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U.S.-Haiti Trade: Impact of U.S. Preference Programs on Haiti's Economy and Workers

December 2022
Publication Number: 5397
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Abbreviations and Acronyms

Acronyms	Term
AAFA	American Apparel and Footwear Association
ADIH	Association des Industries d’Haïti [Industrial Association of Haiti]
AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
AGOA	African Growth and Opportunity Act
AMS	Agricultural Marketing Service (USDA)
APHIS	Animal and Plant Health Inspection Service (USDA)
BEA	Bureau of Economic Analysis (USDOC)
BDC	beneficiary developing country
BTI	Bertelsmann Stiftung’s Transformation Index
CAFTA-DR	Dominican Republic-Central America-United States Free Trade Agreement
CARICOM	Caribbean Common Market
CBERA	Caribbean Basin Economic Recovery Act
CBI	Caribbean Basin Initiative
CBP	U.S. Customs and Border Protection
CBTPA	Caribbean Basin Trade Partnership Act
CES	constant elasticity of substitution
CFI	Center for Facilitation of Investments
CIA	Central Intelligence Agency
CODEVI	Compagnie de Développement Industriel [Industrial Development Company]
CRS	Congressional Research Service
CSIS	Center for Strategic and International Studies
EB	Bureau of Economic and Business Affairs (USDOS)
ECLAC	Economic Commission for Latin America and the Caribbean (UN)
EDIS	Electronic Docket Information System (USITC)
EIA	U.S. Energy Information Agency (USDOE)
EIAP	Earned Import Allowance Program
EIU	Economist Intelligence Unit
FDI	foreign direct investment
FTAA	Free Trade Area of the Americas
FTA	free trade agreement
FTE	full-time equivalent
GALs	guaranteed access levels
GATT	General Agreement on Tariffs and Trade
GCI	Global Competitiveness Index (WEF)
GDP	gross domestic product
GOSTTRA	Groupement Syndical des Travailleurs du Textile pour la Réexportation d’Assemblage [Union of Textile Workers for Re-export Assembly]
GSP	Generalized System of Preferences
GTA	Global Trade Atlas
HELP	Haiti Economic Lift Program Act of 2010
HOPE I	Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006
HOPE II	Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008
HS	Harmonized Commodity Description and Coding System or Harmonized System (global tariff schedule)
HTS	Harmonized Tariff Schedule of the United States
IFC	International Finance Corporation
IJDH	Institute for Justice & Democracy in Haiti
ILO	International Labour Organization

Acronyms	Term
IMF	International Monetary Fund
ICT	information and communication technology
ITA	International Trade Administration (USDOC)
LDBDC	least-developed beneficiary developing country
LDC	least-developed country (UN)
LNG	liquefied natural gas
LPI	Logistic Performance Index (World Bank)
MFN	most-favored nation (see also NTR)
mt	metric ton
NAFTA	North American Free Trade Agreement
NBER	National Bureau of Economic Research
n.e.s.o.i.	not elsewhere specified or included
NGO	nongovernmental organization
NRCA	normalized revealed comparative advantage index
nspf	not specifically provided for
NTR	normal trade relations (U.S. term; same as MFN elsewhere)
OFATMA	Office d'Assurance Accidents du Travail, Maladie et Maternité [Insurance Office for Occupational Injury, Sickness and Maternity]
ONA	National Office for Pension Insurance
OTEXA	Office of Textiles and Apparel (USDOC)
PPE	personal protective equipment
PPP	purchasing power parity
PRW	production-related worker
R&D	research and development
RCA	revealed comparative advantage index
ROOs	rules of origin
SIDS	small islands developing states
SMEs	square meter equivalents
SOCOWA	Sendika Ouvriye Codevi nan Wanament [Union of Workers of CODEVI]
SOFEZO	Syndicat des Ouvriers et Employés de la Zone Franche [Union of Workers and Employees of the Free Zone]
TAICNAR	Technical Assistance Improvement and Compliance Needs Assessment and Remediation
TPL	tariff preference level
TRQ	tariff-rate quota
TSUS	Tariff Schedules of the United States (replaced by HTS, January 1, 1989)
UN	United Nations
UNCTAD	UN Conference on Trade and Development
UNDP	UN Development Program
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
USDHS	U.S. Department of Homeland Security
USDOC	U.S. Department of Commerce
USDOE	U.S. Department of Energy
USDOL	U.S. Department of Labor
USDOS	U.S. Department of State
USFIA	U.S. Fashion Industry Association
USITC	U.S. International Trade Commission
USTR	Office of the U.S. Trade Representative

Acronyms	Term
UTE/MEF	Unité Technique d’Exécution du Ministère de l’Economie et des Finances [Technical Execution Unit of the Ministry of Economy and Finance]
WEF	World Economic Forum
WRAP	Worldwide Responsible Accredited Production
WTO	World Trade Organization

Glossary of Terms

Term	Definition
Association des Industries d'Haïti [Industrial Association of Haiti] (ADIH)	An association of private sector companies in Haiti that advocates for and promotes Haitian interests. It has historically been instrumental in the lobbying and implementation of U.S.-Haiti preference programs.
Compagnie de Développement Industriel [Industrial Development Company] (CODEVI) Free Zone	A zone in the northern city of Ouanaminthe on the border of Haiti and the Dominican Republic that houses several apparel factories. The factories in the zone receive special treatment on customs duties and controls, taxation, immigration, capital investment, and foreign trade, where domestic and foreign investors can provide services, import, store, produce, export, and re-export goods.
cumulation	Cumulation in the context of textiles and apparel refers to yarns or fabrics from one specified partner country that can be used in another specified partner country and still qualify for duty-free benefits from the importing country. In this report, the term is used to refer to the ability of a Haitian producer to use inputs from the U.S. or another specified partner country and still qualify for duty-free treatment in the United States.
Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR)	Trade agreement between the United States, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua. The Agreement entered into force for the United States, El Salvador, Guatemala, Honduras, and Nicaragua in 2006, for the Dominican Republic in 2007, and for Costa Rica in 2009.
International Labour Organization (ILO)	A UN agency that brings together governments, employers, and workers of 187 member states to set labor standards, develop policies, and devise programs promoting decent work for all women and men. It provides statistics and databases and research related to labor topics. For more information, see https://www.ilo.org/global/about-the-ilo/.
National Bureau of Economic Research (NBER)	A private, nonpartisan U.S. organization that facilitates investigation and analysis of major economic issues. It disseminates research findings to academics, public and private sector decision-makers, and the public by posting working papers and convening scholarly conferences. For more information, see https://www.nber.org/about-nber.
normalized revealed comparative advantage (NRCA) index	A measure for calculating the relative advantage or disadvantage a country has in exporting certain goods. The NRCA index was used by the Commission to analyze the export potential of goods produced by Haiti and presented in chapter 3 of this report.

Term	Definition
square meter equivalent (SME)	A notional, common unit of quantity measurement used to determine quota limits for duty-free access across apparel categories. For apparel, conversion factors set in a free trade agreement (FTA) or in the Harmonized Tariff Schedule of the United States (HTS) are used to convert units of measure such as units, dozens, or kilograms into SMEs.
tariff preference level (TPL)	Quantitative limits set by an FTA or a duty preference program for certain non-originating textiles and apparel goods that may be entitled to preferential tariff treatment if the goods meet the provisions of the preference programs. A TPL permits a limited quantity of specified finished textile, apparel goods, or both to enter the U.S. market at preferential duty rates. Once the TPL is reached, goods may still be entered but at higher rates of duty. For Haiti, there are three types of TPLs in effect (with certain exceptions): value-added TPL, woven apparel TPL, and knit apparel TPL.
Technical Assistance Improvement and Compliance Needs Assessment and Remediation (TAICNAR) program	A program established pursuant to the Haiti-specific preference program by Haiti in cooperation with the ILO and implemented by the ILO's Better Work Haiti program to conduct firm-level inspections and monitoring to help Haitian apparel factories comply with core labor standards, Haitian labor laws, and occupational health and safety rules.

Executive Summary

This report provides information and analysis on the Haitian economy, U.S. preference programs that benefit Haiti, and the impacts of these preference programs on the Haitian economy and workers. The United States is Haiti's largest trading partner, with Haitian exports to the United States comprising more than 80 percent of Haiti's total exports in recent years. The Haiti-eligible U.S. preference programs have played an important role in the trade relationship between the two countries and the development of Haiti's apparel sector. They also help Haiti's apparel sector continue to attract investment despite a difficult political, social, and environmental landscape.

The Request and Approach

The U.S. House of Representatives Committee on Ways and Means (House Ways and Means Committee or Committee) requested an investigation and report in a letter to the U.S. Trade Commission (Commission or USITC) dated February 22, 2022, to gather information and analysis on Haiti's economy and trade. Specifically, the Committee requested that the report analyze the impact of U.S. preference programs on Haiti's economy and workers, including on select industries in a series of case studies. The Committee also requested that the Commission solicit input from as diverse an array of voices as possible.

As requested by the Committee, the Commission gathered information from a variety of sources. The Commission held a public hearing on May 26, 2022, to gather information and views of interested parties on topics relevant to the report such as market trends, competitiveness, and compliance with core labor standards. The hearing began with testimony from Bocchit Edmond, Ambassador of the Republic of Haiti to the United States of America. Two panels followed Ambassador Edmond's testimony. The first panel focused on worker issues, with six witnesses representing different Haitian labor unions and one university professor who conducts research on the effectiveness of the Better Work programs. The second panel featured representatives from U.S. apparel brands, U.S. apparel industry associations, and Haitian industry representatives. In the course of the investigation, Commission staff also met with industry representatives, U.S. and Haitian government officials, union officials and representatives, and subject matter experts to obtain a more complete view of the economic situation in Haiti, as well as the role and scope of U.S. preference programs in shaping the Haitian economy. Extensive participation by Haitian labor unions and the Solidarity Center, a nonprofit organization, was critical to informing the analysis of the worker experience in Haiti. This report also relies on trade data covering the years 1980–2021, as reported by the United States and Haiti's other trade partners, and other economic data covering 2000–2021 to analyze the impacts of U.S. trade preference programs on Haiti.

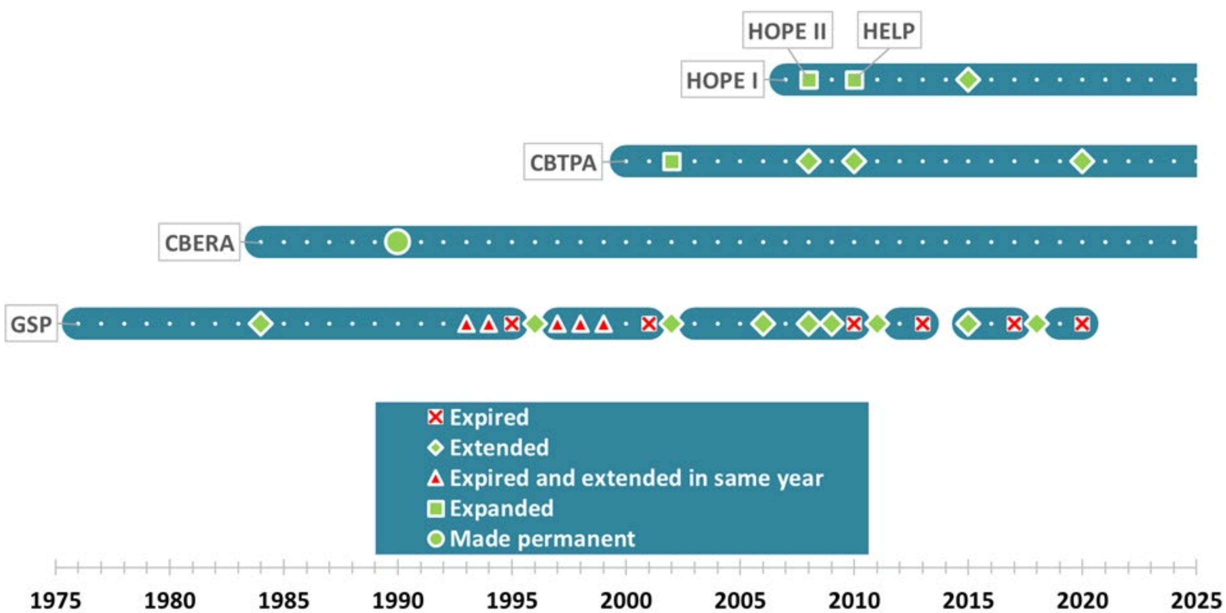
Main Findings

Overview of Haiti-Eligible U.S. Preference Programs

Certain U.S. imports from Haiti may qualify for the following U.S. preference programs: the Generalized System of Preferences (GSP); the Caribbean Basin Economic Recovery Act (CBERA); the United States Caribbean Basin Trade Partnership Act (CBTPA); and the Haiti-specific trade preference program comprising the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE I), the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II), and the Haiti Economic Lift Program Act of 2010 (HELP Act). As described in chapter 2, each successive program expanded benefits while adding or strengthening eligibility criteria. Qualifying imports from Haiti have received duty-free treatment under one or more of these programs since 1975 (figure ES.1).

Figure ES.1 A timeline of U.S. trade preference programs relevant to Haiti, 1975–2025

This figure uses icons to represent trade preference programs in a timeline. Underlying data for the figure appears in Appendix E, table E.1.



Source: USITC compiled from dates of entry into force or changes to dates of termination. For GSP: 19 U.S.C. § 2465 (Notes); CBERA: 19 U.S.C. § 2706 (Notes); CBTPA and HOPE I/HOPE II/HELP: Trade and Development Act of 2000, Pub. L. No. 106-200. Haiti Economic Lift Program Act of 2010, Pub. L. No. 111-171. Extension of the Caribbean Basin Economic Recovery Act, Pub. L. No. 116-164.
Note: U.S. importers can choose among GSP, CBERA, CBTPA, HOPE I/HOPE II/HELP to claim duty-free benefits. These programs are therefore listed on separate rows in this figure. White gaps on the GSP timeline indicate that the GSP program was expired for the entire year. Years that have both a green diamond and an x are years in which the program both expired and was renewed.

The GSP, which became effective in 1976, was the first of several trade preference programs that provided duty-free treatment for many U.S. imports from Haiti. Established by Title V of the Trade Act of 1974, it authorizes the President, subject to certain conditions, to provide duty-free treatment to a wide range of goods from designated developing countries, including Haiti. One goal of the program was to encourage economic diversification and export development within the developing world. More than

5,000 tariff lines in the Harmonized Tariff Schedule of the United States (HTS) are currently eligible for duty-free treatment under GSP.

CBERA, the second-oldest U.S. trade preference program for which Haiti is eligible was enacted in 1983 with the support of the administration of President Ronald Reagan. Created by Title II of Pub. L. No. 98-67 in 1983, it authorized the President to extend additional preferential tariff treatment to U.S. imports from a list of specific Caribbean Basin countries and territories, including Haiti, subject to certain conditions set out in the statute. Two important goals of CBERA were to counter perceived Cuban and Soviet influence in the region and to promote U.S. trade and investment in the region. The CBERA program offers duty-free treatment for more than 5,000 tariff lines, which significantly overlap with those included under the GSP program. Unlike the GSP program, the CBERA program was made permanent in 1990.

Title II of the Trade and Development Act of 2000, enacted May 18, 2000, built on the CBERA program by creating the CBTPA program. The CBTPA program was designed as a step for beneficiary countries toward the Free Trade Area of the Americas (FTAA)—a proposed Pan-American free trade agreement. The goal of CBTPA was to provide countries in the Caribbean Basin with similar rates of duty to what Mexico received through the North American Free Trade Agreement (NAFTA). CBTPA provides preferential access to many products originally excluded from the CBERA and GSP programs. CBTPA is the first instance of the United States authorizing duty-free treatment for imports of qualifying cotton, wool, and manmade-fiber apparel imports from the Caribbean Basin region.

Haiti was and continues to be eligible for the GSP, CBERA, and CBTPA programs; however, in the first decade of 2000, new Haiti-specific trade preferences were enacted. The Haiti-specific trade preference program—comprising HOPE I, HOPE II, and HELP—expanded and enhanced trade benefits for Haiti and gave Haitian apparel producers more flexibility in sourcing yarns and fabrics. The Haiti-specific program, like CBTPA, built on the CBERA program. HOPE I provided duty-free treatment for a limited amount of apparel produced in and imported from Haiti with more flexible sourcing rules than under CBTPA. For example, more flexible sourcing was available for apparel where at least 50 percent of the value of inputs or costs of processing (e.g., assembling an entire garment or knitting it to shape) came from Haiti, the United States, or any country that is a free trade agreement partner with the United States or is a beneficiary of the CBTPA program, the AGOA program, or the Andean Trade Preferences Act.

HOPE II was designed to address concerns raised about HOPE I, such as the limited duration of the legislation's benefits, which could deter investment, and HOPE I's complexity and ambiguity, which reportedly delayed and discouraged the use of the trade benefits. HOPE II provided additional ways, under simplified rules, that Haitian apparel might qualify for duty-free treatment. It also called for a new labor-related capacity-building and monitoring program in the apparel sector, known as the Technical Assistance Improvement and Compliance Needs Assessment and Remediation (TAICNAR) program, to assess compliance with core labor standards and assist the government of Haiti and Haitian producers in complying with core labor standards.

HELP is the third Haiti-specific legislation and was enacted on May 24, 2010. An underlying consideration of the HELP Act was to aid Haiti's recovery from a major earthquake in January 2010 and to offer additional preferences to make it more cost effective for U.S. companies to import apparel from Haiti. The HELP legislation expanded existing preferences under HOPE I and HOPE II, and established new preferences for additional products, with unlimited duty-free treatment for certain knit apparel and certain home goods.

Most U.S. imports from Haiti use the Haiti-specific preference program and CBTPA program. In 2021 $751.3 million (67.9 percent) of total imports entered under the Haiti-specific preference program and $260.4 million (23.6 percent) under CBTPA (table ES.1).

Table ES.1 U.S. imports for consumption from Haiti under preference programs, 2000–2021
In millions of dollars.

Year	GSP	CBERA	CBTPA	HOPE I/HOPE II/HELP	All duty preference programs	No special program
2000	2.6	20.5	4.6	0.0	27.7	269.0
2001	2.2	14.9	143.8	0.0	160.9	102.2
2002	1.1	16.5	160.0	0.0	177.6	76.9
2003	3.1	11.6	199.1	0.0	213.8	118.6
2004	1.5	10.5	207.8	0.0	219.8	150.7
2005	1.7	14.8	288.5	0.0	305.0	142.0
2006	1.4	14.9	364.4	0.0	380.7	115.4
2007	1.9	9.9	420.5	0.4	432.7	54.8
2008	1.1	10.9	394.2	15.3	421.7	28.2
2009	0.8	14.9	374.0	136.9	526.6	25.4
2010	1.8	8.2	355.9	162.2	528.1	22.7
2011	0.5	13.2	461.4	230.6	795.7	36.0
2012	0.5	12.6	424.2	306.0	743.3	30.8
2013	0.4	18.6	343.7	422.1	784.8	24.8
2014	0.1	19.2	386.2	451.5	857.0	40.3
2015	0.3	19.9	413.5	497.2	930.9	37.3
2016	0.7	12.8	305.0	295.0	613.5	281.9
2017	1.2	17.1	277.9	423.2	719.4	196.4
2018	1.1	12.9	284.2	661.4	959.6	45.8
2019	1.4	15.5	246.6	737.1	1,000.6	41.4
2020	3.2	20.8	174.2	573.2	771.4	57.7
2021	0.4	21.8	260.4	751.3	1,033.9	71.8

Source: USITC DataWeb/Census, accessed August 19, 2022.
Note: GSP data for 2021 refer only to "GSP-claimed" imports, which have not yet received duty-free treatment, given the lapse in authorization of GSP that affected the entirety of 2021. In the past, duties collected on these goods have been returned to importers after GSP has been reauthorized and applied retroactively to GSP-claimed goods.

Summary of the Impact of the U.S. Preference Programs on Haiti's Economy

The impact of the U.S. preference programs on Haiti's economy is described throughout this report. A summary of key points is provided below.

Foreign Direct Investment

Haiti experienced a surge in foreign direct investment (FDI) following the implementation of U.S. preference programs in 2006 (HOPE I), 2008 (HOPE II), and 2010 (HELP). Haiti's FDI stock grew rapidly during this time, about 17 percent per year, from $300 million in 2006 to $1.74 billion in 2017 (figure 3.13, chapter 3). However, political instability, insecurity due to increased gang activity, and disruptions due to the COVID-19 pandemic have all contributed to an investment slowdown, with Haiti's FDI stock growing by only 2.6 percent per year on average during 2018–21. In addition, participants at the Commission's public hearing indicated another factor behind lower investment in Haiti has been the uncertainty associated with the renewal of the HOPE and HELP programs and that a long-term U.S. commitment to these preference programs would encourage apparel firms to expand investments in Haitian factories, infrastructure, and training.

Production and Exports

U.S. imports from Haiti generally increased after the implementation of each U.S. preference program from 1980 to 2021. U.S. apparel imports from Haiti quadrupled after the CBTPA and HOPE I/HOPE II/HELP programs were implemented, from $231 million in 2001 to $994 million in 2021 (figure 4.1, chapter 4). Haiti produces both knit apparel and woven apparel, but exports of knit apparel to the United States have seen much greater growth—from $64 million in 1989 to $884 million in 2021, now representing 83 percent of all U.S. apparel imports from Haiti. U.S. imports of T-shirts, a knit apparel product, accounted for a large proportion of this increase. U.S. preference programs also contributed to a diversification of the product mix, with Haitian factories offering more complex products such as outerwear, performance and activewear, workwear, tailored items, and lingerie. After the HELP Act, Haitian factories developed the ability to work with more complex fabrics, such as wool and manmade fibers, to take advantage of new provisions in the program.

Employment and Working Conditions

Apparel employment fell sharply in the 1990s as a result of the trade embargo imposed in 1991—from a high of 100,000–150,000 workers in the 1980s to about 5,000–15,000 in the 1990s. The trade embargo from 1991 to 1994 effectively closed apparel operations, and employment fell close to zero for a short time during that period. Apparel employment partially recovered in 2009 and 2010 after the implementation of the HOPE I/HOPE II/HELP Acts. As of 2021, the garment industry is once again one of the largest sources of formal employment, providing 53,000–57,000 jobs and supporting more than 450,000 people in the country (table 4.2, chapter 4). Additionally, after the implementation of HOPE II's TAICNAR labor monitoring programs in 2008, Better Work Haiti compliance reports show low levels of noncompliance with ILO core labor standards (forced labor, child labor, freedom of association, collective bargaining, and gender discrimination) but generally high levels of noncompliance with respect to compensation and safety-related metrics. Union representatives and NGOs have indicated that labor issues persist.

It is difficult to find historical employment statistics for non-apparel industries in Haiti, but some anecdotal information exists. For example, as discussed in the sporting goods case study, after the introduction of the CBERA program in the 1980s, some U.S. sporting goods firms were incentivized to relocate production to Haiti to benefit from the preferences offered, increasing employment in the industry. However, the Haitian sporting goods industry collapsed after the trade embargo in 1991 as firms relocated production facilities in neighboring countries. In contrast to apparel, sporting goods exports did not rebound after the embargo.

Overview of Haiti's Economy

Haiti is one of the poorest countries in Latin America and the Caribbean, with 2021 current dollar gross domestic product (GDP) of $20.9 billion, or $1,815 per capita. Measured at purchasing power parity (PPP), Haiti's GDP is $36.1 billion, or $3,129 per capita, nearly one-fifth the average income of other countries in Latin America and the Caribbean region. Per capita income has been relatively stagnant over the past decade, with little improvement in living standards. Recent data from the UN Human Development Index (a composite index covering life expectancy, education, and gross national income per capita) ranked Haiti 170th of the 189 countries surveyed.

Haiti has faced substantial economic headwinds during the past 20 years. Natural disasters have taken lives and damaged property, and political instability has hampered the nation's ability to cope with these challenges. The devastating 2010 earthquake of 7.0 magnitude that struck Port-au-Prince was estimated to have caused damages of $8–14 billion, greater than Haiti's GDP at the time, and left an estimated 200,000–250,000 dead and 280,000 buildings damaged or destroyed (see box 3.3 in chapter 3). Instability has plagued Haiti's political system during this period, most recently with the assassination of President Jovenel Moïse on July 7, 2021. Shortly after President Moïse's death, the country was again struck by an earthquake, this time of magnitude 7.2, on August 14, 2021. The 2021 earthquake resulted in fewer casualties than the one in 2010, but it left an estimated 2,248 dead, and more than 137,000 buildings damaged or destroyed. Maintaining law and order has become increasingly difficult with rising political instability and repeated economic blows. With a rate of nearly 10 homicides per 100,000 citizens per year, Haiti was ranked 115th of 141 countries on security by the World Economic Forum. President Moïse's assassination was followed by a resurgence of gang activity and turf wars, which displaced about 19,000 people in the capital. Along with the ongoing political instability and insecurity, corruption remains widespread in all branches of government and civil service—depleting funds needed for government institutions and essential public services.

Haiti's Labor Market, Working Conditions, and Wages

Haiti's population was 11.5 million in 2021 and has been growing at a rate of 1–2 percent per year during the last four decades. According to the CIA *World Factbook*, 95 percent of Haitians are Black; the remaining 5 percent of the population's race/ethnicity are Mixed or White. The population of Haiti is relatively young, with an estimated median age of 24.1 years in 2020. Ninety percent of the population is estimated to be younger than 55 years old, and less than 5 percent of the population is estimated to be 65 or older.

Haiti's labor force numbered 5.1 million in 2021. Even though women represent a slightly larger share of the population, men are a majority of the labor force at 51.8 percent. However, the gender gap has been declining since 1990, when men comprised 55.9 percent of the labor force. The labor force participation rate has been relatively stable at 62–67 percent over the past three decades. Consistent with its young population, Haiti has a young labor force. The median age of workers was 37.1 years in 2019, up from 35.8 years in 2010.

While data on worker income levels in Haiti are limited, one proxy for workers' income is GDP per capita. Although this measure has fluctuated annually, overall per capita income has remained flat. In

2000, GDP per capita was $3,235 (constant PPP) and was virtually the same, at $3,129, in 2021. This suggests that workers have not experienced increases in economic well-being.

Between 2014 and 2022, the Haitian government announced six increases to the daily minimum wage. Depending on the industry of employment, the daily minimum wage increased an average of 11.4–16.6 percent per year in nominal terms between 2014 and 2022. The average annual inflation rate in Haiti during this period was about 12.9 percent; as shown in table 3.13 about half of the industries for which wage rates are available experienced minimum wage increases that were slightly more than the average inflation rate. The remaining industries had daily minimum wage increases that were just below the average. However, these minimum wages only cover employment in the formal sector and do not cover the informal sector, in which most Haitians are employed. While daily minimum wages have increased since the implementation of the HOPE II and HELP programs, they continue to be low, ranging from $3.19–$7.02 as of February 2022 (see table 3.13). Recent estimates from the Solidarity Center on the cost of living for garment workers in Port-au-Prince imply that living costs are four times the official daily minimum wage.

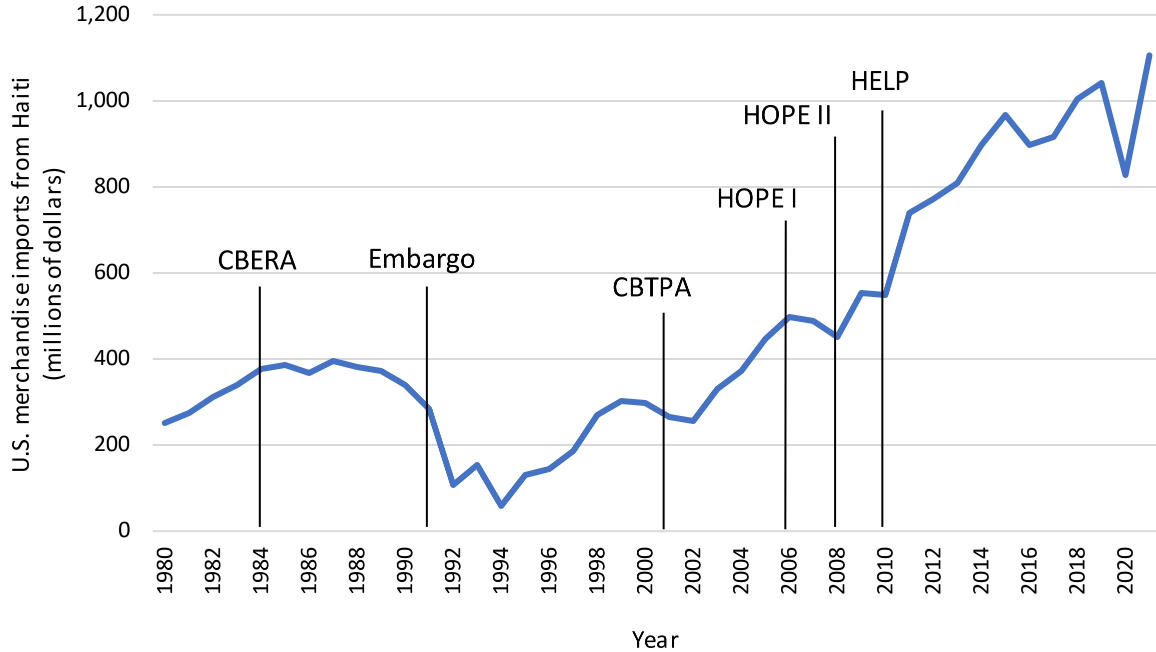
Haiti's Overall Trade and Trade with the United States

The United States is by far Haiti's most important trading partner, with about 80 percent of Haiti's merchandise exports heading to the United States (see figure ES.2). The trading relationship has been driven by U.S. trade preferences available to Haiti. In 2020, Haiti's goods exports reached $1.01 billion. Haiti's exports have been increasing over time, rising by $797 million (about 148 percent) between 2005 and 2019. However, exports decreased between 2019 and 2020, likely as a result of the COVID-19 pandemic disruptions that caused temporary closures of apparel factories in Haiti. Canada and the Dominican Republic have historically been Haiti's next-most important trading partners by value of trade.

Just as Haiti's exports are concentrated by destination country, Haiti's exports by product are concentrated by sector, primarily in apparel (see figure 3.7 in chapter 3). A range of apparel and clothing accessories consistently dominates exports, accounting for almost 80 percent of Haiti's exports in 2019. Knitted or crocheted apparel and clothing accessories rank at the top, followed by non-knitted or crocheted apparel. Essential oils, perfumes, and beauty preparations ranked in the top three or four products. A food product grouping that includes mangoes ranked among the top eight products over this period. Live fish also rank among Haiti's top exports and totaled $79 million in 2019, mainly consisting of live eels exported to Canada and Hong Kong (see box 3.4 in chapter 3).

Figure ES.2 Total U.S. merchandise imports from Haiti, 1980–2021

In millions of dollars. Underlying data for this figure can be found in Appendix E, table E.12.



Sources: NBER Public Use Data, U.S. imports 1980–88, accessed July 11, 2022; USITC DataWeb/Census, U.S. imports 1989–2021, accessed July 11, 2022; data concorded by USITC staff.

In 2019, Haiti imported goods worth an estimated $3.67 billion, incurring a goods trade deficit of $2.34 billion. The deficit grew between 2019 and 2020 as Haiti's imports increased and its exports declined. Just as the United States is the largest importer of Haiti's goods, it is also Haiti's largest source of imported goods, at $1.40 billion in 2020. The Dominican Republic is also a top exporter to Haiti, ranked second in 2020 (see figure 3.8), but its ranking as an importer of Haitian goods has diminished over time, dropping from second in 2005 to ninth in 2020 (see figure 3.6). Meanwhile, China's exports to Haiti have grown rapidly, surging 2,267 percent between 2005 and 2020.

The composition of U.S. imports from Haiti has changed since 1980. During the 1980s, sporting goods, electrical components, and coffee accounted for the largest share of exports to the United States, but apparel, though exported, was less dominant than it is today (see table 3.3). In 1991, in response to a military coup that overthrew President Jean Bertrand Aristide, the United States and other members of the Organization of American States imposed a trade embargo on Haiti (see box 3.1). After imposition of the embargo, Haiti's exports collapsed, as did many of the associated manufacturers who produced principally for export. Baseball and softball manufacture, for example, shifted abroad (see the sporting goods case study in chapter 4). The apparel industry was a notable exception; it was severely damaged but managed to survive the crisis and thrive once the embargo was lifted in 1994 and U.S. trade preferences were expanded.

This report employs a few different methods to identify Haitian industries that have the potential to increase exports to the United States. In chapter 3, the Commission calculates and reports the Normalized Revealed Comparative Advantage (NRCA) by sector in Haiti according to 2015–19 exports.

The NRCA compares the relative intensity of a given product in Haiti's export mix to the average intensity of global exports in that category. The NRCA index ranges between −1 (very low exports compared to the global average) and +1 (extremely high exports compared to the global average), with zero indicating that Haiti exports at the same relative intensity as the rest of the world. Many highly ranked products are, unsurprisingly, apparel. Highly ranked non-apparel goods include citrus peel, live fish (principally live eels), essential oils, cocoa beans, and mangoes. Notably, none of the most-exported manufactured goods from before the embargo (other than apparel) appears in the top tier of the NRCA list.

In addition to the NRCA analysis, chapter 3 also describes available research from the literature and anecdotal information collected during several interviews with subject matter experts. The Geneva-based International Trade Centre assesses products with potential for increased exports and finds a similar list of products from Haiti as our analysis. Other products described in interviews with subject matter experts as having the potential to increase exports include moringa oil, castor oil, and coffee.

Haitian Global Competitiveness

According to the latest Global Competitiveness Index (GCI) of the World Economic Forum (WEF) Haiti has a challenging business environment for companies (Haiti's business environment was ranked 137th in WEF's competition and openness ranking of 141 countries). Executives who responded to the WEF survey indicated that a small number of firms dominated Haiti's domestic markets, facing little competition, and that Haiti's tax policy was not designed to facilitate competition. Haiti's financial markets also impede sustained economic growth (ranked 132nd of 141 countries in terms of the depth and stability of Haiti's financial markets). The WEF Executive Opinion Survey indicated that it was difficult for small and medium-sized enterprises to obtain financing for operations and for entrepreneurs to access domestic financial markets when launching new businesses and products.

The GCI also indicates that poor infrastructure raises the cost of doing business and impairs the country's ability to trade with the world (Haiti's infrastructure ranked the lowest of all countries). Only 30 percent of Haiti's population has access to electricity and about 75 percent of Haiti's population is exposed to unsafe drinking water. Additionally, the Ministry of Public Works, Transport and Communications of Haiti rates 10 percent of the road network in good condition, 10 percent in medium condition, 30 percent in bad condition, and 50 percent in very bad condition. Haiti's ports are similarly underdeveloped. Poor integration into the global shipping network has meant higher freight rates relative to competitors in the Dominican Republic. Port-au-Prince and Cap-Haïtien are Haiti's main seaports. Port-au-Prince is the primary port for container traffic and general freight, moving about 1 million tons of freight annually. Cap-Haïtien is currently being upgraded to serve the growing overseas demand for Haiti's textiles and apparel products that are manufactured nearby.

Finally, Haiti's labor force consists mostly of low-wage unskilled labor, with a shortage of skilled employees (Haiti is ranked 123rd of 141 countries under the skills pillar). Haiti was ranked at the bottom on measures looking at the extent of workforce training conducted by firms, the skillset of university graduates, the digital competency of the workforce, and the ease of finding skilled employees. A challenge to increasing the skill levels of workers is related to the type of jobs available for Haitians. For example, many jobs in the apparel industry do not require literacy, let alone highly educated workers.

Many workers need to learn only a few operations in the apparel manufacturing process to perform their jobs.

While Haitian workers have a competitive advantage relative to other countries because of their low wages, the relatively low productivity of workers detracts from the country's competitiveness. According to the International Labour Organization (ILO), output per worker declined by 11.2 percent between 2010 and 2021; the low levels of education and pervasive corruption in Haiti are likely among the factors affecting the country's productivity.

Despite these significant challenges, Haiti has shown its ability to compete in international markets under the right conditions. Haiti has developed a strong manufacturing base in textiles and apparel, a very cost-sensitive industry, by taking advantage of duty-free access to the United States through the HOPE and HELP programs, the relatively low wages of Haitian workers, and its proximity to the U.S. market. Haitian manufacturers have expanded the variety and complexity of their garments. Increased interest on the part of apparel brands in nearshoring inputs to avoid supply chain disruptions could benefit Haitian manufacturers and allow them to leverage their existing relationships with U.S. buyers and seek to establish new relationships to increase sales. With a young and potentially trainable labor force of 5.1 million workers, Haiti has the potential to increase its competitiveness in labor-intensive industries such as textiles and apparel, particularly if Haiti's political conditions stabilize and overall security conditions improve.

Case Studies

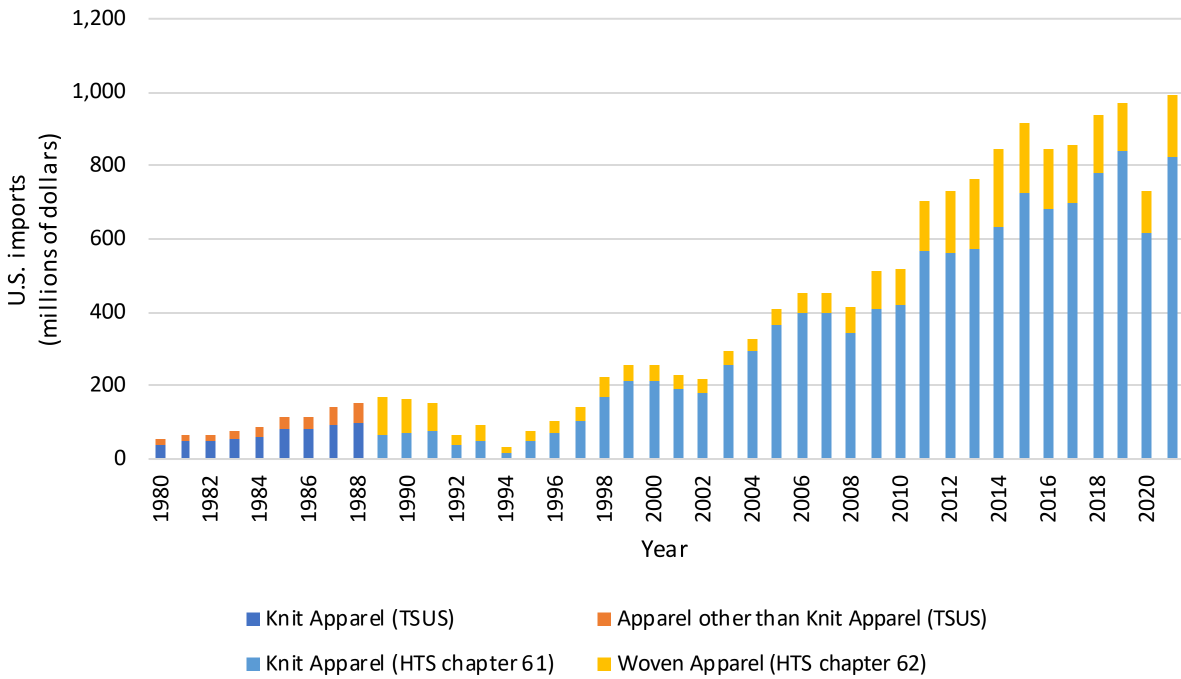
Apparel

During the last 40 years, the apparel industry has played a central role in Haiti's development. The apparel sector has weathered numerous adverse events, including the 1991 trade embargo, hurricanes and earthquakes, and most recently the assassination of President Moïse and worsening gang violence. Employment in the sector fell from its peak of 150,000 employees in the 1970s and 1980s to fewer than 10,000 by the mid-1990s because of the trade embargo. Employment in 2022 is estimated to have increased to 50,000 workers. Wages in Haiti's apparel industry generally increase over time in Haitian gourdes, but wages stated in U.S. dollars have not grown substantially during the past decade.

Much of the success of Haiti's apparel industry can be attributed to CBTPA, HOPE I, HOPE II, and HELP. Other advantages, such as low wage rates, strong relationships with U.S. buyers, proximity to the United States, and Haiti's ability to coproduce and leverage the infrastructure (such as energy and ports) of its neighbor, the Dominican Republic, have also contributed. The acceleration of Haiti's apparel exports began with the implementation of the CBTPA in 2001 (and increased further with the HOPE I/HOPE II/HELP programs); U.S. apparel imports from Haiti quadrupled from $231 million in 2001 to $994 million in 2021 (figure ES.3).

Figure ES.3 U.S. apparel imports from Haiti, 1980–2021

In millions of dollars. Underlying data for this figure can be found in Appendix E, table E.17.



Source: USITC DataWeb/Census, HS 61 and 62, Imports for Consumption from Haiti, accessed July 26, 2022.
Note: 1989 was the first year that the HTS was implemented. Trade data before 1989 were reported under the Tariff Schedule of the United States (TSUS). Woven and knit definitions are not identical between TSUS (1980–88) and HTS (1989–2021).

HOPE II contains unique labor provisions that require apparel producers to comply with core labor standards and national labor laws. Compliance with core labor standards is monitored by the ILO through the Better Work Haiti program. Overall, reports published by Better Work Haiti since 2009 show low levels of noncompliance in the ILO core labor standards, with low levels of noncompliance cited for forced labor, freedom of association and collective bargaining and gender discrimination. The Better Work Haiti reports show high levels of noncompliance for compensation and occupational safety related metrics, standards that are addressed in Haiti's labor laws. Union representatives and nongovernmental organizations (NGOs) have indicated that labor issues persist. They cite cases of firms not providing paid leave, social security and other benefits, paid overtime when due, and denying workers collective bargaining rights. These representatives have also indicated that sexual harassment and gender discrimination remain a problem in apparel factories. Testimony from trade associations, union representatives, and other industry representatives in written submissions, interviews, and the Commission's public hearing at times conflicted with noncompliance trends in the Better Work Haiti reports.

Mangoes

The second case study concerns Haiti's most important export crop, mangoes. In 2020, Haiti produced about 238,000 metric tons (mt) of mangoes, guavas, and mangosteens, a 63.4 percent decrease from 2015. Of this aggregated product category, much of the production is believed to be mango. Despite being grown widely across the country, only an estimated 10 percent of mango trees are the "Francis" variety that is exported. This variety, unique to Haiti, is juicy and sweet, distinguished by its spicy flavor. Export production, largely grown on smallholder farms as a secondary crop using traditional methods, is found mostly in the north and central part of the country where adequate supply-chain infrastructure exists to handle export volumes. The production season runs between April and July. Once harvested, mangoes are delivered by various modes to packhouses for preparation and packaging for export.

About 50,000 households in Haiti depend on the mango industry for income, with 80 percent of those having at least one Francis mango tree. It was estimated in 2013 that about 2,000 workers were in the industry during peak harvest periods. The number of jobs is likely to increase as the industry is becoming more organized and commercially oriented. However, there is a lot of uncertainty about whether the industry will grow because increases in crime reportedly make workers afraid of incidents and harm they may suffer while enroute to and from work, especially for low wages.

Haitian mango exports have increased by more than 1,400 mt to 12,113 mt between 2015 and 2021, a 13.3 percent increase. The United States is Haiti's primary export destination for mangoes, though there are reports of Haitian mangoes being exported to the Dominican Republic, Turks and Caicos, the Bahamas, and Canada. Haiti is the sixth-largest mango supplier to the U.S. market, representing 2.2 percent of all mango imports in 2021. Owing to their perishability, relatively small volumes, and short season, Haitian mangoes are mostly found on the East Coast of the United States in smaller and more specialized grocery stores, where they can sell for about double the price of other mangoes. Haiti has been unable to increase exports to match growing demand. Haiti's role as a niche supplier of a unique variety of mango, the supply of which is highly constrained, is a major limiting factor to increasing exports to the United States.

Sporting Goods

The first U.S. sporting goods firm entered Haiti in the 1960s, followed by others in the 1970s. The number of U.S. sporting goods firms operating in Haiti, and U.S. imports of sporting goods from Haiti reached their highest levels in the 1980s. Virtually all sporting goods produced by those firms in Haiti were exported to the United States.

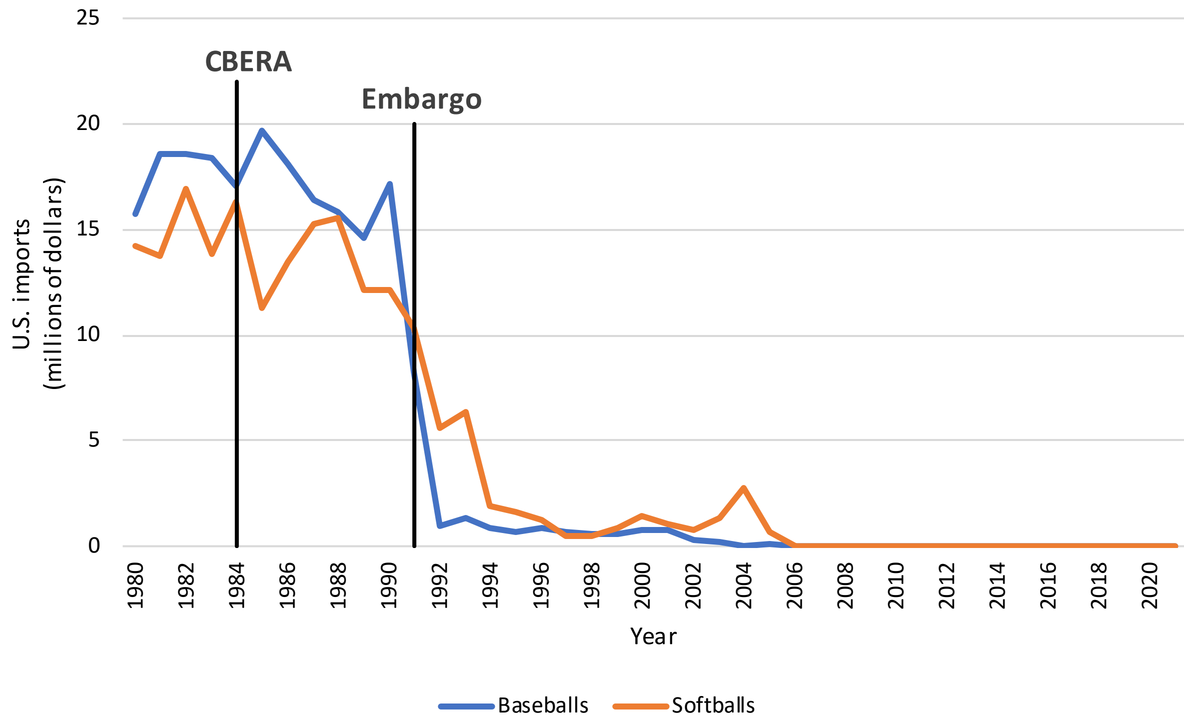
Baseballs and softballs dominated production and export of sporting goods to the United States. U.S. firms were drawn to Haiti by its low labor costs, proximity to the United States, and tax incentives offered by the Haitian government. There are no official employment statistics available for Haiti's sporting goods industry, but employment figures have been reported in various articles and reports. One article reports that in 1985, about 3,500 Haitian women were employed by five U.S. sporting goods companies to manufacture 90 percent of the world's baseballs. Likewise, official wage rates are unavailable, but anecdotal information suggest that women in Haiti earned about $1.80 per day in 1979, equivalent to about $7.20 today. Exports of baseballs from Haiti to the United States peaked in 1985, at $19.7 million; softball exports peaked in 1982 at $16.9 million (figure ES.4). Basketballs produced in Haiti, on the other hand, were exported to the United States only from 1984 to 1988, totaling about $858,000 at their peak in 1986. Once Haiti's baseball and softball exports qualified in 1984 under GSP and CBERA, exports quickly shifted to duty-free treatment under those programs (figure 4.10, chapter 4).

Some firms began to move operations out of Haiti beginning in 1988 in response to increased political instability after President Jean-Claude Duvalier's exit in 1986, increasing regional competition under the

Caribbean Basin Initiative, and concerns of potential worker unionization. With imposition of the trade embargo on Haiti in 1991, the sporting goods industry in Haiti collapsed, with a majority of firms relocating to neighboring countries. The final year that the CBERA and GSP programs were used by sporting goods firms in Haiti was 1998.

Figure ES.4 U.S. Imports of baseballs and softballs from Haiti, 1980–2021

In millions of dollars. Underlying data for this figure can be found in Appendix E, table E.23.



Sources: NBER Public Use Data, U.S. imports 1980–88, TSUS item numbers 734.56.10, 734.56.15, accessed August 17, 2022; USITC DataWeb/Census, U.S. imports 1989–2021, HTS statistical reporting numbers 9506.69.2040, 9506.69.2080, accessed August 17, 2022; data concorded by USITC staff.

Chapter 1
Introduction

This report responds to a request dated February 22, 2022, from the U.S. House of Representatives Committee on Ways and Means (Ways and Means Committee or Committee) to the U.S. International Trade Commission (Commission or USITC) for an investigation and report pursuant to section 332(g) of the Tariff Act of 1930 for information and analysis on Haiti's economy and the U.S. preference programs that benefit Haiti. The Committee also requested that the report include several case studies for selected goods currently or historically exported from Haiti.

Scope

The Committee requested that the report pay special attention to the Caribbean Basin Economic Recovery Act (CBERA), the Generalized System of Preferences (GSP), the Caribbean Basin Trade Partnership Act (CBTPA), the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) Act of 2006, HOPE II in 2008, and the Haiti Economic Lift Program (HELP) Act in 2010. The Committee asked that the Commission's report include the following:

1) An overview of the Haitian economy, including, to the extent practicable, employment, nominal, and inflation-adjusted wages, working conditions, respect for core labor standards, and U.S. imports from Haiti, 1980–2021, highlighting key products that Haiti currently exports and key products that were historically important to Haiti and are either no longer exported to the United States or are exported in reduced quantities.
2) The role of the U.S. preference programs in shaping Haiti's economy, including a description of the eligibility requirements, rules of origin, and scope of product coverage for each program.
3) An overview of the competitiveness of the Haitian economy, including, to the extent practicable: a description of the business environment and trade-facilitating infrastructure in Haiti; a description of the Haitian workforce, including availability and skill level of workers, and policies and practices in Haitian labor markets; and a description of the impact that recent natural disasters and significant political events have had on Haiti's economy and on U.S.-Haiti trade.
4) Case studies for selected goods currently or historically exported from Haiti (such as apparel, tropical fruits, and sporting goods, including baseballs, basketballs, and softballs), and to the extent practicable, identification of products with potential for increased exports. Each case study should include, to the extent practicable:
    (a) Trends in production and exports, including an analysis of the historical trends, as applicable;
    (b) A description of the industry in Haiti, including employment, nominal and inflation-adjusted wages, working conditions, and the industry's position in the supply chain.

Analytical Approach

The Commission collected data and other information from a variety of sources on the Haitian economy and trade. The Commission held a public hearing on May 26, 2022, in which it obtained information and views of interested parties on market trends and factors of competitiveness (e.g., business environment, trade-facilitating infrastructure, workforce, labor policies, natural disasters, and political events). In addition to the role and scope of U.S. preference programs in shaping the Haitian economy, meetings with officials from the governments of the United States and Haiti, industry representatives, union officials and representatives, and subject matter experts provided a more complete view of the economic situation in Haiti. Input from Haitian organized labor was important in informing the analysis of the worker experience in Haiti, including the role that U.S. trade preference programs played in shaping that experience. This report relies on available trade data during 1980–2021 and other economic data during 2000–2021 to conduct analysis of the impacts of U.S. trade preference programs in Haiti. Commission staff travel to the country was not possible because of the security situation in Haiti, and the Commission faced other data limitations as described below.

Report Organization

Chapter 2 of this report provides an overview of the preference programs available to U.S. importers of eligible goods from Haiti. This chapter includes effective dates, purpose as reflected in the legislative history, use, eligibility requirements, rules of origin, and scope of product coverage for each program.

Chapter 3 presents an overview of the Haitian economy, first detailing Haiti's macroeconomy, U.S.-Haiti trade, labor force, working conditions, and minimum wages. This chapter then describes the competitiveness of the Haitian economy and examines products with potential for increased exports.

Chapter 4 provides case studies on apparel, mangoes, and sporting goods. Each case study includes a description of the Haitian industry, labor force, wages, trends in production and exports over time, relevant preference program provisions, and an analysis of historical events that have contributed to changes in the industry.

Data Availability and Limitations

The government of Haiti publishes a limited range of economic statistics, including aggregate macroeconomic data but excluding detailed trade data or industry-level production or employment data. The Commission's report relies on the statistical reporting of Haiti's trading partners to construct a dataset of Haitian trade. Similarly, macroeconomic and demographic data are frequently drawn from international organizations such as the World Bank, the International Monetary Fund (IMF), and the International Labour Organization (ILO). However, in many instances data from these organizations are limited so the report also relies on data from other sources such as industry publications and news articles.

Trade Data

Data on U.S. merchandise trade with Haiti for the period from 1989 to 2021 are drawn from the official trade data retrieved from the U.S. Bureau of the Census (Census Bureau), an agency within the U.S. Department of Commerce, which are available on the USITC's DataWeb. Data for this period are reported using the Harmonized Tariff Schedule of the United States (HTS) product classification schema, which sets out the tariff rates and statistical categories for all merchandise imported into the United

States. Data on U.S. merchandise trade with Haiti for the period from 1980 to 1988 are drawn from the official Census Bureau statistics compiled by the National Bureau of Economic Research (NBER), a private nonprofit organization, under a grant from the U.S. government. Data for this period are reported using the *Tariff Schedules of the United States* (TSUS), which was the product classification system that the U.S. government used before the adoption of the global system of nomenclature in the HTS in 1989. In chapter 3, international trade data are for articles described in the HTS 6-digit subheadings, compiled by S&P Global IHS Markit's Global Trade Atlas to provide an analysis of Haiti's products with potential for increased exports.[1]

Employment Data

Industry-level employment and wage data for Haiti are generally not publicly available. Minimum wage data in chapter 3 were sourced directly from government announcements in *Le Moniteur*, the official journal of the Republic of Haiti. Data presented in the case studies in chapter 4 were obtained from a variety of reports and outreach interviews. For example, apparel employment and wage data in chapter 4 were obtained from several sources, including Better Work Haiti compliance reports and Solidarity Center reports. Better Work Haiti is a collaboration between the UN's International Labour Organization (ILO) and the International Finance Corporation (IFC), a member of the World Bank Group. The Solidarity Center is a U.S.-based international worker rights organization.

Macroeconomic Data

The macroeconomic data in chapter 3 were obtained from multiple sources. For example, certain macroeconomic data, such as gross domestic product (GDP), income per capita, unemployment rate, inflation rate, exchange rate, and population statistics, were obtained from the World Bank World Development Indicators for the period 2000–2020. The sectoral detail of Haiti's GDP was obtained from the UN Statistics Division. Employment data were obtained from the ILO. Other data were obtained from research reports, such as the Central Intelligence Agency's *The World Factbook*.

Overview of Haitian Economy, Geography, and Preference Programs

Haiti is located in the Caribbean Sea on the western side of the island of Hispaniola and shares a border with the Dominican Republic (figure 1.1). Several locations are referred to throughout the report: Port-au-Prince, Cap-Haïtien, Caracol, and Ouanaminthe. Port-au-Prince is the nation's capital, a main port, and a major apparel manufacturing center. Cap-Haïtien is a main port for Haiti's north. Caracol is the location of another apparel-focused industrial park. Ouanaminthe is where CODEVI, an apparel-focused industrial park, is located.

[1] The analysis primarily considers merchandise trade, though some information on services trade is in chapter 3.

Figure 1.1 Map of Haiti, highlighting key cities

Source: Nations Online Project

Haiti is one of the poorest country in the region. In 2021, Haiti's reported GDP in current U.S. dollars was $20.9 billion and GDP per capita was $1,815.[2] Haiti's income stagnated over the last decade, resulting in little meaningful increase in living standards. In 2012 (the latest available data), about 60 percent of the Haitian population lived under the national poverty line, with a quarter of the population living below the extreme national poverty line.[3] The country faces significant challenges; political instability, natural disasters, and gang activity often disrupt economic activity and business operations.

The United States is Haiti's top trading partner, making up about 80 percent of total merchandise exports from Haiti in 2020. Haitian exports primarily are concentrated in the apparel sector.[4] As stated in the Ways and Means Committee request, "Haiti and the United States have long had a close economic relationship, and the U.S. government has a longstanding interest in promoting economic development in Haiti." U.S. imports from Haiti receive preferential access to the U.S. market under four

[2] World Bank, "World Development Indicators," accessed September 23, 2022.
[3] World Bank, *Investing in People to Fight Poverty in Haiti*, 2014.
[4] Calculated from figure 3.6 of this report.

different preference programs, including the Haiti-specific preference program (HOPE I/HOPE II/HELP). Table 1.1 lists relevant dates and brief descriptions of these preference programs.

Table 1.1 Summary of in-scope U.S. preference programs for products from Haiti, by date enacted

U.S. Preference Program	Notable Dates	Description
GSP	• 1/3/1975, Enacted • 1/1/1976, Effective • 12/31/2020, Expired	Provides beneficiary developing countries duty-free access to the U.S. market for a limited number of qualifying articles. Textile and apparel products generally excluded. The President's authority to provide duty-free treatment under GSP expired and has not been renewed.
CBERA	• 8/5/1983, Enacted • 1/1/1984, Effective • 8/20/1990, Expanded and made permanent	Expands the set of qualifying articles eligible for duty-free access compared to GSP; 17 beneficiary countries, including Haiti. Textile and apparel products generally excluded.
CBTPA	• 5/18/2000, Enacted • 10/2/2000, Effective • 8/6/2002, Amended by the Trade Act of 2002 • 2010, Renewed • 2020, Renewed • 9/30/2030, Set to expire	Adds preferential access to many products originally excluded under CBERA, including for certain apparel products for 8 of the 17 CBERA beneficiary countries, including Haiti.
Haiti-specific trade preference program: HOPE I	• 12/20/2006, Enacted • 1/4/2007, Effective • 2015, Extended • 9/30/2025, Set to expire	Specific to Haiti; allows for duty-free treatment for certain apparel products and has more flexible sourcing rules than CBTPA.
Haiti-specific trade preference program: HOPE II	• 5/22/2008, Enacted • 10/1/2008, Effective • 2015, Extended • 9/30/2025, Set to expire	Specific to Haiti; adds greater flexibility to sourcing rules compared to HOPE I; allows direct shipment from Haiti or the Dominican Republic; added producer-specific requirements for compliance with labor standards and monitoring.
Haiti-specific trade preference program: HELP	• 5/24/2010, Enacted • 11/1/2010, Effective • 2015, Extended • 9/30/2025, Set to expire	Specific to Haiti; expands existing preferences and adds preferences for new products from Haiti after the 2010 earthquake.

Source: Compiled from the USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries, 25th Report*, September 2021, and CBP, *Generalized System of Preferences* (GSP), accessed September 26, 2022.
Note: *See* chapter 2 for a more detailed overview of the preference programs, and the chapter 4 apparel case study for more detail on apparel-specific provisions of each program.

Chapter 2
Preference Programs

Introduction

Certain goods imported from Haiti may qualify for the following U.S. preference programs: the Generalized System of Preferences (GSP), the Caribbean Basin Economic Recovery Act (CBERA), the United States Caribbean Basin Trade Partnership Act (CBTPA), and the Haiti-specific provisions that were created in the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE I), and then amended by the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II) and the Haiti Economic Lift Program Act of 2010 (HELP Act). These programs authorize the President to provide duty-free treatment for qualifying imports from Haiti.[5] This chapter will provide an overview of each Haiti-eligible U.S. preference program, including the effective dates, purpose, eligibility requirements, and scope of product coverage. To give full context to the description of these programs, this chapter will include, as appropriate, an overview of the original legislation, legislative histories, and statutory authorities of these programs.

This chapter provides context to understand the role of U.S. preference programs in shaping Haiti's economy and workers. The effects of the U.S. preference programs are described in detail throughout this report. For a discussion of the programs' impacts on trade and foreign direct investment, see chapter 3. The apparel case study in chapter 4 provides examples of the impacts these programs have had on trade, output, and workers in the apparel industry. The apparel case study also provides a detailed analysis of the specific provisions that contributed most to increases in Haitian apparel exports and describes these programs' impacts on employment and working conditions in the apparel industry.

Trade Preference Programs

The U.S. trade preference programs are unilateral preference programs enacted by the U.S. Congress (Congress) for imports from developing countries.[6] Countries qualifying for a trade preference program are called beneficiaries or beneficiary developing countries. Haiti is a beneficiary of GSP, CBERA, CBTPA, and the Haiti-specific preference program (HOPE I/HOPE II/HELP). These programs authorize U.S. imports from Haiti to receive preferential access to the U.S. market in terms of duty-free treatment.

A substantial portion of products imported from Haiti are eligible to enter the United States duty free either under a zero normal trade relations (NTR) duty rate or under a preference program. The Harmonized Tariff Schedule of the United States (HTS) has 11,414 total tariff lines in the permanent chapters, of which 4,315 tariff lines (37.8 percent) are NTR duty free (table 2.1).[7] This means that products of Haiti imported into the United States receive duty-free treatment if the products are

[5] In addition to the duty-free treatment it provides, CBERA provides reduced duty treatment to 63 tariff lines in chapters 01–97. Source: USITC, HTS, February 2022.
[6] USDOC, OTEXA, "Trade Preference Programs," accessed September 27, 2022. The statutory citations for the trade preference programs that U.S. imports from Haiti may qualify are 19 U.S.C. §§ 2461–67 and 19 U.S.C. §§ 2701–07.
[7] Defined as chapters 1–97.

classified in those tariff lines. Because this is an NTR rate of duty, the duty-free treatment is automatic if the import is a product of Haiti. There remain 7,099 tariff lines that have an NTR rate of duty other than duty free. Of these remaining tariff lines, as shown in table 2.1, 6,186 tariff lines have preference program eligibility for imports from Haiti. This means that products of Haiti provided for in those subheadings would be assessed a free rate of duty if those products also were to meet the eligibility requirements of the trade preference program. Three of the trade preference programs for which Haiti is eligible have a special program indicator in the HTS special subcolumn of column 1 to let an importer know that the subheading is eligible. The special program indicators are: (1) GSP (A or A+); (2) CBERA (E); and (3) CBTPA (R). Products of Haiti are eligible for all these indicated programs. The Haiti-specific preference program and the apparel benefits authorized by CBTPA do not have a special program indicator.[8]

Table 2.1 Number of U.S. tariff lines by normal trade relations (NTR) duty rate and preference program eligibility, 2022
In numbers and percentages.

Category	Number of tariff lines	Share of total tariff lines (%)
Non-zero duty NTR subheadings with preference program eligibility	6,186	54.2
Non-zero duty NTR subheadings with no preference program eligibility	913	8.0
Subtotal non-zero duty NTR subheadings	7,099	62.2
Zero duty NTR subheadings	4,315	37.8
Total number of subheadings	11,414	100.0

Source: USITC, HTS, February 2022.
Note: The tariff line (HTS 8-digit subheading) is the level at which Congress has set the NTR rate of duty.

Table 2.1 shows that 913 tariff lines have an NTR rate above zero and no preference program eligibility for products of Haiti. This total represents 8 percent of tariff lines in the HTS. Therefore, products of Haiti may receive duty-free access under 92 percent of tariff lines in the HTS. Of the 6,186 tariff lines that have preference program eligibility 99.1 percent of these are eligible in some way for the CBERA/CBTPA preferential rate of duty (see table 2.2). CBERA and CBTPA preference programs have the highest percentage because CBTPA was created to cover products, including apparel, that were not included in CBERA. This is discussed in more depth in the CBTPA section of this chapter. A smaller share of subheadings, 11.7 percent, is eligible for the Haiti-specific trade preference program (HOPE I/HOPE II/HELP) because that program largely targets the textile and apparel industries.[9]

[8] Calculating eligibility of subheadings is complex because the Haiti-specific and CBTPA apparel benefits are administered through provisions in subchapter XX of chapter 98. To calculate the numbers provided in tables 2.1 and 2.2, the USITC reviewed these provisions and identified the permanent subheadings that are referenced. These benefits apply in some instances to only parts of a subheading. The Haiti-specific preference program's apparel benefits and CBTPA's apparel benefits often have quotas regulating how many products of Haiti may receive the program's preferential rate of duty.
[9] These acts also initially provided preferential treatment for imports of wire harness automotive components from Haiti, although this provision expired in 2016. 19 U.S.C. § 2703a(c).

Table 2.2 Count of U.S. tariff lines by preference program eligibility, 2022
In numbers and percentages.

Preference program eligibility	Number of tariff lines	Share of non-zero tariff lines with preference eligibility (%)
GSP preferences	5,138	83.1
CBERA/CBTPA preferences	6,130	99.1
HOPE I/HOPE II/HELP preferences	725	11.7
Subheadings with preference program eligibility	6,186	100.0

Source: USITC, HTS, February 2022.
Note: The individual unilateral U.S. preference programs listed are not mutually exclusive categories and, therefore, the counts presented in this table are not additive. In other words, the preference programs can and do overlap to provide duty preferences to the same tariff lines. The overlap between GSP and CBERA/CBTPA is especially pronounced with more than 98 percent of the tariff lines eligible for duty preferences under GSP also eligible for duty preferences under CBERA/CBTPA. In terms of GSP preferences for Haiti, approximately 30 percent of NTR tariff lines (or 1,524) are based on Haiti's least-developed beneficiary developing countries (LDBDC) GSP eligibility, while approximately 70 of NTR tariff lines (or 3,614) are based on Haiti's regular GSP program eligibility.

However, when considering the benefits by trade preference program offered to Haiti, the number of eligible tariff lines does not take into account the rules of origin (ROOs) required for eligibility, nor the limits on quantities of imports eligible for preferential rates. CBTPA offers preferential treatment to apparel from Haiti, but the Haiti-specific preference program offers a more flexible ROO for import quantities within certain tariff preference levels. Despite GSP and CBERA being large programs in terms of number of eligible tariff lines (table 2.2), these programs account for a small share of U.S. imports from Haiti (table 2.3).

Table 2.3 U.S. imports for consumption from Haiti coming in under trade preference programs, 2000–2021
In millions of dollars.

Year	GSP	CBERA	CBTPA	HOPE I/HOPE II/HELP	All duty preference programs	No special program
2000	2.6	20.5	4.6	0.0	27.7	269.0
2001	2.2	14.9	143.8	0.0	160.9	102.2
2002	1.1	16.5	160.0	0.0	177.6	76.9
2003	3.1	11.6	199.1	0.0	213.8	118.6
2004	1.5	10.5	207.8	0.0	219.8	150.7
2005	1.7	14.8	288.5	0.0	305.0	142.0
2006	1.4	14.9	364.4	0.0	380.7	115.4
2007	1.9	9.9	420.5	0.4	432.7	54.8
2008	1.1	10.9	394.2	15.3	421.7	28.2
2009	0.8	14.9	374.0	136.9	526.6	25.4
2010	1.8	8.2	355.9	162.2	528.1	22.7
2011	0.5	13.2	461.4	230.6	795.7	36.0
2012	0.5	12.6	424.2	306.0	743.3	30.8
2013	0.4	18.6	343.7	422.1	784.8	24.8
2014	0.1	19.2	386.2	451.5	857.0	40.3
2015	0.3	19.9	413.5	497.2	930.9	37.3
2016	0.7	12.8	305.0	295.0	613.5	281.9
2017	1.2	17.1	277.9	423.2	719.4	196.4
2018	1.1	12.9	284.2	661.4	959.6	45.8
2019	1.4	15.5	246.6	737.1	1,000.6	41.4
2020	3.2	20.8	174.2	573.2	771.4	57.7
2021	0.4	21.8	260.4	751.3	1,033.9	71.8

Source: USITC DataWeb/Census, accessed August 19, 2022.
Note: GSP data for 2021 refer only to "GSP-claimed" imports, which have not yet received duty-free treatment, given the lapse in authorization of GSP that affected the entirety of 2021. In the past, duties collected on these goods have been returned to importers after GSP has been reauthorized and applied retroactively to GSP-claimed goods. In terms of U.S. imports from Haiti under the GSP program reported in this table, the majority (94.2 percent) came in under Haiti's regular GSP program eligibility in the 2000–2021 period, whereas a small portion (5.8) came in under Haiti's LDBDC GSP eligibility in the 2000–2021 period.

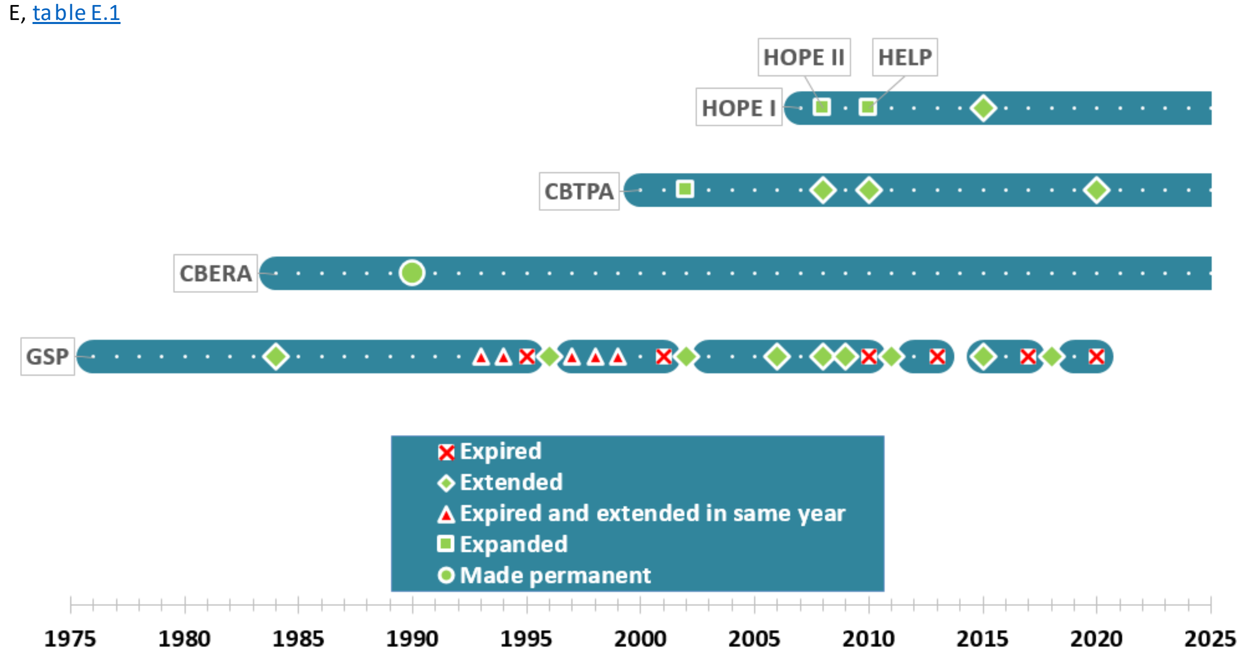
The most used programs for Haiti are CBTPA and the Haiti-specific preference program (HOPE I/HOPE II/HELP), with the Haiti-specific preference program becoming the most used after 2016. This is because about 80 percent of U.S. imports from Haiti are in the apparel sector, a sector for which only CBTPA and the Haiti-specific preference program provide eligibility.[10] After these two programs, the largest category that goods from Haiti enter under is "no special program." Goods entering under this category are smaller than CBTPA and the Haiti-specific program but larger than GSP and CBERA.[11] Although it builds on table 1.1, figure 2.1 illustrates the timeline since 1975 of U.S. preference programs for which Haiti is eligible and provides additional detail on when programs' authorization expired or was renewed, and which are in force through 2025. Of the list of Haiti-eligible preference programs, only CBERA has

[10] For more information on the apparel sector in Haiti, see the apparel case study in chapter 4 of this report.
[11] This chapter discusses the requirements for qualifying for these programs. If a U.S. importer of products of Haiti does not claim a specific program on a subheading eligible for a preference, it is interpreted to mean that either the product of Haiti does not meet the eligibility requirements of the program or that the product is eligible and the importer does not know about the program.

been made permanent (in 1990). This means that at certain times either the President's authority to provide preferential duty treatment has lapsed or it has been uncertain whether that authority would lapse for the GSP, CBTPA, and the Haiti-specific preference program. The effects of lapses in or uncertainty surrounding renewal of preference programs on investment in Haiti are discussed in the Haiti-Specific Trade Preference Program section below in this chapter as well as in the apparel case study in chapter 4.

