

US Apparel Trade Access: Haiti-DR Eco-System

Sorini, Samet &
Associates

Washington, DC

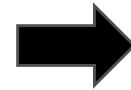
03/22/23



Caribbean trade access over 40 years



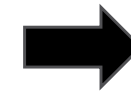
Caribbean Basin Economic Recovery Act
(CBERA)



First enacted as Caribbean Basin
Initiative effective January 1, 1984



U.S.-Caribbean Basin Trade Partnership
Act of 2000 (CBTPA)



Expanded and extended preferences
until September 30, 2030

CBI / CBTPA Beneficiaries

Antigua and Barbuda

Aruba

The Bahamas

Barbados

Belize

British Virgin Islands

Curacao

Dominica

Grenada

Guyana

Haiti

Jamaica

Montserrat

St. Kitts and Nevis

St. Lucia

St. Vincent and the Grenadines

Trinidad and Tobago

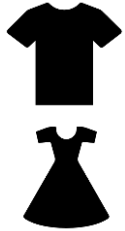
Key Provisions under CBTPA

- U.S. formed yarn, fabric, and thread
- Knit Apparel
- T-shirts

- Short Supply
- Footwear and Luggage

Certain special rules for textiles and apparel articles: Findings and Trimmings, Certain Interlinings, De Minimis, and Special Origin Rule for nylon filament yarn

U.S. Formed Yarn, Fabric and Thread



Product Coverage

All products in Chapters 61 and 62



Duration

Expires on September 30, 2030

Rule of Origin

- Sewn or otherwise assembled in CBTPA countries
- Fabrics wholly formed, dyed, printed, finished and cut in U.S., or components knit-to-shape in U.S., from yarns wholly formed in U.S.
- Fabric can be cut in CBTPA countries, as long as apparel is sewn or otherwise assembled with thread wholly formed in U.S.
 - Thread may be dyed/finished in CBTPA countries

Knit Apparel



Product Coverage

Products in Chapters 61



T-shirts and Socks Excluded



Duration

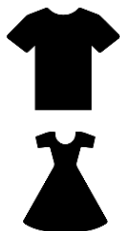
Expires on September 30, 2030

Rule of Origin

- Apparel articles knit-to-shape in a CBTPA country from yarn wholly formed in the U.S.
- Knit apparel articles cut and wholly assembled in CBTPA countries, from fabric formed in U.S. or CBTPA countries, from yarns wholly formed in the U.S.
 - Certain T-shirts excluded
- Subject to annual TRQ – currently 970 million SMEs, 12 million dozen t-shirts (fabrics from US yarns)

Short Supply and Luggage Rule

Short Supply



Product Coverage

All products in Chapters 61 and 62 with no exclusions



Duration

Expires on September 30, 2030

Rule of Origin

- Cut and sewn, or knit-to-shape, or otherwise assembled in CBTPA countries
- Fabrics or yarns designated as commercially available under CBTPA or NAFTA / USMCA
 - No active petitions (last one in 2006)

Luggage



Product Coverage

Textile luggage products



Duration

Expires on September 30, 2030

Rule of Origin

- Assembled in CBTPA countries, from fabric cut in U.S. or CBTPA countries
- Fabric and yarn both wholly formed in U.S.

Footwear



Product Coverage

Non-sensitive footwear / certain footwear in 6403 (leather uppers and rubber, plastic, or leather soles)



