



**USAID**  
FROM THE AMERICAN PEOPLE

# Southern Africa Trade and Investment Hub

U.S. Customs Law and exporting to the U.S. using the African Growth and Opportunity Act (AGOA)

Textiles and wearing apparel

August 24, 2020

SOUTHERN AFRICA  
**TRADE**  
+INVESTMENT  
**HUB**



**FEED THE FUTURE**  
The U.S. Government's Global Hunger & Food Security Initiative

# Background and purpose of the presentation

- USAID TradeHub is developing an **AGOA toolkit** for use by trade promotion agencies and export firms
- Addresses needs identified in the stakeholder engagements carried out during the toolkit development
- Provides an overview of the legal framework for U.S. market entry



# Several key documents are required for U.S. entry



- Entry Summary (Customs and Border Protection (CBP) Form 7501)
- Evidence of right to make entry (Bill of lading)
- Evidence of bond (CBP Form 301)
- Commercial invoice
- Packing list (showing quantity, Harmonized Tariff System (HTS) code number, item description, unit cost, total cost)
- <https://www.cbp.gov/newsroom/publications/forms>

# Entry Summary – CBP Form 7501



DEPARTMENT OF HOMELAND SECURITY  
U.S. Customs and Border Protection

OMB APPROVAL NO. 1651-0022  
EXPIRATION DATE 01/31/2021

## ENTRY SUMMARY

1. Filer Code/Entry Number		2. Entry Type		3. Summary Date		4. Surety Number		5. Bond Type		6. Port Code		7. Entry Date	
8. Importing Carrier				9. Mode of Transport				10. Country of Origin United States of America				11. Import Date	
12. B/L or AWB Number				13. Manufacturer ID				14. Exporting Country United States of America				15. Export Date	
16. I.T. Number			17. I.T. Date		18. Missing Docs			19. Foreign Port of Lading			20. U.S. Port of Unlading		
21. Location of Goods/G.O. Number			22. Consignee Number			23. Importer Number			24. Reference Number				
25. Ultimate Consignee Name ( <i>Last, First, M.I.</i> ) and Address  Street  City State Zip								26. Importer of Record Name ( <i>Last, First, M.I.</i> ) and Address  Street  City State Zip					
27. Line No.	28. Description of Merchandise						32. A. Entered Value B. CHGS C. Relationship	33. A. HTSUS Rate B. AD/CVD Rate C. IRC Rate D. Visa Number	34. Duty and IR Tax				
	29. A. HTSUS No. B. AD/CVD No.		30. A. Gross Weight B. Manifest Qty.		31. Net Quantity in HTSUS Units				Dollars	Cents			



# Customs Bond – CBP Form 301



**DEPARTMENT OF HOMELAND SECURITY**  
U.S. Customs and Border Protection

OMB APPROVAL NO. 1651-0050  
EXPIRATION DATE 09/30/2020

## CUSTOMS BOND

19 CFR Part 113

<b>CBP USE ONLY</b>	<b>BOND NUMBER</b> (Assigned by CBP)
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Broker Filer Code: \_\_\_\_\_ Surety Reference Number: \_\_\_\_\_

In order to secure payment of any duty, tax or charge and compliance with law or regulation as a result of activity covered by any condition referenced below, we, the below name principal(s) and surety(ies), bind ourselves to the United States in the amount or amounts, as set forth below.	Execution Date
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**SECTION I – Select Single Transaction OR Continuous Bond (not both) and fill in the applicable blank spaces.**

<input type="checkbox"/> <b>SINGLE TRANSACTION BOND</b>	Identification of transaction secured by this bond (e.g., entry number, seizure number, etc.)	Transaction Date	Port Code
<input type="checkbox"/> <b>CONTINUOUS BOND</b>	Effective Date	This bond remains in force for one year beginning with the effective date and for each succeeding annual period, or until terminated. This bond constitutes a separate bond for each period in the amounts listed below for liabilities that accrue in each period. The intention to terminate this bond must be conveyed within the period and manner prescribed in the CBP Regulations.	

