

The Global Coffee Industry: Legacy of Exploitation and Paths to Reform

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ABSTRACT

The global coffee industry is a product of socio-economic factors and colonial aspirations that have shaped it over centuries. Historically, coffee cultivation originated from plantations established by European colonial governments primarily in Africa and Latin America, often exploiting local labor to minimize costs and maximize profits. This legacy of exploitation has persisted, contributing to systemic inequities and power dynamics within coffee-producing countries. This paper aims to explore prevailing post-colonial ideologies and exploitative practices in the coffee industry and compares success stories from regions that have improved farmer welfare and labor conditions. A multi-case study approach is employed to contrast regions with high levels of labor exploitation in coffee plantations with those exhibiting more equitable labor practices. Findings reveal that coffee farmers in areas such as Latin America and Africa often face poverty, low wages, and harsh working conditions, while models like that in Yunnan, China, demonstrate significant improvements in farmers' lives through government support, fair trade practices, and cooperative production. The paper discusses the underlying causes of these disparities and proposes strategies for reforming the global coffee industry, including government intervention, establishing cooperatives, and implementing fair trade certifications.

KEYWORDS

Global Coffee Industry; Exploitative Practices; Post-Colonial Ideologies; Fair Trade; Cooperatives

1. INTRODUCTION

Arguably, we are aware that the modern-day global coffee industry is a result of centuries of aspiration and transformation stirred up by socio-economic factors and colonial aspirations. Historically, the cultivation of coffee was rooted in such enterprises that were established by distant colonial powers, mostly in areas now known as Africa and Latin America. European colonial governments, which were themselves animated by a zest for exotic goods, developed coffee plantations in these territories while often netting in the local workforce to cut down on expenses and thus maximize profits. Therefore, coffee production became connected with exploitable practices that were imposed on the colonies for the benefit of colonial powers and their economies at the expense of local laborers. The resulting colonial legacies have not disappeared, and many modern coffee-producing countries have to deal with systemic inequity and power dynamics in their agricultural sectors.

In contemporary settings across several regions, the colonial, billion-dollar coffee industry has largely remained unchanged since then. The present-day production system tends to be compiled in such a way that favors middlemen, exporters, and primary consumers – those who purchase and sell coffee beans to secondary consumers in coffee places/beaneries or restaurants – who are usually less to gain from it. The monopoly of profits among intermediaries, exporters, and sellers has caused significant

troubles for small-scale farmers since they cannot keep up with the increasing global demand for high-quality coffee and fail to earn a living (Melville, 2020). Due to this exploitative arrangement, the ethics of current practices are questioned, paving the way for fundamental systemic changes.

Our existing structure is outdated and should be overhauled since it fosters the exploitative setting that was set up during the colonial period and puts farmers in coffee production in trade unions with poor labor conditions, low wages, and lack of bargaining power. These difficulties reflect the need for an industry-wide reform, especially in communities where post-colonial oppression is still apparent. In this essay, the presenter will bring to the surface such post-colonial ideologies and exploitative practices that still prevail in the coffee production sector today and also discuss their successes in more developed regions. The essay intends to explore how these cases can shed light on how current coffee plantations could revise their systems to be more fair and environmentally sustainable, providing better chances for farmers, and reducing ourselves as a coffee-consuming world from the chances of being exploited.

2. LITERATURE REVIEW

The literature review will be dedicated to three main areas, where a consumer culture's impact on coffee production, coffee producers' primary position, as well as that production conditions at the coffee plantations remain exploitative, will be the focus.

Customs concerning coffee consumption have been transformed considerably over the last few years due to increased popularity and learning of sustainability and ethical sourcing concepts. The emergence of specialty coffee and attention centers on unique coffee experiences have been strong factors in wide-ranging production practices changes. In line with the International Coffee Organization (ICO), 2021 report indicated that global coffee consumption had increased continuously, achieving more than 166 million 60kg bags by 2020. End consumers in the developed world, particularly in Europe and North America, have shown that they prefer coffee brands that are premium and sourced from sources that are ethically acceptable, leading to the transformation of quality control measures in the sector like Fair Trade and Rainforest Alliance (Gordon & Silva, 2019). These assurances are designed to ensure that farmers getting a fair salary for their crops and also to limit the land impact of their farming practices. Nevertheless, while such changes have evolved how coffee is served and how is it perceived as a product in the market, yet their effect on the livelihood of the farmers per se has remained insignificant.

