



ASSOCIATION DES INDUSTRIES D'HAÏTI

*Frequently
Asked Questions
Textile / Apparel Sector*

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1- What are the incentives for investors?

Depending on the size of the investment and the jobs created, investors may receive up to 15 years tax exemptions and duty rebates on imports (fiscal incentives)

2- Are duties paid on raw materials?

For materials that are imported for the purpose of conversion and re-export there are no duties. Raw materials are considered as “temporary admission” and are exempt from duties.

3- Are there available buildings for rental?

We have several industrial and free zones, of which the main ones are:

1) Parc Industriel Metropolitain (PIM), Port-au-Prince, Industrial Zone 2) Parc Industriel Caracol (PIC), Cap-Haitien, (North), Industrial Zone 3) Port-Lafito, (21km NW Port-au-Prince), Industrial Zark, Free Zone, with its own port facilities 4) SIDSA, (Tabarre, Port-au-Prince) 5) Les Palms, Free Zone, (Carrefour, Port-au-Prince) 6) WIFZ (West Indies Free Zone) with its own port facilities at Terminal Varreux 7) CODEVI (Ouanaminthe) Free Zone, North Eastern Haiti. There are a few more new locations that will be offering buildings in the next few months.

4- What is produced in the apparel sector?

Haiti produces a wide range of knit and woven apparel with items ranging from basic knit tee shirts and jeans all the way to uniforms, work wear and fully tailored woolen suits. In 2014 Haitian exports to the USA reached a new high of US\$ 854 million. There are thirty four companies ranging from a few hundred workers to several thousand employees. The factories are located in and around Port Au Prince, and in Caracol and Ouanaminthe in North Eastern Haiti.

5- What are the export numbers for the country? In textile?

There are no textile exports from Haiti. The industry exports mainly knit and woven apparel. The numbers in US Dollars, SMEs and jobs as recorded by the USDOC's OTEXA website are as follows:

For the period January to April 2015, the total Haitian apparel exports were US\$ 269,456,603. Cotton and synthetic knit tops made up US\$161 million. Jeans, slacks and work wear bottoms and shorts made up US\$ 41 million. Tailored woolen clothing being a seasonal item made up US\$ 4.5 million during the period. The balance was made up of underwear, knit shorts and assorted items.

6- What are the advantages of the HOPE legislation?

The HOPE legislation is a trade agreement with liberal and generous preferential treatment for apparel made in Haiti and exported to the United States. It is expected that the agreement will be extended in current form for another five years with an expiration date of 31st December 2025. In addition to the HOPE legislation Haiti has additional duty free privileges under the CBTPA. Between these two preferential trade mechanisms, Haiti has approximately 1.7 billion SMEs that can be shipped duty free to the USA.

7- How many jobs are created within the garment sector?

At the end of 2014, the apparel sector employed 36,159 jobs, of which 30,394 were created by the HOPE agreement. The apparel sector is the largest employer in the country.

Category	2010	2011	2012	2013	2014
Total export (US Dollars)	517,569,303	701,475,798	730,050,515	803,337,058	854,286,569
Total SMEs Exported/ Utilized	253,059,766	275,627,575	270,374,140	306,440,449	313,930,534
Average USD / SME	\$ 2.05	\$ 2.55	\$ 2.70	\$ 2.62	\$ 2.72
Jobs in apparel ind.(ADIH)	27,144	26,835	29,404	31,462	36,266

8- How is HOPE/HELP + CBTPA better than TPP?

The rules of origin which TPP (especially Vietnam) has been trying to obtain, "Single Transformation" using yarns and fabric from China, is already permitted under the HOPE/HELP agreement. In addition the cumulation flexibility in the value added category make HOPE/HELP very favorable compared to any other FTA of TPA.

9- How much growth before the current TPLs get exhausted?

Currently Haiti uses less than 25% of the total TPLs which leaves room for generous growth. Based on investment trends of the past five years since HELP was passed, if the industry achieves 8% growth in SME utilization per year, the TPLS will not run out before 2035. If a more aggressive growth rate of 15% year over year is assumed, the TPLS could get exhausted by 2026

10- What about Wage inflation and Minimum Wage increases?

Competitiveness?

