

## THE MINERAL INDUSTRY OF

# CHAD

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The mineral industry did not play a significant role in the Republic of Chad's economy in 1994. Natron and salt were the only mineral commodities produced, primarily for domestic consumption, and only on a small scale. The gross domestic product was \$2.7 billion in 1993, the last year for which data were available.<sup>2</sup> In early 1994, the International Court of Justice at The Hague rejected Libya's longstanding claim to the supposedly mineral-rich, 45,000-square-kilometer (km<sup>2</sup>) Aozou Strip in northern Chad.

The Government actively encouraged foreign investment, but a lack of suitable infrastructure and landlocked geography remained impediments to foreign companies' participation. Chad's investment code allowed for 100% foreign ownership of companies, with the exception of those involved in national security and strategic industries. Mining legislation in Chad was based on Mining Code No. 7/PC/TP/MH of January 18, 1962, and Petroleum Code No. 7/PC/TP/MH of February 3, 1962. The Government continued to support a mineral policy centered on the exploration and development of domestic hydrocarbons.

Chad has no significant hydrocarbon production. Crude oil was discovered in Chad in 1974 at Sedigi, north of Lake Chad, about 300 kilometers (km) from N'Djamena. In 1989, Esso Chad, a consortium of Royal Dutch/Shell, and Chevron and Exxon of the United States, confirmed the presence of crude oil with reserve estimates of 10.5 million barrels. In early 1993, France's Société Nationale Elf Aquitaine purchased the 20% interest held by Chevron in the consortium. By yearend 1994, Esso Chad had drilled four wildcat wells in oilfields in the southwestern part of the country. The proposed construction of an oil pipeline from Sedigi to a microrefinery in N'Djamena, to include oilfield development and a pipeline extension to an export terminal in Cameroon, could make Chad a petroleum producer and exporter in the future.

Petroleum products consumed in Chad were exclusively imported from Nigeria and Cameroon. Lacking railway or

pipeline facilities, importation of petroleum in Chad was by trucks, which were privately owned and operated. Distribution of the majority of petroleum products was through Shell Oil Corp. and Mobil Oil Corp. of the United States and Total of France.

Traditional fuels such as wood were still heavily utilized in Chad. All electrical power was produced by diesel generators utilizing imported fuel. Total installed electric generating capacity, managed by Société Tchadienne d'Énergie Electrique, amounted to 38 megawatts. Only the major cities of N'Djamena, Moundou, and Abéché possessed electric power and were not interconnected. The communications network infrastructure was embryonic. Chad had no railroad or river port facilities. The country's predominantly landlocked commerce relied heavily on roadways, of which only about 300 km was paved for intracountry and intercountry trade. According to the United Nations, the geology of Chad has been incompletely examined and some gold, diatomite, and natron deposits exist.

The continued depletion of water in Lake Chad worsened environmental problems in the country. Representing an important resource for people in the area, Lake Chad provided fish and natron. During the past several years, Lake Chad has shrunk from its earlier extent of 25,000 km<sup>2</sup> to 500 km<sup>2</sup>.

Civil War, drought, famine, lack of infrastructure, and recurrent political instability remained detrimental to foreign investment in Chad. A short-term strategy for mineral development in Chad should emphasize development of industrial minerals and hydrocarbons to satisfy domestic requirements.

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<sup>1</sup>Text prepared Aug. 1995.

<sup>2</sup>Where necessary, values have been converted from Communauté Financière Africaine francs (CFAF) to U.S. dollars at the rate of CFAF555.20=US\$1.00.