

# AGOA AND ETHIOPIA

## THE AFRICAN GROWTH AND OPPORTUNITY ACT

“AGOA allows duty-free access to the United States market for virtually all of Ethiopia’s actual and potential exports”

“AGOA has helped make Ethiopia one of the leading Sub-Saharan African exporters of apparel to the US”

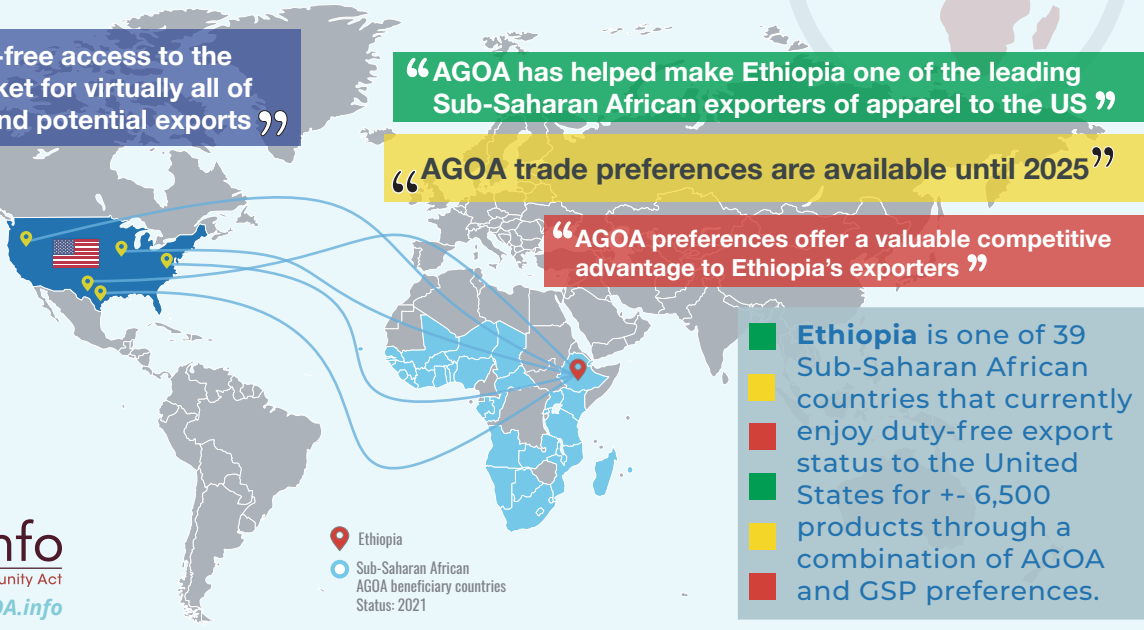
“AGOA trade preferences are available until 2025”

“AGOA preferences offer a valuable competitive advantage to Ethiopia’s exporters”

### ETHIOPIA | AGOA

Ethiopia was designated an ‘AGOA beneficiary’ on 2 October 2000. On 2 August 2001, AGOA benefits were also extended to Ethiopia’s textile sector following the successful implementation of an apparel ‘visa system’ required for managing adherence with AGOA’s Rules of Origin provisions.

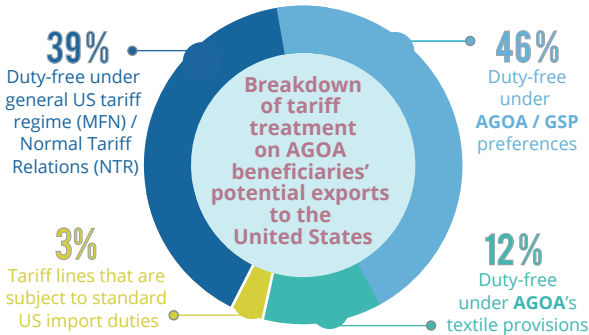
 **AGOA.info**  
African Growth and Opportunity Act  
[www.AGOA.info](http://www.AGOA.info)



**Ethiopia is one of 39 Sub-Saharan African countries that currently enjoy duty-free export status to the United States for +/- 6,500 products through a combination of AGOA and GSP preferences.**

