



Standards Committee MINUTES Meeting 30: 26 & 27 February 2008

Present:

SC members: Charlotte Opal (chair), Ian Finlayson (vice-chair), Joe Osman, Alex Yeboah-Afari, Fenny Eshuis, Jerónimo Pruijn, Caroline Nkirete, Raja Menon

FLO SU: Andreas Kratz, Dorothee Jung, Ricardo Guimaraes, Rob van Hout, Kate Kilpatrick, Ingrid Madlmair, Isabelle Fragniere, Nicolas Salliou, Paula Salazar; FLO PBU: Robin Roth (partly), Tatiana Mateluna (partly); FLO-Cert: Lisa Seufert (partly)

Item 5: Certification Committee, Standards Committee, Standards Unit, PC Director, CEO FLO eV

Disclaimer:

The FLO Standards Committee (SC) aims to reach consensus, but decisions may not always reflect the opinions of all people.

The section to introduce the topic (background information) has been written by the Standards Unit and may not have been discussed by the SC in full. Sections listing action points are an outcome of discussions of the SC but are not part of the decisions made.

Item 1 – Approval agenda and SC Minutes meeting November 2007**Approval of SC minutes**

After the Standards Unit (SU) has received the comments of SC members on the draft SC minutes, a final version with Track Changes is circulated among SC members. The Chair will ask all members to approve the minutes with a simple Yes or No. Members have one week to approve the minutes. If the majority of members raise concerns, the minutes will not be approved by email. This decision will then be taken by the full committee at the next meeting.

Decision

Agenda and SC Minutes are approved.

Item 2 News items**Item 2.1 News from FLO Standards Unit****Decision**

References to dates in SU work plans should be clarified: the work plan should specify when project review starts and when a decision is expected

Following a recent discussion in the Board on paraquat, the SC agreed that in the future, if a paper is submitted to the Board that directly concerns SC decisions, the SC should be informed about this, and if possible the SC should have the possibility to comment on such a paper.

The SC requested feedback as early as possible after new season trading on the consequences of the new standard for Rooibos pricing on current certified small farmers.

Action

Concerning dried fruit, fresh fruit and products derived from fruit there seems to be some inconsistency in the standards. This work will be included in the next SU work plan.

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Item 2.2 News from the SC

Not discussed

Item 2.3 News from FLO PBU

No decisions were made

Item 2.4 News from FLO Policy

No decisions were made

Item 3 Small Producers’ Organizations Standard

Introduction

The standards review project on the Generic Fairtrade Standards for Small Producers’ Organizations (SPO) is in its final stages. A fourth revised draft was presented to the Standards Committee for decision taking.

The scope of the standards revision includes the standard sections on social development (sections 1.1 – 1.4), economic development (sections 2.1 – 2.2) and labour conditions of workers in SPO set-ups (section 4).

The standards on environmental development (section 3) are **not** included in the review scope and will be reviewed in a separate standards project, planned to start in Quarter 3 of 2008.

The CLAC has expressed concerns about the Small Producers’ Organizations standard in a letter that was directed to the SUD, 1 February 2008. In the letter the decision on the standard is requested to be postponed, so that the CLAC is able to give further inputs after the General Assembly in May 2008.

Decision

The SC approved by majority the quality of the consultation process of the Generic Small Producers’ Organizations (SPO) standard review. The SC considered the letter from the CLAC, but the majority of the SC agreed that a decision should be taken at this meeting, because the majority of the SC is of the opinion that the changes that have been made to the standard do not interfere with the strategic review.

The SC agreed by majority to approve the entire standard with minor changes (vote to approve the revised standard: 5 in favour, 1 against) and present it to the Board for ratification.

The SC supports the tentative timetable for implementation of the revised standard and delegates final agreement of implementation dates to the SU Director, subject to Board approval.

The SC requests to see and give input on the revised FLO-Cert Compliance Criteria before implementation of the standard.

The creation of indicators to measure progress requirements is still outstanding (SU project for generic standards in 2008). Special attention needs to be given to make progress requirements of the labour condition section feasible for SPOs to implement.

In the context of SPOs private exporters are seen as competitors to producers exporting by themselves.

The SC expressed concern that SPOs may be disadvantaged in relation to private processors/ exporters since the latter do not have to adhere to any standards on labour conditions under FLO standards, while SPOs do. The SC flagged this issue as an urgent matter which needs the attention and guidance on behalf of the Board.

Item 4 Follow up/ Project updates/ Project descriptions

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Item 4.1 and 4.2 Follow up on SC decisions and Project updates

No decisions were taken

Item 4.3 Contract Production

Guidance

The committee discussed the draft Terms of Reference for the review of the Contract Production Standard, and responded to a series of questions posed by the SU. The Committee was comfortable with the proposed scope, direction, and methodology of the review, and made some specific suggestions for aspects for inclusion.

The committee confirmed the SU assumption that they did not see the development of stand-alone contract production standards as a likely outcome of the review.

