

Promoting Sustainable Livelihoods through Trade:
Fair Trade as a Vehicle for Economic, Social, and Environmental
Sustainability in Coffee Production in Coto Brus, Costa Rica

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Chapter One

Introduction

In the past four years, the price paid to coffee producers has fallen to a one-hundred year low, leaving coffee producers in a precarious position in which they cannot cover their own production costs or even provide for basic necessities for their families (Global Exchange). With approximately 25 million farmers and farmworkers involved in coffee production in over fifty countries, this international coffee crisis has undermined the livelihoods of millions of individuals (Global Exchange). Although the consumer is paying the same price for coffee as in previous years, the price paid to coffee producers in Costa Rica and elsewhere fell below fifty cents per pound in 2000, a mere five percent of what the consumer pays for the coffee (International Coffee Organization 2003a). As most of the profits are retained in importing countries by coffee importers, roasters, distributors, and retailers, rural communities and economies relying on coffee production are drained and coffee farmers have to struggle in order to make a living. In order to ensure that farmers can maintain their livelihood through coffee cultivation, coffee producers and their communities must begin to move towards an ethic of economic, social, and environmental sustainability. A sustainable livelihood is essential to the well-being of coffee producers, their families, and their community.

In moving towards sustainability, coffee producers realize that they must break the paradigms of the current international trading framework in order to help create an international trading system built on the principles of equity and justice. Beginning in the 1950s, the Fair Trade movement developed a new paradigm for international trade, one that promoted equitable and just partnerships between producers and consumers. Through the creation of alternative trade networks, Fair Trade aims to promote community development and poverty alleviation. In

coffee producing communities, partnerships and paradigms created through Fair Trade can be used to promote economic, social, and environmental sustainability, as it is essential to the future livelihoods of coffee producers. As sales of Fair Trade coffee increase and more coffee producers become certified to sell Fair Trade coffee, it is essential to analyze the effects that Fair Trade has on coffee producers and the extent to which Fair Trade is fulfilling its ideals and principles. Can Fair Trade become a mechanism to relieve poverty and to increase the sustainability of rural communities and livelihoods? To what extent has Fair Trade contributed to the economic, social, and environmental sustainability of coffee production? What are the challenges facing Fair Trade in the coming years? This thesis will examine these questions by comparing two coffee cooperatives in Costa Rica, one that participates in Fair Trade, CoopaBuena, and one that does not participate in Fair Trade, CooprosanVito. It will explore the economic, social, and environmental challenges coffee producers face in the current coffee crisis. Also, in order to evaluate to what extent Fair Trade contributes to sustainability, this thesis will examine what direct benefits Fair Trade conferred on CoopaBuena over CooprosanVito in meeting these challenges and what concrete benefits Fair Trade provided to CoopaBuena that promoted economic, social, and environmental sustainability.

The following chapter will begin by examining the impact which coffee production has had on the culture of Costa Rica and the challenges which Costa Rica has faced as it became more dependent on exports, especially coffee exports, in the global economy. Chapter three will then discuss the Fair Trade movement as an alternative to the current international trading market, explaining its principles, actors, and mechanisms, and ending by asking to what extent Fair Trade can be used to promote sustainability and poverty reduction. The next chapter will explain what sustainability is, the current obstacles and challenges to achieving sustainability in

coffee production, and the importance of sustainability for coffee producers. Chapter five introduces the two coffee cooperatives, CoopaBuena and CooprosanVito, and explores the challenges they face and the alternatives they are pursuing to earn a better price for their coffee. Chapters six, seven, and eight look at aspects of economic, social, and environmental sustainability, respectively, examining the economic, social, and environmental challenges that coffee producers face in Costa Rica as a result of the coffee crisis. These chapters also explore what concrete benefits Fair Trade has conferred on CoopaBuena over CooprosanVito and in what ways Fair Trade contributes to economic, social, and environmental sustainability at CoopaBuena. Chapter nine analyzes to what extent Fair Trade has acted as a proponent of sustainable development at CoopaBuena and gives recommendations that would help enable Fair Trade to further promote sustainability in coffee production. The concluding chapter looks at the challenges which Fair Trade must face in the coming years in order to promote growth in the Fair Trade market, while, at the same time, maintaining its role as a proponent of sustainability in rural communities and its role as a catalyst to challenge and change the traditional international trading framework.

Chapter Two

Coffee Culture and Costa Rica: Surviving in the Global Economy

As the second most valuable traded commodity after petroleum, coffee has become an integral component in modern day society, through both its production and consumption. Originally discovered in Ethiopia sometime between 575 and 850 C. E., coffee quickly spread throughout Northern Africa, the Middle East, and Turkey (Dicum and Luttinger 1999). By the sixteenth century, coffee had spread into Europe and the first coffeehouses were created as meeting places and social centers. As coffee became integrated into the social fabric of European culture and consumption increased, European powers began to spread coffee cultivation to their colonies beginning in the early 1700s, relying on cheap labor and large tracts of land (Dicum and Luttinger 1999). Although coffee brought income to the colonies, it also made the colonies dependent on the earnings, foreign exchange, and jobs from coffee production to maintain a stable economy. Class structures, especially in Latin America, were shaped by the cultivation of coffee, with the elite often controlling production and export while the poor provided a supply of cheap labor on plantations. The cultivation of coffee also changed the environmental landscape as it led to the destruction of large tracts of forests and agricultural lands. Not only did a culture of coffee consumption become ingrained in the social fabric of Europe and North America, but a culture of coffee production heavily influenced the development of domestic economies, social structures, and governmental institutions and altered the environmental landscape in coffee producing countries.

Coffee in Costa Rica: Creating Dependency

Since coffee was first brought to Costa Rica around 1808 by the Governor Tomas de Acosta, coffee has shaped the development of Costa Rican society and economy throughout the nineteenth and twentieth centuries (Vadakan 2000:1). Although coffee in most Central American countries was cultivated on large hacienda plantations using indigenous people, first as slaves and later as wage laborers, Costa Rica was sparsely populated and had a small population of indigenous peoples so the cultivation of coffee in Costa Rica mainly comprised of small farmers (Aguilar and Klocker 2000:597). When coffee first entered Costa Rica, most individuals had small plots of land devoted to subsistence agriculture and the cultivation of crops for local markets (Aguilar and Klocker 2000:597). Beginning in the 1820s, the government began to encourage coffee cultivation relying on incentive programs that promised free land, free seedlings, and tax exemptions for coffee production (Vadakan 2000:1). Although the government continued to implement democratic land reform policies emphasizing smallholder settlements, concentrated landownership developed with many Costa Ricans working on the plantations: “by the mid-1880s, 71% of the agricultural population were landless laborers” (Aguilar and Klocker 2000:597). The high percentage of landless laborers was in part due to the labor shortage in Costa Rica, leading plantation owners to offer higher wages to farmworkers (Aguilar and Klocker 2000:597). The elite class that developed in Costa Rica began to control coffee processing, access to credit, and coffee exporting (Aguilar and Klocker 2000). The coffee elite maintained the social structure by securing key roles in government: “The coffee elite dominated the political situation by holding important political offices and appeased the campesinos and peasants by enacting minimum wage laws and land reform policies that encouraged settlement in outlying areas of the Central Valley” (Aguilar and Klocker 2000:598).

The construction of social structures and government policies in Costa Rica was greatly influenced by the coffee economy which gained strength throughout the nineteenth century.

As coffee contributed to the creation of a coherent government and sufficient infrastructure, it also fully initiated Costa Rica into the global economy. As coffee became a viable source of income for Costa Rican farmers, coffee production began to spread throughout the country and Costa Rica began to invest in infrastructure to transport coffee. Once the Atlantic Railroad had been completed to transport coffee from the Central Valley to the Caribbean, an “old subsistence economy [was transformed] to a specialized commercial agricultural one largely dependent on powerful foreign nations” (Biesanz quoted in Vadakan 2000:1). As coffee became one of Costa Rica’s main sources of foreign exchange, comprising between sixty and ninety percent of foreign exchange earnings in the early twentieth century, the Costa Rican economy became increasingly dependent on coffee importing nations (Aguilar and Klocker 2000:595). Although coffee became a catalyst for the development of new infrastructure, it also led Costa Rica to become overly dependent on exports, such as coffee and bananas, for earnings: “dependency on the global market created vulnerability to global depressions and disruptions.... Coffee was influenced further by global activities because market pricing and distribution controls occur principally in the ‘north’” (Aguilar and Klocker 2000:598). The Costa Rican economy and coffee producers became dependent on foreign exchange and the global market to earn money in order to pay for their basic necessities, making coffee farmers and their families particularly vulnerable to the fluctuations of the global market.

During World War II, the European coffee market became difficult for coffee producers to access due to the conflict. As a result, the coffee market began to fluctuate resulting from overproduction and decreased demand for coffee. After the war, many governments realized that

they must institute mechanisms in order to protect coffee producers from the fluctuations in the coffee market. In 1961, Costa Rica responded to the fluctuating prices with the creation of ICAFE, the Costa Rican Coffee Institute, which aimed “to regulate internal pricing structures, ensuring farmers were paid fair prices, and conduct research in production and processing methods through a parallel research center” (Aguilar and Klocker 2000:599). ICAFE also established extension offices to spread new technology and improve coffee production. At the same time, in 1962, the International Coffee Agreement (ICA) came into full effect involving thirty-six exporting countries, twenty-two importing countries, and thirteen other countries, including the U.S. and Costa Rica (Sick 1999:13). The goal of the ICA, which was administered by the International Coffee Organization, was to manage price fluctuations and the imbalances between supply and demand. The ICA regulated coffee prices and set export quotas for coffee-producing countries, providing relative financial stability for coffee producers as coffee prices remained relatively consistent in ICA markets. However, the stability provided by the ICA was relatively short lived.

As oil prices increased and coffee prices began to decline in the early 1980s, the Costa Rican government was faced with an economic crisis and a large external debt: “in 1982, the external debt was approaching U.S. \$3 billion, nearly equal to the real GDP, which was falling by 7% per year, and average annual inflation was up to 109%” (Montanye et al. 2000: 650). To help relieve the burden of the debt on public institutions and services, the Costa Rican government chose to borrow from foreign commercial banks and asked the World Bank, the International Monetary Fund (IMF), and the U.S. Agency for International Development (USAID) for assistance. As a way to generate foreign exchange in order to repay the debt, these institutions encouraged Costa Rica to pursue a pattern of development based on export-led

growth, which promoted an increase in the production of export commodities. However, through the strategy of export-led growth, Costa Rica became even more dependent on the production of goods for export: “the Costa Rican strategy was shifted, basically, from encouraging the domestic manufacturing of consumer goods to the encouragement of imports of such products (through tariff reductions), while promoting various exports to, in theory, pay for the imports” (Kroegeer and Montanye 2000:667). This shift led Costa Rica to import many of its basic needs from other countries, making them dependent on exports to generate the money to buy imports for domestic consumption. In the twenty-first century, coffee continues to be an important source of foreign exchange. In 2001, bananas comprised 32 percent of total agricultural export earnings while coffee comprised 10.5 percent of the agricultural export earnings, grossing \$163.4 million (Food and Agriculture Organization 2003). In past years when coffee prices were higher, coffee had comprised an even greater source of income to Costa Rica, bringing in \$409.5 million in 1998 and comprising 19.7 percent of total agricultural exports (Food and Agriculture Organization 2003). With 28 percent of Costa Rica’s rural labor force involved in coffee production, the dependence on coffee exports make coffee producers and the Costa Rican economy particularly vulnerable to fluctuations in the coffee market (Varangis 2003:8).

The Rise of the Coffee Crisis

When negotiations for the new International Coffee Agreement collapsed in 1989, international commodity prices for coffee began to fluctuate. Without the quota production system of the ICA, coffee production began to increase and coffee prices dropped to historic lows for five years (Dicum and Luttinger 1999:95). In the first year after the collapse of the ICA, coffee prices dropped significantly from 70 cents per pound for the 1988-1989 harvest to

45 cents per pound in the 1989-1990 harvest (Sick 1999:15). Although coffee prices began to rebound in 1994, spiking in 1997, coffee prices plummeted once again by more than 50 percent between 1997 and 2001, falling to a one-hundred year low (Zehner 2002; Oxfam 2002:9). This second drop in prices also marked the full entrance of Vietnam and Laos, with comparatively low production costs, into the coffee market, thus further contributing to the oversupply of coffee (Dicum and Luttinger 1999:103). As reported by the Financial Times (April 15, 2002), the consequences of the drop in coffee prices have been devastating: “adjusted for inflation, in recent years coffee prices have fallen to their lowest levels in a century. The collapse has thrown as many as 540,000 people out of work and cost at least \$4713 million in foreign exchange receipts for some of the world’s poorest countries” (TransFair USA “The Worldwide Coffee Crisis”). Coffee farmers whose livelihoods depend on the earnings from coffee production to provide for themselves and for their families have suffered greatly from the coffee crisis. Many coffee producers have been forced to sell or abandon their lands and migrate to urban areas to look for work. Families have been separated as certain individuals will migrate to urban areas or to other countries to find jobs and send remittances back to their families.¹ The overall long-term decline in coffee prices has changed the culture of rural areas and has left coffee producers in a precarious position of vulnerability to the coffee.

While coffee producers have been hard hit by the current coffee crisis, corporations have managed to increase their profit margins due to low coffee prices. As production increased following the collapse of the ICA, multi-national corporations (MNCs) such as Nestlé and General Foods (part of Philip Morris Companies) began to stockpile coffee at low prices (Sick 1999). As MNCs now had extra stocks of coffee, they did not need to purchase as much coffee in the future harvest, leading to a cyclical pattern of greater oversupply of coffee and subsequent

¹ See the Social Sustainability chapter for further details.

decreases in coffee prices. Currently, Nestlé, Sara Lee, Philip Morris, and Procter & Gamble account for more than 60 percent of the world coffee market (Zehner 2002). The control that these MNCs have over sales in the coffee market makes it difficult for small coffee producers to earn a fair price and compete in the global market. Thus, many coffee have begun farmers to look for coping strategies through which they could earn a price for their coffee that would cover production costs, as well as provide for the basic needs of their families. In order to survive in the global economy, coffee producers began to look for viable alternatives in which they could gain a fair price for their coffee.

Navigating Alternatives in the Global Economy

In the 1960s, the *cooperativismo* movement for the creation of cooperatives began to develop as a reaction to the control of the elites in coffee processing and exporting. As owners of the coffee processing equipment, the coffee elite would buy the coffee from small coffee producers, which allowed the coffee elite to retain a larger share of the profit. To confront the unequal relationships between coffee producers and the elite, small farmers began to form their own cooperatives and banded together to purchase their own coffee processing equipment. Different organizations in Costa Rica began to form in order to assist cooperatives and their members in marketing and exporting their coffee, as many farmers did not have experience or training in this area. The Federation of Cooperatives of Coffee Growers was created in 1962 and provided marketing and technical assistance, as well as credit to cooperatives (Aguilar and Klocker 2000:599). The Costa Rican government also provided financial incentives for cooperatives, enacting the Law of Cooperative Associations in 1968, granting exemptions from property taxes and import duties on agricultural inputs and machinery (Sick 1999:32). The

assistance and incentives provided by the government and other organizations allowed the cooperative movement to flourish in Costa Rica. By the 1970s, cooperatives processed approximately one-third of all Costa Rican coffee, with privately-owned coffee mills processing the remainder (Aguilar and Klocker 2000:599). In 1989, of the 110 registered coffee processing plants in Costa Rica, thirty-five were cooperative-owned (Sick 1999:32).

Cooperatives are based on democratic principles incorporating grassroots participation in order to ensure that the needs of the producer are met and that the producer earns a greater price for his or her coffee. With cooperatives, the need for intermediaries between producers and importers is reduced. Ideally, cooperatives would act as a vehicle for the distribution of social services to its members, as well as act as an instrument of social and political empowerment (Sick 1999:80). However, many cooperatives encountered many challenges after their founding since members did not have the same knowledge of the global market and the skills to market and commercialize their coffee as private processing plants did, giving cooperatives a disadvantage. Many cooperatives were often cheated by private exporters and began to accumulate high levels of debt (Sick 1999:32). Cooperatives also experienced several problems due to organizational and management problems: “internal factionalism, corruption, mismanagement, low participation rates, poor economic planning, and bureaucratic interference have contributed to the failure of many cooperatives” (Sick 1999:80). Due to the combination of cooperative debt, managerial problems, and low coffee prices, about 25 percent of the cooperatives in Costa Rica have closed since 1988 (Ronchi 2002:16). Although the principles and participatory nature of cooperatives provide the potential to empower its members, individuals managing the cooperatives soon discovered that they had to learn how to navigate

alternatives in the global economy in order to earn a fair price and uphold their principles of equity and equality.

In order to sustain their livelihoods, coffee farmers desired to find an alternative through which to gain a fair price for their coffee that would allow them to provide for their families' basic necessities and maintain their farms. In spite of the disadvantages and difficulties faced by cooperatives, they have been key to the beginning of a new movement in the coffee industry aimed at creating equal trading partnerships between producers and consumers. Searching for new alternatives in the coffee market, small producers formed into democratic organizations began to empower themselves in the global economy by creating more direct relationships between themselves and consumers. From this new paradigm of direct trading partnerships, the Fair Trade movement was born, a movement which aims to guarantee small farmers a fair price for their coffee and to empower small producers within the global economy.

Chapter Three

Fair Trade

Fair Trade is a movement to promote equitable and just trading partnerships between producers, who have been disadvantaged by the current economic framework, and consumers. The goal of Fair trade is to increase stability and sustainability in communities in developing countries through the creation of alternative trade networks. Fair Trade is a dynamic and evolving concept and a system of trade which ultimately aims to strengthen rural communities and economies in developing countries through sustainable community development and poverty alleviation. The history of the Fair Trade movement exemplifies the growing consciousness of Northern consumers of the way international trading systems have been constructed to disadvantage producers in developing countries. It also shows the strength of producer communities within the global economy who have struggled to empower themselves through trading partnerships which allow them to earn a fair price and maintain their livelihood. Fair Trade is a concept and trading partnership which is still evolving in order to ensure economic, social, and environmental sustainability in coffee production and rural communities. This chapter will examine the various components of Fair Trade, its history, principles, actors, and mechanisms, and examine how Fair Trade can be used to promote sustainability and poverty alleviation.

Defining Fair Trade

As our understanding of economic, social, and environmental justice grows, the concept and definition of Fair Trade continues to evolve since the Fair Trade movement began over fifty years ago. Collaborating with one another, the Fairtrade Labelling Organization, the

International Federation for Alternative Trade, the Network of European World Shops, and the European Fair Trade Federation have adopted the following definition of Fair Trade: “Fair Trade is a trading partnership, based on dialogue, transparency, and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalised producers and workers – especially in the South” (Fairtrade Labelling Organizations International “Homepage”). This definition stresses the creation of a trading partnership in Fair Trade that links producers to consumers in order to transform the trading system and promote sustainable development. To build upon this definition, the overall goal of Fair Trade is to “change international commercial relations in such a way that disadvantaged producers can increase their control over their own future, have a fair and just return for their work, and continuity of income and decent working and living conditions through sustainable development” (Raynolds 2002:4). However, each individual that participates in Fair Trade, whether it is the producer, the consumer, the importer, the roaster, or the Fair Trade certifying body, has their own perception of what Fair Trade is and what Fair Trade could be. These visions provide the basis of a growing movement to create equitable and just trading partnerships, to challenge existing power relations and the current economic system, and to promote sustainable development. Together, these three aims provide a basis for Fair Trade and shape the evolving mechanisms of Fair Trade.

Fair Trade as a Trading Partnership

Fair Trade aims to create a network between producers and consumers, exporters and importers, such that the producers can earn a fair return while the consumers receive a quality product and learn about the producer communities. Through the creation of trading partnerships,

producers and consumers can build a relationship that is based on a foundation of understanding and equity: “Partnership is the foundation and context for equitable exchange. It implies trust, freedom of information, equity and long-lasting relationships” (Alliance for a Responsible, Plural and United World 2001:19). The strength of trading partnerships that are created on the basis of equitable exchange contributes to open dialogue, transparency, and respect between trading partners (Fair Trade Federation 2003). Equitable trading partnerships foster a feeling of solidarity between people and link the conscientious consumer with producers.

Fair Trade is based on the belief that direct trading relationships, which eliminate the intermediaries, can empower producers to earn a larger market share and a just price for their goods. As Paul Rice, President of TransFair USA, affirms:

[Fair Trade] is a market-based, entrepreneurial response to business as usual: it helps third-world farmers developing direct market access as well as the organizational and management capacity to add value to their products and take them directly to the global market. Direct trade, a fair price, access to capital and local capacity-building, which are the core strategies of this model, have been successfully building farmers’ incomes and self-reliance for more than 50 years (Rice, Paul 2002:1).

The creation of direct trading relationships is integral to Fair Trade and to the existence of equitable, transparent exchanges between producers and consumers.

Fair Trade as a Catalyst of Change in the Free Trade Market System

Fair Trade challenges individuals to re-conceive the current framework of free trade. It acts as a catalyst to change the structure of the free market system through the creation of alternative trading relationships that empower producers and through education of both producers and consumers. By creating direct linkages between producers and consumers, Fair Trade removes the intermediaries who often take a large proportion of the profits without contributing to the production process, enabling profits to go directly to the producer:

Fair Trade seeks to challenge existing relations in the global economy by example, using consumer/producer alliances: to create an alternative pricing system based as much on social justice concerns as on economic factors; to eliminate unnecessary intermediaries who capture excessive portions of the price attached to commodities; and to transform transnational corporate practices, at times in spite of corporate efforts to the contrary, to address social and environmental concerns at both ends of the production/consumption continuum (Murray 2003:27).

By creating direct trading relationships, Fair Trade challenges the historically unequal relationship between producers and consumers in the structure of the global economy and empowers producers to gain a better price for their goods.

