

Conscientious Consumerism in Costa Rican Coffee

I traveled to Costa Rica with the intention of investigating the country's coffee industry, specifically the influence from American companies and the American consumer base. During my month in Costa Rica, I traveled to various coffee-producing regions, conducting first person interviews with coffee farmers, cooperative managers, and exporting companies. Through these interviews, as well as visits to the farms, cooperatives, and exporting facilities, I gained a fuller understanding of the intricacies of how coffee is grown, processed, and sold in Costa Rica. Armed with this understanding of the industry, I was able to examine in depth the many American influences on Costa Rican coffee.

Over the course of my research, three main points of tension arose in the Costa Rican coffee industry. The first was between the traditional cooperative model of growing coffee and the emerging micro-lot method. While the first divide was logistical, the second was more ideological. Some growers and exporters are focused almost entirely on ethics and sustainability, while others spend their energy devoted solely to developing quality. The final divide was connected in many ways to the first, with the new micro-lot models offering important autonomy to the individual farmers, compared to the homogenized demands of the cooperatives and big buyers. American influence affects all three of these conflicts, but in rather different ways in each area.

Traditionally in Costa Rica, from the introduction of coffee to the mid-1990s, the organization of the coffee industry remained almost the same. Farmers of all sizes, from small holdings to larger estates, centralized their crop in processing centers and cooperatives in order

to aid in the overhead of harvest and exportation. Unfortunately, this cut out the farmers from most of the profits, especially the smaller farmers who grew coffee as their main source of income. Since the central processors and cooperatives held nearly all the power in the industry, from the technology to take raw coffee fruits and strip it down to the sellable bean, to the vital contacts in the foreign coffee markets, the farmers largely had to cater to their desires. A huge percentage of the coffee sector in Costa Rica still follows this system, as farmers partner with local cooperatives that act as processors and coordinators for exportation and marketing. However, not all of the country still follows this model.

In the middle of the 1990s, seismic change shook the industry as the international coffee body, the International Coffee Organization, fell apart. So began the deregulation of the international coffee market, lifting many of the quotas and practices that had been the norm for a century. Instead of almost complete control by large scale farming operations selling to a handful of behemoth global corporations, the deregulation allowed for the development of smaller, more specialty operations as an alternative. By giving farmers more autonomy to focus on quality, as well as segment the market and allow for discerning coffee consumer to carve out a niche, the specialty coffee field was born. These operations were the change that the project was initially focused on, as well as investigating the amount of American influence that existed with the smaller scale operations. Just as large-scale international firms had controlled most of the coffee market with their giant market share before the 21st century, the now two-decade-old specialty coffee field is overwhelmingly influenced by external buyers.

While in Costa Rica, I was able to visit examples of both methods, a micro-lot farm that sold only to specialty roasters in other countries, and a traditional cooperative that focused on volume sales to a few select, multinational corporations. Both models are ultimately ruled by the

expectations of the buyer, regardless of if it is a specialty company or a buyer like Maxwell House. In the case of the micro-lot and specialty coffee field, the external buyers have a much more involved way of exerting their influence. It is very common for the roasters themselves to fly to the specific farm and speak with the farmer about their preferences, what they enjoyed or disliked about the previous year's harvest, and what they would like to buy more of. For example, I directly asked a farmer what he would do if a buyer told him that he would buy thirty bags of a certain varietal of coffee that the farmer was not already growing. Without a pause, the farmer answered that he would plant those new trees, showing the outsized influence that the buyers have in production chain. This also applies for different ways of processing, drying, and handling the ripe coffee beans, all of which affects the eventual taste and could make a product more or less appealing to a prospective buyer.

In contrast, the volume coffee market that the traditional cooperative structure still participates in usually only hinges on overall quality of the product. Given that quality is rather nebulous, most cooperatives make producing as many bags of coffee as possible their main focus. There are no extra incentives to deploy methods that would alter the coffee's taste to give it special characteristics like the specialty market is interested in. Instead, the more bags of coffee they sell that meet the baseline standard of quality set out by the buyer, the more profitable the operation will be. The specialty industry is entirely taste driven, with only a small focus on quantity, while the cooperatives are the opposite, valuing quantity over superior quality. American companies exert more direct control over the specialty coffee growers, but the external demands on the cooperative model are just as strong.

The second main division in the industry is between those focused on sustainability and ethical concerns and those focused on quality. Similar to the first division, American influence

impacts both sides, but in a different manner. The rise of so called ethical labeling, like fair trade, organic, and shade grown, has exploded in the past two decades. These labels act as a way to add value for the farmers, as the products bearing the label sell for more money in the international market. Oftentimes, and especially with shade grown coffee in Costa Rica where that practice is the countrywide norm, the label comes with no added cost to the farmer. However, many of the other labels, especially organic, can be incredibly difficult and laborious to qualify for. In addition, many of the labels themselves require certification inspections, which can be tens of thousands of dollars. While the labels do allow the product to be sold for more, sometimes the math does not always add up in the farmers favor.

For the most part, the ethical labeling in Costa Rica is about adding value to the product, not about the spirit at the core of the label itself. If asked directly about whether or not sustainability is important, all of the farmers replied in the affirmative. After speaking with all of the farmers and cooperative owners, I believe that ethics and sustainability are around 10% of the average farmers decision calculus, with overall quality as the other 90%. As one of the more environmentally friendly farmers pointed out to me, no one will drink a sustainable and ethical coffee if it does not taste good as well. As an interesting side note, I did not find much variance across the different sectors of coffee on this issue, from specialty to cooperative methods. The majority of all models were using the labels as a way to add value, and maybe be more sustainable in the process, but only if it benefitted their bottom line as well. American influence is exhibited in this division by the demand for the ethical labels shown by the American market, which incentivizes farmers in Costa Rica to pursue those labels as a way to improve the financial success of their product.

The final division deals with the autonomy offered by the specialty micro-lot model, contrasted against the lack of control faced by many farmers in the cooperative model. One of the main characteristics of the specialty coffee market is the vast number of independent roasters, not just in the United States but worldwide. For a small farm to glean enough profit from their yearly coffee harvest, they only need a handful at most to buy their coffee. It is also very common for long lasting partnerships to form among small roasters and small farmers, as the customers of the roaster gain an affinity for the product of the specific farm. This is fantastic in many ways for the small farmer, giving them the stability of a personally known partner and steady paycheck, but also the ability to leave a partnership and sell to many other roasters if things sour. The vast demand for specialty coffee, especially from the storied coffee producing regions in Costa Rica, gives those farmers a massive advantage negotiating the sale of their beans, and therefore in their autonomy as well.

Farmers in the cooperative system are not as independent. The cooperative controls not only the processing of the coffee but also the marketing and selling as well, almost always to large companies. Many times the buyers will also have a set of guidelines for growing and labor practices that also have to be followed by all the farmers in the cooperative. Given that there are only a handful of large coffee corporations in the world, the cooperatives have nowhere near the level of flexibility that the small farmers have when negotiating. Even if a contract or some of its clauses are unfavorable, a farmer in a cooperative system is most likely stuck, with no real ability to improve their situation without going completely independent and changing all of their practices.

The coffee sector in Costa Rica is ruled by American influences, from marketing all the way to production decisions, in both traditional and micro-lot models. Whether it is small

specialty roasters from the U.S. or a large company like Maxwell House, the farmers in Costa Rica usually bow to what the buyers desire. Sometimes this comes in the form of direct communication, like in the case of micro-lots, or it can come in the form of production practices and quality standards from large corporations like Starbucks. Regardless of form or source, the American coffee market wields a heavy hand in Costa Rica that affects everyone in the field.