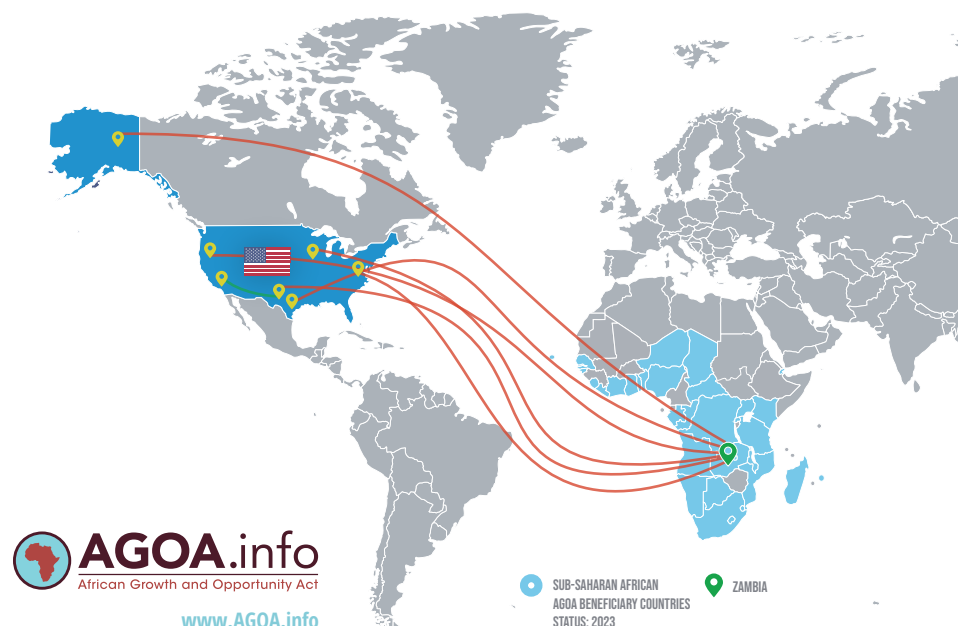


AGOA AND ZAMBIA

THE AFRICAN GROWTH AND OPPORTUNITY ACT



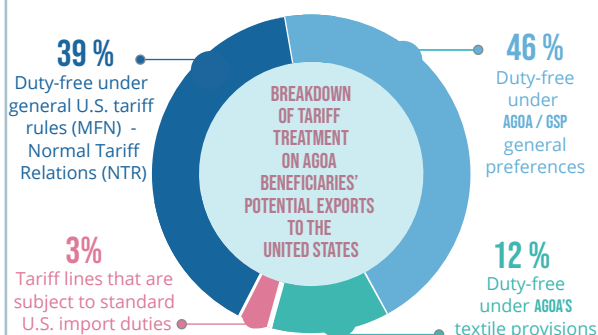
AGOA.info
African Growth and Opportunity Act
www.AGOA.info

Zambia 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 **Zambia** are able to 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.

ZAMBIA'S PREFERENTIAL MARKET ACCESS TO THE UNITED STATES

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



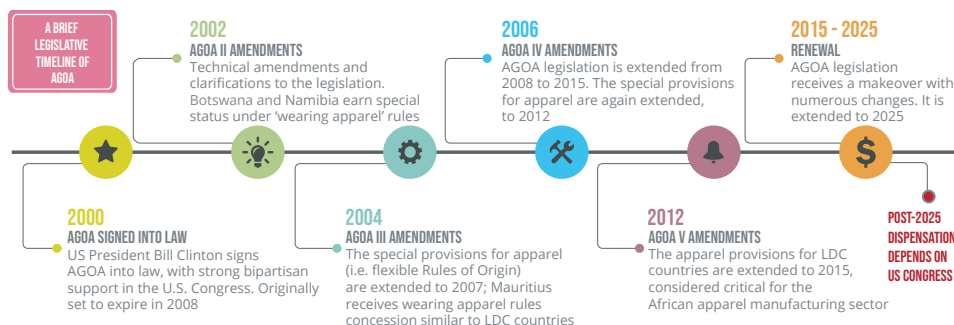
WHAT IS AGOA ?

- 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 **Zambia**, 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 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.
* ZAMBIA QUALIFIED FOR THE 'THIRD COUNTRY FABRIC' PROVISION ON 17 DECEMBER 2001
- Textiles (yarns, fabric of Chapters 50-60, and 63) from **Zambia** 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.

