

National Federation of Coffee Growers Of Colombia, 1927-2017

90 Years

Colombian Coffee:  
Growing for the Future



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Growing for the Future

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Karim León Vargas - Juan Carlos López Díez







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Henry Louis Duperly and son, La Palmita  
Farm property of Pedro Belarmino  
Plata, Páramo, Santander, 1894.]  
“Colombia: collection – female coffee  
collectors”, Roselius & Co. *Darstellung  
des kaffeebaues in Columbien*. Bremen:  
Roselius, 1910, illustration 9.













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## FOREWORD

# Coffee: Crop for Development and Peace

First of all I want to apologize to those reading this foreword – an assignment that fills me with joy - for the personal references, but I must confess before I begin, that it is impossible for me to separate the history of coffee and the Colombian Coffee Growers Federation with my own, since in one way or another, for 45 years out of 90, I have been connected to the entity: Half of its institutional existence.

Indeed, in 1972, soon after graduating from the University of Kansas - School of Economics - I started working at the Federation. Initially I was going to be assigned at the Huila Coffee Growers Committee, but ended up working in Communication and Public Relations.

I warmly recall my encounter with the coffee growing countryside of Chinchiná - Caldas, the amazing freeze-dried coffee plant operated

by the Federation and its inauguration, which I arranged. Under the stern but unparalleled mentoring of Mr. Arturo Gómez Jaramillo, I discovered that the essence of our nation lies in the coffee industry.

I fell in love with the coffee-growing process, the exquisite journey from the coffee plantations on our mountains and rural areas to the aromatic cup served in any home, office, or restaurant in Colombia or the world. After recalling Arturo Gómez Jaramillo, great man who was like a second father to me, I should also mention other good leaders who led the coffee industry of our country: Mariano Ospina Pérez, Manuel Mejía, Jorge Cárdenas Gutiérrez, Gabriel Silva, Luis Genaro Muñoz and nowadays Roberto Vélez, responsible for the continued modernization of the Federation in order to face the challenges of our coffee bean.

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Armando Villegas, *Nuestra Señora del café*, oil on canvas, 160x110 cm. Colombian Coffee Growers Federation, Bogotá. Catalina Londoño Carder.

In the early seventies, Gómez Jaramillo sent me to London as representative of the Federation before the International Coffee Organization. Many battles I faced during the almost ten years I was there, advocating for the Colombian coffee growers during the International Coffee Agreement, a treaty that is now history, but which brought immense benefits to the coffee industry and to the country.

I often state that I learned the importance of dialogue and consensus while working at the National Coffee Growers Federation, where conciliation is law and policies are jointly established between government and coffee growers. Who could have known that this lesson would later help me to achieve the most relevant peace agreement in the recent history of our country!

This is not the only lesson learned from coffee growers. This association taught me the pride of working in the fields, the value of the land, and the tenacity of Colombians who do not surrender to adversities.

The coffee guild, with the affection and admiration of all Colombians, brings together over half a million coffee industry devoted families throughout the country, an undisputable community well-being and social network strengthening factor.

Hundreds of thousands coffee-growing families are the *raison d'être* of this institution.

During this first 90 years there have been certain milestones which changed both the history of the coffee bean and Colombia, such as the creation of the National Coffee Research Center (Cenicafé) in 1938, and the National Coffee Fund in 1940 under the presidency of my great uncle Eduardo Santos.

Mention should also be made of Almacafé, created in the 1950s to provide logistic, storage and quality control support; the coffee grower's cooperatives founded in the early 1960s; and the specialty coffees grown and marketed nowadays making a difference.

It would certainly be impossible to talk about the Federation without mentioning Juan Valdez, whose 50th anniversary was celebrated in 2010. He is an icon that has taken our coffee to all the corners of the world and since 2002, when Procafecol began its activities, has served the best coffee in its committed-to-quality coffee shops.

Along with these, the Federation has consolidated itself as a respected and respectable institution at national and international level, which has given voice to numerous anonymous coffee growers. It's also the most important supportive institution of the agricultural sector.



The good standing of the Federation has and will remain to be determined by its democratic structure which has allowed the participation of all in the construction of the coffee policy.

Precisely on its ninetieth anniversary there have been advancements in the negotiation process to draft and approve new statutes.

My connection to the coffee sector did not end when I retired from the Federation. Still many battles had to be waged together. I have always been convinced that as Colombians we owe tremendously to coffee and its strength is the strength of our nation. My motto has been: “What is good for coffee is good for Colombia.”

Our coffee bean is within the soul of prosperity, equity, and political stability of the nation. Not without reason, The Commission for Adjustments to Coffee Institutionally, which we created in 2001 when I was Minister of Finance, designated the coffee industry as the Strategic Social Capital of Rural Colombia.

At the beginning of the 21<sup>st</sup> century, as head of the country's Financial Office, I had the opportunity to support the coffee sector's worst crisis as the international coffee price went down to US\$ 45 cents per pound.

It was then we created the Government Support to the Coffee Industry (AGC), the first direct relief to coffee growers since the times of Mr. Esteban Jaramillo in the early 1930s, allocating 450 million Colombian pesos (converted to current value) from the National Budget (2002 – 2004).

In addition to this direct relief to the income of coffee growers, we worked with the coffee authorities to protect the National Coffee Fund finances, fundamental instrument in the collaboration between the guild and the national Government.

Moreover, the creation of the Adjustments Commission which produced the legendary “Green Book”, allowed us to define a new path for the coffee industry, benefiting coffee bean growers with the deepest transformation of the sector in decades.

Added value policy, specialty coffees, leverage of the brand and Juan Valdez; non-coffee-related assets sales; discretion elimination when determining coffee sector contribution; freeing coffee trade, and first and foremost, democratization of the Federation which entailed access to all coffee businessmen, without any distinction of size or region, to the decision-making bodies of the institution, all of these revolutions found their inspiration

in the pioneering work that I, together with the Commission, had the chance to present before the coffee businessmen.

Later, as Minister of Defense, we implemented the “Safe Axis” policy to recover security along the traditional coffee region. A decade ago in the frame of the 80th anniversary of the Federation, we signed an agreement with the coffee growers that enabled us to eliminate kidnapping and terrorism from the region.

But crisis did not end there. An economy sector such as the coffee industry, continuously exposed to international business cycles and climate vagaries, requires creative solutions to face difficult situations.

On August 2010, when I took on the Presidency of the Republic of Colombia, the sector was again undergoing difficult times with low international prices and productivity due to crop illnesses and ageing and the worst ‘La Niña’ phenomenon registered in our history. Consequently, one of the first actions of my government, two weeks short of being president, was to sign the Agreement for Coffee Prosperity at the Federation, committing to recover the competitiveness and sustainability of the sector.

Today we can report our achievements. Despite the though “La Niña” 2010 and 2011 phenomena, an even greater international

price fall in 2012, and “El Niño” droughts in 2016, the coffee growing sector lives a new spring.

Six hundred twenty thousand (620,000) coffee hectares have been renewed since the signature of the Agreement, in other words two out of three, and productivity has nearly doubled, from 10 sacks per hectare in 2009 to 19 sacks per hectare today.

In 2016 we had a historical harvest of 14.2 million sacks with also a record value of over 7 trillion COP. For 2017 we expect to surpass both records.

To achieve a positive reactivation, certainly resources where needed and I am proud to say that my administration has invested the most money in this sector, essential not only for our economy and the rural GNP but for the country, by contributing to the social well-being and improving the quality of life of millions of Colombians.

We moved from the old and dismantled Government Support to the Coffee Industry (AGC by its acronym in Spanish) to the Protection of Coffee Sector Revenue (PIC, by its acronym in Spanish) that delivered 1.3 trillion Colombian pesos to those coffee growers affected by the low price during this period of time.

Up to the time I am writing this foreword, my administration has invested over 2.7 trillion Colombian pesos in the sector - including the Collective Intervention Plan (PIC by its acronym in Spanish) and other programs such as the Rural Capitalization Incentive - to which 3.8 trillion Colombian pesos are added from the Fund for the Support of the Agricultural Sector (Finagro by its acronym in Spanish) for over half a million coffee projects. Never before in the history of Colombia has there been such an amount of funds allocated to safeguard a sector of the economy.

I must certainly say that this coffee industry upturn is not a sole result of the great effort made by the government, but also of the dedicated and effective work of the Colombian Coffee Growers Federation, the National Committee, the departmental and municipal committees, and of all those male and female coffee growers of our country.

It is a combined effort. For this reason, by mid-2016 we renewed the alliance between the State and the coffee growers for 10 more years, by signing a new National Coffee Fund administration contract.

What can we expect in the future for this inspiring and beloved guild? I would point out two key challenges: to continue working to be more competitive and sustainable, and to continue moving forward towards

conquering new markets with our specialty coffees And, on the other hand, to capitalize in the zones of influence the benefits implied by the end of the armed conflict with the Revolutionary Armed Forces of Colombia (FARC).

No other sector can contribute more effectively to the construction and consolidation of peace than the coffee sector, due to its institutional presence in the regions, its experience in the execution of works, its culture of legality and work, and its good practices.

Coffee has all the tradition and potential to become the crop of peace. Coffee industry progress requires peace and the consolidation of peace needs the support of coffee growers.

It is good to celebrate the 90th anniversary of the Colombian Coffee Growers Federation in the midst of a scenario of hope! The coffee industry has sown development and wellness in our soil and I am sure it will continue to do so for the pride and satisfaction of all Colombians.

JUAN MANUEL SANTOS  
*President of the Republic of Colombia*







## PRESENTATION

# Ninety Years under the Shade of Coffee Bushes

**O**n June 21<sup>st</sup>, 1927, the attendees of the II National Congress of Coffee Growers have interrupted deliberations and gone up to the rooftop of the building where the meeting is being held. Photographer Jorge Obando places them in two rows, seven seated in the front row and the others standing in the back. All circumspect, knowing it is a solemn occasion, dressed in style with vest and pocket watch chain. The façade of Junin Theater and some Ceiba trees of La Playa Avenue can be seen in the background.

This photograph, initial testimony of a 90-year history, is vividly present in my memory since I was a child, as it was permanently displayed at my grandfather's house, one of the attendees to that founding congress (second man to the left). As many other thousands of Colombians, my family history is intricately linked to the Colombian coffee growing history.

I am a product of what Luis López de Mesa denominated “mountain slope civilization”. In other words, part of the Colombian population settled in the foothills of the Andes Mountain Range, depending on coffee cycles. I have lived aware of droughts and winter disasters, Brazilian frosts, rust and the borer beetle, price booms and crises, benefits and defects of shading, price of urea, and the need to prune the coffee bushes.

This memorial book of the 90th anniversary of the Colombian Coffee Growers Federation intends to leave a testimony of achievements and vicissitudes the coffee guild has gone through in almost a century of existence. If it were necessary to find a single word to synthesize the past nine decades, it would be *resilience*: the capacity to successfully overcome adversity and forge on the path of progress.

As seen through the pages of this book, this is not just a history of economics but a social

[Previous Page]  
Gonzalo Ariza, *Cafetal* [detail], oil on canvas, 156x256 cm. Colombian Coffee Growers Federation, Bogotá. Catalina Londoño Carder.



Pedro Nel Gómez, *La danza de café*, 1937, fresco mural painting, 2,36x3,11 m. Museo de Antioquia, Medellín. Catalina Londoño Carder.

[Recolector de café], 1972, tapestry, Talleres Reales de España, 202x150 cm. Colombian Coffee Growers Federation, Bogotá.

recount. There is virtually no aspect of the Colombian life not intimately related to coffee: Transportation, health, education, research, recreation, and cultural expressions, they are all closely linked to the symbols that represent Colombia worldwide: Juan Valdez, *Conchita* his mule, and the impressive Andes Mountain Range in the background.

Universidad EAFIT wants to express its gratitude to the Colombian Coffee Growers Federation Board of Directors and the Committee

of Coffee Growers of Antioquia for entrusting the Business History Group with the edition of this book. We hope the readers enjoy it along with an aromatic steaming hot cup of Colombian coffee.

JUAN LUIS MEJÍA ARANGO  
*President*  
*Universidad EAFIT*











## INTRODUCTION

# 90<sup>th</sup> Anniversary of the Colombian Coffee Growers Federation: Achievements and challenges

ROBERTO VÉLEZ VALLEJO, *Colombian Coffee Growers Federation, Manager*

**A**s manager of the Colombian Coffee Growers Federation, I am really excited to celebrate its 90<sup>th</sup> anniversary, which is also the celebration of over a century of the Colombian coffee industry ongoing presence in an increasingly globalized and competitive market. For the year 2017 Colombia presents complex challenges: establishment of peace and achievement of inclusive economic growth and environmental sustainability. Throughout the economic and social history of our country, no other activity has spread to so many regions nor has lasted as long as coffee production, generating thousands of jobs, invigorating regional economies, and stimulating other linked productive sectors.

I was born in Risaralda, my ancestors were coffee growers, and I started my career in the marketing area of the Federation a couple of decades ago, when coffee industry was adapting to the global free market, without the International Coffee Agreement, and the Colombian economy was also undergoing a change due to a macroeconomic reduction of the production value and coffee bean exports.

After nearly two years as manager of the Federation, despite tremendous changes in global and Colombian economy, I can asseverate that the country's coffee growing industry is experiencing a thriving period, renewed and productive, with a unified guild organization, working in order to face new challenges.

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Horacio Longas, Poda. *Epopeya del café* [detail], 1943, ceramic glaze on tiles, 200x200 cm., module D. University Theater Camilo Torres, Universidad de Antioquia, Medellín. Catalina Londoño Carder.

Some of this strength is due to the Colombian peso exchange rate real correction that occurred finalizing 2014 with the slump of oil prices, following a decade of important appreciation of the peso, which started early this century.

The history of the guild organization, founded by a group of visionary coffee growers in July 1972, found in this book is intertwined with the history of Colombia during great part of the 20<sup>th</sup> and 21<sup>st</sup> century. Indeed, coffee production, trading, and export activities have involved millions of families, especially rural ones, and contributed decisively in the construction of the Colombian nationality, organized settlement of its territory, and the development of 20 departments. Part of this growth is product of the Federation's work through its departmental and municipal committees, managing and implementing physical and social infrastructure projects.

While it is true that coffee is currently not a strong determining factor for the national gross domestic product and exports, as it was in the 20th century, it remains an important activity that generates employment, added value, and peace in 590 municipalities within the country, and its guild serves as an example of collaboration to achieve the objectives set by its founders in 1927.

The foundation of this success is tax contributions created by the authorities in 1940, whose parameters have been modified accordingly to the market changes. Currently, coffee contribution supports the essential public goods that coffee growers themselves have defined as a priority: purchase guarantee, research, extension service, and support to coffee chain added value generation, such

as Colombian coffee advertising campaigns, Juan Valdez trademark, and specialty coffee programs, generating overpricing and benefiting producers. This model was recently ratified between the National Government and the Federation, through an agreement for the National Coffee Fund management by the latter, for the next 10 years.

One of the most important institutional accomplishments include the execution of projects supporting the development of coffee region rural areas: housing construction and improvement, tertiary road construction and maintenance, community infrastructure (education, health, and other works), and productive infrastructure<sup>1</sup>.

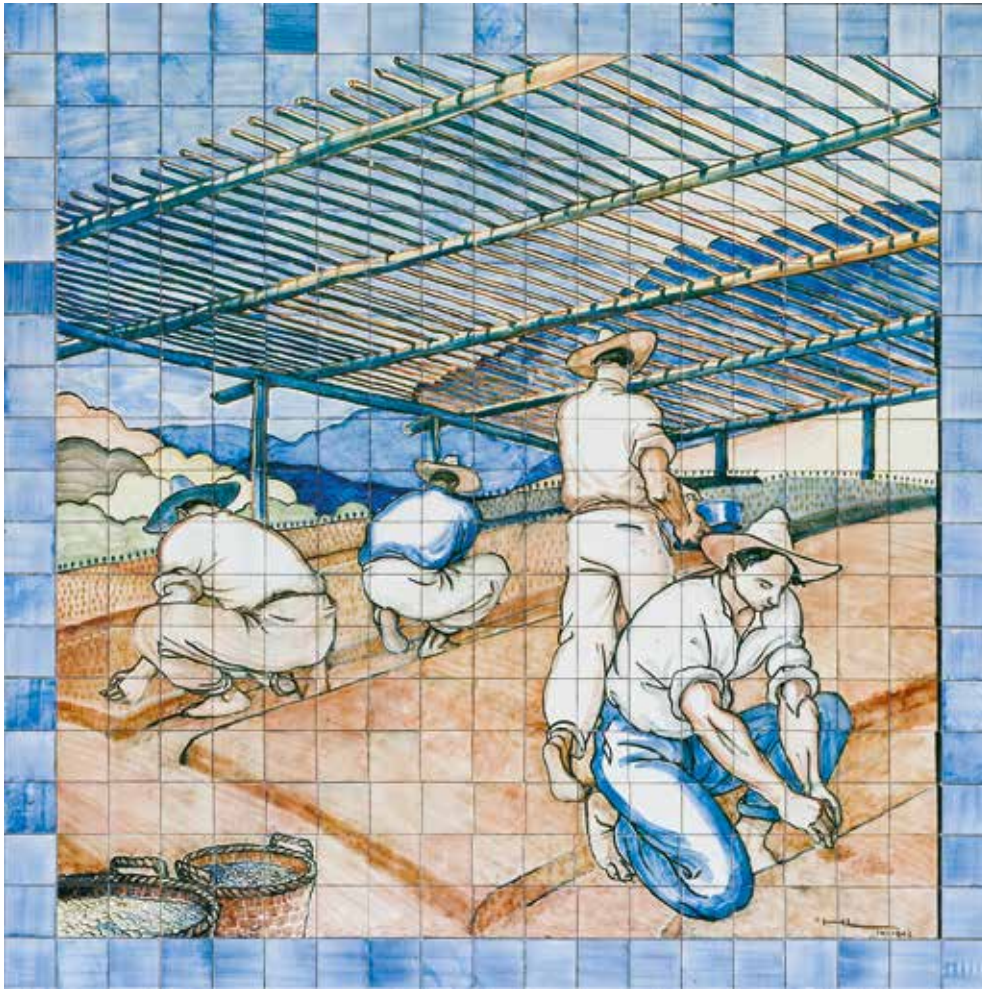
As Colombia begins to move into a post-conflict era, coffee growing is a hope. There is no doubt it will be an activity that will contribute to peace in violence-stricken regions. The Federation, its departmental and municipal committees, will be an important ally of the Colombian State in the execution of projects that will help to close the gap between the rural and urban areas.

