

**Hearing on the Caribbean Basin Trade Partnership  
Act: Considerations for Renewal**

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HEARING  
BEFORE THE  
SUBCOMMITTEE ON TRADE  
OF THE  
COMMITTEE ON WAYS AND MEANS  
U.S. HOUSE OF REPRESENTATIVES  
ONE HUNDRED SIXTEENTH CONGRESS  
SECOND SESSION

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**Serial No. 116-54**

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**HOUSE COMMITTEE ON WAYS & MEANS**  
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# ***ADVISORY***

## **FROM THE COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON TRADE**

FOR IMMEDIATE RELEASE  
September 3, 2020  
No. TR-7

CONTACT: (202) 225-3625

### **Chairman Blumenauer Announces a Trade Subcommittee Hearing on the Caribbean Basin Trade Partnership Act: Considerations for Renewal**

House Ways and Means Trade Subcommittee Chairman Earl Blumenauer announced today that the Subcommittee will hold a hearing on “The Caribbean Basin Trade Partnership Act: Considerations for Renewal” on Thursday, September 10, 2020, at 2:00 PM EDT.

This hearing will take place remotely via Cisco Webex video conferencing. Members of the public may view the hearing via live webcast available at [www.waysandmeans.house.gov](http://www.waysandmeans.house.gov). The webcast will not be available until the hearing starts.

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

#### **DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:**

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select “Hearings.” Select the hearing for which you would like to make a submission, and click on the link entitled, “Click here to provide a submission for the record.” Once you have followed the online instructions, submit all

requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Thursday, September 24, 2020**. For questions, or if you encounter technical problems, please call (202) 225-3625.

#### **FORMATTING REQUIREMENTS:**

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but reserves the right to format it according to guidelines. Any submission provided to the Committee by a witness, any materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

All submissions and supplementary materials must be submitted in a single document via email, provided in Word format and must not exceed a total of 10 pages. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. The name, company, address, telephone, and fax numbers of each witness must be included in the body of the email. Please exclude any personal identifiable information in the attached submission.

Failure to follow the formatting requirements may result in the exclusion of a submission. All submissions for the record are final.

The Committee seeks to make its facilities accessible to persons with disabilities. If you require special accommodations, please call (202) 225-3625 in advance of the event (four business days' notice is requested). Questions regarding special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

**Note:** All Committee advisories and news releases are available at <http://www.waysandmeans.house.gov/>

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**The Caribbean Basin Trade Partnership  
Act: Considerations for Renewal**  
U.S. House of Representatives,  
Subcommittee on Trade,  
Committee on Ways and Means,  
Washington, D.C

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**WITNESSES**

**THE HONORABLE HERVÉ H. DENIS**

Ambassador of the Republic of Haiti, the Embassy of the Republic of Haiti

[Witness Statement](#)

**MR. GEORGES SASSINE**

Board Member and Former President, Association des Industries d'Haïti

[Witness Statement](#)

**MS. LAUREN STEWART**

Regional Program Director, Americas, Solidarity Center

[Witness Statement](#)

**MS. BETH BALTZAN**

Principal, American Phoenix Trade Advisory Services PLLC

[Witness Statement](#)

**MR. JERRY COOK**

Vice President, Government and Trade Relations, Hanesbrands, Inc.

[Witness Statement](#)

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The subcommittee met, pursuant to call, at 2:07 p.m., via Webex, Hon. Earl Blumenauer [chairman of the subcommittee] presiding.

\*Chairman Blumenauer. The committee will come to order. We welcome you this afternoon. We want to thank everybody for joining us today. It looks like we have a terrific turnout, about a dozen members so far.

We are holding this hearing virtually today, in compliance with the regulations for remote committee proceedings, pursuant to House Resolution 965. This authority has allowed us to continue to do our work on behalf of the American people, while keeping our staff, families, and the broader community safe.

While we all have started to become familiar with navigating this technology, more or less, I do want to remind members of a few procedures.

First, consistent with the regulations, the committee will keep microphones muted to limit background noise. Members are responsible for unmuting themselves when they seek recognition or when they are recognized for their five minutes.

Second, members and witnesses must have their cameras on at all times. If you need to step away from the proceedings, please leave your camera on, rather than logging out.

Today the trade subcommittee is holding a hearing on the “Caribbean Basin Trade Partnership Act: Considerations for Renewal.” Today marks the second virtual hearing for the trade subcommittee, and the first hearing we are holding on the Caribbean in this Congress.

I want to express my deep appreciation for Representatives Sewell and Wenstrup for taking a leadership role in this program. Last year they introduced a bill to reauthorize the Caribbean Basin Trade Partnership Act, which expires at the end of the month, and have been instrumental in organizing this hearing.

In today's political climate, it is important to highlight areas of bipartisan consensus. The CBTPA has historically enjoyed that bipartisan and bicameral support, in part because of the shared history and close ties the United States has had with the Caribbean region. About 15 million Americans have Caribbean ancestry, and represent about 4 percent of the American population.

The Caribbean -- in particular, Haiti -- played a critical role in the American Revolutionary War, when hundreds of Haitians fought for American independence. And years later, Haiti would defeat the French and become the first black republic, influencing the rise of abolitionist and anti-colonial movements all over the world, including in the United States. Haiti's sacrifices and unyielding resolve continue to inspire millions.

But sadly, the United States, under the influence of slave-holding interests, actively worked against this new republic. They were threatened by the specter of a slave uprising and black independent governance. The United States was too often hostile to Haiti, and undermined its efforts. Rather than be a constructive partner to help this fledgling republic, the United States interfered and, more importantly, failed to embrace the emergence of the first black republic.

There are admitted problems of governance, poverty, and corruption, but I believe some of the difficulties that Haiti experiences to this day are the result of a failure in American policy in the past. That is why the Caribbean Basin Initiative is so important. It is an opportunity to help strengthen Haiti's economy and our working relationship.

In 2010, after the devastating earthquake, I joined a bipartisan, bicameral delegation to Port-Au-Prince to demonstrate the ongoing support of Congress for the Haitian people, and our commitment to work with the Haitian Government to assist with reconstruction efforts. It is impossible to describe that the devastation.

Haiti is, by design, the primary beneficiary of the textile and apparel preferences

under CBTPA. I am looking forward to hearing, firsthand, the impact the program has had on the country. I am also eager to better understand some of the challenges, especially those related to labor and worker rights, facing the country, especially in the time of COVID-19.

While the CBTPA, in addition to other preference programs in the region, have helped to create thousands of jobs and opportunities for workers and businesses in both the United States and the Caribbean, development challenges continue to persist in the region. Like any good trading relationship, this one requires work on both sides, work to improve labor conditions, political stability, and expand economic development to all countries in the region.

As we consider the reauthorization of the program, it is important to evaluate its effectiveness in stimulating economic growth and achieving broader development goals across various metrics. Exports from the Caribbean have increased for a second consecutive year in 2018. However, our preference program continues to be underutilized across different product categories, and by various beneficiary countries. It is my hope that this hearing will shed light on some of the impediments to broader utilization of the program, spark development challenges facing the region, and spark a conversation on how best to tackle these challenges together in a manner that harnesses trade and development as we renew CBTPA.

[\[The statement of Chairman Blumenauer follows:\]](#)

\*Chairman Blumenauer. And with that, I would like to recognize the ranking member, Mr. Buchanan, for his opening statement.

\*Mr. Buchanan. Can you hear me all right, Mr. Chairman?

\*Chairman Blumenauer. I can, indeed, sir, welcome. Glad to have you.

\*Mr. Buchanan. Great. Well, thank you, Mr. Chairman, for holding this timely



and bipartisan hearing.

Preference programs have been an important part of the U.S. trade and development policy for more than four decades. With the preferences for the Caribbean Basin set to expire in less than three weeks, this hearing is an important opportunity to focus on why these programs, and CBTPA in particular, serves a range of U.S. interests, including by raising standards to beneficiary countries and providing affordable access to U.S. businesses and consumers to goods that they need.

Thank -- and I also want to thank our witnesses for them taking their time to be here today.

As a member, the representative of Florida, which I serve as a gateway -- Florida serves as a gateway to the Caribbean -- I am keenly aware of the importance of our relationship with our neighbors in the Caribbean Basin. These countries may not have the largest economies, but five out of the eight of them are in the top 50 export markets for Florida. Florida exports around \$400 million of goods to Haiti alone each year. Overall, the United States exports over \$9 billion to the region, with a trade surplus of over 4 billion.

America is stronger when we work closely together with our regional partners to raise standards and improve our competitiveness. Our preference programs, including CBTPA, are important tools towards this end. I am eager to hear details from our witnesses about how the program advances U.S. interests in the region.

In my view, all of our preference programs clearly serve the interests of the United States in several ways.

First, they advance our interest in helping developing countries grow and create more opportunities for their local workers and entrepreneurs in a pro-market way.

Second, preference programs help export our values and raise standards through the

enforcement of eligibility criteria, such as protecting internationally-recognized workers' rights, providing fair market access to U.S. exporters, and respecting intellectual properties. Access to preference is an important incentive for our trading partners to respect these principles or risk jeopardizing their benefits, as they know that adopting these standards make it more attractive to them, to investors, and also growth opportunities.

Third, preference programs serve our interests by providing American consumers and businesses access to goods they need at competitive prices, thanks to the tariff savings. Moreover, in the case of CBTPA, U.S. cotton, yarn, and textile producers benefit from the rule of origin that requires use of U.S. input to qualify those benefits.

My background in business -- and I know well from what -- my business over the years -- is dependent on minimizing uncertainty. Uncertainty is compounded by COVID-19 for many of my constituents, and their partners, and our partners in the developing countries as they seek to make solid, long-term business decisions.

When we, as policymakers, reduce uncertainty, we help businesses take risk and make decisions, especially in terms of long-term investments. Renewing the program this month before it expires is a smart, common-sense way to reduce uncertainty, both for Americans who rely on programs to support exports of cotton and yarn, as well as those who rely on supply chains to provide apparel and other finished goods at a competitive price.

Uncertainty about if and when CBTPA will be renewed is not good for jobs in America, either, or our beneficiary countries, nor would it advance our development goals. For similar reasons I strongly support renewing the GSP at the same time that we renew CBTPA.

GSP is our largest and oldest preference program, with 119 beneficiary developing countries around the world. In 2019, Americans saved more than a \$1 billion of their

hard-earned money, including almost \$40 million in my home state of Florida, thanks to GSP. GSP is set to expire in only three months after CBTPA. Given our recess at the end of the month for elections, and uncertainty in the lame duck session, GSP expiration is effectively the same time right now as CBTPA. Renewing GSP now would reduce uncertainty and support jobs at American companies that rely on programs, many of which are small businesses.

