



USAID
FROM THE AMERICAN PEOPLE

EAST AFRICA
TRADE
+ INVESTMENT
HUB



USAID East Africa Trade and Investment Hub

Introduction to AGOA

CROWN WOMEN RISING SEMINAR – Nairobi, September 7 2018



USAID East Africa Trade and Investment Hub

Funding Level:

\$63.9 million – funded by **Feed the Future**, a Presidential U.S. food security initiative

Duration:

Sept 2014 – Aug 2019

One of 3 USAID Regional Trade Hubs

Project Coverage:

The East African Community countries – Burundi, Kenya, Rwanda, Tanzania and Uganda – and, Ethiopia, Madagascar, and Mauritius.

Counterparts:

8 USAID Missions

8 Governments

14 Trade Associations

12 U.S. Government Agencies

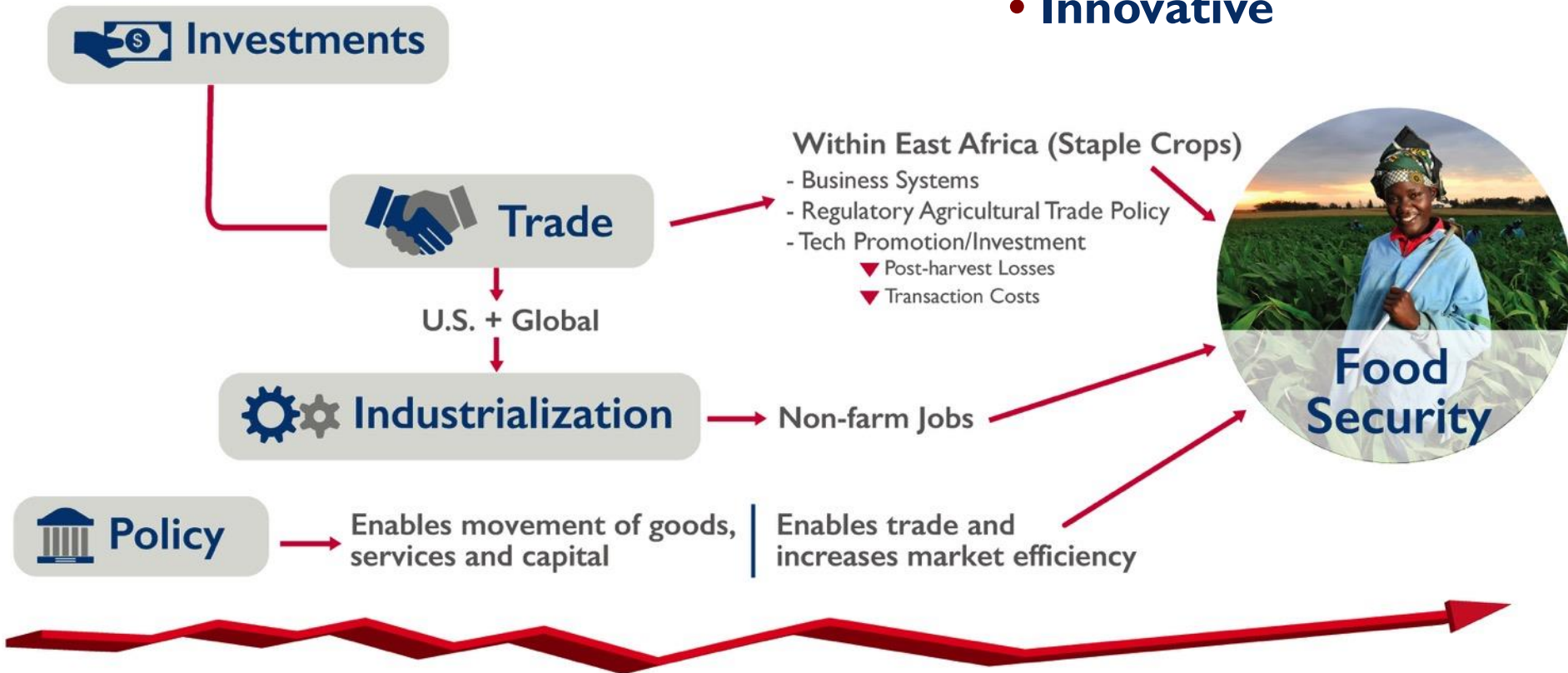


Integrated Implementation Approach

- **Facilitate investment** and promote the use of available global technology (C1)
- Increase the **competitiveness of select regional agricultural value chains** and bolster intra-regional trade in staple foods (Feed the Future) (C2)
- Promote **trade**, particularly under the African Growth Opportunity Act (C3)
