

# CHAPTER 2

## AGOA-Related Imports and Investment

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This chapter provides information on U.S. trade with SSA beneficiaries of the African Growth and Opportunity Act (AGOA), including its GSP provisions. U.S. trade under AGOA is presented by major trading partner and commodity sector, as well as for the SSA region as a whole. Trade data were compiled from official statistics of the U.S. Department of Commerce. The chapter also discusses the AGOA legislation and recent changes, as well as investment developments related to AGOA. Information on AGOA-related investment was obtained primarily from various publications, such as the EIU Viewswire, and article databases, such as All Africa.com. AGOA-related investment examples represent reported information from the above-referenced sources, and are not Commission statements, opinions, or assessments.

### African Growth and Opportunity Act

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The African Growth and Opportunity Act was enacted in May 2000.<sup>1</sup> The Act amended the GSP program and authorized the President to provide duty-free and quota-free treatment for certain African products until September 30, 2008, if, after receiving advice from the USITC, the President determines that such products are not import sensitive. On August 2, 2002, President Bush signed the Trade Act of 2002, modifying certain provisions of AGOA and expanding preferential access for imports from SSA beneficiary countries.<sup>2</sup> Table 2-1 lists the 37 SSA countries designated as eligible for AGOA trade preferences on December 31, 2003.<sup>3</sup>

On July 13, 2004, President Bush signed the AGOA Acceleration Act of 2004 (AGOA III) into law (Public Law 108-274).<sup>4</sup> AGOA III extends the overall program from 2008 to 2015. A substantial focus of AGOA III relates to provisions regarding textile and apparel imports. AGOA III extended the regional fabric provision for 7 more years,

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<sup>1</sup> Trade and Development Act of 2000, Pub. L. 106-200, Title I, May 18, 2000, 114 Stat. 252.

<sup>2</sup> For additional information, see USITC, *U.S. Trade and Investment With Sub-Saharan Africa, Third Annual Report*, USITC pub. 3552, chapter 2, pp. 19-21.

<sup>3</sup> Unless otherwise indicated, AGOA trade data include the 38 countries designated as eligible for trade benefits during 2003 under general note 16 to the HTS. In December 2003, Angola became eligible for AGOA trade preferences, and Eritrea and the Central African Republic were removed from the eligibility list. For detailed information on AGOA eligibility requirements, see Internet address [http://www.agoa.gov/eligibility/country\\_eligibility.html](http://www.agoa.gov/eligibility/country_eligibility.html).

<sup>4</sup> "Summary of AGOA III," found at Internet address [http://www.agoa.gov/agoa\\_legislation/agoa\\_legislation3.html](http://www.agoa.gov/agoa_legislation/agoa_legislation3.html), retrieved Aug. 19, 2004.

through September 30, 2015, and the third-country fabric provision for least developed beneficiary countries (LDBC) for 3 more years, through September 30, 2007. The extension of the LDBC third-country fabric provision was “considered by many to be the most important feature” of AGOA III.<sup>5</sup> The cap on duty-free benefits for LDBC apparel made with third-country fabrics will remain at 2.3571 percent of total U.S. apparel imports in the 1-year period beginning October 1, 2003, rise to about 2.6 percent and 2.9 percent in the first two 1-year periods of the extension, and then decline by almost one-half to 1.6 percent in the third and final 1-year period. AGOA III reduced the cap on duty-free benefits for apparel of regional fabrics for the 1-year period beginning on October 1, 2003, from 4.7931 percent to 4.747 percent of total U.S. apparel imports; however, the cap will increase annually in equal increments to 7 percent for the 1-year period beginning on October 1, 2007, and remain at that level for the duration of AGOA.

AGOA III amended the textile provisions of AGOA to grant duty-free benefits to apparel made with certain nonoriginating, or third-country, components (namely, collars, cuffs, drawstrings, waistbands, belts attached to garments, patches, straps using elastic, and padding and shoulder pads). This provision is in addition to an existing AGOA rule that permits the use of third-country findings and trimmings (e.g., zippers) if their value is not more than 25 percent of the cost of the components of the article. AGOA III also amended the textile provisions of AGOA to increase the de minimis level for nonoriginating, or third-country, fibers and yarns in apparel from the

**Table 2-1**  
**Sub-Saharan African countries designated as beneficiary countries of AGOA as of December 31, 2003**

Angola	Guinea-Bissau	São Tomé & Príncipe
Benin	Kenya	Senegal
Botswana	Lesotho	Seychelles
Cameroon	Madagascar	Sierra Leone
Cape Verde	Malawi	South Africa
Chad	Mali	Swaziland
Côte d'Ivoire	Mauritania	Tanzania
Djibouti	Mauritius	Uganda
DROC <sup>1</sup>	Mozambique	Zambia
Ethiopia	Namibia	
Gabon	Niger	
The Gambia	Nigeria	
Ghana	ROC	
Guinea	Rwanda	

<sup>1</sup> On Dec. 31, 2002, DROC was added to the eligibility list with delayed implementation of AGOA duty-free trade benefits. On Oct. 31, 2003, DROC was granted AGOA trade preferences.