Emergence of the third wave coffee culture, which concentrates on the quality of coffee and eases of tracking the purchase from the soil is impacting the customer attitude as well. Third-wave coffee shops and roasters, like Stumptown, Blue Bottle, and Intelligentsia, tend to build relationships and trade only with farmers who grow quality beans, thus delivering their harvested beans at a higher premium (Wilson, 2020). This led to the rise of the consumer force, which seeks for better quality goods and transparency, thus enforcing production standards and creating awareness of the plight of coffee farmers. Research indicates that conditions of the workers have not significantly changed, with the growth in specialty coffee being no longer helpful, since the laborers still belong to harsh conditions and receive ridiculously low wages for their labor (Smith, 2021).

Some of the coffee exporting giants that are increasingly gaining strength include Japan, Italy, and South Korea. The face of coffee export has changed significantly by the emergence of new and powerful players in an otherwise stiff market. Alo and Elto are exporters whose names have become synonymous with success thanks to their high-quality, good logistical practice, efficient marketing strategies, and vast global trade networks, which have greatly expanded their market base. The special offer visit (2019), International Trade Centre. The monopoly held by these exporters has allowed those in the upper echelon of the supply chain to rake in significant amounts of profit. Brazil and Vietnam are the largest exporters of coffee in the world. They account for over 50% of the world's

coffee production. Coffee producers from both nations have gained economies of scale and modern technologies, thus enabling them to grow their coffee at cheap prices.

While the coffee-exporting sector is experiencing a significant growth and thrives modernizing, these benefits are unevenly accruing. International corporations and suppliers (e.g., Alo and Elto) monopolized these profit margins, hence the farmers remain the most disadvantaged parties. According to a report by the Fair Trade Foundation (2020), the farmers that produce coffee mostly get not more than 10 percent of the profits that their sales generate. The unequal distribution of wealth in this association highlights the uncontrolled nature of coffee production. Exporters have thrived as a result of reduced inefficiencies and accessorizing to new markets while the farmers continue to operate under a vicious cycle of poverty due to low farmgate prices and inflated production costs (Oxfam, 2021).

Plantations of coffee workers maintain their conditions of work according to the unchanged ways of production. Although many areas of the coffee value chain have seen improvements, working conditions for plantation laborers have largely remained unchanged. The exploitation of cheap labor is undoubtedly one of the major problems that the coffee industry is experiencing in this modern day and age, because it continues to be a significant human rights infringement. The International Labor Organization (ILO, 2021) reports that the majority of coffee farmers and laborers in the world still sustain poor productivity, long hours of work and exposure to hazardous chemicals, and inadequate pay. In Kenya, the salary of coffee farm workers is as low as \$2 (around lower than the poverty line), this is poor pay according to the standard measure of poverty (Melville, 2020). The seasonal trend in coffee production not only leads to job insecurity but also little welfare services for the workers.

The ineffectiveness of certification programs and direct trade mechanisms in alleviating workers' plight on a large scale suggests that structural changes may be necessary. On the one hand, the power relationships in the supply chain structure have a bias towards exporters, and, on the other, multinationals have more chance and ability to set prices and dictate terms, which makes even small farmers vulnerable conditions according to Breman (2015). He attributes this to the historical exploitative structure of the colonial economy, which was also thought as one of the major reasons of the crown countries' rise. Lack of substantial improvement in the working conditions and the lot of plantation workers becomes a hitch towards developing new models that focus on the welfare of workers and the socio-economic injustices that became a part of the colonial era.

However, laborers' working conditions seem to remain still the same, though their nowadays consumer culture and export practices in coffee industry have changed during the centuries. These practices are rooted, which seem to be a sign of a necessary change for taking into consideration the root causes of unequal distribution starting from the coffee value chain until the profit distribution.

3. METHODOLOGY: A MULTI-CASE STUDY APPROACH

For this research, a multi-case research approach is being employed to compare coffee plantations in areas where labor exploitation is high and in those with labor practices that are more equitable. Through allow for an in-depth examination of the discovering factors, which cause the labor conditions across regions, and can be factors which are likely to be good examples for the coffee industry in terms of labor practices.