Following the completion of the second stage of research on the development of FT out-of-season vegetables from Africa, MH NL and FTF presented a letter to the SC asking for further guidance on the vegetable project, in particular regarding the applicability of the existing generic standards to potential vegetable producers. The SC, however, was not able to provide guidance on the basis of the letter only. Instead, further background information (i.e. extract of the “vegetable study”) has been requested.

Item 4.4 Pricing Methodology Projects

Guidance

SU presented the outline of the methodology projects it plans to work on this year, and asked the SC for guidance in terms of process and list of issues to be tackled.

The SC agreed on the idea of a multi-stakeholder working group (WG). SU proposed to set up a workgroup for each project, but SC prefers to have one group for all projects. Charlotte, Fenny, Joe and Caroline expressed their interest in participating in this WG. Producer networks should also nominate representatives to participate in the WG. Some external experts should also be included in the WG. SU is requested to figure out the terms of reference for the working groups.

Extensive consultation on the pricing methodology is not foreseen: stakeholders will be involved through participation in the working group and the decision-making processes at the SC and FLO Board.

The SC recommends to focus as a priority on the easier and less controversial projects (1 and 4) and to refrain from answering strategic questions that would challenge the White Paper. The core objective of the methodology work should be the simplification of price setting.

Once finalised, the proposals would have to be submitted to the Board for approval.

Item 5 Joint meeting SC and CC

Item 5.1 Agenda

Not discussed

Item 5.2 News from FLO eV

Rob Cameron, CEO FLO International, explains the main topics he is working on at the moment.

These include: the donor consortium funding; the data management system; update on the White Paper and Business Model.

Item 5.3 SU workplan 2008

Update only

Item 5.4 FLO Cert Update

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Processing of applications is taking longer than expected, because the number of applicants is much higher than foreseen and because of the organizational changes that FLO Cert (especially TC) underwent in 2007. Restructuring of FLO Cert will be completed in 2008.

Item 5.5 Cert Cte Cases for clarification

The following issues were discussed:

- For some products ex-works prices do not exist: in that case it is not clear how high exporter costs are allowed to be. FLO Cert produces exporter cost breakdown figures and FLO SU collected information on exporter costs during the coffee COSP study, 2007. This data could provide CC with a good reference point;
- The definition of farmgate prices are confusing: SU confirms that farmgate prices will gradually be replaced by ex-works prices and if necessary standards will define which costs are included in the price;
- CC is concerned about the role of exporters. SC and CC agree that the focus needs to be on the empowerment of producer organizations to make informed decisions about exporting themselves or using exporters;
- It is not clear if standards apply to the certified product only or to the entire organizations. This issue is included in the SU workplan for 2008, so further guidance should follow during the course of the year.

Item 5.6 Contract Production Standard

Not discussed

Item 5.7 SPO standard

The SC informs the CC about the approval of the new SPO standard. To ensure that the new standard is implemented correctly, FLO Cert is asked to share the compliance criteria with the SC for comments.

Item 5.8 Wrap-up

Actions

- FLO Cert will seek advice from the SC about the compliance criteria, especially for the new SPO standard.
- A joint meeting of the SC and CC shall take place once a year.
- The CC and SC shall work together on a common document that contains a list of questions (currently used by the CC only). This list of questions will be discussed at the meetings of the SC and CC.

Item 6 Exchange Rate Policy:

Introduction

SU asked the SC for guidance on a proposal to tackle the exchange rate fluctuations: Proposal to set prices in an international currency and in a local currency equivalent. The FTMP to be applied would be the higher of the two. Complementary to that, SU proposes to have an automatic readjustment of FTMPs according to a given index measuring purchasing power.

Guidance

The SC agrees with the principle of readjusting FTMPs when they lose value. However, the SC was not ready to take a decision, because the proposed changes have a lot of implications for all products and this will need to be analysed in more detail. Introducing local currency prices would lead to market distortions between countries. One solution might be to apply the policy only to certain products, for which there are no global prices. Further research and testing is required.

The SC asks the SU to:

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- 1) Propose quick fix solutions for products where there is a serious price problem and whose price review is included in the workplan 2008
- 2) As part of the research, the draft policy should be tested on a few products, making simulations of the potential impact.
- 3) Include the proposed policy in the ongoing price researches and consult stakeholders on it.

Item 7 Pulses

Guidance

- The SC agreed that the paper requires some more information and better organization of the material before a decision on approval of pulses as a product category can be reached. It should be worked out in more detail and re-presented at the next SC meeting.
- The section on pricing and premium should be revised to reflect standard FT methodology and approach.
- The paper focuses on African producers, though a next version should also include information about the opportunities for developing pulses from other regions, and especially from existing certified producers who grow pulses as a rotational crop.
- More information should be included on the market demand and supply for pulses globally.
- More information should be included on the issue of food security/staple products.

Item 8 Any other business

Meetings 2008:

- 2 and 3 June 2008 (old date was 3 and 4 June)
- 9 and 10 September 2008
- 18 and 19 November 2008 (old date was 2 and 3 December)

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