- Improve the **policy environment** for East African Community **integration**, trade, and investment (C4)

What Makes Us Different?

- **Multi-country**
- **Multi-sectoral**
- **Catalytic**
- **Innovative**



▲ **Trade** → Jobs → Economic Growth

▲ **U.S. Investments** → Trade with U.S. → U.S. Leadership in East Africa

- ▼ Violent Extremism
- ▼ Irregular Migration

TRADE PROMOTION & AGOA at the HUB



TRADE PROMOTION & AGOA

**1. AGOA
Competitiveness
Strategies**

5. Institutional Capacity Building
(Grants support associations, trade promotion agencies deliver trade services to private enterprises → sustainability)

**National
Level**

**2. Information
Dissemination & AGOA
Readiness Training**

Sector Level

**3. Firm-Level Technical
Assistance**
*(quality/compliance;
product dev.)*

4. Market Linkages
*(trade shows, buyer
missions)*

**Enterprise
Level**

SECTORS

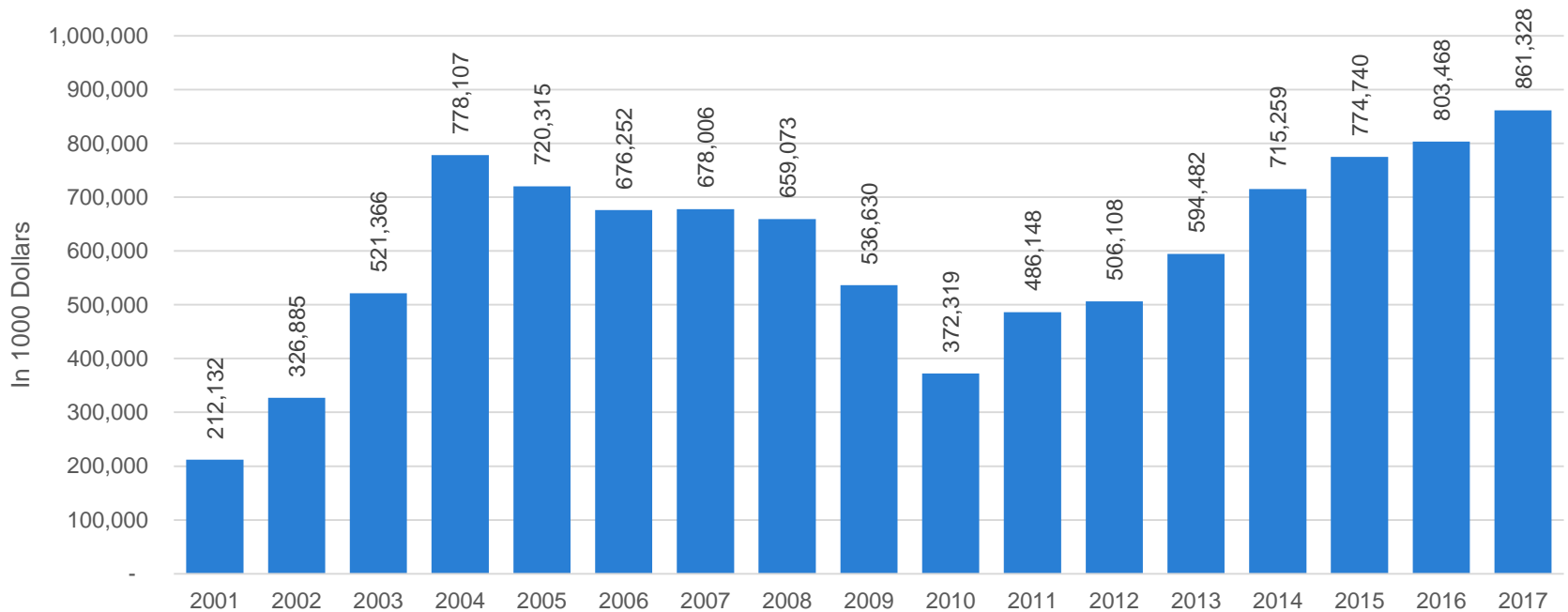
- Apparel
- Footwear
- Home Décor and Fashion Accessories
- Specialty Foods + Coffee
- Cut Flowers

