

# **Understanding the two sides of the Coffee Commodity Chain: A Canadian vs Costa Rican Ethical Commodity Chain Analysis**

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## Abstract

Coffee is the second most internationally traded, quintessential global commodity to exist today, linking millions of people's daily lives. This research encompasses transdisciplinary perspectives to elaborate how the coffee commodity chain operates. Focusing on socio-economic aspects of corporate operation, I examine how eco-certifications (particularly Fairtrade) influence consumers and producers in a coffee commodity chain. This I carry out in conjunction with investigating if York University Master of Environmental Studies Students are more aware of the issues with eco-labeling than other programs outside of the Environmental Studies faculty. To achieve this, the study examines existing research on coffee commodity chains and conducts an eco-certification survey distributed to York University Master of Environmental Studies students and graduate students outside of the environment faculty.

The eco-health methodology is first discussed and used to construct and lay out the research. I discuss the emergence of the coffee commodity chain, its systemic histories and cycles so as to look at the current operation of commodity chains. Looking at coffee as a Systems Thinking approach, I consider the input and cost factors of coffee production. To better break down these complex systems, I created two systems maps to outline how the system functions. Next I discuss the various influences and issues within the commodity chain. The Fairtrade eco-certification is discussed in detail, highlighting the certifications origins and inability to adequately alleviate poverty among small scale farmers. I look at Costa Rica as a case study, investigating their history of coffee, how the Costa Rican market is impacted by Fairtrade, and how producers have been affected by the volatile market.

The results of this study indicate that Fairtrade is not working effectively to reduce poverty in producing countries and needs actualization of its policies and regulations to ensure everyone along the supply chain is obtaining a fair wage. The survey provides observations detailing the opinions of a sample of Master of Environmental Studies students. While they appeared somewhat more aware of issues concerning eco-certification than the broader graduate student body, I had anticipated greater knowledge on this issue. It is evident more education is needed for all consumers on how to purchase ethical products and identify companies that support direct trade operations. I conclude this research offering solutions to help alleviate issues along the supply chain. This involves a model reinvention, which enhances local economies, and offers support to marginalized small-scale farmers in Costa Rica.

## Foreword

This research fulfills the learning objectives and requirements of my MES degree. Firstly, fulfilling Learning Objectives 1.1, 1.2 and 1.3 I have studied and dissected how commodity chains operate in great detail. Volunteering at World Wildlife Foundation, I understand how corporate social responsibility teams can work with NGOs like World Wildlife Foundation to be profitable and have a socio-ecological focus. I also spent one summer working as a Program Coordinator at a small non-profit where I was responsible for developing their business strategy (creating pitch documents, and sponsorship strategies to increase funding). I started connections/relationships with businesses that wanted to enhance their corporate social responsibility platforms by working with this non-profit. This provided corporate insight on how strategic interventions can take place to profit companies and the communities they operate within.

To fulfill Learning Objectives 2.1, 2.2, and 2.3, I conducted an exploratory survey seeing if differing streams of education influence awareness and patterns regarding purchasing eco-certified products. I selected Master of Environmental Studies students at York University based on the assumption that they would be more knowledgeable concerning environmental and social justice issues and compared the results to graduate students in other faculties at York University. Fulfilling 2.3 I conducted a desktop case study on coffee production in Costa Rica and travelled to Costa Rica from February 16<sup>th</sup> 2019 – February 25<sup>th</sup> 2019 with ENVS4800A Advanced Topics in Environment and Health to explore first-hand producer challenges and opinions on Fairtrade eco-certification.

To fulfill Learning Objectives 3.1, 3.2, and 3.3, I researched and documented current coffee guidelines, charters, agreements, and business strategies around production and trade, which highlighted problems within the commodity chain and producing countries. I have studied how businesses will be scrutinized by the public and NGOs if they mistreat individuals working along the supply chain, and how this could damage their reputations and profits. Further fulfilling 3.3, I have studied thoroughly why there is a business case for corporate social responsibility to reveal how socio-ecological initiatives are beneficial to a company's bottom line.

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## Ch1. Introduction

As developed coffee markets boom, and producer prices of coffee sink to astronomically low levels, it is clear that the world of coffee is experiencing what many call the “coffee paradox” (Kohler, 2010). This study investigates whether Fairtrade certification helps to alleviate poverty across coffee producing farms or if it further marginalizes farmers. Focusing on socio-economic aspects of corporate operation, I examine how eco-certifications (particularly Fairtrade) influence consumers and producers in a coffee commodity chain. I address this question in combination with investigating if York University Master of Environmental Studies Students are more cognizant and likely to make purchasing choices in favour of eco-labeling than students of other graduate programs at York University.

In order to research both ‘ends’ of the coffee commodity chain, my research design is comprised of two parts: 1. I conducted primary research concerning consumer perspectives of coffee commodity chains through survey research in Canada, alongside a review of secondary literature and 2. I reviewed producer experiences with the Fairtrade eco-certification through field observations in Costa Rica which involved a research protocol (including questions answered directly from a coffee producer), and a review of secondary literature. This is in attempt to fill the gap in empirical research regarding consumer knowledge on the origins of coffee and eco-certification. I investigate, through primary and secondary data, what information consumers know about eco-certifications, and provide information helping consumers to become better informed.

I offer an analysis of producer and consumer sides of the coffee commodity chain by compiling and examining the primary data I collected in a) surveys in Canada, b) opinions from farmers on Fairtrade through field observations carried out in Costa Rica, and secondary research. This includes insights and recommendations that attempt to improve livelihoods of the Costa Rican coffee producers.

Chapter 1 first introduces a brief history of coffee commodity chains, discussing the commodities expansion, origins, and how the commodity exists today. Chapter 2 explains my methodology, the eco-health approach, which maps out the many complex systems within global coffee. Chapter 3 dissects the Fairtrade eco-certification, and highlights many downfalls

of the certification, along with the social relations of coffee production. Chapter 4 discusses Costa Rican coffee history, migrant workers, climate change's growing threats, and how the Fairtrade certification impacts small scale Costa Rican coffee farmers. Chapter 5 provides a synthesis of primary research, which includes opinions from a small-scale farmer in Costa Rica, and student survey results from York University graduate student populations. Unfortunately, it appears Fairtrade and ecolabelling do not offer much security to either producers or consumers, which is expanded on in Chapter 6. This is since the a) former's (producer) ability to navigate the market depends on pre-existing access to resources/capital and in the Costa Rica case, is affected by the relatively higher cost of living than other competitor countries and b) consumers are largely unaware of the intricacies of the labeling process and what it means in practice.

### Why is this Important?

Coffee is one of the most popular drinks in the world. Around the globe in 2018/2019 approximately 165.35 million 60 kilogram bags of coffee were consumed (Statista, 2020). In Costa Rica alone the coffee industry accounts for 1% of the world's coffee exports and contributes to USD \$285.6 million to the Costa Rican economy annually (Workman, 2020). Today, the coffee industry has become the second most traded commodity in the world (Consumers International, 2005). Eco-certifications at times restrict producers from accessing international markets due to their expensive nature, quantity, and criteria. This adds pressure to increase production to make up for high certification costs, which leads to low-quality beans that are difficult to sell (ResponsAbility Investments 2015). Put simply, production demands not only affect coffee quality, but they also affect the producers thereof. The demands resulting from such production dynamics means farmers need more land cleared to produce more coffee to recoup low quality losses; These effects are compounded by changing climates which ultimately leads to altering ecosystem conditions (which increase pest populations) (ResponsAbility Investments 2015). The introduction of Fairtrade certification models signalled a doubling of production costs without a parallel increase in crop yield, which can cause net losses, and put farmers at risk of losing their land (ResponsAbility Investments, 2015). Coffee markets are therefore negatively impacting the ecological integrity of the landscapes in Costa Rica while also relegating the status of farmers to a mere commodity (Scheper-Hughes, 2012).

## Critical Overview: Coffee Commodity Chains

### Brief History of Coffee Expansion

Over the last few decades coffee has proven to be a heavy hitter within international markets, punching well above its weight as a globally traded commodity. Coffee became a cash crop in the 1800s that was exported through 'internationalization': economic activities of the coffee industry crossing national boundaries (Chander, 2017). A *commodity chain* is a 'a network of labour and production processes whose end result is a finished commodity' (Hopkins and Wallerstein 1986: 159). Commodity chains display what organizations control (the global trade of a good) and what position various stakeholders hold within the supply chain (Chander, 2017). The challenging part of this is each commodity chain is unique to the stakeholders involved, they have their own logic and history, some being more open and supportive of the small-scale farmer, while some are more traditional and linear within their operation (Talbot, 2015). Together, coffee as a global commodity, and internationalization shape an important part of how coffee trading history is understood. The two terms foreground the market forces that affect Costa Rican, and Canadian coffee consumption and trading today.

The history of the global coffee trade and how power structures have shifted within four systemic cycles offers an entry point to investigate coffee commodity chains. First comes the Genoese cycle, beginning as early as the 16<sup>th</sup> century, which originated from Islamic cities (Talbot, 2015). The Islamic populations celebrated coffee as a social beverage, sharing the beverage with European travelers who then brought coffee throughout major urban centers of Europe in the late 17<sup>th</sup> century (Talbot, 2015). Even though it was not yet considered a market economy, merchants and long-distance traders were capitalizing on the commodity's strong market power, turning high profits for their pockets (Talbot, 2015). Once capitalization of the commodity took place, a shift in power occurred giving power to the second cycle, the Dutch Systemic cycle. Dutch leaders then attempted to control the supply of coffee, which was not possible with the rising mercantilist power of the Arab monopoly, and with France attempting to globalize coffee cultivation (Talbot, 2015). By the late 17<sup>th</sup> century, the third cycle, the British Systemic Cycle came to fruition due to the British propelling the internalization of production, and with the unfolding expansion of the British Empire (Talbot, 2015). In the 1940s the fourth U.S. cycle began, with a new material expansion of coffee production and consumption occurring (Talbot, 2015). This allowed the U.S. to obtain control of the national market in the

1970s (Talbot, 2015). Aside from the systemic cycles offered by Talbot (2015), international agreements came to be of importance to more recent histories of coffee expansion.

The International Coffee Agreement (ICA) of 1962 governed the coffee sector until 1989, setting export quotas for producing countries and regulating prices for southern producers (Ponte, 2001; Thurston, 2013). The ICA went through three revisions (1994, 2001, 2007; subsequent to the 1989 agreement dissolving) but could not continually meet market demands since the quota system was not functioning beneficially for all stakeholders (Auld, 2010 & Thurston, 2013). The ICA agreement started to deteriorate around 1980 when agricultural exporting firms pushed to reduce global prices, thus squeezing producing countries, through negotiations with non ICA member states (Manning, Boons, von Hagen, and Reinecke, 2012). Additional pressure on the ICA came from the World Bank, which at the time was opposing the ICA, to favor neoliberal reforms (Manning et al., 2012). The ICA agreement of 1989 was then dismantled for failing to adapt to neoliberal policy directions, failing to negotiate new agreements, and failing to meet producing governments concerns on how the quota system was restricting them unfairly (Thurston, 2013). This led to increases in competition/production and eventually an oversupply of coffee, dropping coffee prices, and leading to what we know today as the global coffee crisis.

Weakened prices were seen throughout the 1990s, and by 2001 prices had fallen by 50% which was the lowest the market had seen in 30 years (Neilson & Pritchard, 2007). This is part of a broader process in which the price of food as a proportion of income dropped significantly for residents of the Global North. With growing political instability, and volatility within the market we are coming to the end of the U.S. cycle (Talbot, 2015). Public awareness of the coffee crisis and current socio-economic conditions are fueling buyers to seek ethical consumption options and higher qualities of specialty coffees (Neilson & Pritchard, 2007) changing coffee commodity chains globally. Highlighting these aspects of coffee's historical commodity chains provides a contextual foundation to understand coffee production today.

### Coffee Commodity Chains Today

It is easy to forget when drinking a beverage like coffee what the origins of the product are. The input-output structure of coffee commodity chains today starts with poor southern producers (raw materials, semi-finished product, sold for \$0.14 USD cents), to intermediaries (labour force, transportation, distribution), to coffee businesses situated in developed countries servicing

consumers (retailing to consumers at \$26 USD for example) (Chander, 2017). It can be seen very clearly that value is added by the buyer as the bean travels farther away from the producer. This means the commodity chain is considered buyer-driven since buyers of the bean have the capital to add value to the commodity as it moves along the chain (Chander, 2017).

Unfortunately, the volatility of the global coffee market has caused many problems for small-scale coffee producers. Most of these issues stem from the economic pressure of the industry causing small-scale farmers to deal with exploitative, unequal power relations (Chander, 2017). In attempts to change this positioning some coffee farmers (ex. Costa Rican farmers) have formed cooperatives and their own processing plants to shorten the commodity chains distance from origin to market (Chander, 2017). Another alternative to this can be seen through direct trade operations. Producers have worked to improve contracts with buyers and orchestrate direct sales to consuming countries, in order to place more capital and economic wealth in producers' pockets (Chander, 2017).

For commodity producers to survive and provide for their families, the current system of international trade must change, allowing farmers a fair chance in the global economy (Chander, 2017). To solve price volatility there must be public involvement in combination with consistent purchasing policies so that producers attain a fair price for their coffee (Borrella, 2015). Currently the enormous wealth produced within the coffee industry has bypassed the people who create the crop, putting their livelihoods and way of life at risk (Chander, 2017) and thereby jeopardizing the chain as we know it.

## Ch.2 Methodology

The chosen methodology for this project is the Eco-Health Approach, integrated with a commodity or value chain analysis. The Eco-Health approach is an ecosystem analysis linking the environment and sustainability to all stakeholder's health and well-being related to a given activity (Bunch, 2016). The Eco-health approach takes into account the full ecosystem of a given problem and the health and well-being of all actors involved, recognizing the complexity and dynamic interactions between people, the economic activities in the area, and their environments (Charron, 2012). Our Anthropocentric view of the economy is adding increased popularity to this research approach as climatic changes continue to alter human dependence on natural systems.

The Eco-Health approach relies on the following six principles: 1) trans-disciplinarity, 2) participation, 3) gender and social equity, 4) systems thinking, 5) sustainability, and 6) knowledge-to-action (Bunch, 2016).

