

## **Project Assignment DRAFT FOR COMMENT**

**Stakeholders are invited to comment on this draft version until 04.10.2014, by filling out the Project Assignment feedback form and sending it to the Project Manager listed below. Your comments will be considered before the final project assignment, according to which the project will be carried out, is agreed upon.**

**Olive Oil Price Review  
15.09.2014**

This project assignment contains the most important information about the project. For additional information on the project, please contact the project manager (contact details can be found below).

The project will be carried out according to the Standard Operating Procedures for the development of Fairtrade Standards respectively Minimum Prices and Premiums. More information on these procedures can be found on the website: [www.fairtrade.net](http://www.fairtrade.net)

### **Rationale for and justification of need for the project:**

Following strong interest from the Fairtrade Foundation (UK) and producers from Western Asia, Fairtrade olive fruit for consumption and Fairtrade virgin and extra-virgin conventional and organic olive oil was first introduced in the 'Nuts and Oilseeds' category in June 2008, with a Fairtrade Minimum Price (FMP) and Premium (FP) targeting Western Asia.

The Fairtrade Minimum Price and Premium for Northern Africa were considered too high for their buyers. Fairtrade International thus suspended the FMP in May 2014, intending to set a new, viable price to be employed from 2015 onwards.

It was believed that olive and olive oil SPOs were nonexistent in Latin America, resulting in a dearth of primary sources for accurate cost-of-production data and comparative study when prices were announced in November 2008.

The last five years has seen a growing interest from wine grapes producers in South America in being certified for Fairtrade olive oil, responding to strong interest from European markets for South American Fairtrade olive oil. Two organisations from the continent applied for extension of their wine grapes certifications to also include olive oil, but since there was no Fairtrade Minimum Price set for South America, their request was denied. Pursuant to a new FMP for South America, they will reapply for certification.

In summary, the rationale is two-fold:

1. To follow up on the decision of suspending the high FMP for Northern Africa.
2. Set FMP for South America through a worldwide price review of olives and olive oil prices.

### **Risk assessment:**

This project aims to set a new Fairtrade minimum price for the trading season beginning in early 2015.

- Given the limited number of certified producers in the aforementioned regions, finding a representative or average COSP is critical to an appropriate FMP, and to ensure that some origins are not priced out of the market. We will mitigate this risk through ensuring that all involved parties understand how to collect and provide robust COSP data.
- To ensure we have the support of Liaison Officers and Producer Networks in this project, we promise compliance with deadlines, clear and timely communication, and flexibility with unforeseen circumstances.
- There is a risk that the duration of this project may be extended; however, this will not be an immense threat to producers as olive oil is a product with a shelf life that can withstand a delay of two to six months before reaching market.
- This price review targets producers in extremely varied markets; to gain buy-in from these diverse



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<p>stakeholders and balance the multicoloured opinions, we will aim to the greatest extent to remain objective and to pursue actions that effect the greatest benefit for all involved, while curbing or eliminating any possible loss.</p> <ul style="list-style-type: none"> <li>Producers in Northern Africa and South America could face competition (in procuring adequate sales of their products) from producers in Western Asia. However, this is unusual as Latin America has an internal market poised for growth in olive oil consumption; additionally, olive oil production in Europe fluctuates heavily based on weather – this factor, combined with predicted 1.6% growth in olive oil consumption over the period 2013/2014, dismisses the perceived problem of competition being a threat.</li> <li>Olive production may experience significant fluctuation due to weather patterns, water shortages, and political insecurity, notably in Egypt. This cannot be mitigated and will likely not be perceived as a problem stemming from the Fairtrade label.</li> <li>Previously, FMP prices were too high to be viable; we risk incurring the same errors when collecting cost-of-production data. Currently, there are no FT-certified producers in Northern Africa and South America, and so we are limited in our availability of primary sources. However, there exist a vast number of olive oil producers (who are not Fairtrade-certified) in Northern Africa who are nonetheless able to provide a ballpark cost scenario, which, when combined with data on minimum wages for Northern Africa and South America, will provide a fair analysis of the cost of sustainable production for olives and olive oil.</li> </ul>							
<p><b>Project Start <u>Event</u>:</b> Develop project assignment</p>	<p><b>Project Start <u>Date</u>:</b> August 2014</p>						
<p><b>Project End <u>Event</u>:</b> New worldwide Fairtrade Minimum Price and Premium announced</p>	<p><b>Project End <u>Date</u>:</b> March 2015</p>						
<p><b>Project Goal and Objectives</b></p> <p><b>General goal:</b> review current FMP and FP for Western Asia and Northern Africa and include South America in the price setting.</p> <p><b>Specific objectives:</b></p> <ul style="list-style-type: none"> <li>Collect the Cost of Sustainable Production of olive oil in countries listed within the project scope</li> <li>Secure the high participation of stakeholders in the consultation</li> <li>Set a worldwide Fairtrade Minimum Price and Premium for organic and conventional olive oil</li> <li>Ensure that the new FMP (and Premium) results in a viable price for Northern African and South American producer organisations</li> </ul>	<p><b>Project Non-Objectives</b></p> <ul style="list-style-type: none"> <li>Revise standards for Fairtrade nuts and oilseeds (specifically, olives and olive oil)</li> </ul>						
<p><b>Project scope</b> Conventional and organic olive oil in:</p> <table border="1"> <tr> <td><b>South America</b></td> <td><b>Northern Africa</b></td> <td><b>Western Asia</b></td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>Argentina</li> <li>Chile</li> <li>Uruguay</li> <li>Brazil</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Morocco</li> <li>Algeria</li> <li>Tunisia</li> <li>Egypt</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>Palestine</li> </ul> </td> </tr> </table>	<b>South America</b>	<b>Northern Africa</b>	<b>Western Asia</b>	<ul style="list-style-type: none"> <li>Argentina</li> <li>Chile</li> <li>Uruguay</li> <li>Brazil</li> </ul>	<ul style="list-style-type: none"> <li>Morocco</li> <li>Algeria</li> <li>Tunisia</li> <li>Egypt</li> </ul>	<ul style="list-style-type: none"> <li>Palestine</li> </ul>	<p><b>Project Resources:</b></p> <p><b>Resource Type</b></p> <ul style="list-style-type: none"> <li>Staff</li> <li>Workshop – COSP training</li> </ul>
<b>South America</b>	<b>Northern Africa</b>	<b>Western Asia</b>					
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<p><b>Project timelines and information on opportunities to contribute:</b></p> <p><b>JULY 2014</b></p> <ul style="list-style-type: none"> <li>Project Planning:</li> <li>Develop project workplan and timeframe</li> </ul>	<p><b>Decision making process:</b> The Standards Committee will address and come to a decision on the proposed FMP in March 2015.</p>						



