

Special Price and Premium Terms

Fair Trade USA

Version 1.1.0



A. Purpose

This document contains a description of special Price and Premium requirements which apply to certain Fair Trade Certified™ agricultural products. These include rules on Premium spending and calculation, Fair Trade Minimum Price calculation, and information on Relevant Market Prices. Products with Special Price and Premium Terms are identified by an asterisk (*) in the “Special Price Terms” column in the Fair Trade USA Price and Premium Database.

Note that this document does not include a complete list of products with a Fair Trade Minimum Price. Please consult the [Price and Premium Database](#) for a complete list of products, Premiums, and Minimum Prices.

B. Scope

The Special Price and Premium Terms are applicable to agricultural products worldwide sourced from producers and producer organizations certified against approved standards, including the Fair Trade USA Agricultural Production Standard (APS) and Fairtrade International (FLO) agricultural production standards.

All entities buying or selling products sourced from producers and producer organizations certified against the Fair Trade USA APS must comply with the requirements outlined in this document.

Entities buying or selling products sourced from producers and producer organizations certified against Fairtrade International (FLO) agricultural production standards may choose to comply with Fair Trade USA’s Special Price and Premium Terms, or the Price and Premium terms of [FLO](#).

The specific entity in the supply chain to whom the Special Terms apply is indicated for each product category.



1. Special Price and Premium Terms

Product Category	Product	Applies to	Special Price and Premium Terms																		
Seed Cotton	Seed Cotton	Producers and Traders	No additional Fair Trade Premium applies for secondary products (and their derivatives) that have been derived from the processing of Fair Trade seed cotton, if the seed cotton has been sold as Fair Trade and the corresponding Fair Trade price adjustment (if applicable) and Fair Trade Premium have been paid.																		
Cocoa		Producers and Traders	<p>Fair Trade Minimum Price for Cocoa Semi-Processed Products</p> <p>The seller (i.e. producer) and buyer negotiate the price of the semi-processed product. This negotiated price is based on, at least, the cocoa beans reference values of USD 1750/MT for conventional and USD 2050/MT¹ for organic at producers' level, plus all relevant processing costs. The Minimum Price is calculated using the average processing yield calculated by the producer. It is only if the average processing yield is not available to the producer, that the processing yields from beans in the table below apply (see details in the second column in the table).</p> <p>Fair Trade Premium for Cocoa Semi-Processed Products</p> <p>The value of the Fair Trade Premium for semi-processed products is derived from the average processing yield calculated by the producer. It is only if the average processing yield is not available to the producer do the following values apply.</p> <table border="1"> <thead> <tr> <th></th> <th>Processing Yield from Beans</th> <th>Fair Trade Premium</th> </tr> </thead> <tbody> <tr> <td>Beans</td> <td>-</td> <td>USD 200/MT</td> </tr> <tr> <td>Liquor</td> <td>0.8</td> <td>USD 250/MT</td> </tr> <tr> <td>Butter</td> <td>0.376</td> <td>USD 530/MT</td> </tr> <tr> <td>Powder</td> <td>0.424</td> <td>USD 470/MT</td> </tr> <tr> <td>Butter and Powder</td> <td>(0.8)</td> <td>USD 250/MT</td> </tr> </tbody> </table>		Processing Yield from Beans	Fair Trade Premium	Beans	-	USD 200/MT	Liquor	0.8	USD 250/MT	Butter	0.376	USD 530/MT	Powder	0.424	USD 470/MT	Butter and Powder	(0.8)	USD 250/MT
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¹ The reference prices of USD 1750/MT for conventional and USD 2050/MT for organic at EXW level are based on the Fairtrade Minimum Prices at FOB level minus USD 250 for average export costs.



Coffee	Arabica Coffee, Robusta Coffee	Certificate Holders representing a group of primarily Small Farms	At minimum, 25% of all Fair Trade Premium received (or at minimum \$.05 USD per lb of coffee sold on Fair Trade terms) is invested in projects or activities intended to increase the productivity and/or quality of the coffee cultivation by the smallholders. This is documented as a part of the Premium Plan.
Grains	Quinoa	Producers	At minimum, 30% of all Fair Trade Premium received is invested in projects or activities intended to increase environmental sustainability of the quinoa cultivation. This is documented as a part of the Premium Plan.
Produce	Banana	Producers and Traders	<p>The Ex Works-level is defined as the location of the producer where palettization is executed and bananas are not cleared for export and not loaded in any collecting vehicle. At Ex Works-level, prices include labor costs for packing (including palletization) only to prepare the bananas for loading on the collecting vehicle (truck or container). Ex Works prices do not include any kind of packing material.</p> <p>At FOB level, prices include the costs for the following packing material:</p> <ul style="list-style-type: none"> • standard carton box • one plastic per carton box (banovac or polypack) • pallet • edge corners • strips • up to 3 labels per banana hand <p>The costs for these standard packing and palletization materials are covered by the exporter. However, the service related to packing (labor costs) of the above defined standard packing material is included in the Ex Works prices and provided by the producer. Neither the Ex Works nor the FOB prices include costs for additional or special packing materials, such as “clusterbags” or “parafilm” and related services. Costs for those packing materials and any associated labor must be paid on top of the Fair Trade Minimum Prices to producers at Ex Works or FOB level and be defined in the contract. Fair Trade Minimum Prices in any case refer to 18.14 kg of ripened fruit. If boxes with different weight are used, Fair Trade Minimum Prices and Fair Trade Premiums are calculated pro rata.</p>



