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I.- PROFILE OF THE HAITIAN RE-EXPORT INDUSTRY

Over the last ten years and specially since the year 1967, a new type of industry has emerged from the Haitian economic panorama. This industry which is of the labour intensive kind, manufactures export products with imported inputs and, therefore is known as the Re-export industry.

Some figures about this Industry will underline its growing importance :

YEAR	VALUE OF EXPORTS BY THE RE-EXPORT INDUSTRY	VALUE OF HAITI'S TOTAL EXPORTS
1967	$ 2.304.000.-	$ 32.330.000.-
1968	4.092.000.-	35.747.000.-
1969	5.890.000.-	37.079.000.-
1970	8.351.000.-	40.000.000.-

This table shows that around 1967, the value of exports by the Re-export Industry accounted for 7% of the total value of exports from Haiti while around the year 1970 this percentage jumped to 21% . Thus, the average annual growth rate of exports by the Re-export Industry was 53.6% during that period, which is very satisfactory. Moreover, from 1967 to 1970, the value of exports by the Re-export Industry increased by $ 6.047.000 while the value of total Haitian Exports increased by $ 7.670.000, thus standing for 79% of this increase.

For the time being (february 1972), there are sixty to seventy Re-export firms engaged in processing activity; employing a labour force numbering about 12.000 persons. Take-home pay in these firms averages $ 1.60 per worker (mainly women) for an eight hour working day. Considering the legal minimum wage being $ 1.00

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the Re-export Industry pays a sixty per cent premium. Total pay by the Re-export Industry amounts to $ 19.200 per day and approximately $ 6.000.000 per year (bonus included). These data indicate clearly the positive impact of the Re-export Activity to ease the unemployment situation and earn foreign currency. The main items being produced by these Re-export firms are baseballs, shoes, apparels, handbags and electronic components.

All these firms have some kind of relationships with US enterprises whose headquarters are located mainly in the areas of New York, Puerto Rico and Florida. This relationship varies from market agreement to total ownership by the US enterprise.

II.- FACTORS LEADING TO RECENT GROWTH OF THE RE-EXPORT INDUSTRY

There are several reasons for the growth of the Re-export Industry in Haiti :

A.- The availability of a large pool of inexpensive labor (legal minimum wage : $1.- per eight hour working day).

B.- The nearness of Haiti to the US market and the existence of an adequate transportation system between Haiti and the U.S.A.

C.- The general trend to transfer labour intensive industries to under-developed countries because of international competition.

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D.- The free convertibility of the Haitian currency (the gourde) into the US currency at a fixed rate ($ 1.- = Gdes 5.-).

E.- The fact that the US Overseas Private Investment Corporation (OPIC) extends risk insurance for US Investments in Haiti.

F.- The existence of incentive legislation to attract Industrial Investment.

III.- INCENTIVE LEGISLATION FOR INVESTMENT

In the year 1963, the Haitian government enacted a serie of decrees to encourage industrial investment.

The legal framework thus created provides for:

A.- Duty free import of equipment and raw materials for Re-export firms as long as such equipment and raw materials are not available in Haiti.

B.- No duties on export of finished products manufactured by Re-export firms.

C.- No income tax whatsoever for a five year period.

D.- Degressive taxation over the next five years, meaning that the income tax rate will apply to:

15% of the income for the sixth year
30% " " " " seventh year
45% " " " " eighth year
60% " " " " ninth year
80% " " " " tenth year

From the eleventh year onward, the tax relief will cease.

This legal framework has proved very attractive for industrial investment.

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IV.- BUILDING AN INDUSTRIAL FREE ZONE

Taking further steps to promote industrial development, the government, through the INSTITUT DE DEVELOPPEMENT AGRICOLE ET INDUSTRIEL, has launched the development of an Industrial Free Zone located one kilometer from the airport and five kilometers from the docks. Work began since Septembre 1971 to supply in a first stage 20 hectares (1 hectare = 2,47 acres) of land with roads and all services (electricity, water, telephone, etc...) required by industrial development. It is expected that the work will be completed and the Industrial Zone opened by the beginning of July 1972.

Here are the main features of the Zone which are of interest to manufacturers :

A.- The administration of the Industrial Free Zone will carry a promotion campaign to attract foreign investment.

B.- The same administration will also have agreement with the custom authorities to accelerate the handling of goods between the Zone, the custom area and abroad.

C.- The manufacturers coming to Haiti will find ready to-Rent industrial buildings. This will eliminate one of the main bottlenecks to the development of Re-export industry: the lack of industrial space.

D.- The manufacturers settling into the Industrial Zone will find financial assistance from the Institut de Développement Agricole et Industriel. This Agency according to an agreement with the Inter-American Development Bank is entitled to make loans to manufacturers settling into the Zone These loans can cover either building, equipment or working capital.

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V.- CONCLUSION

This brief exploration of the Haitian Re-export Sector would show quite satisfactory a situation, had it not been for one aspect of the gameplan. Indeed, the training of skilled labour has been a little overlooked and the next steps to be taken by the government should be the upgrading of the vocational schools, thus providing against any setback in the development of the Re-export Industry.