|  |  |
| --- | --- |
| **Consultation document for Fairtrade Stakeholders:**  Review of the Fresh fruit Standard For Small Producer Organizations / Hired labour and Traders | |
| Consultation Period | **28 June 2017 – 27 August 2017** |
| Project Manager | Maria Steenpass, Senior Project Manager Standards, [m.steenpass@fairtrade.net](mailto:m.steenpass@fairtrade.net), +49 (0) 228 949 23 275 |

**PART 1 Introduction**

1. General Introduction

Fairtrade Standards support the sustainable development of small-scale producers and workers in the Global South. Producers and traders must meet applicable Fairtrade Standards for their products to be certified as Fairtrade. Within Fairtrade International, Standards & Pricing (S&P) is responsible for developing Fairtrade Standards. The procedure for this is designed in compliance with all requirements of the ISEAL Code of Good Practice for Setting Social and Environmental Standards. This involves wide consultation with stakeholders to ensure that new and revised standards reflect Fairtrade International’s strategic objectives, are based on producers’ and traders’ realities and meet consumers’ expectations.

You are kindly invited to participate in this consultation on the Fresh fruit Standard review for small producer organizations, hired labour and traders. For this purpose, we ask you to comment on the proposals suggested in this document and encourage you to give explanations, analysis and examples underlying your statements. All information we receive from respondents will be treated with care and kept confidential.

**Please submit your comments to the Project Manager Maria Steenpass at: m.steenpass@fairtrade.net by 27 August 2017.** If you have any questions regarding the draft standard or the consultation process, please contact the Project Manager by email or call: +49-228-94923-275

Following the consultation round we will prepare a paper compiling the comments made. This Synopsis paper will be available on our website and will also be sent to all participants. Taking into account all the comments received, the draft standards will be amended and presented to the Standards Committee for approval in November 2017.

1. Background

The Fairtrade Standard for Fresh Fruit is due for review, as part of the regular monitoring and review cycle. This revision is also needed to be able to adapt the standard to producer realities, secure current business and enabling new market opportunities, thus increasing the impact for producers. Finally, following the introduction of the revised Fairtrade Trader Standard, there is a need for alignment and harmonization of standards.

1. Objectives

The overall goal is to review the product Standard for Fresh Fruit for SPO and HL, adapting them to producer realities and market developments, thus increasing the impact for producers.

The following topics are included:

[1 Revision of price levels and payment terms: simplification, harmonization among products and adaptation to producer and market realities 5](#_Toc484162667)

[1.1 Price levels 5](#_Toc484162668)

[1.2 Timely payments 10](#_Toc484162669)

[2 Revision of pre-finance rules: clarification and harmonization among products and according to new Trader Standard 12](#_Toc484162670)

[3 Alignment with the revised Trader Standard 15](#_Toc484162671)

[3.1 Sourcing plans 15](#_Toc484162672)

[3.2 Contracts 17](#_Toc484162673)

[4 Clarification of FLOCERT requirements regarding Fairtrade eligible products and retro certification 21](#_Toc484162674)

[5 Revision of quality claims and extension to other fresh fruits 22](#_Toc484162675)

[6 Revision of short falls in sales: consider extension to other fruits 27](#_Toc484162676)

[7 Review banana Premium reporting requirement and investigate extension to other fresh fruits 29](#_Toc484162677)

[8 Improve clarity and ensure consistency throughout the standard 30](#_Toc484162678)

[8.1 Traceability 30](#_Toc484162679)

[8.2 Implementing a maximum land size threshold for SPO members 31](#_Toc484162680)

[8.3 Inclusion of floor wages into the HL Standard for Fresh fruits 32](#_Toc484162681)

[9 Considering an extension of mango for processing to HL 33](#_Toc484162682)

[10 Revision of the specific country rule for HL in Brazil, especially for papaya producers 34](#_Toc484162683)

[11 Transition period and applicability of the revised standard 37](#_Toc484162684)

[12 Other comments by stakeholders 38](#_Toc484162685)

1. Project and Process Information

For a detailed overview of the objectives and timelines of this review, please refer to the [project assignment](https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/2017-02-28_ProjectAssignment-Fresh_Fruit_EN_final.pdf).

Below is a summary of the progress to date and next steps:

|  |  |  |
| --- | --- | --- |
| February 2017 | * Definition of scope and project planning * Contact relevant stakeholders to define the objectives of the project |  |
| February – June 2017 | * Desk Research * Compilation and analysis of information * Preparation of proposals for the consultation |  |
| July – August 2017 | * Consultation of stakeholders | X |
| September 2017 | * Compilation of responses from the consultation process * Preparation of a final proposal for SC decision |  |
| November 2017 | * Final price proposals presented to Fairtrade International SC for approval |  |
| January 2018 | * Publication of revised standard |  |
| July 2018 | * Proposed date of validity of the revised standard |  |

1. Confidentiality

All information we receive from respondents will be treated with care and kept confidential. Results of this consultation will only be communicated in aggregated form. All feedback will be analyzed and used to draw up the final proposal. However, when analyzing the data we need to know which responses are from producers, traders, licensees, etc. so we kindly ask you to also record the name of your company below.

1. Acronyms and definitions

HL: Hired Labour

SPO: Small Producer Organization

NFO: National Fairtrade Organization, Fairtrade country organizations in the consumer markets

PN: Producer networks, regional Fairtrade organizations in the producer markets

GPM: Global Product Management

FMP: Fairtrade Minimum Price

SC: Standards Committee

S&P: Standards & Pricing Unit

TS: Trader Standard

**PART 2 Standard Consultation**

1. Explanatory Notes

We encourage you to give explanations, analysis and examples underlying your statements. Your written feedback is very important to us.

All questions are addressed to all stakeholders. Please make sure that you always include the rationale for your responses so that it is clear where your answers come from and what you have in mind when opting for one option or another. Please feel free to include any other option than the proposed one(s) and explain the underlying reasoning as detailed as possible.

1. Information about your Organization

Please complete the information below:

|  |
| --- |
| Name and contact details |
|  |
| Name of your organization, your responsibility in the supply chain (producer, processor, exporter, importer, retailer), your country and region and, if applicable, your FLO ID |
|  |
| Please describe the consultation you carried out with members of your organization, with partners or with external sources of information in order to complete this document |
|  |
| Which Fairtrade fruit(s) are you producing/trading? (Tick all that apply):  Bananas Mangoes Pineapples  Wine grapes Oranges Other (please specify):Click here to enter text. |

If you need some more information before commenting on this document do not hesitate to contact Maria Steenpass, Project Manager at Fairtrade International, [m.steenpass@fairtrade.net](mailto:m.steenpass@fairtrade.net)

1. Draft Standard – Questions and Comments

|  |
| --- |
| The topics 1-4 are applicable to traders for all Fairtrade fresh fruits,  Producers and all other stakeholders are encouraged to give their opinion |

# Revision of price levels and payment terms: simplification, harmonization among products and adaptation to producer and market realities

## Price levels

The proposal includes a simplification in the definition of price levels, included in both the SPO and HL Fresh Fruit standards. The proposal aims to simplify the explanation of the EXW and FOB levels, which are actually defined by the incoterms. For some products price levels are indicated in the Fairtrade Minimum Prices and Fairtrade Premium Table, so there is no need to repeat the information. The proposed definition clarifies up to what point EXW and FOB prices are considered by Fairtrade. The proposal takes into account the current definition for bananas and extends it to all other fruits. Whenever costs for standard packaging up to the exporting are included in the Fairtrade price, there is a reference made in the Fairtrade pricing data base. This allows the deletion of some additional definitions of price levels for some fruits, which makes the standard shorter and easier to read (for detailed information, please see the table below).

