Micro mills, specialty coffee and relationships

Following the supply chain from Costa Rica to Norway

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Abstract

2.25 billion cups of coffee are consumed every single day, and an increasing amount of this is specialty coffee. The third wave of coffee focuses on quality, taste and variety and consumers demand socially responsible coffee, but despite many initiatives to return more value to producers, most of the world’s coffee producers still struggle to make a living. The majority of the value of a cup of coffee is created and remains in consuming countries.

This thesis looks at the phenomenon of micro mills in Costa Rica, which started as a reaction to the coffee crisis in the early 2000s. Since then, around 150 micro mills have popped up around the country, run by small-scale coffee producers. These are aimed at the specialty coffee industry, which demands high-quality coffee and transparency in the supply chain. This thesis is based on interviews and participant observation with coffee producers, exporters, importers, roasters and other members of the coffee industry. Data has been collected in Costa Rica and Norway by using qualitative research methods. Three different case studies that follow the supply chain of coffee all the way from Costa Rica to Norway are used to illustrate what effects micro mills have on the lives of coffee producers and what they mean to other actors in the industry.

This thesis asks the questions ‘How have micro mills affected the lives of small-scale coffee producers in Costa Rica?’ and ‘How can micro mills enable participation in the specialty coffee segment and how can this benefit producers?’ It concludes that in most cases, micro mills lead to higher prices and higher economic sustainability for producers, in addition to other intangible benefits. It discusses how micro mills allow producers to aspire to something more and move forward in their search for the good life. It also examines micro mills in the larger context of specialty coffee, looking at four different aspects; quality, direct trade, relationships and symbolic value. It concludes that micro mills control a larger part of the supply chain, but still meet some challenges in terms of transparency and power. It shows that producers appreciate more direct long-relationships with buyers, that quality is the most important criteria and that micro mills add value to the coffee. It also concludes that micro mills are a positive alternative for producers who want to enter the specialty coffee segment of the market.
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List of terms

Coffee producer – the farmer who grows coffee, and in the case of micro mills; processes the coffee and prepares it for export

C Price – the commodity price for coffee

Cupping – coffee tasting to determine quality

Dry-milling – removing parchment, cleaning and sorting coffee beans

ICA – International Coffee Agreement

ICAFE – Instituto del Café de Costa Rica / Costa Rica Coffee Institute

ICO – International Coffee Agreement

Micro mills – family-owned processing units for coffee

SCA – Specialty Coffee Association

Specialty coffee - high-quality coffee which scores 80 or above in cupping according to the SCA scale

Wet-processing – washing coffee cherries to remove skin and pulp
1 Introduction

1.1 The problem

90% of coffee production happens in the global South, while consumption mainly takes place in the global North, and many producing countries depend on coffee export for a large portion of their income (Ponte 2002, 1101). Around 25 million people work with coffee, as producers, exporters, importers or in another part of the supply chain (Fischer 2017, 6). Coffee is a commodity which is sold at low prices in the international commodity market, while the value added to it in consuming countries turns it into a more valuable product (Daviron and Ponte 2005, Ch. 6). Only a small percentage of the money you pay for a cup or bag of coffee goes back to the producer (Fischer 2017, 57). This is why we talk about a coffee paradox, meaning the paradox between “a ‘coffee boom’ in consuming countries and a ‘coffee crisis’ in producing countries” (Daviron and Ponte 2005, Preface). In the early 2000s, coffee prices dropped to record lows, leading to a crisis among coffee producers. Although prices have recovered since then, they are still very low. At the same time, coffee is becoming an increasingly more exclusive product which is sold at a high price to coffee consumers.

1.2 My motivation

As someone who counts on coffee to provide me with energy and motivation in my daily life, I have long been painfully aware of how unfair the coffee trade is. I have tried to buy the “right” coffee, the one that costs a little more and appears to be purchased more directly from the producer. But I have also found myself questioning the authenticity of the stories and labels, wondering how much the producer really benefits from “direct” trade relationships.

My academic interest in coffee started in 2010. I was studying international politics, and chose Fairtrade coffee as the topic for my bachelor’s thesis. In the process, I learned a lot about the complexities of the coffee trade, and since then, my coffee journey has continued. When visiting a new place, I always seek out the best coffee shops, and I use every opportunity to increase my knowledge about different aspects of the coffee industry. I worked for a year as a barista in Oslo, and this only made me more curious
about where coffee comes from and who produces it. I decided to write my master’s thesis about coffee because I wanted to use this opportunity to travel to origin and get a better understanding of the coffee supply chain. I wanted to learn how it can be improved so that coffee producers get more power and a higher price for their coffee. My choice of topic has been met with a lot of interest, both among friends and colleagues in the coffee industry, confirming that I am not the only person who wants to know more. I think it is important to educate ourselves about the challenges in the coffee industry and how to tackle them, so that we can make more informed choices.

1.3 Costa Rica

Costa Rica is a small country, with only 4.8 million inhabitants. It stands out in the region, both in economic and social terms. The GDP pr. capita is $14 472, around $10 000 more than its neighbor to the North, Nicaragua. Costa Rica was ranked as number 66 on the Human Development Index in 2016, which is an indicator of the health, education and standard of living in a country. Although not a perfect measure of development, Costa Rica’s ranking shows that it is doing better than most of the other coffee producing countries in the region. The government ensures access to education and health care, even in the small towns in the countryside. Life expectancy is around 80 years, expected years of schooling are 14.2 and almost everyone is literate. In terms of employment, 12.7% of people work in agriculture, while 68.2% work in the service sector. Access to technology is high; 59.8% of the population are internet users, and nearly everyone owns a mobile phone (UNDP 2016).

The reason I chose to do my research in Costa Rica was because I wanted to learn about a producing country that is doing comparatively better than many other producing countries. I knew that Costa Rica was known for high-quality coffee and environmental sustainability and that it was more stable, peaceful and developed than its neighbors. A lot of studies focus on the negatives around coffee production, and this is very important, for the reasons listed above. But my impression is that many people, both inside the coffee industry and among consumers, would like to do things better. That is why I wanted to look for positive examples and best practices to help move the industry forward.
1.4 Micro mills

In my initial research, I came across some articles about the micro mills in Costa Rica. Several sources (Leff 2011, Moldvaer 2013, Pesce 2014) talked about a “micro mill revolution” in Costa Rica, in which many small-scale farmers have bought the equipment to pulp and process coffee at their own farm. They then market the beans directly to buyers in consuming countries, cutting out the middlemen and gaining full control of the coffee from planting to export (Leff 2011). In 2001 there were 13 micro mills (Samper 2010, 82) and according to an exporter there are around 150 today. Micro mills focus on producing high-quality coffee, and the “revolution” has been welcomed by specialty coffee buyers (Moldvaer 2013).

A micro mill is usually a small family-owned mill for processing coffee. Rather than delivering their coffee cherries to a large mill, as is the norm in Costa Rica, these producers take care of the whole production process. There is no official definition of a micro mill in terms of size or quantity, but in my thesis I have defined them as small processing mills owned by a family or a small group of families, which process coffee harvested on their own farms. The term “micro mill revolution” was used to describe the high number of micro mills constructed in a relatively short time period. The coffee industry in Costa Rica no longer uses this term, and therefore it will not be used in this thesis. Instead, the aim is to understand the effects of this relatively new phenomenon on the lives of coffee producers, see how it is related to the specialty coffee industry and examine how this can benefit producers.

1.5 Research questions

I. How have micro mills affected the lives of small-scale coffee producers in Costa Rica?

II. How can micro mills enable participation in the specialty coffee segment and how can this benefit producers?
1.6 Objectives of the study

I. To study the effect of micro mills on the economic sustainability of producers

II. To look at the intangible benefits of micro mills on producers, communities and the coffee industry in Costa Rica

III. To discuss micro mills in relation to the good life

IV. To examine how micro mills fit into the larger context of specialty coffee and how they can enable participation in that market segment

V. To understand how participation in the specialty coffee segment can benefit producers

1.7 Structure

This thesis consists of six chapters. In this first chapter, I have introduced the problem, my motivation and the micro mills in Costa Rica, in addition to my research questions and objectives. In the second chapter I will provide background information and review relevant literature to set the context for my research and analysis. In the third chapter, I will explain my methodology and field work in detail. I will also discuss my role as a researcher and the ethical considerations of my research. In the fourth chapter I will analyze and discuss the economic and intangible effects of micro mills on the lives of coffee producers through a case study and other findings. I will relate this to the concept of the good life. The fifth chapter will look at how micro mills can enable participation in the specialty coffee segment through three different case studies, where I follow coffee all the way from Costa Rica to Norway. I will analyze these together with other findings and discuss them in relation to the literature on the specialty coffee, to see how specialty coffee can benefit producers. In the final chapter I will provide a summary of my arguments and my conclusions. I will also look at what the implications of micro mills are in a larger context.
2 Background

In this chapter, I will provide background information about the global coffee industry to understand the context micro mills are a part of. I will look at the recent history of coffee and examine the literature on inequality and power in the supply chain. Then I will zoom in on the coffee industry in Costa Rica and talk about what micro mills are and why they were created. I will look at the three waves of coffee consumption and review the literature on specialty coffee, focusing on quality, direct trade, relationships and symbolic values. Finally, I will look at the effects of being part of the specialty coffee industry through a different lens and introduce the concept of the good life. This will serve as the context for analyzing and discussing my findings in the following chapters.

2.1 The global coffee industry

In 2016, approximately 151 000 bags of coffee were produced in the world, measured in units of 60kg bags. The largest producing countries are Brazil, Vietnam and Colombia (ICO 2017b). In 2015, Norway imported 45 000 metric tons of coffee, around half of it from Brazil. 80% of this was imported as green coffee and roasted in Norway (Grydeland 2016). The commodity coffee price is called the C Price. It is decided by the New York Stock Exchange and listed in US dollars. The C Price is the contract price importers pay exporters for containers of quality washed Arabica coffee (Fischer 2017, 7). There are two main types of coffee; Arabica and Robusta. About 70% of coffee produced in the world is Arabica coffee, which is grown at higher elevations in Central America, East Africa and the Andes. It is usually considered to be of higher quality with more complex tastes. Robusta coffee is grown at lower elevations in tropical places, like the rest of Africa, Asia, and Brazil. It has a stronger, more bitter flavor and is often used for instant coffee or in blends (Jaffee 2007, 45). Robusta is banned in Costa Rica (Samper 2010, 86).

The recent history of coffee tells a story of radical change; from institutional governance to the rule of the free market. The International Coffee Organization (ICO) was created after the Second World War. When signing the International Coffee Agreement (ICA) in 1963, producing and consuming countries agreed on export quotas
and regulations on entry and participation in the commodity market (Roseberry 1996, 765). During the period the ICA was in effect, coffee prices stayed between US $1 and $1.50 pr. pound (Jaffee 2007, 42). Export quotas were regulated every year to account for changes supply, with the goal of ensuring a stable market price. The ICA was ended in 1989 after disagreements about quotas and opposition from many of the actors in the coffee industry. During the ICA, the amount of Arabica and Robusta coffee in the market had been defined by the quotas, but specialty coffee actors wanted access to more high-quality Arabica coffee (Roseberry 1996, 772). After the end of the ICA, the free market became the rule (Samper 2010, 76). Coffee prices immediately fell, and at the same time Vietnam’s production grew rapidly, leading to an overflow of cheap Robusta coffee in the market that pushed the coffee prices even further down (Ponte 2002, 1101-03). The historically low prices on the coffee market, which did not cover production costs, pushed many people out of coffee (Roseberry 1996, 772).

Coffee prices fluctuate from year to year, mainly because of changes in supply. The climate is an important factor, and a year with frosts, drought or plant diseases in a large country like Brazil can lead to sudden price hikes. This is made more extreme by the fact that it takes several years for a new coffee plant to bear fruit, making it hard to adjust to sudden changes (Ponte 2002, 1106). In September 2001, coffee prices hit an all-time low at $0.41/pound. The period from 2000 to 2005 is known as the coffee crisis because the prices were constantly at a price below $1/pound, which had a dramatic effect in the lives of coffee producers. In the next five years, the prices rose again, and since then there have been two price spikes, in 2011 and 2014. In April 2011, the price was at a record high of $2.31/pound after a drought in Brazil affected supply (ICO 2016, 2). In May 2017, the average price was $1.26/pound (ICO 2017a). The specialty coffee segment often pays a higher price, and we will examine this part of the industry further down. First, we will look more closely at the supply chain to understand who is in power in the coffee industry.
2.2 Inequality and power in the supply chain

Coffee comes from coffee cherries, and each cherry contains two coffee seeds or beans. The coffee producer cultivates the coffee plants and harvests the fruits, and then they usually send them to a cooperative or another intermediary for wet-processing.

Figure 1: Coffee cherries

Figure 2: The conventional coffee supply chain (Fischer 2017)

Figure 3: Washing coffee at the micro mill
This involves washing the coffee to remove skin and pulp, and drying the coffee in a machine or on drying beds or patios in the sun. It is then sent to a dry mill, which is often owned by an exporter. At the dry mill, the thin parchment around the beans is removed, and what is left is called green coffee. The green coffee is sorted according to quality, and sold from an exporter to an importer. Then it is sold to a roaster, who roasts the coffee and sells it to the retailer. In some cases, the supply chain is shorter, for example when a roaster imports and sells their own coffee, or in the case of micro mills, when a producer owns a micro mill and prepares the coffee for export.

![Coffee on drying beds](image)

**Figure 4: Coffee on drying beds**

A central theme in the literature is the inequality in the supply chain of coffee. As we saw in the introduction, Daviron and Ponte (2005) said that there is a coffee paradox, referring to the low prices paid to producers compared to how expensive and popular coffee is in consuming countries. In an earlier article, Ponte (2002) also pointed out the discrepancy between the widening amount of coffees on offer in different price ranges and the diminishing prices producers receive. Roseberry (1996) argued that coffee depends on “the continued existence, at home and abroad, of a world of exploitative relationships” (774). Jaffee (2007) also talked about problems with the market and how these affect producers; “…as long as the structural problems in world commodity markets and the terms of trade remain unaddressed, the coffee market will continue to experience recurring crises, causing further immiseration and dislocation for the majority of those who produce it” (44).
The coffee industry went through major changes after the end of the ICA. The agreement had ensured a period of relative stability, but when it ended it affected the balance of power in the supply chain. An oversupply of coffee kept the prices low and attempts to create new agreements failed because the most powerful actors did not want regulation of the market (Ponte 2002, 1105-06). According to Ponte (2002) “the weakness and inherent instability of the institutional framework falls straight on the shoulders of coffee farmers in developing countries” (1116). The position of producers was weakened, and they lost their voice in a market that became more dominated by buyers (Roseberry 1996, 772). Large commercial roasters took over control of the market, and their main focus was on maximization of profit (Ponte 2002, 1116).

The coffee producers have to accept the price they are given, they are “price takers” (ICO 2016, 4). According to Samper (2010)

…the coffee commodity chain has … become increasingly concentrated in terms of the number of traders, importers, roasters, wholesalers, and even retailers and their respective market share. More than half the world’s green coffee and roasted or instant coffee is controlled by a handful of firms. Vertical integration has led to multinational corporations’ controlling a major part of both exports and imports of coffee. (84)

The largest buyers of commodity coffee are the corporations Nestlé, Kraft and Jacobs Douwe Egberts (Fischer 2017, 7). The large roasters are among the most powerful actors in the supply chain and the ones making the most profit. In 1989, producing countries ended up with about a third of the earnings from global coffee sales, while in 2001, only 8% remained in that part of the supply chain. Over the same time period, the market grew in value from US $30 billion to $80 billion (Jaffee 2007). From December 1999 to January 2001, the C price dropped by almost 50%, but retail prices for coffee in the United States only dropped by 4% (Ponte 2002, 1107). According to one study, producers only get 12% of the price of a coffee bag you buy in the supermarket, and 3% of the price you pay for a cup of coffee (Fischer and Victor 2014, 162). The power has clearly shifted towards the consuming end of the market, to the disadvantage of producers. The majority of value is added in the process of roasting and brewing the coffee (Fischer 2017, 6).
Northrop (2015) has travelled to Costa Rica, Nicaragua, Panama and Colombia to collect stories about coffee producers, which highlight the many challenges coffee producers face in their daily life. Producers are the most vulnerable part of the supply chain because of market changes and price fluctuations. The people she talked to emphasized how much work goes into producing coffee and many expressed how unfair they felt the industry is because of all the money that goes into it without producers getting their share. They pointed out that working in agriculture is hard and frustrating because many things are outside of their control. Rodolfo from Beneficio Palmichal said; “What a producer receives is very little. In the chain of coffee, most of the money is at the top. And the ones who produce are the ones who receive the least” (Northrop 2015, Costa Rica, Santiago de Puriscal). Susy and her brother, producers from Tarrazú, point out that all they want is a fair price. Not a very high price, but a fair price. They say that it is a buyers’ market, but it should be the other way around; the producers should be the ones offering buyers coffee at the right price (Northrop 2015, Back to Costa Rica, Los Santos). As mentioned above, in the current market conditions, producers are price takers. The producers also share their contradicting feelings about their work;

It’s great working with coffee; it’s a beautiful thing. Drinking a cup of coffee is such a luxury. It’s six in the morning, it’s raining, but you go into the cafetal. You go. You have to earn your living. You go pick the coffee, even though it’s raining. That’s hard too. The value is poorly distributed. (Northrop 2015, Costa Rica, Santiago de Puriscal)

This constant change between what is hard and what is amazing about coffee continues throughout the book. The producers call it a beautiful way of life, show pride and dedication to what they do, and talk about progressing in life. Ronulfo from Coopeatenas says “Coffee teaches you how to fight, to work for your goals. You’re fighting for your dreams, so are we. We’re fighting for our families, to be able to move forward” (Northrop 2015, Costa Rica, Santiago de Puriscal). Although not an academic study, Northrop’s accounts from the ground are helpful in understanding what the situation is like for coffee producers. Most academic studies are conducted by outsiders, while in her text the producers themselves get to have a say.
An ICO (2016) report on the economic sustainability of coffee production talks about how production costs are increasing, while prices remain low and unstable. They conclude that

If coffee prices continue to remain low, this may lead to a spatial shift of production from less profitable growing regions to more profitable ones. An increased concentration in countries with advanced production systems and favourable cost structure could also meet the growing demand for quality coffee worldwide in terms of quantity. However, concentration also comes at a risk as extreme weather events of pests and disease have a more severe impact… (22)

What they do not mention is how this would impact producers in regions that are less profitable. Will they be pushed out of coffee because it is impossible to make a living? In the next section I will take a closer look at the coffee industry in Costa Rica and the conditions that created a boom of micro mills.

### 2.3 The coffee industry in Costa Rica

Costa Rica is the 14th largest coffee producer in the world (ICO 2016, 9), and has long been known for producing high-quality coffee. The country has over 50 000 coffee producers, and of them 90% are small-scale farmers with properties smaller than 5 hectares (Moldvaer 2014, 106-107). In the harvest year 2015/16, the country produced around 1.5 million bags of coffee, which was a decrease of 13% from 2006/07 (ICO 2016, 9). Norway imported approximately 1000 metric tons of coffee from Costa Rica in 2015 (Grydeland 2016). After Brazil, Costa Rica has the second highest rate of coffee consumption pr. capita among producing countries, and the Costa Ricans consume quite a lot of high-quality coffee (Samper 2010, 78).

The export coffee prices in Costa Rica went through several ups and downs at the end of the 20th century. There was a downward trend starting in the mid-1980s, with the lowest prices in 1993. After a short upward trend, prices fell again around 2000. The price has gone up a little bit after that, but not as much as before (Samper 2010, 77). At the same time, production costs in Costa Rica have increased a lot in the last few years. From 2006 coffee prices were steadily rising, from $0.95/pound in 2006 to $1.82/pound in 2010, which was enough to cover production costs. From 2012/13 until 2015/16,
prices in the conventional coffee market have been too low to cover the cost of production (ICO 2016, 9).