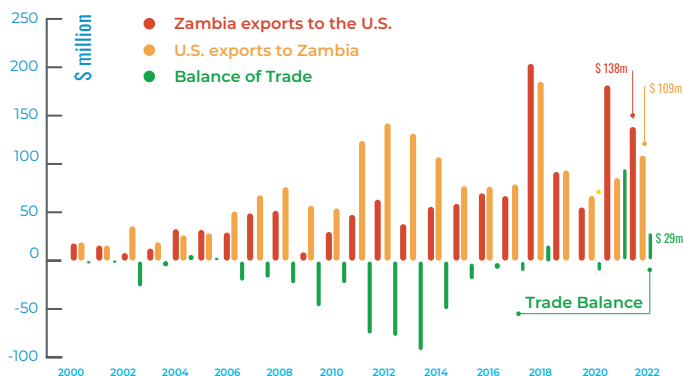
AGOA RULES OF ORIGIN: OTHERS PRODUCTS

- 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 ZAMBIA SINCE THE START OF AGOA PREFERENCES IN 2000



Trade in goods between the US and ZAMBIA	2000	2021	2022
Zambia's exports to the United States	\$19m	\$181m	\$138m
United States exports to Zambia	\$18m	\$85m	\$109m
Balance of Trade (pos. values = in favour of Zambia)	-\$1m	\$96m	\$29m

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 Zambia | 2021-2022

The United States has maintained a fairly significant trade surplus with Zambia in the 2009-2015 period relative to overall trade - as illustrated in the chart alongside. Pharmaceuticals and machinery accounted for approximately half of U.S. exports to Zambia in 2022, followed by a range of manufactured goods including motor vehicle parts, rubber products, goods for the aviation sector, synthetic materials, computing equipment, paper products etc.

The leading U.S. exports to Zambia over the period 2021 - 2022 are listed in the table below.

	2021	2022	2021	2022
Pharmaceuticals	\$18.2m	\$21.6m	Other special classifications	\$5.3m
Agric. / construction machinery	\$10m	\$21.4m	Petroleum & coal products	\$0.4m
Motor vehicle parts	\$7.8m	\$11.8m	Aviation products	\$2.7m
Rubber products	\$16m	\$10.5m	Rubber products / resins	\$0.7m

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

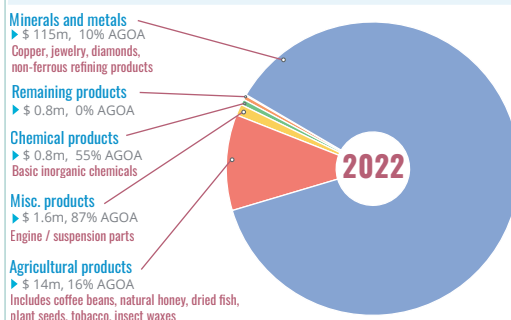
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Exports under AGOA	0	8	74	127	176	160	135	136	125	95	93	77	62	54	59	0	0	0	5	1.2	12.5	17.1	17.8
Exports under GSP*	12	6	7	7	1	16	14	6	0	6	18	0	0	0	18	14	10	13	3	8.5	4.5	0	0
No preferences claimed	41	50	33	28	22	23	6	7	8	9	4	6	4	5	4	6	6	7	6	6	2.5	6.4	14.1
TOTAL country exports to US	53	65	114	162	199	199	156	148	134	110	115	83	67	59	82	20	17	20	13	15.9	19.5	23.5	32.2

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

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

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

The graphic below provides an overview of the sectoral spread of Zambia's exports to the United States during Year 2020.



US destinations of Zambia's exports, by district

New York, New York - \$84m
Products shipped: Precious stones, coffee, grain
Los Angeles, California - \$19m
Products shipped: Precious stones
Baltimore, Maryland - \$11.3m
Products shipped: Base metals, coffee, copper
New Orleans, Louisiana - \$11.3m
Products shipped: Metal products
Charleston, South Carolina - \$3.8m
Products shipped: Precious stones/metals, copper
Washington, D.C. - \$1.4m
Products shipped: Precious stones / metals
Houston, Texas - \$1.4m
Products shipped: Coffee
Savannah, Georgia - \$1.2m
Products shipped: Coffee

Leading destinations, by district of US entry.
Accounts for 96% of Zambia's exports to the US

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

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

Zambia was a net exporter to the United States in 2021-2022 although over previous five years two-way trade has been relatively evenly balanced. Zambia's exports to the U.S. are highly concentrated in precious stones (more than 90% of its exports are in this category), while imports from the U.S. comprise a range of industrial / consumer goods such as machinery, plastic and rubber products, and transportation equipment.

