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TRADE UNIONS AND TRADE

Analysis of the effects of the free trade
area of the african continent (AfCFTA) on
living and working conditions in Chad



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Authors

Dr Aristide Mabali

The Union of Trade Unions of Chad (UST)

Email: ustchad@yahoo.fr

Editorial team

ITUC Africa: Eric Manzi (Eric.Manzi@ituc-africa.org)

LRS: Trenton Elsley (trenton@lrs.org.za); Marie Daniel
(marie@lrs.org.za)

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List of Abbreviations

ADB	African Development Bank
AfCFTA	African Continental Free Trade Area
ARII	Africa Regional Integration Index
YFTS	Yearbook of Foreign Trade Statistics
ASEAN	Association of South-East Asian Nations
AU	African Union
CEMAC	Economic and Monetary Community of Central African States
CEN-SAD	Community of Sahel-Saharan States
CEPGL	Economic Community of the Great Lakes Countries
COMESA	Common Market for Eastern and Southern Africa
CST	Compagnie Sucrière du Tchad
DC	Developing Countries
DAS	Directorate of Agricultural Statistics
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
GDP	Gross Domestic Product
ILO	International Labour Organization
IMF	International Monetary Fund
INSEED	National Institute of Statistics and Economic and Demographic Studies
MCT	Manufacture of Cigarettes in Chad
NAFTA	North American Free Trade Agreement
NGO	Non-Governmental Organisation
NMC	National Monitoring Committees on Non-Tariff Barriers
NTB	Non-Tariff Barriers
RCA	Revealed Comparative Advantage
RECs	Regional Economic Communities
SISI	Strategy for Industrialization through Import Substitution
SMIG	Interprofessional Guaranteed Minimum Wage
AMU	Arab Maghreb Union
WAEMU	West African Economic and Monetary Union
WDI	World Development Indicators



EXECUTIVE SUMMARY

This study examines the potential effects of the AfCFTA on living and working conditions in Chad. The main objective is to analyse how the implementation of the AfCFTA will interact with Chad's productive structure and trade flows with its partners and their implications for workers and trade unions. According to the literature, the implementation of the AfCFTA is likely to lead to the expansion of some sectors of activity due to their revealed comparative advantages and the decline of others due to their low competitiveness, resulting in a sectoral reallocation of labour.

To this end, the methodology used is based on:

- (i) a literature review;
- (ii) exchanges with selected stakeholders; and
- (iii) data collection from workers and labour inspectorates.

Analysis of the available data shows that, at the present, the implementation of the AfCFTA is unlikely to boost Chad's trade with the States Parties due to the shortcomings noted in terms of productive complementarity and infrastructure deficit. It should be recalled that these shortcomings already explain the low level of Chad's trade with ECCAS and CEN-SAD countries, two (02) RECs of which Chad is a member. These are structural challenges that the country must overcome if it hopes to benefit from the implementation of the AfCFTA. All non-tariff barriers (insecurity and corruption) are important components of the cost of trade between Chad and its border partners and are likely to limit the impact of the AfCFTA on intra-regional trade.

Furthermore, the analysis based on the comparative advantages revealed that Chad could focus on cotton, crude oil or bituminous minerals, livestock and its derivatives (hides and skins), plant-based raw materials and gold to benefit from the implementation of the AfCFTA. In other words, these products have a strong export potential and could expand with the effective implementation of the AfCFTA. Regarding plant-based raw materials, available studies have identified the leather, Arabic gum, sesame,

onion, garlic, wheat, sugar cane, rice, spirulina, textile, natron, dates, groundnut and shea sectors as real economic clusters. On the other hand, sectors exposed to the effect of imports, such as sugar, cement and flour, could decline if policies to improve the productivity of these sectors are not implemented by the country's authorities.

The survey data revealed the following facts

- i) low unionisation of workers in the three observation provinces (N'Djamena, Ouaddaï and Logone Oriental) mainly due to a problem of communication by trade union organisations and lack of interest in workers;
- (ii) low social protection of workers (salary level, work contract, working hours, health insurance and holidays),
- (iii) the main risks to which workers are exposed are dust, noise, extreme temperatures and smoke with a low rate of protection against these risks;
- (iv) the categories deserving special attention in terms of social protection are the tertiary and primary sectors, self-employed workers, the province of Ouaddaï and the capital N'Djamena do not differ significantly from the other provinces; and
- (v) the modus operandi for resolving conflicts at work is amicable settlement with a weak role for the labour inspectorate due to limited human and material resources.



INTRODUCTION

The contribution of free trade to the social and economic performance of countries has fuelled several theoretical, empirical, economic, political, geopolitical, and ideological divergences. The trade policies implemented by developing countries have been influenced by these different dimensions of free trade. Thus, these countries have experienced two categories of trade policies, with the main objective of promoting the industrialisation of their economic fabric: the Strategy import for Industrialization through Import Substitution (SISI) and export promotion. The results have been mixed, reinforcing the controversy about which type of trade policy to implement.

In order to protect infant industries in newly independent African countries, the dominant trend was towards the ISIS. The argument for infant industry protection was the learning effect or of "learning by doing" concept that domestic firms should pay the costs of entering foreign markets. The SISI was a failure mainly because of the distortions created by state intervention, balance of payments imbalances, sovereign debt sustainability and market failures. Thus, these policies resulted in major macroeconomic crises and the debt crisis of the early 1980s, leading to their abandonment even though some countries still maintain fairly high rates of protection.

Legitimised by the pioneering work of Adam Smith and the results of empirical studies establishing a positive causal relationship between trade openness and economic growth¹, openness policies were popular from the late 1970s to the early 1990s. This paradigm shift is in line with the Washington Consensus. For African countries, this new deal resulted in either the creation of Regional Economic Communities (RECs) or the revitalisation of the old ones, in the spirit of the 1991 Abuja Treaty. This dynamic was motivated by three main arguments:

- (i) the progressive extension of free trade;
- (ii) the increase in regional capacity for multilateral negotiations to promote free trade; and
- (iii) the preparation for the creation of a continental free trade area. However, these opening-up policies will

show their limits in improving the living conditions in developing countries (DCs) and there will be increasing disputes.

Thus, at the end of the 1990s, the anti-globalisation movements were born. According to these movements, free trade policies lead to the impoverishment of peasants in developing countries through the creation of "sweatshops" and the "levelling down" in wages, environmental and labour standards. The results of empirical studies² will strengthen the arguments of the protesters. These protests were taken to the World Trade Organisation (WTO) meetings in the early 2000s.

Moreover, it should be recalled that other issues, no less relevant, are invoked in the debate on the impact of free trade on the socio-economic performance of nations. It concerns in particular the implications of free trade for workers and trade unions. Although the literature on this subject is limited, it has focused on four channels through which workers and trade unions are affected by economic integration:

- (i) collective bargaining power and social protection of workers in a context of trade liberalization;
- (ii) free trade and the convergence of labour standards;
- (iii) economic migration associated with the free movement of people; and
- (iv) the sectoral distributional effects of free trade on worker welfare.

1 For more details, see Michaely (1977), Kormendi and Meguire (1985), Dollar (1992), Ben David (1993) Edwards (1993), Sachs and Warner (1995), Frankel and Romer (1999).

2 See Rodrik and Rodriguez (1999); Dollar (1992); Ben David (1993), Sachs and Warner (1995); Edwards (1998).



Thus, the implementation of the African Continental Free Trade Area (AfCFTA), which is the outcome of the integration process of African economies based on the eight (08) RECs in Africa, cannot be achieved without considering these different implications of free trade for workers and trade union organizations.

1

Issues and research questions

On January 1st, 2021, the AfCFTA came into force, having been adopted in 2012 by African Heads of State within the framework of the African Union. The AfCFTA aims to promote economic development by accelerating the growth of intra-African trade and strengthening Africa's common voice and policy space in global trade negotiations. The main assumption is that the removal of tariff barriers will boost trade growth by at least 53%, while the removal of non-tariff barriers could double intra-African trade. Seen in this light, the AfCFTA is an excellent instrument for implementing the African Union's Agenda 2063.

At the operational level, the implementation of the AfCFTA is expected to result in the adoption of six (06) protocols, namely:

- the protocol on trade in goods;
- the protocol on trade in services;
- the protocol on competition;
- the protocol on investment;
- the protocol on intellectual property; and
- the protocol on electronic commerce.

For the time being, only the first 2 protocols are available, the last 4 being still under negotiation.

In addition, It should be noted that many voices are being raised to denounce the non-inclusive nature of the AfCFTA negotiation process. Indeed, only the States took part in this negotiation process, excluding the private sector, researchers, civil society, etc. In particular, the exclusion of trade unions from this process is problematic for workers' rights. Moreover, the AfCFTA does not include a protocol on social protection, limiting its ability to improve workers' living conditions. Consequently, this missing dimension legitimately justifies the involvement of trade unions in this process to ensure that workers' rights are considered.

Basically, no analysis has been done on the sectoral distributional effects of the AfCFTA. Indeed, the literature argues that international trade increases efficiency, but also

redistributes income, creating winners and losers (Stolper and Samuelson, 1941; Artuc, 2021). In other words, free trade changes incomes and employment opportunities. Free trade is understood to mean lower incomes for workers in the sector and skills exposed to imports, and higher incomes for workers in the sector and skills exposed to exports. Thus, the implementation of the AfCFTA will result in the expansion of some sectors and the decline of others for each member country.

Finally, it should be noted that some sectors are more exposed to occupational risks than others. Available statistics show that workers in the mining, forestry, construction, and agriculture sectors are exposed to the greatest risks. Many of them are victims of occupational accidents and diseases leading to disability and premature death without having any guarantees on their social security. In terms of implications, these sectors will need more social protection than others.

This finding shows that the potential effects of the AfCFTA on workers vary across sectors of activity. Similarly, workers are not exposed to the same occupational hazards across sectors. This study therefore examines the potential effects of the AfCFTA on living and working conditions in Chad. It analyses in particular, on the basis of available data, the sectors of the Chadian economy that will expand as a result of the implementation of the AfCFTA. It then examines the working conditions and trade union rights issues in these sectors to identify the risks.

The choice of this topic is justified by:

- (i) to the best of our knowledge, no study has been carried out on this subject in Chad;
- (ii) it will enable the trade unions and the Government to have a better knowledge of the losers and winners of the AfCFTA with a view to setting up a possible compensation policy
- (iii) it will provide Chadian trade unions with an advocacy tool for anticipating and monitoring trade union rights;
- (iv) the study will fill the data gap on priority sectoral labour risks; and
- (v) the study will make it possible to question the quality of work through the social protection of workers in Chad.

2

Objective of the study

The objective of this research is to analyse the potential effects of the AfCFTA on living and working conditions in Chad.



The main assumption is that the removal of tariff barriers will boost trade growth by at least

53%, while the removal of non-tariff barriers could double intra-African trade



Specifically, this study aims to:

- Analyse the distributional effects of the FTAA on the Chadian economy;
- Develop an analytical framework where the diversification of the Chadian economy interacts with the impact of the AfCFTA;
- Identify labour-related risks in sectors potentially expanding due to the implementation of the AfCFTA;
- Strengthen the understanding of trade unions on the challenges of the AfCFTA in Chad;
- Provide trade unions with an advocacy tool for the consideration of social protection of workers in the implementation of the AfCFTA;
- Provide contextual elements in the production of the trade union position paper related to the implementation of the AfCFTA.



3

Methodology

The study of the potential effects of the AfCFTA on the living and working conditions of employees in Chad uses a methodology based on:

- a literature review (theoretical and empirical);
- exchanges with selected stakeholders;
- data collection from workers and labour inspectorates; and

Table 1: Presents the structures met.

Institutions/Structures	Directorates/Division
Ministry of Trade and Industry	General Technical Directorate of Trade and Directorate of Private Sector Promotion
Technical services	AfCFTA National Negotiating Committee, Sub-Committee on Non-Tariff Barriers and N'Djamena Commercial Court
Economic operators	Chamber of Commerce, Industries, Agriculture, Mines and Handicrafts of Chad and Conseil National du Patronat Tchadien
Civil societies	Union des Syndicats du Tchad and Organisation des Consommateurs du Tchad

- the organisation of a workshop to present the study report.

3.1. Literature search

This step allowed us to take stock of the literature on the effects of free trade and its implications for workers and trade union organisations. The objective of this review is to analyse the dynamics of the theoretical and empirical causal links between openness policies and the economic and social performance of countries and to identify the implications for workers and trade unions.

Second, this literature review is based on the use of data from Chad's foreign trade statistics reports and the Africa Regional Integration Index (ARII). The foreign trade statistics reports allowed the analysis of the composition and evolution of Chad's trade flows (imports and exports). The ARII data is analysed to identify factors that may affect intra-African trade flows in interaction with the removal of tariff barriers associated with the implementation of the AfCFTA.

Finally, the literature review is based on the eight (8) fundamental conventions of the International Labour Organization (ILO) ratified by Chad. These conventions were used to draw up the questionnaires used for data collection in the field.

3.2. Exchanges with selected stakeholders

Although the Ministry of Trade and Industry is the main actor in the negotiation and implementation of the AfCFTA in Chad, other institutions/structures are also directly involved. The objective of the exchanges with these different stakeholders is to:

- gather the opinions of the technical services on the implementation of the AfCFTA and its impacts on Chad;
- gain insight into the AfCFTA negotiation process; and
- find out the level of information available to economic operators.



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These exchanges revealed a low level of information among the main actors, namely economic operators and trade unions. At this stage, the AfCFTA seems to be the prerogative of the ministry in charge of trade and the AfCFTA National Negotiating Committee. However, the exchanges allowed to understand that a national strategy for the implementation of the AfCFTA is being validated for the beginning of 2022.

Finally, it should be recalled that these exchanges were reinforced by the participation of the researcher in charge of this study in the workshop to raise awareness of trade unions on the AfCFTA, organised by the Union des Syndicats du Tchad within the framework of this project, and the national information workshop on the AfCFTA, organised by the Ministry of Trade and Industry.

3.3. Field survey

In order to understand the living and working conditions in the sectors that could potentially expand with the implementation of the AfCFTA, a field survey was organised. To do this, two types of collection tools were developed based on the ILO's fundamental conventions. These were the questionnaire sent to workers and the one sent to labour

inspectors. It should be noted that the survey was carried out in three cities of the country: N'Djamena (capital), Moundou (economic city) and Abeché (border city with Sudan and Libya).

3.4. Presentation workshop

The presentation workshop will aim to collect the views of the different stakeholders to enrich the quality of the final report. In particular, the recommendations and implications of the study for workers and trade unions will be discussed.

This report is structured as follows:

- »» The **first chapter** is devoted to a review of the literature on the link between free trade and socio-economic performance and its implications for workers and trade unions;
- »» **Chapter 2** analyses Chad's trade flows with its main partners in relation to the implementation of the AfCFTA and the last chapter is devoted to the analysis of field data.





CHAPTER I: REVIEW OF THE LITERATURE ON THE IMPLICATIONS OF FREE TRADE FOR WORKERS AND TRADE UNIONS

Since the pioneering work of Smith (1776) and Ricardo (1817), free trade has been considered a source of economic prosperity along with other determinants of wealth creation. Both theoretical and empirical work has been mobilised to establish causal links between free trade and the economic and social performance of countries, identifying various transmission channels. The results of this work have guided different types of trade policies implemented by developing countries.

Although the links between free trade and economic and social performance are well documented in the literature, there is no consensus on the meaning of this relationship. Indeed, Clemens and Williamson (2001) have shown, based on an econometric study covering more than a century (1875-1997) of international economic relations, that there is no golden rule in trade policy and that protectionism can be just as well associated with strong economic growth as free trade (Sapir, 2007). This study therefore highlights the importance of country and region specificities in the relationship between these two variables (Frankel and Romer, 1999).

This chapter analyses, based on theoretical and empirical literature, the relationship between free trade and the economic and social performance of countries. It then draws out the implications for workers and trade unions.

1

Analysis of the effects of international trade on economic performance

Free trade has fuelled a number of shared insights in both the research and development practitioner communities. The role of free trade in wealth creation has evolved over time. This evolution, although mostly based on empirical

evidence, has also been influenced by political, geopolitical and ideological positions. Indeed, Smith's early work (1776) on the nature and causes of wealth and those that followed (Ricardo, 1817; Michaely, 1977; Kormendi and Meguire, 1985; Dollar, 1992; Sachs and Warner, 1995; Frankel and Romer, 1999) highlighted the existence of a positive link between trade openness and economic performance. Based on the theories of absolute and comparative advantages, these studies have identified three main transmission channels, namely

- the enlargement of the domestic market through new outlets;
- the increase in the supply of inputs; and
- technological diffusion.

