

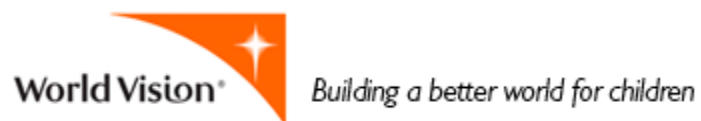
Post-Earthquake  
Wheat Flour Monetization  
in  
Haiti

Prepared

by

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## Acronyms

AGD	Administration Générale des Douanes
APN	Administration Portuarial Nationale
BdM	Bureau de Monetisation
CNSA	Commission Nationale pour la Sécurité Alimentaire
CRS	Catholic Relief Services
DR	Dominican Republic
GOH	Government of Haiti
HUNASA	Huilerie Nationale, S. A.
HUHSA	Huileries Haitiennes, S.A.
LMH	Le Moulen d’Haiti
MT	Metric Ton
P-au-P	Port-au-Prince
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USMAN	Usine à Mantègue S.A.
WVI	World Vision International

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## 1. Introduction

- 1.1 The earthquake of January 12<sup>th</sup> 2010 destroyed Haiti's only mill, Le Moulin d'Haiti (LMH).
- 1.2 The mill owners estimate that it will take at least one year to reestablish the mill capacity
- 1.3 At the time of the earthquake LMH produced 80% of all wheat flour consumed in Haiti: 15,000 metric tons (MT) or 300,000 fifty-kilo sacks per month.
- 1.4 The consequence has been a steep rise in the cost of wheat flour. Immediately following the earthquake the price went up 18 percent. Today it is 36% above pre earthquake levels.

Table 1.1: Price of Wheat flour, Final-Tier, Wholesale, Before vs After Earthquake: (US dollars)

Brand	Redistributors					Distributors			LMH		
	Before (\$US)		After (\$US)		Price Incrs	Before	After	Price Incrs	Before	After	Price Incrs
Isabela	34.26	35.53	47.22	46.95	36-37%						
Higuama	-	-	52.03	51.40	-						
Espica											
Roja	34.26	35.53	46.95	45.69	32-33%						
Diana	32.99	34.26	46.95	45.69	37-38%						
Mimotrie	35.53	36.80	50.76	49.49	38-39%						
<b>Average</b>	<b>34.26</b>	<b>35.53</b>	<b>47.84</b>	<b>48.98</b>	<b>36-38%</b>	<b>29-35</b>	<b>37-45</b>	<b>28-29%</b>	<b>28</b>		

- 1.5 With the approval of USAID Food For Peace officers, WVI, CRS, and ACDI/Voca initiated preparations for the monetization of a large quantity of wheat flour.
- 1.6 The objective, ostensibly, is to increase the supply of wheat flour on the market, drive prices down, and make bread more readily available to consumers. To do this the partners will place Call Forwards (CF) for 19,000 tons of wheat flour over a the period of four months. This is the equivalent of 25% of Haiti's total pre-earthquake wheat consumption

Table 1.2: Wheat Flour Monetization Schedule

- First CF: 3,950 MT (1<sup>st</sup> CF end of February - Arrival End of March 2010)
- Second CF: 5,550 MT (2<sup>nd</sup> CF in March - Arrival: End of April 2010) :  
5,500 MT (3<sup>rd</sup> CF in March – Arriva: End of May 2010)
- Third CF: 4,000 MT (4<sup>th</sup> CF in April - Arrival in July 2010)

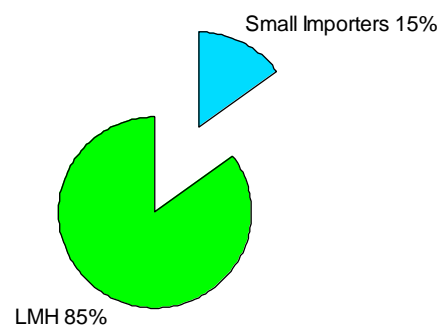
**Total Wheat Flour: 19,000 MT**

**380,000 sacks**

## 2. History of Wheat Flour in Haiti and LMH

- 2.1 Studies of nutrition in Haiti prior to the founding of the Minoterie d'Haiti (the contemporary Le Moulen d'Haiti, LMH), suggest that wheat flour was rare in Haiti, particularly in rural areas (Bernadotte et. al). The 1958 establishment under the first Duvalier regime of the Minoterie, a government monopoly, changed that. A team of Columbian nutritionists wrote in 1963,
- Although no wheat is produced in Haiti, white wheat bread is a preferred item and is eaten whenever it can be obtained. The construction of a large flour mill in 1958, where imported wheat could be milled, made white wheat flour available in Haitian cities, but the Haitian peasant obtains little white wheatbread because of lack of money, fuel and baking facilities. [King et. Al., 1963]
- 2.2 Although data was not readily available, we know that throughout the Duvalier era, the mill processed wheat for human and animal consumption and sold it on the open market.
- 2.3 BdM also monetized wheat flour in a 3-tier bid process that involved buyers of 10,000 or more sacks; buyers of 900 to 9,000 sacks; and buyers of 400 to 800 sacks.
- 2.4 During the 1991 to 1994 military regime the Minoterie was reportedly under control of Colonel Michel Francois (Haiti Progres 1997).
- 2.5 In 1998, under the first Preval regime and in a move that enraged both political leftists and conservative importers, the Mill was privatized and a new monopoly formed, one comprised of Unibank (owned by a consortium of Haitian financiers), the Haitian Government) and two of the United States largest Agribusinesses.<sup>i</sup>
- 2.6 In a move that further enraged both political leftists and conservative importers, the U.S. government represented by NGOs and USAID, have since developed a policy of selling high quality wheat to the mill monopoly at a reported 70% of cost, a clear and inexplicable violation of U.S. monetization policy.<sup>ii</sup>
- 2.7 With a production and sale of 300,000 fifty-kg sacks per month (16,500 MT) the LMH monopoly currently controls 85% of the market (19,412 MT)

- 2.8 Prior to the earthquake there was an increase in the importation of flour by medium level importers. This involves increased importation of flour from the Dominican Republic—particularly in the North--as well as corruption in the ports and evasion of taxes, something foreseen by the Mill Monopoly as a primary impediment to success of the venture (see Haiti Progres 1997) and a trend seen in the surge in recent oil sales and prices (see endnote).<sup>iii</sup>



### 3. Contemporary Consumption of Wheat Flour in Haiti

- 3.1 Wheat products are common in contemporary Haiti (see Table 4.1)
- 3.2 Bakeries can be found throughout the rural areas and urban *bidonville*
- 3.3 Ambulant vendors sell a multitude of bread types street (see Figure 3.1 and 3.2)
- 3.4 Other common wheat flour foods that vendors sell on the street are *patay* and *marinad*, both deep fried (see see Figure 3.3 and 3.4 and Table 4.1-4.5)
- 3.5 Home and restaurant use of flour is dumplings, called *boy* in Haiti; they are long, resembling plantains and green bananas that commonly accompany them in soup and *bouyon* (pumpkin stew).



Figure 3.1: Pan Popilé: Ti Boul, Gwo Boul, and Wober



Figure 3.2: Pan Popilé: Ambergè



Figure 3.3: Frying paté



Figure 3.4: Marinad

## 4. Alternative food

- 4.1 The partners should appreciate that Haiti produces substitutes to wheat flour and that the introduction of U.S. subsidized wheat debilitates the Haitian farm economy (Table 4.5).
- 4.2 Consider that the wholesale cost of flour coming from LMH is US\$100,800,000 per year.
- 4.3 Promoting the production and marketing of produce such as those below ( a by no means exhaustive exposé) would help develop the Haitian economy (see Figures 4.1 -4.6).



