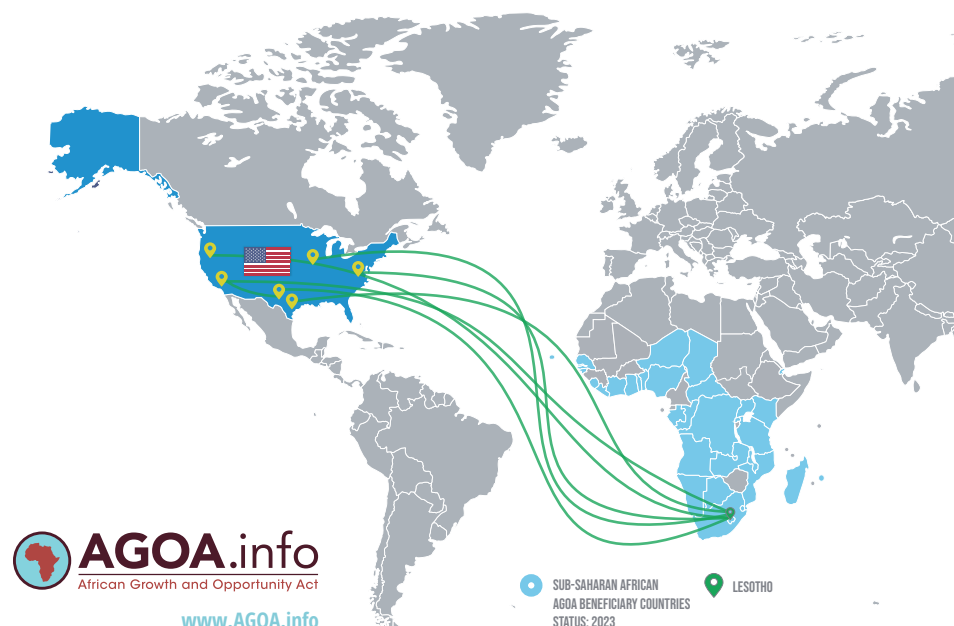


AGOA AND LESOTHO

THE AFRICAN GROWTH AND OPPORTUNITY ACT



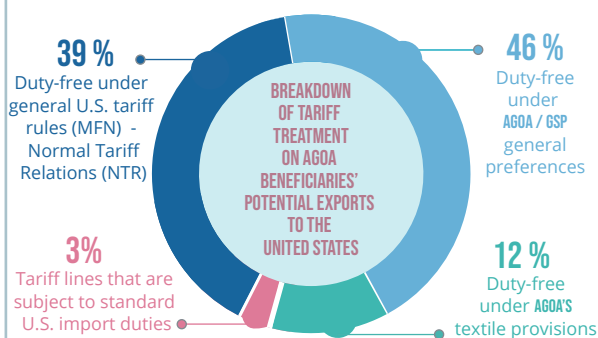
Lesotho is one of currently 35 Sub-Saharan African countries that benefit from preferential access to the United States market under the African Growth and Opportunity Act (AGOA), which grants +/- 6,700 products duty-free status.

United States importers of products that are made in **Lesotho** can import these goods duty-free, resulting in enhanced price competitiveness. These preferences are currently available until end September 2025, unless the AGOA legislation is extended or replaced by another arrangement beyond that date.



