



Informing the Mozambique National AGOA Utilization Strategy

Supporting the Policy Environment for Economic Development (SPEED+)

DRAFT

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ACRONYMS

ADP	Automatic Data Processing
AEEA	AGOA Extension & Enhancement Act
AGOA	African Growth and Opportunity Act
AIPEX	Agency for Investment and Export Promotion
CRT	Cathode Ray Tube
CS	Commercial Service
CTA	The Confederation of Economic Associations of Mozambique
DTIS	Diagnostic Trade Integration Study
EIF	Enhanced Integrated Framework
EMAN	Mozambique's Business Environment Strategy
ENDE	National Development Strategy
EPA	Economic Partnership Agreement
EU	European Union
Ex-Im	Export-Import
FDI	Foreign Direct Investment
GAZEDA	Special Economic Zones Office
GoM	Government of Mozambique
GSP	Generalized System of Preferences
HTS	Harmonized Tariff Schedule
INNOQ	Instituto Nacional de Normalização e Qualidade
IPEME	The Institute for the Promotion of Small and Medium Enterprises
ITC	International Trade Centre - Geneva
kg	kilogram
LAM	Linhas Aéreas de Moçambique (national airline)
MIC	Ministry of Industry and Commerce
mm	millimeter
MTC	Ministry of Transport and Communications
NES	National Export Strategy
nesoi	Not Elsewhere Specified Or Included
OPIC	Overseas Private Investment Corporation
PARP	Plano de Acção para a Redução da Pobreza
PARPA	Plano de Acção para a Redução da Pobreza Absoluta
PEDSA	Strategic Plan for Agricultural Development
SADC	Southern African Development Community
SATIH	Southern Africa Trade and Investment Hub
SEZs	Special Economic Zones
SME	Small and Medium Enterprises
SSA	Sub-Saharan Africa
TEEN	Nacala Special Export Terminal
TRQ	Tariff Rate Quota
U.S.	United States (of America)

UAL	United Aryan Ltd (Kenyan apparel exporter)
UN	United Nations
USAID	United States Agency for International Development
USITC	United States International Trade Commission
USTDA	United States Trade and Development Agency
USTR	United States Trade Representative
V	Volt
VAT	Value Added Tax
VF	American apparel and footwear company
W	Watts
WTO	World Trade Organization

EXECUTIVE SUMMARY

The African Growth and Opportunity Act is a U.S. trade act that provides duty-free import to goods produced in qualifying Sub-Saharan African (SSA) countries. AGOA came into force in 2000 and was most recently extended to 2025 through the AGOA Extension & Enhancement Act (AEEA). Mozambique has been eligible for AGOA since 2000. One of the additions to AGOA through the AEEA is language in the legislation that states countries should produce “AGOA Utilization Strategies” to take advantage of the benefits. Accordingly, this AGOA Utilization Strategy is intended to identify strategic sectors and goods for exports to the U.S. under AGOA by Mozambique, to provide guidance on increasing the awareness and expertise of AGOA among Mozambique’s relevant public and private stakeholders and to elaborate a set of strategic actions that, if implemented, could help Mozambique to better utilize the AGOA.

Despite AGOA eligibility Mozambique has arguably not taken full advantage of the duty-free preferences. Mozambique’s exports to the U.S. in 2016 were just over \$100 million or approximately 3% of total exports. Further, exports under the AGOA program were just over \$1 million which is less than 2% of total exports to the U.S. This low value of export under AGOA is composed of just 5 products out of the 80 product lines that Mozambique exported to the U.S. in 2016. Finally, of the small export to the U.S., multiple product categories that would otherwise qualify for duty-free import under AGOA did not claim such preferences.

In spite of the low volume of export to the U.S. and low utilization of AGOA, Mozambique does have a viable export sector with at least 20 product lines that would be eligible for AGOA if exported to the U.S. Of these goods, several are highly demanded in the U.S. suggesting ample opportunity for Mozambique to export to the U.S. Through a rigorous 4-level analysis of Mozambique’s exports measured against U.S. demand and AGOA eligibility 5 sectors and at least 13 goods were identified for high AGOA potential and for focus in this strategy.

Among the key opportunities for Mozambique is to collaborate and take advantage of the numerous forms of U.S. resources in support of AGOA. Specifically, the “Southern Africa Trade and Investment Hub (SATIH)” funded by the U.S. Agency for International Development (USAID) is a program wholly dedicated to helping SSA countries become more competitive and export to the U.S. under AGOA. Another significant opportunity for Mozambique is to seek regional trade opportunities, especially with its largest trading partner South Africa, to develop regional value chains to exploit AGOA. Immediate opportunities appear to exist for goods such as agro-processed products and Upland Cotton.

This AGOA Utilization Strategy includes 21 recommendations on improving awareness of AGOA, competitiveness of specific sectors, and exploiting the benefits granted to goods made in Mozambique for the U.S. market. Each recommendation includes identification of implementing entities as well as a recommended timeframe. As readers will note, there are a range timeframes from immediate to long term for Mozambique to better utilize AGOA and grow exports.

I. PURPOSE OF THE AGOA UTILIZATION STRATEGY

The African Growth and Opportunity Act (AGOA) is a United States Trade Act that provides preferred access to the U.S. market to qualifying Sub-Saharan African (SSA) countries by expanding a list of goods eligible for duty-free import to over 6,500 items. Country eligibility for AGOA is based on a set of conditions that focus on issues related to rule of law, human rights, and respect for core labor standards. The AGOA legislation was first passed in 2000 and has been reauthorized several times to extend the duration of privileges, most recently from 2015 to 2025 through the “AGOA Extension and Enhancement Act (AEEA).”

The country of Mozambique has been eligible for AGOA since the legislation was first passed in 2000 and continues to be eligible today. One of the conditions under the AEEA is for eligible SSA countries to produce “AGOA Utilization Strategies” which will serve as a roadmap for countries to export goods that qualify for the duty-free preferences. In accordance with the AEEA, the Government of Mozambique (GoM), led by the Ministry of Commerce (MIC) and with support from the U.S. Agency of International Development in Mozambique (USAID/Mozambique) has developed this AGOA Utilization Strategy.

It is important to understand the overarching rationale for AGOA; to provide SSA countries with preferential access to the U.S. market, that would allow those countries to invest, upgrade and diversify their exports, while producing opportunities for increased employment and value-capture of locally grown and produced goods. To date, a small portion of the 39¹ AGOA-eligible SSA countries have really taken advantage of AGOA. There are a number of good reasons for this, including the lack of competitiveness in many countries which negates the duty-free tariff privilege granted to specific products. It is also important to understand that many of the goods exported by SSA countries to the U.S. do not face any tariff. An example of this is cashew nuts, which Mozambique exports regularly to the U.S including over \$20 million in 2016, but enters the U.S. free of duty.

Currently Mozambique has a low level of trade with the U.S. relative to other trading partners. This AGOA Utilization Strategy is therefore designed to: a.) identify AGOA-eligible sectors and products which Mozambique could export or increase export to the U.S., b.) to provide guidance on increasing the awareness and expertise of AGOA among Mozambique’s relevant public and private stakeholders and c.) to elaborate a set of strategic actions into short-term, medium-term and long term that, if implemented, could help Mozambique to better utilize the AGOA and capitalize on the preferred access to the U.S. market.

¹ Countries must qualify for AGOA on an annual basis. As of the writing of this strategy there were 39 eligible countries but that number has been higher in the past.

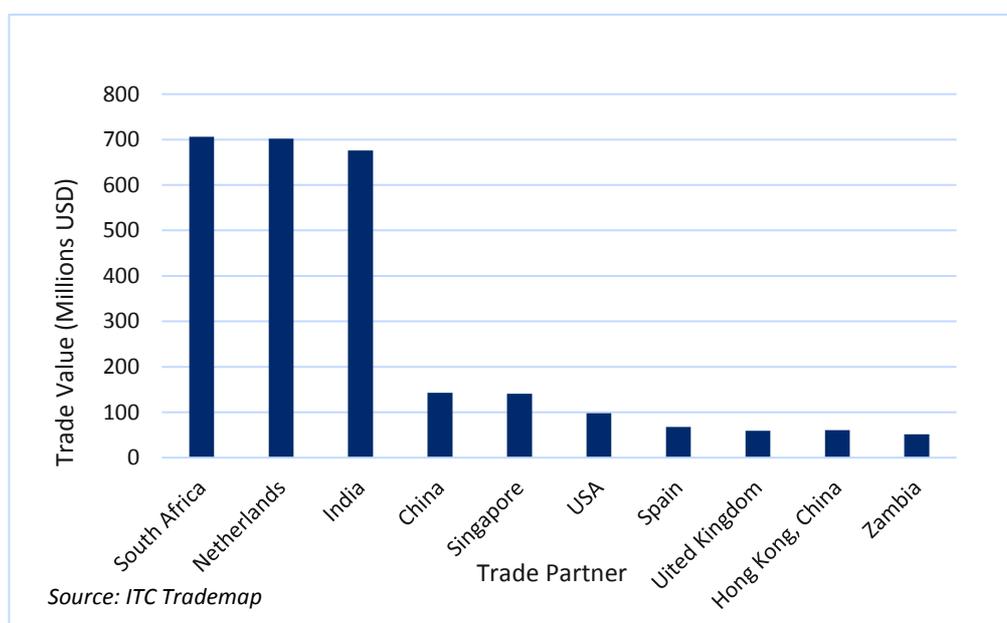
2. MOZAMBIQUE EXPORT REVIEW

It is important to understand Mozambique's current export performance and characteristics in order to accurately measure the existing capacity, target markets and existing trade relationship with the U.S. including use of AGOA. To do so, this strategy employs robust trade analysis of the global exports of Mozambique and exports to the U.S. in order to identify goods and sectors where government and private sector support will increase utilization of AGOA.

GLOBAL EXPORT PERFORMANCE

Mozambique's exports to the world in 2016 reached \$3.35 billion. That figure represents a 5% increase over 2015 although in the period of 2012-2016 Mozambique's global export actually declined by 3%.² Table 1 shows the leading country importers of goods from Mozambique by value for 2016.

Figure 1. Leading Importers of Mozambican Goods 2016



As the figure shows, the top 3 import countries are South Africa, the Netherlands and India. **These 3 countries imported more than \$650 million each of goods in 2016 or over 60% of total exports in aggregate.** South Africa, which shares a border with Mozambique, is also part of the Southern African Development Community (SADC) preferential trade program allowing preferential access for Mozambican goods. The Netherlands, as part of the EU, extends duty free benefits to goods from Mozambique under the Economic Partnership Agreement (EPA) between the EU and SADC. As South Africa is also a major exporter to the U.S. under AGOA + GSP (\$2.85 billion in 2015), there is a likelihood that some raw material or semi-processed raw material that is being imported by South Africa from Mozambique is transformed into more value-added form for re-export to the U.S. market, and potentially under AGOA. Such examples of regional value chains under the AGOA scheme do exist with the cotton-to-apparel pipeline where locally grown cotton is

² Trademap: http://trademap.org/Product_SelProductCountry.aspx?nvpm=1|508|||TOTAL||2|1|1|2|1|1|1|1

spun and weaved into fabric then cut and trim into apparel in other SSA country locations. Table I below shows the leading exports of goods from Mozambique to South Africa. Of the top 11 categories presented here, at least 8 harmonized tariff schedule (HTS) chapters have goods that qualify for AGOA or GSP and are currently exported by South Africa to the U.S.

Table I. Leading Exports from Mozambique to South Africa 2015

HTS Chapter	Description	AGOA Eligible Y/N	Value \$1'000
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral	Y	554,897
22	Beverages, spirits and vinegar	Y	25,736
24	Tobacco and manufactured tobacco substitutes	Y	22,501
08	Edible fruit and nuts; peel of citrus fruit or melons	Y	18,527
76	Aluminum and articles thereof	Y	17,403
67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles . . .	N	14,177
49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, . . .	N	11,996
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	Y	6,875
07	Edible vegetables and certain roots and tubers	Y	4,545
23	Residues and waste from the food industries; prepared animal fodder	N	4,416
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad	Y	2,860

Source: ITC TradeMap

Mozambique's primary export products are in raw materials and industrial goods followed by agricultural products mostly in semi-processed form. Table 2 identifies the leading export categories which is important as it relates to understanding preparedness to exploit AGOA advantages. Mozambique's major export sectors are primary products yet AGOA advantages are best in value-added goods that face high normal tariffs. However the table also shows sectors that are candidates to produce goods of higher transformation, including: aluminum products, edible fruits/nuts, wood products and edible vegetables, roots and tubers.