The structure of Costa Rica’s coffee industry has changed a lot since the end of the ICA. Cooperatives and transnational firms have a lot of power; in 2010, 70-80% of the coffee was processed by only eight cooperatives and private firms (Samper 2010, 80-82). Producers use different strategies to survive, and as a result of the ever-changing prices, “Costa Rican coffee farmers learned to accept market crises as a fact of life and came to expect that sooner or later prices would recover” (75). During periods of low prices, producers use short-term cost-saving measures like applying fewer agrochemicals, hiring less workers (relying instead on family labour), planting food crops in between the rows of coffee and combining farm work with off-farm work. In the longer term, some producers switch to more organic farming, seek out environmental and social certifications, diversify with other crops or combine coffee and tourism. Some producers choose to aim at the specialty coffee segment, with higher quality, new varieties, marketing of origin and a focus on traceability (84-90). Samper argued that although the coffee industry has “a number of success stories” and “shows some positive signs”, there are many different realities among coffee producers in the country and “multipronged, relatively complex strategies as well as concerted efforts among the various participants in the coffee commodity chain will probably be necessary…to ensure that those currently producing coffee can continue to do so in the coming years” (91).

ICAFE, the Costa Rica Coffee Institute, plays an important role in the industry. It was started in 1933 as a public, non-governmental organization to promote Costa Rican coffee. Today it manages the relations between the traditional key players of the industry; producers, millers, roasters and exporters. ICAFE does research, offers technical support, markets Costa Rican coffee abroad, and sets a minimum price that is connected to the New York Stock Exchange (ICAFE 2011a). Law No. 2762, which was created in 1993, regulates the coffee industry in Costa Rica. In an effort to promote ethical trade and transparency, the law requires ICAFE to keep track of all transactions between the different actors in the industry. They register amounts of coffee produced, processed and exported and the prices each actor receives to ensure traceability of the coffee to international buyers (ICAFE 2011b).
The specialty industry Costa Rica has increased in the last decades, with Starbucks as one of the biggest actors, in addition to small-scale and direct trade actors (Samper 2010, 84). More and more of the coffee produced receives a higher price in the specialty coffee segment, thanks to an improvement in quality and targeted marketing efforts (80). Ponte (2002) said that producing countries “need to raise the reputation of individual origins and refine marketing skills” and argued that “the key for would-be producers of high-quality coffee is to know how to sell the right coffee to the right people” (1117). As we will see below, micro mills are an effort to do exactly that.

**Micro mills**

Micro mills can be seen as a long-term strategy for survival, through a process of vertical integration where producers “individually or collectively set up processing plants, roast their coffee, and even export some of it, to add value, and cut out the middlemen…” (Samper 2010, 83). Today they have become an important part of the coffee industry in Costa Rica; there are now over 150 micro mills. Many micro mills take care of the dry-milling in addition to the wet-processing. They often sun-dry the coffee, either because they do not have a drying machine or because they want to increase quality, and they also “remove the parchment themselves, classify their own coffee, often manually, store it and prepare batches for sale on their own premises” (83).

*Figure 5: A micro mill*
Not a lot has been written about micro mills. Northrop (2015) has collected stories from some producers who own micro mills in Costa Rica. Donald from Los Jilgueros in Brunca said that in the past they delivered coffee to the local cooperative and Volcafè, but then the prices got so low that they had to look for other opportunities. They decided to focus on quality and built a micro mill. Donald told the story of that year’s buyer from the UK, and how he asked them to record everything about the coffee and processing. The buyer in turn recorded everything about roasting, so that together they could learn how to make the best coffee. Donald said

That is the traceability of coffee: what was the entire process? This is so that the coffee will have added value…At the end you can see it reflected in the cup. Everything you did to the coffee back there, every change, ends up in the cup. We, as producers, three years ago, didn’t have this understanding. (Northrop 2015, Back to Costa Rica: Cedral)

Esteban from La Candelilla in Tarrazú said that their main goal is to know the client and understand their demands. They grow coffee under many different conditions and process it all themselves using different methods. According to Esteban, “No one else touches this coffee until it arrives at the roaster”. They call it direct trade, and communicate directly with buyers via email or text messages (Northrop 2015, Back to Costa Rica: Los Santos). According to agronomist Gabriel;

“one of the biggest benefits of the movement towards micro mills (is) that it has prompted producers to think critically about what they do, why they do it and the impacts of the actions on quality of their immediate environments as much as on the quality of the final product”. (Northrop 2015, Back to Costa Rica: Los Santos)

Unlike Fairtrade and other certifications, micro mills are a producer-led initiative, created on their own terms. It was not started by well-meaning people in other parts of the world, but by the producers themselves. At the same time, it was created because of demand in the specialty coffee segment, and it does not exist on its own but rather as part of the third wave and a larger trend that focuses on relationships, direct trade and quality.
2.4 The three waves of coffee consumption

It is common to talk about three waves of coffee consumption. The first wave took place in the middle of the 20th century, with increased consumption of commodity coffee and the rise of the four large roasters; Folgers, Maxwell House, Jacobs and Douwe Egberts. While initially focused on quality, price competition between roasters led to increased sales of more uniform blends (Fischer 2017, 8). While the first wave had been about increasing consumption and standardizing quality, the second wave was about diversification and marketing of specialty coffee towards a smaller part of the population (Roseberry 1996, 765). Conventional coffee from large roasters still makes up a large part of the commodity market today, but starting with the second wave, part of the industry slowly moved towards specialty coffee.

The second wave and specialty coffee

The second wave started in the 1960s, led by companies like Peet’s and Starbucks (Fischer 2017, 8). The specialty coffee movement started on the West Coast in the United States, mainly in the cities of Seattle and San Francisco (Roseberry 1996, 766). Roseberry (1996) argued that “the expansion of specialty coffees marks a distinct break with a past characterized by mass production and consumption.” The second wave was not started by the large corporations, but instead by “small regional roasters who developed new sources of supply, new modes and networks of distribution…” (763). Part of the second wave was also a focus on social and environmental sustainability, with the introduction of Fairtrade, organic and other certifications (Fischer 2017, 8).

Ponte (2002) called the period between 1980 and 2000 a “latte revolution”, because the variety of coffee exploded during that time. Coffee was no longer just coffee, it was from different origins and in different types of drinks, like for example the popular “latte” (1099). Ponte gave Starbucks a lot of the credit for the spread of specialty coffee. When they started in 1971 they were the first to educate consumers about quality coffee and to introduce the coffee shop experience which was as much about ambiance and identity as coffee Ponte (2002, 1111). Roseberry also talked about a shift towards more variety and choice for consumers, which places us in “a new relationship to the world” because it allows us to bring the whole world into our kitchen (Roseberry 1996, 770). He argued that our tastes are shaped by the people who market coffee, and that they
target certain groups of consumers. Specialty coffee was originally marketed towards urban, professional people who sought quality products and used their consumption habits to distinguish themselves from others (773-774).

The Specialty Coffee Association (SCA) was created in 1982, with the goals of providing training and education, promoting specialty coffee, lobbying on behalf of the industry, conducting research and promoting networking and information sharing. The specialty coffee industry grew fast, with higher prices and greater profits than the commodity sector, while in the same period total consumption of coffee declined. For a long time, the large roasters thought specialty coffee was just a passing trend, until it started taking over a larger part of the market. In 1986, some corporations introduced specialty coffees in supermarkets, making them available to everyone. Starbucks also started expanding to the national, and later international, market (Roseberry 1996, 766-769), and since then they have turned into another large and powerful actor in the coffee industry (Ponte 2002, 1111).

Since the 1990s, it has been common to divide the coffee industry into two different segments; conventional or commodity coffee and specialty coffee (Fischer and Victor 2014, 162). This thesis is mainly concerned with the specialty coffee segment. As the second wave evolved, the focus was moved from quality to styles, flavours and blends. This made it easier for roasters to sell a variety of coffees without relying on coffee from a single origin (Roseberry 1996, 766-769). Today, specialty coffee “means different things to different people”, and almost any coffee that is not the typical supermarket blend can fit into that category (Ponte 2002, 1110). Roseberry (1996) pointed out that specialty coffee is now available to everyone, but that although it has become normal, it is unlikely that it will ever become part of the mass-produced commodity coffee segment, as specialty coffee’s “continued success will depend upon the processes of social and cultural differentiation they mark” (773-774). The third wave was a reaction to the mainstreaming of second wave coffee.

**The third wave**

With the third wave, which started around 2000, came an increased focus on geography and quality. The new trend was micro lots of high quality coffee from a specific farm, all Arabica (Fischer 2017, 8), and this is where the micro mills fit in. SCA has created a
100-point scale to determine the quality of coffee, and anything 80 or above is considered specialty coffee. Second wave coffee ranges from 80 to 85, with some exceptions up to 90, while only the coffee in the high 80s and 90s qualify as third wave coffee. The scale was created to be objective, and cuppers are trained to determine coffee quality. In 2015, the SCA created a flavour chart to help determine the different flavours of specialty coffee, from rose and jasmine to smoky or cinnamon (11-12).

Fischer (2017) described third wave coffee shops as hip spaces with a focus on local products (1) and said that third wave coffee focuses on “artisinal quality and authenticity and a connection to a distant Other” (4-5). Third wave coffee shops see it as their mission to educate consumers about coffee and why it is worth paying more for quality. They sell their coffee through descriptions about where it comes from, how it was produced and what their relationship is to the people who produced it. They also describe its taste and preferred brewing methods, encouraging customers to try something new (14-16).

Part of the trend of third wave specialty coffee is competitions and auctions to discover the highest quality coffee. One example is the Cup of Excellence, which is based on blind cuppings by an international jury and auctions where the micro lots of coffee with the highest scores are sold for a price well above market price. Sometimes the winning lots are sold for over $100/pound, and the record price is $500/pound for a Guatemalan coffee in 2012 (Fischer 2017, 8-9). Although this is positive for those who are involved, it only benefits a few producers who are able to produce exceptional quality.

The third wave is constantly evolving. Origin is no longer as important as taste, and specialty coffee shops offer more blends. The focus away from origin gives roasters more security and flexibility because they do not have to rely on coffee from a single farm, but rather a particular set of tastes that their customers prefer (Fischer 2017, 16). Fischer pointed out that this new focus on variety and innovation makes producers more vulnerable. It is challenging to rely on the tastes and trends in consuming countries and their search for something new and exciting when it takes several years from a coffee is planted until its cherries can be harvested, processed and sold (2-3). In consuming countries, the focus is on invention in coffee drinks, and these days specialty coffee professionals talk about cold brew, cascara tea (made from coffee cherries), nitro coffee (cold coffee infused with nitrogen to make it sparkling) and coffee cocktails (16).
The third wave is still a niche in the market, but like we have seen in previous waves, corporations also want to take part in it. Starbucks offers micro lots of coffee from different origins, and have recently opened a new tasting room in Seattle. Intelligentsia and Stumptown, two of the original third wave roasters, have been acquired by a German investment firm that also owns second wave pioneer Peet’s and the large roaster Jacobs Douwve Egberts (Fischer 2017, 14). As we have seen, each wave has brought with it new inventions, new areas of focus and new followers. Each wave came as a reaction to the last, and to the attempt of corporations to take back power and control over the supply chain. The third wave is still evolving, and many are wondering what the fourth wave might bring. Even though prices have been pushed up and there has been a focus on improving lives, these things have mainly happened in niche markets, and most coffee producers are still struggling to make a living. Specialty coffee consumers are constantly searching for something new and better. Below we will look more closely at what the current trends are, and who they benefit.

2.5 Specialty coffee

As we have seen above, coffee producers do not receive a large share of the money we pay for coffee. The three waves of coffee consumption have brought with it new trends, and specialty coffee is becoming more popular. According to Fischer, “specialty coffee companies reject the homogeneity of commodity coffee, selling higher quality in the cup as well as a connection to specific regions and growers” (Fischer 2014, Ch.5: The Coffee Market in the United States). Ponte questions whether the specialty coffee industry is of any benefit to producers, and argues that not much of the higher retail price is returned to them (Ponte 2002, 1110-1111).

Transparent Trade Coffee (TTC), which is run by the business school at Emory University, collects green coffee prices from 20 different specialty coffee roasters. The roasters report how much they pay, and TTC creates statistics based on this. While it is not a complete registry of specialty coffee prices, it gives an indication of how much more specialty coffee producers receive for their coffee. According to TTC, the global average price of the specialty coffees they registered in 2016 was $3.81, and 22.1% of the retail price was returned to origin. For Costa Rica, the average price was $4.67, with 24.9% returned to origin (TTC 2017). As we can see, these prices are significantly
higher than in the commodity market, with a larger share returned to producers. This thesis will mainly talk about specialty coffee, as this is the market segment micro mills are aimed at.

In this section, I will look at different aspects of specialty coffee; quality, direct trade, relationships and symbolic value. Then I will review some impact studies to see how participation in specialty coffee benefits the producers.

**Quality**

Experts emphasize that quality is strictly about what is “in the cup” – they say that hype and PR does not matter in a blind cupping because the quality is either there or not. All very upfront and meritocratic, it would seem. But who adjudicates that quality? (Fischer 2017, 3)

The most important criteria for specialty coffee is quality. Although SCA bases its system of what they see as an objective measure of quality, to most people the experience of quality is based on something more subjective. Does it matter to you if you drink a 75-point or a 90-point coffee, as long as it gives you that experience you are looking for in a cup of coffee? Fischer (2017) argued that;

The Third Wave concern with “quality in the cup” overshadows appeals to social justice in the conditions of production. This is a post-justice infatuation with artisanry and authenticity that simply assumes that such expensive coffee will be produced in ethical conditions. (Fischer 2017, 8)

As we saw earlier, the third wave meant less focus on origin, and Fischer’s argument above shows that this might be because it is expected that a higher price means better conditions for producers. MacGregor, Ramasar, and Nicholas (2017) claimed that the focus on acquiring high quality coffee “is problematic because the scheme is marketed in part on its contribution to the public good, although incentives within this voluntary scheme are not aligned to produce an optimal result for public good” (18). In other words, increased quality does not automatically mean that producers benefit, or that it offers a solution to the inequality in the supply chain. Producers often do not know how to taste their own coffee or determine quality (Fischer 2017, 19). Ponte (2002) suggested focusing more on “conscious consumption”, meaning certified coffees, but he recognizes that this is likely to stay a niche in the market, even if the customer base is growing. Because of that, he argued that focusing on improving quality and marketing
is important and talked about the importance of selling a story and educating customers to encourage them to pay more for quality coffee (1116-1117).

**Direct trade**

Many specialty roasters use the term direct trade, but there is no one definition of what it means. Two third wave roasters from the United States are known as the pioneers of direct trade; Intelligentsia Coffee in 2005 and Counter Culture Coffee in 2008 (MacGregor, Ramasar, and Nicholas 2017, 2). According to Intelligentsia’s website, their criteria for Direct Trade are; “exceptional coffee quality”, commitment to “sustainable social and environmental practices”, a price that is “at least 25% above the Fairtrade price”, “transparent financial disclosures back to the individual farmers”, and visits to producers “a minimum of once pr. harvest season”. They work together with producers, offer workshops and trainings, collect data and do research, all to ensure the highest coffee quality (Intelligentsia 2017). Although they were one of the pioneers, since 2015 Counter Culture Coffee no longer markets their coffee as Direct Trade (MacGregor, Ramasar, and Nicholas 2017, 3) but they still adhere to similar principles. According to their website, they now focus on transparency and sustainability. They do this through long-term partnerships, direct communication, a focus on environmental sustainability, a higher price and value-sharing along the supply chain (CounterCultureCoffee 2017).

MacGregor, Ramasar, and Nicholas (2017) have investigated the use of the term by six different firms in the United States and Scandinavia. Other actors have been inspired by the pioneering firms mentioned above, but there is no global agreement about what direct trade is or what one needs to do to claim that a coffee is directly traded. Firms usually do not use third-party verification, they rely on customer trust. Most of the firms they looked at included coffee quality, price premiums, financial transparency (at least knowing the producer and paying them directly) and regular visits to producers in their direct trade standards. The main focus was on quality and transparency (6). The authors found that the term has lost some of its meaning in the US as it has been overused by actors who do not represent the values that were originally a part of direct trade. It has been criticized for simply being a marketing measure to the benefit of companies rather than producers. In Scandinavia, on the other hand, the term is still popular. MacGregor,
Ramasar, and Nicholas (2017) argued that the lack of monitoring and common principles makes it hard for consumers to understand what direct trade means and decide whether they trust it. Some companies have tried to counteract this by releasing more data to consumers and increased focus on transparency (19).

**Relationships**

In recent years, coffee has turned into a product that connects consumers to producers. The producers Northrop (2015) talked to were very aware of where they coffee ends up and how much a cup of coffee costs in other countries. Many expressed the importance of telling consumers about how coffee is produced and where it comes from;

> People like to say, “Look, coffee! How nice,” but they don’t know all the work that went into it. I think what you are doing is important so that people can see what’s behind their coffee. Because a coffee plant is beautiful, and you see someone up there in the cafetal picking the cherries and that’s beautiful too; it’s something really stunning. But to be out there every day doing it is very difficult. Ronulfo, a producer belonging to Coopeatenas (Northrop 2015, Costa Rica, Santiago de Puriscal).

This new focus on relationships emerged as part of the second wave of coffee, when certifications started to talk about social and environmental sustainability. At first glance, bringing producers and consumers closer together seems like a positive development. But is it based on real relationships that benefit producers, or is it just a way to make consumers feel good about themselves?

West (2012) found in her ethnography of coffee producers in Papua New Guinea that the meaning of coffee changed between the different actors in the supply chain. To the producers she studied, coffee meant being part of a modern and interconnected global market. To the consumers, on the other hand, coffee from Papua New Guinea is an exotic product from a primitive place far away (143-145). According to West (2012) “coffee production is one means by which rural Papua New Guineans can imagine their relationships as extending out of their villages and connecting to people and places elsewhere” and “one way that they extend their world is through the connections that they imagine making to people who buy coffee, process coffee, sell coffee, and consume coffee.” (11).
Fischer (2017), who studied coffee producers in Guatemala, observed that both sides of the supply chain saw themselves connected to the other. He said that roasters and retailers “…imagine a certain sort of production artisanry at the start of the value chain; in turn, we find growers imagining the desires of the consumers for whom their harvest is destined” (3). He talked about how many third wave coffee shops want to buy their coffee directly from producers, but pointed out that this is only possible for the largest ones, and that the others choose to work through an intermediaries instead (8).

Producers have a similar interest; they would like to know the people who buy their coffee and be more directly connected to the international market. They are proud of their work and the fact that they grow high quality coffee, but at the same time, they are aware of the fact that they do not have a good understanding of exactly what the consumers want (19). According to West (2012), the ideal of specialty coffee is this;

Well-meaning consumers are connected to well-meaning producers by well-meaning coffee industry businesses. A veritable love fest of learning about each other, supporting each other and contributing to environmental sustainability while still taking part in the global market seems to have emerged. (56)

But as we have seen above, these connections and relationships do not mean the same to everyone. Both sides imagine something about the other part, without necessarily knowing if they are correct. Most consumers have never travelled to a producing country, and most producers have not been on the consumer side of specialty coffee. There is a lot of talk about relationships between consumer and producer, but they seem to be imagined, not real, relationships. West (2012) claims that “the faux connection that end-use consumers are supposed to develop with those who grow their coffee come at the expense of the real social relationships that exist between coffee growers, buyers, exporters, importers, and roasters” (242).

**Symbolic value**

A cup of coffee costs a lot of money in Norway, and only a small part of that goes back to the producer. How and where is value added to that cup of coffee?