Figure 4.1: Popcorn that could be—but probably is not--produced locally



Figure 4.2: Plantain chips: a relatively new and popular snack



Figure 4.3: Fried sweet potatoes and plantains competing with *marinad*



Figure 4.4: Cassava bread: if mixed with corn meal, a nutritional competitor with



Figure 4.5: Locally grown peanuts: high in protein



Figure 4.6: *Rapadou*: locally produced from sugar cane

## Haitian Foods Made with Flour

Table 4.1: Where the food is fabricated

		Where it is fabricated						
		Bakery	Patisserie	Home	Street	Rest	Factory	Imported
Baked	Bread (salt)	X	X	X				
	Bread (sweet)	X	X	X				
	Pomket	X		X				
	Mimosa			X				
	Kookies		X	X				
	Komparet	X		X				
	Kawos		X					
	Bonbon siwo	X						
	Cake	X	X	X				
	kokonet		X					
	Bonbon dous						X	X
	Bonbon sel						X	X
Fried	Paté			X	X			
	Marinad			X	X			
	Boulet			X		X		
Boiled	Boy			X	X	X		
	Boy olé			X	X			
	Espeghetti			X	X			X

Table 4.2: Where the food is sold

		Where it is sold				
		Bakery	Patisserie	Street	Boutik	Rest
Baked	Bread (salt)	X	X	X	X	
	Bread (sweet)	X	X	X	X	
	Pomket	X		X	X	
	Mimosa			X	X	
	Kookies		X	X	X	
	Komparet	X		X	X	
	Kawos		X		X	
	Bonbon siwo	X			X	
	Cake	X	X	X	X	
	kokonet		X		X	
	Bonbon dous			X	X	
	Bonbon sel			X	X	
Fried	Paté			X		
	Marinad			X		
	Boulet					X
Boiled	Boy			X		X
	Boy olé			X		
	Espeghetti			X		X



Table 4.3: Time of day the food is most commonly eaten

How it is cooked	Name of food	Category		Time of day eaten (in order of frequency)		
				Morning	Noon	Evening
Baked	Bread	Salt	Cold	1	2	3
	Pan dous	Sweet	Cold	0	2	1
	Pomket	Sweet	Cold	0	2	1
	Kookies	Sweet	Cold	0	2	1
	Komparet	Sweet	Cold	0	2	1
	Kawos	Sweet	Cold	0	2	1
	Bonbon siwo	Sweet	Cold	0	2	1
	gatoe	Sweet	Cold	0	2	1
	Kokonet	Sweet	Cold	0	2	1
	Bonbon dous	Sweet	Cold	1	2	3
Bonbon sel	Salt	Cold	0	2	1	
Fried	Paté	Salt	Hot	1	3	2
	Marinad	Salt	Hot	2	3	1
	Boulet	Salt	Hot	0	2	1
	Mimosa	Salt	Cold	1	2	3
Boiled	Boy	Salt	Hot	1	3	2
	Espeghetti	Salt	Hot	1	3	2
	Boy olé	Sweet	Hot	2		1

Table 4.4: Food accompaniments to wheat products

How the food is cooked	Wheat food type	Food accompaniments
Baked	Bread	Peanut butter, peanuts, banana, coffee, sandwich (meats, cheeses)
	Bread	Cheese, milk, hot chocolate,
	Pomket	0
	Kookies	0
	Komparet	0
	Kawos	0
	Bonbon siwo	0
	Gato	Kremas (Sweet cream with rum)
	Kokonet	0
	Bonbon dous	0
Bonbon sel	Peanut butter, cheese, jams,	
Fried	Paté	Smoked herring, salami, hotdog, pikliz (spiced coleslaw w/o mayonnaise), meat sauce
	Marinad	pikliz (spiced coleslaw w/o mayonnaise), meat sauce
	Boulet	pikliz (spiced coleslaw w/o mayonnaise)
	Mimosa	0
Boiled	Boy	Soup, stew
	Espeghetti	Tomato sauce, bread, smoked herring,
	Boy olé	Milk

Table 4.5: Local food alternatives to wheat products

How food is cooked	Wheat food type	Local alternatives
Baked	Bread	Manioc ( <i>kasav, kaspichpich</i> ), bread fruit, corn, sweet potato bread (made from <i>rapadu</i> and sweet potato flour)
	Bread Pomket Kookies Komparet Kawos Bonbon siwo gatoe Kokonet Bonbon	<i>Tablet, dous, radadou</i> , mango, banana...
	Bonbon sel	Peanuts, plantain chips,
Fried	Paté	Sweet potato, yam, manioc, <i>akra</i> ,
	Marinad	Potatoes, sweet potatoes, <i>banyen</i> , breadfruit
	Boulet	Any type of meat
	Mimosa	Plantain chips, French fries
Boiled	Boy	Banana, fig vet, yam, sweet potato, <i>mazanmbel, chaka</i>
	Espeghetti	Eggs, manioc, cassava bread
	Boy ole	Corn meal, <i>mayi, ole</i>

## 5. Damage to bakeries, current capacity, and market

### 5.1 Damage to bakeries, remaining capacity, and market,

- 5.1.1 The earthquake damage was most severe in specific areas of the city while other areas suffered only minor damage.
- 5.1.2 In hard hit areas, damage to popular (versus industrial) bakeries were extensive. For example, in *Kafou Fey* three of four bakeries visited were damaged while in the Boston section of Cite Soleil six of the six bakeries visited were undamaged.
- 5.1.3 Twelve of the Port-au-Prince areas 22 major bakeries (defined as bakeries using 800 to 5,000 sacks of flour per month) were damaged. At least two are completely out of production.
- 5.1.4 On the side of distribution, at least six—as much as one third-- of the Port-au-Prince areas major grocery stores were damaged to the point where they had to close temporarily. At least one, Caribbean Market, was totally destroyed.
- 5.1.5 All bakeries report selling less bread. However, the big bakeries are much closer to pre-quake levels
- 5.1.6 The biggest current impediment, according to bakers, is not production but the cost of flour.
- 5.1.7 However, a closer examination of suggests the situation is more complex (see 5.2 Conclusion, below).

- 5.1.8 Bakeries have responded not by increasing prices but decreasing the size of bread and vendors have responded by diminishing the number of bread portions in a bag.
- 5.1.9 However, street vendors report selling near or equal to pre-earthquake levels.

5.2 Conclusion: A shift in market sales appears, not to be diminished demand at the bottom, but because of the following factors,

1. The evacuation of large numbers of middle class
2. Destruction of supermarkets and
3. The consequent move of industrial bakeries into the domain of the Popular bakeries (see Figure 5.1).



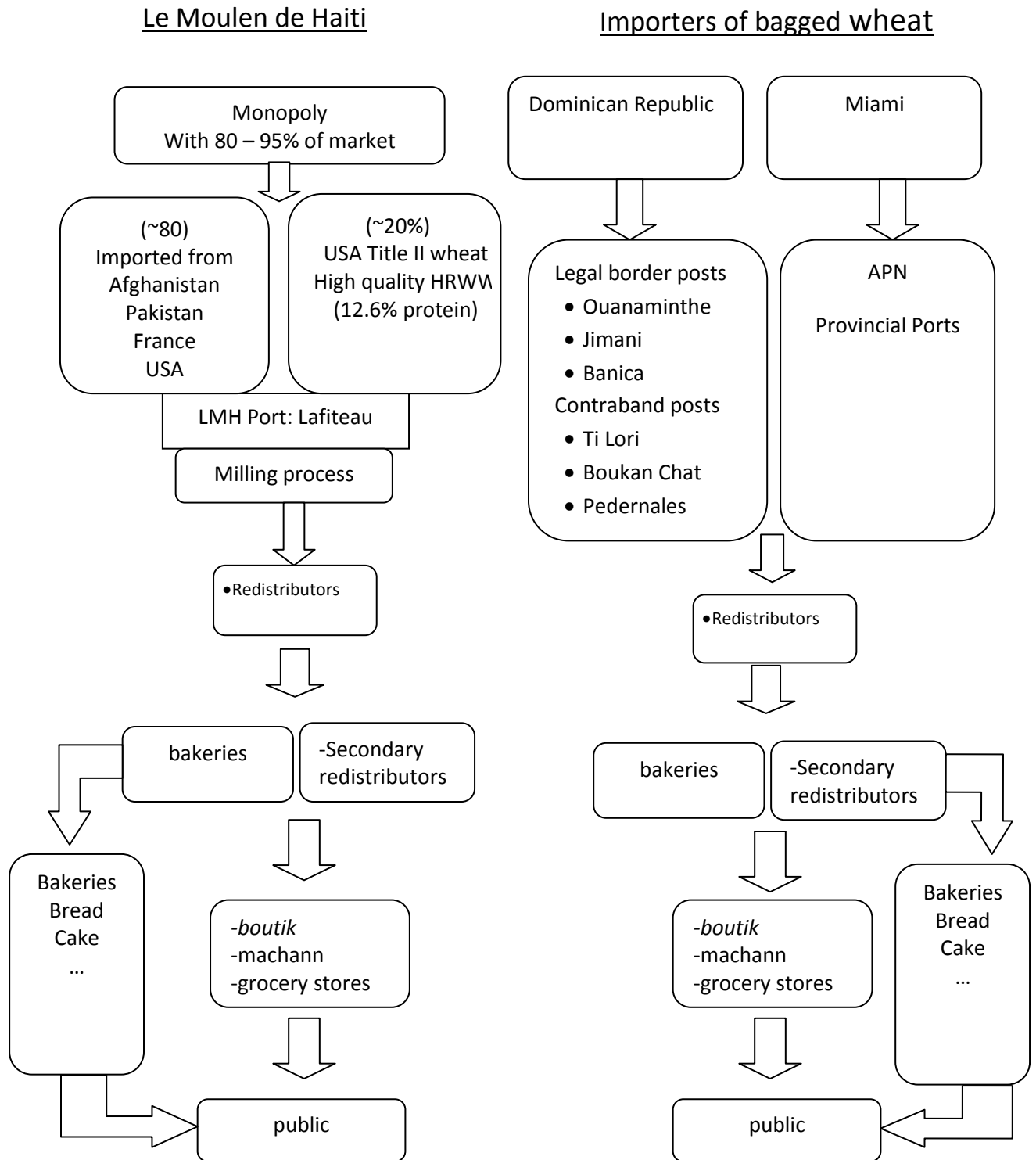
Figure 5.1: In the wake of the earthquake and destruction of supermarkets, factory bread invades the domain of *pan popilè*