Table 2. Leading Export Categories for Mozambique 2016

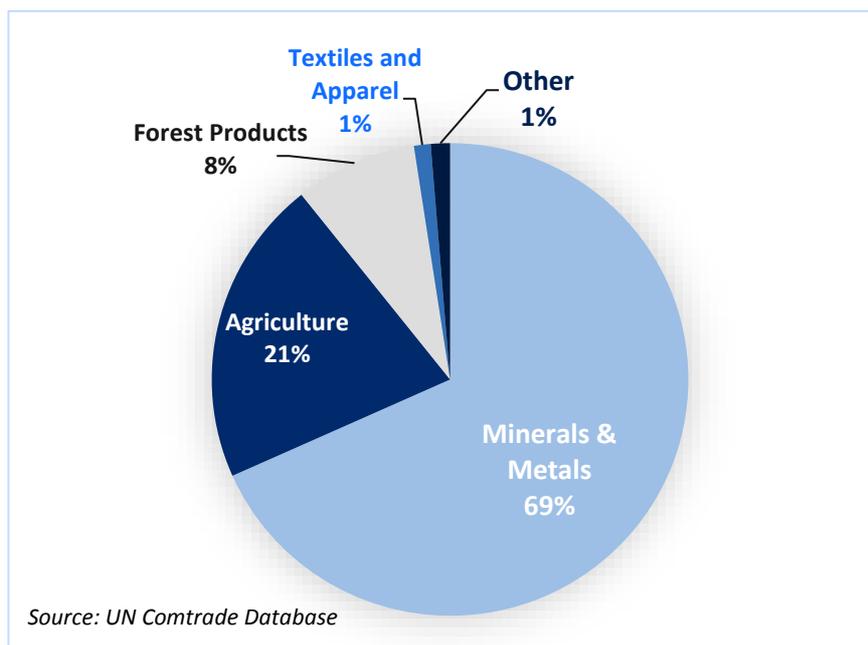
Good	\$ Value 1'000
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral	934,502
Aluminium and articles thereof	889,325
Miscellaneous chemical products	455,056

Tobacco and manufactured tobacco substitutes	233,684
Ores, slag and ash	191,269
Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad	106,193
Good	\$ Value I'000
Ships, boats and floating structures	82,385
Edible fruit and nuts; peel of citrus fruit or melons	72,854
Sugars and sugar confectionery	49,109
Fish and crustaceans, molluscs and other aquatic invertebrates	44,401
Edible vegetables and certain roots and tubers	35,229
Wood and articles of wood; wood charcoal	29,751
Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	26,961
Beverages, spirits and vinegar	26,127
Cotton	21,265
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal	19,458

Source: ITC TradeMap

Figure 2 presents the percentage allocation of each sector grouping:

Figure 2. Breakdown of Export Sectors 2016 by Percentage



REGIONAL TRADE

Regional trade offers one of the best options for increasing exports from Mozambique. Promoting deeper regional trade can help Mozambique integrate into regional value chains of production that can draw on region's resources and capabilities and could feed into global production networks, including regional exports that benefit from AGOA preferences. While this wouldn't directly count as a Mozambique AGOA export, it would be an export, which in turn would bolster economic

growth, increase efficiency and productivity that would in turn create jobs and reduce poverty in Mozambique. At the same time, it would help strengthen domestic export sectors, start to sensitize these sectors towards export market requirements, and eventually help prepare these sectors to benefit from AGOA preferences.

Mozambique can benefit from and leverage its devalued currency and the capabilities that exist to drive a national export effort with a particular focus on regional economies. At the same time, resolving infrastructure bottlenecks and cutting logistic costs present an excellent opportunity to support export growth. Addressing bottlenecks that raises costs that exporters incur for the use of ports, rail and miscellaneous non-official road charges could promote competitiveness and benefit small and medium-size exporters and nontraditional export sectors.

However, Mozambique's regional export basket remains too small and concentrated on primary products. As stated earlier, South Africa is Mozambique's largest export destination. South Africa is also a major exporter to the U.S. under AGOA + GSP (\$2.85 billion in 2015), so there is a likelihood that some raw material or semi-processed raw material that is being imported by South Africa from Mozambique is transformed into more value-added form for re-export to the U.S. market, and potentially under AGOA. Such examples of regional value chains under the AGOA scheme do exist with the cotton-to-apparel pipeline where locally grown cotton is spun and weaved into fabric then cut and trim into apparel in other SSA country locations.

A review of trade with other neighboring countries³ (not including South Africa discussed above) shows that Mozambique exports are again concentrated in low value added industrial goods or services. This confirms that outside of some exports to South Africa, Mozambique does not likely export goods to neighboring countries for the specific use as inputs to forward exports to the U.S. or under AGOA. Zimbabwe imported over \$45 million of goods from Mozambique in 2016 however, 68% of all imports were energy services and the remaining exports are comprised of numerous categories of industrial goods (aluminum, iron) or goods that will be consumed in Zimbabwe (rice, wheat, fertilizer).

1. Botswana, a major exporter to the U.S. under AGOA, imported \$21.9 million from Mozambique in 2016 and 99% of those imports were energy services.
2. Tanzania imported \$8.2 million of goods concentrated in machinery (47%) and other industrial goods including aluminum wire, sugar, iron and glass. These are not goods that can be transformed into AGOA-eligible products.
3. Zambia imports over \$50 million from Mozambique but like Zimbabwe, over 91% of imports are energy.

However, analysis of those same partners trade with the U.S., as well as select other SSA economies, suggests potential opportunity for integration of Mozambique goods as inputs into forward export to the U.S. under AGOA or otherwise. The table below identifies goods that are produced and exported by Mozambique globally, but also exported by regional trading partners to the U.S. (whereas Mozambique has little to no export of the same goods to U.S. either due to lack of transformation capacity or lack of commercial partners). The trade data suggests there are opportunities to export to regional trading partners that either have greater manufacturing capability

³ All trade data was extracted from TradeMap (www.trademap.org)

or more mature trade relationships with the U.S. relative to Mozambique⁴. Specific goods and the countries exporting those goods to the U.S. are demonstrated in the table below:

Table 3. Goods available in Mozambique exported by regional partners to the U.S.

Regional Trading Partner ⁵	Products exported to U.S. duty-free ⁶
Malawi	Macadamia nut, tobacco, pigeon peas
Zambia	Semi-precious stones
Zimbabwe	Tea, pepper, tobacco
Tanzania	Semi-precious stones, cashew, tea, wood products
Ethiopia	Sesame seeds, tea, semi-precious stones, dried beans/peas

A lack of transformation capacity means Mozambique cannot capture the best AGOA benefits. However raw materials, like cotton and fruits are used as inputs in AGOA-eligible goods, but Mozambique does not have direct market access for these goods in raw material form. As part of its AGOA Strategy, Mozambique can support regional AGOA value chains by promoting commercial partnerships with current trading partners such as South Africa, Tanzania and Zambia for goods such as Upland Cotton, pigeon peas, nuts and fruits. Focusing on reducing cross-border barriers, particularly non-tariff barriers, and meeting local market requirements, including SPS and TBT requirements, can help to boost Mozambique exports regionally. Regional partners with manufacturing capacity to process and transform products, also have volume and existing relationship and transportation linkages to serve the U.S. market, where Mozambique does not. As part of its AGOA Strategy, Mozambique can support regional business linkages for producers of AGOA-eligible goods in order to boost regional trade and create regional value chains to supply the U.S. market. Priority sectors for linkages include cotton (HTS code 52) and dried legumes (HTS code 07).

U.S. IMPORTS FROM MOZAMBIQUE

According to the U.S. International Trade Commission (USITC) Mozambique's exports to the U.S. in 2016 were valued at \$110,893,000, an increase over the years 2015 and 2014. **Compared to the rest of the world, this value represents approximately 3% of total export.** However, export levels to the U.S historically have been under \$100 million since 2000 (when AGOA was implemented).

The composition and value of U.S. imports from Mozambique in 2016 can be viewed in Appendix I. While there were no exports that largely dominated in terms of share within the total value, exports were largely concentrated in 'Titanium ores' and other raw or little value-added

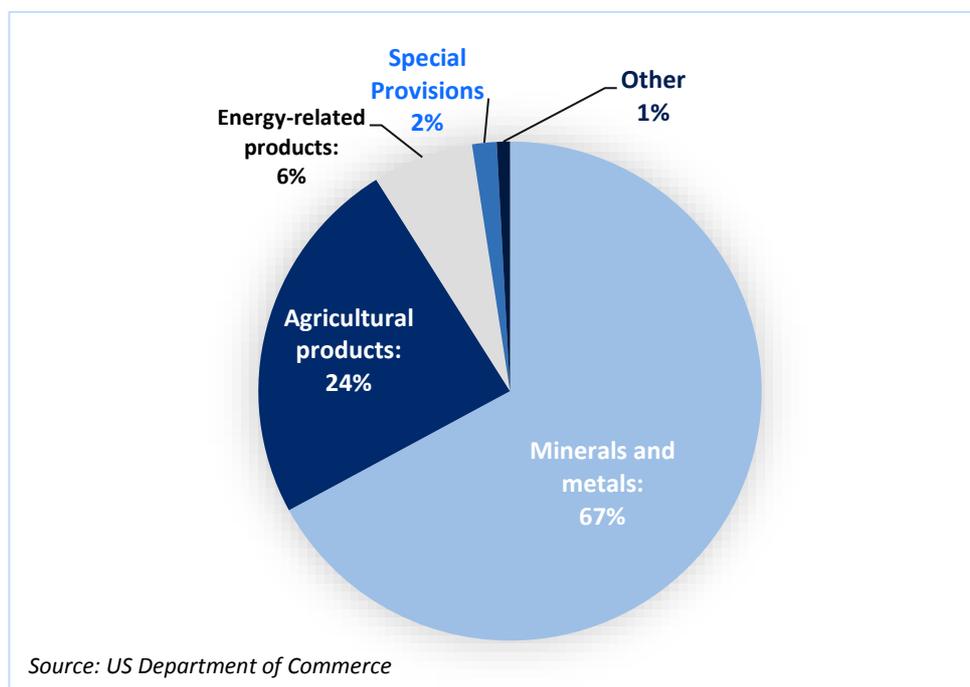
⁴ This statement is made based on trade analysis and not anecdotal evidence or input from actual companies working with the products identified.

⁵ Botswana is not included in this table to lack of trade to US in goods available in Mozambique

⁶ "Duty-free" refers to goods imported under AGOA, GSP or goods that do not face a normal duty upon import

commodities. There was a total of 80 tariff lines imported by the U.S. The concentration of exports is limited, demonstrated in Figure 3:

Figure 3. Composition of U.S. Imports from Mozambique by Export Sector



In the sectoral representation of Mozambique's total exports to the US in 2016, 'Minerals and metals', combined with 'Energy-related products' make up the largest share- 73%. These exports are for the most part in raw form, without much value-added in Mozambique. Agricultural sector makes up about a quarter of total exports to the U.S., and includes some semi-processed. As mentioned, this heavy weight of primary products in the export sector precludes Mozambique from exploiting the most significant benefits under AGOA but also does **reveal where existing trade flows between Mozambique and the U.S. could be further developed or leveraged into more opportunities both for regional trade and for eventual investment into manufacturing.**

U.S. IMPORTS FROM MOZAMBIQUE UNDER GSP & AGOA

In 2016 the U.S. imported approximately \$1.23 million in goods under the AGOA program (Table 3). **This share represents less than 2% of total export to the U.S.**, suggesting Mozambique is not actively using the AGOA program. However, other goods from Mozambique are imported under the GSP program to claim the duty-free preferences thus do not need to be imported under AGOA. When combined, AGOA + GSP imports totaled \$19.277 million in 2016 which represents approximately 18% of Mozambique's total export to the U.S by value.

Table 4. U.S. Imports from Mozambique under GSP and AGOA 2016

HTS Code	Import Program	2016
		In 1,000 Dollars
01063901 Live birds, other than poultry, birds of prey or psittaciforme birds	GSP	29

07133340 Dried kidney beans, including white pea beans, shelled, if entered Sept. 1 through April 30, or withdrawn for consumption at any time	AGOA	18
08026200 Macadamia nuts, shelled	AGOA	228
HTS Code	Import Program	2016 In 1,000 Dollars
20081145 Peanuts, otherwise prepared or preserved, nesoi, subject to add. US note 2 to chap. 12, not GNI5	AGOA	4
24012083 Tobacco, partly or wholly stemmed/stripped, threshed or similarly processed, not from cigar leaf, not oriental or turkish, not for cigarett	AGOA	54
44201000 Wooden statuettes and other wood ornaments	GSP	6
76051100 Aluminum (o/than alloy), wire, with a maximum cross-sectional dimension over 7 mm	GSP	5,098
76051100 Aluminum (o/than alloy), wire, with a maximum cross-sectional dimension over 7 mm	AGOA	1,166
76141010 Aluminum, stranded wire, cables & the like w/steel core, not electrically insulated, not fitted with fittings & not made up into articles	GSP	2,263
78019100 Lead (o/than refined lead), containing by weight antimony as the principal other element, unwrought	GSP	351
Total		19,277

Source: USITC

As the table demonstrates, just 11 HTS codes, **only 5 of which claimed AGOA status**, are imported under the AGOA or GSP program compared to 80 actual HTS codes exported by Mozambique to the U.S. in 2016 (14% of tariff lines). Of all tariff lines that entered under GSP or AGOA, goods were overwhelmingly concentrated in industrial materials such as raw sugar (GSP, \$10.06 million), aluminum wire (GSP \$7.5 million, AGOA \$1.17 million) and lead (GSP \$351,000). The table shows clearly the usage of the GSP program while AGOA is not currently utilized to a large extent.

EXPORTS TO THE U.S. NOT CLAIMING AGOA

An analysis of U.S. imports from Mozambique for the period 2012-2016, revealed two main findings: The first one is that there are several products where **Mozambique could have claimed its exports under the AGOA program; however, it has not done so**. Mozambique did not claim AGOA status on products with total trade value of \$13,694,000 total in the 5 years' period examined. The particular categories for this are shown in the chart below at HTS2 level. HTS8 digit level data is also available for the same analysis, but are not shown here due to space constraints.

