



Frequently Asked Questions about the Fairtrade System

Why should my business become part of the Fairtrade system?

The benefits of international trade often fail to meet those most in need of them. In the coffee industry, for example, the majority of farmers remain dependent on exploitative middlemen for market access. Coffee is infamous for its low and volatile prices. When the international coffee price is low, coffee farmers may not even receive enough money to recover their costs of production. Without a reliable income, coffee farmers find themselves unable to send their children to school, unable to provide adequate food for the family, unable even to access basic healthcare. In an effort to increase their yields to compensate for the low price, many switch to less sustainable, more intensive farming methods, degrading the environment and jeopardising the livelihoods of future generations. Others abandon their land altogether, joining hundreds more in the often fruitless search for employment in urban centres.

Fairtrade is an alternative approach to conventional trade. It is 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, marginalised producers and workers in developing countries. Fairtrade is about ensuring that disadvantaged farmers and workers receive a fair price for their work, that they are better able to acquire the skills and knowledge they need to develop their enterprise and to operate sustainably in the global market, and that they are better able to trade with supportive long-term buyers.

Am I eligible to become a Fairtrade licensee?

To be a Fairtrade licensee, your business will need to have an internal control system that allows you to demonstrate and ensure physical and documentary separation of Fairtrade Certified products from your other products throughout your operation from purchasing, storing, roasting, packaging and sales. This ensures that the guarantee behind the FAIRTRADE Label can be delivered. You will also need to be able to report quarterly on your Fairtrade transactions.

How long will it take to become a Fairtrade licensed business?

The short answer is that we will endeavour to meet your deadlines, and we can prioritise your application to help you to meet your commercial release dates. Generally speaking, the process does not take more than a few weeks. The longer answer is that the total length of time between when we get your Application Form, and when we approve your product to go to market depends on a couple of things. If you already know who you are going to be buying your Fairtrade Certified green bean from, and if they are already registered with us as a Fairtrade importer, this will expedite the process. If you or your designers are familiar with our requirements for the use of the FAIRTRADE Label on your product packaging and promotional material well in advance of when you intend to go to print, then this will also speed things up. If you want to get started selling Fairtrade Certified coffee while your new packaging is still with the designers or the printers, we also offer pre-approved generic FAIRTRADE Label artwork (in electronic soft copy format) that incorporates all the key product packaging requirements - the FAIRTRADE Label, our web address, a statement about what the FAIRTRADE Label means, and your company's unique FLO ID number. We will supply you with this artwork and you can then have the stickers printed and place them on your packaging in accordance with our requirements. Becoming licensed to sell Fairtrade Certified coffee is not a complicated process, but the more lead time that you can provide us with the better.

How do I import my Fairtrade Certified coffee directly?

Companies that want to import Fairtrade Certified coffee directly must become registered with FLO-CERT. Contact us directly to find out more information about how to do this.



How do I certify my Fairtrade blends?

In the case of products made from a single type of commodity (for example, coffee), it is a requirement that only ingredients sourced from Fairtrade Certified producers be used – i.e. Fairtrade Certified coffee. A Fairtrade coffee blend can only be made from combining different Fairtrade Certified coffees. When registering your Fairtrade blends, we need to know the names (but not the ratios) of all the different origins in the blend. As with your single origin coffees, we use this information to verify whole-of-supply chain custody through Fairtrade Certified processors, exporters and importers, right back to the Fairtrade Certified producer group where the coffee came from.

What are my Fairtrade reporting obligations?

Meeting your reporting and certification responsibilities is straightforward. We require you to report to us on a quarterly basis your opening and closing stock levels and the volume and value of your sales of the Fairtrade Certified products you are registered for. We provide an easy to use template for you to complete this report. Most businesses find that this information is easy to extract from their existing sales and stock-control systems. We are also available at any time to talk you through the reporting process. Once a year you will be asked to supply information from your records sufficient to demonstrate that you can account for and trace all volumes of Fairtrade Certified goods in and out of your operation. This includes purchase, manufacturing and sales information. If your business is to be included in our on-site inspection program in any given year, you will be excluded from providing this information as it will be covered during your inspection.

What if I want to sell other Fairtrade Certified products in future?

It is likely that you will want to add new Fairtrade Certified products to your range. As you will be licensed to use the FAIRTRADE Label only on each individual product that has been registered with us, you will need to notify us of all additions (and changes) to your product range and supply chains in advance. More information on this will be made available to you after you become a licensee, or contact us directly to find out more.

What if I want to sell other people's products that already carry the FAIRTRADE Label?

