Haitian Trade Liberalization and Rice Dumping

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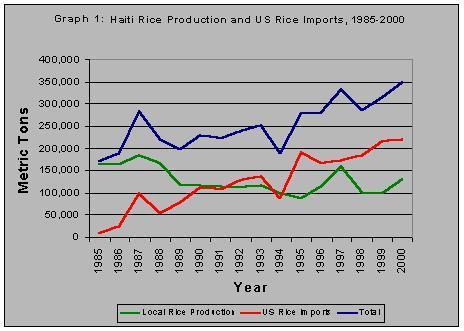
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**What is the Problem?**

Haiti was once one of the richest countries in the western hemisphere full of spices not easily found around the world such as copper and gold. Today, Haiti is the poorest state in the western hemisphere with a GDP per capita of $1,300. It is ranked 208 out of 229 in poverty around the world (Central Intelligence Agency 2013). During the Clinton administration, a large focus was helping those in need, particularly food security. In this effort, Haiti was one of the main candidates in the western hemisphere. He began a massive food (rice) aid program, one that he has said to regret (Chavla 2010). Partially because of this this, Haiti has become one of the aid capitals of the world (Doyle 2010). Much of the aid that they receive is in the form of rice subsidiaries that has become known as rice, or aid dumping. The 1995 wave of trade liberalization for Caribbean states by The World Trade Organization induced Haiti to open their trade markets, particularly for rice. With this liberalization of their markets, tariffs became increasingly lower making it easier for international businesses to delve into the Haitian rice market and drive prices down. Haitians have become very dependent on imports for their nutrients, opposed to producing their own.

Currently, because of their unhealthy imbalance in trade Haitians have no competitive advantage in any market to help them, as a state, become active exporters into the world market. Instead, American farmers receive subsidiaries in order to promote exports of rice into Haiti and are then resold 30-40% lower than what local farmers from the island are able to sell it. Robins from Global Voices notes, “subsidies are given to farmers in Arkansas for example, but it does not help the state become sustainable in the very least” (Robins 2011). After an extended period of time in this cycle, farmers dwindle in their business and are no longer able to sustain their families much, less make a profit to keep the business afloat. As local agriculture businesses crumble, farmers along with their families move to urban slums to compete for very low paying jobs in maquiladoras. In these maquiladoras people work as robots for very low wages. The maquiladoras in which they work are foreign owned, and don’t necessary generate much benefit to the overall well being of the state in the long run nor do the people working in them accumulate knowledge in any form. They are caught in a never-ending cycle. Even though the WTO has pushed Haiti to keeps tariffs on rice low, they cannot afford this from one day to the next after being trapped in their current cycle. WTO pushed this in an effort to have poor states reach food security and reduce rural poverty; but it has had adverse effects until now

Along with these setbacks, there is a lack of government support or protection for domestic rice production (Charveriat and Fowler 2002). Consequently, affordable debt, or finance available to small and medium sized farmers to achieve the advantages and grow more effectively, such as American farmers do and have is also very scarce and almost inexistent. We can see both the efficiency as well as the dumping of food being done by Americans opposed to those of Haitian farmers. The amounts quickly forced those of Haitians to drop rapidly; leaving them no time to recuperate. (Georges n.d.)

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**How do Haitians view the problem?**

In the wake of an immense import of American rice in the 90’s and early 2000’s, farmers began rallying and tried to close off ports. The repercussions and harm being done to them was clearly beginning to show. Policy makers completely disregarded their rants and not only did they allow for more rice to be imported; but also the ‘smuggling’ of rice into the state increased. Once the earthquake of January 12 2010 hit their portion of the Española Island the rice and other nutrients given to them were extremely welcome. However, it was not necessary for it to be prolonged for a period of time past when farmers that were still in business were able to get on their feet once again. Keeping this aid longer than necessary as well as importing massive amounts of ‘cheaper’ rice crippled them further.

“Many Haitians see the aid agencies primarily as sources of employment rather than as organizations that are making a (negative) difference in the long run” (Doyle 2010). After the earthquake there were over 8,000 organizations present on the island and continues to be so. As any would be, they are extremely grateful to receive the aid and after it being the norm for such a while; many of the natives would be upset and see it as a negative decision to be made. Even still, not many of these families enjoy working in the maquiladoras. Many of them still seek a smooth transition to be moved back into their lands where they are free to work and still maintain a relatively healthy lifestyle instead of putting their health at risk at a factory.   
 Politically, Haitians have taken great pride in being the least trade restrictive country in the Caribbean, without taking into account that it still continues to be the least developed (Georges n.d.). Being the poorest nation on the western hemisphere, it is easier for Haitians to strive for basic needs instead of viewing long-term rewards. This will pose an issue in implementing and increasing tariffs causing prices on rice to temporarily rise. Along with this, having the public trust and believe in authorities and professionals after their history of oppression and exploitation will pose a threat (State University of New York 2010).

