

Fairtrade Standard for Tea for Small Producer Organizations and traders

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**For further information and Standards downloads:
www.fairtrade.net/standards.html**

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Introduction

How to use this Standard

Refer to the Generic Standard for Small Producer Organizations as a separate document as updated by Fairtrade International (FLO) on its website.

Please note that the Generic Fairtrade Trade Standard also applies. In cases where the product specific Standard below differs from the Generic Fairtrade Trade Standard, the requirements presented in this Standard apply.

Application

The Product Specific Fairtrade Standard for Small Producer Organizations have been revised according to the New Product Classification (based on the Central Product Classification). The new standards apply from 1 July 2011.

Monitoring of Amendments

Fairtrade International reserves the right to amend Fairtrade Standards in accordance with Fairtrade International's Standard Operating Procedures (http://www.fairtrade.net/setting_the_standards.html). Requirements of Fairtrade Standards may be added, deleted, or otherwise modified. Those who have to meet Fairtrade Standards are required to monitor pending and finalized revisions on Fairtrade International's website.

Fairtrade Certification ensures the compliance with Fairtrade Standards. Revision of Fairtrade Standards may lead to a change in the requirements of Fairtrade Certification. Those who wish to be certified or have already undergone certification are required to monitor pending and finalized certification policies and compliance criteria on the certification body's website <http://www.flo-cert.net>.

1. General Requirements

Intent and scope

All operators taking ownership of Fairtrade certified products and/or handling the Fairtrade Price and Premium are audited and certified.

This chapter applies to the certificate holder.

This Standard covers the purchase and sale of tea (*Camellia Sinensis*).

For the sections under certification and traceability (only), the Standard also covers any processed products and derivatives.

For tea from the *Camellia* plant from India, the geographical regions are defined as follows:

'North India' refers to teas grown in Assam, West Bengal, Tripura, Bihar, Uttaranchal, Himachal Pradesh, Manipur, Sikkim, Arunachal Pradesh, Nagaland, Meghalaya, Mizoram, Orissa states, with the exception of Darjeeling teas.

'South India' refers to teas grown in Kerala, Tamil Nadu and Karnataka states, with the exception of Nilgiri teas.

'Nilgiri' refers to teas of that name, grown in the Nilgiris mountains of Kerala and Tamil Nadu at altitudes broadly ranging between 1000-2500m.

The Standard also covers its secondary products and their derivatives. The definition of secondary products is included in Annex 1 of the Generic Trade Standard.

A non-exhaustive list of products fitting the secondary products definition is published on the Fairtrade International website.

1.1 Certification

There are no additional requirements.

1.2 Labelling and Packaging

There are no additional requirements.

1.3 Product Description

The product specific Standard for tea applies to Tea and instant tea from the *Camellia* plant only.

1.4 Other product requirements

There are no additional requirements.

2. Trade

Intent and scope

This chapter outlines the requirements that you need to comply with when you sell Fairtrade products.

This chapter applies to the Fairtrade product.

2.1 Traceability

There are no additional requirements.

2.2 Product Composition

There are no additional requirements.

2.3 Contracts

There are no additional requirements.

3. Production

Intent and scope

This chapter outlines the ethical and sustainable production practices that are behind every Fairtrade product.

This chapter applies to the Fairtrade product.

There are no additional requirements.

4. Business and Development

Intent and scope

This chapter outlines the requirements that are unique to Fairtrade and intends to lay the foundations for producer empowerment and development to take place.

This chapter applies to the certificate holder.

4.1 Sustaining Trade

4.1.1 Sourcing plans must cover a quarterly period. Sourcing plans must be renewed a minimum of two weeks before they expire.

Where Fairtrade tea is sold through auctions, such sales shall be subject to conditions supporting greater transparency, better communication and faster payment of the Fairtrade Premium and Fairtrade Minimum Price where this applies. This will be achieved through the application of the following conditions:

The buyer communicates to the producer their intention to buy at auction using a Quarterly Sourcing Plan. Within one week of the auction the buyer reports comprehensive information relating to the sale to the producer, including an indication of all outstanding Fairtrade-related payments. All outstanding Fairtrade-related payments must be made on a regular quarterly basis.

Purchases of tea shall be declared Fairtrade at the time of purchase, or by exception may be Retro-certified (as per 4.1.2).

