AGOA AND BOTSWANA

THE AFRICAN GROWTH AND OPPORTUNITY ACT

“Duty-free access to the United States market for Botswana exporters”

“Trade preferences available until 2025”

“AGOA remains an under-utilised opportunity to help Botswana exporters access the US market”

“AGOA provides exporters with a competitive advantage”

Botswana was designated an AGOA beneficiary on 2 October 2000. On 27 August 2001, AGOA benefits were also extended to Botswana’s textile sector, following the successful implementation of an apparel ‘visa system’ required for managing adherence with AGOA’s Rules of Origin provisions.

BOTSWANA’S PREFERENTIAL MARKET ACCESS TO THE UNITED STATES

- 12% Textile products AGOA eligible (duty-free)
- 48% General products AGOA eligible (duty-free) incl. GSP
- 37% Duty-free under general US tariff regime (MFN)
- 3% Remaining products subject to standard import duties

of + - 11,000 available tariff lines

WHAT IS AGOA?

- The African Growth and Opportunity Act (AGOA) forms part of United States’ trade legislation. AGOA was signed into law in May 2000 as Public Law 106. It grants special market access to Sub-Saharan African beneficiary countries like Botswana but also provides a framework for other US support to African countries. Originally set to expire in 2008, it has been extended a few times, most recently in 2015 for a period of 10 years (now to 2025).
- AGOA builds on - and significantly enhances - the trade preferences under the US Generalised System of Preferences (GSP). Along with the GSP, it provides qualifying Sub-Saharan African beneficiary countries - including Botswana - with non-reciprocal duty free access to the US market for approximately 6,500 products, including for some categories considered to be ‘sensitive’.
- Qualifying products* under AGOA include textiles and clothing, motor vehicles and parts, many agricultural products including macadamia nuts, leather products, chemicals, wine, travel luggage, machinery and equipment, and many more.

AGOA RULES OF ORIGIN

Rules of Origin (RoO) are the criteria used to determine the national origin of a product. RoO form an integral part of preferential trade arrangements, and under AGOA help ensure that market access preferences are correctly linked to imports from an AGOA beneficiary country. The RoO prescribe the minimum local processing or local content required for a product to obtain origin status of the (exporting) country: only ‘originating’ products receive preferential entry (into the United States) in terms of the AGOA legislation.

AGOA RULES OF ORIGIN: TEXTILES AND CLOTHING

- Qualifying apparel (garments) must be made up locally (cut, make, trim); however fabric sourced from anywhere in the world** may be used for this purpose.
- Textiles (yarns, fabric of Chapters 50-60 and 63) from Botswana or any other AGOA ‘lesser developed beneficiary country’ also qualify under AGOA provided that they are wholly produced from locally produced fibres, yarns, fabrics, or components knit-to-shape in such countries.

AGOA RULES OF ORIGIN: OTHER PRODUCTS

- Products must be the ‘growth, product or manufacture’ of one or more AGOA beneficiary countries, or if some imported / non-originating materials are used, the cost of local materials + direct cost of processing must equal at least 35% of the product’s appraised value at the US port of entry. Up to 15% (of the 35%) may consist of US materials.

AGOA TRADE CHECKLIST

- Correctly identify unique HTS tariff code of product See: https://hts.usitc.gov
- Check if product is AGOA / GSP eligible (0% duty) [Tariff Code ‘D’ for AGOA or ‘A’ for GSP]
- Alternatively: Check applicable duty, or whether duty-free status under general US import tariff rules
- Ensure compliance with Rules of Origin requirements
- Obtain certificate of origin / endorsement from revenue service (BURS - Botswana Unified Revenue Service)

* Subject to complying with the Rules of Origin (local processing requirements)

AGOA: CORNERSTONE OF US-AFRICA TRADE RELATIONS

- Botswana is one of 40 Sub-Saharan African countries that currently enjoy duty-free export status to the United States for + 6,500 products through a combination of AGOA and GSP preferences.

