

# AFRICA – US TRADE

## Spotlight on the textile & apparel sector

On 18 May 2000, the United States enacted legislation that granted goods, produced in eligible sub-Saharan African countries, preferential (duty-free) access to the US market, on a non-reciprocal basis. This legislation, known as the **African Growth and Opportunity Act (AGOA)**, significantly expanded market access preferences that the US grants least-developed and some developing countries under the US Generalized System of Preferences (GSP). The AGOA legislation is currently set to expire in September 2025 at which stage these preferences fall away, unless renewed or replaced by other preferences, or by bilateral trade agreements.

### AGOA beneficiary countries that have also qualified for special apparel preferences



AGOA allows eligible goods to enter the US free of import duty. **Textiles and apparel** produced in AGOA beneficiaries are included in the list of products that qualify, subject to conditions, which includes special Rules of Origin requirements, and ongoing trade monitoring systems. AGOA removes import duties that can be as high as 32% for certain articles of apparel, providing exporters with a significant boost to their competitiveness in the US market.

## KEY FEATURES: PREFERENTIAL ACCESS TO THE US MARKET



### AGOA expiry

Preferences for textiles and apparel are linked to the current expiry date of the AGOA legislation, which is set to take place on 30 September 2025. It would require an Act of Congress to extend any trade benefits; or a bilateral trade agreement that locks in preferential market access.

### Visa system for apparel

The AGOA apparel visa system is a compulsory administrative system that beneficiary countries must have implemented before preferences for textiles and clothing can be claimed. It is intended to prevent illegal trans-shipment and use of counterfeit documentation and serve as a mechanism for effective enforcement and verification.

### Country eligibility

In order to be able to export textiles and apparel duty-free under AGOA, countries must have in place an apparel visa system (see above). Of the 39 AGOA beneficiaries in 2020, 26 countries are able to export textiles and clothing under AGOA preference.

### Local processing rules

AGOA benefits are subject to a product being produced in or substantially transformed in an AGOA beneficiary country. Various different local processing categories exist, including apparel made from third country fabric. Textiles also qualify subject to being manufactured within an AGOA beneficiary country.

### Origin certification

A special certificate of origin must be provided for textile and apparel shipments under AGOA. Shipments must also have a relevant visa, which involves a special stamp on the original invoice (this visa can also be submitted electronically)

### Traditional textiles

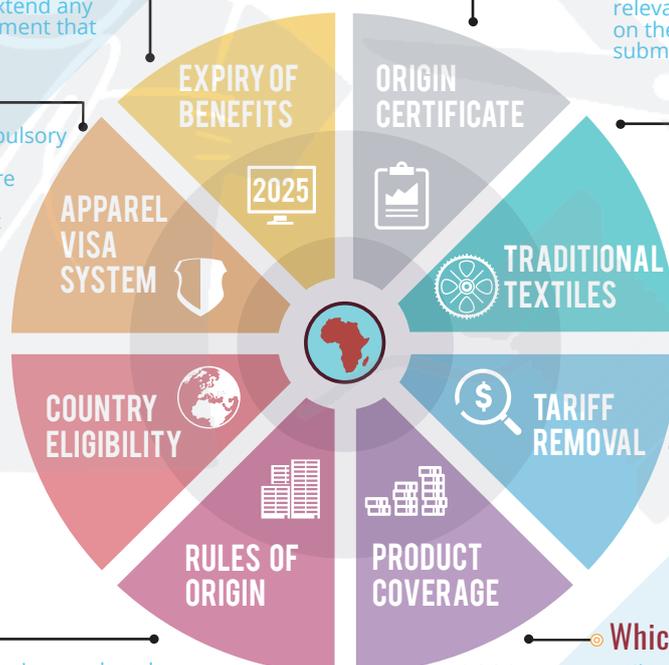
Special provision has been made for handloomed, handmade, folklore articles, or ethnic printed fabrics, that are made in beneficiary sub-Saharan African countries, to receive duty-free access to the US market. These are also known as the «Category 9» textile provisions; 18 AGOA beneficiaries currently have the relevant authorization.

