

RENEWING CBTPA (HR 991): ESSENTIAL FOR HAITI'S JOB GROWTH

SUMMARY

The Caribbean Basin Trade Partnership Act ("CBTPA"), first enacted by Congress in 2000, provides certain trade benefits for Haiti. CBTPA was extended in 2010, is now scheduled to expire in September 2020. It is critical for Congress to pass pending bi-partisan legislation (HR 991) to extend the program.

PENDING LEGISLATION:

- ***H.R. 991 - Extension of the Caribbean Basin Economic Recovery Act***
- Introduced by Representatives **Terri Sewell (D-AL-7)** and **Brad Wenstrup (R-OH-2)**
 - Co-Sponsors: Alcee Hastings (D-FL-20); David Schweikert (R-AZ-6); John Lewis (D-GA-5); Karen Bass (D-CA-37); Steve Chabot (R-OH-1)

BACKGROUND

- The Caribbean Basin Economic Recovery Act ("CBERA") and the U.S.-Caribbean Basin Trade Partnership Act ("CBTPA"), collectively known as the Caribbean Basin Initiative ("CBI"), remain essential for the continued economic development of Haiti.
- Duty-free eligibility under CBTPA requires apparel to be made from U.S. inputs, which helps sustain U.S. yarn production and encourage further investment in the sector. Investments by MAS Holdings and Everest Textiles in North Carolina in 2016 and 2017 have created about 4,000 new American jobs producing inputs for CBTPA eligible apparel made in Haiti.
- CBTPA permits duty-free access for certain knit apparel (excluding socks and non-underwear T-shirts) wholly assembled in Haiti *from fabrics made in the region from U.S. yarns*. There is a quota for such imports. CBTPA also provides Haiti duty-free access for certain footwear, handbags, luggage, flat goods, work gloves, and leather wearing apparel, along with benefits for canned tuna, petroleum products and watches and watch parts.
- Total apparel exports of apparel are almost \$1 billion, and account for over **90 percent** of Haiti's exports. Over the last ten years, Haiti's exports under CBTPA have ranged between \$200 and \$400 million annually.
- Congress has also granted Haiti additional market access preferences under the Haitian Hemispheric Opportunity for Partnership Encouragement Act (HOPE I) enacted in 2006, HOPE II enacted in 2008, and the Haiti Economic Lift Program Act (HELP) enacted in 2010, and as extended in 2015 through September 30, 2025. These programs, which allow the use of third country fabrics under specified quotas, complement Haiti's CBTPA benefits requiring the use of U.S. inputs, and are not a substitute for them. The CBTPA and HOPE/HELP programs function in an integrated way to support Haiti's most important industrial sector, apparel, which employs over 51,000 workers, and accounts for 10 percent of GDP.
- **In 2018, the United States had a \$370 million trade surplus with Haiti, exporting \$1.3 billion and importing \$900 million; the U.S. surplus has ranged between \$200 and \$600 million annually since 2000.**

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ADDITIONAL POINTS

- (1) potential investors in Haiti need to know the trade program will be renewed so they can be confident they will receive a return on their investment;
- (2) Haiti has brought on significant new factory infrastructure after the earthquake of 2010 and certainty in the trade rules for Haiti is more important than ever;
- (3) CBTPA is complementary to the HOPE/HELP trade programs enacted for Haiti between 2006 and 2010, which were extended in 2015 through 2025;
- (4) if CBTPA expires existing production will migrate to the HOPE/HELP program, using up the existing quotas under HOPE/HELP and disincentivizing further investment in Haiti;
- (5) CBTPA requires the use of U.S. cotton, yarn and fabric, so CBTPA is an incentive program for U.S. exports to Haiti;
- (6) the U.S. consistently runs trade surpluses with Haiti, and the more successful Haiti can be economically, the larger its market will be for U.S. exports;
- (7) extension of CBTPA would support further job creation in Haiti, contributing to Haiti's economic and political stability and disincentivizing Haitian migration to the United States or other countries in the region.

CONCLUSION: Haiti needs the U.S. Congress to pass legislation this year that extends the CBTPA program for at least an additional ten years. Otherwise, the uncertainty about CBTPA renewal will begin to accelerate as a major concern, and additional jobs and investment will be lost.