

Review of

Factors Affecting
U.S. Diplomatic
and Assistance Relations
with Haiti

Submitted by
Senator Edward W. Brooke
to the
Committee on Appropriations
United States Senate

November 15, 1977

[COMMITTEE PRINT]

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United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, D.C. 20510

November 15, 1977

The Honorable John L. McClellan, Chairman
Senate Committee on Appropriations
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

In February, 1977, I undertook for the Committee a study mission to Haiti to review developments in U.S. relations with that country including the present status of our assistance efforts to help the Haitian people. This study was a follow-up to my 1974 visit to Haiti for the Committee.

I am herein submitting to you my official report on this undertaking. I have sought to include information in it that will prove useful to Committee members who wish to gain a greater understanding of the factors that prompt and affect our assistance relationship with Haiti.

Sincerely yours,


Edward W. Brooke

EWB:mcl

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PREFACE

During February 1977 I had the opportunity, along with W. David Rossiter of the staff of the Senate Committee on Appropriations, to undertake a study mission to Haiti for that Committee. Mr. Rossiter also visited the Dominican Republic to evaluate U.S. assistance efforts in that country and compare the Dominican Republic's present situation with that of Haiti. Both countries occupy the same island but experience far different circumstances as evidenced by the differences in per capita GNP, that of Haiti being approximately \$120.00 while that of the Republic is estimated to be \$530.00.

While in Haiti, I held formal meetings with the following Haitian officials: President Jean-Claude Duvalier; Foreign Minister Edner Brutus; and Aurelien Jeanty, Minister of Justice. A working dinner was also held with Antonio Andre, the President of the National Bank of Haiti; Henri P. Bayard, Haitian Secretary of State without Portfolio; Emmanuel Bros, Secretary of State for Finance and Economic Affairs; Joseph Bernard, Under Secretary of State for Agriculture, Natural Resources and Rural Development; Raoul Berret, Executive Secretary of the National Council for Development and Planning; Alonce Delimon, Secretary General of the Department of Foreign Affairs and Worship; Marcel Depestre, Director-General of the Department of Agriculture, Natural Resources and Rural Development; and Dr. Willy Verrier,

Secretary of State for Public Health and Population. In addition, I held a breakfast meeting with several private citizens of Haiti who provided me with a viewpoint from outside the governmental structure.

I also had the opportunity to spend several hours with representatives of other countries and international organizations stationed in Haiti including the ambassadors from Canada and the Federal Republic of Germany and representatives of the Food and Agriculture Organization, the Pan American Health Organization, the Inter-American Institute of Agricultural Sciences, the Inter-American Development Bank, the International Monetary Fund and the United Nations.

Representatives of various voluntary agencies were also kind enough to provide me a briefing on their activities. Present at our meeting were representatives of Church World Services, the Mennonite Control Committee, the Haitian-American Help Organization, Catholic Relief Services, Foster Parents, the Committee for American Relief Everywhere, and the Save the Children Federation. This group of organizations, along with other American voluntary agencies, provide indispensable help to the Haitian people.

Finally, U.S. Ambassador Heyward Isham and his capable staff gave freely of their time in providing an overall assessment of conditions in Haiti and the status of the U.S.-Haiti relationship. Their courtesy in doing so was and is much appreciated.

INTRODUCTION

In 1974 I submitted a report to the Senate Committee on Appropriations regarding U.S. foreign assistance activities in Haiti. That report attempted to compensate to some small degree for the lack of information on conditions in that country. It was, to the best of my knowledge, the only congressional document available at the time which sought to place the small U.S. assistance effort in the context of existing conditions in Haiti. It also was a conscious attempt to avoid the common stereotypes stemming from the Francois Duvalier period that had conditioned American thinking about Haiti and to take a fresh look at what potential existed for a new U.S.-Haiti relationship that could serve the interests of both countries and bring about an improvement in the lives of the Haitian people.

Since the publication of that report, but not necessarily as a result thereof, increased attention has been given Haiti in several forums: The Senate Committee on Appropriations has held a public hearing on Haiti; the House International Relations Committee has held hearings on human rights concerns as they relate to that country; the Inspector General of Foreign Assistance has published several reports on A.I.D. activities in Haiti; and the World Bank has produced an extensive study entitled "Current Economic Position and Prospects of Haiti". In addition, numerous newspaper articles have addressed themselves to both the plight of the Haitian people and the nature of their government. This growing interest in Haiti

is a welcome development. It could contribute significantly to informed debate and inquiry regarding the future course of U.S. relations with that country.

My 1974 report set forth the following propositions:

---The Haitian government, while authoritarian in nature, appears to desire a much less repressive political system than the previous government.

---If no serious military or political challenges to the Haitian government arise, it is reasonable to assume that additional emphasis would be given by the government to fostering a better standard of living for the Haitian masses.

---The President of Haiti appears committed to improving the economic conditions of his people as a basic objective of his government, but will continue to have as his primary concern the perpetuation of the political apparatus that had placed him in power.

---Foreign assistance will be crucial to any effort to improve the lot of the common Haitian.

---Further improvement in the political, social and developmental climate in Haiti would be more likely in an evolutionary rather than revolutionary process. U.S. policy should be guided by whether or not evolutionary improvement continues to take place.

These premises formed the basis for various recommendations regarding U.S. relations with Haiti including:

(1) The U.S. assistance program should continue with an emphasis on helping the poor majority in Haiti.

(2) Primary attention in U.S. assistance efforts should be given to the agricultural sector.

(3) Attention should be given to encouraging the formulation and carrying out of development rather than relief projects to the greatest degree possible.

(4) U.S. assistance requirements for Haiti should be formulated on a five-year planning cycle.

(5) Encouragement should be given to reforestation projects.

(6) Serious consideration should be given to exploring with the Haitian government the possibility of a Peace Corps presence in Haiti oriented toward helping with erosion control and the working of marginally productive land.

(7) U.S. assistance efforts in Haiti should be designed to maximize the involvement of U.S. Voluntary Agencies in their implementation.

(8) U.S. government financed involvement in tourism-oriented investment by U.S. firms should be limited to projects that reflect U.S. foreign aid objectives.

(9) U.S. assistance to the Haitian military, if given at all, should be limited to helping the Haitian Navy develop a sea-rescue capability, which would permit Haitians to assume some of the responsibility for sea-rescue tasks in the area.

My February 1977 review of conditions in Haiti and U.S. activities related thereto leads me to conclude that while both the propositions of the 1974 report and the recommendations stemming therefrom had merit, progress toward a more open society has been slower than I had anticipated. There are still recurring instances of government disregard for basic procedural safeguards for individuals guaranteed by the Haitian constitution. Too little attention has been given to the need to reduce opportunities and incentives for corruption. Press freedoms are still minimal. Failure to fiscalize a large percentage of governmental receipts makes it impossible to judge accurately the level of GOH commitment to the development needs of the country. I point out these deficiencies as a friend of the Haitian people with the hope that greater attention will be given to correcting these serious problems that could become major impediments to greater U.S.-Haiti cooperation in promoting a better life for the people of Haiti.

A PROFILE OF HAITI

Haiti is one of two countries occupying the Caribbean island of Hispaniola. The island was discovered by Columbus in 1492 and subsequently divided into two countries when the western portion was ceded by Spain to France in 1697. In 1804 a revolt took place in the western portion and independence from France was achieved. The next 110 years were ones of turmoil. Then in 1915 the United States intervened in Haiti and U.S. military forces were stationed there until 1934. With the withdrawal of U.S. troops, Haiti began a period of relative political stability that lasted until 1957 and the election of Francois Duvalier. The elder Duvalier ruled Haiti with an iron hand until his death in 1971. His son, Jean-Claude Duvalier, assumed the Presidency in that year. Haiti's present political status is formally as a republic, but in reality it is an authoritarian system of government, less repressive than in the past but nevertheless authoritarian.

There are approximately five million Haitians living in the country, 95% of whom are estimated to be of pure African descent with the remainder being of mixed African and Caucasian ancestry. Eighty percent of the population is rural and, in the main, extremely poor. The major urban center is Port-au-Prince, the capital, with a population of approximately 550,000. In many ways it would be accurate to characterize Haiti as consisting of two countries, the kingdom of Port-au-Prince and the rest of the country. The economic and social disparities between the two are exceedingly great.

The vast majority of Haitians seek to eke out a marginal subsistence in an area roughly equivalent to the size of Maryland, some 10,714 square miles. Greatly complicating their task is the fact that two-thirds of the country is rough, mountainous terrain unsuitable for intensive productive cultivation. Even in mountainous areas where cultivation might be possible, soil erosion, caused by decades of "slash and burn" activities, have left the mountains bare of top soil.¹ Compounding the problems for the Haitian rural poor have been the drought conditions that have characterized much of the last two or three years. Numerous Haitians, already living on the subsistence margins, have either died or face² the prospect of famine-related death because of the drought.

POLITICAL PROFILE

The Government of Haiti (GOH) continues to operate along authoritarian lines. The trend toward less repression and increased tolerance of diversity has not disappeared, but neither has it accelerated to any great extent in the past several years.

1/ "Slash and burn" refers to the process common in many developing countries where the peasantry rely on wood for their main source of heat and cooking material. Trees are cut down and the wood is then made into charcoal. When all the trees in an area are gone, the people move to another location. Unfortunately, the denuding of the hillsides leads to substantial erosion as is evidenced in every area of Haiti.

2/ See Appendices VIII and IX for details on both the 1975 drought and the present one.

Power is concentrated in the hands of President Duvalier and a small palace guard. The primary "eminence gris" appears still to be Madame Simone Duvalier, the President's mother. However, some observers suggest that her influence has lessened as President Duvalier has gained confidence and become more assertive.

There are some indications of growing political diversity among the decision-making elite. An incipient struggle for influence appears to be taking place between the "old guard" grouped around Madame Duvalier and the younger "technocrats" who advocate an increased tempo for change. In this latter group may be some of the younger officers in the military as well as technically trained officials in several of the ministries.

There are also hints of increased political awareness and activism on the part of the press. According to Embassy sources, the press is less hesitant to be critical of government actions, although direct criticism of President Duvalier is still studiously avoided. The approach of the younger more adventurous press people was described to me as to "jab and retreat and then to jab again".

It should not be assumed, however, that true freedom of the press is imminent. There has been improvement but only in a relative sense. The GOH is still very sensitive to signs of open criticism.

Another indication of greater political awareness is the attention given to the election results in the United States. I was told that many Haitians in the Port-au-Prince area stayed up late into the night to listen to the election results. The fact that the United States had changed Administrations when an incumbent President was running for re-election had a dramatic effect on the perceptions of many Haitians. Some Haitians had started asking why a similar possibility of peaceful change in government was not possible in Haiti. In addition, the Embassy has received an increased number of requests for information on the nature of the political system in the United States.

The reaction of the ruling elite to this greater activism is indicative of the split between the "old guard" and the "technocrats", according to Embassy personnel. The "old guard" apparently argues that the more moderate approach of the current President, as contrasted to that of his father, has led to the "excesses" of the press and the growth of dissent, which they deplore. The "technocrats", on the other hand, are said to be encouraging President Duvalier to go further and at a faster pace to open the society up to greater diversity. Which faction will eventually triumph is still an open question, one upon which the justification for continued U.S. assistance will rest.

In my conversation with President Duvalier I brought up the issue of press freedoms. He stated that he favored greater liberalization but had to take into account time and

place circumstances. He intimated that it was necessary at this time to be somewhat cautious regarding how fast press liberalization takes place for fear of creating a backlash that could erode the gains of the past several years. He expressed confidence that the trend toward greater freedom of the press would continue.

Closely related to the "press control" issue is that of "human rights". I had the occasion to discuss the latter with various individuals during my stay in Haiti. (See Appendix II for State Department report on human rights situation in Haiti.)

The GOH is becoming increasingly sensitive to the human rights issue. GOH officials recognize that the present U.S. Administration is giving great emphasis to this subject. They are unsure what this means in terms of U.S.-Haiti relations but evidence an appreciation that they will experience additional pressures to accelerate the dismantling of the repressive apparatus inherited from the previous government.

One of the outstanding human rights issues is that of political prisoners. Estimates of those held in custody for "political" reasons range from 100 to 3000. Amnesty International claims to have the names of 255 individuals held on politically related grounds, while State Department estimates, based on reports from released prisoners and other sources, place the number around 100.

During my meeting with President Duvalier I stressed the need for the GOH to move rapidly to improve its record regarding respect for human rights. He said that he was aware of the serious problems in this area and was moving to rectify them. As proof of the latter he mentioned that the attempt was being made to improve the situation of prisoners by the construction of a new and modern prison¹ to replace the present facilities of the ancient Fort Dimanche.

In other conversations, I learned that the GOH has started a review of the files on political prisoners. Several individuals suggested that President Duvalier was giving serious consideration to a new move toward liberalization and a possible amnesty for many of those presently imprisoned on political grounds.

Another human rights issue is that of Haitian emigration to the United States on an illegal basis. In November, 1975, the House International Relations Committee held extensive² hearings on the subject. The emigration issue is linked with

1/ Fort Dimanche is regarded by some as the primary symbol of the tragedies that took place under the regime of Francois Duvalier.

2/ Human Rights in Haiti, Hearing before the Subcommittee on International Organizations of the Committee on International Relations, House of Representatives, 94th Congress, 1st Session, November 18, 1975.

human rights questions because many of those who presently do not have legal status as emigrants claim to be political refugees who face persecution and reprisal if forced to return to Haiti.

The nature of the political climate in Haiti and the desire of many Haitian exiles to bring about the destruction of the present Haitian government does not permit one to make categorical statements regarding the validity of the claims that reprisal awaits any who wish to return to Haiti. The GOH apparently perceives a threat from the anti-Duvalier Haitian exiles and is very sensitive regarding the possibility of the return to Haiti of those who might actively foment the overthrow of the government.

On the other hand, the U.S. Embassy has received the following letter from the GOH assuring that no punitive measures will be taken by the GOH against any of the so-called "illegal immigrants" in the United States who wish to return to Haiti to resume a "law-abiding" life.

DEPARTMENT OF STATE
DIVISION OF LANGUAGE SERVICES

(TRANSLATION)

LS NO. 60958
WD/BP
French

Department of Foreign Affairs

Republic of Haiti

SCT:369

Port-au-Prince, February 15, 1977

Mr. Ambassador:

In reply to your letter of January 11, 1977, I wish once more to assure you that the Government of the Republic has no objection to the return to this country of Haitians classified in the United States as economic refugees or illegal immigrants, and that punitive measures of any kind against those unfortunates who left in search of remunerative work have never been considered. Hundreds of our compatriots have returned and are living at home in peace. Many of them are assisted upon arrival by the Haitian Red Cross and, if their situation warrants it, given the necessary money to reach their place of origin.

We cannot be held responsible if there are Haitians in the United States who, to keep their jobs or remain there as illegal residents, claim that persecution awaits them in Haiti. That attitude is well-known to the American immigration service, and it would be regrettable to see honorable members of Congress become advocates of the individuals making

His Excellency
Heyward Isham,
Ambassador Extraordinary and Plenipotentiary
of the United States of America,
Port-au-Prince.

those false allegations, which are and always have been unfounded in our political existence.

On more than one occasion His Excellency the President for Life of Haiti has invited all our citizens who wish to return to their homes and settle down to a law-abiding life to do so and contribute to our community all that they have learned of productive value during their stay abroad. You may be sure that the Government of the Republic will continue to offer them all constitutional guarantees and to welcome all Haitians who wish to return to their country and their family and carry on their activities in accordance with our laws.

[Complimentary close]

[Signature]

Edner Brutus
Secretary of State

This is a very meaningful statement by the GOH if it is indicative of actual intent. Yet, there are still allegations that Haitian internal security forces continue the practice of arbitrary seizure of individuals. I am particularly concerned over reports that individuals who had been encouraged to return to Haiti by President Duvalier's "policy of liberalization" to help their country have been arrested for no justifiable cause.

I am not in a position, at the time of the filing of this report, to judge the validity of these allegations, but I have felt they are of sufficient seriousness to request the State Department to look into them and provide information to me.

Given the ambiguity that characterizes the "human rights" question in Haiti, it seems proper for the United States, in a responsible manner, to evaluate GOH actions to determine that they conform to the spirit of the communique received by the U.S. Ambassador. This may entail periodic discussions with Haitians that have returned or may return under the conditions outlined in the Brutus letter.

A major impediment to rapid improvement in respect for basic individual rights is the inadequacy of the Ministry of Justice. While several individuals I held conversations with voiced the opinion that the Minister of Justice was a hard working bureaucrat sincerely interested in reform, they were also of the opinion that the ineptness of the individuals under him place severe constraints on the capacity of the Ministry to carry out "liberalizing" decisions even if such decisions are made at the top. Thus, it appears that one measure of the sincerity of President Duvalier in his stated desire to institute reform would be greater GOH attention to the need to correct the bureaucratic deficiencies of the Ministry of Justice by providing salary and other incentives to attract bright, capable individuals to that Ministry, who have an understanding of the need to institute fundamental reforms in the judicial and police systems.

The United States has, I believe, an obligation to express its concern over human rights issues to the Haitian government. At the same time, the manner in which this obligation is carried out should be such as to increase the willingness of the GOH to give attention to our concern for human rights. An ill-conceived advocacy of human rights, disregarding other significant factors that affect our relationship with Haiti as well as the existing rather than preferred situation, will neither serve our interests in the human rights area nor benefit the Haitian people. What it would likely serve to do is push the GOH back into a siege mentality that would reduce the likelihood that our efforts will help to bring about a further improvement of conditions in Haiti.

ECONOMIC PROFILE

The Haitian economy is extremely fragile. Drought in 1975 and a lessening of demand for light industrial exports put serious pressure on it. Even though 1976 was a much better year as the economy recovered sufficiently to end the year with a balance of payments surplus of about \$12.0 million, the general outlook is bleak, especially in light of the recurrence of drought during late 1976 and early 1977.

At the request of the delegation, the Embassy provided the following table summarizing the key indicators of the Haitian economy:

TABLE I

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HAITI KEY ECONOMIC INDICATORS

(All values in U.S. \$ million and represent period averages)

	1974	1975	% Change 1974-75	Estimate 1976
Exchange Rate: U.S. \$1.00: 5 gourdes				
<u>INCOME, PRODUCTION, EMPLOYMENT</u>				
GNP at Current Prices -----	709.3	865.1	22	1,064.0
GNP at Constant 1955 Prices -----	382.6	381.9	0 ¹	395.2
Per Capita GNP Current Prices ² -----	141.8	173.0	22	212.8
Real Per Capita GNP 1955 Prices ² -----	76.5	76.5	0	79.1
Industrial Production Index (1955: 100) ----	136.0	143.0	0	155.0
Est. Industrial Wage Costs/per day ³ -----	1.70	1.74	2.4	1.74
<u>MONEY AND PRICES</u>				
Money Supply -----	57.8	55.4	-4	55.
Retail Price Indices: (1955: 100) -----	140.7	163.9	16.5	196
<u>BAIANCE OF PAYMENTS & TRADE (Fiscal Year)</u>				
Gold and Foreign Exchange Reserves -----	11.0	-0.7	-	9
External Public Debt Disbursed (Dec.31) ----	-	61.9	-	120
Balance of Payments (Current account) -----	-1.3	-2.8	-	12
Balance of Trade -----	-40	-61.3	-58	-80
Exports, FOB -----	71.3	81.2	13.9	100
U.S. Share -----	46.2	57.6	24	75
Imports, CIF -----	111.3	142.5	28	190
U.S. Share -----	48.5	75.2	55.1	90
Main Imports from U.S. (1975)				
<u>Commodity</u>	<u>Value</u>			
Wheat	11.8			
Soybeans	5.3			
Electric Machines and Parts	4.2			
Textiles	2.2			
Trucks and Busses	2.0			

¹IMF postulates a 1.9% growth in 1975²Population estimated at 5 million³Includes fringe benefits

SOURCES: National Institute of Statistics, National Bank, IMF, World Bank, and Embassy

The impression these figures generally convey is one of economic stagnation. GNP in constant prices has remained virtually the same over the past three years. The same is true of per capita income, which is the lowest in the Western Hemisphere and among the lowest in the world. Inflation has also plagued the economy, the retail price index having risen 16.5% from 1974 to 1975 and an estimated 19.6% from 1975 to 1976.

Stagnation rather than deterioration characterizes the Haitian economy for two main reasons. First, poverty is so pervasive that even negative developments such as oil and other import price increases have had only a marginal effect on the vast majority of Haitians. Consumption patterns are of such a rudimentary nature for most Haitians, mainly being oriented to finding enough food to eat, that negative effects such as oil price increases do not cause serious alterations in the economic statistics.

Second, dislocations in the Haitian economy occasioned by drought conditions and import-related inflation have been offset by a marked increase in the foreign assistance flowing to Haiti. Such assistance has helped to stave off widespread starvation and has minimized the deterioration in the economy that otherwise would have taken place.

The delegation requested additional details on the economy from the Embassy and received the following information:

CURRENT ECONOMIC SITUATION AND TRENDS

Haiti is the poorest country in the hemisphere and one of the poorest on earth. It has an area of 10,741 square miles, of which less than one-third is arable. It is overpopulated, with nearly five million inhabitants or about 465 per square mile. The country has about 2,300 miles of roads, of which about 400 are paved. Capital is limited. There are a few medium sized plants, including a cement plant, a flour mill, one large and two small sugar refineries, and a cotton ginning mill. There are numerous small factories producing consumer items and about 150 small plants assembling products for export. Electric generation capacity is about 70 MW and is unreliable. Electricity is distributed in the main cities but rural areas remain unelectrified. The telecommunications network is limited and all but 500 of the 14,500 telephone lines are in the Port-au-Prince area.

Sanitation and health are major problems particularly in rural areas. There is an average of one hospital bed per 1,300 inhabitants but most hospitals are in the cities. Unemployment and underemployment are major problems. Less than 20% of the population is literate mainly because there are few schools in the rural areas.

Agriculture is responsible for about 45% of domestic product and employs about 80% of the population. The limited fertile areas are heavily overpopulated and farming in other areas is of a subsistence nature. Agricultural technology is limited, farm plots are submarginal (about three acres), farm to market transportation is limited, and the average yield per acre is about \$59 in real terms. The only fuel for cooking available to most people is wood charcoal, the use of which has caused a rapid deforestation. This has been followed by attempts to cultivate mountainsides and a serious and growing erosion problem has resulted. Population pressure has caused a continuing shift from export or cash crops--coffee, sugar, sisal, cocoa--to food crops.

Coffee is the most important crop in Haiti. It is the major source of income for about 1.5 million people and provides an average of one-third of the country's export income.

The 1975-1976 harvest was significantly larger than the average for recent years and exports increased from 293,000 bags to 441,000 bags. The 1976-1977 harvest is expected to be good and exports of 425,000 bags are projected. A U.S. Agency for International Development program is helping to improve planting techniques, sorting and drying methods, fertilizer distribution, marketing methods, etc.

Sugar cane is the second most important cash crop but production has been steadily declining. About 10% of all cultivated land is in sugar but only about one-fourth produces cane for centrifugal processing. Three-fourths of the cane production is processed and consumed in rural areas. The steadily reduced production is caused by a growing salinity problem in the Cul de Sac basin, lack of technology, and decreasing rainfall.

Essential oil exports continue to increase and are expected to amount to about \$4 million in 1976. Better farm to market roads should help to increase production. Sustained growth is dependent upon significant modernization of the processing plants.

Haiti's pre-eminent role in the sisal trade has been eroded by competition from subsidized production in Mexico, Brazil, and East Africa. There is plenty of production capacity but world supply exceeds demand. Producers are turning to other crops and production is expected to continue to decline.

Beef exports to the United States remain steady and are expected to amount to 1.9 million pounds in 1976. Little growth is foreseen as access to the United States market is controlled and production is limited to the surplus available in local markets. Efforts to improve the breeding, feeding, and health of cattle could increase the surplus.

Rice is a staple of the Haitian diet and the country is nearly self-sufficient. Improved irrigation systems, greater use of fertilizer, and some mechanization could result in an export surplus in a few years. Corn, millet, beans, and sorghum are the staple crops of subsistence farmers. They are grown on steep mountain sides, cultivation is primitive, and yields are low. Natural disasters and drought cause occasional crop failures and much suffering.

