



TRADE POLICY REVIEW

REPORT BY

HAITI

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 to the Marrakesh Agreement Establishing the World Trade Organization), attached is the policy statement submitted by Haiti.

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INTRODUCTION

1. Poverty reduction is one of the primary concerns worldwide and especially in least developed countries. With the initial support of six international institutions, the WTO launched first the Integrated Framework (IF), then the Enhanced Integrated Framework (EIF) to reduce poverty and ensure more effective participation by LDCs in world trade. The United Nations have made poverty reduction a priority through the Millennium Development Goals (MDGs).

2. In Haiti's case, a number of measures have been taken to address the issue of poverty, in conformity with the National Growth and Poverty Reduction Strategy Paper (DSNCRP) for 2008-2010, and especially the Strategic Development Plan for Haiti (PSDH), which was launched after the 2010 earthquake to promote the country's socio-economic development. Government actions accordingly revolve around established national priorities such as education, employment, energy and the environment as well as sectoral policies including agriculture, industry, free zones, tourism, housing and habitats.

3. Alongside the above actions aimed at increasing national production, others were taken to promote not only the creation of small and medium-sized enterprises across the country's ten geographical departments but also the quality of the goods and services destined for the domestic and external markets.

4. Haiti's report highlights the various measures adopted and the sectoral policies applied by the Government.

1 HAITI'S MACROECONOMIC FRAMEWORK

1.1 Evolution of gross domestic product

1.1. Haiti faces various economic bottlenecks that act as a brake on economic growth. In 2009 GDP rose by 2.9% before declining by 5.1% in 2010. This sharp contraction was due to the considerable damage caused by the devastating earthquake of 12 January, which had a significant impact on the country's economic activity. It is necessary to go as far back as 1993 to find a similar contraction in GDP, which resulted, among other things, from the trade and economic embargo imposed on Haiti following the political events of 1991. Following the 2010 earthquake, the Haitian economy picked up in 2011 with a 5.6% increase in real GDP thanks to multilateral and bilateral international cooperation and a vast number of construction projects. Between 2011 and 2014 the growth rate averaged 3.29%.

1.2 Haiti's foreign trade

1.2. Haiti runs a negative structural trade balance. As a result of the decline in the Haitian agricultural sector and the population explosion, "food products" dominate the structure of Haiti's imports. The rate of coverage of imports by exports is relatively low. By way of illustration, exports of Haitian goods were evaluated at US\$917 million in 2014 whereas imports amounted to US\$3.4 billion for that year, a rate of coverage of 27.03%. The remaining gap in import expenditures is filled by current transfers, which account for close to 25% of GDP.¹

1.3 Foreign direct investment in Haiti

1.3. Since 2010 Haiti has seen renewed interest on the part of foreign investors. Inward flows rose from US\$150 million in 2010 to US\$181 million in 2011. Foreign direct investment (FDI) in Haiti focuses chiefly on tourism, telecommunications and textiles. The HOPE/HELP legislation promoting duty-free access to the United States market for textile products manufactured in Haiti have also helped to attract FDI.²

1.4 Public finances

1.4. In the first eight months of fiscal 2014-2015, the country's public finances were marked by key economic and political developments that had a considerable impact on budget implementation. International oil prices fell sharply, entailing a decline in the level of resources under the PetroCaribe Agreement allocated to the funding of investment projects and resulting in the adoption of an amending budget when major allocations were revised downwards.³

1.5. A period of political tensions and crises ensued, culminating in a change in government in January and the launch of an electoral process marked by uncertainty. Despite a clear improvement in revenue and a modest rise in expenditure that led to an overall surplus of G 4.6 billion, an estimated monetary financing requirement of G 6.4 billion, generated *inter alia* by payment of Électricité d'Haiti's liabilities *vis-à-vis* energy suppliers and delays in the disbursement of budgetary aid, will have to be contained within the G 7.8 billion limit stipulated in the "Extended Credit Facility"⁴ financial programme" for end-September 2015.

¹ Source: Bank of the Republic of Haiti (BRH).

² According to the BRH, FDI flows into tourism, telecommunications and sub-contracting stood at 23.5 million, 106.578 million and 12.245 million respectively in 2013. (Provisional data.)

³ Viewed at: <http://www.mef.gouv.ht/upload/doc/Note%20SFP-Oct-Mai%202014-2015-%2028%20Aout.pdf>.

⁴ On 21 July 2010, Haiti signed its first three-year arrangement to support the country's reconstruction and economic growth programme, known as the Extended Credit Facility (ECF), with the International Monetary Fund (IMF).

