

FAIRTRADE BASICS



FAIRTRADE
AUSTRALIA
NEW ZEALAND

In the following pages you will find basic information about the Fairtrade system, its benefits, procedures and certification requirements.

What is FAIRTRADE?

Fairtrade is an independent and ethical product certification system. It is also a market-based development mechanism with demand driven via the FAIRTRADE Certification Mark. **The Mark** is displayed on the package of Fairtrade certified products and tells ethically minded consumers that:

- Producers have been paid a fair and stable price.
- Producers have longer-term trading relationships.
- Producers get extra money to invest in the development of their communities and businesses.
- Producers are empowered to drive the development of their business and communities.



Who benefits from Fairtrade?

Fairtrade certification aims to support small-scale producers and workers in developing countries, who are faced with unpredictable climate, volatile prices for their crops, isolation and/or are marginalised by conventional trade. Approximately 1.5 million farmers and workers were part of the Fairtrade system in 2014, when Fairtrade certified producer organisations received an estimated 105 million in Fairtrade extra income (Fairtrade Premium), a 14 per cent increase on the year before.

How does Fairtrade work?

Fairtrade certification is directed at each member of the supply chain, and encourages fair long-term relationships between producers and traders. This is achieved through a set of internationally agreed standards for business, social and environmental development.

Fairtrade is based on a partnership between producers and consumers. Its market grows every year supported by an international network of consumers who advocate poverty alleviation, environmental sustainability and social justice through fair trading systems. Ethically minded consumers spent nearly 5.9 billion on Fairtrade certified products in 2014, an increase of seven percent on the previous year.



“Fairtrade’s vision is a world in which all producers can enjoy secure and sustainable livelihoods, fulfill their potential and decide on their future.”

FAIRTRADE benefits

Benefits for producers:

- The Fairtrade Minimum Price is a guaranteed price which covers the cost of sustainable production, and provides a starting point for negotiation among parties in the supply chain. This price acts as a safety net: if the market price is higher than the Fairtrade Minimum Price, producers receive the market price, but if the market price drops below the Minimum Price, producers receive the Fairtrade Minimum Price, securing a stable income.
- The Fairtrade Premium is a separate payment to the producer organisation designated for social, economic, and environmental development. Producers themselves decide how these funds are to be spent, and are accountable for the use of this money.
- Fairtrade encourages producers to work together in cooperatives or other organisations with a democratic structure. This allows small producers to improve their power of negotiation, access larger markets, obtain support from governmental and financial institutions, and liaise with cooperation agencies for the development of their business and communities.

FAIRTRADE benefits for traders:

An increasing number of consumers around the world are recognising the potential impacts their purchasing decisions may have. This is encouraging businesses, from small boutique companies to globally recognised trademarks, to invest in brand responsibility and stakeholder trust through independent product certification systems such as Fairtrade certification.

As the most widely recognised ethical label in the world, Fairtrade certified products are sold in over 125 countries, and the market continues to grow steadily.

The Fairtrade Premium and the Fairtrade Minimum Price do not always significantly increase the end price paid by consumers for a product. There are various factors to consider when setting the retailer price of Fairtrade products.



The FAIRTRADE standards:

The Fairtrade standards are established criteria that aim to encourage the improvement of producer organisations and their businesses. The Fairtrade standards are available for producers, traders and products.

Key objectives of the FAIRTRADE standards:

- Ensure that producers receive prices that cover the average cost of sustainable production;
- Provide an additional Fairtrade Premium to be invested in projects that enhance social, economic and environmental development;
- Enable pre-financing for producers who require it;
- Facilitate long-term trading partnerships;
- Enable greater producer control over the trading process.

The Fairtrade standards are designed in consultation with all Fairtrade stakeholders, particularly with farmers and businesses who share equal ownership of the Fairtrade system.

In addition, standards are set in accordance with the ISEAL Alliance Standard-Setting Code, which ensures that standards are accessible and credible.

Fairtrade standards exist for food products ranging from tea and coffee to fresh fruits and nuts. There are also standards for non-food products such as flowers and plants, sports balls and seed cotton. Please visit www.fairtrade.net for more information.



Structure of the FAIRTRADE standards:

The standards cover the following three areas:

Trade

Set more favourable conditions of trade for small producers and workers.

