



**Coordinadora Latinoamericana y
del Caribe de Pequeños Productores
de Comercio Justo**

San Salvador, El Salvador
05 of July 2010

Misters.-

MEMBERS BOD OF FLO INTERNACIONAL

CENTRAL OFFICE OF FLO IN BONN

YOUR HANDS

Dear FLO Directors:

Further to our letter sent to members of FLO BOD dated July 2nd of the current year, related to the problematic FT coffee SPO are facing due to raising prices at local markets, even over the reference prices of NY Exchange, which in turn has hampered the fulfilment of coffee contracts with customers of fair trade, through the present and based on the results of the study presented by Red Café, we propose a temporary increase in the minimum price and premiums (social and professional), for its entry into force from the 1st of October 2010.

We are convinced that to prevent a situation outside of the OPP control in particular, and of the system of fair trade as a whole, on the supply of coffee FT to the main markets of FLO, it is imperative to modify the prices as follows, while costs and prices are been reviewed in the framework of the strategy for the coffee product:

1. Increase the base price for Arabica washed 5 points to 130 cts/pound, leaving the current base price for robusta,
2. Increase the FT premium to 20 cts/pound, taking into account that the cost of certification and compliance with standards the most of the price, and
3. Increase the organic premium from 20 to 30 cts/pound, and then the minimum prices must be of US\$ 150 for FT conventional and US\$ 180 for FT organic coffees.

We recognize that not everything will be resolved via the price, but the adjustment thereof will allow the OPP and customers survive in the market in the short term, while



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achieved a comprehensive proposal by consensus and obtained the resources necessary to operate the system coffee market structural changes needed.

We appreciate the attention that the FLO Directors exempt to the present note and too stay expecting the answers favorable to our proposals.

With best regards,

Raúl Del Aguilla Hidalgo
CLAC's President

CC: CLAC's Board
President of CLAC - Red Café
FT National Initiatives Directors
FLO PSR & GPM Managers
Archivo.



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