1.6. Overall, during the first eight months of fiscal 2014-2015 the tax and customs authorities collected around G 38.2 billion compared to G 31.8 billion for the same period in the previous year, a 20% year-on-year increase.⁵ Such performance is premised on the following factors and measures:

- (i) fiscal and administrative measures taken by the Directorate-General of Taxation, which included stepping up documentary and on-site verification, and continuation of the campaign to renew vehicle registration plates;
- (ii) the fall in international oil prices (41% on a year-on-year basis);
- (iii) measures taken by the General Customs Administration (AGD) to secure customs revenue and improve the operation of ASYCUDA.⁶

1.7. Revenue associated with petroleum products over the period in question is estimated at G 5.1 billion for 166 million gallons of imports, representing 60% of the G 8.5 billion projection for petroleum revenue in the 2014-2015 budget.

1.8. Total committed expenditure rose from G 31.1 billion from October - May 2013-2014 to G 33.6 billion in 2014-2015, i.e. an increase of 8% entirely due to current expenditure, which grew by 13% over the period. The rise in current expenditure is the result of the 30% increase in salaries and wages following the regularization of over 2,500 teaching staff in the system and a cohort of newly graduated police officers.

1.9. In short, over the first eight months of fiscal 2014-2015, total state resources stood at around G 52.7 billion compared to G 50.4 billion for actual expenditure, leading to a surplus of G 2.3 billion.⁷

2 GOVERNMENT PRIORITIES AND SECTORAL POLICIES

2.1 Government priorities

2.1.1 Education

2.1. Education is one of the Government's priorities. The country's socioeconomic development depends on access to high-quality education. The Government regards education as an enormous challenge that must be addressed if it is to achieve its vision of Haiti emerging from LDC status by 2030, hence the importance of the Programme of Free, Compulsory, Universal Schooling (PSUGO), whose key objective is to establish education for all, rich and poor alike. All Haitians must be able to access the highest levels of Haitian society through knowledge and a level playing field.⁸

2.2. As a result, for the academic year 2014-2015 the Ministry of State Education and Professional Training (MENFP) adopted 12 major measures⁹ to improve quality in education and governance in the education system.

2.1.2 Employment

2.3. The most disturbing issues currently facing the Haitian nation are unemployment, under-employment and poverty. In 2011, unemployment in Haiti was estimated at 60%.¹⁰

⁵ Viewed at: <http://www.mef.gouv.ht/upload/doc/Note%20SFP-Oct-Mai%202014-2015-%2028%20Aout.pdf>.

⁶ ASYCUDA is a computerized customs management system which covers most foreign trade procedures. The system handles manifests and customs declarations, accounting procedures, transit, and suspensive procedures. ASYCUDA generates trade data that can be used for statistical and economic analysis. The ASYCUDA software is developed in Geneva by UNCTAD. It operates in a client-server environment under UNIX and DOS operating systems and the Relational Database Management System (RDBMS) software.

⁷ Source: BRH memorandum.

⁸ MENFP, "Vers la refondation du système éducatif haïtien", in *Plan opérationnel 2010-2015*.

⁹ Viewed at: <http://menfp.gouv.ht/Douze%20mesures%20majeures.html>.

2.4. In a drive to reduce unemployment, the Government has been seeking to attract investment in (i) industry, with the establishment of the Caracol Industrial Park and free zones in some regions of the country; (ii) the services sector, with the opening up of several hotel chains; and (iii) telecommunications, with the arrival of DIGICEL in 2005 and NATCOM in 2010. Further efforts will be required to attract the largest possible number of foreign investors.

2.1.3 Energy

2.5. The Haitian population's access to electricity is very uneven: power is available to 45% of the population of Port-au-Prince but to only 3% of people in the rest of the country, including the major provincial towns. National electricity coverage is around 30%. Power is distributed by a State-owned enterprise, Électricité d'Haïti (EDH). Installed electricity-generating capacity in Haiti is estimated at around 300 MW.¹¹

2.6. The measures taken by the Government to encourage investment in energy are essentially tax-related, in the form of reductions on taxable amounts and tax exemption in specific cases.¹² The sector is currently open to other, private-sector suppliers selling services to the State-owned Électricité d'Haïti, which is responsible for power distribution in Haiti.

