QUICK SCAN OF THE LINKAGES BETWEEN THE ETHIOPIAN GARMENT AND LEATHER INDUSTRY AND THE DUTCH MARKET

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SOMO

Mondiaal FNV

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1. INTRODUCTION

In 2016, Mondiaal FNV commissioned the Centre for Research on Multinational Corporations (SOMO) to do a quick scan of the Ethiopian garment industry. This was under the framework of a five-year strategic partnership between Mondiaal FNV, CNV Internationaal, Fair Wear Foundation and the Dutch Ministry of Foreign Affairs (2016-2020).

In its report, SOMO identified the international brands and retailers that were sourcing garments from Ethiopia at the time and the linkages between the Ethiopian garment industry and the Dutch market. The conclusions of this quick scan were as follows:

> "Although Ethiopia is seen by global brands and retailers as an ideal country for manufacturing and/or production mainly due to the large and cheap workforce, the initial interest has not yet led to the expected increase in production. There are still multiple challenges, such as the low productivity and quality, unrests related to land issues, and issues such as government bureaucracy. Despite these challenges, several brands have started producing in Ethiopia, with H&M and PVH as the largest international brands active in Ethiopia. Ethiopia is mostly producing basic products such as T-shirts. Most of Ethiopia's garment exports are destined for Germany, while other European countries receive small quantities. The United States also receive a portion of the exports. Garments from Ethiopia can hardly be found in The Netherlands, as the export figures show."

The quick scan report was published in 2018: *Quick scan of the linkages between the Ethiopian garment industry and the Dutch market.*[1]

In 2019, Mondiaal FNV commissioned SOMO to carry out a follow-up study to gather updated information about the Ethiopian leather, footwear, and textile and garment industries. For this research, SOMO collected facts and figures on production facilities, export revenues, workforce, production volumes and export markets. In addition, SOMO tried to identify which international brands and retailers are currently sourcing textiles, garments and leather products from Ethiopia. The research also focused on the linkages with the Dutch market.

[1]Esther de Haan & Martje Theuws, "Quick scan of the linkages between the Ethiopian garment industry and the Dutch market", SOMO and Mondiaal FNV (2018), <https://www.somo.nl/wp-content/uploads/2018/01/Quick-scan-Ethiopian-Garment-industry.pdf>, accessed 9 October 2019.

2. METHODOLOGY

2.1 RESEARCH QUESTIONS

The mapping aimed to answer the following research questions:

1. What kinds of products are produced in the Ethiopian leather, footwear, and textile and garment industries?
2. How large are the leather, footwear, and textile and garment industries in terms of number of companies and workforce?
3. What type of production facilities are found (e.g. locally owned vs. foreign owned, vertically integrated or standalone facilities, etc.)
4. What percentage of these products are exported and what are the major export destinations? What percentage of goods is produced for the local market?
5. Which international brands and retailers are sourcing garments from Ethiopia?
6. Which brands and retailers sell Ethiopian-made garments in the Netherlands?

2.2 RESEARCH METHODS

Information for this report was primarily collected through desk research methods; notably through supply chain research and literature research. Information about supply chain linkages between Ethiopian manufacturers and their international customers was gathered by consulting:

- supplier lists published by brands and retailers individually;
- supplier lists uploaded in the Open Apparel Registry (OAR);
- websites of certification initiatives, improvement initiatives and multi-stakeholder initiatives including the Dutch Agreement on Sustainable Garments and Textiles (CKT), the German Partnership for Sustainable Textiles (PST), Fair Wear Foundation (FWF), Ethical Trading Initiative (ETI) and the Fair Labor Association (FLA).

Last but not least, supply chain linkages were established by analysing shipment information extracted from the Panjiva database.[2]

To gather information about the Ethiopian leather, textile, footwear and garment industries, SOMO consulted various sources, including the UN Food and Agricultural Organization (FAO), Ethiopian government sources, Ethiopian industry associations, media articles and reports by civil society organisations. Export figures presented in the report come from the UN Comtrade database.[3] Note that data for 2017 and 2018 are not yet available in this database. Data in Panjiva are based on the UN Comtrade Database.

The information from the desk research was complemented with information gathered through a number of interviews and email exchanges. SOMO reached out by email to a selection of brands, retailers, improvement initiatives and civil society organisations explaining the research at hand and requesting an interview focusing on a number of given questions. In case the addressed respondents were not able to give the requested interview, SOMO asked them to respond to the short questionnaire in writing.

The questions asked:

- What products are you currently producing in Ethiopia?
- What are the reasons for your company to have products manufactured in Ethiopia?
- What are the advantages of producing in Ethiopia? What are the challenges?
- What are your company's plans with regard to production in Ethiopia – is it likely that your company will expand its production in the near future – in terms of products, volumes and/or supplier base?

[2] Available via the Panjiva website, see <www.panjiva.com>.
[3] Available via the Comtrade website, see <https://comtrade.un.org>.

SOMO sent out emails to seven brands and retailers that are active on the Dutch market: C&A; H&M; Michael Kors; Primark; PVH; Schöffel and VF Corporation. In addition, SOMO contacted two improvement initiatives: the Dutch Agreement on Sustainable Garments and Textiles (CKT) and the German Partnership for Sustainable Textiles (PST), as well as one civil society organisation, Solidaridad.

According to information uploaded by CKT in the Open Apparel Registry (OAR), there are no CKT members currently sourcing in Ethiopia. Nevertheless, we thought it interesting to get feedback from the CKT secretariat. We asked, for instance, whether Ethiopia as a sourcing country had been topic of discussion within the CKT. Whether the CKT secretariat has specific suggestions of points of attention for members that want to start sourcing from Ethiopia. If the CKT secretariat is aware of member considering to start sourcing in Ethiopia.

SOMO also conducted telephone interviews with Mr. Pierre Börjesson, Country Manager for Ethiopia and Continental Representative for Africa at H&M until 2019; Mr. Georg Kaiser, Head of Procurement at Schöffel; and Mr. Stijn van Geel, Corporate Partnerships Manager at Solidaridad.

2.3 REVIEW

SOMO's standard quality control procedure for all research publications includes sending a draft version of the Quick Scan to companies and/or organisations mentioned in it for a factual review. In this case, the draft report was shared for review with the three interviewed organisations (H&M, Schöffel, Solidaridad). All three responded with helpful clarifications which are included in this final draft.

3. BACKGROUND: ETHIOPIAN INDUSTRIAL DEVELOPMENT

Against a backdrop of the ongoing search for cheap production locations, and pushed by rising labour costs in China and other Asian production countries, brands, retailers and manufacturers have taken an increasing interest in Ethiopia. The Ethiopian government is eager to welcome foreign brands and manufacturers. In order to attract foreign investment, the government offers a wide array of benefits, including the world's cheapest labour force.

Ethiopia's economy has traditionally relied on agriculture. The agricultural sector plays a central role in the life and livelihoods of most Ethiopians and exports almost entirely rely on agricultural commodities.[4] Coffee, oilseeds and flowers dominate Ethiopian exports.

The Ethiopian government has a mission to become a lower middle-income country by 2025. The government has set ambitious goals to diversify the country's economy, increase export revenues and create more jobs. In an effort to diversify the economy, the Ethiopian government has prioritised the textile and garment industry as a strategic sector. The government set ambitious targets for the industry in its *Growth and Transformation Plan (2010-2015),* which aimed to increase annual earnings from $160 million in 2007 to $1 billion by the end of 2015.[5]

However, in its second *Growth and Transformation Plan (2015-2020),* the Ethiopian government had to conclude that it had only reached 5.7 per cent of the planned target by the end of 2015.[6] New targets were set. By the end of 2020, the textile and garment industry would generate $779 million in export revenues and create jobs for 174,000 people.[7] By the end of 2020, the leather industry was set to generate export earnings of $797 million, with jobs created for 336,000 people.[8]

In order to achieve its objectives, the Ethiopian government is eager to attract foreign investment. It does this by:
- building new industrial parks
- offering financial incentives (tax- and duty free imports and exports and low interest financing)
- promoting the lowest base wage in the world (there is no minimum wage for private sector workers). A brochure from the Ethiopian Investment Commission explicitly mentions the availability of "cheap and skilled labor: 1/7 of China and ½ of Bangladesh".[9] Research by Worker Rights Consortium (WRC) and NYU Stern revealed that Ethiopian garment workers are indeed by far the lowest paid workers in the world. WRC reports hourly wages of between $0.12 and $0.24 ($25 to $50 a month). Workers earn an average of 18 cents per hour ($38 per month).

Favourable trade agreements with the European Union (EU) and the United States (US) add to an attractive sourcing climate. Duty-free access to the EU and US markets is guaranteed through the EU Everything but Arms initiative and the US African Growth and Opportunity Act (AGOA).

[4]FAO website, "FAO in Ethiopia – Ethiopia at a glance", no date, <http://www.fao.org/ethiopia/fao-in-ethiopia/ethiopia-at-a-glance/en/> (accessed on 25 July 2019).
[5]Federal Democratic Republic of Ethiopia, "Growth and Transformation Plan (2010/11-2014/15)", November 2010, retrieved from <http://extwprlegs1.fao.org/docs/pdf/eth144893.pdf>.
[6]Federal Democratic Republic of Ethiopia, "Growth and Transformation Plan II (2015/16-2019/20)", May 2016, retrieved from <https://europa.eu/capacity4dev/resilience_ethiopia/document/growth-and-transformation-plan-ii-gtp-ii-201516-201920>.
[7]Federal Democratic Republic of Ethiopia, "Growth and Transformation Plan II (2015/16-2019/20)", May 2016, retrieved from <https://europa.eu/capacity4dev/resilience_ethiopia/document/growth-and-transformation-plan-ii-gtp-ii-201516-201920>
[8]Ibid.
[9]Ethiopian Investment Commission, "Invest in Ethiopia: Emerging Manufacturing Hub of Africa," May 2016, <http://webcache.googleusercontent.com/search?q=cache:p_JBMxg3frgJ:www.comesaria.org/site/en/download.php%3Fid_doc%3D153+&cd=3&hl=en&ct=clnk&gl=nl&client=firefox-b-d>.

According to Mr. Börjesson, who was Country Manager for Ethiopia and Continental Representative for Africa at H&M until 2019, the Ethiopian government is an advocate of sustainable and fair economic development. This may not be so explicit in the Growth and Transformation Plans, but “these ideas and goals are available when H&M talks with government”.[10] Mr. Börjesson said “there is potential for Ethiopia’s textile industry to develop into a more sustainable market and get ahead of the global industry in regards to environmental practices and workers’ welfare. It remains to be seen if the government and industry will make necessary efforts to materialize progress and H&M can of course play a positive role in this collaborative work. He spoke hopefully about the prospect of the generation of 100 per cent renewable energy for the garment sector, “which fits very well with H&M policies in this domain”.[11]

In addition to these considerations, Mr. Börjesson also mentioned the huge labour force and the interesting geographical location of Ethiopia, with its relative proximity to European markets, as assets of the Ethiopian textile and garment industry.[12]

Because of the availability of cotton fields and spinning and weaving facilities, Ethiopia – in theory – has all the resources it needs to produce apparel items using home-grown cotton, thus adding value to the goods produced. This means that Ethiopia is better positioned than other low-wage garment producing countries such as Bangladesh and Myanmar that have to import all of the components of the clothing they produce. Factories in these countries generally have not progressed beyond cutting and sewing basic items. The garment industry in these countries has created many (low-paid) jobs but, other than employment generation, the industry adds little value to the country’s economy.

[10]Interview with Pierre Börjesson, H&M, 17 September 2019.
[11]Interview with Pierre Börjesson, H&M, 17 September 2019 and mail from H&M, 11 October 2019.
[12]Interview with Pierre Börjesson, H&M, 17 September 2019.

4. TEXTILES AND APPAREL

4.1 COTTON PRODUCTION

Cotton is one of the oldest cultivated crops in Ethiopia. Cotton is grown both in the irrigated lowlands and in warmer mid-altitudes under rain-fed smallholder farming. Around 70 per cent of the land used for cotton cultivation is owned by commercial farms. The remaining 30 per cent is owned by smallholders. In 2018, the cotton sector provided a livelihood for almost 500,000 households in Ethiopia.[13]

In an interview with SOMO,[14] Mr. Van Geel – Corporate Partnerships Manager at the civil society organisation Solidaridad – said that most commercial cotton farms are located in the dryer lowlands in the periphery of the country. These commercial farms rely on irrigation and pesticides. In comparison, smallholders grow rain-fed cotton and use fewer pesticides, working in a more sustainable way. For smallholder farmers it is easier to covert to organic farming, for multiple reasons. So far there are 250 farmers that grow organic cotton in Ethiopia, according to Van Geel.

In its eagerness to attract garment manufacturers and brands, the Ethiopian government advertised the availability of more than 3 million acres (approximately 1.2 million hectares) for cotton cultivation.[15] However, with a current harvested area of 77,000 hectares (see Table 1), only 6.4 per cent of this area is used.

