention to import (through the prior import declaration (DPI)), and present the supplier's pro forma invoice. It must then pay the inspection fee of 0.90% of the f.o.b. value of the goods, as specified in the supplier's pro forma invoice, subject to a minimum of CFAF 100,000⁴⁶ corresponding to an *ad valorem* fee of 5% in the case of imports at the minimum threshold of CFAF 2 million. This standard amount is one of the highest in the subregion (common report, Chapter 3). Once the expenses have been paid, the importer returns to the inspection company with two copies of the pro forma invoice, the DPI and the bank receipt, for the purpose of issuing an intention-to-import document (IDI). The IDI is valid for six months and can be extended once for a further three months.⁴⁷

3.11. The inspection is performed in the supplier's country by an agent of the inspection company. If the inspection is considered satisfactory, a verification certificate is issued to the importer and a copy sent on line to the customs authorities. This certificate contains the indicative elements needed to identify and determine the customs value of the goods, but the customs authorities are not obliged to take this information into account.

3.12. Imports may not be subdivided for the purpose of avoiding preshipment inspection and an at-destination inspection can be called for if any suspicions are aroused. The fee for this verification is CFAF 24,000, payable by the operator. If at the end of the inspection, the company concludes that the imports have been split up, a new inspection is ordered. This time, the fee is 0.90% of the overall value of the undivided merchandise, subject to a minimum of CFAF 100,000 - in other words the normal charges.

3.13. Apart from imports worth less than CFAF 2 million, the following goods are exempt from preshipment inspection⁴⁸: gold and precious stones, objets d'art; crude oil and refined products; explosives and pyrotechnical devices; arms and ammunition; live animals, fresh eggs; fruit and vegetables, recycled metals; newspapers and magazines; goods reimported by the Government; household removals and personal effects; non-commercial postal packages; commercial samples; gifts from foreign governments or international organizations to foundations, charitable bodies and recognized humanitarian organizations; disaster aid from foreign governments, foreign organizations or private individuals; personal gifts sent by foreign residents to their relatives in Chad, for their personal use; and supplies and gifts imported by diplomatic and consular missions and international organizations for their own requirements.

3.14. Since December 2011, an at-destination verification programme has been compulsory for imported goods that have not previously undergone preshipment inspection (Box 3.1).

⁴⁵ Decree No. 521/PR/MEF/2003 of 18 December 2003 establishing a mandatory verification programme for goods imported into the Republic of Chad.

⁴⁶ Annex B of the contract between the Republic of Chad and Bureau Veritas BIVAC BV, signed on 17 November 2003.

⁴⁷ Online information from Bureau Veritas BIVAC BV. Viewed at: <http://www.bureauveritas.com/wps/wcm/connect/8f6da3804b5d960997a49f8485dd6599/CHAD+rev+0.pdf?MOD=AJPERES&CACHEID=8f6da3804b5d960997a49f8485dd6599> [27 February 2013].

⁴⁸ Annex A to the merchandise preshipment verification contract signed on 17 November 2003 between Chad and Bureau Veritas BIVAC BV.

Box 3.1 The at destination merchandise verification programme

At-destination verification is compulsory for imported goods arriving at the land border without having undergone prior preshipment inspection. Inspection is conducted by the company Cotecna Inspection SA, under a seven-year contract. It usually covers the quality and quantity of the goods, the customs value, and the customs classification. Following the inspection, the company issues a verification certificate that is supposed to contain information enabling the customs authority to identify the goods and determine their value. As in the case for preshipment inspection, this information is only indicative and does not commit the customs authorities. The certificate is obligatory at the time of customs clearance.

There is no exemption threshold. For goods with an f.o.b. value set by the inspection company at over CFAF 2 million, the inspection fee of 0.90% of this amount is calculated in the same way as the preshipment inspection fee, except that the base of the calculation is the f.o.b. value established at the time of the verification. For merchandise worth less than CFAF 2 million, the fee is CFAF 24,000 per declaration. This in practice annuls the exemption from preshipment inspection agreed upon for imports of less than CFAF 2 million.

The list of exempted products is shorter than in the case of preshipment inspection and includes the following: arms and ammunition, other than those for hunting and sporting activities; live animals, fresh eggs, fresh fruit, vegetables and fruit products; gifts from foreign governments or international organizations to foundations, charitable bodies and recognized humanitarian organizations; disaster aid from foreign governments, foreign organizations or private individuals; personal gifts sent by foreign residents to their relatives in Chad, for their personal use; and supplies and gifts imported by diplomatic and consular missions and international organizations for their own requirements.

Sources: Decree No. 1587/PR/MFB/2011 of 23 December 2011, establishing a mandatory verification programme for goods imported into the Republic of Chad; and Order No. 192/MFB/SE/SG/DGDD/2012 of 26 June 2012, defining the modalities for applying the at-destination verification programme for merchandise in the Republic of Chad.

3.1.4 Customs valuation

3.15. Customs valuation methods, as defined in the Agreement on Implementation of Article VII of the GATT 1994, were made mandatory by an Order issued in 2009.⁴⁹ The customs authorities have reported difficulties in implementing this provision of the Agreement, and need training on the subject.

3.16. Minimum values are systematically applied to imports from Nigeria, the United Arab Emirates and Saudi Arabia, in respect of products for which undervaluation has frequently been detected. Market prices are generally used for cross-border trade in products such as rice, sugar and wheat flour.

3.17. Community provisions in relation to appeals are in principle applicable, and the Director-General of Customs is the first recourse in any dispute. Appeal to the joint commission, as a remedy for contesting a decision of the Director-General of Customs, is no longer available. In general, disputes have been few and far between: two to four cases each year, generally involving valuation issues.

3.1.5 Rules of origin

3.18. In 1998, Chad notified the WTO that it had no national rules of origin for non-preferential purposes.⁵⁰

⁴⁹ Order No. 110/MFB/SE/SG/DGDDI/2009 of 29 June 2009, concerning the Agreement on Implementation of Article VII of the GATT 1994, in relation to customs valuation methods.

⁵⁰ WTO document G/RO/N/22 of 16 September 1998.

3.19. The rules of origin currently in force are those of the CEMAC (common report, Chapter 3). A certificate of origin is issued upon payment of CFAF 3 per barrel of crude oil, CFAF 2.5 per litre of fuel, and CFAF 1 per kilogram of cotton. In principle, requests for authorization to enter the community's preferential scheme should be received and processed by a National Authorization Committee, but this is not yet in place.

3.20. Rules of origin are also in force in the context of preferential or regional trade agreements.

3.1.6 Customs levies

3.1.6.1 Most-favoured-nation (MFN) tariff

3.21. Barring a few exceptions, Chad applies the CEMAC common external tariff (CET) (common report, Chapter 3). Exceptions are generally introduced (or suppressed) unilaterally, through the annual finance laws. The taxation of foreign trade, including VAT, generates a large proportion of the country's non-oil fiscal revenue (Table 3.1).

3.22. The tariff applied by Chad in 2012 contains exceptions to the CET for 45 tariff lines (common report, Chapter 3). For 26 lines, tariffs are higher than the CET (58% of the exceptions). The exceptions do not introduce new rates: the products are mostly reclassified in another tariff category. They no longer target a specific group of products, apart from man-made staple fibres (HS 2007, section 55), covered by over half the exceptions (28 tariff lines).

Table 3.1 Composition of public revenues, 2008-2012
(CFAF billion)

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------|-------|-------|-------|---------|---------|
| Total income | 986.1 | 539.7 | 990.6 | 1,340.9 | 1,323.3 |
| Oil revenue | 776.5 | 283.8 | 683.8 | 1,015.7 | 956.0 |
| Non-oil revenue | 209.6 | 255.8 | 306.8 | 325.2 | 367.3 |
| Fiscal revenue | 200.5 | 239.5 | 296 | 310.6 | 336.2 |
| Taxes on foreign trade | .. | .. | .. | 79.06 | 98.7 |
| Import duties | .. | .. | .. | 33.4 | 42.1 |
| Export duties | .. | .. | .. | 2.3 | 6.4 |
| VAT on imports | .. | .. | .. | 41.0 | 43.0 |
| Other revenue | .. | .. | .. | 2.5 | 3.1 |
| Non-fiscal revenue | 9.1 | 16.3 | 10.8 | 14.5 | 31.1 |

Source: Ministry of Finance, Studies and Forecasting Department.

3.1.6.2 Other duties and charges

3.23. Like other CEMAC countries, Chad collects the Community Integration Levy (TCI), the OHADA levy, and the Community Integration Contribution (CCI) (common report, Chapter 3). These various charges jointly amount to 1.45% of the c.i.f. value of imports.

3.24. Other levies include:

- a. the Community Preference Levy (TPC): initially intended to finance the Community's Economic Commission on Livestock, Meat and Fishery Resources (CEBEVIRHA). Although the other countries have replaced this levy with the TCI, Chad still collects it on tariff lines relating to fish, meat, dairy products and other products of animal origin;
- b. down-payment of 4% of the c.i.f. value of the imports, charged in the form of personal income tax;
- c. statistical levy of 2% of the c.i.f. value of imports, charged on all imports, irrespective of origin;

- d. the Rural Intervention Fund (FIR) duty, charged at rates varying from 0.3% to 0.5%, on 9% of tariff lines (products of plant origin, meat and fish).⁵¹ It is transferred to the Ministry responsible for agriculture; and
- e. for goods in transit through Cameroon, an information fee of CFAF 500, and a communications network and en route assistance fee of CFAF 2,000 is charged per journey, payable to Cameroon's Land Freight Management Bureau (BGFT).

3.25. Although Chad levies this broad spectrum of other duties and charges on imports, it has bound them at zero rates on tariff lines for which it has made tariff commitments. These levies have not been notified to the WTO.

3.1.6.3 Bindings

3.26. During the Uruguay Round, Chad bound its agricultural product tariff lines at a ceiling of 80%. In the case of non-agricultural products, tariff lines encompassing tourism vehicles and passenger transport vehicles (subheadings 8702 and 8703 of the 1992 HS), have been bound at a rate of 75%. In total, bindings affect 15.2% of six tariff items, and the simple average rate is 79.9%.⁵²

3.27. Chad has bound at a zero rate other duties and taxes affecting tariff lines for which it has made multilateral commitments.

3.1.6.4 Domestic duties and taxes

3.28. Chad applies the community regime in respect of VAT (common report, Chapter 3). Its standard VAT rate on local and imported goods and services is 18%.

3.29. In addition to exemptions provided for at the community level (common report, Chapter 3), the following products are VAT-exempt⁵³: inputs for livestock breeding and fishery products used by producers; materials, equipment and services needed for producing and exporting cotton lint; 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.

3.30. Excise duty is charged on a number of local and imported products at rates of 5%, 10% or 25%. These rates are within the bracket agreed upon at the community level (common report, Chapter 3). The products on the community list and the corresponding rates are shown in Table 3.2.

Table 3.2 Excise duty: rates in force since 1 January 2009

| Tariff heading (HS Code) | Products | Rate |
|--------------------------|------------------------------------------------------------------------------------------|------|
| 2202 | Water, including mineral water and sweetened carbonated water | 5% |
| 2203.00.10 | Beer made from malt, with no more than a 6.5% alcohol content by volume | 20% |
| 2203.00.90 | Other beer made from malt | 25% |
| 2204 | Wine of fresh grapes | 25% |
| 2205 | Vermouth and other wine of fresh grapes | 25% |
| 2206 | Other fermented beverages | 25% |
| 2208 | Compound alcoholic preparations | 25% |
| 2402 | Cigars (including cheroots, cigarillos and cigarettes of tobacco or tobacco substitutes) | 25% |
| 2403 ^a | Other tobaccos and manufactured tobacco substitutes | 25% |
| 33 | Perfumes and cosmetics | 20% |
| 71 | Jewellery of precious stones | 20% |
| 8521 | Video recording apparatus, magnetic tape-type | 20% |

⁵¹ The rates have been substantially lowered since the previous TPR (they were between 1% and 4%).

⁵² Based on bindings transposed according to the 2007 HS.

⁵³ Law No. 001/PR/2009 of 5 January 2009 defining the 2009 General State Budget.

| Tariff heading (HS Code) | Products | Rate |
|--------------------------|-------------------------|------|
| 8525 | Television cameras | 20% |
| 8528 | Colour TV receivers | 20% |
| 9006 | Photographic apparatus | 20% |
| 9007 | Video cameras | 20% |
| 90 08 | Slide projectors | 20% |
| 93 | Firearms and ammunition | 20% |

a Excluding the following tariff lines: 2403.10.10, 2403.91.00 and 2403.99.20.

Source: Order No. 045/MFB/SE/SG/2009 of 4 March 2009 amending excise duty rates.

3.31. In 2006 an "antiretroviral charge" was imposed on tobaccos, certain beverages and liquors, and telephone cards⁵⁴, applicable to local and imported products alike. Its rate is 0.5% of the face value for prepaid phone cards, and 1% of the customs value (or of the selling price) of cigarettes, carbonated beverages, wines, mineral waters and liquors. According to the customs authorities, the charge is not actually being collected at the customs border.

3.1.6.5 Exemptions and concessions on duties and taxes

3.32. Chad grants customs duty exemptions pursuant to the CEMAC Customs Code common report), the Investment Charter, the Mining Code⁵⁵ and the Hydrocarbons Law.⁵⁶ As a result, the holders of mining rights and oil contracts, and the beneficiaries of authorizations and their agents, may use the temporary admission regime to import material, equipment and motor vehicles for use in their research and production activities. In the case of the mining sector, consumables and products destined for these activities are also exempt from customs duties and import taxes. To benefit from this exemption, an administrative certificate is required from the Minister responsible for mining or petroleum, as the case may be.

3.33. Since 2004, the value of exemptions has quadrupled to reach a level of CFAF 244 billion in 2011, representing three times the revenues collected from taxes on foreign trade (including VAT). Most of these exemptions were agreed upon in the context of development projects in the oil and industrial sectors.

3.1.7 Import licensing, prohibitions and other restrictions

3.34. According to the customs authorities, Chad does not apply import prohibitions except for those provided in connection with environmental protection, and those arising from its international commitments (Table 3.3). According to the authorities, no quantitative restriction is currently in force. Import and export licensing regimes were abolished in 1995, except for sulphur and other explosives. The WTO was notified of this.⁵⁷

Table 3.3 Products subject to import prohibition, authorization or control

| Products | Measure and conditions | Reason |
|-------------------------------------|------------------------|----------------------------------------|
| Non-biodegradable plastic bags | Prohibition | Environmental protection ⁵⁸ |
| Non-digital television receivers | Prohibition | Conversion to digital in 2015 |
| Communications technology equipment | Control | Compliance |

⁵⁴ Law No. 025/PR/2006 of 19 July 2006 amending Law No. 09/06 of 10 March 2006 defining the 2006 General State Budget.

⁵⁵ Law No. 011/PR/1995 of 20 June 1995 on the Mining Code.

⁵⁶ Law No. 006/PR/2007 of 2 May 2007 on hydrocarbons.

⁵⁷ WTO document G/LIC/N/1/TCD/1 of 31 August 1998.

⁵⁸ Order No. 007/MCPI/SE/DG/DC/DCE of 22 May 1993 prohibiting the importation of non-biodegradable plastic bags throughout the country.

| Products | Measure and conditions | Reason |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| Certain products and/or equipment containing or operating with ozone-depleting substances ⁵⁹ | Special authorization from the Ministry responsible for trade | Environmental protection (Montreal Protocol) |
| Arms and ammunition | Prior authorization and control by the Ministry responsible for public security | Public safety |
| Sulphur and other explosives | Special authorization jointly issued by the Ministers responsible for trade and mining | Environmental protection ⁶⁰ |
| Second-hand vehicles | Restrictions on the technical state and age of the vehicle | Environmental protection ⁶¹ |
| Oil products (gasoline, diesel, fuel oil, lubricants and kerosene) | Qualitative and quantitative control, potentially leading to the issuance of a certificate of nationality and quality | Security ⁶² |
| Certain harmful or dangerous chemical substances | Prohibition | Environmental protection ⁶³ |
| Certain harmful or dangerous chemical substances | Restrictions (authorization, packaging and transport conditions) | Environmental protection |

Source: Information provided by the national authorities.

3.1.8 Standards and technical regulations

3.35. According to the authorities, there is no legal framework for standards and technical regulations. Chad has not notified the WTO of any technical regulations (within the meaning of the WTO Agreement on Technical Barriers to Trade (TBT)). It is not a member of the International Standardization Organization or the International Electrotechnical Commission, or the African Standardization Organization.

3.36. Law No. 30 of 28 December 1968, on pricing, economic intervention and the repression of economic offences, contains provisions relating to the publication of the prices of products available for sale. Although it stipulates that prices must be published by means of marks, displays or labelling, these provisions are seldom observed in practice.

3.37. There is no accreditation system, although a seed standardization service is operating in the Ministry responsible for agriculture. In the framework of the iQ-CEMAC community project, a law is being drafted to set up a national metrology system.

3.1.9 Sanitary and phytosanitary measures

3.38. Chad has not made any notification to the WTO concerning sanitary and phytosanitary measures (within the meaning of the Agreement on the Application of SPS Measures).

3.39. The import of animal products is subject to health checks conducted by officials of the Veterinary Services Department in the Ministry responsible for livestock breeding. A health certificate is issued on completion of the check.

3.40. In relation to animal health, a law passed in 2004 lists diseases that are "recognized in law as contagious", and defines hygiene, medical, sanitary, and legal measures that the administration can consider in combating these diseases.⁶⁴ The law authorizes the Ministry responsible

⁵⁹ This covers the following products: automobile air-conditioning equipment; domestic or commercial refrigerators and air-conditioning appliances; refrigeration facilities; portable extinguishers; insulating panels; aerosols; freon; and thermal insulation (Decree No. 09/PR/PM/MERH of 6 August 2009 regulating environmental pollution and nuisances).