2.7. The Government plans to modify the power generation matrix through the development of renewable sources of energy, particularly solar energy, by installing solar panels in various areas of the country. Solar photovoltaics account for the bulk of solar installations in place in Haiti. Around 80% of the power provided by photovoltaics is used to provide street lighting.¹³

2.1.4 Environment

2.8. Haiti is experiencing an alarming deterioration in its environment; the process accelerated in the early 1960s and has been critical since 1985. Forest cover is currently estimated at less than 2%, and the Government is receiving assistance under the United Nations Development Programme (UNDP) with a view to increasing it to 5% within five years.¹⁴ Two bodies have been established to protect the environment: the National Protected Areas Agency (ANAP)¹⁵ and the National Observatory for the Environment and Vulnerability (ONEV).¹⁶

2.2 Sectoral policies

2.2.1 Agriculture

2.9. Everyone agrees that agriculture is still one of the key sectors in ensuring food security and social stability in Haiti. To that end it is vital to provide the sector with every necessary assistance, both in the short term in the form of emergency action to address immediate food needs, and in the medium and longer terms to revive, modernize and revitalize the sector. The country currently produces enough food to cover 48% of its needs and makes up the deficit in imports and humanitarian aid (44% and 8% respectively). Food insecurity is the result of low levels of production in the agricultural, livestock and fisheries subsectors, as well as losses sustained in the production process due to pests and disease outside the Government's control.¹⁷

¹⁰ Viewed at: http://www.ihsi.ht/Syssem/devoir/population_croissance/MPCE_IHSI_ONPES_POPULATION_CROISSANCE_ECONOMIQUE_EMPLOI.pdf.

¹¹ Information supplied by the Mines and Energy Bureau (BME).

¹² According to the BME, the average tariff rate is zero on electricity and 1.4% on mineral fuels, mineral oils and products of their distillation, bituminous substances and mineral waxes. The highest rate in the tariff is the 57.8% duty on gasoline.

¹³ According to the BME, the remaining 20% is used for storage of vaccines, seafood, pumping water, audiovisual media and communications.

¹⁴ Viewed at: <http://www.ht.undp.org/content/haiti/fr/home/ourwork/environmentandenergy/overview.html>.

¹⁵ Viewed at: <http://www.mde-h.gouv.ht/anap.htm>.

¹⁶ Viewed at: <http://www.mde-h.gouv.ht/onev.htm>.

¹⁷ Ministry of Agriculture, Natural Resources and Rural Development (MARNDR).

2.10. Several initiatives, including the following, have been or are due to be taken in the agricultural sector: the Triennial Agriculture Revival Programme (PTRA) covering the period 2013-2016 with the overall objective of "helping to improve food security and economic growth in Haiti"; the national agricultural investment plan 2010-2016; the agriculture policy 2010-2025; and a draft framework law establishing an independent public body for animal and plant health and food safety in the aim of protecting public health through disease control.¹⁸

2.2.2 Industry

2.2.2.1 Economic infrastructure

2.2.2.1.1 Caracol Industrial Park

2.11. Opened in 2012 in the northern part of Haiti, Caracol Industrial Park (PIC) is a US-backed Haitian Government initiative financed by the Inter-American Development Bank. Covering an area of 250 ha the industrial area is fully equipped to cater for the needs of light industry and is close to the US market. The first anchor tenant is a major Korean textiles business that is investing over US\$70 million. Three years after its official opening, the park provides employment to around 5,000 people, mainly in the manufacture of textiles for the US market.¹⁹

2.12. While providing a significant, stable power supply to the Park's customers, the PIC generator also supplies over 7,000 customers living in the neighbouring communities.²⁰ In December 2014 the Government adopted measures to expand the Park's business facilities, and US\$70 million were committed to that end.²¹

2.13. The Park's construction is evidence of the Government's intention to prioritize decentralization while promoting economic growth and job creation in the most vulnerable areas.²²

2.2.2.1.2 Free zones

2.14. The Government has demonstrated its determination to pursue its mission, which is firmly grounded in its sustainable development policy, while backing moves by investors who are keen to establish free zones in the national territory in the form of tax- and customs-related benefits and incentives.

2.2.2.1.2.1 AGRITRANS

2.15. The AGRITRANS free zone is the largest banana production project to date and the first of its kind in the country. Launched in 2013 the project, which cost some US\$10 million, should enable the country to export over ten containers of bananas per week to Europe. It should be possible to replicate this major first in other departments and definitively eradicate the spectre of the cash-crop economy that hovers over the country.

2.2.2.1.2.2 SIDSA

2.16. The Société immobilière de développement S.A (SIDSA) is a new free zone established in March 2013. SIDSA represents a Haitian investment of US\$8.5 million. The Government hopes it will create around 3,500 direct jobs and 15,000 indirect jobs.²³ Modern industrial estates will be built to encourage foreign promoters to become established there.

¹⁸ *Idem.*

¹⁹ Viewed at: <http://www.rfi.fr/emission/20150213-le-parc-industriel-caracol>.

²⁰ Viewed at: <http://www.haitilibre.com/article-12323-haiti-economie-bon-3e-trimestre-pour-le-parc-industriel-de-caracol.html>.

²¹ Viewed at: http://www.iadb.org/fr/infos/communiqués-de-presse/2014-12-12/parc-industriel-de-caracol-et-haiti_11020.html.

