



**Fair Trade USA
Asparagus Premium Review
Summary of Consultation
June 2019**

Asparagus Program - Background

Since the first Fair Trade Certified asparagus was sold in 2012, over \$500,000 in Fair Trade Premium has been earned by asparagus workers from certified producers for investment in their communities. The majority of this premium is going to asparagus farmworkers in Mexico with significant growth potential in Peru. Asparagus workers face significant challenges and given these premium resources, they are making sophisticated decisions and designing solutions that address their greatest needs.

Current Premium Review

The previous conventional Asparagus premium rate for Mexico, established by Fair Trade USA in 2012, was \$0.05 per pound and conventional asparagus premium rate for Peru, established by Fair Trade USA in 2017, was \$0.06 per pound.

We learned that the Fair Trade premium for Peruvian Asparagus was too high to function in the marketplace and posed a barrier to entry for producers in Peru to the US market. Additionally, there is huge potential for Fair Trade growth in Peru due to significant interest in the program and a dominant presence of asparagus producers in the South American region. Partner feedback also showed that varying premium prices across countries can create negative market competition between countries, and make it difficult to establish a Fair Trade asparagus program with consistent pricing for their customers, limiting growth and potential impact of the program. A review of this premium rate has been completed in order to set a single premium covering Latin America, 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 factor:
 - a. *Current premium rates may prohibit sales for asparagus growers in Peru and opportunity to engage with the Fair Trade program* – There is concern that the premium for Peruvian asparagus was set too high for the market in 2017, thereby preventing category growth. As a result, workers on Fair Trade asparagus farms in Peru have received fewer premium dollars 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 asparagus 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 asparagus in Latin America are similar.

Consultation



Fair Trade USA published notice of this premium review on our website and invited public commentary from May 21st, 2019 to June 20th, 2019. 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 Latin American premium for conventional asparagus 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 asparagus from Latin American producers.

Product	Quality	Region	Fair Trade Premium	Fair Trade Minimum Price
Asparagus	Conventional	Latin America	USD \$0.05/ lb	N/A

Implementation

The effective date for all new contracts will be on June 20th, 2019. Contracts already in effect between producers and buyers should be fulfilled as previously negotiated with previous premium rates.