POLITICAL SCIENCE UNDERGRADUATE REVIEW

VOL. 1
ARTICLE 11

Fall 2016

Policy Brief for the International Coffee Organization (ICO) on Behalf of the International Labour Organization (ILO) Regarding Human Rights Violations on Coffee Farms in Guatemala

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This policy paper outlines the issue of human rights violations on Guatemalan coffee farms in the form of forced labor. It outlines two recommendations for the International Coffee Organization, an intergovernmental organization dedicated to bringing together coffee's largest importing and exporting nations and tackle challenges the coffee sector faces today through international cooperation, to consider when addressing the issue. This policy is presented on behalf of the International Labor Organization, an organization dedicated to promoting social justice and human rights in the labor market that will lead to lasting and universal peace.

Issue

Behind only petroleum as the most valuable traded commodity around the world, coffee plays a crucial role in the world's economy. In the United States alone, it acts as the largest food import and billions of pounds of the bean are traded every year worldwide. Unfortunately, the conditions that workers must face on farms in Latin American countries such as Guatemala in order for the rest of the world to enjoy their daily coffee are horrific. Riddled with underpaid workers, illegal child labourers, and nasty working and living conditions, coffee farms are among the worst places of employment worldwide. Most often, the Guatemalan government will turn a blind eye to the numerous labour regulatory infractions committed by plantation owners. The ICO is dedicated to create regulation amidst the industry and provide fair and equitable practices towards workers in its member nations. However, due to the corruption of the Guatemalan government and the increasing consumer demands for coffee, there still exists mass amounts of human rights violations and infractions of labour laws in the coffee industry. The following policy will indicate two recommendations for the ICO to consider when trying to tackle this issue. The first will focus on the workers' ability to organize unions, and the role that the ICO can play in this endeavour. The second will focus on public awareness of the issue, promoting

transparency within ICO member states in order to drive consumers to make socially conscious decisions.

Background

Petroleum is the only commodity that trumps coffee as the most valuable traded product worldwide. In 1996, an anthropologist coined coffee as the beverage of postmodernism (Lyon 241), suggesting that it carries a close relationship to capitalism and globalization and is essential to the modern world. Guatemala, among many other Latin American nations, plays an integral role in the production of the much-demanded beverage, housing the proper growing conditions and climate to grow the world's finest coffee bean variety, the Arabica. Most companies that consumers are familiar with, from Starbucks to Green Mountain, use the Arabica bean as its chief product. Guatemala falls under only Columbia in its ability to grow the high grade bean, so it is deemed a crucial player in the international coffee economy.

Underneath the light-hearted banter about one of the world's favourite beverage is a much darker layer. The issues of illegal child labour, forced labour, and mistreatment of workers is not entirely uncommon in many agricultural divisions of developing nations, but nonetheless remains a problem that must be addressed. Among the most problematic areas regarding those labour issues is in the coffee industry. Despite Guatemala being considered a middle income and multicultural nation, it is riddled with inequalities, violence, and repression (Verite 4). Though there are laws currently in place that forbid child and forced labour, the high amounts of corruption within the government system prevent those laws from having any effect on the industry. Abuses that occur on Guatemalan coffee farms include non-payment of wages, retention of identity documents, child labour, deprivation of food and shelter, and confinement of work location¹ (Verite 5).

¹ Found by Verite research between 2009 and 2011, the list of labour law infractions is considerably longer than what is mentioned above. All findings regarding these labour law infractions were investigated according to International Labour Organization guides regarding how to identify forced labour practices published in 2005.

Box 1: Identifying forced labour in practice

Lack of consent to work (the "route into" forced labour)	Menace of a penalty (the means of keeping someone in forced labour)
<ul style="list-style-type: none"> • Birth/descent into "slave" or bonded status • Physical abduction or kidnapping • Sale of person into the ownership of another • Physical confinement in the work location – in prison or in private detention • Psychological compulsion, i.e. an order to work, backed up by a credible threat of a penalty for non-compliance • Induced indebtedness (by falsification of accounts, inflated prices, reduced value of goods or services produced, excessive interest charges, etc.) • Deception or false promises about types and terms of work • Withholding and non-payment of wages • Retention of identity documents or other valuable personal possessions 	<ul style="list-style-type: none"> • Physical violence against worker or family or close associates • Sexual violence • (Threat of) supernatural retaliation • Imprisonment or other physical confinement • Financial penalties • Denunciation to authorities (police, immigration, etc.) and deportation • Exclusion from future employment • Exclusion from community and social life • Removal of rights or privileges • Deprivation of food, shelter or other necessities • Shift to even worse working conditions • Loss of social status

Source: ILO, UN Global Compact. The Labour Principles of the UN Global Compact: A Guide for Business. 2008.

