Taking advantage of AGOA

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Nigerian Export Promotion Council

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What is AGOA

- United States of American legislation that allows sub-Saharan African countries to export specified goods to the United States duty free.
- Signed into Law by the Clinton administration in 2000 and covered an eight year period from October 2000 to September 2008,
- Following various amendments signed into law, AGOA has been extended to 2015.

Conditions for eligibility

- Market based economy,
- Upholding of the rule of Law and political pluralism,
- Elimination of barriers to US trade and Investment.
- Instituting sound economic policies to deal with specified social problems, such as elimination of child labour, a system to combat corruption and a system to protect workers right.

Benefits of AGOA?

- **AGOA is an extension of the US Generalised System of Preferences**
- **Provides eligible countries duty free access to the United States market.**
- AGOA affords the country the opportunity to increase its foreign exchange earnings, create more jobs, diversify export, increase global market share and achieve some level of poverty reduction..

Benefits of AGOA II

- Through AGOA, the US government also seeks to provide technical assistance and trade capacity building for beneficiary countries as essential components of its trade and investment policy. Furthermore, AGOA establishes the US- Sub Saharan Africa Trade and Economic Cooperation Forum to facilitate regular ministerial level trade and investment policy discussions

Who can take advantage of AGOA?

- **Any exporter who is able to generate an order from a US firm on any of the eligible products under AGOA can take advantage of the duty free access. The exporter must however ensure that his goods comply with all the provisions of the rules of origin regarding that product and all sanitary and phytosanitary measures, if the goods involve food/Agricultural products.**

Products of Interest to Nigerian exporters

- Some of the products which may be of interest to a Nigerian Exporter on which the MFN Tariff advantage for an AGOA exporter is high includes, Footwear, Apparel and Textile, Cereals, Beverages, Fruits and fruit juices, Cocoa and Cocoa products, Glass and Glass ware, Iron and Steel, Leather and Skins, Plastics, Rubber and Rubber products.

Complying with Rules of Origin

- Rules of origin are important determinants of a product's eligibility in all reciprocal and even non reciprocal trade agreements. They provide the guidelines according to which the origin of the goods is established. In this case, they relate not only to the source from which they are shipped but also where the goods are *deemed* to have been produced.

Rules of Origin

- Products must be imported directly from the AGOA beneficiary country into the United States
- Products must be “growth, product or manufacture” of one or more AGOA beneficiary countries
- Products may incorporate materials sourced from outside countries (i.e. non AGOA beneficiaries) provided that the sum of the direct cost or value (i.e. the value of the transaction) of the material produced in one or more AGOA beneficiary countries, plus the direct cost of processing undertaken in AGOA beneficiary countries, equals at least 35% of the products appraised value at the US port of entry.
- In addition, up to a total of 15% of the 5% value may consist of U.S parts and materials.

Apparel Rules of Origin

- Apparel from U.S. fabric, yarn, and thread is provided with duty-free and quota-free access to the U.S. market without limitations. Apparel made from domestically produced fabric and yarns, or from fabrics and yarns produced in AGOA-beneficiary countries in Sub-Saharan Africa. Such market access into the U.S. is subject to a cap of 1.5% of overall U.S. apparel imports, growing in equal yearly increments to 3.5% of overall imports by 2008.

Apparel Rules of Origin II

1. Manufacturers of apparel wishing to export duty-free to the U.S. under AGOA are required to "maintain complete records of the production and the export of covered articles ,including materials used in the production, for at least 2 years after the production or export" (see page 14 of AGOA Legislation in Downloads Section). For this purpose, manufacturers are required to draw up and sign a "Certificate of Origin", a sample of which can be accessed in the Downloads Section.

Nigeria's Implementation Strategy for AGOA

- To encourage capacity building in existing manufacturing companies in the chosen sector to be able to produce larger volume and quality products to the standard specific to the US market
- To take advantage of intra-AGOA trade by vigorous marketing to supply Nigerian yarn and fabric as production input to eligible Sub-Saharan African countries manufacturing for US market
- To attract new foreign Direct investment to Nigeria through either establishment of factories to produce or enter joint venture agreements to manufacture some of the products on the AGOA product list

Activities of NEPC in Product Sectors

- Textile and Apparel:
- Foot ware and Leather
- Shrimps and Sea Food product:
- Handcrafts and Handmade Products:
- Agro allied Products

Conclusion:

- In view of the importance of this legislation, the responsibility is for the Nigerian Private Sector players to avail themselves of the opportunities provided by the Act.

Purpose of commercialization

- To be a role model Apparel/Garment factory in the country.
- Promote non-oil exports in the Apparel/Garment sector under AGOA to USA.
- Provide job opportunities for the AGOA trained students.

AGOA EXPORT STATISTICS

Products: Cocoa Butter, Cocoa Beans, Natural Rubber, Foodstuffs, Processed Wood Products, Cashew Kernel

YEAR	QUANTITY(MT)	VALUE (US $)
2007	21,468	81,231.30
2008	25,501,205	86,502,236

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XL

AGOA EXPORT STATISTICS

Products: Cocoa Butter, Cocoa Beans, Natural Rubber, Foodstuffs, Processed Wood Products, Cashew Kernel, Ginger, Cow Horns, Gum Arabic, Shrimps, etc.

YEAR	QUANTITY(MT)	VALUE (US$)
2007	21,468	81,231
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