Since AGOA's inception, Zambia has exported goods worth \$299m to the U.S. under duty-free preference. Total exports to the U.S. over the period were valued at \$1.35 billion.

Zambia's exports to the U.S. have grown significantly since 2000, but are concentrated in few sectors. Recently, Zambia's updated its AGOA utilization strategy.

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

For goods to qualify for preferential market access, they must be classified as being AGOA eligible, and must be a 'product of Zambia' by meeting the 35% local content provisions. \$90,590 in import duties was payable on U.S. imports sourced from Zambia during 2022; these were levied on certain copper cathodes, manganese and others.

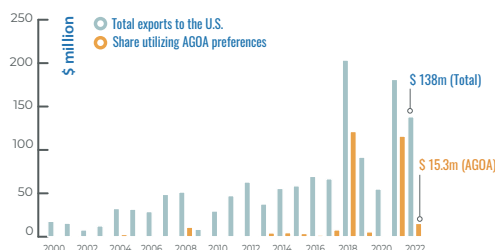
* Normal U.S. import duties (only when applicable to a product) are levied when local origin status of the preferential exporter country (through compliance with the relevant Rules of Origin) can not be demonstrated on importation.

SOME OF ZAMBIA'S AGOA EXPORTS TO THE UNITED STATES SINCE 2000

Combined AGOA exports (HTS Ch. 1-98)

2000-2022: \$299m exports under AGOA

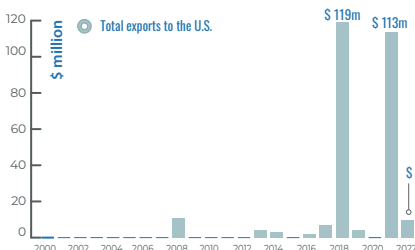
Since AGOA's inception in 2000, Zambia has exported goods worth \$299m under AGOA preference; as noted in the chart alongside, most of this trade was in refined copper cathodes. However, some AGOA trade has taken place in 113 tariff lines (HTS8) since 2000, including products such as ferromanganese, tobacco, flour, jewellery, vegetable fats, basketwork, garments, ferrosilicon, maize and cut flowers (roses).



Refined copper cathodes (HTS 7403.11)

2000 - 2022: \$150m exports under AGOA

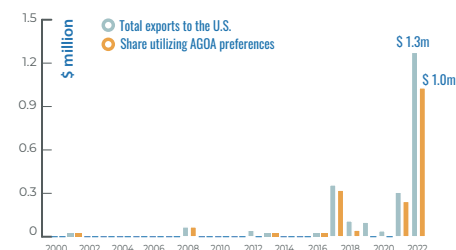
Copper cathodes play an import role in various production processes and industrial applications, and are used as feed material for the production of goods such as wire rods and tubes, as well as copper-based alloyed products and chemicals. Exports of refined copper cathodes account for the vast majority of Zambia's AGOA trade since 2000, most of which was shipped to the US in 2018 (\$119m) and 2021 (\$113m).



Natural honey (HTS Heading 0409)

2000 - 2022: \$2.4m exports to U.S.

Zambia has a small but rapidly growing and vibrant honey industry, which is increasingly diversifying into export markets. The honey industry has been identified as a sector that will help diversify the country's economy away from its reliance on resources such as copper, and protocols have been developed to ensure that Zambian honey adheres to relevant food standards.



Zambia's AGOA Strategy
bit.ly/ZAMBIA-STRATEGY

Zambia AGOA Info & Trade Data
bit.ly/ZAMBIA-AGOA

US Tariff Schedule and HTS Lookup
bit.ly/US-TARIFF

AGOA FAQ on AGOA.info
bit.ly/AGOA-FAQ

Zambia Revenue & Customs Authority
bit.ly/ZAMBIA-RA

Zambia Chamber of Commerce & Industry
bit.ly/ZAMBIA-CHAMBER

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