⁶⁰ Decree No. 451/PR/95 of 29 June 1995 repealing Decree No. 282/PR/MCI/89 of 5 May 1989 determining procedures for the importation, distribution and circulation of products in the Republic of Chad.

⁶¹ Decree No. 1112/PR/PM/MI/2006 of 11 December 2006 regulating the importation of second-hand vehicles in the Republic of Chad.

⁶² Decree No. 021/PR/MMEP of 1 February 1995 on the qualitative and quantitative control of petroleum products.

⁶³ Decree No. 09/PR/PM/MERH of 6 August 2009 regulating environmental pollution and nuisances.

⁶⁴ Law No. 009/PR/2004 of 19 May 2004 organizing the sanitary inspectorate and the collective prevention of known contagious diseases of animals on the territory of the Republic of Chad.

for livestock breeding to introduce "permanent measures" to protect national livestock herds, even when there has been no outbreak of these diseases. The measures can be imposed on imports and exports of live animals and their products. In addition, temporary prohibitions were introduced in 2006 and 2010, respectively, to combat avian flu⁶⁵ and prevent African swine fever (ASF).⁶⁶

3.41. With the aim of protecting the local industry, prior authorization is required to import live animals, meat and other products of animal origin, as well as their hides and skins.

3.42. Under the plant protection law⁶⁷, anyone wishing to import plant material or products liable to be carriers of organisms that could harm plants or have an effect on crops, whether for commercial or professional reasons, must obtain prior authorization to engage in the activity. The products in question must be accompanied by a phytosanitary certificate issued by the official department in the country of origin, and drawn up according to the model of the International Plant Protection Convention (IPPC). Upon entry into Chadian territory, the products (including those in transit) undergo phytosanitary control.

3.43. The control is carried out by officials of the Department of Plant Protection and Packaging (DPVC), a unit of the Ministry responsible for agriculture. To fulfil its brief, the DPVC has 15 phytosanitary control posts distributed along the country's borders. On completion of the control, products presenting a danger for plant materials, the environment, humans or animals, can either be subjected to a disinfection measure, or else rejected or destroyed, depending on the seriousness of the risk. A fee is charged by the DPVC.

3.44. The DPVC is also responsible for implementing the obligations arising from the international conventions to which Chad is party, including the IPPC, the Inter-African Phytosanitary Council (IAPSC), the *Codex Alimentarius* Commission, and the World Organisation for Animal Health (OIE).

3.45. As a member of the Permanent Interstate Committee for Drought Control in the Sahel (CILSS), Chad ratified the pesticide approval regulations common to its member States.⁶⁸ Under these regulations, any pesticide must be approved or authorized before its importation, distribution, marketing, or use. The implementation of these regulations, particularly pesticide approval, is the responsibility of the Sahelian Pesticide Committee (SPC), whose decisions are applicable in the nine member countries. Since its creation, the SPC has issued 166 approvals and sale permits, and has banned two products.

3.46. A Food Quality Control Centre (CECOQDA) was created in 2010.⁶⁹ Under the Ministry responsible for livestock breeding, this Centre's mission includes contributing to the drafting of national standards on the hygienic and nutritional quality of food products, and serving as an advisory bureau for producers and consumers on related issues. As the Centre is not operating, however, there is currently no mechanism for controlling the quality of imported food products.

3.1.10 Contingency measures

3.47. Chad does not have national legislation on anti-dumping measures, subsidies or countervailing measures⁷⁰; and safeguard measures are not regulated either.⁷¹ According to the authorities, these measures are to be regulated at the community level.

⁶⁵ Order No. 10/ME/SG/ 026/DSV/06 prohibiting the importation of eggs, poultry cuts and slaughtered poultry throughout national territory

⁶⁶ Order No. 028/PR/PM/MERA/SG/136/DSV/10 of 27 May 2010 instigating measures to prevent ASF from entering Chad.

⁶⁷ Law No. 14/PR/95 of 13 July 1995 and Decree No. 010/PR/MA/99 of 7 January 1999 establishing the rules for implementing Law No. 14/PR/95 on plant protection.

⁶⁸ Chad is the only CEMAC member country in the CILSS. Online information. Viewed at: <http://www.insah.org/doc/pdf/RCfr.pdf> [27 February 2013].

⁶⁹ Law No. 021/PR/2010 of 10 November 2010, creating a food product quality control centre (CECOQDA).

⁷⁰ WTO documents G/ADP/N/1/TCD/1, G/SCM/N/1/TCD/1 of 25 August 1998; and G/SG/N/1/TCD/1 of 31 July 2000.

⁷¹ WTO document G/SG/N/1/TCD/1 of 31 July 2000.

3.1.11 Other measures

3.48. In 1999, Chad notified the WTO that it was not applying any trade-related investment measures (TRIMs).⁷² According to the authorities, no agreement has been concluded with foreign governments or enterprises with a view to influencing the quantity or value of goods and services exported to Chad. Moreover, the authorities are unaware of any such agreements between local and foreign enterprises. Chad participates in the international trade sanctions decided upon by the United Nations Security Council and the regional bodies of which it is a member.

3.49. The National Food Security Office maintains a buffer stock of food products as part of its mission (Chapter 4).⁷³ It constitutes/replenishes this stock through local purchases or imports. Operators in the downstream oil sector, such as refineries and distributors, are also required to hold a buffer stock of all products, covering at least 15 days of their domestic demand.⁷⁴ Lastly, for national defence and domestic security reasons, the State maintains a buffer stock to cover at least 30 days' domestic consumption.

3.2 Measures directly affecting exports

3.2.1 Procedures

3.50. As in the case of imports, only operators holding commercial importer/exporter status are authorized to engage in export activities for commercial purposes. The export procedure includes the following stages:

- a. establishment of a CEMAC certificate of origin or movement, whichever applies, from the CCIAMA;
- b. export declaration: this can only be presented by authorized customs brokers, who must submit the following documents on behalf of their clients: certification of the status of importer/exporter, proof of registration in the Commerce and Personal Property Credit Register, and a certificate of origin;
- c. establishment of a sanitary or phytosanitary certificate, as applicable;
- d. control of merchandise based on its sensitivity; and
- e. payment of exports.

3.51. For certain products such as livestock, meat, and food products of animal origin, additional formalities are required. When crossing the border live animals must be accompanied by a livestock passport and an International Certificate of Transhumance.⁷⁵ The fees for issuing the passport are CFAF 2,500 per herd, plus CFAF 4,000 for equine livestock, CFAF 1,000 for sheep, goats and asses, and CFAF 500 for pigs. The export of meat and other products of animal origin is taxed at the following rates: CFAF 50/kg for meat, CFAF 100 per bovine hide, CFAF 50 per sheepskin or goatskin, and CFAF 100 per sheepskin [sic] and skins of other species. An extra charge of CFAF 2,500 is also imposed to finance the Livestock Fund.

3.2.2 Export taxes

3.52. An export duty is charged on the f.o.b. value of exported products at rates of 8% for animals, 2.5% for oil products and 2% for other products. In the case of live animals, the export duty is applied on the market values defined by the Ministry responsible for finance (Table 3.4). The relatively high rate on livestock, a product in which Chad has a comparative advantage in the subregion, represents a handicap for sector development, and also causes fraud and informal trade to proliferate.

⁷² WTO document G/TRIMS/N/2/Rev.5 of 22 February 1999.

⁷³ Law No. 002/PR/01 of 21 February 2001, creating a National Food Security Office (ONASA).

⁷⁴ Ordinance No. 006/PR/12 of 7 February 2012, concerning the export and import of petroleum products.

⁷⁵ Order No. 039/MERA/SG/08 of 14 October 2008, regulating the export of live animals and livestock byproducts.

3.53. Exports of livestock, skins and hides are also subject to the IGL (Table 3.4), with skins and hides paying a rate of CFAF 100/kg. The inspection and packaging fee and the research levy have been abolished.⁷⁶

3.54. The following other duties are also collected:

- a. the Export Statistics Levy⁷⁷, at a rate of 2% on the f.o.b. value of the exports, irrespective of destination. This is also applicable to oil exports;
- b. the Community Preference Levy at 0.4% on exports of products of animal origin; and
- c. the FIR duty on exported products: since the previous TPR, the number of tariff lines subject to this charge has been reduced from over 600 to about 20. It is now only maintained on some types of tea, certain skins, and cotton, at rates of 0.3%, 1% and 0.5%, respectively.

Table 3.4 Market values and levies on exports of live animals
(CFAF per head of livestock)

| Tariff line | Type of livestock | Market value | Export duty (8%) | General standard rate tax (IGL) |
|-------------|-------------------|--------------|------------------|---------------------------------|
| 0101.10.10 | Racehorses | 366,000 | 29,280 | 1,500 |
| 0101.10.10 | Other horses | 219,600 | 17,568 | 1,500 |
| 0106.90.10 | Camels | 219,600 | 17,568 | 1,500 |
| 0102.90.10 | Cattle | 183,000 | 14,640 | 1,000 |
| 0104.10.00 | Sheep | 54,900 | 4,392 | 150 |
| 0104.20.00 | Goats | 36,600 | 2,928 | 150 |
| 0101.90.00 | Asses | 36,600 | 2,928 | 100 |
| 0103.10.00 | Pigs | 29,280 | 2,342 | 150 |

Source: Order No. 037/MFB/SE/SG/DGDDI/2011 of 1 March 2011 revising the export market values of live animals.

3.55. A charge of CFAF 3 is levied on crude oil exports for issuance of the certificate of origin. In the case of fuel exports, the rate is CFAF 2.5/litre; and an additional levy of CFAF 2.5/litre is charged on fuel exports to finance the Chadian Downstream Oil Sector Regulatory Agency (ARSAT).

3.2.3 Export prohibitions, restrictions and licensing

3.56. Export and re-export licensing procedures have been abolished since 1995. In general, the only quantitative restrictions and controls in force on exports are those derived from the treaties to which Chad is party (Basel Convention, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Chemical Weapons Convention, and the Treaty on the Non-Proliferation of Nuclear Weapons).

3.57. Where necessary, the Minister responsible for trade may prohibit or restrict the export of a product.⁷⁸ In response to the food crisis that occurred in 2008, the authorities adopted temporary measures, such as a ban on exports of all types of food products, including live cattle and dried and smoked fish.

3.58. With the aim of preserving the herd, breeding bulls and cows may not be exported.⁷⁹ The same applies to live animals of bovine and camel species under five years of age. The local administrative authorities may also restrict cereal exports at any time in the event of a shortage.

⁷⁶ Law No. 01-2007 of 5 January 2007 defining the 2007 General State Budget.

⁷⁷ The statistics levy is also charged on imports.

⁷⁸ Decree No. 451/PR/95 of 29 June 1995 repealing Decree No. 282/PR/MCI/89 of 5 May 1989 defining procedures for the import, distribution and movement of products in the Republic of Chad.

⁷⁹ Decision No. 001/ME/2003 of 5 March 2003.

3.2.4 Export subsidies, promotion and assistance

3.59. According to the authorities, Chad does not subsidize its exports. As is the case in other CEMAC countries, the zero VAT rate enables exporters to be reimbursed for the VAT paid on their inputs. Various community-level suspensive arrangements are also applicable (common report, Chapter 3). Chad does not have any tax-free zones. Studies are ongoing for the creation of dry docks.

3.60. Export promotion is the task of the ANIE. In this sphere, the Agency's mission is to assist, advise and inform Chadian exporters, and to prospect for promising markets. ANIE is funded from government subsidies, fees for services rendered and part of the certificate of origin fee (CFAF 1/litre of fuel exported).

3.61. Trade fairs are organized on an occasional basis by the CCIAMA, generally financed by the participating enterprises. For a number of years, a group of Iranian private companies has organized an annual trade fair (*Foire Ariane*) in N'Djamena.

3.3 Measures affecting production and trade

3.3.1 Incentives

3.62. Incentive measures are provided for in the General Tax Code (CGI), the Investment Charter, the Mining Code, and the Hydrocarbons Law.

3.63. The incentive measures contained in the CGI are applicable to business start-up, the introduction of a new activity, or a substantial extension of an activity already being exercised. The activities in question are limited to the industrial, mining, agricultural, forestry and real estate sectors and should not be competing with those that are already being exercised "in a satisfactory manner" by existing enterprises (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, patent duty, and the minimum fiscal levy.

3.64. During the exemption period, firms have the opportunity to apply declining balance, accelerated or constant depreciation, carrying forward negative results to subsequent fiscal years, and deducting 40% of investments made from the IRPP and IS tax bases. The latter measure applies to investments in the following areas: real estate development, purchases of materials and large tools, creation or extension of areas for livestock breeding, and capital contributions for semi-public companies. These measures are negotiated in connection with the framework agreements.

3.65. The Investment Charter offers additional advantages to firms investing in isolated areas, far from urban centres and with little industry. In such cases, the tax exemption period extends to ten years. They may also receive development subsidies if they provide social services of the type normally provided by the Government.

3.66. In addition, the State offers a 50% reduction on registration duties in situations of business start-up, corporate merger, capital increase, or share transfers. It also provides exemption from duties on the purchase of land to be used for investment projects, or to create or expand an enterprise. Firms wishing to benefit from these advantages must apply to the Ministry responsible for industry for authorization or conclude a framework agreement. They must also submit a three to five-year forward investment programme.

3.67. Additional measures are envisaged in laws governing the mining and hydrocarbons sectors, such as a tax reduction for partial reinvestment of taxable profits. The various framework agreements may also contain specific advantages. For example, products from the newly operating refinery (Chapter 4) are exempt from all domestic taxation (including VAT).

3.3.2 Competition and price control regime

3.68. Community provisions on anti-competitive trade practices and government practices affecting trade between member States (common report) have not yet been incorporated into domestic legislation. The current regulatory framework is defined by Law No. 30/PR of 28 December 1968, on pricing, economic intervention and the repression of economic offences.

3.69. In 2004, a Joint Economic Enforcement Group was set up to combat unfair trade practices⁸⁰, staffed from the ministries responsible for trade, finance and security. Its responsibilities include combating non-compliance with the laws and regulations, and taking action to suppress anti-competitive and restrictive trade practices, among other things. In practice, the group's activities focus more on combating the smuggling of products such as cigarettes, soaps, sugar, and oil products.

3.70. Chad does not have specific domestic consumer protection legislation. The powers of the Joint Enforcement Group nonetheless include combating the following practices: failure to publish prices or issue invoices, refusal to sell, or the marketing of products that have passed their use-by date. Since 1996, the ADC has been promoting consumers' interests through lobbying and advocacy. It also obtained a VAT exemption on the social tranche of drinking water supplies, and helped write the law on the generation, transport and distribution of electricity.⁸¹

3.71. Draft laws relating to competition and consumer protection are currently being reviewed by the National Assembly.

3.72. Barring a few exceptions, prices can generally be freely set (Table 3.5). When business conditions so require, the maximum selling price for products, at the wholesale, semi-wholesale and retail levels, together with the price of services, may be set by order of the authorities. In 2010, an order issued by the Ministry responsible for trade provisionally set maximum selling prices for the following food products (whether locally produced or imported)⁸²: rice, salted fish, pasta and edible oil.

Table 3.5 Products whose prices are controlled

| Product | Measure | In force |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| Locally produced cement | Maximum retail sale price set at CFAF 6,500/50 kg bag | 2012 (liberalized since January 2013) |
| 3 m galvanized corrugated iron sheets | Fixed selling price | Introduced in 2007 but not applied |
| Water | CFAF 100/m ³ | .. |
| Electricity | Low voltage: CFAF 85/kWh for the first 150 kWh, and CFAF 125/kWh thereafter Other: single tranche, CFAF 125/kWh | Latest review in 2012 |
| 3 kg and 6 kg gas bottles | Maximum selling price set at CFAF 1,400 (3 kg) and CFAF 2,900 (6 kg) | .. |
| Generic medicines | Profit margins set at 20% for wholesalers, and 30% for pharmaceutical dispensaries and depots | .. |
| Local petroleum products | Premium petrol: CFAF 480/l; diesel fuel: CFAF 525/l; A1 jet fuel: CFAF 575/l; kerosene: CFAF 375/l | .. |

.. Not available.

Source: Information provided by the Chadian authorities.

⁸⁰ Interministerial Order No. 009/MCIA/MEF/2004 of 3 March 2004.

⁸¹ Law No. 014/99 of 15 June 1999 relating to the generation, transport and distribution of electricity.

⁸² Order No. 030/PR/PM/MCI/2010 of 30 August 2010, provisionally setting maximum selling prices for local and imported food products in the city of N'Djamena.

3.3.3 State trading, State enterprises and privatizations

3.73. In 2001, Chad notified the WTO that it had no State trading enterprises.⁸³ The State's withdrawal from government-owned companies is covered by a 1992 ordinance⁸⁴, which lists some 40 companies from which the State is authorized to withdraw, and specifies the relevant modalities. Withdrawal can be achieved by transferring ownership of the company (through the sale of assets or shares, or through a paid transaction) or by transferring its management. A technical commission has been set up to monitor the process. The procedures and methods whereby the State withdraws from businesses have not changed since Chad's 2007 TPR.⁸⁵

3.74. Since the most recent TPR, some ten enterprises have embarked upon privatization.⁸⁶ In addition, a number of new wholly State-owned or majority State-owned companies have been set up (Table 3.6).

