

Chad and Glencore

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The case of Chad illustrates the mechanisms and the risks. In May 2013 and April 2014, the national company, the Société des hydrocarbures du Tchad, concluded prefinancing agreements with Glencore and a group of financial institutions. These agreements provided for two payments to the Chadian government, of USD 600 million, paid in two tranches, and of USD 1.45 billion, intended in particular to finance Chad's acquisition of a stake in the Doba oil block.¹ These loans were consolidated and restructured in December 2015, and again in June 2018, the restructuring allowing repayment through deliveries of crude over ten years.²

The collapse in oil prices in 2014 made these commitments unsustainable. Chad, whose debt service to Glencore absorbed a considerable share of its oil revenues, had to negotiate with its creditors and with the International Monetary Fund, whose programmes required a restructuring. The country then became the first, in 2021, to apply for the Common Framework for debt treatment set up by the G20, with Glencore as its principal private creditor.³

The Chadian case has also shown the value of transparency. The Extractive Industries Transparency Initiative notes that Chad regularly publishes information on this loan in its reports, and that Glencore provides supplementary information in its annual report on payments to governments: the outstanding amount of the restructured loan stood at USD 1.07 billion as at 31 December 2020, of which USD 359 million was Glencore's participation. The national company had delivered more than 7.6 million barrels in 2020, worth more than USD 296 million.⁴

Worked example. A country borrows USD 1.45 billion repayable in deliveries of crude. At USD 100 a barrel, repayment requires 14.5 million barrels, a limited share of production. At USD 50 a barrel, it requires 29 million, twice as many. The share of production allocated to debt service thus doubles, at the expense of budget revenues. The loan figures are those

of Chad according to the Transparency Initiative. The prices and volumes, for their part, are assumptions intended to illustrate the effect of a fall in prices.

1 Notes

1. Extractive Industries Transparency Initiative, “Prêts adossés à des ressources” (Resource-backed loans), guidance note, eiti.org (accessed September 2026). ↩
2. Extractive Industries Transparency Initiative, cited above. ↩
3. Chad was, in January 2021, the first country to apply for the G20 Common Framework; agreement with official creditors in June 2021; accession of Glencore, holder of around one third of the external debt, at the beginning of November 2022, and agreement in principle of the creditors on 10 November 2022; “Tchad : les créanciers parviennent à un accord de principe sur la restructuration de la dette extérieure” (Chad: creditors reach an agreement in principle on the restructuring of the external debt), Agence Ecofin, 11 November 2022. ↩
4. Extractive Industries Transparency Initiative, cited above. ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/geneva-chad-and-glencore