Fair Trade also acts as a catalyst to challenge and recreate the existing power relations within the global economy through the education of both producers and consumers. When producer communities and cooperatives become part of the Fair Trade network, Fair Trade organizations often provide training to producer organizations so that they can understand the market, commercialization, and coffee quality standards. This training allows producer organizations to empower themselves and take control of the exportation of their coffee in order to earn the best price. Through the education that Fair Trade provides, producers will not be as vulnerable to importers and corporations that might treat them unfairly when negotiating contracts. In addition, Fair Trade urges consumers to look at the current effects of the economic system on individuals in the developing countries. Many Fair Trade product providers will educate the consumer about the individuals and the region where the fairly-traded items came from and about how trade affects them. Fair Trade proponents hope that through education, consumers will react to the inequitable trade relationships and reevaluate their own purchasing decisions. Through trading partnerships and education, “Fair Trade attempts to humanize the commercial process” (Alliance for a Responsible, Plural and United World 2001). The “humanization of the trade process” challenges the existing trade framework and historically

unequal power relations and endeavors to connect diverse individuals in their desire to empower producers to ensure an equitable exchange and a sustainable livelihood.

Fair Trade as a Proponent of Sustainable Development

In recent years, Fair Trade has attracted attention as a component in ensuring the sustainable development of disadvantaged communities in developing countries. With the increased earnings from Fair Trade, producers will have an added advantage to provide for their families and maintain their farms, which contributes to economic security. In some cases, the increased income allows producers to not only provide for their families and keep their farms, but also to invest in environmental stewardship that prevents further environmental degradation. Fair Trade certification standards attempt to ensure that there is a return to the community that is invested in social programs. Also, the democratic structure of cooperatives and other organizations that produce for the Fair Trade market contributes to the ability of cooperatives and Fair Trade to distribute the benefits equitably to the producers and, sometimes, to the community through community programs. The principles of Fair Trade promote the strengthening of producer organizations: “Fair Trade is an approach to trade that has a strong development rationale, based on introducing previously excluded producers to potentially lucrative markets, building up the capacity of producers to trade effectively in the market and offering them a good price” (Tallontire 2001:2). To a degree, producers are empowered to overcome the disadvantages they have faced in the traditional trading system through Fair Trade and earn a fair price, thus enabling them to begin on the path towards sustainable economic development.

History of the Fair Trade Movement

In the late 1950s, Alternative Trade Organizations (ATOs), based on the values of socioeconomic solidarity and direct, equitable trading partnerships, began to form in Europe. One of the first ATOs was founded as a development charity by Catholic youth in the Netherlands in 1959 (Rice 2001:47). Many of the first ATOs that emerged were “World Shops,” shops that import directly from producers, eliminating intermediaries, paying a fair price, and helping producers secure long-term trading relationships (Global Exchange). The first ATOs dealt mainly with the importation of handicrafts, especially indigenous handicrafts. Many individuals began to tout the idea of “trade not aid,” meaning that through more equitable trade relations and a fair price, producers could provide for themselves and their families and would not need aid (Rice 2001:47). In 1986, the first ATO in the US to deal exclusively with Fair Trade coffee, Equal Exchange, was created initially importing coffee from Nicaragua “as an expression of solidarity with the people and revolution of Nicaragua, after the Reagan administration imposed an unfair trade embargo” (Global Exchange). Their mission is “to build long-term trading partnerships that are economically just and environmentally sound, to foster mutually beneficial relations between farmers and consumers and to demonstrate through our success the viability of worker-owned cooperatives and fair trade” (Equal Exchange 2003). ATOs evolved out of a desire to integrate principles of social justice and equity into the global market and out of efforts to create businesses based on the principles of social responsibility. As the prevalence of ATOs began to increase, individuals involved in the Fair Trade movement began to consider how to advance Fair Trade principles and make Fair Trade products available to more people.

In 1988, the first Fair Trade labeling initiative emerged in Holland called Max Havelaar, the name of a fictitious character in a book by the same name written in 1860 that exposed the injustices of the colonial system in the Dutch colony of Java. Max Havelaar created a seal which coffee roasters could place on their coffee if it was fairly traded according to a set of standards. National Fair Trade labeling organizations began to spread in Europe and eventually to North America and Japan in order to push Fair Trade coffee into mainstream markets. With the seal, fairly-traded products became more widely available and consumers could find Fair Trade products in locations that did not sell exclusively Fair Trade goods. In 1996, TransFair USA was founded as the only Fair Trade certifying and labeling body in the United States. As certifying and labeling bodies were initiated in different countries, there became a need for an umbrella group to be established in order to oversee that all the National Fair Trade labeling initiatives were following one set of standards for certifying Fair Trade products. Thus, the Fairtrade² Labelling Organization (FLO) was established in Bonn, Germany in 1997 uniting seventeen national certifying bodies: “FLO guarantees that products sold anywhere in the world with a Fairtrade label marketed by a National Initiative conforms to Fairtrade Standards and contributes to the development of disadvantaged producers” (Fairtrade Labelling Organizations International “Homepage”). Under FLO, 800,000 farmers and their families sell their coffee through 221 Fair Trade certified cooperatives (TransFair USA “Fair Trade Certified Coffee Facts”).

Fair Trade coffee sales have increased dramatically in the US since the inception of TransFair: from 6.4 million pounds in 2001 to 9.7 million pounds in 2002, with the net retail value of products sold under the TransFair label increasing 53 percent from \$85.6 million in 2001 to \$131 million in 2002 (Fair Trade Federation 2003:2). In 2003, the sales of Fair Trade certified coffee through TransFair USA grew 91 percent, totaling 18.7 million pounds of

² Fair Trade organizations in Europe tend to combine the two words into one, Fairtrade.

certified coffee (TransFair USA 2004). The supplemental income that these sales generated for coffee farmers in 2003 was \$15.9 million, bringing the total supplemental income that coffee farmers have earned as a result of Fair Trade sales to the U.S. to \$34 million in the past five years (TransFair USA 2004). With the development of strong campaigns that integrate students, faith-based organizations, businesses, and non-profit organizations to promote Fair Trade, Fair Trade sales have continued to grow as the Fair Trade movement expands and evolves.

Principles of Fair Trade

The fundamental principles of Fair Trade are four-fold: solidarity, equity, quality, and justice (COOCAFE R.L. “Comercio Justo” 2003a). Fair Trade promotes solidarity between consumers and producers, the North and the South; equity and a fair price in trading partnerships; the production of quality products; and economic, social, and environmental justice. Fair Trade also maintains seven concrete principles and aims in a Fair Trade partnership: (1) a fair price for producers, (2) democratic organization of producers, (3) decent labor conditions, (4) opportunities for producers, (5) environmental sustainability, (6) long-term trading relationships, and (7) capacity building of producer organizations (Fair Trade Federation 2003:4).

Payment of a fair price to producers entails that the price should not only cover the cost of production, but also provide a price the producer’s family can live on. Democratic organizations of producers, often in the form of cooperatives, ensure that each producer has a voice in his or her organization, that there is transparency and accountability within the organization, and that the benefits of the Fair Trade premium are distributed equitably to programs and projects in the community. Within producer organizations, there cannot be any

forced or child labor, working conditions must be as safe as possible, and all producers must comply with local labor laws (Fair Trade Federation 2003:4). Fair Trade creates opportunities for producers who have been historically disadvantaged and also posits equal opportunities for women (Fair Trade Federation 2003:4). Environmental sustainability in farm management and production is emphasized by Fair Trade principles. Fair Trade also requires importers and producers to build long-term trading relationships so that producers can be assured of a fair sale for their product and so an ethic of understanding and solidarity can be cultivated between both producers and consumers. Lastly, Fair Trade assures capacity building of producer organizations through technical and management skills training and financial assistance in the form of pre-financing and credit given to cooperatives. Lasting, equitable Fair Trade partnerships are built upon these seven principles. The extent to which Fair Trade upholds these principles will be examined in the case study.

Mechanisms in Fair Trade: How does Fair Trade Work?

There are two different yet parallel and complementary approaches to Fair Trade, that of Alternative Trade Organizations and that of Fair Trade labeling organizations. ATOs often import products directly from the producers, selling these products, which are often handicrafts, but also include tea, coffee, and other food stuffs, either through the internet, catalogues, or through stores or “World Shops” devoted to the sale of fairly traded items. These alternative trading networks often allow the importer to cultivate a deeper understanding of the producer organizations and a stronger relationship with the producers. National Fair Trade labeling initiatives currently work only with food commodities to certify that the trading relationship between the producer and the importer abided by Fair Trade standards: “Fair Trade labelling

organizations are not involved in trade exchanges themselves but issue Fair Trade marks or labels to manufacturers or importers to verify that the production and supply of a particular product has met specified Fair Trade standards” (Tallontire 2001:4). National Fair Trade labelling initiatives monitor the trading and production process to ensure that it was completed according to Fair Trade standards, but does not participate in the actual trading partnership. Alternative Trade Organizations can source all or part of their coffee or other products from Fair Trade certified producers and sell products with the Fair Trade label or they can create their own partnerships with producer cooperatives to ensure a fair trade. As this paper will primarily examine the approach to Fair Trade of Fair Trade Labeling organizations, the following section will look at the actors, certification standards, and certification processes of Fair Trade labeling.

Actors in Fair Trade

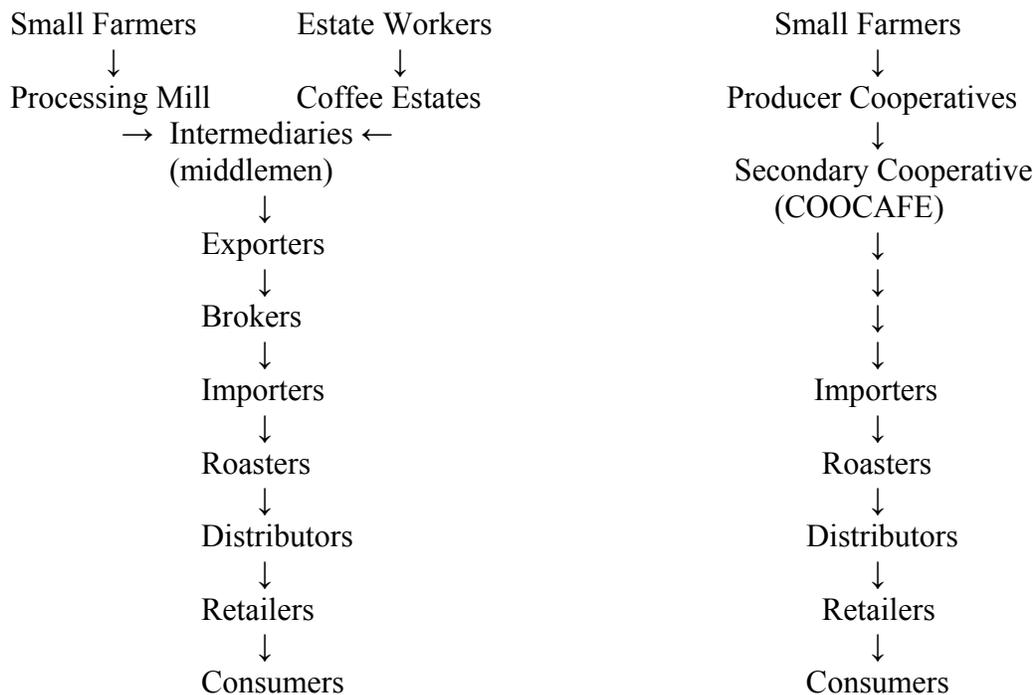
The primary and most integral actors in Fair Trade are the producers themselves. Producer organizations, such as cooperatives or community groups, organize producers so that they can collaborate, creating mutual support, greater access to financial and technical assistance and resources, and better access to markets. These producers are certified by the Fairtrade Labelling Organization, discussed below, and placed on the Fair Trade Producer registry distributed by the national Fair Trade labeling initiatives to interested importers and distributors. In many countries, producer organizations and cooperatives will often work together creating a secondary cooperative or organization that will work to export the producer’s goods. Working together in secondary organizations, it is easier for producer organizations to find markets for and to export their coffee. In Costa Rica, nine coffee producer cooperatives, including CoopaBuena, collaborate through a secondary cooperative, COOCAFE (the Consortium of

Coffee Cooperatives of Guanacaste and Montes de Oro), which is a Fair Trade certified exporter that commercializes and exports the coffee to Fair Trade markets, as well as provides technical and financial assistance and skills development to member cooperatives.

Chart A: The Commodity Chain of Coffee: Conventional versus Fair Trade³

The Conventional Coffee Route

The Fair Trade Coffee Route in Costa Rica



Connecting the Fair Trade cooperatives to the consumers and retailers are the Fair Trade importers. They buy the commodity directly from the producer organizations or secondary cooperatives. Fair Trade importers are committed to paying the \$1.26 Fair Trade base price, cultivating long-term relationships with producers, and providing up to 60 percent of the contract

³ This chart shows the commodity chain for conventional coffee versus Fair Trade coffee in Costa Rica (Oxfam America and TransFair USA 2004). Not all Fair Trade producer cooperatives then send their coffee to a secondary cooperative, although this is true for CoopaBuena in Costa Rica. The Fair Trade chain does not rely upon intermediaries, exporters, or brokers, which means the share of the profits that these individuals would take goes instead to the producer.

in credit and financing before the harvest. Credit and financing are integral to producers so that they can invest this money in inputs and production costs, as well as provide for their families. Roasters then buy the coffee from Fair Trade certified importers, which roast and package the coffee using the Fair Trade label on their packaging. Roasters then pass the coffee onto distributors and retailers who will sell the coffee to the consumers in stores and cafés, on the Internet, or through the mail. Equal Exchange is one ATO that imports exclusively Fair Trade coffee and has seventeen trading partners in ten countries in Latin America, Africa, and Asia, including COOCAFE in Costa Rica (Equal Exchange 2003).

Certification Process

The Fairtrade Labelling Organization certifies all Fair Trade producer organizations and secondary cooperatives that use the Fair Trade label in order to ensure that certification standards are uniform and realistic. It reviews the financial documents and transactions of producers to ensure that benefits are being transferred to the producers. FLO also works with independent inspectors that visit producer organizations in order to ensure compliance with Fair Trade standards (Fairtrade Labelling Organizations International “Homepage”). It also provides contacts for cooperatives to attain help with production, industrialization, financing, and commercialization (COOCAFE R.L. “Comercio Justo”). National Fair Trade labelling initiatives monitor importers and manufacturers to ensure that Fair Trade standards were upheld in transactions by collecting contracts, financial documents, and invoices (Fairtrade Labelling Organizations International “Homepage”). They maintain a registry of Fair Trade producers so importers who wish to carry Fair Trade products know where to purchase the goods. In the United States, TransFair USA certifies Fair Trade coffee, tea, and cocoa/chocolate, with a total

of 24 importers and 190 roasters, blenders, and manufacturers (Fair Trade Federation 2003:8). In February 2004, they began to certify Fair Trade bananas and our beginning to certify other fruits such as mangos, pineapples, and grapes. FLO and national Fair Trade labeling certify that Fair Trade products are sold according to the principles of Fair Trade in order to ensure that there is a just partnership and an equitable exchange.

The national Fair Trade labeling initiatives also collaborate with ATOs, World Shops, and their umbrella organizations such as the European Fair Trade Association, the International Federation for Alternative Trade, the Fair Trade Federation, and the Network of European World Shops. Each of these organizations creates a network of trade organizations and provides information to importers, wholesalers, retailers, and producers in order to improve the livelihoods of individuals in developing countries (Fair Trade Federation 2003:3). The Fair Trade labeling initiatives also cooperate with social and organic certification and labeling organizations united under the International Social and Environmental Accreditation and Labelling Alliance (ISEAL), created in 1999 (Fairtrade Labelling Organizations International “Homepage”). ISEAL promotes collaboration between labelling organizations in order to streamline certification standards and processes. The increased cooperation and organization of Fair Trade labeling initiatives and ATOs has made the movement for equitable, just trading relationships stronger, created more opportunities for disadvantaged producers, and challenged the current framework of international trade.

Certification Standards

Both producers and importers must fulfill certain standards in order to certify their commodity as Fair Trade. Fair Trade producers must ensure that they are in compliance with

FLO's certification standards and that the benefits from Fair Trade are used for social and economic development: "Small farmers can join Fairtrade if they have formed organizations (in co-operatives, associations or other organizational forms) which are able to contribute to the social and economic development of their members and their communities and are democratically controlled by their members" (Fairtrade Labelling Organizations International "Fairtrade Standards for Coffee" 2003:2). Fair Trade coffee importers must ensure that purchasing agreements are for more than one harvest, that producers receive the FLO minimum price and a social premium, and that they offer pre-financing of up to 60 percent of the contract value (Murray 2003:6). In essence, the certification standards of Fair Trade are constructed in order to fulfill the main principles of Fair Trade addressed in the previous section.

The Fair Trade standards for coffee producers, as determined by FLO, incorporate standards for social development, economic development, environmental protection, and employment standards⁴ (Fairtrade Labelling Organizations International "Fairtrade Standards for Coffee" 2003). To be certified as a Fair Trade producer there are certain minimum requirements that must be fulfilled upon certification and progress requirements which must be met in order to maintain Fair Trade certification. Central to Fair Trade, the first criterion under Social Development is that "Fairtrade adds Development Potential," extrapolating that "Fairtrade should make a difference in development for certified producers" (Fairtrade Labelling Organizations International "Fairtrade Standards for Coffee" 2003:3). As a minimum requirement, producers must be able to "demonstrate that Fairtrade revenues will promote social and economic development of small farmers" (Fairtrade Labelling Organizations International "Fairtrade Standards for Coffee" 2003:3). Social Development criteria also maintain that

⁴ For FLO's full certification standards for small coffee producers, please see www.fairtrade.net.

producer organizations must be democratic, participatory, and transparent (Fairtrade Labelling Organizations International “Fairtrade Standards for Coffee” 2003:3).

According to Economic Development standards, producers must receive a Fair Trade price. Determined by FLO, the Fair Trade price ideally will allow producers to cover the cost of production and provide for their families:

FLO works with a pricing methodology, which first defines per product and per region, where the product is produced, the Cost of sustainable Production (CoP), and Cost of sustainable Living (CoL). FLO’s principle is that a Fairtrade minimum price at least covers the CoP and CoL. On top of that price, FLO establishes a premium, which has to be invested in social, economic or environmental projects of improvement, decided upon democratically within the organisation (Fairtrade Labelling Organizations International “Frequently Asked Questions” 2003).

FLO has currently set the price for washed Arabica coffee at \$1.21 per pound with a \$.05 per pound social premium. The five-cent premium must be put toward social and economic development and programs for the cooperatives and the community. For coffee that is certified organic, an additional \$.15 per pound is added to the \$1.21 per pound floor price and the five-cent social premium, totaling \$1.41/lb. If the world market price, which is set on the New York C commodities trading market, rises above the Fair Trade floor price of \$1.21, the additional \$.05 social premium is added to the world market price. The creation of a floor price contributes to the farmers’ ability to cover the cost of production and the cost of living, while the social premium is used to benefit the community through community and cooperative projects.

Economic Development standards also hold that Fair Trade must increase export ability through Fair Trade markets and “through access to the logistical, administrative and technical means to bring a quality product to the market” (Fairtrade Labelling Organizations International “Fairtrade Standards for Coffee” 2003:4). Fair Trade standards also call for environmental protection, encouraging the implementation of integrated pest management techniques and the

incorporation of shade trees. FLO also maintains standards for employment conditions whereby producers must be in compliance with national labor laws which hold that employees must be paid minimum wage and be provided benefits (Fairtrade Labelling Organizations International “Fairtrade Standards for Coffee” 2003:7). Employers must also ensure that occupational health and safety standards are met for their employees. The extent to which Fair Trade cooperatives comply with and fulfill these certification standards will be discussed in the case study in chapters six through nine.

Can Fair Trade Be Used to Alleviate Poverty and Promote Sustainable Development?

Fair Trade has the potential to be an effective instrument for development and poverty alleviation. However, is Fair Trade currently fulfilling its potential as a vehicle for poverty alleviation and sustainable development? How it can strengthen its mechanisms and broaden its scope so as to become a more comprehensive approach to the creation of sustainable livelihoods? Research has shown that Fair Trade organizations do make a significant contribution to the livelihoods of producers: “Fair Trade labelling organizations appear to fuel poverty alleviation and the empowerment of coffee producers through the provision of preferential prices, more stable markets, and information and other non-market exchanges” (Raynolds 2002:23). Although Fair Trade confers concrete benefits to certified producers, some researchers challenge the effectiveness of Fair Trade as a tool for development: “FLO criteria says that Fair Trade should ‘contribute to the development of certified producers’ yet currently is less part of a broader development strategy than it is an alternative market that offers more equitable negotiating conditions” (Taylor 2002:27). The creation of more equitable trading partnerships through Fair Trade does not necessarily suppose that Fair Trade is most effective as a mechanism

for sustainable development and the creation of sustainable livelihoods. Fair Trade must adequately address the economic, social, and environmental challenges which coffee producers face in order to achieve its potential to act as a vehicle for sustainability and poverty alleviation.

Chapter Four

Sustainability in Coffee Production

As rural areas began to rely extensively on coffee production as a livelihood, coffee producers began to look for different ways in which to increase their earnings and better provide for their families. Encouraged by development organizations and agricultural extension agents, coffee producers began to “technify” or “modernize” the way in which their coffee was grown. Technification,⁵ commonly referring to conventional agriculture, was seen as a windfall to producers who wished to increase their yields, their efficiency in production, and their earnings. However, techniques associated with technification resulted in environmental degradation, contamination, and problems in human health, among other consequences, making the technified system unsustainable in long-term coffee production. In contrast, principles of sustainability offer a hope for coffee producers who wish to maintain a stable income from coffee production without endangering environmental and human health. When grown in a sustainable manner, traditional coffee production in Central America “is the region’s most environmentally benign and ecologically stable ecosystem” (Rice and Ward 1996). Building upon the principles of economic, social, and environmental sustainability, coffee producers can provide for their families while contributing to sustainable development.

Changing Paradigms of Coffee Production: Traditional Versus Technified Coffee

In traditional coffee production systems, traditional varieties of coffee are planted under an overstory of shade trees. They are grown in a system that preserves the natural diversity and

⁵ Technification refers to the planting of high-yielding coffee varieties, varieties which rely on high applications of agrochemicals to the coffee plants. Technified coffee plantations are often grown in full sunlight without the use of shade trees. By changing the way in which coffee has traditionally been grown under an overstory of trees and without chemicals inputs, technification can lead to environmental degradation and ecological imbalances. See discussion in next section.

services of the rainforest: “Coffee, if grown right, can be one of the rare human industries that actually restore the Earth’s health” (Halweil cited in Varangis 2003:55). In a traditional agroforestry system, coffee is a “stable production system, providing protection from soil erosion, favorable local temperature and humidity regimes, constant replenishment of the soil organic matter via leaf litter production, and home to an array of beneficial insects that can act to control potential economic pests without the use of toxic chemicals” (Rice and Ward 1996). Traditional coffee systems are more likely to produce sustained yields over a long period of time while minimizing the effects of environmental degradation.