As recently expressed by a young coffee grower from San Carlos, Antioquia – a municipality strongly affected by violence – who in 2005 lost his right leg by an anti-personnel mine in a coffee path: “...but I didn't lose the will to continue working and today we are moving forward with our coffee.”

The private sector has committed to this cause. Nespresso® an exceptional coffee global firm, with whom the Federation developed the largest specialty coffees cluster in the world, recently launched to the market a special edition of coffee capsules

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1 For more information, see text box: “The role of coffee institutional operation in rural development”



Horacio Longas, Preparación del almácigo. *Epopéya del café*, [Seed nursery preparation. The epic of coffee], 1943, ceramic glaze on tiles, 200x200 cm., module E. University Theater Camilo Torres, Universidad de Antioquia, Medellín. Catalina Londoño Carder.

called “*Aurora de la Paz*” with coffees grown in the department of Caquetá, another region strongly affected by violence.

## Strategy of the Federation by 2027

The strategy built by the Federation’s management team for the next 10 years, when arriving to its first century, has four pillars: to be productive, competitive, and profit-

able activity, to provide social well-being to producers and their families, environmental sustainability, and a strong and united guild organization<sup>2</sup>.

The *economic profitability* pillar aims to increase the farms’ productivity, to improve their quality and a more efficient use of supplies, and to implement innovation in processes such as harvesting. Moreover, it is necessary to continue working on emerging economies market penetration, to increase coffee per capita consumption in Colombia, to strengthen coffee origin differentiation for greater added value,

.....  
 2 These two pillars are in line with the “sustainable objectives of the United Nations for 2030”. Accordingly, intensive work has been under way to advance in actions that allow the achievement of those objectives, making use of a baseline and monitoring indicators.





Horacio Longas, *Pesaje tarreo. Epopeya del café*, [weighing with cans. *The epic of coffee*], 1943, ceramic glaze on tiles, 200x200 cm., module E. University Theater Camilo Torres, Universidad de Antioquia, Medellín. Catalina Londoño Carder.

and better risk management to mitigate producers' income volatility. At the beginning of my administration we moved forward by releasing lower-quality coffee exports, denominating them "Product of Colombia", finding a market, generating additional income for producers, and safeguarding the traditional quality reputation associated with the trademark "Colombian Coffee".

The social *well-being* pillar's objective is to achieve for coffee growers and collectors labor formalization, providing social security (health care insurance, retirement plan, and occupational risks insurance), to upgrade housing conditions for coffee-growing families, to improve education and training for coffee producers, to enhance associative practices, and to facilitate generational renewal.



Horacio Longas, *Despulpe. Epopeya del café*, 1943, ceramic glaze on tiles, 200x200 cm., module G. Camilo Torres University Theater, Universidad de Antioquia, Medellín. Catalina Londoño Carder

The *environmental sustainability* pillar goal is to improve the agricultural practices, seeking a better preservation of resources such as water, soils, and ecosystems. Furthermore, it is necessary to continue working from the National Coffee Research Center (Cenicafé), in partnership with worldwide research centers, for the development of new agro-ecological and climate change adapted varieties.

A consolidated *guild* organization is required in order to accomplish these goals, with leadership and governability, and with an ongoing consultation with coffee growers through regular management visits to municipal committees. The issues under consultation include: statutes modifications and development of an ethics code, that once approved will be mandatory, contributing to maintain an efficient, effective, and financially solvent organization.





## Global Coffee Chain Co-Responsibility

After the International Coffee Agreement quotas rupture in 1989, the global market has freely operated, experiencing an increase in the Global Coffee Roasters Industry concentration, with high price volatility, and long-term real price downward trend, which poses a crucial question to all members of the global coffee value chain: Will it be possible to maintain an adequate mid-term coffee offer and consumers quality demands, considering the high volatility and downward trend of coffee prices, increasing climate change risks, and lack of guarantee of generational changeover in many coffee growing regions? The global coffee market has been shortsighted establishing prices based on short-term, often-speculative factors, not considering long-term structural determinants.

The Federation has set an additional objective for the next 10 years: A co-responsibility commitment among the different global value chain agents to co-finance research for solutions such as coffee crops climate change adaptation, obtaining through research new technological packages with resilient and productive varieties, and transferring these packages to millions of growers. Other important challenges are: Innovations to improve the collection efficiency, due to growing labor

shortage (as an increasing number of people choosing to migrate to the cities) and to find new economic, social, and technological arrangements that guarantee the relay faced by the coffee community. An additional challenge is to find short term mechanisms to reduce the risks associated with high coffee price volatility.

These are global challenges involving both worldwide coffee producers and marketing and product transformation intermediaries in order to continue supplying the growing number of global consumers. New generations have the right to consume coffee in its new modalities, as previous generations did at the time.

The way to achieve this co-financing and specific projects will be the result of a global comprehensive and constructive dialogue among producers, marketing organizations, and the final consumption supplying industry. The International Coffee Organization, the international cooperation, multilateral banks, and the governments of consuming and producing countries will undoubtedly contribute to this cause. The Colombian Coffee Growers Federation is committed and willing to lead this co-responsibility endeavor.



*Epopéya del café*, painted by Horacio Longas in 1943; under gratuity loan to the Universidad de Antioquia by the Coffee Growers of Antioquia Departmental Committee on July 19, 1999. This artwork represents the coffee growing and production process from the seeding nursery preparation to export. Initially it comprised fourteen modules; eleven of them reconstructed by the University Museum restoration team. This image displays module H. *Lavado*. *Epopéya del café*, 1943, ceramic glaze on tiles, 200x200 cm. Camilo Torres University Theater, Universidad de Antioquia, Medellín. Catalina Londoño Carder.

## Role of Coffee Institution in the Rural Development

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During these 90 years, coffee institutionalism has had a leading role in the history of Colombia, not only because of the importance of coffee for the economic growth during most of the twentieth century, but also because of its contribution to the rural development of over half of the country's municipalities. One way in which this contribution has been materialized is through the Federation's investments in community housing and productive infrastructure, through its Committees, for decades, using initially the National Coffee Fund resources and more recently, by leverage of public resources coming from territorial and/or private national and international entities.

Between 1944 and 2015, approximately, \$7.6 trillion were invested in infrastructure, more than the value of 2016 harvest (\$7.1 trillion); 61% allocated for housing and public services related projects; 25% for construction of roads and related works, 12% for the development of educational, healthcare, and community facilities, and 2% for productive infrastructure.

Between 1944 and 1962, priority was given to housing and public services: Construction of aqueducts, drinking water, new housing, and improving basic sanitation. Between 1963 and 1989 focus was set on housing and

aqueduct upgrading. Between 1990 and 2015 a higher number of houses were benefited by improvement plans for covers, kitchens, floors, and lavatory facilities, in addition to the construction of new community aqueducts and household water networks.

There is no information available regarding roads and related works for the first period, but between 1963 and 1989 there was active construction of new tertiary roads and upgrading of the existing ones, as well as the construction of pedestrian and vehicle bridges that supported interconnection and facilitated regional commercialization. Between 1990 and 2015, investment focused on vehicle bridges and upgrading existing tertiary roads (concrete slabs, ditches, drains, landslide removal, reinforcement, signaling, etc.), and the construction of new roads in areas like southern Tolima.

During its first years, the community infrastructure committees (education and health, among others) focused in constructing classrooms and housing for teachers as well as retaining walls, while the building of school facilities, school restaurants, lavatory facilities, hospitals and health care centers took place between 1963 and 1989. From 1990 to 2015 the construction of schools and new classrooms intensified as the construction and upgrading

of healthcare facilities remained important and other works focused in sports centers, youth care centers, or community centers.

Lastly, productive infrastructure has also changed according to the technological developments and crop needs. For instance, while in the first periods the construction of coffee processing stations based on running water channels, Elba's roof drying patio, drying marquees, and silos were reported, from 1990 to 2015 the construction of dryers and the upgrading and/or construction of coffee processing centers based on the technological developments of Cenicafe (vats, becolsub, ecomill®, parabolic solar dryer and drying silos) were evident.

Through these, the Federation has been able to develop a broad capacity for the implementation of effective and transparent social investment in rural areas, widely acknowledged in Colombia and all over the world.



## Infrastructure investment through the Coffee Growers Committees

Component	Indicator	1944-1962	1963-1989	1990-2015	1944-2015
Housing and public services	Infrastructure (number)	1,929,920	1,008,026	3,734,166	
	Investment (millions)	102,314	3,449,986	1,077,953	4,630,253
Roads and related works	Infrastructure (kilometers)	NDA	36,785	178,598	
	Investment (millions)	NDA	556,404	1,351,369	1,907,773
Education	Infrastructure (number)	5,035	15,528	9,336	
	Investment (millions)	NDA	189,597	339,402	529,000
Health	Infrastructure (number)	NDA	68 *	739	
	Investment (millions)	NDA	12,405	41,291	53,697
Other community infrastructure	Infrastructure (number)	282	NDA	1,482	
	Investment (millions)	391	97,065	247,941	345,397
Productive infrastructure	Infrastructure (number)	9,385	6,591 *	150,689	
	Investment (millions)	23,435	14,754	147,830	186,019
Total Investment	Trillion	0.13	4.32	3.21	7.65
Harvest value	Trillion	63.6	146.0	142.1	351.7
Harvest % value	Harvest % value	0.2%	3.0%	2.3%	2.2%

\*Estimated figures. NA (non-available). Values in constant 2016 peso values.

### Technical notes:

- These data add investment infrastructure resources executed by the Federation through the Committees for the three periods described and using different financing sources: National Coffee Fund, municipal and departmental governments, national and international cooperation parties.
- Total values only include infrastructure, but do not cover the total amount of social investment made through other programs such as educational provisions, in-kind contributions, recovery of soils, forests, and water sources, productive transformation, research, coffee marketing, positioning, exports quality control, trademark development, and other coffee public assets financed through the coffee contribution and National Coffee Fund resources.


- Coffee institution community infrastructure generates positive externalities, benefitting coffee regions population as a whole, whether being coffee bean producers or not.
- Housing and public services, including aqueducts, sewage systems, rural electrification, basic sanitation, and construction and rural housing improvement.
- Roads: including construction of new roads, maintenance of existing roads, bridges and related works. Total road infrastructure is calculated by adding the intervened kilometers per year, and it is probable road maintenance conducted on the same place, at different periods, but through new investments.

Sources: Colombian Coffee Growers Federation. Economic Investigations Directorate.

- i) Information recovered from the Coffee Growers Committees historical archives.
- ii) Departmental Committees Annual Management Reports.
- iii) Junguito, R., & Pizano, D. (1997). *Instituciones e Instrumentos de la Política Cafetera en Colombia*. Bogotá: Fondo Cultural Cafetero.
- iv) Jaramillo, J.F., (1988) "Comités Departamentales". *Revista de Ensayos de Economía Cafetera* No. 2. FNC. Bogotá

- Education includes school construction and classrooms, teachers housing, sanitary facilities, restaurants, and laboratories upgrading.
- Health covers the construction and upgrading of hospitals and health care centers.
- Other community infrastructure works include, amongst others, sports centers, social and community halls, and youth care homes.
- Productive infrastructure includes coffee processing and dryer facilities.





Half a century of coffee production:  
From its beginnings to the Federation

*ÁLVARO TIRADO MEJÍA, Emeritus Professor of Universidad Nacional de Colombia*





“Le Caféier”, Aimé Riant, *Le café, le chocolat, le thé*.  
Paris: Librairie Hachette et Cie., 1880, sp.

Church Fathers– has remained as an important factor ever since the Hispanic Conquest, and the fact that for certain times in history, Colombia’s current territory was the world’s main gold producer – during the 17<sup>th</sup> century, contributed with 39 % of the total production–, it is true that when making a balance from the economic and social point of view, gold mining does not create the positive effects of agricultural export products, especially coffee. During the second half of the 19<sup>th</sup> century such products included cinchona, indigo, cotton, and most notably tobacco, but lasted a very short period of time. Conversely, with ups-and-downs coffee has remained in the market since the second half of the 19th century, when it started to be produced for export and not just for family consumption, and nearly for a century as our main export product.

It would be impossible to describe the last and half a century of the Colombian history without mentioning coffee. In fact, production of coffee beans is linked to the economy in different aspects – market expansion, job offers, capital growth, industry, domestic and foreign trade, communication routes, etc. – as well as to technological advancements, demographic changes, territorial settlement, regional developments, cultural expressions, national political arena and international relationships, civil wars and peace, and specially as economic stabilization support, as noted by Luis Eduardo Nieto Arteta<sup>3</sup>.

While it is true that gold production and export – ‘Satan’s manure’ according to the

Commercial coffee production began in Santander; coffee exports were limited until the 1860s. By the 1870s it represented over 20% of all exports, it continued growing and by 1899, during the Colombian One-Thousand-Days War, coffee became 50% of all exports. In the early 20<sup>th</sup> century (1905 – 1909), at the end of the war, it represented 38 %, increased to 47 % right before World War I (1910 – 1914), and to 69 % between 1925 and 1929.<sup>4</sup> By the 1980’s, coffee consolidated as the first export product, and internationally Colombia became the second largest world producer, after Brazil, and the first mild coffee producer of the world. From 1910 – 1960, coffee became 60 to 80 % of all Colombian exports. “From the very moment coffee exports began, the Colombian

3 Luis Eduardo Nieto Arteta, *El café en la sociedad colombiana*. Bogotá: Breviarios de Orientación Colombiana, 1958.

4 Despite finding slight differences among the cited authors, the abovementioned figures were taken from: José Antonio Ocampo, “Los orígenes de la industria cafetera 1830-1929”, in: Álvaro Tirado Mejía, ed., *Nueva Historia de Colombia*, tomo V. Bogotá: Planeta, 1989; Roberto Junguito Bonnet, *Historia económica en el siglo xx*. Bogotá: Universidad Sergio Arboleda, 2017; Carlos Caballero Argáez, *La economía colombiana en el siglo xx*. Bogotá: Penguin Random House, 2017.

“Fleurs et fruit. Café en coque”, Aimé Riant, *Le café, le chocolat, le thé*. Paris: Librairie Hachette et Cie, 1880, p. 16.

trade balance has almost always been favorable. It can be consistently observed that this balance, from 1875 to 1930, has had a surplus”.<sup>5</sup>

## Production in Santander and Cundinamarca

In his enjoyable and instructive book, Medardo Rivas features the first agricultural coffee companies in the western slopes of Cundinamarca and the farms being built to produce the beans:

Many years ago coffee turned Brazil into a great nation, brought Venezuela to high prosperity levels and enriched the small Central American Republics. Despite these flattering examples, there was not a single plantation in Colombia.<sup>6</sup>

Rivas’s complaint was part of a positive patriotic attitude towards coffee crops, evident through a series of books written to lead its planting and advice on the best way to grow it. The first of those works was written by José Manuel Restrepo, historian and secretary of Simón Bolívar, who in 1856 wrote:

We encourage all true Granada patriots to continuously engage and enlighten people from Nueva Granada on how to promote all elements of our fertile soil, in order to increase their wealth and wellbeing [...].<sup>7</sup>

The following writings should also be included: Practical coffee growing treatise, Francisco Ospina, 1871;<sup>8</sup> “Coffee growing: basics for farmers, Mariano Ospina Rodríguez, 1880;<sup>9</sup> “Coffee growing memoirs or a guide to start a coffee bushation in Colombia, Nicolás Sáenz, whose third edition was published in 1895.<sup>10</sup>



The coffee bush belongs to the Rubiaceae family, with over 500 genus and 8.000 cultivated species. *Coffea arabica* and *Coffea robusta*, from the Coffea genus, are the most important cultivated species. The first one is mainly found in America and some regions of Africa and Asia, while the second one is found in Africa and Southeast Asia. Both species are cropped in different climates and altitudes: elevated areas for arabica and low for robusta.

Bean growing was also promoted from the pulpits; during confession, Father Romero – Bucaramanga’s priest – as penance for his parishioners, imposed the planting of a number of coffee bushes, proportional to the severity of their sins, which could explain the widespread of the plant. Inspired and in verse, Gregorio Gutiérrez González wrote in 1867 *Memoria sobre el cultivo del maíz en Antioquia*.

Venezuela exported coffee since the final days of The Colony and then it moved to Colombia. It is not by chance that coffee production began its journey in Santander and spread for half a century into the national territory, covering the western Cundinamarca, and continuing to the west – Antioquia, Caldas, Tolima and Valle. Constituting today’s important coffee growing family and including to the north the Sierra Nevada and to the south, Huila and Nariño.

5 Alvaro Tirado Mejía, *Introducción a la historia económica de Colombia*. Bogotá: Universidad Nacional, 1971, p. 242.

6 Medardo Rivas, *Los trabajadores de tierra caliente*. Bogotá: Banco Popular Library, 1972, p. 297.

7 José Manuel Restrepo, “Cultivo del café”, en: *Memorias sobre el cultivo del café*. Bogotá: Publicaciones del Banco de la República, Archivo de la economía nacional, 1952, p. 5.

