



# MASTERING YOUR MARKET UNDER AFCFTA - CHAD

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## OVERVIEW OF CHAD

The Chad, is a sub-Saharan African country with combined land area of about 1,284,000km<sup>2</sup> (Wikipedia). It is located in the Central African region, bordering countries like Nigeria, CAR, Sudan, Libya, Egypt, Niger and Cameroon with its capital in N'Djamena. It is among on of the 15 landlocked countries in Africa, which means shipments into the country would be done via other modes of transportation other than sea. Agriculture and livestock breeding are important economic activities that employ 75% of the population - most of them are engaged in subsistence farming. Overall, the primary sector accounts for 46.3% of Chad's GDP (World Bank). Main crops grown are sorghum, millet, and berebere, with minor production of cotton, sugarcane and peanut. A vast part of Chad's landscape is a desert landscape, and the country's most fertile croplands (the areas with an average annual rainfall of 800 millimeters or more) are in the Soudanian, which accounts for about 10% of the total land area.

## ECONOMIC SNAPSHOTS

The lake Chad is among the 15 landlocked countries in Africa and as such shipments would be carried out via various modes of transportation other than the Sea. It is predominantly an Islamic nation (52.1%), Protestants (23.9%), Catholics (20%). French (official) and Arabic (official) are the languages spoken in the country. It is a low income country with a GDP per capita income of about \$659 (2020 ). The GDP was about \$12.55 Billion (2020). Inflation and unemployment rate is 3.5% (2020) and 1.9% respectively (trade economics), while about 67% of the country's population is between 1-24years of age. The major products exported from Chad include Crude Petroleum (\$1.19B), Gold(\$213M), Oily Seeds (\$70.8M), Insect Resins(\$16.6) and Cotton (\$5.44M).



## ECONOMIC SNAPSHOTS

Foreign company should be looking at producing or exporting the following products to the Chad, as its major imports are Packaged medicaments, Computers, Broadcast Equipment, Cars and Delivery trucks (OEC 2020).



## MARKET CHALLENGES

Chad is a low income country, this suggests that the average person living in the country earns less than \$1000/annum, this negatively affects disposable income, which is a recurrent decimal for most African countries. Ease of doing business index (worldbank2019) ranked Chad at 182 out of about 189 countries. It is the 135th economy in the world and 29th in Africa by GDP. A trade surplus of \$1,353.5M (Countryeconomy.com2021). Chad is one of the poorest countries in the world, with extreme and widespread poverty in the land(41.7% of its popula-

tion), there is over dependence on global Oil prices, difficult business and investment climate, private sector development hampered by poor transport infrastructure, erratic electricity supply, limited telecommunication infrastructure, government bureaucracy, weak contract enforcement, corruption and high tax burdens on private enterprises. Worsening security conditions at the national level and neighboring countries (Coface).



## IMPORT PRODUCTS

In 2020, the total import volume of Chad amounts to about \$1.01 billion. Some of the items imported and the amount include the following:

1. Machine -\$299M
2. Chemical Product -\$151M
3. Transportation -\$120M
4. Food Stuff -\$106M
5. Metal -\$62.6M
6. Textile -\$52M
7. Plastic & Rubber -\$47.8M
8. Instrument -\$30.6M
9. Precious Metal -\$24.5M
10. Footwear -\$22.8M
11. Mineral Product -\$22.3M
12. Veg. Products -\$19.4M
13. Miscellaneous -\$13.7M
14. Animal Product -\$14.4M
15. Paper Goods -\$9.78M
16. Animal bi-Prod -\$8.49M
17. Stone & Glass -\$5.85M
18. Animal Hides -\$1.95M
19. Wood Products -\$1.22M
20. Weapons -\$287k
21. Art & Antiques -\$577K

The total service import volume of Chad in 2018 is about \$1.1 billion and some of the services imported include the following:

1. Transportation - \$614M
2. Other Services -\$249M
3. ICT -\$166M
4. Travel -\$49.9M
5. Communication -\$24.7M
6. Construction -\$2.83M
7. Fin. Service -\$2.09M

## MARKET OPPORTUNITIES

The country's on-going development presents opportunities for medium and large-scale projects in oil exploration, power generation and distribution, mining, livestock, agribusiness, telecommunications and infrastructure.

There are opportunities in niche markets such as gum Arabic and natural products like Shea butter, spirulina and moringa, as well as opportunities to develop value-added products such as meat products and other processed agricultural goods.

