



Banana Price Review

with new Fairtrade Living Wage Reference Price calculator

FACT SHEET

October 2023

Background

Fairtrade is working to strengthening the protection for banana producers and their families, to cope with mounting economic costs and climate change, and to reduce human rights risks in the banana supply chain and adopt more sustainable agricultural practices. In spite of decreases in fuel and fertilizer costs, banana producers are still facing higher labour costs. Production levels are slowly rebounding after several seasons of lower income and lower farm investment. Fairtrade prices are important for stability and farmers' ability to finance climate change adaptation, prevent disease and meet sustainability demands.

We undertook a banana price review to update the Fairtrade Minimum Prices for conventional and organic bananas, and the Fairtrade Premium.

The objective of the review was to:

- Develop a price proposal that covers on the average cost of services, inputs, and labour.
- Address current market situation and inflation.
- Promote producers' ability to cover average costs of being fully compliant with Fairtrade Standards.

The annual review of Fairtrade banana prices follows data collection and consultative processes with farmers, traders, and retailers. In 2023, **305 Stakeholders** were invited to participate in the review process.

Costs of Fairtrade banana production

In preparation for the new banana price review, the Fairtrade International Pricing Unit worked closely with the Fairtrade Producer Networks to obtain up-to-date costs of production. Our calculated cost of production is based on the collection of data from large-scale plantations and small-scale producer organisations (SPOs).

The process to arrive at the cost of banana production involved:

- 1) Collecting costs of production of key inputs and services in a select number of countries.
- 2) Collecting additional input through 15 workshops, run in Colombia, Peru, Ecuador, Dominican Republic, Panama, Mexico, and Nicaragua, with **42 producers and 6 exporters** participating and validating the cost findings.

The main findings of the costs of production were as follows:

At Ex Works level (farm, labour for packing and palletisation), costs have increased by 2.1 percent on average. Wages increased by 14.5%, while the cost of fertilizers and the cost of fuel decreased by 9.6% and 6.4% respectively. Any increase of wages significantly affects the overall cost of a box of bananas since this input alone represents 50 percent of the total Ex Works cost. A high labour cost increase was observed in Colombia, due to an increase in the national minimum wage, the national

Input and service costs collected:

1. Labour
2. Fertilizers
3. Fuel
4. Standard box of 18.14 kg
5. Banavac
6. Pallets
7. Inland freight for the main and secondary loading ports
8. Port charges for the main and secondary loading ports.

transport subsidy, and the Collective Bargaining Agreement by 14 percent. Consequently, the organic costs of production are higher than the conventional ones, as organic production requires more labour.

At export level (Free on Board or FOB, which includes costs of packing materials and transport), costs have decreased by 3.7 percent on average. This reflects a reduction in the costs of the standard carton box (7 percent decrease); Banavac (18 percent decrease); pallets (a 12.3 percent decrease); inland freight (7.5 percent decrease). On the other hand, port charges increased by 1.6 percent.

Price proposal and consultation

Once costs of production were established, Fairtrade International developed the price proposal for consultation and ultimately for decision by the Fairtrade International Standards Committee.

The price consultation was open to all banana stakeholders (i.e., producers, traders, national Fairtrade organisations). Fairtrade International collected feedback from 86 stakeholders. During the consultation process, four technical roundtables in Dominican Republic, Colombia, Ecuador, and Peru and five workshops with producers were organized. The roundtables, composed by Fairtrade banana producers, exporters, national banana clusters and research institutes endorse the cost findings and the price proposals.

The Fairtrade Minimum Price proposal was presented to and approved by the Fairtrade International Standards Committee on **21 September 2023**.

New Fairtrade Banana Prices

Fairtrade Minimum Price

The role of the Fairtrade Minimum price is to provide a safety net for farmers that covers the costs of banana production, enabling the "average" producer to produce bananas in a financially sustainable way. It intends to cover production costs and provide protection in case of low market prices.