A brief legislative timeline of AGOA

- 2000: Signed into law
  - US President Bill Clinton signs AGOA into law, with strong bipartisan support in the US Congress. Originally set to expire in 2008
- 2002: AGOA II amendments
  - Technical amendments and clarifications to the legislation. Botswana and Mauritius receive special status for wearing apparel origin rules
- 2004: AGOA IV amendments
  - The special provisions for apparel are again extended, to 2012
- 2006: AGOA IV amendments
  - AGOA legislation is extended from 2008 to 2015. The special provisions for apparel are again extended, to 2012
- 2012: AGOA V amendments
  - The apparel provisions for LDC countries are extended to 2015, considered on trial for the African apparel manufacturing sector
- 2015 - 2025: Renewal
  - AGOA legislation receives a makeover with numerous charges. It is extended to 2025
### Some of Botswana’s Product Exports to the United States

#### Diamonds (HTS 7102)

**2017: $772 million in exports to the US**

Most of Botswana’s exports to the US, in 2017, consisted of diamond sales. The majority of these (81% of national US exports) fall into product classification HTS 7102.31 (unworked non-industrial diamonds), while around 17% of total exports to the US comprise worked non-industrial diamonds (HTS 7102.39). Both categories are free of import duty in the US.

#### Apparel products (HTS Ch. 61 + 62)

**2017: $1 million exports to the US**

Over the years, AGOA has provided a valuable competitive edge to Botswana apparel exporters. By the end of 2002, Botswana also received a special dispensation involving flexible rules of origin (third country fabric provisions). Since 2002, when AGOA apparel preferences applied, Botswana has exported $255 million worth of apparel to the US under AGOA. In 2017, very little apparel was exported to the US.

### United States’ Trade in Goods with Botswana Since the Start of AGOA in 2000

#### Botswana’s National AGOA Response Strategy

The current 10-year extension of AGOA from 2015 to September 2025 recommends that each AGOA beneficiary country develops an AGOA utilization (response) strategy. Botswana, through the Ministry of Investment, Trade and Industry (MITI), developed a National AGOA Response Strategy to enable the country to take advantage of, and realize the full potential of the AGOA trade initiative. See www.AGOA.info for downloads + National Strategies.

#### Botswana’s Duty-free Exports to the United States

Botswana’s value of exports to the US has increased rapidly in recent years, fueled by strong exports of diamonds. Unworked or simply sawn diamonds, which make up almost all of Botswana’s diamond exports to the US, are not subject to US import duties, while other precious stones face import duties of 10-50% when imported into the US, some of these being AGOA eligible.

Botswana’s exports to the US during 2017 were worth $776 million, while the country’s imported goods were worth $53 million from the US during the same year.

Botswana’s main imports from the US comprise rail locomotives, as well as civil aircraft, cars, and boats. The country also imports products for telecommunications equipment. Very few products are subject to US import duties; the rest qualify for GSP / AGOA, or are duty-free under the US WTO commitments.

Most of Botswana’s exports to the US are duty-free*. In 2000, $1.4m in import duties were payable, mostly for apparel and by 2016, this number was down to only $21,000, owing to AGOA, on the back of (currently) low exports volume.

*Normal US import duties (if applicable to a product) are charged when local origin status (through compliance with the relevant Rules of Origin) can not be demonstrated.

### Trade in Goods between US and Botswana

<table>
<thead>
<tr>
<th>Year</th>
<th>AGOA</th>
<th>Non AGOA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
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*Data in $. Million. Source: Extracted from USITC Databook database. US domestic exports (FAS) vs. US imports for consumption (customs value)

### Balance of Trade (positive values = trade surplus with United States)

<table>
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<tr>
<th>Year</th>
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<th>Trade surplus</th>
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### Some of Botswana’s Product Exports to the United States

#### National AGOA Strategies

- AGOA Strategies
- Botswana AGOA Trade Data
- US Tariff Schedule and HTS Lookup
- AGOA FAQ on AGOA.info
- Botswana Customs and Revenue Service
- Business Botswana
- US-Africa Annual AGOA FORUM
- US Embassy Botswana
- AGOA Business Connector

#### Potential Exports from Botswana

- **HTS 854440**: Ignition wiring sets
- **HTS 283620**: Disodium carbonate
- **HTS 250100**: Salts
- **HTS 391722**: Tubes, pipes, of vinyl chloride
- **HTS 639260**: Kitchen linen and toweling
- **HTS 300230**: Vaccines for veterinary uses

**Acknowledgements**

This Infographic has been created by the Trade Law Centre (tralac). The AGOA.info web portal forms part of tralac’s offerings. Eckart Naumann | TRALAC 11/2011

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