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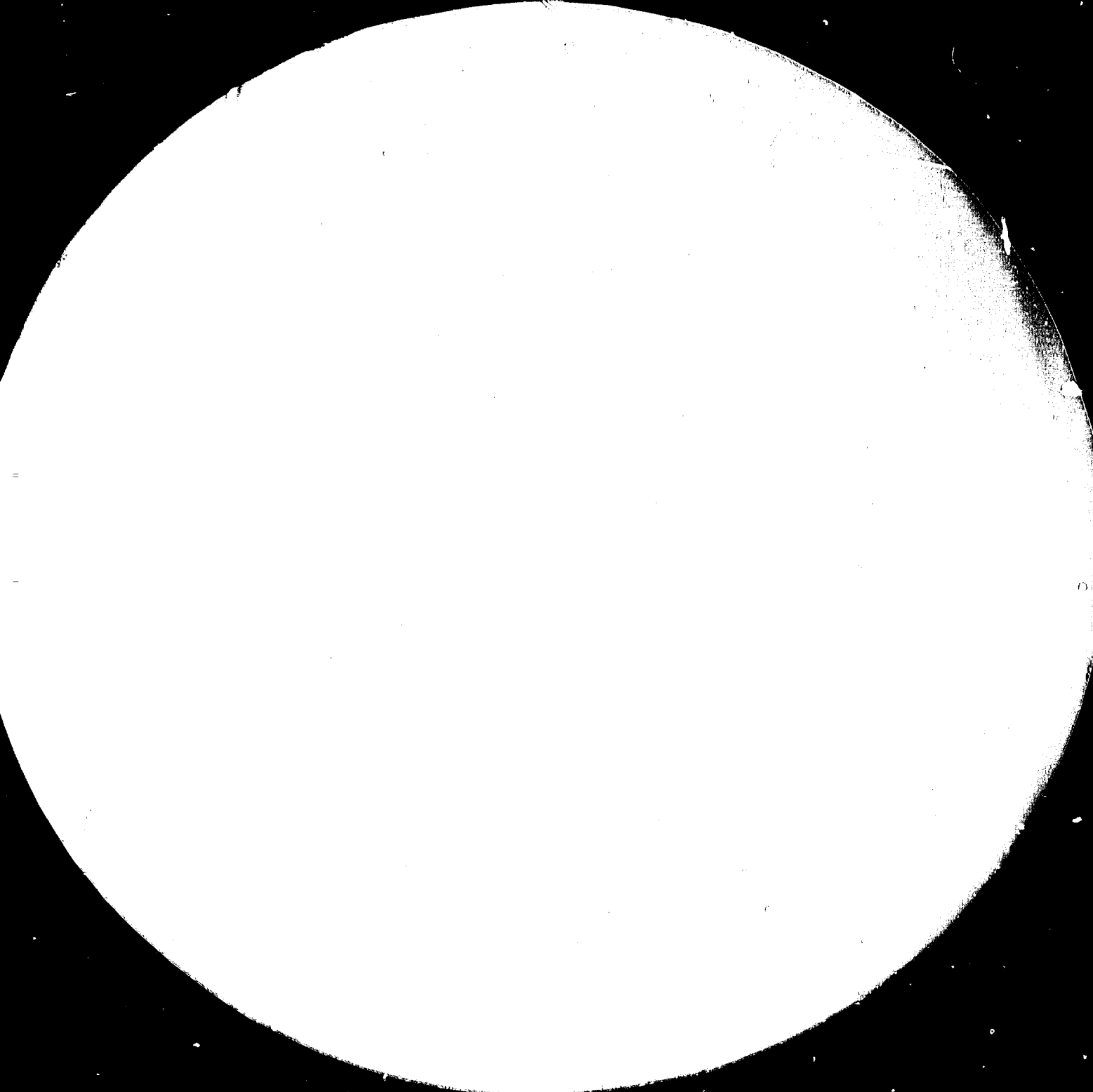
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Resolution Test Chart, 1963, NBS Monograph 17, U.S. Government Printing Office, Washington, D.C.

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PREFACE

This Country Brief on Haiti presents and analyzes data describing Haiti's economy. It is a desk study based on documents, reports, and studies available at the UNIDO Headquarters. Therefore, many of the data presented are not up to date. It is planned to modify the Brief over time as UNIDO's economic and industrial data bases are updated and expanded and as comments from Brief users are obtained.

The description of Haiti's economy to follow is a comparative description. Levels and rates of growth of selected indicators of activity in Haiti's economy are compared with corresponding values for other developing countries of Latin America.^{1/} The objective is to present an overview of Haiti's economic and industrial development. The Brief does not reach any final conclusions or recommendations but rather provides decision-makers with additional information to be used in activities relating to technical assistance, industrial redeployment and investment promotion and co-operation.

The views or comments contained in this document do not reflect those of the Government of Haiti nor do they officially commit the United Nations Industrial Development Organization to any particular course of action.

^{1/} Countries included in aggregation: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Jamaica, Mexico, Panama, Paraguay, Peru, Puerto Rico, Trinidad and Tobago, Uruguay, Venezuela, Barbados, Cuba, Guyana, Honduras, Neth. Antilles, Nicaragua, Surinam.

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I. ECONOMIC BACKGROUND

Haiti is an island nation located in the Caribbean Sea, bordered on the east by the Dominican Republic. The only country in the Americas designated by the United Nations as least developed, Haiti is a predominantly agricultural country.

