

June 23<sup>rd</sup> 2022,  
Hawassa , Ethiopia

William Shpiece,  
Chair of the Trade Policy Staff Committee,  
Office of the United States Trade Representative.

**Docket Number USTR-2022-0004**

**Subject: Hawassa Industrial Park Investors Association's written comment on the eligibility of Ethiopia to receive the benefits of AGOA- ( Reinstatement of AGOA benefit to Ethiopia )**

Dear Mr. Shpiece,

Thank you for giving us the opportunity to submit our comment regarding the reinstatement of AGOA to Ethiopia in 2023. On behalf of the Hawassa Industrial Park manufacturers, please see below our comments.

**About Hawassa Industrial Park Investors Association (HIP IA)**

The Hawassa Industrial Park Investors Association was found in 2016 by the manufacturers who first joined the Hawassa Industrial Park (HIP), the largest plug and play industrial park in Ethiopia dedicated to the garment and textile manufacturing sector. The main objective of the association is to work towards enhancing HIP so that it is aligned with international labor and environmental compliance standard and to foster the development and competitiveness of the garment and textile manufacturing sector in Ethiopia by working with regulatory bodies and industry stakeholders.

Today, HIP IA has 22 member investors in the park working in garment and textile manufacturing sector most of which are exporting to the US and the association continues to work actively to represent the voice of the investors in various areas. With major buyers as well as governmental and non-governmental partners, we have been working collectively to sustain the growth of the garment and textile manufacturing sector in policy advocacy areas, providing labor sourcing and training solutions, intervening on various workers' wellness programs and security and health related risk mitigations and the like.

**How AGOA attracted long term quality investment to Ethiopia and HIP**

Back in 2014, PVH invited major garment and textile manufacturers around the world to visit some East African countries. The objective of the mission was to explore the potential those African countries have in becoming the future garment and textile manufacturing hub. The tour resulted in convincing world class manufacturers from India, Sri Lanka, China, Indonesia ,Taiwan, France etc to invest in Hawassa Industrial Park, a newly constructed ecofriendly industrial park 250KM South of Addis Ababa.

Tough encouraged by the governments professionalism and readiness to support the sector, HIP investors and major American buyers understood from the beginning that investing in Ethiopia was a long term commitment. In order to bring Ethiopia's competitiveness to a level that is acceptable, time and money had to be invested to train the workforce that is new to the industry and to improve the legal and physical infrastructure by working with government and non-government partners.

Clearly, the extension of the AGOA scheme for additional 10 years at the time was the main motivator for attracting and retaining quality investment with such a long-term vision. AGOA has helped Ethiopia to be in the radar of major American buyers and international manufacturers by compensating for the consequential initial investment.

**The positive impacts of AGOA**

- Hawassa Industrial Park is a showcase to the benefit of a great initiatives such as AGOA in alleviating poverty while creating an industrial culture and decent jobs to the most vulnerable population of the nation. Within less than 2 years of going operational, only HIP was able to create more than 30,000 direct employment of which 85% are women. No other sector in Ethiopia was capable of generating new employment in such a short time!
- The employment opportunity has given access to the most vulnerable women to gain financial independence saving most of them from early and (mostly arranged) marriage and motherhood. The positive impact of higher wages and professional growth, thanks to improvement of workers efficiency through training and experience, is noticeable on workers' health, physical appearance and aspirations. A survey conducted by HIP IA in April 2022 shows that more than 50% of employees in HIP attend part time classes mostly in private colleges
- Considerable number of indirect employment opportunities have been created following the development of the HIP. The 40,000 meals provided to workers free of charge every day is supplied by small local businesses. The increased spending of local and expatriate HIP workers as well as HIP related business travelers in Hawassa city contributes to better revenue for small and medium size business such as hotels, local taxis restaurants, consulting firms, private colleges etc..

- The quality investment in HIP has attracted many noble initiatives that will have a long term positive impact on HIP workers and the community. To mention some of the initiatives in partnership with HIP investors , buyers and non-governmental and governmental organizations :
  - Through partnership with PVH, GIZ (a German Development organization) and HIPIA ; we have managed to strengthen the education-industry linkage by introducing internship and externship programs in TVET schools and Universities. Over 1,000 TVET students and University graduates had access to internship and training in one year.
  - The Children’s Place has partnered with Plan International to establish a day care center that is currently giving free service to 50 mothers working in the park. This number is expected to grow to 150 in less than a year time.
  - The welcome center established by plan international inside HIP is providing vital information to new employees mostly arriving from semi-rural areas about city life, and provides them telephone airtime so they can call their family whenever they miss them at the beginning.
  - We have worked with the HIP investors and partners such as GIZ, UKAID, USAID, ILO and governmental organizations to successfully prevent cholera outbreak. We have been working on a massive COVID-19 prevention and vaccination campaigns. 47% of the workforce in the park are fully vaccinated- considerably higher than Ethiopia’s total vaccination coverage estimated to be 13.5%.

**In conclusion:**

The apparel industry in Ethiopia has experienced a tremendous improvement in competitiveness in the past years. However, factors such as security threats related to socio-political movements in the past 5 years to some extent; and the COVID-19 pandemic at large, have slowed down the trajectory of growth of the industry. The unfortunate withdrawal of Ethiopia’s eligibility to AGOA since January 2022 following the conflict in the Northern part of Ethiopia, has been a big blow to many manufacturers who were already weakened by the above mentioned challenges.

Many had to review their expansion plans in HIP following the announcement. In fact, the number of employment has reduced from an average of 30,000 in 2021, to 26,000 today. Based on our estimation, the number of employment will shrink to reach as low as 19,000 by end of this year and may worsen by 2023 if AGOA is not reinstated. The reinstatement of AGOA will be the key factor to retain the achievements made so far and to sustain Ethiopia’s apparel exporting sector so that manufacturers in Ethiopia will continue to supply apparel items to the American market at an accessible price.

In the last 10 months, HIP IA has been engaging in dialogue with the Ethiopian government to reiterate that all efforts must be exerted so that the eligibility criteria are met as soon as possible in order to sustain the positive achievements made through AGOA.

We would like to draw your attention to the virtues and positive achievements made in the livelihoods of young women and their community thanks to the AGOA scheme – and to the potential benefit AGOA will bring to the American buyers and consumers by allowing access to Ethiopia's large workforce that has shown a tremendous capability to reach a high level of productivity in a comparatively short time.

We are really hopeful that the AGOA benefits will be reinstated to Ethiopia.

Thanking you in advance.

Hibret Lemma,



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Hawassa Industrial Park Investors Association

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