LESOTHO'S PREFERENTIAL MARKET ACCESS TO THE UNITED STATES

PERCENTAGES RELATE TO +/- 11,000 POSSIBLE TARIFF LINES



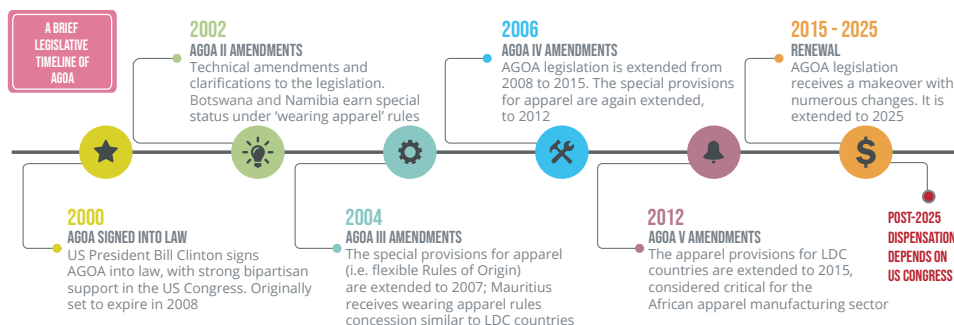
WHAT IS AGOA ?

- AGOA, the acronym for the **African Growth and Opportunity Act**, forms part of United States trade legislation, having been signed into law in May 2000 as Public Law 106. It offers special access to the U.S. market for qualifying exports from Sub-Saharan African beneficiary countries including **Lesotho**, but also provides a framework for other US support to, and engagement with, African countries. AGOA was originally set to expire after 8 years (in 2008) but has subsequently been extended a number of times, most recently in 2015 for a period of 10 years (now set to expire only in **2025** unless further extended by the U.S. Congress).
- AGOA broadens and enhances the trade preferences of the US Generalized System of Preferences (GSP). While virtually all products that are GSP eligible also qualify under AGOA, the coverage of AGOA preferences is significantly greater. It is important to note that the GSP is subject to more regular congressional re-authorization and last 'expired' at the end of 2020; AGOA is therefore currently the only preferential market access arrangement that provides qualifying Sub-Saharan African beneficiary countries with duty-free access to the US market, for approximately **6,700 products**, including in numerous categories generally considered to be 'sensitive'.
- Qualifying products* under AGOA include textiles and clothing**, motor vehicles and parts, many agricultural products including nuts, leather products, chemicals, wine, travel luggage, machinery and equipment, and many more.

* Subject to complying with the Rules of Origin (local processing/content requirements)
** Lesotho is one of the leading exporters of apparel under AGOA preference

AGOA RULES OF ORIGIN

RULES OF ORIGIN (RoO) are prescribed criteria used to determine the national origin of a product. RoO form an integral part of preferential trade arrangements, and help ensure that market access preferences are correctly linked to imports from an AGOA beneficiary country. AGOA has different RoO criteria for apparel, and general goods. The RoO prescribe the minimum 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.
* LESOTHO QUALIFIED FOR THE 'THIRD COUNTRY FABRIC' PROVISION ON 23 APRIL 2001
- Textiles (yarns, fabric of Chapters 50-60 and 63) from **Lesotho** or any other AGOA 'lesser developed beneficiary country' also qualify under AGOA provided that they are wholly produced from locally made fibres, yarns, fabrics, or components knit-to-shape in such countries.

AGOA RULES OF ORIGIN: OTHERS 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 U.S. materials.

BASIC AGOA EXPORT CHECKLIST

- Correctly identify the unique HTS tariff code of product
SEE: [HTTPS://HTS.USITC.GOV](https://hts.usitc.gov) [TURN OVER PAGE FOR QR CODE]
- 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 national customs / revenue service



UNITED STATES TRADE IN GOODS WITH LESOTHO SINCE THE START OF AGOA PREFERENCES IN 2000



Lesotho's exports to the United States, by programme, 2000-2022 | \$ million

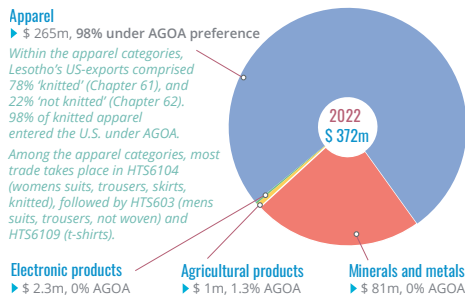
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Exports under AGOA	0	130	318	373	448	388	385	380	339	277	280	314	301	321	289	299	296	289	320	302	253	292	260
Exports under GSP*	0	0.1	0.2	0.2	0.2	0.2	0.1	0	0.1	0.1	0.1	0	0	0.1	0.1	0.1	0.1	0	0	0	0	0	0
No preferences claimed	140	88	4	20	19	15	24	63	35	27	19	70	10	31	72	30	15	18	110*	33	56	45	113
TOTAL country exports to US	140	217	322	393	467	404	408	443	374	304	299	384	311	351	361	330	311	308	429	334	310	337	372

