

The Haitian Hemispheric Opportunity through Partnership Encouragement Act (HOPE)

Overview

The Caribbean Basin Trade Partnership Act (CBTPA) and the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE) created unlimited duty-free treatment for various Haitian apparel products¹. However, these benefits come with certain limitations, such as restrictions on material sources and duty-free status for specific apparel only up to designated trade preference levels (TPLs)⁵. The HOPE Act, together with its successor the Hemispheric Opportunity through Partnership Encouragement Act of 2008 (HOPE II) and the Haiti Economic Lift Program (HELP), form a set of trade preferences for Haiti known as the HOPE-HELP program. This program has played a critical role in boosting Haiti's trade opportunities with the U.S. With the preferences under HOPE-HELP set to expire in 2025, it is important to understand the impact that these programs have on the Haitian economy and the populations' well being⁵.

HOPE, HOPE II, & HELP

In 2006, Congress passed the HOPE Act as an amendment to the Caribbean Basin Economic Recovery Act (CBERA)⁴. HOPE provides eligible Haitian apparel products preferential access to the U.S. market to support economic growth in Haiti¹. The main goals of HOPE is to increase exports from Haiti, create jobs, and make Haitian goods more competitive in the U.S. market. By providing trade benefits, the act aims to strengthen Haiti's economic development⁶.

Despite HOPE's goal to favor Haitian apparel producers, the act faced criticism for being ineffective in stimulating foreign investment¹. Therefore, Congress passed HOPE II in 2008, which made three main changes to its predecessor. First, all tariff preferences were extended from a period 3 to 10 years. Second, it allowed direct shipment of final goods from Haiti or the Dominican Republic. Finally, it clarified the quantitative limitation (cap) rules. Additionally, revised rules of origin permitted a broader application of duty-free treatment for apparel imports from Haiti, regardless of the source of the inputs¹.

Finally, Congress passed the HELP Act in an effort to aid Haiti's economic recovery following the devastating 2010 earthquake. HELP amends the HOPE Act by focusing on preferences that appeared to have

the most promise of encouraging Haitian apparel exports to the U.S.¹.

HOPE-HELP Impact on U.S. & Haitian Economies

According to a report published by the US International Trade Commission, the preferences under HOPE-HELP have had a principal role in the US-Haiti trade relationship and the development of the Haitian apparel sector³. Despite the country's persistent political instability and natural disasters, HOPE-HELP has encouraged investment in the apparel industry. This support has driven production and investment, enabling Haiti to maintain a competitive edge over other regional players³.

HOPE-HELP Renewal

Since HOPE's inception, Haiti's foreign direct investment stock rose from \$300 million in 2006 to \$1.74 billion in 2017. However, with increased gang violence, political turmoil, and Covid-19 pandemic disturbances, such investment has curbed³. Nonetheless, as of 2021, the garment industry remains one of Haiti's largest employment sectors, which supports over 450,000 Haitians³. As such, the renewal of HOPE-HELP is critical to ending violence in the country and promoting economic recovery to alleviate further humanitarian crises².

The HOPE-HELP program has been crucial to revitalizing the Haitian apparel industry. This accounts for about 10 percent of GDP and over 80 percent of the nation's export earnings, making the renewal of HOPE-HELP essential to the survival of Haiti's economy⁶. This renewal also aligns with U.S. interests, as a secure and prosperous Haiti benefits both Americans and Haitians. By improving long-term development and institution building, the goal is for Haiti to be able to be an ally against transnational crime, provide its own security, and foster long-term stability in the country⁶. Moreover, many U.S. companies operate in Haiti, and addressing unemployment and poverty through job creation driven by bilateral trade and investment is crucial⁶. The renewal of the HOPE-HELP is imperative to institution building, long-term development, and providing assurance and stability to U.S. businesses operating in Haiti². By renewing these essential trading preferences and promoting needed reform, the U.S. will help expand business opportunities and make the environment more stable for investors in Haiti⁶.