### ETHIOPIA’S PREFERENTIAL MARKET ACCESS TO THE UNITED STATES

Percentages relate to +/- 11,000 possible tariff lines



### AGOA: CORNERSTONE OF US-AFRICA TRADE RELATIONS

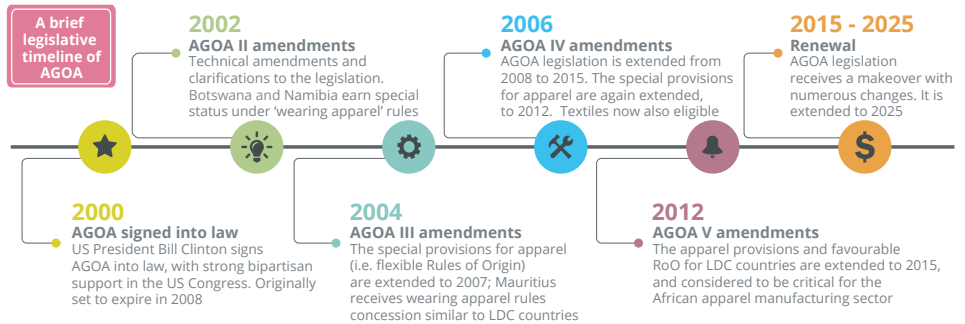
#### WHAT IS AGOA?

- **AGOA**, short for the *African Growth and Opportunity Act*, forms part of United States trade legislation. AGOA was signed into law in May 2000 as Public Law 106. It offers special access to its market to Sub-Saharan African beneficiary countries like **Ethiopia**, but also provides a framework for other US support to, and engagement with, African countries. Originally set to expire in 2008, AGOA has been extended a few times, most recently in 2015 and for a period of 10 years (now to **2025**).
- AGOA builds on - and significantly enhances - the trade preferences of the US Generalized System of Preferences (GSP). Combined with the GSP, it provides qualifying Sub-Saharan African beneficiary countries with non-reciprocal duty free access to the US market for approximately **6,500 products**, including for some categories generally considered to be ‘sensitive’. The GSP is subject to periodic renewal by Congress (it expired on 31 December 2020 and has not yet been renewed\*; during periods of GSP expiry, AGOA beneficiaries retain the same level of preferences due to AGOA).
- Qualifying products\*\* under AGOA include textiles and clothing, motor vehicles and parts, many agricultural products including macademia nuts, leather products, chemicals, wine, travel luggage, machinery and equipment, and many more.

\* Status: September 2021 \*\* Subject to complying with the Rules of Origin (local processing requirements)

#### AGOA RULES OF ORIGIN

**Rules of Origin (RoO)** are the criteria used to determine the ‘national origin’ of a product. RoO form an integral part of preferential trade arrangements, and under AGOA help ensure that market access preferences are correctly allocated to imports from an AGOA beneficiary country. The RoO prescribe the minimum local processing or local content required for a product to obtain origin status of the (exporting) beneficiary 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.  
\* Ethiopia qualified for the ‘third country fabric’ provision on 2 August 2001

• **Textiles** (yarns, fabric of Chapters 50-60 and 63) from Ethiopia or any other AGOA ‘lesser developed beneficiary country’ also qualify under AGOA provided that they are wholly produced from locally made fibres, yarns, fabrics, or components knit-to-shape in such countries.

#### AGOA RULES OF ORIGIN: OTHERS PRODUCTS

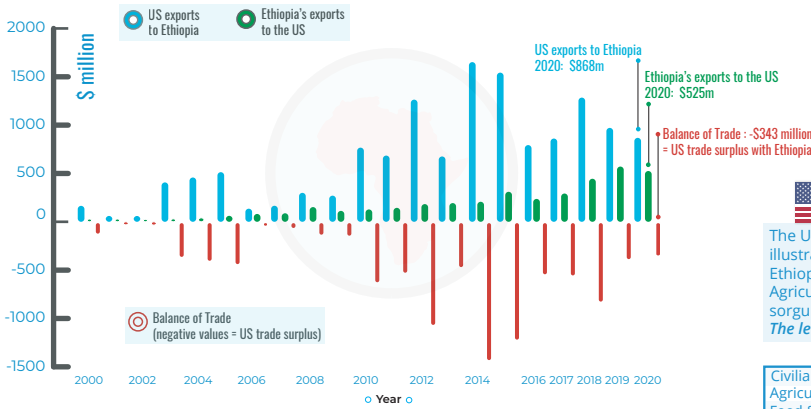
• Products must be the ‘*growth, product or manufacture*’ of one or more AGOA beneficiary countries, or if some imported / non-originating materials are used, the cost of local materials + direct cost of processing must equal **at least 35% of the product’s appraised value** at the US port of entry. Up to 15% of this appraised value may consist of US materials (and included in the 35%).