In the 1970s, extension agencies and development organizations began to advocate for a shift to technification in order to increase yields. As defined by the USAID Regional Office on Central America and Panama in 1981, “‘Technification’ refers to a combination of measures, including scientific pruning, shading, application of fertilizer, insecticides and fungicides, planting high-yielding varieties as soon as they become available, and increasing the number of plants per manzana, so the average yields will increase from 7-10 quintales ‘dry bean’ to 30-35 per manzana” (Rice and Ward 1996).⁶ Technification emphasized efficiency in production, leading coffee producers to cultivate higher-yielding varieties of coffee, increase agrochemical usage, and remove the traditional overstory of shade trees which coffee was grown under. In technified systems without an overstory of trees, coffee plants are fully exposed to the sun and are commonly called “sun coffee.” In the mid-1970s, USAID was a great force in technification because it instituted programs that would transfer technology to small growers in order to modernize their farms and increase their yields (Smithsonian Migratory Bird Center 2001). Projects carried out by USAID in Central America and in the Caribbean from the mid-1970s to the early 1990s cost about \$80 million (Smithsonian Migratory Bird Center 2001). As coffee

⁶ 1 manzana = .69 acre; 1 quintal = 99.8 pounds

production was being encouraged by development agencies as an export commodity and cash crop, many farmers were eager to earn money by adopting higher-yielding technology and production techniques associated with technification. As reported by the World Bank, “over 40 percent of the coffee area in Colombia, Mexico, Central America, and the Caribbean has been converted to ‘sun’ coffee, with an additional one-quarter of the area in conversion” (Varangis 2003:55). In Costa Rica, 40 percent of the coffee is technified, 10 percent is traditionally grown, and 50 percent is moderately technified, meaning that traditional and high-yielding coffee varieties are intermixed with moderate shade (Varangis 2003:57). With such a high percentage of technified coffee, and more on its way to conversion, it is important to understand the impacts and consequences of technified coffee production.

Impacts of Coffee Production Technification

The process of technification caused environmental strain and degradation, as well as a decrease in economic and social stability. One detrimental impact of technification was a corresponding decrease in soil fertility and an increase in soil erosion. Extension agencies promoted a shift to hybrid *caturra* variety coffee with its earlier harvest and higher yields, instead of the commonly used, higher-quality traditional varieties *típica* and *bourbon* (Siegal and Alwang 2003:31). Although traditional coffee agroecosystems contain 1,100-1,500 plants per hectare and are often grown under a canopy of shade trees with little to no chemical use, the higher yielding *caturra* variety is planted at a density of between 4,000-7,000 plants per hectare (Rice and Ward 1996). Due to the high-density of coffee bushes, there was a greater demand on the soil for nutrients and minerals. This resulted in a decrease in soil fertility, leading producers to become dependent on fertilizers to maintain fertility. However, “although fertilizers can

temporarily replace lost nutrients, they cannot rebuild soil fertility and restore soil health” (Gliessman 2000:7). Thus, producers developed a dependence on fertilizers, which only superficially provide the necessary nutrients for coffee production and cannot restore soil fertility. With the introduction of the high-density, high-yielding varieties, producers removed the overstory trees which coffee was traditionally grown under, leaving the coffee plants, farms, and soils exposed to the sun. Without the root system to hold soils in place and the protection provided by shade trees from wind and rain, erosion became more prevalent. Furthermore, without the organic matter from shade trees when they are pruned, there was no leaf litter cover on the soils to protect them from erosion. The shift to higher-density, higher-yielding coffee varieties and the removal of shade trees resulted in decreasing soil fertility and increasing soil erosion, as well as a corresponding dependence on synthetic fertilizers.

In traditional coffee systems, the use of shade trees helps control pests and diseases because a balanced shade environment is most beneficial to pest and disease control. However, on in technified coffee production systems where coffee is grown under almost full sunlight, the coffee is more vulnerable to certain types of pests and diseases. Coffee producers using technified management methods rely on intensive use chemical pesticides, herbicides, and fungicides to reduce and eliminate the pests and diseases. Although agrochemical treatments are often successful for their first applications, pest and disease strains that are resistant to the agrochemicals became stronger and harder to manage. Since agrochemicals cannot discriminate in order to solely target pests, natural pest predators are often killed along with the pests themselves, thus reducing natural pest controls. This has led farmers to become dependent on agrochemicals to sustain their coffee farms and has increased production costs: “the implementation of the new technologies has altered the natural ecosystem, forcing coffee

producers to continually increase the amount of agrochemicals they use” (Varangis 2003:57). Agrochemical sales have increased substantially, but agrochemicals have not been the boon they once were thought to be in preventing crop loss from pests and diseases: “Global sales of pesticides have continued an upward trend, reaching a record \$25 billion in 1994. Ironically, total crop losses to pests have remained fairly constant despite increasing pesticide use” (Pimental cited in Gliessman 2000:5). Not only do agrochemicals become less effective with persistent use, but also they often have human and environmental health implications. Many health effects have been reported from agrochemical applications, sometimes leading to hospitalization and even early death.⁷ Fertilizers can also cause health problems when nitrates from fertilizers leach from the soils and contaminate groundwater sources. Agrochemicals can enter the groundwater and environment, causing environmental degradation and harming human health. Technification of agriculture has led to a dependence on agrochemical application creating ecosystem imbalance and further degradation of the environment and human health.

When converting to technified coffee systems, the diversified, traditional system customarily becomes a monoculture of coffee where shade trees and other crops are not grown alongside the coffee. In traditional systems, producers earn alternative sources of income from the wood and fruits from shade trees, as well as from the production of any other crops that are grown intercropped within the coffee plot. By relying on one crop alone, producers are more vulnerable to market price fluctuations and on the effects of pests and diseases on the coffee. Unlike a diversified, traditional farm, dependence on one crop alone creates economic insecurity for coffee producers. Coffee producers have begun to reevaluate their methods of production because of the environmental degradation, dependence on non-renewable inputs, health effects,

⁷ The health effects of agrochemicals on coffee producers will be discussed in detail in chapter seven on Social Sustainability.

and economic insecurity which technification of coffee production has created. One alternative is for coffee producers to explore techniques that embody principles of sustainability.

Sustainability: What is it and why is it so important?

A shift to sustainable coffee production is essential to assure the environmental, economic, and social viability of coffee production as a livelihood for small farmers. In contrast to technified production, “sustainable coffee is produced on a farm with high biological diversity and low chemical inputs. It conserves resources, protects the environment, produces efficiently, competes commercially and enhances the quality of life for farmers and society as a whole” (Smithsonian Migratory Bird Center 2001). Sustainable coffee production aspires to work within the natural ecosystem in order to attain a balance between long-term production and its effects on the environment. The concept of sustainability is multidimensional and continually evolving: “sustainability is a dynamic continuum and can best be perceived as an ongoing process rather than a static achievement” (International Coffee Organization “The State of Sustainable Coffee: Executive Summary”). Adapting to different circumstances, “a sustainable agricultural system is a system that is politically and socially acceptable, economically viable, agrotechnically adaptable, institutionally manageable, and environmentally sound” (Farshad and Zinck 2001:137). Although the methods to achieve sustainability vary between regions and between individual producers, in essence, sustainability means that the farmer must be able to maintain a stable yield over a long period of time without compromising the ecosystems or the resources of future generations.

The overall goal of sustainability in coffee production is so farmers can provide for their families and their basic needs. The main objectives of sustainable agriculture are that farmers

can enjoy food security, have the ability to generate a stable income, and conserve natural resources (Benefits of Diversity 1992:16). To attain sustainability in coffee production, “Long-term environmental, social, and economic needs must be met in an integrated manner without compromising the ability of future generations **to meet their own needs**” (emphasis in original) (International Coffee Organization “The State of Sustainable Coffee: Executive Summary”). Without environmental, economic, and social sustainability, producers will not be able to earn an income in the long run in order to provide for their families. Lands and ecosystems will be degraded and future generations will not have the opportunity to enjoy or earn a living from the lands their predecessors used. Therefore, sustainable coffee production is essential to the viability of rural lands and to livelihoods. When coffee production is economically, socially, and environmentally sustainable, coffee producers will be able to provide for their families and have a secure, viable livelihood.

Although there are many factors that contribute to sustainability, three essential pillars in sustainable coffee production are economic, social, and environmental sustainability, which contribute to a balanced production system and provide the foundation of a viable livelihood. Economic sustainability contributes to the economic security and stability of coffee production, ensuring adequate resources for producers and their families. Social sustainability contributes to the quality of life of both coffee producers and the individuals who work on coffee farms. Environmental sustainability in coffee production contributes to environmental preservation, biodiversity and forest conservation, and long-term, stable coffee yields. As each factor is intertwined with every other, success in maintaining a sustainable coffee production system will depend on to what extent producers can achieve economically, socially, and environmentally sustainable coffee production. Each of these principles of sustainability provides a challenge for

coffee producers, exporters, importers, government agencies, and others to work together to achieve the goal of economic, social, and environmental sustainability to the greatest extent possible.

By following the guiding principles of economic, social, and environmental sustainability, coffee producing communities will be contributing to community development.

In 1996, former Costa Rican President José María Figueres Olsen emphasized the necessity of sustainable development:

Through Central America, the challenge of sustainability is essentially the challenge of a balanced development: it involves eradicating poverty, promoting collective education, changing attitudes and social habits, as well as the political culture, creating institutional mechanisms for ensuring higher performance of the public sector and the participation of society as a whole in decision-making, developing new models of production and consumption, striving for equity and cooperation in international relations (cited in Janus 2000:2).

Although sustainability in coffee production is only a small part of overall sustainable development, it is a crucial component to the establishment of equity and equality in our international community.

Chapter Five

Weighing the Alternatives: A Case Study of Two Coffee Cooperatives in Costa Rica

Coffee producers face a triple challenge in creating sustainable livelihoods. First, they must find an alternative in the global economy that provides a fair price that covers production costs and basic needs. Second, coffee producers must also be able to assure the social sustainability of coffee production by building participatory organizations in the community that fulfill the needs of the coffee producers. Lastly, they must ensure the environmental sustainability of coffee production by implementing sustainable coffee production practices. The creation of successful economic alternatives, the establishment of organizational infrastructure, and the implementation of sustainable environmental production techniques are intimately intertwined with the quality of life of coffee farmers, farmworkers, and their families. As Fair Trade becomes acknowledged as one of the primary avenues for agricultural producers to earn a fair price for their product, it is necessary to evaluate the success of Fair Trade in achieving its goals and principles.

This case study will examine and compare two coffee cooperatives in Costa Rica, one that participates in Fair Trade, CoopaBuena, and one that does not, CooprosanVito. The two cooperatives are both located in the same *cantón* (county) in Costa Rica and have similar histories and climatic conditions for coffee production, minimizing the variables between the two cooperatives. Both of the cooperatives are working to find new markets for their coffee as they both realize that they cannot survive in the midst of the current coffee crisis without creativity and innovation. Upon arriving in the *cantón* of Coto Brus, I was moved by the stories of farmers relating how the coffee crisis has affected their lives, their families, and their community. Many

farmers had sold or abandoned their farm due to high debts. Family members had emigrated to urban areas or to the U.S. in search of jobs, causing the break up of families. Some farmers were giving up completely on coffee production because they could not earn enough money and switching to the production of other crops or to caring for cattle. Despite the difficulties that farmers face, many continue to cultivate their coffee, optimistic that the cooperative can find an alternative market that provides a fair price for their coffee.

As I was working with members of CoopaBuena and living within the community, I was able to hear the first hand accounts of the farmers' difficulties, concerns, and ideas. As I spoke with many farmers who struggled to make ends meet and entered deeper into debt due to the low coffee prices, I was, in fact, surprised when I found out that CoopaBuena participated in Fair Trade. I envisioned a Fair Trade cooperative as a cohesive, democratic, autonomous unit where the farmers were always able to make ends meet and had access to the services that they needed. Although CoopaBuena fulfilled my vision of a successful Fair Trade cooperative to a certain degree, I soon realized that Fair Trade affected cooperatives in different regions and circumstances in many different ways and to varying degrees. As CoopaBuena was able to send only a portion of their coffee (13 percent in the 2002-2003 harvest season) to the Fair Trade market due to the small size of the Fair Trade market, the majority of the rest of the coffee was sold at the conventional coffee market price, diminishing the weight of the returns from the Fair Trade market. Observing the difficulties which the cooperative and its members faced in spite of their participation in Fair Trade, I desired to find out what were the actual benefits of Fair Trade and to see if Fair Trade lived up to its principles. What benefits did participation in the Fair Trade market confer to the producers? How did Fair Trade contribute to economic, social, and environmental sustainability and the creation of sustainable livelihoods? This case study

responds to these questions by examining the realities which coffee farmers face and how they deal with these challenges in order to determine to what extent Fair Trade acts as a vehicle for economic, social, and environmental sustainability in coffee production.

Coto Brus: Coffee Culture on the Frontier

Located on the border of Panama, the *cantón* of Coto Brus was primarily covered in rainforest with few settlers during the first half of the twentieth century. However, with the development of the InterAmerican highway, a somewhat treacherous road was cut through the frontier in the 1940s (Viquez et al. 2003). In 1952, the Costa Rican government signed an agreement with the Italian Society of Agricultural Colonization (SICA), which allowed Italians, who were formerly unemployed farmers, to settle on a 10,000 hectare tract of land on the frontier of Costa Rica (Manger 1992). The Italians who settled in Coto Brus began to invest in commercial agriculture and industry, building a sawmill and roads, and ensuring access to potable water (Manger 1992:3). As Coto Brus has excellent conditions for the cultivation of coffee, its production began to spread in the region. By the mid-1950s, SICA had built the first *beneficio* (coffee processing plant) in order to process the growing amount of coffee in the area for commercialization (Manger 1992:150). As the population began to grow in Coto Brus and people began to settle the frontier, the production of coffee began to expand in the area.

Today, 50.7 percent of the people in Coto Brus report that the principal way in which they earn a living is through the production of coffee (Viquez et al. 2003:33). The other principal sources of income in Coto Brus are agriculture (26.9 percent), cattle (17.9 percent), and commercial activities (3 percent) (Viquez et al. 2003:33). With eight *beneficios* in Coto Brus, three are owned by cooperatives, while the other five are owned by private companies (Soto

2002). Coffee production has shaped the culture and social structure of Coto Brus as it has been an almost constant presence in the development of the frontier. Due to the high levels of coffee cultivation, cooperatives have a distinct presence and important influence within the *cantón* and provide an integral mechanism for individual participation within the communities of Coto Brus.

CoopaBuena: Searching for Alternatives through Fair Trade

In the 1940s, a Frenchman settled in the area of Aguabuena and started to cultivate coffee on a large tract of land, subsequently building a private *beneficio* to process the coffee (CoopaBuena R.L. 1998). Coffee growers in the region only had the opportunity to sell their coffee to private *beneficios*, which paid very little for the coffee crop. These individuals desired to create a cooperative so that they would be able to earn a better price for their coffee. When the Frenchman later became bankrupt and left the region, the bank took his property and the *beneficio*. A group of individuals in Aguabuena united to buy the *beneficio* from the bank and started their own cooperative, CoopaBuena, in 1963. As they now owned a *beneficio*, the founders of CoopaBuena cooperative could begin to process and market their own coffee. With one hundred founding members, CoopaBuena began on its mission to help improve the socioeconomic conditions of the people living in the area of Aguabuena in Coto Brus.

Forty years after the founding of CoopaBuena, its associates have weathered many challenges such as debt, inadequate roads and transportation, managerial problems, and fluctuations in the coffee market. With nine hundred associates and farms about 3-4 hectares each (8-10 acres), CoopaBuena is the smallest cooperative in the region. The two most significant challenges that the cooperative faces today are the coffee crisis, with market prices below the price of production, and cooperative and producer debt, totaling approximately 1.75

million dollars (CoopaBuena Manager 2003). With the current coffee prices, producers cannot afford to pay for the basic necessities of their families, and often, the price does not even cover the costs of agricultural inputs and labor needed to harvest the coffee. With these low prices, many producers have slid further into debt.

To enable producers to provide for themselves and their families, CoopaBuena has been pursuing alternative and innovative ideas to keep itself afloat and ensure that its members receive a fair price. In 1994, CoopaBuena became one of the nine producer cooperatives that formed COOCAFE, as noted earlier, the only Fair Trade certified secondary export cooperative in Costa Rica. COOCAFE, the Consortium of Coffee Cooperatives of Guanacaste and Montes de Oro, was formed in 1988 to help some of the most disadvantaged cooperatives in the country, cooperatives which had little access to the coffee market or to financing. It aims to help cooperatives market, export, and earn a fair price for their coffee. COOCAFE also helps cooperatives obtain financing, and promotes development through environmental projects and social assistance. Their mission is: “Integrar ... recursos y productos de COOCAFE para satisfacer necesidades de las afiliadas, sus asociados y nuestros clientes, propiciando una mejor calidad de vida de las familias productoras y la sostenibilidad social, económica y ambiental de sus actividades... con el propósito de generar un desarrollo integral y sostenible.”⁸ It currently assists 3,500 coffee producers, organized into the nine producer cooperatives, to market and export their coffee. COOCAFE receives a percentage of the coffee production from each of its nine producer cooperatives, which it then roasts, packages, and exports. COOCAFE also has two foundations to help its producer cooperatives, Fundación Hijos del Campo (Rural Children’s

⁸ “To integrate ... resources and products of COOCAFE in order to satisfy the needs of the affiliates, their associates and our clients, contributing to a better quality of life for producer families and the social, economic, and environmental sustainability of their activities.... with the purpose of generating integral and sustainable development.”

Foundation), which provides scholarships to sons and daughters of the Fair Trade coffee producers to attend school and awards money to select schools in the area where the Fair Trade coffee producers live. The other foundation, Fundación Café Forestal, gives grants and training for environmental and sustainable agriculture projects. By combining the small cooperatives together into a consortium, COOCAFE can help the cooperatives by marketing and exporting the coffee on the Fair Trade market and by providing financial and technical assistance with projects that support greater socioeconomic and environmental sustainability in coffee production

Although a substantial portion of the coffee that is received by COOCAFE is sold on the Fair Trade market,⁹ the Fair Trade market does not have a great enough demand for the coffee to allow COOCAFE and its producer cooperatives to sell all of their coffee to the Fair Trade market. As discussed earlier, CoopaBuena sells a small percentage of its coffee on the Fair Trade market through COOCAFE each year, with the majority of the remainder being sold on the conventional market.¹⁰ Costa Rican farmers earned an average of 52 cents per pound in December of 2002, a price less than half of the \$1.26/lb. price which Fair Trade coffee receives (International Coffee Organization “The State of Sustainable Coffee: Executive Summary”). Since the coffee sold on the conventional market is sold at such a low price, the earnings which CoopaBuena receives from the Fair Trade market are watered down by this lower price. Thus, since the Fair Trade price does not make as much of an impact in the earnings of the producers with such a small percentage going to Fair Trade, the CoopaBuena producers still struggle to make ends meet, to cover the costs of coffee production, and to payoff their debts. Although the

⁹ The percentage of coffee received by COOCAFE going to the Fair Trade market varies from year to year. In the 2001/2002 harvest, 41 percent of the coffee received by COOCAFE went to the Fair Trade market, the remainder was sold on the conventional market (COOCAFE R.L. “Políticas de manejo del sobreprecio”). See Economic Sustainability chapter for further details.

¹⁰ CoopaBuena sold 13 percent of its coffee to the Fair Trade market in the 2001/2002 harvest. See Economic Sustainability chapter for further details.

impact of the increased price from Fair Trade is watered down, CoopaBuena still derives other benefits from its relationship with COOCAFE, such as the ability to obtain additional financing and credit, to earn scholarships for its members' children and for community schools, and to have technical assistance in different aspects of coffee marketing and production techniques. Even though CoopaBuena participates in Fair Trade, it is still searching for alternatives to market its coffee and earn a better price for the remainder of the coffee that is not sold on the Fair Trade market.

Another alternative which the cooperative is currently pursuing is direct marketing their coffee to consumers in the U.S. with assistance from the Community Agroecology Network (CAN) based in Santa Cruz, CA. CAN helps to market the coffee directly to consumers and helps the farmers to implement sustainable agriculture techniques: "CAN is a network of rural communities and consumer groups working together to support and promote self-sufficiency and sustainable farming practices through action research, education, and direct-marketing" (Community Agroecology Network 2003). In direct marketing their coffee to the U.S. through CAN, the cooperative processes the coffee in their *beneficio*, has it roasted and packaged in Costa Rica, and sends it by mail straight to the homes of consumers. As a high quality, specialty coffee, it is sold for \$8.50/lb. to the consumer, with approximately half of the money going to mailing, packaging, and roasting, while the other half is distributed to the farmers, the cooperative, and community projects (Community Agroecology Network 2004). This helps to improve local economies and gives a greater return to the producer and the cooperative. Although this direct market is growing and providing greater returns to the producer and the community, the coffee marketed in this way accounts for only 2,000 pounds, or approximately one percent of the cooperative's sales. The cooperative hopes to increase these sales in order to

help the producers earn a price that covers production costs, provides for their families, and that allows the producers to implement sustainable production techniques. However, direct marketing to consumers in the U.S. is also a small market that depends greatly on the assistance of students and professors that are helping to market the coffee in the U.S. CAN also has students and professors that complete research and environmental projects in the area, thus contributing to the social and environmental sustainability of coffee in the area. Direct marketing and the relationships that develop through CAN play a unique role at the CoopaBuena cooperative that could be used as a basis for a model in building partnerships between producers, cooperatives, universities, and non-governmental organizations. However, as it is such a small percentage of coffee that is sold through direct marketing, this study will focus exclusively on the Fair Trade market, with the effects of the Fair Trade market being differentiated from the contributions of direct marketing through CAN. To evaluate to what extent Fair Trade contributes to economic, social, and environmental sustainability for certified producers, CoopaBuena cooperative and its producers are compared to CooprosanVito, a non-Fair Trade coffee cooperative also located within the *cantón* of Coto Brus.

