

# Doing business in Haiti

The Center for the Facilitation of Investments (CFI) in collaboration with the Inter-American Development Bank (IDB) has prepared a guide to investing in Haiti, selected highlights of which can be found below

**Demographics are among Haiti's biggest assets. Nearly half of Haiti's population of 10 million is younger than 20 years old**

## Overview

Haiti offers considerable business and Investment opportunities. With its large labour force, strategic location (close to the US and other markets), and substantial capital inflows, the country is poised to attract new investments in sectors such as apparel manufacture, tourism and leisure, agribusiness and food processing, construction and building materials, call centres, mining and minerals, and arts and crafts.

## Geography

Haiti is located on the western part of the island of Hispaniola between the Caribbean Sea and the North Atlantic Ocean, between latitudes 18 and 20N, and longitudes 71 and 75W. Haiti's total land area of 27,750 km<sup>2</sup> is bordered in the north by the Atlantic Ocean, in the south by the Caribbean Sea, in the west by the Gulf of Mexico, and in the east by the Dominican Republic.

Haiti occupies the mountainous portion of the island of Hispaniola; the terrain consists largely of rugged mountains with small coastal plains and river valleys. The country's territory also includes numerous small islands as well as four large islands: Ile de la Gonave (to the West), Ile de la Tortue (off the north coast), Ile a Vache, and Grande Cayemite, in the southern peninsula.

## Climate

Haiti has a hot and humid tropical climate with some variation depending on altitude. Fog and drizzle is common from November through January due to the north wind. Annual rainfall ranges between 140 and 200 centimetres. The rainy season begins in April to June or May to July and ends in October or November. Average temperature in Port-au-Prince and surrounding areas ranges from an average minimum of 20°C (63°F) to an average maximum of 34°C (94°F). Average humidity in Port-au-Prince ranges from 53 per cent to 74 per cent. Haiti weather information is available from the World Meteorological Organisation (WMO) and on the Centre National de Meteorology website.

## Population and Society

Nearly half of Haiti's population of 10 million is younger than 20 years old. The population has tripled since 1950, the year that the first formal census was taken. Although Haiti's population density averages about 350 people per square kilometre, most people

live in urban areas, coastal plains, and valleys. In 2010, the share of the urban population was estimated at about 52 per cent and the growth rate of the urban population between 2010 and 2015 was forecast at 3.9 per cent. The capital city of Port-au-Prince had a population of 2.1 million people in 2010.

Demographics are among Haiti's biggest assets. Haitians aged between 15 and 64 make up 60 per cent of the population, followed by the age group 0-14 years, which make up 35.9 per cent. Haitians over 65 years represent only 3.9 per cent of the population. Median age is 21.4 years. As can be seen from these statistics, the country has a large and predominately young work force.

## Language

French and Haitian Creole are Haiti's official languages. English is widely spoken in the business community as well. French is spoken in schools, business, and ceremonial events. Haitian Creole, which is spoken by virtually the entire population, is closely related to French, but is also influenced by many African dialects. Spanish is increasingly spoken as a third language among the young and in business.

## Education

By the Constitution of 1987, the State guarantees Haitians right to free and adequate primary education. However, the performance of the country's educational system does not meet the demands of the people, and standards are sub-par in comparison to other countries in the region. Haiti's education system is dominated by private schools, most of which are operated as for-profit organisations. After the pre-school level, students have nine years of basic education and receive a Brevet Diploma. Secondary education consists of four years of schooling followed by the completion of the Baccalauréat. After their basic education, students have the option to follow a professional or vocational education.

## Economic Policy

Both the Haitian government and the international community agree that the transition from emergency relief to sustainable recovery and growth will not be easy. As such, all parties recognise the need for long-term, substantial targeted support to move Haiti onto a path of sustained development that promises economic

growth as well as solutions to the country's enduring social and environmental problems. The Haitian government aims to achieve this transition through a comprehensive set of measures to foster long-term growth and reduce poverty.

A plan envisions recovery as a decade-long process; it underscores the need to create development poles to de-concentrate economic activity, and emphasises the importance of increasing access to basic social services and strengthening state institutions. The action plan is congruent with the government's objective to achieve substantive progress on four priority issues (or the 4 "E's"), namely: (1) rule of law (État de Droit) with improved enforcement achieved through increased capacity of public administration; (2) education for all; (3) employment, through the construction of key basic infrastructure and creation of a business-friendly environment; and (4) environment, including environmental rehabilitation and land tenure.

A key component of the government's action plan is the creation of economic development poles to diversify and decentralise economic activity. The government has identified growth hubs in different parts of the country as follows: north of Port-au-Prince in the area around Cabaret; Cap-Haïtien and the northern region; Hinche and the Central Plateau, Gonaïves, Saint Marc, and the Artibonite Plain; Les Cayes, Jacmel, and surrounding areas in the south. These growth hubs will promote the development of five key sectors identified by the Presidential Commission on Competitiveness and agreed by the President of the Republic and the government as follows: agriculture, farming, apparel manufacture, tourism, and urban housing/development. These priorities, which were identified in 2009, remain the target sectors for the country's development.