Data in \$ million. Source: USITC Dataweb database. Totals may not perfectly correspond due to rounding * The GSP had not been re-authorized in 2021/2022 and any preference claim is deferred

Lesotho's exports to the United States in 2022, by sector

Any % values denote respective share of Lesotho's sector exports that entered the U.S. duty-free under AGOA.

The graphic below provides an overview of the sectoral spread of Lesotho's exports to the United States during 2022.



US destinations of Lesotho's exports, by district*

New York, New York - \$271m (+52% over 2021)
Products shipped: Apparel, previous stones
Houston, California, Texas - \$36m (-10%)
Products shipped: Apparel, vegetable products
Charleston, South Carolina - \$24m (-61%)
Products shipped: Apparel
Chicago, Illinois - \$14m (+3%)
Products shipped: Apparel
Savannah, Georgia - \$9m (-54%)
Products shipped: Apparel
Los Angeles, California - \$6m (+20%)
Products shipped: Apparel
Norfolk, Virginia - \$4m (-50%)
Products shipped: Apparel
St Louis, Missouri - \$2m (+52%)
Products shipped: Apparel

* Leading destinations by district of entry. Accounts for 90% of Lesotho's exports to the U.S. in 2022

Trade in goods between the US and Lesotho	2000	2021	2022
Lesotho's exports to the United States	\$ 140m	\$ 337m	\$ 372m
United States exports to Lesotho	\$ 0.8m	\$ 3m	\$ 8m
Balance of Trade (pos. values = in favour of Lesotho)	\$ 139m	\$ 334m	\$ 264m

Data in \$ million. Source: USITC Dataweb database. U.S. domestic exports (FAS) vs. U.S. imports for consumption (at customs value)



United States exports to Lesotho | 2021-2022

Lesotho represents a small market for US exports and in contrast to US imports from Lesotho, the value of goods being exported to Lesotho has remained small over the years. Apart from 'special classification goods' (returned/repaid goods, governmental imports etc.), pharmaceuticals and rubber products were the main U.S. export to Lesotho in 2022, followed by computer equipment, miscellaneous household appliances and other items. The leading U.S. exports to Lesotho (at HTS 4-digit level) over the period 2019 - 2020 are listed in the table below.

	2021	2022		2021	2022
Other 'special classifications'	\$0.4m	\$5.6m	Computer equipment	\$0.5m	\$0.1m
Pharmaceuticals	\$1.7m	\$1.7m	Control instruments	\$1.1m	\$0.1m
Rubber products	\$0m	\$0.7m	Other general purpose machinery	\$0m	\$0.1m
Misc. household appliances	\$0m	\$0.1m	Electrical equipment	\$0m	\$0.5m

Overview: Lesotho's duty-free exports to the United States

Lesotho's trade balance with the United States is heavily weighted in favour of Lesotho, which has been highly successful in exporting garments for the US market by utilizing the favourable rules of origin provisions under AGOA. Almost all of Lesotho's exports to the US took place in the garment categories contained within Chapters 61 and 62, along with significant quantities of diamonds, and minor quantities of other industrial goods.

Lesotho's exports to the US during 2022 were valued at \$372 million (2021: \$337 million), while the country imported goods worth \$8 million from the US during the same year.

Lesotho's main imports from the US include medical equipment, and smaller quantities of industrial goods, and goods used in commerce and aviation.