In an article written in 2001 by Michael Laslett, he indicates many infractions that have occurred on Guatemalan coffee farms. At that point in history, the coffee industry employed 2.2 million people out of the 11 million that reside in Guatemala and coffee exports were the largest source of income for the nation. Workers were being paid a daily wage of \$1.75, which is a full dollar less than the legal minimum. Not surprisingly, women and children were paid half that amount (9). Many studies have been conducted by the ILO that indicate high incidences of child labour in the agricultural sector in Guatemala and the U.S. Department of State had similar findings with their studies. Though both of these organizations have proven the use of child labour, the Guatemalan Coffee Organization, Anacafe, has tried strenuously to dispute these facts, finding legal loopholes that attempt to refute findings regarding child labour (Verite 20).

There exist many reasons for the increasing problem of forced labour in the coffee industry outside of government corruption. For one, an increasing demand by consumers for different varieties of coffee plays a large role in why we see infractions of labour laws. An increase in demand leads to owners of plantations to 'employ' more workers in order to pump product out at faster rates. Coupled with an unstable price of coffee on the international market, plantation owners will turn to forced labour practices to save money, maximize production, and compete with other farms for continual business. The emergence of small farms due to differing consumer demands for high quality beans also contributes to high levels of corruption. Small-scale producers are generally situated in tougher environments, have more intensive farming processes, and must deal with corrupt middlemen (called *coyotes*) that grant farmers little control over pricing or quality control (Verite 9). All of these factors are responsible for the increased plague of illegal labour practices in the industry. Due to corruption within the government departments that are meant to crack down on this type of behaviour, the fact remains that responsibility for lowering labour incidences must fall to international organizations, such as the ICO or Fair Trade, to ensure restoration of human rights and consumer awareness.

Recommendations

Upon completion of research, the ILO has two recommendations for the ICO regarding the reduction of human rights violations on coffee farms in Guatemala:

- Part of the problem regarding labor law violations has to do with the lack of ability for workers on farms to form labor unions, which would enable them to fight for their own rights. Due to corruption in government labor departments and corruption among owners of coffee plantations, laborers have been blocked from being able to create unions. Through cooperation with the ICO, the ILO believes we can successfully advocate on behalf of the allowance of labor unions on Guatemalan coffee farms.
- The other aspect of the solution to the issue of labor law violations on coffee farms has to do with consumer awareness. By targeting the purchasing audience of coffee from companies that take advantage of labor law violations and making evident the illegal nature of the business they engage in, the likelihood consumers will change their outlook regarding the coffee they purchase will grow. Big coffee companies will begin to notice a reduction in sales, meaning that they will, in all likelihood, be forced to reduce business with plantations that use illegal labor practices. This can likely be achieved through public awareness campaigns and transparency within the industry.

Assisting with Labour Unions

As working conditions on Guatemalan coffee farms progressively get worse as the effects of globalization render on, the ability of workers on farms to form unions decreases. The idea of a union is that workers receive a guarantee of basic rights, like health care benefits, pensions, higher wages, and solidarity of job position. Coffee farmers do not have any of those guarantees because of the lack of union opportunity in their country. This type of mistreatment has been occurring in Guatemala for many years, and the ILO in partnership with the ICO believes that the best way to ensure fair treatment and recognition of basic human rights is through fighting on workers' behalf to provide them with labour unions.

In a study completed by Michael Laslett, a union organizer from the United States, he notes some of the hardships that workers with demands for organized unions are forced to face. Death threats, forced removal from homes, children being denied access to schools, and being denied access to basic dietary staples (8) are hardships that coffee workers have experienced whilst fighting for the right to form a labour union. He notes that the struggle is ongoing and despite having small successes in being granted protection from abusive plantation owners and guarantee of the basic minimums outlined in Guatemalan law, results have never been enforced by government officials and state courts alike. Looking even further back in history, during the mid 70's Laslett notes that 124 union leaders were murdered, which eliminated an entire generation of union activists (10).