Figure 2.1 A timeline of U.S. trade preference programs relevant to Haiti, 1975–2025

This figure uses icons to represent trade preference programs in a timeline. Underlying data for the figure appears in Appendix E, table E.1



Source: USITC compiled from dates of entry into force or changes to dates of termination. For GSP: 19 U.S.C. § 2465 (Notes); CBERA: 19 U.S.C. § 2706 (Notes); CBTPA and HOPE I/HOPE II/HELP: Trade and Development Act of 2000, Pub. L. No. 106-200. Haiti Economic Lift Program Act of 2010, Pub. L. No. 111–171. Extension of the Caribbean Basin Economic Recovery Act, Pub. L. No. 116-164.
Note: U.S. importers can choose among GSP, CBERA, CBTPA, HOPE I/HOPE II/HELP to claim duty-free benefits. These programs are therefore listed on separate rows in this figure. White gaps on the GSP timeline indicate that the GSP program was expired for the entire year. Years that have both a green diamond and an x are years in which the program both expired and was renewed.

GSP

GSP is the United States' largest trade preference program in terms of the number of potentially eligible developing countries and therefore potential quantity and value of imports involved. [12] Title V of the Trade Act of 1974 established the GSP program. [13] Enacted January 3, 1975, GSP entered into effect on January 1, 1976. It granted the President authority to extend preferential duty treatment to U.S. imports from less-developed countries to encourage economic diversification and export development within

[12] Unlike all other current trade preference programs, GSP does not have a geographic focus.
[13] Trade Reform Act of 1974, Pub. L. No. 93-618, §§ 501–07, 88 Stat. 1978, 2066–71 (1975) (codified as amended at 19 U.S.C. §§ 2461–67).

the developing world.[14] Compared to other U.S. preference programs for which Haiti is eligible, GSP has a global perspective. However, Congress specified that the President was to actively consider Haiti as a beneficiary developing country (BDC) for GSP.[15]

Under GSP, the President is authorized to designate countries as BDCs, as long as they are not ineligible for designation by statute or meet one or more statutory bases for ineligibility. The President may also withdraw, suspend, or limit a country designation under certain conditions.[16] For example, the statute prohibits the President from designating any country as a BDC for the purposes of GSP if the beneficiary country is not taking steps to observe internationally recognized worker rights or has not implemented its commitments to eliminate the worst forms of child labor.[17] Complaints about a violation of a country eligibility requirement can be brought to the attention of the interagency GSP subcommittee, which is chaired by USTR.[18] The GSP subcommittee also conducts a self-initiated assessment of beneficiary countries as well.[19] The statute also establishes procedures that can be used to provide additional preferential access exclusive to least-developed beneficiary countries, a designation that applies to Haiti.[20]

In August 1988 and again in October 1993, the Office of the U.S. Trade Representative (USTR) opened labor rights country eligibility reviews on Haiti in the GSP program, neither of which resulted in the loss of benefits.[21] In each of these cases, the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) and the United Electrical, Radio and Machine Workers of America filed a petition alleging that Haiti was not taking steps to afford internationally recognized labor rights to workers.[22] For the case opened in 1993, USTR "suspend[ed] the active phase of review for the time

[14] S. Comm. on Finance, 93D Cong., Rep. on Trade Reform Act of 1974 (Comm. Print 1974). 4.
[15] S. Comm. on Finance, 93D Cong., Rep. on Trade Reform Act of 1974 (Comm. Print 1974). 220.
[16] 19 U.S.C. § 2461, 2462(a).
[17] 19 U.S.C. § 2462(b)(2)(G-H). The full description of country eligibility requirements can be found at 19 U.S.C. § 2462. The President can still designate a country as a BDC despite the bases found in subsections D–H if doing so would be in the national economic interest of the United States and reports such reasoning to Congress.
[18] USTR, "Current Reviews," accessed September 22, 2022.
[19] USTR, "Current Reviews," accessed September 22, 2022.
[20] 19 U.S.C. § 2463(a)(1)(B). Haiti is the only CBERA-eligible country that is also identified as a least-developed beneficiary country for purposes of the GSP program (indicated by the "A+" code in the HTS). USTR, "U.S. Generalized System of Preferences Guidebook," November 2020, 15 (most recent list of GSP beneficiaries). In terms of GSP preferences for Haiti, about 30 percent of NTR tariff lines (or 1,524) are based on Haiti's least-developed beneficiary developing countries (LDBDCs) GSP eligibility, while approximately 70 percent of NTR tariff lines (or 3,614) are based on Haiti's regular GSP program eligibility. In terms of U.S. imports from Haiti under the GSP program, the majority (94.2 percent) were imported under Haiti's regular GSP program eligibility in the 2000–2021 period, whereas a small portion (5.8 percent) were imported under Haiti's LDBDC GSP eligibility in the 2000–21 period.
[21] USTR, "Generalized System of Preferences (GSP); Review of Country Practice Petitions and Public Hearings," August 30, 1988. USTR, "Trade Policy Staff Committee (TPSC); Generalized System of Preferences (GSP); Notice of Review of Product and Country Practices Petitions, Public Hearings, and List of Articles To Be Sent to the United States International Trade Commission (USITC) For Review; Notice Regarding 1994 Annual GSP Review," October 19, 1993.
[22] The petitioners cited 19 U.S.C. § 2462(c)(7).

being . . . because the government of Haiti is not now in a position to respond to the allegations."[23] The U.S. Trade Representative at the time, Ambassador Michael Kantor, said, "acceptance of this petition is an acknowledgement of the severe worker rights problems that exist in Haiti at the present time. However, given the delicate transition that is now occurring in Haiti, it is simply not realistic for us to be able to actively conduct a review at this time. At the same time, we hope and expect that President Aristide will make efforts to improve the rights of workers as he returns to Haiti. Once the political situation has stabilized, we look forward to working closely with President Aristide to improve the labor situation in Haiti."[24] Though the country eligibility review for labor practices was suspended, the United States had already taken action on U.S. imports from Haiti for other reasons. Beginning in October 1991, President George H. W. Bush (and later President William J. Clinton) coordinated with allies to place a trade embargo on Haiti (see box 3.1).[25] Among other sanctions, the U.S. government forbade U.S. imports of goods from Haiti and U.S. exports of certain American goods to Haiti. These executive orders superseded the trade preferences afforded to Haiti. Once President Aristide returned and democracy in Haiti was restored, the embargo was lifted, effective October 16, 1994.[26]

The President is authorized, within certain parameters, to designate articles from beneficiary developing countries as eligible following receipt of advice from the U.S. International Trade Commission and provided that it is not an article that may not be designated as an eligible article.[27] The statute lists certain articles that are import sensitive that may not be designated, including the following: (1) textile and apparel articles that were not eligible for GSP as of January 1, 1994, (2) watches, (3) import-sensitive electronic articles, (4) import-sensitive steel articles, (5) import-sensitive footwear, and (6) import-sensitive semi-manufactured and manufactured glass products.[28] In addition, the GSP subcommittee conducts a process where interested parties may submit a petition to add or remove an article from eligibility.[29]

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[23] Exec. Order No. 12775, 56 Fed. Reg. 12775 (October 4, 1991); USTR, "Kantor Announces Acceptance of 1993 GSP Petitions," October 5, 1993.

[24] Exec. Order No. 12775, 56 Fed. Reg. 12775 (October 4, 1991); USTR, "Kantor Announces Acceptance of 1993 GSP Petitions," October 5, 1993.

[25] Prohibiting Certain Transactions with Respect to Haiti, Exec. Order No. 12775, 56 Fed. Reg. 50641 (October 7, 1991). Prohibiting Certain Transactions with Respect to Haiti, Exec. Order No. 12779, 56 Fed. Reg. 55975 (October 28, 1991). Blocking Government of Haiti Property and Prohibiting Transactions with Haiti, Exec. Order No. 12853, 58 Fed. Reg. 35843 (June 30, 1993). Blocking Property of Persons Obstructing Democratization in Haiti, Exec. Order No. 12872, 58 Fed. Reg. 54029 (October 20, 1993). Prohibiting Certain Transactions with Respect to Haiti, Exec. Order No. 12914, 59 Fed. Reg. 24339 (May 10, 1994). Prohibiting Certain Transactions with Respect to Haiti, Exec. Order No. 12917, 59 Fed. Reg. 26925 (May 24, 1994). Prohibiting Certain Transactions with Respect to Haiti, Exec. Order No. 12920, 59 Fed. Reg. 30501 (June 14, 1994).

[26] Termination of Emergency with Respect to Haiti, Exec. Order No. 12932, 59 Fed. Reg. 52403 (October 18, 1994).

[27] 19 U.S.C. § 2463.

[28] 19 U.S.C. § 2463(a)(1), (e). For the full list of currently excluded articles, see 19 U.S.C. § 2463(b)(1)(A–G). The President's authority to designate articles as eligible for the GSP program has additional limitations. Those can be found in other parts of 19 U.S.C. § 2463. Up through the 1990s, GSP did not include textiles that were subject to textile agreements. Pub. L. No. 93-618, § 503(c)(1)(A), 88 Stat. 1978, 2069 (1975). In practice, this language excluded most textile and apparel articles from GSP eligibility given the prominence of such textile agreements.

[29] See 15 C.F.R. § 2007.

To receive duty-free treatment, an eligible article must meet certain rule of origin requirements, including being imported directly from the beneficiary country into the customs territory of the United States.[30] This is referred to in this chapter as a direct shipment requirement. In addition, the article must also meet the ROO requirements. Those include that the sum of the cost or value of the materials produced in the beneficiary country plus the direct costs of the processing operations performed in the beneficiary country must not be less than 35 percent of the appraised value at the time of entry.[31] The GSP ROO allows for some cumulation among associations of developing countries, such as the member countries of the Caribbean Common Market (CARICOM).[32]

The President's authority to provide duty-free treatment under GSP was initially authorized for 10 years.[33] That authority has been extended 14 times since the Trade Act of 1974 for varying lengths of time.[34] The President's authority to provide duty-free treatment under GSP most recently expired at the end of December 2020.[35] Qualifying imports from Haiti may not receive duty-free treatment under the GSP program until the President's authority to do so is extended.

CBERA

Congress enacted the Caribbean Basin Economic Recovery Act (CBERA) on August 5, 1983, with the support of the Reagan Administration.[36] It entered into effect on January 1, 1984, and authorized the President to extend additional preferential tariff treatment to U.S. imports from a list of specific Caribbean Basin countries and territories, including Haiti, that meet certain conditions after taking into account certain factors set out in the statute.[37] A principal goal of CBERA was to counter perceived Cuban and Soviet influence in the region and to promote U.S. trade and investment in the region.[38]

The statute authorized the President to designate as "beneficiary countries" only countries and territories (or successor political entities) included on a list of 20 countries set out in the statute, subject to certain limitations after taking into account certain eligibility criteria.[39] These criteria were similar in many respects to those in the GSP law, including taking steps to afford internationally recognized worker rights, but also included equitable and reasonable market access for U.S. exporters in the beneficiary country; the extent to which the beneficiary country provides, under its law, adequate and effective means for foreign nationals to secure, exercise, and enforce exclusive rights to intellectual property; the

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30 19 U.S.C. § 2463(a)(2)(A)(i).
31 19 U.S.C. § 2463(a)(2)(A)(ii).
32 19 U.S.C. §§ 2463(a)(2)(A)(ii), 2467(2). This threshold for value added across member countries (referred to as cumulation) was originally set at not less than 50 percent but was lowered and is currently 35 percent. See 19 U.S.C. § 2463(a)(2)(A)(ii). Trade Reform Act of 1974, Pub. L. No. 93-618, § 503(b)(2)(B), 88 Stat. 1978, 2069, (1975).
33 Trade Reform Act of 1974, Pub. L. No. 93-618, § 505(a), 88 Stat. 1978, 2071 (1975).
34 USTR, *2022 Trade Policy Agenda & 2021 Annual Report*, 98, accessed August 17, 2022.
35 19 U.S.C. § 2465.
36 Caribbean Basin Economic Recovery Act, Title II of Pub. L. No. 98-67, 97 Stat. 369, 384–98 (1983) (codified as amended at 19 U.S.C. § 2701 et seq.).
37 Pub. L. No. 98-67, 97 Stat. 369, 385 (1983) (listing the original countries and territories eligible for consideration); 19 U.S.C. § 2702(b–c) (outlining the conditions and factors considered in eligibility determinations).
38 *Caribbean-Central American Economic Revitalization Act of 1982: Senate Report to Accompany S. 2899*, September 10, 1982.
39 19 U.S.C. § 2702.

extent to which the beneficiary country prohibits its nationals from engaging in the broadcast of copyrighted material; the degree to which a beneficiary country is undertaking measures to promote its own economic development; and the extent to which the country is willing to cooperate with the United States in the administration of the program.[40]

The following articles were statutorily excluded in both CBERA and GSP in their respective initial authorizations: textile and apparel articles subject to textile agreements and footwear. Practically, this exclusion means most textile and apparel articles are not eligible for GSP or CBERA preferences, given the prominence of such textile agreements at the time the GSP and CEBRA laws were enacted.[41] However, in contrast to GSP, CBERA does not provide for the President to designate eligible articles but rather provides that duty-free treatment under CBERA applies to any article imported from a designated CBERA beneficiary country, except those specifically excluded from eligibility.[42] In this way, CBERA expanded the list of eligible articles compared to GSP; however, as noted below, like GSP it largely excluded textiles and apparel. For example, despite being listed as ineligible under GSP, the following products are not excluded from CBERA: watches in general, import-sensitive electronic articles, import-sensitive steel articles, and import-sensitive semi-manufactured and manufactured glass products.

CBERA requires that, for an article to be provided duty-free treatment, it must be imported directly from a beneficiary country into the customs territory of the United States.[43] This is the same direct shipment requirement as in GSP. The value-added requirement is also the same as GSP. The value added in the

[40] 19 U.S.C. § 2702(b)–(c). In the initial language of the statute, Congress also added a provision concerning the degree to which workers in a beneficiary country are afforded reasonable workplace conditions and whether they enjoy the right to organize and bargain collectively. Pub. L. No. 98-67, § 212(c)(8), 97 Stat. 369, 387 (1983); H.R. Rep. No. 98-325, 55–56 (1983). This provision was later modified to refer to internationally recognized worker rights, as reflected in the current statute, 19 U.S.C. § 2702(c)(8). Congress added similar wording to the GSP statute in later reauthorizations of the President's authority to provide duty-free treatment under the GSP program, 19 U.S.C. § 2462(c)(7).

[41] The following were statutorily excluded from CBERA but not from GSP in their respective initial authorizations: handbags, flat goods, work gloves, leather apparel; canned tuna; petroleum or petroleum products provided for in HS headings 2709 or 2710; and certain watches and watch parts. Watches and parts are excluded if they contain any materials that are the product of a country receiving column 2 duty treatment, such as the USSR and Cuba. The instruction to exclude canned tuna and watches reflected a concern of erosion of U.S. territories' preferential market access. U.S. territories are not part of the U.S. customs territory but receive duty-free access to the U.S. customs territory. Because canned tuna was a major industry and the U.S. market was a major export destination, there was concern that if included in CBERA it would negatively affect Puerto Rico and American Samoa. USITC, *Annual Report on the Impact of the CBERA*, September 1986. P14 citing to H.R. Rep. No. 98-266, 98th Cong., 1st Sess., 14–15 (1983); S. Rep. No. 98-58, 98th Cong., 1st Sess., 34–35 (1983). Despite being listed as ineligible under GSP, the following products are not excluded from CBERA: watches in general, import-sensitive electronic articles, import-sensitive steel articles, and import-sensitive semi-manufactured and manufactured glass products. See Pub. L. No. 98-67, § 213(b), 97 Stat. 369, 388 (1983) (outlining the ineligible articles in the original CBERA statute); see also Pub. L. No. 93-619, § 503, 88 Stat. 1978 (1975) (outlining the ineligible articles in the original GSP statute). Note that the current lists of ineligible goods vary slightly for each program in comparison with the original legislation. For the current lists of ineligible goods, see 19 U.S.C § 2703(b)(1) (listing ineligible articles under CBERA), see also 19 U.S.C. § 2463(b)(1).

[42] *Compare* 19 U.S.C. § 2461 *with* 19 U.S.C. § 2701; *see also* H.R. Rep. No. 98-266, at 7, 11 (1983). GSP also provides a process to update the list of eligible articles following a petition process from interested parties, whereas CBERA has no equivalent. *Compare* 19 U.S.C. § 2463 *with* 19 U.S.C. § 2703.

[43] 19 U.S.C. § 2703(a)(1)(A).

beneficiary country must be at least 35 percent of the value of that article.[44] The CBERA ROO allows for cumulation among other CBERA beneficiaries, which is similar to the GSP ROO.[45] Aligning with the intention of a regional focus for the CBERA program, unlike the GSP program, content from Puerto Rico and the U.S. Virgin Islands is permitted to be used in the calculations to reach the 35 percent value added.[46]

Both the CBERA and the GSP programs use a "double substantial transformation" rule.[47] Under this rule, to count toward meeting the 35 percent local content requirement, a material or component imported from a non-beneficiary country must be transformed into a new or different article of commerce in the beneficiary country (such as a part) that, in turn, is incorporated in or transformed to produce a second new or different final product in the beneficiary country. A simple combining or packaging operation, or dilution with water, is not considered a transformation.[48]

An important difference between the GSP program and the CBERA program is that CBERA was permanently authorized in 1990, while the President's authority to provide duty-free treatment under GSP continues to be authorized for specific time periods.[49] The reason for expanding and permanently authorizing the CBERA program was a recognition that the Caribbean Basin was "a crucial region to the United States and its political and economic stability is a key component of our foreign policy and national security. The purpose of the bill is to build greater confidence in the region, create greater business certainty, and provide a long-term investment climate by enhancing the trade benefits of the program, thereby promoting economic development in the Caribbean."[50]

Another difference between the CBERA and GSP programs is the reporting requirements. GSP requires a yearly report on the status of internationally recognized worker rights within each BDC, and CBERA requires that the Commission submit to Congress and the President biennial reports on the economic

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[44] 19 U.S.C. § 2703(a)(1)(B). Certain products do not qualify for duty-free entry into the United States. These include products that undergo simple combining or packaging operations, dilution with water, or dilution with another substance that does not materially alter the characteristics of the article. See 19 U.S.C. § 2703(a)(2). However, articles that are not textiles and apparel or petroleum and petroleum products and that are assembled or processed in CBERA countries wholly from U.S. components or materials may qualify for duty-free entry under note 2 to subchapter II, chapter 98, of the HTS. Articles produced through operations such as enameling, simple assembly or finishing, and certain repairs or alterations may qualify for CBERA duty-free entry under changes made in 1990. For more information, see USITC, *Annual Report on the Impact of the CBERA*, September 1992, 1–4.
[45] 19 U.S.C § 2703(a)(1)(B).
[46] 19 U.S.C. § 2703(a)(1)(B). Additionally, any materials added to such Puerto Rican articles must be of U.S. or CBERA beneficiary country origin. The final product must be imported directly into the customs territory of the United States from the CBERA beneficiary country. 19 U.S.C. § 2703(a)(5).
[47] 19 U.S.C. § 2703(a)(2) (outlining the CBERA provision); 19 U.S.C. § 2463(a)(2) (outlining the GSP provision). See also 19 C.F.R. § 10.196 and 19 C.F.R. § 134.
[48] 19 U.S.C. § 2703(a)(2) (outlining the CBERA provision); 19 U.S.C. § 2463(a)(2) (outlining the GSP provision).
[49] When originally enacted, the CBERA program was authorized to expire on September 30, 1995. Pub. L. No. 98-67, § 218, 97 Stat. 369, 395 (codified at former 19 U.S.C. § 2706). Congress repealed the expiration date in 1990. Customs and Trade Act of 1990, Pub. L. No. 101-382, § 211, 104 Stat. 629, 655 (repealing 19 U.S.C. § 2706(b)).
[50] H.R. Rep. No. 101–136, at 11 (1989).

impact of the program on U.S. industries and consumers and on the economy of the beneficiary countries.[51]

CBTPA

The United States-Caribbean Basin Trade Partnership Act (CBTPA), enacted May 18, 2000, as part of the Trade and Development Act of 2000, built on the CBERA program.[52] CBTPA entered into effect on October 2, 2000, while additional modifications and clarifications of the CBTPA program were made in the Trade Act of 2002, enacted August 6, 2002.[53] Although the CBERA program is permanently authorized, CBTPA was initially authorized through September 30, 2008, because CBTPA had been planned as a transitional program.[54] The CBTPA program was designed as a step for beneficiary countries toward the Free Trade Area of the Americas (FTAA)—a proposed Pan-American free trade agreement.[55] If the FTAA was not signed, it was an express goal of the program that CBTPA beneficiary countries would be included in other free trade agreements.[56] The Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) and the U.S.-Panama FTA were ultimately negotiated among many of the CBERA/CBTPA beneficiaries, although Haiti is not a party to either agreement. [57]CBTPA has been extended twice, first in May 2010 and again in October 2020.[58] The CBTPA program is currently authorized until September 30, 2030.[59]

Because the authorization for the CBTPA program built on the CBERA program, the President was authorized to determine which eligible developing countries would benefit from the CBTPA program on

[51] 19 U.S.C. § 2464; 19 U.S.C. § 2704.
[52] Trade and Development Act of 2000, Pub. L. No. 106-200, §§ 201–13, 114 Stat. 251, 275–88 (codified as amended at 19 U.S.C. §§ 2702–03). CBTPA was an amendment to CBERA and provided an expansion of duty-free access to the U.S. market for the subset of CBERA countries proclaimed eligible for CBTPA. CBTPA's amendments to CBERA were codified at 19 U.S.C §§ 2701 note, 2702–04, 3202, and 3204.
[53] Trade Act of 2002, Pub. L. No. 107-210, § 3107, 116 Stat. 933, 1035–38; USTR, Determination Under the Caribbean Basin Trade Partnership Act, 65 Fed Reg. 60236 (Oct. 10, 2000).
[54] Trade and Development Act of 2000, Pub. L. No. 106-200, § 211, 114 Stat. 251, 276–86 (describing the transitional benefits of CBTPA and the original expiration date). Trade and Development Act of 2000, Pub. L. No. 106-200, § 202, 114 Stat. 251, 275–76 (describing the permanence of CBERA).
[55] See Findings and Policy of United States-Caribbean Basic Trade Partnership Act, 19 U.S.C. § 2701 note.
[56] 19 U.S.C. § 2701 note.
[57] Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama have been beneficiaries to CBERA and CBTPA. For CBERA, see Pub. L. No. 98-67, 97 Stat. 369, 385 (1983) (listing the original countries and territories eligible for consideration) and Proclamation No. 5133, 98 STAT. 3527 (Nov. 30, 1983), which designated Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Panama as eligible beneficiaries and Proclamation No. 6223, 105 STAT. 2456 (Nov. 8, 1990), which designated Nicaragua as an eligible beneficiary. For CBTPA, see Pub. L. No. 106-200, § 201(a), 114 Stat. 251, 284–85 (2000)(codified at 19 U.S.C. § 2703(b)(5)(B))(defining CBTPA beneficiary country as one that the President has designated a CBERA beneficiary country and has also designated as eligible for CBTPA based on criteria listed therein) and Proclamation No. 7351, 65 Fed. Reg. 59329 (October 4, 2000), which designated Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama as eligible.
[58] Haiti Economic Lift Program Act of 2010, Pub. L. No. 111-171, § 3, 124 Stat. 1194, 1195. Extension of the Caribbean Basin Economic Recovery Act, Pub. L. No. 116-164, § 2, 134 Stat. 758 (amending 19 U.S.C. § 2703).
[59] Extension of the Caribbean Basin Economic Recovery Act, Pub. L. No. 116-164, § 2, 134 Stat. 758 (amending 19 U.S.C. § 2703).

the basis of updates to the CBERA program's criteria plus additional criteria. The newly added criteria included whether the beneficiary country is (1) demonstrating a commitment to undertake its obligations under the WTO; (2) participating in negotiations toward the completion of the FTAA or another FTA; (3) meeting the counternarcotics certification criteria; (4) taking steps to become a party to and implementing the Inter-American Convention Against Corruption; and (5) applying transparent, nondiscriminatory, and competitive procedures in government procurement equivalent to those contained in the WTO Agreement on Government Procurement and contributing to international efforts to develop and implement rules on transparency in government procurement.[60] Like the amended GSP and CBERA statutes, CBTPA eligibility was contingent on the extent to which beneficiaries afford workers internationally recognized worker rights.[61]

In the same way that CBERA expanded upon GSP's benefits, CBTPA provides for preferential treatment to many products originally excluded from the CBERA and GSP programs. Specifically, CBTPA authorizes duty-free treatment for imports of certain apparel articles from the Caribbean Basin region.[62] For the most part, these CBTPA apparel goods must be made wholly of U.S. or, in more limited circumstances, CBERA-regional inputs and then assembled in an eligible CBTPA country as provided for in subchapter XX of chapter 98 of the HTS.[63] CBTPA also provides for duty-free treatment for textile luggage assembled from U.S. fabrics made of U.S. yarns.[64]

These rules under CBTPA differ from the way the GSP and CBERA programs calculate the local content requirements and cumulation and are more in line with how these concepts function in an FTA. Instead of using a 35 percent value-added requirement and allowing for a certain amount of cumulation among beneficiary countries to meet the threshold as specified in GSP and CBERA, CBTPA created the concept of a CBTPA-originating good.[65] To qualify and receive the preferential treatment under CBTPA, the article is required to meet the ROOs for a good set forth in chapter 4 of the U.S.-Mexico-Canada Agreement as implemented in U.S. law.[66] The CBTPA program, like the GSP and CBERA programs, continues to have a direct shipment requirement, although articles maintain eligibility if they are imported directly from a former CBTPA beneficiary country.[67]

[60] 19 U.S.C. § 2703(b)(5)(B).
[61] Trade and Development Act of 2000, Pub. L. No. 106-200, § 211(a), 114 Stat. 251, 284–285 (amending 19 U.S.C. § 2703(b)(5)(B)(iii). The law described internationally recognized worker's rights as including (1) the right of association and (2) the right to organize and bargain collectively; (3) a prohibition on the use of any form of forced or compulsory labor; (4) a minimum age for the employment of children; (5) acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health; and (6) to implement its commitments to eliminate the worst forms of child labor.
[62] 19 U.S.C. § 2703(b)(2)(A)(i).
[63] 19 U.S.C. § 2703(b)(2)(A)(i)–(ix); see also Proclamation No. 7351, 65 Fed. Reg. 59329, (October 4, 2000).
[64] 19 U.S.C. § 2703(b)(2)(a)(viii).
[65] 19 U.S.C. § 2703(b)(5)(C).
[66] 19 U.S.C. § 2703(b)(5)(C)(i).
[67] 19 U.S.C. § 2703(b)(5)(H)(ii). CBTPA defines a former beneficiary as a country that ceases to be designated as a CBTPA beneficiary because it has become a party to an FTA with the United States. 19 U.S.C. § 2703(b)(5)(G).

Haiti-specific Trade Preference Program (HOPE I/HOPE II/HELP)

Although Haiti is eligible for the GSP, CBERA, and CBTPA programs, in the first decade of the 21st century, a new Haiti-specific trade preference program was created. The Haiti-specific preference program expanded and enhanced trade benefits for Haiti and gave Haitian apparel producers more flexibility in sourcing yarns and fabrics. This program, like CBTPA, builds on the CBERA program.[68] Currently, the only other country in the world with which the United States has a country-specific trade preference program is Nepal, for which the program is more narrowly tailored than it is for Haiti.[69]

The Haiti-specific preference program was created by HOPE I in 2006 and modified by HOPE II and HELP in 2008 and 2010, respectively.[70] HOPE I entered into effect on January 4, 2007; HOPE II on October 1, 2008; and HELP on November 1, 2010.[71] The Haiti-specific preference program's eligibility process operates similarly to other trade preference programs, authorizing the President to determine whether the applicable requirements are met while also providing a process for interested parties to request a review.[72] In contrast to GSP, the Haiti-specific trade preference program does not provide the President with any independent authority to determine eligibility of articles for the program; rather, the Haiti-specific trade program is explicit in the legislation about what products are covered.[73]

The next few paragraphs discuss how each piece of legislation created and then amended the Haiti-specific preference program's product eligibility. The apparel case study in chapter 4 provides additional detail on the apparel provisions of HOPE I, HOPE II, and HELP along with a discussion of how the Haiti-specific preference program has affected the apparel industry in Haiti. The Haiti-specific preference programs build on Haiti's apparel benefits by expanding product eligibility and adding greater flexibility with respect to sourcing of inputs as compared to the provisions in CBTPA. HOPE I provided for duty-free treatment for a limited amount (referred to as "tariff preference levels" or TPLs) of apparel produced in and imported from Haiti with more flexible sourcing rules than under CBTPA (see table 4.4).[74] For example, under HOPE I more flexible sourcing was available for apparel where at least 50 percent of the value of inputs and costs of processing (e.g., assembling an entire garment or knitting it to shape) came from Haiti, the United States, or any country that is an FTA partner with the United States or is a beneficiary of the CBTPA program, the African Growth and Opportunity Act, or the Andean Trade

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[68] CBERA, CBTPA, and the Haiti-specific preference program are all found in 19 U.S.C. § 2701 et seq.

[69] Compare 19 U.S.C. § 2703a (Haiti-specific preference program) with 19 U.S.C. § 4454 (Nepal preference program).

[70] Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006, Pub. L. No. 109-432, §§ 5001–06, 120 Stat. 3181–90. Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008, Pub. L. No. 110-246, §§ 15401–12, 122 Stat. 2289–2309. Haiti Economic Lift Program of 2010, Pub. L. No. 111-171, §§ 1–10, 124 Stat. 1194–1208.

[71] Proclamation No. 8144, 72 Fed. Reg. 13655 (March 22, 2007), Proclamation No. 8296, 73 Fed. Reg. 57475 (October 3, 2008), Proclamation No. 8596, 75 Fed. Reg. 68153 (November 4, 2010).

[72] 19 U.S.C. § 2703a(d). The President determined that Haiti met these requirements in Proclamation No. 8114, 72 Fed. Reg. 13653, (March 22, 2007).

[73] Compare 19 U.S.C. § 2703a with 19 U.S.C. § 2461.

[74] Compare19 U.S.C. § 2703a(b) with U.S.C. § 2703(b)(2–4). See also Pub. L. No. 109-432, § 5004, 120 Stat. 2921, 3189.

Preference Act.[75] The value-added percentage requirements for the sum of inputs originating in the covered countries described in the previous sentence plus the processing costs in Haiti were increased in the following years, reaching 60 percent on December 30, 2011.[76] Imports of Haitian apparel that exceeded the TPLs available under HOPE I remained eligible for CBTPA benefits; however, any such imports would need to meet the less flexible CBTPA sourcing rules.

The tariff provisions concerning CBTPA and the Haiti-specific trade preference program are set forth in subchapter XX of chapter 98 of the HTS.[77] In general, apparel imported into the United States under CBTPA must be made from U.S. yarn that is made into fabric in either the United States or a beneficiary country.[78] As mentioned above, HOPE I relaxed this requirement for Haiti, allowing these inputs to be sourced from non-beneficiary countries, as long as a portion of the value-added content of the garment is from Haiti, the United States, or other beneficiary countries or FTA partners.[79]

HOPE II amended the treatment of apparel and other textiles from Haiti found in HOPE I.[80] HOPE II was intended to address concerns raised about HOPE I, including the limited duration of the law's benefits, which could deter investment, and its complexity and ambiguity, which reportedly delayed and discouraged the use of the trade benefits.[81] HOPE II provided additional ways, under simplified rules, that Haitian apparel could qualify for duty-free treatment. One way was to offer a more flexible direct shipment requirement than HOPE I by allowing qualifying apparel articles to maintain eligibility if those articles are imported directly from either Haiti or the Dominican Republic.[82] HOPE II also extended most HOPE I apparel preferences for 10 years and provided additional flexibility in meeting ROO requirements.[83] Additional description of the changes to the Haiti-specific preference program made by HOPE II can be found in the apparel case study in chapter 4.

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[75] Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006, Pub. L. No. 109-432, 120 Stat. 3182–83, § 5002(a)(a) (codified as amended at 19 U.S.C. § 2703a(b)(1)(B)(i) and (iii)). HOPE I also provided for duty-free treatment for certain volumes of woven apparel or brassieres made from fabrics sourced from any country. The Andean Trade Preference Act (ATPA) program's authorization has lapsed since September 2014. The beneficiary countries of the ATPA were Bolivia, Colombia, Ecuador, and Peru. Colombia and Peru are FTA partners with the United States.

[76] Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006, Pub. L. No. 109-432, § 5002(a), 120 Stat. 3184 (codified as amended at 19 U.S.C. § 2703a(b)(1)(B)(v)(I)(cc)).

[77] See U.S. note 6 to subchapter XX of chapter 98 of the HTS.

[78] See subheadings 9820.11.03 through 9820.11.33 of the HTS, Sept. 2022

[79] Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006, Pub. L. No. 109-432, § 5002(a), 120 Stat. 2921, 3182–83 (codified as amended at 19 U.S.C. § 2703a(b)(1)(B)(iii)).

[80] Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008, Pub. L. No. 110-246, § 15402, 122 Stat. 1651, 2289–2301.

[81] USITC, Chap. 3 in *Textiles and Apparel: Effects of Special Rules for Haiti on Trade Markets and Industries*, June 2008, 8–10.

[82] Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008, Pub. L. No. 110-246, § 15402(e), 122 Stat. 1651, 2300–01 (codified as amended at 19 U.S.C. § 2703a(a)(5)). Other preference programs (GSP, CBERA, and CBTPA) require that a product be imported directly from the beneficiary country (e.g., Haiti) to the United States to be eligible. See, e.g., 19 C.F.R. § 10.175 (defining imported directly for purposes of GSP).

[83] Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008, Pub. L. No. 110-246, § 15402(b), 122 Stat. 1651, 2294.

The HELP Act was the third amendment to the Haiti-specific program and was authorized on May 24, 2010.[84] An underlying consideration of the HELP Act was to aid in Haiti's recovery from a major earthquake in January 2010 and to offer additional incentives to make it more cost effective for U.S. companies to import apparel from Haiti.[85] The HELP Act expanded existing preferences under HOPE I and HOPE II, including by increasing the TPLs for woven and knit apparel and by reducing the allowance ratio under the Earned Import Allowance Program (see chapter 4 for program details).[86] HELP also established new preferences for 117 additional apparel products (including certain types of overcoats, pullovers, and suits) and 96 made-up textile articles (including certain types of carpets, blankets, and bags).[87] HELP extended authorization of the Haiti-specific preference program by 10 years. In addition, HELP extended duty-free treatment under the value-added TPL by extending the dates for one-year periods that determine the applicable percentage of the value-added content.[88]

The Haiti-specific preference program's benefits were paired with more stringent eligibility requirements as compared to GSP, CBERA, and CBTPA, including eligibility requirements on producers. Under HOPE II, the President must determine that Haiti has required Haitian producers to participate in and comply with a labor-monitoring program to receive duty-free treatment.[89] HOPE II required that Haiti establish both a labor ombudsman and a new labor-related capacity-building and monitoring program in the apparel sector, known as the Technical Assistance Improvement and Compliance Needs Assessment and Remediation (TAICNAR) program, to assess producers' compliance with core labor standards and provide assistance to producers and the Haitian government with respect to such compliance.[90] Such producer-specific requirements in HOPE II are unique among U.S. trade preference programs. The operation of the Better Work program, which implements the TAICNAR labor provisions under the Haiti-specific preference programs, is discussed in greater depth in the apparel case study. The origin of these provisions was the perceived success of the Cambodia Textile Trade Agreement and a desire by policymakers to achieve similar success in the Haiti program (see box 2.1).[91]

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[84] Haiti Economic Lift Program of 2010, Pub. L. No. 111-171, §§ 1,10, 124 Stat. 1194, 1208.

[85] Haiti Economic Lift Program of 2010, Pub. L. No. 111-171, § 2, 124 Stat. 1194, 1194–95.

[86] Haiti Economic Lift Program of 2010, Pub. L. No. 111-171, §§ 5–7, 124 Stat. 1194, 1201–05.

[87] Made-up textile articles refers to nonapparel articles made up of any textile materials, including bed linens, table linens, home furnishings, and various other textile goods. Haiti Economic Lift Program of 2010, Pub. L. No. 111-171, § 4, 124 Stat. 1194, 1198–1201.

[88] Haiti Economic Lift Program of 2010, Pub. L. No. 111-171, §§ 3 (extending Haiti-specific preference program) and 7 (extending value added rule), 124 Stat. 1194–95, 1204–05 (codified at 19 U.S.C. § 2703a(b)(1)(B)(v)(I)).

[89] Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008, Pub. L. No. 110-246, § 15403, 122 Stat. 1651, 1539–40 (codified at 19 U.S.C. § 2703a(e)(1)).

[90] Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008, Pub. L. No. 110-246, § 15403, 122 Stat. 1651, 2301–07 (codified as amended at 19 U.S.C. § 2703a(e)(2)–(3)).

[91] Former U.S. officials, interviews by USITC staff, July 28, August 29, and September 2, 2022.

Box 2.1 The Cambodia Textile Trade Agreement: Precursor to TAICNAR

Before 2005, trade in textiles and apparel was governed by the WTO Agreement on Textiles and Clothing (ATC), which, unlike the more general WTO rules, allowed for states to negotiate bilateral textile agreements establishing country-specific quotas. These quotas allocated a specific amount of textiles and apparel that the United States would allow to be imported from partner countries. The ATC expired on January 1, 2005, with the result that bilateral textile agreements negotiated under it expired at that time. Policymakers interviewed for this study, however, pointed to the U.S.-Cambodia Textile Agreement negotiated under the ATC as an important influence on future producer eligibility requirements in the Haiti-specific preference program.

In 1999–2001, when the United States and Cambodia negotiated the Cambodia Textile Trade Agreement, a significant change to U.S. policy on these textile trade agreements occurred, according to Sandra Polaski, lead advisor on labor provisions in that agreement for the U.S. Department of State.

The Cambodia textile and apparel workforce had expressed its unhappiness with working conditions and communicated that to supportive labor groups in the United States. During the negotiation, these supportive labor groups encouraged the U.S. government to take labor rights into account as part of this agreement.[(a)] The textile and apparel negotiators devised a novel provision in the trade agreement: the quotas received by Cambodia would increase on a yearly basis pursuant to improvements and substantial compliance with internationally recognized workers' rights.[(b)]

For labor rights to be a negotiating point, textile negotiators needed a reliable source of information on working conditions to verify that these improvements were occurring. The government of Cambodia lacked the institutional capacity to inspect Cambodian factories, so negotiators turned to the International Labour Organization (ILO).[(c)] Before this agreement, the ILO had mostly worked with governments and not with the private sector. Negotiators needed transparent information on working conditions in individual factories. The ILO became a partner in the Cambodia Textile Trade Agreement and provided transparent reporting on working conditions in any factory in Cambodia that agreed to participate in the program through the Better Factories Cambodia program, a precursor to Better Work Haiti.[(d)]

Some Cambodian factories improved working conditions because they saw the benefits of increased quotas. Likewise, some reputation-conscious international apparel brands saw the benefit of working with Cambodian factories that were adhering to internationally recognized standards for workers' rights. The government of Cambodia wanted to increase the quota it received and, following pressure from Cambodian factories and international apparel brands, developed a visa process to manage Cambodian factories' access to the quota to encourage Cambodian factories to participate in the ILO's program.[(e)]

Policymakers interviewed by the Commission viewed the Cambodia Textile Trade Agreement as a success, which helped to inform the creation of the Technical Assistance Improvement and Compliance Needs Assessment and Remediation (TAICNAR) program when assessing producer eligibility in the Haiti-specific preference program.

Box 2.1 The Cambodia Textile Trade Agreement: Precursor to TAICNAR

Sources:
[a] Polaski, *Combining Global and Local Forces*, May 2006, 921.
[b] Polaski, *Combining Global and Local Forces*, May 2006, 921.
[c] Polaski, *Combining Global and Local Forces*, May 2006, 922.
[d] Polaski, *Combining Global and Local Forces*, May 2006, 922–23.
[e] Polaski, *Combining Global and Local Forces*, May 2006, 925.

The Trade Preferences Extension Act of 2015 extended the Haiti-specific preference program through September 30, 2025.[92] Some industry representatives testified that the uncertainty surrounding the renewal of the Haiti-specific program and its associated preferences limit long-term investment in Haiti.[93] When future continuation of preferences is not guaranteed, industry representatives reported that they will take into account the tariffs that they may have to pay if preferences are not renewed.[94] Industry representatives contend that Congress often allows these programs to lapse before extending them, making companies hesitant to invest in factory construction, labor, and infrastructure for the long term because a 10-year horizon for renewal is often not long enough to recoup investment for some firms.[95] Some industry representatives are advocating for a permanent authorization for HOPE/HELP and CBTPA preferences to secure Haiti as a nearshore platform for apparel investment with similar access as the Central American countries receive via CAFTA-DR.[96]

[92] Trade Preferences Extension Act of 2015, Pub. L. No. 114-27, 129 Stat. 373, § 301. The Trade Preferences Act of 2015 extended all HOPE/HELP provisions in their current form until September 30, 2025, and the value-added TPL until December 19, 2025.
[93] ADIH, written submission to the USITC, May 19, 2022.
[94] USITC, hearing transcript, May 26, 2022, 122, 164–66 (testimony of Joseph Blumberg, CODEVI).
[95] Gap, written submission to the USITC, June 23, 2022, 2; RILA, written submission to the USITC, June 23, 2022, 2; USITC, hearing transcript, May 26, 2022, 230 (testimony of Gail Strickler, Brookfield Associates, LLC).
[96] ADIH, written submission to the USITC, May 19, 2022; USITC, hearing transcript, May 26, 2022, 130 (testimony of Georges Sassine, ADIH). Absent the Haiti-specific trade preference provisions, Haiti would be eligible for less duty-free access for textile and apparel products than parties to the CAFTA-DR. Senate Report 114-43 to accompany S. 1267, May 12, 2015. P4, Parties of CAFTA-DR are the other major apparel producers in the region, and CAFTA-DR provides permanent preferential access.

Table 2.4 Summary of selected program features and corresponding eligibility requirements

Program feature	GSP	CBERA	CBTPA	HOPE I/ HOPE II/HELP
Is the program permanent?	No	Yes	No	No
Direct shipment requirement	From beneficiary only	From beneficiary only	From current or former beneficiaries	From Haiti or the Dominican Republic
Local content calculation	Double substantial transformation	Double substantial transformation	Tariff shift or regional value content calculation (see note)	Differs by product (see note)
Required value of local content	35%	35%	Product specific	Product specific
Producer eligibility requirements?	No	No	No	Yes

Source: Compiled by USITC staff.
Note: This table does not summarize the detailed country and product eligibility requirements for each program described in this chapter. Value-added requirements for apparel benefits under CBTPA and the Haiti-specific preference program are product specific, with requirements set for different apparel articles specifying which inputs can be used and which activity must be done in Haiti. More information is provided in the apparel case study.

Chapter 3
Overview of the Haitian Economy, Trade, Workers, and Competitiveness

This chapter provides an overview of Haiti's economy, its workers, working conditions, the factors affecting Haiti's competitiveness in the global economy, and Haiti's trade with the United States and other key trading partners. Because of data availability, the chapter analyzes trade data for the period 1980–2021 and macroeconomic data for the period 2000–2021 where available. The first section discusses Haiti's macroeconomic conditions in recent years, how the economy is organized across different sectors, the main goods and services produced within these sectors, Haiti's main exports and imports of goods and services, how U.S. imports from Haiti have changed over time, and the level of foreign investment in Haiti's economy. The discussion of Haitian workers in the second section focuses on its population, employment, working conditions, and wages. The third section provides an analysis of global competitiveness by examining Haiti's business conditions and how political instability, unnecessarily burdensome regulations, and lack of financing deter innovation and productivity; the ways Haiti's poor infrastructure has become a hindrance to economic development and trade; labor force size, and the role low wages play in allowing Haiti to better compete in international markets. The final section gives an overview of the Haitian sectors that have the potential to increase exports under favorable business conditions.

Overview of Haiti's Economy

Key Macroeconomic Indicators

Haiti is one of the poorest countries in Latin America and the Caribbean as measured by GDP per capita. In 2021, Haiti had a gross domestic product (GDP) in current U.S. dollars of $20.9 billion and a GDP per capita of $1,815 (table 3.1). Measured at purchasing power parity (PPP), these translate, respectively, to $36.1 billion and $3,129 per capita—nearly one-fifth the average income of other countries in Latin America and the Caribbean region.[97] Haiti's income has stagnated over the past decade, resulting in little meaningful increase in living standards (figure 3.1). The most recent household survey, conducted by the World Bank in 2012, found that about 60 percent of the Haitian population lives below the national poverty line and is unable to meet basic needs, with a quarter of the population living below the extreme national poverty line and unable to cover their food needs.[98] In the latest release of the UN Human Development Index—a composite index combining information on the life expectancy, level of education, and standard of living in a country—Haiti was ranked 163rd of 191 countries.[99]

[97] World Bank, "World Development Indicators," accessed June 23, 2022. Purchasing power parity controls for price level differences between countries, thereby facilitating comparisons of GDP across countries.
[98] World Bank, *Investing in People to Fight Poverty in Haiti*, 2014, 2.
[99] UNDP, "Human Development Index," accessed September 4, 2022.

Table 3.1 Haiti's major economic indicators, in certain years 2000–2021

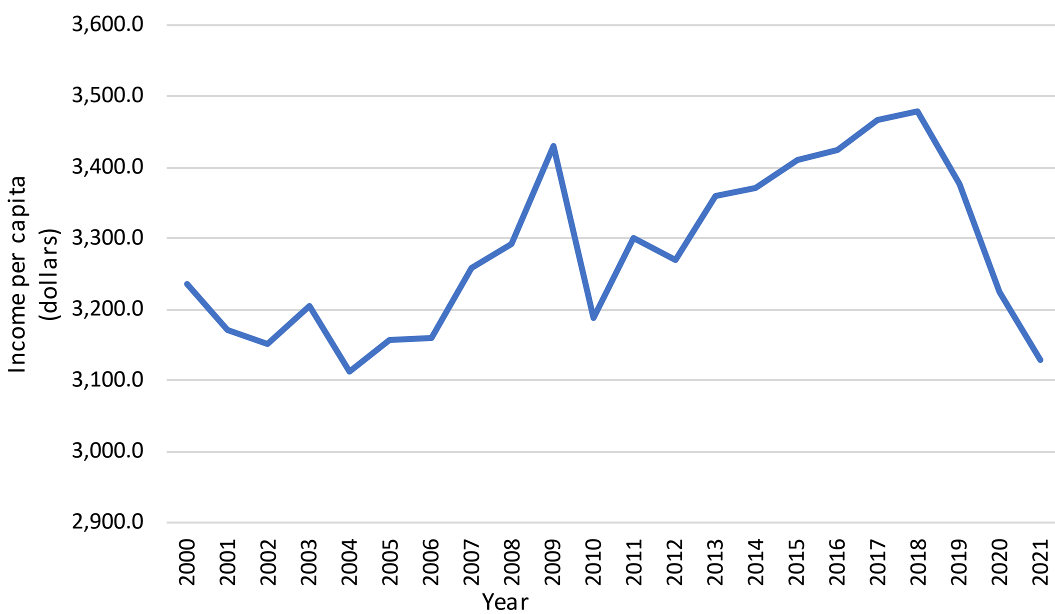
In dollars, billions of dollars, and percentages. Indicator column reports World Bank indicator code for each data series. GDP = gross domestic product; PPP = purchasing power parity; BoP = balance of payments.

Indicator	2000	2005	2010	2015	2020	2021
GDP (current US billion $), NY.GDP.MKTP.CD	6.8	7.2	11.9	14.8	14.5	20.9
GDP (current PPP billion $), NY.GDP.MKTP.PP.CD	18.5	22.0	26.4	31.0	35.3	36.1
GDP per capita (current US $), NY.GDP.PCAP.CD	805	781	1,192	1,387	1,272	1,815
GDP per capita (constant 2021 PPP $), NY.GDP.PCAP.PP.KD	3,235	3,156	3,188	3,409	3,224	3,128
GDP growth (annual %), NY.GDP.MKTP.KD.ZG	0.9	3.1	−5.7	2.6	−3.3	−1.8
Inflation, consumer prices (annual %), FP.CPI.TOTL.ZG	9.3	14.0	4.8	6.7	22.8	16.8
Unemployment, total (%), SL.UEM.TOTL.ZS	8.4	14.4	15.4	14.0	15.5	15.7
Current account BoP (% of GDP), BN.CAB.XOKA.GD.ZS	−1.7	0.1	−0.9	−1.8	1.5	0.7
Trade in goods and services (% of GDP), NE.TRD.GNFS.ZS	27.4	34.2	44.7	42.1	37.4	37.0
Exchange rate (gourde per U.S. dollar), PA.NUS.FCRF	21.17	40.45	39.80	50.71	93.51	89.23

Source: World Bank, World Bank Development Indicators, accessed September 25, 2022

Figure 3.1 Haiti's annual income per capita 2000–2021

In constant 2021 purchasing power parity (PPP) dollars. Underlying data for this figure can be found in Appendix E, table E.2.



Source: World Bank, World Bank Development Indicators, accessed August 15, 2022.
Note: World Bank indicator code is NY.GDP.PCAP.PP.KD.

Haiti's location and topography make it vulnerable to seasonal hurricanes and earthquakes capable of causing significant damage to its economy and infrastructure with little warning. For example, the devastating 2010 earthquake that struck Port-au-Prince was estimated to have caused damages of about $8–14 billion, greater than Haiti's GDP at the time.[100] In October 2016, damages to infrastructure, agricultural crops, and housing from Hurricane Matthew were estimated at the equivalent of 22 percent of Haiti's GDP.[101] Drought in 2015–17, compounded by the effects of Hurricane Matthew, largely destroyed Haiti's food supply, causing $600 million in losses in agriculture, livestock, and fishing.[102]

Other factors have also negatively impacted Haiti's growth in recent years. Although Haiti was mostly spared from the devastating health effects of the COVID-19 pandemic, the pandemic-induced slowdown in global activity has contributed to the Haitian economy experiencing negative growth in the past few years.[103] Haiti's GDP declined by 1.8 percent in 2021 (table 3.1). Experts forecast that Haiti's real GDP will contract for a fourth consecutive year in 2022 by 1.0–1.2 percent as a result of Haiti's ongoing political instability, increased gang violence, and poor business climate.[104]

Multiple economic challenges have led Haiti to experience high levels of inflation and unemployment in recent periods. Given that a significant share of Haiti's workers are employed in the informal sector, the actual unemployment rate is hard to measure, though some estimates have put it above 10 percent in the 2018–21, with a rate above 15 percent in 2021 (table 3.1). At the same time, Haiti's consumers have also experienced rising prices, with inflation reported above 16 percent in 2021 (figure 3.2). Haiti's struggles with inflation have been in sharp contrast with other countries in the region as inflation in Latin America and the Caribbean has averaged under 5 percent in recent years (figure 3.2).

Commensurate with Haiti's high level of inflation there has been the sharp depreciation of the Haitian currency, the gourde, during this time period (figure 3.3). The exchange rate was 39.8 gourdes to one dollar in 2010, before depreciating to 50.7 gourdes in 2015 and 89.2 gourdes in 2021 (table 3.1). Haiti's Central Bank has tried to contain inflationary pressures by intervening in the exchange rate market and with open market operations, but the government's fiscal and debt policies have been in general considered inconsistent and insufficient to stabilize macroeconomic conditions.[105]

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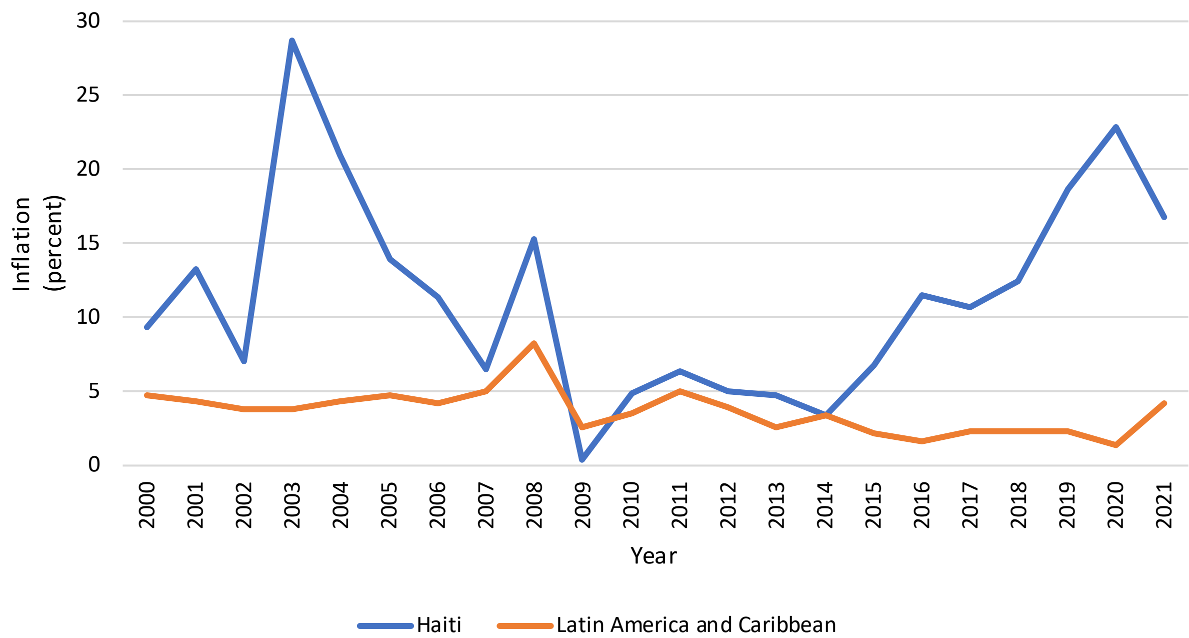
[100] Cavallo, Powell, and Becerra, "Estimating the Direct Economic Damage of the Earthquake in Haiti," 2010, 3.
[101] World Bank, "Rapidly Assessing the Impact of Hurricane Matthew in Haiti," accessed August 23, 2022.
[102] OCHA, "Caribbean: Drought 2015–2017," accessed October 12, 2022; CRS, *Haiti's Political and Economic Conditions*, March 5, 2020, 5.
[103] Bertelsmann Stiftung, *BTI Country Report 2022 Haiti*, 2022, 3–4. See also box 3.2: The COVID-19 Pandemic and Its Effects on Haitian Workers.
[104] IMF, *Regional Economic Outlook*, *Western Hemisphere,* October 2022, 42. Economist Intelligence Unit, *Haiti Country Report*, 2022, 14.
[105] Bertelsmann Stiftung, *BTI Country Report 2022 Haiti*, 2022, 24.

Figure 3.2 Inflation in Haiti and in Latin America and the Caribbean, by year, 2000–2021

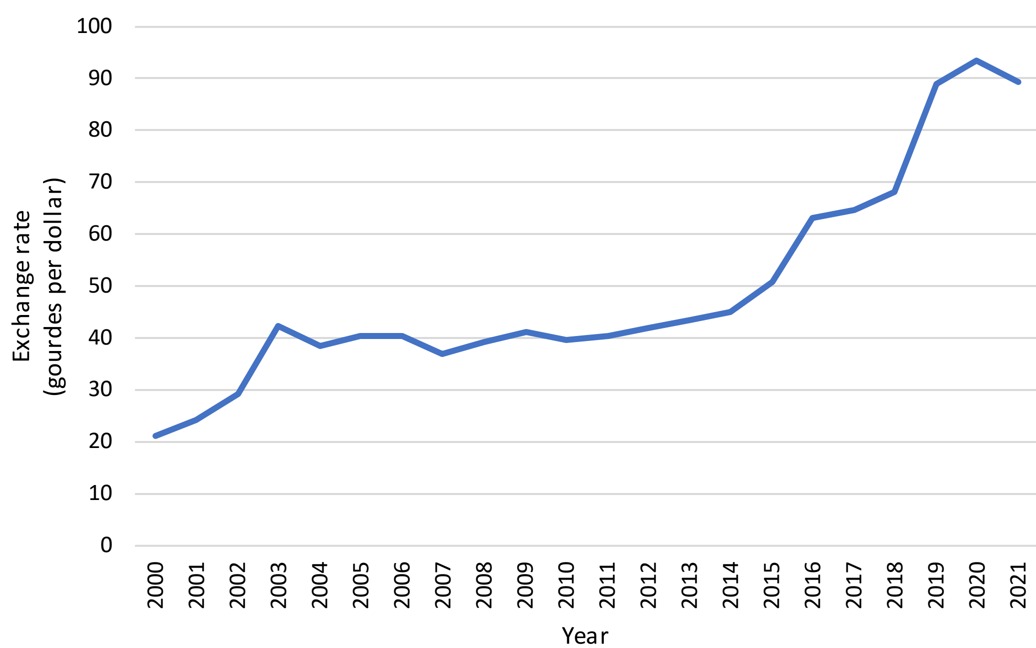
In percentages. Underlying data for this figure can be found in Appendix E, table E.3.



Source: World Bank, World Bank Development Indicators, accessed August 15, 2022.
Note: World Bank indicator code is FP.CPI.TOTL.ZG.

Figure 3.3 Official exchange rate, gourde per U.S. dollar, 2000–2021

Annual average. Underlying data for this figure can be found in Appendix E, table E.4.

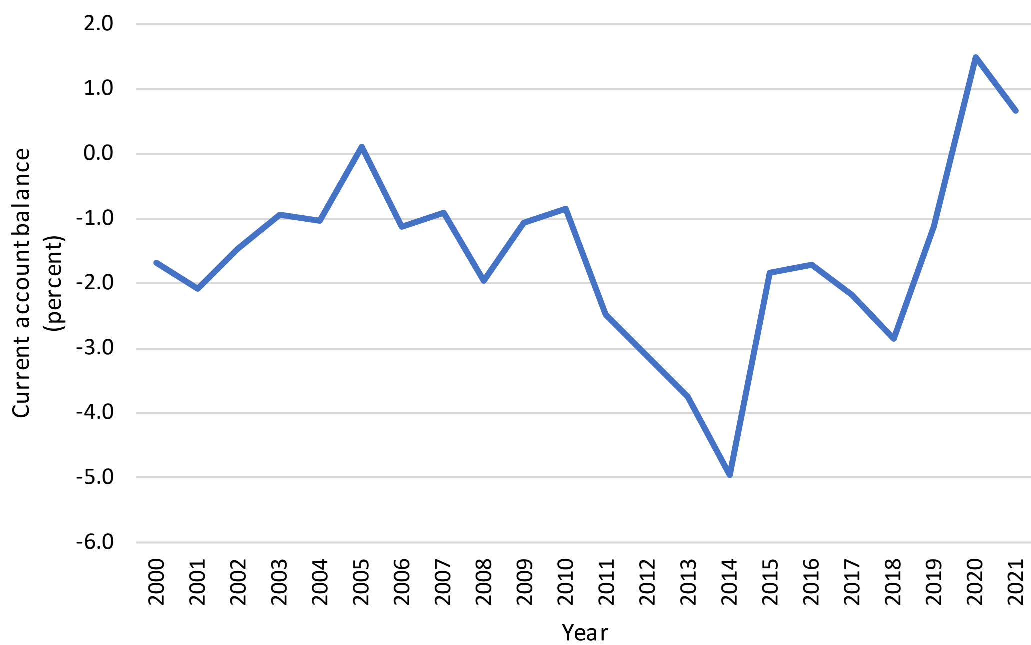


Source: World Bank, World Bank Development Indicators, accessed July 27, 2022.
Note: World Bank indicator code is PA.NUS.FCRF.

With limited natural resources, Haiti relies on imports for its food and fuel needs. High global prices for these products have contributed to Haiti's persistent current account deficits in the past decade (figure 3.4).[106] When a country runs a current account deficit, its expenditures exceed its income—obliging the country to look for external sources of funding. As a developing country, Haiti's main sources of external funds are remittances and foreign aid.[107] Remittances from overseas Haitians have grown in the past few years, accounting for $3.2 billion in 2020.[108] These remittances are an important source of income for Haitian households and help finance Haiti's consumption of imported products.[109] The steady inflow of remittances has resulted in relatively small current account deficits and some surpluses in recent years, giving Haiti some flexibility in managing its external funding needs.

Figure 3.4 Haiti's current account balance as percent of GDP, 2000–2021

In percentages. Underlying data for this figure can be found in Appendix E, table E.5.



Source: World Bank, World Bank Development Indicators, accessed August 15, 2022.
Note: World Bank indicator code is BN.CAB.XOKA.GD.ZS.

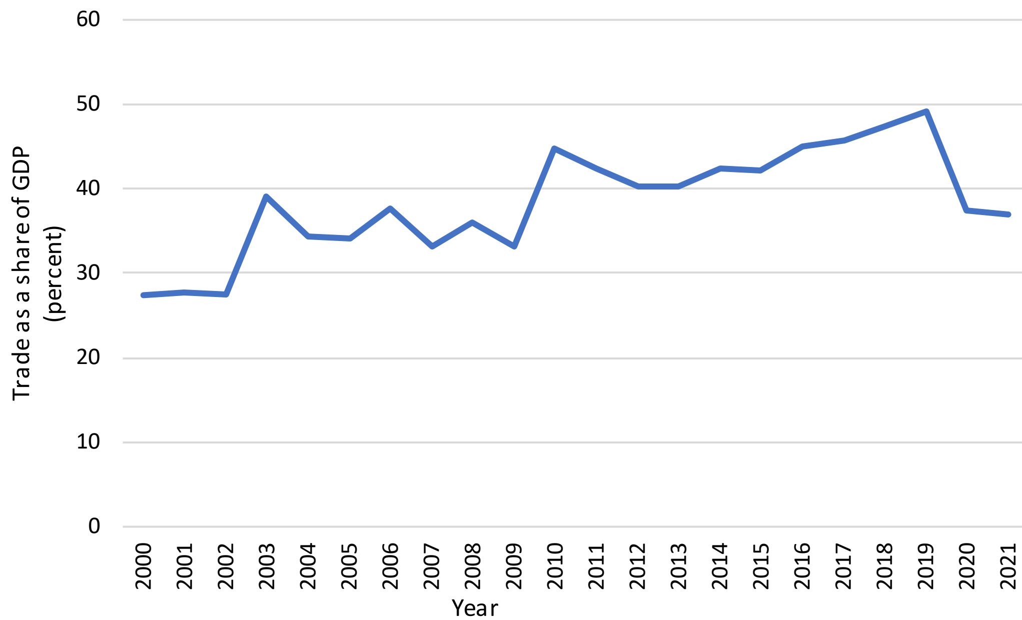
Like other countries in Latin America and the Caribbean, Haiti's economy is highly dependent on trade.[110] Haiti's total trade—the sum of its exports and imports of goods and services—was nearly half the size of its GDP in 2019 before falling to 37 percent in 2020 and 2021 as a result of the COVID-19

[106] A sharp decline in imports during the pandemic allowed Haiti to generate a current account surplus in 2020. Economist Intelligence Unit, *Haiti Country Report*, 2022, 15.
[107] Singh and Barton-Dock, *Haiti: Toward a New Narrative*, 2015, 24.
[108] USDOS, "2021 Investment Climate Statements: Haiti," accessed September 8, 2022.
[109] Singh and Barton-Dock, *Haiti: Toward a New Narrative*, 2015, 25.
[110] Trade as a share of GDP has averaged about 45 percent for countries in the Latin America and the Caribbean region in the past decade. World Bank, "World Development Indicators," accessed September 23, 2022.

pandemic disruptions and associated global slowdown in trade (figure 3.5). The increase in Haiti's ratio of total trade to GDP in recent years means Haiti's trade is growing faster than its economy—Haiti's trade grew at an average annual rate of about 6 percent compared to 1.5 percent for its GDP.[111]

Figure 3.5 Haiti's trade as percent of GDP, 2000–2021

In percentages. Underlying data for this figure can be found in Appendix E, table E.6.



Source: World Bank, World Bank Development Indicators, accessed August 15, 2022.
Note: World Bank indicator code is NE.TRD.GNFS.ZS.

Structure of Haitian Economy

A developing country, Haiti continues to rely heavily on agriculture. Agriculture, forestry, and fishing contributed about 20 percent of Haiti's GDP in recent years (table 3.2). Agriculture's share of total Haitian output has seen a small increase from about 18 percent in 2000 to 21 percent in 2020. Rice is the primary staple food in Haiti, but rice production has not kept up with growing consumption, leading Haiti to rely on imports to satisfy its domestic needs.[112] Subsistence farming accounts for most of Haiti's agricultural output, with average land holdings less than 1 hectare in size.[113] Coffee and sugarcane were traditionally the most important cash crops for Haitian farmers, but production has fallen sharply for both crops as a result of limited growing areas and chronic underinvestment. Haiti now imports most of the sugar it consumes.[114] Cassava, mangoes, and cocoa are among other important Haitian agricultural

[111] World Bank, "World Development Indicators," accessed September 23, 2022.
[112] USDOC, ITA, "Haiti—Country Commercial Guide, Market Overview," accessed September 8, 2022.
[113] FAO, "Haiti," accessed August 23, 2022.
[114] Economist Intelligence Unit, *Haiti Country Report*, 2008, 18.

crops.[115] Overall, inadequate rural infrastructure, lack of investments in modern technology, and the small size of the average farm continue to restrain Haitian production of agricultural goods.[116]

The manufacturing sector comprised 18 percent of Haiti's GDP in 2020, a significant increase from 2000 when manufacturing's share of Haiti's GDP was only 13 percent (table 3.2). The textiles and apparel sector, with production concentrated in specially designed industrial parks and trade zones, is the most developed manufacturing sector in Haiti. Major free zones and industrial parks such as Compagnie de Développement Industriel (CODEVI) and Caracol have their own dedicated power plants and industrial water treatment, giving textiles and apparel manufacturing firms in these areas a reliable source of energy and water.[117] Textiles and apparel comprised nearly 15 percent of Haiti's entire manufacturing output in 2012.[118] Apart from apparel and textiles, manufacturing of food products, beverages, and tobacco made up about 35 percent of Haiti's total manufacturing production. These food products and beverages primarily serve domestic consumption. The lack of capital investment and weak domestic demand make it difficult for domestic firms to scale up production to be profitable.[119] Other domestic manufacturing sectors in Haiti include wood, paper and petroleum products; household goods and cement; and associated building materials.

Table 3.2 Composition of Haiti's GDP by broad sector, in certain years

In percentages.

Sector	2000	2005	2010	2015	2020
Agriculture, forestry, fishing	17.6	18.5	21.0	18.0	20.9
Manufacturing	13.4	16.3	15.0	17.7	18.1
Mining and utilities	3.2	3.5	3.6	2.7	2.0
All services	65.7	61.6	60.3	61.5	59.1
Construction	7.0	5.8	5.8	6.7	3.8
Wholesale, retail trade, restaurants	24.2	23.1	23.4	23.9	26.5
Transport, storage, communications	7.4	9.5	8.0	6.0	4.1
Other services	27.1	23.2	23.1	24.9	24.7

Source: UNSD, National Accounts, accessed August 15, 2022.

Note: All services consist of construction; wholesale, retail trade, restaurants; transport, storage, communications; and other services.

Services is the largest sector of the economy, comprising nearly 60 percent of Haiti's GDP in 2020 (table 3.2). Output from the services sectors is aimed at the domestic market. The biggest service sector in Haiti is wholesale and retail trade, supplying about a quarter of all Haitian output. The share of the transport, storage, and communications sector fell in recent years from a high of 9 percent of the GDP in 2005 to 4 percent in 2020. Similarly, construction's share of GDP decreased, falling below 5 percent of the economy in 2020. Other services—consisting of finance and insurance, education, and social services—represent about a quarter of the Haitian economy.[120]

[115] FAO, "Haiti," accessed August 23, 2022.

[116] De Salvo and Boaz, "Future Foodscapes, a Changing Landscape in the Haitian Agricultural Sector," May 19, 2021.

[117] USAID, *Profile of Haiti's Garment Industry*, March 2015, 11.

[118] UN ECLA, "Repository of Supply and Use Tables and Input-Output Tables in Latin America and the Caribbean," accessed July 15, 2022.

[119] Economist Intelligence Unit, *Haiti Country Report*, 2022, 18–19.

