

## Consultation Document

### Price proposal for Fairtrade Banana

**Consultation period:** 30 June 2023 – 28 July 2023

**Senior Project Manager:** Name: José Paredes,  
Email: [standards-pricing@fairtrade.net](mailto:standards-pricing@fairtrade.net)  
Phone: +49 228 949 23 272

## Content

---

1. Invitation	1
2. Objective	1
3. Deadline for providing feedback	2
4. Confidentiality	2
5. Next steps	2
6. The banana price proposals for consultation and rationales	2
7. The principle and intention of the Fairtrade Minimum Price	4
8. How to display the whole questionnaire?	4

## Consultation Document

### 1. Invitation

Fairtrade International is currently reviewing Fairtrade Minimum Prices for banana, based on the partial collection of costs of production. As part of the price review process, the Standards and Pricing Unit has developed a price proposal with the support of the banana technical team. Fairtrade International invites you to participate in the consultation process on the banana price proposal. You can provide your feedback by completing the questionnaire that you have received in the announcement letter sent. If you do not agree with the proposal you are asked to provide your alternative proposal with the rationales that support it. The Standards and Pricing Unit encourages participants to include arguments that support their feedback to understand their opinions and responses. It is recommended that those stakeholders, having similar interests on banana supply chains, countries, qualities, etc., meet and discuss their preferred price proposal before providing their feedback.

### 2. Objective

The objective of this paper is to share with you the banana price proposal, the questionnaire, and the letter on the increase in banana export costs.

### 3. Deadline for providing feedback

The consultation process will last from 30 June to 28 July 2023. Once you complete the questionnaire you can submit it to Standards & Pricing Unit, at the email [standards-pricing@fairtrade.net](mailto:standards-pricing@fairtrade.net), **by latest on 28 July 2023**. The deadline will not be extended. If you have any questions regarding the consulted price proposal, please contact to [standards-pricing@fairtrade.net](mailto:standards-pricing@fairtrade.net).

### 4. Confidentiality

All the information we receive from respondents will be treated as requested by the General Data Protection Regulation of the European Union. All collected data will be kept as highly confidential. Results of the consultation process will only be communicated in aggregated form.

### 5. Next steps

The Standards and Pricing Unit expects that members of the Standards Committee decide regarding the banana price proposal on the last week of September 2023. The Standards and Pricing Unit will announce the decision on the new Fairtrade Minimum Prices, which will apply from 1<sup>st</sup> January 2024 to 31<sup>st</sup> December 2024. The table below shows the timeline of the banana price review:

Timeline	Project Main Activities
Jan2023 – Mar	Scoping of Project assignment
Apr – May	Partial cost data collection
Jun – Jul	Cost analysis, development of price proposal, consultation period (30 Jun-28 Jul)
Aug – Sep	Analysis and development of price proposal
Sep	Standards Committee decision
4 <sup>th</sup> Oct	Publication of Fairtrade Minimum Prices
Nov	Closing the price review
1 <sup>st</sup> Jan 2024	Validity of announced Fairtrade Minimum Prices

### 6. The banana price proposals for consultation and rationales

The banana price proposal includes country specific Fairtrade Minimum Prices for Cameroon, Colombia, Dominican Republic, Ecuador, Ghana, Nicaragua, Panama, Peru, and Fairtrade Minimum Prices for ACP<sup>1</sup> and non-ACP<sup>2</sup> for producing countries .

The development of the banana price proposal is the result of identification of inconsistencies on collected cost data, cost analysis and calculation of costs of production.

#### Ex works

- Wages: According to the feedback of Fairtrade certified banana producers, wages have increased in the main banana producing countries. The impact of wage increases in LAC is higher than in Africa, even though the labour force in Africa is 40% higher than LAC. Why?:

<sup>1</sup> The African, Caribbean and Pacific Group of States (ACP) is a group of countries in Africa, the Caribbean, and the Pacific that was created by the Georgetown Agreement in 1975.

