

NEWSLETTER



CREDIT RATING IS KEY FOR ECONOMIC & FINANCIAL DEVELOPPEMENT

The latest report by the World Economic Forum ranks Haiti 141 out of 142 countries, beating only Chad as a competitive country. Some argue that Haiti is paying the price for being a French colony since many French colonies do not rank well in global rankings because of the French legal system. One of the pillars for competitiveness is financial market development that channels the country's savings into long term financial instruments that can finance not only companies, but the government and even municipalities. For decentralization to occur, Haitian laws will have to change to enable rural cities or regions to become more financially independent as far as tax receipts and expenditures. Such a market also enables the same issuers (public and private) to raise capital from local and international investors, whether in the Caribbean or throughout the world.

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There is a flow of capital around the world that seeks return or a certain level of risk. Granted that some markets in Central America and the Caribbean suffer from a lack of liquidity, they are issuing debt locally and internationally. According to the report, economies require financial markets that are sophisticated where capital reaches businesses through loans, securities exchanges, venture capital and private equity. This enables companies that are managed efficiently and growing at a rate superior to the industry to obtain capital even though they are not politically connected.

Obtaining a credit rating requires the government to contact the rating agencies to analyze the country's risk, tax receipts, and the capability of paying back its debt. According to John Chambers, sovereign analyst with Standard & Poors, Haiti can obtain a rating in 6 weeks after a team is sent to the country. “Many countries receiving aid have credit ratings such as Benin, and Rwanda” noted Chambers. Other countries that have had debt write offs have gone to market after. This would force the country to operate like a business, indirectly eliminate corruption and reduce unnecessary expenses. The country's focus will now shift on positive trade balance, sound monetary and fiscal polity, and control its debt to GDP ratio. As far as liquidity, the country will have to create institutional investors and privatize the pension fund system to create demand in the secondary market.

NEW MEMBERS:



Hazel & Associates - An accounting firm in Haiti since 1984 offers several services such as Management Consulting, Financial services & Management Accounting, Auditing & taxes. Hazel & Associates is led by Fabrice Brutus, Associate Partner of the firm. For more information, log on to www.hazelassociates.com.



Alternative Insurance Company (AIC) – AIC is one of the largest insurance companies in Haiti with an innovative way of entering the market. It offers several products covering health, life, home, car and funerals. The company was founded in 2001 offering services to all segments of the population, and has won several awards for its products in micro insurance. AIC is led by Oliver Barrau, the President and General Director . For more information, log on to www.aic.ht.



MultiModal Development Group is a construction company established in Haiti in 2010 after the earthquake. The first project in Haiti was a military camp for the MINUSTAH, but now has various projects in the public and private sector. The company is linked with several architects to work on concept and design. The Project Manager is Ana Santana and more information can be found on their website at www.multimodal.com.do.

UPCOMING EVENTS

Global Export Finance Conference

October 11 – 12, 2011
Berlin, Germany
www.euromoneyseminars.com

AACCLA's 44th Annual Meeting “Forecast on Latin America and the Caribbean”

**US Chamber of Commerce
Washington DC**
October 17 – 19, 2011
www.aaccla.org

Haiti Invest Forum - IDB / CLINTON FOUNDATION

Port-au-Prince, Haiti
November 28-30, 2011
www.investinhaitiforum.com

CCAA's 35th Annual Conference on Central America and the Caribbean

November 30 – December 2
New Orleans, LA
www.c-caa.org

Financing Innovation Financial Times and Stanford Graduate School of Business

Stanford University, Palo Alto, CA
December 6, 2011
www.ftconferences.com



PUBLIC-PRIVATE DIALOGUE CRITICAL FOR POLICY CHANGES

The Ministry of Commerce in Haiti along with the United Nations Conference on Trade and Development (CNUCED) and the Integrated Organization for Reinforcement (CIR) organized a 3 day seminar at the Karibe Convention Center from August 30 to September 1st on how to improve and facilitate the business environment and the reconstruction of the country. The seminar also looked at how it can integrate the private sector within the national strategies of development of Haiti.

“it is critical for the public sector to know the needs of the Private sector and continue to facilitate the environment, said Minister of Commerce Colimon”

It is very important for the Private Sector to take part in this dialogue on guiding the government on issues to resolve, and how to incentivize the private sector to play a role which will have significant implications in creating jobs and increasing wealth. According to Jean Francois Bourque, it is very difficult for an entrepreneur to create a 1-person company in Haiti due to the legal structures on how a company can be created. Thus, it is important for Associations and Chambers of Commerce to guide start ups and SMEs on succeeding. As of today, there aren't any Associations that focus on SMEs which are an engine of growth and can potentially be the largest employer in Haiti. However, one of the difficulties is the access to financing. Local banks have strict requirements and a very conservative approach which makes it difficult to secure financing.

Most entrepreneurs have to take life insurance policies to secure the loan, and use land or homes as collateral. This makes it

impossible for start ups or young entrepreneurs to finance their companies. “The Private sector invests and creates jobs” says the Haitian Minister of Commerce Jocelyn Fethiere Colimon. She reiterated that it is critical for the public sector to know the needs of the Private sector and continue to facilitate the environment.

Haiti can take some lessons from Cambodia which has made some great strides over the past decade by posting double digit GDP growth several times as a result to political stability and a functioning government. Mr Sorasak Pan, Secretary of State for Commerce in Cambodia, noted that Haiti today is where Cambodia was 15 years ago. Cambodia has benefited from jobs leaving China for Vietnam, soon after the same jobs move on to Cambodia. “Cambodia is also benefiting from the ASEAN pact” said Pan where the countries are forming a large tariff free zone and will have a common currency by 2018. Haiti is a member of CARICOM, but has not benefited much from it and has suffered from imports through Dominican Republic but originated from Central America thanks to CAFTA-DR.