Table 3.6 Trend in State participation in businesses, 2006-2012

| State-owned companies | Sphere(s) of activity | State ownership share (%) | | Comments |
|-------------------------------------------------------------------|----------------------------------------|---------------------------|------|--------------------------------------------------------------------|
| | | 2006 | 2012 | |
| Primary products | | | | |
| National Food Security Office (ONASA) | Management of a stock of food products | 100 | 100 | See Chapter 4 |
| Société des hydrocarbures du Tchad | Petroleum products | 100 | 100 | |
| Manufactures | | | | |
| Compagnie sucrière du Tchad (CST) | Sugar | 8.6 | 8.6 | Privatized |
| Abattoir frigorifique de Farcha (AFF) | Meat | 100 | 0 | Under a management contract |
| Société nationale de production animale (SONAPA) | Animal feed | 100 | .. | Privatized, assets transferred to a cooperative |
| Société cotonnière du Tchad (COTONTCHAD) | Cotton | 75 | 100 | Liquidated, new company created (<i>CotonTchad SN</i>) |
| Compagnie tchadienne des textiles (COTEX, formerly STT) | Textiles | 75 | 100 | Reorganized, new company (<i>Société tchadienne de filature</i>) |
| Société tchadienne de jus de fruit | Agrifood | .. | 100 | Created in 2011 |
| Société nationale du ciment (SONACIM) | Cement production | .. | 100 | Created in 2012 |
| Services | | | | |
| Centrale pharmaceutique d'approvisionnement (CPA) | Pharmaceutical products | 15 | 100 | Formerly PHARMAT |
| Société industrielle de matériels agricoles (SIMAT) | Agricultural Materials | 100 | 100 | Reorganized, new company created in 2009 (SIMATRACT) |
| Société tchadienne d'eau et d'électricité (STEE) | Water/electricity | 100 | 100 | Split into two companies |
| Office national de l'hydraulique pastorale et villageoise (ONHPV) | Water well drilling | 34 | .. | Has become <i>Société tchadienne d'hydraulique</i> |
| Toumaï Air Tchad | Air transport | 40 | .. | |
| Société générale tchadienne de banque (SGTB) | Financial services | 20 | 20 | Has become <i>Société générale Tchad</i> (SGT) |
| Commercial Bank Tchad (CBT) | Financial services | 17 | 62.5 | |
| Caisse nationale de prévoyance sociale (CNPS) | Pension fund | 100 | 100 | Being reorganized |
| Caisse nationale de retraite du Tchad (CNRT) | Pension fund | 100 | 100 | Being reorganized |

⁸³ WTO document G/STR/N/7/TCD of 5 July 2001.

⁸⁴ Ordinance No. 017/PR/92 of 29 August 1992 authorizing the State to withdraw from companies.

Viewed at: <http://www.cefod.org/legitchad/web/texte/3745> [9 January 2013].

⁸⁵ WTO (2007).

⁸⁶ Republic of Chad (2010).

| State-owned companies | Sphere(s) of activity | State ownership share (%) | | Comments |
|----------------------------------------------------------------------------------------|--------------------------------------------|---------------------------|------|-------------------------------------|
| | | 2006 | 2012 | |
| Centre national d'enseignement artisanal et professionnel des arts appliqués (CNEAPAA) | Teaching | 100 | 100 | .. |
| Laboratoire national des bâtiments et travaux publics (LNBTP) | Civil engineering studies | 100 | 100 | .. |
| Laboratoire de recherches vétérinaires et zootechniques (LRVZ) | Medical services and products | 100 | 100 | .. |
| National Employment Promotion Office (ONAPE) | Employment agency | 100 | 100 | .. |
| National Rural Development Office (ONDR) | Agricultural support and outreach services | 100 | 100 | .. |
| Société tchadienne des postes et de l'épargne (STPE) | Postal services | 100 | 100 | .. |
| Société des télécommunications du Tchad (SOTEL TCHAD) | Telecommunications | 100 | 100 | .. |
| Novotel (SOTEXHO) | Hotels | 100 | 100 | Management contract, expiry in 2011 |
| Méridien Hôtel (Sonex Chari) | Hotels | 100 | 100 | Management contract, expiry in 2014 |
| Société de développement du lac (SODELAC) | Development of Lake Chad | 100 | 100 | .. |

Source: Information provided by the Chadian authorities.

3.3.4 Government procurement

3.75. Chad is neither a party nor an observer in the Plurilateral Agreement on Government Procurement, and it is not currently involved in any process to join it. According to the authorities, better dissemination of the provisions of this Agreement, particularly those relating to developing countries, and a study of its impact on the Chadian economy, would need to precede any such process.

3.76. Enacted in December 2003, the Government Procurement Code defines the rules applicable to the preparation, award, implementation and supervision of public contracts for works, supplies and services, including intellectual services, in Chad.⁸⁷ Sovereignty spending, such as military expenditure, are not covered by the Code. The Code specifies the applicable administrative sanctions and actions relating to the prevention and settlement of related disputes. It covers purchases made by the State, the decentralized authorities, a number of public institutions, and certain wholly or majority State-owned companies.⁸⁸ The Code is applicable to government procurement for amounts, including taxes, in excess of CFAF 10 million (around €15,243).⁸⁹ For government procurement valued between CFAF 10 million and CFAF 50 million (around €76,220), the contracts have to be authorized by the Minister responsible for finance, and approval by the President of the Republic is also required. The Code does not cover real estate purchases and contracts, or agreements to delegate public services.

3.77. Under the provisions of the Code, an invitation to bid must be issued for any government procurement worth more than CFAF 10 million. The bid evaluation criteria and their relative

⁸⁷ Decree No. 503/PR/PM/SGG/2003 of 5 December 2003, instituting the Government Procurement Code in the Republic of Chad.

⁸⁸ The scope may be extended to other public institutions, persons who benefit from State financial support or a State guarantee or to whom the status of contracting authority has been delegated.

⁸⁹ Decree No. 462/PR/PM/SGG/2004 establishing award thresholds and approval powers in government procurement.

weightings must be made known to the candidates in the invitation to bid. If a national preference margin is to be applied, it must also be shown there. In the case of identical bids, national preference can be granted to eligible national bidders provided their price bid is not more than 15% higher than the competitor price. The invitation to bid may be open to the public, or restricted to a defined list of candidates only. The "negotiated contract" procedure can be authorized in special cases. In any event, the use of another form of tendering must always be approved by the Government Procurement Board (OCMP). In the case of an open call for bids, a bidder of a nationality other than that of the contracting authority must form a consortium or enter into a subcontracting arrangement with national enterprises specialized in the field. Government procurement contracts can only be awarded directly if a monopoly holds the patent concerned. It cannot be authorized in any other circumstance, even in cases of emergency.

3.78. As regulatory authority, the OCMP monitors the preparation and award of government procurement contracts. Since 2010, it has had delegations in the following cities outside the capital: Abéché, Doba, Moundou, and Sarh. Its authorization is a prior requirement for launching an invitation to bid. The OCMP is also responsible for disseminating the regulations, and for developing tools to make the procurement process more transparent. The Code requires invitations to bid to be displayed at the OCMP and to be brought to the public's attention by being published in the Official Bulletin of Government Procurement Notifications, as well as in at least one private media outlet, including electronic media. The same applies to the results. Since 2005, invitations to bid have no longer been published in the Official Bulletin. Electronic publication was considered for a time, with support from the World Bank, but the Internet site is still not operational.

3.79. Bids are opened by the Bid Opening and Evaluation Commissions (*Commissions d'ouverture et de jugement des offres* - COJOs) in each ministerial department. These are independent of the OCMP, and consist of representatives from the contracting authority's contracts unit, members of the administration, independent persons and the consulting engineer, where appropriate. Since 2007, COJOs have also been created at the regional level, to serve the decentralized State entities.⁹⁰ They are responsible for opening the envelopes, evaluating the bids and making provisional contract awards.

3.80. Except in the case of contracts for intellectual services, bidders are required to post a bid guarantee, generally between 1% to 2% of the provisional contract amount. This is refunded to bidders who fail to qualify on expiry of the bid validity period. A good performance bond, of between 5% and 10% of the contract amount, is also required except in the case of contracts lasting less than three months or contracts for intellectual services.

3.81. Before execution, awarded contracts must be approved by the Government's Central Secretariat. A single-window facility has been set up to facilitate the approval of contracts by the other authorities concerned (the OCMP, financial supervisor, and General Budget Directorate).⁹¹

3.82. Penalties can be imposed if the contract is not executed within the established timeframe. The global amount of penalties is limited to 10% of the contract amount. In the event of dispute, the first instance is the contracting authority's supervisory ministry. Failing that, recourse must be made to the Amicable Dispute Settlement and Appeals Committee, before any court action is taken.

3.3.5 Intellectual property rights

3.83. Chad is a member of the African Intellectual Property Organization (OAPI) and the World Intellectual Property Organization (WIPO). It ratified the revised Bangui Agreement (1999) in 2000, and has also been a party to the Berne Convention since 1971.

3.84. Intellectual property issues are dealt with by the Department of Industrial Property and Technology, within the Ministry responsible for trade. This department also serves

⁹⁰ Decree No. 653/PR/PM/SGG/07 of 5 September 2007, instituting devolution of the procurement mechanism.

⁹¹ Order No. 2890/PR/PM/SGG of 9 November 2007, creating a single-window facility for government procurement in the office of the Government's Central Secretariat.

as National Liaison Unit (SNL) with the OAPI, and as contact point under Article 69 of the TRIPS Agreement. To date, this unit has received about 90 deposits of different intellectual property instruments (Table 3.7).

Table 3.7 Trend in the number of deposits at the SNL, 2006-2012

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Total |
|--------------------|------|------|------|------|------|------|------|-----------|
| Patents | 2 | 2 | 2 | 3 | 3 | 4 | 1 | 17 |
| Trademarks | 3 | 2 | 1 | 3 | 4 | 2 | 3 | 18 |
| Trade names | 3 | 7 | 6 | 9 | 3 | 5 | 4 | 37 |
| Industrial designs | 4 | 2 | 3 | 3 | 2 | 1 | 2 | 18 |

Source: Information provided by the Chadian authorities.

3.85. With support from WIPO, a strategic plan for intellectual property development and technological innovation is currently being prepared. An intellectual property strategy was finalized in 2012 but has not yet been adopted.

3.86. Copyright and related rights are protected by a law passed in 2003⁹², which designates the Chadian Copyright Office (BUTDRA) as the only body exclusively authorized to deal with issues relating to the promotion and exploitation of artistic, literary or scientific works, and the protection of the rights of authors and their successors in title. It is also authorized to manage the interests of the members of foreign copyright societies in national territory, when there is a mandate, reciprocity agreement or convention on the subject which is binding on Chad. It may also collect royalties, and authorize any communication of literary, musical, dramatic or artistic works to the public.

3.87. According to the authorities, the piracy of artistic works and the counterfeiting of pharmaceutical products are the main spheres in which intellectual property rights are infringed in Chad.

⁹² Law No. 005/PR/2003 of 2 May 2003, on the protection of copyright, related rights and expressions of folklore.

4 TRADE POLICY BY SECTOR

4.1 Agriculture and related activities

4.1.1 Overview

4.1. Agriculture is a key sector in the Chadian economy, both as an employer and in its contribution to GDP (Chapter 1). Its land resources are enormous but hardly used. Arable land is estimated at 39 million hectares, of which 5.4 million are potentially irrigable and 373,000 easily irrigable, owing to their proximity to rivers. Only 2 million hectares are under cultivation, however, and just 30,000 hectares are irrigated. Agricultural production, which is highly dependent on weather conditions, sometimes fluctuates considerably. The main food crops are sorghum, berbere, pearl millet and groundnuts (Table 4.1). These are produced almost exclusively to satisfy local demand, which is also partly supplied by imports. Cotton and sugar cane are the main cash crops.

Table 4.1 Trend in agricultural production by season, 2006-2012^a

(Thousands of tonnes)

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------------|---------|---------|---------|---------|---------|---------|---------|
| Cereal crops | 1,991.1 | 1,972.0 | 1,778.8 | 1,575.1 | 3,247.6 | 1,657.2 | 3,161.2 |
| Pearl millet | 547.0 | 495.5 | 471.6 | 319.0 | 759.9 | 328.9 | 847.1 |
| Sorghum | 772.6 | 576.6 | 590.2 | 601.0 | 1,017.8 | 647.9 | 1,171.6 |
| Maize | 173.7 | 201.3 | 221.7 | 209.0 | 215.8 | 299.5 | 456.0 |
| Rice | 112.4 | 106.4 | 174.0 | 130.7 | 186.1 | 172.7 | 177.7 |
| Berbere | 383.6 | 584.0 | 313.2 | 315.4 | 1,066.3 | 206.4 | 500.1 |
| Wheat | 1.9 | 8.4 | 8.1 | 0.1 | 1.7 | 1.7 | 8.8 |
| Oil seeds | 1,016.0 | 907.9 | 881.0 | 881.1 | 1,717.1 | 1,305.0 | 2,312.2 |
| Groundnuts | 420.0 | 464.3 | 548.3 | 517.4 | 1,103.3 | 569.9 | 1,297.7 |
| Sesame | 62.0 | 40.0 | 40.5 | 61.4 | 126.0 | 72.6 | 124.6 |
| Bambara groundnuts | 0.0 | 0.0 | 0.1 | 48.5 | 14.1 | 10.3 | 24.7 |
| Black-eyed peas | 13.5 | 68.4 | 62.0 | 5.2 | 91.6 | 80.4 | 124.1 |
| Cassava | 470.2 | 249.6 | 161.2 | 191.5 | 302.5 | 323.8 | 222.6 |
| Sweet potato | 49.2 | 57.7 | 43.3 | 28.9 | 45.7 | 216.6 | 518.4 |
| Taro | 1.1 | 27.9 | 25.5 | 28.2 | 33.9 | 31.5 | 0.0 |

a The figures shown for year n correspond to agricultural season n/n+1.

Source: Statistics provided by the national authorities.

4.2. Chadian agriculture is mainly extensive, and farmers mostly work small land areas with means of production that are rudimentary and of low productivity. Even cotton growing is based on family farms, usually with between 1 and 2 hectares under cultivation.⁹³ Many factors handicap the productivity and profitability of farming activities, such as the high cost of factors of production, lack of access to credit, and weak transport infrastructures.

4.3. The land tenure regime does not lend itself to the establishment of an official land market, particularly in rural areas⁹⁴; and, in practice, the "modern" regime coexists with customary law. As a result, land ownership can be attested either by registering it or farming it (customary law). In rural areas, customary law predominates. In principle, land may not be sold to nationals of countries with which Chad does not have a reciprocity agreement on the subject, but in practice this provision is not applied. The State can also expropriate land that is unregistered and not being cultivated, and make it available to private individuals for cultivation.

⁹³ Online information from UNCTAD. Viewed at: <http://r0.unctad.org/infocomm/francais/coton/filiere.htm#chad> [28 February 2013].

⁹⁴ Law No. 24 of 22 July 1967 on land tenure and customary rights.

4.1.2 Agricultural policy

4.4. The Ministry of Agriculture and Irrigation is responsible for the design, implementation, monitoring and evaluation of the Government's agricultural policy. It makes use of technical services, such as the National Rural Development Office (ONDR) for matters relating to producer support programmes; the National Food Security Office (ONASA) for the management of a buffer stock of food; and the Chadian Institute of Agricultural Research for Development (ITRAD).

4.5. The Government's policy objective is to modernize crop farming and livestock breeding to guarantee long-term food security. This policy is translated into actions in the National Food Security Programme (PNSA).⁹⁵ Launched in 2007, the Programme has the following specific objectives: to increase crop, animal and fisheries production through the introduction of new production, processing and conservation technologies; to implement and strengthen the mechanism for monitoring, early warning and rapid response in the event of a threat to food security; to increase the quantity, quality and availability of food products; and to help to raise the incomes of rural population groups. PNSA activities only really began in 2009 and the various actions had cost the State nearly CFAF 68 billion by June 2012 (Table 4.2).

Table 4.2 Main PNSA achievements, 2005 to June 2012

| Sub-programme and investments undertaken | Main activities and achievements |
|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exploitation of basic natural resources (CFAF 35.9 billion) | Preparation of 9,400 hectares of hydro-agricultural land; Construction and refurbishing of dams Drilling and refurbishment of grazing wells Supply of manual pumps |
| Intensification and diversification of crop farming (CFAF 16.6 billion) | Supply of 1,012 tractors at subsidized prices to enable farming communities to work the fields Subsidized sale of carts, barrows and hoes Free supply of 5,061 tonnes of cereal seeds and 3.2 tonnes of garden produce seeds Supply of 6,621 tonnes of fertilizer at subsidized prices Supply of phytosanitary products and treatment apparatus Support for the "spirulina" project, and for beekeeping and fishing activities |
| Health and nutrition (CFAF 100 million) | Nutritional health awareness-raising in seven schools in the capital city |
| Constitution of the food stock and standby mechanism (CFAF 2.2 billion) | Support to ONASA for the purchase of 12,000 tonnes of cereals; Training of workers to build metal silos; Funding for the crop farming and livestock breeding census |
| Support measures (CFAF 3.8 billion) | Recruitment of agricultural advisers and tractor drivers Financing of the renewable energy project |
| Implementation of the PNSA (CFAF 8.4 billion) | Building the capacity of ministries' technical services (ONDR, ITRAD, etc.) |

Source: Republic of Chad (2012).

4.6. Food security is the responsibility of ONASA, whose mission includes establishing and managing a reserve stock of food products to enable it to intervene at a time of need or emergency. The stock is made up of direct purchases and food grants and is managed by an Action Committee for Food Security and Crisis Management. This Committee targets vulnerable zones according to circumstances, and decides whether to make subsidized sales or free distributions.⁹⁶ In 2012, it held a stock of around 65,000 tonnes of food products, which were almost entirely cereals.⁹⁷ Almost 52,000 tonnes have been sold at subsidized prices, generally below half the purchase price, and 450 tonnes have been distributed free.