Table 5.1: Some examples of pre and post earthquake production

Name of bakery	Name of owner	Area	Condition after Quake	Production before quake	Production after quake
Ebenezer	Jean-Louis	Kafou Fe	Damaged	10 sacks/day	1 sacks/day
Tout es Mistè	M. Jonel	Cite S. Rt 1	Undamaged	12 sacks/day	12 sacks/day
Boul. Boston	M. Ti Lavi	Cite S./Bost.	Undamaged	15 sacks/day	5 sacks/day
Saint Ima	Pr-Louis	Mattisan	Undamaged	15 sacks/day	15 sacks/day
B. Chouchou	M.Bonito	Cite.S/Pele	Undamaged	15 sacks/day	5 sacks/day
Karyna	Jack	Route de Fr	Undamaged	100 sacks/day	90 sacks/day

6. Distribution

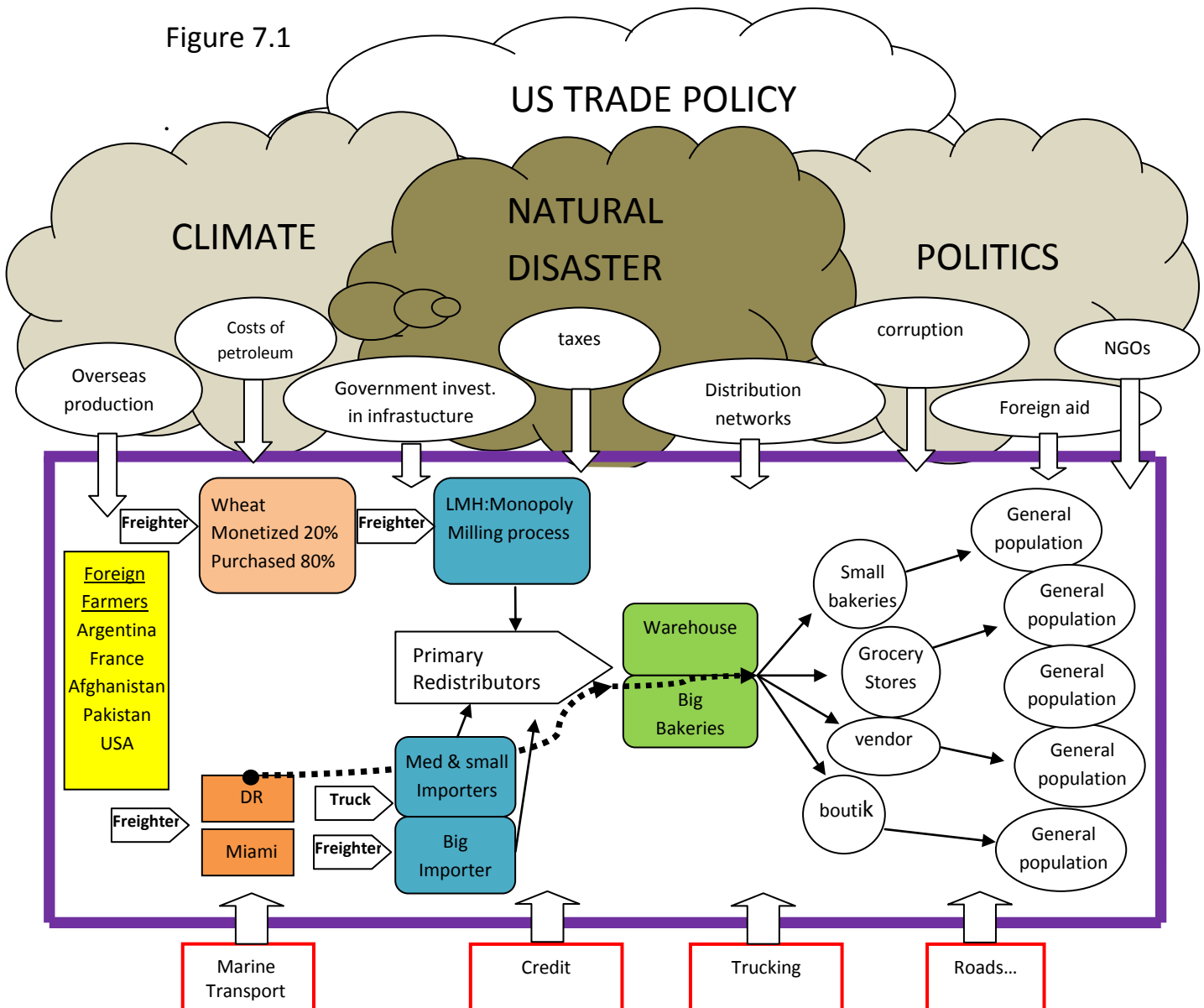
Figure 6.1



## 7. Market Map

LMH advantage is that they own the mill. But they have a disadvantage when it comes to taxes. Many of the smaller importers are increasingly able to avoid taxes. Moreover, LMH does not have its own distribution, which means that, with the destruction of the mill, it only has to off as a central point of distribution.

Figure 7.1



[The objective of a market map as defined by Albu and Griffith (2005) is to describe the links, processes, and influences in the market chain, from production through the various market channels; with the objective of identifying opportunities to intervene in favor of impoverished producers. In the case of wheat in Haiti there is no domestic production. Thus, in the map above I

have changed the objective from how to assist impoverished producers to one that highlights assisting impoverished consumers. Although in theory I do not agree with this as the importation of wheat clearly substitutes for local products, I have, for the sake of distribution and to avoid undue complexity, drawn the market map with the assumption that there are no competitive substitutes. For those familiar with the Albu and Griffith style of market map, also note that I have reversed the direction of arrows because, a) consumer vs producer role is switched and b) it is intuitively easier to read the flow of goods, credit, and infrastructural change from source to recipient-- rather than the direction from which influence/determination

## 8. Price: DR, Miami, LMH and WVI Wheat flour

- 8.1 The principal wheat flour brands on the Haitian Market are from the Dominican Republic (DR). The highest quality and price is US\$27.00

Table 8.1  
Cost to Import Dominican Wheat flour: Highest Quality

	Cost in DR	Cost of freight	Tax (0.22xCost)	Total
MT	540.00	40.00	118.80	US\$698.80
Sack	27.00	2.00	5.94	US\$34.94

The cost of importing high quality Dominican wheat flour is US\$34.40 per 50 kg sack and it is selling for US\$45.00; a profit of US\$10.60 (30% markup). Final level redistributors are selling single sacks for US\$49. The principal importers are Handall, a Haitian of Levant descent who also lives in the Dominican Republic and the Bocel group.<sup>iv</sup>

- 8.2 The lower price Dominican wheat flour reported from the DR is US\$17.00; this questionable and therefore I have extrapolated from the higher price as follows: The issue when it comes to different types of wheat flour on the market is protein and weight. The protein content of Hard Red Winter Wheat that the U.S. has been supplying to LMH contains 12.6% protein. Low graded DR wheat contains 9% protein. There is a rule of thumb in the US that every 1% of protein - \$1.00 on the price of a 50kg sack. Also, the less expensive sacks from the DR contain 45 kg and not the 50kg found in the more expensive sacks. This is a weight reduction of 10%. If the larger, higher protein sacks are being sold comparable price to the low grade and lighter sacks this translates to a total of  $(\$27.00) - (\$3.60 + \$2.70) = \$21.70$ . That is the price used here.

Table 8.2

Cost to Import Dominican Wheat flour: Lowest Quality (US\$)

	Cost in DR	Cost of freight	Tax (0.22xCost)	Total
MT	482.17	40	10.33	US\$532.50
Sack	21.7	2	0.52	US\$24.22

The cost of importing low quality Dominican wheat flour is US\$24.22 per 45 kg sack and it is selling at the highest redistributor level for US\$37.00; a profit of US\$12.78 (53% markup). Final level redistributors are selling single sacks for US\$49

- 8.3 The Miami FOB price for middle level exporters/importers is US\$20.00. After all costs, including 22% tax (assuming they are paying tax), importers are bringing wheat flour in from the US at \$27.00.

