



Haiti's Trade Preferences with the United States

Overview & Opportunities



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Haitian apparel exports to the United States represent over 90% of total exports

Total and Apparel U.S. Imports from Haiti
Value in \$



HOPE/HELP Success

- Since 2006 (the year before HOPE I was enacted), Haiti's annual apparel exports to the United States have grown **97.3%**
- Most importantly, employment in the apparel manufacturing industry has more than doubled, from some 17,000 workers to almost **36,000** workers today





Review of CBPTA's and HOPE/HELP's Benefits, Provisions and Usage

Haitian Trade Programs Timeline

- CBERA, aka CBI (1980)
- CBTPA (2000) –expires **9/30/2020**
- Haiti HOPE (2006)
- Haiti HOPE II (2008)
- Haiti HELP (2010) – certain provisions were set to expire 9/30/2018, and completely expire 9/30/2020
 - The 50% value-added threshold rule applies through December, 2015, which would move to a 55% threshold to December 20, 2017, and a 60% threshold through December 20, 2025.
- Haiti HOPE/HELP (2015) – 7 year extension of value-added rule and 5 year extension of all other provisions until **9/30/2025**





CBTPA Benefits

- Apparel qualifies for duty-free treatment if it is wholly assembled or knit-to-shape in CBTPA beneficiary countries, using:
 - U.S. yarn and fabric, cut in U.S. and assembled in CBTPA beneficiary countries;
 - U.S. yarn and fabric, cut in U.S., further processed in CBTPA beneficiary countries;
 - U.S. yarn, fabric and thread, cut in CBTPA beneficiary countries;
 - Brassieres cut and sewn in US and/or CBTPA beneficiary countries





CBTPA's Key Provisions

- **Knit Apparel TRQ**

- Applies to apparel articles (other than socks and certain T-Shirts) knit-to-shape or cut and wholly assembled in a CBTPA beneficiary country from yarns wholly formed in the United States
- Quota: 970 million SMEs annually

- **T-Shirt TRQ**

- Applies to T-Shirts classified under 6109.10.00 and 6109.90.10, made from fabric formed in one or more CBTPA beneficiary countries from yarns wholly formed in the United States
- Quota: 12 million dozen annually



Utilization of CBTPA TRQs

2008-2015 as of June 2015

CBTPA - Knit Apparel			
Period	Country	Imports in SMEs	Fill Rate
2015 (YTD)	Haiti	55,918,973	5.76%
2014	Haiti	52,239,678	5.39%
2103	Haiti	93,187,624	9.61%
2012	Haiti	127,876,343	13.18%
2011	TOTAL	150,977,648	15.56%
	DR	54,878	0.01%
	Haiti	150,922,770	15.55%
2010	Haiti	138,687,255	14.30%
2009	TOTAL	143,623,560	14.81%
	C Rica	2,951,563	0.30%
	DR	12,843	0.00%
	Haiti	140,247,043	14.46%
	Jamaica	412,110	0.04%

