<u>Summary of Bipartisan Legislation to Address Africa Preferences, CAFTA-DR Technical Textile Changes, and Burma Sanctions</u>

Identical bipartisan legislation was introduced in the House (H.R. 5986) and Senate (S. 3326) to:

(1) Extend the African Growth Opportunity Act (AGOA) third-country fabric provisions through 2015 and add South Sudan as an eligible beneficiary country under AGOA;
(2) Implement non-controversial technical corrections and modifications to the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) textile and apparel rules of origin provisions; and
(3) Renew Presidential authority to apply import sanctions against Burma.

African Growth and Opportunity Act

Since its enactment in 2000, AGOA has helped countries develop and diversify their exports, and most importantly, it supports jobs in Africa and the United States.

Third-Country Fabric: Under a special provision of AGOA, eligible textile and apparel products can be made using third-country fabric as an input. This provision will expire in September 2012, and already orders have begun to slow and factories have begun to lay off workers. The legislation extends the AGOA third-country fabric provisions through the current authorization of the AGOA program (September 2015).

South Sudan Eligibility: The legislation adds the Republic of South Sudan to the list of eligible beneficiaries under AGOA, ensuring that the Administration is able to extend the important benefits of this program to the new state of South Sudan if it meets the AGOA eligibility criteria.

Dominican Republic-Central America-United States Free Trade Agreement

The United States signed CAFTA-DR in 2004, and it entered into force for the United States in 2006. As part of the agreement, certain textile and apparel products were granted duty-free access to the U.S. market provided they met certain rules of origin. In February 2011, the CAFTA-DR trade ministers agreed to make several non-controversial technical corrections and modifications to the rules of origin for these products under CAFTA-DR. All CAFTA-DR countries except the United States have already approved the changes this legislation implements.

Burma Sanctions

In 2003, Congress passed the Burmese Freedom and Democracy Act, which among other things imposed an import ban on products of Burma. While other provisions of the Act apply indefinitely, the import ban required annual renewal for a maximum of three years. Since then, the import ban has been reauthorized twice (in 2006 and 2009), and renewed annually. While there have been encouraging developments in Burma, additional and significant political and economic reforms in Burma are required to meet all of the benchmarks and goals set out in the 2003 Act. As a result, the legislation extends the 2003 Act's import ban for an additional three years, and effectuates the annual renewal of the sanctions.