**Plan of action and How?**

The ultimate goal is to slowly decrease the amount of aid and imported rice that Haiti receives and help them become self sufficient as well as to gain a comparative advantage in a produce, rice being the most viable considering their history. In the 80’s and early 90’s although they were not a hegemon or extremely wealthy, Haiti was working its way in the global market and were producing around 110,000 megatons (mt) of rice. To return to this amount of production would be optimal to help them achieve a more balanced trade sector. The importation of rice is still necessary as well as the importation of other products. It is clear that population has kept growing, making self-sustainability limits higher. Even if the state is not able to produce all of its rice, complete dependency, and healthier trade equilibrium will be reached.

Through its turmoil, GDP has undeniably fallen; keeping the state from forming a more positive infrastructure for its people. Through education and having a more investor friendly profile both as a state and as individuals they could positively use debt in order to increase their much-needed investments for future endeavors such as infrastructure, schools, quality health, and healthy job promotions. In promoting investments in the Haitian economy, it will be necessary that the funds for these investments be well observed and used for investments that will create equity and larger revenues in the future (Doyle 2010). Technology and infrastructure are primary resources that the state needs in order to become competitive internationally. As Haiti is an island, forms of irrigation should not be an issue, but are. A variety of forms to have water reach where it is needed are necessary. Although there is abundant water, the state lacks irrigation canals.

History has shown that policy making, or the lack of has contributed to the slowing of their competitiveness and has been a reason for their vulnerability to have other states influence them negatively, such as promoting them to lower tariffs on imported rice (Chavla 2010). Although history cannot be reversed, there must be better policy implemented with the help and use of previous layouts. In 1995 when this (sweeping trade liberalization measures) went into affect tariff on rice imports was at 35%, until recently, they have come be to as low as 3% (Georges n.d.). Regression, in this aspect would be phenomenal to allow farmers and other industries to slowly regain a business structure. It is not realistic to expect a drastic change from 3% to 35% or above but slowly moving the percentages in order to give the farmers a chance of revival is undeniably necessary.

Just as all successful businesses, there will be implementation of business plans catered to the Haitian culture, economy, and needs. This will allow for investors to be more prone to feel a sense of trust and reciprocity in lending. This dichotomy is quite different than that of other states. The investor is not the only party with uneasiness, but also those who are to give the debt, Haitians and ultimately, Haiti. As there are many non-governmental organizations helping, businesses analyst and development sectors will be involved. A very strong partner in this initiative is the Inter-American Development Bank (IDB). Personal and business plans will be well put together with the help of those more knowledgeable such as a governmental or non-governmental organization. Policy implementing the necessity and access to a professional to help these plans together will be a requirement and a step towards meeting with IDB or other investor personnel. Making this accessible as well as a requirement to citizens as well as small businesses will allow for a more secure lending environment, for all parties. Just as well, the practice, knowledge, and integration into their system will allow for improvements for the future.

**Cultural differences and Conclusion**

Haitians, since colonization, have a history of being taken advantage of. They were robbed of riches such as gold and copper and did not receive any kind of reciprocity from France who had colonized them. Although they receive aid from the United States and various other non-governmental agencies (NGO’s) they continue to be among the poorest in the world; with large disparities from the rich and poor. They hold a Gini coefficient of 0.59 (The World Bank 2013), this disparity very obviously makes those less well off extremely upset and with no other choice than to keep ‘working hard’ has their ancestors have taught them.

As with many previous sustenance farming cultures, large families and numerous children was always the norm. They would work on family farms; help take care of their parents, and sell to be exported whenever there was a surplus, and the cycle continued. Today, the Haitian population continues to grow but they are no longer farming as they once were. Although it might help the companies that are outsourcing there, it is increasing their cost per family, as well as keeping half of Haitian household members consuming les than 75 percent of the recommended intake of food energy. “Rice is a major component of Haitian’s diet” (Charveriat and Fowler 2002) and although prices are low, they no longer have the ability to produce at least what they need, but rather what they can afford to buy at markets. Child bearing is posing a higher burden than is previously had, it is however instilled in their culture.

In conclusion, Haiti has fallen into a deep cycle in which is has given up its self-sustainability of its most culturally centered and necessary nutrient, rice. In its desire to appeal to the west, the lack of policy and control of markets is has become the least protected and most free of the Caribbean in terms of trade. With education, positive investments, and stronger regulation catering to the strong Haitian culture, slow progress to sustainability and food security will allow them to regain to their once prosperous land.

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