1. Basic Economic Indicators

Basic data describing the Haitian economy in relation to the economies of all Latin American nations are reported in Table 1. In 1977 (the latest year for which a full set of comparable data are available), Haiti's population was approximately 4.70 million persons, or about 1.42 per cent of the total population of Latin America. Haiti's GDP per capita was \$207 (1975 US dollars) as compared with a per capita GDP (also in 1975 US dollars) of \$1,246 for developing countries in Latin America. Haiti's real GDP per capita was thus roughly 83.4 per cent lower than the Latin American average in 1977.

Further, the Haitian ratios of GDP/Labour Force, Gross Capital Formation/Population, and Gross Capital Formation/Labour Force were by far lower than the average Latin American ratios. The Haitian ratio of Government Final Consumption Expenditure to GDP is lower than the average for Latin America, while the ratio of Private Final Consumption Expenditure to GDP is higher.

Haiti's labour force participation (measured by the ratio of labour force to population), is higher than that of Latin America. However, underemployment and/or disguised unemployment are widespread.

Table 1 also shows a negative trade balance for Haiti in 1977. Haiti's imports were 27.73 per cent of GDP versus 15.94 per cent, on the average, for Latin American countries. In contrast, the percentage of exports to GDP was 19.71 per cent in Haiti versus 14.90 per cent for Latin America.

Table 1 Basic economic indicators, 1977, Haiti and Latin America

Indicators ^{a/}	Haiti (millions)	Latin America (millions)	Haiti/Latin America (col.1/col.2 x 100)
Population	4.70	329.89	1.42
Labour force	2.37	104.00	2.29
GDP	973	411,124	0.24
Gross capital formation	145	111,637	0.13
Exports of goods and services	146	63,345	0.23
Imports of goods and services	389	62,381	0.62
Balance of trade	-243	964	-25.21
GDP per capita	207	1,246	16.61
Labour force/population	50.31	31.5	160.00
GDP/Labour force	411	3,953	10.40
Gross Capital Formation/GDP	11.5*	25.54*	45.02
Gross Capital Formation/Population	31	338	9.17
Gross Capital Formation/Labour force	61	1,073	5.68
Exports/GDP	19.71*	14.90*	97.40
Imports /GDP	27.73*	15.94*	263.15
Government Final Consumption Expenditure/GDP	7.51*	10.82*	69.4
Private Final Consumption Expenditure/ GDP	89.01*	64.69*	137.6

Source: Industrial Data System, Regional and Country Studies Branch.

a/ Values in constant 1975 US \$ (millions, except GDP per capita).
Population and labour force in millions, GDP per capita in US \$,
ratios expressed in per cent.

* At current prices.

Table 2 Growth of population, labour-force, GDP, capital
formation and trade, Haiti and Latin America,
1960-1977/2/

	Population	Labour force	GDP	Gross fixed capital formation	Export of goods and services	Import of goods and services
Haiti	1.49	0.74	2.08	9.48	6.75	10.95
Latin America	2.78	2.54	5.88	7.89	2.12	5.99

Source: Industrial Data System, *ibid.*

a/ Growth rates for monetary values based on constant 1975 US dollars.

Table 2 reports growth rates for key indicators over the period 1960-1977. The growth rates of Haiti's population, labour force, GDP gross capital formation (in 1975 U.S. dollars), exports and imports of goods and services, over the period 1960 to 1977, were respectively: 1.49 per cent, 0.74 per cent, 2.08 per cent, 9.48 per cent, 6.75 per cent, and 10.95 per cent. Comparable growth rates for all Latin American economies were 2.78 per cent, 2.54 per cent, 5.88 per cent, 7.89 per cent, 2.12 per cent, and 5.99 per cent, respectively. Over the period 1960 to 1977 then, Haiti's labour force growth and GDP per capita have fallen relative to those of Latin America in spite of its higher rate of growth of fixed capital formation.

2. Sectoral Composition of GDP

Table 3 reports the shares of value added by economic sector in 1960, 1965, 1970, 1975 and 1977. This period is generally marked by steady increases in the real value added produced in most sectors.^{1/} All the shares of sectors increased except agriculture, still the largest contributor to GDP.

Table 3 Sectoral shares of GDP, Haiti
(selected years)

	1960	1965	1970	1975	1977
Agriculture	49.47	49.37	48.92	45.20	42.47
Mining and Quarrying	1.12	1.39	1.69	1.21	1.43
Manufacturing	10.17	10.28	9.94	10.80	12.70
Utilities	0.95	1.18	1.29	2.00	2.21
Construction	2.02	1.84	2.23	4.30	4.63
Services	36.26	35.93	35.95	36.50	36.46
GDP (US 1975 \$ millions)	642.8	688.8	723.2	84.4	973.3

Source: Industrial Data System, op.cit.

^{1/} For more detailed data of GDP by origin and year-to-year growth rates see Tables A-1 and A-2 in the annex.

Growth rates of real GDP over the period 1960-1977 by sector of origin are reported in Table 4, for Haiti and for all Latin America. As this table shows, growth rates in most sectors were higher in the Latin American comparison group than in Haiti. This is most clearly shown by column (5) of the table, which reports the ratio of growth of real sectoral outputs in Haiti to the corresponding rates of growth of sectoral output in Latin America.

Table 4 Comparative growth rates of real GDP by sector of origin, Haiti, and Latin America, 1960-1977

	Haiti		Latin America		Ratio
	(1) Growth rate ^{a/}	(2) Ratio ^{b/}	(3) Growth rate ^{a/}	(4) Ratio ^{b/}	(5) ^{c/}
Agriculture	1.2	0.57	3.3	0.56	0.36
Mining and Quarrying	3.0	1.42	2.5	0.42	1.20
MVA	2.9	1.38	7.3	1.24	0.40
Construction	8.2	3.90	6.4	1.08	1.28
Utilities	7.2	3.43	9.6	1.63	0.75
Services	2.2	1.05	6.2	1.05	0.35
GDP	2.1	1.00	5.9	1.00	0.36

Source: Industrial Data System, op.cit.

a/ Growth rates are trend growth rates.

b/ Growth rate of the sector divided by the growth rate of GDP.

c/ Divide column 1 by column 3.

