

**Prorate tool for Fairtrade Minimum Prices and Premium for
IFCO crates for banana valid for 2024
- Explanatory document -**

Fairtrade Minimum Prices (FMPs) and Fairtrade Premium (FP) for banana are set per standard carton boxes of 18.14 kg of fresh banana; nevertheless, there are other packing materials and weight presentations for the packing box in the banana industry. For estimating the FMP and the FP, that would apply to packing boxes of different packing materials and weight presentations, it is needed to prorate the FMP value that has been set by Pricing Unit. For standardizing the prorate process of FMPs and FPs, Pricing Unit publishes the prorate tool every year, since 2018. The announcement dates of FMPs and the prorate tool vary.

Clarifications and information on the following topics related to banana pricing:

- 1) Ex Works and FOB Fairtrade Minimum Prices
- 2) Prices of standard carton boxes and FOB prices per port
- 3) Prices of banovac, pallets, inland freight, custom fees
- 4) Prorate process

1 Ex Works and FOB Fairtrade Minimum Prices

The Ex Works FMP for banana (EXW FMP) benefits Fairtrade certified producers that produce banana but do not export by themselves; while the FOB Fairtrade Minimum Price (FOB FMP) benefits Fairtrade certified producers that produce banana that is exported by themselves. The FOB FMP does not apply to exporters that do not produce fresh banana by themselves.

The EXW FMP includes labor cost for: a) packing (including palletization) and b) preparation of the fruit before loading it on the collecting vehicle (truck or container) only. These labor costs are covered by Fairtrade certified producers that do not export by themselves.

The costs of packing and palletizing materials are not included in the EXW FMP, but in the FOB-Ex Works differential. The Fairtrade Standards for Fresh Fruits indicate some of these packing and palletizing materials:

per banana cluster:

- Up to 3 Fairtrade labels per cluster of Fairtrade banana

per banana packed box:

- One standard carton box of 18.14 kg capacity of fresh Fairtrade bananas, which includes the bottom, the top and the liner of the box
- One banana packing bag (banovac or polypack) per standard carton box

per banana pallet:

- One pallet
- 5 edge protectors of plastic per pallet of packed boxes of 18.14 kg of Fairtrade banana
- 7 pallet straps per pallet of packed boxes of 18.14 kg of Fairtrade banana

Neither Ex Works nor FOB FMPs include costs for additional or special packing or palletizing materials such as “clusterbags” or “parafilm” and related services. The additional or special materials must be included in the contract and producers must be paid for those and for any associated services. The FOB – Ex Works differential of Fairtrade Minimum Prices does not consider the administrative costs of exporters that do not produce Fairtrade banana by themselves. The EXW and the FOB Fairtrade Minimum Prices are expressed in US dollars per

packed box of 18.14 kg of Fairtrade banana, except for African origins, which are expressed in Euro per packed box of 18.14 kg of Fairtrade banana.

2 Prices of standard carton boxes and FOB prices per port

Table 1 shows prices of standard carton boxes of 18.14kg, which were used for setting FOB Fairtrade Minimum Prices valid for 2024. The prices of standard carton boxes are updated to September 2023.

Table 1 Prices of standard carton boxes of 18.14kg, used for setting FOB FMPs valid for 2024

Country	Unit of measure	Price of standard carton box 18.14kg	Value added tax
Cameroon	EUR/box	1.71	price without value added tax
Colombia	USD/box	1.74	price without value added tax
DomRep	USD/box	2.38	price without value added tax
Ecuador	USD/box	1.85	price without value added tax
Ghana	EUR/box	1.74	price without value added tax
Nicaragua	USD/box	1.90	price without value added tax
Panama	USD/box	1.70	price without value added tax
Peru	USD/box	1.95	price without value added tax
St.Lucia	USD/box	2.25	price without value added tax

3 Prices of banavac, pallets, inland freight, custom fees

Table 2 shows prices of banavac, pallets, inland freight and custom fees, by port, which were used for setting FOB Fairtrade Minimum Prices valid for 2024. The prices are updated to September 2023.