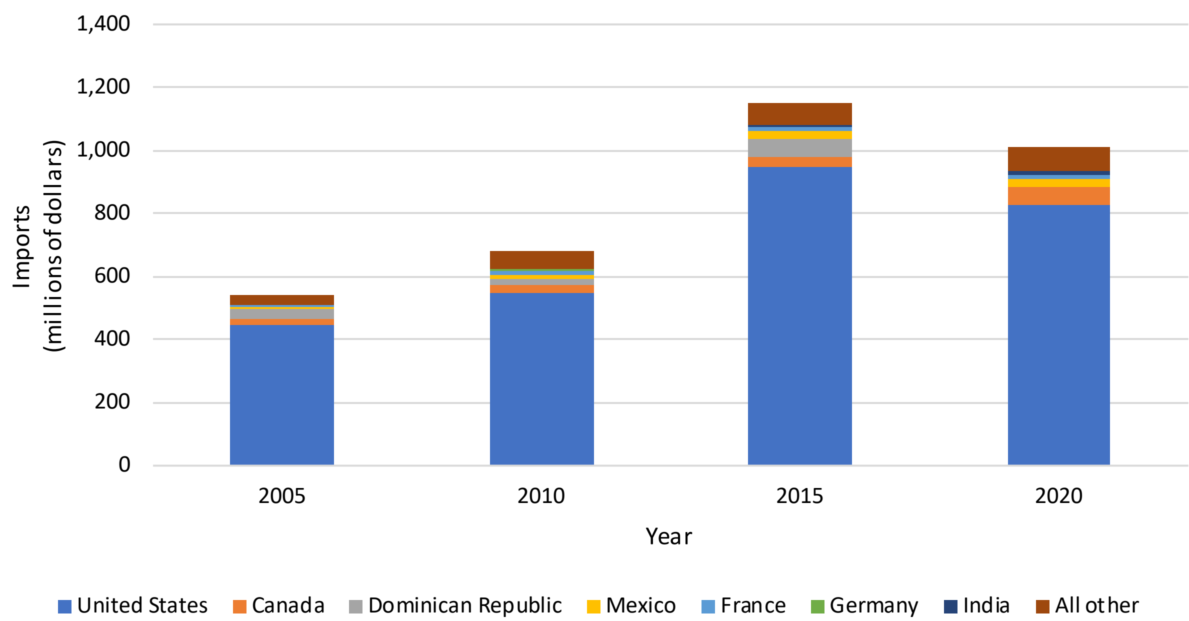
[120] Government of Haiti, Bank of the Republic of Haiti, "Value Added by Sector," accessed September 23, 2022.

Haiti's Overall Trade in Goods and Services

In 2020, Haiti's exports of goods reached $1.01 billion (figure 3.6). Haiti's exports have been increasing over time, with an increase of $789 million (about 146 percent) between 2005 and 2019. However, exports decreased by $315 million from 2019 to 2020, likely related to the COVID-19 pandemic that led to temporary closures of apparel factories in Haiti.[121] In recent years, about 80 percent of Haiti's total exports went to the United States. In 2020, Canada was the second-largest importer of goods from Haiti at slightly more than 5 percent of Haiti's total annual exports. Beyond Haiti's top three or four trading partners, the trade values with other countries are similar and among many the difference is only a few million dollars. The Dominican Republic, which is the only country to share a land border with Haiti, ranked as the second- or third-largest importer of Haiti's goods in 2005, 2010, and 2015. Although ranked highly, the Dominican Republic never had a share above 5.2 percent and fell to below 0.5 percent in 2020. However, large amounts of uncontrolled cross-border trade between Haiti and the Dominican Republic are not included in these figures.[122]

Figure 3.6 Top importers of goods from Haiti, in certain years, 2005–20

In millions of dollars. Underlying data for this figure can be found in Appendix E, table E.7.



Source: USITC calculations; S&P Global, IHS Markit, Global Trade Atlas (GTA) database, accessed October 5, 2022.

Just as Haiti's exports are concentrated by destination country with most shipments going to the United States, Haiti's exports by product are concentrated by sector, primarily in apparel (figure 3.7). Figure 3.7 shows the top products exported from Haiti for certain years from 2005–20. Apparel products at the 4-digit heading level, accounting for 6 of the top 10 products exported each year, are grouped into knit

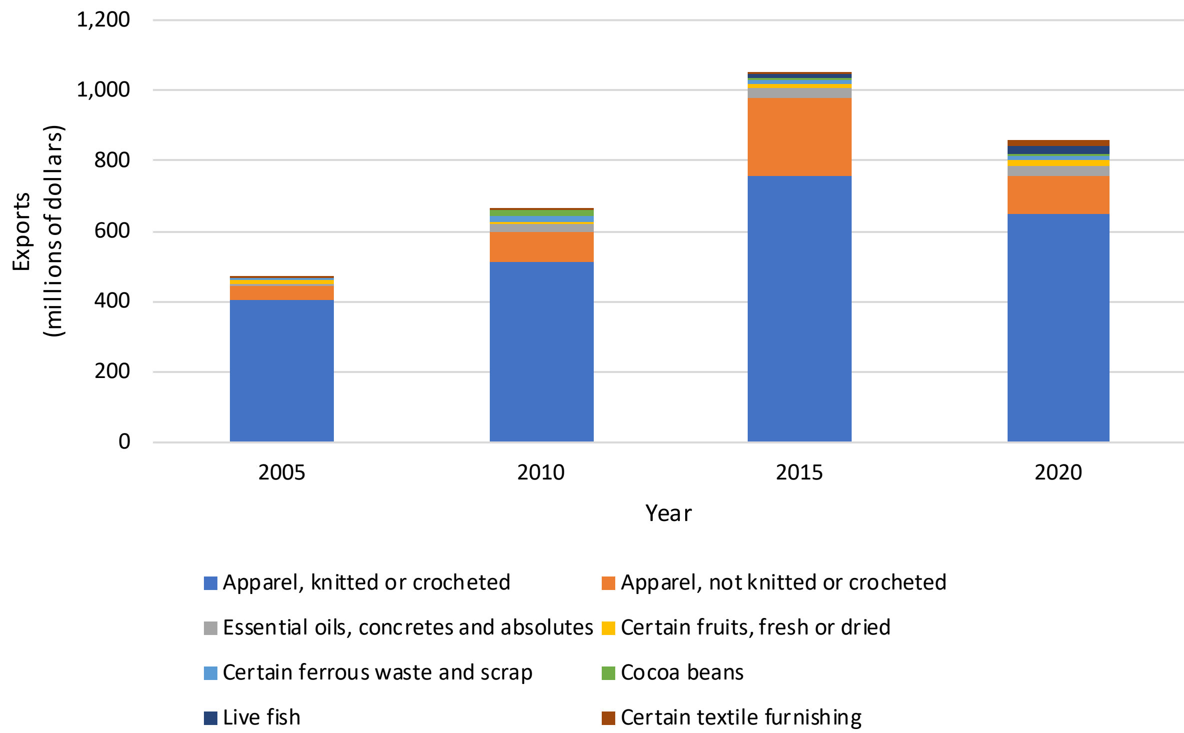
[121] USITC, hearing transcript, May 26, 2022, 120 (testimony of Joseph Blumberg, CODEVI); USITC, hearing transcript, May 26, 2022, 125–26 (testimony of Georges Sassine, ADIH); USITC, hearing transcript, May 26, 2022, 149 (testimony of Beth Hughes, AAFA).

[122] Bertelsmann Stiftung, BTI Country Report 2022 Haiti, 2022.

and non-knit 2-digit chapters. Chapters 61 and 62 account for almost 80 percent of Haiti's exports in 2020. T-shirts, singlets, tank tops, and similar garments that were knitted or crocheted ranked as Haiti's largest export products in each of the selected years at $360 million in 2020. Sweaters, pullovers, sweatshirts, waistcoats (vest), and similar articles that were knitted or crocheted ranked as the second-largest export product in each of the selected years at $186 million in 2020. Beyond apparel products, live fish ranked as the eighth-largest export at $24 million in 2020 (see box 3.4 for additional details on the Haiti's exports of live eels). Essential oils and related products ranked in the top four or six products in each year. A food product grouping that includes mangoes ranked in the top 10 exported products for 2005, 2010, and 2015 (see the mangoes case study in chapter 4 for more details). Cocoa beans ranked as the sixth-largest exported product in 2010.

Figure 3.7 Top products exported from Haiti, in certain years, 2005–20

In millions of dollars. Underlying data for this figure can be found in Appendix E, table E.8.

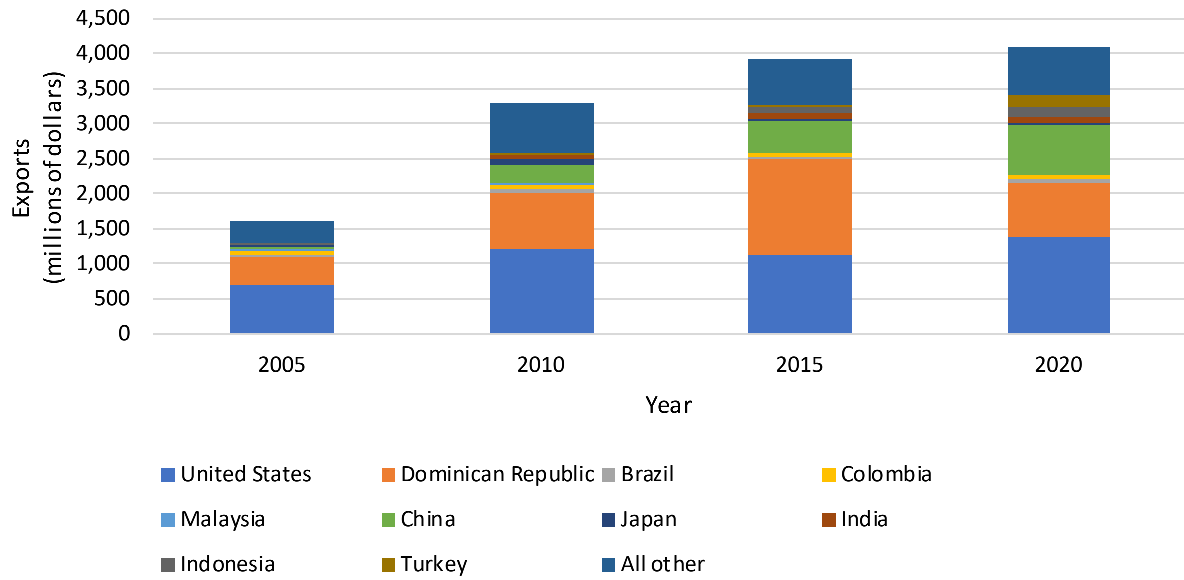


Source: USITC calculations; S&P Global, IHS Markit, Global Trade Atlas (GTA) database, accessed October 5, 2022.
Note: Ranking of the top HS 4-digit products excludes products under HS 2-digit chapters 98 and 99, but these chapters are included in total values. Global Trade Atlas reports duplicate values for some reporting countries and the average of those values are used for the table calculations. Products shown in this figure cover more than 85 percent of Haiti's total exports in each year. The calculations are based on subheadings 0301 (live fish), 0804 (certain fruits, fresh or dried), 1801 (cocoa beans), 3301 (essential oils, concretes and absolutes), 6103, 6104, 6105, 6108, 6109, and 6110 (apparel, knitted or crocheted), 6203, 6204, 6205, and 6211 (apparel, not knitted or crocheted), 6304 (certain textile furnishings), and 7204 (certain ferrous waste and scrap). Calculation is based on top-10 subheading exports, by value, exported from Haiti in each year.

In 2020, Haiti imported $4.10 billion of goods (figure 3.8).[123] Just as the United States is the largest importer of Haiti's goods, it is also the largest exporter to Haiti, with U.S. goods exports to Haiti valued at $1.4 billion in 2020. The Dominican Republic was the largest exporter to Haiti in 2015 and the second-largest exporter to Haiti in the remaining years, shown below in figure 3.8.[124] China experienced large increases in exports to Haiti between 2005 and 2020, which is likely related to China's accession to the WTO in 2001 and Haitians' demand for low-priced goods from China.[125]

Figure 3.8 Top exporters of goods to Haiti, in certain years, 2005–20

In millions of dollars. Underlying data for this figure can be found in Appendix E, table E.9.



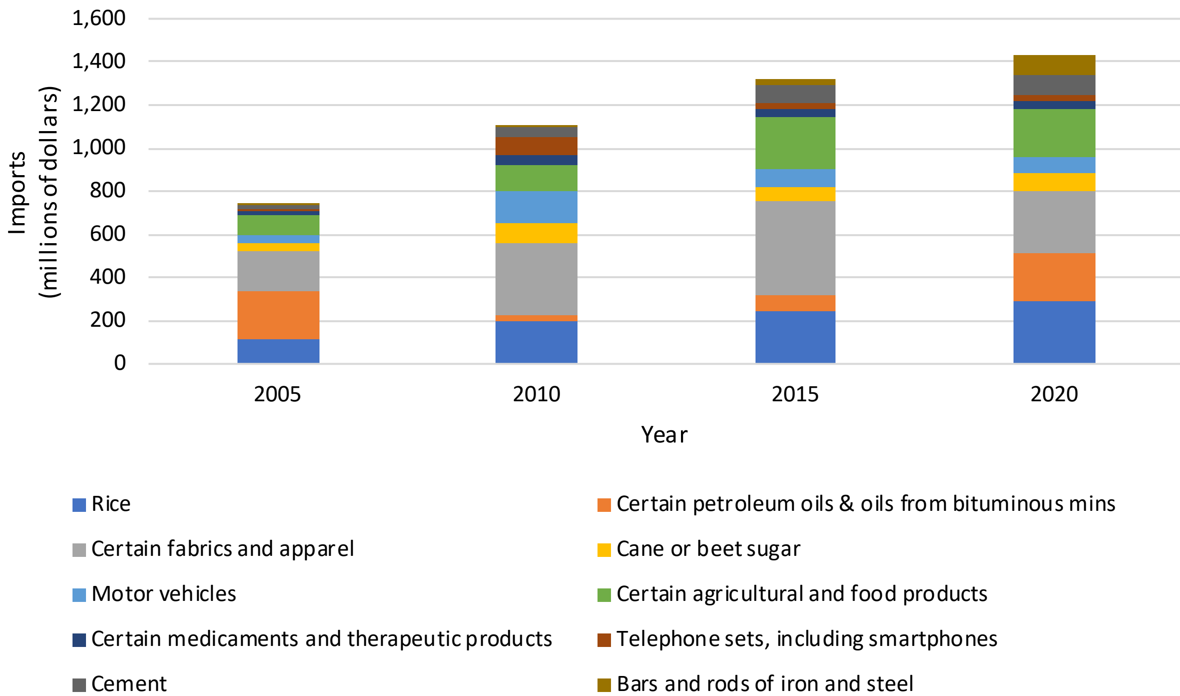
Source: USITC calculations; S&P Global, IHS Markit, Global Trade Atlas (GTA) database, accessed October 5, 2022.

Haiti's leading imports generally include products that it does not produce domestically or produces in limited quantities (figure 3.9). For example, petroleum products ranked as the second-largest import in 2020. Food products are also some of Haiti's top imports. Rice was the largest import at $293 million in 2020 and ranked among the top three during the selected years. T-shirts, singlets, tank tops, and similar garments that were knitted or crocheted, Haiti's largest export, also ranked as the 10th-largest import at $81 million in 2020, one-eighth of its exports in the same heading.

[123] Detailed import and export data are not reported by Haiti, so the data in this section are calculated using mirror trade data (i.e., data reported by Haiti's trading partners).
[124] As noted above, these trade statistics do not include uncontrolled trade that is common between Haiti and the Dominican Republic. Bertelsmann Stiftung, *BTI Country Report 2022 Haiti*, 2022.
[125] Autor, Dorn, and Hanson, "The China Syndrome," October 1, 2013, 2121–68.

Figure 3.9 Top products imported by Haiti, in certain years, 2005–20

In millions of dollars. Underlying data for this figure can be found in Appendix E, table E.10.



Source: USITC calculations; S&P Global, IHS Markit, Global Trade Atlas (GTA) database, accessed October 5, 2022.
Note: Ranking of the top HS 4-digit products excludes products under HS 2-digit chapter 98 and 99, but these are included in total values. Global Trade Atlas reports duplicate values for some reporting countries and the average of those values for the table calculations. Products shown in this figure cover about 35 percent of Haiti's total imports in each year. The calculations are based on subheadings 0207, 0402, 1001, 1101, 1507, 1511, and 2103 (certain agricultural and food products), 1006 (rice), 1701 (cane or beet sugar), 2523 (cement), 2710 (certain petroleum oils and oils from bituminous mins), 3004 (certain medicaments and therapeutic products), 5208, 5212, 6006, 6107, 6109, and 6306 (certain fabrics and apparel), 7213 (bars and rods of iron and steel), 8517 (telephone sets, including smartphones), 8703 and 8704 (motor vehicles). Calculation is based on top-10 subheading imports, by value, imported to Haiti in each year.

Trade in services is an important component of Haiti's overall trade, having a total value about one-third the value of Haiti's trade in goods in the past decade.[126] Haiti's exports of commercial services grew from less than $200 million in 2000 to about $700 million in 2018, before falling sharply in 2020 largely because of COVID-19 pandemic-related travel restrictions (figure 3.10). Travel services, in particular tourism, play a prominent role in exports of services, comprising nearly 90 percent of Haiti's total exports of services in recent years. Even before the onset of the COVID-19 pandemic, political instability and security issues had dampened growth in Haiti's tourist industry with the sector seeing a 60 percent loss of jobs in 2019.[127] Ongoing political unrest led Royal Caribbean, a major U.S. cruise line, to suspend operations to Labadee, its popular private resort in Haiti.[128]

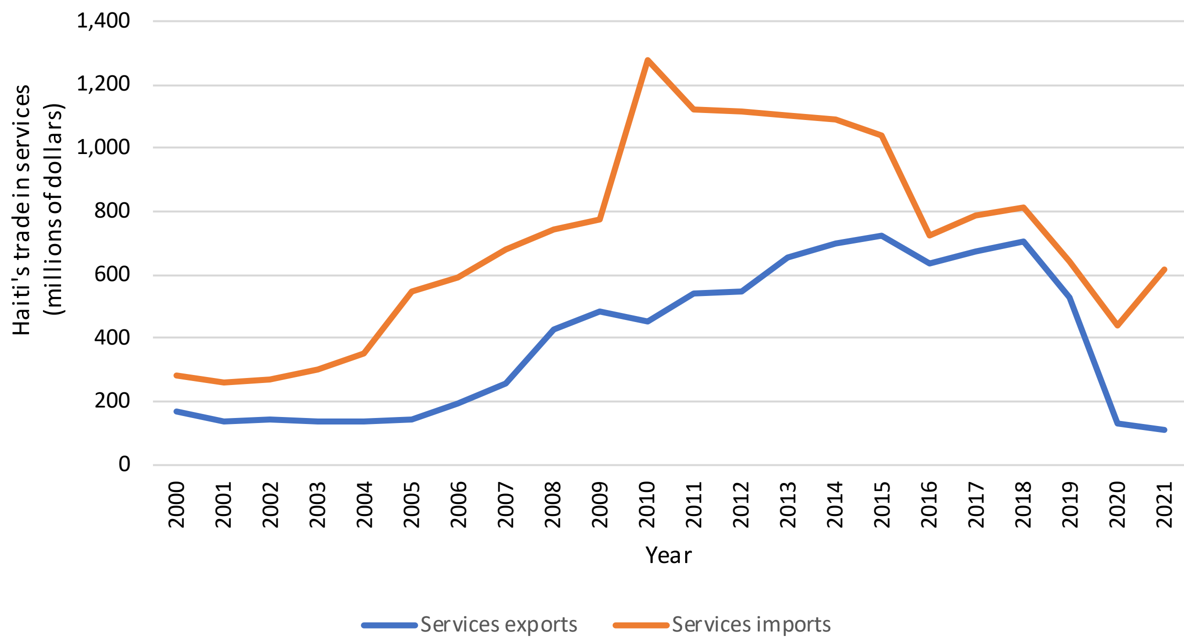
Haiti's imports of services have seen a similar pattern with imports growing from under $300 million in 2000 to over a billion dollars in 2010–15, before falling in the next few years (figure 3.10). Haiti's main services imports have been in transport (about 50–60 percent of all services imports) and information

[126] World Bank, "World Development Indicators," accessed September 3, 2022.
[127] USDOS, "2021 Investment Climate Statements: Haiti," accessed September 8, 2022.
[128] Parkinson, "Royal Caribbean Replacing Labadee Calls Due to Unrest in Haiti," August 12, 2021.

and communications (about 30–40 percent of all services imports). Haiti is currently unable to meet the growing domestic demand for telecommunications and information technology services—these sectors are expected to continue to see an increase in imports in the foreseeable future.[129]

Figure 3.10 Haiti's trade in services, 2000–2021

In Balance of Payments, millions of current U.S. dollars. Underlying data for this figure can be found in Appendix E, table E.11.



Source: World Bank, World Development Indicators database, accessed September 3, 2022.

U.S. Imports from Haiti between 1980 and 2021

The United States is Haiti's largest trading partner, both in terms of imports and exports. This section focuses on U.S. imports from Haiti over a four-decade timespan between 1980 and 2021.[130] U.S. imports from Haiti were just over $252 million in 1980 (figure 3.11). Imports increased through the early 1980s before leveling off in the mid-1980s. The 1991 embargo on Haiti led to U.S. imports drastically decreasing, reaching a low of $58.76 million in 1994, the last year of the embargo (see box 3.1).[131] From that year until 2019–20, U.S. imports from Haiti increased. Figure 3.11 tracks the rise of U.S. imports from Haiti, comparing it with key dates of the trade embargo and different U.S. preference programs (i.e., CBERA, CBTPA, HOPE I, HOPE II, and HELP). After the initiation of each of these preference programs, U.S. imports usually increased, suggesting that the preference programs helped increase Haiti's exports to the United States. For example, following HELP in 2010, U.S. imports increased from $550.78 million to $741.65 million in 2011. In the case of CBTPA, U.S. imports from Haiti began to increase a few years after the start of the program from $263.10 million in 2001 to $332.38 million in

[129] USDOC, ITA, "Haiti—Country Commercial Guide, Market Overview," accessed September 8, 2022.
[130] Feenstra, "U.S. Imports, 1972-1994," March 1996, 1–43. NBER Public Use Data is used for the years 1980–88.
[131] Miranda, "Haiti and the United States," 1995, 678–80.

2003. Between 2019 and 2020, U.S. imports from Haiti decreased. This is likely related to the COVID-19 pandemic that limited production of apparel products for at least part of the year.[132] Imports quickly returned and reached their highest level at $1.11 billion in 2021.

U.S. imports from Haiti today largely consist of apparel products, including cotton and manmade fiber T-shirts, pullovers, and trousers and breeches (see table 4.13 in chapter 4 for the top products in 2020). In the 1980s, U.S. imports of apparel products included cut shoe uppers of leather, brassieres, and women's and girls' knit underwear. U.S. imports of these products declined significantly at the end of the 1980s when political instability ensued, leading to the trade embargo in 1991. As discussed more in the apparel case study in chapter 4, the product mix shifted primarily to knit apparel products with T-shirts accounting for a large share. U.S. imports of apparel products by decade, from 1980–2020, can be found in tables 4.10–4.13.

Box 3.1 Timeline Surrounding Haiti Sanctions and Embargo from 1991–94

Date	Event
December 16, 1990	Jean-Bertrand Aristide elected president in general election.[a]
September 29, 1991	Lt. General Raoul Cédras ousted President Aristide in a coup and sent him into exile.[b]
October 3, 1991	Foreign Affairs Ministers of the Organization of American States (OAS) called for the reinstatement of President Aristide and immediate investigation of alleged human rights abuses in the OAS resolution, *Support to the Democratic Government of Haiti* (MRE/RES. 1/91). They further called for diplomatic isolation and suspension of economic ties with the de facto government of Haiti.[c]
October 7, 1991	President Bush signed Executive Order 12775, which blocked any assets of the de facto government of Haiti in the United States.[d]
October 8, 1991	Foreign Affairs Ministers of the OAS called for a trade embargo of Haiti in the OAS resolution, *Support to the Democratic Government of Haiti* (MRE/RES. 2/91).[e]
October 28, 1991	President Bush signed Executive Order 12779, which forbade U.S. citizens from paying or transferring assets to the de facto government of Haiti. It also forbade the trade in goods between the United States and Haiti with a few humanitarian exceptions such as medicine, basic food, and publications and information materials. The trade ban went into effect on November 5, 1991.[f]
June 16, 1993	UN Security Council Resolution 841 affirmed OAS statements and encouraged non-OAS members to adopt them.[g]

[132] USITC, hearing transcript, May 26, 2022, 120 (testimony of Joseph Blumberg, CODEVI); USITC, hearing transcript, May 26, 2022, 125–26 (testimony of Georges Sassine, ADIH); USITC, hearing transcript, May 26, 2022, 149 (testimony of Beth Hughes, AAFA).

Box 3.1 Timeline Surrounding Haiti Sanctions and Embargo from 1991–94

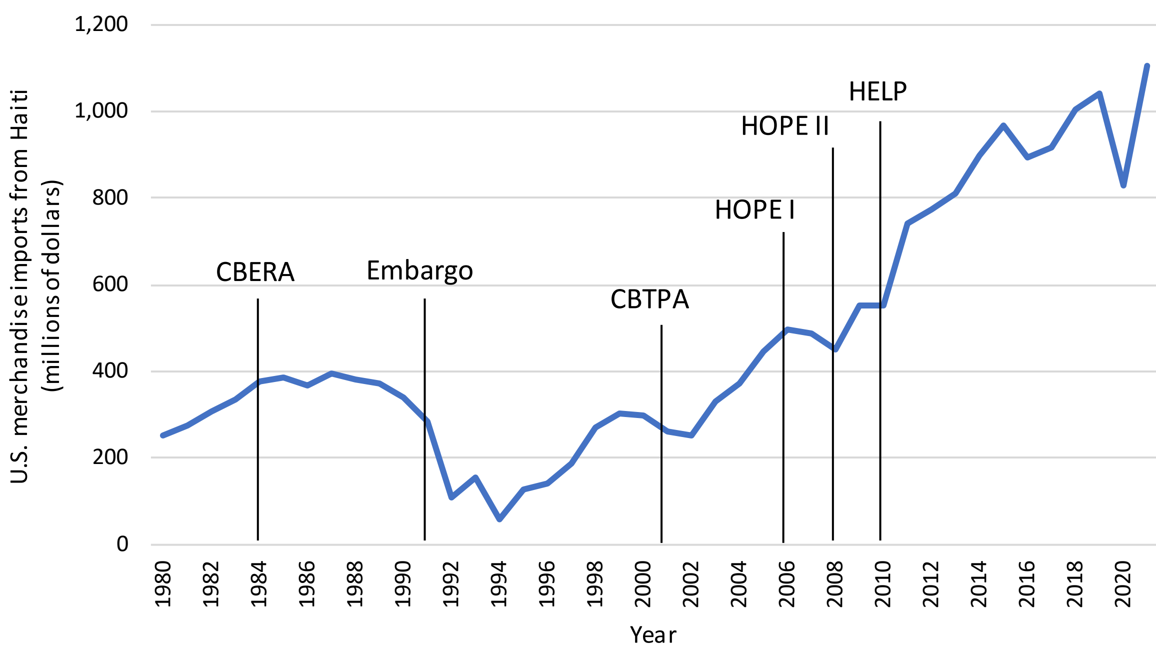
June 30, 1993	President Clinton signed Executive Order 12853, which expanded sanctions by banning U.S. persons or U.S.-registered vessels or aircraft from selling or supplying petroleum or military/police articles regardless of where such articles were shipped from and also further limited exceptions for humanitarian shipments to Haiti.[h]
July 3, 1993	President Aristide and Lt. General Cédras signed the Governor's Island Accord designed to restore democracy to Haiti. It was unsuccessful and violence increased in Haiti.[i]
October 18, 1993	President Clinton signed Executive Order 12872, which placed sanctions on those who obstructed the implementation of the Governor's Island Accord.[j]
May 7, 1994	President Clinton signed Executive Order 12914, which placed sanctions on the de facto government of Haiti officials.[k]
May 21, 1994	President Clinton signed Executive Order 12917, which expanded restrictions on U.S. persons and U.S. registered vessels/aircraft in exporting goods from Haiti or selling goods exported from Haiti.[l]
June 10, 1994	President Clinton signed Executive Order 12920, which expanded the prohibition on financial transactions to any payments that pass through the United States to Haiti, with certain exceptions for humanitarian reasons.[m]
July 31, 1994	UN Security Council Resolution No. 940 authorized the deployment of a multinational force to restore President Aristide to Haiti.[n]
September 1994	20,000 U.S. troops landed in Haiti under Operation Uphold Democracy.[o]
October 1994	President Aristide returned to power to complete his term.[p]
October 14, 1994	President Clinton signed Executive Order 12932, which lifted all sanctions and embargoes on Haiti effective October 16, 1994.[q]

Box 3.1 Timeline Surrounding Haiti Sanctions and Embargo from 1991–94

Sources:
[a] French, "Man in the News," December 19, 1990.
[b] French, "Envoys Arrive in Haiti," October 5, 1991.
[c] OAS MRE/RES. 1/91 (October 3, 1991)
[d] Exec. Order No. 12775, 56 Fed. Reg. 50641 (October 7, 1991)
[e] OAS MRE/RES. 2/91 (October 8, 1991)
[f] Exec. Order No. 12779, 56 Fed. Reg. 55975 (October 28, 1991)
[g] SC Res. 841, UNSCOR (June 16, 1993)
[h] Exec. Order No. 12853, 58 Fed. Reg. 35843 (June 30, 1993)
[i] Governor's Island Agreement (July 3, 1993)
[j] Exec. Order No. 12872, 58 Fed. Reg. 54029 (October 20, 1993)
[k] Exec. Order No. 12914, 59 Fed. Reg. 24339 (May 10, 1994)
[l] Exec. Order No. 12917, 59 Fed. Reg. 26925 (May 24, 1994)
[m] Exec. Order No. 12920, 59 Fed. Reg. 30501 (June 14, 1994)
[n] SC Res. 940, UNSCOR (July 31, 1994)
[o] Apple Jr., "Mission to Haiti: In Perspective," September 20, 1994.
[p] Kifner, "Mission to Haiti: The Homecoming," October 16, 1994.
[q] Exec. Order No. 12932, 59 Fed. Reg. 52403 (October 18, 1994)

Figure 3.11 Total U.S. merchandise imports from Haiti, 1980–2021

In millions of U.S. dollars. Underlying data for this figure can be found in Appendix E, table E.12.



Sources: NBER Public Use Data, U.S. imports 1980–88, accessed June 24, 2022; USITC DataWeb/Census, U.S. imports 1989–2021, accessed July 11, 2022.

Most of the top U.S. imports from Haiti during the 1980s experienced large decreases in the import values over time and were almost nonexistent in recent years. During this period, U.S. imports were classified by the Tariff System of the United States (TSUS), which was later replace by the HTS. Baseballs and softballs ranked as the top two imports. The other top products were primarily electrical equipment and apparel products. Coffee ranked as the seventh-largest import. This is followed by U.S. goods returned, including U.S. products that are not advanced in value or improved while they are abroad.[133]

Table 3.3 lists the average yearly import values for the 1980s, 1990s, 2000s, 2010s, and 2021 for the top U.S. imports from Haiti during the 1980s.[134] Most of these products had lower import values in the 1990s, and then fell to zero over the next two decades. The United States has not imported baseballs and softballs from Haiti since 2006 (see figure 4.8 in chapter 4). Imports of baseballs and softballs started to decrease about the time of the trade embargo in 1991 and did not recover in later years. Political instability that began about 1986 and concerns of potential worker unionization were also contributing factors to the decline in these imports.[135] The case study on sporting goods in chapter 4 provides additional details on the decline in U.S. imports of baseballs and softballs from Haiti. In figure 3.12, three products are highlighted that represent the variety of products listed among the top U.S. imports in the 1980s: cut shoe uppers; crude coffee; and women's, girls', and infants' underwear.

The United States has not imported cut shoe uppers of leather with or without soles from Haiti since 1992 (figure 3.12). U.S. imports of these leather shoes were at their highest value of just over $24.5 million in 1984.

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[133] This TSUS 7-digit statistical reporting number does not cover articles exported for temporary use abroad, nor does it cover articles reimported on a temporary basis for repairs, alterations, processing, etc.
[134] In 1989, the United States switched from using TSUS to HTS codes, so a concordance is required to observe U.S. imports between 1980 and 2021. When possible, the import values for the corresponding TSUS 7-digit statistical reporting numbers are presented; however, some products are presented at the level of TSUS 5-digit statistical reporting numbers to better align with the HTS system. See appendix F, supplemental tables, for the top 20 U.S. imports from Haiti from 1980–88.
[135] Peterson, "Will Haiti's Baseball-Makers Take a Walk?," July 27, 1988.

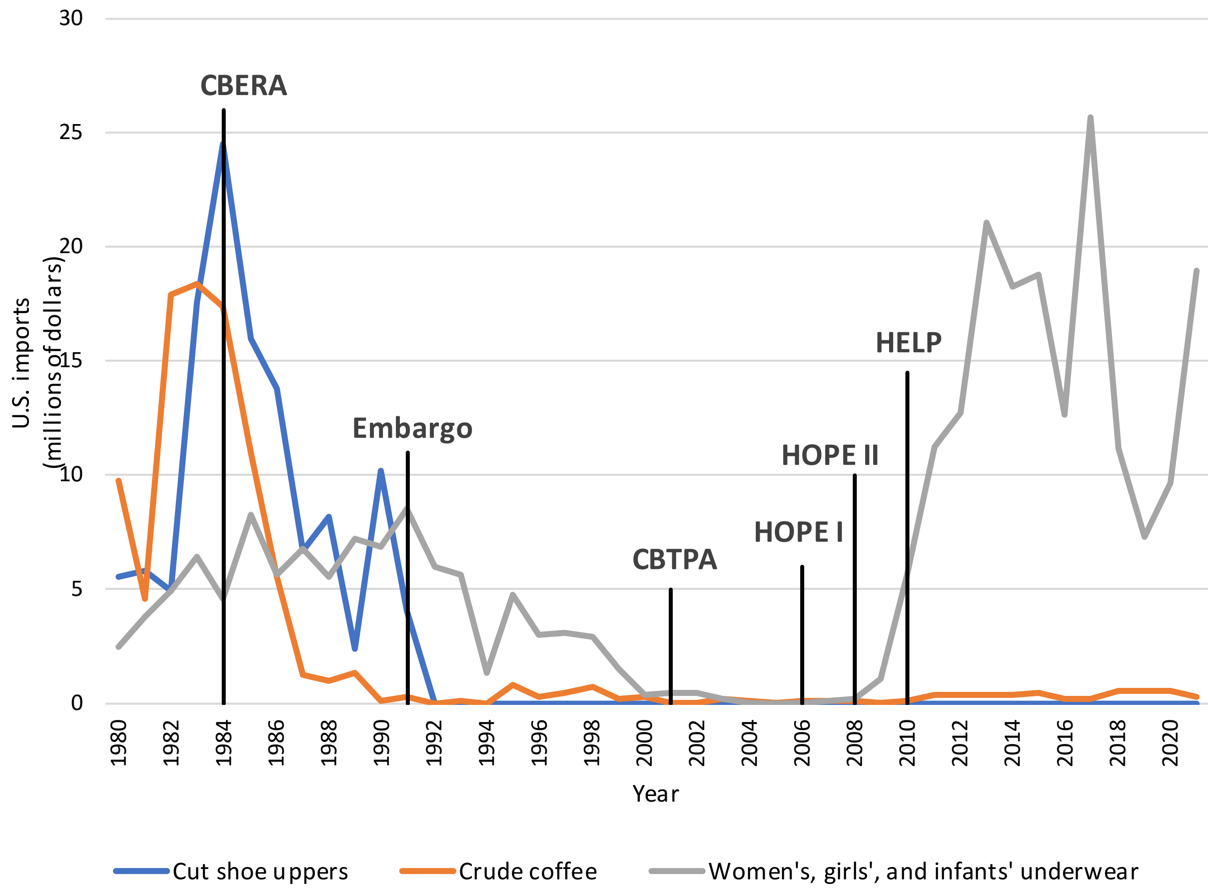
Table 3.3 U.S. imports of the top 20 Tariff System of the United States (TSUS) statistical reporting numbers from Haiti in the 1980s, by product category and period
In millions of dollars, (—) = no data; nspf = not specifically provided for.

TSUS 7-digit or 5-digit statistical reporting number and description	Average 1980s	Average 1990s	Average 2000s	Average 2010s	Actual 2021
734.56.10: Baseballs	17.3	3.2	0.2	—	—
734.56.15: Softballs	14.3	4.1	0.8	—	—
685.90: Electrical switches, connectors, and relays (See note)	32.8	4.7	0.3	0.1	—
791.27.00: Cut shoe uppers of leather with or without soles, lasted	10.5	1.4	—	—	—
376.24.30: Brassieres, manmade fiber, lace net, or ornamented	9.8	0.8	0.7	—	—
160.10.20: Coffee, crude	8.8	0.3	0.1	0.4	0.3
800.00.35: U.S. goods returned	6.5	4.0	3.5	4.7	14.1
740.13.00: Other necklaces and neck chains, gold	6.0	0.6	0.0	—	—
378.05.53: Women's, girls', and infants' lace/net or ornamented knit underwear of manmade fibers	5.6	4.4	0.3	14.4	19.0
683.60.90: Other electrical starting and ignition equipment for internal combustion engines	4.4	0.0	—	0.0	0.0
601.06.00: Bauxite	4.1	—	—	—	—
682.05.20: Transformers rated at less than 40 volt-amperes	4.2	1.0	0.7	1.5	2.3
791.60.00: Leather belts and buckles, to be worn on the person	3.9	1.9	0.2	0.0	0.0
682.60.52 (1980–86), 682.60.57 (1987–88): Coils and inductors	4.9	1.0	—	—	—
315.20.20: Binder and baler twine of hard (leaf) vegetable fibers not stranded and not more than 375 feet per pound	3.6	2.2	0.4	0.0	—
688.18.00: Other insulated electrical conductors with fittings, nspf	3.1	1.1	0.0	—	—
155.20.45: Cane or beet sugars, sirups, and molasses principally of crystalline structure or in dry amorphous form, nspf	2.3	—	—	—	—
256.87.80: Articles, nspf, or papers, coated, lined, parchment etc.	2.8	1.2	0.1	0.0	—
Subtotal, top TSUS products imported from Haiti in the 1980s	144.9	31.9	7.3	21.0	35.7
All other products	200.8	165.8	387.7	839.0	1,070.0
Total U.S. imports from Haiti, all product categories	345.7	197.7	395.0	860.0	1,105.7

Sources: NBER Public Use Data, U.S. imports 1980–88, accessed June 24, 2022; USITC DataWeb/Census, U.S. imports 1989–2021, accessed August 10, 2022.
Note: Data shown for the 5-digit TSUS statistical reporting number 685.90 was the parent item for (a) the third-largest 7-digit TSUS statistical reporting number for Haiti in the 1980s covering "Other electrical switches, connectors, and relays," (b) the sixth-largest 7-digit TSUS statistical reporting number for Haiti in the 1980s covering "Other electrical connectors, nspf," and the 13th-largest 7-digit TSUS statistical reporting number for Haiti in the 1980s covering "Other electrical switches and relays electrical, nspf." Data are shown at the 5-digit TSUS statistical reporting numbers and their present-day HTS equivalents to create a meaningful time series as the 7-digit TSUS statistical reporting numbers were not cleanly mapped in the harmonized schedule. These mappings may not be 1-to-1 as a result of the extensive changes over the past 40 years in terms of the classification schemas (e.g., changes from TS to HTS and within the HTS), classification rules (e.g., essential character), and products themselves (e.g., technology advances).

Figure 3.12 Selected top U.S. imports from Haiti, 1980–2021

Underlying data for this figure can be found in Appendix E, table E.13.



Sources: NBER Public Use Data, U.S. imports from 1980–88, accessed June 24, 2022; USITC DataWeb/Census, U.S. imports from 1989–2021, accessed August 10, 2022; data concorded by USITC staff.
Note: Cut shoe uppers includes TSUS statistical annotation 791.27.00 and HTS statistical reporting number 6406.10.65.00; crude coffee includes TSUS statistical annotation 160.10.20 and HTS statistical reporting numbers 0901.11.0010, 0901.11.0025, 0901.11.0055, 0901.11.0090, 0901.12.0000, 0901.12.0025; women's, girls', and infants' underwear includes TSUS statistical annotation 378.05.53 and HTS statistical reporting numbers 6108.22.0020 and 6108.22.0030 (1989–94), 6108.22.9020 and 6108.22.9030 (1995 to 2021).

Coffee, another top import into the United States from Haiti in the 1980s (figure 3.12), was the top export crop for Haiti in 1984, with 18,461 metric tons in exports to the world valued at nearly $46 million.[136] However, by 1990, exports had decreased by 66 percent by value and 50 percent by quantity, because of several factors.[137] The highly volatile price of coffee decreased 65 percent by 1987 following a spike in prices.[138] In addition, charcoal demand rose and became so high, while coffee prices were so

[136] FAO, "FAOSTAT, Exports, All crop and livestock products; Green Coffee," accessed August 24, 2022. U.S. imports of crude coffee from Haiti peaked at just over $18 million in 1983 (figure 3.12).
[137] FAO, "FAOSTAT, Exports, Green Coffee," accessed August 24, 2022.
[138] A drought in Brazil, a major coffee producer, in 1985 caused prices to spike. Prices fell as a result of oversupply, partly due to Brazilian production not being as severely impacted by drought as expected. Collie, "'We Know That This Is Destroying the Land,'" December 7, 2003; Jacobsen, "Coffee Price Plunge Will Hurt Central American

low, that many coffee trees were cut down for charcoal.[139] The embargo followed in 1991, hampering the recovery of the Haitian coffee industry through the loss of a major export market, as well as hindering the access to production inputs. Even after the embargo ended, coffee production and exports did not recover for several reasons. Because of the instability in the coffee market, farmers did not invest in production, resulting in unproductive coffee trees that are old, unpruned, and of outdated varieties.[140] Coffee rust, a fungal disease, and climate change are additional headwinds for coffee production in Haiti.[141] In recent years though, Haitian coffee has begun to gain popularity in the specialty coffee market in the United States.[142]

U.S. imports of women's, girls', and infants' lace/net or ornamented knit underwear of manmade fibers have increased over time (figure 3.12). U.S. imports decreased following the embargo in 1991, and then increased follow HOPE II and HELP. Between 1980 and 2021, U.S. imports of this product increased by 654.6 percent. The apparel case study in chapter 4 provides more detail on the effect of these preference programs on U.S. imports of apparel products.

Investment in Haiti

Haiti encourages foreign direct investment (FDI), with Haitian law providing the same rights, privileges, and protection to domestic and foreign companies.[143] The government of Haiti provides two types of benefits for foreign investors: customs duty incentives and income tax incentives.[144] Import and export policies are nondiscriminatory and not based on a firm's nationality. However, as described in the competitiveness section below, political instability, corruption, and weak legal protections continue to discourage foreign companies from investing in Haiti.[145]

Haiti has established a number of free zones that provide a special regime on customs duties and controls, taxation, immigration, capital investment, and foreign trade to firms operating in these geographic areas.[146] Foreign firms, primarily from Asia and the Dominican Republic, have taken advantage of these benefits to establish several textile factories across Haiti's free zones.[147] CODEVI is

Economies," March 19, 1987; UPI, "World Coffee Production in 1986-87 Is Expected to Be . . . ," July 18, 1986; International Coffee Organization, *World Coffee Trade (1963–2013)*, February 24, 2014.

[139] Demand for charcoal lead to extensive deforestation in Haiti. Collie, "'We Know That This Is Destroying the Land,'" December 7, 2003.

[140] Newer varieties of coffee can produce three times the yield of the traditional varieties grown in Haiti. Typically, Coffee plants are routinely pruned into bushes about as high as a person so that the plant focuses its resources on producing coffee beans rather than vegetative growth, in addition to making harvesting easier. Watkins, "Why Are Haiti's Coffee Trees So Tall?," September 18, 2016; Maass, "Impact Evaluation: Root Capital & Union Des Coopératives Caféières de Baptiste (UCOCAB)," March 1, 2014.

[141] Maass, "Impact Evaluation: Root Capital & Union Des Coopératives Caféières de Baptiste (UCOCAB)," March 1, 2014.

[142] Brennan, "All About Haitian Coffee (History, Flavor, & Culture)," January 29, 2021.

[143] Government of Haiti, Law on the Investment Code Modifying the October 30, 1989 Order on the Investment Code, § Article 11, (August 22, 2002).

[144] International Trade Administration, "Haiti—Country Commercial Guide," accessed June 8, 2022.

[145] USDOS, "2021 Investment Climate Statements: Haiti," accessed September 8, 2022.

[146] USDOS, "2021 Investment Climate Statements: Haiti," accessed September 8, 2022.

[147] fDi Intelligence, "Nascent Apparel Industry Throws Haiti a Lifeline," accessed August 8, 2022.

one of Haiti's largest free zones and hosts several global brands benefiting from tariff-free access to the U.S. market.[148] CODEVI is administered by Grupo M, a Dominican textile manufacturer, with factory space also leased to a number of major U.S. apparel companies.[149] Along with free zones, Haiti encourages the development of industrial parks that provide firms with various benefits, including streamlined customs, proximity to Haiti's ports and airports, access to reliable energy and water services, and the availability of storage and warehouse facilities.[150] Caracol is the largest and most modern of these industrial parks, hosting the following garment firms in 2021: S&H Global, a South Korean company and the largest private employer in Haiti; MAS Holdings, a Sri Lankan textiles company specializing in lingerie; Everest, a Taiwanese garment firm; and Peintures Caraïbes and Sisalco, two domestic manufacturers.[151] The Palm Apparel Group, founded by local Haitian businessmen, has more recently launched a new free zone, Digneron, near Port-au-Prince, and Haiti has established its first agricultural free zone in Trou du Nord.[152]

To promote additional investments, the Haitian government, through the Haitian Ministry of Commerce, established the Center for Facilitation of Investments (CFI) in 2006. The CFI aims to provide specialized services to potential investors, free of charge, that include facilitating visits to Haiti, simplifying administrative procedures for the entry and establishment of new businesses, and sending the latest information on economic and commercial conditions to local and foreign investors.[153] The CFI has promoted the following four sectors for foreign investment: apparel, agribusiness, tourism, and business services.[154] However, the CFI has been unable to operate at full capacity during the COVID-19 pandemic, limiting its progress on boosting investment and creating domestic jobs.[155]

The Role of U.S. Preference Programs in Shaping Foreign Investment in Haiti

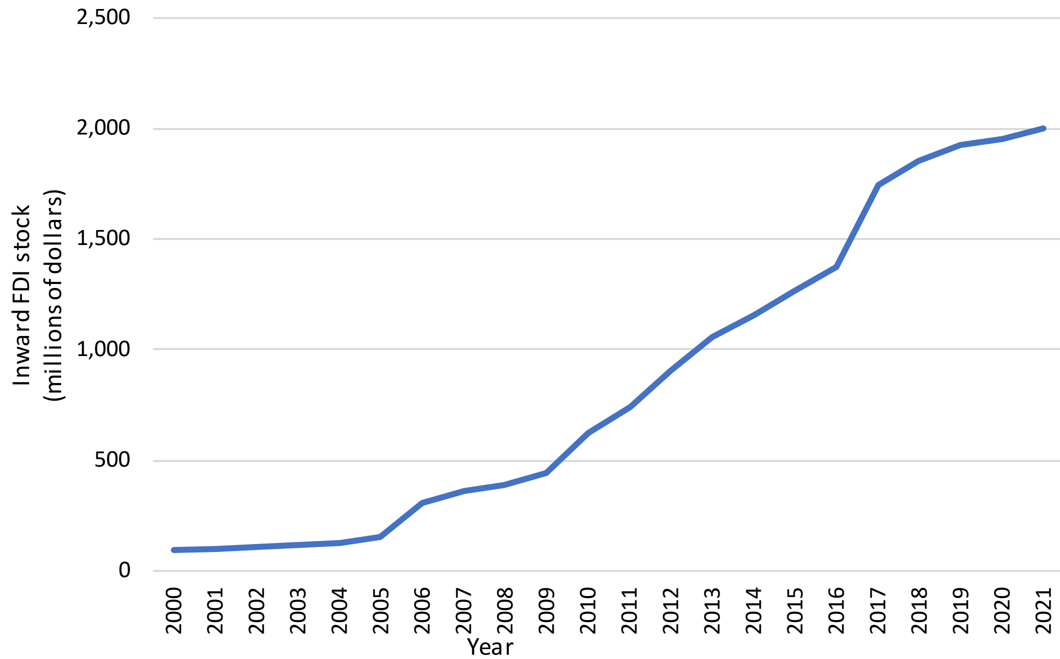
Haiti experienced a surge in foreign investment following the implementation of U.S. preference programs in 2006 (HOPE I), 2008 (HOPE II), and 2010 (HELP).[156] Haiti's FDI stock grew rapidly from about $300 million in 2006 to $1.74 billion in 2017, an annual growth rate of about 20 percent for this period (figure 3.13).[157] However, political instability and insecurity due to increased gang activity, along with the disruptions of the COVID-19 pandemic, have all contributed to a slowdown, with Haiti's FDI stock growing by only 2.6 percent in recent years (figure 3.13).[158] Another factor behind lower investment in Haiti has reportedly been the uncertainty associated with the renewal of the HOPE and HELP programs; participants at the Commission's hearing indicated that a long-term U.S. commitment on these

[148] USITC, hearing transcript, May 26, 2022, 116–22 (testimony of Joseph Blumberg, CODEVI).
[149] USDOS, "2021 Investment Climate Statements: Haiti," accessed September 8, 2022.
[150] CFI, *Haiti Investment Guide*, 2015, 37.
[151] USDOS, "2021 Investment Climate Statements: Haiti," accessed September 8, 2022.
[152] USDOS, "2021 Investment Climate Statements: Haiti," accessed September 8, 2022; fDi Intelligence, "Nascent Apparel Industry Throws Haiti a Lifeline," accessed September 8, 2022.
[153] CFI, "About CFI," accessed August 23, 2022; USDOS, "2021 Investment Climate Statements: Haiti," accessed September 8, 2022.
[154] CFI, "Invest in Haiti," accessed September 23, 2022.
[155] USDOS, "2021 Investment Climate Statements: Haiti," accessed September 8, 2022.
[156] fDi Intelligence, "Nascent Apparel Industry Throws Haiti a Lifeline," accessed September 8, 2022.
[157] FDI stock measures the cumulative investment over time; FDI flow measures new investments each year.
[158] UNCTAD, *World Investment Report 2021*, August 2, 2021, 62.

preference programs would lead to more certainty for apparel firms and encourage them to make additional investments in Haitian factories, infrastructure, and training.[159]

Figure 3.13 Haiti's inward FDI stock, 2000–2021

In millions of dollars. Underlying data for this figure can be found in Appendix E, table E.13.



Source: UNCTAD World Investment Report, 2022.

Currently, the United States is not a significant source of FDI for Haiti. According to the Bureau of Economic Analysis (BEA), U.S. FDI stock in Haiti was $34 million in 2017 before decreasing to $26 million in 2021.[160] The U.S. stock continues to be a negligible fraction of the total $2.0 billion FDI stock in Haiti. A little less than half of all U.S. investments in Haiti were made in the manufacturing sector, Haiti's financial and insurance sector was the second-largest destination for U.S. investment in Haiti during this period.[161]

159 USITC, hearing transcript, May 26, 2022, 130 (testimony of Georges Sassine, ADIH); USITC, hearing transcript, May 26, 2022, 138–41 (testimony of Gail Strickler, Brookfield Associates).
160 USDOC, BEA, "U.S. Direct Investment Abroad," accessed July 2, 2022. BEA's policy of suppressing individual company data limits a more detailed analysis of U.S. investment positions in Haiti at the industry level and historically.
161 USDOC, BEA, "U.S. Direct Investment Abroad," accessed July 2, 2022.

Haiti's Labor Market, Working Conditions, and Wages

Haiti's Population and Employment

Haiti's population has been steadily increasing at a rate of 1–2 percent per year during the past four decades (table 3.4). In 2021, the population was 11.5 million. According to the CIA *World Factbook,* 95 percent of Haitians are Black, the remaining 5 percent of the population's race/ethnicity are Mixed or White.[162] The population is evenly distributed in terms of gender, with women making up 50.7 percent of the population and men 49.3 percent. The population is also fairly evenly distributed across the country, with the largest concentrations of people near coastal areas.[163]

The population is relatively young and has a low life expectancy. The estimated median age in Haiti was 24.1 years in 2020.[164] Ninety percent of the population is estimated to be younger than 55 years old. While life expectancy in Haiti is low compared with the rest of the world, it has increased by 13.3 years (from 51 to 64 years) over the past four decades (table 3.4). A ranking by the CIA *World Factbook* places Haiti 198th of 227 countries in 2022 in terms of life expectancy.[165]

[162] CIA, *World Factbook*, accessed April 30, 2022.
[163] CIA, *World Factbook*, accessed April 30, 2022.
[164] CIA, *World Factbook*, accessed April 30, 2022.
[165] CIA, *World Factbook*, accessed April 30, 2022.

Table 3.4 Haiti's population statistics, in certain years
In millions, percentages, and years; n.a. indicates data are not available. The Statistic, by World Bank column reports World Bank indicator code for each data series.

Statistic, by World Bank	1980	1985	1990	1995	2000	2005	2010	2015	2020	2021
Population (millions), SP.POP.TOTL	5.6	6.3	7.0	7.7	8.5	9.2	10.0	10.7	11.4	11.5
Population growth (annual %), SP.POP.GROW	2.2	2.3	2.0	1.9	1.7	1.6	1.5	1.4	1.2	1.2
Population, men (% of population), SP.POP.TOTL.MA.ZS	49.1	49.1	49.2	49.2	49.2	49.3	49.3	49.4	49.3	49.3
Population, women (% of population), SP.POP.TOTL.FE.ZS	50.9	50.9	50.8	50.8	50.8	50.7	50.7	50.6	50.7	50.7
Life expectancy at birth (years), SP.DYN.LE00.IN	51.0	52.6	54.3	55.8	57.1	58.7	60.5	62.5	64.3	n.a.

Source: World Bank, World Bank Development Indicators, accessed April 30, 2022.

Haiti's population has low average levels of educational attainment. Only 61.7 percent of individuals aged 15 years and older were able to read and write as of 2016.[166] Public expenditures on education as a percentage of GDP are low at 1.7 percent, with a ranking of 183rd of 189 countries by the CIA *World Factbook,* leading to insufficient funding, training, and access to public schools. Instead, it is common for students to attend schools run by religious or private organizations.[167] Women generally receive less education than men and have higher illiteracy rates.[168] For example, only 58.3 percent of women over the age of 15 could read and write in 2016 compared to 65.3 percent of men.[169]

Haitian workers face a wide range of challenges in the labor market, with most workers living in poverty. In 2012, an estimated 58.5 percent of Haiti's population was living below the national poverty line.[170] Many factors contribute to the high level of poverty, such as widespread corruption, high cost of living, and a low average level of education.[171] Haiti has also been one of the most politically unstable states in

[166] CIA, *World Factbook*, accessed April 30, 2022.
[167] Solidarity Center, *The High Cost of Low Wages in Haiti*, April 2019, 7.
[168] USAID, *Gender Assessment For USAID/Haiti*, June 2006, 7.
[169] CIA, *World Factbook*, accessed April 30, 2022.
[170] CIA, *World Factbook*, accessed April 30, 2022.
[171] Corruption in Haiti goes beyond crime and gang violence, and also includes corruption in cross-border trade and the labor market, among other areas. One example is the alleged embezzlement from 2008–16 of nearly $2 billion in PetroCaribe funds, an oil-purchasing program established with Venezuela that were originally intended to finance social projects in Haiti. Solidarity Center, *The High Cost of Low Wages in Haiti*, April 2019, 3.

modern history.[172] Natural disasters have also likely been especially challenging for workers (see box 3.3 for further details on Haiti's natural disasters).[173] In addition to poverty, health issues affecting workers are also a significant problem in Haiti, where diseases such as HIV/AIDS are still prevalent.[174]

The share of employment by working-age population, gender, and location has been relatively constant since 2010. Haiti's total employment was 4.2 million (54.4 percent of the working-age population) in 2020 (table 3.5). Employment as a share of the working-age population has been 53–57 percent during the past two decades.[175] Men accounted for a larger share of employment at 53.6 percent in 2020. The majority (56.9 percent) of workers were in the rural areas of Haiti in 2020. The share of urban workers increased somewhat during the past decade, from 42 percent in 2010 to 43.1 percent in 2020.

Table 3.5 Haiti's employment, in certain years

In millions and percentages; data cover individuals aged 15 years and older; data include ILO modeled estimates.

Item	2010	2015	2020
Employment (millions)	3.5	4.0	4.2
Share Men (%)	53.9	53.1	53.6
Share Women (%)	46.1	46.9	46.4
Share Urban (%)	42.0	42.5	43.1
Share Rural (%)	58.0	57.5	56.9

Source: ILO, ILOSTAT explorer, accessed April 30, 2022; USITC calculations.

Most workers are employed in the services sector (followed by agriculture), are self-employed, and are employed in low-skilled occupations. More than half of workers were employed in the services sector (primarily tourism), at 64.3 percent in 2019 (figure 3.14).[176] Agriculture is the second largest employment sector, at 29 percent in 2019, followed by manufacturing, at 6.7 percent.

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[172] Padgett and Warnecke, "Diamonds in the Rubble," September 2011, 529.

[173] Padgett and Warnecke, "Diamonds in the Rubble," September 2011, 532–34.

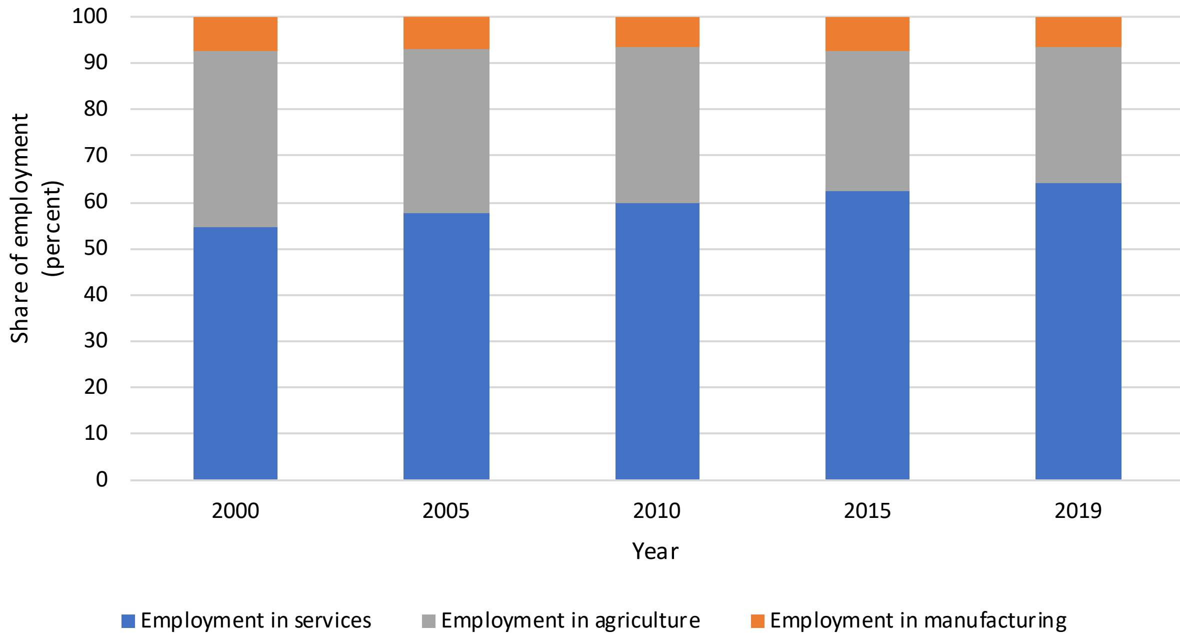
[174] Padgett and Warnecke, "Diamonds in the Rubble," September 2011, 528.

[175] World Bank, "World Development Indicators," accessed September 23, 2022. World Development indicator code is SL.EMP.TOTL.SP.ZS.

[176] Padgett and Warnecke, "Diamonds in the Rubble," September 2011, 531.

Figure 3.14 Haiti's employment by sector, in certain years

In percentages. Data include ILO modeled estimates. Underlying data for this figure can be found in Appendix E, table E.15.



Source: World Bank, World Development Indicators, accessed June 30, 2022.

Across the different sectors, 73.9 percent of workers were self-employed in 2019 (table 3.6). Of these self-employed workers, most are own-account workers, with contributing family workers being the second highest ranking.[177] The large share of self-employed workers is consistent with the large informal sector in Haiti discussed below. A small share of self-employed workers also includes employers. In terms of occupations, 54 percent of Haitian workers were classified as elementary occupations and skilled agricultural, forestry, and fishery workers in 2019 (table 3.7).[178] Service and sales workers also comprised a large portion of employed workers in 2019 (24.5 percent), and craft and related trades workers make up 10.7 percent. Overall, these occupations do not require highly educated workers. A research paper from the World Bank also finds, "self-employment in low-productivity sectors remains the norm outside of the farm sector."[179]

[177] Own-account workers work for themselves or with partners and do not have employees working for them on a continuous basis.
[178] ILO, "Bureau of Statistics, Work Unit of the Policy Integration Department," September 12, 2004. According to the ILO, "Elementary occupations consist of simple and routine tasks which mainly require the use of hand-held tools and often some physical effort."
[179] Scot and Rodella, "Sifting through the Data," February 2016, 23.

Table 3.6 Status of Haiti's employment, in certain years
In percentages of total employment; self-employed includes employers, own-account workers, and contributing family members.

Type of employment	2010	2015	2019	2020
Self-employed	75.3	74.0	73.9	77.2
Employers	0.7	0.7	0.7	0.7
Own-account workers	50.8	50.8	51.1	54.4
Contributing family workers	23.7	22.5	22.0	22.1
Employees	24.7	26.0	26.1	22.8

Source: ILO, ILOSTAT explorer, accessed April 30, 2022; USITC calculations.

Table 3.7 Haiti's employment by occupation, in certain years
In percentages of total employment.

Occupation	2010	2015	2019
Managers	0.3	0.3	0.3
Professionals	1.8	1.9	1.9
Technicians and associate professionals	4.6	4.9	4.8
Clerical support workers	1.5	1.8	1.7
Service and sales workers	21.9	25.3	24.5
Craft and related trades workers	10.4	10.8	10.7
Plant and machine operators, and assemblers	1.9	2.2	2.1
Elementary occupations and skilled agricultural, forestry and fishery workers	57.7	52.9	54.0

Source: ILO, ILOSTAT explorer, accessed April 30, 2022; USITC calculations.

Informal employment is the norm in Haiti's labor market. In 2012, 91.5 percent of employed Haitians were employed in the informal sector (table 3.8), which refers to employment in micro-level vendors and small and medium-sized enterprises that are not subject to taxes and are outside of regulatory policies.[180] For example, vendors in Port-au-Prince sell food, household items, used clothing, or other goods. More women (94.6 percent) are employed in the informal sector than men (89.1 percent), as indicated in table 3.8. More recently, the Solidarity Center reported that about 80 percent of the workforce in Haiti does not have formal employment.[181] A research paper from the World Bank notes that, "while the share of workers in nonprimary informal activities has decreased, this has not translated into an expansion of the formal private sector, but into the swelling of the [formal] public sector and NGOs."[182] In fact, the apparel industry is one of the few sources of formal employment in the economy (see the apparel case study in chapter 4).[183] For the agricultural sector, about 99 percent of all workers were informal employees in 2012 (table 3.8), the most recent data available. As illustrated in the mangoes case study in chapter 4, mangoes come from trees located mostly on residential properties and not commercial farm operations.

[180] Center for Global Development, "Counting Haiti's Private Sector," September 21, 2012. Smith Nightingale and Wandner, *Informal and Nonstandard Employment in the United States*, August 2011, 1.
[181] Solidarity Center, *The High Cost of Low Wages in Haiti*, April 2019, 3.
[182] Scot and Rodella, "Sifting through the Data," February 2016, 23. The public sector and NGO employment shares in Haiti increased between 2007 and 2012, and employment shares in the private formal sector decreased during this same period.
[183] Solidarity Center, *The High Cost of Low Wages in Haiti*, April 2019, 3.

Table 3.8 Proportion of informal employment in total employment, 2012
In percentages.

Sector	Men	Women	Total
Agriculture	98.8	99.7	99.0
Nonagriculture	81.6	93.8	88.1
Overall	89.1	94.6	91.5

Source: ILO, ILOSTAT explorer, accessed April 30, 2022; USITC calculations.

Haitian workers experience prevalent underemployment and unemployment (table 3.1). Jobs are scarce, and being employed does not guarantee escaping poverty.[184] World Bank researchers found that Haiti's unemployment was particularly high among women and young people.[185] The International Labour Organization (ILO) estimates of time-related underemployment, a measure of labor underuse, for workers who are employed.[186] They show that, in 2019, 22.8 percent of employed persons were considered underemployed, a 27 percent increase since 2010.[187] When examining this increase by gender, women were affected by a greater amount, with a 28.8 percent increase compared to a 24.9 percent increase for men.

[184] Scot and Rodella, "Sifting through the Data," February 2016, 4.
[185] Scot and Rodella, "Sifting through the Data," February 2016, 4.
[186] ILO, "Indicator Description: Time-Related Underemployment Rate," accessed September 1, 2022. Time-related underemployment includes workers who were willing and available to increase their hours worked and worked below a certain hours threshold for the reference period.
[187] ILO, "ILOSTAT," accessed April 30, 2022. Author calculations, ILO indicator code for time-related underemployment by sex and age is EMP_2TRU_SEX_AGE_NB. The percentage of persons considered underemployed is calculated as the number of persons in time-related underemployment divided by all persons in employment. Time-related underemployment include persons who: (a) are willing to work additional hours; (b) are available to work additional hours, i.e., are ready, within a specified subsequent period, to work additional hours, given opportunities for additional work; and (c) worked less than a threshold relating to working time, i.e., persons whose hours actually worked in all jobs during the reference period were below a threshold, to be chosen according to national circumstances.

Box 3.2 The COVID-19 Pandemic and Its Effects on Haitian Workers

The COVID-19 pandemic affected employment opportunities in Haiti, through business closures and changes in demand for Haitian products and services. Working hours were estimated to have decreased by 7.8 percent in 2020 as a result of the COVID-19 pandemic (table 3.9). This decrease corresponds with a decrease in 356,921 full-time equivalent jobs (40 hours per week), or 297,434 full-time equivalent jobs (48 hours per week).

The apparel industry experienced employment decreases in Haiti. In April 2020, the number of apparel workers decreased from about 57,000 to 37,000.[(a)] The Better Work Haiti program in 2021 reported that all apparel factories in the program had taken steps to limit the spread of COVID-19. Steps include preventive measures and a focus on hygienic and sanitary infrastructure and practices in factories. Haiti's government authorized apparel factories to return to full operational capacity in July 2020. However, the apparel sector has continued to experience significant disruptions.[(b)]

Table 3.9 Working hours lost in Haiti as a result of the COVID-19 crisis, 2020–22
In percentages and hours. FTE denotes full-time equivalent. Data include ILO modeled estimates.

Item	2020	2021	2022
Percentage Change (%)	7.8	6.3	2.6
Number of FTE jobs (40 hours per week)	356,921	293,464	125,221
Number of FTE jobs (48 hours per week)	297,434	244,553	104,351

Source: ILO, ILOSTAT explorer, accessed April 30, 2022.

Sources:
[(a)] Better Work Haiti, *Apparel Industry and Better Work Haiti Year Review 2021*, December 2021, 4.
[(b)] Better Work Haiti, *22nd Compliance Synthesis Report, 2021, 14.*

Working Conditions in Haiti

Women commonly face discrimination in the labor market.[188] As previously discussed, Haiti's labor statistics also highlight gender inequality in Haiti. The average number of weekly hours worked in Haiti in 2012 (the most recent data available) varied by factors such as gender, having children, and geographic location (table 3.10). According to Article 96 of the Haitian Labor Code, a normal workday is 8 hours long and a workweek is 48 hours.[189] On average, Haitians work 37.9 hours per week, with men working more hours at 42.3 hours, compared to 32.6 hours for women. Having children decreases mean weekly hours of women, and this is magnified by the number of children that women have. When comparing the geographic location of workers, rural workers work fewer hours on average—32.9 hours, compared to 43.5 hours for urban workers. This difference may be driven by the importance of the informal sector in more rural areas, especially for workers in the agriculture sector, whose work hours

[188] Padgett and Warnecke, "Diamonds in the Rubble," September 2011, 527–58. The Better Work Haiti program monitors reports of sexual harassment of women and gender discrimination in the apparel industry, although reports of such conduct have decreased in recent years (see the apparel case study in chapter 4).
[189] Government of Haiti, "Décret du 24 février 1984 [Decree of February 24, 1984]," February 24, 1984, 22.

may not be fully recorded.[190] Additionally, some workers work longer hours, with 27.6 percent of the employed working more than 48 hours per week (29.5 percent for men and 25 percent for women).[191] Haiti's government modified the labor code in 2018 to reduce overtime pay to 1.5 times the normal wage (from double) for work performed during the night shift.[192]

Table 3.10 Mean weekly hours actually worked of prime-age employed persons, 2012
In hours. Prime-aged persons are 25–54 years old.

Workers	Men	Women	Total
Overall	42.3	32.6	37.9
No children	41.7	35.6	38.7
1 child	41.8	30.6	36.8
2 children	45.0	29.4	38.0
3 or more children	41.1	29.8	36.8
Rural	39.2	25.2	32.9
Urban	45.9	40.8	43.5

Source: ILO, ILOSTAT explorer, accessed April 30, 2022.

The proportion of Haiti's population covered by social protection systems, which—alongside working conditions—is helpful for evaluating living standards, is relatively low (table 3.11).[193] The proportion of the population covered by at least one social protection benefit was only 5.8 percent. For vulnerable persons, the percentage is even lower, at 3.2 percent. Despite some improvements over time, social protections are low or nonexistent for many Haitians. For example, the share of employed persons covered in the event of workplace injury increased from 2.1 percent in 2015 to 15.7 percent in 2019. Haiti has also enacted some labor laws related to increasing access to social protection, such as the requirement for employers to deduct and forward 3 percent of workers' base salary to the Insurance Office for Occupational Injury, Sickness and Maternity (OFATMA). However, the Better Work Haiti program reports that some of the apparel industry is noncompliant with this requirement (see the apparel case study in chapter 4 for further discussion of the Better Work Haiti program reports).[194] In addition, 12 percent of worker salaries (workers contribute half and employers contribute the other half) are supposed to go to the National Office for Pension Insurance (ONA), a requirement for all formal employment, including the apparel sector.[195]

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[190] ILO, *Women and Men in the Informal Economy*, 3rd ed., 2018, 1. Informality can be challenging to quantify because it is often either underestimated or not recorded in statistics.
[191] ILO, "ILOSTAT: Country Profiles," accessed August 2, 2022.
[192] Solidarity Center, *The High Cost of Low Wages in Haiti*, April 2019, 7.
[193] USDOL, "Employment & Social Protection," accessed September 28, 2022. The U.S. Department of Labor notes that, "by creating quality jobs with access to social protection and basic worker rights, a country can reduce inequality and improve the overall standard of living of its people."
[194] Better Work Haiti, *Practical Guide Haitian Labor Code*, 2017, 39; Solidarity Center, *The High Cost of Low Wages in Haiti*, April 2019, 6.
[195] Better Work Haiti, *Practical Guide Haitian Labor Code*, 2017, 39.