Other channels such as peace (Fontanel, 2014) and democracy (López-Córdova and Meissner, 2005, 2008) are considered. The main implication of this work is the implementation of policies for economic integration. This is the heterodox or optimistic thesis (Ekodo and Ngomsì, 2017).

The enlargement of the internal market induced by free trade is related to the fact that consumers and producers have access to goods and services that are not produced on the domestic market. These goods and services are also cheap because of the competition effect which is beneficial to consumers. The competition effect, by eliminating less competitive firms, also has a positive influence on the individual output of firms.



This results in economies of scale for companies. Thus, through this channel, a positive relationship is established between free trade and economic growth through an efficient allocation of production factors. This is the thesis of comparative advantage, defended by the pioneering work on the subject.

Thus, free trade ensures the supply of a diverse range of factors of production or intermediate consumption. Access to a wide range of factors of production offers the possibility for firms to benefit from the efficiency in the production process resulting from a better productive combination (Ethier, 1982). The channel of increasing the supply of inputs supersedes the comparative advantage thesis because firms need a variety of inputs combining primary and intermediate goods as well as final products (Grossman and Helpman, 1991 and Aghion and Howitt, 1992). This results in the specialisation of firms in segments of the production

process, leading to differentiated production. Moreover, the implementation of the AfCFTA is partly based on this assumption that the elimination of trade barriers would create a regional value area.

Finally, since the industrial revolutions, technological change has been identified as a fundamental source of economic growth and welfare (Landes, 1969). The theoretical basis of this thesis is based on the neoclassical growth model (Ramsey, 1928, Solow, 1956, Swan, 1956, Cass, 1965 and Koopmans 1965). Furthermore, international trade is associated with technological diffusion because imported products incorporate technologies from the countries of origin. The underlying mechanism is known as learning-by-doing. Thus, the technology transfer channel associated with free trade has been used as part of the justification for North-South trade.



However, the orthodox or pessimistic thesis supports the idea that trade openness negatively affects economic and social performance. This thesis emerged in the late 1990s because of the social impacts of openness policies in some developing countries, as evidenced by the failure of the WTO negotiations known as the Doha Round. Furthermore, the results of empirical studies, highlighting a positive relationship between trade openness and economic growth, will be criticised based on the methodological approaches used, the adequate measurement of trade openness and the channels through which free trade affects economic performance. In particular, the study by Rodrik and Rodriguez (1999) questioned the results of several studies establishing a positive link between free trade and economic growth. In terms of policy implications, an anti-globalisation movement has emerged.

It should be recalled that for DCs, this thesis was defended in the 1950s by Prebisch (1964) and Singer (1950). Indeed, the Prebisch-Singer model, based on the theory of the deterioration of the terms of trade, postulates that the southern countries, known as the "periphery", export products with low capital intensity and import products with high capital intensity from the northern countries, known as the "centre". In the long term, this situation would lead to an inevitable fall in the prices of products exported by the periphery in favour of the prices of industrialised products exported by the centre. The consequence of this perpetual deterioration in the prices of primary products is the decline in purchasing power that the countries of the South must face.

Numerous empirical studies explain the absence of a relationship and the negative relationship between international trade and economic growth in developing countries by a specialisation of these countries on low-technology sectors. Indeed, Rodriguez and Rodrik (1999), Rodrik (2001) and Stiglitz (2004) show that DCs cannot benefit from trade openness because of the structure of their economies, which are ill-adapted and less equipped to face the onslaught of developed economies.

However, a gap has been opened in the literature by suggesting a conditional effect of trade openness on growth (Matthias and Koeniger, 2015). The idea is that, in order to benefit from international trade, DCs need to diversify their economic fabric and create value chains.

These different results have led developing countries to experiment with two main types of trade policies: import substitution and export promotion. The argument in favour of infant industry protection lies in the "learning by doing" effect, where domestic firms must pay the costs of entering foreign markets. This is the thesis of educational protectionism. The strategy of industrialisation through import substitution has been a failure mainly because of the distortions created by state intervention and market failures. Moreover, this strategy is accompanied by foreign exchange rationing leading to macroeconomic crises and the debt crisis of the early 1980s. Faced with the failure of the first generation of trade policies, DCs have shifted their paradigm by implementing policies geared towards opening their economies where exports of labour-intensive products are seen as a source of poverty reduction. This liberalisation has contributed to the creation of "sweatshops" and led to a "race to the bottom" in wages, labour standards and environmental impacts. The protests led by anti-globalisation movements at WTO meetings in the early 2000s are based on the idea that free trade is harmful to workers in developing and industrialised nations.

Furthermore, other authors have established a relationship between trade integration and peace, namely Montesquieu's thesis of "sweet trade" which would have a "natural effect of bringing peace" (Martin et al., 2006; Fontanel, 2014). However, an ambiguous relationship between trade integration and the recurrence of conflict emerges from the literature. This ambiguity is since the exponential growth of trade observed in the 20^{ème} century is not associated with a decline in conflicts. On the one hand, the peace-making effect of trade is based on the idea that trade between two countries increases the opportunity cost of a bilateral war. Indeed, a conflict between two countries, by destroying infrastructure and weakening confidence between domestic and foreign economic agents, makes trade between these countries costly. In other words, the higher the level of trade between two countries, the greater the interest of these countries in pacifying their relationship. Hence the need to preserve peace in order to exploit the gains associated with trade. On the other hand, multilateral trade, by diversifying trading partners and reducing economic dependencies between countries, is likely to reduce the opportunity cost of conflict. Thus, trade has a contradictory effect on conflict depending on whether it is a bilateral or multilateral expansion of trade.



2

Establishing free trade areas

The creation of free trade areas, although an old topic of debate, was revived in the 1990s with the Washington consensus. The theoretical justification for the creation of free trade areas is twofold. On the one hand, globalisation is associated with the emergence of large economies. On the other hand, the global economic instability induced by globalisation has increased the economic vulnerability of small economies, which are more exposed to external shocks than others. Thus, it is in the interest of countries to come together to not only benefit from free trade, but also to reduce their vulnerability in a globalised world.

Furthermore, the creation of free trade areas aims to create larger and more attractive markets, to link landlocked countries to international markets and to support intra-regional trade. It is seen as a response to:

- (i) population growth (high domestic demand);
- (ii) low economic diversification in DCs; and
- (iii) rising food prices.

It should be noted that the creation of free trade areas is the first phase of the regional integration process (Hugon, 2007).

2.1. Trade-creating or trade-diversion effects

It should be recalled that two distinct effects are expected in the implementation of free trade areas:

- (i) trade creation effect and
- (ii) trade diversion effect.

The trade-creating effect occurs when the reduction or elimination of tariff and non-tariff barriers leads to an increase in the volume of trade between the partner countries of a free trade agreement due to lower prices of traded goods and services (Viner, 1950; Frankel and Rose, 2002 and Martens, 2005). This is a positive effect because the removal of tariff and non-tariff barriers is likely to boost the level of trade between countries in the common trade area.

On the other hand, the trade-diversion effect is explained by the preference of a supplier that is not competitive in real

terms because of its status as a state party. In other words, this effect occurs when the increase in trade between the parties to an agreement is to the detriment of a third country, which, if all countries were treated equally, would be the one whose imports would cost the least. This effect is negative because trade is diverted to the partner country and would result in a decrease in welfare.

Several empirical studies seem to point to a trade creation effect. These studies have focused in particular on North American free trade agreements (Gould, 1998; Kruger, 1999; Clausing, 2001 and Head and Ries, 2004). However, these studies have been criticised based on weaknesses in the empirical models used. Furthermore, the trend is towards a conditional trade creation effect in free trade areas. Indeed, the trade creation effect depends on a number of factors such as the initial degree of trade between the state parties, productive complementarity, the existence of cross-border infrastructure, the existence of other forms of economic integration, etc. For example, Frankel and Rose (1999) have shown, by analysing trade between 200 countries, that membership of a monetary union triples trade between the member states.

2.2. Economic integration zones in Africa

In the wake of the policies of openness and export promotion and in the spirit of the 1991 Abuja Treaty, we have seen the creation of Regional Economic Communities (RECs) or the revitalisation of old ones. This dynamic was motivated by three main arguments:

- (i) the gradual extension of free trade;
- (ii) increasing regional capacity for multilateral negotiations to promote free trade; and
- (iii) preparing for the creation of a continental free trade area.

In addition, these RECs are seen as an instrument for harmonising the economic, fiscal and industrial policies of member countries. Thus, the creation of the AfCFTA is the culmination of the process of integration of African economies, which is based on the eight (08) RECs.³

³ These eight (08) RECs are: Intergovernmental Authority on Development (IGAD); Southern African Development Community (SADC); Community of Sahel-Saharan States (CEN-SAD); Economic Community of West African States (ECOWAS); Economic Community of Central African States (ECCAS); Common Market for Eastern and Southern Africa (COMESA); Arab Maghreb Union (AMU); East African Community (EAC).



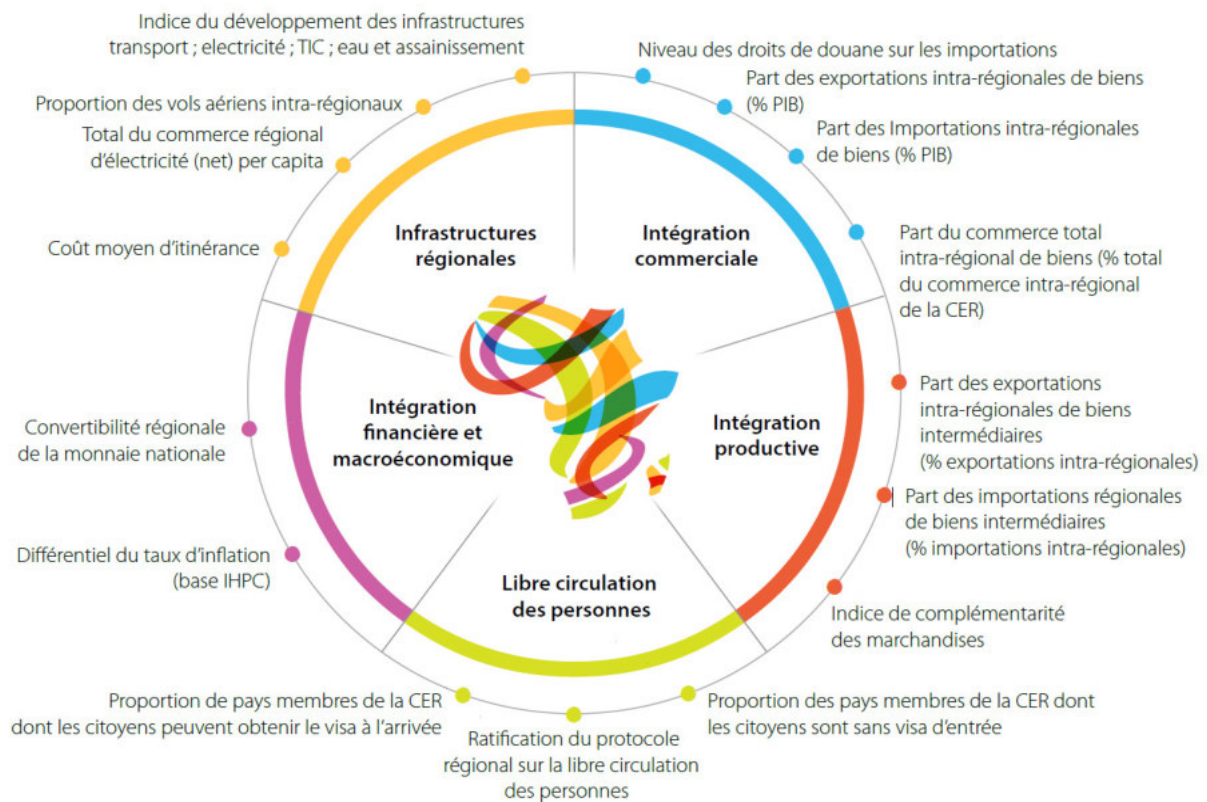
To assess the performance of these RECs, the African Development Bank (ADB), the African Union Commission (AUC) and the United Nations Economic Commission for Africa (UNECA) have developed the Africa Regional Integration Index (ARII). This is a multidimensional indicator that highlights integration in five dimensions:

- (i) trade;
- (ii) production;
- (iii) infrastructure;
- (iv) macroeconomic; and
- (v) free movement of people.

The methodological approach used is that of principal component analysis. The graph below describes in detail the different components of the ARII.

Figure 1: Description of the Africa Regional Integration Index

Source: Africa Regional Integration Index (2019)





In 2019, the ARII shows that the continent's overall level of integration remains low, with an average score of 0.327 out of 1. Integration is particularly low in the productive and infrastructural dimensions, which underpin the functioning of the other dimensions of regional integration. In other words, these RECs can only benefit from free trade areas if the weaknesses identified in the productive and infrastructural dimensions are addressed. This is true for all eight (08) RECs in Africa. On the other hand, it should be noted that all RECs fare better in the macroeconomic and free movement of persons dimensions.

Finally, the shortcomings in the productive and infrastructural dimensions of integration in Africa's eight (08) RECs have led researchers at the African Union Development Agency to say that the implementation of the AfCFTA is like "*pushing on an already open door*". Indeed, the weak infrastructural development, the lack of productive complementarity between African economies, the high weight of non-tariff barriers, etc. could limit the impact of the AfCFTA on trade volumes. Consequently, the expected virtuous dynamic of a transformation of the industrial fabric of the AfCFTA economies and an optimal allocation of resources is not very evident.

3

Trade unions, Free Trade and Working Conditions

3.1. Trade agreements and the protection of workers' rights

The debate on the inclusion of labour rights in free trade agreements tends to suggest that such an approach would limit the scope for trade liberalisation, suggesting that developed countries would be better off working towards protectionism.

Social dumping, understood as an approach aimed at basing international competitiveness on a devaluation of labour costs through the non-respect of fundamental rights at work, is a recurrent topic in all debates on the issue. The idea is that free trade is associated with increased competition on labour regulations.

Today, the mention of labour standards in trade agreements has become commonplace and is addressed in negotiations to make globalisation fairer by extending its benefits to all.

However, the establishment of fair-trade rules is not enough to guarantee workers' rights.

It is worth noting that even trade agreements often fail to incorporate the protection of core labour rights. For example, efforts to include the protection of core labour rights in the agreements establishing the International Trade Organisation (The Havana Charter of 1948), the General Agreement on Tariffs and Trade (GATT) in 1948, the WTO in 1994, etc. have failed (Charnovitz, 1987). To compensate for this inadequacy, some initial trade agreements are supplemented by additional texts incorporating the protection of workers' rights. This is the case with the North American Free Trade Agreement (NAFTA), which is supplemented by a North American Agreement on Labour Cooperation (NAALC), committing the three signatory states (Canada, United States and Mexico)

- to promote,
- protect and respect workers' rights,
- subject to their domestic legislation (Dolumbia-Henry and Gravel, 2006).

Furthermore, the main reason for not considering core labour rights in trade agreements seems to be the costs involved in protecting these rights. These costs are expressed in terms of the loss of competitiveness of countries implementing labour standards and the non-flexibility of the workforce. Moreover, according to Polaski (2004), international labour standards introduced in trade agreements are not respected by the states parties, and he takes the case of MERCOSUR as an example.

However, studies such as the one carried out by the World Bank in 2003 show that the protection of basic workers' rights and collective bargaining rights are not an obstacle to economic growth (Aidt and Tzannatos, 2002). On the contrary, they can be a source of labour productivity. It is even recognised that the protection of workers' rights and collective bargaining rights contribute to political and social stability (ILO, 2003a: 33).

3.2. Free trade and workers' rights

Although free trade also has important implications for workers and trade unions, the literature that covers this area is limited. The literature on the subject has focused on four channels through which workers and trade unions are affected by free trade.



1 The **first channel** assumes that economic integration changes the balance of power between unions and employers. The idea is that free trade results in a weakening of union power (Lévesque and Murray, 2003). Indeed, on the one hand, because of the importance of foreign capital in financing economies, countries are tempted to be less careful about collective bargaining, social dialogue and social protection of workers in order to attract foreign companies (Bourque, 2008). As a result, governments may make concessions in exchange for promises of future investment (Sklair, 1998). On the other hand, free trade is associated with new ways of working that may change workers' union involvement, including decent work and social security.

2 **Second**, the literature identifies a possible link between economic integration and labour standards. Proponents of this line of thought particularly hypothesise that free trade would be associated with the convergence of labour laws and standards, leading to improved working conditions in countries with lower standards prior to economic integration. Empirically, it has been shown that the Canada-US Free Trade Agreement, while not guaranteeing the free movement of people and not providing for social clauses, has contributed to the convergence of union practices in both countries, suggesting that US bargaining practices have influenced those of Canadian unions. In contrast, analysis of the North American Free Trade Agreement (NAFTA), signed in 1992 by the United States, Canada, and Mexico, although supplemented by a North American agreement on labour co-operation, did not reveal such a result (Lévesque and Murray, 2003).

