CHAPTER 6.5

FOCUS ON FAIRTRADE PRODUCTS: SUGAR

Agner David Mora Jiménez weeding the sugar cane field at Fairtrade certified CoopeAgri cooperative, Costa Rica.
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The market environment for Fairtrade sugar has been difficult following the abolition of EU sugar quotas and increased competition from beet sugar produced in the European Union. Despite this, sales of Fairtrade certified sugar continued to grow during 2015–16 reaching a total of 166,560 MT. Thanks to this sustained growth, Fairtrade sugar farmers reaped over €9.7 million (or US$10.7 million) in Fairtrade Premium funds in 2016.

But the challenges for Fairtrade sugar persist and new strategies are needed so that sugarcane farmers can continue to benefit from their participation in Fairtrade.

### COPING WITH THE HIGH DEPENDENCY ON SUGARCANE

At the end of 2016, there were 101 Fairtrade certified sugar producer organizations in 19 countries across three continents. In many – particularly island states like Fiji, Mauritius and Jamaica, as well as Belize in Central America – sugar is the backbone of the economy and provides large-scale employment. Fairtrade helps bring stability to the sugarcane sector by supporting the relationship between farmers and millers, and through sales made under Fairtrade conditions.

Fairtrade Standards and Premium investments enable producer organizations to produce sugarcane more sustainably through projects aimed at increasing productivity and efficiency.

Through its Standards and strategic Premium projects, Fairtrade is recognized as an agent for change by producers and the sugar industry itself.

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Both elements enable farmer organizations to produce more sugarcane more efficiently and – crucially – more sustainably.

Fiji is a good example of how sugar farmers are investing their Premium to improve competitiveness. Since Fairtrade certification in 2011, covering all sugarcane growers in the country, sugarcane yields (MT/ha) have risen by 27.5 percent, while the land under sugarcane cultivation has fallen by almost ten percent. Producers have replanted sugarcane fields, bought mechanical harvesters, improved roads and set up a fertilizer subsidy programme among other initiatives.

Fairtrade has also made changes to the Cane Sugar Standard. Now producers must report on indicators like yield, use of inputs, and water management. (A manual explains how those figures can support their efforts to be more competitive). Already, producers from Paraguay have been able to show how they’ve used such data to make more strategic decisions on sustainable sugarcane production in their country.

Fairtrade Premium funds are also used for social purposes in the wider community. In Malawi, cooperatives have invested in drinking water boreholes, a clinic and a maize mill, and brought electricity to a number of villages.

Environmental protection projects are another area of focus. In Costa Rica, the CoopeAgri sugar and coffee producer organization has been managing the Peñas Blancas River basin protection programme with Fairtrade Premium funds since 2006. Other initiatives include the reforestation of 342 hectares; the planting of 200,000 trees along the river, and the production of 93,000 quintals of organic fertilizer from the by-products of sugarcane and coffee.

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3 Fairtrade International (2015, October 1), Fairtrade Standard on Cane Sugar. Available at: https://www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/Cane_Sugar_SPO_EN.pdf
6.5 Focus on Fairtrade products: sugar

ENSURE CANE SUGAR FARMERS KEEP SELLING UNDER FAIRTRADE TERMS

The EU decision to abolish quotas on beet sugar production from October 2017 is leading to rising competition between cane sugar producers in developing countries and beet sugar producers in the EU. The market for Fairtrade sugar must keep growing so that sugar farmers can continue to invest in their future.

We’re looking at tapping into emerging markets such as India and South Africa and into local and regional markets in the South. In addition, the Fairtrade Sourcing Ingredients (FSI) framework for sugar is expected to encourage more commercial partners to source Fairtrade sugar on a long-term basis.

Ferrero is one of the first companies to source sugar under FSI conditions. This framework enables Fairtrade, in collaboration with companies, to develop tailor-made field programmes, which take into account the challenges and needs of producers and the sector.

We’re also studying diversification options for Fairtrade sugarcane farmers. These include a new partnership with the Roundtable for Sustainable Biomaterials. It’s assessing the potential for sugarcane farmers to access by-product supply chains such as sustainable bio-fuels, bio-plastics and bio-chemicals.

RESEARCH INSIGHT

FAIRTRADE SUGAR IN FIJI: EXPLORING THE IMPACT OF FAIRTRADE ON FIJIAN COMMUNITIES

A study looking at the impact of Fairtrade on Fijian sugar farmers between 2011 and 2016 found that Fairtrade sales led to €12 million in Premium funds earned during this time period. Through these funds, Fairtrade contributed to a 27.5 percent increase in sugarcane yields and supported 750 community projects, reducing the use of child labour and eliminating the application of dangerous pesticides. The study estimates that 76,775 people have benefited from Fairtrade sugar in Fiji during this time period. Despite these successes, there are challenges ahead for Fijian sugar farmers, with sales of sugar on Fairtrade terms dropping from 37.5 percent in 2013 to 10.1 percent in 2016. The researchers provide several potential ‘pathways to 2030’, which include an accounting of the challenges and recommendations for both Fairtrade and Fijian sugar farmers.

2iis Consulting (2017)
FAIRTRADE SUGAR: FAIRTRADE SALES VOLUMES AND FAIRTRADE PREMIUM RECEIVED 2014-2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Fairtrade Sugar Volumes Sold (MT)</th>
<th>Fairtrade Premium Received (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>227,600</td>
<td>10,685,460</td>
</tr>
<tr>
<td>2015</td>
<td>155,300</td>
<td>8,984,700</td>
</tr>
<tr>
<td>2016</td>
<td>166,600</td>
<td>9,714,700</td>
</tr>
</tbody>
</table>

Note: Percentages may not sum due to rounding.

FAIRTRADE SUGAR: FAIRTRADE PREMIUM USE 2015–16

- 25% Investing in producer organizations
- 61% Services for farmers
- 8% Services for communities
- 6% Other
- 1% Health services for communities
- 2% Social and economic services for communities
- 4% Other services for communities
- 6% Other
- 2% Health services for members
- 3% Credit and finance services for members
- 5% Farmer training in agricultural or business practices
- 5% Other services for members
- 11% Payments to members
- 14% Implementation of on-farm best practices
- 22% Provision of agricultural tools and inputs
- 15% Human resources and administration
- 9% Other services for communities
- 9% Facilities and infrastructure

6.5 Focus on Fairtrade products: sugar
6.5 Sugar

Fairtrade International

Figure 6.5.7
Area of Fairtrade Sugar Cultivated 2016 (hectares)

Belize
24,896 ha

Costa Rica
6,276 ha

India
7,968 ha

Malawi
6,077 ha

Mauritius
4,269 ha

Paraguay
15,929

Fiji
68,772 ha

Rest of the world
18,806 ha

Latin America and the Caribbean
61,216 ha

Africa and the Middle East
14,851 ha

Asia and Pacific
76,924 ha

World
152,991 ha

Figure 6.5.8
Fairtrade Sugar Production Capacity: Top Five Countries 2015-2016 (MT)

1. Belize
146,700 MT

2. Fiji
139,503 MT

3. India
92,870 MT

4. Paraguay
77,454 MT

5. Costa Rica
68,264 MT

Rest of the world
173,730 MT

Total top five countries 527,791 MT

Top five countries account for 75% of Fairtrade sugar production
101 Sugar producer organizations representing 54,000 farmers in 19 countries.

Organic Fairtrade sugar production grew by 15%.

€9.7 million in Fairtrade premium received by sugar producers in 2016.

Sales volumes grew by 7% for Fairtrade sugar.