



that figure is falling as local farmers switch to sugar, sesame, and other more lucrative cash crops.

Ethnic tensions disrupted factory operations further. When Abiy Ahmed took over as Prime Minister in 2018, his reforms – which aimed to create a more ethnically inclusive government – unsettled the ruling coalition and opened a political space for ethnic tensions to resurface. For instance, in Hawassa, a group of the Sidama people – who are the majority ethnic group in the Hawassa state – pushed for independence in 2019.

The political uncertainty due to ethnic tensions translates into economic uncertainty for investors.

In Hawassa, security concerns emerged for local workers and foreign staff. Night shifts had to be cancelled so that workers could get home safely before nightfall. Political demonstrations at the park's fence and within the park disrupted production. Sidama people also mobilised within factories and demanded more jobs for their people resulting in short strikes and occasional park-wide closings.

Such disruptions are a wild card beyond the control of investors, which may set back further investments.

By a thread

When the COVID-19 pandemic broke out in early 2020, the sector was hanging by a thread. In June 2020, the International Labour Organisation published a report, which described reduced orders and a situation for workers even more perilous than before.

By the end of 2020, many of the over 60,000 garment workers in Ethiopia had lost their jobs or were too afraid to return to work, fearing they would catch the coronavirus.

The current ethnic conflict could be the straw that breaks the camel's back. For instance, the industrial park in Mekelle built for 20,000 workers and with an occupancy in 2020 of around 3,500 workers is currently closed. The current internet and phone blackout in the Tigray region

now also makes any communication between buyers and the factories impossible.

A worsening human rights situation creates reputational and operational risks for investors and buyers. It increases uncertainty over the ability to complete orders and ship them on time. It also increases security risks for staff and workers. This may all cause long-lasting damage to investor confidence and the opportunity for sustainable economic development.

What must change

To assure investors, buyers, and international stakeholders, Prime Minister Abiy Ahmed needs to end the blackout in the Tigray region, better protect journalists and civilians, and allow for independent human rights monitors to assess conditions.

At this critical moment, clothing companies and manufacturers invested in Ethiopia need to double down on their commitments to business in Ethiopia. This means they need to stay in the country and speak up to support human rights.

Once ethnic tensions are defused, more work will still need to be done by both the government and foreign manufacturers to strengthen the sector. This includes developing a domestic supply chain and establishing a minimum wage that ensures decent living conditions for workers.

But first, the future of the industry must be secured.

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