AGOA AND ESWATINI

THE AFRICAN GROWTH AND OPPORTUNITY ACT

Eswatini 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.

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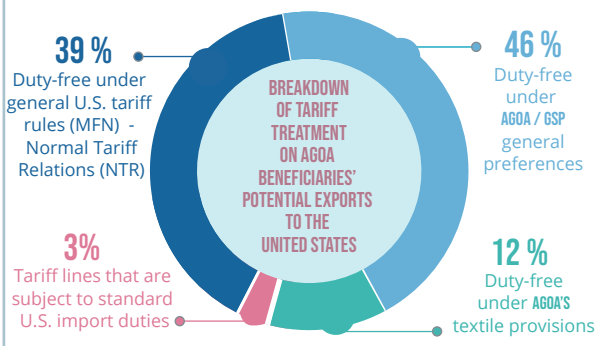
United States importers of products that are made in Eswatini are able to import these goods duty-free, resulting in enhanced price competitiveness. These preferences are currently available until end September 2025, unless the AGOA legislation is extended or replaced by another arrangement beyond that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

ESWATINI'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 **Eswatini**, 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.

A BRIEF LEGISLATIVE TIMELINE OF AGOA

2000
AGOA SIGNED INTO LAW
US President Bill Clinton signs AGOA into law, with strong bipartisan support in the U.S. Congress. Originally set to expire in 2008

2002
AGOA II AMENDMENTS
Technical amendments and clarifications to the legislation. Botswana and Namibia earn special status under 'wearing apparel' rules

2004
AGOA III AMENDMENTS
The special provisions for apparel (i.e. flexible Rules of Origin) are extended to 2007; Mauritius receives wearing apparel rules concession similar to LDC countries

2006
AGOA IV AMENDMENTS
AGOA legislation is extended from 2008 to 2015. The special provisions for apparel are again extended, to 2012

2012
AGOA V AMENDMENTS
The apparel provisions for LDC countries are extended to 2015, considered critical for the African apparel manufacturing sector

2015 - 2025
RENEWAL
AGOA legislation receives a makeover with numerous changes. It is extended to 2025

POST-2025 DISPENSATION DEPENDS ON US CONGRESS

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.
  * ESWATINI QUALIFIED FOR THE 'THIRD COUNTRY FABRIC' PROVISION ON 21 JANUARY 2001
- Textiles (yarns, fabric of Chapters 50-60, and 63) from Eswatini 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.

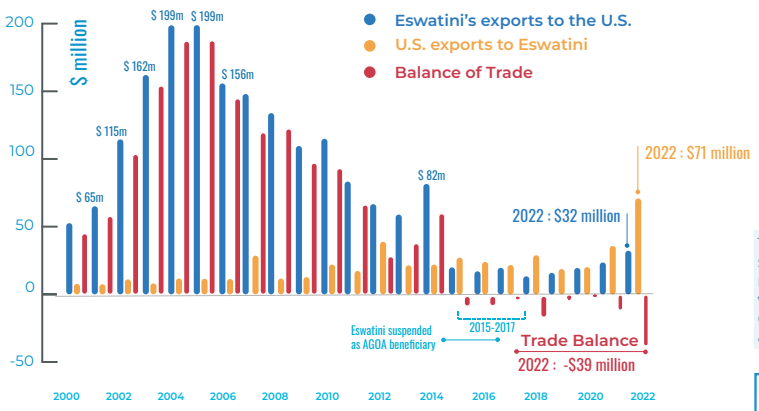
AGOA RULES OF ORIGIN: OTHERS PRODUCTS

- 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 [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 aplicable 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 MOZAMBIQUE SINCE THE START OF AGOA PREFERENCES IN 2000



Trade in goods between the U.S. and Eswatini	2000	2021	2022
Eswatini's exports to the United States	$53m	$24m	$32m
United States exports to Eswatini	$8m	$36m	$71m
Balance of Trade (neg. values = trade surplus United States	$45m	-$12m	-$39m

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 Eswatini | 2021-2022

The balance of trade between the United States and Eswatini favoured the U.S. in 2022 following strong growth during the year, mainly of engines and transmission equipment. Chemicals and related products (heterocyclic compounds, used mainly for pharmaceutical, agriculture and veterinary products) account for a significant share of U.S. exports to Eswatini, followed by a diverse range of other goods including paper products, milling products and items for the aviation industry. ***Leading U.S. exports to Eswatini during 2021 - 2022 are listed below.***

	2021	2022		2021	2022
Engines and transmission equip.	$39m	$0.2m	Grain and oilseed milling products	$0.8m	$2.2m
Paper products	$8m	$0.1m	Used of secondhand merchandise	$6m	$2m
Basic chemicals	$4.3m	$3.3m	Aviation products	$2m	$2m
Other chemical products / preps.	$1.2m	$2.2m	Forrestry products	$1.5m	$1.8m

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

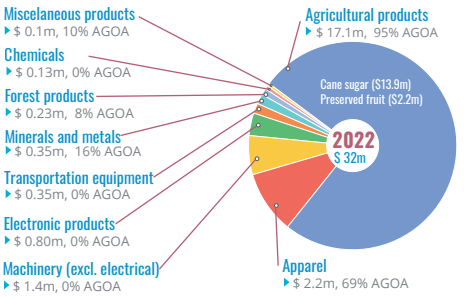
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011	2022
Exports under AGOA	0	8	74	127	176	160	135	136	125	95	93	77	62	54	59	0	0	0	5	1.2	12.5	17.1	17.8
Exports under GSP*	12	6	7	7	1	16	14	6	0	6	18	0	0	0	18	14	10	13	3	8.5	4.5	0	0
No preferences 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

