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Reflections on the problems facing sustainable certification systems in the Colombian coffee industry: The long and difficult path towards decent working conditions

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Reflections on the problems facing sustainable certification systems in the Colombian coffee industry: The long and difficult path towards decent working conditions

Daniel Hawkins

Abstract

In the past two decades, ethical trade and sustainable certification initiatives have been key agents in reconfiguring the dynamics of both production and marketing trends in commodity chains in the global agricultural industry. Claiming to restructure the hefty power imbalances that have traditionally favoured large-scale producers and global commodity traders, these initiatives advocate a move beyond just the competitive dynamic of global trade and commerce, fomenting partnership between producers, traders and consumers. While their market share has grown exponentially, as has the membership of small producer organizations from the Global South[1], critique remains as to the extent to which such systems and brands impact on the decent working conditions of farm labourers, both seasonal and permanent (see: Barrientos, Dolan & Tallotire 2003; Davenport & Low, 2012; Daviron & Ponte, 2005). Adopting the global value chain analytical framework, this article examines how transformations in the global coffee market, especially since its deregulation in 1989, have affected the functioning of the Colombian coffee industry. Of specific interest, the article examines the degree to which the recent and very noteworthy expansion of sustainable coffee certification systems in Colombia has impacted on labour relations and specifically, whether or not these systems, with their corresponding labour standards, have managed to improve working conditions in the coffee sector which has historically been based on almost universally informal labour relations.

1. Coffee: changes in the global commodity chain of coffee and their repercussions for workers. An analytical overview

Coffee is one of only a few products that have had such a long and intrinsic relationship to the emergence, rise, consolidation and gradual reconfigurations of the global capitalist economy. And coffee, unlike most of the other key agricultural commodities linked to the expansion of European colonization of the Americas (silver, sugar, tobacco, rubber henequen, cacao, indigo), remains, to this day, a key export product for several Central American and South American countries. But while its importance to global trade and the development strategies of Southern nations and multinational companies is unquestionable, changes in the coffee market have occurred across time and space, affecting many of the actors strategically linked to this industry. Indeed, as argued by Topik and

[1] For example, Fairtrade counts on 1.65 million farmers/producers around the world. See: Fairtrade. February 2016. "Monitoring the Scope and Benefits of Fairtrade – Seventh edition – 2015. General Overview. https://www.fairtrade.net/impact-research/monitoring-impact-reports.html.

Samper (2006: 121), control of the global coffee market shifted from producers to exporters in the 18th century, to importers in the 19th century, in the 20th century to roasters and governmental entities, and finally, in the present millennium, to a select group of "vertically integrated multinational firms". Such changes in the power relations within this chain reflect its inherently dynamic nature, as technical innovations, combined with new strategies in the social organization of production, distribution and regulation (Ibid: 119), together with evolving cultural habits, forge new trends both in supply and demand.

The Global Commodity Chain (GCC) approach is useful as an analytical tool to examine how changing strategies within the coffee market are linked to the shifting power relations of the actors involved in one or many of the chain's diverse activities. Although the GCC approach surfaced from within the World System's Theory (WST) of Hopkins and Wallerstein (1986), which outlined how nation-state spanning networks of labour and production processes have been part of global capitalism for over two hundred years; the GCC approach, popularized by Gereffi and Korzeniewic's 1994 publication, *Commodity Chains and Global Capitalism*, moves beyond the State-centrist focus of WST and zooms in on the ways in which leading firms coordinate transnational economic activities (Patel-Campillo, 2010: 78).

The GCC approach has advanced in terms of its analytical framework in line with the rapidly changing strategies linked to economic globalization, for example, the fissuring of employment relations (Weil, 2008) and their manifestations in the new international division of labour. Whereas in past theoretical schools, such as WST and Dependency Theory, trade was considered a zero-sum game and very much structured in asymmetric relationships between core, peripheral (and in the first perspective, semi-peripheral) nation states, the GCC approach is more flexible and empirically focused, allowing one to analyse the heterogeneity of power relationships within and across commodity chains. Indeed, more than focusing on the product, the GCC approach examines the different segments of a specific commodity chain and the key actors controlling the activities within (Evans, 1997).

One of the most important contributions of the GCC approach involves the attention given to governance structures, defined by Gereffi (1994: 97) as "authority and power relationships that determine how financial, material, and human resources are allocated and flow within a chain". While his early work differentiated between producer- and buyer-driven commodity chains, in more recent studies, Gereffi identified five forms of governance: hierarchy, captive, relational, modular, and market; each of these is deemed to have levels of coordination and power asymmetry that range from high to low (Gereffi, Humphrey, and Sturgeon, 2005). Furthermore, Gereffi later abandoned the term Global Commodity Chain and replaced it with Global Value Chains (GVCs) and modified the conceptual framework so that it encapsulated transaction costs and organization (Bair, 2009).

The remoulding of the GCC approach into the GVC paradigm brought with it a very warm reception from diverse multilateral agencies, leading to a certain mainstreaming of this conceptual framework (for example, see: Blyde, 2014; OECD, WTO & UNCTAD, 2013) and an increasing emphasis on methodological attempts to measure the degree of developing country participation in GVCs. Meanwhile, some authors have sort to combine the GVC approach with other theoretical perspectives, such as the French Regulation school, as a means of examining how institutions, norms and networks linkup to facilitate market interactions (Patel-Campillo, 2010). Indeed, the need to embolden the berth given to institutional regulatory frameworks and indeed cultural preferences within the governance paradigm of global commodity chains is paramount, especially in markets such as that of coffee, which have a high complexity of transactions that require regulation by a combination of three industry standards: international regulation (mandatory), third-party certification (voluntary), or lead firms (private) (Petkova, 2006: 320-321).

Herein, attention must be given to how institutions, social and political processes and cultural discourses and preferences are linked to changing patterns of accumulation, and the reconfiguration of previously existing asymmetries. The global commodity chain for coffee, especially when examined from a historical perspective, illustrates these linkages and their manifestations in the evolving patterns of income distribution. But the main purpose of this article, alongside examining the patterns of governance and their impacts on the functioning of the market, is to offer a reflection on the degree to which one of the most recent governance modes, namely sustainable coffee certification systems, has impacted on working conditions, and particularly, the workers' rights of the lowest tiered actor in this chain: coffee pickers. To do so, we shall focus on the Colombian coffee industry, one of the key actors in the global coffee market and one of the countries that has most heartily embraced this new governance paradigm.

2. Overview of the Colombian coffee industry: history, structure, key actors, production regimes and working conditions

If coffee is synonymous with Brazil the world over, due to the success this country has had in maintaining its status as the major coffee producing country for over 150 years, in Colombia, the coffee industry is widely recognized as being the engine of growth for the country for over one hundred years. The beginnings of coffee farming in Colombia came midway through the 19th century, with a plantation of 20,000 coffee trees in Tolima and further large-scale plantations in Antioquia (1885-1905) and Cundinamarca (1870-1900) (Ramírez, 2004: 63). In the region popularly known as Colombia's coffee belt, Viejo Caldas (today divided into three provincial departments: Caldas, Quindio and Risaralda), the expansion of coffee farms came about, in the closing years of the 19th century, after the national government authorized opening huge tracks of uncultivated land for the colonization of significant numbers of Antioquians from diverse social classes and sectors (LeGrand, 1984).

The geographical spread of the coffee plant across the central and western Andean mountain ranges of the country, actively promoted by the State, eagerly followed in the footsteps of the Brazilian experiment, Colombia's neighbouring country which, by 1850 was producing half the world's coffee and which, during that century, increased its coffee production 75-fold at a time when world consumption rose fifteen-fold (Topik & Samper, 2006: 22). Despite the huge first-mover advantage of Brazil, the Colombian coffee industry, from these humble beginnings, took off in leaps and bounds, becoming the country's preeminent export by the first decade of the 20th century (Cataño, 2011: 263). Its economic predominance was undisputed, at least until the 1970s and 80s when the government, following advice from various multilateral agencies, began promoting non-traditional exports (petroleum, palm oil, cut-flowers). Indeed, for the great part of the 20th century, coffee was King in Colombia and in the words of one of the country's leading historians of the mid-century, Luis Eduardo Nieto, "there was no Ministry of the Economy more important than the price of coffee and the congress of coffee growers had more influence than the Congress of the Republic" (cited by Cataño, 2011: 266).