1) Transdisciplinary research contributed to the Eco-Health approach in its push in the 1970s with a shift in scientific research to continue to not only focus not only on data, but on problems important to society as well (McCarney, 2018). This first step highlights the importance of understanding complex problems at hand and puts importance and emphasis on research combining academic perspectives with local knowledge (McCarney, 2018). To achieve this first step, my research combines many disciplines and tools from a plethora of academic and non-academic sources. 2) Participation involves stakeholder inclusion to the knowledge generated by research, obtaining opinions of those influencing or contributing to a problem, and those being affected by the problem at hand (Charron, 2012). While this research did not employ a participatory methodology, actors growing the coffee crop, and consumers who influence demand for the commodity were consulted through the research design. 3) Gender and Social Equity addresses class issues and unequal or unfair conditions of disadvantaged groups in society within a given problem (Charron, 2012) which is discussed within this research. 4) Systems Thinking frames a problem and considers the relationships between ecological, social-cultural, economic, and governance dimensions (Charron, 2012). Understanding the complexity of the research question is very important, given that coffee production is a complex system that operates at scales from local to global comprised of many subsystems, involving millions of

people (Thurston, 2013). For this research I have mapped out the complexities and interrelationships of the complex system within two system maps. 5) Sustainability involves social and ecological considerations such as what issues will be enhanced, or altered, through a consideration of the problem at hand (Charron, 2012). For this research I have narrowed the category sustainability to how climate change is affecting the ecosystems central to coffee production. 6) The last principle is Knowledge-to-Action, which is research that includes solutions with a number of steps and solutions to a given issue (Charron, 2012). For this research I have outlined the many problems within the industry throughout and presented solutions on how to improve the industry in Chapter 6.

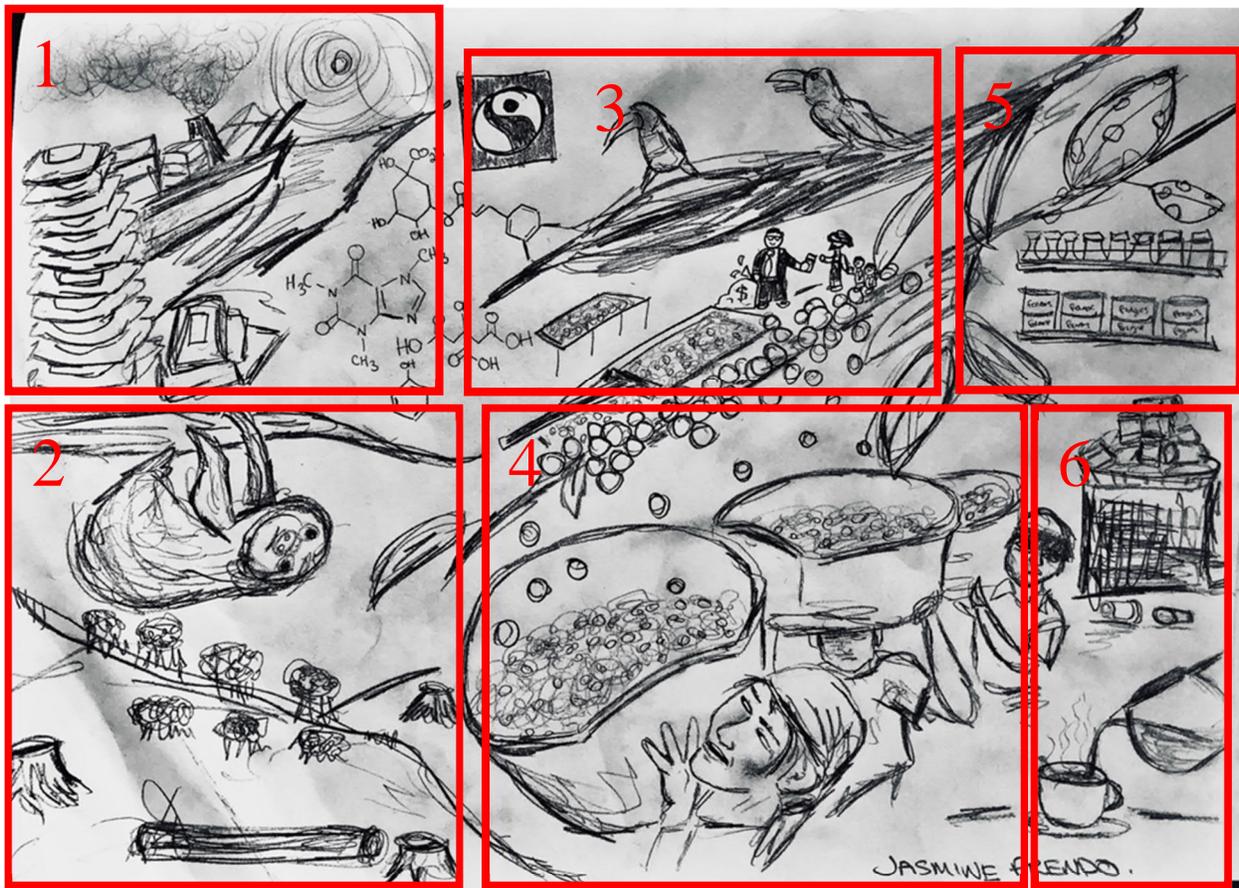
### Commodity/Value Chains in Global Coffee

I travelled to Costa Rica from February 16<sup>th</sup> 2019 – February 25<sup>th</sup> 2019 with ENV54800A Advanced Topics in Environment and Health to observe the producer side of coffee more closely. I was able to see the coffee farms operation, meet the families who operate them, learn from experienced farmers concerning how coffee is grown, and received a field introduction to the systems which operate to make this global commodity chain possible. This experience introduced me to the eco-health approach, helping me to think of coffee as more than the commodity, but as a whole system of social relations.

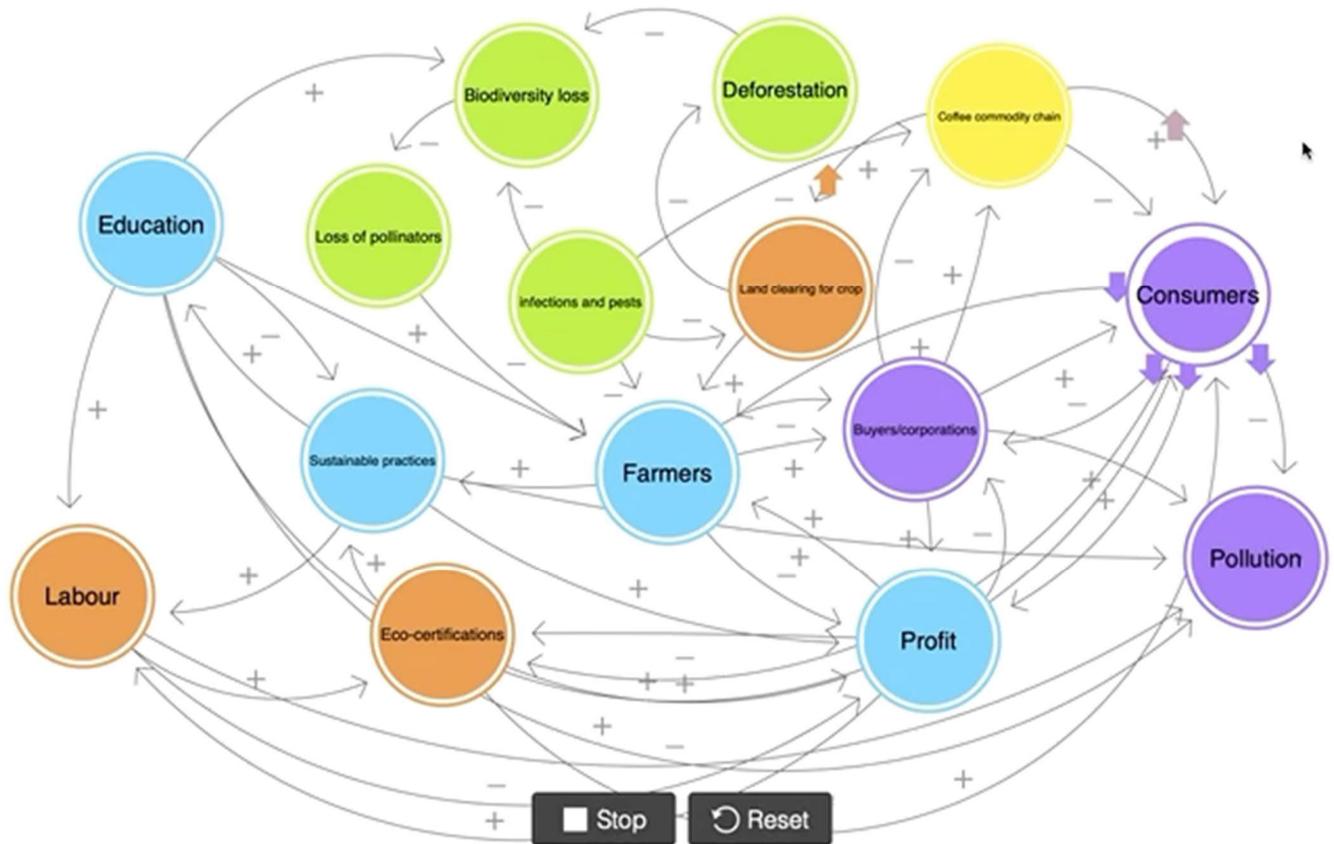
General systems theory acknowledges that every part of a system affects some or other parts of whole systems (Rousseau, 2015). Systems thinking looks at the moving parts within a system across and over time and how these parts relate to the whole system (Rousseau, 2015). Systems theories therefore inform much of my research. Looking at coffee production there are a plethora of factors and input considerations one has to keep in mind. Some considerations include: soil quality, fungus concerns, pest control, pesticides and fertilizers, water scarcity, climate change, trade relations, prices, quality, revenue, yield, field workers, and many other aspects to support their community and sub systems. Theories of systems thinking are not only an integral part of this paper, but they also informed the creation of a systems map that I will explore in the next section.

## Systems Map – Whole System

In order to break down the many complex systems within the coffee commodity chain I have created a systems map. Below I have drawn out my initial observations on how the complex system operates as a whole. This was created by drawing out field notes that I recorded while in Costa Rica to help understand themes emerging from my conversations and observations. I have outlined in red the many mini complex systems that operate at the same time as the whole system is moving. I have intentionally made some sections within the map smaller than others to demonstrate the areas of my research subject that is typically overlooked when selling coffee to consumers. For detailed descriptions of each mini system please see appendix 1. I intentionally separated certain mini systems from the rest of the system as consumers largely do not consider the impacts of disposable coffee cups on the planet, or any social or environmental costs associated within the current operation of the system.



## Systems Map – Positive and Negative Feedback Loops



I use this map to demonstrate the complexity of coffee, the many unique positive and negative feedback loops within it, and investigate the transdisciplinary and complexity science of the stakeholders involved (Bunch, Morrison, Parkes and Venema, 2011). Double click the image above to see the flow of the many feedback loops within the system.

I started this investigation by documenting the many interrelationships between inputs and cost factors of coffee production. This map started with the drawn-out systems map I analyzed above in the previous section. I then contemplated the moving parts in a simplistic manner, discerning the altitude of the coffee, land clearings for the crop (manifesting as deforestation), potential biodiversity loss from industry, and payment structures for the producers. I thought about how these interact with the coffee commodity chain in a positive or negative way, and how these interactions flow within each step. I then looked at the consumers and producer's role with corporations, (which at times act as monopolies, creating pollution) some using eco-certifications, some working directly with farmers, but more-so at a distance (being farther away

from other moving parts of the system). This encouraged me to consider the many leverage points within the system that can drastically alter it (Meadows, 1999). Among these are the Roya<sup>1</sup> infection starting in “infections and pests” category which can change the yield for producers and businesses alike. Another example includes “land clearings for crops”, which involves removing old growth trees and plants upon which mammals, birds, and pollinators rely, in turn slowing down the pollination of coffee plants, reducing yields of coffee production.

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<sup>1</sup> Roya is a plant-choking fungus that infects the host plant from the inside, creating yellowish marks on leaves carrying 100 – 200 spores that burst and infect nearby plants (Foreman, 2015).

## Ch.3 Theory and Practice: Consumption in the Global Coffee

### Chain

There are many different factors that influence how a commodity chain operates, but in the context of bringing together my analysis of secondary research with my observations of the Costa Rican producer experience I examine and discuss: 1) The role of the certification which details the history of Fairtrade, and how Fairtrade operates today and 2) commodity fetishism and the social relations of production, including gender, labour and sustainability and climate change.

### The Role of the Certification

#### What is an Eco-Certified Product?

The emergence of eco-certified products within coffee commodity chains created new opportunities for businesses to offer specialty products, typically targeted to the more 'ethical' consumer (Thurston, 2013). An eco-certified product means that an external agency, government, private firm, or NGO has put in place certain standards for coffee (Thurston, 2013). They are guaranteeing better prices for coffee, better agricultural practice, environmental conditions, presence of shade trees, and conditions for wildlife on a farm, or improved conditions for farmers and hired workers (Thurston, 2013). Ultimately the eco-certification's goal is to make the coffee commodity chain more traceable (Thurston, 2013). Some of the main eco-certifications include USDA, Fairtrade USA, Utz Kapeh Good Inside, Rainforest alliance, Smithsonian Bird Friendly, 4C, and C.A.F.E (Thurston, 2013).

#### History of Fairtrade

Fairtrade is viewed as a relatively new governance model which contains standards, certification, and participation among actors to technically promote a more ethical form of production (Loconto & Simbua, 2010). Fairtrade started as a way to change societal expectations and economic organization within buying and producing countries. As Fairtrade has developed and expanded, however, its market presence has tended to reflect more

traditional commodity markets with larger volumes and lower premiums, turning Fairtrade more into a brand/label for consumers to purchase (Loconto & Simbua, 2010). This is why many consumers feel hesitant or overwhelmed with the plethora of eco-certifications available when purchasing, not knowing which certification is most ethical, as we can see in Chapter 5.

Fairtrade in its early stages resembled many pre-capitalist ideas. Fairtrade emerged in the mid-1950s in Europe with the idea of an alternative market system transforming current governance structures to favour smaller producers, paying a price minimum to producers in the south (Lanka and Bohm, 2014). In 1997 in the midst of crashing commodity prices, the Fairtrade certification came to fruition offering aids, access to credit, financial stability, and covering average costs of production to farmers helping so as to lead to a sustainable livelihood (Lanka and Bohm, 2014). Considering the aforementioned, this led to popularity along international markets for buyers to carry and sell Fairtrade products. As of 2020 there are over 1,200 certified producer organizations representing over 1.66 million farmers and workers located in 74 countries worldwide (Fairtrade Canada, 2020). Fairtrade attempts to group production into cooperatives so as to vertically integrate processing and exporting practices (Tuvhag, August 2008). This is so producers can pool their beans together within a particular region and sell on markets collectively. Agreements are usually Free On Board (FOB) (meaning that the coffee is loaded onto an export vessel and has all costs paid for, including taxes, duties, and loading charges therefore ready for export), which guarantees a set price minimum for coffee (Thurston, 2013). FOB agreements make it easier to sell on international markets, providing producers stability and a guaranteed price floor. With the rules and stipulations of the Fairtrade certification, farmers in the cooperatives don't always have a say on where the profits go. Money gathered by co-ops is supposed to be spent on projects to improve quality of life of farmers, improve schools or provide a clean water supply (Thurston, 2013). Typically, a cooperative will vote to spend the profits on building new schools, improve medical centres, build an emergency fund, or distribute the funds to each of the member farmers (Haight, 2011). Farmers can find themselves in an unfair situation when their contribution to production and/or cost of certification is far greater than what they are compensated financially through the rules governing the certification.