Table 3.11 Proportion of Haiti's population covered by social protection floors/systems, 2020
In percentages; * indicates 2019 data.

Social protection floors/systems	2020
Unemployed receiving unemployment benefits	0.0
Population covered by at least one social protection benefit	5.8
Persons above retirement age receiving a pension	0.4
Children/households receiving child/family cash benefits	4.1
Vulnerable persons covered by social assistance	3.2
Employed covered in the event of work injury	15.7*

Source: ILO, ILOSTAT explorer, accessed April 30, 2022.

The Better Work Haiti program, launched in June 2009, monitors apparel manufacturers for compliance with labor provisions that are part of HOPE II. Its goal is to improve working conditions, labor rights, and boost the competitiveness of the apparel industry in Haiti.[196] The apparel case study in chapter 4 provides additional details on the Better Work Haiti program, the program's semiannual reports on working conditions in the apparel industry, and its relationship to the TAICNAR labor monitoring program.

Nominal and Inflation-adjusted Wages

One basic measure of workers' income is GDP per capita, which provides the average income per individual at the country level. As covered in figure 3.1, Haiti's GDP per capita overall has been relatively flat, despite some yearly fluctuations. For example, GDP per capita was $3,235 (in constant PPP dollars) in 2000 and $3,129 (in constant PPP dollars) in 2021. This suggests that, after accounting for purchasing power, average Haitian workers have not experienced any increases in their economic well-being over the past two decades.

However, income distribution estimated by the ILO (table 3.12) suggests the majority of workers make well below Haiti's GDP per capita. More than 50 percent of the labor income is estimated to go to the top 10 percent of earners. Further, the bottom half of the distribution (0–50%) only receive about 10 percent of total labor income. The estimates across time are also relatively persistent, with the percentages in each decile changing little between 2010 and 2019. In terms of gender pay inequality, a World Bank study estimates that Haitian women earn over 30 percent less than men after controlling for observable characteristics.[197]

[196] Better Work Haiti, *22nd Compliance Synthesis Report*, 2021, 8.
[197] Scot and Rodella, "Sifting through the Data," February 2016, 4.

Table 3.12 Haiti's labor income distribution, in certain years
In percentages. Data include ILO modeled estimates.

Decile of labor income	2010	2015	2019
1–10%	0.4	0.5	0.5
11–20%	1.0	1.1	1.0
21–30%	1.8	1.8	1.8
31–40%	2.7	2.8	2.8
41–50%	3.8	3.9	3.9
51–60%	5.3	5.4	5.4
61–70%	7.5	7.6	7.7
71–80%	10.2	10.4	10.4
81–90%	15.8	15.9	15.9
91–100%	51.4	50.6	50.5

Source: ILO, ILOSTAT explorer, accessed April 30, 2022.
Note: Each decile represents 10 percent of the workers in Haiti by count, from the lowest to the highest earners. The corresponding percentage of the labor income distribution for each decile represents the amount of Haiti's labor income that goes to workers in that decile. If labor income is equally distributed, then each decile of the labor distribution should equal 10 percent.

Detailed wage data for workers in Haiti are not available. To provide an overview of wages, the Commission focused primarily on recent minimum wage announcements but also used data on the inflation rates to understand how minimum wage increases compare to inflation. Minimum wages in Haitian gourde are also compared to the U.S. dollar equivalent, an important comparison given that Haiti imports many goods from the United States. Although revisions to the minimum wage are helpful for understanding how wages change over time, the minimum wage is not necessarily the applied wage rate that workers receive. Minimum wage increases could affect the wages received by workers in two possible ways. First, an increase in the minimum wage could lead to a shift in the entire wage distribution, implying that many workers, including those who were previously above the new minimum wage, experience wage increases. Second, if the minimum wage increases only affect the lower bound of legal wages, then only workers at or near the lower bound would receive wage increases. Both scenarios assume that the minimum wage is legally enforceable, meaning workers are not paid wages below the minimum wage. Without detailed worker-level wage data over time, it is not possible to assess what occurs following minimum wage increases. Reports concerning the number of workers receiving wages at the minimum rate vary.[198]

Haiti's Labor Code provides some guidance on when changes to the minimum wage occur.[199] Article 137 of Haiti's Labor Code states that the wage should increase if the cost of living varies or if inflation reaches 10 percent in a year.[200] Minimum wage increases are proposed by the Superior Council on Wages to the President or, in the absence of a president, to the Council of Ministers.[201] Then the

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[198] USITC, hearing transcript, May 26, 2022, 220–22 (testimony of Georges Sassine, ADIH); USITC, hearing transcript, May 26, 2022, 221–22 (testimony of Gail Strickler, Brookfield Associates); subject matter expert, interview by USITC staff, June 27, 2022; subject matter expert, interview by USITC staff, August 8, 2022.
[199] COHA, "Haiti's Minimum Wage Battle," August 19, 2009.
[200] Government of Haiti, "Décret du 24 février 1984 [Decree of February 24, 1984]," February 24, 1984, 30.
[201] Haiti's Superior Council on Wages is a presidentially appointed commission with labor, business, and government representatives. Workers are not allowed to choose their labor representatives. Recently, the Solidarity Center has recommended that workers should select their own representatives on the council. Solidarity Center, *The High Cost of Low Wages in Haiti*, April 2019, 3, 8.

appropriate authority decides whether or not to adopt them. The decree setting the minimum wages is then sent to *Le Moniteur* (the official journal) for publication.

Haiti's daily minimum wage was increased to 70 gourdes ($1.65) in 2003 under the Jean-Bertrand Aristide administration.[202] Inflation during this period was high, leading some to view this increase as a mere adjustment of nominal wages and not an actual increase in the real wages for workers.[203] The next daily minimum wage increase did not occur until 2009, although inflation continued to be at least 5 percent or higher in many years during this period (figure 3.2). The Haitian Parliament voted in support of increasing the daily minimum wage to 200 gourdes ($4.85) in May 2009, but Haitian President René Préval did not sign the legislation into law.[204] President Préval instead proposed raising the minimum wage to 125 gourdes ($3.03), which was approved by the Parliament in August 2009.[205]

In more recent years, the daily minimum wage has become a complex system with varying rates depending on the worker's industry. Between 2014 and 2022, the Haitian government made six announcements that resulted in changes to the daily minimum wage.[206] In these announcements, articles list the daily minimum wage for different industries. Table 3.13 includes the daily minimum wage in Haitian gourdes and U.S. dollars for the April 2014 and February 2022 announcements. Depending on the industry of employment, the daily minimum wage in Haitian gourdes increased 11.4–16.6 percent per year between the 2014 and 2022 announcements.[207] The smallest percentage increase was for private vocational schools and private health institutions employing more than 10 people and providing hospitalization services (11.4 percent). The largest percentage increase was for hotels with a rating of four or more hibiscuses (16.6 percent).[208] Most industries had increases of 12.5 or 14.5 percent. About half the industries in table 3.13 experienced daily minimum wage increases in Haitian gourdes that were slightly more than the average inflation rate of 12.9 percent.[209] The remaining industries had daily minimum wage increases that were just below the average inflation rate. These minimum wages only cover employment in the formal sector and do not cover the informal sector, which comprises the

[202] COHA, "Haiti's Minimum Wage Battle," August 19, 2009. Conversion from gourdes to U.S. dollars uses the official exchange rate from the International Monetary Fund (IMF) for the corresponding year in this chapter.
[203] COHA, "Haiti's Minimum Wage Battle," August 19, 2009.
[204] COHA, "Haiti's Minimum Wage Battle," August 19, 2009.
[205] COHA, "Haiti's Minimum Wage Battle," August 19, 2009.
[206] The daily minimum wage announcements occurred in April 2014, May 2016, July 2017, October 2018, October 2019, and February 2022. Government of Haiti, "2014 Arrêté Fixant Le Salaire Minimum [Order Setting the Minimum Wage]," April 23, 2014; Government of Haiti, "2016 Arrêté Fixant Le Salaire Minimum [Order Setting the Minimum Wage]," May 23, 2016; Government of Haiti, "2017 Arrêté Fixant Le Salaire Minimum [Order Setting the Minimum Wage]," July 28, 2017; Government of Haiti, "2018 Arrêté Fixant Le Salaire Minimum [Order Setting the Minimum Wage]," October 8, 2018; Government of Haiti, "2019 Arrêté Fixant Le Salaire Minimum [Order Setting the Minimum Wage]," October 31, 2019; Government of Haiti, "2022 Arrêté Fixant Le Salaire Minimum [Order Setting the Minimum Wage]," February 21, 2022.
[207] Because the daily minimum wage does not increase every year, the Commission calculated a compound annual growth rate between 2014 and 2022.
[208] Haiti Libre, "Haiti—Tourism: First Hibiscus Classification Guide," November 21, 2015. The number of hibiscuses is the hotel rating system in Haiti and is an indicator of the quality of the hotel.
[209] The annual inflation rate for 2022 was not available at the time of this report; the average annual inflation rate between 2014 and 2021 is used.

majority of employment in Haiti (table 3.8). Haitian worker unions have become frustrated with the lack of transparency with the process of increasing wages.[210]

Table 3.13 Haiti's daily minimum wage changes, by announcement date and by industry, 2014–22
In Haitian gourdes, U.S. dollars, and percentages; * indicates announcement date of May 2016.

Industry	April 2014, gourdes	April 2014, dollars	February 2022, gourdes	February 2022, dollars	Annual growth rate, gourdes (%)	Annual growth rate dollars, (%)
Private health institutions (10 or more employees) and providing hospitalization services; Private vocational schools	260	5.75	615	5.60	11.4	−0.3
Agricultural product processing industries; Agriculture, forestry, animal husbandry, and fishing; Community press; Craft and leather goods shops; Other nonmarket services (nonprofit organizations); Restaurants; Retail trade (except supermarkets, jewelry, cosmetics, and clothing stores)	225	4.98	540	4.92	11.6	−0.1
Certain service industries[(a)]	240	5.31	615	5.60	12.5	0.7
Hotels (3 hibiscuses or less); Manufacturing industries (geared toward the local market, bottling industries for soft drinks, juices, treated water, breweries); Shipping companies	225	4.98	615	5.60	13.4	1.5
Home service personnel	125	2.76	350	3.19	13.7	1.8
Certain service industries[(b)]	260	5.75	770	7.02	14.5	2.5
Other export-oriented manufacturing industries	300*	6.63*	685	6.24	14.8	2.9
Export-oriented assembly industries	225	4.98	685	6.24	14.9	4.7
Hotels (4 or more hibiscuses)	225	4.98	770	7.02	16.6	4.4

Sources: USITC calculations; Government of Haiti, "2014 Arrêté Fixant Le Salaire Minimum [Order Setting the Minimum Wage]," April 23, 2014; Government of Haiti, "2022 Arrêté Fixant Le Salaire Minimum [Order Setting the Minimum Wage]," February 21, 2022.
Note: Conversion from Haitian gourdes to U.S. dollars uses the official exchange rate from the International Monetary Fund (IMF) for 2014, and the average monthly exchange rates between January and September 2022 from the Bank of the Republic of Haiti for 2022. Hotels and restaurants split into three different categories with the October 2018 announcement. Gasoline distribution companies are referred to as petroleum product distribution companies in later announcements. Security agencies are referred to as private security agencies in later announcements.
[(a)] Industries include: Buildings and public works; Bulk water delivery business; Clothes cleaning companies; Construction material rental and transport companies; Cosmetics and clothing stores; Extractive industries; Gasoline distribution companies; Hair salons and massage parlors; Hardware stores; Land transport companies; Other financial institutions (cooperatives, microcredit institutions); Printing, photocopying, computer graphics, lithography, and computer services; Security agencies; Truck and heavy equipment rental companies; Wholesale.
[(b)] Industries include: Air transport companies; Art galleries; Car dealerships and rental companies; Communication, advertising agencies, and press (except community press); Computer hardware stores; Courier, parcel, and cargo companies; Financial institutions; Funeral services; Furniture and household appliance stores; Gambling companies; Import-export trade; Jewelry stores; Maritime and airport agencies; Private academic, education, and health institutions; Private production of electricity; Professional firms and consultants; Real estate agencies; Supermarkets; Telecommunications; Travel agencies.

[210] Solidarity Center, *The High Cost of Low Wages in Haiti*, April 2019, 3.

Daily minimum wages have increased since the implementation of the HOPE II and HELP programs in 2008 and 2010.[211] The daily minimum wage for workers in the export apparel industry was 685 gourdes ($6.24) in 2022.[212] Estimates from the 2019 and 2022 Solidarity Center reports on the cost of living for garment workers in Port-au-Prince, the capital and largest city in Haiti, imply that living costs are four times the daily minimum wage and have been increasing since an earlier 2014 assessment.[213] A large portion of workers' pay is estimated to go to transportation and lunch expenses, with a survey estimating that these costs comprise about 31 percent of their pay.[214] Additional details of the apparel sector wages can be found in chapter 4.

The value of the Haitian gourde relative to the U.S. dollar is particularly important given that Haiti imports many goods from the United States (see the section above titled Haiti's Overall Trade in Goods and Services). When accounting for the depreciation of the Haitian gourde relative to the U.S. dollar (figure 3.3), the change in minimum wage for each listed industry is below the average annual inflation rate of 12.9 percent (table 3.13). The largest percentage increase in minimum wage is for hotels with a rating of four or more hibiscuses (4.4 percent). In fact, some of the listed industries have experienced decreases in the daily minimum wage in dollar terms between 2014 and 2022.

It is common for wage protests to occur every year and sometimes turn violent.[215] In 2022, workers protested in favor of raising the daily minimum wage and requested an increase to 1,500 gourdes a day (about $15).[216] Following these protests, Haiti's government increased the minimum wage to a level that is about half of what union leaders had demanded.[217] Counterarguments against wage increases include the concern that it will be difficult for industries to maintain competitiveness with the Dominican Republic and neighboring countries in Central America.[218] This concern is likely related to the lack of productivity growth in Haiti in recent years (see the section below titled Workforce Competitiveness).

Competitiveness of the Haitian Economy

Overview

In the global economy, countries must compete with one another for capital investments and advanced technology. Although there are different paths to development and gaining access to these limited resources, the cross-country indices reviewed in this section suggest whether countries can get a meaningful share of these limited resources is generally dependent on whether the country has strong and robust institutions, a business environment conducive to innovation and entrepreneurship, a skilled and productive labor force, adequate infrastructure, and well-developed goods and financial markets

[211] Solidarity Center, *The High Cost of Low Wages in Haiti*, April 2019, 3.
[212] A table of apparel minimum wage rates can be found in chapter 4 (table 4.3).
[213] Solidarity Center, *The High Cost of Low Wages in Haiti*, May 2014, 1; Solidarity Center, *The High Cost of Low Wages in Haiti*, April 2019, 3, 8; Solidarity Center, *The High Cost of Low Wages in Haiti*, September 2022, 1, 5.
[214] Solidarity Center, *The High Cost of Low Wages in Haiti*, September 2022, 5.
[215] U.S. government official, interview by USITC staff, May 16, 2022.
[216] Erol and Thomas, "Haitian Garment Workers Protest to Demand Higher Wages," February 17, 2022.
[217] Reuters, "Haiti Hikes Minimum Wage by up to 54% Following Worker Protests," February 21, 2022.
[218] Erol and Thomas, "Haitian Garment Workers Protest to Demand Higher Wages," February 17, 2022.

that can stimulate competition and efficiency. Haiti's stagnant income and living standards in recent years, as discussed in the first section of this chapter, indicate that it has so far not been able to attract and retain the necessary capital investments and technological expertise that would help achieve sustained economic growth.

The World Economic Forum (WEF) has developed a Global Competitiveness Index (GCI) to assess a country's standing across some key factors that drive long-term productivity and competitiveness.[219] The GCI is an annual measure that records a country's progress across 12 policy pillars: institutions, infrastructure, information and communication technology (ICT) adoption, macroeconomic stability, health, skills, domestic competition and openness, labor market, financial system, market size, business dynamism, and innovation capability. A country's overall score is computed as the average of its individual scores in the 12 pillars of the GCI.[220]

In 2019, the WEF ranked Haiti 138th of 141 countries in international competitiveness.[221] Haiti was assessed to be near the bottom of the rankings across the 12 different pillars of the WEF's GCI (table 3.14). Pillars that reduced Haiti's overall GCI rankings included institutions (139th), infrastructure (141st), domestic competition and openness (137th), financial system (132nd), business dynamism (141st), and innovation capability (139th). Table 3.14 also provides some of the individual indicators that determined Haiti's low scores in a particular pillar of the GCI. For instance, Haiti's ongoing challenges with its road infrastructure, electricity generation, and reliability of water supply were the main reasons that led the WEF to rank the country last on its infrastructure pillar.

Haiti's competitiveness ranking can also be compared to other developing countries in the WEF GCI. Of the 46 countries included in the UN's list of least developed countries (LDCs), 26 of the countries are included in the WEF GCI.[222] Compared to its peers, Haiti ranks 23rd of 26 in international competitiveness, above only the Democratic Republic of Congo, Yemen, and Chad.[223] Haiti is last or close to last among its peers in institutions (25th of 26), infrastructure (26th of 26), business dynamism (26th of 26), and innovation (24th of 26). However, Haiti's rank among its peers on the workforce skills pillar is 11th of 26, its best performing area.

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[219] WEF, *The Global Competitiveness Report 2019*, 2019.

[220] The WEF collects information on 103 indicators distributed across the 12 pillars from several sources, including international organizations, academic institutions, and nongovernmental organizations. The WEF's Executive Opinion Survey, a global study that surveys around 15,000 business executives each year, provides information on nearly half the GCI's individual indicators. WEF, *The Global Competitiveness Report*, 2019.

[221] WEF, *The Global Competitiveness Report 2019*, 2019, 258–61.

[222] The following 26 countries included in the UN's list of LDCs are also ranked by WEF's GCI: Angola, Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, Chad, the Democratic Republic of the Congo, Ethiopia, the Gambia, Guinea, Haiti, Laos, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nepal, Rwanda, Senegal, Tanzania, Uganda, Yemen, and Zambia. The remaining 20 countries included in the UN's list of LDCs are not ranked by WEF's GCI: Afghanistan, Bhutan, Central African Republic, Comoros, Djibouti, Eritrea, Guinea-Bissau, Kiribati, Liberia, Burma, Niger, São Tomé and Principe, Sierra Leone, Solomon Islands, Somalia, South Sudan, Sudan, Timor-Leste, Togo, and Tuvalu.

[223] WEF, *The Global Competitiveness Report 2019*, 2019.

Table 3.14 Select rankings of Haiti's individual indicators in the 2019 Global Competitiveness Index (GCI)
n.a. indicates indicator not available. ICT = information and communication technologies.

GCI Pillar	Economic Indicator	Economic Indicator	Economic Indicator
1. Institutions (139th)	Organized crime (138th)	Property rights (139th)	Political stability (140th)
2. Infrastructure (141st)	Road infrastructure (136th)	Electricity access (131st)	Reliability of water supply (141st)
3. ICT Adoption (127th)	Mobile-cellular subscriptions (130th)	Internet users (111st)	Mobile-broadband subscriptions (123rd)
4. Macro Stability (131st)	Inflation (133rd)	Debt (107th)	n.a.
5. Health (123rd)	Life expectancy (122nd)	n.a.	n.a.
6. Workforce Skills (123rd)	Years of schooling (120th)	Digital skills (140th)	Staff training (140th)
7. Competition and Openness (137th)	Competition in services (137th)	Nontariff barriers (139th)	Customs clearance efficiency (130th)
8. Labor Market (129th)	Labor-employer relations (140th)	Internal labor mobility (121st)	Pay and productivity (141st)
9. Financial System (132nd)	Financing of small and medium-sized firms (141st)	Domestic credit to GDP ratio (119th)	Banking stability (133rd)
10. Market Size (131st)	GDP (131st)	Imports (36th)	n.a.
11. Business Dynamism (141st)	Cost of starting a business (140th)	Entrepreneurial risk (139th)	Time to start a business (138th)
12. Innovation (139st)	Workforce diversity (140th)	Scientific publications (126th)	Patents filed (132nd)

Source: WEF, *Global Competitiveness Report*, 2019, accessed September 3, 2022.
Note: Ratings are based on 141 countries.

While the WEF's GCI provides a broad look at a country's international competitiveness across several dimensions, other global rankings examine certain features of a country's business environment in more depth. The World Bank's Doing Business Index evaluates a country's laws, regulations, and institutions relevant to the different stages of a domestic firm's life cycle: from its incorporation through its operation and closure.[224] In the World Bank's 2020 Doing Business Index, Haiti was ranked 179th of 190 countries, with the index citing Haiti's burdensome regulations increasing the costs of local firms and limiting their innovation and growth.[225] The World Bank Logistics Performance Index (LPI) examines a country's physical infrastructure and overall logistics performance in shipping goods internationally across six dimensions. In 2018, Haiti was ranked 153rd of 160 nations in the LPI index, with the LPI scores indicating Haiti's infrastructure was an area of concern.[226]

Despite the significant challenges captured by the WEF GCI and other global rankings, Haiti has shown the ability to compete in international markets under certain conditions. Haiti has developed a strong manufacturing base in textiles and apparel, a very cost-sensitive industry, by taking advantage of duty-free access to the United States through the preference programs, the relatively low wages of Haitian

[224] The World Bank announced in 2021 that it would discontinue the Doing Business reports after discovering data irregularities for China and a few other countries (Saudi Arabia, United Arab Emirates, and Azerbaijan) in the rankings. World Bank, "World Bank Group to Discontinue Doing Business Report," accessed September 3, 2022.
[225] World Bank, *Economy Profile of Haiti Doing Business Indicators*, 2020, 4.
[226] Arvis et al., *Connecting to Compete 2018 Logistics in the Global Economy*, 2018, 45–48.

workers, and its proximity to the U.S. market.[227] Increased interest on the part of apparel brands in nearshoring inputs to avoid supply chain disruptions could benefit Haitian manufacturers, allowing them to leverage their existing relationships with U.S. buyers and encourage new partnerships to increase sales.[228] A relatively young labor force means Haiti has the potential to increase competitiveness in labor-intensive industries such as textiles and apparel if Haiti's political conditions stabilize and the overall security situation improves.

Business Environment

As discussed in the previous section, Haiti is assessed to be near the bottom of global rankings for measures examining a country's business environment. Firms and investors characterize Haiti's current business environment as challenging because of ongoing concerns related to political instability, gang violence, widespread corruption, a burdensome bureaucracy, and lack of credit access.[229]

Political Stability, Security Risks, and Corruption

Haiti's political uncertainty contributes to a business environment that is not hospitable for firms and entrepreneurs.[230] In 2019, Haiti was ranked 139th of 141 countries in the institution pillar of the GCI (25th of 26 among LDCs).[231] Haiti scored low in the WEF's survey on issues dealing with the threat of organized crime and reliability of police services, judicial independence and property rights, and the ability of the Haitian government to develop stable long-term policies as well as be responsive to changing economic conditions. Moreover, the 2022 Bertelsmann Stiftung's Transformation Index (BTI) classifies Haiti as a hardline autocracy and assesses Haiti as a failed state according to their criteria for democracy and governance.[232] In a World Bank survey in 2019, about 90 percent of firms in Haiti's capital Port-au-Prince considered political instability to be a severe obstacle to their business operations.[233] The U.S. Department of State, in its latest statement on Haiti's investment climate, also

[227] World Bank, *Creating Markets in Haiti*, 2021, 3.
[228] World Bank, *Creating Markets in Haiti*, 2021, 3.
[229] USDOC, ITA, "Haiti—Country Commercial Guide, Market Overview," accessed September 8, 2022.
[230] USDOS, "2021 Investment Climate Statements: Haiti," accessed September 8, 2022.
[231] The WEF scores the institution pillar of the GCI by collecting information on 26 individual indicators, with half the indicators coming from its Executive Opinion Survey. WEF, *The Global Competitiveness Report*, 2019.
[232] Bertelsmann Stiftung, *BTI Country Report 2022 Haiti*, 2022. The BTI analyzes and evaluates whether and how developing countries are moving toward democracy and a market economy. To be classified as a democracy, the BTI requires a country meets minimum requirements for seven political indicators: (1) free and fair elections, (2) effective power to govern, (3) association/assembly rights, (4) freedom of expression, (5) separation of powers, (6) civil rights, and (7) monopoly on the use of force. BTI classifies a country as an autocracy if it falls short of the relevant threshold for any one of these seven indicators. The BTI's Governance Index is composed of five indicators examining how effectively policymakers facilitate and steer the development and transformation processes. BTI identified a total of nine countries, including Haiti, as failed states, receiving a score of 2.5 or below. Afghanistan, the Democratic Republic of the Congo, Haiti, and Sudan all received scores of 2.5. South Sudan received a 2, and the Central African Republic, Libya, Somalia, Syria, and Yemen received scores of 1.5. Bertelsmann Stiftung, "Methodology," accessed August 27, 2022.
[233] World Bank, "Enterprise Survey 2019," accessed August 1, 2022.

identified political instability, gang violence, and corruption as some of the key challenges facing foreign firms and investors.[234]

Multiple events have caused Haiti's political institutions to be in a state of crisis. On November 20, 2016, Haiti held elections that were by then a year overdue. Jovenel Moïse was declared the winner with 55 percent of the vote.[235] With fewer than 21 percent of eligible voters participating—one of the lowest rates since 1987—Moïse's legitimacy was affected.[236] His subsequent tenure was characterized by instability and conflict with Haiti's elected parliament.[237] His first two prime ministers resigned, and the legislature did not confirm any of his subsequent nominees for prime minister. He then postponed parliamentary and municipal elections that were scheduled for October 2019.[238] Government officials who contested his decisions were replaced, and the terms of judges and prosecutors who refused to accept his decisions were not renewed.[239] On July 7, 2021, President Moïse was assassinated at his residence, throwing Haiti into further turmoil.[240] The investigation into his murder has stalled with Prime Minister Ariel Henry, Haiti's interim leader, firing key officials investigating the assassination after they accused Mr. Henry of being involved in the crime.[241] Haiti's parliament and the judiciary remain suspended while national elections continue to be postponed indefinitely by Haiti's interim leadership.[242]

Haiti's authorities face severe challenges in maintaining law and order. With a rate of nearly 10 homicides per 100,000 citizens per year, Haiti was ranked 115th of 141 countries on security concerns by the WEF.[243] President Moïse's assassination led to a resurgence of gang activity and turf wars, displacing about 19,000 people in the capital.[244] Haiti's police force remains underfunded and inadequate for Haiti's size, allowing gangs to step into the security vacuum and take control of several neighborhoods of the capital and other major cities.[245] Haiti has an officer-to-population ratio of 1.28 per 1,000 inhabitants, which is well below the UN standard of 2.2 per 1,000.[246] Incidents in 2017 (Grand Ravine), 2018 (La Saline), and 2019 (Bel Air), when the country experienced several days of disturbances, have renewed doubts about the capability of Haiti's police to guarantee security and protect ordinary citizens.[247] Lack of confidence in domestic police has led Haiti's officials to ask the UN to strengthen and

[234] USDOS, "2021 Investment Climate Statements: Haiti," accessed September 8, 2022.
[235] Bertelsmann Stiftung, *BTI Country Report 2022 Haiti*, 2022, 5.
[236] Bertelsmann Stiftung, *BTI Country Report 2022 Haiti*, 2022, 9.
[237] Bertelsmann Stiftung, *BTI Country Report 2022 Haiti*, 2022, 3.
[238] CRS, *Haiti's Political and Economic Conditions*, March 5, 2020, 3.
[239] Bertelsmann Stiftung, *BTI Country Report 2022 Haiti*, 2022, 3.
[240] *Washington Post* Editorial Board, "A Year after Jovenel Moïse's Assassination, Haiti Is in Turmoil," accessed September 8, 2022.
[241] Long and Stott, "Haiti's Political Storm Intensifies," September 17, 2021.
[242] Reuters, "Haiti's Elections Postponed after Electoral Council Dismissed," September 28, 2021; CIA, *World Factbook*, accessed April 30, 2022.
[243] WEF, *The Global Competitiveness Report*, 2019, 258–61.
[244] Authorities responded to the disturbance by restricting roads and blocking areas, which led to residents facing severe shortages of essential goods and fuel. UN Integrated Office in Haiti, *Report of the Secretary-General (2021)*, 2021, 3.
[245] Bertelsmann Stiftung, *BTI Country Report 2022 Haiti*, 2022, 6–7.
[246] UN Integrated Office in Haiti, *Report of the Secretary-General (2022)*, 2022, 6.
[247] Bertelsmann Stiftung, *BTI Country Report 2022 Haiti*, 2022, 7.

expand the capacity of its special mission in Haiti to include providing security assistance to the Haitian government.[248]

Along with the ongoing political instability and insecurity, corruption remains widespread in all branches of government and civil services—depleting much needed funds for government institutions and essential public services.[249] Haiti has created three different state institutions to combat corruption, but no public official has yet to be prosecuted for financial misconduct.[250] In addition, these agencies often lack the legal powers and financial resources to fulfill their mandates. In 2018, the judicial branch investigated several corruption cases, but none of them resulted in a prosecution.[251] A Haitian Senate investigation alleged that government officials had mismanaged almost $2 billion between 2008 and 2016.[252]

Business Regulations

Information from the WEF and World Bank's Doing Business Index suggest that Haiti's business regulations limit Haiti from becoming a productive and innovative economy. Haiti was ranked 137th of 141 countries in the WEF's competition and openness pillar (23rd out of 26 among LDCs).[253] Executives in the WEF's survey indicated that a few firms dominated Haiti's domestic markets, with little competition observed between domestic services providers, and that Haiti's tax policy was not designed to facilitate strong competition. Lack of regulation on domestic competition has led to a high degree of concentration in Haiti's formal industries with a small group of families and companies controlling Haiti's main sectors, reducing the incentive for new firms to enter the market and innovate.[254] Haiti also discourages goods imports by imposing significant tariffs, with an average applied tariff rate of 6 percent, placing it near the middle of the rankings by country in the GCI when it comes to tariff barriers and trade openness.[255] The WEF survey also showed that Haiti's nontariff barriers limit the ability of imports to compete with domestic products.

For the business dynamism pillar of the GCI index, Haiti ranked last among all 141 countries in the index. Compared to other countries in Latin America and the Caribbean, entrepreneurs in Haiti had to pay higher administrative costs and wait longer for approval when starting a new business.[256] Haiti was also given low scores by respondents in the WEF Executive Opinion Survey on the willingness of individuals to take on entrepreneurial risk, the ability of managers to delegate tasks to junior employees, whether companies were embracing disruptive ideas, and if innovative companies were able to grow rapidly. With regard to Haiti's labor policies, particularly ones that are perceived to benefit investors,

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[248] Government of the United Kingdom, "Haiti: Political Upheaval and Natural Disasters," November 16, 2021.
[249] CRS, *Haiti's Political and Economic Conditions*, March 5, 2020, 9.
[250] Bertelsmann Stiftung, *BTI Country Report 2022 Haiti*, 2022, 34.
[251] USDOS, "2021 Investment Climate Statements: Haiti," accessed September 8, 2022.
[252] CRS, *Haiti's Political and Economic Conditions*, March 5, 2020, 9.
[253] The pillar examining a country's domestic competition and openness is labelled product market in the GCI. WEF, *The Global Competitiveness Report*, 2019, 258–61.
[254] World Bank, *Creating Markets in Haiti*, 2021, 4.
[255] Haiti's import share from each partner country at the product level are used as weights in the computation of the average applied tariff rate.
[256] The WEF GCI relied on the World Bank's Doing Business Report to obtain information on these indicators. WEF, *The Global Competitiveness Report*, 2019, 623.

participants in the WEF Executive Opinion Survey ranked Haiti near the bottom globally when it came to the flexibility of hiring and firing of workers, labor-employer relations, flexibility in setting wages, ability to hire foreign workers, internal labor mobility, and whether pay is related to employee productivity.[257]

The World Bank's Doing Business Index captured several important dimensions of the regulatory environment facing small and medium-sized firms. It provided information on regulations for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency.[258] Haiti's regulations were found to be particularly restrictive when it came to starting a business (in 2020, Haiti was ranked 189th of 190) as a result of a high number of procedural requirements (12), the time it took to complete all the procedures (97 days), and the total costs associated with the procedures (179.7 percent of Haiti's income per capita).[259] Registering property is another challenge (Haiti was ranked 182nd of 190); it takes 319 days for a property sale to be finalized, much higher than the average of 64 days in Latin America and the Caribbean. The Doing Business Index also ranked Haiti near the bottom in its Quality of Land Administration Index because Haiti has a fragmented and incomplete system for administrating land ownership and land rights.[260] Consequently, fraudulent sales of land titles and overlapping claims of ownership are among the most frequent sources of conflicts in Haiti.[261] Some other areas in the Doing Business Index where Haiti lagged its peers include getting permits for construction (Haiti was ranked 179th of 190), protection of minority investors (Haiti was ranked 183rd of 190), and having an adequate legal and regulatory framework for resolving business insolvency (Haiti was ranked 168th of 190).

Some studies have found a strong connection between business regulations as measured by the Doing Business indicators and economic growth. Djankov et al. find that countries with simpler business regulations are associated with higher long-term growth.[262] Eifert shows that better performance in business regulations indicators is linked to higher investment and growth.[263] Using the Doing Business indicators, Divanbeigi and Ramalho find that countries with sound business regulatory systems are associated with higher firm entry that ultimately leads to the countries' experiencing higher economic growth.[264] Corcoran and Gillanders determine that better business regulatory environments, as proxied by the Doing Business Index, also help countries attract more foreign direct investment.[265] The findings in these studies suggest that Haiti has an opportunity to generate economic growth by reforming its business regulations and removing the excess barriers facing small and medium-sized firms.

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[257] Overall, Haiti was ranked 129th of 141 in the GCI's Labor Market pillar, which captured how much flexibility firms have in making changes to the workforce. WEF, *The Global Competitiveness Report 2019*, 2019, 258–61.
[258] World Bank, *Economy Profile of Haiti Doing Business Indicators*, 2020.
[259] World Bank, *Economy Profile of Haiti Doing Business Indicators*, 2020, 4.
[260] The Quality of Land Administration Index is in turn composed of five other indices examining: (1) the reliability of infrastructure, (2) transparency of information, (3) geographic coverage, (4) land dispute resolution and (5) equal access to property rights. World Bank, *Economy Profile of Haiti Doing Business Indicators 2020*, 2020, 21–27.
[261] Bertelsmann Stiftung, *BTI Country Report 2022 Haiti*, 2022, 25.
[262] Djankov, McLiesh, and Ramalho, "Regulation and Growth," September 2006, 395–401.
[263] Eifert, "Do Regulatory Reforms Stimulate Investment and Growth?," 2009.
[264] Divanbeigi and Ramalho, "Business Regulations and Growth", 2015.
[265] Corcoran and Gillanders, "Foreign Direct Investment and the Ease of Doing Business," February 2015, 103–26.

Financial Markets and Innovation

A large body of theoretical and empirical work has shown that countries with a well-developed financial sector are better able to mobilize savings to finance the most promising and productivity-enhancing activities, thus boosting technological innovation and long-run economic growth.[266] Haiti's financial market, however, is not adequately developed to sustain economic growth: Haiti was ranked 132nd in the financial system pillar of the GCI (20th out of 26 among its LDC peers).[267] Respondents in the WEF Executive Opinion Survey indicated that it was difficult for small and medium-sized enterprises to obtain financing for operations and for entrepreneurs to access domestic financial markets when launching new businesses and products.[268] Lack of financing has meant that domestic firms in Haiti are smaller in size and experience lower growth than their counterparts in other developing countries.[269] Female entrepreneurs in Haiti lack access to capital and credit because only men can get funds for large-scale projects—female entrepreneurs must rely on informal microfinance loans for their funding needs.[270]

In 2019, Haiti's domestic credit to private sector as a percentage of GDP was about 18 percent, placing it at the lower quarter of all the countries ranked by the WEF in 2019.[271] Limited access to credit is in part related to the highly concentrated nature of the Haitian banking sector. Three major banks (Unibank, Sogebank, and Banque Nationale de Crédit) hold roughly 80 percent of total assets, and 10 percent of borrowers monopolize 70 percent of total loans.[272] Because a high share of credit goes to parties related to the lender, banks are less willing to innovate and take on risk to serve small and medium-sized firms, leading to 78 percent of Haitian firms to be partially or fully credit-constrained.[273] Along with limited competition in the banking sector, inefficient legal institutions and poor corporate governance have also contributed to the Haitian financial system playing a minor role in generating economic growth.[274]

Lack of financing has hurt the ability of Haitian firms to invest in research and process innovations. Haiti lags substantially in research and development (R&D), with SCImago giving it a score of 60 out of 100 in scientific publications (ranked 125th of 141), and R&D spending as percentage of GDP is negligible.[275] Executives in the WEF Executive Opinion Survey noted that Haiti lacked well-developed clusters of firms, suppliers, producers of related products and services, and specialized institutions, and did not have a culture of collaboration among individuals and companies on ideas and innovation, placing Haiti at the bottom of these metrics.[276] Similarly, a World Bank survey in 2019 found that 85 percent of firms in the Port-au-Prince area noted no spending on R&D in 2018, with only half these firms able to introduce new products/services from 2016–18.[277] Additionally, only 25 percent of the Haitian firms surveyed by the

[266] Levine, "Finance and Growth: Theory and Evidence," 2005, 865–934.
[267] WEF, *The Global Competitiveness Report*, 2019, 258–61.
[268] WEF, *The Global Competitiveness Report*, 2019, 258–61.
[269] World Bank, *Creating Markets in Haiti*, 2021, 1.
[270] Subject matter expert, interview by USITC staff, June 16, 2022.
[271] WEF, *The Global Competitiveness Report*, 2019, 258–61.
[272] USDOS, "2021 Investment Climate Statements: Haiti," accessed September 8, 2022.
[273] World Bank, "Enterprise Survey 2019," accessed August 1, 2022.
[274] Economist Intelligence Unit, *Haiti Country Report*, 2008, 19.
[275] WEF, *The Global Competitiveness Report*, 2019, 258–61. SCImago is a publicly available portal that ranks journals and country scientific indicators.
[276] WEF, *The Global Competitiveness Report*, 2019, 258–61.
[277] World Bank, "Enterprise Survey 2019," accessed August 1, 2022.

World Bank made new or significant process changes from 2016–18, indicating the general low level of productivity for Haitian firms arising from both internal factors (limited entrepreneurship experience, less educated workforce) and external factors (political instability, credit constraints).[278]

Infrastructure

Trade costs—all the costs incurred by a foreign firm to supply a good to a domestic consumer—are a significant determinant of the volume and pattern of international trade. Higher trade costs limit a country’s ability to export and import goods and services from partner countries. The trade costs that a country faces can result from natural factors such as geographic remoteness as well as through policy actions that impose additional costs on trade, including tariffs and other nontariff measures.[279] Among the different factors driving trade costs, transportation costs associated with logistics, customs, and infrastructure have been found to have a significant effect on a country’s ability to compete in global markets.[280] Limão and Venables find that infrastructure is an important determinant in a country’s total transport costs, with poor infrastructure accounting for 40 percent of transport costs for coastal countries and up to 60 percent for landlocked countries.[281] In the same way, Clarke et al. find that infrastructure—and port facilities, specifically—can have significant effects, with an improvement in port efficiency from the 25th to 75th percentile leading to an increase in trade by 25 percent.[282]

Haiti’s infrastructure remains a significant deterrent to its international competitiveness. Haiti ranks last of all 141 countries in the Infrastructure pillar of the WEF’s GCI.[283] The Infrastructure pillar is a composite of 12 individual indicators with 5 asked as questions to executives in the WEF’s Executive Opinion Survey.[284] Haiti received low scores on the reliability and efficiency of its transportation infrastructure in the WEF Executive Opinion Survey with roads, air services, and seaports all ranked near the bottom by survey participants. The other 7 indicators of the infrastructure pillar examine the connectivity of a country’s roads, rails, and ports and the share of population with access to electricity and clean water. Haiti was ranked 131st in the Road Connectivity Index, an index developed by the WEF to capture the average speed and straightness of a route that goes through the 10 largest cities of a

[278] World Bank, “Enterprise Survey 2019,” accessed August 1, 2022; World Bank, *Creating Markets in Haiti*, 2021, 1.
[279] Common nontariff barriers include quotas, product standards, licensing requirements, customs and border clearance costs, and legal and regulatory costs. Respondents in the WEF Opinion Survey noted that Haiti’s nontariff barriers limited the ability of imports to compete with domestic goods and ranked Haiti 139th of 141 countries on the prevalence of nontariff barriers. WEF, *The Global Competitiveness Report*, 2019, 258–61.
[280] Moore, “Trade Costs and International Trade Flows,” 2018.
[281] Limão and Venables, “Infrastructure, Geographical Disadvantage, Transport Costs, and Trade,” 2001, 1–30.
[282] Clark, Dollar, and Micco, “Port Efficiency, Maritime Transport Costs,” December 2004, 417–50.
[283] WEF, *The Global Competitiveness Report*, 2019, 258–61.
[284] The following questions are asked in the WEF Executive Opinion Survey on infrastructure: (1) In your country, what is the quality (extensiveness and condition) of road infrastructure? (2) In your country, how efficient (frequency, punctuality, speed, price) are train transport services? (3) In your country, how efficient (frequency, punctuality, speed, price) are air transport services? (4) In your country, how efficient (frequency, punctuality, speed, price) are seaport services (ferries, boats)? (5) In your country, how reliable is the water supply (lack of interruptions and flow fluctuations)? WEF, *The Global Competitiveness Report 2019*, 2019, 617–18.

country,[285] and 90th (out of 141 countries) in the Liner Shipping Connectivity Index, an index from UNCTAD assessing a country's connectivity to global shipping networks.[286] Utilities are another reason for Haiti's low infrastructure score in the GCI with only 30 percent of Haiti's population having access to electricity (ranked 131st) and about 75 percent of Haiti's population being exposed to unsafe drinking water (ranked 128th).

Roads in Haiti are the main mode of transportation for passengers and goods internally—Haiti does not have a functional rail network—carrying nearly 80 percent of all traffic.[287] The road network in Haiti remains deficient with roads degrading faster than they are restored or built.[288] Haiti's national road network is about 3,875 km, with 956 km of primary roads linking major cities, 1,615 km of secondary roads and 1,343 km of tertiary or communal roads.[289] The Ministry of Public Works, Transport and Communications of Haiti rates 10 percent of the road network in good condition, 50 percent in very bad condition, and an average of 80 percent in bad condition.[290] Deficient road infrastructure combined with high fuel prices and an informal and fragmented trucking industry, limits cross-border trade with the Dominican Republic.[291] Rural areas are especially affected from the lack of access to functioning roads with a significant portion of Haiti's rural population deprived of basic social services and opportunities for economic mobility because of inadequate transport infrastructure.[292]

Along with roads, Haiti's ports are underdeveloped, getting an average score of 2.3 points for this indicator in the GCI from 2011 to 2019.[293] For comparison, the world average in 2019 based on 139 countries is 4 points; Haiti's ports thus fall significantly below international standards. Poor integration into the global shipping network has meant firms in Haiti face higher freight rates relative to their competitors in the Dominican Republic.[294] Port-au-Prince is the primary port for container traffic and general freight, moving about 1 million tons of freight annually. Cap-Haïtien is Haiti's other main seaport. It is currently being upgraded to serve growing U.S. demand for duty-free textiles and apparel products manufactured nearby at the Caracol Industrial Park.[295] The U.S. Agency for International Development (USAID) is a partner in these efforts to modernize port infrastructure and operations at Cap-Haïtien. Port modernization projects have targeted removing unused or derelict buildings; establishing a larger container yard to facilitate more efficient movements; stacking of containers, and

[285] The Road Connectivity Index is based on two elements: (1) the average speed of a driving itinerary connecting the 10 or more largest cities in an economy accounting for at least 15 percent of the economy's total population; and (2) a measure of road straightness. WEF, *The Global Competitiveness Report*, 2019.
[286] The index is based on five components of the maritime transport sector: the number of ships, their container-carrying capacity, the maximum vessel size, the number of services and the number of companies that deploy container ships in a country's ports. WEF, *The Global Competitiveness Report*, 2019.
[287] Economist Intelligence Unit, *Haiti Country Report*, 2008, 13.
[288] Sauveur, *Cost Benefit Analysis of Road Infrastructure Solutions*, 2017, 2.
[289] CFI, "Invest in Haiti," accessed September 23, 2022.
[290] Sauveur, *Cost Benefit Analysis of Road Infrastructure Solutions*, 2017, 2.
[291] World Bank, *Creating Markets in Haiti*, 2021, 5.
[292] Sauveur, *Cost Benefit Analysis of Road Infrastructure Solutions*, 2017, 2.
[293] Respondents were asked to rate the port facilities and inland waterways in their country of operation on a scale from 1 (underdeveloped) to 7 (extensive and efficient by international standards). The individual responses were aggregated to produce a country score. WEF, *The Global Competitiveness Report 2019*, 2019.
[294] World Bank, *Creating Markets in Haiti*, 2021, 5.
[295] CFI, "Invest in Haiti," accessed September 23, 2022.

general organization; improving and expanding the electricity system within the port; improving lighting; upgrading perimeter security; and upgrading fire safety systems.[296]

Haiti has limited options for air transport with Toussaint Louverture International Airport in Port-au-Prince serving as Haiti's main international airport. The airport has direct flights to Miami, Fort Lauderdale, New York, Atlanta, and Orlando as well as to Canada, the Dominican Republic, South America, and the Caribbean. Cargo is primarily transported through the Port-au-Prince airport with FedEx, DHL, UPS, and Amerijet having the largest market share.[297] Haitian firms generally face high costs of air transport and so are unable to use regular commercial flights to export high-value and time-sensitive goods.[298] Cap-Haïtien International Airport is Haiti's other international airport and serves some limited international routes to Miami and select Caribbean countries. Haiti's international airports suffer from a lack of investment in infrastructure and airfreight-related services because of political instability and poor institutional capacity.[299]

Haiti's energy infrastructure is also unable to meet the demands of a growing population. Lack of a reliable system for energy production and distribution contributes to Haiti having one of the lowest rates of energy consumption per head.[300] Haiti currently has an installed electricity generation capacity of 320 MW with 70 percent of it coming from imported fossil fuels and the other 30 percent from hydroelectric sources.[301] The Péligre dam is the largest hydropower facility in Haiti and along with three major thermal plants serves Port-au-Prince and other surrounding provinces.[302] Haitians, especially in rural areas, still rely on charcoal as their main energy source, with the annual consumption of wood products estimated at 4 million tons, adding to Haiti's deforestation and pollution challenges.[303] Even in urban areas, supply of electricity is inconsistent with most residents getting less than nine hours of electricity per day.[304] Similarly, about 80 percent of Haitian firms in Port-au-Prince reported experiencing a power outage in the past year.[305] Not having a reliable source of electricity has led to most businesses and many larger residences installing their own private generators.[306] The Caracol Industrial Park, for instance, generates its own electricity from thermal and solar plants funded by USAID and other international donors.[307]

Besides the GCI, other international institutions have also found Haiti's infrastructure to be a detriment to economic productivity and international competitiveness. Haiti's overall LPI score in 2018 was 2.1, ranking it 153rd of 160 nations.[308] Haiti's LPI score was markedly lower than other countries in Latin America and the Caribbean that received an average LPI score of 2.7. Haiti was unable to compete with

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[296] USAID, *Haiti Port Modernization Fact Sheet*, 2019.
[297] CFI, "Invest in Haiti," accessed September 23, 2022.
[298] World Bank, *Creating Markets in Haiti*, 2021, 19.
[299] World Bank, *Creating Markets in Haiti*, 2021, 19.
[300] Economist Intelligence Unit, *Haiti Country Report*, 2008.
[301] CFI, "Invest in Haiti," accessed September 23, 2022.
[302] CFI, "Invest in Haiti," accessed September 23, 2022.
[303] USDOC, ITA, "Haiti—Country Commercial Guide, Market Overview," accessed September 8, 2022.
[304] USDOC, ITA, "Haiti—Country Commercial Guide, Market Overview," accessed September 8, 2022.
[305] World Bank, "Enterprise Survey 2019," accessed August 1, 2022.
[306] World Bank, "Enterprise Survey 2019," accessed August 1, 2022.
[307] USAID, *Profile of Haiti's Garment Industry*, March 2015, 11.
[308] Arvis et al., *Connecting to Compete 2018 Trade Logistics in the Global Economy*, 2018, 45–48.

neighboring countries on the quality of trade infrastructure, competitive pricing for international shipments, and tracking and tracing international shipments, with these LPI components seeing the biggest difference in scores received by Haiti and its neighbors. Haiti also had a lower LPI score than countries in the World Bank's low-income group with countries in the group receiving an average score of 2.4. Haiti's low ranking in LPI is another indicator of its struggles to efficiently transport merchandise within and across borders.

The LPI has been often used to measure a country's transportation costs in empirical studies examining the effect of logistics and infrastructure on export performance. For example, Hoekman and Nicita find that improvement in logistics and trade facilitation have a greater impact on trade for developing countries than further reductions in tariffs and nontariff barriers.[309] In particular, they find that developing countries could increase their exports by 15 percent and imports by 9 percent if they had the same average LPI scores as middle-income countries. Similarly, Martí et al. find that improvements in any of the components of the LPI can lead to significant growth in a country's trade flows, with the biggest impact seen from improvements in LPI components dealing with infrastructure, timeliness, and customs policies.[310] Behar et al. find that a standard deviation improvement in logistics could increase exports by about 46 percent for an average-size developing country.[311]

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[309] Hoekman and Nicita, "Trade Policy, Trade Costs, and Developing Country Trade," December 2011, 2069–79.
[310] Martí, Puertas, and García, "The Importance of the Logistics Performance Index," 2014, 2982–92. Turkson also finds that the LPI components related to the ease and affordability of international shipments and transportation infrastructure have the largest impact on bilateral exports for developing countries. Turkson, "Logistics and Bilateral Exports in Developing Countries," 2011.
[311] Behar, Manners, and Nelson, "Exports and International Logistics," August 8, 2012, 855–66.

Box 3.3 Effects of Natural Disasters on Haiti's Infrastructure

Haiti's vulnerability to natural disasters including earthquakes and hurricanes has taken a serious toll on its infrastructure along with affecting the nation's overall health, economy, and security. The January 12, 2010, earthquake killed between 200,000 and 250,000 Haitians, with economic damages estimated to be from $8.1 billion to $13.1 billion, greater than the size of Haiti's GDP at the time.[a] In 2016, Hurricane Matthew struck the Southern peninsula as a category 4 hurricane causing heavy flooding; landslides; and the significant destruction of infrastructure, agricultural crops, and natural habitat. The World Bank estimated damages from Hurricane Matthew to be about a quarter of Haiti's GDP, with about 500 people killed, more than 175,500 people displaced, and about 1.4 million people needing humanitarian assistance.[b] In August 2021, the Southwest of Haiti was hit by a 7.2-magnitude earthquake, killing at least 2,000 people; the crisis was later compounded when Tropical Storm Grace swept through the same area hampering ongoing rescue efforts.[c] The city of Les Cayes, a center of economic activity in the Southwestern part of Haiti, was particularly affected with an estimated 30 percent of buildings destroyed or largely damaged.[d]

Some characteristics of Haiti's geography make it particularly susceptible to natural disasters. The island of Hispaniola, which Haiti shares with the Dominican Republic, is at the intersection of two tectonic plates—the North American plate and the Caribbean plate. Multiple fault lines between those plates contribute to Hispaniola being an area of high seismic activity.[e] In 2020, a total of 499 earthquakes were recorded across Haiti with the greatest seismic activity seen in the Nord-Ouest [Northwest], the Sud-Est [Southeast], and the Ouest [West] departments.[f] Moreover, Haiti's location in the path of Atlantic hurricanes, combined with the steep topography of its western region—from which all major river systems flow to the coast—makes the country particularly vulnerable to landslides and flooding.[g] Haiti's most populated cities are all nestled in the valleys along the coast and can easily get flooded with rainwater from the steep, barren hills surrounding them. High deforestation rates, which have led to significant soil erosion, also make landslides a common occurrence along Haiti's sharp sloping lands during summer and fall.[h]

Given these geographic features, Haiti ranks high among countries at most risk from natural disasters in the World Risk Index, an annual index published by the German aid group Bündnis Entwicklung Hilft (Development Helps Alliance) and the Ruhr University Bochum.[i] A country's rank in the World Risk Index is based on the interaction of a country's exposure to natural hazards and the ability of its society to manage these events, characterized as vulnerability in the World Risk Index. Exposure is determined by the share of population exposed to the effects of one or more natural hazards—earthquakes, cyclones, floods, droughts, or sea level rise. Vulnerability is based on the social, physical, economic, and environmental factors that make certain societies more vulnerable to the effects of natural hazard than others. Haiti ranked 32nd of 181 countries on exposure to natural hazards, faring better than other countries in the Caribbean, such as Dominica and Trinidad and Tobago.[j]

However, Haiti's overall risk from natural disaster was greater than other Caribbean countries because of its poor ability to manage these events. The country continues to lack adequate infrastructure and support services needed to cope with such disasters. Its emergency services and hospitals do not have enough capacity when a catastrophe strikes, nor does Haiti have the adequate infrastructure in place to accept foreign aid as was seen in the aftermath of the earthquake in 2010.[k] As its public infrastructure continues to deteriorate and, with no end in sight for the political crisis, Haiti remains the most vulnerable country in the Caribbean when it comes to dealing with natural disasters.

Box 3.3 Effects of Natural Disasters on Haiti's Infrastructure

Sources:
[a] Cavallo, Powell, and Becerra, "Estimating the Direct Economic Damage of the Earthquake in Haiti," 2010.
[b] World Bank, "Rapidly Assessing the Impact of Hurricane Matthew in Haiti," accessed August 23, 2022.
[c] Long, "Survivors of Haiti Earthquake Pummelled by Tropical Storm," accessed September 22, 2022.
[d] World Bank, *Creating Markets in Haiti*, 2021, 2.
[e] Finley, "Why Haiti Is Prone to Deadly Earthquakes," August 19, 2021. For several decades prior to the January 2010 earthquake, seismic activity had actually been heavily concentrated in the Dominican Republic's portion of the island. DesRoches et al., "Overview of the 2010 Haiti Earthquake," 2011.
[f] USDOC, ITA, "Haiti—Country Commercial Guide, Market Overview," accessed September 8, 2022.
[g] World Bank Climate Change Knowledge Portal, "Haiti—Vulnerability," accessed September 22, 2022.
[h] World Bank Climate Change Knowledge Portal, "Haiti—Vulnerability," accessed September 22, 2022.
[i] Bündnis Entwicklung Hilft and Ruhr University Bochum, *World Risk Report 2021*, 2021.
[j] Bündnis Entwicklung Hilft and Ruhr University Bochum, *World Risk Report 2021*, 2021, 54–57.
[k] The Economist, "Haiti's Lack of Preparedness Makes Bad Disasters Worse," August 18, 2021.

Workforce Competitiveness

Haiti had a labor force of 5.1 million people (64.7 percent of the working-age population) in 2021 (table 3.15).[312] Consistent with its young population, Haiti has a young labor force. The median age of the labor force was 37.1 years in 2019, up from 35.8 years in 2010.[313] The relative youth of the Haitian workforce, with about 55 percent of the population under the age of 30, means a significant share of workers are available and motivated to learn new skills.[314] Women in the labor force were slightly older with a median age of 37.5 years, compared to 36.7 years for men. The labor force participation rate has been relatively stable, at about 62–67 percent during the past three decades (table 3.15).[315]

Table 3.15 Haiti's labor force statistics, in certain years
In millions and percentages; data cover individuals aged 15 years and older; data include ILO modeled estimates.

Statistic	1990	1995	2000	2005	2010	2015	2020	2021
Labor force (millions)	2.7	2.9	3.2	3.6	4.2	4.6	5.0	5.1
Labor force participation rate, (percentage of population ages 15+)	66.8	65.1	62.8	63.8	65.6	66.0	64.4	64.7

Sources: World Bank, World Bank Development Indicators, accessed April 30, 2022. World Bank indicator code SL.TLF.TOTL.IN; ILO, ILOSTAT explorer, accessed August 30, 2022. Labor force participation rate is an ILO modeled estimate.

312 ILO, "Indicator Description: Labour Force Participation Rate," accessed July 30, 2022. The labor force includes persons employed and unemployed. The ILO usually defines the working-age population as all persons aged 15 years and older for statistical purposes, and this section follows this definition.
313 ILO, "ILOSTAT," accessed April 30, 2022. ILO indicator code is EAP_2MDN_SEX_NB.
314 USDOC, ITA, "Haiti—Country Commercial Guide, Market Overview," accessed September 8, 2022.
315 The labor force participation rate is the ratio of the labor force to the working-age population and provides a measure of how many working-age persons actively engage in the labor market.

Haiti's labor force is dominated by unskilled workers.[316] About 60 percent of Haitians had less than basic education in 2012, the last year of available data (66.4 percent of women had less than basic education compared to 54.1 percent of men).[317] Having an advanced education is uncommon; only 7.4 percent of the population had such an education in 2012.[318] Men are more likely to have an advanced education (8.5 percent of Haitian men) than women (5.9 percent). Among Haitian youth, 21.1 percent were neither employed, in school, nor in training in 2012.[319] This share is larger for young women at 27.9 percent than for young men at 14.2 percent. It is likely that many younger individuals end up working in the informal sector, where the agriculture sector is prevalent.

The lack of skilled workers led the WEF to rank Haiti 123rd (out of 141) in the Workforce Skills pillar of its GCI (11th of 26 among its LDC peers).[320] Haiti was found to be at the bottom on measures looking at the extent of workforce training conducted by firms, the skillset of university graduates, the digital competency of the workforce, and the ease of finding skilled employees. A lower-skilled workforce means firms in Haiti have great difficulty finding qualified technicians, particularly in advanced technologies, limiting their overall productivity.[321] Haiti was also ranked low in the other individual indicators of the Workforce Skills pillar, with mean years of schooling at 5.6 years (ranked 120th) and a ratio of 34 pupils for one primary teacher (ranked 115th).[322] These factors have forced Haiti to position itself internationally as a low-cost producer for goods and services requiring limited skills.[323]

As most Haitian workers enter the labor market without basic skills such as literacy and numeracy, it is harder for them to absorb post-school training at their new job and increase their productivity.[324] Another challenge to increasing the skill levels of workers is related to the type of jobs available for Haitians. For example, many jobs in the textiles and apparel industry do not require workers who can read and write, let alone highly educated workers. Most Haitian workers only need to learn a few operations in the apparel manufacturing process to perform their job; little training is required or provided.[325] An abundant supply of unskilled labor is thus consistent with the apparel products that Haiti produces and exports to the United States (see chapter 4 for a detailed look into Haiti's apparel sector). Still, the relative youth of the Haitian workforce, with about 55 percent of the population under the age of 30, means a significant share of workers are available and motivated to learn new skills.[326]

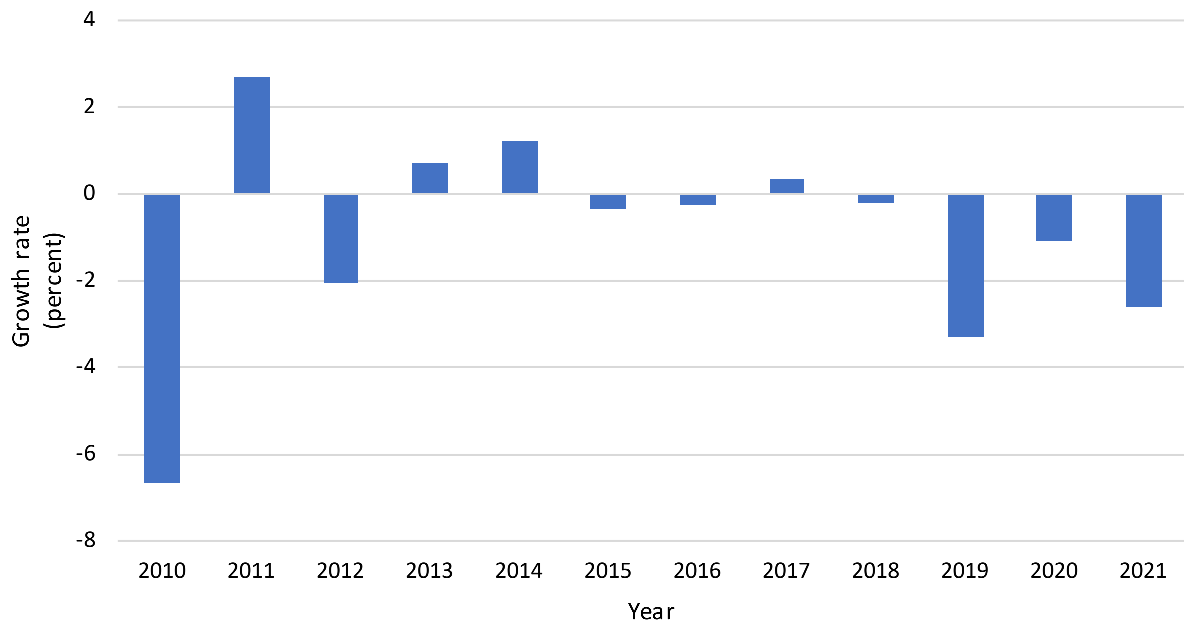
The main area where Haitian workers have a competitive advantage compared to other countries is low wages. However, from a firm's perspective, wages are only part of the story, and the productivity of workers is also important for understanding competitiveness. For example, if workers are paid low

[316] CIA, *World Factbook*, accessed April 30, 2022.
[317] ILO, "ILOSTAT: Country Profiles," accessed August 2, 2022.
[318] ILO, "Indicator Description: Employment by Education," accessed September 1, 2022. Basic education includes individuals who completed primary or lower secondary education. Advanced education includes individuals who completed short-cycle tertiary education, bachelor's, master's, or doctoral degrees.
[319] ILO, "ILOSTAT: Country Profiles," accessed August 2, 2022. Haitian youth include individuals ages 15 to 24.
[320] WEF, *The Global Competitiveness Report*, 2019, 258–61.
[321] Singh and Barton-Dock, *Haiti: Toward a New Narrative*, 2015, 55.
[322] WEF, *The Global Competitiveness Report*, 2019, 258–61.
[323] Singh and Barton-Dock, *Haiti: Toward a New Narrative*, 2015, 5.
[324] Singh and Barton-Dock, *Haiti: Toward a New Narrative*, 2015, 55.
[325] Subject matter expert, interview by USITC staff, May 17, 2022.
[326] USDOC, ITA, "Haiti—Country Commercial Guide, Market Overview," accessed September 8, 2022.

wages but also have low levels of productivity, then it is possible that the unit labor costs (i.e., the labor cost to produce a single unit of output) could be higher than if workers received higher wages and were even more productive. According to the ILO, the annual growth rate of output per Haitian worker is negative in many years between 2010 and 2021 (figure 3.15). For years when the growth rate is positive, it is relatively small. The annual growth rates imply that output per worker decreased by 11.2 percent over this period. Haiti's low levels of education, regulations that are considered by some to be unnecessarily burdensome, and corruption are possible factors limiting productivity growth. According to the Haitian government, even though Haiti has experienced high levels of inflation and high cost of living increases, employers and the government may find it challenging to raise the wage rate if they believe it hurts their international competitiveness.[327]

Figure 3.15 Annual growth rate of output per worker in Haiti, 2010–21

In percentages. Underlying data for this figure can be found in Appendix E, table E.16.



Source: ILO, ILOSTAT explorer, accessed April 30, 2022.
Note: GDP values underlying these annual growth rates are in constant 2010 U.S. dollars.

Haitian Products with Potential for Increased Exports

This section examines Haitian industries likely to have the potential to increase exports to the United States and other major trading partners under favorable business conditions. Haiti already receives duty-free access for many apparel products to the United States through preference programs. The country is about 700 miles from Miami; despite this proximity, businesses in Haiti currently face many challenges in exporting to the United States. As discussed previously in this chapter, Haiti ranked near or

[327] USITC, hearing transcript, May 26, 2022, 11 (testimony of Bocchit Edmond, Ambassador of the Republic of Haiti).

at the bottom for many individual indicators of the Global Competitiveness Index (see table 3.14). Beyond factors such as political instability and gang violence, Haiti's infrastructure will likely need to improve for businesses to expand their operations and for exports to increase.

One well-established approach used to identify a country's most competitive sectors is using international trade data to compute the revealed comparative advantage index (RCA).[328] The RCA for Haiti is computed by comparing the share of Haiti's exports of a product to total Haitian exports, relative to the share of the world's exports of the same product to total world exports.[329] If the share of Haiti's exports of a product is larger than the share of the world's exports of the same product, then this relationship implies Haiti has a revealed comparative advantage for exporting the product. A characteristic of the RCA index is that it is asymmetric and has no upper bound for those sectors with a comparative advantage, but has a zero lower bound for those sectors having a comparative disadvantage.[330] The Commission normalized the RCA values so that they are on a scale of −1 to +1 around the base of zero.[331] If the normalized revealed comparative advantage index (NRCA) is above zero, it implies Haiti would have an advantage exporting the product; below zero implies a disadvantage. Using this approach, the Commission computed the NRCAs for each of the goods with an HS 4-digit heading that Haiti exported between 2015 and 2019.[332]

The NRCA has some limitations. First, the ability to identify products with potential for increased exports is limited to products for which there was goods trade between 2015 and 2019; it cannot identify new potential sectors where trade is nonexistent. Second, the NRCA must be used in conjunction with other data to determine export potential. For example, some industries may have spare capacity, but others may have to first increase productive capacity to support increased exports. Thus, the NRCA alone cannot determine whether Haiti has the capability to expand domestic production to support increased exports. The NRCA is based on global trade shares rather than global trade values, so it can indicate high competitiveness in products for which overall global demand may be limited. A product may have a high NRCA but a low export value, particularly if the product has a low value of global trade. For example, the product group "peel of citrus fruit or melons" has the largest NRCA, but Haiti only exports by value about $1 million of this product grouping per year (table 3.16). The high NRCA occurs because Haiti's share of its trade in this product (0.1 percent of Haiti's total exports) is much higher than the global share of trade in this product (0.0004 percent).

Table 3.16 lists the top 20 products that Haiti has a comparative advantage exporting to other countries, by NRCA rank.[333] Each of these products has an NRCA above 0.85. Many of these products are related to the apparel industry since they also represent a large share of Haiti's exports. For example, Haiti's top export classification under the HS 4-digit heading (T-shirts, singlets, tank tops, and similar garments, knitted or crocheted), shown in figure 3.7, has the third-largest NRCA, and comprises 38.5 percent of

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328 WTO, *A Practical Guide to Trade Policy Analysis*, 2012, 26.

329 Detailed export data is not reported by Haiti, so the RCA is calculated using mirror trade data (i.e., import data reported by Haiti's trading partners).

330 WTO, *A Practical Guide to Trade Policy Analysis*, 2012, 26.

331 The NRCA for Haiti was calculated as $NRCA_k = \frac{RCA_k - 1}{RCA_k + 1}$ where *k* is the HS 4-digit heading.

332 The average annual export values between 2015 and 2019 are used to smooth out yearly fluctuations that are common in trade data.

333 See appendix F, supplemental tables, for a list of the top 50 products by NRCA rank.

Haiti's total exports (compared to 0.22 percent of the world's total exports). The second-largest export classification under the HS 4-digit heading (sweaters, pullovers, sweatshirts, waistcoats (vests), and similar articles, knitted or crocheted) ranks as the fifth-largest NRCA (19.8 percent of Haiti's total exports and 0.3 percent of the world's total exports). Mangoes, the focus of the case study in chapter 4, are included in the product grouping that has the 20th-largest NRCA. Haiti has an advantage producing mangos because of its location and climate.

Table 3.16 Top 20 products by NRCA index, by HS 4-digit heading (according to constructed Haitian exports in 2015–19)
In millions of dollars. NRCA = normalized revealed comparative advantage; n.e.s.o.i. = not elsewhere specified or included.

HS 4-digit heading	Description	NRCA index	NRCA rank	Average annual exports (millions $)
0814	Peel of citrus fruit or melons (including watermelons), fresh, frozen, dried, or provisionally preserved	0.99	1	1.0
0301	Fish, live	0.99	2	25.6
6109	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted	0.99	3	461.8
3301	Essential oils, concretes and absolutes; resinoid; extracted oleoresins; concentrates of essential oils and terpenic byproducts; aqueous solutions etc. of essential oil	0.98	4	41.8
6110	Sweaters, pullovers, sweatshirts, waistcoats (vests), and similar articles, knitted or crocheted	0.97	5	237.6
6203	Men's or boys' suits, ensembles, suit-type jackets, blazers, trousers, bib and brace overalls, breeches, etc. (no swimwear), not knitted or crocheted	0.95	6	116.9
6104	Women's or girls' suits, ensembles, suit-type jackets, blazers, dresses, skirts, divided skirts, trousers, etc. (no swimwear), knitted or crocheted	0.95	7	72.5
0308	Aquatic invertebrates other than crustaceans and mollusks	0.95	8	2.1
6205	Men's or boys' shirts, not knitted or crocheted	0.94	9	30.8
6103	Men's or boys' suits, ensembles, suit-type jackets, blazers, trousers, bib and brace overalls, breeches, and shorts (no swimwear), knitted or crocheted	0.93	10	14.4
6304	Furnishing articles of textile materials n.e.s.o.i.	0.93	11	5.7
6108	Women's or girls' slips, petticoats, briefs, panties, nightdresses, pajamas, negligees, bathrobes and similar articles, knitted or crocheted	0.92	12	19.1
6211	Track suits, ski-suits, and swimwear, not knitted or crocheted	0.92	13	17.5
6704	Wigs, false beards, eyebrows and eyelashes, switches and similar articles, of human or animal hair or textile materials; articles of human hair n.e.s.o.i.	0.92	14	3.8
7802	Lead waste and scrap	0.89	15	0.6
6107	Men's or boys' underpants, briefs, nightshirts, pajamas, bathrobes, dressing gowns, and similar articles, knitted or crocheted	0.87	16	6.3
1801	Cocoa beans, whole or broken, raw or roasted	0.85	17	8.9
4106	Tanned or crust hides of other animals, without hair on, whether or not split, but not further prepared, n.e.s.o.i.	0.85	18	0.4
5204	Cotton sewing thread, whether or not put up for retail sale	0.85	19	0.1
0804	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried	0.85	20	11.0

Source: USITC calculations; S&P Global, IHS Markit, Global Trade Atlas (GTA), accessed August 22, 2022.
Note: Excluding HS 4-digit heading 64PP (goods of HS chapter 64 carried by post). Constructed Haitian exports statistics are based on reporting countries' imports from Haiti.