Mr. Chairman, I am glad to say that this is not a partisan issue. I know that we both support our preference programs and want to protect the value that they bring, both for Americans and for our partners in beneficiary countries. Let's work together to renew both CBTPA and GSP in the very near future.

Thank you again, Mr. Chairman, for calling this important hearing. I look forward for -- to the testimony from all of the witnesses today. Thank you. I yield back.

[\[The statement of Mr. Buchanan follows:\]](#)

\*Chairman Blumenauer. Thank you very much, Congressman Buchanan. I appreciate, as always, the perspective that you bring, especially as it relates to your state of Florida. It is very important.

Without objection, all members' opening statements will be made a part of the record.

We have today a distinguished panel of witnesses to discuss policies to develop robust and resilient supply chains.

I would like to first welcome -- and we are honored to have -- the Ambassador of Haiti to the United States, Herve H. Denis.

Mr. Ambassador, welcome. You honor us with your presence, and we are looking forward to your presentation.

And then we will hear from Georges Sassine, a board member and former president

of the Association of Haitian Industries, also known by its French acronym, ADIH.

Then we will follow with Ms. Lauren Stewart, the regional program director for the Americas for the Solidarity Center.

Then we will hear an alumni committee staff member, Ms. Beth Baltzan, president of the American Phoenix Trade Advisory Services.

And then, following Ms. Baltzan, will be Mr. Jerry Cook, vice president of government and trade relations for Hanesbrands, Incorporated.

Each of your statements will be made part of the record in its entirety. But I would ask if you could summarize your testimony in five minutes or less.

Mr. Ambassador, would you be kind enough to lead us off?

STATEMENT OF HON. HERVE H. DENIS, AMBASSADOR OF THE REPUBLIC OF  
HAITI, THE EMBASSY OF THE REPUBLIC OF HAITI

\*Ambassador Denis. Thank you, Chairman, and thanks for the kind words to my country. Good afternoon, honorable Members of Congress, to co-panelists and viewers.

My name is Herve Denis. I serve as the Republic of Haiti's ambassador to the United States of America.

First, I wish to express my deepest gratitude to the president of Haiti, His Excellency Jovenel Moise, the Haitian Government, and my staff at the embassy here in Washington. Second, thanks to my esteemed colleagues at the CARICOM, who work relentlessly on the extension of Caribbean Basin Economic Recovery Act, CBERA, H.R. 991.

Chairman Earl Blumenauer and Ranking Member Vern Buchanan, thank you for holding today's hearings, and for the opportunity to testify before the Subcommittee on

Trade.

I want also to express my profound thanks to the Chairman of the Ways and Means Committee, the Honorable Richard Neal, Congresswoman Terri Sewell, for introducing the legislation, members of the committee, and the Congressional Black Caucus members.

Lastly, to staffers Alexandra Whittaker, Robert Nutall, and countless others, thank you for working closely with the embassy.

As a 30-plus-year career diplomat, my tour in Washington, D.C. has been one of the most rewarding, due to my role in strengthening bilateral relations between two of the oldest republics in the Americas, and fostering inclusive development.

Today's testimony seeks to stress the importance of passing H.R. 991 before its expiration date, September 30, 2020.

For almost two years the Government of Haiti has been working with CARICOM ambassadors, Association of Industries of Haiti, NGOs, think tanks, and U.S. manufacturing companies to lobby Congress to pass this critical bicameral and bipartisan piece of legislation. The efforts of the Haitian diaspora have not gone unnoticed. I am immensely grateful for their support.

The Caribbean Basin Trade Partnership Act, CBTPA, provision gives duty-free eligibility for textiles and apparel made from U.S. yarns and fabrics, enabling eligible countries to compete with China and other Asian apparel suppliers. Such provision, among many other benefits, helps sustain U.S. yarn production and encourages further investment in the sector.

For example, investment by MAS holdings and Everest Textiles in North Carolina alone in 2016 and 2017 have created roughly 4,000 new American jobs that are producing inputs for CBPTA-eligible apparel made in Haiti.

Countries such as Barbados, Belize, Curacao, Guyana, Jamaica, Saint Lucia, and Trinidad and Tobago benefit from this provision. According to the Thirteenth Report to Congress on the Operation of the CBERA in 2018, the U.S. enjoyed trade surplus of \$7.4 billion with countries -- trade with those countries of 19.4 billion.

The Republic of Haiti's garment industry is the industrial foundation of the country's economy, and its existence depends on the preference granted under CBTPA and the additional HOPE/HELP programs. According to ADIH, the industry reached -- provided direct employment to almost 60,000 workers early this year, was already beginning to suffer from the delays in the CBTPA's renewal before the coronavirus outbreak. Buyers and investors were hesitant to make new commitments while the program's future remained uncertain. The country was already losing jobs at the end of 2019, well before buyers and retailers began canceling orders in response to the pandemic.

The unfortunate reality is that the demand for the apparel has gone down, and the potential buyers, who are still capable of placing orders, are not willing to commit until Congress renews CBTPA before its expiration date. Haiti's garment industry's future, and thus the job and economic sustainability for many Haitian families, remain in jeopardy until the legislation passes.

CBTPA will play a crucial role in making the supply chains for PPEs and textiles stronger in response to COVID-19, which would make America less dependent on nations outside of the Western Hemisphere.

Also, with the issue regarding China, Haiti hopes and expects to benefit from the near-shoring concept introduced by Congress.

In closing, I humbly urge the United States Congress to pass H.R. 991 before

September 30, 2020 for the following reasons: one, to reaffirm CBTPA; two, to boost Haiti's manufacturing and assembly sectors; three, to create security and stability in the country and the region; four, to decrease migration; and five, to foster U.S.-Haiti partnership.

Honorable Members, thank you for your time and your commitment to the Republic of Haiti and the Caribbean region. Thank you.

[\[The statement of Hon. Denis follows:\]](#)

\*Chairman Blumenauer. Thank you so very much, Mr. Ambassador. We are, again, honored by your presence, and appreciate your comments.

Now, Mr. Sassine, would you please begin?

STATEMENT OF GEORGES SASSINE, BOARD MEMBER AND FORMER  
PRESIDENT, ASSOCIATION DES INDUSTRIES D'HAITI

\*Mr. Sassine. Thank you, Mr. 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 organization in Haiti, and which represents the apparel manufacturers in our country. 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 -- urgent matter critical to the future of our sector. In turn, our sector is vital 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 exports, almost all of these going to the United States. Apparel accounts for over 90 percent of Haiti's exports. It also

supports the existence of the logistics and trade services critical to our economy.

For a country that has faced immense political and economic challenges, we can clearly see that without a vibrant and booming apparel sector, Haiti's already fragile economy will weaken further.

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. And you know, the Caribbean Basin Trade Partnership Act, CBTPA, added some apparel benefits to the Caribbean Basin Initiative, CBI, first implemented in 1994.

The apparel program established initially for 10 years, and renewed by Congress in 2010, allowed Haiti duty-free access to the U.S. market for apparel made from U.S. yarn, which largely consists of U.S.-grown cotton. This represents a win-win scenario, and that is why renewal of this program is supported by the U.S. National Cotton Council and the National Council of Textile Organizations.

As you might appreciate, it certainly 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 not 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.

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 renewed in 2015 until 2025. Though it is not the subject of today's hearing, 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.

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.

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. And 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 near-shoring and hemispheric production.

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 the Congress of the United States

urgently renew CBTPA before its expiration this month.

And I thank you.

[\[The statement of Mr. Sassine follows:\]](#)

\*Chairman Blumenauer. Thank you.

Ms. Stewart, would you please begin?

\*Ms. Stewart. Absolutely. Thank you.

STATEMENT OF LAUREN STEWART, REGIONAL PROGRAM DIRECTOR,  
AMERICAS, SOLIDARITY CENTER

\*Ms. Stewart. Chairman Blumenauer, Ranking Member Buchanan, and distinguished members of the subcommittee, thank you for your leadership and for the opportunity to discuss the labor rights situation in Haiti's garment industry, especially as you consider the renewal of the Caribbean Basin Trade Partnership Act, or CBTPA.

Today I represent the Solidarity Center, which is the largest U.S.-based international worker rights organization. We have programs in approximately 60 countries, including Haiti.

As the Solidarity Center's regional program director for the Americas, and in my previous role as the senior program officer for Haiti, I worked alongside and continue to closely engage with a number of independent Haitian trade unions that represent thousands of workers across the garment sector. These workers produce goods, primarily tee shirts and other apparel, which gain duty-free access to the U.S. market under the CBTPA and other important trade preference programs.

These programs are indeed important for Haiti's economy. They have stimulated the garment industry and also generated formal employment. However, it is imperative to

note that formal-sector job creation has not been synonymous with greater access to decent work, and that the economic gains of the garment industry have not translated into family-supporting wages, safe workplaces free of hazards or sexual harassment, or an end to illegal practices that rob workers of their hard-earned health care and social security benefits.

From a labor perspective, poor working conditions and low wages continue to characterize the sector. The Solidarity Center estimates the minimum wage for garment workers in Port-Au-Prince to be at least three times lower than the basic cost of living. Our union partners report that minimum wage earners in Port-au-Prince exhaust half of their daily earnings on transportation to and from work and a modest lunch to sustain their labor.

The Solidarity Center is aware of only one authentic collective bargaining agreement in the entire sector, which means that the majority of workers are unable to negotiate higher wages, and they lack a voice in shaping the terms of their labor.

In addition to low wages and poor working conditions, rights violations abound, as does widespread and persistent non-compliance with national labor laws and internationally recognized worker rights, which is among the criteria for CBTPA eligibility. In its 2019 Human Rights Report for Haiti, the State Department noted that penalties for violations were not sufficient to deter violations, and that the government did not effectively enforce the law.

The Better Work Program in Haiti, which is a joint initiative between the International Labor Organization and the International Finance Corporation, issues a report every six months on factory level compliance. These reports show continual and high rates of non-compliance. Better Work has issued 20 reports over the past decade. In 13 of these 20 reports, 100 percent of garment factories were found to be in violation of one or

more health and safety standards.

In addition to health and safety violations, ongoing non-compliance related to health insurance and social security benefits is particularly egregious. In fact, in the past two months, at least two workers have died after being denied medical care, care that they paid for through payroll deductions, which their employers neglected to remit to the health insurance agency in accordance with the law.

As a result, Sandra Rene, pictured here, a 30-year-old woman who was 6 months pregnant with her first child, was reportedly denied health care when she sought treatment for pregnancy complications. Her family says the hospital told her that insufficient funds had been accrued on her behalf, even though her employer, Palm Apparel, had been deducting health insurance contributions from her wages for the past 10 years. Unable to afford the \$600 cost of care, Sandra and her unborn child tragically died days later.