### How does Fairtrade operate?

The Fairtrade Labelling Organizations International (FLO) oversees the Fairtrade system and its U.S. certification affiliate Fairtrade USA (Wydick, 2016). Loconto & Simbua (2010) state under

the Fairtrade Labelling Organizations International trading standards, trades must: 1. Ensure prices paid to producers cover the cost of living and sustainable operations, 2. Ensure prices to producers include a premium paid for investment in development, 3. Have the ability to pay even partially in advance when producers need the payment, 4. Producer/buyer contracts allow for long-term planning and production operating sustainably (Loconto & Simbua, 2010). These standards alone are fair, but the associated cost expectations make it difficult for many small-scale farmers to compete.

Producers pay anywhere from US \$2,500 to US \$10,000 to become certified and are organized into cooperatives, which have to agree to pay fair wages to workers and have sustainability standards for pesticide and chemical use on plants (Wydick, 2016). Many small-scale farmers, (even within cooperatives) production volumes are far too low (due to their limited land size) so incurring any significant overhead costs, such as eco-certification, essentially stunts their profitability and their ability to grow. In return for adhering to the standards and paying certification costs, the cooperatives are paid a guaranteed minimum price or a “price floor” for Fairtrade beans (\$1.40/per pound, Arabica beans) (Wydick, 2016). When the market price is higher than this minimum price, the price for the Fairtrade bean will rise to match market price along with a \$.20 premium sent back to the cooperative for investment in the local community (Wydick, 2016).

Typically, the process to become Fairtrade certified takes six to twelve months to set up structures, training, auditing appointments, how the farmer will be accountable, costs, setting up cooperatives, and how to establish transparency among all stakeholders involved (Ponte, 2004). Annual inspections cost additional fees, where the inspections can range from simple visits or remote inspections seeing documentation (Haight, 2011). At times buyers will only purchase from certain cooperatives making some farmers rich and further marginalizing ones that cannot afford to be a part of the coops (Ponte, 2004). Notably, Fair trade does not involve monitoring labour conditions along the supply chain, meaning that the treatment or wages paid to seasonal workers on farms does not form part of the practices contemplated by the label. The certification clearly misses the mark on providing alleviation to vulnerable groups along the commodity chain only stating workers should receive an appropriate payment according to national laws of the given country (Tuvhag, August 2008).

## Fairtrade and Gender

Gender empowerment could drastically improve production and overall operation within the coffee commodity chain. Current literature focuses on gendered work in large-scale agriculture and how women's role, as contract workers, is noted to not be important to the operation of family farms (Meuninck, 2009). This is surprising especially when looking at Mexico where women contribute up to 80% of coffee-production labour (Meuninck, 2009). Meuninck's (2009) research demonstrated cooperative projects only worked and were only successful when women had access to decision-making mechanisms and supported the cooperatives other activities. When looking at specialty coffee, this is a similar trend as research indicates Fairtrade has fallen short increasing women's bargaining power at household and community levels (Meuninck, 2009). With the introduction of Fairtrade on family farms, women are expected to increase their workloads to ensure quality and coffee harvesting areas are up to certification standard (Meuninck, 2009). Being responsible for the majority of labour, woman's bargaining power is clear in identifying the success or failures of a coffee farms' operation, since they are the ones who ensure the beans are collected appropriately, directly contributing to the quality of the bean. Given these shortcomings and pressures of increased workloads, the Fairtrade certification introduced a gender equality principle within its framework in hopes to balance the scales for both men and women (Meuninck, 2009). This has included a Fairtrade gender strategy, and a gender leadership school to provide valuable practical training for women (finance, negotiation) and men to better understand and promote gender equality (Fairtrade International, March 2019). As of 2020, statistics and results from this inclusion have not yet been documented across Fairtrade channels, only offering a few examples from small representatives of Fairtrade producers.

## Is Fairtrade Helping Farmers?

One problem many farmers have with the Fairtrade label on coffee is that it implies every other type of bean is exploitative (Haight, 2011). However, Fairtrade is offered as an alternative, arguing the certification challenges capitalism, environmental and social transparency, and offers opportunities for consumers to transition to ethical consumption (Fridell, 2007). The Fairtrade movement has opened up conversations for consumers to learn more about the

sustainability and social issues related to coffee, encouraging a shift to greener coffee purchasing. There have been desires from consumers to learn about the producers who make their coffee, and investment in fairer trade conditions to support farmers livelihoods; this in turn has created numerous certifications claiming to do such things (Haight, 2011). The current challenge to this notion however stems from the current market's structure and requirements (Fridell, 2007). These certifications do not change the way the coffee supply chains work. However, they have unintentionally made it more difficult for producers to gain access to the market – with additional certifications acting as financial barriers for marginalized farmers unable to afford the cost of one, let alone multiple, certifications (Haight, 2011). As Daviron and Ponte (2005) highlight:

To some extent counter-intuitively, transparency may also suffer when information on commodity production and circulation is embedded in standardized and externally verified labels and certifications. The label then becomes a cheap substitute for intimate knowledge of the commodity and of producers (p.229).

Cooperatives face high financial barriers (especially when starting out paying for the certification of each farmer), maintenance fees, inspection fees, and language/cultural barriers when working with Fairtrade representatives (Loveless, 2012). Extra stress is added to the farmers if paperwork is filed incorrectly, or if upon inspection an aspect of the farm does not meet the requirements, leading to high re-certification costs and the possibility of being de-certified, limiting market access and at times de-legitimizing the business in the consumers' eyes (Loveless, 2012). Additionally, Fairtrade does not take into account producing countries with a higher standard of living, given the globally set price minimum of the bean. This means prices are the same across all countries, benefiting countries that can live off fewer U.S. dollars per day, which puts higher cost countries like Costa Rica at a disadvantage when certifying a problem that goes against the promise of certification to producers (Loveless, 2012).

To put into perspective, based on Christophe Montagnon's research (2017), the average yield was found to be 995 kg/Ha (kilogram per hectare) in a study of different regions within Colombia. In addition the cost to produce was found to be USD \$2.36 per kilogram (Montagnon, 2017). Aforementioned, the price minimum of Fairtrade was set at roughly USD \$3.09 per kilogram, giving an average net profit of USD \$0.73 per kilogram if the bean is sold on Fairtrade channels. Taking into account the largest small-scale farmers will be producing on 10 hectare lands, this will yield them USD \$7,263.50 in profit a year. It is clear to see in order for farmers to afford the eco-certification costs of one certification, they have no choice but to join

cooperatives. This is further discussed with 3) Reliability section on page 17, and within the Costa Rican case, History and Significance section on page 24.

The lack of consideration when considering standards of living and price minimums is just one of many issues that can be seen with the Fairtrade certification. Other issues of the Fairtrade certification currently existing within global markets include: 1) Volatility, 2) Bad Beans, 3) Reliability, 4) Competition with other Certifications, and 5) Price and Quality Discrepancies. As discussed in detail below, these issues restrict small-scale producers in unfair ways, keeping farmers in poverty and further reducing demand among consumers.

### 1. Volatility

As a result of volatility in the coffee market means, at times the Fairtrade certification price minimum can act as a security for farmers to cover some of their production costs (Tuvhag, 2008). This works when world prices for coffee are low, because the Fairtrade price premium is high and benefits farmers; but when world prices are high, it is harder for farmers to sell through the Fairtrade certification (Enelow, 2014) as the premium surpasses a threshold that fair trade oriented consumers will tolerate. The certification does however act as a market intervention working with the market and system to address failures, attempts to improve infrastructure, education, the environment, and social circumstances, paying producers throughout the year rather than the typical upfront payment for the harvest upon delivery of the product (Tuvhag, 2008). Price volatility can also mean no benefits in the long-run for the producers. An example can be illustrated from Guatemala from 13 years of data collection, which showed zero long-term benefits from the certification as the price farmers paid for certification offset Fairtrade prices for the bean (Wydick, 2016). This is because the certification costs farmers about USD \$.03/per pound which is often greater than the amount sold through the Fairtrade price. In addition fertilizer restrictions for impoverished farmers diminish yields and add additional costs for farmers to keep up with demands (Wydick, 2016). This occurs when the cost of production and certification costs combined are greater than the higher prices received for the beans (Thurston, 2013).

### 2. Attracts Bad Beans

Fairtrade can be a tool for economic security for wealthy farmers, removing or reducing risk (Haight, 2011). An additional concern for many, however, is the real possibility that Fairtrade pushes farmers to sell low quality beans on the market to maximize profits (Haight, 2011). To explain, a farmer could have two different types of coffee beans, one that retails for higher than

another. The one that retails for higher, the farmer would typically sell on the open market whereas the lower quality bean would be sold on the Fairtrade market at the fixed minimum cost. To further minimize costs the farmer may only focus on enhancing the quality of the better selling bean, knowing with the Fairtrade beans, they will always only get the fixed price (Haight, 2011). Over time, the comparably lower quality of fairtrade beans makes the product less attractive to consumers, leading to reduced demand.

### 3. Reliability

Such problems have led to criticism and debate regarding the reliability of Fairtrade certification by academics and policy leaders. Some question whether Fairtrade labeling is sustainable and makes economic sense, or if it locks farmers into poverty (Dragusanu, Giovannucci, & Nunn, 2014). Even if a farmer has produced and certified a product under Fairtrade, does not guarantee that their product will be purchased as Fairtrade (hence not providing the associated benefits and prices) (Dragusanu, Giovannucci, & Nunn, 2014). This was seen in 2002, where only 40 million pounds of coffee were sold under Fairtrade worldwide even though over 200 million pounds of coffee were produced as Fairtrade beans (Austin & Reavis, 2004). This arose from the pressure to certify to obtain access to markets yet there is typically two to four times more supply than demand for certified beans, so cooperatives typically will sell 85% of their certified beans through standard coffee markets (Enelow, 2014). As we have seen, Fairtrade is associated with price stability, higher outputs of coffee and higher incomes on the global commodity chain, as a consequence of increased production costs and certification costs, total yearly incomes for small scale producers may not be as beneficial as promised (Dragusanu, Giovannucci, & Nunn, 2014).

### 4. Numerous Certifications

An issue many producers also face is the ever-growing number of certifications they have access to, forcing farmers to certify out of obligation to prevent market barriers (Tuvhag, 2008). This is because certain big buyers (like McDonalds and Starbucks) want to attract consumers with multiple eco-certifications/labels and at times will not purchase beans if they are not certified with particular eco-certifications, even if the quality of the bean and how it was produced is exactly the same. This adds certification and administration costs to the already marginalized farmer who can only gain market access by certifying, while the outcome benefits or setbacks are unknown (Tuvhag, 2008). This is a massive market entrance barrier to producers most in need of alleviation and seems to only benefit already established

cooperatives and producers (Tuvhag, 2008). Consequently, some view the true use of Fairtrade as a means to provide consumers with shopping information, rather than to improve situations for producers (Tuvhag, 2008).

#### 5. Price and Quality Discrepancies

The only way to ensure a high-quality bean is made is if all stakeholders along the chain are paid well and have the proper training (Haight, 2011). This will ensure pride is taken in harvesting only beans that are ready, since beans do not mature all at the same time, and that care is taken while packaging, roasting, storing, and shipping the beans (Haight, 2011). Unfortunately, in its current state Fairtrade offers no incentive to keep quality of products high which on average equates to mediocre quality (Haight, 2011). This in combination with the high cost the consumer pays for the coffee (with the bean being at a reduced quality) will deter consumers from purchasing the bean again.

As we will see in Ch. 4, the aforementioned factors influence coffee production and the coffee trade, including that of Fair Trade labeled beans, in Costa Rica. To examine the broader factors shaping coffee production and consumption, I turn now to a consideration of the social and ecological relations of production surrounding coffee as a globally traded commodity.

### Social Relations of Production

#### Commodity Fetishism

The problems in the Fairtrade certification exemplify the problem of “commodity fetishism” – where the social relations of production are obscured in the buying and selling of a product - that in principle labeling processes were intended to counter. The coffee industry has many complex economic, social, cultural and political relationships stemming from a long history of slavery, colonialism, imperialism, and capitalist expansion (Fridell, 2011). “Commodity fetishism” is a term coined by Karl Marx to refer to the common condition of modern capitalism. This is when the commodity itself becomes fetishized as an independent object with its own value instead of the result of work from other people (Fridell, 2011). In this case, coffee is reduced to a simple “cup of coffee” rather than the complexity of the commodity (Fridell, 2011). Commodity fetishism is a reflection of how society has been altered by capitalism and relies on the

commodity economy (Bernstein & Campling, 2006). Commodity fetishism masks social, environmental, and political issues related to the production end of the commodity chain (Bernstein & Campling, 2006). Corporations are also noticing the pull of commodity fetishism, like the food company, Tyson's CEO mentioning they are more of a branded marketing company with "specialized products" which sells the product as a fetishized commodity (Bernstein & Campling, 2006).

Keeping commodity fetishism in mind, it is easy to forget the many social divisions of labour when it comes to the coffee commodity chain. Marketing companies capitalize on commodity fetishism to blur lines between material needs and the values of goods, since typically consumers are not educated on the labels they are purchasing under (Arnould, 2010; Bernstein & Campling, 2006). This turns consumers to demand commercial goods which have lifestyle promises of a brand or the reputational value of the label itself on a product (Arnould, 2010) instead of purchasing the product knowing the background/origin of who created the product.

With this in mind it is not the coffee consumers 'fault' that they are not aware of the many inequities and ecological problems embedded within the coffee commodity chain since coffee corporations rarely distribute genuine information on the social, ecological, or health aspects of coffee production and consumption (Fridell, 2011). Coffee corporations focus their attention and millions of dollars on their marketing strategies, masking the relationship between producers and consumers, preventing corporate accountability (Fridell, 2011). The critique of this convenience culture, however, has led to a shift in consumer purchasing patterns being shaped by social responsibility - where some consumers favour purchasing from companies that are good for the environment and society (Willard, 2018). These changes altered the way coffee corporations are marketing and promoting their products. It also spurred the development of the Fairtrade movement discussed above, which in principle addresses the social dimensions of production.

The following section considers the social relations of production through a focus on some of the key issues of (in)equality that the coffee value chain entails at both production and consumption ends. These are: class identity, gender, poverty, and consumption/education issues.

## Class Identities

From the consumption side of the chain, in the 1930's when coffee was gaining popularity, many advertisements depicted violence toward women, warning housewives that if their husband's coffee was not good, they would be a bad wife (Fridell, 2011). Class characteristics can also be seen within coffee consumption. Marketing campaigns for Tim Hortons, Coffee Time, and Dunkin' Donuts for example, depict working class and suburban individuals gathering for cheap social outings: around a cup of coffee (Fridell, 2011). Arguably, middle- and upper-class consumers purchase from specialty coffee companies frequently to demonstrate their financial ability and class identity (Fridell, 2011). These class hierarchies influence the coffee commodity chain and are influenced by marketing produced by sellers, affecting the supply and demand for certain quality and quantity of bean.