Examination of the ratio columns (2) and (4) of the table shows what has happened to the sectoral composition of GDP in Haiti relative to Latin America. Ratios of less than one indicate that sectoral output, as a percentage of GDP, has tended to decline over the period 1960 to 1977; ratios of greater than one indicate growth of sectoral output relative to GDP.

According to the data reported in Table 4, only one identifiable sector in Haiti had a growth rate less than the rate of growth of GDP. This was Agriculture (with a growth rate of 1.2 per cent annually versus 2.1 per cent of GDP). The rest of the sectors had higher rates of growth ranging from 2.2 per cent (Services) to 8.2 per cent (Construction).

A comparison of the ratios in columns (2) and (4) suggests that over the period 1960 and 1977, rather different patterns of sectoral shifts occurred in Haiti and in Latin America at large. The most important shift evident is that the shares of Mining, Manufacturing, Construction and Utilities in GDP grew more rapidly in Haiti than they did in Latin America, while the shares of Agriculture and Services grew or declined at the same rate both in Haiti and in the Latin American comparison group.

II. MANUFACTURING SECTOR

The expansion of Manufacturing in Haiti is very much the result of the export processing industries which started to grow in the 1960s. While in the 1960s Manufacturing's share averaged 10 per cent of real GDP, in 1977, its share was approximately 13 per cent. The dynamic performance of export industries has changed the traditional character of Haiti's manufacturing which has been based mainly on food, beverages and tobacco industries.

Of the approximately 300 enterprises that comprise the modern industrial sector, about 200 are export enterprises. The initiative for the development of these enterprises has come from outside, mainly from the large U.S. market.

Table 5 reports summary indicators of the development of the Manufacturing sector in Haiti and in Latin America. Columns 1 and 2 of the table report annual growth rates of real manufacturing value added for Haiti and for Latin America respectively. Over the period 1960-1966, Haitian MVA growth rates ranged from -3.8 per cent to 14.1 per cent while those of the Latin American comparison group were ranging between 2.2 per cent and 11.5 per cent. From 1966 until the latest year that data are available (1978), Haiti's annual rates of growth of MVA have been positive, albeit much lower than those of Latin America. Since 1973, however (with the exception of 1974-75), they have been higher than those of the Latin American comparison group.

Column 3 of Table 5 shows the effects of these differing patterns of growth on Haiti's share of total Latin American real MVA. As is to be expected from the pattern of growth rates described above, Haitian MVA declined continually since 1960 to lower shares of Latin America's real MVA and reached a low of 0.08 in 1975-76. Growth patterns since 1975 have improved and Haiti's share of real MVA has risen, in 1977, to 0.11 per cent.

Columns 4 through 8 report data and calculations necessary to standardize real MVA on the basis of population. Column 5 reports Haiti's real MVA per capita. As can be seen from the data in this column, even though the annual rates of growth reported in column 1 fluctuated widely, growth in real MVA (2.9 per cent, on the average, annually) generally surpassed population growth between 1970 and 1977 (1.5 per cent average annual increase), with the result that real MVA per capita increased in Haiti. Indeed, column 5 shows that real MVA per

capita increased in every year from 1967 to 1978. Recent rapid growth (1975-1977) of real MVA has boosted Haiti's real MVA per capita.

Column 7 reports real MVA per capita for all Latin American economies. Starting at a much higher level of real MVA per capita in 1960 than did Haiti, Latin America experienced relatively steady growth in real MVA per capita over the period covered by Table 5. Real MVA per capita in 1977-78 was approximately \$332.

Column 8 of Table 5 compares real MVA per capita in Haiti to that of all Latin American economies in ratio form. Here again the relative growth patterns in aggregate real MVA and population discussed above are reflected. Haiti's real MVA tended to decline relative to Latin America's up to 1975. Modest gains have been made between 1975 and 1978.

Columns 9 and 10 of Table 5 standardize real MVA on the basis of GDP. Column 9 reports Haiti's real MVA as a percentage of real GDP. In general, the share of GDP accounted for by Manufacturing grew slightly between 1960 and 1964 and declined between 1965 and 1972. Between 1972 and 1978, the share of real MVA in GDP grew again slightly and reached its highest point in 1977-78 at 12.70 per cent.

Column 10 compares in ratio form the shares of manufacturing in Haiti's and Latin America's GDP. Here again the same pattern evident in previous columns of the table may be seen. Haiti's Manufacturing share of GDP, between 1960-1978 ranged between 0.39 per cent (in 1972-73) and 0.50 per cent (in 1963-64) of the Latin American average. The last year for which data are available, Haiti's share stood at 48 per cent of the Latin American average.

