

## Project Assignment

### Review of the Fairtrade Premium for Cane Sugar

#### Version February 2026

#### Background

There is no Fairtrade Minimum Price (FMP) for conventional or organic Fairtrade Cane Sugar. This Fairtrade product is subject to the commercial price, with an additional Fairtrade Premium (FP) of 60 USD/MT for conventional sugar and 80 USD/MT for organic sugar. The premium for by-products<sup>1</sup> is set at 15% of the commercial price.

The decision to adopt the Fairtrade Premium Model for Fairtrade cane sugar was made at the SC Meeting No. 34 in 2009. Later, in 2015, the Cane Sugar FP model was re-evaluated through extensive consultation with stakeholders. Most stakeholders were in favour of maintaining the FP at its current level.

A recent analysis of Fairtrade cane sugar sales volumes between 2022 and 2024 shows that sales of conventional sugar remained stable during this period, representing 79% of the total. Similarly, sales of organic sugar followed the same stable trend, representing 21% in the same period. In particular, in 2024, the top 5 Fairtrade cane sugar origins (for conventional sugar, except Paraguay) in terms of sales volumes were Belize, Eswatini, Paraguay, Fiji, and Mauritius. These top five Fairtrade sugar origins with the highest sales volumes contributed the most to the total Fairtrade Premium generated that year as well.

Fairtrade and organic cane sugar is produced in the following countries: Cuba (currently no production due to economic challenges), India, Mozambique and Paraguay. Smaller volumes of organic mascobado/panela<sup>2</sup> are produced in the Philippines, Peru, Ecuador and Colombia. With the exception of organic sugar, conventional sugar producers in most of Fairtrade sugar producing countries benefit from the Revenue Sharing Model<sup>3</sup> (RSM), which provides them with up to 78% of the price.

#### Rationale for a Premium Review

Since the last Premium Review, Fairtrade sugar producers have been confronted with a highly volatile market and fluctuating prices. Volatile markets and prices, coupled with rising input and compliance costs, as well as the impact of climate change, are particularly challenging for small-scale farmers. World sugar prices for London N.5 and New York N.11 futures reached 700 and 500 US dollars per tonne respectively over the period 2023-2024. By January 2026, these prices had fallen to 400 and 300 US dollars per tonne, respectively<sup>4</sup>.

In the absence of a Fairtrade Minimum Price (FMP) for sugar producers, the aforementioned situation regarding the world price and high costs, along with the need to remain relevant to

<sup>1</sup> A Fairtrade Premium Review for by-products is out the scope of this project.

<sup>2</sup> A Fairtrade Premium Review for mascobado/panela is beyond the scope of this project. However, based on discussions with some producer representatives, conducting a separate review after finalising the current one would be sensible, provided this is agreed by the project team and the head of pricing.

<sup>3</sup> The Revenue Sharing Model is an industry model in which producers and mill operators split the market sale price between them, regardless of the Fairtrade Premium. The percentage split varies by country, ranging from 60/40 to 78/22 (in favour of both producers and millers). This model applies to all types of conventional sugar, which vary in price, specifications, and by-products. Consequently, organic producers do not benefit from this industry model.

<sup>4</sup> Sugar market observatory, European Commission: [https://agriculture.ec.europa.eu/data-and-analysis/markets/overviews/market-observatories/sugar\\_en](https://agriculture.ec.europa.eu/data-and-analysis/markets/overviews/market-observatories/sugar_en)



stakeholders and provide up-to-date information to comply with ISEAL rules, makes reviewing the sugar premium an important consideration. As part of the EU sugar regime, guaranteed reference prices for white refined (beet and cane) and raw cane sugar gradually came to an end as from 2013. With the introduction of the EU Common Agricultural Policy (CAP) in 2017, the sugar quota system and caps on beet sugar for consumption were abolished, which influenced the market and prices ever since.<sup>5</sup>

Guaranteed reference prices of which Fairtrade cane sugar producing countries (and producers) in ACP<sup>6</sup>/LDC<sup>7</sup> countries benefited from were a reason for setting the premium level as it currently is. Until to date, the majority of Fairtrade producers are located in ACP/LDC countries.

