This guidance has been developed to help you understand how your economic development rights are addressed in the Fair Trade USA® Trade Standard so that you can work with your traders and Fair Trade USA to ensure that your rights are respected.

The Trade Standard regulates the participation of traders in fair trade supply chains. One of its main objectives is to ensure that traders support the economic development of fair trade producers. This focus on economic development is unique to Fair Trade USA, and it is what separates our standard—and Fair Trade Certified products—from others.

The Trade Standard protects four primary economic development rights of producers:

1. **Transparent, Written Agreements and Terms of Trade**

   *Transparent, written Fair Trade Agreements are the foundation for stronger, more stable trade relationships between you and your traders.* Traders are required to draft these Agreements and present them to you. Make sure that your Fair Trade Agreement with each trader:
   - Defines the roles, responsibilities, terms for payments, and calculation of Fair Trade Premium.
   - Defines the roles, responsibilities, terms for payments, and calculation of Fair Trade Price (*Fair Trade Price refers to either the relevant market price or the Fair Trade Minimum Price.*)
   - Defines the duration of the Agreement, which must cover at least one full trading season.

   **Overarching terms of trade, which must be transparent and mutually agreed upon, provide protection, and support productive trading relationships.** Terms of trade must be included in either the Fair Trade Agreement, in the purchase order(s), or in another written document signed by both parties. Make sure that the terms include:
   - Quality check inspection and claim procedures.
   - Descriptions of liabilities of each party, dispute resolution procedures, mutual termination rights, and Force Majeure.
   - How the system of orders will function, and a commitment to provide order volume estimates.

   **Purchase orders (or other equivalent documents) are also a key part of written terms of trade and must always include order-specific information.** Make sure that these documents contain:
   - Date
   - Product volumes
   - Accurate description of the Fair Trade Certified product(s), including quality requirements/characteristics
   - Amount of Fair Trade Premium owed and how it was calculated
   - Fair Trade Price and how it will be calculated
   - Delivery terms
   - Any other necessary and relevant information regarding the product or order

   **The Trade Standard also provides you with protections against unfair trading practices that damage your ability to compete or prevent you from complying with Fair Trade USA production standards.** Make sure that your terms of trade / Fair Trade Agreement with each trader does not contain any terms or conditions that negatively affect you, for example any that:
   - Require terms of non-certified purchases that are disadvantageous to you as a condition for certified purchases
   - Impose exclusivity in an unfair or harmful manner
   - Delay payments to you
   - Take unfair deductions from payments
   - Include unreasonable lead times or production changes

   *(See sub-module 2.3 of the Trade Standard for more information on Fair Trade Agreements, terms of trade, purchase order contents, and protections against unfair trading practices.)*
2. **Timely, Correct, Traceable, and Fair Payments**

All Fair Trade Certified products come with a Premium, which is an additional sum paid on each purchase. Make sure that each of your traders:

- Does not deduct the Premium amount from the price of the product. *(Traders are NOT allowed to do this.)*
- Pays or conveys (transfers) the correct amount to you in a verifiable fashion.
- Pays or conveys the correct amount to you as soon as possible, and no more than 30 days from the invoice date (45 days in the case of apparel and home goods).
- Records the payment schedule in the Fair Trade Agreement (or equivalent document).

**Note:** Extended Premium payment timelines may be agreed to, as long as they are mutually beneficial, and the timeline is no longer than quarterly (payment must be made no later than 30 days after the end of each quarter).

**Note:** Where there are two or more shipments of Fair Trade Certified product per month, Premium payments may be grouped together and paid once per calendar month (payment must be made no later than 15 days after the end of the respective month).

For price payments of all Fair Trade Certified products:

- Did your traders pay or convey the correct amount to you in a verifiable fashion? (this includes Fair Trade Minimum Price requirements where applicable)
- Did your traders pay or convey the correct amount to you as soon as possible, and no more than 30 days from the invoice date (45 days in the case of apparel and home goods)?

**Note:** Extended price payment timelines may be agreed to, as long as they are fair and reasonable, and justification is documented. The timeline may be no longer than 90 days after the date of invoice.

For each Premium and/or price payment that you received, were you always able to:

- Link the payment to specific transactions for Fair Trade Certified product?
- Distinguish amounts for price payment from Premium payments?

*(See sub-modules 2.1 and 2.2 of the Trade Standard for more information on Price and Premium Payments.)*

3. **Clear Communication around Fair Trade transactions**

Your rights to clear communication regarding Fair Trade transactions with your traders are designed to improve your ability to plan the production of and anticipate the Premium income from sales of Fair Trade Certified product. Clear communication also enables you to verify that you have received the correct Premium payments for the year. At the end of each trading season, make sure that each of your traders communicates the following information to you:

- Volumes sourced as Fair Trade Certified.
- How these volumes compare to the estimated purchase volumes for that season.

The Trade Standard also provides you with protections from sudden unexpected and unfair termination of trading agreements. Ensure that your traders:

- Document and communicate their exit strategy to you prior to making any significant changes to the trading relationship.

*(See sub-module 2.5 of the Trade Standard for more information on clear communication.)*

4. **Access to Pre-Finance**

Pre-finance allows you to leverage your purchase agreements and buying relationships for cash, credit, or goods in advance. You have a right to request pre-financing for up to 60% of the contract’s value. Pre-finance payments are not allowed to affect the Premium amount owed. If you requested Pre-finance from any of your traders, did they:

- Provide pre-finance directly or help you secure it from a lender, OR
- Deny the request for pre-finance?
  - If they denied the request, did they notify and provide you with a valid reason in writing?
- Where pre-finance was provided directly by traders, are the terms documented clearly and transparently, AND is the interest rate fair?

*(See sub-module 2.4 of the Trade Standard for more information on pre-finance.)*

**How to Defend Your Rights**

If you believe that any of your traders are impeding any of these rights, then your first step should always be to discuss the situation with them. It is always helpful to reference the specific requirements in the Trade Standard.

If you are not able to resolve the situation, you should **share a complaint through our website.** This will prompt Fair Trade USA to address the concern and conduct appropriate follow up actions, including determining if there is a non-compliance with Trade Standard requirements.

*Have a question or feedback about the Trade Standard? Email: standards@fairtradeusa.org*