

Chad

RISK & COMPLIANCE REPORT

DATE: January 2017

Executive Summary - Chad

Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	<p>Compliance with FATF 40 + 9 Recommendations</p> <p>Weakness in Government Legislation to combat Money Laundering</p> <p>Not on EU White list equivalent jurisdictions</p> <p>Corruption Index (Transparency International & W.G.I.)</p> <p>World Governance Indicators (Average Score)</p> <p>Failed States Index (Political Issues)(Average Score)</p>
<p>Major Investment Areas:</p> <p>Agriculture - products:</p> <p>cotton, sorghum, millet, peanuts, rice, potatoes, manioc (tapioca); cattle, sheep, goats, camels</p> <p>Industries:</p> <p>oil, cotton textiles, meatpacking, brewing, natron (sodium carbonate), soap, cigarettes, construction materials</p> <p>Exports - commodities:</p> <p>oil, cattle, cotton, gum arabic</p> <p>Exports - partners:</p> <p>US 81.9%, China 6.7% (2012)</p> <p>Imports - commodities:</p> <p>machinery and transportation equipment, industrial goods, foodstuffs, textiles</p> <p>Imports - partners:</p> <p>China 20.2%, Cameroon 18.2%, France 16.1%, Saudi Arabia 5.6%, US 4.2% (2012)</p>	
Investment Restrictions:	

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

The government of Chad (GOC) officially encourages foreign direct investment (FDI) and there are few formal restrictions on foreign trade and investment. Chad's investment climate remains challenging, however, due to its geographic isolation, limited infrastructure, a lack of trained workers, high import duties, and corruption. The National Investment Charter of 2008 offers incentives for foreign companies establishing operations in Chad, including three years of tax-exempt status. Chadian law guarantees the rights of foreign and domestic entities to establish and own business enterprises and to engage in remunerative activities, and the National Investment Charter offers the possibility of full foreign ownership for all companies in Chad, with the exception of those affecting national security. In recent years the GOC has fully or partially privatized some state-owned enterprises (SOEs). Foreign companies seeking to invest in former SOEs are afforded the same treatment as Chadian nationals under the Investment Charter. In principal, tenders for foreign investment in SOEs and for government contracts are done through open international bid procedures, but in practice such arrangements are usually made through direct agreements between the GOC and individual companies. Foreign companies desiring to invest in the oil and mining sectors should directly contact the concerned ministries.

Major economic activities included construction of new roads and bridges, government office buildings, and oil infrastructure, including pipelines. Plans for future foreign investment in Chad include the construction of a new international airport, a railway connecting the country to the sea via neighboring countries, and an industrial zone 40 km outside N'Djamena.

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Section 1 - Background

Chad, part of France's African holdings until 1960, endured three decades of civil warfare, as well as invasions by Libya, before a semblance of peace was finally restored in 1990. The government eventually drafted a democratic constitution and held flawed presidential elections in 1996 and 2001. In 1998, a rebellion broke out in northern Chad, which has sporadically flared up despite several peace agreements between the government and the insurgents. In 2005, new rebel groups emerged in western Sudan and made probing attacks into eastern Chad despite signing peace agreements in December 2006 and October 2007. In June 2005, President Idriss DEBY held a referendum successfully removing constitutional term limits and won another controversial election in 2006. Sporadic rebel campaigns continued throughout 2006 and 2007. The capital experienced a significant insurrection in early 2008, but has had no significant rebel threats since then, in part due to Chad's 2010 rapprochement with Sudan, which previously used Chadian rebels as proxies. DEBY in 2011 was reelected to his fourth term in an election that international observers described as proceeding without incident. Power remains in the hands of an ethnic minority.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Chad is not on the FATF List of Countries that have been identified as having strategic AML deficiencies

Compliance with FATF Recommendations

Chad has not yet undertaken a Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards.

US Department of State Money Laundering assessment (INCSR)

Chad was deemed a 'Monitored' Jurisdiction by the US Department of State 2016 International Narcotics Control Strategy Report (INCSR).