According to the Foreign Agricultural Service of the US Department of Agriculture (USDA), Ethiopia produced 53,000 metric tons of cotton in 2018-19. The agency predicts a further increase in production by 8 per cent for the year 2018-19. The increase in production is attributed to an increase in harvested area.[16]

However, despite this predicted increase, cotton production remains significantly below its potential. Alongside the lack of properly cultivated land, shortage of farm labour is reportedly another obstacle for attaining the desired volumes of cotton production. Reportedly, up to 40 per cent of the recent cotton harvest in particular regions of Ethiopia has not been picked on time. Mr. Börjesson of H&M explained that workers in the Ethiopian textile and garment sector largely have agricultural backgrounds.[17]

Recently, ethnic and tribal conflicts have again flared up, leading to, amongst others, a further deterioration in the availability of farm labour.[18] As well as labour shortages, the cotton farming sector also faces multiple challenges including land rights issues, access to finance, improved seeds, agro-chemicals, farm machinery, spare parts and outdated ginneries.[19,20]

According to van Mr. Van Geel, most of the bigger cotton farms are situated in sparsely populated regions. It seems conflicts over land use with the local population are not so much of an issue in these regions, although more analysis needs to be done in order to get a clear picture.[21]

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[13] Öko-Institut, "The Cotton Supply Chain in Ethiopia", October 2018, <https://www.oeko.de/fileadmin/oekodoc/BioMacht-cotton-research.pdf>.

[14] Interview with Mr. Van Geel, Solidaridad, 14 August 2019. Additional remarks made by email, 11 October 2019.

[15] Paul M. Barrett and Dorothée Baumann-Pauly, NYU Stern, "Made in Ethiopia: Challenges in the garment industry's new frontier", May 2019, <https://www.stern.nyu.edu/experience-stern/faculty-research/made-ethiopia-challenges-garment-industry-s-new-frontier>.

[16] USDA Foreign Agricultural Service, "GAIN report – Ethiopia", 29 May 2019, <https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Ethiopia%20Cotton%20Production%20Annual_Addis%20Ababa_Ethiopia_5-29-2019.pdf>.

[17] Interview with Pierre Börjesson, H&M, 17 September 2019.

[18] USDA Foreign Agricultural Service, "GAIN report – Ethiopia", 29 May 2019, <https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Ethiopia%20Cotton%20Production%20Annual_Addis%20Ababa_Ethiopia_5-29-2019.pdf>.

[19] USDA Foreign Agricultural Service, "GAIN report – Ethiopia", 29 May 2019, <https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Ethiopia%20Cotton%20Production%20Annual_Addis%20Ababa_Ethiopia_5-29-2019.pdf>.

[20] A cotton gin is a machine that quickly and easily separates cotton fibres from their seeds.

[21] Interview with Mr. Van Geel, Solidaridad, 14 August 2019.

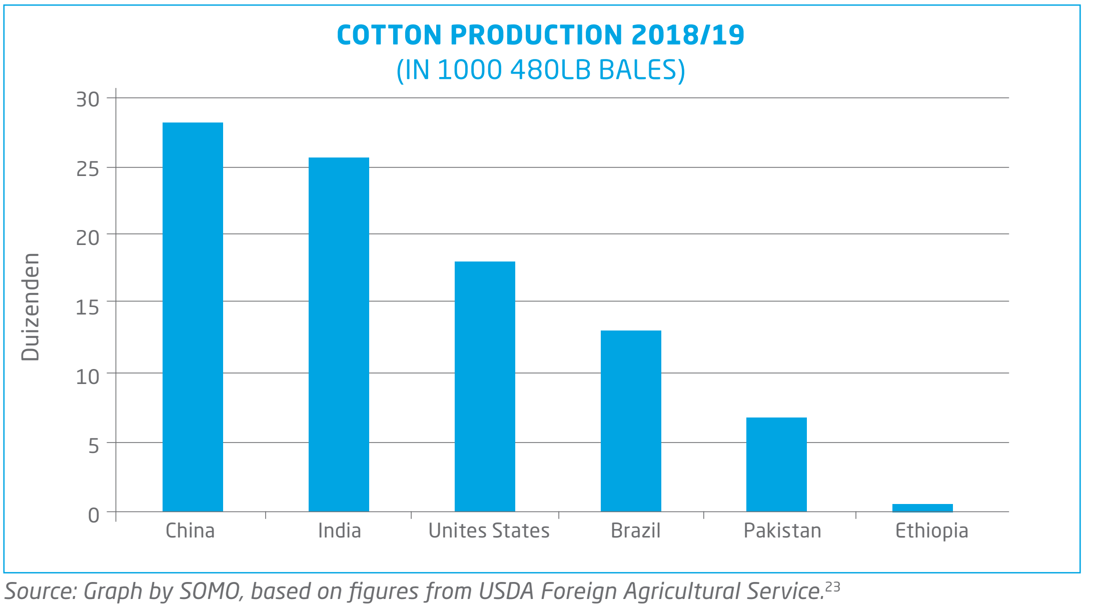
Table 1: Cotton cultivation area and cotton production in Ethiopia, 2010-2019

YEAR	AREA HARVESTED (IN HECTARES)	PRODUCTION (IN METRIC TONS)	YEAR-TO-YEAR VARIATION
2010/11	99,000	55,000	
2011/12	93,000	62,000	13%
2012/13	85,000	45,000	-27%
2013/14	57,000	28,000	-38%
2014/15	98,000	40,000	43%
2015/16	65,000	38,000	-5%
2016/17	82,000	45,000	18%
2017/18	60,000	38,000	-16%
2018/19	77,000	53,000	39%

Source: USDA Foreign Agricultural Service.[22]

Compared to lead cotton producers such as China, India and the US, Ethiopia is a small player (see Figure 1).

Figure 1: Ethiopia compared to lead cotton producers globally



Source: Graph by SOMO, based on figures from USDA Foreign Agricultural Service.[23]

4.2 COTTON GINNING

Ginning is the process of separating cotton fibres from their seeds. According to a 2017 report by the Ethiopian Investment Commission, there are 21 ginners in Ethiopia.[24] The same report reveals that the ginners use only 35 per cent of their production capacity (based on figures for the year 2016).

[22]USDA Foreign Agricultural Service, "GAIN report – Ethiopia", 29 May 2019, <https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Ethiopia%20Cotton%20Production%20Annual_Addis%20Ababa_Ethiopia_5-29-2019.pdf>.
[23]USDA Foreign Agricultural Service, "Cotton: world markets and trade", July 2019, <https://downloads.usda.library.cornell.edu/usda-esmis/files/kp78gg36g/0r967f404/8s45qm67p/cotton.pdf>.
[24]Ethiopian Investment Commission, "Cotton, textile and apparel sector – Investment profile Ethiopia", 2017, <http://www.intracen.org/uploadedFiles/intracenorg/Content/Redesign/Projects/SITA/SITA_Ethiopia_CTA_booklet_2017_web.pdf>.

Table 2: Overview of ginners in Ethiopia

NAME OF GINNER		LOCATION (REGION / CITY)
1	Amibara (Birhale) Pvt LC	Addis Ababa
2	Middle Awash Ginning Factory	Afar / Middle Awash
3	Omo Valley Ginning Factories	Southern Nations, Nationalities and Peoples' Region (SNNPR)
4	Aribamich Ginning Factory	Southern Nations, Nationalities and Peoples' Region (SNNPR)
5	Mohammed Amiru PLC	Afar (Awash)
6	Ture Ginning Factory	Addis Ababa
7	Agricot Pvt Company	Oromia / Mojo
8	Studio 3d Pvt Ginning Factory	Oromia / Mojo
9	Des Ginning Factory	Amhara /Gondar
10	Gonder Ginning Factory	Amhara / Gondar
11	Shawa Ginning Factory	Addis Ababa
12	Luci International Ginning	Afar / Upper Awash
13	Gebre Selam Pvt Ginning	Oromia / Dukem
14	Hiwot Pvt Ginning Factory	Tigray / Humera
15	Abobo Ginning Factory	Gambela / Gambela
16	Nuri Hussen Pvt Ginning	Amara / Gonder
17	Else Addis Pvt Ginning Factory	Oromia/ Adama
18	Ediget	Addis Ababa
19	Luci (Deri Kebede)	Oromia / Dukem
20	Loyal Tiret	Amhara /
21	Abdulkadi	Afar / -

Source: Ethiopian Investment Commission.[25]

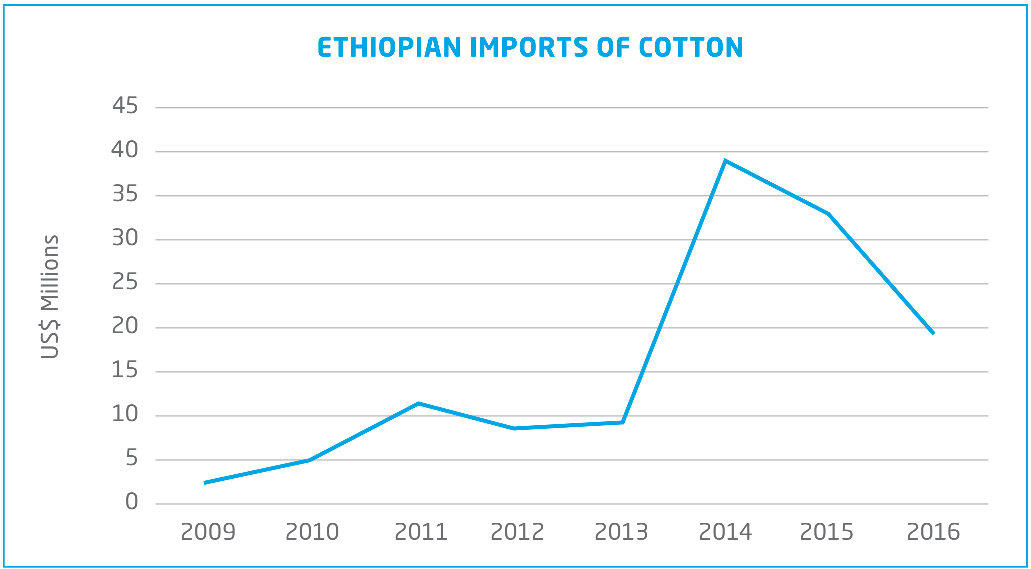
4.3 COTTON IMPORTS

The current domestic production of cotton does not meet the demands of the Ethiopian garment industry; as a result, Ethiopia has to import cotton from other sources. In 2016, the country imported some 13,000 tons of cotton , most of it coming from India, Pakistan and China.[27]

Mr. Van Geel of Solidaridad mentions that, in exceptional cases, raw cotton is exported, mainly with the purpose of obtaining foreign currency needed to purchase cotton-processing machines from abroad.[28]

[25]Ethiopian Investment Commission, "Cotton, textile and apparel sector - Investment profile Ethiopia", 2017, <http://www.intracen.org/uploadedFiles/intracenorg/Content/Redesign/Projects/SITA/SITA_Ethiopia_CTA_booklet_2017_web.pdf
[26]Yohanes Jemaneh, "Ethiopia: Ministry Striving to Realize Cotton Import Substitution", The Ethiopian Herald, 7 August 2018, <https://allafrica.com/stories/201808070083.html>.
[27]Based on figures from UN Comtrade database, <https://comtrade.un.org/>.
[28]Interview with Mr. Van Geel, Solidaridad, 14 August 2019.

Figure 2: Ethiopian imports of cotton



Source: Graph by SOMO, based on data extracted from Panjiva (www.panjiva.com).

4.4 PRODUCTION OF YARN AND FABRICS

The International Trade Centre (ITC) – a joint agency of the World Trade Organization (WTO) and the United Nations – mentions eight stand-alone spinning mills, 19 semi-integrated mills (spinning, weaving/knitting and dyeing) and eight fully integrated mills (spinning, weaving/knitting, dyeing and sewing).[29] The mills use domestically grown cotton as well as imported cotton to produce yarn and fabrics. Most of the yarn and fabrics produced by these mills is used for garment manufacturing in the country. A small portion is exported, mainly to China and Turkey.

