

AGOA WEBINAR SERIES

ALL FASHION SOURCING: IMPORTING TEXTILES AND APPARELS INTO THE UNITED STATES

August 24, 2020 webinar Questions and Answers

	NAME OF ASKING PERSON	QUESTIONS	RESPONSES																					
1	Anonymous	I am curious about the interest in sourcing sustainably in Africa and the reception of this kinds of products in the US. Can the speaker talk to that please?	A session dedicated to sustainability will be held on the 23 rd September 2020																					
2	P. Madlala	Hi Andres, Where is this good textile mill that you have seen?	<p>It depends on whether you are looking for denim, woven, or knits? There are multiple factories in East Africa. See below factories that are available in Southern Africa. I've never been to any of them, so I can't really recommend.</p> <table border="1"> <thead> <tr> <th>SUPPLIER</th> <th>ADDRESS</th> <th>COMMENTS</th> </tr> </thead> <tbody> <tr> <td>T.Q.M. TEXTILE SWAZILAND PTY LTD</td> <td>PLOT 541, KING MSWATI 111 AVENUE, SWAZILAND</td> <td></td> </tr> <tr> <td>GELVENOR TEXTILE</td> <td>ADDERSON & MOREWOOD ROADS,HAMMARSDALE 3700, DURBAN</td> <td>http://gelvenor.com/apparel-2/#fabrics</td> </tr> <tr> <td>SUPERSPUN TEXTILE</td> <td>NO.6 9TH STREET, ALBERTSKROON,2195 JNB</td> <td>http://superspun.co.za/</td> </tr> <tr> <td>SPUNCHEM INTERNATIONAL</td> <td>22 BURNSIDE DRIVE,OLD MILL INDUSTRIAL PARK MOUNT EDGECOMBE DURBAN</td> <td>http://gelvenor.com/apparel-2/#fabrics</td> </tr> <tr> <td>DAGAMA TEXTILE</td> <td>HARGREAVES AVENUE,ZWELITSHA KING WILLIAMS TOWN</td> <td>https://www.dagama.co.za/gallery/</td> </tr> <tr> <td>BRITS NON WOVEN</td> <td>69 POMONA ROAD, POMONA, KEMPTON PARK,JNB</td> <td>http://www.brits.co.za/apparel/</td> </tr> </tbody> </table>	SUPPLIER	ADDRESS	COMMENTS	T.Q.M. TEXTILE SWAZILAND PTY LTD	PLOT 541, KING MSWATI 111 AVENUE, SWAZILAND		GELVENOR TEXTILE	ADDERSON & MOREWOOD ROADS,HAMMARSDALE 3700, DURBAN	http://gelvenor.com/apparel-2/#fabrics	SUPERSPUN TEXTILE	NO.6 9TH STREET, ALBERTSKROON,2195 JNB	http://superspun.co.za/	SPUNCHEM INTERNATIONAL	22 BURNSIDE DRIVE,OLD MILL INDUSTRIAL PARK MOUNT EDGECOMBE DURBAN	http://gelvenor.com/apparel-2/#fabrics	DAGAMA TEXTILE	HARGREAVES AVENUE,ZWELITSHA KING WILLIAMS TOWN	https://www.dagama.co.za/gallery/	BRITS NON WOVEN	69 POMONA ROAD, POMONA, KEMPTON PARK,JNB	http://www.brits.co.za/apparel/
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3	Alan Bainbridge	We are based in South Africa and manufacture clothing from a variety of imported as well as locally produced based cloth, which we then print locally and CMT into final product. Do we qualify for duty	It will not be possible to use AGOA for third country fabric as South Africa is not entitled to use the third country fabric rule.																					

		free or finished product whereby we use imported fabric not from the regional countries?	
4	Kate Senekal	<p>Question for Janet</p> <p>We produce 100% cotton (South African origin) cosmetic bags and tote bags (we sew the bags from sourced cotton) I thought these were covered under AGOA as long as we used 100% cotton of South African origin but after your presentation it seems like that might be the case since South Africa is not a lesser developed beneficiary country. Can you please provide clarification on this? Many thanks.</p>	<p>You are correct that these products are classified under 4202.92.15, HTSUS. Look for the “D” in the special column for this product. You can claim AGOA for these products.</p> <p>Articles in Chapter 42 are not subject to the special textile rules in Chapter 98. This means that the AGOA Textile Certificate of Origin is not applicable and the textile rule regarding LDCs does not apply. If these were classified as other textile articles in Chapter 63, the Chapter 98 rules would apply and the correct category would be 0-J as the broker told you. Travel and luggage goods classified in Chapter 42 (including 4202.92.15) were granted duty-free treatment under AGOA in 2016. South Africa is a beneficiary SSA country under AGOA, but it is not an LDC for purposes of the textile rules in Chapter 98.</p>
5	Yolanda Mogatusi	<p>Thanks for the presentation Andres. You mentioned trying to get buyer’s attention in the US. As you pitch, are you pitching your own brand or just your capability as an efficient supplier toward a commission? And would all import/export admin be handled by you as a supplier or by the company/buyer that has contracted you?</p>	<p>I work for Southern Africa trade and investment hub. I am not a broker or charge any commission to link buyers to factories</p>
6	Stuart Gottschalk,	<p>Do apparel exports from South Africa still require a two-stage process (yarn forward) basis?</p>	<p>Apparel goods assembled from fabric from an SSA eligible country (including South Africa) do qualify for category 4-D (9819.11.09). However, South Africa is not an LDC country for purposes of AGOA and you may not use category 5-E (9819.11.12, HTSUS) because South Africa cannot use the third country fabric rule.</p>
7	Greg Harrison	<p>We export industrial textiles to the US, but do not enjoy any benefit under AGOA. Is there a</p>	<p>The origin rules for textiles and wearing apparel are found in Chapter 98, Subchapter XIX of the HTSUS. It</p>

