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The Right Future for the Africa Growth and Opportunity Act

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KEY TAKEAWAYS

Set to expire on September 30, 2025, reauthorizing AGOA is Congress' most important legislative action for the African continent.

The trade preference program spurs economic growth through commercial diplomacy, but its usage has proven uneven and has underperformed expectations.

A revised AGOA must adapt to Africa's own continental trade program, include new industries, further counter China, and reconcile eligibility questions.

The Africa Growth and Opportunity Act (AGOA) is set to expire on September 30, 2025, marking a decision point to extend, revise, or outright eliminate the program. For more than 20 years, AGOA stood as the U.S. government's bridge between U.S. assistance and bilateral trade, and, for some countries, AGOA has brought stable economic growth and access to the U.S. economy.

However, the program is not without its challenges. Given issues of eligibility, participation, and protections, serious attention is required before the program is renewed for another decade or more. Any reauthorization will require important adjustments to ensure that AGOA is effectively leveraged as a tool for two-way commercial engagement *and* for support of broader U.S. national and economic security goals.

What Is AGOA?

Signed into law on May 18, 2000,[1] AGOA established trade preferences for sub-Saharan African states to turn development assistance and trade capacity-building activities into true commercial relationships. The legislation allows free trade between eligible sub-Saharan countries and the U.S., promoting foreign direct investment and market access to energize sub-Saharan production and, ultimately, foster stronger bilateral ties between the U.S. and individual African countries. The Trade Preferences Extension Act (TPEA) of 2015[2] extended AGOA for 10 years through June 2025.

As of March 2024, 32 sub-Saharan countries are eligible[3] for AGOA benefits. To qualify for the program, countries must meet criteria set forth in U.S. code, including country requirements to establish or make progress toward a market-based economy, strengthen rule of law and due process, refrain from violating internationally recognized human rights, protect workers' rights, combat corruption, and eliminate barriers to U.S. trade and investment. Significantly, to maintain eligibility, countries must not undermine U.S. national security or foreign policy goals.[4] Eligibility enforcement has varied by both African state and by U.S. Administration.

More than 1,800 products[5] receive the tariff-free benefit, and categories range from energy to agricultural products to textiles to manufactured components and vehicles. According to the U.S. Census' most recent data, in 2021 the top five country exporters under AGOA were South Africa, Nigeria, Kenya, Ghana, and Angola.[6]

AGOA's Role

Two-way trade activity between the U.S. and Africa has continued to increase since the COVID-19 pandemic, with $47.4 billion total in goods for 2023,[7] a more than 20 percent increase from $36.7 billion in 2019. The growing trade relationship reflects Prosper Africa's[8] work as well as supply-chain shifts in areas like mineral fuels, vehicles, and apparel. According to the U.S. International Trade Commission, in 2023, the U.S. imported $9.6 billion in preference-eligible goods.[9] That same year, Nigeria led total AGOA imports into the U.S. with $3.7 billion, followed by South Africa, Kenya, Ghana, and Madagascar.

Since its inception, the program has fostered a stronger business environment for U.S. interests throughout the African continent. Better working relationships between U.S. investors and customers and African production normalizes Western business practices and expectations, introduces standards, laws, and protections, and demonstrates the value of free and fair markets. The legislation provides U.S. commerce predictability for future supply-chain planning which, should the U.S. hope to significantly diversify its supply chains from China, needs a reliable and consistent alternative.

AGOA's importance expands beyond the commercial sphere. China's position on the continent is reinforced by an active trade and investment presence that outpaces U.S. commercial engagement. This relationship underpins further Chinese–African cooperation on foreign policy and security objectives, creating an influence capable of undermining U.S. interests throughout Africa and in the community of multilateral organizations, such as the United Nations or World Bank. AGOA will not remedy these issues alone, but it presents a point of engagement for securing bilateral relationships with a direct, positive impact on the African peoples.

Meeting Today's Market Requires Resolving Issues

AGOA's 2015 extension has shortcomings in meeting the challenges of today as well as in preparing for those of tomorrow and exposes issues for the reauthorization process to address.

Uneven Performance. Trade data suggest that AGOA underperforms its potential. Of the $29.2 billion in imports in 2023,[10] 33 percent[11] was due to AGOA's trade preference, with the five top countries accounting for 88 percent of all AGOA activity. Eight countries had utilization rates greater than 50 percent in 2023,[12] including Senegal, Malawi, and Lesotho; during the same year, 16 countries had utilization rates below 5 percent and 20 countries exported less than $10 million through the program.[13] This issue is exacerbated by the fact that only 16 eligible countries[14] have a national AGOA strategy, where such strategies have proven helpful in increasing utilization.

A Reward for Bad Actors. Eligibility remains for some beneficiary countries despite their adverse actions to U.S. interests. The present debate to revoke or reduce South Africa's eligibility is today's greatest example; the country is a top AGOA beneficiary with more than $3.5 billion in exports and the U.S.'s largest two-way trade partner in sub-Saharan Africa, yet Pretoria continues to undermine U.S. goals without consequences, including hosting joint military exercises with U.S. adversaries and accusing Israel of committing genocide. Elsewhere, AGOA benefits remain in place for countries advocating anti-American ideals, finding the White House slow to penalize bad actors for poor governance or after government coups.