²² *Idem.*

²³ Viewed at: http://mci.gouv.ht/index.php?option=com_content&view=article&id=199%3Acreation-de-deux-zones-franches-a-cite-soleil-et-a-tabarre.

2.2.2.1.2.3 West Indies Industrial Mills

2.17. This is a new industrial free zone in Varreux, in the municipality of Cité Soleil. Its surface area will be extended from nearly 20 carreaux* to around 25 carreaux. The capital costs will rise from US\$45.4 million to US\$87.4 million. There will be opportunities to create over 21,000 direct and 100,000 indirect jobs for Haitians.²⁴

2.2.2.1.2.4 Compagnie de développement industriel S.A. (CODEVI)

2.18. This company is a shining example of co-production that benefits both the town of Ouanaminthe (over G 2 million in revenue per day) and the managers of CODEVI. Eleven years following its establishment in Ouanaminthe, CODEVI has become one of the largest employers in the textiles sector. It is regarded as the product of a vision to create synergies by combining plentiful, low-cost Haitian labour on the border with the incentives available under Haitian law and the know-how of the project managers.²⁵ Ouanaminthe and other border areas may become strategic locations as a result of the incentives afforded by the HELP/HOPE legislation.

2.2.2.1.3 Industrial microparks

2.19. Since taking office, the Government's priority has been to create decent, sustainable jobs. Accordingly, mechanisms to support the development of businesses in general and SMEs in particular have been put in place to increase productivity and income for stakeholders in all segments with potential for growth. The spotlight is currently focused on four segments: (i) agro-industry; (ii) manufacturing: wood, textiles, etc.; (iii) services, especially general engineering and precision engineering; and (iv) applied research, specifically in biotechnology. The Government plans to support these industries by setting up industrial microparks designed as equipped facilities complete with technical expertise and managerial capacity that enable the acquisition costs of services or fixed capital to be pooled as they would be prohibitive for an individual entrepreneur.

2.2.3 Tourism

2.20. In the mid-20th century Haiti positioned itself as one of the most sought-after destinations in the Caribbean.²⁶ However, for nearly two decades its development as a tourist destination has been hindered by a number of factors that conspired against it (such as political instability, inadequate accommodation facilities, and poor value for money). Consequently the number of tourist arrivals in Haiti has fallen considerably: in 1987 the figure was estimated at just over 239,000 tourists and in 2004 it was around 97,000.

2.21. Through a suite of measures adopted over the last decade, the Haitian State has infused tourism with a new dynamism conducive to the emergence of a services-based economy. Over the past three years, the number of foreign visitors has risen considerably: 1,063,370 visitors in 2013, including 643,634 cruise passengers and 419,736 stay-over tourists. The increase in the number of stay-over tourists in 2013 was evaluated at 20.2% compared to 2012²⁷ (see Table 2.1).

* Carreau: a unit of land area of approximately 1.29 hectares.

²⁴ Viewed at: http://mci.gouv.ht/index.php?option=com_content&view=article&id=199%3Acreation-de-deux-zones-franches-a-cite-soleil-et-a-tabarre.

²⁵ Viewed at: <http://lenouvelliste.com/lenouvelliste/article/134903/CODEVI-un-modele-de-succes-dans-le-textile-haitien>.

²⁶ Statistics from the National Tourism and Public Relations Office (ONTRP) indicate that there were 10,788 visitors in 1951; 67,700 in 1956, a six-fold increase in five years; in 1970 the tourism industry accounted for over 20% of exports and was the source of over 60,000 direct and indirect jobs. Its share of GDP was 3.5% and annual revenue stood at US\$50 million.

²⁷ Ministry of Tourism, *Note de conjoncture sur les arrivées de touristes en Haiti en 2013*. 2014, p.5.

Table 2.1 Arrivals of stay over tourists and cruises in Haiti, per quarter, 2007-2013

	2007	2008	2009	2010	2011	2012	2013
Cruise passengers	482,077	228,382	439,055	537,778	596,562	609,930	643,634
1 st quarter	70,970	77,850	92,749	45,909	78,121	82,898	99,637
2 nd quarter	83,902	61,139	95,623	80,809	90,485	86,266	89,890
3 rd quarter	131,862	62,253	102,437	96,824	83,406	85,007	110,159
4 th quarter	99,326	56,828	96,410	31,190	96,743	95,066	120,050
Tourists	386,060	258,070	387,219	254,732	348,755	349,237	419,736
Total visitors	868,137	486,452	826,274	792,510	945,317	959,167	1,063,370

Source: Ministry of Tourism, 2014.