Liunel Pierre, who worked at the Sewing International factory, also known as SISA, recently suffered the same fate after reportedly being denied critical dialysis treatment.

These two factories employ more than 3,500 workers in total, and produce tee shirts, for Gildan activewear. According to the most recent Better Work report published in April 2020, neither factory had remedied its violations related to health insurance in more than the three years since these infractions were identified.

These types of violations are common across factories and have devastating consequences for workers, especially in the era of COVID.

Our union partners observe that, in order for benefits of trade to reach some 57,000 workers in the garment industry, labor rights provisions set forth in trade preference programs must be respected and enforced. These conditions are critical to guaranteeing worker rights and fostering the rule of law, both of which are necessary to promote stability, economic development, and democracy in Haiti.

I look forward to sharing additional details and answering any questions that you may have. Thank you again for your leadership, and the opportunity to speak to these issues.

[\[The statement of Ms. Stewart follows:\]](#)

\*Chairman Blumenauer. Thank you very much, Ms. Stewart, we really appreciate that.

Now we will turn to our alumni association member, Ms. Baltzan.

Welcome back to the committee.

STATEMENT OF BETH BALTZAN, PRINCIPAL, AMERICAN PHOENIX TRADE  
ADVISORY SERVICES, PLLC

\*Ms. Baltzan. Thank you so much, Chairman Blumenauer. It is an honor to be here today and to testify before the subcommittee.

Preference programs have been a cornerstone of the American commitment to development for many decades. It was my good fortune to staff Mr. Rangel, when we last considered preference program renewal in 2015. I was also the preference program lawyer when I was at USTR. With the expiry of some of these programs on the horizon, Congress has the opportunity to take a holistic view of the way the programs might be improved.

When we look at the discussion in the 1960s and 1970s that led to the creation of these programs, it is clear that we believed at the time that promoting investment in a beneficiary country and providing duty-free trade for their exports was itself a development policy. The criteria generally reflect this mindset.

Today we are revisiting many of our assumptions. Reflecting on the pandemic, the

Financial Times editorial board contends that we must reconsider the economic guideposts of the past four decades, and places the discussion in the context of a new social contract.

Multinational corporations themselves are acknowledging the importance of shifting to a model of stakeholder capitalism. This is an inherent recognition that investment on its own may handsomely reward shareholders, but not necessarily workers or the environment. The prevalence of share buybacks in recent times emphasizes the point.

As the business community recognizes that investment alone is not enough to create inclusive prosperity, it is appropriate to review our program criteria to see if they can be updated to reflect our evolved thinking, and to do still more to promote development in beneficiaries. Researchers have shown that one of the best ways to do that is to foster a thriving middle class in those countries. The following are suggestions that would orient the programs in that direction.

First, support robust labor rules. These rules are sometimes seen as an imposition by the United States on developing countries. But ensuring that workers are appropriately compensated for their efforts is an essential component of promoting a middle class.

Two, target economic inequality. We usually focus on whether per-capita metrics, such as gross national income, are increasing. But that doesn't tell us whether most of the benefits of enhanced wealth are concentrated in the hands of a few. Nobel laureate Amartya Sen has commented that Bangladesh does a better job than wealthier neighbor India of addressing inequality within the country. A basket of metrics, including life expectancy and the Gini coefficient might be useful.

Three, promote competition within beneficiaries. Consistent with furthering equitable development, we should do more to ensure that the benefits of trade don't flow to a small subset of industrial oligarchs within a particular beneficiary. We might consider a competition criterion.

Four, promote competition across beneficiaries. The program is designed to provide tariff preferences to enable countries to compete and provides for removal of benefits for a particular product if a country is competitive with respect to that product. Enforcing this provision more strictly would give other beneficiaries the chance to become competitive, themselves.

Five, ensure that any product expansions will actually benefit the countries. This was a challenge when programs were reconsidered in 2015. Often there is a push for product expansion because businesses are interested in the tariff benefits, but there is rarely evidence of any concrete effort to create meaningful jobs.

Six, resist relaxing rules of origin. When preference renewal comes up, there is usually a push to relax these rules, but they are designed to promote real manufacturing in these countries, not for these countries to act as a transshipment points for non-beneficiaries. At the same time, it is worth examining whether rules of origin can do more to promote regional integration among the beneficiaries.

Seven, adopt an environment criterion. As with labor, an environment criterion is often viewed as an imposition. It is just the opposite. The United States should not be creating incentives to export polluting industries to developing countries. Mr. Doggett proposed a modest environment criterion for GSP in 2015.

Eight, consider a corporate code of conduct. Even advocates of MNCs as vehicles for development in the 1970s believed that these companies needed a mandatory code of conduct in order to be good corporate citizens. The OECD developed guidelines in the 1970s, but they are not mandatory. Name brand companies have become linked to forced labor in Xinjiang. Evidence shows that companies claiming commitments to stakeholder capitalism have worse records on sustainability than those who don't. Moving toward true stakeholder capitalism may require mandatory compliance with guidelines as a condition of

importation under these programs.

Finally, consider how we can include developing countries in our plans to diversify supply chains. Developing countries don't necessarily have the budgets nor the tools to stockpile essential goods or to produce them. As we evaluate these programs and consider on-shoring and supply chain diversification, it may be possible to include developing countries in our plans.

Thank you so much for the opportunity to testify today.

[\[The statement of Ms. Baltzan follows:\]](#)

\*Chairman Blumenauer. Thank you very much, Ms. Baltzan.

Mr. Cook, we welcome your comments.

STATEMENT OF JERRY COOK, VICE PRESIDENT, GOVERNMENT AND TRADE  
RELATIONS, HANESBRANDS, INC.

\*Mr. Cook. Mr. Chairman Blumenauer, Ranking Member Buchanan, and members of the Subcommittee on Trade, I want to thank you for holding this very important hearing on the Caribbean Basin Trade Partnership Act, consideration for renewal, and I want to thank particularly Representative Sewell and Representative Wenstrup for their leadership on H.R. 991.

Founded in 1901, Hanesbrands is one of the largest marketing of basic apparel founded and headquartered in Winston-Salem, North Carolina. Our products are found in 90 percent of U.S. households. Unlike most apparel companies, Hanes primarily operates its own manufacturing facilities, and we take great pride in our reputation for ethical business practices, and are the only apparel producer to ever be honored by the Great Place to Work Institute for our workplace practices in Central America and the Caribbean.



Today I urge you for your quick and timely extension of the CBTPA. The CBTPA is a noncontroversial piece of legislation. And during these exceptional times, business and nations are challenged. And U.S. exporters and investors in the region urgently need the program extended prior to expiration.

I do want to note that when CBTPA was first introduced it was then, as today, very bipartisan. I scanned the original 75 cosponsors and I saw the names of some of you, including you, Mr. Chairman Blumenauer, Representative Richard Neal, along with Representative Kevin Brady, a virtual Who's Who of great leaders that have worked earnestly and jointly to bring economic opportunity, growth of U.S. exports, and critical hemispheric integration.

I want to highlight six areas that demonstrate the great achievements thus far by CBTPA.

First, the benefits to U.S. cotton, U.S. yarn, and the U.S. textile industry. CBTPA was one of the first hemispheric trade programs, and the requirement for using U.S. yarns and fabrics supports our cotton industry, and has kept manufacturers like HBI and other brands invested in the region. HBI today alone exports over 6 million pounds of U.S. cotton yarn each month, or 72 million pounds of U.S. yarn a year.

Second, benefits to U.S. ports and trade. The program is designed for two-way trade. Key U.S. ports have benefited tremendously. Ports have invested heavily by adding cranes and modern advanced systems for better and safer transport, and this two-way traffic secures jobs for the shippers and longshoremen.

Third, U.S. security is enhanced through customs enforcement. The CBTPA included measures requiring greater customs cooperation, and this cooperation expanded to help address the challenges of illegal drugs and human trafficking.

Fourth, the CBTPA has facilitated sustainability in the apparel trade. The near-

shoring of manufacturing and supply chains means a smaller carbon footprint. CBTPA encourages the use of U.S. cotton fibers, which are the most sustainable produced cotton fibers in the world. Our waste treatment facilities at our operations are built and fully comply to both U.S. and European standards.

Fifth, the export of U.S. business practices has led to collective bargaining, and freedom of assembly for workers in the region. Our textile operation in the CBTPA production has had successful collective bargaining agreements renewed multiple times.

Six, the CBTPA has had a tremendous impact on the host countries. HBI not only investments in its brick and mortar manufacturing, but in the community to be part of the social structure. We have invested in renewable energy projects, we have brought U.S. doctors and nurses for medical assistance, and we have funded the upgrade and completion of surgical and hospital rooms. In addition, we have provided high school classes to employees that have graduated over 1,800 employees from high school.

In conclusion, Mr. Chairman, we highly encourage the passage of CBTPA, and the sooner the better. Companies like HBI have followed the U.S. congressional intent to nearshore and use more U.S. input that will be at a significant disadvantage if it expires.

I thank you again, Mr. Chairman, and to the members of the subcommittee, for your consideration.

[\[The statement of Mr. Cook follows:\]](#)

\*Chairman Blumenauer. Thank you very much, Mr. Cook.

Without objection, each member will be recognized for five minutes to question our witnesses. We will not observe the Gibbons Rule in this remote setting, but will instead go in order of seniority, switching between majority and minority members.

Members are reminded to unmute yourselves when you are recognized for five minutes.

I will begin by recognizing myself, but I want to expedite the process here a little bit, in recognition of the extra effort that Ms. Sewell has done in this area. So I am simply going to ask one question, and then turn to Ms. Sewell for the remainder of my time.

At the end of the hearing I want to go back and visit with Ms. Stewart and also Mr. Sassine to go into the details that you talked about, that situation where -- the horrific health consequences that were -- where the company simply did not follow through on what they were required to do. But I will do that at the end of the hearing. Let me just ask one question right now.

Ms. Baltzan, you mentioned that we don't have environmental criteria. Would you like to elaborate on that a little bit, what it would look like, as we move forward, to be able to take consideration of the environment?

\*Ms. Baltzan. I think it is really important for the same reason having the labor provisions in there was important, which is we don't want to be encouraging the exportation of labor violations, inequality, and environmental degradation, and harming the health of people in developing countries. I think the goal should be to create more of a race to the top than a race to the bottom.

For environment criteria -- and Mr. Doggett introduced it in 2015, most of the subcommittee members, I believe, cosponsored it. It was to require developing countries to enforce their own laws on environment, and also to abide by their international commitments on environment.

So these were choices that developing countries made about their environmental obligations, and I think that is a really good place to start.

\*Chairman Blumenauer. Thank you very much. I appreciate that.

Ms. Sewell, can I yield the balance of my time to you for your observation and questioning?