|  |  |  |  |
| --- | --- | --- | --- |
| Fresh Fruit Standard for SPO and HL  (proposed changes in red) | | Explanation & Consultation Question | |
| Pricing  Fairtrade Minimum Prices (FMP) and Fairtrade Premium (FP) levels for fresh fruits ~~Fairtrade products~~ are listed in [the pricing database](http://www.fairtrade.net/standards/price-and-premium-info.html), which is published on the Fairtrade website ~~are published separately to the product Standards~~. | | Reference to Fairtrade pricing database added. Wording aligned with other Fairtrade standards | |
| Definition of Ex works  EXW level includes the costs of palletization and, if applicable, refrigeration, before transportation to the harbour. This means, the product is at the gate of the producer’s organization ready to be lifted or loaded in any collection vehicle.  EXW prices do not include any kind of packing material, only labour cost of packing, unless otherwise stated in the Fairtrade pricing database. | | A broad and general definition of Ex works for all fruits, according to Incoterms and the Pricing Guidelines for Evaluating the Costs of Sustainable Production.  Costs for packing material are not included into the ex works price. | |
| Do you agree with this change? **Yes**  **No**  **If not, please explain why:** Click here to enter text. | |
| Definition of FOB FOB level is when the container is along ship or airplane and ready to be lifted in the transportation vehicle for exporting. | | General definition for FOB price level for all fruits added | |
| Do you agree with this change? **Yes**  **No**  **If not, please explain why:** Click here to enter text. | |
| For bananas (Cavendish varieties only), FOB price includes the cost for the following packing material: standard carton box, one plastic per carton box (banavac or polypack), pallet, edge corners, strips, up to 3 labels per banana hand.  The costs for these standard packing and palletization materials are covered by the exporter; however the corresponding labour costs are considered in EXW. ~~However, the service related to packing (labour costs) of above defined standard packing material is included in the Ex Works prices and provided by the producer.~~  Neither EXW nor FOB price include costs for additional or special packing materials such as “clusterbags” or “parafilm” and related service.  ~~Costs for those packing materials and any associated labour must be paid on top of the Fairtrade Minimum Prices to producers at ExWorks or FOB level and be defined in the contract.~~ | | Detailed explanation for bananas remains, however clarified that only applicable for Cavendish varieties, not for cooking bananas or for baby-bananas with no standardized packing material.  Wording simplified  Deleted as this is already covered in Trader Standard 4.2.3 | |
| Your comments: Click here to enter text. | |
| ~~For mangoes from all countries~~  ~~The Fairtrade Minimum Price set at Farm Gate level includes the following costs: One-off set-up costs amortized, field preparation, field work, harvest, packing and organizational costs.~~ | | Deleted as this is covered in the general definition of EXW and there are no more Farm Gate prices for mangoes.  Reference which packing costs/materials are included into the FMP incorporated into Fairtrade pricing data base. | |
| Your comments: Click here to enter text. | |
| ~~Please note that for mangoes from Haiti, the Fairtrade Minimum Price set at Farm-gate level covers the following costs: cost of the fruit, profit to producer, cost of harvesting, initial washing, packing into plastic crates for transport to the exporter, administration costs and profit to the association. The exporter covers transportation to the packing house, hot water treatment, stickers, cardboard boxes, packing into cardboard boxes, palletization and export costs.~~ | | Deleted as this is covered in the general definition of EXW and there are no more Farm Gate prices for mangoes.  Reference which packing costs/materials are included into the FMP incorporated into Fairtrade pricing data base. | |
| Your comments: Click here to enter text. | |
| ~~Please note that for mangoes from Western Africa and from Ghana, the level ex-works means at the door the cooperative. The Fairtrade Minimum Price set at Ex-works covers the following costs: Establishment costs, production costs, harvest costs (including mango box), the expenses for grouping mango cases at the cooperative and organization costs. The Fairtrade Minimum Price excludes costs of transport from the cooperative to the packing and packaging station.~~ | | Deleted as this is covered in the general definition of EXW | |
| Your comments: Click here to enter text. | |
| ~~For table grapes from Namibia and South Africa~~  ~~One criterion for the price level for table grapes from Namibia and South Africa is whether the product reaches the market before Christmas or after Christmas. Accordingly, in the Fairtrade Minimum Price and Fairtrade Premium Table a distinction is drawn between “Pre-Christmas” and “Post-Christmas”.~~ | | Deleted as the reference to pre-Christmas and post-Christmas prices is given in the Price and Premium table | |
| Your comments: Click here to enter text. | |
| ~~For apples for drying from Pakistan~~  ~~For this product, only the Fairtrade Standard for Contract Production Projects is applicable. The price at Ex-Works level includes the Certification Costs (GBP 0.01 per kg of conventional produce and GBP 0.03 per kg of organic produce) which are paid to the Promoting Body. The Certification Costs are deducted from the price paid to the individual farmers, i.e. from the Fairtrade Minimum Price or the market price, whichever is higher.~~ | | Suggest to delete as this is currently not needed (no certified producers) | |
| Your comments: Click here to enter text. | |
| ~~For apples and pears from South America~~  ~~The packing costs include the costs of palletization and refrigeration. Any cost occurred above the cost of a standard apple box / standard pear box has to be paid in addition to the Fairtrade Minimum Price.~~ | | Deleted as this is covered in the general price level definitions | |
| Your comments: Click here to enter text. | |
| ~~For pineapple~~  ~~The Ex Works level for pineapple means “at the exit of the pack house”. In other words, the pineapples are stored, cleaned, packed and refrigerated. They are in pallets, ready to be lifted in the container and to go to the harbour to be exported.~~  ~~The FOB level includes the lifting to the container, the transport to the harbour, customs’ costs, export administrative costs, unloading at the port and margin to the exporter. In short, the FOB price is when the container is along ship and ready to be lifted in the ship.~~ | | Deleted as this is covered in the general price level definitions  Reference which packing costs/materials are included into the FMP incorporated into Fairtrade pricing data base. | |
| Your comments: Click here to enter text. | |
| ~~For pineapple for processing, Ex Works is the place where the seller places the good at the disposal of the next buyer. According to Fairtrade International, this is at the gate of the producer’s organization. This is valid for a hired labour organization as well as for a cooperative. The FOB level includes the same costs component as the FOB for fresh pineapple for export.~~  ~~In case that the shift of responsibility between the seller and the buyer does not match the Ex Works or the FOB level, the incurred costs or services need to be deducted (or added) from the Ex Works or FOB minimum prices.~~ | | Deleted as this is covered in the general price level definitions | |
| Your comments: Click here to enter text. | |
| ~~For Table Grapes from Chile~~  ~~The packing costs include material and labour for standard packaging in bags and boxes. Any cost incurred above the cost of standard packaging has to be paid in addition to the Fairtrade Minimum Price.~~ | | Deleted as this is covered in the general price level definitions and Fairtrade pricing database | |
| Your comments: Click here to enter text. | |
| For oranges for juice  The Fairtrade Minimum Price for oranges for juice, as defined in the pricing database, refers to ‘oranges for juice delivered at the premises of the processor’. The producer must receive a price for the equivalent quantity of juice that his oranges produce (FCOJ or NFC, depending on what is sold to the importer) according to the yield in the preliminary analysis report. The processor/exporter buying oranges for juice from a producer must pay the defined percentage of the Fairtrade Minimum Price, or the market price, of orange juice (whichever is higher), to the producer. The percentage defined varies according to the type of processor/export set-up and to the product variety (conventional / organic), as defined in the pricing database. | | No changes | |
| Your comments: Click here to enter text. | |
| ~~The Fairtrade Premium defined for orange juice at FOB level applies as the Fairtrade Premium for producer organizations selling oranges for juice. The Fairtrade Premium must be paid for orange juice at FOB level to producer organizations based on the total amount of orange juice sold by the processor/exporter.~~ | | Deleted as this is defined in the Price and Premium table | |
| Your comments: Click here to enter text. | |
| There are no Fairtrade Minimum Prices defined for secondary products and their derivatives. Sellers of the product and its next buyers must negotiate prices for secondary products and their derivatives. A default Fairtrade Premium of 15% of the negotiated price must be paid in addition.  Fairtrade International reserves the right to set a Fairtrade Minimum Prices for secondary products and its derivatives in the future. | | No changes | |
| Your comments: Click here to enter text. | |
| **Timely payments** The proposed changes in payment terms refer to the maximum time span to pay both the price and the Fairtrade premium. After consideration of terms in some industries, provided by some consulted stakeholders, and the different cases stated in the Standard, the proposal simplifies and seeks to facilitate payments. Payment terms for EXW and FOB are set at 15 days for price and Premium. An option to combine several payments of a month in one sum is included to simplify the process and save on transaction costs. | | | |
| Fresh Fruit Standard for SPO and HL  (proposed changes in red) | | Explanation & Consultation Question | |
| ~~For purchases made at farm gate or ex works levels, payment must be made upon receipt of the product.~~  For purchases made at EXW level, payments of Fairtrade price (FMP or market price whichever is higher and Fairtrade Premium) must be made no later than 15 days after delivery (unless national legislation requires shorter payment terms). | | Reference to farm gate level deleted  EXW payment terms changed to 15 days for all fruits (already the case for bananas, currently “upon receipt of the product “for all other fruits)  Same timeline for price and for Fairtrade Premium | |
| Do you agree with this change? **Yes**  **No**  **If not, please explain why:** Click here to enter text. | |
| For purchases made at FOB level, if the fruit is accepted by the importer after inspection in the port of destination, payment of price and Fairtrade Premium must be made no later than 15 days after arrival of the fruit in the port of destination | | Payment terms changed to 15 days for all fruits  (previously 7 days)  Same timeline for price and for Fairtrade Premium | |
| Do you agree with this change? **Yes**  **No**  **If not, please explain why:** Click here to enter text. | |
| Upon producer agreement, payments of one calendar month can be paid in one sum latest 15 days after the end of the respective month. | | New requirement to include some flexibility and to save on transaction costs | |
| Do you agree with this change? **Yes**  **No**  **If not, please explain why:** | |
| ~~If the Fairtrade Premium is transferred to the exporter, s/he must pass on the Fairtrade Premium to producers no later than 7 days after the money has been received.~~ | | Deleted as payment terms for conveyors are covered in the Fairtrade Trader Standard, see 4.3.2, set at 15 days | |
| Your comments: Click here to enter text. | |
| ~~Where the seller and buyer agree on shorter payment terms, this agreement must be included in the contract.~~ | | Deleted as payment conditions are anyway included in the contract (see section on contracts), the standard only mentions maximum timelines | |
| Your comments: Click here to enter text. | |
| Payment for oranges for juice  The processor/exporter must pay at least the Fairtrade Minimum Price to the producer no later than 30 days upon receipt of goods.  ~~The processor/exporter must convey the Premium and price differential (additional payment in case there is a difference between Fairtrade Minimum Price and realized FOB orange juice price) to the producer no later than 15 days after receipt of payment from the Fairtrade payer. A different timeframe can be agreed in writing between the processor/exporter and the producer but payment must be made no later than 30 days following the end of each quarter.~~ | | No changes to timeline as this is particular to orange juice  Simplification of the requirement as this is partly already covered in the Trader Standard (see req 4.3.2) | |
| Your comments: Click here to enter text. | |
| Payment for wine grapes  Payment of price must be made within 6 months after purchase of processed or unprocessed wine grapes from producers, in a frequency that follows the industry norm as defined by the certification body.  Payment of premium must be made within 60 days after purchase of unprocessed or processed wine grapes from producers.  Fairtrade status of unprocessed or processed wine grapes must be established at the time of purchasing them from producer and reflected in contracts, unless the buyer can demonstrate that the purchase is made in order to submit a tender. In that case the product will be defined as Fairtrade only after the tender is successful, and this case must be specifically agreed and reflected in the purchase contract. | | Payment terms for premium changed to 60 days (from 30 days) because of long processing of wine grapes into wine | |
| Do you agree with this change? **Yes**  **No**  **If not, please explain why:** Click here to enter text. | |