2.22. The contribution of the Haitian tourism sector to GDP is still low despite the new opportunities in the hotel and catering industries as a result of the earthquake on 12 January 2010. In 2010, the sector directly contributed 2.5% to Haitian GDP and its overall contribution, including indirect effects and externalities, was 7%. The total number of jobs created was 189,800 (or 5.5% of national employment) including 65,400 direct jobs (1.9% of national employment). Investment reportedly amounted to US\$111.3 million and export revenue to US\$256.9 million.²⁸ The absence of a Tourism Satellite Account in Haiti means that it is very difficult to establish how accurate the data are.

2.23. In 2013 Haiti's hotel capacity was partially evaluated at 8,068 rooms across 450 hotel establishments that were assessed using Haiti's "Hibiscus" rating system. Only 51.4% or 4,147 rooms are classified using the quality criteria laid down jointly by the Ministry of Tourism and the creative industries of Haiti in consultation with operators' associations. The annual average occupancy rate in the accommodation subsector is currently estimated nationally at around 40%. In fact, if all conditions remain constant, in three years' time the hotels in Haiti will offer 13,265 rooms in total.²⁹ The catering subsector has also benefitted from the current buoyancy in the sector, initial estimates indicate that there are around 100 restaurants of international standard serving approximately 10,000 covers nationally.

2.24. Tourism has been identified as one of the priority sectors that is likely to generate economic growth and be the source of sustainable jobs in the country. Accordingly, the Government's chief objective is to put Haiti back on the world tourist map. Its strategy revolves around three areas: training, regulation and promotion.³⁰

2.2.4 Housing and habitats

2.25. The housing issue in Haiti was one area that merited rapid, sustainable action well before the earthquake in January 2010. In response to the need for housing, the Government has instigated several projects including Project 16/6 combining the process of returning populations that were displaced by the quake and the process of rehabilitating slums.

2.26. Project PREKAD II³¹, modelled on Project 16/6, aims to rehouse 13,000 families.³² The goal of the "Jalousie en couleur" (Jalousie in Colours) project is to upgrade the largest informal settlement in the municipality of Pétionville. Its principal components are aesthetic improvement, repairs, plasterwork and painting of 4,000 houses.³³

²⁸ Oxford Economics, 2010.

²⁹ Ministry of Tourism, *Bilan des réalisations du gouvernement: principaux résultats en tourisme pour 2013*. December 2013, p.31.

³⁰ Prime Minister Laurent Salvador Lamothe, *Énoncé de politique générale du Premier Ministre*. French version, 8 May 2012, p.43.

³¹ This is one element of the project to reconstruct run-down neighbourhoods.

³² Viewed at: <http://uclbp.gouv.ht/pages/13-projet-16-6.php>.

³³ Viewed at: <http://uclbp.gouv.ht/pages/39-jalousie-en-couleurs.php>.

3 MAJOR THRUSTS OF HAITI'S TRADE POLICY

3.1 Alignment of Haiti's tariff structure with CARICOM's common external tariff (CET)

3.1. The Chaguaramas Treaty, which entered into force on 1 August 1973, established the Caribbean Community (CARICOM). The revised treaty, signed in July 2001, opened the way to implementation of the single market. The Republic of Haiti joined CARICOM as a provisional member on 4 July 1997 and became a full member on 4 July 2002 following ratification of the treaty by Parliament. The common external tariff (CET) applies to products imported from third countries; products imported from member countries are exempt from customs duty.

3.2. The CET has an escalating rate structure. It differentiates between inputs and finished products. Inputs are subdivided into primary and intermediate products, and capital goods. Finished products are subdivided into essential and non-essential products. Products similar to those manufactured in the region are deemed competing products. The rates of duty are not rigid. For a good number of lines, the range is between 0 and 5%. In some instances the CET lays down a maximum rate that must not be exceeded and in others a minimum rate that may be exceeded. Alignment of the national customs tariff with the CET therefore provides the Government with the opportunity to have its own economic policy. And it has used that opportunity to reinvigorate national production and incentivize small and medium-sized enterprises (SMEs).

3.3. As a result products, materials and equipment such as the following are exempt from customs duty: industrial and agricultural inputs, materials for environmental protection, materials and equipment for fishing; industrial equipment and machines; machines and devices for the sewing, baking, confectionery, sugar and shoe-making industries; and medical instruments and devices. Haiti's draft CET-aligned customs tariff will include 6,584 lines and eight levels of duty: 0, 5, 10, 15, 20, 25, 30, and 40. The zero rate is the modal value. It applies to 34.58% of lines, or 2,277 lines. It is followed by the 5% rate, which applies to 30.12% of lines, or 1,983 lines (see Tables 3.1 and 3.2).

