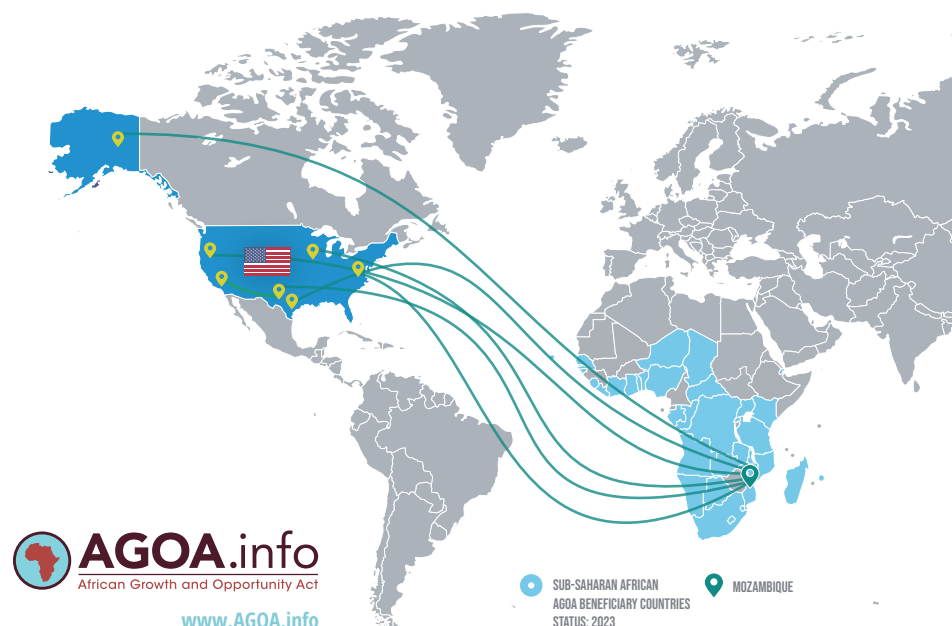


AGOA AND MOZAMBIQUE

THE AFRICAN GROWTH AND OPPORTUNITY ACT



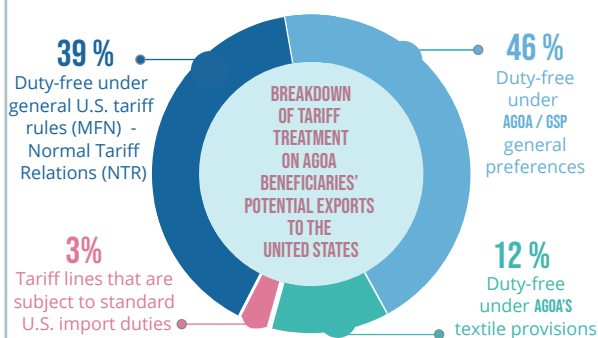
Mozambique is one of currently 35 Sub-Saharan African countries that benefit from preferential access to the United States market under the African Growth and Opportunity Act (AGOA), which grants +/- 6,700 products duty-free status.

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

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

MOZAMBIQUE'S PREFERENTIAL MARKET ACCESS TO THE UNITED STATES

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



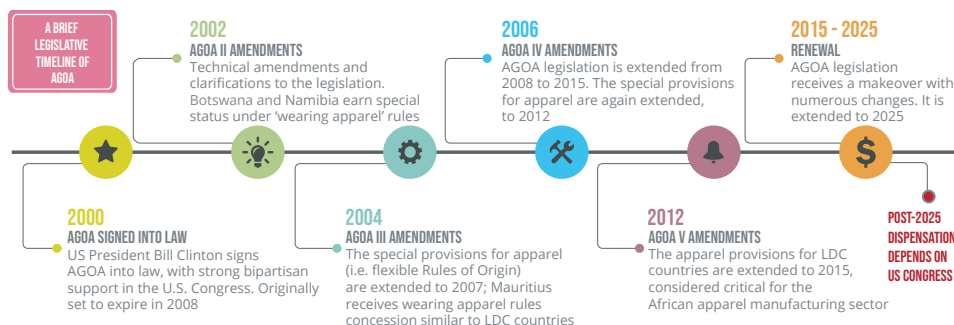
WHAT IS AGOA ?

- 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 **Mozambique**, 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.
* MOZAMBIQUE QUALIFIED FOR THE 'THIRD COUNTRY FABRIC' PROVISION ON 8 FEBRUARY 2002
- Textiles (yarns, fabric of Chapters 50-60, and 63) from **Mozambique** or any other AGOA 'less 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.