Production

Based on international conventions, this set of standards encourages sustainable and environmentally friendly production practices and good conditions of labour.

Business and Development

These requirements are unique to Fairtrade, and intend to lay the foundation for empowerment and development via democratic and participative mechanisms.



FAIRTRADE general requirements

There are thousands of products that carry the FAIRTRADE Mark

Requirements specific to Small Producer Organizations and Contract Production set-ups:

- Members must be small producers: The majority of the members must be small-scale farmers who don't permanently depend on hired workers, but instead run their farm mainly using their own and their family's labour.
- Democracy: Profits should be equally distributed among the producers. All members have a voice and vote in the decision-making process of the organization.

Requirements specific to traders:

- Traders taking ownership of Fairtrade certified products and/or handling the Fairtrade Minimum Price and Premium are audited and certified.
- Fairtrade products should only be sourced from Fairtrade certified producers.



Introducing FAIRTRADE International:

Two organisations, one system.

Fairtrade International

- Non-profit association.
- Sets Fairtrade standards.
- Develops Fairtrade business and provides support to producers.

FLO-CERT

- Independent certification body.
- Assures compliance with social and economic standards such as Fairtrade certification.
- Inspects producers and traders to ensure they comply with Fairtrade standards.

For more information about FLO-CERT please visit: www.flo-cert.net

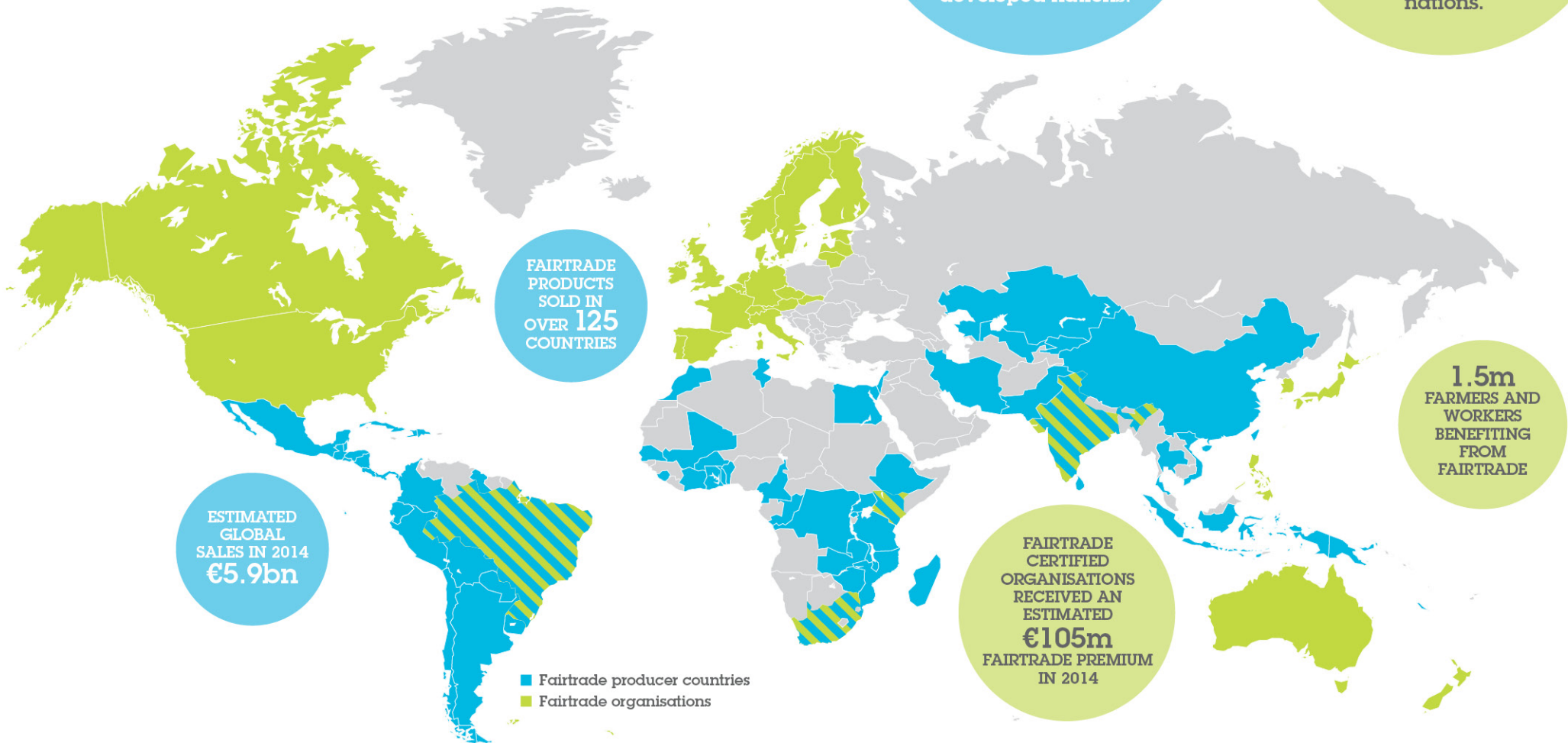
The members of FAIRTRADE International are