## Gender Empowerment

On the production side 20-30% of coffee farms are operated by women and almost 70% of labour in coffee production is provided by women workers (shifting per region) (International Coffee Organization, 2018). This is surprising since research demonstrates women have less access to land, credit, markets, and education when it comes to the coffee industry than men (International Coffee Organization, 2018). This demonstrates that despite reduced access to mechanisms that would allow them to participate in coffee production, they are unable to do so beyond status as workers. The roles of men within the coffee industry involves managerial tasks in production and sales level interaction with potential buyers while women are expected to participate in production activities that typically involve labor (Manfre & Laytham, 2017). Men typically can access credit 5-10% more than female farmers, and only 5% (of 115 countries surveyed) of agricultural extension services are available to women (Manfre & Laytham, 2017). The World Bank noted as well, that if the gender gap was closed in the industry, it would also contribute to positive social and economic benefits (International Coffee Organization, 2018) as gender equality and economic development work simultaneously (Manfre & Laytham, 2017). This is because when women are supported, productivity increases, and in turn creates a positive correlation socially and economically (Manfre & Laytham, 2017). To strengthen this claim, Manfre and Laytham (2017) mention:

Evidence from such widely differing countries as Brazil, Cote d'Ivoire, and Bangladesh suggests that women are more likely than men to use their incomes to improve their children's nutrition, health care, and schooling, even when it is considered a man's responsibility to pay for his children's education (pp. 9).

### Saturation/Poverty Issues

The Fairtrade incentive to pay more for coffee beans may be doing more harm than good, since it encourages coffee production and more producers to certify, which creates too many options for buyers (Wydick, 2016). Reducing the supply of coffee should be the main priority for rural poverty alleviation (Wydick, 2016). Potentially most damaging is the assumption among consumers that Fairtrade is helping the individuals most in need of poverty alleviation along the commodity chain (Wydick, 2016). This misdirects buyer purchasing power away from proven poverty alleviation techniques<sup>2</sup> (Wydick, 2016). The Fairtrade incentive of paying higher premiums for coffee in this sense keeps farmers poor and stuck within their current situations (Wydick, 2016).

### Ethical Consumption + Educational Resources

Ethical consumers are those who decide what to consume based on assessments of where the product came from, how its materials were sourced, who manufactured the product, and other terms to determine the moral nature of that product (Carrier & Luetchford, 2012). Ultimately ethical consumption is when a consumer considers the moral nature of a product when deciding to purchase or not (Carrier & Luetchford, 2012). Keeping this in mind, it appears direct trade would be more sustainable and beneficial than Fairtrade. This is because direct trade drafts a contract with the producers and buyers guaranteeing longer partnerships, higher coffee prices for producers (often in exchange for high quality beans) and shortens the commodity chain to consumers (Wydick, 2016).

For individual consumers educational resources I could locate to learn about coffee production are offered through the Merchants of Green Coffee, founded in 1994. They run a 'coffee school',

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<sup>2</sup> Bruce Wydick (2016), a professor of Economics and International Studies at the University of San Francisco, surveyed sixteen development economists which all ranked Fairtrade second last of ten as an anti-poverty program. The first five included: Providing fresh water was ranked first, improving children's health to prevent malaria through deworming campaigns and providing mosquito nets came second and third, sponsoring a child came fourth, providing clean-burning stoves to mitigate air pollution and deforestation came fifth (Wydick, 2016).

offering classes to simplify and de-mystify coffee for individual consumers (Merchants of Green Coffee, 2019). The classes are located in Toronto, Ontario and range from \$25 - \$60 dollars and cover topics on green beans (social and environmental impacts, processing and production, and its supply chain), roasting, brewing, cupping and tasting (Merchants of Green Coffee, 2019). They approach each step of their supply chain with an environmental lens, being the first to combine coffee growing, forest restoration, and 100% off-grid, solar-powered processing (Merchants of Green Coffee, 2019). This resource offers an aspect of traceability and ownership over a consumers purchasing power, providing the necessary skills to understand the complexity of the coffee commodity chain.

An educational resource available online continuing this important research includes: Consumers International's (2005) "From Bean to Cup: How Consumer Choice Impacts upon Coffee Producers and the Environment." Sustainable coffee certifications are discussed, along with certification schemes (what they mean and their definitions) (Consumers International, 2005). In addition, it provides country case examples and consumer perspectives from different countries (Consumers International, 2005). This source also provides recommendations to better link producers and consumers, and what consumer organizations can do to better educate consumers (Consumers International, 2005). This resource explains purchasing power, and barriers consumers face when making purchasing decisions (Consumers International, 2005). By purchasing products as consumers we are consenting to the way the product was created. When we research and demand for traceability along the supply chain we can use our purchasing power to better social, political, environmental, and economic aspects along the chain.

## Ch.4 Costa Rican Coffee and International Certification

### History and Significance

Located in Central America, Costa Rica has been in the business of producing coffee for over 200 years (Tuvhag, August 2008). Costa Rica's high altitudes, rich soils, consistent warm temperatures and favorable wet/dry seasons equate to ideal growing conditions for coffee cultivation across the country (Dragusanu and Nunn, 2018). As of 2017, 92% of coffee production in Costa Rica was cultivated on small plots of family farms (on average less than 10 hectares) across the country (Dragusanu and Nunn, 2018). Known for its impeccable quality and taste, Costa Rica is now the fifteenth largest producer of coffee globally (Szenthe, 2019).

In 2019 Costa Rica's coffee value dropped to 2.4% of total export earnings as export demands shifted (Workman, 2020). In 2019 top exports included: medical equipment (24.2%), bananas and plantains (8.7%), tropical fruits (8.6%), orthopedic appliances (5.9%), food preparations (4.1%) and then sixth most valuable export being coffee at 2.4% which is still critical for Costa Rica's economy bringing in USD \$285.6 million (Workman, 2020). This is shocking given that coffee exports in 2016 – 2017 represented 11% of total export earnings, as Costa Rica produced over 1.49 million 60 kg bags of coffee (Dragusanu and Nunn, 2018) and was managed by over 78,000 Costa Rican farmers (ResponsAbility Investments, 2015). 2019's 1.29 million 60 kilogram bags, which happens to be the lowest quantity of coffee export in Costa Rica in 40 years (González, 2019). As discussed further below, this drop in coffee's contribution to Costa Rican exports is attributable to declining global prices as well as competition with Brazil's continual bumper harvests, roya infestations killing crops, unfavorable weather conditions, which resulted in lower production across the country, and increased demands to export medical equipment (Workman, 2020; González, 2019).

Since coffee is only harvested once a year, many Costa Rican farmers will sell their beans at peak season, often when prices are at the lowest since they cannot wait for prices to increase (Tuvhag, 2008). This pressure to sell comes from the lack of access, market influence, and weak government support which tends to instill levies instead of developing infrastructure and providing support to farmers (Tuvhag, 2008). This is disadvantageous, contributing to the country's deteriorating fiscal situation, persistent inequality, and the rise of poverty (World Bank, 2018). From 2017 to 2018 the poverty index increased 1.1% in the country meaning 1,142,069

people live in poverty and 360,783 live in extreme poverty (Alvarado, 2018). International market prices of coffee have drastically declined increasing rural poverty, impacting many economic, social, and environmental foundations within Costa Rica (Tuvhag, 2008).

Thousands of Costa Rican producers are denied access to affordable loans and investments making their crop susceptible to infections like roya (ResponsAbility Investments, 2015). In attempts to keep up with production demands, rural farmers are then forced to seek new clearings of farmlands or turn to eco-certifications (like Fairtrade, introduced to Costa Rica in 1989) including the high administration and annual certification costs discussed above (Tuvhag, August 2008; Haight, 2007). The price for coffee continues to decrease, leaving farmers to face loss of land in markets where companies receive at times \$1.00 per pound while farmers receive \$0.20 - \$0.40 cents per pound (Haight, 2007). As we have seen, while the eco-certifications may offer relief to skilled coffee producers, they may also set up farmers most in need of poverty alleviation to fail further and to lose their businesses (Haight, 2007).

Due to the size and reputation of the coffee industry in Costa Rica, there are many opportunities to improve and expand the industry to benefit the vulnerable populations. At present, Costa Rican coffee producers need support and development to make these benefits a possibility as they tackle limited market access, and lack of financing, and changing climate issues in the industry affecting their livelihoods (ResponsAbility Investments, 2015). There is a need for strategic interventions and research to effectively address poverty issues instead of encouraging producers to increase their yields (Rice, 2003). Insights from all stakeholders, including primary data collections (which are highlighted in Chapter 5), are needed to assess the successes or failures of Fairtrade poverty alleviation attempts.

The following section considers major influences which manipulate coffee production in Costa Rica. This contains: Migrant workers influence on the bean, how climate change will change operations, and how Fairtrade is influencing Costa Rican coffee operations.

### Migrant Workers

Concerning collection of the bean, social issues facing seasonal migrant workers are important. During harvest seasons migrant workers are needed on Costa Rican family farms to harvest coffee beans. Interestingly enough, when a farm is operating under the Fairtrade certification,

the Fairtrade Labelling Organization does not look into wages individual farms pay to migrant workers or any other operating business practices (Haight, 2011). The standards state in section 3.3.21 that it is up to the producer to effectively monitor working conditions of the migrant workers (Fairtrade International, April 2019).

Costa Rica relies on seasonal migration from places like Nicaragua and Panama to collect coffee beans (Tuvhag, 2008). Many reports document that immigrants have been risking their lives in attempts to cross borders to find work within Costa Rica to help with this collection (Tuvhag, 2008). Nicaraguans make this journey because Costa Rica offers higher wages for the collection of coffee beans across the country, yet unfortunately these workers' wages still fall below Costa Rica's minimum wage (Tuvhag, 2008). It is noteworthy to mention that these migrant workers are ultimately the ones who determine if the crop will be of high quality or not. This is because migrant workers who feel they are valued and trained properly will only harvest the beans that are ripe in color (dark purple or red), guaranteeing high quality. If a worker does not feel valued or adequately trained during the harvest season, they tend to pick all beans regardless if they are ripe or not, just to complete the job. At times, children will accompany their parents to work on the farms by harvesting coffee beans (Tuvhag, 2008). The children are paid by their parents directly and not the producer; as such child labour is challenging to audit or prevent among migrant workers (Tuvhag, 2008).

### Climate Change

Climate change has and will continue to affect the availability and quality of coffee on all markets making the bean harder to come by and more expensive (Haggard and Schepp, 2012). The changing climate in coffee producing countries is already changing the way beans are cultivated. This is because slight increases in overall global temperatures prompt erratic rainfall, droughts, un-ideal growing temperatures, and increases of pests and diseases (Slawson, 2016). Indeed, average temperatures above 23°C slow or stop development of coffee bean cherries, and daily temperatures above 30°C reduce plant growth and burn/yellow plant leaves (Haggard and Schepp, 2012) Thus, crops since 2000 have decreased by 39% and production has been reduced 44% in Costa Rica. In Latin American as a whole, global warming could reduce the coffee industry's yields by 88% by 2050<sup>3</sup> (Waugh, 2017). These rising temperatures have

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<sup>3</sup> Currently from 1901 – 2000 temperatures have warmed .9 to 1.8 F and warm days risen about 2.5% each decade since the 1970s (Ekwurzel, 2011)

drastically changed coffee production globally, impacting more than 20 million people and resulting in losses of over \$500 million US\$ (Ekwurzel, 2011).

To forestall these problems, adaptations must protect yield, updating farming practices to ensure resilient crops, with more shade trees being planted to better control temperatures and light within the farm (Vanska, 2018). Increased rainfall will be a major problem for coffee crops, so rainfall will have to be redirected into catchment systems to water plants or into channels away from plants (Vanska, 2018). Diversification of crops is another tactic farmers can adopt, growing plants with thicker root systems, in turn reducing risk of erosion (Vanska, 2018).

### Making the Connection: Fairtrade and Costa Rica

In Costa Rica it seems Fairtrade principles promote environmental sustainability by improving reforestation, promoting natural fertilizers, and decreasing chemicals used in production (Tuvhag, 2008). Fairtrade guidelines and principles attempt to also promote social investments in infrastructure, education, promote local democracy, and tries to promote economic sustainability for producers by increasing predictability of coffee prices (if operating correctly) (Tuvhag, 2008). Fairtrade International claims they help shape sustainable supply chains by providing standards, minimum price and premiums, connect networks and knowledge, provide global governance, and strategic partnerships for all stakeholders involved (Tuvhag, August 2008). As we have seen, however, numerous authors argue that Fairtrade: attracts low-quality beans, imposes unrealistic costs on impoverished growers, provides no positive impact on coffee labourers, only helps advanced producers, and on the Fairtrade website fails to demonstrate scientific standards of impact evaluation throwing into question the validity of reporting (Rice, 2003; Loveless, 2012; Wilson, 2011; Blackman and Naranjo, 2010; Wesel, 2012; Haight, 2007; Ponte, 2004).

At times Fairtrade in Costa Rica does help some farmers, but the conditions have to be right. When looking at production dynamics from 1999 – 2014, and the correlation between the certification, researchers demonstrated that some farmers were able to obtain higher sales prices, and higher revenues (Dragusanu and Nunn, 2018). The analysis determined the certification is more effective when global prices are lower and when the minimum price of Fairtrade is binding (Dragusanu and Nunn, 2018). The study acknowledged that the benefits are not evenly distributed among farmers, at times only benefiting skilled coffee growers (43.5% of

Costa Rican coffee industry) while hurting intermediaries (6.7%) and smaller scale or unskilled farmers (49.8% of Costa Rican coffee industry) (Dragusanu and Nunn, 2018). The analysis further stated that Fairtrade premiums did help in building local infrastructure in Costa Rica (Dragusanu and Nunn, 2018). Another hesitation includes the lack of transparency as to where the \$.20 premium actually goes. Reviewing the Stanford Social Innovation Review, economists uncovered these premiums typically go to buildings and salaries, not into local communities and education (Wydick, 2016).

In the Southern hemisphere in general very few farmers are aware of Fairtrade's role and do not acknowledge Fairtrade as the source of improvements (Luetchford, 2007). In order to be an effective device, Fairtrade should improve returns to small producers, which would improve quality of life and health of many Costa Ricans locally and nationally (Luetchford, 2007). Unfortunately, Fairtrade often exacerbates imbalances in resources and capabilities of farmers and focuses on the parallels between consumers and producers (Luetchford, 2007).

Many producers feel they are forced to certify as an obligation to gain access to the market and to remain competitive, often bearing expensive certification costs (Fairtrade and annual producer certification: US \$2,500 to \$10,000), with unknown results of certifying (Tuvhag, 2008). Some who argue for Fairtrade in Costa Rica claim that Fairtrade is still meeting their guarantees to producers, allowing them to continue their livelihoods as coffee farmers (Tuvhag, 2008). Unfortunately, even though the guarantees can be met in Costa Rica, after examining 13 years of data from cooperatives in Guatemala, the economic benefits of Fairtrade are offset by the prices producers must pay for the certification (Rice, 2003). Sanjay Lanka and Steffen Böhm's research in Costa Rica came to the same conclusions (Lanka and Böhm, 2014). As they state:

Even with the Fairtrade floor price and premium, the price would usually be no more than about \$3.50/kg which would still not cover the costs of production. This premium must be invested by the co-operative in various projects to improve the lives of its members and their communities, which is a good thing. But, since most of this money is spent at the community level, it does not provide enough income to individual farmers (pp.2).

