

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## NOTIFICATIONS OF IMPORT RESTRICTIONS OF NEWLY-INDEPENDENT COUNTRIES

### Addendum

#### CHAD<sup>1</sup>

The Government of Chad has submitted the following note concerning its system of import restrictions, together with certain relevant documentation, which is annexed.

The quantitative import restrictions applied in Chad are governed by two main considerations:

- (1) - on the one hand, the fact that it belongs to a currency area - the franc area (see Decree No. 112, Article 20, in Appendix A);
- (2) - the need to protect its own industrialization.

#### I. THE FRANC CURRENCY AREA

Each year Chad establishes an import programme in terms of foreign exchange. The programme is drawn up by a joint Franco-Chad Commission and the necessary foreign exchange quotas for carrying out the programme are allocated to Chad, within the general programme for the franc area (see Decree No.112, Articles 2-19, in Appendix A).

However, since the signature of the Yaoundé Convention establishing an association between the European Economic Community States and certain African and Malagasy States, the import programme has been divided into two parts:

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<sup>1</sup>This notification, submitted in response to the invitation in GATT/AIR/534, describes Chad's quantitative restrictions system in its entirety; it is submitted without prejudice to the question of consistency of the restrictions with the provisions of the General Agreement.

(1) Quotas opened for EEC States

Under the Yaoundé Convention, the Associated African and Malagasy States are progressively to liberalize imports from EEC countries in accordance with certain criteria, reaching complete liberalization (save in exceptional cases) in 1970. (See Decree No. 112, Annex I, in Appendix A.)

In this regard Chad has strictly applied the classes of the Yaoundé Treaty. At the present time, out of a total of 109 tariff headings, only sixteen headings and sub-headings are still subject to quota restrictions which are, moreover, very liberal (see Appendix B).

(2) Quotas for the rest of the world

A list of these quotas is published each year. At the present time and for several years past, Chad's quotas are more than sufficient to meet all its needs and all requests, and it can be said that even as regards these countries the import restrictions are theoretical rather than really restrictive.

II. PROTECTION OF INDUSTRIALIZATION

With respect to a small number of products and manufactures Chad applies import restrictions on a de facto basis to competing products and articles. These products are as follows:<sup>1</sup>

- wheat
- wheat flour
- sugar

for which the restrictions are virtually complete (except however as regards certain special varieties of these articles),

- beer
- meat preserves
- cotton fabrics

for which the quotas opened are very large but might be reduced somewhat, particularly as regards fabrics, because of the forthcoming opening of the textile factory as Fort-Archambault.

Appendix A - Decree No. 112/ET, page 3.

Annex I - Administration of Quotas under the Import Programme, page 9.  
Procedures Regulating Imports of Hydro-Carbons into Chad,  
page 14.

Annex II - Imports: Material Transactions, page 16.

Appendix B - Annex to Order No. 501 - List of Non-Liberalized EEC Products, page 18.

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<sup>1</sup>Another Chad communication also listed peanut oil and cotton along with the three products shown in this category.

APPENDIX A

DECREE No. 112/ET

ESTABLISHING REGULATIONS FOR THE IMPORTATION, ALLOCATION  
MOVEMENT AND DISTRIBUTION OF PRODUCTS IN THE REPUBLIC OF CHAD

(14 June 1965)<sup>1</sup>

THE PRESIDENT OF THE REPUBLIC

PRESIDENT OF THE COUNCIL OF MINISTERS

HEREBY DECREES AS FOLLOWS:

Article 1: The importation, allocation, movement and distribution of products shall be governed by the provisions of this Decree.

PART I

IMPORTS

A. IMPORTS FROM COUNTRIES OUTSIDE THE FRANC AREA

Chapter I

Article 2: Imports of merchandise from countries outside the franc area are subject to issue of an import permit which constitutes authorization to make the relevant payments in foreign exchange.

Article 3: The Minister of Trade shall be responsible for granting such import permits, acting on a recommendation by the Exchange Department, within the limit of foreign exchange quotas established each year by the Joint Franco-Chad Commission provided for in Article 25 of the Agreement on Co-operation in Monetary, Economic and Financial Matters, dated 15 August 1960. The Minister of Commerce may delegate his powers to the Director of Economic Affairs (External Trade Service) for the issue of such permits.

Article 4: The import programme drawn up each year on the basis of the foreign exchange quotas fixed by the above-mentioned Joint Commission shall be allocated according to the procedure set forth in the Annex hereto.<sup>2</sup>

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<sup>1</sup>Portions of the Decree are omitted. The full text, on file in the secretariat, may be consulted by interested contracting parties.

