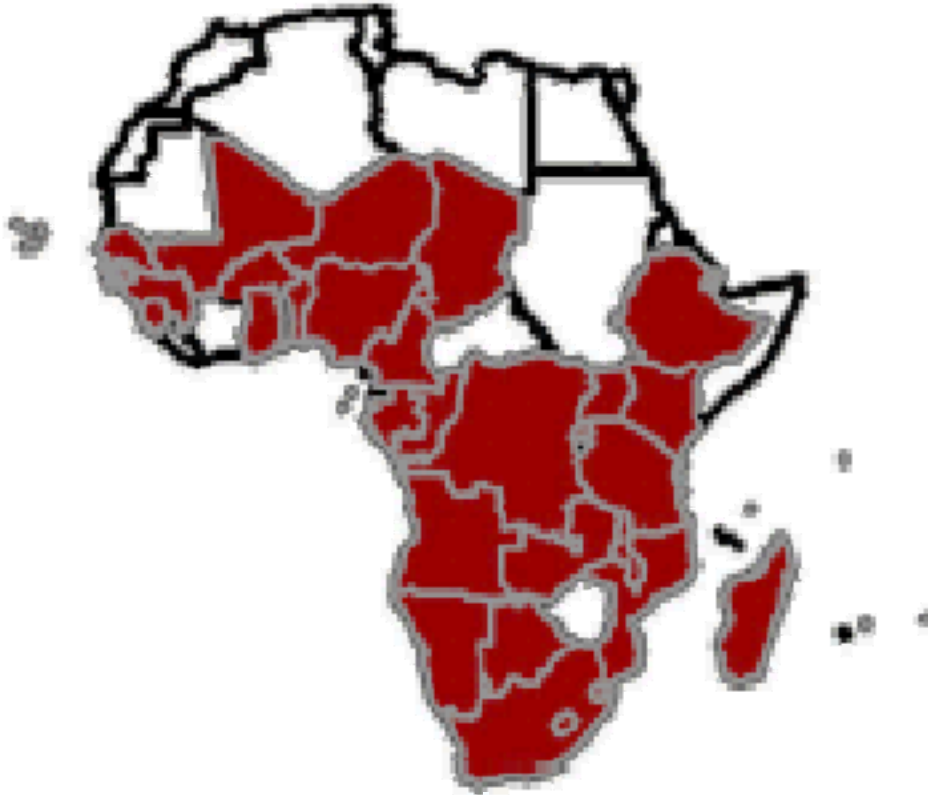


EXPORTING TO THE USA



Export Procedures Manual (Draft)

Enterprise Mauritius
April 2009

1.0 Introduction

Exports from Mauritius to the USA have concentrated on textile and apparel, though AGOA covers up to 6400 product lines. Moreover, even textiles and apparel exports have been declining especially since the termination of the Multi-Fibre Agreement. The primary reason for such an adverse performance was inter-alia due to the non availability of the third country fabric provision to Mauritius. The third country fabric provision enables eligible countries to use fabric from any source to produce apparel for exports to the US market on a duty free and quota free basis.

However as from October 2008, the third country fabric provision has been extended to Mauritius and local operators have to maximize on this opportunity.

The purpose of this manual is to expose to the potential exporter in a concise manner the main provisions of the Act and the procedures to be followed to export to the US Market. The manual is divided in 3 parts ; part one deals with the US market in general , part 2 deals with the rules of origin and procedures for exporting textile and apparel products while Part 3 deals with non-textile products.

The accompanying CD contains the list of products eligible for duty-free and quota-free access under the whole AGOA programme; sample documents to complete the export process as well as contact details of local and international agencies.

This guide is a collaborative effort of Enterprise Mauritius, Ministry of Industry, Science and Research, Ministry of Foreign Affairs, Regional Integration and International Trade, Ministry of Business, Enterprise and Cooperatives, the Customs department of the Mauritius Revenue Authority, Mauritius Export Association and the Mauritius Chamber of Commerce and Industry.

While reasonable care has been taken in compiling this manual, the prospective exporter is advised to contact the relevant authorities as listed in the appendices for additional information and advice that they may require.