The new Fairtrade Minimum Prices, effective as of 1 January 2024, are laid out below. Prices are according to type (conventional or organic) and include country-specific prices for major origins.

Across the various origins, the Fairtrade Minimum Prices at FOB level **on average remains relatively stable with an increase of 0.2 percent** in 2024.

The table below shows prices for Colombia, Dominican Republic, and Ecuador, which are the origins of 88 percent of all Fairtrade banana sales. 2023 prices are also shown (in grey) for comparison. To see the full price list in the [announcement letter](#).

| Price applies to (1) | | | Currency / Quantity x unit | Price level (2,3) | Main Port | Fairtrade Minimum Price value | Valid from |
|----------------------|--------------------|-------------------------|----------------------------------|----------------------|-----------------|-------------------------------------|------------|
| Country/ Region | Producer set-up | Product, Variety | | | | | |
| Colombia | SPO, HL | Banana, Conventional | USD/18.14kg | EXW | | 8.00 | 01/01/2024 |
| | | | | EXW | | 7.70 | 01/01/2023 |
| | | | | FOB | Turbo/Sta.Marta | 11.40 | 01/01/2024 |
| | | | | FOB | Turbo/Sta.Marta | 11.20 | 01/01/2023 |
| Colombia | SPO, HL | Banana, Organic | USD/18.14kg | EXW | | 10.25 | 01/01/2024 |
| | | | | EXW | | 9.90 | 01/01/2023 |
| | | | | FOB | Sta.Marta | 13.75 | 01/01/2024 |
| | | | | FOB | | 13.50 | 01/01/2023 |
| Dominican Republic | SPO, HL | Banana, Conventional | USD/18.14kg | EXW | | 7.85 | 01/01/2024 |
| | | | | EXW | | 7.75 | 01/01/2023 |
| | | | | FOB | Manzanillo | 12.45 | 01/01/2024 |
| | | | | FOB | Manzanillo | 12.55 | 01/01/2023 |
| Dominican Republic | SPO, HL | Banana, Organic | USD/18.14kg | EXW | | 10.30 | 01/01/2024 |
| | | | | EXW | | 10.10 | 01/01/2023 |
| | | | | FOB | Manzanillo | 14.90 | 01/01/2024 |
| | | | | FOB | Manzanillo | 14.90 | 01/01/2023 |
| Ecuador | SPO, HL | Banana, Conventional | USD/18.14kg | EXW | | 7.10 | 01/01/2024 |
| | | | | EXW | | 7.05 | 01/01/2023 |
| | | | | FOB | Bolivar | 10.90 | 01/01/2024 |
| | | | | FOB | Bolivar | 11.05 | 01/01/2023 |
| Ecuador | SPO, HL | Banana, Organic | USD/18.14kg | EXW | | 9.75 | 01/01/2024 |
| | | | | EXW | | 9.70 | 01/01/2023 |
| | | | | FOB | Bolivar | 13.70 | 01/01/2024 |
| | | | | FOB | Bolivar | 13.80 | 01/01/2023 |
| Peru | SPO, HL | Banana, Organic | USD/18.14kg | EXW | | 9.70 | 01/01/2024 |
| | | | | EXW | | 9.55 | 01/01/2023 |
| | | | | FOB | Paita | 13.80 | 01/01/2024 |
| | | | | FOB | Paita | 13.95 | 01/01/2023 |

Fairtrade Premium

The Fairtrade Premium for bananas is remaining at **US\$ 1/per box of 18.14 kg**. The Fairtrade Premium is an additional sum of money that producers invest in projects they choose. The Fairtrade Premium is paid in addition to the price, whether it is: a) the market price (which applies if higher than the Fairtrade Minimum Price), b) the negotiated price (negotiated to be higher than the Fairtrade Minimum Price) or c) the Fairtrade Minimum Price. The Fairtrade Minimum Prices and Premiums are also published in the database on [our website and the new banana Standards announcement letter includes the 2023/2024 prices](#)

The Fairtrade Premium is intended to provide additional investment capacity for farmers and for workers to improve their social, economic, and environmental conditions. The use of this additional income is decided democratically by the members of small-scale producer organisations, or by workers who are elected to Fairtrade Premium Committees within certified hired labour organisations.

