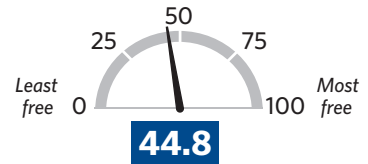


CHAD

Economic Freedom Score



World Rank: **166** Regional Rank: **41**

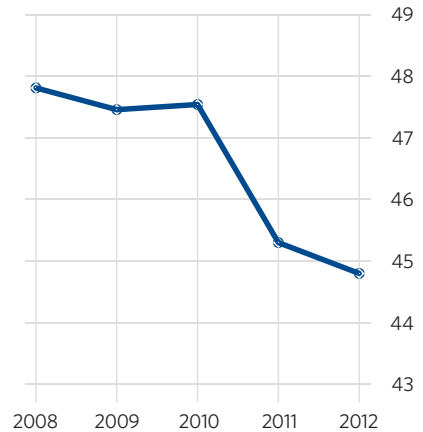
Chad's economic freedom score is 44.8, making its economy the 166th freest in the 2012 *Index*. Its overall score is 0.5 point lower than last year, with a considerable decline in its government spending score. Chad is ranked 41st out of 46 countries in the Sub-Saharan Africa region, and its overall score is lower than the regional average.

Chad lags far behind many other developing countries in terms of economic and human development. The economy is overly dependent on oil and remains vulnerable to market volatility. The country performs poorly in many of the four pillars of economic freedom. In particular, the rule of law is too weak to sustain meaningful economic progress. Protection of property rights remains weak, and corruption is rampant.

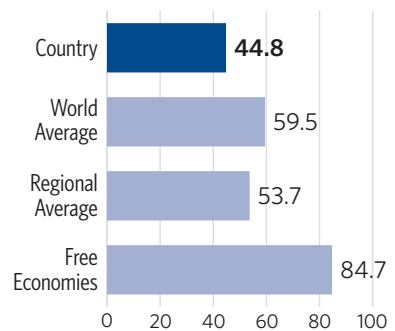
The effectiveness of government remains low, and the management of public finance has deteriorated considerably in recent years. Inflationary pressures undermine monetary stability, and government interference with market prices is extensive. Much-needed private-sector development is held back by an inefficient and unstructured regulatory system.

BACKGROUND: In March 2010, Prime Minister Youssouf Saleh Abbas, shaken by embezzlement scandals, resigned from office and was succeeded by former Minister of Decentralization Emmanuel Nadingar. President Idriss Deby, who had seized power in 1990, was re-elected to a fourth term in March 2011 amid allegations of electoral fraud and vote tampering. Conflict in eastern Chad and unrest in Sudan's Darfur region have created hundreds of thousands of Chadian and Sudanese refugees. Chad is thinly populated, landlocked, unstable, and impoverished. Over 80 percent of its people depend on subsistence agriculture, herding, and fishing. Oil revenues and investments in oil by American companies and China have fueled economic growth, and oil now accounts for about half of GDP. Chad's most important bilateral economic partnerships are with China and India.

Freedom Trend



Country Comparisons



Quick Facts

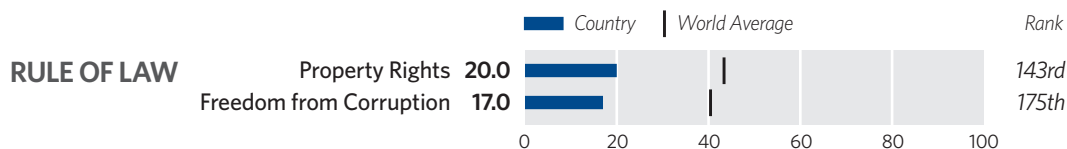
- Population:** 10.2 million
- GDP (PPP):** \$17.4 billion
- 5.1% growth in 2010
- 5-year compound annual growth 1.0%
- \$1,698 per capita
- Unemployment:** n/a
- Inflation (CPI):** 1.0%
- FDI Inflow:** \$781.4 million
- Public Debt:** 32.6% of GDP

How Do We Measure Economic Freedom?

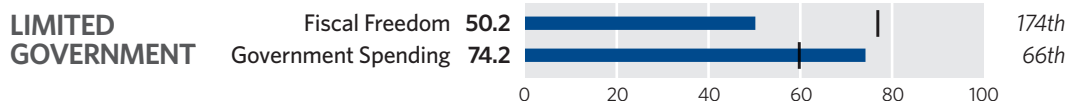
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
Data compiled as of September 2011.

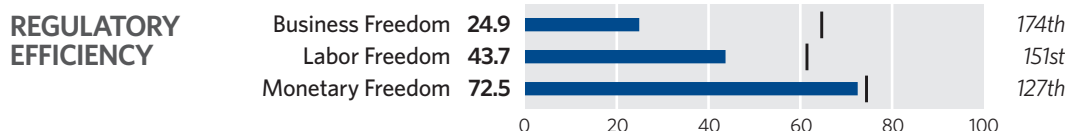
THE TEN ECONOMIC FREEDOMS



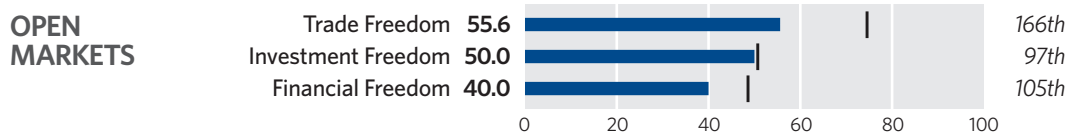
Protection of private property is weak, and the rule of law remains uneven across the country. The constitution guarantees judicial independence, but most key judicial officials are named by the president and assumed to be subject to political influence. Despite a “Ministry of Morality” that conducts anti-corruption seminars for government employees, corruption exists at all levels of government.



The top income tax rate is 60 percent, and the top corporate tax rate is 40 percent. Other taxes include a value-added tax (VAT) and a property tax, and the overall tax burden is equal to 7.1 percent of total domestic income. Government spending has risen to 29.3 percent of total domestic output, with a budget deficit of around 5.2 percent of GDP and public debt reaching over 30 percent of GDP.



Starting a company takes longer than the world average of 30 days, and the cost of establishing a business remains more than twice the level of average annual income. With informal labor activity widespread, outmoded employment regulations hinder job creation and productivity growth. Most prices are determined in the market, but the government influences prices through state-owned enterprises and the regulation of key goods.



The trade weighted tariff rate is 14.7 percent, hindering dynamic growth in trade. Myriad non-tariff barriers further weaken trade freedom. Although Chad allows foreign ownership and provides equal treatment to foreign investors, bureaucratic requirements and restrictions continue to be serious impediments to new investment. The financial sector is underdeveloped, with domestic credit equivalent to less than 1 percent of GDP.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-0.2	Business Freedom	-0.4	Trade Freedom	0
Freedom from Corruption	+1.0	Government Spending	-11.1	Labor Freedom	-1.1	Investment Freedom	+5.0
				Monetary Freedom	+1.9	Financial Freedom	0