

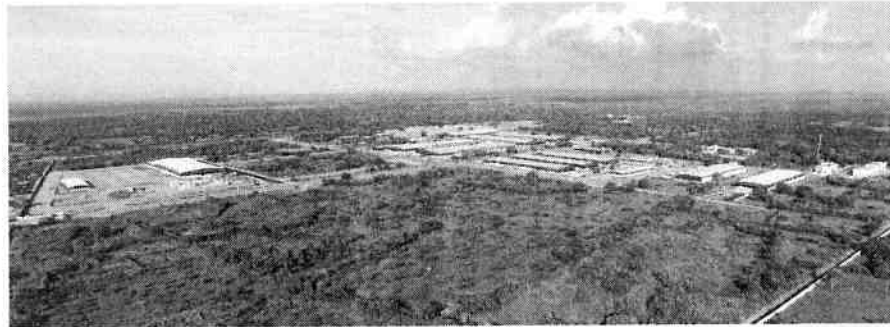
Haitian Apparel Industry Snapshot 2017

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Apparel Industry Snapshot, TPL Utilization in 2017 & Sourcing Info

While Haiti’s apparel industry continues to grow, the generous quantities of TPL available under the CBTPA and the HOPE/HELP agreements remain underutilized leaving the doors open for additional investment, growth and job creation. In 2017, several well known companies from Sri Lanka, Hong Kong, South Korea and Taiwan started operations in Haiti and others are in various stages of exploration and due diligence. The industry itself has seen a transition from basic cotton knit tops to athleisure apparel made from synthetics fabrics which enjoy a 32% duty savings under the HOPE/HELP Act. In addition, due to changes in retailer global sourcing strategies, several well known brands and retailers have allocated more woven bottoms (jeans, khakis, slacks) orders to Haiti. At the end of 2017, the country’s export figures reached \$862.4 million and with additional manufacturing coming online, Haitian apparel exports should see an uptick in 2018.

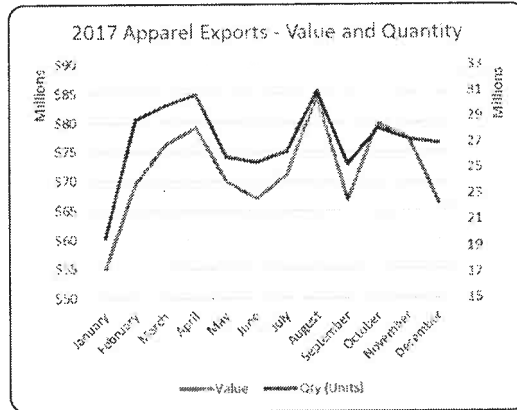
The following table from the US Department of Commerce lists the monthly exports of apparel to the USA.

Monthly Data by Country of Origin and Category Data for All Apparel in Units and U.S. Dollars Country: Haiti			
Year	Month	Qty (Units)	Value
2017	January	19,681,980	\$55,040,914
2017	February	28,727,076	\$69,445,791
2017	March	29,842,138	\$76,241,089
2017	April	30,699,333	\$79,099,096
2017	May	25,835,591	\$69,919,046
2017	June	25,414,139	\$66,958,521

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2017	July	26,291,089	\$71,083,330
2017	August	30,970,009	\$84,490,192
2017	September	25,234,305	\$66,586,191
2017	October	28,075,468	\$79,740,821
2017	November	27,236,430	\$77,574,092
2017	December	26,933,261	\$66,136,476
2017	Total	324,940,818	\$862,415,559
Source: U.S. Department of Commerce, OTEXA			

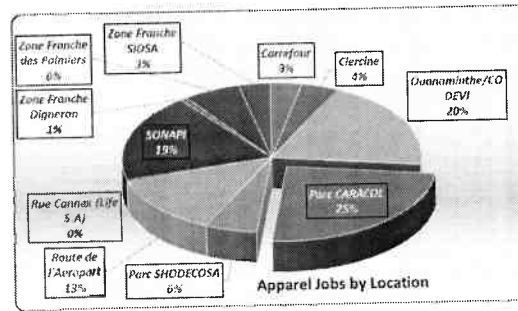


According to ADIH (Haitian Industrial Development Association) there are 27 registered enterprises related to the apparel export industry. The number of companies maybe more as some locations have more than one company and/or factory operating the umbrella of the location.

