

AGOA Renewal Act of 2023

Sen. Chris Coons

The African Growth and Opportunity Act (AGOA) is the cornerstone of the United States' 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. Reauthorizing AGOA would offer businesses the confidence to increase production in Sub-Saharan Africa at a time when many firms are looking to diversify their supply chains. But industry investment is often planned years in advance, and Congress must extend AGOA soon in order to capture this opportunity.

This discussion draft of the *AGOA Renewal Act of 2023* includes the following updates to the program:

- **Extension (Sec. 2):** The bill would extend AGOA by 16 years, pushing back 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.
- **Integration with AfCFTA (Sec. 3):** Signed in 2018, the African Continental Free Trade Agreement (AfCFTA), is intended to foster trade and spur economic integration and growth throughout the continent. While AGOA is limited to sub-Saharan African countries, the *AGOA Renewal Act* 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 AGOA reinforce the AfCFTA's promise to develop intra-African supply chains. Importantly, 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.
- **Graduation (Sec. 4):** Under current law, countries lose eligibility for AGOA 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 considerably 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. The *AGOA Renewal Act* would ensure that countries do not lose eligibility until they have maintained "high-income" status for five consecutive years.
- **Eligibility Reviews (Sec. 5):** Current statute requires the President to undertake an annual review of all 49 AGOA-eligible countries to evaluate their continued eligibility for the program. The *AGOA Renewal Act* would reduce that obligation, requiring a review of each country at least once every three years. Triennial reviews are the standard practice for other trade preference programs, such as the Generalized System of Preferences (GSP). This change would free resources to focus on effective implementation of AGOA and enforcement of the program's requirements. The President would retain the authority to conduct an out-of-cycle review of the eligibility of any country at any time, and the bill requires that USTR undertake an immediate out-of-cycle review of South Africa.
- **Textile Visas (Sec. 6):** Current statute requires AGOA beneficiaries to transmit a "textile visa" to U.S. Customs and Border Protection (CBP) with every shipment of apparel. Textile visas were once common, but CBP no longer needs them to effectively monitor imports, and today they are in use only because statute requires them for trade with AGOA beneficiaries and Haiti. The *AGOA Renewal Act* would facilitate trade by eliminating requirements for textile visas.
- **Production Verification Visits (Sec. 7):** 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. The bill would modify the requirement to require CBP to send production verification teams to sub-Saharan African countries "as necessary to verify compliance" with AGOA, freeing CBP to devote enforcement resources where they are needed most.

Sen. Coons welcomes input on this discussion draft. Please send questions or comments to Sam_duPont@coons.senate.gov.

118TH CONGRESS
1ST SESSION

S. _____

To reauthorize the African Growth and Opportunity Act.

IN THE SENATE OF THE UNITED STATES

Mr. COONS introduced the following bill; which was read twice and referred
to the Committee on _____

A BILL

To reauthorize the African Growth and Opportunity Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “AGOA Renewal Act
5 of 2023”.

6 **SEC. 2. EXTENSION OF AFRICAN GROWTH AND OPPOR-**
7 **TUNITY ACT.**

8 (a) IN GENERAL.—Section 506B of the Trade Act
9 of 1974 (19 U.S.C. 2466b) is amended by striking “Sep-
10 tember 30, 2025” and inserting “September 30, 2041”.

11 (b) AFRICAN GROWTH AND OPPORTUNITY ACT.—

1 (1) IN GENERAL.—Section 112(g) of the Afri-
2 can Growth and Opportunity Act (19 U.S.C.
3 3721(g)) is amended by striking “September 30,
4 2025” and inserting “September 30, 2041”.

5 (2) EXTENSION OF REGIONAL APPAREL ARTI-
6 CLE PROGRAM.—Section 112(b)(3)(A) of the African
7 Growth and Opportunity Act (19 U.S.C.
8 3721(b)(3)(A)) is amended—

9 (A) in clause (i), by striking “21 suc-
10 ceeding” and inserting “37 succeeding”; and

11 (B) in clause (ii)(II), by striking “Sep-
12 tember 30, 2025” and inserting “September 30,
13 2041”.

