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Report Name: Opportunities Abound for US Consumer-Oriented Products

Country: Haiti

Post: Port-au-Prince

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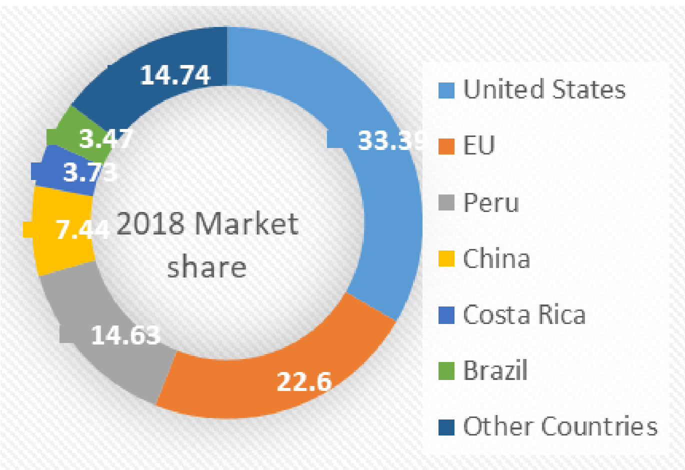
Report Highlights:

Haiti's instability had a negative impact on Haitian economy, with a GDP growth of 1.5 percent in 2018 and a GDP of $9.7 billion. Inflation increased to 15.1 percent in December 2018. In 2018, Haiti imported $915 million of agricultural and related products. The United States is the primary supplier of agricultural and related products, capturing 41 percent market share (valued at $377 million in 2018). The growing population led to increased demands for certain products in 2018, creating opportunities for U.S. processed vegetables, pork, planting seeds, and poultry.

Market Fact Sheet:
Haiti

Haiti is a low-income country in the Caribbean region, with high and unstable inflation. It is the second-largest country in terms of population, behind Cuba. For the calendar year (CY) 2018, Haiti's GDP reached $9.7 billion, an increase of 1.5 percent from 2017. Haiti's major exports include essential oils, fresh fruits, cocoa beans and other agricultural products. Major imports include consumer-oriented and bulk products, with the United States as a primary partner.

Imports of Consumer-Oriented Products



Food Processing Industry

The Haitian food processing industry consists of 50 large companies and several small companies. The beverage and the wheat milling industries are well-organized with important investments. There is potential for increased exports of U.S. products for the milling and the beverage industries, which depend on imports.

Food Retail Industry

Haiti's retail sector is complex, with seven groups of stakeholders. The wholesalers represent an important group. They are mostly Haitian-owned and supply supermarkets, restaurants, hotel, stores, and public markets. However, most sales are still occurring through the traditional channel, which includes public markets, warehouses and neighborhood stores.

Quick Facts CY 2018

List of Top 4 Growth Products

1) Processed vegetables
2) Pork
3) Planting seeds
4) Poultry

Consumer-Oriented Trade (U.S. million) 2018

Haiti Imports (all sources)	325.49
Haiti Imports (from U.S.)	108.68
Haiti Exports (all dest.)	12.03
Haiti Exports (to U.S.)	10.00

Top Haiti Retailers

1) Delimart S.A.

2) Giant Supermarket

3) Caribbean Supermarket

4) Eagle Market

5) Big Star Market

GDP/Population

Population: 11.12 million
GDP: 9.7 billion
GDP per capita: 868.3

Sources: GATS, World Bank, industry sources

Strengths/ Weaknesses/Opportunities/Challenges

Strengths	Weaknesses
Proximity to the United States	Illegal trade across Haiti/DR border
Dependency on imports due to tropical climate and other factors	Corruption affecting business climate Political and economic instability and low purchasing power
Opportunities	**Threats**
Growth potential for U.S. consumer-oriented products, livestock feed, and ingredients for the food processing industry	Limited cold chain capacity

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SECTION I. MARKET OVERVIEW

Haiti has 11.12 million consumers, 60 percent of whom live below the poverty line. It is the second most populous country in the Caribbean and the poorest in the Western Hemisphere. However, Haiti's population has increased at a slow rate in recent years, reaching 1.3 percent in 2018.

