

RELEASE IN FULL

From: Mills, Cheryl D <MillsCD@state.gov>
Sent: Tuesday, January 11, 2011 11:05 AM
To: H
Subject: Fw: Wall Street Journal on Haiti Deal

----- Original Message -----

From: Klevorick, Caitlin B
To: Mills, Cheryl D
Sent: Tue Jan 11 07:33:17 2011
Subject: Wall Street Journal on Haiti Deal

JANUARY 11, 2011

Planned Haitian Textile Park Provides Hope for Jobs

By JOSÉ DE CÓRDOBA

Haitian and U.S. officials plan to announce on Tuesday a \$250 million deal to develop an industrial park that officials expect to double the size of Haiti's key textile sector.

If completed, the project as envisioned would create some 20,000 jobs over seven years and provide a ray of hope to the country's slow-moving effort to rebuild from the January 2010 earthquake.

Closely held Sae-A Trading Co. Ltd. of South Korea, one of the world's largest garment makers, is scheduled to sign the agreement with the governments of Haiti, the U.S., and the Inter-American Development Bank to develop the 623-acre industrial park in northern Haiti, close to the city of Cap Haitien, according to the company and officials.

As the first anniversary of the massive earthquake approached, Haitians gathered in the country's national stadium to pray for healing and for the future. Video courtesy of Reuters.

The project calls for building Haiti's first textile mill and some 5,000 housing units, installing electricity in the area and improving Cap Haitien's little-used port, said Lon Garwood, special adviser to Sae-A's Chairman W.K. Kim. Fencing has already gone up around the site, an old sisal plantation.

Throughout its history, Haiti's lack of basic infrastructure, widespread corruption and chronic political instability have stymied development. Still, the current plan's backers hope it can help get the country back on its feet by providing something that has been in short supply: jobs. Even before the quake, Haiti's unemployment rate stood at about 70%, and is now estimated to be closer to 80%.

"This [project] will be a match that strikes a fire, and gets things going," said former President Bill Clinton, co-chair of Haiti Interim Reconstruction Commission, in an interview.

Despite pledges of \$10 billion to help rebuild Haiti, progress has been slow in recovering from the quake, which killed more than 230,000 people. An estimated one million people made homeless by the temblor still live in fetid camps, and cholera is now racing through the country, claiming at least 3,000 more lives.

Sae-A will contribute \$70 million to the project. The U.S. will commit about \$124 million to, among other things, generate electricity and build housing, while the bank will provide some \$50 million to build factory shells.

With Sae-A as an anchor tenant in the industrial park, U.S. and Haitian officials expect other textile firms to join it and provide a "synergy effect," Mr. Garwood said.

Paul Collier, an economist at Oxford University who drew up a Haiti development plan for the United Nations prior to the earthquake, was enthusiastic about the deal. "It's development the way it should be done," said Mr. Collier, noting its emphasis on job creation rather than aid. "It will bring decent jobs, which in a fragile state is a key priority, and it will have an important multiplier effect."

The project's location in the north of the country away from the crowded and now devastated capital of Port-au-Prince will help decentralize development in Haiti, another key goal, Mr. Collier said.

The garment industry accounts for 90% of Haiti's exports, valued at about \$450 million a year. The sector provides employment for about 28,000 people, about one-third of manufacturing workers. The Haitian government's goal is to ramp up employment in the sector to at least 100,000 people, the number who worked in the industry during its heyday 20 years ago.

Since the earthquake, hopes for the industry have revived largely due to the passage in May 2010 of the HELP Act, which significantly expands existing U.S. trade preference programs for Haiti through 2020. Duty-free entrance to the U.S. is "a big reason" behind Sae-A's decision, Mr. Garwood said. It means that Sae-A will be able to offer discounts to U.S. clients, who will then have incentives to place more orders with the company, he said.

Political unrest, a U.S. embargo during the past 20 years, a period when Haiti was under military rule, and the country's tattered infrastructure combined to reduce the industry to current levels.

"This is business," Mr. Garwood said. "At the end of the day, it's about making a profit. It's finding a country like Haiti with close proximity to the U.S. and having access to a labor supply. There's such unemployment here there wont be a problem finding employable people although it will take time and effort to train them."

Write to Jose de Cordoba at

jose.decordoba@wsj.com