3 The **third channel** relates to the link between economic migration and development. According to the literature, there are two opposing effects:

- (i) the brain drains, negatively impacting the economy of the migrants' countries of origin; and
- (ii) the transfer of money and norms from migrants that are conducive to economic development.

Indeed, while the first effect is obvious, the second is discussed in the literature. According to the new economics of labour migration, economic migration is a response to shallow insurance and credit markets. The idea is that the transfer of migrants is an instrument to cushion shocks and finance entrepreneurial activities (Massey et al., 1993). However, this literature does not consider the impact of migration on labour rights. The

Ouagadougou +10 Declaration and AUC Plan of Action on Employment, Poverty's Eradication and Inclusive Development in Africa places particular emphasis on the social protection of economic migrants. In conclusion, the available evidence suggests that the benefits of lowering barriers to emigration appear to be much greater than the benefits of further reducing barriers to trade in goods or capital (Clemens, 2011).

4 The **last** and best documented field of research concerns the distributional effects of international trade. The consensus is that international trade increases efficiency, but also redistributes income, creating winners and losers (Stolper and Samuelson, 1941; Artuc, 2021). Workers are affected by free trade in two ways:

- (i) free trade improves workers' welfare through lower prices of tradable goods; and
- (ii) free trade ensures the availability of a number of goods that are not produced locally and supplants objective competition.

Although the prices of goods and services for export might rise, workers can consume more and at a higher quality. Thus, international trade would have a positive short-term impact on average consumption. However, it changes incomes and employment opportunities. Indeed, it is understood that free trade reduces the income of workers in the sector and skills exposed to imports and increases the income of workers in the sector and skills exposed to exports. In the end, the immediate impact of free trade on consumption is positive, while its immediate impact on income is heterogeneous and often unknown (Artuc et al., 2020). Finally, even if it is possible to compensate losers, their a priori identification remains subject to research (Caliendo et al., 2019).



CHAPTER II: CHAD AND FOREIGN TRADE

Since independence in 1960, the evolution of the Chadian economy has been closely linked to the country's politico-military episodes and the production and volatility of commodity prices. Indeed, according to UCDP/PRIO data on armed conflicts, from 1972 to 2014, over a period of 43 years, Chad has experienced 31 years of armed conflict. Although most of these conflicts were internal, some involved neighbouring countries (Central African Republic, Sudan, Libya, Nigeria). On the other hand, the Chadian economy is poorly diversified and is driven by the agro-pastoral sector, which employs nearly 80% of the active population. The exploitation of the oil industry in 2003 only accentuated the country's economic dependence on the primary sector. Thus, these main characteristics of the Chadian economy have an undeniable influence on the nature of goods and services traded, the level of trade flows and Chad's trading partners.

This chapter begins with the evolution of Chad's socio-economic performance, highlighting the contribution of the different sectors (primary, secondary and tertiary). It then analyses Chad's trade flows with its partners by identifying the factors that explain them. Finally, it looks at how the implementation of the AfCFTA could affect the country's trade (redistributive effect).

1

Chad's socio-economic situation

1.1. Evolution of production

Analysis of Chad's GDP structure has highlighted six phases linked to the country's politico-military trajectory and shocks to commodity prices and production. The first five phases are essentially linked to politico-military episodes (IMF, 2017). Indeed, from 1975 to 1990, the various presidents who succeeded one another at the head of the country were brought in by arms. It is worth noting particularly that the country recorded a growth rate of -33% in 1979 due to the civil war. Even if the period 1990-2000 was marked by the gradual pacification of the country, which enabled it to record an average growth rate of 2.2%, the exploitation of oil from 2003 onwards led to new armed conflicts linked to the sharing of the resources generated by this windfall.

Figure 2 highlights Chad's poor economic performance compared to a group of structurally similar countries. Indeed, the level of GDP per capita in constant 2015 dollars is well

below that of the countries of Sub-Saharan Africa (SSA) and ECCAS over the period 1960-2020. It is worth noting that the standard of living in Chad has increased little since the growth rate of GDP per capita is 12.3% between 1960 and 2020, whereas it increased from \$565 to \$635, 44.4% in SSA and 104.4% in ECCAS. Moreover, the 28.7% growth rate in GDP per capita achieved between 2003 and 2004, due to the oil shock, was not sustained. The relatively high population growth (3.6%) in Chad partly explains the stagnation of per capita income.

The evolution of Chad's GDP per capita is also characterised by instability induced by the factors mentioned above. This instability has consequences for the well-being of Chadians because of the asymmetric nature of the country's income shocks (Guillaumont et al., 2009) and the disruption of macroeconomic forecasts.



ZONE DE DEVELOPPEMENT
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It is worth noting that the standard of living in Chad has increased little since the growth rate of GDP per capita is

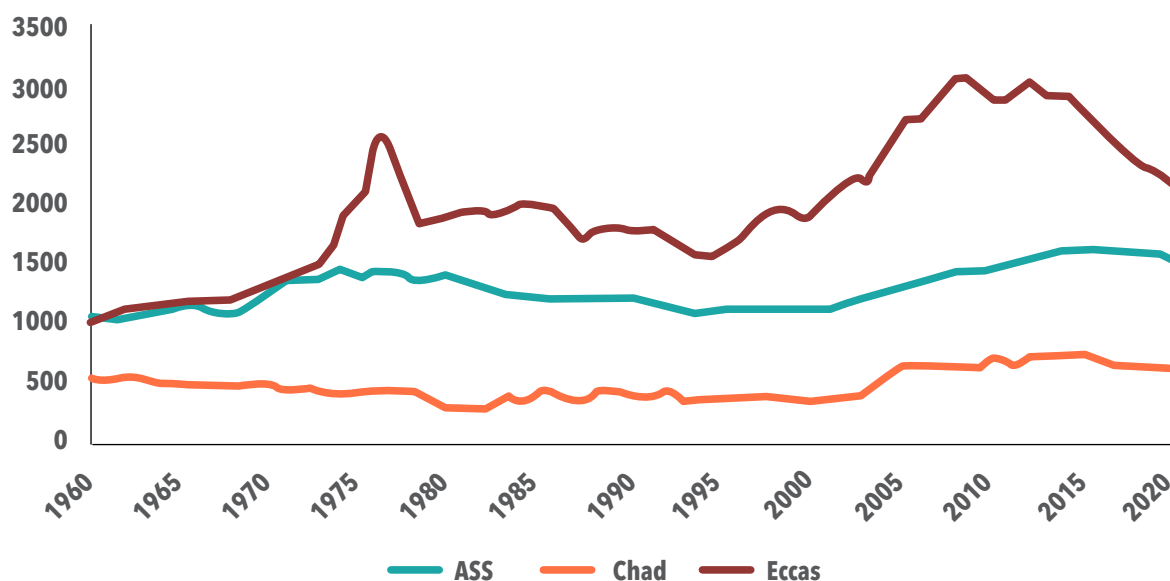
12.3%
between 1960 and 2020





Figure 2: Comparative change in GDP per capita (in constant 2015 dollars)

Source: Author based on WDI (World Bank) data



Finally, it should be noted that the episodes of conflict that have negatively affected the country's production also have an influence on the country's trade flows. Indeed, these conflicts affect the country's trade through the destruction of infrastructure, the closure of borders with natural trading partners (gravity model) and the loss of trust between Chadian and foreign partners.

1.2. The productive structure of the Chadian economy

The structure of Chad's GDP has gone through two phases: the pre-oil phase and the post-oil phase. The first phase (1960-2003) is characterised by the polarisation of the economic fabric by the agro-pastoral sector, of which livestock and cotton are the main export products, thus constituting sources of foreign currency for the country. Regarding livestock, exports were destined for neighbouring countries such as Cameroon, CAR and Nigeria.

»» **Figure 3.a)** shows that the primary sector contributes almost half of the national production (49%), while the manufacturing sector contributes only 14%, revealing a weak industrialisation and diversification of the country over this period. On the other hand, the exploitation of oil has transformed the productive structure of the country.

»» According to **Figure 3.b)**, the oil sector accounted for nearly 75% of budget revenues, 88% of exports and 40% of GDP over the period 2004-2013. This extreme dependence of the national economy on oil highlights two important facts. On the one hand, it contrasts with the weak development of the agricultural sector despite the investments made in the sector. On the other hand, this situation is indicative of the low resilience of the national economy to international oil price shocks.

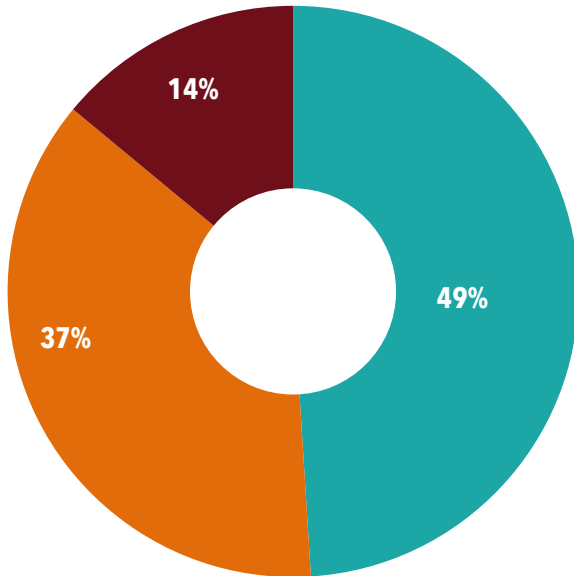




Figure 3: Structure of the economy before and after the oil era

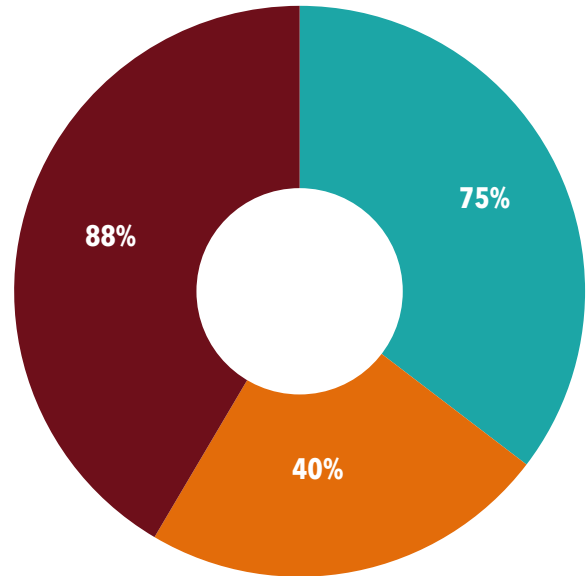
Source: Author based on data from WDI (World Bank) and IMF (2013)

3.1. Pre-oil



● Agriculture & Elevage ● Manufacture ● Service

3.2. After oil



● PIB ● Exportation ● Budget





1.3. The contribution of the various sectors of activity to production

Figure 3 in the previous section highlighted the metamorphosis in the structure of the Chadian economy from 2003 onwards. Before oil exploitation particularly, the economy was driven by the agropastoral sector, whose main exports were cotton and livestock. The development of the oil fields changed the structure of the economy, with the oil sector polarising production.

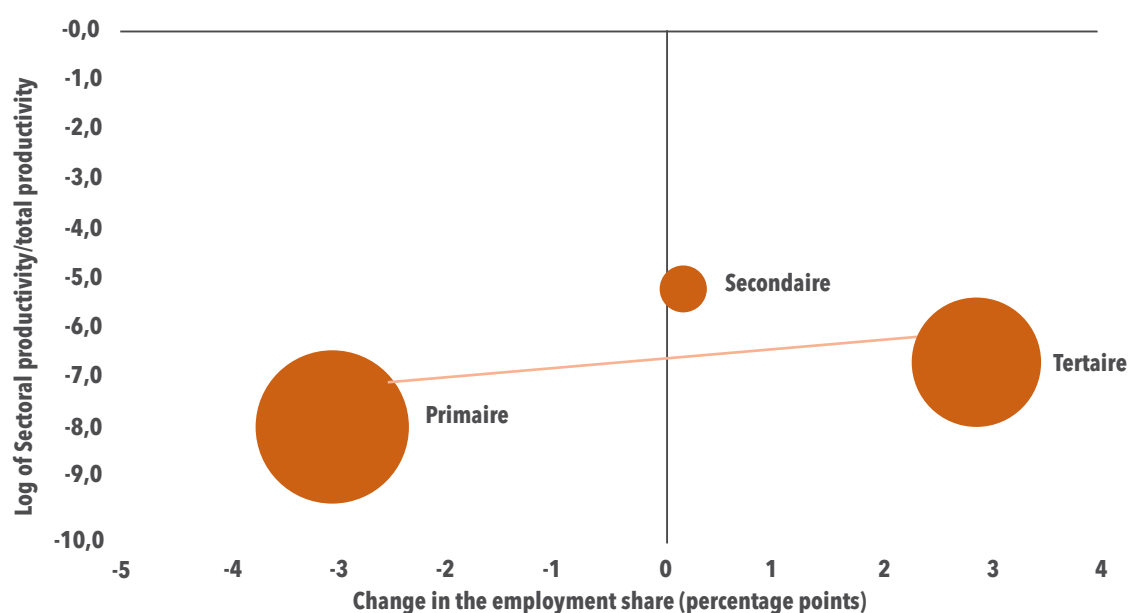
The analysis of the contribution of the various sectors of activity is traditionally done in terms of the evolution and level of GDP. Regarding economic growth, the primary sector made a greater contribution over the period 2006-2017 (1.13%), followed by the tertiary sector (0.35%) and the secondary sector (0.19%). In terms of the level of GDP, the primary sector contributed 49.6%, followed by the tertiary sector with 18.9% and the secondary sector with 12.5% over the same period (Annexes 1 and 2). Moreover, over the period under consideration, the share of the secondary sector increased by only 4.8%, while the other two sectors remained virtually unchanged.

Figure 4 corroborates the analysis highlighting the polarisation of production by the primary sector and the development of the tertiary sector. The secondary sector is particularly weak in providing employment, illustrating a weakly diversified economy. However, it should be noted that the size of the tertiary sector is particularly linked to export/import trade without any real structural transformation of the national economy.



Figure 4: Share of employment by sector of activity over the period 1991-2019

Source: Evaluation report on the implementation of the NDP 2017-2021





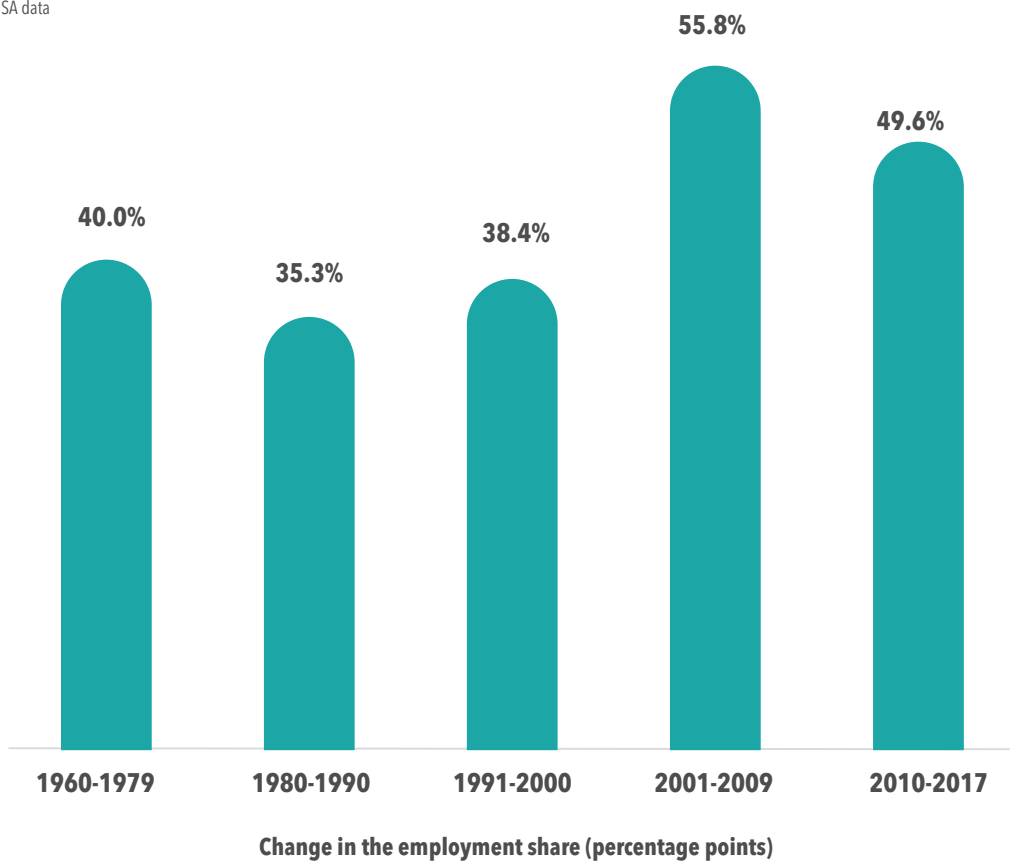
1.3.1. The contribution of the primary sector

The share of the primary sector in GDP has fluctuated according to four main factors:

- the poor modernisation of the agricultural sector;
- climatic hazards;
- the volatility of raw material prices; and
- the implementation of public policies in support of the agricultural sector.