The 2010 earthquake negatively affected the Haitian economy, which registered a negative GDP growth valued at -5.5 percent. However, in 2011 and 2013, the economy reached its highest growth, estimated at 5.5 percent and 4.2 percent respectively. Currently, the Haitian economy is slowing, with a GDP growth of 1.5 percent in 2018 and a GDP of $9.7 billion. Inflation has increased over the last four years from 6.4 percent in December 2014 to 15.1 percent in December 2018.

Haiti is not a significant producer of food and agricultural products in the region; it depends on imports to fulfill the growing domestic demand. In 2018, Haiti imported $915 million of agricultural and related products. Meanwhile, Haiti exported $126 million of agricultural and related products. The United States is the primary supplier of agricultural and related products, capturing 41 percent market share (valued at $377 million in 2018). The top U.S. agricultural products include rice, poultry, wheat, dairy products, corn, food preparations, and miscellaneous beverages. A complex marketing network consisting of producers, food processors, wholesalers, retailers, food service operators, and food importers has developed to meet consumers' needs.

Haiti has been suffering from political, economic, and social pressures in recent years. This instability had a negative impact on the Hotel, Restaurant and Institutional (HRI) sector. In 2018, imports of consumer-oriented products dropped 2 percent from 2017 to $325.5 million. Additionally, high inflation levels and the fluctuation of the exchange rate had a severe impact on the purchasing power of consumers. Food and non-alcoholic beverages, representing 49 percent of Haiti's food basket, were some of the categories most affected by inflation.

Key market drivers and consumption trends

OPPORTUNITIES	CHALLENGES
1. Growing population in urban centers	1. Low income of the majority of the population and increased unemployment rate
2. Proximity to the United States and historic relationships throughout the public and private sectors, which facilitates trade	2. Inefficiency of food distribution channels (road blocks or bad quality of the roads) and cold chain limitations
3. A Haitian diaspora in the United States, Chile and Brazil, whose remittance payments help support the Haitian economy	3. Product labels without information in official languages (French and Creole)
4. A small group of consumers demanding higher quality and healthier products	4. Competition with low cost products

5. Consumers greatly influenced by U.S. culture, with a positive perception of U.S. products	5. High inflation and devaluation of local currency

SECTION II. EXPORTER BUSINESS TIPS

The Haitian market offers good opportunities for U.S. exporters of consumer-oriented agricultural products and bulk products. However, U.S exporters should establish close contact with local distributors and importers to overcome market access issues. Generally, they have in-depth knowledge of all import procedures, such as pre-shipment requirements, shipping, and customs clearance, and they also take care of the warehousing and distribution of the products within the country. A common market entry option is to appoint an agent or distributor in Haiti; licensing agreements and franchises can also be successful. It is recommended that a U.S. exporter who would like to enter the Haitian market carry out market research to identify potential niches and develop an effective marketing plan. Especially due to Haiti's proximity to the United States, personally visiting buyers is highly recommended. Opportunities for success increase when U.S. exporters provide promotional materials in French or Creole. The Office of Agricultural Affairs in Port-au-prince can provide contact information for major buyers, tariff and customs charges, and other resources (see Section VI).

Local Business Customs and Trends

Personal relationships are essential to building business relationships in Haiti. In general, Haitians attach great importance to courtesy in all business endeavors. A warm handshake combined with conversation about the person's wellbeing, family, or other similar topics prior to launching into any conversation related to business is considered a common courtesy. This communication helps Haitian buyers develop more confidence prior to any business commitment. Haitian people are genuinely warm and friendly. However, every aspect of the business transaction should be clearly stated in writing between the parties.

General Consumer Tastes and Trends

Haitians share parts of U.S. culture, such as sports, entertainment, and fashion. Although Haitians are generally reluctant to make changes in food consumption patterns, some changes have occurred over time. The increasing popularity of fast food chains and restaurants is expected to enhance these changes in the future. Additionally, higher income classes are demanding more natural and healthy products, including those with less saturated fat, cholesterol, and sugar. This creates opportunities for many U.S. products.

SECTION III. IMPORT FOOD STANDARDS & REGULATIONS AND IMPORT PROCEDURES

Several import requirements are summarized below. For additional information, please refer to Post's 2019 Food and Agriculture Import Regulations and Standards (FAIRS) Narrative report, HA1906.