### Import duties

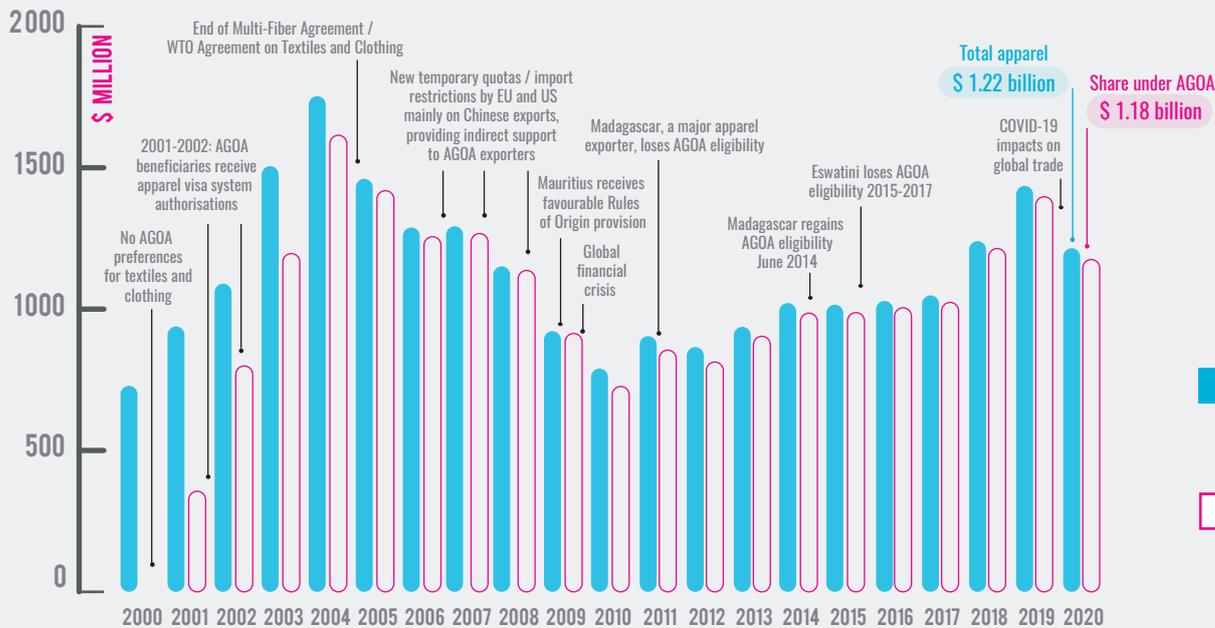
AGOA removes US import duties on textiles and clothing when produced in, and exported by, an AGOA beneficiary country in accordance with the local processing rules (Rules of Origin)

### Which products are included?

AGOA covers textiles and apparel, subject to conditions. Apparel must be made in accordance with the relevant Rules of Origin provisions (see elsewhere), while textiles (yarns and fabrics, household goods) also qualify if produced in and exported by an AGOA beneficiary country that is designated a 'lesser developed beneficiary country' in terms of the legislation.



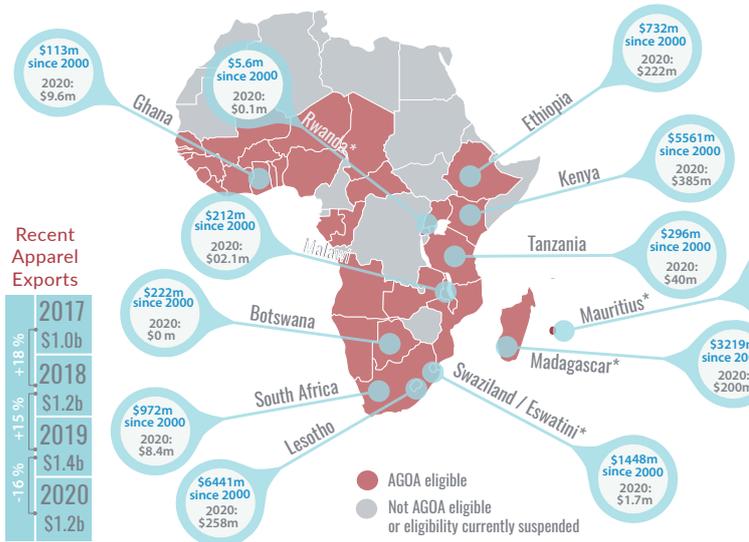
# APPAREL EXPORTS TO THE US MARKET UNDER AGOA



AGOA trade data  
Apparel exports  
www.AGOA.info

- Apparel exports by AGOA beneficiary countries to the US (Chapters 61+62)
- Share of apparel exports that entered the US duty-free by utilizing AGOA preferences

