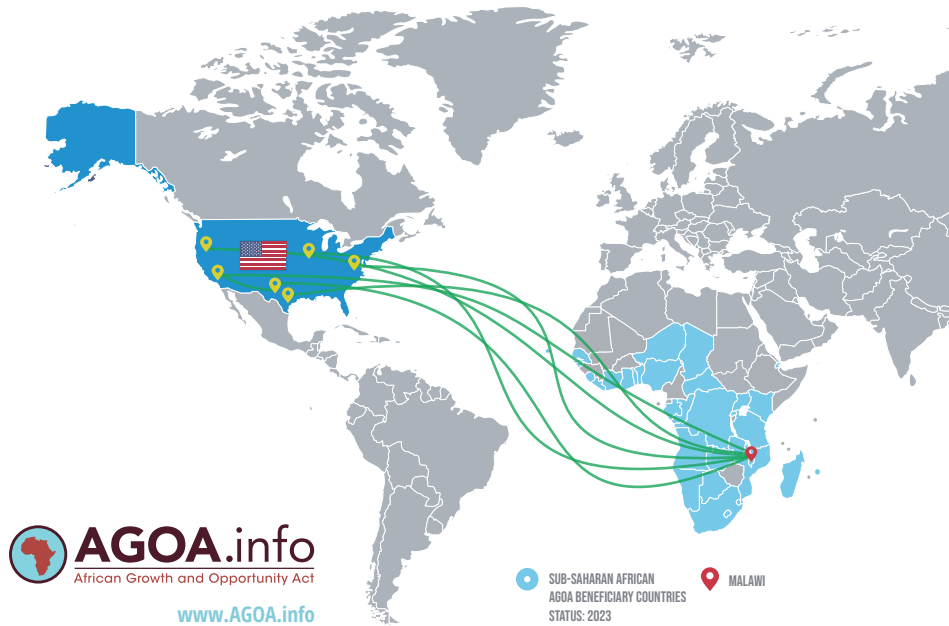


AGOA AND MALAWI

THE AFRICAN GROWTH AND OPPORTUNITY ACT

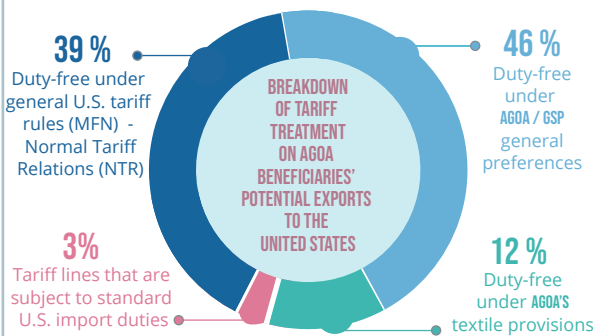


Malawi is one of currently 35 Sub-Saharan African countries that benefit from preferential access to the United States market under the African Growth and Opportunity Act (AGOA), which grants +/- 6,700 products duty-free status.

United States importers of products that are made in **Malawi** 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.

MALAWI'S PREFERENTIAL MARKET ACCESS TO THE UNITED STATES

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



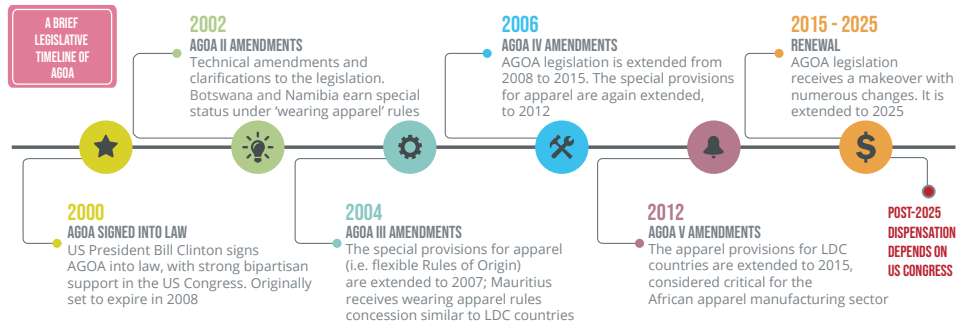
WHAT IS AGOA ?

