

FAIR TRADE CERTIFIED COFFEE CAMPAIGN

FAIR TRADE FARMERS IN GUATEMALA

The coffee sector in Guatemala epitomizes the dichotomy of the whole country: a large number of smallholders (campesinos) produce small quantities of coffee, and a small number of large plantations (fincas) produce the largest share of coffee. Guatemala has the most unequal land tenure in all of Latin America, with less than 2 percent of the landowners controlling 65 percent of the farmland. At the other end of the scale, approximately 27 percent of the total population is landless and forced to work as part-time wage laborers.

You don't have to be an economist to see that growing coffee here doesn't buy much of a life. Picture the farmers' homes. They're shacks; the floors are bare dirt. There's no running water or electricity. It gets cold up in the mountains.

The world's coffee prices go up and down, depending partly on supply and demand and speculation by big investors. But these farmers are stuck in poverty. They sell their beans to local businessmen whom they derisively call 'coyotes,' and the coyotes pay them less than 50 cents per pound. At that price, the farmers can barely make a few hundred dollars a year.

Picking Coffee: Pennies a Pound

In 1995, the US/Labor Education in the Americas Project initiated a campaign to pressure Starbucks to develop a Code of Conduct for the treatment of coffee workers in Guatemala. Soon after, Starbucks agreed; however, the Code has yet to be implemented. A report in spring of 2000 by the Commission for the Verification of Corporate Codes of Conduct revealed that half of all Guatemalan coffee pickers in its survey were paid less than half the legal minimum wage of \$2.48 a

day. Most did not have running water or electricity, and had educational access of less than sixth grade.

Fair Trade: Manos Campesinas

Manos Campesinas started in 1997 as an association of six producer cooperatives in the Quetzaltenango region.

The six cooperatives comprise 620 farmer members, a majority of whom plant less than three acres of coffee. With the average family consisting of about five people, the coop provides income for about 3,720 people.

The main goal of Manos Campesinas is to promote and market the coffee of the six producer cooperative associates. In addition, Manos Campesinas also gives technical support to the producers, mostly on improvement and diversification of their production, improvement of their administration, and promotion of the participation of women.

Manos Campesinas sells about 40% of their production to the Fair Trade market. The other 60% stays in the national market, where at least selling collectively as a cooperative they get a better market than what the intermediaries would pay individual farmers.

Each farm produces fruits and vegetables grown for personal consumption. Some of the farmers want to grow more food for domestic consumption next year because they can often grow 2 or 3 crops in a year, instead of only one when they grow coffee. They want to be able to eat better.

All six farms use traditional natural farming and shade-grown methods. However, only three out of the cooperatives are currently able to export their coffee in the organic market. Because they grow coffee at lower

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altitudes they have a harder time finding buyers, so they haven't been able to afford organic certification.

The three communities that export are doing very well. They have schools, health care, technical assistance and support. The others are in transition to organic and are improving. The best thing going for them is that each family is equal in the association so that the money they do earn each year is equally and fairly distributed.

The Crisis

For the last ten years, the price of coffee in the world market has hovered around \$1 per pound – meaning that the farmers get between 30-50 cents. However, in recent months, a crisis of overproduction has pushed prices down to below 60 cents a pound – below the costs of production for most farmers.

The price crisis has hit Guatemalan farmers extremely hard. In May of 2001, hundreds of small-scale coffee growers on the verge of bankruptcy marched on Guatemala's Congress to demand creation of a fund that would give them access to cheaper credit. The more than 500 who blocked access to Congress said they had joined forces in recent months because of the price crisis. "They say the price of coffee is low, but in the United States people pay lots of money for it, so I just don't understand anything anymore," said Gonzalo Varillas of La Reforma.

In the past two years, Guatemala's annual coffee exports have dropped in half, from \$600 million to \$320 million, and rural unemployment has soared to an estimated 40%. In April, Finance Minister Eduardo Weymann warned that "the government will be paralyzed" if new revenues are not found.

Some fear that the economic crisis could help undermine Guatemala's 1996 peace agreement, which ended 36 years of war between the government and leftist guerrillas. In the past few months, groups of re-armed rebels have appeared around La Reforma and several other coffee-growing areas, holding up buses and trucks and making speeches about injustice.

"What's happening is a catastrophe," said Dr. Alfredo Cordon, the only medical doctor in the La Reforma municipality, which has 16,000 residents. "There's always

been poverty and temporary unemployment, but I've never seen real hunger like I do now — people who literally have nothing to eat but tortillas."

In response to the world market price dipping below \$.60 per pound in February of 2001, Jerónimo Bollen, Director of Manos Campesinas, told GX that "with world market prices as low as they are right now, we see that a lot of farmers cannot maintain their families and their land anymore. Several producers of our organisation had to decide to go and look for work in the capital, leaving their families behind. To avoid this kind of family and community disintegration, we need Fair Trade now more than ever."

Resources on Fair Trade in Guatemala

Equal Exchange www.equalexchange.com
ph: 781-830-0303 info@equalexchange.com

Café Campesino www.cafecampesino.com
ph: 912-924-2468 bharris@cafecampesino.com

Peace Coffee www.peacecoffee.com
ph: 612-870-3440 peacecoffee@iatp.org

US/Labor Education in the Americas Project
Stephen Coats www.usleap.org
ph: 773-262-6502 usleapja@mindspring.com

Network in Solidarity with the Guatemalan People
ph: 202-518-7638 www.nisgua.org

Coffee, Society, and Power in Latin America. Edited by William Roseberry, Lowell Gudmundson, Mario Samper Kutschbach. Baltimore: Johns Hopkins University Press, 1995.

Available on the GX website:

Mourning Coffee: World's leading java companies are raking in high profits but growers worldwide face ruin as prices sink to historic low. *San Francisco Chronicle*, May 20, 2001. By Robert Collier.

Tracing coffee's passage from Guatemala to coffee houses in this country, and how the fair trade movement could transform farmers' lives. *National Public Radio*. April 28, 2001. By Daniel Zwerdling.