



FAIRTRADE STANDARDS

FOR Cane Sugar

FOR Small Farmers' Organisations

PART A Generic Fairtrade Standards for Small Farmers' Organisations
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Refer to the generic standard for Small Farmers' Organisations as a separate document as updated by FLO on its website. Note that the following parts B and C are only applicable in connection with the generic standard.

PART B Product Specific Standards for Cane Sugar

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The product specific standards for cane sugar apply to all products and countries for which a Fairtrade price and/or premium is set in part C below.

1	Social Development	2
2	Economic Development	2
3	Environmental Development	2

PART C Trade Standards for Cane Sugar
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Appendix 1:

FLO Trade Standards for Sugar from Malawi, Mauritius, Paraguay, and Zambia

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PART B Product Specific Standards for Cane Sugar

1 Social Development

There are no additional social standards specific to cane sugar producers.

2 Economic Development

There are no additional economic standards specific to cane sugar producers.

3 Environmental Development

There are no additional environmental standards specific to cane sugar producers.

PART C Trade Standards for Cane Sugar

3.1 Product Description

Cane sugar is produced from the juice of the sugar cane plant (saccharum). Cane sugar, also called Saccharose, consist of 2 different sugars (disaccharide): one molecule of Glucose and one molecule of Fructose.

3.2 Qualities

Sugar traded under Fair Trade Conditions should confirm to the following standards

3.2.1	Raw sugar:	98,0 % polarisation (min.), 0,5 % humidity (max.) ¹
3.2.2	Conventional white sugar:	99,5 % polarisation (min.), 0,1 % humidity (max.)
	Organic off-white sugar:	99,2 % polarisation (min.), 0,15 % humidity (max.) ²
3.2.3	Whole raw sugar:	non-centrifugal; homogenous structure/milled/granulated ³

Any further specifications, requirements and quality control are to be agreed upon in the bilateral sales contract. Trade will be based on representative samples accepted by both parties.

3.3 International Customary Conditions

All international customary conditions apply unless overruled by any of the special FLO conditions as specified in the FLO criteria.

3.4 Procure a Long Term and Stable Relationship

In order to allow both sides a better planning and preparation of all business agreed upon buyers and sellers will procure to establish a long term and stable relationship in which the rights and interests of both are mutually respected. These long term agreements should be confirmed by the exchange of binding Letters of Intent not later than three months prior to harvesting time. Annual renewals should be confirmed at least three months prior to the expiry of the previous Letter of Intent.

3.5 Prefinancing / Credit

On request of the seller, the buyer shall make available up to 60 % of the minimum value of the contract in credit facilities in favour of the seller upon the signing of a Letter of Intent, or at any date thereafter at the wishes of the seller, however at least six weeks prior to shipment. The corresponding interest charges shall be covered by the seller at current commercial interest rates (or better) in the country of destination.

Payment and reimbursement of the loan as well as the interest rates shall be according to the terms and conditions mutually agreed upon in the separate credit contract.

¹ Semi-refined brown sugar; Demerara

² Golden Light or off-white organic sugar

³ Rich in vitamins and minerals, also known as: mascobado, dulce granulado, panela granulada

3.6 Pricing and Premium

3.6.1 The Fairtrade minimum prices for the three qualities of sugar available from FLO Certified Sugar Producers **EXCEPT** for Malawi, Mauritius, Paraguay, and Zambia (see 3.6.4) are specified below:

- 480 US\$/MT for raw sugar
- 520 US\$/MT for white sugar
- 650 US\$/MT for whole raw sugar

3.6.2 The Fairtrade premium for certified organic sugar being sold as such is US\$ 120 which has to be added to the above prices. All prices are per metric tonne (MT) FOB sea port of the producing country for bulk quantities.

3.6.3 If the market price is higher than the Fairtrade minimum price, the market price shall apply.

3.6.4 For sugar from **Malawi, Mauritius, Paraguay, and Zambia** the following country-specific conditions have been set:

- The price (at CIF or FOB level) is negotiated between the FLO Registered Sugar Importer and the affiliated FLO Registered Sugar Exporter. This price is a commercial price freely negotiated between the two parties.
- The FLO Certified Producers receive a Fairtrade premium of US\$ 60 per metric tonne (MT) for conventional sugar and US\$ 80 per metric tonne (MT) for organic certified sugar. The FT premium has to be paid directly to the account of the certified producer organizations.
- FLO reserves the right to reinstate a FT minimum price in the future.

For background information see Appendix 1 “FLO Trade Standards for Sugar from Malawi, Mauritius, Paraguay, and Zambia”.

3.6.5 Any additional handling/packing, packing-material and additional labour costs for retail packing will have to be met separately.

3.6.6 Unless otherwise mutually agreed upon payment shall be net cash against a full set of documents on first presentation (FOB), minus eventual advance payments.

3.7 Processing

Producers who do not possess their own processing facilities may have their cane or sugar processed in plants owned by third parties on the basis of hired service under contract. The agreements have to assure:

- 1) a transparent product flow from the raw material (sugar cane) to the end product (sugar);
- 2) a fair processing agreement, guaranteeing producers a major part of the prices generated through Fair Trade sales.

Appendix 1: FLO Trade Standards for Sugar from Malawi, Mauritius, Paraguay, and Zambia.

Sugar from Malawi, Mauritius, Paraguay, and Zambia is exported by private sugar mills not belonging to the FLO Certified Cane Producers. Such sugar may be recognized as a Specified Fairtrade Product where Importers and Exporters comply with FLO Trade Standards.

1. The FLO Registered Sugar Exporter shall buy the Sugar Cane from FLO Certified Producers at commercial prices for the type of cane traded and shall sell Fairtrade Sugar to FLO Registered Importers at commercial prices for the type of sugar traded.
2. The FLO Registered Importer shall buy the Fairtrade Sugar from FLO Registered Exporters at commercial prices for the type of sugar traded. The Importer shall declare the volume of the Fairtrade Sugar at the time of purchase from the FLO Registered Exporter.
3. The Importer shall transfer the Fairtrade premium for the Fairtrade Sugar directly to an account of the FLO Certified Producer. The FLO Producers' bank account details are provided by FLO.
4. The Fairtrade premium for Fairtrade Sugar is US \$ 60 per metric tonne (MT) for conventional sugar. An additional US \$ 20 per metric tonne (MT) is for organic certified sugar.
5. The Fairtrade Sugar Product does not become a FLO recognised Fairtrade product until the Fairtrade premium has been received by the FLO Certified Producer.