Note.—Angola became eligible for trade preferences in Dec. 2003, effective 2004. Eritrea and the Central African Republic were designated as eligible for AGOA benefits during 2003, but removed from eligibility in 2004.

Source: USDOC, “AGOA Eligibility: Country Eligibility,” found at Internet address [http://www.agoa.gov/eligibility/country\\_eligibility.html](http://www.agoa.gov/eligibility/country_eligibility.html), retrieved Mar. 31, 2004.

<sup>5</sup> U.S. House of Representatives, Committee on Ways and Means, *AGOA Acceleration Act of 2004: Report to Accompany H.R. 4103*, 108th Cong., 2nd sess., H. Rept. 108-501, p. 19.

original level of 7 percent to not more than 10 percent of the total weight of the article, which would provide AGOA countries with additional sourcing flexibility.<sup>6</sup> AGOA III clarifies that AGOA duty-free benefits apply to apparel made in SSA from a combination of U.S. and AGOA fabrics or components. It also clarifies that AGOA benefits apply to African ethnic printed fabric, even if made by machine, provided such fabric meets certain criteria. In addition, AGOA III extends duty-free benefits retroactively to the date of enactment of AGOA on October 1, 2000, for apparel knit-to-shape in AGOA-eligible countries (the Trade Act of 2002 extended duty-free benefits to such apparel, but only on a prospective basis).

AGOA III also expressed the sense of Congress that the Executive Branch, including the Bureau of Customs and Border Protection, the Committee for the Implementation of Textile Agreements, and the U.S. Department of Commerce, should implement and enforce the textile and apparel provisions of AGOA “broadly to expand trade by maximizing opportunities for imports of such articles” from eligible SSA countries.

In addition to the textile and apparel-related provisions, AGOA III mandates a number of additional, trade-facilitating provisions.<sup>7</sup> The legislation encourages SSA countries to support international trade liberalization efforts, particularly WTO negotiations, and encourages the U.S. government and SSA countries to pursue U.S.-SSA bilateral investment agreements. AGOA III also addresses the need for increased trade capacity-building by encouraging the development of infrastructure projects that support the ecotourism industry. Further, the legislation mandates the promotion of infrastructure investment to improve and expand roads, railways, and ports. The legislation also identifies the expansion of information and communications technology infrastructure in SSA as an important objective. The U.S. government is also mandated to encourage the expansion of the agriculture sector in SSA countries. To reinforce the attainment of this goal, another legislation provision requires the U.S. government to assign personnel to SSA to provide assistance in increasing agriculture exports to the United States and to advise countries on meeting sanitary and phytosanitary standards. To further SSA countries’ access to the U.S. market, AGOA III mandates increased coordination between U.S. and SSA customs services in order to reduce transit time and to increase efficiency and safety procedures.

## ***AGOA Forum***

The African Growth and Opportunity Act also established an annual U.S.-Africa Trade and Economic Cooperation Forum (AGOA Forum). The AGOA Forum provides an opportunity for regular dialogue to strengthen the economic and political relations between the United States and SSA. The inaugural meeting of the Forum was hosted by

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<sup>6</sup> U.S. House of Representatives, Committee on Ways and Means, *AGOA Acceleration Act of 2004*, p. 20.

<sup>7</sup> “Summary of AGOA III.”

the Secretaries of State, Treasury, and Commerce, and the USTR on October 29-30, 2001, in Washington, D.C. The second Forum was held from January 15-17, 2003, in Mauritius. The USTR led the U.S. delegation of senior officials from the Departments of Commerce, Treasury, Agriculture, and State. Trade, finance, and economic ministers from the 38 AGOA-eligible countries also participated, along with representatives from African regional organizations. The second AGOA Forum focused on trade, investment, and socio-economic development issues, including measures that the United States and SSA countries can jointly take to stimulate trade and investment flows, to enhance democracy and good governance, and to combat HIV/AIDS.

AGOA mandates increased contact between senior-level officials of the United States and SSA governments. Accordingly, the third annual AGOA Forum took place on December 9, 2003. Ministers discussed how to strengthen AGOA, as well as market access and regulatory issues. Forum workshops also addressed small- and medium-enterprise financing in Africa, infrastructure development, initiatives to end hunger, and transportation security. In his opening remarks, Secretary of State Colin Powell indicated that President Bush had requested that the Congress extend AGOA beyond 2008 to support long-term investments in SSA countries. Secretary Powell estimated that, in the 3 years since AGOA was implemented, direct benefits included the creation of 190,000 jobs and the attraction of \$340 million in new investment to SSA.<sup>8</sup>

## U.S. Imports under AGOA

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U.S. imports under AGOA (including its GSP provisions) totaled over \$14.1 billion in 2003, an increase of 36.3 percent from almost \$9.0 billion in 2002 (table 2-2). In 2003, Nigeria (\$9.4 billion or 66.3 percent), South Africa (\$1.7 billion or 11.8 percent), and Gabon (\$1.2 billion or 8.3 percent) accounted for 86.4 percent of total AGOA imports. Other major SSA AGOA suppliers included Lesotho (\$372.7 million), ROC (\$340.8 million), Madagascar (\$187.9 million), and Kenya (\$184.4 million). During the first half of 2004, combined imports from Nigeria, Angola, Gabon, and South Africa accounted for 89.2 percent of the total, and other countries including Lesotho, Chad, Kenya, Cameroon, and Madagascar continued to increase their exports under the AGOA program.