# Revision of pre-finance rules: clarification and harmonization among products and according to new Trader Standard

The Trader Standard includes a generic requirement 4.4.1 on pre-finance. The product standards for fresh fruit for SPO and HL both include clauses stating that requirement 4.4.1 in the Trader standard does **not apply for fresh fruits** (except for wine grapes, please see below) **and that pre-finance terms and conditions are negotiated between the producer and Fairtrade payer and are included in the contract**.

You can help us understand better how relevant the pre-finance requirement is for different product groups covered by the standards for fruits and when and how much pre-finance is required.

*Trader standard requirement 4.4.1 Pre-financing Fairtrade contracts*

|  |  |
| --- | --- |
| **Applies to:** First buyers | |
| **Core** | You **pre-finance** the payment of the Fairtrade contracts, or facilitate that this is done via a third party, to enable small producer organizations to purchase the products from their members. You do not have to follow the requirement if:   * there is a proven high risk (e.g. risk of default of the contract, of non-repayment or of important quality problems); * the producer declines this pre-finance in a verifiable way; or * this is not legally allowed in the country you are operating in.   You **do not put** pressure on the producer to decline your offer of pre-finance, for instance, you do not make it a condition for signing a contract that the producer declines the pre-finance offer.  *Please see product standards for specific details.* |
| **Guidance:** The pre-finance covers the period starting from payments by the producer organization to member-farmers for the crop received, up to the payment by the first buyer to the producer organization for fulfilment of the contract.  A third party can either be a third party lender or another trader in your supply chain. | |

**Fresh fruits from SPOs** (except for wine grapes, please see below)

Pre-finance may be less relevant for SPOs to buy produce from their members for some crops that can be harvested year-round (e.g. bananas) and there is a regular cash flow, while it may be more important for crops that are harvested less frequently and money is not always available to buy produce from members (e.g. mangoes).

|  |
| --- |
| Should the pre-finance requirements in the trader standard apply to Fairtrade sales of fresh fruits from SPOs (except for wine grapes, please see below)? Yes, for all fresh fruits from SPOs  Yes, but only for certain fruits. Please specify which:  No, pre-finance should not be required for fresh fruits from SPOs  Please explain your answer. |

**Fresh fruits from HL** (except for wine grapes, please see below)

The Trader Standard requirement on pre-finance 4.4.1 is **currently not applicable for fresh fruits** from Hired Labour Organizations.

|  |
| --- |
| Should the pre-finance requirements in the trader standard apply to Fairtrade sales of fresh fruits from HL (except for wine grapes, please see below)? Yes, for all fresh fruits from HL  Yes, but only for certain fruits. Please specify which.  No, pre-finance should not be required for fresh fruits from HL; the requirement should remain as it is.  Please explain your answer. |

**Amount of pre-finance**

We would like to understand how much pre-finance Fairtrade producers need for fresh fruits. For some other Fairtrade products, buyers are required to provide or facilitate at least 60% of the value of the sales contract as pre-finance (by themselves or facilitated via a third party), but you can also propose a different percentage here.

|  |
| --- |
| Which % of the value of the sales contract do you think that Fairtrade buyers should offer or facilitate as pre-finance for sales of fresh fruits? 60%  40%  less than 40%, please specify  other amount, please specify:  Please explain your answer |

**When should pre-finance be provided?**

We would like to understand when producers need pre-finance (e.g. XX weeks before harvest or shipment). For some other Fairtrade products, it is specified that pre-finance has to be provided at least 6 weeks before shipment but you can also make a different proposal here.

|  |
| --- |
| In your opinion, when should pre-finance for fresh fruits be provided? 6 weeks before shipment  I have a different proposal. Please provide details  Please explain your answer |

**Wine grapes from SPOs and HL**

Fairtrade would like to understand if pre-finance is actually needed in the case of wine grapes.

If it is needed then the second question for the change of the existing requirement applies.

|  |
| --- |
| Should the pre-finance requirements in the trader standard apply to Fairtrade sales of wine grapes from SPOs? Yes  No, pre-finance should not be required for wine grapes from SPOs  Please explain your answer. |
| Should the pre-finance requirements in the trade standard apply to Fairtrade sales of wine grapes from HL? Yes  No, pre-finance should not be required for wine grapes from HL.  Please explain your answer. |

|  |  |  |  |
| --- | --- | --- | --- |
| Fresh Fruit Standard for SPO and HL (proposed changes in red) | | Explanation & Consultation Question | |
| For wine grapes  ~~On request from the producer,~~ the Fairtrade payer must make up to 60% of the value of the contract available as pre-finance to the producer at least six weeks prior to shipment.~~at any time after signing the contract. The pre-finance must be made available at least six weeks prior to shipment~~ | | “On request from producer” deleted as the onus is on the buyer now, according to the new Fairtrade Trader Standard (see 4.4.1)  Timeline for providing pre-finance clarified | |
| Your comments: Click here to enter text. | |

# Alignment with the revised Trader Standard

The revised Fairtrade Trader Standard was published in March 2015 and came into force in September of the same year. As some of the requirements overlap, it needs to be seen if changes in the Trader Standard trigger amendments in the fresh fruit standard.

