

EXPANDING AND EXTENDING TRADE PREFERENCES WILL HELP PROMOTE FOOD ACCESS ABROAD

The Farm Bill should be promoting nutrition and enhancing food access – both at home and abroad. Skyrocketing commodity prices and food riots in countries around the world, including Haiti, drive home the immediacy and the importance of realizing these aims.

HOPE II: MAKING THE HAITI PREFERENCE PROGRAM WORK

Congress passed the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) Act in 2006. Currently, the use of the Act's preference program is limited due to complex rules of origin. In fact, just 1.6% of Haiti's apparel exports in 2007 were under the HOPE I program. As a result, the economic benefits that the preference program was intended to spread widely have not been forthcoming.

The "HOPE II" provisions included in the Farm Bill provide additional, simplified ways for Haitian apparel to qualify for duty-free treatment in order to foster economic development. It also creates incentives to use American inputs, thereby providing new opportunities for American workers, farmers and businesses.

HOPE II includes six stand alone rules for apparel (and some textile) products to qualify for preferential treatment:

- 1) A value-added rule (as provided for in HOPE I, subject to a change in the cap);
- 2) A capped benefit for woven apparel meeting a wholly assembled/knit-to-shape rule without regard to the source of the fabric (cap is a 70 million SME);
- 3) A capped benefit for certain knit apparel meeting a wholly assembled/knit-to-shape rule without regard to the source of the fabric (cap is a 70 million SME);
- 4) An uncapped benefit for certain types of apparel meeting a wholly assembled/knit-to-shape rule without regard to the source of the fabric;
- 5) An uncapped benefit for apparel meeting a wholly assembled/knit-to-shape rule under the "3 for 1" Earned Import Allowance Program; and
- 6) An uncapped benefit for apparel meeting a wholly assembled/knit-to-shape rule, where the apparel is made from non-U.S. fabrics deemed to be in "short supply."

HOPE II also authorizes a new apparel sector monitoring program to promote compliance with core labor standards and to improve working conditions in, in particular, the textile and apparel sector. Under the legislation, the President must certify, within 14 months of enactment, that Haiti has created an independent Labor Ombudsman's Office and establish, with the assistance of the International Labor Organization, a Technical

EXPANDING AND EXTENDING TRADE PREFERENCES WILL HELP PROMOTE FOOD ACCESS ABROAD

Assistance Improvement and Compliance Needs Assessment and Remediation Program (“TAICNAR Program”).

HOPE II will help Haitian industry attract new investment and create immediate jobs, and generate income for workers to cover increased food costs and pay for other necessities. These reforms will cost an estimated \$112 million through 2017.

EXTENDING THE CARIBBEAN BASIN INITIATIVE FOR TWO YEARS

The Caribbean Basin Initiative (CBI) provides preferences on textiles, apparel, and other goods. CBI has helped raise living standards and strengthened the economies of many Caribbean nations. The initiative has also provided benefits to American workers and businesses and strengthened the United States’ ties to important friends and allies in the region. (Note: Haiti currently exports most of its goods to the U.S. under CBTPA). However, certain CBI benefits expire on September 30, 2008.

The CBI provisions included in the Farm Bill extend the expiring provisions for two years. Like the HOPE II reforms, they will help participating Caribbean nations attract foreign investment and create new jobs. These changes will cost an estimated \$161 million through 2017.

WINE DUTY DRAWBACK

The Committee on Ways and Means has also included in the Farm Bill a wine drawback provision, which codifies Customs’ current practice of allowing for the recovery of duties paid on imported wine using “commercially interchangeable” exported wine of the same color and within the same price range. This provision, which was previously passed by the House of Representatives, is a zero-cost, technical amendment. The Farm bill provides the opportunity to enact it into law.