Customs Clearance

The General Administration of Customs office (AGD in French) requires the importers to present the commercial invoice, bill of lading and transport type to release all shipments valued below $3,000. For shipments valued over $3,000, importers are required to submit the following documents for customs clearance:

- Bill of lading

- Commercial invoice
- Declaration Prior to Import (DPI)
- Original of Certificate of Verification (AV)
- Customs declaration
- Freight cost certificate
- List of products
- Export certificate issued by the country of origin
- Import permit for controlled animal and plant products issued by the Ministry of Agriculture (MARNDR)

Customs clearance can be completed in 24 hours if the required documents are submitted and no additional control is required. This process has been streamlined since the automation of customs procedures in 2011. The system allows importers to submit the customs declaration online and make the payment either online or at the National Bank of Credit (BNC in French). However, importers should hire a knowledgeable customs agent at AGD to interact with the customs software. Larger importers have a customs agent within their company. All goods need to be released by the deadline, which is generally ten days. After this deadline, shipping lines assess a daily charge for the use of their containers, and Port authorities charge for the use of their space.

The Government of Haiti commissions the Governments and Institutions Services (SGS in French) to verify the accuracy of the trade information before shipment and at the arrival port. After the trade information is reviewed, AGD officials determine the duty. If it is determined that the trade information is not accurate, the goods are not released. Importers should provide additional information, proving the accuracy of the transaction to complete the process.

Country Language Labeling Requirements

Haiti does not have legislation for labeling. With the proximity of the United States and Latin America, labels in English or Spanish are widespread in Haiti. For more information, please refer to the Labeling Requirements section of Post's 2019 FAIRS Narrative report, HT1906.

Tariffs

Exporters need to be aware of internal taxes applied to imported agricultural and luxury products, such as wine, during the clearance process. Although the duty may be low or zero, taxes may be as high as 20 percent. These taxes, charged at customs, increase the price for the end consumer significantly. Copyrights and trademarks are handled by Haiti's Ministry of Trade and Industry. For more information, please refer to Post's 2019 FAIRS Narrative report, HT1906.

SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

The Haitian market is both price and quality sensitive. Among the poorer classes, price is prioritized over quality due to their limited income. However, exporters should be aware that Haitian consumers are reluctant to change their consumption behavior. Generally, their organoleptic preference based on their experience with locally produced food has a particular impact on their choice. Among the upper classes, Haitian consumers tend to balance price and quality. For some categories, the price and the brand are seen as quality indicators. A marketing strategy is crucial for new products to be introduced to the market, including brand building.

Demand for certain products increased in 2018, creating opportunities for U.S. processed vegetables, pork, planting seeds, and poultry. The highest increase rate registered is for processed vegetables, estimated at 32 percent compared to CY 2017. Pork, planting seeds, and poultry have increased 19, 17, and 14 percent respectively. However, exports of U.S. corn, soybeans, processed fruit, food preparations, rice, and condiments decreased in 2018 due to political instability in Haiti.

Haiti's imports of top consumer-oriented products

Product	2018 Imports from All Sources (Thousand USD)	Haiti import growth (2014-2018)	2018 imports from the U.S. (Thousand USD)	U.S. Export growth (2014-2018)
Poultry	84,625.63	23.42	59,446.20	-3.74 %
Dairy	83,382.53	-10.04	14,689.35	2.58 %
Food Preps & Misc. beverage	52,115.37	4.34	12,577.38	-3.75 %
Processed Vegetables	13,567.71	7.60	2,118.31	50.35 %
Pork	11,295.79	4.05	1,958.47	-44.48 %
Condiments & sauces	4,240.51	3.88	1.501.81	-24.49 %
Processed fruit	2,026.16	14.50	383.35	30.21 %
Beef	336.40	- 86.42	259.68	-71.74 %

HRI Sector

Haiti's HRI sector is valued at more than $300 million. Haiti's political and economic instability in recent years had a negative impact on several investments made in the HRI sector since 2010. The leading U.S. products for distribution in the HRI sector include poultry parts, red meat cuts, pork, cheese, processed fruit and vegetable juice, fresh fruit, and fresh vegetables. While several investments have been made in the domestic poultry sector, Haiti is still unable to supply domestic demand.