⁹⁵ The PNSA forms part of regional initiatives, such as the Regional Programme for Food Security in Africa (PRSA) of Central Africa, and the Detailed Programme of African Agricultural Development (PDDAA) of the New Partnership for Africa's Development (NEPAD) (common report, Chapter 4).

⁹⁶ In situations of food insecurity, the World Food Programme and certain NGOs may distribute food products free or in exchange for community work.

⁹⁷ This stock is equivalent to about 2% of national production of cereal products.

4.7. As a member of the CILSS, Chad participates in the "8 Stocks" initiative, which encompasses eight countries of the Sahel.⁹⁸ Under this initiative, the countries in question agree to maintain a solidarity reserve of at least 5% within their national stocks, which can be used to assist another member country in a crisis situation, either as a loan, grant or sale. Chad is currently constituting a 750-tonne cereal stock.

4.8. In relation to customs duties, the free movement of agricultural products of community origin within the CEMAC zone is, in theory, guaranteed. Upon export, however, the products are subject to export duty of 2% irrespective of their destination. Although the CET provides strong protection for agriculture and food products (common report, Chapter 3), its structure does not encourage the emergence of an agrifood industry. In fact average tariff rates on food products, beverages and tobacco are 23.9%, 22.5% and 23.5% for unprocessed products, semi-processed products, and finished products, respectively.

4.9. Agricultural and food products are theoretically subject to sanitary and phytosanitary measures (Chapter 3). Nonetheless, the country does not have a comprehensive system of controls enabling it to ensure effective application of the regulations. This impairs not only the quality of exported products and the confidence of destination countries in them, but also the quality of imported products. This is one of the reasons for the limited access to regional and international markets. The range of duties and taxes charged on top of the CET further undermines sector competitiveness.

4.1.3 Policy by subsector

4.1.3.1 Livestock farming and its byproducts

4.10. Livestock breeding and crop farming jointly form one of the pillars of the Chadian economy. In 2010, the livestock herd was estimated to comprise 7.4 million head of cattle; 6.6 million goats, 3 million sheep and 1.4 million camels.⁹⁹ Livestock farming is essentially mobile, based on nomadism and transhumance. Given the variability of weather conditions, the availability of water in grazing land varies by region and over time. As a result, livestock breeders may have to migrate over distances in excess of 500 km, which is bound to generate conflicts with sedentary livestock breeders and crop farmers who use the same resources. Other constraints on the development of livestock farming include the shortage of grazing land and water resources, low productivity, and difficult access to subregional and regional markets.

4.11. Processing activities are underdeveloped. The sector currently has one main slaughterhouse in N'Djamena, which is State-owned but managed by a private Chadian firm (Société moderne des abattoirs/Abattoirs frigorifiques de Farch); there is also a privately run slaughterhouse in Sahr, as well as regional units operated by the Ministry responsible for livestock in each of the principal towns. In these slaughterhouses, while meat conservation facilities do exist, they are not operational. As a result, meat is only exported by private agents on an individual basis. The commercialization of livestock and byproducts, such as hides and skins, hoofs and horns, is merely incipient. There is no industrial structure for the modern treatment and processing of these products and the techniques used are traditional and inefficient, which contributes to poor quality.

4.12. The goal of government policy in this sector is to make the products competitive on regional and international markets by providing substantial support for livestock farmers and their grazing practices. The Ministry of Livestock and Animal Resources is responsible for the design and implementation of the national policy on livestock development, the exploitation of grazing resources and animal health.

4.13. The National Livestock Development Plan (PNDE) provides the main framework for government policy in this sector.¹⁰⁰ Its aim is to "sustainably expand animal production to improve and increase the sector's contribution to growth, and reduce poverty and food insecurity".

⁹⁸ The "8 Stocks" initiative involves the following countries: Benin, Burkina Faso, Mali, Senegal, Nigeria, Togo, Niger and Chad.

⁹⁹ These numbers are obtained from the growth rate applied to statistics obtained from the First Livestock Census held in 1976. Another census is currently under way.

¹⁰⁰ Ministry of Livestock and Animal Resources (2008).

This overall objective is detailed in eight points including the introduction of new processing and conservation technologies to develop marketing and export activities. The plan is expected to be implemented over a period of eight years, with a budget of about CFAF 184 billion.

4.14. Actions undertaken within the PNSA aim, among other things, to improve supplies of pastoral water; ensure the availability of veterinary and zootechnical products; and promote the development of poultry farming, rabbit breeding and small ruminant livestock breeding. Activities undertaken by late 2012 included the construction of pastoral wells; the supply of inputs, such as chicks and calves, and vaccines and feed for dozens of poultry farms; the training of poultry farmers; and the training of persons involved in dairy farming.

4.15. A project to build an industrial complex for ruminants is currently in the process of being approved by the authorities. It would be set up in Djermaya and consist of a modern slaughterhouse with a slaughtering capacity for 420 cattle and 720 small ruminants, as well as units for processing skins and other byproducts.¹⁰¹ It would be owned 49% by the Chadian State and 51% by the Turkish agribusiness group, TANA. The project is still in the study phase.

4.16. In addition to the heavy tariff protection provided under the CET (common report, Chapter 3), the livestock sector is also subject to numerous levies and procedures on both the export and import fronts (Chapter 3). This drives a large proportion of trade into the informal sector.

4.17. Livestock represents the country's second most important export product, cattle and camels being the main species exported. The former are exported live to Nigeria, and in smaller numbers to Cameroon and the Central African Republic, while camels are exported to Libya and Egypt. Livestock trade is subject to an 8% export duty (Chapter 3); and a levy of up to CFAF 5,000 per head of cattle and camels is charged to finance the Livestock Fund. In addition, health control requires the payment of CFAF 2,500 per herd for the health passport. All of these charges undermine the competitiveness of a sector in which the country nonetheless has a certain comparative advantage. As a result, cases of illegal border crossing and under-declaration of the numbers of animals being exported are frequent.

4.1.3.2 Cotton

4.18. Cotton is Chad's third most important export product after crude oil and livestock. Cotton growing involves about 350,000 producers and represents a major source of income for over 3 million Chadian people. The sector is organized around the CotonTchad ginning company (now known as CotonTchad société nouvelle (CotonTchad SN)), a majority State-owned company, which has a monopoly of the purchase of seed cotton from producers, and also on ginning and marketing. It has nine ginning factories with capacity to handle 257,000 tonnes of seed cotton per year. Nonetheless, their utilization rates are no more than 50%.

4.19. At the start of each agricultural season, the cotton company supplies planters (grouped in village associations) with inputs, on an interest-free credit basis, subject to its repurchase of the seed-cotton production. Inputs are imported duty free and distributed by the ONDR. Prices are set by a joint committee involving representatives from the cotton company, the ONDR and village associations. When purchasing the cotton, the ginning company deducts the cost of the inputs. The provision of inputs to village associations is based on a solidarity bond, which, in the event of non-payment sometimes gives rise to disputes between producers.

4.20. The production of seed cotton has evolved erratically owing to weather conditions and difficulties in the sector (Table 4.3). Since 1997, the sector has been in a deep crisis which has led many producers to abandon cotton growing to cultivate food crops. Seed cotton production fell from a peak of 263,000 tonnes in 1997 to just 35,100 tonnes in 2009. Nearly all of the cotton lint

¹⁰¹ Online information. Viewed at: <http://www.journalavoix.info/derniereminute.php?action=fullnews&id=185> [31 January 2013].

produced is exported, with a negligible part being sold locally, specifically to the company Nouvelle société textile du Tchad (NSTT), at the market price.¹⁰²

Table 4.3 Selected features of the cotton sector, 2001 and 2007-2012^a

| | 2001 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------------------------|---------|-------|-------|-------|-------|------|-------|
| Seed cotton: | | | | | | | |
| Production (thousands of tonnes) | 164.5 | 115.2 | 71.0 | 35.1 | 52.6 | 78.9 | 118.0 |
| Producer price (CFAF/kg) ^b | 164 | 160 | 180 | 180 | 180 | 180 | 215 |
| Yield (kg/ha) | .. | .. | 577 | 433 | 347 | 399 | 406 |
| Cotton lint: | | | | | | | |
| Exports (thousands of tonnes) | 55.6 | 56.2 | 46.8 | 14.4 | 21.4 | 32.0 | .. |
| Export price (CFAF/kg) | 1,023.8 | 644.4 | 675.9 | 627.7 | 1,315 | 912 | .. |
| Results of Coton Tchad (CFAF billion): | | | | | | | |
| Rebates ^c | -5.0 | -2.5 | -2.4 | -3.1 | .. | .. | .. |
| Net profit | -19.5 | -18.0 | -1.5 | -8.1 | .. | .. | .. |
| State subsidies | 3.5 | 12.0 | 10.0 | 7.5 | .. | .. | .. |

a Data in agricultural seasons (year n corresponds to agricultural season n/n+1).

b This is the price of top-grade cotton (representing about 94% of production).

c A negative rebate indicates a State outlay.

Source: Government services; and Fauba Padacke (2010).

4.21. The price paid to producers of seed cotton is set according to a two-part formula: a component indexed to the world price of cotton lint (Cotlook index A), and a component that takes account of the value added to the seed cotton. At the start of the season, a provisional price is calculated on the basis of forecasts of the international price of cotton lint.¹⁰³ When the seed cotton is purchased, the company makes an initial payment to producers based on that provisional price. At the end of the season, if the provisional price turns out to be less than the observed price, a rebate is paid to producers. Otherwise, the State compensates the company for the revenue loss suffered. During the period 2001-2009, the actual price was always below the price determined by this mechanism, and cumulative negative rebates (State disbursements) amounted to over CFAF 28 billion.

4.22. The subsector's weak performance reflects numerous constraints, particularly soil quality, the dilapidated state of the road network, high energy costs, and the weakness of farmer organizations.¹⁰⁴ Despite receiving government subsidies, inputs and other agricultural materials are expensive in relation to the yields obtained. Owing to difficulties faced by the ginning company in accessing credit, inputs and seeds tend to be supplied to the producers at the last minute. The same is sometimes true of the collection of the seed cotton and payment practices, which forces producers to store cotton in precarious conditions, potentially leading to a loss of quality. There are also external constraints, such as plummeting cotton prices on the world market and the weakness of the dollar against the euro, the currency to which the CFA franc is indexed.

4.23. The survival of the cotton sector depends on various types of government support. In the period 2001-2011, financial assistance from the State was estimated at over CFAF 100 billion.¹⁰⁵ The Government also supports the sector by guaranteeing bank credit to the ginning company to finance each agricultural season.

4.24. With a view to relaunching the sector, in 2011 the State embarked on a restructuring process that led to the dissolution of CotonTchad and the creation of a new company, CotonTchad SN. To enable the new company to start activities on sound financial foundations,

¹⁰² Sales of cotton lint to the NSTT totalled 300 tonnes in the 2009/2010 agricultural season.

¹⁰³ Forecast published by the International Cotton Advisory Committee (ICAC).

¹⁰⁴ Fauba Padacke (2010).

¹⁰⁵ Communication by Chad in the framework of the Director-General's Consultative Framework Mechanism on Cotton (MCCDGC). WTO document WT/CFMC/37 of 1 November 2012.

the State agreed to write off the previous company's liabilities, estimated at over CFAF 80 billion, and took up 51% of the shares in the new company.¹⁰⁶ The new enterprise aims to double the area sown over the next three seasons, to reach a level of 400,000 hectares in 2015/2016. In addition to actions undertaken within the PNSA, specific measures to support the sector are envisaged, such as better observance of the schedule for the season in terms of supplying inputs, collecting the harvest and paying; and reorganizing producers into cooperative enterprises.

4.25. In relation to byproducts, the seed cotton produced by the ginning process is used by Direction de l'huilerie savonnerie (DHS), a subsidiary of the ginning company, to produce cotton oil and cake. Despite a shelling capacity of 100,000 tonnes of cotton seeds per year, the annual utilization rate varies between 24% and 61%, depending on the availability of the raw material. Initially a branch of activity of CotonTchad, DHS was privatized in 2001 before being reabsorbed by CotonTchad in 2006.

4.26. Prior to the privatization of DHS, there was no market for seed cotton: it had been supplied directly by CotonTchad. Privatization created a de facto market for seed cotton, which also serves demand from abroad, mainly from Nigerian operators. During the 2007/2008 season, foreign demand absorbed 17.1% of seed cotton production and threatened the survival of DHS. As a result, its export was prohibited in the following season.¹⁰⁷

4.27. The CET rate on cotton is 10% (common report, Chapter 3). The fact that it is progressive in the textile and clothing industry¹⁰⁸ could undermine the competitiveness of local finished products.

4.28. Chad is one of the co-sponsors of the WTO Sectoral Initiative in Favour of Cotton (common report, Chapter 3).

4.1.3.3 Sugar

4.29. While the sugar market is organized at the community level (common report), nationally it is centred on Compagnie sucrière du Tchad (CST) an enterprise that is owned 82.2% by SOMDIAA, 8.9% by the Chadian State and 8.9% by Société sucrière du Cameroun. It produces about 35,000 tonnes of sugar per year. Unlike the cotton sector, the sugar cane is grown by CST.

4.30. The sector is threatened by illegal imports, mainly from Sudan. In theory, importers can apply for a one-off reduction in customs duties, which is calculated on the taxable value of the sugar and agreed upon for a specified volume of imports. Only the CST has requested and obtained this reduction in the past, however.

4.1.3.4 Gum arabic

4.31. Chad is the world's second largest exporter of gum arabic after Sudan. Exports are estimated at about 20,000 tonnes per year, for a potential production of between 300,000 to 670,000 tonnes. Gum arabic is the country's fourth most important export product and probably the main source of income for the half million people in rural areas who are employed to produce and/or collect it.¹⁰⁹ In 2012, sector output represented about 7% of GDP, and the leading export firms were: SCCL, ABHS, SANIMEX, the Al Béchir group and Al Wihda.

4.32. Participants in the sector (producers/collectors, intermediary traders and exporters) are members of the Chadian Association for the Promotion of Gum Arabic (ATPGA). Created in 1999, this association aims to raise awareness among participants and to disseminate new production techniques to improve the quality of the gum produced. It often encounters operational problems. Prices are set freely by producers/collectors.

4.33. With support from the European Commission, in February 2010 Chad launched the Gum Arabic Sector Support Programme (PAFGA). Planned to last three years, the PAFGA aims

¹⁰⁶ Jeune Afrique (2012).

¹⁰⁷ Order No. 004/PR/PM/MCI/CAB/2009 of 5 March 2009.

¹⁰⁸ The average CET rate on textiles and clothing (2-digit SITC definition) is 11.9% on non-processed products, 17.8% on semi-finished products, and 27.9% on finished products (common report, Chapter 3).

¹⁰⁹ World Bank (2009).

to organize the sector more effectively, enhance the quality of the gum produced, and increase production, while ensuring sustainable resource use.

4.1.3.5 Fishing

4.34. Fishing is practised in the country's numerous water bodies: rivers (including the Chari and the Logone), lakes (Tchad, Léré, Fitri, Iro and others) and secondary watercourses and watering points. Annual output fluctuates between 50,000 and 100,000 tonnes, depending on weather conditions, for an estimated potential of 250,000 tonnes. According to the Rural Sector Permanent Monitoring Unit, about 17,000 professional fishermen and 150,000 seasonal workers operate on the main lakes.¹¹⁰ The professional fishermen mainly come from Nigeria, Mali, Ghana and Benin. It is estimated that about 300,000 people practise fishing and related activities (drying, smoking, marketing, etc.). According to the National Investment and Export Agency¹¹¹, about 44% of output is exported in the form of dried or smoked fish to Nigeria and other CEMAC countries (Cameroon and the Central African Republic).

4.35. The conservation and management of fish and aquaculture resources are governed by Law No. 014/PR/2008 of 10 June 2008 establishing the forestry, fauna and fisheries regime. Under this law, the exercise of fishing activities requires a fishing permit, for which there are two categories: category A, reserved for nationals, and category B for foreigners. The fishing permit is valid for a renewable one-year period and is issued following payment of a fee set at CFAF 12,500 for nationals, and CFAF 75,000 for foreigners.

4.36. The average CET rate on fisheries products (WTO definition) is 23.8%; and these products also suffer additional import and export levies (Chapter 3). The sale of fish on the market requires a movement authorization, which is issued subject to a fee (payable to the State). The export levy is CFAF 100/kg for fresh or dried fish, and CFAF 200/kg for smoked fish.

4.37. The Fisheries Development Project (PRODEPÊCHE) is a tool of government policy in this sector. Launched in 2006, it aims to sustainably improve living standards for participants through capacity building, development and rational management of fish resources, and marketing support.

4.38. Aquaculture is poorly developed in Chad. Lake Chad has a heavy concentration of spirulina (blue algae) but its exploitation is still at an embryonic stage. Between 2007 and 2010, in the framework of the "spirulina project", the Government undertook a number of actions with a view to exportation: provision of equipment production sites, introduction of new techniques, particularly in relation to hygiene, packaging and marketing; and the implementation of a Chadian spirulina brand label. The CST would also be interested in industrial production of spirulina and in 2008 it conducted an experiment that resulted in a better quality product. Spirulina is not yet being commercially exported, however.

4.1.3.6 Forestry products

4.39. The forestry management and conservation regime is contained in Law No. 014/PR/08 of 10 June 2008 establishing the forestry, fauna and fisheries regime. This Law supplements Law No. 14/PR/98 of 17 August 1998 defining general principles of environmental protection. The goal of government policy is to make use of these resources for development and poverty reduction, while conserving their biological diversity.

