AGOA Renewal and Improvement Act of 2024

Sens. Chris Coons & James Risch

The African Growth and Opportunity Act (AGOA) is the cornerstone of the U.S. economic relationship with Sub-Saharan Africa. By lowering the cost of trade and encouraging investment in the region, AGOA has created valuable opportunities for U.S. businesses, workers, and consumers, while promoting sustainable economic growth and development throughout the region. The AGOA Renewal and Improvement Act of 2024 *includes the following updates to the program:*

- **Extension (Sec. 2)**: This bill would extend AGOA by 16 years, pushing the program's expiration from 2025 to 2041. This long-term extension would provide businesses the certainty needed to invest in sub-Saharan Africa, supporting economic growth and development in the region. The extension mirrors the 16-year sunset provision included in the U.S.-Mexico Canada Agreement (USMCA).

- **Review, Enforcement, & Reporting (Sec. 3)**: This bill would update how AGOA eligibility is evaluated and enforced:
    - ***Biennial Reviews***: Current statute requires the President to undertake an annual review of all 49 AGOA-eligible countries to evaluate their continued eligibility for the program. This bill would reduce that obligation, requiring a review of each country once every two years. This change would free resources to focus on effective implementation of AGOA and enforcement of the program's requirements.
    - ***Out-of-Cycle Reviews*****:** Under current statute, the President may undertake an out-of-cycle review of any country at any time. This bill maintains that authority, and extends it to Congress: the Chairman and Ranking Member of either committee of jurisdiction may jointly send a letter calling for an immediate out-of-cycle review, which the Executive Branch must carry out immediately.
    - ***Delegation*****:** This bill allows the President to delegate responsibility for AGOA reviews and enforcement to the joint responsibility of the Secretary of State and the U.S. Trade Representative.
    - ***Enforcement Options:*** Current statute requires that the President terminate a country's AGOA benefits if that country does not meet the program's eligibility criteria. This bill would provide the President with a menu of options for enforcement, including: (1) full termination of benefits, (2) termination of benefits for certain products, (3) issuance of a warning letter providing notice that benefits will be terminated in the following year without corrective action, and (4) the option to take no action, if U.S. interests are best served by taking no action.
    - ***Reporting & Briefing*****:** The bill requires the Executive Branch to provide a detailed report and briefing to Congress explaining any termination or restoration a country's AGOA benefits.

- **Supporting Regional Supply Chains (Sec. 4)**: Concluded in 2018, the African Continental Free Trade Agreement (AfCFTA) is intended to foster economic integration and growth throughout the continent—goals shared by AGOA. While AGOA is limited to sub-Saharan African countries, this bill would modify AGOA's rules of origin to allow inputs from North African AfCFTA members to count toward the requirement that 35% of a product's value originate in the region. This change would help support the development intra-African supply chains. To participate in the expanded rules of origin, North African countries would be required to meet AGOA's eligibility requirements related to governance, human rights, and foreign policy.

- **Income Graduation (Sec. 5)**: Under current law, countries lose eligibility for AGOA benefits once they become "high-income" according to the World Bank's measure of GDP per capita. Yet developing economies often have volatile GDP numbers that fluctuate year-to-year. What is more, the shock of losing access to AGOA can cause economic contraction—not just in the directly affected economy, but among regional trading partners, as well. This bill would ensure that countries do not lose eligibility until they have maintained “high-income” status for five consecutive years. Further, the President may extend a country’s eligibility for up to an additional five years to allow time for the negotiation of a free trade agreement.

- **Clarifying Eligibility Criteria (Sec. 6)**: Under current statute, AGOA’s eligibility criteria include requirements that a country uphold a market-based economy, good governance, and human rights. This bill would add specificity to those requirements by cross-referencing other U.S. laws and policies. For example, the bill would require that AGOA beneficiaries not be subject to coup-related restrictions in U.S. foreign aid appropriations, not be designated as a state-sponsor or terrorism, and not be designated as a country in violation of the Child Soldiers Prevention Act.

- **Prohibiting Imports of Goods Made with Forced Labor (Sec. 7)**: Current statute prohibits the import of any goods made wholly or in part by forced labor. The Uyghur Forced Labor Prevention Act supports enforcement of that prohibition on goods manufactured in China, especially goods from Xinjiang. This bill reemphasizes that prohibition, and calls on the Secretary of Commerce to submit a report on the procedures in place to ensure that imports under AGOA are compliant with these U.S. laws.

- **Improving Utilization of AGOA (Sec. 8)**: The 2015 reauthorization of AGOA encouraged each AGOA beneficiary to develop a “utilization strategy” laying out a clear plan to increase exports under the program. Many of the countries that developed such strategies have seen success. But most countries in sub-Saharan Africa still have not created a strategy, and some of those that have developed a strategy have yet to successfully implement it. This bill would provide for trade capacity building assistance to countries that develop a utilization strategy. With this assistance, the United States would help these countries implement their strategies and facilitate growth in trade.

- **Biennial Reports (Sec. 9)**: This bill would clarify the current requirement that the President must submit a report on the implementation of AGOA to Congress every two years. This bill would also provide for reporting on potential free trade agreements with sub-Saharan African countries to be included in the biennial reports.

- **USITC Study on Expanding Covered Goods (Sec. 10)**: AGOA covers most—but not all—goods imported to the United States from sub-Saharan Africa. The list of covered goods has not been substantially updated since the program was created in 2000. This bill would task the U.S. International Trade Commission with producing a study into the economic effects of adding additional products to the list of covered goods.

- **AGOA Forum (Sec. 11)**: This bill would require the AGOA Forum to be held annually no later than September 30.

- **Protecting Against Transshipment (Sec. 12)**: Current statute requires AGOA beneficiaries to transmit a “textile visa” to U.S. Customs and Border Protection (CBP) with every shipment of apparel. CBP no longer requires textile visas to effectively monitor imports, and they are in use only because statute requires them for trade with AGOA beneficiaries. This bill would eliminate requirements for textile visas. In addition, current statute mandates that CBP send “production verification teams” to “at least four” AGOA beneficiaries each year in order to monitor compliance with AGOA’s rules of origin. This requires CBP to devote disproportionate enforcement resources to sub-Saharan Africa. This bill would modify statute to require production verification team visits to sub-Saharan Africa “as necessary to verify compliance” with AGOA, freeing CBP to devote enforcement resources where they are needed most.

- **Technical Corrections (Sec. 13):** This bill would update the names of countries that have changed, and update the names of U.S. federal agencies that have changed.

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