Secondly, among these goods **there are some that have promising export growth potential in trade with the US under the AGOA program**. The table shows there is significant existing US demand for all of these products listed⁷. For example, in 2015 Mozambique exported \$253,000

⁷ The products that Mozambique did claim under AGOA program should be considered separately.

worth of **static converters** (85044095) to the US; and in 2013 \$2,874,000 worth of **tobacco** (24012083). There are also **lead** exports worth \$700,000 (78019100) in 2016, in a different HS8 category than the lead category exported under GSP. These are all products with value addition potential and they have already been exported to the U.S. by other countries with relatively significant trade volumes.

Table 5. US Imports from Mozambique that did not claim AGOA status, although eligible for AGOA

Product code	Product label	Value of US Global imports in 2016	US' Imports from Mozambique				
			2012	2013	2014	2015	2016
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	335,969,768	-	73	75	315	72
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	315,445,771	-	9	50	52	67
'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	285,008,239	92	34	24	14	4
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	163,420,307	-	-	-	-	8,599
'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	80,825,523	-	4	-	10	73
'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	67,291,674	13	58	16	24	286
'94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	63,144,330	-	-	-	-	11
'44	Wood and articles of wood; wood charcoal	19,537,912	79	2,880	44	-	-
'81	Other base metals; cermet; articles thereof	2,181,024	-	-	-	-	16
'78	Lead and articles thereof	1,114,962	-	-	-	-	700
TOTAL			184	3,058	209	415	9,828

**All values in thousands*

MOZAMBIQUE GLOBAL EXPORTS THAT WOULD BE ELIGIBLE FOR AGOA

While it has been established above that there were existing exports to the U.S. that are AGOA-eligible and not claiming that preference, there are also goods exported by Mozambique with AGOA-eligibility that are not exported to the U.S. **In reviewing tariff lines exported by Mozambique globally, at least 19 are of goods that would qualify for AGOA.** However, it is important to note that the apparel sector, for which Mozambique only exported \$1.16 million globally in 2016, enjoys some of the strongest tariff relief under AGOA and should be a consideration as an export for the U.S. market bringing the total number of eligible HTS codes to

20. These 20 HTS codes can be found in Appendix B. However, some notable goods include: tobacco (over \$250 million exported in 2016), rubies, sapphires & emeralds (over \$110 million exported in 2016), and several processed agriculture products, many of which had between \$5-15 million in export in 2016.

SUMMARY OF MOZAMBIQUE EXPORTS, TRADE WITH U.S. AND USAGE OF AGOA

The data presented above reveal much about Mozambique's export performance and use of AGOA. First, relative to other markets, the U.S. is a small market for Mozambique exports (approximately 3% of global export) and that Mozambique exports are primarily directed to 3 markets which capture over 60% of total exports. Further, the form of goods exported, mostly in raw material or semi-processed form, are not the kind of goods which enjoy the most significant tariff relief under AGOA (relative to goods with significant value-addition such as handbags or motor vehicles).

However, there is sufficient evidence that Mozambique is currently exporting a number of AGOA-eligible goods (20) globally that are not exported to the U.S but could be.

As regards existing trade with the U.S., goods qualifying for AGOA represent less than 2% of the total value of exports to the U.S. Of all exports to the U.S. by Mozambique, only 18% to the U.S. are done so under the GSP and AGOA preference program and that trade is composed of only 11 products. This is a small portion (14%) of the 80 tariff lines exported to the U.S. in 2016. Further, there is evidence of AGOA-eligible goods being imported without claiming the preference when they should be. By these measures it can be concluded that AGOA is currently underutilized by Mozambique. **However, Mozambique has immediate potential to increase AGOA utilization by ensuring proper labelling of HTS codes for goods as well as assuring proper documentation accompanies exports. In the short term, the U.S. market is able to absorb a greater volume of Mozambique's current AGOA and GSP eligible exports.**

Success in growing exports will depend largely on the commercial relationships developed between firms in the respective countries as well as increased awareness on behalf of private sector of the opportunities to target the U.S. market for goods already exported to other countries. The data shows that despite AGOA's existence for 16 years, Mozambique has not experienced the development of commercial sectors uniquely serving the U.S. market as has been the experience of other SSA countries (see Chapter 3 below). **Further, considering the current export composition is dominated by raw materials and semi-processed goods, utilization of AGOA in the short term should also consider the opportunities for regional trade, seeking to "plug" goods from Mozambique into regional value chains from other trading partners with AGOA eligibility such as South Africa.**

3. AGOA PROGRAM DETAILS AND PERFORMANCE

KEY FINDINGS OF AGOA PERFORMANCE TO DATE

Since implementation of the AGOA in 2000 there have been notable success stories. These include the growth of apparel sectors in countries like Lesotho, Kenya and Madagascar, leather goods from Ethiopia, motor vehicles from South Africa and the development of several value-added food products and other horticulture. Overall, trade between the U.S. and SSA countries has increased significantly as a result of AGOA. For Mozambique's AGOA Utilization Strategy there are two key factors to note that explain why countries have had success:

1. AGOA's greatest advantages (tariff relief) are in high value products: The most significant tariff relief is provided to goods with major transformation and value addition, namely automobiles, apparel goods or leather goods such as women's shoes and handbags (non-oil goods). On average goods in these categories face normal duty rates ranging from 10-25%; enough to incentivize producers and importers to seek tariff relief by producing in SSA countries relative to countries that do not enjoy trade preferences. Countries with the capacity to produce such goods have benefited from AGOA in terms of increased exports and attracting foreign investment. These countries have also been able to use AGOA to develop light manufacturing industry. The trade data presented in Chapter 2 confirms that Mozambique has a limited capacity to export value-added products. This AGOA Utilization Strategy therefore emphasizes a need to attract investment in manufacturing and targeting of goods that have capacity for higher transformation.

2. Countries that serve as "export platforms" have utilized AGOA well: Several countries have made a direct effort to create conditions for serving as an "export platform;" inviting foreign investment or establishing special economic zones and industrial parks to facilitate manufacturing for export. The most visible successes have been in the apparel and motor vehicles sectors. For example, almost 62% of Kenya's exports to the U.S. are made up of apparel (see text box). Almost 25% of Ethiopia's exports to the U.S. are composed of apparel and leather goods qualifying from AGOA, while almost 25% of South Africa's exports (\$1.6 billion) are motor vehicles made specifically for the U.S. market under AGOA.

AGOA Apparel Investment: UAL is a leading Kenyan exporter of apparel to the U.S. and has been certified by a number of large U.S. retail chains, including Levi Strauss & Co and VF Corporation. In 2004, the year before USAID sponsored UAL at its first American trade show, annual UAL sales were \$13.4 million. Today, UAL annual sales are nearly \$50 million.

In response to the 10-year extension of AGOA, UAL is investing in new machinery and increasing its production capacity for export. The expansion means more jobs for Kenyans. UAL currently employs 8,000 Kenyans. The average age is 25; 80 percent are women. UAL expects to employ nearly 10,000 Kenyans, which is a substantial number in a country that has an estimated 40 percent unemployment rate. Source: AGOA.gov

There is sufficient evidence that Mozambique can attract foreign direct investment (FDI). Mozambique is the third destination country for FDI in southern Africa. The country's access to the sea provides a significant advantage compared to its land-locked neighbors. Mozambique has experienced sustained FDI in recent years, in particular since 2011, reaching more than \$6 billion in 2013 and over \$4.9 billion in 2014. However, in 2015, FDI decreased significantly, reaching only \$1.3 billion.⁸ In the case of AGOA; **duty-free benefits are among the primary attraction to foreign investors seeking to serve the U.S. market.** Secondary interests deal mainly with access to raw material or other logistics (like the port in Beira), and the data presented in Chapter 2 supports the notion that Mozambique has sufficient raw material in certain sectors and requires foreign investment to value-add in those sectors. There is an immediate need to integrate AGOA benefits into the broader FDI value proposition for Mozambique.

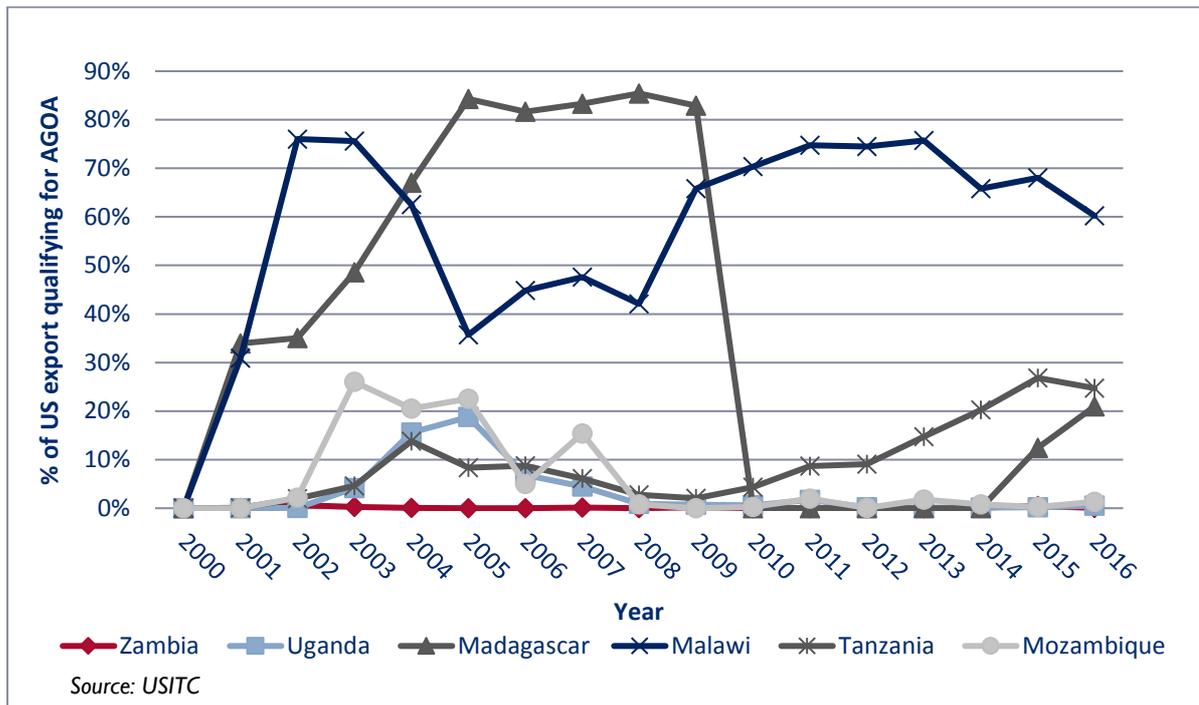
Figure 4 below illustrates how comparative countries⁹ have performed in terms of exports to the U.S. and the share of those exports which are imported under the AGOA. Measuring AGOA utilization levels in the last 16 years shows that Malawi has done consistently well in AGOA utilization since the beginning. Madagascar did very well, even better than Malawi, until 2009. Mozambique has very low AGOA utilization rates compared to these other countries. At the same time, we note that these countries still present very different contexts, and the reasons for low utilization depend on economy structures and trade patterns.

It is clear in the figure below that Mozambique's AGOA utilization declined significantly after 2008 and has not picked up since then to date. Meanwhile other economies, though also with mixed performance, have increased AGOA utilization as of late or sustained reasonably close to historical levels.

⁸ Santander Bank: https://en.portal.santandertrade.com/establish-overseas/mozambique/investing-3?actualiser_id_banque=oui&cid_banque=1

⁹ Countries that would be comparable to Mozambique in terms of geography, economy and level of development

Figure 4. Comparative Country Performance under AGOA



CHANGES TO AGOA RESULTING FROM THE 2015 AGOA EXTENSION AND ENHANCEMENT ACT

As mentioned above, the original AGOA legislation of 2000 has been reauthorized to extend duration or amended to allow for new terms and conditions. The recent reauthorization, signed into U.S. law by President Obama on June 29, 2015 under the “AGOA Extension and Enhancement Act” (AEEA) has important additions:

1- Extension:

The AGOA Reauthorization extends the program for 10 years, until September 30, 2025. This is a long-term extension intended to relieve pressure on investors, producers and traders due to short-term extensions and uncertain renewal process. The extension also included the continuation of the third country fabric program for the same period, which is very favorable keeping in mind that a considerable share of Sub-Saharan Africa’s AGOA utilization has been in the textile and apparel sector.

2- Modification of Rules of Origin:

Rules of Origin are expanded to allow AGOA countries the flexibility to combine inputs to meet the Rules of Origin for AGOA eligible products. This also promotes greater accumulation among AGOA beneficiaries and supports regional integration.

3- Eligibility Reviews:

The annual beneficiary reviews are outlined more clearly including date limits; out-of-cycle reviews are introduced; some flexibility for reviews is introduced. The AEEA provisions request advance warning for a country whose eligibility is in question. In addition to the existing annual review and

request for public comment on whether beneficiary countries conform to eligibility criteria, it is now possible for the President to initiate ‘out-of-cycle’ assessments as well. The AEEA gives the U.S. government more flexibility on dealing with beneficiary countries, if their eligibility is in question. The Reauthorization also gives the US government a more targeted way to penalize violations, by the possibility to alter duty-free and quota restrictions based on segments of society who work in particular sectors.

4- Women in Socio-Economic Development:

The AEEA places an emphasis on women in the workforce and the role they play in the development of Sub-Saharan Africa.

5- Utilization Strategies:

With the AGOA reauthorization, participating countries should develop and publish ‘utilization strategies’. The strategies will propose sectors where the countries have high potential to be competitive and a roadmap for taking advantage of this potential. They will also discuss how to promote small business and entrepreneurship; an approach to eliminate obstacles to regional trade, and a plan to promote implementation of the Agreement on Trade Facilitation (WTO). USTR is also required to submit an AGOA utilization report to Congress on a biennial basis.