		mechanism to follow to try to get our sector included?	will depend on whether the country is considered an LDC for AGOA purposes. If it is apparel assembled from SSA fabric, you will be able to use 9819.11.09, HTSUS (category 4-D). If it is made from third country fabric you can use 9819.11.12, HTSUS (category 5-E) but you cannot use this provision for goods assembled in South Africa because South Africa is not eligible for the third country fabric rule. Textile articles can use 9819.11.33, HTSUS (category 0-J) but only if the product is sourced from an LDC SSA country). South Africa is not an LDC country for AGOA.
8	Yolanda Mogatusi	Janet thank you for your presentation! With the exclusion in AGOA regarding the Apparel industry specifically for South African manufacturers of both textiles and apparel. What would your advice be for South African supplier who wants to take advantage of the AGOA provisions in their endeavors to export to the US?	If you want to use third country fabric (from outside Africa), I would suggest that you produce the products in another SADC country. South Africa is not eligible for the third country fabric rule. You would use category 5-E (9819.11.12, HTSUS). If apparel is assembled in South Africa from fabric originating in an SSA country (including South Africa), you will be able to use 9819.11.09, HTSUS (category 4-D). Textile articles can use 9819.11.33, HTSUS (category 0-J) but only if the product is sourced from an LDC beneficiary SSA country. South Africa is not an LDC country for AGOA.
9	Elize Mauano	Hi everyone, a question is addressed to Mr. Andres...Namibia Textiles industry is not that competitive. However, that is your advice for local companies to capitalize on opportunities by AGOA and develop regional value chain within the SADC region?	Yes, work with improving production efficiency, quality standards and understand to produce what the buyers are requiring or so called "private label". Once you have all this in place, including social and labor standards, then you can explore the us market.
10	Rajan Pillay	If we import raw materials do we recover duties on export to USA?	That depends on every country legislation. Nevertheless, this practice is approved by the world trade organization (WTO) called tax neutrality in exports. USA has no issues or prohibition to countries recovering taxes (VAT and duties) on imported

			materials to be transformed (assembly) into final garments.
11	Elizabeth Gomez	Is there AGOA priorities only limited to Southern African countries?	AGOA applies to almost all countries in Africa, not just Southern Africa.
12	Arran Bastable	We are exclusively use hand looms to make our product so the cost basis split between labour and yarn is reversed (50% labour, 25% yarn). We are in SA (Western Cape) and I think we still can export under AGOA as we are handmade/hand-loomed?	There is a provision in Chapter 98 (98219.11.27, HTSUS) for handmade, handloomed, folklore articles and ethnic printed fabric. However, U.S. Note 4(a) to subchapter XIX of Chapter 98 limits this to goods that have been specifically certified by the U.S. Government to be eligible. This does not include modern designs with modern features such as buttons or zippers. Ethnic printed fabric must meet the requirements of U.S. Note 4(b). The general rule is that they must be produced from African prints normally produced for and sold on the indigenous African market and printed in an SSA country. If the yarn originates in the U.S. it may be possible to qualify for 9819.11.27 for ethnic printed fabric printed in an SSA country.
13	Vikash Naran	Can garments be manufactured in Zimbabwe?	Zimbabwe does not currently qualify as a beneficiary country under the AGOA textile rules in Chapter 98, HTSUS.
14	Osvaldo Catine	Congratulation for the organizers for such a beautiful webinar. The chosen then is relevant but I think that, one webinar won't be enough to disseminates all the experience shared here. How can you extend and share this knowledge to a wider audience within the eligible countries for the AGOA program?	Thank you. Indeed there is a series of other AGOA related webinars as follows: Why Africa Trends Matter: September 16, 2020 Sustainability in fashion: September 23, 2020 What US buyers look for in products imported into America: September 29, 2020 An AGOA toolkit will also be shared with Trade promotion Service providers in the region to

