

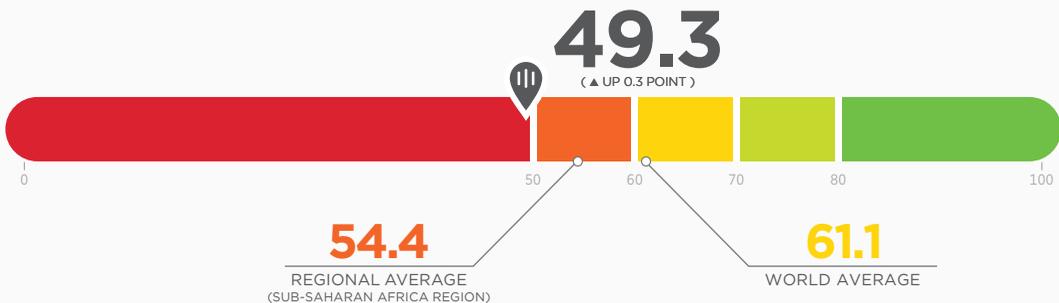
# CHAD

Chad's economic freedom score is 49.3, making its economy the 162nd freest in the 2018 *Index*. Its overall score has increased by 0.3 point, with improvements in **fiscal health**, **monetary freedom**, and the **government spending** indicator outweighing declines in **property rights** and **labor freedom**. Chad is ranked 38th among 47 countries in the Sub-Saharan Africa region, and its overall score is well below the regional and world averages.

Chad's economic performance in 2016 was the worst in more than two decades, with a contraction of almost 7 percent in real GDP, driven mainly by a combination of falling oil production volumes and a continued drop in international oil prices. Fiscal pressures, with low government spending feeding through to the non-oil economy, caused further contraction in 2017. The state's presence in the economy is still considerable. The weakness of the overall regulatory and legal framework hinders private-sector development.



## ECONOMIC FREEDOM SCORE



**NOTABLE SUCCESSES:**  
Monetary Stability

**CONCERNS:**  
Rule of Law, Business Freedom, and Financial Freedom

**OVERALL SCORE CHANGE SINCE 2014:**  
+4.8

## FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
11.9 million

**GDP (PPP):**  
\$29.0 billion  
-6.4% growth in 2016  
5-year compound annual growth 3.4%  
\$2,445 per capita

**UNEMPLOYMENT:**  
5.8%

**INFLATION (CPI):**  
-1.1%

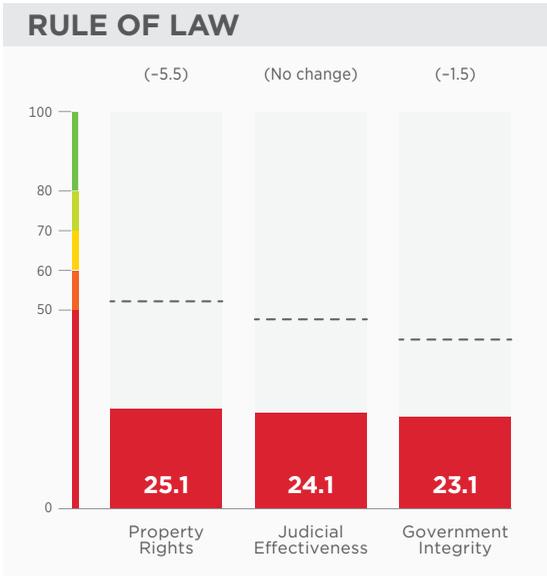
**FDI INFLOW:**  
\$559.9 million

**PUBLIC DEBT:**  
51.2% of GDP

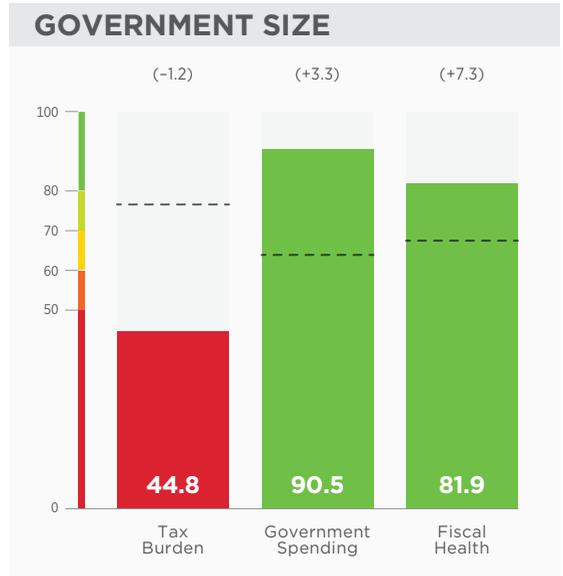
*2016 data unless otherwise noted. Data compiled as of September 2017*