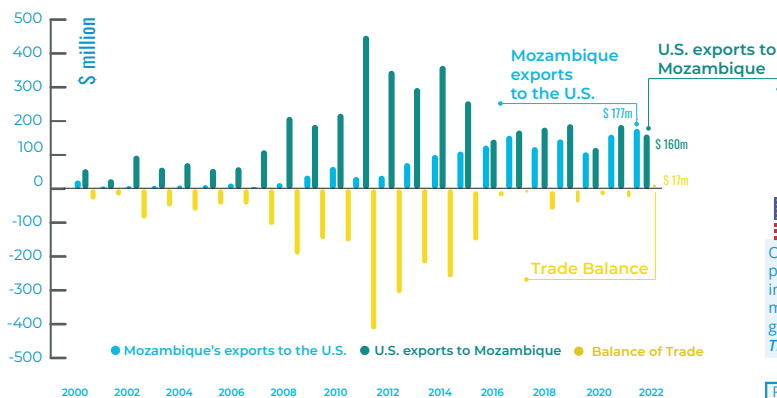
AGOA RULES OF ORIGIN: OTHERS PRODUCTS

- 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 MOZAMBIQUE SINCE THE START OF AGOA PREFERENCES IN 2000



Trade in goods between the U.S. and Mozambique	2000	2021	2022
Mozambique's exports to the United States	\$24m	\$160m	\$177m
United States exports to Mozambique	\$58m	\$189m	\$160m
Balance of Trade (neg. values = Mozambique trade deficit)	-\$34m	-\$29m	\$17m

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 Mozambique | 2021-2022

Over the past two decades, the United States has enjoyed a trade surplus with Mozambique, particularly in the 2011-2012 period when it peaked at \$417m. The largest export to Mozambique in 2022 was petroleum coke, which is used in a variety of applications such as aluminium manufacturing, fuels, steel and fertilizers. Most U.S. exports to Mozambique comprise industrial goods, pharma products, rubber tyres, parts and medical devices.

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

	2021	2022		2021	2022
Petroleum coke	\$76m	\$89m	Agric. and construction equipm.	\$3.2m	\$3.9m
Pharmaceuticals	\$24m	\$11m	Grain and oilseed milling products	\$17.3m	\$3.6m
Paper products	\$3m	\$6.3m	Other special classifications	\$1.8m	\$3.1m
Railroad rolling stock	\$1.9m	\$5.2m	Rubber products	\$0.7m	\$3m

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

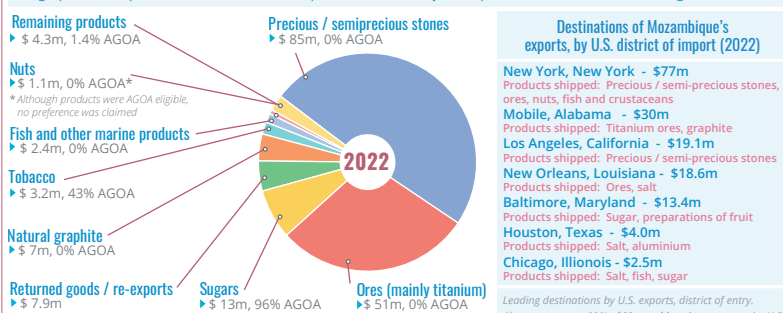
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Exports under AGOA	0	0	0.2	2.5	2.2	2.8	0.9	0.8	0.1	0	0.2	0.7	0	1.4	0.8	0.3	1.5	2.8	0.8	1.7	7.5	9	14
Exports under GSP*	10.7	5.3	5.7	5.4	5.8	5.5	10.9	0.1	0.2	1.1	24.8	0	0	0	7.9	8.3	13.8	7.7	7.3	6.8	4.2	0.3	0.5
No preferences claimed	13.7	1.8	2.2	0.8	1.9	2.5	3.8	4.4	16.4	37.8	39.8	34.3	38.5	74.5	91.1	101.3	112.2	146	114.9	137.5	95.9	151	162
TOTAL country exports to US	24.4	7.1	8.2	8.7	9.9	10.8	15.6	5.4	16.8	38.8	64.7	35	38.5	75.9	99.9	109.9	127.5	156.5	123	146	107.7	160	177

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

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

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

The graphic below provides an overview of the spread of Mozambique'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 Mozambique's exports, by U.S. district of import (2022)

New York, New York - \$77m
Products shipped: Precious / semi-precious stones, ores, nuts, fish and crustaceans
Mobile, Alabama - \$30m
Products shipped: Titanium ores, graphite
Los Angeles, California - \$19.1m
Products shipped: Precious / semi-precious stones
New Orleans, Louisiana - \$18.6m
Products shipped: Ores, salt
Baltimore, Maryland - \$13.4m
Products shipped: Sugar, preparations of fruit
Houston, Texas - \$4.0m
Products shipped: Salt, aluminium
Chicago, Illinois - \$2.5m
Products shipped: Salt, fish, sugar

Leading destinations by U.S. exports, district of entry. Above represents 89% of Mozambique's exports to the U.S.