The only mining activity in Haiti is at the Reynolds-Haitian bauxite mine at Miragoane. Production and exports amount to about 600,000 tons per year and should continue at that level for several years. The government signed copper exploration/production/export contracts with Penneroya (France) and Kennecott (U.S.) in early 1976. Exploration is well under way, although it is too early to predict whether there are commercially exploitable reserves. Similarly, oil exploration contracts were signed with an American and a Venezuelan firm in the summer. Preliminary drilling is expected to start in early 1977.

The manufacturing and construction industries have been growing at impressive rates since 1971. Manufacturing now accounts for 12% of domestic product and has been growing by an average of 6.8% since 1971. Some production is aimed at the domestic market but the biggest gainers are export oriented firms. About 80 of 150 plants processing and assembling imported components for export are owned or partly owned by Americans. Production ranges from baseballs, belts, and stuffed toys to electric motors, connectors, and electronic components. Continued rapid growth is expected. The construction industry has been growing by about 18% a year since 1971 and the outlook is good. Infrastructure projects financed by external assistance have been the main stimulus. Housing construction in Port-au-Prince has been another factor. Cement production has been increasing by about 21% per year since 1971. The annual capacity of the cement plant grew from 80,000 tons to 300,000 tons.

Lack of transportation has been a bottleneck for years. However, several foreign assistance projects are making major improvements. The World Bank is financing the reconstruction of the road to Cap Haitien on the north coast. The French-financed road to Jacmel was opened in October, 1976. Ongoing construction of the South Road to Les Cayes is being financed by the Interamerican Development Bank. The U.S. Agency for International Development is financing the construction of several hundred kilometers of farm-to-market roads. The only railroad is a narrow gauge line used for sugar cane transport in the Port-au-Prince area. Despite a long coastline and suitable harbors, coastal shipping remains inadequate. Domestic air transport is not important. The Government recently designated Cap Haitien as an airport

of entry and granted an operating permit to MACKEY airlines for service to and from Miami. This is expected to stimulate tourist traffic in the underdeveloped north.

The Haitian fiscal system consists of three elements. The budgeted sector, the extrabudgetary sector, and foreign assistance. The 43% increase in the FY1976 budget to \$80.8 million and the 31.4% increase in the FY1977 budget to \$106.2 million were overshadowed by continued growth in unregulated extrabudgetary activity. More than 50% of government fiscal activity takes place outside the budget. The trend for public revenues to increase slower than public expenditures continues and the deficit is growing. Surprisingly, the money supply has increased at a lower rate than prices. The main reason appears to be an increase in the rate of circulation.

Haiti had its third consecutive balance of payments deficit in 1975. The main factor was the rapidly deteriorating trade balance. The trade deficit increased from \$39.9 million in 1974 to \$61.3 million in 1975. Exports increased by less than 14% while imports increased by 28%. A 75% increase in food imports led the way. About half of total imports were consumer goods including about \$30 million of non-essential items. Foreign currency reserves were close to zero at the end of 1975. Increased coffee exports and high world prices replenished reserves and eased the situation in 1976. The IMF reviewed balance of payments management in June, 1976 and was sufficiently impressed to increase Haiti's standby arrangement to \$7.9 million. The balance of payments is expected to be in equilibrium in 1976.

Consumer prices have increased by an average of 17.6% since 1972 and appear to be increasing by over 20% in 1976. A rapid increase in demand and erratic production of consumables was the main cause in 1975 and 1976. Increased costs for oil and food imports were the main cause in 1974.

This and other information indicate several general conclusions about the various sectors of the economy:

Agriculture - The structural inefficiency of Haitian agriculture gives added importance to food imports. There is little likelihood, therefore, that such imports can be reduced in the near future. Indeed, if productivity continues to decline and natural disasters do not abate to a significant degree, Haiti will become even more dependent on food imports to stave off widespread starvation.

The high world market price of coffee and the relative lack of foreign currency reserves have created significant pressure in Haiti for increased coffee production. So long as coffee prices remain high, it will be advantageous, in a purely short-term economic sense, for Haiti to allocate resources and attention to coffee production at the expense of expanding the indigenous capacity to produce basic food stuffs. However, even if much greater attention were given to the latter, there would be no marked increase in food production capacity in the immediate future. The best that could be hoped for would be a slowing in the rate of deterioration in this capacity. This objective appears to be the basic thrust of the foreign assistance programs that target their activities in the agricultural area. But there is also a need for much greater Haitian governmental emphasis in this area.

Industry - For the past several years the light industrial sector has been the most dynamic part of the Haitian economy. And production seems likely to increase over the next few years as an abundant work force acquires greater skills to complement a willingness to work hard. However, several limitations will impede the growth rate, including severely underdeveloped management skills, a relative lack of necessary accounting and bookkeeping skills and transportation bottlenecks.

Tourism - In the recent past tourism has been viewed by some in Haiti as being a growth sector of the future. However, various of the land and tourist development schemes entered into have led to many problems, creating in high Haitian government circles a wariness as to any new initiatives. These problems have included disputes with several American companies that have caused some concern both in the State Department and the Congress. (See Appendix VI for summary of one of these disputes.)

One significant physical drawback to expansion of the tourist industry is the lack of suitable facilities throughout most of the country. Hotels and recreational facilities are limited and, for the most part, very rudimentary in nature.

Another drawback is the likelihood that many senior officials in the government would view a rapidly increasing tourist industry as a potential security threat. Although conditions have improved in recent years, a latent "siege mentality" exists that inhibits a more receptive approach to tourism growth.

From a development standpoint, it is not all that evident that greatly increased tourism would benefit more than a small number of Haitians. Immediate economic benefits from tourism touch a very limited number of people and there is no conclusive evidence of a long term diffusion effect of tourism earnings throughout a society.

Natural Resources - To date there has been relatively little geological exploration of Haiti. However, in 1975 an Institute of Mineral Resources (INAREM) was established and now receives a budget adequate enough to attract qualified technicians back to Haiti. INAREM personnel are shielded from political pressures and the organization appears free from corruption.

The Haitian government is also receiving help from the United Nations in the search for exploitable natural resources. In addition, American and French companies are undertaking copper exploration; and two consortiums, one from the United States, the other from Venezuela, have signed petroleum exploration contracts. Reynolds Aluminum also continues its bauxite operations, producing approximately 650,000 tons per year. In spite of these activities, the probability of major discoveries in the minerals area is not very high.

Power - Haiti's electricity grid is limited to Port-au-Prince and a few of the larger towns. Electricity is virtually non-existent in the rural areas.

The one source of hydro-electric power is the Pelige Dam. The drought severely reduced its generating capacity to almost nothing as the lake behind the dam has shrunk. In addition, the silting of the lake has also reduced the effectiveness of the dam as a source of hydro-electric power.

Power needs will become more acute if there is a continued expansion in the industrial sectors of the economy. The GOH may thus be caught in a vicious circle that may divert it from allocating additional resources desperately needed in the agricultural sector. Avoidance of this "vicious circle" will hopefully be one of the primary development policy objectives of the GOH.

Communications - As in the other sectors of the economy, communications capabilities are rudimentary at best. Port-au-Prince, with an estimated population of 500,000, has 14,500 telephone lines. The rest of the country has a total of 500.

There is one cable television station, servicing about 9,000 subscribers in Port-au-Prince. Several radio stations are in operation and the GOH intends to expand government broadcasts throughout the country.

The most expensive undertaking in the communications area in the recent past has been the construction of an earth station for transmission and receipt of satellite communications. Estimated cost of this facility is \$26.0 million. Unfortunately,

its commercial viability, at least for the foreseeable future, is questionable.

Transport - In the last several years there has been an extensive effort to improve and build roads. Financial backing for this effort has come mainly from foreign assistance donors. The World Bank has financed the rebuilding of the Port-au-Prince to Cap - Haitien road; the IDB is financing the road to Les Cayes in the southwest; France financed the construction of a new road linking Port-au-Prince and Jacmel;¹ and the United States aid program is encouraging the expansion of farm to market roads.

If the road structure is inadequate, shipping capacity is even more so. Outmoded port facilities severely inhibit the expansion of industry and exports. Coastal shipping between the various Haitian locales is limited, although the GOH is beginning to give some attention to this area.

1/ This road was traveled on the way to inspect several AID projects. It appears that because of inadequate attention to drainage needs, the road will require an inordinately expensive amount of repairs to maintain.

Air transportation is receiving some additional attention from the GOH. The International Airport at Port-au-Prince, built with Haitian funds in the mid-sixties, appears adequate to handle present traffic levels. However, if increased tourism occurs, the construction of taxiways might be needed.

The other airfield of any significance is at Cap Haitien. France is currently assisting the GOH in expanding the runway to 7,000 feet and in the construction of a new control tower. If traffic increases at Cap Haitien, recently designated an airport of entry, it is likely that additional communications and navigation equipment will have to be purchased by the GOH.

Internal air service in Haiti is still very limited, but in a country with as many inaccessible areas as Haiti, the use of small aircraft for access to the hinterlands will likely expand.

A more adequate transportation network is needed in Haiti. Increased attention to farm-to-market roads is particularly important if the agricultural capacity of the country is to be expanded to any significant degree.

As suggested above, development prospects for Haiti have improved during the past several years.¹ Foreign expertise

1/ See Appendix X for a GOH statement on what it perceives to be the economic/development status of the country and what needs to be done.

is being sought to help the GOH implement a growing number of development oriented projects; the flow of official development assistance (ODA) has increased significantly; and, as previously mentioned, foreign investment is on the rise. The GOH has evidenced a growing awareness that its receptivity to and capacity to utilize assistance from abroad is the chief determinant of how quickly a true development effort can be carried out.

According to AID sources, the Haitian government has evidenced its commitment to development in the following ways:

(1) Stating clearly the priority it accords to improving the well-being of its poor farmers. President Duvalier, in a statement announcing the 1976-1981 Five Year Development Plan, stated that the fundamental development priority was the agricultural sector. Increases in food production and farm income are the foremost goals according to President Duvalier.

(2) Changing Haitian law and policy to encourage agricultural productivity. Two such changes were the elimination of the marketing tax, thus raising the net income of the farmer, and the promulgation of a new law guaranteeing that coffee farmers would receive at least 50% of the world market price for their crop.

(3) Devoting a steadily increasing share of its own resources to development. (See Table II below.)

(4) Undertaking a program of administrative reform in sensitive areas of budgeting and accounting. The main initiative

TABLE II

GOVERNMENT OF HAITI BUDGETS

For fiscal years ending September 30 of the year denominated^{1/}
(\$000)

	FY 1975	FY 1976	FY 1977
Operating Budget	38,906	43,320	62,337
GOH Contribution to Development Budget	17,667	37,513	43,898
USG Development Grants & Loans ^{2/}	3,984	18,400	8,878
Contributions of Other Donors	36,030	47,986	82,167
Subtotal, Development Budget	57,671	103,900	134,943
GOH Contribution as % of development budget	30.64	36.10	32.53
Total, Operating and development budgets	96,577	147,220	197,280
GOH Contribution as % of total	56,583 58.59	80,833 54.91	106,235 53.86

^{1/} USG data affected by changes in US fiscal year

^{2/} Including PL 480 Title I sales.

in this regard has been the commitment by President Duvalier, in his Ancestors Day Speech, January 2, 1977, to allocate a portion of the non-budgeted Regie du Tabac receipts to development. In addition, I was told by U.S. officials during my visit that more extensive reforms of the Regie are underway that, hopefully, will lead eventually to their inclusion in the regular budgetary process along with other revenues currently outside that process. A start has been made, but much more needs to be done in this area if the donor community is to be able to judge the degree to which the GOH is truly committed to carrying out an effective development program. The "bottom line" is how much of actual monetary resources is the GOH willing to devote to development? Unfiscalized revenues foreclose the opportunity to answer this question at the present time.

Impediments to widespread development are many. For instance,
population growth in the rural areas corresponds to the growth rate in agricultural productivity creating a condition of stagnation. While this is an improvement over the negative rate of change in the sixties, it is nevertheless disquieting in a country where major portions of the population live on the margin of existence.

The polarization of rich and poor has increased. For instance, in 1970 per capita consumption in Port-au-Prince was double that of the rural area; by 1975 the ratio had increased to 3.2:1. Moreover, the difference in per capita incomes between the highest and lowest income groups in Port-au-Prince is 1:27.

The economic administration of the country is woefully inadequate despite efforts to improve it. A major factor impeding progress in this area is the decline in the salaries of public servants brought about by inflation. Unless this decline is arrested and reversed, it is difficult to believe that competent personnel can be attracted and retained.

Other structural weaknesses have been outlined previously. The net result of the pressures created by all these factors is an economy dependent for its stability and slow growth, if any, on the flow of resources from the outside. That dependency is reflected by the statistic that approximately 45.1% of the GOH fiscalized budgetary resources were derived from external sources in FY 1976. In terms of resources devoted to develop-¹ment the percentage was 63.9.

1/ Fiscal year ending September 30, 1976. Source: Agency for International Development. See Table II.

There is little if any likelihood that this dependence will decrease in the foreseeable future. Devoid of extensive natural resources, beset by what appears to be a recurring pattern of drought and burdened by a governmental structure woefully inadequate as yet to meet the challenges it faces, Haiti will likely remain on the list of countries for which the international donor community will have to assume a continuing obligation, if human disasters are to be mitigated or avoided.

Assuming that the above conclusion regarding Haiti's long term dependence on foreign assistance is correct, a high premium should be placed on donor coordination to ensure effective utilization of such assistance. The necessary high level of coordination has yet to be achieved but some progress has been made since my previous visit to Haiti.¹ This progress is summarized in the following material supplied by the Agency for International Development.

¹/ April, 1974. See my report entitled: United States Foreign Assistance for Haiti. Senate Committee on Appropriations, U.S. Senate, 93rd Congress, Second Session, July, 1974.

COORDINATION AMONG DONORS

The U.S. assistance program in Haiti has done exceptionally well at achieving coordination with the programs of other donors, both in the field and in Washington, where the World Bank (IBRD), the Inter-American Development Bank (IDB) and the Organization of American States (OAS) are headquartered.

Significant inter-donor cooperation has been part of A.I.D.'s current Haiti program since its inception in 1973. The first A.I.D. loan project, for road maintenance, was undertaken in close coordination with IDB and IBRD as a means of providing continuing maintenance by the Haitian government of roads being reconstructed by the two banks. The selection of roads to be covered by the A.I.D. Agricultural Feeder Roads loan (FY 1976) was made in close cooperation with the banks, who will each be providing similar roads in their own projects.

A.I.D.'s family planning project began by funding a portion of a project designed and largely funded by the UN Fund for Population Activities, and UNFPA has joined with A.I.D. and the Ministry of Public Health and Population to develop a new strategy for future population efforts in Haiti.

In 1975 Haitian Finance Minister Emmanuel Bros solicited the cooperation of the donor community in forming a formal group aimed at broad coordination of programs. The result was the formation of the Joint Commission for the Implementation of Foreign Assistance, chaired by OAS. In October, 1976 the Commission met in Haiti and endorsed a series of recommendations made by the World Bank following its biennial review of the Haitian economy. The government responded by asking the International Monetary Fund (IMF) to provide technical assistance in tax administration, budgeting and national accounts. IMF expects to begin this work in February 1977.

Continued U.S. pressure for a greater degree of coordination, not only between the donors but also between them and the recipient, is needed. Indeed, a greater capacity on the part of the Haitian government to articulate an overall development strategy and to achieve coordination of each donor's assistance to fulfill that strategy should be a fundamental prerequisite for substantial increases in assistance.

SECURITY PROFILE

The Security forces of Haiti are basically a national constabulary supplemented by rudimentary air and sea elements. They are primarily oriented toward the maintenance of internal security. However, the GOH also considers that potential threats exist vis-a-vis Cuba and dissident Haitians living abroad.

In response to my request, the Embassy provided the following summary of the Haitian Armed Forces (HAF):

THE HAITIAN ARMED FORCES

The Haitian Armed Forces (Forces Armees d'Haiti) are basically a national constabulary with integrated Air Corps and Naval elements.

The Army is the largest element with approximately 5,800 men. The Navy has a strength of about 400 men and the Air Corps consists of a 200 man force. Haiti's armed forces are headed by LTG Jean Baptiste Hilaire, Chief of Staff. In theory, he has command of the military but actually controls no units. The ground forces are organized into ten military departments. Six are organized on a geographical basis, covering the entire national territory. The remaining four departments are organized as special purpose units and are located in Port-au-Prince.

These departments are the Dessalines Battalion, the Port-au-Prince Police, the Presidential Guard and the National Penitentiary. A possible fifth special purpose department is envisioned once the Leopard Battalion, Haiti's elite force, is declared to be at full operational strength, approximately 600 personnel.

Each of the special departments takes orders direct from the President and they are considered the most powerful of Haitian forces. Of these departments, the Presidential Guard is the most influential. It is responsible for the personal protection of the President and senior members holding key positions in all other major commands including the General Staff.

The six departments organized geographically fall under the supervision of the Chief of Staff who is directly subordinate to the President for operations. These commands are so atomized, so ill equipped and so ill trained, that they are considered impotent as a fighting force.

An additional unit is the National Security Volunteers (VSN), a force of some 5,000 to 7,000 irregulars. Approximately 70% of the VSN in Port-au-Prince are armed. Only 30% of the rural force bear arms. The existence of relatively few professionally schooled officers, low educational level of enlisted military personnel, deficiencies in military training, the deteriorated conditions of weapons and the rudimentary nature of the logistics system all impede the military development of all Haitian forces.

The equipment inventory of the HAF is very modest. For the Army it includes:

- 10 37-mm antitank guns (M3A1, US)
- 10 57-mm antitank guns (M1, US)
- 36 60-mm mortars (21 US, 15 France)
- 2 75-mm howitzers (M1A1, US)
- 4 105-mm howitzers (M2A1, US)
- 2 12.7-mm air defense guns (Breda, Italy)
- 4 57-mm air defense guns (Bofors, Sweden)
- 6 106 recoilless rifles
- 6 light tanks (M5A1, US) (unserviceable)
- 1 halftrack personnel carrier (M3, US)
- 2 armored personnel carriers (M59, US) (unserviceable)
- 6 Cadillac Gage V-150 "Commando" armored cars (US) with 1 each 90-mm antitank gun and 20-mm machine gun, and unknown quantities of 4.2-inch mortars (US)
- 81-mm mortars (US and France)
- 20-mm air defense guns (Oerlikon, UK)
- 40-mm air defense guns (Bofors, UK)

For the Navy it includes:

- 5 motor gun boats (PGM)
- 4 patrol boats (PB)
- 1 netlayer (ANL)
- 1 buoy tender (ABU)

Note: With the exception of 3 PGM's (Swift boats) and 1 Bertram PB, most of the vessels can be considered to be beyond economical repair.

For the Air Force it includes:

- 37 prop (1 bomber, 4 transports, 17 trainers, 15 utility)
- 10 helicopters

The budget for the Haitian military is an estimated \$9.2 million for fiscal year 1977. This represents 8.7% of the total fiscalized budget of \$106.2 million. The following table outlines the relationship of the military budget to the total fiscalized budget in greater detail:

TABLE III

FY 1977
HAITIAN BUDGET
MILITARY SPENDING

1.	Armed Forces-----	\$ 9,245,318.00
	Interior and National Defense-----	2,497,585.00
	Functional Budget - Total -----	62,337,100.00
	Armed Forces as % of Functional Budget:-----	14.7%
2.	Development Budget - Total -----	\$134,943,752.00
	Of Which:	
	Haitian funds-----	\$43,898,058.00
	Foreign Assistance---	91,045,693.00
	Total Budgets-----	\$197,280,852.00
	Armed Forces as % of Total Budget:-----	4.68%
	Armed Forces & Interior	
	as % of Total Budget: -----	5.95%
3.	Haitian Funds Provided to Development Budget--	\$ 43,898,058.00
	Plus: Functional Budget-----	<u>62,337,100.00</u>
	Budgeted Haitian Resources-----	\$106,235,158.00
	* Armed Forces as % of Budgeted Haitian Resources:-----	8.7%
	Armed Forces and Interior as %	
	Of Budgeted Haitian Resources:-----	11.0%
4.	Estimated Total Military Spending as % of	
	estimated GNP (average for fiscal years	
	1973-1977)-----	1.5%

*When all is said and done, the best indicator of Haitian military spending is the Budget of the Armed Forces as percentage of Haitian resources devoted to both of its budgets. Observation of Haitian military activity tends to confirm that military spending is quite low.

The attitude of the decision-making elite regarding the military appears to be ambivalent, understandably so in light of the fact that only the military could pose any serious threat to the continuation in power of the present government.

The practice of controlling the military by keeping it divided, initiated under Francois Duvalier, apparently continues under his son. However, it is possible that President Duvalier is less concerned about a challenge from the military than his predecessor and may be more inclined to put a greater degree of trust in it. I was told that the strong sense of loyalty to President Duvalier among the younger officers may have done much to alleviate his concern.

To summarize, Haitian military capabilities are rudimentary. A relatively small portion of budget resources is allocated to the military and this is likely to remain the case as long as external or internal threats remain at a low level.

U. S. - HAITI RELATIONS

U.S. official relations with Haiti have improved from the "correct" cool posture shown to the previous government of Francois Duvalier. The U.S. Embassy in Port-au-Prince has a functioning working relationship with the GOH and

there appears to be a growing understanding between the two governments as to what is possible and expected out of the relationship.

The GOH is well aware of the new Administration's increased emphasis on human rights and Washington's intention to make respect for those rights one of the criteria by which it fashions its policies vis-a-vis Haiti. In turn, U.S. officials, both in Port-au-Prince and Washington, evidence an awareness that true progress in the human rights as well as other areas is conditioned on the degree to which the attitudes of GOH officials are changed from present anxieties regarding personal political survival to sufficient confidence that a process of accelerating liberalization will lead to enhanced stability and a more adequate response to the needs of the Haitian people.

Central to the U.S. effort to encourage GOH confidence in a more liberal approach to governing has been the increased U.S. development assistance provided Haiti. This assistance, totaling an estimated \$37.0 million for 1977 (including P.L. 480 Assistance), has been the cutting edge of the U.S. effort to reduce GOH preoccupation with narrowly defined security interests and to bring the GOH to the realization that a greater congruency of values between the two countries is needed to sustain a mutually beneficial relationship over time.

In my conversations with Haitian officials I noted an awareness and appreciation of the increased assistance the United States was providing to help Haitian economic development.¹

1/ GOH appreciation of U.S. assistance efforts was expressed by all the officials I met with in Haiti. However, information provided to me by the Haitian Embassy in Washington indicates some dissatisfaction with U.S. aid levels. That document states:

Despite the twenty year occupation of Haiti by the United States, the country has not obtained much either from the financial and economic power of the occupying country, or from the best possibilities available to it. Haiti has remained the poorest country of the hemisphere. During the last decade, we have been harassed by adverse publicity which continues to leave doubts in people's minds about the efforts, progress and sacrifices recently made.

For the last two years only, aid for the most part on non-concessionary terms, has been timidly given and has reached \$18 million this year:

\$4 million in donations for health services and improvement of nutrition;

\$5 million in loans for the improvement of coffee production, the construction of secondary roads and the maintenance of roads;

\$9 million in credits by virtue of Law PL 480 (Title I and II).

This amount is very small if one considers the needs of the country, and if one compares it with the aid given by other countries, and with the aid on concessionary terms granted by France, amounting to almost \$8 million in 1976, in the non-cultural field.

We hope that the new Government of the United States will be able to show enough good will, sensitivity and creativity to help the country with the smallest income of the hemisphere on a concrete, large and proportioned basis, by expanding and diversifying the technical and financial aid and by reviewing the terms of hard loans granted.

As the information provided elsewhere in this report indicates, U.S. assistance to Haiti has been much higher in fiscal year 1976 including the transition quarter and fiscal year 1977 than is the impression left by this statement.

I also detected a general understanding that continued assistance was predicated on the assumption that the GOH would, itself, greatly expand its efforts in the development area and would be responsive to the calls for great attention to basic rights for its people. However, there were also clear indications that the GOH felt within its rights as the legally constituted government of Haiti to do what was necessary to counter any attempts, either from internal or external sources, to bring about its destruction.