There are particularly two topics that need attention:

* Sourcing plans
* Contracts

## Sourcing plans

The Fairtrade Trader Standard says: You provide a sourcing plan to each producer (if you buy directly from them), or the conveyor (in case a conveyor is involved) that you plan to buy from. Please refer to the product standards for the specific requirements.

In the case of fresh fruit, the suggestion is to have one requirement for all fruits, stating that the sourcing plan refers to either a season (for seasonal fruits including wine grapes) or a quarter (for year around crops).

The period of time to renew the sourcing plan might be different for fresh fruit for exporting and fresh fruit for processing (including wine grapes). It is proposed to have a period of time to renew the sourcing plan of two weeks before they expire in case of perennial fruits and at least two weeks before the season starts for seasonal fruits in the case of fresh fruit for exporting. In the case of fresh fruit for processing (including wine grapes), the time periods are up for consultation, see the question below. Fairtrade aims at finding a balance between producer needs and business reality.

There is an additional requirement for bananas stating that at least the minimum volume as specified in the sourcing plan must be purchased. It is suggested to delete this requirement from the sourcing plan as binding minimum volumes should be stated in the contract (see next section) Also, it is proposed to delete that sourcing plans for fruits should declare the total expected purchases of Fairtrade fruits and the sources buyers intend to buy from, as sourcing plans are already regulated in the Trader Standard and the intention is to align with the general definition.

|  |  |
| --- | --- |
| Fresh Fruit Standard for SPO and HL (proposed changes in red) | Explanation & Consultation Question |

|  |  |
| --- | --- |
| Fairtrade payers must provide a sourcing plan on either a seasonal (for seasonal fruit) or quarterly (for year round crops) basis.  The minimum volume that buyers commit to purchase is stated in the contract. | Reference to minimum volume as stated in the contract added. |
| Do you agree with this requirement?For fresh fruit for exporting **Yes**  **No, if not please explain why:** Click here to enter text. For fresh fruit for processing **Yes**  **No, if not please explain why:** Click here to enter text. |
| **Fresh fruit for fresh exporting:**  Sourcing plans must be renewed a minimum of two weeks before they expire in case of perennial fruits and at least two weeks before the season starts for seasonal fruits. | Do you agree with this requirement? **Yes**  **No**  **If not, please explain why and suggest an alternative solution:** Click here to enter text. |
| **Fresh fruit for processing**  Sourcing plans must be renewed a minimum of XXX before they expire in case of perennial fruits and at least XXX before the season starts for seasonal fruits. | What would be an appropriate time period to renew the sourcing plan? **2 weeks**  **3 months**  **Other, please specify:** Click here to enter text.  **Please explain your answer:**Click here to enter text.  **Any other comment:** Click here to enter text. |

|  |  |
| --- | --- |
| ~~Sourcing plans must specify total expected purchases of Fairtrade fruits and the sources (producer organizations) that the buyer intends to obtain them from.~~  ~~The sourcing plan implies an obligation on the buyer to buy at least the minimum volume specified during the quarter. This obligation is cancelled if during the quarter/, the fruit does not meet the buyer’s quality specifications as set out in the contract.~~ | Commitment to minimum volume shifted to contracts.  Total expected purchases and sources deleted to align with general definition in the Trader Standard. |
| Do you agree with this change? **Yes**  **No**  **If not, please specify why and explain your answer**Click here to enter text. |

There is another provision that regulates the time period for the confirmation of orders which is currently only applicable to bananas. It is also suggested to move this requirement to contracts (please see the following section on contracts).

## Contracts

The requirement on contract in the Trader Standard has been revised in the last review and more details of what needs to be in the contract are now specified in the Standard (see Trader Standard 4.1 Contracts, page 25: [**https://www.fairtrade.net/fileadmin/user\_upload/content/2009/standards/documents/generic-standards/TS\_EN.pdf**](https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/generic-standards/TS_EN.pdf))

Accordingly, some of the specifications that are in the current fresh fruit standard can be taken out so that duplication is avoided. Some other aspects can be shortened or simplified. The remaining points are also up for consultation to see if they are really needed or if the requirement could be further simplified. Please refer to the table below for the proposed changes and respective consultation questions.

|  |  |
| --- | --- |
| **Fresh fruit standard for SPO and HL (changes in red)** | **Comments and Consultation questions** |
| Contracts between producers and buyers must include the following:   * Operator’s FLO ID number * Reference to Fairtrade as an integral part of the contract * Product description(s) * Reference to sourcing plans * Description of how the system of orders will function (when and how weekly orders are confirmed) * Responsible party for product labelling | Are the additional points for contracts in Fresh fruit applicable? **Yes**  **No**  **If not, please specify which one(s) could be deleted or should be changed and for which fruit(s):** Click here to enter text. |
| * ~~Volumes of Fairtrade products~~ Minimum ~~and maximum or fixed~~ volume to be purchased and delivered on weekly basis for perennial fruits and seasonal basis for seasonal fruits | Volumes are already covered in the TS, only fruit specific requirement remains  Maximum volume to be taken out as it does not add value |
| Do you agree with this part of the requirement? **Yes**  **No**  **If not, please explain for which fruit(s) and why this does not work according to you and suggest alternative solutions:** Click here to enter text. |
| * Date and duration of the contract * ~~Duration of the contract~~ | Simplified Your comments: Click here to enter text. |
| * ~~Quality specifications of each product~~ * ~~Specific Fairtrade Price and Premium for each product~~ * ~~Payment conditions for Fairtrade Price and Premium for each product~~ * ~~Terms of delivery using Inco Terms~~ * ~~Description of the liability of each party and the quality check and claim procedure~~ * ~~Definition of “Force Majeure”~~ * ~~Description of mechanisms to resolve conflicts separate from jurisdiction~~ * ~~Description of pre-finance mechanisms or agreements~~ | Can be taken out as they are covered by the Fairtrade Trader Standard |
| Your comments: Click here to enter text. |

For bananas, there are some additional points required and it is suggested to apply them to all fresh fruit for export (fresh consumption).

|  |  |
| --- | --- |
| **Current Fresh fruit Standard for SPO and HL (changes in red)** | **Comments and consultation questions** |
| * Required minimum weight with realistic factor for dehydration for each product * Rules for Dead Freight | Should be applied to all fresh fruits for export (for fresh consumption) |
| Do you agree with this part of the requirement? Yes  No  If not, please explain for which fruit(s) and why this does not work according to you and suggest alternative solutions: Click here to enter text. |
| * If applicable: reference to additional or special packing material and services and related costs not included in Fairtrade Minimum Price (e.g. for “clusterbags” or “parafilm”)   If a producer does not sell on the price level the Fairtrade Minimum Price is defined (e.g. selling on FOB, but FTMP is defined on Exworks only), the contract must refer to the packing material and related costs and other services (e.g. transportation) not included in the Fairtrade Minimum Price (e.g. for “clusterbags” or “parafilm”). In case the producer sells on the Fairtrade Minimum Price level including packing material, any deviation from costs related to standard packing material or services must be addressed in the contract and compensated on-top. | Made applicable for all fruits and further explanation given |
| Do you agree with this part of the requirement? Yes  No  If not, please explain for which fruit(s) and why this does not work according to you and suggest alternative solutions: Click here to enter text. |
| * Reference to sourcing plans, including a threshold above which the commitment to the minimum volume can be cancelled (% of fruit not meeting the quality specifications) * Non-Fairtrade payment terms and price mechanism in case of short falling sales and quality problems for each product | Is needed for all fruits if the requirements of a commitment to a minimum volume, short falling sales and quality problems are taken up for all fresh fruits for export |
| Your comments: Click here to enter text. |
| * ~~Responsible party paying the Fairtrade Price and Premium to producers~~ | Can be taken out as it is covered by the Fairtrade Trader Standard |
| Your comments: Click here to enter text. |
| Are there more points that should be required by the Standard to be included in the contract? Yes  No  If yes, please specify which one(s) and for which fruit(s): Click here to enter text. | |
| All additional points should not be applied to wine grapes, as trade chains here are quite different and the additional points are not needed. Do you agree with not applying the additional points in contracts to wine grapes? Yes  No If not, please explain why: Click here to enter text.  NA | |