Retail Foods

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Food Processing sector

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Section V. AGRICULTURAL AND FOOD IMPORTS

Bulk products

Haiti depends heavily on imports of rice and wheat products to fulfill domestic demand. In 2018, U.S. rice exports to Haiti were valued at $206 million, a 13 percent decrease from 2017. This decrease was primarily due to political and economic instability in 2018. Despite this temporary decline, rice consumption has trended upward as the decrease in the tariff on imported rice made it more accessible for low income people. Haiti is entirely dependent on imports for wheat, which is processed locally. In CY 2018, imports of wheat were valued at $49.29 million, a 29 percent decrease from 2017. However, this decrease did not have a significant impact on U.S. exports, which were valued at $21.66 million, only a 2 percent decrease from 2017.

Bulk Products ($Thousands)					
Items	2014	2015	2016	2017	2018
Rice	204,141	189,308	190,234	236,756	206,434
Wheat	15,500	26,179	15,413	32,332	21,660
Pulses	3,411	15,431	12,709	11,762	8,707
Other	3,155	1,076	1,281	6,864	3,352
Total	*227,108*	*232,888*	*221,717*	*288,876*	*241,703*

Consumer-oriented products

Haiti is an interesting market for consumer-oriented products. Demand for imported consumer-oriented products has stabilized around $300 million for years, with only 2.7 percent growth over five years. The political and economic crisis in 2018 negatively affected imports, resulting in a 2 percent decrease in imports. Key growth products include poultry, pork, processed fruit, processed vegetables, condiments and sauces. The United States is the primary supplier of consumer-oriented products, capturing approximately 30 percent market share (valued at $109 million in 2018) of that total. The United States has become the top exporter for some products, including poultry, condiments and sauces, beef, food preps and miscellaneous beverages. For other consumer-oriented products, including dairy products, processed fruits, processed vegetables and pork, the United States has captured from 14 to 19 percent market share. However, the U.S. exporters have realized significant growth in processed vegetables and processed fruit in the last five years.

Consumer Oriented Products ($Thousands)					
Items	2014	2015	2016	2017	2018
Poultry Meat & Products (ex. Eggs)	61,760	52,759	61,680	59,060	59,446
Red meats	8,147	8,724	10,119	9,253	8,862
Processed Fruit & Vegetables	1,430	2,714	4,383	2,037	2,501
Fruit & Vegetable Juices	1,773	1,297	1,373	1,398	2,157
Cheese	2,624	2,007	2,001	1,994	2,005
Dairy Products	14,318	15,749	19,487	14,319	14,689
Other	21,316	20,786	19,122	21,445	19,081
Total	**111,368**	**104,036**	**118,165**	**109,506**	**108,741**

Intermediate products

The Haitian domestic poultry and pork industries are entirely dependent on imports for soybean meal. The United States has been the only supplier since 2014. In 2018, U.S. soybean meal exports were valued at $2.84 million, a decrease of 45 percent compared to 2017, due particularly to the political and economic instability in Haiti. Haiti is also dependent on imports for planting seeds. The demand for planting seeds has nearly doubled since 2006, reaching $2.7 million in 2018. The United States remains the main supplier, capturing 98 percent of market share.

Intermediate Products ($Thousands)					
Items	2014	2015	2016	2017	2018
Essential Oils	5,062	4,448	4,832	5,361	3,822
Soybean meal	1,281	1,177	990	5,187	2,838
Planting seeds	1,474	1,856	1,795	2,070	2,444
Vegetable oils exc soybean oil	1,076	1,318	3,384	860	1,179
Animal fats	5,313	1,698	203	1,305	15
Other	7,113	6,719	6,681	5,649	5,179
Total	*21,319*	*17,216*	*17,885*	*20,432*	*15,477*

For additional trade data, please visit https://apps.fas.usda.gov/gats/default.aspx.

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

Foreign Agricultural Service (FAS/USDA)
U.S. Embassy in Port-au-prince
BLVD 15 Octobre, Tabarre 41, Port-au-prince, Haiti
Telephone: 509-229-8401
E-mail: agportauprince@fas.usda.gov | Web page: www.fas.usda.gov
Comment: Contact our office for more detailed information about the Haitian food market, lists of importers, major players in the sector, questions, etc.

For a further description of import requirements and Government of the Haiti contacts, please refer to Post's 2019 FAIRS Narrative report, HT1906.

Attachments:

No Attachments.