Upon my departure for Haiti, I received from the Haitian Embassy a statement of principles by the GOH regarding relations with the United States. It is reproduced in full here:

STATEMENT OF PRINCIPLES

--- Haiti is a faithful and firm ally of the United States, by tradition as well as by conviction. Historical ties have been uniting us since the battle of Savannah in 1779, and the logistic support given to the Liberators of Haiti by the United States. We have always been at the side of the United States during all the difficult times and during the dark times of war.

--- We are aware that Haiti has a position of control for access to the Caribbean Sea, since 70% of the Panama Canal maritime traffic goes through the Windward Passage between Haiti and Cuba.

--- Although we accept ideological pluralism in this continent, for ourselves, we repudiate any Marxist oriented regime. Being neighbors of Cuba, and separated from it by only 40 miles, our steadfast attitude towards Castro's intrigues has prevented the establishing of a new Cuba in this continent: Would like to know the position of the United States on this matter.

Statement Of Principles (continued)

--- As a peace loving country, we abide by and support the principles of the Charters of the United Nations and the Organization of American States, and connected treaties, namely the Inter American Treaty of Reciprocal Assistance of which we have ratified the amendments adopted in San Jose, Costa Rica, in 1975. We believe in the peaceful settlement of controversies, and trust the American solidarity in case of aggression from the outside: Would like to know the position of the Government of the United States.

--- We particularly support the principle of nonintervention in the internal affairs of other states, and do not accept any interference in our internal affairs, either directly or indirectly ("covert operations" for example): Would appreciate guarantees and reassurance from the United States on this question.

--- Respectful of institutions and laws, the Government of Haiti will always insure, on the internal level, the fulfillment of the real democratic conditions, and the respect by all of law, order and peace, which are requirements for the common happiness and the stability of development.

--- Being the only French speaking country in this continent, it is imperative for us to maintain certain particular and traditional ties with France. Nevertheless, the political influence of that country is undiscernible.

--- Being the first black country having obtained its independence in 1804, Haiti has always felt solidarity with the vast black community and with their difficulties in the face of the problems of national sovereignty, human dignity and civil rights.

--- Being an economically weak country and being heavily overpopulated, Haiti expects that the international community and the rich countries will pay increasing attention to its development problems, and will uphold its resolute efforts to bring some light to its people. The Government and the Haitian people hope to find full understanding by the United States Government on this matter.

--- To sum up, Haiti remains a country sensitive to evolution, firm on principles, realistic about ways and means, and ardent in cooperation.

This policy statement indicates a Haitian desire for good relations with the United States but also a limit as to the degree to which the GOH will alter its policies to accomodate U.S. interests, especially in matters it considers within the confines of internal affairs such as human rights issues.

While the statement's reference to "...fulfillment of the real democratic conditions and the respect by all of law, order and peace..." does not find adequate fulfillment in practice when judged against our standards, it does indicate, I believe, a growing awareness in Haiti that the policies of the United States vis-a-vis Haiti will be influenced by the degree to which positive developments occur in this area.

U.S. ECONOMIC ASSISTANCE PROGRAM

The United States, since 1945, has supplied Haiti with \$187.2 million in economic assistance. Loans have accounted for \$57.3 million with grants making up the remaining \$129.9 million. A significant portion of this assistance, \$ 82.4 million, has been provided in the years since Jean Claude Duvalier assumed the presidency.¹

Present U.S. assistance activities are concentrated in the crucial areas of food production and emergency food relief. As the following table indicates, 90.4% of the U.S. aid effort was in the food area in fiscal year 1976 and the

1/ Source: Agency for International Development.

transition quarter, 61.9% is projected for food-related efforts for fiscal year 1977, and 66.5% is proposed for fiscal year 1978. Given the possibility of continuing drought in Haiti, it is reasonable to anticipate that added attention may have to be given to emergency food needs than that already proposed for fiscal year 1978.

TABLE IV

	<u>FY'76</u> <u>Actual</u>	<u>Trans.</u> <u>Quarter</u>	<u>FY'77</u> <u>Est.</u>	<u>FY'78</u> <u>Proposal</u>
<u>Economic Assistance Total</u>	<u>24,103</u>	<u>11,296</u>	<u>36,953</u>	<u>28,593</u>
Agency for International Development:				
Food and Nutrition	7,455	10,537	10,387	8,105
Population Planning and Health	1,444	354	9,000	-
Population Planning	-	-	-	850
Health	-	-	-	5,850
Education and Human Resources Development	-	-	300	677
Section 106 Development Activities	75	15	-	-
Selected Development Activities	-	-	3,320	415
Operating Expenses	1,129	390	1,496	1,793
Public Law 480 Shipments	14,000	y/	12,450	10,903

The increased attention given Haiti in recent years by the Agency for International Development is reflected in the comparative figures for total per capita assistance for Latin American countries for fiscal year 1977. For Haiti it is projected at \$6.82, being second only to Nicaragua in Latin America.¹

At my request, the Embassy provided the following table identifying prior and present A.I.D. projects in Haiti:

1/ Source: Agency for International Development. See Appendix IV.

A.I.D. ASSISTANCE TO HAITI

\$'000

<u>NO.</u>	<u>PROJECT TITLE</u>	<u>FY's</u> <u>of</u> <u>Oblig.</u>	<u>Oblig.</u> <u>thru</u> <u>9/30/76</u>	<u>Est.</u> <u>FY 77</u> <u>Oblig.</u>	<u>Pro-</u> <u>posed</u> <u>FY 78</u> <u>Oblig.</u>	<u>Pro-</u> <u>posed</u> <u>Future</u> <u>Oblig.</u>	<u>Est.</u> <u>Total</u> <u>Cost</u>
I. <u>FOOD AND NUTRITION</u>							
A. <u>Grant Activities</u>							
0061	Rural Community Devel.	1966-79	3,930	550	400	250	5,130
0069	Ag Devel. Support	1973-77	1,581	200	-	-	1,781
0072	Road Maintenance I	1974-77	1,780	270	-	-	2,050
0084	Road Maintenance II	1977-79	-	300	270	200	770
0073	Small Farmer Devel.	1974-78	787	292	195	-	1,274
0074	Ag Feeder Roads	1976-80	625	500	1,050	225	2,400
0075	Nutrition Improvement	1976-80	400	300	290	299	1,289
0076	Potable Water (PVO)	1975-76	121	-	-	-	121
0077	Nutrition Training (PVO)	1975-76	50	-	-	-	50
0078	Integrated Ag Devel.	T.Q.-79	1,690	250	700	1,460	4,100
0080	Water Resource Dev. (PVO)	1976-76	77	-	-	-	77
0081	Gros Morne Rural Dev. (PVO)	1977-78	-	44	60	-	104
0083	Small Farmer Mktng Program Dev. Support	1977-81	-	520	600	1,074	2,194
			237	100	150	-*	487*
Sub-Total Grants (F & N)			11,278	3,326	3,715	3,508	21,827
B. <u>Loans</u>							
L005	Highway Maintenance II	1973	3,150				3,150
L006	Small Farmer Improv.	1974	6,000				6,000
L007	Agricultural Feeder Rds. Road Maintenance	1976 1977	5,000	6,000			6,000
	Small Farmer Mktng	1978			3,500		3,500
L008	Integrated Ag Devel.	1976	8,000				8,000
Sub-Total Loans (F & N)			22,150	6,000	3,500	-	31,650
C. Sub-Total Grants & Loans (F & N)			33,428	9,326	7,215	3,508	53,477
II. <u>HEALTH</u>							
A. <u>Grant Activities</u>							
0033	Malaria Eradication	1963-73	19,137	-	-	-	19,137
0070	Strengthen. Health Serv. I	1974-77	4,014	1,200	-	-	5,214
0086	Strength. Health Serv. II Program Dev. Support	1977-81	-	100	1,200	2,200	3,500
			28	20	20	-*	68*
Sub-Total Grants (II)			23,179	1,320	1,220	2,200	27,919
B. <u>Loans</u>							
	Strength. Health Serv.	1977	-	7,000			7,000
	Rural Health	1978	-		4,000		4,000
			23,170				

A.I.D. ASSISTANCE TO HAITI

\$'000

<u>NO.</u>	<u>PROJECT TITLE</u>	<u>FY's</u> <u>of</u> <u>Oblig.</u>	<u>Oblig.</u> <u>thru</u> <u>9/30/76</u>	<u>Est.</u> <u>FY 77</u> <u>Oblig.</u>	<u>Pro-</u> <u>posed</u> <u>FY 78</u> <u>Oblig.</u>	<u>Pro-</u> <u>posed</u> <u>Future</u> <u>Oblig.</u>	<u>Est.</u> <u>Total</u> <u>Cost</u>
III. POPULATION PLANNING							
A. <u>Grant Activities</u>							
0071	Family Planning (MCH/FP) 1975-77		301	700	-	-	1,001
0087	Maternal Child Health/FP1978-80		-	-	850	1,825	2,675
	Sub-Total Grants (PP)		301	700	850	1,825	3,676
B. <u>Loans</u>							
			-	-	-	-	-
C. Sub-Total Grants & Loans							
			301	700	850	1,825	3,676
IV. EDUCATION AND HUMAN RESOURCES							
A. <u>Grant Activities</u>							
0079	Admin. Improv. & Trng.	1977-80	-	300	677	592	1,569
0094	Crafts Devel. (OPG)	1977-78	-	100	200	-	300
	Program Dev. Support		-	14	20	-*	54*
	Sub-Total Grants (E & HR)		14	420	897	592	1,923
B. <u>Loans</u>							
			-	-	-	-	-
C. Sub-Total Grants & Loans (E & HR)							
			14	420	897	592*	1,923*
V. SELECTED DEVELOPMENT PROBLEMS							
A. <u>Grant Activities</u>							
0062	Special Dev. Activities	1968-Cont	836	75	75	75	1,0618
0082	Disaster Preparedness	1977-79	-	60	150	65	275
0085	Dev. Finance Corp.	1977-78	-	185	105	-	290
	Program Dev. Support		-	-	20	-*	20*
	Sub-Total Grants (SDP)		836	320	350	140	1,646
B. <u>Loans</u>							
	Development Finance Corp.	1977		4,000			4,000
C. Sub-Total Grants & Loans							
				4,320			5,646

A.I.D. ASSISTANCE TO HAITI
((\$000))

<u>PROJECT TITLE</u>	FY's of Oblig.	Oblig. thru <u>9/30/76</u>	Est. FY 77 Oblig.	Pro- posed FY 78 Oblig.	Proposed Future Oblig.	Est. Total Cost
<u>PL 480 ACTIVITIES</u>						
Title I	1975-Cont.	7,600	7,700	8,000	Cont.	23,300
Title II	1962-Cont.	<u>33,726</u>	<u>3,500</u>	<u>4,400</u>	Cont.	<u>41,626</u>
Sub-Total PL 480		41,326	11,200	12,400		64,926

Details on these various projects are included in Appendix V.

U. S. assistance to Haiti also flows through the World Bank and the Inter-American Development Bank. The "fungibility" of the U.S. contribution to these institutions makes it impossible to identify exactly how much of their activities in Haiti is attributable to U.S. funds. It is reasonable, however, to assume that the United States is by far the most important source of foreign assistance for Haiti given its bilateral program and the level of its contributions to these institutions.

A member of the delegation had an opportunity to inspect several specific examples of U.S.-funded programs. At Croix-des-Pres a visit was made to a maternal/child health clinic (MCH). The facilities were rudimentary by U.S. standards but represented for those participating mothers a significant opportunity to learn how better to care for their children. The mothers received instruction in food preparation and selection, the latter extremely important as many of the Haitian children suffer from extreme protein deficiency, not only because of insufficient food, but also because many mothers do not understand the need to include sufficient protein in their children's diet. The center visited also dispensed health services such as inoculations and care for malnourished infants.

Presently, there are approximately 186 MCH facilities operating throughout Haiti. An additional 58 such facilities are under construction. However, even with the added facilities, the vast majority of Haitian poor will not have access to adequate maternal/child health¹ care.

1/ Other MCH care is provided at private church and other supported facilities. Data is lacking as to the number of Haitians reached by the private sector. Source: U.S. Agency for International Development.

A visit was also made to a school lunch project in Jacmel. Unfortunately, lunch had already been served when the delegation arrived. Nevertheless, the experience proved useful in that it was established, during conversations with individuals at the school and with personnel involved with the overall program, that insufficient attention had been given to establishing an accounting system for the program adequate to ensure that food stuffs were being used in the intended manner. The Committee should consider asking the General Accounting Office to undertake a study of the adequacy of accounting methods not only in the Haiti lunch program to which the United States is contributing significant levels of food stuffs, but also in other countries where similar efforts are underway.

A Food-for-Work undertaking was also visited in the Fond-Jn Noel-Périgo area after a rather arduous climb up the side of a mountain. This project consisted of the construction by hand of a new penetration road into a coffee growing area. Food-for-Work projects throughout Haiti have been relatively successful and have certainly conformed to the intent of the Congress in emphasizing development efforts that involve the

poor in efforts to improve their lot through labor-intensive undertakings.¹

The trip from Port-au-Prince to Jacmel included a ride over a paved mountain highway constructed by the French. It appeared that the road had been constructed with insufficient attention being given to the need to contour the road to permit drainage adequate to limit erosion. Indeed, recurring wash-outs of significant parts of the road appear inevitable unless costly remedial drainage projects are undertaken in the immediate future. This matter is called to the attention of the Committee because the United States has funded a project designed to enhance Haiti's road maintenance capability. The possibility exists that the United States could be unjustifiably blamed for wash-outs on the Jacmel highway because of U.S. funding of the road maintenance project

1/ Some dissenting views have surfaced regarding the Food-For-Work program. Some observers feel that it is creating an unhealthy dependency on the part of some of the Haitian poor that will reduce their incentives to become more self-sustaining in the agricultural area. In addition, others point out that Food-For-Work, in bypassing market mechanisms, reduces pressures for adequate price incentives to stimulate greater production. Finally, the importation of cheap food and use of barter techniques (i.e., food for work) allows landlords to pressure tenants into planting crops that have, at present, a relatively high market value such as coffee, without having to confront the crucial issue of producing necessary foodstuffs as the first priority. These arguments have sufficient cogency to cause one to pause and reflect whether or not the present U.S. food programs are structured properly in Haiti or elsewhere. If incentives for greater indigenous food production are being undermined by the Food-For-Work programs, there should be undertaken a substantial restructuring of the P.L. 480 effort.

when the blame, if such wash-outs occur, should rightly be laid on the original builders of the road.

In conversations with various U.S. contract personnel it was suggested that the Jacmel highway was not the only instance where contractors were "cutting corners" and laying down inferior road surfaces. It would be appropriate for the Committee to request that, at a minimum, our representatives to the relevant international financial institutions, namely the Inter-American Development Bank and the World Bank, should be instructed to ask for an evaluation of the quality of work being performed by contractors on IFI-funded road projects in Haiti.

As is the case in many U.S. assistance efforts of the past several decades, a lasting development benefit from the U.S. assistance efforts prior to the 1970's is difficult to establish. Indeed, a review of economic assistance efforts in Haiti during the 1950's and early 1960's would likely indicate that only in the health area, especially regarding malaria control, was the development assistance, as distinguished from emergency food relief provided by the United States, of sufficient benefit to justify expenditures.

Because of the rather checkered nature of past U.S. assistance efforts in Haiti, it may be appropriate for the United States, having allocated sufficient funds during the past several years to have an opportunity to have an impact on development needs in Haiti, to now adopt a less expansive

approach. In this regard I believe we are now entering a period of consolidation in the U.S. as well as multilateral assistance programs in Haiti where growth in funding levels should be modest and predicated on an ability of the Haitian government to begin correcting many of the bureaucratic inefficiencies that limit its capacity to articulate and carry out a coherent development strategy. In addition, the Agency for International Development should avoid rapid increases in bilateral assistance until it has, in conjunction with other donors and the recipient country, established an agreed upon development strategy with specific development goals and objective criteria for measuring the achievement of such goals. Such a strategy should include "tripping" mechanisms for accelerated development efforts. For instance, a successful upgrading of the administrative capacity of the Agricultural Ministry should key greater willingness on the part of the donor community to fund an expanded agricultural extension effort in the rural areas. What is crucial is that the upgrading of administrative capacity precede increased funding of agricultural development projects.

U.S. SECURITY ASSISTANCE

U.S. military assistance to Haiti has been minimal since 1945, totaling only \$3.5 million as of fiscal year 1976.¹

1/ Military Assistance Program - \$2.4 million; Excess Defense Articles - \$.2 million; International Military Education and Training - \$.9 million. Source: Foreign Military Sales and Military Assistance Facts, Department of Defense, DSAA, December, 1976. These figures do not include sales of military equipment and services in which no U.S. government financing was involved.

For many years during the government of Francois Duvalier, no security-related assistance was provided Haiti. In 1975 the United States began again to provide such assistance but on a very limited basis and only for non-lethal equipment and services.

The following table summarizes the record of U.S. security assistance to Haiti and the proposed program for fiscal year 1978.

¹
TABLE

	<u>FY 1950 - FY 1976 T</u>	<u>Est. FY 1977</u>	<u>Proposed FY 1978</u>
MAP	2,427,000		
IMET	883,000	175,000	200,000
FMS		500,000 ^a	500,000 ^a
EDA	195,000		
TOTALS	<u>3,505,000</u>	<u>675,000</u>	<u>700,000</u>

a) Guaranteed Loans

The assistance provided in the last two years and proposed for fiscal year 1978 is designed to help the Haitians develop an effective search and rescue capability.² No effort is being made by the United States to increase the lethal capabilities

1/ Information compiled from Foreign Military Sales and Military Assistance Facts and Security Assistance Program Congressional Presentation, Volume 1, Fiscal Year 1978, p. 332-333.

2/ See Appendix I for Administration's justification for FY'78 Security Assistance programs for Haiti.

of the Haitian armed forces.¹

It was brought to my attention during conversations with various U.S. Embassy personnel that some improvement in the GOH's search and rescue capabilities has already taken place. The following two accounts of rescue operations illustrate this improvement:

1/ The GOH's attitude regarding military assistance is contained in the following statement provided by its Washington Embassy:

The Government of Haiti, completely immersed in the economic development of the country, has not paid attention to the arms race going on in Latin America. Since the "cold war" took a foothold on this continent with the Cuban venture, Haiti has remained on the front line without giving way to intrigues or threats.

After the success of Cuban forces in Angola, many high placed people have asked if Haiti and other countries of the Caribbean would have the will and the means to resist any Cuban venture in the area.

It is obvious that the Haitian People and Government have the will, but lack the means to face such a situation. The Haitian Government hopes to be put in a position to defend the Haitian Territory at least during the first hours of any aggression until the mechanism of the Rio Treaty of Reciprocal Assistance can be put into motion.

The Haitian Government is engaged also in a program of preparedness in view of rescue operations undertaken frequently in the area and requires a minimum of equipment and training.

On the other hand, since people dedicated to drug traffic are looking for new routes to safely approach the U.S. coasts, and have been recently engaged in battle with the Haitian naval forces, it is urgent that these forces be better equipped and supplied.

LE NOUVEAU MONDE 15 December 1975

Vessel in Distress

On 9 December 1975 at 1000 hours, a patrol vessel from the Haitian Navy rescued the motor boat SANTA MARIA, registration Q-405, in the Gulf of Gonave which carried the Haitian flag. The vessel was in distress with an inoperative motor.

The vessel had eight crew members aboard and approximately 60 passengers destined for Port-au-Prince and was transporting a large amount of material from Pestel.

The vessel was taken by the patrol vessel of the Haitian Navy to the wharf at Cite Simone Duvalier.

Claude DORSINVILLE
Commandant
Haitian Navy

OPTIONAL FORM NO. 10
MAY 1962 EDITION
GSA GEN. REG. NO. 27

5010-107

UNITED STATES GOVERNMENT

Memorandum

TO : Ambassador
DCM

DATE: 29 December 1975 *U.L.*

FROM : ~~DATE~~ *RB*

SUBJECT: Motor Sailer FELU/HP3374

At approximately 281800 December 1975, United States Coast Guard Seven, Miami, Florida, contacted writer reference the above United States registered vessel which was reported disabled on the SE tip of Gonave Island.

Captain (Colonel) Claude DORSINVILLE, Commandant, Haitian Navy, was contacted and immediately thereafter a Haitian Navy vessel was dispatched to locate subject vessel and render assistance.

At 2100 hours the disabled vessel was located and taken into tow. At 0030 hours the Haitian Navy vessel returned to the Navy base with the vessel in tow. The vessel became disabled when the mast and sail broke and the engine was discovered inoperative. There were a total of three persons on board and all are well.

This is the first case where the Haitian Navy took charge of a search and rescue case completely alone after notification by the United States Coast Guard. It is felt that the Armed Forces (Navy) is ready to become more and more involved in such cases in the future. This could be as a result of the emphasis being placed on search and rescue courses under Grant Aid Training.

Potentially the most useful part of the security assistance program for Haiti is the training program. This can provide the United States an opportunity to play a role in the development of technical competency among the younger Haitian military personnel that is transferable to development efforts. Moreover, training also provides an opportunity to introduce Haitian military personnel to some understanding of the functioning of a military in an open society.

There is, naturally, a fine line between assistance that can be utilized for active military/police activities and that which can enhance the capability of the military to provide services that promote the general welfare of a society. Increased communication capabilities, for instance, can lead to greater repression as well as improve the capacity to help those in distress. Therefore, I must admit to a certain degree of apprehension over the U.S. Security Assistance program for Haiti. At this point in time it appears prudent to suggest that the Committee request a GAO review of the adequacy of U.S. government capabilities to ensure that the

items proposed for sale to Haiti under the FMS program for FY'78 will not be used for repressive purposes.

I am also concerned that there are some elements in Haiti who might interpret a willingness on the part of the United States to provide assistance to the Haitian military as an indication that the United States would turn a blind eye to repression that might not be as open as that practiced during the government of Francois Duvalier, but nevertheless would be in direct contradiction of basic respect for human rights. If such is the case now or should it become so in the future, any form of security-related assistance from the United States should be immediately terminated, and a serious review of the entire assistance relationship with Haiti would be justified.

U.S. VOLUNTARY AGENCIES

U.S. voluntary agencies make a significant contribution to the development effort in Haiti. Over 56 such agencies are active in that country.

All P.L. 480 Title II food grants for Haiti are channeled through the Volags with CARE, Catholic Relief Services and Church World Service handling the vast majority of this aid.

For fiscal year 1977, A.I.D. estimates that over \$6 million worth of food stuffs will be provided for maternal/child health, school lunch and Food-for-Work programs. It is anticipated that these programs will reach approximately 310,000 Haitians -- 44,200 in the maternal/child health program, 192,000 in the school lunch program, and 73,800 in the Food-for-Work program.

Operational program grants (OPGs) are also becoming a feature of the partnership between A.I.D. and the Volags in Haiti. OPGs are grants assisting Volags to begin specific new projects in developing countries. In fiscal year 1975 the OPG approach was initiated in Haiti with \$96,000 being approved. In fiscal year 1976 OPGs grew to \$141,000 and the estimate for the current fiscal year is over \$200,000. Specific OPG grants for Haiti are described in the following material provided by A.I.D.

RECENT OPERATIONAL PROGRAM GRANT (OPG) PROJECTS IN HAITI

<u>Project Title & Purpose</u>	<u>PVO</u>	<u>Date of Grant</u>	<u>Approved Life-of-Project Funding</u>
Potable Water (0076)	CARE	6/30/75	\$121,000 for 2 years

To provide support to CARE and poor rural communities to assist HACHO, to assist in providing potable water to small communities in northwest Haiti - the lowest income area in Haiti. Specific objectives:

- . The primary objective of this project is to improve the public health conditions of rural areas in Haiti's Northwest through the construction of potable water systems;
- . To survey existing and potential community potable water sources/systems in the HACHO areas;

- . To prepare projects for improving and/or constructing potable water systems in these communities. A total of 40 potable water systems will either be constructed or renovated;
- . To determine the material requirements for constructing or improving these systems;
- . To motivate communities to contribute to the improvement of these systems;
- . To provide the technical assistance and materials required to construct or improve these systems;
- . To give technical training to the HACHO community development staff on varying aspects of developing potable water systems.

Nutrition Training (0077) CARE 6/30/75 \$50,000 for 2 years

The primary goal of the project is to improve the nutritional status of school children, through the medium of their teachers, by increasing their knowledge of nutrition and changing harmful dietary attitudes and practices. Secondary goals are to establish nutrition education as part of the primary school curriculum; to instruct teachers in basic principles of hygiene and family planning; to improve school lunches; to give practical advice and material help in school gardening; and to induce the GOH to undertake a similar project (by involving it in this pilot project).