Table 2 Prices of banavac, pallets, inland freight and custom fees, by port, used for setting FOB FMPs valid for 2024

Country	Measure unit	Banavac	Pallet	Main port	inland freight	Port charges	Secondary port	inland freight	Port charges
Cameroon	EUR/box	0.1069	0.0890	Douala	0.2226	0.3295	Park Kribi	0.2315	0.1100
Colombia	USD/box	0.2500	0.1200	Turbo/Sta.Marta	0.2200	0.4000	-	-	-
DomRep	USD/box	0.4479	0.1700	Manzanillo	0.3000	0.4400	Caucedo	0.5600	0.1500
Ecuador	USD/box	0.1875	0.1800	Bolivar	0.1800	0.2500	Guayaquil (arriving to port from Machala)	0.5000	0.2500
							Guayaquil/Posorja (arriving to port from Santa Elena)	0.2344	0.2771
Ghana	EUR/box	0.1870	0.0889	Tema	0.2315	0.4541	-	-	-
Nicaragua	USD/box	0.2500	0.1600	Corinto	0.4200	0.3000	Moin (CR)/Cortez (HN)	1.4100	0.2000
Panama	USD/box	0.2593	0.1600	Moin (C.Rica)	0.6600	0.2000	Colón (PA)	2.0600	0.2500
Peru	USD/box	0.2300	0.1900	Paita	0.3000	1.5000	-	-	-
St.Lucia	USD/box	0.2700	0.2800	Castries	0.2500	0.3600	-	-	-

4 Prorate process

The Ex Works and FOB Fairtrade Minimum Prices, in all cases, refer to the standard packing carton box, for a weight of 18.14 kg of fresh Fairtrade banana. If packing boxes differ from that; then the Fairtrade Minimum Prices and the Fairtrade Premium must be calculated by following the prorate process. For standardizing the prorate process, Pricing Unit publishes the prorate tool every year, since 2018.

The user of the tool must enter the information requested in the empty cells, starting from: a) Language, b) Producer country, c) type of Fairtrade banana, d) the port, e) the weight of the new packing box and f) the price of the new packing box.


Notice that examples provided are based on the variation of only 2 variables: a) the weight of fruit per box and b) the price of the type of packing box. Additional costs, or price variations of existing inputs, might also be involved; for prorating them the Fairtrade Standards for Fresh Fruits must always apply. The tool only prorates country specific Fairtrade Minimum Prices that are valid for 2024.

Example: Prorate of Fairtrade Minimum Prices valid for 2024 to an IFCO box of 17 kg of Fairtrade banana

This example prorates the Fairtrade Ex Works and FOB (Turbo/Sta.Marta) Minimum Prices and the Fairtrade Premium valid for 2024 to a 17 kg IFCO crate of conventional Fairtrade bananas from Colombia. A price of 1.50 US dollars for the standard 18.14kg carton is obtained, with respect to the one used as reference (1.74 USD per carton). In addition, the cost of using an IFCO crate for the producer (trading at FOB level) is 0.50 USD per IFCO box. The calculations are presented in table 3.

- The **FOB** (Turbo/Sta.Marta) FMP 2024 is **11.20** USD/StandardBox18.14kg
or **9.55** USD/IFCObox17kg (considering the reduced price of 1.50 for the standard 18.14kg carton and an IFCO box usage cost of 0.50 USD/ 17kg IFCO box).
- The **EXW** FMP 2024 is **8.00** USD/StandardBox18.14kg
or **7.50** USD/IFCObox17kg.
- The **Fairtrade Premium** 2024 is **1.00** USD/StandardBox18.14kg
or **0.94** USD/IFCObox17kg

Table 3. Prorate of Ex Works and FOB FMPs and FP to IFCO box of 17 kg of Fairtrade banana