Table 8.3

Cost of Importing Miami Wheat flour on Non-US Flagship from the US (in US\$)

	Cost FOB	Cost freight	Tax (0.22xCIF)	Total
MT	400.00	40.00	88.00	US\$528.00
Sack	20.00	2.00	4.40	US\$26.40

The cost of importing wheat flour from Miami is US\$26.40 per 50 kg sack and it is selling off the ship in Miragoane, to the highest level redistributors at US\$35.00 (33% profit). Second level re-seller is selling at \$45.00 and the last level is currently selling at US\$49.00

- 8.4 Cost to major importer (LMH)
- 8.4.1 The cost of bakery wheat flour on the US wholesale market in November 2009: US\$306.90 MT
  - 8.4.2 The cost of bagging (based on LMH) is US\$7.50 per ton (\$314.40 MT)
  - 8.4.3 The cost of trucking wheat to port is approximately US\$0.15 per ton/mile (somewhat arbitrarily add US\$15 to the cost)( 329.40 MT).
  - 8.4.4 The competitive cost of ocean freight is approximately US\$1,800 per container: US\$75.80 per MT (US\$405.20 MT)
  - 8.4.5 Insurance is .05 times the Cost and Freight (C&F): US\$20.26 per MT (US\$425.46 MT)
  - 8.4.6 There is a total import tax configuration of .22 times the CIF: US\$93.60 per MT: ( US\$492.73 MT)

Table 8.4  
LMH Cost of Importing Wheat flour Imported Non-US Flagship from the US (in US\$)

	Cost FOB	Cost freight	Insurance (.05xC&F)	Tax (0.22xCIF)	Total
MT	329.40	75.80	20.26	93.60	US\$519.06
Sack	16.47	3.79	1.01	4.68	US\$ 25.95

Shipping and insurance which is from Prestige Shipping<sup>v</sup>

## 8.5 Cost to the Partners (WVI)

- 8.5.1 The cost of bakery wheat flour on the US wholesale market in November 2009: US\$306.90 MT
- 8.5.2 The cost of bagging (based on LMH) is US\$7.50 per ton (\$314.40 MT)
- 8.5.3 The cost of trucking wheat to port is approximately US\$0.15 per ton/mile (somewhat arbitrarily add US\$15 to the cost)(329.40 MT).
- 8.5.4 The cost of US Flagship ocean freight is approximately US\$2,400 per container: US\$101.05 MT (US\$430.35)
- 8.5.5 Insurance is .05 times the Cost and Freight (C&F): US\$21.52 MT (total = US\$451.87 MT)
- 8.5.6 There is a total import tax configuration of .1581 times the CIF: US\$71.44 MT (US\$523.31)
- 8.5.7 BdM will charge 5% on the total price: 26.17 MT (US\$549.48)

Table 8.5

Cost of Importing Wheat flour Imported US Flagship from the US thru BdM (in US\$)

	Cost FOB	Cost freight	Insurance (.05xC&F)	Tax (0.1581xCIF)	BdM (.05xTotal)	Total
MT	329.40	101.05	21.52	71.44	26.17	US\$549.58
Sack	16.47	5.05	1.08	3.57	1.31	US\$ 27.48

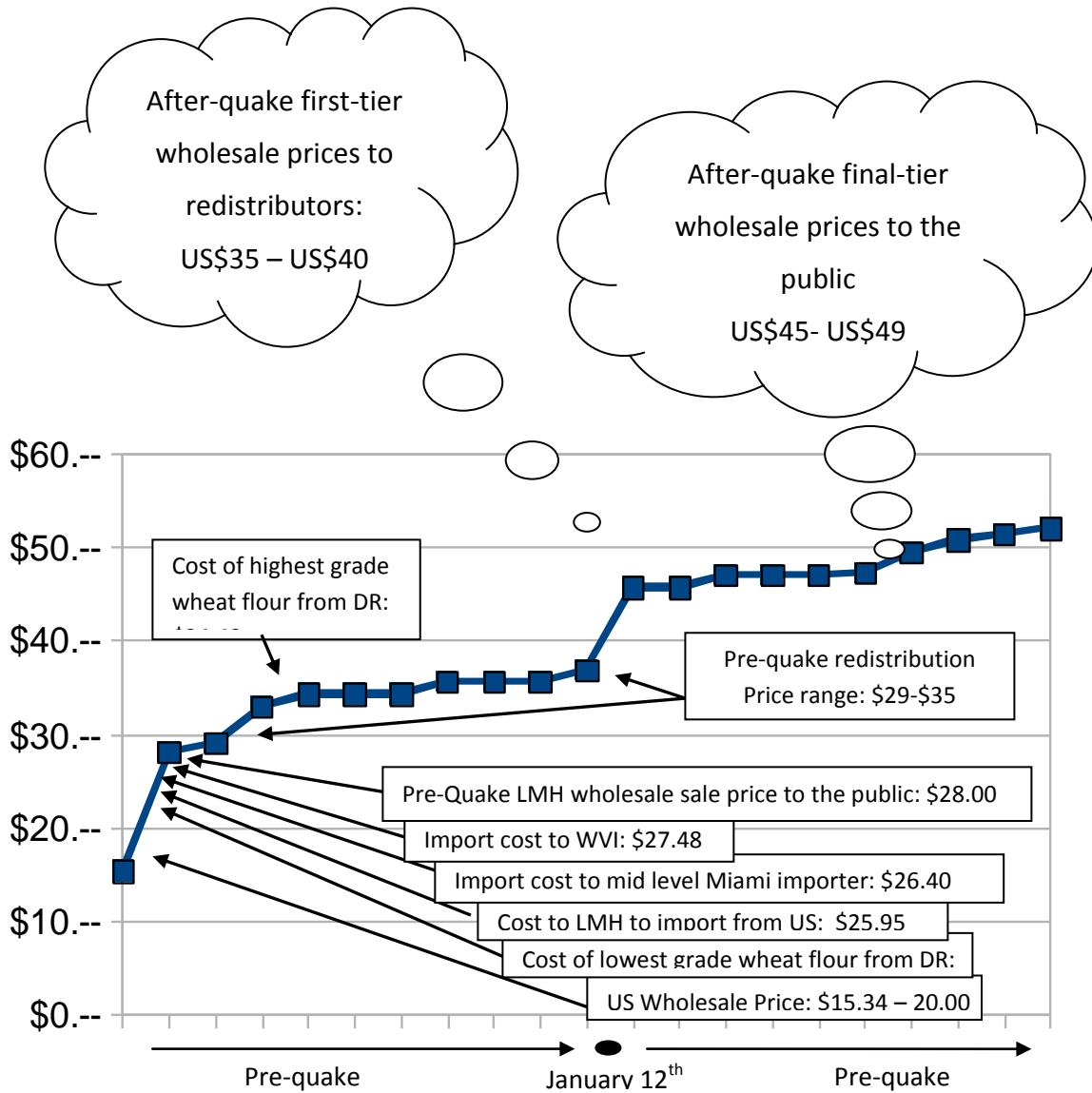
- 8.6 A summary of the cost per sack of wheat flour, upon arrival in Haiti and after tax, is provided in Table 8.6

Table 8.6: Summary of Costs

<u>Source and transport</u>	<u>Quality</u>	<u>Total (US\$)</u>
DR (truck)	12.5% protein.	34.94
	9% protein	24.22
Miami (midlevel importer)	12.5% protein	26.40
Non Flagship (LMH)	-	25.95
Flagship (WVI)	-	27.48
Lowest price importer/distributor	-	35.00



Chart 8.1: Graphic Illustration of All Prices



## 9. Recovery

9.1 Table 9.1 presents the recovery rates for a range of costs per sack.

Table 9.1  
Recovery Rate if Purchased at Specific Price (per Sack in US dollars)

Sales Price	Cost								
	\$23.00	\$24.00	\$25.00	\$26.00	\$27.00	\$28.00	\$29.00	\$30.00	\$31.00
\$20.00	86.96%	83.33%	80.00%	76.92%	74.07%	71.43%	68.97%	66.67%	64.52%
\$21.00	91.30%	87.50%	84.00%	80.77%	77.78%	75.00%	72.41%	70.00%	67.74%
\$22.00	95.65%	91.67%	88.00%	84.62%	81.48%	78.57%	75.86%	73.33%	70.97%
\$23.00	100.00%	95.83%	92.00%	88.46%	85.19%	82.14%	79.31%	76.67%	74.19%
\$24.00	104.35%	100.00%	96.00%	92.31%	88.89%	85.71%	82.76%	80.00%	77.42%
\$25.00	108.70%	104.17%	100.00%	96.15%	92.59%	89.29%	86.21%	83.33%	80.65%
\$26.00	113.04%	108.33%	104.00%	100.00%	96.30%	92.86%	89.66%	86.67%	83.87%
\$27.00	117.39%	112.50%	108.00%	103.85%	<b>100.00%</b>	<b>96.43%</b>	<b>93.10%</b>	90.00%	87.10%
\$28.00	121.74%	116.67%	112.00%	107.69%	<b>103.70%</b>	<b>100.00%</b>	<b>96.55%</b>	93.33%	90.32%
\$29.00	126.09%	120.83%	116.00%	111.54%	<b>107.41%</b>	<b>103.57%</b>	<b>100.00%</b>	96.67%	93.55%
\$30.00	130.43%	125.00%	120.00%	115.38%	<b>111.11%</b>	<b>107.14%</b>	<b>103.45%</b>	100.00%	96.77%
\$31.00	134.78%	129.17%	124.00%	119.23%	<b>114.81%</b>	<b>110.71%</b>	<b>106.90%</b>	103.33%	100.00%
\$32.00	139.13%	133.33%	128.00%	123.08%	<b>118.52%</b>	<b>114.29%</b>	<b>110.34%</b>	106.67%	103.23%
<b>\$33.00</b>	143.48%	137.50%	132.00%	126.92%	<b>122.22%</b>	<b>117.86%</b>	<b>113.79%</b>	110.00%	106.45%
\$34.00	147.83%	141.67%	136.00%	134.62%	<b>125.93%</b>	<b>121.43%</b>	<b>117.24%</b>	113.33%	109.68%
<b>\$35.00</b>	152.17%	145.83%	140.00%	134.62%	129.63%	125.00%	120.69%	116.67%	112.90%
\$36.00	156.52%	150.00%	144.00%	138.46%	133.33%	128.57%	124.14%	120.00%	116.13%
\$37.00	160.87%	154.17%	148.00%	142.31%	137.04%	132.14%	127.59%	123.33%	119.35%
<b>\$38.00</b>	165.22%	158.33%	152.00%	146.15%	140.74%	135.71%	131.03%	126.67%	122.58%
\$39.00	169.57%	162.50%	156.00%	150.00%	144.44%	139.29%	134.48%	130.00%	125.81%
\$40.00	173.91%	166.67%	160.00%	153.85%	148.15%	142.86%	137.93%	133.33%	129.03%