There are several industrial pars and free zones in and around Port Au Prince and the Northern Corridor of Haiti. Based on the data published by ADIH there were 47,356 people employed in the apparel industry in December 2017 and this number continues to grow. The table and pie-chart below shows the number of workers at the various locations. The largest concentration at the end of the year was the Caracol Industrial Park in Northern Haiti. SONAPI, the Haitian government organization which is a department of the Ministry of Commerce, manages two industrial parks – one in Port Au Prince, the Parc Industriel Metropolitan (PIM) and the Parc Industriel Caracol (PIC). These two locations support 44% of the jobs in the apparel industry and are home to companies from Haiti, Taiwan, South Korea and Sri Lanka. Both the locations managed by SONAPI are in an expansion mode and poised to add another 4,000 jobs or more, in 2018. Based on the proposals in hand, SONAPI is on track to house more than 50% of Haiti’s apparel jobs. In the apparel industry, the Korean company Sae-A continues to be the largest employer in the country at the Caracol Industrial Park with over 11,000 employees. Between Sae-A, MAS Active and Everest Apparel, in five years since it’s inauguration, the Caracol Industrial Park houses the largest number of apparel jobs created by some of the best apparel manufacturers from Asia. All factories in Haiti are assessed for compliance by BWH (Better Work Haiti), a subsidiary of the ILO every six months and the results are published at <https://betterwork.org/haiti/>

The following chart based on data supplied by ADIH shows the job distribution in Haiti's apparel industry at the end of December 2017.

Location	Dec-17
Carrefour	1,600
Clercine	1,929
Ouananinthe/CODEVI	9,300
Parc CARACOL	11,671
Parc SHODECOSA	2,666
Route de l'Aéroport	6,239
Rue Cannex (Life S.A)	176
SONAPI	8,923
Zone Franche Dignerou	378
Zone Franche des Palmiers	2,888
Zone Franche SIDA	1,616
Total	47,386



Although the industry continues to grow, the product diversification has been slow and more than 90% of the exports are concentrated in ten categories as recorded by the US Department of Commerce's Office of Textile and Apparel (OTEXA).

U.S. General Imports in U.S. Dollars								
Data for: Haiti								
Category	2010	2011	2012	2013	2014	2015	2016	YE Dec/2017
All Cmts	\$517,487,025	\$701,395,355	\$729,979,994	\$803,305,336	\$854,180,635	\$895,024,329	\$848,953,195	\$862,415,559
338	\$248,257,517	\$379,461,474	\$345,832,322	\$362,998,318	\$361,999,204	\$350,612,797	\$293,024,609	\$249,574,996
638	\$27,540,810	\$32,038,879	\$38,015,436	\$34,254,572	\$45,171,726	\$52,956,471	\$71,374,028	\$111,003,105
639	\$1,988,167	\$656,795	\$7,271,035	\$15,515,148	\$19,655,037	\$34,379,161	\$66,428,072	\$99,104,329
352	\$106,716,878	\$104,410,898	\$117,806,095	\$122,328,132	\$105,845,554	\$107,696,579	\$79,731,227	\$65,701,412
347	\$34,255,378	\$44,227,495	\$63,222,036	\$69,186,886	\$78,386,540	\$62,742,701	\$59,829,129	\$57,677,422
339	\$15,877,734	\$11,346,213	\$15,142,714	\$28,289,194	\$46,421,582	\$71,451,555	\$62,261,979	\$55,984,799
348	\$7,914,991	\$19,715,611	\$17,667,040	\$16,090,489	\$21,420,372	\$41,382,229	\$48,959,259	\$49,096,229
647	\$19,141,949	\$25,007,282	\$25,271,490	\$31,891,097	\$35,916,864	\$44,766,027	\$49,920,599	\$48,937,933
652	\$10,027,477	\$14,514,433	\$16,446,799	\$28,225,273	\$27,684,442	\$27,443,031	\$18,082,473	\$30,234,060
648	\$9,160,768	\$11,617,918	\$15,852,634	\$17,711,731	\$23,643,306	\$27,563,947	\$35,979,658	\$25,908,279
640	\$10,295,008	\$17,130,739	\$17,743,817	\$20,224,603	\$19,800,889	\$18,716,859	\$22,505,471	\$20,961,920
659	\$4,383,059	\$5,426,491	\$6,487,692	\$7,445,991	\$8,620,175	\$9,576,627	\$8,321,990	\$11,192,811

Haiti's exports peaked in 2015 and have been climbing back the last two years. The dip in 2016 was due to a Korean suit and overcoat manufacturer who went into bankruptcy and a volatile retail climate in the USA which resulted in lower buying volumes. For a list of store closures in 2017 check this URL <https://www.cnbc.com/2017/12/26/store-closures-rocked-retail-in-2017-and-more-should-come-next-year.html> As the volatility continues and the evolving environment between online and brick and mortar continued, in 2017 more than 7,000 retail outlets shutdown in the US and that number is expected to be even higher in

2018. Haiti's apparel enjoys preferential access to the US under the CBTPA and HOPE/HELP agreements and the available quantities are generous and able to accommodate substantial growth. The table below compiled from CBP Weekly Quota Status Report shows the percentage utilization in the five TPL categories.

