

Just Trading Scotland: Impact of fairly traded Kilombero rice in Malawi¹

Overview

Based on the analysis of documents and interviews (in Malawi and Scotland), the work of Just Trading Scotland (JTS) is found to support the provision of immediate benefits to the rural community of Karonga in Northern Malawi. However, of more significance, JTS's activities also support wider and more fundamental development processes.

Malawi: The Development Background

Malawi is among the poorest and least developed countries in the world: ranked 160th out of the 182 countries covered by the United Nation's Human Development Index. The small country is isolated from international shipping, has poor infrastructure and is heavily dependent on agricultural exports; particularly tobacco which generates 70 per cent of foreign exchange. Malawi is constantly forced to spend more on imports, such as the fuel and fertilizer required to keep the economy running, than it generates through exports.

Just Trading Scotland: Fairly Traded Kilombero Rice

JTS is a mission driven, fair trade import organisation based in Scotland. After a meeting with representatives of the National Smallholder Farmers Association of Malawi (NASFAM) in 2007 (at the Trade Connections event organised by Imani Development and funded by the Scottish government), JTS began to purchase Kilombero rice to sell on a retail and wholesale basis to customers in Scotland. As part of the project, JTS marketed some of the rice to East Dunbartonshire and Renfrewshire Local Authorities for use in school lunches and educational programmes.

Since the project's inception, JTS has imported some 86 metric tons of Kilombero rice, representing an export value to NASFAM of £87,000. A further order for 44 metric tons has just been placed in mid-2011.

The Impact of JTS's Work in Malawi

NASFAM is a Malawian cooperative set up to assist smallholder farmers improve their livelihoods. The organisation provides seed (as many farmers are forced to eat theirs during the hungry season) and training to farmers on how to improve production yields and understand "farming as a business". NASFAM also acts as a guaranteed buyer for rice, and unlike local traders, who seek to take advantage of the weak position of farmers to generate profits, pays prices based on the cost of production and agreed with cooperative committees.

By purchasing Kilombero rice from NASFAM, JTS provides a market for the organisation's member farmers. JTS also pays a price based on the costs of production which provides essential profit for NASFAM to service the needs of its members. More importantly, securing an export market for Kilombero rice assists NASFAM in diversifying away from its reliance on tobacco sales; which is a shrinking, volatile and exploitative market. While the purchases of JTS are not currently a large percentage of NASFAM's income, and certainly little for the country as a whole, there is potential to significantly expand sales. Indeed, while no European commercial buyer will currently deal with NASFAM, due to concerns about product quality and capacity to meet supply needs, the relationship with JTS allows the organisation to demonstrate to importers in other European markets that it is capable of supplying high quality rice with a unique Kilombero brand.

Finally, it is widely recognised that one of the fundamental processes in successful economic (and associated social and political) development, is the diversification of a country's economy away from the export of low profit raw materials, into the sale of higher value and more fully processed products. As such, JTS is also facilitating investment in infrastructure necessary for NASFAM to clean, package and brand Kilombero rice within Malawi and indeed, the rural producer community in Karonga itself. Taken together these processes represent a package of significantly important support for the development of NASFAM and Malawi as a whole.

¹ Research conducted by Dr. Alastair M. Smith as part of his ESRC sponsored PhD dissertation completed at the ESRC centre for Business, Relationships, Sustainability and Society (BRASS), and the School of City and Regional Planning (CPLAN), Cardiff University, Wales. More information available on request.