Figure 5: Share of the agricultural sector in GDP (%)

Source: DEP from DSA data



In addition, the agricultural sector is dominated by four products with industrial production potential: seed cotton, Arabic gum, tobacco and sugar cane. Thus, production units have been created since the beginning of independence to process these products (Coton Tchad, CST, MCT).





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Livestock: Livestock production is dominated by cattle production, which is now the main source of foreign currency, apart from oil. The sector has grown by an average of 2.6% per year from 494,386 head in 1983 to 1,170,341 head in 2017. It should be noted that the intensification of terrorist attacks by the Islamist sect Boko Haram has led to a decline in cattle exports. This has led to a drop in the producer price. Other livestock products intended for domestic consumption are essentially ruminants (sheep and goats, horses and camels). There is also the production of poultry (chickens, guinea fowl and ducks), dairy products as well as eggs and a livestock by-product, leather.



Oil: Although modest compared to other oil-producing countries on the African continent, Chad's oil production was 103,000 barrels per day in 2017, making the country the 10th producer on the continent. Furthermore, with estimated proven reserves of 1.5 billion barrels (British Petroleum, 2018), the country ranks 9th in Africa. Since the peak of production in 2005, the country's production has steadily decreased until 2015. Thus, over the period 2005-2014, the average growth rate of crude oil production was -7% compared to an average increase of 6% between 2015 and 2017. The increase in production in 2015 is attributable to the start of production in other oil fields.

1.3.2. The contribution of the secondary sector

Before the advent of oil, the main components of the secondary sector are: manufacturing (including cotton fiber) with an average of 57.2% of the secondary sector's weight, handicrafts (22.8%), construction and public works (13.6%), water and electricity (6.6%). The contribution of oil exploitation in the secondary sector is limited for the moment to research and development, which represents an average of 7.9% of the secondary sector's total production between 1996 and 2010.

Despite effective oil production from 2003, the Chadian secondary sector is slow to take off. This situation can be explained by the business climate, which is not very favourable to investment and less attractive.

1.3.3. The contribution of the service sector

On average over the period 2005-2017, the tertiary sector accounted for 35.8% of GDP, making it the most important sector in the national production structure after the primary sector. Two branches make up a major part of the production of this sector. These are respectively trade (14.5%) and public administration (8.7%), which has seen its share of GDP increase with the rise in public spending since the oil fields came on stream in 2003. Nevertheless, the contribution of these two branches to growth is low (0.77% and 0.30%) respectively for trade and public administration for an overall contribution of the sector of 0.35%.

2

Chad's trade structure and its evolution

2.1. Trade openness in Chad

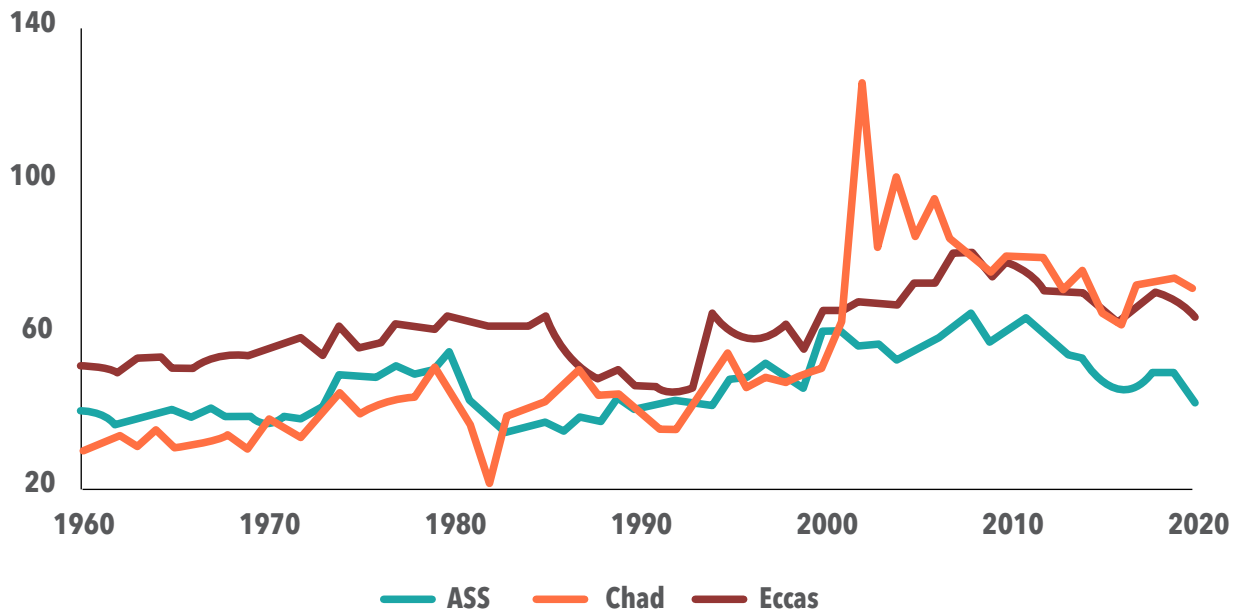
Chad's trade openness rate has evolved in a seesaw fashion over the period 1960-2020 (Figure 6). In connection with oil exploitation, this rate peaked in 2003. Analysis of the evolution of Chad's trade highlights the importance of the primary sector, as fluctuations correspond to shocks on production and/or on the prices of raw materials exported by the country.

Compared to SSA and ECCAS countries, the evolution of trade openness in Chad has undergone three trends:

- (i) Over the period 1960-2003, the country's trade was at a lower level than that of the two blocs of countries considered;
- (ii) The trend was reversed from 2004 onwards with the exploitation of oil; and
- (iii) A relative balance between the countries in the sample considered.

**Figure 6 : Evolution of the trade openness rate (1960-2020)**

Source: Author based on WDI (World Bank) data



2.2. International trade structure

The analysis of the productive structure of the Chadian economy has highlighted the polarisation of production by the primary sector and the low level of industrialisation of the country. In terms of the implications for the country's trade, it is expected that the country's exports will be made up of primary products and its imports of manufactured products. This analysis is done at three levels:

- ➔ products exported and imported;
- ➔ Chad's export and import partners; and
- ➔ exports and imports by RECs.

The data used comes mainly from the Statistical Yearbooks of Chad's Foreign Trade (YFTS), produced by the National Institute of Statistics, Economic and Demographic Studies (INSEED). The available data cover the years 2017 and 2018, which may limit the scope of the analysis.

2.2.1. Exports

According to INSEED's YFTS data, Chad's top ten export products are:

- crude oil from petroleum or bituminous minerals;
- live cattle;

- oil seeds and fruits (sesame and others);
- camels;
- cotton (not carded or combed);
- shellac (Arabic gum);
- horses, donkeys, mules and burros;
- live sheep and goats;
- groundnuts; and
- oilcake and other solid residues.

Chad's exports are therefore dominated by products from the agro-pastoral sector.

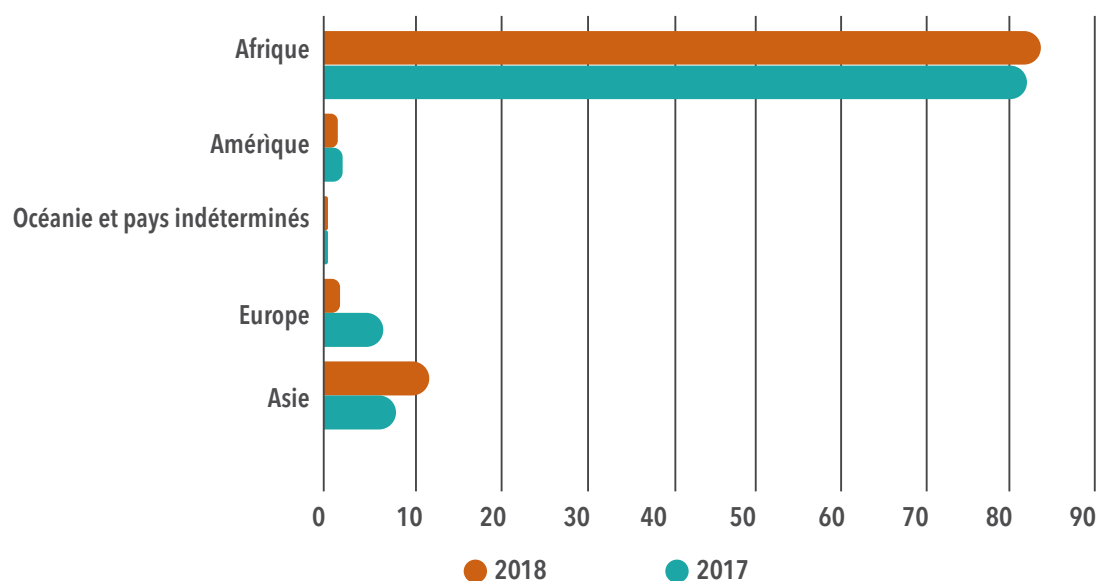
An analysis of Chad's exports by country of destination reveals a low level of diversification of the country's trading partners. The concentration of Chad's export partners is not without consequences for the country's macroeconomic stability.

Figure 7 shows that the African continent is the main destination for Chad's exports. More than 80% of Chad's exports go to Africa, followed by Asia and Europe.



Figure 7: Breakdown of exports (excluding oil) by continent (%)

Source: Author based on INSEED ASCE data (2018 & 2020).



Furthermore, the breakdown of exports by country of destination shows that Nigeria and Cameroon are the main destination countries for Chad's products, followed by Niger, Sudan and France (Figure 8).

These statistics can be analysed through the prism of the gravity model. According to this model, trade between two countries can be explained by the contiguity of borders, the common language and colonial relationship, cultural proximity and the costs induced by trade policies (customs duties and free trade agreements). The table in Annex 3

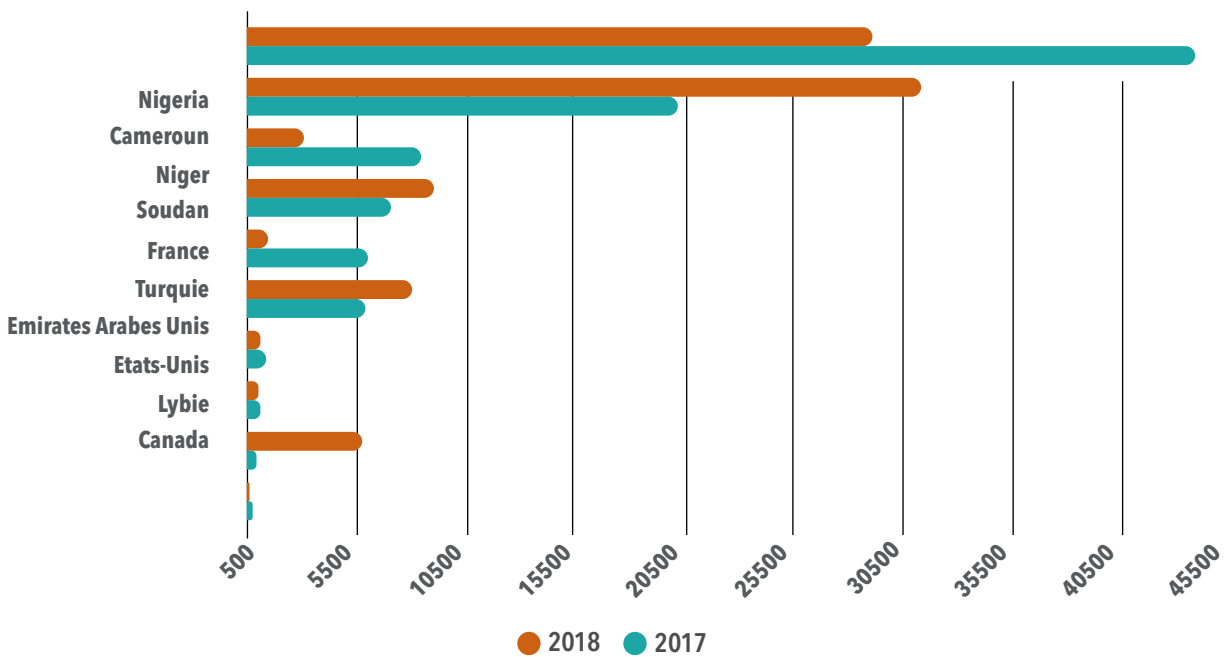
highlights the importance of the weight of the Organisation of Islamic Cooperation (OIC) in Chad's exports. Thus, the weight of Turkey in Chad's exports could be explained not only by the membership of these two countries in the OIC, but also by the strengthening of the partnership between them in recent years. Furthermore, the relatively low level of Chad's exports to ECCAS and CEMAC countries illustrates the low productive complementarity between these countries (Annex 3).





Figure 8: Chad's main non-oil export partners (in millions of CFA francs)

Source: Author based on INSEED ASCE data (2018 & 2020).



Finally, there is a large variation in the volume of exports to each partner country between 2017 and 2018. Regarding Nigeria, Cameroon, Niger, Sudan and Libya, the drop in exports between 2017 and 2018 is illustrative of the security crisis on Chad's borders with these countries.

Considering the two main products exported by Chad, namely cattle and oilseeds and fruits, the countries of destination are Nigeria and Cameroon and Turkey and Nigeria, respectively.

Figure 9 : Cattle export partners

Source: Author based on ASCE data (INSEED, 2018 & 2020)

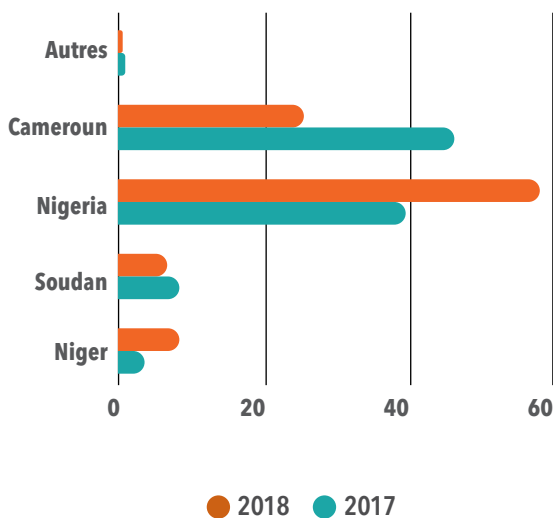
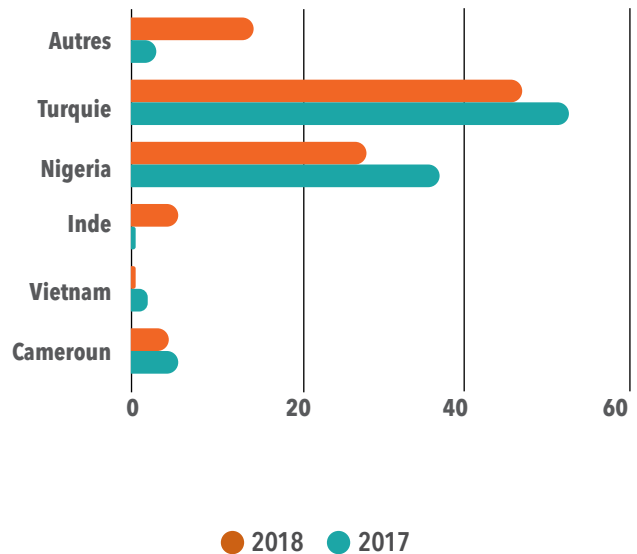


Figure 10 : Oilseeds and oil fruits export partners

Source: Author based on ASCE data (INSEED, 2018 & 2020)







2.2.2. Imports

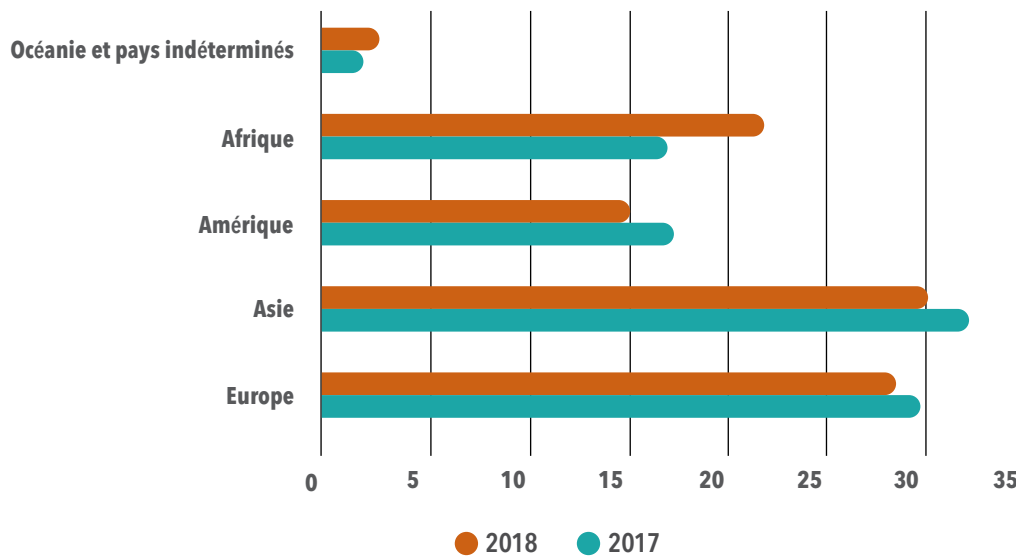
According to INSEED's STFT data, Chad's top 11 import products are:

- sugars;
- medicines;
- wheat flour;
- parts of machinery or apparatus;
- petroleum or bituminous mineral oils (other than crude oils);
- users' telephones;
- parts and accessories of tractors;
- vehicles for transport;
- vaccines for human, animal and antiserum medicine;
- milk and cream; and
- tobacco and tobacco substitutes.

