AGOA and Nigeria

The African Growth and Opportunity Act

“Duty-free access to the United States market for Nigeria’s exporters”

“Trade preferences available until 2025”

“AGOA has assisted Nigeria’s energy sector, agricultural and metals exports to the US”

“AGOA provides exporters with a competitive advantage”

Nigeria | AGOA
Nigeria was designated an AGOA beneficiary on 2 October 2000. On 14 July 2004, AGOA benefits were also extended to Nigeria’s textile sector, following the successful implementation of an apparel ‘visa system’ required for managing adherence with AGOA’s Rules of Origin provisions.

Nigeria’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

AGOA: Cornerstone of US-Africa Trade Relations

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 Nigeria 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 Nigeria - 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 Nigeria 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: 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 US materials.

Basic 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 from local customs / revenue authority (NCS - Nigeria Customs Service)
**United States’ Trade in Goods with Nigeria Since the Start of AGOA in 2000**

- **Nigeria’s exports to the United States**
- **United States exports to Nigeria**
- **Balance of Trade (positive values: trade surplus with United States)**

**Trade in goods between US and Nigeria**

<table>
<thead>
<tr>
<th>Year</th>
<th>Nigeria’s exports to the United States</th>
<th>United States exports to Nigeria</th>
<th>Balance of Trade (positive value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$9.669m</td>
<td>$7.112m</td>
<td>$2.557m</td>
</tr>
<tr>
<td>2001</td>
<td>$7.137m</td>
<td>$1.172m</td>
<td>$5.965m</td>
</tr>
<tr>
<td>2002</td>
<td>$4.814m</td>
<td>$3.511m</td>
<td>$1.303m</td>
</tr>
<tr>
<td>2003</td>
<td>$5.295m</td>
<td>$4.491m</td>
<td>$0.804m</td>
</tr>
<tr>
<td>2004</td>
<td>$6.088m</td>
<td>$6.409m</td>
<td>$-0.321m</td>
</tr>
<tr>
<td>2005</td>
<td>$3.416m</td>
<td>$2.546m</td>
<td>$0.870m</td>
</tr>
<tr>
<td>2006</td>
<td>$2.183m</td>
<td>$1.650m</td>
<td>$0.533m</td>
</tr>
<tr>
<td>2007</td>
<td>$1.414m</td>
<td>$1.103m</td>
<td>$0.311m</td>
</tr>
<tr>
<td>2008</td>
<td>$1.979m</td>
<td>$1.282m</td>
<td>$0.697m</td>
</tr>
<tr>
<td>2009</td>
<td>$1.819m</td>
<td>$1.307m</td>
<td>$0.512m</td>
</tr>
<tr>
<td>2010</td>
<td>$1.594m</td>
<td>$1.192m</td>
<td>$0.392m</td>
</tr>
<tr>
<td>2011</td>
<td>$1.504m</td>
<td>$1.082m</td>
<td>$0.422m</td>
</tr>
<tr>
<td>2012</td>
<td>$1.269m</td>
<td>$1.007m</td>
<td>$0.262m</td>
</tr>
<tr>
<td>2013</td>
<td>$1.284m</td>
<td>$0.973m</td>
<td>$0.311m</td>
</tr>
<tr>
<td>2014</td>
<td>$1.353m</td>
<td>$0.950m</td>
<td>$0.403m</td>
</tr>
<tr>
<td>2015</td>
<td>$1.630m</td>
<td>$1.437m</td>
<td>$0.193m</td>
</tr>
<tr>
<td>2016</td>
<td>$1.893m</td>
<td>$1.642m</td>
<td>$0.251m</td>
</tr>
<tr>
<td>2017</td>
<td>$2.519m</td>
<td>$1.742m</td>
<td>$0.777m</td>
</tr>
</tbody>
</table>

Data in $ million. Sources: Data extracted from USITC Dataweb database. US domestic exports (FAIS) vs. US imports for consumption (customs values) base year 2008.

**Leading exports from Nigeria to the United States in 2017, by sector**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Value (in $ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy (oil, gas)</td>
<td>$6.896m</td>
</tr>
<tr>
<td>Agricultural products</td>
<td>$67m</td>
</tr>
<tr>
<td>Chemicals/related</td>
<td>$52m</td>
</tr>
<tr>
<td>Minerals and metals</td>
<td>$3.5m</td>
</tr>
</tbody>
</table>

**Overview: Nigeria’s duty-free exports to the United States**

Due to Nigeria’s vast resources and export trade, most of Nigeria’s exports to the US are duty-exempt under AGOA. Nigeria also exports a number of mined agricultural products to the US, including cocoa, nuts (mainly cashew), seafood (crustaceans), bran, ginger, oil seeds, animal feeds, etc.

Nigeria’s exports to the US, during 2017, were worth $7.2 billion, while the country’s imports totalled $4.4 billion from the US during the same period. Nigeria’s main imports from the US comprise predominantly motor vehicles, computers, machinery, mineral fuels, articles of plastic, beverages and aircraft.

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 Nigeria’s US exports enter the US duty-free; import duties of $22m were paid in 2017 (mostly on mineral oil products not duty-exempt). Other duties related to fertilizers, cocoa products, plastics, organic chemicals, etc.

*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.*

**Some of Nigeria’s Product Exports to the United States**

- **Cocoa products (HTS Ch. 18)**
  - 2017: $31 million in exports to US
  - The export of cocoa products accounts for a significant share of Nigeria’s non-oil exports to the US. Exports have fluctuated over the years but have seen significant increases since 2015.
  - Most exports within this category consist of cocoa beans, and to a lesser extent cocoa butter/fat. Nigeria has exported almost $500m worth of cocoa products to the US since 2000.

- **Cashew nuts (HTS 0801.32)**
  - 2017: $93.3 million exports to US
  - Nigeria’s exports of cashew nuts to the US are one of the few products that have achieved sustained growth in 2017, and continue to increase year on year. Nigeria also exports small quantities of kola nuts to the US under AGOA/GSP, which are used as a flavoring ingredient in beverages.

- **Vegetable products (HTS Ch. 1-24)**
  - 2017: $67 million exports under AGOA
  - Although oil exports from Nigeria dominate trade with the US, Nigeria also exports a significant number of agricultural products to the US. While only around 12% of AGOA/GSP benefits in 2017 were devoted to agricultural products, other countries are able to benefit from the US duty-free offer. Key products include cocoa, nuts, crustaceans, bran, ginger, animal feeds, etc.


**AGOA.info**
www.AGOA.info

**tralac**, **Trade Law Centre**
www.tralac.org

**USAID**, **From the American People**
www.usaid.gov

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Eckart Naumann | TRALAC 11/2018

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