

Pakistan-Afghanistan Economic Development Act **Senators Van Hollen, Young, and Cantwell**

Summary

As the U.S. withdraws its troops from Afghanistan, it is imperative that we use all the tools at our disposal to facilitate peaceful reconciliation and a durable political settlement between all parties. The Pakistan-Afghanistan Economic Development Act would serve as an important instrument to support that outcome. The bill would establish Reconstruction Opportunity Zones (ROZs) in Afghanistan and Pakistan's border regions to allow certain products from these areas to enter the U.S. duty-free. This will generate greater economic opportunity for the people in these war-torn areas and lay the groundwork for a more stable region.

Trade and Diplomatic Objectives

- Fostering trade with the Afghanistan-Pakistan border region will help bolster economic development and improve the livelihoods of local populations.
- Such efforts further U.S. diplomatic objectives in the region by contributing to political stability and addressing the root causes of violent extremism.
- Expanding trade with Pakistan will strengthen ties with a key strategic partner and enhance economic development in a region important to U.S. interests.

Bill Details

Eligibility Criteria: In order for an area to be designated as a ROZ, Pakistan and Afghanistan must fulfill a number of conditions:

- Economic reforms: market-based economy; anti-corruption measures; eliminating barriers to U.S. trade and investment; and increasing availability of health care and educational opportunities.
- National security: no activities that harm U.S. national security interests or support for international terrorism.
- Human and labor rights: elimination of human rights abuses and protection of core labor standards.

Duty-Free Treatment: The President will determine which products, from a specified list of textile and apparel goods, will be eligible for duty-free treatment. These products represent a range of goods commonly imported to the U.S. from Pakistan and Afghanistan.

Protections Against Unlawful Transshipment: The President must determine that Pakistan and Afghanistan have adopted laws to prevent unlawful transshipment and allow U.S. Customs and Border Protection (CBP) access to investigate allegations of unlawful transshipment. Violating transshipment rules will result in a 5-year denial of duty-free shipment for articles of the violator.

Worker Protections: The bill lays out a program and reporting requirements for technical assistance and capacity building, focusing on providing labor protections to workers in ROZs. It also requires Pakistan and Afghanistan to designate a labor official to monitor compliance and labor standards of registered textile firms.

Termination Authority: The President has the authority to withdraw, suspend, or limit the application of the ROZs if conditions on the ground do not support U.S. national interests.