EXPORTS

GOAL: Increase regional private sector capacity to Export (esp. under AGOA)

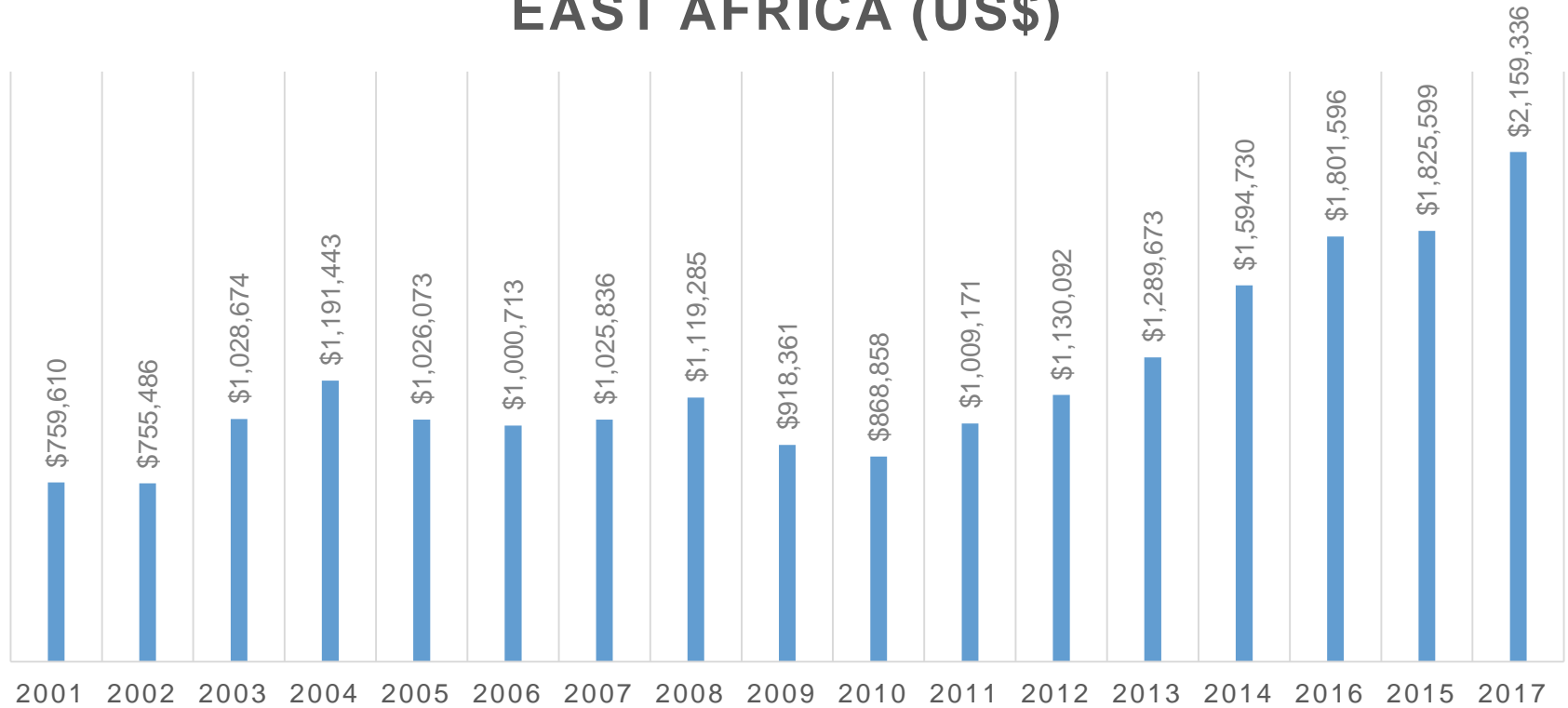
East Africa Export trends to U.S. under AGOA