CooprosanVito: Looking for Domestic Alternatives

CooprosanVito was founded on July 21, 1965 as a viable alternative for small coffee producers in the San Vito area to market their coffee and earn a better price than they could earn selling their coffee to a private *beneficio* (CooprosanVito “Breve Reseña”). The cooperative has 3,000 producers, 92 percent of which are small producers, and processes 25 percent of the coffee produced in Coto Brus (CooprosanVito “Breve Reseña”). In addition to their *beneficio*, the cooperative also has a store which sells machinery, tools, compost, agrochemicals, and other

equipment for coffee processing. Due to low coffee prices, CooprosanVito is also struggling to pay off its daunting debt and to find a viable market. Like producers at CoopaBuena, CooprosanVito producers also struggle to make ends meet, cover the costs of coffee production, and to pay off their debt.

CooprosanVito is currently looking to change their business practices and to try alternatives for commercialization of their coffee in order to earn a better price. At the annual General Assembly, the manager of CooprosanVito acknowledged the hardship that the cooperative faced and the need to look for alternatives for to market their coffee:

Como es conocido de todo el sector, la actividad cafetalera está en crisis en ésta involucra en el caso de nuestro Cantón a todas las instituciones, comercios, y otras... ésta crisis nos está enseñando, a ustedes como productores-as e incluso a nosotros como administradores de ésta cooperativa a tener que hacer varios cambios con nuestra cultura y nuestra actitud para manejar de una forma adecuada nuestras fincas y nuestra cooperativa¹¹
(CooprosanVito R.L. 2003)

One change CooprosanVito has made in order to earn a higher price for their coffee is the construction of facilities to sun-dry their coffee, which increases the quality of the coffee and the price it earns. With sun-drying, they can earn \$30/quintal more for their coffee (approximately \$.30 more per pound) (CooprosanVito Técnico 2003). In 2003, CooprosanVito was also in the process of obtaining international certification standards for quality management, ISO 9000, and for environmental management, ISO 14000, which shows outside buyers a commitment to quality and environmental standards. Both certification standards, as well as sun-drying their coffee, add value to the coffee. CooprosanVito is relying on these methods in order to earn a better price for their coffee so that their producers can provide for their families and cover the cost of production.

¹¹ “As it is known in all of the (coffee) sector, coffee production is in crisis and this involves, in the case of our county, all of the institutions, businesses, and others... this crisis is teaching us, both you as producers as well as us as administrators of the cooperative, to make various changes in our culture and our attitude in order to adequately manage our farms and our cooperative.”

Another alternative which CooprosanVito is currently pursuing is that they are marketing a brand of their coffee domestically, under the name of Café Pittier. They are working with their in-country roaster to roast and grind some of their coffee, which they then package and sell in supermarkets and other stores around the country. As most coffee that Costa Ricans drink is the lesser quality coffee that is not good enough to export or to sell at tourist shops in the country, there are only a few brands of high quality coffee marketed to Costa Ricans themselves. CooprosanVito is hoping that Costa Ricans will want to purchase their coffee for domestic consumption. As CooprosanVito is not selling the coffee to an importer, they are able to retain all the profits that would go to the coffee importer and earn a higher price per pound by roasting, packaging, and marketing the coffee themselves in Costa Rica. Through domestic marketing, sun-drying of the coffee, and by obtaining ISO certification standards, CooprosanVito hopes to help its members make ends meet in spite of the low coffee prices on the international market.

Methodology of the Case Study

The field research for this case study was carried out between February and April of 2003 in Costa Rica. CoopaBuena was selected for the case study as the Fair Trade cooperative as I was volunteering in the community and had personal knowledge of the cooperative and many of its members. CooprosanVito was chosen as the comparative cooperative as it was in the same county, had similar climatic conditions, and evolved under similar historical and cultural influences.

In the CoopaBuena cooperative, I conducted twelve interviews including the manager of the cooperative, the director of the direct marketing and community development program at CoopaBuena, and ten producers. Of the ten producers, eight were male and two were female

coffee producers. Nine of the ten producers I interviewed were chosen from producers that I had worked with that were currently trying to implement more sustainable coffee production techniques. The tenth producer was a man I met at the cooperative one day while I was interviewing other individuals. Since I had met many of these producers on prior occasions, I felt that they would be more willing to share detailed information with me. Most of these producers were also more active in the cooperative, were more familiar with the services of the cooperative, and had implemented more sustainable production techniques than other producers at CoopaBuena. About half of the producers I interviewed had previously or were currently working as board members of the cooperative and had more detailed knowledge of the services and workings of the cooperative than other producers. Eight of the interviews were performed on the producer's respective farms so I would also have the opportunity to directly observe their coffee plot. Two of the producer interviews and the interviews of the two cooperative staff members were performed at the cooperative office.

At CooprosanVito, I interviewed twelve individuals. For my main interview, I was initially referred to a woman working as head of the Roaster Department. I also interviewed three other individuals who worked at the cooperative. One of the individuals was their *técnico* (coffee production expert), who surveyed farms in order to look at the production practices and to estimate the coffee harvest. The other two individuals were employees at CooprosanVito. I interviewed eight producers, all men, from CooprosanVito. Six interviews were performed at the cooperative office and two interviews were performed on the respective farms of the interviewees. One of the cooperative employees kindly took me around to see a few of the farms and speak with the producers who lived there. Since I did not have prior contact with the cooperative, I mainly spoke to producers that happened to be at the cooperative that day.

I developed interview questions that would provide insight into the factors which affect coffee production as a sustainable livelihood and that would shed light on the role which Fair Trade plays for producers and CoopaBuena.¹² In these interviews, many common issues and factors were identified by the coffee producers pertaining to the challenges they face in the global economy and to the role of Fair Trade in economic, social, and environmental sustainability. In order to gain another perspective on the two cooperatives, I spoke to the Agricultural Engineer at the Institute of Coffee extension office in Coto Brus. As he was familiar with both of the cooperatives, he gave me financial information about the two cooperatives and about coffee marketing in general. We also discussed different social and economic issues within the county. At the end of my stay in Costa Rica, I also interviewed three individuals from COOCAFE in their office in San José in order to understand the role that COOCAFE and Fair Trade play within the CoopaBuena community. I spoke with their financial manager who was able to provide me with detailed financial data on the impact of Fair Trade and on financial and export services provided by COOCAFE and Fair Trade. I also spoke with the director of the Fundación Hijos del Campo and the director of Fundación Café Forestal who informed me about the different projects, services, and training that are provided to the Fair Trade producer cooperatives. I gathered data from field notes which I kept throughout my stay in Costa Rica and from meetings which I attended at CoopaBuena cooperative. I also obtained information and supporting documents from the Center for Tropical Agriculture Research and Teaching (CATIE) library in Turrialba, Costa Rica.

From these resources, a picture of the complexity of issues that affect coffee production in Costa Rica and the implications of Fair Trade for coffee producers can be painted. The following chapters will explore the economic, social, and environmental challenges which

¹² See Appendix A for a list of interview questions.

producers face as they struggle to cover production costs, make ends meet, and derive a sustainable livelihood from coffee production. Each chapter will also explore the effect that Fair Trade has on the lives of coffee producers, their families, and the community and look at how Fair Trade contributes to the sustainability of coffee production and the lives of coffee producers. In comparing CoopaBuena and CooprosanVito, Fair Trade provided many integral benefits to Fair Trade certified producers that contributed to sustainability, but, on its own, Fair Trade was not able to make a great enough difference in development in order to solve many of the economic, social, and environmental challenges that coffee producers face. The potential of Fair Trade lies in its ability to evolve to meet the needs and challenges of certified producers.

Chapter Six

Economic Sustainability

“El precio que está ahorita no alcanza para pagar los costos. ... Estamos trabajando para mantener el café pero para comer, no.” ~CoopaBuena Producer, 1999 (Vadakan 2000)¹³

With the current price of coffee on the conventional market, coffee producers often cannot cover production costs or afford to provide for themselves and their families. Farmers are vulnerable to the fluctuations of the current coffee market, which has led to earnings instability for coffee farmers. Without a stable income that covers the cost of production, many farmers have entered into debt while others have lost their farms. Economic sustainability for coffee producers is essential so that the farmers can continue to provide for themselves and their families well into the future. In completing interviews with producers, certain common challenges to economic stability became evident. Specifically, coffee producers face three major economic challenges: covering production costs, meeting basic needs, and paying back debt. This chapter will explore the realities that coffee farmers face in trying to make ends meet in the global economy. It will also examine the effects of Fair Trade on these economic challenges, exploring the impact of the Fair Trade premium, the Fair Trade quota and market share, and financing in order to explore how Fair Trade contributes to economic sustainability.

Covering the Cost of Production

In the current coffee crisis, farmers often do not earn enough money to cover the production costs of material inputs and labor, necessary expenses that are needed to produce quality coffee. Estimates of coffee production costs in comparison with market indicator prices

¹³ “The price that coffee is at now does not cover the costs... We are working to maintain the coffee, but to eat, no.”

for coffee show that the cost of production is higher than the current market price. The average earnings of coffee producers in Costa Rica equaled 46.12 cents per pound in 2001 and 2002 (International Coffee Organization 2003a). In contrast, the World Bank calculated that the cost of production per quintal in Costa Rica varied between \$77 and \$100 per quintal (\$.77-\$1.00 per pound), making it the highest cost producer in Central America (Varangis 2003:12).¹⁴ The Costa Rican Coffee Institute (ICAFFE) developed a production cost module, which estimates the cost of labor, material inputs, and transportation for the average small coffee farmer. Based on ICAFFE's suggested list of inputs and labor activities to obtain the highest yields, the total estimated cost of production would be approximately 19,200 colones¹⁵ per fanega,¹⁶ or about \$0.52/lb. (Portilla and Araya 2002). CooprosanVito reported that the official cost of production was 11,000 colones per fanega, \$.30/pound, although this varies substantially for each producer (CooprosanVito Personnel A 2003). The cost which is paid to coffee pickers is about \$.17/pound consuming a substantial portion of coffee earnings. In addition to these costs, there are also the costs of processing the coffee including the maintenance of the machinery, administrative costs for cooperative management, marketing and export costs, and taxes. The price earned per pound of coffee is often substantially below the cost of production for Costa Rican coffee producers.

In Costa Rica, all coffee export sales must be registered with the Costa Rican Coffee Institute (ICAFFE). After ICAFFE receives the reports of the sales that each cooperative or *beneficio* made in that harvest year, ICAFFE will calculate the liquidation price which each

¹⁴ As noted earlier, one quintal, which is a common measure of coffee is equal to 45.37 kilograms, or 99.8 pounds.

¹⁵ The exchange rate used for conversions from colones was calculated according to the April 1, 2003 exchange rate from U.S. dollars to Costa Rican colones, equaling approximately 399 colones per dollar. This exchange rate will be used unless otherwise noted. The currency converter at <http://www.oanda.com/convert/classic> was used.

¹⁶ Fanegas are the common measure of coffee in Costa Rica. One fanega is 400 liters of coffee cherries, which, when processed at a *beneficio*, yield 97 pounds of unroasted coffee beans (Cole-Christensen 2004).

producer at the cooperative receives in colones per fanega. ICAFE removes money from the final liquidation price for taxes (about 1.5 percent of total sales) and for the *beneficio*'s processing costs (9 percent of total sales) (ICAFE Agricultural Extension Agent 2003). From this calculation, the final liquidation prices are reported in Costa Rican colones/fanega. The following chart reports the liquidation prices for CooprosanVito and CoopaBuena in the 2000/01 and 2001/02 harvests as reported by ICAFE. For CoopaBuena, the Fair Trade premium is added after the ICAFE premium is reported and the final liquidation price which CoopaBuena producers receive is the reported ICAFE liquidation price plus the additional earnings from Fair Trade.¹⁷

Chart B: CooprosanVito and CoopaBuena Earnings, 2000/01 and 2001/02 Harvests
 Top prices are in colones per fanega, bottom prices are in US dollars per pound¹⁸

Harvest	CooprosanVito Final Liquidation Price (ICAFE)	CoopaBuena Liquidation Price (ICAFE)	Fair Trade Premium for CoopaBuena	CoopaBuena Final Liquidation Price with Premium
2000/01	13,033.06 c/fanega \$.42/lb.	14,127.68 c/fanega \$.45/lb.	2,872.32 c/fanega \$.09/lb.	17,000.00 c/fanega \$.52/lb.
2001/02	13,033.24 c/fanega \$.40/lb.	13,881.80 c/fanega \$.43/lb.	2,418.20 c/fanega \$.07/lb.	16,300.00 c/fanega \$.50/lb.

In the 2000/01 harvest, CoopaBuena members earned 24 percent more than members of CooprosanVito, while in the 2001-2002 harvest, CoopaBuena members earned 25 percent more than CooprosanVito members. It is evident that CoopaBuena's participation in Fair Trade increased the producers' earnings, giving them an advantage over CooprosanVito producers to

¹⁷ The Fair Trade premium, as defined by Fair Trade certifiers in the U.S. and Europe, is the five cents per pound of the \$1.26/lb. Fair Trade price that goes to social projects, with \$1.21/lb. going to the producer. The five cent per pound social premium is supposed to be used for different projects in the community. However, in this case study, COOCAFE calculates the premium differently. In this paper and for COOCAFE, the premium refers to the additional money earned per pound from Fair Trade over the price of coffee in the conventional market. When COOCAFE goes to register the Fair Trade sales with ICAFE, it will only register \$.73/lb. for the Fair Trade sale instead of the \$1.26/lb. The \$.53/lb. extra for Fair Trade sales is considered to be, and will be referred to as, the premium throughout this paper. The premium is distributed according to COOCAFE. See section on the Fair Trade premium for further information.

¹⁸ This conversion for the 2000-2001 harvest uses the April 1, 2001 exchange rate, while the conversion for the 2001-2002 harvest uses the April 1, 2002 exchange rate as reported on <http://www.oanda.com/convert/classic>.

be able to cover the costs of production. However, in spite of CoopaBuena's participation in Fair Trade, coffee earnings were so low at both cooperatives that producers still face the challenge of covering production costs.

Since the final liquidation price of coffee has fluctuated between \$.40/lb-\$.45/lb¹⁹, while the production costs remain between \$.30/lb. and \$.52/lb., producers have to make decisions about what inputs to use for their coffee in order to cover the costs of production for their coffee. The main production costs born by the producers are the cost of labor including manual maintenance and coffee pickers for the harvest and the cost of material inputs, such as the coffee seedlings, agrochemicals, fertilizers, and shade trees. Some producers have cut down on the use of herbicides, pesticides, fertilizers, and insecticides in order to reduce the cost of production. However, yields often decline when this occurs because the coffee plants become more vulnerable to pests and diseases, which also decreases the amount of money the producers will earn. It is difficult to balance income and costs as production costs are too high to make a significant profit when all of the recommended inputs are applied; however, when they are not applied, production and earnings decrease as well. Some farmers, especially at CoopaBuena, are beginning to use more organic practices that are more cost efficient in the long-run than the use of chemicals, applying organic, homemade composts, insecticides, and fungicides for the coffee.²⁰ Although the integration of more organic practices reduces the cost of production, these practices also require more labor hours. For example, when herbicides are not used, weeds must be removed manually with a machete. Even though organic production techniques require more labor hours and often produce lower yields, individuals using these techniques were more likely to be able to cover their production costs.

¹⁹ This does not include the Fair Trade premium

²⁰ Transitioning to organic production techniques will be addressed in detail in the Environmental Sustainability chapter.

The great majority of the producers interviewed reported that they could not cover their production costs with the current coffee prices. Of the eight farmers interviewed belonging to CooprosanVito, only one farmer reported that his income covered the cost of production (Producers A-H 2003). One farmer reported that his net earnings from coffee production for that year were \$218 on three hectares of coffee, while another farmer reported a loss of \$538 that year from his three hectares of coffee (Producer G and Producer A 2003). A third producer responded, “café da pérdidas...no hago los números”²¹ (Producer C 2003). The CooprosanVito farmers echoed that, with these low prices, “no se puede existir”²² (Producer E 2003). When CoopaBuena producers were asked the same question if their income from coffee covers the costs of production, only two of the ten producers interviewed reported that the income covered the cost of production (Producers I-R 2003). The two producers that did cover the costs of production with coffee earnings were producing their coffee using organic techniques and attributed their profits to the lowered cost of production of organic methods (Producer J and Producer M 2003). The other eight producers reported losses for the past few years of coffee production. One CoopaBuena producer reported that he lost about 3,000-4,000 colones per fanega (\$.08/lb.-\$.11/lb.), while others lost 6,000-7,000 (\$.16/lb.-\$.19/lb.), and stated that “Los ingresos de café jamás cubre los gastos”²³ (Producer O 2003). With his production of twenty-six fanegas in the 2002-2003, a loss of 3,000 colones per fanega would entail a net loss of about \$200 on his coffee production that year. Although there had been losses in past years for producers from CoopaBuena and CooprosanVito, many producers expressed hope for future harvests: “Ha acumulado pérdidas todos estos años...la esperanza es tener ganancias este año”²⁴

²¹ “Coffee leads to losses...I don’t do the numbers.”

²² “You can’t exist”

²³ “The income from coffee never cover the costs.”

²⁴ “Coffee has accumulated losses every year...the hope is to have earnings this year.”

(Producer N 2003). Even though producers from CoopaBuena earned an average of 24 percent more than the producers at CooprosanVito, they still did not report that the income from coffee was able to cover production costs unless they had implemented organic production techniques which are significantly less costly.

Meeting Basic Needs

Providing for the basic needs of one's family is an essential component to both survival and economic sustainability in coffee production. The ability to earn enough money to provide for one's family and to maintain one's farm depends on a variety of different factors, but is especially affected by the price of the world coffee market. Earning a profit depends on the ecological and geographical conditions of the coffee growing areas, the way the producer takes care of the coffee, and the size of the coffee plot. The agricultural engineer at the regional ICAFE extension office acknowledged these differences in the ability of coffee producers to meet basic needs saying that, while some coffee producers get rich off of coffee, most manage to subsist and others cannot manage at all with coffee production (ICAFE Agricultural Extension Agent 2003). The variability in a coffee producer's ability to make ends meet for the farm and his or her family has been greatly influenced by the fluctuation in current coffee prices, and the current glut in coffee prices has decreased a producer's ability to meet basic needs.

Of the producers interviewed, only one producer from each cooperative answered affirmatively when asked if they earned enough money to feed and take care of their family, maintain their own farm, and cover their basic necessities. At CooprosanVito, a member of the cooperative management responded that the money earned from coffee production "no es suficiente para cubrir los costos del cafetal y vivir...café no es rentable...necesitamos esperar por

el precio de café puede subir”²⁵ (CooproSanVito Personnel A 2003). A CooproSanVito producer echoed the same sentiments: “Café no le da a uno”²⁶ (Producer H 2003). The one producer who replied that he could provide for his basic needs with coffee production was single and did not have a family to provide for. Another CooproSanVito producer reported that many people are cutting their coffee plants for pasture or that they are moving to urban areas because they cannot provide for their families by producing coffee (Producer G 2003). Some former coffee producers have sold their farms cheaply to *coyotes* in order to pay off their debts before moving into the cities to find work (Producer G 2003).²⁷ Without price stability and an adequate income, coffee producers cannot provide for their families and maintain their farms, so they are forced to explore other means to earn money.

Similarly, at CoopaBuena cooperative, only one producer reported that he could take care of his family, maintain the farm, and cover basic necessities with coffee production. Other producers were more emphatic that the current coffee prices could not help producers provide for their family: “Con los precios, digo no, no no no, no alcanza para mucho. Las personas no pueden sobrevivir”²⁸ (Producer M 2003). The manager of CoopaBuena cooperative also insisted that the money earned by the members of the cooperative was not sufficient to provide for their families, but instead, caused producers to accumulate further debt (CoopaBuena Manager 2003). CoopaBuena producers acknowledged the difficulty in providing for their families and maintaining their farms in a time of such low prices, but often shared hope that, with Fair Trade and other alternative coffee markets, they might be able to earn more money in the future:

²⁵ “is not sufficient to cover the costs of the coffee plot and to live...coffee is not profitable...we need to wait for the price of coffee to increase.”

²⁶ “Coffee doesn’t provide for anyone.”

²⁷ *Coyotes* are individuals who will pay for a farm or coffee up front at a lower price when a family is in need and must sell something in order to survive. Families generally earn a much lower price than what the farm is worth and the *coyotes* will sell the farm for a higher price.

²⁸ “With the [current coffee] prices, I say no, no no no, it [the money earned from coffee] doesn’t cover much. People cannot survive”

“Nadie puede sostenerse en una actividad que está dando pérdidas. No, en este momento no. El mercado mundial es injusto porque está monopolizado.... Pero, hay un nicho de café fino”²⁹ (Producer N 2003). Producers look to the Fair Trade and other specialty markets to enable them to earn a fair price for their coffee. As discussed earlier, since coffee sold on the Fair Trade market only totals about 13 percent³⁰ of the total volume of coffee produced by members of the cooperative, the \$1.26/lb. earned through Fair Trade is watered down by the lower prices earned on other markets so that it does not have as large an impact. Farmers hope that both the volume which they send to the Fair Trade market increases and that market prices go up so that they will be able to provide for their families. Although prices do not currently provide enough money for the producers to provide for their families and maintain their farms, many of the farmers continue with coffee as they believe that, with help from Fair Trade, they will be able to earn enough money.

Other CoopaBuena producers reported that they are trying to switch out of coffee production, as it does not provide an adequate income for their families, since coffee inputs are so expensive and coffee prices so low (Producer O and Producer P 2003). It is difficult to find viable alternatives to coffee in the region as the economy and culture of the area are highly based on coffee production. One CoopaBuena producer cited that the people of the region would have to change their mentality in order to survive (Producer P 2003). That is, in order to make ends meet on the farm and for their families, many farmers must look for alternative economic activities and diversify their farms in order to cover basic necessities. Diversification of economic activities helps to counterbalance a farmer’s vulnerability to market fluctuations and

²⁹ “No one can sustain him/herself in an activity that is causing losses. No, in this moment, no. The world market is unjust because it is monopolized.... But there is a niche for specialty coffees.”