Diversifying the products it exports and reducing reliance on the apparel industry can lead to more sustained export growth. For example, a negative shock to the apparel industry would likely severely decrease Haiti's total exports. By diversifying the mix of exports, Haiti's overall trade would not be as sensitive to industry-specific shocks. The nonapparel products (table 3.16) with high NRCAs and low average annual exports are products that could potentially aid in the diversification of Haiti's exports in the future. For example, it may be attainable to increase exports of live fish (see box 3.4) and mangoes (see the case study in chapter 4). A full assessment of export potential requires in-depth product-specific data and analysis.

Other approaches can be combined with the NRCA to identify an exporting country's internationally competitive sectors. The Geneva-based International Trade Centre finds a similar list of products for Haiti with export potential—despite having a different methodology to determine a product's international competitiveness—similar to those found by the Commission's NRCA approach in table 3.16. The International Trade Centre uses detailed trade and market access information to identify a country's existing products with potential for higher exports.[334] Its approach relies on an economic model that considers supply capacities in the exporting country, demand conditions in the target country, and the bilateral linkages between the two countries to estimate potential export values.[335] Using this methodology, the products with greatest export potential from Haiti are found to be in textiles and apparel with T-shirts and vests of cotton, knit/crochet (HS subheading: 6109.10), jerseys and similar of manmade fibers, knit/crochet (HS subheading: 6110.30), and men's trousers and shorts of cotton (HS subheading: 6203.42).[336] The export potential methodology also identified the following nonapparel products as having the potential for higher Haitian exports: essential oils (HS subheading: 3301.29); guavas, mangoes, and mangosteens, fresh or dried (HS subheading: 0804.50); and live eel (HS subheading: 0301.92).

In addition to the above quantitative assessment of products with potential to increase exports to the United States, the Commission also interviewed subject matters experts on areas for potential export growth. One subject matter expert pointed to the area of information technology (specifically, call centers) as a potential area for growth, since many Haitians already speak English and Spanish.[337] Limited telephone infrastructure is currently a barrier to the growth in call center operations. Another subject matter expert suggested that moringa oil, castor oil, and coffee have potential for increased exports.[338] However, they noted that finding investors for these projects can be challenging for a number of reasons, including difficult requirements for obtaining credit, high interest rates, and a weakening security situation that has some investors moving to its neighbor, the Dominican Republic.

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[334] International Trade Centre, "About the Export Potential Map," accessed August 30, 2022.

[335] Decreux and Spies, "Export Potential Assessments," 2016, 2.

[336] International Trade Centre, "Export Potential Map Haiti," accessed August 30, 2022.

[337] Subject matter expert, interview by USITC staff, June 27, 2022. There are a few call centers in Haiti, such as Digicel Haiti which provides services to French-speaking Caribbean countries like Martinique and Guadalupe, but the industry is underdeveloped. Martinez, "As Haiti Struggles to Build Services Centers, its Neighbor Could Fill the Void," 2013.

[338] Subject matter expert, interview by USITC staff, June 16, 2022. In the essential oils sector, Haiti has become a major producer of vetiver oil—used in perfumes, cosmetics, and aromatherapy—with good soil conditions, mild temperatures, and ocean winds in Haiti's southwest region particularly conducive for the cultivation of vetiver roots. Coto, "Amid crisis, Haiti fights to save oil used in fine perfumes," accessed November 26, 2022.

Box 3.4 Live Eel Exports from Haiti

The second-highest ranked product in the normalized revealed comparative advantage index (NRCA) analysis was Harmonized System (HS) heading 0301, Live Fish, indicating that Haiti has a comparative advantage in exports of this product. In recent years, Haiti exported a large volume of live eels (HS 6-digit subheading 0301.92) primarily to Canada and Hong Kong (table 3.17) for use in sushi. The eels do not naturally breed in captivity, so they must be wild caught at the juvenile stage and sold live.

Table 3.17 Constructed Haitian exports of live eels by destination market, 2015–19
In millions of dollars. (—) = no data.

Destination market	2015	2016	2017	2018	2019
Canada	5.0	3.9	4.1	21.8	56.0
Hong Kong	0.4	0.7	0.9	8.5	22.7
South Korea	1.3	0.3	0.2	—	—
All destination markets	6.7	4.9	5.2	30.3	78.7

Source: S&P Global, IHS Markit, Global Trade Atlas (GTA), 6-digit HS subheading 0301.92, accessed July 13, 2022.
Note: Constructed Haitian exports statistics are based on reporting countries' imports from Haiti.

Eel fishing in Haiti has significantly increased since 2013, as the price of eels in the export market increased. The eel species found in Haiti are American eels, which are sold exclusively for the export market. Haitian eel fishing is an informal activity carried out by locals who typically do not use expensive materials and infrastructure; they catch the young eels in handcrafted baskets made of bamboo or iron and covered with a mosquito net. Once caught, the eels are stored live in bags of water mixed with oxygen. The best-known eel fishing regions in Haiti are Cap-Haïtien (Nord), Caracol (Nord-Est), Saint-Marc (Artibonite), Les Cayes (Sud), Jacmel (Sud-Est), Jérémie (Grand'Anse), and Kawouk (Nippes). Eel fishers do not need permits to fish, and no catch limit has been established. Exporters need an export permit, however, and must remain within an export quota limit of 6,400 kg per exporter.[a]

Organized crime associated with the eel trade in Haiti has been reported. Disputes between buyers and fishers over prices have left room for a black market to develop, as fishers look for illegal buyers willing to pay a higher price.[b] A *New York Times* article on the July 7, 2021 linked the assassination of President Jovenel Moïse, in part, to crime in the eel export industry.[c] The article states that just before his death, President Moïse was taking steps to clean up Haiti's customs department, reduce smuggling and drug trafficking, and investigate the burgeoning eel market because of its potential role as a conduit for money laundering.

Sources:
[a] Pinchin, "Slimy, Smuggled, and Worth Top Dollar," March 11, 2021.
[b] Diaz, "From a Caribbean Island to Sushi Plates," February 9, 2022.
[c] Abi-Habib, "Haiti's Leader Kept a List of Drug Traffickers. His Assassins Came for It," December 12, 2021.

Chapter 4
Case Studies

Case Study: Haiti's Apparel Industry

Summary

During the last 40 years, the apparel industry in Haiti has played a central role in the development of Haiti's overall economy and accounts for 80–90 percent of the country's total exports. The apparel sector has been adversely impacted by numerous events during this time, including the trade embargo in the 1990s (see box 3.1), hurricanes and earthquakes, and most recently the assassination of the president and continued gang violence. Employment in Haiti's apparel sector fluctuated from its peak at 150,000 employees in the 1970s and 1980s to a low of fewer than 10,000 employees in the mid-1990s because of the embargo; employment has since risen to an estimated 50,000 workers in 2022.[339]

In the last 20 years Haiti's apparel industry has expanded and benefited from U.S. preference programs such as CBTPA and the Haiti-specific program created under HOPE I, HOPE II, and HELP, all of which have played a key role in the country's growth as a U.S. apparel supplier by allowing certain garments from Haiti to enter the United States duty free. Haiti also has other advantages that contribute to its being a viable apparel producer, including low wage rates, strong relationships with U.S. buyers, proximity to the United States, and its ability to co-produce and leverage infrastructure (such as energy and ports) with its neighbor, the Dominican Republic. Haiti's apparel exports grew markedly beginning in 2001 with the implementation of CBTPA (and later the HOPE I/HOPE II/HELP Acts). The value of U.S. apparel imports from Haiti quadrupled from $231 million in 2001 to $994 million in 2021. Despite the growth in exports, Haiti continues to experience numerous challenges to maintain its competitive advantage in the region because of its scarce energy supply and high electricity costs, lack of water supply and treatment facilities, and difficulty delivering raw materials to factories as well as goods intended for export to ports, among other factors.

HOPE II contains unique labor provisions that require apparel firms to comply with core labor standards and national labor laws to secure and improve labor rights for factory workers. Compliance with core labor standards is monitored by the ILO through the Better Work Haiti program. Overall, the Better Work Haiti reports show low levels of noncompliance in the ILO core labor standard metrics since 2009, including for forced labor, freedom of association and collective bargaining, and gender discrimination, and high levels of noncompliance for compensation and safety related metrics.[340] Many union representatives and NGOs have indicated that labor issues persist, especially for firms not providing paid

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[339] Industry representative, interview by USITC staff, July 21, 2022; Better Work Haiti, *2021 Year in Review*, December 2021; ADIH, written submission to the USITC, May 19, 2022; USITC, hearing transcript, May 26, 2022, 148 (testimony of Beth Hughes, AAFA).

[340] ADIH, written submission to the USITC, June 23, 2022; USITC, hearing transcript, May 26, 2022, 98–99 (testimony of Drusilla Brown, Tufts University).

leave, social security and other benefits, paid overtime, and collective bargaining rights; these representatives have also indicated that sexual harassment and gender discrimination remain a problem in apparel factories.[341]

This case study has five sections, beginning with a description of Haiti's apparel sector that includes a historical analysis of the sector's evolution, competitive factors within the industry, and the composition of firms within the sector. The second section describes how employment and wages have shifted during the last 40 years in Haiti's apparel sector as the result of political, economic, and natural events. The third section provides a history of the special apparel provisions present in CBTPA, HOPE I, HOPE II, and HELP, and the reasons why certain provisions were added as the program was expanded. The fourth section analyzes production and apparel export trends, including how overall U.S. apparel imports and the product mix from Haiti have changed, and the effect of special apparel provisions (such as tariff preference levels) on certain import categories. The last section discusses working conditions and labor standards in the apparel sector, relying on the Better Work Haiti reports and evidence from industry representatives that was gathered specifically for this report.

Description of Haiti's Apparel Industry

History

The apparel sector in Haiti was originally developed from the 1950s through the 1970s under the government of President François Duvalier, who promoted Haiti as a country with an abundant supply of cheap labor, beneficial tax policies, and proximity to the United States.[342] In the 1970s and 1980s, international firms started to actively invest in Haiti's apparel sector, which became the main economic driver for the country. The industry's growth during these two decades under the presidency of Jean-Claude Duvalier (the son of former President François Duvalier) was enabled by policies such as a tax holiday of up to 15 years for companies, complete profit repatriation, and a nonunionized workforce.[343] Employment and the number of apparel firms in Haiti ballooned during the 1970s and 1980s, with employment peaking in 1980 at 150,000 people working in more than 200 apparel factories.[344]

Haiti's apparel sector declined precipitously around 1986 with the end of the Duvalier era, when political instability ensued.[345] This was followed by the 1991 embargo, which prevented products from leaving the country.[346] The embargo led to the decimation of Haiti's apparel manufacturing sector, which almost

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[341] USITC, hearing transcript, May 26, 2022, 98–99 (testimony of Drusilla Brown, Tufts University); GOSSTRA, written submission to the USITC, June 9, 2022; Institute for Justice and Democracy in Haiti, written submission to the USITC, June 9, 2022.
[342] Rodríguez Ortiz, "Better Work Haiti: Women's Economic and Social Upgrading," 2019.
[343] Rodríguez Ortiz, "Better Work Haiti: Women's Economic and Social Upgrading," 2019.
[344] USAID, *Local Enterprise and Value Chain Enhancement (LEVE) Project*, February 2017; Edwards, "Cut from the Same Cloth," November 13, 2015.
[345] Better Work Haiti, "Better Work Haiti: Our Programme," accessed August 1, 2022; World Bank, *Bringing HOPE to Haiti's Apparel Industry*, September 2009.
[346] Rodríguez Ortiz, "Better Work Haiti: Women's Economic and Social Upgrading," 2019; World Bank, *Bringing HOPE to Haiti's Apparel Industry*, September 2009.

disappeared in the 1990s.[347] Firms manufacturing in Haiti started to move production to other countries in the Caribbean and Central America, such as Honduras, in the late 1980s and early 1990s.[348] After the embargo ended in 1994, Haitian apparel exports to the United States and employment in the apparel industry began to grow (for employment increases, see table 4.2; for increases in imports, see figure 4.1).

Beginning in 2000, Haiti's apparel sector began to benefit from unilateral preference programs offered by the United States, including CBTPA and the Haiti-specific trade preference program (HOPE I/HOPE II/HELP). By providing duty-free treatment for certain apparel from Haiti with more flexible input sourcing rules than under CBTPA, these programs played a key role in the country's growth as a U.S. apparel supplier.[349] Beginning with the implementation of CBTPA in 2000, Haiti's apparel sector slowly started to recover from its nadir in the 1990s. Production further accelerated as duty preferences for apparel imports increased with the enactment of HOPE I/HOPE II/HELP from 2006 to 2010. CBTPA provides trade preferences for apparel products that use U.S.-origin yarns, fabrics, and thread.[350] HOPE I established special new rules of origin that provide more flexibility for apparel producers in Haiti to use third-party inputs.[351] HOPE II modified the existing trade preference programs under HOPE I, and HELP further modified and added provisions after HOPE II expanded benefits under the Haiti-specific program and addressed compliance with core labor standards at the producer level.[352] The Haiti-specific trade preference program spurred investment and production in Haiti's apparel industry, which helped Haiti

[347] Rodríguez Ortiz, "Better Work Haiti: Women's Economic and Social Upgrading," 2019; World Bank, *Bringing HOPE to Haiti's Apparel Industry*, September 2009.
[348] World Bank, *Bringing HOPE to Haiti's Apparel Industry*, September 2009.
[349] Better Work Haiti, *Apparel Industry and Better Work Haiti Year Review 2021*, December 2021. USITC, *Caribbean Basin Economic Recovery Act: Impact on U.S. Industries and Consumers and on Beneficiary Countries*, September 2021.
[350] CRS, *The Haitian Economy and the HOPE Act*, June 24, 2010; USTR, "Caribbean Basin Initiative (CBI)," accessed August 1, 2022.
[351] Embassy of the Republic of Haiti, "Haiti Assumes Leadership of the CBTPA Renewal for The Caribbean Region," September 11, 2020.
[352] CRS, *The Haitian Economy and the HOPE Act*, June 24, 2010; USTR, "Caribbean Basin Initiative (CBI)," accessed August 1, 2022.

stay competitive over regional competitors such as former CBTPA beneficiaries (current CAFTA-DR countries[353]) El Salvador, Honduras, Nicaragua, Guatemala, the Dominican Republic, and Costa Rica.[354]

Advantages

In addition to preference programs, businesses in Haiti benefit from other competitive advantages. Haiti has a speed-to-market advantage stemming from its geographic proximity to the United States and use of a dedicated cargo fleet, which has proven to be more reliable than shipping lines to Asia during the ongoing shipping crisis.[355] One industry representative stated that shipping time from Haiti to the United States is about four days and that at least five ships a week sail to the United States.[356] In addition, Haitian manufacturers benefit from relatively low wages and an abundant workforce compared to other producers in the Western Hemisphere.[357] Some companies state that Haiti has a large and dedicated labor pool of apparel workers, although one company states that training these workers to produce different types of garments can be challenging.[358]

Companies also noted that Haitian firms tend to be reliable suppliers that produce good quality garments. One company stated that its reason for operating in Haiti was "longstanding partnerships cultivated with Haitian partners, [who have] proven for many years their dedication to consistently producing high-quality goods in a timely manner."[359] The company also stated that Haiti's advantage is its "overall reliable production" and noted that buyers "can depend on [Haitian apparel firms] to provide quality products and services," unlike other foreign suppliers.[360]

Haiti has moved up the apparel supply chain from simple "cut and sew" operations to making more complex garments with advanced machinery in recent years.[361] In the 1980s through late 2010s, Haiti's

[353] Under section 402 of the Dominican Republic-Central America-United States Free Trade Agreement Implementation Act (CAFTA-DR Act), goods from CAFTA-DR countries became ineligible for benefits under CBERA or CBTPA once CAFTA-DR took effect. The CAFTA-DR Act further provided that it would take effect for CAFTA-DR countries upon proclamation by the President that such countries had taken measures to comply with the terms of the agreement, which the President issued for each country between March 1, 2006, and January 1, 2009. 19 U.S.C. §§ 2702 note (listing termination dates) and 4011 (authorizing President to allow for entry into force). CAFTA-DR provides duty-free access for U.S. imports of apparel products from parties if they are produced with qualifying U.S. or Central American-Dominican Republic yarns and fabrics, which leads to increased market opportunities for both CAFTA-DR and U.S. textile and apparel producers. CAFTA-DR has no termination date, which led to growth in the textile and apparel sector in the region and increased exports from the CAFTA-DR market. Prior to CAFTA-DR, the textile and apparel trade from the region benefited from CBTPA, which allowed for apparel assembled in Central America and the Dominican Republic to be imported duty-free if they were made from the U.S. yarns and fabrics. USDOC, OTEXA, "Summary of the U.S.-CAFTA-DR Free Trade Agreement," accessed August 29, 2022.
[354] Better Work Haiti, *Apparel Industry and Better Work Haiti Year Review 2021*, December 2021; USITC, *Annual Report on the Impact of the CBERA*, September 2021.
[355] Cintas, written submission to the USITC, June 15, 2022.
[356] Industry representative, interview by USITC staff, May 17, 2022.
[357] USAID, *Profile of Haiti's Garment Industry*, March 2015; PRS group, *Political Risk Yearbook: Haiti*, May 2021, 1–18; Business of Fashion, "Haitian Garment Workers Protest to Demand Higher Wages," February 18, 2022.
[358] Cintas, written submission to the USITC, June 15, 2022; ADIH, written submission to the USITC, June 23, 2022.
[359] Cintas, written submission to the USITC, June 15, 2022.
[360] Cintas, written submission to the USITC, June 15, 2022.
[361] World Bank, *Bringing HOPE to Haiti's Apparel Industry*, September 2009.

apparel industry was dominated by manufacturers who performed assembly operations or the "cut, sew, and trim" part of the apparel supply chain in which firms received materials from their suppliers, assembled the materials, and then shipped them back to their suppliers for finishing.[362] A 2009 report noted some nascent technological improvements in the sector, in which the apparel supply chain in Haiti has changed somewhat to incorporate more complicated parts of the production process. Haiti-based firms have purchased more advanced machinery, like automatic fabric-spreading machines or machines with computer-aided cutting or manufacturing abilities, and others offer their own pattern-marking and embroidery capabilities.[363] These machines allowed some Haitian apparel manufacturers to source fabric directly from suppliers, which then can be trimmed and finished within Haiti into more complex garments.[364] These factories in Haiti operate as cut, sew, and trim companies; subcontractors; and even full-package service companies. However, a 2015 report noted that some Haitian manufacturers lacked technically advanced sewing machines, limiting their ability to produce a diverse range of garment types.[365] Some of the more capital-intensive parts of the apparel supply chain, such as the production of fabric, continue to be completed in the Dominican Republic, the United States, or other CAFTA-DR countries and then shipped to Haiti.[366]

Challenges

Haiti faces many challenges in apparel production, such as infrastructure issues related to unreliable and expensive energy and water supply, lack of adequate roads, and the temporary nature of the preference programs (see chapter 3 for a discussion of these issues). More recently, factors such as political instability within the country and transportation constraints due to gang violence also have had a negative impact on Haiti's apparel industry.[367]

Infrastructure challenges, such as unreliable and costly electricity and water supply, constitute Haiti's principal constraint in vertically integrating its apparel supply chain.[368] These infrastructure issues are one reason Haiti lacks domestic yarn and fabric production capabilities. As a result, the Haitian apparel industry continues to rely on imports of fabrics to sustain apparel production. The main inputs to Haitian-made apparel are cotton fabrics predominantly sourced from the Dominican Republic using foreign yarns and manmade fiber (artificial or synthetic) fabrics sourced from China.[369] Some companies, such as Gildan, produce apparel in Haiti with U.S. yarns of U.S. cotton made into fabric in Central American or Caribbean countries like the Dominican Republic or Honduras.[370] Although Haiti has begun

[362] USAID, *Local Enterprise and Value Chain Enhancement (LEVE) Project*, February 2017.
[363] Automatic fabric spreading machines smooth laying out of various types of fabric according to specific length and cut these fabrics more efficiently than workers manually pulling the fabric and cutting it. World Bank, *Bringing HOPE to Haiti's Apparel Industry*, September 2009. Rahman and Rahman, "What Is Automatic Fabric Spreading Machine," January 6, 2015.
[364] USAID, *Local Enterprise and Value Chain Enhancement (LEVE) Project*, February 2017.
[365] USAID, *Profile of Haiti's Garment Industry*, March 2015.
[366] World Bank, *Bringing HOPE to Haiti's Apparel Industry*, September 2009.
[367] Better Work Haiti, *Better Work Haiti: 23rd Biannual Compliance Synthesis Report*, 2021.
[368] Vertical integration for the apparel supply chain means that one or more firms control the sourcing of materials and production processes from the creation of the fibers to yarns to fabric, to cutting and sewing the fabric, and finally finishing the garment with steps such as dyeing or including embroidery.
[369] Husband, "The Ten Apparel Sourcing Countries to Watch in 2022," December 17, 2021.
[370] Gildan, written submission to the USITC, June 23, 2022.

to reintroduce cotton growing to reduce costs and support vertical integration of its apparel sector,[371] industry representatives note yarn or fabric production requires a lot of water and electricity.[372]

Inadequate water supplies and water treatment plants also hamper potential investment in fabric-dyeing operations. A 2015 report from the U.S. Agency for International Development (USAID) stated that many garment factories bring in water by truck to operate.[373] An industry representative noted that it is difficult to set up laundry facilities because of the lack of wastewater and effluent plants, so the laundering part of the operations is often completed in the Dominican Republic.[374] Moreover, the unreliable electricity and energy supply requires many companies to run their own generators to guarantee a consistent supply of electricity to operate sewing machines.[375] One industry representative claimed that the only location in Haiti with a consistent (99 percent) power supply is CODEVI because it gets its power from the Dominican Republic.[376] Generally, the supply of electricity is rather unstable as a result of frequent power cuts and surges, which can result in serious damage to industrial equipment.[377] A publication by the World Bank stated that business owners cited the lack of reliable electricity supply as the most important constraint to private sector development.[378] In addition, the cost of Haiti's electricity is unstable and among the highest in the region.[379] A 2017 survey of Haitian apparel firms found that energy accounted for about 10 percent of firms' total production costs because of poor infrastructure.[380]

Other infrastructure challenges include the lack of adequate roads that can safely transport garment workers to factories and move goods to the ports. In the 1980s, most of the factories doing assembly operations were located in Port-au-Prince because of better infrastructure and more reliable electricity there compared to other parts of the country.[381] However, in the last two years rampant gang violence in the capital has affected workers' ability to report to their jobs, as well as firms' ability to get raw materials into the country and to export finished apparel. A 2021 Better Work Haiti report stated that "armed gangs seem to operate at will, disrupting activities in some parts of the capital, including public and commercial transport, which has affected the delivery of fuel and caused fuel shortages throughout the country." The report also noted that in July and August 2021 "some [apparel] factories could not receive raw materials or export finished goods and some even closed their doors temporarily."[382] Although the northeastern part of Haiti is not as subject to gang violence as in the capital, there are also infrastructure issues in this part of the country, at times making it difficult to transport garment production to the ports in Haiti or the Dominican Republic for export to the United States.[383]

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[371] Husband, "The Ten Apparel Sourcing Countries to Watch in 2022," December 17, 2021.
[372] Industry representative, interview by USITC staff, May 9, 2022.
[373] USAID, *Profile of Haiti's Garment Industry*, March 2015.
[374] Industry representative, interview by USITC staff, May 17, 2022.
[375] Singh and Barton-Dock, *Haiti: Toward a New Narrative*, 2015.
[376] Industry representative, interview by USITC staff, May 17, 2022.
[377] Singh and Barton-Dock, *Haiti: Toward a New Narrative*, 2015.
[378] Singh and Barton-Dock, *Haiti: Toward a New Narrative*, 2015.
[379] Singh and Barton-Dock, *Haiti: Toward a New Narrative*, 2015.
[380] USAID, *Local Enterprise and Value Chain Enhancement (LEVE) Project*, February 2017.
[381] USITC, *Emerging Textile-Exporting Countries, 1984*, July 1985.
[382] Better Work Haiti, *Better Work Haiti: 23rd Biannual Compliance Synthesis Report*, 2021.
[383] Industry representative, interview by USITC staff, May 9, 2022.

Transportation challenges due to gang violence and political instability also affect garment workers' ability to commute to work. A union representative noted these issues began before the assassination of President Jovenel Moïse in July 2021. She noted that "rising gang violence had been disrupting the operation of garment factories by cutting off supplies of raw materials and preventing workers from safely getting to work," while some apparel workers have been "displaced due to gang violence in their neighborhood."[384] One company had to relocate its personnel to safer locations within Haiti and had to hire additional security for its contractors.[385] Companies located in Caracol often provide paid transportation for their employees to safely get to work.[386] The 23rd Better Work Haiti report surveyed apparel workers and found that "nearly 80 percent of surveyed workers cited personal safety concerns during their commute to work."[387] A union representative noted that "workers may pay for transportation and risk their lives to get to work only to be turned away by factory management without pay because the factory hasn't received the materials needed for production" because of gang violence.[388]

The growth in Haiti's apparel exports during the past few decades has occurred despite significant obstacles such as natural disasters. In 2010, an earthquake caused considerable damage to the apparel industry in Haiti, resulting in rebuilding costs of about $38 million.[389] In response to this earthquake, the U.S. Congress passed HELP to further strengthen preferences for Haiti's apparel sector under HOPE I/HOPE II.[390]

Recent political instability (see chapter 3) has led many apparel firms to reevaluate their business strategies in Haiti, potentially delaying further investment in the apparel sector.[391] One apparel company that has operated for years in Haiti stated that "historically, the market access benefits afforded by the preference programs have outweighed ensuing costs and efforts to overcome the difficulties without impacting production output."[392] The company further stated that in 2020, the worsening security situation in Haiti has impacted production and the company is being "forced to consider the long-term viability of maintaining operations in the country."[393]

One of the most prominent challenges cited by numerous industry and government representatives is the temporary nature of the Haiti-specific trade preference program, which hinders long-term investment in the apparel sector.[394] These representatives contend that Congress often delays passing

[384] Etienne, written submission to the USITC, June 9, 2022.
[385] Gildan, written submission to the USITC, June 23, 2022.
[386] Gildan, written submission to the USITC, June 23, 2022.
[387] Better Work Haiti, *Better Work Haiti: 23rd Biannual Compliance Synthesis Report*, 2021.
[388] Etienne, written submission to the USITC, June 9, 2022.
[389] Desai, "How Haiti Is Becoming a Leader in the Quality Clothing Industry," May 2014. CRS, *The Haitian Economy and the HOPE Act*, June 24, 2010.
[390] CRS, *The Haitian Economy and the HOPE Act*, June 24, 2010.
[391] Hall, "Haiti Assassination Risks Further Fashion Supply Chain Instability," July 8, 2021. Friedman, "Haitian President's Assassination Could Destabilize Apparel Sourcing," July 7, 2021.
[392] Gildan, written submission to the USITC, June 23, 2022.
[393] Gildan, written submission to the USITC, June 23, 2022.
[394] HanesBrands, written submission to the USITC, May 13, 2022; Gildan written submission to the USITC, June 23, 2022; Cintas, written submission to the USITC, June 15, 2022; RILA, written submission to the USITC, June 23, 2022;

extensions and allows preference programs to lapse before renewing them, making companies hesitant to invest in building factories, labor, and infrastructure for the long term because a 10-year horizon for renewal is often not enough to recoup investments for some firms.[395] Some industry representatives advocate for a permanent authorization for HOPE/HELP and CBTPA in order to secure Haiti as a nearshore platform for apparel investment, just as the CAFTA-DR beneficiaries have permanent access under that agreement.[396]

The COVID-19 pandemic has led to additional challenges for Haitian garment production. A 2020 survey by the Industrial Association of Haiti (ADIH) and the International Finance Corporation (IFC) on the impact of the COVID-19 pandemic on 33 manufacturers in Haiti found that the Haitian apparel sector faced uncertainty about global demand, government restrictions on the number of workers in factories, reduced production capacity because of public health and social measures taken to limit the spread of COVID-19, a lack of working capital, and difficulty accessing raw materials.[397] However, a 2021 report by Better Work Haiti stated that "working hours and take-home pay have stabilized in 2021 following COVID-19 pandemic-related production disruptions in 2020."[398] An industry representative testified that the focus of apparel companies has been on nearshoring and reshoring in recent years, as U.S. companies reassess their supply chains after COVID-19.[399]

Firm Composition in Apparel Sector

Haiti's apparel industry is composed of dozens of local and foreign manufacturers operating within the country.[400] A number of U.S. and foreign companies have been present in Haiti for decades. For example, HanesBrands has been producing with its partners in Haiti for the past 35 years and Cintas and Gildan have operated or sourced from Haiti for the past 20 years.[401]

During the 1980s, about six Haitian apparel firms were foreign-owned—two were from the United States and four were from Germany.[402] Asian-based firms started investing after the preference programs went into effect in the 2000s and include South Korean operators, which currently have 10 factories in Haiti. South Korean-based SAE-A Trading started operations in Haiti in 2012 and currently is the largest employer in the garment sector, with more than 13,000 workers. Foreign operations in Haiti

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CODEVI, written submission to the USITC, May 26, 2022; USITC, *Annual Report on the Impact of the CBERA*, September 2021.

395 Cintas, written submission to the USITC, June 15, 2022; Gildan, written submission to the USITC, June 23, 2022; HanesBrands, written submission to the USITC, May 13, 2022; RILA, written submission to the USITC, June 23, 2022; CODEVI, written submission to the USITC, May 26, 2022; USITC, *Annual Report on the Impact of the CBERA*, September 2021.

396 ADIH, written submission to the USITC, May 19, 2022.

397 In May and June 2020, 33 Haitian apparel manufacturers employing more than 50,000 workers in March 2020 were surveyed including both foreign-born and domestic companies. International Finance Corporation, *How Has COVID-19 Affected Haiti's Apparel Industry?*, 2020.

398 Better Work Haiti, *Better Work Haiti: 23rd Biannual Compliance Synthesis Report*, 2021.

399 USITC, hearing transcript, May 26, 2022, 209 (testimony of Gail Strickler, Brookfield Associates).

400 Better Work Haiti, "Participating Factories and Manufacturers in Haiti," accessed September 19, 2022.

401 Cintas, "Trade," accessed September 19, 2022; Gildan, written submission to the USITC, June 23, 2022. HanesBrands, written submission to the USITC, May 13, 2022.

402 USITC, *Emerging Textile-Exporting Countries, 1984*, July 1985.

also include three factories built by Taiwanese firms and one operated by a Sri Lankan firm.[403] Better Work Haiti reports that Haiti has 32 apparel firms, the majority of which are foreign-owned (table 4.1).[404] In 2022, public sources indicate that Haiti has 16 firms producing knit garments, 6 firms producing woven garments, and 9 firms producing both types of apparel.[405]

Table 4.1 Largest apparel manufacturing firms in Haiti, by country of ownership, location, and number of employees

Firm	Ownership (year opened, if available)	Location in Haiti	Employment
Brand M Apparel	Haiti	Port-au-Prince	1,000–5,000
Caribbean Island Apparel S.A.	Haiti (1984)	Port-au-Prince	2,500
CODEVI—Grupo M	Dominican Republic (2004)	Ouanaminthe	10,000
Everest Apparel S.A.	Taiwan (2017)	Caracol	1,110
Fairway Apparel	Haiti	Port-au-Prince	Unknown
Hansae Haiti	South Korea (1982)	Port-au-Prince	3,200
MAS Holdings	Sri Lanka (2017)	Caracol	1,170
Pacific Sports (Peace Textile America Inc.)	United States	Port-au-Prince	Unknown
Palm Apparel (subsidiaries: Sewing International Inc. and Digneron Manufacturing)	Haiti (2006)	Port-au-Prince	1,900
SAE-A Trading (S&H Global)	South Korea (2012)	Caracol	13,000
Val D'Or Apparel	United States (2014)	Port-au-Prince	1,000–1,500
Wilbes Haitian S.A.	South Korea (2001)	Port-au-Prince	1,000–5,000

Sources: Just Style, "Asian-Owned Factories Help Grow Haiti Garment Sector," November 22, 2018; Dun & Bradstreet, "Everest Apparel," accessed August 9, 2022; Caribbean Island Apparel, "About Us," accessed August 9, 2022; Under Armour, "Supplier List Disclosure," accessed August 9, 2022; Adrianople Group, "The Codevi Zone," accessed August 9, 2022; Hansae, "Haiti," accessed August 10, 2022; Palm Apparel, "How It All Started," accessed August 10, 2022; Fashion Manufacturing, "List of Clothing Manufacturers in Haiti," accessed August 10, 2022; Nathan Associates. Bringing HOPE to Haiti's Apparel Industry. September 1, 2009.

Since 2002, Haiti has embraced the development of industrial parks that may be private enterprises or government-owned within "free zones" (akin to free trade zones) as a means of enabling the apparel sector to reduce operational costs through its Law on Free Zones.[406] Haiti's Law on Free Zones, entered into force on August 2, 2002, defines free zones as geographical areas to which a special regime on customs duties and customs controls, taxation, immigration, capital investment, and foreign trade applies, where domestic and foreign investors can import, produce, export, and re-export goods. Free zones may be private or joint ventures, involving state or private investors.[407] These free zones have certain advantages, including expedited customs clearance, reduced transportation costs due to their proximity to ports and airports, relatively reliable access to energy and water, and the availability of factory space for apparel production.[408]

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403 Just Style, "Asian-Owned Factories Help Grow Haiti Garment Sector," November 22, 2018.
404 Better Work Haiti, "Participating Factories and Manufacturers in Haiti," accessed September 19, 2022.
405 CFI, "Apparel & Textiles," 2022.
406 CFI, "Haiti Investment Guide," March 2015. USDOC, CS, *Doing Business in Haiti*, 2018.
407 CFI, "Haiti Investment Guide," March 2015. USDOC, CS, *Doing Business in Haiti*, 2018.
408 CFI, "Haiti Investment Guide," March 2015.

The largest free zone is CODEVI, which contains an industrial park privately owned and managed by Grupo M, a Dominican Republic-headquartered, vertically integrated apparel manufacturer producing knits and woven products for the U.S. market.[409] The free zone was founded in 2003, a year after Haiti passed its Law on Free Zones.[410] CODEVI houses 17 buildings and employs about 10,000–15,000 apparel workers in the free zone, which represents about 17–20 percent of Haiti's total apparel employment in the country.[411] CODEVI covers more than 4 million square feet, is located in northeast Haiti near the Haiti-Dominican Republic border, and was constructed strategically in this area to take advantage of the competitive strengths of each country (see box 4.1).[412] U.S. brands that buy or source from Grupo M within CODEVI include Levi Strauss, Gap Inc, Under Armour, Hanes, Fruit of the Loom, Carhartt, Calvin Klein, Dockers, Polo, Columbia Sportswear, Nordstrom, and Jockey.[413] An industry representative testified that CODEVI will employ an estimated 23,000 apparel workers by the end of 2022 and is projected to add another 20,000–25,000 jobs as a result of reshoring or nearshoring in the near future.[414]

Industrial parks outside free zones have also contributed to the growth of Haiti's apparel industry. One such industrial park dedicated to apparel production is the government-owned Caracol, which is managed by Société Nationale des Parcs Industriels (SONAPI) and built with donor funds from the Inter-American Development Bank (IDB).[415] Caracol was founded in 2012 after the 2010 earthquake and is located in the northeastern region of Haiti on 250 hectares.[416] Caracol is the only industrial park in Haiti with its own power station, water supply, waste water treatment plant, solid waste disposal, and fleet of buses to transport workers to and from surrounding communities.[417] The U.S. government built a thermal power plant there when the industrial park opened to supply electricity to Caracol's tenants.[418] In November 2019, the IDB approved a $38 million investment to improve electricity access to the plant by providing solar energy at a lower price than the current thermal plant onsite.[419] SAE-A Trading is the anchor tenant in Caracol and is based in South Korea. U.S. brands that source from Caracol include Target, Old Navy, Nike, Victoria's Secret, Kohl's, and Walmart, among others.[420] Employment in Caracol grew steadily from 11,000 employees and contractors in 2017 to 15,400 in 2021.[421] According to the government of Haiti, the IDB has approved a $65 million grant for the expansion of Caracol, which is set

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[409] CODEVI was initially financed by the IFC. After the earthquake, the U.S.-based Soros Economic Development Fund (SEDF) invested $3 million into the zone. USITC, hearing transcript, May 26, 2022, 116–17 (testimony of Joseph Blumberg, CODEVI); CFI, "Haiti Investment Guide," March 2015.
[410] Dixon, "The Codevi Free Zone," August 3, 2021.
[411] USITC, hearing transcript, May 26, 2022, 108 (Mr. T. Pierre, interpreter for Solidarity Center); Todaro, "CODEVI," September 21, 2017.
[412] USITC, hearing transcript, May 26, 2022, 116–17 (testimony of Joseph Blumberg, CODEVI).
[413] Todaro, "CODEVI: Unwavering Vision," September 21, 2017. Dixon, "The Codevi Free Zone," August 3, 2021.
[414] USITC, hearing transcript, May 26, 2022, 116–17 (testimony of Joseph Blumberg, CODEVI).
[415] USITC, hearing transcript, May 26, 2022, 136 (testimony of Gail Strickler, Brookfield Associates); CFI, "Haiti Investment Guide," March 2015.
[416] CFI, "Haiti Investment Guide," March 2015.
[417] UTE/MEF, "Q1 2021 Caracol Industrial Park Report," June 2021.
[418] IADB, "Fact Sheet: The IDB and Haiti's Caracol Industrial Park," July 6, 2012; USDOS, "Fast Facts on the U.S. Government's Work in Haiti," January 1, 2016; UTE/MEF, "Q1 2021 Caracol Industrial Park Report," June 2021.
[419] UTE/MEF, "Q1 2021 Caracol Industrial Park Report," June 2021.
[420] MacDonald, "10 Years Ago, We Pledged To Help Haiti Rebuild," January 12, 2020.
[421] UTE/MEF, "Q1 2021 Caracol Industrial Park Report," June 2021.

to be completed by 2026, at which time Caracol will be the largest self-sustaining industrial park in Haiti and will employ about 22,000 workers.[422]

Box 4.1 Co-Production in the Apparel Sector between Haiti and the Dominican Republic

Before 2007, apparel co-production between Haiti and the Dominican Republic could benefit from duty-free treatment under the Caribbean Basin Trade Partnership Act (CBTPA) as long as both countries were CBTPA beneficiaries. In 2007, however, the Dominican Republic became ineligible for CBTPA when the Dominican Republic-Central America (CAFTA-DR) free trade agreement took effect. Under the CAFTA-DR Act, the Dominican Republic is referred to as a "former beneficiary country" for purposes of CBERA and "former CBTPA beneficiary country" for purposes of CBTPA.[a] As a result, Haiti could no longer co-produce with its neighbor and enjoy duty-free preferences under CBTPA. Additionally, under HOPE I, eligible articles must be shipped directly from Haiti to be eligible for benefits under the program, a condition that manufacturers found burdensome. Manufacturers found it easier to import fabrics from the Dominican Republic, assemble the garment in Haiti, and ship it back to the Dominican Republic to be exported to the United States under CAFTA-DR.[b] HOPE II amended requirements to allow for direct shipment from either Haiti or the Dominican Republic under that program, thereby encouraging co-production in the Dominican Republic and further deepening integration and production of textiles and apparel between the two countries.[c]

Previous Commission reports emphasize that co-production with Haiti is of strategic value for Dominican Republic and Haitian garment manufacturers because the countries are able to leverage their labor supply and market access opportunities.[d] The reports state that the Dominican Republic and Haiti have built a robust textile co-production system that, as of 2021, supported more than 9,600 direct jobs in the Dominican Republic. The system has 34 Dominican Republic-based free trade zone companies that are engaged in the export of textile inputs to Haitian apparel producers.[e] The Dominican Republic has several advantages over Haiti for apparel manufacturing, including investor tax incentives, logistical advantages, economic and political stability, and a skilled labor force for its textile and apparel industry. Furthermore, as a result of expensive electricity and cheaper apparel wages in Haiti, labor-intensive garment production predominates in Haitian factories while mechanized production related to fabric formation and cutting is more prevalent in the Dominican Republic. The Dominican Republic has more robust port capacity and shipping lines as a result of its 10 major ports, allowing for more exports to be shipped compared to Haiti's three ports.

Sources:
[a] 19 U.S.C. 2702(a)(1)(F)
[b] Edwards, "Cut from the Same Cloth," 2015.
[c] Edwards, "Cut from the Same Cloth," 2015.
[d] USITC, *Annual Report on the Impact of the CBERA*, September 2021; USITC, *Textiles and Apparel*, 2008.
[e] USITC, *Annual Report on the Impact of the CBERA,* September 2021.

Employment and Wages

Official employment statistics on Haiti's apparel industry do not exist; however, employment figures have been reported through various articles and reports from international organizations and

[422] Embassy of the Republic of Haiti, written submission to the USITC, May 26, 2022.

government agencies. In the 1980s, apparel employment in Haiti peaked at 100,000–150,000 apparel workers as a result of favorable investment conditions during the Duvalier era (table 4.2).[423] By the late 1980s and into the 1990s, employment fell sharply to about 5,000–15,000 apparel employees as a result of the trade embargo.[424] The trade embargo from 1991 to 1994 effectively closed apparel operations, and employment fell close to zero for a short time during that period.[425] Employment experienced another notable downturn in the mid-2000s, coinciding with the end of global textile quotas under the World Trade Organization's (WTO) Agreement on Textiles and Clothing and with the implementation of CAFTA-DR, which shifted regional U.S. tariff preferences for apparel in favor of Central America instead of Haiti.[426] Employment was estimated to be 32,000 employees in 2004; however, employment fell sharply to 9,000–18,000 employees in 2005 after Haiti's devastating hurricane season. From 2005 to 2008, employment slowly picked up in the sector but stalled about 2008 to 2009 as a result of the 2008 global financial crisis. Employment started slowly rebounding by 2009 and 2010 to about 25,000–27,000 employees and continued an upward trajectory to more than 50,000 employees a decade later,[427] following implementation of the Haiti-specific preference program. As of 2021, the garment industry is Haiti's largest formal source of employment, providing 53,000–57,000 jobs and supporting more than 450,000 people in the country.[428] In 2022, a trade association stated that employment in the industry has contracted, with firms in Haiti laying off apparel workers as a result of orders canceled because of government instability.[429] ADIH and a recent Better Work Haiti report estimated that current employment figures are about 50,000–51,000 in late 2021 and in 2022.[430]

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[423] CRS, *The Haitian Economy and the HOPE Act*, June 24, 2010; U.S. Congress House Committee on International Relations, *United States Policy and Activities in Haiti*, February 24, 1995.

[424] Better Work Haiti, *Better Work Haiti: 1st Compliance Synthesis Report*, 2010.

[425] CRS, *The Haitian Economy and the HOPE Act*, June 24, 2010.

[426] CRS, *The Haitian Economy and the HOPE Act*, June 24, 2010.

[427] CRS, *The Haitian Economy and the HOPE Act*, June 24, 2010.

[428] Connell, "Haiti Garment Workers Negotiate Landmark Health Payment," May 6, 2021; Better Work Haiti, *Better Work Haiti: 1st Compliance Synthesis Report*, 2010; USITC, hearing transcript, May 26, 2022, 148 (testimony of Beth Hughes, AAFA).

[429] Industry representative, interview by USITC staff, July 21, 2022; Better Work Haiti, *Apparel Industry and Better Work Haiti Year Review 2021*, December 2021.

[430] Industry representative, interview by USITC staff, July 21, 2022; Better Work Haiti, *2021 Year in Review*, December 2021; ADIH, written submission to the USITC, May 19, 2022; USITC, hearing transcript, May 26, 2022, 148 (testimony of Beth Hughes, AAFA).

Table 4.2 Haiti's apparel employment figures for selected years, 1980–2022

Year	Estimated number of apparel workers (ranges where available)
1980	100,000–150,000
1990	46,000–100,000
1991–95	5,000–15,000
1997	20,000–25,000
2000	28,000
2004	32,000
2005	9,000
2006	18,000–20,000
2007	18,500
2008	21,300
2009	25,000–27,000
2010	25,000–27,000
2011	26,000–27,000
2012	25,000–29,400
2013	30,000–31,400
2014	36,300–40,000
2015	40,000
2016	40,000–41,000
2017	47,400–48,000
2018	51,500–53,000
2019	53,500–54,600
2020	37,000–57,000[(a)]
2021	53,400–57,000
2022	50,000–51,000

Sources: Better Work Haiti reports, 2009–21; Lundahl and Soderfeld, "A 'Low-Road' Approach to the Haitian Apparel Sector," February 2021; Better Work Haiti, *Year Review 2021*, December 2021; CRS, *The Haitian Economy and the HOPE Act*, June 24, 2010; Connell, "Haitian Garment Workers Negotiate Landmark Health Payment," May 6, 2021; Better Work Haiti, *Garment Industry 1st Compliance Synthesis Report*, July 9, 2010; CFI, "Apparel & Textiles," accessed May 3, 2022; Williams, "Haiti's Garment Makers Pin Hopes on a U.S. Bill," June 17, 2006; Apparel News, "Sewing with Renewed HOPE in Haiti," September 14, 2007; Baughman, "The U.S. Textile and Apparel Industries," June 2005.
Note: [(a)] In 2020, Haiti's apparel employment fell from 57,000 workers in February 2020 to 37,000 in April 2020 as a result of the COVID-19 pandemic.

Wages in Haiti's apparel industry generally show an increase in terms of Haitian gourdes, but wages stated in U.S. dollars have not grown substantially during the past decade. Much of this difference can be attributed to Haiti's relatively higher inflation rate during this period (see figure 3.2). Although official sources do not publish wage data for Haiti's apparel workers, anecdotal evidence from published articles and government or NGO reports shed light on minimum and average wages for the apparel sector for various years since the 1980s. Table 4.3 represents the wage rates that were gathered from various years.

Table 4.3 Daily average or minimum wage rates in certain years, 1979–2022
In U.S. dollars and Haitian gourdes. Average wage rate is based on an 8-hour day.

Year(s)	Type of daily wage rate	U.S. dollars	Haitian gourdes[a]
1979	Average	1.80	9
1985	Minimum	3.00	15
1995	Average	8.00	40
1997	Average	9.00	150
2003	Minimum	1.62	70
2004	Minimum	1.82	70
2004	Average	3.12	120
2005	Minimum	1.73	70
2006	Minimum	1.73	70
2007	Minimum	1.90	70
2007	Average	4.61	170
2008	Minimum	1.79	70
2009	Minimum	3.03	125
2010	Minimum	3.77	150
2010	Average	6.28	250
2011	Minimum	4.93	200
2012	Minimum	4.77	200
2012	Average	7.15	300
2013	Minimum	4.60	200
2014	Minimum	4.97	225
2014	Average	6.63	300
2015	Minimum	4.73	240
2016	Minimum	6.63	420
2017	Minimum	6.48	420
2018	Minimum	6.17	420
2019	Minimum	5.63	500
2020	Minimum	5.35	500
2021	Average	5.60	500
2022	Minimum	5.48	685

Sources: U.S. Congress, *U.S. Trade Policy Phase II, Private Sector,* 1982; USITC, *Emerging Textile-Exporting Countries 1984*, July 1985; USITC, *Textiles and Apparel,* 2008; Watkins, "How Haiti's Future Depends on American Markets," May 8, 2013; Dsouza, "Group Says Haitian Garment Workers Are Shortchanged on Pay," October 21, 2013; Conradt, "Haiti Earthquake Anniversary: Garment Workers Still Struggle to Survive," 2015; D'Sa, "The Rise Of Haitian Apparel Industry," January 12, 2016; Solidarity Center, *The High Cost of Low Wages in Haiti*, April 2019; Dunkel, "In Haiti, Misery Breeds Resistance," March 3, 2022; Chéry, "Caracol Textile Workers Demand Better Pay, Clash with Police, During Protests," January 31, 2022; Madeson, "'We Are Not Slaves!'," March 4, 2022; Apparel News, "Sewing With Renewed HOPE in Haiti," September 14, 2007; industry representative, email to USITC staff, August 15, 2022.
[a] U.S. dollar conversions to Haitian gourdes were determined by the World Bank's annual conversion rates from 1979 to 2021. World Bank Open Data, series PA.NUS.FCRF, accessed August 30, 2022.

Special Apparel Provisions in Haiti's Preference Programs

Initially in the 1980s, Haiti's apparel exports to the United States were managed by a bilateral textile agreement that included a multifiber arrangement quota that limited the quantity of U.S. apparel imports.[431] In 1986, however, President Ronald Reagan announced a special access program to liberalize quotas for apparel imports from CBERA countries, referred to as "807-A."[432] The 807-A program encouraged CBERA countries to enter into bilateral agreements with the United States that would allow Guaranteed Access Levels (GALs) for apparel assembled in a CBERA country from U.S.-formed and cut fabric, and an agreement between Haiti and the United States under this program went into effect on January 1, 1987.[433] GALs under these agreements were separate from and usually higher than available quota limits, and they could also be increased at the request of beneficiaries.[434] GALs' greater volumes and flexibility relative to quota limits allowed textile exports from CBERA countries to expand more rapidly than from other regions.[435] Both TSUS 807.00 and the 807-A program helped to spur the expansion of apparel manufacturing at this time in the Caribbean region, which was particularly competitive in assembly operations.[436] Haiti's bilateral agreement providing for GALs and regular quotas expired on December 31, 1994.[437]

Following a steep decline in Haiti's apparel industry during the international embargos in the 1990s, a series of acts between 2000 and 2010 again expanded trade preferences to support Haiti's apparel sector.[438] Haiti's designation as a beneficiary of CBTPA became effective on October 2, 2000.[439] Under CBTPA, apparel is generally eligible for duty-free treatment if U.S. fabric of U.S. yarns is cut in either the United States or a CBTPA country and then assembled and further processed in a CBTPA country.[440] CBTPA does however extend eligibility for duty-free treatment to certain apparel made of regionally formed rather than U.S.-formed fabric as long as the fabric consists of U.S. yarn. Two preference rules were established as the only options for garments made of such fabric to receive CBTPA preferences. The first allows for duty-free treatment of certain knit apparel (except for non-underwear T-shirts and socks) made from fabric knit in a CBTPA country using U.S. yarn, subject to a quota limit of 970 million

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[431] See, e.g., Visa Requirements for Cotton, Wool, and Man-Made Fiber Textile and Apparel Products Exported from Haiti, 45 Fed. Reg. 14617 (March 6, 1980) (describing bilateral textile agreement between Haiti and United States).
[432] USITC, *Annual Report on the Impact of the CBERA*, September 1987; U.S. General Accounting Office, *International Trade*, March 1989; Implementation and Enforcement of the Special Access Program Under the Caribbean Basin Initiative, 51 Fed. Reg. 21208 (June 11, 1986) (outlining rules for 807-A program). This program built on the treatment of imports under TSUS 807.00, which allowed the value of U.S. content to be deducted from the dutiable value of the assembled article, including apparel. With regard to apparel, TSUS 807.00 encouraged foreign assembly of apparel from U.S.-cut components. USITC, *Emerging Textile-Exporting Countries, 1984*, July 1985.
[433] Announcing Establishment of Guaranteed Access Levels and a New Visa and Certification Requirement for Cotton, Wool, and Man-Made Fiber Textile Products from Haiti, 52 Fed. Reg. 6053 (February 27, 1987). USITC, *Annual Report on the Impact of the*, September 1987. WTO, *Trade Policy Review*, 1999.
[434] U.S. General Accounting Office, *International Trade*, March 1989 (indicating that GAL increases were "practically automatic and unlimited unless greater access would cause market disruption").
[435] USITC, *Annual Report on the Impact of the CBERA*, September 1987. WTO, *Trade Policy Review*, 1999. USITC, *Annual Report on the Impact of the CBERA*, September 1989.
[436] USITC, *Annual Report on the Impact of the CBERA*, September 1988; Library of Congress, Federal Research Division, "Appendix B - Dominican Republic and Haiti," accessed September 19, 2022.
[437] USITC, *Production Sharing*, 1996.
[438] For a detailed description of the U.S. preference programs that benefit Haiti, see chapter 2.
[439] USTR, Determination Under the Caribbean Basin Trade Partnership Act, 65 Fed Reg. 60236 (October 10, 2000).
[440] 19 U.S.C. § 2703(b)(2)(A)(i)–(ii).

square meter equivalents (SMEs) annually.[441] The second preference rule allows for non-underwear T-shirts made from regionally formed fabric of U.S. yarn and cut and sewn in a CBTPA country to enter duty free, subject to a quota limit of 12 million dozen per year.[442] Table 4.4 summarizes CBTPA's requirements for duty-free treatment of textiles and apparel.

Two other rules were created under CBTPA that allowed for the use of non-U.S. yarns to claim duty-free preference for Haitian apparel imports. One is a special preference rule for brassieres, which must be cut and sewn in the United States or a CBTPA country, and where the brassiere's producer used the aggregate cost of fabric components formed in the United States totaling at least 75 percent of the aggregate declared customs value of the fabric contained in all such articles in the preceding one-year period.[443] Haitian garments may also claim duty-free treatment under CBTPA if made from a fiber, yarn, or fabric that has been determined to be not widely available in commercial quantities in the United States.[444]

Table 4.4 CBTPA: Requirements concerning origin of inputs and processes, value added, and quantitative limits

Article	Yarn	Fabric	Cutting	Assembly	Minimum value added[c]	Quantitative limit
Knit apparel	U.S.	U.S. or CBTPA	CBTPA	CBTPA	No	Yes
T-shirts	U.S.	CBTPA	CBTPA	CBTPA	No	Yes
Brassieres	Any country	U.S. (75%)	U.S./CBTPA	U.S./CBTPA	No	No
Apparel of yarns/fabrics in short supply[a]	Any country	Any country	CBTPA	CBTPA	No	No
Other apparel (not listed in the categories below)	U.S.	U.S.	U.S./CBTPA[b]	CBTPA	No	No

Source: 19 U.S.C. § 2703.
Notes:
[a] If a fiber, yarn, or fabric has been determined to be not commercially available in the United States or CBTPA beneficiary countries, apparel containing the product may still qualify for duty-free treatment.

441 These imports are entered under HTS 9820.11.09. 19 U.S.C. § 2703(b)(2)(A)(iii)(I). SMEs are defined as a unit of measurement that results from the application of the conversion factors to a primary unit of measure such as unit, dozen, or kilogram.
442 Non-underwear T-shirts from Haiti under CBTPA are entered under HTS 9820.11.12. 19 U.S.C. § 2703(b)(2)(A)(iii)(III).
443 Brassiere imports using the CBTPA rule are entered under HTS 9820.11.15. Under CBTPA, if a producer or entity controlling production fails to meet the 75 percent standard in a given year, then brassieres from that producer shall be ineligible for preferential treatment in subsequent years until the aggregate cost of fabric components formed in the United States used in the production of such brassieres comprise at least 85 percent of the aggregate declared customs value of the article for the preceding one-year period. 19 C.F.R. §§ 10.223(a)(6) and 10.228; Preferential Treatment of Brassieres Under the United States-Caribbean Basin Trade Partnership Act, 66 Fed. Reg. 50534 (October 4, 2001); USDHS, CBP, *The U.S.-Caribbean Basin Trade Partnership Act*, July 2007; 19 U.S.C. § 2703(b)(2)(A)(iv).
444 CBTPA's short supply provision includes fabrics that would be eligible for preferential treatment under annex 4-B of the USMCA and outlines a procedure for an interested party to request a finding on specific fabrics or yarns. Imports using the short supply provision are entered under HTS 9820.11.27. 19 U.S.C. § 2703(b)(2)(A)(v)(I)–(II); 19 C.F.R. § 10.223(a)(8); USDOC, OTEXA, *Haiti HOPE: Understanding Labor Eligibility Requirements*, accessed August 1, 2022.

(b) The use of U.S. thread is also required if the articles are cut and sewn or otherwise assembled in one or more CBTPA countries. Fabrics must be wholly formed, dyed, printed, and finished in the United States from U.S. thread.
(c) See the discussion below on the value-added provisions in the HOPE I/HOPE II/HELP Acts as a comparison.

CBERA has also been amended three times with respect to Haiti to expand and enhance trade benefits for Haitian apparel producers. First, HOPE I was enacted in 2006, partially in response to concerns over Haiti's apparel parity with CAFTA-DR beneficiaries and to address financial and material losses suffered by Haitian apparel producers in the 2005 hurricane season.[445] HOPE I came into effect on January 4, 2007.[446] To support assembly operations in Haiti, HOPE I allowed for duty-free treatment for imports of garments within certain Tariff Preference Levels (TPLs) with more flexible source rules; this provided a more flexible ROO for a limited amount of Haitian imports compared to CBTPA's requirement that imports be made from U.S. yarns or fabrics.[447] Table 4.5 summarizes HOPE I's provisions and the requirements concerning textile imports.[448]

Table 4.5 HOPE I apparel provisions
TPL = Tariff Preference Level; SMEs = square meter equivalents

HOPE I Provision	Description
Value-added TPL	A "value-added" TPL allowing duty-free access for "apparel articles" assembled from third-country yarns and fabrics if at least 50 percent of the value of inputs or costs of processing (e.g., assembling an entire garment or knitting it to shape) are sourced from Haiti, the United States, or any country that is an FTA partner with the United States or is a beneficiary of one of three specified U.S. trade preference programs.
Woven Apparel TPL	Woven apparel TPL up to 50 million SMEs, allowing duty-free access for woven apparel imports from Haiti made from fabrics produced anywhere in the world as long as the garments were assembled in Haiti.
Brassieres	Allowing duty-free access for brassieres classifiable under HTS 6212.10 made from components sourced from anywhere as long as the garments were both cut and sewn or otherwise assembled in Haiti or the United States.

Source: Harmonized Tariff Schedule, General Note 29; Tax Relief and Health Care Act of 2006, Pub. L. No. 109–432, Div. D, Title V, § 5002 (amending 19 U.S.C. § 2703a).

After the passage of HOPE I, Haitian apparel firms and Haitian trade associations criticized the effectiveness of HOPE I provisions in promoting Haiti's apparel exports to the United States. These complaints centered around four key points: the value-added provision, the woven apparel TPL, the brassiere rule (see section below, "Brassieres Were a Top U.S. Import but Imports Have Now

445 Pub. L. No. 109-432, 120 Stat. 3181–90 (creating 19 U.S.C. § 2703a). USITC, *Annual Report on the Impact of the CBERA*, September 2021; USDOC, "Haiti Trade Agreements," August 3, 2019. *See* Box 4.1, Co-Production in the Apparel Sector with Haiti and the Dominican Republic, for more detail on how the implementation of CAFTA-DR impacted trade preference programs for Haiti.
446 Proclamation No. 8144, 72 Fed. Reg. 13655 (March 22, 2007).
447 Preferential rules of origin for textiles and apparel under a majority of U.S. free trade agreements (FTAs) are based on tariff shift rules that generally follow a yarn-forward rule for apparel and made-up articles, meaning that yarn used to form the fabric that is subsequently used to produce apparel and textile articles must originate in the FTA partner country or the United States to be eligible for preferential duty rates. Some U.S. bilateral or multilateral FTAs contain an exception to the tariff shift rule known as tariff preference levels (TPLs). TPLs permit a limited quantity of specified finished goods to enter the U.S. market at preferential duty rates despite not meeting the required tariff shift rules. Khan, "The Impact of Tariff Preference Levels," September 2018.
448 USITC, *Annual Report on the Impact of the CBERA*, September 2021.

Diminished"), and the requirement to ship garments directly from Haiti.[449] The Haitian apparel industry stated that the value-added TPL contained in HOPE I requiring that 50 percent of value added come from Haiti, the United States, or FTA partners was too high; therefore, firms did not use this provision.[450] Industry representatives from Haiti also criticized the woven apparel TPL as too low and said the threshold should be raised. In a similar vein, representatives advocated for the inclusion of a separate knit apparel TPL because these types of garments made up 80 percent of Haiti's exports to the United States from 2006 to 2008.[451] Industry representatives also complained that HOPE I's requirement that garments be shipped directly from Haiti was cumbersome and costly for firms because apparel finishing was often completed in the Dominican Republic; therefore, such garments had to be shipped back to Haiti for export to the United States in order to receive duty-free treatment (see box 4.1, Co-Production in the Apparel Sector with Haiti and the Dominican Republic for more detail).[452]

To address the criticisms of HOPE I, Congress passed HOPE II in May 2008, which adds more flexible sourcing rules than in CBTPA, CAFTA-DR, or HOPE I.[453] HOPE II contained seven ways apparel from Haiti could qualify for duty-free treatment, including introducing the Earned import Allowance Program (EIAP) (see table 4.6). Furthermore, HOPE II also encouraged co-production between apparel firms in Haiti and the Dominican Republic by allowing qualifying garments to enter the United States duty free if imported directly from either Haiti or the Dominican Republic.[454] Congress passed the HELP Act in May 2010, which again expanded Haiti's preferences to assist in the apparel industry's recovery from natural disasters.[455] Changes in HELP included expanding existing preferences under HOPE I and HOPE II by increasing the TPL limits for woven and knit apparel and by reducing the allowance ratio under the EIAP. HELP also established new preferences for 117 additional apparel products (including certain types of overcoats, pullovers, and suits) and 96 made-up textile articles (including certain types of carpets, blankets, and bags).[456] Table 4.7 lists the Haiti-specific preference program provisions following the passage of HOPE I/HOPE II/HELP concerning the origin of inputs and processes for apparel. Additional detail on specific provisions in HOPE I, HOPE II, and HELP are included in the analysis of historical trends below.

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449 USITC, *Textiles and Apparel*, June 2008; CRS, *The Haitian Economy and the HOPE Act*, June 24, 2010.
450 CRS, *The Haitian Economy and the HOPE Act*, June 24, 2010.
451 CRS, *The Haitian Economy and the HOPE Act*, June 24, 2010.
452 CRS, *The Haitian Economy and the HOPE Act*, June 24, 2010.
453 Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008, Title XV, Subtitle D of the Food, Conservation and Energy Act of 2008, Pub. L. No. 110-246, 122 Stat. 2289–2301 (amending 19 U.S.C. § 2703a). HOPE II became effective on October 1, 2008. Proclamation No. 8296, 73 Fed. Reg. 57475 (October 3, 2008).
454 Pub. L. No. 110-246, 122 Stat. 2300–01 (amending 19 U.S.C. § 2703a(a)(5)).
455 Haiti Economic Lift Program Act of 2010, Pub. L. No. 111-171, 124 Stat. 1194–1208 (amending sections of 19 U.S.C. § 2703a). HELP became effective on November 1, 2010. Proclamation No. 8596, 75 Fed. Reg. 68153 (November 4, 2010).
456 Pub. L. No. 111-171, 122 Stat. 1195–1204 (amending sections of 19 U.S.C. § 2703a(b)).

Table 4.6 HOPE II apparel provisions

HOPE II Provision	Description	HTS implementation
Value-added TPL	Articles imported under the value-added TPL must be wholly assembled or knit to shape in Haiti from fabrics of any origin, subject to the 50 percent value-added content requirement. Calculation of the limit for value-added TPL was changed to equal 1.25 percent of the total U.S. apparel imports for the previous 12-month period.	9820.61.25 or 9820.61.30
Woven Apparel TPL	Woven apparel TPL extended to 70 million SMEs from 50 million SMEs per year under HOPE. Articles imported under woven apparel TPLs must be wholly assembled in Haiti and may contain yarn or fabric of any origin.	9820.62.05
Knit Apparel TPL	Creation of a new knit apparel TPL with a limit of 70 million SMEs per year, with certain exceptions for T-shirts and other men's and boys' knit garments. Articles imported under knit apparel TPLs must be wholly assembled in Haiti of yarn or fabric of any origin.	9820.61.35
Rule for Brassieres	ROO for brassieres imported from Haiti and the Dominican Republic if they are wholly assembled or knit to shape from any components (fabrics, fabric components, components knit to shape, or yarns) without regard to the source.	9820.62.12
Certain Sleepwear	Allows for the duty-free treatment of certain sleepwear classifiable under HTS 6208.91.30, 6208.92.00 and 6208.99.00 that is wholly assembled, or knit to shape, in Haiti from yarn or fabric of any origin.	9820.62.20
Earned Import Allowance Program (EIAP)	Established the EIAP in which a Haitian producer can earn credit for using U.S. fabric. For every 3 SMEs of U.S. fabric the Haitian producer purchases to produce apparel, the producer earns one credit that allows the producer to claim duty-free treatment for one SME of apparel wholly assembled or knit to shape in Haiti from fabric of any origin.	9820.62.25
Accessibility to FTA Short Supply Lists	Allows Haiti to access and use short supply lists from any U.S. FTA partner country, not just the CBTPA Short Supply List.	9820.62.30

Sources: Food, Conservation and Energy Act of 2008, Pub. L. No. 110–246, § 15402; USDHS, CBP, "Haiti HOPE/HOPE II/ HELP: Unofficial Summary of Provisions Relating to Textiles and Apparel," accessed August 9, 2022); International Development Systems, *Haiti Hemispheric Opportunity Through Partnership Encouragement Act: HOPE II*, August 1, 2008; USDHS, CBP, "TBT-08-013 Amendments under the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II Act)," October 16, 2008.

Table 4.7 HOPE I/HOPE II/HELP: Requirements concerning origin of inputs and processes, value added, and quantitative limits

Article	Yarn	Fabric	Cutting	Assembly	Minimum value added	Quantitative limit
Knit apparel TPL[(a)]	Any country	Any country	Any country	Haiti	No	Yes
Woven apparel TPL	Any country	Any country	Any country	Haiti	No	Yes
Brassieres	Any country	Any country	Haiti/U.S.	Haiti/U.S.	No	No[(b)]
Certain non-apparel textile goods[(c)]	Any country	Any country	Haiti	Haiti	No	No[(b)]
Apparel of yarn/fabrics in short supply[(d)]	Any country	Any country	Haiti	Haiti	No	No
Other apparel (not listed in the categories above)	Any country	Any country	Any country	Haiti	Initially 50% or more beneficiary country content[(e)]	Yes

Sources: Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008, Title XV, Subtitle D of the Food, Conservation and Energy Act of 2008, Pub. L. No. 110–246, 122 Stat. 2289–2301 (amending 19 U.S.C. § 2703a); Haiti Economic Lift Program Act of 2010, Pub. L. No. 111–171, 124 Stat. 1194 (amending 19 U.S.C. § 2703a).
Notes:
[(a)] Certain types of knit apparel (e.g., men's and boys' T-shirts, all sweaters) do not qualify—generally they are given preferential treatment under CBTPA, which required U.S.-originating yarn.
[(b)] As long as the brassieres, luggage, and headwear are wholly assembled or knit to shape in Haiti.
[(c)] Certain non-textile goods include luggage, towels, bedspreads, quilts, and headwear.
[(d)] Under HOPE I/HOPE II/HELP, if a fiber, yarn, or fabric has been determined to be not commercially available under any FTA or preference, apparel containing the product may still qualify for duty-free treatment.
[(e)] The value-added requirement increased from 50 percent to 55 percent in year 4 of the HOPE I Act, and then to 60 percent in year 5 of the act. Beneficiary countries include the United States, Haiti, and any country with which the United States has a free trade agreement (FTA) or preferential trading arrangement.

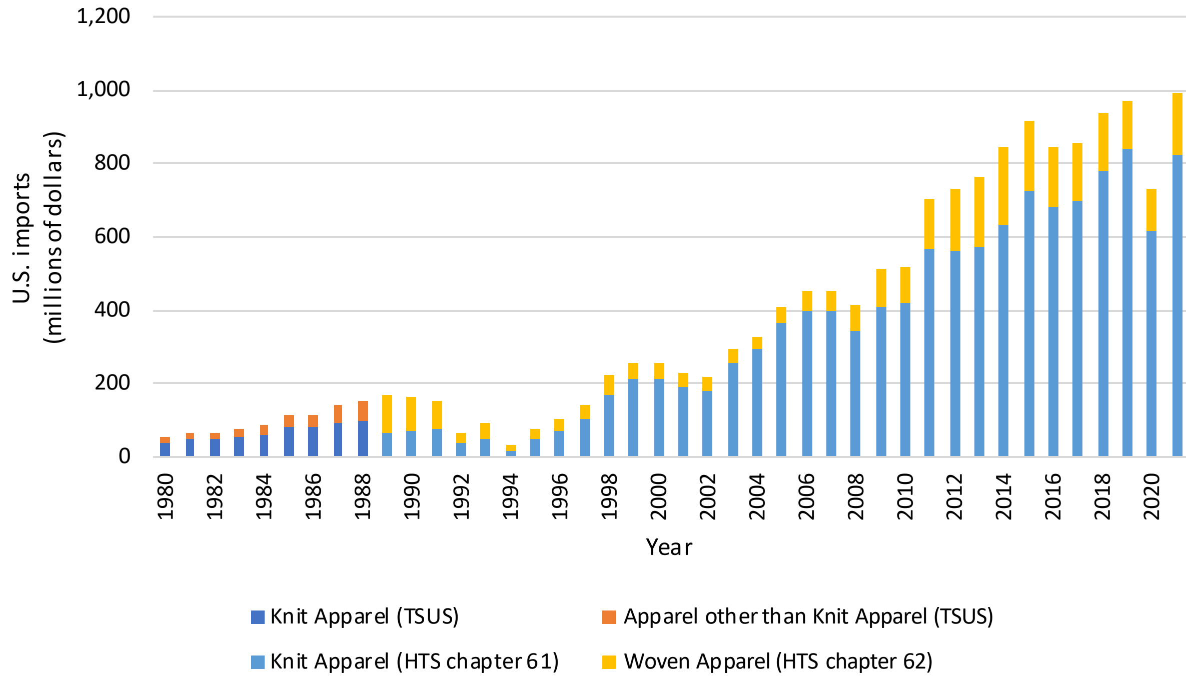
Analysis of Historical Trends in Production and Exports and Utilization of Preferences

Haiti's apparel exports to the United States have grown exponentially since the 1980s and were bolstered further by Haiti-specific duty preference programs in effect since the beginning of this century (figure 4.1). In 1980, U.S. apparel imports from Haiti were $60.5 million; about 92 percent of these exports claimed TSUS 807.00 duty reduction preferences.[457] Between 1980 and 2021, Haitian apparel exports to the United States generally showed a dramatic trend upward but bottomed out in 1994 (to $31 million) as a result of the effects of the trade embargo. A marked shift in Haiti apparel exports began in 2001 with the implementation of the CBTPA (and later the HOPE I/HOPE II/HELP programs); the value of U.S. apparel imports from Haiti quadrupled from $231 million in 2001 (the first year the CBTPA was fully implemented) to $994 million in 2021.