Fischer (2017) argued that although producers have control over the material production of coffee, there are other actors who add value to coffee by controlling the production of
meaning. He pointed out that the extra value is “created through the artful translation of qualities and connotations across symbolic and material areas of valuation” (2). He called this the “means of symbolic production”, which he explained as “the capacity to add economic value to a good (virtual or material) by enhancing its non-material values…” Some examples of the non-material values he referred to are quality, exclusivity and solidarity (5). The price for specialty coffee is usually higher than the a normal one, and there are many factors that affect this, not just quality or demand;

...just as important, and probably more, are the symbolic values at play: the relative positioning of conspicuous consumption; the imagined, personal relationship with a producer; and underwriting it all, the cultural and market shift among the global affluent toward artisanal and singular products ... The narratives of provenance and taste are key to its value. (10)

He argued that the means of symbolic production are put into action through the definitions of SCA and other specialty coffee industry actors, through discussions within the industry, and in the communications and marketing used by coffee shops and online stores. He pointed out that the majority of coffee drinkers are not familiar with these terms, so the actors of the industry have to educate them and market the coffee in a way that makes it worth the extra cost. They do this by referring to origin, altitude, variety, processing method, taste and brewing method, making each coffee exclusive, highlighting the relationship with the producer and giving it an artisanal feel (14-16).

West (2012) also talked about the work that is done after producing the coffee; “the labor that is added after the fact is not used to make the commodity come into existence but to make another sort of thing, another sort of value, come into existence” (17). She pointed out that the Papua New Guinean producers in one example received $0.33 for a pound of coffee that was sold for $12.95 in a shop in the United States. Of that only $1.41 stayed with the various actors in the coffee production in Papua New Guinea. She said that “consumers are willing to pay more for coffee that has a particular story or a particular history” (17) and that consuming specialty coffee gives individuals a chance to distinguish themselves from other regular coffee drinkers; “Coffee choice, like all commodity choice today, can be used to indicate important markers of status,
knowledge and politics.” (18). She is critical to the way these stories portray the coffee producers;

Every time a coffee marketer tells a story about a pristine native village on the edge of poverty that might have turned to logging or mining or one of the other ravages of modernity but that because of coffee certification, can happily grow coffee and live in primitive bliss for a little longer, it is attempting to make consumers feel as if their consumption makes people’s lives better while at the same time making their own life fuller. The appearance of value of coffee becomes this dreaming and imagining of better lives. With this, images of poverty and primitivity come to add value to the coffee. (25)

West pointed out that there is huge variety of coffee in the market, so a lot of work goes into distinguishing it from the others and making it seem more special. Specialty coffee relies on consumers to use their purchasing power to change the world (242). She argues that these images, stories and connections obscure the real problems with the coffee industry, and argues that the world of coffee in Papua New Guinea is “messy, thick and complex. It is, in a word, rich”, and that this “richness is hollowed out and made flat and empty by third-party certification and marketing strategies that rely on images of primitivity and poverty to create value” (West 2012, 239). Bryant and Goodman (2004) pointed out that “consumption is a way in which individuals seek to make a difference” (344).

If you think back to a time when you visited a specialty coffee shop, whether it was Tim Wendelboe or Supreme Roastworks in Oslo or a Starbucks somewhere in the world, you can probably recall how coffee was only a small part of your experience. Maybe there were pictures on the wall or stories on the coffee bags, showing solidarity with the producers of the coffee? Maybe the menu had a list of coffee options that sounded a bit intimidating, like nitro coffee or V60? Maybe you had to choose between coffee from three different origins? Maybe the furniture and decorations made you feel like you were in an exclusive interior design shop? There are many ways to add symbolic value to coffee in the consuming part of the chain, and Daviron and Ponte (2005) argue that producers need to take part in this. They propose “to treat coffee as the sum of attributes produced in different geographical locations and by different actors along the value chain” (Daviron and Ponte 2005, Preface).
Do producers benefit?

As we saw above, there is an expectation that specialty coffee with its higher prices automatically brings benefits to producers, but is this the case?

Many alternatives have been created in an attempt to solve the inequalities in the market, and among them, Fairtrade is probably the most well-known. Certifications started as part of the second wave, and although they are not as focused on quality as third wave coffees, they can be considered specialty coffees because they have a brand that differentiates them from the conventional market. Jaffee (2007) compared producers with Fairtrade and organic certification in Mexico to those without, and found that those who are certified receive a higher price for their coffee, but it is a marginal difference because they also work more and have higher production costs. He concluded that these certifications did not bring people out of poverty. Valkila and Nygren (2010) discovered that Fairtrade helps producers in Nicaragua economically during periods of low prices and can work as a safety net, but that the low demand for Fairtrade coffee reduces the effect as some coffee must always be sold on the conventional market. They found that other benefits, like access to credit and the social premium, were as important as the price guarantee. Johannessen and Wilhite (2010) studied the value chain of Fairtrade coffee from Nicaragua and Guatemala to Norway, and found that the social premium gave Fairtrade producers a small extra income, but that it did not deliver on all its promises. They concluded that most of the value ended up in the consuming part of the chain. As we can see, the impacts of Fairtrade vary in each case, and there are some positive economic and social effects, but it does not seem to offer a way out of poverty for most coffee producers.

Fischer (2017) has studied small-scale producers in Guatemala, and found that the rise of specialty coffee had some positive impacts on their lives. He argued that “the retail de-commodification of coffee (in terms of the market for micro-lots, the importance of provenance, the connection with farmers) has shifted some power (in terms of value extraction) to smallholding producers…” (19). The context is important, in that “a number of external factors (including changing consumer tastes, established market relations, and trends toward direct sourcing), have created a particular opportunity structure…” (Fischer and Victor 2014, 158). The specialty coffee segment demands high-quality coffee from high altitudes, and therefore marks an opportunity for coffee
producers in these areas to move forward. According to Fischer and Victor (2014) “coffee is not seen as a way to get rich, but as a significant source of income that can keep a family out of absolute poverty”. Many families also rely on other sources of income (171). Fischer argued that it has brought economic growth and new opportunities, but the effects have not reached everyone; “For the big winners, success comes not just from microclimate and harvesting techniques, but in their store of social and cultural capital that allows them to bridge domains of value to facilitate economic arbitrage” (9). In his studies, he found that middle-sized producers with some university education, English language skills and technology skills were at an advantage, because they could better understand how the market works and how value can be added (20-21). Some of the producers he interviewed processed their coffee all the way to the parchment step, like they do at the micro mills in Costa Rica. He said that this had two advantages; the price was higher and they could hold on to their coffee until they got offered a better price instead of selling the coffee cherries right away (Fischer 2014, Ch. 5: Small Producers and High-Altitude Coffees). He pointed out that the power is still in the hands of consuming countries, where the trends and tastes are decided and extra value added, while the risk and vulnerability remains with the producers (Fischer 2017, 9). Many small-scale producers do not succeed, and “what they lack is the translational ability, the cultural capital and the social connections that the more successful Third Wave producers have” (22).

Wollni and Zeller (2007) examined how participation in cooperatives and specialty coffee segments affected the price producers in Costa Rica received for their coffee. They looked at what producers need to be able to enter the specialty market and found that education, experience and altitude of coffee farms were determining factors. They pointed out that participation in specialty markets can be hard for small-scale farmers because they do not have access to financing or information. They also said that it is not the solution for all coffee producers because the farm needs to have certain conditions, like high altitude, to produce the quality coffee these markets demand (247-8). They concluded that; “…participation in specialty coffee marketing channels… serves to increase the prices received by producers. Furthermore, access to specific market information is associated with better marketing performance” (247). Another article (Wollni and Brümmer 2012) based on the same study talked about quality; “those farmers that … adopted quality-enhancing production technologies were generally more
experienced in coffee cultivation, more educated, had larger farms and were associated with a coffee cooperative” (75). In other words, their results showed that the more experienced and successful coffee producers were more likely to focus on quality, which is what could help them enter the specialty market.

As we have seen, these impact studies from Costa Rica and other parts of Latin America showed a complex situation with many challenges and few all-encompassing solutions. The specialty market can benefit producers, but not everyone can take part. In the next section we will look at a different way of measuring the effects of participation in the specialty coffee segment on producers.

2.6 The good life: aspiring to something more

Fischer (2014) looked at the lives of coffee producers through a different lens. The good life is usually defined as a life that is lived in a meaningful and valuable way (Fischer 2014, Conclusion). It is not a specific, achievable state of being, but an aspiration for a better life, a constant striving to become something and to live a life that matters. Fischer proposed that “we should understand the ends of economics, as well as politics, to be provisioning the good life as widely as possible for people as they themselves conceive it” (Fischer 2014, Introduction: The Good Life: Values, Markets and Wellbeing). It other words, he argued that understanding what the good life means to different people is essential if we want to find ways to improve their lives. A lot of the discussions about inequality in the supply chain are about money, but he pointed out that we should take a deeper look at what actually matters to producers. “To understand the good life, wherever it may be found, we must take seriously not only material conditions but also peoples desires, aspirations, and imaginations – the hopes, fears and other subjective factors that drive their engagement with the world.” (Fischer 2014, Introduction: Elements of the Good Life). This is not something impact studies of coffee producers typically look at, but it provides a broader definition of what is important if our goal is to improve their lives.

Fischer argued that “adequate material resources”, “physical health and security” and “family and social relations” are essential ingredients in a good life, but that these are not enough. Three additional factors are important to live a good life; “aspiration and
opportunity”, “dignity and fairness” and “commitment to a larger purpose” (Fischer 2014, Introduction: Elements of the Good Life). Fischer defined aspiration as “a hope for the future informed by ideas about the good life”, which inspires agency; “the power to act and the sense of having control over one’s own destiny”. But he pointed out that aspiration and agency are not enough if there is a lack of opportunity (Fischer 2014, Conclusion: Qualitative Elements of Wellbeing). To the producers he studied, the specialty coffee segment was a new opportunity. They were aware of the inequalities in the market and their own dependence on it, but nonetheless felt that “coffee represents an opportunity in a context of few opportunities, an imperfect but valued means of realizing their desire for a better life” (Fischer 2014, Ch.5). He found that the producers saw coffee export as an opportunity to use their agency to move forward, and that it encouraged them to aspire to something more, “algo más” (Fischer 2014, Conclusion: Qualitative Elements of Wellbeing). To these producers, “algo más” was connected to a dream of giving their children a chance at a better life. They wanted to invest in education, land, and improvement of their house and farm (Fischer 2014, Ch.5: Coffee and the Good Life). Money is important, and coffee is the opportunity to make that money, but what they were really working for was something more intangible. Fischer found that entering the specialty coffee segment increased their sense of dignity because it allowed them to own and control their own land and coffee production and work towards achieving something more. He also found that the wellbeing of these producers depended on the feeling that they were doing something meaningful, and working towards a better future for themselves, their families and their communities. He said that “commitment to a larger purpose converges with the capability to aspire, the opportunity structures to facilitate agency, and a social sense of dignity and fairness” (Fischer 2014, Conclusion: Qualitative Elements of Wellbeing).

Fischer pointed out that the benefits from specialty coffee were not evenly distributed, and the opportunities to move upward were only available to those who were already a step ahead of the rest (Fischer 2014, Ch.5: Coffee and the Good Life). Fischer concluded that “the expanding high-end coffee market has created new opportunity structures for smallholding Maya farmers, a venue to exercise their agency and pursue their aspirations”. But he also pointed out that the dependence on these markets and their ever changing trends made them more vulnerable (Fischer 2014, Ch.6). According to his studies, the producers felt that they were able to move forward and have the
agency to do so, but when things did not work out they felt like they were being held back by lack of opportunity (Fischer 2014, Ch.6: Coffee, Aspirations and Wellbeing). At the same time, they saw coffee, and the coffee market, as a tool to achieve that something more, which was “tied up with hopes, dreams, and desires that go beyond a mere income” (Fischer and Victor 2014, 174).
3 Methodology

This thesis is based on qualitative research about coffee producers who own micro mills for coffee processing in Costa Rica. Through interviews and participant observation, I have studied the impact of micro mills on the lives of coffee producers and explored topics like quality, transparency and direct trade. To collect different perspectives, I have also interviewed other people in the coffee industry in Costa Rica and Norway. I have followed some coffees all the way from the micro mill in Costa Rica to the roaster in Norway to better understand how the supply chain works and where value is created. In this section I will present my research methods, explain in detail how I conducted my field work and talk about the limitations of my study. I will also discuss my role as a researcher and the ethical considerations of my research.

According to Moses and Knutsen (2007), we all construct the world we see around us, according to our background and our ideas. They say that “constructivists recognize that we do not just ‘experience’ the world objectively or directly: our experiences are channeled through the human mind” (10). In meetings with other people, we wear our own personal glasses, and see the world through them. Constructivists are not looking for the one and only truth in research, instead they “seek to capture and understand the meaning of social action for the agent performing it (as well as for the scholar studying it)” (10). I have chosen to look at my topic from a constructivist point of view because I believe there are as many truths about coffee production as there are coffee producers. I think it is important to look at individual stories and understandings of the industry, to capture a small part of the reality of coffee producers in Costa Rica. The different stories can be compared and say something about the industry in general, but not without keeping in mind that the reality might be very different for someone else. These stories about the world are valuable because they give us insight into the lives of some of the people who produce the coffee that we drink every day.

Qualitative research

Qualitative research seeks to understand the world through interacting with, empathising with and interpreting the actions and perceptions of its actors. Qualitative methods are used to explore the meanings of people’s worlds… (Brockington and Sullivan 2003, 57)
According to Brockington and Sullivan (2003), qualitative studies are often seen as being anecdotal and not concerned with finding the definitive answers to a question or facts about the world. But this does not mean that qualitative methods are not useful, as they “can provide powerful insights into the world” (59) and “treated properly they are as strong, relevant and interesting as data that are numerical or otherwise easily categorized” (71). As mentioned before, I wanted to focus on individual experiences to find the answers to my research questions. I was more interested in looking at individual stories than statistics, because I believe this will help me better understand how some coffee producers have managed to take a step forward and become part of the specialty coffee industry. Therefore, I decided to take a qualitative approach, using interviews and participant observation to collect data. I wanted to learn about how the lives of the coffee producers have changed after constructing the micro mill, and how this affects their relationships with buyers. In the next section I will explain my data collection and analysis in detail.

3.1 Collecting and analyzing data

As mentioned in the introduction, my research questions are

I. How have micro mills affected the lives of small-scale coffee producers in Costa Rica?

II. How can micro mills enable participation in the specialty coffee segment and how can this benefit producers?

3.1.1 Field work

The main part of my research took place during 2,5 months of field work in Costa Rica between October and December 2016. During that time, I visited different coffee regions and interviewed owners of 12 micro mills plus one coffee producer that does not have a micro mill. In addition to that, I interviewed an exporter and a person who works for ICAFE. I did two periods of participant observation; for 10 days with a women’s organization in Brunca and for 11 days with a producer family in Tarrazú.
The second part of my research took place in Norway in January and February 2017. I interviewed one importer and one roaster in person, in addition to an e-mail interview of another roaster. I also had the opportunity to participate in and observe a cupping session with the importer, featuring coffees from some of the micro mills I visited in Costa Rica.

In a way, my research continues as part of my everyday life. I visit coffee shops weekly and always look for coffees from the producers I visited. I attended the Amsterdam Coffee Festival in March 2017 and visited a lot of coffee shops in the city, where I had the opportunity to talk to several roasters and coffee shop owners about my project. I also had a conversation about coffee with Norsk Kaffeinformasjon, the Norwegian information center for coffee. Every conversation and experience enriches my understanding of the coffee industry, and although I do not consider this to be part of my research, it has allowed me to learn more and understand my own role as both consumer and researcher.

**Geography and timing**

Costa Rica is a small country. It has about the same population as Norway, but only a fifth of the size. Despite this fact, not all parts of Costa Rica are equally accessible, mainly because of the topography and road conditions. The Central Valley is the main urban center in Costa Rica. This is where the capital of San José is located, in addition to two other large cities; Alajuela and Heredia. Tourists and coffee buyers arrive here, through the main international airport. Export companies and government institutions are located here, meaning most connections to the rest of the world go through the Central Valley. The main port for coffee export is Limón on the Caribbean coast.

According to ICAFE (2017), Costa Rica has 8 coffee growing regions (see figure 6) with distinct climates and characteristics. I visited coffee producers in four of these regions; the Central Valley, the West Valley, Tarrazú and Brunca.

The Central and West Valley regions consist of all the coffee farms located in the hills around the capital area, many of them with amazing view of the city in the distance. The producers I visited here were within one hour driving distance of San José, and some of them lived in urban areas and commuted to their coffee farm for work.
To foreigners, Tarrazú is the most famous coffee growing region of Costa Rica. The Costa Ricans call this region Los Santos because most of the towns in the region have saint names. The three largest towns are Santa María de Dota, San Marcos de Tarrazú and San Pedro de León Cortés. A main road connects the towns in the region, and it also connects to the Pan-American Highway. There is a regular bus service to Tarrazú from San José, which takes around two hours. Coffee is everywhere in Tarrazú, and makes its mark on the region. The coffee grows up to 2000 meters above sea level, and many producers own several farms at different altitudes.

The Brunca region is in the Southern part of the country, closer to Panama. It is connected to San José by the Pan-American highway, and by bus it takes around five to six hours from the capital. Many coffee farmers live an hour or more from the main road, and their access road is bumpy and with few public transport options.

I timed my field work for as late in the fall semester as possible, to be able to experience the coffee harvest before leaving the country. The main harvest season in Costa Rica is from November until March, but this depends on the region. The South has a warmer and wetter climate, and their harvest season lasts from July or August until December. Most of my field work took place before the harvest started, which was a benefit to my research as producers had more time for interviews during this time. Although most of
the people I talked to said they wished I could be there for the harvest, they also admitted that they would be much busier then.

I decided not to rent a car because I would not be comfortable driving around on my own. As I visited during the rainy season, I knew road access could be a problem. This decision affected my ability to get around easily. I was mostly dependent on public transport, but thanks to a lot of helpful individuals I was able to visit many different places. Traveling by bus was cheap and gave me a unique insight into local life. Safety was important to me, and although it restricted my choices in fieldwork locations, I still managed to collect data from a variety of places and people.

**Finding participants**

Before arriving in Costa Rica, I only had one contact person; an exporter who works with coffee from micro mills. I was connected to him through a former student of my program, who works with coffee import in Norway.

I arrived in San José, Costa Rica at the beginning of October. I stayed at a guest house in the city for three weeks while connecting with people in the coffee industry and setting up interviews and visits. It took a while to get started, but when the ball started rolling it never stopped. I mainly used social media, email and WhatsApp to get in contact with people, and I asked everyone I met about connecting me to other people in the coffee industry. My interview with ICAFE was set up through a friend of a friend in the United States. I participated in a field trip for coffee producers organized by an exporter, where I met a couple of my informants. My first visit to Tarrazú was set up through a barista I met at Café La Mancha in San Jose. My visit to the coffee organization in the South was set up through a man that works with international volunteers in San José, while my stay in Tarrazú was organized through Marianela Montero, a Costa Rican woman who works for the Norwegian importer Nordic Approach. I stayed with her family, and the father of the family arranged my interviews and visits in the region. He owns a micro mill and knows a lot of people in the area. I had the opportunity to request people to meet with, but he was the one who organized them and drove me around. He emphasized that it was important to him to show me different perspectives, and he introduced me to people with many different stories and opinions. At the same time, I am aware of the fact that this may have created a bias in
terms of who I interviewed. Because of the inaccessibility of many areas and the long time it would have taken me to set up these interviews myself, I considered it to be worth it despite the possible bias.

In selecting micro mills to visit, the deciding factor was accessibility because of the previously mentioned complications in getting around. I wanted to talk to producers in different regions and with different experience levels in regard to micro mills. Some of my informants were among the pioneers in the micro mill boom, while others had recently started up. It was also important to me to talk to people who use different methods to export their coffee, as I wanted to talk about direct trade. Finally, I wanted to ensure that I interviewed both men and women. Most micro mills are owned by families, but it is often the man of the family that is the main producer. Maybe it is because I am a woman, but I found myself seeking out the women in the industry. Because of that there might be an overrepresentation of women in my sample compared to the reality in Costa Rica. My main priority was to seek out different perspectives and a variety of experiences, to be able to give a more nuanced picture of the micro mill boom.