Table 5. Haitian and Latin American manufacturing value added, comparative indicators, 1960-1977

Year	Haiti's real MVA growth annual rate (%) <u>b/</u>	Latin America's real MVA growth annual rate (%) <u>b/</u>	Haiti's share in MVA of developing Latin America (%)	Haiti's Population 1960-1977 (million)	MVA per capita Haiti US\$ <u>b/</u>	Population Latin America 1960-1977 (million) ^{a/}	MVA per capita Latin America US\$ <u>b/</u>	Ratio Haiti's MVA per capita to Latin America's MVA per capita US \$	Haiti's MVA share in GDP (%)	Ratio, Haiti's MVA share in GDP to Latin America MVA share in GDP (%)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1960-61	0.6	9.3	0.18	3.63	18.0	206.19	170	0.11	10.17	0.46
1961-62	14.1	4.5	0.17	3.69	17.6	212.03	180	0.09	10.11	0.45
1962-63	0.1	2.2	0.18	3.76	19.7	218.00	183	0.11	11.06	0.50
1963-64	-8.8	11.5	0.18	3.82	19.4	224.15	182	0.11	11.12	0.50
1964-65	4.6	5.2	0.15	3.89	17.4	230.45	197	0.09	10.12	0.44
1965-66	-4.7	7.3	0.15	3.95	17.9	236.87	202	0.09	10.28	0.45
1966-67	-2.6	3.5	0.13	4.01	16.8	243.45	211	0.08	9.82	0.42
1967-68	3.6	9.6	0.12	4.07	16.1	250.19	212	0.08	9.80	0.42
1968-69	3.0	5.2	0.12	4.12	16.5	257.10	227	0.07	9.92	0.41
1969-70	2.6	8.5	0.11	4.18	16.7	264.20	241	0.07	9.85	0.40
1970-71	3.9	9.5	0.10	4.24	16.9	271.51	254	0.07	9.94	0.40
1971-72	8.2	9.8	0.09	4.29	17.4	279.03	271	0.06	9.90	0.39
1972-73	3.7	10.3	0.09	4.35	17.4	286.76	289	0.06	10.65	0.41
1973-74	10.1	5.9	0.09	4.42	18.6	294.72	310	0.06	10.75	0.40
1974-75	-3.9	1.8	0.09	4.48	18.9	302.92	320	0.06	11.35	0.43
1975-76	26.0	5.2	0.08	4.55	19.5	311.37	317	0.06	10.80	0.41
1976-77	10.6	4.3	0.10	4.63	24.1	321.33	327	0.07	12.24	0.46
1977-78			0.11	4.70	25.3	330.34	332	0.08	12.70	0.48

Source: Industrial Data System, op.cit.

- a/ Cuba's population is not included.
b/ Constant, 1975 US dollars.

1. Sectoral Structure of Manufacturing

Table 6 reports the shares in 1970 of manufacturing activity accounted for by individual manufacturing sectors in Haiti and Latin America. The most striking pattern shown by this table is the heavy concentration of Haitian manufacturing in Food Products. This single sector accounted for over 28 per cent of total manufacturing value added in Haiti in 1970 (versus 14.3 per cent, on the average, for Latin American countries).

Table 6 Sectoral structure of manufacturing value added, Haiti and developing Latin America, 1970

Branch	ISIC	Haiti	Latin America
		sectoral shares in total MVA in per cent	
Food products	3110	28.5	14.3
Beverages	3130	2.2	4.6
Tobacco	3140	0.7	1.9
Textiles	3210	12.4	9.0
Wearing apparel	3220	5.4	2.2
Leather and fur products	3230	1.9	0.6
Footwear	3240	8.8	1.3
Wood products	3310	0.4	1.8
Furniture and fixtures	3320	1.3	1.4
Paper	3410	2.2	2.7
Printing and publishing	3420	6.9	3.0
Industrial chemicals	3510	0.2	4.3
Other chemical products	3520	0.6	6.2
Petroleum refineries	3530	0.0	3.3
Misc. products of petroleum and coal	3540	0.0	1.0
Rubber products	3550	0.2	2.1
Plastic products	3560	0.2	1.6
Pottery, china and earthenware	3610	0.0	0.8
Glass	3620	0.0	1.1
Other non-metallic mineral products	3690	3.6	3.5
Iron and steel	3710	3.7	4.5
Non-ferrous metals	3720	-	4.4
Metal products, except machinery	3810	9.6	5.0
Non-electrical machinery	3820	0.4	5.1
Electrical machinery	3830	0.5	4.8
Transport equipment	3840	0.4	7.9
Professional and scientific equipment, photographic and optical tools	3850	0.0	0.6
Other manufactures	3900	8.7	0.8
Total MVA		100.0	100.0

Source: Industrial Data System, Regional and Country Studies Branch

a/ Shares (in per cent) based on total values in thousand US \$ at current prices.

The manufacture of Textiles in Haiti comprised 12.4 per cent of MVA. In Latin American countries, on the average, this branch accounted for 9.0 per cent. The third major contributor to MVA, in Haiti, is the manufacturing sector of Metal Products, except Machinery which accounted for 9.6 per cent, followed by the sectors of Footwear (8.8 per cent), Other Manufactures (8.7 per cent), Printing and Publishing (6.9 per cent), Wearing Apparel (5.4 per cent), Other Non-Metallic Mineral Products (4.6 per cent), Iron and Steel (3.7 per cent), Beverages (2.2 per cent), Paper (2.2 per cent), Leather and Fur Products (1.9 per cent), Industrial Chemicals (1.3 per cent). The rest of the manufacturing sectors contribute less than 1 per cent to the MVA of Haiti. As it is shown in Table 6, there are substantial differences in the shares of Haiti's manufacturing branches and the average shares of the Latin American comparison group.

Table 7 summarizes growth rates by industry of real manufacturing value added in Haiti. These data, although not strictly comparable to the data reported earlier in Table 5, are interesting in light of the overall growth patterns in manufacturing reported there.^{1/}

The data in Table 7 suggest that Non-metallic Mineral products has had positive growth rates since 1967. In addition, since 1973 to the latest year for which growth rates are available, Food, Tobacco and Other Chemicals had positive rates of growth. The rest of the sectors underwent wide fluctuations, especially Industrial Chemicals and Wearing Apparel.

The last column of Table 7 also indicates a pattern of shifts in the composition of manufacturing value added over the period 1960-1979. Although there are differences in growth rates between industries, only two industries reported absolute declines.