Total AGOA/GSP Exports (Calendar year)
7 Hub supported Countries: Ethiopia, Kenya, Madagascar, Mauritius, Rwanda, Tanzania and Uganda (2001 - 2017)



East Africa Export trends to U.S.

TOTAL EXPORTS (AGOA, GSP, OTHER) TO U.S. FROM HUB SUPPORTED COUNTRIES IN EAST AFRICA (US\$)



What is the African Growth and Opportunity Act ?

- AGOA is a U.S. Law, providing duty free access to the U.S. market, intended to expand trade and investment leading to economic development in Africa.
- The United States Trade Act of 2000 provided additional duty free access to U.S. market for products, made in eligible Sub Saharan countries & which meet the rules of origin.
- Eligible products include 6,421 duty free tariff lines comprising GSP and AGOA
- AGOA has been renewed twice for 5 years (2005, 2010), but in 2015 was extended for 10 year period to 2025

Introduction to U.S. Market & AGOA

A. Country Eligibility (Refer to Hub brochure)

AGOA restricted to eligible AGOA countries (currently 40)

- 3 types of AGOA eligible countries
 - Beneficiary sub-Saharan African countries
 - Lesser-developed beneficiary sub-Saharan African countries
 - Beneficiary sub-Saharan African countries eligible for textile/apparel benefits.
- U.S. President reviews eligibility of AGOA countries annually against set criteria e.g.
 - market-based economy that protects private property rights;
 - elimination of barriers to United States trade and investment,
 - rule of law, political pluralism, and the right to due process, a fair trial,
 - protection against child or forced labor,
 - system to combat corruption and bribery,
 - economic policies to reduce poverty, increase the availability of healthcare and educational opportunities... etc.

B. AGOA Product eligibility

- AGOA duty free goods indicated by code “D” in US customs special program indicator code (HTSUS)
- GSP code indicated by Code A and A+(also duty free)
- 2 types of AGOA eligible product:
 - apparel/textile
 - non-apparel/textile
- Check website to establish if product on AGOA list on: *<https://agoa.info/about-agoa/products.html>*

C. Examples of AGOA eligible Non-Textile Products (4 digit HS Code)

Description	Tariff Heading
Albuminoid Substances	3502,3506
Live Animals	0105
Non alcoholic beverage	2202
Ceramic products	6907-6912
Cereals	1004-1006
Cereal preparations	1904
Cheeses	0406
Misc. chemical product	3810-3824
Organic chemicals incl. drugs	29XX
Clocks, excluding watches	9105

Description	Tariff Heading
Cutlery	8211 -8214
Dairy Prep. excl. cheeses	1901
Dyes and pigments	3204
Eggs and egg products	0408
Essential oils	3301
Animal/veg fats & oils	1512
Animal feeds	2302 -2309
Food residues, wastes	2106
Misc. foodstuff preparations e.g. Butter substitute	2016
Footwear	6402-6405

AGOA Non-textile Product eligibility (List) -2

Description	Tariff Heading
Fruit juices	2009
Fruit Preparations- jams, pastes, purees, candied.	2006-2008
Fruits, fresh or dried	0804-0808
Fruits frozen, preserved	0811-0814
Glass, glassware	7005, 7013-7019
Grain milling products	1102-1108
Grains, seeds, nuts (misc.)	1202-1212
Honey	0409
Iron and Steel	7206-7729
Leather and skins	4104-4109