The Haitian government and the private sector will have to come up with a formula that supports and defends the private sector in Haiti in order for the country to benefit through jobs and economic growth. Haiti has to push for trade policies that will benefit the country 10 to 15 years down the road. In addition, the private sector has to get involved in the government and make sacrifices for the country said Pan. Cambodia sets up monthly meetings between the Private and Public sector to resolve issues that impact certain sectors. Currently Cambodia has a GDP per capita of \$900 and looking to reach \$1,000 over the next 2 years.

RECENT APPOINTMENTS

President Michel Martelly announced new changes in the government:

Yves GERMAIN has been appointed General Director of Centre National des Equipements (**CNE**).

Jean Marc FLAMBERT was designated as the new General Director of Office National de l'Avion Civile (**OFNAC**).

Jean Marc GUILLAUME was named General Director of Conseil National des Télécommunications (**CONATEL**).

Josefa Gauthier RAYMOND, named to head Funds for Economic and Social Assistance (**FAST**).

Claude RAYMOND, Jr., Deputy Director General in Immigration and Emigration will assist the current General Director Roland Chavannes.

Francel SAINTILIE: Director General of General Administration of Customs (**GAC**).

Pierre Andre LAGUERRE to head the National Airports Authority (**NAA**)

Donald PARAISON, executive director of Metropolitan Service Collection of Solid Waste (**SMCRS**)

Dominic J. Patricia MARTIN becomes the coordinator of the National Food Program for Schools (**NSCP**).

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ARBITRATION SYSTEM EVOLVES IN HAITI



Chamber of Conciliation and Arbitration of Haiti (CCAH) has for mission to ensure the resolution of disputes arising between members of the Chamber of Commerce and Industry of Haiti, between departmental chambers, between the Board of administration of CCIH and departmental chambers and any conflict between anyone relating to matters on which it is permissible to compromise. CCAH ensures the application of Rules of Arbitration of the CHIC and has all the powers necessary to do so. It is not subject to hierarchical control of CCIH and works independently from CCIH. Arbitration often allows companies to resolve disputes more quickly and cheaply

than by going to court. Instead of judges or juries, arbitrators decide if any wrongdoing occurred and how to correct or compensate the company or victim for it. "A case in Haiti can take up to 10 years" indicated George Henri, General Secretary of CCAH. The maximum amount of time a case can take through Arbitration is 6 months and without having to go to court. Decree was announced and signed for all such cases.

There are currently 20 mediators and 10 arbitrators that belong to CCAH. Another 30 will be formed in November with the assistance of the Chamber of Arbitration of Paris which will train arbitrators for about 8 days.

"Our biggest challenge so far is lack of human resources" said Henri. The CCAH has no ties with the International Court of Arbitration. Its main benefit is just the amount of time it takes to solve cases and the cost. For mediation cases, costs vary between US\$250 to US\$2,000 towards CCAH and from US\$400 to US\$5,000 for the Mediator depending on the amount in discussion in the case. In arbitration cases, costs to CCAH

vary from US\$1,000 up to US\$10,000 and for arbitrators from US\$1,500 to as much as US\$80,000 depending on the amount in discussion.

In arbitrage, cases between parties end in a friendly atmosphere, thus relationships between parties are not broken during and after cases, noted Henri. The result is a judicial decision, the same as by a judge. However, it is important that companies start to include clauses in contracts to protect themselves and have the option to move cases to CCAH.

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When the arbitration is over, the decisions of the arbitrators are final and not subject to appeal. If you are unhappy with the result, you cannot go to court for another trial. The arbitrators' decisions can only be challenged under very limited circumstances—for example, if you can demonstrate that an arbitrator was biased. If you want to challenge an arbitrator's decision you must do so within three months or less.

ONLINE JOB SEARCH PICKS UP STEAM

With companies having difficulty finding candidates to fill vacant positions, online job search is filling a void long overdue. Few schools publish placement ratio of students. Many schools focus on selling their programs to students but do not take steps in assisting students with job placement, nor do they contact companies for potential employment. Several companies are looking to compete in this online space and only time will tell which strategy wins over the job seekers and companies:



JOBPAW looks to assist job seekers in securing employment and guide students in obtaining degrees that are in demand locally. JOBPAW, led by Rob Waddle CEO of JOBPAW, enables students to find schools that teach specific subjects by region, or schools located by city. The site is more of a link between students, graduates, job seekers, schools and recruiters. "We offer a coaching system to job seekers". The site also enables you to track the number of jobs offered by profession and by city. www.jobpaw.com



HaitiJob which goes beyond job search. According to Mrs. Chantale Rene, in addition to job search the website offers assistance to job seekers such as consultation services. Haitijob.com bridges the gap between job seekers and employers, events related to job search, training, research on employers, and analysis of new trends in job opportunities and careers.

www.haitijob.com



Job509 has a formulary for job seekers to fill out and enables companies to find candidates by field study and other criteria such as language skills, experience. Once job seekers post their resumes online, they are able to text messages with jobs that fit their criteria. According to Cedric Brandt, "The site advertises not only in Haiti, but in the US, France and Canada which enables us to get a lot job seekers throughout the diaspora". www.job509.com

CARIBBEAN COUNTRIES WITH CREDIT RATINGS

Country	Moody's	Standard & Poor's	Fitch Ratings
Aruba		X	X
Bahamas	X	X	
Barbados	X	X	
Bermuda		X	
Cayman Islands	X		
Dominican Republic	X	X	X
Grenada		X	
Jamaica	X	X	X
Montserrat		X	
Suriname	X	X	X
Trinidad and Tobago	X	X	

Source: Fitch Ratings, Moody's and Standard & Poor's

TRADE BALANCE WIDENS