Very few products are subject to US import duties; the rest qualify for GSP / AGOA, or are already duty-free in the US tariff schedule - under 'normal tariff relations'.

For goods to qualify for preferential market access, they must be classified as AGOA / GSP eligible, and it must be demonstrated that they are a product of Lesotho by meeting the rules of origin provisions*. \$1.6m in import duties was payable on Lesotho's exports to the U.S. during 2022; these were levied on certain apparel and electrical items.

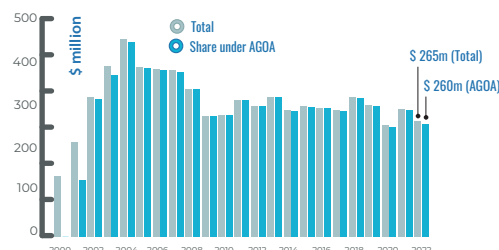
* Normal U.S. import duties (only when applicable to a product) are levied when local origin status of the preferential exporter country (through compliance with the relevant Rules of Origin) can not be demonstrated on importation.

SOME OF LESOTHO'S PRODUCT EXPORTS TO THE UNITED STATES SINCE 2000

Apparel (HTS Chapters 61+62)

2022: \$260 million exports under AGOA

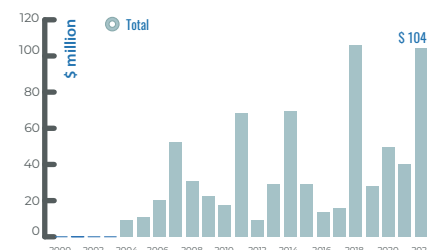
Lesotho's export-focused apparel sector has been driven largely by AGOA preferences over the past two decades, with almost \$6.9 billion (98% of the country's US-bound apparel exports since 2001) qualifying for duty-free market access. Lesotho remains the second-largest apparel exporter under AGOA, behind Kenya and ahead of Madagascar in third place.



Diamonds (HTS 7102)

2022: \$104 million exports to the U.S.

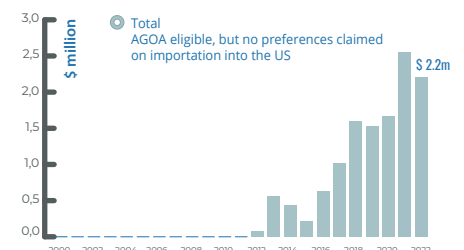
Lesotho has exported \$725m worth of diamonds to the U.S. since 2000. Over the years these have consisted primarily of unworked non-industrial diamonds; imports within these tariff lines are not subject to any import duties in the US. In 2022, Lesotho's exports of worked non-industrial diamonds increased from \$11m to \$35m while exports of unworked diamonds increased from \$30m to \$69m in the 2021-2022 period.



Automatic circuit breakers (HTS 8536.20)

2022: \$2.2 million exports to the U.S.

Lesotho started exporting automatic circuit breakers to the US in 2012, with the highest value of exports to date achieved in 2021. Exports in this category comprise mainly circuit breakers for a voltage not exceeding 1,000 volt. Although goods of this tariff line qualify for AGOA preferences, subject to the 35% local content rule being met ('rules of origin'), no preferences were claimed on Lesotho's exports.





Lesotho National AGOA Strategy



Lesotho AGOA Trade Data



US Tariff Schedule and HTS Search



AGOA FAQ on AGOA.info



Lesotho Revenue Authority LRA



Lesotho National Dev Corporation



US-Africa Annual AGOA FORUM



US Embassy Lesotho



List your business AGOA BUSINESS CONNECTOR
► agoa.info/connect

* Use any QR Reader app or scan code with your phone camera



This guide is made possible by the support of the American People through the United States Agency for International Development (USAID). The contents of this guide are the sole responsibility of tralac and do not necessarily reflect the views of USAID, Prosper Africa, or the United States Government.