The African Continental Free Trade Area (AfCFTA): Opportunities and Complications. On May 30, 2019, the AfCFTA was approved by 55 countries and eight regional economic communities[15] to create the world's largest continental duty-free zone. Once fully operational, the AfCTFA should offer new options to U.S. consumers looking to diversify from Chinese suppliers. But it will require a revised AGOA to assist supply-chain pivots with guidance and guardrails as the pan-African agreement takes form. Continental integration will create better sourcing opportunities, but as it presently exists, AGOA has no mechanism to prevent an ineligible country from indirectly benefiting from the preference status of another eligible country as part of a larger value chain.

Recommendations for Congress

AGOA enjoys a good, though occasionally underappreciated, reputation with both U.S. and African stakeholders. But its reauthorization should not simply maintain a foreign assistance program; it should instead be purposefully leveraged to create recognizable and appreciated outcomes spanning African growth *and* American national and economic security interests. To bolster AGOA's advantage to U.S. and African interests, Congress should:

Reauthorize AGOA with stronger eligibility criteria to advance U.S. goals. Any reauthorization must evolve its expectations for participating countries. Moving beyond development assistance, AGOA can be a valuable mechanism to advance national and economic security and foreign policy goals—*if* eligibility requirements are updated to reflect these aims accordingly. Furthermore, requiring tailored benchmarks for each country to remain eligible, akin to the Millennium Challenge Corporation's development compacts, would add greater accountability. Stronger language on actions that are contrary to U.S. national security interests should be explicitly specified, as well, to set clear expectations and consequences.

Require national strategies. It is in America's best interest to have strong overseas sourcing options, and planning for economic development is a best practice to foster better performance. Congress should require national-use strategies for all beneficiaries, and these beneficiary countries should develop national strategies in cooperation with U.S. country teams pulling together expertise from the office of the U.S. Trade Representative; the Departments of the Treasury, Commerce, and State; and the U.S. Agency for International Development to identify synergy between country industry strengths and U.S. economic goals. A "no strategy, no preference" stance would ensure intentional participation.

Review the review process. AGOA country reviews are conducted for all countries each year, an intensive evaluation undertaken by a limited U.S. Foreign Service staff. The consistent annual review is unquestionably necessary for some countries, but for consistent good partners, less so. Conversely, countries working at cross-purposes to U.S. interests require immediate scrutiny through additional, out-of-cycle reviews. These unscheduled reviews do not automatically revoke eligibility but would help to hold adverse behavior accountable and serve as a deterrent.

Given that this preference is a benefit from the American people, Congress should join the White House in its authority to initiate an out-of-cycle review. Going forward, a compromise could award long-standing compliant countries with two-year or three-year reviews, freeing embassy staff to meet demands for urgent eligibility reviews initiated by the White House *and* congressional leadership.

Implement foreign entity of concern (FEOC) guidelines. There is a challenge in supporting the growth of critical industries where diversification from Chinese supply chains is crucial, without inadvertently *rewarding* Chinese investment on the continent, an issue complicated further still by the AfCFTA. To fortify American supply-chain security while preventing malign investment from taking advantage of the trade preference, the U.S. should evaluate establishing FEOC guidelines for select goods. Such guidelines could focus on sensitive areas like metals and minerals, and limit Chinese investment, ban board and political party participation, and enact other safeguards. This is not without precedent, as the U.S. Departments of the Treasury and Energy are confirming similar rules for battery metals and materials imports.[16]

Equip AGOA with a graduation process. A revised AGOA should offer a platform for further joint economic cooperation beyond the program's parameters. For example, Kenya's performance and commitment to economic and social reforms led to advanced free trade agreement discussions with the Trump Administration,[17] creating a precedent for other countries to explore similar talks. A structured "graduation" might offer incentives to motivate closer commercial ties, such as expanded category eligibility, a preferred review status, or triggered dialogues for formal trade agreements.

Conclusion

AGOA is a special tool for the U.S., one that, despite inconsistent participation, meets its goals when properly used and remains a core component to expanding free-market principles and fostering economic ties with Africa.

With strategic changes, AGOA should be reauthorized: not as another development assistance program but as a platform that affords clear, two-way advantages to accomplish shared supply-chain resilience, economic growth, and foreign policy objectives.

These strategic changes must include strengthening eligibility criteria and accommodating critical supply chains to diversify away from malign trade partners elsewhere in the world. Other questions that need to be addressed focus on flexibility for re-occurring and out-of-cycle reviews, preparation for AfCFTA implementation, and stronger buy-in by African states in cooperation with U.S. agencies.

Failing to revise AGOA or its expiration cedes ground in the larger competition for economic and diplomatic cooperation across the world's fastest-growing continent. With key revisions, the U.S. can maintain a practical entry point to meaningful commercial partnership throughout Africa. For this reason, it is imperative that Congress meet the September 2025 deadline with a program that works not only for African countries, but also for the United States.

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Endnotes

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