<sup>2</sup>Note by the secretariat: see Annex I to this Decree.

Article 5: Within the limits of the quotas fixed by the Joint Franco-Chad Commission and subject to the provisions of the preceding Articles, imports of merchandise from countries outside the franc area shall be unrestricted.

However, restrictive and prohibitive measures may be taken:

- (1) - to protect certain activities, certain industries and certain national products when such industries operate in competitive conditions as regards quality and price;
- (2) - on grounds of public morality, public order, the protection of human animal or plant life or health, or the protection of industrial and commercial property.

Imports of products which have been the subject of restrictions or prohibitions shall be subject to special authorization by the Minister of Trade after consultation with the ministries concerned.

Article 6: Import permits shall be granted in the forms and on the conditions set forth in the following Chapter.

Article 7: The Exchange Department shall be responsible, within the limits of the credits notified to it and in accordance with the exchange regulations, for authorizing intermediaries officially approved in Chad to make the necessary foreign exchange available to holders of licences already granted by the Minister of Trade, and for ensuring the discharge of such documents, acting jointly with the various Customs offices.

Article 8: No import permit is required in respect of the following imports:

Abandoned goods: goods which have been abandoned in the Customs and become State property.

Postal packets: parcels sent by post not having a commercial character.

Samples whether or not they have a commercial value and whether or not they accompany commercial travellers, provided that they do not give rise to any financial settlement with a foreign country.

Personal effects, clothing and objects imported by travellers, whether or not admitted free of Customs duty.

Packaging and containers imported full.

Merchandise seized and sold by the Customs.

Used household effects imported following a change of residence.

Diplomatic privileges; merchandise admitted duty-free under the immunity granted to members of the Diplomatic Corps.

Travelling provisions and objects imported by travellers in their baggage.

Re-imports of goods temporarily exported which have not undergone abroad any transformation or additional processing resulting in an increase in value.

Marriage trousseaux (including wedding gifts).

Vehicles imported temporarily under the conditions laid down in the customs regulations.

## Chapter 2

### Establishment of Licences

(Articles 9 to 11, concerning the preparation and submission of import permit applications, are omitted.)

## Chapter 3

### Validity of Licences

Article 12: For all countries, licences shall be valid for a period of six months. They shall be extended automatically, at the time of granting and for a period of six months, by a stamped mark.

Article 13: The automatic six months' extension provided for in the preceding Article may be cancelled by the issuing authority in the event that no firm order has been placed for the products covered by the licence during the six first months following the date upon which the licence became valid.

Article 14: Requests for extension for beyond one year are exceptional and must be of a character of overriding economic importance. They shall be granted by decision of the Minister of Trade, acting on a recommendation by the Exchange Department.

#### Chapter 4

##### Modification and Cancellation of Licences

Article 15: Provided they are made before submission of the customs declaration, modifications may be made in import permits.

Such modifications may relate to:

- (1) - the name or title of the supplier
- (2) - the customs tariff number
- (3) - the quantity covered by the permits granted
- (4) - the customs office for clearance

In no event may they relate to the supplying country and the kind of currency in which settlement is to be made.

Article 16: Import permits may be cancelled in respect of part or all of the value for which they have been granted.

#### Chapter 5

##### Discharge of Licences

Article 17: Import permits in terms of foreign exchange and quantity shall be discharged by the Exchange Department on the basis of the charges made against them by the Customs Service and in comparison with the indications given by the bank acting as paying agent.

Any importer who fails to carry out his import allocation before the expiry of the licence, may, by decision of the Minister of Trade acting on a proposal of the Import Commission, be deprived of any foreign exchange allocation either for a limited period or permanently. The same shall apply in the event that an importer is found guilty of breach of the exchange regulations in which case the penalty shall be decided upon following a recommendation by the Exchange Director, after consultation of the Import Commission.

The value attributed to imports shall be the purchase price plus any authorized additional costs if they are paid in foreign exchange or by crediting a foreign account in France.

The currency of settlement must be the currency in which the invoice is drawn up.

Settlement shall be made in the country of origin.

Article 18: The Exchange Department shall issue notices and instructions specifying the conditions and time-limit for the return of unused foreign exchange. It shall be strictly prohibited to carry over foreign exchange from one licence to another and each import permit must be given a separate discharge.

Article 19: The control of the discharge of import licences shall be done jointly by the issuing authority for the purpose of carrying out import programmes, and by the Exchange Department as regards settlement in foreign exchange.

B. IMPORTS FROM THE FRANC AREA

Article 20: Imports of goods from the franc area shall be free of restriction. However, an import permit without financial settlement is required for imports of merchandise from this area which originate in a country outside the franc area.