The analysis of Chad's import partners shows that the trend is reversed when we consider export partners. Indeed, Europe and Asia are the two continents that export more products to Chad (Figure 11).

Figure 11 : Breakdown of imports by continent

Source: Author based on STFT data (INSEED, 2018 & 2020)





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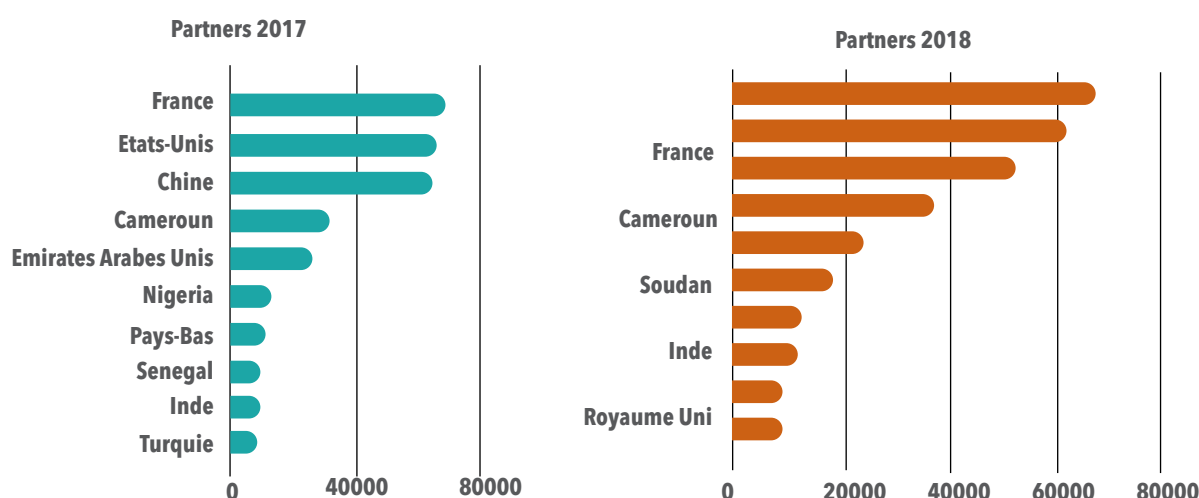
Africa and America share relatively the same market share in Chad. This situation, which is counterintuitive under the prism of the gravity model, is indicative of weak productive complementarity and the existence of barriers to trade.

Furthermore, according to Figure 12, Chad's main import partners are France, China and the United States. For African countries, Chad's main import partners are Cameroon, Nigeria, Sudan and Senegal. It should be noted that

Cameroon belongs to ECCAS. These statistics seem to show the limits of the RECs in Africa in promoting intra-regional trade and highlight other explanatory factors of trade, other than tariff barriers, between countries. Moreover, as for exports, the OIC is Chad's main importing RECs partner, leaving behind ECCAS and CEMAC.

Figure 12: Chad's main import partners

Source: Author based on STFT data (INSEED, 2018 & 2020)



The main import products by country of origin are shown in the following charts:

Figure 13: Import partners for sugar

Source: Author based on INSEED STFT data (2018 & 2020)

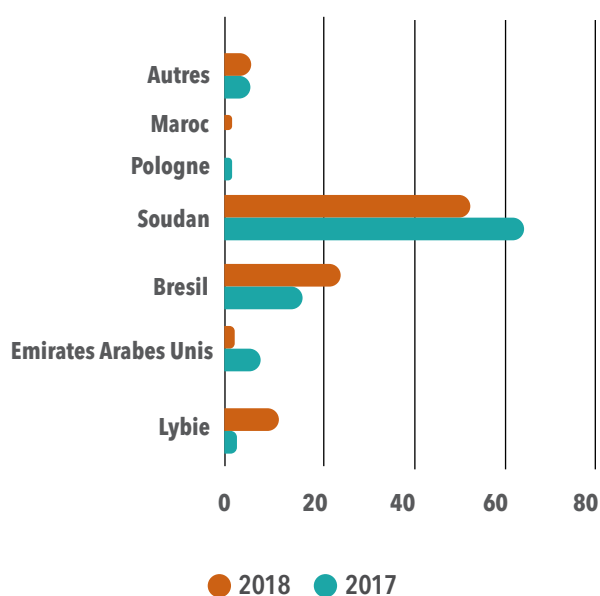


Figure 14: Partners in the import of medicines

Source: Author based on INSEED STFT data (2018 & 2020)

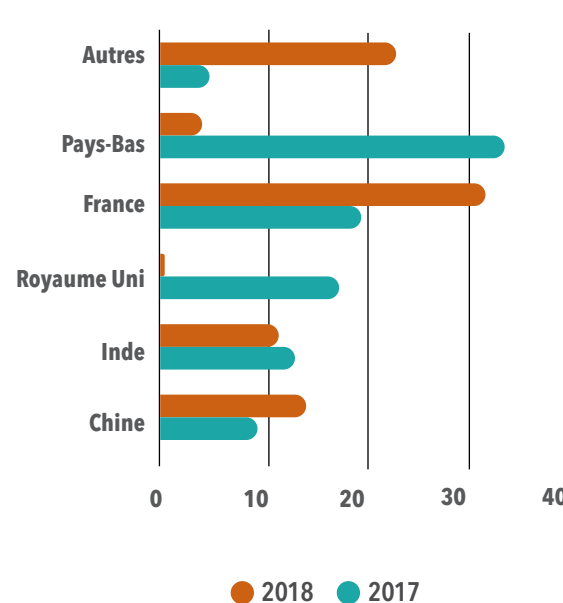




Figure 15: Import partners for sugar

Source: Author based on INSEED STFT data (2018 & 2020)

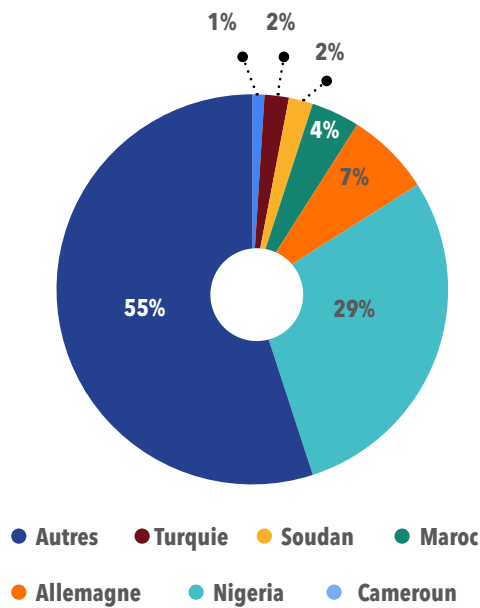
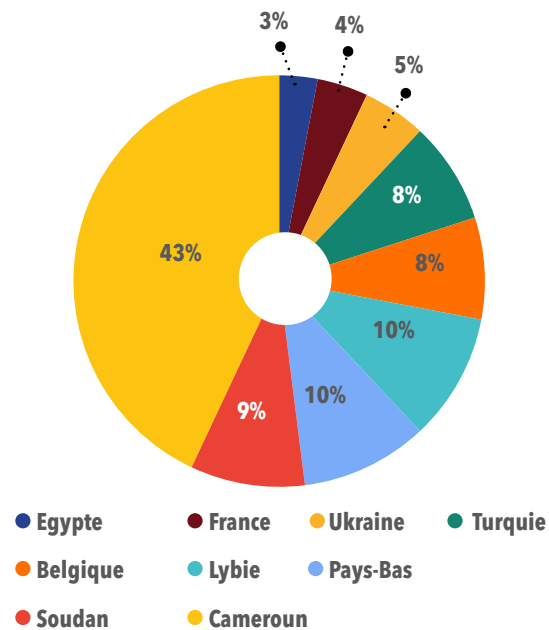


Figure 16: Partners in the import of medicines

Source: Author based on INSEED STFT data (2018 & 2020)



2.3. Implications of Chad's international trade structure

This section synthesises the analysis of Chad's international trade structure to draw out trade policy implications for the country. The objective is to identify the country's export potential based on its comparative advantages.

To do so, we consider the revealed comparative advantage (RCA) which indirectly measures the difference in productivity in a country's production between countries. Thus, when a country has a revealed comparative advantage for a given product ($RCA > 1$), it is presumed to be a competitive

producer and exporter of that product relative to a country producing and exporting that product at a level equal to or below the average for a reference area. Table 2 shows the level of RCA for a number of products considering ECCAS as the reference RECs in 2019. Conceptually, cotton is the only product where Chad has export strength, followed by oil, hides and skins, raw materials of plant origin and gold.

Table 2 : Product with the highest level of RCA in Chad

Source: Author based on data from UNCTAStat

Products with the highest ACR	Level of RTA (in %)	Exports in 2019 (thousands of USD)
Cotton	43,9	123 422
Crude petroleum oil or bituminous minerals	13,4	2 532 273
Hides and skins	6,7	1 491
Raw materials of vegetable origin	6,7	46 811
Gold	5,8	300 248

In terms of implications for Chad, in order to take advantage of its comparative advantages, Chad must not only invest in the production of these products, but must also process them by adding value before exporting them.



3

Trade integration in Chad and its implications for the AfCFTA

This section is devoted to analysing the impact of trade agreements signed by Chad on the country's intraregional trade with its partners. The results of this analysis will then be used to identify the potential impacts of the AfCFTA on the country's trade integration. Finally, we will analyse the sectoral impacts of the AfCFTA in Chad.

3.1. Trade integration in Chad

Chad belongs to two (02) of the eight (08) RECs in Africa: ECCAS and CEN-SAD. According to the prevailing economic theory, the creation of a REC, by reducing barriers to trade between States parties, stimulates intra-regional trade.

According to figure 18, trade integration in the two RECs is slightly below the African average. Indeed, ECCAS and CEN-

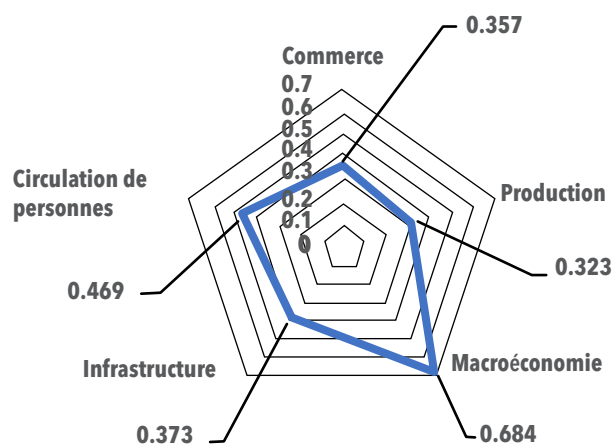
SAD have an average score of 0.357 and 0.377, respectively. While the average trade integration score in Africa is 0.383.

Furthermore, it is observed that these two RECs score low in the productive and infrastructural dimensions of regional integration. As these two dimensions cut across the other three, improving the level of intra-regional trade necessarily involves diversifying member economies and building regional infrastructure.

Figure 17: ARII in ECCAS and CEN-SAD

Source: Africa Regional Integration Index Report (2019)

a) ECCAS



b) CEN-SAD

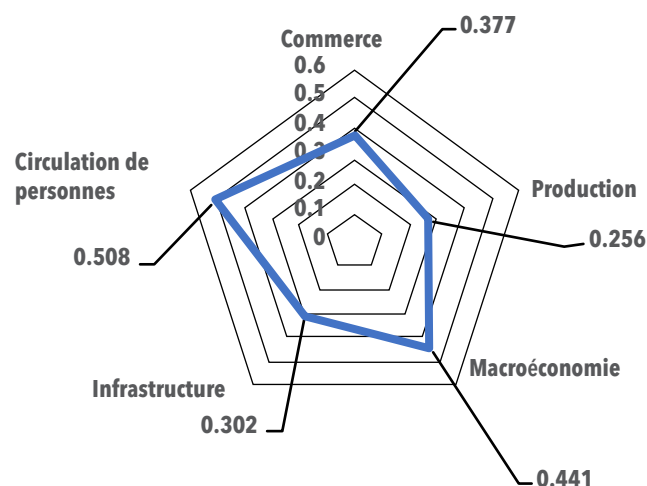




Figure 18 highlights Chad’s relatively average trade integration within the two RECs. Chad’s weak integration in the productive⁴ and infrastructural dimensions is also noted, regardless of the REC considered.

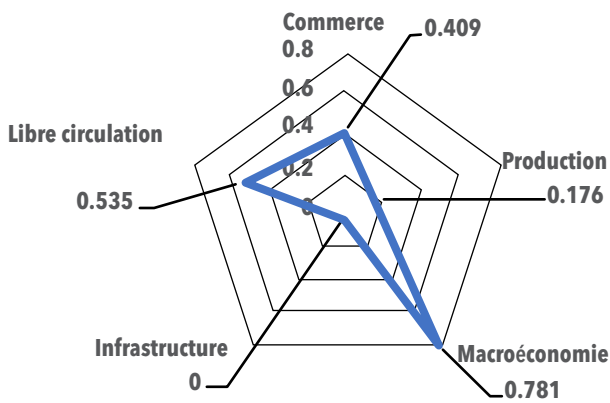
Chad’s position is intuitive in that a significant share of the country’s imports come from countries other than those of the two RECs where Chad is a member. The average score recorded by the country is therefore explained by the weight of its exports to Cameroon, Nigeria and Niger.

Chad performs poorly in the infrastructure dimension of the ARII, as the associated score is 0. Thus, the main challenge for the country to take advantage of the AfCFTA is the development of inclusive regional infrastructure. The country also scores low on the productive dimension, suggesting a weak diversification of its economic fabric. Chad’s challenges are therefore expressed in terms of human capital accumulation and regional infrastructure development.

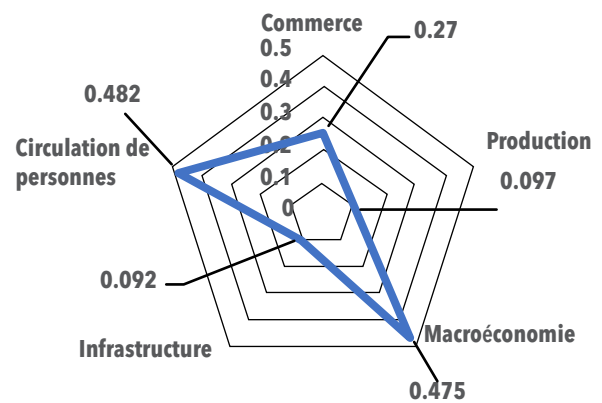
Figure 18: ARII of Chad in ECCAS and CEN-SAD

Source: Africa Regional Integration Index Report (2019)

a) Chad in ECCAS



b) Chad in CEN-SAD



4. Only Chad scores on the infrastructure dimension of the ARII.



TRADE UNIONS IN AfCFTA:

ANALYSIS OF THE EFFECTS OF THE FREE TRADE AREA OF THE AFRICAN CONTINENT (AfCFTA) ON LIVING AND WORKING CONDITIONS IN CHAD

3.2. The role of the AfCFTA in trade integration in Chad

The AfCFTA came into force in January 2021, realising a joint AU-led project dating back to 2012. The main objective of the AfCFTA is to create a single market for goods and services to facilitate the free movement of people and investment, and to lay the foundation for a continental customs union. It should be noted that the success of the AfCFTA is critical to the achievement of the AU's Agenda 2063. Indeed, the speed with which the AfCFTA has been adopted suggests that there is a high level of political commitment to the project and that the lowering of barriers to intra-African trade could help improve the continent's economic and social performance.