The direct beneficiaries of the project are the rural school teachers receiving nutrition education training during summer seminars in Damien, Chatard and Marfranc. The ultimate beneficiaries will be the pupils in rural schools throughout Haiti who will receive basic nutrition education from teachers who attended the seminars.

Water Resources (0080) CWS 6/29/76 \$123,000 for 2 years

The purpose of this project on the Island of La Gonave is threefold: First, to develop potable water sources; second, to develop irrigation systems from potable water sources or from sources not directly suitable for drinking water; third, soil conservation through reforestation and dry wall terracing. The CWS (Church World Service), a Private Voluntary Organization (PVO) is sponsoring and administering this project.

Gros Morne CRS 11/8/76 \$104,000 for 2 years
Rural Development(0081)

The objective of this project is to establish a network of 34 locally controlled community organizations in the Gros Morne District. Thirty

two to thirty-four villages with approximately 100,000 inhabitants comprise the target population. The project would finance short-term training in a rural milieu for "animateurs" (agents or extension workers) in the fields of agriculture and medico-social work. The animateurs will periodically visit the villages to organize small community groups to implement development activities and to assist in solving problems that would be identified collectively by local groups. This project will be implemented by Catholic Relief Services.

Accelerated activities of the Volags, indicated by these various projects, is a very positive development. In conversations with U.S. Embassy personnel and GOH officials, the further reliance on the Volags in the development process was encouraged.

Given the above, I was distressed to learn of the difficulties encountered by the Save-The-Children Federation in establishing a functioning program in Haiti. It appears that bureaucratic inefficiency on the part of certain GOH ministries has led to a situation where the Federation felt compelled to withdraw its representative from Haiti and consider terminating any plans for a program. Upon my return to Washington I contacted the Haitian Ambassador to the United States and suggested to him that it would be a loss to Haiti if Save-The-Children were compelled to withdraw its offer to help the Haitian people. At the time of preparation of this report this matter had yet to be resolved.

The American people can take great pride in the efforts of our voluntary agencies to assist the Haitian people. It is understandable that the GOH is somewhat concerned over the large number of individuals operating in Haiti under the rubric of voluntary agencies. Yet the contribution of those agencies that are clearly bona fide Volags is of such great worth to Haiti that I believe the GOH will continue to encourage their efforts. I believe the Congress should do the same.

PEACE CORPS

During my 1974 visit to Haiti, I urged the GOH to give serious consideration to accepting a Peace Corps presence in Haiti. In the intervening years the Peace Corps has been encouraged to explore such a possibility with the GOH. The following information details the efforts that have been made in this regard.

The present GOH administration has shown some interest in a Peace Corps program. Peace Corps representatives have gone to Haiti to explain the nature of Peace Corps activities. In July 1975 a senior Peace Corps officer had a series of discussions with Haitian cabinet members and as a result of those meetings a preliminary draft Peace Corps agreement was presented to the Haitian Government. In March 1976, Ambassador Isham presented to Foreign Minister Brutus a revised draft. Recently Minister of Agriculture Leveille expressed serious interest in the possible use of Peace Corps volunteers to assist with extension work to speed the increase in coffee production being stimulated under an A.I.D. project. Ultimate establishment of a Peace Corps Program depends on a concrete decision by the GOH to invite Peace Corps to initiate activities.

(Source: Agency for International Development)

I am disappointed that little progress has been made on this matter. I called the matter to the attention of President Duvalier in my conversations with him. He evidenced interest but also reservations. ¹ He appeared reluctant to see any further expansion of the U.S. presence in Haiti in light of the numerous Volags operating in his country. I assured him that a Peace Corps program could be tailored to cause minimal concern in this area and would be of great benefit in meeting short term needs for educated personnel to assist the GOH in its effort to accelerate agricultural development.

1/ The Haitian Embassy supplied the following statement on GOH attitudes toward the Peace Corps concept:

The Government of Haiti has followed with great interest the activities abroad of ACTION/PEACE CORPS which never operated in the country.

Due note has been taken of the fact that recent administrative and policy changes cleared the Corps from adverse misconcepts and publicity which had obscured the positive goals of the Corps.

The Government of Haiti is studying the possibility, opportunity and means for Peace Corps and Action to help the Country create its own voluntary organization in order to mobilize all the human resources of Haiti in the tremendous task of unearthing misery to plant new life.

THE TRADING RELATIONSHIP

Trade, as well as economic assistance, is an important part of the U.S. relationship with Haiti. The trading relationship between the two countries continues to favor the United States. In 1975 Haiti imported \$75.2 million worth of products from the United States, 52.8% of total Haitian imports, while exporting to the United States \$57.6 million (69.7% of total Haitian exports). For 1976 the estimate is that Haitian imports from the United States rose to \$90.0 million (47.4% of the total of \$190.0 million), while exports to the States are estimated at \$75.0 million (75.0% of total exports of \$100.0 million).¹

Food products remain the main items imported by Haiti from the United States. With the recurrence of drought conditions and the continued inefficiency of the Haitian agricultural sector, it appears likely that the Haitian market for U.S. agricultural commodities will continue to grow, at least in the near term.

1/ See Table I on page 12.

The Haitian capacity to expand its exports to the United States or elsewhere rests on the GOH's success in attracting foreign investment.¹

It is estimated that U.S. direct private investment in Haiti may be worth \$35.0 million. The expansion of this investment is problematical at the present time for several reasons. First, the GOH has yet to set out definite guidelines for private foreign investment that would remove the perceived high element of caprice in government policies in this area.² Continued failure to do so increases the uncertainties of doing business in Haiti and hence, diminishes investment incentives.

Second, to date Haitian tax incentives are insufficient to attract investors. The GOH apparently regards foreign investment as a source of government revenue rather than as a means to enhance production and generate foreign exchange earnings. Unless this approach is changed, it is difficult to foresee a substantial increase in investment.

1/ See Appendix VII for list of U.S. firms presently operating in Haiti.

2/ See Appendix VI for information on a dispute between the GOH and U.S. companies illustrative of this problem.

Third, lack of infrastructure, basic services and exploitable resources are further impediments to investment. Shortages of electricity, lack of telephone service in the industrial area and rudimentary government services are some of the deficiencies cited by potential investors as inhibiting factors.

External factors also play a role in limiting investment. For instance, the U.S. textile quota restrains investors who might otherwise desire to take advantage of low cost labor in Haiti to compete for the U.S. market in textiles. Indeed, it appears likely that Haiti's low quota if continued could become a point of contention between the two countries.

Finally, the GOH wariness of large multinational firms also limits the number of firms that may consider investment in Haiti worthwhile. For a country as lacking in basic managerial, negotiating and administrative skills as Haiti, this aversion to the MNC's is an understandable approach. However, it severely restricts the investor pool which Haiti can draw on.

Although these many factors inhibiting investment exist, there are other factors that mitigate them. Improvements in the road network, fostered essentially by official development assistance, and in Haiti's irrigation systems may possibly provide opportunities for limited investment in food processing. Efforts to improve the government's administrative capabilities

are underway and could lead to a lessening in the defensiveness characteristic of the GOH's approach to foreign investors at the present time. And the Haitian labor force remains underutilized.

Perhaps most importantly of all, the GOH is coming to recognize the importance of foreign investment to its development goals. The Haitian Embassy in Washington has issued a document containing the following statement:

...Haiti needs more and more public, and above all private investments. The public resources of the country are not unlimited and do not increase rapidly...

On the other hand the private resources coming from national savings are quite insignificant and still too low to constitute (SIC) an effective asset in the development process.

Consequently, the only alternative is the massive influx of foreign investment in the country, where the role of private foreign investment, as a source of capital and technology, is more critical than ever before. The appropriate country to bring those investments is obviously, the USA, considering geo-political, economic and traditional reasons.¹

If this policy statement is backed up by intensive Haitian efforts to increase the attractiveness of investment in Haiti, then modest but continuing growth in foreign investor interest in Haiti is possible.

^{1/} From document provided to delegation by the Haitian Embassy in Washington.

CONCLUSION

The focal point of U.S.-Haiti relations is the economic assistance program. In the preceding pages, I have attempted to include information that will provide the decision-maker and the interested public with some reference points to make their own determination as to whether or not the present assistance efforts of the United States are justified in terms of our interests and the needs of the Haitian people. My own conclusion is that, in general, our assistance efforts are contributing to the betterment of the Haitian people and are supportive of liberalizing trends in Haiti. If they are to remain so, there is a need for continual congressional oversight of our assistance efforts and evaluation of GOH policies and practices to ensure that events are moving in a direction conducive to the realization of our goals.

APPENDIX I

FISCAL YEAR 1978 CONGRESSIONAL PRESENTATION JUSTIFICATIONS FOR SECURITY ASSISTANCE PROGRAMS FOR HAITI

HAITI

Justification of Program - Haiti, a densely populated country with which we have been closely associated for some sixty years, is much the poorest country of the western hemisphere, and one of the poorest in the world.

Although Haiti has not experienced a serious external security threat in recent years, the government is concerned about Cuban intentions. Cuba lies just 40 miles from Haiti across the Windward Passage.

In the 1960s, strains in US-Haitian relations because of political repression and other difficulties in that country led to a cutoff of most US economic aid and all security assistance. Since 1971 there has been an improvement in our bilateral relations. In keeping with this change and in recognition of Haiti's needs, our economic assistance has increased substantially, and normal relations have resumed in other fields. In response to a desire of the Haitian Government for some limited US cooperation in meeting that country's reasonable military needs, a small security assistance program was resumed in 1975. It is in US interests that our modest program continue which is focused primarily on air and sea rescue and the maintenance of navigational aids. This would assist in the protection of American mariners now totally dependent upon the US Coast Guard.

Description of Program - The proposed security assistance program for Haiti in FY 1978 consists of grant International Military Education and Training (IMET) and Foreign Military Sales-(FMS) financing.

IMET: The proposed training program is primarily designed to provide basic knowledge and skills necessary for the Haitians to maintain an

effective search and rescue capability. Development of this capacity would help relieve the United States of these tasks in the vicinity of Haiti.

FMS Financing: The proposed FY 1978 FMS financing would assist the Haitians in developing a capability for sea and air rescue, and for maintaining and improving navigational aids. Expected purchases during FY 1978 include buoys, coastal navigational aids, naval engine repair equipment, radios, and communication repair items.

Arms Control Impact Statement(See also Annex B) - The small proposed security assistance program for Haiti which is focused on air and sea rescue poses no problems regarding arms control considerations in the area or potential arms control arrangements in the Caribbean.

Expressed in equivalent US dollars, Haiti's estimated military expenditures of \$9.3 million in 1975 represented about 1.2% of the Gross National Product (GNP) of approximately \$0.8 billion (\$150 per capita). Imports of military goods in that year from all sources were negligible, as compared with total imports of approximately \$151 million.

Human Rights Considerations - Human rights practices in Haiti have been carefully considered in formulating this proposed security assistance program. A full and complete report of human rights practices in Haiti is contained in Volume 2 of this Congressional Presentation Document.

Overseas Management of Program - Legislation is being requested which would authorize the Defense Attache Office in Port-au-Prince to continue to manage the program.

HAITI

SUMMARY OF FY 1978 SECURITY ASSISTANCE PROGRAMS

(Dollars in Thousands)

Foreign Military Sales Credits and Guaranties	500
Military Assistance Program	-
International Military Education and Training Program	200
Security Supporting Assistance	-
Total	700
Excess Defense Articles - Acquisition Value (Grant)	-

FMS CREDITS AND GUARANTIES

(Dollars in Thousands)

	Actual		Estimated FY 1977	Proposed FY 1978
	FY 1976	FY 1977		
Direct Credit	-	-	-	-
Guaranteed Loans	-	-	<u>500</u>	<u>500</u>
Total	-	-	500	500
<i>Status as of 30 September 1976</i>				
Principal Amount of Credit and Guaranties Issued				
Principal Amount of Credit and Guaranties Expended				
Principal Amount of Credit and Guaranties Unexpended				
Principal Amount Repaid to Date				
Interest Paid to Date				
<i>Consolidated Repayment Schedule Estimated as of 30 September 1976</i>				
	Principal	Interest	Total	
FY 1977				
FY 1978				
FY 1979				
FY 1980				
FY 1981				
FY 1982				
FY 1983				
FY 1984				
FY 1985				
FY 1986				

MILITARY ASSISTANCE BY COST CATEGORY

(Dollars in Thousands)

	Actual		Estimated FY 1977	Proposed FY 1978
	FY 1976	FY 1977		
Operating	NO MILITARY ASSISTANCE PROGRAMS DURING THIS PERIOD			
Investment				
Supply Operations				
Total				

MILITARY ASSISTANCE PROGRAM BALANCE

(Dollars in Thousands)

Undelivered MAP Grant Aid as of 30 September 1976 -

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM

	Actual		Estimated FY 1977	Proposed FY 1978
	FY 1976	FY 1977		
<i>(Dollars in Thousands)</i>				
Student Training	87	12	134	199
Training Teams	-	-	-	-
Training Aids	-	-	40	-
Other Support	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total	88	13	175	200
<i>(Number of Students)</i>				
In United States	16	2	20	42
Overseas	-	-	-	-
Total	16	2	20	42

APPENDIX II

STATE DEPARTMENT HUMAN RIGHTS REPORT and CONGRESSIONAL
PRESENTATION - HUMAN RIGHTS REPORT FOR FISCAL YEAR 1978

HAITI

A. Human Rights Information

1. Political Situation

Haiti, the poorest country in the Western Hemisphere, has never enjoyed a democratic tradition. Since it became independent in 1804, the political history of the country has been one of authoritarian leadership, punctuated by continual attempts by those out of power to remove the regime in power by force. Human rights, due process and political freedoms as known in western Europe and the U.S. have not been part of Haiti's political traditions.

In the 1960's, attention focused on the human rights situation in Haiti because of a number of particularly serious abuses under the late president. Due to Duvalier's authoritarian style of rule and in reaction to a series of coup attempts mounted from abroad, an atmosphere of suspicion and insecurity prevailed in Haiti. All opposition to the regime was suppressed.

Since 1971, there has been an improvement of the political atmosphere; this slow trend continues, with occasional setbacks. President Jean-Claude Duvalier has declared policies of domestic detente and national reconciliation; and political repression has eased. Over 500 prisoners, including a number of political prisoners, have been released in six separate amnesties. The president has publicly assured Haitian exiles they could return without reprisals, and hundreds have done so.

Nonetheless, the government in Haiti remains basically authoritarian. Opposition political activity is not permitted.

2. Legal Situation

The Haitian constitution provides guarantees for a broad range of universally recognized human rights, among them life, liberty, privacy, freedom of speech, warrants for arrest and search, and trial by jury. These rights have rarely been observed. Most of them are formally suspended under a state of siege in effect since 1958. However, Haiti's criminal courts convened

this spring in regular session for the first time in 16 years. In September, 1976, President Duvalier instructed the Ministry of Justice to bring all persons arrested promptly before the criminal courts.

3. Observance of Internationally Recognized Human Rights

a. Integrity of the Person

Article 3 of the Universal Declaration of Human Rights: Under the Francois Duvalier regime in Haiti, there was widespread danger to life and personal security, including the risk of prolonged incarceration due to false denunciations. This situation has improved under the presidency of Jean-Claude Duvalier. Detention for extended periods without regard to due process still occurs, but it now appears limited largely to those considered to be serious security risks or violators.

Article 5: It is difficult to determine the degree of Haiti's compliance with this article. Conditions in Haitian prisons are generally poor.

The Amnesty International Report, 1975-76, states that arbitrary executions, starvation, appalling hygienic conditions, disease and torture account for one of the highest mortality rates among prisoners in any country. However, AI and other international reports do not describe any specific accusations or cases of torture in Haiti in recent years.

Two prisoners released from the National Penitentiary in 1975 and 1976 have reported that political prisoners today receive plain but basically adequate food and live in tolerable conditions in the three blocks reserved for them at the Penitentiary. Another prisoner released earlier from the Fort Dimanche prison reported that conditions there were significantly improved from what they had been in the 1960's. None of the released prisoners or other eyewitness sources in Haiti have reported knowledge of torture or summary executions since the late 1960's.

Article 8: The Haitian constitution provides for the right of petition for a redress of grievances, but there has been no effective relief from the courts in cases including charges of subversion.

Article 9: Persons considered a threat to security are still subject to arrest and detention without civil trial. The Amnesty International Report, 1975-76, states that it is difficult to assess accurately the present number of political prisoners in Haiti, a statement with which we concur.

AI further reports that it has 255 names of political prisoners, and estimates range from 400 (the more usual figure) to 3,000. Our estimate of the number of prisoners currently held in Haiti on politically related grounds, based on reports of released prisoners and other sources in the country, is in the range of 100.

It is understood that a number of these so-called political prisoners were convicted by secret military courts-martial of engaging in specific conspiracies or attempts to overthrow the government by force, such as the revolt of the Haitian Coast Guard in 1970 and the politically motivated kidnapping of the son of the Minister of Industry and Commerce in August, 1972.

President Jean-Claude Duvalier has granted amnesties six times since assuming power, releasing a total of about 500 prisoners -- most of them arrested before he came to power. The latest release was also the largest.

Following a presidential inspection visit to the National Penitentiary on September 17, 1976, the Haitian press on September 29 published the names of 261 prisoners ordered released by the president. No charges will be brought against the prisoners released, and the Ministry of Justice has been ordered to present the cases of all remaining persons held for misdemeanors and crimes at the next criminal assizes.

Coupled with his release of the prisoners, President Duvalier instructed the Ministry of Justice to bring all persons arrested promptly before the criminal courts.

Article 10: A fair hearing is available in most ordinary trials in Haiti. Fair hearings are less likely in the countryside, where few trials take place, or for persons detained on security grounds and tried in the military courts.

On November 17, 1975, a Catholic priest who worked as a missionary in Haiti testified to the Subcommittee on International Organizations of the House Committee on International Relations that, in the south of Haiti, the law is still largely in the hands of the military and, to a lesser extent, the militia. He reported that, from what he had observed in the region of Cayes, arrests are made without court warrants, and legal counsel is arbitrarily granted or denied to the alleged defenders at the discretion of one or another person in high places.

Article 11: Civilian courts appear to honor this article's requirements for a fair trial and counsel. In 1975, the criminal courts, suspended under the previous regime, were resumed as an established element in the judicial calendar, and the first formal criminal trial in years was held. In 1976, the courts generated considerable public interest and resulted in several widely publicized acquittals. Military courts are more arbitrary.

b. Other Freedoms

Haitians can generally move freely within the country. They require a passport and exit visa to travel abroad. Haitians abroad for an extended period require a re-entry visa to return. Documents are refused persons considered subversive or against whom charges are pending, but these are understood to be a small minority of the total number of applicants. According to the airlines serving Haiti, hundreds of Haitians depart and enter the country every week.

In 1973, the Haitian government formally adhered to three Latin American political asylum conventions. It has respected these conventions, which allow for asylum in the embassies of the contracting countries.

Catholicism is the state religion in Haiti, but other religious groups exist freely. Communism and anarchism are outlawed.

There are limitations on the public expression of opinions. The press exercises self-censorship, although it is gradually acquiring a greater margin for constructive criticism of the government's administrative shortcomings.

In 1975, a major criminal trial was freely debated in the press. A periodical denounced a militia unit for alleged gross human rights violations and the government, in response, arrested and tried all the accused men. At the same time, the Inter-American Press Association lists Haiti among the countries of the hemisphere not enjoying freedom of the press.

In May 1976, a journalist for one of the more outspoken of the Haitian periodicals, a political and literary weekly, died under mysterious circumstances in Haiti. His death was attributed by some to persons or elements in the government offended by his periodical, but we have seen no evidence to support this charge.

The exercise of the right of assembly is restricted. Political gatherings, however peaceful, are not permitted.

B. U.S. Government Action in Human Rights Area

1. Promotion of Observance of Human Rights

Over the past two years, U.S. officials have pursued our concern for human rights with a wide range

Of Haitian government officials, from the president on down. In 1974, Special Assistant to the Secretary for Refugee Affairs Kellogg met with President Duvalier and received his assurances that Haitian refugees returning from the U.S. would not suffer reprisals. Also in 1974, Senator Edward R. Brooke and our Ambassador to Haiti, in a call on President Duvalier, stressed the concern in Congress and the U.S. Government for human rights. Senator Brooke's 1974 visit to Haiti resulted in a report to the Senate Committee on Appropriations which we understand President Duvalier instructed all his cabinet ministers to study.

At every appropriate occasion, our Ambassador has introduced the subject of human rights with senior Haitian government officials, particularly the Ministers of Interior, Justice and Foreign Affairs. Our Ambassador has reviewed U.S. positions and concerns on human rights with the Minister of Foreign Affairs. He has transmitted the texts of Secretary Kissinger's statements on human rights at the 1976 OAS General Assembly to the Foreign Minister, accompanied by a letter stressing the key points made by the Secretary on human rights and welcoming an exchange of views on the points raised. We make the following points in dealing with Haitian leaders:

(a) We follow closely all developments in the field of human rights in Haiti and carefully evaluate all available information bearing on this topic. This reflects the principal U.S. policy goal of promoting increased observance of internationally recognized human rights by all countries.

(b) We have noted the pattern of evolution in the observance of human rights in Haiti, particularly over the past four years, and believe that liberalization is a wise policy that well serves the national interests of Haiti.

(c) In the case of Haitians deported from the U.S. for illegal entry, we consider it extremely important that we have full information as to their treatment upon arrival in Haiti. This permits us to establish clearly that their treatment is in accordance with international human rights standards.

(d) It is highly desirable that the Haitian government make further clarification on the status of political prisoners and that the government liberalize regulations on visits to and correspondence with these and other prisoners. None should be held without proper charges; and convictions and sentences -- past or current -- should be made public.

In the course of the visit of staff members of the House Judiciary's Subcommittee on Immigration in early 1976, we again emphasized to Haitian leaders the strong Congressional interest in human rights as regards treatment of Haitian refugees.

Other officers of our Embassy have been equally active within the range of contacts available to them.

The U.S. Information Service has availed itself of every opportunity to convey to the Haitian media as well as to Haitian government leaders the seriousness with which the United States regards human rights matters. Major speeches and policy pronouncements, references to human rights in the recent U.S. election campaign, and Congressional opinion and action in the human rights area have been promptly communicated via regular press releases. Notwithstanding the absence of appreciable press freedom in Haiti, our Embassy in Port-au-Prince reports there has been extensive coverage of international news on human rights in the Haitian media. The Embassy believes that this free flow of information has influenced the Haitian government's attitudes and policies.

2. Disassociation of U.S. Security Assistance from Violations of Human Rights

The Haitian government is well aware of the general connections we made between our assistance programs and the extent of human rights observance. A major underlying reason for the withdrawal in 1963 of our Haiti military training mission, as well as of our AID mission, was the abuse of human rights at that time. Conversely, the Haitian government understands that only by virtue of

substantially improved performance in the field of human rights could the U.S. Government have considered resuming assistance programs, as we have done.

The present military training program, began late in FY 1975, is extremely modest in scale, has little or no public profile in Haiti, and was carefully and deliberately designed to concentrate upon sea and air rescue and the strengthening of associated logistic and communication capabilities. Nothing in the present limited military training program has any application to the internal security capability of the government. Our security assistance has been effectively dissociated from any potential violation of human rights and, conversely, its reintroduction has been associated with the gradual improvement in the government's performance in this field.

C. U.S. Interests Justifying a Security Assistance Program

The very small U.S. security assistance program for Haiti is designed specifically to assist the Haitians to build up a capability for sea and air rescue and the maintenance of navigational aids, an important humanitarian capability for any government and one which will in fact also assist in protection to U.S. mariners now totally dependent on the U.S. Coast Guard.

The Department of State is of the opinion that the current U.S. security program for Haiti should be continued. Elimination of the modest U.S. security assistance program would have no impact on Government of Haiti human rights practices. To the contrary, it would lessen our ability to influence the Haitian government on a range of U.S. interests in Haiti, including promotion of human rights.

Unclassified Haiti Human Rights Report
Delivered to Congressman Fraser
December 28, 1976.

