

Fairtrade Standard

for

Tea

for

Hired Labour

Current version: 01.05.2011

Supersedes previous version: 22.12.2010

Expected date of next review: 2016

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For further information and standards downloads:

www.fairtrade.net/standards.html

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PART A Generic Fairtrade Standard for Hired Labour

Refer to the Generic Standard for Hired Labour as a separate document as updated by Fairtrade International on its website. Note that the following parts B and C are only applicable in connection with the generic Standard.

PART B Product Specific Standard for Tea

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

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PART B Product Specific Standard for Tea

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

1 Social Development

There are no additional social requirements specific to tea producers.

2 Economic Development

Fairtrade Premium

- 2.1 For tea from the *Camellia* plant the Fairtrade Premium shall be used according to the conditions set out in the Generic Fairtrade Standard for Hired Labour and in Part C Paragraph 8 below.
- 2.1.1 An exception to 2.1 is made in the case of Darjeeling where basic needs for workers (e.g. housing, water, and sanitation) may be partly financed through the Fairtrade Premium. This is due to the critical economic situation in the Darjeeling region.
- 2.1.2 The use of Fairtrade Premium money for state and company obligations in Darjeeling must conform to the following guidelines:
 - Infrastructure projects of benefit to both the plantation management and the workers' community may be approved by Fairtrade International if it can be demonstrated to Fairtrade International's complete satisfaction that this has the clear approval of the workers.
 - For such projects Premium money may be used if the company provides at least 50% of the total costs from their own resources as matching funds.
 - In cases where the company lacks immediate capital for such investments, the Joint Body may make a loan to the company to cover the company's 50% investment which is to be reimbursed over a period stipulated by the Joint Body at an interest rate which covers at least the rate of inflation over the defined period.

3 Environmental Development

There are no additional environmental requirements specific to tea producers.

PART C Trade Standard for Tea

1. Product Description

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

2. Scope

This Standard covers the purchase and sale of tea and instant tea from the *Camellia* plant.

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

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.

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.

3. Certification

There are no additional requirements.

4. Traceability

There are no additional requirements. All applicable requirements regarding traceability and mass balance are included in the Generic Trade Standard (GTS).

5. Contracts

There are no additional requirements.

6. Sustaining Trade

6.1 Sourcing plans

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 (see item 6.2).

6.2 Retro-certification

Retro-certification occurs when a buyer buys tea from a 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 6.2.2), and Fairtrade Premiums and any Fairtrade Price adjustments are made in full on due date (see 6.2.1.).

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

6.2.1 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 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 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".

6.2.2 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 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.

7. Pre-finance

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.

8. Pricing

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

8.1 Fairtrade Minimum Prices & Premiums

8.1.1 Tea from the *Camellia* plant:

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

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.

8.1.2 Instant tea processed from made tea from Fairtrade certified producers

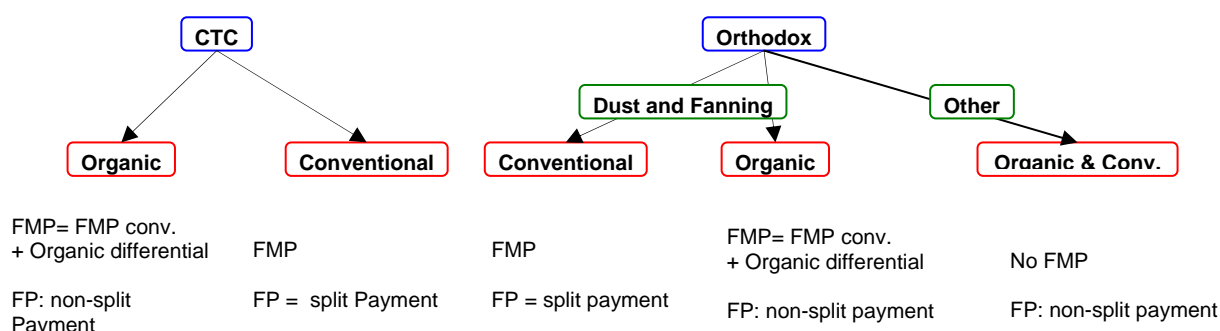
Fairtrade Instant Tea has no Fairtrade Minimum Price; it receives the negotiated commercial price. Conventional instant tea receives a Fairtrade Premium of 15% of the commercial price. Organic instant tea receives a Fairtrade Premium of 10% of the commercial price. The beneficiaries of the Instant tea 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.

8.1.3 Sustainability Margin

For conventional teas from the *Camellia* plant made using the CTC production method, and for conventional “fannings” and “dust” made using the orthodox production method only, 20% of the Premium is to be deducted from the Fairtrade Premium and paid to the estate. This amount is called the sustainability margin. The estate must use it to support improvements in working conditions as part of ongoing certification and compliance with Fairtrade Standards. Where applicable, split payment between the Fairtrade Premium paid to the Joint Body (80%) and to the estate (20%) needs to be clearly documented, for example by two separate bank payments, or by invoicing the sustainability margin with the price of goods.

Instant Tea has a split Premium (20% of the Fairtrade Premium is paid to the estate and 80% to the Joint Body) if the instant tea is derived from conventional made tea using the CTC production method, and from conventional “fannings” and “dust” made tea using the orthodox production method



8.1.4 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.

8.2 Payment terms

8.2.1 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.

8.2.2 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.

9. Other product requirements

There are no additional requirements.