The development of the country's coffee industry completely reshaped the socio-economic and political terrain of Colombia, and especially, across the major coffee-producing regions, previously mentioned. The coffee growth paradigm pushed forth the emergence of new social classes and fomented the economic modernization of the country, as well as implanting a social model grounded in Catholic conservatism and large families whose lives revolved around the production of coffee (Molano, 2017). The Colombian coffee economy was grounded primarily in small-scale coffee farms, without negating the importance of haciendas and medium-sized plantations. This predominance of peasant-based production was due, on one hand, to political and financial problems as well as to socio-economic questions of organization, and on the other, and to an even more significant degree, due to the major fluctuations in the international price of coffee, year after year (Palacios, 2009). Small-scale coffee farming enabled producers to shield themselves from the negative impacts of price declines by reinverting production in other subsistence products (platain, guama, maize, yuca, avocado, etc); something that large-scale coffee farms could not do (Palacios, 2009; Molano, 2017).

This social production structure for Colombian coffee was decidedly different to the Brazilian case, as there, the enormous scale of the coffee *fazendas* and the early technological innovations that allowed for "industrial style manual growing and picking regimes, based on the super exploitation of labour and land, ensured that Brazilian coffee could out compete any of its competitors" (Topik & Samper, 2006: 125). Furthermore, the focus on Brazilian quantity as-against Colombian quality also ensured that the industrial model of growing and picking found in Brazil was not feasible in Colombia. Brazil, due to both its production regime and its geographical and topographical specificities, has traditionally focused on the production of the lower quality robusta coffee variety, while Colombia, taking advantage of its mountainous geography and its pluvial precipitation, has prioritised the production of arabica coffee, coming to attain international recognition for its "mild" coffees, known as Colombian milds (*suaves*).

As well as concentrating on different coffee varieties, the production process of Colombian coffee is distinct to that of Brazil. In Colombia, the coffee cherry, once picked, passes through the "*beneficio*" process (washing to remove the skin and then drying); in Brazil, a significant part of its coffee production is dried without prior washing, which, together with mechanized picking, leads to considerable cost reduction when compared to Colombia and Central American mild coffee varieties (Aguilar, 2003: 244), even when one takes into consideration the lower price traders pay for Brazilian coffee.

3. Changing patterns of coffee exports and production in Colombia

The surge in the coffee economy in Colombia was very much all plain sailing, at least up until the beginning of the 1930s, when, following the Great Depression, the bottom fell out of the coffee market, drastically reducing the international price of coffee and leaving many medium and large-scale coffee farmers severely in arrears. Their efforts to ease their burden by lowering labour costs (reducing the rates paid to day workers) and pressuring other workers, who had undertaken the famous "*parcería*" contracts, which were based on landless peasants offering their labour in exchange for a plot of land which they could cultivate in their free time, pushed forth growing social tension and conflict, especially with the ascension of the Liberal Party to the presidency, in 1930, via Alfonso López Pumarejo, after nearly 30 years of Conservative Party rule.

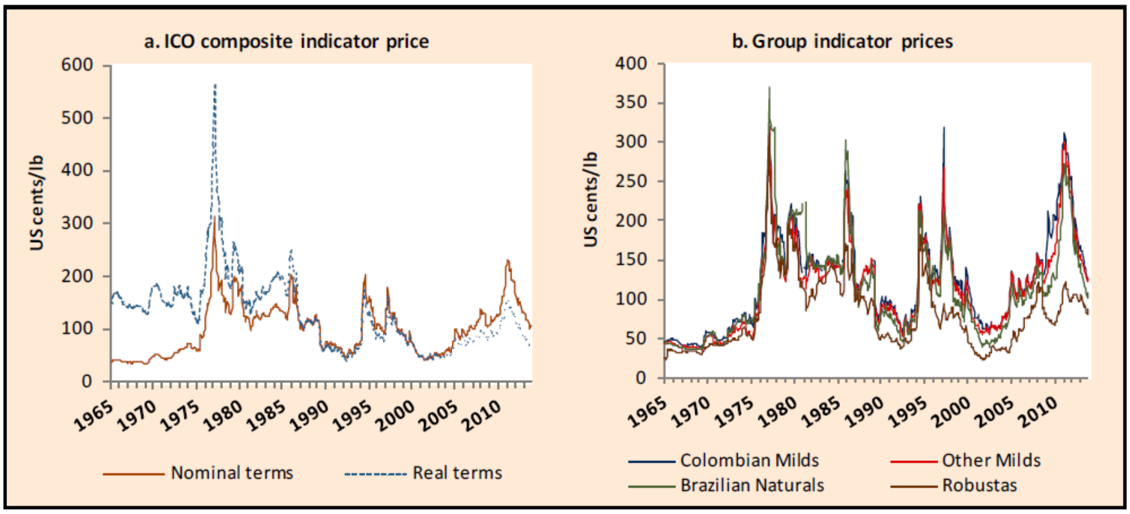
At this very time, the National Coffee Growers Federation (FNC) was created (1927), rapidly becoming the biggest rural gremial organization in the country and gradually coming to function as a State within a State (Palacios, 2009) and taking responsibility for implementing the political economy of the coffee industry in Colombia. In 1940, the Federation created the National Coffee Fund (*Fondo Nacional del Café*) which is financed via the collective savings of the nation's coffee farmers, (termed "the coffee contribution") and via income obtained from the commercialization of the coffee sold by the FNC, as well as by royalties paid to the FNC by third parties using its brands and labels (FNC, 2013: 117). As well as functioning to provide public goods of benefit to coffee growing regions of the country, the Coffee Fund establishes a policy of "guaranteed purchase" of all the coffee produced in the country that complies with certain basic standards of quality (UGQ: Usual Good Quality) as well as undertaking research aimed at improving the quality, disease-resistance and competitiveness of Colombian coffee, via Cenicafe (FNC, 2015).

Perhaps the FNC's principal line of action during the developmental era of Colombia was its role in stabilizing the international price of coffee. Taking advantage of the bipolar geopolitical environment of the post Second World War, and especially the threat that communist expansion in the Americas posed to the regional focus of the *Pax Americana* regime, after the Cuban Revolution of 1958 and the emergence of numerous rural guerrilla groups across Central and South America, following Brazil's lead, the directors of the FNC coordinated a "pseudo cartel agreement", via the manipulation of the supply of coffee beans as a means of securing higher and more stable coffee prices (Hough & Blair. 2012: 37). At the same time, the US government signed onto a number of International Coffee Agreements (ICAs), which regulated both the international price of coffee as well as its supply. These Agreements — signed in 1962, 1968, 1976 and 1983 — helped avoid excess fluctuations in price as well as guaranteeing a more favourable income distribution along the coffee chain to producer countries and their coffee farmers (Pérez & Echánove, 2006: 70).

However, as geopolitical interests and priorities began changing, especially with the imminent demise of the USSR towards the end of the 1980s and the rise of neoliberal ideology as a political force, especially in the US and the UK, the political stability of the Agreements fell apart. In 1989, this informal system of managing the international coffee market, in favour of a select group of producing nations, came to an end in the face of significant conflicts of interests between the two largest producers, Brazil and Colombia, the US government and the major US and European coffee toasters. The system of volumes and price was replaced by the market mechanism and the international coffee price fell drastically (Oxfam, 2002). Indeed, as the figure below shows, during the period of coffee market regulation, the international price of coffee was relatively high, while the free market period saw hefty and long-term price reductions, particularly in 1989-1993 and 1999-2004, the latter becoming the longest period of continually low coffee prices ever (International Coffee Council, 2014: 4).