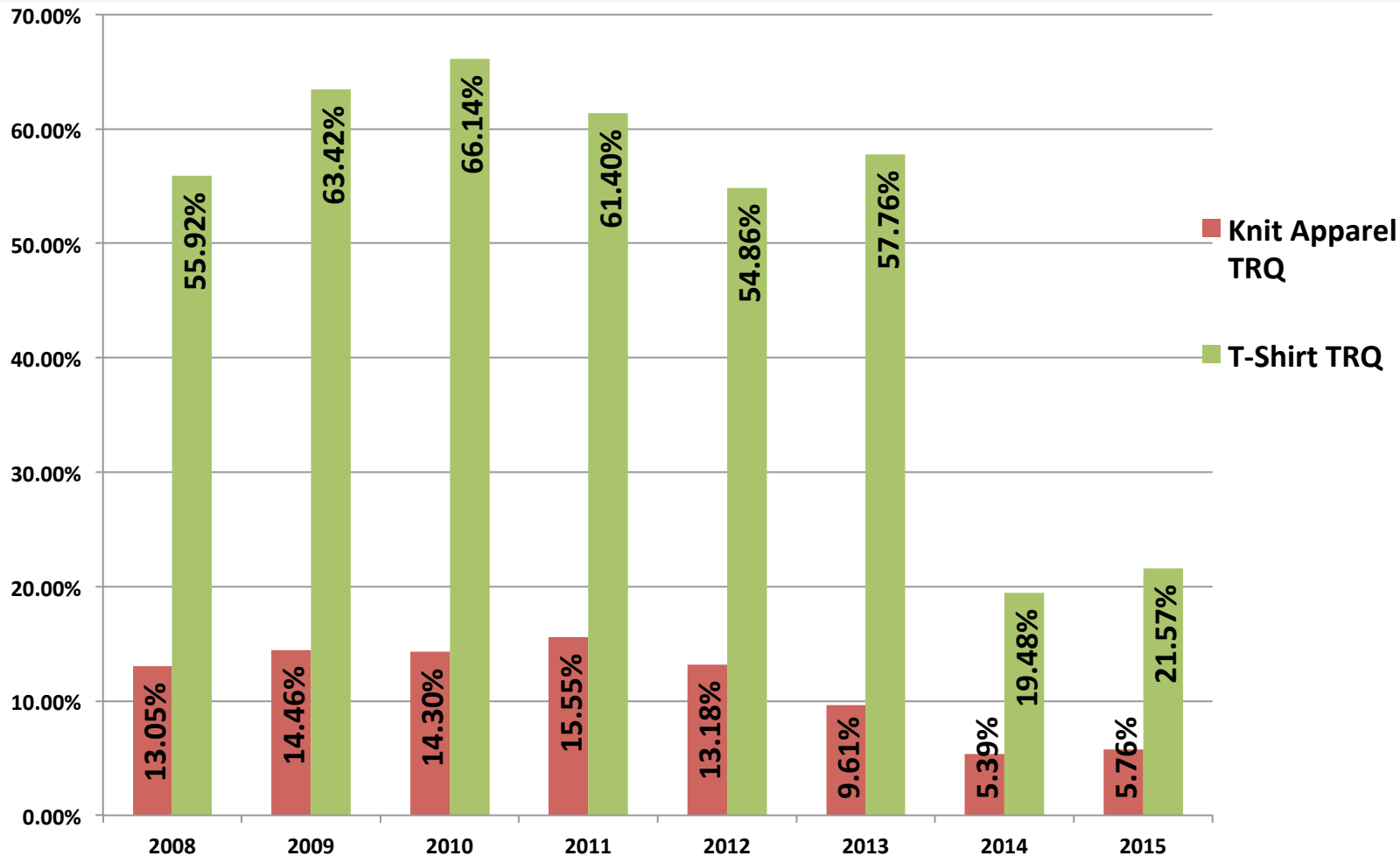
CBTPA - T-shirts			
Period	Country	Imports in dozens	Fill Rate
2015 (TYD)	Total	2,588,214	21.57%
	DR	0	0%
	Haiti	2,588,214	21.57%
2014	Total	2,339,603	19.50%
	DR	2,373	0.02%
	Haiti	2,337,230	19.48%
2013	Total	6,931,989	57.77%
	DR	602	0.01%
	Haiti	6,931,387	57.76%
2012	Total	6,587,365	54.89%
	DR	4,142	0.03%
	Haiti	6,583,223	54.86%
2011	Total	7,377,676	61.48%
	DR	9,731	0.08%
	Haiti	7,367,945	61.40%
2010	Haiti	7,937,113	66.14%
2009	Total	7,619,654	63.50%
	C Rica	6	0.30%
	DR	6,984	0.06%
	Haiti	7,610,625	63.42%
	Jamaica	2,039	0.02%

**Annual Fill rate periods are October 1 – September 30*



Haiti's Utilization of CBTPA TRQs

2008-2015 as of June 2015





HOPE/HELP History

HOPE I

- Created 2 options apparel to receive duty-free treatment: Value Added Restraint Limit and the Woven TPL
- Established an overall small percentage cap of total U.S. apparel imports. It also provided duty free access for items in short supply. Items must be shipped directly from Haiti.