According to the Ethiopian Textile Industry Development Institute (TIDI), there are at least a dozen spinning mills in the pipeline to address some of the expected demand for yarn. Existing facilities are operating at about half capacity due to different constraints, such as insufficient access to finance, power outages, logistical challenges, among other factors.[30]

Table 3: Production of yarn and fabrics in Ethiopia – capacity utilisation

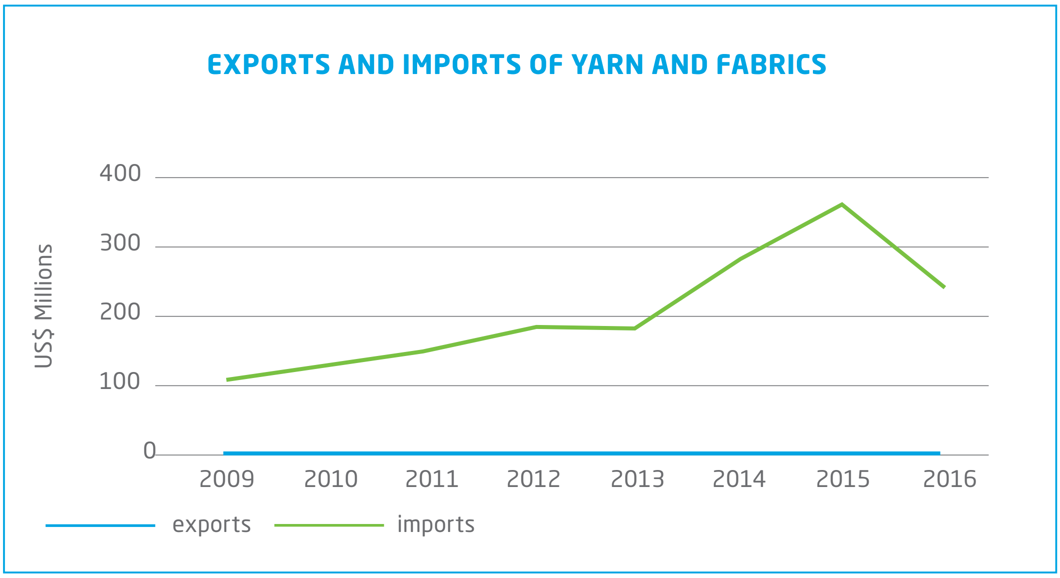
SECTION	INSTALLED ANNUAL CAPACITY	ATTAINED ANNUAL CAPACITY	CAPACITY UTILISATION
Ginning	106,164 tons of lint cotton	37,300 tons of lint cotton	35%
Spinning	72 million kg of yarn	50.4 million kg of yarn	70%
Weaving	122 million metres of woven fabric	61 million metres of woven fabric	50%
Knitting	30 million kg of knitted fabric	13.5 million kg of knitted fabric	45%
Knitting processing	18 million kg of processed knitted fabric	8.64 million kg of processed knitted fabric	48%

Based on figures from the year 2016. Source: Ethiopian Investment Commission.[31]

[29] International Trade Centre, "Ethiopia – Textile and Clothing Value Chain Roadmap 2016-2020", no date, <http://www.intracen.org/uploadedFiles/intracenorg/Content/Redesign/Projects/SITA/Ethiopia%20TC%20VCR%205-2_web.pdf>.
[30] USDA Foreign Agricultural Service, "GAIN report – Ethiopia", 29 May 2019, <https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Ethiopia%20Cotton%20Production%20Annual_Addis%20Ababa_Ethiopia_5-29-2019.pdf>.
[31] Ethiopian Investment Commission, "Cotton, textile and apparel sector – Investment profile Ethiopia", 2017, <http://www.intracen.org/uploadedFiles/intracenorg/Content/Redesign/Projects/SITA/SITA_Ethiopia_CTA_booklet_2017_web.pdf>.

As the yarn and fabric industry is performing below capacity as well as due to specific quality requirements of garment manufacturers, Ethiopia is not self-sufficient and has to import yarn and fabrics. Notably, synthetic yarns and fabrics are imported.[32] Figure 3 shows that there was a steady increase in the imports of yarn and fabric between 2013 and 2015. Imports decreased again in 2016. China is the main supplier of yarn and fabrics: between 2009 and 2016, 70 per cent of imported yarn and fabrics came from China.[33]

Figure 3: Ethiopian exports and imports of yarn and fabrics



Source: Graph by SOMO based on figures derived from Panjiva (www.panjiva.com).

Figures used for product groups with HS codes 54, 55, 59 and 60.
HS code 54 - Man-made filaments; strip and the like of man-made textile materials
HS code 55 - Man-made staple fibres
HS code 59 - Textile fabrics; impregnated, coated, covered or laminated; textile articles of a kind suitable for industrial use
HS code 60 - Fabrics; knitted or crocheted

4.5 PRODUCTION OF READY MADE GARMENTS (RMG)

So far, Ethiopia has mainly produced simple and basic apparel items, such as T-shirts, trousers and swim and sportswear. Mr. Börjesson of H&M specifies that H&M is currently only producing items in black and white, single colour or with basic prints.[34]

Clothing production mainly takes place in designated industrial parks. Since 2014, the Ethiopian government has opened a number of industrial parks that accommodate garment factories. The Ethiopian Industrial Parks Development Corporation (IPDC) operates/owns a number of these parks.

By 2025, 30 such parks are due to be operational. Different Chinese[35] and South Korean[36] contractors are building these parks as well as the necessary roads and infrastructure. The Ethiopian government is reliant on foreign loans to pay for the construction of these facilities.

[34] Interview with Pierre Börjesson, H&M, 17 September 2019.
[35] Global Construction Review (GCR), "Regional leaders join Ethiopia's PM Abiy to open Jimma industrial park", 10 December 2018, <http://www.globalconstructionreview.com/news/regional-leaders-join-ethiopias-pm-abiy-open-jimma/> and "Chinese city to invest $500m in Ethiopian town's industrial park", 5 July 2019, <http://www.globalconstructionreview.com/news/chinese-city-invest-500m-ethiopian-towns-industria/>.
[36] Global Construction Review (GCR), "Ethiopia to build three industrial parks in drive to become manufacturing hub", 27 January 2017, <http://www.globalconstructionreview.com/news/ethiopia-buil4d-thr3ee-indu4strial-parks-drive/>.

Table 4: **Industrial parks for textile, apparel and leather (goods) production**

PUBLIC AND PRIVATE INDUSTRIAL PARKS, OPERATED/OWNED BY IPDG	
Addis Industry Village	Apparel
Adama Industrial Park (I & II)	Textiles, apparel, leather
Bole Lemi (I & II)	Textiles, apparel, leather, leather products
Bahir Dar	Textiles, apparel, food processing
Dire Dawa Industrial Park	Heavy industries, textiles and apparel, vehicle assembly, food processing, electronics and chemicals.
Eastern Industrial Park (private)	Textiles, apparel, shoes, cement, medicine and automobiles
Hawassa Industrial Park	Textiles & apparel
George Shoe Industrial Park (private)	Leather and leather products
Huajian Industrial Park (private)	Leather and leather products
Jimma Industrial Park	Textiles, agro-processing
Kombolcha Industrial Park	Textiles, apparel, leather, leather products
Mekele Industrial Park	Textiles, apparel, leather, leather products
Vogue Industrial Park (private)	Textiles and apparel

Hawassa Industrial Park is Ethiopia's flagship industrial park. Built by a Chinese company at a cost of US$250 million, it opened in June 2017. As of May 2019, there are 21 manufacturing companies from China, India, Sri Lanka and other countries operating in the park, employing some 25,000 workers. The government expects the zone to eventually take on as many as 60,000 workers.[37] The December 2018 report by WRC mentions 57 operational factory sheds, and suggests that this number is expected to reach 172 facilities by 2019.[38]

Mr. Van Geel of Solidaridad explained that the Ethiopian government got its inspiration for Hawassa and the other industrial parks from East Asian economies, where the same type of zones are operated successfully. "The Ethiopian government has rapidly set up these parks", according to van Geel.[39]

However, the development and expansion of industrial parks is not without controversy. In 2007, 190 farmers and their families in Dukem, a town some 40 km south of Addis Ababa, lost their land to make way for Ethiopia's first industrial park – the Chinese-owned Eastern Industrial Zone. In 2018, a new expansion phase started, leading to anger among the remaining farming community. The expansion concerns an additional 167 hectares of rural land and requires the relocation of around 300 farmers. In Ethiopia, the state is the formal owner of all the land. There is no established price for farmland. Officially, households are entitled to ten times the market value of what their plots may yield in a single year. This is tricky to measure and prone to abuse by unscrupulous officials. For the Dukem farmers, the prospect of giving up farming for work in the factories of the Eastern Industrial Zone is often unwelcome because of the long hours, low pay and poor treatment that awaits them in these factories.[40]

[37]NYU Stern, "Made in Ethiopia – Challenges in the Garment Industry's New Frontier", May 2019.
[38]Worker Rights Consortium (WRC), "Ethiopia is a North Star – Grim conditions and miserable wages guide apparel brands in their race to the bottom", 31 December 2018, <https://www.workersrights.org/wp-content/uploads/2019/03/Ethiopia_isa_North_Star_FINAL.pdf>.
[39]Interview with Mr. Van Geel, Solidaridad, 14 August 2019.
[40]Reuters, "Expansion of Ethiopia's first industrial park reopens old wounds", 1 February 2018, <https://www.reuters.com/article/us-ethiopia-landrights-industrial/expansion-of-ethiopias-first-industrial-park-reopens-old-wounds-idUSKBN1FL59R>.

4.6 GARMENT FACTORIES

The current total number of garment factories in Ethiopia is not exactly known, as new facilities are being built all the time. In its undated Ethiopia – Textile and Clothing Value Chain Roadmap 2016 -2020, ITC speaks of 78 garment factories.[41] Mr. Van Geel of Solidaridad estimates that there were around 150 local garment factories and 20 foreign-owned garment factories in 2017. His educated guess for the current total number of garment factories is around 200.[42]

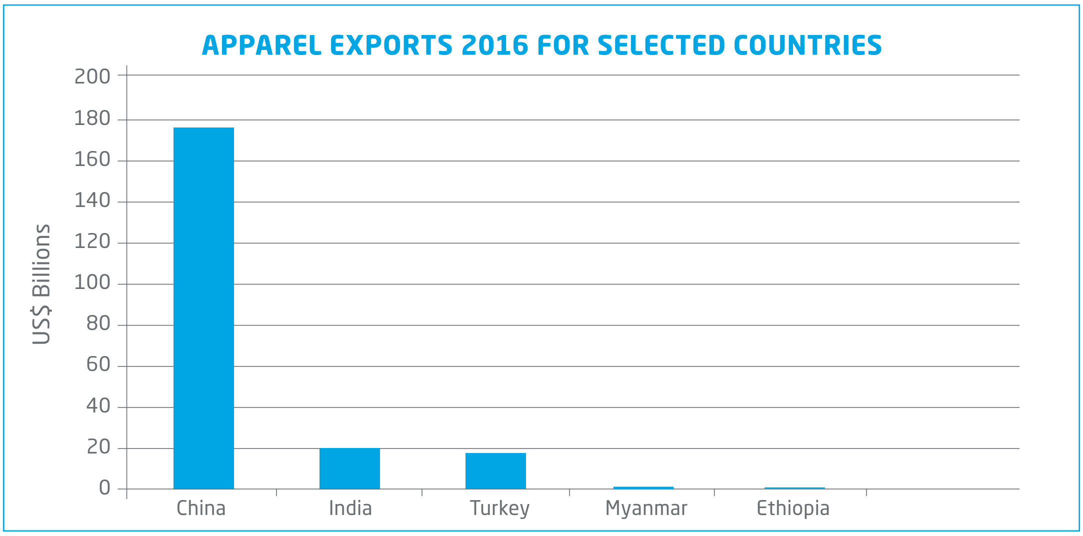
In October 2017, the garment industry provided work for 40,000 people. The ambitious targets of the Ethiopian government for the coming years range from 174,000 jobs in this sector in 2020 to an eventual 300,000 jobs.[43]

The majority of export-oriented garment factories are foreign-owned. An estimated two-thirds of Ethiopian-based garment factories are in foreign hands (own calculation based on ownership data identified for the garment factories included in the list in Annex 1). Foreign manufacturers come from China, India, Sri Lanka, Turkey and the United Arab Emirates, amongst others. Van Geel of Solidaridad adds South Korea and Taiwan as important providers of foreign direct investment (FDI).[44]

4.7 GARMENT EXPORTS

While still small compared to other garment producing countries, the Ethiopian garment industry has grown considerably in recent years and will continue to expand (though not at the rate desired by the Ethiopian government). Figure 4 shows Ethiopia in comparison to a few of the world's main garment producing and exporting countries.

Figure 4: Garment exports of key production countries



Source: Graph based on data derived from UN Comtrade. Product groups with HS codes 61, 62 and 63.[45]
Product group HS code 61: Apparel and clothing accessories; knitted or crocheted
Product group HS code 62: Apparel and clothing accessories; not knitted or crocheted
Product group HS code 63: Textiles, made up articles; sets; worn clothing and worn textile articles; rags [this category includes household textiles].