9.2 The problem we will confront with buyers of 10,000 sacks or more is fear of buying the merchandise and the market price subsequently dropping: the buyers will make high profits if the market price stays high. But if the Dominicans or LMH subsequently import a large quantity of wheat flour and lower the price, then our buyers could lose.

9.3 For example, if the Partners sell wheat flour at near wholesale market price of US\$35 per sack (and take note that FFP guidelines legally oblige us to sell at near market price; see endnote ii and vi); and if the Dominicans, LMH, and Miami importers subsequently drop the price to the pre-quake price of US\$28; then WVI buyer of 10,000 sacks, will lose US\$70,000.

9.4 Table 9.1 below presents the possible losses to buyers.

Table 9.1  
Gains and losses to buyers based on specific purchase prices  
(per Sack in US dollars)

Market Sales Price	Buyer purchase price									
	\$27.00	\$27.00	\$28.00	\$29.00	\$30.00	\$31.00	\$32.00	\$33.00	\$34.00	\$35.00
\$26.00	0.00%	-3.70%	-7.14%	-10.34%	-13.33%	-16.13%	-18.75%	-21.21%	-23.53%	-25.71%
\$27.00	3.85%	0.00%	-3.57%	-6.90%	-10.00%	-12.90%	-15.63%	-18.18%	-20.59%	-22.86%
\$28.00	7.69%	3.70%	0.00%	-3.45%	-6.67%	-9.68%	-12.50%	-15.15%	-17.65%	-20.00%
\$29.00	11.54%	7.41%	3.57%	0.00%	-3.33%	-6.45%	-9.38%	-12.12%	-14.71%	-17.14%
\$30.00	15.38%	11.11%	7.14%	3.45%	0.00%	-3.23%	-6.25%	-9.09%	-11.76%	-14.29%
\$31.00	19.23%	14.81%	10.71%	6.90%	3.33%	0.00%	-3.13%	-6.06%	-8.82%	-11.43%
\$32.00	23.08%	18.52%	14.29%	10.34%	6.67%	3.23%	0.00%	-3.03%	-5.88%	-8.57%
<b>\$33.00</b>	26.92%	22.22%	17.86%	13.79%	10.00%	6.45%	3.13%	0.00%	-2.94%	-5.71%
\$34.00	30.77%	25.93%	21.43%	17.24%	13.33%	9.68%	6.25%	3.03%	0.00%	-2.86%
<b>\$35.00</b>	34.62%	29.63%	25.00%	20.69%	16.67%	12.90%	9.38%	6.06%	2.94%	0.00%
\$36.00	38.46%	33.33%	28.57%	24.14%	20.00%	16.13%	12.50%	9.09%	5.88%	2.86%
\$37.00	42.31%	37.04%	32.14%	27.59%	23.33%	19.35%	15.63%	12.12%	8.82%	5.71%
<b>\$38.00</b>	46.15%	40.74%	35.71%	31.03%	26.67%	22.58%	18.75%	15.15%	11.76%	8.57%
\$39.00	50.00%	44.44%	39.29%	34.48%	30.00%	25.81%	21.88%	18.18%	14.71%	11.43%
\$40.00	53.85%	48.15%	42.86%	37.93%	33.33%	29.03%	25.00%	21.21%	17.65%	14.29%
\$41.00	57.69%	51.85%	46.43%	41.38%	36.67%	32.26%	28.13%	24.24%	20.59%	17.14%
\$42.00	61.54%	55.56%	50.00%	44.83%	40.00%	35.48%	31.25%	27.27%	23.53%	20.00%
\$43.00	65.38%	59.26%	53.57%	48.28%	43.33%	38.71%	34.38%	30.30%	26.47%	22.86%
\$44.00	69.23%	62.96%	57.14%	51.72%	46.67%	41.94%	37.50%	33.33%	29.41%	25.71%
\$45.00	73.08%	66.67%	60.71%	55.17%	50.00%	45.16%	40.63%	36.36%	32.35%	28.57%
\$46.00	76.92%	70.37%	64.29%	58.62%	53.33%	48.39%	43.75%	39.39%	35.29%	31.43%
\$47.00	80.77%	74.07%	67.86%	62.07%	56.67%	51.61%	46.88%	42.42%	38.24%	34.29%

## 10. Recommendations

Wheat flour monetization is not in the interest of developing the Haitian economy, not in the interests of the peasants who cultivate products that could replace foreign subsidized wheat flour, and not in the interests of the importers who, if they were assured that the U.S. government was not going to import a massive quantity of wheat flour would, in response to high prices, move to fill the demand.

Moreover, not to interfere with market and production is specified in the FFP guidelines at multiple points (see endnote).<sup>vi</sup>

It would behoove World Vision, CRS, and ACDI/Voca to request cash instead of food and to focus on developing the rural small farmer production strategies that could help Haitian farmers compete with US subsidized wheat: such as Cassava bread, sweet potato, yam and corn flours. In this respect the destruction of the flour mill could be seen as an opportunity rather than a loss.

Having said that, if we must import wheat, there are three avenues of recourse: LMH, limited bidders, and extended three-tier bidding system. An examination of the logic of using LMH implies the logic of the other alternatives.

The logic for using Les Moulin d'Haiti (LMH):

- 1) we have been supporting the LMH wheat flour monopoly for at least the past 12 years, this is hardly the moment to shift strategies
- 2) our rationale for importing massive quantities of wheat flour at the present moment is not to aid redistributors, but to drive prices down and increase the availability of nutritional wheat flour products in the interest of the consumer,
- 3) no member of the partner NGOs or BdM needs to be overwhelmed with additional administrative tasks at the moment,
- 4) LMH has facilities to easily receive, offload, store, and redistribute wheat flour
- 5) to use a system of five bidders will introduce the likelihood of continued gauging as it is much more likely that LMH will act responsibly and we can hold them accountable due to the long standing relationship we have with the company

The logic against using LMH.

- 1) it is a monopoly that we have inexplicably supported for 12 years in what can be called a type of corporate welfare
- 2) the company has no redistribution system of its own but relies on others
- 3) Haitian distributors and redistributors would enjoy a greater share of the profits from the monetization

- 4) one problem that we may confront regarding LMH is their port: despite assertions to the contrary, LMH itself has little to no confidence in the current state of the port--as a glance at the waiver in their "Dock Tariff No. 1" demonstrates. If the LMH wharf is deemed unfit when the first shipment arrives at the end of March, then LMH should be required to retrieve the wheat flour at APN facility.

This report and the alternative strategies presented should be used as a plausible alternative to LMH. Should problems with regard to price negotiation arise after the crisis has passed we can resort to alternative strategy of a three tiered public offering as did BdM prior to the privatization of LMH.

It is also hoped that the section on alternative foods provided in the final version of this report will be considered in planning long term direction for the encouraging Haitian domestic production.