4.40. Under the Law, any commercial exploitation of forests is subject to the payment of charges and taxes. The Law envisages incentive measures for reforestation. Forest area concessions may be granted for up to 20 hectares for private individuals and 100 ha for companies, and may be agreed upon with individuals or companies subject to reforestation or regeneration requirements.

¹¹⁰ Online information from the Rural Sector Permanent Monitoring Unit. Viewed at: http://www.cellule-permanente.org/secteur_rural/?page=act_peche [13 December 2012].

¹¹¹ ANIE (2012).

4.41. The marketing and transportation of timber is governed by a 1994 law¹¹², under which the transportation of wood to large population centres is an activity reserved for traders holding a "trader-transporter" professional card. A forest tax is levied on the transport of timber.

4.2 Mining, energy and water

4.2.1 Mining products

4.42. Chad has gold, iron, bauxite, salt, natron, and other minerals that can be used in construction, such as limestone, kaolin, marble and diatomites. The mineral deposits currently being worked are alluvial gold (on a small scale), natron, gravel and sand.

4.43. The Mining Code, which is unchanged since the previous TPR¹¹³, regulates prospecting, research, exploitation, possession, transportation and processing of mineral or fossil substances, except for liquid or gaseous hydrocarbons. Under the Code, the State owns natural deposits and mineral substances contained in the nation's soil and subsoil. Mining permits are required to engage in prospecting, research and exploitation activities.

4.44. The various mining rights, and the conditions under which they are issued by the Ministry responsible for mines and geology, are shown in Table 4.4. The operator must deposit a candidacy dossier with the Ministry, containing a work programme and provisional budget for the first year, as well as a draft mining agreement in the case of foreign applicants. All mining rights are renewable.

Table 4.4 Features of the various mining rights

| Type of permit | Activity | Area/means | Duration | Duties and taxes (in CFAF) | |
|-------------------------------------|--------------------------------------------------------|-----------------------------------------------------------------|----------|----------------------------------|---------|
| Authorization for gold panning | Exploitation of gold deposits | Alluvial or eluvial deposits | 2 years | Issuance fee | 100,000 |
| | | | | Renewal | 100,000 |
| | | | | Area tax (km ² /year) | 5,000 |
| Authorization for prospecting | Non-exclusive prospecting | Surface works | 1 year | Issuance fee | 100,000 |
| | | | | Renewal | 200,000 |
| Small mine operating permit | Exploitation of all types of mineral deposit | Exploitation by non-industrial means | 2 years | Issuance fee | 100,000 |
| | | | | Renewal | 100,000 |
| | | | | Area tax (km ² /year) | 5,000 |
| Permit to exploit various materials | Open-cast exploitation | The perimeter concerned | 5 years | Issuance fee | 100,000 |
| | | | | Renewal | 100,000 |
| | | | | Area tax (km ² /year) | 5,000 |
| Research permit | All research work aimed at defining deposits | Surface and underground work between 25 and 200 km ² | 5 years | Issuance fee | 100,000 |
| | | | | Renewal | 200,000 |
| | | | | Area tax (km ² /year) | 5,000 |
| Exploitation permit | Development of a mine, including production facilities | As specified by the research permit | 25 years | Issuance fee | 200,000 |
| | | | | Renewal | 300,000 |
| | | | | Area tax (km ² /year) | 100,000 |

Sources: Online information from the Ministry of Mines and Geology, viewed at: <http://www.dmg-tchad.org/legislations.php> [27 February 2013]; and Annex 1 to the Mining Code.

4.45. The holders of mining rights have to pay the following fees: a flat fee on issuance of the right; an annual fee in an amount based on the area exploited; and an *ad valorem* duty on exports, at a rate between 2% and 5% depending on the substance being mined.

4.46. The Mining Code provides for customs duty exemptions, which may vary depending on the agreement reached (Chapter 3). Mining agreements with Gazprom (gold and uranium) and Chad mining services (uranium) are currently being executed.

¹¹² Law No. 36/PR/94 of 3 December 1994, organizing the marketing and transportation of timber in large population centres and the applicable taxation.

¹¹³ Law No. 011/PR/95 of 20 June 1995 establishing the Mining Code in the Republic of Chad, and Decree No. 821/PR/MMEP/95.

4.2.2 Petroleum products

4.2.2.1 The upstream oil sector

4.47. Chad's proven oil reserves were estimated at 1.5 million barrels in late 2011.¹¹⁴ Starting in 2003, crude oil output reached a peak of 173,000 barrels per day in 2005, before declining gradually to 114,000 barrels in 2011. With new operators entering the sector and new oilfields coming on stream, output can be expected to recover in coming years. According to information provided by the authorities, oil revenues were estimated at US\$1.8 billion in 2012.

4.48. The Ministry of Energy and Petroleum is responsible for the design, coordination, implementation and monitoring of government policy in the energy and hydrocarbons sphere. In the hydrocarbons sector, it relies on the Société des hydrocarbures du Tchad (SHT), the State enterprise created in 2006. This company is responsible for implementing industrial and commercial policy in the hydrocarbons sector, and can intervene in the various activities (prospecting, exploitation, refining, marketing, etc.) by taking direct or indirect equity stakes.

4.49. Since the previous TPR, the regulatory framework applicable to hydrocarbons-related activities was revised substantially by Law No. 006/PR/2007 of 2 May 2007 in relation to hydrocarbons, and by the 2010 ordinance amending this.¹¹⁵ These laws cover activities relating to oil and gas prospecting and exploitation, and the refining and distribution of oil products, as well as related works and installations. They also contain rules on environmental protection.

4.50. Under the hydrocarbons law, hydrocarbons substances and resources existing either underground or on the surface are the exclusive property of the State. Related activities, including research, exploitation, and pipeline transport, require authorization or a permit issued by the Ministry of Energy and Petroleum. The various types of authorization/permit are shown in Table 4.5.

Table 4.5 Authorization and permits for engaging in hydrocarbons related activities

| Authorization | Selected criteria | Duration of the authorization |
|--------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------------------------|
| Authorization for prospecting (non-exclusive right) | Fee payable to the Treasury | 2 years, renewable once |
| Research permit/exclusive research authorization | Fee payable to the Treasury and bank good-performance bond | 5 years, renewable once |
| Exploitation permit/Authorization for exclusive exploitation | Holding a research authorization | 25 years |
| Authorization for transport and construction of pipelines | Holding an exploitation permit | On expiry of the exploitation permit or following recovery of investment costs |

Source: Law No. 006/PR/07 on Hydrocarbons and Ordinance No. 001/PR/10.

4.51. Mining rights may be granted under a concession contract or a production-sharing agreement. In a concession contract, the right holder has exclusive rights for research and exploitation of hydrocarbons within the specified area. The contract holder assumes all risks, as well as the financing of the operations. Nonetheless, the State, through SHT, is entitled to an initial share. An exploitation permit may be granted to the operator if the research activities lead to the discovery of a commercially exploitable outcrop. In this case, SHT is entitled to an additional share of exploitation activities. SHT pays for its share by a levy on part of the production due to it. Since 2011, SHT's share in production-sharing agreements has been 25%.

¹¹⁴ Online information from British Petroleum. Viewed at: http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2011/STAGING/local_assets/spreadsheets/statistical_review_of_world_energy_full_report_2012.xlsx [27 February 2013].

¹¹⁵ Ordinance No. 001/PR/10 of 30 September 2010, approving the production-sharing agreement in respect of activities involving research and exploitation of liquid or gaseous hydrocarbons in the Republic of Chad, and amending and supplementing the provisions of Law No. 006/PR/2007 of 2 May 2007 on hydrocarbons.

4.52. In a production-sharing agreement, SHT is entitled to a share of the research work, and may opt for an additional share in the development and exploitation works. It is not required to pay any fee during the research phase, and may decide to assume part of the expenses of development work and exploitation. In an agreement of this type, the oil company and the State, represented by SHT, share production. The contract-holder's share of production is free of all customs duties and taxes. A model contract to be used as the basis for negotiating all production-sharing agreements was approved in 2010.

4.53. Oil contracts may be awarded through international tender. The award or transfer of a contract to a company other than the winning bidder requires prior authorization by the Minister responsible for hydrocarbons. The party awarded the contract must pay the State a fee of 1% of the amount of the transaction. At the end of the oil contract, or when the investments have been recovered, the infrastructures are transferred to the State without charge and free of all pledges, collateral or mortgage. The infrastructures must be operational and in good working condition. If the State renounces this, the costs of abandonment and rehabilitation of the sites are borne by the contractor.

4.54. The contractor is required to establish its head office in Chad and maintain its accounts there. It must also take out sufficient insurance policies to cover its activities against risks (including environmental risks) and demonstrate financial capacity to cover such risks. These insurance policies are contracted in accordance with Chadian law and practices currently in force in the oil industry.

4.55. Apart from the taxes and charges envisaged in the General Tax Code, the holder of an oil contract is subject to an area royalty and a production levy. The rates and modalities for paying these are specified in the oil contract. The Hydrocarbons Law sets rates for the production levy at between 5% and 10% for natural gas, and between 14.25% and 16.5% in the case of crude oil. The State may choose between receiving the levy in kind or money. The company tax rate is subject to negotiation in the framework agreements, and must be set between 40% and 75%. The holders of oil contracts benefit from the advantages specified at the community and national levels (Chapter 3).

4.56. The main projects currently being implemented are those of Doba and the "Rônier" oil project. The latter is governed by an agreement signed in 1988, last amended in 2000.¹¹⁶ The project is being operated by a consortium formed by Esso Exploration and Production Chad Inc. (a subsidiary of Exxon Mobil), Petronas and Chevron. The oil is transported along a 1,089 km pipeline to the port terminal of Kribi (Cameroon). Tchad Oil Transportation Company (TOTCO)¹¹⁷ and the Cameroon Oil Transportation Company (COTCO) own and operate the Chadian and Cameroonian portions of the pipeline, respectively. Chad owns 8.04% of the capital of TOTCO, and 2.73% of COTCO. Exploitation initially focused on the deposits at Komé, Bolobo and Miandom, i.e. an area of 340 km²; but following the granting of seven new concessions, the consortium currently covers a total surface area of 565.8 km².

4.57. The "Rônier" project involves the Rônier and Mimosa oil fields. The permit is held by the China National Petroleum Company International (Chad) Ltd (CNPCIC). This project entails the construction and exploitation of these oilfields, construction of the Djermaya refinery, as well as a 311 km pipeline linking the oilfields to the refinery. The pipeline is also expected to transport crude oil from the Sédigui and Koudalwa fields to the refinery. Work began in July 2009, and the refinery entered into operation three years later in July 2012. It is managed by the Société de raffinerie de N'Djamena (SRN), in which the Chadian State (through SHT) holds a 40% stake, and CNPCIC owns 60%. Located at Djermaya, 35 km from N'Djamena, it has a processing capacity of 20,000 barrels, which could be expanded to 60,000 barrels per day. Its annual production is estimated at close to 700,000 tonnes of petrol and kerosene, 20,000 tonnes of diesel fuel,

¹¹⁶ The Agreement was approved through Ordinance No. 041/PR/88 of 30 December 1988, as amended by Decree No. 145/PR/MMEP/2000 of 7 April 2000, governing the transfer of rights and obligations held by Shell and Elf to Petronas and Chevron.

¹¹⁷ Framework Agreement, signed on 10 July 1998 by the Republic of Chad and Tchad Oil Transportation Company S.A. (TOTCO), approved by Law No. 015/PR/98.

25,000 tonnes of polypropylene, 60,000 tonnes of liquefied petroleum gas, and 40,000 tonnes of fuel oil.¹¹⁸

4.58. Three production-sharing agreements, granting exclusive exploration and exploitation rights over an area of 25,776 km² have been signed with Griffiths Energy International Ltd.¹¹⁹ One of the entities of this company, Petrochad (Mangara), is currently developing two oilfields (Mangara and Badila) with estimated daily production of between 25,000 and 50,000 barrels of crude. A pipeline to the TOTCO transport system, currently under construction, should make it possible to export this oil. Production-sharing agreements have also been signed with SP Mining; ERHC Energy (BVI) Ltd; Global Petroleum; Groupe TCA International S.A. GTI; SAS Petroleum; United Hydrocarbon Chad Ltd; and Petra BV.

4.2.2.2 The downstream oil sector

4.59. Operations involving the import, export, and transportation of petroleum products are, in principle regulated by a 2012 Ordinance.¹²⁰ Under the law, engaging in any of these activities requires prior authorization from the Minister responsible for trade. The operator must be a legally established Chadian entity, have commercial status pursuant to the provisions of the OHADA, post a bond to cover its financial liabilities and take out civil liability insurance to cover the risks of the activities for which the authorization is requested. The authorization is granted for a renewable three-year period. In practice, these provisions have not yet been applied, however, and a certificate from the Ministry responsible for petroleum and another from the ANIE are sufficient to exercise any one of these activities.

4.60. Several operators entered the market when refinery activities began. Nonetheless, only three operators have adequate marketing and storage structures: Total Marketing Tchad, Oil Lybia, and Société de produits pétroliers.

4.61. Enforcement of the regulation is the responsibility of ARSAT. Created in 2012, ARSAT has the following missions¹²¹: to regulate, control, and monitor the standards and activities of sector participants and operators; to organize import and export activities; and to ensure observance of the principle of equal treatment of users for the enterprises of the sector. ARSAT's resources come from State subsidies and the levy on the export of petroleum products at a rate of CFAF 2.5/litre of fuel.

4.62. At the time of export, a bond is required to prevent resale in national territory. Import is only allowed with a view to re-export, or in the event of a threatened breakdown in domestic market supply by local production. In that case, authorization is required from the Minister responsible for trade.

4.63. The regulation requires the constitution of a buffer stock of petroleum products corresponding to at least 30 days' domestic consumption. The State may put the management of the stock in the hands of a public entity or a company majority owned by the Government. Where necessary, the Minister responsible for trade may at any time suspend exportation and re-exportation activities. Petroleum product warehouses and depots must be authorized as such by the customs or trade authorities.

4.64. The selling prices of petroleum products were liberalized in 2001 but were made subject to control once again after the refinery came on stream (Table 4.6).

¹¹⁸ CNPCIC is currently developing two other fields (Great Baobab and Prosopis), for international export. A pipeline connecting to the TOTCO transportation network is under construction.

¹¹⁹ Online information. Viewed at: <http://www.griffithsenergy.com/s/operations.asp?ReportID=486939> [27 February 2013].

¹²⁰ Ordinance No. 006/PR/12 of 7 February 2012, concerning operations of exportation and importation of petroleum products.

¹²¹ Ordinance No. 003/PR/2012 of 7 February 2012, creating the Downstream Oil Sector Regulatory Authority of Chad (ARSAT).

Table 4.6 Domestic prices of petroleum products, January 2013

(CFAF per litre, unless otherwise indicated)

| | Price of crude oil supplied to the refinery | Ex-refinery price | Maximum sale price at the pump ^a |
|-----------------------|---------------------------------------------|-------------------|---------------------------------------------|
| Crude oil | US\$68/barrel | n.a. | n.a. |
| Petrol | n.a. | 381 | 480 |
| Kerosene/lighting oil | n.a. | 411 | 375 |
| Diesel fuel | n.a. | 403 | 525 |
| A1 jet fuel | n.a. | | 575 |

^a Prices at the pump are as recorded in the capital. In other parts of the country, a transportation margin varying between CFAF 30 and CFAF 170 is authorized.

Source: Information supplied by the national authorities and online information viewed at: http://shtchad.net/prix_carburants.php [27 February 2013].

4.2.3 Electricity and water

4.2.3.1 Electricity

4.65. Chad has one of the lowest electrification rates in the world, with just 3.7% of the population covered in 2011.¹²² Access to electricity is basically confined to the capital.

4.66. The generation, transportation and distribution of electricity are governed by Law No. 014/PR/99 of 15 June 1999, which considers these activities to be public services and a responsibility of the State. Nonetheless, their operation may be delegated to a principal operator and/or several independent operators. The State may also grant a special dispensation for the production and marketing of electricity to any private individual or legal entity. A prior declaration is required for this. The delegation contract defines the period during which the principal operator has exclusive distribution rights in respect of customers located in the zones covered by the electricity grid.

4.67. The import and export of electricity are liberalized, but the authorities may temporarily prohibit these activities if necessary "for the protection of the operating network, the quality of electric power supplied to customers, the security of persons and assets, and with respect to the supply policy defined by the State". The import of equipment and materials associated with these activities requires a certificate of conformity.

4.68. The law also created the Electricity Sector Regulatory Authority. Under the Ministry responsible for electricity, this body has missions that include overseeing implementation of the regulations, and proposing electricity rates to the Government, along with any necessary institutional or regulatory changes. The regulatory body is not operating however.

4.69. The Société nationale d'électricité (SNE), formerly Société tchadienne d'eau et d'électricité (STEE), has served as the Government's agent in relation to the public electricity service since 2010.¹²³ The delegation agreement gives it exclusive rights to transport and distribute electricity, but not to generate it. The company has always faced marketing problems, aggravated by high fuel costs and a low recovery rate resulting from illegal connections. As a result of the obsolescence of its equipment and the weakness of its distribution network, demand is far from being satisfied. The distribution grid has not undergone any major expansion for decades. Power outages are frequent and, in the capital city, most economic agents and households have had to equip themselves with their own generators.