The growth targets set by the Ethiopian government seem to be beyond reach. Whereas the goal was to reach $1 billion in export earnings by the end of 2015, combined export revenues of textiles and apparel that year added up

[41] International Trade Centre, "Ethiopia – Textile and Clothing Value Chain Roadmap 2016-2020", no date, <http://www.intracen.org/uploadedFiles/intracenorg/Content/Redesign/Projects/SITA/Ethiopia%20TC%20VCR%205-2_web.pdf>.
[42] Interview with Mr. Van Geel, Solidaridad, 14 August 2019.
[43] Worker Rights Consortium (WRC), "Ethiopia is a North Star – Grim conditions and miserable wages guide apparel brands in their race to the bottom", 31 December 2018, <https://www.workersrights.org/wp-content/uploads/2019/03/Ethiopia_isa_North_Star_FINAL.pdf>.
[44] Interview with Mr. Van Geel, Solidaridad, 14 August 2019.
[45] Note: there were no data available for 2016 for Bangladesh and Vietnam (2nd and 3rd largest apparel exporters).

to $88.5 million[46] (9 per cent of the target). Despite not coming close to the target, exports of apparel rose steadily between 2012 and 2015, but dropped again in 2016 (see Figure 5). In addition to the challenges discussed below, a shortage of raw material hampered outputs even further in 2016.[47]

Between 2009 and 2015, apparel export revenues increased more than tenfold (from nearly $8 million to nearly $85 million). In 2016, export revenues dropped to $74 million.

Figure 5: Ethiopian exports of items of apparel (2009-2016)

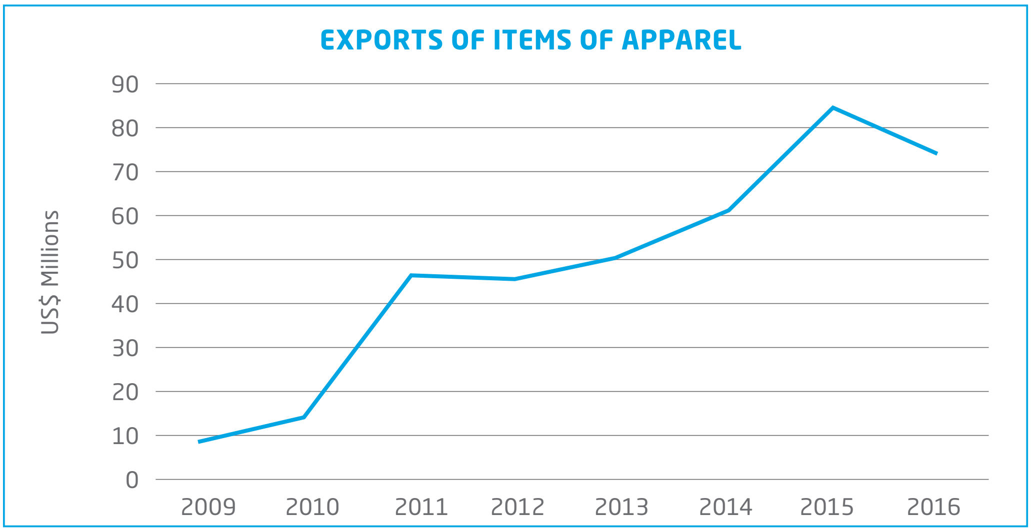
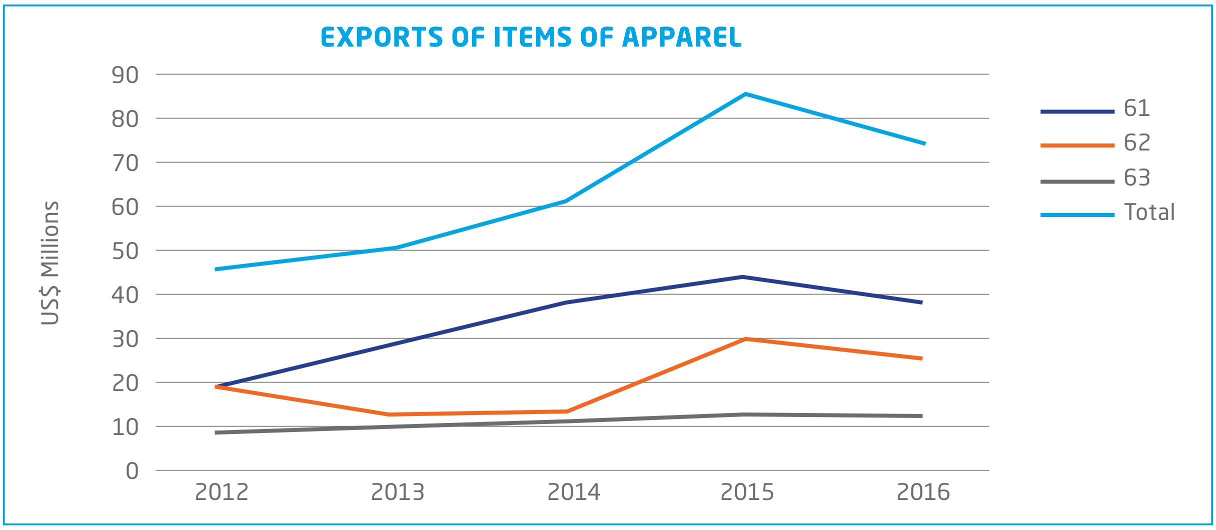


Figure 6: Ethiopian exports of items of apparel, specified by product group



Source: Graphs by SOMO based on data from UN Comtrade.
Product group HS code 61: Apparel and clothing accessories; knitted or crocheted
Product group HS code 62: Apparel and clothing accessories; not knitted or crocheted
Product group HS code 63: Textiles, made up articles; sets; worn clothing and worn textile articles; rags [this category includes household textiles].
See Annex 3 for full explanation of HS codes.

[46] Exports of product groups 54, 55, 59, 60, 61, 62 and 63. Figures extracted from the UN Comtrade Database (<https://comtrade.un.org/data>). See Annex 3 for full explanation of HS codes.
[47] Brett Mathews, "Ethiopia textile exports fall well short of targets", Apparel Insider, 5 February 2019, <https://apparelinsider.com/ethiopia-textile-exports-fall-well-short-of-targets/>.

The three main export destinations of Ethiopian produced ready-made garments are Germany, the US and Italy (see Table 5).

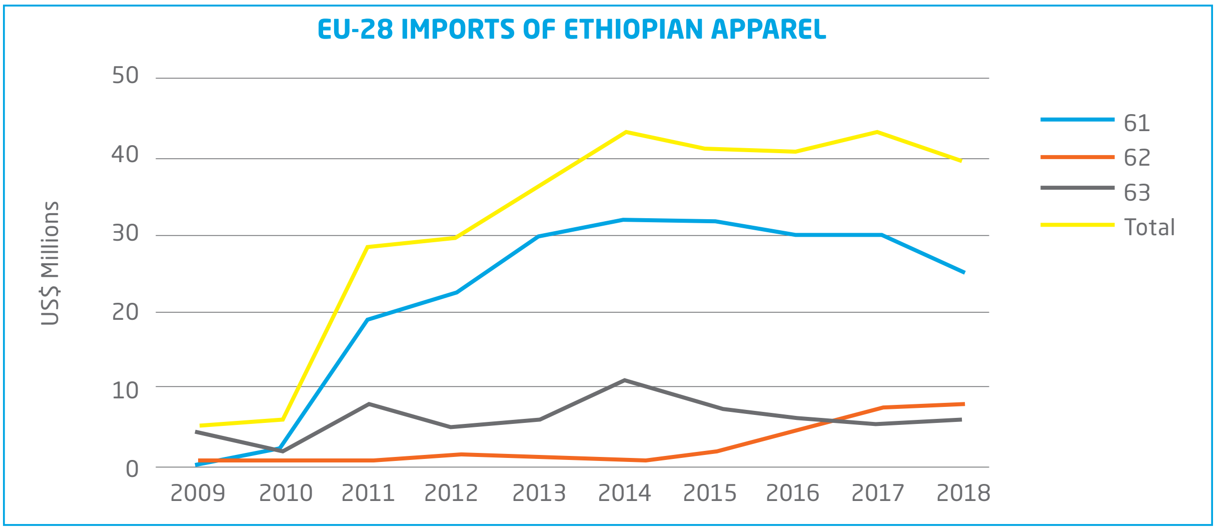
Table 5: Key destination countries of Ethiopian apparel exports

COUNTRY	SHARE	2009	2010	2011	2012	2013	2014	2015	2016
1 Germany	0.63	1,725	4,944	34,644	29,648	33,382	43,070	58,825	34,593
2 US	0.13	2,199	2,808	3,677	3,284	3,828	7,156	9,385	17,022
3 Italy	0.08	1,674	1,803	2,483	4,403	5,435	3,595	5,019	6,809
…									
14 Netherlands	<1%	51	60	22	832	9.93	24	15	100

Source: Based on data derived from Panjiva (www.panjiva.com). Value in increments of $1,000 USD. Product groups with HS codes 61, 62 and 63.

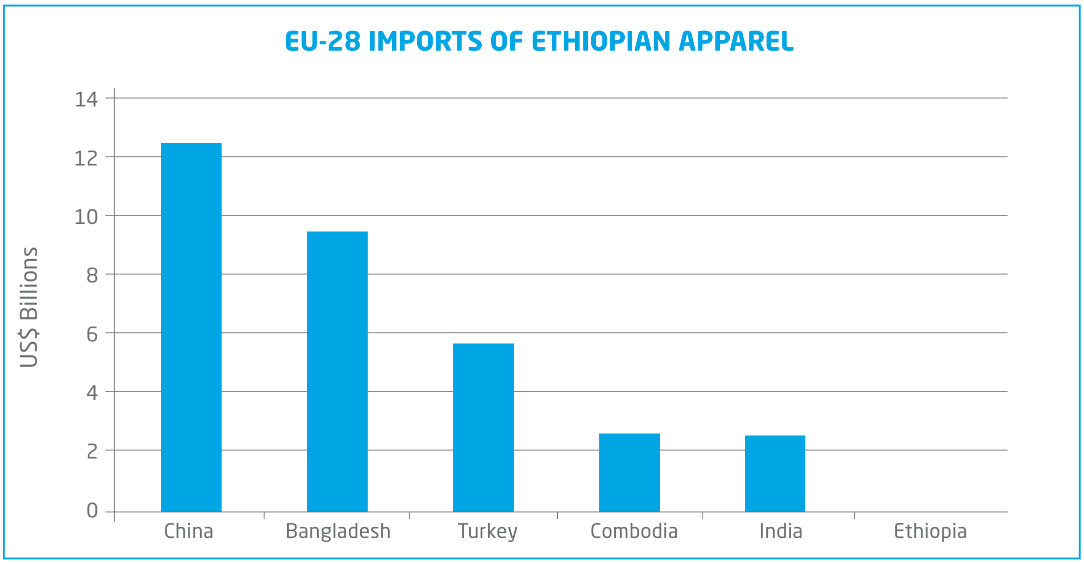
The EU is an important importer of Ethiopian produced garments. Germany is by far the largest export destination in the EU, followed by Italy, the Netherlands, France and Spain. However, for the EU, Ethiopia is not a key sourcing country. Most garments that enter the EU come from China, followed by Bangladesh, Turkey, Cambodia and India. Ethiopia only ranks number 40 when it comes to imports of apparel items into the EU.

Figure 7: EU imports of Ethiopian apparel specified per product group



Source: Graph by SOMO based on figures from European Commission, "Market Access Database", <https://madb.europa.eu/madb/statistical_form.htm>.

Figure 8: EaU imports of apparel, key sourcing countries



Graph by SOMO based on import figures of items of apparel, knitted or crocheted (HS code 61). Source: European Commission, "Market Access Database", <https://madb.europa.eu/madb/statistical_form.htm>.

4.8 GARMENT PRODUCTION LAGGING BEHIND

As detailed above, the growth targets set by the Ethiopian government seem to be beyond reach. A variety of factors explain the underachievement of the Ethiopian garment industry:

- **Problems with supply of raw materials:** Despite the availability of land for cotton cultivation, manufacturers have to import nearly everything – from cloth to buttons – to make finished apparel. As the authors of the NYU Stern report *Made in Ethiopia* put it: "Ethiopia is only selling its people's labor, rather than developing a domestic supply chain that would feed goods to exporters and keep more profits at home"[48].
- Garment manufacturers, as well as other sectors, suffer from **poor governance, bureaucracy, and power struggles** that hamper implementation of policies. This becomes apparent, for example, in the **instability of energy provision.**[49]
- **Low efficiency and productivity rates:** Productivity in Ethiopian garment factories is generally low. According to the NYU Stern report, in Hawassa Industrial Park, efficiency rates vary greatly, from 15 per cent to 75 per cent.[50]
- Low efficiency and low productivity are caused by a range of factors including a **very high attrition rate.** During the first year of operation (2017-2018), overall attrition in Hawassa Industrial Park, to give an example, was around 100 per cent. This means that, on average, factories were replacing all of their workers every 12 months. This pushes training costs up and efficiency rates down.[51] Many workers left their jobs within a year, disillusioned with the low wages and poor living conditions.