In principle, the AfCFTA agreement should build on the progress made by the RECs in the economic integration of the African continent. Thus, tariff dismantling within the continent is seen as a way to boost intra-African trade from the current 10-13% to 25%. The main assumption is that the easing of trade between African countries will facilitate the establishment of regional value chains in which inputs are sourced from different African countries for value addition prior to export from the continent.

To this end, the AfCFTA Secretariat asked each of the eight (08) RECs to draw up a list of committed products, specifying their degree of liberalisation. Thus, the work carried out by the CEMAC countries⁵ made it possible to draw up and validate a community list⁶ of 5,838 products transmitted to the AfCFTA Secretariat.



The main objective of the AfCFTA is to create a single market for goods and services to facilitate the free movement of people and investment.

Table 3: Status of CEMAC tariff concessions

Source: Presentation by Dr Guy Dabi at the AfCFTA Outreach Workshop, 07/12/2021

Product categories	Number of tariff lines	in % of total	Intra-African imports (in thousands of dollars)	of intra-African imports
Main group (A): to be liberalised over 10 years	5 255	90,01	1 334 573	65,36
Sensitive products (B): to be liberalised over 13 years including the 5-year moratorium	408	6,99	503 924	24,68
Products excluded from liberalisation (C)	175	3,00	203 494	9,96
TOTAL	5 838	100,00	2 041 991	100,00

⁵ This is indicative of the problem between CEMAC and ECCAS. Indeed, at the AU level, only ECCAS is recognised as a REC and not CEMAC.

⁶ This list is confidential for the time being and therefore not available to the public.



However, the implementation of the AfCFTA could only increase the volume of intra-African trade if certain structural constraints are addressed. In particular, the IIRA has shown that integration in Africa suffers from lack of infrastructure and productive complementarity. These constraints have been such a drag on trade that the eight (08) RECs have struggled to boost intra-African trade. As it stands, the implementation of the AfCFTA could lead to trade diversion and therefore little wealth creation. Furthermore, although the issue of non-tariff barriers (NTBs) is being addressed through the establishment of National Monitoring Committees (NMCs) and NTBs focal points and an online monitoring platform, the fact remains that at present, these barriers to trade are the main component of the prices of products imported and exported on the continent. Furthermore, NMCs and national focal points are an integral part of the institutional structures at the national level for NTB removal.

Chad's economic structure, marked by the country's virtual absence from intra-continental trade (Chad's exports within the African continent represent 0.2%), could suggest a significant trade-creating effect for the country if the AfCFTA is properly implemented. However, as in other African countries, the structural constraints outlined above are most acute in Chad. Indeed, the infrastructure weakness is accentuated by the country's landlocked location⁷. In addition, the weak diversification of the national economic fabric⁸ characterised by the strong dependence of the economy on oil could annihilate the potential trade creation effects of the AfCFTA. Finally, NTBs are important components of the cost of trade between Chad and its border partners. Cross-border insecurity is in particular linked to attacks by the Boko Haram sect involving Chad, Nigeria, Cameroon and Niger on the one hand, and insecurity linked to organised crime and rebellions involving Chad, Sudan and Libya on the other, are not likely to boost Chad's trade with these countries despite the effective implementation of the AfCFTA.

3.3. Analysis of potential sectoral impacts of the AfCFTA in Chad

International trade theory suggests that tariff reductions are likely to lead to a readjustment of sectors and economies. In essence, it is expected that trade liberalisation may cause the most productive sectors with high RCA scores to expand, while other sectors may decline, creating winners and losers (Stolper and Samuelson, 1941; Artuc, 2021). In other words, free trade changes incomes and employment opportunities. Free trade is understood to reduce the incomes of workers in the import-exposed sector and skills, and to increase the incomes of workers in the export-exposed sector and skills. Thus, the implementation of the AfCFTA will result in the expansion of some of the more productive sectors and the decline of the less productive sectors in each member country.

Furthermore, the analysis based on RCAs shows that Chad could focus on cotton, crude petroleum oil or bituminous minerals, cattle and its derivatives (hides and skins), plant-based raw materials and gold. In other words, these products have a strong export potential and could expand with the effective implementation of the AfCFTA. Regarding plant-based raw materials, the Diagnostic Study on Trade Integration in Chad (EDIC II - 2016) identified the leather, Arabic gum, sesame, onion, garlic, wheat, sugar cane, rice, spirulina, textile, natron, date, groundnut and shea sectors as real economic poles of competitiveness in the regions where they are produced (NDP 2017-2021). In terms of economic policy implications, the country's investments could be directed into these sectors to enable the country to benefit from the effective implementation of the AfCFTA.

On the other hand, sectors exposed to the effect of imports, such as sugar, cement and flour, could decline if policies to improve the productivity of these sectors are not implemented by the country's authorities.

Finally, the implementation of the AfCFTA is likely to accelerate the movement of people. As a result, certain sectors of activity, which are not very professional in Chad, such as construction and engineering, electricity, crafts, plumbing, etc., are likely to be affected by competition.

7 The nearest port to Chad (Douala in Cameroon) is almost 1,000 km from the Chadian capital.

8 According to the IMF (2013), oil resources accounted for 75% of budget revenues, 90% of exports and 30% of GDP over the period 2004-2013.





CHAPTER III: THE AFCFTA AND WORKING CONDITIONS IN CHAD

The implementation of the AfCFTA is likely to lead to a sectoral reallocation of activities. This change is associated with an expansion of sectors with a high RCA score and a decline of sectors with a low competitiveness. Thus, in terms of working conditions, the effective implementation of the AfCFTA will affect workers' incomes differently depending on their sectors of activity. Furthermore, working conditions are not the same across sectors in that some sectors are more exposed to labour risk than others.

This chapter is devoted to the analysis of working conditions in three cities in Chad. The aim is to identify working conditions by sector of activity in order to take into account the fundamental rights of workers in each sector. The data used come from a field survey organised as part of this study.

1

Quality of work and its implications for the AfCFTA

Quality of work is about the quality of life at work. It refers to personalisation, health, development of abilities, learning, construction of professional projects. In these extensions, the notion of quality of work can be assimilated with those of "sustainable work" or "decent work". It depends on two environmental factors, namely

- Working conditions and
- Performance-based payment.

Depending on these two parameters, the quality of work can be significantly improved and lead to a classic win-win situation. According to Yves Clot, quality of life at work and quality of work are not sufficiently linked in people's minds. And to separate these two notions is to separate health and performance. Performance is seen here as individual efficiency.

It implies opportunities for work that is productive and provides a fair income, security in the workplace and family protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in decisions that affect their lives, and equal treatment and opportunities for all men and women (ILO).

As a result, social protection for workers is the instrument par excellence for ensuring the quality of work. Social protection is the set of collective welfare mechanisms that enable workers to cope financially with the consequences of social risks, i.e. situations that may lead to a fall in resources or an increase in expenditure (old age, illness, disability, unemployment, etc.). Social protection thus has both material objectives (enabling individuals to survive when they are ill, or elderly, or have large families, for example) and social objectives (reducing inequality in the face of life's risks and ensuring that individuals have a minimum income enabling them to be integrated into society).

Could the weak social protection of workers be justified by the theory of implicit contracts? This thesis supports the idea that non-formal agreements between firms and their employees are an equilibrium in the sense that the latter are averse to the risk of wage loss (Stiglitz, 2000). In this context, workers are more inclined to work for firms that guarantee them a stable wage because they are averse to the risks of fluctuations in the labour market, regardless of the minimum social protection package they may receive.



Finally, the quality of work is also associated with the degree and recurrence of risks to which workers are exposed.

The main risks covered by social protection are: health, family, old age, housing, employment, poverty and social exclusion. In addition, accidents at work are among the major risks faced by employees daily. It can lead to permanent or temporary disability, and in the extreme can force the person to stop working in the same or another job.

This information from the eight (08) fundamental ILO conventions ratified by Chad was used to draw up the questionnaires used to collect the field data.



2

Survey on working conditions

The main purpose of the field survey is to study working conditions in sectors likely to expand with the implementation of the AfCFTA in Chad. These sectors were previously targeted based on an analysis of Chad's foreign trade data. The idea of the survey is to analyse the various risks (accidents, illnesses, etc.) to which workers are exposed and their social protection in these sectors.

2.1. The methodology of the survey

The methodology mobilised for this survey is at three (03) levels, namely:

- documentary research;
- training and deployment of investigators in the field; and
- data collection and processing.

The documentary research consisted of a review of the eight (08) fundamental ILO conventions with the aim of understanding the issues related to the quality of work and the fundamental rights of workers. This information was used to formulate the two questionnaires used for data collection in the field.

After the formulation of the questionnaires, ten (10) people were trained for one day on the mastery of the two (02) questionnaires. The training was provided by the principal researcher, assisted by two resource persons (a statistician and a labour lawyer). The training is followed by a pilot survey that lasted half a day to test the collection tools. A feedback session was then held to correct any imperfections and provide additional information to the interviewers. Finally, the deployment of the interviewers is shown in Table 4.

Each field officer signed an employment contract before going out into the field. The collection was done using the tablets to minimise errors as much as possible and to ensure effective control over the quality of the data collected.

Table 4 : Geographic distribution of field officers

Type	Number	Number of women	Of which ...		
			N'Djamena	Abeché	Moundou
Investigator	7	3	3	2	2
Supervisor	3	1	1	1	1
Total	10	4	4	3	3



2.2. Geographic coverage

The survey covered three cities in Chad: N'Djamena, Abeche and Moundou. These three cities have specific characteristics that allow us to capture the heterogeneity of the production structure of the national economy. There are several reasons for choosing the capital N'Djamena:

- it is the capital of the country where labour legislation is likely to be more enforced than anywhere else;
- it has the highest proportion of formal enterprises; and
- trade union action is more observed in the capital.

The city of Abeche was chosen because of its geographical location. Indeed, it is the largest economic city and the closest to the country's two borders, Libya and Sudan. Thus, cross-border trade, in addition to being developed, involves labour migration.

Finally, the city of Moundou, known as the economic capital of Chad, is characterised by the polarisation of economic activities by the large production units (Coton Tchad, MCT, etc.) and the agricultural sector due to its agricultural potential.

2.3. Unit of observation

The observation unit is made up of persons in an activity situation, regardless of the sector of activity and the type of employer (private, public, independent). A restriction was also imposed on the period of unemployment in order to consider only persons who were employed at the time of

the survey or who had stopped working during the last six (06) months. This choice is justified by the fact that a person who has been unemployed for more than 6 months could forget certain information concerning his or her last job. Furthermore, no restriction is made on age to capture the phenomenon of child labour.

A semi-structured questionnaire was sent to labour inspectors in the three cities.

2.4. Sampling technique

In the absence of a database on the topic under study, simple random sampling was used. In other words, the respondents were chosen randomly. However, instructions were given to the field officers to ensure that all sectors of activity, neighbourhoods and genders were represented. The supervisors are responsible for ensuring that these instructions are respected. To do this, the supervisors analyse the data collected at the end of each day to ensure that these instructions are respected.

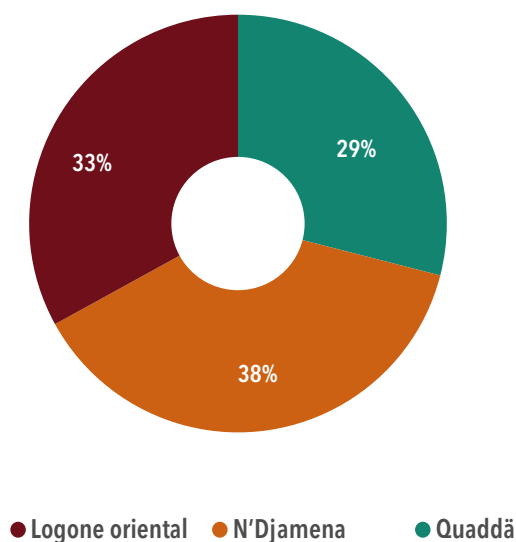
3 Data analysis

3.1. Characteristics of the population

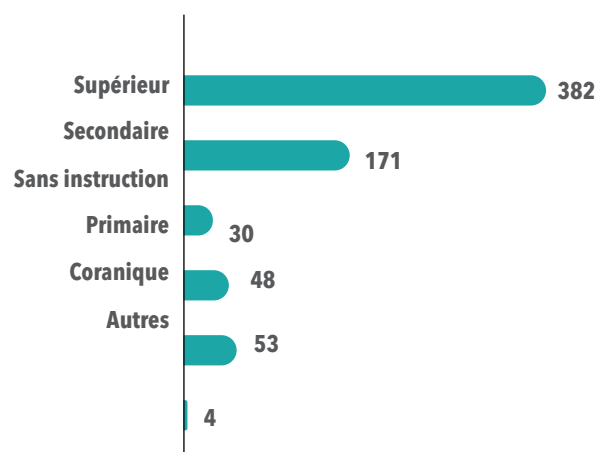
688 individuals were surveyed during the data collection exercise. The main characteristics of the surveyed population are summarised in Figure 19.

Figure 19 : Characteristics of the surveyed population

a) Distribution of the population by province

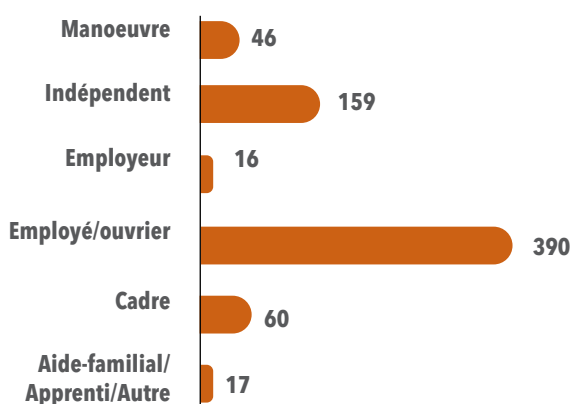


b) Distribution of the population by educational level

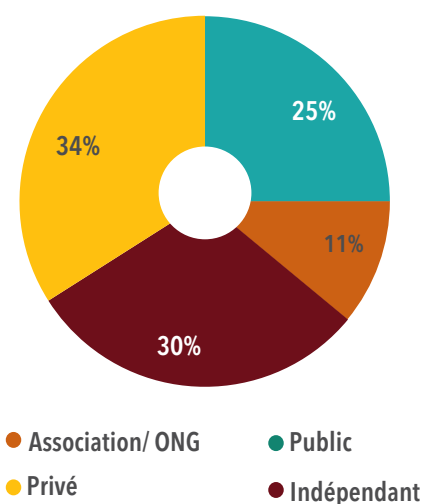




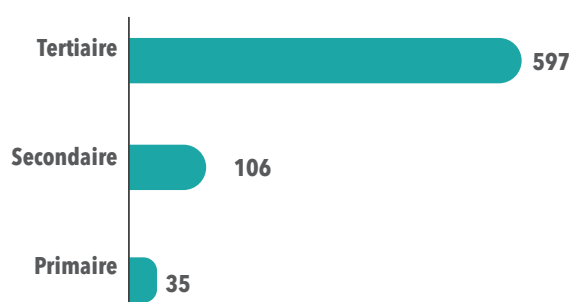
c) Distribution of the population by socio-professional category



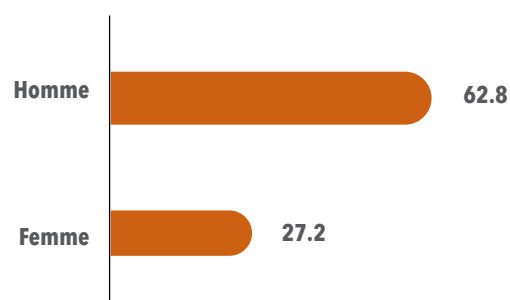
d) Distribution of the population by type of employer



e) Distribution of the population by sector of activity



f) Distribution of the population by gender



According to this, we have a relatively balanced sample, more or less respecting the demographic weight of each province. The sample is dominated by people with higher education (55.5%), followed by secondary education (24.9%) and no education (4.4%). The distribution of the population according to socio-professional category shows a strong representation of the employee/worker category, followed by the managerial category and the labourer category. The distribution of the sample according to type of employer shows that 34% of the respondents were in the private sector, 30% self-employed and 25% in the public sector. The choice to have a high representation of the first two categories is explained by the fact that respect for fundamental rights can vary in the private sector and among the self-employed,

which is not the case in the public sector. The breakdown of the sample according to sector of activity highlights a strong representation of people working in the tertiary sector, followed by the secondary and primary sectors. The low representation of the primary sector could be explained by the fact that the survey was conducted in cities. Finally, the distribution of the sample by gender shows that 27.2% of the interviewees are women. This can be explained by the fact that women are generally involved in domestic work, whereas the survey methodology consisted of interviewing people in the streets.