- 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 **Malawi**, 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 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 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)

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. * MALAWI QUALIFIED FOR THE 'THIRD COUNTRY FABRIC' PROVISION ON 15 AUGUST 2001
- Textiles (yarns, fabric of Chapters 50-60 and 63) from **Malawi** 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

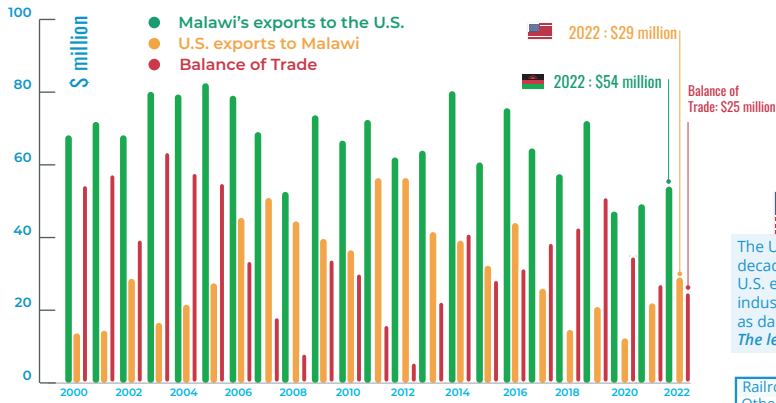
- Products must be the 'growth, product or manufacture' of one or more AGOA beneficiary countries, or if some imported / non-originating materials are used, the cost of local materials + direct cost of processing must equal at least **35% of the product's appraised value** at the US port of entry. Up to 15% (of the 35%) may consist of US 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 MALAWI SINCE THE START OF AGOA PREFERENCES IN 2000



Trade in goods between the U.S. and MALAWI	2000	2021	2022
Malawi's exports to the United States	\$68m	\$49m	\$54m
United States exports to Malawi	\$14m	\$22m	\$29m
Balance of Trade (pos. values = in favour of Malawi)	\$54m	\$27m	\$25m

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 Malawi | 2021-2022

The United States has maintained a fairly significant trade deficit with Malawi over the past two decades - relative to overall trade with the country - as illustrated in the chart on the left. U.S. exports to Malawi in the period 2021-2022 comprised railroad rolling stock, and a range of industrial and technical goods, pharmaceuticals, electronic devices, machinery and parts, as well as dairy products. The U.S. trade deficit (trade in goods) with Malawi in 2022 amounted to \$25m. *The leading US exports to Zambia over the period 2021 - 2022 are listed in the table below.*

	2021	2022	2021	2022
Railroad rolling stock	\$0.7m	\$10.8m	\$0.6m	\$1m
Other special classifications	\$5.5m	\$4.3m	\$1.9m	\$0.8m
Pharmaceuticals and medicines	\$7.2m	\$2.8m	\$0.6m	\$0.8m
Control instruments	\$1.9m	\$2.5m	\$0.1m	\$0.6m
Industrial machinery				
Medical equipment				
Dairy products				
Synthetic fibers				

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

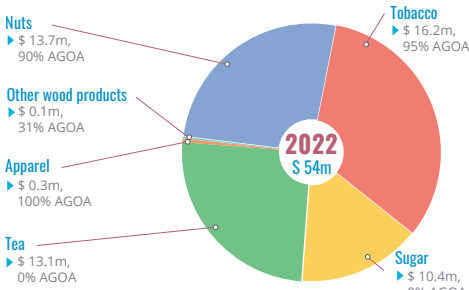
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Exports under AGOA	0	12	41	36	35	32	30	28	27	40	47	56	46	47	57	41	45	36	31	43	27	25	33
Exports under GSP	23	23	6	23	29	34	31	32	18	26	10	7	7	4	2	9	7	8	9	9	8	6	5
No preferences claimed	45	36	21	21	15	17	18	10	8	8	10	9	9	13	20	11	24	21	17	20	13	18	17
TOTAL country exports to U.S.	68	72	68	80	79	82	79	69	53	74	67	72	62	64	80	61	76	65	57	72	47	49	54

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

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

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

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



% denote share utilizing AGOA. Rest mostly duty-free under NTR* tariff schedule *NTR: Normal Tariff Relations (U.S. equivalent of Most Favoured Nation - MFN)

U.S. destinations for Malawi's exports, by district*

- Norfolk, Virginia - \$28m (-6%)
Products shipped: Tobacco, coffee, nuts
- San Francisco, California - \$8.5m (-11%)
Products shipped: Nuts, coffee
- Baltimore, Maryland - \$5.4m (+700%)
Products shipped: Cane sugar, tobacco, coffee
- Houston-Galveston, Texas - \$3.7m (+83%)
Products shipped: Cane sugar, nuts
- New York, New York - \$3.4m (-13%)
Products shipped: Nuts, cane sugar, coffee
- Tampa, Florida - \$1.7m (+36%)
Products shipped: Cane sugar
- Charleston, South Carolina - \$1m (+1%)
Products shipped: Coffee
- New Orleans, Louisiana - \$1m (+61%)
Products shipped: Coffee

Leading destinations, by district of U.S. entry. Accounts for 94% of Malawi's exports to the U.S.