AGOA (including GSP) imports continued to be dominated by U.S. purchases of energy-related products (\$11.2 billion), which represented 79.5 percent of the total in 2003, compared to 75.9 percent in 2002 (table 2-3). The second-largest import sector under AGOA (including GSP) was textiles and apparel (\$1.2 billion), which

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<sup>8</sup> U.S. Department of State, "Sec. Powell and Foreign Minister of Mauritius Cuttaree Open Third AGOA Forum," Dec. 9, 2003, found at Internet address <http://www.usinfo.state.gov>, retrieved Sept. 23, 2004.

Table 2-2

U.S. imports under AGOA,<sup>1</sup> by sources, 2002, 2003, Jan.-June 2003, and Jan.-June 2004*(1,000 dollars)*

Country Name	2002		2003		Jan.-June 2003		Jan.-June 2004	
	AGOA <sup>1</sup>	GSP	AGOA <sup>1</sup>	GSP	AGOA <sup>1</sup>	GSP	AGOA <sup>1</sup>	GSP
Angola .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	1,858,102	1,375,161
Benin .....	0	0	0	0	0	0	3	3
Botswana .....	4,578	871	6,324	0	2,209	0	7,936	0
Cameroon .....	115,804	262	147,011	265	33,862	78	125,039	127
Cape Verde .....	51	51	2,465	13	870	13	1,160	0
Central African Republic .....	192	192	43	43	0	0	( <sup>2</sup> )	( <sup>2</sup> )
Chad .....	0	0	14,478	40	36	36	187,056	95,664
Congo (DROC) .....	0	0	119,471	119,471	60,257	60,257	47,997	47,997
Congo (ROC) .....	106,633	2,825	340,790	2,891	163,090	2,881	100,916	2,312
Côte d'Ivoire .....	49,733	22,468	88,037	41,676	25,585	20,013	64,968	19,946
Djibouti .....	23	23	27	27	9	9	33	33
Eritrea .....	11	11	0	0	0	0	( <sup>2</sup> )	( <sup>2</sup> )
Ethiopia .....	2,320	1,001	2,885	1,113	1,448	642	2,717	764
Gabon .....	1,145,627	149	1,177,458	26	499,642	8	800,108	0
The Gambia .....	0	0	20	20	7	7	14	14
Ghana .....	34,830	11,829	40,586	11,429	25,718	5,095	28,642	5,750
Guinea .....	68	68	194	194	99	99	34	34
Guinea-Bissau .....	0	0	0	0	0	0	0	0
Kenya .....	129,210	4,873	184,441	3,842	89,661	2,124	131,773	2,855
Lesotho .....	318,029	226	372,674	130	166,497	77	198,189	166
Madagascar .....	79,728	3,890	187,879	1,692	60,870	753	121,816	1,270
Malawi .....	46,904	5,584	59,256	23,420	19,232	4,624	33,204	13,022
Mali .....	342	341	262	262	112	112	34	34
Mauritania .....	35	35	3	3	0	0	0	0
Mauritius .....	114,292	7,764	143,077	7,966	64,238	1,886	75,713	2,545
Mozambique .....	5,916	5,729	7,917	5,401	1,707	14	803	0
Namibia .....	1,717	174	46,755	14,623	9,203	56	56,499	32,307
Niger .....	22	21	63	61	60	60	22	22
Nigeria .....	5,409,660	483	9,356,012	2,098	4,634,726	1,603	6,932,363	429
Rwanda .....	10	10	6	6	0	0	4	4
São Tomé & Príncipe ..	0	0	0	0	0	0	0	0
Senegal .....	499	499	720	709	472	465	296	293

See footnotes at end of table.

Table 2-2—Continued

U.S. imports under AGOA,<sup>1</sup> by sources, 2002, 2003, Jan.-June 2003, and Jan.-June 2004

(1,000 dollars)

Country Name	2002		2003		Jan.-June 2003		Jan.-June 2004	
	AGOA <sup>1</sup>	GSP	AGOA <sup>1</sup>	GSP	AGOA <sup>1</sup>	GSP	AGOA <sup>1</sup>	GSP
Seychelles .....	0	0	3	3	3	3	3	3
Sierra Leone .....	217	217	75	75	0	0	197	197
South Africa .....	1,342,594	553,042	1,668,573	670,152	744,904	295,345	790,336	411,574
Swaziland .....	81,252	6,939	133,975	6,970	53,914	140	72,892	234
Tanzania .....	1,293	654	1,569	459	769	157	1,630	234
Uganda .....	32	19	1,509	67	487	25	2,628	1,030
Zambia .....	83	31	510	510	104	104	254	254
Total .....	8,991,705	630,283	14,105,065	915,656	6,659,792	396,685	11,643,380	2,014,276

<sup>1</sup> AGOA including GSP.