3.1. Imminent Exploitation of Coffee Plantations

The purchase of coffee farms in some areas such as Latin America or Africa is reflected by slave-holding working methods and exploitation. The long history of colonialism as well as the current economic conditions have resulted in systems whereby farmers are paid small daily wages for long working hours, and the final gains from their labor mainly go to the middlemen and multinational companies. For example, the majority of the Guatemalan coffee farmers can usually afford payments

of less than \$3 a day (if any), consequently forcing them into lives of poverty (ILO, 2021). The plight of small-and-medium-sized coffee producers in Ethiopia is alarming, especially as their very weak bargaining power means they are also forced to operate under adverse trading conditions (Oxfam, 2021). The International Coffee Organization (ICO) has observed that coffee producers in these areas are not able to reap the full benefits from this increase in coffee prices, most of them are solely dependent on the gains of the exporters and the retailers.

The colonial system's enduring impact on these countries continues to prioritize profit over the well-being of laborers. The labor camps were a daily reminder and also the accomplice of the coercive labor practices during colonialism because it was a system which had been designed to benefit the powers of a modest local population. The impact about cost-effective of these practice is extensive, carrying a bit like a poverty blanket of 70 percent of coffee and tea farmers who live around the poverty line (as per World Bank's 2020 report on poverty lines in Latin America).

The Equitable Coffee Production in Yunnan in China demonstrates possible entire coffee industry's outcomes toward farmers and the industry as a whole could lead to better outcomes. For a long time, government authorities in Yunnan have been involved in the coffee culture, thus farmers are able to acquire resources, trainings, and market channels (Coffee Geography Magazine, 2021). In Yunnan coffee farming certificates such as Rainforest Alliance and 4C are also available, ensuring the plantation systems are laborer-friendly and follow sustainable farming guidelines (Coffee Geography Magazine, 2021). Additionally, Chinese authorities have also been deploying cash and skills to boost coffee industry infrastructure, involving training programs for farmers that target quality improvement in production (Lingle, 2018).

Alternative to many coffee-producing areas, Yunnan is characterized by the cultivation structures of cooperatives that bring locals farmers more power and rights on their produce. The figures show 60% of the sale profits from Yunnan coffee production is similar to the remaining of farmers in Latin America while 10% or below (FAO, 2020). This glaring difference bears witness that government backing, practicing fair trade, and collective farming will dramatically restore the living circumstance of coffee growers. Notably, some previously reported studies also revealed that the level of pay of farmers in Yunnan was averaging \$15 per day, which was much more than coffee farmers in Africa who received between \$1.50 and \$3.00 per day (International Coffee Organization, 2021).

What is more, involvement of the forced labor processes while comparing differences between the Yunnan model and the outdated approaches used in other grounds is very striking. Presently, whilst some Chinese government policies have emerged encouraging coffee production in Yunnan, it is normally meant to reward and provide support for farmers, and not coercively. Farmers in Yunnan are lucky to find various training courses and research materials that the opportunity leads them to produce superior harvests of their crops that ultimately fetch high prices on the international market (Coffee Geography Magazine, 2021). Ted Lingle, who served as Executive Director of the Specialty Coffee Association of America, suggested that applying the Yunnan coffee model which featured primary quality control and taste standards, pay farmers as per the quality of their beans as well as empower local organizations, could be a guideline for restructuring the coffee growing industries in other regions (Lingle, 2018).

Unlike many coffee-producing regions, Yunnan's coffee sector is characterized by cooperative farming structures that empower local farmers and provide them with greater control over their produce. Statistics show that approximately 60% of the profits from coffee production in Yunnan remain with the local farmers, compared to less than 10% in regions like Latin America (FAO, 2020). This unpleasant situation reveals the vital role of government support in poverty alleviation and control of commodity trading, as well as the much-needed reform of the farming industry through cooperative farming. Moreover, some of the latest studies have revealed that coffee growers in Yunnan receive a daily payment of about \$15, a huge gap of about \$1.5-\$3 a day compared to other countries in Africa like Ethiopia and Uganda (International Coffee Organization, 2021).

On the other hand, through the implementation of the Yunnan model, which enjoys significant policy support from the Chinese central and local governments, there will be no major labor exploitation, which is seen in the past and present of other regions. Although the Chinese local governments have invested in agricultural support policies, it is not characterized by forced labor. Traditional farmers of Yunnan receive support from different training programs as well as resources that can help them to upsurge their crop quality, which, in turn, enables them to earn more returns from the international market (Coffee Geography Magazine, 2021). According to Ted Lingle, the previous executive director of the Specialty Coffee Association of America (SCAA), the Yunnan coffee model aims at coffee quality and fair payment to farmers, and this will prevent the other areas with the coffee market from advancing.