Duration

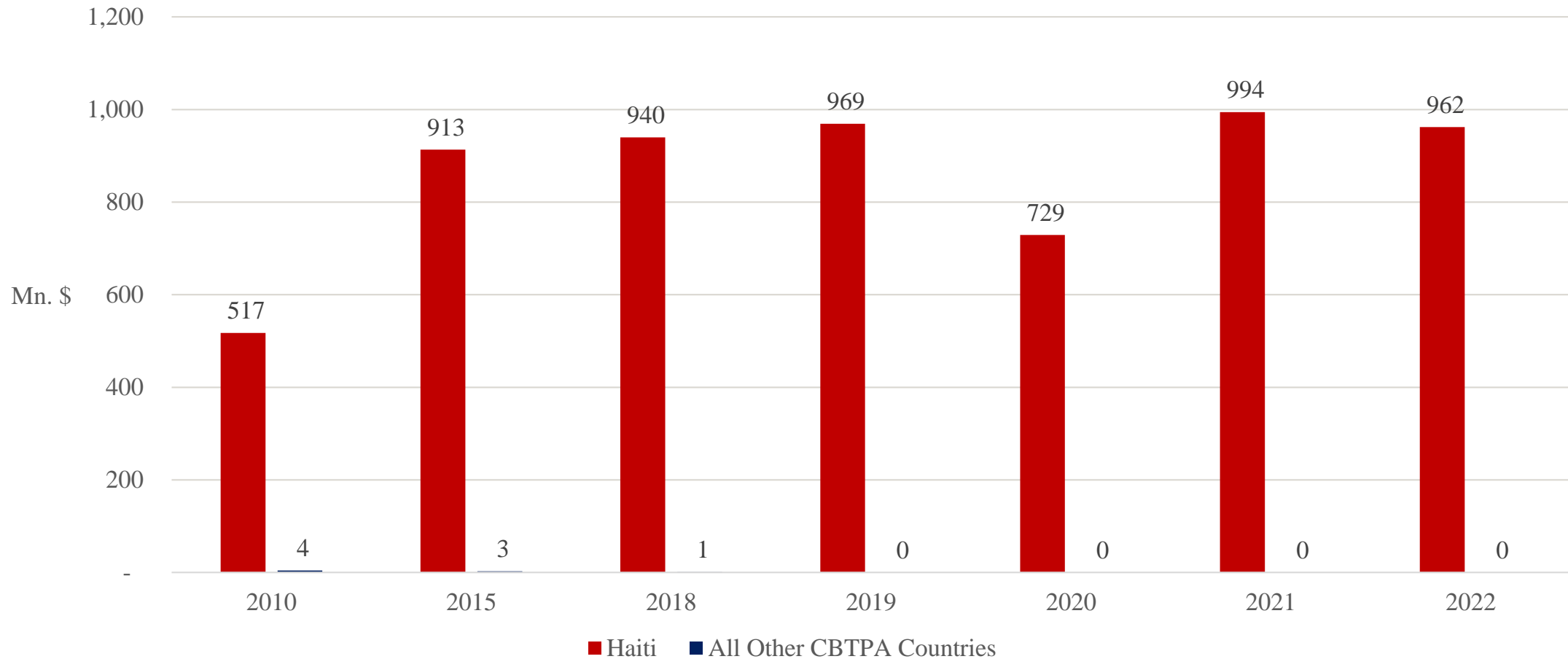
Expires on September 30, 2030

Rule of Origin

- Assembled in CBTPA countries
- Sensitive footwear (HTSUS 6403.59.60, 6403.91.30, 6403.9960, and 6403.99.90) – meet ROO under NAFTA/USMCA,
 - Non-U.S./non-CBTPA uppers prohibited; 55% regional value content for sensitive
- Non-sensitive footwear – 35% Regional Value Content (U.S. or CBTPA countries)
 - DR-CAFTA has tariff shift rule

CBPTA apparel exports is Haiti

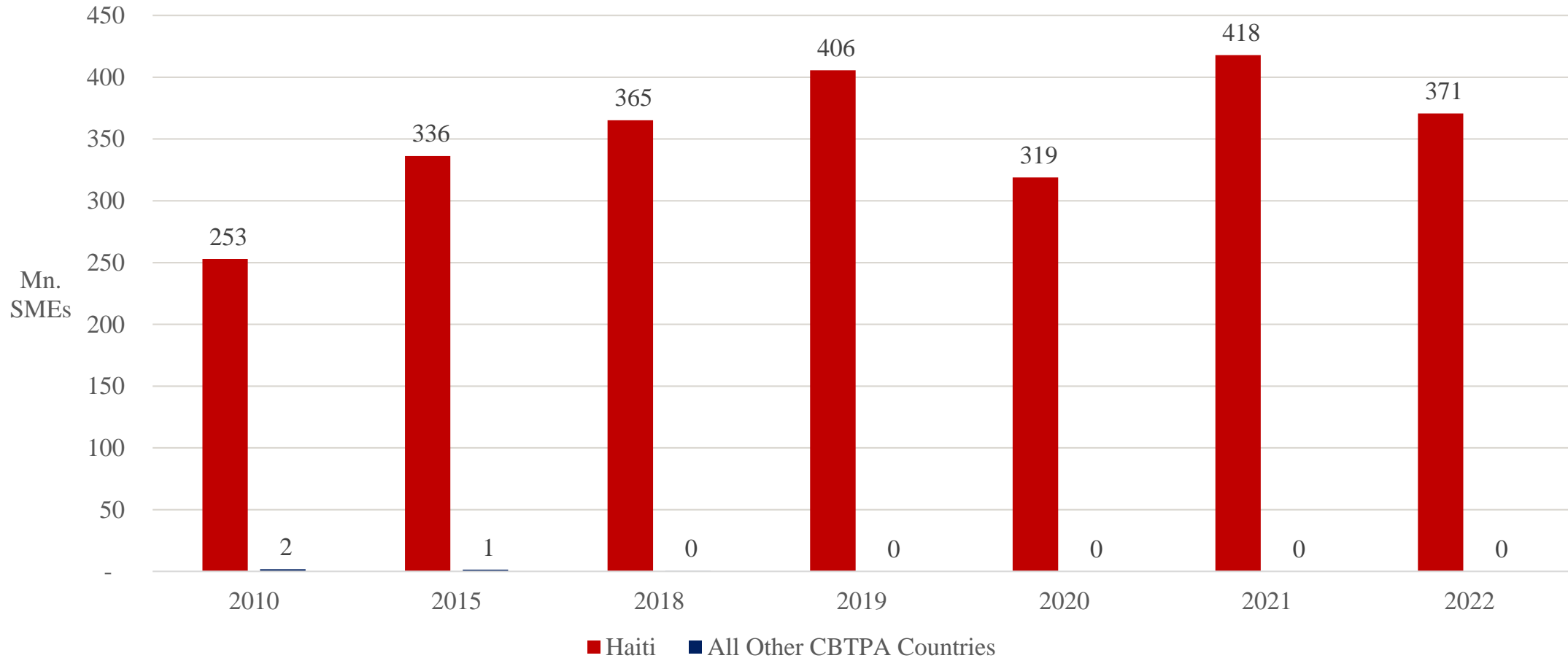
Apparel Exports from CBTPA Countries in Selected Years (Million \$)