After all these years — since 2015, when the last premium review was conducted — there is a clear need to revisit the Fairtrade Premium (FP) for cane sugar<sup>8</sup>. Inflation and purchasing power have shifted over time, making the FP a relevant economic factor that impacts producers in the absence of an FMP.

This project follows the request from the 3 Fairtrade Producer Networks (PNs) to review the Fairtrade Premium. They requested a global review of the Fairtrade premium for organic and non-organic sugar to Fairtrade International given: i) increasing production and certification costs; ii) the need to reinforce the social and economic impact of the Fairtrade Premium; and iii) the need to ensure the long-term financial sustainability and competitiveness of Fairtrade-certified sugar producers.

### Risk Assessment

Fairtrade International received the official request to carry out this premium review in June 2025.

- **Risk:** The project timeline is set to deliver an outcome one year after the official letter from the PNs is received. This is a very tight timeframe, and it remains to be seen whether changes in priorities at system level or lack of capacity at PN level over time will cause delays to the project.
- **Mitigation Plan:** In order to facilitate precise project team discussions and a brief stakeholder consultation, the Pricing Unit is proposing a concrete global premium review targeting only cane sugar and selected indicators.

<b>Project Start Event</b> Kick-off of the project team meetings <b>February 2026</b>	<b>Project Start Date</b> <b>January 2026</b>
<b>Project End Event</b> Decision-making by the Standards Committee <b>July 2026 (tentative)</b>	<b>Project End Date</b> <b>July 2026 (tentative)</b>

### Project Goal

Re-evaluate worldwide the Fairtrade Premium (FP) values for both conventional and organic cane sugar to keep cane sugar impact relevance to farmers and aligned with market development.

### Objectives

- Re-evaluate the Fairtrade Premium based on two macroeconomic indicators:

<sup>5</sup> Press Release Sep 29, 2017, “EU sugar quota system comes to an end”, European Commission: [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_17\\_3487](https://ec.europa.eu/commission/presscorner/detail/en/ip_17_3487)

<sup>6</sup> African Caribbean Pacific

<sup>7</sup> Least Developed Countries

<sup>8</sup> Based on requests from producers via the PNs and Fairtrade's own policies, standards and prices should be reviewed after a certain time.



- i) **inflation** (measured by the consumer price index –CPI) and
  - ii) **purchasing power** (measured by the price level ratio of purchasing power parity - PPP to market exchange rate)
- Consult relevant stakeholders on proposed FP values.
  - Present the final proposals after consultation to the Standards Committee members for approval and implementation

**Connection with Theory of Change (ToC)**

This project relates to Fairtrade International's first goal, which is to promote fair trade by providing tools to ensure compliance with Fairtrade Premium payments. Specifically, this relates to the standards and certification of supply chain businesses.

**Project scope**

- Re-evaluate the worldwide Fairtrade premium values for both organic and conventional cane sugar by observing changes in selected macroeconomic indicators.

**Out of scope**

- Collection of costs of production from producers and set Fairtrade Minimum prices.
- Set regional Fairtrade premiums.
- Set premiums for different product specs.
- Set premiums for by-products.
- Set premium for panela/mascobado as non-centrifugal sugar.
- Voluntary premium for producers who collect specific data (reduction of GHGs)

**Timeline**

**Research phase:** Nov 2025 – Mar 2026  
**Consultation phase:** April  
**Results & analysis:** May  
**Final discussions:** June  
**Decision-making:** July 2026 (tentative)

**Decision making process**

The final decisions will be taken by the Standards Committee (SC)

**Project owner**

Ricardo Guimaraes – Head of Pricing  
[r.guimaraes@fairtrade.net](mailto:r.guimaraes@fairtrade.net)

**Project Manager**

Sandra Yanez-Quintero – Project manager  
[s.yanez-quintero@fairtrade.net](mailto:s.yanez-quintero@fairtrade.net)

**Project Team:**

Monika Berresheim – Global Product Manager Fairtrade International  
[m.berresheim@fairtrade.net](mailto:m.berresheim@fairtrade.net)

Fairtrade UK; Fairtrade Italia; Fairtrade Deutschland; Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC); Fairtrade Africa (FTA); Fairtrade Network of Asia and Pacific Producers (NAPP).

**Project Environment:** Standards Unit; Flocert.