

COFFEE HISTORY

Historiographic review of coffee in Central America: a regional perspective, 1800 - 2021.

Arrival of the crop in Central America

Since its departure from the Kaffa region, now Ethiopia, in the fifteenth century, coffee has traveled thousands of kilometers and hundreds of years until its arrival in the American tropics. It was not until well into the 19th century that many Spanish-speaking countries with climates and geography suitable for its cultivation began to sow and trade the grain that would sustain a large part of the economies of the newly independent American nations.

The Central American agro-export history is intrinsically linked to the cultivation of coffee, so much so that coffee cultivation can be considered more than a productive activity, the epicenter of a complete social universe due to the political and economic power struggles that took place in a good part of the second half of the 19th century as well as the cultural transformations that came to have such a profound impact that they became part of the daily life of the people linked to it.

Although the Spanish crown promoted the cultivation of coffee in the Kingdom of Guatemala due to its success in the Antilles with the royal order of November 15, 1803, only the current territories of Costa Rica, El Salvador and Guatemala heeded the call, although only the Costa Rica province would commercially export the product to the old world.

In fact, the first report of coffee exports dates from the year 1825, during the Central American Federal Republic for a value of 3,000 pesos, although it is likely that this amount came only from the plantations of Costa Rica. In addition, the latter was the first country in the region to export coffee in a considerable commercial quantity to add it to the independent statistics in the year 1832, while in Guatemala, El Salvador and Nicaragua it would be done two decades later.

It is not until the arrival of artificial dyes on the world market that the Central American economies, which depended on the indigo trade to a greater degree than others, consider a change of economic horizon. This motivated many landowners and small producers to see in coffee a sustainable product which could beat the recent crises that were coming.

The 20th century and economic diversification

After a time of crisis due to the stagnation of prices and production, including the crash of 1929, coffee experienced a new boom at the end of the 1940s and during much of the 1950s. According to Roberto Turcios, in El Salvador, coffee represented more than 80% of the country's exports, where the price would be close to ¢102.53 per quintal for 1950 and ¢170.10 per quintal for 1955, a growth rate of approximately 450% compared to the price of the previous decade which was ¢35.00 per quintal of coffee.

Despite a new price crisis at the end of 1960, the gains obtained in the previous decade were used for an effective modernization of coffee farming, as well as industrialization and diversified agriculture in products such as cotton and sugar cane, as well as as first-hand products that helped balance national finances and position El Salvador as one of the best economies in the region in the 1970s.

In Guatemala, the fall in coffee prices at the beginning of the 20th century motivated the search for other products, such as bananas, cotton and cattle. With the arrival of the United Fruit Company (UFCO) in Guatemalan lands, the governments from 1920 to 1944 received the financial blessing of North American capital in agricultural expansion and diversification, as well as improvements in infrastructure in exchange for land concessions for the banana cultivation in much of the Guatemalan territory.

With the arrival of the 50s and 60s, coffee was promoted again in Guatemala with the creation of laws and the National Coffee Association (ANACAFÉ) and with the end of the state of war against Germany, it was decided to sell of all the assets expropriated from German citizens, who, until the 1940s, owned and produced 60% of Guatemalan coffee since the beginning of the century.

In fact, the good coffee boom in Central America, which reached \$59.00 per quintal in 1955, was used by the Guatemalan coffee-growing elite to invest in other items such as cotton, livestock, and although its price was going down in 1960, they also invested in new technologies and varieties of coffee, so much so that a good group of Guatemalan coffee growers created the Experimental Coffee Association, dedicated to experimentation and scientific research for the improvement of coffee in Guatemala.

In Nicaragua, prior to the boom decade, coffee continued to dominate as one of the main sources of enrichment and financing for the state, the problem came with the abandonment of direct military occupation by the United States and the rise of Anastasio Somoza to power in Nicaragua. 1936. Somoza managed to appropriate a large part of the Nicaraguan coffee-growing lands in ten years, becoming the country's main exporter followed by his retinue of landowners, which led to exorbitant enrichment on the part of the Somoza dynasty and stalled the agricultural modernization of the country. country, due to the use of profits in strengthening the national guard.

By 1950 and 1960, cotton would displace coffee from first place in exports. Precisely in 1955, the export of cotton was 48.8 thousand tons against 27.4 thousand tons of coffee, however, what did not change was the amount of land and the use of soil that coffee represented in Nicaragua, since, from 56 thousand hectares used for the cultivation of this in 1950, rose to 86 thousand hectares in 1955.

