HAITI: Aid or Trade? The Nefarious Effects of U.S. Policies

By Haiti Grassroots Watch
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U.S. aid and trade policies related to hunger and Haitian agriculture over the past three decades are incoherent and contradictory, at best, and have been correctly characterized as "disastrous" and "greed[y]."

While some U.S. government agencies say their programs have been meant to alleviate hunger and promote agricultural production, other programs have helped pry open Haiti's market, creating millions of new consumers for U.S. agricultural products like rice, poultry, pork and other products while undermining local agricultural production and changing Haitian eating habits.

Because some 50% to 60% of the population still makes their living in the agricultural sector, these policies have had extremely negative effects on the economy at large. For example, a 2006 study from Christian Aid estimated that 831,900 people had been directly affected by the 1995 lowering of tariffs that once protected Haitian sugar, rice, and chicken.

Haiti now imports at least 50% of its food, mostly from the U.S., and has become the second most important importer of U.S. rice on the planet.

Food "aid" aids U.S. farmers

For decades, most of Haiti's food aid has come from U.S. government programs, some going directly to the Haitian government, some to various contractors like World Vision, CARE, ACDI-VOCA, and Catholic Relief Services, and some to other agencies, especially the World Food Program (WFP).

The U.S. is the world's largest food aid donor, accounting for 56% of worldwide food aid in 2010 when it shipped 3.2 million metric tons (MT). The non-emergency food aid program, called "Food for Peace" (established under Public Law or PL 480), cost U.S. taxpayers US$1.5 billion in fiscal year 2012.

The U.S. program, launched in 1954, is legally obligated to be based almost entirely on U.S.-produced food, at least half of which must be shipped on U.S.-flagged boats. (In 2008, the George W. Bush administration authorized a small pilot "local and regional procurement pilot program, but most U.S. food aid still comes from U.S. farmers.)

In his 2010 book *Travesty in Haiti*, anthropologist Timothy T. Schwartz deplores the damage done by U.S. food: "Food assistance to Haiti during the 1980s tripled reaching a yearly average of over US$50 million in gratuitous U.S. surplus beans, corn, rice and cracked wheat. Put in simpler terms, that was enough food to meet the calorific needs of over 15%

of the Haitian population."

In 2010 and 2011, 10% of food consumed in Haiti was food aid food. Now that number is down to about 5%, according to Pierre Gary Mathieu, head of the government's food security office, the *Coordination Nationale de Sécurité Alimentaire* (CNSA). Five percent is still considerable.

"When you have a country that depends in part on food aid to function, you are in a really serious situation," Mathieu told Haiti Grassroots Watch (HGW). "In other words, that food aid becomes a strategic and a political element… [and] the food aid you have is imported food aid, which comes from overseas. But, paradoxically, while food aid is being distributed in some regions, in other regions you are experiencing overproduction."

The U.S. is the only country in the world that obligates most of its food aid to be U.S. produced food. In addition to being questionable for the reasons raised by Mathieu, the requirement also increases the cost of getting food to the needy by at least 23% and sometimes by over 50%. Because of this draconian constraint – meant to supply U.S. farmers with customers – U.S. food aid, including "emergency" aid, takes on average five months to reach its destination. According to a recent USAID report, U.S. food aid to Haiti cost US$1,096 per metric ton delivered, up 100% from 2005 when it cost US$583.

"Only 40 cents of each taxpayer dollar spent on international food aid actually buys the commodities hungry people eat," according Cornell professor Christopher Barrett, author of *Food Aid After Fifty Years: Recasting Its Role*.

Another aspect of current U.S. law is the "monetization" of food aid, whereby the U.S. government buys food from U.S. farmers and ships it to international aid organizations or foreign governments. These then sell the food in order obtain cash for programs.

Numerous studies, including those from the U.S. Government Accountability Office (GAO), have criticized the program for its waste and for being harmful to the farmers of poor countries. A 2011 GAO study reported that, over a recent three-year period, monetization squandered US$219 million that could have been used to feed the hungry. Worse, and directly linked to Haiti, the report said: "USAID and USDA [U.S. Department of Agriculture] cannot ensure that monetization does not cause adverse market impacts" which may include "discouraging food production by local farmers."

For years, development organizations like Oxfam and even CARE have criticized this practice.