^{1/} The data reported in Table 5 are based on reported national income accounts. The growth rates reported in Tables 7 and 8 are based upon statistics of industrial activity, which report manufacturing activity on a different basis. Any inferences drawn by comparison of these data must be taken as tentative.

Table 7 Annual growth rates of real manufacturing value added, Haiti, 1960-1976, (selected years, trend growth rate, 1960-1979)

Branch	ISIC	1960-1961	1962-1963	1964-1965	1966-1967	1968-1969	1970-1971	1972-1973	1974-1975	1975-1976	1960-79 TGR ^{b/}
Food products	3110	9.3	-2.5	10.4	-6.1	1.4	32.8	-9.3	6.4	15.0	4.0
Beverages	3130	3.6	7.5	3.7	-12.2	20.0	5.3	22.1	5.3	-4.9	5.2
Tobacco	3140	-6.5	-1.6	1.9	1.9	-5.5	15.9	2.9	6.4	3.0	3.1
Textiles	3210	-10.5	1.5	-7.9	2.6	8.6	-7.0	-6.3	-41.1	72.0	2.4
Wearing apparel	3220	-11.3	-1.9	-30.2	-2.0	-2.1	-3.8	-56.6	-50.6	(0)*	-3.7
Leather and fur products	3230	24.2	13.3	27.0	11.3	12.6	-13.2	3.0	-30.0	(0)	9.3
Footwear	3240	1.2	2.4	1.1	1.1	2.2	2.1	2.0	-1.9	(0)	1.5
Wood products	3510	8.0	3.6	-11.9	3.9	4.5	-4.9	-28.5	-2.8	(0)	3.7
Furniture and fixtures	3320	8.0	3.6	-11.9	3.9	4.5	-4.9	-28.5	-2.8	(0)	3.7
Paper	3410	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-
Printing and publishing	3420	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-
Industrial chemicals	3510	0.0	-1.1	20.0	-1.2	-2.5	1.6	-9.6	-0.9	(0)	-0.9
Other chemical products	3520	-2.3	0.0	-4.4	19.4	-21.1	-14.9	-1.5	26.6	14.0	2.1
Petroleum refineries	3530	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-
Misc. products and petroleum and coal	3540	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-
Rubber products	3550	-12.2	3.4	-4.7	3.0	2.3	72.0	74.6	-6.4	(0)	3.5
Plastic products	3560	-11.0	0.0	78.1	0.0	0.0	-89.9	162.5	17.5	(0)	2.0
Pottery, china and earthenware	3610	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-
Glass	3620	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-
Other non-metallic mineral products	3690	-8.2	-10.7	-24.2	-7.9	24.1	14.0	40.7	9.3	63.0	10.3
Iron and steel	371A	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-
Non-ferrous metals	3720	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-
Metal products, except machinery	3810	28.6	10.2	61.0	8.5	9.4	136.9	28.6	-36.2	(0)	8.4
Non-electrical machinery	3820	28.7	10.6	61.1	8.5	9.4	137.3	28.6	-36.2	(0)	8.4
Electrical machinery	3830	28.6	10.2	61.0	8.5	9.4	136.9	28.6	-36.2	(0)	8.4
Transport equipment	3840	28.7	10.5	61.1	8.5	9.4	137.3	28.6	-36.2	(0)	8.4
Professional and scientific equipment, photographic and optical tools	3850	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-
Other manufactures	3900	-16.0	-3.7	-9.9	0.0	-4.2	-72.8	135.7	63.3	(0)	0.3
TOTAL		-0.6	-0.5	4.9	-0.6	3.7	20.6	-0.5	8.3	-32.3	2.0

Source: Industrial Data System, op.cit.

a/ Non-ferrous metals included in Iron and steel.

b/ TGR = Trend growth rate.

* (0) = no data available.

Additional evidence on the industrial composition of manufacturing value added is presented in Table 8. This table reports the shares by industry of total manufacturing value added measured in current U.S. dollars. These shares thus reflect changes in relative prices of the various industry value added as well as changes in real output.

Table 8 shows that in 1975, the industries reporting the largest shares of manufacturing value added were Food products (with 32.1 per cent), Metal products except Machinery (with 12.3 per cent), and Other Manufactures (with 10.5 per cent).

Table 8 Manufacturing value added, total and sectoral shares in total, Haiti, 1963, and 1975^a (sector shares in per cent, values in thousand)

Branch	ISIC	1963		1975	
		Value	Share	Value	Share
Food products	3110	16,900	42.0	25,400	32.1
Beverages	3130	5,200	12.9	1,400	1.8
Tobacco	3140	1,200	3.0	2,500	3.2
Textiles	3210	4,100	10.2	4,500	5.7
Wearing apparel	3220	5,900	14.7	1,900	2.4
Leather and fur products	3230	400	1.0	100	0.1
Footwear	3240	1,600	4.0	3,200	4.0
Wood products	3310	400	1.0	400	0.5
Furniture and fixtures	3320	1,300	3.2	200	0.3
Paper	3410	-	-	2,100	2.7
Printing and publishing	3420	200	0.5	6,600	8.3
Industrial chemicals	3510	200	0.5	200	0.3
Other chemical products	3520	300	0.7	600	0.8
Petroleum refineries	3530	-	-	0	0.0
Misc. products of petroleum and coal	3540	-	-	0	0.0
Rubber products	3550	100	0.2	100	0.1
Plastic products	3560	200	0.5	200	0.3
Pottery, china and earthenware	3610	-	-	0	0.0
Glass	3620	-	-	0	0.0
Other non-metallic mineral products	3690	1,000	2.5	6,800	8.6
Iron and steel	3710	200	0.5	3,500	4.4
Non-ferrous metals	3720	-	-	-	-
Metal products, except machinery	3810	600	1.5	9,700	12.3
Non-electrical machinery	3820	100	0.2	450	0.6
Electrical machinery	3830	-	-	500	0.6
Transport equipment	3840	-	-	450	0.6
Professional and scientific equipment, photographic and optical tools	3850	-	-	0	0.0
Other manufactures	3900	300	0.7	8,300	10.5
TOTAL		40,200	100.0	79,100	100.0

Source: Industrial Data System, op.cit.

a/ Values in national currency (gourdos) at current prices.