Key Findings from the report are as follows: -

Perceived Risks:

Chad's financial services sector is small and relatively underdeveloped. Chad's economy is predominately cash-based, with relatively few transactions passing through formal financial institutions. Despite measures to process public servant salaries through local banks, only 5 percent of the Chadian population uses formal banking services.

On January 16, 2015, the Parliament approved sending troops to the northern regions of Cameroon to counter Boko Haram. This decision, which received popular support, came amid rising concerns about the economic impact of the siege on the Chadian economy. Chad depends heavily on the import of goods that transit through Nigeria and northern Cameroon. As a result of the August border closure and the continued attacks, the prices of imported goods have increased in the local market. Increased border security significantly reduced incidences of contraband and goods smuggled across the Sahel and borders with Nigeria and Cameroon.

Instability in the Central African Republic (CAR) and the subsequent return of displaced Chadians and the arrival of CAR refugees facilitate trafficking of goods between the two countries. Across Chad's northern desert and along the Sudan/Chad border in the east, smuggled items include drugs and weapons. Drugs, mainly cannabis and cocaine, are transported via Chad and Sudan to the Arabian Peninsula.

Wildlife poaching in Chad and the related illicit trade in ivory and other wildlife products finance transnational criminal networks and armed rebel groups across Africa. There is no indication that illegally smuggled household goods are related to narcotics trafficking or other illegal activities. However, the trafficking of weapons, wildlife products, and drugs may be linked to organized criminal groups, some of which have links to terrorist groups. Illicit proceeds do not appear to enter Chad's formal financial system.

Chad's banking system is supervised by the Bank of Central African States (BEAC), the central bank that serves six Central African countries. BEAC's Economic Intervention Service harmonizes the regulation of currency exchanges in the six member states of the Central African Economic and Monetary Community (CEMAC).

DO FINANCIAL INSTITUTIONS ENGAGE IN CURRENCY TRANSACTIONS RELATED TO INTERNATIONAL NARCOTICS TRAFFICKING THAT INCLUDE SIGNIFICANT AMOUNTS OF US CURRENCY; CURRENCY DERIVED FROM ILLEGAL SALES IN THE U.S.; OR ILLEGAL DRUG SALES THAT OTHERWISE SIGNIFICANTLY AFFECT THE U.S.: NO

CRIMINALIZATION OF MONEY LAUNDERING:

"All serious crimes" approach or "list" approach to predicate crimes: List approach

Are legal persons covered: criminally: YES civilly: YES

KNOW-YOUR-CUSTOMER (KYC) RULES:

Enhanced due diligence procedures for PEPs: Foreign: YES Domestic: YES

KYC covered entities: Public treasury, banks, microfinance organizations, money exchange and transfer companies, casinos, notaries, real estate and travel agencies, accountants and auditors, and merchants

REPORTING REQUIREMENTS:

Number of STRs received and time frame: 0 in 2015

Number of CTRs received and time frame: Not applicable

STR covered entities: Public treasury, banks, microfinance organizations, money exchange and transfer companies, casinos, notaries, real estate and travel agencies, accountants and auditors, and merchants

MONEY LAUNDERING CRIMINAL PROSECUTIONS/CONVICTIONS:

Prosecutions: 0 in 2015

Convictions: 0 in 2015

RECORDS EXCHANGE MECHANISM:

With U.S.: MLAT: NO Other mechanism: YES

With other governments/jurisdictions: YES

Chad is a member of the Task Force against Money Laundering in Central Africa (GABAC), a FATF-style regional body.

ENFORCEMENT AND IMPLEMENTATION ISSUES AND COMMENTS:

The government lacks equipment to monitor transactions and the Government of Chad does not track money and value transactions through wire transfer services (i.e., Western

Union), hawala remittance systems, or SMS mobile money transfers. In October 2015, the government announced measures to formalize the economy by registering more than 30,000 businesses operating in the informal sector.