  According to researchers at the University of Oxford and the University of Chicago, workers returned to agricultural and informal employment as they earned about as much money as they would make at the factory, but with fewer hours and better conditions.[52]

  Mr. Kaiser of Schöffel confirmed the problems with the high attrition rate. He talked about the unstable workforce, saying that "people in Ethiopia are not used to work in an industrial setting. People work until payday, collect their wage and leave. They only come back when they have run out of money."

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[48] Paul M. Barrett and Dorothée Baumann-Pauly, NYU Stern, "Made in Ethiopia: Challenges in the garment industry's new frontier", May 2019, <https://www.stern.nyu.edu/experience-stern/faculty-research/made-ethiopia-challenges-garment-industry-s-new-frontier>.
[49] Interview with Pierre Börjesson, H&M, 17 September 2019
[50] Paul M. Barrett and Dorothée Baumann-Pauly, NYU Stern, "Made in Ethiopia: Challenges in the garment industry's new frontier", May 2019, <https://www.stern.nyu.edu/experience-stern/faculty-research/made-ethiopia-challenges-garment-industry-s-new-frontier>.
[51] Paul M. Barrett and Dorothée Baumann-Pauly, NYU Stern, "Made in Ethiopia: Challenges in the garment industry's new frontier", May 2019, <https://www.stern.nyu.edu/experience-stern/faculty-research/made-ethiopia-challenges-garment-industry-s-new-frontier>.
[52] C. Brattman and S. Dercon, "Everything We Knew About Sweatshops Was Wrong", New York Times, 27 April 2017, <https://www.nytimes.com/2017/04/27/opinion/do-sweatshops-lift-workers-out-of-poverty.html>.

Mr. Börjesson of H&M emphasised that Ethiopian workers need training to be able to perform in the garment sector. For that reason, Börjesson said, workers in H&M supplier factories get training about "hard skills and soft skills, including about their rights and responsibilities".[53]

Mr. Kaiser was not able to give exact details about the wage levels at Schöffel's supplier factory (ShinTS) "as he was not prepared to be asked such details". But, he later added, that "as a FWF member we are well aware about the wage level in each and every factory and we can see that ShinTS is paying better than the average per capita income of Ethiopia".[54] However, he was still not prepared to give exact figures.

Mr. Börjesson spoke enthusiastically about the new labour law which makes it possible for a legal minimum wage to be implemented. At the same time, however, he stressed that it would be a long process before the rights structures were going to be set up.

- **Strikes and labour protests** have had an impact on productivity levels. Strikes and protests over low wages have taken place in several factories. In May 2018, workers at the Bole Lemi Industrial Park went on strike for five days, demanding better pay and improved working conditions.[55]
- In addition, **Ethiopia's fragile context with rising ethnic tensions and violence** affects the garment industry. In June 2018, 15 people were killed in and around Hawassa, many people were injured, and thousands of people were displaced in clashes between two ethnic groups – the Sidama and the Wolayta. Subsequently, many Wolayta workers quit their jobs at the Hawassa Industrial Park fearing for their lives. In March 2019, Hawassa IP experienced another surge in Sidama militancy. Reinforcing their call for a Sidama regional state, activists organised a citywide strike that forced local businesses and the industrial park to close for three days.[56]
- **Logistical challenges:** According to a report of Apparel Resources, it takes up to 44 days from the time a garment order leaves a factory to when it reaches the buyer in Europe, compared to an average of 28 days from Bangladesh and 21 days from China.[57]

Schöffel started sourcing from ShinTS Ethiopia in 2015, but stopped at the end of 2017, because of continuous late delivery. In early 2019, sourcing was resumed, on a trial basis. In November 2019, Schöffel will take the decision whether to continue sourcing from Ethiopia or not.[58]

Mr. Börjesson of H&M stated that, generally speaking, Ethiopia is not yet a profitable business for investors. Whether or not this is also true for H&M, he did not want to say. He emphasized H&M's long term commitment to source from Ethiopia, stating there is no time line for this commitment".[59]

[53]Interview with Pierre Börjesson, H&M, 17 September 2019., and mail from H&M, 11 October 2019.
[54]Interview with Georg Kaiser, Schöffel, 18 September 2019, and email from Georg Kaiser to SOMO dated 7 October 2019.
[55]Worker Rights Consortium, "Ethiopia is a North Star – Grim conditions and miserable wages guide apparel brands in their race to the bottom", 31 December 2018, <https://www.workersrights.org/wp-content/uploads/2019/03/Ethiopia_isa_North_Star_FINAL.pdf>.
[56]NYU Stern, "Made in Ethiopia – Challenges in the Garment Industry's New Frontier", May 2019.
[57]Apparel Resources, "Ethiopia: the next powerhouse of apparel sourcing", January 2018, <https://www.slideshare.net/apparelresources/ethiopia-garment-industry>.
[58]Interview with Georg Kaiser, Schöffel, 18 September 2019, and email from Georg Kaiser to SOMO dated 7 October 2019.
[59]Interview with Pierre Börjesson, H&M, 17 September 2019, and mail from H&M to SOMO, 11 October 2019.

5. THE LEATHER-BASED INDUSTRY

5.1 PRODUCTION OF LEATHER

Ethiopia has a cattle population of more than 53 million, and sheep and goat populations of 25.5 and 24.1 million, respectively. With these numbers, Ethiopia has the biggest livestock population in Africa and the ninth biggest worldwide. About 50 per cent of hides and skins are used in the leather industry. New slaughterhouses are built in order to boost the supply of raw hides and skins for further processing in the tanneries.[60]

According to the Ethiopian Investment Commission, the leather sector contributed to 6 per cent of Gross Domestic Product (GDP) and generated more than 22,000 jobs in 2015. Currently, Ethiopia exports mainly finished leather followed by growing numbers of shoe exports. Since 2012, the government has discouraged exports of raw hides and skins to boost exports of value-added products.[61]

The livestock sector is dominated by small farmers, collectors and traders that supply tanneries with raw hides. Around 12.5 million households – 70 per cent of the total population – depend fully or partly on livestock for their livelihoods.[62] The production of skins and hides is of minor importance for the livelihood of farmers in comparison to the production of meat and dairy products, since skins and hides are by-products of meat production.

Hides, skin and leather are exported for further processing to China (64 per cent, including Hong Kong). Italy is second in line, receiving 8 per cent of Ethiopia's leather exports.[63]
However, local supply of hides and skins to tanneries has stalled due to quality issues. Parasitic skin diseases and weak post-mortem management of skins and hides affect the quality of leather.[64]

The Ethiopian Leather Industries Association (ELIA) lists 30 tannery members.[65] The tannery sector employs approximately 7,500 workers.[66] Tanneries either directly export leather with further processing taking place abroad or supply Ethiopian leather goods manufacturers.

Local businesses dominated the tannery sector until the late 2000s. Since the late 2000s, foreign investment in the leather industry has increased and a number of foreign-owned tanneries established themselves in Ethiopia. This coincided with an increase in exports of finished leather. The share of foreign-owned factories in finished leather exports increased from 32 per cent in 2007/08 to 73 per cent in 2017/18. Locally owned companies mainly export semi-processed leather.[67]

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[60] Ethiopian Investment Commission, "Ethiopian Investment Report 2017", 2018, <http://www.investethiopia.gov.et/index.php/publications.html>.
[61] Ethiopian Investment Commission, "Ethiopian Investment Report 2017", 2018, <http://www.investethiopia.gov.et/index.php/publications.html>.
[62] Austrian Foundation for Development Research, "The Ethiopian Leather and Leather Products Sector: An Assessment of Export Potentials to Europe and Austria", March 2019, <https://www.oefse.at/fileadmin/content/Downloads/Publikationen/Studien/11_Sustainable_Sourcing_Ethiopia_Leather_March2019.pdf>.
[63] Panjiva website, <https://panjiva.com>.
[64] Austrian Foundation for Development Research, "The Ethiopian Leather and Leather Products Sector: An Assessment of Export Potentials to Europe and Austria", March 2019, <https://www.oefse.at/fileadmin/content/Downloads/Publikationen/Studien/11_Sustainable_Sourcing_Ethiopia_Leather_March2019.pdf>.
[65] Ethiopian Leather Industries Association website, "members – tannery", no date, <http://elia-allf.org/index.php?option=com_content&view=article&id=16&Itemid=231> (accessed on 6 August 2019).
[66] Austrian Foundation for Development Research, "The Ethiopian Leather and Leather Products Sector: An Assessment of Export Potentials to Europe and Austria", March 2019, <https://www.oefse.at/fileadmin/content/Downloads/Publikationen/Studien/11_Sustainable_Sourcing_Ethiopia_Leather_March2019.pdf>.
[67] Austrian Foundation for Development Research, "The Ethiopian Leather and Leather Products Sector: An Assessment of Export Potentials to Europe and Austria", March 2019, <https://www.oefse.at/fileadmin/content/Downloads/Publikationen/Studien/11_Sustainable_Sourcing_Ethiopia_Leather_March2019.pdf>.

5.2 PRODUCTION OF FOOTWEAR AND LEATHER GOODS

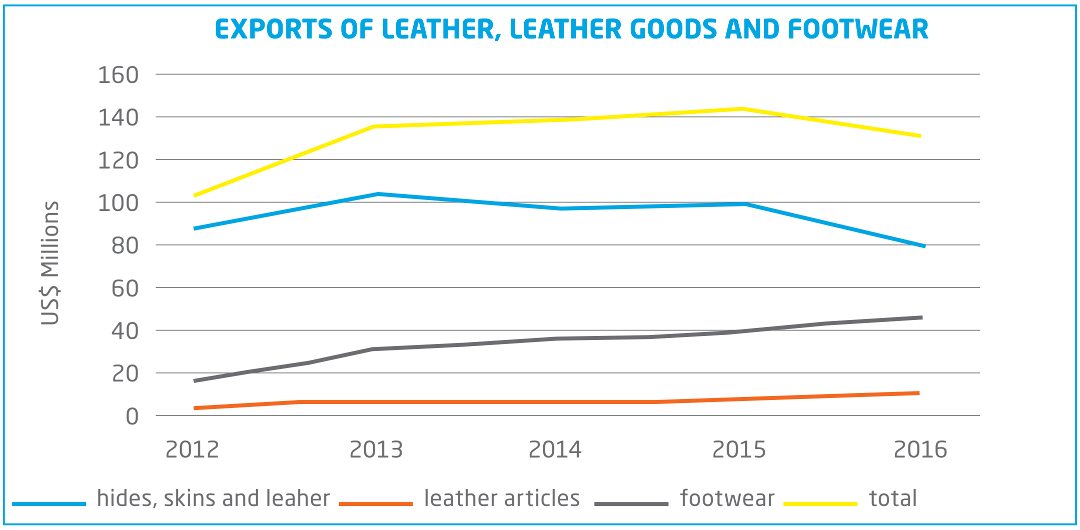
Ethiopia produces leather footwear and, to a lesser extent, leather garments and leather accessories. As in the tannery, textile and garment sectors, foreign investment has increased in the footwear and leather goods industry since the mid-2000s. However, locally owned factories outnumber foreign-owned factories, in contrast to the ready-made garment sector.

There are 16 locally owned footwear manufacturers, mainly producing for the domestic market. In 2017-2018, around 68 per cent of total production by volume was sold on the local market. The six foreign-owned footwear manufacturers are fully export-oriented; they are not allowed to sell on the local market.

