

T.C.
EKONOMİ BAKANLIĞI
İhracat Genel Müdürlüğü

E-POSTA

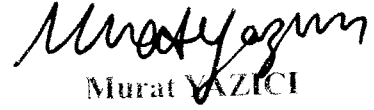
Sayı : 91329774-110.03

Konu : Haiti-CTMO-HOPE

- AKDENİZ İHRACATÇI BİRLİKLERİ GENEL SEKRETERLİĞİ - MERSİN
- DENİZLİ İHRACATÇILAR BİRLİĞİ GENEL SEKRETERLİĞİ - DENİZLİ
- EGE İHRACATÇI BİRLİKLERİ GENEL SEKRETERLİĞİ - İZMİR
- GÜNEYDOĞU ANADOLU İHRACATÇI BİRLİKLERİ GENEL SEKRETERLİĞİ - GAZİANTEP
- İSTANBUL TEKSTİL VE KONFEKSİYON İHRACATÇI BİRLİKLERİ GENEL SEKRETERLİĞİ - İSTANBUL
- ULUDAĞ İHRACATÇI BİRLİKLERİ GENEL SEKRETERLİĞİ - BURSA

Haiti'de yürütülmekte olan CTMO- HOPE Ekonomik Programının hazır giyim yatırımcılarına sağlamakta olduğu avantajları içeren ve anılan Program Direktörlüğünce hazırlandığı öğrenilen not ile sunuşun bir örneği, değerlendirilebileceği mülahazasıyla ekte gönderilmektedir.

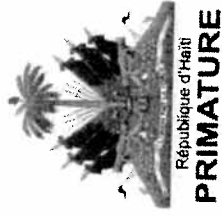
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Murat YAZICI
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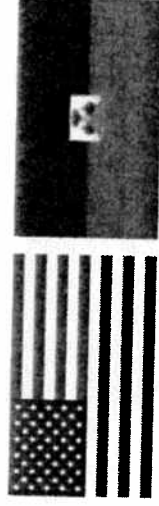
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CTMO-HOPE

Room to Grow



United States TPLs and Preferences for Haiti
HOPE/HELP, CBTPA

HOPE/HELP Trade Preferences

There is room to grow

“Made in Haiti” apparel:

1. Over 90% of apparel manufactured in Haiti is exported to the USA
2. 2013 exports totaled US\$800 million, up 13% from 2012, representing a 1.23% share of total US imports (<http://otexa.ita.doc.gov/>)
3. Apparel manufacturing represents 89% of all Haitian exports
4. 85% of **Made in Haiti** apparel ships under HOPE/HELP and the remainder under CBTPA

- The United States of America provides multiple options for apparel produced in Haiti to enter duty free, through 2020 and possibly beyond. Preferences automatically apply to garments knit-to-shape or wholly assembled in Haiti.
- While Haiti’s utilization of certain tariff quotas is increasing, current limits provide ample room for expansion. Triggers also exist permitting administrative adjustments that will raise quotas once an import volume is reached. Certain preferences like the Earned Import Allowance Program (EIAP) have no limit.
- Eligible products can be shipped through ports in Haiti and in the Dominican Republic. These include: Port-au-Prince and Cap-Haitien in Haiti; Caucedo (Santo Domingo), Manzanillo and Puerto Plata in the DR. All are readily accessible to and from production centers in Haiti.

Haiti HOPE/HELP TPLS

Tariff Preference Levels or TPL for Made in Haiti products

- 1) TPL with restraint limit
 - Value added TPL
 - Woven Apparel TPL
 - Knit Apparel TPL
- 2) No limit preferences
 - 2/1 Earned Import Allowance Program (see slide 6)
 - CAFTA-DR Single Transformation Rule
- 3) Product Specific Provisions
 - Brassieres
 - Sleepwear
 - 117 new product lines under HELP
 - Luggage
 - Wire harness automotive component

Explanatory notes

- HOPE/HELP establishes rules for apparel articles wholly assembled or knit-to-shape in Haiti from any combination of fabrics, fabric components, components knit-to-shape, or yarns. HOPE/HELP rules place no restrictions on the origin of yarns, fabrics, fabric components, or components knit-to-shape in apparel articles imported with or used to qualify for the benefit of HOPE.
- CAFTA-DR single transformation rules provide for duty-free treatment when garments are wholly assembled (cutting not necessary) in Haiti, including certain infant dresses, certain women's and girls' cotton coats and suits, certain women's and girls' man-made fiber suits, certain men's dress shirts, and certain women's wool anoraks and windbreakers, etc.
- In 2010, HELP added 117 additional knit apparel articles that are eligible for duty-free treatment if wholly assembled or knit to shape in Haiti from any combination of fabrics, fabric components, components knit-to-shape or yarns.
- Wire harness automotive components enter the US duty free with 50% content from Haiti and other eligible countries.