<sup>2</sup> Countries that are not part of the ACP group of countries

a) the wage paid in Africa represents 19% of the wage paid in LAC, and  
b) the share of the labour cost (on the Ex Works cost) in Africa is 20% less than LAC (the share of labour cost in LAC is around 60%, while in Africa is around 40%).

- Fertilizers: According to the feedback of Fairtrade certified banana producers, the cost of fertilizers has reduced in 19% and 10% in LAC and Africa, respectively.
- Fuel: According to the feedback of Fairtrade certified banana producers, the cost of fuel has also reduced in around 7% for LAC and 6.7% for Africa.

#### FOB - Ex works differential

- According to the feedback of Fairtrade certified banana producers, the cost of the carton box has reduced in 11% and 38%; the cost of Banavac has reduced in 27% and 8%; the cost of pallets has reduced in 6 and 37%, in LAC and Africa, respectively.
- According to the feedback of Fairtrade certified banana producers, the inland freight cost has also reduced in 8% and 24% in LAC and Africa, respectively. The port charges have increased in around 15% in LAC. Fairtrade African producers have reported a reduction for port charges.

Table 1. Banana Ex works price proposal

Country	Measure unit of price	Actual EXW FMPs (valid from 01.01.2023 to 31.12.2023)	Proposal for EXW Fairtrade Minimum Prices (which will be valid from 01.01.2024 to)	Variation on EXW FMP
<b>ORGANIC</b>				
DomRep	USD/box	10.10	10.55	0.45
Ghana	EUR/box	10.05	10.10	0.05
ACP	USD/box	10.50	10.95	0.45
Colombia	USD/box	9.90	10.10	0.20
Ecuador	USD/box	9.70	10.05	0.35
Peru	USD/box	9.55	9.70	0.15
Non-ACP	USD/box	9.70	9.95	0.25
<b>CONVENTIONAL</b>				
Cameroon	EUR/box	7.25	7.30	0.05
DomRep	USD/box	7.75	8.05	0.30
Ghana	EUR/box	7.40	7.45	0.05
ACP	USD/box	7.90	8.20	0.30
Colombia	USD/box	7.70	7.80	0.10
Ecuador	USD/box	7.05	7.20	0.15
Nicaragua	USD/box	6.85	6.85	0.00
Panama	USD/box	7.50	7.65	0.15
Non-ACP	USD/box	7.30	7.40	0.10

Table 2. Banana FOB price proposal for main port

		Actual FOB FMPs (valid from 01.01.2023 to 31.12.2023)		Proposal for FOB FMPs (which will be valid from 01.01.2024 to 31.12.2024)				
Country	Measure unit of price	FOB-EXW differential	Actual FOB FMPs	FOB-EXW differential	Proposal for FOB Fairtrade Minimum Prices	Main port	Variation on FOB-EXW differential	Variation on FOB FMP
<b>ORGANIC</b>								
DomRep	USD/box	4.80	<b>14.90</b>	4.20	<b>14.75</b>	Manzanillo	-0.60	-0.15
Ghana	EUR/box	2.90	<b>12.95</b>	2.55	<b>12.65</b>	Tema	-0.35	-0.30
ACP	USD/box	4.00	<b>14.50</b>	3.55	<b>14.50</b>		-0.45	0.00
Colombia	USD/box	3.60	<b>13.50</b>	3.15	<b>13.25</b>	Sta.Marta	-0.45	-0.25
Ecuador	USD/box	4.10	<b>13.80</b>	3.80	<b>13.85</b>	Bolivar	-0.30	0.05
Peru	USD/box	4.40	<b>13.95</b>	4.15	<b>13.85</b>	Paita	-0.25	-0.10
Non-ACP	USD/box	4.05	<b>13.75</b>	3.70	<b>13.65</b>		-0.35	-0.10
<b>CONVENTIONAL</b>								
Cameroon	EUR/box	3.10	<b>10.35</b>	2.40	<b>9.70</b>	Douala	-0.70	-0.65
DomRep	USD/box	4.80	<b>12.55</b>	4.20	<b>12.25</b>	Manzanillo	-0.60	-0.30
Ghana	EUR/box	2.90	<b>10.30</b>	2.55	<b>10.00</b>	Tema	-0.35	-0.30
ACP	USD/box	3.85	<b>11.75</b>	3.25	<b>11.45</b>		-0.60	-0.30
Colombia	USD/box	3.50	<b>11.20</b>	3.05	<b>10.85</b>	Turbo/Sta.Marta	-0.45	-0.35
Ecuador	USD/box	4.00	<b>11.05</b>	3.70	<b>10.90</b>	Bolivar	-0.30	-0.15
Nicaragua	USD/box	3.50	<b>10.35</b>	4.60	<b>11.45</b>	Cortez (HN)	1.10	1.10
Panama	USD/box	4.00	<b>11.50</b>	3.25	<b>10.90</b>	Moín (CR)	-0.75	-0.60
Non-ACP	USD/box	3.75	<b>11.05</b>	3.65	<b>11.05</b>		-0.10	0.00