4.70. Electricity prices and their revisions must be approved by ARSAT and officially authorized by the Government. The review mechanism is specified in the delegation agreement. Electricity selling prices are set by an order issued by the Minister responsible for trade and, in principle, are uniform throughout the country. The most recent review reduced electricity rates

¹²² Republic of Chad (2013a).

¹²³ Decree No. 281/PR/PM/11 of 5 April 2011 designating Société nationale d'électricité as the main delegated supplier of the electricity service, and transferring to that company the assets needed to fulfil its mission.

by about 37% and simplified the price structure into two tranches¹²⁴: for domestic use (low voltage), 1 kilowatt hour (kWh) costs CFAF 85 for the first tranche (0 to 150 kWh), and CFAF 125 for the second. For other types of consumption, there is a single tranche invoiced at CFAF 125 per kWh. Nonetheless, these prices are high compared to those of neighbouring countries such as Cameroon and the Central African Republic.

4.71. The Government's aim is to expand access to electricity to 5% of the population by 2015. A number of initiatives are currently under way:

- construction of a high voltage line to transport part of the energy produced by the Djermya refinery facilities to the capital;
- construction of an additional 60 MW capacity power plant in N'Djamena;
- implementation of a solar power electrification project, the pilot phase of which is currently being implemented in about 20 localities in the Doba oilfield zone;
- launch of an electrification project at five rural sites based on mini solar power plants; the tender is currently in the process of being awarded; and
- actions to obtain financing for an interconnection project with Cameroon.¹²⁵

4.72. At the institutional level, Chad has created an Agency for Radiation Protection and Nuclear Safety (ATSRN)¹²⁶, and a Renewable Energies Development Agency (ADER). A draft Electricity Code is currently being approved.

4.2.3.2 Water

4.73. Access to drinking water remains a challenge for most of the Chadian population, particularly in rural areas. Although major public investments have made it possible to raise the access rate from 21% in 2000 to 46% in 2011, this is still far from the target of 60% by 2015 adopted under the Millennium Development Goals (MDGs).

4.74. The 1999 Water Code was amended by Ordinance in 2011.¹²⁷ It defines use modalities for river, lake, and underground water bodies, and those relating to the exploitation and management of hydraulic works. The Code considers all water resources as a public good, for which exploitation requires prior authorization. The Water Code specifies water must be used in such a way as to encourage private initiative as well as competition. The charge must cover all operating costs, including the operator's profit margin, the tax or rental for goods supplied to the operators, and any other government levies. The operator must submit its rates to the Regulatory Authority, which first approves them and then submits them to the Government for authorization.

4.75. Implementation decrees have been issued in the following areas: procedures for controlling and monitoring the quality of water intended for human consumption¹²⁸; model contracts for delegating the public drinking water service¹²⁹; legal framework for water management advisory and support units¹³⁰; perimeter of jurisdiction for the management of public water services¹³¹; technical and regulatory specifications for village level water works.¹³²

¹²⁴ Order No. 3951/PR/PM/MCI/2012 of 20 August 2012, on the pricing of electricity produced and distributed by the SNE.

¹²⁵ The project forms part of the subregional Central African Energy Pooling Initiative (PEAC). A draft agreement between the two countries was signed in 2007, and financing from the African Development Bank is pending.

¹²⁶ Law No. 002/PR/2008 of 6 January 2009, creating a Chadian Agency for Radiation Protection and Nuclear Safety (ATSRN).

¹²⁷ Ordinance No. 0186/PR/2011 of 1 March 2011, amending and supplementing Law No. 016/PR/99 of 18 August 1999 on the Water Code.

¹²⁸ Decree No. 616/PR/PM/ME/2010.

¹²⁹ Orders No. 28/MEE/DG/02 and No. 29/MEE/DG/2002.

¹³⁰ Order No. 2869/ME/2007.

¹³¹ Order No. 01/PR/MHVP/09.

¹³² Order No.26/ME/2010.

4.76. Approved in 2003, the Water and Sanitation Master Plan (SDEA) forms the operational framework for implementing the Government's water policy. It aims to sustainably improve access to drinking water and sanitation, and to promote rational and fair use of pastoral and agricultural water resources. It organizes the water supply sector into two subsectors: urban, and semi-urban and rural. Urban water supply covers a dozen urban centres, and is operated under concession by the Société tchadienne des eaux (STE), formerly STEE. N'Djamena is the largest centre, accounting for 65% of production and over half of all subscribers.¹³³ Water production by STE depends on energy availability. As in the electricity sector, the distribution network is obsolete and has not undergone a major extension for decades.

4.77. Water policy in semi-urban and rural areas is the responsibility of the Water Department and involves the delegation of management and maintenance of water points to local populations. Depending on the size of the localities in question, the State equips them with manual, thermal or solar pumps, in exchange for a financial contribution on their part. Equipment maintenance, repair and renewal are financed by the local populations. The pumps are managed by village associations or user associations. In more heavily populated zones, such as semi-urban areas, pump management may be outsourced to a private operator.

4.78. Water prices, by tranche, have not been changed since 1984.¹³⁴ The price per m³ is CFAF 150 for the social tranche (monthly consumption below 15 m³), CFAF 230 for consumption between 15 and 1,000 m³, and CFAF 110 for consumption above 1,000 m³.¹³⁵ The social tranche is VAT-exempt. In theory, prices are applicable throughout national territory; but in practice, they are generally above this scale and vary across resellers. As a result, populations that have access to the most subsidized water (produced by STE) are not necessarily low-income groups.

4.3 Manufacturing

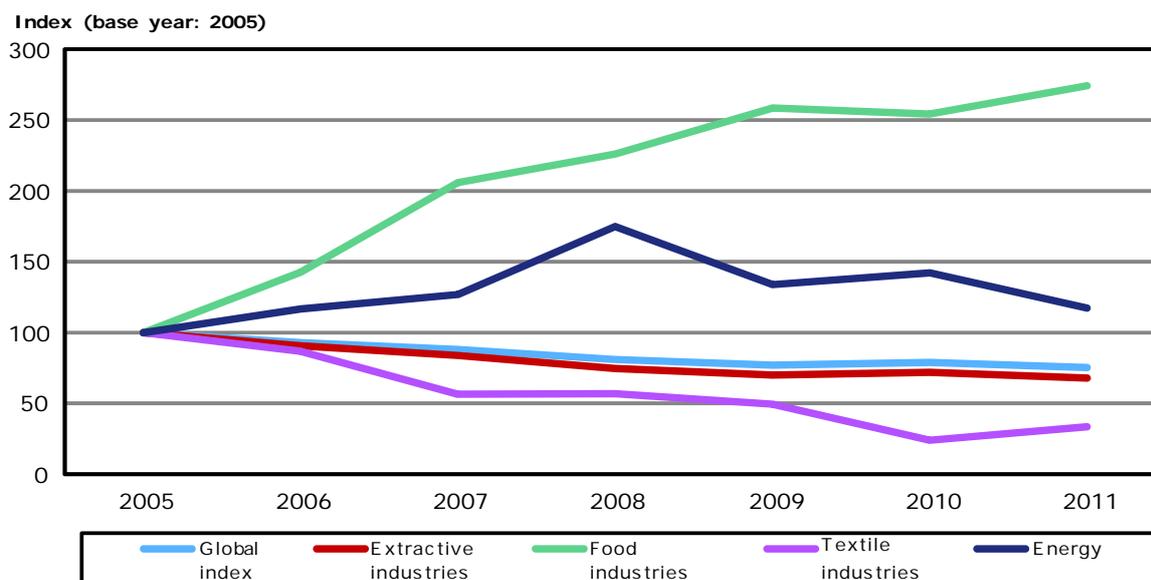
4.79. The manufacturing sector in Chad is characterized by a modest industrial fabric, which makes only a minor contribution to economic activity. Its contribution to GDP has been less than 2% since the most recent TPR, and there has been a downward trend in production in this sector (Chart 4.1).

4.80. There are numerous constraints on the manufacturing sector, including the erratic supply of highly-priced energy and water, the poor quality and high cost of transportation and communications services, and the high cost of - and problematic access to - other inputs, including raw materials and financing.

¹³³ World Bank and Republic of Chad (2011).

¹³⁴ African Development Bank and OECD (2007).

¹³⁵ The prices in force in the city of Abéché are currently substantially higher (at least double) and use a more detailed scale. Fire hydrants in that city are charged a flat rate of CFAF 290/m³.

Chart 4.1 Trend in the industrial production index and its components, 2005-2011

Source: National Institute of Statistics, economic and demographic studies.

4.81. The Government's industrial policy aims to develop and reorganize agrifood processing units¹³⁶, and a number of production units in the manufacturing sector have started activities. In the framework of the TEAM 9 cooperation programme (Techno-Economic Approach for Africa-India Movement), Chad has made use of a credit line from India to finance the following activities:

- a. construction in 2009 of an agricultural equipment and tractor assembly plant (Société industrielle de matériel agricole et d'assemblage de tracteurs (SIMATRACT));
- b. reopening in 2010 of a textile factory (Nouvelle société tchadienne des textiles, (NSTT))¹³⁷; and
- c. construction in 2011 of a fruit juice factory (Société tchadienne de jus de fruit (STJF)).

4.82. Other ongoing projects include the creation of a reinforced steel industry and a bicycle assembly plant.

4.83. In the framework of cooperation with China, a cement factory with a daily production capacity of 700 tonnes was built in Baoré and commenced activities in 2011.

4.84. An industrial park is being built in Djermaya.¹³⁸ Covering a 25 km² area, the park will include plastics manufacturing units and a liquefied gas bottling plant. One of the plants is already operational.

¹³⁶ Republic of Chad (2013b).

¹³⁷ The NSTT is 40% owned by the Chadian State, 20% by CotonTchad SN and the rest by private operators.

¹³⁸ This industrial park is the outcome of an agreement signed in 2010 with *Soluxe International* a company established under Chinese law.

4.4 Services

4.4.1 Transport

4.4.1.1 Road Transport

4.85. Chad has a road network of about 40,000 km. Given the country's large area, road density is weak and very variable across regions - ranging from 6.4 km per thousand km² in the Saharan zone to over 40 km per thousand km² in the Sudanian zone. In the rainy season, part of the road network is rendered unusable, which forces up transport costs and further isolates certain regions.

4.86. The national transport strategy serves as a general framework for government policy in this area.¹³⁹ For the period 2000-2010, the strategic objectives were: to open up the country both internally and externally, thereby reducing transportation costs; to maintain minimum levels of accessibility to all regions of the country, particularly in the rainy season; to further the process of sector liberalization and modernization of its management, and to develop rural infrastructure and local modes of transport. Implementation of the strategy made it possible to improve the road network considerably, with the paved network growing from 650 km in 2005 to 1,602 km in 2011. A new strategy for the period 2011-2020 was validated in March 2012.

4.87. Engaging in commercial transport activity requires a transporter's licence, which is issued by the offices of the Ministry responsible for transport and is renewable each year. The fees payable vary according to the type of vehicle.¹⁴⁰ In the city of N'Djamena, 368 public freight carriers and 78 public passenger carriers had at least one licence in 2011.¹⁴¹

4.88. Cabotage is banned in theory, but is a frequent practice in certain eastern regions of the country which rely heavily on trade with Sudan.

4.89. Merchandise transport rates are negotiated freely between customers and carriers. For urban passenger transport, fares are, in principle, fixed by the transport unions, and approved by the Ministry responsible for transport. A compulsory vehicle certificate (LVO) is required for all transport of more than 1 tonne of merchandise over distances in excess of 50 km. It is issued by the National Freight Office (BNF) upon payment of a fee of 7.5% of the transport invoice (in the case of commercial transport) or on the basis of axle load. A portion of this fee is transferred to the Road Maintenance Fund (FER) set up in 2000.

4.90. Chad does not have a railway, but a project is under way. In March 2011, the Government signed a contract with China Civil Engineering Construction Corporation to build a railway over 1,344 km long, linking the eastern border with Sudan to the western border with Cameroon, at an estimated cost of US\$7.5 billion. The construction works have not yet started.

4.91. Incoming and outgoing traffic is generally regulated by bilateral agreements. With Cameroon¹⁴², road haulage is reserved for companies registered in one or other of the countries, with a 65% quota for Chadian companies and 35% for Cameroonian companies. Road transport agreements are being negotiated with the Central African Republic and Nigeria.

4.4.1.2 Air transport

4.92. Chad's airport network consists of five main airports, 47 secondary airports and 16 private airfields. The N'Djamena international airport, which is used for both civil and military purposes, is the largest, although it has little traffic (Table 4.7). Another international airport is currently under construction.¹⁴³

¹³⁹ Republic of Chad (2005).

¹⁴⁰ For example, CFAF 93,000 for vehicles with a capacity of 20.1 tonnes.

¹⁴¹ Ministry of Infrastructure and Equipment (2011).

¹⁴² Agreement of 13 April 1999 on road transport between the Republic of Chad and the Republic of Cameroon.

¹⁴³ In 2011, the Government launched the construction of a new international airport at Djermaya. At a total cost of US\$1.5 billion, this airport is expected to provide an attractive platform for long haul flights,

Table 4.7 Statistics on air transport in N'Djamena, 2006-2012

| Year | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Movements (thousands) | 3.8 | 6.4 | 7.7 | 8.0 | 6.5 | 5.3 | 3.7 |
| Scheduled traffic | 1.7 | 1.6 | 1.5 | 1.5 | 1.7 | 1.9 | 1.5 |
| Non-scheduled traffic | 2.1 | 4.8 | 6.1 | 6.4 | 4.8 | 3.4 | 2.2 |
| Passengers (thousands) | 172.5 | 173.7 | 176.7 | 193.3 | 198.1 | 212.4 | 230.6 |
| Scheduled traffic | 116.4 | 126.4 | 130.6 | 132.7 | 149.2 | 172.7 | 189.4 |
| Non-scheduled traffic | 56.0 | 47.3 | 46.2 | 60.6 | 49.0 | 39.7 | 41.2 |
| Freight (thousands of tonnes) | 11.3 | 11.6 | 11.9 | 19.0 | 14.8 | 5.9 | 3.2 |
| Scheduled traffic | 4.9 | 5.0 | 5.6 | 5.8 | 7.0 | 4.4 | 2.0 |
| Non-scheduled traffic | 6.4 | 6.6 | 6.3 | 13.2 | 7.8 | 1.5 | 1.2 |

Source: Information provided by the national authorities.

4.93. Commercial airports are State-owned and are supervised by the Ministry responsible for transport. As in other CEMAC countries, the Agency for Air Navigation Safety in Africa and Madagascar (ASECNA) organizes and manages Chadian airspace, as well as search and rescue services, and terminal assistance. Ground handling, including maintenance, falls within the purview of the Régie autonome de handling au Tchad (RAHAT), a State-owned, independent authority. Since 2001, ASECNA has managed the N'Djamena international airport, under a management concession with the Délégation des activités aéronautiques nationales du Tchad, as well as the main airports of Abéché, Faya Largeau and Moundou, and 14 secondary airfields.

4.94. The Aviation Code has not been amended since Chad's previous TPR.¹⁴⁴ The design and implementation of air transport policy, as well as the management of secondary airports, is in principle the responsibility of the country's Civil Aviation Authority (ADAC).¹⁴⁵ In 2011, six companies had authorization and a certificate to operate air transport services: Toumai Air Tchad, RJM Aviation, Tourma Maïba Airways, Sahara Aéro Service, CHC Chad, and MAF Chad. Apart from Toumai Air Tchad, all other operators are only authorized to make flights on demand, to carry out medical evacuations or flights reserved for a limited clientele. The following foreign operators serve the capital N'Djamena with scheduled flights: Air France, Asky Airlines, Cameroon Airlines Corporation, Ethiopian Airlines, Kenyan Airways, Royal Air Maroc and Sudan Airways. Foreign companies also provide seasonal charter flight services.

4.95. Launched in 2004, Toumai Air Tchad operated scheduled flights to the town of d'Abéché until its suspension in July 2012, as well as to the following regional destinations: Bangui, Brazzaville, Cotonou, Douala and Lomé. It is 40% owned by the Chadian State, with the rest of the equity being shared between ASECNA and private Chadian and Cameroonian partners. In July 2012, ADAC withdrew its flight certificate following an audit that had identified "serious safety problems". It is therefore banned from international flights. Sahara Aéro Service and RJM Aviation also had their certificates withdrawn for the same reasons.

4.96. Chad participates in many multilateral and regional air transport agreements (common report, Chapter 4). It has also signed numerous bilateral air transport agreements, but only two of them (with Sudan and the former USSR) have been ratified. These agreements generally cover the joint operation of airlines by Chadian and foreign companies and third- and fourth-freedom traffic rights. Chad has also signed open-skies agreements with the United States and Qatar, but has not yet ratified them.

and will offer kerosene from the Djermaya refinery at a competitive price. The works have begun and should be finished in 2015. Online information from the Office of the President of the Republic of Chad. Viewed at: http://www.presidentetchad.org/affichage_news.php?id=159&titre=%20A [31 January 2013].

¹⁴⁴ Law No. 032/PR/2000 of 17 May 2000 instituting the Civil Aviation Code.

¹⁴⁵ Law No. 12/PR/2005 of 16 September 2005 creating the Civil Aviation Authority, and Decree No. 074/PR/PM/MI/2006 specifying the organization and functioning of the Civil Aviation Authority.

4.4.1.3 River and lake transport

4.97. Chad's waterway transport network consists mainly of the rivers Chari (1,200 km) and Logone (1,000 km) which are navigable on a seasonal basis, and Lake Chad, which is supplied mainly by these two rivers. In 2008, the area of Lake Chad was estimated at 2,500 km². Given its shallow depth, navigation is only possible in small vessels.