6- Reciprocal trade agreements:

While AGOA is a non-reciprocal agreement providing duty-free benefits to Sub-Saharan Africa, the U.S. would like to eventually establish bilateral or regional free trade agreements. It is the U.S.’ expectation that when the timeline of AGOA Reauthorization elapses, mutually beneficial free trade agreements would be negotiated and put in place with Sub-Saharan Africa.

7- Emphasis on the Agriculture sector:

The AGOA Reauthorization places an emphasis on the agricultural technical assistance for Sub-Saharan Africa, since agriculture sector has the largest share in the region’s overall labor force; particularly female workers. The AEEA legislation lifts the cap on the number of countries that can receive American trade capacity building support. The legislation also recommends the Department of Agriculture to increase the number of Foreign Agricultural Service personnel to 30, who are assigned to staff the capacity building programs. These activities shall be coordinated with other Agricultural sector activities of the U.S. government in Sub-Saharan Africa.

U.S. SUPPORT MECHANISMS FOR SSA COUNTRIES WISHING TO USE AGOA

In addition to the trade preferences granted through AGOA, several U.S. agencies offer assistance and support to companies both in the U.S. and in the SSA countries. In some cases, the support can enable a U.S. company wishing to do business or invest in a SSA country. In other cases, the U.S. agency provides direct support through funding or technical assistance to the partner SSA country or even businesses that reside in that partner country and wish to do business with U.S. companies. Examples include:

- ▶ **Overseas Private Investment Corporation (OPIC)** – OPIC is a US development finance institution that assists US private sector to invest in developing countries through

loan guarantees and providing political risk insurance. Through OPIC, U.S. firms can obtain finance to develop major projects in Africa, including in infrastructure and manufacturing.

- ▶ **US Trade and Development Agency (USTDA)** – The USTDA funds and carries out a trade capacity building mandate as part of its mission to support priority trade policies of the US government. The USTDA is relevant for infrastructure projects, including the funding of feasibility studies.
- ▶ **Export-Import Bank (Ex-Im Bank)** - The Ex-Im Bank is the export credit agency of the US and is obligated to assist AGOA beneficiary countries through its trade finance services offerings. Ex-Im can provide U.S. companies with resources to export capital goods for manufacturing to Africa, for example, helping those U.S. firms extend credit terms to African importers. In addition, U.S. importers can access finance to import goods from Africa.
- ▶ **United States Trade Representative (USTR)** – The Assistant USTR for Africa serves as the official primary contact point between the US and AGOA countries.
- ▶ **US Foreign Commercial Service (CS)** – CS officers are based in SSA to service the needs of US businesses attempting to do business in SSA. In 2012, 5 such officers were posted in SSA, 3 in South Africa, one in Kenya and one in Nigeria.
- ▶ **US Agency for International Development (USAID)** – The USAID funds trade capacity building efforts in AGOA countries through the 3 African Trade Hubs based in Ghana, Kenya and South Africa. The “**Southern Africa Trade and Investment Hub (SATIH)**”¹⁰ serves Mozambique and is a significant resource for firms and public sector in Mozambique. Examples of support from SATIH include: detailed regulatory information on AGOA and the U.S. market broadly, business linkage support through activities such as trade fairs both in the U.S. and in the Southern Africa region, capacity building on issues like packaging, standards and marketing of products to the U.S. and some facilities to help finance or lead exporters to sources of finance.
- ▶ **AGOA.gov website:** This website is privately funded but is an excellent resource for information and data related to AGOA. Readers can find other country AGOA Utilization Strategies, reports and studies on topics such as apparel regulations, foreign investment for AGOA purposes, tariff information and eligibility of goods for AGOA benefits.
- ▶ **United States International Trade Commission (USITC):** This organization has the most detailed web-based database on U.S. imports and exports. For AGOA, the USITC prepares unique reports tracking imports under AGOA as well as narrative reports discussing issues related to AGOA such as technical regulations or progress reports on utilization (www.usitc.gov).

¹⁰ www.satradehub.org

4. OPPORTUNITY SECTORS FOR MOZAMBIQUE EXPORTS UNDER AGOA

METHODOLOGY OF EXPORT SECTOR SELECTION

To identify opportunity sectors for the AGOA Utilization Strategy the team performed trade analysis on four levels. The first level of analysis was to review the global export performance of Mozambique to identify AGOA-eligible tariff lines (presented in Appendix B). The intent was to identify mature export sectors and where a critical mass of export volume exists, which is considered important when targeting the US market. These exports were reviewed down to a level of at least \$2 million in export, measured at the HTS 8-digit level. This analysis resulted in 20 tariff lines currently exported by Mozambique to the World, including some exported to the U.S., that are also AGOA eligible. These tariff lines were broadly composed of: Aluminum goods, Tobacco and manufactured tobacco substitutes, Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad, Edible fruit and nuts; peel of citrus fruit or melons, Sugars and sugar confectionery, Edible vegetables and certain roots and tubers, Wood and articles of wood; wood charcoal, and Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof. These sectors and the sub-set of goods produced in these sectors are where short term increased AGOA utilization opportunities exist.

The second level of analysis was to compare Mozambique's current exports to the U.S. under AGOA with global exports in order to confirm these exports that could be expanded in volume. Table 5 shows the values of U.S. AGOA imports from Mozambique and the value of those same goods exported globally by Mozambique.

Table 6. Mozambique's Export to U.S. under AGOA Compared with Global Export Value (2016)

HTS Code	U.S. Import Value 2016 \$'000	Value of Global Export in 2016 \$'000
07133340 (Kidney Beans)	18	29,609
24012083 (Tobacco)	54	28,424
08026200 (Macadamia Nuts)	228	19,119
76051100 (Aluminum Wire)	1,166	10,060
20081145 (Peanuts)	4	8,599

Source: USITC and UN Comtrade Statistics

The data suggest that the production volume exists to potentially export more to the U.S. In addition, data analysis conducted under Chapter 2 suggested that some tariff lines were not being imported to the U.S. under the AGOA or GSP programs despite eligibility. These include Lead products (HTS Chapter 78, Normal Tariff Rate 2.5%) and some categories of precious metals (HTS Chapter 71, Normal Tariff Rate 5.5%). Further, raw sugar (HTS Chapter 17) is subject to a Tariff

Rate Quota (TRQ)¹¹ however sugar was included as an AGOA-eligible item, suggesting that volumes imported above the TRQ qualify for AGOA.

The third level of analysis was to review major U.S. imports under AGOA from all countries including those exported by Mozambique to the U.S. The purpose of this level of analysis was to confirm that the U.S. market could absorb additional volumes of AGOA-eligible goods from Mozambique. Table 6 below reveals select goods exported by Mozambique under AGOA with apparent high demand in the U.S. (as measured by total import value in the third column). This analysis revealed that goods such as Macadamia nuts or other nut products (HTS Chapter 07), aluminum goods (HTS Chapter 76), gems & jewelry (HTS Chapter 71), and mechanical equipment (HTS Chapter 84) are currently exported by Mozambique to the U.S. under AGOA but in small quantities relative to the total value of U.S. imports of the same goods. With certainty the market could absorb a greater volume from Mozambique however the specifics of why the current level of export exists is unknown. These goods also offer immediate opportunity for foreign investment exclusively for serving the U.S. market.

Table 7. Major Import Products under Mozambique and AGOA 2016

Product	Value of Import from Mozambique 2016	Total US Import under AGOA 2016
Macadamia nuts	\$228,000	\$84.9 million
Engine parts/pumps/valves	\$385,000	\$46 million
Aluminum products	\$8.5 million ¹²	\$120 million
Jewelry and precious metals (other than Silver)	\$284,000	\$100+ million

Source: USITC

A fourth level of analysis was to review sectors already identified by the GOM for national level or donor-sponsored support, to ensure there was broad buy-in and focus to address competitiveness issues in the sector. Table 7 below identifies the leading national-level initiatives that provide support to the considered target sectors. A full list is available in Appendix C.

¹¹ Imports of sugar into the United States are governed by tariff-rate quotas (TRQs), which allow a certain quantity of sugar to enter the country under a low tariff. TRQs apply to imports of raw cane sugar, refined sugar, sugar syrups, specialty sugars and sugar-containing products. Import restrictions are intended to meet U.S. commitments under the North American Free Trade Agreement (NAFTA) and the Uruguay Round Agreement on Agriculture (which resulted in the creation of the World Trade Organization).

USDA establishes the annual quota volumes for each federal fiscal year (beginning October 1) and the U.S. Trade Representative allocates the TRQs among countries. Sugar and related products paying a higher, over-quota tariff may enter the country in unlimited quantities.

¹² This value includes imports under GSP however there are categories of aluminum eligible for AGOA not currently exported by Mozambique to the U.S.

Table 8. Existing Support for Strategic Sectors in Mozambique

Sector	Support Initiative
Gems & Jewelry	National Export Strategy (NES)
Light manufacturing (Aluminum)	
Fruit & Vegetable	PEDSA, NES
Tobacco	PEDSA
Nuts & Oilseeds	NES
Sugar	

It is important to note that in conducting this AGOA Utilization Strategy stakeholders were consulted to propose goods for analysis (see Appendix D for listing). Those proposals included: sesame seeds, sisal (coir), cassava and wood products. Of these goods, frozen cassava was found to be AGOA eligible with normal duty rate of 11.3%. However dried/powdered cassava used as a starch (which is the predominant form exported by SSA countries) enters the U.S. duty free. Nonetheless, cassava is included as an AGOA target product. Other goods do not face import duty in the U.S.

TARGET SECTOR RECOMMENDATIONS AND RATIONALE

After applying the four levels of analysis 5 sector candidates and 13 subsector or products emerged as those that should be the focus of Mozambique's AGOA Utilization Strategy. In addition to the four levels of analysis, stakeholder consultation also confirmed/recommended these goods as high potential for expanded export. Note that the goods presented here are specifically eligible for AGOA; other goods exported to the U.S. that do not have a duty applied (and thus do not require AGOA or GSP) are not included as part of these recommendations. Although earlier analysis determined there were 20 tariff lines exported by Mozambique that are eligible for AGOA, the goods presented here are believed to have short term export opportunities given U.S. demand.

Table 9. Recommended AGOA Utilization Strategy Target Sectors and Products

Sector	Subsector/Product	AGOA Eligible	Existing Export	U.S. Import 2016 \$ Value in Millions	Normal Duty Rate	National-level Support
Industrial	Wire	Y	Y	>200	2.6-5.9%	N
Industrial	Lead	Y	Y	>100	1.1 cents/kg	
Agro-processing	Macadamia Nut	Y	Y	111.5	5 cents/kg	Y
Agro-processing	Pigeon Pea	Y	Y	10.2	0.8-1.5 cents/kg	Y
Agro-processing	Cassava	Y (only frozen and fresh-dried is duty-free)	n/a	12	7.9-11.3%	
Agro-processing	Sunflower seed or safflower oil	Y	Y	55	1.7 cents/kg + 3.4%	
Agro-Processing	Shelled Almonds	Y	Y	69.7	7.7 – 24 cents/kg	N/A

Agro-processing	Kidney beans, shelled	Y	Y	13.1	6.6 cents/kg	
Agriculture	Tobacco	Y	Y	17.3	37.5 cents/kg	
Sector	Subsector/Product	AGOA Eligible	Existing Export	U.S. Import 2016 \$ Value in Millions	Normal Duty Rate	National-level Support
Agriculture	Sugar	Y (After TRQ)	Y	675.9	1.4606 cents/kg less 0.020668 cents/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 0.943854 cents/kg	
Agriculture	Cane Molasses	Y	Y	128	\$.01/kg	
Gems & Jewelry	Precious metals	Y	Y	1,248	5.5%	
Manufacturing	Apparel	Y	Y (not to U.S.)	n/a ¹³	10-25%	

¹³ The specific kind of apparel exported by Mozambique is school uniforms to South Africa. This good would not have demand in the U.S. however apparel is listed here for the potential to make specific articles for the U.S. market as demanded by the customer. As such it is impossible to quantify the demand by value as the other goods.

5. CONSTRAINTS FOR EXPORTS AND TO THE TARGET SECTORS

AGOA Utilization Strategies are not intended to be studies that identify problems, rather they are designed to identify opportunities. However, in the process of designing this AGOA strategy, several constraints facing the export sector were identified by stakeholders, including those that inhibit more exporting to the U.S market. As numerous national level studies, strategies and plans exist to combat constraints those identified here are done so to support prioritization. Recognizing these constraints is also important in forming some of the recommendations in this strategy but they are mostly already known to the GoM and in most cases addressed through other strategies.

