THE SPECIALTY COFFEE INDUSTRY has been working for more than a quarter-century to make the coffee trade more inclusive and equitable. Innovations in certifications, sourcing strategies and community projects have focused overwhelmingly on smallholder farmers. They grow the majority of the world’s coffee, after all, and are structurally disadvantaged in a global economy that rewards efficiency and scale. They are certainly worthy of the industry’s attention and investment.

But the largest and most vulnerable group of participants in specialty coffee supply chains are the millions of men, women and—yes—children who toil in anonymity in the coffee fields, sometimes under conditions that represent an affront to human dignity. They are mostly invisible in the specialty coffee narrative and mostly on the margins of the industry’s sustainability efforts.

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“This is an industry largely in denial,” says Erik Nicholson, a vice president at United Farm Workers (UFW), the iconic farmworker union started by César Chávez in California during the 1960s. The organization began working in coffee in 2012.

Nicholson has been impressed by the degree of industry engagement on origin issues. “There is an awareness that things are not right at origin, and there has been a significant effort by many in the industry to reinvest,” he says. “I have not seen that in other commodities.”

He finds the industry’s record on labor less inspiring. “The industry has been developed based on an assumption of unlimited access to cheap labor,” Nicholson continues. “As a result, you don’t have the kinds of investment in infrastructure or human capital that would make people want to keep working in the coffee fields year after year.”

In other words, you don’t see the kinds of investment in coffee farmworkers that you see in sustainability initiatives focused primarily on smallholder coffee growers.

Ben Corey-Moran, director of coffee supply at Fair Trade USA, puts it this way: “With a few exceptions on progressive and forward-thinking farms around the world, farmworkers in coffee are largely excluded from coffee’s promise. They do the work to produce great coffee, but receive very little of the value they help create. Their skills are essential, but nearly universally undervalued—we might even say exploited.”

Quinn Kepes has conducted field research on farm labor in the coffee sector for Verité, a nonprofit that promotes workplace fairness and safety around the world. “The coffee sector is under the spotlight because of its global reach and the fact that it is a major contributor to the world’s coffee supply,” he says. “Farmworkers in the coffee sector are among the most vulnerable workers in the world.”

WHO ARE THE FARMWORKERS IN SPECIALTY SUPPLY CHAINS?

Quinn Kepes has conducted field research on farm labor in the coffee sector for Verité, a nonprofit that promotes workplace fairness and safety around the world. He characterizes farmworkers in the coffeelands of Latin America as “poor, rural, less educated, less connected, less informed, disempowered, accustomed to a traditional role of subjugation and dependent on a small range of employment opportunities, mostly under subcontracted conditions.”

Kepes says most farmworkers in the coffee sector are there because they lack better options. If they could make their living doing something less onerous or more rewarding, they almost certainly would.

Farmworkers in the coffee sector can be divided into two broad categories: permanent and temporary labor. Kepes says that “generally, permanent laborers are more likely to be formally registered, earn minimum wage and accrue the benefits required by law” than temporary farmworkers.

But permanent labor arrangements are gradually disappearing in the coffeelands as farm owners embrace more flexible arrangements with temporary labor—a trend that mirrors movement in the global labor market toward outsourcing, subcontracting and other arm’s-length contracting mechanisms.

“A flexible labor force is ... lower risk and lower cost for farm owners,” Kepes says.

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Temporary labor can be divided further into at least two subcategories: local and migrant labor. This last category—migrant farmworkers—is the most precarious.

“When the further migrants away from their home communities, the more vulnerable they become,” Kepes says, “and they become even more vulnerable if they cross international borders.”

Guatemalan migrants harvesting coffee in Mexico, for example, or Nicaraguans working in the coffee sector in Costa Rica may find that their legal status undermines their ability to access public assistance intended primarily or exclusively for citizens of the countries in which they are working.

WHAT, WHEN AND WHERE?

Coffee farms hire labor in every coffee origin across Africa, Asia and the Americas. The farmworkers they hire do everything hands-on smallholders do, including seed propagation and nursery management, applying fertilizers and pesticides, weeding and pruning. But the biggest demand for farm labor in coffee unquestionably occurs during the harvest, one short window—or two, depending on the origin—every year when coffee needs to be picked at peak ripeness.