\*Ms. Sewell. Thank you so much, Mr. Chairman and Ranking Member Buchanan, for holding this important hearing, and for yielding your time.

Let me say now how excited I am to be the lead sponsor of H.R. 991. I believe it is imperative that we reauthorize the Caribbean Basin Trade Partnership Act, CBTPA, and I am thrilled that the legislation enjoys bipartisan and bicameral support.

I also want to thank Dr. Wenstrup for being the Republican lead on this legislation with me in the House.

I know that much of our trade policy can be controversial, but I believe that the reauthorization of CBTPA is something that we all can support. By allowing for the duty and quota-free trade of products made with U.S. goods, we are promoting economic development in the Caribbean Basin region, while also strengthening our Western Hemisphere supply chain.

In 2018, the United States exports to CBI countries totaled \$13.4 billion, while the imports from CBI countries totaled \$6 billion, creating a \$7.4 billion trade surplus with the United States.

For Haiti, the economic benefits of the CBTPA are essential, with over 90 percent of their nearly \$1 billion in exports entering the United States with the CBTPA or HOPE duty-free treatment.

Moreover, the Association of Haitian Industries has estimated that the CBTPA, along with the HOPE and HELP programs, has created over 50,000 jobs in Haiti alone.

I was also glad to see that the USTR's biannual CBI report found that all eight beneficiary countries were in compliance with the CBTPA eligibility requirements, which include standards in labor rights, child labor, and anti-corruption.

I also want to acknowledge the great work of the Solidarity Center that Ms. Stewart represents, and their report about labor conditions on the ground. More needs to be done,

no doubt, to improve conditions in the Caribbean Basin, and I believe that is why reauthorizing the CBTPA is so important. We need more enforcement and more engagement with our neighbors. And allowing CBTPA to expire would only reduce transparency and cooperation.

Before I move to my questions, I want to thank all of the members of this subcommittee on both sides of the aisle for their cosponsorship of H.R. 991, and I also want to note that, while other preference programs like GSP are set to expire at the end of the year, trying to move CBTPA reauthorization with GSP would likely threaten the expiration of the CBTPA unless we can do both together. With only 20 days left until the CBTPA expires, I hope that we will avoid any unnecessary delays and support a clean reauthorization of CBTPA when it comes up at the end of this month.

I will end at this point. Thank you so much for yielding to me, Mr. Chairman, and I will wait my turn to ask my questions. Thanks again.

\*Chairman Blumenauer. You bet.

Congressman Buchanan?

[Pause.]

\*Chairman Blumenauer. You are still muted, Vern. You need to unmute.

\*Mr. Buchanan. How is that?

\*Chairman Blumenauer. We don't want to miss any of your wisdom.

\*Mr. Buchanan. Did you get that? Am I all right now? Can you hear me?

\*Chairman Blumenauer. We can.

\*Mr. Buchanan. Okay. Again, I just want to thank you, Mr. Chairman, again, for this important hearing, and Congresswoman Sewell, for your incredible leadership. And you know that myself and I think both sides of the aisle want to get this done quickly.

I just want to say, as past chairman of the Florida Chamber, we have always felt

like Florida was the gateway to the Caribbean. I know they do a lot all over the country, North Carolina, a lot of other states. But it has been a very important partnership for everybody.

I would like to ask Ambassador Denis his thoughts on -- I know he touched on the importance of getting this done now, CBTPA, but I would like to give him a minute or two to further discuss the top two or three points why it is so important to get it done, ideally on a bipartisan basis, by the end of the month.

Ambassador?

\*Ambassador Denis. Hello. Thank you, Congressman. Do you hear me?

\*Mr. Buchanan. Yes, I can hear you.

\*Ambassador Denis. Okay. So, as I tell you, there are a lot of reasons that I think that bill is important, both for Haiti and for the United States.

First of all, you know, creating stability in the country is a key issue. Otherwise, those people will go to another place. So I think this is very important that we create that stability by creating more jobs.

Haiti, through the CBTPA, has the opportunity to create millions of jobs, if we create the infrastructure legally and socially to be -- to accept all the advantages of the CBTPA. Less job in Haiti -- this is more job in Haiti, this is less trouble in the neighboring country, in the Caribbean Sea, less boat people, and so on.

And the second reason is we are in the Americas. I think the near-shoring concept, it is something that I like a lot because America, the world leader in the world, we have the chance to be near the shores of the United States. I think this is good that it is profitable for the neighboring countries, like Haiti is one of them. And the Caribbean Basin is a place where we have a lot of traffic, and we need to create jobs for all the people.

At the same time, this is a win-win system, where also the U.S. participates and

profit of that issue, because we have said that the cotton industry, the yarn industry, apparel, all profit of that. And I think the reason also, we are so close to the United States, it is so profitable for both sides to produce, and it would be faster for those companies to have their products --

\*Mr. Buchanan. Mr. Ambassador, thank you. I have got limited time. I did want to ask Mr. Cook a question.

Mr. Cook, I wanted to get your thoughts on the China factor. They are becoming a bigger player in the region. They are active in Africa and a lot of other places around the world. What are your thoughts on, if we don't get this done, does that give China additional benefit to take on some of our businesses? Mr. Cook?

\*Mr. Cook thank you, Ranking Member Buchanan. Absolutely. And I think the sad part would be -- is there has been so much work done in a bipartisan way by Congress to build an integrated relationship with the region, and to lose that energy and to have that stall, that vacuum would be occupied by either China direct sourcing, or it would be filled by, you know, China alternatives coming into the region. And that would be very unfortunate.

\*Mr. Buchanan. With that, Mr. Chairman, I yield back.

\*Chairman Blumenauer. Thank you very much. We will turn now to Congressman Pascrell.

\*Mr. Pascrell. Mr. Chairman, thanks for putting us together today.

\*Chairman Blumenauer. It is great to have you back, Bill.

\*Mr. Pascrell. Thank you, and it is good to be back. I am ready to roll up my sleeves next week, but -- little by little, day by day. I won't be too anxious, I hope.

I wanted to commend the sponsor, Representative Terri Sewell. This is a bipartisan piece of legislation that she has put forth. I am a proud cosponsor of the U.S.

Caribbean Basin Trade Partnership Act.

We need reauthorization. The sooner the better. It helps facilitate economic development, while holding our trading partners accountable for their labor practices.

But, too often, the values in our trade agreements and preference programs stagnate with time. So we need a critical eye to ensure past problems do not remain in place.

President Trump has failed to uphold his promise to eliminate the trade deficit, and trade-related job losses reached record highs. We have an opportunity to vet our preference programs. We cannot let successful programs lapse or become idle.

The Solidarity Center notes our Caribbean Basin trade programs have helped generate formal employment for more than 57,000 Haitian workers, which is critical, since a staggering 88 percent of the economically active population works informally, and is excluded from the protection of the Haitian labor law. We need to address that.

I am a proud cosponsor, as I said, of this legislation, and I am going to do whatever I can to get it passed.

I know some Caribbean countries are not perfect. Often economic gains go to corporations without even living wages, safe workplaces, or proper labor benefits. But letting this program lapse will only make matters worse.

The corporations have a responsibility here. And the corporations must understand that they have obligations in the trade deals that we talk about. So we always reference the country that the deal refers to. We need to reference more the corporations that are just as much a part of the deal. They can make this work, and they can make this a much more difficult agreement. We need to look more into that. It puts more pressure on the corporations, but I think it will make for a better balance of trade, and make for better efforts at labor practices.

We need to be active in evaluating whether our trade programs reflect our values to



improve labor and environmental protections, as the chairman has pointed out many times, that help develop a robust middle class. These programs should help workers reap the rewards of their own labor.

As Ms. Baltzan's testimony reminded us, our good friend John Lewis commented in 2015, "What does it profit a great nation to gain trade and lose its soul?" We should honor John's call to think critically about our trade programs by ensuring that our economic policies at home and abroad bend toward justice.

And I have two questions, one for Ms. Baltzan and one for Ms. Stewart.

Ms. Baltzan, as you know, our trade policies have not always made improvements for workers and our environment. For instance, despite going into entry on July the 1st, the new NAFTA has not meaningfully changed respect for labor rights in Mexico. I have read most of the data in this year. How can we use our preference programs to hold corporations accountable to respecting labor and the environment? Ms. Baltzan?

\*Ms. Baltzan. Thank you, Mr. Pascrell. I think the one idea that I suggested in my testimony is whether or not we condition the ability to import on multinational corporate compliance with, for example, the OECD guidelines.

I think what we have seen, as corporations talk about the importance of stakeholder capitalism but have trouble living up to it, we need to change the incentive structure for them, and not just rely on good works.

I realize your time is short, I will let you switch to Ms. Stewart.

\*Mr. Pascrell. Ms. Stewart, I wanted to ask you this question: Your testimony of workers dying after being wrongly denied medical care is heartbreaking. There only being one authentic collective bargaining agreement in the entire Haitian garment sector, I believe, is atrocious. Can you please expand on the efforts to improve Haitian garment unions, Ms. Stewart? And would it be helpful to penalize non-compliant factories?

\*Ms. Stewart. Thank you for the question. So absolutely, there is one collective bargaining agreement at the CODEVI Industrial Plant, which I believe is where -- the factory is that Hanes sources from, and that collective bargaining agreement expired, but under the Haitian labor law, it renews automatically. Other than that, that is the only agreement that we know of.

And part of the reason for that is because of the history of repression of freedom of association, and the fear that workers have in organizing because of the retaliation in terms of firings and other punishment that they receive -- that we hear that they receive -- when they come together to exercise their rights under the law.

The Solidarity Center has long been working with trade unions to build their capacity to engage workers and organize. But again, the environment is very difficult, given the repression of freedom of association that exists --

\*Mr. Pascrell. I have drawn a similarity between the problems we had in Mexico and the committee's negotiating this deal. In Mexico, of course, the governments have control of almost 98 percent of all the unions, collective bargaining agents, in Mexico. They have -- we have an authentic collective bargaining unit, but the Haitian environment sector doesn't have -- we have only one representative for the entire garment industry.

\*Chairman Blumenauer. Bill --

\*Ms. Stewart. That is --

\*Chairman Blumenauer. I really appreciate the line of inquiry here, but we have got lots of people, and I hope that I am not being arbitrary, but if we can not go too far past 5:00 -- we want to make sure everybody --

\*Mr. Pascrell. Okay, sorry.

\*Chairman Blumenauer. We have some people that are going to have to leave --

\*Mr. Pascrell. So I was --

\*Chairman Blumenauer. No, no problem. And again, no, no, no, it is great to hear your voice.

Congressman Holding

\*Mr. Pascrell. That isn't what my wife said.

Thank you, Chairman.

\*Mr. Holding. All right, can you hear me?

