

Consultation Document

Price proposal for Fairtrade Banana

Consultation period:	15 July 2024 – 26 July 2024
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1. Invitation

Fairtrade International is currently reviewing Fairtrade Minimum Prices for banana, based on the full 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 15 July to 26 July 2024. Once you complete the questionnaire you can submit it to Standards & Pricing Unit, at the email standards-pricing@fairtrade.net, **by latest on 26 July 2024**. The deadline will not be extended. If you have any questions regarding the consulted price proposal, please contact to 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 2024. The Standards and Pricing Unit will announce the decision on the new Fairtrade Minimum Prices, which will apply from 1st January 2025 to 31st December 2025. The table below shows the timeline of the banana price review:

Timeline	Project Main Activities
Jan 2024 – Apr	Project Assignment
12 Apr – 21 Jun	Cost data collection
Jun	Analysis and preparation of price proposal for consultation
15 Jul – 26 Jul	Consultation period
Aug – Sep	Analysis, preparation of price proposal to the SC, wording of paper and PPT to the SC, delivery to the SC
Sep	SC decision
Oct	Price announcement
1 st Jan 2025	Start 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 ACP¹ and non-ACP² 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.

¹ 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.

² Countries that are not part of the ACP group of countries

Ex works

- Wages: According to information provided by Fairtrade certified banana producers, wages have increased in the key banana producing countries by more than 10%, with a strong impact on costs that represent 45-55% of Ex works costs. On average, most producers pay wages higher than the National minimum wage, plus compliance with statutory social security requested by Law. There is also an average reduction in productivity in the region, which increases Ex Works costs.
- Fertilizers and fuel: According to information provided by Fairtrade certified banana producers, the cost of fertilizers and fuel has remained slightly lower than in 2023.

FOB - Ex Works differential

- According to the information provided by Fairtrade certified banana producers, the cost of the carton maintains a downward trend with respect to 2023, which, together with a very slight decrease in port operation costs and in some countries inland freight, generates a decrease in most countries.

Table 1. Banana Ex works price proposal

Country	Measure unit of price	Actual EXW FMPs (valid from 01.01.2024 to 31.12.2024)	Proposal for EXW Fairtrade Minimum Prices (which will be valid from 01.01.2025 to	Variation on EXW FMP
ORGANIC				
DomRep	USD/box	10.30	10.50	0.20
Ghana	EUR/box	10.10	10.60	0.50
ACP				
Colombia	USD/box	10.25	10.40	0.15
Ecuador	USD/box	9.75	9.90	0.15
Peru	USD/box	9.70	9.80	0.10
Non-ACP	USD/box	9.90	10.05	0.15
CONVENTIONAL				
Cameroon	EUR/box	7.30	7.75	0.45
DomRep	USD/box	7.85	8.05	0.20
Ghana	EUR/box	7.45	7.85	0.40
ACP	USD/box	8.10	8.30	0.20
Colombia	USD/box	8.00	8.15	0.15
Ecuador	USD/box	7.10	7.25	0.15
Nicaragua	USD/box	7.15	7.25	0.10
Panama	USD/box	7.75	7.90	0.15
Non-ACP	USD/box	7.50	7.65	0.15

Table 2. Banana FOB price proposal for main port

		Actual FOB FMPs (valid from 01.01.2024 to 31.12.2024)		Proposal for FOB FMPs (which will be valid from 01.01.2025 to 31.12.2025)				
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
ORGANIC								
DomRep	USD/box	4.60	14.90	4.00	14.50	Manzanillo	-0.60	-0.40
Ghana	EUR/box	2.95	13.05	2.65	13.25	Tema	-0.30	0.20
ACP								
Colombia	USD/box	3.50	13.75	3.20	13.60	Santa Marta	-0.30	-0.15
Ecuador	USD/box	3.95	13.70	3.80	13.70	Bolivar	-0.15	0.00
Peru	USD/box	4.10	13.80	3.95	13.75	Paita	-0.15	-0.05
Non-ACP	USD/box	3.85	13.75	3.65	13.70		-0.20	-0.05
CONVENTIONAL								
Cameroon	EUR/box	2.90	10.20	2.60	10.35	Douala	-0.30	0.15
DomRep	USD/box	4.60	12.45	4.00	12.05	Manzanillo	-0.60	-0.40
Ghana	EUR/box	2.95	10.40	2.65	10.50	Tema	-0.30	0.10
ACP	USD/box	3.75	11.85	3.20	11.50		-0.55	-0.35
Colombia	USD/box	3.40	11.40	3.10	11.25	Turbo/Santa Marta	-0.30	-0.15
Ecuador	USD/box	3.80	10.90	3.70	10.95	Bolivar	-0.10	0.05
Nicaragua	USD/box	3.70	10.85	3.45	10.70	Corinto	-0.25	-0.15
Panama	USD/box	3.25	11.00	3.40	11.30	Moín (Costa Rica)	0.15	0.30
Non-ACP	USD/box	3.55	11.05	3.40	11.05		-0.15	0.00

Table 3. Banana FOB price proposal for secondary port

		Actual FOB FMPs (valid from 01.01.2024 to 31.12.2024)		Proposal for FOB FMPs (which will be valid from 01.01.2025 to 31.12.2025)				
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
ORGANIC								
DomRep	USD/box	4.57	14.87	4.20	14.70	Caucedo	-0.37	-0.17
Ecuador	USD/box	4.27	14.02	4.12	14.02	Guayaquil (arriving to port from Machala)	-0.15	0.00
Ecuador	USD/box			3.88	13.78	Guayaquil/Posorja (arriving to port from Santa Elena)		
CONVENTIONAL								
DomRep	USD/box	4.57	12.42	4.20	12.25	Caucedo	-0.37	-0.17
Ecuador	USD/box	4.12	11.22	4.02	11.27	Guayaquil (arriving to port from Machala)	-0.10	0.05
Ecuador	USD/box			3.78	11.03	Guayaquil/Posorja (arriving to port from Santa Elena)		
Nicaragua	USD/box	4.59	11.74	4.62	11.87	Moín (Costa Rica)/ Cortez (Honduras)	0.03	0.13

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.