

African Growth and Opportunities Act (AGOA)

Former U.S President Bill Clinton signed the AGOA into law on May 2000 as Title 1 of The Trade and Development Act of 2000. The Act provides tangible incentives for African countries to continue their efforts to open up their economies and build free markets.

AGOA provides reforming African countries with the most liberal access to the United States market available to any country or region with which the United States does not have a Free Trade Agreement. AGOA supports United States business by encouraging reform of Africa's economic and commercial regimes, which will build stronger markets and more effective partners for US firms¹. AGOA can change the course of trade relations between Africa and the United States for the long-term, while helping millions of African families find opportunities to build prosperity by:

- Reinforcing African reform efforts;
- Providing improved access to US expertise, credit, and markets;
- Establishing a high-level dialogue on trade and investment.

Country Eligibility

The largest possible number of Sub-Saharan African countries is able to take advantage of AGOA. The proclamation issued by President Clinton on October 2000 designated 35 countries (including Namibia) in Sub-Saharan Africa as eligible for the trade benefits under AGOA.

The Act authorises the USA president to designate countries as eligible to receive the benefits of AGOA if they are determined to have established, or making continual progress towards establishing the following:

- Market based economies;
- The rule of law;
- Elimination of barriers to USA trade and investment;
- Protection of intellectual property;
- Effort to combat corruption;
- Policies to reduce poverty;
- Increasing availability of health care and educational opportunities;
- Protection of human rights and worker rights;
- Elimination of child labour practices.

Product Eligibility

According to the AGOA agreement the President of USA is authorised to provide duty free under GSP and AGOA for an article if the USA Trade Representative and the USA International Trade Commission have determined that the article is not import sensitive when imported from African countries. The USA president extended duty free treatment under GSP to AGOA eligible countries for more countries for more than 1800 tariff line items in addition to the standard GSP list of approximately

4600 items available non-AGOA GSP beneficiary countries. Additional line items, which include such previously, excluded items as footwear, luggage, handbags, watches, and flatware were implemented after an extensive process of public comment and review.

The Act provides for duty free and quota access to the USA market without limits for apparel made in eligible Sub-Saharan countries from USA fabric, yarn and thread. It also makes provision for substantial growth of duty free and quota free apparel imports made from fabric produced in beneficiary countries in Sub-Saharan Africa.

The preferential treatment for apparel took effect on October 2000, but the beneficiary countries must first establish effective visa systems to prevent illegal transshipment and use of counterfeit documentation, and that they have instituted required enforcement and verification procedures. Specific visa requirements of the visa systems and verification procedures were promulgated to African governments via USA embassies on September 2000. The agreement also stated that if increased imports are causing serious threatening damages to the USA apparel, the President will suspend the duty free treatment. Namibia must establish effective visa system immediately, because according the United States business delegation that visited Namibia on 21-25 August 2001 Namibia still did not implement the visa system. One year has already lapsed and Namibia could loose the benefit if the system is not addressed as matter of urgency.

This information was taken from the AGOA Website at www.agoa.gov