As well as ensuring more producer control of the coffee market, the export quota system helped restrict excess supply but since the early 1990s, the coffee market has been inundated without a sufficiently comparable increase in consumer demand. Vietnam, especially, during the post 1989 period, has become one of the main coffee producers in the world. Indeed, between 1990 and 2013 Vietnam produced an average of 11.6 million bags per year compared to only 451,000 bags between 1980 and 1989 (International Coffee Council, 2014: 8).

Figure 1. World Coffee Prices (Monthly average 1965-2013).

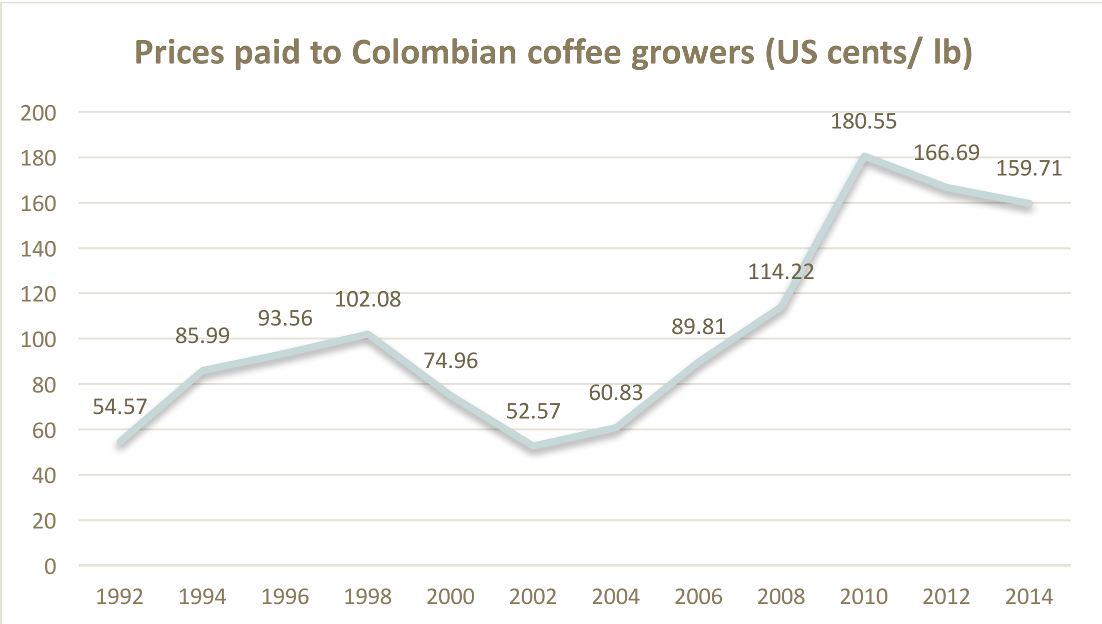


Source: International Coffee Council. 2014: 4.

The effect on the FNC of this dramatic change in the governance structure of the coffee market was not long in coming. During the regulated period, the FNC had been not only the key exporter of coffee in Colombia but also by far the biggest exporter of any product in the country. Indeed, its formidable size in the Colombian economy ensured that it was the country's biggest single exporter until 2002 when it was replaced by the mixed enterprise oil company, Ecopetrol. The price crisis of the 1990s dramatically reduced the financial power of the Federation and its capacity to regulate and intervene in the Colombian coffee market. As the coffee price dovetailed the FNC tried to cushion its impact on local farmers, firstly by reducing the "coffee contribution tax" levied on all the coffee it bought from producers, and secondly, by offering subsidies to these farmers. But by the mid-1990s the FNC faced a financial crisis and was forced to solicit a loan from the Colombian government even as it sold its controlling actions in the *Banco Cafetero*. But such actions only tempered the oncoming storm.

With debt above 430 million US dollars, in 2002 the FNC was forced to abandon its floor price for Colombian coffee, leaving local growers completely exposed to market volatility, with power along the coffee chain now in the hands of a combination of financial futures' speculators and the interests of the other big global players, especially the toasters and traders. Indeed, as various experts have noted, today global coffee brands[2] are at the forefront of influencing both the price of coffee and the quality standards required by the industry (Pelupessy, 2007; Pérez & Echánove, 2006; Petkova, 2006).

In the graph below, the extreme volatility of the market price paid to Colombian coffee growers is more than evident; a factor that generates significant anxiety each year for the thousands of growers who depend on a relatively high price to cover their production costs and make a profit. The internal price paid to growers depends on three factors: the exchange rate (Colombian pesos to dollars), the international coffee price set on the New York Stock Exchange, and the differential paid for Colombian coffee UGQ, recognised in international markets (FNC, 2015: 12).



Source: US Department of Agriculture

With its capacity for intervention significantly diluted, from the early 2000s the FNC changed focus, attempting to reinvent itself and prioritise the commercial competitiveness of Colombian coffee. In 2002, the FNC launched the brand Juan Valdez Café as a way of engaging final consumers with the Colombian coffee experience. This strategy has reaped enormous rewards. By the end of 2014, Juan Valdez Café[3] had earned approximately 163 million US dollars in royalties and there were 309 stores in 15 countries[4]. Nonetheless, this brand remains a dwarf when compared to its global competitors and as such, Juan Valdez Café is just one of the ways in which the FNC has attempted to transform itself in the wake of the huge shake-up of the global coffee market since 1990. In terms of increasing productivity, the FNC has focused on renovating Colombia's coffee plants,

[2] For 2015, the 5 most important coffee retailers are: Starbucks, with more than 20,000 stores in 61 countries; Dunkin Donuts, with more than 10,000 stores; Tim Horton's, with more than 4,300 stores in Canada and the USA; Costa Coffee, with more than 1700 stores in 35 countries; and McCafé, with more than 1,300 stores. The three leading toasters are: Kraft, Procter & Gamble, and Nestlé.

[3] It's important to note that the FNC is the owner of 83.74% of the actions of Procafecol, the firm that administers the Juan Valdez Brand.

[4] Information taken from Juan Valdez's Financial report for 2014: http://www.juanvaldezcafe.com/sites/default/files/Negocios/Accionistas/INFORMACIONFINANCIERA/Informesdegestion/InformedeGestion2014.pdf

expanding the reach of Colombia's special coffees, increasing both coffee harvests and plantations and promoting the certification of Colombian coffee (FNC, 2013: 27). Indeed, even prior to the launching of Juan Valdez, in the face of the country's decreasing share of world coffee exports[5], the FNC had envisioned the need to find a new niche for Colombian coffee and in 1996, it created the Program for Special Coffees, which focused on selecting coffees with special characteristics, based on three factors: firstly, coffees that are produced in a manner which conserves the environment; secondly, coffee that is produced with attention to economic equity throughout the production process; and thirdly, coffee that is produced according to socially responsible practices[6].

The decision to foment a coffee industry that is more concerned with quality, diversity, care in both production and processing, and for transparency in each phase was deemed as necessary to ensure the continuing viability of the Colombian coffee economy. Concretely, specialty coffees are divided into four categories: 1, Coffees of origin, 2. Prepared coffees, 3. Sustainable coffees, 4. Organic coffees. According to the FNC, specialty coffees represent approximately 12% of world consumption, a figure roughly in line with Colombia's participation in the world coffee market.

The principal advantage of promoting the expansion of speciality coffees, according to the FNC, is the bonus price (*sobre precio*) which producers receive when selling their coffee to the FNC or other coffee traders. This bonus price is paid in two phases: the first part is given to the producer when he/she brings the coffee to the purchasing depots at the regionally distributed coffee grower cooperatives, which administer the purchase of speciality coffees in Colombia. The second instalment is paid to the producer in a sum that is equivalent to the load of coffee sold, once the client has paid the cooperative. According to the FNC, in 2015, USD$9.3 million was paid out in bonus prices (at an average of COP$26.193 per load of coffee) to coffee farmers who traded their specialty product under the commercialization scheme run by the Federation (FNC, 2015: 25). The FNC manages 98 programs of specialty coffee across the country[7]. The following section will briefly examine the spread of the third type of specialty coffees: sustainable and certified Colombian coffees, paying special attention to the labour standards found in these systems.

