



Fair Trade USA® Premium Setting: Produce & Floral, Consumer Packaged Goods, & Seafood

Our approach to setting Premium rates.

The Fair Trade Premium is an extra amount paid to farmers, fishers, and workers per volume of product sold as Fair Trade Certified™. This additional money is placed into a community development fund which is managed and owned by farmers, fishers, and workers who invest these funds in projects to address the needs of themselves and their communities.

The objectives of setting Premium at Fair Trade USA are as follows:



Maximize Impact – When establishing Premium rates, it is the goal of Fair Trade USA to identify a rate that will maximize the total Premium fair trade producers are able to earn, while maintaining market viability.



Simplify Implementation – Where possible, it is the goal of Fair Trade USA to simplify the calculation of Fair Trade Premium for products. This will help producers, Fair Trade USA, and our partners to ensure accurate calculation and tracking of Premium.



Heidi Hernandez Martinez, 8, is met at the school bus by her mother, Ana Martinez Peralta, a long-time Divemex employee originally from Tlapa, Guerrero. Heidi is a recipient of a scholarship funded by Fair Trade Premium earnings.

What is the Premium setting process at Fair Trade USA and what factors serve as inputs?

Data Analysis

The primary input into Premium setting is the market price. We analyze prices over multiple years and assess price differences based on geography, production type, and variety/ species. Pricing information for this analysis is obtained from publicly available sources.

Initial Proposal

An initial proposal is calculated based on analysis of historic patterns in successful and meaningful Premium rates. Each rate is set for a particular variety/species, region, and product type, where applicable. These are grouped according to price.

Stakeholder Feedback

In recognition that market conditions for different products may differ greatly, the Premium proposal is circulated to stakeholders across the supply chain to assess market viability. This includes producers, traders, and buyers.

Finalizing the Premium rate

After the comment period, the Standards team sets the final Premium rate, taking stakeholder feedback into consideration, while adhering to internal guidelines and Premium goals. Final Premiums are posted on our website.

Fair Trade USA publishes announcements regarding Fair Trade Premium on our Standards Development & Revision page: <https://www.fairtradecertified.org/business/standards/development-and-revision>