LESOTHO - AN AGOA SUCCESS STORY

Export Competitiveness

The United States Agency for International Development’s (USAID) Southern Africa Trade and Investment Hub (the Hub) engages with partners throughout Southern Africa to deepen regional economic integration, promote two-way trade under the African Growth and Opportunity Act (AGOA) and attract investment that drives commercial expansion within the region and to global markets.

The Hub’s export competitiveness team works with companies and governments across Southern Africa to boost export in targeted sectors. The team also collaborates with the Hub’s trade facilitation and enabling environment team to smooth customs procedures. The Hub has facilitated over $40 million worth of exports from Southern Africa since 2010.

AGOA is the cornerstone of U.S. economic engagement with the countries of Sub-Saharan Africa. AGOA helps eligible nations diversify their exports by providing duty-free access to the U.S. market, creating jobs and fostering inclusive economic growth. Since AGOA was established, non-oil exports have increased almost 200 percent to $4.1 billion in 2015. This growth has spurred an estimated 300,000 direct jobs in beneficiary countries.

Lesotho By The Numbers

Population: 2.2 million

Apparel Exports to the U.S. (80% of total): +$200 million

Apparel Employment (80% of total employment): 45,000

Rank among AGOA Exporters: Top 5

Lesotho Apparel Manufacturing

Lesotho’s apparel manufacturers have been strategically and successfully harnessing AGOA benefits since 2001 to build one of the largest textile and garment manufacturing industries in Sub-Saharan Africa (SSA). Lesotho’s apparel industry accounts for 80 percent of the country’s formal manufacturing workforce, a third of its GDP, and supports several downstream sectors, including the small packaging industry, road freight transporters, traders that sell food to workers, utilities, and more. Lesotho’s apparel exports represent over one-fifth of all AGOA apparel exports to the U.S.

AGOA accords duty-free treatment to almost 7,000 tariff lines including textiles and apparel, footwear, specialty foods, and leather accessories, among others.

Lesotho Exports To The U.S., 2001-2016

[Diagram showing Lesotho exports to the U.S.]
The Hub’s Role in Supporting Lesotho

Lesotho has the potential to further develop its apparel and textile manufacturing industry. To this end, the Hub’s export competitiveness team has been working with Lesotho’s Ministry of Trade and Industry and the Lesotho National Development Corporation to revise and implement an AGOA response strategy and related initiatives aimed at:

- Collaborating with Lesotho National Development Corporation (LNDC) to:
  - Promote AGOA awareness
  - Conduct WRAP certification workshops
  - Assist Lesotho firms to attend international trade shows
  - Arrange buyer missions from the U.S.
- Growing capacity and encouraging vertical value chains in diversified sub-sectors, such as footwear and leather goods, wool and mohair, and handicrafts
- Encouraging joint ventures between U.S. and SMEs
- Helping to identify and reduce non-tariff barriers to trade
- Encouraging compliance with U.S. sanitary and phytosanitary (SPS) requirements

Taking Advantage of AGOA Benefits

One of the key reasons for Lesotho’s success is its strategic utilization of AGOA, which is executed with support from the Hub. Lesotho’s apparel manufacturers focus on producing materials with otherwise higher customs duties (25% to 35%) to gain a competitive advantage against synthetic fiber exporters from countries that do not enjoy the AGOA advantage.

The Hub also supports Lesotho’s efforts to attract responsible buyers by working with exporters to obtain Worldwide Responsible Accredited Production (WRAP) certification. Over 100 major brands around the world use WRAP, an independent social compliance program that serves as a proverbial “international entry pass” for exporting to overseas markets. Lesotho also adheres to all International Labor Organization (ILO) standards. Leveraging these and other strengths, manufacturers count Levi Strauss, the VF Corporation (which makes Lee and Wrangler denim), Sears and The Children’s Place among their many U.S. clients.

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