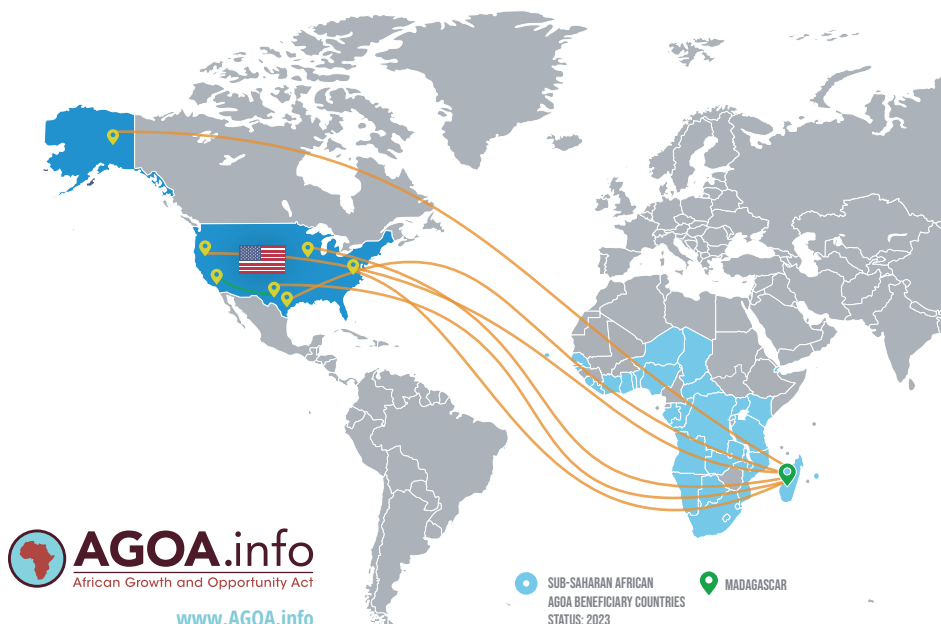
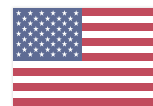


AGOA AND MADAGASCAR

THE AFRICAN GROWTH AND OPPORTUNITY ACT



AGOA.info
African Growth and Opportunity Act
www.AGOA.info

SUB-SAHARAN AFRICAN
AGOA BENEFICIARY COUNTRIES
STATUS: 2023

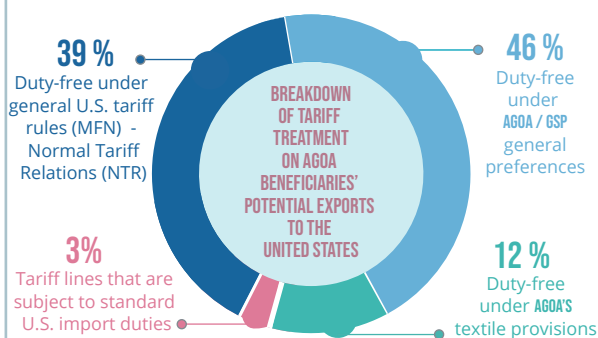
MADAGASCAR

Madagascar 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 **Madagascar** are able to import these goods duty-free, enhancing 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.

MADAGASCAR'S PREFERENTIAL MARKET ACCESS TO THE UNITED STATES

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



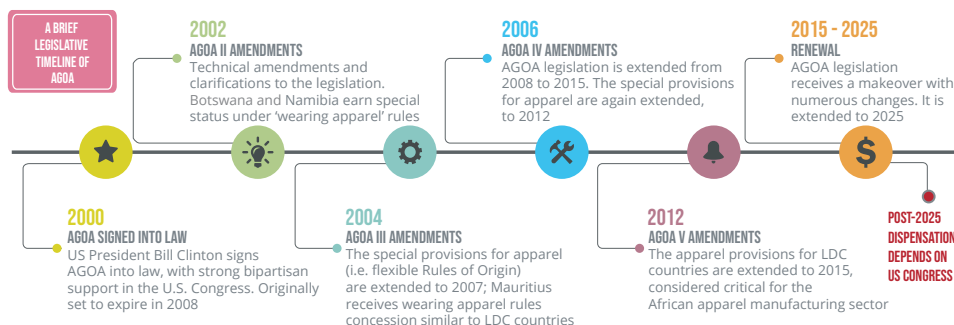
WHAT IS AGOA ?