4. Sustainability certification programs in the Colombian coffee industry

The FNC's attempt to transform the Colombian coffee industry in line with changing trends both in supply and demand faces significant counter-pulls and obstacles. First and foremost has been the post 1990s trend towards the international sourcing of generally homogenous, lower grade coffee

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[5] It is important to note that as of 2015 Colombian coffee exports make up 6.8% of world exports, while in the 1970s Colombian coffee made up 20% of world coffee exports. See: Red Ormet. No date. *Perspectiva laboral en la Región del Eje Cafetero. Caso Cadena Productiva de Café*. Estudios de Prospectiva. PNUD/Ministerio de Trabajo de Colombia: Bogotá. http://issuu.com/pnudcol/docs/eje_cafetero_prospectiva_fin (p.26).

[6] See: http://www.federaciondecafeteros.org/particulares/es/nuestro_cafe/cafes_especiales/

[7] See: http://www.federaciondecafeteros.org/particulares/es/nuestro_cafe/cafes_especiales/beneficios_para_el_caficultor/

(predominantly Brazilian), which has been pushed forth as a rent-seeking strategy by traders as they focus on economies of scale (Petkova, 2006: 323). Herein, the preference for robustas (generally from Vietnam and Brazil) and low-quality arabicas (mostly Brazilian) over Colombian and Central American mild varieties has become marked (Petkova, 2006: 323-324; Topik & Samper, 2006), significantly decreasing Colombia's share in the world coffee market. Nonetheless, a countervailing tendency has also appeared which does seem to lend credibility to the FNC's strategy: the increasing demand for sustainable and ethical coffee, particularly in the European and Japanese markets[8]. And such a trend, while in debilitating competition with the move towards cheap and bulk coffee, which is enhanced by technological improvements in roasting rather than improved cultivation techniques, offers, at least in theory, the possibility of making the coffee industry more sustainable, both environmentally and in terms of decent work practices, while also potentially opening up more possibilities for market integration.

In Colombia, sustainability certification programs have taken off in leaps and bounds. According to the website of the Colombian Coffee Hub of the National Coffee Growers' Federation (FNC),[9] as of December 2013 the extent of sustainable coffee certification in the Colombian coffee sector was as follows, differentiated according to the specific certifying brands:[10]

- 4C Association: 88,000 producers covering 250,000 hectares
- Fairtrade: 37,000 producers covering 90,000 hectares.
- UTZ: 3,000 producers covering 19,000 hectares
- Rainforest Alliance/SAN: 2,000 producers covering 12,000 hectares;
- Organic: 3,000 producers covering 11,000 hectares;

While these figures should be scrutinized in more detail, to avoid the issue of recounting farms that have multiple certification systems[11], they do illustrate the significant growth of this industry. According to data in a review of sustainability initiatives published in 2014, standard-compliant production as a percentage of total national coffee production is higher than 60 per cent for the case of Colombia, which is higher than any other coffee producing country[12]. In terms of

[8] See: The Centre for the Promotion of Imports from developing Countries (CBI): https://www.cbi.eu/market-information/coffee/trends/ (visited on 5 April 2017).
[9] See: http://colombiancoffeehub.com/origin/coffee-certifications_1467111/ (visited on 6 April 2016).
[10] Unfortunately, there is no available information for coverage by region.
[11] This point was made by one of Rainforest Alliance's senior agriculture manager for coffee in a meeting in Amsterdam in May 2016.
[12] International Institute for Sustainable Development (IISD) and the International Institute for Environment and Development (IIED), 2014, The State of Sustainability Initiatives Review 2014, p.157; http://www.iisd.org/sites/default/files/pdf/2014/ssi_2014.pdf . This figure is downward adjusted for multiple certifications. It is noted that Colombia houses significant volumes of double- and multiple-certified production (e.g., 72 per cent overlap in UTZ/Rainforest Alliance, 63 per cent UTZ/Fairtrade, and 9 per cent Organic/Fairtrade).

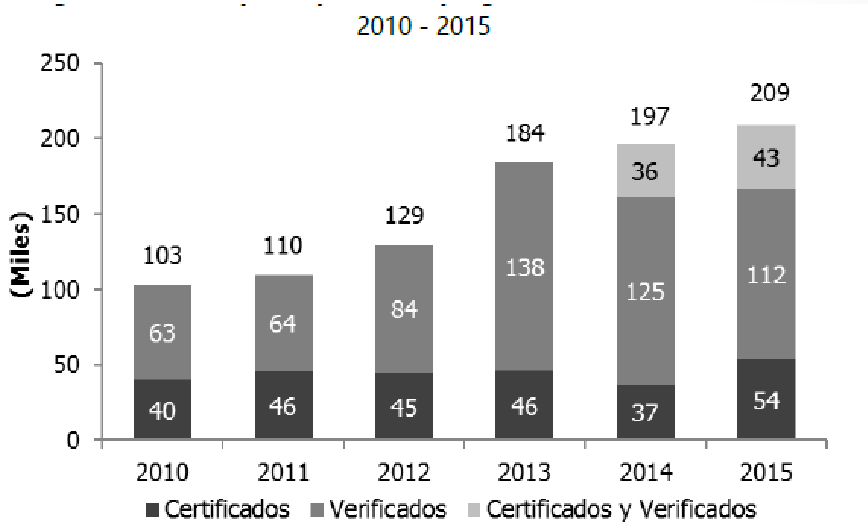
volumes of coffee produced in Colombia under the various sustainable certification labels (for 2011/2012), the following information was found[13]:

- 4C Association: 260,444 MT (metric tonnes[14])
- Fairtrade: 107,200 MT
- UTZ: 78,171 MT
- Nespresso AAA: 55,277 MT
- Rainforest/SAN: 29,417 MT
- Organic: 4,800 MT

According to more recent data, the FNC supports the implementation of seven codes of sustainability via 73 farm auditing processes, 48 certification processes and 25 processes of verification. By the end of 2015 there were 209,081 coffee farms that were registered in at least one certification or verification program. These farms are owned by 165,385 coffee farmers and make up 391,619 hectares on which coffee is grown. Of all these farms, 53,605 (26%) are certified; 112,449 (54%) have been audited; and the 43,027 remaining (21%) are both certified and audited (FNC, 2015: 32-33), see Figure 3 below.

[13] Taken from: Figure 8.2 Leading producers of standard-compliant coffee by initiative, 2011/12, in: International Institute for Sustainable Development (IISD) and the International Institute for Environment and Development (IIED), 2014, p.158.
[14] 1metric tonne = 1,000 kg

Figure 3. Participating farms in sustainable coffee programs



Source: FNC (2015: 32).

This article briefly examines two of the main certification standards in Colombia: Rainforest Alliance and UTZ Kapeh, focusing on the labour standards they utilize so see how rigorous they are, on the ground, in the Colombian coffee industry. These two labels are said to be the fastest growing sustainable certification labels in recent years, with UTZ certified displaying a per annum growth of 26% between 2008 and 2012 and Rainforest Alliance a 30% growth rate for the same period[15].

4.1. Rainforest Alliance

Rainforest Alliance, established in 1987, is a certification scheme working under the auspices of the Sustainable Agriculture Network (SAN), which promotes productive and efficient agricultural systems, biodiversity conservation and sustainable human development through the application of its Sustainable Agriculture Standards. These include social, environmental and productive aspects.[16] There are some 2,500 Rainforest Alliance certified coffee producers around the world, many of which have multiple operations (sometimes up to several thousands).[17] These are often coffee cooperatives that consist of many smaller coffee farms.