[457] USITC, *Emerging Textile-Exporting Countries, 1984*, July 1985.

Figure 4.1 U.S. apparel imports from Haiti, 1980–2021

In millions of dollars. Underlying data for this figure can be found in Appendix E, table E.17.



Sources: NBER Public Use Data, U.S. imports from 1980 to 1988, the Tariff Schedule of the United States (TSUS) knit and non-knit apparel codes, accessed August 22, 2022; USITC DataWeb/Census, U.S. imports from 1989 to 2021, HS chapters 61 and 62, accessed July 26, 2022; data concorded by USITC staff.
Note: 1989 was the first year that the HTS was implemented. U.S. trade data between 1989 and 2021 were broken out by chapter 61 which includes knit apparel products and chapter 62 includes woven apparel products. Trade data before 1989 were reported under the TSUS. Under the TSUS, knit apparel products were broken out using specific TSUS codes, and other apparel is listed other "other apparel other than knit apparel," which may or may not include woven apparel articles. Differences in HTS and TSUS may lead to discrepancies in how certain articles of apparel are reported under these two different classification systems. Additionally, the trend in imports is similar if adjusted for inflation, with imports just below $200 million in 1980 and around $1 billion in 2020.

Woven and Knit TPLs Are the Most-Used Provisions in the Haiti-Specific Trade Preference Program, Leading to an Increase in U.S. Apparel Exports from Haiti

Haiti produces both knit apparel (HS 61) and woven apparel (HS 62), exports of knit apparel to the United States grew steadily after the trade embargo was lifted in the mid-1990s. U.S. imports of knit apparel from Haiti were $64 million in 1989 and rose to $884 million in 2021. Knit apparel also increased as a share of total U.S. imports from Haiti, coinciding with rising production of T-shirts in the mid-1990s. In 1989, knit apparel imports from Haiti comprised 38 percent of all U.S. imports from Haiti and rose to 83 percent of all U.S. imports from Haiti in 2021. Currently, other knit garments produced in Haiti include underwear, active sportswear, casual sportswear, fleece wear, bottoms, other tops, and lingerie.[458] Generally, knit apparel production requires fewer trims and accessories than woven apparel

[458] USAID, *Profile of Haiti's Garment Industry*, March 2015.

production, which may account for the growth in Haiti's knit apparel production, in addition to the duty preferences.[459]

TPLs for woven and knit apparel under Haiti's trade preference programs gradually increased from the original limits. Initially, HOPE I contained a woven apparel TPL of up to 50 million SMEs, allowing for duty-free access with more flexible sourcing rules than under CBTPA for woven apparel imports from Haiti.[460] HOPE II then increased this TPL for woven apparel to 70 million SMEs per year and also created a TPL for knit apparel of 70 million SMEs per year, also with more flexible sourcing rules for knit apparel within the TPL.[461] Finally, HELP increased the TPL from 70 million SMEs to 200 million SMEs for either the knit or woven apparel TPLs, if and when imports under the relevant TPL exceed 52 million SMEs during an annual period.[462]

These TPLs bolstered Haiti's woven and knit apparel production and are the most used provisions of Haiti's preference programs by U.S. importers, accounting for 48.8 percent of total apparel imports by dollar value in 2021. Table 4.8 lists TPL utilization rates, calculated as the ratio of imports under a given TPL to the prevailing TPL limit in that year.[463] TPL utilization rates under both TPLs have increased since 2007, with the knit apparel TPL used at more than double the rate of the woven apparel TPL. U.S. imports under the woven apparel TPL have not yet reached the original limit of 50 million SMEs, but additional volumes under the higher knit apparel TPL have been used. Apparel imports from Haiti that are claimed under this knit apparel provision are classified under 9820.61.35; imports increased from $143,000 in 2008 (26,000 SMEs) to $333.7 million (101.2 million SMEs) in 2021 (figure 4.2).[464] Given that both knit and woven apparel imports under the TPLs are well below their limits, the TPLs are not constraining increases in Haitian exports of these apparel products.

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[459] USAID, *Profile of Haiti's Garment Industry*, March 2015.

[460] Pub L. No. 109–432, 120 Stat. 3186 (amending 19 U.S.C. § 2703a). This TPL was initially valid from 2007 to 2010.

[461] Pub. L. No. 110–246, 122 Stat. 2294 (amending 19 U.S.C. § 2703a). These two TPLs allowed for duty-free access within quota limits for both types of apparel that include yarns and fabrics from any country, so long as the apparel is wholly assembled or knit to shape in Haiti with certain exceptions for knit apparel TPLs. However, the U.S. Congress had many exclusions to the woven apparel TPL to accommodate concerns from the U.S. textile industry regarding use of U.S.-origin inputs.

[462] 19 U.S.C. § 2703a(b)(2)(A); CRS, *The Haitian Economy and the HOPE Act*, June 24, 2010. However, certain T-shirts, sweatshirts, and pullovers are excluded from duty-free treatment under this provision.

[463] In 2021, for example, the TPL limit is 200 million SMEs for both woven and knit apparel. The woven utilization rate is 45.9 million SME/200 million SME = 23.0 percent, while the knit utilization rate is 101.2 million SMEs/200 million SMEs = 50.6 percent.

[464] 19 U.S.C. § 2703a(b)(2)(B).

Table 4.8 Woven, knit, and value-added apparel TPLs under HOPE I/HOPE II/HELP, levels and utilization rates, 2008–21

In millions of square meter equivalents (SMEs) and percentages. n.a. = not applicable.

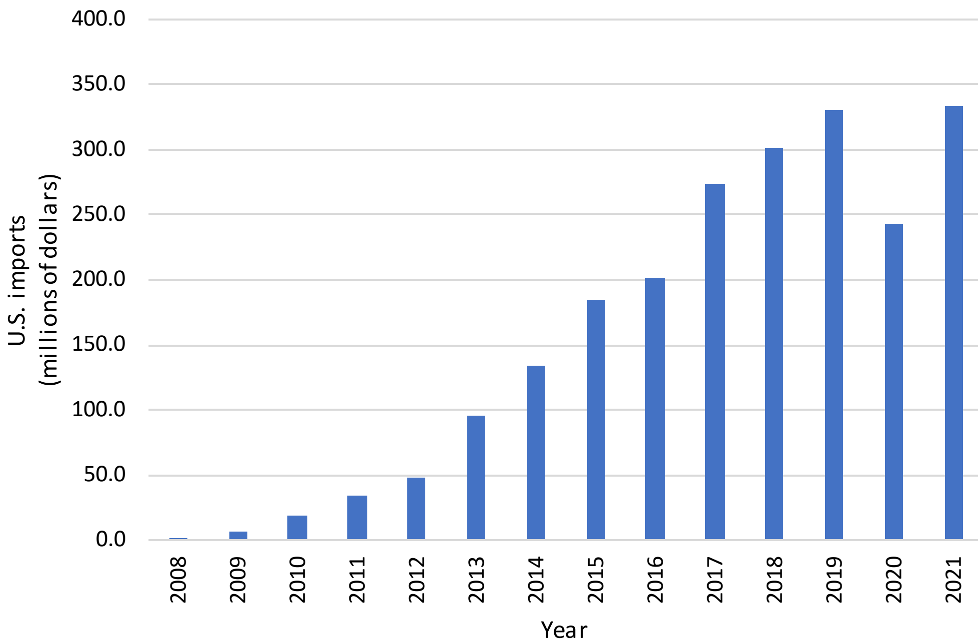
Year	Woven TPL quantity (million SMEs)	Woven TPL limit (million SMEs)	Woven TPL utilization (%)	Knit TPL quantity (million SMEs)	Knit TPL limit (million SMEs)	Knit TPL utilization (%)	Value-added TPL quantity (million SMEs)	Value-added TPL limit (million SMEs)	Value-added TPL utilization (%)
2007	0.7	50	1.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2008	8.5	70	12.2	0.0	70	0.0	15.1	313.0	4.8
2009	19.8	70	28.3	3.2	70	4.6	16.1	305.1	5.3
2010	19.6	70	28.0	14.0	70	20.0	17.0	284.9	6.0
2011	27.2	70	38.9	25.6	70	36.6	14.8	324.4	4.5
2012	29.2	70	41.7	27.5	70	39.3	17.8	326.8	5.4
2013	33.8	70	48.3	44.4	70	63.4	18.6	306.7	6.1
2014	35.4	70	50.6	56.8	200	28.4	25.6	322.6	7.9
2015	38.3	70	54.7	72.6	200	36.3	28.8	332.9	8.7
2016	38.8	70	55.4	76.0	200	38.0	47.9	351.0	13.6
2017	37.3	70	53.3	93.4	200	46.7	49.9	337.1	14.8
2018	41.6	70	59.4	108.1	200	54.0	53.9	361.6	14.9
2019	35.3	70	50.4	116.3	200	58.2	59.5	372.9	16.0
2020	34.6	70	49.4	75.1	200	37.6	59.3	376.9	15.7
2021	45.9	70	65.6	101.2	200	50.6	84.8	338.0	25.1

Sources: USDOC, OTEXA, “Archive,” under “Utilization of Tariff Rate Quotas” accessed August 9, 2022; USDHS, CBP, “Haiti HOPE,” accessed August 9, 2022; Limitation of Duty-Free Imports of Apparel Articles, 73 Fed. Reg. 77015 (December 18, 2008); Limitation of Duty-Free Imports of Apparel Articles, 74 Fed. Reg. 66952 (December 17, 2009); Limitation of Duty-Free Imports of Apparel Articles, 75 Fed. Reg. 78215 (December 15, 2010); Limitation of Duty-Free Imports of Apparel Articles, 76 Fed. Reg. 78241 (December 16, 2011); Limitation of Duty-Free Imports of Apparel Articles, 77 Fed. Reg. 75148 (December 19, 2012); Limitation of Duty-Free Imports of Apparel Articles, 78 Fed. Reg. 76817 (December 19, 2013); Limitation of Duty-Free Imports of Apparel Articles, 79 Fed. Reg. 74067 (December 15, 2014); Limitation of Duty-Free Imports of Apparel Articles, 80 Fed. Reg. 78172 (December 20, 2015); Limitation of Duty-Free Imports of Apparel Articles, 81 Fed. Reg. 91908 (December 19, 2016); Limitation of Duty-Free Imports of Apparel Articles, 82 Fed. Reg. 59583 (December 20, 2017); Limitation of Duty-Free Imports of Apparel Articles, 83 Fed. Reg. 65349 (December 20, 2018); Limitation of Duty-Free Imports of Apparel Articles, 84 Fed. Reg. 70148 (December 20, 2019); Limitation of Duty-Free Imports of Apparel Articles, 85 Fed. Reg. 83054 (December 20, 2020).

Note: TPLs limits for woven apparel TPL were 50 million SMEs in 2007 and increased to 70 million SMEs in 2008. Knit apparel TPL, first used in 2008, was 70 million SMEs in 2008–13 and increased to 200 million SMEs beginning in 2014 when the volume of knit apparel imports first exceeded the 52 million SMEs threshold. Import quantities are based on a January–December calendar year. Woven and knit TPL limits are applied to an October–September year. Value-added TPL limits, first used in 2008, are applied to a December 20–December 19 year. Therefore, TPL utilization rates above are based on calendar year imports and do not represent fill rates for each TPL year.

Figure 4.2 U.S. Imports under the Knit Apparel TPL classified under HTS subheading 9820.61.35, 2008–21

In millions of dollars. Underlying data for this figure can be found in Appendix E, table E.18.

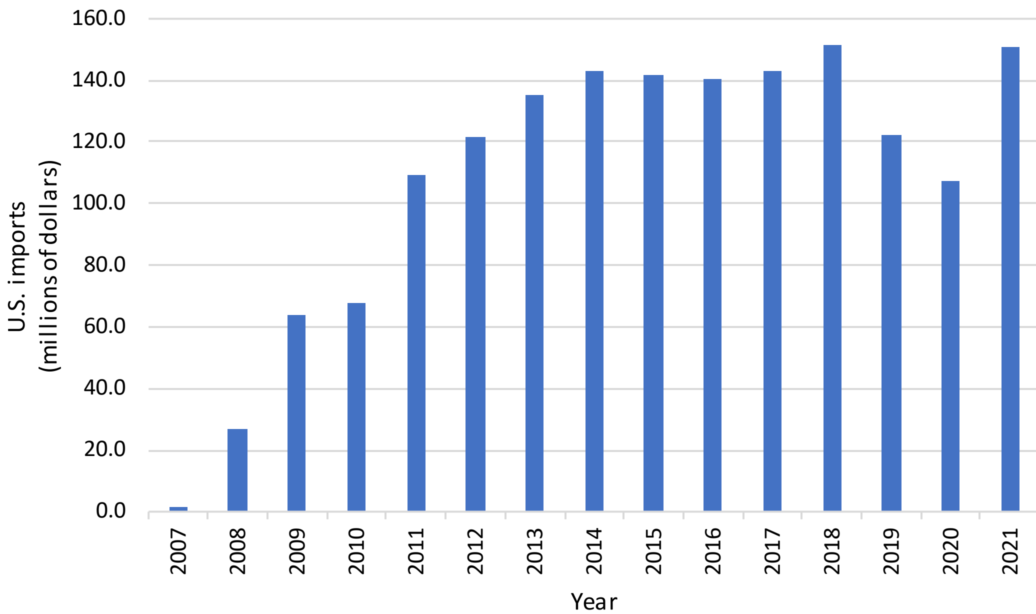


Sources: USITC DataWeb/Census, accessed August 1, 2022; USDOC, OTEXA, "Archive," accessed August 9, 2022; USDHS, CBP, "Haiti HOPE," accessed August 9, 2022.

Woven apparel production and exports from Haiti have also been growing since the 1980s, although not at the same rate as knit apparel. In 1989, U.S. imports of woven apparel from Haiti were $106 million (62 percent of all imports that year) and grew to $170 million in 2021 (17 percent of all imports). As stated earlier, HOPE II increased the woven apparel TPLs from 50 million to 70 million SMEs in 2008 and up to 200 million SMEs under HELP in 2010 if the increase to 200 million SMEs is triggered. While the increased limits have not yet been reached, the higher limits may have incentivized many foreign and domestic firms to invest in Haitian production of woven garments, which are more labor intensive to produce than knit garments. The impact of the woven TPL was apparent in import growth from 2007 to 2021 (figure 4.3); these imports are classified under 9820.62.05 and increased a hundredfold in value from $1.5 million (736,000 SMEs) in 2007 to $151 million (45.9 million SMEs) in 2021. During the same period, the average unit value of a woven garment increased from $2.04 to $3.29. The most dramatic growth in woven apparel imports occurred from 2006 ($49.9 million) to 2011 ($133.8 million), coinciding with the implementation of HOPE I, HOPE II, and HELP.

Figure 4.3 U.S. imports under the Woven Apparel TPL classified under HTS 9820.62.05, 2007–21

In millions of dollars. Underlying data for this figure can be found in Appendix E, table E.19.



Sources: USITC DataWeb/Census, accessed August 1, 2022; USDOC, OTEXA, "Archive," accessed August 9, 2022; USDHS, CBP, "Haiti HOPE," accessed August 9, 2022.

U.S. Apparel Imports Using the Value-Added TPL Have Been Rising Steadily

HOPE I included a TPL for duty-free treatment of apparel articles with more flexible sourcing rules than under CBTPA. Under the TPL, the article must meet certain value-added requirements: at least 50 percent of the value of inputs or costs of processing (e.g., assembling an entire garment or knitting it to shape) must be sourced from Haiti, the United States, or any country that is an FTA partner with the United States or is a beneficiary of one of three specified U.S. trade preference programs.[465] HOPE I provided that the original value-added requirement increased in subsequent years, starting at 50 percent and later rising to 60 percent.[466]

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[465] 19 U.S.C. § 2703a(b). U.S. garment imports using the value-added tariff quota are entered under HTSUS 9820.61.25 or 9820.61.30. In addition to Haiti, eligible countries where value may be added include the United States, countries with FTAs in force with the United States (Australia, Bahrain, Canada, Chile, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Israel, Jordan, South Korea, Mexico, Morocco, Nicaragua, Oman, Peru, and Singapore), AGOA beneficiary countries, ATPA beneficiary countries, and CBTPA beneficiary countries. The value of materials from these countries and the direct cost of processing in these countries contribute to the required value-added percentage. 19 U.S.C. § 2703a(b)(1); Gilliland, "Free Trade Agreements: HOPE," April 17, 2019; USITC, *Annual Report on the Impact of the CBERA*, September 2021.

[466] During each of the nine one-year periods from December 20, 2006, through December 19, 2015, the applicable percentage was 50 percent. For each one-year period from December 20, 2015, through December 19, 2017, the applicable percentage was 55 percent. For each one-year period beginning December 20, 2017, to December 19 of

HOPE II raised the quantitative limit under the value-added TPL.[467] HOPE II set the limit at a level equal to 1.25 percent of total U.S. apparel imports for the previous 12-month period.[468] The TPL limit in 2021 was 337.96 million SMEs. Imports of apparel under the value-added TPL were 84.8 million SMEs in 2021, equating to about a 25 percent utilization rate. This rate has been increasing since the value-added TPL was introduced, from about 5 percent in 2008 to 25 percent in 2021 (table 4.8). An increasing number of U.S. importers have used the value-added provision since its inception. U.S. apparel imports under the value-added TPL provision (HTS 9820.61.25 or 9820.61.30) were $12.2 million in 2007 and rose to $142 million in 2021.

Brassieres Were a Top U.S. Import but Imports Have Now Diminished

HOPE I allowed brassieres classifiable under HTS 6212.10 to be made from components sourced from anywhere as long as the garments were both cut and sewn or otherwise assembled in Haiti or the United States to be eligible for duty-free treatment.[469] The HOPE I rule was more liberal than the CBTPA rule, which required that at least 75 percent of the value of the previous year's imports of brassieres must be from U.S.-formed fabric.[470] Under HOPE I, no value-added requirement applied to either the specified quantity of woven apparel imports or brassieres. However, brassieres were included in the woven apparel TPL and thus subject to the quantitative limit of that TPL.[471] When CAFTA-DR came into effect, this agreement had a similar cut-and-sew provision for brassieres as in HOPE I, so Haiti lacked an advantage in the production of brassiere production compared to CAFTA-DR countries.

HOPE II changed the brassiere rule to a wholly assembled or knit-to-shape rule and allowed for brassieres to be imported duty free from either Haiti or the Dominican Republic (see table 4.9).[472] Under HOPE II, imports of brassieres from Haiti do not count against the woven TPL, whereas they did under HOPE I.[473]

the following calendar year, the applicable percentage is 60 percent. The TPL expires on December 19, 2025. 19 U.S.C. § 2703a(b)(1)(B)(v)(I).

[467] Under HOPE I, the value-added limit increased by 0.25 percent each year, ending at 2 percent in the final year of the HOPE I program. International Development Systems, *Haiti Hemispheric Opportunity Through Partnership Encouragement Act: HOPE II*, August 1, 2008.

[468] 19 U.S.C. § 2703a(b)(1); implemented under HTSUS 9820.61.25 or 9820.61.30. International Development Systems, *Haiti Hemispheric Opportunity Through Partnership Encouragement Act: HOPE II*, August 1, 2008. The annual quota, calculated every year, is 1.25 percent of total apparel imports into the United States, in SMEs, based on import data for the most recent 12 months at the time of publication. 19 U.S.C. § 2703a(b)(1)(C). Every December, OTEXA publishes a Federal Register notice announcing the upcoming quota level for the next annual period. USDOC, OTEXA, "Frequently Asked Questions," June 16, 2017.

[469] Pub. L. No. 109-432, 120 Stat. 3186–3187.

[470] Brassieres under this provision are entered under 9820.62.12. HOPE I's provisions on brassieres are codified at 19 U.S.C. § 2703a(b)(3)(A), while CBTPA's provisions are at 19 U.S.C. § 2703(b)(2).

[471] USDHS, CBP, *Implementation Information on the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006*, March 20, 2007; Gilliland, "Free Trade Agreements: HOPE," April 17, 2019.

[472] Pub. L. No. 110-246, 122 Stat. 2295 (amending 19 U.S.C. 2703a(b)(3)(A)).

[473] 19 U.S.C. § 2703a(b)(3)(A).

Table 4.9 Preference program rules for brassieres under CBTPA, CAFTA-DR, HOPE I, and HOPE II

Preference program	Rules
CBTPA (2000)	Brassieres classifiable under subheading 6212.10 of the HTS, if both cut and sewn or otherwise assembled in the United States, or one or more CBTPA beneficiary countries, or both, but subject to a requirement that, in each of seven one-year periods starting on October 1, 2001, at least 75 percent of the aggregate declared Customs value contained in the articles in the preceding year was attributed to the aggregate cost of the fabric components formed in the United States (the 75 percent standard rises to 85 percent for a producer found by Customs to have not met the 75 percent standard in the preceding year).
CAFTA-DR (2005)	A change to subheading 6212.10 from any other chapter, provided that the good is cut or knit to shape, or both, and sewn or otherwise assembled in the territory of one or more of the Parties.
HOPE I (2006)	Any article classifiable under subheading 6212.10 of the HTS, if the article is both cut and sewn or otherwise assembled in Haiti or the United States, or both, without regard to the source of the fabric or components from which the article is made. Must be imported directly from Haiti. Subject to the woven TPL.
HOPE II (2008)	Any apparel article classifiable under subheading 6212.10 of the HTS that is wholly assembled, or knit to shape, in Haiti from any combination of fabrics, fabric components, components knit to shape, or yarns, without regard to the source of the fabric, fabric components, components knit to shape, or yarns from which the article is made. Must be imported directly from Haiti or the Dominican Republic. Not subject to the woven TPL.

Sources: Caribbean Basin Trade Partnership Act, Pub. L. No. 106–200, May 18, 2000; The Central America-Dominican Republic-United States Free Trade Agreement, Pub. L. No. 109–53, August 2, 2005; Harmonized Tariff Schedule, General Note 29; Tax Relief and Health Care Act of 2006, Pub. L. No. 109–432, Title V, December 20, 2006; Food and Conservation and Energy Act, Pub. L. No. 110–246, 2008.

Brassiere production dominated Haiti's apparel industry from the 1970s to the early 1990s; however, production of these garments has diminished over the past 20 years.[474] In the 1980s and 1990s, brassieres were Haiti's largest category of apparel exports to the United States, totaling $12 million in 1980 (20 percent of all apparel imports under TSUS item 807.00) and $13 million in 1990 (see table 4.10 for U.S. apparel imports from Haiti in 1990).[475] Brassiere production in Haiti declined to minimal levels since the early 2000s despite the provision in HOPE II that gives brassieres wholly assembled or knit to shape in Haiti regardless of fabric sourcing duty preferences.[476] U.S. imports of brassieres classifiable under HTS subheading 6212.10 and imported under HTS statistical reporting number 9820.62.12 were almost nonexistent from 2008 to 2015, before rising to $159,000 in 2016 and then falling to $14,000 in 2017, before returning to zero during 2018–21.[477] Similarly, no brassieres from Haiti have been imported under CBTPA (classified under 9820.11.15) since 2004.[478] This is likely due to the collapse of the industry and resulting loss of skilled workers and manufacturing infrastructure due to the embargo, which was exacerbated by the end of the quota regime and increased competition from CAFTA-DR and Asian suppliers.[479]

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[474] Wells, "Haiti's Garment Industry Hanging by a Thread," October 16, 2010; Kalish, "Haiti: Out of Business," September 24, 1994.

[475] In 1980, the second-largest category after brassieres was the category for women's and girls' and infant blouses ($7.1 million). USITC, *Emerging Textile-Exporting Countries, 1984*, July 1985.

[476] 19 U.S.C. § 2703a(b)(3)(A); USDOC, OTEXA, Imports under Trade Preference Programs, accessed August 1, 2022.

[477] USDOC, OTEXA, Imports under Trade Preference Programs, accessed August 1, 2022.

[478] USDOC, OTEXA, Imports under Trade Preference Programs, accessed August 1, 2022.

[479] USAID, *Profile of Haiti's Garment Industry*, March 2015

Table 4.10 Top U.S. imports from Haiti, by article of apparel, 1990
In millions of dollars and percentages. NTR = normal trade relations.

HTS statistical reporting number	Description	U.S. imports (millions of $)	NTR Duty Rate (%)
6212.10.2020	Brassieres, not containing lace or net or embroidery, of manmade fibers, whether or not knitted or crocheted	13.2	18.0
6203.42.4015	Men's trousers and breeches, not knitted, of cotton, other	8.6	17.7
6108.22.0020	Women's briefs and panties, knitted or crocheted, of manmade fibers	6.8	16.6
6212.20.0020	Girdles and panty-girdles, of manmade fibers, whether or not knitted or crocheted	4.7	25.0
6206.40.3030	Women's blouses, shirts, and shirt blouses, of manmade fibers, not knitted, with fewer than two colors in the warp or the filling	4.4	28.6
6108.92.0030	Women's bathrobes, dressing gowns, negligees, and similar articles, knitted or crocheted, of manmade fibers	3.6	17.0
6108.32.0010	Women's nightdresses and pajamas, knitted or crocheted, of manmade fibers	3.5	17.0
6204.63.3510	Women's trousers and breeches, of synthetic fibers, not knitted	3.3	30.4
6203.43.4010	Men's trousers and breeches, not knitted, of synthetic fibers	3.3	29.7
6106.20.2030	Girls' blouses and shirts, knitted or crocheted, of manmade fibers, other than for playsuits	3.2	34.6

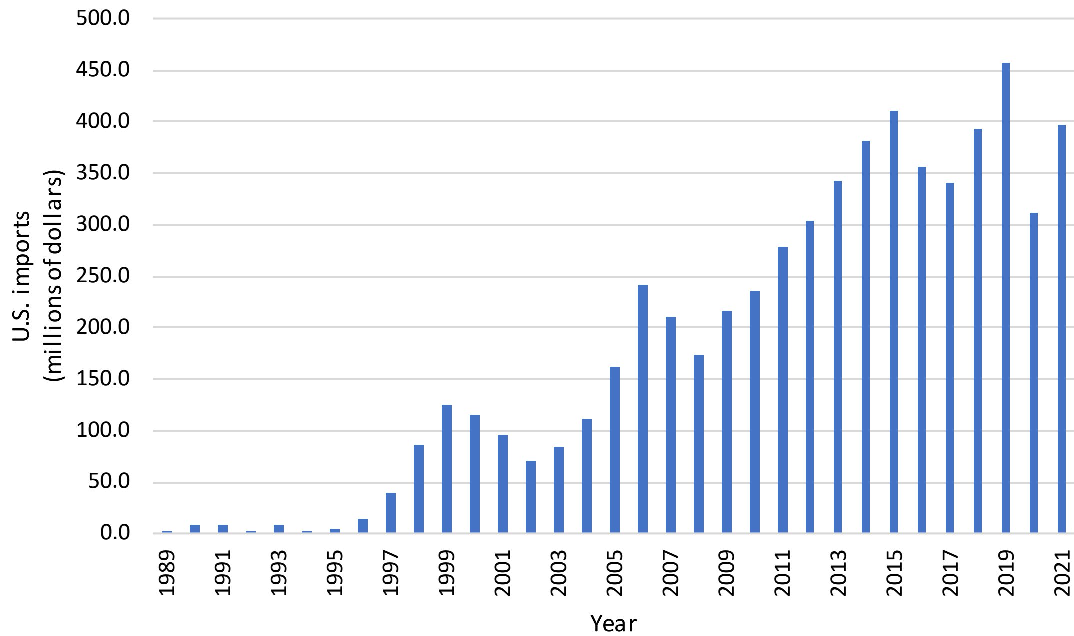
Source: USITC DataWeb/Census, accessed August 1, 2022.

T-Shirts Have Accounted for a Large Percentage of U.S. Apparel Imports from Haiti Since 1999

Industry representatives testified that Haiti's production of T-shirts has historically played an important role in the development of Haiti's apparel sector. After the trade embargo was lifted, production and export of T-shirts to the United States resumed. In 1989, the first year that the Harmonized System was used for U.S. trade, imports of T-shirts from Haiti classified under HTS subheadings 6109.10 and 6109.90 totaled $2.8 million, less than 2 percent of all U.S. apparel imports from Haiti in that year. From 1999 to 2021, T-shirts comprised 28–54 percent of Haiti's apparel exports to the United States. In 2021, U.S. T-shirt imports from Haiti totaled $396 million, accounting for 40 percent of all U.S. apparel imports from Haiti (figure 4.4).

Figure 4.4 U.S. imports of T-Shirts from Haiti under HTS subheadings 6109.10 and 6109.90, 1989–2021

In millions of dollars. Underlying data for this figure can be found in Appendix E, table E.20.



Source: USITC DataWeb/Census, accessed July 28, 2022.

Haiti's Product Mix Has Diversified to Produce More Complex Garments

HELP expanded tariff preferences under HOPE I/HOPE II by expanding duty-free treatment to 117 new apparel items, including certain knit apparel articles if wholly assembled or knit to shape in Haiti from any combination of fabrics, fabric components, knit-to-shape components, or yarns.[480] This extension of duty-free preferences correlated with Haiti upgrading its product offerings to include more complex products such as outerwear, performance and active apparel, workwear, tailored items, and lingerie. Haiti used to work predominantly with cotton fabrics, but Haitian factories now also work with wool and manmade fiber fabrics to produce garments. Industry representatives state that Haiti also produces more high-quality branded and private-label garments for U.S. companies at a cost-efficient price point.

Although cotton T-shirts continue to dominate Haitian apparel production, the product mix has changed in recent years, indicating that the industry has evolved from simple assembly operations. In 2000, Haiti's top apparel exports were cotton products such as men's or boys' cotton T-shirts, pullovers, underpants, briefs, and trousers (table 4.11). In 2010 and 2020, the top apparel exports were a mix of apparel made from cotton, manmade fibers, and synthetic fibers, indicating that the preference programs helped to drive diversification in Haiti's apparel production (tables 4.12 and 4.13).

[480] Pub. L. No. 111-171, 124 Stat. 1195–1201 (amending 19 U.S.C. § 2703a(b)(3)).

Table 4.11 U.S. imports from Haiti, by apparel garment, 2000
In millions of dollars and percentages.

HTS statistical reporting number	Description	U.S. imports (millions of $)	NTR duty rate (%)
6109.10.0005	Men's or boys' cotton underwear T-shirts, knitted or crocheted, all white, short sleeves, crew or round neckline, trim or embroidery	74.0	18.3
6109.10.0012	Men's cotton other T-shirts, knitted or crocheted, except underwear	25.1	18.3
6108.32.0025	Girls' nightdresses and pajamas, knitted or crocheted, of manmade fibers, other than blanket sleepers	16.7	16.4
6110.20.2065	Men's or boys' other pullovers, and similar garments, of cotton, knitted or crocheted, containing less than 36 percent by weight of flax fibers	16.6	18.2
6105.10.0010	Men's shirts, knitted or crocheted, of cotton	8.2	20.2
6207.11.0000	Men's or boys' underpants and briefs, of cotton, not knitted or crocheted	7.9	6.3
6109.10.0009	Men's or boys' cotton underwear T-shirts and singlets, knitted or crocheted, not all white	7.9	18.3
6203.42.4015	Men's trousers and breeches, not knitted, of cotton, other	7.0	17.0
6212.10.9020	Brassieres, not containing lace or net or embroidery, of manmade fibers, whether or not knitted or crocheted	6.6	17.3
6110.20.2075	Women's or girls' other pullovers, and similar garments, of cotton, knitted or crocheted, containing less than 36 percent by weight of flax fibers	6.4	18.2

Source: USITC DataWeb/Census, accessed August 1, 2022.

Table 4.12 U.S. imports from Haiti, by article of apparel, 2010
In millions of dollars and percentages.

HTS statistical reporting number	Description	U.S. imports (millions of $)	NTR Duty Rate (%)
6110.20.2069	Men's and boys' pullovers and similar articles of cotton containing less than 36 percent by weight of flax fibers knitted or crocheted, but not knit to shape	140.3	16.5
6109.10.0004	Men's and boys' cotton T-shirts, knit or crocheted, all white, short sleeves, crew/V-neck with mitered seam at the center of the V, no pockets trim or embroidery	104.3	16.5
6109.10.0012	Men's cotton other T-shirts, knitted or crocheted, except underwear	85.5	16.5
6109.10.0014	Boys' cotton other T-shirts, knitted or crocheted, except underwear	21.5	16.5
6203.42.4011	Men's blue denim trousers and breeches of cotton, not knitted or crocheted	15.0	16.6
6109.90.1007	Men's T-shirts, knitted or crocheted, of other textile materials, of manmade fibers	14.7	32.0
6203.42.4016	Men's trousers and breeches, not knitted, of cotton, not elsewhere specified or indicated	14.6	16.6
6203.43.4010	Men's trousers and breeches, not knitted, of cotton, of synthetic fibers	14.6	27.9
6110.20.2079	Women's and girls' pullovers and similar articles of cotton containing less than 36 percent by weight of flax fibers knitted or crocheted, but not knit to shape	12.9	16.5
6204.63.3510	Women's trousers and breeches, of synthetic fibers, not knitted	8.3	28.6

Source: USITC DataWeb/Census, accessed August 1, 2022.

Table 4.13 U.S. imports from Haiti, by article of apparel, 2020
In millions of dollars and percentages.

HTS statistical reporting number	Description	U.S. imports (millions of $)	NTR Duty Rate (%)
6109.10.0012	Men's cotton other T-shirts, knitted or crocheted, except underwear	98.3	16.5
6110.30.3059	Women's and girls' pullovers and similar articles of manmade fibers, knitted or crocheted, but not knit to shape, not elsewhere specified or indicated	75.2	32.0
6104.62.2006	Women's trousers and breeches, knitted or crocheted, of cotton containing 5 percent or more by weight of elastomeric yarn or rubber thread	69.2	14.9
6109.90.1007	Men's T-shirts, knitted or crocheted, of other textile materials, of manmade fibers	60.7	32.0
6110.20.2069	Men's and boys' pullovers and similar articles of cotton containing less than 36 percent by weight of flax fibers knitted or crocheted, but not knit to shape	49.3	16.5
6110.30.3053	Men's or boys' pullovers and similar articles of manmade fibers knitted or crocheted, but not knit to shape, not elsewhere specified or indicated	35.0	32.0
6109.10.0004	Men's and boys' cotton T-shirts, knit or crocheted, all white, short sleeves, crew/V-neck with mitered seam at the center of the V, no pockets trim or embroidery	29.5	16.5
6203.43.9010	Men's trousers and breeches, not knitted, of cotton, of synthetic fibers, not elsewhere specified or indicated	23.0	27.9
6109.10.0060	Women's cotton tank tops, knitted or crocheted, except underwear	21.2	16.5
6205.30.2070	Men's other shirts, of manmade fibers, not knitted, with less than two colors in the warp or the filling	21.0	26.3

Source: USITC DataWeb/Census, accessed August 1, 2022.

U.S. Importers Have Been Using Haiti's EIAP after the Program Changed to a 2-for-1 Ratio

HOPE II established a new Earned Import Allowance Program (EIAP), designed to encourage the use of U.S.-manufactured inputs in the production of knit or woven apparel, thereby benefiting both Haitian apparel producers and U.S. fabric manufacturers.[481] The EIAP allows qualifying apparel producers or entities controlling them to earn a credit with the U.S. Department of Commerce for using U.S. fabric in the production of woven or knit apparel that subsequently can be used to support a claim of duty-free treatment for knit or woven apparel imports from Haiti made using non-originating fabric; after the producer or entity controlling the producer earns credits with the U.S. Department of Commerce, a certificate is issued to a qualifying apparel producer that later accompanies apparel articles with non-

[481] 19 U.S.C. § 2703a(b)(4); implemented under 9820.62.25. The Dominican Republic 2-for-1 EIAP program was the predecessor to the Haiti EIAP program and was established in 2008. The Dominican EIAP allowed apparel manufacturers in the Dominican Republic who used U.S. fabric to produce certain apparel to earn a credit that could be used to ship eligible apparel made with non-U.S.-produced fabric into the United States duty free. The program expired on December 1, 2018. GAO, "Follow-up on the Haiti Earned Import Allowance Program," December 14, 2012; USITC, *Earned Import Allowance Program*, September 2019.

U.S.-origin fabric when imported to the United States.[482] Under HOPE II's EIAP, for every three SMEs of qualifying fabric sourced from the United States or certain FTA partners that is shipped to Haiti for apparel production, qualifying apparel producers earn credit to export one SME of apparel to the United States from Haiti or the Dominican Republic, regardless of the source of the apparel's fabric.[483] The EIAP has slightly different rules whether woven or knit fabric is used.[484] In order for woven fabric to qualify under EIAP, it must be U.S.-formed fabric made from U.S.-formed yarns.[485] Knit fabric or knit-to-shape components must use regional or U.S. fabric made from U.S. yarns.[486] Producers using the EIAP have an uncapped benefit.[487]

The HELP Act reduced the requirements in the EIAP from a 3-for-1 ratio to a 2-for-1 ratio to encourage the use of the program, because no apparel from Haiti was exported to the United States under the original 3-for-1 ratio.[488] Since the change, imports classified under HTS heading 9820.62.25 for qualifying apparel have ranged from $8.9 million in 2011 to a peak of $127 million in 2019, before dropping to $78.6 million in 2021.

No Trade under HOPE's Short Supply List Provisions

HOPE II expanded the short supply provisions available to apparel producers in Haiti. Before this expansion, CBTPA's short supply provisions provided duty-free treatment for apparel products if the fiber, yarn, or fabric was determined to be not commercially available in the United States or CBTPA beneficiary countries (see table 4.4).[489] HOPE II expanded these provisions by allowing Haitian producers to use short supply lists under any U.S. FTA or preference program in effect, which covers all yarns and fabrics designated as not commercially available at the time the preference is claimed.[490] However, no

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[482] 19 U.S.C. § 2703a(b)(4)(B). Interim Procedures, 73 Fed. Reg. 53191, 53192 (September 15, 2008), §§ 1 and 2(e).
[483] Pub. L. No. 110–246, 122 Stat. 2297–98. The U.S. Department of Commerce's OTEXA manages the EIAP. OTEXA's procedures implementing the EIAP are available at Imports of Certain Apparel Articles: Interim Procedures for the Implementation of the Earned Import Allowance Program Established Under the Food, Conservation, and Energy Act of 2008, 73 Fed. Reg. 53191 (September 15, 2008). OTEXA's website indicates that these interim procedures remain in effect. GAO, "Follow-up on the Haiti Earned Import Allowance Program," December 14, 2012.
[484] *Compare* 19 U.S.C. § 2703a(b)(4)(B)(iii) (describing qualifying woven fabrics) *with* 19 U.S.C. § 2703a(b)(4)(B)(iv) (describing qualifying knit fabrics). Qualifying woven fabric must be U.S.-formed fabric made from U.S.-formed yarns. It may contain *de minimis* non-U.S. content, certain nylon yarns, and short supply yarns; but, unlike qualifying knit fabric, woven fabric must be formed in the United States. Qualifying knit fabric or knit-to-shape components must use regional or U.S. fabric made from U.S. yarns, and may also contain certain non-U.S. nylon yarns and yarns found to be in short supply under U.S. preference programs or FTAs. A *de minimis* rule for knit or knit-to-shape fabric permits up to 10 percent by weight of non-U.S. yarn in the fabric or component.
[485] 19 U.S.C. § 2703a(b)(4)(B)(iii) (also listing limited exceptions on fabric rule). USDOC, OTEXA, "Frequently Asked Questions," June 16, 2017.
[486] 19 U.S.C. § 2703a(b)(4)(B)(iv) (also listing limited exceptions on fabric rule). USDOC, OTEXA, "Frequently Asked Questions," June 16, 2017.
[487] USDOC, OTEXA, "Frequently Asked Questions," June 16, 2017.
[488] Pub. L. No. 111–171, 124 Stat. 1204 (amending 19 U.S.C. § 2703a(b)(4)(B)(ii)(I)); GAO, "Follow-up on the Haiti Earned Import Allowance Program," December 14, 2012.
[489] 19 U.S.C. § 2703(b)(2)(A)(v). CBTPA allows producers to use fabrics listed and not commercially available under USMCA or where a finding is made for a specific product requested under CBTPA.
[490] Pub. L. No. 110–246, 122 Stat. 2299–2300 (creating 19 U.S.C. § 2703a(b)(5)).

products using inputs under the short supply list (HTS subheading 9820.62.30) have been imported since the provision has been in effect.

Minimal U.S. Imports of Certain Sleepwear Despite Duty-Free Treatment

As previously noted in table 4.6, HOPE II provided for duty-free treatment for certain sleepwear if such items are wholly assembled or knit to shape in Haiti, regardless of the source of the inputs.[491] Imports of sleepwear taking advantage of this provision have been low, with a peak of only $240,000 in U.S. imports in 2019.[492]

Working Conditions and Labor Standards in Haiti's Apparel Sector

Although HOPE I and HOPE II required Haiti to establish or be making continual progress toward establishing internationally recognized worker rights, HOPE II mandated that Haitian apparel producers comply with core labor standards and national labor laws to gain access to the preferences afforded under the Haiti-specific preference program.[493] Specifically, Haitian firms must meet core labor standards as defined by the act: (1) freedom of association, (2) effective recognition of the right to bargain collectively, (3) elimination of all forms of compulsory or forced labor, (4) effective abolition of child labor and a prohibition on the worst forms of child labor, and (5) the elimination of discrimination in respect of employment and occupation.[494]

The HOPE II law requires that Haiti, in cooperation with the ILO, establish a Technical Assistance Improvement and Compliance Needs Assessment and Remediation (TAICNAR) program, which (1) assesses Haitian apparel factories exporting under the HOPE II law on compliance with international core labor standards and national Haitian labor law, (2) assists these factories on their remediation efforts, and (3) provides capacity building to the government of Haiti regarding inspection of facilities and enforcement of national labor laws.[495]

Compliance with labor standards is assessed through Better Work Haiti, a nonprofit organization that is a collaboration between the ILO and the IFC.[496] Better Work Haiti monitors compliance and assesses factories on eight categories—four core labor standards and four standards set in Haiti's national legislation. Better Work Haiti has been issuing semiannual reports since 2009. These reports show low levels of noncompliance in the ILO core labor standard metrics, including for forced labor, child labor, freedom of association, collective bargaining, and discrimination, and generally high levels of

[491] Pub. L. No. 110-246, 122 Stat. 2296 (amending 19 U.S.C. § 2703a(b)(3)(E)).
[492] Qualifying imports under this provision enter under HTS tariff line 9820.62.20. See table 4.6 for additional information.
[493] Pub. L. No. 110-246, 122 Stat. 2301–07 (adding 19 U.S.C. § 2703a(e) and 19 U.S.C. § 2703a(a)(3) (defining core labor standards)).
[494] 19 U.S.C. § 2703a(a)(3).
[495] 19 U.S.C. § 2703a(e)(3); Better Work Haiti, *Better Work Haiti: 21st Biannual Compliance Synthesis Report*, 2020.
[496] Better Work Haiti, *Better Work Haiti: 21st Biannual Compliance Synthesis Report*, 2020.

noncompliance with respect to compensation, benefits, and occupational safety addressed under Haiti's labor laws. Companies, NGOs, and academics that provided statements to the Commission agreed that the Better Work Haiti program has led to higher levels of compliance in the Haitian apparel industry, especially compared to global competitors.[497] For example, an academic noted that Haiti has generally complied with child labor and antidiscrimination standards.[498] However, there has been persistent noncompliance relating to acceptable conditions of work. The Better Work Haiti reports show consistently high noncompliance rates with the occupational safety, social security and other benefits, regular hours, and paid leave standards.[499] Additionally, union representatives and NGOs noted that noncompliance with certain core labor standards exist but are not captured in the Better Work Haiti assessments.[500] Freedom of association and collective bargaining standards, for example, consistently show low rates of noncompliance, but union representatives believe there to be persistent issues.[501]

It is important to note that, in addition to these labor standards, some companies claim that they have their own codes of conduct for their factories or suppliers that are stricter than those specified under HOPE II.[502] Many apparel companies in Haiti are a part of the certified apparel program, Worldwide Responsible Accredited Production (WRAP), which mirrors some of the ILO standards assessed by Better Work Haiti but also addresses other factory conditions.[503]

Forced Labor and Working Time Standards

Two labor standards concern working conditions related to working time: the forced labor standard and the working time standard. The forced labor standard is one of the ILO core labor standard categories, while the working time standard is part of the conditions at work standards in Haiti's national legislation. The Better Work Haiti reports show noncompliance rates at zero or near zero since 2009 for all four categories of forced labor (bonded labor, coercion, forced labor and overtime, and prison labor).[504] With respect to the working time standard Better Work Haiti reports show consistently high noncompliance rates since 2009, particularly for the regular hours category (table 4.14), at 86 percent noncompliance.[505] This category includes factors such as daily break periods, regular daily or weekly working hours, weekly rest periods, and working time records. In the most recent Better Work Haiti report from 2022, working hours noncompliance issues included exceeding the regular working hours legal limit of 48 hours per week, not providing additional breaks for pregnant workers, and failing to

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[497] ADIH, written submission to the USITC, June 23, 2022; HanesBrands, written submission to the USITC, June 9, 2022; USITC, hearing transcript, May 26, 2022, 98–99 (testimony of Drusilla Brown, Tufts University).

[498] USITC, hearing transcript, May 26, 2022, 98–99 (testimony of Drusilla Brown, Tufts University).

[499] Better Work Haiti Biannual Compliance Synthesis Reports, 2010–22.

[500] Etienne, written submission to the USITC, June 9, 2022; Better Work Haiti, *Better Work Haiti: 21st Biannual Compliance Synthesis Report*, 2020.

[501] Etienne, written submission to the USITC, June 9, 2022

[502] Cintas, written submission to the USITC, June 15, 2022; Gildan, written submission to the USITC, June 23, 2022; industry representative, interview by USITC staff, July 21, 2022.

[503] Industry representative, interview by USITC staff, July 21, 2022; WRAP, "Certification Process," accessed September 19, 2022.

[504] Better Work Haiti Biannual Compliance Synthesis Reports, 2010–22.

[505] Better Work Haiti Biannual Compliance Synthesis Reports, 2010–22.

maintain an accurate attendance record.[506] According to one expert who participated in the Commission's hearing, working time violations can be suggestive of forced labor.[507] In contrast to the regular hours category, the overtime category of the working time standard (which includes limits on overtime hours worked, voluntary overtime, and authorization from the Haitian Department of Labor for overtime and work on Sundays) has shown significant improvement in noncompliance rates. The overtime standard initially had high noncompliance rates at the inception of the program, but noncompliance has fallen substantially, remaining below 10 percent in the seven most recent reports.[508]

Table 4.14 Better Work Haiti Reports: Percentage of Factories in Noncompliance with Working Time Standards, 2009–22

In percentages.

Assessment period	Leave	Overtime	Regular hours
Oct. 2009–Dec. 2009	5	90	100
Sept. 2010–Feb. 2011	7	100	100
June 2011–Sept. 2011	87	43	91
Dec. 2011–Feb. 2012	70	70	80
Oct. 2012–Feb. 2013	38	46	25
Oct. 2013–Oct. 2013	30	52	26
Oct. 2014–Feb. 2014	39	35	13
Sept. 2014–Aug. 2015	23	50	42
Sept. 2015–Feb. 2016	20	52	36
Sept. 2015–Aug. 2016	20	64	36
Aug. 2016–Apr. 2017	12	60	36
Oct. 2016–Sept. 2017	0	50	35
Apr. 2017–Mar. 2018	4	52	39
Aug. 2017–Sept. 2018	7	21	39
Apr. 2018–Mar. 2019	24	8	36
Oct. 2018–Sept. 2019	37	4	37
Apr. 2019–Mar. 2020	28	3	38
Mar. 2020–Oct. 2020	26	3	35
Apr. 2020–Apr. 2021	15	0	46
Feb. 2021–Nov. 2021	19	0	70
May 2021–June 2022	32	7	86

Source: *Better Work Haiti Biannual Compliance Synthesis Reports*, 2010–22.
Note: Noncompliance is categorized into low noncompliance (0–25 percent noncompliance), medium noncompliance (26–50 percent noncompliance), and high noncompliance (over 50 percent noncompliance) in a certain labor standard metric, as reported in the Better Work Haiti compliance reports.

Compensation Standards Relating to Wages

Another condition at work standard from the Haitian national legislation is compensation. The compensation standard includes categories such as methods of payment; minimum wages; overtime wages; paid leave; premium pay; social security and other benefits; and wage information, use, and deduction. As indicated in table 4.15 below, noncompliance with payment of minimum wages for firms participating in the program has greatly decreased over time, from 100 percent noncompliance in 2013

[506] Better Work Haiti, *Better Work Haiti: 24th Biannual Compliance Synthesis Report*, 2022.
[507] USITC, hearing transcript, May 26, 2022, 72-73 (testimony of Drusilla Brown, Tufts University).
[508] Better Work Haiti Biannual Compliance Synthesis Reports, 2010–22.

to 18 percent in 2022.[509] Additionally, the method of payment and premium pay categories have had consistently low noncompliance rates since 2009.[510] The paid leave category (which includes payment for annual leave, breastfeeding breaks, holidays, maternity leave, sick leave, and weekly rest days), however, had an 81 percent noncompliance rate in 2009 and an 86 percent noncompliance rate in 2022, suggesting that there is ongoing noncompliance with this standard.

Table 4.15 Better Work Haiti Reports: Percentage of Factories in Noncompliance with Compensation Standards, 2009–22

In percentages. n.a. = data not available.

Assessment Period	Minimum wages	Overtime wages	Premium pay	Method of payment	Paid leave
Oct. 2009–Dec. 2009	n.a.	n.a.	0	5	81
Sept. 2010–Feb. 2011	61	7	0	0	57
June 2011–Sept. 2011	91	4	0	0	4
Dec. 2011–Feb. 2012	90	10	5	0	20
Oct. 2012–Feb. 2013	100	8	0	4	21
Oct. 2013–Oct. 2013	100	9	4	4	13
Oct. 2014–Feb. 2014	0	0	9	4	26
Sept. 2014–Aug. 2015	19	50	8	8	46
Sept. 2015–Feb. 2016	24	40	16	16	68
Sept. 2015–Aug. 2016	16	36	24	8	76
Aug. 2016–Apr. 2017	8	28	16	4	64
Oct. 2016–Sept. 2017	0	20	10	0	90
Apr. 2017–Mar. 2018	0	22	9	9	70
Aug. 2017–Sept. 2018	0	21	4	7	39
Apr. 2018–Mar. 2019	4	24	4	4	48
Oct. 2018–Sept. 2019	7	19	4	4	44
Apr. 2019–Mar. 2020	10	17	3	3	55
Mar. 2020–Oct. 2020	10	16	0	3	52
Apr. 2020–Apr. 2021	15	8	8	8	69
Feb. 2021–Nov. 2021	15	7	4	4	85
May 2021–June 2022	18	18	0	0	86

Source: *Better Work Haiti Biannual Compliance Synthesis Reports*, 2010–22.

Note: Noncompliance is categorized into low noncompliance (0–25 percent noncompliance), medium noncompliance (26–50 percent noncompliance) percent, and high noncompliance (over 50 percent noncompliance) in a certain labor standard metric, as reported in the Better Work Haiti compliance reports.

The most recent Better Work Haiti report in 2022 stated that most of the noncompliance issues associated with paid leave are related to the payment for lunch breaks, which is required by Haitian law.[511] The report stated that the decision to pay for lunch breaks "would automatically correct all those noncompliance issues."[512] Better Work Haiti's 2021 report stated that 32 factories in the program "do not include the lunch break payment in the calculation of the daily average salary and thus do not include this payment in the amount submitted to the social security services."[513] The report states that

[509] Better Work Haiti Biannual Compliance Synthesis Reports, 2010–22.

[510] Better Work Haiti Biannual Compliance Synthesis Reports, 2010–22.

[511] Better Work Haiti, *Better Work Haiti: 24th Biannual Compliance Synthesis Report*, 2022.

[512] Better Work Haiti, *Better Work Haiti: 24th Biannual Compliance Synthesis Report*, 2022.

[513] Better Work Haiti, *Better Work Haiti: 23rd Biannual Compliance Synthesis Report*, 2021.

representatives of both workers and employers have asked the government to review the law surrounding payment for lunch breaks because of a lack of clarity in its interpretation.[514] In addition to nonpayment of lunch breaks, academic and union representatives testified about instances of apparel firms not paying employees in various circumstances, including not paying overtime and failing to pay health insurance premia (the latter issue is covered later in this chapter).[515] Union representatives reported that some apparel firms are not paying overtime, instead requiring that employees work more regular hours than the law allows without receiving overtime pay.[516]

With respect to minimum wage laws, an academic who appeared at the Commission's hearing testified about how Better Work Haiti, the unions, and the firms disagreed about how to interpret the minimum wage laws, which led to a confrontational situation between the parties as a result of the ambiguous nature of the law.[517] ADIH's written submission noted a tripartite meeting among government, industry, and labor representatives that was overseen by Better Work Haiti and the U.S. Department of Labor in May 2022, in which all parties involved acknowledged that ambiguity in Haiti's 3 by 8 working hours regulation was creating difficulties in interpretation.[518] In this meeting, the government of Haiti was requested to publish an implementing decree to make requirements and expectations explicit.[519]

Recent Minimum Wage Increases in Haiti

Haiti has seen numerous labor protests and strikes over the last few years in response to low wages in the apparel sector (see chapter 3). In 2017, 18,000 workers went on strike in support of an increase in the $5.50 a day minimum wage, leading to a series of protests and factory closures.[520] In February 2022, workers again staged protests, demanding a minimum wage of at least $15 a day in order to meet their basic needs.[521] As a response, the Haitian government increased the minimum wage in the textile and apparel sector by 37 percent, from 500 gourdes to 685 gourdes.[522] In a written statement, the Haitian

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[514] Better Work Haiti, *Better Work Haiti: 24th Biannual Compliance Synthesis Report*, 2022.
[515] GOSSTRA, written submission to the USITC, June 9, 2022; Institute for Justice and Democracy in Haiti, written submission to the USITC, June 9, 2022; USITC, hearing transcript, May 26, 2022, 25–72, (testimony of Yannick Etienne, Batay Ouvriye; Ose Pierre, Solidarity Center; and Drusilla Brown, Tufts University).
[516] The Haitian government modified the law in 2018 to reduce overtime pay to 1.5 times the normal wage (from double) for work performed during the night shifts. Government of Haiti, *Official Journal of Haiti*, Law on Organization and Regulation of Overtime Work of 24 hours in 3 Tranches of 8 Hours, (September 21, 2017); GOSSTRA, written submission to the USITC, May 26, 2022; Institute for Justice and Democracy in Haiti, written submission to the USITC, June 9, 2022; USITC, hearing transcript, May 26, 2022, 72–73 (testimony of Drusilla Brown, Tufts University); Solidarity Center, *The High Cost of Low Wages in Haiti*, April 2019; IndustriAll, "Haitian Government Denounced at the ILO," June 1, 2018.
[517] USITC, hearing transcript, May 26, 2022 (testimony of Drusilla Brown, Tufts University), 76.
[518] Haiti's law known as the 3 by 8 law organizes and regulates work over the 24-hour period, spread over three 8-hour periods, which authorizes night and day work, and mixed work (day and night working hours). IciHaiti, "What Does the Law Say on the Organization of Work in 3 × 8 Hours," September 11, 2017; Government of Haiti, *Official Journal of Haiti,* Law on Organization and Regulation of Overtime Work of 24 hours in 3 Tranches of 8 Hours (September 21, 2017); ADIH, written submission to the USITC, June 20, 2022.
[519] ADIH, written submission to the USITC, June 20, 2022.
[520] Just Style, "Haiti Garment Makers Hopeful on Future Expansion," September 12, 2018.
[521] Business of Fashion, "Haitian Garment Workers Protest to Demand Higher Wages," February 18, 2022.
[522] Government of Haiti, "2022 Arrêté Fixant Le Salaire Minimum [Order Setting the Minimum Wage]," February 21, 2022

government stated that the 37 percent increase was about 12 percentage points higher than the 25 percent inflation rate as measured by the Haiti Statistics and Information Institute.[523]

The Haitian government has stated it is balancing an increase in the wage rate against Haiti's inflation while considering the effect on Haiti's global competitiveness in the apparel sector.[524] It states that competitive realities have constrained its ability to meet textile and apparel workers' demands for a 200 percent increase in the minimum wage because companies would be forced to move their factories to neighboring countries where infrastructure, transportation, and electricity rates are more advantageous than in Haiti.[525] In an interview with Commission staff, one industry expert said that wages in the apparel sector of Haiti ($150 a month) are higher than in Bangladesh (averaging $94 per month) and Cambodia ($110 a month).[526]

However, the Haitian government stated in a written submission that increasing minimum wages in the textile and apparel sector is necessary in part because of the economic hardships caused by the declining exchange rate of the Haitian gourde against the U.S. dollar.[527] At the Commission's hearing, a representative from the Solidarity Center described its 2019 living expense survey that estimated the cost of living in Haiti is at least three times the minimum wage.[528] A 2022 report published by the Solidarity Center estimates the cost of living is now four times the minimum wage.[529]

An NGO asserted that the minimum wage issue has historical roots in U.S. government policy toward Haiti. In a written submission to the Commission, the Institute for Justice and Democracy in Haiti claimed that the U.S. government was "directly complicit in Haiti's inadequate minimum wage for garment workers."[530]

However, industry representatives expressed different views on whether wages in the apparel sector are low, noting that the apparel sector often pays more than other industries in Haiti.[531] Several industry representatives interviewed by Commission staff said that U.S. companies pay far above the minimum wage and have not been subjected to protests about wages, but they suggested that wage protests may occur more often in non-U.S.-owned firms.[532]

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[523] Embassy of the Republic of Haiti, written submission to the USITC, May 26, 2022.
[524] Embassy of the Republic of Haiti, written submission to the USITC, May 26, 2022.
[525] Embassy of the Republic of Haiti, written submission to the USITC, May 26, 2022.
[526] Industry representative, interview by USITC staff, May 17, 2022.
[527] Embassy of the Republic of Haiti, written submission to the USITC, May 26, 2022.
[528] USITC, hearing transcript, May 26, 2022, 29 (testimony of Ose Pierre, Solidarity Center).
[529] Solidarity Center, *The High Cost of Low Wages in Haiti*, September 2022, 5.
[530] Institute for Justice and Democracy in Haiti, written submission to the USITC, June 9, 2022. It claimed that a report by the National Labor Committee, a U.S.-based NGO, showed that the U.S. government and Haiti's business elite "blocked former President Aristide's planned minimum wage increase."[530] In its written submission, it also stated that "the Obama administration worked with factory owners and clothing corporations to prevent the Haitian government's attempt to raise the minimum wage to approximately $0.61 per hour in 2009," and that the Haitian government ended up raising the minimum wage in the apparel sector to only $0.31.
[531] Industry representatives, interviews by USITC staff, May 4, 2022.
[532] Industry representatives, interviews by USITC staff, May 4, 2022 and July 21, 2022.

Haiti's Labor Code states that the wage should increase if the cost of living varies or if inflation reaches 10 percent within a year.[533] Minimum wage increases are proposed by the Superior Council on Wages to the President, or, in the absence of a president, to the Council of Ministers and the appropriate authority decides whether or not to adopt them.[534] Union representatives are frustrated by the lack of transparency within the Council.[535] Moreover, the report and an NGO representative indicated that workers cannot choose their own labor representatives to advocate on their behalf within the Council.[536]

Compensation Standards Relating to Social Security and Other Benefits

Nonpayment issues have been common since the beginning of the Better Work Haiti program and have included a failure of firms to pay benefits for maternity and health insurance (table 4.16). Since 2016, noncompliance with payment of social security and other benefits has ranged from 75 to 100 percent for firms in the Better Work Haiti program, indicating that the issue is widespread in apparel factories. At the Commission's hearing, the Solidarity Center said that "noncompliance related to health insurance and social security benefits is particularly egregious."[537] In a recent report, Better Work Haiti said that noncompliance with this metric has never been below 39 percent since 2009 when it started tracking compliance rates.[538] In another recent analysis, Better Work Haiti said that, according to data collected during regular factory assessments, 15 apparel factories are not registered for maternity and health insurance and 2 of these factories have also not registered with OFATMA (Office d'Assurance Accidents du Travail, Maladie et Maternité, or Insurance Office for Occupational Injury, Sickness, and Maternity) for work-related accident insurance.[539]

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[533] Government of Haiti, "Décret du 24 février 1984 [Decree of February 24, 1984]," February 24, 1984, 30.

[534] Haiti's Superior Council on Wages is a presidentially appointed commission with labor, business, and government representatives. Workers are not allowed to choose their labor representatives. Recently, the Solidarity Center recommended that workers should select their own representatives on the council. Solidarity Center, *The High Cost of Low Wages in Haiti*, April 2019, 3, 8.

[535] Solidarity Center, *The High Cost of Low Wages in Haiti*, April 2019; USITC, hearing transcript, May 26, 2022, 29–30 (testimony of Ose Pierre, Solidarity Center).

[536] Solidarity Center, *The High Cost of Low Wages in Haiti*, April 2019; USITC, hearing transcript, May 26, 2022, 29–30 (testimony of Ose Pierre, Solidarity Center).

[537] USITC, hearing transcript, May 26, 2022, 30–31 (testimony of Ose Pierre, Solidarity Center).

[538] Better Work Haiti Biannual Compliance Synthesis Reports, 2010–22.

[539] Better Work Haiti, *Better Work Haiti: 23rd Biannual Compliance Synthesis Report*, 2021.

Table 4.16 Better Work Haiti Reports: Percentage of Factories in Noncompliance with Compensation Standards, 2009–22
In percentages.

Assessment period	Wage information, use, and deduction	Social security and other benefits
Oct. 2009–Dec. 2009	57	76
Sept. 2010–Feb. 2011	43	100
June 2011–Sept. 2011	9	57
Dec. 2011–Feb. 2012	10	75
Oct. 2012–Feb. 2013	21	71
Oct. 2013–Oct. 2013	17	61
Oct. 2014–Feb. 2014	13	39
Sept. 2014–Aug. 2015	42	81
Sept. 2015–Feb. 2016	48	100
Sept. 2015–Aug. 2016	44	88
Aug. 2016–Apr. 2017	32	88
Oct. 2016–Sept. 2017	15	100
Apr. 2017–Mar. 2018	13	91
Aug. 2017–Sept. 2018	18	75
Apr. 2018–Mar. 2019	20	88
Oct. 2018–Sept. 2019	30	81
Apr. 2019–Mar. 2020	28	83
Mar. 2020–Oct. 2020	32	84
Apr. 2020–Apr. 2021	15	92
Feb. 2021–Nov. 2021	15	96
May 2021–June 2022	7	100

Source: *Better Work Haiti Biannual Compliance Synthesis Reports*, 2010–22.
Note: Noncompliance is categorized into low noncompliance (0–25 percent noncompliance), medium noncompliance (26–50 percent noncompliance) percent, and high noncompliance (over 50 percent noncompliance) in a certain labor standard metric, as reported in the Better Work Haiti compliance reports.

In a written submission, union representatives stated that nonpayment of health insurance has become a contentious issue within the apparel sector and has not been addressed by firms despite demands by factory workers to show them proof that premiums have been paid.[540] At the Commission's hearing, the Solidarity Center representative asserted that in August 2020, "two workers died after being denied medical care, to which they should have been entitled because their employers deducted health insurance contributions from their earnings."[541] The representative further stated that "both employers failed to forward these deductions in an accurate and timely manner to the OFATMA, as required by law."[542] In another recent example cited in a written submission by a union concerned an employee who worked at Palm Apparel S.A. for more than 10 years and paid her medical insurance premiums regularly.[543] However, the union representatives stated that the employee was unable to receive medical care when she sought treatment for pregnancy complications because her employer failed to forward the employer health insurance deductions to OFATMA in a timely manner and the hospital

[540] Etienne, written submission to the USITC, May 26, 2022.
[541] USITC, hearing transcript, May 26, 2022, 30–31 (testimony of Ose Pierre Solidarity Center).
[542] USITC, hearing transcript, May 26, 2022, 30–31 (testimony of Ose Pierre, Solidarity Center); Etienne, written submission to the USITC, May 26, 2022; Pierre, written submission to the USITC, May 26, 2022.
[543] Etienne, written submission to the USITC, May 26, 2022; Pierre, written submission to the USITC, May 26, 2022.

claimed there were insufficient funds on her behalf. She could not afford the cost of care and therefore was unable to receive treatment, and she reportedly died shortly after at 30 years old.[544] A union representative testified that another apparel company, Sewing International S.A., did not pay the health insurance premiums to the government, resulting in denial of medical care and the death of another employee.[545] Workers at Sewing International protested for five weeks, demanding proof that premiums were paid by the company; instead, the company fired 530 workers, according to the union representative.[546]

Freedom of Association and Collective Bargaining

Recent Better Work Haiti reports indicate that collective bargaining and freedom of association standards in Haiti's apparel sector have generally had low levels of noncompliance since the Better Work Haiti program's inception.[547] Better Work Haiti defines collective bargaining and freedom to associate as access to and implementation of collective bargaining agreements, freedom to form or join a union, and firms not being able to control or manipulate a union or retaliate against union workers.[548] In 2009, noncompliance by firms with respect to freedom of association and collective bargaining was overall low, however, for one element concerning union representatives' access to workers noncompliance was 43 percent.[549] In the same year, noncompliance in the area of interference and discrimination of union workers was 5 percent.[550] Interference and discrimination against union workers includes threats, unequal treatment, and termination of union workers, among other actions.[551] In 2021, Better Work Haiti reported no instances of noncompliance in the areas of freedom to associate, union operations, collective bargaining, and strikes, and 4 percent noncompliance in the area of interference and discrimination.[552]

Some union representatives did not believe Better Work Haiti's official findings on freedom of association and collective bargaining present the full picture, claiming that there have been ongoing violations of these standards through the life of the Better Work Haiti program.[553] Although Better Work Haiti has officially reported low noncompliance with respect to freedom of association and collective bargaining since 2009, union representatives and NGOs indicated that some union workers have been fired or retaliated against for joining a union or voicing their concerns about the lack of maternity leave,

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[544] Johnson, "Strikes, Protests Engulf Haitian Capital," February 19, 2022. Etienne, written submission to the USITC, May 26, 2022; Pierre, written submission to the USITC, May 26, 2022.
[545] GOSSTRA, written submission to the USITC, May 26, 2022.
[546] GOSSTRA, written submission to the USITC, May 26, 2022.
[547] Better Work Haiti, *Better Work Haiti: 24th Biannual Compliance Synthesis Report*, 2022; Better Work Haiti, *Better Work Haiti: 23rd Biannual Compliance Synthesis Report*, 2021; Institute for Justice and Democracy in Haiti, written submission to the USITC, June 9, 2022.
[548] Better Work Haiti, *Better Work Haiti: 23rd Biannual Compliance Synthesis Report*, 2021. Better Works Haiti relies on national legislation and international conventions ratified by states as "reference points" for these definitions.
[549] Twenty-one consecutive reports by Better Work Haiti, 2009–21.
[550] Better Work Haiti, *Better Work Haiti: 1st Compliance Synthesis Report*, 2010.
[551] Better Work Haiti, *Better Work Haiti: 23rd Biannual Compliance Synthesis Report*, 2021. Better Work Haiti reports, 2009–21.
[552] Better Work Haiti, *Better Work Haiti: 23rd Biannual Compliance Synthesis Report*, 2021.
[553] Etienne, written submission to the USITC, June 9, 2022.

health care, or retirement benefits, or not being paid minimum wage.[554] A union representative noted in his written submission that the Better Work Haiti reports "may not be able to fully capture . . . the environment of fear that exists in the garment sector, which prevents workers from joining unions."[555] The union representatives claimed that workers do not feel that they are free to organize for fear of being terminated or being blacklisted, damaging future employment prospects.[556] Union representatives point to clear examples where workers were wrongly terminated and though the union requested their jobs back; in some instances, those workers were given only severance pay.[557] Incidents of retaliation have also been reported in the press. For example, industry representatives and public reports noted that Palm Apparel S.A., a Haitian apparel manufacturing company, fired dozens of union members in 2020 because they had unionized.[558] In April 2022, CODEVI entered into a collective bargaining agreement with five labor unions, signaling a commitment to compliance with labor standards and a willingness to work with the unions to achieve improvement in working conditions.[559]

Discrimination

Sexual harassment of women and gender discrimination by managers in apparel firms was noted by Better Work Haiti reports and a U.S. Department of Labor report as a continuing challenge in Haiti's apparel firms, although Better Work Haiti reports that noncompliance in this area has also improved some since Better Work Haiti was implemented in 2009.[560] In 2009, Better Work Haiti reported 37 percent noncompliance with respect to gender discrimination. The reported noncompliance fell to 20 percent in 2012 and thereafter has fluctuated between zero and 15 percent (between 6 to 15 since 2018). Better Work Haiti's 2020 report notes that the issue of gender discrimination and sexual harassment is "sensitive" and "difficult to detect" in factory assessments.[561] Better Work Haiti and other observers recognize that sexual harassment is widespread in the workplace but is often underreported because of "stigma, lack of awareness and cultural perceptions of sexuality."[562] Women comprise 68 percent of the labor force in Haitian apparel factories. Both sexual harassment and gender discrimination due to the skewed gender ratio of predominately male managers supervising female apparel workers have been reported.[563] An academic representative stated that the Better Work Haiti

[554] Institute for Justice and Democracy in Haiti, written submission to the USITC, June 9, 2022; Etienne, written submission to the USITC, May 26, 2022; Luckny, written submission to the USITC, May 26, 2022.
[555] Etienne, written submission to the USITC, June 9, 2022.
[556] Etienne, written submission to the USITC, May 26, 2022; Luckny, written submission to the USITC," May 26, 2022.
[557] Institute for Justice and Democracy in Haiti, written submission to the USITC, June 9, 2022; Etienne, written submission to the USITC, May 26, 2022; Luckny, written submission to the USITC, May 26, 2022.
[558] Institute for Justice and Democracy in Haiti, written submission to the USITC, June 9, 2022; Wisner and Fried, "Unfolding Haiti's Garment Industry," April 12, 2022.
[559] Etienne, written submission to the USITC, June 9, 2022.
[560] USITC, *Annual Report on the Impact of the CBERA*, September 2021
[561] Better Work Haiti, *Better Work Haiti: 21st Biannual Compliance Synthesis Report*, 2020.
[562] Better Work Haiti, *At A Glance*, accessed October 5, 2022; USAID, *Local Enterprise and Value Chain Enhancement (LEVE) Project*, February 2017. Rodríguez Ortiz, "Better Work Haiti: Women's Economic and Social Upgrading," 2019.
[563] USITC, *Annual Report on the Impact of the CBERA*, September 2021; Institute for Justice and Democracy in Haiti, written submission to the USITC, June 9, 2022; Better Work Haiti, *Better Work Haiti: 21st Biannual Compliance*

program has brought attention to sexual harassment issues in Haitian factories, which has led to large drops in the proportion of workers reporting sexual harassment concerns in apparel factories; however, other representatives and public reports argue that sexual harassment and gender discrimination continue to be underreported in Haiti.[564]

Occupational Safety and Health Standards

Better Work assesses factories in Haiti on seven measures of occupational health and safety; in the latest assessment, over 90 percent of factories were noncompliant on six of the seven measures. Better Work Haiti and other union groups from Haiti reported an overall trend of high levels of noncompliance with emergency preparedness is of concern and that management of chemical substances is inadequate.[565] The latest Better Work Haiti report stated that noncompliance by firms with respect to emergency preparedness remains high at 96 percent for 2021, which includes factories not having adequate firefighting equipment and not keeping emergency exits accessible, unobstructed, and unlocked during working hours (table 4.17).[566] Relating to the working environment, a union representative stated that factories should have fans in the work areas of textile factories but often do not.[567] Noncompliance with chemical and hazardous substance management standards also remains high at 96 percent in 2022.[568] The most recent 2022 report stated that although noncompliance with applicable chemical storage standards is relatively low at 14 percent, 79 percent of factories were found noncompliant on properly labeling chemicals.[569] The previous report did note that "factories have made a greater effort to train workers in the use, maintenance and storage of chemical substances."[570]

Synthesis Report, 2020; Rodriguez Ortiz, *2019 Better Work Haiti Women's Economic and Social Upgrading in Haiti's Apparel Chains*, 2019.