<sup>2</sup> Not AGOA eligible.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 2-3

Major U.S. imports under AGOA<sup>1</sup>, by major commodity sectors, 2002, 2003, Jan.-June 2003, and Jan.-June 2004

Sector	2002		2003		Jan.-June 2003		Jan.-June 2004	
	AGOA <sup>1</sup>	GSP	AGOA <sup>1</sup>	GSP	AGOA <sup>1</sup>	GSP	AGOA <sup>1</sup>	GSP
(1,000 dollars)								
Energy-related products . . . . .	6,824,776	0	11,223,684	119,220	5,413,882	60,127	10,111,969	1,518,292
Textiles and apparel . . . . .	803,332	3,638	1,202,077	4,807	513,121	2,082	700,982	2,654
Transportation equipment . . . . .	544,711	61,358	731,637	97,251	326,412	40,350	287,759	53,573
Minerals and metals . . . . .	372,961	234,429	412,519	293,364	185,890	118,875	274,699	231,841
Agricultural products . . . . .	212,436	103,523	240,932	119,243	80,807	40,886	103,209	55,207
Chemicals and related products . . . . .	136,164	131,459	176,786	167,319	91,062	87,085	107,543	97,647
Miscellaneous manufactures . . . . .	40,593	39,712	59,188	57,372	21,440	20,716	28,419	26,946
Forest products . . . . .	29,771	29,515	33,370	33,110	15,968	15,777	14,700	14,471
Electronic products . . . . .	8,832	8,828	12,934	12,834	4,790	4,786	7,717	7,708
Machinery . . . . .	17,828	17,820	11,140	11,137	6,003	6,003	5,939	5,936
Footwear . . . . .	300	0	800	0	419	0	443	0
Total . . . . .	8,991,704	630,282	14,105,067	915,657	6,659,794	396,687	11,643,379	2,014,275
<i>AGOA imports as a percentage of total sector imports from SSA</i>								
Energy-related products . . . . .	66.33	0.00	70.82	2.51	72.30	2.82	178.00	83.47
Textiles and apparel . . . . .	64.82	0.83	71.20	0.98	68.06	0.86	76.25	1.20
Transportation equipment . . . . .	29.13	4.42	32.82	6.10	31.72	5.43	25.95	6.12
Minerals and metals . . . . .	12.42	8.19	12.40	9.15	11.74	7.84	15.18	13.12
Agricultural products . . . . .	13.36	6.99	12.22	6.44	9.11	4.83	10.55	5.93
Chemicals and related products . . . . .	6.48	6.27	7.04	6.69	7.28	6.98	8.07	7.38
Miscellaneous manufactures . . . . .	1.72	1.68	1.95	1.89	1.74	1.69	1.70	1.61
Forest products . . . . .	2.77	2.75	2.69	2.67	2.75	2.72	3.08	3.04
Electronic products . . . . .	0.78	0.78	1.31	1.30	1.04	1.04	0.07	0.42
Machinery . . . . .	1.30	1.30	0.69	0.69	0.87	0.87	0.63	0.63
Footwear . . . . .	12.85	0.00	30.91	0.00	28.78	0.00	21.37	0.00
Total . . . . .	34.55	3.57	40.92	4.30	41.74	4.09	45.96	17.01

<sup>1</sup> AGOA including GSP.

Note.-Because of rounding, figures may not add to totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

accounted for an 8.5-percent share of the total in 2003, compared with an 8.9-percent share in 2002. Transportation equipment (\$731.6 million) represented 5.2 percent of total AGOA imports in 2003, down from 6.1 percent in 2002; minerals and metals (\$412.5 million) accounted for 2.9 percent in 2003, compared to 4.1 percent in 2002; and the share of agricultural products decreased to 1.7 percent in 2003, from 2.4 percent in 2002. The remaining AGOA (including GSP) imports consisted of smaller quantities of chemicals, miscellaneous manufactures, forest products, and machinery equipment.

During the first half of 2004, U.S. imports under AGOA (including GSP) increased by \$5.0 billion, or by 74.8 percent, to \$11.6 billion as compared to the first half of 2003, primarily because of a significant increase in energy-related qualifying imports from Nigeria and Angola. During the first half of 2004, AGOA imports of energy-related products totaled \$10.1 billion, or 86.8 percent of the total, compared to \$5.4 billion or 82.0 percent during the first half of 2003. Significant increases were also recorded for AGOA imports of textiles and apparel (up by \$187.9 million, or by 36.6 percent), minerals and metals (up by \$88.8 million, or by 74.8 percent), and agricultural products (up by \$22.4 million, or by 27.7 percent) during this period. Chapter 5 provides additional details on production, trade, and investment for six sectors: agriculture, fisheries, and forest products; chemicals; petroleum and energy-related products; minerals and metals; textiles and apparel; and certain transportation equipment. Table 2-4 shows the major commodity items imported under AGOA (including GSP) at the HTS six-digit level.