Farms of all sizes hire labor, not just the big ones. In fact, in countries like Brazil, demand for unskilled labor can be higher at midsize farms than at larger ones, where harvesting often is more mechanized. The deeply rooted storyline about smallholder coffee farmers who depend exclusively on family labor may be romantic, but it is wrong.

More than three years into his engagement in the coffeelands of Latin America, Nicholson says, “I am still looking for those small producers who don’t hire labor, and I am having trouble finding them. Unless you are really, really, really, really small, you seem to hire somebody at some point.”

WHAT DOES FARM LABOR IN THE COFFEE SECTOR LOOK LIKE?

“There’s a lot we need to learn about the specific challenges facing farmworkers,” says Corey-Moran. “From the research that’s been done to date, we know there’s some good, a lot of bad, and perhaps even more ugly.”

Research conducted by the nonprofit Catholic Relief Services (CRS) over the past two years on the conditions of farm labor in the coffee sector confirms this.

Throughout the Americas, large farms that rely on large numbers of workers sometimes outsource the entire labor function to brokers, from recruitment and transportation to oversight and lodging on the farm. The approach is efficient for farm owners, but unscrupulous labor brokers often promise workers more than the minimum wage and cutting corners on investment in lodging, sanitation and food.

Kepes sees exploitative brokers and unethical recruitment as two of the leading risk factors for farm labor. Verité’s research suggests that workers recruited by labor brokers are more likely to earn less than those hired directly by farm owners and are at greater risk of being victims of labor violations.

In one country, CRS conducted research into coffee farms that relied on labor brokers and were cited for labor violations. The results were not pretty. Access to clean drinking water was limited and living conditions were squalid: bedrooms with no beds, kitchens with no stoves, houses with no running water, and workers performing basic biological functions in forests and fields. There was also a range of restrictions on worker freedom, from the ostensibly innocuous, such as retention of identity documents, to the downright pernicious, including debt bondage and the threat of physical violence.

The U.S. Department of Labor’s List of Goods Produced by Child Labor or Forced Labor reports that coffee sectors in 14 countries rely on child labor, and this should come as no surprise. Coffee is an agricultural product. To hope that coffee—even specialty coffee—is somehow immune to the ills that all other agricultural supply chains would be “wishful thinking,” according to Stephanie Daniels, senior director of agriculture and development at the nonprofit Sustainable Food Lab, which works to catalyze market-led innovations for sustainability in food systems.

“Agriculture is typically a low-margin business that is viable only when efficiency and sustainability are balanced and markets are stable,” she says. “For coffee plantations requiring hired labor, employers and employees are subject to the same dynamics as in any other agricultural sector.”

STANDARD APPROACHES

“Third-party verification and certification are largely the tools used to require suppliers to monitor and be in compliance with local labor laws,” says Daniels.

Three of the leading voluntary sustainability standards in specialty coffee—Fair Trade USA, Rainforest Alliance and UTZ Certification—include protections for farmworkers on coffee estates.

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Rainforest Alliance certification is the oldest of the three. Like the others, it prohibits some practices—for example, child labor, forced labor and discrimination—and requires others, like paying minimum wages and providing workers with training, and the creation of shared value. “Once you have a stable workforce, then you come into the sweet spot where you can start to have meaningful investment,” she says, including efforts to increase productivity and improve crop quality. Nicholson thinks of farmworkers in coffee as “field baristas” whose vital role in quality assurance historically has been underappreciated. Investing in farmworker training to improve quality is an investment that can generate hard returns for farm owners. Daniels agrees. “Farm labor is a major factor in an estate’s ability to deliver high-quality, highly productive coffee,” she says. “The people who directly tend the crops are those most responsible for quality and consistency. Without good working conditions, including training and proper remuneration, the full potential of a farm cannot be realized.”

**THE COMPLIANCE CASE**

Coffee companies that don’t have a clear grasp on labor issues in their supply chains may want to start addressing that gap sooner rather than later, as lawmakers from California to Washington, D.C., and beyond are busy proposing and passing legislation to increase supply chain transparency—legislation that requires companies to report on their policies, practices and programs for identifying and addressing labor issues in their supply chains.

