



Food and Agriculture
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WORLD BANANA FORUM GOOD PRACTICES COLLECTION

FAIR TRADE STANDARDS FOR BANANAS

Fair trade is a way of trading products that aims to ensure that producers – in particular smallholders – receive a fair price and a secure livelihood. It mainly applies to goods produced for the international export market such as bananas, cocoa, coffee, cotton, tea or sugar. Since the late 1990s, the concept of fair trade has given rise to numerous initiatives and private certification schemes focusing on social and environmental criteria.

Fair trade was defined by the coalition of the four main fair trade networks in 2001 as:

"a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South."

There is no official standard for fair trade and any business can claim that its products are fairly traded as the term is not legally protected.

The main principles of fair trade are:

- ✓ opportunities for disadvantaged and marginalized farmers;
- ✓ transparency of relationships and accountability;
- ✓ payment of a fair price;
- ✓ respect for children's rights;
- ✓ gender equality and fight against discrimination;
- ✓ safe working conditions;
- ✓ capacity building;
- ✓ respect for the environment.

Examples of fair trade organizations and standards:

<p>Fairtrade International (see example below)</p> <ul style="list-style-type: none"> ➤ Standard developed by Fairtrade International (FLO), a not-for-profit association of Fairtrade organizations and producers worldwide founded in 1988 in Germany (it was first branded “Max Havelaar”). ➤ The Fairtrade network includes 25 Fairtrade organizations, Fairtrade International, and FLOCERT (an independent certification organization). ➤ Focused on both small producer organizations and plantations for benefiting both farmers and workers. Originally oriented towards social standards to guarantee fair trading relations and fair production conditions, but has increasingly incorporated environmental criteria. ➤ The Fairtrade system includes 1.65 million farmers and workers in 1 226 producer organizations in 74 countries. 	
<p>Fair Trade USA</p> <ul style="list-style-type: none"> ➤ Non-profit organization that creates standards, certifies, and labels products on the US market that promote sustainable livelihoods for farmers and protect the environment. ➤ Founded in 1998 in the United States. ➤ Fair Trade USA has partnerships with over 800 brands and with 1.3 million farmers and workers in over 70 countries. 	
<p>Fair for Life and Fair Trade Certifications</p> <ul style="list-style-type: none"> ➤ Aims to ensure fair trade relations all along the value chain. ➤ Developed by the Swiss Institute for Marketecology (IMO). ➤ Founded in 1989. ➤ IMO provides about 70 different ecological and social standards. ➤ More than 400 IMO experts operate in more than 90 countries. 	

Fair trade non-certifying networks:

- The World Fair Trade Organization (WFTO) is an association of fair trade-committed organizations that adhere to the ten WFTO Principles of fair trade in their supply chain.
- The Fair Trade Federation is an organization of businesses encouraging fair trade and equitable trading partnership practices without promoting a specific standard.



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How to get certified

Regardless of the chosen type, certification is performed by a third-party organization to guarantee an independent and transparent assessment. These certifying bodies can be accredited to the ISO/IEC 17065 quality norm in order to guarantee their independence.

EXAMPLE OF FAIRTRADE INTERNATIONAL

Since 2002, Fairtrade certification is granted to producers, traders and companies that meet the social, environmental and economic standards of the organization Fairtrade International. It guarantees producers a minimum price and a premium on product sales.

Between 2008 and 2013 Fairtrade International has been the voluntary standard with the most important growth in terms of certified hectares of bananas (almost 60%).



Fairtrade Standards

Fairtrade standards aim to:

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

Fairtrade Standards distinguish between:

- ➔ **core requirements**, which producers must meet to be certified
- ➔ **development requirements**, encouraging producers to continuously improve and to invest in the development of their organizations and their workers.



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Fairtrade Standards for bananas

The Fairtrade Standards for banana production are different for [small producer organizations](#) and plantations that employ [hired labour](#). The standards specific to bananas are included in the [fresh fruit standards](#).

Fairtrade Minimum Price and Premium for bananas

The Fairtrade price for organic bananas is higher than for conventional bananas. Additionally, Fairtrade has set a premium of US\$1.00 per banana box of 18.14 kg that must be paid to certified organizations, which can later be invested in social, economic or environmental projects in their communities.

- The minimum price paid to Fairtrade producers is determined by the Fairtrade Standards and Pricing Unit and applies to most Fairtrade certified products.
- This price aims to ensure that producers can cover their average costs of production, and acts as a safety net for farmers at times when world markets fall below a sustainable level.
- When the market price is higher than the [Fairtrade Minimum Price](#), then the market price or the price agreed in the contract must be paid. Producers and traders can also negotiate higher prices on the basis of quality and other attributes.
- In addition to the price paid for the product, there is an additional sum of money which producers receive for products sold on Fairtrade terms. This is called the [Fairtrade Premium](#).
- This money goes into a communal fund for workers and farmers to use to improve their social, economic and environmental conditions. The Fairtrade standards do not prescribe how producer organizations should use the Fairtrade Premium. For example, they can use it to cover administrative expenses, improve yields, provide training, support education and public health, improve social infrastructure or invest in their business.
- Fairtrade requires that the decision-making and management of the Premium be accountable, transparent and inclusive.
- The Fairtrade Minimum Price for bananas is different for each country and is based on the average costs of production. For each banana exporting country, Fairtrade defines a minimum price, at Ex Works (EXW) and at freight on board (FOB) level for conventional and organic bananas.



CERTIFICATION PROCESS

Fairtrade Certification is awarded and verified by the third-party body FLOCERT.



Fairtrade banana facts

- Close to 90% of Fairtrade certified banana sales come from the Dominican Republic, Colombia, Peru and Ecuador.
- In 2015, 553 047 metric tonnes of Fairtrade-certified bananas (55% of which were organic) were sold, an increase of 12% over the previous year.
- In 2013–2014, the average Fairtrade Premium received by small farmer organizations producing Fairtrade bananas was €193 600, compared to the average of just over €100 000 for all certified products. Fairtrade banana producers received over €17 million in Fairtrade Premium money.
- The average Fairtrade small farmer devotes 1.8 hectares to banana cultivation. This varies from an average area of under one hectare in Peru and the Windward Islands to more than four hectares in the Dominican Republic, and more than six in Ecuador.
- In 2014, the number of banana farmers (11 600) and workers (10 100) represented 1% of all Fairtrade farmers and workers.
- In 2014, 15% of banana farmers and 14% of hired labour in Fairtrade-certified banana plantations were women (compared to the average of 23% and 48% respectively when all products are taken in account).

Promoting the sustainability of the banana industry

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