It is true from 2009 to 2015, Haiti had a 242% wage increase. However, the increase was from a very low base of 70 HTG and the growth in exports and investments is proof that Haiti is still competitive. In the period 2012 to 2015, although there were wage increases in the local currency, for exporters the wage has been constant and is currently at U\$4.80 per day due to the offset from currency devaluation. The wage increases are decided through a consultative process by a Salary Council which has a tripartite composition of private sector, government and union representatives.

11- What other industries is the government promoting? How will diversity enter the Haitian economy?

The government of Haiti is promoting the tourism, agriculture, light manufacturing and BPO sectors. Today there is tablet manufacturing company, an electrical lantern producer and an MP4 player assembling units for export in Haiti. A call center and digital image tagging operation have been established for over two years. New hotels with internationally recognized labels like Marriott, Best Western, El Rancho have been built in Port Au Prince. A thousand hectare banana plantation will be shipping its first fruits in June this year. Recreation resorts on and leisure industry investments are underway in Ile La Vache and Les Cayes. There is a lot of activity and diversity that will stabilize the development and add balance to the economy.

12- How will market forces affect wages and the talent pool?

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13- What is a compelling reason to come to Haiti?

Haiti is strategically located, one of the lowest wage countries in the Western hemisphere, has preferential treatment from several countries, a motivated workforce, friendly people, Caribbean climate, good food, beautiful beaches and much more.

14- What specific opportunities exist and what would you recommend for investors coming to Haiti?

Knit garments are Haiti's main exports and woven bottoms and tops are underutilized. Take advantage of the open availability in the woven garment categories under HOPE/HELP. The tee shirts and knit apparel TPLS under the CBTPA are also underutilized and offer attractive investment opportunities.

15- What packaging and embellishments support exist in Haiti?

At the current time there are two carton producers, one sewing thread producer, two embroidery facilities, one screen-printing with operations in Haiti.

Logistics

16- What is the connectivity between Haiti and the US?

There are seven flights a day from NY, Boston and Miami to Port Au prince and Cap Haitian. There are also flights from Canada to Port Au Prince. In addition Port au Prince has direct flights to Guadeloupe and Paris. American Airlines, Delta, Air France, Jet Blue and Air Transat offer daily services to Haiti.

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17- What about Hotels, car rentals, etc?

Major international chains like the Marriott, Best Western, El Rancho and locals hotels like the Karibe, Montana, Oasis and others offer more 1,000 rooms in Port Au Prince. In addition there are plenty of Hotels in Cap Haitian, Jacmel and various beautiful beach resorts. Avis and New Look offer car rentals with chauffeurs if required. Reliable and efficient air charters and helicopter services are available and widely used.

18- What about shipping?

How many sailings are there from Haiti to USA? Between Port Au Prince and Cap Haitian there are seven weekly sailings to East Coast USA. In addition, a large, modern new port, built by the private sector Bigo Group at Lafito will start functioning in the next two months. Another port project, Terminal Varreux between the Mevs family and the French group Bollore involving a \$40 million investment is also in the works and expected to start later in 2015. For non-containerized cargo a third port in the South East of Haiti at Grand Baie du Mesle is under construction. It was recently announced that Maersk Line and CMA will have new weekly services from Cap Haitian.

19- What about airfreight?

Expressing services:

DHL offers door-door express air transportation to / from more than 220 countries. DHL ships small parcels and heavyweight pieces up to 1000kg. We simplify the logistics process by being the only contact of the shipper for all stages of the process: pickup, airfreight, customs clearance, delivery. Shipping rates vary from origin and destination and depend on other factors such as shipment frequency and volumes.

E-mail: ht.contact@dhl.com / ht.trackandtraking@dhl.com

Cell: 2812-9400 / 2816-7090.

AMERIJET offers shipping to Haiti using air and ocean cargo services. Amerijet offers shipping on all types of commodities, including hazardous materials, live animals and perishable goods to Haiti. With shipping options that include packing, carting, labeling and warehousing, Amerijet provides full service shipping to Haiti. For urgent shipments, Amerijet offers a very competitive express service to Haiti.