HAITI

I. POLITICAL SITUATION

Haiti, the poorest country in the western hemisphere, has not had a democratic tradition. Since it became independent in 1804, the country has had an authoritarian history, punctuated by attempts by those out of power to remove the regime in power by force. In the 1960's the regime of the late Francois Duvalier and a series of coup attempts mounted from abroad led to an atmosphere of suspicion and insecurity. All opposition to the regime was suppressed.

Since 1971, there has been a gradual improvement of the political atmosphere. President Jean-Claude Duvalier has declared policies of domestic detente and national reconciliation, and political repression has eased. Over 600 prisoners, including many political prisoners, have been released in six separate amnesties. The President has publicly assured Haitian exiles they could return without reprisals, and hundreds have done so.

II. LEGAL SITUATION

The Haitian Constitution provides guarantees for a broad range of universally-recognized human rights, among them life, liberty, privacy, freedom of speech, warrants for arrest and search, and trial by jury. These rights have rarely been observed. Under the Haitian Constitution, nearly all effective political authority is vested in the President, who has tenure for life. Most individual rights are formally suspended under a state of siege in effect since 1958. However, Haiti's criminal courts convened this spring in regular session for the first time in 16 years. In September 1976, President Duvalier instructed the Ministry of Justice to bring all persons arrested promptly before the criminal courts.

III. OBSERVANCE OF INTERNATIONALLY RECOGNIZED HUMAN RIGHTS

A. Integrity of the Person

Article 3: Under the Francois Duvalier regime in Haiti, there was widespread danger to life and personal security, including the risk of prolonged incarceration due to false denunciations. Detention for extended periods without regard to due process still occurs, but under the Presidency of Jean-Claude Duvalier it now appears limited largely to those considered by the government to be serious threats to its security.

Article 5: It is difficult to determine the degree of Haiti's compliance with this article. Conditions in Haitian prisons are generally poor, but it has been impossible to confirm in recent years allegations of arbitrary executions and torture. Several prisoners released from Haitian prisons in the past few years have reported an improvement in prison conditions since the 1960's.

Article 8: The Haitian Constitution provides for the right of petition for a redress of grievances, but there has been no effective relief from the courts in cases involving charges of subversion.

Article 9: Persons considered a threat to security by the government are subject to arrest and detention without civil trial.

President Jean-Claude Duvalier has granted amnesties six times since assuming power, releasing a total of over 600 prisoners -- most of them arrested before he came to power. Following a Presidential inspection visit to the National Penitentiary in September 1976, the Haitian press published the names of 261 prisoners ordered released by the President. The Ministry of Justice was ordered to present the cases of all remaining persons held for misdemeanors and crimes at the next criminal assizes.

The sixth Presidential amnesty, announced December 24, 1976, liberated 162 prisoners, including 84 political detainees -- the largest number to have been released at one time since the establishment of the Duvalier government.

Article 10: A fair hearing is available in most ordinary trials in the capital. Fair hearings are less likely in the countryside, where few trials take place, or for persons detained on security grounds and tried in the military courts.

Article 11: Civilian courts appear to honor this article's requirements for a fair trial and counsel. In 1975 the criminal courts, suspended under the previous regime, were resumed as an established element in the judicial calendar, and the first formal criminal trial in years was held. In 1976 the courts generated considerable public interest and resulted in several widely publicized acquittals. Military courts are conducted in secret and do not appear to meet the requirements of this article.

B. Other Important Freedoms

Haitians can generally move freely within the country. Haitians abroad for an extended period require a re-entry visa to return. Documents are refused persons considered subversive or against whom charges are pending, but these appear to be a small minority of the total number of applicants. According to the airlines serving Haiti, hundreds of Haitians depart and enter the country every week.

In 1973 the Haitian Government formally adhered to three Latin American political asylum conventions. It has respected these conventions, which allow for asylum in the embassies of the contracting countries.

Catholicism is the state religion in Haiti, but other religious groups exist freely. Communism and anarchism are outlawed.

There are limitations on the public expression of opinions. The press exercises self-censorship, although it is gradually acquiring a greater margin for constructive criticism of the government's administrative shortcomings.

In 1975 a major criminal trial was freely debated in the press. A periodical denounced a militia unit for alleged gross human rights violations -- a criticism which produced the prompt arrest and trial of the offenders. At the same time, the Inter-American Press Association lists Haiti among the countries of the hemisphere not enjoying freedom of the press.

The exercise of the right of assembly is restricted. Political gatherings, however peaceful, are not permitted.

IV. OTHER HUMAN RIGHTS REPORTING

The Inter-American Human Rights Commission's Annual Report for 1975 discusses communications with the Government of Haiti arising from a 1974 report of various human rights violations, including the summary execution of opposition politicians and torture. It discusses in particular the Commission's inquiries concerning two individuals alleged to be under detention. The response of the Haitian Government in one case was that there was no record of the individual's arrest. In the other case, the Haitian Government failed to respond.

Amnesty International's Report 1975-76 states that arbitrary executions, starvation, appalling hygienic conditions, disease and torture account for one of the highest mortality rates

among prisoners in any country. No specific cases are cited. The report also states that the organization has 255 names of political prisoners.

Freedom House lists Haiti as "not free."

APPENDIX III

TRANSFORMATION INDUSTRIES

The light manufacturing and assembly industry has been the largest and most dynamic sectors of the Haitian economy since the late 1960's. The sector is characterized by the labor-intensive assembly or processing of imported components, virtually all of U.S. origin, into finished or semi-finished goods, for the U.S. market. Among the factors which have contributed to this phenomenon are low Haitian wage rates, proximity to the U.S. market, Haitian tax incentive legislation, and favorable U.S. Customs treatment of foreign assembled products. The following general characteristics of the industry were derived from a survey conducted by the Embassy in early 1974, and revised in August 1976, and from information provided by the GOH Department of Social Affairs.

(a) Over 150 U.S. firms are involved in manufacturing in Haiti, (through subsidiaries or contractors), and at least 80 Haitian companies are established in this field. The majority of the latter are Haitian-owned. There are a significant number of U.S.-Haitian joint ventures and some wholly-owned U.S. subsidiaries. Most companies in this sector were established after 1970.

(b) A wide variety of products is assembled in Haiti, but textile apparel assembly is predominant. Electronic and mechanical assembly of electronic components has been increasing since 1972, but to date, these tend to be smaller operations, and sewing, including the hand stitching of baseballs and softballs, accounts for two thirds of total production in the industry. An encouraging trend is the assembly of more complex electronic components, including semiconductor devices and integrated circuits, which involves somewhat more fixed investment and greater technology transfer. Several large U.S. electronic firms are in the process of establishing Haitian subsidiaries for this purpose.

(c) Total employment in the industry is approximately 30,000 (perhaps 20,000 permanent employment and 10,000 part-time workers and trainees). With the exception of retail commerce it accounts for more employment than any other industry in the Port-au-Prince area.

(d) The total value of Haitian exports of assembled products to the U.S. was over \$60 million in CY 1974, up 88 percent from the previous year. This is more than one half of Haiti's total exports to the U.S., and approximately 45 percent of total Haitian exports. However, the increase was due much more to increased prices than to expanded production.

(e) Contracting firms typically quote prices based on man/hour rates at or slightly below the U.S. productivity standard for a particular item. Charges presently quoted range from \$.45 per man/hour to \$3.00 per man/hour depending on the complexity of the assembly operation, the amount of supervision required, difficulty of quality control, etc. The average is about \$1.05. This charge is computed on the basis of the number of production line employees, not total employment. Supervisory and office personnel are normally treated as part of the contractor's overhead.

(f) A full-time production worker's take-home pay averages \$1.80 to \$2.00 per day, or about \$45.00 to \$50.00 per month. The legal minimum wage is \$1.30 per day or \$39.00 per month for salaried employees. Employees normally work a 45 hour week. In addition to production labor salaries, a contractor pays indirect labor and fringe benefits which bring the total wage bill to around \$2.40 per day per worker on the average.

U.S.-owned subsidiaries normally retain less earnings in Haiti than a non-U.S. contractor, and thus contribute less to Haitian foreign exchange earnings; but revenues estimated at \$35-40 million in 1975 accrued to Haiti from transformation industries, representing value added in Haiti to U.S.-manufactured components. Thus value added in Haiti, on the average, is well over 50 percent of the total value of the product. Aside from a direct salary input into the Haitian economy of around \$15 million per year, profits and the multiplier effects of this activity, reflected in construction and services, are very significant for the Haitian economy as a whole. Of a CNP of around \$810 million, direct revenues generated by the transformation industry account for some four to five percent and through multipliers have been a primary factor in Haiti's overall economic growth in the 1970's.

On the whole, the future of Haiti's transformation industry appears bright. Output has grown at an increasing rate every year (except 1975) since 1969.

This acceleration in the rate of growth, although not necessarily a sustainable trend, reflects the marked improvement in the Haitian investment climate since the 1960's, and also, to a limited extent, the development of the infrastructure and service industries necessary for sustained growth. These latter include expanded shipping services, both surface and air, installation of the Peligre Hydroelectric facility, and a significant improvement in the basic skills in the Haitian labor force. Although in an absolute sense the human technical and managerial capital of Haiti is limited, the rapid development of the past five years is adequate reason for optimism about the future.

The limiting factors in growth include all the normal obstacles characteristic of developing economies, e.g. problems of public administration of investment incentive policies, customs, incorporation procedures (including sometimes arbitrary treatment of foreign investors); infrastructure limitation including communications, internal transportation (thanks to foreign assistance, a big effort is currently made to improve that sector. The Jacmel road and the North road linking Port-au-Prince to Cap-Haitien are virtually completed. The South Road is in progress), and within a few years, electric power; and availability of human resources in the form of administrative and technical capabilities. While these factors do not present absolute limits on the potential for growth, they stand to limit the rate of growth. External factors such as U.S. Customs treatment of assembled products and U.S. quantitative restrictions on imports of textile products are basic parameters affecting the feasibility of offshore manufacturing. Barring unfavorable developments in this area, the transformation industry phenomenon seems particularly well suited for the Haitian economy, and prospects are good for sustained growth.

The attached table is a schedule of Haitian exports of assembled products to the U.S. for the four year period through CY 1975.

U.S. Embassy
Port-au-Prince, Haiti
October, 1976.

FOB Exports to United States of
Haitian Light Manufactured Products 1972-1973-1974-1975

Products Made of Imported Components

<u>Item</u>	<u>Description</u>	<u>Value</u> <u>(In Thousands of \$)</u>			
		<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
654	Tulle, lace ribbons, other small wares	278	279	193	270
698	Articles of Iron or steel nes	5	22	16	46
711	Power Generating Machinery	-	125	42	41
714	Office Machines & Parts	20	1657	4595	3190
719	Machinery and appliance parts, nes	343	436	677	800
722	Transformers, switchgear, etc.	1394	2347	4181	3750
723	Equipment for distributing Electricity	237	220	892	1520
724	Radio receivers & parts - radio phono, radio apparatus, TV	87	265	163	70
729	Electric apparatus and parts, nes	197	1162	9529	6299
831	Travel goods, handbags	312	733	525	505
841	Clothing - Text. Fab. clothing acces. hats & caps	5186	11710	22466	23876
851	Footwear - new except orthopedic	1381	1833	1437	1020
891	Sound recorders, etc.	393	461	318	696
893	Rubber & plastic manufactures-wearing apparels, rubber nes	165	358	929	320
394	Toys, sporting goods (inc. baseballs)	8440	10549	15442	17870
		<u>18458</u>	<u>32157</u>	<u>61405</u>	<u>60273</u>

Source: U.S. Department of Commerce
U.S. General Imports of Merchandise.

Embassy of the United States of America.
Port-au-Prince, Haiti
Sept. 1976

APPENDIX IV

TABLE COMPARING PER CAPITA ASSISTANCE LEVEL

PROPOSED FY 1977 ASSISTANCE TO LATIN AMERICAN COUNTRIES

Country	Population (in millions)	AID Loans & Grants (\$ millions)	AID Assistance (Loans & Grants) \$ Per Capita	Total PL 480 (\$ millions)	PL 480 \$ Per Capita	Total Assistance (\$ millions)	Total Assistance \$ Per Capita
Bolivia	5.8	25.57	4.41	5.42	.93	30.99	5.34
Costa Rica	2.0	.55	.28	1.93	.96	2.48	1.24
Dominican Republic	4.8	.66	.14	7.36	1.53	8.02	1.67
El Salvador	4.3	5.34	1.24	1.68	.39	7.02	1.63
Guatemala	6.2	27.93	4.50	8.10	1.31	36.03	5.81
Guyana	.8	.10	.13	.087	.11	.187	.23
Haiti	5.2	23.01	4.43	12.45	2.39	35.46	6.82
Honduras	3.3	17.14	5.19	4.31	1.31	21.45	6.50
Jamaica	2.1	11.11	5.29	.135	.06	11.25	5.36
Nicaragua	2.3	20.02	8.70	.490	.21	20.51	8.92
Panama	1.7	7.95	4.68	2.57	1.51	10.52	6.19
Paraguay	2.7	6.29	2.33	.415	.15	6.71	2.49
Peru	16.0	11.42	.71	6.76	.42	18.18	1.14
Uruguay	2.8	.22	.08	-	-	.22	.08

APPENDIX V

A.I.D. PROJECTS

RURAL COMMUNITY DEVELOPMENT (521-0061)

Project Initiated $\frac{1}{1}$	FY 1966
Project Terminates $\frac{1}{1}$	FY 1979
Total Grant Obligations through December 31, 1976	\$3,930,000

Description

Activities of the Haitian American Community Help Organization (HACHO) in the northwest have been supported by AID financing. HACHO utilizes the community development self-help approach and has helped to create approximately 100 Community Councils. The HACHO program has provided basic health services, small potable and irrigation water projects, road improvement and construction, community development and improved agricultural practices.

Action through December 31, 1976

HACHO's accomplishments include:

- Improvement or construction of approximately 225 miles of roads which connect Anse Rouge, Jean Rabel, Mole St. Nicolas, Bombarde and Baie-de-Henne, thus increasing farm-to-market access to each town. This road system as well as the HACHO infrastructure of some 175 persons was particularly effective in distributing food during the recent famine relief efforts.
- Completion of Phase I of the Baie-de-Henne irrigation system which covers some 100 hectares of land and the Anse Rouge water system which will supply the city with water for drinking and irrigation.
- Provision of 15 mobile clinics serving an average of 12,000 patients per year. There are also 10 nutrition centers which provide information and assistance to over 1,000 children and their mothers. Construction of 24 school rooms which presently have an average total attendance of 1,200 students.

Future Activities

HACHO is increasing its emphasis on agricultural development including: terracing, reforestation, irrigation, and crop improvement. As a part of its agricultural activities, HACHO is planting cotton, bamboo, sisal and other materials to be used in a new crafts project. Several hundred crafts persons will use these materials to produce products for export and sale in the northwest. HACHO will also complete construction of 40 small water systems and increase its efforts in community development. Emphasis also will be placed on preventive health care and family planning. German, as well as some French, assistance has also started to flow into the northwest area.

USAID/HAITI
December 31, 1976

1/ See glossary for explanation of terms.

AGRICULTURAL DEVELOPMENT SUPPORT (521-0069)

Project Initiated	FY 1973
Project Terminates	FY 1977
Total Grant Obligations through December 31, 1976	\$1,581,000

Description

Funds are used to provide:

- equipment and supplies in support of rice seed multiplication (in conjunction with the Chinese Agricultural Mission);
- advisors to assist the GOH with agricultural policy studies of five commodities (coffee, cotton, sisal, mangoes, and meat);
- advisors and materials and some local costs for the study/rehabilitation of two community irrigation systems and for soil conservation work on the hillsides surrounding these two systems (Dubreuil near Les Cayes and Jean-Rabel in the northwest);
- advisory services to evaluate other community irrigation systems;
- advisors and materials to select the most suitable variety for corn (maize).

The advisors will strengthen Haitian institutions that are supplying assistance to Haitian farmers. The above activities should increase employment and income in the affected rural areas.

Action through December 31, 1976

A study of the rehabilitation of the Dubreuil irrigation system has been completed and work has commenced on the rehabilitation of the system. Pre-feasibility studies have been concluded on 10,000 hectares of irrigation systems. The full feasibility study of the Jean Rabel system is completed. The agricultural policy studies have been concluded. Under the corn improvement activity, the U.S. advisor and his Haitian colleagues have grown and harvested a number of local and foreign varieties of corn (maize).

Future

Work will continue on the corn program. Rehabilitation will continue at Dubreuil and will be started at Jean-Rabel. Soil conservation work will begin on controlling erosion on the land above the irrigation systems. These tasks are to be performed by local farmers on a self-help basis.

USAID/HAITI
December 31, 1976

ROAD MAINTENANCE (521-0072)

Project Initiated	FY 1974
Project Terminates	FY 1977
Grant Obligations through December 31, 1976	\$1,780,000
Loan Authorizations through December 31, 1976	\$3,150,000

Description

This project's objective is to improve the capabilities and effectiveness of the Haitian National Highway Maintenance Service (SEPRRN), particularly in its maintenance of the North Road to Cap Haitien and the South Road to Les Cayes. Loan funds are being used primarily for the purchase of equipment and the construction of garages and other essential facilities. Grant funds are financing the services of technical advisors.

Action through December 31, 1976

An eight-man U.S. advisory team, supported by short-term advisors in specialized areas, has worked with SEPRRN to help develop that organization, establish operating procedures, and train personnel. Temporary garage facilities have been renovated and expanded. Existing equipment has been surveyed, spare parts procured, and equipment rehabilitated. Quantities of rehabilitated equipment have been obtained through AID excess property channels and urgently required new equipment procured. Construction of new shops is approximately 40% complete.

Future

Training of field crews and formation of district offices will continue. A Phase II of this program will be financed under a new AID loan/grant to continue upon completion of Phase I on September 30, 1977.

USAID/HAITI
December 31, 1976

SMALL FARMER DEVELOPMENT (521-0073)

Project Initiated	FY 1974
Project Terminates	FY 1978
Total Grant Obligations through December 31, 1976	\$787,000
Total Loan Authorizations through December 31, 1976	\$6,000,000

Description

This project provides grant and loan assistance to increase coffee production. Loan assistance is provided to finance up to \$5 million for the purchase of fertilizer. Another \$1 million in loan funding is being devoted to the construction and equipping of operations centers, rural farm roads, credit operations, and farmer training. Grant funds are financing advisory services to credit cooperatives, engineering assistance, and the purchase of commodities.

Action through December 31, 1976

This project is now through its second full year of operations. Three hundred fifty tons of fertilizer were purchased in 1975 and subsequently sold to small farmers participating in the program. An additional 900 tons were purchased in January 1976 and distributed. 1,900 MT of fertilizers will be purchased for the third year of the program. The Coffee Operations Center at Fonds des Negres is complete and ready to function. Construction of centers at Thiotte, Macary, and Dondon began in July 1976. Road work is presently concentrated in the Baptiste-Savanette area in preparation for the construction of an Operations Center at that location early next year.

Several training sessions have been conducted, including one two-month course for new personnel who have been designated to become field credit agents. Both IHPCADE (the Government organization responsible for encouraging coffee production) and the BCA (the agricultural credit organization in the Ministry of Agriculture) increased their staffs in 1975 to meet the increasing demands of the programs. 17 BCA/IHPCADE members travelled to Costa Rica for training.

Future

Construction will be undertaken on the new coffee centers. The third fertilizer/credit campaign will be conducted between March 1 and May 31, 1977.

USAID/HAITI
December 31, 1976

AGRICULTURAL FEEDER ROADS (521-0074)

Project Initiated	FY 1976
Project terminates	FY 1980
Grant Obligations through December 31, 1976	\$625,000
Loan Authorizations through December 31, 1976	\$5,000,000

Description

This project will assist the GOH in the reconstruction of 940 Kms of rural and farm-to-market roads around the country by providing capital and technical assistance in the form of a \$5.0 million loan and \$2.4 million grant assistance to the Ministry of Public Works (TPTC). The loan finances equipment and material to increase TPTC's force account capabilities as well as road construction work by local contractors. An equipment leasing service will be established and a labor-intensive pilot project will be implemented. The AID projected input of \$7.4 million will be supplemented by a GOH contribution of \$3.75 million.

The roads scheduled for reconstruction are:

Gros Chaudiere - Paye; Cayes-Camp Perrin; Pte Rivière Art.-Gd. Chaudière; Gros Morne-Bassin Bleu; Houck-Carrefour Joute; Mirebalais-Thomonde; Carrefour-Thomazeau; Savanne Bourrique-Thiotte; Dini-Lascahobas; Thiotte-Jan Fougère; Rte 300-Cerca Carvajal ; Carrefour Fauché-Trouin; Jean-Rabel-Morne Chrétien; Jacmel-Cayes Jacmel; Fond Parisien-Savanne Bourr.; Port-Salut-Carrefour; Port de Paix-Bassin Bleu; Belladere-Frontière; Marmelade-Vieux Depot; Port-de-Paix-Anse à Foleur; Nan Fougere-Belle Anse; Carrefour Moussignac-Cotes-de-Fer; Pestel, Corail-Carrefour Charles; Pestel-Beaumont; Barraderes-Pestel; Trouin-Bainet; Pte Riviere de Nippes-Miragoane; Jeremie-Crochu; Cayes Jacmel-Marigot; Gde Riv. Du Nord-Baron; Plaisance-Pilate; Nan Goave-Savanette; Mirebalais-Thomonde; Thomonde-Hinche; Roseaux-Jeremie; Croix-des-Bouquets-Ganthier; Pte Riv. de Nippes-Anse à Veau; Ganthier-Fond Parisien; Ca. Georges-Le Borgne; Jeremie-Moron; Moron-Dame-Marie; Ennery-St. Michel de l'Attalaye; Carrefour Charles-Car. Avocat; Roseaux-Carrefour Charles; Gde. Riv. du Nord-Pignon; Mirebalais-Dini; Fond Parisien-Frontiere; Marigot-Seguín; Lascahobas-Belladere, Belladere-Baptiste; Thomazeau-Manneville.

USAID/HAITI
December 31, 1976

WATER RESOURCE DEVELOPMENT (PVO) (521-0080)

Project Initiated	FY 1976
Project Terminates	FY 1977
Total Grant obligations through December 31, 1976	\$ 77,000

Description

The purpose of this project on the Island of La Gonave is threefold: First, to develop potable water sources; second, to develop irrigation systems from potable water sources or from sources not directly suitable for drinking water; third, soil conservation through reforestation and dry wall terracing. The CWS (Church World Service), a Private Voluntary Organization (PVO) is sponsoring and administering this project.

GROS MORNE RURAL DEVELOPMENT (PVO) (521-0081)

Project to be initiated - - - - - FY 1977
(no obligations as of December 31, 1976)

Description

The objective of this project is to establish a network of 34 locally controlled community organizations in the Gros Morne District. Thirty-two to thirty-four villages with approximately 100,000 inhabitants comprise the target population. The project would finance short-term training in a rural milieu for "animateurs" (agents or extension workers) in the fields of agriculture and medico-social work. The animateurs will periodically visit the villages to organize small community groups to implement development activities and to assist in solving problems that would be identified collectively by local groups. This project will be implemented by Catholic Relief Services.

Action through December 31, 1976

The grant agreement is being drafted with submittal to Washington expected early in 1977.

USAID/HAITI
January 1977

SMALL FARMER MARKETING (521-0083)

Project to be initiated
(no obligations as of December 31, 1976)

FY 1977

Description

The objective of the project is the establishment and capitalization of twenty-five agriculture marketing cooperatives; the construction and equipping of a central coffee processing facility in Port-au-Prince, and the strengthening of the government institutions that are charged with the responsibility for the gathering and the dissemination of marketing information and statistics. The project inputs include both grant and loan funds from AID, and cash and in-kind contributions from the Haitian Government.

ROAD MAINTENANCE II (521-0084)

Project to be initiated
(no obligations as of December 31, 1976)

FY 1977

Description

The purpose of this proposed loan is to assure the continued development and equipping of SEPRRN, the GOH organization responsible for maintenance of the National and Departmental Highway Network. The proposed loan would be used to: expand SEPRRN from 4 to 12 districts, complete procurement of necessary maintenance equipment and tools, accomplish construction of an administration building for SEPRRN headquarters and equipment repair shops and administrative facilities, cover the cost of U.S. technical assistance to SEPRRN over the period of the loan.

