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**HUB**

# **Finn Holm-Olsen**

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[www.eatradehub.org](http://www.eatradehub.org)



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# East Africa Trade and Investment Hub

*Boosting trade and investment with and within East Africa*



Duration

September 2014 -  
August 2019



Funding level

\$65 Million



Presidential  
initiatives

Trade Africa



Feed the Future



Where we work

Kenya . Uganda . Tanzania . Rwanda . Burundi  
Ethiopia . Mauritius . Madagascar



## Priority Interventions by Hub Components

### Trade Promotion and AGOA

**Priority:** Increase exports to the U.S. under AGOA

### Agriculture and Agribusiness –

**Priority:** Increase intra-regional trade in staple foods

### Four Components

### Trade Policy and Regulatory Reform

**Priority:** Create an enabling environment for intra-regional trade

### Investment and ICT

**Priority:** Facilitate investment in the East African Community and create jobs



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## Core Program Areas

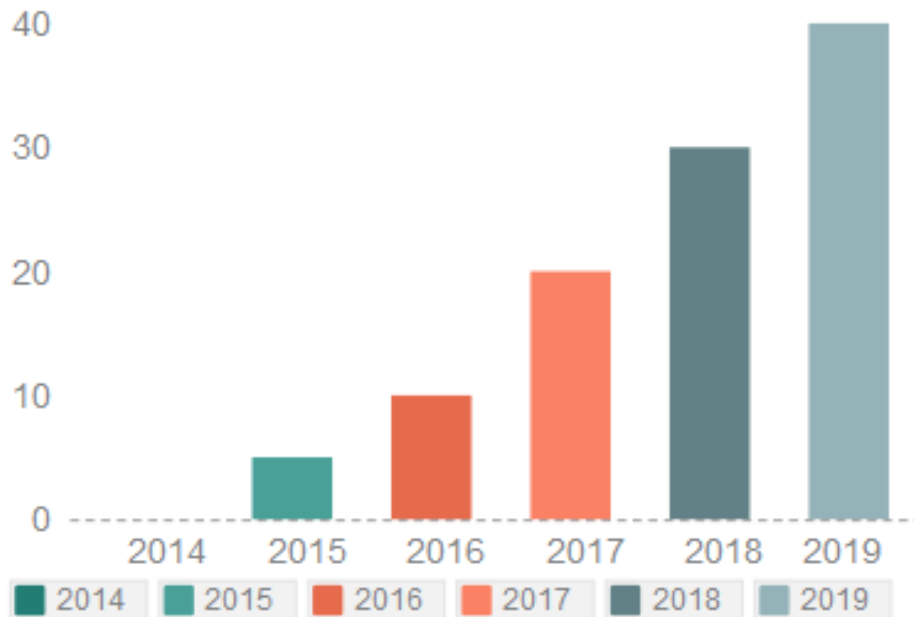


***GOAL: Increase regional private sector capacity to Export***





## Expected Accomplishments

**40%** increase in non-oil exports to the U.S. under the **African Growth and Opportunity Act (AGOA)**



### Sectors:

Textiles / Apparel 

Speciality Food / Coffee 

Cut Flowers 

Home Decor / Fashion 

Footwear 

## Tanzania National AGOA Strategy

- Finalized and officially accepted/validated by MITI (PS Mkenda) on 24 May 2016
- “Planning is choosing”
  - Match Existing / New Capacity → AGOA Opportunity
  - Align with Vison 2025 and other strategic initiatives

Four Sectors identified for development to better take advantage of AGOA:

- ❖ Apparel / Textiles
- ❖ Agro-processing (horticulture, spices/nuts)
- ❖ Leather goods / Footwear
- ❖ Handicrafts

***Strategy is meant to be a road map to greater utilization of AGOA benefits***

- ✓ US is largest consumer market in world
- ✓ The USG has extended trade preference programs around the world

For Africa



*African Growth and Opportunity Act (AGOA)*





## *The African Growth & Opportunity Act*

*was signed into US law in 2000*

\*\*\*\*\*

### Duty-free, quota-free entry to the U.S. for most goods

- Extends GSP program (allowing duty-free entry of 4,500+ products) for AGOA-eligible countries
- Expands GSP – adds approx. 2,000 new tariff line items  
(most significantly: textiles & apparel)

## As a Result...

almost all products of AGOA beneficiary countries may enter the United States duty-free.