## AGOA-Related Investment

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As government officials, companies, and international firms become more familiar with the advantages of AGOA, SSA continues to benefit from investment driven by country access to AGOA benefits. In addition to tariff and quota reductions, the program provides for various facilitating services. For example, trade capacity-building initiatives facilitate SSA exports to the United States by reducing information barriers, and the AGOA Forum provides networking opportunities by bringing SSA suppliers and U.S. purchasers together. For example, the East and Central Africa Hub sponsored 13 SSA handicrafts firms to attend the AGOA Forum on December 2003. In addition to exposure to the U.S. market, the firms also met with buyers. As a result, the companies' orders from and business relations with U.S. companies increased, including several companies supplying the Smithsonian African Art Museum with merchandise, such as candle holders, ebony carvings, paper mache animal sculptures, and letter openers.<sup>9</sup>

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<sup>9</sup> USAID, "Trade for African Development and Enterprise (TRADE) Initiative," found at Internet address [http://www.usaid.gov/locations/sub-saharan\\_africa/initiatives/trade.html](http://www.usaid.gov/locations/sub-saharan_africa/initiatives/trade.html), retrieved July 14, 2004.



Table 2-4

Leading U.S. imports under AGOA<sup>1</sup>, by HTS descriptions, 2002, 2003, Jan.-June 2003, and Jan.-June 2004

(1,000 dollars)

HTS6	Description	2002		2003		Jan.-June 2003		Jan.-June 2004	
		AGOA <sup>1</sup>	GSP	AGOA <sup>1</sup>	GSP	AGOA <sup>1</sup>	GSP	AGOA <sup>1</sup>	GSP
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude . . . . .	6,453,099	-	10,620,548	76,482	5,079,797	29,321	9,697,251	1,467,041
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light . . . . .	316,497	-	444,733	42,728	251,551	30,797	315,179	51,251
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc . . . . .	338,959	-	319,362	-	281,040	-	35,397	-
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc . . . .	132,784	-	303,862	-	-	-	193,365	-
6204.62	Women's or girls' trousers, etc., of cotton, not knitted or crocheted . . . . .	153,938	-	254,654	-	122,320	-	162,284	-
6110.20	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of cotton . . . . .	160,695	-	233,464	-	86,319	-	127,155	-
6203.42	Men's or boys' trousers, bib and brace overalls, breeches and shorts not knitted or crocheted, of cotton . . . . .	161,721	-	214,197	-	98,755	-	124,894	-
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products . . . . .	55,180	-	158,394	-	82,524	-	99,539	-
7606.12	Rectangular plates, sheets and strip, over 0.2 mm thick, of aluminum alloy . . . . .	70,519	70,519	79,790	79,790	35,693	35,693	42,932	42,932
7202.41	Ferrochromium, containing by weight more than 4 percent of carbon . . . . .	36,531	36,531	72,549	72,549	30,947	30,947	59,552	59,552
6110.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of man-made fibers . . . . .	39,547	-	60,677	-	14,941	-	24,553	-
7202.30	Ferrosilicon manganese . . . . .	50,749	50,749	49,910	49,910	16,526	16,526	46,937	46,937
6109.10	T-shirts, singlets, tank tops, and similar garments, of cotton, knitted or crocheted . . . .	30,350	-	46,343	-	30,160	-	45,691	-
6205.20	Men's or boys' shirts of cotton, not knitted or crocheted . . . . .	29,657	-	45,845	-	18,667	-	34,728	-
7113.19	Articles of jewelry and parts thereof, of precious metal (excluding silver) . . . . .	30,612	30,612	43,319	43,319	15,038	15,038	21,333	21,333

See footnotes at end of table.

Table 2-4—Continued

Leading U.S. imports under AGOA<sup>1</sup>, by HTS descriptions, 2002, 2003, Jan.-June 2003, and Jan.-June 2004

(1,000 dollars)

HTS6	Description	2002		2003		Jan.-June 2003		Jan.-June 2004	
		AGOA <sup>1</sup>	GSP	AGOA <sup>1</sup>	GSP	AGOA <sup>1</sup>	GSP	AGOA <sup>1</sup>	GSP
6104.62	Women's or girls' trousers, bib and brace overalls, breeches and shorts, of cotton, knitted or crocheted . . . . .	25,209	-	43,026	-	18,988	-	29,882	-
7202.11	Ferromanganese, containing by weight more than 2 percent of carbon . . . . .	43,305	-	39,394	-	16,552	-	37,476	-
8708.70	Road wheels and parts and accessories thereof, for motor vehicles . . . . .	18,423	18,423	35,527	35,527	14,571	14,571	15,899	15,899
2804.69	Silicon, containing by weight less than 99.99 percent of silicon . . . . .	22,753	22,753	32,314	32,314	16,926	16,926	19,922	19,922
2401.20	Tobacco, partly or wholly stemmed/stripped . . .	31,193	1,729	30,482	19,226	7,976	4,624	19,254	13,556
1701.11	Cane sugar, raw, in solid form, not containing added flavoring or coloring matter . . . . .	43,774	43,774	30,211	30,211	3,293	3,293	3,293	3,293
6103.43	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibers, knitted or crocheted . . . . .	11,952	-	25,237	-	10,966	-	16,234	-
0802.90	Nuts, nesoi, fresh or dried whether or not shelled . . . . .	13,109	2,702	24,360	5,587	7,283	4,388	13,129	6,753
0805.10	Oranges, fresh or dried . . . . .	15,335	-	23,612	-	1,797	-	2,077	-
1805.00	Cocoa powder, not containing added sugar or other sweetening matter . . . . .	11,399	11,399	23,589	23,589	10,847	10,847	6,352	6,352
	Subtotal . . . . .	8,297,292	289,193	13,255,399	511,231	6,273,477	212,971	11,194,309	1,754,821
	All other . . . . .	694,413	341,090	849,667	404,425	386,314	183,714	449,071	259,455
	Total . . . . .	8,991,705	630,283	14,105,065	915,656	6,659,792	396,685	11,643,380	2,014,276

<sup>1</sup> AGOA including GSP.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "nesoi" stands for "not elsewhere specified or included."