\*Mr. Pascrell. Hi, George.

\*Mr. Holding. All right, Bill, it is great to see you.

\*Mr. Pascrell. Thank you.

\*Mr. Holding. I look forward to better times, when you and I can share some proper fellowship.

\*Mr. Pascrell. Very good.

\*Mr. Holding. Mr. Chairman, Mr. Buchanan, thank you for holding the hearing. I didn't get the memo about it being casual Thursday, so pardon my attire.

The Caribbean Basin Trade Partnership Act and the Generalized System of Preferences are the foundation of strong geopolitical ties in the region, plus they enhance U.S. competitiveness by diversifying trade and strengthening the economies of developing countries in our region.

So, in 2019, the GSP reduced import costs by \$24 million in North Carolina, alone. And this year, so far, the GSP has saved North Carolinians \$8.5 million. So accordingly, you know, certainly we need to renew the Caribbean Basin Trade Partnership Act, but we also need to renew the GSP. And, as Mr. Buchanan said, with the timing of the Congress and the upcoming election, the time is now to renew them both. They are both very important.

So my question is to Mr. Cook, a fine and distinguished North Carolinian who I am glad to see.

Mr. Cook, could you talk about the importance of GSP partnerships as we work to recover from the coronavirus, and as we try to struggle with -- revive small businesses around the --

\*Mr. Cook. Yes, sir. Thank you, Congressman Holding. Good to see you again.

We -- you know, GSP, like CBTPA, builds integrated partnerships based on ethics and values that the U.S. is trying to promote, not only within the United States. And one of the great gifts that the United States has is the ability to export our ethics and our high standards. And the renewal of GSP, like the renewal of the CBTPA, could certainly go a long way to continue that, and to continue the importance of its development influence.

\*Mr. Holding. Thank you very much.

Mr. Chairman, I will yield back.

\*Chairman Blumenauer. Thank you very much.

From this point, trying to balance this out a little bit, we will be recognizing two Democrats and then one from the minority. So we are going to have, first, Congressman Kind, who will be followed by Mr. Davis.

\*Mr. Kind. Well, thank you, Mr. Chairman. I want to thank you and also Representative Buchanan for holding this hearing. Obviously, the clock is ticking. I want to commend our colleagues, Representatives Sewell and Wenstrup, for your bipartisan initiative and lead on this. It is important to get this done.

And as important as it is for all the countries involved with the Caribbean Basin Trade Partnership Act, it is particularly important to Haiti and Haiti's development. So, Ambassador Denis, if you could, just take a moment to fill us in a little bit more about what this means to Haiti's development, and what expiration of this initiative would do to set

back the efforts there, because, obviously, there are great challenges in the country, in the region.

We can't afford any failed states in our backyard. We don't want that. This trade initiative is important to help with Haiti's development. So, Ambassador, if you could, enlighten us a little further about the importance.

\*Ambassador Denis. Thank you, Congressman, for the question.

The CBTPA, for us, is one of the pillars of the industry, because -- by this capacity to create a lot of jobs in the country. And job -- easy job, because this is a job where you do assembly in garment.

And then with that, you can have what we call a vertical integration, where the people can learn more to that, and then they develop themselves. So by creating those jobs, that will reduce the instability that will occur in the country.

You know, we are -- since 1986 we are passing a -- having a trouble to have a steady government steady, because we have a problem with the Constitution and so and so. We believe -- and I among those who strongly believe, because I am also before a businessman, I was president of the Chamber of Commerce -- that the job creation is one of the key issues to bring stability in this country. So the CBTPA, among other activities, will be very crucial for job creation in Haiti.

And we are so close to the United States, one of the biggest, so we can be very successful with that. So --

\*Mr. Kind. Well, thank you. Thank you, Mr. Ambassador.

Mr. Chairman, it is great to see the bipartisan support and the urgency to get this done. Let me just conclude by offering my hearty welcome back to Bill Pascrell. It is really great to see Bill.

And I look forward to seeing you in person next week, Billy.

I yield back, Mr. Chairman. Thank you.

\*Mr. Pascrell. Thank you, Ron.

\*Chairman Blumenauer. Thank you. And we don't care what your wife says, Bill. We like to hear your voice.

Now it is Congressman Davis.

\*Mr. Davis. Thank you very much, Mr. Chairman. And let me thank you for holding the hearing. I also want to thank all of the witnesses for being with us today. And I commend my colleagues, Terri Sewell and Dr. Wenstrup, for the leadership that they provided as we move towards reauthorization and renewal of these trade agreements with the Caribbean Basin.

I have always been a big fan of Haiti since I was a small child, reading about its history, and thinking of how much leadership people like Toussaint Louverture, Prince Henri, and Dessalines and that whole group provided.

I have also watched as Haiti has struggled ever since we have known about it, to maintain a level of development and activity that would move it beyond what its status has been in the world order.

Ambassador, let me commend you and thank you for your work. And I am definitely in agreement that the trade agreements need to be in place beyond, let's say, the trade agreements that we might be dealing with.

Could you share any other ways that you think the United States of America could be helpful, or how can we be most helpful?

You mentioned our power, our influence, our status in the world order. How can we be most helpful to the country of Haiti?

\*Ambassador Denis. Thank you, Congressman, for the question. This is a very important one. And I think the United States can play a big role in Haiti. So far,

Dominican Republic and United States are our big allies.

So we look for -- United States, how strong are the institutions in the United States, this is a model for us. We are in the process of building our institutions. Our institutions are weak, and we need the support of the United States in helping us to better and make stronger. And that has been -- of security essential for control of internal and external threats.

What we face right now in Haiti, we have a lot of gangs because our police is small, weak. We have good men running the police. But unfortunately, with the country we have so little police, with a ratio of maybe barely 15,000 for a population of 12 million. I think, you know, we cannot sustain, you know, control gang proliferation and so on. So we need to have security force. Our constitution recognizes two security force, a new army and the police.

I was minister of defense, and I introduced the new concept for a modern army that -- with the Inter-American Development -- Inter-American Defense Board. So this is a way where we have an army dedicated for the national protection and so and so.

So this is the reinforcement of institution, the first thing that I think the United States can do to help us building a better society for the challenge that we face in the 21st century.

\*Mr. Davis. Thank you very much.

Thank you, Mr. Chairman, and I yield back.

\*Chairman Blumenauer. Thank you, Mr. Davis.

Congressman Rice, you are on deck.

[Pause.]

\*Chairman Blumenauer. I need you to unmute, Tom.

[Pause.]

\*Chairman Blumenauer. You are not coming through, Tom, can you unmute?

\*Mr. Rice. Oh, I got it, I got it. Okay, I think I found it. All right, I am there. Sorry about the technological savagery there.

Yes, I had -- I am in favor of this agreement, and extending it, and I appreciate the work of Dr. Wenstrup and Ms. Sewell in bringing forth a bill to extend this. But I want everybody to kind of understand the cost of it. We are talking about the benefits throughout, and I just want to -- I think it is important that we shine a light on what the cost of these things are, as well, and I would like the help of Ms. Baltzan in doing that.

Ms. Baltzan, what this agreement does is it eliminates tariffs on goods from these favored countries, correct?

\*Ms. Baltzan. Yes, Mr. Rice.

\*Mr. Rice. And are those trade preferences reciprocal? Do the countries also eliminate tariffs on goods coming out of the United States and into those countries?

\*Ms. Baltzan. They do not.

\*Mr. Rice. And generally, how much are those tariffs?

\*Ms. Baltzan. I think it depends. The --

\*Mr. Rice. Just give me a rough --

\*Ms. Baltzan. The average tariffs on -- I think average tariff on textiles --

\*Mr. Rice. And you have mentioned as a potential problem for these agreements the rules of origin issue. Can you just generally, in layman's terms, explain what you mean by that?

\*Ms. Baltzan. The rules of origin --

\*Mr. Rice. I'm sorry, just very limited time, because I only have a very limited time.

\*Ms. Baltzan. Sorry, yes, okay. We are trying to decide -- the rules of origin



decide how much production has to happen in that country in order for it to be eligible for the tariff preference.

\*Mr. Rice. So in other words, we don't want the Chinese halfway making a shirt, and sending it to Haiti to be finished, and then send it on to the United States to get the favored tariff protections under this agreement, right?

\*Ms. Baltzan. Yes.

\*Mr. Rice. And have we seen problems with rules of origin under this Caribbean partnership agreement?

\*Ms. Baltzan. I think the way the textile rules are designed are actually different than the industrial rules, and I think the textile rules are very carefully designed in order to promote regional supply chains, and not to allow too much content from China.

\*Mr. Rice. And what about industrial? Are we seeing problems with industrial?

\*Ms. Baltzan. I think we see a lot of pressure on these countries from China to allow more Chinese content in these goods to qualify. And we have pushed back on that for many years.

\*Mr. Rice. Okay, Mr. Cook, I appreciate your testimony about the good that you are doing for people in Haiti. Why are you in Haiti? Why -- it is an American company. Why are you producing textiles in Haiti?

\*Mr. Cook. We are producing because it is nearby. It is the use of U.S. yarn, U.S. cotton that are converted into fabric in the Dominican Republic. So it gives us a very good economic opportunity to make apparel, use a lot of U.S. content, and have a sustainable supply chain.

\*Mr. Rice. Where do you sell all this stuff you make in Haiti? Are you selling it in the United States?

\*Mr. Cook. We sell it in the United States, and also into Canada, and some goes to

Europe.

\*Mr. Rice. But my point is -- and I am not trying to be obstinate. I understand that we are trying to help lift these developing countries, and I -- that is a very laudable goal. But just to be totally clear, I mean, if you are using U.S. content, and you are selling -- and you are shipping it to Haiti, and then you are making it selling it in the United States, why wouldn't you just make it in the United States?

\*Mr. Cook. Because we have to be competitive, and we need to have a supply chain that we can use. Trade agreements between the DR, Haiti, and the United States gives us the opportunity to leverage not just the U.S. market, but the Canadian market and the European market. And that gives us the competition against China.

\*Mr. Rice. Because you can get lower wages there, correct?

\*Mr. Cook. No, it is just we can get an overall lower cost factory of high standards and sustainable product, because in our case we use so much U.S. cotton -- about 75 million pounds a year runs through that network going into the DR and Haiti, which --

\*Mr. Rice. And I am sure a lot of that cotton is produced right here in my district. And again, I favor this. And the purpose of it is to help lift developing countries that need our help. But I just want people -- I am just being clear about, you know, what the costs of it are, as well.

Mr. Chairman, I yield back.

\*Chairman Blumenauer. Thank you. Thank you very much, Mr. Rice. Now Mr. Kildee.

\*Mr. Kildee. Thank you, Mr. Chairman. Can you hear me okay?