8 In: *Memorias sobre el cultivo del café*. Bogotá: Publicaciones del Banco de la República, Archivo de la economía nacional, 1952, pg. 13 y ss.

9 *Ibid.*, pg. 51 y ss. 10

10 *Ibid.*, pg. 75 y ss.



“Desclieux partage sa ration d'eau avec le plant de café destiné à la Martinique”, Aimé Riant, *Le café, le chocolat, le thé*. Paris: Librairie Hachette et Cie, 1880, sp.

One of the most extraordinary stories about the origin of coffee in America belongs to French Navy Officer Gabriel Mathieu de Clieu, whom in the 1720's took the first coffee bush to Martinique. De Clieu's was journey full of incidents. According to his story, water was rationed during the trip and he had to share his portion with the bush.

preaching contributed in a great extent to coffee bushing between 1860 and 1870. Production spread to Lebrija and Rionegro and by 1840, there were crops in Vélez and other southern municipalities.

Besides the spiritual aid, other elements contributed to coffee spurt in Santander: cinchona and particularly tobacco export drop, affecting plot-related production in the region, halt in hats production and export, and civil wars, all of which led many unemployed workers to migrate to other coffee producing regions, including Venezuela.

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These circumstances helped to design Santander's coffee production profile, initially with the existence of large farms with abundant workmanship, and latter small plots which dominated since the first decade of the 20th century. By 1923, farms with less than 12 hectares represented 56% of Norte de Santander's production and 36% of Santander del Sur's.

The first crops in Santander started in the suburbs of Cucuta (1830's). Extending to Pamplona and Ocaña. In Salazar de Las Palmas, the abovementioned Father Romero, encouraged coffee production. Mr. Francisco Puyana and Mr. Bernardo Ordóñez in Bucaramanga, grew the first coffee bushes from Venezuela and Father Romero's

It is estimated that in 1872, 90% of Colombia's coffee production originated in Santander,<sup>11</sup> but by the end of the century, increased production in Cundinamarca, and part of Antioquia, reduced this participation to 30%. During Santander's predominating production period, coffee export took place through Venezuela, via Maracaibo.

11 Mariano Arango, *Café e industria 1850-1930*. Bogotá: Carlos Valencia, 1977, p. 28.

## Origins of coffee crops in Colombia



Origins of coffee in Colombia are not clear, but the most widely accepted version states in that in 1723 Jesuit priests introduced beans from Venezuela. It all seems that coffee had been grown in the French-Caribbean islands since 1720 and spread first to Venezuela and Costa Rica and later to most of the tropical countries of the Americas, with ideal cropping conditions. Amongst the oldest records about introduction of coffee into the continental territory, is Jesuit Joseph Gumilla's account, whom in 1741 wrote in *El Orinoco Ilustrado* about the existence of coffee bushes in Santa Teresa de Tabage, town close to the mouth of river Meta into the Orinoco River: "Coffee, considerable fruit, which I tried, planted, and grew, proving these soils suitable abundant bean harvest".<sup>1</sup> It is known that in 1790 a group of Englishmen settled in San Andres, Spanish crown territory, grew coffee and cotton to trade in the Jamaican market.<sup>2</sup> From Pamplona and Socorro, the crop rapidly spread throughout the territory. There is information about the existence of coffee in Antioquia

since 1808 in places such as Concepción de Nuestra Señora, San José de Marinilla, Nuestra Señora del Carmen and San Antonio del Peñol. Nevertheless, *coffea* was considered a wild medicinal plant, with no economic purpose.<sup>3</sup> Norte de Santander department is considered the cradle of coffee industry in Colombia. In 1834, in the former Province of Pamplona, the first coffee bushes for trading purposes known to have existed in Colombia, were planted. It was only until then that coffee was considered a commercial product; the first export was 2,560 sacks through customs in Cucuta.<sup>4</sup>

1 Joseph Gumilla, S. J. "Fertilidad y frutos preciosos", *El Orinoco ilustrado. Historia natural, civil y geográfica de este gran río y de sus caudalosas vertientes...* Madrid: Manuel Fernández, Impresor de la Reverenda Cámara, 1741, p. 331.

2 "Carta enviada al Virrey del Reyno por Antonio de Narváez y La Torre, Comandante General de Panamá", January 27, 1790. Reserved Letter No. 19, pages 29-33, Aduanas-Cartas, Sección Colonia, Archivo General de la Nación, Bogotá.

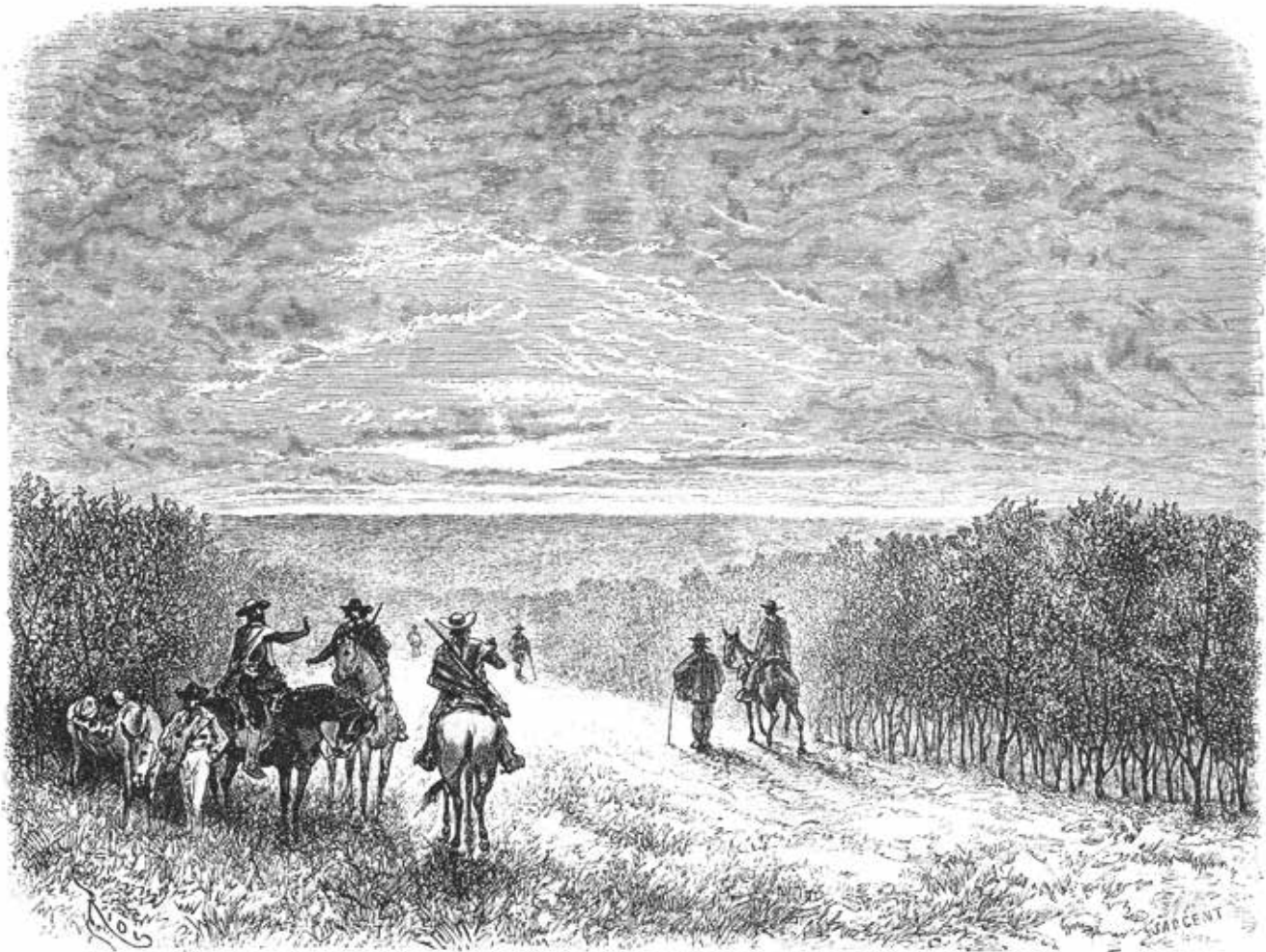
3 Víctor Álvarez Morales, ed., *La Relación de Antioquia en 1808*. Medellín: Impregón, 2013.

4 Alberto Camilo Suárez, "Santander del Norte cafetero", *Revista Cafetera de Colombia*, vol. i, No. 1, Bogotá, November 1928, pg. 11-12.

During the second half of the 19th century (1860s) an interesting process of integration of uncultivated lands in the western slopes of Cundinamarca, towards the Magdalena River, into agriculture and livestock occurred. It followed three routes: 1) Bogotá-Honda, close to Sasaima and Guaduas; 2) along the Bogotá River, in the province of Tequendama, including towns such as La Mesa and Viotá; and 3) in Sumapaz, towards Girardot. The result was the creation of a set of large farms with livestock, sugar cane plantations and sugar mills, orchards, and large-scale coffee operations that coexisted with small ones.

Besides soil suitability other several elements influenced in the configuration of this process. By this time tobacco production and exports in Ambalema and other hot weather regions started to decrease. This situation released work force who became unemployed and drove capital investors to search new opportunities. This also impacted sectors previously devoted to commerce, as they joined the adventure of incorporating new lands and involving agricultural businesses. The international coffee market expansion and favorable prices led rural entrepreneurs to invest and commit with the coffee





“Cultivo de café en los Llanos –Dib. de Riou.”, Eduardo Acevedo Latorre comp., Edouard André and Charles Saffray, *Geografía pintoresca de Colombia. La Nueva Granada vista por dos viajeros franceses del siglo XIX*. Bogotá: Litografía Arco, 1971, p. 124.

industry. Allegedly, future President Manuel Murillo Toro introduced coffee cropping in Cundinamarca (1850) with beans brought from Venezuela, which he planted on his farm Tusuelo in Guaduas, activity continued by one of his children.

Coffee became a trend in the region and many merchants from Bogota bought lands and established large coffee farms. By the end of the 19<sup>th</sup> century, Lucas Caballero stated:

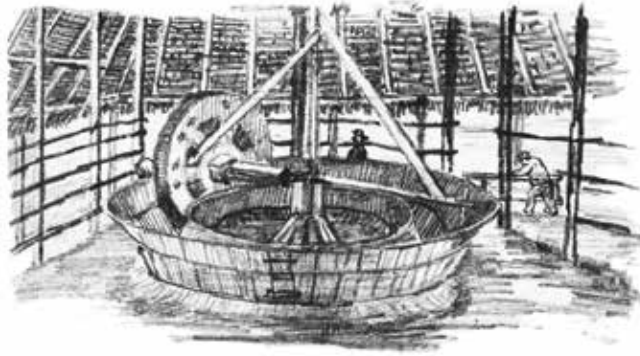
[...] during the coffee industry boom everyone including, laborers, traders, priests, cattle breeders, and sugar cane

growers, benefited. In those days ‘being a coffee grower dignified the individuals, it became a well-respected title’.<sup>12</sup>

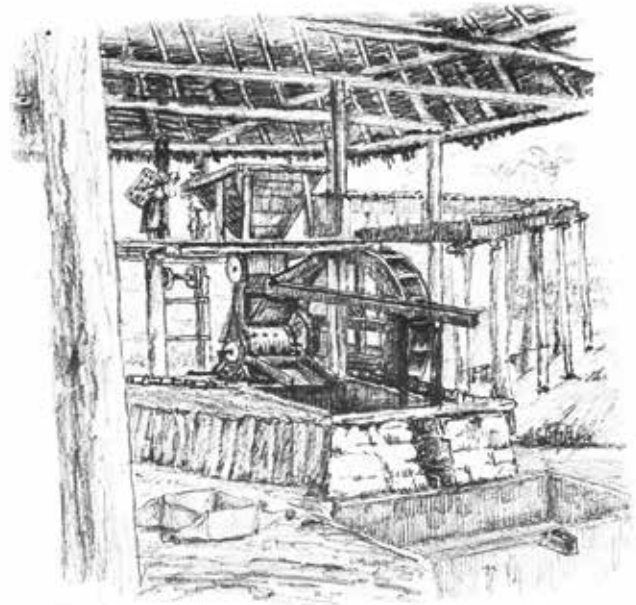
Amidst them, although not exclusively, people from Antioquia should be mentioned and highlighted. They were people from this region and linked to Bogota, where they had made or increased their fortunes since the independence of The Colony, particularly in the realm of business. A strong cluster of Antioquian coffee businessmen was formed—the Montoya, Sáenz, Lorenzana, Ospina, Herrera Restrepo, Rivas Mejía, etc. and according to

12 Cited in Charles Bergquist, *Café y conflicto en Colombia, 1886-1910. La Guerra de los Mil Días, sus antecedentes y consecuencias*. Medellín: FAES, 1981, pg. 120.





Located in the Southwest of the department of Cundinamarca, Viotá has been considered the most important coffee subregion of the province of Tequendama since the 19<sup>th</sup> century, where large coffee farms were developed. The image shows a coffee parchment remover mill or Tahona in Buenavista large farm, Viotá, Cundinamarca. Ricardo Moros Urbina, *Album of natural life drawings, 1883-1888*, pencil, industrial paper 9,5×6,3 cm. CO.AGN.AP/RMU//1.2, Private Archives, Archivo General de la Nación, Bogotá.



Coffee pulping machine, Buenavista large farm, Viotá, Cundinamarca. Ricardo Moros Urbina, *Album of natural life drawings, 1883-1888*, pencil on industrial paper, 16,4×16,5 cm. CO.AGN.AP/RMU//1.3, Private Archives, Archivo General de la Nación, Bogotá.

Camacho Roldan, Sasaima's landowners were from Antioquia. It seems that Tyrrel Moore (1864), an English man who had lived in a farm in Antioquia for thirty years, where he notably contributed to the development of mining and its production techniques, created the first large coffee farm in Cundinamarca, in the Chimbre region. We have previously mentioned authors from this region who wrote, promoting coffee cropping, who also owned important coffee companies.

Coffee production in Cundinamarca was characterized by large farms with tenants and sharecroppers as key components. Agricultural leasing at these large farms consisted by regional farmers given free use of a plot of land for their subsistence and housing, but they were not allowed to grow coffee. In exchange, the tenant worked without pay for a certain amount of days and as a wage earner when required, usually during the harvest; typically this wage

was lower than the regular wage.<sup>13</sup> Labour, particularly during the harvest period, has always been a serious problem for the coffee-growing industry. Large farms tried to solve this issue by binding the farmer as previously described. This caused several problems, mainly in economic growth periods as in the 1920s, when public works and industry deployment drove salaries upwards and farm tenants wanted to free themselves from contractual ties. This was one of the elements that motivated the unrest and protests that characterized this period, weakening large coffee farms in Cundinamarca and eastern Tolima. Some of the rural reforms attempted during the 'Revolución en Marcha' under president Alfonso López Pumarejo, aimed to alleviate this situation.

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13 M. Arango, *Café e industria 1850-1930*, op. cit.

## The Ospinas and the Relationship between FNC and Central America



Mariano Ospina Rodríguez, *Cultivo del café. Nociones elementales al alcance de todos los labradores*. Medellín: Imprenta del Estado, 1880.

The relationship between Colombia and Central America in terms of coffee, date from the second half of 19<sup>th</sup> century when Colombian businessmen saw the economic potential of this crop in countries such as Guatemala, El Salvador, and Costa Rica.

The activities performed by members of the Ospina family illustrate this as they introduced the knowledge acquired during their different exiles to Central America. Initially Mariano Ospina Rodríguez and his family found refuge in Guatemala (1863) and joined the Jesuit coffee farms. Later on his son, Tulio Ospina Vásquez, exiled to Costa Rica (1877). In these countries the Ospina's acquired new knowledge about managing plantations, coffee farms management, and coffee bean processing.

Upon their return at the end of the 1870's, they established coffee farms in Southeastern Antioquia, and Mariano Ospina Rodríguez promoted coffee growing by publishing his manual *Cultivo del café. Nociones elementales al alcance de todos los labradores*, published in 1880 by the Antioquia's state-owned printing press. The Ospinas became important coffee growers and supporters of the industry. Since the beginning, this activity allowed them to be an active part of the FNC and through it, to maintain their relationship with Central America over the years<sup>1</sup>.

An example of the relationship between the FNC and Central America is the research studies (1938

– 1951) of the Central American production as a benchmark of excellence and quality in Costa Rica and El Salvador.

Such studies identified different bean and profitability aspects that made the Central American industry successful, such as processing techniques: These were uniformly, homogeneously, and collectively performed in large plants; specialized harvesting techniques based on a careful sorting different from the mass sorting procedure carried out in Colombia, drying and washing techniques, perfecting raking and sorting; and mechanized mill techniques used in El Salvador. Besides production expertise, certain techniques were discovered such as the use of the coffee pulp to produce hummus fertilizer for soils and to feed livestock.<sup>2</sup>

The Federation also identified the possibility of replicating coffee processing plants, but there were several obstacles: poor communication routes, long distances between coffee areas and possible processing stations, difficulties for standardization of production areas, and credit allocations. The international experiences provided a parameter for the Colombian industry to advance and for profitable capital investments; but studies revealed it was necessary to meet the most compelling needs of the mid-20<sup>th</sup> century, related with technological upgrading, improvement of production costs: labor, harvesting and processing technological advancements, and improvement of education and health care services in the coffee regions.<sup>3</sup>

1 Roger Brew, *El desarrollo económico de Antioquia de la Independencia hasta 1920*. Medellín: Universidad de Antioquia, 2002, pg. 279.

2 Miguel Valencia, "Un viaje de estudio y observación por los países de la América Central", *Revista Cafetera de Colombia*, vol. ix, No. 118-119, Bogotá, 1949, pgs. 3505-3542.

3 Julio O. Morales, W. E. Keeder y Francisco Gómez O., "Estudio económico de fincas cafeteras", *Revista Cafetera de Colombia*, vol. x, No. 120, Bogotá, 1951, pgs. 3559-3567.