HOPE/HELP History

HOPE II

- Extended the preferences for 10 years, ending Sept. 30, 2018. Items could be shipped from Haiti or the Dominican Republic.
- Added a TPL for knit apparel, capped at 70 million SMEs.
- Added a 3 for 1 earned import allowance. It allowed producers to count qualifying goods for duty free access for non-qualifying goods on a 3-to-1 ratio. Qualifying fabric must be wholly formed in the U.S. from U.S. yarn. Knit fabric and knit-to-shape components must be wholly formed or knit to shape in the U.S. or an FTA/unilateral preference program beneficiary, from yarns wholly formed in the U.S.
- Continued the value –added rule through 2012, but the overall cap on eligible apparel articles was frozen at 1.25% of total U.S. apparel imports. The bill created a new uncapped duty-free rule for brassieres, women’s and girls sleepwear, luggage, and handbags wholly assembled or knit-to-shape in Haiti.





HOPE/HELP History

HELP

- Extended CBTPA and HOPE through September 30, 2020.
- Extended the 50% value-added rule through 2015, which would move to a 55% threshold to December 20, 2017, and 60% threshold through December 20, 2018.
- Provides a conditional increase for the woven and knit tariff preference level's to 200 million square meter equivalents (SMEs), with sublimits and exclusions to accommodate U.S. industry.
- Reduced the 3-for-1 earned import credit to a 2-for-1 ratio
- Expanded the list of products eligible for duty-free treatment under special assembly rules.





HOPE/HELP History

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.



A vintage map of the Americas, showing North and South America with various geographical labels like 'North Pole', 'Equator', and 'South Pole'.

Product Eligibility Overview

- Apparel classified in Ch 61 and 62
- Certain products in the following categories:
 - Homegoods
 - towels, pillows, quilts, labels, blankets, carpets, woven and knit bedspreads, bed linen, sanitary towels, silk wadding
 - Luggage, backpacks, purses, wallets
 - Headgear
 - Footwear uppers





Key Provisions of HOPE/HELP

- Relationship with the Dominican Republic:
 - **CO-PRODUCTION**: Articles qualifying for duty-free treatment under HOPE/HELP may undergo finishing processes in the Dominican Republic.
 - **DIRECT SHIPPING**: Articles qualifying for duty-free treatment under HOPE may be shipped directly from the Dominican Republic to the United States.





Key Provisions of HOPE/HELP

- **Knit TPL**

- Duty-free access for 70 million SMEs of knit apparel, with an automatic expansion to 200 million SMEs (with sublimits) once imports hit 52 million SMEs.
- Certain t-shirts, sweatshirts and pullovers are excluded from eligibility

- **Woven TPL**

- Duty-free access for 70 million SMEs of woven apparel, with an automatic expansion to 200 million SMEs (with sublimits) once imports hit 52 million SMEs.

**The quota year period begins October 1st*





Key Provisions of HOPE/HELP

- Value Added Restraint Limit

- Products must be wholly assembled or knit-to-shape in Haiti.
- Products must contain at least **50%** qualifying content (either by shipment or by annual aggregation) through year 2015
 - 2016 - 2017 = **55%**
 - 2018 -12/19/2025 = **60%**
- Qualifying content can originate from the following countries: Haiti, the U.S., any U.S. FTA partner (current or future), or countries party to AGOA, ATPA, or CBTPA
- QUOTA: Annual imports under the value rule are capped at 1.25% of total U.S. apparel imports from the previous year. The 2015 cap is **332,915,916 SMEs**.

**The quota year periods begin on December 20th*

A background map of the Americas, showing North and South America with various geographical labels like 'North Pole', 'Equator', and 'South Pole'.