STRENGTHENING OF HEALTH SERVICES (521-070)

Project Initiated	-----	FY 1974 *
Project Terminates	-----	FY 1977
Total Grant Obligations through December 31, 1976	-----	\$4,014,000

Description

The grant funds finance part of the operational costs of the malaria control services rendered by SNEM (Service National des Endémies Majeures), a semi-autonomous communicable disease organization under the Ministry of Public Health and Population. Grant funds from this project will also finance advisory services in health planning for the Ministry.

Action through December 31, 1976

In the early 1960's the Haitian Government undertook with U S support a campaign against malaria -- a disease which caused many deaths and debilitated many hundreds of thousands of rural Haitians.

By spraying the inside of houses with DDT and distributing anti-malaria pills, the program has greatly reduced the incidence of malaria and deaths are practically unknown. However, the number of cases has increased from a low of 2,600 in 1968 to the current level of approximately 25,000 because the mosquitoes in many areas have developed a resistance to DDT and many persons have neglected to continue taking anti malaria pills. The program has been redesigned to overcome the problems that have developed and AID has assigned an administrative adviser to assist in the implementation of this new program.

Future

With the GOH taking over increasingly the financial responsibility for this project, U.S. grant financing for malaria control will terminate in FY 77. Discussions are being held with the Haitian Government on possible loan financing for future malaria control efforts. In health planning, an advisory team for health planning is being recruited to work with the Ministry of Health.

*Under earlier projects, AID provided \$19.1 million to combat malaria.

USAID/HAITI

December 31, 1976

STRENGTHENING HEALTH SERVICES II (521-0086)

Project to be initiated
Project scheduled to terminate

FY 77
FY 81

(no obligations as of December 31, 1976)

Description

This project will assist the GOH in strengthening its institutional capabilities for monitoring and controlling endemic diseases such as malaria, and concurrently to integrate this capability into its health service system by the most effective and economical means. The project is aimed at improvement of health in the rural areas where malaria and other endemic diseases continue to be a major health threat to the population.

ADMINISTRATIVE IMPROVEMENT AND TRAINING (521-0079)

Project to be initiated
Project scheduled to terminate

FY 1977
FY 1980

(No obligations as of December 31, 1976)

Description

This project will be performed in three phases. Phase I will consist of the preparation of a report which will make recommendations on the creation of an organization and methods division within the Administrative Commission as well as establishing a training program for government workers which would utilize the Institute of Administration. Phase II will involve establishing and putting into operation the institutions and activities identified in Phase I e.g. establishing an Organization and Methods Division and instituting the training program. Phase III will involve implementing a longer-term administrative reform program which is to be prepared on the basis of the experience gained in Phase II.

SPECIAL DEVELOPMENT ACTIVITIES (521-0062)

Project Initiated

FY 1968

(This is a continuing project and no specific termination date has been established).

Obligations through December 31, 1976

\$836,000

Description

Grant assistance is provided in small amounts to support small self-help community and cooperative activities in such fields as irrigation, education, health, potable water, agricultural production, vocational training, and crafts production.

Action through December 31, 1976

Over 215 small project proposals have been approved since the beginning of this project. The average cost per project is between \$3,000 and \$5,000 and most are completed within one year. Rural communities are required to provide maximum contributions of labor and local materials. The projects are often undertaken under the direction and administration of voluntary agencies, e.g. CARE, Catholic Relief Services, and Church World Services. Typical projects are directed toward improving the living conditions in the rural communities by providing the supplemental financial resources needed to purchase equipment and materials for small self-help community projects. Examples include construction of schools, improving or constructing small irrigation facilities, construction of clinics and developing or improving village water sources. Under this project AID has helped build grain storage facilities on the island of la Gonave; assisted in the repair of a secondary school facility in Jacmel; provided tools for self-help road repair near Furcy, and assisted in constructing a small educational complex to teach ceramics and woodworking at Thomazeau. At Tiburon, AID funds were used to purchase a mill for use by the local cooperatives. The mill enables members to process their corn and coffee and thus augment their income. At Derac, a generator was provided to supply electricity to a clinic. Medicines can now be refrigerated, a water system installed, and general health care improved.

Future

Additional grant funding will be made available for other small projects that involve community action initiatives.

USAID/HAITI
December 31, 1976

DISASTER PREPAREDNESS (521-0082)

Project to be initiated
(no obligations as of December 31, 1976)

FY 1977

Description

This project will assist the government in establishing a disaster organization and preparedness and relief plan. It will also provide a system of storage points for disaster relief supplies, transportation and communication equipment and an initial stock of non-perishable supplies to the Haitian Red Cross.

PRIVATE DEVELOPMENT FINANCE CORPORATION (521-0085)

Project to be initiated
(no obligations as of December 31, 1976)

FY 77

Description

The project involves provision of financial and technical assistance to assist in the formation, establishment and capitalization of a primarily private sector development finance corporation. \$315,000 of grant assistance is required to complete project feasibility studies during the intensive review period, to provide the services of a full-time advisor to the DFC for three years following formation and commencement of operations by the DFC, and to provide project development assistance to potential investors. Loan funds of \$3.0 million, complementing \$600,000 of equity capital provided by Haitian investors, would provide the required capitalization for the first phase of the DFC's operations.

FOOD FOR PEACE, TITLE I

Program Initiated
Programs approved through December 31, 1976

FY 1975
\$7,600,000

Description

The U.S. Government has provided dollar credits (\$2.2 million in FY 75 and \$5.2 million in FY 76) to Haiti for the purchase of U.S. agricultural products. The FY 75 and 76 programs have provided a basis for the Haitian flour mill to purchase US PL 480 wheat using local currency. In addition the FY 1976 program provides for the importation of \$1.6 million of soybean oil. This program eases the balance of payments problem for Haiti and makes it possible to import essential foodstuffs. The program also generates funds which the Government can use for jointly-agreed agricultural and rural development activities, including related infrastructure, and nutrition. The FY 77 agreement also authorizes the use of funds for family planning purposes.

Action through December 31, 1976

This program began during the last half of FY 1975 and the wheat arrived in Haiti during June/July 1975. The FY 76 agreement providing for the importation of 25,000 MT wheat and 3,000 MT of vegetable oil was signed on March 22, 1976.

As a part of the PL 480 program, the Haitian Government is undertaking to increase food production for local consumption; increase coffee and sugar production to generate needed foreign exchange; revitalize the national irrigation system; improve the rural marketing system, including repair and revitalization of the existing road network; improve agricultural statistics; and increase the percentage of the public investment budget used for improving services in the rural sector.

In September 1975, USAID approved the use of approximately \$1.1 million of local currency generated by the 1975 agreement for eleven rural development projects involving new and improved irrigation systems and roads.

In the 1976 agreement, the Haitian Government also agreed to using the Régie du Tabac sales' commission on PL 480 Title I commodities to help finance its rural development program.

Future

PL 480 Title I proceeds will be used in FY 77 to fund a number of irrigation projects, to repair and revitalize the existing road network and in a variety of other production stimulating agricultural projects.

USAID/HAITI
December 31, 1976

FOOD FOR PEACE PROGRAM, TITLE II

Program Initiated	FY 1962
Total Estimated Value of Food Shipments through December 31, 1976	\$33,726,000

Description

This program utilizes American foodstuffs to improve economic and social conditions by distributing food to Maternal/Child activities, school children, and to persons participating in food-for-work projects. The program also supplies foods to disaster victims. Most of the food-for-work projects are for the construction and improvement of rural roads. This food contribution is provided through American Voluntary Agencies: Catholic Relief Services (CWS), Cooperative for American Relief Everywhere (CARE), and Church World Services (CWS), with the Haitian Government paying the internal transportation costs.

Action through December 31, 1976

CARE, CRS, and CWS have continued their school feeding, food-for-work, and nutrition and maternal/child health activities. During FY 1976 over 20 million pounds (approximately 10,000 tons) of Title II foodstuffs are being distributed. This program helped feed nearly 30,000 mothers and children in maternal/child health programs, 4,000 pre-school children, over 170,000 school children, 2,000 children not otherwise classified, nearly 15,000 workers under Food-for-Work projects and nearly 30,000 dependents of these workers. A drought in the northwest of Haiti in 1975 wiped out the spring/summer planting of crops, resulting in severe hardship and food scarcity. US emergency food assistance valued at \$600,000 was provided. Other countries and international organizations also assisted with emergency relief. CARE, in cooperation with HACHO, took a leading role in this effort.

Future

The program as described above will be continued. The northwest again is suffering from a lack of rain and plans are being prepared to expand Food-for-Work projects.

USAID/HAITI
December 31, 1976

APPENDIX VI

INVESTMENT DISPUTES

DUPONT CARIBBEAN, INC./TRANSLINEAR

The Haitian Government granted a concession in 1971 to Mr. Don Pierson allowing his company, Dupont Caribbean, Inc. (DCI), a 99-year lease to develop portions of Tortuga Island. The concession contract was cancelled by a Haitian court decision in August 1973 on the grounds of non-performance; subsequent appeals were decided in favor of the GOH. Initially thereafter, Mr. Pierson sought reinstatement of the contract. The GOH is strongly opposed to this, and now Mr. Pierson is seeking compensation based on damages, which he claims amount to \$25.7 million.

Translinear was a subcontractor for DCI. When the latter's contract was cancelled, Translinear sought to negotiate GOH approval to succeed DCI and continue its operations rather than making claims for compensation. In late 1975 negotiations between Translinear and the GOH broke down, with Translinear claiming incidents of attempted extortion and bribery. They are now seeking compensation for a claimed loss of \$3 million, but the Haitian Government has refused any further discussion with the two companies claiming it is the injured party. In addition, several congressman interested in the Translinear case, including Senator Bentson, have called for invocation of the Hickenlooper Amendment against Haiti.

Earlier this year the State Department undertook a thorough legal review of the cases to determine whether an expropriation had occurred and whether the companies had a sustainable claim against the GOH. The study found that, on evidence now available, cancellation of the DCI contract does not appear to constitute expropriation within the meaning of the Hickenlooper Amendment. This preliminary conclusion turns on DCI's allegation of denial of justice in the Haitian courts, since the Haitian government based its action upon a court decision.

11/16/76

APPENDIX VII

U.S. FIRMS IN HAITI

SUBSIDIARIES & AFFILIATES IN HAITI OF AMERICAN FIRMS

COMMUNICATIONS

ALL AMERICA CABLE & RADIO COMPANY - Rue Américaine. Overseas Communication Service. U.S. address: 67, Broad Street, New York, N.Y. Subsidiary of ITT. Manager: Henry Mangonès.

R.C.A. GLOBAL TELEGRAM - Rue des Miracles, P.O. Box A-153. Overseas Communication Service. U.S. address: 66 Broad Street, New York, N.Y. Subsidiary of R.C.A. Global Telegram. Manager: Claude Manuel.

BANKS

CITIBANK - Delmas Road - Subsidiary of First National City Bank, New York, N.Y. Manager: Elmer W. Stege.

FIRST NATIONAL BANK OF BOSTON - Rue des Fronts-Forts and Pétionville. Subsidiary of First National Bank of Boston, Massachusetts. Manager: William J. Oliver.

FIRST NATIONAL BANK OF CHICAGO - Rue des Miracles. Subsidiary of First National Bank of Chicago, Chicago, Illinois. Manager: Mark T. Cox IV.

AIRLINES

AMERICAN AIRLINES - Cité de l'Exposition. Air transportation, passenger and freight service. Subsidiary of A.A. U.S. address: 633, Third Ave., New York, N.Y. 10017. Manager: Henry Bayard, Jr.

MACKEY INTERNATIONAL AIRLINES, INC. - C/o Pan American Airways in Port-au-Prince. Phone: 2-3096, Cité de l'Exposition. In Cap Haitien, Airport International of Cap Haitien. Air transportation, passenger and freight service directly between Cap Haitien and Miami. Subsidiary of Mackey International Airlines, Fort Lauderdale-Hollywood International. Phone: 949-4153 (in Miami). Manager: James Reynolds.

PAN AMERICAN WORLD AIRWAYS. - Cité de l'Exposition. Air transportation, passengers and freight service. Subsidiary of Pan Am. U.S. address: 135 East 42nd Street, New York, N.Y. Manager: William McIntosh.

PETROLEUM COMPANIES

ARCO PIPE LINE CO. - Rue Dantès Destouches. Importer and wholesaler of motor fuel, kerosene, gas, oil and lubricants. Owner of storage terminal at Bizoton. Subsidiary of Atlantic Richfield Co., U.S. address: Arco Building, Independence, Kansas. Managers: Jacques Lacombe and Edgar Renaud.

ESSO STANDARD OIL COMPANY - Rue du Magasin de l'Etat. Importer and wholesaler of AVgas, petroleum solvents, naphta, diesel oil, etc. Owner of two storage terminals in Haiti: 1) Bizoton on the outskirts of Port-au-Prince; 2) Cap Haitien, Haiti, second largest city. Subsidiary of Esso Standard Oil Company, 15 West 51th St., New York, N.Y. Manager: Reynold Canez.

TEXACO CARIBBEAN LTD.- Delmas Road, Building City Bank. Importer and wholesaler of Avgas, motor gasoline, oil and grease; asphalts, paraffin, wax, etc. Operates a truck farm in Bizoton. Subsidiary of the Texas Company, 136 East 42nd Street, New York, N.Y. Manager: John R. Davies.

PRESS

THE NEWS OF HAITI. - Haitian English newspaper. Peter Hall, owner. P.O. Box 2030.

UNITED PRESS INTERNATIONAL.- P.O. Box 2443. Arthur Candell, representative.

TOURISM, HOTELS, SERVICES

ABC TRAVEL TOURS. - Rue Dantès Destouches. Marc Ashton, owner-manager. Travel agency. No U.S. address.

AVIS RENT-A-CAR. - Pétionville. Geo Deslandes, agent.

GRAND HOTEL OLOFFSON.- St. Gérard. Alvin Seitz, owner and manager. Twenty-two room hotel on modified American plan, catering mostly to tourist.

HERTZ RENT-A-CAR.- Brasserie de la Couronne, S.A. Rue Abraham Lincoln. Richard Forgham, agent.

KYONA BEACH. P.O. Box 133. Mrs. Muriel Martin, owner. Beach resort.

ROYAL HAITIAN CLUB. - Martissant. Michael McLaney, manager. Hotel including gambling and entertainment concession.

ASSEMBLY INDUSTRIES

ATLANTIC ENTERPRISES.- Delmas Road. Manufactures and exports nylon hosiery. Affiliate to Atlantic Hosiery, Miami, Fla. Manager: Eugene McComas

BELOVED TOYS.- Place St. Joseph. P.O. Box 201, Port-au-Prince. Assembles parts for stuffed toys. Affiliate to Beloved Toys., Inc., Kansas City, Mo. Manager: Patrick Blanchet.

DELMAS MANUFACTURING CO.- Delmas Road. P.O. Box 1056. Manufactures and exports Lady Marlène brassieres. Affiliate to Lady Marlène Brassiere Corporation, New York, N.Y. Manager: Harry Karasick.

GLADBAGS.- 106, Rue du Peuple, Port-au-Prince. Manufactures textile, leather bags, and other items. Affiliate to Gladbags, Miami, Fla. Owner-manager: Williams W. Evans.

HAITIAN AMERICAN NEEDLECRAFT CO. (HANECO).- Blvd. J.J. Dessalines. Makes embroidery on women's underwear, tapestry and needlecraft. Affiliate to Bernhard Ulmann Co., Long Island City, N.Y. Manager: Morton Karten.

INDUSTRIE ELECTRO MECANIQUE (I.E.M.) - Assembly of electronic parts. Airport Road. Affiliate to International Magnetic Corp., Westbury, N.Y. Manager: Jean Jacques Kruger.

MAHOTTIERES INDUSTRIES - No. 6, Park Industriel, Delmas. Wood furniture manufacture. Affiliate to Harvey Probbler Inc., New York. Manager: John Burns.

MONTAGE ELECT. S.A. - P.O. Box 559, Port-au-Prince. Audiovisual systems & projection advertising. Affiliate to Montage Inc., 9, Industrial Drive, Rutherford, N.J.

RAWLINGS HAITI, S.A. - Delmas Road, Port-au-Prince. Baseballs & softballs. Affiliate to Rawlings Sporting Goods Co., St. Louis, Mo. Manager: Tito Howard.

RICHBAR INDUSTRIES - Blvd. Hailé Sélassié. Richard Markowitz, owner-manager. Manufacturer of leather belts, handbags & wallets. Reference in U.S.: Swank, Inc., New York, N.Y.

SYLVANIA OVERSEAS TRADING CORPORATION (S.O.T.C.) - Electronic parts assembly. Airport road. Affiliate to GTE Sylvania, Inc., One Stamford Forum, Stamford, Conn. 06904. Manager: Robert L. Burgess.

TIMELY TOYS - Martissant. Manufacturer of stuffed toy bodies. Subsidiary of Timely Toys, Brooklyn, N.Y. Manager: Stanley Zimmerman.

TOMAR INDUSTRIES - Chancerelles. Makes slugs for and sews baseballs and softballs. Manufactures and exports artificial straw shoes. Manager: Julius Tomar.

MISCELLANEOUS

FIRST SCHOOL. Affiliate to the First School of New Jersey. Director: Jean Claude Lévy.

FISH INDUSTRIES OF HAITI (FINHASA). Cité de l'Exposition. P.O. Box 512, Port-au-Prince. Fishing, freezing and exporting lobsters, frog legs and other types of fish. Affiliate to Greater New York Fillet Co., Inc., 97, South Street, New York, N.Y. Owner and manager: Anthony Rozzo.

REYNOLDS HAITIAN METALS. Mining of Bauxite. Plant in Miragoane, office in Port-au-Prince, Rue du Peuple. General Manager: Michael E. Lewis. Affiliate to Reynolds Metals Co., in Richmond, Virginia.

APPENDIX VIII

INFORMATION ON THE 1975 HAITIAN DROUGHT

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

10 NOV 1975

DISASTER MEMORANDUM

Haiti Drought - Summary

Rainfall deficits during the latter part of 1974 and the first half of 1975 resulted in drought conditions in Haiti, creating the spectre of famine. Rains began around the first of June but by this time Haitians had lost two harvests of corn and brown beans, their staple food, and had eaten much of their seed reserves. The northwest section of the country, a dry area even in times of normal rainfall, was the first and most seriously affected. The island of La Gonave as well as other parts of Haiti experienced food shortages too but to a lesser degree. It was estimated that the drought affected 307,000 people in the northwest and up to 200,000 others scattered throughout the rest of the country.

On May 23, 1975, the Government of Haiti declared the northwest a disaster area and sought outside assistance to help feed the population for a period of three months or longer. Relief needs were identified as corn, rice, flour, bulgur, beans, edible oils, nonfat dry milk, trucks, picks, shovels and other tools for food-for-work projects. The United Nations Disaster Relief Coordinator and the League of Red Cross Societies issued appeals for assistance from the international community of donor nations, organizations and Red Cross societies. The response was prompt and substantial. CARE reported that had not this food assistance been forthcoming, starvation would have occurred. In terms of tonnage, the various contributions appeared to meet in full the food requirements. However, scheduling of the shipments became a problem and UNDRO asked all donors to report ETA's of their shipments so that an attempt could be made to stagger food imports to avoid overextending Haiti's limited port handling and trucking capacities. AID food shipments arrived June 29, August 30 and September 30.

The Government of Haiti designated the Haitian Red Cross to coordinate the relief effort and established an ad hoc committee which included sub-secretaries of Agriculture, Public Health, Public Works, Finance and Information, representatives of GOH Armed Forces, Red Cross, CARE, Church World Service, Catholic Relief Services, the Haitian American Community Help Organization (HACHO) and the American Embassy Mission Disaster Relief Officer. The committee met daily. It developed a national plan using existing organizations to control and distribute relief supplies. Nutrition centers and food distribution points were established. U.S. Government PL 480 food stocks in Haiti were

made available to the committee, and the GOH furnished 15 trucks, 8 jeeps and 4 pick-ups for distribution. Because CARE has worked extensively in the northwest area for several years, both as a distributor of food and as the AID contractor for the HACHO community development project, the committee agreed that CARE would take primary responsibility for distribution of drought relief food to 120,000 people for 90 days. The Haitian armed forces arranged to provide logistic support including warehousing and transportation from ports to the drought region. CARE's existing distribution network, supplemented by additional workers locally recruited, handled final distribution to consumers.

A team from AID/Washington comprised of an FDRC Officer, a FFP Officer and a Sahel Drought Officer, assessed conditions in mid-July and found: (a) prompt response by AID, voluntary agencies and international donors was effectively containing human hardship; (b) favorable rainfall (at that time) was improving the outlook for a good harvest; and (c) mass feeding should be switched to food-for-work. They reported supplies were moving smoothly in containerized vehicles to the gateway city of Gonaives and thence by truck to distribution centers throughout the northwest. Unannounced visits to several distribution centers indicated food was being properly received, stored and distributed.

Toward the end of the summer UNDR0 reported that the total amount of rainfall had not come up to expectations and that the coming harvest might not be as good as had been hoped. The food/health situation in the northwest will continue to need to be monitored.

ASSISTANCE PROVIDED BY THE U.S. GOVERNMENT:

On May 23, Ambassador Isham determined that a disaster existed in Haiti and made a cash donation of \$10,000 to CARE and \$15,000 to HACHO for their relief activities.

The Ambassador authorized the utilization of a portion of PL 480 Title II food commodities already in the country to meet the needs of approximately 150,000 people in the most seriously affected area and requested that AID/W approve grants of additional food to feed 80% of these inhabitants for a period of three months. The U.S. Mission also requested the services of a Food for Peace Officer and an AID/W assessment team. The FFP Officer arrived June 9 and the team in mid-July.

AID/FFP approved a Title II food grant for distribution by the three U.S. voluntary agencies active in Haiti (CARE, CWS and CRS). The bulgur and oil, which comprised the grant, arrived in three shipments--June 19, August 30 and September 30. Distribution of AID food, first utilizing in-country stocks, began May 31 and by July 5 had reached 146,572 beneficiaries. AID also approved a Title II food grant to support World Food Program drought relief projects.

At the request of the U.S. Mission, AID/FDRC made arrangements for the purchase and delivery of 50 tons of seeds, some of which were airlifted, the purchase of tools for food-for-work projects and financial assistance to CARE/HACHO to help them administer their programs. The first seeds to arrive were planted in June and the rest in August and September. AID/FDRC also arranged for a rainfall study by the National Oceanic and Atmospheric Administration and for reimbursement of ocean transportation costs to voluntary agencies for food and seeds supplied by them.

Summary of U.S. Government Assistance
International Disaster Assistance Funds

Ambassador's donation to CARE and HACHO	\$25,000	
Seeds - 20 tons corn, 20 tons sorghum, 10 tons black-eyed peas	70,000	
Transportation of CARE-donated rice	82,315	
TDY of FFP Officers and an FDRC Staff Officer	11,195	
Incidental costs for CARE diversion of 600 tons of soy fortified bulgur from India program	700	
Transportation of CWS-donated seeds	3,500	
Transportation of ANRC-donated canned soups	6,000	
Rainfall study by NOAA	5,530	
Tools for Food-for-Work Projects	11,000	
CARE/HACHO Administration Expenses	<u>38,000</u>	\$253,240

PL 480 Food - Title II

Grant for CARE drought relief program - 2,000 MT bulgur and 210 MT of vegetable oil, value plus transport	673,442	
Diversions by CARE, CRS and CWS of food commodities already in-country: 301.9 MT bulgur; 26.2 MT vegetable oil; 39.2 MT cornmeal; 38.5 MT nonfat dry milk; 64.3 wheat/soy blend; 48.2 MT whey/soy drink; 34.5 MT instant corn/soy mix; value not including transportation	219,448	
600 MT of soy fortified bulgur (diverted from CARE India program)	132,000	
Grant to the World Food Program (Project No. 1035): 1800 MT flour; 1800 MT corn; 360 MT vegoil; value including ocean freight	<u>1,479,000</u>	<u>\$2,503,890</u>
Total USG Assistance to Date		\$2,757,130

ASSISTANCE BY U.S. VOLUNTARY AGENCIES:

The voluntary agencies in Haiti, by long standing agreement, operate in different sectors of the country. CARE is responsible for the northwest; Catholic Relief Services for the Center and Church World Service for the South. Because the area most seriously affected was the northwest, CARE carried out the extensive relief feeding program in that area for several months for approximately 120,000 people as well as food-for-work projects. Other parts of the country were also affected and Church World Service and Catholic Relief Services provided assistance in these areas, in addition to diverting food and supplies through CARE to the northwest.