Until recently, millions of dollars worth of U.S. rice, beans, wheat and wheat flour, vegetable oil, and other products were monetized in Haiti every year. For example, between 2008 and 2010, about 100,000 MT of food – mostly wheat and flour – were monetized in Haiti. The cash went to USAID contractors, while the government charged a handling fee of between 2% and 5%, according to the GAO.

Anthropologist Schwartz said that in the 1980s, Haiti "was so thoroughly inundated with surplus food from the U.S. and Western Europe that Port-au-Prince merchants were soon re-exporting cracked wheat to Miami."

Today, monetization is winding down, but as recently as September 2012, the Japanese government gave the Haitian government 8,660 MT of U.S. rice, which was then sold to

Haitian wholesalers.

According to the 2010 *Sak Vid Pa Kanpe* report on the impact of U.S. food aid on human rights in Haiti (from Partners in Health/*Zanmi Lasante*, the Robert F. Kennedy Center for Justice and Human Rights, and an NYU Law School group), "over the past 20 years, 1.5 million tons of food grown in the United States" had entered Haiti as development or emergency food aid.

The Farm Bill and "Corporate Welfare"

Food aid is part of the U.S. Farm Bill, a law renewed every five years by the U.S. Congress. In legislation proposed for 2012, the Barack Obama administration tried to institute reforms that would eliminate the link between U.S. food aid and U.S. produced-food and reduce the use of monetization. These changes, and others, would allow for the delivery of more aid, more quickly, at less cost to taxpayers, according to USAID.

But what some call "the hunger industry" is big business, as numerous studies and articles have proved [see links to resources below], and its beneficiaries have fought against the proposed legislation.

Agribusinesses like Archer Daniels Midland, shipping companies, and some of the big food aid agencies – including ACDI-VOCA, World Vision, and Technoserve, all active in Haiti – have lobbied hard against the administration's suggestions. Last summer, a bill passed the Senate, but it is now held up in the House.

"We are going to probably see a one-year extension," Oxfam America's Senior Policy Advisory for Agriculture and Food Policy Eric Muñoz told HGW in a telephone interview on September 6.

The Farm Bill is also the law that supplies massive subsidies and other financial support – amounting to between US$10 billion and US$30 billion per year – to U.S. farmers and agribusiness, some of which would be cut in the reformed Farm Bill, if it passes.

In his excellent article on the U.S.-Haitian rice and agricultural policy article, "*Diri Nasyonal ou Diri Miami*" article in the July 2013 issue of *Food Security*, Oxfam America's Senior Research Marc Cohen notes: "[b]etween 1995 and 2010, the U.S. government paid nearly US$13 billion in subsidies to 70,000 rice farmers." Riceland, whose rice sells under the "Tchako" label in Haiti, picked up US$500 million in during that period.

The administration's proposed new Farm Bill legislation changes subsidies and other payments to farmers and agribusiness, but it is unclear what effect – if any – these would have on U.S. rice production and prices.

Seen together, it is clear why some call the 2008 Farm Bill "corporate welfare."

One part of the bill subsidizes agribusiness and farmers, many of whom are millionaires, according to numerous studies. Another part of the bill guarantees that whenever the U.S. government and its contractors decide people are hungry somewhere, U.S. farmers, agribusiness, food processors, and shippers have guaranteed customers for their products.

Lawmakers see the connection clearly. Last summer, a Democratic senator pushing for the new Farm Bill – which still has many subsidies – called it “a jobs bill.”

“These programs help us sell our products in markets like Nigeria and Vietnam and … the farm bill is key to sustaining our opportunities in these markets,” Senator Maria Cantwell (D-WA) told *Roll Call.*

Neoliberal Dictates

When “corporate welfare” or a “jobs bill” are combined with the Washington-demanded policy changes that pried open Haiti’s market by forcing open ports and dropping protective tariffs (first in the 1980s and then again in 1995), the result is devastating for Haitian farmers and a bonanza for U.S. rice farmers and other U.S. grain and food exporters.

In his article on rice, Oxfam’s Cohen decries what he calls the U.S. “neo-mercantilist trade policy” that “aims to maintain free access to the Haitian market for U.S. food exports (particularly rice).”

