

## Revised Fairtrade Prices and Standards for Quinoa

### MAIN CHANGES

March 23<sup>rd</sup>, 2012.

The revised Fairtrade Prices for Quinoa are the result of an extended project mandated in 2009 to respond to the current challenges in the quinoa sector. These include environmental sustainability threats related to the production and processing modes, increasing vulnerability to adverse climatic conditions and high market prices.

The project involved all parties in the FT system (FLO, FLO-CERT, Producer Networks, Labelling Initiatives). The results are based on field studies, workshops with producers, an analysis of external studies on environmental threats, an analysis of external studies costs of production, inputs from scientific experts and from a special taskforce, and the outcome of three broad consultations with all operators in the Fairtrade system. The price review does not intend to solve all challenges.

This price review has to be considered together with the specific standards for cereals, available on the FLO website under:

[http://www.fairtrade.net/product\\_standards\\_smallproducers.html](http://www.fairtrade.net/product_standards_smallproducers.html).

The following decisions were taken by the Standards Unit on March 23<sup>rd</sup> 2012. These decisions are applicable to all contracts signed from April 1<sup>st</sup>, 2012 on.

Regarding **prices**, the main changes are:

- **Fairtrade Minimum prices have been defined for processed quinoa (rinsed from saponine) at FOB level. For organic quinoa, the Fairtrade minimum price has been set at 2600 USD/MT and for conventional (non-organic) quinoa at 2250 USD/MT.** The new Fairtrade Minimum prices reflect better the average costs of sustainable production of producers.
  - Please note that Fairtrade Minimum Prices represent a floor price that applies to all types of quinoa, without distinction between white, red and black quinoa.
  - A unique FOB price puts exporting SPOs and external exporters on an equal level playing field in the sense that they all have to comply with the same FOB FMP. For SPOs selling through an exporter, the applicable price is the FOB Fairtrade minimum price or market price, minus reasonable export costs.
  - The Fairtrade Minimum price is applicable to all countries in South America. Such a regional price prevents from market distortions between the production countries.
- **Fairtrade Premium for regular and organic quinoa has been set at 10% of the Fairtrade minimum price, i.e. 260 USD/MT. Out of the 260 USD/MT, at least 30% (78 USD/MT) are to be invested in environmental sustainability measures.** The increased premium will help address environmental sustainability threats that producer organizations are facing while enabling them to offer more services and benefits to their members. Investment into environmental sustainability both on the production and the processing stages is a high priority for a large majority of both producers and traders. Ensuring better environmental sustainability is key to envision the supply in the long term. Fairtrade responds by earmarking a part of the increase in the Fairtrade Premium to these critical investments.

Table of prices: Overview of changes:

|                           | <b>Existing prices</b><br>in USD/MT | <b>New prices</b><br>in USD/MT   |
|---------------------------|-------------------------------------|--|
| <b>Geographical scope</b> | Bolivia, Ecuador, Peru              | South America  |
| <b>Product form</b>       | Raw quinoa                          | Processed quinoa   |
| <b>Price level</b>        | Farm-gate                           | FOB  |
| <b>FMP organic</b>        | 861                                 | 2600   |
| <b>FMP conventional</b>   | 711                                 | 2250   |
| <b>Fairtrade premium</b>  | 85                                  | 260<br>out of which at least 78 to be<br>invested in environmental<br>sustainability |

- **An explanatory document** on “implementation or improvement of environmentally sustainable production and processing modes of quinoa” has been produced to give guidance on how to use the the earmarked premium. This document provides guidelines for producers and processors to implement or improve measures in order to reach better environmentally sustainable practices. The topics approached are soil erosion, fertilization, pest management, biodiversity conservation/restoration, water treatment at processing level. This document is available on the website under: [http://www.fairtrade.net/product\\_standards\\_smallproducers.html](http://www.fairtrade.net/product_standards_smallproducers.html).

**The new quinoa prices come into force on April 1st, 2012. This means they will apply to contracts signed on or after April 1<sup>st</sup>, 2012.** Contracts signed before April 1<sup>st</sup>, 2012 still have to be honored under the prevailing conditions at the time of signing unless both parties agree to renegotiate their contract.

For more details, please refer to the Cereals Product specific Standards, available on the FLO website at [http://www.fairtrade.net/product\\_standards\\_smallproducers.html](http://www.fairtrade.net/product_standards_smallproducers.html) , and to the Fairtrade Minimum Price and Premium database available at <http://www.fairtrade.net/793.0.html>, or contact Fabienne Yver (f.yver@fairtrade.net).