

November 20, 2014



Open Letter to Mr. Karl Johan Persson, Winner of 2014 Fairness Award Faces Significant Challenges in Partnering with Autocratic and Corrupt Ethiopian Government-Controlled Businesses

Head Office
H & M Hennes & Mauritz AB
Mäster Samuelsgatan 46A
SE-106 38 Stockholm
SWEDEN

Dear Mr. Karl Johan Persson,

On behalf of the [Solidarity Movement for a New Ethiopia \(SMNE\)](#) and the Ethiopian people we represent, I extend my warmest congratulations regarding the upcoming event at the Historic Howard Theatre in Washington D.C. on November 24, 2014 when you will receive the **2014 Fairness Award** given by the [Global Fairness Initiative \(GFI\)](#) along with Mr. Robert B. Zoellick, former president of the World Bank Group (2007-2012) and Ms. Nani Zulminarni, Founder of Perempuan Kepala Keluarga (PEKKA), Indonesia.

This is no small accomplishment. According to the Fairness Award website, this award honors “*exceptional leaders whose work and life have opened opportunity and access for poor and marginalized communities. By honoring these outstanding individuals, GFI hopes to inspire a new generation of leaders to dedicate themselves to economic justice, fairness, and equality.*”ⁱⁱ As a Swedish businessman, and President and CEO of one of the largest global fashion retailers, [H&M Hennes & Mauritz AB](#), we can see how you have combined value-based business practices with great success.

The reason for this letter is to express our deep concerns regarding a recently announced business venture H&M is planning in Ethiopia. H&M, with venture capital provided through a Swedish State-run group, [Swedfund](#)ⁱⁱⁱ, has announced a decision to invest in cotton projects within Ethiopia. **Reportedly, it will involve partnering with five different companies in Ethiopia, three of which are members of the business conglomerate, EFFORT, which is essentially owned by the [Tigrayan Peoples’ Liberation Front \(TPLF\)](#), the controlling party of the Ethiopian Peoples’ Revolutionary Democratic Front (EPRDF). Although the EPRDF is said to be a coalition government representing four of the nine ethnic-based regions of Ethiopia, the TPLF is recognized to be in charge. In other words, Ethiopia, with 86 different ethnic groups, is ruled by an ethnic-based minority party making up only 6% of the population. This has been the case since 1991.**

The fourth company is owned by Saudi Arabian-Ethiopian businessman and billionaire, **Sheik Mohammed al Amoudi**, who is known as the *right hand* of the TPLF/EPRDF government. He has profited immensely from that association and in doing so, has been complicit in violating the rights of other Ethiopians. The identity of the fifth company is not yet known.

For your information, I am the Executive Director of the SMNE, a non-violent, non-political, grassroots social justice movement of diverse Ethiopians; committed to bringing truth, justice, freedom, equality, reconciliation, accountability and respect for human and civil rights to the people of Ethiopia and beyond. The SMNE was founded to build a better future for the people and is based on the belief that the future well being of our global society rests in the hands of those among us who can put “*humanity before ethnicity,*” or any other distinctions that divide and dehumanize other human beings from ourselves; inspiring us to care about these “others;” not only because of the intrinsic God-given value of each life, but also because “*none of us will be free until all are free.*”

In regards to H&M's business interests in Ethiopia, we want to make it clear that the SMNE strongly supports business development, partnerships, and private and foreign investment in the country, believing that if Ethiopians are going to more widely prosper and increase food security to its growing population, a strong, market-driven economy is essential; however, what exists today is crony capitalism, the exploitation of the land, national assets, and resources of Ethiopians, and a brutal crackdown on the human and civil rights of the majority.

After reviewing the stated values and goals of H&M and Swedfund, which strongly affirm economic justice, fairness, respect, ethical behavior, inclusion, embracing diversity, a commitment to the protection of human rights, a zero tolerance policy on corruption—including bribery, gifts, and favors, integrity, transparency, honesty, equality, avoidance of conflicts of interest, following the law at all times, and striving for sustainability, we are in full agreement with them.

We believe H&M and Swedfund can provide an excellent model for doing mutually beneficial business in Ethiopia. However, we want to strongly caution H&M and Swedfund that the business climate is inseparable from the complete domination of the current corrupt regime and their friends and cronies. As the winner of the Fairness Award and as a business with high ethical standards, you will face significant challenges in partnering with Ethiopian government-controlled businesses. We believe it is critically important to your long-term success to know this in advance. Companies of high repute can unwittingly damage their reputations by acts of their partners.

For example, in December 2003, Ethiopian National Defense Forces, along with militia's they equipped, targeted my own indigenous ethnic group, the Anuak, massacring 424 of the most educated leaders within three days. Over the next several years, nearly two thousand others were killed, many others were beaten, arrested and tortured, thousands more fled to other countries. Much of the limited infrastructure in this marginalized Gambella region of southwestern Ethiopia was destroyed. The goal was to eliminate resistance to the extraction of possible oil reserves in the region. None was found, but companies involved in that effort were complicit in turning a blind eye to what was going on.