E-mail: pmalebranche@amerijet.com

Cell: 2813-1424 / 2813-1484

www.amerijet.com

Anndex

Anndex offers worldwide shipping and express services, mailing services and is also equipped with a purchasing department.

Address: 18 Angle rue Oge et Geffrard, Petion-Ville
Cell: 2813-0079 / 2811-1372 / 3702-2348.

UPS

UPS offers worldwide shipping, express and mailing services.

Address: 42, Route de l'aéroport, local Chatelain Cargo
Cell: 2250-1650 / 2816-8181
E-mail: info1@ccxpressa.com

TNT

TNT is represented in Haiti by Haiti Courrier. TNT ships around the world from overnight parcel delivery to heavyweight freight.

Address: TNT EXPRESS, Angle Blvd Toussaint Louverture et rue Patrice Lumumba complexe Sonadim suite 8.
Cell: 2813-1964 / 2949-1964.
E-mail: info@haiticourrier.com / tnthaiti@haiticourrier

Economic

20- Please tell us about the economic situation. What is the growth, inflation, exchange rate, devaluation trends?

The latest report published by the IMF is positive and encouraging. Haiti is expected to achieve 2 to 2.5% growth in 2015 while inflation will be contained at 4.5%. Haiti's competitiveness continues to be attractive as the exchange rate is now 50 Haitian Gourdes = 1 US Dollar.

21- In the last five or six years Haiti has experienced more than 243% wage increases. How can we be sure this trend will not continue and how will Haiti continue to be competitive with such wage increases?

Wage increases were implemented on a structured and agreed rollout from 2009 to 2012. They started from a low base of 70 Haitian Gourdes per day. Wages are increased by a consultative process overseen by the Supreme Salary Council. The council has a tripartite composition with members from government, union and employers. Employers are a partner in the process and provide input to ensure Haiti will continue to stay competitive and efficient and attractive for foreign investment. The latest wage increase in May 2015 implemented a minimum wage of 240 HTG for eight hours. At the current exchange rate of US\$ 1.00 = 50 HTG, that's U4.80 per day.

Country Specific

22- We hear it is not easy to do business in Haiti.

The country ranks low on the ease of doing business index, the bureaucracy and business procedures for incorporation and import franchises are slow, customs clearance is difficult and perceptions of corruption are high on the global index.

23- Why should I take the risk of investing in Haiti?

Things are changing in Haiti. One of the messages the government has been driving is, "Haiti is open for business." The Center for Investment Facilitation was established to help you and advise you on startup procedures like incorporation, import license, questions on immigration, taxation and tax holidays, business incentives. In order to compensate for investment in training and skills development, multilateral institutions like KOICA, USAID and some initiatives driven by IADB are helping competitiveness and efficiency in manufacturing, agriculture, tourism and health-care. The risk of investment is being reduced every day and the ease of doing business is getting better.

Safety and Security

The international news media reported a lot of kidnappings, issues with law and order, a prison breakout, continued protests and manifestations in the streets. How will our executives and their families be safe if we set up a factory in Haiti? Since the last eighteen months, the number of kidnappings has dropped down to almost nothing. In 2015, not a single kidnapping was reported in the news. With more professional police officers being trained by the US, Canada and Colombia, every year about 2,500 police officers are being added to the police force. In addition to maintaining law and order the overall safety and security has improved tremendously. The number of international hotels like Marriott, Best Western, El Rancho and the local hotels all enjoy a high rate of occupancy. Flights in and out of Haiti are always full. Foreign businessmen, delegations, NGOS and NPOs continue to enjoy an environment with improved safety and security. Once you visit Haiti you will understand the real situation and feel quite comfortable in Haiti.

Expat issues

24- What about family visas, quality of life, housing, entertainment and recreation, international quality schooling for children, universities, etc?

There is a growing expat community spread across Haiti and working on various business and economic development projects in tourism, agriculture, construction and light manufacturing. There isn't a standard answer to that question, but family housing suitable for expats is available in all major towns and cities. There are English and French international schools and university education is available in French. For entertainment and recreation there are plenty of beaches, waterfalls and mountain retreats. Haiti offers a lot of interesting natural beauty. Crime in Haiti is much lower compared to Mexico, Honduras, El Salvador, Dominican Republic and Guatemala.



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