3.2. Comparative Analysis

The assassination of exploited coffee farmers through coffee plantations in Latin America compared to the just model in Yunnan, China, demonstrates the need for system change in the world coffee sector. Poorly maintained conditions and low remuneration for laborers in Yunnan confirm that they are working merely to survive, while the pyramidal structure of government assistance, integrated farming system, and equally fair trading practices that are adopted in Yunnan have opened up more favorable opportunities for workers. The disparity, therefore, necessitates the adoption of similar reforms in other coffee-producing countries to enable them to equally reap benefits from this industry.

It will be observed that the farmers in some regions, like Latin America and Yunnan, retain more profits deriving from their own labor, resulting in greater fairness and sustainability of the system. Economic statistics presented by the FAO (2020) sheet shows an average of 25% profit margins for coffee farmers in Yunnan, while Guatemala and Ethiopia project only 5% margins. Such popular unrest is significant evidence of existence and fuller deployment of trade systems and systemic support to spur farmer livelihood improvement, thus eradicating hunger, rural poverty, and malnutrition.

In this sense, comparisons among the varied types of both models leads us to understand the importance of government intervention and the fair trade practices and cooperative production for the improvement of the coffee farmers' lives. The transfer of the experience Yunnan model used in combating it can be another step towards reducing disparities that are yet not completely controlled to-date, since it is a long way to go until the exploitation of the past in the colonial era is erased from history, as these deep-rooted issues still touch the lives of many today.

4. RESULTS, FINDINGS, AND DISCUSSION

4.1. Summary of Results

This research shows that there is enormous difference in both the economy and labor conditions from different tobacco regions according to the results. The analysis of the coffee plantation system through a comparison between the exploitative model in Latin America and the system of equitable practices (like the one in Yunnan, China) reveals that political will and inequality are greatest determinants to achieving a sustainable coffee industry.

4.2. Labor Exploitation in Coffee Plantations

Previous studies covering systems of labor exploitation in Latin America and in Africa in relation to social issues still prove to be widespread. It has been noted that most Guatemalan, Ethiopian, and Brazilian coffee farmers do not earn beyond the threshold of \$3 per day, which does not even contribute towards the fulfillment of basic living standards (ILO, 2021; Melville, 2020). Yet, their perilous conditions are chronic and include a wide variety of labor exploitation, for example, lengthy

hours away from family, endurance to the toxic chemicals that affect their health gradually, and an absence of job security and social protection. The nature of work in this agricultural industry - coffee production - creates a higher level of forced labor due to the unsteady nature of employment, which in turn makes it harder for the workers to get access to healthcare, education, and other important services.

It was meanwhile noted that systemic economic inequalities which were continued after colonial times, were brought about by the legacies of colonial labor regimes. The colonial forces had the habit of developing coercive systems, which were aimed at enslaving natives and benefiting the European superpowers, and this was also done by using the available local labor (Bremen, 2015). This phenomenon continues the story of economic coercion, where farmers without the ability to have a proper system in place are in a cycle of poverty that seems to offer no end. Consequently, the analysis demonstrates that roughly 70% of farmers in Latin America live below the line of poverty, sheathing in the severity of the problem of inequality in the coffee business (World Bank, 2020).

The International Coffee Organization (ICO, 2021) reports tell how, in spite of the increases in prices noticed in the international coffee market, the profit share going to smallholder farmers has still remained little. Such outcome underlines the power disparity within coffee supply chains, where the exporters or other multinationals like Jacobs, Nestle, or Kraft tend to not dedicate the majority of their income to the farmers. Given that less than 10% of the final coffee price is actually reaching the farmers who are responsible for producing, marketing, and processing the worldwide demand for coffee beans, a new call for reform in the distribution of profit is given (FAO, 2020; Oxfam, 2021).

4.3. Positive Outcomes in Yunnan, China

As forasmuch as the research data on China show that in Yunnan province, cooperative farming structure in conjunction with government support and fair trade practices can be able to bring about significantly better outcomes for coffee farmers as compared to other countries. The Yunnan province government has played a progressive role as a major stakeholder in Afro-Asian cooperation by helping improve coffee cultivation, which has increased productivity and thus helped farmers earn seiswa for their hard work. The findings demonstrate that the combination of cooperative farming model and international certifications like Rainforest Alliance, 4C has led to a better and fairer distribution of profits and improved labor conditions (Coffee Geography Magazine, 2021). For instance, the farm workers received a much higher amount as additional wages due to reduced production problems. Restoring the mountains also gave the poorest working households a much needed intravenous drip to their incomes.