Table 3.1 Draft customs tariff

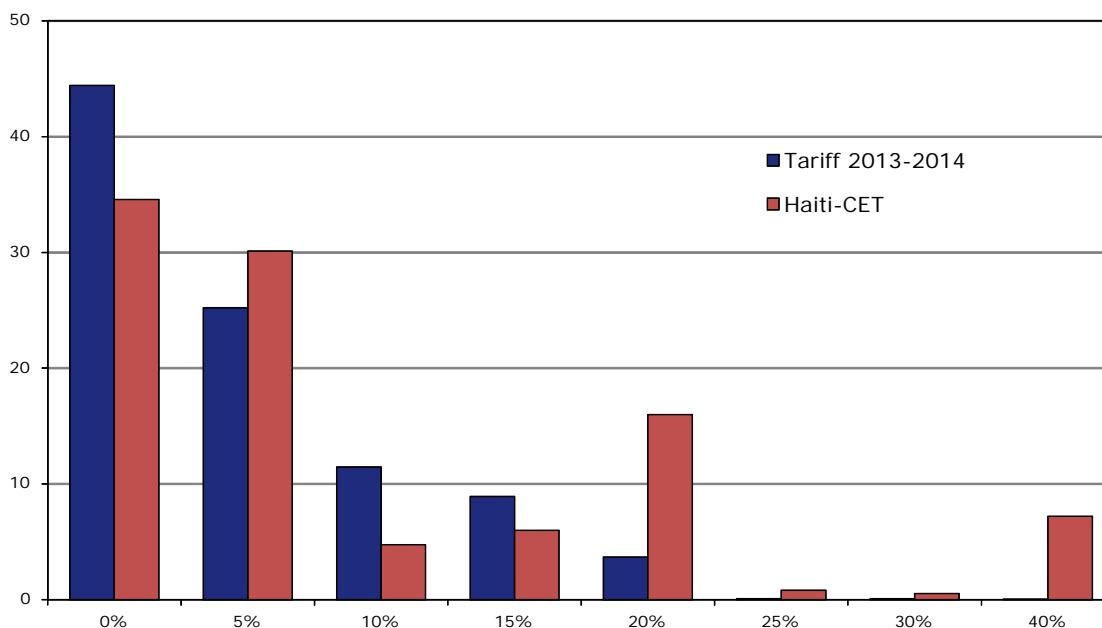
Rate	Number of lines	%
0	2,277	34.58
5	1,983	30.12
10	312	4.74
15	394	5.98
20	1,053	16
25	55	0.83
30	35	0.53
40	475	7.22
	6,584	

Source: Haitian authorities.

Table 3.2 Comparison with the 2013 2014 tariff

Rate	2013-2014 tariff (%)	HAITI CET (%)
0	44.43	34.58
5	25.22	30.12
10	11.48	4.74
15	8.92	5.98
20	3.68	16
25	0.09	0.83
30	0.08	0.53
40	0.04	7.22

Source: Haitian authorities.

Chart 3.1 Comparison between the 2013-2014 tariff and Haiti CET

Source: Ministry of the Economy and Finance (MEF).

3.2 Support for business development

3.2.1 Establishment of the Haitian Bureau of Standards (BHN)

3.4. The Haitian Bureau of Standards was established in December 2012. The draft law establishing the bureau was tabled in the Haitian Parliament on 19 July 2012 and defines its composition and operation. Among other BHN management and coordination bodies, the draft law provides for the establishment of a National Standardization and Quality Council composed of representatives of public bodies and the private sector. The Council lays down and guides general policy on quality and this is implemented by its executive body, the BHN, which is primarily responsible for the organization and management of standardization, certification, industrial metrology and quality promotion, and for providing technical support to any action that seeks to further those objectives.³⁴

3.2.2 Establishment of the Centre for Enterprise and Entrepreneurial Development (CDEE)

3.5. Aware of the drawbacks of poor performance by micro, small and medium-sized enterprises, and determined to make Haiti an emerging country by 2030, the Haitian Government has launched a programme to create jobs by promoting, supporting and developing micro, small and medium-sized enterprises. The Centre for Enterprise and Entrepreneurial Development (CDEE) was established in order to implement that policy.

3.6. The role of the CDEE is to respond more effectively to entrepreneurs' needs. There are references to the Centre in the resolutions adopted at the general assembly on investment held at Port-au-Prince on 11 and 12 March 2012. The CDEE's task is to promote entrepreneurship and build up businesses' administrative, technical, financial and managerial capacities. The chief aim is to raise the contribution of SMEs/SMIs to wealth and job creation by increasing their output and improving the quality of the products and services they supply.

³⁴ Ministry of Trade and Industry: BHN.