#### 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 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 where applicable



# UNITED STATES TRADE IN GOODS WITH ETHIOPIA SINCE THE START OF AGOA PREFERENCES IN 2000



**Trade in goods between the US and ETHIOPIA**

	2000	2019	2020
Ethiopia's exports to the United States	\$ 29m	\$ 571m	\$ 525m
United States exports to Ethiopia	\$ 165m	\$ 971m	\$ 868m
Balance of Trade (neg. values = in favour of United States)	\$ 136m	\$ -400m	\$ -343m

Data in \$ million. Source: USITC Dataweb database. US domestic exports (FAS) vs. US imports for consumption (at customs value)



## United States exports to Ethiopia | 2019-2020

The United States maintains a trade surplus with Ethiopia, particularly over the past decade, as illustrated in the chart alongside. Aircraft and parts account for two thirds of US exports to Ethiopia, with the remaining trade is made up of a mix of industrial and agricultural products. Agricultural and food products comprise mainly wheat, followed by peas, vegetable fats, grain sorghum, malt extract, protein concentrates.

The leading US exports to Ethiopia over the period 2019 - 2020 are listed in the table below.

	2019	2020		2019	2020
Civilian aircraft, engines & parts	\$719m	\$619m	Chemicals	\$15m	\$15m
Agricultural products	\$74m	\$104m	Machinery, except electrical	\$24m	\$13m
Food & kindred products	\$32m	\$40m	Fabricated metal products, nesoi	\$9m	\$9m
Computer & electronic products	\$28m	\$17m	Electrical equipment & appliances	\$17m	\$6m

## Ethiopia's exports to the United States, by programme, since 2000 | \$ million

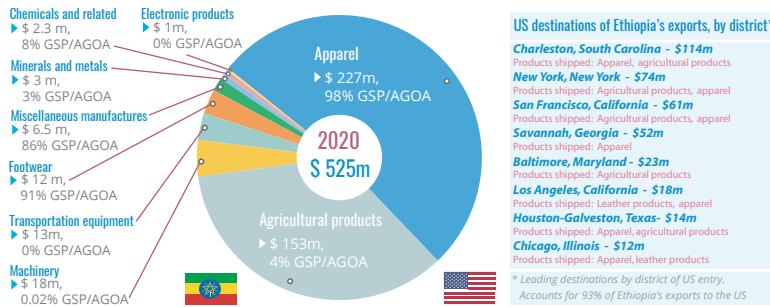
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Exports under AGOA	0	0.2	1.3	1.8	3.5	3.7	5	5	9.4	6.7	6.9	10.9	18.3	32	35.7	41	61.8	87	154	240	238
Exports under GSP	0.9	0.6	1	1	1.8	1.6	2	4	8.7	45	3.5	3	3.6	4	7	7.2	7.2	6.3	4.8	7.6	7.5
No preferences claimed	28	28.2	23.3	27.6	36	57	74	79	134	101	118	131	161	158	166	261	167	199	245	253	248
TOTAL country exports to US	29	29	26	31	41	62	81	88	152	113	128	144	183	194	207	310	237	293	445*	571*	525*

Data in \$ million. Source: USITC Dataweb database. Totals may not perfectly correspond due to rounding \* 2018 - 2020 includes following export values under the US Civil Aircraft program: 41\* 71\* 32\*

## Ethiopia's exports to the United States in 2020 | leading products

Any % values denote share that entered the US duty-free under AGOA. Remaining trade is mostly duty-free under MFN

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



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

Although Ethiopia is a net importer of goods from the US, its exports to the US have in recent years grown significantly, and have increased almost twenty-fold between 2000 and 2020 (\$28m to \$525m). Almost half of Ethiopia's US-bound exports are cleared into the US duty-free under AGOA; this comprises mostly garments, leather footwear and other leather goods, but also products such as flowers and vegetable products.

The US enjoys a significant trade surplus with Ethiopia: US exports to Ethiopia during 2020 were worth \$868 million while imports from Ethiopia were valued at \$525m.

Ethiopia's main imports from the US comprise goods from the categories transportation equipment, agricultural / food products, electronic goods, chemicals and machinery.