Besides using outright illegal acts like violence and murder to rid Guatemala of union activists, plantation owners will utilize several other tactics in order to protect themselves against union formation. Dividing up plantation land in order to make their farms appear smaller, thus avoiding legal obligation to enforce labour union demands is one direction plantation owners take; hiring temporary workers that only work for stints shorter than the legal minimum required to be a part of a union is another way plantation owners can manoeuvre around legally recognizing unions. Since the government provides such little enforcement in terms of worker rights and provides little supervision of plantation owners, it becomes very simple for owners to continually deny existence of labour unions at all.

There have been attempts throughout the region to fix this problem in recent history, much of which have had support from the Church. Workers in the Costa Cuca region have launched an organization dedicated to bringing justice to the coffee industry, and several small, company based unions have emerged such as the Workers at Finca Asuncion and Other Business That Form Part of the Same Economic Entity (11). These smaller unions have difficulty gaining recognition due to the high amount of worker turnover resulting in lack of organization and legal ability to be a part of a union.

The ILO believes that a major key to restoring justice to the coffee industry of Guatemala is to provide a higher amount of workers with the legal opportunity to be part of unions, or to form unions that have organization and power. Part of the process towards this is to prevent plantation owners from constantly hiring temporary workers that do not meet legal requirements set out by the government that would allow them to be part of unions. Another aspect would be holding the department of government responsible for enforcing recognition of unions by plantation owners accountable to consistently monitor owners and their actions towards workers who have been granted legal union status by the court system, or else deny them access to the benefits of membership to the ICO. Regardless of the fact that some workers may have been granted legal union status, the point becomes null when their voices are suppressed by government departments that do not listen and by abusive, threatening plantation owners that prevent them from exercising the rights they are granted.

In November 2015, the ILO's 325th Governing Body met to discuss violations of labour rights in Guatemala². Agreed upon was the idea that the ILO must extend activities further into the country in collaboration with new Guatemalan authorities in order to strengthen freedom of association and the rights of workers to organize (International Labour Organization – ACTRAV). The new government of Guatemala plays a key role in increasing workers' rights; the ILO hopes that with new authorities comes less corruption, more supervision of plantation owners, and more recognition of the worker's right to form

² The 325th Governing Body of the ILO met in Geneva in November to discuss the violation of labour rights in Qatar, Guatemala, Fiji, and Myanmar. Also discussed was the global refugee crisis and its effects on global markets, and climate change that is the topic of discussion of the Paris Conference in December of the same year. Speaking on behalf of the issue of labour rights violations was Luc Cortebeeck, President of the Workers' Group.

unions. At the time of this session, more than 70 trade union leaders had already lost their lives in the name of labour rights and a radical change in government policy is needed to protect freedom of expression, workers' rights, and trade union freedom.

The ICO has outlined in their 2007 Agreement that part of the eradication of human rights abuses is to pay particular attention to the needs of both owners and workers within the industry, which include encouraging member states to work with small scale farmers and allow them to benefit from production (ICO 2007 Agreement). This potentially means providing small and medium scale farmers with more opportunity to form unions or have their union status formally recognized.

It is evident that we at the ILO believe that in order to foster productive work environments in the Guatemalan coffee sector that not only provide workers with economic benefits, but also basic human rights, it's a fundamental responsibility of the ICO in cooperation with the appropriate departments of the Guatemalan government to provide protection for workers, allowance of freedom to form labour unions, and supervision and punishment of plantation owners that violate Guatemalan labour laws.

Consumer Awareness

There are two aspects to any business venture – the legal, technical aspects and the contribution from the consumer public. The consumer plays an essential role in the coffee industry – they act as the drive behind price, market value, and determine what types of products hit the shelves. The problem is, most consumers have but a vague awareness of where their coffee comes from and what the conditions were like for the workers farming their coveted beans. Since consumers have such influence on the coffee market itself, it would only make sense for part of the solution of labour law violations in the coffee industry to come from public campaign.

Much of the agricultural industry, including the coffee sector, have activities occurring behind closed doors, that is, away from the public eye. Since so much of the growing and production of coffee occurs in countries that are considered part of the 'global south', and much of the global south is known for corrupt governments, untrue forms of democracy, and extreme divides between the elite and the 'working class', a window is provided for the violations of labour laws to be overlooked. The aspect of corrupt government leads to a lack of transparency, and in order for the issue of forced labor to cease, the public must be made aware of where their product comes from and the process by which coffee gets from the plant to the cup.

