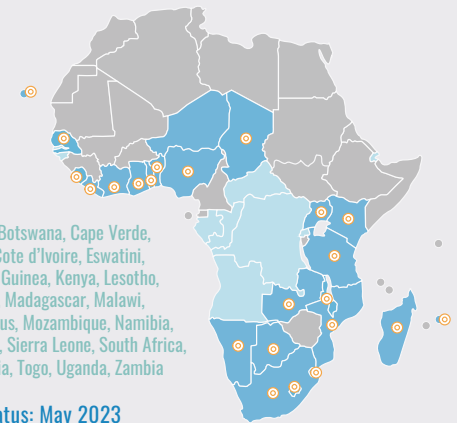


## Spotlight on the textile & apparel sector

On 18 May 2000, the United States Congress passed legislation that granted goods, produced in eligible sub-Saharan African countries, preferential (duty-free) access to the US market. This legislation, known as the **African Growth and Opportunity Act (AGOA)**, builds on and expands preferences that the U.S. previously granted to a group of countries under its Generalized System of Preferences (GSP) arrangement. While AGOA has been subject to less frequent expiry and renewal processes compared to the GSP, it is currently set to expire in September 2025. After that, preferences fall away, unless the U.S. Congress extends the current provisions, or enacts other legislation in its place, or countries have a bilateral trade agreement with the U.S.

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 U.S. market.

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



## KEY FEATURES : PREFERENTIAL MARKET ACCESS TO THE U.S. MARKET UNDER AGOA PREFERENCE

### AGOA validity and time to expiry

Preferences for textiles and apparel are linked to the current expiry date of the AGOA legislation, which is currently set for 30 September 2025. It would require legislation by the U.S. 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 implement before preferences for textiles and clothing can be claimed. It is aimed *inter alia* at preventing illegal transshipment and use of counterfeit documentation, and serves as a mechanism for effective enforcement and verification processes.

### Country eligibility

In order to be able to export textiles and apparel duty-free under AGOA, countries must have implemented an apparel visa system (see above). Of the 35 AGOA eligible beneficiaries in 2023, 23 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 categories exist under which preferences may be claimed, including 'apparel made from third country fabric'. Textiles also qualify, subject to being wholly formed in one or more AGOA countries from fibers, yarns, fabrics, fabric components or components knit-to-shape that are the product of one or more such AGOA beneficiary countries.



### Origin certification

A certificate of origin in the prescribed format must be attached to textile and apparel shipments claiming AGOA preference. Shipments must include a relevant visa, which involves a special stamp on the original invoice (this visa can also be submitted electronically)

### Traditional textiles

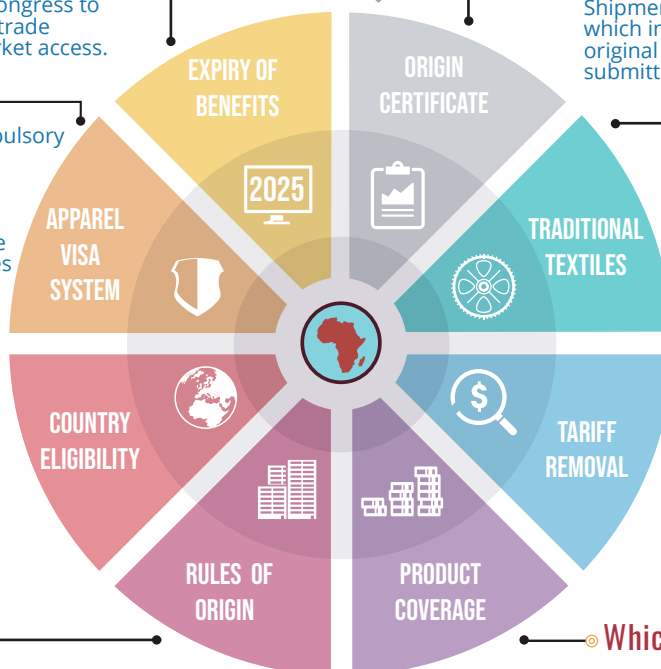
Special provision has been made for handloomed, handmade, folklore articles, or ethnic printed fabrics, that are made in beneficiary sub-Saharan African countries, to receive duty-free access to the U.S. market. These are also known as the «Category 9» textile provisions; 12 AGOA beneficiaries currently have the relevant authorization for preferential Category 9 exports.