National / Regional Fairtrade Organisations (NFO)

NFOs are responsible for licensing, marketing, business development and awareness raising in a defined geographical area. NFOs are located in developed nations.

Producer Networks

Producer networks are regional networks of producers and/or regional associations who work together for their common interests. Networks are located in developing nations.



FAIRTRADE in the Pacific

Fairtrade Australia and New Zealand.

Australia & New Zealand (Fairtrade ANZ) is a full and active member of Fairtrade International and has the sole right to license the use of the international FAIRTRADE Mark in Australia and New Zealand.



FAIRTRADE in the Pacific

Through its Producer Support and Relations (PSR) project launched in 2010, Fairtrade ANZ works with smallholder farmers in Papua New Guinea, East Timor and the Pacific islands to help them gain, maintain and benefit from Fairtrade certification.

The PSR project is currently supported by the New Zealand Ministry of Foreign Affairs and Trade, the International Fund for Agricultural Development, Fairtrade International, and the Australian Department of Foreign Affairs and Trade.

In the Pacific, Fairtrade certification is enabling small-scale grown commodities such as coffee and cocoa from Papua New Guinea, sugar from Fiji, coconuts from Samoa and vanilla from Tonga to reach highly competitive international markets.



FAIRTRADE in the Pacific

The producer support and relations team facilitates training in local languages, provides support to selected producer organisations for certification fees, helps producers to gain access to new markets and facilitates relationship with buyers and provides funding to selected applicants for certification fees and business development.

More than 20,000 small-holder Pacific producers are benefiting from Fairtrade and this number is growing.

Fairtrade Certified farmers in the Pacific are contributing to the development of their communities through the use of their Fairtrade Premium. Certified cane sugar growers in Fiji built new bridges and donated new computers and bus shelters, while in Papua New Guinea producers used their Premium to build schools, support aid posts and improve their businesses.

Fairtrade ANZ has made significant progress in developing targeted farmers' capacity so that they are able to secure long term relationships with buyers; a position that allows farmers to plan for the future, to grow within the Fairtrade market, and to continually add value to their products.

“We are happy about the good things that are happening to our cooperative with Fairtrade, because those good things will come to our family too” says Mayung Deingi, PNG coffee grower.



FAIRTRADE certification requirements

Applicants are encouraged to pursue Fairtrade certification when the use of the Fairtrade Mark may add value to their produce and help them develop and improve trading relationships.

Fairtrade certification includes the following steps:

1. Scope check to determine whether or not product and type of organisation are theoretically certifiable
2. Initial application to FLO-CERT
3. First audit on site
4. Yearly surveillance audits

Initial application package to FLO-CERT includes the following documents:

- Application questionnaire
- Certificate of legal registration
- Statutes/constitution
- Updated list of members indicating:
 - name of producer
 - location
 - total area of production in hectares (ha)/acres
 - total area of production of the product being applied for in ha/acres,
 - estimated volume per ha/acres of product being applied for,
 - number of permanent, temporary, seasonal workers
- Proof of payment for application fee/payment received
- Certification contract

Important Links:

Certification Process:
www.flo-cert.net/flo-cert/8.html

Cost of Certification for Producers and Traders:
www.flo-cert.net/flo-cert/35.html

Price & Premium information:
www.fairtrade.net/793.0.html

As a small-holder you can have access to support for the development of organisations and business through the Producer Support and Relations project at Fairtrade ANZ.

For more information about our scope contact us at
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