Source: U.S. Department of Commerce

...and by SMEs

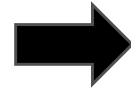
Apparel Exports from CBTPA Countries in Selected Years (Million SMEs)



Additional Apparel Trade Access for Haiti *Since 2006*



Haitian Hemispheric Opportunity
through Partnership Encouragement Act
of 2006 (HOPE)



Additional Apparel Benefits Beyond
CBTPA



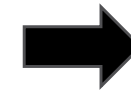
Food, Conservation and Energy Act of
2008 (HOPE II)



Enhanced TRQs; imported directly
from the Dominican Republic; single
transformation rules (headgear,
sleepwear, luggage); ILO Program



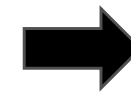
Haiti Economic Lift Program of 2010
(HELP)



Enhanced TRQs; over 800 million
SMEs



Trade Facilitation and Trade
Enforcement Act of 2015



Extended preferences until 2025

Knit Apparel Tariff Preference Level (TPL)



Product Coverage

All products in Chapter 61 except certain men's and boys' cotton/MMF t-shirts, sweatshirts, and pullovers



Duration

Expires on September 30, 2025

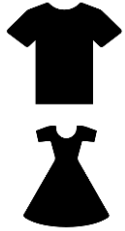
Quota Levels

- 200 million SMEs in annual period (October 1 – September 30)
- If imports > 52 million SMEs in annual period, specific sub-limit of 85 million SMEs triggered for certain knit products
 - Men's & Boys' cotton shirts, tank tops, and other tops
 - Women's and Girls' cotton t-shirts and knit tops
 - Certain MMF tops

Rule of Origin

- Apparel wholly assembled or knit-to-shape in Haiti
 - Fabric or components from any source
- Wholly assembled: At least 2 components must pre-exist in essentially same condition as found in finished good and combined to form finished good
- Knit-to-shape: At least 50% of ext. surface area is formed by major parts that are knitted / crocheted directly to shape

Woven Apparel Tariff Preference Level (TPL)



Product Coverage

All products in Chapter 62



Duration

Expires on September 30, 2025

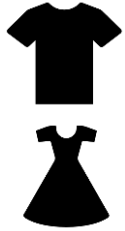
Quota Levels

- 200 million SMEs in annual period (October 1 – September 30)
- If imports > 52 million SMEs in annual period, specific sub-limit of 70 million SMEs triggered for certain knit products
 - Men's & Boys' cotton/MMF trousers, breeches, and shorts
 - Women's and Girls' cotton/MMF slacks, breeches, and shorts

Rule of Origin

- Apparel wholly assembled in Haiti
 - Fabric or components from any source
- Wholly assembled: At least 2 components must pre-exist in essentially same condition as found in finished good and combined to form finished good

Value-Added Tariff Preference Level (TPL)



Product Coverage

All products in Chapters 61 and 62



Duration

Expires on December 19, 2025

Quota Levels

- 1.25% of total U.S. apparel imports in previous annual period (December 20 – December 19)
- Quota for current annual period (2022-23): 412,506,163 SMEs
- Quota for previous annual period (2021-22): 367,770,223 SMEs

Rule of Origin

- Apparel wholly assembled or knit-to-shape in Haiti
 - Fabric or components from any source
- At least 60% of the value of the product must be sourced from Haiti, the United States, any U.S. FTA partner, or any U.S. trade preference beneficiary country (eg: GSP or AGOA beneficiary)

