

AGOA AND NIGERIA

THE AFRICAN GROWTH AND OPPORTUNITY ACT

“Duty-free access to the United States market for Nigeria’s exporters”

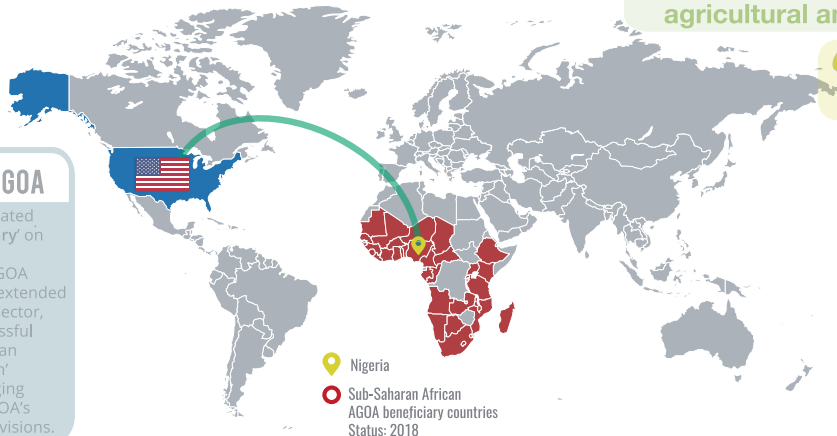
“Trade preferences available until 2025”

“AGOA has assisted Nigeria’s energy sector, agricultural and metals exports to the US”

“AGOA provides exporters with a competitive advantage”

NIGERIA | AGOA

Nigeria was designated an ‘AGOA beneficiary’ on 2 October 2000. On 14 July 2004, AGOA benefits were also extended to Nigeria’s textile sector, following the successful implementation of an apparel ‘visa system’ required for managing adherence with AGOA’s Rules of Origin provisions.

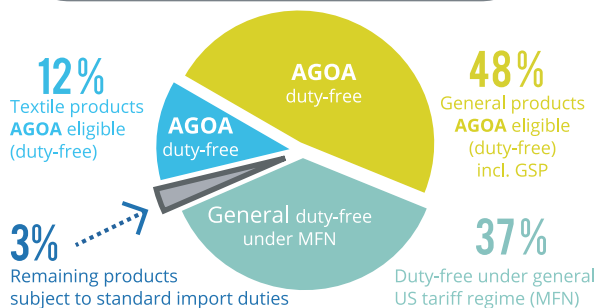


● Nigeria
● Sub-Saharan African AGOA beneficiary countries Status: 2018

■ **Nigeria** is one of 40 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.

NIGERIA'S PREFERENTIAL MARKET ACCESS TO THE UNITED STATES

of +- 11,000 available tariff lines



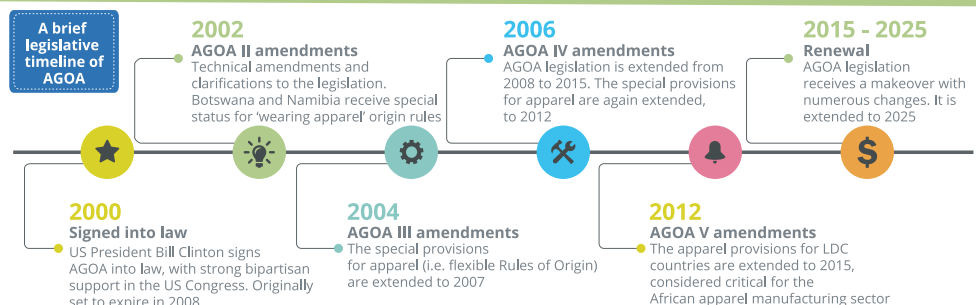
AGOA: CORNERSTONE OF US-AFRICA TRADE RELATIONS

WHAT IS AGOA?

- The **African Growth and Opportunity Act (AGOA)** forms part of United States’ trade legislation. AGOA was signed into law in May 2000 as Public Law 106. It grants special market access to Sub-Saharan African beneficiary countries like **Nigeria** but also provides a framework for other US support to African countries. Originally set to expire in 2008, it has been extended a few times, most recently in 2015 for a period of 10 years (now to **2025**).
- AGOA builds on - and significantly enhances - the trade preferences under the US Generalised System of Preferences (GSP). Along with the GSP, it provides qualifying Sub-Saharan African beneficiary countries - including **Nigeria** - with non-reciprocal duty free access to the US market for approximately **6,500 products**, including for some categories considered to be ‘sensitive’.
- 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.