Table of Contents

Introduction

The US Market

The African Growth and Opportunity Act (AGOA) / Trade and Development Act of 2000

Apparel and Textile Preferences

Procedures for Exporting Textile and Apparel Products under the AGOA

AGOA VISA Certificate Flowchart

Non Textile Exports to the USA

Market Access for Agricultural Products

Appendices

2.0 The US Market

The United States is the world's largest and most demanding market for almost everything from oil, microprocessors, agricultural products to premium coffee and textile and apparel products.

Partly, the US strength lies in its size and market diversity. Besides having a variety of natural resources, including both petroleum/natural gas and ores, it also has an agricultural sector, a developed industrial base, a growing service sector, dominance in high technology and a skilled and educated labour market.

Companies around the world aspire to do business in the US as by doing so, they learn much about the latest management practices, they can be closer to the cutting edge of innovation, and they can boost their reputations by supplying well-known global US firms.

The African Growth and Opportunity Act (AGOA) has opened access to this huge market. The Act not only provides an average 17.5% duty advantage on apparel imports in the U.S. market but also permits duty free access to non-textile products under the Generalised System of Preferences (GSP) Scheme .

2.1 Market Entry

The US is a good market for a wide range of quality imported products, due to large numbers of consumers with high disposable incomes. In looking at the US as a market, Mauritian companies should consider the following:

- Research regional markets to prioritise – the US is too large for Mauritian companies, so a regional or sector approach is a better consideration
- Research competitor information rigorously to ensure competitiveness and maximise returns
- Produce sufficient quantities to meet the market size
- Cover high marketing and promotion costs
- Spend time and money traveling to and from the market

Many successful companies find it easier and more effective to segment the market by region. Depending on the product too, different regions in the US have different tastes and demands. This difference is particularly pronounced between east and west and north and south, and can be profound in the Southwest, where there is a high demand for Hispanic goods. It is important to undertake some assessment of which regions are likely to have the best consumer profile for Mauritian products. Once a successful entry has been achieved in the market, and a distribution point established, it is easier to further penetrate other regions.

Collective activities can be beneficial for Mauritian companies that have excellent products to offer to the US market, but are unable to overcome volume and resource gaps. Many retailers require a steady supply of large volumes of product. They will be particularly concerned that access to stock is readily available as they will be aware of the distance to freight product from Mauritius

Agents/Distributors

Rarely will US retailers purchase directly from manufacturers, particularly overseas manufacturers – they don't have the time, resources or warehouse space. Instead they rely on distributors and agents.

Some distributors have the capacity to import products, other however, rely on agents to manage the import of the product and marketing the product to end-users. In this respect the agent acts as an offshore salesperson for the exporter. A good agent can be an invaluable asset in the large US market because distributors tend to focus their sales staff on existing major lines rather than introducing new products. When considering representation an exporter should rarely deviate from appointing regional agents/distributors.

Fulfillment Centres

Fulfillment centres are specialist operations in warehousing and US distribution. They have become increasingly important in the supply-chain network, especially since the growth of e-business services. They can allow a more competitive margin in the market by replacing a traditional distributor with agents working in conjunction with lower cost fulfillment centres. This approach is better suited to non-perishable items and consumer products.

Setting up an Office in the USA

Bigger companies may find it useful to establish a presence in the US market to achieve their foreign exchange earnings goals. This is particularly true of the software and high-tech industry. Establishing a presence in the US brings the exporter face-to-face with end-users, helps address after sale service and support, and enables the company to get detailed feedback on its products and/or services.

Source: Country Brief on US – New Zealand and Trade Enterprise

3.0 The African Growth and Opportunity Act (AGOA) / Trade and Development Act of 2000

On May 18, 2000 the Trade and Development Act of 2000, containing the African Growth and Opportunity Act (AGOA) was enacted in the US. The Act provides unprecedented opportunities for sub-Saharan African Countries and aims among others to:

- Promote increased trade and investment between the United States and sub-Saharan African countries by providing eligible African countries with unprecedented liberal access to the U.S. market. Essentially all products of these eligible countries including Mauritius will have quota free/duty free access to the almost 10 trillion dollar United States market.
- Promote economic development and reform in sub-Saharan Africa, moving across a wide range of industries, granting tangible benefits to entrepreneurs, farmers, and families.