Indeed... over 95% of U.S. imports from AGOA beneficiary countries enter duty-free.

## AGOA Extension

AGOA Extended until 2025

*Why is this significant?*

- ✓ Long-term extension gives confidence to investors
- ✓ Third-country Fabric provision linked with overall AGOA

## **AGOA Rules of Origin**

Product must be:

- ✓ Imported directly from the beneficiary country into the United States, and
- ✓ The sum of (a) the cost or value of materials produced in one or more beneficiary countries plus (b) the direct cost of processing performed in those countries may not be less than 35 % of the appraised value of the product when it enters the United States (and up to 15% of that 35% can be derived of U.S. parts or materials).

## AGOA Apparel Eligibility

- ✓ For apparel exports to the U.S., AGOA Eligible Countries must also become AGOA Apparel eligible
- ✓ What this means: an effective visa system must be in place to ensure country of origin and guard against trans-shipment

## **AGOA Apparel Provisions**

### “Special Rule” for Lesser Developed Countries:

#### *Third-Country Fabric Provision*

- Allows duty-free access to U.S. market for apparel made from *fabric originating anywhere in the world*



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

***But How to Take Advantage?***



## U.S. Market Characteristics & *Their Implications*

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**Very Large Size**

**Great Diversity**

**Strict Regulations**  
(in some cases)

**High Expectations**

**Constant Change**



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**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

### Key Factors:

- Price
- Quality
- Delivery Time

## Self-Assessment

### Key Questions:

- 1. Have you done your market research?**
  - Is there a demand for your product in the U.S.?
- 2. Are you the right producer?**
  - Are you already producing the product successfully in your home market?
- 3. Are you export ready?**
  - Are you already exporting regionally or internationally?

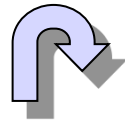


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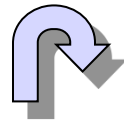
# Customs Documents

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- Producer prepares Commercial Invoice – description and declaration of value of goods.



- Producer or Broker prepares Certificate of Origin – Textile or general (non-textile)



- Goods are sent to Shipper, who prepares a Bill of Lading/  
Airway Bill



# Fulfillment & Follow-Up

- Deliver on time and exactly as ordered!
- If you can't meet commitment, communicate **BEFORE** expected delivery date & offer an alternative
- Follow-up and constant communication

## **AGOA: Trends**

- Major U.S. buyers are increasingly taking a serious look at Africa
- Several U.S. companies have committed to shifting a certain percentage of their worldwide sourcing to Africa
- Others are looking to invest or draw investments in their supply chains to Africa

## ***AGOA Trends: “Africa is more than duty-free”***

- U.S. consumers are increasingly attracted to products/companies with a “story”
- “Uniquely African” is a powerful marketing edge
- U.S. buyers have shown a willingness to invest time to develop relationships with African producers
  - ❖ *Cost Plus World Market, Anthropologie, Eileen Fisher, EDUN*

## Tanzania and AGOA

- ✓ National AGOA Strategy... from Strategy to Action
- ✓ Trade Shows, Buyers Missions, Firm-level assistance
- ✓ Sector opportunities: apparel, home décor/fashion accessories, specialty foods



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## Internet Resources

[www.agoa.info](http://www.agoa.info)

[www.usitc.gov](http://www.usitc.gov)

[www.eatradehub.org](http://www.eatradehub.org)





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## Ask Our AGOA Expert

[RECENTLY ASKED QUESTIONS](#)

[FREQUENTLY ASKED QUESTIONS \(FAQs\)](#)

**What's your question?**



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## Exporters Directory



## Other AGOA Information Tools

### AGOA Hotline – SMS platform....

SMS your AGOA-related questions to **+254-780-200550**

### Facebook Page: Eastern Africa AGOA Exporters

- Closed Group
- Members of group will not have access to your non-public personal pages



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*Thank You!*