CONSTRAINTS TOWARD INCREASED EXPORT TO THE U.S. WITH OR WITHOUT AGOA

- A. The companies that are exporting semi-processed agricultural products have little incentive to value add production for several reasons. First, the most accessible customer is a broker/agent who uses the product in semi-processed form and sells to other markets for value-adding. Second, business models for the export of such goods as cashews or other nuts favor semi-processed relative to value-added form because the utility of the product is higher, especially once it is already imported to the U.S. and available to sell to various processors. Finally, the investment required as well as supporting infrastructure (equipment, engineers, efficient transport, cold storage, etc) is not currently in place and firms find it easier/less risky to continue to produce in semi-processed form.
- B. Several of the better performing exporters were set up or are partnered with foreign companies that need to secure access to the product/raw materials. Accordingly those companies do not seek alternative markets nor do they have interest to attempt to produce for markets requiring alternative standards. This is especially evident in the seafood sector where exports to Europe are a preferred alternative due to presentation (less value-adding/preserving more yield of the fish by leaving the head on, etc) and the buyers either have direct investment (PescaMar, PescaMoz) or fully produce for a small number of customers who take full production. Accordingly, diversifying exports to the U.S. market will only be done with full confidence from the exporters that a price competitive and transparent market exists. Such information does not currently exist or is difficult to obtain by private sector firms due to lack of government support for market intelligence or activities such as trade fairs.
- C. Mozambique's exports are concentrated in industrial goods which require massive capital equipment investments and scale or agricultural goods, most in raw material forms. In other words, there is a "missing middle" of light manufacturing in Mozambique which would normally be viewed as a key sector for expansion to the US market under AGOA. Lacking such light industry suggests short term opportunities will be constrained to heavy industry, for example aluminum products (which have increased export to US and some goods are AGOA eligible) find an, or semi-processed food and agro products that either do not have an applied tariff or have existing low tariffs (<5%) which is not significant.

- D. The majority of existing U.S. export is achieved through Mozambique companies that have either sales operations abroad, a US customer who has identified the product/producer in the U.S. or are conducting sales through traders/brokers. In other words, there are limited direct sales to the market and a preference of companies to focus on producing not selling or marketing. Of that export to US, imports claiming the AGOA preferences were just \$1.2 million in 2016 or approximately 1% of total US import from Mozambique.
- E. Lack of access to domestically produced packaging material adds cost and delays to export shipments
- F. Mandatory scanning of containers adds cost and time to each export shipment. The cost can range up to \$300 U.S. per container¹⁴
- G. Awareness and interest in AGOA is extremely low relative to alternative trade arrangements that also provide Mozambique preferred market access, namely the Southern African Development Community (SADC) and the Economic Partnership Agreement (EPA) with the EU.
- H. Outside of Maputo awareness and knowledge of AGOA was relatively lower. Several stakeholders commented that they did not have access to information about AGOA, had not received information from the government and generally felt access to information about AGOA or the US market broadly was difficult if not impossible to access. Lack of materials in Portuguese available for private sector compounds the awareness problem.
- I. Some goods, such as sugar, are competing with markets that also grant preferential market access (SADC and EPA result in South Africa and Europe as primary markets).
- J. Public and private institutions which support the export sector have a lack of sufficient expertise or knowledge of US market generally. Accordingly, providing strategic support or market intelligence on the U.S. is not possible.
- K. While there is a small volume of apparel production in Mozambique, as well as a short history with exports to the U.S. in the 2000's, low relative productivity is a chief concern if this sector is to export to the U.S. While the apparel sector enjoys some of the best tariff relief under AGOA those benefits are not strong enough to create a relatively competitive price structure for finished apparel.

TRANSPORTATION

Transportation presents unique challenges to Mozambique's export sectors, from hard infrastructure (road, rail and air) to logistics services and supporting infrastructure. Some key constraints, that when addressed, can help promote exports include:

- A. Roads are the principal means of transit in the country, bringing goods to the ports for exporting. However, roads in Mozambique are unpaved and overloaded, and in need of repairs. No national trucking company covers the entire country, and ways to transport goods from North to South are very limited. The North of the country is in need of the most infrastructure development. This region is also where the majority of agricultural production occurs in crops such as cassava, macadamia nuts, and pigeon peas- all of which are products identified as target sectors by this AGOA Utilization Strategy.
- B. Despite Mozambique's geographic position as the exit point for the region, the size of port operations is the lowest. Congested ports and inefficient port operations increase time and

¹⁴ This amount of fee was provided in two interviews.

cost involved in exporting products, as well as complicating export procedures. Furthermore, container dwell time is the highest in the region. Time lags not only add costs but also are particularly prohibitive for perishables and agricultural products that need to be preserved in certain conditions to maintain quality. Cold chain supply chain efficiency and reliability are very poor and cold storage facilities are scarce in number. Air transport is a very expensive option, since most airports are not in good condition and airline freight operations are not advanced or competitive. The only operator in the country is the national airline Linhas Aéreas de Moçambique (LAM).

- C. Transit is divided around the three east/west corridors of Maputo (South), Beira (Central), and Nacala (North). There is limited linkage between these three corridors and only one North/South road, the ENI. Since 9 out of 12 target sectors this AGOA Utilization Strategy recommends are in the agriculture/ agribusiness sector, the most pertinent corridors for this strategy are Nacala and Beira corridors. Many of the key export commodities, primarily agricultural, come from the North. Provinces such as Niassa and Nampula that export cassava and macadamia nuts face problems from irregular transport and flooding, which hinders transit. Pigeon peas, of which Mozambique is one of the largest exporters, are almost exclusively cultivated in the north and therefore could benefit from improvements in this region. However, these provinces are poorly linked to the major economic centers due to poor transport infrastructure.
- D. The Port of Nacala suffers from inefficient port operations, lack of modern technology, which leads to low productivity, congestion (both entering the port due to the single entrance and inside the port due to storage limitations), and redundancy caused by the Nacala Special Export Terminal (TEEN) that was originally established as a dry port to address port congestion and compliance in the export of natural resources. These, combined with the cost and inefficiency of pre-shipment inspection, added costs of weighing and scanning containers, limited service offering from clearing agents, and port handling services hinder Nacala's ability to be a competitive port. This is despite the port's advantageous geographic location as the only natural deep-water port, where there is no natural restriction on ship movement.
- Poor quality roads along the Nacala corridor result in inefficiencies from slower speeds, and thus, longer travel times, which further increases costs to road freight operators. Road freight companies have indicated that due to the poor condition of the roads, which limits their market penetration, they often charge three to four times their normal transport rates, which are passed on to producers and consumers. Users of the Nacala Corridor do not have an effective system to manage the logistics information flow across the supply chain (e.g. such as for tracking cargo, preparing customs documentation, paying ocean freight rates, completing bills of lading, scheduling shipments, planning containing terminal works in advance or before a train or a truck enters the port's etc.)
- E. The Beira corridor works more efficiently and is more widely used in comparison to the Nacala corridor. That said, the Port of Beira is also congested and suffers from inefficient operations. Road and rail access to the port are in poor condition. There are limited road connections to key agricultural export producing areas such as Tete, Manica, and Dombe. The GOM is setting up a **Road Cargo Terminal in Inchope**, in order to improve clearance of goods and decongest Beira port. Given that Inchope is a transit place for hundreds of trucks daily with transit cargo from and to Beira, Democratic Republic of Congo (DRC), Malawi, Zambia, and Zimbabwe, the idea is to establish this location as a dry port, to facilitate more efficient movement of goods. Until this project is finished,

transportation costs and time are likely to remain high, and reliability low. In addition, Inchope risks becoming a smuggling point of goods from and to neighboring countries or elsewhere, which would further divert the preferences of shippers to other corridors.

- F. Transit costs are so high in Mozambique that it is cheaper to import crops. The zones with highest agricultural potential are the least accessible. Production farms are distant from main roads, and feeder road infrastructure is insufficient. Only 27 percent of Mozambicans live within 2 km of a year-round passable roadway, compared with 38 percent in Malawi and Tanzania; 64 percent in Zambia; and 65 percent in Zimbabwe¹⁵. Consequently, consolidation of agricultural products for shipment accounts for a large chunk of total transport costs, many times more than half. Agricultural production is very fragmented and many times informal in Mozambique. Transport operations collecting products from small farms are such that cargo is collected from multiple producers one-by-one. Local traders, and many times buyers themselves buy from farmers at farm-gate and keep aggregating products until there is enough for a large-scale retailer/trader to invest in shipping the product. This is very time-consuming, and result in increased fuel and transport costs. This in turn contributes to inefficient truck turnaround.

Consolidation centers would mitigate the effects of these factors and decrease transit costs. However, the existing consolidation centers are around Maputo, and there is a serious deficiency along Beira and Nacala Corridors. Currently, there is no sufficient production volume or supply reliability to provide incentives to the private sector to invest in building consolidation centers. However, this is a chicken-and-egg problem: Most agricultural producers do not expand their production, because transit costs are so high.

Building/funding agricultural consolidation centers for farm production as well as agro-processing would be a strategic investment for the government, in order to create incentives for the producers to expand production- particularly along the Beira and Nacala Corridors. Consolidation hubs can facilitate the operation of large-scale transportation companies offering specialized services to respond to the needs of the specific AGOA products recommended in this report.

TRANSIT TRADE

Transit trade, particularly of transit of exports from South Africa, Malawi and other neighboring countries, through Mozambique's various ports, is another excellent way of building up critical volume of exports to entice shipping lines to call to Mozambique ports and improve the competitiveness of transportation costs. Transit refers enables the transport of goods from one country, through the borders of another country (in this case Mozambique), to another country without having to be imported and re-exported, clear customs, or pay import duties, domestic consumption taxes, or other charges. Article 11 of the recently concluded WTO Trade Facilitation Agreement (TFA) contains obligations for Member countries to implement with regard to transit procedures, including¹⁶:

¹⁵ World Bank Rural Access Index data

¹⁶ From the WTO Trade Facilitation Agreement, Article 11.

- Regulations or formalities on transit shall be eliminated or reduced if no longer required or a less trade-restrictive solution becomes available, and they should not be applied in a manner that would be a disguised restriction on trade.
- Charges that may be imposed on transit only for transit administrative procedures entailed or transit services provided, and shall be limited in amount to the expense of such procedures or cost of such services
- Members shall not seek, take or maintain voluntary restraints or similar measures on traffic in transit.

In Mozambique, there are regulations that exist that reduce the amount of transit trade flowing through Mozambique ports. For instance, mandatory scanning of all transit trade, has kept products, such as BMWs from South Africa, from passing through Mozambique's ports. In Nacala, mandatory use of the Nacala Export Terminal (TEEN), a dry port, also increases costs for exporting through the Port of Nacala¹⁷. At the same time, significant work has been dedicated to improving transportation corridors. The Nacala Corridor Development company (CDN) has invested heavily in railway improvements from Tete, through Malawi and to the Port of Nacala. Similarly, efforts are under way to improve the Maputo and Beira Corridors as well.

Implementing Mozambique's WTO TFA commitments can help put in place procedures that can minimize transit costs and help promote greater transit trade. Growth of transit trade can support AGOA exports as AGOA eligible products from Mozambique can piggyback on the increased shipping frequencies, greater cargo volume (including to the US) and reduce costs, which can help increase margins for AGOA eligible products and make these products more competitive in the US market.

CONSTRAINTS FACING THE TARGET SECTORS AS NOTED IN INTERVIEWS

Over 20 interviews and 3 public consultations were held in the period of April 18-May 1, 2017 to identify goods for AGOA export and to identify specific constraints facing export of those goods. The main constraints facing the goods in the AGOA Utilization Strategy sectors are presented in the table below:

Table 10. Constraints facing exporters of target sector goods

Sector	Product	Main Challenges
Textile/Apparel	Apparel	Wage rate, low productivity, Customs inefficiencies, competition for workers, restrictive labor regulations, transport and transit delays
Textile/Apparel	Apparel	Low relative productivity, Customs inefficiencies, competition in local market, transport and transit delays
Food/Agribusiness	Jams/Jellies	Cannot obtain proper certification form INNOQ due to cost/lack of available services from INNOQ in-country, cannot obtain "organic" certification for EU or USA markets due to high cost of hiring official inspector to certify.

¹⁷ The SPEED+ Project was told by the Minister of Transport and Communications that a new decree would be released August 2017 that remove the mandatory use of TEEN.

Food/Agribusiness	Cashew	Financial constraints (need to convert 50% dollars to MTC), burdensome customs documentation (not required on US import side)
Food/Agribusiness	Honey, Baobob powder	Vendors of raw material do not have proper accounting methods for tax collection, understanding documentation requirements for different markets is difficult, especially getting info from Customs, need for more testing abilities both public and private
Multiple consumer products	Tea	Big challenges at port of Nacala, tea is exported in bulk to agent, not well informed of events via USAID Trade Hub or government (informed sometime within days of event)
Agro-processing	Cashew, pigeon peas, sesame	Some issues with raw material access, regular delays of customs, shortage of engineers to employ for factory, transport and transit delays
Sector	Product	Main Challenges
Wood sector	Poles, railroad ties, some carpentry	Customs not able to assign correct HTS codes for exports, Customs purposely assigns HTS codes that have export tax, eucalyptus exports being taxed when there is a law that says they should not be, period of time (6 months!) where native species are not allowed to be cut, shortage of engineers/machine experts in forestry sector
Wood products	Furniture	Same as above regarding cutting period
Seafood	Shrimp	US market not interesting due to customer preferences (EU buys different presentation of product which is easier to process and commands higher price), transport and transit delays
Agro processing	Cashew, pigeon pea, sesame	Standards/US import regulations are not easily available, no information on AGOA,

6. STRATEGIC ACTIONS FOR INCREASED UTILIZATION OF AGOA

Several data points inform the proposed strategic actions for increased AGOA utilization discussed below. These include:

- ▶ Mozambique’s weak trading relationship with the U.S. market (3% of total export) combined with low utilization of AGOA (<2% of U.S. imports from Mozambique) suggest the AGOA Utilization Strategy must start from a basic point;
- ▶ Evidence of AGOA eligible goods entering the U.S. without claiming AGOA status suggests greater awareness of public and private sector stakeholders could result in immediate increased use of AGOA;
- ▶ The fact that Mozambique currently exports at least 20 AGOA-eligible tariff lines with export values over \$2 million suggests short term opportunities to increase use of AGOA by targeting the U.S. market and seeking strategic foreign investment; and
- ▶ Considering the current composition of exports is largely in raw materials, Mozambique has short term opportunities to “plug” exports into regional value chains that serve the U.S. market with trading partners who enjoy more robust manufacturing sectors.