The average age of the respondents is 36 years, with a minimum of 18 and a maximum of 67 years. The structure of the age variable is roughly equivalent in the three provinces.



3.2. Freedom of association and protection of trade union rights

According to the results of the survey, of the 688 people interviewed, 256, or 27%, said that their employer had a trade union. In this study, the word trade union refers, in addition to formally recognised trade union structures, to mutual societies and other organisations whose objective is to defend the material and moral interests of their members. Moreover, as regards membership of these trade union organisations, only 42% of workers claim to be members. These statistics should be of concern to the country's confederation of trade union organisations, given the low rate of unionisation observed. Regarding the reasons given for not joining a trade union, it is clear that this is a problem of communication, as these organisations are not known by the workers. The problem of lack of interest was also mentioned.

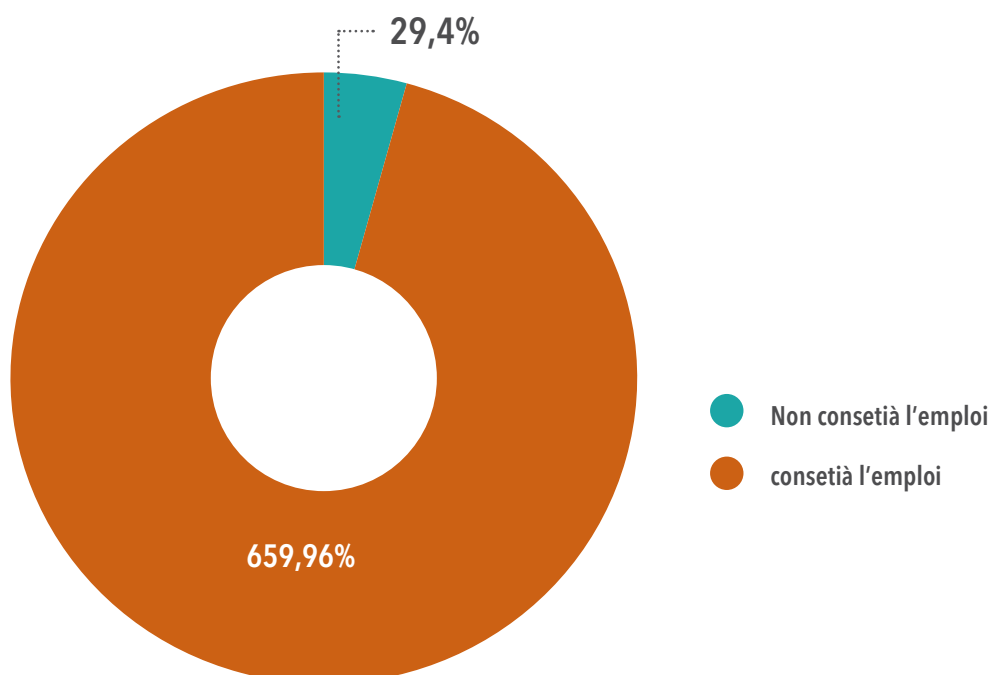
We find that only 11% of respondents said they had taken part in trade union action in the last six months. The data shows that these are mainly people working in the public sector. However, 467 of the 688 respondents felt that they had the right to demand their right. The most dominant form of industrial action was a letter of demand to the employer, followed by strike action and negotiation.

Regarding respect for workers' fundamental rights, fifteen (15) respondents said that they had suffered harm because of their trade union involvement in the six months preceding the survey. The main prejudices concern threats and intimidation. These harms are experienced mainly by those with higher education, in the public sector and in the service sector. In terms of implications, these groups need more protection from their unions.

3.3. Conditions and quality of work

Job quality is captured by several variables in this study. Of the total sample considered, 4% of people did not consent to their job. These people are working in the job they have because of a lack of other opportunities and therefore waiting for better job opportunities. This statistic is roughly the same regardless of the province considered. If we look at the level of education, we see that the rate of non-consent to employment is higher for people with a higher level of education. This rate is zero (0%) among people with no education. Regarding the breakdown of the rate of non-consent to employment, we find that it is higher in the primary sector.

Figure 20 : Employment consent rate





A second way of assessing the quality of work is to find out whether or not workers receive remuneration. The data show that 5% of the respondents do not receive remuneration for their work. This situation concerns people with secondary education, the tertiary sector, the private sector and the self-employed. We also approach the quality of work by the level of remuneration received at the Interprofessional Guaranteed Minimum Wage (SMIG). The available data show that 25% of respondents are paid below the SMIG. The most exposed categories are shown in Table 4. In addition, 18.3% of the respondents consider that they are not satisfied with their level of pay.

Table 5 : Proportion of people with earnings below the minimum wage

Categories	The most exposed	Rate (in %)
Province	Ouaddaï	43,3
Level of education	Secondary	36,3
Sector of activity	Primary	40,0
Type of employer	Self-employed	49,8
Socio-professional category	Self-employed	50,6
Total		25,0

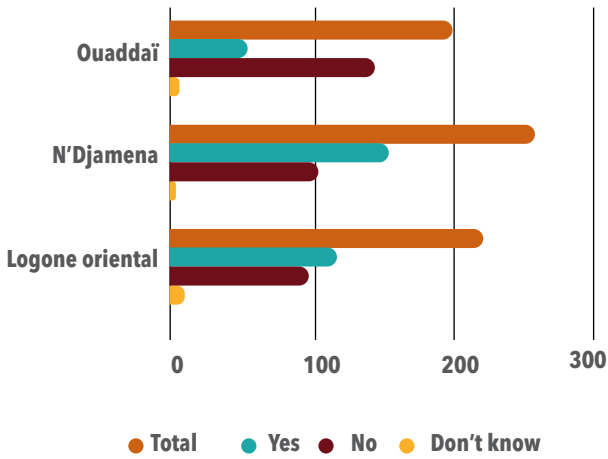
The possession of an employment contract represents the existence of a contractual relationship between the employer and the employee. It is a legal requirement. The survey data reveal that 50.6% of respondents do not have an employment contract. The breakdown of these people by certain categories shows that the most concerned are the province of Ouaddaï, people with a higher level of education, the tertiary sector and the self-employed.

51.3% of respondents work beyond the legal time limit of 39 hours per week. This phenomenon is more prevalent in the province of Logone Oriental (63.4%), followed by Ouaddaï (57.4%) and N'Djaména (36.3%). By sector of activity, people working in the tertiary sector (52.8%) are the most affected. By type of employer, this phenomenon is particularly observed in the self-employed category (58.7%), followed by the private sector (53.9%).

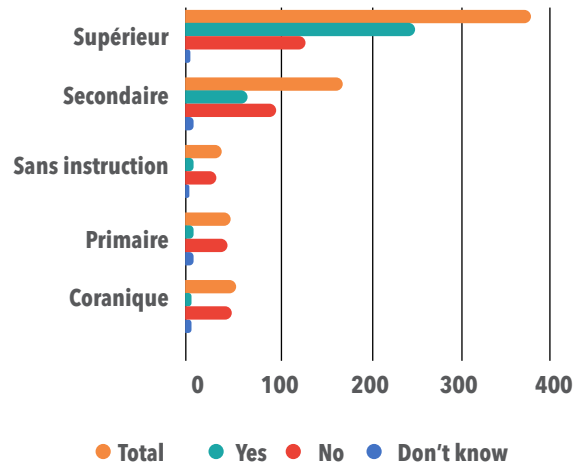


Figure 21: Employment contract ownership by selected categories of respondents

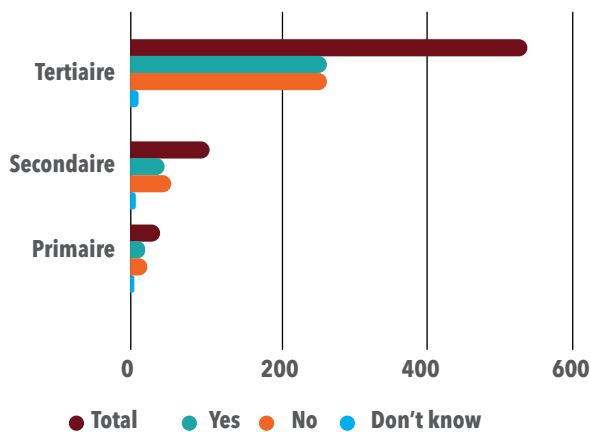
According to the province



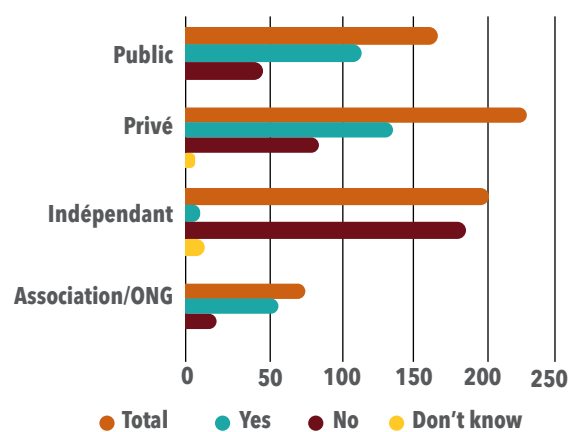
According to the level of education



By sector of activity



By type of employer



72.5% of respondents claim to work continuously during the day, without a break. By province, this phenomenon is observed particularly in N'Djaména (79.4%), followed by Ouaddaï (73.8%) and Western Logone (63.4%). Moreover, the tertiary sector is the one most affected by this situation (71.8%). In terms of type of employer, the association/NGO dominates (91.3%), followed by the public (84.7%) and private (69.4%) sectors.

Figure 22 shows that 49.9% of the respondents felt that they were not entitled to annual leave. On the other hand, of those who said they were entitled to annual leave, only 37.1% had used it in the last six months. This statistic is broadly consistent across all sectors of activity. Less than half of workers are entitled to maternity/paternity leave,

sick leave, paid leave, sick leave and retirement pension. In addition, less than 30% of the respondents are entitled to health insurance and more than 35% of the employees have a secondary activity.

The data analysis shows that these rules are more observed in N'Djaména, followed by the Eastern Logone. People working in the tertiary sector seem to benefit more from these rights than those in the secondary and primary sectors. By type of employer, these rights are more observed in the public sector and in associations and NGOs. The private sector does moderately well. On the other hand, the worrying situation of the self-employed should be noted. In terms of socio-professional categories, managers and employees/workers are the best protected.



Figure 22 : Working conditions relating to leave and access to insurance

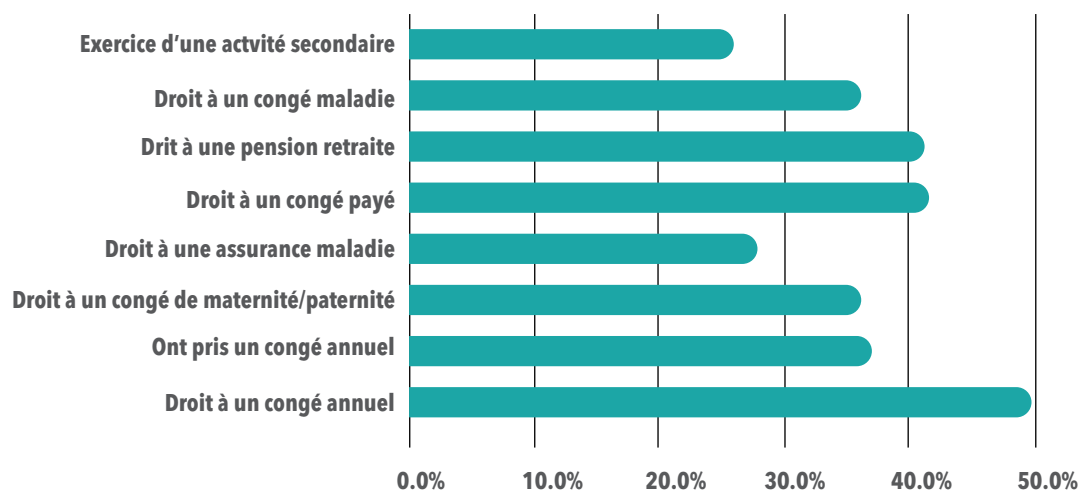
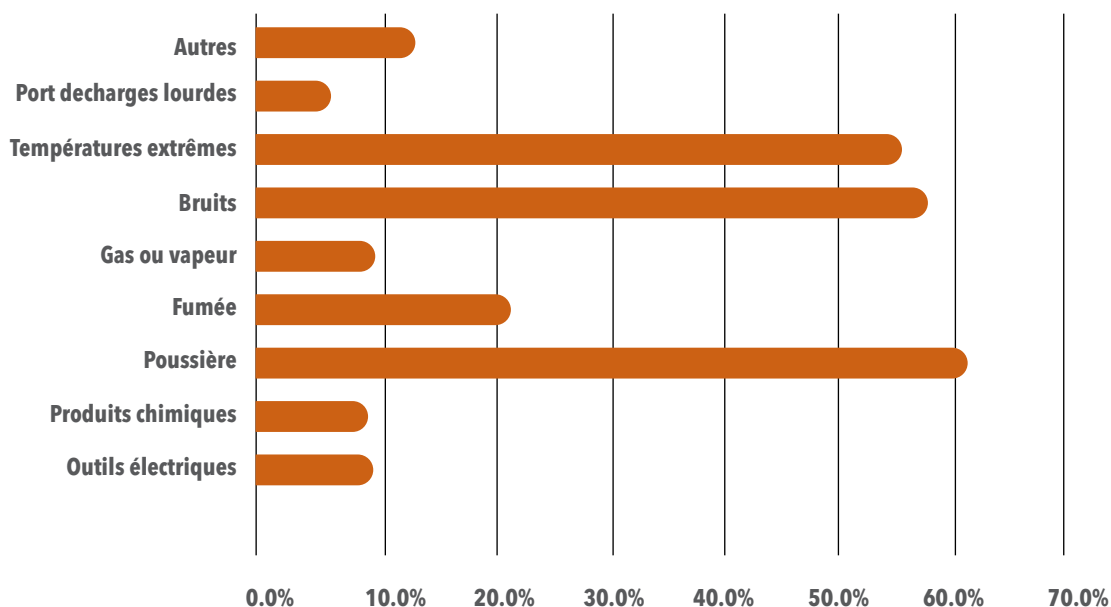


Figure 23 shows that the main risks to which workers are exposed are dust, noise, extreme temperatures and smoke. On the other hand, only 22.8% feel that they have adequate protection against these risks at work.

Finally, 74.4% of workers have access to drinking water and 71.1% have access to adequate toilets in their workplace. However, only 21.2% of respondents found their working environment comfortable.

Figure 23 : The different risks to which workers are exposed





3.4. Conflict management at work

The sources of conflict at work are as numerous as the ways in which it is managed. This section looks at the frequency of workplace conflicts, their nature and the modus operandi for their resolution.

In the six months prior to the survey, 33 workers, or 4.8%, said they had experienced a work-related conflict. Almost all these conflicts were related to the interpretation of the contract. As regards the modus operandi for managing these conflicts, 90.9% of the cases were resolved by amicable agreement, with only 1 conflict being resolved through the intervention of the labour inspectorate. The low involvement of the labour inspectorate in the management of conflicts at work was noted by the heads of these structures in the three provinces.

Accidents at work are most often seen as a major source of conflict at work. The survey data reveal that 52% of respondents, or 7.6%, had an accident at work in the six months preceding the survey. It should be noted that 63.5% of the accidents reported did not have a permanent effect. Only one accident resulted in a disability forcing the worker to look for work in another sector of activity. In terms of employer protection in such circumstances, only 44.2% of accidents are covered by employers. 5 out of 52 accidents are transformed into a conflict at work, managed amicably.

