Ethiopia has long been considered one of Africa s economic wunderkinds. Until recently, it had relative political stability in comparison to other countries on the continent. And, with an average GDP growth rate of 10% in the past decade and a government that instituted policies friendly to foreign investors, the country was able to attract South and East Asian clothing manufacturers. These sell to international brands, such as Decathlon and H&M.

But, for the past two months, violent conflict in Ethiopia's northern Tigray region fuelled by ethnic power politics has threatened the country s stability. According to the International Crisis Group, the violence has likely killed thousands of people, including many civilians, displaced more than a million people internally, and led some 50,000 to flee to Sudan.

The scale of the conflict could scare off foreign investment in the country s garment industry. This sector is hugely important to Ethiopia, which aimed to propel its agricultural economy toward a more prosperous future built on providing clothing to consumers in the West.

While the Ethiopian textile and garment industry is still small   its export share is not more than 10% of total exports, and its products only represent 0.6% of total GDP   the sector was expected to grow by around 40% a year in the next few years.

In March 2019, I assessed Ethiopia s garment industry alongside two colleagues from the New York University s Stern Center for Business and Human Rights. We wanted to see whether Ethiopia   as the new frontier of garment manufacturing   had learnt from mistakes in other sourcing countries. We analysed the industry s prospects and the working conditions with a close look at the flagship Hawassa Industrial Park. This is a vast and still only partly filled facility, which currently employs 25,000 workers about 225km south of the capital of Addis Ababa.

What we found was sobering.

Manufacturers told us about the many challenges of doing business in Ethiopia. These included bureaucratic and logistical hurdles and the problems that come with an unskilled workforce that had no prior experience of working in an industrial setting.

Workers reported that they could barely survive with their base monthly wage as low as US$26. The government s eagerness to attract foreign investment led it to promote the lowest base wage in any garment-producing country.

In addition to this already-strained business context, the report we published points to what we saw as the greatest challenge of all: ethnic tensions.

In Hawassa, ethnic tension erupted in July 2019 and caused disruptions to the industrial park. The new conflict in Ethiopia's Tigray region could be the tipping point for foreign investors in the garment industry. Manufacturers had told us that further political instability in the country could jeopardise all future business.

The collapse of this sector would be disastrous. Tens of thousands of people would lose their jobs and the investments made in this enterprise wasted. In addition, foreign investors and the Ethiopian government need to understand that its collapse could have a symbolic knock-on effect in the region   Ethiopia s garment sector is often seen as a pioneering experiment proving that structural transformation in Africa is possible.

Unmet promises

Garment manufacturers were already struggling to do business. We found that workers, unhappy with their working conditions and pay, were increasingly willing to protest by stopping work or even quitting. Attrition was high, and production was low.

There are also problems with raw materials, almost all of which need to be imported into Ethiopia from India or China. The government advertised the availability of more than 3 million hectares for cash crops, including cotton cultivation in 2010. In fact, only about 60,000 hectares were being used by 2019 to grow cotton, and

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