For large-scale banana farms, the Fairtrade Premium is important to closing the gap to a living wage. The [Fairtrade Standard for Fresh Fruit for Hired Labour Organisations](#) allows workers to use up to 30 percent of their Fairtrade Premium funds to top up wages toward a living wage. More on living wages can be found below.

As one of Fairtrade's top seven products, we share details on how Fairtrade Premium is spent by banana producers on our [website](#).

Validity

The new banana prices will be valid from **1 January 2024**.

Progressing Toward Living Wages for Fairtrade Banana Workers

Achieving a living wage is only possible if prices are sustainable along each step of the supply chain.

Fairtrade has taken concrete actions towards closing the living wage gap for banana workers in recent years, including launching the [Fairtrade base wage](#) for banana workers in 2021. The base wage, unique among certification schemes, is set at 70 percent of the living wage benchmark, and is the minimum that employers are required to pay. Other contributions should make up the remainder of the living wage value, including Fairtrade Premium. In large farm hired labour settings, our Standards specify that Premium funds are managed by a Fairtrade Premium Committees, composed of workers elected by their peers. These committees can choose to distribute up to 30 percent of the Premium funds (equivalent to US\$0.30 per box) as cash payments to make up any living wage gap.

Fairtrade International has been a pioneer in working with the Anker Research Institute and in the founding of the Global Living Wage Coalition to have a recognized methodology for calculating living wages in the banana industry. Fairtrade has contributed to benchmarking studies, and the Anker Research Institute provides annual updates to the benchmarks from which we calculate the banana base wages.

Our robust methodology for developing Fairtrade Minimum Prices is widely recognized by banana producers.

Based on this expertise, Fairtrade provides the banana industry with a new bottom-up approach for achieving living wages, building on the Fairtrade Minimum Price, base wage and Premium. This year, Fairtrade is going a step further by introducing the **Living Wage Reference Price**.

Living Wage Reference Price for Fairtrade Bananas

The **Living Wage Reference Price (LWRP)** is a voluntary payment that commercial partners can make to close the living wage gap in their supply chains.

It is the price of **a packed box of 18.14 kg fresh banana** set for a specific banana producing country, that if paid for each sold box, would ensure that all workers on a banana plantation earn at least a gross living wage, as defined in the benchmark reports published by the Anker Research Institute.

Fairtrade's unique offer has also calculated **Fairtrade Living Wage Differentials (FLWD)** for the Fairtrade supply chain, which is the amount of money that a commercial partner may pay in addition to the Fairtrade Minimum Price (FMP) and Fairtrade Premium, that if paid for all sold boxes, would ensure that each banana box purchased under Fairtrade terms contributes to close the living wage gap, as defined by the Anker Research Institute benchmark in a particular country. Additionally, we have calculated a **Living Wage Differential (LWD)** for the industry. This is the amount of money that a commercial partner may pay in addition to the Fairtrade Minimum Price (not including any Fairtrade Premium contribution), that if paid for all sold boxes, would ensure that all workers of a banana plantation earn at least the gross living wage.

In the short term, Fairtrade Living Wage Differentials (FLWD) can be paid with Fairtrade Premium funds and received as a bonus that brings immediate worker benefits. Fairtrade Premium Committees already exist to ensure the distribution of the bonus, to audit this and report on the benefits. Fairtrade will issue new guidelines on how this temporary bonus will be equitably distributed across wage brackets, so workers receive extra money up to the level of the Living Wage benchmark.