In Sierra Leone, the same thing happened in the extraction of diamonds, creating the name, *blood diamonds*. **We seek to warn you of the risk of association with the TPLF/EPRDF regime, known for its ruthless treatment of its people so the legacy of H&M will not be associated with the blood and suffering of the Ethiopian people as these examples point out. This is an ethnic apartheid regime that does not care about the well being of all its own people. As a result, your goal of creating a business that benefits both the people of Ethiopia and H&M; that reduces poverty, enfranchises informal communities and advances human rights and livelihoods, as stated as GFI's mission goal, will be challenged at every juncture for those *doing business* in Ethiopia under the egocentric control of this regime. This will be keenly felt by those, like yourself, who has a proven track-record of high standards in regards to business practice.**

The only access into the economic structures of Ethiopia comes through close association and loyalty to the TPLF/EPRDF. All others are excluded, including the majority of people of Ethiopia. **The impressive double-digit economic growth figures claimed by the Ethiopian government are not only questionable, but to the degree there is growth, that growth has gone into the pockets of the TPLF/EPRDF elite. Additionally, massive amounts of illicit capital leakage have ensured little improvement in the quality of life for the people.**

Working in Ethiopia will present enormous challenges to H&M. I am not simply talking about the lack of infrastructure—roads, transportation, electricity, communication technology and even running water; neither are we talking about the challenges of undeveloped land, the abundance or lack of water, navigating through a maze of unfamiliar bureaucracy, or adjusting to working in a country of many different cultures, languages and geographical differences. **Instead, I am talking about a conflict of values when H&M attempts to work with a regime whose goals, objectives and practices are in complete contradiction to most every ideal espoused by H&M—despite any deceptive rhetoric you might hear to the contrary.**

The Public Image of Ethiopia versus the Ethiopia known by Ethiopians:

As a social justice organization that cares for the well being of the Ethiopian people, our concern is that the partners H&M has chosen are part of an autocratic regime representing the interests of a small minority at the top, most all coming from one ethnicity which does not even represent many of their own people. In the last flawed election, the highly unpopular TPLF/EPRDF party claimed to capture 99.6% of the total vote. Only one of the 547 seats in Parliament was taken by an opposition member. That member is allowed only 3 minutes of debate on any issue. As the next national election in May of 2015 looms ahead, the ruling regime has eliminated any political space. People are denied freedom of expression, freedom of association, and freedom of assembly.

Civil society has been decimated by using a law, the **Charities and Societies Proclamationⁱⁱⁱ (CSO)** which has closed over 2,600 civic organizations within Ethiopia. Those that currently exist are arms of the regime. **The CSO law includes serious criminal consequences for any who advance human rights or rights for children, for women, or for the disabled if the organization has received over 10% of its funding from foreign sources. Similarly, it outlaws conflict resolution between ethnicities or religious groups or democratic advancement under the same criteria.**

All sectors of society are controlled by the ruling party. **(Please see link for examples.) This includes the media, public and private institutions, the military, federal and local security and police, the justice system, the educational system, the financial system—including access to loans, access to business opportunities, customs, taxes, and government jobs. Entry into any opportunity is blocked unless the doors are opened based on ethnicity (TPLF-Tigre), party membership (EPRDF) and loyalty to the ruling party.** Human rights organizations have documented the politicization of humanitarian aid and services. This all has caused significant resentment and increasing tensions between the majority and the TPLF/EPRDF. **Access to the Internet is controlled and websites are blocked. Landline phones and mobile phone usage is among the lowest in all of Africa due to a fear of what communication and technology might incite within its disenfranchised and repressed population.**

Ethiopian laws are used to repress resistance rather than to protect the people. For example an anti-terrorism law, enacted in 2009, has been used to criminalize dissent, leading to Ethiopia being the second highest jailer of journalists in Africa, only topped by its neighbor, Eritrea. Numbers of Ethiopia's most courageous voices of freedom languish behind bars, many victims of torture. Think of the arrest and long detention (438 days) of [two Swedish journalists, Martin Schibbye and Johan Persson](#) who were sentenced under the anti-terrorism law to 11 years in prison for documenting human rights abuses.

We realize you understand the repression of information and criminalization of journalists who report the truth due to H&M's substantial donations to Civil Rights Defenders, a non-profit to uphold the human rights of people across the world. This organization wrote a letter to [Prime Minister Hailemariam Desalegn](#) regarding the recent jailing of Zone9 bloggers. One of those bloggers, Soleyana Shimeles, who was charged in absentia, was recently a guest of the SMNE at a forum we held in Washington D.C., [Breaking the Cycle of Dysfunction in Ethiopian Institutions](#).

The ethnic apartheid regime of TPLF/EPRDF is also well known for its widespread, serial human rights abuses, its displacement of indigenous people from their land without consultation or compensation, and their absolute impunity from the courts they control for crimes committed. **For example, Ethiopia has become a destination for those wanting to lease cheap agricultural land with access to water under long-term contracts. The people who live on the land are described in some of those contracts as *impediments* to be removed. Large scale land grabs have forced hundreds of thousands of small-scale farmers, pastoralists and villagers from land occupied by their families for centuries.**

Similar evictions have been forced on city-dwellers throughout the country. When they resist, people have been intimidated, harassed, beaten, raped, arrested, disappeared or killed. Many have fled to refugee camps outside the country.