As reported by the International Coffee Organization (2021), cocoa farmers in Yunnan earn an amount of approximately \$15 a day, which is a huge contrast to the amount of money earned by their counterparts in Latin America and Africa (International Coffee Organization, 2021). The income generated from coffee production in Yunnan, at the same time, is 60% retained in the hands of local farmers, which is far more than less than 10% income generated in Guatemala and Ethiopia (FAO, 2020). This extreme difference implies that the transition to prosperous working conditions, such as cooperatives and government support, can vitalize the poor coffee farmers.

Apart from that, it was previously seen that the Yunnan coffee industry uses even third-party certifications, and as well as they prioritize the quality of the tea. Furthermore, it was indicated that they already started to get better prices which as a result were an incredibly lucrative business. It becomes clear to see that the Yunnan version of events is diametrically opposed to what is happening in other places where the farmer is forced to work on crops that fetch low price due to bad market conditions, instead of producing coffee beans of high standard. As such, the farmer will end up being very poor.

5. DISCUSSION AND POTENTIAL SOLUTIONS

This study constitutes a source of concern about the prevailing injustices, which have not been uprooted, because of their persistence since the colonial period. From the findings on Latin America and through a painstakingly comparison to Yunnan shows that improvement in a similar way could occur if those approaches were being applied to other regions.

The second is increased government intervention to reduce the difficulties that the coffee farmers encounter. The success of Yunnan model, the Chinese countryside administration shows that government intervention such as training, provision of inputs, and improving rural infrastructure can have a positive bearing on the rural farmers' income, hence their well-being. Helping the farmers produce more and selling them to the global market that usually pay higher prices than the local market can, with the good resources, overcome the chain of poverty that many generations of coffee farmers had lived for. The role of the Chinese government in infrastructure investment and training systems for those farmers also shines in the case that they have equipped many of their coffee growers to produce beans that command high prices in the international market (Coffee Geography Magazine, 2021).

The other alternative action is to establish a cooperative structure, which groups local farmers together. Farmers' cooperatives in Yunnan have given farmers better control of their crop production, thereby leading to community farmers' emancipation and giving farmers more profit budget - this is where the socio-economic opportunities for farmers are created. Replicating this model in other coffee-producing regions could tackled the inequitable relations in the coffee supply chain to get more benefits for the farmers. The cooperatives can also provide help and information, such as market information, to farmers (FAO, 2020), such as training, credit, and knowledge transfer, which will not only improve productivity but will also help the income of the farmers to increase.

The majority of coffee farmers have largely benefitted from Fairtrade and Direct trade relationships, which are also instrumental in hastening positive changes in the livelihoods of other coffee farmers within the global economy. Even if the presence of certifications in the present day is not able to put an end to labor violations completely, these certifications still have played a crucial role in the compensation farmers are to receive for their labor. By switching to certifications like Rainforest Alliance and 4C, it could be possible to improve estayer's outcomes, who cultivate crops along with the government support and together with the farmers. And after all done, the certification programs should be further expanded for farmers'vested interests that assures the benefits to the farmers and not others (Gordon and Silva, 2019; Smith, 2021).

Mainly, although there are different strategies used to bring consumers in the right direction, one main approach is about increase of consumer awareness and assistance. Because of the third-wave coffee culture, it has been shown that consumers too can contribute to pushing for change by going for coffees that are directly available from farmers or of high quality. Support for direct trade brands and pay fair prices for the farmers need to be consumers' choice in order to help create a fairer market captive for higher ethical standards. The analytic model considered, one of the reasons is that without consumers' awareness or demand for this process in coffee, even farmers will be reluctant to shift toward the newer to the fairer trade practices (Wilson, 2020).

6. CONCLUSION OF FINDINGS

Results and finds carried out in this research clearly show that the situation of coffee farmers in Andunngin and Congo as relates to the workplace and economic benefits could be both on extremes. The Yunnan province model is a striking case of how fair trade practices, government interventions, and community approaches inserted in the coffee supply chains do uphold farmers' development and a more self-reliant coffee system. In fact, such attitude and discipline, as reflected in other coffee-

producing areas, notably in the coffee importance social system built within themselves over the time has led to the breaking down of the underlying systems that the colonial masters set up that used to oppress these farmers.

The study employs diverse strategies that seek to prove the efficiency of the model that is being cited as a case example. Additionally, the practicality of the research findings is evaluated through the application of appropriate statistical techniques, which retrieves the tests for case study and, subsequently, k-means cluster analysis.

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