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**South East Asia, Southern Asia & Oceania Yellowfin Tuna  
Premium Announcement  
February 2020**

**Yellowfin Tuna Program in South East Asia, Southern Asia, and Oceania - Background**

Yellowfin tuna from South East Asia was Fair Trade USA's first ever certified seafood product, starting in 2014 with one handline fishery in Indonesia, a fishery that has since grown in the Fair Trade program. For this Indonesian supply chain, EXW Premiums were established for both whole fish and clean loin. The clean loin Premium was based on an industry average conversion rate of 50% from whole fish to clean loin. The program expanded into Southern Asia in 2016 with a fishery in the Maldives. In 2019, Fair Trade USA certified its first tuna fishery in Oceania in the Solomon Islands, a pole and line and purse seine fishery, and adopted the same Premium as South East Asia for Yellowfin tuna, for both the whole fish and canned Premium rates that exist (canned Premium for Yellowfin tuna is set at \$0.037/kg, \$0.017/lb). Currently, the whole fish Premium is not in use as only canned Yellowfin tuna product is sold as Fair Trade at this time, which has a separate Premium rate.

This review applied to both Yellowfin tuna from South East Asia (frozen, whole fish and clean loin), and Southern Asia and Oceania (frozen, whole fish). Canned Yellowfin tuna from all regions is not currently up for review.

**Current Premium Review**

The current premium rate for Yellowfin tuna (whole fish, frozen) from South East Asia, Southern Asia, and Oceania, adopted in 2016 is \$0.15 per kilogram (EXW) (\$0.068 /lb). The Premium rate for Yellowfin tuna clean loin (frozen) from South East Asia, which is currently based on a 50% conversion rate from whole fish to clean loin, is \$0.30 per kilogram (EXW) (\$0.136 /lb). These rates can be found published on Fair Trade USA's website [here](#).

The review of this Premium rate was initiated in order to respond to indications that the current rate was limiting the ability to sell certified Yellowfin tuna as there is a mismatch that exists between the Premium rate and market demand at increased prices. The objectives of this review were as follows:

- 1) **Maximize Impact** – In establishing Premium rates, it is the goal of Fair Trade USA to identify the per-kg (lb) rate that will be viable in the market in order to maximize the total Premium that Registered Fishermen are able to earn. If we maintain the current Premium, we have identified the following potential limitations to achieving these objectives based on the following factors:
  - a. *Current Premium rates are at a level in excess of what the market can bear which is limiting the amount of volume our producers can sell as Fair Trade Certified™, therefore limiting the amount of Premium Registered Fishermen are able to earn* – There is concern that the Premium for Yellowfin tuna (frozen whole and clean loin) is set too high, thereby preventing the expansion of our current programs. While our partners are successful at selling Fair Trade Certified tuna to many retailers, this Premium revision would open up opportunities for our partners to sell Certified product through additional retailers thereby reaching a larger audience and securing more Premium for Registered Fishermen.
  - b. *There are strong indications that current Premium rates may be limiting category growth and may not be sustainable for those who are certified* – As the Yellowfin tuna program grows, it is becoming more apparent that, although Fair Trade Certified tuna is a premium value product, the cost of the program is acting as a disincentive for new Yellowfin tuna fisheries enrolling into the Fair Trade program. Reducing Premium rates and allowing Fair Trade Certified product to compete better with non-certified product in the market is likely to incentivize category growth. One of the major objectives of this revision is to incentivize new operations to be certified with Fair Trade USA to open up opportunities for more fishermen to reap the benefits of the program. Furthermore, it might be challenging for those who are already certified to maintain the Fair Trade program at such a high cost and therefore the other objective is to better match the Premium to what the market can bear to help our partners sustain the Fair Trade program, and therefore allow for Registered Fishermen to continue receiving Premium.



## Consultation

Fair Trade USA published notice of this Premium review on our website and invited public commentary from January 10<sup>th</sup>, 2020 to February 10<sup>th</sup>, 2020. The feedback received was largely in agreeance with the proposed changes and welcomed a rate that would improve market viability of Fair Trade Certified yellowfin tuna, to be sold frozen. There was some notable commentary on some additional factors that were brought into the conversation, for example with regards to price differentiation according to gear type. At this time, these considerations will not be incorporated into the revised rate and may be a subject of further discussion, however at this time, feedback suggested we would be able to achieve the objectives of this review by adopting the proposed rates. Thank you to all those who provided feedback.

*Note: A previous error in categorization of tuna from the origins of our fisheries had grouped the Maldives and Indonesia into the same geography of South East Asia. The Maldives, is in fact, part of Southern Asia and this will be reflected in the next update of the Price and Premium Database. Feedback was solicited from all tuna fisheries, including the Maldives, despite this confusion. The rates below apply to all Yellowfin Tuna fisheries in South East Asia, Southern Asia, and Oceania.*

## Results

In order to achieve our objectives to maximize impact, Fair Trade USA has reduced the current Premium rates for Yellowfin tuna in South East Asia, Southern Asia, and Oceania. This rate is only applicable to Yellowfin tuna sold as frozen, clean loin and whole fish. This rate takes into account more recent market prices and is more consistent with other Fair Trade USA Seafood Premiums. The revised Premium rate is presented in the table below:

Product	Product form	Region	Proposed Fair Trade Premium
Yellowfin tuna ( <i>Thunnas albacares</i> )	Frozen, whole fish	South East Asia	USD \$0.10/kg (USD \$0.045/lb)
Yellowfin tuna ( <i>Thunnas albacares</i> )	Frozen, clean loin	South East Asia	USD \$0.20/kg (USD \$0.09/lb)
Yellowfin tuna ( <i>Thunnas albacares</i> )	Frozen, whole fish	Oceania	USD \$0.10/kg (USD \$0.045/lb)
Yellowfin tuna ( <i>Thunnas albacares</i> )	Frozen, whole fish	Southern Asia	USD \$0.10/kg (USD \$0.045/lb)

## Implementation

The effective date for all new contracts will be on **February 21<sup>st</sup>, 2020**.