**SECTION II – This bond includes the following agreements. Check one box only. (Except 3a may be checked independently or with 3.)**

Activity Code	Activity Name and CBP Regulations in which conditions codified	Limit of Liability	Activity Code	Activity Name and CBP Regulations in which conditions codified	Limit of Liability
<input type="checkbox"/> 1	Importer or broker .....\$113.62		<input type="checkbox"/> 8	Detention of Copyrighted Material ..... \$113.70 -Single Transaction Only-	
<input type="checkbox"/> 1a	Drawback Payments Refunds .....\$113.65		<input type="checkbox"/> 9	Neutrality .....\$113.71 -Single Transaction Only-	
<input type="checkbox"/> 2	Custodian of Bonded Merchandise \$113.63 (Includes bonded carriers, freight forwarders, cartmen and lightermen, all classes of warehouse, container station operators) -Continuous Bond Only-		<input type="checkbox"/> 10	Court Costs for Condemned Goods .....\$113.72 -Single Transaction Only-	
<input type="checkbox"/> 3	International Carrier.....\$113.64		<input type="checkbox"/> 11	Airport Security Bond.....Part 113 App A	

# Commercial Invoice

COMMERCIAL INVOICE				
SELLER		INVOICE NUMBER		DATE
		CUSTOMER REFERENCE NUMBER		DATE
SOLD TO		TERMS OF SALE		
		TERMS OF PAYMENT		
SHIP TO		CURRENCY OF SETTLEMENT		
		MODE OF SHIPMENT	BILL OF LADING/AWB	
QTY	PRODUCT DESCRIPTION AND HARMONIZED CODE	UNIT OF MEASURE	UNIT PRICE	TOTAL PRICE
PACKAGE MARKS		TOTAL COMMERCIAL VALUE		
		MISC CHARGES (PACKING, INSURANCE, ETC.)		
		TOTAL INVOICE VALUE		
CERTIFICATIONS		I CERTIFY THAT THE STATED EXPORT PROCES AND DESCRIPTION OF GOODS ARE TRUE AND CORRECT		
		SIGNED _____		
		TITLE _____		

# Steps required for successful entry



# Determinations required for entry - Classification

Correct classification is needed to determine:

1. Admissibility
2. Rate of duty
3. Eligibility for preferences

Aids to determining correct classification are found at the following links:

1. Current HTSUS  
<https://hts.usitc.gov/current>
2. Customs Rulings  
<https://rulings.cbp.gov>
3. Online search tool  
[www.usitc.gov/elearning/hts/menu](http://www.usitc.gov/elearning/hts/menu)



# Harmonized Tariff Schedule

## Harmonized Tariff Schedule of the United States (2020) Revision 19

Annotated for Statistical Reporting Purposes

XI  
62-85

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
6206 (con.) 6206.30 6206.30.10	00	Women's or girls' blouses, shirts and shirt-blouses: (con.) Of cotton: Certified hand-loomed and folklore products (341).....	doz..... kg	9% <sup>U</sup>	Free (AU, BH, CA, CL, CO, E, IL, JO, KR, MA, MX, OM, P, PA, PE, S, SG)	90%
6206.30.20	00	Other: Containing 36 percent or more by weight of flax fibers (341).....	doz..... kg	3.5% <sup>U</sup>	Free (AU, BH, CA, CL, CO, IL, JO, KR, MA, MX, OM, P, PA, PE, S, SG)	90%
6206.30.30		Other.....		15.4% <sup>U</sup>	Free (AU, BH, CA, CL, CO, IL, JO, KR, MA, MX, OM, P, PA, PE, S, SG)	90%
	03	Containing compact yarns described in statistical reporting numbers 5205.42.0021, 5205.43.0021, 5205.44.0021, 5205.46.0021 or 5205.47.0021 (341).....	doz. kg			
	11	Other: With two or more colors in the warp and/or the filling: Women's (341).....	doz. ka			


# Importance of customs rulings



## U.S. Customs and Border Protection Securing America's Borders

CUSTOMS RULINGS ONLINE SEARCH SYSTEM (CROSS)

 Home

 Help

Search



## About the Customs Rulings Online Search System (CROSS)

CROSS is a searchable database of CBP rulings that can be retrieved based on simple or complex search characteristics using keywords and Boolean operators. CROSS has the added functionality of CROSS referencing rulings from the initial search result set with their modified, revoked or referenced counterparts.