Exports of footwear have increased significantly, from a meagre $73,175 in 2000, to $43,804,810 in 2016.[68] In 2016, 55 per cent of all footwear exports went to the US.[69] In the late-2000s, Ethiopia's footwear products were almost exclusively exported to the EU, in particular to Italy, Germany and Austria. However, since the early 2010s, the export of Ethiopian footwear products to the US and China has significantly increased while exports to the EU have almost vanished.[70]

Less significant than the footwear sector is the leather goods sector. Within the leather goods sub-sector, a distinction is made between manufacturers of leather bags, jackets, wallets and belts, and manufacturers of leather gloves. The production of leather bags, jackets and wallets is dominated by locally owned small- and medium-sized enterprises (SMEs), producing mainly for the local market. The production of leather gloves is in the hands of four foreign-owned firms and one Ethiopian company.[71] In 2016, Ethiopia exported leather goods to the value of $8.8 million. As for footwear, the US is also the top destination for leather articles (71 per cent of exports went to the US in 2016).[72]

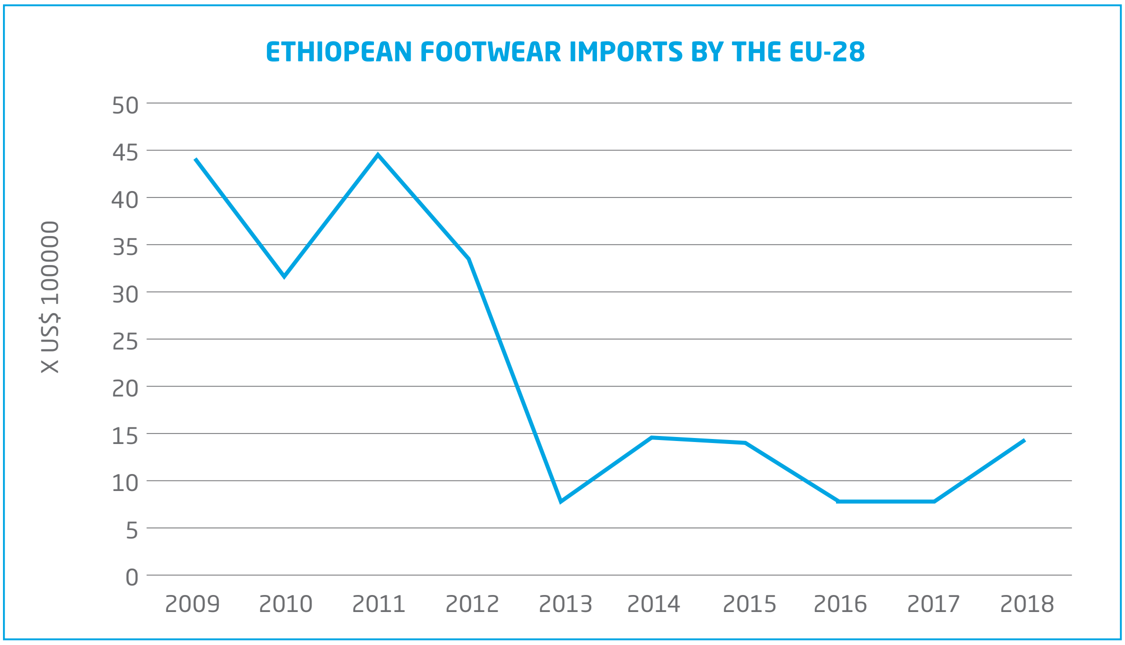
Figure 9: Ethiopian exports of hides, skins, leather, leather goods and footwear



Note: Footwear comprises articles of leather footwear and articles of footwear made up of other materials.
Source: Graph by SOMO based on figures from European Commission, "Market Access Database", <https://madb.europa.eu/madb/statistical_form.htm>.

[68] Export value for product group 64 for the years 2000, 2006 and 2016. Figures extracted from the UN Comtrade database, <https://comtrade.un.org/data>.
[69] Based on figures extracted from the UN Comtrade database, <https://comtrade.un.org/data>.
[70] Austrian Foundation for Development Research, "The Ethiopian Leather and Leather Products Sector: An Assessment of Export Potentials to Europe and Austria", March 2019, <https://www.oefse.at/fileadmin/content/Downloads/Publikationen/Studien/11_Sustainable_Sourcing_Ethiopia_Leather_March2019.pdf>.
[71] Austrian Foundation for Development Research, "The Ethiopian Leather and Leather Products Sector: An Assessment of Export Potentials to Europe and Austria", March 2019, <https://www.oefse.at/fileadmin/content/Downloads/Publikationen/Studien/11_Sustainable_Sourcing_Ethiopia_Leather_March2019.pdf>.
[72] Panjiva website, <panjiva.com>.

Figure 10: EU imports of Ethiopian footwear



Source: Graph by SOMO based on figures from European Commission, "Market Access Database", <https://madb.europa.eu/madb/statistical_form.htm>.

Among the EU-28 countries, Germany and Italy were the biggest importers of Ethiopian footwear in 2018. These two countries together received more than 90 per cent of all EU-28 footwear imports from Ethiopia.

6. BRANDS AND RETAILERS SOURCING FROM ETHIOPIA

Table 6 presents the brands and retailers that could be identified as sourcing from Ethiopia. This list was compiled using publicly available supplier lists, research reports, media articles and shipment data.

The majority of the identified brands are from the US. As the US is an important importer of Ethiopian garments (number 2), this is not surprising. However, it should be noted that, due to the availability of detailed US import data, which includes the names of importers and exporters, more US importers could be identified. The EU does not disclose this information. Notably, it is to be expected that there are more German brands and retailers sourcing from Ethiopia as the country is the number-one destination for Ethiopian apparel.

Annex 1 and 2 contain lists of Ethiopian garment and leather goods (including footwear) manufactures and their identified buyers.

Table 6: Brands and retailers sourcing from Ethiopia

NAME	SOURCE	HQ COUNTRY	ACTIVE ON THE DUTCH MARKET
5.11 Inc.	Shipment data (Panjiva)	US	Yes
Carter’s	Shipment data (Panjiva)	US	No
Caleres	Shipment data (Panjiva)	Canada	No
Carrefour	ITC report[73]	France	No
Decathlon	NYU Stern	France	Yes (own stores)
Fruit of the Loom	Fruit of the Loom (supplier list)	US	Yes
GAP (Old Navy)	ITC report[74]	US	Yes
	Note that the GAP factory list does not list any factories in Ethiopia.		
George (Asda)	ITC report[75] Note that the George factory list does not list any factories in Ethiopia.	UK	No
Gerber Children’s Wear	WRC	US	No
Great Canadian Socks	Shipment data (Panjiva)	Canada	No
Guess	Ethiopian Investment Commission	US	Yes (own stores)
Hanesbrands (brands include Hanes, Champion, Wonderbra)	NYU Stern	US	Yes
H&M	H&M (supplier list) 10 manufacturing & processing factories	Sweden	Yes (own stores)

[73] International Trade Centre, “Ethiopia – Textile and Clothing Value Chain Roadmap 2016-2020”, no date, <http://www.intracen.org/uploadedFiles/intracenorg/Content/Redesign/Projects/SITA/Ethiopia%20TC%20VCR%205-2_web.pdf>.
[74] International Trade Centre, “Ethiopia – Textile and Clothing Value Chain Roadmap 2016-2020”, no date, <http://www.intracen.org/uploadedFiles/intracenorg/Content/Redesign/Projects/SITA/Ethiopia%20TC%20VCR%205-2_web.pdf>.
[75] International Trade Centre, “Ethiopia – Textile and Clothing Value Chain Roadmap 2016-2020”, no date, <http://www.intracen.org/uploadedFiles/intracenorg/Content/Redesign/Projects/SITA/Ethiopia%20TC%20VCR%205-2_web.pdf>.

NAME	SOURCE	HQ COUNTRY	ACTIVE ON THE DUTCH MARKET
Ikea	Ikea (Ikea online 'newsroom', interview with Henrik Gunnerling, Purchasing Development manager, Ikea Purchasing & Logistics)[76]	Sweden	Yes (own stores)
JC Penney	Shipment data (Panjiva)	US	No
KiK	KiK (Sustainability Report 2017)[77]	Germany	Yes (own stores)
Levi Strauss	Levi Strauss (supplier list)	US	Yes
Lewis	ITC report[78]		
Lidl	Lidl (supplier list)	Germany	Yes
Michael Kors	Shipment data (Panjiva)	US	Yes (own stores)
New Balance	New Balance (Licensee supplier list)	US	Yes
New Look	New Look (supplier list)	UK	No
Oberalp Group (Salewa,	Fair Wear Foundation (website[79])	Italy	Yes
Dynafit, Wild Country)	Yes		
Obermeyer	WRC	US	No
Peerless Clothing	Shipment data (Panjiva)	Canada	No
International Canada	No		
PVH (brands: Calvin Klein, Tommy Hilfiger, Speedo, Van Heusen, IZOD, ARROW, Warner's, Olga and Geoffrey Beene)	PVH (supplier list) 6 supplier factories	US	Yes (own stores)
Schöffel Sports-bekleidung	Schöffel (website)	Germany	Yes
Tchibo	Tchibo (supplier list), ITC report[80]	Germany	No
Tesco	ITC report[81]	UK	No
The Children's Place	Shipment data (Panjiva) 11 supplier factories found through analysis of shipment data	US	No
VF Corporation (brands include The North Face, Timberland, Eastpak, Dickies)	VF (supplier list) 1 supplier factory;[82] Note that VF Corporation told SOMO that they "no longer have operations in Ethiopia".[83]	US	Yes (stores)
Vivobarefoot	Shipment data (Panjiva)		No
Walmart	WRC	US	No
Wells Lamont	Shipment data (Panjiva)	US	No
Zara	ITC report[84]		

[76] Interview with Mr. Van Geel, Solidaridad, 14 August 2019; Ikea, "Our view on the possibilities of sourcing from Ethiopia", 4 June 2018, <https://newsroom.inter.ikea.com/about-us/our-view-on-the-possibilities-of-sourcing-from-ethiopia/s/3e3d0527-e212-4d83-af2a-c4ed4c359505>.
[77] Source: <http://www.kik-textilien.com/unternehmen/fileadmin/user_upload_de/Kategorien/Verantwortung/Nachhaltigkeitsbericht/Nachhaltigkeitsbericht_2017_englisch.pdf>.
[78] International Trade Centre, "Ethiopia - Textile and Clothing Value Chain Roadmap 2016-2020", no date, <http://www.intracen.org/uploadedFiles/intracenorg/Content/Redesign/Projects/SITA/Ethiopia%20TC%20VCR%205-2_web.pdf>.
[79] Source: <https://www.fairwear.org/country/ethiopia/>.
[80] International Trade Centre, "Ethiopia - Textile and Clothing Value Chain Roadmap 2016-2020", no date, <http://www.intracen.org/uploadedFiles/intracenorg/Content/Redesign/Projects/SITA/Ethiopia%20TC%20VCR%205-2_web.pdf>.
[81] International Trade Centre, "Ethiopia - Textile and Clothing Value Chain Roadmap 2016 -2020", no date, <http://www.intracen.org/uploadedFiles/intracenorg/Content/Redesign/Projects/SITA/Ethiopia%20TC%20VCR%205-2_web.pdf>.
[82] VF Factory list, https://sustainability.vfc.com/resources/factory-list-map, accessed on 4 October 2019.
[83] Molly Cuff of VF Corporation in an email to SOMO, 21 August 2019.
[84] International Trade Centre, "Ethiopia - Textile and Clothing Value Chain Roadmap 2016 -2020", no date <http://www.intracen.org/uploadedFiles/intracenorg/Content/Redesign/Projects/SITA/Ethiopia%20TC%20VCR%205-2_web.pdf>.

Disclaimer: This is not an exhaustive list. As the majority of clothing brands and retailers do not publicly disclose their supplier lists, and as European legislation prohibits the disclosure of detailed shipment information, it is not possible to identify all brands and retailers that source from Ethiopia.

Of the seven contacted brands, retailers and improvement initiatives, Michael Kors, PVH and The German partnership did not respond or provide any information. The other responses are summarised below:

"C&A does not source goods from Ethiopia, currently, and it is not likely that the company starts production there in the short-term future", said Galya Parmenter, Project Manager- Global Sustainability at C&A. Arguments or considerations were not offered.

Katharine Stewart, Ethical Trade Director of Primark told SOMO: "We don't currently source from Ethiopia, but we do regularly look at new sourcing countries, including Ethiopia".[85] SOMO formulated some follow up questions, including about the partnership between Primark and DFID,[86] announced in January 2016 that aimed to improve working conditions for garment workers in developing markets including Ethiopia. SOMO also asked whether it is likely that Primark will start up production in Ethiopia in the foreseeable future. If not, why not? What human and labour rights risks did Primark identify, if any? If sourcing is to start, have production locations and suppliers been identified? What particular products may Primark source from Ethiopia? Primark did not further answer these questions.

Mr. Börjesson of H&M, in an interview with SOMO, described how H&M opened an office in Ethiopia in 2013, after having done their due diligence. This process led H&M to believe that they "can play a worthwhile role in supporting progress in Ethiopia, by advancing working conditions, human rights and environmental sustainability".[87]

Mr. Börjesson stressed the quality of all current ten suppliers in Ethiopia: "There may be some new suppliers, there may also be suppliers that are in a remediation process, but they are all in compliance with H&M minimum requirements".[88] In later correspondence, Maritha Lorentzon, Sustainability Business Expert of the Sustainability Department of H&M Group, clarified that the ten factories are all owned by the suppliers. There are no subcontractors. Five of the ten suppliers on the list have a 'silver' grading, the other five are graded 'other'. Lorentzon explained that 'other' means "that the performance of these five factories is low. This does not mean they did not fulfil minimum requirements, but rather that they are not showing continue improvement beyond compliance. This categorisation of suppliers is also related to business performance, and quality".[89]

The German ski and outdoor brand Schöffel started sourcing from Ethiopia in 2015. Mr. Mr. Kaiser, Head of Procurement at Schöffel, in an interview with SOMO, pointed out that the initiative to move to Ethiopia was taken by Schöffel's South Korean production partner Shin Textiles Solutions (ShinTS). ShinTS has a factory in Vietnam where Schöffel sources from. In 2015, ShinTS started setting up a new factory in Ethiopia, in Bole Lemi Industrial Park I, fearing upcoming labour shortages in Vietnam. Mr. Kaiser explained that "Schöffel carried out its intensified on-boarding process, a six-step process to select new manufacturers. This includes strict criteria from the first contact, several site visits, factory audit according to FWF standards to agreement of the partnership. We only place test orders if all requirements are met".[90] Mr. Kaiser called the ShinTS factory outstanding; "ShinTS is different from the average cheap t-shirt factories that you find in Ethiopia. All standards are followed. The management is very trustworthy. The management wants to offer proper jobs".[91]

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[85]Emails from Galya Parmenter, C&A, to SOMO dated 16 and 22 August 2019 respectively.
[86]Primark website, "Primark and DFID join forces to improve the wellbeing of garment workers in developing markets", 6 January 2016, <https://www.primark.com/en/our-ethics/newsroom/primark-and-dfid-join-forces-to-improve-the-wellbeing-of-garment-workers-in-developing-markets/a/f504b66e-31bb-4697-8f37-afc3e1074b0e>, accessed 9 October 2019.
[87]Interview with Pierre Börjesson, H&M, 17 September 2019.
[88]Interview with Pierre Börjesson, H&M, 17 September 2019.
[89]Email from Maritha Lorentzon, H&M, to SOMO, 20 September 2019.
[90]Interview with Georg Kaiser, Schöffel, 18 September 2019.
[91]Interview with Georg Kaiser, Schöffel, 18 September 2019.