There is another provision that regulates the time period for the confirmation of orders which is currently only applicable to bananas. With the experience in bananas, it is recommended to reduce the applicable time from 5-10 days to two days. It is also suggested to be extended to all fresh fruits for export (for fresh consumption).

|  |
| --- |
| **SPO and HL Standard for Fresh fruits:**  **Within the framework of the contract, orders for each shipment are placed in the following manner: Volumes to be shipped must be ordered in writing at least two working days (according to customs in the production country) before the day on which the loading of the ship is scheduled.** Do you agree with this requirement for all Fairtrade fresh fruits for exporting (for fresh consumption)? **Yes**  **No If not, please specify why and suggest alternative solutions:** Click here to enter text. |

There are also some additional requirements for oranges for juice, due to the special pricing mechanism that applies for oranges for juice processed into FCOJ (frozen concentrate of orange juice) or NFC (non frozen concentrate). This model is based on a sharing mechanism in which the importer pays the FMP or market price for orange juice to the processor/exporter and the processor/exporter shares a minimum percentage of this orange juice price with the producer organization as payment for the oranges for juice.

|  |  |
| --- | --- |
| For **oranges for juice**, contracts between producers and buyers **must additionally include**:   * Price to be paid and calculation used for defining price for orange juice equivalent. The contract **must mention** that the price calculation for oranges for juice will be defined according to the yield, as identified in the preliminary analysis report (a report produced according to citrus industry standards from a sample of the fruit delivered, which includes yield information). * Once available, the preliminary analysis reports from each delivery of oranges for juice must be attached to the contract. In addition, this report **must be** given to the producer 7 days after the delivery of fruit. | No changesYour comments: Click here to enter text. |
| * ~~The name of the responsible party paying the Fairtrade Premium to producers.~~ | Can be deleted as covered by TS |
| Your comments: Click here to enter text. |

# Clarification of FLOCERT requirements regarding Fairtrade eligible products and retro certification

In FLOCERT’s compliance criteria, there are some requirements regulating a situation where the Fairtrade payer buys Fairtrade labelled fruit as non-Fairtrade and only declares the amount sold as Fairtrade after the sale has taken place (Fairtrade eligible products, also known as consignment sales and late payment procedure). This has to be agreed by the producer, Fairtrade conveyor and the Fairtrade payer and documented in their contract. This rule was introduced to allow some flexibility for traders in the volatile fresh fruit market.

This puts all risks associated with market fluctuations on the producer, as the trader only pays the Fairtrade price and Premium for the volumes that they really sell as Fairtrade. It also opens the door to abuses as it is not always verifiable how much was eventually sold as Fairtrade. Additionally, this potentially puts a lot of Fairtrade-labelled fruit on the market that is actually not bought under Fairtrade conditions, confuses consumers and is a reputational risk to the Fairtrade system.

S&P therefore proposes to delete these requirements established by FLOCERT from the compliance criteria. The flexibility that has been tried to reach with these rules should be addressed in the requirements regarding shortfalls in sales (see chapter 6).

Furthermore it is suggested to add the following rule to the standard: In case there is an increased demand by a client on short notice, importers should be allowed to retro-certify Fairtrade fruits. According to the Trader Standard, retro-certification is defined as when a buyer has bought product from a certified producer or conveyor under ordinary conditions (non-certified), and wants to convert it into a certified product. This means fruits that are suitable to be retro-certified are sold by a Fairtrade producer unlabelled and no Fairtrade price and Premium are paid. The importer can declare a certain amount to be Fairtrade later in the supply chain. They are responsible for correctly labelling the fruit on behalf of the licensee and have to inform all actors down the supply chain, including the producer organization and the certification body about this transaction. The trader has to pay an extra fee to FLOCERT for each retro-certified transaction related to one shipment, however traders do not have to wait for permission for retro-certification.

This kind of retro-certification is seen as advantageous to producers, as they can sell more of their fruit as Fairtrade than expected, in addition to their regular Fairtrade sales. In addition, it carries a transaction cost for the importer so that it is discouraged to become the only way of trading Fairtrade fresh fruits.

|  |
| --- |
| **The Fairtrade certified importer is allowed to retro-certify Fairtrade fruits.**  **A retro-certification report has to be sent to the certification body and to all actors down the supply chain, including the producer organization. This includes the date of purchase of the fruit and container/shipment information, a copy of the original invoice if available; seller and buyer identification; the volume of fruit being retro-certified; the Fairtrade Premium amount due; the Fairtrade Price adjustment (where applicable if original price paid is below applicable Fairtrade Minimum Price) and a justification for retro-certifying. Due payment of the Fairtrade premium and any price adjustment are as per the Fresh fruit Standard.** Do you agree with the introduction of this requirement into the Fresh fruit standard for SPO and HL? Yes  No If not, please explain and suggest changes to the requirement: Click here to enter text. |

|  |
| --- |
| The topics 5-6 are applicable to traders for Fairtrade fresh fruits for export/ for fresh consumption,  Producers and all other stakeholders are encouraged to give their opinion |

# Revision of quality claim requirements and extension to other fresh fruits

The requirements for Fairtrade bananas on quality claims were vigorously revised in 2010, introducing a clear framework of what is needed for a valid quality claim. The aim of these clear rules is to protect producers and exporters from abuses and also to provide them with more information so that they can detect the quality problem and improve their production.

GPM reported that this requirement has improved the process in many cases and previous problems have been resolved.

So far, there are no requirements on quality claims for all other fresh fruits. However, as all fruits are highly perishable and fragile, quality is an important issue in all fruit categories, not only in bananas. Fairtrade therefore proposes to introduce requirements regarding quality claims for all Fairtrade fresh fruits. It is suggested to apply the requirements on quality that are already in place for bananas to all fruit categories.As quality claims are especially an issue in fresh fruit for export because of the high quality standards, long transportation and high perishability, this requirement is intended to only apply to fresh fruit for export (for fresh consumption, not for local processing e.g. wine grapes).

The requirement is adapted to be applied to all fruits, and there is one sentence added to give the possibility to the trader after the importer to also make quality claims.

In some cases, it is also a concern for producers, how much of the costs associated with a quality claim is channeled back to them. In some cases, no price at all is paid back to producers for the damaged shipment. In other cases, the price is paid, but also the costs linked to the quality claim such as costs for counter-inspection are charged to producers, which ends up more or less in a zero-sum situation. In other cases, the sales costs are transferred back to producers, which means that producer organizations pay on top of the fact that they are not being paid for their produce. In order to protect producers from being over-charged in case of quality claims and to avoid that they actually make losses with quality claims, Fairtrade proposes a new requirement, see the table below.

Fairtrade is happy to receive feedback from stakeholders on the existing rules so that they can be improved, if necessary.

In order to increase transparency around quality claims, it is also intended to introduce a requirement that operators have to report on “non-Fairtrade sales” linked to quality claims, see below (Reporting on non-Fairtrade sales in chapter 6).