[564] Brown, written submission to the USITC, May 13, 2022; USITC, *Annual Report on the Impact of the CBERA*, September 2021; Better Work Haiti, *Better Work Haiti: 21st Biannual Compliance Synthesis Report*, 2020; Rodríguez Ortiz, "Better Work Haiti: Women's Economic and Social Upgrading," 2019. USAID, *Local Enterprise and Value Chain Enhancement (LEVE) Project*, February 2017.

[565] Etienne, written submission to the USITC, May 26, 2022; GOSSTRA, written submission to the USITC, May 26, 2022.

[566] Better Work Haiti, *Better Work Haiti: 24th Biannual Compliance Synthesis Report*, 2022.

[567] Etienne, written submission to the USITC, May 26, 2022; GOSSTRA, written submission to the USITC, May 26, 2022.

[568] Better Work Haiti, *Better Work Haiti: 24th Biannual Compliance Synthesis Report*, 2022

[569] Better Work Haiti, *Better Work Haiti: 24th Biannual Compliance Synthesis Report*, 2022.

[570] Better Work Haiti, *Better Work Haiti: 23rd Biannual Compliance Synthesis Report*, 2021.

Table 4.17 Better Work Haiti Reports: Percentage of Factories in Noncompliance in Occupational Safety and Health (OSH), 2009–22
In percentages.

Assessment period	OSH management systems	Chemicals and hazardous substances	Worker protection	Working environment	Health services and First Aid	Welfare facilities	Emergency preparedness
Oct. 2009–Dec. 2009	86	100	100	48	95	90	86
Sept. 2010–Feb. 2011	100	89	93	21	100	100	82
June 2011–Sept. 2011	74	87	96	52	100	96	96
Dec. 2011–Feb. 2012	70	70	100	75	100	95	95
Oct. 2012–Feb. 2013	42	75	92	50	100	88	67
Oct. 2013–Oct. 2013	35	83	91	83	100	100	83
Oct. 2014–Feb. 2014	35	52	74	96	96	96	78
Sept. 2014–Aug. 2015	35	54	69	81	85	85	81
Sept. 2015–Feb. 2016	44	72	80	88	88	84	88
Sept. 2015–Aug. 2016	40	72	84	84	84	84	84
Aug. 2016–Apr. 2017	24	68	84	84	88	84	72
Oct. 2016–Sept. 2017	40	85	80	85	95	85	90
Apr. 2017–Mar. 2018	48	87	87	83	96	83	100
Aug. 2017–Sept. 2018	71	89	100	86	100	75	96
Apr. 2018–Mar. 2019	64	96	100	92	87	80	96
Oct. 2018–Sept. 2019	48	100	96	96	85	81	100
Apr. 2019–Mar. 2020	55	100	90	97	93	79	100
Mar. 2020–Oct. 2020	58	100	90	94	94	81	97
Apr. 2020–Apr. 2021	31	100	92	77	100	85	100
Feb. 2021–Nov. 2021	33	96	93	89	100	93	96
May 2021–June 2022	54	96	96	93	100	93	96

Source: *Better Work Haiti Biannual Compliance Synthesis Reports*, 2010–22. Worker accommodation subcategory has 0 percent noncompliance for all years.
Note: Noncompliance is categorized into low noncompliance (0–25 percent noncompliance), medium noncompliance (26–50 percent noncompliance), and high noncompliance (over 50 percent noncompliance) in a certain labor standard metric, as reported in the Better Work Haiti compliance reports.

Case Study: Haiti's Mango Industry

Summary

Mangoes, a tree fruit, are grown widely across Haiti. The vast majority of mangoes are produced on smallholder farms where each farm has several mango trees to supplement the income derived from other crops and activities. There are numerous mango varieties grown in Haiti, though only the "Francis" variety is exported due to its ability to withstand the postharvest treatment for fruit flies.[571] The export harvest season for this variety runs between April and July. Harvest is organized by people that are referred to as *voltigeurs* or "middlemen" who then transport mangoes on pack animals and pickup trucks to packhouses where the fruit are prepared for export.

Mangoes are Haiti's largest export crop, with 12,113 mt exported in 2021. The United States is the primary destination for Haitian mangoes, where they comprise 2.2 percent of all U.S. mango imports. The unique and flavorful Francis variety from Haiti is sold for roughly double the price of other mangoes in the U.S. market, primarily in specialty and ethnic stores on the East Coast. The ability to increase exports of Haitian mangoes to the United States is constrained by the limited harvest season, low production volumes, and the nonstandard variety of fruit.

Description of Haiti's Mango Industry and Workers

Mangoes are widely grown and consumed in Haiti.[572] In 2020, Haiti produced 238,000 metric tons (mt) of mangoes.[573] Mangoes are largely grown on smallholder farms as a secondary crop using traditional methods of production.[574] The primary crops—such as peas, beans, and manioc—are staples that have relatively short growing cycles compared with tree fruit like mangoes. Households can harvest small amounts of these staples through multiple crops or staggered plantings over a long period of time, which allows for a steady supply of food and income.[575] On average, half the agricultural production of a smallholder household is sold at market; a typical smallholder is within walking distance of an average of

[571] The Francis mango is known by other names including Madam Francis, Francine, and Francique.
[572] Industry representative, interview by USITC staff, July 8, 2022.
[573] The FAO data for mangoes combine them with guavas and mangosteens, though for Haiti, this is likely all or nearly all mangoes. Mango production decreased by 63.4 percent from 2015. Haiti does not regularly collect production data for mangoes, so the FAO data are often estimates. Industry participants and observers suggest that these data are not accurate and that they would expect mango production to remain relatively constant or increase a little over this time period. FAO, FAOSTAT database, Mangoes, Guavas, and Mangosteens—Production, accessed April 29, 2022; Hyppolite et al., "Characterization of the Haitian Mango Industry," 2013, 21–29. Industry representative, interview by USITC staff, July 8, 2022; subject matter expert, interview by USITC staff, June 30, 2022.
[574] Hyppolite et al., "Characterization of the Haitian Mango Industry," 2013, 21–29.
[575] Manioc is another name for cassava. Schwartz, *Value Chain Study*, May 27, 2020; subject matter expert, interview by USITC staff, June 30, 2022.

two markets that are part of a broader, robust market network.[576] However, recent increases in crime have limited market access because people, especially women, do not want to risk going to markets.[577]

Each household typically has three to six mango trees that are semi-cultivated.[578] Instead of actively planting trees, mangoes are often allowed to grow where they happen to sprout.[579] Households use little to no inputs, such as fertilizers or pesticides, and active management of the trees, such as pruning, is minimal.[580] These growing practices are essentially organic, though most Haitian mangoes are not certified organic.[581] Despite the lower yields, this approach to mango production is a good fit for the smallholder households' livelihood strategy, which has been described as "little risk, little investment."[582] With minimal operating costs, any revenue derived from mangoes is additional income.[583] This cash is frequently used to pay for school fees and supplies.[584] Although most mango production in Haiti is cultivated by smallholder households, recent reports indicate a few commercial orchards being planted.[585] These orchards, one of which was reported to be 200 hectares, are located in Artibonite, in the north, and in Croix-des-Bouquets, on the eastern outskirts of Port-au-Prince. The mangoes from these orchards are destined primarily for the export market and secondarily for domestic urban markets.[586]

Mangoes that are exported are grown mostly in the north and central parts of the country where supply-chain infrastructure, such as packhouses that can handle export volumes, exists.[587] Although mangoes are harvested year-round throughout Haiti, the harvest season for the export variety of mango in the exporting regions runs between April and July.[588] Currently, as a result of gang activity, few mangoes are moving out of the north into export channels.[589] Industry experts report that the

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[576] Schwartz, "Value Chain Study," May 27, 2020; subject matter expert, interview by USITC staff, June 30, 2022; Schwartz, *Haiti Hope Project 2015 Annual Survey and Evaluation*, 2015.
[577] Subject matter expert, interview by USITC staff, June 30, 2022.
[578] Industry representative, interview by USITC staff, June 24, 2022.
[579] Industry representative, interview by USITC staff, June 24, 2022; Schwartz, *Haiti Hope Project 2015 Annual Survey and Evaluation*, 2015.
[580] Industry representative, interview by USITC staff, June 24, 2022; subject matter expert, interview by USITC staff, June 30, 2022.
[581] One mango operation is certified organic in Haiti. See USDA, AMS, "Organic Integrity Database" for a list of operations that are certified organic. Rettke, "Mango Supplies Thin as Imports from Mexico Remain Light," March 16, 2019; Westlake, *Developing Sustainable, Green and Inclusive Agricultural Value Chains*, July 2014.
[582] Subject matter expert, interview by USITC staff, June 30, 2022.
[583] Industry representative, interview by USITC staff, July 8, 2022.
[584] Schwartz, "Value Chain Study: Cacao, Cashews, Castor Oil, & Breadfruit in the Departments of the Grand Anse and South," May 27, 2020.
[585] Schwartz, *Haiti Hope Project 2015 Annual Survey and Evaluation*, 2015. Subject matter expert, interview by USITC staff, June 30, 2022; industry representative, interview by USITC staff, July 8, 2022.
[586] Industry representative, interview by USITC staff, July 8, 2022.
[587] Hyppolite et al., "Characterization of the Haitian Mango Industry," 2013, 21–29; Obarowski, "Haitian Mangoes Offer Hope Four Years After the Earthquake," January 28, 2014; Rettke, "Mango Supplies Thin as Imports from Mexico Remain Light," March 16, 2019. Subject matter expert, interview by USITC staff, June 30, 2022.
[588] Organic Produce Network, "Four Seasons' Fair Trade Organic Haitian Mango Program," May 20, 2021. Industry representative, interview by USITC staff, June 24, 2022.
[589] Subject matter expert, interview by USITC staff, June 30, 2022.

deterioration in the security situation is causing mangoes harvested close to the border with the Dominican Republic to be moved to packhouses in that country rather than to Haitian packhouses.[590]

Haiti has more than 100 mango varieties.[591] However, only an estimated 10 percent of mango trees are the "Francis" variety that produces exportable fruit.[592] This variety, unique to Haiti, is juicy and very sweet with a high sugar content and has a spicy flavor.[593] This variety is more similar to the ataulfo mango, a sweet yellow variety, than it is to the larger red varieties that are more commonly sold in the U.S. market.[594] The Francis mango is the only variety Haiti exports because it is unique in being able to withstand the postharvest handling required for export.[595] About 50,000 households in Haiti depend on the mango industry for income, with 80 percent of those having at least one Francis mango tree.[596] It was estimated in 2013 that about 2,000 workers were in the industry during peak harvest periods.[597] The number of jobs is likely to increase as the mango industry becomes more organized and commercially oriented orchards become more established. However, there is a lot of uncertainty the industry will grow as increases in crime reportedly make workers afraid to show up to work, especially for low wages.[598]

Smallholders sell mangoes to *voltigeurs* or middlemen, who are responsible for harvesting and transporting mangoes to the packhouses. The packhouses then prepare the mangoes for export and sell them to export-import companies.[599] When the trees flower and start to set fruit about September, the middlemen visit growers and price out the potential future harvest of a tree.[600] Using this assessment, the middlemen can offer loans to the smallholders at a time when many face a cash crunch and have limited access to other credit options.[601] At harvest time, all the mangoes on a tree are picked, even if they are unripe, but the smallholder is paid only for the mangoes that are in suitable condition (i.e., undamaged, not overripe).[602] A 2015 report, the most recent information available, estimated that a

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590 The Dominican Republic has a flourishing mango export industry that has developed over the last decade or so with exports primarily to Europe. Subject matter expert, interview by USITC staff, June 30, 2022; Industry representative, interview by USITC staff, July 8, 2022.
591 Castañeda, Rodríguez, and Lundy, *Assessment of Haitian Mango Value Chain*, 2011.
592 Hyppolite et al., "Characterization of the Haitian Mango Industry," 2013, 21–29.
593 Obarowski, "Haitian Mangoes Offer Hope," January 28, 2014. Industry representative, interview by USITC staff, June 24, 2022.
594 Industry representative, interview by USITC staff, June 21, 2022.
595 Hyppolite et al., "Characterization of the Haitian Mango Industry," 2013, 21–29.
596 Schwartz, *Haiti Hope Project 2015 Annual Survey and Evaluation*, 2015; Dumais, "Not a Lot of People in the Midwest," March 28, 2017.
597 Hyppolite et al., "Characterization of the Haitian Mango Industry," 2013, 21–29.
598 Industry representative, interview by USITC staff, June 24, 2022.
599 Arráiz et al., "Planting the Seeds: The Impact of Training," August 2015; industry representative, interview by USITC staff, July 8, 2022; Westlake, *Developing Sustainable, Green and Inclusive Agricultural Value Chains*, July 2014.
600 Arráiz et al., "Planting the Seeds: The Impact of Training," August 2015; industry representative, interview by USITC staff, July 8, 2022; Westlake, *Developing Sustainable, Green and Inclusive Agricultural Value Chains*, July 2014. Schwartz, *Value Chain Study*, May 27, 2020.
601 Arráiz et al., "Planting the Seeds: The Impact of Training on Mango Producers in Haiti," August 2015; Westlake, *Developing Sustainable, Green and Inclusive Agricultural Value Chains*, July 2014; industry representative, interview by USITC staff, June 16, 2022.
602 Westlake, *Developing Sustainable, Green and Inclusive Agricultural Value Chains*, July 2014.

smallholder could have received $0.03–0.05 per export-quality mango and a middleman could have received $0.07–0.12.[603] Industry representatives and observers have noted that little has changed since then. A U.S.-based mango importer reports that the smallholder receives a small share of a mango's value, whereas packhouses receive $0.80 per export-quality mango.[604] Mangoes that are overripe, unripe, damaged, or infested with fruit flies are left on the farm.[605] The smallholder may be able to sell these mangoes at steep discounts locally, or they can be consumed in the household or fed to pigs.[606] There are reports of middlemen, who extended loans to smallholders, later paying those same farmers a price below the market rate for the mangoes that they harvested.[607]

The lack of roads is a major challenge facing smallholders, which makes getting mangoes to more lucrative domestic urban or export markets difficult.[608] This lack of infrastructure is compounded by the small volumes of mangoes that are produced on the few low-yielding trees, making it hard for many smallholders to accumulate enough mangoes to make the difficult trip worthwhile. As a result, many mangoes rot or are fed to pigs. The middlemen, who are able to aggregate and transport volume, reportedly take advantage of this constraint.[609]

Other methods of sale and marketing are emerging as farmers become more organized, which helps them increase bargaining power, improve market linkages, and increase pricing transparency. One such approach is leveraging producer business groups composed of registered businesses of 100 or more smallholders.[610] These business groups help coordinate mango sales, grade produce, and provide access to inputs and training. The producer business groups were formed as part of development programs around 2010–15 that aimed to improve the mango export value chain.[611] These programs have had mixed results. Reportedly, the greatest effects were seen from associated infrastructure improvements, such as water and roads, and the jobs associated with those projects, that provide direct income to people.[612]

In addition to producer business groups, grower associations also help in organizing smallholders so they retain more value from mango sales. Although not actual businesses like the groups discussed above, the associations make contracts directly with the buyer on behalf of the smallholder members. The association assesses the potential harvest when a tree is flowering and setting fruit and negotiates a contract with a buyer directly. In addition, the associations help improve growing practices and the

603 Schwartz, *Haiti Hope Project 2015*, 2015.
604 Schwartz, *Haiti Hope Project 2015*, 2015; subject matter expert, interview by USITC staff, June 30, 2022; industry representative, interview by USITC staff, June 24, 2022; industry representative, interview by USITC staff, July 8, 2022.
605 Westlake, *Developing Sustainable, Green and Inclusive Agricultural Value Chains*, July 2014.
606 Westlake, *Developing Sustainable, Green and Inclusive Agricultural Value Chains*, July 2014; subject matter expert, interview by USITC staff, June 30, 2022.
607 Westlake, *Developing Sustainable, Green and Inclusive Agricultural Value Chains*, July 2014
608 Subject matter expert, interview by USITC staff, June 30, 2022; Schwartz, *Haiti Hope Project 2015*, 2015.
609 Subject matter expert, interview by USITC staff, June 30, 2022; Schwartz, *Haiti Hope Project 2015*, 2015.
610 Arráiz et al., "Planting the Seeds: The Impact of Training," August 2015; Schwartz, *Haiti Hope Project 2015 Annual Survey and Evaluation*, 2015.
611 Arráiz et al., "Planting the Seeds: The Impact of Training," August 2015.
612 Schwartz, *Haiti Hope Project 2015*, 2015; subject matter expert, interview by USITC staff, June 30, 2022.

logistics and transportation of mangoes after harvest. Industry representatives report that smallholders get a better return and are enthusiastic about being part of an association.[613]

Supply Chain

After mangoes are harvested, donkeys and pickup trucks take them to packhouses, where they are washed and packaged for shipping.[614] Poor quality roads lead to fruit being damaged as it is transported.[615] An estimated half the crop may be damaged between harvest and arrival at the packhouse and not exportable.[616] In addition, postharvest care processes, such as cooling mangoes after they are harvested, are rare.[617]

At the packhouse, the mangoes are sorted, undergo hot water treatment, and then are packed for shipping.[618] The U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) must certify each packhouse that sends mangoes to the United Sates, the destination for virtually all Haiti's mangoes.[619] About 10 packhouses are certified each year—a process that costs $20,000—and these are reportedly owned by a few well-connected families that act as gatekeepers to the mango industry in Haiti.[620] The volume of mangoes brought to export packhouses during peak harvest periods exceeds the capacity of the packhouses, a constraint to expanding export volumes.[621]

Any mango originating from a region that has tropical fruit flies, such as Haiti, that enters the U.S. market must be treated to prevent the spread of the agricultural pest to the United States.[622] Developed in 1987 and pioneered in Haiti, Hot Water Treatment is the most common treatment and involves dipping the mangoes in water that is heated to 115 degrees Fahrenheit for 55–110 minutes to kill the

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613 Industry representative, interview by USITC staff, July 8, 2022.

614 Organic Produce Network, "Four Seasons' Fair Trade Organic Haitian Mango Program," May 20, 2021; Hyppolite et al., "Characterization of the Haitian Mango Industry," 2013, 21–29; Krumova, "Mango Industry in Haiti: Good Prospects," November 3, 2010; industry representative, interview by USITC staff, June 24, 2022.

615 Smith and Rae, "Haiti Mangoes," April 10, 2012.

616 Smith and Rae, "Haiti Mangoes," April 10, 2012; industry representative, interview by USITC staff, July 21, 2022.

617 Industry representative, interview by USITC staff, June 24, 2022; subject matter expert, interview by USITC staff, July 8, 2022; industry representative, interview by USITC staff, July 8, 2022.

618 Organic Produce Network, "Four Seasons' Fair Trade Organic Haitian Mango Program," May 20, 2021; Hyppolite et al., "Characterization of the Haitian Mango Industry," 2013, 21–29.

619 Official U.S. import statistics for only mangoes from Haiti equal FAOSTAT data for Haitian exports to the world of mangoes, guavas, and mangosteens. USITC DataWeb/Census, HTS 0804.50.6045, 0804.50.4045, 0804.50.6055 and 0804.50.4055, accessed April 29, 2022; FAO, FAOSTAT database, Mangoes, Guavas, and Mangosteens—Export, accessed April 29, 2022; Schwartz, *Haiti Hope Project 2015*, 2015.

620 Hyppolite et al., "Characterization of the Haitian Mango Industry," 2013, 21–29; industry representative, interview by USITC staff, July 8, 2022; subject matter expert, interview by USITC staff, June 30, 2022; industry representative, interview by USITC staff, June 24, 2022; Schwartz, *Haiti Hope Project 2015*, 2015.

621 Hyppolite et al., "Characterization of the Haitian Mango Industry," 2013, 21–29.

622 Most mangoes the U.S. imports come from regions where fruit flies are present, though certain municipalities in the Mexican States of Sinaloa, Baja California Sur, and Sonora are declared fruit fly-free by APHIS. See General Requirements for All Imported Fruits and Vegetables, 7 C.F.R. § 319.56-3 and USDA, APHIS, Agricultural Commodity Import Requirements information for mangoes; industry representative, interview by USITC staff, June 16, 2022; industry representative, interview by USITC staff, July 8, 2022.

larvae.[623] At the beginning of the season, APHIS inspectors conduct site visits of the packhouses to certify that proper procedures are in place.[624] The Francis variety is exported because it is the only mango variety in Haiti that can withstand the hot water treatment.[625] In 2007, APHIS temporarily suspended the certification for all mango packhouses in Haiti after discovering fruit flies in multiple mango shipments.[626]

One challenge packhouses face is the lack of reliable electricity needed to run the equipment for the hot water treatment and to keep the fruit chilled afterward. The machinery cannot run without electricity, limiting the times when the packhouses can treat the mangoes and breaking the cold chain, forcing the packhouses to use generators that are expensive to operate. Keeping mangoes chilled at 40–50 degrees Fahrenheit is important to maintain freshness and quality. If the cold chain is broken, the fruit ripens rapidly and becomes wrinkly and soft. Buyers often have requirements for firmness, which leads to rejected fruit.[627] A broken cold chain can lead to potential losses of fruit that arrive at the packhouse in good condition or a decline in profits due to higher costs.

It takes about a week for mangoes to go from harvest to being packed and ready for shipment.[628] It takes four to five days for mangoes to be shipped from Port-au-Prince to Miami, where nearly all Haitian mangoes enter the United States.[629] After the 2010 earthquake in Haiti, relief efforts were prioritized at cargo terminals, making it difficult to export perishable fresh produce like mangoes.[630] The recent increase in crime in Haiti allegedly forced a shipping company that U.S. mango importers work with to suspend services in Haiti.[631]

Processing of mangoes in Haiti is limited. Drying or individually quick-freezing mangoes adds value and allows blemished and mildly bruised fruits that might otherwise have been discarded to be sold. Attempts to freeze and dry mangoes in Haiti had limited success and have been discontinued.[632] The processing of mangoes in Haiti faces several challenges. Maintaining a cold chain for frozen fruit, like mangoes, is vital but is complicated by the lack of reliable electricity in the country.[633] The business environment, including corruption and a lack of credit needed to finance equipment and certifications, is also a barrier.[634] In addition, the Francis mango variety is best suited for fresh consumption rather than

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623 Mitcham and Yahia, *Alternative Treatments to Hot Water Immersion for Mango Fruit*, December 2008; industry representative, interview by USITC staff, July 8, 2022; Castañeda, Rodríguez, and Lundy, *Assessment of Haitian Mango Value Chain*, 2011.
624 Industry representative, interview by USITC staff, July 8, 2022.
625 Castañeda, Rodríguez, and Lundy, *Assessment of Haitian Mango Value Chain*, 2011.
626 Delva, "Fruit Flies Prompt US to Block Haiti Mango Exports," July 5, 2007.
627 Industry representative, interview by USITC staff, June 21, 2022.
628 Industry representative, interview by USITC staff, June 24, 2022.
629 Industry representative, interview by USITC staff, June 24, 2022.
630 Krumova, "Mango Industry in Haiti: Good Prospects If It Can Overcome Challenges," November 3, 2010. Smith and Rae, "Haiti Mangoes," April 10, 2012.
631 Industry representative, interview by USITC staff, June 24, 2022.
632 Subject matter expert, interview by USITC staff, June 30, 2022.
633 Industry representative, interview by USITC staff, June 21, 2022.
634 Industry representative, interview by USITC staff, June 24, 2022; industry representative, interview by USITC staff, June 16, 2022.

processing. Its relatively small size, high amount of fiber, and high sugar content make the Francis mango a poor candidate for freezing or drying.[635]

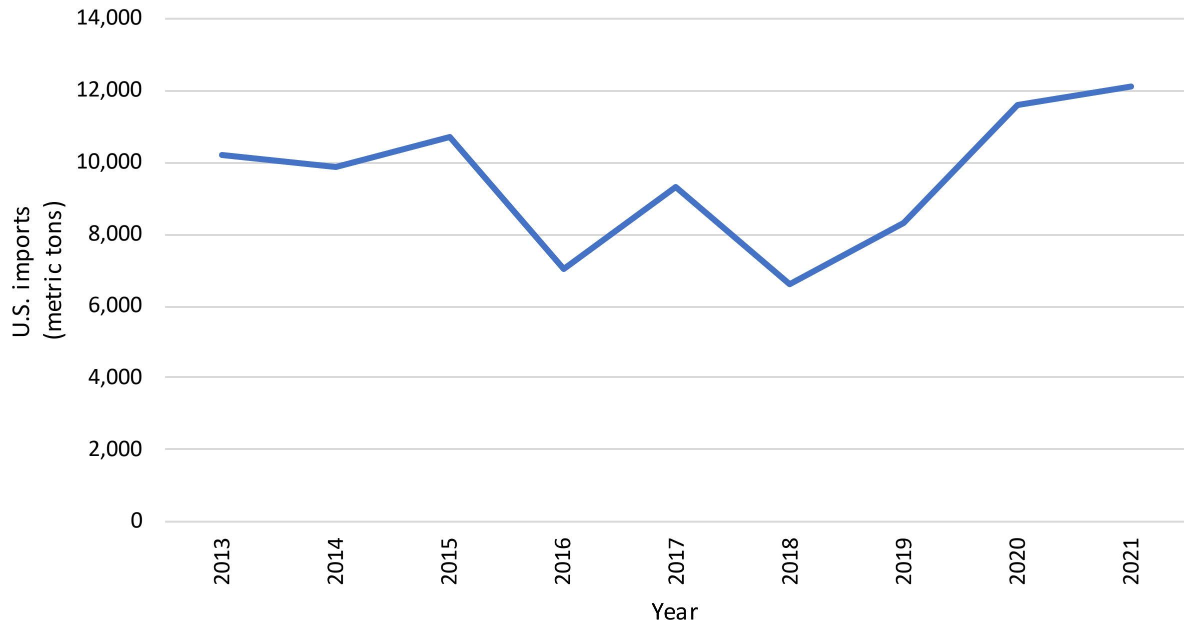
Exports and the U.S. Market

Mangoes were the largest agricultural export crop in Haiti in 2020, followed by cocoa beans.[636] The U.S. market receives virtually all exported Haitian mangoes, though they are reportedly being exported as well to the Dominican Republic, Turks and Caicos, The Bahamas, and Canada.[637] As shown in figure 4.5, Haiti exported 12,113 mt of mangoes in 2021, an 18.4 percent increase since 2013. This increase likely stems from recent improvements in growing practices, better organization of smallholder producers, and the emergence of several commercial mango orchards, combined with increased U.S. demand for Haitian mangoes.[638] The decreases in exports in 2016 and 2018 were likely due to drought conditions connected to the 2015–16 *el Niño* event and Hurricane Matthew in 2016.[639] In 2021, 15 percent (1,811 mt) of Haitian mango exports were certified organic—more than double the amount in 2015—because the only certified organic company in Haiti, which partners with producer business groups, expanded operations.[640]

[635] The relatively fibrous nature of the Francine mango makes it unsuitable for drying, and the high sugar content makes it difficult to freeze. Seward Community Co-op, "Mango 101 with the Haitian Francique Mango," April 29, 2021; industry representative, interview by USITC staff, June 24, 2022; industry representative, interview by USITC staff, June 21, 2022.
[636] The UN's Food and Agriculture Organization (FAO) does not break out production or trade data for mangoes. FAO, FAOSTAT database, Mangoes, Guavas, and Mangosteens—Export, accessed April 29, 2022; Hyppolite et al., "Characterization of the Haitian Mango Industry," 2013, 21–29.
[637] Official U.S. import statistics for mangoes from Haiti equal FAOSTAT data for Haitian exports to the world of mangoes, guavas, and mangosteens. USITC DataWeb/Census, HTS statistical reporting numbers 0804.50.6045, 0804.50.4045, 0804.50.6055, 0804.50.4055, accessed August 12, 2022; FAO, FAOSTAT database, Mangoes, Guavas, and Mangosteens—Export, accessed April 29, 2022; Hyppolite et al., "Characterization of the Haitian Mango Industry," 2013, 21–29.
[638] Industry representative, interview by USITC staff, July 8, 2022.
[639] Staub et al., "Coping with Climatic Shocks," June 12, 2020.
[640] USITC DataWeb/Census, HTS statistical reporting numbers 0804.50.6045, 0804.50.4045, 0804.50.6055, 0804.50.4055, accessed August 12, 2022; Organic Produce Network, "Four Seasons' Fair Trade Organic Haitian Mango Program," May 20, 2021; industry representative, interview by USITC staff, July 8, 2022.

Figure 4.5 U.S. imports of mangoes from Haiti by quantity, 2013–21.

In metric tons. Underlying data for this figure can be found in Appendix E, table E.21.



Source: USITC DataWeb/Census, HTS 0804.50.6045, 0804.50.4045, 0804.50.6055, 0804.50.4055, accessed August 12, 2022.
Note: U.S. imports of mangoes from Haiti are used as a proxy for Haiti's exports of mangoes to the United States.

Once in the United States, mangoes from Haiti have about 10–12 days before they need to reach the consumer.[641] Haitian mangoes are typically sold on the east coast of the United States, with Florida and New York being the major markets.[642] They are primarily sold in wholesale markets, where they reportedly sell well.[643] From there, they are retailed in specialty and ethnic grocery stores, bodega-type shops, and street vendors.[644] Stores such as Whole Foods and MOM's Organic have become some of the larger retailer buyers.[645]

Haitian mangoes are the most expensive mangoes sold in the U.S. market, with a seasonal wholesale price range of $8.00–14.00 per box, about double the $4.00–7.60 per box for red varieties from Mexico.[646] Mangoes from Haiti can sell for $4.00 each in high-end grocery stores, three times higher than other mangoes.[647] This price premium stems from strong demand for a unique variety that has

[641] Industry representative, interview by USITC staff, June 24, 2022.
[642] Industry representative, interview by USITC staff, June 24, 2022; industry representative, interview by USITC staff, July 8, 2022.
[643] Industry representative, interview by USITC staff, June 24, 2022.
[644] Industry representative, interview by USITC staff, June 24, 2022; industry representative, interview by USITC staff, July 8, 2022.
[645] Organic Produce Network, "Four Seasons' Fair Trade Organic Haitian Mango Program," May 20, 2021; Rettke, "Mango Supplies Thin as Imports from Mexico Remain Light," March 16, 2019.
[646] Industry representative, interview by USITC staff, July 8, 2022.
[647] Schwartz, *Haiti Hope Project 2015 Annual Survey and Evaluation*, 2015.

limited supply.[648] The Haitian community in the United States is a major source of demand for the Francis mango.[649] Also, Whole Foods reportedly had a large contract that helped drive up the price.[650] One industry observer noted that some of this demand may be "marketing hype" associated with the development programs that were aimed at improving the mango export value chain.[651] However, demand for mangoes from Haiti is constrained by a lack of broad consumer awareness in the U.S. market about the unique Francis variety.[652]

The U.S. market for mangoes was valued at $553 million in 2021, a 45 percent increase since 2013.[653] Demand has grown for mangoes in the United States as consumers eat more fruit and the mango is increasingly becoming a mainstream product.[654] Although typically a flavor associated with summer, mangoes are sold in the market year-round.[655] The main consumers of mangoes are in diverse metropolitan areas.[656] Although overall demand is growing, mangoes—particularly fresh—are still mostly consumed by people who are already accustomed to eating them because the cutting and preparation of fresh mangoes may be unfamiliar to many consumers. Therefore, the largest increases in demand for mangoes have been for frozen mangoes, which are ready to eat, having been peeled and sliced.[657]

With minimal domestic production, the U.S. market for mangoes is essentially supplied entirely by imports.[658] As shown in figure 4.6, Haiti is the sixth-largest supplier of mangoes to the United States, representing 2 percent of imports by quantity in 2021. Nearly all mangoes entering the U.S. market come from countries that have duty-free access to the U.S. market for mangoes.[659] Haitian mangoes are duty free under the CBERA preference program. Haiti has been unable to increase exports to match the growing demand for mangoes. Despite the 18 percent increase in the quantity of mango imports from Haiti since 2013, the country has consistently supplied 1–3 percent as the U.S. market has grown.[660] U.S.

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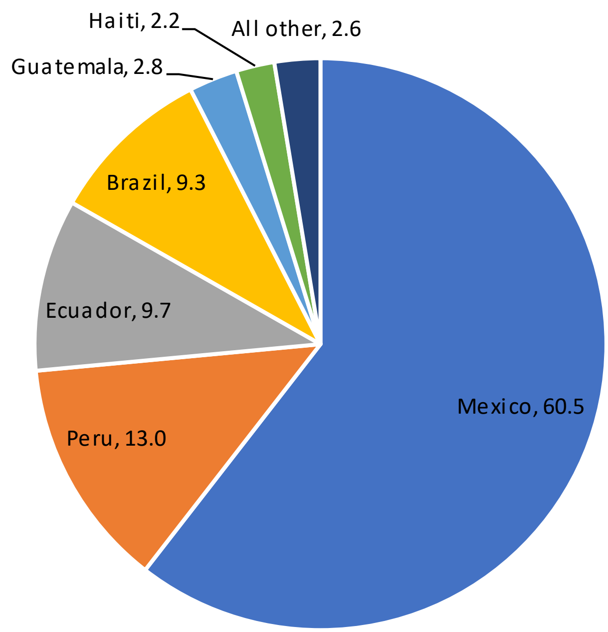
[648] Industry representative, interview by USITC staff, July 8, 2022; industry representative, interview by USITC staff, June 24, 2022; Hyppolite et al., "Characterization of the Haitian Mango Industry," 2013, 21–29.
[649] Industry representative, interview by USITC staff, June 24, 2022.
[650] Subject matter expert, interview by USITC staff, June 30, 2022.
[651] Subject matter expert, interview by USITC staff, June 30, 2022.
[652] Industry representative, interview by USITC staff, June 21, 2022; industry representative, interview by USITC staff, July 8, 2022; industry representative, interview by USITC staff, June 24, 2022.
[653] USITC DataWeb/Census, HTS statistical reporting numbers 0804.50.6045, 0804.50.4045, 0804.50.6055, 0804.50.4055, accessed April 29, 2022.
[654] ProducePay, "Current Situation of the Fresh Mango Market in the United States," December 17, 2021.
[655] Industry representative, interview by USITC staff, June 21, 2022.
[656] Industry representative, interview by USITC staff, June 21, 2022.
[657] Peters, "Mangoes Grow in Popularity, but Freezing," September 11, 2018; industry representative, interview by USITC staff, June 21, 2022.
[658] Florida, California, and Puerto Rico have small amounts of mango production. Mango Board, "Fresh Mango Curriculum: Lesson 1 Mango History and Production," accessed July 26, 2022; ProducePay, "Current Situation of the Fresh Mango Market in the United States," December 17, 2021.
[659] Mangoes have a normal trade relations tariff rate of 6.6 cents per kilogram. Brazil is the only country among the top five suppliers to the U.S. market that does not have duty-free access for mangoes. USITC DataWeb/Census, HTS statistical reporting numbers 0804.50.6045, 0804.50.4045, 0804.50.6055, 0804.50.4055, accessed April 29, 2022.
[660] USITC DataWeb/Census, HTS statistical reporting numbers 0804.50.6045, 0804.50.4045, 0804.50.6055, 0804.50.4055, accessed April 29, 2022.

import data for mangoes go back only to 2013 but this pattern is not new. In 1990, Haiti was the second-largest exporter of fresh mangoes to the United States, but as demand for mangoes grew dramatically in the United States, other suppliers such as Mexico, Peru, and Ecuador met that demand.[661]

Figure 4.6 Share of the quantity of U.S. imports of mangoes by source, 2021

In percentages. Underlying data for this figure can be found in Appendix E, table E.22.



Source: USITC DataWeb/Census, HTS statistical reporting numbers 0804.50.6045, 0804.50.4045, 0804.50.6055, 0804.50.4055, accessed August 12, 2022.

As described in the revealed comparative advantage analysis in chapter 3, Haiti has a comparative advantage in producing mangoes because of its location and climate. However, Haiti's role as a low-volume supplier of a unique variety of mango is a major limiting factor to increasing exports to the United States.[662] Other countries that export mangoes to the U.S. market have better-developed supply chains for providing the U.S. market with a range of fresh produce items, including mangoes. To ensure a steady year-round supply of mangoes, purchasers work with these sources, with whom they likely have existing relationships for other products. Mexico is the major source from January to September, with Ecuador and Peru acting as major counter-season suppliers. Imports from countries like Guatemala with smaller volumes fill gaps in seasonal production of the larger producers. Haiti lacks the production volume, especially at key times of the year, to play such a "filler" role. All these sources can supply the standard commercial varieties of mangoes that Haiti does not produce, so purchasers can substitute

[661] Schwartz, *Haiti Hope Project 2015*, 2015; industry representative, interview by USITC staff, June 24, 2022.
[662] Industry representative, interview by USITC staff, June 21, 2022; industry representative, interview by USITC staff, June 24, 2022.

mangoes from one source with another. Also, the premium that Haiti's mangoes command is too high for mainstream purchasers and consumers to regularly afford.[663]

Case Study: Haiti's Sporting Goods Industry

Summary

The first U.S. sporting goods firm entered Haiti in the 1960s, with additional firms following in the 1970s. The number of U.S. sporting goods firms operating in Haiti reached its highest level in the 1980s. Virtually all sporting goods produced by those firms in Haiti were exported to the United States, and U.S. imports of sporting goods from Haiti also reached their peak in the 1980s.[664] U.S. sporting goods firms in Haiti manufactured a variety of products, but most of these firms' production in and exports from Haiti consisted of baseballs and softballs. U.S. firms were drawn to Haiti by its low labor costs, proximity to the United States, and tax incentives offered by the Haitian government.[665]

Exports of baseballs from Haiti to the United States peaked in 1985, at $19.7 million; softball exports peaked in 1982 at $16.9 million.[666] Basketballs produced in Haiti on the other hand were only exported to the United States from 1984 to 1988, totaling about $858,000 at their peak in 1986.[667] Once Haiti's baseball and softball exports qualified in 1984 under the Generalized System of Preferences (GSP) and the Caribbean Basin Economic Recovery Act (CBERA), exports quickly shifted to duty-free treatment under those programs (see figure 4.10). However, some firms began to move operations out of Haiti beginning in 1988, mainly because of the increased political instability after President Jean-Claude Duvalier's exit in 1986, regional competition increasing under the Caribbean Basin Initiative, and concerns of potential worker unionization.[668] After the embargo on Haiti in 1991 (see box 3.1), the sporting goods industry in Haiti collapsed and a majority of the firms relocated to neighboring countries.[669] The last year that sporting goods firms in Haiti used the CBERA and GSP programs was 1998.[670]

[663] Industry representative, interview by USITC staff, June 24, 2022; industry representative, interview by USITC staff, June 21, 2022.
[664] Robinson, "In Haiti, Manufacturers Take It or Leave It," December 9, 1990.
[665] Maclean, "Stitching Up The Haitian Economy," July 1, 1979; Farnsworth, "Haiti's Allure for U.S. Business," June 17, 1984; Blackistone, "Baseball Has a Debt to Haiti," September 22, 2021.
[666] NBER Public Use Data, U.S. imports from 1980 through 1988, TSUS statistical reporting numbers 734.56.10, 734.56.15 accessed August 17, 2022; USITC DataWeb/Census, U.S. imports from 1989 through 2021, HTS statistical reporting numbers 9506.69.2040, 9506.69.2080 accessed August 17, 2022; data concorded by USITC staff.
[667] NBER Public Use Data, U.S. imports from 1980 through 1988, TSUS statistical reporting number 735.09.20 accessed August 17, 2022.
[668] Library of Congress, Federal Research Division, *Haiti: A Country Study*, 1989; Peterson, "Will Haiti's Baseball-Makers Take a Walk?," July 27, 1988; Blackistone, "Baseball Has a Debt to Haiti," September 22, 2021.
[669] Whitefield, "Regional First: Sears Is Where Haiti Shops," November 3, 1997.
[670] NBER Public Use Data, U.S. imports from 1980 through 1988, TSUS statistical reporting numbers 734.56.10, 734.56.15 accessed August 17, 2022; USITC DataWeb/Census, U.S. imports from 1989 through 2021, HTS statistical reporting numbers 9506.69.2040, 9506.69.2080, accessed August 17, 2022; data concorded by USITC staff.

Description of Haiti's Sporting Goods Industry

U.S. firms entered the sporting goods industry in Haiti in the mid-to-late 1960s under the government of François Duvalier but significantly expanded under the presidency of Jean-Claude Duvalier (the son of the former president), who came into office in 1971. Initially, François Duvalier promoted Haiti to U.S. firms as a country that offered low wages, low or no corporate taxes, and proximity to the U.S. market.[671] As noted in the apparel case study, Jean-Claude Duvalier introduced investment incentives such as granting significant tax "holidays," allowing complete profit repatriation, and promoting a non-unionized workforce.[672] The Haitian government also began offering various land and tax incentives to attract investors.[673] The tax holidays exempted foreign companies from Haitian taxes for up to 15 years to encourage them to locate in Haiti.[674] Government incentives also allowed companies to import machinery and raw materials duty free during their first 10 years of residency.[675] As with the apparel industry, these incentives benefited sporting goods firms, such as baseball manufacturers involved in "assembly for export," that were exempt from Haitian taxes at both the corporate and shareholder level as well as import duties.[676]

Although baseball was not widely played there, Haiti was the biggest global manufacturer and exporter of baseballs by the 1970s. By 1979, 90 percent of all baseballs worldwide were made in Haiti.[677] Table 3.3 (see chapter 3 for additional information) shows that between 1980 and 1988, baseballs and softballs were ranked as the top two U.S. imports from Haiti. In the 1980s, the introduction of CBERA encouraged U.S. sporting goods firms to establish or expand operations other than baseball and softball manufacture in Haiti. The program made Haiti more attractive to firms, as qualifying goods produced in a participating country (including Haiti) could now enter the United States duty free.[678] The president of MacGregor Sporting Goods (MacGregor), the biggest American corporate presence in Haiti at the time, indicated that with the implementation of CBERA, the marginal differences in wages and tariffs favored Haiti.[679]

Unlike production and exports in other industries such as apparel, production and exports of baseballs and softballs were relatively stable throughout the late 1980s.[680] The end of the Duvalier era caused some firms to become concerned about the political climate and led some manufacturers to exit the

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[671] Rodríguez Ortiz, "Better Work Haiti: Women's Economic and Social Upgrading," 2019, 8; Robinson, "In Haiti, Manufacturers Take It or Leave It," December 9, 1990; Blackistone, "Baseball Has a Debt to Haiti," September 22, 2021.
[672] Rodríguez Ortiz, "Better Work Haiti: Women's Economic and Social Upgrading," 2019.
[673] See chapter 3 and the apparel case study for discussions on other incentives employed to attract investors.
[674] Farnsworth, "Haiti's Allure for U.S. Business," June 17, 1984.
[675]Maclean, "Stitching Up The Haitian Economy," July 1, 1979.
[676] Maclean, "Stitching Up The Haitian Economy," July 1, 1979.
[677] Blackistone, "Baseball Has a Debt to Haiti," September 22, 2021; Milfort, "Production of Baseballs in Haiti," August 30, 2019.
[678] Farnsworth, "Haiti's Allure for U.S. Business," June 17, 1984. Ronald Reagan Presidential Library and Museum, "White House Statement on President Reagan's Meeting," November 21, 1986.
[679] Farnsworth, "Haiti's Allure for U.S. Business," June 17, 1984.
[680] NBER Public Use Data, U.S. imports from 1980 through 1988, TSUS statistical reporting numbers 734.56.10, 734.56.15, accessed August 17, 2022.

country in 1988, but it was not until the embargo in 1991 that the baseball and softball industry significantly declined.[681] Other reasons for the sporting goods industry's exiting Haiti were increased regional competition under CBERA and signs of union activity.[682] As a result of the political instability in Haiti in the early 1990s, and notably the embargo imposed in 1991, much of the production was transferred to other countries in the region, such as Honduras and Costa Rica. By 1996, only three assembly factories, with a total of 447 baseball production jobs, remained in Haiti.[683] Between 1990 and 1992, baseball exports to the U.S. market from Haiti decreased by 94.6 percent and baseball and softball exports combined fell by 77.7 percent. The last documented baseball and softball exports from Haiti to the United States occurred in 2005.[684]

Firms, Employment, and Wages in the Industry

Worth Inc. (Worth), ultimately acquired by Rawlings Sporting Goods (Rawlings), entered Haiti in 1965 as the first U.S. firm to manufacture baseballs in the country.[685] A few years later, several other well-known U.S. firms also entered Haiti. Rawlings opened its first plant in 1969, followed by Spalding Sporting Goods (Spalding) and Wilson Sporting Goods (Wilson) in the 1970s.[686] Rawlings and Wilson initially moved their operations to Haiti from Puerto Rico because of rising labor costs in the latter.[687] A 1984 *New York Times* article stated that MacGregor considered the CBERA program an important factor when deciding to shift its production of basketballs from South Korea to Haiti. Moving production to Haiti allowed MacGregor to avoid the prevailing 6.6 percent U.S. duty on inflatable balls and reportedly saved the firm more than $300,000 a year.[688]

All firms that were assembling baseballs in Haiti were U.S.-owned firms, and all baseballs were exported back to the United States, the largest market for baseballs. Haiti's proximity to the United States was a significant advantage for investors, allowing for regular air cargo flights.[689] Port-au-Prince also had "roll on, roll off" docks for container shipping that made transport much more efficient and attractive for exporters.[690] With these incentives, Haiti's production was averaging about 20 million baseballs per year.[691] By the early 1980s, 12 baseball factories operated in the capital, Port-au-Prince.[692] In 1982, the

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681 NBER Public Use Data, U.S. imports from 1980 through 1988, TSUS statistical reporting numbers 734.56.10, 734.56.15, accessed August 17, 2022.
682 Library of Congress, Federal Research Division, *Haiti: A Country Study*, 1989.
683 Milfort, "Production of Baseballs in Haiti and U.S. Imperialism," August 30, 2019.
684 USITC DataWeb/Census, HTS statistical reporting numbers 9506.69.2080, 9506.69.2040 accessed August 17, 2022.
685 Robinson, "In Haiti, Manufacturers Take It or Leave It; Political Unrest Sends Rawlings Packing," December 9, 1990; Blackistone, "What Baseball Owes Haiti," September 24, 2021.
686 Blackistone, "Baseball Has a Debt to Haiti," September 22, 2021.
687 Luxner, "U.S. Firm Shuts Down Its Baseball Factory in Haiti," December 14, 1990; DePillis, "Everything You Need to Play Baseball Is Made in China," September 3, 2019.
688 Farnsworth, "Haiti's Allure for U.S. Business," June 17, 1984.
689 Farnsworth, "Haiti's Allure for U.S. Business," June 17, 1984.
690 Maclean, "Stitching Up The Haitian Economy," July 1, 1979.
691 Blackistone, "Baseball Has a Debt to Haiti," September 22, 2021.
692 Damu, "Haiti: Baseball's Sweatshop," January 22, 2010; Whitefield, "Regional First: Sears Is Where Haiti Shops," November 3, 1997.

peak of Haiti's production, the United States imported $18.6 million in baseballs and $16.9 million in softballs.[693]

Employment

When assembling baseballs and softballs, stitching is a large part of production, making their manufacture a highly labor-intensive process (see box 4.2 for a discussion of the manufacturing process). Employment in Haiti's sporting goods sector peaked in the 1970s and early 1980s as exports continued to rise. Employment slowly started to decline in the late 1980s when firms began to move production to neighboring countries. No official employment statistics exist for Haiti's sporting goods industry; however, employment figures have been reported in various articles and reports. In 1985, about 3,500 Haitian women were employed by five U.S. sporting goods companies to manufacture 90 percent of the world's baseballs, and more were employed in the manufacturing of other sporting goods.[694] Rawlings, MacGregor, and Wilson Sporting Goods were the three largest sporting goods employers in Haiti. Although estimates of the number of workers vary depending on year, in 1985 Rawlings had about 1,300 workers and MacGregor had 1,485.[695]

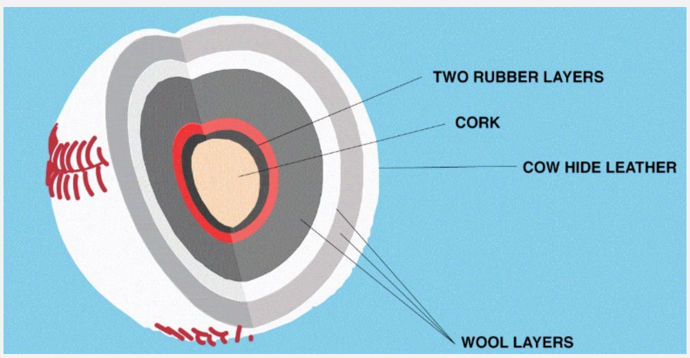
[693] NBER Public Use Data, U.S. imports from 1980 through 1988, TSUS statistical reporting numbers 734.56.10, 734.56.15, accessed August 17, 2022.
[694] Ebert, "Baseball Manufacturers Taking a Walk on Workers Rights," December 1985.
[695] Ebert, "Baseball Manufacturers Taking a Walk on Workers Rights," December 1985.

Box 4.2 Understanding the Baseball Manufacturing Process

Assembling a baseball is a relatively labor-intensive process. The past century saw multiple attempts to mechanize the manufacturing process of baseballs; however, none was completely successful.[(a)]

Baseballs are made of four parts: the center or pill, the windings, the cover, and the seams.[(b)] The production process consists of placing successive layers of material (rubber, fabric, and cowhide) around the rubbery sphere (the center/pill) in three different ways.[(c)] Initially, the ball starts as a round cushioned center. The fabric is then tightly wrapped in windings (cotton, wool, or poly-cotton blends), and then the cowhide is clamped and stitched. Two types of workers are needed to complete this process—those who assemble the core parts of the baseball and those who stitch the cowhide covers onto the baseball by hand.[(d)]

Figure 4.7 Illustration of baseball manufacturing components



Source: Deng, "Baseball Materials," 2018.

[(a)] Sawchik, "Can MLB Build a Better Ball?," July 20, 2017.
[(b)] Unboxed, "How Are Baseballs and Softballs Made?," June 6, 2019.
[(c)] How Products are Made, "Baseball," accessed September 30, 2022.
[(d)] Jackson, "The Complicated History of Baseball Stitching Machines," October 28, 2010.

Wages

Official wage rates for Haiti's sporting goods workers are not consistently available; however, women in Haiti, who dominated the stitching of baseballs, were reported to earn about $1.80 a day in 1979, equivalent to $7.02 today.[696] In dollar terms, the 1979 real wage was about 12.5 percent higher than the prevailing export minimum wage of $6.24 (685 gourdes) in 2022. In January 1985, with the minimum wage at $3 per day ($8.07 today), MacGregor workers are estimated to have averaged a wage of $3.50

[696] Maclean, "Stitching Up The Haitian Economy," July 1, 1979. Daily wages throughout this paragraph converted to February 2022 dollars. USDOL, BLS, "CPI Inflation Calculator," accessed September 30, 2022.

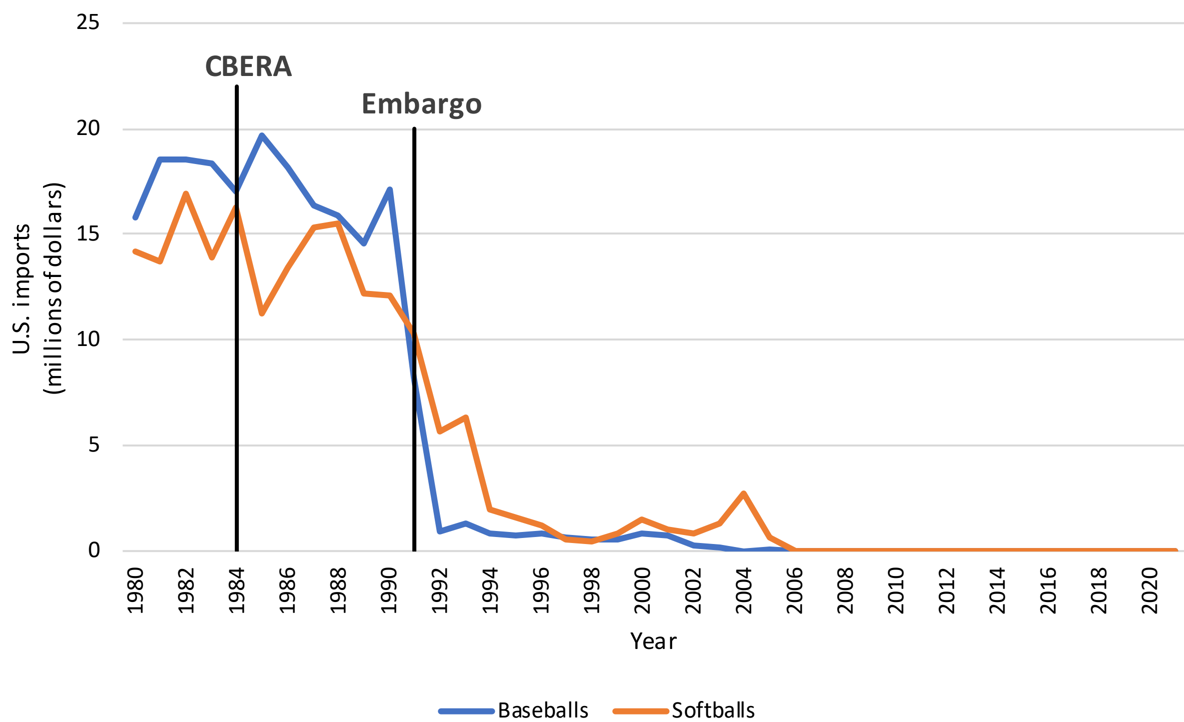
to $4 per day (under a piece rate system), or $9.41–10.76 today.[697] In 1985, Worth had an average wage of $3.60 per day (using the piece rate system), $9.68 today. Supervisors at Worth Inc. earned about $100 to $110 per month ($269–296 today), and technicians earned the highest at $250 to $350 per month ($672–941 today).[698] Frederic Brooks, chairman of MacGregor in 1984, mentioned that in Taiwan and South Korea the same type of labor for piece work might cost $9 or $10 a day (in 1984 dollars), supporting their decision to move its basketball and football manufacturing from Asia to Haiti after the passage of CBERA in 1984. Brooks said that lower wages could be found in places like Sri Lanka, but shipping costs would more than offset the labor cost advantage.[699] According to the World Bank, Haiti in 1984 was considered to have the lowest wage scale in the Western Hemisphere and to have a competitive advantage on wages over countries such as Costa Rica, Panama, and the Far East (Taiwan, Hong Kong, and South Korea).[700] According to contemporaneous press reports, Haiti's low prevailing wages combined with the view that Haitians were famous for their industriousness made the country an ideal location to set up factory operations at the time.[701]

[697] Piece wage system occurs when workers are paid by the unit produced instead of being paid on the basis of the time spent on the job. Piece wage system = U.S. $0.20/baseball and minimum of 36 balls/day.
[698] Piece wage system = U.S. $0.20/baseball and minimum of 36 balls/day. Technicians = maintenance, mechanic.
[699] Postlewaite, "95 Percent of American Baseballs," February 25, 1986, 1–11.
[700] Farnsworth, "Haiti's Allure for U.S. Business," June 17, 1984.
[701] Farnsworth, "Haiti's Allure for U.S. Business," June 17, 1984; McCarthy, "Striking Out in Haiti," October 7, 1984, 1–3.

Historical and Current Trends in Production and Exports

Figure 4.8 U.S. Imports of baseballs and softballs from Haiti, 1980–2021

In millions of dollars. Underlying data for this figure can be found in Appendix E, table E.23.



Sources: NBER Public Use Data, U.S. imports from 1980 through 1988, TSUS statistical reporting numbers 734.56.10, 734.56.15 accessed August 17, 2022; USITC DataWeb/Census, U.S. imports from 1989 through 2021, HTS statistical reporting numbers 9506.69.2040, 9506.69.2080 accessed August 17, 2022.

Baseballs

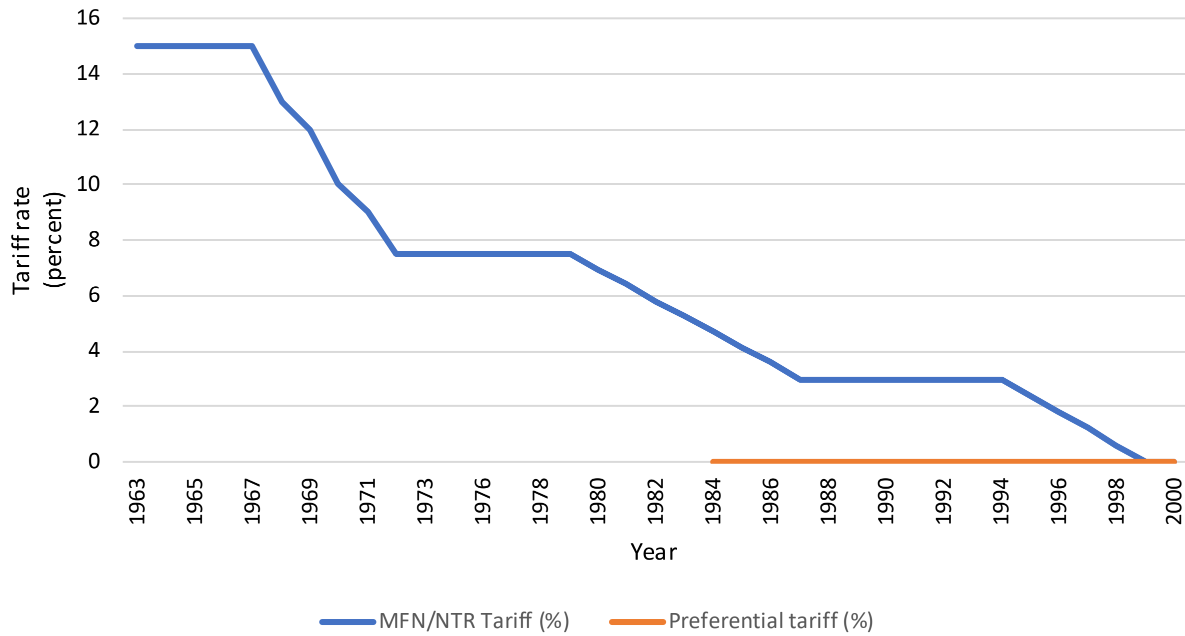
No U.S. tariff preferences were available for imports of baseballs in 1965 when Worth Inc. established facilities in Haiti. U.S. imports of baseballs at that time faced a 15 percent ad valorem tariff (see figure 4.9).[702] The tariff declined as a result of the Kennedy Round of negotiations under the General Agreement on Tariffs and Trade (GATT) and fell to 7.5 percent ad valorem in 1972.[703] Tariffs on baseballs again declined beginning in 1980 during phase-in of the Tokyo Round of the GATT, falling to 3 percent in 1987.[704] Haiti had mostly exited baseball manufacturing and export by the time the Uruguay Round was

[702] USITC, TSUS, 1965.
[703] TSUS, 1964–65, 1968–76, and 1978–88.
[704] The Trade Act of 1974 authorized the President to reduce tariffs by up to 60 percent for U.S. duty rates that exceed 5 percent. For baseballs and softballs, this meant reducing the prevailing 7.5 percent tariff to 3 percent. 19 U.S.C. § 2111(b)(1).

finalized in 1994. U.S. concessions in the agreement led to the elimination of tariffs on baseballs, phasing in over a five-year period to reach duty-free in 1999.[705]

Figure 4.9 Tariffs on baseballs and softballs, 1963–2000

In percentages. MFN = most favored nation; NTR = normal trade relations. Preferential tariff encompasses Haiti's GSP rate and CBERA rate. Underlying data for this figure can be found in Appendix E, table E.24.



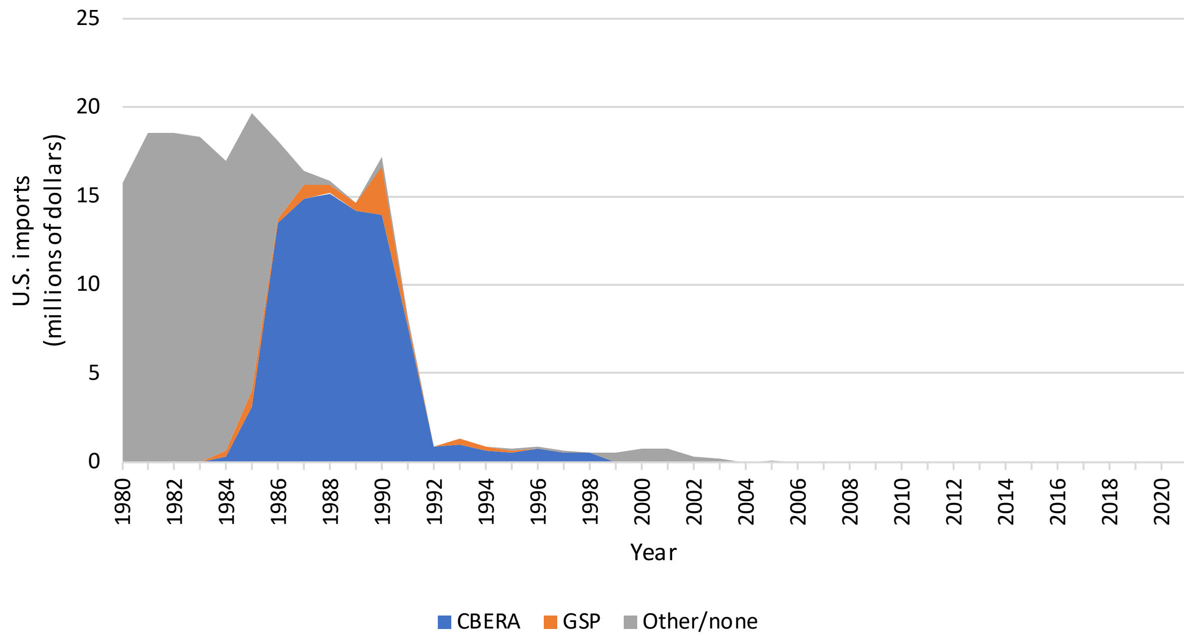
Sources: TSUS statistical reporting numbers 734.55 (1963), 734.55.40 (1964–65), 734.55.40 (1968–76), 734.56.10 (1978–88) and HTS statistical reporting number 9506.69.20 (1989–2000).
Note: Imports of baseballs and softballs became NTR free, effective 1999.

By the 1970s, Haiti was the largest producer and exporter of baseballs in the world, with the United States as its main market.[706] In 1984, baseballs began to be imported under the newly available GSP and CBERA preferences (figure 4.10).[707] In 1984, only 3.6 percent of baseball imports entered duty free under the preference programs of GSP and CBERA (combined). Imports of baseballs from Haiti reached their highest level in 1985, at an import value of $19.7 million. By 1987, CBERA alone accounted for 90.4 percent of imports. The final year on record that imports of baseballs were brought in under either the CBERA or GSP program was 1998.[708] The annual value of imports had fallen below $1 million by 1994, but imports continued at low levels through 2005, the last year the United States reported imports of baseballs from Haiti.[709]

[705] USITC, HTS, 1995–99.
[706] Blackistone, "Baseball Has a Debt to Haiti," September 22, 2021; Milfort, "Production of Baseballs in Haiti and U.S. Imperialism," August 30, 2019.
[707] Until 1984, imports of merchandise from Haiti under TSUS Item 734.56, including baseballs and softballs, was excluded from GSP benefits.
[708] NBER Public Use Data, U.S. imports from 1980-1988, TSUS statistical reporting number 734.56.10, accessed August 17, 2022; USITC DataWeb/Census, U.S. imports from 1989 through 2021, HTS statistical reporting number 9506.69.2040, accessed August 17, 2022; data concorded by staff.
[709] USITC DataWeb/Census, HTS statistical reporting number 9506.69.2040, accessed August 17, 2022.

Figure 4.10 U.S. imports of baseballs from Haiti, 1980–2021

In millions of dollars. Underlying data for this figure can be found in Appendix E, table E.25.



Sources: NBER Public Use Data, U.S. imports from 1980 through 1988, TSUS statistical reporting number 734.56.10, accessed August 17, 2022; USITC DataWeb/Census, U.S. imports from 1989 through 2021, HTS statistical reporting number 9506.69.2040, accessed August 17, 2022; data concorded by USITC staff.

In 2021, the United States imported $71.65 million worth of baseballs from 14 countries, though none from Haiti. Currently the top five sources of U.S. imports of baseballs are China, Costa Rica, Cambodia, Taiwan, and Vietnam, respectively.[710] Low wages and an abundant labor force were the most important factors that drove production to these countries, but proximity to high-volume suppliers of raw materials and availability of ample port capacity also contributed to the choice of these locations.[711] China and Costa Rica have been the two largest sources of baseball imports since 1991, both overtaking Haiti in that year.[712] As mentioned above, Haiti has had no recorded exports of baseballs since 2005 to the United States. Rawlings, one of the first firms that entered Haiti in the 1960s, has had an exclusive contract to supply U.S. Major League Baseball with baseballs since 1977. In 1987, Rawlings moved part of its Haitian production to Costa Rica and shut down its remaining operations in Haiti in 1990.[713] Rawlings has supplied Major League Baseball exclusively from its Costa Rican manufacturing facility ever since.[714] U.S. imports of baseballs from China, in the meantime, have grown, with China the leading supplier to the U.S. market during 2017–21 (table 4.18). Imports from China have fluctuated in recent years and in 2021 accounted for 65.2 percent of the value of U.S. baseball imports. China's value share

[710] USITC DataWeb/Census, HTS statistical reporting number 9506.69.2040, accessed August 17, 2022.

[711] DePillis, "Everything You Need to Play Baseball Is Made in China," September 3, 2019.

[712] USITC DataWeb/Census, HTS statistical reporting number 9506.69.2040, accessed August 17, 2022.

[713] Cervenka, "Rawlings Puts the Ball in Baseball," October 17, 2012.

[714] Weiner, "Low-Wage Costa Ricans Make Baseballs for Millionaires," January 25, 2004; Cervenka, "Rawlings Puts the Ball in Baseball," October 17, 2012.

of U.S. baseball imports hit its peak in 2012, at 82.6 percent.[715] Cambodia has increased exports steadily in recent years, from 3.8 percent in 2015 to 13.9 percent in 2021.[716]

Table 4.18 U.S. baseball imports by source country, 2017–21
In millions of dollars.

Source country	2017	2018	2019	2020	2021
China	66.8	53.1	67.0	38.7	46.7
Costa Rica	15.3	17.7	17.8	12.1	12.0
Cambodia	4.8	6.3	8.5	6.4	10.0
Taiwan	0.4	0.6	0.7	0.3	1.5
Vietnam	0.2	0.6	1.5	1.1	1.0
Haiti	0.0	0.0	0.0	0.0	0.0
All other sources	0.7	0.3	0.3	0.4	0.4
Total imports from all sources	88.1	78.6	95.8	59.1	71.6

Source: USITC DataWeb/Census, HTS statistical reporting number 9506.69.2040, accessed August 17, 2022.