\*Chairman Blumenauer. We can, we can.

\*Mr. Kildee. All right.

\*Chairman Blumenauer. You bet.

\*Mr. Kildee. Well, I want to thank you --

\*Chairman Blumenauer. Loud and clear.

\*Mr. Kildee. Thank you. I want to thank you and, obviously, thank Congresswoman Sewell for her leadership, and your work on this issue. And obviously, in many ways, this is a continuation of much of the work of our late colleague, John Lewis, whom we all miss desperately.

Your work on this partnership, and your commitment to using U.S. trade policy to bring people out of poverty, I think, are really important goals. And I think that is where our values and our economic interests do align. I think we can be a force for good in so many ways in this world. And one of the ways is to ensure economic opportunity for people, certainly, within the region that we have a great interest in.

I mention this a lot on this committee, that I come from Flint, Michigan. And I like to give little brief history lessons. On December 30, 1936, a group of workers came together against one of the largest companies in the world to fight for their right to collectively bargain. The ability to collectively bargain for wages and working conditions is closely tied to quality of life, and is really the pathway, I think, to economic opportunity in many places and in many ways. Workers can take care of their families when they are able to get a fair and decent wage and working conditions that are safe.

So this moment in my own hometown of Flint was an important turning point in American labor history, but not every country has had that progress. And so, even though this may seem somewhat redundant, because this has been addressed, I think it is really important to focus on this point: the ability to collectively bargain and to create unions, I believe, is a fundamental right.

And when we look at our trade policy, we have to ensure that we use our soft power to require countries to allow for collective bargaining and the creation of unions to lift

people out of poverty. So I wonder if Ms. Stewart and Ms. Baltzan can each mention or talk a bit about how this Act has impacted people in the Caribbean and their ability to collectively bargain and impact living conditions in poverty.

And this aligns somewhat with the questions that Mr. Rice was coming at, perhaps from a different perspective, but I think it is an important point, and I would love to get more of your thinking on this.

\*Ms. Stewart. Thank you for the question, Congressman Kildee, and absolutely.

In -- well, actually, let me say the expanded benefits under the CBTPA that have carried through to the HOPE Act of 2008 have created the Better Work program that I mentioned earlier, and that provides independent monitoring and regular reporting on the labor rights situation in Haiti. And that is very important, to be able to raise the profile of the labor rights challenges.

Since that program began reporting in 2009, the first independent union gained its presence in Port-au-Prince, in the industrial park there. Prior to that, there was no independent union. Now there are many, but there are none with -- none of them have collective bargaining agreements. One of them is working towards that. In order to achieve that, they need to represent at least two-thirds of the workers in the factory in order to compel bargaining.

And so to have a trade agreement in place that requires Haiti to enforce its laws on the right to organize and bargain is critical to ensuring that there is an international pressure, as well.

Thank you.

\*Mr. Kildee. Ms. Baltzan?

\*Ms. Baltzan. Thank you, Mr. Kildee. I think we have, on a bipartisan basis, concluded for many years now that trade based on a race to the bottom is not an acceptable

model. And we have had that in our preference programs for many years, and now we have it in our trade agreements. And I think our efforts to address these issues are always a work in progress, including the most recent NAFTA, where we have factory inspections in Mexico, or at least the opportunity of doing that.

So I think what Ms. Stewart is describing is this constant effort to always try to do better, to make sure that workers are being adequately protected, and that that kind of arbitrage isn't a basis for trade.

\*Mr. Kildee. Thank you all --

\*Chairman Blumenauer. Thank you --

\*Mr. Kildee. Yes, I thank the witnesses for your testimony.

Mr. Chairman, thank you for the hearing. I yield back.

\*Chairman Blumenauer. Thank you, Mr. Kildee.

Mr. Panetta?

\*Mr. Panetta. Great. Thank you, Mr. Chairman. I appreciate that. And I want to thank all the witnesses for your time today, as well as your preparation and, of course, your service. Thank you very much. I will just go ahead and get right into it, starting with Mr. Ambassador.

Obviously, we appreciate the opportunity to ask you questions, and for your participation in this hearing. Now, earlier, you said that, without these types of preferences provided by the CBTPA, the garment industry in Haiti wouldn't exist. Let me ask you something. How much do you think the industry would shrink if CBTPA were not to be reauthorized?

And if it was going to shrink, where would that manufacturing go, in your opinion?

\*Ambassador Denis. Thank you, Congressman, for the question.

The advantage is obvious. Last year we exported one billion from -- to the United

States, even when we have social disturbances. So that means you can figure -- let's say the day we create half a million jobs, how many money we can bring to this country. So, I think this is a solid piece of legislation, not only for Haiti, but for all the Caribbean. That makes the Caribbean also a safer place. We are the closest neighbors of the United States. And the Caribbean Sea there is -- so we need to create stability, certainly in Haiti, in all our entire region.

So, I think that is the route to go -- without the CBTPA, that could create a lot of disturbance, not only in Haiti, but everywhere in the region.

\*Mr. Panetta. And where do you think the manufacturing would go, sir?

\*Ambassador Denis. Oh, well, that would go in Asia. So that will go in Asia. So, obviously, where there is more aggressive and more knowledge -- maybe they will make China -- something like that. So --

\*Mr. Panetta. Understood. Thank you, Mr. Ambassador. Moving on to Mr. Sassine.

I know you talked about certainty, which is extremely important to the investors and, obviously, users of this program, and that you have lost orders in investment over the past year that CBTPA has not been reauthorized. Can you just give us, again, a sense of how many orders you have lost, or a percentage of lost revenue the industry has experienced from this?

\*Mr. Sassine. Thank you. I can tell you, first of all, the CBTPA is -- the weight of CBTPA in our industry is 30 percent of the workforce in that -- the 55,000. And in the start of the COVID pandemic, we have lost over 35 percent in orders.

\*Mr. Panetta. Thank you. You know, now, obviously, this has come up. We have the HOPE and the HELP programs, which provides, you know, Haiti with duty-free access to U.S. markets for apparel. And those don't expire until 2025. If you have that,

why is renewing CBTPA so important, since you already have duty-free access under the HOPE and the HELP programs?

\*Mr. Sassine. Well, first of all, because CBTPA uses U.S. origin raw material, like yarns. So therefore, we have to continue -- people like Mr. Jerry Cook, who has been in Haiti over 15 years -- over 10,000 families. That would be a problem for him, and we cannot afford to lose somebody like this.

Also, HOPE, the program, has a quota, where CBTPA does not. Internally, if we put CBTPA under HOPE, then it would have a quota. Therefore, to receive orders for investors -- right now the majority of manufacturers in Haiti are from Korea. And now we are getting from Sri Lanka and from Taiwan. I will stop there.

One short thing. When we were asking for the special programs, and we were given HOPE, we were the ones who insisted on having the capacity to monitor the factory, and that is how the Better Work programs was created.

Also, the office of the labor ombudsman was created by the legislation, and it is in existence today. And that person has cabinet ranking, all because --

\*Mr. Panetta. Thank you again. I yield back, Mr. Chairman.

\*Chairman Blumenauer. Thank you, Mr. Panetta. Now we have Mr. Schweikert.

\*Mr. Schweikert. Thank you, Mr. Chairman. Look, I have only been to the DR and Haiti once, and a single visit is sort of difficult to get your head around. But I did have just a couple of one-off questions.

Mr. Cook, there is a term called transshipment. We were having this as one of the issues we dealt with as we were replacing NAFTA. Do we see any of that in the DR or Haiti, products coming in, being slightly altered or relabeled? Are we safe there?

\*Mr. Cook. Yes, thank you. That is a great question. One of the great things about CBTPA is it built high customs enforcement and cooperation. And when you go

through the U.S. Customs Service and look at their reports, their audits, you -- it is a program that is run very clean. It is very well documented and very well managed. So you are not seeing any of the transshipments and concerns that you may see from other countries. What is made in Haiti is made in Haiti. What is made in the DR is made in the DR.

\*Mr. Schweikert. Okay, that is helpful. Can I ask a little more broader question?

Outside just the garment industry, what are the other fragilities -- if I am going to use that word -- that make helping the region expand economically? Is it access to fuel? Is it access to capital? Is it access to court systems that work?

If, you know, I am sitting here in Phoenix, Arizona, and I really had a passion to want to help folks in the Caribbean, and wanted to open up a business, what would I find as my barrier to making that business and -- to work? What else is the problem?

\*Mr. Cook. I would say the number one is access to energy. We had a problem of getting good energy, so we built our own bio. It is the largest bioenergy plant in the Caribbean. It burns coconut shells. One hundred percent of our steam energy comes from renewable energy. We have solar operations that we are setting up.

But getting energy into especially Haiti, water, and the other is infrastructure, just good roads, and then education, and just that type of fundamental development is missing, and would be very important. And as a producer and investor, you need those things surrounding your operations.

\*Mr. Schweikert. Thank you.

Ambassador -- and I know this is a little beyond what a trade subcommittee, but I -- in the past I have had a fascination of -- in regard to things like the Asian Development Bank, and some of these other types of programs that were designed to actually help build the ability to have the fuel depot, or the infrastructure. Is that the ultimate approach to



help the region sort of build a level of escape velocity, so it can be much more sustainable?

I mean, what else can we do that helps? Because, you know, when you travel through Haiti, you know, there are some wonderful things. There are also things that break your heart.

\*Ambassador Denis. Thank you very much for the question. You know, that is part of my job also here, to attract more investment in Haiti. And there is -- what you see as a problem for us now is more opportunity, business opportunity for Haitian and U.S. companies.

Look, for example, you talk about it, the energy issue. Right now we have a project of 150 million loan from Taiwan, which is very low interest. That is going to be able to bring more energy, you know, creating more legal framework for the -- to help companies being in Haiti. Right now, the first -- last program to work with Development Finance Corporation (DFC) -- to see how we can build some major infrastructure, like transshipment ports. So all those issues.

I think Haiti is a country to build, so this is much -- a lot of opportunity, and mostly there is opportunity -- that is my role here -- has to go to U.S. companies as much as possible. So where we see problem, I see benefit, I see investment, I see potential. So I think this is those things we have to do to improve the quality.

Paralleled, we have to improve the social condition of the people, you know, by social housing and so on.

\*Mr. Schweikert. Understood. Thank you, Ambassador.

And thank you, Mr. Chairman, for your patience.

\*Chairman Blumenauer. We appreciate your questions, sir. Now we have Congresswoman Murphy.

\*Mrs. Murphy. Thank you to all of our witnesses for joining us today. I think this

hearing has been a great opportunity to show that, even during a pandemic, Congress is working on issues that benefit not only our regional neighbors, but also American workers and American businesses.