The TPLF/EPRDF government promised to resettle the displaced people in a *villagization project* where improved services would be available, but in reality this usually meant the people would have to build their own shelters, find new sources of water—often further away, clear land and replant crops on less fertile land and not find any new or improved services. **Poverty and insecurity has increased and many of these people, who used to be self-sufficient, now must depend on food aid.**

[H&M has made it clear you will do everything possible to ensure that cotton will not come from appropriated land.](#)

We commend you for this stance, but you will have to be careful.

Our concerns:

1. Doing business with members of the oppressive TPLF/EPRDF party will further empower and legitimize them, undermining the struggle of the people for freedom, justice and equality.
2. No safeguards exist, other than empty rhetoric, which will protect the people, many of the most vulnerable; neither are there safeguards in place to protect the environment, already seriously affected, from the TPLF/EPRDF's abuses, especially in regions where the people have no voice.
3. This is a country where there is no transparency or accountability. The justice system is controlled from the federal level to the local level by the TPLF/EPRDF. It is used to reward friends of the regime and to fine, charge or impose difficult regulations or corruption charges on individuals and businesses that do not comply or who speak unfavorably towards the regime.
4. EFFORT businesses account for some 90% of all businesses in Ethiopia.
5. Sheik Mohammed al Amoudi, owner of Saudi Star Farm in Gambella, is leasing indigenous land to grow rice, most of it for export to Saudi Arabia. Heavy use of water for irrigation is having an impact down river. Human rights abuses were inflicted in order to force the local people from the land. Much of the land was forested, leading to clearing it of valuable Shea trees and much more. An incident of violence did erupt on the farm in 2013 between workers and the local people.
6. A new anti-corruption law is being proposed that may act similarly to the anti-terrorism law in criminalizing any behavior by officials and companies, Ethiopian or foreign, who do not conform to TPLF/EPRDF expectations. This is a regime prone to changing the rules according to their self-serving needs. There is little recourse for outside companies and investors who are in conflict with the TPLF/EPRDF. It is to the regime's advantage to engage a major company like H&M so they may lay out the red carpet; however, you may also be expected to conform to business practices that are unacceptable to you. Doing business with members of EFFORT is comparable to doing business with an unpredictable authoritarian regime where non-compliance may bring unfair charges or decisions. You are a company with strong values and an excellent reputation. Even though H&M may be willing to risk your capital, you may need to think twice before working with the TPLF/EPRDF, which may put your good reputation at risk.

We in the SMNE, with the help of the people, hope to correct these unfavorable business conditions through meaningful reforms, the restoration of justice and through reconciliation in order to build a more inclusive society for the people of Ethiopia.

If you want to invest in Ethiopia, we would welcome you, but urge you to look for long-term, sustainable partnerships where the rights and livelihoods of the people are upheld and where H&M can bring an outstanding model of how to do ethical, inclusive and profitable business in Ethiopia. This would be a real win-win solution for all of us!

If you do choose to go forward with your present plans, we genuinely hope that honorable companies like H&M will be a force for change for the common good of the people in countries of repression like Ethiopia—for our humanity has no boundaries. **That means refusing to overlook the injustice; standing strong and firm in upholding all your values to the great benefit of the voiceless.**

Please feel free to contact me should you have further questions, suggestions or comments.

Sincerely yours,



Obang Metho,
Executive Director SMNE
910- 17th St. NW, Suite 419.
Washington, DC 20006 USA ☐
Phone 202 725-1616
Email: obang@solidaritymovement.org
Website: www.solidaritymovement.org

ⁱ <http://www.fairmessaward.org/>

ⁱⁱ Swedfund, owned by the Swedish state, provides risk capital, expertise and financial support for investments in the emerging markets of Africa, Asia, Latin America and Eastern Europe. Our mission is poverty reduction through sustainable business, contributing to economic and environmental development as well as a positive impact to society. Since 1979 Swedfund has been engaged as an active, responsible and long-term investor in more than 230 companies in our countries of operation.

ⁱⁱⁱ A repressive 2009 law against civil society, the Charities and Societies Proclamation now prohibits any organization that receives more than 10% of its budget from foreign sources from (a) advancing human and democratic rights, (b) promoting equality of nations, nationalities, peoples, gender and religion, (c) promoting the rights of the disabled and children, (d) promoting conflict resolution or reconciliation and, (e) promoting the efficiency of justice and law enforcement services. This has meant the closure of most every independent civic organization. In their place, the regime has created pseudo-organizations controlled by the regime, oftentimes appearing legitimate to outsiders. The law carries harsh criminal penalties for violators. It is used for political purposes and has paralyzed civil society. In its place, look-alike pseudo-institutions have sprung up, all created and controlled by the government.