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Fair Trade Certified™

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Social and Organic Premium Increase for Fair Trade Certified™ Coffee: Direct and Positive Impact for Farmers

The Fairtrade Labelling Organizations International (FLO) Board, with input and representation from stakeholders, including producers, buyers, marketers, and national Labeling Initiatives, voted to increase the social premium paid by buyers in addition to the Fair Trade minimum price (\$1.21) from \$.05/pound to \$.10/pound for all Fair Trade Certified coffee. Effective June 1st, this brings the total minimum price for Fair Trade Certified coffee to \$1.31/pound.

The FLO Board also voted to increase the differential for organically certified coffee by \$.05/pound, bringing the minimum organic differential to \$.20/pound. The increase in organic minimum pricing reflects the rising cost of organic production and compliance, as well as the growing market demand for organics:

\$1.21 - Fair Trade minimum coffee price

\$0.10 - Social Premium

\$0.20 - Organic differential

\$1.51 - Total Fair Trade Organic certified minimum price

The social premium, a key and unique feature of the Fair Trade system, is the portion of all Fair Trade prices that is reserved specifically for social and environmental projects. By the end of 2006, Fair Trade coffee farmers earned close to \$91 million in social premiums from the U.S., all while earning the higher Fair Trade price for their coffee. As of June 1, the social premium has doubled, providing significantly more revenue for farmers to invest in their communities.

Farmers and farm workers decide democratically how to invest the social premium in projects ranging from scholarships to health care to road building. Raising the social premium delivers additional impact directly to farmers by increasing funds available for use in developing their communities, including:

Infrastructure improvements and quality investments

Social premiums are often used for organic agricultural training, washing stations, and cupping laboratories to improve coffee quality.

Education

Fair Trade revenues generated by the U.S. market provide scholarships in countries from Nicaragua to Ethiopia, and are used to build schools in some of the most isolated communities in the developing world.

Health care

The building of clinics, along with health and nutrition education, and maternity care enhance the lives of people in remote areas.

Women's programs

Social premiums are used to support women's organizations that provide community members with education, health services, business opportunities, and more.

Investment in the environment

Social premiums help pay for sustainable farming systems and organic conversion in farming communities.

Examples of how co-ops have elected to invest the social premiums earned through their sales of Fair Trade Certified coffee:

SOPPEXCCA - <http://www.transfairusa.org/pdfs/profiles/Soppexcca-Nicaragua.PDF>

SOPPEXCCA is a union of coffee cooperatives comprised of 650 producers from the province of Jinotega in northern Nicaragua. Under the leadership of director Fatima Ismael, the self-sustaining co-op produces, processes, and markets its own coffee. The SCAA recently gave SOPPEXCCA the Sustainability Award in the category of Sustainable Business Practices. With proceeds from Fair Trade, the co-op has been able to:

- **Invest in organic training.** SOPPEXCCA has provided members with technical assistance for the transition to organic production.
- **Empower women.** Members established a women's collective, "Las Hermanas," through which women produce and market their own coffee.
- **Provide micro-credit,** including a specific fund for women's projects. 65% of SOPPEXCCA's members are women.
- **Improve quality:** In 2004 and 2005, SOPPEXCCA farmers scored impressively in Nicaragua's "Cup of Excellence" cupping competitions.

COOPAC - <http://www.transfairusa.org/pdfs/profiles/Coopac.pdf>

Perched on the steep hills of Gisenyi province in northwest Rwanda, Coopérative Pour la Promotion des Activités-Café (COOPAC), is set on the shores of Lake Kivu below seven Virunga volcanoes. The region's high altitude, heavy rainfall, and mineral-rich soil provide perfect conditions for growing the finest Arabica coffees. Coffee had long been Rwanda's largest export, but production plunged following the genocide of 1994. Despite these challenges, COOPAC has doubled its production each year since its founding in 2001. Since the Rwandan coffee industry was entirely controlled by government and foreign entities until 1994, COOPAC is a leading example of locally-owned coffee enterprises and demonstrates the potential of the Rwandan coffee market to benefit local communities. The co-op is committed to gender equality, economic development, and environmental conservation.

- **Quality improvements.** COOPAC won 1st place at EAFCA, a national cupping competition, and 3rd place overall for all African countries.
- **Promote education.** The co-op's first year of Fair Trade revenues were invested in the construction of a school.
- **Build infrastructure.** COOPAC has built health care clinics, roads, and bridges with Fair Trade funds.
- **Provide livestock.** COOPAC distributes cows and goats to its members.