Fair Trade USA regularly reviews price and premium rates, as part of our premium-setting process, and when we identify externalities that we believe will affect our producer and industry partners. Fair Trade USA is currently reviewing premium rates as they apply to Asparagus in order to solicit feedback from industry partners and ensure that we are best positioned to optimize impact and simplify operational implementation as we expand our asparagus certification program.

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 current conventional Asparagus premium rate for Mexico, established by Fair Trade USA in 2012, is $0.05 per pound and conventional asparagus premium rate for Peru, established by Fair Trade USA in 2017, is $0.06 per pound, both of which are published here.

We have learned that the Fair Trade premium for Peruvian Asparagus is too high to function in the marketplace and poses 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 initiated 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.
Latin American Asparagus Premium Proposal
In order to achieve our objectives of maximizing impact and simplifying implementation, Fair Trade USA proposes to introduce a new Latin American premium for conventional asparagus that encompasses a larger geographic region and takes into account more recent market prices. The proposed rates below were established with consideration of commercial prices for asparagus from South America.

<table>
<thead>
<tr>
<th>Product</th>
<th>Quality</th>
<th>Region</th>
<th>Fair Trade Premium</th>
<th>Fair Trade Minimum Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asparagus</td>
<td>Conventional</td>
<td>Latin America</td>
<td>USD $0.05/ lb</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Consultation
To participate in the consultation, please send your comments or questions to the Standards team at standards@fairtradeusa.org. Please include Asparagus Premium review in the subject line.

1. What are your thoughts on this approach? From your perspective, does it achieve the objectives of optimizing impact and simplifying implementation?

2. Do you foresee any challenges with the proposed premium methodology?

3. Please provide any additional feedback you would like to share.