AGOA provides three important benefits to eligible sub-Saharan African exporters. First, it extends the duty-free treatment under the GSP program for eligible sub-Saharan African countries through September 30, 2015. Second, the AGOA eliminates most of the limitations of the GSP program for eligible sub-Saharan African countries. Third, AGOA expands the product coverage of the GSP program but only for products of sub-Saharan Africa.

U.S. imports from most sub-Saharan Africa countries are already eligible to receive duty-free access for some 4,650 products under the U.S. GSP program. With AGOA, another 1,783 products have been added to the GSP list for duty free and quota free treatment. Hence, AGOA is said to be GSP plus. **A complete list of products eligible for AGOA preference is given in the attached CD-Rom.**

The AGOA programme now includes those products that were not initially covered by the GSP Programme namely textiles, apparel, watches, footwear, handbags, luggage, flat goods, work gloves and leather wearing apparel, and certain electronic, steel and glass products

The AGOA legislation has been amended several times since enactment. Amendments related inter-alia to the duration of the legislation which had been extended to 2015; the duration and scope of the third country fabric provision which is now expected to be terminated in 2012 as well as clarifications with respect to certain textile and apparel provisions among others.

4.0 Apparel and Textile Preferences

The Rules of Origin requirements for textile and apparel preferences under AGOA are listed hereunder. Apparel exports have to fulfill one of the listed criteria to be eligible for AGOA preferences:

- Apparel made in Mauritius from **U.S.** fabric, yarn, and thread is provided with duty-free *and* quota-free access to the U.S. market. Such apparel may also have been "embroidered or subject to stone-washing, enzyme-washing, screen-printing or other similar processes"
- Apparel made in Mauritius from domestically produced fabric and yarns, or from fabrics and yarns produced in AGOA-beneficiary countries in Sub-Saharan Africa
- As from 31st October 2008, Mauritius was granted the third country fabric provision so that apparel made from fabrics not originating from the region or the US qualifies for preferential access. In addition, Mauritius is also eligible to export fabrics on a duty free and quota free basis to the US.
- Apparel assembled from fabrics or yarn considered in short supply in the NAFTA or designated as not available in commercial quantities in the US. The list of NAFTA short supply fabrics is available on the following website: *www.agoa.info*

Source: www.agoa.info

5.0 Export Procedures for Textile and Apparel Products under the AGOA

Registration

Any person or company willing to export under the provision of AGOA has to register with the Ministry of Commerce by filling the registration form as per Annex 1.