3.5. Labour inspection and management of the employer-worker relationship

The labour inspectorate is present in most of the major cities and generally consists of at least 4 people in the provinces. This number is higher in N'Djamena where there are approximately 6 people within the institution. It has three main missions which are:

- (i) to monitor the application of labour laws in force in the Republic of Chad;
- (ii) to advise the social partners, and
- (iii) to conciliate labour disputes.

Inspection staff report that they do not visit enterprises regularly. These difficulties are linked to the lack of staff and adequate means of transport, the non-adoption of a

special statute as well as political pressure on the files. The predominance of the informal sector is also a hindrance to the execution of tasks, as informal enterprises generally do not have a fixed address.

Although conflicts are rare, labour inspection staff acknowledge that they sometimes deal with individual or collective conflicts of state officials, private sector employees as well as those of NGOs. However, the labour inspectorate, in its capacity as a conciliator, does not take decisions but makes attempts at conciliation, the outcome of which depends on the willingness of the parties in conflict. If both parties are willing to find a solution, an amicable conciliation (by minutes or by settlement) is often reached. However, if one of the parties does not agree, there will be a non-conciliation. In this case, the case will be referred to the court.

The inspectorate usually produces two types of reports on these activities: half-yearly reports and annual reports. These reports mention the difficulties encountered, the number of complaints handled or not handled, etc.

The lack of logistical and financial means, and the predominance of the informal sector are obstacles to the proper functioning of the inspections. To make the labour inspection effective, it is therefore necessary to ensure :

- An effective coordination between the different components of the inspection ;
- Establishing a monitoring mechanism for labour inspections;
- Giving labour inspectors a special status;
- Providing logistical and financial support for the work;
- Compliance with ILO Convention 81.

To improve the quality of the relationship between employer and employee, the inspectors suggest more counselling for the partners and anticipatory activities for potential problems that may arise between employer and employee.



CONCLUSION AND RECOMMENDATIONS

The entry into force of the African Continental Free Trade Area (AfCFTA) Agreement on 1er January 2021 has revived the debate on the effects of free trade on a range of domestic variables.

This debate focuses on:

- (i) the AfCFTA and the creation of intra-African trade given the low volume of intra-continental trade;
- (ii) the AfCFTA and the continent's economic performance in a pandemic context marked by COVID-19;
- (iii) the AfCFTA and the convergence of labour laws and standards;
- (iv) the distributive effects of the AfCFTA; and
- (v) the AfCFTA and trade unions.

In addition, the literature has identified four channels through which workers and trade unions are affected by economic integration, namely:

- (i) collective bargaining power and social protection of workers in a context of trade liberalisation;
- (ii) free trade and convergence of labour standards;
- (iii) economic migration associated with the free movement of people; and
- (iv) sectoral distributional effects of free trade on worker welfare.

Like the 54 member countries of the AfCFTA, this debate is topical in Chad. Thus, this study focuses on the potential effects of the AfCFTA on living and working conditions in Chad. The main objective is to analyse how the implementation of the AfCFTA will interact with Chad's productive structure and trade flows with its partners and their implications for workers and trade unions. According to the literature, the implementation of the AfCFTA is likely to lead to the expansion of certain sectors of activity due to their revealed comparative advantages and the decline of others due to their low competitiveness, resulting in a sectoral

reallocation of the workforce. To this end, the methodology used is based on:

- (i) a literature review;
- (ii) exchanges with selected stakeholders; and
- (iii) data collection from workers and labour inspectorates.

Analysis of the available data shows that, at the present time, the implementation of the AfCFTA is unlikely to boost Chad's trade with the States Parties because of the shortcomings noted in terms of productive complementarity and infrastructure deficit. It should be recalled that these shortcomings already explain the low level of Chad's trade with ECCAS and CEN-SAD countries, two RECs of which Chad is a member. These are structural challenges that the country must overcome if it hopes to benefit from the implementation of the AfCFTA. Also, non-tariff barriers (insecurity and corruption) are important components of the cost of trade between Chad and its border partners and are likely to limit the impact of the AfCFTA on intra-regional trade.

Furthermore, the analysis based on the comparative advantages revealed that Chad could capitalise on cotton, crude oil or bituminous minerals, cattle and its derivatives (hides and skins), raw materials of vegetable origin and gold to benefit from the implementation of the AfCFTA. In other words, these products have a strong export potential and could expand with the effective implementation of the AfCFTA. Regarding raw materials of plant origin, available studies have identified the leather, Arabic gum, sesame, onion, garlic, wheat, sugar cane, rice, spirulina, textile, natron, dates, groundnut and shea sectors as real economic poles of competitiveness. On the other hand, sectors exposed to the effect of imports, such as sugar, cement and flour, could decline if policies to improve the productivity of these sectors are not implemented by the country's authorities.



The survey data highlighted the following facts:

- (i) low unionisation of workers in the three provinces mainly due to a communication problem of the trade union organisations and lack of interest for the workers;
- (ii) low social protection of workers (salary level, work contract, working hours, health insurance and holidays),
- (iii) the main risks to which workers are exposed are dust, noise, extreme temperature and smoke with a low rate of protection against these risks;
- (iv) the categories deserving special attention in terms of social protection are the tertiary and primary sectors, the self-employed, the province of Ouaddaï and the capital N'Djamena does not differ significantly from the other provinces; and
- (v) the modus operandi for resolving conflicts at work is amicable settlement with a weak role for the labour inspectorate due to limited human and material resources.

Furthermore, it should be noted that the exchanges made it possible to understand that the main actors in the implementation of the AfCFTA are not sufficiently informed about this process. Hence the importance of strengthening

communication on the agreement establishing the AfCFTA and its stakes for economic operators and civil society organisations.

Finally, this study makes the following recommendations:

- (i) to make AfCFTA an instrument for promoting development and accelerating growth and poverty reduction, African countries should strive to fill the infrastructural and productive gaps through the export of labour-intensive products, such as agricultural products and basic manufactures, and create a regional value chain:
- (ii) place special emphasis on social protection of workers in sectors identified as potentially expanding with the implementation of the AfCFTA,
- (iii) make effective the online monitoring mechanism of non-tariff barriers that constitute a major component of the cost of trade; and
- (iv) strengthen communication on the AfCFTA to economic operators and civil society organisations.



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ANNEXES

Annex 1 : Structure of national production (in %)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary sector	53,6	53,3	51,5	52,9	45,7	52,2	50,1	49,6	47,5	47,0	47,5	44,7	48,9
Agriculture	14,6	13,3	12,0	14,1	15,0	19,7	13,2	14,5	17,8	16,7	16,9	18,7	18,8
Oil exploration	25,7	24,8	25,5	26,1	15,4	19,6	25,0	24,0	16,7	17,4%	17,4	11,3	14,0
Secondary sector	9,6	10,0	10,4	10,6	12,2	11,2	11,7	15,5	13,2	13,4	12,8	17,1	15,0
Tertiary sector	34,9	35,1	36,0	34,6	39,7	34,2	35,7	32,7	36,5	37,0	37,9	36,6	34,4
Net taxes on products	1,9	1,7	2,1	1,9	2,3	2,3	2,6	2,1	2,8	2,6	1,8	1,6	1,6
GDP at market prices	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source: DEP/Ministry of Finance and Budget

Annex 2: Contribution of industries to GDP growth

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary sector	-3,28	-0,40	-1,29	-1,25	11,87	0,98	1,86	-4,37	1,95	6,06	2,31	-0,85
Agriculture	0,62	0,37	3,49	-0,28	10,69	-0,20	3,07	0,48	-2,91	-0,37	2,27	-0,02
Oil exploration	-4,29	-1,65	-3,31	-0,56	-0,75	-0,29	-1,17	-5,52	4,66	6,59	-0,38	-2,12
Secondary sector	0,35	0,87	1,79	-0,91	0,16	1,15	6,75	-3,79	0,75	-2,81	-0,81	-1,21
Tertiary sector	-1,54	1,04	1,80	-0,98	4,31	3,04	3,04	0,81	-0,08	-0,60	-4,78	-1,87
Net taxes on products	0,41	0,15	-0,04	0,08	0,49	0,10	-0,18	0,32	-0,28	-0,04	-0,40	0,02
GDP at market prices	-4,06	1,67	2,26	-3,06	16,83	5,27	11,47	-7,03	2,34	2,61	-3,69	-3,91

Source: DEP/Ministry of Finance and Budget

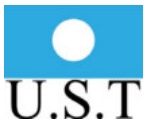


Annex 3: Import and export partners by RECs

CER	Exports in 2018	Imports in 2018
Organisation of Islamic Cooperation (OIC)	81 546,10	121 774,42
Economic Community of Central African States (ECCAS)	33 065,73	39 147,20
Economic and Monetary Community of Central African States (CEMAC)	33 065,73	39 119,70
Economic Community of West African States (ECOWAS)	32 448,19	23 837,70
Common Market for Eastern and Southern Africa (COMESA)	9 672,38	21 631,85
Arab Maghreb Union (AMU)	5 774,89	8 350,43
West African Economic and Monetary Union (WAEMU)	3 171,03	9 829,94
European Union in the sense of the 28 (EU28)	1 733,24	116 384,76
EURO zone (EURO)	1 707,83	101 444,51
European Union in the sense of the 27 (EU 27)	1 707,83	106 961,47
Bangkok Agreement (Bangkok)	1 706,09	80 871,76
North American Free Trade Agreement (NAFTA)	1 105,24	55 446,65
Association of South- East Asian Nations (ASEAN)	307,65	3 950,91
Mano River Union (MRU)	74,58	26,38
Southern African Development Community (SADC)	25,65	2 208,90
Latin American Association for Integration (ALADI)	22,93	7 885,31
Economic Community of the Great Lakes Countries (CEPGL)		0,02



Annex 4: Individual questionnaire



ANALYSIS OF THE EFFECTS OF THE FREE TRADE AREA OF THE AFRICAN CONTINENT (AfCFTA) ON LIVING AND WORKING CONDITIONS IN CHAD

This survey is part of the project “Assessing the possible impacts of the AfCFTA in Chad, Ghana, Namibia, Rwanda or Tunisia and their repercussions on trade union organisations in these countries”.

INDIVIDUAL QUESTIONNAIRE

This questionnaire is only intended for two types of people:

1. People in employment regardless of sector of activity and type of employer (private, public, self-employed, formal, informal)
2. People who have stopped working in the last six (06) months.

SECTION 0 : RESPONDENT IDENTIFICATION

S0.1: Employment status

- Employed
- Unemployed for up to six (06) months

S0.2: Questionnaire number _____

S0.3: Province

- N'Djamena
- Ouaddai
- Eastern Logone

S0.4: City _____

S0.5: Gender

- Male
- Female

S0.6: Age (in completed years) : _____

S0.7: Level of education :

- No educational qualifications Kindergarten
- Primary
- Secondary
- Superior
- Koranic
- Other

S0.8: Socio-professional category :

- Executive Employee/worker
- Labourer Employer
- Self-employed
- Family helper/Apprentice/Other

S0.9: Area of residence :

- Rural
- Urban



SECTION I: CHARACTERISTICS OF THE EMPLOYER

S1.1: Type of employer :

- Public
- Private
- Self-employed
- Association/NGO

S1.2: Legal status (if S1.1 = 2) :

- Formal
- Informal

S1.3: Sector of activity :

- Primary
- Secondary
- Trade

S1.4: Branch of activity

- Agriculture
- Livestock, forestry, fishing

- Non-oil mining
- Oil exploration
- Cotton fiber
- Refined petroleum products
- Food, beverage and tobacco products
- Other manufactured products
- Electricity, gas and water
- Construction
- Trade
- Hotels and restaurants
- Transport
- Communication/Financial services
- Business services
- Other market services
- Non-market sectors

SECTION II: FREEDOM OF ASSOCIATION AND PROTECTION OF TRADE UNION RIGHTS

S2.1: Is there a workers' union at your workplace?

- Yes
- No
- DK

S2.2: If yes, are you a member of this union?

- Yes
- No

S2.3: If not, why ?

S2.4: Are you a member of another trade union?

- Yes
- No

S2.5: Have you taken part in any trade union action in the last six months?

- Yes
- No

S2.6: If yes, what is the nature of the action ?

- Strike
- Negotiation
- Letter of demand
- Other events

S2.7: Do you feel you have the freedom to claim your rights?

- Yes
- No
- DK



S2.8: If not, why ?

S3.9: In the last six months, have you been harmed because of your trade union membership?

Yes

No

S2.10: If so, what are these harms?

S2.11: In the last six months, have you been sanctioned because of trade union action?

Yes

No

S2.12: If so, what is the nature of the sanction?

SECTION III: CONDITIONS AND QUALITY OF WORK

S3.1: Did you freely consent to this job?

Yes

No

S3.2: If not, why?

S3.3: Are you paid for this job?

Yes

No

S3.4: If yes, what is the nature of this remuneration?

Salary

Nature

Other (please specify)

S3.5: Is the compensation you receive for this job equal to or higher than the minimum wage?

Yes

No

S3.6: If not, why?

S3.7: Are you satisfied with this job?

Yes

No

S3.8: If not, why?

S3.9: Do you have an employment contract?

Yes

No

Don't know

S3.10: Do you work more than 39 hours per week?

Yes

No

Don't know

S3.11: Do you have breaks during the working day

Yes

No

Don't know

S3.12: Are you entitled to annual leave?

Yes

No

DK

S3.13: In the last six months, have you had any annual leave?

Yes

No

S3.14: If not, why?

S3.15: Are you entitled to maternity/paternity leave?

Yes

No

DK



S3.16. Are you entitled to health insurance?

Yes No DK

S3.17 Are you entitled to paid leave?

Yes No DK

S3.18: Are you entitled to a retirement pension?

Yes No DK

S3.19: Are you entitled to paid sick leave?

Yes No DK

S3.20: Do you have a secondary activity?

Yes

No

S3.21: Existence of the following sanitary facilities at your place of work:

Presence of drinking water:

Yes No

Presence of adequate toilets:

Yes No

Comfortable working place:

Yes No

S3.22: Are you exposed to the following hazards at your workplace?

Power tools:

Yes No

Chemicals:

Yes No

Dust:

Yes No

Smoke:

Yes No

Gas or steam:

Yes No

Noise:

Yes No

Extreme temperatures :

Yes No

Carrying heavy loads:

Yes No

Falling mines:

Yes No

Other (please specify):

Yes No

S3.23: Are there any protective measures?

Yes No

**SECTION IV: MANAGING CONFLICT AT WORK**

S4.1: In the last six (06) months, have you experienced a work-related conflict?

Yes No

S4.2: If so, what is the nature of this conflict?

S4.3: How did you manage this conflict?

Amicable agreement

Labour inspection

Employment Tribunal

Other (please specify): _____

S4.4: Have you had an accident at work in the last six (06) months?

Yes No

S4.5: If so, what are the effects of this accident?

No permanent effect

Permanent effect

Able to do the same job

Permanent effect, but able to work elsewhere

Permanent effect, prevents working

S4.6: If yes, did you receive any care?

Yes No

S4.7: Was there a conflict in the management of this accident?

Yes No

S4.8: How did you manage this conflict?

Amicable agreement

Labour inspection

Employment Tribunal

Other (please specify): _____



Annex 5 : Questionnaire for the Labour Inspection



ANALYSIS OF THE EFFECTS OF THE FREE TRADE AREA OF THE AFRICAN CONTINENT (AfCFTA) ON LIVING AND WORKING CONDITIONS IN CHAD

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GUIDE TO INTERVIEWING LABOUR INSPECTORS

SECTION 0: IDENTIFICATION

S0.2: Province: ___ 1. N'Djamena 2. Ouaddaï 3. Eastern Logone
S0.3: City: _____
S0.4: Respondent's function: _____

SECTION I: MISSION OF THE INSPECTION

- S1.1: When was the labour inspectorate established in the province?
- S1.2: Number and composition of labour inspection staff?
- S1.3: What are the main missions of the labour inspectorate?
- S1.4: Does the labour inspectorate regularly monitor companies?
- S1.5: What are the difficulties linked to the implementation of the labour inspection missions?

SECTION II: WORKPLACE MANAGEMENT CONFLICT

- S2.1: What are the main conflicts for which the labour inspectorate is seized?
- S2.2: What is the dominant profile of workers/sectors that refer to labour inspection?



S2.3: What is the dominant modus operandi for referring cases to the labour inspectorate?

S2.4: What are the different decisions taken by the labour inspectorate in managing conflicts?

S2.5: Are there periodic reports on the activities of the labour inspectorate?

SECTION III: CHALLENGES AND PROSPECTS

S3.1: What are the main challenges related to the operations of labour inspection?

S3.2: What approaches should be considered to make the work of the inspectorate effective?

S3.3: How to improve the quality of the worker/employer relationship?

S3.4: Other comments

