

**Fair Trade USA**  
**Mexican Organic Tomato On The Vine Premium Review**  
**Summary of Consultation and Notification of Change**  
**October 2017**

**Tomato On The Vine Program - Background**

Since the first Fair Trade Certified organic tomatoes on the vine were sold in late 2012, over \$680,000 in Fair Trade Premium has been earned by tomato workers from certified producers for investment in their communities. Tomato workers face significant challenges and given these premium resources, they are making sophisticated decisions and designing solutions that address their greatest needs.

**Premium Review – Summary and Objectives**

The previous Mexican organic tomato on the vine premium rate established by Fair Trade USA is \$0.05 per pound (published [here](#)). We have learned from partner feedback that market prices for organic tomatoes on the vine have dropped significantly in the past few years, initiating a review of the existing premium for Mexican organic tomatoes on the vine. Additionally, with interest in Fair Trade tomatoes on the vine grown in other countries, we have learned from partner feedback that varying premium prices across countries can make it difficult to establish a Fair Trade tomato program with consistent pricing for their customers, limiting growth and potential impact of the program. A review of this premium rate was initiated in order to set a single premium covering both the USA and Mexico, while achieving the following objectives:

- 1) **Maximize Impact** – In establishing premium rates, it is the goal of Fair Trade USA to identify the per-lb rate that will be viable in the market in order to maximize the total premium that growers and workers are able to earn. If we maintain the current premium, we have identified potential limitations to achieving these objectives based on the following factors:
  - a. *Current premium rates may prohibit increased sales Fair Trade organic tomatoes on the vine* – There is concern that with market prices dropping for organic tomatoes on the vine in recent years, the product price is too high for the market and preventing category growth. As a result, workers on organic Fair Trade tomato on the vine farms receive less premium because volume growth is limited.
- 2) **Simplify Implementation** – Fair Trade USA seeks to establish premium rates that are easy for industry partners to implement and that allow for transparency of premium throughout the supply chain. If we maintain the current premium, we have identified potential limitations to achieving these objectives based on the following factors:
  - a. *Geographic price* – Varying premium prices across countries can make it difficult for current and future vendors who source from multiple countries to establish a Fair Trade tomato program with consistent pricing for their customers. We are concerned that this could limit growth of the certification program and impact for farm workers. Additionally, we have found that commercial prices for organic tomato on the vine from Mexico and the USA are similar.

**Consultation**

Fair Trade USA published notice of this premium review on our website and invited public commentary from September 20th, 2017 to October 20th, 2017. Additionally, Fair Trade USA collected price data from current and prospective Fair Trade partners in the Americas to better understand market realities and solicited feedback from them on the proposed premium change. Stakeholders feedback was limited but supported the proposed update.

## Results

In order to achieve our objectives of maximizing impact and simplifying implementation, and in light of this feedback Fair Trade USA introduces a new organic tomato on the vine premium that encompasses a larger geographic region and takes into account more recent market prices. The rates below were established with consideration of commercial prices for organic tomatoes on the vine from the USA and Mexico.

<b>Product</b>	<b>Quality</b>	<b>Region</b>	<b>Fair Trade Premium</b>
Tomato On The Vine	Organic	USA & Mexico	USD \$0.04/ lb

## Implementation

The effective date for all new contracts will be on January 18th, 2017. Contracts already in effect between producers and buyers should be fulfilled as previously negotiated with previous premium rates.