The CBTPA expires this month. So it is really nice to see our committee in a bipartisan manner actually go through regular order and hold this hearing to discuss the program.

You know, I represent a district in Florida, and Florida is the closest state to the Caribbean, and often it shares the joys and the challenges of hurricane season with these countries. Florida is also home to over 600,000 people born in CBTPA countries, including approximately 325,000 from Haiti alone. So I know that reauthorization is not only good for our country, but important to my constituents here in Florida.

More generally, I believe trade on balance is good for our economy, our workers, and our national security. But I am not one that says I support free trade, because that suggests some sort of free-for-all. I want a trading system where we reduce tariff and nontariff barriers to trade, but where there are clear and fair rules, and consequences for countries that violate those rules. And I support reauthorizing CBTPA, because CBTPA is a great example of a system that works, where countries receive preferential treatment if they adhere to certain standards that reflect American values and benefit American consumers.

During the most recent regular review of eligibility, USTR determined that all CBTPA beneficiary countries continue to meet the criteria. I think that is great news. But we also know trade is more than just buying and selling goods. It is a really important tool for our foreign policy, and it goes hand-in-hand with international development, which we have heard a bit about in this hearing.

And the Caribbean Basin countries are regional neighbors that have common

resources and a shared history. They are also important strategic allies. And in an environment where reliable global partnerships are so rare and especially valued, CBTPA is one way for us to invest in the region's economic development and security.

And finally, in light of a wave of what I would call protectionist rhetoric, some of which we heard today, related and unrelated to COVID, it is refreshing to be focused on ways to continue expanding and promoting trade in our hemisphere. So I will start with Ambassador Denis.

Can you elaborate on your comments regarding the importance of a timely renewal of CBTPA for economic and political stability within Haiti?

And how has COVID impacted business confidence in producing there?

\*Ambassador Denis. Thank you, Congresswoman Murphy. Thanks for your question. We know you have a lot of Haitians in your constituency, and we appreciate also all you are doing for them.

But, you know, we benefit a lot for also -- not only from the CBTPA, but also from the remittances coming from families to Haiti. So, I think those kind of relationships are important for us.

According to ADIH, the industry which provides direct employment to almost 60,000 workers, really, is becoming to feel, you know, the problem with the COVID-19 and with the non-renewal of the CBTPA. So we are very, very concerned about that.

The COVID-19, this is worldwide. People lose job, and our industry tried to convert quickly to produce PPE, and then they -- this is an opportunity for near-shoring, producing for U.S. industry the PPE. But the non-renewal is one of the biggest threats for us, because, as I said before, the people are -- really fear to renew their contract, because they are waiting to see if the Congress will pass the bill. So this is critical for us to have that bill passed the earliest possible.

\*Mrs. Murphy. Thank you --

\*Ambassador Denis. Yes.

\*Mrs. Murphy. -- Mr. Ambassador.

And Mr. Sassine, can you take that down to a practical level, and estimate how your company might respond if CBTPA is not renewed, or is allowed to lapse for a period of time?

\*Mr. Sassine. Like Ambassador Denis just said. Right now, the commitment to go forward from some buyers is kind of on a -- because they don't know what is going to be happening to CBTPA. So this is a big fear for us, in that sense, that CBTPA is not renewed. And therefore, these companies are going to be looking somewhere else. For instance, because they are using qualified U.S. raw material.

So again, I remind you that 30 percent of the industry is on CBTPA.

\*Mrs. Murphy. Thank you, and I yield back.

\*Chairman Blumenauer. Thank you very much.

Let's see, Congresswoman Sewell? Wow, thanks for your patience. Thanks for your hard work on this. And you are recognized.

\*Ms. Sewell. Again, I want to thank you, Mr. Chairman, for hosting and having this hearing.

I want to welcome back, and join my colleagues in welcoming back, our dear colleague, Bill Pascrell.

Great to see you, Bill. I look forward to seeing you in person, as we get back together next week.

I also want to thank our witnesses. I have had the great pleasure of working with Ambassador Denis and Georges Sassine, and I just want to thank you all for your patience. I think that we gathered two years ago or three years ago to talk about reauthorization of

the CBTPA, and we are finally here.

I also wanted to acknowledge that John Lewis was one of the original cosponsors of this bill. And I want to thank all of my colleagues who have signed on to H.R. 991. It really does enjoy bipartisan and bicameral support. And I again want to thank Dr. Wenstrup for being the Republican lead on this bill in the House.

I also wanted to acknowledge that I inherited this bill. The last time it was reauthorized, it was reauthorized under the lead sponsorship of Charlie Rangel, the first African-American chair of Ways and Means. It is a great honor for me to carry this bill because of the important relationship between Caribbean Basin countries and our country, and the need to foster that relationship.

Indeed, it was John Lewis who said that our trade policies are a reflection of our values. "What does it profit a great nation to gain trade and lose its soul?" I think it is a really important marker for us to reauthorize the CBPTA before it actually expires September 30th. And I look forward to working with all of my colleagues to see it across the finish line.

My question is to you, Georges. As you know, CBTPA is part of a larger system of preference programs that promote economic growth and development in Haiti. I was hoping that you would expand on how CBTPA fits into the larger framework of CBERA, the HELP and the HOPE programs. Would there be a cascading effect in Haiti if CBTPA was allowed to expire?

And again, thank you for all of your leadership in helping get this bill to where it is today.

\*Mr. Sassine. No, thank you for your leadership, Ms. Sewell.

Well, the first thing I would say, I will remind you that when we started back in 2005, we were only at 9,000 workers working mostly for Mr. Cook here, making tee shirts.

And thanks to the CBTPA back then, that created the cascade, if I may use your term, of having the HOPE legislation from Chairman Rangel.

And the HOPE legislation came with that -- having the capacity of monitoring the well-being and the good functioning of labor relations through the Better Work program, and also the labor ombudsperson. And that, now, this is my personal conviction. Two years ago we reached 58,000 people. We were reaching 60 and, unfortunately, problems happened. Now we are down around 55,000.

My deepest conviction is, if I have 250,000 Haitians getting paid a steady salary, then even though that salary might not be your conception of living wages, but it is wages that they would not have had otherwise. That would shape -- the policies of the country will change if we have 250, 300,000 workers getting paid every week, and being monitored by organizations like the Solidarity Center.

By the way, we also, four years ago, asked that Solidarity Center come to Haiti, and they did receive assistance from the Congress in Washington, and spent a year in Haiti --

\*Ms. Sewell. Georges, due to timing -- sorry, but I wanted to ask Beth.

With your testimony, Beth, on preference trade programs' focus on trying to get folks into the middle class, and middle class beneficiaries, and so I was wondering what we can do in Congress to do more of that in trying to promote wage equality for women, who are disproportionately holding a lot of these jobs in the Caribbean Basin. How can we promote a better wage equality? If you could, speak to that. Thank you.

\*Ms. Baltzan. Thank you so much, Ms. Sewell. I think, obviously, it is very important to get CBTPA renewed before the end of the month. I think there is an opportunity, longer term, to have a revisitation of all of the criteria for these programs. And, of course, GSP criteria are applicable to all of the countries. I think that is a really important place to start, because we see these issues across all of the regions and across all

developing countries.

So I am hoping that this hearing gets it done on CBTPA, but that it is also an impetus for us to have a revisitation of the conception for these agreements, which goes all the way back to 1974.

\*Ms. Sewell. Thank you again, Mr. Chairman, for indulging me to ask that question regarding wage equality. And again, thank you all for your support of the bill.

\*Chairman Blumenauer. Super. Thank you very much.

Mr. Beyer?

\*Mr. Beyer. Thank you, if I can find the unmute button there. Thank you, Mr. Chairman, very much. And I am a proud cosponsor of this legislation. But I am worried.

Beth Baltzan, I very much appreciated your testimony. The entire written piece was fascinating. And I really respected your emphasis on valuing the developmental goals, not just how much money American businesses made manufacturing in Haiti. And what can we do to make sure that all the effort we put into this doesn't end up lining the pockets of politicians, and rather actually helps the middle class, and actually helps address inequality?

\*Ms. Baltzan. Thank you so much, Mr. Beyer. I think in the AGOA criteria there is a corruption criterion, and I think we ought to consider whether that is an appropriate criterion for all of the programs, part of GSP.

Part of reviewing all of these criteria shows us that -- the GSP criteria were originally conceived in 1974. But then, by the time we got to AGOA, we had a lot more experience with these programs, and we saw more of the things that we thought we ought to be promoting. So I think, as part of a broader reconsideration of these programs, we might think about some of the criteria that are actually in AGOA to address the concern you are expressing.

\*Mr. Beyer. That is a very thoughtful answer. Thank you very much.

Mr. Cook, we have heard how Hanes is a key employer, the key employer in Haiti. You have invested a great deal in the community. But we have also heard about high levels of non-compliance of labor laws in many factories, and low wages. What are the measures that you take with your partners to make sure that the labor rights are protected, and that workers have a living wage?

\*Mr. Cook. Thank you for the questions. One, we own our operations as much as possible, so we can make sure that what should happen happens, and work with our employees and stakeholders. We were very big encouragers of Better Work, and participate with them and encourage them.

But the key, really, for Haiti, I would argue going forward, is to have more economic opportunity. It is that freedom of choice, the freedom of simple -- and the ability to be able to say, no, we are not going to tolerate that, I am going to be elsewhere.

And so we have found that, you know, owning the operation, investing in people -- we put 1,800 people through high school graduation classes to give people knowledge and the ability to control their destiny and develop their future.

\*Mr. Beyer. Great. Thank you very much.

Ms. Stewart, thanks again for your testimony. And you recommended that compliance be linked with benefits, and that seems like a no-brainer. But has this been tried before? Why has enforcement failed in the past?

How do we make sure, as we renew this, that enforcement is successful now?

And by the way, all of this builds on what just happened in USMCA on enforcing labor rights.

\*Ms. Stewart. Thank you for the question, Congressman Beyer. So one of the reasons why the enforcement has not happened in a way that has been beneficial to workers



is because it is not specified, I believe, in a degree that would allow there to be actual teeth.

And so our union partners right now are debating various proposals. But a few that at least two unions have talked about are making sure that there is a specified amount of time that is built into the language of how long a factory is allowed to be out of noncompliance, right?

And so the Better Work report shows that some factories are out of compliance for years. And all they have to do is show up to a workshop on how to prevent or limit sexual harassment, and then the clock starts over. And so more stringent measures in terms of how long you can be out of noncompliance until your benefits are actually suspended, and there are real consequences or penalties, are what they believe will change behavior.

Also, putting in measures, for example, that you can't be readmitted to the program until you have demonstrated that you are able to remedy the violation, making sure that the workers who have been harmed have been made whole, and then also limiting the number of times that a factory can be readmitted to the program if they have been suspended for ongoing noncompliance.