Very few products are subject to US import duties; most qualify for GSP / AGOA, or are duty-free under the US' WTO commitments - the 'normal tariff relations' schedule.

For goods to qualify for preferential market access, they must be classified as AGOA / GSP eligible, and it must be demonstrated that they are a product of Ethiopia by meeting the origin provisions. \$0.9m in import duties was payable on US imports from Ethiopia during 2020; these were levied mainly on certain footwear, headgear and apparel.

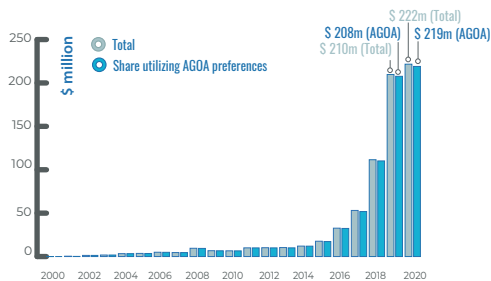
\* Normal US import duties (if applicable to a product) are levied when local origin status of the preferential exporter country (through compliance with the relevant Rules of Origin provisions) can not be demonstrated on importation.

## SELECTION OF ETHIOPIA'S EXPORTS TO THE UNITED STATES SINCE 2000

### Apparel (HTS Chapters 61+62)

2020: \$219 million exports under AGOA

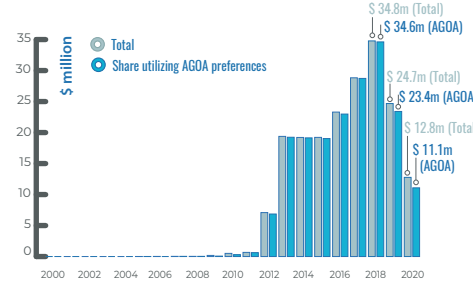
Ethiopia's garment manufacturing sector is the largest AGOA beneficiary in the country. Between 2000 and 2020, Ethiopia exported \$722 million worth of garments to the US duty-free under AGOA, with three quarters of that in the past three years alone. Ethiopia benefits from very favourable rules of origin under AGOA, which allow the utilization of third country fabrics as qualifying input materials.



### Footwear (HTS Ch. 64)

2020: \$11 million exports under AGOA

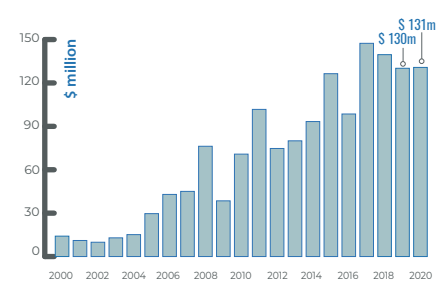
Ethiopia's leather footwear industry (and to a lesser extent footwear with textile uppers) is one of the key beneficiaries of AGOA preferences. Under AGOA, Ethiopian footwear exporters receive a waiver of the usual 10-20% import duties levied on US shoe imports. Sector exports have grown rapidly since 2012, and \$186 million in shoe exports have been shipped under AGOA since then.



### Coffee (HTS Heading 0901)

2020: \$131 million exports to US

Ethiopia has a long and rich history in coffee production, and a reputation for growing high-quality coffee. Ethiopia's coffee sector has recorded strong growth in exports to the US. Since 2000, \$1.5 billion worth of coffee exports have been shipped from Ethiopia to the US. During 2020, \$131m worth of coffee was exported, down from a high of \$147m in 2017.



SCAN CODE\*

- Ethiopia's AGOA Strategy
- Ethiopia AGOA Trade Data
- US Tariff Schedule and HTS Lookup
- AGOA FAQ on AGOA.info
- Ethiopia Revenue and Customs Authority
- Ethiopia Chamber of Commerce
- East Africa Trade & Investment Hub
- US Embassy Ethiopia
- List your business AGOA BUSINESS CONNECTOR Platform

\* Use any QR Reader App or phone camera



www.usaid.gov



www.tralac.org



www.AGOA.info

### Acknowledgements

This Infographic has been created by the Trade Law Centre (tralac) and replaces an earlier (2018) version. The AGOA.info web portal forms part of tralac's offerings.

Eckart Naumann | TRALAC 2021

tralac gratefully acknowledges the financial support of The U.S. Agency for International Development