Knit and Woven Apparel restraint limit

Value added restraint limit	
(12/20/13 – 12/19/14)	322,629,971 SME
(12/20/2012 - 12/19/2013)*	
9820.61. TPL: 326,752,739 SME	
HAITI usage 2013 -- 18,089,264	<u>5.54%</u>
Woven Apparel restraint limit *	
9820.62.05 TPL	70,000,000 SME
HAITI usage 2013	
33,114,317 SME	<u>47.31%</u>
Knit Apparel restraint limit	
9820.61.35 TPL	70,000,000 SME
HAITI usage 2013	
40,807,811 SME	<u>58.30%</u>

* <http://otexa.ita.doc.gov/agoa-cbtpa/agoa-cbtpa.htm>

Explanatory notes

- For duty-free treatment under the “**value-added**” program apparel articles must be wholly assembled, or knit-to-shape, in Haiti from any combination of fabrics and fabric components as long as the sum of the cost or value of materials produced in Haiti or one or more countries, as described in HOPE/HELP, is 50 % or more.
- The limit for **Woven and knit Apparel** is 70,000,000 SME. Once 52,000,000 SME of apparel articles enter the United States under the TPL in any one-year, the quantitative limit for that year is increased to 200,000,000 SME for each, the woven and the knit category.
- In the **knit category**, such an increase in the limit can cause certain men’s cotton shirts and tank tops, women’s and girls’ cotton t-shirts, and certain men’s, women’s and girls’ knit to shape pullovers to be limited to 85,000,000 SME that same year.

Caribbean Basin Trade Partnership Act – CBTPA

CBTPA

Knit Apparel *	970,000,000	SME
9820.11.09		
HAITI Usage 2013		9.61%
93,187,624	SME	
T-shirts	12,000,000	DOZ
9820.11.12		
(Total 2013 utilization) –	6,931,989	DOZ
HAITI	6,931,387	57.76%
DOM REP	602	0.01%

Explanatory notes

- Launched in 1983, the Caribbean Basin Economic Recovery Act (CBERA) was substantially expanded in 2000 through the U.S.-Caribbean Basin Trade Partnership Act (CBTPA). CBTPA entered into force on October 1, 2000 and continues in effect until September 30, 2020.
- FYI *-- Footwear (HTSUS 6401 through 6405) CBTPA-assembled footwear must contain 55 percent regional value content (from either U.S. and/CBPTA /NAFTA /CAFTA-DR countries).**

* <http://web.ita.doc.gov/tacgi/fta.nsf/fta/cafta-dr?opendocument&country=CAFTA-DR>

T-Shirt Champions

Together, Haiti and the Dominican Republic were the largest source for US T-shirt imports in 2013.

* <http://otexa.ita.doc.gov/agoa-cbtpa/agoa-cbtpa.htm>

US IMPORTS			
country	YE 12/2013	% Change	% Share
WORLD	189419203	6.09	100.00
HONDURAS	26050365	-0.25	13.75
CHINA	20722753	5.56	10.94
HAITI	20345173	9.49	10.74
DOMINICAN REP	6365967	31.04	3.36

Earned Import Allowance Program (EIAP)

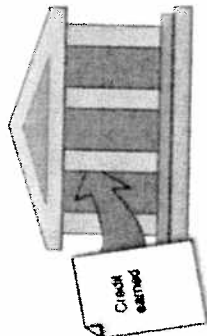
http://otexa.ita.doc.gov/PDFs/GAO2012ReportHaiti_Earned_Import_Allowance.pdf

Phase I: Credit earned by importing U.S. fabric to Haiti

Step 1. Firm opens account and imports 2 SMEs of qualifying fabric.



Step 2. OTEXA confirms transaction and deposits 1 credit. This credit can be banked and used at the firm's discretion.



Phase II: Credit used to export apparel to the United States



Step 3. Firm imports non-U.S. fabric from third country, e.g., China.

Step 4. Non-U.S. fabric is completely assembled into apparel in Haiti.

Step 5. Firm uses credit to export 1 SME of this apparel to U.S., not normally given duty free treatment because it is made with non-U.S. fabric.

Explanatory notes

- To qualify, knit fabric (including knit-to-shape components) must be wholly formed or knit to shape in Haiti, the United States, or U.S. FTA or apparel preference program countries from yarns wholly formed in the United States. A de minimis rule permits up to 10 percent by weight of non-U.S. yarn in the fabric or component. Qualifying knit fabric may also contain certain non-U.S. nylon yarns and yarns found to be in short supply under U.S. preference programs or FTAs.
- Unlike qualifying knit fabric, woven fabric must be formed in the United States. Formation in other countries, including Haiti, will disqualify the woven fabric.
- Qualifying producers and their designated proxies can register and manage EIAP accounts through OTEXA.

Source: GAO analysis of information from OTEXA. Map Resources (mapa).