More generally, Mozambique can better utilize AGOA by emulating some of the basic steps peer SSA countries have taken to prepare for increased U.S. export. These include: 1.) supporting sectors and specific goods with known AGOA benefits in order to increase the export competitiveness of those goods, 2.) proactively informing and educating the private sector on the AGOA program and why it offers competitive advantage to Mozambique exporters, 3.) promoting and strengthening the trade relationship with the U.S. market via AGOA-related events such as the annual AGOA Forum or other regional U.S.-Africa promotion activities, 4.) making use of U.S. government resources in place to support SSA countries exploit AGOA, and 5.) targeting and attracting investment or commercial partners to produce goods in Mozambique for the U.S. market (“export platform”). These activities have been undertaken in a variety of form over the life of AGOA by different SSA countries and as discussed above, this has led to direct increase of exports to the U.S. as well as developing manufacturing sectors to produce value-added goods.

RECOMMENDED ACTIONS

As discussed in Chapter 5, Mozambique has several constraints that affect the overall competitiveness of its goods and specific constraints that impede exports under AGOA. To address those constraints and help AGOA exports increase there are three areas the government should focus efforts: Improve awareness and understanding of AGOA, government-driven efforts that will lead to increased efficiencies and investment in the export sector and firm-level assistance that will enable firms to more proactively pursue opportunities under AGOA.

Action Area I: Improve AGOA Awareness and Understanding

Recommendation: Appoint responsible persons for AGOA within relevant government agencies and make contact information available to private sector.

Rationale: In a series of stakeholder consultations in Maputo and the north, private firms cited a lack of awareness of AGOA specifics, such as where to locate eligibility or what documentation was required. Furthermore, firms were not aware of what GRM ministry to contact or where to find information on GRM websites. Consistent with other AGOA beneficiary countries, the GRM should appoint specific resources (personnel, ministries, or other public departments) to be a “go to” resource for AGOA to assist private sector and more importantly, ensure the private sector is aware. SPEED+ and SATIH can work with MIC to build capacity of officials to better understand AGOA as well as develop awareness material in Portuguese, which could be posted on the SPEED+ website. In addition, MIC can seek funding from the Corporate Council on Africa to attend the 16th AGOA Forum, currently scheduled in early August 2017 (<http://www.agoacsonetwork.org/event-2592055>).

Recommendation: Conduct outreach to exporters of AGOA strategy goods (identified in Table 9) to inform of AGOA benefits and discuss strategies to support those export sectors.

Rationale: AGOA utilization is low despite clear demand in U.S. for certain goods already exported in small quantities from Mozambique. Efforts should be undertaken to understand why the volumes are small and if it has to do with supply-side constraints or general lack of market intelligence. AGOA-eligible goods are exported by Mozambique but not targeting the U.S. perhaps due to lack of market information including AGOA eligibility.

Recommendation: Conduct outreach to exporters of the current AGOA eligible tariff lines (for the 20 goods noted in Chapter 2) to ensure awareness of duty-free access to U.S. market under AGOA.

Rationale: Mozambique already has a strong portfolio of exports eligible for AGOA that could be targeted to the U.S. if exporters had more awareness and information of AGOA. Accordingly GRM entities like AIPEX and the MIC should conduct outreach to exporters in those sectors to ensure awareness as well as support a strong relationship to engage private sector in defining export promotion demands.

Inform sugar and tobacco sectors of AGOA eligibility and ensure both public and private sector actors in those sectors understand AGOA and U.S. import regulations for those goods.

Rationale: Current AGOA legislation identifies sugar and tobacco goods as eligible for AGOA. While both products are deemed “sensitive” goods and in the case of sugar, regulated by a tariff relief quota (TRQ), the industry in Mozambique was not aware of this eligibility. The GRM should request a meeting with the U.S. Embassy to properly understand the eligibility requirements and status of these two items given Mozambique’s strong export sectors.

Increase access and awareness of Southern Africa Trade and Investment Hub (SATIH) support mechanism for firms, especially in provinces outside Maputo and in the targeted sectors.

Rationale: The SATIH is an excellent resource for AGOA. Interviews with firms around Mozambique suggested little to no awareness of this resource. The GRM should more deeply engage SATIH to ensure that program resources, trainings, and other offerings for stakeholder countries (such as Mozambique) are made available to exporters, especially in those sectors which have been identified in this strategy as AGOA eligible. Specifically, SATIH is already supporting efforts in sectors such as agribusiness and can assist with regional business linkages to support regional trade opportunities (see below under Action Area 2).

Action Area 2: Government Initiatives

Recommendation: Train Customs officials and private sector on proper HTS classification to ensure AGOA benefits are utilized

Rationale: Navigating the eligibility requirements of AGOA is difficult for exporters as cited in stakeholder interviews. Further, some firms have evidence of incorrect labeling by Customs officials for other exports, such as in the wood sector. On the U.S. import side there are cases where importers may be providing the exporter with the incorrect HTS code. To ensure proper HTS labelling and thus secure AGOA benefits, Mozambique customs officials should have an understanding of how to guide exporters with classification and documentation. Customs officials should be consulted to identify the best and most necessary training to implement this recommendation.

Recommendation: Support regional AGOA value chains by promoting commercial partnerships with current trading partners such as South Africa, Tanzania and Zambia for goods such as Upland Cotton, pigeon peas, nuts and fruits.

Rationale: As discussed throughout this AGOA strategy, there are short term export opportunities with regional partners with more advanced value addition capability for AGOA goods (such as agro-processed goods) as well as more mature trade relations with the U.S. market. The GRM should strongly consider export promotion and bilateral talks with regional partners to encourage trade that can be developed as “regional value chains” with key partners including South Africa, Tanzania, Zambia and Zimbabwe. There is supporting evidence of trade in AGOA eligible items with each of these trading partners (see Table 3 in Chapter 2 above). The SATIH cited above, is also working to encourage regional value chains for AGOA export and should be considered a resource for guidance and business linkages.

Recommendation: Hold public-private consultations on increasing efficiencies at the Nacala and Beira ports with exporters and other key logistics providers.

Rationale: Stakeholder interviews suggested that the ports of Beira and Nacala could be more efficient and in some cases, such as through mandatory pre-shipment scanning, add cost and time to exports. While efficiencies of the ports, as well as other trade logistics constraints are well documented, the need for Mozambique to most efficiently export containers of goods is critical to its competitiveness in serving the U.S. market. Transit times are critical variables in buyer decisions of where to source, all other factors being equal. The recommendation is that the GRM create a feedback mechanism from private exporters of goods in the AGOA sectors to solicit feedback on possible improvements in the trade infrastructure and processes, especially at the ports of Beira and Nacala where much of the agribusiness trade with AGOA potential is exported from.

Recommendation: Work with SATIH to secure Mozambique’s participation in ongoing U.S.-based and regional trade fair opportunities

Rationale: As mentioned above, SATIH is an excellent resource for Mozambique to increase AGOA trade. Specifically, SATIH holds a number of events both in the U.S. and in the SSA region to encourage business linkages. The GRM should ensure participation for its private sector, which was cited in stakeholder interviews as not happening currently. The activity is also critical given low level of resources for export promotion more broadly in Mozambique as confirmed by the MIC.

Recommendation: Integrate AGOA as a value proposition for foreign investment promotion efforts

Rationale: One of the key ambitions of AGOA is to spur foreign and domestic investment into value adding capacity in manufacturing. Considering Mozambique has a small manufacturing industry that adversely affects opportunities to export goods with the most significant benefits under AGOA, the GRM should target increased investment in the light manufacturing sector and specifically in some of the more promising agro-processed goods categories under AGOA (as cited in Chapter 5). Some of the most significant AGOA benefits, such as in processed nuts and fruits and apparel, do not require massive capital investments and there is evidence of neighboring countries that have been able to attract such investment using AGOA and the U.S. market as the attraction.

Recommendation: Undertake analysis to boost apparel sector in order to take advantage of AGOA and potentially attract foreign investment in the sector.

Rationale: AGOA benefits are most significant in the apparel sector. Mozambique had earlier exported apparel under AGOA but unfortunately the sector has diminished to only a few operating firms. However, stakeholder interviews confirmed new investments in cotton in Mozambique which could help spur new investment in the textile and apparel sector more broadly. However, in the short term there remain opportunities to support growth in the apparel sector to take advantage of the AGOA benefits. To date there is no evidence that Mozambique targeted this sector for investment or for export promotion. Apparel is also a key strategic sector for support under SATIH so there is some existing U.S. resource and expertise available to the GRM (see recommendations regarding engagement of SATIH by the GRM above).

Recommendation: Engage with existing apparel sector representatives to pursue skills building activities in order to increase competitiveness and lower production costs for apparel produced in Mozambique.

Rationale: Following the recommendation above, interviews with apparel companies operating in Mozambique cited the skills of the workforce as a major constraint. The GRM should work with apparel sector representatives to understand and possibly support workforce interventions that would increase the skills of apparel workers, specifically sewing operators, which are not as efficient in apparel production as some neighboring labor forces (Madagascar, Swaziland). Other factors, such as cost of electricity and logistics are also key variables to the competitiveness of an apparel sector so this sectors input into overall economic development strategies with exports should be considered.

Recommendation: Work with agro-processing sector to improve access to packaging materials, including longer term prospect of supporting foreign investment in packaging materials to boost local supply and access.

Rationale: Currently most goods, especially in the agro-processing sector, are exported using imported packaging materials, due to lack of availability domestically and cheaper relative cost. However, should Mozambique wish to pursue more value-added exports in the future it would be in the interest of the GRM to actively court foreign investors of packaging materials. Improved access domestically would reduce lead times for export and eventually the cost of goods should decrease with improved access to what is currently a costly input. AGOA goods, especially those with most value addition, such as retail ready food products, rely on attractive and quality packaging which is simply not available domestically currently.

Recommendation: Promote “Made in Mozambique” label in U.S. market through trade fairs or other AGOA-related events in U.S. and the region (such as Annual AGOA Conferences)

Rationale: Preparations for this strategy confirmed there is no active/evident promotion of Mozambique in U.S. Further, the low import values and limited usage of AGOA (5 items) confirm that the U.S market has a weak awareness of Mozambique as a supplier of goods. Mozambique has already invested in a “Made in Mozambique” label however limited resources precludes aggressive use/promotion of the label in trade promotion. Accordingly events such as the annual AGOA Forum, trade events supported by SATIH or other USG resources should be utilized to promote the label. Furthermore, the GRM should specifically seek donor resources to assist in the promotion of the label and Mozambique goods more broadly.

Recommendation: To reduce transit costs, establish specialized consolidation centers for agricultural production along Nacala and Beira Corridors.

Rationale: Stakeholder interviews confirmed that lack of consolidation centers, primarily for agricultural products, are increasing transit and transport costs; contributing to supply chain inefficiencies. This deters producers from expanding production. The issue is especially prevalent in the Northern part of the country where much of the agriculture industry exists. Establishment of such consolidation centers would need to be vetted from actors in the agriculture sector to identify which goods/locations are most strategic. This activity should be undertaken with both GRM and donor support considering existing donor support in the agriculture sector.

Action Area 3: Firm-level Support

Recommendation: Ensure firms, especially in provinces outside Maputo and in the targeted sectors, have access to U.S. Government resources including websites and assistance programs (USAID/SATIH), etc.

Rationale: Stakeholder interviews revealed that firms are poorly informed of AGOA, how it works, what goods are eligible or even where to find information. During three public stakeholder meetings experts used time to present basics on AGOA, which were new information for most participants. Participants were further interested in the fact that significant US government resources exist to support AGOA (as discussed in Chapter 3 above). Outside of Maputo the problem was more acute. For Mozambique exporters to truly begin to export or increase export to the U.S. under AGOA, a more robust outreach campaign, perhaps conducted in partnership with SATIH or other USG resource would be a benefit. In the longer term, the GRM is engaged in the AGOA process via participation in the annual AGOA Forum. Ideally the representatives and other GRM staff associated with participation and implementation would have a mechanism to share information with firms.

Recommendation: Support regional business linkages for producers of AGOA-eligible goods in order to boost regional trade and create regional value chains to supply the U.S. market. Priority sectors for linkages include cotton (HTS code 52) and dried legumes (HTS code 07).

Rationale: As notes in Action Area 2 above, the GRM can take steps at the national level to support and advocate for regional trade linked back to AGOA opportunities. In parallel firms in the AGOA opportunity sectors, including those specified in Chapter 5 above, should be sensitized to the short term export opportunities of feeding into regional value chains or production networks. Trade to neighboring countries, even other countries in SSA, of goods that are not processed or semi-processed suggests that demand is strong however as discussed in this strategy, the transformation capacity that would add value to those goods exists in minimal cases. This recommendation proposes that firms in strategic sectors are sensitized and later linked, via GRM efforts or supporting donors such as USAID, to industry peers in neighboring countries to explore opportunities to value add Mozambican materials for forward exporting to the U.S. under AGOA. Trade analysis suggests this may already be occurring in markets such as South Africa and Malawi.