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 2-5 provides selected examples of investments that have, at least in part, been attributed to AGOA program benefits. A substantial portion of new investment continues to target the apparel sector. For example, apparel-related and AGOA-related investment has begun in Ghana and Ethiopia, and continued in Kenya, Madagascar, Mali, and Namibia. Recent examples also underscore increasing investment in the textile industry. Textile firms have been investing in Cameroon, Côte d'Ivoire, and Mali. Sectors outside the textile and apparel sector have also attracted AGOA-related investment. For example, AGOA has been credited with increasing mining sector investment in Cameroon, coffee industry investment in Kenya, and motor vehicle industry investment in South Africa. Recent investments, such as in the shea butter and banana crisps industries in Uganda, also highlight the extension of AGOA-related investment into small- and medium-sized businesses in SSA. Particularly encouraging for long-term economic development is AGOA-related technology investment. For example, a Kenyan firm's installation of a satellite-based link is not only expected to increase the firm's efficiency, but could also provide an example to other firms on the benefits of increased technology use.

**Table 2-5**  
**Selected examples of recent AGOA-related investment and events, 2003 to mid-2004**

Country	Examples
Cameroon	<p>"The major AGOA related investment has been in the mining sector. A U.S. firm, Geovic Ltd., has obtained a mining permit to extract nickel and cobalt in the eastern part of the country. Once this project gets underway in 2007, Geovic expects exports in the range of 8,000 tons of minerals a year. ... Of equal importance to Cameroon's overall trade ability is the new operations by two shipping companies [with direct links to New York,] which reduces costs and delivery time to the United States."<sup>1</sup></p> <p>"The first Cameroonian venture to take advantage of the [AGOA] provisions is about to be realized. The foundation stone of a textile industrial complex was laid in the little locality of Balevonli near Dschang in the Menoua Division.... The complex, GICATIC-Textile... represents a veritable breakthrough for Cameroon in the AGOA project. ... GICATIC-Textile comprises a knitting mill, a dyeing and finishing section, a garment component producing section, a garment sewing factory and an embroidery section. The project when completed is estimated to cost 10 billion frs and will create 36,000 jobs."<sup>2</sup></p>
Côte d'Ivoire	<p>A Chinese/Ivoirian joint venture has invested \$9 million in a textile factory to export under AGOA.<sup>3</sup></p>
Ethiopia	<p>"Ethiopia's textile sector has benefitted from easier access to US markets under the terms of the Africa Growth and Opportunity Act (AGOA), passed in the US in 2001. The government is encouraging investment in export-oriented textile plants at the Addis Industrial Village, and in 2003 gave the go-ahead to nine local investors to establish enterprises on the site."<sup>4</sup></p> <p>Menbere Alemayehu is one of several women taking advantage of AGOA to export traditional woven fabrics to the United States. She has also established a partnership with an American entrepreneur, and they "now have their products in about 35 stores throughout the united states (sic)."<sup>5</sup></p>
Ghana	<p>"Impact Clothing Ghana Ltd has acquired 20 acres of land within the Presidential Special Initiative (PSI) Garment Village for the construction of a garment factory. A lease agreement was signed...for the project aimed at taking advantage of the Africa Growth and Opportunity Act (AGOA). ...An estimate of over three billion cedis is to be generated in export revenue over 5 years [from the Garment Village]. The [Impact Clothing] project is estimated to bring into the economy an investment capital of US\$3-4 million and also bring export revenue of US\$20 million. The company, expected to start operations from July 2004 would bring employment opportunities for over 1000 people."<sup>6</sup></p> <p>Belin Textiles International, a Ghana-Mauritius partnership company established to export products to the United States under the AGOA program, opened its first factory in July 2004. The Ghanaian President added that, "another company from Mauritius had expressed the desire to invest about \$100 million in sugar production in the Northern part of Ghana."<sup>7</sup></p>
Kenya	<p>AGOA has stimulated approximately \$12.8 million in FDI in Kenya.<sup>8</sup></p> <p>According to government officials, Kenya is expected to start exporting coffee to the United States under AGOA. As a result of the agreement signed between Kenya and the United States, "plans were underway to give the Kenya Planters Cooperative Union the capacity to roast, grade and pack coffee for export" in order to get the higher returns associated with processed coffee.<sup>9</sup></p>

See footnotes at end of table.