|  |  |
| --- | --- |
| **Requirement for all fresh fruit for export (for fresh consumption) (changes in red)** | **Comments and Consultation questions** |
| In the harbour of loading, operators are allowed to refuse the part of the shipment that does not comply with the quality definition as described in the contract between the two parties. | Do you agree with this part of the requirement? Yes  No  If not, please explain for which fruit(s) and why this does not work according to you and suggest alternative solutions: Click here to enter text. |
| The importer may claim quality problems within 48 hours after arrival at port of destination. | Do you agree with this part of the requirement? Yes  No  **If not, please explain for which fruit(s) and why this does not work according to you and suggest alternative solutions:** Click here to enter text. |
| Traders (excluding ripeners) who buy products from an importer may claim quality problems within 48 hours after taking delivery of the product. | This sentence is added to the requirement to take into account situations where the importer sells to a trader in another country. |
| Do you agree with this part of the requirement? Yes  No  **If not, please explain for which fruit(s) and why this does not work according to you and suggest alternative solutions:** Click here to enter text. |
| For bananas and other fruits where ripening occurs, the ripener may claim quality problems to the seller within 8 working days after receipt of the fruit but not later than 15 days after arrival of the fruit at port of destination. | Ripening mostly occurs in banana supply chains. |
| Do you agree with this part of the requirement? Yes  No  If not, please explain for which fruit(s) and why this does not work according to you and suggest alternative solutions: Click here to enter text. |
| ~~Within 1 working day, the claim must be sent to the seller.~~  When receiving a quality claim, it must be transferred to the next operator in the supply chain within 24 hours, unless the operator that received the claim takes responsibility for it and processes the claim.  In all cases the buyer can only claim against the seller if the buyer can prove that they are not at fault for the defect. | Do you agree with this part of the requirement? Yes  No  If not, please explain for which fruit(s) and why this does not work according to you and suggest alternative solutions: Click here to enter text. |
| In case of quality claims, it is only allowed to transfer back to producer organizations the costs of the fruit and the packing (FOB price) and the cost of the transport (shipment until port of destination). These costs must be transparently proven to the producer organization. The date of the invoice by producers must be used for the currency conversion rate. | In order to protect producers from being over-charged and to avoid that they actually make unfair losses with quality claims |
| Do you agree with this part of the requirement? Yes  No  If not, please explain for which fruit(s) and why this does not work according to you and suggest alternative solutions: Click here to enter text. |
| Producers cannot be made responsible for additional costs resulting from transport or handling of shipments with quality problems which could have been ~~normally~~ detected earlier in the harbour of loading or port of destination. | Do you agree with this part of the requirement? Yes  No  If not, please explain for which fruit(s) and why this does not work according to you and suggest alternative solutions: Click here to enter text. |
| Certain defects mainly develop after the ship has left the harbour of loading, e.g. crown rot, crown mould, bruising, neck rot, peel rot and ripe and turning. In these cases the fruit can be refused in the port of destination. | Do you agree with this part of the requirement? Yes  No  If not, please explain for which fruit(s) and why this does not work according to you and suggest alternative solutions: Click here to enter text. |
| To be valid, all claims must contain the following information:  Precise data on the shipment: at minimum date, name of ship, total volume of Fairtrade, port of destination.  A description of quality problems including photos documenting the defect, codes of all pallets affected, and the extent of a specific quality defect (% of affected boxes per pallet)  If the buyer or ripener fails to send in the report with contents as specified in this section, and within the time limit, the producer/exporter may consider the shipment accepted. | Do you agree with this part of the requirement? Yes  No  If not, please explain for which fruit(s) and why this does not work according to you and suggest alternative solutions: Click here to enter text. |
| **Authorised quality inspection in the country of destination**  Within 48 hours after receiving the buyer’s (or ripener’s) quality claim, the seller can notify the Fairtrade payer (or ripener) in writing that they will arrange counter inspection by an authorised surveyor.  This surveyor will be contracted and paid by the contracting entity, unless both parties have agreed otherwise.  The claiming party (buyer and/ or ripener) must facilitate this inspection within 5 days after the seller has received the quality claim.  If the seller does not react to the quality report within the specified period the buyer (or ripener) may assume that the seller accepts the refusal of the fruit.  The reports of authorised independent surveyors are binding to both parties and shall be the ultimate basis of settlement of any dispute over the quality of the fruit between the seller and buyer and/ or ripener. | Do you agree with this part of the requirement? Yes  No  **If not, please explain for which fruit(s) and why this does not work according to you and suggest alternative solutions:** Click here to enter text. |
| Do you agree with extending the requirement on quality claims to all fresh fruits for export? **Yes**  **No If not, please explain:** Click here to enter text. | |
| Any other comment?Click here to enter text. | |

For the reporting on quality claims, please see the following section on shortfalls in sales (section 6).

# Revision of short falls in sales: consider extension to other fruits

For bananas, there is a provision in case of shortfalls in sales: up to 10% of the fruit that was initially bought as Fairtrade can be sold under non-Fairtrade conditions if there are changes in orders by the client of the importer in the North that occur when the products have already been shipped. This provides some flexibility that is necessary in the fruit business to the trader while at the same time protecting Fairtrade producers from taking all the risks due to a volatile market. As there is no such arrangement for all other Fairtrade fruits, Fairtrade suggests extending this requirement to all fresh fruits for export (for fresh consumption) traded under the Fairtrade Fresh fruit standard. At the same time it is suggested to remove the possibility of Fairtrade eligible products (also known as consignment sales or late payment procedure, see chapter 4), currently allowed for fresh fruits (except bananas).

It is also intended to attach a fee to the use of shortfalls in sales, this is meant to compensate the increased audit effort of the certification body and to encourage operators to enhance their planning efforts and strengthen their commitment to Fairtrade.

In order to limit the risk associated with shortfalls in sales, the proposal is to keep the current percentage for bananas and have a maximum of 10% shortfalls in sales rule for one shipment for all perennial fruits, such as bananas and pineapples. As seasonal fruits such as mango and grapes require more flexibility, Fairtrade suggest having a 20% flexibility threshold for this category.

As this rule should be applicable to the importer, this is clarified in the suggested requirement below.

|  |
| --- |
| In case part of any shipment cannot be sold as Fairtrade as a result of shortfalls in orders from the clients of the ~~Fairtrade payer~~ importer, the ~~Fairtrade payer~~ importer may apply “non-Fairtrade conditions” as specified in the contract for fruit up to a maximum of 10% for perennial fruit and 20% for seasonal fruit of the volume of each shipment. Any financial losses relating to shortfalls above this percentage must be assumed by the Fairtrade importer. Do you agree with a 10% flexibility rule for perennial fruits (e.g. bananas, pineapples) in case of shortfalls in orders from the clients of the Fairtrade importer? Yes  No  The percentage should be  higher  lower, please specify a percentage and justify your answerClick here to enter text.  If you do not agree with this rule at all, please specify why: Click here to enter text. Do you agree with a 20% flexibility rule for all seasonal fruits (e.g. mango, oranges) in case of shortfalls in orders from the clients of the Fairtrade payer? Yes  No  The percentage should be  higher  lower, please specify a percentage and justify your answer:  If you do not agree with this rule at all, please specify why: Any other comment?Click here to enter text. |

Please keep in mind that this flexibility is also linked to some rules that have to be adhered to in case of non-Fairtrade sales, see current requirement 1.4.3 in the Fresh fruit standard for SPO and HL. In particular, it is not allowed to sell non-Fairtrade fruits that might **be** labelled as Fairtrade to operators dealing with Fairtrade fruits.

|  |
| --- |
| Non-Fairtrade-Sales  Fruit labelled with the Fairtrade-label paid under non-Fairtrade conditions must not be sold as Fairtrade. Operators must clearly identify the fruit as “non-Fairtrade” on all documentation, however Fairtrade references on the product and packaging may be kept unchanged. The fruit cannot be sold to clients (e.g. retailers) dealing with Fairtrade fruit. Any comment?Click here to enter text. |

**Reporting on non-Fairtrade sales**

In order to keep track of non-Fairtrade sales in the case of shortfalls in sales and quality claims, and to make this a more auditable procedure, Fairtrade intends to introduce a requirement to oblige the trader to report all transactions of non-Fairtrade sales related to shortfalls in sales and quality claims. This list has to be confirmed by the producer organizations.

|  |
| --- |
| **The importer has to report every transaction of non-Fairtrade sales that were originally ordered as Fairtrade within two weeks after selling the specific order/consignment to the certification body and all operators down the supply chain, including the producer organization. The report has to include the reason for the non-Fairtrade sales (quality claim or shortfalls in sales), proof of the reason (valid quality claim or change in order from Fairtrade client) and where the non-Fairtrade sales were sold to. In the case of quality claims, the operator also has to include the costs related to the claim that were transferred back to producers.**  **The correct statement of transactions related to quality claims and shortfalls in sales, and the reception of related payments of Fairtrade price and Premium has to be confirmed by the producer organizations per quarter in the case of perennial fruits and per season (yearly) in the case of seasonal fruits.** Do you agree with this requirement? **Yes**  **No**  **If not, please explain why and suggest an alternative solution**Click here to enter text. |

|  |
| --- |
| The topic 7 is applicable to SPO and HL producers of all Fairtrade fresh fruits,  Traders and all other stakeholders are encouraged to give their opinion |

# Review banana Premium reporting requirement and investigate extension to other fresh fruits

For bananas, the standard specifies what should be included into the premium report for every Premium project. The reports need to be shared with Fairtrade International at least once a year. The requirement is the same for SPO and HL.

In order to simplify the requirement, GPM proposes to delete the follow-up report because the yearly report and the end report already provide sufficient information.