4.98. Transport activity on this waterway network is very underdeveloped and almost entirely informal. There is no management structure to ensure navigability. Waterway transport services are generally confined to river crossings by ferry, or operations on dugout canoes with an average load of 1 tonne.

4.4.2 Tourism

4.99. Chad's tourist attractions include the sand dunes and mountains in the Saharan zone, prehistoric remains, thermal sources, lakes (particularly those of Ounianga), rock paintings, volcanic craters, national parks (Zakouma, Manda and Sena-Oura) and the Mayo Kebbi wildlife reserve. The Ounianga lakes have been a UNESCO World Heritage Site since July 2008.¹⁴⁶ Tourism is underdeveloped, however. Between 2006 and 2011, the number of arrivals in hotels grew on average by almost 11% each year to reach a level of 76,920 (Table 4.8). France and the United States are the main non-African countries of origin for tourist arrivals. Business is the main travel motive.

4.100. Conditions governing the construction, conversion and operation of tourism establishments (accommodation, restaurant services, and travel agencies) are set by Law No. 019/PR/02 of 9 December 2002.¹⁴⁷ The construction of any new tourism establishment must be authorized by the Minister responsible for tourism, on the advice of the Inter-Ministerial Technical Commission that examines tourism projects. Establishments providing accommodation are, in principle, classified by the competent ministry. Restaurants are rated according to a fork classification scheme and are required to indicate the rating attributed to them on all their signs, papers, and commercial and publicity material.

Table 4.8 Number of arrivals in hotels and similar establishments, by origin, 2006-2011

| Origin | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------|--------|--------|--------|--------|--------|--------|
| Africa | 31,422 | 41,011 | 39,518 | 15,615 | 34,218 | 51,024 |
| America | 2,859 | 3,146 | 3,444 | 11,453 | 6,096 | 3,540 |
| United States | | 3,065 | 2,431 | 2,431 | 2,028 | 2,253 |
| Asia | 1,645 | 2,993 | 4,023 | 8,849 | 3,458 | 9,781 |
| Europe | 9,165 | 10,903 | 12,093 | 23,883 | 25,316 | 11,370 |
| France | | 7,593 | 6,732 | 7,225 | 5,240 | 6,325 |
| Middle East | 887 | 272 | 1,494 | 9,979 | 2,067 | 1,205 |
| Total | 46,008 | 58,325 | 60,572 | 69,779 | 71,155 | 76,920 |

Source: Data provided by the national authorities.

4.101. The operation of travel agencies requires a permit issued by the Minister responsible for tourism. The legislation distinguishes two types: a permit allowing all types of activity (type A), and a more restrictive permit (type B). It also requires one of the managers of the enterprise to be a Chadian national. Although sector operators are free to set their rates, the application for an operating licence must be accompanied by a list of service charges.

4.102. The institutional framework in the sector includes the Ministry of Tourism and Crafts and the Chadian Tourism Office (OTT). Created in 2007, the mission of the OTT is, among other things, to oversee actions regulating to tourist activity, produce promotional material and monitor training in tourism and hotel services.¹⁴⁸

¹⁴⁶ Online information from UNESCO. Viewed at: <http://whc.unesco.org/fr/list/1400/>.

¹⁴⁷ Law No. 019/PR/02 of 9 December 2002 regulating tourism establishments.

¹⁴⁸ Decree No. 012/PR/2007 of 15 June 2007.

4.103. A tourism development fee is levied on establishments offering accommodation, and also on restaurants, night clubs and casinos.¹⁴⁹

4.104. In terms of hotel infrastructure, numerous private operators have entered the sector since Chad's previous TPR, and there has been a large increase in the number of establishments. The State owns two hotels which are operated under management contracts: Sotexho (Novotel) and Sonex-Chari (Le Meridien). Two other high-grade hotels are being built with public funds and are set for opening in 2014.¹⁵⁰

4.105. Under the General Agreement on Trade in Services (GATS), Chad made commitments in relation to the hotel business, restaurants, travel agencies and tour operator services.¹⁵¹ It is a member of the World Tourism Organization.

4.4.3 Telecommunications and postal services

4.106. As in most CEMAC countries, the mobile phone sector has expanded rapidly since the previous TPR. Between 2005 and 2010, the number of subscribers more than doubled to reach 3.7 million, raising teledensity in the country to almost 32 subscribers per 100 inhabitants (Table 4.9). Three operators share this market: Tigo Millicom (formerly Libertis), Airtel (formerly Celtel and then Zain) and Salam (a subsidiary of Société de télécommunications du Tchad (Sotel Tchad), the traditional operator). In 2011, their turnover shares of the overall telecommunications sector were 51%, 43% and 5%, respectively, which implies a de facto duopoly.

4.107. Landline phone services are monopolized by Sotel Tchad, the traditional operator. Although the exclusivity period granted by the legislation has now expired, no other operator has shown interest in obtaining a permit. Sotel Tchad is therefore a de facto monopoly.¹⁵²

Table 4.9 Telecommunications service indicators, 2000 and 2005-2011

(Number of subscribers per 100 inhabitants)

| | 2000 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------|------|------|------|------|-------|-------|-------|-------|
| Fixed telephony | 0.12 | 0.13 | 0.20 | 0.31 | 0.42 | 0.53 | 0.46 | 0.27 |
| Mobile telephony | 0.07 | 2.15 | 4.62 | 8.85 | 15.02 | 20.86 | 25.61 | 31.80 |
| Internet | 0.01 | .. | .. | .. | .. | 0.04 | .. | .. |

.. Not available.

Source: Online information from the International Telecommunication Union Viewed at: <http://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx> per cent09 per cent09 per cent09 per cent5b27 [27 April 2013].

4.108. Law No. 009/PR/98 provides the sector's regulatory framework. It specifies the rules for installation and operation of telecommunications activities and defines the conditions of their regulation. It makes a distinction between telecommunications infrastructures and the services provided by such infrastructures. The conditions governing the establishment and operation of public telecommunications networks and services, as well as the use of terminal equipment and installations, are summarized in Table 4.10.

¹⁴⁹ Order No. 774/MF/SE/DIT/2002 of 11 March 2002 on application of the Tourism Development Fee.

¹⁵⁰ Online information from the Republic of Chad. Viewed at: http://www.gouvernementoftchad.org/fr/index.php?option=com_content&view=article&id=1564:le-premier-ministre-visite-les-chantiers-de-grand-hotel-et-hilton-hotel-de-ndjamena&catid=102:icetabs [27 February 2013].

¹⁵¹ WTO document GATS/SC/108 of 30 August 1995.

¹⁵² The most recent attempt at privatization, launched in March 2009, was to have involved the Libyan group LAP Green Network acquiring 60% of the capital, with the Chadian State and employees sharing the rest. Nonetheless, that process foundered in the wake of the socio-political troubles in Libya.

Table 4.10 Authorization and declaration regimes in the telecommunications sector

| Telecommunications network | Regime | Authority |
|----------------------------------------------------------------------------------------------------|-------------------------|-------------------------------|
| Public networks | Authorization, 10 years | Competent Minister |
| Independent networks | | |
| - Internal networks | Declaration | OTRT |
| - Other independent networks | Authorization, 10 years | Competent Minister |
| Services | | |
| Telecommunications service | Authorization, 5 years | Competent Minister |
| - Services provided from a base network | Authorization, 5 years | Competent Minister |
| - Other services | Declaration | OTRT |
| Basic telephone services | Authorization, 5 years | Competent Minister |
| Telephone services using hertzian frequencies | Authorization, 5 years | Competent Minister |
| Telex services | Authorization, 5 years | Competent Minister |
| Value-added services | | |
| - Services using the basic network or the radio network | Declaration | OTRT |
| - Services unit using proprietary radio stations | Authorization, 5 years | |
| Terminal equipment and installations (connected to a public network or radio installations) | Authorization, 5 years | OTRT or authorized laboratory |

Source: Law No. 009/PR/98 of 17 August 1998 on telecommunications.

4.109. In Chad, the universal phone service includes the following: the routing of telephone communications from or to subscription points, the routing of emergency calls free of charge, the provision of information services and a telephone directory, whether in printed or electronic form, and lastly, the provision of telephone booths throughout the national territory installed in public areas or areas otherwise accessible to the public. Sotel Tchad is responsible for providing the public service.

4.110. Three types of fee and charge are applicable¹⁵³: study fees, fees for the operation and control of the frequency spectrum, and charges for the use of radio frequencies or channels.

4.111. The Ministry of Postal Services and New Communications Technologies is responsible for the formulation, coordination, implementation and follow-up of the Government's policies in this sector¹⁵⁴; and allocates radiocommunication frequency bands for that purpose. The sector is regulated by the Chadian Telecommunications Regulation Office (OTRT)¹⁵⁵, which controls and manages radio frequencies, establishes and manages the national numbering plan and ensures that technical and commercial terms of interconnection do not hamper the provision of service.¹⁵⁶ The establishment and operation of networks and services are authorized by the Minister, on the technical advice of the OTRT. Authorizations include a set of specifications establishing, *inter alia*, the area to be covered by the network, the timetable for bringing it into operation, and the methods for setting and renewing rates.

4.112. The import of telecoms equipment requires approval from the OTRT¹⁵⁷, which is granted in respect of specific equipment for a renewable five-year period (Table 4.11). Nonetheless, a temporary admission certificate can be issued while approval is awaited. The sale and installation of equipment is also regulated: all operators must be authorized by the OTRT. Approval costs CFAF 300,000 for sellers, and CFAF 500,000 for authorization as an installer, plus CFAF 20,000 in each case for processing the application.

¹⁵³ Order No. 037/MPTIC/SG/2011 of 10 August 2011 defining and fixing telecommunications fees and charges.

¹⁵⁴ Online information from the Ministry. Viewed at: <http://mptic-tchad.org/>.

¹⁵⁵ Online information. Viewed at: <http://www.otrt.org/>.

¹⁵⁶ Decree No. 453/PR/MPT/99 approving the statutes of the Chadian Telecommunications Regulation Office (OTRT).

¹⁵⁷ Order No. 036/MPTIC/SG/2011 specifying rules and procedures for approving telecommunications terminal equipment.

Table 4.11 Cost of approving telecommunications equipment
(CFAF)

| Type of equipment | Processing the application | Authorization |
|-----------------------------------------------------------------|----------------------------|---------------|
| Telephones | | |
| Simple telephones | 5,000 | 50,000 |
| Complex telephones | 10,000 | 70,000 |
| Ancillary telephony equipment | 5,000 | 150,000 |
| Mobile telephony terminals | 20,000 | 100,000 |
| Private self-switching devices | 44,000 | 145,000 |
| Radio transmitters-receivers | 40,000 | 90,000 |
| Private satellite dishes (VSAT, IBS) | 24,800 | 120,000 |
| Cables | | |
| Coaxial cables | 24,800 | 100,000 |
| Fibre optic | 60,000 | 200,000 |
| Radio-telecom interfaces (WLAN module, Bluetooth, analog modem) | 10,000 | 20,000 |

Source: Annex to Order No. 036/MPTIC/SG/2011, specifying rules and procedures for approving telecommunications terminal equipment.

4.113. The number of operators and access suppliers in the sector is restricted to nine¹⁵⁸: a single operator for the basic telecommunications networks, three for terrestrial mobile radio networks, including a subsidiary of the traditional operator; and five operators to provide public Internet access, including the traditional operator. At the present time, the limit has been reached in each of these categories, which means that, in principle, no additional operator can be authorized. According to the authorities, the decree is currently being amended to allow more operators.

4.114. On the issue of interconnection, each operator is free to prepare its catalogue and negotiate with each correspondent. The agreement must be submitted to the OTRT which can request amendment. Interconnection fees are CFAF 60 between fixed and mobile networks and CFAF 68 between mobile networks.¹⁵⁹ According to the OTRT, these fees are far from reflecting costs. The two main operators, which share the bulk of the mobile phone market, have relatively balanced interconnection volumes, so they take advantage of this situation.

4.115. According to the regulations, numbering resources are considered a public good; they are non-negotiable and can only be transferred with OTRT permission. The numbering plan contains eight digits. Its management modalities were altered recently in 2012.¹⁶⁰ A request for numbering resources is sent to the OTRT with payment of a fee of CFAF 100,000.¹⁶¹ At the time of attribution, a single charge of CFAF 1.5 million is made per block of numbers (100,000 numbers). A utilization fee is charged each year. For blocks of numbers, this amounts to CFAF 200 per number used. For other types of number, it is CFAF 1 million for a four-digit prefix, CFAF 1.5 million for a three-digit prefix, and CFAF 2 million for a two-digit prefix. Numbering resources may also be reserved, but for no longer than two years. In this case, the costs are equivalent to half the charges normally levied, in the case of utilization.

4.116. Since 2011, the OTRT has performed quarterly audits of the quality of services provided by the mobile networks. The audit evaluates the radio coverage, availability of the network and the hold time in the main cities and on certain highways. In 2012, losses arising from network inaccessibility and poor quality of communication resulted in pecuniary sanctions being applied to three mobile phone operators. The fines represented, respectively, 0.57%, 0.49% and 1.08% of the sales turnover of Airtel, Tigo and Salam.

4.117. Internet access suppliers are subject to an authorization regime. Authorization is granted by the OTRT for a renewable five-year period. Currently, there are five valid permits. Until 2012, the regulation restricted the number of authorizations, and this curtailed the development of the

¹⁵⁸ Decree No. 280/PR/MPT/05 of 23 May 2005 limiting the number of authorizations for the establishment and operation of telecommunications networks.

¹⁵⁹ OTRT (2012).

¹⁶⁰ Decree No. 527/PR/PM/MPNT/2012 of 13 April 2012, specifying rules for the management of the national numbering plan, conditions for the use of numbering resources and the related charges.

¹⁶¹ Order No. 007/PR/PM/MPNTI/SG/2012 of 26 April 2012, specifying and setting fees and charges for the attribution and use of numbering resources.

subsector. Since this measure was lifted in June 2012¹⁶², the regulatory body has received numerous applications to supply Internet access. The corresponding regulatory instruments are being prepared.

4.118. Implementation of the fibre optic network could give renewed impetus to the sector if the other constraints, such as unpredictable electricity supply, can be overcome. Inaugurated in March 2012, this network, which cost about CFAF 20 billion to build, links the capital and four other urban centres to the Komé oil site. From there, the fibre optic cable already installed along the pipeline, should enable the country to be connected to the SAT3 submarine cable, located on the African continent's Atlantic seaboard. The management and maintenance of this network are, in principle, the responsibility of the Société d'infrastructure de transmission des communications électroniques par fibre optique (SITCOM-Tchad), a State-owned enterprise created in March 2011. According to the authorities, the fibre optic project should make it possible to provide a better service and facilitate universal service provision. The fibre optic network is not yet operational.

4.119. The public postal service is provided by the Société tchadienne des postes et de l'épargne (STPE).¹⁶³ Under the legislation, the STPE has exclusive rights to provide the-mail service and the post's financial services.¹⁶⁴ Nonetheless, it can also work with national or foreign partners and hold stakes in institutions with related objectives or those that complement its mission. It can thus delegate the following services to operators under concession, under an operating permit or contract: domestic and international express services, courier services within the country, commercial transport of postal parcels, and the operation of post offices by postal correspondents.

4.4.4 Financial services

4.4.4.1 Banking services

4.120. Banking is regulated by the Central African Banking Commission (common report, Chapter 4). Banks currently operating are shown in Table 4.12. Since the last TPR, a new bank has been created and existing banks have undergone major recapitalization: the cumulative capital of the banks had almost tripled to CFAF 45 million by late 2011. The State's presence in the sector has also increased, following the nationalization of the Banque agricole et commerciale (formerly Banque agricole et commerciale du Soudan), and an increase in the Government's stake in the equity of Commercial Bank Tchad (CBT).

Table 4.12 Capital and structure of the main banks in activity, 2006 and 2011

| | End 2006 | | | End 2011 | | |
|----------------------------------------------------------------------------|---------------------------|----------------------------|---------|---------------------------|----------------------|---------|
| | Capital (CFAF million) | Ownership structure (%) | | Capital (CFAF million) | Capital share (%) | |
| | | State | Foreign | | State | Foreign |
| Société générale Tchad (formerly SGTB) | 1,100 | 20 | 45 | 5,000 | 20 | 66.16 |
| Banque sahélo-saharienne pour l'investissement et le commerce (BSIC) | 2,000 | 0 | 100 | 6,000 | 0 | 100 |
| Commercial Bank Tchad (CBT) | 4,019 | 17.5 | .. | 10,000 | 62.48 | 22.4 |
| Banque commerciale du Chari (BCC) ^a | 3,000 | 50 | 50 | 6,000 | 50 | 50 |
| Orabank ^b | 1,850 | 0 | 69 | 5,000 | 0 | 100 |
| Ecobank Tchad ^c | 3,000 | 0 | .. | 10,000 | .. | 96 |

¹⁶² Decree No. 994/PR/PM/MPNT1/2012 of 29 June 2012.

¹⁶³ Law No. 008/PR/98 of 17 August 1998 organizing the public postal service.

¹⁶⁴ The postal cheques centre has about 25,000 subscribers, mainly employees.

| | End 2006 | | | End 2011 | | |
|---------------------------------------------------|---------------------------|----------------------------|---------|---------------------------|----------------------|---------|
| | Capital (CFAF million) | Ownership structure (%) | | Capital (CFAF million) | Capital share (%) | |
| | | State | Foreign | | State | Foreign |
| Banque agricole et commerciale (BAC) ^d | 868 | 0 | 100 | 3,000 | 100 | 0 |
| United Bank of Africa (created in 2009) | n.a. | n.a. | n.a. | 7,796 | 0 | 100 |

- a Formerly Banque tchadienne arabe libyenne.
b Formerly Financial Bank.
c Formerly BIAT.
d Formerly Banque agricole et commerciale du Soudan.
.. Not available.