Note : All annexes are enclosed in the CD

AGOA Visa Certificate

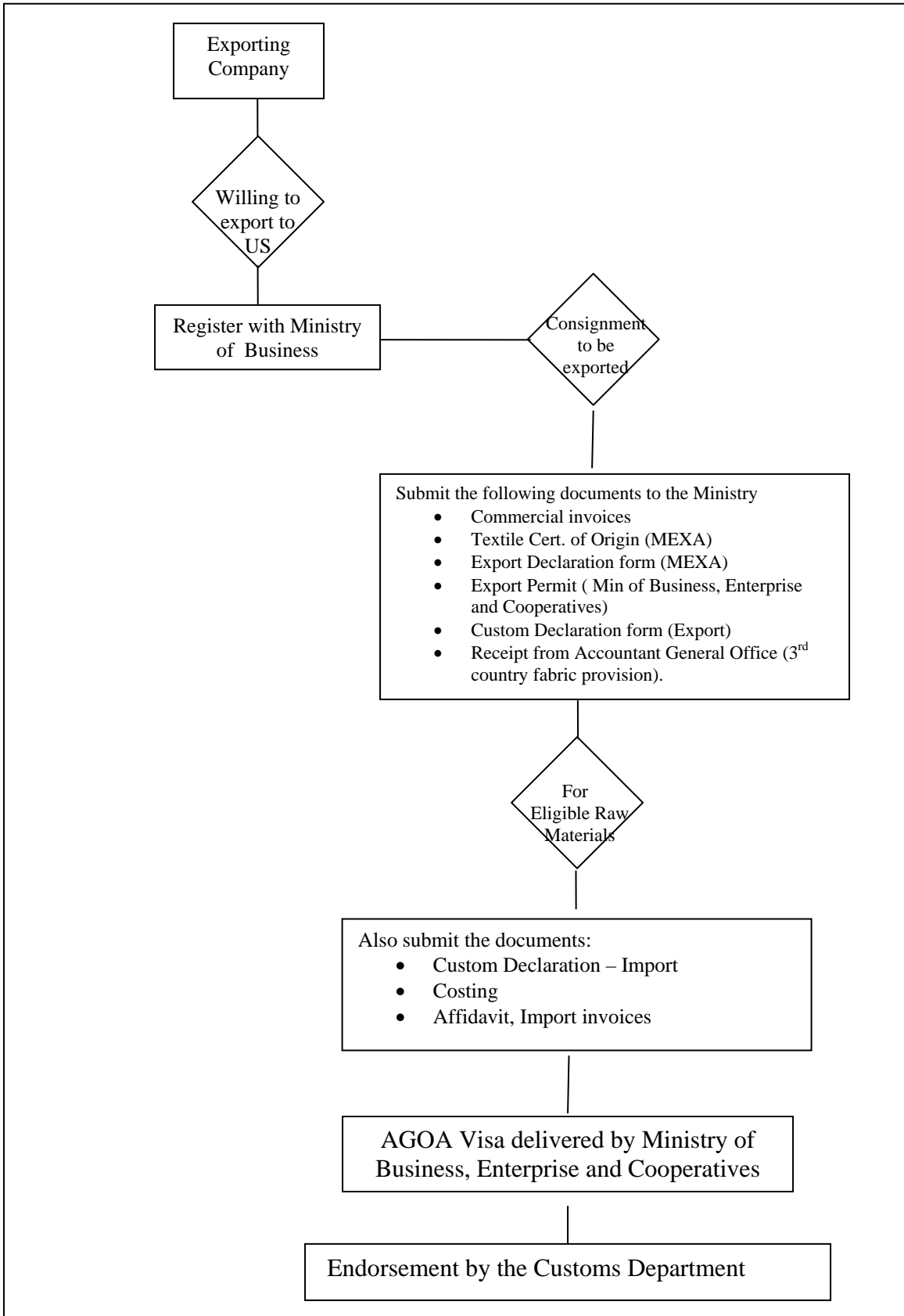
Each consignment of goods to be exported to the USA under the AGOA scheme should be accompanied by an AGOA Visa Certificate delivered by the Ministry of Business, Enterprise & Cooperatives. Application for an AGOA visa must be accompanied by the following documents:

- a) the original commercial invoices together with 2 copies thereof;
- b) the Textile Certificate of Origin in triplicate obtainable from the Mauritius Export Association (MEXA) as at Appendix 1
- c) the Export Declaration Form obtainable from the Mauritius Export Association (MEXA) as at Appendix 2.
- d) Copy of the Export Permit duly approved by the Ministry
- e) Customs Declaration (Export)
- f) Customs Declaration (Import- where applicable)
- g) Costing (where applicable)
- h) Affidavit , Import Invoice (where applicable)
- i) Receipt from the Accountant General Office in respect of the fee paid for export under the Third Country Fabric Provision.

(f), (g) and (h) are applicable when raw material from an eligible African country or the USA is used

(i) Companies interested to export under the Third Country fabric has to pay Rs 1 per square metre of fabric used as per conversion table. Payments should be made at the Accountant General's office.