There is no fee associated with selling Fairtrade Certified products that already carry the FAIRTRADE Label, even if it is a version of the Label that was applied overseas. The business upstream from you, who applied the Label, is responsible for paying license fees. If you are interested in selling another company's Fairtrade Certified products, and want to clarify the Certification and reporting responsibilities, give us a call.

How much will it cost?

Any additional cost is likely to be the actual cost of the raw Fairtrade Certified products. Because Fairtrade supply chains are shorter, very often, this price may be no different from some of the others that you source, depending on international market conditions and agreed differentials paid with respect to those market prices. Importers pay a Fairtrade price and premium to producer organisations that is often passed along the supply chain to licensees. If you are already using products from a Fairtrade Certified producer group, then the only extra cost that you need to consider is the License Fee, plus a small allocation of staff time to Fairtrade reporting every 3 months. Many companies simply absorb the often negligible additional cost of being part of the international Fairtrade system into their pricing structures, and sell their Fairtrade Certified products at the same price point as their product lines. Other companies pass on any additional cost to their customers, setting an end product price that is more expensive than their conventional products. Market research shows that consumers are prepared to spend more for Fairtrade Certified products.



Are Fairtrade Certified products organic?

While Fairtrade Certified coffee is not always organic Certified, most of the Fairtrade coffees available in Australia & New Zealand are 'dual certified' and are both Fairtrade and organic. Even if it is not organic certified, all Fairtrade Certified coffee is produced in accordance with strict environmental standards which are specified in the Fairtrade Standards (see <http://www.fairtrade.net/standards.html>).

My existing green bean supplier assures me that they pay a fair price and treat their suppliers decently, even for non-Fairtrade coffees. Isn't this as good as Fairtrade?

Fairtrade is based on a clear set of internationally recognised standards that are independently assessed and monitored. This ensures that the benefits of Fairtrade are delivered, and that the nature of these benefits are clearly and transparently communicated to consumers. Furthermore, the Fairtrade standards and trading structures empowers producers themselves to invest in their communities, organisations and production systems, leading to locally-appropriate community-driven outcomes. Intermittent donations or buying arrangements that are ultimately dependent upon the continued goodwill of one particular company are unlikely to provide reliable, sustainable impacts of this order. Additionally, it is often difficult to learn who has been paid the 'fair price', i.e. who along the supply chain. For example, the higher prices could have been paid to exporters or other middlemen with no transparency about the proportion getting to producers. Fairtrade Certification requires transparent transactions that meet its Standards, and ensures that structures are in place to ensure that individual growers receive their fair share of the price paid to the producer group as a whole.

Do I need to become a Fairtrade licensee to sell Fairtrade Certified products?

The short answer is yes, if you wish to apply the FAIRTRADE Label to any product sold in Australia and New Zealand, you need to become a Fairtrade licensee. However, if you are simply selling products which are already packaged and labelled, then you do not need to become a licensee. For example if you run a retail business, you do not need to become licensed. If you are on-selling Fairtrade Certified green bean, without roasting and packing it yourself, you need a license to do this, but you do not have to pay any license fees. Also, there is always the option of contracting the roasting and packing of your Fairtrade coffee to a third-party contract roaster, who would then become a Fairtrade licensee. We may be able to help put you in touch with a contract roasting business that is already licensed.

How do I sell other Fairtrade Certified products, like tea, coffee and sugar?

A growing range of Fairtrade Certified products is becoming available in Australia & New Zealand. Already, a number of products are available (including tea, hot chocolate, sugar, flavouring syrups) that make good companion products for coffee. Talk to us directly about sourcing these products.

Who Gets Certified?

In order to ensure the integrity of the Fairtrade system, every company in the Fairtrade supply chain must comply with the relevant requirements. Fairtrade Certified products must come from producer groups that have been certified by FLO-CERT in accordance with internationally recognised Fairtrade standards. Exporters and importers of Fairtrade Certified products must be registered with FLO-CERT. Companies in Australia & New Zealand wishing to process and package Fairtrade Certified products must first become Fairtrade licensees. Only Fairtrade licensees are eligible to display the FAIRTRADE Label on their products. External auditing and inspection of this chain of custody underpins the consumer guarantee behind the Label, namely that the product was produced to Fairtrade standards, that the Fairtrade Minimum Price and Premium were paid to the producer group by the importer and that the roasted product is 100% Fairtrade Certified in content. The FAIRTRADE Label is the only Label that offers this independent, third-party guarantee that products were produced and traded in accordance with international Fairtrade standards.