Source: Information provided by the Chadian authorities and the BEAC.

4.4.4.2 Microfinance services

4.121. The legal and regulatory framework governing microfinance establishments is also defined by regulations issued by the Central African Banking Commission (COBAC). The activities of this sector are supervised by the Ministry responsible for finance, operating through a technical unit created in 2002, pursuant to community regulations.

4.122. As of late October 2010, Chad had 202 active microfinance institutions (MFIs), mostly organized in networks (Table 4.13). The majority of the loans extended by MFIs go to farmers (60%); small-scale traders receive 20% of credits, while livestock breeders and fishermen share 10%. Private sector wage earners and civil servants jointly account for the remaining 10%.

4.123. Although independent investors are increasingly appearing, the microfinance sector continues to rely on support from donors and non-governmental organizations (NGOs). In late 2010, of the six active networks, only one had achieved financial autonomy. Many MFIs are either closing down or are in decline.

Table 4.13 Microfinance sector statistics, 2006-2010

| | 2006 | 2007 | 2008 | 2009 | 2010 ^a |
|-------------------------------------|---------|---------|---------|---------|-------------------|
| Number of authorized establishments | 203 | 210 | .. | .. | 202 |
| Number of customers | 128,402 | 137,053 | 154,283 | 174,878 | 201,572 |
| Deposits (CFAF million) | 3,236.5 | 3,965.5 | 3,236.5 | 5,560.0 | 3,236.5 |
| Loans (CFAF million) | 4,086.6 | 5,675.5 | 4,086.6 | 6,800.0 | 4,086.6 |

- a Situation as of late October 2010.

Source: Data provided by the national authorities.

4.124. According to the authorities, the microfinance sector has a major role to play in combating poverty. An initial national microfinance strategy was adopted in 2003, and a second one in 2008 covering the period 2009-2013. These different strategies have the following objectives: to improve the environment and institutional framework for sector activities; to increase access to financial products and services for poor and low-income population groups; to strengthen interaction between banks and microfinance enterprises; and to promote the emergence and development of qualified local lenders in the sector. These are being implemented over a five-year period, and should result in 420 MFIs serving half a million users by 2013.

4.4.4.3 Insurance services

4.125. As in other CEMAC countries, the insurance market in Chad is governed by the Inter-African Conference on Insurance Markets (CIMA) (common report, Chapter 4). The National Insurance Directorate is the entity that liaises with the CIMA Regional Commission for the Supervision of Insurance (CRCA).

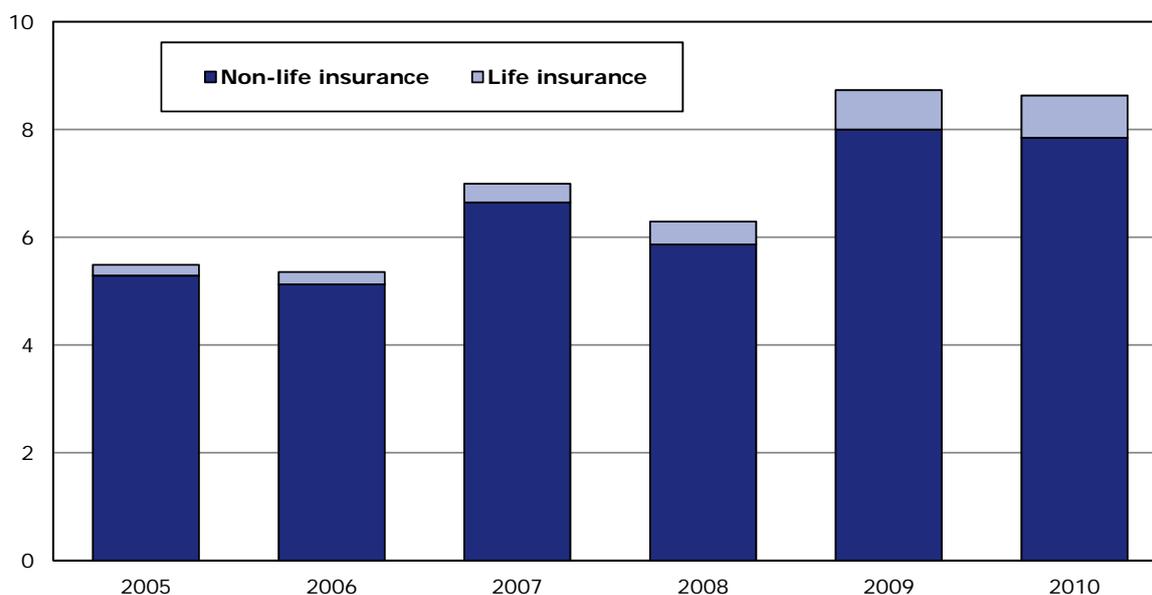
4.126. As was the case at the time of the previous TPR, two companies provide insurance and reinsurance services in Chad: Société tchadienne d'assurances et de réassurances (STAR nationale), and Société africaine d'assurance et de réassurance (SAFAR Assurances SA). STAR nationale is the only company supplying life insurance services, through its STAR Vie branch. The trend of premium income in these companies for the period 2005-2010 is shown in Chart 4.2.

4.127. Since the previous TPR, the number of insurance brokerage companies has grown from four to ten. Thus, in addition to MARSH-Assureurs Conseils Tchadiens, Gras Savoye Tchad, Socar and Sotca, there are now the following companies: Société de conseil en assurances (created in 2010); Alpha Assurances (2007); Assureurs conseils africains (2007), Espace Conseil de courtage en assurances (2009), ASCOMA Tchad (2010); and New Africa Chad (2012).

4.128. Community provisions make third-party automobile liability insurance compulsory and national legislation requires imported merchandise or cargo to be insured, as well as construction risks. Insurance on imported merchandise or cargo is mandatory for goods with an f.o.b. value of CFAF 500,000 or more.¹⁶⁵ The penalty for failure to cover these risks can be a fine of 25% of the value of the goods or a prison sentence, or both. In principle, staff from the Ministry of Finance are assigned to the main customs post to verify the existence of the insurance certificate. In practice, very few operators take out this insurance, however, which is often seen as an additional tax on imports. At customs, when proof of insurance is absent, the value of the merchandise is increased by 2% before calculating duties and taxes.

4.129. Insurance against construction risks in respect of public buildings and works is compulsory for works valued at CFAF 50 million or more.¹⁶⁶ The following risks are covered: construction site risks, assembly risks, and 10-year civil liability.

Chart 4.2 Insurance company premiums, 2005-2010



Source: FANAF (2012).

¹⁶⁵ Decree No. 736/PR/MFM/DG/SCA/85 of 19 November 1985 and its implementing order (Order No. 0019/MFM/MEC/DG/ SCA/86 of 2 April 1986).

¹⁶⁶ Decree No. 737/PR/MFM/DG/SCA/85 making it compulsory to insure against construction risks, and its implementing order (Order No. 120/MF/SE/DG/002/DFEMCAS/SCA/97).

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5 APPENDIX - TABLES

Table A1. 1 Structure of exports, 2005-2010

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------------------------------------------|--------------------|---------|---------|---------|---------|---------|
| Total (US\$ million) | 2,172.1 | 2,513.6 | 2,514.6 | 3,923.7 | 2,296.6 | 3,096.0 |
| | (Percentage share) | | | | | |
| Primary products, total | 97.5 | 99.1 | 99.1 | 99.2 | 98.4 | 92.4 |
| Agriculture | 4.7 | 4.7 | 3.4 | 1.8 | 2.4 | 3.9 |
| Food products | 0.0 | 0.0 | 0.0 | 0.0 | 0.5 | 0.0 |
| Agricultural raw materials | 4.7 | 4.7 | 3.4 | 1.8 | 1.9 | 3.9 |
| Extractive industries | 92.9 | 94.4 | 95.7 | 97.4 | 96.0 | 88.5 |
| Ores and other minerals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-ferrous metals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Fuels | 92.9 | 94.4 | 95.7 | 97.4 | 96.0 | 88.5 |
| Crude petroleum or bituminous mineral oils | 73.4 | 90.6 | 94.6 | 93.9 | 90.4 | 79.9 |
| Manufactured products | 2.2 | 0.6 | 0.6 | 0.5 | 1.2 | 7.1 |
| Iron and steel | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Chemical products | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 | 2.6 |
| Other semi-finished goods | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 | 4.2 |
| Transport machinery and material | 2.1 | 0.4 | 0.5 | 0.4 | 0.5 | 0.1 |
| Textiles | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Clothing | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other consumer goods | 0.0 | 0.0 | 0.0 | 0.1 | 0.3 | 0.2 |
| Other | 0.2 | 0.3 | 0.3 | 0.4 | 0.4 | 0.5 |

Source: WTO calculations, based on data obtained from UN Comtrade, mirror statistics, UNSD (SITC, Rev.3).

Table A1. 2 Structure of imports, 2005-2010

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------------------------------------------------|--------------------|-------|-------|-------|-------|---------|
| Total (US\$ million) | 386.0 | 434.9 | 636.5 | 778.1 | 943.6 | 1,358.2 |
| | (Percentage share) | | | | | |
| Primary products, total | 17.9 | 18.5 | 24.3 | 19.5 | 18.5 | 33.9 |
| Agriculture | 13.3 | 15.4 | 13.0 | 17.9 | 16.0 | 11.4 |
| Food products | 12.4 | 14.8 | 12.5 | 17.4 | 15.0 | 10.7 |
| Agricultural raw materials | 1.0 | 0.6 | 0.5 | 0.4 | 1.0 | 0.7 |
| Extractive industries | 4.5 | 3.1 | 11.3 | 1.7 | 2.5 | 22.5 |
| Ores and other minerals | 0.2 | 0.4 | 0.2 | 0.6 | 0.5 | 0.2 |
| Non-ferrous metals | 0.2 | 0.5 | 0.2 | 0.1 | 0.1 | 0.2 |
| Fuels | 4.1 | 2.3 | 10.9 | 0.9 | 1.9 | 22.0 |
| Manufactured products | 80.5 | 76.5 | 71.2 | 71.2 | 77.1 | 63.6 |
| Iron and steel | 4.8 | 4.5 | 2.4 | 4.6 | 9.8 | 6.3 |
| Chemical products | 15.5 | 9.2 | 10.0 | 7.6 | 9.2 | 7.3 |
| Other semi-finished products | 5.3 | 6.6 | 6.2 | 6.9 | 6.6 | 5.7 |
| Transport machinery and material | 47.3 | 44.1 | 44.4 | 43.4 | 40.3 | 36.7 |
| Energy-producing machinery | 4.5 | 2.2 | 2.4 | 3.2 | 2.1 | 3.3 |
| Other non-electric machinery | 22.2 | 21.3 | 19.0 | 15.7 | 16.6 | 17.9 |
| Office machinery and telecommunications material | 6.4 | 6.6 | 9.3 | 6.3 | 4.8 | 3.2 |
| Other electrical machinery | 3.8 | 2.8 | 4.1 | 3.1 | 3.2 | 6.3 |
| Products of the automotive industry | 4.2 | 7.6 | 6.9 | 11.3 | 11.4 | 5.0 |
| Other transport material | 6.3 | 3.5 | 2.7 | 3.9 | 2.3 | 1.0 |
| Textiles | 2.0 | 1.6 | 1.2 | 0.8 | 1.1 | 0.8 |
| Clothing | 0.5 | 0.7 | 1.5 | 1.3 | 0.8 | 0.4 |
| Other consumer goods | 5.1 | 9.7 | 5.6 | 6.7 | 9.2 | 6.5 |
| Other | 1.6 | 5.0 | 4.4 | 9.2 | 4.4 | 2.5 |

Source: WTO calculations, based on data obtained from UN Comtrade, mirror statistics, UNSD (SITC, Rev.3).

Table A1. 3 Export destinations, 2005-2010

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---------------------------------------|--------------------|---------|---------|---------|---------|---------|
| World (US\$ million) | 2,172.1 | 2,513.6 | 2,514.6 | 3,923.7 | 2,296.6 | 3,096.0 |
| | (Percentage share) | | | | | |
| America | 72.8 | 80.5 | 89.1 | 88.5 | 89.7 | 68.2 |
| United States | 72.7 | 80.4 | 89.1 | 88.5 | 89.7 | 68.1 |
| Other countries of the Americas | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Europe | 11.3 | 2.2 | 2.1 | 2.2 | 5.6 | 5.6 |
| EU(27) | 11.2 | 2.0 | 2.1 | 2.2 | 5.6 | 5.6 |
| European Free Trade Area (EFTA) | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other European countries | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Community of Independent States (CIS) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Africa | 0.2 | 0.2 | 0.3 | 0.1 | 1.2 | 9.3 |
| Nigeria | 0.0 | 0.0 | 0.0 | 0.0 | 1.1 | 9.2 |
| Middle East | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 |
| Asia | 15.8 | 17.1 | 8.5 | 9.2 | 3.4 | 16.8 |
| China | 8.8 | 10.4 | 3.3 | 1.1 | 2.8 | 16.0 |
| Six East Asian trading countries | 6.5 | 5.8 | 0.6 | 2.9 | 0.1 | 0.2 |
| Thailand | 0.2 | 1.3 | 0.5 | 0.1 | 0.1 | 0.1 |
| Chinese Taipei | 3.8 | 2.3 | 0.0 | 2.7 | 0.0 | 0.0 |
| Other Asian countries | 0.5 | 0.4 | 0.7 | 0.3 | 0.4 | 0.7 |

Source: WTO calculations, based on data obtained from UN Comtrade, mirror statistics, UNSD (SITC, Rev.3).

Table A1. 4 Origin of imports, 2005-2010

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|----------------------------------|--------------------|-------|-------|-------|-------|---------|
| World (US\$ million) | 386.0 | 434.9 | 636.5 | 778.1 | 943.6 | 1,358.2 |
| | (Percentage share) | | | | | |
| America | 15.6 | 16.5 | 14.0 | 9.4 | 8.2 | 7.4 |
| United States | 13.9 | 13.9 | 11.2 | 8.0 | 6.6 | 6.5 |
| Other countries of the Americas | 1.7 | 2.6 | 2.8 | 1.4 | 1.5 | 0.9 |
| Canada | 1.3 | 2.4 | 2.0 | 0.7 | 1.2 | 0.5 |
| Europe | 58.1 | 48.6 | 43.4 | 42.5 | 41.2 | 27.8 |
| EU(27) | 57.3 | 45.2 | 42.5 | 40.8 | 39.7 | 27.4 |
| France | 24.3 | 20.7 | 20.8 | 18.5 | 15.6 | 12.3 |
| Belgium | 7.7 | 5.4 | 3.4 | 3.2 | 3.4 | 2.8 |
| Italy | 1.7 | 1.4 | 1.8 | 3.2 | 5.7 | 2.1 |
| Germany | 3.6 | 8.1 | 7.7 | 5.8 | 2.9 | 2.0 |
| Netherlands | 4.4 | 3.0 | 3.0 | 4.1 | 3.6 | 1.9 |
| Finland | 2.5 | 0.1 | 0.1 | 0.1 | 0.2 | 1.5 |
| United Kingdom | 2.3 | 1.3 | 1.9 | 3.0 | 2.4 | 1.5 |
| Austria | 1.8 | 1.4 | 0.4 | 0.7 | 2.4 | 1.0 |
| Spain | 0.3 | 1.1 | 0.8 | 0.6 | 0.5 | 0.7 |
| EFTA | 0.5 | 2.9 | 0.5 | 0.4 | 0.9 | 0.1 |
| Other European countries | 0.3 | 0.5 | 0.5 | 1.3 | 0.5 | 0.2 |
| CIS | 1.5 | 3.8 | 2.1 | 10.1 | 4.7 | 0.9 |
| Ukraine | 1.2 | 2.5 | 1.9 | 10.0 | 4.7 | 0.9 |
| Africa | 15.1 | 16.6 | 20.4 | 19.7 | 21.5 | 36.9 |
| Cameroon | 6.8 | 6.6 | 15.1 | 5.6 | 5.6 | 24.9 |
| Nigeria | 0.0 | 3.2 | 0.6 | 1.2 | 1.7 | 2.7 |
| Namibia | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.5 |
| Senegal | 0.4 | 0.2 | 0.2 | 4.9 | 3.3 | 2.0 |
| Benin | 1.1 | 0.8 | 0.7 | 2.5 | 2.4 | 1.3 |
| Egypt | 0.1 | 0.1 | 0.1 | 0.3 | 0.7 | 1.0 |
| Congo | 0.0 | 0.0 | 0.9 | 0.4 | 0.9 | 0.6 |
| Middle East | 3.8 | 5.0 | 4.6 | 3.7 | 4.9 | 2.2 |
| United Arab Emirates | 2.3 | 3.9 | 3.6 | 3.0 | 4.3 | 1.9 |
| Asia | 5.9 | 9.4 | 15.5 | 14.6 | 19.6 | 24.8 |
| China | 3.9 | 3.3 | 10.9 | 10.3 | 15.8 | 22.7 |
| Japan | 0.1 | 0.2 | 0.8 | 1.3 | 1.3 | 0.3 |
| Six East Asian trading countries | 0.4 | 0.8 | 1.1 | 0.6 | 1.7 | 0.9 |
| Other Asian countries | 1.4 | 5.2 | 2.6 | 2.5 | 0.8 | 0.9 |
| India | 0.9 | 4.2 | 2.2 | 2.1 | 0.7 | 0.8 |

Source: WTO calculations, based on data obtained from UN Comtrade, mirror statistics, UNSD (SITC, Rev.3).