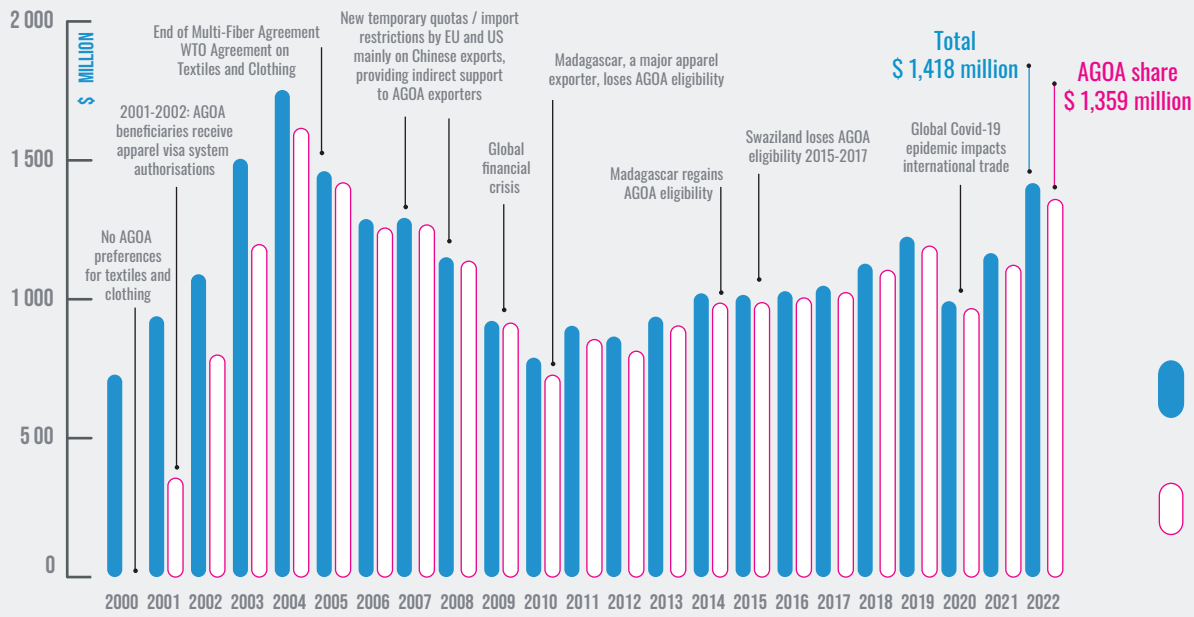
### Import duties

AGOA removes U.S. import duties on textiles and clothing when produced in and exported by an AGOA beneficiary country, giving such goods a valuable competitive advantage in the U.S.

### Which products are included?

AGOA covers both textiles and apparel, subject to conditions. Apparel of Chapters 61,62 must be made in line with the relevant Rules of Origin provisions, while textiles of Chapters 50-60 and 63 (yarns and fabrics, household goods) also qualify subject to the Rules of Origin (see alongside). Textile benefits (as opposed to apparel) are limited to exports from 'lesser developed beneficiary countries'.