Rulings collections are separated into Headquarters and New York and span the years 1989 to present. Collections can be searched individually or collectively. For more information about features or how to use CROSS, please visit the [HELP](#) section.

What's New

Related Trade Information

Informational Note

# Determinations required for entry – Valuation

- Preferred method is transaction value (TV)
- Transaction value is price paid or payable (invoice price)
- Some importers (such as related parties) may not be allowed to use TV and may be required to use an alternative method
- Alternative methods are:
  - Transaction value of identical merchandise
  - Transaction value of similar merchandise
  - Deductive value
  - Computed value



# Determinations required for entry – Country of origin

- Non-preferential rules of origin
  - Country of origin of an article is the country of manufacture, production or growth
  - The country of origin of an article may be changed to another country if a substantial transformation occurs, new article with a different name, character, and use is created
- Non-preferential rules are used for determining
  - Whether Most-Favored-Nation (MFN) (Column I) duty rates apply
  - For marking of the product with its country of origin
  - Every article imported into the U.S. must be marked with the country of origin

# Determinations required for entry – Country of origin cont.



## Preferential rules of origin

Based on a combination of:

- The **non-preference rule** (country of manufacture, production, or growth or country where substantially transformed) plus a **minimum value content** (generally 35%) of the appraised value of the goods when entering into the U.S.)
- The minimum value content is determined by adding the direct costs of processing in the beneficiary country and materials produced in the country
- The sum of these costs must be at least 35% of the appraised value of the goods when entering into the U.S.

Preferential rules are used for Generalized System of Preferences (GSP), AGOA (non-textile products) and other preference programs

There are separate rules for AGOA textiles and wearing apparel in Chapter 98, Subchapter XIX



# Determinations required for entry - Admissibility

Goods may be **prohibited** under customs laws (not allowed to enter the U.S.)

- CBP will deny entry at the border

Goods may be **restricted** by other Government agencies

- CBP will require a license or permit to import into U.S.

# Introduction to AGOA

- AGOA is based on Generalized System of Preferences (GSP) law
- GSP provides preferential treatment to over 3,400 products from 131 designated beneficiary countries, including 44 least-developed countries
- AGOA adds 1,800 products to GSP products, including import sensitive products not eligible for GSP (e.g. textiles and apparel)



# What is required to qualify for preferences under AGOA?



- Country must be eligible
- Product must be eligible
- Must be imported directly
  - Direct shipment from Southern Africa to the U.S.
- Must meet requirements of origin rules
  - Textiles and Apparel have separate rules in Chapter 98, Subchapter XIX

# Country must be eligible for textile provisions

Country	Date AGOA eligible for apparel	Category 5 LDC special rule for apparel	Category 0 LDC rule for certain textile articles	Category 9 Handmade/ Hand-loomed	Category 9 Folklore Annex	Category 9 Ethnic printed fabric
Botswana	Aug 27, 2001	Yes	Yes	Yes	No	No
Eswatini	July 3, 2018	Yes	Yes	No	No	No
Lesotho	Apr 23, 2001	Yes	Yes	Yes	No	No
Malawi	Aug 15, 2001	Yes	Yes	Yes	No	No
Mozambique	Feb 8, 2002	Yes	Yes	Yes	Yes	No
Namibia	Dec 3, 2001	Yes	Yes	Yes	No	No
South Africa	Mar 7, 2001	No	No	Yes	No	Yes
Zambia	Dec 17, 2001	Yes	Yes	Yes	No	No

# AGOA

## Certificate of Origin

### – Part I

#### African Growth and Opportunity Act Textile Certificate of Origin (Revised May 2008)

1. Exporter Name & Address:	3. Importer Name & Address:
2. Producer Name & Address:	4. Preference Group:
5. Description of Article:	