The SAN Sustainable Agriculture Standard includes ten principles:[18]

1. Social and environmental management system

2. Ecosystem conservation

3. Wildlife protection

4. Water conservation

5. Fair treatment and good working conditions for workers

[15] The Centre for the Promotion of Imports from developing Countries (CBI): https://www.cbi.eu/market-information/coffee/trends/ (visited on 5 April 2017).

[16] Sustainable Agriculture Network website, http://san.ag/web/about-us/who-are-we-2/

[17] SAN, 'list of certified farms and operation', 30 June 2015 <http://san.ag/web/wp-content/uploads/2014/11/List-of-certified-farms-and-operations-June-2015.pdf>

[18] Source: http://www.san.ag/biblioteca/docs/SAN-S-1-4_Sustainable_Agriculture_Standard.pdf

6. Occupational health and safety

7. Community relations

8. Integrated crop management

9. Soil management conservation

10. Integrated waste management

Each of the ten principles is broken down into various criteria. The SAN standard contains 23 critical criteria. A farm must completely comply with a critical criterion to acquire and maintain certification. Regarding fair treatment and good working conditions for workers, the SAN standard includes the following critical criteria: non-discrimination; wages; prohibition of child labour; prohibition of forced labour and freedom of association and collective bargaining. To obtain and maintain certification, farms must comply with at least 50 per cent of the applicable criteria of each principle and at least 80 per cent of the total applicable SAN criteria.

Rainforest Alliance/SAN discloses a list of certified farms and operations. However, no information is disclosed regarding the performance of these certified farms and operations and audit results are not disclosed.[19]

- Rainforest Alliance
- **Type of monitoring**
- Third-party inspections are required

- **Frequency of inspections:**
- Annual inspections

- **Validity of the certification:**
- 3 years

4.2. UTZ[20]

UTZ is a program and a certification label that promotes sustainable coffee production ensuring product traceability. To become certified, all UTZ suppliers must follow the UTZ Core Code of Conduct, which offers expert guidance on better farming methods, working conditions and care for nature. The standard operates through two sets of guidelines – the Core Code of Conduct (which covers the growing and harvesting process), and the Chain of Custody (which covers products from the moment they leave the farm to the moment they arrive on the shelves). The standard is based on International Labour Organization (ILO) conventions, among others, which means they represent an internationally

[19] SAN audits always include cross verification of evidence via workers' interviews, farm documentation reviews, and the observation of farm practices and conditions in the field; Information provided by email by M. Willems, Rainforest Aliance, 22 May 2016 (after this referred to as Willems, 2016).
[20] Source: https://www.utz.org/

recognized set of guidelines, reflecting the latest agreements, research and expertise in sustainable farming. Coffee producers are not only audited against the Core Code of Conduct but also against the Coffee Module. The Module contains requirements applicable to coffee production and processing activities, up until production of green coffee.[21]

The Core Code of Conduct is divided into four blocks, representing the four pillars of sustainable agriculture:

- Block A: Management

- Block B: Farming practices

- Block C: Working conditions

- Block D: Environment

Under Block C, **working conditions**, the following principles apply to producers:

- Producers observe workers' rights on freedom of association, working hours, wages and respectful treatment
- Producers do not use forced labour or child labour
- Producers promote literacy and guarantee that the children of workers go to school
- Producers guarantee healthy and safe living and working conditions for workers
- Workers earn a Living Wage to meet basic needs.

More specific criteria are provided for in the Core Code of Conduct.[22] The UTZ certified label features on more than 20,000 different products across 135 countries.[23]

- UTZ
- **Type of monitoring**
- Third-party inspections are required
- **Frequency of inspections:**

[21] Source : https://www.utz.org/?attachment_id=3623
[22] Source : https://www.utz.org/?attachment_id=3621
[23] Source: http://colombiancoffeehub.com/

- Annual inspections
- **Validity of the certification:**
- 1 year

4.3. Audit sampling

Regarding the sampling of auditing, according to employees at the Andes Cooperative, the Coffee Cooperative undertakes an internal pre-auditing process among their member farms. Then, the cooperative contracts the formal auditing process with the accredited certification body for specific certification system. The cooperative provides the auditors with specific information about the individual coffee producers to be audited. It is likely that auditors do not undertake audits during the busy months of harvest (September-December and April-June), which means that they probably never get to see or speak with the coffee pickers[24].

According to Rainforest Alliance, the certification body is the only responsible entity for determining the composition of the sample. Apart from the external audits, group administrators of the cooperatives must inspect each farm at least once per year[25].

In the case of UTZ, the first certification audit must be conducted in the period spanning from four months before to four months after the beginning of the first harvest to be certified. Harvest can refer to the principal or secondary harvest period. If the audit is conducted outside of this period, the harvest cannot be certified[26]. Any follow-up audits could take place within a certain time window. Rotating the time of the audit would allow for the assessment of different practices. The choice of the timing of the audit depends on a risk assessment undertaken by the auditors. Additionally, UTZ requires specific record keeping to take place that would allow them to capture the most important information on temporary and permanent workers and is a base for auditors' checks[27].

4.4. Major customers of Colombian coffee

Based on information from an export database, the following major customers were found to be importing coffee from Colombia[28]:

- Jacobs Douwe Egberts
- Nestlé Nespresso
- Ahold
- Tschibo

[24] Interview with Maria Camila Valencia, employee of the Cooperativa de Caficultores de los Andes, Andes, Antioquia, 17th April 2015
[25] Willems, 2016.
[26] UTZ Certification protocol; https://www.utz.org/?attachment_id=3625
[27] UTZ Code of Conduct; criteria I. A.7; Information provided by email by P. Konijn, UTZ, 22 May 2016 (after this referred to as Konijn, 2016)
[28] Source: Infodrive India Pvt. Ltd, Colombia Export Intelligence, Export data for coffee, January 2015

- UCC Europe

Based on information from the websites of these companies, these companies all source coffee from Colombia. A request was sent to these companies to confirm this. Four of these companies, Jacobs Douwe Egberts, UCC Europe, Nespresso and Ahold, responded that they are indeed sourcing coffee from Colombia.[29] Tchibo did not respond to our request. All five companies are sourcing coffee certified by UTZ and Rainforest Alliance. Therefore, the findings of this study are relevant for these companies as they have committed themselves to sustainability criteria, and the challenges related to labour rights in Colombia should be of concern to them as well. The following section will offer an overview of the productive structure of the coffee industry in Colombia and then focus on working conditions, before summarizing the findings of the research project, upon which this article is based.

5. The organization and regulation of the Colombian coffee industry: the work factor

The productive structure of the Colombian coffee industry has not changed significantly in recent decades, despite the hefty reconfigurations along the global coffee commodity chain. Indeed, according to the National Federation of Colombian Coffee Growers (FNC), for 2012, “96% of coffee producers, farm on less than five hectares, participating with 71.4% of the total cultivated area and 69% of all production” (Rocha, 2014: 5). Such a broad distribution of coffee production is in marked contrast to the concentration of agricultural production for the three export products that follow coffee in importance, measured by volume and revenue (palm oil, flowers and bananas)[30]. Furthermore, unlike these other agro-export commodities, coffee is spread across vast swathes of the country with 10 of the country’s[31] 32 provincial departments contributing with nearly 85% of the total coffee plant volume for 2013[32].

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[29] UCC specified that the company buys conventional coffee, Fairtrade, Rainforest Alliance, UTZ, Fairtrade Organic and Rainforest Organic certified coffee; Nespresso specified that it does buy coffee from Colombia, however, it does not purchase coffee from farmers in the municipalities covered in the research of the report.