## Migration to the West: Antioquia, Caldas, Tolima, Valle

The main boom of the century took place during the last decade of the 19<sup>th</sup> century, a period politically known as the *Regeneración*, characterized by an increase of international prices and growth of the territory devoted to coffee crops, particularly in Cundinamarca and Tolima. In Santander, production expansion was moderate and in Antioquia, where coffee growing had been practiced for two or three decades, there was an expansion but of lesser extent.

The Thousand Days' War (1899 – 1902), had a tremendous negative effect in many areas. In the coffee growing industry labor problems worsened with forced levy, death, and injuries; with the military actions communication routes were destroyed, impacting exports. After the war coffee production growth gradually accelerated and its production moved from the eastern – Santander, Cundinamarca – towards the west, mainly the territory of Antioqueñan colonization (Antioquia, including the Viejo Caldas, until its separation in 1905), western Tolima, and some regions of Valle del Cauca.



“Trasplante de cafetos, Sociedad de Mejoras Públicas, *Tarjetas postales Unión Universal de Correos*. Medellín: Casa proveedora Ed. Víctor Sperling, Leipzig, s.f.

Territorial shift came with fundamental modifications related to production ways and farm sizes, which brought important consequences, such as land subdivision or small property production. As noted by Mariano Arango:

[...] The development of large coffee farms in Santander del Sur, Cundinamarca and eastern Tolima was a long 50-year process (1860 – 1910), while coffee production by farmers consolidated itself as a decisive economic activity in Antioquia and Caldas in only sixteen years (1880 – 1906).<sup>14</sup>

14 Ibid., p. 17.

Table 1 provides indicative figures showing this situation.

Table 1 Coffee production by department

Departments	National production per year (%)		
	1900	1913	1932
Antioquia and Caldas	15	36	47
Tolima and Valle		10	23
Norte de Santander, Santander, and Cundinamarca	82		24

In the proposal made by Francisco Javier Cisneros for the construction of the railway to Puerto Berrío, regarding coffee in Antioquia, he stated that:

[...] coffee is just ranked 9th in production and 10th in values. [...] Nevertheless, it is one of the fruits that will change the face of Antioquia's soil since there is an abundance of lands for its growing, mainly those the railway must cross-over [...].<sup>16</sup>

Coffee bushes for family consumption was known in Antioquia and other places within the country since the end of the Colony. Swedish traveler Carl August Gosselman, 'adventurer, scientist, and spy,' came to America and visited Medellín in 1835, where he lived with his fellow nationals, eight mining and business men. Making a laudatory description of the small Ville, its surroundings, and the variety of tropical fruits that grew in the orchard of his fellow Swedish host, he included the coffee bean. For a long time coffee growing remained limited to the home environment in Antioquia. Still in 1885, Manuel Uribe Ángel did not include this Rubiaceae as export product in his pioneering geography book of Antioquia:

Agriculture is just enough to keep balance with natural consumption, yet it cannot be said that subsistence is cheap. There is no surplus and no need for such, since the lack of communication routes destroys all hopes and sense for profit.<sup>15</sup>

As envisioned by Cisneros, coffee production leaped forward in production and cropping. Between 1892 and 1913, land dedicated to coffee production increased from 953 hectares to 26,800 in Antioquia, and from 160 hectares to 12,000 in Caldas.

Commercial scale coffee growing began in and around Medellín during the second half of the 19<sup>th</sup> century. As of 1880s, a group of Antioquean landowners, working multiple activities, specially trading and mining, created coffee production farms in the municipality of Fredonia and later on in surrounding municipalities such as Titiribí. Coffee production spread from this municipality throughout many regions of the department. These lands had already been divided during the colonization of Antioquia and were surrounded by large farms dedicated to livestock, in southern Antioquia, along the Cauca River.

15 Manuel Uribe Ángel, *Geografía general y compendio histórico del estado de Antioquia en Colombia*. París: Imprenta Víctor Goupi y Jourdan, 1885, p. 476.

16 Francisco Javier Cisneros, *Memoria sobre la construcción de un ferrocarril de Puerto Berrío a Barbosa*. (Estado de Antioquia). Nueva York: N. Ponce de León, Printing House and Library 1880, p. 41





“Récolte du café, d’après une photographie”, Aimé Riant, *Le café, le chocolat, le thé*. Paris: Librairie Hachette et Cie., 1880, sp.

Among the Vásquez, Márquez, Navarro, Uribe Uribe, Restrepo Uribe, Echeverri, families, entrepreneurs that created the first large coffee farms in the region, the Ospina family should be particularly mentioned. They integrated their coffee activity with various economic interests as trade, coffee export, mining, banking, and the industry, without excluding their outstanding role in the regional and national political life.

Mariano Ospina Rodríguez from Guasca, Cundinamarca was connected to Antioquia since very young, after taking refuge in these lands, following his participation in an attack against Bolívar. Not only did he spread the virtues of coffee through booklets, but was the first to create a large coffee farm in Fredonia (1882). His sons, particularly Pedro Nel, were the first to engage in the coffee industry, by

producing coffee in their farms and exporting the bean. The Ospina Pérez family owned El Amparo farm and Mariano Ospina Pérez was an expert on coffee matters, founder and president of the Colombian Coffee Growers Federation for several years.

In the large coffee farms of Antioquia tasks were performed by laborers and largely by permanent workers known as *agregados*, different from Cundinamarca, where more servile relationships were established.

The most important difference was the *agregados* housing concentration, giving as result a separation between housings and the plot of land. This separation seems to have been decisive, avoiding the strengthening processes of small farm economy as in Cundinamarca.<sup>17</sup>

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17 J. A. Ocampo, “Los orígenes de la industria cafetera 1830-1929”, *op. cit.*, p. 220.







At the end of the 19<sup>th</sup> century coffee became the most important product of the Colombian economy and since the 1910's, has represented more than a half of the national exports. Commercialization of this product was implemented from the Andean region to the ports along the Magdalena River such as Girardot, Ambalema, Honda, La Dorada, Puerto Nare, Puerto Berrío, Barrancabermeja, Puerto Wilches, Gamarra or El Banco, among others. These ports, along with the railways, built a complex communication network, which connected Magdalena River with foreign trade. "Plantación de Café en Colombia: Embarcando Café por el río Magdalena", Roselius & Co., *Darstellung des kaffeebaues in Columbien*. Bremen: Roselius, 1910, picture 23.



Coffee production growth strengthened its modernization stage and increased exports, process that initiated at the end of the 19th century. During this time, large-scale industrial threshing was introduced. The image shows coffee threshing in La Julia, large farm owned by Luis Jaramillo Walker, located in the Quindío region. With close to two hundred thousand coffee bushes, it became one most modern farms in the country in the early 20th century. It employed around four hundred labourers a day, in the different coffee process tasks. Jorge Posada Callejas, *Libro Azul de Colombia*. Nueva York: The J. J. Little & Ives Company, 1918, p. 335.

## The Antioqueñan Colonization

Small coffee property is closely related to the Antioqueñan Colonization though not exclusively. This title was given to massive migration and territorial settlement processes developed from the end of the Colony (19th century) until an important point in the first half of the 20th century, one of the most significant events in the history of the country given its effects and impact in the demographic, economic, political, and cultural sectors.

During the Colony, Antioquia was a sparsely populated, poor, and isolated region. Colonial officers compared it to certain African regions due to the decay, abandonment, indolence, and backwardness of its inhabitants, people dedicated to mining in rivers and ravines, who lived in torrid regions favoring tropical

illnesses or in arid territories along the eastern mountain region.

Prior to the Independence and for different reasons, farmers began a migratory movement, searching for lands to cultivate, traveling in different directions, mainly towards the south. One group from the city of Rionegro and its surroundings worked their way through the forests, establishing towns towards Abejorral, Sonsón, and continuing to the south, to a province currently known as Caldas. They founded Aguadas, Salamina, Manizales and, moving always south, towards Quindío, northern Valle, Sevilla, Tuluá, and the mountain range of Tolima, El Líbano... Another group gradually moved from Medellín and the Valle de Aburrá, leaving its trace along the southwest of Antioquia – Amagá, Fredonia, Titiribí, Jericó, Andes, Caramanta...–, the coffee region map of western Colombia.



# EL PORVENIR

## DEL NORTE ES EL CAFÉ

Nadie ignora que el café es la vida de nuestro Departamento y el eje del movimiento comercial de Colombia. Con razón exclamaba en el Congreso de la República un ilustre parlamentario: "En Colombia todos somos cafeteros hasta tanto que se me pruebe lo contrario". Es decir que todos vivimos "de la industria cafetera.

Y la razón es bien clara:

En 1926, cuando la nación recibía 30.765.771 pesos oro por petróleo, bananos, pieles, oro, tagua, esmeraldas, perlas y otros productos, las exportaciones de café valieron \$ 84.517.256 oro.

Y teniendo Yarumal terrenos, como en realidad los tiene, tan apropiados para este cultivo como son los de la región de Ochalí y otras por el estilo, es imperdonable que no figure entre los municipios productores de café. Mas aún: si se examinan las condiciones excepcionales en que este Municipio se encuentra en relación con los demás para la exportación del café, no se concibe que pueblo tan robusto y tan capaz de realizar cualquiera empresa, haya prescindido tanto tiempo de este valiosísimo producto.

Las exportaciones de café no sólo traerían para Yarumal una nueva fuente de riqueza por el valor que el producto representa, sino que harían surgir una nueva vía comercial que lo independice del tributo que todos los demás pueblos de Antioquia tienen forzosamente que pagar por concepto de transportes.

El día que Yarumal produzca una apreciable cantidad de café, la navegación por los ríos Cauca y Magdalena a salir directamente a Barranquilla será una realidad. Y la forma más práctica de darle vida a esta idea es produciendo artículos de exportación que alimenten y sostengan el comercio que se puede establecer.

El Honorable Consejo Municipal debía tomar muy en serio esta idea y votar una apreciable cantidad para una propaganda efectiva al cultivo del café, propaganda que pudiera hacerse a base de semillas seleccionadas, enseñanzas prácticas sobre la siembra, formación de almácigos, poda y beneficio del grano, a cargo de una persona muy entendida en la materia, contratada por lo menos durante algunos meses. Esta pequeña erogación la recibiría con creces el mismo Municipio al correr de pocos años.

La siembra de café no es tan costosa ni tan difícil como se cree.

Una buena semilla y muy buen terreno es lo principal. Después, con los cultivos intercalados que se pueden establecer cuando el café está pequeño, ya sea de maíz, yuca o plátano, se sacan los gastos de la plantación y a la sombra de estos cultivos va creciendo el café sin mayores sacrificios, beneficiándose de los cuidados que se presta a los cultivos intercalados; y a los tres años ya empieza el cafetal a producir. Es decir, ya empieza la explotación del rico filón.

Un brioso y entusiasta agricultor de esa región decía alguna vez con sobradísima razón: "El café florece plata y fructifica oro."

NORTEÑOS: ¡A SEMBRAR CAFÉ!

TIP. EXTERNADO. MEDELLIN.—OP. 1.088

In addition to the obstacles imposed by nature, farmers seeking land had to face different legal situations. In some cases, struggling against colonial title owners over large uninhabited and unexploited land extensions, which sometimes led to violent confrontations; other times against owners with treasury bonds redeemed titles, who in order to populate the area, increased the prices of their lands, and to attain labor force, offered plots of land to the settlers. In exchange, the latter had to work without pay certain days of the year in the recently opened roads or other activities. Many others acquired their plots of land appealing to the barren lands laws or simply asserting their ownership based on work. This led Mr. Alejandro López, former manager of the Colombian Federation of Coffee Growers, great scholar and expert on this reality, to state this had been “the victory of axe over stamped paper.”

The mass continued growing and spread to the west of Colombia. In 1870, 395,000 people were estimated to be in the fields; by 1883 the figures increased to 525,000 and by 1905 to 923,000. If in 1835 the Antioquia represented 10% of the inhabitants of the country, by 1938 it represented 26%.<sup>20</sup>

Their objective was to acquire land, uprooting trees and weeds, transforming forests into agricultural lands. Since they lacked money and needed to survive with their families, the first crops were orchards – corn, beans, and

plantain–, pillars of their sustenance along with pig rearing and one or several cows. Sometime later, coffee grew next to these products, requiring three or four years for the first harvest. This allowed farmers to take advantage of the land suitable for coffee growing, while living out of other products, until the harvest could provide them with the income needed to be engaged into the economic circulation circuit.

One coffee production distinctive feature within a small unit was family working as a whole since it was the only working option: children sorted beans in the drying stage or took care of the seeding nursery, women, as “*chapoleras*” collecting coffee, men weeding and trimming, harvesting, drying, and transporting. Among others advantages, the aforementioned productive unity was beneficial because the capital was not monetary, it was based on family participation, reason why, not only the producer but also the coffee economy as a whole, whose greater production was based on the small property, were protected against the vagaries of prices. These arguments were sustained by those with the idea of maintaining or increasing production during the controversy that arose later on, whether it was appropriate to restrict its production or not. Coffee connected colonization and small property to the global market, saving them from stagnation. Otherwise, it would have ended as a conventional subsistence landholding.

.....  
20 James Parsons, *La colonización antioqueña en el occidente de Colombia*. Bogotá: Banco Central, 1961, p. 154.





While the old world was bleeding as a result of the WWI, in Colombia coffee production consolidated as first place in exports. Most of its production took place on the west – mainly on the Medellin-Manizales region – and large farms were exceeded in volume by small property production, shaping the future coffee landscape.

## Economic Growth and Looking North

Dramatic changes occurred in the Colombian economy, society, and politics from 1910 to 1930, all in relationship to coffee. Foreign economy and politics turned towards the United States, summarized by President Marco Fidel Suárez (1918-1921): “Face the North”. Upon the disputes caused by the participation of the United States in the separation of Panama, a quick diplomatic solution was endorsed in the Urrutia-Thomson Treaty (1921). In conjunction with this negotiation the Panama Canal was built and inaugurated in 1916.

Meanwhile, Brazil, the first coffee producer in the world, started the so called “coffee defense policy” (1906) to control the international market, and to maintain or increase prices through measures such as cooperation agreements with marketing companies, storage of great amounts of coffee, and exports volume control. This worked on its behalf allowing Brazil to play a key role in the international market, maintaining prices, and drive its production while favoring producing countries such as Colombia, which took advantage of such policy by increasing production and exports.<sup>21</sup>

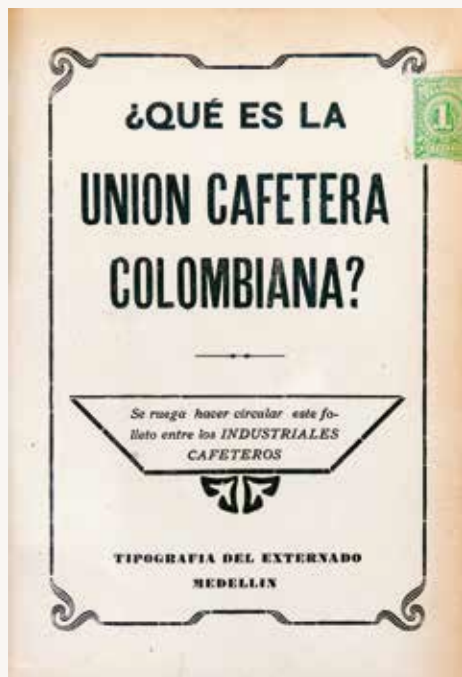
Within the coffee scope, WWI hindered trade with Europe, increasing the exchange of goods with the United States, making this country number one Colombian coffee buyer. Moreover, the Panama Canal opening encouraged exports along the Pacific, consolidating Buenaventura as a port, Cali as headquarter for exports, and stimulating coffee growers from Caldas, Valle, and southern Antioquia, who found a more direct and cheaper route for their shipments.

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<sup>21</sup> Benoit Daviron and Stefano Ponte, *La paradoja del café. Mercados globales, comercio de bienes primarios y la esquivada promesa del desarrollo Bogotá*: Legis, Colombian Coffee Growers Federation, 2005, p. 8..







¿Qué es la Unión Cafetera Colombiana? Medellín: Tipografía del Externado, 1920.

¿Qué es la Unión Cafetera Colombiana? Publication that describes the background and origins of the Colombian Coffee Union, whose purpose was to advocate and improve the coffee industry in the country. Its objective was aligned with some elements implemented seven years later by the FNC: control the national market and impact the foreign market, invest in advertisement, acquire external loans, and allocate export-driven profits to coffee growers. In the words of Mr. Gabriel Sanín Villa, founder member of the Colombian Coffee Union:

Solidarity is an essential factor in a business shared by several producers. North America and the European countries are unionized – wheat, corn, barley, rice producers – all, even eggs and milk producers belong to an organization. Among us, selfishness, mistrust, and ignorance drift us away from union benefits. Nevertheless, trust in incorporated companies – well organized in Antioquia – is a decisive factor that allows us to focus in our guild formation.<sup>2</sup>

So the Colombian Coffee Union was one of the first steps towards coffee guild founding in the country.