Description	Tariff Heading
Leather articles (bags, trunks cases, gloves)	4202-4203
Misc. manuf. items – mechanical and ink pens	9608
Mattresses of cotton	9404
Meat (fresh)	0201-0207
Prepared meats	1602
Nuts	0802
Petroleum oils, crude and refined	2706,2709
Live plants and trees – cut flowers, cutting, seedling with roots, bulb	0601-0603

AGOA Non-textile Product eligibility (List) -3

Description	Tariff Heading	Description	Tariff Heading
Plastics (incl. belts, clips, gloves, waterbed mattresses, v-belts, mono filament polymers etc.)	3916-3926	Sports equipment – badminton and fishing kit	9507
Radio Receivers and equipment	8527	Straw products- plaited straw mats	4601
Railway parts	8607	Sugar and confectionery	1702,1704
Rubber and rubber products	4010-4015	TVs, TV equipment	8528,5840
Seafood	0305	Tobacco	2401
Prepared seafood	1603-1604	Veg fiber products – rattan, willow, bamboo- luggage, flat goods	4602
Spirits incl. rum, tafia, vermouth, bubbly wine	2206-2208	Vegetable preparations in vinegar, salt water	2001-2005
Spices incl ginger, bay leaves, paprika, pepper	0904,0910	Vegetables, fresh, chilled, frozen, dried	0703-0712

AGOA Non-textile Product eligibility (List) - 4

Description	Tariff Heading
Vehicle and vehicle parts -bicycles, vehicle bodies, chassis, snow mobiles, road tractors/semi trailers, vehicle accessories and parts	8701,8704-8714
Watch parts	9110
Watches and Watch straps	9101,9102
Wines	2204
Articles of wood including clothes pins, dowels, rods, wood sheets, wooden clothes hangers	4409-4421

AGOA Textile and Apparel Provisions – Visa, Caps, Findings and Components

- Provides **duty-free quota-free treatment** for eligible apparel articles exported to USA up to September 2025
- Country must establish **apparel/textile visa system**
- **Caps** apply on imports of sum of **regional or third country fabric apparel <7% of total apparel imported into US** in prior year; of which the **3rd country fabric** applicable to **SSA LDC limit** is **<3.5%** of all apparel imported into US
- **Findings and trimmings** (hooks and eyes, snaps, sewing threads, elastic strips, decorative lace trims and zippers) of foreign origin <25% of value of assembled components
- **Certain components** – use of non-AGOA-produced collars, cuffs, drawstrings, padding, shoulder pads, waist bands, belts attached to garments, straps with elastic, elbow patches, allowed.

AGOA Textile & Apparel Provisions – Qualifying Articles

Category	Description
Cat 1-A	Apparel of US yarns and fabric & knit to shape components, with fabrics cut in US
Cat 2-B	Apparel of US yarns and fabric, or knit to shape components, with fabrics cut in US & subjected to further working e.g. embroidery, stonewashing, acid washing, perma-pressing, oven-baking, bleaching, garment dyeing, screen printing etc.
Cat 3-C	Apparel of US yarns and fabric or US knit to shape components, and/or US and beneficiary knit to shape components, from US yarns and thread, fabric cut in US or beneficiary countries

AGOA Textile & Apparel Provisions – Qualifying Articles

Category	Description
Cat 4-D	Apparel assembled from beneficiary country fabrics or Knit-to-shape components, from US or beneficiary SSA yarns
Cat 5-E	Apparel assembled or knit to shape & assembled, or both, in one or more beneficiary Lesser DC, regardless of country of origin or fabric or yarn (a.k.a 3rd country fabric) used to make such articles.
Cat 6-F	Knit to shape sweaters in chief weight cashmere
Cat 7-G	Knit to shape sweaters >50% by weight of wool measuring 21.5 microns in diameter or finer (Merino wool)

AGOA Textile & Apparel Provisions – Qualifying Articles

Category	Description
Cat 8-H	Apparel made of yarns and fabrics not produced in commercial quantities in US
Cat 9	Eligible hand-loomed, handmade, folklore articles and ethnic printed fabrics - as defined in bilateral consultations
Cat 0	Textile or textile articles originating entirely in one or more lesser developed beneficiary country (This covers fibres, yarn, fabric, made up goods such as towels, blankets, sheets, floor coverings etc).