Many may claim that the idea of Fair Trade Coffee should be enough- their goal is to ensure the eradication of poverty through paying growers a value that is higher than what volatile market prices can offer. Since it is such a large organization that works in a wide array of countries, many consumers believe that their purchase of Fair Trade Coffee is a guarantee of fair conditions on farms. That, however, is not always enough. Only small scale growers can qualify, and private estate farmers and multinational corporations that may grow their own coffee cannot qualify (Haight 77), and often those farms guilty of forced labor practices. The focus of Fair Trade is on the small farmer, and does not have an effect

on the poorest segments of the coffee industry, like the migrant workers, who do not own land (Haight 78). It becomes evident that although Fair Trade is a great initiative that aids small landowners, it does not get to the root of the issue in full.

What must be done is a heightened level of public awareness of the coffee industry as a whole. Part of the 2007 ICO Agreement was an Article on “promotion and market development with activities to include information campaigns...and studies on coffee production and consumption” (ICO 2007 Agreement). This is a crucial step in promoting public awareness within the coffee market that encourages companies that may be guilty of engaging in unethical practice to be more transparent about their business ventures in fear of losing profits. It is within the ICO’s best interest that fair and equitable practices be adopted in the coffee industry and that member nations represent the values held within the organization. Transparency within the industry is a key concept, and with the ICO’s mandate to increase transparency and access to relevant information (ICO 2007 Agreement), the worry of certain corporations to use illegal practices is lessened.

Thankfully, many coffee companies that get their product from member states have adopted policies of transparency. Starbucks, for one, and Green Mountain Coffee Roasters all report their endeavours of socially responsible business and work to ensure that farmers are receiving the maximum benefits possible, and use these tactics to advertise and draw in the socially conscious consumer (Haight 79). Coffee roasters and multinational coffee corporations serve as a proxy for consumer intention (Lyon 247), so in order for consumers to have the opportunity to purchase from equitable companies, the companies must do everything in their power to ensure they abide by equitable standards outlined by organizations like Fair Trade or the ICO.

Consumer awareness will advocate indirectly on behalf of worker rights, since consumers have such strong effects on the coffee market. If the ICO thoroughly enforces their tactics on increased transparency within the industry, consumers will be enabled to make socially conscious decisions when purchasing their beans, and will thus drive profits for multinationals who support farms using forced labor down. The ICO must ensure that their member states, in this case Guatemala, are actively representing the values ingrained in its mission and follow through with their campaign to disclose any information regarding the breaching of these values.

Conclusion

The unfortunate drawback to potentially both of these recommendations is a possible increase in the market price of coffee, forcing consumers to pay more for their product. The guarantee, however, outweighs the hike in price. Socially responsible business is essential in the modern age and it is up to organization like the ICO to ensure that responsible standards are being met. All humans deserve to have their basic rights

recognized and since the answer may not lie in government department alone, it is the responsibility to multi-governmental organizations to oversee and enforce regulation within certain industries.

The ILO is dedicated to ensuring labor standards and recognition of human rights across all borders, and with the two recommendations outlined we believe that it is possible to achieve this feat. We are willing to sacrifice costing consumers a few extra dollars in order to ensure both quality of their products as well as fair and just treatment of workers in the coffee sector.

In order to achieve this, the ICO must ensure that they oversee the actions of coffee producers Guatemala (among other member nations), and ensure that workers are in fact being granted the right to form and work within unions that protect their human rights. The demand for union formation and recognition in the Guatemalan coffee industry has been a long fight, and due to the high amounts of corruption within the government departments responsible for upholding labor and union laws, it falls on the shoulders of organizations like the ICO dedicated to the upholding of certain values in the industry to enforce just practices within its volatile member nations. Failure to acknowledge the existence of unions within a member state should result in the suspension of membership benefits.

The ICO must also ensure that member nations are open and honest with consumers and allow consumers to see where their product comes from and the processes used by farms. Public awareness is key to the entire market, for a change in demand will introduce changes in the entire industry. Enacting transparent practices within the industry, multinational corporations that are guilty of unethical practices may be forced to change their habits, thus creating heightened degrees of cooperation within the coffee sector.

If not addressed with vigor, unethical and illegal labor practices like forced labor, child labor, and exploitation of workers will persist. Through the above recommendations, the ILO believes that workers' in the coffee industry will begin to see an improvement in terms of labor within their industry and the sector will see the justice it so rightfully deserves.

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