| Country | CONVENTIONAL BANANA, all values in USD/box18.14kg | | | | | | | | | | | | | | | | |
|----------|---|------|-----------------------------|---------------------------|------|------------------------|------|-----------------------------|---------------------------|------|------------------------|-------|-----------------------------|-------|---------------------------|------|---|
| | Ex Works | | | | | FOB (main port) | | | | | FOB (secondary port) | | | | | | |
| | For Industry reference | | For Fairtrade supply chains | | | For Industry reference | | For Fairtrade supply chains | | | For Industry reference | | For Fairtrade supply chains | | | | |
| | LWRP | LWD | FMP | Cash disbursement from FP | FLWD | LWRP | LWD | FMP | Cash disbursement from FP | FLWD | main port | LWRP | LWD | FMP | Cash disbursement from FP | FLWD | secondary port |
| Colombia | 8.12 | 0.12 | 8.00 | 0.12 | 0.00 | 11.52 | 0.12 | 11.40 | 0.12 | 0.00 | Turbo/Sta.Marta | | | | | | |
| DomRep | 9.25 | 1.40 | 7.85 | 0.30 | 1.10 | 13.85 | 1.40 | 12.45 | 0.30 | 1.10 | Manzanillo | 13.82 | 1.40 | 12.42 | 0.30 | 1.10 | Caucedo |
| Ecuador | 7.11 | 0.01 | 7.10 | 0.01 | 0.00 | 10.91 | 0.01 | 10.90 | 0.01 | 0.00 | Bolivar | 11.23 | 0.01 | 11.22 | 0.01 | 0.00 | Guayaquil (arriving to port from Machala) |
| Ecuador | | | | | | | | | | | | 10.99 | 0.01 | 10.98 | 0.01 | 0.00 | Guayaquil/P. Osorio (arriving to port from Santa Elena) |

| Country | ORGANIC BANANA, all values in USD/box18.14kg | | | | | | | | | | | | | | | | |
|----------|--|------|-----------------------------|---------------------------|------|------------------------|------|-----------------------------|---------------------------|------|------------|------------------------|------|-----------------------------|---------------------------|------|---|
| | Ex Works | | | | | FOB (main port) | | | | | | FOB (secondary port) | | | | | |
| | For Industry reference | | For Fairtrade supply chains | | | For Industry reference | | For Fairtrade supply chains | | | | For Industry reference | | For Fairtrade supply chains | | | |
| | LWRP | LWD | FMP | Cash disbursement from FP | FLWD | LWRP | LWD | FMP | Cash disbursement from FP | FLWD | main port | LWRP | LWD | FMP | Cash disbursement from FP | FLWD | secondary port |
| Colombia | 10.64 | 0.39 | 10.25 | 0.30 | 0.09 | 14.14 | 0.39 | 13.75 | 0.30 | 0.09 | Sta.Marta | | | | | | |
| DomRep | 12.00 | 1.70 | 10.30 | 0.30 | 1.40 | 16.60 | 1.70 | 14.90 | 0.30 | 1.40 | Manzanillo | 16.57 | 1.70 | 14.87 | 0.30 | 1.40 | Caucedo |
| Ecuador | 9.76 | 0.01 | 9.75 | 0.01 | 0.00 | 13.71 | 0.01 | 13.70 | 0.01 | 0.00 | Bolivar | 14.03 | 0.01 | 14.02 | 0.01 | 0.00 | Guayaquil (arriving to port from Machala) |
| Ecuador | | | | | | | | | | | | 13.79 | 0.01 | 13.78 | 0.01 | 0.00 | Guayaquil/Posorja (arriving to port from Santa Elena) |
| Peru | 10.04 | 0.34 | 9.70 | 0.30 | 0.04 | 14.14 | 0.34 | 13.80 | 0.30 | 0.04 | Paíta | | | | | | |

Where:

LWRP = Living wage reference price for industry reference

LWD = Living wage differential for industry reference

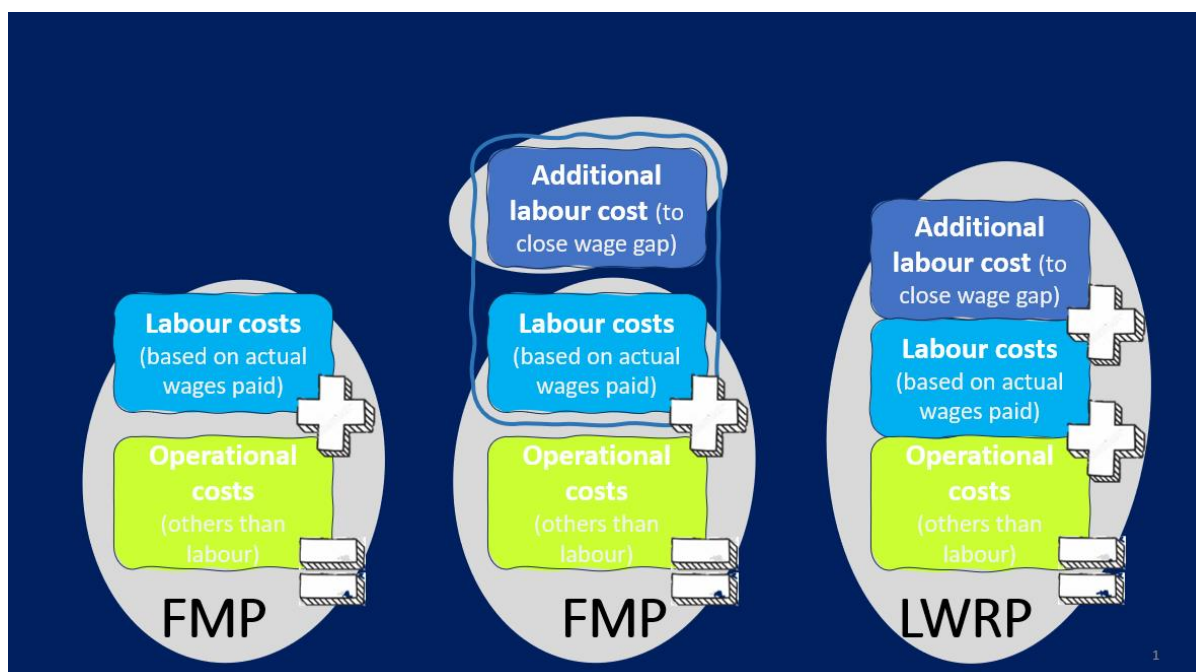
FMP = Fairtrade Minimum Price for Fairtrade supply chains

FP = Fairtrade Premium cash disbursement, for Fairtrade supply chains

FLWD = Fairtrade Living Wage Differential for Fairtrade supply chains, which may be paid to the Premium Committee or to the employer as agreed by supply chain actors

In the long term, as regular market price covers the true cost of production including paying living wages, Living Wage Differential payments (and therefore temporary payments) will decrease, as normal payrolls take over. Fairtrade will support workers in building capacities to strengthen social dialogue, improve work conditions and increase salaries through collective bargaining.

How is the Living Wage Reference Price calculated?



Read about our newly launched **Fairtrade sustainable offer to achieve living wages, living incomes, and resilient banana supply chains** [here](#).

Looking ahead: Living Incomes for Banana Farmers

A living income is central to sustainability – banana farmers must be able to support their families while farming in a way that protects and replenishes the planet and their communities. A living income is defined as sufficient income to afford a decent standard of living for all household members – including a nutritious diet, clean running water, decent housing, education, health care and other essential needs, plus a little extra for emergencies and savings – once farm costs are covered.

Farmers need support on farm practices and climate resilience, coupled with Fairtrade Minimum Price and Premium to achieve higher incomes.

During the next six months, we will develop tools for pilot testing the journey to living incomes. Our **Sustainable Banana Programme** will be offered to invest in and to receive data and insights on achieved results, notably on reduced costs of production and reduced carbon and water footprints. One key objective is to lower the income gap of smallholder farmers in banana production.

Fairtrade offers multiple ways that companies and brands can put their values into action. Work with us to transform your supply chain and discover what is fair. For detailed information, visit www.fairtrade.net/act/fairtrade-for-business or contact your local national Fairtrade organisation.

