

# Ethiopia and 2 other African countries have been delisted from AGOA; here are the negative economic impacts this could have

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Many women, including those stitching clothes at Ethiopia's Hawassa Industrial Park, could lose their jobs due to the delisting

- **On January 1st, Ethiopia, Mali and Guinea were officially delisted from the African Growth and Opportunity Act (AGOA).**
- **Innocent people could lose their means of livelihood as thousands of jobs are expected to be lost due to the delisting.**
- **Business Insider Africa spoke to Mesfin Tegenu, the Executive Chairman of the American-Ethiopian Public Affairs Committee (AEPAC) to learn more about the development.**

In November 2021, the Biden Administration announced that it would delist Ethiopia, Mali and Guinea from the list of African countries eligible to benefit from duty-free trade with the United States of America under the African Growth and Opportunity Act (AGOA).

The main reasons given for this sanction were the human right violations in Ethiopia due to the ongoing war in the country, as well as military coups in Mali and Guinea.

On January 1st, 2022, the delisting took effect. And the implication is that the affected African countries will no longer enjoy the many benefits of AGOA. Unfortunately, this also means that many innocent Ethiopians, Malians and Guineans who depend on AGOA for direct employment, will now suffer economic hardships due to job losses.

## **The clamour to reverse the delisting**

A lot of groups and individuals have already condemned the US Government's decision to delist the three African countries from AGOA. Ethiopia's Investment Commission described the sanction as disappointing and very regrettable. Meanwhile, other groups such as the American-Ethiopian Public Affairs Committee (AEPAC) had tried to lobby the White House to reconsider but all to no avail.

Business Insider Africa spoke to AEPAC's Executive Chairman, Mesfin Tegenu, to learn more about the situation and the way forward. He told us that his association disagreed with the White House's reason for terminating Ethiopia's participation in the AGOA programme, describing the decision as "political and without merits".

*"We disagree with the administration's assessment to that effect. We have seen a lot of efforts made by the Ethiopian Government to rectify the issues raised concerning human rights violations as result of the war being waged against insurgency in the northern part of the country. These efforts have been verified and validated by the Ethiopian Human Rights Commission as well as the UN Human Rights Commission. So, the issue raised for disqualifying Ethiopia from AGOA isn't actually an issue. Bad things happen in a conflict situations. But the Ethiopian Government has continued to ensure that no atrocities will happen as a result of that conflict. So, we disagree that the delisting was based on legitimate reasons. By the way, if we believe that guaranteeing employment for women enhances and protects their human rights, then taking away their jobs would actually undermine their human rights,"* Mr Tegenu said.

## **The economic impacts of the delisting**

In the meantime, the delisting could have catastrophic effects on Ethiopia and the other African countries. For Ethiopia specifically, AEPAC has estimated that as many as 200,000 jobs could be lost immediately following the delisting on January 1st. In the medium to long term, about a million jobs could be lost and this would be very damaging to the Ethiopian economy.

*"If the delisting takes effect, Ethiopia will have medium-to-long-term disadvantages. There are about 200, 000 jobs that are created as a result of AGOA. These jobs support have direct impacts of about one million Ethiopian families. So, delisting the country from AGOA simply means that those families would be negatively impacted. So, just take a moment to think about the effect this could have on the working class,"* Tegenu told Business Insider Africa.

Here's what you should note about AGOA; since the African Growth and Opportunity Act was approved by the US Congress in the year 2000, it has contributed significantly towards reducing poverty across Sub Sharan African countries. In Ethiopia for instance, AGOA has helped to reduce poverty by 42% through job creation. Little wonder the delisting is expected to wrought significant economic hardships.

## **What happens now?**

When Business Insider Africa asked Mr Tegenu what Ethiopia could do to lessen the foreseen economic hardship due to the delisting, he pointed to the fact that the Horn of Africa country could look to America's competitor, China. As a matter of fact, China has already announced new investments in Ethiopia since the US announced the the country's delisting from AGOA.

*"The Ethiopian Diaspora will continue to make sure that the relationship with the United States does not continue to deteriorate. But if the US decides not to engage with us towards an amicable resolution of this obvious disagreement, then Ethiopia has not choice but to partner with whosoever is available for partnership towards Ethiopia's development. At this point, the Chinese Government has offered a similar trade agreement to buy Ethiopian products at duty-free rates. And you can agree with me that China is indeed a huge market for Ethiopia to explore," he said.*