14 (3) EXTENSION OF THIRD-COUNTRY FABRIC
15 PROGRAM.—Section 112(c)(1) of the African Growth
16 and Opportunity Act (19 U.S.C. 3721(c)(1)) is
17 amended—

18 (A) in the paragraph heading, by striking
19 “SEPTEMBER 30, 2025” and inserting “SEP-
20 TEMBER 30, 2041”;

21 (B) in subparagraph (A), by striking “Sep-
22 tember 30, 2025” and inserting “September 30,
23 2041”; and

1 (C) in subparagraph (B)(ii), by striking
2 “September 30, 2025” and inserting “Sep-
3 tember 30, 2041”.

4 (c) REPORTING REQUIREMENT.—Section 110(c) of
5 the Trade Preferences Extension Act of 2015 (Public Law
6 114–27; 19 U.S.C. 3705 note) is amended by striking
7 “September 30, 2025” and inserting “September 30,
8 2041”.

9 **SEC. 3. SUPPORT FOR REGIONAL SUPPLY CHAINS IN AFRI-**

10 **CA.**

11 (a) TRADE ACT OF 1974.—Section 506A of the
12 Trade Act of 1974 (19 U.S.C. 2466a) is amended—

13 (1) in subsection (a), by adding at the end the
14 following:

15 “(4) ELIGIBLE AfCFTA COUNTRIES.—The
16 President is authorized to designate a country as an
17 eligible AfCFTA country if—

18 “(A) that country has signed and ratified
19 the African Continental Free Trade Agreement;
20 and

21 “(B) the President determines that the
22 country meets the eligibility requirements set
23 forth in section 104 of the African Growth and
24 Opportunity Act (19 U.S.C. 3703).”;

1 (2) in subsection (b)(2), by striking “former
2 beneficiary sub-Saharan African countries” each
3 place it appears and inserting “eligible AfCFTA
4 countries”; and

5 (3) in subsection (e), by striking paragraph (2)
6 and inserting the following:

7 “(2) the term ‘eligible AfCFTA country’ means
8 a country that the President has determined is eligi-
9 ble under subsection (a)(4) of this section.”.

10 (b) AFRICAN GROWTH AND OPPORTUNITY ACT.—
11 Section 112 of the African Growth and Opportunity Act
12 (19 U.S.C. 3721) is amended—

13 (1) in subsection (a), by striking “section
14 506A(c)” and inserting “section 506A(f)”; and

15 (2) in subsection (f)—

16 (A) in paragraph (2), by striking “section
17 506A(c)” and inserting “section 506A(f)”; and

18 (B) by striking paragraph (4) and insert-
19 ing the following:

20 “(4) ELIGIBLE AFCFTA COUNTRY.—The term
21 ‘eligible AfCFTA country’ means a country that the
22 President has determined is eligible under section
23 506A(a)(4) of the Trade Act of 1974.”; and

1 (3) by striking “former beneficiary sub-Saharan
2 African countries” each place it appears and insert-
3 ing “eligible AfCFTA countries”.

4 **SEC. 4. GRADUATION OF BENEFICIARY SUB-SAHARAN AFRI-**
5 **CAN COUNTRIES.**

6 (a) IN GENERAL.—Section 506A of the Trade Act
7 of 1974 (19 U.S.C. 2466a) is amended—

8 (1) by redesignating subsections (d) and (e) as
9 subsections (e) and (f), respectively; and

10 (2) by inserting after subsection (c) the fol-
11 lowing new subsection:

12 “(d) MANDATORY GRADUATION OF BENEFICIARY
13 SUB-SAHARAN AFRICAN COUNTRIES.—If the President
14 determines that a beneficiary sub-Saharan African coun-
15 try has been classified, under the official statistics of the
16 International Bank for Reconstruction and Development,
17 as a ‘high income’ country for a period of 5 consecutive
18 years, then the President shall terminate the designation
19 of such country as a beneficiary sub-Saharan African
20 country for purposes of this section and as a beneficiary
21 developing country for purposes of this title, effective on
22 January 1 of the second year following the year in which
23 such determination is made.”.