California Senate Bill 657—the California Supply Chain Transparency Act—requires companies doing business in California with more than 100 million in annual global revenues to make annual public disclosure of their efforts to identify and address risks of human trafficking and slavery in their supply chains. As of this writing, there is legislation in committee in both houses of the U.S. Congress that would impose similar requirements at the federal level: the Business Supply Chain Transparency on Trafficking and Slavery Act of 2015. The annual revenue California Senate Bill 657...the California Supply Chain... Transparency Act...companies doing business in California with more than 100 million in annual global revenues to make annual public disclosure of their efforts...
threshold of $100 million per year is high, but these measures are a sign of the times: Today they may be binding only on the largest companies, but they promote a culture of supply chain transparency that is likely to influence the actions of the entire sector in the coming years.

› THE REPUTATIONAL CASE

Many specialty coffee companies promote social responsibility as a core value, yet few go beyond certifications and third-party verifications to proactively mitigate latent reputational risks related to farm labor in their supply chains—risks that can arise even when suppliers are in compliance with local labor laws.

“Some countries’ legal frameworks are too weak and allow some practices that may be considered culturally acceptable even though they are forbidden by international agreements,” says Alex Morgan, director of market transformation at Rainforest Alliance.

In these countries, wages and/or working conditions could be considered scandalous by some U.S. consumers, even if they comply with local labor laws.

“I believe many U.S. consumers would be horrified to learn that the majority of workers we’ve encountered who are employed in coffee struggle on a daily basis to feed their families, and would question how such inequities are possible in an industry that produces such wealth for others,” says Nicholson.

› THE ASPIRATIONAL CASE

Specialty coffee’s narrative has always been about differentiation. The concept of specialty coffee is firmly rooted in sensory differentiation, but that idea has been deeply entwined from the beginning with social differentiation.

In a 2014 issue of The Specialty Coffee Chronicle, published by the Specialty Coffee Association of America (SCAA), Peter Giuliano wrote, “Ethics are a prerequisite to specialness, and specialty coffee buyers must commit to working toward equity and prosperity throughout the supply chain at the same time as they work toward quality.”

Giuliano is a past president of the SCAA who currently directs its signature event, Re:Co Specialty Coffee Symposium. He is also a coffee history enthusiast, and he knows the history of labor in the coffee industry is complicated.

“Coffee was an important part of European colonialism in Indonesia, Africa and Latin America,” he says, “and labor abuse was a feature of colonialism. Many farms during the colonial period produced coffee by force or by intimidation of workers.”

Giuliano says that while “the best and the brightest farms in coffee today” respect the people who work there, “there are still plantations that maintain a colonial attitude toward labor. We can, and we must, finally put that dark tradition to rest if we seek to truly make good on the promise that coffee can be special.”

TAKING ACTION

Steven Macatonia is director of coffee sourcing and ethical trade at Union Hand-Roasted Coffee in London. The company, which marries a relentless focus on cup quality with a tenacious commitment to ethical sourcing, is a member of the Ethical Trade Initiative (ETI), a cross-sector alliance of businesses, trade unions and nonprofits established in 1998 that drives improvements in working conditions in manufacturing and agriculture largely through the support it provides to member companies.

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Macatonia was already a coffee professional when he made his first sourcing trip with an ETI social auditor. “It was a farm I had been to several times before and thought I knew well,” he says. ETI helped expand the breadth of his vision. “Because of the perspective the social auditor brought,” Macatonia says, “I saw something I had never seen before: workers.”

Nearly 15 years later, the memory of his first encounter with seasonal labor still burns brightly in Macatonia’s mind: entire families of migrant workers sleeping side by side on rough-hewn wooden planks suspended unevenly just above the cold ground. There were no soft surfaces at all, he recalls. The latrines were barely better than open pits.

That visit opened a new dialogue on labor issues between Macatonia and the farm owner.

Allegro, which sources coffee for Whole Foods Market and its own growing chain of Allegro Coffee Roasters locations, became the first U.S. roaster to sign on to a pioneering labor project at Finca La Revancha, a Fair Trade USA-certified coffee estate in Matagalpa, Nicaragua. The farm has been working with allies in the marketplace over the past five years to transform the relationship between management and labor through a process of farmworker organization and empowerment. As part of the Fair Trade USA certification process, workers created a Fair Trade Committee comprised of permanent farmworkers elected by their peers. They engage in open dialogue with farm management and ownership about issues related to wages, working conditions, and the social needs of workers.