On the topic of paying a living wage, Mr. Kaiser explained that Schöffel learned from their last audit that ShinTS paid their workers more than the average per capita in Ethiopia. "Due to the absence of an official minimum wage in Ethiopia", Mr. Kaiser said, is not possible "to give a legitimate statement about the relation between the wage level at ShinTS and one of the many different definitions of living wage". Schöffel is also sourcing from the ShinTS factory in Vietnam. Schöffel does not differentiate between the production in Vietnam or Ethiopia, when it comes to garment FOB prices. No matter in which country ShinTS is producing, they get the same price from Schöffel. "Considering the wage difference between Vietnam and Ethiopia", Mr. Kaiser wrote, "Schöffel enables ShinTS with this measure to pay over-average wages in Ethiopia".[92]

ShinTS operates four sheds in Ethiopia. Half a shed produces for Schöffel. ShinTS' other customers are US brands, but Mr. Kaiser claimed not to know them, which prevented him from taking an aligned approach in this.[93]

Schöffel is a proud member of Fair Wear Foundation. On the FWF website (before the recent site refurbishment), SOMO found some information about the activities of FWF members in Ethiopia. This information is not very straightforward, unfortunately. On the Ethiopia country page[94], mention was made of one *factory* in Ethiopia, working with three FWF members. On the same web page, however, under the country indicators, mention was made of two *FWF affiliates* sourcing in Ethiopia, at *4 suppliers*. On the current website of FWF, Ethiopia is no longer mentioned as a production country at all.[95] SOMO found that Salewa, Dynafit & Wild Country, three brands that are part of Oberalp, another FWF member, had some production in Ethiopia, at least in 2018.[96] According to Mr. Kaiser, Schöffel is nowadays the only FWF member producing at ShinTS in Ethiopia. Mr. Kaiser again emphasised that according to FWF and Schöffel's policies with regard to confidentiality, he is not in the position to provide further information about other brands.

On the topic of decent wages, Mr. Kaiser also said that ShinTS had lost a lot of money over the years by trying to keep the factory up and running.[97]

VF Corporation told SOMO that they "no longer have operations in Ethiopia". "As such, I don't think it is appropriate for VF to participate in the interview", said Molly Cuffe, Director of Corporate Responsibility Communications of VF.[98] The VF Corporation Q2 Factory List, however, does mention a supplier factory in Ethiopia: Youbang Manufacturing of Shoes Plc. Following up on VF's email, SOMO asked if this means that the relationship with Youbang Manufacturing of Shoes Plc has been terminated since 1 July 2019. If that is the case, could VF explain why the relationship was ended? Last but not least, SOMO also asked if VF possibly has any plans to start sourcing from other suppliers in Ethiopia. These questions unfortunately remained unanswered.

Fleur van den Heuvel-Meerman, Senior Policy Advisor at the **Dutch Agreement on Sustainable Garments and Textile** (CKT) told SOMO that "indeed, in 2018, none of the members of the Agreement sourced in Ethiopia", at least, "to the best of their knowledge". Van den Heuvel-Meerman added that "Agreement members may be sourcing leather from Ethiopia without them realising, as leather is of course a product from further in the supply chain".[99]

[92] Emails from Georg Kaiser, Schöffel, to SOMO, 9 October 2019.
[93] Interview with Georg Kaiser, Schöffel, 18 September 2019.
[94] https://fairwear.org/country/ethiopia/, accessed on 1 October 2019
[95] https://fairwear.org/programmes/countries.
[96] (https://www.salewa.com/ethical-sourcing; https://cdn1.salewa.com/media/pdf/ca/3c/45/Fair-Wear-Foundation_Brand-Performance-Check_2018.pdf).
[97] Interview with Georg Kaiser, Schöffel, 18 September 2019.
[98] Email from Molly Cuffe, VF, to SOMO dated 21 August 2019.
[99] Email from Fleur van den Heuvel-Meerman, Dutch Agreement on Sustainable Garments and Textile, to SOMO dated 9 August 2019.

7. TRADE WITH THE NETHERLANDS

The Netherlands has long been one of Ethiopia's most important trading partners. In 2015, the Netherlands ranked third as a destination for Ethiopian exports with over 10 per cent of total Ethiopian exports destined for the Netherlands. In that same year, Ethiopia exported goods of a total value $ 5,332 million USD to the Netherlands; more than 90 per cent of these goods consisted of cut flowers.[100]

However, in 2016, the value of exports to the Netherlands dropped dramatically to $ 17.3 million. This meant that the Netherlands ranked 25th as a destination for Ethiopian exports in 2016.

Table 7: Top 10 destination countries of Ethiopian exports 2009-2016

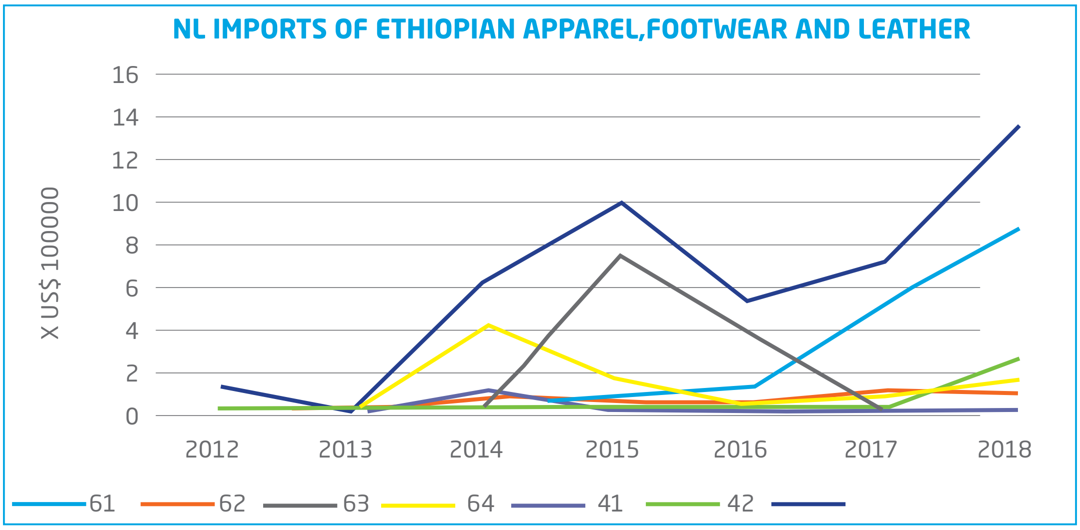
	COUNTRY	2009	2010	2011	2012	2013	2014	2015	2016
1	Somalia	1,347	2,241	2,433	2,598	6,511	7,072	6,717	77
2	China	2,431	2,418	2,834	3,209	3,291	5,332	3,785	887
3	The Netherlands	1,433	1,734	1,812	1,737	4,700	5,266	5,350	173
4	Saudi Arabia	1,141	1,465	1,674	1,914	3,955	5,719	3,571	1,671
5	Germany	1,289	2,653	3,188	3,127	2,618	3,202	3,219	1,483
6	Kuwait	5.67	6.93	31	18	942	8,007	6,431	8.76
7	United States	735	1,023	980	1,161	1,474	1,853	2,778	1,694
8	Switzerland	1,053	1,269	1,294	1,770	1,588	1,588	1,603	1,308
9	Sudan	769	1,513	1,784	1,627	1,137	1,031	1,101	488
10	Djibouti	516	671	756	1,072	1,760	1,729	2,133	441

Value in US$, in increments of $100,000
Source: Panjiva (www.panjiva.com)

Direct imports of Ethiopian apparel and footwear into the Netherlands are not significant. For the product group knitted or crocheted apparel (HS code 61), Ethiopia ranks 65th among countries that supplied the Netherlands with apparel items in 2018. However, that same year, Germany was the biggest supplier to the Netherlands. As Germany is also the top destination for Ethiopian apparel, it may be assumed that these German exports to the Netherlands also contain Ethiopian-made garments. As for footwear, Ethiopia ranks 62nd among countries that export footwear to the Netherlands. Again, Germany is the biggest supplier of footwear to the Netherlands. However, compared to garment exports, Germany is no longer a key export destination for Ethiopian footwear.

[100] United Nations, UN Comtrade database, <http://comtrade.un.org/>.

Figure 11: **Imports of Ethiopian leather, footwear, leather goods and apparel into the Netherlands**



See Annex 3 for full list of HS codes.

The production location list of the Dutch Agreement on Sustainable Garments and Textile (AGT) does not contain production locations in Ethiopia. No Dutch brands and retailers could be identified as sourcing apparel and footwear from Ethiopia through desk research either. It should be noted, however, that this does not necessarily mean that there are indeed no Dutch companies sourcing apparel and footwear from Ethiopia. The AGT does not include all Dutch clothing companies and certainly not all Dutch footwear companies. In addition, only a handful of Dutch companies publish supplier lists. This, combined with the fact that the Netherlands does not disclose detailed import information including company names, means there may be Dutch companies sourcing from Ethiopia that have not yet been identified.

So, while no Dutch companies were identified as directly sourcing from Ethiopia, the research did identify a number of foreign brands and retailers that are, or were until recently, active on the Dutch market. These include:
- Decathlon
- Fruit of the Loom
- Guess
- Hanesbrands
- H&M
- KiK
- Levi Strauss
- Lidl
- Michael Kors
- New Balance
- Oberalp Group (owned brands: Salewa, Dynafit, Wildcountry, Pomoca, Evolve)
- PvH
- Schöffel
- VF Corporation.[101]

[101] As noted in Chapter 6, VF said it did not have any operations in Ethiopia anymore in an email to SOMO dated 21 August 2019.

8. CLOSING REMARKS

In 2016, Mondiaal FNV commissioned SOMO to do a quick scan of the Ethiopian garment industry. The main conclusions of this quick scan were as follows:

- The availability of a large and cheap workforce makes Ethiopia an interesting new hub for textile production and garment manufacturing.
- The initial enthusiasm for this new sourcing country has not yet led to the expected increase in production.
- There are still multiple challenges for the growth spurt to take off, including low productivity; low quality; social unrest related to land issues; obstructive government bureaucracy.
- Despite these challenges, several brands have started producing in Ethiopia; H&M and PVH are the largest international brands active in Ethiopia.
- The main products are basic items such as T-shirts.
- Most of Ethiopia's garment exports are destined for Germany, while other European countries import much smaller quantities. The US also imports a portion of the exports. Export figures show that the Netherlands is not currently an important destination for Ethiopian garment products.

This quick scan report was published in 2018.[102]

In 2019, Mondiaal FNV commissioned SOMO to conduct a follow-up research study to gather updated information about the Ethiopian leather, footwear, and textile and garment industries.

Over the past few years, there has been growth in cotton production, production of textile, garment and footwear. However, the growth projections of the Ethiopian government are not being met. In addition, the growth expectations of Western brands and retailers are not being realised. Various constraints and obstacles come into play, with poor performance of the Ethiopian government, resulting in a variety of logistical issues cited most often. The high labour turnover and the lack of skilled workers is also mentioned as a factor.

Ethiopia is not yet living up to the promise of providing an integrated value chain from cotton production to ready-made garment.

Ethiopia is often mentioned as the fashion industry's new hub, alongside Myanmar, or even as the new Myanmar. However, this is not (yet) happening in reality. The pace at which the garment industry is growing in Myanmar is not being realised in Ethiopia.

Desk research and interviews provided some insights into the motivation of garment brands and retailers to source from Ethiopia. Some companies are eager to convey the message that they are genuinely intent on contributing to a sustainable and equitable garment industry in Ethiopia.
The export-oriented Ethiopian garment sector produces mainly basic and simple items. There are some examples of more complicated garment production, but these are still exceptions.

As far as we have been able to establish, Dutch footwear and garment brands and retailers are not sourcing directly from Ethiopia.