So ensuring that there are teeth and real ramifications for ongoing noncompliance are critical measures.

\*Mr. Beyer. So let me very quickly -- on teeth, because I know Chairman Blumenauer, Jimmy Panetta, and others on this call were part of the team that negotiated USMCA with Ambassador Lighthizer -- should we be looking at those, you know, the highest-ever labor and environmental standards to be ultimately incorporated in the Caribbean Basin?

\*Ms. Stewart. [No response.]

\*Mr. Beyer. Well, it sounds like perhaps a rhetorical question, but it would be great to come back to that.

Mr. Chairman, my time is up.

\*Chairman Blumenauer. Thank you very much.

Congressman Horsford?

\*Mr. Horsford. Thank you very much, Mr. Chairman, and thank you for allowing me to participate today, and for hosting this hearing on the Caribbean Basin Trade Partnership Act.

As has been discussed, since its inception in 2000, the CBTPA has played an important role in developing and facilitating trade between the United States and the Caribbean Basin. Extending the CBTPA will also increase our nation's economic growth, as well as promote job creation and lay the foundation for long-term economic development.

With this program up for renewal, it is very important, and it is also an opportunity for this committee to discuss any areas for improvement in future conversations. And I think we have covered that today. So I am very grateful to the committee staff, as well as the witnesses that have joined us today.

When considering the renewal of the CBTPA, we can agree that the United States must remain engaged. We have a longstanding commitment to the economic development of countries like Haiti and others within the region. And although my colleagues would argue that the United States running a positive surplus in trade in most countries within the region is a bonus, the reality is that, by promoting U.S. investment in developing countries like Haiti, we have forgotten the long-term goal of improving the economic development of these countries. The programs currently in place can be seen as prioritizing holding returns for the U.S. businesses that invest in these countries, rather than focusing on development and promotion.

So, on top of the effects of COVID-19, presently labor rights are continuously, in

my view, violated in forms of economic shocks such as low wages, a climbing cost of living, lack of union representation, and job loss. Without the CBTPA, more Haitians are finding themselves without work, and families are left struggling.

Ms. Baltzan, earlier in your testimony you commented that our programs do not directly promote the development of the middle class. We can agree that the goal of these preference programs must promote a more equitable and sustainable economy. However, I would like for you to expand on the best way to ensure markets for U.S. exports in developing countries are more robust to support the middle class.

\*Ms. Baltzan. Thank you, Mr. Horsford. I think this goes exactly to what you were talking about, which is short term versus long term. And I think what we have got to do is build a middle class in these countries, so that in the long term they actually have the income to consume what we produce.

So I think we start looking at it through that framework, instead of immediately rewarding investment, or immediately rewarding exports. I think we have a better chance of producing the development we want, and then, of course, the benefits will inure to us when they have a greater ability to consume our goods.

\*Mr. Horsford. Great. And Ms. Stewart, I would like also to talk about issues that you raised in your testimony on labor rights. You mentioned that the U.S. Department of State's 2019 report on human rights practices for Haiti reported that the government required some factories to remedy labor violations related to freedom of association, yet the government did not effectively enforce the law.

Do you believe that, if the socio-political unrest within the country continues, that the labor rights will not improve?

\*Ms. Stewart. Thank you for your question. I do believe that the social and political situation has created challenges, as has the lack of resources and funding for the

Ministry of Labor and Social Affairs, which is responsible for conducting the inspections in the factories, which is one of the other reasons why it is very important to have the Better Work program there, monitoring conditions on a regular basis.

But as the government is further stressed, there is challenge related to ensuring that the laws are enforced and properly managed.

\*Mr. Horsford. Thank you.

\*Ms. Stewart. Thank you.

\*Mr. Horsford. And then finally, Ambassador Denis, I would like to thank you for being here today, and for sharing your thoughts on the renewal of the Caribbean Basin Trade Partnership Act. Do you believe that the pandemic has had a negative impact on the economic development in Haiti? If so, how?

\*Ambassador Denis. Thank you, Congressman, for your question. Definitely, it has had a negative impact all over the world. Haiti has a weak economy. It is impacting because we are exporting goods to the United States through the CBTPA, the garment industry, and it has impacted in the United States, and that has a negative effect also in Haiti.

We tried quickly to convert in producing PPE, so -- but this is maybe the opportunity for us to produce for the U.S. the PPE material. But definitely this is a worldwide crisis, the COVID-19. And in Haiti, obviously, we pay the price now.

\*Mr. Horsford. Thank you all very much. Thank you, Mr. Chairman, for your leadership, and to my colleagues.

\*Chairman Blumenauer. Thank you very much, Mr. Horsford.  
Congresswoman DelBene?

\*Ms. DelBene. Thank you, Mr. Chairman, and I just want to say thank you to all of our witnesses for joining us today. We appreciate your time and your insight. I have a

question for Ms. Baltzan.

I understand the importance of preference programs like CBTPA, and I agree with you that they need to be reimagined to fit broader development goals. For example, the USAID said that only a quarter of Haiti's population has access to electricity, and the lack of reliability requires many businesses and households to install costly, inefficient, and environmentally unfriendly diesel generators. So, in order to address challenges like this, I wonder what your thoughts are on whether we should pair preference programs like CBTPA with other initiatives, maybe something modeled on Power Africa that sought to double access to electricity in sub-Saharan Africa.

Should we use the newly-established International Development Finance Corporation to scale up investments in things like health care, and education, and microfinance, and other sectors?

I would just love your thoughts on that, generally.

\*Ms. Baltzan. Thank you so much, Ms. DelBene. I think that is exactly right. We had a lot of difficulty when we were renewing AGOA in 2015. We knew we could do -- especially with this committee, we knew we could deal with the trade preferences. But I think a lot of us felt that we wanted to do more on infrastructure. And of course, that is expensive. It is not something we were able to do when we were renewing the program back then. And I think if we look at what is important in these countries, it really is what you are describing. It is infrastructure, it is ports.

And to be candid, China is spending a lot of money in these countries. And I think we have got to pair our preference programs with a real commitment to building some of the core important aspects of these economies.

\*Ms. DelBene. Do you have particular things you think we can model on?

\*Ms. Baltzan. If I may, I would like to give that thought, and respond to you in a

QFR, if I can, so I can give you a good answer.

\*Ms. DelBene. Okay.

\*Ms. Baltzan. Okay.

\*Ms. DelBene. No, thanks, I appreciate it.

Thank you, Mr. Chairman, and I yield back.

\*Chairman Blumenauer. Thank you.

Dr. Wenstrup, thank you for your leadership on this, and thank you for joining our subcommittee today.

\*Mr. Wenstrup. Well, thank you, Mr. Chairman. It is a pleasure to be with everyone today. And I just want to start by thanking Terri Sewell for the opportunity to work with her on this, and for her leadership. It is always a pleasure to work with her.

I think, you know, I want to deal with so many things here today. But CBTPA, I believe, is, you know, good for us, and good for our Caribbean neighbors, which I think is very important. And I think it is important that we have a reliable U.S. partner, as -- and also to help grow the economy of our allies in the region.

In my particular district we have Cintas, the uniform people. They also make first aid equipment for industry, as well as fire equipment, et cetera. And -- but Haiti is a big partner for Cintas in the uniform industry. And I think it is critical to show that the U.S. has a commitment to the region, and to help build the economies. And I think Congress can be of help with that by reauthorizing this agreement until 2030.

But let me go to my questions. One for Mr. Cook.

If you could, just give me a little idea of how the CBTPA will help foster or enhance the ties not only between U.S. companies and suppliers in the Caribbean, but the United States and the nations in the Caribbean.

\*Mr. Cook. Certainly, and thank you, sir and you, Ms. Sewell, for your leadership

on this bill and renewal.

The -- it is best seen two ways. One is these nations, Haiti, Dominica, and Jamaica, the others that are there, they are a third border. And having continuity of economic partnership with them keeps them economically viable. And that is probably the most important aspect to the U.S. by far, is to have a very strong economic partnership, to have healthy neighbors.

The second is, by having this engagement through CBTPA, it encourages investments, both from companies and individuals and NGOs, to be active and to help have, you know, very thriving and successful individual lives.

And I -- you know, from just being there for the last 30 years, I can just tell you firsthand. If we lose that continuity, we lose a very important border and a very important neighbor.

\*Mr. Wenstrup. Well, I appreciate that.

My next question is for you, Ambassador Denis. Can you discuss whether you believe that this agreement has contributed to the development of Haiti?

But also, what are some changes you may -- would want to make to the program to help Haiti realize its full potential?

\*Ambassador Denis. Oh, thank you, Congressman. Well, that -- definitely, the CBTPA helped Haiti to create more jobs. We need much more for development. We need to develop infrastructure. We need to develop a lot of other issues. We need to develop a legal framework. We need to develop our institutions, talking about unions, talking about any kind of aspect of the society. All those issues are major issues for us, and should be also for the United States, as a good partner of Haiti. It is better we have educated people, better the -- they can be better partners, you know.

So this is why we are working hard to attract investment, not only in the

framework of the CBTPA, but also in investment, like infrastructure investment, like port investment, like airport, like tourism. We are a place rich of potential in tourism.

So we keep working, and we have the support of the Congress to expand the range of action we have in Haiti. The CBTPA is essential, because they create jobs, easy jobs, you know, where the people need a minimum of knowledge. But we need after that to better the quality of the job to create, you know, other jobs -- and this is the way to create stability in the country, in the whole region.

\*Mr. Wenstrup. Thank you very much, and I yield back, Mr. Chairman. I appreciate the time.

\*Chairman Blumenauer. I am sorry I had some technical difficulties. I am trying to wrap this up. Well, let me just say that I would like to thank the witnesses for the testimony.

Please be advised that members have two weeks to submit written questions to be answered later in writing. And those questions and answers from the witnesses will be made part of the formal hearing record.

And with that, the subcommittee is adjourned.

[Whereupon, at 4:15 p.m., the subcommittee was adjourned.]

[Questions for the record follow:]

[Trade Subcommittee Chairman Blumenauer Questions for the Record](#)

[Response from Mr. Sassine to Trade Subcommittee Chairman Blumenauer](#)

[Response from Ms. Baltzan to Trade Subcommittee Chairman Blumenauer](#)

[Rep. DelBene Question for the Record](#)

[Response from Ms. Baltzan to Rep. DelBene](#)

[Rep. Beyer Questions for the Record](#)



[Response from Ambassador Denis to Rep. Beyer](#)

[Response from Mr. Sassine to Rep. Beyer](#)

[Submissions for the record follow:]

[Rep. Brady and Rep. Buchanan, Letter](#)

[Government of the Co-operative Republic of Guyana](#)

[Center for Fiscal Equity](#)