I felt like most people were genuinely interested in sharing their experience and showing me their place of work. Coffee producers in Costa Rica are used to having visitors and talking about what they do. Many coffee buyers come to visit, and some of the people I talked to had participated in research projects before. They expressed interest in my work and agreed about the importance of research. They were eager to learn, and we connected in our interest in coffee. Many of my informantss said they thought it would be good promotion for them and requested that their names were mentioned in the thesis. I did not make any promises, other than to include their names if possible. I clearly stated that this is an academic project, and that I am a student who has no influence with coffee importers, buyers or other parts of the industry.

3.1.2 Interviews

Dexter talks about giving the interviewee “specialized, non-standard treatment” (Dexter 2006, 5). By that he means conducting interviews where the interviewee is allowed to decide what he or she thinks is most relevant to the story. In this type of interview “the investigator is willing, and often eager to let the interviewee teach him what the
problem, the question, the situation, is – to the limits, of course, of the interviewer’s ability to perceive relationships to his basic problems” (5-6). While I know a lot about the consumer side of coffee, my goal was to expand my knowledge about the producer side. I decided to do semi-structured interviews, and prepared an interview guide with mostly open-ended questions to ensure consistency, but I gave my informants a lot of freedom in deciding what they wanted to talk about.

Aberbach and Rockman (2002) talk about the advantages and disadvantages of using open-ended questions in interviews. One advantage is that these types of questions let informants “organize their answers within their own frameworks” (674). They also allow the conversation to flow more naturally and give us the opportunity to learn a lot from our informants about the topic in question. However, they also point out some disadvantages; these types of interviews require more time and flexibility, coding them is harder and the interviews are less comparable as different questions might come up (674-676). They also mention that a “key principle of real-world research [is that] sometimes one does something that is not ideal… because the less ideal approach is better than the alternative” (674). I often had this dilemma in my own research. I wanted to do things the textbook way, but because the field is chaotic I often had to improvise and make the best out of the situation. The alternative was losing an opportunity to learn more.

Because I did not set up all the interviews myself, some informants had a good idea of what I was doing when we met, while others had just been told that a student wanted to meet with them. I always started by introducing myself, explaining what my project was about and sharing with them motivation and my passion for coffee. If they did not immediately start talking I asked them about the micro mill, and let them show me around and explain how it works. This was a good way to break the ice before getting into more complicated topics. As mentioned, I always had an interview guide prepared, which was helpful to me because it made me feel confident about what questions to ask and when to ask follow-up questions or move on to a different topic. I asked producers about their motivation for starting their own micro mill, how this has affected their lives and business and how they view their relationships with buyers (see interview guides in Appendix B and C). I let the informants steer the direction of the interview, and most of the time they covered many of my areas of interest without me even prompting them.
Instead of interrupting or trying to structure the interview too much I just let them talk. If there was silence, I would either be quiet for a little while to see what came up or if relevant I asked a follow-up question. Towards the end of the interview I asked about things that were unclear or that I was still curious about. I left a lot of time and room for anecdotes and personal reflections, as my main goal was to understand the situation from the perspective of the person I was talking to.

Most interviews in Costa Rica took place at the micro mills, or included a visit to the micro mills and coffee farms of my informants. The interviews were anywhere from 30 minutes to 2 hours long. Sometimes I spent a half or full day with the person, and had the opportunity to talk to them in the car, over lunch or coffee and on the farm. Often the conversation started when they picked me up, and was interrupted and re-started several times throughout the day. In other words, the format was very informal. Because of this, I did not record every interview with my voice recorder. It felt unnatural to follow them around all day with a voice recorder, instead I wanted to focus on being in the situation and observing what was going on around me. The background noise and length of recordings would have made transcription hard, so I learned to memorize a lot of information and write it down as soon as I had an opportunity. I never went anywhere without my notebook and my field diary. At the end of the day I wrote more detailed notes about what was said, plus my own reflections and observations, in my field diary. While this is less accurate than a voice recording, it allowed me to participate and observe without having to worry about technology. I often felt that people were more relaxed when I did not have the voice recorder out and when I was focused on getting to know them and their work rather than on the details of each conversation. As my focus is on the stories of the people and understanding how they live and work, I felt that this was the best way to do my research. All participants were informed about what I was doing, and I have the contact information of everyone so that I can double-check details later if I am in doubt about something.

All the interviews were conducted by myself in Spanish, without the use of a translator. Not all the informants spoke English, and even if they did they were usually more comfortable speaking Spanish. The only people I sometimes spoke English with were Carlos and Marianela Montero. It was important to me that my informants could speak the language they were most comfortable with as they were the ones doing most the
talking. While my Spanish is not perfect, I am pretty fluent, and I wanted to talk directly to people instead of through a translator. The participants took into account that I am not a native speaker by speaking slower and taking time to explain when I did not understand what they meant.

I always talked to informants on their own, or with their family around. The family members sometimes added things to the conversation, and as they are part of the micro mill business as well I felt it was a nice addition. Carlos Montero, who helped set up my interviews in Tarrazú, was never present during interviews with other producers. This was important, as the presence of an outsider might have affected what was being said.

3.1.3 Participant observation

By seeing, hearing and using one’s intellectual capacities, and combining this with one’s own memories, experiences and personality, it is possible to seek another person’s confidence. This is in the end the aim, to get to know as much as possible about the person you are interviewing or talking to, in order to understand their reality. (Syse 2001, 228)

From the very beginning, I wanted to spend time at a coffee farm to get a better understanding of the life of a coffee producer. Syse (2001) talks about how participant observation is “a way of using oneself as an instrument for research” (228). I felt that spending time with and working alongside producers would help me learn more about coffee and get a feel for how much work is behind a cup of coffee. I also find that talking to people while doing something together often leads to a more natural and open conversation. It was important for me to show the producers that I was in Costa Rica because I wanted to learn from them and understand their reality.

The coffee harvest in the areas with the most family owned micro mills starts in December or January, and I had to leave in mid-December because of time constraints. As the harvest starts earlier in the South, I travelled to the Brunca region in November to stay with a women’s coffee association for 10 days. The association had a micro mill, but it is not family-owned and they do not export coffee at the moment, so they were not within my defined target group. I decided to visit them anyway, because by staying with them I had the opportunity to experience the coffee harvest first hand. I stayed with one the founders, and almost everyone in the community worked in the association.
During my time there I worked with them and got to see every part of the production process, from coffee picking to processing, drying, sorting, roasting and packaging. I spent a lot of time talking with everyone, and gained a lot of inside knowledge about the coffee industry from that.

At the beginning of December, I had the opportunity to stay with a coffee producer family in Tarrazú; the Montero family. The harvest had not officially started, and I was told it was a quieter time in the region. During the week I stayed there I got to take part in their daily life and travel around to different areas with the father of the family, Carlos. He showed me his farms and micro mill, let me take part in the first picking of the season and taught me a lot about the coffee industry and his relations with buyers. In addition to that I also interviewed and visited many other producers during my time in Tarrazú.

I paid both families I stayed with for lodging and food. The help of Carlos Montero in arranging interviews and driving me around was included in the price I paid for staying with them, to ensure that the costs of gas and the time he dedicated to helping me were covered. Both families were used to having guests and have this as a side income. It was important to me to pay for my stay because I did not want to be an economic burden, and I did not feel like this affected the information I was given.
Syse (2001) talks about how keeping an analytical distance from the informants can be a challenge, and this is something I can relate to. Syse points out that “when the researcher leaves the field and sits down by a desk, the scientific qualities are retained” (229). The connection I got with the people I met initially made it hard for me to write objectively about the topic. People welcomed me with open arms and opened up to me, and one of my main struggles has been how to convey these people’s lives and the hard work they do in a realistic way, without relying on stereotypes or telling travel stories about exotic places and people. I wanted to portray them in a respectful way, being as objective as possible, but of course I cannot remove myself from the context. As the months passed, it was easier for me to distance myself, and I feel that I achieved a degree of objectivity. I have leaned on Syse’s words about how “one of the most important ethical considerations of all is to give your informants dignity” (229). I have tried to tell their stories from their point of view, but these stories will always be shaped by my own experiences and my understanding of the situation. I do not believe it is possible for a person to be 100% objective, but I hope to give voice to my informants in a respectful way and to use my advantage of being an outsider, which can also lead to unique insights and perspectives.

3.1.4 Data analysis

As described above, I had three main sources of data; my notebook, my field diary and my voice recordings. After finishing my field work, I transcribed all my recorded interviews. The transcriptions were in Spanish and my field diary in Norwegian, and all of this was translated into English by me. After doing this, I started to analyze my data by looking for recurring themes and answers to my research questions. I synthesized all my data from interviews and participant observation into one document, and organized it according to headlines like ‘direct trade’, ‘economic effects’, ‘coffee in Costa Rica’ and so on. After doing this, it became clear to me what were the most important themes and what material was of most interest to me. I had to revise my research questions to fit my material better. I decided to use three main case studies to present my findings. These cases do not represent all producers in Costa Rica, but show different sides of the coffee industry and tell the stories of some producers. I have represented a wider variety of producers by including many quotes and insights from other interviews, and my own
observations from visits. I have discussed the main themes in relation to the literature and looked at how my findings may be relevant to other parts of the coffee industry.

### 3.1.5 Reliability and validity

The methodological issues in elite interviewing are serious and involve both issues of validity - how appropriate is the measuring instrument to the task at hand? and reliability - how consistent are the results of repeated tests with the chosen measuring instrument? (Berry 2002, 679)

Bryman (2008) talks about reliability, replication and validity as the “most prominent criteria for the evaluation of social research”. According to him, reliability is about “the question of whether the results of a study are repeatable”, meaning that the same tests run at different times would give consistent results (31). Closely related is replication, meaning that in “in order for us to assess the reliability of a measure of a concept, the procedures that constitute that measure must be replicable by someone else” (32).

Although replication is not commonly done in social research, it is the researcher’s responsibility to provide a detailed description of their procedures of doing research (32). I have described my data collection methods in detail to ensure that another researcher would be able to do a similar study. In qualitative studies an identical result cannot be guaranteed, as it depends on the view of both informants and researcher at the time of the study. Despite the fact that my interviews were flexible, I found that after a while, the answers I was given started to repeat themselves. This indicates that the results I present here are repeatable, with individual variations.

Another important criteria is validity, which is “the question of whether a measure that is devised of a concept really does reflect the concept that it is supposed to be denoting” (Bryman 2008, 32). This Bryman (2008) calls measurement validity. He also talks about external validity, which is “concerned with the question whether the results of a study can be generalized beyond the specific research context” (32-33). In other words, are you measuring what you are trying to measure? I created a set of open-ended questions to guide the interviews. My interview guide differed according to who I was talking to. I edited it along the way as I learned more to ensure that I was asking the right questions, but the general themes remained the same. My study is limited to micro mills in Costa Rica, but I have tried to relate it to a wider context when relevant.
Berry (2002) points out that the paradox of elite interviews is that the focus on having a flexible and more conversational style interview makes it harder to ensure validity and reliability (679). As my interviews were semi-structured and flexible in style, this is something I took into account when analyzing my data. In the words of Berry (2002),

…if you are conducting the interview correctly – as a casual, comfortable conversation – then the follow-up question, the branching, the movement away from unproductive avenues to new areas, and the circling back should come across as a natural part of that conversation. (682)

Although I had an interview guide for each type of interview, I rarely had it in front of me during the interview. The questions were not asked in the same order or the same way, and I did not always probe people at the questions. I think there will always be a trade off in this sense, and in a qualitative study focused on individual stories I found it more important to be flexible and open instead of following a predetermined list of questions, because the responses I got were sometimes surprising and eye-opening.

### 3.1.6 Triangulation

To ensure that my data is as accurate as possible I have used triangulation of methods. I have combined my interviews and participant observation with some statistics from online sources. In cases where I was not sure that I understood or was given correct information, I would always re-state the question later in the interview and compare answers. When possible I have backed up my primary data with secondary data, and I have focused mainly on themes that were repeated by several informants.

### 3.2 Limitations

I have only studied micro mill producers, and only at one point in time, so this is not a comparative study of their lives before and after they started their micro mill. The effects I describe are based on their own accounts of how their lives have changed, and their observations of how it has affected the coffee industry in Costa Rica.

The findings shared here are based on interviews and visits with owners of 12 micro mills. My research is based on their individual stories, they do not present all micro mills or the entire coffee industry in Costa Rica. The views of each person are their
own, and they do not speak on the behalf of everyone else. I have done my best to represent them authentically.

3.3 My role as a researcher

Methodology may just mean a series of meetings with people, but if researchers are appropriately self-aware, and meetings are characterised by good listening, and conversation, we will have much to learn about the world in which we live. The basic requirement for good research, qualitative or quantitative, is that one is friendly and engaging with people, and open to learning from what they tell you and from what you observe and experience. (Brockington and Sullivan 2003, 73).

Field work consists meetings between people. We can talk about researcher and informant, but in the end we are all people. The people I met in Costa Rica had something in common with me, they loved coffee, and through that shared interest we connected. I learned a lot from them, and did my best to tell them about coffee culture in Norway and the consumer perspective in return. As a researcher, I strive to be objective, and to examine my topic from many different angles, always open to being proven wrong. At the same time, as I mentioned previously, it is hard not to let my informants view of the situation color my own understanding. I spent a lot of time with them and would not have been able to do my research without all the help and time they gave me. This, together with my own passion for coffee, at times made it hard to take a step out and examine the situation from afar.

Brockington and Sullivan (2003) point out that “the in-depth nature of engagement that characterizes qualitative research … is only as good as the degree of critical reflexivity pursued by the researcher” (73). Álex and Hammarström (2008) also talk about how important reflexivity is in an interview situation. They point out how we in a meeting with another person behave in different ways according to factors like age, sex, educational background or nationality, and that it is important to be aware of this. As researchers, we should both reflect on our role and do our best to not exaggerate it. Reflexivity is important, because when we take time to reflect about the interview and the power relations within it, we can better understand the other person and the narrative they present to us (174).
As a blonde Norwegian woman in Costa Rica there was no way I could blend in. My informants were always aware of my presence during periods of participant observation. I always made it clear that I am writing a thesis about coffee because I am personally interested in learning more about where coffee comes from and how I can be a better consumer. I pointed out that I do not have any connections to the industry, and that as a student my aim is to share what I learn with everyone who wants to listen. People were instantly more open to speaking to me when they realized that I speak Spanish. In most cases I felt like people were very open and eager to talk to me and show me around. In a way, I sometimes felt like I was treated like a coffee buyer, and it is possible that this affected the information I was told. It is only natural for people to want to present themselves in a positive light, so this was not surprising to me. However, I also felt like they were honest and open about their challenges, and eager to tell their story to someone who was interested in listening.

When I travel to other countries, I often find that I am treated differently because I come from Norway and that my opinions are valued higher because I have a higher education. I did not want this to happen in Costa Rica, and I consciously adopted the role of a curious student. I tried to communicate that I saw them as the experts and that I was there to learn from them. I found that people treated me as an equal, and it might be that being a woman and a student made me seem less powerful in their eyes. While this is not ideal for me personally, I felt like it was helpful to me in my role as a researcher. Being a student in a neutral position allowed me to ask as many questions as I wanted, and to gain the trust of my participants.

### 3.4 Ethical considerations and dilemmas

#### 3.4.1 Informed consent

I always told my informants about my study, my motivation and what I wanted to do with my data and thesis. I explicitly asked them if I was allowed to use the information they shared with me in my thesis, and explained that it would be published online in English on the university website. I also made room for them to ask any questions they might have. Costa Rica is a well-connected country with a high literacy and technology user rate, so I felt like my informants had a good understanding of what it meant to be
part of a study. Many expressed that they appreciated that academic papers were written about the topic, as they felt it was important to study it and to share the knowledge that exists. They also wanted to read the thesis when it is done, and stated that they understand English or knows someone who can help them read it. I have the contact information of all my informants, and in cases where I have been in doubt about informed consent I have double-checked with them. Some people have requested to read their own statements before the thesis was published, and they have had the opportunity to do that.

### 3.4.2 Anonymity

I asked all my informants about whether they wanted to be anonymous, and almost everyone said no, pointing out that they had nothing to hide. They felt that having their names and the name of the micro mill in my thesis might even be good publicity for them. At the same time, Costa Rica is a small country, and the coffee industry is even smaller. Because my thesis talks about certain conflicts and disagreements within the industry, I have chosen to anonymize the majority of my informants. My main concern has been to ensure that no-one will be negatively affected by my thesis. Even though people said that I could use their names, and not all of them shared sensitive information with me, I decided it was in their best interest to remain anonymous. I am aware that some people might feel like I am taking away their voice by making them anonymous. I did not want to do that, as I believe every informant’s voice is important, but in the end I decided it was the best thing to do. All anonymous participants are represented by randomly chosen initials that have no connection to their real name or the name of their micro mill.

I have chosen to use the names of my informants in the three main case studies presented. I felt that this was important to be able to share the context around these micro mills, and because the details would have made them identifiable even if names were removed. Because I have followed some of their coffees all the way to Norway and talked to the people that sell their coffee, it would have been hard to conceal their identity. I have their consent to use their names in my thesis.
4 How have micro mills affected the lives of small-scale coffee producers in Costa Rica?

In this section, I will look at how the micro mill boom in Costa Rica has affected the lives of small-scale coffee producers. I will illustrate this with a case study from the micro mill La Angostura in Tarrazú, in addition to excerpts from interviews with other producers. As we saw in the introduction, Costa Rican coffee producers were motivated to invest in a micro mill because of the low prices they received for their coffee when it was sold to cooperatives and transnational companies. The trigger was the coffee crisis in the early 2000s.

Because the idea is that a micro mill allows a producer to produce micro lots of coffee for the specialty segment and receive a higher price for their product, I will first look at how the micro mills have affected the economic sustainability of producers. Economic sustainability is here defined as producers’ “ability to sustain their coffee growing operation on the basis of current and projected revenues equal to or in excess of current and planned expenditures” (ICO 2016, 4), in other words, if the price they receive is high enough to cover their costs. Then I will study some of the intangible benefits to the growth of micro mills, before applying the concept of the good life as defined by Fischer (2014) to discuss how micro mills can help producers move forward and aspire to something more, “algo más”.

4.1 Economic sustainability

All my informants stated that the reason for starting a micro mill was to be able to enter the specialty market and receive a higher price for their coffee. As we learned in Chapter 2, Law 2762 is supposed to ensure a fair price to producers by monitoring transparency in the supply chain and setting a minimum price. But that minimum price is still based on the C Price, so it depends on the market and the law does not guarantee a price that covers production costs. As we saw earlier, the C Price was extremely low during the coffee crisis in the early 2000s, and it has fluctuated a lot since then. This directly affects the coffee producers, and makes coffee a risky investment.
Every micro mill owner I interviewed stated that they were inspired to start a micro mill because the price they received from the cooperative was barely enough to cover their production costs. The majority claimed that they are doing better now, compared to how their situation was in the past. As we saw earlier, the specialty coffee industry demands high-quality coffee, and pays a better price for it. To access this market, producers must improve quality and ensure traceability, and the micro mill is a perfect tool to achieve that. Mario Arroyo, Promotion and Projects Director in ICAFE, said that micro mill producers have an advantage over conventional coffee producers, and that they can see the impact of higher prices on their welfare. He explained that the crisis in 2000 acted as “a trigger, an alarm, to generate or reinvent in one way or another.” According to him, the solution for producers was vertical integration in the supply chain, in other words, to take control over a larger part of the production process. With the micro mill, producers are no longer dependent on the prices the stock market dictates; instead they find buyers in the specialty coffee segment and agree on a price. All informants stated that they work a lot more now that they did before, because the process takes a lot longer, but the majority felt that it is worth it because of the higher prices and other benefits that will be discussed later.