Before 1995, most Haitian agricultural products – including rice – were protected by tariffs as high as 50%. But that year, a deal was forced on Jean-Bertrand Aristide’s government by the U.S., the World Bank, the International Monetary Fund (IMF) as part of the “Paris Plan,” whose terms had to be accepted before Washington would agree to help return the exiled president to Haiti. Tariffs plummeted to between 0% and 15%, the lowest in the Caribbean at the time. In 2009, some of those tariffs were adjusted upwards, but too little, too late, by most accounts.

In its 2006 report *Agricultural Liberalisation in Haiti*, Christian Aid called the tariff drops “disastrous,” noting that Haiti went from being recently largely self-sufficient in food to using most of its export earnings to buy foreign food, mostly from the U.S.

“As food imports have increased, local agricultural production has fallen,” Christian Aid writes. “It is now widely accepted that this trend is closely linked with the effects of trade liberalization.”

Today, Haiti’s population of about ten million is one of the best customers of U.S. farmers and agribusiness. In 2011, U.S. exports of agricultural products to Haiti totaled $326 million. The top categories included rice (US$166 million), poultry meat (US$64 million), and animal fats (US$14 million).

In 2010, former President Bill Clinton – whose administration coerced the tariff drop – told a Congressional committee that the policy change was wrong, noting it “may have been good for some of my farmers in Arkansas, but it has not worked [for Haiti]. It was a mistake.”

Chicken and rice: new customers with new tastes

The “mistake” – which so far has not been corrected – did create a massive market for U.S. products at the same time as it brought about radical shifts in the Haitian diet.

Before 1995, chicken was considered “a luxury product,” according to *Christian Aid.* It was “consumed by the population on Sundays or on special occasions, such as baptisms or when a guest came to stay.” Most chicken sold on the streets or in stores came from Haitian farmers or a few small industrial suppliers.

By 2000, 60% of chicken consumed in Haiti came from overseas, mostly from the U.S., in the form of chicken parts, especially dark meat, considered largely unsellable in the fussy, white meat-loving U.S. market.

Rice consumption habits have also radically changed. According to a 2012 report released by Oxfam, "after 'trade liberalization' beginning in 1986 and the drastic reduction of Haiti's border protection," rice went from being "an occasional component of average diets (one or two meals a week) to the mainstay (seven to 14 meals a week)."

A 2010 U.S. government study notes much the same, saying that in the early 1980s, most Haitians "lived in rural areas and ate a diversified diet of roots and tubers, maize meal, and sorghum. Rice was occasionally consumed in these rural areas, but as a luxury item. A farmer would have to sell three to four *marmites* of maize in order to buy one marmite of rice. In urban areas, rice consumption was slightly higher. »

Rice consumption went from about 50,000 MT in 1980 to over 400,000 MT in 2012.

Today, "Haitians are among the largest consumers of rice in the Caribbean," according to the U.S. government. And per capita rice consumption continues to rise. Pegged at 42 kilograms per person in 2010, by 2013 that figure was 50 kilograms.

Sorghum and corn, which previously played an important part of all Haitians' diets – rural and urban – are today considered "inferior" food, according the various studies.

As rice imports have skyrocketed, Haitian rice production has remained relatively flat for the past 30 years. Heavily subsidized U.S. rice is consistently priced below Haitian rice.

Aid or Trade?

Cohen calls the Haitian-U.S. rice issue "a tale of power politics, greed, narrow self-interest, changing diets, and a global trading system that provides special and differential treatment not for the poor… but for the rich."

The U.S. Congress will eventually vote a new Farm Bill, which may or may not have changes to both food aid and farmer subsidies. But massive damage from U.S. farmer subsidies, food aid and lowered tariffs has already has been done.

As a poor country, Haiti has the right to raise tariffs up to 50%, according to World Trade Organization rules. The government could also undertake programs to attack some of the structural causes of hunger.

But it is unlikely that the current government will touch most tariffs. The proposed 2013-2014 budget does announce some changes. Tariffs on foreign corn, pasta, green peas (but not beans), many vegetables, peanuts, fish and shellfish would go up, perhaps in an effort to lessen the flow of products from the Dominican Republic [See **HGW 24 Export or Exploit?]** But the budget does not mention the tariffs for rice, corn meal, or corn, which are all imported predominantly from the U.S.