Key Provisions of HOPE/HELP

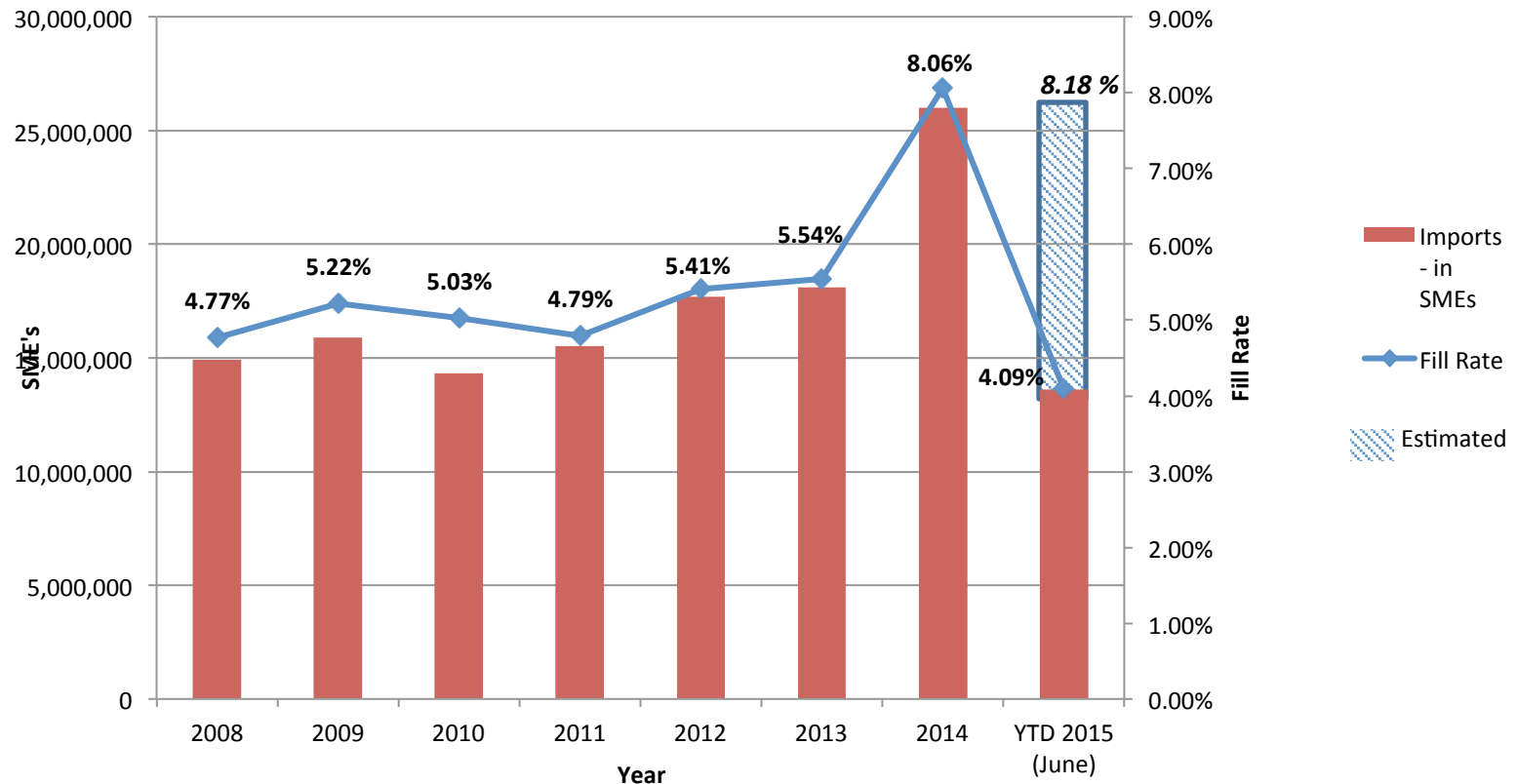
- **Earned Import Allowance (2 for 1):**
 - EIAP provides duty-free entry for apparel from Haiti into the United States.
 - For every 2 square meter equivalents (SME) of qualifying fabric, 1 SME may enter the U.S. duty-free using third country fabric