³⁰ This percentage varies from year to year. See section on the Fair Trade premium for further details.

increases opportunities for employment in rural areas (Varangis 2003:38). Diversification strategies give more security to farmers and can lead to increased incomes and quality of life.

The great majority of the farmers interviewed participated in economic activities other than coffee in order to make ends meet and cover their basic necessities. At CooprosanVito six out of the eight producers interviewed reported participating in an alternative economic activity, varying from vegetable production and animal husbandry to working at a gas station or the cooperative (Producers A-H 2003). However, the coffee technician employed by CooprosanVito reported that the cooperative is not openly promoting diversification into other crops because the producers fear they might lose the financing that they earn from having coffee on their farm (CooprosanVito Técnico 2003). This is a valid concern because if producers switch to new crops, it takes time to grow them and viable markets are not always present for other crops, so producers risk losing their income if they switch from coffee to other crops. In the long-run, diversification can create greater stability, but in the short-term, if a large percentage of the coffee plants are removed, diversification can often be riskier because producers will not be able to earn financing payments for coffee anymore. At CoopaBuena, nine of the ten producers interviewed relied on other economic activities as a source of income (Producers I-R 2003). CoopaBuena cooperative promotes the diversification of farms and are trying to help their member producers earn a higher price for the Indian cane which many of the producers grow on the edge of their coffee fields (CoopaBuena Manager 2003). Although COOCAFE has not assisted with any diversification projects at CoopaBuena, COOCAFE promotes the diversification of coffee farms into other activities as they recognize that this leads to greater economic stability as farmers have other crops that can provide an income when coffee prices decline.

Although all of the farmers both at CoopaBuena and CooprosanVito grow other crops for personal consumption, a few of the producers also grow vegetables, fruits, or herbs for sale at the market. However, as more coffee producers switch to growing more vegetables for sale at the market, prices have gone down due to an oversupply of vegetables, making vegetable production less profitable as an alternative to coffee production. Many producers are beginning to rely more heavily on animal husbandry as an alternative to coffee production, with many farmers cutting part of their coffee for pasture for cows. Also, many producers keep pigs and chickens, in addition to cows, for meat, dairy, and eggs. As the coffee market continues to plummet, more and more people are searching for alternatives both in the coffee market and in other economic activities. Participation in Fair Trade provides greater stability for farmers as they know a certain percentage of their coffee will earn a higher price. However, since the demand for Fair Trade is still so small, producers at CoopaBuena cannot sell all of their coffee at the Fair Trade price, leading them to search for alternatives so they can provide for their families.

Accumulating Debt

Almost without exception, coffee producers reported that they were in debt due to low coffee prices. As described above, since producers cannot cover the production costs of their coffee and provide for the basic necessities of their families with the earnings from coffee production, producers cannot pay back the loans they receive to pay for material inputs and hired labor. With high interest rates and low coffee prices, producers slide further into debt each year. It has become risky for banks to provide loans for coffee production as many producers are not able to pay back their loans on time. When producers are able to obtain a loan, it is only offered with a very high interest rate. One producer from CoopaBuena reported that the interest rate on

loans for coffee production was up to 30 percent in 2003 (Producer P 2003). Some producers have had to sell off their farms or other belongings in order to pay off their debt. There have been a few producers at each cooperative who have had to default on their debt, and as a result, their property went to the bank or to the cooperative, depending on who provided them with the loan. Unable to balance the costs of coffee production and basic necessities with coffee earnings, coffee producers find themselves sliding further into debt.

The cooperatives themselves also suffer from low coffee prices as they become further entrenched in debt. In Costa Rica, 9 percent of the total liquidation price of a *beneficio's* coffee goes to pay for the costs of coffee processing and to the costs of running the cooperative, namely administration and marketing costs. When the price of coffee decreases, the cooperatives have less money to cover their own costs, making it more difficult to balance their own budget. Only in the past two years has CooprosanVito managed to balance its budget, with debt accumulating for several years before that totaling to over four million dollars (CooprosanVito Personnel A 2003; CoopaBuena Manager 2003).³¹ Similarly, CoopaBuena only began to balance its budget in the harvest year of 2002-2003, but had accumulated debt almost since its founding, which the manager reported to total approximately \$1,750,000 (CoopaBuena Manager 2003).³² Although low coffee prices have contributed to the cooperative's debt, lack of adequate training for cooperative administrators has also led to the accumulation of debt. One advantage which Fair Trade provides to CoopaBuena is that there has been training for new members of the management, as well as training on understanding the coffee market and alternatives within the coffee market. However, further experience and managerial training would help both

³¹ The figure for the debt was reported by the manager of CoopaBuena cooperative, who had also previously been the manager of CooprosanVito, and was estimated at 1600 million colones.

³² The estimations for the debt of CoopaBuena varied throughout my interview with the manager of CoopaBuena, reported at 580 million, 680 million, and 700 million colones, but the estimation of 680 million colones seemed to be the most accurate.

cooperatives to manage their debt and to balance the budget each year in order to provide more services to their members.

Due to the large debts and low coffee prices, the two cooperatives have had difficulties obtaining loans from the bank. Cooperatives have had to restrict the amount of credit and financing payments they pay to their members. CooprosanVito heavily restricted their credit policies as they do not have the resources to provide higher finance payments and announced that they would only give financing for the 2003-2004 harvest to those who had been loyal to the cooperative. This means that the members who had sold part of their coffee to other *beneficios*, often private *beneficios*, would not be able to obtain financing (CooprosanVito R.L. 2003).³³ Also, CooprosanVito has reduced the amount of credit they give to each of their members and is only giving credit for members to buy material inputs such as agrochemicals. In the past, CooprosanVito would give out financing payments that exceeded the amount of coffee a producer brought to the cooperative, which led to further cooperative debt. For example, in past years, the cooperative would give financing for 120 fanegas for a farm that only produced 100 fanegas of coffee. Now they are giving financing money for only about 70 fanegas on a farm that will produce 100 fanegas of coffee and paying the remainder after they receive the full amount of coffee (CooprosanVito Personnel B 2003). The managers at CooprosanVito hope that, by restricting finance and credit payments and by finding better paying markets, they will be able to continue to balance their budget and work to reduce their debt in the long-run.

³³ Since many producers do not have enough money to provide for their family and to pay for the labor to harvest the coffee, some producers will sell the early harvest to private *beneficios* in order to earn quick cash to tide them over until the cooperative pays them for their coffee. However, since the cooperative has already given them financing based on the predicted amount of coffee that they would produce and bring to the cooperative, sometimes it ends up that the cooperative is overpaying the producer since the producer did not bring in all of their coffee crop. This brings further debt to the cooperative. Hence, CooprosanVito announced that they will not provide credit to members who sold part of their crop to other *beneficios*.

However, for now, the debt will continue to restrict the services which the cooperative provides to its members and the financing payments given to producers.

Due to low coffee prices and the difficulty of obtaining loans from the bank, CoopaBuena cooperative had to develop different strategies in order to ensure that the cooperative remained open. In September 2002, the Costa Rican bank was refusing to renew the loan to CoopaBuena and threatened to close the cooperative (CoopaBuena Board Meeting 2003). However, when the cooperative convened a general meeting, the members agreed that the cooperative could sell off cooperative-owned land and a certain number of farmers agreed to support the cooperative by signing their farms as collateral for the bank (CoopaBuena Board Meeting 2003). Each farmer had to promise 500,000 colones (\$1,325) to the bank if the cooperative was not able to pay back its loans (Producer P 2003). Therefore, the producers that decided to sign their farms as collateral are very much invested in the success of the cooperative as it is tied to their farm, the fundamental asset of their livelihood. Many of the farmers agreed to use their farms as collateral based on their hope that the cooperative would be able to earn more money through Fair Trade and alternative markets. The bank agreed to re-finance the debt so that the cooperative would have twelve years to pay back the debt. Despite the debt, the manager of CoopaBuena cooperative affirmed that the cooperative would do what it could so that the debt did not affect the producers' earnings: "No los afecta nada, no trasladamos la deuda al productor. Este año, no había perdidas"³⁴ (CoopaBuena Manager 2003). Despite this affirmation, the cooperative would be able to offer more services and provide increased stability and security for the producers if they were able to pay off their debt.

In order to assist both producers and cooperatives in times of low coffee prices, the National Fund for Coffee Stabilization (FONECAFE) was created in 1992 as a stabilization

³⁴ "It doesn't affect them at all, we don't confer the debt to the producer. This year, there weren't any losses."

mechanism. When coffee prices exceed \$92 per quintal (\$.92 per pound), the farmers give money to the fund which then accumulates for when the final liquidation price of coffee drops below the cost of production by more than 2.5 percent and farmers receive compensation from the fund (Varangis 2003:16). Another body has formed, UPANACIONAL, which is a union of small producers, cooperatives, and the Chamber of Coffee that is working to help restructure coffee producers' debt, which has been estimated to total \$120 million (Varangis 2003:16). Lastly, the Institute for Cooperative Development (INFOCOOP), has a trust fund which will purchase producer and cooperative debt from the banks and hold it for ten years, where the producers and cooperatives are expected to pay off the debt over time (Varangis 2003:16). A few of the cooperative members whom I spoke to reported that INFOCOOP was going to purchase part of their debt (Producer J and Producer R 2003). Similarly, INFOCOOP agreed to purchase 200 million colones (over \$500,000) of CoopaBuena's debt from the National Bank, where CoopaBuena would have more time to pay off their debt (CoopaBuena General Assembly 2003). Although these different schemes greatly help both the producers and the cooperatives in managing their debt, they are still left with a great financial burden to pay off in the long run. Debt accumulation is one of the central economic challenges that producers must overcome in order to provide for their families and achieve economic sustainability. In order to cover production costs, meet basic needs, and pay off debt, cooperatives must find viable markets for their coffee that provide the producer with a decent price and access to credit.

The Fair Trade Premium

Many producers see hope in the potential of Fair Trade, optimistic that they will eventually be able to pay off their debts and earn a fair price. The Fair Trade base price of \$1.26

per pound provides a premium above the conventional market price which allows producers to earn a higher price for the coffee sold on the Fair Trade market.³⁵ COOCAFE, the secondary cooperative which exports a portion of CoopaBuena's coffee along with eight other cooperative's coffee to the Fair Trade market, determines how the Fair Trade premium is distributed. In order to ensure that the producers and the cooperatives benefit most from the Fair Trade premium, COOCAFE registers the price of the Fair Trade coffee with the Costa Rican Coffee Institute (ICAFE) as \$72.74 per quintal, using the remainder of the Fair Trade price, \$53.26 per quintal (\$.53/lb.), to distribute as the premium from Fair Trade (COOCAFE R.L. 2002). COOCAFE determines how the premium is distributed. It is distributed in different percentages between the social capital fund, the development fund, the producers' fund, and the cooperative (Chacon 2003). The social capital fund comprises the internal capital which COOCAFE lends to its member cooperatives with an interest rate of 2 percent so that the cooperatives can finance internal projects and repairs to the beneficios (Chacon 2003). The financial manager of COOCAFE reports that CoopaBuena mainly uses the money from the social capital fund to finance the producers (Chacon 2003). The development fund finances the cooperatives for their own projects, while the money from the producers' fund goes straight to the producers themselves (Chacon 2003). Over the first ten years of COOCAFE's operation, beginning in 1988, COOCAFE distributed \$1,260,000 of Fair Trade revenues through the producers' fund, benefiting 4,000 coffee producers and their families (Ronchi 2002:7). Lastly, the percent of the premium received by the cooperative goes to pay coffee specialists, to provide for coffee processing, and to pay back the debt (Chacon 2003). A portion of the premium is also distributed to pay for exporting costs, to pay for some of the administrative costs of COOCAFE, to the Fundación Hijos del Campo, and to the Fairtrade Labelling Organisation (Chacon 2003).

Although the Fair Trade premium was distributed exclusively to the producer and the cooperative funds during the 2002-2003 harvest, it has varied between the four funds in the past. The chart below reveals how the premium was divided between the four funds (Chacon 2003).

Chart C: Distribution of the Fair Trade Premium by COOCAFE since 1996

Destination	96/97 Harvest	97/98 Harvest	98/99 Harvest	99/00 Harvest	00/01 Harvest	01/02 Harvest	02/03 Harvest
Social Capital	25%	25%	15%	0%	0%	0%	0%
Development Fund	15%	15%	15%	0%	0%	0%	0%
Producers' Fund	60%	60%	70%	0%	60%	60%	60%
Cooperatives	0%	0%	0%	0%	40%	40%	40%

Note: Since the price of Fair Trade was so close to the price of the conventional market during the 1999-2000 harvest, the full price of the Fair Trade sale was registered with ICAFE and there was no premium to distribute.

Since prices were so low during and after the 2000-2001 harvest, the distribution of the Fair Trade premium was altered to be exclusively funneled to the producer and cooperative funds. Both the Fair Trade premium and the stability of knowing that a certain percentage of one's coffee will earn a Fair Trade price of \$1.26 enabled cooperatives to remain open in times when many cooperatives are going bankrupt and closing. As mentioned earlier, Loraine Ronchi reported that 25 percent of the cooperatives in Costa Rica had closed since the beginning of Fair Trade in Costa Rica (1988) (Ronchi 2002:16). The manager of COOCAFE stated in 1999 that "Sin el mercado alternativo, tendremos nueve co-operativas cerrados" (Ronchi 2002:17).³⁶ Given the challenges which CoopaBuena has faced with debt and with managerial problems, the premium, earnings, and support through Fair Trade have helped CoopaBuena in its struggle to remain open.

The Fair Trade premium has helped benefit producers to varying degrees. One producer from CoopaBuena affirmed that "Comercio Justo ha sido bueno...da un premio al asociado y la

³⁶ "Without the alternative market, we would have nine closed cooperatives"

liquidación es más” (Producer I 2003).³⁷ Other producers noted that, because the volume sent to the Fair Trade market is so small, the premium does not make a large difference. Even the financial manager at COOCAFE noted that “el premio se nivela mucho” when it is combined with the earnings of coffee sold on the conventional market (Chacon 2003).³⁸ The amount of the premium varies from year to year depending on the current market price in comparison to the Fair Trade price and on the quantity of coffee that is sold on the Fair Trade market. CoopaBuena cooperative reported the following differentials in prices due to the Fair Trade premium:

Chart D: Additional Earnings for CoopaBuena Producers due to Fair Trade (1997-2002)³⁹
(Colones/fanega on top line with US dollars/lb. on bottom line)

Harvest Season	ICAFE Liquidation Price (excluding premium)	Final Liquidation Price (including premium)	Fair Trade Premium	Percentage Increase due to Fair Trade
97/98	26,635.38 \$1.10/lb.	26,800.00 \$1.11/lb.	164.62 \$.006/lb.	0.6%
98/99	20,011.58 \$.74/lb.	23,000.00 \$.85/lb.	2,988.42 \$.11/lb.	14.9%
99/00	20,556.18 \$.70/lb.	21,000.00 \$.715/lb.	443.82 \$.015/lb.	2.2%
00/01	14,127.68 \$.45/lb.	17,000.00 \$.54/lb.	2,872.32 \$.09/lb.	20.3%
01/02	13,881.80 \$.43/lb.	16,300.00 \$.50/lb.	2,418.20 \$.07/lb.	17.4%
Total (colones)	95,212.62	104,100.00	8,887.38	9.3%
Average (\$/lb.)	\$.68/lb.	\$.74/lb.	\$.06/lb.	8.8%

As can be seen from the chart, the price earned per fanega has been decreasing steadily since 1997, which is when coffee prices spiked on the world market. The amount the premium added to the liquidation price is disaggregated in the chart and varies from year to year. It fluctuates

³⁷ “Fair Trade has been good... it gives a premium to the associate and the liquidation price is higher.”

³⁸ “the premium evens out a lot”

³⁹ Exchange rates correspond to April 1st of that harvest year as calculated by <http://www.oanda.com/convert/classic>. For example, for the 97/98 harvest year, the April 1, 1998 exchange rate was used. Percentage increase due to Fair Trade is calculated using coffee prices in Costa Rican colones. The overall increase in earnings due to Fair Trade over the five harvests between 1997 and 2002 was calculated with colones and US dollars. With colones, the overall increase in earnings due to Fair Trade came out to be 9.3%, while the overall increase in earnings due to Fair Trade using US\$ came out to be 8.8%. This differential could be due to changing exchange rates depending on when the coffee was sold during the year.

each year depending on the price which coffee sold on the conventional market earned and on the amount of coffee which the cooperative is able to sell on the Fair Trade market. The percent increase in income due to Fair Trade provided a 20.3 percent increase in income in 2000/2001, while conferring only a 0.6 percent increase in income in 1997/1998. Over the five harvest years, Fair Trade amounted to a 9.3 percent increase in overall income for producers at CoopaBuena, with an average income of \$.74/lb. Depending on the year, a producer will produce 30 fanegas per hectare. If the producer has three hectares of coffee, he or she will produce about 90 fanegas. With a premium of 2,418 colones per fanega in 2002, this provides an extra 217,620 colones or about \$645 per year, which can be used for food, basic necessities, or school materials for children.⁴⁰ The Fair Trade premium does provide some benefit to the producers in trying to provide for their families, but an overall income increase of 9.3 percent due to Fair Trade from 1997-2002 cannot ensure that producers are able to provide for their families.

As the agricultural engineer at ICAFE stated, with Fair Trade, “No va a ser ricas, pero les permiten a subsistir” (ICAFE Agricultural Extension Agent 2003).⁴¹ One CoopaBuena producer commented that the Fair Trade premium “afecta un poquito...no se ve mucho, pero sí, nos ayuda” (Producer R 2003).⁴² Indeed, Fair Trade does help producers provide for their families and cover production costs, but it is not a panacea for coffee producers. In another Fair Trade cooperative in Central America, producers also struggled in spite of the increased income from Fair Trade: “Fair Trade participation cannot be said to transform producer families’ situation...the income increases from Fair Trade are insufficient by themselves to ensure the survival of the family” (Taylor 2002:20). Thus, although Fair Trade does provide an additional

⁴⁰ Using the April 1, 2002 exchange rate.

⁴¹ “They are not going to be rich, but it allows them to subsist.”

⁴² “affects a little...you don’t see a big difference, but yes, it helps us.”

income via the premium to help producers provide for their families, the impact varies from year to year. Despite the extra income from Fair Trade, coffee producers at CoopaBuena still reported that they had problems covering basic necessities and maintaining their farms. On its own, the increased earnings from Fair Trade will help coffee producers, but are not enough to raise their quality of life substantially or to ensure that the basic needs of the producers' families are provided for.

The Fair Trade Quota

Since the market for Fair Trade coffee is still a small portion of coffee consumption, the demand for Fair Trade coffee is well exceeded by its supply. Although the registered capacity which Costa Rica can export as Fair Trade coffee is 41,000 bags, only 16,000 bags are exported on the Fair Trade market from Costa Rica since demand for Fair Trade coffee is not higher (Varangis 2003:16). Fair Trade coffee exports total only 0.9 percent of total coffee exports from Costa Rica (Varangis 2003:14). COOCAFE has been able to sell a portion of the coffee that it obtains from its member cooperatives on the Fair Trade market, while the other portion is sold to conventional markets (COOCAFE R.L. "Políticas de manejo de sobreprecio"). The chart below lists the percentage of coffee that has gone to the Fair Trade market each year from COOCAFE and its member cooperatives (COOCAFE R.L. "Políticas de manejo de sobreprecio").

Chart D: Percent of COOCAFE's Coffee Sales Going to the Fair Trade Market (1993-2002)

Harvest	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02
Percentage going to the Fair Trade Market	55.4%	56.5%	51.8%	48.4%	49.1%	63.9%	29.4%	45.9%	41.3%

Since the Fair Trade market is not big enough to sell the total volume of coffee that is produced by Fair Trade cooperatives, COOCAFE cannot sell all of the coffee it receives on the Fair Trade market and, as a result, about half of their coffee is sold on the conventional market depending on the year. The percentage varies from year to year according to what Fair Trade markets COOCAFE can successfully access to sell its coffee and to what the conventional market price is. When the conventional coffee price is substantially lower than the Fair Trade price, it will often be harder to sell a great volume on the Fair Trade market since the price differential for importers is so great. The cooperatives making up COOCAFE give only a portion of their coffee to COOCAFE. The quantity of a cooperative's coffee that goes to the Fair Trade market is determined by COOCAFE based on the cooperative's fidelity to COOCAFE and the amount of coffee they produce (Chacon 2003). Fidelity to COOCAFE means that if the cooperatives wait to sell their coffee in August, six months after the harvest when the prices are higher, they will get a higher quota than if they sell their coffee immediately after the harvest in January or February (Chacon 2003). However, this portion sold on the Fair Trade market is still only a fraction of the coffee that CoopaBuena produces, meaning that the rest of the coffee is sold on the conventional market, earning a price well below the Fair Trade price.

As previously discussed, in the 2001-2002 harvest, CoopaBuena sold only 13 percent of their total production on the Fair Trade market since the market for Fair Trade coffee is still such a small percentage of coffee sales on the world market (CoopaBuena R.L. 2003). This was the lowest percentage of total coffee volume going to Fair Trade since CoopaBuena joined COOCAFE. The following chart shows the percentage of coffee volume which was sold on the Fair Trade market by CoopaBuena cooperative (COOCAFE R.L. "Cooperatives Afiliadas: Distribución de ventas").

Chart E: Percent of CoopaBuena’s Coffee Sales to the Fair Trade Market (1993-2002)

Harvest Year	93/94	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02
% of coffee to Fair Trade	27.5%	42.4%	36.3%	28.7%	35.7%	29.6%	14.6%	24.7%	13.3%

The percentage of coffee going to the Fair Trade market from CoopaBuena has decreased substantially in the past few years. This is in part explained by the fact that the amount of coffee that CoopaBuena now processes has grown in the past few years because they have had more members join the cooperative in the past few years. From the 2000/01 to the 2001/2002 harvest, the amount of coffee processed by CoopaBuena grew by 34 percent (CoopaBuena General Assembly 2003). Members have joined the cooperative because a couple of the private *beneficios* went bankrupt in the area. I also speculate that members have joined the cooperative because of the prices that it provides to its producers, which are in part due to Fair Trade. However, although CoopaBuena has increased its production volume and its membership in the past few years, the quota which CoopaBuena sends to the Fair Trade market has not increased to meet this increase in production due to the fact that the Fair Trade market is not large enough to handle this volume.