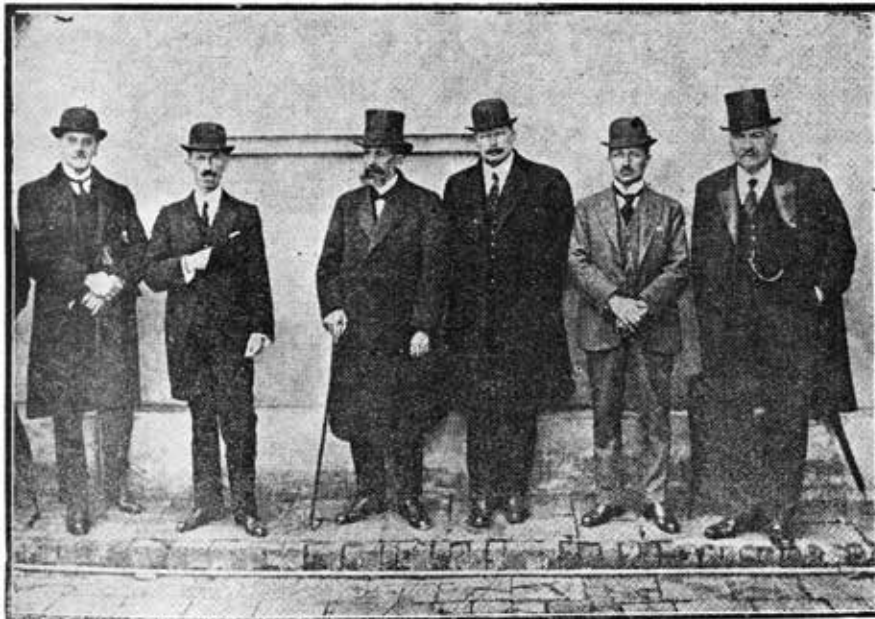
Colombian Coffee Union logo. Taken from: Settlement account of 132 coffee sacks sold by Eduardo Vásquez Jaramillo, Medellín, June 21<sup>st</sup>, 1921. EVJ-C-30, f. 6, Mail, Eduardo Vásquez Jaramillo archive. FAES Archives Collection, Documentary Heritage Room, Cultural Center and Library Luis Echavarría Villegas, Universidad EAFIT, Medellín.

Shareholders of the Colombian Coffee Union. Medellín, April 1920

Shareholders	\$10.00 Shares
Mr. César Piedrahíta V.	25
Mr. César Piedrahíta V. (for Mr. Gustavo Merino)	5
Mr. Mariano Ospina V.	20
Mr. Mariano Ospina V. (for Mr. Rafael Ospina P.)	20
Mr. Manuel María Toro	25
Mr. Gabriel Sanín Vila	25
Mr. Manuel José Soto R.	25
Mr. Rafael Navarro y Euse	25
Mr. Estanislao Campuzano	20
Mr. Jorge Gutiérrez A.	15
Mr. Jesús Merino Martínez	10
Mr. Manuel J. Tobón	20
Mr. Epifanio Montoya	20
Mr. Félix Ríos	15
Mr. Salvador Vélez	20
Mr. Luis Correa	10
Total	300

s.a. ¿Qué es la Unión Cafetera Colombiana?(What is the Colombian Coffee Union?) Medellín: Tipografía Externado 1920, p.7.

<sup>2</sup> Gabriel Sanín Villa, “Colombian Coffee Union”, *¿Qué es la union cafetera colombiana?* Medellín: Tipografía del Externado, 1920, pg. 13.



The First National Congress of Coffee Growers was convened by the Colombian Farmers' Society (SAC by its acronym in Spanish), in Bogotá on the 25th of August, 1920. Some of the implemented proposals were: defense and support of the coffee industry and guild, warehouses, funding, agricultural pledge, advertisement, statistics, crops, transportation, immigration, workforce, and other issues.

In the picture from left to right: delegate Gabriel Ortiz Williamson, President of SAC; Antonio Samper Uribe, President of the National Congress of Coffee Growers; General Ramón González Valencia, first Vicepresident; general Alfredo Vásquez Cobo, second Vicepresident; José de Jesús Salazar, and delegate Luis Montoya Santamaría.

During the 1<sup>st</sup> Congress, five projects were analyzed. "Project on Agricultural Pledge", Luis Montoya Santamaría; 2. "Project on Agricultural Banks", Julio C. Gaitán; 3. "International coffee growers conference creation project", Julio C. Gaitán; 4. "Establishment of roasting sites to sell Colombian Coffee in New York, London, Paris, Hamburg, and Barcelona", Ali Cardozo; and 5. "Foundation of a coffee-growers central bank, with branches across the country". s.a. "Opening session of the First National Congress of Coffee Growers. Bogotá, August 25th, 1920", *Revista Cafetera de Colombia*, vol. i, No. 1, Bogotá, November 1928, p.21.

As a result of the Urrutia-Thomson Treaty, Colombia received a twenty-five million dollars compensation, a significant amount of money at the time, especially for a small economy such as Colombia's. This, along with foreign borrowings, especially from North America, flooded the Colombian economy with almost two hundred million dollars during a time of great economic growth, prior to the Great Depression, having a gearing effect in our economy. This was reflected, among other things, in public works growth, particularly on railways, aerial cables, and ports. This was graphically described by Alfonso López Pumarejo as "owed prosperity". Industry take-off accelerated and the coffee industry was not alien to this situation. As rightly stated by Carlos Caballero Argáez,

[...] the period of greater economic expansion of the 20<sup>th</sup> century was between 1905 and 1929, during which the average annual

Colombian economy growth rate was 5.5 %. [...] The statistical relationship between the expansion of coffee production during this period and the economy as a whole, reaffirms the strong dependence on national coffee production that the economy started to show.<sup>22</sup>

Regarding foreign trade, by the end of WWI (1927) Colombia went from seventh to fourth place in South America.

Underdeveloped roads were one of the biggest challenges Colombia faced in order to accelerate foreign trade, being a country where most of its population and economic activity were located in the central region characterized by mountain ranges. The first step to overcome this situation occurred in the mid-19<sup>th</sup> century with export tobacco production

22 C. Caballero Argáez, *La economía colombiana en el siglo xx*, op. cit., p. 101.



along the Magdalena River and neighboring areas, which provided enough cargo to make navigation profitable. Until mid-19<sup>th</sup> century, navigation on the Magdalena River was permanently established as the river continued to be the main communication line with the Caribbean and its ports. Without modern and appropriate routes, transportation to the Magdalena River and from there to the ports remained as coffee bean's main export expense. Coffee moved through roads in critical states, on mules or oxen. It is interesting to note the following: To transport 20,000 coffee sacks from Caldas to Honda, 8,300 oxen<sup>23</sup> were required.

In the 19<sup>th</sup> century few railway kilometers were built in the country. The first was in Panama (1855) facilitating transit between the two oceans, long before the construction of the canal. Despite its importance, this was a geographically peripheral route for the country's economy. Later came the railway between Cucuta and the Zulia River, facilitating coffee export from Santander. By the end of the 19<sup>th</sup> century, just 67 kilometers had been built in Cundinamarca and Tolima. In 1874 began the construction of a railway between Medellin and Puerto Berrio, divided into two sections and completed in 1929, after the opening La Quebra, the longest tunnel of the century in the country. In the 1820's, a railway from Medellín to Bolombolo was built, merging with Cali and Popayán. In 1871, a small 28-kilometer section between Barranquilla and Sabanilla (Puerto Colombia) was constructed making Barranquilla the main coffee port, before the supremacy of Buenaventura in the late 1920's. The construction of the Cali-Buenaventura railway in 1915 was

crucial and it was later expanded to connect Pereira, Manizales, and Armenia.

Diego Monsalve, in a classic, detailed book with abundant information about different aspects of coffee in Colombia, provides the figures shown in table 2 about the national railway network extension and its improvement during the 1920s.

Table 2 National railway network extension

Year	Kilometers
1885	236
1898	513
1910	875
1915	1,114
1920	1,138
1927	2,281

Source: Diego Monsalve, *Colombia cafetera. Historical, political, civil, administrative, geographical, demographical, ethnographical, fiscal, financial, postal, telegraphic, educational, sanitary, departmental, mining, agricultural, industrial, commercial, railway-related, diplomatic and general information. Producción y exportación de café de la República de Colombia. Barcelona: Casa Artes Gráficas, 1927, pg. 831.*

Aerial cable, an original mean of transportation, was used in Medellín, Bogotá, and Manizales to move people along the steep slopes that surrounded the city. The main cable joined Manizales and Mariquita with an extension of 73 kilometers, the longest in the world. Inaugurated in 1921, played a prominent role in coffee export through the Magdalena River. Competition between roads and the railway to Manizales led to the disuse of aerial cable, which closed in 1960. It used to transport 200 daily tons in both directions, an estimate of 1.5 million tons,

23 *Ibid.*, p. 127.

mainly coffee, during its active life. Antonio García's in his book "Geografía Económica de Caldas" (1936), wrote about this means of transportation:

Before roads construction, different cables play a financial role: traffic penetration and assurance for Caldas' main roads. The North cable (1930) impacts regions such as Aguadas, Pácora, Salamina, Aranzazu, financially dependent of Antioquia and its roads; the Villa María cable (1927) has an even more provisional objective than the others: avoid continuity solution while the Caldas railway arrives to Manizales; the cable of the West seeks direct communication with Chocó.<sup>24</sup>

It is very difficult to establish, and possibly non-sense find out what happened first, was the railway whom stimulated coffee production growth or was it other way around. What can be noted is a correlation between both and how the railway dramatically reduced transportation costs, motivating its production.

For example, in 1879 and 1880, mule ride transportation rates were 60 cents (Colombian pesos) per ton-kilometer, while

projected rates for the railway of Antioquia designed by Cisneros was 17 cents for imports, 11 cents for exports, and 8,5 cents, special rate, for coffee, tools, and utensils.<sup>25</sup>

Railways design and directions, as coffee became a fundamental cargo, influenced the preponderance of certain regions and cities. As previously mentioned, the small section of the Sabanilla railway turned Barranquilla into the first export coffee center in the late 19<sup>th</sup> and early 20<sup>th</sup> century. Later, the railway between Medellín and Puerto Berrío, and subsequent construction of the railway to Bolombolo, impacted the predominance of Medellín's coffee operations. Upon completion of the Panama Canal and the railway between Cali and Buenaventura, to then link it with Manizales and Armenia, coffee export from Caldas became easier, strengthening Manizales as a transaction center, Cali as large coffee businesses hub, and first and foremost, of Buenaventura as the country's main port. "In 1944, nearly 60% of Colombian coffee moved on the Pacific Railway towards Buenaventura. Thirty years before the percentage transported through this route was minimal".<sup>26</sup>

24 Antonio García, *Geografía económica de Caldas*. Bogotá: Contraloría General de la República, 1932, pg. 393.

25 Paul McGreevey, *Historia económica de Colombia 1845-1930*. Bogotá: Tercer Mundo, 1975, pg. 261.

26 *Ibid.*, p. 263.



Since the late 19<sup>th</sup> century, Colombian coffee exports remained in hands of national and foreign traders, offering coffee purchase services through their trading houses to later sale it in the international markets, where fine Colombian coffee had the best prices. Even after the creation of the FNC (1927), private traders continued this task; for example, in 1929 *Índex Colombia. Anuario ilustrado e informativo de la República de Colombia, 1929-1930* was published, where it can be noted how some companies, such as Carlos Hartmann's, advertised his coffee purchase and export services. Besides, it emphasized his own coffee brands, "Selva" and "Libano-Excelso", and as guarantee of realibility it informed that it was possible to request bank references in Honda`s Banco Alemán Antioqueño branch office. "Carlos Hartmann, productor de café Colombiano", Ignacio M. Sanchez Santamaría, dir. *Índex Colombia. Anuario ilustrado e informativo de la República de Colombia, 1929-1930* Barcelona: Tipografía La Académica 1929, pg. 80.

**CARLOS HARTMANN**

Negocios de café y trilladoras Dealer in coffee and in Hutlers

**EXPORTACIÓN**

Productor de café colombiano  
marca SELVA y EL  
LIBANO - EXCELSO

Referencias bancarias:  
Banco Alemán Antioqueño  
(sucursal de Honda)

Producer of colombian  
coffee; mark SELVA and  
LIBANO - EXCELSO

Bank references:  
Banco Alemán Antioqueño  
(Branch in Honda)

**LIBANO Y SAN LORENZO - TOLIMA - Colombia S. A.**

Telégrafo: CARTMANN  
Códigos: Lieber's - A. B. C. - Bentley's - Comercial

Telegrama: CARTMANN  
Códigos: Lieber's - A. B. C. - Bentley's - Comercial

## The Export Process

Although coffee had been present in our territory since the Colonial period, it had a small scale production, not for mass consumption or exports. In America, the Dutch took coffee to Surinam (18<sup>th</sup> century) and the French to what it is today Santo Domingo and Haiti. The fact is, before coffee was produced at a commercial scale

in Colombia, its production was already abundant in Brazil and Central America, especially Guatemala. Colombia joined the group of coffee-growing countries at a late date and "in the early 20th century, coffee exports only represented 1.5 % of the total global exports although it represented 10 % of the so-called mild coffees."<sup>27</sup>

<sup>27</sup> Marco Palacios, *El café en Colombia (1850-1970). Una historia económica social y política*. Bogotá: Presencia, 1979, pg. 21.

During the 19<sup>th</sup> century, abroad coffee trading was not a specialized activity. Large farms of Cundinamarca and Eastern Tolima processed coffee in their facilities and exported it directly with their farms' name. In Caldas, Mr. Luis Jaramillo Alker, owner of the farm La Julia, as well as Antonio Pinzón, Ricardo Gómez, José Jesús Restrepo, and Alejandro Gutiérrez, all of them farm owners "sent shipments abroad" and their first loads were sent to England.<sup>28</sup> Foreign brokers, who received a 2 or 3 % commission were used. This situation changed in 1920, when due to the crisis, large foreign firms began to participate in an important part of the export trade.

As stated before, during the 19<sup>th</sup> and early 20<sup>th</sup> century Cundinamarca's main coffee growers, as well as others in different regions, exported coffee directly with the their farms name. One of the changes that came with the new century was that by increasing exported volume, a larger scale allowed the establishment of new large trading houses in London and New York as the Sáenz Hermanos of Bogotá (1902) with business in London; in Medellín the Vásquez Correa firm related to the Ospina family, founded trading houses New York; the Ospinas had threshing businesses and capital in the Banco de Sucre; Londoño Hermanos; the Echavarria family; Ángel López & Cía. owned by Alejandro Ángel Londoño and Jesús María López, the first of which was one of the wealthiest men in the country and who moved to New York with his family.

Another great company with branches in New York was Casa de Pedro A. López & Co., property of one of the greatest millionaires of the country, who exported 25 % of the Colombian coffee in the year 1920. Pedro A. López owned the Banco López whose bankruptcy (1923) promoted the foundation of the Banco Central de la República. In 1918, the Banco Mercantil Americano started activities in New York in order to introduce capital to the country and finance coffee purchase and exports. Alfonso López Pumarejo, its manager, already had experience in the business, since he had traveled around the country buying and selling coffee long with his father.

In 1920, coffee prices dropped in New York, credit to national exporters was restricted, and many of them bankrupt, who were replaced by large international export firms that began to finance purchases and marketing with brokers working in the coffee regions. These big coffee firms controlled coffee exports until 1940, when the National Coffee Fund was established and the Colombian Coffee Growers Federation, created in 1927, took control. Still some firms survived and continued being important in the coffee industry until the 1950s, as the case of Adolfo Aristizábal y Compañía, business owned by an Antioqueñan man of the same name, established in Cali in 1915, or Jesús M. López y Compañía, former partner of Alejandro Ángel, established in Medellín in 1923.

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<sup>28</sup> Otto Morales Benítez, *Historias económicas del café y de don Manuel*. Bogotá: Fondo Cultural Cafetero 1990, pg. 10.



## Threshing Machines and Industry

The development of coffee production activities also influenced the technological innovations and advancements during its consolidation process. The invention of the manual pulper machine should be mentioned since it allowed small producers to carry out activities such as pulping, washing, and drying of beans directly in their properties without using major landowners' facilities, engaging directly in the market with urban buyers. This machine was used in every region, but especially in Antioquia and Caldas; by 1922, 97 % of Antioquia's coffee growers had one in their premises and, by 1926, 80% of Caldas' coffee growers owned one, enjoying the benefits. The company that manufactured the pulpers was located in the municipality of Amagá, in the outskirts of Medellín.

Another major advancement in this process was coffee threshing, which, facilitated exports as it improved the quality and reduced the weight of the product. Before the standard implementation of this procedure, farmers skinned the bean or sold it in its parchment, to be then exported. The first threshing companies in Antioquia and Caldas were set up during the last decade of the 19th century and subsequently proliferated in cities such as Medellín, Cali, Manizales, Pereira, etc.,

and in many medium-sized towns across the country. While there are no records of coffee threshing businesses in Bogotá (1925), in 1923 these companies employed 32% of the industrial workers in Medellín, and in 1925 the seven threshing companies of Cali employed 41% of them.<sup>29</sup>

Threshing businesses opening was of great importance not only for coffee-related matters, but also for very significant aspects of the Colombian economy, particularly the national's industry strengthening. First of



The Industrial Workshop of Caldas belonging to Greiffenstein, Ángel & Cía., founded in 1918 by Ricardo and Guillermo Greiffenstein, Juan J. Ángel and Juan de J. Gallo, manufacturing tools, piping, Pelton wheels, Californian mills, and as advertised, "Gallo" coffee pulpers. *Revista Cafetera de Colombia*, vol. iv, n.º 34-35, Bogotá, 1932, pg. 1318.

29 J. A. Ocampo, "Los orígenes de la industria cafetera 1830-1929", *op. cit.*, pg. 227.

all, it should be noted that threshing companies were industrial businesses, located in spacious facilities with the appropriate machinery, employing a large number of waged workers, majority of whom were women. The owners were big exporters, holding large coffee farms, and sometimes connected to the banking industry. In different ways, threshing businesses provided key elements to the emerging national capitalism and impulse of the industrial sector in the first decades of the 20<sup>th</sup> century. Profits were important for capital accumulation, partially invested in the industry; contributed to the creation of proletariat; provided administration and management techniques in the emerging industries; facilitated the export process, contributing to the internationalization of businesses and the introduction of capitals and businessmen into the global market.