This clearly demonstrates if the floor price of coffee is increased by 1.5X to 2X current prices, farmers would be making more of a 'fair' income, since the farmer still has to pay operation costs and costs to pay migrant workers. This cost premium does not necessarily have to be incurred by the consumer but the business selling the coffee if they truly want to run a more ethical operation. The certification also does not consider the country in questions' standard of

living and applies the same prices across all Fairtrade certified countries, benefiting less developed countries that can survive on fewer dollars a day, but disadvantaging countries like Costa Rica where Fairtrade prices do not go as far (Loveless, 2012). New certification requirements also force farmers to follow organic standards, which are less resilient to insects and fungus, and if opposed the farmer would be breaking their contract and instil further costs (Loveless, 2012).

## Ch.5 Results Across the Commodity Chain

This chapter synthesizes the results of my primary research in Costa Rica and Canada, connecting my observations on the producer side of the chain in Costa Rica with my survey concerning the consumer end of the chain. This research gathered opinions on Fairtrade from a small-scale farmer in Costa Rica, and insights on their own farms' operations. This in combination with gathering opinions from graduate students in Canada to find out how much they know about eco-certifications, helps to form a wholistic reality on today's input-output structure of the coffee commodity chain.

### Field Observations: Coffee in Costa Rica

#### Environmental Observations

While visiting Costa Rica with York University in February 2019, I recorded many rural environmental conditions that restricted working capabilities for producers in the Las Nubes biological corridor<sup>4</sup>. In the communities I visited, one issue I noticed was the state of the road creating dust covering surrounding areas. For many community members, this was the only road they can use to travel, causing many respiratory issues. They walk, bike, and drive cars on the dirt roads bringing the dust with them, and the increased inhalation of dust/dirt along with difficulty accessing proper medical services has restricted the ability of some local residents to work at their jobs or on their farms for extended periods of time. With climate change, it seems that dry conditions are increasingly frequent, adding to socio-economic concerns.

#### Coffee Farm Observations

For the purposes of this research I use pseudonyms for the individual farmer I interviewed (referred to as John Ramírez). The information below draws from these limited discussions and clearly does not represent the conditions of all small-scale farmers. This section is meant to highlight my own experiences while visiting Costa Rica. The research was reviewed and

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<sup>4</sup> In 2004 York University introduced Las Nubes coffee through Timothy's World Coffee operating as direct trade coffee, but today this program no longer exists.

approved by the FES Human Participants Research Committee on behalf of York University and the farmer signed a consent form allowing me to use this information.

When visiting Costa Rica, I toured a coffee farm February 17<sup>th</sup> 2019 where I was able to record notes on the operation of the farm. The farm is run by John Ramírez who was able to share his experiences managing the land as well his efforts to combat the effects of climate change on production. John's responses to my questions offered insight into the challenges faced by farmers in the Santa Elena region of Costa Rica over the past three decades. In our conversation he recounted that his farm had been in operation for 25 years and that he entered the business after first being a labourer on a farm. In his responses to my questions about coffee production (see appendix 2) he highlighted that while he has no alternative to that choice of crop, the conditions he faces annually worsen as his production costs increase yet market prices continually to drop even as buyers exert higher quality beans.

John noted the broader global conditions described in this paper. Coffee used to be one of the main exports of Costa Rica but with economic pressures less and less has been sold on international markets. Since there is a surplus of coffee, many tons of coffee is stored to be sold later, driving down prices (since the international price depends on how many pounds of coffee are separated in silos). He mentions how this price volatility within the market makes it challenging to know what the final price of the bean will be.

Climate change worries him as he notices his land is drier over the last 5-10 years and is considering seeking other technologies to water his plants, like drip irrigation, or to build a well. To him, climate change and international prices are a major challenge to operate his farm. He notes that as a farmer you may be paid \$100 for 100 pounds of coffee but to produce the coffee it can cost you \$130. For poorer farmers it is especially challenging and can be very exploitative when a company earns \$4,000 for the 100 pounds of coffee while the farmer only receives \$100. Due to this outcome many small scale producers prefer to sell to local cafeterias and coffee within Santa Elena to attempt to make higher profits. He used to invest \$30,000 in his coffee yield a year, with pressures to keep producing more beans but this was always sending him into debt. Now he only spends \$3,000, does not run into debt and focuses on higher quality beans, staying away from low scale coffee.

Since John is now associated with a cooperative (ICAFFE – which is certified Fairtrade), they govern how the coffee is processed, sold, and liquidated. As a producer within a Fairtrade cooperative, he feels the certification does not accurately provide information or connect with consumers. In his opinion the certification should be changed to allow the producer to create their own value for their product and be compensated based on the quality of that product. Regardless of being certified he still faces many insecurities within his operation, including: depreciating prices, concentration of the markets, climate change, production demands, labor restrictions, and financing boundaries (financing availability, risks of coverage).

My conclusions based on my observations in Costa Rica and John's answers, demonstrate clear problems within the coffee commodity chain. John made it clear he does not feel he is properly compensated for his bean and reveals that he has been trapped within the coffee market system, regardless of whether he sells independently or through the cooperative. He acknowledges a major issue is that larger business are making substantially more off his product when they sell to consumers than he makes. In addition the dust concerns I raised indicate that at the local level there is a need for, investment in infrastructure (at minimum improved roads) and health services which would lead to considerable improvements in conditions for small-scale producers than participating in certifications.

### Direct Trade Opportunity

When speaking to a farmer in Costa Rica, I asked how to buy their coffee from Canada and they directed me to [Juliuscoffee.com](http://Juliuscoffee.com). The company selects beans from small scale farms and roasts the bean to then sell to the public. They offer a source of education for consumers who visit their website, explaining how coffee is picked and processed, the different ways to dry coffee, and provide social insights to the life of a coffee farmer. To purchase the coffee, you can order online or buy from one of their many locations across Quebec. They also offer a commercial source for businesses to serve direct trade coffee in specialty shops, offices/companies, and even coffee shops/restaurants. This creates win-win relationships on both sides, bringing higher profits to the local farmer and better tasting coffee to the consumer.

## Consumer Survey: Eco-Certification – What do graduate students know about eco-certifications?

### Student Survey Exploratory Analysis

To further empirical investigations, I conducted a survey on eco-certifications. The survey, containing 21 questions, four of which were demographic, was designed to investigate opinions of a small sample size of students at York University. The survey populations included York University Master of Environmental Studies students (10 responses) and students in any other graduate programs (12 responses) at York University. I wished to query if students in differing streams of graduate education respond differently to questions concerning eco-certification purchasing patterns. I selected Master of Environmental Studies students based on the assumption that they would be educated on many environmental and social justice issues. For the purpose of my research select questions will be compared in this section which discuss the main findings of this survey. Supplementary material can be found in appendix 3.

All participants were given the online survey in English and have received consent letters which they have signed to take the survey. The survey was approved by the FES Human Participants Research Committee on behalf of York University and was emailed to them through their graduate programs List-Serv. Potential risks of this survey included participants being uncomfortable talking about their spending patterns, their opinions, or why they choose certain options over another. To mitigate these risks, I chose an online survey platform to ensure participants have anonymity. I selected sogosurvey.com to run my survey as it includes an online tool to automatically assign a participant number, allowing for this anonymity. I provided the opportunity for participants to receive a notification of my research results after its completion. Employing excel I was able to enter the data to create charts visually documenting the various responses.

Potential biases include students, including those external to FES selecting to complete the survey because of a pre-existing interest in the topic, which would equate to greater awareness regarding eco-certification than the general student population. Another possible bias is that various of the Masters of Environmental Studies students may know me personally. I may have had conversations with the students in class or socially concerning my research which might influence their responses.

## Notable Observations

Comparing the demographic profiles of the respondents, the Masters of Environmental Studies students (Group A) had more male-identifying respondents than that of the general graduate student survey (than female-identifying, or non-binary options) (Group B) which included predominately more female-identifying respondents (than male-identifying, or non-binary options). Both surveys had a predominant age group of 19-30 year old's.

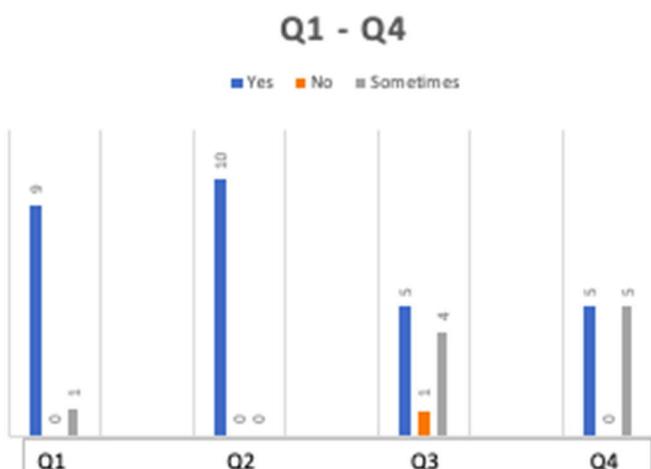
Demographic Profile of Respondents (Left - Group A: **Master of Environmental Studies (MES) students**, Right – Group B: **General Graduate Population**)

Items	Frequency	Percentage (%)
<b>Gender</b>		
Male	6	60%
Female	3	30%
Other	1	10%
Prefer not to Identify	<u>0</u>	<u>0</u>
	10	100.0
<b>Age</b>		
19-30	7	70%
31-40	2	20%
41-50	1	10%
51-60	0	0
61-70	0	0
70+	<u>0</u>	<u>0</u>
	10	100.0
<b>Graduate program</b>		
-Masters of Environmental Studies	<u>10</u>	<u>100%</u>
	10	100

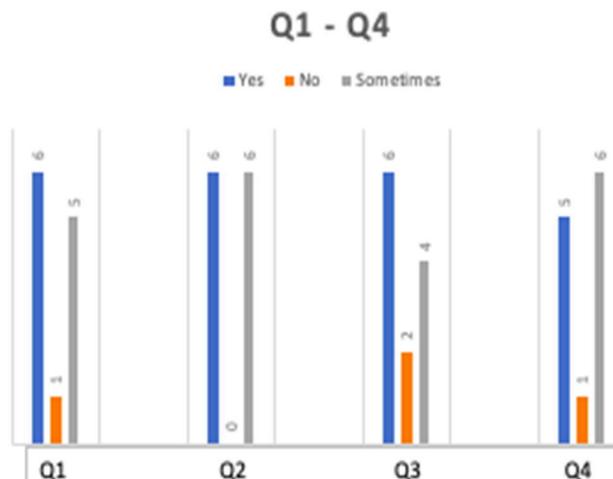
Items	Frequency	Percentage (%)
<b>Gender</b>		
Male	3	25%
Female	8	67%
Other	1	8%
Prefer not to Identify	<u>0</u>	<u>0</u>
	12	100.0
<b>Age</b>		
19-30	6	50%
31-40	5	42%
41-50	0	0
51-60	0	0
61-70	1	8%
70+	<u>0</u>	<u>0</u>
	12	100.0
<b>Graduate program</b>		
-MA Dance	1	8%
-Linguistics	1	8%
-PhD in Communication and Culture	2	17%
-PhD Clinical Psychology	1	8%
-PhD, Civil Engineering	3	25%
-Cinema and Media Studies, PhD	1	8%
-PhD Gender, Feminist and Women's Studies	1	8%
-master's in film production	<u>1</u>	<u>8%</u>
-Engineering	12	98.0 (with rounding error)

I noticed the majority of Group A was more environmentally inclined within the first four questions, as expected, over Group B.

## Group A Responses:



## Group B Responses:



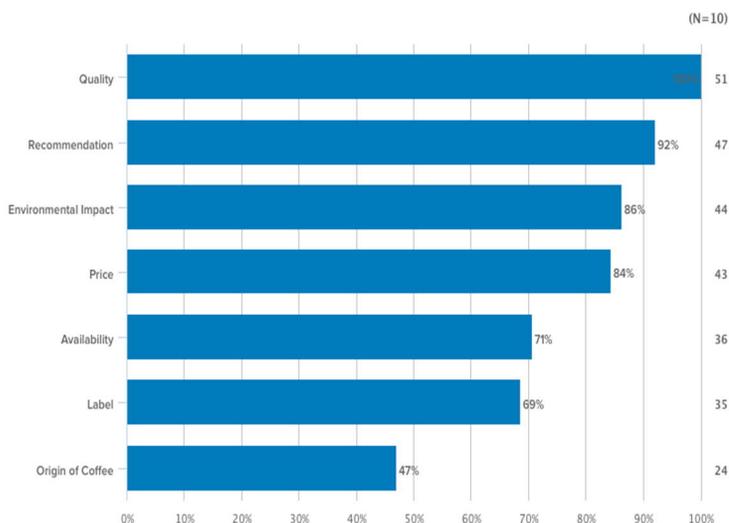
The first four questions asked if concern for the environment affected purchasing decisions, if the participants question the origin of the products they purchase, or look for companies or labels that are indicative of environmental friendliness. It was clear the environmental studies students were more inclined environmentally than the general graduate student population.

**Q7** asked “How likely are you to purchase an item because it is eco-certified?” where 33% said they were “Not Influenced”, and 67% voted “Somewhat Likely” within Group B.

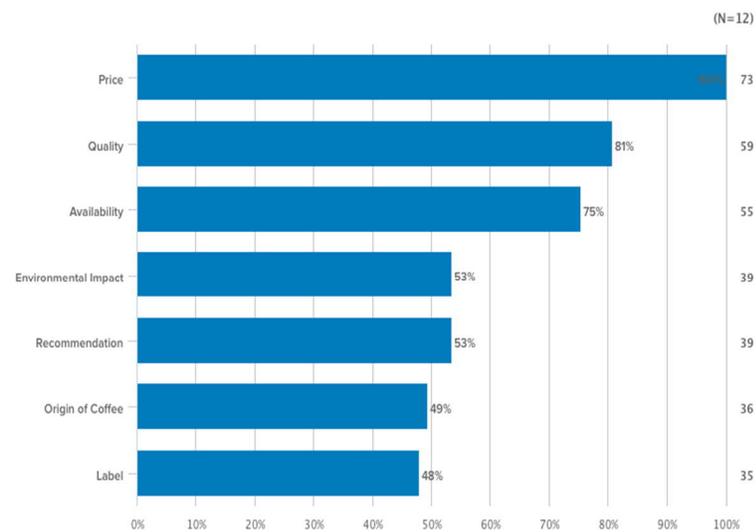
I was surprised by this response given that in response to a previous question in the survey, almost half of the participants were not sure what an eco-certified product was. The respondents that provided an answer on the definition of eco-certification were also not confident in their responses (see appendix, Q6). Within the small sample, this implies that given the line of questioning in the survey, respondents assumed that something eco-certified is a “good” item to purchase.