TITLE II

ALLOCATION

(Articles 21 to 27 concerning the allocation of foreign exchange as between importers are omitted.)

TITLE III

MOVEMENT AND DISTRIBUTION OF PRODUCTS -  
DECLARATIONS OF STOCKS

(Articles 28 to 33 concerning internal distribution and inventories are omitted.)

TITLE IV

MISCELLANEOUS PROVISIONS

Article 34: Any breach of the provisions of this Decree shall be punishable in accordance with the general exchange regulation, the Customs regulations and the prices legislation.

Article 35: Orders 784 and 785/SE of 4 March 1964, laying down regulations for French Equatorial Africa in regard to the import allocation and movement of goods, are hereby revoked and likewise all subsequent amendments thereto and all provisions contrary to the present Decree.

Article 36: The Ministry of Trade and the Ministry of Finance shall be responsible each within the field of their competence, for the implementation of this Decree which shall be registered and published in the Official Gazette of the Republic of Chad and communicated wherever necessary.

ANNEX IADMINISTRATION OF QUOTAS UNDER THE IMPORT PROGRAMMEA. GENERAL REGULATIONS1. Establishment of import programme

The import programme is drawn up each year on the basis of the amount of foreign exchange fixed by the Joint Franco-Chad Commission; it is divided into two quotas:

- the first quota, the "common market" quota, covers imports of products from the EEC (with the exception of franc area countries from which imports are liberalized);
- the "global quotas" quota covers imports from all other countries in the world.

The share of common market quotas is calculated in accordance with the provisions of the Association Convention, signed at Yaoundé on 20 July 1963. In particular, the Convention provides for quota liberalization in certain conditions of EEC products, a list of which was drawn up and may be revised. Imports of liberalized products are, nevertheless, subject to an import permit known as the "automatic licence". It is in the same form as the licence issued for non-liberalized products, but is granted automatically and without any restriction. It is, however, provided that products which have been granted quota liberalization may subsequently be brought under quota, in particular for reasons connected with the protection of new domestic industries.

In addition, goods imported from EEC countries may be charged to the "global quotas" but no transfer is allowed in the contrary direction.

At present, the import programme covers the period 1 April to 31 March of the ensuing year. The date is not imperative, but it was considered convenient having regard to the geographical situation of Chad and to the time required for goods transport.

2. Publication of import programme

(omitted)

3. Allocation of foreign exchange quotas as between importers

Foreign exchange is allocated to importers pro rata to the quotas granted them. The quotas are fixed each year.

There are the following types of quotas:

- special quotas, covering certain products on which the consumption tax is charged;
- specialized quotas relating to "specialities";
- vehicles which come under the "vehicles" quota;
- the general quota, covering products which do not fall into any of the above categories;
- a reserve (equivalent to 5 or 10 per cent) is withheld from all quotas, to meet the needs of new importers in particular;
- quotas which would not result in the issue of a licence having a value of F.fr.2,000 or more are cancelled and held in reserve for re-distribution at the discretion of the Department of Economic Affairs.

(a) The general quotas are established according to the following system:

The commercial activity of importers is broken down each year into a number of elements, to each of which a percentage determined by the Commission is assigned:

- turnover	15 per cent
- imports	45 per cent
- patents and licences paid for	8 per cent
- investments made	15 per cent
- wages, salaries and social expenses	10 per cent
- exports	7 per cent <sup>1</sup>

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<sup>1</sup>These are the current percentages, but the figures can be amended by decision of the Import Commission.

The Import Commission may take into consideration any other elements relating to the prevailing economic situation.

Each importer is credited with a number of points proportional to the total amount of these various elements.

The turnover figure does not include either the turnover for equipment (vehicles, fuel) or the figures for specialities.

(b) The specialist quotas are calculated taking account of the turnover and imports relating to the speciality. In addition, a special co-efficient is applied, depending on whether or not the speciality represents the sole activity of the company, and another depending on whether or not the company concerned has an "after-sales" service.

(c) The special quotas are calculated on the basis of the amount of consumption tax actually paid the previous year, for each of the products subject to it.

(d) The quotas for vehicles are calculated on the basis of imports in the preceding year.

4. Submission and use of import permit applications

(Omitted)

B. EXCEPTIONS TO THESE REGULATIONS

These regulations do not apply to the following:

(1) Imports not involving foreign exchange (merchandise not originating in the franc area but imported from it), to an amount of not more than CFA.fr. 20,000 which merely require an authorization from the Exchange Department. Such authorizations are granted outside the import programme.

(2) Wax-stencil printing abroad of grey fabrics originating in the franc area; the cost of such printing is not charged to the import programme.

