SUMMARY

1. Haiti's economy has been recovering slowly since the devastating earthquake in January 2010, which hit the country just as its prospects were improving after several years of prudent macroeconomic management. Nevertheless, socio-political problems and exposure to natural disasters have contributed to the fact that Haiti remains among the poorest countries in the world. Roughly 55% of the population live below the extreme poverty line of US$1.25/day. It is estimated that 1.9 million of the 2.9 million in the labour force are working in the informal sector.

2. The fiscal deficit, largely financed by external grants, poses a considerable problem for medium-term expenditure sustainability. Indeed, at their current level tax revenues are insufficient to sustain public expenditure, which has reached 30% of GDP. In order to confront this situation, the Haitian Government has implemented a set of measures to increase revenues and reduce the level of expenditure. The gourde exchange rate is market-determined and the economy is heavily dollarized.

3. Haiti has maintained a large trade deficit for many years. Remittances sent by Haitian workers living abroad are the main source of foreign exchange in the domestic economy. The annual amount of private transfers sent from the diaspora is estimated at nearly a quarter of Haiti's GDP. Between 2009 and 2011, Haiti was granted debt reduction as part of the HIPC Initiative.

4. Haiti's main exports are textiles and clothing. Food products, textile articles and machinery are the leading imports. The United States and the Dominican Republic are Haiti's top trading partners. Foreign direct investment has picked up since 2010 and reached an all-time high in 2013.

5. Haiti's Constitution enshrines the principle of separation of powers between the executive, legislative and judicial branches. It was amended in 2012 to incorporate provisions concerning the establishment of the Constitutional Council; the creation of a Higher Judicial Council; the recognition of multiple nationality; and the introduction of the principle of a quota for women.

6. The Haitian Government's trade policy comes within the general framework of its economic and social policy, which aims to reduce poverty and generate employment. The Ministry of Trade and Industry is responsible for formulating, implementing and evaluating trade and industrial policies. Generally speaking, Haiti's trade and investment laws are relatively old. The laws passed since the previous review of the country's trade policy in 2003 relate to government procurement and to banks and financial institutions, among other things.

7. Haiti grants all its trading partners most-favoured-nation treatment. It has not signed any of the WTO plurilateral agreements. It belongs to the Caribbean Community (CARICOM), whose revised treaty has been ratified but has not yet entered into force. Under the Generalized System of Preferences (GSP), Haiti receives non-reciprocal preferential treatment from a number of developed countries.

8. Tariffs are still among Haiti's principal trade policy tools, as well as being an important source of income, since customs revenue accounts for around one third of fiscal revenue each year. The applied tariff is based on the 2007 version of the Harmonized System (HS). The base nomenclature is that of the six-digit HS, even though the tariff is broken down to eight-digit level. Tariffs are *ad valorem* for all lines except one, which is subject to a specific rate. The *ad valorem* rates range from 0% (44.3% of tariff lines) to 40% (applicable to a dozen tariff lines). The simple average applied rate in 2015 is 4.9%. Some 44.3% of lines are duty free (compared to 67.1% in 2002). Tariff revision mainly involved imposing a 5% duty on certain products that had previously been duty free. The tariff rate appears fairly low, although protection at the border is high if the numerous other charges are taken into account.

9. Haiti uses ASYCUDA World for its customs procedures. Computerization of the customs system has helped streamline procedures, but processing times are still among the longest in the subregion. Haiti has not yet ratified the WTO Agreement on Trade Facilitation. An advance information programme for freight was introduced in 2013.

10. Preshipment inspection is mandatory for imports with an f.o.b. value of US$5,000 or more. *Ad valorem* fees of 5% of the c.i.f. value of imports are levied on behalf of the State; not only do these not necessarily reflect the cost of the service provided, but they also significantly increase the actual duty on the entry of imported goods. A programme to verify the conformity of goods prior to shipment has been operating since January 2013. Haiti continues to apply the Brussels Definition for customs valuation.

11. Haiti bound import duties on all agricultural products (WTO definition) and on some non-agricultural products during the Uruguay Round. Other duties and charges were bound at rates ranging from 16% to 21%. In practice, items such as used vehicles are subject to additional levies which, taken together, may lead to increases above the bound rates. Internal taxes include turnover tax (levied at a flat rate of 10% on turnover or the c.i.f. value of imports); excise duty (levied at a higher rate on certain imported alcoholic beverages than on their domestically produced equivalents); advance payment of corporation tax; and the contribution to the local communities management fund.

12. There have been no major changes to the export regime since the previous Trade Policy Review. Haiti would benefit greatly from facilitating export procedures, especially by streamlining documentary requirements. Most of the prohibitions and restrictions stem from the international treaties to which Haiti is party. The Government does not grant any export subsidies. The incentives regime entails a sizeable loss of revenue for the State (for fiscal 2010-2011, exemptions were estimated at 4.1% of GDP). Incentives are mostly granted under the Investment Code, the Law on Industrial Parks and the Law on Free Zones.

13. Haiti has no legislation on competition, standardization or contingency trade measures. As regards standards and technical regulations, the Haitian Standardization Bureau and the Metrology Laboratory were created in December 2012. A product conformity verification programme has been operating since 2012. Haiti is neither a signatory nor an observer of the Plurilateral Agreement on Government Procurement. Following the earthquake in 2010, government procurement legislation was revised and provided for a substantial increase in the thresholds for awarding contracts.

14. In the intellectual property sphere, a major step forward was made with the adoption of the legislation on copyright and related rights, which accords terms of protection in line with the minimum terms prescribed in the TRIPS Agreement. The system of protection remains weak, however, and trademarks are frequently infringed.

15. The agricultural sector continues to play a key role in food security and employment. More than one million families own mainly small subsistence holdings. The leading crops are coffee, cocoa and rice. Haiti imports about 50% of its needs in calories. Agriculture is chiefly rain-fed. The degradation of natural resources, especially catchment basins, is a serious challenge for Haiti's agricultural sector. Land rights are legally insecure and few loans are available for agricultural production.

16. The mining sector makes only a marginal contribution to GDP, despite its considerable potential. Legal uncertainty has prevented any medium- or large-scale operations so far. Only a small part of the country is supplied with electricity and its cost remains high.

17. The manufacturing sector's contribution to GDP has remained relatively stable over recent years, at around 8%. It accounts for the bulk of the country's exports, mainly textiles. Manufactured products have privileged access to the United States market, the main outlet for Haitian exports. The Government is of the view that export-oriented manufacturing and re-exportation are an effective means of generating employment. Industrial parks and free zones are the key tools for promoting the country's industrial development.

18. Services contribute around 56% of GDP. The State continues to play an important part in the sector's production activities, particularly in the telecommunications and transport subsectors. Under the General Agreement on Trade in Services (GATS), Haiti bound a number of measures relating to educational, finance, construction and related engineering, hotels and restaurants, and veterinary services. Measures relating to the provision of other types of services remain unbound.

19. Financial services still make only a modest contribution to GDP, although banking institutions have rapidly increased their holdings in recent years. Land transport is the principal means of transporting goods and passengers. The charges for port services remain high. Two seaports handle about 90% of Haiti's international trade. Mobile telephone services have grown vigorously. Tourism plays a key role in the Government's export growth and diversification strategy. In 2013, for the first time, Haiti received more than 1 million visitors.