As shown, coffee became the backbone of Colombian economy. It was not by chance that the most important debates of the national economy and policies have revolved around coffee, including its role in foreign markets. Involving a vast majority of the Colombian population, decisions made on this matter had a profound influence. For instance, coffee tax measures impacted wealthy farm owners, municipal merchants, small and large-scale exporters, and millions of medium-sized producers. Economic discussions during the Regeneration period were centered in coffee tax or incidence of paper money on the coffee sector. Such debates were led by

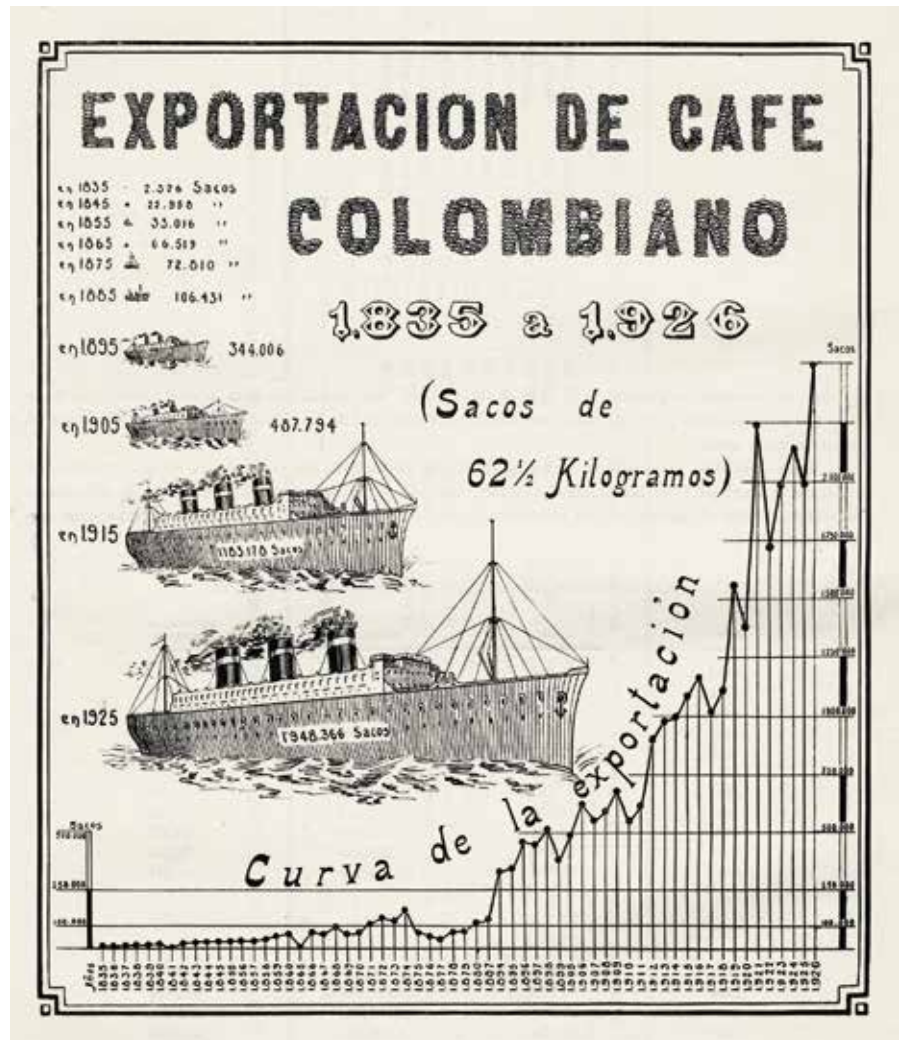
very well-known spokespersons such as farm owner Rafael Uribe Uribe, owner himself of the coffee farm “Gualanday”.

The magnitude of coffee-growing expansion, the crisis effects on this production branch, and the struggle between national and foreign exporters worked as a spur for the emergence of a protective association and served to create the Colombian Coffee Growers Federation in 1927. Debates results about crop control or free expansion and the controversy on the State’s intervention in the coffee guild administration characterized the political and economic environment of the 1930s. The actions taken to address the effects of the WWII and the creation of the National Coffee Fund marked an era, as well as the controversies about the so-called coffee dollar, the coffee pact, and its subsequent elimination in times of globalization and neoliberalism.

Everything related to coffee was important for the country. Coffee matters dominated Colombia’s international relations, to the extent that the Federation’s policies and positions were more visible than those of the Foreign Affairs Ministry once borders conflict were solved. Coffee mattered to the common people; the million coffee farmers whose livelihood and lifestyle depended on the harvest of their plot of land; the exporters; the industrial entrepreneurs, since large portion of their accumulated capital had its origins in the coffee industry, and the size of the harvest determined their market;



"This graph shows the coffee exported by Colombia, over the course of several years and every ten years, from 1835 to 1925. It indicates the ship required for the amount of coffee exported that year. At the bottom there is the upward exports curve from 1835 until 1926 inclusive." Taken from: "Exportaciones de café colombiano 1835 a 1926", Diego Monsalve, *Colombia cafetera: información general de la república y estadística de la industria del café*. Barcelona: Artes Gráficas, 1927, pg. 628.



the statesman, for whom tax collection and national budget depended on international price fluctuations; and as someone once noted, even to lovers along the coffee cliffs of Antioquia, Caldas, or Cundinamarca, where a promise of marriage depended on price increases happening in a place unknown and unfamiliar to them, such as London or New York. Coffee growers were landowners, businessmen, exporters, Civil Wars generals, and entrepreneurs investing in different sectors, also hundreds of thousands of mid-sized farmers, and even seven presidents deeply connected to the coffee industry: Mariano Ospina Rodríguez, who praised it

in multiple booklets and cropped it on the first coffee farm in Antioquia; Manuel Murillo Toro, first to introduce in Cundinamarca; General Ramón González Valencia, on his large farm in Santander del Norte; Jorge Holguín, who became the first producer of Colombia in the 1920s owning several farms; Pedro Nel Ospina Vásquez, on his lands in Fredonia; Mariano Ospina Pérez, producer, guild leader, and an expert in the world of coffee; and Alfonso López Pumarejo, coffee buyer across the nation, linked to its export and funding through the bank he managed, and as statesman, for its state management and bean advocate before international bodies.





Henry Louis Duperly and Son, La Palmita de Pedro Belarmino Plata Farm, Páramo, Santander, 1894. "Plantación de Café en Colombia: Entrega de los Frutos Recolectados", Roselius & Co. *Darstellung des kaffeebaues in Columbien*. Bremen: Roselius, 1910, Illustration 10.









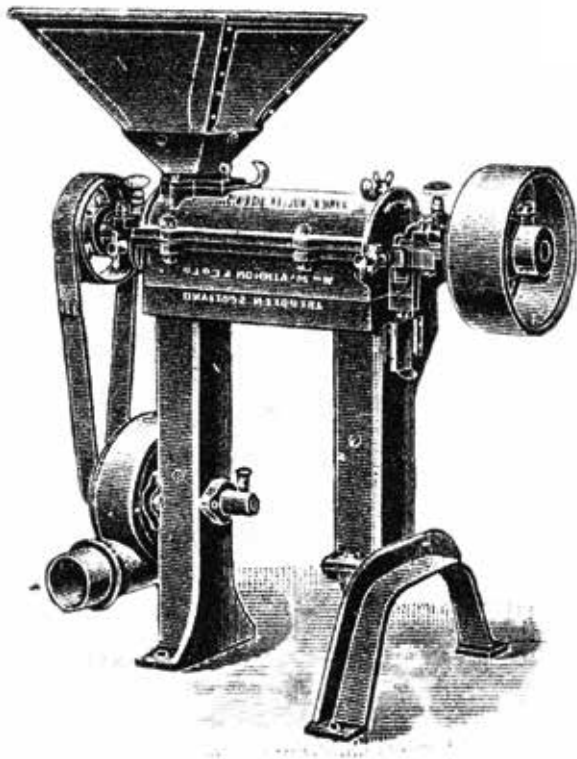


# Colombian Federation of Coffee Growers: Magna Public-Private Alliance (1927-1989)

JUAN CARLOS LÓPEZ D., *Business History Group, Universidad EAFIT*

In Colombia we are all coffee growers  
until proven otherwise  
*El Porvenir del norte es el café, Medellín, 1927.*





“Trilladora”, Colombian Coffee Growers Federation, *Manual del Cafetero Colombiano*. Bogotá: Litografía Colombia, 1932, pg. 320.

## Introduction

In an open society and in a capitalist model, two pillars of Western culture, the role of guilds could be considered not only natural but also necessary for the future of a production sector seeking organization. If these two pillars are viewed in a peripheral or emerging economy country, the role of this type of entities, advocating for its associates may become more than critical, exceeding its scopes, and even becoming a symbol of modernity.

One hypothesis could be that, along with the association of industrialists (ANDI by its acronym in Spanish)<sup>30</sup>, during the 20th century the coffee guild became the most powerful organization of the country’s productive sector, led by the Colombian Coffee Growers Federation (FNC), economical nerve of the country, transcending and becoming a cultural reference in the world, symbolizing Colombia: “Coffee country”. Maybe the “guild” label falls short for this entity.

This chapter aims to build a narrative of the role of the Federation during its first six decades (1927-1989); since the 1920 it was clear for the business elites that coffee bean would be an economic locomotive and national cover letter presentation to the world. We will illustrate this time frame, up to the fall of global quotas agreements in 1989.

The text develops the following subjects from the perspective of its main axis, public and private sectors: the Federation’s objectives and field of action; its main purpose, to advocate for the coffee growing rural community; the discussions that defined its organizational ethos with regard to the public sector; and economic policy building blocks involving entities such as the National Coffee Fund (FoNC).

In addition to such categories of analysis, there are other differentiating elements that will be considered for the study of such an important time period (around six decades): performance and imprint left by three successive managers whose work can be measured by decades: Mr. Manuel Mejía Jaramillo (two decades: 1937-1958); Mr. Arturo Gómez Jaramillo (two and a half decades: 1958-1982), and Dr. Jorge Cárdenas Gutiérrez (almost two decades: 1983-2002, but a total of forty years working in the Federation).

This makes reference exclusively to the time in which they led the coffee industry. Except for Mr. Manuel, coffee grower but not part of coffee institutionality, the other two held positions in the Federation, advancing in its hierarchical structure, with the managers as their coach. Table 1 lists the managers of the Colombian Coffee Growers Federation up to the present.

30 Early days of the Asociación Nacional de Industriales, ANDI (1944). Nowadays the word “Industrialists” has been replaced by “Entrepreneurs”, sign of the deindustrialization process experienced in the country.

Table 1 FNC Managers, 1927-2017

Manager	Period
Alfredo Cortázar Toledo	1927-1930
Enrique de Narváez	1930
Mariano Ospina Pérez	1930-1934
Camilo Sáenz Obregón	1934-1935
Alejandro López Restrepo	1935-1937
Manuel Mejía Jaramillo	1937-1958
Arturo Gómez Jaramillo	1958-1982
Jorge Cárdenas Gutiérrez	1983-2002
Gabriel Silva Luján	2002-2009
Luis Genaro Muñoz Ortega	2009-2015
Roberto Vélez Vallejo	2015-

There is little doubt that coffee has been the emblematic and differentiating product of the 20<sup>th</sup> century Colombian economy, as announced in the final decades of the 19<sup>th</sup> century; its importance is evidenced by the epigraph of this chapter.

Facing the new millennium, there is little doubt that thanks to the efforts made in the previous century, coffee industry will play an important role in the national economy during the remainder of the 21<sup>st</sup> century, although it is true that today it would be difficult that a product such as rubiacea to reach at least three fourths of the national exports, percentage achieved and exceeded in the 1950s when the predominant characteristic of the Latin American economies was being mono-exporting countries, structural problem that labeled the so-called “third world” countries in the previous century.

Magical stimulating beverage that, according to the most accepted version came through Venezuela to the Santander regions, expanded between the late 18th and early 19<sup>th</sup> century, from the East towards large farms in Cundinamarca. In the 1870s along with the social

and demographic phenomenon known as the Antioquean colonization, coffee began to build what would later become its production epicenter for the first decades of the last century. It should be noted that coffee sector’s leap forward, from the last third of the 19<sup>th</sup> to the first decade of the 20<sup>th</sup> century was not insignificant, coffee exports multiplied for over seventeen times in a 40-year period,<sup>31</sup>. In this book professor Alvaro Tirado Mejía in his chapter “Half a century of coffee production: from its beginnings to the Federation” writes about this development, when coffee favored the pre-capitalist and semi-servile structures breakage that dominated in the country.



Opening session of the II National Congress of Coffee Growers held in Medellín, June 21<sup>st</sup> through July 1<sup>st</sup> 1927. s.a. “Las labores de ayer del Congreso Cafetero”, *El Heraldo de Antioquia*, year I, No. 13, Medellín, June 24<sup>th</sup> 1927, pg. 1. Photo: Catalina Londoño Carder.

31 Marco Palacios, “Colonización y exportaciones colombianas en la segunda mitad del siglo XIX”, en: *La clase más ruidosa y otros ensayos sobre política e historia*. Bogotá: Grupo Editorial Norma, 2002, pg. 80.





## Birth of the Colombian Coffee Growers Federation and the II National Congress of Coffee Growers

II National Congress of Coffee Growers opening and closing sessions. Records No. 1 and No. 11 June 21<sup>st</sup> and July 1<sup>st</sup> 1927, Medellín. Records order 1, box 1, volume 1, Colombian Coffee Growers Federation library, Bogotá. Photo: Catalina Londoño Carder.

On June 21<sup>st</sup>, 1927 some of the country’s most important coffee growers met in Medellín at the II National Congress of Coffee Growers, whose goal was to protect and promote the coffee industry. Carlos Eugenio Restrepo, former President of the country presided the event. Unlike the I Congress held in Bogotá in 1920, this congress was attended by Mr. Julio C. Gaitán, representative of the National Government. In the opening ceremony delegates from the departments of Antioquia, Atlántico, Bolívar, Boyacá, Caldas, Cauca, Cundinamarca, Huila, Magdalena, Nariño, Norte de Santander, Santander, Tolima, and Valle del Cauca, as well as diverse farmers’ associations and representatives from Chocó, participated.

The topics discussed by the commissions are an example of the concerns of coffee growers during the last ten years. They were divided into eight commissions:

- 1<sup>st</sup> Coffee advocacy, storage facilities, etc.
  - 2<sup>nd</sup> Coffee Funding, agricultural, collateral etc.
  - 3<sup>rd</sup> Coffee Advertisement.
  - 4<sup>th</sup> Coffee guild organization, cooperative societies etc.
  - 5<sup>th</sup> Statistics.
  - 6<sup>th</sup> Coffee Crops, diseases etc.
  - 7<sup>th</sup> Transportation and other issues, and
  - 8<sup>th</sup> Immigration and labor.
- It should be noted that these commissions were the seeds for future FNC programs and departments. It was also stipulated that operation funds would come from the budget public entities would be willing to allocate, federated member’s fees, and private donations. This caused uncertainty when planning projects since there were no guarantees for obtaining resources, the nascent guild had not capital to work with. Nevertheless, the project continued and the situation improved some months later, when the national government officially acknowledged the entity; through Executive Resolution number 33 of the 2nd of September 1927, granting legal identity and creating an export tax, allocated into Federation’s funds.<sup>1</sup>

1 s.a., “Breve historia de la fundación y organización de la Federación Nacional de Cafeteros, 1927-1928”, *Revista Cafetera de Colombia*, vol. xvii, No. 143, Bogotá, 1968, pg. 48-50.



“La cosecha - The harvest - La récolte”. 1923, Sociedad de Mejoras Públicas, Tarjetas postales Unión Universal de Correos, Medellín, Casa proveedora Ed. Víctor Sperling, Leipzig, s.f.





Colombian Coffee Growers Federation, *Estatutos y plan de acción de la Federación Nacional de Cafeteros y ley sobre protección y defensa del café*. Bogotá: Santafé, 1928.

Horacio Longas, *Zonas de tráfico de los ferrocarriles de Antioquia y Troncal de Occidente en el Departamento de Antioquia*. República de Colombia. Leipzig: Ed. Víctor Sperling, 1926. AGN Mapoteca 6 Ref: 304. Sección Mapas y Planos, Archivo General de la Nación, Bogotá.

Some more figures were necessary to highlight key indicators and illustrate the entity's role at the end of the 1920s. In 1900 the country produced 610,000 60-kg sacks, mainly in the eastern; in 1932 production reached almost three and a half million sacks, 47% of which were produced in Antioquia and the Gran Caldas (Caldas, Risaralda, and Quindío), currently four national departments (Table 2). If we add other Antioquenan colonization areas the percentage rises to two thirds of the national production.<sup>32</sup> This production took place volcanic and sloppy soils of the Andes and were used to coin the “Federation-type” coffee categories: Medellín, Manizales, and Armenia, “the best mild coffee in the world”. It was not just a catchy slogan, but a brand result: “100% Colombian Coffee”. From then on the Federation devoted itself to the production and marketing organization of the increasing bean volume and placing Colombian coffee in the global market.

Table 2 Coffee takeoff, 20<sup>th</sup> century

Year	Production of 60-kg sacks	Increase (%)
1900	610,000	0
1920	1,000,000	67
1928	2,200,000	120
1932	3,454,000	57

Source: Developed using the database provided by José Antonio Ocampo, *Café, industria y macroeconomía*. Bogotá: Fondo de Cultura Económica, 2015, and Steiner Saether, “Café, conflicto y corporativismo. Una hipótesis sobre la creación de la Federación de Cafeteros de Colombia en 1927”, *Anuario Colombiano de Historia Social y de la Cultura*, Bogotá, No. 26, 1999.