Total exports in 2022: \$54m Share AGOA: 70%

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

Malawi has maintained a trade surplus with the United States over the past two decades. Malawi's exports to the U.S. comprise mostly agricultural products, with tobacco, sugar, tea and nuts leading in 2022. Apparel exports declined to \$0.3m in 2022, utilising AGOA preferences. Malawi's imports from the U.S. comprise a range of manufactured goods, including railroad stock, control instruments, machinery and dairy.

Since AGOA's inception, Malawi has exported goods worth \$1.55 billion to the U.S., while just under \$1.15 billion qualified for AGOA preferences. Imports from the U.S. were \$733m.

Malawi's exports to the U.S. have remained relatively consistent in value over the past two decades. In terms AGOA utilizing countries, Malawi lies in 15th position (2022).

Very few of Malawi's exports are subject to U.S. import duties; most qualify for AGOA, or are duty-free under the general U.S. 'normal tariff relations' schedule.

For goods to qualify for preferential market access, they must be classified as AGOA or GSP-eligible, and it must be demonstrated that they are a 'product of Malawi' by meeting the origin provisions. In 2022, \$0.07m in duties was payable on U.S. imports from Malawi; these were levied mainly on macadamia nuts, a tariff line that is AGOA eligible*.

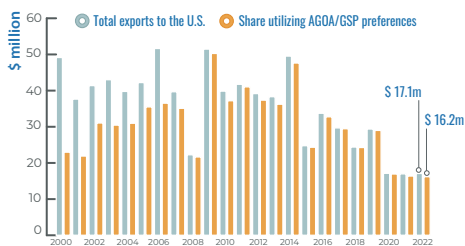
* Normal U.S. import duties (only when applicable to a product) are levied when local origin status of the preferential exporter country (through compliance with the relevant Rules of Origin) can not be demonstrated on importation.

SELECTION OF MALAWI'S AGOA EXPORTS TO THE UNITED STATES SINCE 2000

Tobacco, unmanufactured (HTS 2401)

2022: \$16.2m exports under AGOA

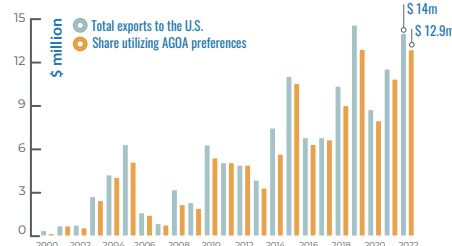
Unmanufactured tobacco has been the mainstay of Malawi's exports to the U.S. over the past two decades. The relative importance of tobacco exports (as a share of total U.S. exports) has however declined to 32% in 2022. Over this period, Malawi has exported \$820m worth of tobacco to the U.S., of which 86% entered the country under preference (in recent years this percentage was close to 100%).



Nuts, fresh or dried (HTS 0802)

2022: \$12.9m exports under AGOA

Exports to the U.S. of various types of nuts (worth \$131m since 2000) have grown significantly since AGOA preferences became available. Shelled macadamia nuts account for the majority (>80%) of nut trade over this period, with other shelled nuts accounting for the remainder. After South Africa and Kenya, Malawi represents the third largest supplier of nuts to the U.S. under AGOA.



Apparel (HTS Chapters 61+62)

2022: \$0.3m exports to U.S.

Malawi exporters have benefited from AGOA's favourable Rules of Origin for apparel goods, resulting in exports of \$219m worth of goods to the U.S. since 2000. The majority of trade over this period has comprised knitwear goods (especially sweaters of HTS 6110). However, exports have declined significantly between 2004 and 2017, albeit with a slight rebound noted since then.



bit.ly/MALAWI-STRATEGY

bit.ly/MALAWI-AGOA

bit.ly/US-TARIFF

bit.ly/AGOA-FAQ

bit.ly/MALAWI-RA

bit.ly/MALAWI-MITC

bit.ly/PROSPERAFRICA

bit.ly/MALAWI-USEMBASSY

bit.ly/AGOA-CONNECT

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