The value of U.S. Government PL 480 food commodities distributed by the voluntary agencies is included above under U.S. Government. From their own resources the voluntary agencies, according to available information, provided the following:

CARE

910 MT Rice (\$237,000); 250 MT Beans (\$188,880) and 10,000
cartons of survival biscuits (\$340,000).....\$ 765,880

Church World Service and CROP

10-1/2 tons seeds (corn, sorghum, black-eyed peas) (\$7,500);
104,000 pounds split peas and 53,000 pounds of shelled
corn (\$10,000); 80,000 pounds of nonfat dry milk (\$24,460);
and 100,000 pounds of split beans (\$11,000)..... 52,960

Catholic Relief Services

75,000 pounds of nonfat dry milk (\$48,722); and cash for
local purchase and importation of beans (\$120,000)..... 168,722

Medical Assistance Programs

35,748 pounds of nutritional products..... 26,700

American National Red Cross

Cash (\$2,000); 40,000 pounds of canned soups donated by Campbell
Soup Company. Value was not reported but estimated by FDRC
at \$20,000..... 22,000
\$1,036,262

ASSISTANCE BY THE INTERNATIONAL COMMUNITY:

The United Nations Disaster Relief Coordinator appealed to potential donor nations to provide food and equipment, and the League of Red Cross Societies appealed for 162 tons of milk powder or similar foods for 30,000 pre-school children for three months. Caritas issued an appeal for \$314,000 to support its relief activities.

United Nations

The United Nations Disaster Relief Coordinator accelerated the delivery of agricultural products and UNEO provided 1,193.8 metric tons of food. Kind and value of this food were not reported. The World Food Program contributed 250,000 pounds of flour, 1,000,000 pounds of bulgur, 500,000 pounds of cornmeal and 60 metric tons of vegetable oil. It is assumed that these commodities were donated to WFP by the U.S. Government and other donor nations, and in order to avoid duplication, the value is not included here. In addition, WFP was authorized to receive 3,960 tons of flour, corn and vegetable oil from the U.S. Government for continued support of its drought relief feeding and food-for-work projects involving an estimated 200,000 people.

League of Red Cross Societies

Cumulative donations received by the League from Red Cross Societies for trucks, transport and powdered milk.....\$ 78,400

European Economic Community

3,000 MT wheat flour, 800 MT nonfat dry milk and 500 MT of vegoil
(Portions of the milk powder donation were channeled through the International Red Cross.) - Value estimated by
FDRC..... 2,408,900

Canada

2,000 MT flour; 200 MT nonfat dry milk; 100 MT beans; 100 MT vegoil (\$1,138,000) and cash donation (\$50,000)... 1,188,000

Republic of China

3 MT rice, value not reported.

Ecuador

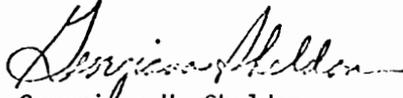
34 boxes of medicines, value not reported.

France

3,000 MT corn, value estimated by FDRC..... 405,000

Netherlands

Cash to Caritas for the purchase and shipment of milk products.....	208,333
	<u>\$4,288,633</u>



Georgiana H. Sheldon
Director, Office of Foreign Disaster
Relief Coordination

APPENDIX IX

INFORMATION ON PRESENT DROUGHT IN HAITI TAKEN FROM UNCLASSIFIED
U.S. DEPARTMENT OF STATE CABLES

1. SUMMARY: THE GOH HAS ACTED RAPIDLY TO ADDRESS ITS ENERGY PROBLEMS AND SHORT TERM SOLUTIONS ARE UNDER WAY. IT IS ALSO MAKING A SIGNIFICANT EFFORT TO ADDRESS FOOD SHORTAGES BY IMPORTING FOOD AND SELLING IT AT CONTROLLED PRICES IN COMMERCIAL MARKETS. IT IS COOPERATING WITH FOREIGN DONORS TO DETERMINE AND ADDRESS THE RELIEF NEEDS OF THE RURAL POOR. END SUMMARY.

2. THE GOVERNMENT OF HAITI QUICKLY ACQUIRED GENERATORS TO HELP SOLVE THE ENERGY CRISIS. IT PAID \$2.2 MILLION FOR FIVE GENERATORS OF 2 MW EACH, WHICH ARE NOW HERE AND SCHEDULED TO BE ON LINE BY APRIL 25. IT OPENED A \$1.9 MILLION LETTER OF CREDIT FOR FOUR GENERAL MOTORS GENERATORS OF 2-1/2 MW EACH WHICH ARE SCHEDULED TO ARRIVE AND BE PLACED IN SERVICE IN MID JULY 1977. THE TWO SHIPMENTS OF NEW GENERATORS WILL PROVIDE THE AREA WITH 20 MW OF POWER IN ADDITION TO THE AVERAGE OF 7 MW AVAILABLE FROM THE DOWNTOWN PLANT, FOR A TOTAL OF 27 MW. INASMUCH AS NORMAL DEMAND IS 4-35 MW, THE INSTALLATION OF THE SECOND SHIPMENT OF GENERATORS BY MID-JULY SHOULD REDUCE ENERGY SHORTAGES TO A TOLERABLE INCONVENIENCE. ALSO, THERE HAS BEEN SOME RAIN IN THE WATERSHED AREA OF THE PELIGRE DAM AND IT IS HOPED THAT THE HYDRO ELECTRIC PLANT WILL BE ABLE TO CONTINUE TO PROVIDE SOME POWER DURING AT LEAST PART OF THE DAY. THE GOH HAS ALSO LICENSED MORE THAN \$1 MILLION OF GENERATOR IMPORTS BY BUSINESSMEN. THE ARRIVAL OF THESE UNITS IN PERMITTING INCREASING NUMBERS OF FACTORY OWNERS TO RESUME FULL PRODUCTION, THEREBY INCREASING EMPLOYMENT. MEDIUM TERM EFFORTS TO ADDRESS ENERGY PROBLEMS INCLUDE THE ONGOING CONSTRUCTION OF A 21 MW THERMAL ELECTRIC GENERATING PLANT WHICH SHOULD BE ON LINE IN ABOUT A YEAR. THE 21 MW PLANT IS BEING FINANCED BY THE WORLD BANK AND THE PROJECT INCLUDES SIGNIFICANT IMPROVEMENTS IN THE DISTRIBUTION NETWORK. LONGER TERM GOH EFFORTS INCLUDE A RECENTLY SIGNED \$50,000 CONTRACT BETWEEN A U.S. CONSULTANT (TAMS) AND THE MINISTRY OF PUBLIC WORKS. THE STUDY IS TO BE UNDER WAY BY MAY 1 AND INVOLVES INSPECTING THE PELIGRE DAM AND RELATED FACILITIES WITH A VIEW TO DETERMINING ITS STRUCTURAL ADEQUACY AND THE DEVELOPMENT OF A SCOPE OF WORK APPROPRIATE FOR A SECOND CONTRACT FOR THE OPERATION AND MAINTENANCE OF THE FACILITIES AND WATER RESERVOIR. A HYDROLOGICAL STUDY OF THE ENTIRE COUNTRY IS BEING ACCOMPLISHED WITH THE ASSISTANCE OF THE CANADIAN GOVERNMENT, A FEATURE OF WHICH IS THE IDENTIFICATION OF POSSIBLE SOURCES OF HYDRO ELECTRIC GENERATING PLANTS. THE WORLD BANK IS PERFORMING A SURVEY OF VARIOUS ENERGY SOURCES AND A REPORT IS EXPECTED.
(TO BE READY IN JULY).

3. THE GOH HAS BEEN IMPORTING FOOD SINCE OCTOBER. ABOUT 22,000 TONS OF RICE, WORTH ABOUT \$5.5 MILLION,

HAVE BEEN IMPORTED TO DATE. IT IS BEING DISTRIBUTED THROUGH COMMERCIAL MARKETS AND HAS SERVED TO REDUCE PRESSURE ON RURAL FOOD STOCKS AND LIMIT PRICE INCREASES.

4. THERE HAS BEEN NO SIGNIFICANT ASSISTANCE FROM OTHER DONORS. CANADA IS CONSIDERING A LOAN OF GENERATORS SIMILAR TO THOSE PROVIDED BY THE U.S. IT IS ALSO REVIEWING FOOD REQUIREMENTS TO DETERMINE WHETHER IT CAN MEET SPECIFIC NEEDS. THE EC MAY CONTRIBUTE SOME FOOD BUT IT WOULD PROBABLY ARRIVE TOO LATE AS IT DID IN 1975.

5. WE GREATLY APPRECIATE KNOWING THAT ADDITIONAL TITLE II COMMODITIES WOULD BE AVAILABLE IF NEEDED. SHOULD WE DETERMINE THAT THERE IS A REAL NEED FOR ADDITIONAL FOOD AND THAT IT COULD BE DISTRIBUTED IN AN EFFECTIVE AND CONTROLLED PROGRAM, WE WOULD ASK FOR IT. THE COUNTRY TEAM AND THE VOLAGS HAVE AGREED ON A PLAN OF ACTION DESIGNED TO AVOID SOME OF THE ERRORS AND WASTE OF THE 1975 FOOD EMERGENCY PROGRAM. THIS INCLUDES:

A) OBTAIN BETTER DATA ABOUT THE NUMBER OF PEOPLE SUFFERING AND WHERE THEY ARE LOCATED. THE AMBASSADOR AND AN AID OFFICER VISITED THE NORTH AND NORTHWEST WITH THE MINISTER OF AGRICULTURE ON APRIL 18 TO SURVEY THE SITUATION.

B) PERSUADE THE GOH TO LEGALLY ESTABLISH A DISASTER AUTHORITY AND PROVIDE A SOURCE OF FUNDS FOR ITS OPERATION.

C) PERSUADE THE GOH TO APPOINT A WELL-QUALIFIED EMERGENCY RELIEF DIRECTOR AND CREATE AN AD HOC EMERGENCY RELIEF COMMITTEE CHAIRED BY THE DIRECTOR.

D) PERSUADE THE GOH TO PROVIDE FUNDS TO PAY FOR TRUCK AND BOAT RENTALS TO HAUL FOOD TO THE DISASTER AREAS. WE ESTIMATE THAT THE THIRTY TRUCKS NEEDED PER DAY PLUS LABOR AND MISCELLANEOUS EXPENSES WOULD COST ABOUT \$1 MILLION OVER A TEN MONTH PERIOD. (WE EXPECT CONTINUED HARDSHIP IN THE NORTHWEST UNTIL THE NEXT HARVEST IN EARLY 1978.)

E) PERSUADE THE GOH TO APPOINT A FULL TIME TRANSPORT COORDINATOR WITH THE AUTHORITY TO MANAGE AND PAY FOR TRANSPORT SERVICES.

F) OBTAIN WAREHOUSE SPACE IN PORT AU PRINCE, GONAIVES, AND IN THE DISASTER ZONES.

G) OBTAIN MONEY TO PAY FOR INCREASED VOLAG EXPENSES.

6. DISTRIBUTION OF THE SUPPLEMENTAL FOOD APPROVED

FOR CARE TO AUGMENT FOOD FOR WORK ACTIVITIES IN THE NORTHWEST (REF B) STARTED IN EARLY APRIL FROM EXISTING CARE STOCKS. DUE TO THE SEVERITY OF THE SITUATION, IT IS NECESSARY TO MAKE DIRECT RELIEF TYPE DISTRIBUTIONS IN SELECTED AREAS FOR THE FIRST FEW WEEKS. BOTH CARE/HAITI AND GOH MAKING SIGNIFICANT EFFORTS TO CONVERT FROM DIRECT RELIEF DISTRIBUTIONS TO FOOD FOR WORK PROJECTS AS RAPIDLY AS POSSIBLE.

ISHAM

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4512

PORT A 21723 122118Z

INFO OCT-01 EB-07 IGA-02 IO-13 DNA-02 EUR-12 SCS-05
/101 W -----122132Z 073844 /44

P R 122033Z MAY 77
FM AMEMBASSY PORT AU PRINCE
TO SECSTATE WASHDC PRIORITY 4555
INFO USMISSION GENEVA
USMISSION USOM
AMEMBASSY OTTAWA

UNCLAS PORT AU PRINCE 1723

AIDAC

DEPT PASS CFDA; GENEVA PASS UNDR0; OTTAWA PASS TO CIDA

EO 11652 N/A
SUBJECT: DROUGHT ASSISTANCE

REF: PCRT AU PRINCE 1549

1. SUMMARY: SECOND MEETING COMMITTEE FOR ASSISTANCE TO DISASTER STRICKEN REGIONS (CARD) HELD MAY 10. REPORT FROM UNDR0 INDICATED SITUATION DETERIORATING IN NORTH AND NORTHWEST AS MORE AND MORE PEOPLE AFFECTED. NEED FOR SEEDS TO PERMIT PLANTING FOR NEXT CROP CYCLE IS ALSO CRITICAL. MOST DIFFICULT PERIOD WILL BE NEXT SEVEN TO EIGHT WEEKS BECAUSE FOOD AVAILABILITIES OR EXPECTED SHIPMENTS INSUFFICIENT MEET NEEDS UNTIL RELIEF SHIPMENTS CAN ARRIVE. DONORS MEETING TODAY, MAY 12 UNDER UN AUSPICES TO COORDINATE ACTION FOR SHORT TERM INCLUDING INFORMATION ON NEEDS AND AVAILABILITY TO BE PRESENTED CARD EXECUTIVE OFFICE.

2. AT SECOND MEETING CARD RECEIVED REPORT FROM UNDR0 TO EFFECT THAT (1) HUNGER PROBLEM IN NORTH AND NORTHWEST NOT MOVING TOWARD STABILIZATION AS PREVIOUSLY REPORTED BY CARE/HACHO WHICH NOW AGREES SITUATION DETERIORATING; (2) CONDITIONS CRITICAL FOR MANY AREAS AND PERSONS NOT COVERED BY ONGOING PROGRAMS (3) A CRITICAL NEED FOR FOOD DISTRIBUTION EXISTS OVER NEAR TERM, I.E. NEXT FEW WEEKS. (4) IN REGIONS OTHER THAN LA GONAVE AND NORTHWEST NEEDS NOT FULLY ASSESSED AND (5) NO FIX YET ON PRECISE NEEDS IN TERMS FOOD TONNAGES AND PEOPLE NEEDING FOOD. ALSO STRESSED NEED FOR EARLIEST POSSIBLE DISTRIBUTION OF SEEDS OR NEXT CROP CYCLE WILL BE LOST.

3. GOH WAS ASKED BY UN REP WHAT STOCKS OF FOOD, GOVERNMENT OWNED OR IN PRIVATE COMMERCIAL HANDS COULD BE MADE AVAILABLE FOR EMERGENCY USE. CARD COORDINATOR BERNARD REPLIED THAT GOH HAD NO QUOTE IMPORTANT UNQUOTE STOCKS AND COMMERCIAL AVAILABILITIES VERY LIMITED AND GENERALLY NOT AVAILABLE FOR RELIEF.

4. YFP STATED COULD MAKE AVAILABLE ABOUT 300 TONS FFW SUPPLIES DUE TO ARRIVE IN ABOUT ONE WEEK FOR EMERGENCY RELIEF. CARE EXPECTS A BIT OVER 300 TONS WITHIN WEEK FOR ALREADY PLANNED EMERGENCY PROGRAM IN NORTHWEST. CRS EXPECTS 23,000 SACKS (50 POUNDS EACH) MOMENTARILY WHICH CAN BE USED IN SOUTH.

5. CANADIAN REP STATED THAT CANADIAN FOOD COULD NOT ARRIVE BEFORE EARLY JULY. FRENCH HAVE ALREADY DECIDED TO HELP. BUT FOOD OBVIOUSLY CANNOT ARRIVE BEFORE TWO OR TWO AND ONE HALF MONTHS. BOTH PLEDGED CASH CONTRIBUTIONS FAC 015,000 AND CIDA \$10,000, TO CHURCH WORLD SERVICE TO SUPPORT SEED PROGRAM.

6. CANADIAN ASKED CARD COORDINATOR WHEN CORN AND RICE IMPORTED FROM UNITED STATES WOULD ARRIVE AND WHETHER AND HOW THIS FOOD COULD BE USED TO MEET IMMEDIATE NEED. QUESTION WAS PASSED TO US REP WHO PROMISED SEEN GUIDANCE BUT INDICATED SOME WAY COULD PROBABLY BE FOUND. PLEASE REFER SEPTEL THIS ISSUE.

7. AFTER LONG, UNFOCUSED DISCUSSION, CONSENSUS APPARENTLY REACHED THAT FIRST PRIORITY SHOULD BE BRIDGING FOOD GAP OVER NEXT SEVEN OR EIGHT WEEKS DURING WHICH IMPORTANT RELIEF SHIPMENTS NOT IN SIGHT. SUGGESTION MADE THAT CARD EXECUTIVE OFFICE PREPARE QUICK REPORT ON BASIS SUBMISSIONS FROM DONORS AND GOH OWN INFORMATION AS TO (1) PRECISE NEED, (2) FOOD AVAILABLE FROM DONORS OVER NEXT WEEKS, (3) GOH AVAILABILITIES AND POSSIBILITIES (4) HOW ONGOING PROGRAMS AT PRESENT LEVELS OR EXPANDED CAN MEET PART OF PROBLEM (5) AREAS AND PERSONS NOT BEING REACHED (6) PLAN FOR FILLING GAPS IN FOOD AVAILABILITY AND DISTRIBUTION SYSTEMS.

8. UN HAS TAKEN INITIATIVE TO CALL MEETING MORNING THURSDAY MAY 12, OF ALL DONORS FOR CONTINUED COORDINATION OF EFFORT AND APPROACH TO GOH. WE WILL URGE RAPID SUPPORT FOR AND INSISTENCE ON PREPARATION REPORT DESCRIBED PARA SEVEN SUPRA.

9. TO HELP IN UNDERSTANDING SITUATION HERE PERCEPTIVE ANALYSIS MADE BY UNDR0 REP IN PRIVATE CONVERSATION SHOULD BE NOTED. UNLIKE EARTHQUAKE OR HURRICANE, THIS IS A GROWING DISASTER WHICH DEVELOPED OUT OF BOTH A CHRONIC CONDITION AND A FAILURE TO RECOVER FULLY FROM THE LAST DISASTER OF 1975. WE MUST NOW CONCENTRATE ON THE PROBLEM OF FOOD FOR STARVING THROUGH ABOUT SEPTEMBER OF THIS YEAR. AFTER THAT INTERNATIONAL DONORS AND GOH MUST ATTACK BASIC PROBLEMS OR A CONTINUOUS SERIES OF SIMILAR CREEPING DISASTERS CAN BE EXPECTED.
ISHAM

UNCLASSIFIED

FOOD ASSISTANCE TO HAITI

The budgeted program for fiscal year 1977 of food grants to Haiti under Title II of P.L. 480 consists of \$5.6 million in food to be distributed in Haiti by three U.S. voluntary agencies: CARE, Inc., Church World Service and Catholic Relief Services. This food is scheduled to reach 345,000 persons through several programs, including activities aimed at infants, at pregnant and lactating women, and at heads of households employed in food-for-work projects.

Shortage of rainfall beginning late in 1976 has seriously reduced Haiti's food production. There is currently almost no food in storage and prices of staples - corn, rice and beans - have increased to several times the levels of last year.

In February CARE, Inc. and Church World Services requested and received supplemental P. L. 480 Title II commodities totaling \$592,900 for emergency distribution through food-for-work projects. About 19,000 workers and 66,000 dependents will receive these rations.

Since February more shipments have been approved, bringing the total of supplemental shipments to \$772,100 for 105,100 additional recipients. Included were commodities requested and distributed by the Haitian Red Cross.

Under Title I of P. L. 480 food sales on concessional terms were budgeted at \$7.1 million for the current year. These sales, consisting of 30,000 tons of wheat and 5,000 tons of vegetable oil have now been completed. On March 30 the U.S. Embassy in Port-au-Prince transmitted a Haitian government request for 10,000 tons each of corn and rice, to be sold under P.L. 480 Title I. Haiti is normally self-sufficient in both commodities, but the current corn crop is only about 50% of normal and rice is also seriously lower. This request was given expedited processing and was approved early in April.

May 17, 1977

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ACTION AID-59

7871

PORT A #164# #51744Z

INFO OCT-81 EB-87 1GA-82 C1AE-88 DODE-88 FDRE-88 10-13
EUR-12 DHA-82 INR-87 /183 W

P R #51618Z MAY 77
FM AMEMBASSY PORT AU PRINCE
TO SECSTATE WASHDC PRIORITY 4677
INFO AMEMBASSY OTTAWA

UNCLAS PORT AU PRINCE 164#

AIDAC

EO 11652 N/A
SUBJECT: PL 48# TITLE 11 - DROUGHT ASSISTANCE

REF: (A) PORT AU PRINCE 1431, (B) PORT AU PRINCE 1499

1. SUMMARY: GOH CREATED DISASTER RELIEF ORGANIZATION -- CENTRAL COMMITTEE FOR ASSISTANCE TO DISASTER STRICKEN REGIONS (CARD) -- AND HELD ORGANIZATIONAL MEETING APRIL 29. HAITIAN RED CROSS IDENTIFIED DISASTER TARGETS IN NORTHWEST, CENTRAL PLATEAU AND SOUTH TOTALING 44# 000 PERSONS. ALTHOUGH DONORS CONCUR IN AREAS NAMED, THEY REGARD TARGETS AS OVER-ESTIMATED IN ABSENCE MORE DATA WHICH THEY ARE IN PROCESS ASSEMBLING. FOR MOMENT AND ON BASIS PRESENT OR CONTEMPLATED DISTRIBUTION SYSTEMS, DONORS BELIEVE CARE ADEQUATELY COVERING NORTHWEST, CWS COVERING LA GONAIVE, AND CRS, WITH CANADIAN HELP, WILL COVER SOUTH. EXPECT TO ADDRESS COUNTRY'S NEEDS SYSTEMATICALLY AT SECOND CARD MEETING SCHEDULED MAY 18. END SUMMARY.

2. THURSDAY, APRIL 28, AMBASSADOR CONVENED MEETING ATTENDED BY REPRESENTATIVES OF USAID, PVOs, UNDP, WFP, CANADIAN, GERMAN AND FRENCH EMBASSIES TO ANNOUNCE GOH INTENT TO FORM A DISASTER RELIEF ORGANIZATION AND TO DEVELOP GENERAL APPRECIATION OF HOW DONORS WOULD BE PREPARED TO WORK WITH GOH. MEETING SERVED AS USEFUL PRELIMINARY TO CREATION OF GOH DISASTER RELIEF ORGANIZATION SAME DAY.

3. CENTRAL COMMITTEE FOR ASSISTANCE TO DISASTER STRICKEN REGIONS (CARD) NAMED WITH DEPUTY MINISTER AGRICULTURE AS COORDINATOR AND BACKED BY BOARD INCLUDING MINISTERS OF FOREIGN AFFAIRS, FINANCE AND HEALTH, PLUS PRESIDENT NATIONAL BANAN, EXECUTIVE SECRETARY CONADEP, PRESIDENT HAITIAN RED CROSS, OTHER HAITIAN OFFICIALS, PVO REPRESENTATIVES AND OTHER DONOR REPRESENTATIVES. CARD GIVEN MONTHLY BUDGET OF \$59,82#.

4. ORGANIZATIONAL MEETING HELD APRIL 29. MEETING DISCUSSED VARIOUS PROBLEMS TO BE DEALT WITH IN SUCCESSFUL RELIEF PROGRAM BUT GOH DID NOT ATTEMPT TO COME TO ANY FIRM CONCLUSIONS AT THAT TIME. NEXT MEETING EXPECTED TO COME TO GRIPS WITH PROBLEM.