[30] For example, in 2010, **palm oil production** in Colombia was decidedly agro-industrial in scale, with 78.3% of all production coming from haciendas greater than 200 hectares in size, and only 2.8% of all African Palm found on farms less tan 20 hectares in size, see: Martínez, Gabriel Peláez. Seminario: “La agroindustria de la palma de aceite: un negocio sostenible e inclusivo”. Fedepalma, APE y la Universidad de la Sabana. Bogotá, 5 de octubre de 2013. P.22. The **cut-flower industry** of Colombia is highly capital and labour intensive, something which contributes to its concentration. Indeed, it is estimated that over 90% of exports are undertaken by 350 firms which, between them, occupy 10,000 hectares dedicated to production, see: Salom, Luis Felipe Serna y María del Pilar Sepúlveda Calderón. 2012. “Canales de distribución y estrategias de comercialización para la flor colombiana en los Estados Unidos: un marco conceptual”. *Estudios Gerenciales*. Vol. 28 N°124, julio-septiembre, pp.191-228. The **banana export industry**, for its part, is centered on roughly 48000 hectares nationally and the regional leader, Urabá, which contributes with 33000 hectares, is divided amongst 160 producers across 340 plantations, see: Ministerio de Agricultura. *Anuario Estadístico del Sector Agropecuario 2013*. Octubre 2014, p.67.

[31] Huila, Antioquia, Tolima, Cauca, Caldas, Valle, Risaralda, Santander, Cundinamarca, y Cesar.

[32] See: Federación Nacional de Caficultores de Colombia (FNC). “Área cultivada con café en Colombia, a nivel departamental”. https://www.federaciondecafeteros.org/ (accessed July 2015).

The notable geographical dispersion of coffee production in Colombia explains its dynamic role in terms of job creation in the country's rural zones. Indeed, according to estimates, the coffee industry accounts for 40% of all rural employment (Merchán, cited in Rocha, 2014: 5). The FNC speaks of 560,000 families that live off the coffee industry and according to calculations made by Agronet, during the period between 2002-2012, the Colombian coffee commodity chain — which includes the provision of inputs, agro-industrial transformation, commercialization, internal consumption and export — required between 726-798,000 workers (Rocha, 2014: 3), or roughly 3.5% of the country's occupied population for that year. In terms of supply and demand for each coffee-growing department, recent years have seen significant labour shortages (see Table 1 below). Indeed, country-wide, for 2012, there was a shortage of almost 12,000 labourers, although the regional variation is enormous, with less traditional coffee regions (especially Huila, Cauca and Valle del Cauca) having a high excess supply while the main traditional coffee centres of the country (Antioquia and the coffee belt region) show huge labour shortages. This significant regional disparity has led to a large migratory coffee workforce, especially during the two main harvest seasons each year, a factor which is highly important when examining working conditions in the industry.

Table 1. The demand-supply for coffee work in 2012 by provincial departments.

Departamento	Oferta	Demanda	Oferta-Demanda
Tolima	54.212	87.698	(33.486)
Antioquia	75.219	106.740	(31.521)
Risaralda	16.486	42.576	(26.091)
Caldas	40.396	63.750	(23.354)
Magdalena	2.010	15.116	(13.105)
Cundinamarca	18.359	27.941	(9.582)
Quindio	14.881	23.924	(9.043)
Cesar	13.638	18.497	(4.859)
Boyacá	6.784	6.764	20
Otros	5.650	-	5.650
Nariño	31.698	29.682	2.016
Santander	40.532	37.325	3.206
Norte de Santand	26.360	19.878	6.483
Huila	134.464	112.321	22.142
La Guajira	25.350	3.014	22.336
Valle del Cauca	83.365	55.819	27.546
Cauca	106.127	63.447	42.680
Total Nacional	702.691	714.491	(11.800)

Source: DANE, tabulation by Rocha, (2014: 9).

The migratory coffee workforce is centred on the picking process, which, due to the geographic and biological diversity of the country, spans various months throughout the year. While the main harvest period is at the year's end, most coffee-growing zones have a mid-season (*mitaca*) harvest, although the exact times of harvest fluctuate from region to region[33]. As such, pickers, in their diverse forms[34], wander from region to region, following the trajectory of the flowering

[33] For example, according to one coffee grower and ex member of the National Committee of the FNC, in Huila, the most recent department in the country's South to make a major incursion into the coffee industry, made the point that in the South and Central regions of Huila the principal harvest period was at the end of the year while in neighbouring departments (Cauca, Nariño and part of Tolima), the main harvest came mid-year. Interview N°1, 30 April, 2015 in Pitalito, Huila.
[34] Following the ethnographic study of one author, we categorise the Colombian coffee pickers into five groups: 1. Permanent and long-term pickers; 2. Novice pickers; 3. Circumstantial pickers;

and ripening coffee berries. Without doubt, the segments, that make up the coffee commodity chain, that are most labour intensive are those associated with planting, maintenance, picking, and washing-drying, which account for the great majority of employment (DNP, 2003: 97; Rocha, 2014: 3-4). Indeed, when one examines the participation of workers within the FNC, by far the biggest gremial organization in Colombia, the enormous concentration of employment in the productive process, versus activities associated with administration, marketing and commercialization, is highly vivid. According to the FNC, for 2013, it had on its books a total of 2,679 workers[35] (FNC, 2015: 114), an extremely small proportion of the overall industry workforce. Seasonal work, specifically, picking and processing, is said to make up approximately 20% of all work associated with the coffee chain in Colombia (Rocha, 2014: 11), or, in numerical terms, approximately 140,000 workers[36].

The coffee industry, just like Colombia's agricultural sector overall, faces several problems related to labour rights, especially due to the informality of the sector. Precarious working conditions prevail, including a lack of basic protection, low incomes (often below the minimum wage), job insecurity, lack of access to basic social security schemes and pension systems and, in most cases, the inability of workers to exercise their fundamental labour rights, particularly the right to association and the right to collective bargaining (Hawkins, 2014).

In no activity is this informality more visible than for that of coffee picking. These workers are not protected by formal labour relations and they must sell their labour to the highest bidder through verbal and informal contracts. In most cases, these contracts are not even established with the owners of the farms but with other workers who serve as forepersons, supervisors or assistants. Pickers are usually contacted at the main squares of the coffee-producing municipalities and agree on performing daily work shifts, which are paid according to time worked or, more frequently, the weight of the coffee harvested (referred to as *kileo* or *arrobeo*). While piece rates per kilo vary, depending on the region, they generally range anywhere from between 350 and 500 Colombian pesos (approx. US0.14-0.19 cents).[37] Although this is a temporary/seasonal type of work, exclusively carried out during the harvest time and over the course of five to six weeks per harvest, as already mentioned, for many it is almost like a permanent occupation.

An important development is the increased migration of coffee workers to other economic sectors. For instance, a large governmental infrastructural project[38] has increased the demand for workers in the construction industry, giving coffee workers the chance to change their occupation, improve their income and become affiliated to the social security system (which is something that many coffee pickers have never managed to do). Something similar has happened with

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Pickers for strategy; and, 5. Disguised pickers. For more information on each specific category, see: Castaño, Gloria 2010. "La pobreza en las representaciones sociales de los recolectores de café en torno a sí mismos y a su actividad" En: *Antropol.sociol*. No. 12, January-December. pp. 89 – 125.

[35] 957 of these workers were employed under permanent contracts, 1,428 had fixed-period employee contracts and the remaining 294 were hired as provisional contract workers.

[36] Calculation made in line with the supply figure of approximately 700,000 workers for 2012, in line with Table 1.

[37] The exchange rate used to calculate the US$ amount is based on the rate of 1 July 2015 at: https://www.oanda.com/currency/converter/ (1US$ = 2,584 Colombian pesos).

[38] 4G Roads, also known as Fourth Generation Roads, is a road infrastructure program that plans to build and operate, under concession; more than 8,000 km of roads in Colombia.

the mining sector in other parts of the country,[39] or with the production of other agricultural crops (including cocoa, banana, passion fruit and sweet granadilla), and especially, with the cocoa leaf, which guarantee equal or better salaries than those obtained in the coffee sector, while demanding less work effort. Factors such as these have meant that the availability of people during the coffee harvest time has decreased in recent years, a matter which has caused considerable concern in the industry[40].

