



Fertilizer Association of Malawi

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OPEN LETTER TO THE CHAIRPERSON OF THE PARLIAMENTARY COMMITTEE ON AGRICULTURE AND IRRIGATION, HON. SAMEER SULEMAN, M.P.

May it please you, Honorable Chairperson,

With reference to your speech to the Malawi Parliament [Parliament] on Friday, December 3, 2021 in your capacity as Chairperson of the Parliamentary Committee on Agriculture and Irrigation [the Committee], the Registered Trustees and Members of Fertilizer Association of Malawi [FAM] wish to clarify some facts related to information that you misstated to Members of Parliament and to the entire Malawi Nation. We understand and hope that this may have been a result of you not being properly informed at the time of your speech.

- 1 FAM was established in 2007 on recommendation of the Ministry of Agriculture [the Ministry] that the Fertilizer Industry [the Industry] be well represented and able to engage effectively with the Government of Malawi [GoM]. FAM has therefore been in existence for 15 years and not the 10 years that you stated in Parliament.
- 2 FAM aims to **“foster a conducive and enabling environment for the use and trading of the fertilizer products, to sustain a food secure Malawi for the benefit of our members and the consumer”**.
- 3 FAM has twenty [20] members and not six [6] as you stated in Parliament. All members of FAM are privately owned commercial entities. They participate competitively in the Industry.
- 4 FAM does not discriminate on the basis of race, tribe or religion neither in its membership nor its dealings with the public. All companies trading in fertilizer who meet the professional standards set by FAM’s application process, are welcome as members.
- 5 FAM is proud to represent a diversity of large and small Malawian businesses. Its members include large importers, manufacturers, blenders, wholesalers, and retailers. Some of its members perform several of these activities. Many of its members have been importing and selling fertilizer for over 20 years and have built up a high degree of experience and capacity. Over the years they have invested in infrastructure, human resource development, job creation and a strong

tax revenue base. The Industry now directly employs over five thousand [5 000] people.

FAM therefore rejects your claim that it is a “cartel” as fake, sensational at best and defamatory. FAM vigorously contests your claim as unfounded and without merit.

- 6 Since its establishment FAM has a long history of successfully working with GoM and the Ministry on a number of key areas, including but not limited to fertilizer importation and distribution; good practices in the Industry; fertilizer standards; the National Fertilizer Policy and Fertilizer Bill.
- 7 FAM’s membership collectively imports and sells a large part of Malawi’s fertilizer requirements. This does not in any way inhibit or prohibit non-FAM members nor GoM institutions such as Smallholder Farmers Fertilizer Revolving Fund of Malawi [SFFRFM] or Agriculture Development and Marketing Corporation Limited [ADMARC] from importing and selling fertilizer in Malawi. FAM cannot be blamed for their failure to do so.
- 8 You should be aware that of the one hundred and sixty-four [164] companies awarded contracts under GoM’s Affordable Inputs Program [AIP] for the 2021-22 season, only 11 of them are members of FAM. That means that 9 members of FAM were not awarded contracts despite their pivotal role in the 2020-21 AIP season whereby FAM members supplied 56% of the fertilizer supplied to farmers. This was achieved in record time and AIP was an outstanding success.
- 9 You may also wish to know that in 2021 FAM has been inducted as a member of the International Fertilizer Association [IFA] which has given FAM access to credible international Industry statistics. FAM is pleased to report that despite the very adverse conditions of the global fertilizer market, FAM members do indeed have stocks as one would expect of companies in the Industry. It is a credit to their experience and effort that there are sufficient fertilizer stocks within Malawi at this critical time. These stocks are available for sale to all farmers across the country, either by wholesale or retail through the vibrant retail network of FAM’s members.
- 10 On the November 16, 2021, all fertilizer stakeholders were invited by the MwAPATA Institute to a presentation by two independent economists; Dr. Christone Nyondo and Dr. Jan Duchoslav, who explained to all present, including members of your Committee, the global context of the current increase in fertilizer prices.
- 11 It is unfortunate that the current global fertilizer markets have seen unprecedented price increases and supply shortages. The high cost of fertilizer is impacting the farmers of many Nations. It is hoped that fertilizer

prices will revert to levels more in line with those seen over the past 5 years. Along with the high prices is the low availability of the product. As a nation Malawi is competing with the region to access fertilizer. For now, all stakeholders must make their best efforts to make the product available at the best possible price to Malawi's farmers. To add to all these external difficulties there are considerable internal difficulties.

- 11.1. Congestion at the main ports servicing Malawi, namely Beira and Nacala as our neighbor's scramble to secure their fertilizers in time for the season; and
 - 11.2. A very serious chronic shortage of foreign exchange that is hampering the importation and sale of fertilizer.
- 12 It is therefore imperative that all citizens of Malawi are made aware of the global fertilizer crisis and that it has unfortunately impacted Malawi leading to high prices.
 - 13 FAM believes that Parliament is the appropriate platform to make these observations and to assure the public that all stakeholders are working together to minimize the impact of this crisis. It is however not helpful to use this platform to misstate the facts, exploit the anxiety felt by all of us and incite discord. It is unfortunate to see you speak with such hostility towards the private sector that GoM is aiming to grow and support as major contributor to the development and the growth of the National economy.
 - 14 Honorable Chairperson will recall FAM's efforts to meet your Committee to apprise you of the challenges of the Industry. Unfortunately, FAM was unable to fund the **Malawi Kwacha Twenty-five Million Two Hundred and Seventy-three Thousand, Nine Hundred and Twenty [MK 25 273 920-00]** road-trip proposed by your Committee. On September 9, 2021, FAM invited you as Chairperson and members of your Committee to a meeting to discuss the current constraints faced by the Industry this AIP season. This invitation to host an event for your Committee at the Capital Hotel at which FAM proposed presenting the problems that the Industry faces for your better understanding was not taken up.
 - 15 FAM again invites you to engage with it for you to better understand the facts and to use your privileged position as MP and Chairperson of the Committee in order to better inform your fellow MPs and the public at large.

Yours sincerely,

Members of the Registered Trustees of Fertilizer Association of Malawi.