3.7. The Business Support Service (SAE)³⁵ is a new MCI structure within the CDEE whose task is to deliver all the services that the Ministry provides to businesses, across the country's ten departments. The SAE supports entrepreneurs to legalize their business; seek funding; identify production sectors; prepare and develop business plans in priority sectors; develop clusters for a specific sector; and develop and market their output. Each SAE comprises a team of five professionals: an economist, an agricultural engineer, an industrial engineer, a legal expert and an accountant, supported by an administrative assistant and a driver.

3.3 Trade infrastructure

3.8. For the Government, the construction of trade infrastructure is important to the process of Haiti's development as an economy and destination for tourism.

3.3.1 Construction of LAFITEAU Port

3.9. LAFITEAU is a modern, world-class terminal with cutting-edge equipment. Directed by GB Group, the project is the product of a public/private international partnership between the Government, the Haitian private sector and international financial institutions. It will breathe new life into Haiti by creating new jobs and training skilled labour. It will also stimulate foreign investment and support development. This multifunctional facility is located in the country's deepest port and has a 12 m draught and 450 m of berths. The total cost of the port is US\$150 million.³⁶ A major first for the Haitian maritime and port sector, it is expected to create 20,000 jobs over the next four years.

3.3.2 Renovation of Cap-Haïtien seaport and airport

3.10. With over 1,500 km of coastline Haiti has plenty of maritime potential. However, its maritime resources have hitherto been under-exploited. To remedy this situation, the Government considers it advisable to invest in building ports so as to make the most of its maritime access. Under a partnership with USAID, the Haitian State has signed an agreement to rehabilitate the port at Cap-Haïtien instead of constructing a port at Fort-Liberté, which would have been too costly. The port is vitally important to the Government and particularly to the Caracol Industrial Park, CODEVI and AGRITRANS, which will use it to export tonnes of merchandise. The rehabilitation project will cost over US\$50 million.

3.11. Cap-Haïtien airport, rehabilitated with financial support from Venezuela, is the country's second international airport after Toussaint Louverture in Port-au-Prince. The cost of the upgrade, estimated at over US\$30 million³⁷, has been covered with PetroCaribe funds. This marks an historic turning point in the socioeconomic reality of the north of the country.

3.12. As a result of the renovation, the Government hopes to draw visitors to historic sites such as the Sans Souci Palace, the Citadelle Laferrière and the Dondon caverns in the region's Historic National Park. Cap-Haïtien international airport has a runway measuring 2,652 m in length and 42 m in width.

³⁵ Viewed at: <http://www.haitilibre.com/article-12567-haiti-economie-installation-dans-le-sud-est-du-9e-sae.html>.

³⁶ Viewed at: http://www.hpnhaiti.com/site/index.php?option=com_content&view=article&id=16211:haiti-infrastructure-le-port-lafito-ouvert-et-operationnel&catid=2:economic&Itemid=6.

³⁷ Viewed at: <http://www.alterpresse.org/spip.php?article17094#.VfMXrhHtmko>.

3.4 A new schedule of tariff concessions justified by the requirements of the economy

3.13. As part of the liberalization of its tariff regime, Haiti undertook two types of commitment: the first concerned its applied tariffs and the second its bound tariff levels. When Haiti acceded to the World Trade Organization (WTO), it had to set its tariffs at relatively low rates known as "maximum rates" or "ceiling rates". The first commitment was part of the implementation of the structural adjustment programme between 1983 and 1995. Under that commitment, Haiti abolished all quantitative restrictions on trade and reduced or removed import duties and export duties and taxes. In conformity with its second commitment, the bound tariff structure was as follows:

- 1,401 lines between: [0 and 10%]
- 1,609 lines between: [10 and 20%]
- 1,205 lines between: [20 and 30%]
- 254 lines between: [30 and 40%]
- 143 lines between: [40 and 70%]
- 50 lines bound at specific rates, which had to be converted into *ad valorem* rates having regard to WTO recommendations.

3.14. With these bound levels, Haiti has the most open trade regime in the western hemisphere. Its accession to the WTO in January 1996 led to further liberalization of its trade regime, to the extent that the tariff lines in its schedule of concessions were bound at relatively low rates: 5% of the lines were duty free (0%) and 65% were bound at rates of 20% or less. Thus, in binding its tariffs at such low rates (average of 18.7%) Haiti unilaterally forwent the opportunity to guarantee investment in domestically oriented industries, in the event of an economic policy aimed at promoting such industries.³⁸

3.15. However, the Table below shows that, in this respect, the other States of the Caribbean region kept their bound tariffs at relatively high levels.