Producers noted the small amount of coffee sales going to Fair Trade as one of the greatest barriers to obtaining benefits from Fair Trade: “No se nota la diferencia. La cantidad de café (que va al Mercado Justo) es muy poca. Si era toda la cosecha, ayudaría.” (Producer Q 2003).⁴³ Another producer also acknowledged that the low percentage of volume entering the Fair Trade market was a barrier to any benefits conferred onto producers from Fair Trade: “No hay un futuro en eso (Comercio Justo)...(los beneficios) no va a llegar a muchos socios.

⁴³ “You cannot notice the difference. The quantity of coffee (that goes to Fair Trade) is very little. If it was all the coffee harvest, Fair Trade would help.”

...Comercio Justo necesita vender más” (Producer P 2003).⁴⁴ When the volume of coffee entering the Fair Trade market is only 13 percent, the benefits for each producer become proportionately smaller. This means that Fair Trade producers will not necessarily earn enough from their coffee plots to provide for themselves and their families: “the price a member received may not actually be that which has been determined as being necessary to permit adequate living conditions” (Taylor 2002). If producers received the \$1.26 per pound for all their coffee, this would provide a greater contribution to economic sustainability and to the livelihoods of producers. However, since the Fair Trade market is not large enough to allow producers to sell all of their coffee at this price, even Fair Trade producers are struggling to make ends meet and provide for their families.

Financing and Access to Credit

Research on the benefits of Fair Trade reveal that access to pre-financing and credit are one of the principal advantages of participating in Fair Trade. As a part of Fair Trade contracts, the Fairtrade Labelling Organization maintains in its standards that, “in the case of contracts with fixed prices the buyer shall make available 60% of the contract, on the request of the seller” (Fairtrade Labelling Organization “Fairtrade Standards for Coffee”). Since COOCAFE maintains Fair Trade contracts, banks know that COOCAFE is in good standing and will provide financing to COOCAFE, whereas other cooperatives will not be able to receive financing from banks. At one bank in Orlando, they provide two million dollars to COOCAFE, which COOCAFE then uses to finance the cooperatives (Chacon 2003). COOCAFE also registers its Fair Trade contracts with a bank in Panama that will pay 80 percent of the contract in advance to

⁴⁴ “There is no future in this (Fair Trade)... the benefits are not going to reach many associates...Fair Trade needs to sell more coffee.”

COOCAFE (Chacon 2003). This allows COOCAFE to partially finance its member cooperatives throughout the year. COOCAFE gives financing to the cooperatives three times per year: during the pre-harvest so cooperatives can finance producers to buy inputs for the coffee, during harvest time at the recollection of the coffee, and when the final liquidation is announced and the cooperatives must pay its members in full (Chacon 2003). This financing provided by COOCAFE allows cooperatives to finance their own members throughout the year, so that they can pay for production costs and provide for their families. However, the finance payments provided by COOCAFE to the cooperatives do not cover the full finance payments which the cooperatives must supply to its members, so they must also look for other sources of financing.

With the added credibility of Fair Trade, cooperatives such as CoopaBuena can present their participation in Fair Trade to other credit agencies and banks when requesting loans and financing (Chacon 2003). Cooperatives involved in Fair Trade are seen as having greater market security, which gives them greater credibility with banks (Taylor 2002). Fair Trade certification gives cooperatives “a certain prestige since it is assumed that the organization is subject to external monitoring and also demonstrates initiative and a capacity to enter new market niches” (Aranda and Morales quoted in Murray 2003:7). When banks observe that the Fair Trade cooperatives often have long-term trading relationships that provide a higher price and a greater stability in earnings, the banks are more willing to lend money to the cooperatives during a time when banks are refusing to lend money for coffee production. The ability to obtain financing and credit is essential for a cooperative to be successful and provides a key benefit of participation in Fair Trade. In order for cooperatives to move towards economic sustainability, they must have access to financing so that they can provide their producers with financing to

produce a quality coffee crop. Financing also provides security to cooperatives and producers, which contributes to the stability of producers in coffee production.

Although producers from both CooprosanVito and CoopaBuena struggle to cover production costs, meet basic needs, and pay off debt, Fair Trade provides concrete benefits to the producers at CoopaBuena which gives them an advantage in facing these challenges. However, participation in Fair Trade does not ensure that all producers will be able to make ends meet and provide for themselves and their families. Although interviewees recognize Fair Trade as integral to the cooperative, they also recognize that they must be able to send more coffee to the Fair Trade market if Fair Trade is to have a substantial impact on the producer. The manager of CoopaBuena cooperative affirmed that Fair Trade “es la única alternativa, necesita aumentar el mercado justo. Hemos tenido más recursos y mejores oportunidades socioeconómicas. Comercio Justo da un valor agregado” (CoopaBuena Manager 2003).⁴⁵ Even though the manager sees Fair Trade as the only alternative to ensure that producers earn a fair price, he also acknowledged that Fair Trade has not been a sufficient help to the cooperative and the producers (CoopaBuena Manager 2003).⁴⁶ Although Fair Trade does provide benefits through increased incomes, access to financing, and economic stability, producers still struggle to cover the cost of production and to make ends meet. Even in times of low coffee prices and challenge, producers still manage to hold onto their hope that their situation will improve. One CooprosanVito producer maintained that, although income from coffee does not cover costs, he just gives thanks to God that we are alive (Producer H 2003). In spite of the challenges that coffee farmers face,

⁴⁵ “it is the only alternative, we need to increase the Fair Trade market. We have had more resources and better socioeconomic opportunities. Fair Trade provides an added value (premium).”

⁴⁶ “it is insufficient. We have to sell farms in order to help the producers.”

many farmers echoed this same theme of hope, relying on optimism and faith even in the face of challenge and hardship.

Chapter Seven

Social Sustainability

In order to be socially sustainable, coffee production must contribute to the quality of life of coffee producers and the individuals who work on coffee farms, as well as the stability of communities and organizational structures. One of the central requirements of Fair Trade certification is that the revenues from Fair Trade must promote the social and economic development of certified producers (Fairtrade Labelling Organisations International “Fairtrade Standards for Coffee”). Due to their democratic and participatory nature, cooperatives can provide needed services to producers. In collaboration with coffee producers and other organizations, cooperatives can initiate and sustain community projects that bring social benefits to producers and their families in order to counter the hardships that producers face during times of low coffee prices. The main social problems which coffee producers face stem from unemployment and an inability to comply with hired labor standards, health complications from the use of agrochemicals, and forced migration due to a lack of economic opportunities. Although Fair Trade cannot solve these problems on its own, it can provide increased opportunities to rural communities by enabling rural children to attend school and by helping coffee cooperatives gain the skills to enter better markets.

Unemployment and Labor Standards

In rural areas, coffee production provides many economic opportunities for Costa Ricans. Two hundred thousand individuals, 28 percent of the rural labor force in Costa Rica, work at a job that is related to coffee production (Varangis 2003:8). However, since coffee prices began to decrease, there has been a decline in employment in the coffee sector. In Central America,

during the 2000/2001 crop season, there were 1.7 million seasonal workers and 350,000 permanent workers in the coffee sector (Varangis 2003:9). During the 2001/2002 crop season, the number of seasonal workers declined by 21 percent to 1.35 million and the number of permanent workers in the coffee sector declined by 54 percent to 160,000 (Varangis 2003:9). In Costa Rica, the number of individuals permanently working in the coffee sector has decreased as farmers have been forced to sell their farms or find alternative economic opportunities. Those farmers that have remained in coffee production have found it difficult to hire individuals to work on their farms during the year due to a lack of money (Producer F 2003). In order to cope with the inability to hire labor, many small coffee producers will rely on family labor to work on the farm and to harvest the coffee. For those who do not have big families or family members who can work on the farm, it is difficult to pay for an adequate number of individuals to harvest the crop or to work on their coffee plot for weeding, pruning, and other activities. If coffee producers cannot afford hired labor, farmers could lose part of their crop, thus reducing their earnings further.

In Costa Rica, employers are required to pay a minimum wage to their employees and pay social benefits for contracted labor. Fair Trade requirements also specify that producers must pay a minimum wage to individuals employed on their farms: “Salaries are in line with or exceeding regional average and official minimum wages for similar occupations” (Fairtrade Labelling Organizations International “Fairtrade Standards for Coffee”). However, without the capital to pay for labor, farmers will often pay lower wages to their employees and/or fail to pay any benefits to the workers. During the harvest season, many of the coffee producers in the region of Coto Brus will hire indigenous Panamanians to pick their coffee, since Coto Brus is on the border with Panama. Farmers will pay the coffee picker the set price, which is determined by

the Costa Rican Ministry of Labor at 312 colones per cajuela (6240 colones per fanega) (ICAFE Agricultural Extension Agent 2003). However, many of the producers reported that they paid only 300 colones per fanega (6,000 colones per fanega) (Lawson 2003).⁴⁷ Although this is only a 62 cent difference per fanega, it is still below minimum wage and adds up over the course of the harvest season.

Similarly, the coffee producers reported that they did not pay social benefits to coffee pickers or to the individuals who they contracted as labor for pre-harvest activities such as pruning and applying agrochemicals. Two of the producers at CoopaBuena reported that they hired casual labor occasionally to help maintain the coffee plot, but did not pay social benefits (Producer M and Producer P 2003). One of the producers said that he would hire one or two people for a couple of days, paying them 2,000 colones for six hours (about 85 cents an hour), while he said that some others would only pay 1,000 colones for six hours (about 43 cents an hour) (Producer M 2003). The agricultural engineer at the extension office of ICAFE reported that, although some people pay below the minimum wage because they do not have enough money to pay the full salary, others would pay below the minimum wage because there are many people who are unemployed and will accept the lower pay (ICAFE Agricultural Extension Agent 2003). Since employees are being hired for such short periods of time, producers will often not register the labor or pay social benefits, so they are free to pay what the employee will accept, which could be lower than the minimum wage. In the case of CoopaBuena, it became clear that, even though the producers are required to pay a minimum wage to their employees to participate in Fair Trade, when it came to hiring seasonal and casual labor, minimum wage and social

⁴⁷ The agricultural extension agent at the Institute of Coffee reported that the price per cajuela had gone up from 300 to 312 colones per cajuela within the past couple of years. I do not know if producers paid 300 colones per cajuela because they did not realize the minimum price had gone up or if they knowingly paid the lower price of 300 colones per cajuela to their coffee pickers.

benefits were not necessarily received by the hired labor. This leads to further instability in the coffee sector as farmworkers in coffee are often not paid stable or sufficient wages to provide for themselves and their families. In order to improve the sustainability of coffee production, coffee producers must earn a fair price in order to ensure that farmworkers are guaranteed a minimum wage and social benefits.

Health Problems in Coffee Production

Heavy use of agrochemicals in coffee production has caused a variety of health problems for coffee producers, diminishing their ability to live healthy lives and provide for their families. Intoxication and poisoning from pesticides is a danger to health, as the World Health Organization reported in 1998: “each year, over 3 million agricultural workers, primarily in the developing world, suffer from acute, severe pesticide poisoning” (Sanderson 2001:3). The pesticide, herbicide, insecticide, and fungicides used in coffee production are often toxic and can cause great health problems when inhaled or when they come in contact with skin or eyes. Two commonly used herbicides in coffee production are paraquat (also called Gramaxone or Quemante) and glyphosate (Roundup, Randol, Rambo, Evigras) (Sanderson 2001:11). Paraquat has been reported to cause lung hemorrhage, kidney and liver damage, nervous system dysfunction, and even death, while glyphosate has been known to cause vomiting, diarrhea, hypertension, shock, coma, and death (Sanderson 2001:12). Agrochemicals can cause severe health problems, especially because many coffee producers do not use safety precautions. Several individuals reported that they did not use safety equipment when applying agrochemicals because it is unpractical to wear protective layers in the warm climate because producers will overheat. Also, goggles will get fogged up in hot weather. One individual working at

CooproSanVito said that some producers would eat while using or right after using agrochemicals which would then allow the chemicals to enter into their bodies (CooproSanVito Técnico 2003). Even worse, some producers would smoke as they were spraying agrochemicals, which would facilitate the absorption of the chemicals into their lungs (CooproSanVito Técnico 2003). The application of agrochemicals makes producers more vulnerable to a variety of health problems, which are compounded by the failure to use adequate protection equipment.

When applying chemicals, coffee producers report that they feel hot, often get headaches, and will have irritated eyes, sweats, and dizziness (Producers M, O, P, and R 2003). The sight of one producer from CooproSanVito was affected by the use of agrochemicals (Producer D 2003). Although many of the producers at CooproSanVito did not report health problems in relation to the use of agrochemicals, one producer at CoopaBuena insisted that everyone who grows coffee has had problems with agrochemicals because they are “tremendamente fatal,” tremendously fatal (Producer O 2003). He also reported that he could smell the agrochemicals from the coffee field above his house and that the smell would waft down to his house at night and keep him from sleeping (Producer O 2003). Another producer from CoopaBuena reported that he was intoxicated three times by agrochemicals and had to go to the hospital each time since the agrochemicals went through his skin while he was spraying them (Producer P 2003). He says his body has lost its defense against agrochemicals and that he must now hire labor to apply agrochemicals (Producer P 2003). However, hired labor for coffee producers does not use protection equipment either, thus contributing further to health problems caused by agrochemicals. In addition to the harmful effects of herbicides and pesticides on the producers themselves, nitrate contamination from fertilizer use can also pose a threat to health in the entire community:

Heavy synthetic fertilizer inputs in coffee have contributed to nitrate contamination of drinking water in aquifers in Costa Rica, with the documented groundwater pollution in some cases exceeding World Health Organization levels.... Other human health concerns surrounding nitrate contamination of groundwater include suspected links between nitrates and certain cancers, birth defects, hypertension, and developmental problems in children (Rice and Ward 1996).

When agrochemicals from coffee plots seep into the groundwater and into rivers and streams, the whole ecosystem is affected and communities are put at risk for health problems if they consume contaminated water. Female members of coffee producing households can also be affected by agrochemical use, as they are most often the ones who are washing the contaminated clothing used during the spraying of agrochemicals. Agrochemical use directly affects not only coffee producers' health and lives, but also the health of their families and communities.

To reduce the health effects of agrochemicals, farmers must understand the risks associated with agrochemical use and know how to carry out alternative techniques on their coffee farms. Although agrochemical containers have safety labels attached to the bottle on how to handle the chemical, many producers do not read or follow the safety precautions on these labels. Extension agents and cooperatives play a role in informing producers about the human and environmental health effects of agrochemical use. Both CoopaBuena and CooprosanVito have held workshops on how to manage coffee production. The management at CoopaBuena highly emphasizes a switch to more sustainable production practices that emphasize organic production methods that would reduce risks to human health and degradation of the environment.⁴⁸ Thirty-five producers at CoopaBuena have formed a group of producers that are working together and collaborating as they transition to organic production techniques. This will enable them to avoid health risks, promote environmental sustainability, and earn a better price for their coffee. The surest way to reduce detrimental health problems from agrochemical use is

⁴⁸ This will be discussed further in the next chapter on Environmental Sustainability.

to reduce application of agrochemicals themselves. By changing the culture of coffee production, producers can make coffee production more sustainable and reduce health risks.

Migration of Coffee Producers

Migration from coffee producing areas is also a challenge to the social sustainability of rural communities and families. Low coffee prices and a lack of other economic opportunities in rural areas have led many farmers and their families to look for alternative opportunities in urban areas: “a crisis in the [coffee] sector creates social imbalances, a general downturn in the rural economy, accelerated migration to urban areas and other countries, and potential for instability” (Varangis 2003:9). Since rural areas in Costa Rica are entrenched in coffee production, fluctuating coffee prices leave many coffee producers with no alternative but to migrate to another area. Migration can take different forms. Frequently one or two, generally male, members of the family will migrate to urban areas or to another country, often the United States, in order to earn an income outside of coffee production. Members of the family who move to cities or to developed countries to earn money will return remittances to the family in order to pay back debts and to cover basic necessities. Some individuals will stay for one or two years to earn enough money to pay back a debt and then come home, while others will leave their homes permanently. Many families in Costa Rica had a relative who was living in the United States and sending remittances back to Costa Rica. Several of the producers I met at CoopaBuena had worked for a period of time in the United States. One man that worked for CooprosanVito transporting the coffee had worked in New Jersey doing a mix of construction and trucking work for fourteen years (CooprosanVito Personnel C 2003). He estimated that there were 250,000 Costa Ricans living and working in New Jersey (CooprosanVito Personnel C 2003). For many

Costa Ricans, the United States is an ideal place where they can go to earn money in order to ensure that their family stays on the farm: “The United States is considered the ultimate destination: unskilled jobs are plentiful, wages are high, and an industrious and frugal worker can save, by Costa Rican standards, a lot of money” (Sick 1999:119). Remittances from family members in urban areas or developed countries have become increasingly important as coffee earnings are not adequate for families to live on. However, when family members such as husbands and fathers migrate elsewhere, this can lead to the disintegration of the family unit and of social structures in the community. Migration of family members creates a strain on the community and is not sustainable in the long run. Individuals in rural areas need viable economic opportunities in order to provide for their families and their farms.

In some cases, the entire family will be forced to sell their farm and migrate from the rural area to urban areas in an attempt to find employment in the cities. One of the women working for CooprosanVito reported that many families had migrated to other areas during the 2000/2001 and 2001/2002 harvests, but that during 2002/2003, this had stabilized as the producers that could not survive on such low prices had already left the region (CooprosanVito Personnel A 2003). The manager of CoopaBuena estimated that about 25 percent of families had migrated from the area (CoopaBuena Manager 2003). He also said that 38 percent of families would migrate to other areas of the country during December, January, and February to work at another job such as cutting Indian cane or picking coffee, before coming back to their farms when the new school year begins again (CoopaBuena Manager 2003). The adjustment to urban areas also places strain and tension on families as they must adjust to new challenges and environments. Despite CoopaBuena’s participation in Fair Trade, there are still several individuals who have migrated to the U.S. or to urban areas to earn money for their family, as

well as many families who have been forced to leave the area since they cannot make ends meet with coffee production. Forced migration due to a lack of employment opportunities has grave social consequences on rural families and rural areas. In order to reduce migration, which can lead to the disintegration of the family, it is necessary to make coffee production a more viable livelihood and to ensure the creation of more employment opportunities in rural areas.

Providing Educational Opportunities to Rural Children

Fair Trade makes a contribution to the social sustainability of coffee producers by providing increased educational opportunities to rural children and by providing training and information that helps cooperatives enter into new markets. In order to provide greater opportunities to the children of coffee producers, the Fundación Hijos del Campo (the Rural Children's Foundation) was created in 1996. Hijos del Campo provides scholarships to secondary and university students, as well as money for schools. The foundation gives scholarships to 207 secondary students a year of about \$130 which goes to pay for books and school materials, as well as to 63 students for university studies, providing \$280 per student (Fundación Hijos del Campo 2003). Half of the scholarship is a donation, while the other half is a loan which the students must pay back at the end of the school year and which is used to fund future scholarships (Ronchi 2002:8). Scholarships are divided equally between male and female students (Ronchi 2002:8). In addition, Fundación Hijos del Campo provided 81 schools with scholarship money of about \$615 each to purchase teaching materials and equipment and for schoolhouse renovations (Fundación Hijos del Campo 2003). Each cooperative receives 23 secondary school scholarships, seven university scholarships, and nine school scholarships (Fundación Hijos del Campo 2003). These scholarships are funded by the income from Fair

Trade and from donations. Of the coffee exported on the Fair Trade market by COOCAFE, fifty cents per quintal (100 pounds) goes to Hijos del Campo, while 27 cents per pound of their brand Café Paz goes to Hijos del Campo (Ronchi 2002:8). The organization Coffee Kids based in New Mexico also provides a substantial donation to Hijos del Campo (Hijos del Campo 2003). These scholarships are very helpful to students, especially in times of low coffee prices when it is a strain for families to send their children to school.

Several producers mentioned scholarships as one of the benefits that CoopaBuena provided as a part of COOCAFE and Hijos del Campo. CoopaBuena's Education Committee selects who receives the scholarships. Although one member of the cooperative reported that scholarships went to the students with the least resources, another member complained that there are preferences in who receives scholarships citing that children of the people who work at the cooperative will often receive the scholarships (Producer L 2003). Also, because of problems with CoopaBuena's Education Committee, the portion of the scholarship money which is given as a loan was not paid back in 2002 and the students from CoopaBuena were not eligible for scholarships in the following year (Castro 2003). However, Hijos del Campo still provided scholarship money to the schools in the region (Castro 2003). It is a great benefit to the students of CoopaBuena producers to have access to personal and school scholarships in times when coffee prices are low. In contrast, CooprosanVito had to stop giving out scholarships to the children of their members when coffee prices decreased as they did not have the capital to do so due to the coffee crisis (Producer A 2003). The scholarships provided to children at CoopaBuena will allow them to continue their education and have access to greater opportunities in the future.

Access to Training and Support for Cooperatives

COOCAFE also helps to provide workshops and training for the cooperative management and producers, as well as to provide support when entering into other markets. COOCAFE, in conjunction with the Fundación Café Forestal, holds workshops and seminars for producers about sustainable coffee production (Producer N 2003).⁴⁹ COOCAFE will also provide technical training to the agricultural engineer of the cooperative to help him recognize diseases, evaluate coffee plots, and recommend treatments for the coffee (Chacon 2003). It also provides accounting help to the financial management of CoopaBuena. COOCAFE visits CoopaBuena at the beginning of the harvest to check on the quality of the coffee and to taste the coffee in order to make recommendations for improvement (Chacon 2003). The training and workshops provided by COOCAFE as a part of Fair Trade help promote better management of coffee production and better administration in the cooperative.