## 11. Buyers

### 11.1 Suggestion First Tier Buyers (10,000 plus sacks)

Jerry Martino (10,000 + sacks)  
Importer/exporter, Mamina  
Stepover1@aol.com

Dominique and Chris Nezivar (20,000 sacks)  
Four warehouses: 1 at T & S Rice next to LMH, 1 St Marc and 2 in Gonaives  
Capacity of over 100,000 sacks

Steve Gittens (10,000-20,000 sack)  
1 warehouse SABNAC Industrial Park (14,000 sq feet).  
sgittings@gmail.com  
305 969 6593  
305 951 3871

Michel Vastey (10,000)  
MIVA Distribution  
Mivastey@direcway.com  
Owns his own containers  
3 702 3334  
3 445 3334

Patrick Beliard  
BELSHIPS@aol.com  
789 326 6145, 305 232 6344

(Felix Frances 3 702 1469)

(Gerald Al Santdeaux 3 701 1103)

## 11.2 Suggestion Second Tier Buyers (1,000 to 9,000 sacks)

SYKRIS S.A., Santo 17, Impasse Culligan #4, Port-au-Prince, 3 772 5858,  
Sykris2@aol.com

Ets Barthony Vieux & Fils, 191 Route-des-Dalles, PauP, 2 2223 0014,  
Etsbvieux@yahoo.fr

REBO S.A., 4 Jean Gilles, Avec Touissaint Louverture, Route de ;' Aeroport, PauP 2 229  
6330, info@rebo.ht

Agences Naco. Rue Bonne Foi #31, PauP, 2 813 1010, mainsocarlstroem@aol.com

Agreco, Rue du Centre #196, 2 222 9642

Associated Food Distributors, Rue J. Juste #3, 2 249 0634

Chouchoune, Boulevard Dessaline #563 , 22 23 07 58

Cogesa, Delmas 31, Rue Elie Dubois, 22 46 24 70

E'adesky Import Export S.A. , Bas de Delmas #3, PauP, 25 14 24 99,  
ddadesky@dadesky.com

Salemsa, Salemsa37@yahoo.fr

Food Depot, Shodecosa 33 , 37 06 82 98

Hiesa , Public Plasa Canapé Vert, 25 10 77 20

Isha Food Co. Rue Capois, Sales@ishafoodsco.com

Kay Mario Martineau, Santo 7, #17, 37 55 33 81

Marche Titony, Shodecosa # FS et 66 rue des Fronts Forts, 37 01 14 59,  
Jolouis509@hotmail.com

Nyka Import Export, Shodecosa #40 et 60, Rue des Front Forts, 25 12 75 34  
nykaimportexport@yahoo.com

Provalsa, Rue du Quai # 16 Entrée Bretelle Aeroport, 22 22 11 56

Provi Plus , Rue Magny #9, Petionville, 22 22 65 94

Rh Carlstroem, Rue Bonn Foi #31, 22 22 24 17

Saint Jacques Provisions. Face Saint Jean Bosco, Petion Ville, 22 56 67 37

Societe Distribution General , Clercine, 22 50 71 02

Sodisa, Blvd Dessalines # 322, 22 23 21 44

T & S Trading, Angle Rue Nason #13 et Condado, 22 49 45 31

Tchako S.A. , Shodecosa, Building 32 B, 2221 2007, riceco@hughes.net

Reginald Julien, Shodecosa Building B10, 3 713 9847

Matant Eliana Pierre, Building B11, 3 715-7491

Rochèl Fortuné, 3 734 23 11

Renand Escilus 3 722 7194

Innocent Philius 3 850 9853

Jeannot Lormil 3 762 4920

Jacques Bélisaire, CEO Boulangerie Karyna S.A.

[Jacques@karynasa.com](mailto:Jacques@karynasa.com)

3 256 5070, 3 256 5090, 3 701 2787



### 11.3 Third-Tier Buyers: Humanitarian Agencies and Missionaries Email List (400 to 900 sacks)

admin@stanneadoption.org, webmaster@adra.org, Afournie@med.miami.edu,  
 agapesvc@bellsouth.net, agapefamily1@gmail.com, aingersoll@winkley.com,  
 Ajeanrob1@hotmail.com, alfanot@assembly.state.ny.us,  
 AMECSADA@aol.com, [americas@ciponline.org](mailto:americas@ciponline.org),  
[bcfmprospers@baruchchristianfellowship.org](mailto:bcfmprospers@baruchchristianfellowship.org), bill.smith@agmd.org,  
 Northeast125@yahoo.com, btalexander1980@yahoo.com, bthompson@cmf-  
 online.org, info@calvarytempleth.org, cameron.mayhill@nwhcm.org,  
 canniffseek@verizon.net, auchaiti@yahoo.fr, cguyjames@yahoo.com,  
 chamicy@gmail.com, eglise122@yahoo.fr eglise122@yahoo.fr,  
 cheryl@livingtruth.us, chohhaiti@yahoo.com, CHPKonbit@aol.com,  
 feedback@cgctulsa.org, webmaster@hishomeforchildren.com, church-of-  
 christ@globelsud.net, cwagner@new-song.com, codyandmaria2002@gmail.com,  
 contactus@haitichildren.com, Csiebert@ctr.pcusa.org,  
[cvilleinc@worldnet.att.ne.corbetre@webster.edu](mailto:cvilleinc@worldnet.att.ne.corbetre@webster.edu), [cvilleinc@worldnet.att.net](mailto:cvilleinc@worldnet.att.net),  
 hcftb@juno.com, danielle.rogers@nwhcm.org, DiamondRN@gmail.com,  
 dianna@northshorecf.org, director@thehaiticonnection.org,  
 divisionofvolunteerefforts@shu.edu, dpskow@gmail.com, eape@eastern.edu,  
 eglisejacmel@yahoo.fr, ehmf@transnet.com, familyhm@usa.net,  
 fmorlant@yahoo.fr, forhaiti@aol.com, saintmarc\_orphanage@yahoo.fr,  
 fmorlant@yahoo.fr, spirit1125@aol.co, cabaretewilliam@hotmail.com,  
 friendsof ehmf@aol.com, gmna@healinghandsforhaiti.org,  
 go@globaloutreach.org, jthamer@telus.net, gordon@charityanywhere.org,  
 grant.roszkowiak@nwhcm.org, gravaigu@gmail.com,  
 gsharpe@missionservices.or, gsm@lwol.com, haiti@lists.webster.edu,  
 HaitianStreetKids@rescueteam.com, HaitiOM@aol.com,  
 harvest@bigpond.net.au, heather.owen@nwhcm.org,  
 helpachild@rescuechildren.org, helpthechildren@mfofoundation.org,  
 heritagekonpa@yahoo.com, hicm2@yahoo.com, ICCUSA1@aol.com,  
 imohaiti@aol.com, [info@adoptamiracle.com](mailto:info@adoptamiracle.com), Info@ag.org,  
 info@answeredprayers2.org, info@bbinternationaladoption.com,  
 info@childcareworldwide.org, info@edenchildren.org, info@ekd.de,  
 info@foyersangele.org, info@globalharverst.org, info@haitianroots.com,  
 info@hopeforhaiti.com, info@hvousa.org, info@lovehaiti.com,  
 info@manateechamber.com, [info@nphhaiti.org](mailto:info@nphhaiti.org), info@razoo.com, [nquiries@glamissions.org](mailto:nquiries@glamissions.org),  
[jericho7@roadrunner.com](mailto:jericho7@roadrunner.com), jhbulaun@yahoo.com,  
 jhowen@hotmail.com, jlrusso@erols.com, jody@nwhcm.org, jose@nwhcm.org,  
 jr@arisehaiti.com, JSSchwartzCSW@aol.com, kathy@wiaa.org,  
 kepc@kepcworld.org, kasimons@gov.bm, kimsimons@logic.bm,  
 lacasarosada2001@yahoo.com, [lavillamanrese@yahoo.fr](mailto:lavillamanrese@yahoo.fr), [lawfbc@bellsouth.net](mailto:lawfbc@bellsouth.net),  
 Glassjl@earthlink.ne, linda4hisglory@yahoo.com, lmetellus@yahoo.com,  
 lmmhaiti@carolina.rr.com, lusma18@hotmail.com, lwfhaiti@lwf-haiti.org,

lxhaiti@yahoo.com, info@missiontohaiti.org <info@missiontohaiti.org>,  
 map@map.org, mary@partnersforadoption.org, marybeth.winkler@nwhcm.org,  
 mccmilot@aol.com, melonnie.kelly@nwhcm.org, mglanz@amwa-doc.org,  
 miganetwork@hotmail.com, [mireland@usfamily.net](mailto:mireland@usfamily.net), info@missiontohaiti.org,  
 mlange@childcare-inti.org, mma@millionmemberassembly.com,  
 mnunnelee@globaloutreach.org, NewHopeSoS@comcast.net, newlife@nb.net,  
 nfo@hvousa.org, nurmi@eliprojects.org, obc2000@juno.com,  
 office@calvarymotherwell.org, otisgarrison@yahoo.com, owner-  
 haiti@lists.webster.edu, pam@nwhcm.org, pashupati@anandamargaraleigh.org,  
 paulcaudle@hotmail.com, petewarren@aol.com, [pyo1@aol.com](mailto:pyo1@aol.com),  
 doug@raysofhopeforhaiti.com, rbelding@sc.rr.com, reachouttohaiti@yahoo.com,  
 Revap.bellabreh.ministry@hotmail.com, rfousto@earthlink.net, ri@partners.net,  
 richardthomasus@yahoo.com, rodru@yahoo.com, rogers@nwhcm.org,  
 Rdcypherschch@hotmail.com, saintmarc\_orphanage@yahoo.fr, Sion-in-  
 haiti@yahoo.com, somidgett@aol.com, spirit1125@aol.com,  
 stlmv@sbcglobal.net, sul\_jemer@yahoo.fr, sunfunliving@yahoo.com,  
 swhite1115@aol.com, teresa.grant@nwhcm.org, [terry78allen@gmail.com](mailto:terry78allen@gmail.com),  
 newton@haitianproject.org, thomp@kingston.net, united\_caribbean@yahoo.com,  
 israelcruz@aol.com, usoffice@danitaschildren.org, vanamers@scsinternet.com,  
 vdickey@simeusfoods.com, VJGP2000@yahoo.com, vonda@eiri.usu.edu,  
 webmaster@crcna.org, webmaster@hishomeforchildren.com,  
 Webmaster@jltk.org, wes@adoptionnet.org, wes@adoptionnet.org,  
[eglise122@yahoo.fr](mailto:eglise122@yahoo.fr)

#### 11.4 Recommended Email Message to Missionaries

To all Aid Workers, Missionaries, and NGO workers in Haiti,

You are eligible to purchase high quality USA wheat flour at wholesale import prices.