5. BASIC ISSUE IS TO DETERMINE ACTUAL FOOD NEEDS. SHORTLY AFTER EMBASSY'S OWN EFFORT TO OUTLINE FOOD NEEDS (REF B), GOH PRESENTED TO UNDP AND TO CANADIAN EMBASSY A STUDY PREPARED BY HAITIAN RED CROSS WHICH IDENTIFIED THE CRISIS AREAS AS NORTHWEST, GROS HORNE, RANQUITTE, LA GONAIVE, AQUIN, BAINET AND COTES DE FER. RED CROSS ESTIMATED THAT 80 PERCENT OF RESPECTIVE POPULATIONS OF 551,121 (I.E. 440,897) WOULD NEED FOOD ASSISTANCE. AT PROPOSED RATE OF 1,500 CALORIES PER PERSON PER DAY FOR FOUR MONTHS, RED CROSS COMPUTED TOTAL REQUIREMENT AS 17,695 MT OF BEANS, GRAIN, OIL AND POWDERED MILK. SUBTRACTING THE USG SUPPLEMENTAL GRANTS OF 2,438 MT THROUGH CARE, 698 MT THROUGH CWS AND 26# MT NFDH REQUESTED THROUGH LEAGUE OF RED CROSS SOCIETIES IN GENEVA, HAITIAN RED CROSS ARRIVED AT ADDITIONAL REQUIREMENT OF 14,317 MT.

6. HAITIAN RED CROSS PROPOSAL PER SE NOT DISCUSSED AT INAUGURAL COMMITTEE MEETING BUT DONORS ARRIVED AT INFORMAL CONSENSUS AFTER U.S. AMBASSADOR'S AND GOH MEETINGS THAT RED CROSS

ASSESSMENT WAS HIGH. THEY AGREED THAT NORTHWEST AND LA GONAIVE NEEDS BEING MET TO EXTENT CURRENTLY POSSIBLE BY CARE AND CWS RESPECTIVELY. THEY ALSO AGREED THAT PROPOSED CANADIAN-CIDA ASSISTANCE (DESCRIBED BELOW) TO AREAS OF GROS HORNE AND HINCHE IN THE NORTH AND TO AQUIN, COTES DE FER AND BAINET IN THE SOUTH (TO BE GIVEN IN COOPERATION WITH CARE IN NORTH AND CRS IN SOUTH) WOULD PROVIDE ADEQUATE INITIAL COVERAGE FOR THESE AREAS.

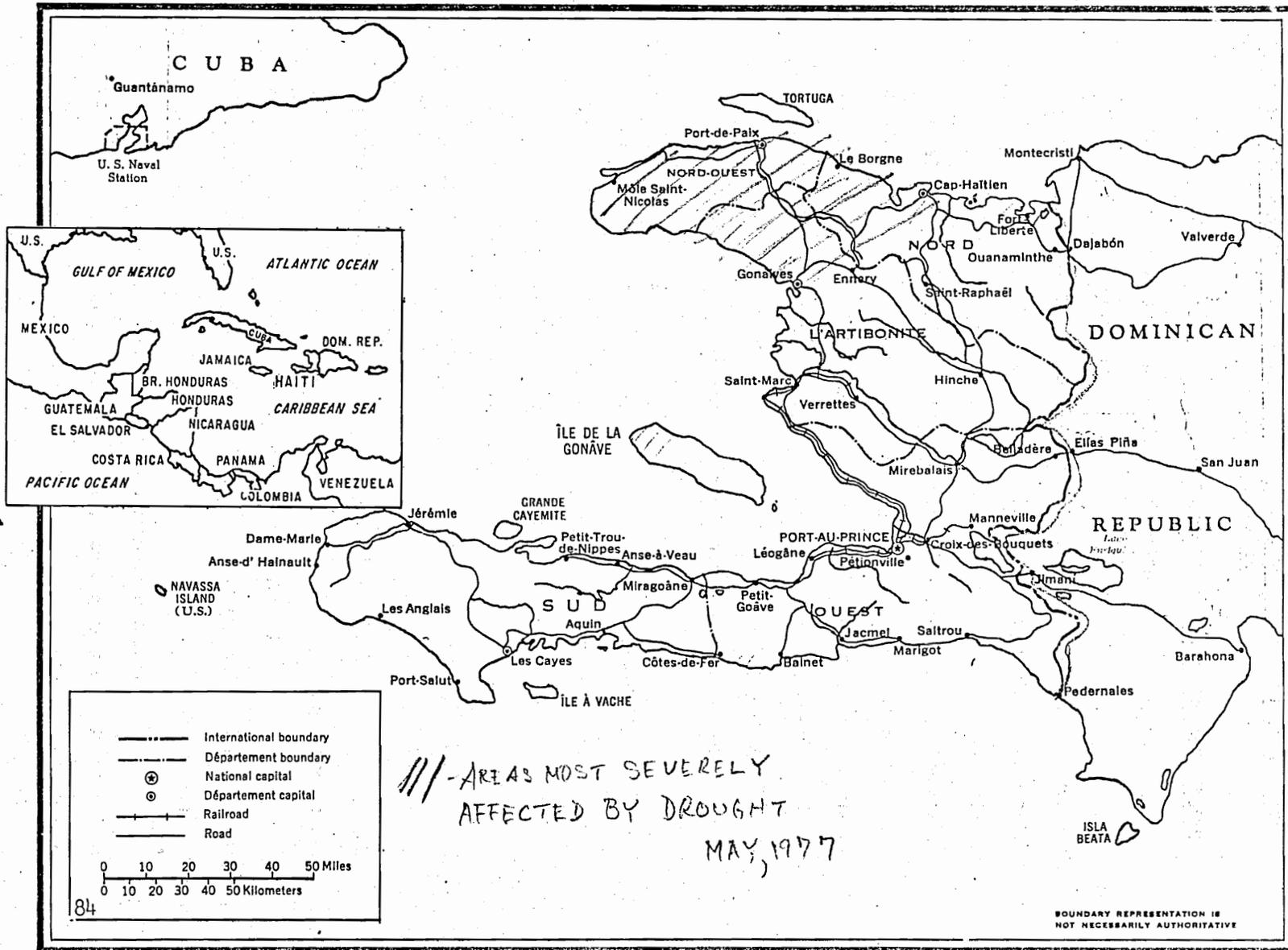
7. CANADIAN PROPOSAL WORKED UP END OF APRIL. THEIR RECOMMENDATION WAS THAT APPROXIMATELY 3,300 MT BEANS, WHEAT, FLOUR, OIL AND POWDERED MILK SHOULD BE CANADIAN CONTRIBUTION AS PARTIAL RELIEF FOR THE CURRENT FOOD SHORTAGE SITUATION. THIS RECOMMENDATION NOW IN OTTAWA AWAITING APPROVAL AND CANADIAN EMBASSY CANNOT MAKE SPECIFIC COMMITMENTS PRIOR TO FORMAL APPROVAL. IF FOOD IS APPROVED, CIDA EXPECTS TO PROVIDE FINANCIAL AND TECHNICAL ASSISTANCE TO IMPLEMENT DISTRIBUTIONS. THEY WOULD PLAN TO USE EXISTING U.S. PVO NETWORKS FOR DISTRIBUTION AS INDICATED ABOVE. PVOs AND GOH IN AGREEMENT. CONTENTS THIS MESSAGE DISCUSSED WITH CIDA REPRESENTATIVE.

8. UN REPS AND U.S. MISSION OFFICIALS HAVE BEEN SCOURING COUNTRYSIDE THIS PAST WEEK TO ATTEMPT TO QUANTIFY REQUIREMENTS. EXPECT RESULTS TO BE IN BY THIS WEEKEND. ON BASIS OF OUR OWN VISITS TO GONAIVES, GROS MORNE, PORT DE PAIX AND HINCHE, IT IS APPARENT FOOD IS GENERALLY AVAILABLE IN MARKETS AND GOH IMPORTED LONG-GRAIN RICE BEING SOLD AT GOH CONTROLLED PRICES OF 24 TO 26 CENTS A POUND TO THOSE WHO HAVE PURCHASING CAPACITY. RELIEF PROBLEM OBVIOUSLY DISTINCT FROM PROBLEM OF OVERALL LEVEL OF AVAILABLE FOOD IN COUNTRY, BUT FOOD IN MARKETS SERVES TO LIMIT PROBLEM. IT IS EVIDENT, HOWEVER, THAT EFFECTIVE DISTRIBUTION SYSTEMS WILL HAVE TO BE ESTABLISHED OR AUGMENTED IN ORDER TO ENSURE THAT HIGHER LEVELS OF RELIEF FOOD REACH POORER PEOPLE UNABLE TO USE MARKET SYSTEM. MOREOVER, FOOD WILL HAVE TO BE ACCOMPANIED BY SEEDS AND TOOLS AS WE ARE BEGINNING TO HEAR THAT NEW PLANTING NOW GOING ON IN AREAS THAT HAVE RECEIVED RAIN IS BEING HELD BACK BY LACK OF SEED, SOME OF WHICH WAS CONSUMED AS FOOD, AND LACK OF TOOLS SOLD TO BUY FOOD.

9. NEXT DISASTER RELIEF COMMITTEE MEETING SCHEDULED MAY 18 AND WILL PROVIDE TIMELY OPPORTUNITY TO REVIEW RESULTS OF OUR SOUNDINGS IN COUNTRYSIDE AND DETERMINE STEPS TO BE TAKEN TO EXECUTE WELL PLANNED RELIEF OPERATION. ISHAM

UNCLASSIFIED

HAITI



GOVERNMENT OF HAITI STATEMENT OF DEVELOPMENT NEEDS AND ROLE OF
FOREIGN ASSISTANCE

SUPPORT FOR OUR PLANS AND PROGRAMS

The nation faces a tremendous task to expand its production with shrinking resources and an expanding population, with unbalanced rural and urban population (20% urban) with primitive conditions of cultivation, with limited known natural resources (only bauxite deposits until now), and a high illiteracy rate (75%). The Government has inherited a long term difficult situation. But it is not standing on the beach trying to tell the tide not to come. With determination and organizational ability to make the most of our natural and human resources the Government is trying to progress. But it is, as you say in America, a hell of a job for a country of relatively less economic development and with inadequate markets.

The Government of Haiti hopes to meet the full support of all branches sectors of the U.S. Government for the plans outlined in order to progressively overcome the problems in the economic, social, educational, scientific and technical fields.

The Government of Haiti would like to see the new U.S. Government give its utmost attention to this priority situation and provide the following:

- 1.- Favorable conditions for the expansion of its real export earnings;
- 2.- Establishment of prices that will be stable, remunerative and fair for exported products, and equitable for consumers of imported products;
- 3.- More favorable conditions of access to the American market for the Haitian products, and namely the elimination of eventual restrictive practices;

4.- Adoption of measures to counterbalance the adverse effects of sharp fluctuations of export income of basic products of the country.

5.- Possibility to obtain help to diversify its exports and more possibilities to export manufactured products to the American market.

6.- Measures to facilitate the process of the industrialization of Haiti, in order to enable the manufactured products to take advantage in a greater way of external markets, while at the same time satisfying the internal market and bringing full employment to the country.

Disposition to facilitate the selection, adoption and transfers of technology compatible with the requirements of development projects, under favorable conditions.

Haiti is not interested in receiving only companies with goals to exploit favorable conditions of the labor market in the country, while taking away salaries and jobs from the American people.

Haiti wants above all companies ready to share profits with the Haitian people, and bring at the same time cheaper products to the American consumer.

7.- Establishment of a special trust fund to facilitate with the guarantee offered, a great flow of private investment from the U.S. to Haiti, as a complement to the public investment made in order to create a propitious infrastructure for the progressive development of the country.

8.- Necessary cooperation to preserve the environment so that the national ecology will not be eventually affected in an ill-considered way.

9.- Adoption of measures to help the country conserve the cultural heritage in order to preserve the own characteristics of the personality of the people.

At the U.N., in September 1975, the U.S. Government outlined and adopted resolutions on the new international economic order, giving new emphasis and priorities to the countries under the poverty line. We hope that the new approach will be maintained and enhanced without vacillation and that concrete steps will be taken to quickly provide the help needed by the most deprived country in order to attain the progress of the people, with dignity, liberty and justice, and full development of the human being without conditions which could change the nature of our cooperation and interdependence into subordination.

APPENDIX XI

GOVERNMENT OF HAITI'S VIEW OF THE HISTORY OF U.S.-HAITI
RELATIONS

H A I T I SPECIAL RELATIONS WITH THE U N I T E D S T A T E S

Possibility for the creation of a Special Trust Fund to Guarantee American Investments in Haiti.

HISTORICAL BACKGROUND

It all began about two hundred years ago when French Commander Comte d'Estaing, came to Saint-Domingue (Colonial name for Haiti) to recruit volunteers for the war of Independence of the United States against the British and sailed with 1200 Haitians from the Colonial Army to join General Lafayette's forces fighting on George Washington's side.

The courageous regiment from Saint Domingue became engaged in the bloodiest battle of Savannah in Georgia, against the British, and more than 400 of them died heroically in a daring action, and were buried on American soil.

Years later, some of the heroes who returned to the island, participated in the Revolutionary War which started in Saint Domingue just after the French revolution of 1789, and ended on January 1st, 1804, with complete victory for the Haitian forces led by General Dessalines, over the Napoleon forces, and with proclamation of Independence of the Republic of Haiti.

That victory buried Napoleon's dream of establishing on the then prosperous island, a strategic base from which he could send his legionnaires to conquer all the territory of the United States, of which he already possessed a big portion called the Louisiana Territory, covering 13 present States of the Middle West and the South.

Since no alternative was left after his defeat in Haiti, Napoleon, immediately decided to sell the Louisiana Territory to the Government of the United States, and this was a great turning point for the safety and integrity of the U.S.

For more than two decades, because of the restrictive Colonial Pact, the United States could rely only on Haiti, as the other solely independent country in the Western Hemisphere. Haiti even agreed to receive many black American families looking for more decent living in freedom.

By the year 1821, Haiti was sixth place in the U.S. external trade, although it had experienced some decline from its position in colonial time, as the first world producer of sugar, coffee, indigo die and campeche wood. The Haitian stake was, then, especially economic and financial.

But shaken by internal civil rifts, Haiti missed the boat and was abandoned, when the U.S. and the rest of the Western World entered the industrial revolution era.

AMERICAN OCCUPATION OF THE COUNTRY.

The country drifted in isolation and frustration, while trying to find the right national institutions and traditions, and at the same time trying to educate the men who had to move within the bonds of those institutions. By the end of its First Centennial, Haiti had finally formed and educated an elite class, but that elite class lost the opportunity to educate the masses living poorly in the hinterland. When the United States Marines landed in the country in 1915, amidst the state of civil resistance

and open guerilla warfare, which followed the total occupation, all painfully discerned and tested stabilizing factors and traditions, and all aspirations toward real or modern democracy were clouded or lost.

The Haitian people never formally asked as it was many times suggested, any indemnity for the illegal and arbitrary occupation of its territory by the United States, although the only goal of the occupying forces in Haiti, was to prevent any European country - more precisely Germany - from obtaining a foothold on the 40 mile passage commanding the approaches to the Panama Canal, since 70% of the Canal traffic ran through the passage between Haiti and Cuba. The stake of Haiti, at that time, was strategic and military.

Having been occupied during two decades by the mightiest country of the Hemisphere, with its technical and technological know-how, its financial and economic strength, Haiti remained after its liberation in 1934, the poorest country of the Hemisphere and had to face the sweeping winds of Marxist ideology.

COLD WAR SITUATION.-

In a time when naval forces have lost none of their importance, with the situation of the country near the southern coast of the U.S., with its commanding position on the entry to the Caribbean sea, the decisive attitude of Haiti against Communist expansion in the heart of the region is to be underlined. Lying at a distance of only 40 miles from Cuba, Haiti has been on the forefront in the cold war within the Hemisphere, and the

determination of its people and government not to compromise or surrender in the face of attacks and intrigues, has avoided establishment of another Cuba in our midst.

PRESENT CONDITION.-

Despite all adverse circumstances, the Haitian people maintain their dignity and their hope for the future. Haiti courageously faces adverse conditions of overpopulation, of imbalance between rural and urban population, of lack of extensive resources, of substandard agricultural methods and health conditions, of lack of decent means of housing and communication, and above all a high percentage of illiteracy.

Having found stability under the leadership of its young president, totally dedicated to the economic recovery of the country, Haiti tries harder to find the light at the end of the tunnel.

Having also brushed aside all artificial clouds, which shadowed the real problems, Haiti emerged with a new image, and every honest man, every developed country wants to help by bringing a sympathetic contribution to the agonizing work of unearthing misery to plant new life. The amount of foreign assistance or capital and the number of technicians presently engaged in the country is somewhat impressive and exceptional, although it cannot compare with the assistance many less needy countries receive.

HAITIAN EMIGRATION.-

However in the long process of recuperating its stability, and general balance, a large part of its valuable population abandoned the country to find immediate better living conditions abroad. This emigrant movement was initiated around 1926, when Haitian peasants had to hand over their small land holdings to the big U.S. agricultural enterprises brought by the occupying authorities.

Haitian emigrants went first to Cuba and the Dominican Republic which were establishing at the time their future sugar empires. Later, they went to Canada and finally to the United States, where it is estimated that more than 500,000 people presently live, including professionals, workers, and their families. Thus one may consider that a working force of 100,000 Haitians bring their full energy, devotion and skills to the progress of the United States.

ECONOMIC DEVELOPMENT FACTORS.-

In the mean time, back home Haiti enters in a decisive phase of its development, and the developed countries have to respond to that effort.

The industrial and economic sectors of the U.S. are considering more suitable ways to help Haiti in its development struggle, and to participate in stimulating its economic growth, since they believe that the U.S. has convergent interests with Haiti and has the power and some

moral obligation to that neighboring country.

Of course, the level of U.S. aid which started in 1973, has increased sensibly during the year 1976. But, the efforts in that direction are limited in nature and cannot be increased significantly with the present receding trend of foreign assistance. So direct aid from the U.S. Government could not have an outstanding influence on the development of the country.

However, to reach its development goal, Haiti needs more and more public, and above all private investments. The public resources of the country are not unlimited and do not increase rapidly.

On the other hand the private resources coming from national savings are quite insignificant and still too low to constitute an effective asset in the development process.

Consequently, the only alternative is the massive influx of foreign investment in the country, where the role of private foreign investment, as a source of capital and technology, is more critical than ever before. The appropriate country to bring those investments is obviously the USA, considering geo-political, economic and traditional reasons.

Haiti has already established stable laws and procedures to extend to foreign investment - particularly American - all possible tariff and fiscal concessions on freedom of movement and acquisition, remittance or reinvestment of earnings, respect of property rights and avoidance of double taxation.

Moreover the country offers conditions of stability, of political and social security, conditions of salary really attractive for investments.

SPECIAL TRUST FUND.

Anyhow, those conditions alone do not seem to have attracted the massive flow of investments we would have hoped, in order to enlarge productive capacity, improve technology, and strengthen the economic and financial situation. That's why we have come to think that a new instrument could be the creation by the U.S. Government of a trust fund especially reserved to guarantee American investments in Haiti.

This trust fund could be founded: 1.-by appropriation based on the level of income tax paid to the government of the U.S. by Haitian professionals working in the country. That idea is not new since it has been raised within the United Nations framework during the examination of means tending to correct the brain drain of the underdeveloped countries in favor of the more industrialized.

2. The appropriation could be made, in moreover, in an amount equal to the income tax paid to the government of the U.S., by the Haitian companies based in the U.S. They are comparatively small indeed, but they undertake some interesting activities and services in many regions of the U.S.

The trust fund could be fed also with an appropriation equal to the amount of income tax paid by the Haitian working in the United States.

We cannot have an exact figure but we guess that the work force of Haitian origin is between 75,000 and 100,000 people.

We do not suggest making a change in the actual internal Revenue Service regulations, which would be a delicate question. But the funds could come over a period to be determined—from the Treasury of the U.S., and be appropriated to the trust fund by Congress, after approximate calculation of the income tax paid by the three categories mentioned above.

Of course Overseas Private Investment Corporation OPIC already has the capacity to guarantee American investments in undeveloped countries and has done so in a reduced way for Haiti.

However, facilities to obtain OPIC guaranties are limited, and overall expensive, and it seems that the extended life span of OPIC itself has been recently limited. The special trust fund for Haiti could be handled professionally, by OPIC, on a new basis to be determined, and OPIC could also be authorized to make low interest loans for investments in Haiti, or to buy stocks in the American companies desiring to invest in many sectors in Haiti, including functional sectors, which most directly affect the lives of the poorest majority of the people: food production, rural development, population planning, health, education, administration, human resources development. In no case are grants contemplated in this scheme.

This is briefly a common idea, but a different mechanism and a new approach for a committed policy to help Haiti as it is hoped, whenever enough

POSSIBILITY AND ADVISABILITY OF A DONATION TO BUILD TWELVE SCHOOLS IN HAITI

The Haitian Government has taken the celebration of the Independence of the United States as an opportunity to recall, timely, the historical ties which have existed between Haiti and the United States of America.

A contingent of Haitians, the size of a battalion, took part in the American War of Independence and participated with distinction in the important battle of Savannah.

The Haitian Generals were supplied with arms and food in the United States, during the Haitian War of Independence.

The two nations fraternized in the fight for freedom.

One episode of the American-Haitian relationship less often evoked is the occupation of Haiti by North America from 1915 to 1934. No other event has as deeply marked the evolution of the Haitian people, who, one hundred years after the Independence, were still searching, through popular uprisings and insurrections, their way towards the solution of their specific problems, towards a better distribution of the national resources, a Haitian Democracy based upon its own institutions and an educated and prepared population.

The American occupation reversed this trend, and directed the country towards a way inconsistent with the real interests of the country.

In general, to maintain law and order, the country was treated with a firmness, which was not a lesson in democracy.

After two decades of occupation, the results of the American intervention have remained questionable.

The backbone of the political and social organization left by the occupation forces was the Haitian State Police, a small army of five thousand men, totally oriented toward the keeping, often by violent methods, of the social order which had been imposed.

National education was barely tackled. The two thousand classrooms which could have been created with the resources available then, were not built, while the population growth rate was galloping.

One can no longer be amazed that, today, Haiti is the least developed country in America with an annual per capita income of \$150.00

Forty five years after the occupation, one cannot say that there are no feelings of resentment against that occupation, despite the

unchanging affection and solidarity, which the Haitian people have always felt and still feel toward the great people of the United States.

Nevertheless, in the country today, there is a clearer consciousness of our belonging to a community of nations inspired by the same ideal of progress, as well as, by the implications of our geographical location.

The United States could tackle the problem of education, with the Haitian Government, as a way to erase the last traces of regret in the Haitian people.

The opportunity has arisen, now that the Haitian Government is trying to find five million dollars in financial aid to finance the construction and reconstruction of twelve primary and secondary schools, considered necessary to solve the problem of urban education in Haiti in its current stage.

Presently, the schools are accommodating 180,000 pupils. If the Government of the United States could make a donation to solve this problem during the Bicentennial of the United States, it could have a great significance for the Haitian people, for the community of American and African nations.

These schools would bear the names of illustrious men of the United States and would magnify the cooperation and solidarity of the United States Government and People while it would perpetuate in the hearts of the Haitians, the memory and contributions of these great Americans to the Universal Culture.

USG ECONOMIC ASSISTANCE TO HAITI FOR THE
PERIOD FY '71 - '78
(in millions of dollars)

	<u>FY'71</u>	<u>FY'72</u>	<u>FY'73</u>	<u>FY'74</u>	<u>FY'75</u>	<u>FY'76-TQ³</u>	<u>FY'77 (est.)</u>
Grants & Loans	2.8	3.2	6.3	8.7	3.6	20.3	23.3
P.L. 480							
Title I	-	-	-	-	2.3	4.9	7.1
Title II	1.5	1.7	1.2	2.0	3.3	6.6	5.62
Total; Grants, Loans & P.L. 480, Title I, Title II	4.3	4.9	7.5	10.7	9.2	31.8	35.9
Population ¹ (in millions)	4.8	4.8	5.0	5.0	5.0	5.0	5.2
Per Capita Assistance	\$0.58	\$0.67	\$1.26	\$1.74	\$1.18	\$3.80	\$5.83
P.L. 480							
Title II	.31	.35	.24	.40	.66	1.32	1.08
Total	.89	1.02	1.50	2.14	1.84	5.12	6.91

1/ FY 1976 and FY 1977 figures are as reported in corresponding Congressional Presentations. Others are smoothed to conform to apparent growth trend.

2/ Will likely increase in view of drought.

3/ Includes three month transitional quarter. Per capita calculated as follows:
 $31.8 \div 5.0 \times 12/15 = 5.12.$