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HAITI IN THE GLOBAL APPAREL PRODUCTION VALUE CHAIN

Haiti is the ideal platform for garment production aimed principally at US markets. Cost effective production and proximity to the US, plus preferences permitting use of fabric from any country enhance revenue opportunities from duty-free imports into the US. The same is possible to Canada and the European Union, with minimum value-added proportions

3 comparative advantages favor sourcing and producing in Haiti's apparel sector:

Preferences:

- Duty free imports into the US through HOPE-HELP with fabric from any country, including China
- Duty free imports to the US through CBTPA and CAFTA-DR
- GSP and WTO for EU, Canada, Brazil and Mexico (in negotiations)

Proximity:

- Port-au-Prince to Miami: 2 hours
- PAP -- New York 4 hours
- Sailing to Miami, 2 to 5 days
- Sailing to Europe, 10 days to 3 weeks

People:

- 2.5 million between the ages of 18 and 38, literate, able and willing to work in labor force of 4.5 million
- Goal of 200,000 in apparel production by 2018
- Total population: 10.5 million
- Over 1.5 million in Diaspora mainly in US, Dominican Republic, Canada, Europe

New developments exhibiting strength and viability of the sector

Labor --

- Cooperative labor/management practices assured through CTMO-HOPE Labor Ombudsperson;
- Formal Social Dialogue (*Tab Dyalog*) established to facilitate exchanges between organized labor and management;
- Factory supervision by Better Work Haiti and ILO mandated by HOPE II;
- Inspection and oversight by Haiti's Ministry of Social Affairs and Labor;
- Joint CTMO-HOPE, BWH/ILO Productivity Accelerator program
- CTMO-HOPE SKOA program coordinating professional and skills development and wage support services to workers.

Logistics --

- Haiti ports: Port-au-Prince, Cap Haiti -- weekly sailings by Crowley, ZIM, Antillean Marine, MSC;
- Dominican Republic ports: Santo Domingo (Rio Haina, Caucedos), Manzanillo, Puerto Plata -- weekly sailings by Crowley, Antillean Marine, MSC, Hapag Lloyd, Tropical, ZIM.
- Overland deliveries from all Haiti and DR ports to industrial parks in Port-au-Prince, Caracol, Ounaminthe (CODEVI)
- Air cargo availability through Amerijet, DHL, others -- daily and weekly flights from PAP, Cap Haitien; same from Santo Domingo, Santiago in the DR.

Infrastructure --

- Developing for 2015, 2 million square feet of new assembly production space (100,000 Ft² per building) in existing industrial parks: 1) 600,000 Ft² at the PIM, Port-au-Prince; 2) 200,000 Ft² at Palmist Free Zone, Carrefour (PAP suburb); 3) 300,000 Ft² at CODEVI (Haiti-DR border at Ounaminthe); 4) 900,000 Ft² at Caracol;
- Average yearly lease is US\$3.00 per square foot;
- Improved electrical power, solar and wind installations and lowered rates between US\$0.19 and US\$0.23 per KWh;
- Water treatment facilities for fabric laundry and dyeing operations (Caracol, CODEVI);
- New roads and paved streets to intensive production centers;
- Improved port facility in Port-au-Prince, Cap Haitien;
- New dry ports on Haiti/DR border at Fort Liberte/Manzanillo and Malpass/Jimani.

Government of Haiti integrated support services --

- CTMO-HOPE: coordination, Labor Ombudsperson, Better Work Haiti/ILO partnership; SKOA; Ministry of Commerce and Industry (MCI)
- CFI (Centre Facilitation des Investissements): promotion follow-up and launch support including incorporation, duty and tax waivers, guidance on insurance, HR management;
- Ministry of Public Works (MTPTC): roads construction, electricity (EDH);
- Ministry of Social Affairs and Labor (MAST): labor laws and code enforcement;
- Ministry of Economy and Finance (MEF): investment code management; tax waiver control.

Current state of the garment sector

- Employment 32,000
- Plant size, on average, range between 800 to 1200 workstations.
- Exports 2013 -- US\$800 million, 90% of total exports from Haiti, 11% of GDP
- US destinations for 95% of made in Haiti apparel
- 23 enterprises in Haiti, 30% local 70% foreign investments
- New investors from Korea include **Sae-A, Yu-Jin, Wil-Bes** projected to employ 40,000 by 2018;
- Current brands and retailers sourcing directly and through 3rd parties in Haiti include **Walmart, Target, Gap, Levi's, Marshall, VF Corp., Cintas, Hanes, Gildan, Sears, J.C. Penney's**, etc.

Miscellaneous information regarding production in Haiti

- Lowest per capita crime rate in the Caribbean and Central American region and one of the lowest in the world; acts of violence are rarely perpetrated against foreigners and never in recent memory within an industrial park;
- Average wage for workers in production is US\$150 per month--includes overtime, benefits, pension and insurance;
- Average salary of technical workers including industrial engineers is between US\$600 and US\$1200 per month;
- Apparel export resumed 2 weeks after 2010 earthquake.