



Fairtrade Trader Standard (01.03.2015 v1.1)

Interpretation Notes

Date	May 18 th , 2016				
Reference	TS – INT				
Affected standard requirement(s)	<p data-bbox="456 622 868 654">4.8.1. NEW Unfair trading practices</p> <table border="1" data-bbox="469 658 1441 887"> <tr> <td colspan="2" data-bbox="475 667 1434 698">Applies to: All traders</td> </tr> <tr> <td data-bbox="475 725 580 757">Core</td> <td data-bbox="587 725 1428 855">Fairtrade does not accept unfair practices that clearly damage producers' or other traders' capacity to compete or the imposition of trading conditions on suppliers that would make it difficult for them to comply with Fairtrade standards. There are no indications that you engage in such practices.</td> </tr> </table>	Applies to: All traders		Core	Fairtrade does not accept unfair practices that clearly damage producers' or other traders' capacity to compete or the imposition of trading conditions on suppliers that would make it difficult for them to comply with Fairtrade standards. There are no indications that you engage in such practices.
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Interpretation	<p data-bbox="456 954 1398 1061"><i>Are traders, at /or beyond the price and premium payer, allowed to buy Fairtrade products from their suppliers / sell to their customers below the Fairtrade Minimum Price (FMP)¹ and Fairtrade Premium?</i></p> <p data-bbox="456 1088 1398 1160">No, they are not allowed. Fairtrade products can never be bought or sold below the FMP and Fairtrade Premium, for the following reasons:</p> <p data-bbox="456 1187 1334 1326">Fairtrade's goal to "make trade fair" requires that fair and sustainable trading practices are applied throughout the whole supply chain. Fairtrade expects all operators in the supply chain to take into account the FMP and the Fairtrade Premium in their price structure.</p> <p data-bbox="456 1352 1430 1630">First, Fairtrade defines in the requirement 4.8.1 as an unfair practice "<i>the imposition of trading conditions on suppliers that would make it difficult for them to comply with Fairtrade standards.</i>" Examples of such practices mentioned in the guidance to the requirement include "<i>Excessive transfer of costs or risks to its counterpart such as demanding prices below costs</i>". This includes putting pressure on suppliers by demanding prices that are below the supplier's cost of buying the Fairtrade product, which is, at a minimum, the Fairtrade minimum price and Fairtrade Premium.</p> <p data-bbox="456 1657 1398 1765">Secondly, unfair practices that "<i>clearly damage producers' or other traders' capacity to compete</i>" include selling Fairtrade products below the cost of buying them from producers, being, at a minimum, the FMP¹ and Fairtrade Premium.</p>				

¹In the case of Fairtrade organic products, the Fairtrade Minimum Price is the Fairtrade Minimum Price for organic products, or the Fairtrade Minimum Price plus the organic differential as applicable.