This is part of a new program that makes high quality US food available to organizations helping the most needy people.

You may purchase as few as ## sacks and benefit from the price savings.

The warehouse is in an easily accessible SHODECOSA depot, in Port-au-Prince.

To participate you must respond to this email so that World Vision International can register your organization for purchases.

If this email has reached you by mistake or you are not interested but know an aid worker in Haiti, please pass the word.

Thank you.

Department of Food Security and Monetization. World  
Vision

ANNEX A  
Institutional contacts

<p>Victor-Alberto Bencosme <a href="mailto:beautybencos@yahoo.com">beautybencos@yahoo.com</a> Molinos Modernos</p> <p>Patrick Beliard Prestige Shipping <a href="mailto:BELSHIPS@aol.com">BELSHIPS@aol.com</a> 789 326 6145</p> <p>APN Acime Henry 3 937 3777, 3 753 3271</p> <p>Jacques Bélisaire CEO Boulangerie Karyna S.A. <a href="mailto:Jacques@karynasa.com">Jacques@karynasa.com</a> 3 256 5070, 3 256 5090, 3 701 2787,</p> <p>Michel Vastey MIVA Distribution <a href="mailto:Mivastey@direcway.com">Mivastey@direcway.com</a> 3 702 3334, 3 445 3334</p> <p>Commander Matthew Hahne <a href="mailto:Matthew.Hahne@navy.mil">Matthew.Hahne@navy.mil</a></p> <p>Chief Petty Officer Sandra Rodriguez <a href="mailto:68mobilitywarrant@gmail.com">68mobilitywarrant@gmail.com</a></p> <p>Carl Andre Dejoie Agronomist at Manufacture Fabricacion Transformacion (MFT) S.A. <a href="mailto:CarlAndreDejoie@yahoo.fr">CarlAndreDejoie@yahoo.fr</a></p> <p>Michael Lecorps Directeur Bureau de Monetization <a href="mailto:Lecorpsmichael@hotmail.com">Lecorpsmichael@hotmail.com</a></p> <p>Henriot Nader <a href="mailto:hnader@bureaudegestion.gouv.ht">hnader@bureaudegestion.gouv.ht</a></p> <p>Steve Gittings <a href="mailto:sgittings@gmail.com">sgittings@gmail.com</a> 305 969 6593, 305 951 3871</p>	<p>Jean Ralph Caze <a href="mailto:recaze@bureaudegestion.gouv.ht">recaze@bureaudegestion.gouv.ht</a></p> <p>Henriot Nader. <a href="mailto:hnader@bureaudegestion.gouv.ht">hnader@bureaudegestion.gouv.ht</a> Coordonnateur de Projets</p> <p>Les Moulins D'Haiti Marie Andrée Sanon Assitante de Direction <a href="mailto:Andre_sanon@lmh-ht.com">Andre_sanon@lmh-ht.com</a></p> <p>Werner Knecht Directeur des Opérations <a href="mailto:werner_knecht@lmh-ht.com">werner_knecht@lmh-ht.com</a></p> <p>Pauline Awitty <a href="mailto:Pauline_awitty@wvi.org">Pauline_awitty@wvi.org</a></p> <p>Phillipe Coles Operateurs Portuaires Reunis S.A. <a href="mailto:pcoles@opr.ht">pcoles@opr.ht</a></p> <p>Debebe Dawit, Ph.D. Program Management Officer Africa and Latin America <a href="mailto:ddawit@worldvision.org">ddawit@worldvision.org</a></p> <p>Martin Malherbe Dorvil President Chambre de Commerce d'Industrie et Professions de Nord <a href="mailto:mamadorvil@hotmail.com">mamadorvil@hotmail.com</a></p> <p>Alison Lutz <a href="mailto:Alutz@pih.org">Alutz@pih.org</a></p> <p>Jerry Martino Mamina <a href="mailto:Stepover1@aol.com">Stepover1@aol.com</a></p> <p>Joel Vorbe <a href="mailto:Svorbe01@hotmail.com">Svorbe01@hotmail.com</a></p>
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## ANNEX B

Available: Government Owned T&S Rice Warehouse (Next to LMH; currently under 9 year lease)

It is 13,000 square feet and could hold about 60,000 bags of flour of 50 kg



Annex C  
Publicity/Marketing Company

Marketing Company  
(Provided by Mediacom)

**Email:** [services@mediacom-ht.com](mailto:services@mediacom-ht.com);  
[imc@mediacom-ht.com](mailto:imc@mediacom-ht.com);  
[imchanel11@hotmail.com](mailto:imchanel11@hotmail.com)

**Person of contact: Ives Marie Chanel**

MEDIACOM, identified under the Registration Number (NIF) 000-003-314-1, is a Haitian firm founded in August 1997 and a service provider in the fields of communications and mass media. Mediacom possesses an expertise in social marketing, planning and projects conceptualization in the domain of communication and mass media. Mediacom has developed a solid partnership with 40 community radios, 100 private radios and 30 private television stations across the capital and the provinces. These various professionals and technicians have a proven experience in the domain of management, training, popular and civic education, broadcasting, communication and journalism. Besides its administrative personnel, Mediacom has at its disposal a distribution network composed of 10 people whose mission is to ensure timely distribution and follow up on the fields. This network is linked with Mediacom headquarter that uses the Internet, telephone, the road and aerial networks to reach the most isolated radios of Haiti. Those distribution points are located in the 10 departments of Haiti.

## Costs

Qte	Description	Length of Spot	Period	days per month	No. of radio stat.	Spots per day	Spots Per month	Price per spot	Sub Total	Total Price USD
<b>1.0</b>	<b>Spot Promotion radios</b>									
1.1	Radios Commerciales PAP (Ginen-Kiskeya-Caraibes-Métropole -Vision 2000-lbo)	35 sec	1 mois	26	5	3	390	45.00	\$7,020.00	\$7,020.00
1.2	Radios Commerciales Provinces	35 sec	1 mois	26	17	4		\$4.00	\$7,072.00	\$7,072.00
1.3	Diffusion spot 3 TV PAP (TNH/GINEN/Caraibes)		1 mois	26	3	2	156	60.00	\$9,360.00	\$9,360.00
1.4	Diffusion spot 3 TV Cap Haitien	35 sec	1 mois	26	2	2	104	\$8.00	\$832.00	\$832.00
	<b>Sous total spots promotion</b>				22	7	390		\$14,092.00	<b>\$24,284.00</b>
<b>2.0</b>	<b>Production audio/ Conception graphique</b>									
2.1	Production de spots				2			2,000.00	\$4,000.00	\$4,000.00
2.2	Production de Jingle				1			3,000.00	\$3,000.00	\$3,000.00
2.3	Production Spot TV				1			4,000.00	\$4,000.00	\$4,000.00
										<b>\$11,000.00</b>
	<b>Grand Total</b>								<b>\$18,092.00</b>	<b>\$35,284.00</b>

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Daines, David  
2000 5th Annual General Meeting Caribbean Millers' Association Held At The Renaissance Jaragua Hotel & Casino In Santo Domingo, Dominican Republic  
December 7 – 8, 2000

Haiti Progres  
1997 Moulin d'Haiti Behind the sale of the flour mill This Week in Haiti, Vol. 15, no. 34, 12-18 November  
<http://www.hartford-hwp.com/archives/43a/220.html>

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And Waldemar O. Storvick, Ph.D.,I With The Cooperation Of Jean Bernadotte,  
M.D., Hubert Delva, M.D., William Fougere, M.D., Jean Foucald, B.Ph. And  
Ferdinand Vital  
1963 Lysine Fortification of Wheat Bread Fed to Haitian School Children From  
the Institute of Nutrition Sciences, School of Public Health and Administrative  
Medicine, Columbia University, New York, New York. American Journal of  
Clinical Nutrition 36 Vol. 12, January