On Oct. 1, the Haitian government announced it would not implement the new budget, and would instead renew the previous one. For the third year in a row, the government was unable to gain parliamentary approval for its proposal.

Economist Camille Chalmers calls the proposed budget “anti-national production.”

“One cannot partially revise the neoliberal policies that have been devastating for the Haitian economy,” Chalmers said on a local radio station. “It has got to be global.”

Rice tariff policy is very political. The heavily subsidized, virtually tariff-free rice flowing into Haiti has served successive Haitian governments, who have a keen interest in assuring urban populations have access to cheap food. After food prices went up in late 2012, the government brought in 18,000 tons of rice from Vietnam – called “10/10” – which it sold on the market at prices that undercut even “Miami rice.”

“We promise the population that we will bring in a lot, enough to serve the entire distribution chain,” a government official told the press. Outraged farmers called for a boycott, but the rice arrived and was happily purchased.

Mathieu, head of the government’s food security office (CNSA), explained clearly why tariffs would likely not go up any time soon. Speaking to *The Economist* in June, he said: “A government has to make a choice: you have to feed people, or else there are political costs.”

Real Change or Just Tinkering?

Donors, government officials and technicians, foreign development and humanitarian organizations, farmers’ cooperatives and associations, and foreign and local agronomists all agree on one thing: Haitian agriculture and food production are in critical condition, and this is a major reason for Haiti’s hunger.

As noted in **Why is Haiti Hungry?,** Haiti’s land tenure system is one of the biggest impediments to food sovereignty. Most farmers working the land do not own it or have dubious deeds.

Also, for the past four decades food aid has flooded the country while Haiti’s agricultural sector has been ignored. Neoliberal policy shocks have had disastrous effects. In 1995, foreign assistance for agriculture and for food aid were about the same. Not for long. As farmers struggled against subsidized foreign products, food aid rose while assistance to agriculture dropped.

The trend has recently changed. Since the 2010 earthquake, there has been a steady drop in food aid and a marked rise in foreign assistance for the agricultural sector.

Many of the grants and programs cover aspects of the government’s National Agriculture Investment Plan. With a budget of about US$790 million, the plan has been changed since it was originally proposed. It had to be “revised” prior to gaining the approval of important donors like the U.S. government.

“Early iterations that included a state-driven approach were revised, shifting the focus towards a market-oriented strategy,” according to a USAID document. “The final product was endorsed at an international donor conference for Haiti on June 2, 2010 in Punta Cana, Dominican Republic.”

In its press releases and media appearances, representatives of the Michel Martelly government have implied the “*Plan pour la Rélance Agricole*” was invented after the election but, like many other programs, it was already in process when the singer took power.

Similarly, the government's "*Aba Grangou*" (Down with Hunger) program is in fact a "brand" given to cover 21 programs – most if the agriculture programs – that are often carried out by foreign agencies or organizations. Associated with *Aba Grangou*, or on their own, across the country, large and small donors, sometimes in conjunction with the Agriculture Ministry, are running interesting and even promising projects and programs that aim to alleviate hunger and also address the agricultural production crisis.

For example, the Inter-American Development Bank has funded a US$27 million pilot land tenure security program aimed at clarifying land ownership. Other projects focus on fisheries, developing seed banks, and improving roads and irrigation canals. The government and donors are also trying to promote and use local products as much as possible. A World Food Program pilot program is using locally produced milk and other foods, while USAID is funding a program to help sorghum growers improve their output so that the *Brasserie Nationale d'Haiti* S.A. (BRANA), a Haitian brewery now owned by Heineken, can replace some of the grain it imports with Haitian production.

USAID is planning very little food aid after 2014 and is instead focusing on agricultural development through a program called "Feed the Future" (FtF) targeting the regions around Port-au-Prince, St. Marc, and the North*département* (province).

FtF's objectives include increasing output of crops for export (notably mango and cacao), output of grains and other food for local consumption, and planting of crops and trees in order to protect watersheds.

But Cohen is not entirely optimistic: "Although it is clear that agriculture has an important place in the U.S. strategy to support post-earthquake reconstruction in Haiti, there are some limitations to U.S. agricultural assistance… and a sharp incoherence between this aid on the one hand and U.S. agricultural trade policy on the other."

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