Table 3. Banana FOB price proposal for secondary port

		Actual FOB FMPs (valid from 01.01.2023 to 31.12.2023)		Proposal for FOB FMPs (which will be valid from 01.01.2024 to 31.12.2024)				
Country	Measure unit of price	FOB-EXW differential	Actual FOB FMPs	FOB-EXW differential	Proposal for FOB Fairtrade Minimum Prices	Secondary port	Variation on FOB-EXW differential	Variation on FOB FMP
<b>ORGANIC</b>								
DomRep	USD/box	4.87	<b>14.97</b>	4.07	<b>14.62</b>	Caucedo	-0.80	-0.35
Ecuador	USD/box	4.54	<b>14.24</b>	4.12	<b>14.17</b>	Guayaquil (coming to port from Machala)	-0.41	-0.07
Ecuador	USD/box			3.97	<b>14.02</b>	Guayaquil (coming to port from Santa Elena)		
<b>CONVENTIONAL</b>								
Cameroon	EUR/box			2.41	<b>9.71</b>	Park Kribi		
DomRep	USD/box	4.87	<b>12.62</b>	4.07	<b>12.12</b>	Caucedo	-0.80	-0.50
Ecuador	USD/box	4.44	<b>11.49</b>	4.02	<b>11.22</b>	Guayaquil (coming to port from Machala)	-0.42	-0.27
Ecuador	USD/box			3.87	<b>11.07</b>	Guayaquil (coming to port from Santa Elena)		
Nicaragua	USD/box	4.84	<b>11.69</b>	4.78	<b>11.63</b>	Moín (CR)	-0.06	-0.06
Panama	USD/box	5.43	<b>12.93</b>	4.56	<b>12.21</b>	Colón (PA)	-0.87	-0.72

## **7. The principle and intention of the Fairtrade Minimum Price**

The FMP is based on the principle of covering average costs of sustainable production of the products, while enabling the average producer to produce in an economic and financial sustainable way without systematic economic losses. This requires not only covering the average costs of sustainable production but also considering market acceptance to ensure that the FMP does not compromise the ability to sell the product.

The FMP is thus designed as a floor price which covers the average costs of sustainable production of producers and at the same time allows these producers to have access to their product markets. This can imply that the FMP is fixed below the average costs of sustainable production (COSP). In practice the FMP only comes into effect when the reference market price or the negotiated price would be below the FMP which was set for the product. The Fairtrade producers must at least be paid the FMP for their Fairtrade products. When possible, global or regional FMP are set; otherwise national FMP are set.

Besides FMP, members or workers of a certified small producer organization or company, respectively, also receive a FP. Therefore, the development of a FMP normally involves the determination of a FP. For products for which there is a FMP, the FP is paid in addition to the FMP.

## **8. How to display the whole questionnaire?**

To display the whole questionnaire, first you have to select the language you want to use (English or Spanish). Then, you have to answer the first four questions, related to Section I (contact details of the person who fills in the questionnaire) and Section II (contact details of the organization). Finally, the whole questionnaire will be display.

You have to enter your feedback on the empty cells. Some of them contains drop down options for you to choose one of the options.