GPM and NFOs pointed out the benefits of having such Premium reports as a means to check what happens to the premium and to show Fairtrade’s impact. Fairtrade therefore suggests extending this requirement to all other fruits.

|  |
| --- |
| You send a report about the Fairtrade premium use for every new or ongoing Fairtrade premium project to Fairtrade International. The reporting must be done yearly and includes at least the following information:  a) Initial report for projects in planning phase   * Name and description of project (purpose and objectives; project partners) * Target group(s) (e.g. men-women or all members of cooperative; migrant workers; family members; community) * Estimated number of beneficiaries within each target group * Project budget (total / annual) * Project start and end date * Date of approval of project and who approved it   ~~b) Follow up report for ongoing projects, in addition to information under a)~~  ~~∙ Premium invested up to date~~  ~~∙ Project progress/status~~  ~~∙ Beneficiaries reached up to date~~  ~~∙ Major highlights and problems~~  b) For finished projects, you must send a final report, which includes in addition to information under a) ~~and b)~~ above   * Target group(s) and number of beneficiaries reached * Total budget spent * Evaluation to what degree and why the purpose and the objectives have been achieved, and what can be learnt from the project  Do you agree with the proposed change? Yes  No if not please explain: Click here to enter text. Do you agree with extending this requirement to all other Fairtrade Fresh fruits? Yes  No if not please explain: Click here to enter text. |

# Improve clarity and ensure consistency throughout the standard

|  |
| --- |
| The topic 8.1 is applicable to SPO and HL producers of all Fairtrade fresh fruits,  Traders and all other stakeholders are encouraged to give their opinion |

## Traceability

The review of the banana standard in 2010 introduced a requirement regarding traceability saying that

The traceability system on each box must indicate the packing station, date of packing and the identification of the individual member of a SPO (identification of the individual member only for SPOs).

This requirement has several objectives:

* To align the Fairtrade standard with industry requirements (in particular GlobalGAP)
* To provide the basis for a better quality claim procedure which enables producer organizations to easier detect the source of a quality problem receiving specific box codes.
* To limit the risk of suspension by importers and supermarkets of the whole producer organization as quality problems can be traced back to the individual farmer

As all these outcomes are also desirable for other fresh fruits, it is suggested to extend this requirement to all other fresh fruits (for export/fresh consumption).

|  |
| --- |
| ~~The traceability system on~~ Each box must indicate the packing station and date of packing.  For SPOs: and the identification of the individual member of a SPO. Do you agree with extending this requirement to all other Fairtrade fresh fruits? **Yes**  **No if not, please explain**Click here to enter text. |

|  |
| --- |
| The topic 8.2 is applicable to SPO producers of all Fairtrade fresh fruits,  Traders and all other stakeholders are encouraged to give their opinion |

## Implementing a maximum land size threshold for SPO members

In March 2017, the Standards Committee decided to introduce a maximum threshold of 30 has limiting the land size for SPO members producing bananas. This is to prevent large farms with a significant workforce from entering the Fairtrade system via the SPO Standard with softer rules on labour conditions while technically they should be certified under the HL Standard with rigorous requirements for workers. This set-up might be or become potentially also a problem in other fresh fruits.

Fairtrade therefore proposes to extend the maximum threshold limiting the farm size of SPO members to all fruits. As the figure of 30 has was specifically introduced for bananas, we also take the opportunity to assess if this can be generalized for all fruits, or if the threshold should be higher or lower for certain fruits.

|  |
| --- |
| The maximum size of the land where a member cultivates Fairtrade fruits is equal to or below XX hectares. Do you agree with extending this requirement to all other Fairtrade Fresh fruits? **Yes**  **No if not, please explain**Click here to enter text. Should the maximum threshold of land be **30 hectares**  **Lower than 30 hectares, please specify:**Click here to enter text.  **Please state for which fruit(s) and the reason for your opinion:**Click here to enter text.  **Higher than 30 hectares, please specify:**Click here to enter text.  **Please state for which fruit(s) and the reason for your opinion:**Click here to enter text. |

|  |
| --- |
| The topic 8.3 is applicable to HL producers of all Fairtrade fresh fruits,  Traders and all other stakeholders are encouraged to give their opinion |

## Inclusion of floor wages into the HL Standard for Fresh fruits

In the Fairtrade Hired Labour Standard (HL), requirement 3.5.1 requires that a “company sets wages for workers and other conditions of employment according to legal or CBA regulations where they exist, or at regional average wages or at official minimum wages for similar occupations; whichever is the highest, with the intention of continually increasing salaries.” As indicated in requirement 3.5.4 “If remuneration (wages and benefits) is below the living wage benchmarks as approved by Fairtrade International, your company ensures that real wages are increased annually to continuously close the gap with living wage.”, the increase is intended to reach living wages, in the case that remuneration is below the living wage benchmark.

Given that in some countries where HL farms are certified for fresh fruit, there is no applicable legal minimum wage or CBA rate to comply with, company management only needs to negotiate with workers on wages and stay ahead of inflation. There is also a perception that Fairtrade is greatly exposed to reputational damage if wage requirements for certified companies are not made more stringent.

A new requirement in the Fresh fruit Standard for Hired Labour would:

I. Help lift wages in low wage countries, thereby contributing to livelihoods of workers and their families.

II. Contribute to a level playing field in terms of costs of production

III. Reduce reputational risk for Fairtrade.

As already introduced in the Fairtrade Standard for Flowers and Plants in April 2017, the proposal in this consultation is to ensure that wages paid by employers do not fall below the global extreme poverty line set by the World Bank. The previous global extreme poverty line of $1.25/day has been updated in 2015 to $1.90/day corrected for purchasing power parity (http://www.worldbank.org/en/topic/poverty/brief/global-poverty-line-faq).

Including a transition period, the proposal is that by year 0 there is a safety net of $1.90 (World Bank extreme poverty line – other benefits would be in addition to this wage).

The requirement would look like this in the Fresh fruit standard for HL:

|  |
| --- |
| **Your company ensures that wages paid do not fall below the global extreme poverty line ($1.90/day) set by the World Bank noting that this amount could increase depending on the world bank adjustments.** Do you agree with the introduction of this requirement? Yes  No if not please explain:Click here to enter text. |

# 

|  |
| --- |
| The topic 9 is applicable to producers of mangoes for drying in Mexico  Other producers, especially small producers of fruits for processing, traders and all other stakeholders are encouraged to give their opinion. |

# Considering an extension of mango for processing to HL in Mexico

In the current system of Fairtrade standards and prices, HL set-ups can sell fresh fruit for export, but cannot sell it for drying (except for bananas and two exceptions for fruits from Ghana[[1]](#footnote-1) and South Africa[[2]](#footnote-2)).

In order to secure the high demand of dried mangoes in the Swiss and other European markets, more supply chains, other than the existing ones in Ghana and South Africa, are needed. Currently, there are no Fairtrade organic mangoes available in the right variety for the Swiss and European market (Keith and Kent) and sufficient quantities to cover the annual demands of big retailers.

In Mexico, there are several organic farms that could fulfil the market requirements of dried mango for Europe and Switzerland. However, the potential mango producer cannot be certified under the SPO Standard, as it does not comply with the requirements for a cooperative and the HL Standard is not open for mangoes for drying.

Fairtrade commissioned a study to see if there are potential mango SPOs in Mexico that could deliver the right quality and quantities. The report shows that there organizations that are interested and that would also benefit from entering the Fairtrade market. It is important to note that the study did not cover all regions in Mexico, so that there might be even more potential in other regions (Oaxaca y Guerrero). However, the organizations in this inquiry would need substantial support to develop the organizational capacities to be able to supply mangoes for drying that are then processed for the European market. This would require enormous resources from the Fairtrade system which is focusing on core products according to the system wide strategy 2016-2020 and for which this relatively small product category is not a priority at the moment. Also, it is not guaranteed that these organizations would eventually be able to obtain the Fairtrade certification. Pursuing this as the only option presents the risk of losing the markets in Europe as buyers might lose their interest if this process is too long or unsuccessful.

On the other hand, opening the scope to HL would make it possible to get dried mangoes to the European market in a relatively short time. Workers and their families would be able to benefit from more secure conditions and the Premium.

At the same time, even when allowing HL companies into the scope, the support to small producers could of course go on, so that they also get the chance to enter the Fairtrade market.