TPL Fill Rates have never crossed 60%

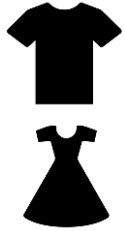
Year	Knit Apparel TPL*		Woven Apparel TPL*		Value-Added TPL**	
	SMEs	Fill Rate	SMEs	Fill Rate	SMEs	Fill Rate
2022	116,385,768	58.2%	37,515,879	18.8%	47,389,236	12.9%
2021	94,196,988	47.1%	45,786,207	22.9%	85,795,239	25.4%
2020	89,398,353	44.7%	32,537,741	16.3%	56,617,004	15%
2019	115,996,460	58%	38,217,874	19.1%	60,357,448	16.7%
2018	106,349,647	53.2%	38,533,554	19.3%	48,081,321	13.3%
2017	45,262,019	22.6%	31,523,338	15.8%	40,502,134	11.2%
2016	61,889,675	30.9%	31,680,933	15.8%	27,276,339	7.8%
2015	69,034,576	34.5%	36,698,188	18.3%	27,870,681	8.4%

Source: OTEXA

*Annual Period: October 1 – September 30

** Annual Period: December 20 – December 19

Earned Import Allowance Program (EIAP)



Product Coverage

All products in Chapters 61 and 62

No exclusions



Duration

Expires on September 30, 2025

Rule of Origin and Conditional Requirements

- Must be wholly assembled or knit-to-shape in Haiti
 - Fabric or components from any source
- Must use one SME of non-qualifying fabric for every two SMEs of qualifying fabric used in aggregate production
- Qualifying woven fabrics must be U.S. yarn-forward
- Qualifying knit fabrics or knit-to-shape components can be knit in United States or U.S. FTA/preference partners from U.S. yarns

Effort to extend HOPE-HELP

- Current preferences under HOPE I/II and HELP expire September 30, 2025
- S. 552 introduced on February 28 to extend preferences until September 30, 2035
 - Haiti Economic Lift Program Extension Act of 2023
 - Introduced by Senators Marco Rubio (R-FL), Bill Cassidy (R-LA), Raphael Warnock (D-GA), and Dick Durbin (D-IL)
 - House members are likely to soon introduce companion measure
- U.S. International Trade Commission Report on Impact of Apparel Programs on Haiti's Economy and Workers
 - Validated the need and importance of preferences under CBTPA and HOPE / HELP
 - Released on December 23

U.S. Congress pushing nearshoring...

- New initiatives to promote near-shoring of supply chains
- Americas Trade and Investment Act
 - Introduced by Sen. Bill Cassidy (R-LA) and Rep. Maria Elvira Salazar (R-FL)
 - Incentives to move manufacturing from China to Western Hemisphere
 - Funding for energy security, infrastructure development and governance in Latin America and Caribbean
- Western Hemisphere Nearshoring Act
 - Introduced by Rep. Mark Green (R-TN), Chair of House Homeland Security Committee
 - Low-interest loan program under Development Finance Corporation to provide incentives to relocate factories from China to Latin America and Caribbean
 - Funded by Section 301 tariffs on China

... as is the Biden Administration

- VP Kamala Harris “Call to Action” to private sector to deepen investment in Northern Triangle Area
 - Total investment commitment of \$4.2 billion as of Feb 2023 by total 47 companies
 - Textile and apparel commitments by Gap, Columbia Sportswear, Colombia, Target, Parkdale, Unifi, and SanMar
- Americas Partnership for Economic Prosperity
 - Equivalent of Indo-Pacific Economic Framework (IPEF) for Americas
 - Announced in June 2022, *Dominican Republic is a member*
 - Mobilization of investment and resilient supply chains
 - Labor and environmental commitments
- Haiti-Dominican Republic Border Development Vision
 - CODEVI Model
 - Nearshoring + Security + Long-Term Extension of HOPE-HELP = Opportunity

Companies seem to be taking notice

US nearshoring vision closer than ever on global supply chain snafu



Guest Author

A | BUSINESS / BUSINESS FEATURES

Latin American Apparel Exports Seen Growing 10 Percent

The increases in the region are being impacted b

By **IVAN CASTANO** FEBRUARY 21, 2022, 11:02AM

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Gap Inc expands LatAm sourcing as supply disruption weighs

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A 'HUGE' Opportunity: Nearshoring To The Northern Triangle

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TEXTILES

New US textile investments, sourcing commitments for Central America

TEXTILES

71% of fashion companies turning to nearshoring: McKinsey

17 Nov '21 • 3 min read

Northern Triangle textile sector sees \$340m in investments

Fresh textile investments in the Northern Triangle worth US\$340m have been announced by ThinkHUGE, the non-profit business and investment council representing Honduras, the US, Guatemala and El Salvador.

Questions?