The problem of labour shortage, especially at harvest time, is especially acute for the Colombian coffee industry, precisely because it is so labour intensive. The fact that Colombian coffee, as already mentioned, is grown predominantly along the mountainside (*las laderas*, in Spanish), mechanized picking, such that takes place in Brazil and other countries, is, so far, untenable and as such, labour costs are by far the highest component in overall costs to producers. Indeed, according to the FNC (2016: 15), labour costs make up roughly 65% of all production costs. Herein, we arrive at perhaps the most acute problem facing the numerous sustainable coffee certification systems: in an industry that is structured on such informal labour relations, is it possible to expect that certified growers will gradually embrace the need to formalize their workforce, much of which is temporal, when to do so necessitates a significant increase in labour costs? To answer this question, we must assess more closely the economic viability of the "bonus price" for specialty coffees in relation to production and especially labour costs.

6. Are certification standards sustainable for coffee growers in Colombia?

One argument that was repeatedly expressed by several coffee producers and experts of the coffee industry in Colombia during the fieldwork conducted for this project, dealt with the many requirements of the certification systems and how, most of the time, the benefits they provide do not compensate for the investments and effort required on the part of the certified producers. For instance, a former representative of the National Coffee Growers Committee and a medium-scale coffee farmer in Pitalito, Huila, argues that despite the willingness shown by many producers to be certified, the investments required can be quite exorbitant when it is taken into consideration that the average extension of Colombian coffee farms is merely 1.6 hectares. [41]

Achieving a certification on environmental conservation requires, from the coffee producer, *"(...) investments in wastewater management, cutting-edge water-saving beneficiaderos (coffee bean processing stations), (...); these investments may not seem excessively pricey but you have to think that they are to be paid by*

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[39] One of the ten items that the *Dignidad Cafetera* (Coffee Dignity) movement attempted to negotiate with the government earlier this year in order to end a national strike caused by the continuous crisis of the sector, was about this particular topic, they were against illegal mining in the coffee zones due to the competition it represents in finding labour. See: 'Dignidad Cafetera has eight conditions to end the national strike'. In: El Colombiano, 10 April 2015: http://www.elcolombiano.com/dignidad-cafetera-pone-ocho-condiciones-para-frenar-el-paro-nacional-GH1687967

[40] See, for example: Semana. "Juan Valdez no consigue recolectores de café". 17 September 2016: http://www.semana.com/economia/articulo/juan-valdes-escases-de-recolectores-de-cafe/494027

[41] Interview with Dr. Fernando Castro, Pitalito, Huila, April 30, 2015.

small-scale farmers who live on the coffee they grow and barely have enough money to feed their families and send their children to school."[42]

In the same vein, the head of the specialty coffee division of the Andes Cooperative of Coffee Growers, mentions that the certification systems, regarding environmental conservation, tell you what the requirements are to comply but never explain the process of actually adhering to them: in order to avoid polluting the sources of water *"(...) they advise farmers to install a treatment system that can use either infiltration, tank or irrigation methods, but the standard never tells you how to adapt this system to the particular conditions of each farm."*[43] While this type of flexibility is deemed as being positive, according to her, the small-scale farmers face an imbalance between the costs of the investments and the benefits obtained via the premium price: *"A long time will have to pass before the premium price received by a small-scale farmer from the selling of their coffee covers the costs of their investments."*

The weak-spot of certified sustainable coffee lies in its cost-benefit when compared to a non-certified brand of coffee. There are a couple of controversial facts that overshadow the premium prices for specialty coffees; one of them has to do with the fact that they are unilaterally determined by the certification system; and the other questions its high levels of fluctuation. Maria Camila Valencia also mentions how the volatility of the premium prices for specialty coffees has a strong impact on the opinion that the coffee producers have of the viability of being certified, especially when the range of the premium price can be so wide that it can go from about $50.000 Colombian pesos per load of coffee, only to drop down to $7.000-10.000 pesos, depending on the price of coffee on the New York Stock Exchange and the decisions taken by the brands and the certification systems.[44]

There is one certification system that breaks with the instability generated by the volatility of the prices: Fair Trade. This system determines a "guaranteed minimum price" to be paid to the certified small-scale coffee-growing organizations. And it also eliminates intermediaries, obliging bulk buyers of green coffee beans to directly pay the small-scale producers a minimum price (Calisto Friant, 2016: 223). However, this certification system only exists to guarantee a minimum price and, in consequence, the certification regimes for specialty and sustainable coffee have not been able to generate confidence among the thousands of coffee growers who do not want to put themselves at risk of not being fairly compensated for their coffee, after having invested significant sums of money. So far we have only referred to the risks of the cost-benefit with respect to the environmental issues. However, once the issues that deal with the socio-labor management are analyzed in light of the systems that put it as a requirement for the certification, a sea of ambiguities and doubts begins to appear.

[42] Ibid.,
[43] Interview with María Camila Valencia, op cit.,
[44] Interview with María Camila Valencia, op cit.,

7. Demanding the enforcement of labour standards and workers' rights in an informally-driven world: Selling sustainability in a non-conducive environment

We have already mentioned the labor informality that abounds not only in the Colombian coffee industry but across the country's agricultural sector. However, the most controversial issue with respect to the informality and this new period characterized by specialty coffees and certification systems is the broad gap that exists between the formal requirements and the concrete reality of the workplace.

In addition to the aforementioned requirements regarding environmental issues and administrative transparency, most of the certification systems applied by the Colombian coffee sector (UTZCertified, Rainforest Alliance, Nespresso, Fair Trade and Starbucks) demand compliance with their standards regarding the working conditions on certified coffee farms and they give particular importance to guaranteeing the freedom of association and collective bargaining.

The standards of these systems are more than reasonable and are a fine mix of minimum standards and basic rights. Indeed, the inclusion of the guarantee of freedom of association and collective bargaining is particularly important due to the fact that these are enabling rights, meaning that if they are guaranteed, they have the power to open up the possibility for other standards improving due to the pressure exerted by trade unions (Anner, 2012). However, considering that the Colombian coffee industry is structured by informal conditions, located outside governmental regulation and the Labor Code, there is, in reality, little chance of ensuring the implementation of minimum standards and fundamental labor rights.

Throughout its whole history the Colombian coffee industry has never had a trade union organization and/or association, with the sole exception of the labor struggles for the protection of the land and the work that occurred during the 1920s. The FNC has always worked for the promotion of the coffee growers of the country, but has never tried to implement a policy that protects the thousands of coffee workers who do not own property or directly grow coffee. Therefore, not a single coffee picker has had the possibility of exercising his/her fundamental rights of freedom of association and collective bargaining, and few have been able to earn a salary equal to or higher than a legal minimum. The discord between the international requirements of the certification systems and the reality lived by thousands of workers in this sector requires significant effort, intervention, and commitment, on the part of the certification systems, the FNC, and especially the Colombian State, which has historically received the most benefit from the contribution that the coffee workers have provided to the country,.

Given the structure of the small farms, which has served as the basis for the construction of the coffee industry in the country, and knowing the many difficulties faced by the small-scale farmers in order to earn at least minimal profits after all the love and work that they have deposited in their coffee plantations, it wouldn't be unrealistic to expect that they willingly agreed to labour formalization if this meant that they alone assumed the associated increase in costs. As Fernando Castro argues, the need to improve working conditions in the coffee industry, while very much part of the process of modernizing the rural zones of Colombia, is also a task that should be led by the State, via the design and implementation of public policies geared towards labour formalization[45]. So, for the final section of this reflection, we will examine recent efforts to improve working conditions by the Colombian government.