One of the key benefits of participation in Fair Trade is that, through help from COOCAFE, CoopaBuena has better information and understanding of the coffee market, which allows the cooperative to enter into better markets to sell their coffee. CoopaBuena is marketing a new coffee label with help from COOCAFE called Café Brumas, which is a specialty coffee grown at a high altitude (CoopaBuena Board Meeting 2003). With the market and export information they are able to obtain from COOCAFE, CoopaBuena is trying to sell this specialty coffee for a price above the conventional market to Germany and Japan. COOCAFE has helped CoopaBuena to market their coffee by providing transparent information about coffee markets: “Fair Trade has helped producer organizations learn about coffee marketing, permits, bureaucratic procedures, export/import transactions, and multiple certifications” (Taylor 2002). By participating in Fair Trade, producers have increased their understanding of markets, export

⁴⁹ See Environmental Sustainability chapter for more information on environmental workshops.

laws, and commercialization strategies which has enabled them to find better market opportunities for the coffee which does not go to the Fair Trade market. The ability to market one's own coffee is essential for both the economic and social sustainability of the cooperatives.

Participation in Fair Trade cannot solve the social problems which CoopaBuena cooperative members face such as unemployment and hired labor, health complications, and forced migration. When faced with these challenges, Fair Trade has not necessarily provided the added development potential that would enable producers to provide for their families, remain on their farms, and provide social benefits to hired labor. Although Fair Trade cannot eliminate these problems without complementary community development initiatives, it does help CoopaBuena farmers and their families achieve greater access to certain opportunities which CooprosanVito producers do not have access to. While CoopaBuena producers' children will have better opportunities for employment through increased access to education, coffee producers will be able to earn a better price with the market information and commercialization assistance that they receive through Fair Trade. Although it is a gradual process, Fair Trade does contribute to development by opening up new opportunities and possibilities through which community members can empower themselves to access educational opportunities and new markets.

Chapter Eight

Environmental Sustainability

“We have never taken care of the land and all we have wanted to do is plant things and grow things without understanding that this land, year by year, is going to lose the balance that allows it to maintain a healthy system...The earth she needs to be taken care of, to be protected...and more than anything, we need to help her and return to her what she has given us” (Vadakan 2000:14).

~CoopaBuena Producer, 1999

Farmers realize the strain that coffee production places on the land year after year if it is not taken care of using techniques that promote environmental protection. Environmentally sustainable production is essential to the long-term viability of coffee production. Without taking care of the environment and the farming system, producers will not be able to grow quality coffee or produce adequate yields. Unless coffee producers implement environmentally sustainable production practices, they will not have a livelihood in the future. Although there are numerous challenges to environmental sustainability, this chapter will focus on three key elements in environmental sustainability and farm stewardship: sustainable methods of pest and disease control, conservation of biodiversity and forests, and disposal of wastes from coffee processing. When sustainable techniques are applied to address these three elements, farmers can begin to avoid environmental degradation and move towards an ethic of environmental sustainability.

Sustainable Methods of Pest and Disease Control

Coffee producers face a challenge in converting to sustainable methods of pest and disease control as many farmers have used agrochemicals all their lives as a remedy for pests and diseases. Until recently, sustainable coffee production techniques have not been part of the culture and mentality of coffee production. Coffee producers would rely upon heavy

applications of agrochemicals in order to obtain high yields and to protect the coffee from pests and diseases. However, over the years, many farmers realized that the heavy application of agrochemicals led to the degradation of soils, contamination of the environment and the groundwater, and health complications for farmers and their families. Heavy application of agrochemicals used for pest and disease control can lead to ecological imbalance. Soils affected by heavy agrochemical application cannot cycle nutrients as readily and soil fertility is affected: “over-application [of pesticides] can eliminate insects and micro-organisms that play vital roles in the enhancement of soil productivity and plant nutrition” (Rice and Ward 1996). Without the insects and micro-organisms that improve soil productivity and maintain a balanced ecosystem, coffee plants become more vulnerable to pests, diseases, and nematodes (Bornemizsa 1999:97). This leads to a cycle of increased agrochemical application, which further throws off the ecological balance of the farming system. In order to create a more stable ecosystem, a shift to biological controls and organic techniques can create a system that is more balanced and less vulnerable to pests and diseases, while at the same time lessening the degradation of the environment and the farm.

Although organic production is more environmentally sustainable and has the potential to earn higher revenues due to the low costs of organic inputs, the use of agrochemicals has been ingrained in the coffee culture of Costa Rica and there are many challenges and risks that producers face when transitioning to organic techniques. Many producers cited that one of the biggest obstacles in transitioning to organic was that they were not familiar with organic practices so they do not know what remedies to use in organic pest and disease control. Without this knowledge, farmers will rely on the use of agrochemicals as they are more familiar with them. Organic production also requires more labor hours in order to make organic sprays,

compost, and implement organic techniques, which coffee producers do not always have: “To conserve the soil you have to use more complicated techniques... contoured rows and all of that ... and you end up losing a lot of time. As a campesino with limited resources, you would have to hire a worker and pay him to put in these things” (CoopaBuena Producer quoted in Vadakan 2000:10). In addition to the extra labor costs, there is a risk that producers might lose part of their crops to pests and diseases the first couple of years that they are in transition to organic as they are not using the same pest and disease control methods. Although organic coffee earns a higher price which makes up for the lower yields of organic production methods, farmers must have practiced organic techniques for three years in order to become certified organic. Therefore, during these three years of transition, the farmer is earning the regular conventional coffee price with the lower yields produced by organic agriculture. In a time of low coffee prices, organic coffee farmers will often be at an even greater disadvantage in providing for their families until they become certified after the third year: “This situation might seem to open an opportunity for organic coffee farming, but organic methods are relatively new in Costa Rica, and few farmers can afford the considerable risks involved: yields are lower and potential losses from disease and pests are greater” (Sick 1999:106). Since there is a risk involved in the transition to organic and since producers are often not well informed in how to implement organic techniques, they are often hesitant to make the commitment to organic production as they fear this will also decrease yields and, therefore, earnings.

In the long-run, sustainable production techniques enable producers to cover the cost of production and avoid environmental degradation and health complications from agrochemicals. Although coffee fields using agrochemicals often produce higher yields than organic coffee fields, the production costs of using agrochemicals are higher, subsequently diminishing profits.

For one kilogram of coffee, production costs are estimated at \$1.24 for technified coffee (\$.56 per pound), \$1.14 for semi-technified coffee (\$.52 per pound), and \$.85 for traditional (organic and shade-grown) coffee (\$.39 per pound) (Perfecto 1996:599). One study found that, with the implementation of organic techniques, there was higher net revenue:

Despite lower total income, organic coffee production resulted in a significantly higher net revenue (approximately \$350.00/ha.), in part because of the lower production costs. Furthermore, when externalities generated by environmental costs associated with coffee production (e.g., pesticides and soil erosion) were incorporated into the analysis, the differences in net revenue between organic and non-organic production increased (Boyce quoted in Perfecto 1996:600).

Since organic coffee earns a higher price than conventional coffee and requires less expensive material inputs, it will earn a higher net revenue. However, for the reasons mentioned above, it is often a challenge for producers to implement these techniques as they are not familiar with organic production methods and because the first three years of transition to organic entails a greater risk since coffee yields are lower but still receiving the conventional price. At CooprosanVito, personnel estimate that about 95 percent of the producers bringing coffee to the cooperative use agrochemicals and that the other five percent have “ecological coffee,” which means a minimal use of agrochemicals only if pests or diseases are out of control (CooprosanVito Personnel A 2003). Of the eight CooprosanVito producers interviewed, everyone reported that they had used agrochemicals in the past, although one reported that he was considering implementing more organic practices (Producers A-H 2003). Two of the producers reported that they could not afford agrochemicals anymore since coffee prices were so low, so they are not using them temporarily (Producer E and Producer H 2003). When asked what CooprosanVito had done to promote a change to more sustainable coffee production practices, the head of the roasting department replied “Not much” (CooprosanVito Personnel A 2003). She noted that with more organic practices, there is a lower production and that

sustainable practices require more labor (CooproSanVito Personnel A 2003). At CooproSanVito, there is little incentive to implement more organic practices because all of their coffee is processed using the same machinery and it is expensive to buy separate equipment to process the organic coffee. Since the organic coffee would not be processed separately, the organic producers would not be able to earn an organic price as the organic coffee would get mixed in with the conventional coffee. Without the ability to earn the higher organic price, producers often feel that they are too vulnerable to the low coffee prices and market fluctuations to take the risk of implementing organic techniques.

At CoopaBuena, they were just installing separate machinery to process the organic coffee produced by its members in May 2003. This provides the producers with an incentive to transition to organic because they know that the coffee will be processed separately and that they can earn a higher price for it. In 2003, there were thirty-five producers working on a transition to organic farming, while others were working on implementing more sustainable techniques that relied less heavily on agrochemicals and chemical fertilizers. This group holds workshops for the producers and has funding from outside organizations in order to assist them in the transition to organic production.⁵⁰ The manager of CoopaBuena also cited that many producers are eliminating the use of agrochemicals because they do not have the money to pay for them, so “the producer learns to search for other alternatives” (CoopaBuena Manager 2003). The cooperative also has a model farm which is fully organic and which incorporates shade trees and other sustainable production techniques. Since CoopaBuena has an established support system for producers looking to implement sustainable techniques and the ability to process the organic coffee separately, their members are more likely to make the transition to more sustainable

⁵⁰ When I was at CoopaBuena in 2003, they were working on writing a grant to obtain resources to help the “organic group” of farmers to transition to organic practices.

practices. Through support, trainings, and workshops led by the cooperative and other organizations, producers would have the tools, knowledge, and motivation to shift towards more sustainable production methods.

Conservation of Biodiversity and Forests

As one of the world's biodiversity hotspots, Costa Rica and its environment are integral to the preservation of many species and ecosystems. Coffee production is an important factor in maintaining biodiversity and a stable ecosystem, as "many coffee growing areas are particularly fragile ecosystems since they are located at high altitudes on mountain slopes" (Varangis 2003:54). Fragile ecosystems have been exacerbated by the impacts of technification of coffee production and by the destruction of rainforest to plant coffee crops. However, coffee, if grown in a traditional manner under an overstory of trees, can preserve much of the biodiversity contained in the rainforest: "the density and diversity of birds in sun coffee plantations is approximately half that in traditional coffee plantations" (Perfecto 1996:604). To ensure biodiversity and forest conservation, producers can plant shade trees, especially native species, in their coffee fields to provide a home for birds, animals, insects, microorganisms, and native flora. The use of shade trees also contributes to soil conservation, reduced weed growth, and a balanced ecosystem with reduced need for agrochemicals, as well as enhanced coffee quality (Rickert 2002:13). The fruits and wood derived from shade trees can also become an economic resource to farmers, especially during times of low coffee prices (Rickert 2002:13). The coffee technician at CooprosanVito estimated that about 70 percent of producers had shade trees on their farm (CooprosanVito Técnico 2003). Similarly, the manager of CoopaBuena reported that 78 percent of producers used shade trees on their coffee plots (CoopaBuena Manager 2003).

CoopaBuena was actively promoting the use of shade trees on their producers' farms and was growing several hundred shade trees in a nursery in order to sell to the producers as shade trees for their coffee. In order to increase the environmental sustainability of coffee production, shade trees are an integral part of a balanced farming system that protects biodiversity.

Set-asides of forested lands and reforestation of inactive farms are also integral to the preservation of biodiversity and forests. CooprosanVito had reforested five hectares of cooperative land (CooprosanVito Personnel A 2003). CoopaBuena had also reforested three of their farms, one of which is used as a sustainable source of firewood for the coffee processing plant (CoopaBuena Manager 2003).⁵¹ The cooperative also incorporates shade trees into its organic model farm. Most producers left buffer zones of trees and plants around water sources in order to prevent erosion and provide habitat for native species. Although both CooprosanVito and CoopaBuena had taken positive steps to conserve biodiversity and forests, further initiatives could contribute to the further preservation of biodiversity and forests. Through a well-planned combination of shade trees, set-asides of forested lands, and buffer zones, coffee producers and cooperatives can ensure more habitat for native species and improve environmental sustainability through biodiversity and forest conservation.

⁵¹ CoopaBuena has received some assistance in implementing sustainable agriculture and conservation projects as a result of their affiliation with the Community Agroecology Network and different university ties. For example, with help from a university professor in the United States, CoopaBuena is working on a reforestation project that would include many coffee producers and create a ring of trees around the area of Aguabuena (where the cooperative is located). In the last section of this chapter focusing on Fair Trade and Environmental Sustainability, I will be focusing exclusively on how Fair Trade promotes environmental sustainability and will not address the projects initiated by the Community Agroecology Network and the Finca Loma Linda field station. This case study is careful to separate between the effects attributable to Fair Trade and those attributable to initiatives that did not originate from the cooperative members themselves. However, the combination of university, non-governmental organization, Fair Trade, and cooperative ties provides a unique model to be explored in other studies. Please see the following web addresses for more information on the Community Agroecology Network and Finca Loma Linda: www.agroecology.org/can and www.fincalomalinda.org.

Disposal of Wastes in Coffee Processing

Another environmental challenge in coffee production is the disposal of wastes in post-harvest coffee processing. When processing coffee, the ripe coffee cherries, which each contain two coffee beans, are first depulped using a wet processing method that removes the fruit that surrounds the coffee beans. The dry shell or mucilage surrounding the coffee beans is removed and the coffee beans are dried. However, when the coffee cherry is processed in a mill, wastes, if not disposed of correctly, begin to build up in the environment. Wastes include the water used to wash and pulp the coffee cherries, the pulp from the cherries, and the dry shell or mucilage surrounding the coffee bean. When coffee is wet-processed in a mill, it uses between 200-500 liters of water to produce 46 kg. of green beans (Siegal and Alwang 2003:40). This water contains contaminants at high levels, which can destroy aquatic flora and fauna and contaminate drinking water (Siegal and Alwang 2003:41). In Costa Rica, laws require that coffee processing mills have treatment ponds for contaminated water where they make sure that contaminants are at certain acceptable levels before they release the water back into the environment. Thus, both CooprosanVito and CoopaBuena have treatment lagoons for the waste water which they treat. At CoopaBuena, a chemical engineer comes to test the water to make sure that the beneficio is complying with the laws of the Ministry of Health (CoopaBuena Manager 2003). Since the laws for waste disposal were created in the 1990s, all coffee mills in Costa Rica had to make improvements to their coffee mills or risk being shut down. COOCAFE helped CoopaBuena comply with these laws by providing funds and technical assistance for designing and constructing the residual water treatment system and for improving the wet processing of the coffee by reducing water usage (COOCAFE 1999). COOCAFE played an important role in

ensuring that CoopaBuena had the resources to improve its treatment system and comply with Costa Rican law.

Coffee mills must also find a way to dispose of coffee pulp and coffee mucilage so that it does not contaminate the environment. Coffee pulp can be re-used to make nutrient rich compost, as can the coffee mucilage. CooprosanVito collects the coffee pulp and stores it on their farm (CooprosanVito Personnel A 2003). They reuse the coffee mucilage and burn it as energy in the coffee mill to dry their coffee (CooprosanVito Personnel A 2003). CoopaBuena uses the coffee pulp to make organic compost, which is then available to the cooperative members to use on their farm. Although some of the coffee mucilage is used for compost, much of it is used to cover floors and paths so weeds will not grow. CoopaBuena is hoping to start using their coffee pulp for vermicompost, which is a nutrient-rich compost made using worms. One member of the cooperative attended a workshop held by COOCAFE and Fundación Café Forestal that focused on this topic. As the cooperatives begin to implement practices for the disposal of wastes that minimize contamination and that reuse wastes, COOCAFE and Fair Trade has been helpful with its show of support and resources to CoopaBuena. Management of wastes in coffee processing is essential to prevent environmental contamination and to assure environmental sustainability.

Fair Trade and Environmental Sustainability

In the Fair Trade market, there is a great emphasis on the implementation of environmentally sustainable techniques that promote environmental conservation and improve coffee quality. Through the Fundación Café Forestal, CoopaBuena has had access to education, financial resources, and technical support in order to promote greater environmental

sustainability in coffee production. The Fundación Café Forestal was created by COOCAFE to manage the income from the “ecological quota” earned from COOCAFE’s Café Forestal coffee brand, which donates a \$1.00/kg. from the purchase of roasted coffee and \$.25/kg. from the purchase of unroasted coffee to the Foundation (Fundación Café Forestal 2002). Its mission is to improve the quality of life of rural communities in Costa Rica by supporting environmental and socioeconomic development projects (Fundación Café Forestal 2002). Through the promotion of sustainable coffee production and processing, reforestation and conservation projects, and environmental education, Fundación Café Forestal hopes to improve environmental sustainability, as well as social, economic, and cultural development (Fundación Café Forestal 2002).

Producers from CoopaBuena can attend the workshops and training seminars which Fundación Café Forestal holds, including workshops on integrated management of farms, use of organic fertilizers and compost, and on organic and sustainable certification opportunities for coffee producers (Jones 2003). One of the cooperative members attended a workshop about making organic compost from the coffee pulp which is discarded during the processing of coffee. However, this workshop and others are often held at other Fair Trade cooperatives in the country, so only one or two producers will be able to attend the workshops (CoopaBuena Personnel A 2003). Some of the information and training still reaches interested producers which can benefit them in the implementation of sustainable coffee practices. Fundación Café Forestal was also researching and drafting recommendations for the management of coffee that would promote sustainable techniques and inputs, which they were to present in June 2003 (Jones 2003). Workshops and technical assistance provided by Fundación Café Forestal help producers to learn about sustainable production techniques so that they will be able to implement

these techniques on their farms, but are not widely attended by CoopaBuena producers, which reduces their impact on sustainability

Fundación Café Forestal also provides assistance to the cooperatives in improving the practices at coffee processing plants. In addition to providing technical and financial assistance in the construction of residual water treatment systems, Fundación Café Forestal also provided a training program to CoopaBuena on the production of organic compost (COOCAFE 1999). It has also provided equipment and training on occupational safety to the individuals who work in the coffee processing plant at CoopaBuena (COOCAFE 1999). The assistance that Fundación Café Forestal provides to producers stems from the producers' desire to implement more sustainable coffee production techniques. When producers realize that they are harming both their health, the environment, and their livelihood through unsustainable production practices, they have taken the initiative to change their own production practices with the help of cooperative workshops, producer collaboration, and support from Fundación Café Forestal. By implementing sustainable coffee production practices, producers realize that they are not only achieving greater environmental sustainability, but that they are also able to enter better markets for their coffee and earn a better price, thus contributing to overall sustainability.

Producers face many challenges in adopting environmentally sustainable production techniques as the current culture of coffee production has been focused on the use of agrochemicals for so long. Although coffee production is still far away from achieving environmental sustainability, producers and cooperatives have begun to take steps to implement more sustainable coffee production techniques, to conserve and preserve biodiversity and forests, and to manage wastes in a way that prevents contamination of the environment. Participation in

Fair Trade through COOCAFE has allowed CoopaBuena to access resources that have promoted the implementation of sustainable production techniques and the treatment of wastes in coffee processing. However, overall, Fair Trade has played a peripheral part in the conversion to sustainable agricultural practices at CoopaBuena as these initiatives have been motivated by producer collaboration, the cooperative, and other organizational and university ties.

Chapter Nine
Fair Trade at CoopaBuena:
A Proponent of Sustainable Development?

One of the central requirements of Fair Trade, as outlined by the Fairtrade Labelling Organization in its “Fairtrade Standards for Coffee,” is that Fair Trade must add development potential to the producers and communities involved in Fair Trade: “Fairtrade should make a difference in development for certified producers” (Fairtrade Labelling Organizations International “Fairtrade Standards for Coffee”). Economic, social, and environmental sustainability are integral aspects of development for coffee producers. In comparing CoopaBuena to CooprosanVito, coffee producers at both cooperatives faced substantial challenges in providing for themselves and their families and in achieving economic, social, and environmental sustainability, especially during times of such low coffee prices on the conventional market. By participating in Fair Trade, producers at CoopaBuena had access to certain concrete benefits which contributed to greater economic and financial stability, educational and marketing opportunities, and the implementation of more sustainable production techniques. Although these benefits contribute to sustainability in the community, there must be enhanced collaboration within the community and with outside organizations in order to promote increased economic and educational opportunities, social stability, and sustainable environmental management. This revealed the paradox of Fair Trade: it brings concrete benefits to coffee producers, but cannot, on its own, make a great enough difference in development to solve the economic, social, and environmental challenges which coffee producers face.

Producers feel disempowered in the global economy because the coffee market does not pay what the producer deserves. The responses of CooprosanVito producers showed how they

did not feel that the international market promoted equity or a fair price: the international market “No es justo porque maltrata los trabajadores tanto con muy pocos ingresos” (Producer H 2003).⁵² Another CooprosanVito producer repeated this same sentiment: “No es justo, el precio no es justo” (Producer C 2003).⁵³ Producers at CoopaBuena were also frustrated with the international coffee market even though they participated in Fair Trade. One CoopaBuena producer stated that although Fair Trade helps producers, it is a small help and he has not seen big results: “hay que luchar para vender café ... Si el Mercado Justo no existiera, más peor” (Producer R 2003).⁵⁴ Producers at CoopaBuena cooperative recognized that Fair Trade brought benefits to the cooperative and to themselves as producers, but that it was not enough to make a large difference when they are trying to make ends meet and provide for themselves and their families.

Producers at CoopaBuena valued Fair Trade as an essential market in times of low coffee prices: “Comercio Justo es la única alternativa que tenemos” (Producer M 2003).⁵⁵ They also noted the increased price which they earned as part of Fair Trade as an important benefit: “Comercio Justo es algo muy bueno, una ayuda muy bueno. Ganamos un precio agregado” (Producer J 2003).⁵⁶ However, many producers noted that since the majority of their coffee is sold on the conventional market at lower prices, the increase in earnings due to Fair Trade is not sufficient to help the producers: “el 20-25 porciento de COOCAFE ha influido la liquidación, pero la liquidación de CoopaBuena no es suficiente para ser rentable” (CoopaBuena Personnel A 2003).⁵⁷ Despite their participation in Fair Trade, the manager of CoopaBuena said that there are

⁵² “It is not just because it mistreats workers so much with very little income”

⁵³ “It is not just, the price is not just.”

⁵⁴ “You have to struggle to sell your coffee...If Fair Trade did not exist, that would be worse.”

⁵⁵ “Fair Trade is the only alternative that we have.”

⁵⁶ “Fair Trade is something very good, a very good help. We earn a higher price.”