In general, the pattern that emerges from Table 3 is consistent with the pattern reflected in Table 7. Industries whose share reported in Table 3 of total manufacturing value added increases, generally report higher than average (over all industries) real rates of growth over corresponding periods in Table 7.

2. Endowments for Industrialization

As mentioned above Haiti is a predominantly agricultural country. Coffee is the principal product and export, and comprises about 40 per cent of Haiti's export earnings. Other products which are exported include bauxite, essential oils and sugar.^{1/}

Transportation and Communications are still not very well developed. Of 1,399 km of negotiable roads in 1968, only 554 km were all weather roads. There were an estimated 18,700 passenger cars and 2,400 commercial vehicles in use in 1976, with little provision for public transport and only 84 miles of railway. Loans from international agencies have been extended for road building. There is a jet airport and the national airline provides services to Puerto Rico and Miami. A direct link with Europe was inaugurated by Air France in 1973, and there is domestic air service.

The main port is Miragoane. In 1971-72 this port handled 771,435 tons of cargo. With the aid of International Development Agency the harbour in Port-au-Prince is being expanded to handle 510,000 tons of cargo.^{2/}

The only railway is operated by the Haitian American Sugar Company. There are regular sea freight services to the USA, Caribbean ports, Latin America, the Far East and Europe. Development of transport and in general infrastructure is being pursued with a view to the country's industrialization and with the object of achieving a better balance between the capital, Port-au-Prince, and the provincial towns. Assistance from international agencies dominates infrastructural projects.

Haitian tourism has shown a marked increase. In 1977, approximately 95,000 tourists, reportedly, visited Haiti versus 65,000 in 1970. The Government has extended, since 1972, a variety of incentives to encourage investment in hotel facilities.^{3/}

^{1/} The Economist Intelligence Unit, Ltd. (E.I.U.), Quarterly Economic Review of Cuba, Dominican Republic, Haiti, Puerto Rico: Annual Supplement, 1980.

^{2/} Source: E.I.U., ibid.

^{3/} Source: E.I.U., ibid.

Water and energy is another problem. The Port-au-Prince potable water system has a large number of illegal connections. At present, only 0.2 per cent of Haiti's rural population has access to drinking water through piped connections; public fountains serve a further 1.1 per cent. A plan to improve Haiti's rural drinking water supply will soon get under way with finance from international agencies. The proposed plan calls for the construction of 70 new water supply systems to bring potable water to 100 new rural communities.^{1/}

Only about 5 per cent of the Haitian population is supplied with electricity (of which 80 per cent live in the capital). The generation of electricity rose from 80 mn kwh in 1970 to 190 mn kwh in 1977. Installed capacity in 1977 was 109 mw. The International Development Agency has provided a \$16 mn credit to increase the supply of electricity in the Port-au-Prince area, and in 1978 the International Bank for Reconstruction and Development granted \$14 mn towards the expansion of the Port-au-Prince diesel power plant. Industries in Port-au-Prince generally provide their own generating equipment. A further expansion of the Port-au-Prince diesel power station is planned as a World Bank project.^{2/}

3. Location and Ownership of Industry

Most of Haiti's industry is located in the Port-au-Prince area and it is privately owned. Cottage industries and most larger manufacturing units producing for the domestic market are owned by nationals. Foreign capital, mainly from the U.S., has played an important part in financing export processing industries. Foreign ownership of industry is estimated at between 50 and 60 per cent. In the public sector, the most important single enterprise is the flour mill. There is also a 16.5 per cent shareholding of the public sector in the cement plant. In addition, the public sector controls a spinning mill, a machete factory, a slaughterhouse, and a number of other small enterprises.^{3/}

1/ E.I.U., op.cit.; also, IERD, Current Economic Position and Prospects of Haiti, Vol.I, Dec. 22, 1978, Report No. 2165-HA.

2/ IERD, ibid.

3/ IERD, op.cit.

4. Industrial Objectives and Strategy

The government's industrial development strategy is based on three major elements: the creation of employment, export growth, and the decentralization of industry. Fiscal incentives are the principal means to promote these goals. In order to create employment, labour-intensive industries such as export-oriented assembling activities, have been encouraged despite misgivings about their stability and their lack of integration with the rest of the economy. Meanwhile, there is a strong commitment to both expansion and diversification of exports. Spatial decentralization is pursued through the improvement of regional infrastructure, and differentiated incentives.

Under the Haitian government's second five-year development plan (1977-81), the government has assigned the highest priority to the development of the agricultural sector, followed by the development of infrastructure and education. Of an investment budget of \$617.5 million for the 1977-81 period, the agricultural (18.8 per cent), transportation (18.7 per cent), mining (17.1 per cent), and electricity (12.1 per cent) sectors together account for more than two thirds of the total. Half of the remainder is earmarked for the health and construction sectors, including housing.^{1/}

5. Obstacles to Industrialization

There are several obstacles to industrialization which can be grouped into three categories:

- (a) Obstacles in the agricultural sector
- (b) Obstacles in the institutional sector
- (c) Obstacles in the industrial sector

(a) **Agricultural Sector:** The main weakness to development lies in the agricultural sector, primarily because of the existing low level of production technology, which results in low yields of the main crops. There is also a general weakness of agricultural support services resulting from insufficient funding and personnel.