**Q8** asked respondents: “What affects your coffee purchasing decisions (1 being most important, 7 being least)?” I found it interesting that Group A and Group B both had *quality* as a top influence when making coffee purchases. A notable difference includes how Group A ranked *price* 4<sup>th</sup>, while Group B listed *price* as the first “most important” indicator when purchasing coffee. The *environmental impact* was ranked third for Group A and fourth for Group B, so this was not far off as well. The *origin* of the coffee, and *the label* of the coffee came last in both groups which was also interesting. It seems for this question in particular both groups had similar opinions on importance when making purchases.

Group A



Group B



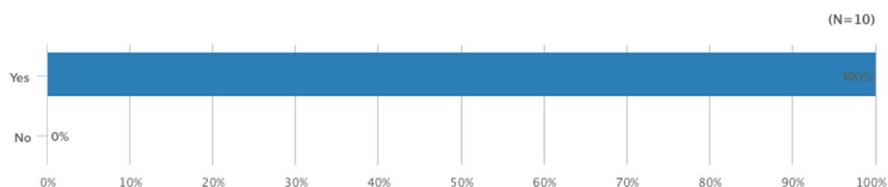
**In response to the question** ‘Do you ever feel overwhelmed by choices when purchasing coffee? Why or why not? How do you end up deciding between products?’ I observed that four people displayed concern about making coffee purchases while the remaining six responses seemed more confident in their selections in Group A - MES students (See appendix for full responses). Only one response discussed the challenges of purchasing products in today’s capitalist market. The other responses focused on how they purchase from brands/stores that they are familiar with and what taste they like how one participant said: *“I often choose the same two brands (illy, lavazza) when I purchase, so it does not feel overwhelming - I currently choose them because I like the taste and they’re familiar but I am open to alternatives”*. This surprised me because I thought more Environmental Studies students would question their purchases more. Within Group B (general graduate students), there was an approaching equal split, with about 45% of respondents feeling overwhelmed by choice and others fairly confident in their purchases. I was very curious about the first response *“no, i pick coffee that tastes good. Some of these eco-brands are suspicious and I am not fully convinced and most taste like shit, especially on campus”* since eco-brands can attract bad cheap beans, I wondered if this participant unfortunately was subject to this downfall of eco-certifications.

Both groups of participants were split almost 50/50 on if it was important to purchase eco-certified coffees but where they differed was in the following question where Group A (MES) is more inclined to pay a price premium for specialty coffee than Group B (general graduate). Another difference I noted was Group A was more inclined to provide a price premium to ensure

farmers were earning a higher wage than Group B. This is interesting to note because in the following question both groups of participants on average would be willing to pay 10-25% more for their coffee if the product was guaranteed as ethically sourced from origin.

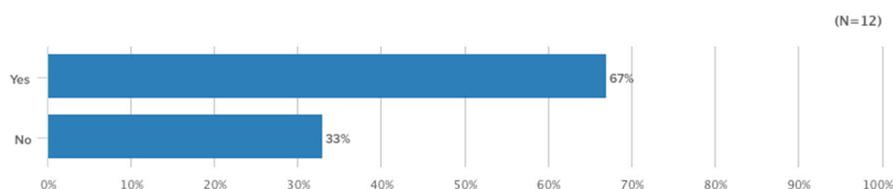
### Group A: **Master of Environmental Studies students**

13. Would you pay a price premium to ensure farmers were earning a higher wage?



### Group B: **General Graduate Students**

12. Would you pay a price premium to ensure farmers were earning a higher wage?



When looking at Q10, 11, 12, and 13 collectively, it appears that both groups are unsure what the implications are of eco-certified since both groups were split in their views as to whether it is important to purchase eco-certified beans. It appears that Group A (MES) is more concerned with nominally ethical coffee in comparison to Group B (general graduate). Yet in their responses to Q13 both groups on average would be willing to pay 10-25% more for their coffee if the product was guaranteed as ethically sourced from origin. This contradicts some responses to the previous questions results given that participants in Group B did not support a price premium to farmers (Q12) to ensure they are better compensated. This made me question if the participants think farmers producing coffee are already earning sufficient funds, if they don't care about labor involved, or if they misunderstood the question. This is important to note as Group A unanimously indicated willingness to pay a premium to ensure farmers be paid more, which was a major difference between the two groups of participants.

Q15 asked "What issues, in your opinion, are occurring when sourcing coffee? If you are not sure, please state that: "I am not aware of any issues"." Group A all understood the question and gave thoughtful responses on what issues could be occurring along the commodity chain,

from environmental concerns, marketing tactics, and social/labour issues. Group B had difficulty with this question, with 50% unaware of any issues and one individual not understanding what the question meant<sup>5</sup>. The other 50% offered environmental issues, social/labour issues. I found it interesting that the respondent that did not understand the question ended up offering an example of an actual within the chain! They said: "I don't understand this question, really. What I think it means is looking for eco-friendly coffee. It's all in the marketing and label design. If I see a good design, especially with red colours, I will be likely to want to read about, and try it." The student was clearly aware of the influence of corporate marketing schemes on consumer purchasing choices.

When asked "Do you know where your coffee comes from?" a general consensus among the two groups was that they did not know the origins of their beverage. The majority stated a general region or country in general, but no one could state where the precise origin, demonstrating the severed relationship between farmer and consumer (For full responses see appendix).

Before the final question I provided a short paragraph on the realities behind the Fairtrade eco-certification and then asked for participants' reactions (See appendix). I made sure through the survey platform that after reading this paragraph the participants did not have the ability to go back and change answers. All respondents were surprised at the realities farmers face in today's system, but Group A seemed to already understand quite a bit concerning the realities behind the coffee commodity. Some participants in Group A even made their own parallels to what they witness locally to small producers: *"I do know that certification cost is often a barrier for small producers. It reminds me of folks who sell at the farmer's market who can't afford the organic cert but who grow organic produce nonetheless and as a consumer I trust their word. I think it brings up an important point that there are shades of green and shades of social responsibility which are quite complex."* Within Group B, some already knew some of the realities, but many were frustrated, shocked, and upset they did not know this information: *"I'm very upset. And wondering what coffee to buy now. There was a small company where I lived that bought coffee directly from a group of farmers in Central America and I used to buy my coffee from them.. Unfortunately the owner was inexperienced at marketing and the company foleded."*

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<sup>5</sup> This is useful to improve question articulation in future surveys where a pilot survey could have been used to test the questions.

## Ch.6 Conclusions

When considering the above research from academia, development economists, student consumers, and observations recorded from Costa Rica, the consensus indicates Fairtrade does not work effectively at reducing poverty in producing countries. To ensure 'fairness' the Fairtrade label requires an update to its procedures and regulations to cover various aspects within the value chain. The one-size-fits-all structure of the Fairtrade label limits many to access the international markets and disadvantages some countries, ignores the most impoverished of farmers, encourages increased low-quality yields, which drives high supplies with low demand (Haight, 2007). To strengthen and support small-scale farmers, a key problem to be solved is the volatility of the global coffee market (Chander, 2017). This is a problem in the chain not easily addresses in the absence of the kind of cartel arrangement that the International Coffee Agreement provided. With this in mind, however, Fairtrade was the first of label of its kind to attempt to help small scale farmers under neoliberal regulation, but given the results over the past two decades, the model must be updated to ensure the certification actually meets its stated goals. A possible solution or reinvention of the Fairtrade model could include a price stabilisation mechanism to guarantee prices for producers (Tuvhag, August 2008) which would require negotiations at the global/state level. Additionally, to ensure producers can make a livable income certification costs could be dissolved (Tuvhag, August 2008). Instead Fairtrade could enforce coffee producers pay a small premium during periods of high prices per pound of coffee to the certification, and have this premium returned to them if prices hit below a certain level (Tuvhag, August 2008). Another mechanism at play is having non-standard price floors, open to change every year depending on cost/conditions and yearly financial statements. Floor prices should be marginally higher in developed countries that produce quality beans. With a higher floor, more developed countries can look to produce higher quality beans while smaller less developed countries can create a market for more commoditized consumer beans. This allows variety in quality in the markets. With higher floors in developed countries, you will be able to source higher quality beans and maintain a good standard of living for all farmers. While in poorer countries a lower floor still allows a good standard of living but with that comes some lower quality beans for which there is also a demand in global markets.

### Producer End of the Value Chain

My research highlighted the value of the option of direct trade for producers. Relatedly, the direct trade model allows buyers to work directly with producers at higher coffee prices, often in exchange for a higher quality bean (Rice, 2003). Supporting direct trade rosters (like Julius coffee) offers transparency for consumers and higher wages for producers creating a win-win solution. It is also clear that producers should be credited economically more within the commodity chain, and current business transactions and operations will need to change to better represent and include small-scale farmers (Chander, 2017). Producing countries can use their market power, aligned with various corporations' social responsibility teams, to disrupt the current market in order to start earning the super-profits developed countries earn (Talbot, 2015). This would involve corporations being more transparent about prices paid to producers, signing long-term contracts with them, and paying the producers higher wages based on the quality they receive. Such procedures would encourage smaller, high-quality yields opposed to large low-quality beans, solving issues of oversupply on the market. Farmers can then invest in green technologies to protect their lands soil fertility, ensuring healthy ecosystem operation is occurring and less greenhouse gases are being emitted at the production stage (Haggard & Schepp, 2012) tackling future climate change concerns. Ultimately an additional option, would be more stringent regulation on global markets **requiring buyers** purchase all agricultural products at a globally established floor that ensure sufficient redistribution to small farmers. To do so requires a significant overhaul of global economic and trade systems that would reduce the overall power of corporations.

### Consumer End of the Value Chain

Based on the findings from the survey, Group A, the Master of Environmental Studies Students did seem to be more educated on food sovereignty/certification issues over Group B, the general graduate population. Investigating a small sample of opinions people carry when talking about coffee was very helpful to obtain a deeper understanding of consumer perception around the industry. Investigating what they know, what they don't know, and when provided information about conditions small scale farmers face, all respondents stated they were shocked and wished to change their consumption patterns. It would be ideal to have a follow-up survey or interview if actual consumption patterns have changed within this sample. This would further my research in ethical consumption practices, understanding consumption patterns, and would

see if consumers were informed, if they would change their purchasing decisions. This research has been beneficial at bringing to light many marketing tactics and greenwashing tendencies companies orchestrate to sell products.

### Linking Producers and Consumers in the Coffee Value Chain

Before eco-certifications existed, coffee regulations around production and trade were split between both producer and consumer countries (Auld, 2010). The introduction of governing certification/labelling initiatives and ranking projects designed for consumers to purchase more ethically sound products (Auld, 2010). Certification companies and buyers tend to cut corners when it comes to working with small-scale farmers since each partnership involves transportation, deliveries, inspections, quality checks, making this partnership not ideal for either party (Avalos-Sartorio, Blackman, Albers, 2006). This typically results in buyers wanting to work with large-scale farmers or cooperatives so as to not have to deal with multiple small-scale farmers to meet quotas.

Independent from certifications, contracts offer producers price fixed governance policies between producers and buyers (May, Mascarenhas & Potts, 2004). These contracts can: ask for preferential supplier status, guaranteeing time periods where the buyer will only purchase coffee from a key producer, can establish risk management tools within contracts for the producers to protect themselves, and implement market-based guarantees to ensure commitment to producers when coffee prices are volatile (May, Mascarenhas & Potts, 2004). Long-term relationships with producers can equate to better supply chain management from the buyer's side, can promote efficiency, and from the consumer's perspective can promote transparency along the chain of custody (May, Mascarenhas & Potts, 2004). In principle if the buyer wishes to purchase eco-certified crop, this can be discussed on their individual contracts; the buyer may offer assistance toward certification costs to guarantee the crop they are purchasing meets standards (although this does not happen often) and thereafter situate the produce in a more marketable position on the international trade floor (May, Mascarenhas & Potts, 2004).

Multiple studies have unfortunately documented that the certification is not meeting its set guarantees, pricing being uneven, with little consumer demand to purchase certified beans, unable to cover producer production costs, and thus not directly helping individual farmers (Lanka and Bohm, 2014). On the contrary, some studies have taken data into account from

1999 – 2014 to demonstrate that while certification leads to higher sales prices and additional revenues, especially when the minimum price is binding, its benefits are typically unevenly distributed (Dragusanu and Nunn, 2018). It is important to ensure the minimum price is binding because it must cover the production and operation costs while still providing some profit to the producer (Dragusanu and Nunn, 2018). Among the challenges of Fairtrade certification, some of the profit must be invested in development/community projects, and if the minimum price is not binding, this leaves little room for profit to the coffee producer (Dragusanu and Nunn, 2018). Fairtrade USA does report on the most skilled farmers that are succeeding with the certification with impact reports, but they are failing to demonstrate credible scientific benefits or provide an appropriate impact assessment (Wydick, 2016). Unfortunately, they do not mention how the poorest of growers are doing under the certification, or any statistics on how other farmers are operating socially and financially after becoming certified (Wydick, 2016). At stake are issues of global market inequality generally, which requires the willingness to significantly re-regulate financial systems. Further research is needed in this field to ideally strengthen eco-certifications to better position the origin farmers most in need of poverty alleviation.

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## Appendix

### Appendix 1: Mini-systems

Starting from the top left (1) we see one mini system representing transportation of the bean which also includes the chemical compound of the bean itself. Since coffee is one of the top exports in the world (Berndt, 2007), this mini system within the chain contributes to local economies, but also disrupts many ecological systems, (aquatic, land-based, air pollution when shipping the bean across the world) contributing to increased greenhouse gas emissions, fueling climate change, which impacts growing conditions for the coffee beans growth (International Trade Centre, 2019). Next we look at the bottom left (2) representing deforestation and biodiversity loss within the system. As producers aim to increase yields to sell more to buyers, typically monocropping occurs where producers clear out other plant species to make room for more coffee producing plants (Tuvhag, 2008). Unfortunately, this typically works against farmers in the long run as the biodiversity loss dramatically changes soil chemistry and growth patterns of the bean (Vanska, 2018). The cleared trees and shrubs typically act to hold good soils in place when rainfall occurs but when cleared, good soils wash away leaving thicker clays behind which is harder to grow crops (Vanska, 2018). The cleared trees and shrubs also home animals which provide natural fertilizers to crops which will then have to be replaced artificially when these populations decline along with their habitats. Looking at the top middle image (3) represents what farmers are typically paid compared to industry making astronomically higher profits at the end of the commodity chain (Tuvhag, 2008). I drew this the smallest because in my opinion not many people know the reality of the situation for producers. I drew the Fairtrade symbol above with native birds acting as symbols of sustainability (what Fairtrade promises to consumers purchasing the product), as producers are finding pressures to certify under numerous eco-certifications in order to gain access to markets (Tuvhag, 2008). Below this (4) represents the labour involved to collect the coffee beans. Interestingly enough seasonal workers that are used to harvest the bean do not fall under Fairtrade standards, meaning they are naturally the most impoverished within the commodity chain but are incredibly important for each producer (Berndt, 2007). Skilled workers typically that are paid higher wages know which beans to pick, how to appropriately pick the ripe beans and leave the ones which would degrade the quality of the beans and roast (Berndt, 2007). On the top right (5) I have tied together the numerous options of coffee available to consumers underneath the threatening roya infection on the crop. With climate change the roya infestation is affecting crop growth killing producers crops dramatically impacting yields for the whole season which could impact the abundance of options we have as consumers when purchasing coffee (ResponsAbility Investments, 2015). Roya in addition to climate change can turn this easily accessible commodity to more of a specialty product, increasing costs for all stakeholders within the commodity chain. Lastly looking at the bottom right (6), we see the end of the chain, the separate system of the consumer drinking coffee and disposing of coffee cups after use. (state amount of coffee cups drank a day).