Several banks reported suspicious transactions, but the practice is not universal. Within the BEAC, the Banking Commission of Central Africa addresses money laundering. Following its meeting in September, 2015, the BEAC moved toward strengthening information technology vigilance, detection, automated alerts, and tracking of sensitive or suspicious transactions to more effectively combat money laundering and terrorist financing in the Central Africa sub-region.

Limited measures exist to detect the physical cross-border transportation of currency. A mission by the members of the Ministry of Finance and Budget's Fraud Surveillance Office traveled to Chad's eastern border with Sudan and reported that livestock trafficking to Sudan is replacing physical transportation of currency across the border to finance smuggled goods. The Fraud Surveillance Office instituted control mechanisms to track livestock crossing the border to levy export duties.

In 2015, the Government of Chad recruited an additional 500 new rangers for the Chadian Anti-Poaching Brigade. Over one hundred of these rangers received extra training at Zakouma National Park. This training, in conjunction with Chad's national wildlife protection efforts, has been instrumental in reducing wildlife poaching. Following a cabinet reshuffle, the Ministry of Environment and Fisheries created a Directorate for elephant protection and drafted a strategy and mandate for elephant protection. Most of the illegal ivory goes to China. It is not clear how payment for the ivory is made.

ANIF, the financial intelligence unit, continues to face serious resource constraints, and financial intelligence reporting and analysis are limited. Law enforcement and customs officials lack the capacity to fulfill their responsibilities of financial crimes enforcement.

Ratification of the UN Convention against Corruption is in process, but the promulgation decree has not yet been signed.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Chad does not conform with regard to the following government legislation: -

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

System for Identifying/Forfeiting Assets - The jurisdiction has enacted laws authorizing the tracing, freezing, seizure, and forfeiture of assets identified as relating to or generated by money laundering activities.

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

International Transportation of Currency - By law or regulation, the jurisdiction, in cooperation with banks, controls or monitors the flow of currency and monetary

States Party to United Nations Convention Against Corruption - States party to the United Nations Convention against Corruption (UNCAC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

EU White list of Equivalent Jurisdictions

Chad is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Chad is not considered to be an Offshore Financial Centre

US State Dept Narcotics Report:

Chad is not a significant producer of organic or synthetic drugs. However, due to extremely porous borders, Chad's territory is susceptible to exploitation by drug traffickers. Most drugs entering Chad arrive from Cameroon, Niger, Nigeria, and the Central African Republic, and transit the country en route to Sudan, Egypt, and Libya. Chad is a party to the 1988 UN Drug Convention. Chad is also a party to the UN Convention against Transnational Organized Crime.

Chad imposes significant penalties for the illegal use or trafficking of illicit narcotics. In May 2010, the GOC created the Directorate of National Drug Control within the Chadian National Police to oversee all anti-drug operations. This unit's mandate includes reducing illegal production, trafficking, and use of drugs. A key challenge for the Directorate in curbing the trafficking of drugs is controlling Chad's porous and poorly controlled borders. A secondary challenge is inadequate funding for training and equipping the unit's staff. A lack of effective communication among law enforcement and security agencies also hinders reporting and tracking of drugs trafficking through Chad. Due to lack of communication among its various law enforcement and security elements and/or formal reporting mechanisms on seizures, specific data on overall drug seizures is impossible to obtain. Occasional seizures have been reported during 2011 at more than 100 kg for cocaine. Total seizures of cocaine and other drugs are likely to have been even higher. Large shipments of hashish and other drugs, for example, have been seized in the northern Chadian region of Bourkou, Ennedi and Tibesti (B.E.T). The drugs transiting this area follow centuries old trade and smuggling routes traversing northern Sudan and into Egypt. Seizures in this area are a result of Chadian military efforts to monitor the most commonly travelled paths through the B.E.T. These drug shipments are mostly destined for Egypt for eventual transit to the Middle East.

In late 2011, the government of Chad (GOC) prohibited the sale of pharmaceutical products in local markets as a measure against diversion and licit drug abuse. Subsequently, the National Police conducted an operation against pharmaceuticals being sold openly and illegally in three of the capital's main markets. Pharmaceuticals being offered for sale were confiscated by the police and destroyed. This resulted in a skirmish in one market between law enforcement officials and merchants, which ended in the death of at least one Chadian law enforcement official.

