



Fair Trade USA Seafood Program Premium Announcement: Yellowfin Tuna

August 2016

Background

The Fair Trade USA seafood program was launched in 2014 with the initial certification of an Indonesian yellowfin tuna supply chain, comprising roughly 100 fishermen on two Moluccan islands. That supply chain has grown to include almost 600 fishermen on three Moluccan islands and one community in Central Sulawesi. Since certification, fishermen in Indonesia have received over \$46,000 in Fair Trade community development premiums. Thus far, Fair Trade premium funds have been allocated toward health and safety improvements, conservation projects, education, beautifying community spaces, and funds to support grieving or ill families. In 2015 we also certified eight shrimp cooperatives in the Sinaloa region of Mexico and started working toward the Fair Trade certification of canned Maldivian skipjack tuna and frozen Maldivian yellowfin tuna supply chains.

As standard operating procedure, Fair Trade USA regularly reviews premium rates to both identify externalities that may affect our producer and industry partners and ensure Fair Trade products deliver positive impact on the ground. Fair Trade USA recently reviewed the premium rate for Indonesia yellowfin tuna in order to optimize impact and simplify operational implementation as we expand our seafood certification program in South East Asia.

Specifically, Fair Trade USA proposed the following Premium rate:

Flat Rate	Purchase Form
USD \$0.15/kg	Whole fish
USD \$0.30/kg	Clean loin

Consultation

In addition to publishing notice of this premium review on our website and inviting public commentary, Fair Trade USA collected price data from current and prospective Fair Trade partners in Indonesia to better understand market realities.

Coupled with conversations with current and prospective partners concerning potential premium rate options, Fair Trade staff also analyzed ex-vessel price data from multiple Indonesian supply chains. Average prices and harvest mixes (size, quality, and volume) over time were evaluated, as well as how various premium rates would affect overall premium amounts, both historically and into the future. All analyses were also conducted in both Indonesian rupiah and US dollars to better understand how exchange rate changes over time may or may not affect total premium amounts.

No comments were submitted during the public comment period.

Results

In light of internal and external conversations and an analysis of the data, Fair Trade USA has decided to update the Fair Trade premium rate for Indonesia yellowfin tuna as follows:

Flat Rate	Purchase Form
USD \$0.15/kg	Whole fish
USD \$0.30/kg	Clean loin

Fair Trade USA has made this decision after assessing which option was most likely to extend the benefits of Fair Trade to fishermen. To align with our internal processes, we plan to hold this premium rate for at least the next full calendar year (until August 2017). However, Fair Trade USA will continue to monitor and review the impact of this model and may reevaluate and potentially reset the rates before August 2017 if this change is not having the intended benefits.

Implementation

The effective date for all new contracts will be on August 1st. Contracts already in effect between fishermen/fishing associations and buyers should be fulfilled as previously negotiated.