- 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 **Madagascar**, but also provides a framework for other U.S. 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 U.S. 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 U.S. 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)

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.
* MADAGASCAR QUALIFIED FOR THE 'THIRD COUNTRY FABRIC' PROVISION IN 2001
- Textiles (yarns, fabric of Chapters 50-60, and 63) from **Madagascar** or any other AGOA 'lesser developed beneficiary country' also qualify under AGOA provided that they are wholly produced from local fibres, yarns, fabrics, or components knit-to-shape in such countries.

AGOA RULES OF ORIGIN: OTHERS PRODUCTS

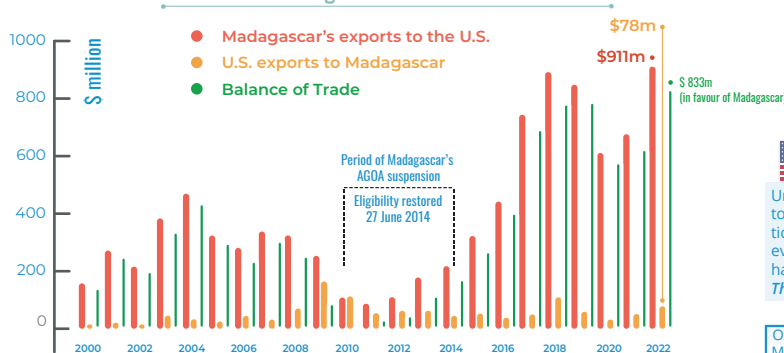
- Products must be the 'growth, product or manufacture' of one or more AGOA beneficiary countries, or if some imported / non-originating materials are used, the cost of local materials + direct cost of processing must equal at least **35% of the product's appraised value** at the U.S. port of entry. 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 MADAGASCAR SINCE THE START OF AGOA PREFERENCES IN 2000

U.S. - Madagascar trade 2000-2022



Trade in goods between the US and Madagascar

	2000	2021	2022
Madagascar's exports to the United States	\$158m	\$677m	\$911m
United States exports to Madagascar	\$15m	\$51m	\$78m
Balance of Trade (pos. values = in favour of Madagascar)	\$143m	\$626m	\$833m

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 Madagascar | 2021-2022

United States' trade with Madagascar is heavily weighted in favour of Madagascar. U.S. exports to Madagascar are diverse, ranging from machinery, fabricated metal products and pharmaceuticals to food products and agricultural goods such as grains. While bilateral trade was fairly even during the initial year's of Madagascar's AGOA suspension, U.S. imports from the country have far exceeded U.S. exports to the country since then, as illustrated in the chart alongside. *The leading U.S. exports to Madagascar over the period 2021 - 2022 are listed in the table below.*

	2021	2022		2021	2022
Other gen. purpose machinery	\$4.7m	\$11m	Pharmaceuticals and medicines	\$5.7m	\$6.1m
Metal ores	\$0m	\$10.7m	Oilseeds and grains	\$0.4m	\$4.3m
Other fabricated metal products	\$5.4m	\$10.7m	Foods, nesol.	\$2.0m	\$3.7m
Grain and oilseed milling prods.	\$5.9m	\$6.7m	Aviation products	\$0.5m	\$3.1m

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

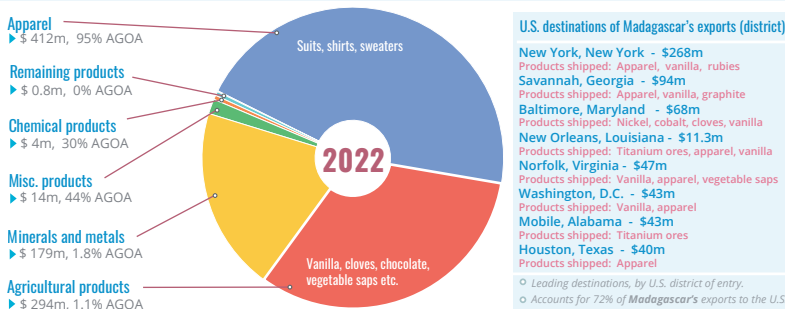
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Exports under AGOA	0	92	76	186	315	273	230	281	277	210	0	0	0	0	0	40	94	151	190	234	193	274	397
Exports under GSP*	5	5	4	2	2	2	2	2	2	1	2	2	2	4	4	4	3	5	4	6	4	5	9
No preferences claimed	153	175	136	195	153	48	50	54	45	42	107	86	108	175	214	279	345	588	698	608	414	397	505
TOTAL country exports to U.S.	158	272	216	383	469	324	281	338	324	253	108	87	110	178	217	322	442	744	892	848	611	676	911

