Fair Trade USA regularly reviews Fair Trade Premium rates as part of our Premium-setting procedure, and when we identify externalities that we believe will affect our producer and industry partners. Fair Trade USA is currently reviewing the Fair Trade Premium rates as they apply to frozen Yellowfin Tuna from South East Asia (clean loin, whole fish) & Oceania (whole fish) in order to solicit feedback from industry partners and ensure that we are best positioned to optimize impact as we expand our Yellowfin tuna certification program.

Yellowfin Tuna Program in South East Asia - 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 in South East Asia expanded into the Maldives in 2016. 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 applies to both Yellowfin tuna from South East Asia (frozen, whole fish and clean loin) and Oceania (frozen, whole fish). Canned Yellowfin tuna from both regions is not currently up for review.

Current Premium Review
The current premium rate for Yellowfin tuna (whole fish, frozen) from South East 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.

A review of this Premium rate has been initiated in order to respond to indications that the current rate is 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 are 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.

Yellowfin Tuna from South East Asia and Oceania (frozen, clean loin and whole fish) Premium Proposal
In order to achieve our objectives to maximize impact, Fair Trade USA proposes to reduce the current Premium rates for Yellowfin tuna in South East 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 proposed Premium reduction is presented in the table below:

<table>
<thead>
<tr>
<th>Product</th>
<th>Product form</th>
<th>Region</th>
<th>Current Fair Trade Premium</th>
<th>Proposed Fair Trade Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yellowfin tuna</td>
<td>Frozen, whole fish</td>
<td>South East Asia</td>
<td>USD $0.15/kg (USD $0.068/lb)</td>
<td>USD $0.10/kg (USD $0.045/lb)</td>
</tr>
<tr>
<td>(Thunnus albacares)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yellowfin tuna</td>
<td>Frozen, clean loin</td>
<td>South East Asia</td>
<td>USD $0.30/kg (USD $0.136/lb)</td>
<td>USD $0.20/kg (USD $0.09/lb)</td>
</tr>
<tr>
<td>(Thunnus albacares)</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Yellowfin tuna</td>
<td>Frozen, whole fish</td>
<td>Oceania</td>
<td>USD $0.15/kg (USD $0.068/lb)</td>
<td>USD $0.10/kg (USD $0.045/lb)</td>
</tr>
<tr>
<td>(Thunnus albacares)</td>
<td></td>
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</tbody>
</table>

Consultation
To participate in the consultation, please send your comments or questions to the Standards team at standards@fairtradeusa.org. Please include Yellowfin Tuna Premium Review in the subject line. The consultation period will end February 10th, 2020.

1) Do you agree with the proposed change?

2) Do you think this approach will achieve the objectives to maximize impact? If no, please explain why and provide an alternative method you think would better achieve the desired objectives.

3) Do you have any concerns with this approach?

4) Do you agree with the inclusion of both South East Asia and Oceania? Why or why not?