Influenced by the North American councils and by the Somocista coffee class, at the end of the 1960s, the interventionist state promoted the creation of multiple centralizing entities that modernized agriculture to a certain extent, especially coffee. One of these institutions was the Agrarian Institute of Nicaragua and the Nicaraguan Coffee Institute (INCAFE) in 1965.

Costa Rica, by the 1930s, was still dependent on coffee as an export product. But, as in the case of the rest of the Atlantic countries, the agricultural export of bananas had also begun; Even so, the protection of coffee cultivation continued, since in 1933, the Institute for the Defense of Coffee was created by executive order, which, according to article No. 2 of the executive decree, had the objective of "Intervening all aspects related with the grain business, from its cultivation to the realization of the product".

In 1935, despite the fact that the largest export was bananas, the product that actually obtained the greatest profit for the state was coffee, with a total of ¢32,413,682 for a total of 242.38 quintals or 24.2 thousand tons. According to statistical data of the time, which meant an increase of 26.4% of the export of the previous year.

According to Héctor Pérez Brignoli, the creation of this institute, the exhaustion of the coffee-growing agricultural frontier and the great reforms of 1948, as well as the accelerated modernization of the crop (which had not undergone any significant modernization since 1870) meant the end of the self-consumption sector. and the predominance of the medium and small coffee grower which was replaced by fully capitalist production and trade relations, including the introduction of large "coffee businessmen" (who were mostly large Costa Rican landowners with commercial thinking along with other foreigners) who acted as intermediaries or benefactors of the small producers for the export of the grain.

Already in the decade of 1950 - 1960, as in the rest of the countries of the region, there is a diversification in Costa Rican agricultural exports, due to sugar cane, rice and livestock. The good prices of the rest of these products and the drop in the price of coffee forced the state to invest in an industrial integration that, according to Justo Aguilar, would finally get Costa Rica out of the stagnation of the economy dependent on the fully rural sector.

In Honduras, just in the year 1933, Tiburcio Carías Andino came to power for the first time, president whose management had to face a series of problems such as the fall in the prices of minerals and bananas due to the plague of "Sigatoka" which reduced production and therefore a large part of income. At this time, the UFCO controlled practically all areas of the Honduran agro-export system and helped lay the pillars of the new coffee sector, which would help alleviate the crisis of those years to a certain extent.

In its first steps as a relevant product, coffee came to be from 5% to 12% of the country's exports, prior to the arrival of Carías, the little coffee that was planted was for internal consumption and some was exported under the Salvadoran brand names, which is why they did not appear in the statistical tables of national exports. Even so, the difference between bananas and coffee was notable, since the export of the former represented 77% between 1927 and 1935, although mining had been considerably reduced.

With the end of the Carista dictatorship, the agro-export economic development takes the required leap, due to the diversification of items such as the export of abaca, African palm, cocoa and finally coffee. In addition, with the creation of the National Development Bank (BANAFOM) in 1950, products such as cotton and sugar cane would also be listed and small coffee producers would be greatly supported.

During the 1960s, both coffee (16.6% expo.) as well as wood (13.5% expo.) and cattle (1.8% expo. Approx.) were placed behind bananas, but ahead of mining, which left coffee as the second relevant product for Honduran exports. Likewise, in that decade several institutions were created in favor of agricultural exports, among them, the Ministry of Agriculture (1954), the Directorate of Cooperative Development (1956) and the National Council of Economy (1957). On the other hand, the ECLAC initiative to change the Latin American economic guidelines with Import

Substitution Industrialization (ISI) created the foundations for the improvement of infrastructure necessary for coffee growing and other items to enhance, although always, with bananas. first.

End of the 20th century and Central American coffee in the new millennium

In the 1960s and 1970s, coffee yields gradually increased in countries with a coffee tradition, especially in Costa Rica and El Salvador, where technological innovations such as soil fertilization more appropriate for its sustainability and the introduction of the "caterra" variety to replace the "maragogípe" variety that was traditionally used.

In its 2002 report, ECLAC stated that the entire coffee sector in the region was going through a crisis worse than the one at the end of the 20th century, this time linked to the overproduction of the grain with respect to its global consumption, since there was a loss of almost 713 million dollars in coffee sales compared to the figures from 1984 to 1988, which represents a decrease of 1.5% of the regional GDP.

An interesting fact is the change in coffee exports in the region. For the first quarter of 2021, Honduras led the export of Central American coffee with a total of 723 million dollars equivalent to 35% of total exports, followed by Guatemala with \$468 million, Nicaragua with \$343 million, Costa Rica with \$219 million and finally El Salvador with \$83 million, although by the end of the year, El Salvador reported \$122 million dollars in coffee exports, an increase of 13.6% compared to the beginning of the year. The United States and Germany are the main recipients of said exports.

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