(3) Imports by "small importers"

A special procedure applies to such importers, for if individual quotas were fixed they would be extremely small. A certain percentage of the programme (at present 25 per cent) is allocated to them out of the global quotas for the

products which they import most usually (fabrics, tea, cement, fabric articles, salt) but licences may also be granted to them out of the reserve for other products.

The allocation is made by the Department of Economic Affairs.

(4) Petroleum products are subject to special regulations (see page 14).

(5) Imports connected with "major projects" are outside the quota, i.e. outside the annual foreign exchange quota for current use. Such imports are subject to the following rules:

Documentary files prepared by the companies concerned are submitted to the Chad Government for approval. They must be accompanied by the following supporting documents:

- (a) technical documentation on the equipment
- (b) a written order or pro forma invoice
- (c) a request for foreign exchange allocation.

The technical documentation is submitted for examination by the competent authorities of Chad.

(6) Currency retention accounts

Exporters are allowed to keep in special currency retention accounts from 6 to 15 per cent of the foreign exchange receipts corresponding to their exports, and can use these funds for any settlement outside the franc area.

For transactions involving currency retention accounts, a special import permit is issued which is outside the quota.

(7) Compensation imports

Trade with neighbouring countries not belonging to the franc area (Sudan, Nigeria, Libya) comes under a privileged régime, as follows:

(a) Compensation licences

Each exporter of a local product (meat, smoked fish, hides and skins, butter, etc.) receives in exchange an import permit with a value equal to the amount of his exports, authorizing him to import into Chad certain local products or current consumer goods, including in particular cola nuts, certain fabrics, spices, and fresh vegetables but excluding the following articles: cotton fabrics, motor vehicles and trailers, new or used, refrigerators, wireless sets, flour, sugar, beer.

These licences, which have an individual value of CFA.fr.500,000, can be accumulated by a single exporter up to a total of ten, i.e. for a value of CFA.fr.5 million in each direction, for one year.

(b) Receipts for cattle

At the time of customs clearance a cattle exporter is given a receipt stating the value of the animals exported.

This receipt is equivalent to an import permit up to the amount of its value, and authorizes the holder to import the products mentioned in paragraph (a).

PROCEDURES REGULATING IMPORTS OF  
HYDRO-CARBONS INTO CHAD

This procedure would be common to the four States, except paragraph 4, sub-paragraph 2 which applies to Chad alone.

1. Credit for the annual programme for imports of hydro-carbons into Equatorial Customs Union would continue to be allocated either globally for the four States, or to each individual State, by the Secretariat of the Conference of Heads of States at Brazzaville, which would administer it.
2. Import licences granted to the petroleum companies by this body would continue to be visa-ed solely by the Congolese Exchange Office in Brazzaville which would also be responsible for discharging them.
3. The financing of licences would be carried out exclusively by approved intermediary banks in Brazzaville, acting as paying agents for import bonds.
4. The entire amount of the imported products would go into private Customs warehousing. The licences would be duly annotated by the Customs service upon entry into the warehouse so that the documents could quickly and easily be discharged. When the products left the private warehouse a certificate authorizing their transfer to the consumption stage would be drawn up, indicating the State and the product together with the country of origin. The certificate would be annotated by the Customs service in terms of quantity and c.i.f. value of the product, and would then be forwarded by the Customs service to the Congolese Exchange Office.

Because of the fact that a substantial part of Chad's imports of hydro-carbons passes in transit, under Congolese licence, through the ports of Lagos and Douala and not through Pointe-Noire, there can be no private Customs warehousing at Pointe-Noire.

As regards imports which do not go through Pointe-Noire in transit, the certificate of transfer to the consumption stage drawn up by the Customs authorities would be annotated by the Customs service in terms of quantity and c.i.f. value of the product. This product would then be forwarded by the Customs service to the Congolese Exchange Office.

5. At the beginning of each three-month period the Congolese Exchange Office would inform each of the other three States of the Equatorial Customs Union, on the basis of certificates of transfer to the consumption stage, of the c.i.f. value, according to country of origin, of the petroleum products covered by certificates of transfer to the consumption stage which relate to the State concerned and have been delivered over the past three months.

6. A copy of these statements would be addressed to the Central Treasury. The total amount of the statements must represent the sum which would be credited by the Bank of France to the account entitled "Congo - drawing rights" by debiting the "drawing rights" accounts of the Republic of Chad, Gabon or the Central African Republic.