Different from the traditional and aforementioned areas, coffee nowadays is produced in many regions of the country such as Sierra Nevada de Santa Marta, the Southeastern departments (Huila, Nariño, Cauca and Valle) and the Cundinamarca-Boyacá high plateau. With this in mind, we could talk of a nation with a variety of ecosystems and coffees from regions such as the Amazonian, high-mountain, coastal range, the volcanic regions such as El Galeras in Nariño and some others with protected designation of origin (PDO),<sup>33</sup> as is the case with Café Santander in the western region.

32 José Antonio Ocampo, *Café, industria y macroeconomía*. Bogotá: Fondo de Cultura Económica, 2015.

33 The protected designation of origin, DOP, is a category protected by the World Trade Organization, recognizing the quality of a product based on its regional origins. Champagne, for example, (Champagne region, France) or Manchego cheese (La M Spain).



ZONAS DE TRAFICO DE LOS FERROCARRILES DE  
ANTIOQUIA Y TRONCAL DE OCCIDENTE  
EN EL DEPARTAMENTO DE ANTIOQUIA  
REPUBLICA DE COLOMBIA



PC. de Antioquia

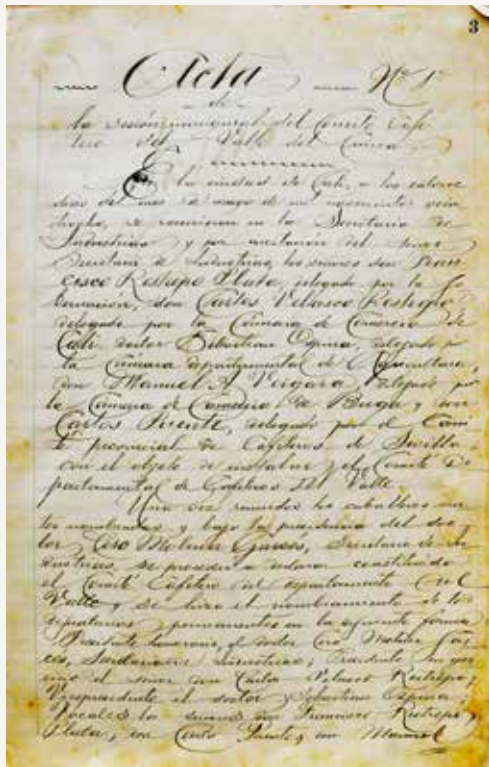
1922

Escuela de Ingenieros

Ed. Victor Novillo, Bogotá, Colombia



# The Departmental Coffee Committees



Opening records of the Departmental Coffee Committees of Coffee Growers of: Valle del Cauca, (May 14<sup>th</sup>, 1928); Santander, (December 10<sup>th</sup>, 1928); Cundinamarca, (December 19<sup>th</sup>, 1928); Nariño, (January 14<sup>th</sup>, 1929); Norte de Santander (January 16<sup>th</sup>, 1929, Huila (September 5<sup>th</sup>, 1931), and Quindío (August 5<sup>th</sup>, 1966)

Committees are responsible for organizing and promoting coffee guild in their operational regions. In accordance with the Federation's Statutes, committees exist in those departments where production exceeds 2% of the national production, or that had been established before the 31<sup>st</sup> of December, 2003, and need to include six main members and same number of alternates, elected for a 4-year term<sup>1</sup>.

These committees were created during the II National Congress of Coffee Growers in Medellin, 1927. The first committee was Antioquia's followed by those of Caldas, Boyacá, Cauca, Cundinamarca, Huila, Magdalena, Nariño, Norte de Santander, Santander, Tolima, and Valle del Cauca, all in 1928. Between 1966 and 1967, with the department of Caldas' division, the

Quindío and Risaralda committees were created. Finally, in 1977 the Departmental Committee of Coffee Growers of Cesar - Guajira emerged, reaching a total of fifteen entities, still operating.

Among other tasks, Coffee Growers Departmental Committees should promote coffee growers cooperatives development; lead extension and educational services; manage activities favoring coffee growers, working with governmental authorities; ensure compliance of roles and services provided to federated members by municipal committees, brokers, and Federation companies in their jurisdictions, and appoint their own staff. Additionally, they usually have one or several communication means to spread the development of their activities.<sup>2</sup>

1 Statutes of the Colombian Coffee Growers Federation, Agreement 1 of the 63th National Coffee Congress of December 2003, and Agreement. No.1 of the 67th National Extraordinary Congress of Coffee Growers, June 26<sup>th</sup>, 2007, Bogota, pg. 39-40. Retrieved from <https://www.federaciondefcafeteros.org/static/files/ESTATUTOS.pdf>

2 FNC, National Committee of Coffee Growers, "Informe que rinde el Comité Nacional al Tercer Congreso Nacional de Cafeteros", *Revista Cafetera de Colombia*, vol. ii, No. 3-4, Bogotá, 1929, p. 84; s.a., "XXVII Congreso Nacional de Cafeteros", *Revista Cafetera de Colombia*, vol. xvii, nmm.142, Bogotá, 1967, pg. 8-9; s.a., "Acuerdos y proposiciones del xxxv Congreso Nacional de Cafeteros", *Revista Cafetera de Colombia*, vol. xxv, No. 164, Bogotá, 1976, pg. 32-33.



Committee of Coffee Growers of Antioquia, *Lo que debe saber todo cafetero: apuntes sobre el cultivo del café y anotaciones*. Medellín: Departmental Committee of Coffee Growers of Antioquia, 1939

Identification of coffee types according to their geographical origin has resulted in the creation of specialty coffees, which have enjoyed a stunning boom in the national and, even greater, in the international markets. Such identification has been a key strategy for the FNC to differentiate our product worldwide. It is worth mentioning that the crisis in last decade of the 20<sup>th</sup> century led to a major production *quantum* and specialty coffees boom to move south in the country, which will be discussed in the following chapter, “Reinvention of coffee industry in times of free markets (1989-2015)” by José Roberto Álvarez Múnera.

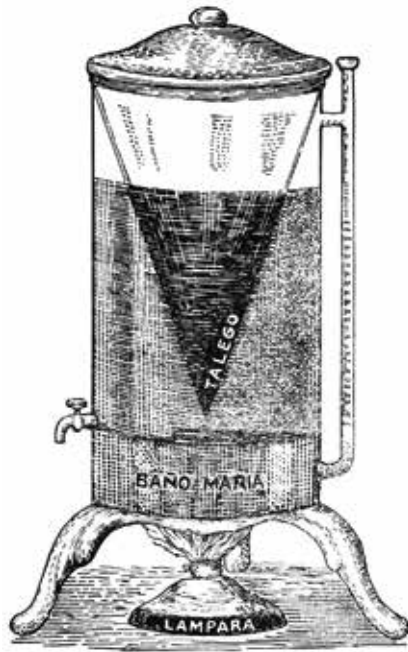
After the second decade of the 20<sup>th</sup> century, coffee was considered the most relevant product and production model for the country’s economy, the conditions for creation of the Colombian Coffee Growers Federation where set, an institutional structure facing the new economic reality and recent challenges, intended to be met through institutions and tools specifically designed: information and purchase guarantees, quality control and regulations, storage and inventory policies,

trading companies, financial operations, the search for new markets, and a main actor in the new trading relationships: The United States, our number one client.

Likewise, with the financial support of the FoNC, created in 1940, the coffee guild became the main actor and promoter of social policies in the coffee regions: education, aqueduct and sewage systems, sanitation, tertiary roads, and technical assistance to farmers. Public goods, as important as research carried out in the Manuel Mejía Jaramillo pilot farms, should also be mentioned here. Such farms began in 1929, with “La Esperanza” Experimentation and Demonstration Central Farm located near Girardot railway La Esperanza







Coffee machine, 1906. Rafael Uribe Uribe, *Estudios sobre café*. Bogotá: Banco de la República, 1952, pg. 165.

station. Federation also promoted research through the creation of the National Center for Coffee Research (Cenicafé), in 1938.

Cenicafé, preceded by the experimental farms, was an entity designed to support technological upgrade of crops, agronomy research, the development of an agro industrial model, and search for highly productive and resistant to plagues varieties. Since its beginnings it has been pioneer in the conservation of soils and water. Among its accomplishments is the production of the “Colombia variety”, a rust-resistant type of bean. At the time of its golden anniversary in 1988, Cenicafé had supported 669 research projects.<sup>34</sup>

In 2017, ten years before the celebration of its first century, the Federation has been the best State’s and society ally in what it is now

called *public-private alliances*. The commemoration, beautiful word whose meaning takes us to the emotional moment of “remembering along with someone”, is a unique opportunity to look back into the past, see the ventures and challenges the coffee guild has faced, and based in this history, leverage towards the construction of a new future, in a country that has spoken to the world about mild coffees, using brands such as Juan Valdez and his mule Conchita, through sports with the Café de Colombia cycling team, and other symbols, the best ambassadors of our country, that led us to create our worldwide identity as a “coffee growing country”. All of this thanks to the most successful alliances the country has ever made.

## Magna Public-Private Alliance

A hypothesis is postulated in this section: That the relationship between the FNC and the State, in addition to other public institutions, constituted the greatest public – private agreement in the history of Colombia, at least at the institutional level. Such agreement was manifested from the beginnings of coffee institution, when the guild in order

34 Germán Valenzuela Samper, “Investigación y desarrollo cafetero”, en: National Coffee Research Center, *50 años de Cenicafé 1938-1988*. Bogotá: Colombian Coffee Growers Federation, 1990, pg. 3-8.



“Escogedora de café - Women sorting the coffee - Femme occupuée à assortir le café”. 1924, Photo: Francisco Mejía. Sociedad de Mejoras Públicas, *Tarjetas postales Unión Universal de Correos*. Medellín: Casa proveedora Ed. Víctor Sperling, Leipzig. s.f.

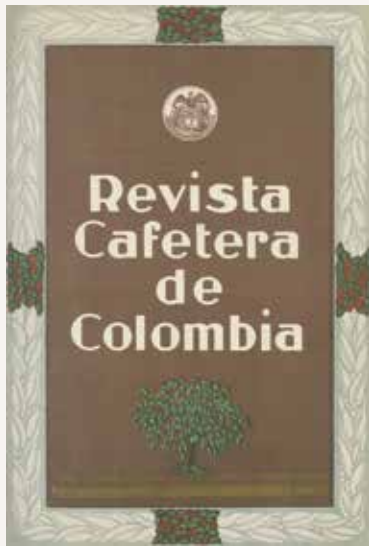
to operate, sought the State’s help under the modality of subsidies. The State replied with a different offer: deliver the total value of new coffee taxes to be managed by the guild (10 Colombian peso cents / 60 kg sack exported). This agreement was effectively implemented in 1930 under the management of Engineer Mariano Ospina Pérez, giving rise to what could be called the true process of coffee industry institutionalization within the economy, the government, and the lives of Colombian people.

The aforementioned public-private relationship an agreement or “concurrence of wills” is evidenced through mutual contributions in the following manner: 1) The government delivers public resources from coffee taxes, whose main expression was financial support of the FoNC; 2) the Federation uses the resources, in a variety of economic, commercial, and socio-cultural activities, reaching its peak in those moments in which the entity enjoyed great financial capacity, for example, in coffee boom times.





## Colombian Coffee Growing Magazine. Body of the Colombian Coffee Growers Federation



Revista *Cafetera de Colombia*, vol. iv, No. 34 and 35, Bogotá, January-February of 1932.



Revista *Cafetera de Colombia*, vol. iv, No. 38-39, Bogotá, May-June of 1932, pg. 1450-1451.



Revista *Cafetera de Colombia*, vol. xvii, No. 141, Bogotá, July – August, 1966.



Revista *Cafetera de Colombia*, No. 216, Bogotá, January-December, 2004.

The Colombian Coffee Growing Magazine, created in 1928 was addressed to people involved in the coffee industry, particularly small and medium-sized producers, members of the entity. Its purpose was to benefit the coffee guild and to improve social and economic conditions of the rural community through the dissemination of information such as outreach campaigns to prevent pathologies through housing and coffee plantations sanitations, and to limit the expansion of rust pest and increase land plots profits through the implementation of upgraded planting techniques and seeds. It also served to disseminate the memoirs of coffee congresses and national and international changes in the coffee industry, among others.

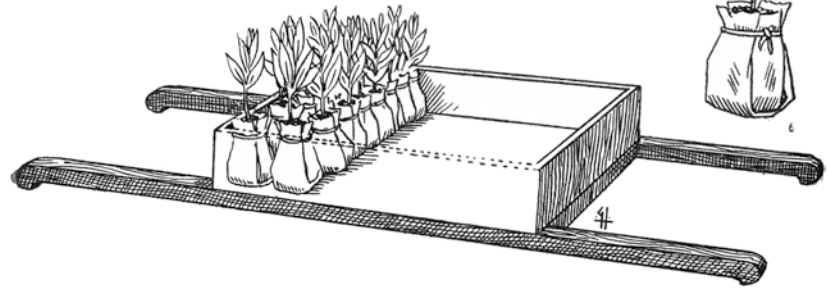
Publication frequency changed over time: weekly, monthly, quarterly, and annual issues. The aesthetical beautiful covers of first years gradually acquired an

institutional profile. Topics changed in the 1980's, focusing on the dissemination of norms and guild information, while other regular Federation prints such as *Boletín de Estadística*, *Revista Cenicafé*, and *Ensayos sobre Economía Cafetera* were devoted to economic and scientific matters.

The *Revista Cafetera de Colombia* was withdrawn from circulation in 2008 after eighty years of service. Its 221 magazines remain relevant, as the development of the Colombian coffee-grow sector, main national economy driving force, can be followed through its pages. It is an important source of information for scientific political, economic, and historical research.



“Aspecto en el desarrollo de las ramas primarias”,  
*Revista Cafetera de Colombia*, vol. iv, No. 38-39,  
 Bogotá, May-June, 1932, p. 1432.



“Cajón para transportar cafetos con cespedón, envueltos en calceta o guasca de plátano” “Box to transport coffee bushes with a small amount of grass wrapped in fabric sacks or plantain leaves”, *Revista Cafetera de Colombia*, vol. iv, No. 38-39, Bogotá, May-June, 1932, pg. 1450.

## What is the Colombian Coffee Growers Federation?

One of the most interesting conceptual, political, and legal exercises regarding the Federation is trying to define what it is. Below are some definitions and hypotheses.

According to Marco Palacios, one of the most important historians of Colombia’s coffee growing:

[...] the FNCC [Colombian Coffee Growers Federation] is perhaps the most difficult institution to capture in a definition, political scientists have wondered whether it is a bureaucracy, a stakeholder group, or a state-like entity<sup>35</sup>

The High Courts participated on these debates. So, public-sector entities such as the Supreme Court of Justice (1970, 1977) and the Council of State (1960) had to pronounce themselves about the ambiguities of its legal nature. From complaints around “the public or semipublic nature of this guild [...] they have solemnly declared that the FNC is a purely private entity”.<sup>36</sup>

Even doctoral theses, and as if this was not enough, written by foreigners, have made part of the institution’s defining debate. In his research article, funded by the Norwegian Government, Steiner Saether stated:

From an international perspective, the Federation is a special organization which has always sought to be more than a simple guild with common interests and deserves a closer look by historians and other researchers [...] [The Federation] has played an important role not only as voice of large coffee producers and exporters interests, but also as a finance and quasi-public institution.<sup>37</sup>

From a different perspective, in the chapter dedicated to the FNC, Miguel Urrutia, who has studied the guild’s history, does not consider it as such, supported by other union leaders concepts: “During interviews to guild presidents, they were asked to list trade associations in order of importance, very few of them included the Federation”.<sup>38</sup>

35 Marco Palacios, *El café en Colombia 1850-1970. Una historia económica, social y política*, Bogotá: Uniandes Editors, Planeta and El Colegio de México, 2002, pg. 422.

36 Roberto Junguito Bonnet, *Economía cafetera colombiana*. Bogotá: Fondo Cultural Cafetero, Fedesarrollo, 1979, pg. 384-385.

37 Steiner Saether, “Café, conflicto y corporativismo. Una hipótesis sobre la creación de la Federación de Cafeteros de Colombia en 1927”, *Anuario Colombiano de Historia Social y de la Cultura*, Bogotá, No. 26, 1999, p. 136.

38 Miguel Urrutia, *Gremios, política económica y democracia*. Bogotá: Fondo Cultural Cafetero, 1983, pg. 115.





“Rural aqueduct of “La Loma”, municipality of Fredonia”, Antioquia, 1940’s. Construction of water collection and distribution tanks; water pipe network and water facilities; two public showers and sinks that benefit 36 houses. The people involved in the project contributed \$281,50 pesos for materials and the FNC contributed \$5,828.21 pesos for materials and labor. Sanitation Campaign, Photography Album, p. 1. Photographic Archive, Departmental Committee of Coffee Growers of Antioquia.



Construction of the aqueduct in Nazareth county subdivision, El Retiro, Antioquia, 2006. Photographic Archive, Departmental Committee of Coffee Growers of Antioquia.

It is necessary then to qualify the understanding of the Federation as a purely private institution, since as a private organization it enjoys the possibility of managing public funds derived from taxes. Fedesarrollo interjected the debate in its 1979 study *Economía cafetera colombiana*. According to this entity, the FNC is “a private non-profit union association devoted to the advocacy and progress of the Colombian coffee industry”.<sup>39</sup> Beyond this definition, it attempts to understand the true ethos of one of the main producers associations of the country.