The Director General of the Pharmaceuticals Department, under the Ministry of Health, is responsible for ensuring that hospitals, pharmacies etc., make use of appropriate safeguards to control the storage and dispensing of all licit narcotic medicines. Abuse of synthetic licit and illicit pharmaceuticals such as tranquilizers and stimulants occurs mostly among the young adult community. Inhalants are also abused to some degree as they provide a cheaper form of intoxication for some. Counterfeit pharmaceuticals are widespread; most counterfeit pharmaceuticals are illegally manufactured in Nigeria and smuggled into Chad; other pharmaceutical preparations are legally imported into Chad, but then diverted and sold on the black market.

Many seizures, both large and small, are a result of vehicle accident investigations. Police report that they often discover the root cause of automobile or motorcycle accidents to be drivers trying to operate vehicles under the influence of drugs.

Some Chadian schools participate in anti-drug campaigns, with primary and secondary school students receiving annual anti- drug education. Additionally, all Chadian National Police, Gendarmes, and Army recruits receive drug awareness training as part of their basic induction courses. While Chadian society generally condemns drug abuse, society supports government efforts to provide treatment programs for those who become addicted. Near the capital city of N'Djamena, the GOC operates a hospital for the treatment of addicted persons. The program is rudimentary, but those participating voluntarily are not prosecuted for narcotic offenses by the authorities.

The GOC makes a serious effort to control drug production, reduce trafficking, and curb illegal use of drugs. The most positive element of this campaign has been the creation of the Directorate of National Drug Control within the police system specifically tasked to tackle these issues. The system for regulation of legitimate drugs dispensed by hospitals and pharmacies is also well-designed and administered, but in a poor country with few doctors, it is hard to keep dangerous drugs under prescription control. Government-funded drug treatment and drug awareness programs, while basic, are available.

In order to more effectively stem the flow of drugs trafficked through Chad, the GOC must better equip the anti-drug Directorate and other enforcement units such as customs and border inspection, as well as ensure more standardized and coordinated reporting of seizures, so progress can be measured, and enforcement resources used to best effect. Officers inspecting vehicles entering Chad from Cameroon do not have basic narcotic detection tools, such as field test kits or drug- detection dogs, to help identify and test suspicious substances-a clear need for them to be effective. Additional constraints include a limited number of officers to control vast and sparsely populated border areas, and insufficient professional training and equipment. As a matter of government policy, the government of Chad does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions.

US State Dept Trafficking in Persons Report 2014 (introduction):

Chad is classified a Tier 2 country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Chad is a source, transit, and destination country for children subjected to forced labor and sex trafficking. The country's trafficking problem is primarily internal and frequently involves children being entrusted to relatives or intermediaries in return for promises of education, apprenticeship, goods, or money, and subsequently subjected to forced labor in domestic service or herding. Child trafficking victims are subjected to forced labor as beggars and agricultural laborers. Some children who leave their villages to attend traditional Koranic schools are forced into begging, street vending, or other labor by illegitimate teachers. Child herders, some of whom are victims of forced labor, follow traditional routes for grazing cattle

and at times cross ill-defined international borders into Cameroon, the Central African Republic, and Nigeria. Some of these children are sold in markets for use in cattle or camel herding. In some cases, child herders are subjected to forced labor by military or local government officials. Chadian girls travel to larger towns in search of work, where some are subsequently subjected to prostitution or are abused in domestic servitude.

The Government of Chad does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. During the reporting period, the government demonstrated increased anti-trafficking law enforcement efforts by investigating 36 trafficking cases, initiating 23 prosecutions, and convicting 11 trafficking offenders. The government also conducted nationwide campaigns to raise awareness of human rights issues, including trafficking in persons, took steps to ensure that no child soldiers remained in any of its eight military districts, and created an inter-ministerial committee on trafficking. The government has yet to enact legislation specifically prohibiting human trafficking and continues to fail to provide trafficking victims direct services or systematically refer them to NGO and international organizations for care.