7. After verifying and recording the amount of the statements received from the Congolese Exchange Office onto the settlement statements to be used in establishing the balance of payments with countries outside the franc area, the competent authorities of each of the other three States of the Equatorial Customs Union would, not later than one month after notification by the Congolese Exchange Office (see paragraph 5), address a letter in duplicate to the Bank of France at Paris, through the Central Treasury - Paris, requesting the Bank of France to debit the "drawing rights" account of the State concerned by the amount of the c.i.f. value, expressed in units of account, of the petroleum products transferred to the consumption stage in that State, for credit of the account entitled "Republic of the Congo - Drawing Rights".

As regards each country concerned, of course, the amount shown for that State on the statement transmitted by the Congolese Exchange Office to the Central Treasury in pursuance of paragraph 7 above would have to tally with the amount of the transfer request.

8. In transmitting the transfer requests referred to in paragraph 7 above to the Bank of France, the Central Treasury will advise it of the amounts, expressed in units of account, to be debited respectively to the "drawing rights" account of the Republic of Chad, Gabon and the Central African Republic and, in counterpart, credited to the account entitled "Republic of the Congo - drawing rights".

9. As soon as the Central Treasury has been informed by the Bank of France that these transfers have been carried out, it would advise the competent authorities of each State concerned in the Equatorial Customs Union, and likewise the Congolese Exchange Office, that the settlements have been made.

#### Remarks

Since 1 January 1965, a commission equivalent to 0.10 per cent of the amount of imports is charged for benefit of the Congolese Exchange Office which administers the quotas for petroleum products. This commission is paid, however, only on products which pass in transit through the Central African Republic and not on those which pass through Nigeria, Cameroon or Sudan. (Decree 64/418 of 22.12.64 of the Republic of the Congo, and Implementing Circular No. 53 of 30.12.64 of the CCAI of Brazzaville.)

ANNEX II

IMPORTS

MATERIAL TRANSACTIONS

Outline of Channels Followed by Documents Relating  
to Imports of Merchandise and Products

(omitted)

III. MODIFICATIONS

Requests for the modification of licences are submitted on a special form.

- (1) The documents are submitted to the Department of Economic Affairs which affixes its visa and transmits them to the Exchange Department.
- (2) If the Exchange Department has no objections, it affixes its visa on all copies of the documents and returns them to the Department of Economic Affairs.

In the contrary case, the difficulties are settled as provided for in regard to the issue of licences.

- (3) The Department of Economic Affairs signs all the copies and is responsible for distributing them.

IV. CANCELLATION

If an importer decides not to carry out the importation for which he requested a permit, he so advises the Department of Economic Affairs, in writing, within the time-limits provided for in Annex I by returning the importer's copy of the document.

The Department of Economic Affairs informs the Customs Office concerned of the cancellation, and requests it to return the control copy, for transmission to the Exchange Office for cancellation.

V. DISCHARGE

Licences are discharged as and when the merchandise arrives.

On the back of the control copy, the Customs Office concerned records the amount of each consignment received, in terms of quantity and value:

- (1) the f.o.b. amount, corresponding to the value mentioned on the licence;
- (2) the c.i.f. amount, corresponding to the amount of the final invoice.

When the total for which the licence was issued is reached, or not later than four months after the date on which the validity of the licence expired (to take account of delays in transport), the Customs Office forwards this copy to the Department of Economic Affairs which takes note of it in the records and sends it to the Exchange Department for financial discharge.

The same procedure is followed in the event of partial discharge followed by partial cancellation.

APPENDIX B

ANNEX TO ORDER NO. 501  
(26 February 1965)

List of Non-Liberalized EEC Products

EEC Nomenclature	Brussels nomenclature chapter and heading	BTN No.	ECU tariff item No.	PRODUCTS
10 x	10.01	All	01.11	Wheat (hard wheat, soft wheat)
12 x	11.01	01.02	01.02	Flour of wheat and meslin
14 x	15.07	01.05.16	01 to 05 08	Crude oil (groundnut) Cotton
		21.22.29	21.23.29	Refined oil (groundnut, other)
15	16	All	All	Preparations of meat and fish
	17.01	-	01.11	Sugar
21	22.03	-	-	Beer
ex 29	27.10	-	-	Petroleum oil, kerosene, fuel oil, etc.

EEC Nomenclature	Brussels nomenclature chapter and heading	BTN No.	ECU tariff item No.	PRODUCTS
39	36.06	All	All	Matches
44	39	All	All	Plastic materials
45 and 46	40	All	All	Rubber and tyre cases
56 and ex 57	55.09	All	All	Cotton fabrics, whether or not printed
67	62.01	All	01.11.90	Blankets
77	71	All	All	Pearls, gold, coin, etc.
92	85.15	All	All	Radio-broadcasting receiving apparatus for household use