The direct export of cotton, textiles, leather, garments and/or footwear from Ethiopia to the Netherlands is not substantial at the moment. The export of these products from Ethiopia to Germany, however, is more significant.

[102] Esther de Haan & Martje Theuws, "Quick scan of the linkages between the Ethiopian garment industry and the Dutch market", SOMO and Mondiaal FNV (2018), <https://www.somo.nl/wp-content/uploads/2018/01/Quick-scan-Ethiopian-Garment-industry.pdf>, accessed 9 October 2019.

It is possible that textiles, leather, garments and/or footwear products made in Ethiopia do enter the Dutch market via Germany. It was outside the scope of this assignment to look into these trade flows in more detail.
It is also worth noting that a number of (Western) footwear garment and garment brands and retailers that are active on the Dutch market do source from Ethiopia.

There is no evidence that buying companies are making an effort to ensure that workers at their supplier factories receive a living wage or even a decent wage. Also, there are no signs of buyers of one supplier facility joining hands to ensure that workers in that facility receive a living wage or even a decent wage, although, admittedly, this observation is based on anecdotal evidence only.

ANNEX 1: GARMENT FACTORIES IN ETHIOPIA

NAME	MOTHER COMPANY	COUNTRY	BUYERS	SOURCE
Adama Defense Foundation Garment Industry		Ethiopia		Open Apparel Registry (OAR), contributor: Wage Indicator
Akaki Garment plc & GG Garment plc		JV Japan Ethiopia	H&M, Walmart, KiK, etc	Factory website (http://www.akakigarment.com/clients.htm); Open Apparel Registry (OAR); Wage Indicator
Al Mehdi Industries plc	Al Mehdi Group	Pakistan	Wilson Hunt International Ltd.	Panjiva
Almeda Textiles plc	Effort Group	Ethiopia		
Angel's Cotton and Textile Production plc		Turkey		Open Apparel Registry (OAR), contributor: Wage Indicator
Arbaminch Textile S.C.		China/ Ethiopia		Open Apparel Registry (OAR), contributor: Wage Indicator
Arvind Lifestyle Apparel Manufacturing plc	Arvind	India	H&M, Fruit of the Loom, The Children's Place, PVH, Gerber Children's Wear	H&M supplier list; Fruit of the Loom supplier list; WRC
Arvind Lifestyle Apparel Manufacturing plc	Arvind	India	PVH	PVH supplier list
ASBM Industrial plc		Ethiopia	Producing for local market	Open Apparel Registry (OAR), contributor: Wage Indicator
Ashton Apparel Mfg. plc	Atraco Group	UAE		The Children's Place
Ayka Addis Textile & Investment Group		Ethiopia (formerly Turkish)	Tchibo	Tchibo Supplier list
Best international Garments plc		India	Fruit of the Loom, Hanesbrands	Fruit of the Loom supplier list; NYU Stern report (Hanes)
BM Ethiopia Garment & Textile S.C.		Korea		Open Apparel Registry (OAR), contributor: Wage Indicator
Century Garments plc	Busana Apparel Group	Indonesia	PVH H&M	PVH supplier list
Concept International Ethiopia plc		Ethiopia	Lidl	Open Apparel Registry (OAR), contributor: Wage Indicator
DBL Industries plc	DBL Group	Bangladesh		H&M supplier list
Desta Garment		Ethiopia		Lidl supplier list
DLM Textile Factory				Open Apparel Registry (OAR), contributor: Wage Indicator
Edget Garment		Ethiopia	The Children's Place	Open Apparel Registry (OAR), contributor: Wage Indicator
Endeshaw Garment		Ethiopia		Open Apparel Registry (OAR), contributor: Wage Indicator
EPIC Apparel plc	Epic Group	Hong Kong		Panjiva
ETUR Textile plc	Yüksel Tekstil	Turkey		Open Apparel Registry (OAR), contributor: Wage Indicator

NAME	MOTHER COMPANY	COUNTRY	BUYERS	SOURCE
Everest Apparel (Ethiopia) S.C.	Everest Textile Co. Ltd.	Taiwan		Open Apparel Registry (OAR), contributor: Wage Indicator
G-7 Ethio Sisal Kacha				Open Apparel Registry (OAR), contributor: Wage Indicator
G-7 Mehler Sisal Kacha				Open Apparel Registry (OAR), contributor: Wage Indicator
Ginchi Trading plc			JC Penney	Panjiva
GMM Garment		Ethiopia		Open Apparel Registry (OAR), contributor: Wage Indicator
Haile Garment		Ethiopia		Open Apparel Registry (OAR), contributor: Wage Indicator
Hela Indochine Apparel plc	Foundation Garments (Private) Ltd	Chinese-Sri Lankan JV	PVH, H&M	Open Apparel Registry (OAR), contributor: Wage Indicator; H&M supplier list; PVH supplier list
Hirdaramani Garment plc Factory	Hirdaramani International Exports Pvt Ltd	Sri Lanka	H&M, the Children's Place, PVH	Open Apparel Registry (OAR), contributor: Wage Indicator; H&M supplier list; Panjiva; PVH supplier list
Hua Xia Technology plc		China		Open Apparel Registry (OAR), contributor: Wage Indicator
Indochine Apparel plc	GBX Trading	China	VF, PVH, Levi Strauss, H&M, New Look, Guess, The Children's Place	VF supplier list; Levi's supplier list; H&M supplier list; New Look Supplier list; Bloomberg article (Guess); Panjiva (The Children's Place); PVH supplier list; Open Apparel Registry (OAR), contributor: Wage Indicator
Isabella Socks Manufacturing plc		Sri Lanka	The Children's Place, Great Canadian Socks	Panjiva
JAY JAY TEXTILES plc	Addis Ventures Private Limited	India	H&M, Carter's , The Children's Place, Gerber Children's Wear	H&M supplier list; Panjiva; WRC
JP Textile Ethiopia Private Limited Company	Wuxi Jinmao	China	PVH	WRC
KGG Garments		China	The Children's Place	Panjiva
KK Textile		Ethiopia		Open Apparel Registry (OAR), contributor: Wage Indicator
Linde (Ethiopia) Garment plc		China	New Look	New Look supplier list
Lucy Garment Industry plc		Ethiopia Country		Open Apparel Registry (OAR), contributor: Wage Indicator
MAA Garments and Textiles	Kebire Enterprises	Ethiopia	H&M, Walmart, Obermeyer	H&M supplier list; WRC report
MNS Textile Factory		Turkey	M&S, Ralph Lauren, Makro, Otto, Migros, etc.	According to factory website (http://www.mnstextile.com/depo/mns-profile_5NzI.pdf)
Netsanet Ali Garment		Ethiopia		Open Apparel Registry (OAR), contributor: Wage Indicator

NAME	MOTHER COMPANY	COUNTRY	BUYERS	SOURCE
New Wide Garment (Ethiopian Branch)		Taiwan	5.11 Inc.	WRC
Novastar Garment plc		Ethiopia		Open Apparel Registry (OAR), contributor: Wage Indicator
Oasis Abyssinia plc		Ethiopia		Open Apparel Registry (OAR), contributor: Wage Indicator
PVH Arvind Manufacturing plc (fty)		JV US/ India	PVH	PVH supplier list
Quadrant Apparel Group plc		Spain		Open Apparel Registry (OAR), contributor: Wage Indicator
Seda Textile		Ethiopia (formerly Ethiopian - Turkish JV operating under the name Saygin Dima Textile SC)		Open Apparel Registry (OAR), contributor: Wage Indicator
Shin Textile Solutions ETP Garments plc		South Korea	New Balance, Schöffel	New Balance Licensee supplier list; Schöffel sustainability report (https://res.cloudinary.com/schoef-fel/image/upload/staging/assets/files/5cc056bc47bac.pdf); Conversation with Mr. Mr. Kaiser of Schöffel
Silver Spark Apparel Ethiopia plc		India	Peerless Clothing International	Panjiva
Strathmore Apparel Manufacturing plc	Raymond	Singapore	H&M	H&M supplier list
Sumbiri Intimate Apparel plc	Universal Menswear Singapore	Singapore	PVH, Fruit of the Loom	PVH supplier list; Fruit of the Loom supplier list
TAL Garments Manufacturing plc	Grand Asia Intertrade Pte. Ltd	Hong Kong	TAL apparel	Open Apparel Registry (OAR), contributor: Wage Indicator
Velocity Apparelz Companies plc	Tal Apparel	UAE	VF Corp, the Children's Place	VF supplier list; Panjiva,
Vestis Garment Production plc	Vogue International Agencies FZE	UAE	H&M	H&M supplier list
Village Industry plc	Kairos Textile DWC - LLC	Italy		Open Apparel Registry (OAR), contributor: Wage Indicator
Winchaw Manufacturing Garment and Textile Accessories				Open Apparel Registry (OAR), contributor: Wage Indicator
Workless Collection Garment plc				Open Apparel Registry (OAR), contributor: Wage Indicator
Wossi Garment Design Factory		Ethiopia		Open Apparel Registry (OAR), contributor: Wage Indicator
Yirgalem Addis Textile Factory plc		Ethiopia	Lidl	Lidl supplier list
Yonis Garment plc		Ethiopia	Fair Glory International, Wisechoice International	Open Apparel Registry (OAR), contributor: Wage Indicator
Zongeth Textile				Open Apparel Registry (OAR), contributor: Wage Indicator

ANNEX 2: FOOTWEAR AND LEATHER GOODS MANUFACTURERS[103]

NAME	COUNTRY	BUYERS
AB Leather	Ethiopia	
AJSM Leather products		
Alemayhu Awraris & Friends		
Anbessa Shoe S.C.		
Bostex Shoe Factory (brand: sole rebels)	Ethiopia	
Crystal Shoe Factory S.C.		
Duka Leather Products Factory	Ethiopia	
Endu Leather Craft		
Ethio International Footwear		
Cluster Cooperative Society		
Ltd. (EIFCCOS, cooperative of 173 small enterprises)	Ethiopia	
Ethio Leather Industry plc (Elico)		
Fiker Leather Industry plc		
Fur Ethiopia Leather Craft		
George Shoe Ethiopia plc	Taiwan	Glory Chen International Corp.
Hailu Leather products		
Henof Family General Trading plc		
Huajian	China	Guess, Calvin Klein
Kangaroo Shoe Factory plc	Ethiopia	
Korojo Leather Products plc		
Maoxin (Ethiopia) International Shoe		The Children's Place
Mesgana Shoe Group Enterprise	Ethiopia	
Modern Zege leather Products plc	Ethiopia	
Mohan plc (Mohan Group of Companies)	Ethiopia	
New Wing Addis Shoe Factory	Hong Kong	Caleres (US)
Oliberté limited Ethiopia branch	Canada	
(Factories closed since 2019)[104]		
Otto Kessler Gloves Ethiopia plc	Germany	
Park Shoe and Leather Products		
Factory plc		
Peacock Shoe Factory		
Pittards Ethiopia: Four glove making factories (Addis Ababa), and a tannery that produces 'hairsheep' leathers	UK	Wells Lamont, Vivobarefeet, Costco[105]

[103]Sources for the information in this table are Panjiva website, <www.panjiva.com>; and the Ethiopian Investment Commission, <http://www.investethiopia.gov.et/images/pdf/EIC%202017%20Report%20.pdf>.
[104]Oliberté, Goodbye Ethiopia, <https://www.oliberte.com/pages/goodbye-ethiopia/>, accessed on 2 October 2019.
[105]Atradius Case study - Pittards: Credit insurance for the leather goods sector, <https://group.atradius.com/products/case-studies/trade-credit-insurance-for-the-leather-goods-sector.html>.

NAME	COUNTRY	BUYERS
PU PVC Leather Shoe and Sole Factory PLC		
Pungkook Ethiopia Bag Mfg.	South Korea	Michael Kors
Ramsay Shoe Factory		
Shalom Shoe and Leather products Enterprise		
Tikur Abbay Shoe S.C.		
Yezichalem Meaza Footwear & Leather products	Ethiopia	

ANNEX 3: EXPLANATION OF THE HARMONIZED SYSTEM (HS) CODES USED IN THIS REPORT[106]

41	Raw hides and skins (other than fur skins) and leather articles of leather; saddlery and harness; travel goods, handbags and similar containers
42	Articles of animal gut (other than silk-worm gut)
52	Cotton
54	Man-made filaments; strip and the like of man-made textile materials
55	Man-made staple fibres
59	Textile fabrics; impregnated, coated, covered or laminated; textile articles of a kind suitable for industrial use
60	Fabrics; knitted or crocheted
61	Apparel and clothing accessories; knitted or crocheted
62	Apparel and clothing accessories; not knitted or crocheted
63	Textiles, made up articles; sets; worn clothing and worn textile articles; rags
64	Footwear; gaiters and the like; parts of such articles

[106] Foreign Trade online, Harmonized System Codes (HS Code 2017 - Current), <https://www.foreign-trade.com/reference/hscode.htm?cat=10.>

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