HM, a producer from the West Valley who has already had a micro mill for a while, said that “culturally they taught us that we were producers, who only produce and the others do the rest”, referring to Law 2762. But after going through two harvests with bad prices, they did not know what to do. To survive they had to think of new ways to do things, and decided to construct the micro mill. They had a rough start, but thankfully things have improved as time passed. “We had already started processing a little,” he told me. “And the part that we processed that year…we stored in a storage room, because it didn’t sell. We were saying we would have to eat the coffee. Finally, in August we sold it.” The banks did not lend money to coffee because of the many companies and farms that went bankrupt during the coffee crisis. “As pioneers, there were many difficulties we had to go through, which in the end helped us keep growing,” he continued, explaining that “many families are now doing a sustainable activity out of what they have been doing all their lives.” They are the third generation producing coffee, and the micro mill has helped them survive, giving them more security and an income they can live off.
Another producer, DM from Tarrazú, explained that the micro mill was a big investment for their family. They have been in business for a while, but are still paying off the loans they took out to pay for infrastructure, and it is difficult because they have not yet seen a lot of profit from the micro mill. At the same time, they enjoy knowing the coffee buyers and appreciate being rewarded for the extra effort the family is making, because in the cooperative everyone received the same price no matter the quality of the coffee. When asked if producing coffee can be sustainable economically, he said: “With coffee you can survive, if you work it well. You survive and you live well. It is not that there is a lot, but you can live like normal…pay your stuff, your expenses and the education of your children.”

DF, another producer from Tarrazú, told me that with the micro mill they “can improve the farm and change the rhythm of life a little, and it is not as complicated as it was before.” He said micro mills do make a difference; “We have done things little by little, because it takes a lot of effort, but we have seen the changes on the farm, it is reflected in everything… We know that the more effort we put into the coffee, the higher quality it is, and it will receive better prices.” When asked if he thinks it is economically sustainable he said “yes, of course. Because you bring something extra to the process, and for that reason you earn more.” He pointed out that “Of course, the micro mill adds to the cost of production because we have to work differently and that means higher costs, but in the end the price is different.”

As we can see, most producers see some economic benefits to owning a micro mill. Unfortunately, this is not the case for everyone. CV, a producer from the Central Valley, told me right away they are not very happy with the way things have turned out. They have tried different strategies to sell their coffee, but without getting a lot in return. When asked whether she would start a micro mill again, she was not sure and stated clearly that she did not want her children to work in coffee. I talked to one producer, LS from Tarrazú, who does not own a micro mill. He told me that he has considered starting one, but that it is very expensive. Instead, he has decided to invest money in what he already has so that he can make improvements on his farm. He sells most of his coffee to a transnational company, and told me they pay enough for him to live on. Sometimes he also processes a bit of coffee at another micro mill and sells it more directly to customers. Although the majority of producers say that their economic
situation has improved, micro mills do not automatically lead to economic sustainability, and it often takes a while before the business become profitable. Micro mill owners take on more risk, as they have to take out loans to start up, find customers for their coffee, and work a lot more than they used to.

Almost all the producers had another source of income, and in many cases at least one of the adults in the family had a job outside of the micro mill. Many also had additional ways of making money on their business, like selling fruit or vegetables or roasting coffee to sell to locals and visitors. Some were involved in the tourism industry, with hiking trails, farm tours, farm stays, cafés or roasters. This extra income was helpful during the low season, and as an extra security in case of a bad harvest year. One producer, NN from Tarrazú, said that they are thinking of ways to expand the business and do more than just coffee. He said that they are always able to sell the coffee, but it is a lot of work and not a lot of money. He will never stop working with coffee, but wants to diversify as he does not feel like it is economically sustainable to only rely on coffee. His family added the micro mill to make more money, and he explained that he thinks is time to re-think what they are doing again, to ensure that they will continue to have a successful business.

In many cases, the community also sees economic benefits from the micro mills, even though they are owned by individual families. When the coffee is sold to a transnational company, all the money ends up somewhere else. With cooperatives and micro mills, the money stays in the community. A micro mill can offer employment to people outside the family, and TS from Tarrazú told me that he can now afford to pay insurance for his workers and give them a little extra, something he was not able to before. It should be noted that many of the workers, especially during harvest, are migrants from Nicaragua or Panama. In other words, not all of these benefits end up in the community around the micro mill, they also affect families elsewhere who make a living on Costa Rican coffee farms.

HM said it is important for him to help the community; “I always had that philosophy, that if we all live well… the neighbourhoods are healthier, because there are resources for everyone and we all take care of each other.” I asked him if this has all changed because of the micro mill, and he said “Yes… Without it we wouldn’t be able to, because all these resources wouldn’t exist.” He continued; “Everyone benefits, thanks to
the micro mill.” He said that now that he knows that he will get paid, he feels like he can help others too. When the family barely made enough to survive themselves, they did not have this opportunity, but now “if something happens in the community, we can support that… This is what a micro mill is worth, this stability.”

As Fischer (2014) stated, adequate material resources, physical health and security and family and social relations are essential ingredients in a good life. Costa Rica is considered a relatively safe country, and health benefits are provided by the government. Family and social relations are important in Costa Rica, and most micro mills are run by families. Adequate material resources in this case means having an income that covers costs and living expenses, and as we have seen micro mills can be a means to achieve a higher income. At the same time, micro mills are not a fast track to economic sustainability. But is it all about money, or are there other things that are equally important? In the next section we will look at the intangible benefits of being a producer with a micro mill.

4.2 Intangible benefits

In this section, I will discuss other dimensions of running a micro mill. Fischer (2014) said that we should see economics as a means to provide people with an opportunity to achieve their idea of a good life. The material conditions seem to have improved in most cases for coffee producers who own their micro mill, but as Fischer (2014) pointed out, this is not enough. Economic sustainability is an important criterion for moving forward, but the other effects are equally or more important, and the aspects he mentioned are “aspiration and opportunity”, “dignity and fairness” and “commitment to a larger purpose”. To better understand the intangible effects of micro mills I will first look at a case study. Then I will discuss these different aspects, and include examples from other informants. I will also discuss the concept of the good life.

4.2.1 Taking back control at La Angostura

This case study shows that there are other, more intangible, benefits to owning a micro mill. At the micro mill La Angostura in Tarrazú, Mario Jiménez and his family aspired to be more than just workers, and saw a micro mill as an opportunity to do that. As
micro mill producers, they have dignity because they control their own production and land and receive a fair price. This allows them to work towards a larger purpose; to have a better life and a better relationship with nature.

Tarrazú, or Los Santos as it is known among Costa Ricans, is truly a coffee region. There is coffee everywhere, along the roads, in the mountains, in the small towns. All the bus stops have signs marketing the local coffee cooperatives. Most people work in or have worked in coffee. Many of the young people leave the area to get a higher education, and it is not unusual for them to stay in the city where there are more opportunities to find a job. Those who come back to Tarrazú make an active choice to do so, and micro mills make it more attractive for young people to work in coffee production. The Jiménez family lives in La Angostura, a small town on a ridge with stunning views of the mountains and valleys around it, where they run a micro mill with the same name and farms at different altitudes, from 1500 to 1800 meters above sea level.

![View from La Angostura micro mill](image)

The family has been in coffee for 35 years, and in 2006 they started the micro mill. It is run by Mario, a friendly man with a big smile, together with his wife and two of his daughters. Mario told me that their motivation to start the micro mill was to learn more about the coffee industry and get paid more for their coffee. As “just” coffee farmers
they didn’t know anything about what was going on in the world or with coffee prices. They got paid very little by the cooperatives and transnational companies they sold some of their coffee to. Last year, what the local cooperative paid was barely enough to cover production costs. It was “trabajando para trabajar”, working to work, according to Mario. They felt like they were just giving away the coffee, and had no control of it.

With the micro mill, they wanted to move forward and get a higher price. It turned out to take a lot of work and it was a steep learning curve. Now that they have been running it for over 10 years, they are doing better, but there is still a lot of insecurity. During harvest, they have to pay workers, fix machines, maintain the farms and make investments, all the while without knowing if the coffee will be sold and at what price. Nordic Approach, a Norwegian importer, bought their coffee last harvest, and came back this year too. Mario says that the price they paid is a better price, a fair price. “It is not a lot, but it is fair”. When I asked them if it is financially sustainable to run a micro mill, they answered that it all depends on reaching the right market, on the coffee being sold. They also have avocados on the farm, providing a small extra income in the winter, plus some vegetable gardens and fruit trees that help sustain the family.

Arleen, who is 28 years old, goes everywhere with her dad and wants to follow in his footsteps. She has a bachelor in sustainable tourism, but decided to come back to the family business to work full time. Arleen wants to learn everything about running a micro mill, and has many responsibilities in their business. Maria, who is 21, studies special education, but she lives at home and helps out at the micro mill during harvest. Arleen said that not a lot of women work in micro mills, so people are often surprised when she shows up. Mario explained that he has always treated his children the same, they all learned to drive, cook, work with coffee. Then they got to choose what they liked doing.

La Angostura is a well-kept micro mill with many innovative solutions, like underground plastic tubes that bring the washed coffee directly from the wet mill to the drying patio. There it dries in the sun for anywhere between 8 and 13 days, depending on the weather. Mario said that a lot of European customers are asking for more environmentally friendly coffee. He cares a lot about the environment, and talks about how Mother Earth gives us food, but we feed her poison. He explained that the soil is unhealthy after many years of using chemicals, so he tries to use less chemicals and as
few herbicides as possible. They use microorganisms to rebuild the natural defence of the soil and the plants so that they gradually become stronger. It takes a lot of time, but it is very important. Mario insists that we need to feed the earth, not poison it. He says that micro mills are more environmentally sustainable than large mills, because they care more about the earth, while the large ones are only concerned with making money. When talking about the environment he shows passion and concern, and it is clear that his motivation to work with nature rather than against it comes from within. Now that they are in control of their own production process, they can work towards something more; a better life and a better relationship with nature.

4.2.2 Aspiration and opportunity

Fischer (2014) defines aspiration as “a hope for the future informed by ideas about the good life”. As we saw in the example above, the Jiménez family aspired to do something more in their lives than just work for the sake of working. But aspiration is not enough, you also need the agency to act upon your hopes and dreams for the future, and the opportunity to do so. For producers in Costa Rica, micro mills provide that opportunity. The aspiration and agency to move forward must be inherent in a producer who starts a micro mill, as it takes a lot of courage and hard work. The producers I talked to were proud of everything they had achieved. They felt like they had taken a risk by starting the micro mill, and that it has taken them a step further.

The producers who own a micro mill went from selling coffee cherries to a cooperative or a transnational company, to processing the cherries and making green coffee for export. Instead of “just” growing coffee, they wanted to learn about the coffee industry and take back control over their own product. To be able to do that, micro mill producers have had to learn a lot and become experts in anything from processing techniques to drying methods. Many of the producers told me that this is what they have enjoyed the most, because it has made their work more exciting. For example, TS from Tarrazú, who aspired to keep moving forward and learning more, told me that he would love to learn how to roast coffee, so that he could recommend roasting profiles for his coffees to the buyers. He enthusiastically showed me around his farm and told me about a lot of innovative ideas he has for the future. It was easy to see that he enjoyed the work and put a lot of thought into everything he was doing.
NN from Tarrazú told me how much he has learned since starting up, and how much he enjoys this part of being a micro mill owner. For example, he found that he needed to learn how to taste his own coffee, so that he could know what quality it is. Exporters told him his coffee tasted bad, so by learning to cup his own coffee he could prove himself and ensure that he received a better price. Before starting the micro mill, he used to buy coffee in the supermarket. Then he tasted his own coffee, which was very different. These days it is the only thing he likes, so when he goes to other places he often puts milk and sugar in the coffee to make it taste better. He told me he has had to learn how to make coffee for visitors, and he has a variety of different brewing methods in his kitchen to prove it. Most importantly, he had to learn how to process coffee. He knew nothing about how to do it when he started the micro mill, so everything was new to him. He said it is a lot of work but he really likes it. When he took me to see his micro mill, I saw his passion and pride in what he has managed to do. Among other things, he has a lot of reflections about how his micro mill affected the environment, how climate change affects his production and how to adjust to these changes. Like the Jiménez family, he is passionate about working with the environment, and he told me how happy he is to see birds returning after some of the recent changes he has made to make his farm and micro mill more environmentally friendly.

Several producers talked about the need to keep innovating, to keep finding new projects. They have started micro mills, but now they have to do something more to stand out from the crowd. The aspiration to move forward and the opportunities of owning a micro mill add something to the lives of coffee producers. It enables them to act on their hopes and dreams, and to be something more than what is expected of them. HM from the West Valley said they like to try new things, and that innovation is important them. “We have, like a philosopher friend of mine said, a bouquet of varieties,” he said with a small laugh. “Like flowers of different colors and flavors, right?” As we saw in Chapter 2, the consumer tastes are ever changing, and the third wave is all about taste and variety. This creates new demands for coffee producers, and a micro mill puts these people in a position to experiment and create new coffees because they control the whole production process.
4.2.3 Dignity and fairness

Taking control over their own lives and becoming entrepreneurs gives the producers dignity. Because I had the opportunity to talk to them at their farms and micro mills, I got to see how proud they were when they showed me around. In the past, they sent their coffee cherries to someone else and never saw them again. Now they take control over the whole production process, and their product depends entirely on their ability to create a high-quality coffee. This means more risk, but also more dignity, because the quality of their coffee does not depend on anyone else. Coffee in the specialty segment is often sold as single origin, with the name of the producer on the package. Many people told me this is important to them. It gives them dignity, and shows their part in making the product. As we saw in the case study, Mario Jiménez felt that the price he gets now is a fair price. He emphasized that it was not a high price, but that he felt that it was fair. To him, a fair price means being paid adequately for the work they do. In the past, they only received a bit more than what it cost to produce their coffee, but now they get a price that recognizes the effort they make in creating high-quality coffee.

By comparison, the women’s organization I visited in the South stopped producing coffee for export. They also have a micro mill, but they told me that for them, exporting coffee meant little value returned to them and no recognition for the work they put into it. Their export coffee used to be sent all the way to San José for quality checks, and sometimes it came back because it was not good enough. This created a lot of insecurity, as they had no control over the process and never knew how much they would get paid. Their coffee was mixed with other coffee and sold as a Costa Rican blend, and they felt that their identity and hard work was lost in the process. Now they produce coffee for hotels, banks and tourists, under their own brand name. It is roasted and packaged at their facilities, and the packaging tells their story. By taking back control, they have regained dignity. They are proud of what they have achieved, and want people to recognize that. Right now, they are working on improving quality, but AR, the Managing Director, said they will only consider exporting coffee again if they can have full control of the process and sell the coffee directly, with their story attached to it. This example shows how important being treated with dignity and fairness is to coffee producers. Export is not always the only option, or the best option, and this organization has taken back control by selling roasted coffee for the domestic market.
4.2.4 Commitment to a larger purpose

The micro mill owners show commitment to a larger purpose, not only in their own lives, but in taking part in moving the industry forward and reviving the coffee culture. As we will discuss in Chapter 5, they are committed to producing great coffee for specialty coffee consumers in countries far away. But they also see the intangible benefits of micro mills in their own families, communities and the industry of Costa Rica.

Many of the micro mill owners were inspired to start a micro mill after seeing someone else in their community succeeding in attracting specialty buyers with their micro mill. What started with a few families has now spread to many more, and the micro mills who succeed can motivate others in the community to move forward. Most micro mill producers have previously been part of a cooperative. In Costa Rica, many cooperatives have become very large and powerful, and many of the producers I talked felt like they had become more like large corporations than community organization. Micro mills, on the other hand, are small and independent family-owned businesses. Many producers talked about working together with other micro mill owners, possibly in the form of a micro mill organization. They said they share ideas among each other and help each other out when they can. Like the farmers in Guatemala (Fischer 2014), they are committed to the community they live in, at the same time as they are working to improve their own lives. They saw working together as important to achieve success and more independence, and felt that they could help each other and be stronger together.

Another positive and somewhat unexpected benefit of the micro mill is that is seems to have inspired the next generation to stay in coffee. As we saw in the case study, Arleen Jiménez has a higher education in tourism, but she enjoys working with the micro mill so much that she wants to follow in her father’s footsteps and be a coffee producer. Mario Arroyo from ICAFE explained what they see happening with coffee culture in Costa Rica; “In 2000, when the prices were 40 dollars and the cost of production was 70, the decision of producers at that moment was to either feed their children or their coffee plants. Of course, no doubt, they were going to feed their children.” He says the farms suffered as a result, and that the generation that grew up then was told by their parents that coffee was not worth anything, that it was the worst business in the world.
and that the family risked losing everything. That generation is now the next in line to take over, and Mario Arroyo pointed out how the micro mills have made a difference; “If you create a culture of micro mills, the idea that coffee is not worth anything is proven wrong. So, then the future generations see that now, yes, now coffee is worth something.” In that sense, the micro mill producers are working towards a larger commitment; a revival of the coffee culture.

EF, a young man from Tarrazú, has decided to stay and work in the family business. He said that “there was a point when the activity became at risk because the youth graduated from colleges and universities and went to the capital to find work, forgetting about coffee production… Obviously, the prices weren’t good enough. It wasn’t because we didn’t want to, but the activity was a bit too complicated in many ways. But in the case of micro mills there is an extra motivation to continue working with coffee.” He said that that he feels a personal commitment to bring the coffee business to the next level, because of the importance coffee has to Costa Rica. “The activity of coffee production in the country is over 150 years old…but all that time they have been doing the same thing. 15 years ago…was when they started with the micro mills and it was something very strange and new… I think it should keep changing, keep moving forward. As producers we should prepare ourselves, we should study and become professionals, like coffee producers.” He said the micro mills are the tool that can help everyone advance to the specialty market. Although micro mills are the initiatives of individual families, which in the first instance benefit themselves, we can see that they are affected by and have an effect on the larger community as well.

4.3 Is it worth it?

As we have seen above, aspiration and opportunity, dignity and fairness and commitment to a larger purpose are important aspects of a good life, and in addition to economic sustainability, these are an important part of understanding how micro mills have affected the lives of coffee producers in Costa Rica. In this section, I will discuss this further, by looking at whether micro mills have changed the lives of coffee producers for the better and make it worth the effort.
Improvements in price and economic sustainability are very important. Receiving a good price for the coffee and having a stable income are the pre-conditions for achieving something more. As we have seen, most producers claim that their lives have improved because of the micro mill, and that their economy is more stable now. In the next chapter we will look more closely at the whole supply chain to understand how value is created. In the meantime, it is clear that some of the most important effects of micro mills are the intangible effects; the effects they have one the lives of coffee producers and their communities. Having the opportunity to move forward, to dream of something more, to be part of something bigger, turns out to make a big difference in their lives. Although his study is from a different context, the findings of Fischer (2014) have many similarities with my findings from Costa Rica. In both cases, the producers want to continue working on the farm that has been part of the family for generations, but at the same time move forward and get ahead. In Costa Rica, they have done that by processing their own coffee at the micro mills. By breaking away from a past of “just” being coffee growers, they are seeking something more, and they see the opportunity to find that outside of the collective. Owning a micro mill is about a desire to learn, to connect with the world and to improve the economic condition of the family. Most people have seen improvements with the micro mills, but they also talk about the increased risk. As we will see in the next chapter, like the coffee producers in Guatemala they depend on market access to succeed, and while they control their own production, other actors are more powerful.