^{1/} IBRD, op.cit.

Other important factors weakening the agricultural sector are: deficient marketing (lack of roads, lack of storage facilities, lack of organized market channels) and inadequate price incentives.

(b) Institutional Sector: There is inadequate mobilization of government financial resources and the administrative costs of the existing tax system are high. Furthermore, the lack of a mechanism for tax adjustments to avoid inflationary erosions undermines further the ability of the government to obtain financial resources.

Inadequate government resources result in the low salaries of government employees, inadequate support of administrative services, greater dependence on foreign aid, and inadequate programmes to improve infrastructure.

(c) Industrial Sector: The low level of productivity in the agricultural sector coupled with poor infrastructure, lack of pricing incentives and inadequate government support services are among the main factors inhibiting the development of agro-industries, the decentralization of industry in general, and the establishment of new larger and sophisticated enterprises. To these constraints to industrialization we may add the shortage of technical personnel and the shortage of capital for small industrial projects.

The state of industrial development in Haiti becomes clear from the limited range of locally manufactured products. The only sub-sectors with dynamic growth are those of manufacturing certain sport goods and textiles for export.^{1/} However, exports of these products have reached the ceiling of U.S. import quotas (which is the main buyer of these goods). Furthermore, lack of quality control affects both domestic and foreign sales.

^{1/} Export oriented light industry is the most dynamic section of the manufacturing industry. Some 190 companies employing 40,000 people are now operating in Haiti. The expansion of small industry has been encouraged by the 1969 industrial promotion laws and amendments thereto which grant fiscal and other incentives to new enterprises. Industry in Haiti is divided into two categories: assembly operations which produce baseballs, electric and electronic parts and clothing for export to the USA; and domestically oriented operations, e.g. vegetable oils, footwear, metal products. (E.I.U., op.cit.)

III. TRADE STRUCTURE

Haiti's rapidly increasing imports of food and consumer goods and the relatively slow growth of its exports are contributing to a widening resource gap. Between 1970 and 1977, total exports grew at 22.7 per cent (Table 9). Although, agricultural exports accounted for approximately 53 per cent of total, there has been a steady decline in their share. The share of mining exports also declined. On the other hand, exports of industrial products averaged an annual growth of 31.2 per cent, and their share has increased correspondingly from 25.4 per cent in 1970 to 37.3 per cent in 1977. The assembly industry which comprises the bulk of industrial exports (approximately 73 per cent in 1977) contributed an annual growth rate of 36.8 per cent.

Table 9 Haiti's Exports, F.O.B., by Major Categories, 1970, 1974, 1977^{a/}

By Category	As a Percentage of Exports			Average Annual Growth, 1970-1977, (in per cent)
	1970	1974	1977	
<u>Agriculture</u>	<u>58.7</u>	<u>55.4</u>	<u>51.3</u>	<u>15.9</u>
<u>Mining</u>	<u>15.9</u>	<u>9.2</u>	<u>11.5</u>	<u>14.2</u>
<u>Industry</u>	<u>25.4</u>	<u>35.4</u>	<u>37.3</u>	<u>31.2</u>
<u>Total</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>22.7</u>
Total Exports (in current U.S. \$, million)	47.3	110.9	212.3	

Source: Adapted from IBRD, op.cit.

a/ Exports net of imported inputs of assembly industries.

Among the agricultural exports, coffee is, by far, the most important export commodity. The rise in world coffee prices during 1976 and 1977 resulted in an increase of coffee's share in total exports. However, inadequate price incentives for the coffee farmers have contributed to the decline of coffee production.

World market prices and tax incentives have contributed to the growth of bauxite production and exports while low labour costs, tax exemptions, and the U.S. market have been the main forces in the development and growth of the assembly industries.

Table 10 reports total imports of goods and services. Between 1970 and 1976, total imports increased at an annual average rate of 24.5 per cent. The highest rate of average annual increase, between 1970 and 1976, in terms of major categories, was that of food products (27.9 per cent). Among the sub-categories of imports the steepest increase was that of assembly industries inputs (41.9 per cent).

Imports of producer goods accounted for approximately 57 per cent in 1976, while those of consumer goods accounted for approximately 43 per cent. Although producers' imports were larger than consumers' imports, the widening resources gap was mainly attributed to the sluggish growth of agricultural exports and rapidly increasing consumer imports.

Table 10 Haiti's Imports, C.I.F., by Major Categories, 1970.
1974, 1976

By Category	As a Percentage of Imports			Average Annual Growth, 1970-76 (in per cent)
	1970	1974	1976	
<u>Raw Materials and</u> <u>Intermediate Goods</u>	<u>43.6</u>	<u>58.6</u>	<u>42.3</u>	<u>24.4</u>
<u>Capital Goods and</u> <u>Transport Equipment</u>	<u>15.0</u>	<u>10.3</u>	<u>14.8</u>	<u>25.2</u>
<u>Food Products</u>	<u>20.5</u>	<u>20.3</u>	<u>27.8</u>	<u>27.9</u>
<u>Other Consumer Goods</u>	<u>20.7</u>	<u>10.8</u>	<u>15.0</u>	<u>18.7</u>
<u>Total</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>24.5</u>
Total Imports (in current U.S. \$, million)	52.0	132.0	223.0	

Source: Adapted from IERD, op.cit.