Source: Ministry of Business, Enterprise & Cooperatives



6.0 Non-Textile Exports to the USA

AGOA expands the (duty-free) benefits previously available only under the Generalised System of Preferences (GSP) program. Duty-free access to the U.S. market under the combined AGOA/GSP program stands at approximately 6,400 product tariff lines, including the roughly 1,800 product tariff lines that were added to the GSP by the AGOA legislation. Notably, these include items such as apparel and footwear, wine, certain motor vehicle components, a variety of agricultural products, chemicals, steel and others. All non-textile exports under AGOA require a GSP Certificate of Origin.

In order to qualify for duty-free access to the US under AGOA, the Rules of Origin underlying this trade Act require that a product be the "growth, product or manufacture" of an AGOA-beneficiary Sub-Saharan African (SSA) country.

Other salient features are as follows:

- The product must be imported directly from the AGOA-beneficiary country into the United States;
- Products may incorporate materials sourced from outside countries (i.e. non AGOA-beneficiaries) provided that the sum of the direct cost or value (i.e. the transaction value) of the materials produced in the beneficiary country, **plus** the "direct costs of processing" undertaken in the beneficiary country equal *at least* 35% of the product's appraised value at the U.S. port of entry (See Note below *);
- In addition, up to a total of 15% of the 35% value (as appraised at the U.S. port of entry) may consist of U.S. parts and materials.

***Note:**

The U.S. Customs will generally appraise the merchandise at the full value of the transaction, which includes the following:

Packaging costs, selling commission, royalty and licensing fees incurred by a buyer, and the value of free assistance that may have been provided to the buyer conditional upon the sale.

Included under the "direct costs of processing" are the cost of labour, engineering or supervisory quality control, machinery costs (and depreciation of machinery and equipment), as well as Research and Development costs (R&D).

CIF (Costs, Insurance and Freight)

- Source: www.agoa.info

7.0 Applying for G.S.P Certificate

The blank G.S.P form as per Annex 4 is available at the Mauritius Chamber of Commerce and Industry, Royal Street, Port-Louis. The application form duly filled in by the manufacturer/ exporter is submitted to the Foreign Trade Division, Ministry of Business, Enterprise & Cooperatives, 4th Floor, Anglo Mauritius Building, and Port-Louis for processing and approval. The following supporting documents are needed:

- I. G.S.P Form available from Mauritius Chamber of Commerce and Industry – Appendix 3
- II. Customs Declaration (Export and Import).
- III. Invoice
- IV. Appropriate certified costing for value added requirements

Source: Ministry of Business, Enterprise & Cooperatives

8.0 MARKET ACCESS FOR AGRICULTURAL PRODUCTS

Import of agricultural products worldwide is heavily regulated because of associated risks that such products may pose to local animal, plant and human life and the USA is no exception to the rule with a very elaborate but complex process regulating imports of agricultural products.

Who initiates the import request?

- The national animal and/or plant health authorities of the exporting country
- An importer located in the United States

The following United States Agencies have regulatory authority over the Import of Agricultural product:

Animal and Health Inspection Service (APHIS) for

- All live animals and animal products
- All live plants and plant products
- APHIS determines enterability of a commodity based on the disease and pest status of the exporting country

Fish and Wildlife Service (F&W) for

- All animals, plants and their products which are CITES listed
- CITES: International agreement which protects endangered and threatened species

Food Safety and Inspection Services (FSIS) for

- All meat and poultry
- processed products containing more than 3% raw meat

-Generally, freedom from disease must be established by APHIS before FSIS works with national authorities to approve meat inspection system

Food and Drug Administration (FDA)

-Jurisdiction over imported foods, fish and meats not covered by FSIS (such as game meat)

-No permit required. Inspection at port of entry.

Potential Exporters interested to export commodities as covered above are advised to go on the websites of the named organizations as given on the next page.