Apart from its focus on these sectors, the government has fostered the development and expansion of free zones and industrial parks and on measures to stimulate foreign investment needed to support the country's growth trajectory. Numerous efforts already have been undertaken. For example, building on strong diplomatic ties, Haiti hosted the Invest in Haiti Forum in November 2011, one of the largest meetings of its kind ever held in the Caribbean. At the forum, participants discussed concrete investment opportunities in apparel manufacture, tourism, agribusiness and infrastructure. The event was the first in a series targeted at drawing foreign investors' attention to opportunities in Haiti.

#### Key Macroeconomic Indicators

The World Bank predicts that Haiti's economy will grow by 4.2 per cent in 2014, which would be the second-highest growth rate in the region, following Guyana. This expansion will be driven mostly by reconstruction operations and the country's economic stability, which is providing the confidence needed for the local sector to invest in commercial construction, supermarkets, factories, and hotels. In addition, foreign investment has picked up from 2010 levels in the beverage and telecom sectors. Although the rebuilding process has been slower than expected.

#### Haiti and the United States

Agreements signed between Haiti and the US, including the HOPE and HOPE II acts, allow duty-free treatment for knit, knit-to-shape, and certain non-apparel textile goods wholly assembled in Haiti. The HELP Act expands existing preferences for apparel and establishes new preferences for certain non-apparel textile goods. In addition, Haiti is a beneficiary of the US-Caribbean Basin Trade Partnership Act (CBTPA) that provides participating countries with duty-free access to the US market for most goods grown and manufactured in Haiti. The CBTPA entered into force on October 1, 2000 and remains in effect until September 30, 2020.

#### Haiti and Canada

General preferential tariff and least developed country tariff rules of origin regulations signed with Canada provide that all Haitian imports have duty free access, with the exception of milk, eggs, and poultry. This agreement sets no quota limitations.

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Setting up a business in Haiti just got easier



Photography: Thierry Biju

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**Haiti and European Union**

The Economic Partnership Agreement with the European Union covers trade in goods and services, investment, trade-related issues such as innovation and intellectual property, and development cooperation assistance.


**Haiti and the Caribbean**

Haiti was accepted as the 15th Member State of the Caribbean Community (CARICOM) by the Conference of Heads of State and Government of the region in July 1999. The Haitian Parliament ratified its final accession to this economic integration body on May 13, 2002. The treaty expanded the areas for integration to create a single market and economy for the region with free movement of goods, services, and production factors. The treaty also provides for the harmonisation of laws and regulations governing geo-economic activities of Member States. Haiti negotiated a 10-year status as a less developed country prior to full integration into CARICOM.

Haiti is bound by the CARICOM rules of origin

and content requirements set forth in the treaty. In order for a firm to be eligible for one of the concession regimes of the CARICOM Customs Code, at least 35 percent of raw materials, intermediate products and development assistance must come from a caricom country.

**Coming to Haiti**

The procedures for entering Haiti are simple. Visas are only required for citizens of the Dominican Republic, China, Colombia, and Panama who are not holders of an American, Canadian, European visa or residence card. A tourist cannot stay in Haiti for more than 90 days. After the 90-day period, he/she must obtain a residence permit from the Immigration and Emigration Services. All foreign nationals must have a residence permit in order to stay in Haiti for more than three months. However, this rule does not apply to people of Haitian origin. Investors who plan to stay longer in Haiti must obtain a residence permit. For details on how to obtain a residence permit, visit CFI's website. 

**CFI to launch new fast-track off the shelf company registration service**

**I**n line with President Martelly's vision and Prime Minister Lamothe's plan to attract new businesses, and therefore more jobs, the Center for the Facilitation of Investments launched, on Wednesday March 27, 2013, an innovative way to fast-track business registration in Haiti. The Executive branch, through the action of CFI, has established an alternative business registration service that will help all interested investors to set up a company in Haiti in less than a day. As a pilot project to alleviate delays in setting up a business, the Martelly/Lamothe government is offering an initial 100 pre-registered companies for sale. These "off the shelf" companies are ready-to-operate entities. They are available for potential investors to acquire at a price of US\$ 2,500, payable over the counter at CFI or via the agency's website. This is particularly good news for Haitians living abroad, as well as foreign investors, as they won't have to pay for the many trips necessary to register their business and start their operations as previously.

This initiative not only reduces the time to set up a business to less than a day but it also reduces the market cost by half. This is a major innovation that is only one part of the many other steps the government is taking to make it easier for investors: tax exemption, total dividend exoneration, the Micro-park initiative, Public Private Partnerships, a new electronic signature law, and

Commerce journal, just to name a few.

Under President Martelly's leadership, the government has already succeeded into changing the mindset of the local business community in order to open up Haiti for business. The country as a whole is ready to make things and processes better for they finally understand that it is the only way to job creation.

Starting from April 16, 2013, investors in Haiti and abroad will be able to choose from 7 categories of Pre-Registered Companies: 15 Companies for Agribusiness, 10 companies for Information Technology and Communication, 15 Holding Companies, 15 companies for Industry and manufacture, 15 companies for Professional Services, 15 Companies for Tourism, 15 companies for Real Estate. Buyers will however have to choose a minimum of three shareholders to which CFI will transfer all shares of the pre-registered companies.

All companies have international standard by laws and statutes. Each newly-bought company is fully authorised to function. Investors can subsequently modify the business name and statutes of their new company. This service is part of the One Stop Shop programme of the CFI.

CFI's new company registration service is an important victory for the Martelly/Lamothe Government whose objective is to ease Haiti's business climate. 