Table 11. Presentation of recommended Interventions for the Mozambique AGOA Utilization Strategy

Mozambique AGOA Utilization Strategy: Action Matrix			
Action Area 1: AGOA Awareness & Education			
Action	Constraint Addressed	Term	Implementers
Appoint Responsible Persons for AGOA within relevant government agencies and make contact information available to private sector	Firms, especially in provinces outside Maputo, have low awareness of AGOA or U.S.-related initiatives like SATIH-funded activities or trainings. Firms do not understand that AGOA, as a government-to-government initiative, is understood and managed by GoM representatives.	Short	MIC
Conduct outreach to exporters of AGOA Strategy goods (Table 10) to inform of AGOA benefits and discuss export promotion tactics.	AGOA utilization is low despite clear demand in U.S. Small volumes of AGOA-eligible imports could be increased. AGOA-eligible goods exported but not targeting the U.S.	Short	MIC
Conduct outreach to exporters of the current AGOA eligible tariff lines (20 noted in Chapter 2) to ensure awareness of duty-free access to U.S. market under AGOA.	Exporters of AGOA-eligible goods are generally not aware of advantages of exporting to U.S. under AGOA. Firms lack market intelligence on the U.S. market demands.	Short	MIC

Increase access and awareness of Southern Africa Trade and Investment Hub (SATIH) support mechanism for firms, especially in provinces outside Maputo and in the targeted sectors.	Lack of awareness of AGOA, lack of awareness and knowledge of regulations and market norms and standards for goods in the U.S. market, weakness of GOM to advise on U.S. market	Immediate	SATIH
Inform sugar and tobacco sectors of AGOA eligibility and ensure both public and private sector actors in those sectors understand AGOA and U.S. import regulations for those goods.	Large volume exports of sugar and tobacco are not destined to U.S. relative to other markets despite AGOA eligibility	Immediate	MIC
Action Area 2: Government Initiatives			
Action	Constraint Addressed	Term	Implementers
Train Customs officials and private sector on proper HTS classification to ensure AGOA benefits are utilized	Incorrect HTS code labelling or incorrect documentation for AGOA benefits	Immediate	AT, MIC
Support regional AGOA value chains by promoting commercial partnerships with current trading partners such as South Africa, Tanzania and Zambia for goods such as Upland Cotton, pigeon peas, nuts and fruits.	Lack of transformation capacity means Mozambique cannot capture best AGOA benefits. However raw materials like cotton and fruits are used as inputs in AGOA-eligible goods but Mozambique does not have direct market access for these goods in raw material form.	Short	MIC
Hold public-private consultations on increasing efficiencies at the Nacala and Beira ports with exporters and other key logistics providers.	Exporters complain that costs or other delays such as scanning cause increased cost or duration of shipments.	Short	MIC, AT, CTA
Work with SATIH to secure Mozambique's participation in ongoing U.S.-based and regional trade fair opportunities	Firms not well informed of SATIH support and GOM has lack of resource to subsidize/support trade fair participation	Short	SATIH
Integrate AGOA as a value proposition for foreign investment promotion efforts	Absence of light manufacturing industry to take advantage of AGOA benefits, no evident investment promotion materials/website that promotes Mozambique as an "export platform" for the U.S. market	Medium	APIEX, MIC
Undertake analysis to boost apparel sector in order to take advantage of AGOA and potentially attract foreign investment in the sector.	Mozambique has exported apparel to the U.S. in the past however competitiveness factors, such as cos and delivery time were cited as problems by U.S. customers and that trade does not currently exist.	Medium	MIC

	However, 2 apparel companies did suggest they were re-engaged with U.S. market clients. Interest in sourcing apparel from AGOA countries is clear as well as the growth of manufacturing sectors from countries that have focused on apparel sector for AGOA utilization.		
Engage with existing apparel sector representatives to pursue skills building activities in order to increase competitiveness and lower production costs for apparel produced in Mozambique.	Apparel companies note lack of skills among sewing operators thus increasing the cost of goods rendering some apparel (those items without a high duty such as “basics”) uncompetitive relative to other AGOA producers.	Medium	MIC
Work with agro-processing sector to improve access to packaging materials, including longer term prospect of supporting foreign investment in packaging materials to boost local supply and access.	The need to import packaging materials results in added cost, time of production and burden on exporters of agro-processed products. Dependency on foreign suppliers coupled with import burdens like documentation and logistics add cost.	Medium	MIC, MASA
Promote “Made in Mozambique” label in U.S. market through trade fairs or other AGOA-related events in U.S. and the region (such as Annual AGOA Conferences)	Low awareness of Mozambique as a supplier of goods, outside of cashew, among U.S. importers. No active/evident promotion of Mozambique in U.S.	Short/Medium	MIC
To reduce transit costs, establish specialized consolidation centers for agricultural production along Nacala and Beira Corridors	Lack of consolidation centers, primarily for agricultural products, are increasing transit and transport costs; contributing to supply chain inefficiencies. This deters producers from expanding production.	Medium	MIC, MTC, MASA
Action Area 3: Firm-level Support			
Activity	Constraint Addressed	Term	Implementer
Ensure firms, especially in provinces outside Maputo and in the targeted sectors, have access to U.S. Government resources including websites and assistance programs (USAID/SATIH), etc.	Firms in Mozambique have low awareness of AGOA but also low awareness of the numerous support programs or informational websites hosted by the U.S. government.	Short	MIC, SPEED+, SATIH
Support regional business linkages for producers of	Mozambique can produce many goods, especially agricultural goods in raw material	Medium	SATIH, MIC

AGOA-eligible goods in order to boost regional trade and create regional value chains to supply the U.S. market. Priority sectors for linkages include cotton (HTS code 52) and dried legumes (HTS code 07).	but does not have the transformation capacity that neighboring countries, such as South Africa and Tanzania enjoy. Some neighboring countries, including Zambia, are active exporters of goods under AGOA and have U.S. market share where Mozambique does not.		
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APPENDICES

APPENDIX A. COMPOSITION AND VALUES OF U.S. IMPORTS FROM MOZAMBIQUE 2016

HTS Number	2016
	<i>In 1,000 Dollars</i>
01062000 Live reptiles (including snakes and turtles)	36
01063901 Live birds, other than poultry, birds of prey or psittaciforme birds	29
01069001 Live animals other than mammals, reptiles, insects, and birds	8
03023200 Yellowfin tunas, fresh or chilled, excluding fillets, other meat portions, livers and roes	180
03023400 Bigeye tunas (<i>Thunnus obesus</i>), fresh or chilled, excluding fillets, other meat portions, livers and roes	50
03023902 Tunas not elsewhere specified or included, fresh or chilled, excluding fillets, other meat portions, livers and roes	197
03024700 Swordfish, fresh or chilled, excluding livers and roes	416
03034200 Yellowfin tunas, frozen, excluding fillets, other meat portions, livers and roes	5
03034400 Bigeye tunas (<i>Thunnus obesus</i>), frozen, excluding fillets, other meat portions, livers and roes	2
07133340 Dried kidney beans, including white pea beans, shelled, if entered Sept. 1 through April 30, or withdrawn for consumption at any time	18
08013200 Cashew nuts, fresh or dried, shelled	18,890
08026200 Macadamia nuts, shelled	228
09024000 Black tea (fermented) and partly fermented tea, other than in immediate packings of a content not exceeding 3 kg	240
12074000 Sesame seeds, whether or not broken	51
17011410 Other cane sugar, raw, in solid form, w/o added flavoring or coloring, subject to add. US 5 to Ch.17	10,060
20081145 Peanuts, otherwise prepared or preserved, nesoi, subject to add. US note 2 to chap. 12, not GNI5	4
20081910 Brazil nuts and cashew nuts, otherwise prepared or preserved, nesi	1,248
22030000 Beer made from malt	10
24012083 Tobacco, partly or wholly stemmed/stripped, threshed or similarly processed, not from cigar leaf, not oriental or turkish, not for cigarett	54
26140060 Titanium ores and concentrates, other than synthetic rutile	29,128

26159060 Niobium, tantalum or vanadium ores and concentrates, nesoi	481
HTS Number	2016 <i>In 1,000 Dollars</i>
27090020 Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	8,599
41012010 Whole raw hide/skin of bovine/equines (n/o 8 kg when dried, 10 kg when dry salted or 16 kg when fresh/otherwise preserved), not pretanned	1
41032010 Raw hides and skins of reptiles, not pretanned	1
41039011 Raw hides and skins of deer, goats, kids and animals nesoi (other than those excluded by note 1(b) or 1(c) to chapter 41), not pretanned	1
44039900 Wood in the rough, nesi	42
44089001 Nontropical nonconiferous veneer sheets and sheets for plywood and other wood sawn/sliced/peeled, not over 6 mm thick	51
44201000 Wooden statuettes and other wood ornaments	6
49019900 Printed books, brochures, leaflets and similar printed matter, other than in single sheets	3
49119980 Printed matter, nesi	11
60053100 Unbleached or bleached warp knit fabrics (including made on galloon knitting machines) of synthetic fibers, other than headings 6001 to 6004	11
61099010 T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of man-made fibers	87
71023900 Nonindustrial diamonds, worked, but not mounted or set	921
71031020 Precious stones (o/than diamonds) & semiprecious stones, unworked	229
71039100 Rubies, sapphires and emeralds, worked, whether or not graded, but n/strung (ex. ungraded temporarily strung), mounted or set	21,070
71039910 Precious or semiprecious stones, nesoi, cut but not set and suitable for use in the manufacture of jewelry	5,890
71039950 Precious or semiprecious stones, nesoi, worked, whether or not graded, but n/strung (ex. ungraded temporarily strung), mtd. or set	2
71049010 Synthetic or reconstructed precious or semiprecious stones, cut but not set & suitable for use in the manufacture of jewelry	8
71131950 Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesoi	284
71162050 Precious stone articles, nesoi	14
71189000 Coins, nesoi	5

76051100 Aluminum (o/than alloy), wire, with a maximum cross-sectional dimension over 7 mm	6,264
76141010 Aluminum, stranded wire, cables & the like w/steel core, not electrically insulated, not fitted with fittings & not made up into articles	2,263
HTS Number	2016
	<i>In 1,000 Dollars</i>
78019100 Lead (o/than refined lead), containing by weight antimony as the principal other element, unwrought	1,051
81130000 Cermets (including waste & scrap) and articles thereof	16
82089060 Knives and cutting blades, nesoi for machines or for mechanical appliances nesoi, and base metal parts thereof	22
84139110 Parts of fuel-injection pumps for compression-ignition engines	37
84519090 Parts of machines for the handling of textile yarns, fabrics or made up textile articles, nesi	5
84715001 Processing units other than those of subheading 8471.41 and 8471.49, nesoi	54
84733051 Parts and accessories of the ADP machines of heading 8471, not incorporating a CRT, nesi	25
84811000 Pressure-reducing valves for pipes, boiler shells, tanks, vats or the like	17
84818090 Taps, cocks, valves & similar appliances for pipes, boiler shells, tanks, vats or the like, other than hand operated, nesi	6
84819090 Parts of taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, nesi	51
84839050 Parts of gearing, gear boxes and other speed changers	2
85011060 Electric motors of an output of 18.65 W or more but not exceeding 37.5 W	13
85176200 Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing appa	25
85177000 Parts of telephone sets; parts of other apparatus for the transmission or reception of voice, images or other data, including apparatus for	2
85364900 Relays for switching, protecting or making connections to or in electrical circuits, for a voltage exceeding 60 but not exceeding 1,000 V	2
85371090 Boards, panels, consoles, desks, cabinets, etc., equipped with apparatus for electric control, for a voltage not exceeding 1,000, nesi	15
85443000 Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	57
87032300 Mtr cars & o/mtr. vehicles for transport of persons, w/spark-ign. int. combust. recip. piston engine w/cyl. cap. o/1500 cc n/o 3000 cc	8
87088065 Pts. & access. of motor vehicles of 8701, nesoi, and 8702-8705, pts. for suspension systems nesoi	4
90015000 Spectacle lenses of materials other than glass, unmounted	12

90189075 Electro-medical instruments and appliances nesi, and parts and accessories thereof	3
90251980 Thermometers, for direct reading, not combined with other instruments, other than liquid-filled thermometers	16
90278045 Electrical instruments and apparatus for physical or chemical analysis, measuring viscosity, checking heat, sound, light, etc., nesi	6
HTS Number	2016
90318080 Measuring and checking instruments, appliances and machines, nesoi	28
90328960 Automatic regulating or controlling instruments and apparatus, nesi	17
94015900 Seats nesoi, of cane, osier, similar materials o/than bamboo or rattan	4
94016960 Chairs nesoi, w/wooden frames (o/than teak), not upholstered	5
94019010 Parts of seats nesoi, for seats of a kind used for motor vehicles	30
94054084 Electric lamps and lighting fixtures nesoi, not of base metal	11
97050000 Collections and collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological etc. interest	19
97060000 Antiques of an age exceeding one hundred years	150
98010010 U.S. goods returned without having been advanced in value or improved in condition while abroad	1,593
98020050 Articles returned to the U.S. after having been exported for repairs or alterations, nesi	130
98170042 Holograms; microfilm, microfiche, etc.; the foregoing if defined as visual or auditory materials	2
99999500 Estimated imports of low valued transactions	350
Total	110,893