There are a lot of business opportunities still green in Chad and it is blessed with rich natural resources, the under developed agric space hold lots of potential as well as the meat processing, telecommunication coverage etc. the government of

## MARKET ENTRY

Foreign companies seeking to invest in Chad should thoroughly research the business environment, legal and regulatory framework. A visit to the country to meet with potential business partners and key decision makers in the government or the sector you wish to explore, would not be a bad idea. The National Agency for Investment & Exports (ANIE) is the government agency saddled with the responsibility to promote trade. ANIE, together with the ministry of industrial and commercial development & private

sector promotion, act as sources of information and guidance on investing in the country. Due diligence on local partner is advised as they are needed to navigate the challenges of operating in Chad. Exporting companies should consider a sister company approach in setting up business in the country. An agent or attorney in Chad can be helpful in times of contract negotiation and also to solidify presence. A Digital 2019 report for Chad by Hootsuite and WeAreSocial, suggests that, only 5% of a population of 15.6 million people,

have access to the internet (mostly in urban areas). In the country there are around 5.7 million mobile subscriptions, however only 4.6% of the population are mobile internet users. The above suggests that social media ads may not be too effective in reaching the target market. Traditional advert channels like television and newspaper should be explored.

## IMPORT DOCUMENTATIONS

The import procedure in Chad requires some form of documentation, and they include the following: commercial invoice, certificate of origin, packing list, transport document( Bill of Lading or Airway bill) and Halal certification.

Pharmaceutical product importation is overseen by different bodies and as such would require a different document for importation. The bodies include The CE-MAC's public health body, Organization for coordination of the fight against endemic

diseases in central Africa (OCEAC). They ensure the harmonization of national pharmaceutical policies. Health and pre-shipment regulations are available at the ministry of public health and national solidarity.

Some products are however, prohibited for import into Chad, they include: Arms and ammunition, Pornographic magazines, Narcotics, illicit drugs and explosives. Charcoal and plastics.

Live animals require vaccina-

tion and must be accompanied by national proof of vaccination.



## SELLING FACTORS

Chad like most African countries are communal in nature, thus, personal contacts is permitted to boost mutual trust and develop personal relationship before doing business. It is advisable to make business trips to the country in order to understand traditions and learn the commercial environment. To have effective communication, it is important that you are able to speak both French and Chadian Arabic or get an agent or an interpreter

who can help with communication. This regardless, it is advisable to learn some simple pleasantries in French or Chadian Arabic. As stated earlier, only about 5% of the population have access to the internet, hence, social media advert may not be effective. Traditional means of adverts like newspaper, radio, television and billboards should explored. Sales of goods and services attracts 18% VAT, while fixed prices on products are becoming very popular in spite of the fact that

Chadians are used to price negotiation. Labeling and promotional materials should be written in French and/or Chadian Arabic, with the latter being more preferable.

## PAYMENT & EXCHANGE

Credit cards and personal or company checks may not be an acceptable means of payment as the economy of Chad is largely cash-based. Letters of credit, Bills for collection and bank transfers are trade finance services offered by local banks or in conjunction with their foreign counterparts. Long, medium and short term loans are also available within the ten commercial banks in the country. There are no restrictions on the

amount of funds transferable into Chad, however, several restrictions may apply when transferring funds out of the country. Fund transfer would usually require some form of documentation on the source of funds and the purpose for which the transfer is being made. Individuals and companies are allowed to transfer less than \$10,000 and \$50,000, sums above would be automatically reported to COBAC.

## BUSINESS CULTURE

Chadians will usually make small talk when beginning virtually every conversation. Things as simple as 'How's the family?' 'How's the house?' 'How's work?' Roles of women in society vary widely depending on the region.

In the north, women tend to be marginalized in the same way as in much of the religiously conservative areas of the Arab/Muslim world.

In the south, women generally have a higher status, but they are still very much second-class in many ways. Throughout, the majority of women work in the home. There is often a separation, with men and women eating and interacting separately. Keeping to time on ap-

pointment or meeting days is advisable, especially as a foreigner, though "African time" still applies as the meeting would usually start later than scheduled.

Greeting people by rank would be more appropriate and be sure to shake hands with everyone as a matter of respect.

It is best to allow the convener of the meeting to take the lead and dictate the pace and direction of the conversation.





## IN CONCLUSION

Chad like most African countries, is a low income country, this suggests that the average person living in the country earns less than \$1000/annum, this negatively affects disposable income, which is a recurrent decimal for most African countries.

Any business looking to enter the market must understand that Chad is plagued by poor transport infrastructure, erratic electricity supply, limited telecommunication infrastructure, government bureaucracy, weak contract enforcement, corruption and high tax burdens on private

enterprises. Worsening security conditions at the national level and neighboring countries. A visit to the country to meet with potential business partners and key decision makers in the government or the sector you wish to explore, would not be a bad idea. Due diligence on local partner is advised as they are needed to navigate the challenges of operating in Chad. Exporting companies should consider a sister company approach in setting up business in the country. An agent or attorney in Chad can be helpful in times of contract negotiation and also to solidify presence.

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