In 2014, Finca La Revancha began working with UFW on an ambitious plan to increase worker earnings by 50 percent over five years. Allegro is part of the effort, and agreed to a working conditions will cost growers more, and these are costs that will need to be recovered in the marketplace.

Rainforest Alliance works to address labor concerns in “ways that are efficient and affordable and can contribute to higher farm income,” says Morgan. “The link to the market is key, and becoming certified has been an effective incentive for farms to improve their labor conditions.”

Cost is also top of mind for Darrin Daniel, director of sourcing at Allegro Coffee Company, based in Thornton, Colorado, as the company commits to “dive a little deeper on issues of farm labor,” as he puts it. “What keeps resonating is that it is really about what is fair in terms of cost,” Daniel says. “It is about finding a place in terms of the price we pay that creates profitability for farmers and creates opportunity for improvements in labor conditions. We understand that means we might have to do more in terms of price premiums.”

It doesn’t always go so smoothly. In some cases, Union Hand-Roasted has severed ties with valued suppliers over their refusal to dialogue on labor issues. The company also faces challenges at the other end of the supply chain.

“I have to stand in front of customers who are always trying to knock the price down,” Macatonia says. “It frustrates me. If you want to pay a living wage for workers, then yes, the cost of the coffee is going to a bit higher.”

Cost is a critical factor in the equation. Farm labor already represents a significant proportion of production costs on farms that hire labor. In many cases, it is the single biggest cost. Improvements in wages and working conditions will cost growers more, and these are costs that will need to be recovered in the marketplace.

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fixed-price contract with La Revancha for the 2014–15 crop year at $2.50 per
pound. That covers the cost of production, earmarks 40 cents per pound
for increases in worker wages, and sets aside another 20 cents per pound
for farm ownership to reinvest in worker training and improvements to
coffee quality that can increase per-pound prices further.

“This is not charity,” Nicholson says. “This model is predicated on
workers creating more value by virtue of the responsibilities they are
assuming and the idea that their compensation should reflect that added
value.”

THE FIRST STEP IS ENGAGEMENT

For both Union Hand-Roasted and Allegro, taking action began with
the simple commitment to engage proactively with labor issues in
their supply chains—to ask questions they hadn’t asked before. In
Macatonia’s case, that involved working with an ETI social auditor
to expand his vision and vocabulary at origin. For Daniel, it meant
expanding the questionnaire Allegro uses during sourcing visits to
include issues related to farm labor.

“Unless you have engagement with suppliers at the ground level,
you can’t understand what worker concerns are, what grower concerns
are, or identify breakthrough solutions,” says Kepes.

Engagement alone will not drive change on the farm, but it is a
necessary precondition for change. The measures Union Hand-Roasted
and Allegro are taking to improve wages and working conditions in
their supply chains would not have emerged without intentional
engagement. Buyers who are disengaged, or do not communicate their
concern regarding farm labor issues to supply chain partners explicitly,
send a signal that farmworkers are not a priority in the marketplace.

SCAA Director of Sustainability Kim Elena Ionescu sees real
opportunity in deeper industry engagement on labor issues.

“Coffee has a proud history of leadership around global
sustainability challenges, and this issue presents us with another
opportunity to set the bar higher for agriculture of all sorts,
everywhere,” she says.

Industry leaders may resist engagement based on the complexity
and enormity of the task, but Ionescu argues they shouldn’t.

“I don’t think being a leader means we have to solve these
problems,” she says, “but rather to acknowledge them and work on
them with the goal of benefitting everyone in the value chain.”

MICHAEL SHERIDAN is director of the Coffeelands Program at Catholic Relief
Services (CRS) and chairs the Farmworker Committee on the SCAA’s Sustainability
Council. He has been leading coffee programming at CRS since 2004 and publishing
perspectives from the intersection of specialty coffee and international development on
the CRS Coffeelands blog at coffeelands.crs.org since 2009.