

Aims of Fair Trade Standards



Fair Trade standards are designed to support the sustainable development of small-scale producers and agricultural workers in the poorest countries in the world.

Key Objectives

The key objectives of the standards are to:

- ensure that producers receive prices that cover their average costs of sustainable production;
- provide an additional Fair Trade Premium which can be invested in projects that enhance social, economic and environmental development;
- enable pre-financing for producers who require it;
- facilitate long-term trading partnerships and enable greater producer control over the trading process;
- set clear minimum and progressive criteria to ensure that the conditions of production and trade of all Fair Trade certified products are socially, economically fair and environmentally responsible.

Code of Good Practice for Setting Standards

Fair Trade standards are set in accordance with the requirements of the ISEAL Code of Good Practice for Setting Social and Environmental Standards.

This means that the standards are set on the basis of consultations with the major stakeholders in the Fair Trade system. While Fair Trade International sets the standards and supports producers to meet them, a separate certification company, FLO-CERT, regularly inspects and certifies producers and traders against the standards.

Minimum Requirements and Progress Requirements

Fair Trade standards distinguish between minimum requirements, which producers must meet to be certified, and progress requirements that encourage producers to continuously improve and to invest in the development of their organizations and their workers. This concept is developed for the target group of Fair Trade: disadvantaged producers. It encourages sustainable, social, economic and environmental development of producers and their organizations.

Common Principles

The following common principles are considered in all Fair Trade standards applicable to small-scale producers and workers and their organizations:

1) Social development:

For small-scale producers Fair Trade standards require an organizational structure that allows the producers to actually bring a product to the market. All members of the organization need to have access to democratic decision-making processes and as far as possible participate in the activities of the organization. The organization needs to be set up in a transparent way for its members and must not discriminate any particular member or social group.

In hired labour situations the Fair Trade Standards require the company to bring social rights and security to its workers. Some of the core elements are: training opportunities, non-discriminatory employment practices, no child labour, no forced labour, access to collective bargaining processes and freedom of association of the workforce, condition of employment exceeding legal minimum requirements, adequate occupational safety and health conditions and sufficient facilities for the workforce to manage the Fair Trade Premium.

2) Economic development:

For all products Fair Trade Standards require the buyers to pay a Fair Trade Minimum Price and/or a Fair Trade Premium to the producers. The Fair Trade Minimum Price aims to help producers cover the costs of sustainable production. The Fair Trade Premium is money for the producers or for the workers on a plantation to invest in improving the quality of their lives. Premium money in this sense is meant to improve the situation of workers, farmers and local communities in health, education, environment, economy etc. The farmers or workers decide the most important priorities for themselves and manage the use of the Fair Trade Premium.

Also, Fair Trade Standards require buyers to give a financial advance on contracts, called pre-financing, if producers ask for it. This is to help producers to have access to capital and so overcome what can be one of the biggest obstacles to their

development. This promotes entrepreneurship and can assist the economic development of entire rural communities.

3) Environmental development:

Fair Trade Standards include requirements for environmentally sound agricultural practices. The focus areas are: minimized and safe use of agrochemicals, proper and safe management of waste, maintenance of soil fertility and water resources and no use of genetically modified organisms. Fair Trade Standards do not require organic certification as part of its standards. However, organic production is promoted and is rewarded by higher Fair Trade Minimum Prices for organically grown products.

Principles for small-scale producers and hired labour

Besides the common principles described above, there are specific principles that apply to small producer organizations and hired labour situations.

1) Principles specific to small producer organizations:

- Members must be Small Producers. The majority of the members of the organization must be smallholders (small-scale farmers) who don't depend on hired workers all the time, but run their farm mainly by 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.

2) Principles specific to hired labour:

- Management of the Fair Trade Premium. The so-called Joint Body, which includes workers and management, is responsible for the management of the Fair Trade Premium in accordance with Fair Trade Standards.
- Forced labour & child labour. Forced labour and child labour is prohibited.
- Freedom of association & collective bargaining. Workers have the right to join an independent union to collectively negotiate their working conditions.
- Working conditions. Working conditions are equitable for all workers. Salaries must be equal or higher than the regional average or than the minimum wage. Health and safety measures must be established in order to avoid work-related injuries.

If you want to find out more about Fair Trade Standards for Small Producer Organisations and/or for Hired Labour situations, you can read our Explanatory Documents.