## Appendix 2: Research Protocol Questions and Answers

### Questions:

#### **Please tell me a bit about your farm.**

A - How long it has your farm been in operation?

*John: 25 years*

B – How did you get into the coffee producing business?

*John: I worked as a laborer on a farm and wanted to own my own farm.*

C – Do you have plans to continue to produce coffee? Why or why not?

*John: I have no alternative, but I see it to be very difficult. Each year the production costs increase, and the markets want more quality at lower prices.*

D – Is price volatility when selling coffee beans an issue for you?

*John: Yes totally, it is impacting work, because the settlement (final price) is a surprise and always negative.*

E – How do you protect your crop against pests?

*John: Biological control, pheromones, traps and cultural conservation, and sustainability tasks.*

F - Who do you sell to?

*John: I am now associated with a cooperative, they commercialize the coffee to me, according to the laws of ICAFE they are the custodians of my coffee, which process it, sell it, and liquidate it.*

G – What challenges do you currently face when running your operation?

*John: The price of coffee always depreciates, concentration of markets, climate change, regulations, certifications, incremental costs, aging of the plantation, and availability of financing with risks of coverage, and labor for each harvest.*

#### **If you are not certified fair trade:**

A - I chose not to be certified for the following reasons (please list and expand):

B - Are there ways that certification could be designed that would serve your operation?

#### **If you are certified fair trade:**

A - I chose to be certified for the following reasons (please list and expand):

*John: Through the organization (cooperative) has certified the producers.*

B - Concerns - As a certified Fairtrade grower, do you have any concerns about the current certification process?

*John: The certification is not really a tool that really connects the producer with the consumer.*

C - Improvement - Do you have ideas of how to improve the current certification process or how to design a process that could better serve a farm like yours?

*John: The certification must be a chain of value that allows the producer to create value for his main product, like coffee.*

#### **Other comments, suggestions or concerns you would like to share:**

*John: If the coffee industry does NOT share with producers more precisely, the juicy profits generated by the coffee business, more and more producers will leave the business. Certainly, if Costa Rica stops producing coffee, perhaps the world, would not realize, even though, our high-quality coffee is used for blends, but, in the same or worse situation, there are*

*many producers, small and medium, around the world. You must continue to manage coffee as a commodity, a financial instrument that is used on the New York and London stock exchanges, so that the few that earn a lot carry the costs of coffee production, impacting small producers thus, will impact the future of coffee. This is because businesses have never planted a coffee bush, some do not know it, and with less coffee producers, the knowledge will not be shared.*

### Appendix 3: Student survey exploratory analysis

The below announcement was sent to all graduate program's list-servs:



Invitation to participate in a master's research project titled: **Understanding the two sides of the coffee commodity chain: A Canadian vs Costa Rican ethical commodity chain analysis**

Hello!

I am conducting surveys as part of my major research to increase understanding of how coffee eco-certifications are currently perceived by consumers and if eco-certifications change consumers purchasing patterns (To go directly to the survey please see: <https://survey.sogosurvey.com/r/rA2Bif>).

You are in an ideal position as a fellow graduate student to give valuable first-hand information from your own perspective.

The survey takes around 5-10 minutes to complete, depending on your length of answers. I am trying to capture your thoughts and perspectives on how you purchase coffee and if you think about coffee supply chains when making your purchases. Your responses to the questions will be kept confidential. Each participant will have their name changed and any information omitted that may reveal your identity or the identity of people you may speak about. I will have access to the surveys for my analysis and write up of findings for my paper for my master's research.

There is no compensation for participating in this study. However, your participation will be a valuable addition to my research and findings which could lead to helping small-scale coffee farmers.

The research has been reviewed and approved by the FES Human Participants Research Committee on behalf of York University. The data will be stored in a password-protected laptop only accessible by Jasmine Frendo and once the data has been recorded from the surveys the surveys will be kept and stored for two years and/or sent to the participant upon request. Please scan the QR Code above or visit <https://survey.sogosurvey.com/r/rA2Bif> to participate. If you have any questions, please do not hesitate to ask.

Thanks!

Jasmine Frendo  
MES Candidate  
York University, [jfrendo@yorku.ca](mailto:jfrendo@yorku.ca)

From this announcement, 12 responses were received, from the general graduate student population and 10 from MES. Their opinions are analyzed in the body (in Results, notable observations) and remaining questions are detailed below.

When asked:

**“Q1: Does concern for the environment influence your purchasing decisions?”**

Group A: **Master of Environmental Studies students**

- 90% of respondents stated, “Yes”, 0% stated “No” and 10% stated, “Sometimes”. This is dramatically different from the graduate students’ responses that had split responses.

Group B: **General Graduate Students**

- 50% of respondents stated, “Yes”, 8% stated “No” and 42% stated, “Sometimes”.

**“Q2: Do you ever question the origin of the products you purchase?”**

Group A: **Master of Environmental Studies students**

- 100% answering “Yes”, 0% stating “No”, and 0% answering “Sometimes”.

Group B: **General Graduate Students**

- 50% answering “Yes”, 0% stating “No”, and 50% answering “Sometimes”

**“Q3: Do you look for labels on packaging indicating environmental friendliness?”**

Group A: **Master of Environmental Studies students**

- 50% answered “Yes”, 10% answered “No” and 40% answered “Sometimes”.

Group B: **General Graduate Students**

- “50% answered “Yes”, 17% answered “No” and 33% answered “Sometimes”.

**“Q4: Do you buy products from companies that claim they are environmentally conscious?”**

Group A: **Master of Environmental Studies students**

- 50% answered “Yes”, 0% answered “No” and 50% answered “Sometimes”.

Group B: **General Graduate Students**

- 42% answered “Yes”, 8% answered “No” and 50% answered “Sometimes”.

**Group A: Master of Environmental Studies students**

When asked “Q5: Do you know what an eco-certified product is?” 20% stated “No” with 80% claiming “Yes”. Those who stated “Yes” I provided room in Q6 for them to explain in their own words what it means.

<b>If you have answered "yes" please explain in your own words what an eco-certified product is. If "no", please proceed to Q7.</b>
Certified to be environmentally friendly products, e.g. organic certified, Fairtrade.
<i>Answered “No” to previous question</i>
An eco-certified product is one that has met a list of qualifications (organic farming, no pesticide use, using recycled materials etc.), likely paid some fee to a certifying body, and been granted access to put the eco-friendly label on their product.

More, I like to think that I know what an eco-certified is. However it is hard to trace the proper origins of most products. An eco-certified product, from my perspective, is something that was cultivated and manufactured in a sustainable way that also treats the human workers with dignity and offer liveable and safe conditions.
I believe this means that at some point in the supply chain a company has complied with the regulations and standards of a particular certification board. These 'standards' often have to do with meeting environmental conservation goals in the production of their product. However, in many cases these certifications are used as a way to promote an 'ethical' product which in reality doesn't truly make significant changes for the environment or the producers. Rather, including a certification on your product can be used as a marketing tool to sell more products.
it is a quasi guarantee that the beans are harvested and grown sustainably
The company uses practices with the environment's best interest in mind
<i>Answered "No" to previous question</i>
It can mean many things. Eco-certified, depending on the product, can mean there were no pesticides used, it's GMO-free, the production line had minimum or no waste, the company offsets their emissions by planting trees, the materials used in the product are ethically sourced. It can mean a lot of different things. Overall, I interpret eco-certified products as a better, more environmentally friendly, alternative than the mainstream version of the same product.
It is some kind of certifying body that is different from others I know more about, but I have the idea that it is up there in credibility for having passed a verification process that requires that certain ecological standards are upheld in the production of the product. I'm not sure if it involves a social angle as well. I am familiar with rainforest alliance certification, Fairtrade, organic canada, organic usa etc.

### Group B: General Graduate Students

When asked "Q5: Do you know what an eco-certified product is?" interestingly enough 42% stated "No" with 58% claiming "Yes". Those who stated "Yes" I provided room in Q6 for them to explain in their own words what it means.

<b>If you have answered "yes" please explain in your own words what an eco-certified product is. If "no", please proceed to Q7.</b>
-
considers the land where beans are grown, and considers the wildlife and workers of the land as well
Eco-certified is that the company takes necessary measures to ensure their products are made in the most eco-friendly ways as possible
<i>Answered "No" to previous question</i>
I've seen it on coffee bags...but maybe say that because I read the email about coffee. I can't think of other things I've bought that have this besides coffee....maybe handsoap....or things from The Body Shop, but I don't go there anymore.
Certain organizations have created certifications that check whether a product is environmentally friendly or Fairtrade and certify the products.
<i>Answered "No" to previous question</i>
<i>Answered "No" to previous question</i>
Unfortunately, I am aware of the certification, but I cannot list what it entails.
<i>Answered "No" to previous question</i>

Answered "No" to previous question
sustainable, low environmental impact
Product that has been produced with the less damage to the eco system

### Group A: Master of Environmental Studies students

Q7 asked "How likely are you to purchase an item because it is eco-certified?" where 10% voted "Somewhat unlikely", 10% said they were "Not Influenced", 40% voted "Somewhat Likely", and 40% said "Likely".

### Group B: General Graduate Students

Q7 asked "How likely are you to purchase an item because it is eco-certified?" where 33% said they were "Not Influenced", and 67% voted "Somewhat Likely".

### Group A: Master of Environmental Studies students

Q9

Do you ever feel overwhelmed by choices when purchasing coffee? Why or why not? How do you end up deciding between products?
I usually go for known brands, e.g. that I've purchased in the past.
Yes I usually try to buy what is cheapest best quality? I guess I am not too picky about coffee in terms of what I drink
I often choose the same two brands (illy, lavazza) when I purchase, so it does not feel overwhelming - I currently choose them because I like the taste and they're familiar but I am open to alternatives
I do because every label and brand thinks their coffee is better and more sustainable and it's hard to be sure which really is.
Yes, I find it very overwhelming to buy any product, including coffee. There are so many products, and I am also aware that much of the 'green' marketing or 'human rights conscious' marketing is simply that - marketing. It often feels like we are stuck with choosing the better of two evils. At times the marketing is effective and that is how I decide. What I try to do is shop from local roasters (and buy locally made products in general) even though this doesn't necessarily reduce the global impacts of the product. It is really hard and never feels like I'm picking the right product
Yes, because there are so many different coffees on the market. I usually decide based on the product that has the least perceived environmental impact.
I do not frequently drink coffee, I choose based on my favorite coffee shop
Sometimes, although I often stick with the same brand
I never buy coffee to make at home (my parents do that). So I don't feel overwhelmed when I purchase coffee outside because a) I know the cafes that I like b) I don't get overwhelmed by purchasing coffee. When purchasing coffee I care more about using a reusable cup than the production of the coffee.
no, because i primarily drink decaf so that limits it a bit

### Group B: General Graduate Students

<b>9. Do you ever feel overwhelmed by choices when purchasing coffee? Why or why not? How do you end up deciding between products?</b>
no, i pick coffee that tastes good. Some of these eco-brands are suspicious and i am not fully convinced and most taste like shit, especially on campus.
No. I usually know which ones I like, through trying them before.
I feel overwhelmed when there are many choices available. I normally decide on a product I am familiar with.
I used to...I used to like going to local cafes and trying their roasts. Now it is too expensive. I calculated that the cost of (this is very hard to see by the way, light blue on white) a Nespresso Machine and pods saves me \$50/month compared to buying bags for my French press, and I like their corporate responsibility with Nespresso to recycle the pods. I always recycle them...not sure why people would put them in their own garbage or blue bags when Nespresso takes responsibility for that. The blends are really good. I like their packaging, marketing, and trying new coffees.
I go for a coffee that is ecologically sound and Fairtrade. I can't really tell the difference between different coffees so I stick with the ones I know that meet that criteria.
no I only buy specific one's I've been drinking for years
type of cup and origin of materials (not only ingredients)
No, I know what I like!
Yes. Price or recommendation from a fellow coffee lover.
taste
I often choose based on weighing quality/taste with affordability; I do not know the environmental impact of the coffee I purchase
Yes, I do. It depends on whether I can afford being picky or not, it depends if I wanna try something new etc..

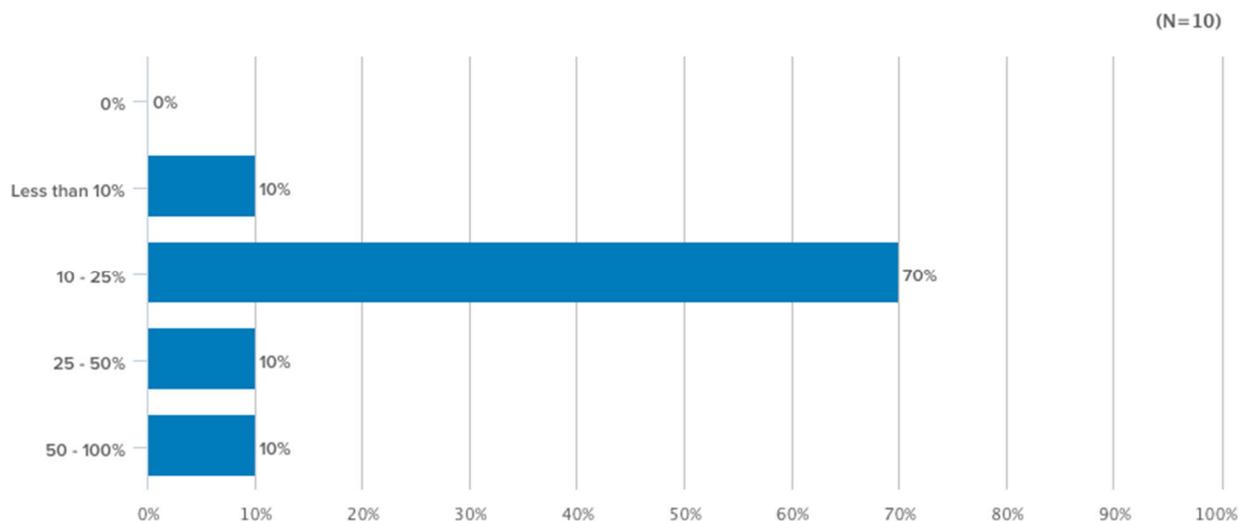
**Q10** asked "Is it important to you to purchase eco-certified coffee?" where 50% of Group A stated "Yes", and 50% stated "No". In Group B 58% of respondents stated "Yes", and 42% stated "No".