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<p><b>1 – 30 AUGUST 2014</b></p> <ul style="list-style-type: none"> <li>▪ Approve project assignment</li> <li>▪ Develop detailed time frame</li> <li>▪ Collect secondary sources for Cost-of-Production research</li> </ul> <p><b>1 – 25 SEPTEMBER 2014</b></p> <ul style="list-style-type: none"> <li>▪ Collect Cost-of-Production data</li> <li>▪ How many certified producers and traders?</li> <li>▪ What are the volumes?</li> <li>▪ Internet research</li> <li>▪ Review with Mahmoud/Julie</li> </ul> <p><b>26 SEPTEMBER – 31 OCTOBER 2014</b></p> <ul style="list-style-type: none"> <li>▪ Development of Price Options</li> <li>▪ Concrete Understanding of COSP</li> </ul> <p><b>1 NOVEMBER – 15 DECEMBER 2014</b></p> <ul style="list-style-type: none"> <li>▪ Consultation</li> </ul> <p><b>2 – 30 JANUARY 2015</b></p> <ul style="list-style-type: none"> <li>▪ Revise data from consultation</li> <li>▪ Collate information</li> <li>▪ Compile research and input from workshop/focus groups and consultants</li> </ul> <p><b>1 – 28 FEBRUARY 2015</b></p> <ul style="list-style-type: none"> <li>▪ Prepare Fairtrade Minimum Price and Premium proposal</li> <li>▪ Deliver proposal to Standards Committee</li> </ul> <p><b>12-30 MARCH 2015</b></p> <ul style="list-style-type: none"> <li>▪ Standards Committee/Director takes decision on Fairtrade Minimum Price and Premium</li> <li>▪ Announce new prices</li> </ul> <p><b>APRIL 2015</b></p> <ul style="list-style-type: none"> <li>▪ New FMP and Premium takes effect</li> </ul>	
<p><b>Project Owner (Pricing):</b> Ricardo Guimarães Head of Pricing E: r.guimaraes@fairtrade.net T: +49 (0) 228 949 234</p>	<p><b>Project Manager (contact point for the project):</b> Malaika Neri Project Manager Pricing E: m.neri@fairtrade.net T: +49 (0) 228 949 23 264</p>
<p><b>Project Team:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Malaika Neri</b>, Pricing Project Manager, Fairtrade International</li> <li>▪ <b>Mahmoud El Banna</b>, Liaison Officer, Egypt, Sudan, Yemen, Jordan, Fairtrade International</li> <li>▪ <b>Julie Francoeur</b>, Regional Manager Argentina, English Speaking Caribbean &amp; Haiti at Fairtrade International (FLO)</li> <li>▪ <b>Chiraz Shkiri</b>, MENA region manager</li> </ul>	<p><b>Project Environment (stakeholder groups not part of the project team):</b></p> <ul style="list-style-type: none"> <li>▪ <b>Saber Ben Mbarak</b>, Liaison Officer, Tunisia &amp; Algeria, Fairtrade International</li> <li>▪ <b>Hakima Moustatia</b>, Liaison Officer, Morocco, Fairtrade International</li> <li>▪ <b>Ingrid Allende</b>, Liaison Officer, Chile, Fairtrade International</li> <li>▪ <b>Mariel Vanin</b>, Liaison Officer, Argentina, Fairtrade International</li> <li>▪ <b>(To be recruited)</b>, MENA Regional Head, Fairtrade Africa</li> <li>▪ <b>Frank Olok</b>, Standards and Certification Manager, Fairtrade Africa</li> </ul>