Non-Textile Goods

- **Eligible products duty free** provided meet Rules of Origin (RoO)- provided have >35% regional value in appraised value of product.
- This **35% regional value** comprises costs or value of materials produced in 1 or more AGOA countries, plus direct cost of processing operations performed in one or more AGOA countries with no more than 15% coming from USA
- In some cases there has to be a change in 4-digit tariff number
- Footwear is duty free (Chapter 64)
- Travel goods are duty if meet RoO (Chapter 4202, 4602)

As a Preferential Trade Arrangement, AGOA
Provides a Window of Opportunity to the
U.S. Market....

But How to Take Advantage?

U.S. Imports & Kenyan Exports to US (2016)

Product	All U.S. Imports	Kenya Exports to U.S.	Kenyan share of U.S. Imports by Sector (%)
Apparel	\$83 Bn.	\$340.7 Mill.	0.41
Home Décor & PA	\$134 Bn.	\$3.8 Mill.	0.0028
Fresh Fruit & Veg.	\$26 Bn.	\$39.5 Mill	0.15
Cut Flowers	\$1.35 Bn.	\$5.2 Mill	0.38
Coffee	\$5.7 Bn.	\$38.5 Mill.	0.68
Tea	\$381 Mill.	\$26.8 Mill.	7
Process &	\$29 Bn.	\$5.3 Mill.	0.018 ²²

US Market Characteristics & *Implications* for exporters

U.S. Market

Very Large Size

Great Diversity

Strict Regulations
(in some cases)

High Expectations

Constant Change



Great opportunity

**Identify your strengths
& match them to
market niche(s)**

**Research & follow
applicable regulations**

**Must deliver as
promised**

**Be attuned to market
trends**

Assessing the U.S. Market

- Market Research,
- Competiveness Analysis,
- Market Strategy,
- Target Segment, USP,



The United States



- World's Largest Consumer Market
- Population – 325.7 million (July 2017)
- Median Household income US\$ 57,617 (2016)

Source: US Census Bureau

AGOA 101 Kenya

STEPS

1) ***Register your business***

Register through eCitizen Portal www.ecitizen.go.ke

- Reserve name (pay fees)
- Submit application form
- Once registered (1-4 days) get PIN from KRA

2. ***Produce Items that are AGOA eligible, meeting RoO***

- *Manufacture*
- *Grow/Produce*
- *Assemble*

AGOA 101 Kenya

STEPS

2) *Obtain export documents*

- Commercial Invoice (items, quantities price, importer, exporter, Tax ID No.)
- Export Packing List
- Certification of Origin or AGOA Textile Visa (KRA)
- Manufacturer's Certificate for AGOA visa
- Phytosanitary certificate (for plant materials)
- Bill of Lading or Airway Bill

AGOA 101 Kenya

STEPS

3) Export Logistics

- Pack and send good to destination markets.
 - send by post, courier for small quantities
 - air freight for high value and perishable products
 - by sea container for heavy, voluminous, lower value, bulk products,
- Use Freight Forwarder/Shipper

AGOA 101 Kenya

STEPS

4) *Import Process*

Customs Broker receives goods and clears them

- Inspection and verification by US customs

- Use of CBP 7501 import entry form to declare and clear goods and indicate tariff preference claimed -

- use “ D” for AGOA, and “A” for GSP for duty exemption, supported by CoO and textile visa

Importer receives duty free goods

Internet/Social Media AGOA Resources

www.agoa.info

www.usitc.gov

www.eatradehub.org

- **Ask Our AGOA Expert**
- AGOA Exporters Directory



East Africa AGOA Exporters Facebook Page

@facebook.com/groups/eaagoaexporters