## AGOA BENEFICIARY COUNTRIES: LEADING EXPORTERS OF APPAREL

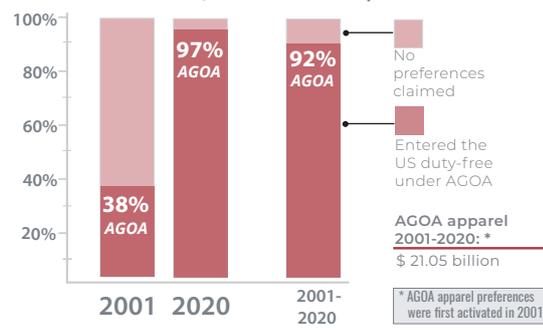


For the sub-Saharan African apparel manufacturing sector, AGOA has been the single most important factor that has driven export-led growth. The substantial preference margin over competing exports from other countries, stemming from the removal of US import duties on qualifying African exports combined with very favourable Rules of Origin provisions, has been a critical pillar of support for manufacturers. Among beneficiary countries, Kenya in 2014 became the largest apparel exporter to the US, followed by Lesotho (most apparel exports overall from an AGOA beneficiary since 2001), Ethiopia, Madagascar and Mauritius. In the 3-year period 2017-2019, strong export growth was seen by Ethiopia, Madagascar, Kenya and Ghana.

### Leading apparel exporters utilizing AGOA duty-free preferences in 2020

Kenya	Lesotho	Ethiopia	Madagascar	Mauritius	Tanzania	Ghana
\$381m	\$253m	\$191m	\$72m	\$218m	\$40m	\$9.5m

### Proportion of apparel exports from AGOA beneficiary countries that entered the US duty-free under AGOA preference



<b>Mauritius:</b>	US Public Law 110-436 of October 16, 2008, designated Mauritius a 'lesser-developed beneficiary country', for purposes of AGOA, allowing it to export apparel using third country fabric under Rules of Origin provisions.
<b>Madagascar:</b>	Madagascar lost its AGOA beneficiary status between 2010 and 2014; benefits reinstated 2015.
<b>Eswatini:</b>	Eswatini (formerly known as Swaziland) lost its AGOA beneficiary status between 2015 and 2017; reinstated end 2017. Apparel preferences (apparel visa system) were re-authorized on 2 July 2018.
<b>Rwanda:</b>	Following an eligibility review, Rwanda's apparel preferences under AGOA were suspended July 31, 2018.

### AGOA - RULES OF ORIGIN CATEGORIES

**Rules of Origin (RoO)** are the prescribed criteria to determine the national origin of a product, by specifying the local content and minimum processing required for a product to earn 'local origin' status. Under AGOA, the general 35% local content rule does not apply to textiles and clothing; rather, duty-free entry is granted under AGOA provided that a product that is produced by an AGOA-eligible country can be classified within one of the RoO categories listed alongside.

- Cat 1(A) Apparel from US yarn and fabric, cut in the US
- Cat 2(B) Apparel from US yarn and fabric, cut in the US and further processed
- Cat 3(C) Apparel from US yarn and fabric, cut in Africa
- Cat 4(D) Apparel made from regional fabric made from African or US yarn
- Cat 5(E) Apparel made in a lesser-developed country from foreign fabric (3rd country fabric)
- Cat 6(F) Cashmere sweaters
- Cat 7(G) Merino wool sweaters
- Cat 8 (H) Apparel from fabric or yarn in short supply
- Cat 9 (I) Handloomed, handmade, folklore articles
- Cat 0 (J) Textile articles of Ch 50-60, 63 made in a LDC beneficiary country from AGOA country inputs

### AGOA APPAREL - OTHER PROVISIONS

- **Regional cap:** By law, AGOA limits imports of apparel made with regional or third country fabric to a fixed percentage of the total square meter equivalents (SME) of all apparel articles imported into the US. Given the extent of this quota, AGOA imports have never been at any real risk of exceeding it.
- **Findings, trimmings, interlinings, de minimis:** The AGOA legislation provides a 25% allowance on certain non-originating components (10% for fibers and yarns as relevant). More details at: [agoa.info/about-agoa/apparel-rules-of-origin](http://agoa.info/about-agoa/apparel-rules-of-origin)

African Growth and Opportunity Act  
www.AGOA.info

trade law centre  
www.tralac.org

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### Acknowledgements

This Infographic has been created by the Trade Law Centre (tralac) and replaces an earlier (2018) version. The AGOA.info web portal forms part of tralac's offerings.  
Eckart Naumann | TRALAC 2021