



Pricing Announcement: Quinoa Premium Review Summary of Consultation September 13, 2013

Background

In April 2013, FLO raised the Fair Trade prices and premiums of quinoa for the first time since the products were launched in 2005. Minimum prices were raised from \$711 to \$2250/MT for conventional quinoa (+216%) and from \$861 to \$2600/MT for organic quinoa (+200%). Premiums for both conventional and organic quinoa were increased more than 200%, from \$85 to \$260/MT.

Against the backdrop of these developments, stakeholders requested that FTUSA lower the quinoa premium from \$260/MT to \$130/MT due to the belief that the high premium in the current high-price market environment is detrimental to Fair Trade sales and business.

Consultation

In response to this challenge, FTUSA consulted with producers, importers and brands to determine if there is an industry need to lower premiums.

Some stakeholders commented that a lower premium level would allow them to sell more quinoa on Fair Trade terms. Others expressed the concern that their premium levels would be halved with no opportunity to increase sales if the premium was lowered. A third group of stakeholders were comfortable with the premium remaining at \$260/MT and didn't think lowering the premium is necessary.

Results

The review has not resulted in evidence that lowering the premium would bring more impact to quinoa farmers. Consequently, based on the broad stakeholder feedback collected, Fair Trade USA will not lower the premium from \$260/MT to \$130/MT for the following reasons:

- The current market and future market can bear the price of Fair Trade quinoa as is.
- Lowering the premium does not seem to be bringing more players to the Fair Trade quinoa market.
- Lowering the premium would significantly decrease impact for existing producers who already sell 100% of their crop on Fair Trade terms as their premiums would be halved without an increase in Fair Trade sales.
- If the premium was lowered, producers may chose to sell their volume to European markets at a higher premium price, reducing the amount of available Fair Trade quinoa to the U.S. market which is already struggling for supply.