Produce	Mango	Producers and Traders	<p>Mangoes from Haiti</p> <p>The Fair Trade Minimum Price set at Farm Gate level covers the following costs: cost of the fruit, profit to producer, cost of harvesting, initial washing, packing into plastic crates for transport to the exporter, administration costs, and profit to the association. The exporter covers transportation to the packing house, hot water treatment, stickers, cardboard boxes, packing into cardboard boxes, palletization, and export costs.</p> <p>All Other Countries</p> <p>The Fair Trade Minimum Price set at Farm Gate level includes the following costs: One-off set-up costs amortized, field preparation, field work, harvest, packing, and organizational costs.</p>
Produce	Pineapple	Producers and Traders	<p>The Ex Works level for pineapple means “at the exit of the pack house”. In other words, the pineapples are stored, cleaned, packed, and refrigerated. They are in pallets, ready to be lifted in the container and to go to the harbor to be exported. The FOB level includes the lifting to the container, the transport to the harbor, customs’ costs, export administrative costs, unloading at the port, and margin to the exporter. In short, the FOB price is when the container is along ship and ready to be lifted in the ship.</p> <p>For pineapple for processing, Ex Works is the place where the seller places the good at the disposal of the next buyer. This is at the gate of the producer’s organization. This is valid for a hired labor organization as well as for a cooperative. The FOB level includes the same costs component as the FOB for fresh pineapple for export. In case the shift of responsibility between the seller and the buyer does not match the Ex Works or the FOB level, the incurred costs or services need to be deducted (or added) from the Ex Works or FOB Minimum Prices.</p>
Nuts	Brazil Nuts	Producers and Traders	<p>The Fair Trade Minimum Prices for Brazil nuts set at the “Ex Works without selection and packing – at the processing plant” level cover the following costs: one-off set-up costs amortized, field work, harvest, transport to the processing plant, shelling, and organizational costs.</p>



Tea	Camellia Tea	Certificate Holders which represent Large Farms or a group of Large Farms	<p>Sustainability Margin</p> <p>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 Fair Trade 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 Fair Trade Standards. Where applicable, split payment between the Fair Trade Premium paid to the Fair Trade Committee (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.</p> <p>Instant Tea has a split Premium (20% of the Fair Trade Premium is paid to the estate and 80% to the Fair Trade Committee) 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.</p>
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Herbs & Spices	Rooibos	Producers and Traders	There are two different pricing scenarios for Rooibos producers – if the Certificate Holder is a Small Producer Organization (SPO), they receive a higher Fair Trade Minimum Price and a lower Premium, while all other types of Certificate Holders receive a lower Fair Trade Minimum Price and higher Premium:				
			Pricing for Rooibos sold by Certificate Holders which are SPOs in South Africa				
			Quality	Currency / Quantity x Unit	Inco Term Level	Fair Trade Minimum Price	Fair Trade Premium
			Organic	ZAR / 1 kg	FOB	30,00	5,00
			Conventional	ZAR / 1 kg	FOB	25,00	5,00
			Organic	ZAR / 1 kg	EXW	25,00	5,00
			Conventional	ZAR / 1 kg	EXW	20,00	5,00
			Pricing for Rooibos sold by all other types of Certificate Holders in South Africa				
			Quality	Currency / Quantity x Unit	Inco Term Level	Fair Trade Minimum Price	Fair Trade Premium
			Organic	ZAR / 1 kg	FOB	23,00	12,00
Conventional	ZAR / 1 kg	FOB	18,00	12,00			
Organic	ZAR / 1 kg	EXW	18,00	12,00			
Conventional	ZAR / 1 kg	EXW	13,00	12,00			



2. Relevant Market Price

Product Category	Product	Applies to	Relevant Market Price
Cocoa	Cocoa	Producers and Traders	<p>In order to determine the Relevant Market Price, you will refer to the following reference prices:</p> <p>a) By default, the market price reference is the international market price, either New York (ICE FUTURES US) or London (ICE FUTURES EUROPE) market.</p> <p>b) In countries where prices are regulated by the government, the official price set by the national government is the market price reference. For instance:</p> <ul style="list-style-type: none"> In the case of Ghana, the market price reference is the FOB value of your contracted prices with the Cocoa Marketing Company for the relevant delivery period. In the case of Côte d'Ivoire, the market price reference is the guaranteed FOB value ("valeur FOB garanti") as published by the Conseil Café Cacao for the relevant delivery period.
Coffee	Arabica Coffee	Producers and Traders	For Arabica coffees, the Relevant Market Price is based on the New York Board of Trade "C" contract (NYBOT/ICE). The Relevant Market Price shall be established in USD-cents per pound, plus or minus the prevailing differential for the relevant quality, basis FOB origin, and net shipped weight.
Coffee	Robusta Coffee	Producers and Traders	For Robusta coffees, the Relevant Market Price is based on the London "EURONEXT LIFFE" contract. The Relevant Market Price is established in US-dollars per metric ton, plus or minus the prevailing differential for the relevant quality, basis FOB origin, and net shipped weight.