Group	<i>Each description below is only a summary of the cited provision.</i>	Legal Provision
1-A	Apparel assembled from U.S. fabrics and/or knit-to-shape components, from U.S. yarns. All fabric must be cut in the United States.	19 CFR 10.213(a)(1)
2-B	Apparel assembled from U.S. fabrics and/or knit-to-shape components, from U.S. yarns. All fabric must be cut in the United States. After assembly, the apparel is embroidered or subject to stone-washing, enzyme-washing, acid washing, perma-pressing, oven-baking, bleaching, garment-dyeing, screen printing, or other similar processes.	19 CFR 10.213(a)(2)
3-C	Apparel assembled from U.S. fabrics and/or U.S. knit-to-shape components and/or U.S. <u>and</u> beneficiary country knit-to-shape components, from U.S. yarns and sewing thread. The U.S. fabrics may be cut in beneficiary countries, or in beneficiary countries <u>and</u> the United States.	19 CFR 10.213(a)(3) or 10.213(a)(11)
4-D	Apparel assembled from beneficiary country fabrics and/or knit-to-shape components, from yarns originating in the U.S. and/or one or more beneficiary countries.	19 CFR 10.213(a)(4)
5-E	Apparel assembled or knit-to-shape and assembled, or both, in one or more lesser developed beneficiary countries regardless of the country of origin of the fabric or the yarn used to make such articles.	19 CFR 10.213(a)(5)
6-F	Knit-to-shape sweaters in chief weight cashmere.	19 CFR 10.213(a)(6)
7-G	Knit-to-shape sweaters 50 percent or more by weight of wool measuring 21.5 microns in diameter or finer.	19 CFR 10.213(a)(7)
8-H	Apparel assembled from fabrics or yarns considered in short supply in the NAFTA, or designated as not available in commercial quantities in the United States.	19 CFR 10.213(a)(8) or 10.213(a)(9)
9-I	Handloomed fabrics, handmade articles made of handloomed fabrics, or textile folklore articles – as defined in bilateral consultations; Ethnic printed fabric.	19 CFR 10.213(a)(10)
0-J	Textile products of a lesser developed beneficiary country classifiable under chapters 50 through 60, or 63, that are wholly formed in one or more such countries from fibers, yarns, fabrics, fabric components or components knit-to-shape that are also the product of one or more such countries.	19 USC 3721(b)(8)



# AGOA Certificate of Origin – Part 2

6. U.S./African Fabric Producer Name & Address:	7. U.S./African Yarn Producer Name & Address:
	8. U.S. Thread Producer Name & Address:
9. Handloomed, Handmade, or Folklore Article:	10. Name of Short Supply or Designated Fabric or Yarn:

**I certify that the information on this document is complete and accurate and I assume the responsibility for proving such representations. I understand that I am liable for any false statements or material omissions made on or in connection with this document. I agree to maintain, and present upon request, documentation necessary to support this certificate.**

11. Authorized Signature:		12. Company:
13. Name: (Print or Type)		14. Title:
15. Date: (DD/MM/YY)	16. Blanket Period From:                      To:	17. Telephone: Facsimile:

# Frequently used textile categories

- Apparel assembled of SSA fabric
  - 9819.11.09
  - Group 4-D
- Apparel assembled of fabric of any origin (third country fabric rule)
  - 9819.11.12
  - Group 5-E
  - Must be lesser developed beneficiary country
- Handloomed, folklore, ethnic fabric
  - 9819.11.27
  - Group 9-I
  - Must be certified by USG
- Textile articles classified in Chapters 50-60 and 63
  - 9819.11.33
  - Group 0-J
  - Must be lesser developed beneficiary country

# Additional documents needed for textiles

## Visa stamp on invoice

- Circular stamp
- Blue ink
- One stamp per grouping
- Must appear on the front of the original commercial invoice
- Must be signed by authorized government official



# Movement of apparel manufacturing industry from Botswana to Lesotho

- Botswana had thriving textile and apparel sector from 2009 – 2011
  - Government provided direct incentives to textile and apparel companies
  - When incentives were no longer being provided, much of the industry relocated to Lesotho
- Lesotho has established one of the largest textile and garment manufacturing industries in SSA
  - Eighty percent of exports go to the U.S.
  - Industry employs 44,000 people
  - Wearing apparel is produced for a number of U.S. suppliers
    - Old Navy, Walmart, Levis

# Summary

- There are substantial opportunities for utilizing AGOA more than at present
- Challenges:
  - Lack of knowledge and information on the advantages and how to benefit from preferences
  - Need for investment in key sectors or parts of the value chain e.g. cumulation of input from multiple SSA countries
  - Distance to market and associated costs e.g. 4-6 weeks for sea freight



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Thank you for your attention

Feel free to contact me if you have further questions

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