Fischer (2014) said that to producers in Guatemala, coffee is an opportunity in a context of few opportunities. The same can be said for micro mills and the specialty coffee segment. Micro mills represent an opportunity for coffee producers to move forward, to earn a little more on a product that is often undervalued compared to how much work goes into making it. By entering the specialty segment, micro mill owners can earn more, but they still depend on the market, on trends and on other actors. As Fischer pointed out, the most successful producers are often the ones who were already a bit ahead of the rest, and it is likely that those who start a micro mill have a better starting point, in terms of things like education, land and access to other sources of income. Fischer mentioned that the producers were aware of the inequalities in the market and their own dependence on it, and saw it as an imperfect but valued means of realizing
their desire for a better life. This is also true of micro mill producers, as we will see in
the next chapter.

After spending a lot of time in coffee areas, helping with the harvest and talking to
producers, one question kept coming back to me; why do people continue to work with
coffee, when it seems to be such hard work? Even though I have listed many benefits,
the reality is that even with a micro mill producers are dependent on the market and on
coffee buyers. Many people said it is because they want to continue working with the
family farm, they do not want to give it up. I asked NN if he is in coffee because he
loves it or because there are no other options. He did not answer immediately, and I
could see that he needed time to think. “Es una buena pregunta”, it is a good question,
he said after some time. “I love coffee”. He explained that he could not imagine other
opportunities. There is a lot of new technology, but he is not very good at it. It is
different for his children, they are getting an education and it is easier for them to
handle change, but for him it is harder. There are not a lot of other options in the area,
and small farmers like him struggle. “We are in coffee because we like to suffer”, he
said with an ironic laugh. Then he admitted it was quite sad, because it is hard work that
does not bring a lot of benefits, and there is little help to find.

A lot of people wanted to tell me how hard working with coffee is, but midway they
would stop themselves and proclaim their love for coffee and the beauty of the work,
just like the producers Northrop (2015) talked to. Several people told me that they think
working with coffee is “muy lindo”, very beautiful. FD, a micro mill owner from
Tarrazú, called himself an “encantador de café” and said that he has always loved
coffee, it is in his blood. This contradiction seemed to be something they struggled with
themselves. Despite all the intangible benefits listed above, there is no doubt that coffee
is hard work. Through my stays in coffee areas I saw with my own eyes how much
work goes into producing coffee. I tried to calculate how many hours went into
producing each cup, but had to give up as it was too complicated. As mentioned above,
these producers know that the market is not fair, and that being a producer is not
lucrative. But even if it is an imperfect solution, they see micro mills as an opportunity
to move forward, which has had many positive effects on their lives. In the next chapter
I will look at the rest of the supply chain to discuss how micro mills enable participation
in the specialty coffee segment and how this can benefit producers.
5 How can micro mills enable participation in the specialty coffee segment and how can this benefit producers?

In this section, I will look at how micro mills enable participation in the specialty coffee segment and how this can benefit producers. The third wave, which focuses on quality, geography and micro lots, started around the same time as micro mills started popping up in Costa Rica, and in many ways, they are like made for each other.

I will examine three different case studies, where I follow the supply chain all the way from Costa Rica to Norway. First I will look at the case study of Jardín de Aromas. They sell their coffee to an exporter, and last year the exporter sold some of that coffee to Kaffebrenneriet, a Norwegian roaster and coffee shop. I will discuss the ideas of direct trade and transparency, and how micro mills create value in the specialty coffee segment. Then I will look at another case study, about the micro mills Don Eli and La Angostura, who sell their coffee directly to the Norwegian importer Nordic Approach. I will examine the relationships across the supply chain and how these benefit the actors involved. Finally, I will look at some challenges micro mills face, discuss power and control in the value chain, and examine how participation in the specialty coffee can benefit producers.

5.1 Direct trade and transparency

Jardín de Aromas is an example how micro mills can shorten the supply chain for coffee and possibly lead to a more direct and transparent trade. Carole Zbinden is a producer who is motivated by the opportunity to create coffee for the specialty segment, and with the micro mill she can ensure full traceability of her coffee so that buyers and consumers have access to every detail about the product they purchase. This case study also looks at how value is added in different parts of the supply chain, and how micro mills work with the trends in the third wave.
5.1.1 Jardín de Aromas

San José is located in the Central Valley at 1000 meters above sea level, surrounded by green hills full of coffee plants. Although more and more of the land in the valley is urbanized, you only have to travel 30 minutes by car to get from the noisy city center to a tranquil coffee farm. One of these is Finca El Quizarrá with the micro mill Jardín de Aromas, owned by Carole Zbinden. They are located in Carrizal, on a hill between two volcanoes; Poás and Barva, which provide the rich soil excellent for growing coffee. As soon as I stepped out of the car at 1400 meters above sea level, I was struck by the beautiful view; rows and rows of coffee and the capital area in the distance. Carole explained how the micro mill works and showed me all the steps of the coffee production, from cherry to green coffee. Her attention to detail impressed me, and it quickly became clear that she is passionate about bringing the best possible coffee to her customers.

Figure 9: View from Jardín de Aromas micro mill

Carole inherited the farm from her father five years ago and added a micro mill. She explained that these days no one buys a coffee farm to make money; most people inherit it and do not want to give up because it is part of their family’s heritage. In her opinion micro mills are a way for small farms to survive against big industry, by entering a different market. Her goal is to keep the farm and micro mill as long as she can run it without losses. Carole has a degree in hospitality from Switzerland, and finds that she can use a lot of what she learnt there in her coffee business. Like the Jiménez family
and other producers, she really enjoys working with the micro mill and finds it a lot more interesting than just growing coffee.

**Traceability**

Carole showed me how traceability can work in practice, ensuring that specialty coffee buyers can trace everything back to origin and get all the information they want. She has full control over every part of the process, from the coffee is planted until it is picked, processed, dried, sorted and prepared for export. With her system, she knows everything about each coffee plant, every lot on the farm, and every day’s harvest. Each lot has a different name, and everything is tracked so she knows the quality, the moisture level, the drying time, and the cupping notes for every batch of coffee. She is extremely attuned to quality in each part of the process. As we learned earlier, third wave coffee shops focus on artisanal quality, and sell their coffee through detailed descriptions about how it was produced. The want to educate consumers about quality and show them that it is worth paying more for this coffee. In a way, Carole is the perfect third wave producer, because her extensive knowledge can be passed on to buyers and consumers who are interested in quality, processing methods and other details about the coffee they consume.

Carole told me that she knows most of her premium-grade customers, who visit her every year. Her coffee is sold to an exporter who sells it to buyers abroad, but she knows both the price and the customer. In her opinion this is not direct trade of coffee because it goes through an exporter, but she pointed out that it is direct in terms of traceability. It is very hard for micro mills to export on their own because of the logistics. Jardín de Aromas produces about two containers of premium coffee a year and few specialty coffee roasters are willing to buy all of it, at the price it costs. The advantage of working with an exporter is that they can collect coffee from different producers and ship it all together in a container. So even if she could earn a bit more money without an exporter, it would take a lot more work. When I asked the exporter if micro mills can facilitate a more direct trade, he answered with confidence and excitement; “Absolutely! It IS direct trade. The producer knows the price he sells his coffee for, the roaster knows what he pays, and the producers and roasters know each other.”
5.1.2 Kaffebrenneriet

50 bags of Carole’s coffee was bought by Kaffebrenneriet, a roaster and coffee chain with over 30 locations around Norway. I have previously worked as a barista for Kaffebrenneriet, but we never had her coffee while I was there. Kaffebrenneriet buys coffee from different farms and countries, so throughout the year they have many different varieties on offer. Each coffee is on the shelves for a few months, and some come back year after year. Kaffebrenneriet markets the coffee from Jardín de Aromas as direct trade. As there is no clear definition of what this means, everyone is free to use the term, and in this case, there seems to be different opinions about what direct trade is.

Direct trade

Ola Brattås, who is the Roastery and Import Manager at Kaffebrenneriet, told me that they have visited Jardín de Aromas and know what price Carole Zbinden received for the coffee. When I asked what they mean by direct trade, he explained that they “want to trade as directly as possible with the farmer as this helps us work long term with quality, working conditions and price. We focus on a sustainable relationship where we pay very well for very high quality. That way the farmer can invest in the farm… When the coffee arrives to us, I have personally worked with the logistics around shipment and pretty much everything from it left the farm until it arrives at our storage room in the roastery, and until it arrives in roasted form to the customer. We know all the parts of this chain. This is very important to us to ensure that the coffee is of correct quality and to ensure the fewest intermediaries possible exist between the physical coffee on the farm and the physical coffee we receive.” Kaffebrenneriet imports their coffee themselves. As we can see, they call this coffee direct trade even though it is bought through an exporter. Kaffebrenneriet are concerned with transparency and sustainability, but mainly as means to ensure quality in the coffee they buy.

This case is a good example of how direct trade can mean different things to different actors in the supply chain. With only one intermediary; the exporter, the supply chain is
much shorter than the traditional one presented in Chapter 2. Both the exporter and the roaster call this direct trade, while the producer does not, maybe because she gives up some of the control over her coffee in the process. At the same time, Carole pointed out that it is direct in terms of traceability. As stated above, the shorter supply chain allows Kaffebrenneriet to have more control quality of their product, and by taking control over the entire production process, Carole can add value and attract specialty buyers by ensuring quality and traceability. Transparency in this case is about knowing where the coffee has been all along the supply chain, and knowing that it has been treated well so that quality is retained. For Carole, transparency means knowing what price the customer pays and where the coffee ends up, and it seemed like this was more important to her than direct trade itself.

**Symbolic value**

Fischer (2017) argued that the people who control the means of symbolic production are those who succeed in adding the most value to a product. He talked about the production of meaning, and how an imagined connection to the producer and narratives of origin and taste can add value when the coffee is sold to consumers. On Kaffebrenneriet’s website there are some facts about the coffee, a map that shows where it comes from, a picture of the farm and a description. The description is the same as on the label of the coffee bag:

Jardín de Aromas is a classic and well balanced coffee from Costa Rica. The coffee has a very nice creamy feeling in the mouth, and tastes of dark chocolate and red apple. Fresh aftertaste with a clear mark of raspberries. In 1991 Rolando Zbinden established the farm El Quizarra. Today the farm is run by his daughter Carole Zbinden. The farm has a mineral rich volcanic soil. The farm is located in the micro region Carrizal de Alajuela in Central Valley. Here they grow the varieties Catuai and Caturra. They have their own processing mill and in that way they keep an even better control of the quality of the cherries. (Kaffebrenneriet 2017)

As we can see, it tells us where the coffee comes from, who produced it and what it tastes like. The micro mill is mentioned as well, to prove the attention to quality. In this case, the micro mill helps both producers and retailers add value to the coffee. Carole received a higher price because she can guarantee quality and traceability, and Kaffebrenneriet uses that to convince their customers about the value of the coffee.
Unlike the descriptions West (2012) criticized, that referred to the producers as exotic and primitive, Kaffebrenneriet uses a more neutral and descriptive language to sell their coffee. As we learned in Chapter 2, taste, variety and innovation is becoming more important in third wave coffee, and this is exactly what Kaffebrenneriet is highlighting. They try to share the quality and taste with the consumers, and the fact that it is produced by a woman who also owns a micro mill might also help add some value and credibility because it makes it more exclusive.

Kaffebrenneriet appears to be talking to customers who know a lot about coffee. They refer to third wave trends and focus on quality, but at the same time they are a large chain with many outlets which might fit better into the second wave. Norwegians drink a lot of coffee, but most people are not as educated about taste and quality as we might imagine. From my experience working in one of Kaffebrenneriet’s coffee shops, I remember that a lot of customers found the taste descriptions a bit confusing, and they were overwhelmed by the choice of coffee beans. Some would get flustered when asked what type of coffee they wanted, stating that they just wanted “normal” or “good” coffee. It might be that many of the demands of the third wave come from a very small group of dedicated consumers and coffee professionals. From my own experience, I know that most people want good coffee which is responsibly sourced, but they do not necessarily care if it comes from Costa Rica or Kenya or how it is processed. The specialty coffee industry is growing, but a lot of people might go to third wave coffee shops for the atmosphere or convenience as much for the quality of the coffee. Nonetheless, they pay for this, and for the extra value added to the coffee they are drinking, which connects them to a producer in an exotic place far away.

**Who benefits?**

As we have seen, Jardín de Aromas is a good example of how micro mills take part in a more direct trade, and create coffee for the specialty segment. Although they disagree about what exactly direct trade means, the shorter supply chain is beneficial to those involved because the value is shared among fewer actors. Maybe direct trade does not have to mean that the coffee goes directly from the producer to the roaster, but rather that the people involved know all the parts of the supply chain and know how the coffee is valued? In the case of Jardin the Aromas, the consumers can get all the information
they want about the coffee. Carole Zbinden receives a higher price thanks to the micro mill which allows her to add value to the material product, by increasing quality and traceability. Symbolic value is also added to the coffee in Norway, in the consuming part of the chain, where consumers are attracted by good coffee and a connection to the producer. By controlling everything from import to retail, Kaffebrenneriet is able to retain more of the value than if there had been more actors involved in the supply chain, but they likely also have higher costs. Direct trade will be discussed further below, but first we will look at another case study to see a different version of a direct supply chain and discuss the relationship between producers and importers.

![Image: Rows of coffee at Jardín de Aromas](image)

**Figure 11: Rows of coffee at Jardín de Aromas**

### 5.2 Relationships across the supply chain

In this section, I will look at two case studies from two different micro mills in Tarrazú; Don Eli and La Angostura (which was introduced in the previous chapter). They both sell their coffee directly to a Norwegian importer called Nordic Approach. These case studies are examples of the importance of relationships between the different actors in the specialty coffee industry. I will look at what the relationships means to the different people, first to the micro mill owners and then to the importer and coffee roaster. I will also look at how quality is defined and value is created.
Nordic Approach started working more directly with micro mills in Tarrazú during the 2015/2016 harvest. They buy export services from a company, but do the rest of the work themselves. Nordic Approach have hired a representative in Costa Rica, and people from the head office in Oslo visit Costa Rica several times a year. Morten Wennersgaard, the Founder and Product Manager of Nordic Approach, said that they chose to have a base in Costa Rica and work more directly with producers there because they wanted to have control of the supply chain. They also want to learn about production, quality improvement and product development so that they can apply this in other contexts. In the next section, we will look at Don Eli micro mill, which is owned by a family that benefits from a closer relationship with importers and consumers.

5.2.1 Don Eli

The Montero family lives in one of the small towns along the main road that runs through Tarrazú. I stayed with them for 10 days in December 2016, and got the opportunity to experience life in a coffee region first hand. The family consists of Carlos, the father, Lucia, the mother, and three children; Marianela who is 25, Jacob who is 22 and Maria José who is 18. They run Don Eli micro mill, which is named after Carlos’s father. Carlos oversees the coffee business, while Lucia runs the household. Marianela works as a representative in Costa Rica for Nordic Approach, and the two other children help out during harvest.

Don Eli micro mill has been in operation for five years. Carlos’ philosophy is to take things slowly, and in the last few years he has taken steps towards more direct trade. First by starting the micro mill, and later by approaching importers directly because he did not want to work with one of the large exporters. In the past, Don Eli sold coffee to local cooperatives and exporters, but since the 2015/2016 harvest they have sold all their coffee directly to international buyers; Bodhi Leaf Coffee Roasters in the United States and Nordic Approach. Carlos does not believe 100% direct trade is possible when the coffee is exported, but it is important to him to have control over where his coffee
ends up. He is very satisfied with his relationship with Nordic Approach, and has a lot of hope for their cooperation, both for himself and for other producers in the region. This year, Carlos is making improvements on his micro mill in cooperation with Nordic Approach. Morten from Nordic Approach explained why a long-term agreement is beneficial to both parts; “We can take a risk together with them. We can for example say that, let’s try this and that process, we will buy the coffee anyway. That way it becomes part of the learning and product development process.” For example, Carlos is testing out new drying tables to see if this will lead to better quality. Because of the agreement with the importer, he can try new innovations without risking all his income. This is valuable to both the producer and the importer in a market that is constantly looking for new and exciting products.

Figure 13: Drying beds at Don Eli micro mill

The Montero family has traveled quite a lot internationally because of swimming competitions, and Carlos studied in the United States in his youth. He has a good understanding of the market, wants to know his customers, and talks proudly about his relationships with importers and roasters. The family has visited Norway in the past, and one of Don Eli’s customers is the Norwegian roaster and coffee shop Supreme Roastworks, which they visited when they were in Oslo. These opportunities mean a lot to them, and Carlos could not stop talking about their trips to different coffee shops in other countries. He told me how big it was for him the first time he visited a coffee shop
where they sold his coffee. It was the first time in his life he got to experience his coffee “full circle”, the whole way from production to consumption.

Figure 14: Carlos pointing towards one of his coffee farms

We often talk about how consumers want to imagine a relationship with the producer, but we often forget that producers also want to know people in other parts of the supply chain. West (2012) said that the producers she studied saw coffee as their connection to a modern and interconnected global market. Northrop (2015) and Fischer (2017) also talked about how producers want consumers to know where their coffee comes from, and how important these relationships with buyers were to them. My motivation to do research on coffee was partly to learn more about where coffee comes from and who produces it, and Carlos’ stories made me realize how important it is that this understanding goes both ways. As consumers we demand knowing everything, but if producers get a chance to know the consumers and see for themselves where and how their coffee is sold, that gives them an opportunity to create better products. In the next part, we will look at how finding the right market is essential for micro mill producers.
5.2.2 La Angostura

Returning to La Angostura, we saw earlier that the Jiménez family has managed to move forward with their micro mill, but there are still challenges. Mario repeated several times that the hardest part is to sell the coffee, to find a market for it. With more micro mills there is more competition, and it is hard to find buyers. Until last year they sold their coffee to intermediaries, but this was problematic because they did not feel like they were in control. The customers paid a good price, but little was left for the producers. Now they work with Nordic Approach, which has allowed them to cut out the exporter and instead set up a direct working relationship between importer and producer. Mario said that this was better for both parts, as they could agree on a price that was beneficial to both producer and importer without any of the value disappearing into other hands.

Morten from Nordic Approach visited Costa Rica in January of 2017, and he said that from the first cuppings from this year’s harvest it looks like La Angostura has improved a lot in only one year. Now that they have a market for their coffee “they put more effort into it, and there is no doubt that their product is at a much higher quality level than last year.” Morten explained that they wanted to work with La Angostura because they were among the ones “with the best and most interesting attitude, and willingness to improve and develop …When we see that this is someone who really wants to do what it takes to get to a different level, we try to back it up and buy as much coffee as we can even if it’s not perfect. We see it as an investment”. He said that in a five-year perspective, or hopefully even longer, they know that they will get a return on that investment. He calls it a partnership, saying that “the way I see it, it is give and take and over time you end up on something that is sustainable for both.”

Long-term agreements

I asked Morten if the producers they work with have a guarantee that Nordic Approach will keep buying their coffee, or if it depends on the quality every year. As we saw
earlier, long-term relationships are often an important part of how different specialty coffee actors define direct trade. Morten said that “we are happy to make intentional agreements and contract coffee, but often the farmers don’t want to.” He explained that although Nordic Approach pays well above market price for the coffee, the producers might not make as much as they potentially could in a great year. He explained more about how the partnership works; “We give them a good price, over time, because then we have some flexibility. Even if they can’t deliver amazing quality every time, we can create a market for it. A lot of people see the value in that, because then they can budget and they know that they are still very well paid compared to what the market would pay.” He explained that as coffee prices go up and down, many producers keep hoping for another price spike, an opportunity to make some extra money. As we saw earlier, Mario said that the biggest challenge is to find a market and buyers, but this might mean that the producers still have some power to choose who to work with, that they might not always have to be price takers. In the literature, producers are often treated as powerless victims of unfair trade relations, but this image takes away from the fact that they are entrepreneurs who are fully capable of making business decisions and deciding what works best for them. Morten said that long-term agreements are beneficial to Nordic Approach, because it means they can guarantee their own customers that they will be able to buy the same coffee year after year.