**BACKGROUND:** A former French colony, Chad endured three decades of civil war and invasions by Libya before peace was restored in 1990. A rebellion in northern Chad flares up sporadically. The Nigerian Islamist terrorist group Boko Haram claimed a series of suicide bombings in the capital of N'Djamena in 2015, and there have been various armed revolts and Sudanese-supported attacks. President Idriss Déby, a rebel leader who seized power in 1990, won a fifth term in 2016. Voters scrapped constitutional presidential term limits in 2005, but Déby's 2016 reelection precipitated large street protests. The landlocked country pays dearly for imported goods, and oil accounts for about 60 percent of export revenues. Cotton, cattle, livestock, and gum arabic provide the bulk of non-oil exports.

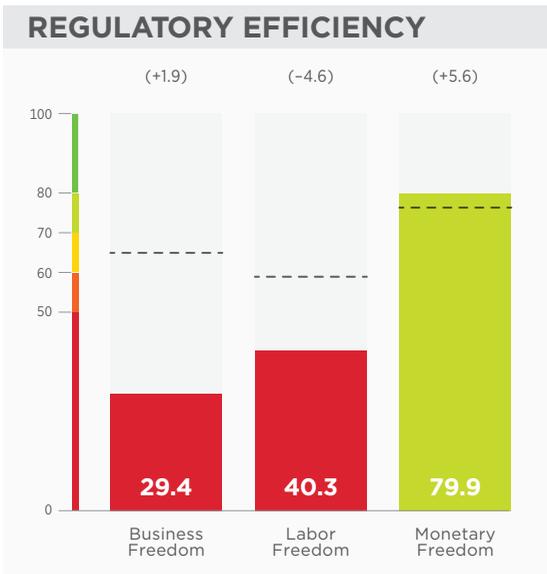
# 12 ECONOMIC FREEDOMS | CHAD



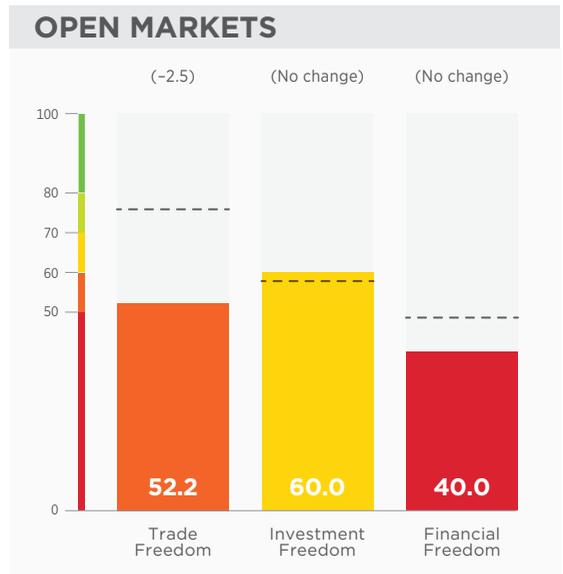
Fraud is common in property transactions, and protection of private property is inadequate. Property registration costs range from 8 percent to 15 percent of property value. The rule of law is weak, and the judiciary lacks real independence. Corruption prevails at all levels of government, from the siphoning off of the nation's oil wealth by the presidential cabinet to petty corruption in the police force and local bureaucracy.



The top individual income tax rate is 60 percent, and the top corporate tax rate is 45 percent. Other taxes include value-added and property taxes. The overall tax burden equals 12.7 percent of total domestic income. Over the past three years, government spending has amounted to 17.7 percent of total output (GDP), and budget deficits have averaged 2.8 percent of GDP. Public debt is equivalent to 51.2 percent of GDP.



The business environment is hampered by limited infrastructure, extensive government bureaucracy, unreliable energy, weak enforcement of contracts, and high taxes on private enterprises. The country lacks trained workers. Agriculture and livestock breeding employ the majority of the population. A plunge of more than 50 percent in oil receipts has forced the government to introduce an emergency plan to cut subsidies.



Trade is significant for Chad's economy; the combined value of exports and imports equals 68 percent of GDP. The average applied tariff rate is 13.9 percent. Nontariff barriers significantly impede trade. Government openness to foreign investment is above average. Poor access to credit hinders private-sector growth. The banking system remains highly dependent on the government and state-owned companies.