Leveraging competitive advantage

INTERVIEW WITH GEORGES ANDY RENÉ

DIRECTOR GENERAL, CENTER FOR THE FACILITATION OF INVESTMENTS (CFI), HAITI

ANDY RENÉ
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How would you characterise the role and responsibilities of the CFI?

The Center for the Facilitation of Investments (CFI) was founded in 2006 to facilitate and promote private investment in Haiti. Since that time, we have helped establish numerous companies, creating much need jobs. We offer investors fast track incorporation, promotion, facilitation and access to the Haitian business network.

The Haitian government understands that things must change, and part of that change is to strengthen the role that the CFI plays. As a result we are at the forefront of the administration's '5E' policy, which focuses on five sectors: education; energy; (état de droit) rule of law; environment and employment. Part of our job is to promote this policy internationally.

We are the first port of call for foreign investors interested in Haiti. Because of this, we have put a lot of work into improving our website, and providing up to date information on the economy, as well as the business climate. Information is the key, and we are continually improving the quantity and quality of information that we provide. In recognition of this effort, we have just received a best-performance ranking from the World Bank's investment index, which improved our grade 37 per cent to 85 per cent. While there is still room for improvement, we are ahead of the regional average of 69 per cent.

We also produced an investment guide to Haiti in collaboration with the Inter-American Development Bank (IDB) that provides not only macroeconomic information on Haiti, but also details the sectors where Haiti has a competitive advantage for investment, notably: agriculture, tourism, garment/textile, infrastructure, energy, and residential housing. Our job is to provide help to investors in these sectors, while also reinforcing diplomatic ties and links with other communities, and to ensure that Haiti is not forgotten. There has been a lot of focus on aid over the past three years – which has been crucial to our recovery – but it's now time to change the perception of Haiti from one of charity to one of opportunity.

Why should investors be thinking more seriously about Haiti now? What has changed?

Investors should think seriously about Haiti because it has made tremendous strides economically and offers a climate which is suited for business. What has changed is that the present government is committed to rebuilding Haiti from the ground up, and is implementing bold reforms to create a viable investment climate. At the same time, it is implementing a reconstruction programme aimed at creating viable export earnings and creating much needed jobs.

We are just two hours away by plane from the US, and 72 hours by boat. This is the heart of the Caribbean. We are a young country of 10 million people, half of whom are aged under 24. Haiti also has the lowest labour costs in the region. It is the perfect outsourcing location for US and Latin American businesses. Haiti has access to the apparel market through the Hemispheric Opportunity for Partnership Encouragement Act of 2006 (HOPE), which gives investors unhindered access to the huge US market. Haiti also has preferential access to European markets as well as to Caribbean markets through the creation of the CARICOM common market. The returns to investors in Haiti are much greater than in many other countries.

How competitive is Haiti, compared to its neighbours in the region?

With a zero tax rate extended to a maximum of 15 years, for qualified investments, Haiti is highly competitive worldwide. This is accompanied by an additional five years of a regressive tax rate. We offer a range of incentives such as tariff-free imports, and of course the free zone regimes, for example in the Caracol Industrial Park. Haiti is a member of the WTO and has just ratified the International Convention for Settlement of Investment Disputes (ICSID). This is to provide investors with the added insurance of long-term commitment to international best business practices.

Access to credit was improved in 2010 by a new law that broadens the scope of assets that can be used as collateral, allows future and after-acquired property to be used as collateral, and extends the security interest of the creditor automatically to the products, proceeds, and replacements of the original asset.

What role do you see for the Haitian diaspora in the country's development?

We are trying to attract the Haitian diaspora through a range of strategies. One is to offer second or third generation Haitians living abroad dual citizenship. This has had a big impact, with two million people taking up this option. We want to do more with the money that Haitians living abroad send via transfers and remittances. We have thought about a 'pool' for investors, for example. Then there are the baby boomers who want to come back here to retire, and who are interested in buying property. There are strong cultural and social attachments with the diaspora. Another part of the strategy is to set up platforms with representatives from diaspora communities with the CFI, to integrate the diaspora into the decision making process regarding future investment policy. So far we have been very encouraged by the response from the diaspora community, many of whom are already investing in the country.

What are your priority investment sectors?

Agriculture is a priority at the moment. Agricultural production in Haiti represents 30 per cent of GDP and employs up to 50 per cent of the workforce, but is still largely subsistence-based. Investment opportunities in the agricultural sector show promise for interested investors due to the quality of the available arable land, the recovery of the production after the earthquake in 2010 and the experienced low-cost labour force.

The two fastest-growing sectors are tourism and textile. We have seen a 20 per cent increase in cruise passengers, with around 500,000 visiting the country. Meanwhile, air travel has more than tripled since 2005. Overall outlook remains buoyant for the industry, despite the earthquake. Lodging capacity was tight prior to the quake. This has increased the supply gap, thus creating vast potential in hotel construction, which is attracting the major hotel chains to fill the gap. We intend to attract greater numbers of visitors to the island by air, developing a mass tourism market, as well as niche sectors such as cultural and eco-tourism. We are going to create a proper tourism industry, and there will be a huge role for the private sector to play.

With regards to the garment industry, the construction of the Caracol Industrial Park is an indication of the increased investment opportunity to meet US demand. Haiti is the fastest growing garment exporter to the US. Exports increased by more than 16 per cent in the first nine months of 2011 compared to the same period in 2010, while China's decreased by 4 per cent.

The government is implementing a development strategy plan that includes mega projects in the ICT sector. Basic connectivity infrastructure is an attractive field of investment due to its priority for the country. ICT has gained in importance to Haiti after the earthquake of 2010, since proper use of technology helps to minimise damage and losses from natural disasters.

There is also the possibility of exporting ICT services from Haiti to foreign countries. Haiti's competitive labour costs, its language capabilities in French – and to some extent, English – as well as its historic ties to major markets offer potential for the ICT service sectors. Given the country's french culture and nature as well as its proximity to the US, the offshore services sector is an option for the future.

However, regardless of the sector investors are interested in, and on whatever scale, the CFI can provide tailor-made packages.

What other strategies are you exploring to raise the awareness of the investment opportunities in Haiti?

We are increasing our international profile through a range of approaches. Hosting this year's CARICOM Summit was important, and the ACS Summit in April will undoubtedly build on this. We also hold an annual investment forum here, as well as events such as the Haiti Investment Forum in Washington, which brings members of the Washington policy-making community together with private investors in Haiti.

We are keen to let the world know about our success stories, companies such as Digicel, Marriot, and Heineken, all of which have made long-term commitments to Haiti. Investors need to know that they can come here and make plans for the future, and that other major players are already active and successful here.

How will you measure the success of the CFI's new approach?

By the amount of investment we manage to attract! For example, between 2010 and 2011, there was a 25 per cent increase, from US$149 million to US$181 million. But between 2011 and 2012, the figure rose to US$225 million. At the same time, success for us is measured by the continuing return to normalcy, as illustrated by events such as the United Kingdom reopening its embassy here. In turn, we will be reopening our embassy in London. F

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Despite making up 75 per cent of Haiti's exports to the US the garment sector retains huge potential for growth