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT  
BUREAU FOR Democracy, Conflict & Humanitarian Assistance 80 TITLE II  
PROGRAM POLICIES AND PROPOSAL GUIDELINES FISCAL YEAR 2008



## Notes

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<sup>i</sup> The flour mill appears from a distance to have been an exercise in corporate inside maneuvering. It was privatized in 1997 amid a flourish of political turbulence, including the resignation of the Prime Minister who was protesting delays in the promised privatization of some 36 State owned enterprises. In a process that Haiti Progress called “no transparency at all,” seventy percent interest in the mill was sold for US\$9 million to a consortium of venture capitalists; specifically, Haitian finance group, Unifinance—comprised of some of Haiti’s wealthiest elite--and two “mega-agribusinesses,” Continental Grains, and Seaboard Corporation of the United States. The actual sale occurred three days before then US secretary of State, Madelaine Albright visited Haiti. The mill was insured by OPIC and proved to be an immediate bonanza. Mill executive David Daines described the consortium’s great fortune as early as 2000 when in a meeting of the Caribbean Millers Association,

He observed that the market in Haiti is a big one by Caribbean standards. There are about 7 million people and the mill grinds about 200,000 metric tonnes of wheat per year.

Flour, as compared to other food stuffs is declining in price but the market in Haiti has expanded far beyond expectations. There is need for expansion of the flour mill which is now operating at 650 tonnes per day, but that they expected to achieve 750 M.T. by March. He said the mill would need another 100 tonnes capacity to fully supply the market. He also observed that the bran market had increased. He said although there had been some imports, primarily from the Dominican Republic, the market was large enough to absorb this.

The mill also produces animal feed. Mr. Daines said that the year commenced with a basic livestock feed mix of soybean, corn, vitamin, mineral and bran. [see Daines, 2000]

More information on the alleged big business and corporate charity aspects of LMH come from Haiti Progress (1997). The following are excerpts provided here anyone interested in the fairness of U.S. monetization policies:

Continental Grains, which did US\$15 billion in sales last year and is into wheat, rice, chickens, finances and a host of other activities in over 50 countries, and Seaboard Corporation, which has boats, flour, pork, chicken, etc, and did almost US\$1.5 billion in business last year -got a great deal. There is no question who is running the consortium which gets the 70 percent in exchange for promising to invest US\$9 million in the mill. (The state retains 30 percent.)

In the meantime, it is worth pondering why two of the biggest agribusinesses in the US wanted to get into Haiti. There is certainly money to be made in this captive market. Flour is an essential part of the Haitian diet, and with control of the agribusinesses in the US, the shipping, and the milling, Haiti's flour supply has become more of a monopoly than it ever was, only this time in the hands of two transnationals.

But that might not be all. Having Minoterie gives the transnationals a foot in a potential market of 7 million consumers for all the other products they produce, ship and market. In addition to rice, chicken, soy beans, shrimp, cotton, beans and other commodities, both of them are growing producers and exporters of pork, the most-consumed meat in the world and a quickly expanding new US food export, according to a 1966 article in the Kansas City Star. In 1995, for the first time in 44 years, the US became a pork exporter. The top ten producers (Continental is 12th) raised 23 million hogs that year.

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What does all that mean for Haiti, where pork is one of the main meats consumed? Currently, some pork is imported and the rest comes from medium-sized as well as individual producers. (The peasants' *kochon kreyol* were killed off in the late 1980s' in a USAID-sponsored eradication program after an African Swine Fever outbreak.) Under the new, neoliberal tariff regime, there is nothing to protect local pork from mass-produced competition, and with a wharf, the boats and the space for a distribution center on Rte. 1, the corporations are now in a very good position to break into at least the pork if not other markets as well.

The privatization of *Minoterie d'Haiti* offers clear examples of who benefits and who loses from privatization: In this case, the people were robbed of a valuable state asset; the supply of a major food item will be in the hands of vertically integrated transnationals whose only motive is profit and who will have an objective monopoly, and, they are also poised to threaten the country's production of other food products by exposing them directly to the competition engendered by voracious and brutal international capitalism.

[see Haiti Progres 1997]

<sup>ii</sup> The following was taken from, United States Agency For International Development Bureau For Democracy, Conflict & Humanitarian Assistance 80 Title II Program Policies and Proposal Guidelines Fiscal Year 2008,

Lines 1625 - 1632

Regarding cost recovery requirement for monetization, CSs are expected to receive a "Reasonable Market Price" for the sale of the Title II commodities. ... In markets in which significant market interferences, including government interventions, preclude the usefulness of the local prices as reasonable reference, other price discovery methods may be used, including public tender, construction of import parity prices and auctions.

Lines 1634 - 1637

Where market forces cannot be harnessed to transparently formulate a reasonable market price (as above), and negotiated/treaty sales are required, a sales price which compares favorably with the lowest landed price or parity price for the same or comparable commodity from competing suppliers may be considered a reasonable market price

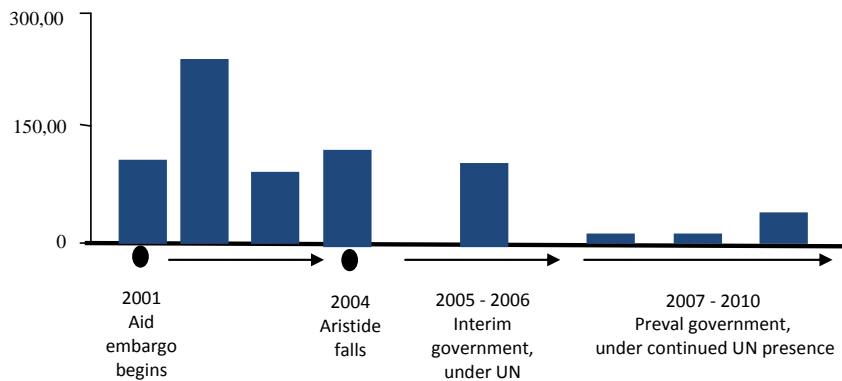
Lines 1464 - 1469

For multi-year programs, FFP must take into account the mandate that states, of the non-emergency tonnage (including both direct distribution and monetization commodities), seventy-five percent of it must be processed, fortified or bagged. FFP has developed a "Value-Added Commodities List" of processed, fortified and bagged commodities that it has determined meet this statutory requirement (see Annex E—it's on the list). Proposals with a higher proportion of processed, fortified or bagged commodities may be given priority.

Lines 1594-1597

The monetization of value-added commodities, i.e., processed, fortified, or bagged commodities, is preferred to the monetization of bulk commodities because FFP is required to meet the statutory requirement that 75 percent of the programmed commodities be processed, bagged or fortified for non-emergency programs.

<sup>iii</sup> The chart below, from Schwartz 2009, is for taxes on edible oil and suggests increasing corruption with changing political administrations, something corroborated in interviews and general perception among the population



<sup>iv</sup> The Dominican Republic shares a mill-monopoly history similar to Haiti. The first mill was constructed in 1961, three years after the LMH, under then dictator Leonidas R. Trujillo. It remained a state owned monopoly until it was semi-privatized (50% if it was sold) in 1998, the same year that LMH was privatized. Today there are four mills in the Dominican Republic: Molinos del Ozama (the former State mill), Molinos del Cibao (source of much of the flour imported into the North of Haiti), Molinos del Higuamo y Molinos Cesar Iglesias. All the mills are currently importing flour into Haiti.

<sup>v</sup> The shipping price is US\$1,800 per container. A 20 ft container holds 475 bag of 50 kg.

<sup>vi</sup> The following was taken from, United States Agency For International Development Bureau For Democracy, Conflict & Humanitarian Assistance 80 Title II Program Policies and Proposal Guidelines Fiscal Year 2008

Lines 1614 - 1618

For each commodity to be monetized, CSs must set a sales price which: (... (2) would not interfere with domestic production or marketing in that country, in accordance with the 1977 Bellmon Amendment<sup>vi</sup>; and (3) would not have a disruptive impact on the farmers or the local economy of the recipient country

Lines 1576 - 1580

A determination to monetize can be made when there is a reasonable expectation that the activities will not substantially disrupt local commercial markets for agricultural commodities. The key issue is not whether the monetization will have an effect on the market, but rather the severity of the effect. Therefore, the analysis of food market structure, conduct and performance is a central component for all requests for food aid monetization efforts.

Lines 1550-1553

FFP will closely scrutinize all proposed monetization activities and approve only those levels of monetization that are appropriate and directly tied to integrated activities that address the underlying causes of food insecurity, without causing significant harm to local production or markets.

Lines 761 – 764

FFP prefers that monetization resources be utilized for programming direct food security mitigation interventions or ones designed to strengthen food and livelihood security for those affected by HIV, and co-program cash resources for HIV prevention, treatment and care and support as much as possible.