

Fairtrade International Reference Guide on Prevailing Differentials

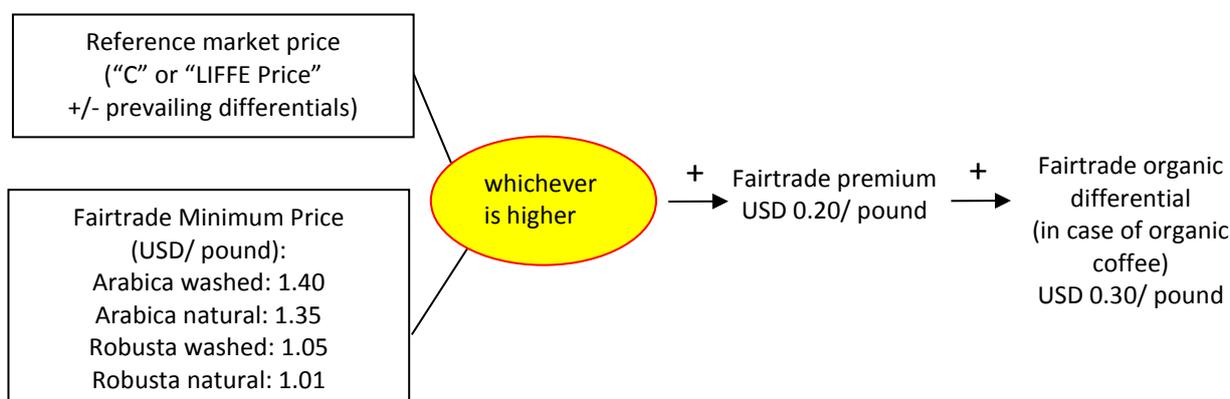
Period: March 11 – March 22, 2019

Background:

Fairtrade standards outline requirements on the level of price that Fairtrade coffee certified producer organizations should be paid when selling their coffee under Fairtrade terms. There are two major price scenarios:

- When the Reference market price is below or equal to the Fairtrade Minimum price.
- When the Reference market price is above the Fairtrade Minimum price.

In these two price scenarios the Fairtrade price is determined as it is summarized in the following diagram:



When the Reference market price is below or equal to the Fairtrade Minimum price

As it is understood from the Fairtrade Standard for Coffee for Small Producer Organizations, for both Arabica and Robusta coffee the price paid to the producer organization cannot be below the Fairtrade Minimum Price plus the Fairtrade premium, plus (in case of organic coffee) the Fairtrade organic differential. A negative differential cannot be applied to the Fairtrade Minimum Price.

Therefore, when the Reference market price ("C" or "LIFFE Price" +/- prevailing differentials) is below or equal to the Fairtrade Minimum price, the Fairtrade price would be (USD / pound) at least:

Arabica washed	= 1.60 = 1.40 + 0.20
Arabica washed organic	= 1.90 = 1.40 + 0.20 + 0.30
Arabica natural	= 1.55 = 1.35 + 0.20
Arabica natural organic	= 1.85 = 1.35 + 0.20 + 0.30
Robusta washed	= 1.25 = 1.05 + 0.20
Robusta washed organic	= 1.55 = 1.05 + 0.20 + 0.30
Robusta natural	= 1.21 = 1.01 + 0.20
Robusta natural organic	= 1.51 = 1.01 + 0.20 + 0.30

When the Reference market price is above the Fairtrade Minimum price

When market prices for coffee are higher than the Fairtrade Minimum Price, traders and producers are to agree coffee prices using the Fairtrade reference for market prices as follows in the table below:

<p>Reference market price ("C" or "LIFFE Price" +/- prevailing differentials) (never below Fairtrade Minimum Price)</p>	<p>+ Fairtrade Organic differential (in case of organic coffee)</p>	<p>+ Fairtrade Premium</p>	<p>= Fairtrade Price</p>
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Producers and buyers must agree upon a differential, using the differential that prevails in the mainstream market for non-Fairtrade coffee, as a baseline, and taking into account actual quality, shipment date, logistics, risk, availability, etc.