Table 3.3 Simple averages of CARICOM members' bound tariffs

(%)

	Agricultural	Non-agricultural	Combined
CARICOM country			
Antigua & Barbuda	104.7	51.5	58.5
Barbados	110.8	73.0	78.1
Guyana	99.6	50.0	56.6
Belize	101.1	51.5	58.2
Dominica	112.2	50.0	58.7
Grenada	100.7	50.0	56.7
Jamaica	96.9	42.4	49.6
St. Kitts and Nevis	108.6	70.8	75.9
Saint Lucia	114.5	54.0	62.0
Saint Vincent and the Grenadines	114.6	54.6	62.6
Trinidad & Tobago	89.9	50.6	55.8
Average tariff	104.9	54.8	61.7
Haiti	21.1	18.2	18.7

Source: WTO.

3.16. Thus for agricultural products, the average bound tariff for all the CARICOM countries is around five times higher (104.9%) than Haiti's (21.1%), and for non-agricultural products it is three times higher (54.8%) than Haiti's (18.2%). Even for the region's major developing countries such as Brazil, Mexico and the Dominican Republic, the average bound tariff is distinctly higher than Haiti's.

Table 3.4 Simple average bound rates for selected developing countries in the region

(%)

	Agricultural	Non-agricultural	Combined
Brazil	35.4	30.8	31.4
Mexico	44.5	34.8	36.1
Dominican Republic	33.2	39.3	34

Source: WTO.

³⁸ Ministry of Trade and Industry: Foreign Trade Directorate (DCE).

3.17. It should also be noted that Haiti's average bound tariff is by far the lowest of all LDCs worldwide. By way of illustration, we note the figures for Bangladesh (163.8%), Burundi (68.3%) and the Democratic Republic of the Congo (96.2%). The situation with regard to applied rates within CARICOM is more or less the same.

Table 3.5 Simple average applied MFN rates within CARICOM

(%)

	Agricultural	Non-agricultural	Combined
Antigua & Barbuda	14.7	9.0	9.8
Dominica	16.7	9.2	10.2
Guyana	21.7	9.3	10.9
Belize	21.6	9.3	11.0
Grenada	18.2	9.2	10.4
Jamaica	17.8	5.9	7.5
Saint Lucia	16.5	9.3	10.2
St. Kitts and Nevis	14.3	8.4	9.2
Suriname	17.8	9.2	10.3
Overall average	17.7	8.8	9.9
Haiti	8.0	4.2	4.7

Source: WTO.

3.18. The simple average rates applied by the CARICOM member States for agricultural and non-agricultural products, and for a combination of the two, are at least double Haiti's applied rate.

3.19. This state of affairs is a major constraint on Haiti's effective integration into CARICOM, to which the country has belonged since 2002, and in particular on implementation of the Community's CET. For example, for products such as pistachios (fresh or grilled), mangoes, pineapples, melons, papayas, grapes, apples, pears, and apricots, Haiti's bound tariff is 30% (WTO) and the applied tariff 10%, whereas under the CARICOM CET, the applied customs duty on those products is 40%.

3.20. A quick glance at Haiti's economic performance over the period from 1995 to 2011 shows the collapse of the national production system and the incapacity of the Haitian State to start trading with the other CARICOM member States under the Revised Treaty of Chaguaramas, which it had signed ten years previously. Hence, a new schedule of tariff concessions was submitted to the WTO for such action as was appropriate and necessary to remedy the situation.

3.21. Haiti's new bound rates are based on the average rates bound in the WTO by the other CARICOM members. By aligning them with the CARICOM average, the Government will have sufficient room for manoeuvre to allow it in future to steer its trade policy in the same direction as the trade policy of the regional bloc, to which it has theoretically belonged for over 12 years without actually being able to start trading with the other members.

3.22. With the approval by the WTO Membership of Haiti's new schedule of tariff concessions, the Government will have put an end to the inconsistency between implementation of the CARICOM CET and compliance with Haiti's tariff commitments on goods vis-à-vis its WTO trading partners.

4 OUTLOOK

4.1. To facilitate the streamlining of trade into its strategic development plan, the Government intends to continue to implement the following priority measures.

4.1 Accelerating the process of modernizing the legal framework for business

4.2. Strengthening the Commission's capacity to modernize the Ministry of Trade and Industry's legal framework for business implies accelerating improvement of the business environment. This process is based on coordination between state institutions and methodical structuring of public-private dialogue. The priority is to update the Commercial Code in order to stimulate competitiveness and economic growth.

4.2 Promotion of quality and the development of a product certification system

4.3. This measure is of prime importance for both the domestic market (as highlighted by the impact of the earthquake and the cholera epidemic) and for export development. Exports to the US market must meet exacting standards; the same is true for regional markets, including CARICOM and the European market. This measure will also help to beef up infrastructure and mechanisms that play a role in improving the quality of goods and services.