US State Dept Terrorism Report 2015

Overview: The Government of Chad made countering potential terrorist attacks and threats from across the Sahel region a priority at the highest level. By engaging in the fight against Boko Haram in northern Cameroon, Niger, and Nigeria; supporting the French-led mission in northern Mali; and passing counterterrorism legislation; Chad's counterterrorism strategy focused on promoting internal and regional stability. Chad provided combat forces to the Lake Chad Basin Multinational Joint Task Force (MNJTF) that also includes Benin, Cameroon, Niger, and Nigeria, and continued to take an active role in that coalition and fighting violent extremists in the Lake Chad region, Nigeria, and neighboring states. This follows Chad's important contribution in 2013 to the French intervention in northern Mali, Operation Sabre, and its contribution to the UN Multidimensional Integrated Stabilization Mission in Mali (MINUSMA).

Countering the Financing of Terrorism: Chad is a member of the Task Force on Money Laundering in Central Africa (GABAC), a Financial Action Task Force-style regional body. Chad's financial intelligence unit, the National Agency for Financial Investigation (ANIF), is a member of the Egmont Group.

Chad's underdeveloped financial sector is primarily cash-based and lacks sufficient capacity to enforce banking security. ANIF continued to face serious resource constraints rendering financial intelligence reporting and analysis limited. Additionally, law enforcement and customs officials require further training in financial crimes enforcement. Several banks reported suspicious transactions. The government lacked equipment to monitor transactions and did not track money transactions through wire transfer services (i.e. Western Union), *hawala* remittance systems, or SMS mobile money transfers.

In September, the Bank of the Central African States (BEAC) took measures to strengthen information technology resources vigilance, to improve detection, automated alerts, and tracking to identify sensitive or suspicious transactions.

International Sanctions

None Applicable

Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	20
World Governance Indicator – Control of Corruption	7

Corruption and Government Transparency - Report by US State Department

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

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

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

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

Section 3 - Economy

Oil and agriculture drive Chad's economy. At least 80% of Chad's population relies for its livelihood on subsistence farming and livestock raising and oil provides the bulk of export revenues. Cotton, cattle, and gum arabic provide the bulk of Chad's non-oil export earnings. Remittances have also been an important source of income and Chad relies on foreign assistance and foreign capital for most public and private sector investment. Oil production came on stream in late 2003 and Chad began to export oil in 2004. Economic growth has been positive in recent years due to high oil prices and strong local harvests, but Chad's fiscal situation is repeatedly exposed to declining oil prices and drought. Recently, the economy has been strained by the costs of repatriating Chadians fleeing the violence in South Sudan and the Central African Republic. Chad's investment climate remains challenging due to limited infrastructure, a lack of trained workers, extensive government bureaucracy, and corruption.

Agriculture - products:

cotton, sorghum, millet, peanuts, rice, potatoes, manioc (tapioca); cattle, sheep, goats, camels

Industries:

oil, cotton textiles, meatpacking, brewing, natron (sodium carbonate), soap, cigarettes, construction materials

Exports - commodities:

oil, cattle, cotton, gum arabic

Exports - partners:

US 81.9%, China 6.7% (2012)

Imports - commodities:

machinery and transportation equipment, industrial goods, foodstuffs, textiles

Imports - partners:

China 20.2%, Cameroon 18.2%, France 16.1%, Saudi Arabia 5.6%, US 4.2% (2012)

Stock Exchange

The BVMAC, with a primary market and secondary market, was founded in 2003. It is a regional stock exchange, with headquarters in Libreville, Gabon, and it serves the following

central African countries: Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea and Gabon

Executive Summary

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

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

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

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

1. Openness To, and Restrictions Upon, Foreign Investment

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

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

Development (OECD) or the United Nations Committee on Trade and Development (UNCTAD).