**Table 2-5—Continued**  
**Selected examples of recent AGOA-related investment and events, 2003 to mid-2004**

Country	Examples
Kenya—Continued	<p>According to the EPZ management, investment is expected to increase by Sh20 billion (approximately \$263 million) over the next 2 years, increasing the number of workers from just over 45,000 to 52,000. The manager “attributed the steady growth in the apparels industry to improved access of Kenyan exports in the US market under the African Growth and Opportunity Act.”<sup>10</sup></p> <p>“Jar Kenya (EPZ) Limited has installed an SH8 million [approximately \$105,000] advanced satellite based link for its local operations. The move comes ahead of the anticipated extension of the African Growth and Opportunity Act (Agoa). Mr. Michel Mouyart, the company’s general manager, said the satellite link would help improve the firm’s efficiency. ... This, he said, would facilitate faster communication between its warehouse in the United States and the local factory.”<sup>11</sup></p>
Madagascar	<p>A significant example of U.S.-origin AGOA-related investment is the Cottonline apparel factory, formally opened in January 2003 as part of the Groupe Socota-Cotona fabric and apparel complex in Antsirabe. A U.S. investor is a one-quarter joint venture partner in the Cottonline factory, along with Madagascar-based Groupe Socota and two Sri Lankan textile firms. The factory is a model of vertical integration and remains unique in Madagascar.<sup>12</sup></p> <p>As a result of the political crisis in 2002, “there was, understandably, a sharp dip in the number of firms engaged in EPZ exports to the US under the terms of AGOA in 2002. But as of July 2003 some 37 companies were active in such exports, compared with 30 in December 2001, before the political crisis. Moreover, export sales to the US under AGOA doubled from US\$93m in 2001 to US\$186m in 2003.”<sup>13</sup></p>
Malawi	<p>Malawi’s benefit under AGOA has mainly been in the textiles and garment sector. Over 7,045 jobs have been created as a result of AGOA-related expansion.<sup>14</sup></p>
Mali	<p>In February 2004, the President of Mali opened a new spinning factory. It represents a \$10.7-million investment by Malian, Mauritian, and French entrepreneurs. The facility is “one of the few outside of South Africa capable of producing quality thread for use in manufacturing apparel for export to the United States under AGOA... The factory, the first of its kind in Mali, created 200 new jobs.”<sup>15</sup></p>
Mauritius	<p>AGOA has stimulated approximately \$78 million in FDI in Mauritius.<sup>16</sup></p>
Namibia	<p>The \$300 million “Ramatex, Tai Wah and Rhino [textile and apparel company] investments currently employ some 8,000 Namibians and produce exports worth US\$100 million under the terms of the AGOA.”<sup>17</sup></p> <p>The U.S. Embassy in Namibia, USAID, and the Namibian government have sponsored various workshops focused on helping Namibian handicraft companies benefit under AGOA. Among the companies that attended the workshop, one company that produces Karakul wool carpets will export its first AGOA shipment in 2004.<sup>18</sup></p>
Nigeria	<p>“One of the largest shoe manufacturers in Italy, Filanto s.p.a, has announced its intention to set up a plant in Kano [Nigeria] with an initial capacity of between 2,000 and 3,000 shoes per day. ... [The plant would] provide export opportunities for Africa, America and Europe. ... [This] is an important step towards diversification of the economy away from over-dependence on oil.... [Nigeria’s AGOA advisor] said the footwear industry in the United States alone stands at \$40 billion [and the] AGOA tariff advantage on footwear and foot wear parts are as high as 51 percent.”<sup>19</sup></p>
South Africa	<p>DaimlerChrysler SA plans to invest in the assembly of left-hand-drive cars at its East London plant. “Large scale assembly of the C-Class... would attract several billion rands’ worth of investment.” An attractive aspect of the proposal is duty-free access into the United States under AGOA. If the group’s South African arm wins the contract, foreign direct investment in South Africa could total 2 billion rand (approximately \$230 million) for retooling requirements at the East London Plant, with additional investment of up to 6 billion rand (approximately \$695 million) for supplier operations.<sup>20</sup></p>

See footnotes at end of table.