Reportedly, in 1977 the share of food imports declined to approximately 7 per cent of total imports, raw materials, intermediate good and other consumer goods remained about the same, while the share of capital goods and transport equipment increased to approximately 19 per cent.^{1/}

The bulk of the Haitian trade as Table 11 shows, is conducted with the U.S. market. Other important export markets for Haitian products are France, Belgium-Luxemburg and Italy. On the imports side, besides the U.S. market, important suppliers are the Netherlands Antilles, Japan and Canada.

Table 11 Main Trading Partners (as a percentage of total C.I.F. Imports and F.O.B. Exports), 1977

Direction of trade	Imports	Exports
Total world (in million, U.S.\$)	223.1	212.3
Trade with (in per cent):		
U.S.	51.0	58.4
Canada	6.9	-
Belgium/Luxemburg	-	8.1
France	-	12.7
Italy	-	6.2
Japan	7.0	-
Netherlands Antilles	10.0	-
Rest of the world	25.1	14.6

Source: E.I.U.. op.cit.

Retrospectively, in spite of declining agricultural production, Haiti's economic condition has improved in the 1970s. GDP grew faster during this period than in the 1960s. The terms of trade have improved since 1975, following the substantial increases in coffee prices. Also during the 1970s, new industries have developed (especially, as was noted, export-oriented) giving an impetus to manufacturing. At the same time the Government has accelerated the formation of infrastructure, reflected by the relatively rapid growth of output in construction and utilities.

^{1/} United Nations, 1978 Yearbook of International Trade Statistics, New York, 1979.

Table A I: Growth-rates of economic sectors and GDP for Haiti/a/
(All growth rates in per cent)

Year	Agriculture	Mining and Quarrying	Manu- facturing	Uti- lities	Con- struction	Services	GDP
1960-61	-0.9	8.5	-0.6	11.8	-0.6	1.0	0.0
1961-62	4.5	42.7	14.1	7.9	5.8	-0.2	4.3
1962-63	0.6	0.8	0.1	3.1	-0.3	-2.3	-0.5
1963-64	0.6	-2.6	-8.8	-1.8	-3.5	2.9	0.2
1964-65	2.0	-12.3	4.6	9.6	-3.6	4.8	3.0
1965-66	2.8	-4.2	-4.7	-0.6	-22.2	-1.8	-0.3
1966-67	-2.8	-12.0	-2.6	2.3	-1.6	-1.6	-2.4
1967-68	1.5	11.4	3.6	1.5	7.7	2.5	2.3
1968-69	1.3	56.2	3.0	9.0	25.3	4.3	3.7
1969-70	1.3	-13.3	2.6	1.1	22.6	1.7	1.7
1970-71	1.9	15.2	3.9	15.2	13.3	6.5	4.4
1971-72	-1.1	-14.8	8.2	10.8	15.3	-0.1	0.5
1972-73	1.2	14.1	3.7	19.3	30.6	1.3	2.8
1973-74	1.2	4.5	10.1	9.9	26.4	4.1	4.3
1974-75	1.7	-31.0	-3.9	6.1	1.9	2.8	1.0
1975-76	6.4	41.5	26.0	28.3	16.0	10.2	11.2
1976-77	4.7	-0.7	10.6	6.7	10.1	7.3	6.5

For every period, the first line shows the compound interest rates, the second line the trend growth rates

1960-77	1.6	3.9	3.8	8.0	7.6	2.5	2.5
1960-77	1.2	3.0	2.9	7.2	8.2	2.2	2.1
1960-65	1.4	5.9	1.6	6.0	-0.5	1.2	1.4
1960-65	1.5	7.3	1.5	5.2	-0.2	0.8	1.3
1965-70	0.8	4.9	0.3	2.6	4.9	1.0	1.0
1965-70	0.6	7.7	0.6	3.0	6.2	1.2	1.1
1970-75	1.0	-4.2	4.3	12.2	17.0	2.9	2.6
1970-75	0.8	-2.5	5.0	12.6	19.1	2.6	2.6
1975-77	5.5	18.5	18.0	17.0	13.0	8.8	8.9
1975-77	5.5	18.5	18.0	17.0	13.0	8.8	8.9

Source: Industrial Data System, op.cit.

a/ Growth rates based on 1975, U.S.\$.

Table A II: Value-added by economic sector for Haiti
(All values in million of US \$, at constant 1975 prices)

Year	Agriculture	Mining and Quarrying	Manu- facturing	Uti- lities	Con- struction	Services	GDP
1960	318.0	7.2	65.4	6.1	13.0	233.1	642.8
1961	315.2	7.8	65.0	6.8	12.9	235.4	643.1
1962	329.5	11.1	74.2	7.3	13.7	234.9	670.7
1963	331.4	11.2	74.2	7.6	13.6	229.5	667.6
1964	333.5	10.9	67.7	7.4	13.2	236.2	666.9
1965	340.1	9.6	70.8	8.1	12.7	247.5	688.9
1966	349.5	9.2	67.5	8.1	9.9	243.0	697.2
1967	339.8	8.1	65.7	8.3	9.7	239.0	670.6
1968	344.9	9.0	68.1	8.4	10.5	245.1	685.9
1969	349.3	14.1	70.1	9.2	13.1	255.6	711.3
1970	353.8	12.2	71.9	9.3	16.1	260.0	723.2
1971	360.5	14.1	74.7	10.7	18.2	276.9	755.0
1972	356.4	12.0	80.8	11.8	21.0	276.7	758.8
1973	360.6	13.7	83.9	14.1	27.4	280.3	780.0
1974	365.0	14.3	92.3	15.5	34.7	291.7	813.5
1975	371.3	9.9	88.7	16.4	35.3	299.8	821.4
1976	395.0	14.0	111.8	21.1	41.0	330.9	913.6
1977	413.4	13.9	123.6	22.5	45.1	354.9	973.3

Source: Industrial Data System, op.cit.