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

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

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

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

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

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

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

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

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

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

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

MCC Indicator Country's Score

MCC Government Effectiveness	-0.57 (15%)*
MCC Rule of Law	-0.55 (9%)
MCC Control of Corruption	-0.34 (15%)
MCC Fiscal Policy	-0.4 (85%)
MCC Trade Policy	55.2 (8%)
MCC Regulatory Quality	-0.33 (24%)
MCC Business Start Up	0.602 (9%)
MCC Land Rights Access	0.48 (11%)
MCC Access to Credit	23 (50%)

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

2. Conversion and Transfer Policies

Foreign Exchange

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

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

Chad, as an Economic and Monetary Community of Central Africa (CEMAC) member, shares a central bank with Cameroon, Central African Republic, Equatorial Guinea, Gabon,

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

3. Expropriation and Compensation

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

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

4. Dispute Settlement

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

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

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

Contracts and investment agreements can stipulate **arbitration procedures** and jurisdictions for settlement of disputes. If both parties agree and settlements do not violate Chadian law, Chadian courts will respect the decisions of U.S. or other foreign courts. In the absence of specification, the accepted principle is that jurisdiction belongs to the nation where a given agreement was signed. This principle also applies to disputes between companies and the Chadian Government. Such disputes can be arbitrated by the International Chamber of Commerce (ICC).

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

5. Performance Requirements and Investment Incentives

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

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

Foreign investors may also ask the GOC for other incentives through **investment-specific negotiations**. Large companies usually sign separate agreements with the government which contain mutually negotiated incentives and obligations. The possibility of special tax exemptions exists for some public procurement contracts, and a preferential tax regime applies to contractors and sub-contractors for major oil projects. In the past, the government occasionally offered lower license fees in addition to ad hoc tax exemptions. Incentives tend

to increase with the size of a given investment, its potential for job creation, and the location of the investment, with rural development being a GOC priority. Investors may address inquiries about possible incentives directly to the Ministry of Economy, Commerce, and Touristic Development or the Ministry of Petroleum, Mines, and Energy.

Chad is a founding member of the WTO and has least developed country (LDC) status. Chad does not have any measures that it has notified the WTO are inconsistent with **Trade Related Investment Measures (TRIM) requirements**. Chad does not impose any performance, local content, or export requirements on businesses. There is no requirement to transfer technology or proprietary business information to Chadian companies or the GOC. There are likewise no government-imposed conditions on authorization to invest, such as location in specific geographical area, use of a specific percentage of local content (goods and services) or local equity, substitution for imports, export requirements or targets, legal requirements to use specific employment agencies, technology transfer, or local sources of financing. There is, however, a legal requirement that obliges foreign companies to employ Chadian nationals for 98 percent of their staff. Firms can formally apply for permission from the Labor Promotion Office (ONAPE) to employ a more than two percent expatriates if they can demonstrate that skilled local workers are not available. Most foreign firms operating in Chad have obtained these permissions.

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

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

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

- Products of First Necessity (e.g. flour, rice, etc.): 5 percent

- Primary Materials and Equipment: 10 percent
- Intermediate Goods (e.g. tools, tires, etc.): 20 percent
- Consumer Goods (e.g. canned foods, electronics, etc.): 30 percent.

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

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

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

6. Right to Private Ownership and Establishment

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

7. Protection of Property Rights

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

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

Chad is a member of the African **Intellectual Property** Organization (OAPI) and the World Intellectual Property Organization (WIPO). Chad ratified the revised Bangui Agreement (1999)

in 2000 and the Berne Convention in 1971. The GOC adheres to OAPI rules within the constraints of its administrative capacity.

Within the Ministry responsible for trade, the Department of Industrial Property and Technology, addresses intellectual property issues. This department is the National Liaison Unit (SNL) within the OAPI, and is the designated point of contact under Article 69 of the TRIPS Agreement. As of 2012, the unit has received about 90 deposits of different intellectual property instruments. With support from WIPO, a strategic plan for intellectual property development and technological innovation is being prepared. The GOC finalized an intellectual property strategy in 2012 but it has not been formally adopted.