Please find below a reference guide on prevailing differentials, which can be used as a guiding baseline. Other public sources of differential information may also be used, where available. The Coffee Help Desk can also, on request, provide information on prevailing market differentials. Please do not hesitate to contact the Coffee Help Desk: coffeehelp@fairtrade.net

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Indicative information on coffee prevailing differentials on the mainstream market for representative Fairtrade coffee countries and qualities based on a compilation of available commercial sources. Baseline offers in the market for actuals.

Find the most current information on our website at <http://www.fairtrade.net/coffee.html>

Information source: Fairtrade International GPM Coffee.

ARABICA				
Origin	Quality	Shipment	Differential reference	Differential range
Colombia	UGQ	FOB, for Apr-Jul	NYC, relevant month	+24¢ to +26¢
	EP	FOB, for Apr-Jul	NYC, relevant month	+25¢ to +27¢
	Supremos screen 17/18	FOB, for Apr-Jul	NYC, relevant month	+29¢ to +32¢
Brazil	Santos 2s, screen 17/18, fine cup	FOB, for Apr	NYC, relevant month	+1¢ to 0¢
		FOB, for May-Jul	NYC, May	-1¢
	Santos 2/3s, medium to good bean, fine cup	FOB, for May-Jul	NYC, relevant month	-8¢ to -7¢
	Santos 3/4s	FOB, for Apr	NYC, May	-9¢ to -8¢
		FOB, for May-Jul	NYC, relevant month	-10¢ to -11¢

(cont.) Fairtrade International Reference Guide on prevailing differentials for Coffee - Period: March 11 – March 22, 2019

ARABICA				
Origin	Quality	Shipment	Differential reference	Differential range
Mexico	Prime	FOB Laredo for Mar-Apr	NYC, May	+8¢ to +10¢
	Prime Washed	FOB Veracruz for Apr-Jul	NYC, relevant month	+6¢ to +9¢
	Extra prime	FOB Veracruz for Apr-Jul	NYC, relevant month	+13¢ to +14¢
	High grown, European preparation	FOB Veracruz for Apr-Aug	NYC, relevant month	+16¢ to +17¢
	Strictly High grown, European preparation	FOB Veracruz for Apr-Aug	NYC, relevant month	+21¢ to +21¢
Guatemala	Prime	FOB, per 46 kilos, for Mar-May	NYC, relevant month	+\$10
	Hard bean, European preparation	FOB, per 46 kilos, for Apr-Aug	NYC, relevant month	+\$21 to +\$22
	Strictly hard beans, European preparation	FOB, per 46 kilos, for Mar-Aug	NYC, relevant month	+\$27 to +\$29
Costa Rica	Hard bean, European preparation	FOB, per 46 kilos, for Mar-May	NYC, relevant month	+\$80
El Salvador	Strictly high grown, European preparation	FOB, per 46 kilos, for Mar-May	NYC, May	+\$9 to +\$10
Nicaragua	Strictly high grown, European preparation	FOB, per 46 kilos, for Apr-Jun	NYC, relevant month	+\$9 to +\$10
Honduras	High grown, European preparation	FOB, per 46 kilos, for Mar-Jun	NYC, relevant month	+\$1 to +\$2
	Strictly high grown, European preparation	FOB, per 46 kilos, for Mar-Jun	NYC, relevant month	+\$5 to +\$6

Origin	News obtained on	Description
Kenya	15/03/2019	The average price across all grades at the auction was \$135.50 for a 50-kilo bag, compared with \$156.53 a bag at the previous auction on March 5th.
	20/03/2019	The average price across all grades at the auction was \$133.96 for a 50-kilo bag, compared with \$135.50 a bag at the previous auction on March 13th.



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ROBUSTA				
Origin	Quality	Shipment	Differential reference	Differential range
Brazil	Conillon, 5/6s, screen 13	FOB for Mar-Jun	London, relevant month	+1¢ to +2¢
Uganda	Screen 15	exdock Apr	London, May	+16¢
Vietnam	Grade 1	exdock Mar/Apr	London, May	+10¢
Vietnam	Grade 2	exdock Mar/Apr	London, May	+8¢
Indonesia	Grade 4, 80 defects	exdock Mar/Apr	London, May	+14¢