5.2.3 The importer

West (2012) claimed that imagined relationships between producers and consumers hide the real relationships between all the different actors in the supply chain. Even though the focus on relationships seems to be a part of the second and third wave trends, relationships between each part of the supply chain have always existed. What is different now is that the supply chains are often shorter and more transparent, partly enabled by technology and partly by actors who want to work more directly. When Nordic Approach started five or six years ago they were one of the first companies to focus on traceability in their purchasing policy, Morten explained. To them, every coffee has a story, and they want to know where it is produced, how it is processed, why it tasted the way it tastes and all the other details. In that way, they are typical for the third wave of coffee. Nordic Approach does not use the term direct trade, but instead promise full traceability and transparency where possible. They know the whole supply
chain and share it with those who are interested. Morten says that to him it is about creating value; “the value we add is to build relations between roasters here and producers in coffee countries.” He said the reason why they mainly work with micro mills now, is because they find the concept interesting and it allows them to know every detail about what happened with the coffee.

Morten says that consumers are not yet educated and knowledgeable enough to simply accept that they should pay more and buy higher quality coffee. In an attempt to remedy that, Nordic Approach shares information with customers about what their money goes toward, like for example investments on the farm. To him, the closer connection with producers is what makes working with coffee interesting; “You are down there and get information about what type of fertilizer they use on their plants, and then you see how a coffee is brewed in a coffee bar or in someone’s kitchen in Norway or England… You are in contact with everyone from the pickers to the producers to the consumers, and that is pretty unique and exciting. It is cool to be a part of it, it is kind of a movement in our part of the world, that goes towards higher consciousness, and it is exciting to be a part of it and do our part to educate the market.” He is very passionate about his work, and genuinely wants to share the value created with producers. He said there is more focus within the specialty coffee industry on paying producers a good price now than before. Morten explained that it does make a difference to producers, and he can see the changes with his own eyes when he visits countries he has been visiting consistently over the last 13 years of working with coffee. Morten emphasized that it is important to educate consumers, because “there is a lot a farmer can do, a whole lot he knows he can do, but he needs some guarantee that he will get paid back for his investments.”

5.2.4 The coffee roaster

Nordic Approach sold some of the coffee from La Angostura to Talor&Jørgen, a new Oslo-based roastery. Talor Browne, one of the two founders and owners, told me that they buy coffee from different importers, and that their relationship to the importer is important as they do not have the capacity to source the coffee themselves. They were looking for Costa Rican coffee for a customer, and decided on La Angostura because of the story attached to it. On the Talor&Jørgen website there are some facts about the
farm, coffee and processing, and in addition to that they have listed the importer and the purchasing cost. The description on the website is:

We’re really excited to work with non-traditional producers. So, when we found this coffee from Costa Rica and were informed that it is grown and processed by as father and daughter team, we couldn’t wait to share it with you. Mario, Arleen and Maria are meticulous when it comes to picking, lot separation and processing. You can taste their hard work in this brilliant coffee. (Talor&Jørgen 2017)

Talor said it is important for them to support people with the money they spend on coffee, and to them they it is valuable to support female coffee producers. This is the first time I have seen the purchasing cost and importer listed as part of the information that is sold with the coffee, and it seems they have taken an extra step to ensure transparency. Talor&Jørgen are trying to challenge the idea that all specialty coffee has to be high-end, top of the shelf quality. Talor Browne pointed out that not everyone wants a fancy, expensive, light roasted coffee like the one that is served in most third wave coffee shops. Their goal is two-fold; they want to make coffee for everyone and at the same time support producers. As we can see in the description of the coffee, they focus on the story rather than processing or quality. Talor explained that by roasting some of the lower quality coffee darker they can satisfy those who prefer a darker roasted coffee and at the same time create a market for a coffee that might not otherwise be sold as specialty coffee. But she explained that it is hard to find socially responsible coffee that is not also top quality, because the importers that offer more transparency usually only sell the coffee with the highest cupping scores. This has been an unexpected challenge for Talor&Jørgen in their quest to make specialty coffee more inclusive and accessible.

In the next section, I will look at some challenges producers with a micro mill face in relation to direct trade and transparency. Then I will come back to the discussion about specialty coffee and how the different aspects of it can benefit producers.

5.3 Challenges and opportunities

Micro mills take care of the whole production process, creating green coffee with a focus on quality, variety and transparency. As we saw in the case studies above, these
Micro mills have eliminated one or more parts of the supply chain. In this section I will look at some of the challenges micro mills face, and discuss power and control in the supply chain. Then I will look at how many micro mill producers see more direct trade as the next step for their business.

5.3.1 Power and control in the supply chain

In terms of the number of people involved and the information shared, the micro mills presented in the case studies above are part of a more direct and transparent supply chain. As we saw in the case study of Jardín de Aromas, an exporter can serve an important role in the supply chain. They facilitate the logistics around sales and shipping and can offer a lot of support to producers in the form of training, pre-harvest financing and field trips in Costa Rica and abroad. The exporter, when asked about their role in the industry, said that “we are a platform for the producer. That is the way I see it. It is a transparent platform, it is an educational platform, it is a platform for collaboration”. As we learned in the introduction, ICAFE collects data from all the actors in the industry and is responsible for ensuring that everything is traceable. According to Mario Arroyo from ICAFE, “Law 2762 secures that the producer who knows how to produce, produces. The miller who knows how to process coffee, does that. The exporter, who is in contact with the importer, exports.” He said that this specialization is beneficial to everyone. He called the micro mills an exceptional case in terms of traceability, because every lot can be recorded and nothing is mixed with coffee from other producers. He also pointed out that; “It would be easy for exporter to take advantage of…a micro mill or of the producer. But because it is regulated, they can’t do that… The exporters, what do they do, they are a connection…and receive a commission. But it is not whatever commission they want, it is fixed by law. So that means it is very easy to control everything… I know how much coffee the producer has brought to the micro mill. I have absolutely everything recorded here.”

But as it turned out, many producers still meet a hurdle that they feel takes away their power and ability to control their own coffee. In the past, they sold their coffee to cooperatives, and many stated lack of control as one of the main reasons why they started a micro mill. Today, most of them sell their coffee to an exporter and many feel that they give up a lot of control to them. CE and CC, producers from Tarrazú, said
right away that “nothing has changed” when I asked what has changed with the micro mills, referring to the fact that in their opinion, intermediaries still have all the power.

Many producers felt like the exporters are too powerful, and that they are being treated unfairly. The exporters usually demand to buy the whole production from each micro mill, making it harder for producers to break free. Several people shared stories of how they would agree on a price with a buyer, and later be told by the exporter that their coffee had a lower quality than expected, with the consequence that the final payment they received was lower. Some said that they do not know who their customers are or how much they paid the exporter for the coffee. They cited the lack of transparency as a problem, because it made them feel like they were being taken advantage of. Although this might not always be the case, they would still like to know how much the exporter receives and what percentage goes back to them as producers. What the producers demand is transparency, and it does not seem like Law 2762 manages to ensure that for everyone.

While some buyers have chosen to work more directly with producers to ensure transparency, a lot of buyers have good relations with the exporters and find it easier to go through them, as they offer a wide variety of coffee, take care of the logistics and organize visits to producers. DF from Tarrazú told me that they used to have a good relationship to one buyer, who would come and stay with them regularly. But in the last few years, they have elegantly skipped their micro mill when going on a tour with the exporters. This is frustrating to the producers, who feel like they are losing control. TS, another micro mill owner from Tarrazú, told me that he knows his customers well and it is important for him to make them happy, but that some customers have not received his coffee because of something the exporter did, which reflects badly on the micro mill and could potentially ruin his reputation. He pointed out that the exporters depend on the micro mill owners, but that they do not treat those who are part of their business very well.

DF told me that “in the middle, someone is managing the coffee, and we don’t know if in reality they are acting good or acting bad.” He said that he does not know what happens to the coffee after he sends it to the exporter. The exporter might trick them, or conceal the price the buyer pays. “The situation is a bit complicated…when there are intermediaries in the middle, the control falls out of our hands” he explained. FD,
another producer from Tarrazú, told me his micro mill is in serious trouble because the exporter has not paid him for last year’s harvest yet. This was in December, and the harvest ended in March. They owe him a lot of money and now he has to buy things on credit. When I asked him how they could survive like that he said he almost doesn’t know himself. The rest of his family are losing motivation, but he doesn’t want to give up, he calls himself a “luchador”, a fighter, and an entrepreneur.

NN from Tarrazú was very critical to the power exporters have in the industry, told me that he sleeps better at night now because he no longer works with them. He did not like that they stuck their nose in his business and told him how to do things. One exporter told him that his coffee “no sirve para nada”, that it is worthless, and did what they could to lower the price. NN told me what the exporters pay is not as great as they make it sound because a lot disappears before it makes it to the producers. He gets more money for the coffee now and is much happier because he is in full control of his own coffee. He also said he really enjoys keeping in touch with customers and receiving visitors from all over the world.

But despite all these problems, many people also told me they are happy with the exporters. They pointed out how scary it is for a micro mill owner to navigate the world of export, so when someone offers to help them with it, it is tempting to say yes. The exporters offer a lot of support to producers, and many micro mills they might not have gotten as far as they have without them. Exporters can ensure market access, which is one of the biggest challenges any new micro mill producer has to face. Unfortunately, it seems like some of them might have gotten too big, and are taking too much control from the producers. It might be that it is frustrating for many of those who came from large cooperatives or transnational companies and started their own micro mill to take back control, to instead meet another powerful actor along the way.

5.3.2 The next step?

As we have seen, there are many different understanding about direct trade means. Some call it direct trade if they have visited the producer and know the entire supply chain, while others claim that it is hardly possible to have direct trade when coffee is exported. Intermediaries play an important part in the supply chain, and provide services that the coffee industry needs. When talking about the challenges they are
facing with the exporters, it seems like most frustrating thing for producers is the lack of control and transparency. They have taken a big step in creating their own micro mill, and many see the next step as exporting their coffee themselves. At the same time, most people said they were not ready to do that quite yet. They cited bureaucracy and the need to fill a full container with coffee to be able to send it to buyers as the main problems. A few producers are already experimenting with direct trade with buyers abroad. Companies that sell export services can be a good alternative, because that way producers or buyers can buy the services without giving up control of the coffee.

HM from the West Valley told me that they have stable relations with their customers, and that most of them come back year after year. Some of these clients are requesting to buy their coffee more directly. In the past, the negotiations between them and the client, with the exporter in the middle, worked out well, but he said that “when the exporters grow, when those who were small become big, we see our traceability being lost.” He also said that more buyers want to come and spend more time with them. They stay at the house, share meals and enjoy take part in the coffee picking and production. He explained that with “the exporter, what happens is that they bring the buyers, and they are here 15-20 minutes. Many people want to come here all day… It is nice, like when we visit a client there, we come to see all their operations, to be with them all day.” As we saw in the case studies above, these relationships are important to all the actors involved in the coffee industry.

DF from Tarrazú said that “the way I see it, the most important step would be to be able to sell directly to the roasters…I think that would be the healthiest, both for us and for the roaster, because then we could know that this is what is really happening.” At the same time, he realizes that export is a complicated matter, and that entering into a direct relationship with a roaster means a lot more work. When asked if micro mills facilitate a more direct trade, EF, who also works there, answered that “the micro mill encompasses one step of the production… but in the commercialization channel everything remains the same. They are like steps on a stairwell to reach the final consumer.” He said that owning a micro mill and processing the coffee only solves a small part of the problem, and that improving it will take a long time.

As we can see, many people see the next step as exporting coffee themselves, but they recognize that this is not easy, and that intermediaries play an important role.
Nonetheless, they see it as an important future step that will allow them to take more control over their own product. They have already started a micro mill, which changed some things, but they are not willing to stop there. Several people said that the micro mills need to work together to export their coffee on their own. There have been some attempts at organizing in the past, but none have been successful yet, because of differences in opinion about sales. But ideally, if they work together, they can help each other fill up a container and stand in a stronger position against the exporters. DF said “I think 10 micro mills could supply three or four containers to the market. I think that that would help facilitate a more direct trade.”

In conclusion, there are many different opinions about what direct trade means. As mentioned earlier, MacGregor, Ramasar, and Nicholas (2017) found that most companies that use direct trade to describe their sourcing policy mention coffee quality, price premiums, financial transparency and producer visits as the most important principles. As we have seen, the different actors in the coffee industry have a variety of perceptions of what direct trade means and how micro mills are a part of it. Some feel that micro mills facilitate a more direct trade while others say that they are taking control over production but are not really taking part in a more direct trade. The producers I met are part of many different types of trading relationships; some sell their coffee to an exporter while others work directly with international buyers. Some people feel that the exporters are too powerful and want to move away from their dependency on them, while others are happy with the services they provide. Even if the supply chains micro mills are part of are shorter and more transparent, this does not mean that producers have full control over their own product.

We also saw that some actors focus more on transparency, as the concept of direct trade might not mean a lot to consumers and some feel it has been watered down. After discussing direct trade with a lot of different people, I wonder if maybe traceability and transparency is what really matters. There is no definition that says how many people can be involved in a direct trade supply chain, or how much money should go back to the producer. But what really seems important to everyone is being able to trace the coffee and the price paid for it all the way from producer to consumer. In the end, and even in specialty coffee, most of the power still lies with the buyer, who can pick and
choose among high-quality coffees from different origins. In the next section I will discuss other aspects of how micro mills and specialty coffee go hand in hand.

5.4 Micro mills and specialty coffee

Micro mills cater to the specialty coffee segment, and their way of operating fits well with the demands of the third wave of coffee consumption. The share of value between the different actors in the conventional coffee industry has for a long time been skewed in favor of large actors in consuming countries, while producers are still struggling to survive. The micro mills started as a reaction to the coffee crisis in the early 2000s, and allowed producers to aim towards the specialty coffee segment. As we saw from the TTC statistics in Chapter 2, this segment offers a higher price and more value returned to producers. But as mentioned earlier, several authors (Ponte 2002, West 2012, Fischer 2017, MacGregor, Ramasar, and Nicholas 2017) questioned whether participation in the specialty industry and the focus on quality and relationships really is beneficial to producers.

As we saw in Chapter 2, some of the most important characteristics of the specialty coffee industry are focus on quality, direct trade, relationships and symbolic values. Direct trade was discussed in the previous section, and in this section, I will examine the other three aspects. I will look at how being part of the specialty coffee segment can benefit producers, and discuss whether micro mills can be a solution for everyone.

5.4.1 Quality

To be able to sell their coffee, producers must focus on quality. This is what the specialty coffee industry demands, and the case studies showed that this was the top priority for most of the actors on the consumer end. As we saw earlier, the Specialty Coffee Association (SCA) has established a points system to determine quality. This is used by cuppers around the world, and is supposed to serve as a common reference. But to be able to use the scoring system and determine quality, you have to drink a lot of coffee and learn to distinguish flavors, which is not something the average coffee drinker knows how to do. If you drink the same coffee every day, and this makes your day better, then this is probably what you consider a good cup of coffee. SCA has a lot
of power in deciding what specialty coffee means and how quality and taste is defined, and producers who do not know how to taste their own coffee and determine its quality rely on other actors in the supply chain to tell them how much their coffee is worth.

As demonstrated, micro mills that produce high-quality coffee are often successful in getting paid more for their coffee. But what happens if something goes wrong during harvest so that quality is compromised and they are not part of a long-term partnership? Micro mill producers have a bit more bargaining power and a more valuable product to offer, but the specialty coffee segment is still a buyer’s market. Even if micro mills are a producer-led initiative, they depend on the global specialty coffee industry to succeed. Micro mill owners are still vulnerable to price fluctuations, climatic changes and insecurities around selling their coffee, and if they fail to produce quality they might be “kicked out” of the specialty coffee segment.

And what about those who cannot produce high-quality coffee? As we saw earlier, the women’s organization in the South did not produce coffee of a quality that was high enough to sell it as a single origin. Because this meant that their identity was taken away from the coffee, they decided to no longer export it. Morten from Nordic Approach pointed out that no country will be able to produce only high-quality coffee, and Mario Arroyo from ICAFE said that micro mills cater to a small niche in the market. He also pointed out that only a small portion of the coffee in the world, and in Costa Rica, can become high-end specialty coffee; “It would be an overestimation to say 5%. I don’t have the numbers, but I am pretty sure that the top quality is only around 1% of production.” He explained that micro mills at lower altitudes will usually not be able to produce coffee of the quality required by the third wave; “The most complex coffees in terms of tastes and flavors usually come from high altitudes… The altitude is fundamental.” In other words, micro mills are not a solution for everyone, only for those who have access to land at the right altitude and with the right attributes to produce high-quality Arabica coffee.

5.4.2 Relationships

As we have seen, relationships mean different things to different actors in the supply chain, and benefits them in different ways. As West (2012) mentioned, producers see coffee as their connection to the world while consumers see coffee as a product that
comes from somewhere exotic and distant. Fischer (2017) said that the third wave focuses on “a connection to a distant Other” and that specialty coffee is sold as “a connection to specific regions and growers”. He also pointed out that many producers do not have a good understanding of customer demands.

Relationships are an important part of direct trade, and as we saw in the case studies, these are important to every part of the supply chain. All the producers I met talked proudly about their relationships with buyers and it was easy to tell that this connection to the world was important to them. They told me how their buyers would come to visit every year, and how they work together with them on new projects. They showed me bags of their coffee from different roasters around the world, and were curious about what consumers in Norway are interested in. They wanted to learn more and find innovative solutions to satisfy consumer demands. Those who had more direct relationships appreciated this, because it made them feel like they had more control over their own coffee and a closer to connection to those who buy and consume their it. The importers and roasters on the other hand, also benefit from these relationships. They also learn, and can work with producers to create the products they need. They are passionate about knowing where their coffee comes from, and how to improve quality. As we saw in the case study about Nordic Approach and the micro mills they buy coffee from, long-term agreements can be of benefit to both producers and importers, with opportunities and risks for both sides.

5.4.3 Symbolic value

Specialty coffee costs more, and part of the extra value is added through what Fischer (2017) calls the “means of symbolic production”. He says that this part of the production refers to non-material values that makes the coffee worth more, like for example quality, exclusivity and solidarity. As we saw earlier, some think customers should be educated to understand why they have to pay more for coffee, and this is often done by informing them about the origin and its geography, the producer and their story, the variety of coffee and its quality, the production method, the tastes to look for and how to brew the coffee at home.

Daviron and Ponte (2005) argued that producers should take part in the production of symbolic value. They suggested that coffee should be sold as a product that takes into
account all the different parts of the production process, both material and symbolic, and that all the actors along the supply chain should get equal credit and value out of it. By better understanding consumer demands, producers can add value to their own coffee and stand in a stronger position against the other parts of the supply chain. Knowing where the coffee ends up does not necessarily mean that producers have more control, but it is a step towards more knowledgeable producers who can find their place in the market.

Micro mills create a more valuable product, but the power is still mostly in the hands of those who know what consumers want and what price they are willing to pay for it. Most of the value of a cup or bag of coffee is added in the consuming country. With micro mills, producers can control a larger part of the supply chain and add more value to their coffee. But it stops at a certain point, because the product that is exported is green coffee. High quality coffee needs to be freshly roasted, and this is usually done in the consuming country. Value is added by putting a face and a story on the coffee, but does this value go back to the producer? Except in a few cases, like winning lots in Cup of Excellence auctions, green coffee is rarely sold for more than a few dollars pr. pound. An immense amount of hours go into producing that green coffee, from planting to picking to processing to drying to sorting, but so far the vertical integration of micro mills has only ensured that a little bit more value goes back to the producers. At the same time, costs in consuming countries might be higher, and we have to take into account the expenses of running an import business, a roastery or a coffee shop. My impression is that there is more passion than money in the specialty coffee industry, at least among the smaller third wave actors without a large corporation backing them up.