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

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

8. Transparency of the Regulatory System

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

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

9. Efficient Capital Markets and Portfolio Investment

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

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

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

OHADA's accounting system in 2002, bringing its national standards into harmony with accounting systems throughout the region. Several international accounting firms have offices in Chad. There is no effective regulatory system to encourage or facilitate portfolio investments.

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

10. Competition from State-Owned Enterprises (SOEs)

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

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

11. Corporate Social Responsibility

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

12. Political Violence

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

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

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

13. Corruption

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

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

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

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

14. Bilateral Investment Agreements

Chad is eligible for tariff exemptions under the African Growth and Opportunity Act (AGOA). The GOC created an AGOA oversight committee in 2002, but it is not functional. The bulk of

Chad's exports total exports under AGOA are crude oil. Chad is eligible for its Third-Country Fabric exemption but local products do not currently satisfy quality requirements. The U.S. has neither an investment treaty nor a bilateral tax agreement with Chad.

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

COUNTRY	AGREEMENTS
Algeria	Trade Agreement, February 9, 1990 Friendship and Cooperation Protocol Agreement, March 27, 1990
Cameroon	Cooperation Agreement on Economic and Customs matters, August 20, 1970
Canada	Economic and Technical Cooperation Agreement
Central African Republic	Economic Cooperation Agreement, December 10, 1980
Czech Republic	Trade Agreement, February 13, 1997
Democratic Republic of Congo	Economic, Scientific, Social and Cultural Cooperation Agreement, November 18, 1987 Trade Agreement, November 16, 1987
Egypt	Trade Agreement, October 14, 1994 Convention on Promoting and Protecting investments June 5, 1981
France	Multiple Agreements (trade and assistance)
Iran	Agreement on creating a Mixed Commission for Cooperation, July 17, 1997
Iraq	Trade, Economic and Scientific Cooperation Agreement, August 21, 1989
Morocco	Trade and Tariff Convention, December 4, 1997

Niger	Cooperation Framework Agreement November 9, 1976 Agreement on creating a Mixed Commission for Cooperation, no date
Nigeria	Economic, Scientific, and Technical Agreement Cooperation, December 10, 1986 Framework Agreement on Trade, April 9, 1971
Republic of Congo	Air Transport Agreement October 19, 1988 Transport and Cultural and Scientific Cooperation Agreement, signed on October 19, 1988
Romania	Trade Agreement, November 5, 1969
Russia	Economic and Technical Cooperation Agreement, February 17, 1968
South Africa	Trade Agreement, 1994
The Netherlands	Assistance Cooperation Agreement, August 8, 1988
Tunisia	Framework Agreement on Economic, Scientific, Cultural and Technical Cooperation, October 9, 1998 Agreement creating Mixed Commission for Cooperation, September 9, 1998
Turkey	Trade, Economic, Scientific and Technical Cooperation Agreement, October 14, 1999

15. OPIC and Other Investment Insurance Programs

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

16. Labor

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

Chadian labor law derives from French law and tends to provide greater protection for workers than U.S. law. Labor unions operate independently from the government. There are two main labor federations, the "Confederation Libre des Travailleurs du Tchad" (CLTT) and the "Union des Syndicats Tchadiens" (UST), to which most individual unions belong. Most Chadian businesses operate in the informal economy, where labor law is not applied. The Ministry of Labor and Employment is in the process of reviewing the current labor code, which will include provisions for the informal economy.

17. Foreign Trade Zones/Free Ports

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

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

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

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chiefs of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

mixed legal system of civil and customary law

International organization participation:

ACP, AfDB, AU, BDEAC, CEMAC, EITI (candidate country), FAO, FZ, G-77, IAEA, IBRD, ICAO, ICRM, IDA, IDB, IFAD, IFC, IFRC, ILO, IMF, Interpol, IOC, IOM, IPU, ITS, ITU, ITUC (NGOs), MIGA, NAM, OIC, OIF, OPCW, UN, UNCTAD, UNESCO, UNIDO, UNOCI, UNWTO, UPU, WCO, WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control

Chad has exchange controls governing capital transactions applying to money market instruments.

Treaty and non-treaty withholding tax rates

Chad has not concluded any double tax treaties.

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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