8. Labour formalization in the Colombian coffee sector: notes for a debate

In 2013, after the impacts caused by the implementation of numerous Free Trade Agreements (FTAs) with countries with highly technological and State-subsidized agricultural sectors, signed with the United States, Canada and the European Union, a massive national strike and protests which had huge reverberations across the country's biggest urban hubs were promoted by several agricultural producer organizations, such as *Dignidad Cafetera* (*Coffee -Growers Dignity*) which represents thousands of large, medium and small-scale coffee growers of the country. These demonstrations were so unexpected, successful and powerful that the Colombian government was forced to react, first, with State violence against the protesters, and later, via presidential promises to negotiate with the leaders of the participating organizations. During the subsequent negotiations, convened to end these strikes, the then Minister of Work, Rafael Pardo, stated that if the coffee farmers wanted to receive aid and subsidies from the government, they would have to advance in formalizing the work of the coffee pickers. This announcement showed the minister's lack of knowledge of the structure of the coffee industry in Colombia, where, as we have already mentioned, labor costs are said to represent 65% of all costs. Additionally, the volatility of the international coffee price severely limits efforts to raise structural labor costs (even if a significant proportion of these costs are associated with the seasonal work of coffee picking) associated with the effort to formalize the work of the coffee pickers. In Colombia, a formal work contract requires the employer to affiliate his/her workers to a social security system (pension, healthcare and occupational hazards insurance), in addition to contributing to the payment of social benefits (severance pay, service bonus) and vacations. In total, the labor formalization process implies that the labor costs of an employee who earns the minimum wage are increased by approximately 30%,[46] meaning that the payment of a minimum salary ($737.717 thousand pesos per month, for 2017), will increase by approximately $217.500 Colombian pesos. That is quite a large amount considering the precarious income of the average small-scale coffee farmer in Colombia. With the structure of the Colombian coffee industry and the almost total regulatory absence of the Ministry of Labor (via its labor inspection system), it is too far-fetched to imagine that Pardo's demands could become reality in a short period of time. It would be more useful to analyze how it would be possible to encourage better working conditions and practices through the combination of public policies, the certification systems and the big coffee brands that receive huge economic dividends from the commercialization of specialty and sustainable

[45] Interview with Dr. Fernando Castro, Pitalito, Huila, April 30, 2015

[46] This estimate takes into consideration that the contribution of the employer to the employee healthcare is 8.5% of salary (the 2015 monthly legal minimum wage is $644.350), 12% for pension, the contribution to occupational hazards depends on the type work (it ranges between 0.522% to 6%) and pa payroll taxes 9%.

coffee that are said to respect and promote best practices and decent working conditions in the coffee farms, and at every stage in the global coffee chain.

At least discursively, the Colombian Government has been committed to promoting labor formalization in the coffee industry since 2010, following the implementation of the Agreement for Coffee Prosperity 2010-2015, signed by the President and the FNC to formalize 300.000 coffee workers, all of whom would become, gradually, workers affiliated to the social security system.

Legally speaking, up until 2013, there was an obstacle to such a grand idea. Workers who did not earn at least the legal minimum wage could not contribute to either the public or private pension schemes in Colombia. According to the latest DANE data available on coffee workers' characterization (2012), their average monthly income only exceeded one million pesos in the case of the farm supervisors, the rest of the positions received incomes below the legal minimum wage, which back then was $566,700. Indeed, according to the DANE, the average monthly income for all coffee workers came to a miserly $363,485 pesos, significantly below the legal minimum. In the case of the independent workers, their average monthly income was $340.000; $327.000 for laborers and employees and $ 286.000 and $ 218.000 for family workers and domestic employees respectively.[47]

Decree 2616 of November 2013 introduced the possibility of workers paying a pension contribution weekly which would help to overcome, at least partially, the problem of fluctuating wages based on piece-meal rates. Furthermore, this mechanism permitted the separation of pension contribution and affiliation (in which the employee pays 4% of his/her wage and the employer pays 12%) from affiliation to the healthcare system by way of a new financial and operational model which allows non-independent workers who laboured for periods of less-than-a-month to be affiliated to a pension and occupational hazards insurance system, as well as having the right to receive family allowances (Caja Familiar). Although these changes sort to promote labor formalization, they have been markedly unsuccessful in terms of their reach and specifically, their adoption in the coffee industry. One of the major problems with the implementation of such measures is that the workers must be formally hired, with a labour contract. Another tool that aims assist in offering social security coverage for informal workers is the Periodical Economic Benefit (BEP) scheme, a type of subsidized retirement fund, which offers protection to workers who are live in precarious conditions, by means of a mechanism that gives the possibility to those who have never contributed to any private or public pension system and make less than a legal minimum wage, to save voluntarily and secure some type of pension coverage during their senior years. This additional social service offers workers the chance of saving proportionally to their needs and receive an additional 20% incentive (for workers 62-years-old ormore) from the state, proportional to the value of their own contributions. This mechanism was designed in 2012 but the pilot tests and affiliations were only implemented in 2015.

An interesting experience associated with the Periodical Economic Benefits of the coffee sector is a pilot program launched in Aguadas, Caldas, by the Ministry of Labor and Nespresso in early 2014, which aims to reach 1200 coffee workers by

[47] Rocha, García. Op cit. Pág. 13.

means of a special Colpensiones (the Public Pension Fund) account.[48] This type of effort could help gradually reduce the high level of insecurity faced by the Colombian coffee workers. However, the program is still in its initial stages and as such it is almost impossible to evaluate its impact. What is certain is that there is a need for more programs of support that count on the participation of the government, the coffee organizations, the certifying bodies and the private sector, along the production chain to ensure healthcare, senior retirement and occupational hazards protection, as they represent a pending debt that must not be exclusively assumed by the small-scale producers who account for 95% of all growers.

9. Final reflections: proposals for improving decent work in the Colombian coffee industry

In a global value chain marked by the increasing monopolization of power by the leading economic agents from the segments of trading, branded merchandizing and retail (Petkova, 2006: 319), the emergence of new governance regimes, grounded in sustainable and ethical standards for trade in agricultural commodities, is without doubt, in and of itself, a positive development. For a country such as Colombia, for so long almost totally dependent on the coffee market for export revenues and a path to development, the growth of such sustainable initiatives is perhaps the one positive trend in an otherwise hostile pattern of structural changes in this industry ever since the beginnings of deregulation from 1989 onwards. Nonetheless, while the expansion of sustainable certification programs in Colombia's coffee industry, and across the world, has seen noticeable improvements in environmental management (See: Crece, 2014; Ponte, 2004), significant controversy remains regarding the degree to which such programs have helped to empower workers and improve working conditions (see: Davenport & Low, 2012; Wright & Madrid, 2007). Despite the notorious growth of these systems across Colombia's coffee growing regions over the past decade, as yet there have been no studies showing that this expansion has brought about consistent improvements in working conditions and especially, in the fulfilment of coffee workers' fundamental labour rights. Outside of the National Coffee Growers Federation (FNC) no trade unions exist in the coffee industry and recent studies have shown that labour informality (taking into account wages and social security) is nearly universal (Rocha, 2014), and as such the rigorous labour standards utilized by the main sustainable coffee brands (Rainforest, UTZ Certified, Nespresso, Starbucks and Fairtrade) remain extremely alien to the vast majority of the roughly 700,000 coffee workers. Obviously, one should not expect these brands to change a reality that has been structured in over one hundred years of informality and rural folklore, but they are important actors in the value chain and together with the FNC, the Colombian government, and other key agents such as traders, merchandizers and roasters and retailers, a mid- to long-term path should be drawn to gradually formalize labour relations and enhance the environment for the exercising of the fundamental labour rights, protected by the ILO's covenants and their ratification by the Colombian government.

[48] See: Access to Social Security, The Challenge Of The Coffee Growers. La Patria, March 31, 2014: http://www.lapatria.com/negocios/acceso-seguridad-social-el-reto-con-caficultores-67161

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Nazioarteko Hizketaldia

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