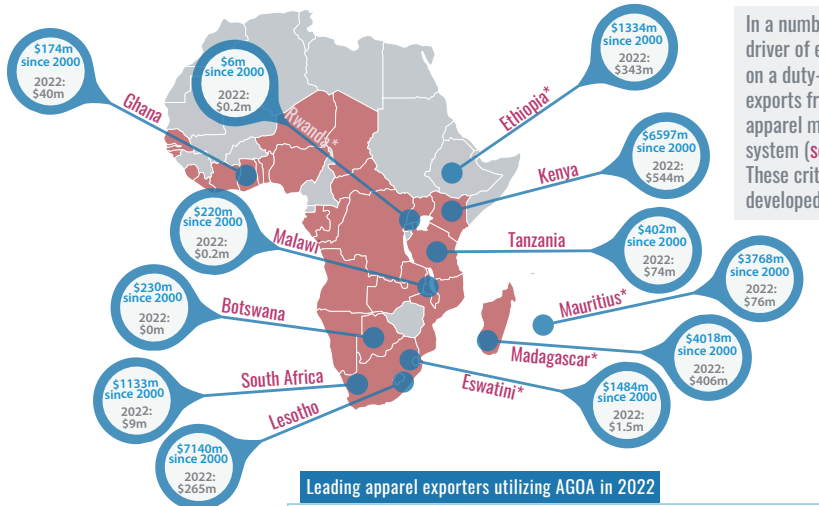




● Apparel exports by AGOA beneficiary countries to the U.S. (Chapters 61+62)

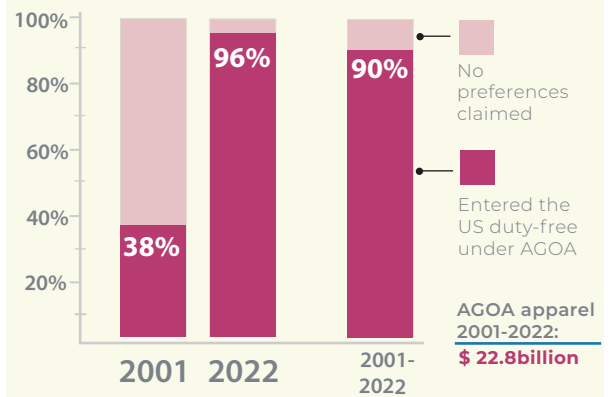
○ Share of apparel exports that entered the U.S. duty-free by utilizing AGOA preferences

## LEADING EXPORTERS OF APPAREL UTILIZING AGOA PREFERENCES



In a number of Sub-Saharan African countries, apparel manufacturing has been a critical driver of export-led growth. Through AGOA, textiles and apparel can enter the U.S. market on a duty-free basis, resulting in a substantial preference margin over the competing exports from other countries of up to 32%. In order to qualify for preferences, textiles and apparel must be made in an AGOA-eligible country that has implemented an apparel visa system (see Page 1), and in line with one of the Rules of Origin categories (see Box below). These criteria offer significant flexibility: For example under Cat. 5(E), producers in 'lesser developed beneficiary countries' may utilize fabric sourced from anywhere in the world.

### Portion of apparel exports from AGOA beneficiary countries that entered the U.S. duty-free under AGOA preference



Country	2022
Mauritius*	Effective October 2008, Mauritius designated 'lesser-developed' for purposes of AGOA apparel provisions.
Madagascar*	Madagascar lost its AGOA beneficiary status between 2010 and 2014; AGOA status reinstated 2015.
Eswatini*	Eswatini lost its AGOA beneficiary status between 2015 and 2017; AGOA status reinstated end 2017.
Rwanda*	Following an eligibility review, Rwanda's apparel preferences under AGOA were suspended July 31, 2018.
Ethiopia*	Following an eligibility review, Ethiopia's AGOA status were suspended effective 1 January 2022. Year 2022 exports of apparel consequently entered the U.S. without preferential claim, under normal tariff relations.

### AGOA - RULES OF ORIGIN CATEGORIES

**Rules of Origin (RoO)** are the prescribed criteria used to determine the economic nationality of a product, by specifying the local content or 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; instead, duty-free entry is granted under AGOA provided that a good that is produced in 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 size 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: <https://agoa.info/about-agoa/apparel-rules-of-origin>