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

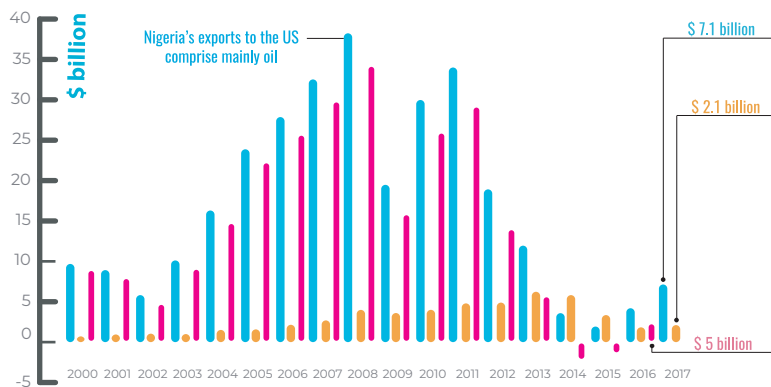
AGOA RULES OF ORIGIN: OTHERS PRODUCTS

- 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 the 35%) may consist of US materials.

BASIC AGOA TRADE CHECKLIST

- Correctly identify unique HTS tariff code of product See: <https://hts.usitc.gov>
- 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 from local customs / revenue authority (**NCS - Nigeria Customs Service**)

UNITED STATES' TRADE IN GOODS WITH NIGERIA SINCE THE START OF AGOA IN 2000



NIGERIA's exports to the United States

United States exports to NIGERIA

Balance of Trade
(positive values = trade surplus with United States)

AGOA eligible exports

On average, **89%*** of Nigeria's recent exports to the US qualified for duty-free preferences under GSP/AGOA. In 2017 it was **82%**.

* Based on past 10 years exports

Trade in goods between US and NIGERIA

	2000	2017	%
Nigeria's exports to the United States	\$ 9,680m	\$ 7,137m	- 26%
United States exports to Nigeria	\$ 712m	\$ 2,108m	+196%
Balance of Trade (pos. value = in favour of Nigeria)	\$ 8,968m	\$ 5,029m	

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

NIGERIA'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
Exports under AGOA	0	5,688	5,409	9,354	15,416	22,460	25,823	30,137	35,366	17,228	25,154	31,171	17,557	10,819	2,798	1,403	3,180	5,808
Exports under GSP	0.1	0.4	0.5	2.1	0.7	0.6	1.2	1	1.3	1.4	3.9	4.8	6.1	4.4	2.5	4.4	3.1	8.2
No preferences claimed	9,860	3,228	410	758	879	1,415	2,039	2,387	2,869	2,244	4,819	2,825	1,351	1,119	785	518	1,012	1,321
TOTAL country exports to US	9,680	8,917	5,820	10,114	16,295	23,876	27,863	32,525	38,237	19,474	29,977	34,001	18,914	11,942	3,586	1,925	4,916	7,137

Data in \$ million. Source: Extracted from USITC Dataweb database. Totals may not perfectly correspond due to rounding

Leading exports from Nigeria to the United States in 2017, by sector

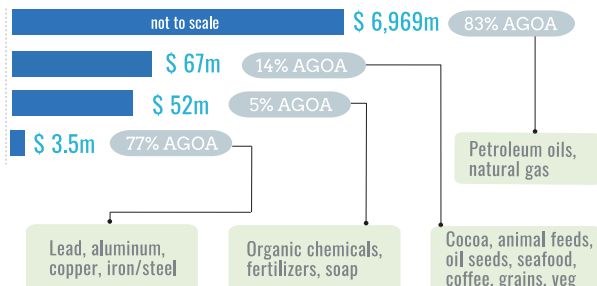
% values denote share that entered the US under AGOA in 2017. Remaining trade is mostly duty-free

Energy (oil, gas)

Agricultural products

Chemicals / related

Minerals and metals



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

Due to Nigeria's vast oil resources and exports, trade in this category accounts for the majority of Nigeria's exports to the US; most of this trade is able to utilise duty-free AGOA preferences. However, Nigeria also exports a number of mainly agricultural products to the US, including cocoa, nuts (mainly cashew), seafood (crustaceans), bran, ginger, oil seeds, animal feeds, etc.