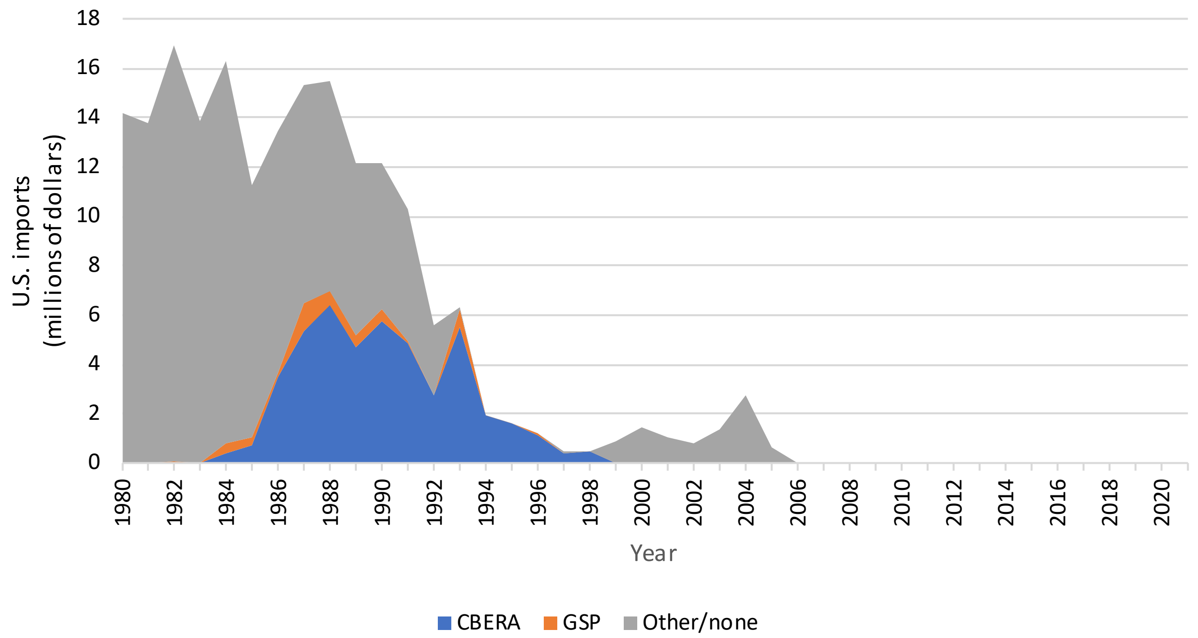
Softballs

Softballs were the second-most imported sporting good from Haiti after baseballs. U.S. imports of softballs from Haiti peaked in 1982 at $16.9 million (figure 4.11). U.S. firms began to import softballs from Haiti duty free under GSP and CBERA in 1984. By 1984, softballs imported under both the GSP and CBERA programs combined accounted for only 4.9 percent of U.S. imports of softballs. Firms importing under CBERA alone accounted for about 41.4 percent of softball imports from Haiti in 1988. By 1993, U.S. imports of softballs from Haiti were in decline but the share of U.S. imports of softballs from Haiti under CBERA preferences had risen to 90 percent. The last year of recorded softball imports under GSP was 1996, but imports under CBERA continued through 1998.[717]

[715] USITC DataWeb/Census, HTS statistical reporting number 9506.69.2040, accessed August 17, 2022.
[716] USITC DataWeb/Census, HTS statistical reporting number 9506.69.2040, accessed August 17, 2022.
[717] NBER Public Use Data, U.S. imports from 1980 through 1988, TSUS statistical reporting number 734.56.15, accessed August 17, 2022; USITC DataWeb/Census, U.S. imports from 1989 through 2021, HTS statistical reporting number 9506.69.2080, accessed August 17, 2022; data concorded by staff.

Figure 4.11 U.S. imports of softballs from Haiti, 1980–2021

In millions of dollars. Underlying data for this figure can be found in Appendix E, table E.26.



Sources: NBER Public Use Data, U.S. imports from 1980 through 1988, TSUS statistical reporting number 734.56.15, accessed August 17, 2022; USITC DataWeb/Census, U.S. imports from 1989 through 2021, HTS statistical reporting number 9506.69.2080, accessed August 17, 2022.

In 2021, the United States imported $22 million worth of softballs from 11 countries, with China, Vietnam, Cambodia, Costa Rica, and Taiwan the five largest sources (table 4.19).[718] The top three countries accounted for 96 percent of total imported value in 2021, with China alone supplying 69.8 percent of the total value of imports. The last U.S. imports of softballs from Haiti were reported in 2005, with a total value of $643,398, compared to the peak of $16.9 million in 1982.[719]

Table 4.19 U.S. softball imports by source country, 2017–21

In millions of dollars.

Source	2017	2018	2019	2020	2021
China	20.3	16.5	17.8	12.9	15.4
Vietnam	1.0	3.9	7.1	5.1	3.8
Cambodia	0.9	1.6	2.1	1.9	2.0
Costa Rica	0.7	0.8	0.7	0.4	0.6
Taiwan	0.1	0.2	0.1	0.0	0.3
Haiti	0.0	0.0	0.0	0.0	0.0
All Other Sources	0.3	0.1	0.0	0.1	0.0
Total Imports from all sources	23.3	23.1	27.8	20.4	22.0

Source: USITC DataWeb/Census, HTS statistical reporting number 9506.69.2080, accessed August 17, 2022.

[718] USITC DataWeb/Census, HTS statistical reporting number 9506.69.2080, accessed August 17, 2022.

[719] USITC DataWeb/Census, HTS statistical reporting number 9506.69.2080, accessed August 17, 2022.

Other Sporting Goods

Baseballs and softballs were Haiti's two sporting goods products most exported to the United States in the 1980s, but Haiti also produced other sporting goods for export. Table 4.20 shows other top sporting goods products imported from Haiti into the United States. However, the total value of these imports is much smaller than for baseballs and softballs. For example, golf clubs, the third-ranked sporting goods import from Haiti, totaled only $16.6 million during the five-year period 1983–87.

Table 4.20 U.S. imports of sporting goods products from Haiti excluding baseballs and softballs, 1980–2021

In millions of dollars.

Sporting good description	TSUS/HTS statistical reporting number	Years imported	Peak year of U.S. imports	Peak value of imports ($)	Total imported value ($)	Top 3 Exporters to the U.S. (2021)
Golf Clubs	734.77.20/ 9506.31.0000	1983–987	1986	6.4	16.6	China, Vietnam, Taiwan
Fishing Rods	731.15.20/ 9507.10.0040	1980–2001	1992	1.3	11.5	China, Mexico, South Korea
Footballs	734.70.20/ 9506.62.4040	1981–92	1986	1.2	5	China, Vietnam, Thailand
Basketballs	735.09.20/ 9506.62.8020	1984–88	1986	0.9	2.3	China, Vietnam, Thailand
Baseball Equipment	734.56.45/ 9506.99.1500	1981–98	1985	0.7	2.4	China, Taiwan, Vietnam

Sources: NBER Public Use Data, U.S. imports from 1980 through 1988, TSUS statistical reporting numbers 734.70.20, 735.09.20, 731.15.20, 734.77.20, 734.56.45, accessed September 6, 2022; USITC DataWeb/Census, U.S. imports from 1989 through 2021, HTS statistical reporting numbers 9506.31.0000, 9507.10.0040, 9506.62.4040, 9506.62.8020, 9506.99.1500, accessed September 6, 2022.
Note: Data were collected for the years 1980–2021. Some of the products could have been imported from Haiti before 1980.

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Appendix A
Request Letter

Congress of the United States
U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS
1102 LONGWORTH HOUSE OFFICE BUILDING
(202) 225-3625
Washington, D.C 20515-0348
http://waysandmeans.house.gov

February 22, 2022

The Honorable Jason E. Kearns
Chair
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Dear Chair Kearns:

Haiti and the United States have long had a close economic relationship, and the U.S. government has a longstanding interest in promoting economic development in Haiti. In 1983, Congress enacted the Caribbean Basin Economic Recovery Act (CBERA) to encourage increased trade between the United States and the Caribbean countries including Haiti, and to foster economic development in the countries of the region as part of the broader Caribbean Basin Initiative (CBI). CBERA was expanded by the Trade Act of 2000 and amended by the Trade Act of 2002. Additional benefits specific to Haiti were added through the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) Act of 2006, HOPE II in 2008, and the Haiti Economic Lift Program (HELP) in 2010.

The HOPE and HELP preference programs are scheduled to expire on September 30, 2025. As the Committee assesses the existing program, I request, on behalf of the Committee and pursuant to section 332(g) of the Tariff Act of 1930, that the U.S. International Trade Commission (the Commission) conduct an investigation and provide a report on Haiti's history of international trade since 1980, with special attention paid to the CBERA, Generalized System of Preferences (GSP), Caribbean Basin Trade Partnership Act (CBTPA), and HOPE and HELP preference programs and their impact on Haiti's economy and workers. I further request that the Commission provide several case studies showing the impact of these preference programs on selected industries of importance to Haiti's economy.

The Commission should solicit input from a wide range of stakeholders and experts, and we encourage the Commission to reach out to as diverse an array of voices as possible, particularly individuals, businesses, and workers in and from Haiti, and to reflect that diversity in the report.

The report should include the following:

1. An overview of the Haitian economy, including, to the extent practicable, employment, nominal, and inflation-adjusted wages, working conditions, respect for core labor standards, and U.S. imports from Haiti, 1980–2021, highlighting key products that are currently exported and key products that were historically important to Haiti and are either no longer exported to the United States or are exported in reduced quantities.

2. The role of U.S. preference programs in shaping Haiti's economy, including a description of the eligibility requirements, rules of origin, and scope of product coverage for each program.

3. An overview of the competitiveness of the Haitian economy, including, to the extent practicable: a description of the business environment and trade-facilitating infrastructure in Haiti; a description of the Haitian workforce, including availability and skill level of workers, and policies and practices in Haitian labor markets; and a description of the impact that recent natural disasters and significant political events have had on Haiti's economy and on U.S.-Haiti trade.

4. Case studies for selected goods currently or historically exported from Haiti (such as apparel, tropical fruits, and sporting goods, including baseballs, basketballs, and softballs), and to the extent practicable, identification of products with potential for increased exports. Each case study should include, to the extent practicable:
   a. Trends in production and exports, including an analysis of the historical trends, as applicable;
   b. A description of the industry in Haiti, including employment, nominal, and inflation-adjusted wages, and working conditions, and the industry's position in the supply chain.

I request that the report be delivered ten months from the date of this request. I intend to make the report available to the public in its entirety; therefore, I request that the report not include confidential business information. Your assistance in this matter is greatly appreciated.

Sincerely,

Richard E. Neal
Chair

Appendix B
Federal Register Notice

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

information concerning the Commission may also be obtained by accessing its internet server at *https://www.usitc.gov.* Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal, telephone (202) 205–1810.

SUPPLEMENTARY INFORMATION: On January 13, 2022, the Commission instituted this investigation based on a complaint filed by Nike, Inc. of Beaverton, Oregon. 87 FR 2176–77 (Jan. 13, 2022). The complaint alleged violations of section 337 of the Tariff Act of 1930, as amended, based on the importation into the United States, the sale for importation, or the sale within the United States after importation of certain knitted footwear by reason of infringement of one or more claims of U.S. Patent Nos. 9,918,511; 9,743,705; 8,266,749; 7,814,598; 9,060,562; and 8,898,932. *Id.* The Commission's notice of investigation named the following adidas entities as respondents: Adidas AG of Herzogenaurach, Germany; adidas North America, Inc. of Portland Oregon; and adidas America, Inc. also of Portland, Oregon. The Office of Unfair Import Investigations was not named as a party in this investigation. *Id.*

On February 22, 2022, Nike moved under 19 CFR 210.14 to amend the Complaint and NOI to (1) add adidas International as a respondent; and (2) to add importation information for the accused products relating to HTS numbers and countries of origin. Nike argued that it did not know about the role of adidas International until the existing respondents filed their responses to the complaint and NOI and that adding adidas International ''is necessary to provide a complete evidentiary record regarding the distribution, sale for importation, importation, and sale after importation of the Accused Products, among other issues.'' ID at 2. Similarly, Nike argued that it did not know about the additional HTS numbers and countries of origin until receiving responses to the complaint and NOI. Nike stated that the named adidas respondents do not oppose the motion. *Id.* at 1.

On March 7, 2022, the ALJ issued the subject ID, granting the motion. The ID found that good cause exists to grant the motion to add adidas International as a respondent and add information regarding HTS numbers of the imported accused products and their countries of origin. *Id.* at 3–4. No one petitioned for review of the subject ID.

The Commission has determined not to review the subject ID. adidas International is added to the investigation as a respondent.

The Commission vote for this determination took place on March 21, 2022.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in part 210 of the Commission's Rules of Practice and Procedure (19 CFR part 210).

By order of the Commission.

Issued: March 21, 2022.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2022–06295 Filed 3–24–22; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332–590]

U.S.-Haiti Trade: Impact of U.S. Preference Programs on Haiti's Economy and Workers

ACTION: Notice of investigation and scheduling of a public hearing.

SUMMARY: Following receipt on February 22, 2022, of a request from the Committee on Ways and Means of the U.S. House of Representatives (Committee), under section 332(g) of the Tariff Act of 1930, the U.S. International Trade Commission (Commission) instituted Investigation No. 332–590, *U.S.-Haiti Trade: Impact of U.S. Preference Programs on Haiti's Economy and Workers.* The Committee requested that the Commission conduct an investigation and provide a report on the Haitian economy and U.S.-Haiti preference programs, and also provide several case studies showing the impact of these preference programs on industries of importance to Haiti's economy.

DATES:

May 4, 2022: Deadline for filing requests to appear at the public hearing.

May 13, 2022: Deadline for filing prehearing briefs and statements.

May 19, 2022: Deadline for filing electronic copies of oral hearing statements.

May 26, 2022: Public hearing.

June 9, 2022: Deadline for filing posthearing briefs and statements.

June 23, 2022: Deadline for filing all other written submissions.

December 22, 2022: Transmittal of Commission report to Committee.

ADDRESSES: All Commission offices are in the U.S. International Trade Commission Building, 500 E Street SW, Washington, DC. Due to the COVID–19 pandemic, the Commission's building is currently closed to the public. Once the building reopens, persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000.

FOR FURTHER INFORMATION CONTACT: Project Leader Alan Fox (*alan.fox@usitc.gov* or 202–205–3267) or Deputy Project Leader Samantha Schreiber (*samantha.schreiber@usitc.gov* or 202–205–3176) for information specific to this investigation. For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (*william.gearhart@usitc.gov or* 202–205–3091). The media should contact Jennifer Andberg, Office of External Relations (*jennifer.andberg@usitc.gov* or 202–205–1819).

The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *https://edis.usitc.gov.* General information concerning the Commission may also be obtained by accessing its website (*https://www.usitc.gov*). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202–205–1810.

SUPPLEMENTARY INFORMATION: As requested by the Committee under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), the Commission will include the following in its report:

1. An overview of the Haitian economy, including, to the extent practicable, employment, nominal, and inflation-adjusted wages, working conditions, and respect for core labor standards, and U.S. imports from Haiti, 1980–2021, highlighting key products that are currently exported and key products that were historically important to Haiti and are either no longer exported to the United States or are exported in reduced quantities.

2. A description of the role of U.S. preference programs in shaping Haiti's economy, including a description of the eligibility requirements, rules of origin, and scope of product coverage for each program.

3. An overview of the competitiveness of the Haitian economy, including, to the extent practicable: A description of the business environment and trade-facilitating infrastructure in Haiti; a description of the Haitian workforce, including availability and skill level of workers, and policies and practices in Haitian labor markets; and a description of the impact that recent natural disasters and significant political events

have had on Haiti's economy and on U.S.-Haiti trade.

4. Case studies for selected goods currently or historically exported from Haiti (such as apparel, tropical fruits, and sporting goods, including baseballs, basketballs, and softballs), and to the extent practicable, identification of products with potential for increased exports. Each case study should include, to the extent practicable:

a. Trends in production and exports, including an analysis of the historical trends, as applicable;

b. A description of the industry in Haiti, including employment, nominal, and inflation-adjusted wages, and working conditions, and the industry's position in the supply chain.

The Committee requested that the Commission transmit its report no later than 10 months following receipt of its request. In its request letter, the Committee stated that it intends to make the Commission's report available to the public in its entirety and asked that the Commission not include any confidential business information.

Public Hearing: A public hearing in connection with this investigation will be held via an online videoconferencing platform, beginning at 9:30 a.m. Eastern Time on May 26th, 2022. More detailed information about the hearing, including how to participate, will be posted on the Commission's website at (*https://usitc.gov/research_and_analysis/what_we_are_working_on.htm*). Once on that web page, scroll down to Investigation No. 332–590, *U.S.-Haiti Trade: Impact of U.S. Preference Programs on Haiti's Economy and Workers,* and click on the link to "Hearing Instructions." Interested parties should check the Commission's website periodically for updates.

Requests to appear at the public hearing should be filed with the Secretary to the Commission no later than 5:15 p.m. May 4, 2022, in accordance with the requirements in the "Written Submissions" section below. All prehearing briefs and statements should be filed not later than 5:15 p.m. May 13, 2022. To facilitate the hearing, including the preparation of an accurate written transcript of the hearing, oral testimony to be presented at the hearing must be submitted to the Commission electronically no later than noon, May 19, 2022. All post-hearing briefs and statements should be filed no later than 5:15 p.m. June 9, 2022. Post-hearing briefs and statements should address matters raised at the hearing. For a description of the different types of written briefs and statements, see the "Definitions" section below. In the event that, as of the close of business on May 4, 2022, no witnesses are scheduled to appear at the hearing, the hearing will be canceled. Any person interested in attending the hearing as an observer or nonparticipant should check the Commission website two paragraphs above for information concerning whether the hearing will be held.

Written submissions: In lieu of or in addition to participating in the hearing, interested parties are invited to file written submissions concerning this investigation. All written submissions should be addressed to the Secretary and should be received not later than 5:15 p.m. June 23, 2022. All written submissions must conform to the provisions of section 201.8 of the Commission's Rules of Practice and Procedure (19 CFR 201.8), as temporarily amended by 85 FR 15798 (March 19, 2020). Under that rule waiver, the Office of the Secretary will accept only electronic filings at this time. Filings must be made through the Commission's Electronic Document Information System (EDIS, *https://edis.usitc.gov*). No in-person paper-based filings or paper copies of any electronic filings will be accepted until further notice. Persons with questions regarding electronic filing should contact the Office of the Secretary, Docket Services Division (202–205–1802), or consult the Commission's Handbook on Filing Procedures.

Definitions of types of documents that may be filed; requirements: In addition to requests to appear at the hearing, this notice provides for the possible filing of four types of documents: Prehearing briefs, oral hearing statements, post-hearing briefs, and other written submissions.

(1) Prehearing briefs refers to written materials relevant to the investigation and submitted in advance of the hearing, and includes written views on matters that are the subject of the investigation, supporting materials, and any other written materials that you consider will help the Commission in understanding your views. You should file a prehearing brief particularly if you plan to testify at the hearing on behalf of an industry group, company, or other organization, and wish to provide detailed views or information that will support or supplement your testimony.

(2) *Oral hearing statements (testimony)* refers to the actual oral statement that you intend to present at the public hearing. Do not include any confidential business information in that statement. If you plan to testify, you must file a copy of your oral statement by the date specified in this notice. This statement will allow Commissioners to understand your position in advance of the hearing and will also assist the court reporter in preparing an accurate transcript of the hearing (*e.g.,* names spelled correctly).

(3) *Post-hearing briefs* refers to submissions filed after the hearing by persons who appeared at the hearing. Such briefs: (a) Should be limited to matters that arose during the hearing, (b) should respond to any Commissioner and staff questions addressed to you at the hearing, (c) should clarify, amplify, or correct any statements you made at the hearing, and (d) may, at your option, address or rebut statements made by other participants in the hearing.

(4) *Other written submissions* refers to any other written submissions that interested persons wish to make, regardless of whether they appeared at the hearing, and may include new information or updates of information previously provided.

In accordance with the provisions of section 201.8 of the Commission's Rules of Practice and Procedure (19 CFR 201.8) the document must identify on its cover (1) the investigation number and title and the type of document filed (*i.e.,* prehearing brief, oral statement of (name), posthearing brief, or written submission), (2) the name and signature of the person filing it, (3) the name of the organization that the submission is filed on behalf of, and (4) whether it contains confidential business information (CBI). If it contains CBI, it must comply with the marking and other requirements set out below in this notice relating to CBI. Submitters of written documents (other than oral hearing statements) are encouraged to include a short summary of their position or interest at the beginning of the document, and a table of contents when the document addresses multiple issues.

Confidential business information: Any submissions that contain confidential business information must also conform to the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the "confidential" or "non-confidential" version, and that the confidential business information is clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available for inspection by interested parties.

As requested by the Committee, the Commission will not include any confidential business information in its report. However, all information, including confidential business information, submitted in this investigation may be disclosed to and used: (i) By the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel for cybersecurity purposes. The Commission will not otherwise disclose any confidential business information in a way that would reveal the operations of the firm supplying the information.

Summaries of written submissions: Persons wishing to have a summary of their position included in the report should include a summary with their written submission on or before June 23, 2022, and should mark the summary as having been provided for that purpose. The summary should be clearly marked as ''summary for inclusion in the report'' at the top of the page. The summary may not exceed 500 words and should not include any confidential business information. The summary will be published as provided if it meets these requirements and is germane to the subject matter of the investigation. The Commission will list the name of the organization furnishing the summary and will include a link to the Commission's Electronic Document Information System (EDIS) where the written submission can be found.

By order of the Commission.

Issued: March 22, 2022.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2022–06322 Filed 3–24–22; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–1105 (Second Review)]

Lemon Juice From Argentina; Scheduling of a Full Five-Year Review

AGENCY: United States International Trade Commission.

ACTION: Notice.

SUMMARY: The Commission hereby gives notice of the scheduling of a full review pursuant to the Tariff Act of 1930 (''the Act'') to determine whether revocation of the antidumping duty order on lemon juice from Argentina would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission has determined to exercise its authority to extend the review period by up to 90 days.

DATES: March 21, 2022.

FOR FURTHER INFORMATION CONTACT: Julie Duffy (202) 708–2579, Office of Investigations, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (*https://www.usitc.gov*). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at *https://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background.—On December 6, 2021, the Commission determined that responses to its notice of institution of the subject five-year review were such that a full review should proceed (86 FR 71916, December 20, 2021); accordingly, a full review is being scheduled pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's website.

Participation in the review and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in this review as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the review need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.

For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A and B (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

Please note the Secretary's Office will accept only electronic filings during this time. Filings must be made through the Commission's Electronic Document Information System (EDIS, *https://edis.usitc.gov*). No in-person paper-based filings or paper copies of any electronic filings will be accepted until further notice.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this review available to authorized applicants under the APO issued in the review, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the review. A party granted access to BPI following publication of the Commission's notice of institution of the review need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the review will be placed in the nonpublic record on June 14, 2022, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the final phase of this investigation beginning at 9:30 a.m. on July 6, 2022. Information about the place and form of the hearing, including about how to participate in and/or view the hearing, will be posted on the Commission's website at *https://www.usitc.gov/calendarpad/calendar.html.* Interested parties should check the Commission's website periodically for updates. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before June 29, 2022. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on June 30, 2022. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later

Appendix C
Calendar of Witnesses

CALENDAR OF PUBLIC HEARING CALENDAR OF PUBLIC HEARING

Those listed below are scheduled to appear in the United States International Trade Commission's hearing via videoconference:

Subject: U.S.-Haiti Trade: Impact of U.S. Preference Programs on Haiti's Economy and Workers

Inv. No.: 332-590

Date and Time: May 26, 2022 - 9:30 a.m.

EMBASSY WITNESS:

His Excellency Bocchit Edmond, Ambassador of the Republic of Haiti to the United States of America

PANEL 1:

Tufts University
Medford, MA

Drusilla Brown, Associate Professor of Economics

Solidarity Center
Port-au-Prince, Haiti

Ose Pierre, Field Program Specialist

Hyppolite Pierre, Creole-English Interpreter

Francia Clarke, Creole-English Interpreter

Batay Ouvriye (Workers' Struggle)

Yannick Etienne, Coordinator

Telemarque Pierre, Coordinator and Spokesperson

Hyppolite Pierre, Creole-English Interpreter

Francia Clarke, Creole-English Interpreter

Groupement Syndical des Travailleurs du Textile pour la Réexportation d'Assemblage ("GOSTTRA") (Union of Textile Workers for Re-Export Assembly)

Reginald Lafontant, President

Hyppolite Pierre, Creole-English Interpreter

Francia Clarke, Creole-English Interpreter

PANEL 1 (continued):

Sendika Ouvriye Codevi nan Wanament ("SOCOWA")
(Union of Workers of CODEVI)

Valery Luckny, Deputy General Coordinator

Hyppolite Pierre, Creole-English Interpreter

Francia Clarke, Creole-English Interpreter

Syndicat des Ouvriers et Employés de la Zone Franche ("SOFEZO")
(Union of Workers and Employees of the Free Zone)

Frandzie Tidé, General Secretary

Hyppolite Pierre, Creole-English Interpreter

Francia Clarke, Creole-English Interpreter

PANEL 2:

Compagnie de Développement Industriel S.A. ("CODEVI")

Joseph Blumberg, Vice President

Association des Industries d'Haïti ("ADIH")
Port-au-Prince, Haiti

Georges B. Sassine, Member of the Board of Directors

Barnes & Thornburg, LLP
Washington, DC
on behalf of

U.S. Fashion Industry Association

Julia Hughes, President, U.S. Fashion Industry Association

David M. Spooner) – OF COUNSEL

Brookfield Associates, LLC
Washington, DC

Gail W. Strickler, President for Global Trade

Hanesbrands, Inc.
Winston-Salem, MA

Jerry Cook, Vice President, Government and Trade Relations

PANEL 2 (continued):

American Apparel & Footwear Association ("AAFA")
Washington, DC

Beth Hughes, Vice President, Trade & Customs Policy

-END-

Appendix D
Summary of Views of Interested Parties

Interested parties had the opportunity to file written submissions to the Commission in the course of this investigation and to provide summaries of the positions expressed in the submissions for inclusion in this report. This appendix contains these written summaries, provided that they meet certain requirements set out in the notice of investigation (see appendix B). The Commission has not edited these summaries. This appendix also contains the names of other interested parties who filed written submissions during this investigation but did not provide written summaries. A copy of each written submission is available in the Commission's Electronic Docket Information System (EDIS), https://www.edis.usitc.gov, by searching for submissions related to Investigation No. 332-590. In addition, the Commission also held a public virtual hearing in connection with this investigation on May 22, 2022. The full text of the transcript of the Commission's hearing is also available on EDIS.

Association des Industries d'Haïti [Industrial Association of Haiti]

No written summary. Please see EDIS for full submission.

Cintas Corporation

No written summary. Please see EDIS for full submission.

Gap Inc.

Gap Inc. sourcing supports over 17,000 jobs in Haiti and has contributed to a better quality of life for Haitians. In addition to creating jobs, through partnerships across our supply chain, we work to improve workers' well-being, protect human rights, reduce environmental impacts, and improve business performance. Our supplier factories also provide medical care and social services in Haiti that support and enrich workers' livelihoods. Trade preference programs such as Haiti HOPE have supported an investment of over $100 million into the Haitian economy by Gap Inc. alone over the last decade. Gap Inc.'s sourcing in Haiti allows us to have a more resilient supply chain to support and expand our business in the United States, where Gap Inc. employs roughly 100,000 workers across the country. However, without the trade preferences currently in place and which expire at the end of 2025, Gap Inc.'s continued investment in Haiti would be put at risk. We strongly encourage U.S. policymakers to enact an early and long-term reauthorization of Haiti's trade preferences.

Gildan Activewear, Inc.

No written summary. Please see EDIS for full submission.

HanesBrands Inc.

No written summary. Please see EDIS for full submission.

Institute for Justice and Democracy in Haiti

The Institute for Justice & Democracy in Haiti (IJDH) is a U.S. non-profit organization working in partnership with the Haiti-based public interest law firm, the Bureau des Avocats Internationaux (BAI), and in solidarity with Haitian communities to tackle the root causes of injustice impacting human rights.

In order to respect and protect Haitians' human rights, foreign investment must reflect a Haitian-led, rights-based approach that is in line with international legal standards. However, in its submission, IJDH highlights how the U.S. is imposing economic reforms and trade agreements that allow foreign corporations to facilitate and benefit from workers' rights abuses and that impede Haiti's food sovereignty, ultimately breaching its extraterritorial obligations.

U.S. companies, enabled by U.S. trade incentives, continue to buy apparel manufactured in factories—often themselves owned or operated by foreign companies—that do not meet minimum international labor standards. Garment factories throughout Haiti have repeatedly been found to violate Haitian and international labor laws. Allegations of workers' rights violations include workplace sexual harassment, benefits theft, illegal firing of workers who unionize, and polluting waste - to name a few. Meanwhile, there is no evidence that these companies have ever lost the benefits provided by the U.S. HOPE/HELP legislation.

Moreover, by funding initiatives like Caracol Industrial Park - one of the largest industrial parks in the Caribbean and one of Haiti's two primary industrial parks whose development significantly expanded American manufacturing in Haiti - foreign states like the U.S. are undercutting Haiti's food sovereignty and compounding extreme food insecurity by encouraging the Haitian government to convert huge swaths of fertile land to factories or other export industries.

More broadly, "assistance" conditions imposed on Haiti since the 1980s by the international community, and in particular the United States, have facilitated the replacement of critical subsistence agriculture with this problematic garment industry that prioritizes foreign interests and exploits cheap labor. These conditions have simultaneously resulted in a dependence on the global marketplace for food, which has led to a protracted and worsening food crisis in Haiti and amplified the country's vulnerability to starvation and malnutrition, as well as natural disasters, like earthquakes and pandemics. This has ultimately impeded the ability of Haitian people, and their future generations, to enjoy their right to food, health, education, work, and other fundamental human rights.

Finally, the imposition of economic reforms and trade agreements in Haiti that allow foreign corporations to facilitate and benefit from workers' rights abuses, and that impede Haiti's food sovereignty and Haitians' ability to enjoy their fundamental rights, have ultimately breached states' extraterritorial obligations under international law.

Retail Industry Leaders Association

No written summary. Please see EDIS for full submission.

Solidarity Center

On behalf of the Solidarity Center (SC), I seek to articulate the barriers to the participation of workers in this investigation and pose recommendations for more inclusive future ITC investigations.

First, the SC is greatly appreciative of the ITC project team's support in facilitating the participation of the worker witnesses. We appreciate the ITC project team's flexibility and responsiveness to our questions and concerns. That said, we believe it important to recognize that without the financial and technical support of the SC, workers would not have been represented in this investigation–an investigation that seeks to determine the impact of US-Haiti trade preference programs on their very lives. Even though Haitian workers' voices are critical to the investigation, their participation was only possible after overcoming several barriers. Specifically, workers needed to take time off from work (and therefore lose a day's wage), find stable electricity and internet access, learn how to use the webex platform, and hire interpreters and translators. Further, the timing of the hearing panel was rescheduled at the last minute the day before without the consideration or consent of the worker witnesses. An important underlying barrier was cost. SC rented two venues (one in the North, one in the South) so that workers could have sufficient electricity and internet access to participate in the hearing. SC hired two interpreters to provide Haitian Creole-English interpretation at the hearing and during the practice webex sessions and translation serves for all documents submitted (to fulfill the requirement of submitting documents in English) and the investigation announcement. Additionally, SC staff dedicated numerous hours of salary in facilitating workers' participation. In fact, Haitian unions were not aware of the investigation until the SC translated and shared the announcement.

During the hearing, there was not sufficient time for consecutive interpretation for all comments made by panelists and Commissioners. As a result, the worker witnesses were not able to fully participate in the discussion. This has both an impact on the record from the hearing as well as the post hearing documents. They are now preparing responses to questions and comments from the Commissioners and the reports of other witnesses without having understood/fully participated in all of the discussion.

Based on this experience, SC would make the following recommendations to ITC for future investigations:

1. ITC provide interpretation/translation into relevant languages.
2. ITC invest in a Webex subscription that would allow simultaneous interpretation or allow sufficient time for the entire hearing to be interpreted.
3. ITC schedule hearings on a Sunday or evening so that workers can participate without missing a day's wages.
4. ITC make a concerted effort to spread awareness of investigations within affected communities

U.S. Fashion Industry Association

The U.S. Fashion Industry Association ("USFIA"), on behalf of its apparel brand, retailer, importer, and wholesaler members, conveyed that the Haiti HOPE legislation of 2006 and its successor programs have been an unmitigated success. The combination of preferential access to the U.S. market and Haiti's ample supply of young workers has helped Haiti become the thirteenth largest apparel supplier to the United States.

With duty-free access to the U.S. market, apparel imports from Haiti increased from 205 million square meter equivalents (SMEs) in 2005, to 421 million SMEs in 2021. Of Haiti's 421 million SMEs in apparel exports in 2021, Haiti exported 85 million SMEs in men's and boy's cotton knit shirts, 19 million SMEs in women's and girl's cotton knit blouses, 45 million SMEs in cotton knit underwear, 101 million SMEs in men's and boy's man-made fiber knit shirts, and 41 million SMEs in women's and girl's man-made fiber knit blouses. In total, these products account for 70% of Haiti's exports.

Significantly, in 2022, Haiti's apparel exports rebounded to pre-pandemic levels. In 2019, Haiti exported 406 million SMEs. In the year following March 2022, Haiti exported 423 million SMEs of apparel. This growth has occurred in Haiti despite earthquakes, government instability, and social unrest—a testament to the significance of these trade programs.

However, apparel production in Haiti comes with various challenges. Investors point to corruption issues; an unreliable electricity grid and high cost of onsite electricity generation; a need for improved port entry and generally poor infrastructure; high obstacles to credit; and frequent land disputes, in part due to the lack of effective land registries, as challenges to providing stable employment. These issues, combined with the unstable security environment, create headwinds for U.S. retailers and apparel brands that seek to provide jobs while meeting global standards for ethical sourcing and sustainability. Indeed, these are all issues that cannot be solved by individual companies that source from Haiti. USFIA's member companies carefully vet and audit their suppliers, but U.S. Government and NGO initiatives are critical to further build capacity in Haiti.

Finally, one of the major issues for global apparel production is the need to maintain high labor standards in the workplace. In Haiti, the Better Work Haiti program, a collaboration between the International Labour Organization and the International Finance Corporation, provides invaluable assistance, training factory representatives on means to improve workplace conditions and assessing compliance with core international labor standards and national labor law. USFIA strongly supports the above-cited initiative and others that can help to address structural issues in Haiti that transcend the ambit of any one company. USFIA appreciates this opportunity to provide information to the Commission regarding the impact of Haiti's trade preference programs. USFIA members have a wealth of industry knowledge and data and would welcome the opportunity to assist the Commission in its analysis

Appendix E
Tables for Figures

Table E.1 A timeline of preference program's effective and extension dates since 1975, by program status

Em dash (—) means the program was not active in that year. This table corresponds to figures ES.1 and 2.1.

Year	GSP	CBERA	CBTPA	HOPE/HELP
1975	—	—	—	—
1976	Active	—	—	—
1977	Active	—	—	—
1978	Active	—	—	—
1979	Active	—	—	—
1980	Active	—	—	—
1981	Active	—	—	—
1982	Active	—	—	—
1983	Active	—	—	—
1984	Extended	Active	—	—
1985	Active	Active	—	—
1986	Active	Active	—	—
1987	Active	Active	—	—
1988	Active	Active	—	—
1989	Active	Active	—	—
1990	Active	Permanent	—	—
1991	Active	Permanent	—	—
1992	Active	Permanent	—	—
1993	Expired, then extended	Permanent	—	—
1994	Expired, then extended	Permanent	—	—
1995	Expired	Permanent	—	—
1996	Extended	Permanent	—	—
1997	Expired, then extended	Permanent	—	—
1998	Expired, then extended	Permanent	—	—
1999	Expired, then extended	Permanent	—	—
2000	Active	Permanent	Active	—
2001	Expired	Permanent	Active	—
2002	Active	Permanent	Active	—
2003	Active	Permanent	Active	—
2004	Active	Permanent	Active	—
2005	Active	Permanent	Active	—
2006	Extended	Permanent	Active	—
2007	Active	Permanent	Active	Active
2008	Extended	Permanent	Extended	Expanded (HOPE II)
2009	Extended	Permanent	Active	Active
2010	Expired	Permanent	Extended	Expanded (HELP)
2011	Extended	Permanent	Active	Active
2012	Active	Permanent	Active	Active
2013	Expired	Permanent	Active	Active
2014	Active	Permanent	Active	Active
2015	Extended	Permanent	Active	Active

Year	GSP	CBERA	CBTPA	HOPE/HELP
2016	Active	Permanent	Active	Active
2017	Expired	Permanent	Active	Active
2018	Extended	Permanent	Active	Active
2019	Active	Permanent	Active	Active
2020	Expired	Permanent	Expired, then extended	Active
2021	—	Permanent	Active	Active
2022	—	Permanent	Active	Active
2023	—	Permanent	Active	Active
2024	—	Permanent	Active	Active
2025	—	Permanent	Active	Active

Source: USITC compiled from dates of entry into force or changes to dates of termination. For GSP: 19 U.S.C. § 2465 (Notes); CBERA: 19 U.S.C. § 2706 (Notes); CBTPA and HOPE I/HOPE II/HELP: Trade and Development Act of 2000, Pub. L. No. 106–200. Haiti Economic Lift Program Act of 2010, Pub. L. No. 111–171. Extension of the Caribbean Basin Economic Recovery Act, Pub. L. No. 116–164.

Table E.2 Haiti's income per capita 2000–2021

In constant 2021 purchasing power parity (PPP) dollars. This table corresponds to figure 3.1.

Year	GDP per capita
2000	3,235.1
2001	3,169.8
2002	3,149.9
2003	3,206.1
2004	3,112.5
2005	3,156.4
2006	3,160.8
2007	3,257.1
2008	3,291.2
2009	3,431.2
2010	3,188.1
2011	3,300.5
2012	3,268.4
2013	3,360.6
2014	3,370.5
2015	3,409.5
2016	3,425.0
2017	3,465.5
2018	3,478.7
2019	3,377.6
2020	3,224.7
2021	3,128.6

Source: World Bank, World Bank Development Indicators, accessed August 15, 2022.
Note: World Bank indicator code is NY.GDP.PCAP.PP.KD.

Table E.3 Inflation in consumer prices, in Haiti and in Latin America and the Caribbean, by year, 2000–2021

In percentages. This table corresponds to figure 3.2.

Year	Haiti	Latin America and Caribbean
2000	9.3	4.7
2001	13.3	4.4
2002	7.0	3.8
2003	28.7	3.8
2004	21.0	4.3
2005	14.0	4.7
2006	11.3	4.3
2007	6.6	5.0
2008	15.3	8.3
2009	0.4	2.6
2010	4.8	3.5
2011	6.3	5.0
2012	5.0	3.9
2013	4.8	2.6
2014	3.4	3.4
2015	6.7	2.1
2016	11.5	1.7
2017	10.7	2.3
2018	12.5	2.4
2019	18.7	2.4
2020	22.8	1.4
2021	16.8	4.3

Source: World Bank, World Bank Development Indicators, accessed August 15, 2022.
Note: World Bank indicator code is FP.CPI.TOTL.ZG.

Table E.4 Official exchange rate, gourde per U.S. dollar, 2000–2021

Annual average. This table corresponds to figure 3.3.

Year	Gourde per U.S. dollar
2000	21.17
2001	24.43
2002	29.25
2003	42.37
2004	38.35
2005	40.45
2006	40.41
2007	36.86
2008	39.11
2009	41.20
2010	39.80
2011	40.52
2012	41.95
2013	43.46
2014	45.22
2015	50.71
2016	63.34
2017	64.77
2018	68.03
2019	88.81
2020	93.51
2021	89.23

Source: World Bank, World Bank Development Indicators, accessed August 15, 2022.

Note: World Bank indicator code is PA.NUS.FCRF.

Table E.5 Haiti's current account balance as percent of GDP, 2000–2021
In percentages. This table corresponds to figure 3.4.

Year	Current account balance
2000	−1.7
2001	−2.1
2002	−1.5
2003	−0.9
2004	−1.0
2005	0.1
2006	−1.1
2007	−0.9
2008	−2.0
2009	−1.1
2010	−0.9
2011	−2.5
2012	−3.1
2013	−3.8
2014	−5.0
2015	−1.8
2016	−1.7
2017	−2.2
2018	−2.9
2019	−1.1
2020	1.5
2021	0.7

Source: World Bank, World Bank Development Indicators, accessed August 15, 2022.
Note: World Bank indicator code is BN.CAB.XOKA.GD.ZS.

Table E.6 Haiti's trade as percent of GDP, 2000–2021
In percentages. This table corresponds to figure 3.5.

Year	Trade
2000	27.4
2001	27.8
2002	27.6
2003	39.1
2004	34.5
2005	34.2
2006	37.7
2007	33.2
2008	36.0
2009	33.1
2010	44.7
2011	42.4
2012	40.3
2013	40.3
2014	42.4
2015	42.1
2016	45.1
2017	45.8
2018	47.3
2019	49.2
2020	37.4
2021	37.0

Source: World Bank, World Bank Development Indicators, accessed August 15, 2022.
Note: World Bank indicator code is NE.TRD.GNFS.ZS.

Table E.7 Top importers of goods from Haiti, in certain years
In millions of U.S. dollars. This table corresponds to figure 3.6.

Importer	2005	2010	2015	2020
United States	447	551	950	827
Canada	21	25	30	55
Dominican Republic	27	16	59	5
Mexico	6	14	22	24
France	7	9	13	12
Germany	2	10	2	1
India	0	1	3	12
All other	30	55	71	78
Total	540	681	1,150	1,014

Source: USITC calculations; S&P Global, IHS Markit, Global Trade Atlas (GTA) database, accessed October 5, 2022.

Table E.8 Top products exported from Haiti, in certain years

In millions of U.S. dollars. This table corresponds to figure 3.7.

Product group	2005	2010	2015	2020
Apparel, knitted or crocheted	405	513	757	647
Apparel, not knitted or crocheted	37	86	224	112
Essential oils, concretes and absolutes	10	20	25	29
Certain fruits, fresh or dried	8	8	14	15
Certain ferrous waste and scrap	6	18	10	11
Cocoa beans	3	14	8	7
Live fish	0	0	7	24
Certain textile furnishing	0	0	0	17
All other	70	22	105	152
Total	540	681	1,150	1,014

Source: USITC calculations; S&P Global, IHS Markit, Global Trade Atlas (GTA) database, accessed October 5, 2022.
Note: Ranking of the top HS 4-digit chapters excludes products under HS 2-digit chapters 98 and 99, but these chapters are included in total values. Global Trade Atlas reports duplicate values for some reporting countries and the average of those values are used for the table calculations. Products shown in this figure cover over 85 percent of Haiti's total exports in each year. The calculations are based on subheadings 0301, 0804, 1801, 3301, 6103, 6104, 6105, 6108, 6109, 6110, 6203, 6204, 6205, 6211, 6304, 7204.

Table E.9 Top exporters of goods to Haiti, in certain years

In millions of U.S. dollars. This table corresponds to figure 3.8.

Exporter	2005	2010	2015	2020
United States	710	1,209	1,141	1,398
Dominican Republic	375	802	1,354	751
Brazil	46	55	38	57
Colombia	44	57	45	57
Malaysia	37	39	12	17
China	30	255	437	710
Japan	25	66	42	17
India	16	59	76	89
Indonesia	5	16	95	141
Turkey	5	21	23	165
All other	328	713	674	694
Total	1,621	3,292	3,937	4,096

Source: USITC calculations; S&P Global, IHS Markit, Global Trade Atlas (GTA) database, accessed October 5, 2022.

Table E.10 Top products imported by Haiti, in certain years

In millions of U.S. dollars. This table corresponds to figure 3.9.

Product	2005	2010	2015	2020
Rice	113	200	241	293
Certain petroleum oils, oils from bituminous mins	221	26	80	218
Certain fabrics and apparel	191	335	432	287
Cane or beet sugar	39	95	66	84
Motor vehicles	35	145	82	77
Certain agricultural and food products	86	122	246	219
Certain medicaments and therapeutic products	22	45	31	37
Telephone sets, including smartphones	10	88	31	31
Cement	18	43	86	92
Bars and rods of iron and steel	11	2	30	90
All other	875	2,191	2,612	2,668
Total	1,621	3,292	3,937	4,096

Source: USITC calculations; S&P Global, IHS Markit, Global Trade Atlas (GTA) database, accessed October 5, 2022.
Note: Ranking of the top HS 4-digit products excludes products under HS 2-digit chapters 98 and 99, but these are included in total values. Global Trade Atlas reports duplicate values for some reporting countries and the average of those values for the table calculations. Products shown in this figure cover about 35 percent of Haiti's total imports in each year. The calculations are based on subheadings 0207, 0402, 1001, 1006, 1101, 1507, 1511, 1701, 2103, 2523, 2710, 3004, 5208, 5212, 6006, 6107, 6109, 6306, 7213, 8517, 8703, and 8704.

Table E.11 Haiti's trade in services, 2000–2021

In Balance of Payments, millions of current U.S. dollars. This table corresponds to figure 3.10.

Year	Services exports	Services imports
2000	172.0	282.0
2001	139.0	260.5
2002	146.7	269.6
2003	136.0	301.0
2004	135.7	351.6
2005	145.5	544.4
2006	193.9	593.4
2007	257.1	680.3
2008	427.0	746.0
2009	483.0	772.1
2010	453.0	1,277.3
2011	543.6	1,119.0
2012	549.0	1,116.0
2013	652.0	1,101.9
2014	701.2	1,087.2
2015	723.5	1,041.6
2016	633.6	724.8
2017	671.8	787.3
2018	704.7	814.5
2019	531.0	641.4
2020	128.6	441.4
2021	111.0	617.6

Source: World Bank, World Development Indicators database, accessed September 3, 2022.

Table E.12 Total U.S. merchandise imports from Haiti, 1980–2021
In millions of U.S. dollars. This table corresponds to figure ES.2 and figure 3.11.

Year	NBER/Official U.S. import from Haiti
1980	252.8
1981	276.4
1982	309.9
1983	337.5
1984	377.4
1985	386.7
1986	368.4
1987	393.7
1988	382.5
1989	371.9
1990	339.2
1991	284.3
1992	107.2
1993	154.3
1994	58.8
1995	129.2
1996	143.4
1997	188.1
1998	271.7
1999	301.0
2000	296.7
2001	263.1
2002	254.6
2003	332.4
2004	370.5
2005	447.1
2006	496.1
2007	487.6
2008	449.7
2009	551.9
2010	550.8
2011	741.7
2012	774.1
2013	809.6
2014	897.3
2015	968.2
2016	895.5
2017	915.8
2018	1,005.5
2019	1,041.9
2020	829.1
2021	1,105.7

Sources: NBER Public Use Data, U.S. imports from 1980 to 1988, accessed June 24, 2022; USITC DataWeb/Census, U.S. imports from 1989 to 2021, accessed July 11, 2022.

Table E.13 Selected top U.S. imports from Haiti, 1980–2021
In millions of U.S. dollars. This table corresponds to figure 3.12.

Year	Cut shoe uppers	Crude Coffee	Women's, girls', and infants' underwear
1980	5.6	9.7	2.5
1981	5.8	4.6	3.8
1982	4.9	17.9	5.0
1983	17.6	18.4	6.4
1984	24.5	17.4	4.6
1985	16.0	11.0	8.3
1986	13.8	5.5	5.6
1987	6.7	1.2	6.8
1988	8.2	1.0	5.6
1989	2.4	1.3	7.2
1990	10.2	0.1	6.9
1991	4.1	0.3	8.5
1992	0.0	0.0	6.0
1993	0.0	0.1	5.7
1994	0.0	0.0	1.3
1995	0.0	0.8	4.8
1996	0.0	0.3	3.0
1997	0.0	0.4	3.1
1998	0.0	0.7	2.9
1999	0.0	0.2	1.5
2000	0.0	0.3	0.4
2001	0.0	0.1	0.4
2002	0.0	0.1	0.5
2003	0.0	0.2	0.2
2004	0.0	0.1	0.0
2005	0.0	0.1	0.0
2006	0.0	0.1	0.1
2007	0.0	0.1	0.1
2008	0.0	0.2	0.2
2009	0.0	0.0	1.1
2010	0.0	0.1	5.5
2011	0.0	0.4	11.2
2012	0.0	0.4	12.8
2013	0.0	0.4	21.1
2014	0.0	0.4	18.3
2015	0.0	0.4	18.8
2016	0.0	0.2	12.6
2017	0.0	0.2	25.7
2018	0.0	0.6	11.2
2019	0.0	0.6	7.3
2020	0.0	0.6	9.7
2021	0.0	0.3	19.0

Sources: NBER Public Use Data, U.S. imports from 1980–88, accessed June 24, 2022; USITC DataWeb/Census, U.S. imports from 1989–2021, accessed August 10, 2022; data concorded by USITC staff.

Table E.14 Haiti's inward FDI stock, 2000–2021

In millions of U.S. dollars. This table corresponds to figure 3.13.

Year	Inward FDI stock
2000	94.7
2001	99.6
2002	105.3
2003	119.1
2004	124.5
2005	150.5
2006	311.1
2007	362.2
2008	391.7
2009	447.1
2010	624.8
2011	744.1
2012	900.1
2013	1,060.5
2014	1,159.5
2015	1,265.2
2016	1,370.1
2017	1,745.0
2018	1,850.0
2019	1,925.0
2020	1,950.0
2021	2,001.0

Source: UNCTAD World Investment Report, accessed August 15, 2022.

Table E.15 Haiti's employment by sector, certain years

In percentages. Data include ILO modeled estimates. This table corresponds to figure 3.14.

Employment in sector	2000	2005	2010	2015	2019
Employment in services	54.7	57.5	59.6	62.4	64.3
Employment in agriculture	37.8	35.7	34.0	30.4	29.0
Employment in manufacturing	7.6	6.8	6.4	7.2	6.7

Source: World Bank, World Development Indicators, accessed June 30, 2022.

Table E.16 Annual growth rate of output per worker in Haiti, 2010–21

In percentages. This table corresponds to figure 3.15.

Year	Annual growth rate
2010	−6.65
2011	2.71
2012	−2.06
2013	0.73
2014	1.22
2015	−0.35
2016	−0.25
2017	0.34
2018	−0.22
2019	−3.28
2020	−1.10
2021	−2.61

Source: ILO, ILOSTAT explorer, accessed April 30, 2022.

Note: GDP values underlying these annual growth rates are in constant 2010 U.S. dollars.

Table E.17 U.S. apparel imports from Haiti, 1980–2021
In millions of U.S. dollars. Em dash (—) = no data. This table corresponds to figure ES.3 and figure 4.1.

Year	Knit Apparel (HTS chapter 61)	Woven Apparel (HTS chapter 62)	Knit Apparel (TSUS)	Apparel other than Knit Apparel
1980	—	—	38	16
1981	—	—	47	16
1982	—	—	48	17
1983	—	—	55	21
1984	—	—	61	28
1985	—	—	84	31
1986	—	—	84	31
1987	—	—	92	50
1988	—	—	99	56
1989	64	106	—	—
1990	73	90	—	—
1991	74	77	—	—
1992	38	27	—	—
1993	49	46	—	—
1994	18	13	—	—
1995	48	29	—	—
1996	68	36	—	—
1997	102	41	—	—
1998	172	53	—	—
1999	211	46	—	—
2000	214	43	—	—
2001	189	43	—	—
2002	182	39	—	—
2003	256	39	—	—
2004	296	33	—	—
2005	365	43	—	—
2006	400	50	—	—
2007	396	57	—	—
2008	344	68	—	—
2009	411	103	—	—
2010	421	97	—	—
2011	568	134	—	—
2012	563	167	—	—
2013	574	192	—	—
2014	631	212	—	—
2015	723	190	—	—
2016	680	166	—	—
2017	698	161	—	—
2018	782	158	—	—
2019	840	129	—	—
2020	615	114	—	—
2021	824	170	—	—

Sources: NBER Public Use Data, U.S. imports from 1980 to 1988, TSUSA knit and non-knit apparel codes, accessed August 22, 2022; USITC DataWeb/Census, U.S. imports from 1989 to 2021, HS chapters 61 and 62, accessed July 26, 2022; data concorded by USITC staff.
Note: 1989 was the first year that the HTS was implemented. U.S. trade data between 1989 and 2021 were broken out by chapter 61 which includes knit apparel products and chapter 62 includes woven apparel products. Trade data before 1989 were reported under the Tariff Schedule of the United States (TSUS). Under the TSUS, knit apparel products were broken out using specific TSUS codes, and other apparel is

listed other "other apparel other than knit apparel," which may or may not include woven apparel articles. Differences in HTS and TSUS may lead to discrepancies in how certain articles of apparel are reported under these two different classification systems.

Table E.18 U.S. Imports under the knit apparel TPL classified under HTS 9820.61.35, 2008–21
In millions of U.S. dollars. This table corresponds to figure 4.2.

Year	U.S. imports
2008	0.1
2009	6.7
2010	18.3
2011	34.0
2012	48.1
2013	95.2
2014	133.7
2015	184.1
2016	201.0
2017	273.8
2018	302.1
2019	330.5
2020	242.9
2021	333.7

Sources: USITC DataWeb/Census, accessed August 1, 2022; USDOC, OTEXA, "Archive," accessed August 9, 2022; USDHS, CBP, "Haiti HOPE," accessed August 9, 2022.

Table E.19 U.S. imports under the woven apparel TPL classified under HTS 9820.61.05, 2007–21
In millions of U.S. dollars. This table corresponds to figure 4.3.

Year	U.S. imports
2007	1.5
2008	27.0
2009	63.9
2010	67.5
2011	109.6
2012	121.7
2013	135.0
2014	143.2
2015	141.4
2016	140.4
2017	142.8
2018	151.8
2019	122.4
2020	107.6
2021	151.1

Sources: USITC DataWeb/Census, accessed August 1, 2022; Department of Commerce, OTEXA, "Archive," accessed August 9, 2022; U.S. Customs and Border Protection, "Haiti HOPE," accessed August 9, 2022.

Table E.20 U.S. imports of T-Shirts from Haiti under HTS subheadings 6109.10 and 6109.90, 1989–2021
In millions of U.S. dollars. This table corresponds to figure 4.4.

Year	U.S. imports
1989	2.9
1990	8.0
1991	8.1
1992	2.6
1993	8.2
1994	3.0
1995	4.4
1996	14.6
1997	39.4
1998	85.8
1999	124.0
2000	115.9
2001	95.8
2002	71.3
2003	83.7
2004	112.0
2005	161.6
2006	241.7
2007	209.9
2008	173.5
2009	216.0
2010	236.0
2011	277.8
2012	303.6
2013	341.9
2014	382.1
2015	410.9
2016	356.3
2017	340.6
2018	392.6
2019	458.0
2020	311.9
2021	396.5

Source: USITC DataWeb/Census, accessed July 28, 2022.

Table E.21 U.S. imports of mangoes from Haiti by quantity, 2013–21
In metric tons. This table corresponds to figure 4.5.

Year	Metric tons
2013	10,227.7
2014	9,888.2
2015	10,689.9
2016	7,043.3
2017	9,315.3
2018	6,610.6
2019	8,339.7
2020	11,622.4
2021	12,113.5

Source: USITC DataWeb/Census, HTS statistical reporting numbers 0804.50.6045, 0804.50.4045, 0804.50.6055, 0804.50.4055, accessed August 12, 2022.

Table E.22 Share of the quantity of U.S. imports of mangoes by source, 2021
In percentages. This table corresponds to figure 4.6.

Source country	Share of U.S. imports
Mexico	60.5
Peru	13.0
Ecuador	9.7
Brazil	9.3
Guatemala	2.8
Haiti	2.2
All other	2.6

Source: USITC DataWeb/Census, HTS statistical reporting numbers 0804.50.6045, 0804.50.4045, 0804.50.6055, 0804.50.4055, accessed August 12, 2022.

Table E.23 U.S. imports of baseballs and softballs from Haiti, 1980–2021

In millions of U.S. dollars. This table corresponds to figure ES.4 and figure 4.8.

Year	Baseballs	Softballs
1980	15.8	14.2
1981	18.6	13.7
1982	18.6	16.9
1983	18.4	13.9
1984	17.0	16.3
1985	19.7	11.3
1986	18.1	13.5
1987	16.4	15.3
1988	15.9	15.5
1989	14.6	12.2
1990	17.2	12.1
1991	8.2	10.3
1992	0.9	5.6
1993	1.3	6.3
1994	0.9	1.9
1995	0.7	1.6
1996	0.8	1.2
1997	0.7	0.5
1998	0.6	0.5
1999	0.6	0.8
2000	0.8	1.5
2001	0.7	1.1
2002	0.3	0.8
2003	0.2	1.3
2004	0.0	2.8
2005	0.1	0.6
2006	0.0	0.0
2007	0.0	0.0
2008	0.0	0.0
2009	0.0	0.0
2010	0.0	0.0
2011	0.0	0.0
2012	0.0	0.0
2013	0.0	0.0
2014	0.0	0.0
2015	0.0	0.0
2016	0.0	0.0
2017	0.0	0.0
2018	0.0	0.0
2019	0.0	0.0
2020	0.0	0.0
2021	0.0	0.0

Sources: NBER Public Use Data, U.S. imports from 1980 to 1988, TSUSA code 734.56.10, 734.56.15 accessed August 17, 2022; USITC DataWeb/Census, U.S. imports from 1989 to 2021, HTS statistical reporting numbers 9506.69.2040, 9506.69.2080, accessed August 17, 2022.

Table E.24 Tariffs on baseballs and softballs, 1963–2000

In percentages. Em dash (—) = no data. MFN = most favored nation; NTR = normal trade relations. Preference tariff encompasses Haiti's GSP rate and CBERA rate. This table corresponds to figure 4.9.

Year	MFN/NTR Tariff (%)	Preference tariff (%)
1963	15.0	—
1964	15.0	—
1965	15.0	—
1966	15.0	—
1967	15.0	—
1968	13.0	—
1969	12.0	—
1970	10.0	—
1971	9.0	—
1972	7.5	—
1973	7.5	—
1975	7.5	—
1976	7.5	—
1977	7.5	—
1978	7.5	—
1979	7.5	—
1980	6.9	—
1981	6.4	—
1982	5.8	—
1983	5.3	—
1984	4.7	0.0
1985	4.1	0.0
1986	3.6	0.0
1987	3.0	0.0
1988	3.0	0.0
1989	3.0	0.0
1990	3.0	0.0
1991	3.0	0.0
1992	3.0	0.0
1993	3.0	0.0
1994	3.0	0.0
1995	2.4	0.0
1996	1.8	0.0
1997	1.2	0.0
1998	0.6	0.0
1999	0.0	0.0
2000	0.0	0.0

Sources: TSUSA statistical annotation 734.55 (1963), 734.55.40 (1964–65), 734.55.40 (1968–76), 734.56.10 (1978–88) and HTS statistical reporting number 9506.69.20 (1989–2000).

Note: Imports of baseballs and softballs became NTR free effective 1999.

Table E.25 U.S. imports of baseballs from Haiti, 1980–2021
In millions of U.S. dollars. This table corresponds to figure 4.10.

Year	CBERA	GSP	Other/none
1980	0.0	0.0	15.8
1981	0.0	0.0	18.6
1982	0.0	0.0	18.6
1983	0.0	0.0	18.4
1984	0.3	0.3	16.4
1985	3.1	0.9	15.7
1986	13.5	0.3	4.4
1987	14.8	0.8	0.8
1988	15.1	0.6	0.2
1989	14.2	0.4	0.0
1990	13.9	2.8	0.5
1991	7.7	0.3	0.3
1992	0.9	0.0	0.0
1993	1.0	0.3	0.0
1994	0.6	0.2	0.0
1995	0.6	0.1	0.0
1996	0.7	0.0	0.1
1997	0.6	0.0	0.1
1998	0.6	0.0	0.0
1999	0.0	0.0	0.6
2000	0.0	0.0	0.8
2001	0.0	0.0	0.7
2002	0.0	0.0	0.3
2003	0.0	0.0	0.2
2004	0.0	0.0	0.0
2005	0.0	0.0	0.1
2006	0.0	0.0	0.0
2007	0.0	0.0	0.0
2008	0.0	0.0	0.0
2009	0.0	0.0	0.0
2010	0.0	0.0	0.0
2011	0.0	0.0	0.0
2012	0.0	0.0	0.0
2013	0.0	0.0	0.0
2014	0.0	0.0	0.0
2015	0.0	0.0	0.0
2016	0.0	0.0	0.0
2017	0.0	0.0	0.0
2018	0.0	0.0	0.0
2019	0.0	0.0	0.0
2020	0.0	0.0	0.0
2021	0.0	0.0	0.0

Sources: NBER Public Use Data, U.S. imports from 1980 to 1988, TSUSA statistical annotation 734.56.10, accessed August 17, 2022; USITC DataWeb/Census, U.S. imports from 1989 to 2021, HTS statistical reporting number 9506.69.2040, accessed August 17, 2022; data concorded by USITC staff.

Table E.26 U.S. imports of softballs from Haiti, 1980–2021
In millions of U.S. dollars. This table corresponds to figure 4.11.

Year	CBERA	GSP	Other/none
1980	0.0	0.0	14.2
1981	0.0	0.0	13.7
1982	0.0	0.1	16.9
1983	0.0	0.0	13.9
1984	0.4	0.4	15.5
1985	0.7	0.3	10.2
1986	3.5	0.2	9.8
1987	5.3	1.2	8.8
1988	6.4	0.5	8.5
1989	4.7	0.5	7.0
1990	5.7	0.5	5.9
1991	4.8	0.1	5.4
1992	2.7	0.0	2.9
1993	5.5	0.7	0.1
1994	1.9	0.0	0.0
1995	1.6	0.0	0.0
1996	1.1	0.0	0.0
1997	0.4	0.0	0.1
1998	0.5	0.0	0.0
1999	0.0	0.0	0.8
2000	0.0	0.0	1.5
2001	0.0	0.0	1.1
2002	0.0	0.0	0.8
2003	0.0	0.0	1.3
2004	0.0	0.0	2.8
2005	0.0	0.0	0.6
2006	0.0	0.0	0.0
2007	0.0	0.0	0.0
2008	0.0	0.0	0.0
2009	0.0	0.0	0.0
2010	0.0	0.0	0.0
2011	0.0	0.0	0.0
2012	0.0	0.0	0.0
2013	0.0	0.0	0.0
2014	0.0	0.0	0.0
2015	0.0	0.0	0.0
2016	0.0	0.0	0.0
2017	0.0	0.0	0.0
2018	0.0	0.0	0.0
2019	0.0	0.0	0.0
2020	0.0	0.0	0.0
2021	0.0	0.0	0.0

Sources: NBER Public Use Data, U.S. imports from 1980 to 1988, TSUSA statistical annotation 734.56.15, accessed August 17, 2022; USITC DataWeb/Census, U.S. imports from 1989 to 2021, HTS statistical reporting number 9506.69.2080, accessed August 17, 2022.

Appendix F
Supplemental Tables

Table F.1 Top 20 U.S. imports from Haiti, 1980–88

In millions of dollars. TSUS = Tariff System of the United States; n.c. = not calculable; nspf = not specifically provided for.

TSUS	Description	Imports from Haiti (millions $)	Ranking
734.56.10	Baseballs	158.3	1
734.56.15	Softballs	130.6	2
685.90.80	Other electrical switches, connectors, and relays	105.8	3
791.27.00	Cut shoe uppers of leather with or without soles, lasted	103.0	4
376.24.30	Brassieres, manmade fiber lace net or ornamented	96.3	5
685.90.54	Other electrical connectors, nspf	94.0	6
160.10.20	Coffee, crude	86.9	7
800.00.35	United States goods returned	58.8	8
740.13.00	Other necklaces and neck chains, gold	49.0	9
378.05.53	Women's, girls', and infants' lace/net or ornamented knit underwear of manmade-fibers	48.6	10
683.60.90	Other electrical starting and ignition equipment for internal combustion engines	43.9	11
601.06.00	Bauxite	40.5	12
685.90.38	Other electrical switches and relays electrical, nspf	37.1	13
682.05.20	Transformers rated at less than 40 volt-amperes	36.5	14
791.60.00	Leather belts and buckles, to be worn on the person	31.8	15
682.60.52	Coils and inductors	31.6	16
315.20.20	Binder and baler twine of hard (leaf) vegetable fibers not stranded and not over 375 feet per pound	31.1	17
688.18.00	Other insulated electrical conductors with fittings, nspf	23.4	18
155.20.45	Cane or beet sugars, sirups, and molasses principally of crystalline structure or in dry amorphous form, nspf	22.8	19
256.87.80	Articles, nspf, or papers, coated, lined, parchment etc.	22.3	20
All other products	All other products not listed above	1,832.8	n.c.
All products	Total U.S. imports from Haiti (all TSUS products)	3,085.0	n.c.

Source: NBER Public Use Data, U.S. imports 1980–88, accessed June 24, 2022.

Table F.2 Top 50 products by NRCA index, by HS 4-digit heading (according to constructed Haitian exports in 2015–19)

In millions of dollars. NRCA = normalized revealed comparative advantage; n.e.s.o.i. = not elsewhere specified or included.

HS 4-digit heading	Description	NRCA index	NRCA rank	Average annual exports (millions $)
0814	Peel of citrus fruit or melons (including watermelons), fresh, frozen, dried, or provisionally preserved	0.99	1	1.0
0301	Fish, live	0.99	2	25.6
6109	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted	0.99	3	461.8
3301	Essential oils, concretes and absolutes; resinoid; extracted oleoresins; concentrates of essential oils and terpenic byproducts; aqueous solutions etc. of essential oil	0.98	4	41.8
6110	Sweaters, pullovers, sweatshirts, waistcoats (vests), and similar articles, knitted or crocheted	0.97	5	237.6

HS 4-digit heading	Description	NRCA index	NRCA rank	Average annual exports (millions $)
6203	Men’s or boys’ suits, ensembles, suit-type jackets, blazers, trousers, bib and brace overalls, breeches, etc. (no swimwear), not knitted or crocheted	0.95	6	116.9
6104	Women’s or girls’ suits, ensembles, suit-type jackets, blazers, dresses, skirts, divided skirts, trousers, etc. (no swimwear), knitted or crocheted	0.95	7	72.5
0308	Aquatic invertebrates other than crustaceans and mollusks	0.95	8	2.1
6205	Men’s or boys’ shirts, not knitted or crocheted	0.94	9	30.8
6103	Men’s or boys’ suits, ensembles, suit-type jackets, blazers, trousers, bib and brace overalls, breeches, and shorts (no swimwear), knitted or crocheted	0.93	10	14.4
6304	Furnishing articles of textile materials n.e.s.o.i.	0.93	11	5.7
6108	Women’s or girls’ slips, petticoats, briefs, panties, nightdresses, pajamas, negligees, bathrobes and similar articles, knitted or crocheted	0.92	12	19.1
6211	Track suits, ski-suits, and swimwear, not knitted or crocheted	0.92	13	17.5
6704	Wigs, false beards, eyebrows and eyelashes, switches and similar articles, of human or animal hair or textile materials; articles of human hair n.e.s.o.i.	0.92	14	3.8
7802	Lead waste and scrap	0.89	15	0.6
6107	Men’s or boys’ underpants, briefs, nightshirts, pajamas, bathrobes, dressing gowns, and similar articles, knitted or crocheted	0.87	16	6.3
1801	Cocoa beans, whole or broken, raw or roasted	0.85	17	8.9
4106	Tanned or crust hides of other animals, without hair on, whether or not split, but not further prepared, n.e.s.o.i.	0.85	18	0.4
5204	Cotton sewing thread, whether or not put up for retail sale	0.85	19	0.1
0804	Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried	0.85	20	11.0
6207	Men's or boy's singlets and other undershirts, underpants, briefs, nightshirts, pajamas, bathrobes and similar articles, not knitted or crocheted	0.82	21	0.81
4113	Leather further prepared after tanning/crusting, including parchement-dressed leather, of other animals, without wool/hair on, whether or not split, other than leather of heading 4114	0.81	22	0.76
6703	Human hair, dressed or otherwise worked; wool or other animal hair or other textile materials, prepared for use in making wigs or the like	0.81	23	0.35
6114	Garments n.e.s.o.i., knitted or crocheted	0.80	24	3.94
6105	Men's or boys' shirts, knitted or crocheted	0.80	25	4.67
9507	Fishing rods, line fishing tackle; nets (fish landing, butterfly etc.); hunting decoy birds etc.; parts and accessories thereof	0.78	26	1.68
8548	Electrical parts of machinery or apparatus, n.e.s.o.i.	0.77	27	3.73
6505	Hats and other headgear, knitted or crocheted, or made up from lace, felt or other textile fabric, in the piece (no strips); hair nets of any material	0.76	28	2.65
8306	Bells, gongs and the like, nonelectric; ornaments; photograph or similar frames; mirrors; the foregoing and parts thereof, of base metal	0.73	29	0.95

HS 4-digit heading	Description	NRCA index	NRCA rank	Average annual exports (millions $)
0508	Coral and similar materials, molluscs, crustaceans, echinoderms and cuttlebone shells, unworked or simply prepared, not cut to shape, powder and waste	0.72	30	0.06
4205	Articles of leather or composition leather, n.e.s.o.i.	0.72	31	1.19
6111	Babies' garments and clothing accessories, knitted or crocheted	0.71	32	2.96
7001	Cullet and other waste and scrap of glass, excluding glass from cathode-ray tubes or other activated glass of heading 8549; glass in the mass	0.70	33	0.19
7018	Glass beads, imitation stones etc. and articles n.e.s.o.i.; glass eyes n.e.s.o.i.; lamp-worked glass ornaments; glass microspheres, not over 1 millimeter in diameter	0.69	34	0.46
6204	Women's or girls' suits, ensembles, suit-type jackets, dresses, skirts, divided skirts, trousers, etc. (no swimwear), not knitted or crocheted	0.69	35	19.81
7204	Ferrous waste and scrap; remelting scrap ingots of iron or steel	0.67	36	11.31
6206	Women's or girl's blouses, shirts and shirt-blouses, not knitted or crocheted	0.67	37	5.27
6208	Women's or girls' singlets and other undershirts, slips, panties, nightdresses, pajamas, negligees and similar articles, not knitted or crocheted	0.66	38	0.67
7404	Copper waste and scrap	0.62	39	6.76
5212	Woven fabrics of cotton (containing less than 85 percent cotton by weight, mixed mainly or solely with other than manmade fibers) n.e.s.o.i.	0.60	40	0.11
9301	Military weapons, other than revolvers, pistols, and the arms of heading 9307	0.60	41	0.16
6310	Used or new rags, scrap twine, cordage, rope and cables, and worn-out articles of twine, cordage, rope or cables, of textile materials	0.59	42	0.18
4601	Plaits and similar products of plaiting materials; plaiting materials etc. bound in strands or woven in sheets, whether or not being finished articles	0.57	43	0.09
6502	Hat shapes, plaited or made by assembling strips of any material, neither blocked to shape, nor with made brims, nor lined, nor trimmed	0.56	44	0.01
3915	Waste, parings and scrap, of plastics	0.55	45	1.23
0604	Foliage, branches, grasses, mosses etc. (no flowers or buds), for bouquets or ornamental purposes, fresh, dried, dyed, bleached etc.	0.54	46	0.27
7602	Aluminum waste and scrap	0.47	47	2.64
7902	Zinc waste and scrap	0.40	48	0.10
4909	Printed or illustrated post cards, greeting cards, messages or announcements, with or without envelopes or trimmings	0.39	49	0.21
1211	Plants and parts of plants (including seeds and fruits), used in perfumery, pharmacy, or for insecticidal or similar purposes, fresh or dried	0.35	50	0.45

Source: USITC calculations; S&P Global, IHS Markit, Global Trade Atlas (GTA), accessed August 22, 2022.
Note: Excluding HS 4-digit heading 64PP (goods of HS chapter 64 carried by post). Constructed Haitian exports statistics are based on reporting countries' imports from Haiti.