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

Two-way trade between between Mozambique and the United States, over the 2000-2022 period, was valued at \$5.6 billion. Most of Mozambique's exports to the U.S. is in tariff lines that have no duties under general MFN trade, although some sectors - such as sugar - utilize AGOA preferences with virtually all trade happening under preference. Most of Mozambique's exports to the U.S. are resource-based and agricultural products.

Since AGOA's inception, Mozambique has exported goods worth \$1.6 billion to the U.S. Most trade takes place on a duty-free basis, including 12% under AGOA preference.

Mozambique's exports to the U.S. remained at low levels until 2008, and then grew rapidly, reaching a high of \$177m in 2022.

Very few of Mozambique's exports are subject to U.S. import duties because they are either duty-free under the U.S. 'normal tariff relations' schedule, or qualify for AGOA.

Goods qualify for preferences if they are AGOA eligible, and when it can be demonstrated that they are a 'product of Mozambique' by fulfilling the AGOA 'origin' provisions*. \$0.22m import duties were calculated on U.S. imports from Mozambique during 2022.

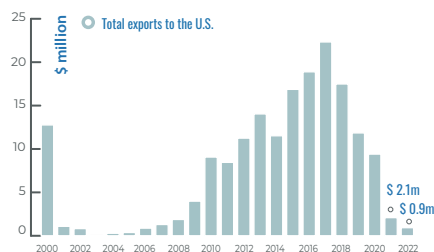
* Normal U.S. import duties (only when applicable to a product) are levied when local origin status of the preferential exporter country (through compliance with the relevant Rules of Origin) can not be demonstrated on importation.

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

Cashew nuts, shelled (HTS 0801)

2000-2022: \$178m exports to the U.S.

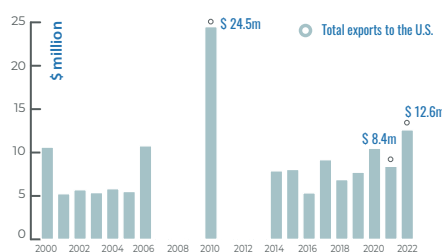
Nuts - predominantly cashews - have been an important export product for Mozambique, and an important employer, particularly in the rural northern regions of the country. Access to the U.S. market for dry or fresh (shelled) cashew nuts not otherwise preserved is duty-free on under the general tariff schedule of the U.S. Mozambique's exports to the U.S. grew rapidly until 2017 before declining over the past few years.



Cane sugar (HTS 1701)

2000-2022: \$150m exports (AGOA/GSP)

Mozambique is a country known for its large agricultural potential, with positive growing conditions for sugar cane. The country's cane sugar exports to the U.S. have been worth a combined \$150m since 2000, and enter the U.S. duty-free as a result of being AGOA and GSP-eligible (U.S. imports switched from GSP to AGOA clearance in the past two years due to current GSP expiry). Mozambique's U.S.-bound exports of cane sugar have been on an upward trajectory in recent years.



Titanium ores (HTS 2614)

2000-2022: \$412m exports to the U.S.

Titanium ore is an important mineral used inter alia for the production of titanium dioxide, which is an ingredient in the manufacture of paints, inks, certain cosmetics, paper and other applications. Titanium ore exports from Mozambique to the U.S. began in 2008 and grew rapidly before peaking in 2014, but declined to 2020. However, trade data to Q3/2021 suggest that 2021 will see exports well in excess of \$50m, far higher even than peak 2014 exports.



2018-2025 Mozambique AGOA Utilization Strategy

bit.ly/Mozambique-Strategy

US Embassy Mozambique

bit.ly/Mozambique-Embassy

US Tariff Schedule and HTS Lookup

bit.ly/US-TARIFF

United States Customs

bit.ly/US-CBP

Mozambique Trade Information Portal

bit.ly/Mozambique-Portal

Mozambique AGOA Info & Trade Data

bit.ly/Mozambique-AGOA

Prosper Africa Initiative

bit.ly/PROSPERAFRICA

AGOA FAQs on AGOA.info

bit.ly/AGOA-FAQ

AGOA BUSINESS CONNECTOR Platform

bit.ly/AGOA-CONNECT

* Use any QR Reader App or phone camera



This guide is made possible by the support of the American People through the United States Agency for International Development (USAID). The contents of this guide are the sole responsibility of tralac and do not necessarily reflect the views of USAID, Prosper Africa, or the United States Government.