UNITED STATES DOMESTIC CONTACT INFORMATION AGRICULTURAL PRODUCTS

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

<http://www.aphis.usda.gov>

Information on import of plants and plant products:

APHIS-PPQ APHIS-VS

Unit 133 Unit 38

4700 River Road 4700 River Road

Riverdale, Maryland 20737 Riverdale, Maryland 20737

Tel. 301-734-8261/8262 Tel. 301-737-3277

FOOD SAFETY AND INSPECTION SERVICE (FSIS):

<http://fsis.usda.gov/oa/programs/import.htm>

Information for countries wishing to become eligible to export meat and poultry:

International Policy Division

Food Safety and Inspection Service

U.S. Department of Agriculture

Washington, D.C. 20250

Tel. 202-501-7472/7515

FISH AND WILDLIFE SERVICES (F&W):

<http://endangered.fws.gov/contacts.html>

Information on CITES:

U.S. Fish and Wildlife Services

Division of Endangered Species

Mail Stop 420ARLSQ

1849 C St., NW

Washington, D.C. 20240

Tel. 703-358-2104 (permit unit)

FOREIGN AGRICULTURE SERVICE FOOD AND DRUG ADMINISTRATION

<http://www.fas.gov> <http://vm.cfsan.fda.gov/~lrd/import.html>
 Information on Tariffs, Quotas and GSP Division of Import
 FAS Operations and Policy
 1400 Independence Ave. SW 15800 Crabbs Branch Way
 Washington, DC 20250 Rockville, Maryland 20855
 Tel. 202-720-0762 Tel. 301-443-6553

Local Contacts

<p>Enterprise Mauritius 7th Floor , St James Court Port-Louis info@em.intnet.mu</p>	<p>For information on the US market , assistance in marketing and participation in International Trade Fairs as well as support under various funding schemes</p>
<p>Ministry of Industry, Science and Research 7th Floor Air Mauritius Building John Kennedy Street Port-Louis Tel : 230 210 7100</p>	<p>For policy measures and strategies on industrial matters</p>
<p>Ministry of Foreign Affairs, Regional Integration and International Trade</p>	<p>Elaborates government policy on AGOA in consultations with relevant Ministries and public/private sector institutions</p>
<p>Mauritius Export Association (MEXA) 4th Fl, Unicorn House, Royal Street Port-Louis Tel No. (230) 208 5216 / 211 1476 / 208 0087 Fax No: (230) 212 1853 E-Mail: info@mexa.mu</p>	<p>For purchase of Textile Certificate of Origin and Export Declaration Form and additional information on provisions of AGOA</p>
<p>The Mauritius Chamber of Commerce and Industry 3, Royal Street, Port-Louis, Mauritius. Tel: (230) 208 3301 Fax: (230) 208 0076</p>	<ul style="list-style-type: none"> • For the purchase of the GSP Certificate of Origin • Additional information on provisions of the GSP Scheme and AGOA

<p>E-Mail: mcci@intnet.mu Website: http://www.mcci.org</p>	<ul style="list-style-type: none"> Commercial information relating to the trade fairs in the US, lists of importers/exporters in the US market, customs tariffs in the US and trade statistics
<p>Ministry of Business, Enterprise & Cooperatives (Business & Enterprise Division) – Foreign Trade Division</p>	<p>For AGOA Visa Certificate, US GSP Certificate, non AGOA Visa Certificate and comprehensive information on AGOA Provisions and help on export procedures to the US Market</p>
<p>Mauritius Revenue Authority Customs Department</p>	<p>Endorsement of AGOA Visa Certificate and additional information on Customs procedures</p>

APPENDICES

1. Textile Certificate of Origin obtainable from the Mauritius Export Association (MEXA).
2. The Export Declaration Form obtainable from the Mauritius Export Association (MEXA)
3. G.S.P Form available from Mauritius Chamber of Commerce and Industry – Appendix 3
4. Important Websites

Important Websites on AGOA

For additional information on AGOA , trade figures and documents download :

1. [www.agoa .info](http://www.agoa.info).
2. www.agoa.gov
3. www.ustr.gov/assets/Trade_Development/Preference_Programs

For additional information on capacity building programmes and information query on Agoa

4. www.ecatradehub.com
5. www.satradehub.org/
6. USITC - For information on US Customs requirements, import tariffs, trade statistics - <http://www.usitc.gov/>
7. US GSP Scheme
<http://www.unctad.org/Templates/Page.asp?intlItemID=1431&lang=1>
8. www.agoa.gov - AGOA Implementation Guide October 2000