24 (b) CONFORMING AMENDMENTS.—Title V of the
25 Trade Act of 1974 (19 U.S.C. 2461 et seq.) is amended—

1 (1) in section 502(e), by striking “If the Presi-
2 dent” and inserting “Except as provided by section
3 506A(d), if the President”;

4 (2) in section 506A(a)(1)(B)—

5 (A) by striking “subsections (a), (d), and
6 (e)” and inserting “subsections (a) and (d)”;
7 and

8 (B) by inserting “(other than subsection
9 (e) of that section)” after “in section 502”; and

10 (3) in section 506B (19 U.S.C. 2466b), by
11 striking “section 506A(c)” and inserting “section
12 506A(f)”.

13 **SEC. 5. REVIEWS OF ELIGIBILITY.**

14 (a) TRIENNIAL REVIEWS.—Section 506A(a)(2) of the
15 Trade Act of 1974 (19 U.S.C. 2466a(a)(2)) is amended
16 to read as follows:

17 “(2) MONITORING AND REVIEW OF CERTAIN
18 COUNTRIES.—

19 “(A) IN GENERAL.—The President shall,
20 not less frequently than once every 3 years,
21 monitor, review, and report to Congress on—

22 “(i) the progress of each country list-
23 ed in section 107 of the African Growth
24 and Opportunity Act (19 U.S.C. 3706) in
25 meeting the requirements described in

1 paragraph (1) in order to determine the
2 current or potential eligibility of the coun-
3 try to be designated as a beneficiary sub-
4 Saharan African country for purposes of
5 this section; and

6 “(ii) the progress of each country that
7 has signed and ratified the African Conti-
8 nental Free Trade Agreement in meeting
9 the requirements described in paragraph
10 (4) in order to determine the current or
11 potential eligibility of the country to be
12 designated as an eligible AfCFTA country
13 for purposes of this section.

14 “(B) REPORTING.—The President’s deter-
15 minations, and explanations of such determina-
16 tions, with analysis of the eligibility require-
17 ments described in paragraphs (1)(A) and
18 (4)(B), shall be included in the report required
19 by section 106 of the African Growth and Op-
20 portunity Act (19 U.S.C. 3705).”.

21 (b) MANDATORY OUT-OF-CYCLE REVIEW OF ELIGI-
22 BILITY OF SOUTH AFRICA.—Section 506A(d)(4)(E) of the
23 Trade Act of 1974 (19 U.S.C. 2466a(d)(4)(E)) is amend-
24 ed to read as follows:

1 “(E) INITIATION OF OUT-OF-CYCLE RE-
2 VIEW OF SOUTH AFRICA.— The President shall
3 initiate an out-of-cycle review under subpara-
4 graph (A) with respect to South Africa not
5 later than 30 days after the date of the enact-
6 ment of the AGOA Renewal Act of 2023.”.

7 **SEC. 6. REPEAL OF OUTDATED TEXTILE VISA REQUIRE-**
8 **MENTS.**

9 The African Growth and Opportunity Act (19 U.S.C.
10 3701 et seq.) is amended—

11 (1) in section 112 (19 U.S.C. 3721)—

12 (A) by striking subsection (d); and

13 (B) by redesignating subsections (e), (f),
14 and (g) as subsections (d), (e), and (f), respec-
15 tively; and

16 (2) in section 113 (19 U.S.C. 3722)—

17 (A) in subsection (a)(1)—

18 (i) in subparagraph (A), by striking
19 “an effective visa system, domestic laws,”
20 and inserting “domestic laws”;

21 (ii) in subparagraph (D), by striking
22 the semicolon and inserting “; and”;

23 (iii) in subparagraph (E), by striking
24 “; and” and inserting a period; and

25 (iv) by striking subparagraph (F);

1 (B) in subsection (b)(5), by striking “the
2 effectiveness of the visa systems and”; and

3 (C) in subsection (c)(1)(A), by striking
4 “visa systems, legislation,” and inserting “legis-
5 lation”.

6 **SEC. 7. MODIFICATION OF PRODUCTION VERIFICATION**

7 **TEAM VISITS.**

8 Section 113(c)(2) of the African Growth and Oppor-
9 tunity Act (19 U.S.C. 3722(c)(2)) is amended to read as
10 follows:

11 “(2) send production verification teams to bene-
12 ficiary sub-Saharan African countries as necessary
13 to verify compliance with this section; and”.