			disseminate information and support utilization of AGOA.
15	Lesly Mmokele	Would producing just one type of garment, ay a men shirt or just men trouser be an advantage to capture the buyers attention compared to producing several types of garments such as shirt, trouser, jeans, all in one production.	It is better to focus in one line of production: Knits, woven or denim. The advantage is to become competitive in production, ensuring the workers, production systems and quality control are specialized to that line of production.
16	Elizabeth Gomez	This is to Janet: Does the AGOA third country program knitted fabrics from Asia? Africa is yet to yet to be a producer on knitted fabrics especially blended knit fabrics for underwear and sportwear.	Third country knitted fabrics may be used for category 5-E (9819.11.12, HTSUS) for apparel assembled in a beneficiary SSA country. This is the third country fabric rule.
17	Moeketsi Khuele	In Lesotho we make some apparel from Seshoeshoe cloth sourced from South Africa, does this mean it doesn't qualify under the TCP under chapter 63 as SA is not an LDC	Apparel made from South African fabric assembled in an SSA country may qualify (under 9819.11.09, HTSUS). However, for textile articles classified in Chapter 63 to qualify they must be wholly made in an LDC SSA country from yarns or fabrics originating in an LDC SSA country.
18	Ms Banusi Mbaakanyi	Great presentations. Thank you. I would like to know if Andres and Mme Forest can comment on the best ways of putting a value chain in the fabric supply when Southern African dod not have fabric mills for all the market segments and the AGOA markets and still be ROO complaint. Can we warehouse fabrics in large quantities to vertically integrate the production units towards the AGOA market. Thanks again	You can source fabric from China, Korea, India or any other country, as it will still quality for AGOA duty free status.
19	Tokkyhou	Are CMT factories in Eswatini stand a chance to export to the US. Can we have clarification on meaning of ethnic printed fabric will prints of African animals and flora be considered as ethnic printed?	Yes, as long as speed to market, collaborative sourcing and production efficiency is competitive to other nations also offering CMT. Yes, that is ethnic printed fabric. Eswatini qualifies for wearing apparel assembled in Eswatini. You would use 9819.11.09, HTSUS (category 4 -D) if the fabric is from an SSA country. You may use

			<p>9819.11.12, HTSUS (category 5-E) if the fabric comes from outside SSA.</p> <p>The requirements for ethnic printed fabrics are contained in U.S. Note 4(b) to Chapter 98 of the HTSUS. The fabric must be of a type normally sold in the indigenous African market and must be printed in a beneficiary SSA country to qualify.</p>
20	Dennis Hamer	Can we have clarification on meaning of ethnic printed fabric-will prints of African animals and flora be considered as ethnic printed.	<p>Yes, that is ethnic printed fabric.</p> <p>The requirements for ethnic printed fabrics are contained in U.S. Note 4(b) to Chapter 98 of the HTSUS. The fabric must be of a type normally sold in the indigenous African market and must be printed in a beneficiary SSA country to qualify.</p>
21	Eunious Chirwa	I went across a document which is on the USAID Southern Africa Trade and Investment Hub, it has information that in 2017 there was a Strategic Partnership Fund available, which focused partly on leveraging investment to facilitate greater regional and international trade. Is this facility still available through these years.	Kindly contact the USAID Trade and Investment Hub country representative in your country to clarify question and receive information.
22	Nancy Kgengwenyane	Botswana does not produce fabric, we import from South Africa for example....so what then is the status?	Botswana qualifies for category 4-D (9819.11.09, HTSUS) if the articles are assembled in Botswana. It also qualifies for category 5-E (9819.11.12, HTSUS) if the articles are assembled in Botswana from fabric sourced from a country outside SSA (third country fabric rule). South Africa itself is not eligible for the third country fabric rule.
23	Boipelo Baakanyang	For Ms Forest. Where can manufacturers get information of Agents in the US who can facilitate in terms of linking them with potential buyers for their products.	Kindly contact the USAID Trade and Investment Hub country representative in your country to provide you with information.
24	Francis Becker	We manufacture using bamboo which is hand dyed and processed here-does that qualify for AGOA?	If the bamboo is used to make fabric assembled into wearing apparel the products should qualify for category 4-D (9819.11.09, HTSUS).

25	Dennis Hamer	Andres-is there any Hemp mills in Southern Africa?	Not to my knowledge.
26	Yolanda Mogatusi	Nissar, does one need a KZN address in order to engage or utilize the assistance of Trade and Investment KZN or is it enough for your business to operate in KZN, even if your offices is in Gauteng?	The TIKZN export Unit does assist firms if the business is operated in Kwa-Zulu Natal
27	Moeketsi Khuele	In Lesotho, we have apparel, fashion accessories and home made from Seshoeshoe cloth sourced from South Africa, does this mean these products don't qualify under the TCP under chapter 3 as SA is not an LDC.	Apparel made from South African fabric assembled in Lesotho may qualify (under 9819.11.09, HTSUS). However, for textile articles classified in Chapter 63 to qualify they must be wholly made in Lesotho from yarns or fabrics originating in an LDC SSA country. South Africa is not an LDC country under the AGOA textile rules.