

DISCUSSION DOCUMENT

Just Trading Scotland and Fair Trade

JTS was set up to enable farmers and small-scale producers in developing countries gain access to UK markets, to get a fair price for their products and to empower them, their families and communities. We want producers to get justly rewarded for their efforts, to be able to take control of their lives and be able to bring benefits to their communities, and we want to provide a link between them and consumers/customers in the UK.

We believe that there is a significant market segment in the UK for products which are of high quality and ethically produced (and accredited) – ethical consumers. As importers and distributors, in order to achieve our aims and to convince our customers, we need a) to have clear purchasing policies and business standards; and b) to have independent verification that our products are fairly traded.

a) purchasing practice and policies

Currently, we buy from a variety of sources, some of which have or are seeking some form of kite-marking (Eswatini, Rabs and KASFA: COFTA; Buchanans: FT mark), some have none. In buying we are looking to buy from smallholder farmers, or those who buy their produce from such (Eswatini), who receive/pay a fair wage and are seeking to help farmers work their way out of poverty. We will be swayed by the views of others with experience and knowledge in the sphere (FTO and Oxfam in the case of Eswatini, Imani with NASFAM and Rabs). We back this up with our own visits and researches. We visited Eswatini along with Martin Boon of FTO Holland and took part in a social audit. In Malawi we have taken part in discussions between NASFAM and KASFA about price negotiations. Last year we applied for a grant from FRICH which would have allowed us to carry out our own social audit on supply chains in Malawi but this was unfortunately not successful. It remains nevertheless something that would strengthen our own evaluations of the projects we work with.

Towards a policy?

In general we are looking for products

- where the producers receive a fair price for their goods: calculated as (at least) production costs (including labour costs) x 1.5. (So far verified only for NASFAM: KASFA received 62 Mkw PER KG. Production cost (with wages at \$1.50 per day) were calculated at 32 Mkw. Government minimum price was fixed at 55 MKW).
- where there is producer support: training, assistance with financing, cheaper farm inputs and farm implements, assistance with marketing (NASFAM provides a good example of this, even if the withdrawal of USAID support may threaten this). But should we not buy from farmers who do not have such support? which is probably the case with many of the Eswatini producers.

- where there are discernible community benefits: Eswatini supports Manzini Youth Care when it makes a profit, though in practice it has not always done so. Donations associated with the rice challenge go to support bursaries but also for herbicides to save farmers back-breaking work.
- We would not buy from producers
 - where there was unacceptable use of child labour (i.e which interrupted schooling or which involved children being sold to factories)
 - where there has been use of forced labour
 - where there is discrimination on grounds of race, religion, gender, sexual orientation
 - where there is no freedom of association
 - where there are poor working conditions, poor health and safety regimes.
- We would encourage producers to be as considerate of the environment as possible, in their choice of components, use of fertilisers, pesticides, herbicides, etc.

In our relations with producers, we seek to be transparent and accountable, to foster long-term relationships and a spirit of cooperation. We will pay promptly on receipt of goods and documents and, if asked, will make a 50% prepayment.

Fair Trade Accreditation.

Not all fairly traded goods or producers are accredited as such. Nor is accreditation a necessary condition for goods to be accepted as fairly traded in the UK markets. Traidcraft have sold fairly traded products on their own assurances for years. We sold Eswatini to Fair Trade shops and churches for 6 years before they got COFTA membership. Such outlets were willing to accept our account of the fairly traded status of the goods. Nevertheless, once one goes beyond such shops into the sphere of specialist food shops, and, even more, supermarkets the need for some form of independent accreditation becomes great.

Clearly the most widely recognised form of certification is the Fairtrade mark. If products are to be able to sell as fairly traded in supermarkets and other mass market outlets, this is what they will have to have. However there are problems, especially for independent smallholder farmers:

- Product standards set by FLO cert continue to rise
- The levels of organisation and documentation needed demand extensive training and levels of education beyond those of most smallholder farmers in poorer countries
- The Fairtrade premium may be a very effective means of ensuring that rewards from fair trade are returned to the workers' community in large plantations; they can act simply to push up the selling price for farmers already struggling to achieve profitability from a small economic base.

All of this can mean that FLO certification becomes one further obstacle for poorer farmers to overcome before they can access the rich markets of the North.

None of this is to deny the huge benefits which FLO certification confers on many farmers across Africa. The changes which have been accomplished, notably in the larger estates, are remarkable, and the Fairtrade premium delivers social change to such communities in very effective and accountable ways.

The problem is however one of how best to assist independent smallholder farmers develop to the point where they can meet the demands of FLO certification.

We believe that

- in order for smallholder farmers in Malawi to be able to attain FLO certification there needs to be a staged process which allows them to develop the necessary organisational and production capacities while at the same time enjoying the benefits of fair trade status in respect of fair prices and access to ethical markets in the UK and Europe. Producers would not necessarily have to progress through all stages: they might, e.g., omit stage 2 and progress directly to stage 3.
 - This would be initiated by producers signing a commitment to move towards fair trade certification; by a recommendation from Imani/MFTN/SFTF(??) that their products should be recognised as fairly traded. During this period, there should be some form of checking: of pricing; of working conditions; of progress toward further stages.
 - As a second stage, producers would seek COFTA membership, leading to full membership of WFTO
 - As a third stage they would seek FLO certification.
- In order to spread the benefits of fair trade as widely as possible within Malawi and other countries, we need to accredit as fairly traded as much of the supply chain as possible. The above process for producers could apply equally well to processors and logistics firms, adding value in country and also drawing on the expertise and market access of some of the larger organisations in the country. There is considerable scope here for further support mechanisms for the farmers.