**Table 2-5—Continued**  
**Selected examples of recent AGOA-related investment and events, 2003 to mid-2004**

Country	Examples
Tanzania	<p>A factory producing garments for export under AGOA opened in Tanzania. "After investing nearly \$2 million in machinery and training, production began in December 2003. The factory now has 600 machines operated by 650 workers, who can produce up to 6,000 garments per day. By the end of 2004, Korff said, the factory expects to have hired over 1,000 employees with a potential to produce \$4 million worth of apparel per year." The company is supplying Wal-Mart and plans to supply J.C. Penney.<sup>21</sup></p>
Uganda	<p>"[The] presidential assistant on AGOA, told Parliament on Tuesday that Tri-Star had signed a new agreement with Sunquest Apparel, a US firm to supply garments worth nearly \$10m. She said Sunquest had made a commitment to build a weaving and spinning plant in Uganda to utilise local cotton."<sup>22</sup></p> <p>"RED House Company, Ltd, a Hong Kong firm plans to set up a state-of-the-art spinning mill in Uganda. The mill will process raw cotton and blend polyester to produce garments for export to the regional and international markets. It will also manufacture garments and fabrics. ... \$Our customers from the US chain stores are interested in working with Africa to benefit from imports under AGOA.' "<sup>23</sup></p> <p>"After experimenting with Shea Nut Butter for over four years, [the Ugandan company] is targeting the American markets, whose doors have been opened by the African Growth and Opportunity Act."<sup>24</sup></p> <p>"[The] Kagugube women's group in Kampala Central, who have organized themselves in a group of 20 to make banana crisps for local and foreign markets [stated that their] aim is to export to the AGOA market. ... The women use local tools in Katwe. Their business has boosted the local banana market."<sup>25</sup></p>
Zambia	<p>According to the executive director of the Export Board of Zambia, "Unity Garments has a substantial order from the US which is being serviced. Zambia-China Mulungushi Textiles has ordered machinery to facilitate production of export quality garments under AGOA."<sup>26</sup></p>
SSA	<p>"Consequently, many African countries are set to benefit from AGOA, for instance Kenya estimates that AGOA will create 50,000 new jobs directly and more than 100,000 jobs indirectly. South Africa anticipates about 100 million dollars in investment in its textile and apparel factories creating 13,000 jobs. Lesotho, one of the smallest countries in sub-Saharan Africa, has become one of the biggest beneficiaries of AGOA, attracting over 120 million dollars in new investment."<sup>27</sup></p> <p>"[The United Nations Industrial Development Report shows that there] has been an encouraging increase in the inflow of large export-driven investors, one-third of which were established during the past four years. One key explanation for this is the US's Africa Growth and Opportunity Act (AGOA), which has stimulated new foreign direct investment (FDI), in the clothing and textiles sector particularly. ... A growing number of AGOA-related investors are focusing on exports, but clothing is one of only two industries – the other being agribusiness – to export upward of 75% of output."<sup>28</sup></p> <p>"A local thread manufacturer has bagged licensing rights for a key American brand in its efforts to crack the Agoa market. The deal...will enable [Fine Spinners] to sell thread to local garment manufacturers, which sell exclusively to the US under the tariff-free terms of the African Growth and Opportunity Act (Agoa). ... \$For the first time we're giving the 38 EPZ manufacturers, who have hitherto relied on imports for their stitching thread, a local option,' [said the managing director]. ... Under the terms of the partnership,... Fine Spinners will manufacture threads for the rest of the region...."<sup>29</sup></p>

See footnotes at end of table.

**Table 2-5—Continued**  
**Selected examples of recent AGOA-related investment and events, 2003 to mid-2004**

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- <sup>1</sup> U.S. Department of State telegram, "Cameroon: USITC Study on U.S.-Sub-Saharan African Trade and Investment," message reference No. YAOUND01060, prepared by U.S. Embassy, Yaounde, July 2004.
- <sup>2</sup> Lukong Pius Nyuyilime, "New Textile Firm Commissioned," *Cameroon Tribune (Yaounde)*, Nov. 21, 2003, found at Internet address <http://allafrica.com/stories/printable/200311210581.html>, retrieved Feb. 23, 2004.
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- <sup>4</sup> EIU, "Ethiopia: Business: Industry overview: Manufacturing," Feb. 20, 2004, found at Internet address [www.viewswire.com](http://www.viewswire.com), retrieved Aug. 25, 2004.
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- <sup>10</sup> All Africa, "EPZs Target Sh20 Billion Worth of New Investments," Apr. 15, 2004, found at Internet address <http://www.allafrica.com>, retrieved Aug. 25, 2004.
- <sup>11</sup> James Anyanzwa, "Garment Company Upgrades Operations," *The East African Standard (Nairobi)*, found at Internet address <http://www.allafrica.com>, retrieved Aug. 25, 2004.
- <sup>12</sup> U.S. Department of State telegram, "USITC Study on U.S.-Sub-Saharan African Trade and Investment," message reference No. ANTANANARIVO 000949, prepared by U.S. Embassy, Antananarivo, Sept. 2003.
- <sup>13</sup> EIU, "Madagascar: Business: Industry overview: Manufacturing," Aug. 6, 2004, found at Internet address <http://www.viewswire.com>, retrieved Aug. 25, 2004.
- <sup>14</sup> U.S. Department of State telegram, "Malawi: USITC Information Request," message reference No. LILONG 00664, prepared by U.S. Embassy, Lilongwe, July 2004.
- <sup>15</sup> EIU, "Mali: Regulations: News analysis," May 4, 2004, found at Internet address <http://viewswire.com>, retrieved Aug. 25, 2004.
- <sup>16</sup> EIU, "Business Africa: Foreign investment: picking up."
- <sup>17</sup> "IPPR Sees More than 4 % Economic Growth this Year," *Namibia Economist*, Mar. 26, 2004, found at Internet address <http://www.economist.com.na/2004/26mar/03-26-22.htm>, retrieved Aug. 18, 2004.
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**Table 2-5—Continued**

**Selected examples of AGOA-related investment and events, 2003 to mid-2004**

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<sup>29</sup> Washington Akumu, "Thread Firm Seals Licensing Deal," *The Nation (Nairobi)*, Jan. 13, 2004, found at Internet address <http://allafrica.com/stories/printable/200401130370.html>, retrieved Feb. 4, 2004.