2024 Annual Eligibility Review; Mauritius; Comment

Annual Review of Country Eligibility for Benefits Under the African Growth and Opportunity Act for Calendar year 2024

Submission by Mauritius

Importance of AGOA

The signing into law of the Africa Growth and Opportunity Act in the year 2000 is a milestone in US-Africa trade relations. It has been instrumental in improving and consolidating trade relations between the US beneficiary sub-Saharan African countries (SSA) including and Mauritius.

There is unanimous recognition that the AGOA programme has been beneficial to the SSA eligible countries, and it has provided one of the poorest regions in Africa with a powerful tool to increase exports, create jobs and economic welfare. The program however is set to expire in 2025. There is a compelling need to ensure the continuity of trade between SSA countries and the US by reauthorizing AGOA on a long term basis to ensure legal certainty and predictability. This call was reiterated at the Leaders' Summit held in Washington in December 2022.

Mauritius holds the strong view that any post AGOA 2025 strategy should not lead to the disruption of trade in any AGOA eligible country, including those that may graduate out as per Section e of the 19 U.S. Code § 2462 (*Mandatory graduation of beneficiary developing countries: If the President determines that a beneficiary developing country has become a "high income" country, as defined by the official statistics of the International Bank for Reconstruction and Development, then the President shall terminate the designation of such country....)*

Current Graduation Clause

Mauritius is proposing a review of the criteria for graduation from GSP and AGOA preferences. As per the existing US statutes, Gross National Income (GNI) per capita is used as a threshold. Mauritius is of the view that this is not an appropriate yardstick to determine whether a country should be graduated from the scheme.

Proposals by Mauritius

1. *Graduation should not be based on GNI*

Most small economies and Small Island Developing States have a relatively high per capita income by virtue of the size of their population. They are highly vulnerable economies and exposed to trade shocks. Mauritius proposes that a country should not graduate out of AGOA on the basis of high income threshold but graduation should rather be limited to sectors which have reached a certain level of competitiveness on the US market relative to US imports from the world. The only countries which graduated from AGOA on the basis of the per capita income are Seychelles and Equatorial Guinea.

2. *Trade Predictability*

Mauritius proposes that an amendment be brought Section 19 U.S. Code § 2462 (e) to provide that no AGOA beneficiary would graduate out before that beneficiary country had the opportunity to negotiate an FTA so as to ensure the continuity of trade.

It would be counter-productive if countries that reached the high income status were to fall back in the middle income range due to loss of AGOA benefits. In addition, the current AGOA legislation does not contain specific conditions for "reinstating" AGOA benefits.