⁵⁷ “The 20-25 percent of coffee that goes to COOCAFE has influenced the liquidation price, but CoopaBuena’s liquidation is not sufficient to be profitable.”

still some families that cannot afford to pay for breakfast for their children to go to school (CoopaBuena Manager 2003). The manager of CoopaBuena also said that the economic help that Fair Trade provides has not been sufficient to deal with the debt that the cooperative is in (CoopaBuena Manager 2003). Nevertheless, he still held firm that Fair Trade has helped the members of the cooperative and believed that Fair Trade had helped the cooperative stay open in times of financial crisis (CoopaBuena Manager 2003). One producer pointed to the debt of the cooperative as the main reason why Fair Trade did not have as great of an impact on producers stating that “si la cooperativa era libre de deuda, el mercado alternativa puede ser bien, pero con la deuda, no hay beneficios [de Comercio Justo]” (Producer O 2003).⁵⁸ The cooperative still must deal with the debt and managerial inefficiencies in order to ensure that the benefits of Fair Trade have the maximum impact on producers in contributing to community development.

CoopaBuena producers could identify specific benefits which they received from Fair Trade, but overall, producers felt that the benefits from Fair Trade were not sufficient to help them provide for their families. The improvements which producers suggested for Fair Trade mainly focused on increasing the volume that goes to the Fair Trade market. One producer suggested: “COOCAFE debe ampliar el mercado y comercializar más volumen de café” (Producer N 2003).⁵⁹ Since the Fair Trade market is not large enough to commercialize all of CoopaBuena’s coffee at the Fair Trade market price, the premium will help producers, but is not sufficient to ensure economic sustainability and to allow them to provide for their families and cover production costs. The financial advisor at COOCAFE also acknowledged that, when the Fairtrade Labelling Organization (FLO) comes to monitor COOCAFE and its member cooperatives each year, FLO is not going to find big benefits from the premium since it is

⁵⁸ “If the cooperative was free of debt, the alternative market would be good, but with the debt, there are not any benefits [from Fair Trade]”

⁵⁹ “COOCAFE should increase the market and commercialize more coffee.”

distributed along with earnings from coffee sold on the conventional market (Chacon 2003). However, he said that they would find financing for the member cooperatives, scholarships for producers' children and schools, and training projects (Chacon 2003). Indeed, the added credibility that CoopaBuena has as a member of COOCAFE and Fair Trade has aided them in obtaining financing, which is essential to the financial stability of the cooperative, especially in times when other cooperatives are struggling to find financing. Fair Trade has allowed CoopaBuena to access the Fair Trade market, but even more importantly, through this partnership on the Fair Trade market, CoopaBuena has been able to obtain a greater understanding of the coffee market and support from COOCAFE in commercializing their coffee brands. This has enabled them to access a better market for the coffee that is not sold on the Fair Trade market. In fact, "a number of studies find that the technical expertise and market information provided by Fair Trade networks is actually more important than the price premiums" (Raynolds 2002:22). Teaching producers the skills to successfully secure better market opportunities and obtain their own financing is an essential element in promoting the economic sustainability of cooperatives and coffee production.

Participation in Fair Trade made a minimal contribution to solving the social challenges which coffee producers faced, but was able to provide training and education opportunities that did contribute to social development. Fair Trade did not seem to make a significant difference in unemployment or the ability of farmers to pay for hired labor, nor did it appear to make a great difference in reducing migration from CoopaBuena, as these are both grave social problems that are exacerbated during times of low coffee prices. However, through the Fundación Hijos del Campo, CoopaBuena's participation in Fair Trade allowed producers' children to have access to school scholarships and improved school facilities and resources. These scholarships contributed

to community development and social sustainability as it opens up new opportunities for the children of coffee producers at CoopaBuena. Although producers at CoopaBuena and CooprosanVito both suffered from health problems related to the use of agrochemicals, producers at CoopaBuena placed a greater emphasis on reducing the use of agrochemicals. CoopaBuena had workshops and support for individuals wishing to convert to sustainable coffee production practices, which would enable coffee farmers and their families to live lives free from the health complications of agrochemicals. While Fundación Café Forestal provides some support for this conversion to sustainable coffee production through workshops and trainings, the transition to sustainable coffee production practices mainly comes from the producers' own desire to implement these practices and from help from the cooperative and other organizations outside of COOCAFE. Although Fair Trade has played a role in the promotion of sustainable coffee production and waste processing techniques at CoopaBuena, much of the success of environmental initiatives at CoopaBuena cannot be attributed to Fair Trade, but to the cooperative, producers, and the help of other organizations.

The benefits from Fair Trade provided a greater opportunity for CoopaBuena producers to advance their economic, social, and environmental sustainability than CooprosanVito producers had. However, the benefits from Fair Trade cannot be said to solve the economic, social, and environmental challenges faced by CoopaBuena producers in their community and as actors in the global economy. Although Fair Trade aspires to benefit entire communities, "it may be 'more accurate to say that successful Fair Trade benefits small producers in poor countries' as opposed to saying that Fair Trade benefits the poor *per se*" (Tallontire 2001:8). Fair Trade producers themselves receive certain benefits from Fair Trade; however, these benefits from Fair Trade might not necessarily trickle-down to the community to promote a

broad basis for sustainable development. In order to meet these challenges and distribute the benefits of Fair Trade to the entire community, future collaboration with other organizations is essential to building sustainable communities and livelihoods: “While FLO provides some support for producer organizations to deal with these issues [of distribution of benefits equitably and beyond the producers], collaboration with Alternative Trade Organizations and development oriented non-governmental organizations may be important in maximizing the potential benefits of Fair Trade” (Raynolds 2002:20). The integration of development initiatives at CoopaBuena would be able to respond to the challenges and needs of the coffee producers in order to further strengthen rural communities and increase the benefits from Fair Trade. Through economic diversification, increased economic opportunities in rural areas, and integrated development initiatives that address the concerns and challenges of coffee producers, Fair Trade producers can aspire to achieve greater economic, social, and environmental sustainability and alleviate poverty in their communities.

Actors in Fair Trade must work to further evaluate the impact of Fair Trade on producers and to continue to broaden and strengthen the mechanisms and scope of Fair Trade. Fair Trade must expand its own concept to create a strategy for development that reaches beyond the promotion of exports because “real social development will not be produced without a strategy for local and regional development” (Alliance for a Responsible, Plural and United World 2001:14). Fair Trade has the potential to collaborate with other development organizations and strategies in order to increase its success in promoting sustainable development. The strategy which Fair Trade takes to achieve this end is pulled in two directions: “A Fair Trade organisation’s decision on producer strategy is ultimately bound up with the extent to which Fair Trade is seen as an approach to development, or a way of introducing ethics into the market.

Should it be development through trade or trade development?” (Tallontire 2001:6). Tallontire questions the focus of Fair Trade, whether Fair Trade should aim to be a proponent of development or whether its main aspiration is to challenge the market framework to create an ethical system. However, these two goals are not mutually exclusive. The challenge for Fair Trade is that it must balance and expand both its role as a proponent and approach to development, as well as its role as a catalyst of change in the international trading framework.

Chapter Ten
Conclusion:
Challenges in Fair Trade

How can Fair Trade expand its role as a proponent of sustainable community development, while, at the same time, act as a catalyst to promote structural changes based on equity and equality in the international trading framework? The size constraint of the Fair Trade market is one of the greatest obstacles that Fair Trade faces in fulfilling its role as a proponent of sustainability. This obstacle limits the impact of Fair Trade for certified producers because the earnings and benefits from the coffee that goes to the Fair Trade market will be watered down by sales on the conventional market. Like CoopaBuena, many Fair Trade cooperatives are selling only a portion of their coffee to the Fair Trade market: “though percentages vary, on average producer groups on the FLO register are currently selling only 20 percent of their eligible coffee with Fair Trade labels” (Raynolds 2002:11). When there is less coffee going to the Fair Trade market, the benefits from Fair Trade, such as the premium and financing, are diminished as well: “benefits accrued in direct proportion to Fair Trade sales – including guaranteed prices, social premiums long-terms contracts, and low-interest credit – are clearly reduced as less coffee is sold in Fair Trade markets” (Murray 2003:15). Cooperatives that are eligible for Fair Trade certification, but not currently certified, will not be able to access the Fair Trade market either. Due to the restraints in market share, Fair Trade producers cannot sell a large volume of their coffee to the Fair Trade market, which limits the impact that Fair Trade has on promoting economic stability through guaranteed prices, long-term contracts, and financing.

Although Fair Trade sales are increasing in certain European countries, such as Norway and France, overall, Fair Trade coffee sales in Europe have been reported to remain relatively

stagnant (Murray 2003:15). It is predicted that North America and Japan will reach their peak of Fair Trade sales as well: “we can expect market growth to slow once Fair Trade labeled coffee has captured 1-3 percent of these new markets [U.S., Canada, and Japan] as it has in Europe” (Raynolds 2002:11). Without substantial growth in the market, certified producers will not be able to sell their full volume to Fair Trade markets, reducing the impact of the potential benefits from Fair Trade. Without growth in the Fair Trade market, the Fair Trade market remains in a precarious position as it cannot receive enough volume to confer adequate benefits to certified producers: “expansion of the market is the most fundamental obstacle, not only to increased participation, but also to the overall viability and sustainability of Fair Trade” (Murray 2003:18). As a result of the constraints on the size of the Fair Trade market, Fair Trade cannot fully realize its potential to make a difference in development for certified producers. In order to expand its role as a proponent of economic, social, and environmental sustainability, the Fair Trade market must expand in order to allow more producers to derive benefits from sending a greater volume of coffee to the Fair Trade market.

Beginning in the 1950s, Fair Trade exchanges took place mainly through Alternative Trade Organizations, which would import the goods directly from the producers. This allowed importers to foster personal relationships with the cooperatives from which they imported, cultivating an ethic of solidarity and understanding between the two parties. The focus on ATOs in Fair Trade began to shift, as discussed earlier, to an emphasis on Fair Trade labeling in 1988 with the founding of the first Fair Trade labeling initiative by Max Havelaar in Holland, and later with the founding of TransFair USA in 1996 and the Fairtrade Labeling Organization in 1997. Due to the arrival of certification and labeling for Fair Trade products, more businesses and organizations, especially those who do not sell exclusively Fair Trade products, have been able

to sell Fair Trade certified coffee. This has sparked substantial growth in the Fair Trade market and has allowed more producers to benefit from Fair Trade. Fair Trade labeling and campaigns have secured big gains by obtaining Fair Trade contracts with multi-national corporations, such as Proctor & Gamble, Sara Lee, Dunkin' Donuts, and Starbucks, for a portion of their coffee sales. Student organizations, such as United Students for Fair Trade, have initiated campaigns to increase Fair Trade sales on university campuses, while inter-faith campaigns have increased Fair Trade sales at temples, churches, and other faith-based organizations. Fair Trade campaigns that target corporations, universities, religious organizations, and small businesses have successfully increased Fair Trade coffee sales in the U.S. by 91 percent in 2003 (TransFair USA 2004). Also in 2003, 100 new companies and 8,000 new retail outlets began to sell Fair Trade certified products to make a total of 20,000 cafés, restaurants, and supermarkets selling Fair Trade certified products in the U.S (TransFair USA 2004). Although Raynolds predicted that Fair Trade coffee sales would begin to slow once the Fair Trade market reached 1-3 percent of total coffee sales in the U.S., with so much support in the effort to increase Fair Trade sales, hopefully Fair Trade sales will capture an even larger share of the market (Raynolds 2002:11). Ideally, one day, we will not have to think about whether our purchases are Fair Trade certified because businesses practices will have evolved in way that emphasizes social responsibility such that all trades will be a "fair trade." By selling Fair Trade coffee, multi-national corporations, in addition to ATOs and small businesses, are able to move towards greater social responsibility and fairness in trade.

Although expansion in the Fair Trade market increases the economic benefits to certified producers, Fair Trade advocates must also make sure that Fair Trade retains its potential to promote sustainable development and structural changes in the international trading framework.

The labeling initiatives and the increasing involvement of businesses that do not sell exclusively Fair Trade goods sometimes risk moving towards a depersonalization and institutionalization of the trading relationships between producers and importers. One study on Fair Trade noted that the movement away from the ATO model to the labeling model in Fair Trade weakens personal interaction and ties between producers and consumers, which are key elements of Fair Trade: “Some producers and representatives have concluded that labeling and an emphasis on marketing is leading Fair Trade away from its movement origins” (Murray 2003:20). Without a personalized trading partnership between producers and consumers, the open dialogue, communication, and transparency, which are the basis for equitable trading partnerships, could be lost. As Fair Trade coffee is such a small portion of their overall coffee sales, multi-national corporations might not necessarily be incorporating the principles of Fair Trade into their trading relationships, as ATOs have the ability to do: “The benefit [of the participation of multi-national corporations in Fair Trade] would be the growth of the market, but the arrival of these giants also brings risks that both the producers and the already registered Fair Trade buyers should consider. At risk is that Fair Trade will simply become a market with higher prices and not include the respect for all the policies and ideals that go with it” (Aranda and Morales quoted in Murray 2003:23). One of the central challenges for Fair Trade is to increase the market and confer greater benefits to certified producers, while at the same time maintaining the personalized trading relationships in Fair Trade, which provide the basis for understanding and communication. Fair Trade must be able to increase its market share and poundage without sacrificing the principles upon which it is constructed. The potential for Fair Trade is in its innovation to ensure that relationships are built upon the principles of equity, equality, and sustainability.

A further question that Fair Trade faces is whether it aims to change the structure of the international trading framework from within the market or through the creation of alternative trading frameworks outside of the market. This is a paradox in Fair Trade, although it aims to change the international market, it still works within the market: “The movement is against the unfairness of the market, but aims to enable producers to compete in that market – it is ‘both in and against the market’” (Tallontire 2001:16). Fair Trade relies upon two different models to bring equity and justice into trade: the labeling model and the Alternative Trade Organization model. Although the two models are not mutually exclusive and are based on the same principles, their approach to Fair Trade differs. The labeling model of Fair Trade aspires to integrate the ideals of equity and justice into the international trading framework by increasing the sales of Fair Trade certified goods in mainstream markets, in addition to the sales in alternative markets. The Alternative Trade Organization model of Fair Trade creates partnerships outside of the traditional trading framework, building an alternative trading structure that is based on principles of social justice and social responsibility. In the labeling model, there is a greater emphasis on the development of trade in a way that integrates equity and social justice into trade, while in the ATO model, there is a greater emphasis on using trade as a vehicle for community development. Since ATOs are often smaller and can develop more personal long-term trading relationships with coffee producers, they often have a greater understanding of the challenges which Fair Trade producers face. Many ATOs have used this understanding to help promote greater economic, social, and environmental sustainability by providing or helping to secure resources that would advance sustainability for their Fair Trade partners. Although the models are based on different approaches to Fair Trade, their common aim is to integrate equity, social justice, and sustainability into trade. Both approaches to Fair Trade are essential to initiate

change from within and outside of the international trading framework in order to achieve the aims and principles of Fair Trade.

In conclusion, Fair Trade has the potential to contribute to the sustainable development of rural communities and to act as a catalyst to challenge the historic inequalities that have existed between producers and consumers. Fair Trade challenges the current trade system and institutions by integrating such concerns as equity, equality, and sustainability into trade through producer/consumer trading partnerships and higher prices for producers. These trading partnerships between consumers and producers have the potential to put a human face on trade. Through the humanization of trade, producers have the opportunity to have their voice heard and to communicate the challenges that they face to consumers so that consumers can also make choices that promote greater equity in trade. In order to truly promote development for rural communities, Fair Trade must address the economic, social, and environmental challenges faced by producers. Fair Trade organizational structures must collaborate with producers, cooperatives, non-governmental organizations, and Alternative Trade Organizations in order to assure greater opportunities for economic, social, and environmental sustainability in coffee production and rural communities. By empowering farmers in the global economy, they can realize equity in trading partnerships, equality in the global arena, and sustainability in rural communities.

Appendix A

Producer Interview Questions

These questions were used as a template for the interviews with CoopaBuena and CooprosanVito producers. Not all the questions were asked to every producer.

Economic Factors

I. Income from coffee production versus costs of production

1. Inputs/insumos

- a. ¿Cuáles son los insumos para producir su café?
- b. ¿Sabe el costo de producir cada fanega de café?
- a. What are the inputs to produce your coffee?
- b. What is the cost to produce each fanega of coffee?

2. Income vs. cost

¿Los ingresos de la liquidación de café cubrían los costos de producción?
Did the income from the coffee liquidation cover the cost of production?

II. Labor

1. Hours per week

¿Cuántas horas de trabajo dedicaba a cada hectárea de café cada semana?
How many hours of work do you dedicate to each hectare of coffee each week?

2. Use of hired labor

¿Tiene empleados o peones? ¿Durante todo el año o solo durante la cosecha? ¿Son panameños?
Do you have hired labor? During the whole year or only during the harvest (to pick coffee berries? Are the people you hire on your coffee plot (indigenous) Panamanians?

3. Use of family labor

Durante la cosecha, ¿le ayuda su familia a cosechar el café? ¿los hijos?
¿Quedan sus hijos en escuela durante la cosecha?
During the harvest, does your family help to pick coffee? And your children?
Do your children stay in school during the coffee harvest?

III. Involvement in other economic activities: Making ends meet

1. Participation in other economic activities

¿Participa en otras actividades económicas? ¿Qué son?
Do you participate in other economic activities? What are they?

2. Diversity in crop cultivation

¿Siembra otros cultivos? ¿Para consumo personal o para vender?

Do you plant other crops? Are they for personal consumption or to sell?

IV. Covering Basic Necessities

¿Gana bastante dinero de la producción de café para alimentar y cuidar su familia, mantener su finca y cubrir sus necesidades básicas?

Do you earn enough money from the cultivation of coffee in order to feed and take care of your family, maintain your farm, and cover your basic necessities?

V. Optional questions

¿Tiene una deuda debido a los precios bajos de café? ¿Cómo contienda con la deuda?

Do you have a debt due to low coffee prices? How do you cope with the debt?

Social Factors

I. Benefits of being part of the cooperative

1. Reasons for joining the cooperative

¿En qué año decidió juntar con la cooperativa? ¿Porqué?

What year did you decide to join the cooperative? Why?

2. Benefits of being an associate of the cooperative

¿Qué beneficios recibe como un asociado de la cooperativa?

What benefits do you receive as an associate of the cooperative?

II. Employee Labor Conditions

Note: These questions were generally not asked to the producers as often they were answered in the questions in the economic factors section concerning labor.

1. salary and benefits

¿Incluye garantías sociales para sus empleados?

Do you pay benefits to your employees?

2. Health and Safety

¿Informa a los trabajadores los riesgos que pueden existir en la producción de café?

Do you inform your employees about the risks that could exist in coffee production?

3. Quality of Life

¿Tienen los empleados y sus familias acceso a alojamiento, educación básica y servicios médicos?

Do your employees and their families have access to housing, basic education, and health services?

III. Fair Trade (These Questions were asked to CoopaBuena Producers, not to CooprosanVito)

1. Knowledge of Participation in Fair Trade

¿Sabe que la cooperativa está participando en Comercio Justo a través de Coocafé?

Do you know that the cooperative is participating in Fair Trade through Coocafe?

2. Impressions of Fair Trade

¿Cuáles son sus impresiones de Comercio Justo?

What are your impressions of Fair Trade?

3. Benefits of Fair Trade

¿Reciben beneficios como una parte de una organización involucrada en Comercio Justo? ¿Qué son?

Do you receive benefits as a part of an organization that is involved in Fair Trade? What are they?

4. Other

a. ¿Da Comercio Justo una ayuda suficiente a los productores?

Does Fair Trade give sufficient help to the producers?

b. ¿Coocafé ha ayudado a la cooperativa mantenerse abierto durante tiempos de crisis?

Has Coocafe helped the cooperative to maintain itself open during times of crisis?

c. ¿Qué son los beneficios de ser un miembro de Coocafé?

What are the benefits of being a member of Coocafe?

d. ¿Hay un sistema de monitoreo en Comercio Justo?

Is there a monitoring system in Fair Trade?

e. ¿Piense que Comercio Justo suponga una diferencia en desarrollo para los productores certificados?

Do you think that Fair Trade supposed a difference in development for certified producers?

f. ¿Cómo puede mejorarse Comercio Justo?

How can Fair Trade be improved?

III. Optional Questions (These questions were asked to CooprosanVito Producers.)

1. ¿Cuáles son sus impresiones de Comercio Justo?

What is your impression of Fair Trade?

2. ¿Piense que el mercado internacional es justo?

Do you think that the international market is just?

3. Why do people continue with coffee when the prices are so low?

Environmental Factors

¿Es su café, café convencional, orgánico, en transición, o sostenible?

Is your coffee, conventional, organic, in transition to organic, or sustainable?

I. Soils

1. ¿Cómo controla la erosión en su cafetal?
How do you control erosion in your coffee plot?
2. ¿Usa fertilizantes químicos o abonos verdes?
Do you use chemical fertilizers or organic compost?

II. Conservation of Biodiversity and Natural Forest

1. ¿Qué hace para preservar la biodiversidad y el bosque natural?
What do you do to preserve biodiversity and natural forest on your farm?
2. ¿Ha deforestado bosque para sembrar café? ¿Hace cuántos años?
Have you deforested forest in order to plant coffee? How many years ago?
3. ¿Tiene fuentes o nacientes de agua en su finca? ¿Cómo la cuida?
Do you have a natural water source on your farm? How do you take care of it?

III. Shade Management

1. ¿Usa sombra en su cafetal?
Do you use shade in your coffee plot?
2. ¿Qué densidad de siembra utiliza para la sombra?
What planting density do you use for your shade trees?
3. ¿Qué tipos de árboles siembran en su cafetal?
What types of trees do you plant in your coffee plant?

IV. Pest and Disease Control

1. ¿Tiene problemas con plagas o enfermedades en su cafetal? Do you have problems with pests or diseases in your coffee plot? ¿Cómo controla los problemas? ¿Usa agroquímicos? How do you control the problems? Do you use agrochemicals?

V. Health

1. ¿Ha sido afectado su salud por el uso de agroquímicos? ¿Y su familia?
Has your health been affected by agrochemicals? And the health of your family?
2. ¿Cómo maneja los desechos de los agroquímicos?
How do you manage the agrochemical wastes?
3. ¿Cuándo usa agroquímicos, usa el equipo mínimo de seguridad?
When you use agrochemicals, do you use the minimum security equipment?

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