



ASSOCIATION DES INDUSTRIES D' HAITI
Reconnue d'Utilité Publique

STATEMENT OF GEORGES SASSINE
ASSOCIATION DES INDUSTRIES D'HAITI
(ADIH)

HEARING BEFORE THE SUBCOMMITTEE ON TRADE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
SEPTEMBER 10, 2020

THE CARRIBEAN BASIN TRADE PARTNERSHIP ACT: CONSIDERATIONS FOR RENEWAL

Chairman Blumenauer, Ranking Member Buchanan, Members of the Subcommittee, I am Georges Sassine and I am testifying on behalf of the Association des Industries d'Haiti (ADIH), which is the largest private sector employer association in Haiti, and which represents the apparel manufacturers in Haiti.

Our members are appreciative of the fact that you have called this hearing and given us the opportunity to testify before the Subcommittee.

I can tell you that for our apparel sector, and for numerous U.S. textile and apparel companies, the renewal of the Caribbean Basin Trade Partnership Act is an urgent matter and critical to the future of our sector.

In turn, our sector is critical to the economy of Haiti, and to its population. The apparel industry, at least before the impact of the CoVID-19 pandemic, employed over 55,000 Haitians and accounted for about \$1 billion in Haitian exports, with almost all going to the United States.

Apparel accounts for over 90 percent of Haiti's total exports. Indeed, this sector is Haiti's only significant export industry. It also supports the existence of the logistics and trade services critical to our economy.

The 55,000 workers, of course, support many hundreds of thousands of other Haitians in their families and through the indirect employment associated with our sector.

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For a country that has faced immense political and economic challenges, we can clearly see that without a vibrant and growing apparel sector, Haiti's already fragile economy will weaken further. On the other hand, a growing and dynamic apparel sector offers Haiti the best available pathway towards economic growth, increased employment and industrial diversification.

Mr. Chairman, the trade preference arrangements governing Haiti's access to the United States have been carefully crafted by the Congress over the last two decades. As you know, the Caribbean Basin Trade Partnership Act ("CBTPA") of 2000 added some apparel benefits to the Caribbean Basin Initiative ("CBI"), first implemented in 1984. The CBI initiative is authorized permanently as the Caribbean Basin Economic Recovery Act ("CBERA"). The apparel program, established initially for 10 years and renewed by Congress in 2010, allows Haiti duty-free access to the U.S. market for apparel made from U.S. yarns, which largely consists of U.S.-grown cotton. This represents a "win-win" scenario and that is why the renewal of this program is supported by the U.S. National Cotton Council and the National Council of Textile Organizations.

As you might appreciate, certainty is extremely important to investors and users of the program. We have seen some lost orders and investment over the last year due to the lack of certainty about the renewal of CBTPA. For example, some have noted that the Generalized System of Preferences ("GSP) has often expired before it was renewed and questioned if the same would happen to CBTPA. Since CAFTA-DR is permanent, orders have bypassed Haiti for some of those countries, or stayed in Asia as investors wait to see if Congress will reauthorize CBTPA. This uncertainty is especially challenging to least developed countries such as Haiti. We note that CBERA is permanent, so perhaps Congress at some point can consider authorizing CBTPA permanently to eliminate concerns about disruptions that would inevitably arise as the end of the authorized duration approaches.

The other program that Congress has enacted that provides duty-free access for Haitian apparel, known as the HOPE/HELP legislation, was put in place through laws in 2006, 2008 and 2010, and renewed in 2015 until 2025, so is not the subject of today's hearing. But it is important to point out that provisions of the HOPE/HELP program were developed on the foundation of the CBTPA program, and if CBTPA is allowed to expire it will create massive administrative problems for our manufacturers and U.S. buyers, potentially eliminate duty-free entry for certain Haitian apparel, and severely limit the potential expansion of Haiti's apparel sector going forward, as well as harm U.S. yarn and fabric manufacturers.

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Mr. Chairman, one of the most important things about the renewal of CBTPA by the Congress is the assurance it will provide to potential investors in Haiti that the country's access to the U.S. market will be maintained. This will come at a time when the apparel industry has suffered an enormous blow from the impact of the pandemic – U.S. imports of apparel from Haiti are down in value by some 35 percent this year through July, compared to 2019. This is a little bit worse than the 30 percent overall decline from all suppliers. But similar to our neighboring Dominican and Central American apparel sectors, and we have all had to deal with factory closures due to the pandemic and some supply chain disruptions.

At the same time, and I want to emphasize this point, we see great opportunity on the horizon if CBTPA is renewed. Before the pandemic, as I mentioned, we had finally reached \$1 billion in exports. I have been working to support and expand the industry for two decades, since CBTPA was first enacted, and it was a point of pride that we finally passed that threshold and we were seeing greater interest from investors to come to Haiti, both because we offer an attractive production platform, and because of the renewed focus on nearshoring and Hemispheric production.

We remain optimistic that once the recovery from the pandemic can be sustained by medical treatments and a vaccine, that we will have an opportunity to build the sector substantially and help create the economic foundation for Haiti's successful development.

Mr. Chairman, I again want to thank you and the Subcommittee for taking the time to consider the needs of Haiti for CBTPA renewal to maintain our U.S. trade access framework. I look forward to the day when our country can join in the type of free trade arrangement that the Dominican Republic and the countries of Central America have with the United States, so that like them, we no longer must rely upon the CBTPA program. But in order for that day to come, we must once again ask that the Congress of the United States urgently renew CBTPA before its expiration this month.

Thank you.