Nigeria's exports to the US, during 2017, were worth \$7.2 billion, while the country imported goods worth \$2.1 billion from the US during the same year.

Nigeria's main imports from the US comprise predominantly motor vehicles, cereals, machinery, mineral fuels, articles of plastic, beverages and aircrafts.

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

Most of Nigeria's US exports enter the US duty-free; import duties of \$270m were levied in 2017 (mostly on mineral oil products not duty-exempt). Other duties related to fertilizers, cocoa products, plastics, organic chemicals etc.

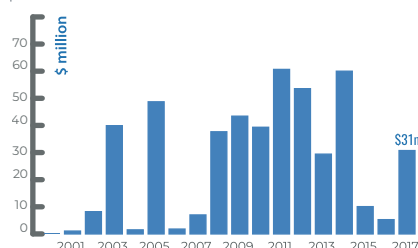
* Normal US import duties (if applicable to a product) are charged when local origin status (through compliance with the relevant Rules of Origin) can not be demonstrated.

SOME OF NIGERIA'S PRODUCT EXPORTS TO THE UNITED STATES

Cocoa products (HTS Ch. 18)

2017: \$31 million in exports to US

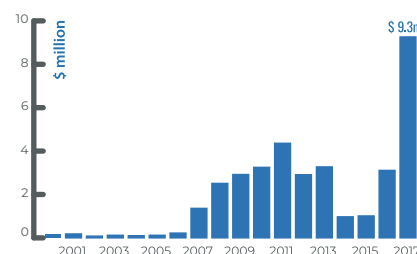
The export of cocoa products accounts for a significant share of Nigeria's non-oil exports to the US. Exports have fluctuated over the years but have seen significant increases since 2015. Most exports within this category consist of cocoa beans, and to a lesser extent cocoa butter/fat. Nigeria has exported almost \$ 500m worth of cocoa products to the US since 2000.



Cashew nuts (HTS 0801.32)

2017: \$9.3 million exports to US

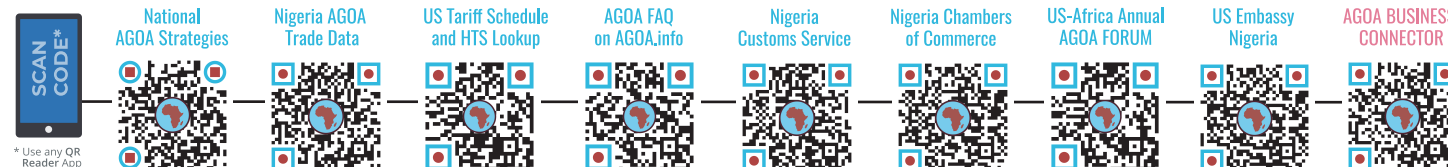
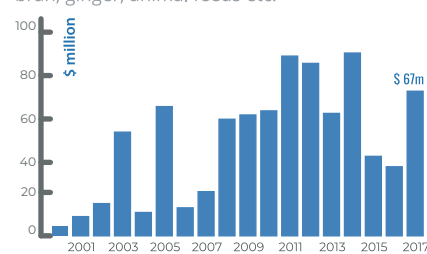
Nigeria's exports of cashew nuts to the US have achieved strong growth in 2017, but began in earnest ten years previously. Nigeria also exports small quantities of kola nuts to the US under AGOA/GSP, which are used as a flavoring ingredient in beverages.



Vegetable products (HTS Ch.1-24)

2017: \$67 million exports under AGOA

Although oil exports from Nigeria dominate trade with the US, Nigeria also exports a significant number of agricultural products to the US. While only around 12% claimed AGOA/GSP benefits in 2017, virtually all are able to be imported into the US duty-free. Key products include cocoa, nuts, crustaceans, bran, ginger, animal feeds etc.



Acknowledgements

This Infographic has been created by the Trade Law Centre (tralac). The AGOA.info web portal forms part of tralac's offerings.
Eckart Naumann | TRALAC 11/2018