Trade Legislation	Category	TPL Limits		TPL Year End	Last Year End Utilization
CBTPA	Knits	970,000,000 SME	Fixed	31st Dec	6.62%
CBTPA	Tee Shirts	12,000,000 Doz	Fixed	31st Dec	55.89%
HOPE/HELP	Knits	200,000,000 SME	Fixed	1st Oct	22.63%
HOPE/HELP	Wovens	200,000,000 SME	Fixed	1st Oct	15.76%
HOPE/HELP	Value Added	338,119,764 SME	Variable	21st Oct	14.26%

Source: CBP Weekly Quota Status Reports

If one were to evaluate the growth with the metrics of productivity, output per worker, average value per SME exported, the attractiveness of the industry becomes apparent and any potential investor should study the trajectory of minimum wage growth, exchange rates, interest rates, energy and freight costs. Some of the information has been collated from previous reports and compiled for the convenience of business owners and interested investors.

Category	2011	2012	2013	2014	2015	2016	2017	CAGR
Total Export (US Dollars)	701,475,798	730,050,515	803,337,058	854,286,569	895,464,117	848,876,635	862,415,559	
Total SMEs Exported/Utilized	275,627,575	270,374,140	306,440,449	313,930,534	334,121,092	334,692,728	327,110,869	
Average USD / SME	\$ 2.55	\$ 2.70	\$ 2.62	\$ 2.72	\$ 2.68	\$ 2.54	\$ 2.64	
Jobs in Apparel Ind (ADIH)	26,835	29,404	31,462	36,266	40,034	41,131	47,326	
USD Exports per Job	\$ 26,140.33	\$ 24,828.27	\$ 25,533.57	\$ 23,556.13	\$ 22,367.59	\$ 20,638.37	\$ 18,222.87	
SME Utilization / Job	10,271.20	9,195.15	9,740.02	8,656.33	8,345.93	8,137.24	6,911.86	
Change in SME utilization/yr	8.92%	-1.91%	13.34%	2.44%	6.43%	0.17%	-2.27%	4.90%
Change in Jobs	-1.14%	9.57%	7.00%	15.27%	10.39%	2.74%	15.06%	7.31%
Change in Exports \$\$\$	35.53%	4.07%	10.04%	6.34%	4.82%	-5.20%	1.59%	9.27%
Exports \$\$\$ change per job	37.09%	-5.02%	2.84%	-7.74%	-5.05%	-7.73%	-11.70%	

SME = Square Meter Equivalent Source for Export Data - OTEXA (USDOC) Jobs Source- ADIH

General Information: The Government of Haiti offers generous tax holidays and incentives to foreign enterprises investing in the apparel export industry. These incentives are not location specific and applicable to the company independent of its location anywhere in the country. In addition Industrial Park and Free Zone owners may offer their own enticements to motivate investors. There are a few locations, some new and others in expansion, some promise their own infrastructure, most do not offer water for industrial laundry and waste water treatment operations. Rents start as low as US\$ 2.75/square meter/month and go as high US\$6.00 /square meter/month. Some locations have their own power stations on site and energy rates vary from US\$0.19 to US\$0.36 /Kwh.

The minimum wage is currently HTG 350 per hour for a 48 hour work week and employers are expected to set an incentive wage that will allow workers to earn at least HTG 400 per day. In addition, the workers benefits include 15 days paid vacation, thirteenth month salary as bonus, contribution to a health plan and a pension plan. All the benefits add up to 22% of the wages.

Company incorporation takes between eight to twelve weeks and obtaining an import franchise takes another six to eight weeks.

Logistics: Transit time by ocean from Haiti to Florida is three and a half days and there are seven sailings a week from three ports in Haiti.

Getting to Caracol Industrial Park: Daily direct flights on American Airlines, Jet Blue and IBC are available from Miami and Fort Lauderdale to Cape Haitian International Airport. Flying time is approximately two hours and driving time to Caracol is 40 minutes or less on good roads. Comfortable, clean safe hotels and restaurants with great international and Creole cuisine are available and security is not a concern.

For more information on investment, JV or subcontracting opportunities, open capacity at factories, lead times, product capability, introductions to factories, assistance with exploration or due diligence, please contact the author at:

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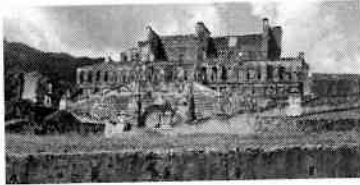




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