5.4.4 How can producers benefit?

Bryant and Goodman (2004) pointed out that “consumption is a way in which individuals seek to make a difference”. Fischer (2017) was critical to the way the third wave seems to assume that focusing on quality automatically leads to better conditions for producers and a more ethical trade. While this is not guaranteed, it does seem like the small quality-focused actors in the specialty coffee industry really want to ensure that the people who produce the coffee they depend on live under good conditions and get paid a fair price. Fischer (2017) argued that the specialty coffee industry, with its
focus on quality and relationships, has shifted some power to producers, in terms of being able to capture a larger part of the value of coffee. As we have seen in the case studies and other examples, the producers who own micro mills and have succeeded in entering the specialty coffee segment have seen benefits like a higher price, more economic sustainability, dignity and an opportunity to move forward, a better knowledge of markets and consumers, long-term relationships with buyers that gives them security and allows them to take risks and an opportunity to add value to their product. At the same time, they work hard, are not always treated fairly, and meet challenges along the way.

In conclusion, the specialty market can bring some benefit producers, but not everyone can take part. If they are not able to produce quality, they are unlikely to find buyers for their coffee, as the specialty buyers who want to buy micro lots have high demands. Because high-quality coffee is grown at higher altitudes, micro mills are only a viable solutions for producers who have land in those areas. Fischer (2017) also pointed out that it is not only about geography or access to land, as people who had a higher education and knew how to use technology, spoke English, and were able to translate the demands of the market into creating more valuable products were more likely to succeed. This is also true about producers in Costa Rica. It is likely that those who constructed micro mills in the first place were those who had these advantages, and that this made them more likely reap the of the benefits of both micro mills and the specialty coffee segment. At the same time, it is important to remember that although higher quality coffee usually demands a better price in the specialty segment of the market, there is no guarantee that increasing quality means market access. Micro mills can enable participation in the specialty coffee segment, but only to the benefit of some producers. At the same time, Mario Arroyo from ICAFE thinks there is room for more micro mills, because the market is huge and consumers are becoming more educated about quality; “Mainstream coffee will always exist. But I think that people want niches, that these will keep growing.”
6 Conclusion

Samper (2010) said that there is a need for complex strategies and cooperation among all the different actors of the coffee industry so that coffee producers in Costa Rica can continue to produce coffee in the future. Producers suffered from a coffee crisis with extremely low prices in the first half of the 2000s. Since then, prices have gone up a little, but so have production costs. Can micro mills provide the solution for how to survive, and thrive, as a coffee producer in Costa Rica?

The main reason why producers start micro mills is to improve the quality of their coffee so that they can enter the specialty coffee segment of the market and receive higher prices. The findings show that the majority of producers feel that their economic situation has improved compared to how it was before, when they sold their coffee cherries to cooperatives or transnational companies. Starting a new micro mill requires an investment both in time and money, and it often takes a few years before it becomes profitable. Producers took a risk by starting their own micro mill, and they had to learn a lot of new skills and work longer hours than before, without any guarantee that it would improve their income. The majority stated that it was worth it, but not everyone felt this way, and many expressed that it is both a joy and a struggle to be a micro mill owner.

Micro mills can be a means to achieve higher prices, if the owners succeed in attracting the right buyers. When successful, they can have a positive impact on the community around them as well. At the same time, it is important to keep in mind that the people who start a micro mill might already be doing better than their neighbors, so that the micro mill in itself may not be what made the difference. Micro mills are not a fast track to economic sustainability, but they can provide the means to achieve something more for those who have the skills, opportunities and motivation to do so. Not everyone has an interest in starting a micro mill; they might not see the need to, or want to take that risk.

Micro mills can bring many intangible benefits to producer families and the communities around them. They give producers an opportunity to act on their aspiration to improve their lives and to achieve something more than what is expected of them. It
gives them dignity because they control their own production, and because the coffee is sold with their name on it, giving them credit for all the hard work they have put into it. Many said they enjoy their work more now, and feel like business owners or entrepreneurs. Micro mills have also made the coffee industry more attractive to the next generation, inspiring them to stay in coffee and showing them that coffee production can be profitable. The producers I met were passionate about creating good coffee, and about learning and innovating. These intangible benefits are as important as economic sustainability when talking about the effects of micro mills on the lives of coffee producers in Costa Rica.

Fischer (2014) said that a good life is a life lived in a meaningful and valuable way, and that it is up to each person to define what this means to them. Talking about the good life might make it sound like coffee producers have it easy, and I do not wish to take away from the fact that coffee production is hard work. But the way Fischer sees it, a good life is not a specific, achievable state of being, nor is it a life in luxury. Instead it is a constant striving to become something more and to live a life that matters. We all search for this in our own lives, and to coffee producers in Costa Rica, the good life might mean to be valued for the hard work they do, and to receive a fair price for their coffee. It might mean to feel like a part of something bigger, a part of a global community of coffee professionals moving the industry forward. Fischer (2014) proposed that we should see economics as a means to provide people with an opportunity to achieve their idea of a good life, and in this context micro mills can be that opportunity.

I want to take this one step further, and point out that micro mills are a producer-led initiative. Producers are often treated as poor victims of an unfair coffee trade, and although it is true that power is not equally divided along the supply chain, this hides the many strong and dedicated individuals behind the coffee we drink every day. Just like us, they are people with dreams, hopes, visions and an aspiration to do something meaningful with their life. Instead of focusing on us helping them, we should see it as a partnership, where all parts of the value chain work together to create a better product and to ensure that everyone involved gets a fair share of the value created. The producers I met were smart and independent people who were experts in producing
coffee. They have learned a lot in the process of becoming micro mill owners, and they have gained a better understanding of what it means to be part of a global market.

The rapid growth of the phenomenon of micro mills in Costa Rica shows that it found an appropriate niche in the market; it fit perfectly into the specialty coffee industry’s constant search for high-quality coffee with unique attributes. Specialty coffee buyers want relationships with producers; they want to know where the coffee comes from, how it has been processed, and why it tastes the way it does. They want to work together with producers to find new innovations and secure access to high-quality coffee in the future. They want transparency so that they can prove to their customers why it is worth paying more for their coffee. The third wave focuses on taste and variety, and micro mills are in a unique position to fulfill this demand because they produce micro lots and have full control over the production process. In this context, micro mills seem like the perfect solution, but how much does it benefit producers?

The specialty coffee industry is demanding, and producers meet many challenges. Micro mill producers have to constantly innovate to be able to compete in the market, and although prices are higher, they are neither stable nor very high. With each new wave of coffee consumption, the demands change. Micro mill producers control a larger part of the supply chain, but still meet some challenges in terms of transparency and power. There is a lot of talk about direct trade, but everyone seems to have a different opinion about what it means. Direct trade is not a brand or a certification, and it risks losing its meaning because of the lack of a common definition. As we have seen, many producers want to trade more directly with buyers, but that is mainly because they feel like they are not in control right now. Others are happy with the services intermediaries provide, because it means more security and less work for them.

Transparency and traceability might be more important to both importers and producers than direct trade in itself. Not just in the sense that importers or consumers want to know where their coffee comes from and how it has been produced, but also for producers to understand where their coffee ends up and how much value each part of the supply chain retains. Transparency needs to go both ways, and micro mill producers are as interested in knowing the consumers as the other way around. Symbolic value is often added in producing countries so that the coffee can be sold for a higher price, but if
producers have the chance to learn more about what consumers like, they can also add more value to the green coffee.

Those who are successful in creating good relationships with buyers find this meaningful and important, because it connects them to the consumers of their coffee. In meetings with producers I saw pride in their farm and their micro mill, in everything they have achieved, in the things they have learned among the way and in the relationships they have with buyers. Pride in their coffee, in knowing where it ends up and in knowing that customers appreciate it. If I am going to describe the specialty coffee industry with one word, it would be passion. From my personal experience, the specialty coffee industry is full of professionals who really care about good coffee. Their main focus is on quality, which can be a challenge for producers, but hand in hand with that they care about helping producers, understanding coffee production and innovating along with producers. Not everyone cares about more than profit, and not everyone has good intentions, but the majority are intent on paying more for good coffee and on setting up long-term, mutually beneficial relationships with producers.

Micro mills enable participation in the specialty coffee segment for those who are able to produce coffee of a high quality. The reality of coffee production is that a certain altitude and climate is needed to do that, so not everyone in Costa Rica or the world will benefit from starting a micro mill. But although this is not a solution for everyone, or even for the majority of coffee producers, it can serve as a positive example of how producers can gain a little bit more power and share a bit more of the value created in the coffee industry.

Larger measures must be taken to create structural change in the market, but in the meantime, we could use a bottom-up approach to change and ask producers what they think. One solution can be to create long-term relationships between producers and buyers, to ensure quality, stability, security and a fair price. Micro mills can be seen as a best practice on how to move forward. It is not applicable to everyone, and it might not work as well in other countries as it does in Costa Rica, but for some producers, micro mills are a step forward, which allows them take part in a different market and gain more control. It is an individual solution, not a collective one, and in the context of the global coffee market it may not seem important, but it matters to the people who are part of it.
We have to start somewhere, and hope that the larger actors eventually follow, like they have done in the earlier waves of coffee consumption. Corporations pay attention to market trends, and want to take part in them to satisfy their customers. Hopefully small initiatives like micro mills can keep the global coffee industry on its toes and keep pushing towards higher prices and more equal relations in supply chains. In the conventional market, the power remains with large actors, while small producers struggle. Specialty coffee, and especially third wave coffee, is still a small niche, and to re-state the words of Fischer (2014), producers are aware that it “represents an opportunity in a context of few opportunities, an imperfect but valued means of realizing their desire for a better life”. The changes micro mills bring to some producers are small steps, but they are important. Hopefully this “movement” can inspire others, both in producing and consuming countries.
References


Appendix A – List of informants

Interviews

23.10.16 & 07.12.16: NN, male producer/micro mill owner, Tarrazú
03.11.16: HM, male producer/micro mill owner, West Valley
07.11.16: Carole Zbinden, female producer/micro mill owner, Microbeneficio Jardín de Aromas, Central Valley
08.11.16: CV, female producer/micro mill owner, Central Valley
15.11.16: AR, Managing Director of women’s coffee organization, Brunca
03.12.16: AB and BB, male and female producers/micro mill owners, Tarrazú
05.12.16: DM, male producer/micro mill owner, Tarrazú
06.12.16: FD, male producer/micro mill owner, Tarrazú
06.12.16: CE & CC, male and female producers/micro mill owners, Tarrazú
07.12.16: LS, male producer, Tarrazú
08.12.16: Mario, Arleen and Maria Jiménez, family of producers/micro mill owners, Microbeneficio La Angostura, Tarrazú
09.12.16: TS, male producer/micro mill owner, Tarrazú
09.12.16: DF and EF, male producers/micro mill owners, Tarrazú
13.12.16: JN, male exporter, Central Valley
16.12.16: Mario Arroyo, Promotion and Projects Director, ICAFE, Central Valley
03.01.17: Talor Browne, Founder and Owner of Talor&Jørgen, Oslo
31.01.17: Ola Brattås, Roastery and Import Manager Kaffebrenneriet, Oslo
21.02.17: Morten Wennersgaard, Founder and Product Manager, Nordic Approach, Oslo

Participant observation

09.-18.11.16: Women’s coffee organization, Brunca
01.-11.12.16: Lucia, Carlos, Marianela, Jacob and Maria José Montero, family of producers/micro mill owners, Microbeneficio Don Eli, Tarrazú
Appendix B – Interview Guides Costa Rica

Questions for coffee producers who own a micro mill

- ¿Cuánto tiempo ha trabajado con café?
- ¿Cuánto tiempo ha tenido la finca?
- ¿Cuándo fue construido el microbeneficio?
- ¿Cuál fue su motivación de crear su propio microbeneficio?
- ¿Recibió algún soporte para construir el microbeneficio?
- ¿Cuándo empieza y termina la cosecha?
- ¿Quién trabaja en el microbeneficio?
  - ¿Cuántas personas trabajan en el microbeneficio todo el año?
  - ¿Cuántas personas trabajan en el microbeneficio durante la cosecha?
- ¿Algunos de los miembros de la familia trabajan fuera del microbeneficio?
- ¿A dónde va el café después de este microbeneficio?
- ¿Tiene otros productos además que el café? ¿Por ejemplo, otros cultivos, servicios turísticos?
  - Si no, ¿quiere diversificar su operación?
- ¿Cómo han cambiado las operaciones con la construcción del microbeneficio?
- ¿En qué manera puede controlar la producción ahora que no fue posible antes de tener el microbeneficio?
- ¿Los microbeneficios participan en comercio directo?
  - Si no, ¿que es comercio directo para Usted?
- ¿Tiene muchas visitas de compradores de café?
- ¿Alguna vez ha visitado un país consumidor de su café?
  - ¿Cómo fue la experiencia?
- ¿Piensa que los microbeneficios facilitan un comercio más directo?
- ¿Sabe de cuántos manos pasa su café antes de venir al consumidor?
- ¿En cuáles maneras pueden los productores que tienen microbeneficios participar en el comercio directo?
- ¿Cuáles ventajas y retos hay con los microbeneficios?
- ¿Piensa que los productores que tienen un microbeneficio tiene más autonomía en la industria de café?
- ¿Que significa sustentabilidad para Usted?
- ¿Tiende más control del precio de su café que antes?
- ¿Ha obtenido un precio mejor por el café después de tener el microbeneficio? ¿Por qué?
- ¿Piensa que los que tienen microbeneficios tiene mejor sustentabilidad económica, o solo es más trabajo?
- ¿Hay algunas ventajas sociales, en su familia o en la comunidad, de su microbeneficio?
- ¿Si gana más ahora, ha usado parte de eso para hacer cambios en la producción?
- ¿Que hace Usted para mejorar la sustentabilidad del medio ambiente?
- ¿Hay alguna conexión entre la sustentabilidad económica de un productor y la sustentabilidad del medio ambiente?
- ¿Los que ganan más tienen más recursos para cuidarse del medio ambiente?
- Que viene primero: ¿economía o el medio ambiente?
- ¿Como ve el futuro de su microbeneficio?
- ¿Cuáles cambios haré en 5 años?
- ¿Hay algunos obstáculos para lograr estos cambios?
- ¿El gobierno de Costa Rica soporta a la industria de café? ¿En cual manera? ¿Cuál soporte debería ofrecer que no hay hoy?

Questions for director of exporting company

- ¿Cuanto tiempo ha trabajado en la industria de café? ¿Con que ha trabajado antes?
- ¿Cuándo fue fundada su empresa y cuál fue la motivación?
- ¿Está involucrado en otros partes de la industria de café (ahora o antes)?
- ¿Cuáles son las características que diferencia la producción de café en Costa Rica de los otros países productores?
- He leído mucho sobre “la revolución de microbeneficios”. ¿De donde viene el termino y que significa para Usted?
- ¿Cuál es el papel de su empresa en la industria de café?
- ¿En cual manera soporta su empresa los microbeneficios?
- ¿Cuales ventajas y retos tienen los microbeneficios comparado con el resto de la industria?
- ¿Los productores consiguen un mejor precio por su café cuando tienen un microbeneficio? ¿Por qué?
- ¿Los que tienen microbeneficios tienen mejor sustentabilidad económica?
- ¿Cuáles son las ventajas sociales que los microbeneficios pueden dar a las familias y comunidades involucradas?
- ¿Piensa que un microbeneficio puede ser más amigable por el medio ambiente que un beneficio grande o una cooperativa?
- ¿Que significa el termino “comercio directo” para Usted?
- ¿Piensa que los microbeneficios facilitan un comercio más directo? ¿En cual manera?
- ¿Como han los microbeneficios cambiado la industria de café en Costa Rica?
- ¿Vamos a ver más microbeneficios en el futuro, a hay un techo en el mercado de café de especialidad?
- ¿Piensa que Costa Rica es un país único, o que las soluciones que hay aquí pueden traducir a otros contextos?
- ¿Como ve Usted el futuro de la industria de café de Costa Rica?

Questions for ICAFE
- ¿Cuantos tiempo ha trabajado en la industria de café?
- ¿Cuantos tiempo ha trabajado en ICAFE?
- ¿Cuál es su papel en ICAFE?
- ¿Está involucrado en otros partes de la industria de café (ahora o antes)?
- ¿Cuáles son las características que diferencia la producción de café en Costa Rica de los otros países productores?
- ¿Cuál es el papel de ICAFE en la industria de café?
- He leído mucho sobre “la revolución de microbeneficios”. ¿De donde viene el término y que significa para Usted?
- ¿Existe una definición de microbeneficio?
- ¿En cual manera soporta ICAFE los microbeneficios?
- ¿Cuáles ventajas y retos tienen los microbeneficios?
- ¿Los productores consiguen un mejor precio por su café cuando tienen un microbeneficio o solo es más trabajo?
- ¿Los que tienen microbeneficios tiene mejor sustentabilidad económica?
- ¿Cuáles son las ventajas sociales que los microbeneficios pueden dar a las familias y comunidades involucradas?
- ¿Piensa que un microbeneficio puede ser más amigable por el medio ambiente que un beneficio grande o una cooperativa?
- ¿Como han los microbeneficios cambiado la industria de café en Costa Rica?
- ¿Piensa que los productores que tienen un microbeneficio tienen más autonomía en la industria de café?
- ¿Que significa el término “comercio directo” para Usted?
- ¿Piensa que los microbeneficios facilitan un comercio más directo?
- ¿Vamos a ver más microbeneficios en el futuro, a hay un techo en el mercado de café de especialidad?
- ¿Piensa que Costa Rica es un país único, o que las soluciones que hay aquí pueden traducir a otros contextos?
- ¿Como ve Usted el futuro de la industria de café de Costa Rica?
Appendix C – Interview Guides Norway

Kaffebrenneriet

Questions sent by email

- Hva betyr direkte handel for Kaffebrenneriet og hva er forskjellen på denne kaffen og den andre kaffen dere selger?
- Har noen fra Kaffebrenneriet besøkt Jardin de Aromas?
- Vet dere hvor mye Jardín de Aromas fikk betalt for kaffen?
- Kjenner dere alle leddene kaffen har vært innom før den kom til Norge? Hvis ja, er dette informasjon dere kan dele med meg?
- Er det at kaffen er produsert av en mikromølle viktig for Kaffebrenneriet? Hvorfor/hvorfor ikke?
- Hva er de viktigste kriteriene for dere når dere kjøper kaffe? Pris, kvalitet, bærekraft, land etc.?

Talor&Jørgen

- For how long have you worked in the coffee industry?
- What was your motivation to start your business?
- What does direct trade mean to you?
- What factors do you take into consideration when buying coffee?
  - Price, sustainability, country, quality, story, ease of access, etc
- How do you choose which importers to buy your coffee from?
- Why did you decide to buy the coffee from Mario Jimenez and his daughters?
- What are your plans for the future of the company?
- What would you like to see more of in the coffee industry?

Nordic Approach

- Hvor lenge har du jobbet med kaffe?
- Hva var din motivasjon for å starte Nordic Approach?
- Hvor lenge har dere kjøpt kaffe fra Costa Rica?
- Hvordan skiller Costa Rica seg fra andre produsentland?
- Hva slags endringer så dere på deres siste besøk til Costa Rica?
- Hva betyr direkte handel?
- Har dere oversikt hele prosessen, fra produsent til kunde?
- Hvorfor valgte dere å importere direkte fra Costa Rica i stedet for å jobbe gjennom en eksportør der?
- Er det viktig om kaffen kommer fra en mikromølle eller et kooperativ?
- Hva er de viktigste faktorene som bestemmer hvilken kaffe dere kjøper?
- Har dere en avtale med produsenter om å kjøpe kaffe i lang tid fremover, eller kommer det an på kvaliteten fra år til år?
- Hvordan ser du for deg Nordic Approach i fremtiden?
- Det snakkes mye om den tredje bølgen i kaffeindustrien. Tror du det kommer en fjerde bølge, og hva blir eventuelt fokuset da?