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

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

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



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

Destinations of Eswatini's exports, by U.S. district

Philadelphia, Pennsylvania - $14m
Products shipped: Sugar
Chicago, Illinois - $8.4m
Products shipped: Special classification provisions
New York, New York - $4m
Products shipped: Fruit, cotton, electrical goods
Los Angeles, California - $1.2m
Products shipped: Special classifications, fruit
Savannah, Georgia - $1.2m
Products shipped: Articles of clothing, fruit
New Orleans, Louisiana - $0.4m
Products shipped: Special classifications
Houston, Texas - $1m
Products shipped: Articles of clothing

*Leading destinations by U.S. exports, district of entry. Above represents 92% of **Eswatini's** exports to the U.S.*

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

Eswatini has a long history of exporting a range of goods to the U.S., with AGOA preferences a key driver of the local apparel manufacturing sector, especially in the 2000s and beyond. During those years, Eswatini (then Swaziland) recorded large trade surpluses with the U.S. However, as a result of non-compliance with AGOA's eligibility criteria, Eswatini temporarily lost AGOA beneficiary status in the period 2015-2017.

Since AGOA's inception, Eswatini has exported goods worth $1.6 billion to the U.S. under duty-free preference. Total exports to the U.S. over the period were valued at $1.9 billion.

Eswatini's exports to the U.S. grew rapidly between 2000 and 2005, mainly in apparel. During this period some of Eswatini's global competitors were constrained by quotas.

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

In order for goods to qualify for preferential market access, they must be classified as AGOA eligible, and it must be demonstrated that they are a 'product of Eswatini' by fulfilling the AGOA 'origin' provisions*. $88,311 in import duties were calculated on U.S. imports from Eswatini during 2022; these were due mainly on ccotton fabric.

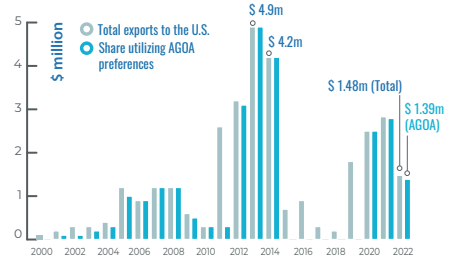
** Normal U.S. import duties (only when applicable to a product) are levied when local origin status of the preferential exporter country (through compliance with the relevant Rules of Origin) can not be demonstrated on importation.*

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

Grapefruit (HTS 2008.30.70)

2000-2022: $25m exports under AGOA

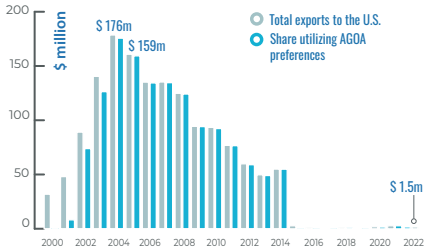
Grapefruit (along with cane sugar) currently represents one of Eswatini's major export products to the United States. While grapefruit exports declined strongly during Eswatini's period of suspension from AGOA, they have risen rapidly over the past few years. In 2022, virtually all of the country's grapefruit exports to the U.S. entered its destination under AGOA's duty-free provisions.



Apparel (HTS Chapters 61+62)

2000-2022: $1.48b exports under AGOA

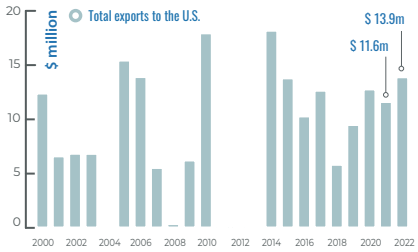
Apparel has been Eswatini's largest U.S. export over the years. Its rapid rise was driven largely by the favourable market access provisions in the U.S. (duty-free preferences, with very flexible ***Rules of Origin*** criteria allowing the use of third country fabrics), bolstered by the international quota regime that restricted China and other countries' exports to the U.S. Eswatini's loss of AGOA market preferences in 2015-2017 explains some of the recent decline in exports.



Raw cane sugar (HTS 1701)

2000-2022: $198m exports under AGOA

Over the past two decades, after apparel, cane sugar has been Eswatini's largest export to the U.S., with most of this trade entering under duty-free preference. During Eswatini's suspension of its AGOA beneficiary status in 2015-2017, the U.S. Generalized System of Preferences ***GSP*** (Year 2022: currently inactive) continued to provide Eswatini with preferential access to the U.S. market for sugar.



SCAN CODE*

* Use any **QR Reader** App or phone camera

United States Customs	Eswatini AGOA Info & Trade Data	US Tariff Schedule and HTS Lookup	AGOA FAQs on **AGOA.info**	Eswatini **AGOA** Utilization Strategy	Eswatini Trade Information Portal	Prosper Africa Initiative	US Embassy Eswatini	List your business AGOA BUSINESS CONNECTOR ▸ agoa.info/connect
bit.ly/US-CBP	bit.ly/Eswatini-AGOA	bit.ly/US-TARIFF	bit.ly/AGOA-FAQ	bit.ly/Eswatini-Strategy	bit.ly/Eswatini-Portal	bit.ly/PROSPERAFRICA	bit.ly/Eswatini-USEMBASSY	bit.ly/AGOA-CONNECT

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