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

Madagascar's exports to the United States in 2022 | leading products

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

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



Non-AGOA trade in each category is mostly duty-free under the standard U.S. tariff schedule

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

Madagascar's exports to the U.S. have been rising sharply in recent years, only interrupted during the 2020-2021 Covid-19 years. The country's exports are mainly driven by vanilla, apparel and mineral exports. When Madagascar lost its eligibility for AGOA preferences between 2009 and 2014 as a result of the political situation in the country at the time, U.S.-bound exports declined significantly.

In 2022, Madagascar exported goods worth \$911m to the U.S., and \$9.2b since AGOA's inception in 2000. The country's U.S. imports over this period were \$1.3b.

Madagascar's exports to the U.S. are led by articles of clothing, vanilla, and certain minerals (titanium ores, nickel, cobalt). 45% is in AGOA eligible categories.

Very few of Madagascar's exports are subject to U.S. import duties; in 2022, just over 3% of the country's exports to the U.S. took place in dutiable categories (\$30m). On these goods, U.S. importers were subject to \$3.4m in import duties; \$475m worth of U.S. imports from Madagascar took place on a non-preferential yet duty-free basis.

Goods classified as AGOA eligible qualify for duty-free import into the United States only when they meet the Rules of Origin provisions (35% local content for non-textile goods).

* 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.

SELECTION OF MADAGASCAR'S EXPORTS TO THE UNITED STATES SINCE 2000

Apparel (HTS Ch. 61+62)

2022: \$406 million in exports to the US

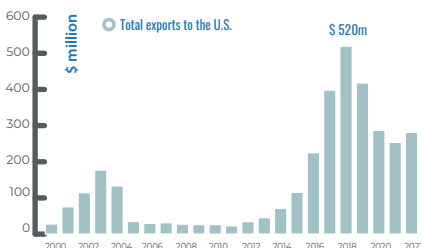
Madagascar has become the second largest apparel exporter to the U.S. from sub-Saharan Africa, after Kenya, and ahead of Lesotho. U.S. exports had declined sharply during Madagascar's suspension from AGOA preferences in 2009, but have increased sharply since reinstatement during the second half of 2014. Since 2001, Madagascar has exported over \$4b in apparel to the U.S., 87% claiming AGOA benefits.



Vanilla (HTS 0905)

2022: \$281 million exports to the US

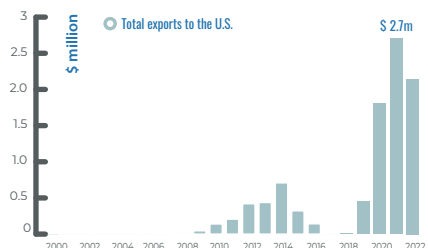
The U.S. has been a lucrative market for Madagascar vanilla exports, with more than \$3.4 billion worth of vanilla exported during 2000-2022. In 2018, exports to the US increased by 77% over the previous year. 98% of these exports were in the category 'vanilla beans, neither crushed nor ground'. Vanilla can be exported duty-free to the U.S. under standard tariff terms.



Cocoa products (HTS 8105)

2022: \$2.2 million exports to the US

Cocoa containing products have seen rapid export growth in recent years, with almost \$10m in exports since 2010. In Madagascar's case most of these exports comprise chocolate (mainly in slabs under 2kg each of HTS 1806.32.30). 96% of exports under HTS 8105 entered the U.S. claiming AGOA or GSP preferences (chocolate qualifies under both programs).



* Use any QR Reader App or phone camera