Utilization of HOPE TPLs

2008-2015 *as of June 2015*

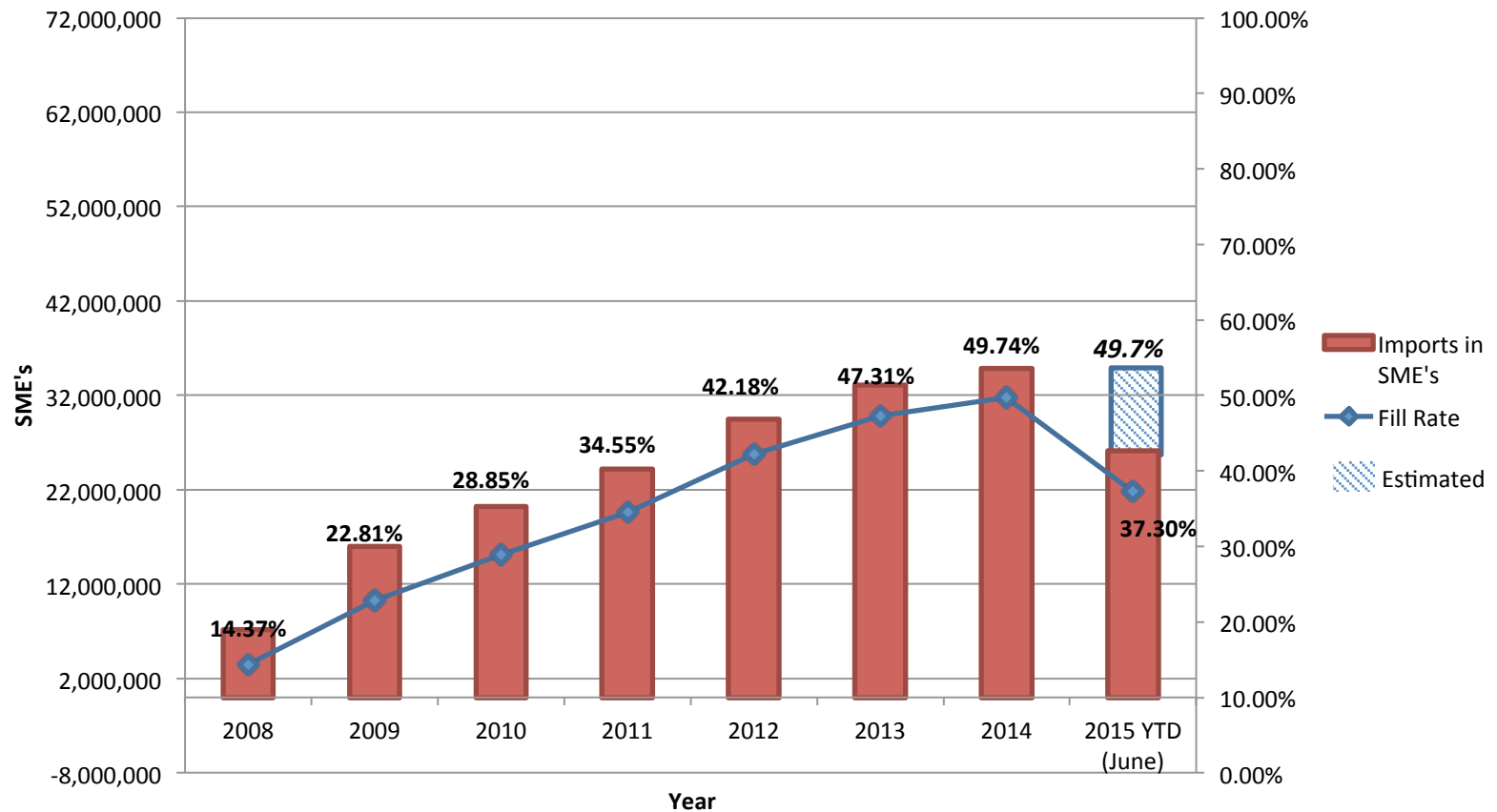
Value Added Restraint Limit



Utilization of HOPE TPLs

2008-2015 as of June 2015

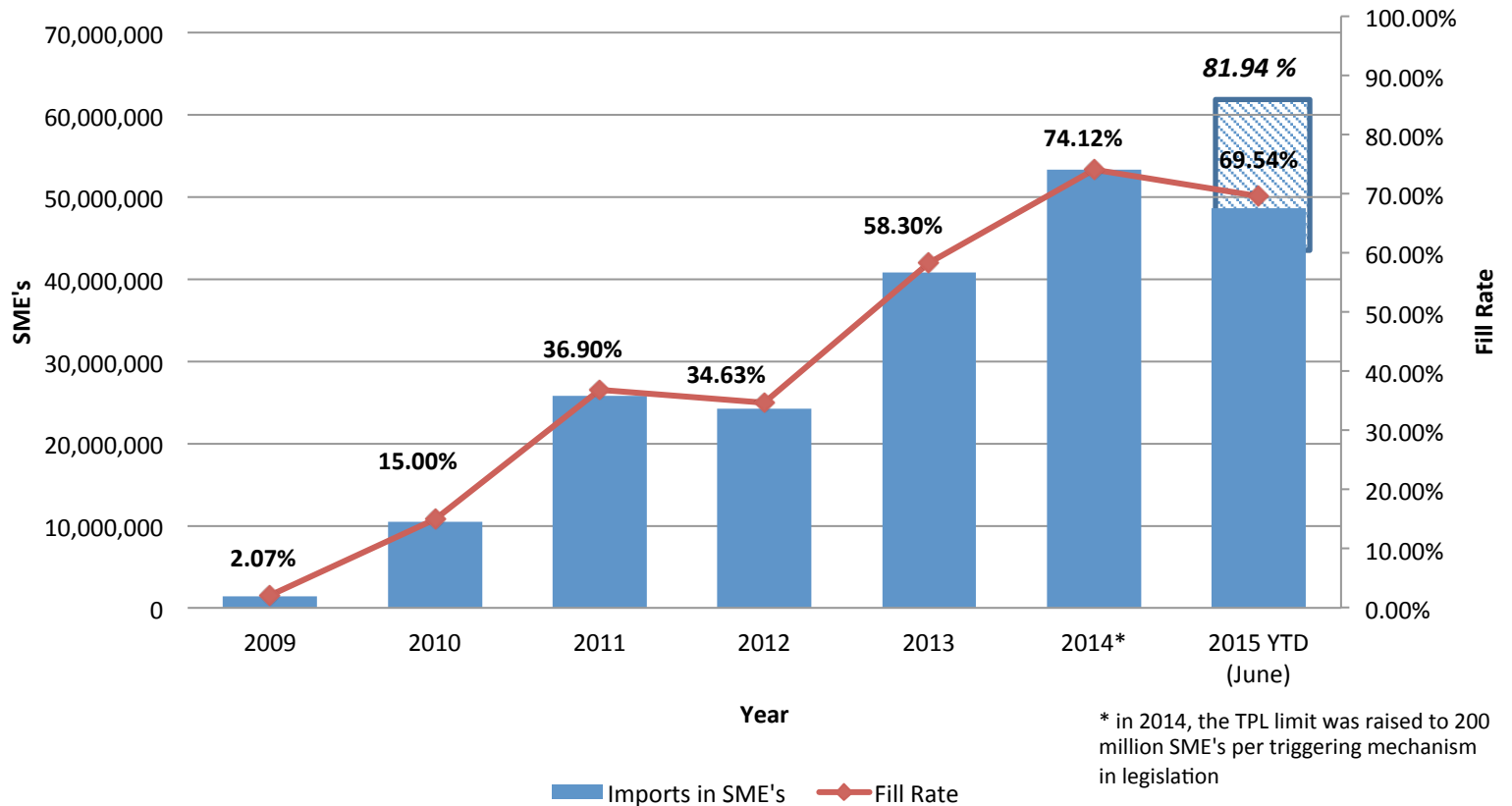
Woven TPL



Utilization of HOPE TPLs

2008-2015 as of June 2015

Knit TPL



Haiti's Global Position





Comparison

- HOPE/HELP offers some of the most liberal trade benefits and rules of origin (ROO) for apparel producers
 - This enables Haiti to be competitive with NAFTA, CAFTA-DR and TPP countries that generally receive benefits under a yarn-forward ROO
 - Fabric originating from TPP countries (or on the TPP short supply list?) will be eligible for preferential treatment if wholly assembled or knit-to-shape in Haiti
- Haiti's proximity to the United States provides an advantage over AGOA countries





What is next?



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What is next?

- The Generalized System of Preferences (GSP) is set to expire on December 20, 2017
- Renewal of this important program will provide an opportunity for Haiti to:
 - Expand HOPE/HELP product coverage to include, but not limited to:
 - Footwear, leather apparel, leather travel goods, and lighting equipment
 - Extend CBTPA
- Expand Canadian Preferential Access Rule / U.S. inputs