It is a balance between the disadvantages of keeping the restrictions for HL (restricted volume potential, maintaining product inconsistencies, maintaining scope restrictions and leaving the potential for growth unexplored) against the advantage of protecting SPOs from a possible HL competition. Allowing hired labour set-ups to sell their fresh fruit for drying could disadvantage small producers due to the economies of scale, access to capital and infrastructure (processing, transportation etc.) that bigger producers have over producers of a smaller size.

|  |
| --- |
| What is your opinion with regards to the options presented below to supply the Swiss and all other markets with mangos for processing from Mexico? **Yes, open the scope to HL so that they can be certified for mangoes for drying in Mexico**  **No, keep the restriction so that only SPOs can be certified for mangoes for drying in Mexico**  **Other, Please state any other option/solution that you find viable**  **Please justify your answer and add any comments you might have:Click here to enter text.** |

|  |
| --- |
| The topic 10 is applicable to HL producers of all Fairtrade fresh fruits in Brazil  Producers worldwide, traders and all other stakeholders are encouraged to give their opinion |

# Revision of the specific country rule for HL in Brazil, especially for papaya producers

The specific country rule for HL in Brazil was introduced in 2006 to prevent big players from entering the Fairtrade system, mainly to protect small producers growing oranges for juice. The rule restricts land where Fairtrade fruits (except bananas) are grown to a size of up to 4 fiscal units (“módulos fiscais)[[3]](#footnote-3). Additionally, it is required that the owner and/or family members is/are directly involved in the management of the applying unit and the owner lives on the applying unit or nearby.

With the certification of two papaya plantations from Brazil, the key export country for the European papaya market and second biggest exporter worldwide (next to Mexico mainly selling to USA), Fairtrade papaya was successfully launched in the Swiss market (generating already Euro 80,000 premium per year) and is planned to be extended to other Swiss licensees and NFO markets. However, the Fairtrade demand cannot be fulfilled completely due to the restrictions imposed by the standard, although the two certified papaya producers have more production capacity than currently certified.

In order to understand all implications of this rule, Fairtrade commissioned a study to examine the effects on current producers. Several stakeholders in Brazil were interviewed, including the two HL papaya producers, CLAC field staff, a FLOCERT auditor in Brazil and two researchers.

The main outcomes of this study are:

* the rule puts restrictions to Brazilian HL producers that do not exist in other countries and therefore creates uneven and unfair conditions for Fairtrade fruits from Brazil.
* Within Brazil, a benefit for farms in regions with higher values of fiscal modules is created which also creates unfair competition within the country. The differences in land size established by fiscal units are not reflected in differences of production systems.  
  For example, there is a big difference between fiscal units in the Northeast and Southeast, where we can find the typical papaya production regions. In the northern part of Espírito Santo state, a farmer can certify only farms up to 80 ha, and a few kilometres north, in the South of Bahia state, the rule allows the certification of 265 ha.
* The papaya production normally involves a soil rotation every 2-3 years. If the farm is subject to a territorial limit, the lots of production need to be reported to Fairtrade each time the location of the production lots changes. This causes much bureaucracy and may lead to the conclusion that selling the fruit on the local market with less documentation might be more interesting and might incur in less costs.
* The increased production capacity of HL papaya farms in Brazil presents no threat to small producers, as small producers of papaya in Brazil usually do not have the capacity of exporting. This requires packing and export facilities as well as the GlobalGAP certification which small papaya producers in Brazil generally do not have. They mostly produce for the local market and there are no small producers of papaya currently Fairtrade certified in Brazil.
* There are currently 2 other SPOs certified for fresh papayas, both of them in Sri Lanka. One of them is newly certified, but they do not produce the right variety for the Swiss market. The other one has a very large portfolio and is not specialized in papayas. It is therefore difficult and resource-intense to develop the necessary export channels, to Europe from this SPO in Sri Lanka while they already exist with the certified HL producers in Brazil.
* An increase of the Fairtrade production area would mean more benefits for workers as the Premium received can be increased through higher volumes. Additionally, lifting the rule could be an incentive for other farms to get certified, thus bringing benefits to even more workers.
* Regarding working conditions, there were no risks identified associated with large papaya plantations in Brazil, conditions were quite good and often improved with the certification. Workers satisfaction often increased with the certification.
* Given the fact, that there are certified SPOs in Brazil that produce orange juice or oranges for juice, it was recommended by all interviewed stakeholders to keep the current limitation of land size for HL farms producing oranges. There are very large companies in Brazil producing oranges and the entry of very large farms would be a threat to the development of the existing (and potential) SPOs.
* With regards to the other premise that the owner has to live on or near the certified farm the study states that this is unrealistic as most owners, although still involved in the management of the farm, live in the next bigger city. Also here it can be argued that this requirement does not exist for other countries with similar set-ups
* The standard lists in the respective table an average of fiscal units per state. This is in fact not correct, as the units can vary in each municipality. The table should be updated if the reference to fiscal units is kept
* Taking in consideration the results of the study, Fairtrade therefore proposes to exempt papayas and other fresh fruits (mainly mangoes, and other citrus fruits) from the limitation of land size. The limitation should remain for plantations growing oranges (fresh or for juice) in order to protect small producers that are competing with larger players. However, in order to apply the table correctly, the size of the fiscal unit should be applied by municipality, and not by region as is currently the case. Also, the rule that the owner has to live on or near the farm should be lifted as this does not reflect the reality on the ground.

|  |
| --- |
| What is your opinion about lifting the limitation to land size (Brazil rule see HL Fresh fruit Standard 1.1) for all fresh fruits in Brazil (except oranges, see question 10.1.2)? Yes, lifting the limitation to land size for all fresh fruits in Brazil (except oranges)  No, keeping the limitation to land size as currently set  If you answer no, please explain why:Click here to enter text.  Keep the restriction to land size, but increase the number of fiscal units allowed for papaya and all other fresh fruits plantations (except oranges) in Brazil  Please specify how many fiscal units you would suggest as a limit and why:Click here to enter text. |
| Do you agree with keeping the limitation to land size (Brazil rule see HL Fresh fruit 1.1) for fresh oranges and oranges for juice? Yes  No If not, please explain why:Click here to enter text. |
| Do you agree with deleting the requirement that the owner has to live on the farm land or nearby? Yes  No If not, please explain why:Click here to enter text. |

|  |
| --- |
| Applicable to all traders and producers |

# Transition period and applicability of the revised standard

Fairtrade suggests that the revised standard become applicable as of July 1st, 2018. This leaves producers and traders a transition period of at least 6 months, given that the new standard will be published by January 1st, 2018 or prior to that. Any contracts for 2018 signed before the date of publication would be valid until the end of the year. This time period is also aligned with internal processes to translate the standard into compliance criteria.

|  |
| --- |
| Do you agree with the suggested transition period of at least 6 months? Yes  No if not, please explain:Click here to enter text. |

# Other comments by stakeholders

In this section you are welcome to comment on any requirement of the Fresh fruit Standard that is not mentioned in this survey. You can find the current fresh fruit standard here:

SPO: <https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/generic-standards/FreshFruit_SPO_EN.pdf>

HL: <https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/generic-standards/FreshFruit_HL_EN.pdf>

|  |  |
| --- | --- |
| **Topic** | **Comment** |
| Click here to enter text. | Click here to enter text. |
| Click here to enter text. | Click here to enter text. |
| Click here to enter text. | Click here to enter text. |

1. pineapple, papaya and mango [↑](#footnote-ref-1)
2. mango, apples, plums, pears, persimmons, apricots and peaches [↑](#footnote-ref-2)
3. Fiscal units or “módulos fiscais” is a concept used in Brazil to classify farms and to define beneficiaries of incentives such as state subsidised financing. Often, a credit instrument for family agricultures is conditioned to the fact that the farmer is a small farmer in the context of Brazil or has only up to 4 fiscal units. Fiscal units have a different size in each municipality and they range from 5 to 110 hectares. The units are defined by the Institute of Agrarian Reform (INCRA) and consider different aspects such as the predominant kind of production, the profitability of this production and other factors. The units valid for each municipality can be accessed at the following link:

   <https://www.embrapa.br/codigo-florestal/area-de-reserva-legal-arl/modulo-fiscal> [↑](#footnote-ref-3)