**Q11:** "Would you pay a price premium for specialty coffee? (Ex. Starbucks)" where 60% of Group A stated "Yes", and 40% stated "No". In Group B 33% stated "Yes", and 67% stated "No".

When asked "**Q12:** Would you pay a price premium to ensure farmers were earning a higher wage?" was asked 100% of Group A stated "Yes" and 0% stated "No", while 67% of Group B stated, "Yes" and 33% stated "No".

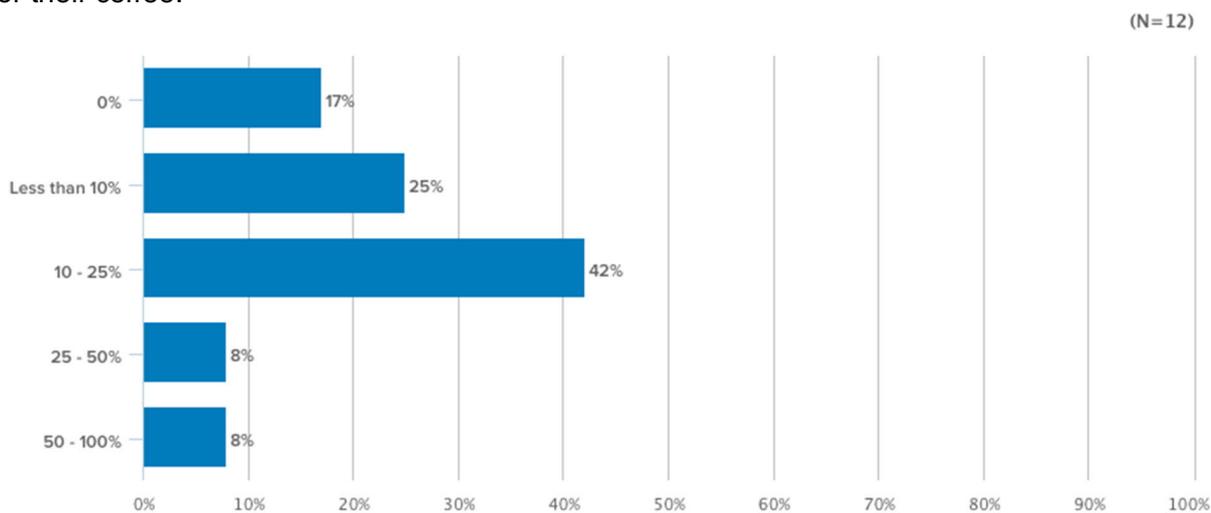
#### **Group A: Master of Environmental Studies students**

**Q13:** "What higher percentage would you be willing to pay if the product was guaranteed as ethically sourced from origin?", 10% of respondents stated they would pay less than 10%, 70% stated they would pay 10-25% more, 10% of respondents said they would pay 25-50% more, and 10% stated they would pay 50-100% more for their coffee.



### Group B: General Graduate Students

When asked “Q13: What higher percentage would you be willing to pay if the product was guaranteed as ethically sourced from origin?”, 17% would not pay more, 25% of respondents stated they would pay less than 10%, 42% stated they would pay 10-25% more, 8% of respondents said they would pay 25-50% more, and 8% stated they would pay 50-100% more for their coffee.



### Group A: Master of Environmental Studies students

When asked “Q14: How willing would you be to switch stores to purchase coffee that is more ethically sourced?”, 40% said they are “Very Likely”, with 40% being “Likely”, 20% stating they would be “Not Influenced”, 0% being “Unlikely” and 0% being “Very Unlikely”. This means 80% of these respondents would change their store of choice if they knew that coffee was ethically sourced.

### Group B: General Graduate Students

When asked “Q14: How willing would you be to switch stores to purchase coffee that is more ethically sourced?”, 25% said they are “Very Likely”, with 33% being “Likely”, 33% stating they

would be “Not Influenced”, 0% being “Unlikely” and 8% being “Very Unlikely”. This means 58% of these respondents would change their store of choice if they knew that coffee was ethically sourced.

### Group A: Master of Environmental Studies students

Q15 demonstrated 100% of respondents listed potential issues of sourcing coffee.

What issues, in your opinion, are occurring when sourcing coffee? If you are not sure, please state that: "I am not aware of any issues".
Soil quality and certification are important aspects. But, it takes years for certification to kick in!
I think that folks on the roasting purchasing end are trying to buy beans from around the world to make their coffee sound fancier. I imagine that purchasing availability has some impact based on season, especially conflict and natural disasters in production areas, depending on where the final product is going tariffs might come into play. I don't know much about eco-cert but if I had to guess it's probably a bunch of wealthy companies owned by foreign investors that have bought those certs. I would hope purchases and sourcing comes from family operations but probably not
I would guess potential exploitation of both coffee harvesters, and of the land the coffee is grown on but otherwise I am not really aware of any issues
Poor working conditions, low wages, unsustainable practices and criminal activity
There are many socio-environmental justice issues occurring when sourcing coffee. I believe that there are issues with land use and with the sustainability of the practice for the community and for the land. In addition, there are many issues with people being properly treated and properly compensated for the work that they do. Depending on the type of production and what the companies can sell the beans as, farmers will receive different amounts for what they produce.
exploitation of farmers, deforestation, monoculture, effects of coffee growing on biodiversity
Farmers wages, environmental practices
Labour exploitation and environmental impact
I am not so knowledgeable about this. But I think the issues are largely around the working conditions of the farmers, the pesticides used, and the sustainability of the practice.
grower wages, job security, access to education, coop, collective bargaining power, length of the supply chain, use of organic agriculture or not, water use, ability to secure long term direct partnerships, vulnerability of the landscapes to climate change where much of the arabica coffee is grown, packaging and shipment methods. Soil erosion and loss of native vegetation for mass plantations.

### Group B: General Graduate Students

Q15 demonstrated 50% of respondents were not aware of any issues occurring within the commodity chain while 50% listed issues.

15. What issues, in your opinion, are occurring when sourcing coffee? If you are not sure, please state that: "I am not aware of any issues".
habitat, land it is grown, cash crops vs. local produce for those who live on the land, indigenous rights, farmer rights

I am not aware of any issues.
I am not aware of any issues.
I don't understand this question, really. What I think it means is looking for eco-friendly coffee. It's all in the marketing and label design. If I see a good design, especially with red colours, I will be likely to want to read about, and try it.
Making sure that the grower is paid fairly, and the coffee is free of poisons
I'm not aware
<a href="mailto:mgordon@yorku.ca">mgordon@yorku.ca</a> .
environmental impacts such as draught, over farming, deforestation; low farmer wages, poor work conditions
Fair wages, sustainable farming practices
i am not aware of any issues
Exploitative labour conditions, under-waged, environmental destruction, pollution
I'm not sure how to explain it, but I think that "local farmers" or small farms are not being protected / are being surpassed by big names, that probably don't grow coffee in the same eco, natural conditions. These industries probably produce more coffee, with less time, and less money, ,yet, less quality and ethics.

#### Group A: Master of Environmental Studies students

<b>Do you know where your coffee comes from? Please expand below.</b>
Yes, of course!
No
I do not - after googling it seems illy is sourced from Brazil, Guatemala, Ethiopia, Colombia, Costa Rica, and India while Lavazza comes from Costa Rica, Colombia, Brazil, Guatemala, Honduras, Indonesia, Uganda, Mexico, and the US
From areas with warm climate, close to the equator. Brazil, Colombia, Kenya, Ethiopia
I often try beans from different local roasters all the time. In terms of the origins of the beans, I only know as much as is written on the bag (ie. from Colombia) but without any further information about where it comes from or who has produced it.
Not always. Typically the area of origin is listed but unless it's from a great brand that really details how the coffee brought from bean to cup, it's not always obvious. We buy many Canadian 'brands' - but the beans aren't grown here. Also, brands like Folgers are eco-certified, but there are issues with the certification. I don't buy these brands if i can help it, preferring brands that have alternative sustainability methods or talk about where the farmers and beans are located and how they are compensated and treated.
I do not purchase coffee to drink at home. I drink at coffee shops. I don't know where the beans are from but they are often roasted in Toronto.
I'm not super aware where my coffee comes from
I hardly ever care to ask where the coffee is coming from. I just care that it tastes good and that I am not using disposable cups.

I am switching between brands right now, looking for a good decaf, which is hard to find. I buy Fairtrade coffee only. I don't know which country it is from. Sometimes I buy organic if Fairtrade is not available. I prefer as many eco certs. in general as possible.

### Group B: General Graduate Students

17.Do you know where your coffee comes from? Please expand below.
?
It depends on the brand, usually I just know the brand name.
No i do not.
I buy Nespresso coffee, which comes from many places: Italy, South America, the West Indies. It is packaged in Switzerland, distributed by Sweden, and glocally, from Montreal where I return the pods to be recycled. I guess I do buy eco friendly coffee pods. I don't always enjoy the taste of French Press Eco Friendly Coffee. Nothing beats Italian espresso beans. Nothing. I am not Italian, but seriously they are the best. Not all Eco Friendly brands/products are actually "eco" friendly so I don't recommend them to friends/family because I don't want to be the one to say that something is good when it might not be.
Indonesia, Central and South America. According to the label .
not sure
only when it's explicitly labeled
I always know where my coffee comes from, but I switch my coffee purchases often for variety and to try new types of coffee
Tropical, equatorial countries
from coffee beans
No... but in general I prefer Latin American coffee
It just happened that lately I've been introduced to the origins of my coffee, because I work in a local coffee shop, that sells Organic, and Fairtrade coffee...Other than that, I don't know honestly

Paragraph provided for question 18 for both groups.

*“Eco-certifications tend to help the richest of farmers who can afford buying into multiple certifications, ensuring their position within the trade markets. The price of coffee under the Fairtrade eco-certification is at a set cost, applied to all countries, and is not mandatory for buyers to purchase under. This means a country like Costa Rica will not benefit with the Fairtrade price of coffee being at \$1.40/pound (too low to adequately benefit farmers, but the label is eye-catching to consumers, so there is pressure to certify). With this low price, no guarantee of selling at this price (only if the buyer agrees), the steep administration costs, and yearly certification costs, many farmers struggle to sell their product. This risks their livelihoods and at times, their land, being forced to move to urban centres. Unfortunately, the Fairtrade eco-certification is not adequately aiding the farmers most in need of poverty alleviation. Certifications, like Fairtrade, need to be audited within their operation to ensure the most impoverished farmers are able to compete and obtain a fair price for their product.”*

Following with Q18 which asked respondents to state their opinions based on what they just read where all respondents were surprised on realities farmers face.

### Group A

<b>18. After reading this paragraph, what is your reaction? What did you know? What didn't you know? Please feel free to write out all of your thoughts and reactions here.</b>
<p>I was not aware of the pricing specifics, but was generally aware of the situation, having taken courses in Costa Rica through Las Nubes.</p>
<p>Not suprising so much of certification has been commodified by large producers. They also have become white Boise on labels. So many certs on one package. I wouldn't trust a cert to self audit, broad cert trying to deal with worldwide coffee farming willl have a difficult time having a universal standard</p>
<p>I was aware that it was a buy-in system to certify, but I was not aware that the buyer was obliged to purchase under the assigned price. I also didn't know specifically how the Fairtrade cartification worked, and is seems to being doing the opposite of what its name would suggest.</p>
<p>I am both shocked and not that Fairtrade isn't the end-all-be-all of responsible consumption. I knew that FT wasn't perfect as a model, but I didn't know how it operates financially.</p>
<p>I have heard that certification is something that the farmers need to buy into, and therefore it isn't accessible to everyone. This of course has many impacts on what farmers can get for what they produce. It is upsetting but not surprising to read that these certifications are not actually serving those who should be benefiting, while consumers can make themselves feel better by buying products that make these claims while the reality is not what is claimed by the company. It begs the question of what we can do as consumers to demand that these certifications are actually making some kind of a difference. It is not a straightforward answer though, and is disheartening to know the truth.</p>
<p>I knew most of this. I think this is terrible and should stop. Especially if the cost of joining by the corporation is downloaded to the consumer - which means it is doubly exploitative. It exploits the poor farmers to join but doesn't redistribute the upcharge of the product being certified. Also, too much power is in the hands of the coffee buyer, instead of the farmer who is providing a crucial service by providing the beans.</p>
<p>I am sad that what I thought would be beneficial is actually harmful to those in poverty. I wish that there wasn't a cost to get an eco-certification. I don't like the idea of only supporting the wealthiest, which is why I don't support Amazon, Walmart, etc.</p>
<p>I didn't know that certification was so cost restrictive. It is disappointing that the certification is not a true reflection of the most eco-conscious producers.</p>
<p>I heard that there were some issues about Fairtrade certification but I didn't know the details of it. That is disappointing that Fairtrade doesn't help the poorest farmers. I suspect that Fairtrade had good intentions but these negative consequences need to be addressed. It doesn't seem like the solution would be too complicated.</p>
<p>I am disappointed to hear that Fairtrade certification is not as robust as I believed. I tend to believe this statement since I have read some articles that are critical of Fairtrade in the past. I'm not at all aware of the actual price of coffee/pound and I probably won't remember it either. I do know that certification cost is often a barrier for small producers. It reminds me of folks who sell at the farmer's market who can't afford the organic cert but who grow organic produce nonetheless and as a consumer I trust their word. I think it brings up an important point that there are shades of green and shades of social responsibility which are quite complex.</p>

**Group B**

**18. After reading this paragraph, what is your reaction? What did you know? What didn't you know? Please feel free to write out all of your thoughts and reactions here.**

wow.. i suspected as much. I didn't realize how inconsiderate it was actually

I did not know the countries the coffee comes from could not benefit. This should not be allowed.

It is not fair that people have to relocate in order to serve a capitalist market.

I knew this, essentially. I don't know what to suggest to improve this situation.

I'm very upset. And wondering what coffee to buy now. There was a small company where I lived that bought coffee directly from a group of farmers in Central America and I used to buy my coffee from them.. Unfortunately the owner was inexperienced at marketing and the company foleded.

I was not aware, I feel there should be more awareness for the community, otherwise nobody knows.

none, there are cultural components that pushes people to work far from any standr or certification. So adding more money to reach eco-certification does not guarantee that it will be accomplished

Surprised! I thought the explanation of this situation was more often applied to the label of "Fairtrade" not "eco-certified." I wasn't aware there weren't necessarily distinctions between the two.

I did not know eco certification does not guarantee equal opportunity for farmers

Nothing.

I am frustrated that the eco-certification system is based on resources and economics rather than environmental conditions (that is, a company that is environmentally friendly but can't afford to certify may actually be more sustainable than one that can afford it). I think certification should be free (but strict guidelines to earn the certification).

Oh, I'm shocked... as I didn't know, and I always thought that buying Fairtrade coffee was a good choice, that helps small farmers