PRORATE OF FAIRTRADE MINIMUM PRICES AND PREMIUM THAT ARE VALID FOR 2024 FOR IFCO CRATES

This tool is for prorating the country specific Fairtrade Minimum Prices for banana, which are set for a standard carton box of 18.14 kg and valid for 2024. The tool prorates the Fairtrade Minimum Prices from the standard 18.14 kg cardboard box to an IFCO crate (of a weight in kilos, indicated by the user in the empty cell of the form). Please NOTE THAT the prorate examples ARE ONLY BASED on the variation of: a) the weight of fruit per box and b) the price of the type of packing box. ADDITIONAL COSTS, or PRICE VARIATIONS OF EXISTING INPUTS, might be also involved; for prorating them the Fairtrade Standards for Fresh Fruits must always apply. PLEASE COMPLETE EMPTY CELLS WITH THE INFORMATION OF THE PACKING BOX YOU WANT TO RUN THE PRO-RATA

Choose banana producer country: Colombia

Choose type of Fairtrade banana: conventional Fairtrade banana

Port: Turbo/Sta.Marta

EXAMPLE: PRORATE TO IFCO CRATE OF 17kg FOR BANANA	
Standard carton box (Fairtrade)	
<ul style="list-style-type: none"> Price of the standard carton box (without including the value added tax), that was used as reference in 2023, for estimating the Fairtrade Minimum Price for Fairtrade banana from Colombia: 	1.74 USD/box18.14kg
<ul style="list-style-type: none"> If you have a verifiable annual average price for the standard 18.14 kg carton box, different from the one used as a reference in the Minimum Price calculation, enter it here, excluding value added tax: 	1.50 USD/box18.14kg
<ul style="list-style-type: none"> Banana volume per standard carton box (that was used as unit of measurement for estimating the Fairtrade Minimum Price for Fairtrade banana from Colombia): 	18.14 kg
Fairtrade Minimum Price	
<ul style="list-style-type: none"> FOB Fairtrade Minimum Price 2024, in US dollars per box of 18.14kg of conventional Fairtrade banana from Colombia: 	11.40 USD/box18.14kg
<ul style="list-style-type: none"> Fairtrade Minimum Price FOB 2024 excluding the reference price for the standard 18.14kg carton: 	= (11.4 - 1.74) = 9.66 USD/box18.14kg
<ul style="list-style-type: none"> Fairtrade Minimum Price FOB 2024 considering the price of the standard 18.14 kg carton box just entered: 	= (9.66 + 1.5) = 11.16 USD/box18.14kg
<ul style="list-style-type: none"> Ex Works Fairtrade Minimum Price 2024, in US dollars per box of 18.14kg of conventional Fairtrade banana from Colombia: 	8.00 USD/box18.14kg
IFCO crate	
<ul style="list-style-type: none"> Banana volume per IFCO box (for which the Fairtrade Minimum Price will be prorated): 	17.00 kg
<ul style="list-style-type: none"> Costs for the use of IFCO crates for the producer trading at FOB level (From the following list "CONSIDER ONLY THOSE COSTS INCURRED BY THE PRODUCER" trading at FOB level: rental of IFCO crates, destocking, customs and clearance, transport of IFCO crates to the farm, etc.): 	0.50 USD/IFCOcrate17kg
Prorate	
<ul style="list-style-type: none"> Prorated FOB Fairtrade Minimum Price 2024 per IFCO crate of 17kg of conventional Fairtrade banana from Colombia: 	9.55 USD/IFCOcrate17kg = [((11.4-1.74+1.5) - 1.5)/18.14]*17 + 0.5 = 9.55
<ul style="list-style-type: none"> Prorated Ex Works Fairtrade Minimum Price 2024 per IFCO crate of 17kg of conventional Fairtrade banana from Colombia: 	7.50 USD/IFCOcrate17kg = [8/18.14]*17 = 7.5
<ul style="list-style-type: none"> Prorated Fairtrade Premium 2024 per IFCO crate of 17kg of conventional Fairtrade banana from Colombia: 	0.94 USD/IFCOcrate17kg = 17/18.14 = 0.94

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