APPENDIX B. LIST OF EXPORT COMMODITIES BY MOZAMBIQUE THAT ARE ELIGIBLE FOR AGOA

Commodity Code	Commodity	Value 2015 \$ Millions
760410	Bars, rods & profiles, of aluminium, not alloyed	908.2
240120	Tobacco, partly/wholly stemmed/stripped	258.9
170111	Cane sugar, raw, in solid form, not containing added flavouring/colouring matter	118.3
710391	Rubies, sapphires & emeralds, worked other than simply sawn/roughly shaped but not strung/mounted/set	89.7
520100	Cotton, not carded/combed	28.9
220421	Wine other than sparkling wine of fresh grapes, incl. fortified; grape must with fermentation prevented/arrested by the addition of alcohol, in containers of 2 l/less	18.7
151219	Sunflower seed/safflower oil, other than crude, & fractions thereof, whether/not refined but not chemically modified	15.2
71333	Kidney beans, incl. white pea beans (<i>Phaseolus vulgaris</i>), dried, shelled, whether/not skinned/split	15
760511	Wire of aluminium, not alloyed, of which the maximum cross-sectional dim. exceeds 7mm	14
847989	Other machines & mechanical appliances, other than Machines & mechanical appliances for treating metal, incl. electric wire coil-winders/Mixing/kneading/crushing/grinding/screening/sifting/homogenising/emulsifying/stirring machines	10
710310	Precious stones (excl. diamonds) & semi-precious stones, unworked/simplely sawn/roughly shaped but not strung/mounted/set	8.4
520300	Cotton, carded/combed	7.9
80212	Almonds, shelled	7.6
240110	Tobacco, not stemmed/stripped	6.7
170310	Cane molasses	5
440320	Wood, in the rough, whether/not stripped of bark/sapwood/roughly squared (excl. of 4403.10), coniferous	4.5
220830	Whiskies	3.8
520511	Cotton yarn, single (excl. sewing thread), of uncombed fibres, containing 85%/more by weight of cotton, measuring 714.29dtx./more (not >14 metric number), not put up for retail sale	2.2
151211	Sunflower seed/safflower oil, crude	2

Source: UN Comtrade Statistics

APPENDIX C. LIST OF EXISTING SUPPORT FOR MOZAMBIQUE INDUSTRY AND EXPORTS

Abbreviation	Name	Date/Period	Summary of main thrust
PARPA I (2001-2005)	Plano de Acção para a Redução da Pobreza Absoluta	2001-2005	In PARPA I the government's plans for poverty reduction focused almost exclusively on social sectors.
PARPA II (2006-2009)	Plano de Acção para a Redução da Pobreza Absoluta	2006-2009	In PARPA II the government pivoted towards the need for economic growth. The priorities included promotion of agro-industrial and labor-intensive manufacturing.
PARP	Plano de Acção para a Redução da Pobreza	2011-2014	PARP emphasizes improving the business environment for SMEs to promote job creation
SME Strategy	Strategy to develop Small and Medium Size Industries	2007	The Strategy for the Development of Small and Medium Size Enterprises in Mozambique recognizes the key role SMEs can play. The Institute for the Promotion of Small and Medium Enterprises (IPEME), established in the Ministry of Industry and Commerce, is to define strategies for four sectors – agribusiness, textiles and clothing, chemicals, and rural industrialization.
EMAN I	Strategy for the Improvement of the Business Climate	2008-2012	EMAN I seeks to simplify procedures for doing business and improve competitiveness through: cutting red tape and deregulation in many areas, reform of procedures for starting businesses, licensing and payment of business taxes and implementing mechanisms to ease access to credit. Implementation has been hampered by lack of government capacity to implement reforms, especially at lower levels of government, funding, and coordination across government and with the private sector.
EMAN II	Strategy for the Improvement of the Business Climate	2013-2017	EMAN II seeks to build on EMAN I to simplify procedures for doing business and improve competitiveness through: cutting red tape and deregulation in many areas, reform of procedures for starting businesses, licensing and payment of business taxes and implementing mechanisms to ease access to credit. Implementation has been hampered by lack of government capacity to implement reforms, especially at lower levels of government, funding, and coordination across government and with the private sector.
Industrial Policies		1997, 2007	Mozambique's industrial policy (1997, 2007, and a new version under development) has utilized a set of horizontal policies (e.g., creation of industrial free zones, promotion of quality, development of human resources, improvements in the legal framework, and improving access to imports) and, as of 2007, a more vertical approach targeting particular sectors (e.g., textiles and apparel). Failure to implement their main objectives undercut the policies' effectiveness, leading to firm closures in chosen sectors (textiles and apparel). The new industrial policy will hopefully build on, and operationalize, the strategic focus of the ENDE (see below).
Special Economic and Free Trade Zones			To encourage export-oriented industrial investment, Mozambique has developed specialized physical areas and duty treatment categories, managed by the Special Economic Zones Office (GAZEDA). Companies in Industrial Free Zones access imported capital goods and inputs free of import duties, VAT, and excise taxes, receive higher foreign worker quotas, and corporate tax

			exemptions/reductions, provided that 70 % of output is exported. Special economic zones (SEZs) have not yet seen much activity. A large, “general” SEZ was established in Nacala, linked to development of the railway; other “thematic” SEZs (i.e., focused on specific sectors, such as logistics or tourism) are in initial stages or are planned.
ENDE	Estratégia Nacional de Desenvolvimento/ National Development Strategy	2014-2017	The National Development Strategy (ENDE) is a 20-year vision that places industrialization and a diversified economy at its heart. It proposes a mix of horizontal strategies, identification of priority sectors (agriculture, fisheries, manufacturing, extractive industry, and tourism), organized into four pillars: human capital development, industrial infrastructure development (industrial parks, special economic zones, transport infrastructure etc), research and development, and institutional coordination. The ENDE could provide the framework for the five-year plan and development of detailed strategies in sectoral ministries.
DTIS	Diagnostic Trade Integrated Study	2015	The EIF supported Mozambique in updating the DTIS in order to implement trade mainstreaming policies to strengthen the country’s participation in regional and global markets. The DTIS noted that the manufacturing sector is small in size and has low and declining productivity. Accordingly the most pressing need for Mozambique is to promote trade and investment in order to improve productivity, create jobs, and fight poverty. Among the sectors prioritised were agriculture, agro-processing, fisheries, and manufacturing.
NES	Mozambique second Export Strategy	2016 (draft)	The NES is envisaged as a critical institutional framework to guide Mozambique towards export diversification, recalibrating the economy away from its dependence on commodity trade. Mozambique drafted its first NES (2012-2017). As it is envisaged those findings may still be relevant the 2nd NES will assess which interventions need to be updated. The 2nd NES (2017-2020) will focus on supporting Mozambique’s export ready firms and manufacturers to enter regional and global value chains, particularly in value-added agro-processing. The Government of Mozambique is focused in ensuring that the good economic growth rates over the previous two decades are translated into sustainable jobs for the future, particularly given that the fast-growing population, and by implication labour force, is increasing by 300,000 per annum. The priority sectors identified in the 2nd NES are: Crustaceans and Molluscs, Fruits and Vegetables, Creative Industries, Nuts, and Oil Seeds. The five cross-cutting areas are: Trade Information and Commercial Intelligence, Access to Finance, Quality Management, Skills Development, Transportation and logistics, Packaging.

APPENDIX D: UNCLAIMED AGOA ELIGIBLE PRODUCTS

Product Code	Product label	Value of US Global imports in 2016	US' Imports from Mozambique				
			2012	2013	2014	2015	2016
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	335,969,768	47	294	785	487	116
85011040	Electric motors of an output of under 18.65 W, other than synchronous valued not over \$4 each		-	-	6	-	-
85011060	Electric motors of an output of 18.65 W or more but not exceeding 37.5 W		-	-	-	-	13
85015380	AC motors nesi, multi-phase, of an output exceeding 150 kW		-	-	32	-	-
85030095	Other parts, nesi, suitable for use solely or principally with the machines in heading 8501 or 8502		-	10	-	19	-
85044095	Static converters (for example, rectifiers), neso		-	-	-	253	-
85076000	Lithium-ion batteries		-	-	-	4	-
85122040	Electrical visual signaling equipment of a kind used for motor vehicles or cycles other than bicycles		-	-	27	-	-
85183020	Headphones, earphones and combined microphone/speaker sets, other than telephone handsets		-	5	-	-	-
85258030	Television cameras, nesi		-	-	4	-	-
85269250	Radio remote control apparatus other than for video game consoles		-	58	-	-	-
85364900	Relays for switching, protecting or making connections to or in electrical circuits, for a voltage exceeding 60 but not exceeding 1,000 V		-	-	-	-	2
85439088	Parts (other than printed circuit assemblies) of electrical machines and apparatus, having individual functions, neso		-	-	-	39	-
85443000	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships		-	-	-	-	57
85444290	Insulated electric conductors nesi, for a voltage not exceeding 1,000 V, fitted with connectors, neso		-	-	6	-	-
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	315,445,771	53	176	145	394	201
84119990	Parts of gas turbines nesi, other than those of subheading 8411.99.10		-	-	30	-	-

84139110	Parts of fuel-injection pumps for compression-ignition engines		-	-	-	-	37
84519090	Parts of machines for the handling of textile yarns, fabrics or made up textile articles, nesoi		-	-	-	-	5
84669485	Other parts and accessories for machines of heading 8462 or 8463, nesoi		-	-	-	9	-
84807180	Molds for rubber or plastics, injection or compression types, other than for shoe machinery or for manufacture of semiconductor devices		-	-	-	3	-
Product Code	Product label	Value of US Global imports in 2016	US' Imports from Mozambique				
			2012	2013	2014	2015	2016
84811000	Pressure-reducing valves for pipes, boiler shells, tanks, vats or the like		-	-	-	-	17
84814000	Safety or relief valves for pipes, boiler shells, tanks, vats or the like		-	-	20	32	-
84818090	Taps, cocks, valves & similar appliances for pipes, boiler shells, tanks, vats or the like, other than hand operated, nesoi		-	-	-	8	6
84839050	Parts of gearing, gear boxes and other speed changers		-	-	-	-	2
84841000	Gaskets and similar joints of metal sheeting combined with other material or of two or more layers of metal		-	9	-	-	-
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	285,008,239	93	36	68	14	13
87012000	Road tractors for semi-trailers		88	-	-	-	-
87082950	Pts. & access. of bodies for mtr. vehicles of headings 8701 to 8705, nesoi		-	8	9	3	-
87083050	Pts. & access. of mtr. vehicles of 8701, nesoi, and 8702-8705, brakes and servo-brakes & pts thereof		-	3	-	-	-
87084011	Pts. & access. of mtr. vehic. of 8701.20, 8702, 8703 or 8704, gear boxes		-	-	5	-	-
87084075	Pts. & access. of motor vehicles of 8701, nesoi, and 8702-8705, pts. for gear boxes, nesoi		-	23	-	-	-
87088016	Pts. & access. of mtr. vehic. of 8701, nesoi, and of 8702-8705, suspension shock absorbers (o/than McPherson struts)		-	-	-	9	-
87088065	Pts. & access. of motor vehicles of 8701, nesoi, and 8702-8705, pts. for suspension systems nesoi		-	-	-	-	4
87089981	Pts. & access., nesoi, of motor vehicles of 8701, nesoi, and 8702-8705		4	-	10	2	-
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	163,420,307	2	-	-	-	8,941

27090020	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more		-	-	-	-	8,599
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	80825523	3	4	414	21	84
90015000	Spectacle lenses of materials other than glass, unmounted		-	-	-	-	12
90251980	Thermometers, for direct reading, not combined with other instruments, other than liquid-filled thermometers		-	-	-	-	16
90302010	Oscilloscopes and oscillographs, NESOI		-	-	-	10	-
90318080	Measuring and checking instruments, appliances and machines, nesoi		-	4	-	-	28
90328960	Automatic regulating or controlling instruments and apparatus, nesi		-	-	-	-	17
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	67291674	5731	18070	32194	23028	29186
Product Code	Product label	Value of US Global imports in 2016	US' Imports from Mozambique				
			2012	2013	2014	2015	2016
71031040	Precious stones (o/than diamonds) & semiprecious stones, simply sawn or roughly shaped		-	35	-	-	-
71039950	Precious or semiprecious stones, nesoi, worked, whether or not graded, but n/strung (ex. ungraded temporarily strung), mtd. or set		-	17	16	-	2
71131150	Silver articles of jewelry and parts thereof, nesoi, valued over \$18 per dozen pieces or parts		-	-	-	5	-
71131950	Precious metal (o/than silver) articles of jewelry and parts thereof, whether or not plated or clad with precious metal, nesoi		4	3	-	19	284
71171990	Imitation jewelry (o/than toy jewelry & rope, curb, cable, chain, etc.), of base metal (wheth. or n/plated w/prec.metal), nesoi		9	-	-	-	-
71179090	Imitation jewelry not of base metal or plastics, nesoi, over 20 cents/dozen pcs or pts		-	3	-	-	-
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	63,144,330	11	30	158	37	66
94054084	Electric lamps and lighting fixtures nesoi, not of base metal		-	-	-	-	11
44	Wood and articles of wood; wood charcoal	19,537,912	37	135	98	24	105
44209080	Wood marquetry and inlaid wood; wooden articles of furniture, nesi		5	6	-	-	-

24012083	Tobacco, partly or wholly stemmed/stripped, threshed or similarly processed, not from cigar leaf , not oriental or turkish, not for cigarett		74	2,874	44	-	-
81	Other base metals; cermets; articles thereof	2,181,024	-	-	-	-	16
81130000	Cermets (including waste & scrap) and articles thereof		-	-	-	-	16
78	Lead and articles thereof	1,114,962	-	-	-	-	1,099
78019100	Lead (o/than refined lead), containing by weight antimony as the principal other element, unwrought		-	-	-	-	700