4.1.2 Retro-certification

Retro-certification occurs when a buyer buys tea from a Fairtrade certified producer under ordinary conditions (non-Fairtrade) and at a later stage, converts it into a Fairtrade certified product.

Buyers up to date with their Flow of Goods reports, may retro-certify provided that Retro-certification transactions fall within the agreed limits below, the transaction is properly documented (see 4.1.2.2), and Fairtrade premiums and any Fairtrade Price adjustments are made in full on due date.

Prior to commencing initial Retro-Certification, buyers must inform the Certifying body of the intent to do so. Abuse or misuse of Retro-certification will likely result in buyers losing permission to retro-certify.

4.1.2.1 Retro-certification limits (volume and timing)

For CTC African teas, buyers may Retro-certify up to 30% of volume purchased on the original

invoice from a given Fairtrade certified producer. Teas may be retrospectively declared as Fairtrade up to 3 months after the month of the original purchase invoice.

For Orthodox and non African CTC teas, buyers may Retro-certify up to 100% of volume purchased on the original invoice from a given Fairtrade certified producer. Teas may be retrospectively declared as Fairtrade up to 6 months after the month of original purchase invoice.

The certified producer must be notified and approve Retro transactions via a "Retro Advice Note".

4.1.2.2 Retro Advice Note

The Retro Advice Note includes a copy of the original invoice; producer and buyer identification; the volume of tea 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.

Each Retro Advice Note between two operators must be consecutively numbered, using Trader name and ID /Producer Name and ID/ Year/ transaction number (Smith824/TeaProducer9851/10/001, Smith824/TeaProducer9851/10/002, etc). This code must also be quoted on all documents and Bank Transfers related to the specific retro transaction.

Tea cannot be sold or packed as Fairtrade before the producer has given written agreement/ approval of the Retro Advice Note. The date the producer confirms acceptance by signing the Retro Advice Note becomes the 'declaration' date on which the retro-certified volume becomes Fairtrade. Due payment of the Fairtrade premium and any price adjustment are as per the tea Standard. If the original invoice price for the Tea was below the applicable Fairtrade minimum price for that country/region then the difference must also be paid along with the due Fairtrade Premium.

A copy of the Signed Retro Advice Note and original invoice must be sent by the Trader to a Fairtrade International email account, retro.tea@fairtrade.net within 5 working days of the declaration date.

4.2 Pre-finance

4.2.1 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 any time after signing the contract. The pre-finance must be made available at least six weeks prior to shipment.

4.3 Pricing

Fairtrade Minimum Prices and Fairtrade Premium levels for Fairtrade products are published separately to the product standards.

4.3.1 Fairtrade Minimum Prices

Tea from the *Camellia* plant: Conventional and organic teas from the *Camellia* plant made using the CTC production method and "fannings" and "dust" teas made using the orthodox production method have Fairtrade Minimum Prices.

The Fairtrade Minimum Price for organic teas is obtained by adding an organic differential on top of the Fairtrade Minimum Price for the conventional quality at a rate of USD 0.2 per Kg.

For conventional and organic teas from the *Camellia* plant made using the orthodox production method (except fannings and dust), a Fairtrade Minimum Price does not apply. The paid price is a negotiated price between the seller and the buyer. On top of the negotiated price the Fairtrade Premium must be paid.

Instant tea processed from made tea from Fairtrade certified producers: Fairtrade Instant Tea has no Fairtrade Minimum Price; it receives the negotiated commercial price. Conventional instant tea receives a Fairtrade Premium of 15% of the commercial price. Organic instant tea receives a Fairtrade Premium of 10% of the commercial price. The beneficiaries of the Instant tea Fairtrade premium are the made tea certified producers.

Invoice documents must clearly indicate 'Instant Tea'/'Organic Instant Tea' as applicable on sales invoices and detail the Commercial price and the Fairtrade premium as separate items for the purpose of clarity and transparency.

4.3.2 Secondary products: 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.

4.3.3 Payment terms: For contracts involving Fairtrade payers and producers, payment must be made no later than 30 days after receipt of standard industry documents transferring ownership. The documents to be presented will be those stipulated in the contract and customary in the tea trade.

4.3.4 Upon producer agreement, payment of the Fairtrade Premium can be made by the end of the following month after receipt of the invoice or confirmation of Retro Advice Note (see section 6.2.2).

For contracts involving Fairtrade payers, producers and conveyors, conveyors must pay producers no later than 15 days after receipt of the payment from the Fairtrade payer.