One of the most debated topics in Colombia has been the “private” nature of the

Federation. Rigorously speaking, questioning the private nature of FEDECAFÉ is an attitude to a certain extent understandable. The origin of this confusion comes from four facts: a) Most of the Federation’s revenues come from the State. b) The Federation manages huge public resources, particularly the National Coffee Fund, c) Being a private guild, the Federation has permanently appointed senior government officials to some of its top management bodies, such as the National Committee of Coffee Growers. d) In addition to its private guild activities, the Federation performs some tasks of strictly public

39 R. Junguito Bonnet, *Economía cafetera colombiana*, op. cit., p. 383.



“Improvement of rural housing in the municipality of Venecia”, Antioquia, in the decade of the 1940’s. Construction of a house for Concepción Osorio. Sanitary Campaign, Photo album, pg. 63. Photo Archive, Departmental Committee of Coffee Growers of Antioquia.

nature, because the government has delegated to it, compliance with those functions. An example is the Colombian Coffee Growers Federation manager representing the national government in international coffee meetings and acting as official representative before the International Coffee Organization [other activities of public nature are assigned].<sup>40</sup>

If the Fedesarrollo arguments are found strong enough, it could be concluded that the Federation is not an exclusively private body, but its numerous interfaces and common interests turn it into a private organization with a strong involvement in the public sector, based on a strong alliance with the

State. The mixed public-private and ambiguous condition that characterizes this institution allows it to hold two types of entities, being both and providing solutions to meet national needs, making it in a certain way, a unique world organizational model in terms of resource management.



National Rural Housing Plan. 30-houses solution “Silvio Ocampo Ospina concentration”, funded by Caja de Crédito Agrario, the Departmental Committee of Coffee Growers of Huila, SENA, and “La Cristalina” farm. Tres Esquinas county subdivision, municipality of El Gigante, Huila, February 20<sup>th</sup>, 1981. Photo Archive, Departmental Committee of Coffee Growers of Huila.

<sup>40</sup> *Ibid.*, p. 384.





Juan Valdez was created in 1959 upon request from the Colombian Coffee Growers Federation for Doyle Dane Bernbach, a New York advertising agency. The character and his mule Conchita have been the Colombian Coffee symbols. In the picture Juan Valdez impersonated by the Antioqueñan Carlos Sanchez in 1970. Photo Archive, Colombian Coffee Growers Federation, Bogotá.

## What does the Colombian Coffee Growers Federation Do and Has Done?

Briefly explained, the macro functions performed by the Federation along nine decades are:

1. Business operations (coffee purchase, sale, and storage, consumables and tools for coffee growers; domestic and foreign trade; Alma-café, Coffee Growers Cooperatives).
2. Financial transactions (loans, pledge bonds, insurances, discounts, financial support entities, such as Caja Agraria, Banco Cafetero, Compañía Agrícola de Seguros).
3. Regulating operations (quality certifications, “Federation-type coffee” export authorizations).
4. Macro-economic influence (participation in economic policies, creation of coffee politic instruments and as part of government agri-
5. Research and development (Cenicafé and experimental farms).
6. Road infrastructure (co-financing of tertiary roads, bridges, and communication networks within the coffee market).
7. Extension and educational agenda (technical assistance, outreach programs, support for crop diversification, sponsoring dissemination programs such as *Las aventuras del profesor Yarumo*).
8. Utilities (aqueducts, sewers, sanitary campaigns).
9. Information services (census, statistics, price information).
10. Social welfare (farmers support through departmental committees social work, income redistribution).
11. Cultural activities (support through the Coffee Growers Cultural Fund: symposiums, publications, exhibitions, Museum of the 19<sup>th</sup> Century, Cultural Coffee Fund Library, symphonic concerts, Government consultancy provided for the declaration of the Cultural Coffee Landscape by Unesco).
12. Positioning of Colombian coffee as the mildest in the world (Juan Valdez brand, specialty coffees).

cultural, foreign trade, and foreign relations programs).



*At all stages in the preparation of Colombian coffee, skilled hand labor is essential. Here, the farmer and his wife scan the trays which hold the drying coffee to find and eliminate inferior beans. This careful selection, supervised by the technical services of the Colombian Coffee Growers Federation, ensures that all Colombian export coffee rates as “Excelso”, s.f, Photo album. Photo Archive, Colombian Coffee Growers Federation, Bogotá.*

## Twelve Objectives, One Purpose

The twelve aspects that make up the Federation’s substantial and wide endeavor, and framed within dimensions as important as economic and social policies, contracts with state agencies, trading, financial and agro industrial, research and pedagogical activities could be grouped in a single fundamental purpose: the Colombian coffee grower. To support his advocacy, political and intellectual leaders found a wonderful tool in the solidarity sector, maybe the key component of this activity that adds to the organizational backbone of the national, departmental, and municipal committees: coffee cooperatives.

The Colombian cooperative movement emerged almost simultaneously with the

FNC. The economic – social cooperation movement has been present along Federation’s 90 years as part of coffee institutions dynamics. Its implementation was pointed out by the third Federation’s manager, Mariano Ospina Pérez, during the VI National Congress of Coffee Growers held in the city of Pasto:

When addressing storage facilities and the Caja de Crédito Agrario I made particular mention of the need to establish coffee cooperatives as a complement to the advocacy of producers and prices, [...] Although the Coffee Federation has obtained favorable results in different areas, as demonstrated with figures and facts included in the present report, and even though the coffee industry shows its vitality and growth within the country, we need producers to properly group in sectional and local associations, with a common,



homogeneous, and accessible direction, to not only facilitate credit access to small producers in the event that the Caja de Crédito Agrario or the sectorial credit branch fails to do so, but to provide local products financing, a convenient concentration, assortment, and transportation to the stores, eliminating a great deal of expenses on costly unnecessary intermediaries, and finally placement and sales in the most convenient conditions, with the support of the Federation's bodies previously established.<sup>41</sup>

Broadly speaking, cooperative movement can be defined as:

[...] the result of a long historical process in which men have proven their associative and supportive spirit establishing numerous types of social and financial organizations, based in cooperation, seeking justice and equality through economic action and human promotion.<sup>42</sup>

The cooperative spirit adapted to the times when the coffee entity was born, such spirit served as one solution to the 1930's crisis, improving workers' conditions. According to Mario Arango Jaramillo, during this decade the institutionalization of the cooperative movement was laid,<sup>43</sup> through Law 134 of 1931 "about cooperative societies". This law was established by some well-known personalities such

as the Minister of Finance Esteban Jaramillo, President Enrique Olaya Herrera (1930-1934), and the support of coffee leaders such as Mariano Ospina Pérez. It should be noted that one of the documents that served as basis for the first cooperative law was Mr. Francisco Luis Jiménez's Universidad de Antioquia graduate thesis submitted on the 12th September, 1930, which focused on the cooperative activity.<sup>44</sup>

Therefore it is not surprising that the 35<sup>th</sup> Coffee Congress, which took place in 1976, declared that "cooperatives are basic elements of guilds and a factor of the utmost importance for the Federation in order to achieve its objectives",<sup>45</sup> statement with a support history in previous coffee congresses.



FNC, *Cartilla cafetera*. Bogotá: Imprenta Nacional, 1934, back cover.

41 Colombian Coffee Growers Federation. Report submitted by the Federation's manager, Mariano Ospina Pérez, at the Sixth National Congress of Coffee Growers. Pasto: Colombian Coffee Growers Federation, 1934, pg. 240-241.

42 National Learning Service (SENA, by its acronym in Spanish), "Reseña histórica del cooperativismo", in: *Programa de promoción profesional popular rural capacitación y organización para la comercialización. Administración cooperativa. Generalidades del cooperativismo*. Booklet 1. Pasto: SENA, 1985, pg. 1.

43 Mariano Arango Jaramillo, "La institucionalización del cooperativismo colombiano: 1930-1960", in: *Manual de cooperativismo y economía solidaria*. Medellín: Universidad Cooperativa de Colombia, 2005, pg. 336.

44 *Ibid.*, p. 125.

45 Jorge Cárdenas Gutiérrez, "Las cooperativas son elementos básicos de la organización gremial", *Revista Cafetera de Colombia*, Bogotá, FNC, vol. xxvii, No. 168, 1978, p. 26.



Colombian Coffee Growers Federation Storage Warehouses Facilities in Bogota and Cali. Colombian Coffee Growers Federation. 20<sup>th</sup> Anniversary of the Colombian Coffee Growers Federation, 1937-1957. Bogota: Colombian Coffee Growers Federation, 1957, pg. 27, 32.

## General Storage Warehouses

With Law 20 of 1921, the National Government ordained the creation of General Storage Warehouses for storing, preserving, and guarding and selling merchandise, products, and fruits of national and international origin, and the issuance of deposit certificates and pledge bonds. Two years later, Law 115 of 1923 specialized the services to coffee: beans reception, sorting, and storage and pledge bonds and deposit certificates issuance; however, it was only until the creation of the Federation that storage warehouses became a reality, with some failed attempts such as the Compañía de Almacenes de Depósito S. A.

By Resolution 186 of 1929 the Banking Superintendence authorized the Federation to establish storage warehouses in Medellín, Manizales, Girardot, Cali, and Honda, advocating for coffee growers, coffee price regulation, speculations neutralization, and fostering commercial exchange avoiding coffee growers from being compelled to sell their crops at unreasonable and disadvantageous prices.

By 1952 the Federation owned 45 coffee storage buildings located in the main coffee producing departments, a total of 130,979 m<sup>2</sup>, capacity for 3,045,000 coffee sacks. Two years later, it increased to 54 buildings with capacity for 3,500,000 sacks.<sup>1</sup>

General storage warehouses also served for domestic market control, counteracting speculative flows, permanently informing external demands course and trend, and offering producers the opportunity to sell their crops taking advantage of the best market conditions<sup>2</sup>.

The FNC's domestic marketing network was made up by the General Storage Warehouses, coffee growers' cooperatives points of purchase, private exporters, and coffee roasters. Along its history, this organization has allowed producers to sell their coffee anywhere in the country and provided coffee growing stability, constituting a crop income insurance for coffee growers, distancing them from international price fluctuations. In order to provide greater benefits, the Federation created numerous agencies and branch offices in different regions, receiving not only coffee sacks but rice, sugar, anise, cotton, cocoa, flour, tobacco, salt, among other products.<sup>3</sup>

1 Law 20, *Diario Oficial* num. 17964, of the 4th of November 1921; Law 115, *Diario Oficial*, num. 19392, 29th of December of 1923; "Almacenes generales de depósito", *Revista Cafetera de Colombia*, vol. IV, nums. 34-35, Bogotá, 1932, pp. 1283-1285; "Almacenes generales de depósito", *Revista Cafetera de Colombia*, vol. XI, num. 124, Bogotá, 1952, pp. 3909-3919; José Chalarca, "Almacafé: 10 años al servicio de la industria cafetera", *Revista Cafetera de Colombia*, vol. XXIV, num. 159, Bogotá, 1975, pp. 9-10.

2 *Boletín de Estadística. Publication of the National Federation of Coffee Growers*, Bogotá, vol. XV, num. 27, 1946, p. 64.

3 *Boletín de Estadística. Publication of the National Federation of Coffee Growers*, Bogotá, vol. XV, num. 27, 1946, pp. 48, 64, 80.





“Café suave”, serie Riquezas naturales, 1937, Waterlow & Sons Ltd. London, 12,5 jagged. Philatelic collection: Alvaro Eraso Alvear, Bogotá. Catalina Londoño Carder.

What do coffee grower cooperatives do to be considered so important in the advocacy of farmers? Besides health care and education programs, supplies, procurement, and productive activities support, cooperatives have been crucial in the advocacy of the coffee grower’s income. By the end of the 1975 – 1977 boom, coffee growers obtained as intermediaries and trusting agents of the entity, 70% of their harvest.

In a conference held at that time, deputy manager Jorge Cárdenas G., expressed the great importance of the role played by cooperatives: “Most of the domestic coffee trade sums are handled through the cooperative system, developing the existing contracts”,<sup>46</sup> complying with the FNC – FoNC – cooperatives contracting system, so these entities, formed by coffee farmers have become advocacy guarantors of coffee growers and the Federation’s trustworthy agents.

This leader, soon be head of the future of coffee, did an extensive and comprehensive balance of the coffee cooperative movement role:

Talk about coffee cooperative movement means to talk about rural development, about the best income for the coffee-growing family, about wellbeing, national economy consolidation, greater labor capacity in the rural sector, about cheap and timely credits. It’s to talk about democratization, guild members’ support, to the managers and guidance of the institution. It is to talk about permanent feedback from coffee cooperative leaders to the coffee organizations through their ideas and participation in decision-making forums. To sum up, it is to talk about the comprehensive development of rural communities, their families, and their productive work.<sup>47</sup>

46 *Ibid.*, p. 28.

47 Henry Acosta Patiño, “Las cooperativas de caficultores”, *Revista Cafetera de Colombia*, vol. xxvii, No. 168, Bogotá, pg. 36.

## The Federation's Organizational Structure – Main Bodies

The institutional structure of the Colombian Coffee Growers Federation aims to ensure the democratic legitimacy of the entity as well as those services that provide wellbeing to coffee growers. Two structures without significant variations since the beginnings of the entity, should be mentioned (Figure 1): a guild, led by the National Congress of Coffee Growers, major institution of the Federation, that sets the organization's priorities and policies; the National Committee of Coffee Growers responsible for the guild and State's coffee policy agreement. In ascending order: the Steering Committee which controls guild and administrative matters; the departmental committees, that manage economic and social development projects in the regions;

municipal committees, bean growers spokespersons; and finally federated coffee growers with coffee grower's identification card. The latter elect delegates and representatives to the higher positions during the coffee elections conducted every four years. The second structure, organizational in nature, led by the general manager and formed by the Administrative, Technical, Commercial, and Financial managements, focused in the development of the coffee industry.<sup>48</sup>



*Revista Industria Cafetera: publicación mensual de carácter internacional para servir los intereses de los caficultores, vol. I, No. 7, year I, Cali, 1962.*

48 Desarrollo Organizacional de la Federación Nacional de Cafeteros de Colombia, Bogotá: 2017.



# GRAFICO DE LA ORGANIZACION Y SERVICIOS DE LA FEDERACION NACIONAL DE CAFETEROS DE COLOMBIA

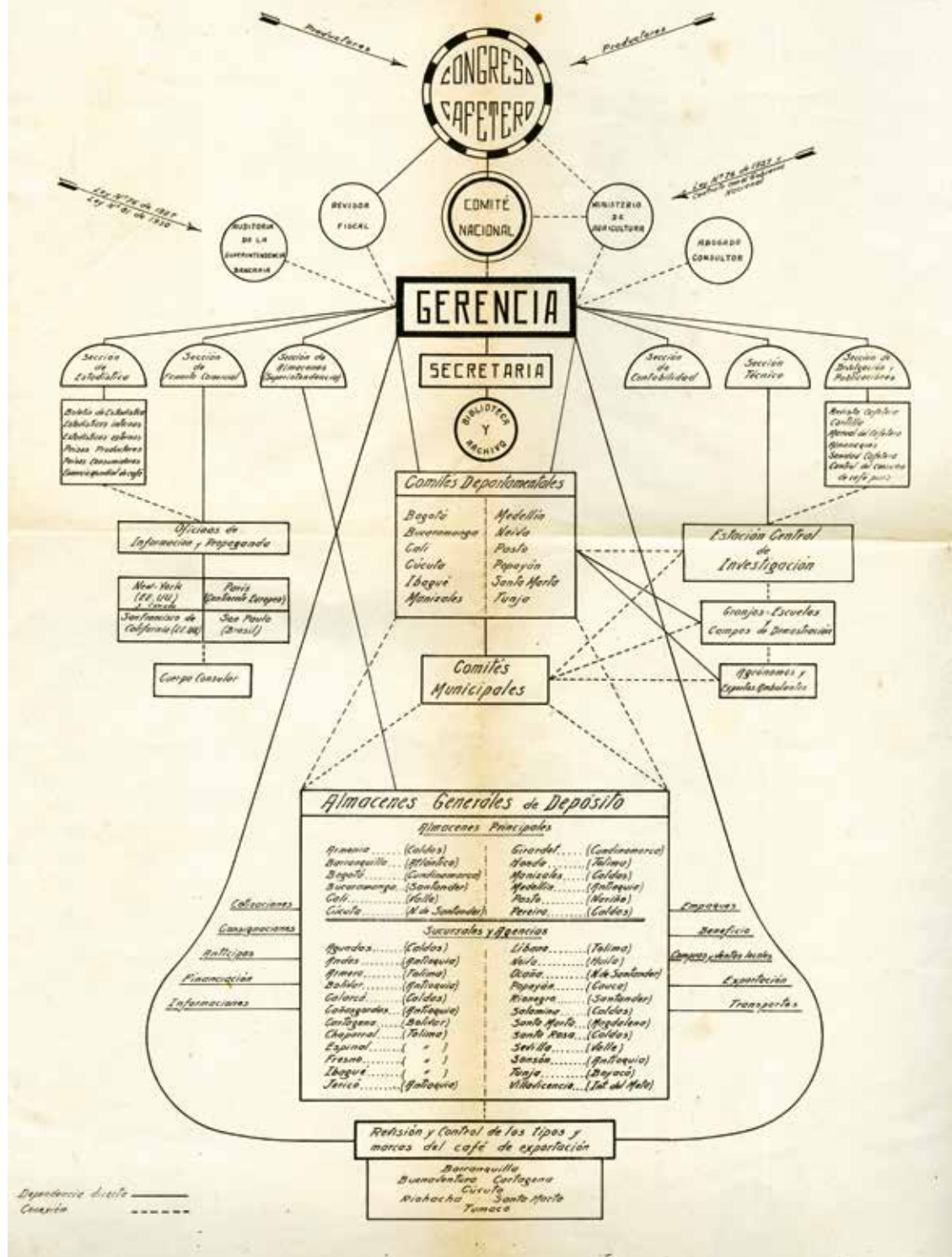


Gráfico de la organización y servicio de la Federación Nacional de Cafeteros de Colombia”, *Revista Cafetera de Colombia*, vol. vi, No. 58-62, Bogotá, 1934, sp.

## Origins of the Federation and the Spirit of Times

The 1930's set the direction the organization would follow, its role in the national economic model and the country's fate. This period, the first decade of existence of the entity (1927-1937), is when the features and analysis mentioned at the beginning of this chapter are crystallized, particularly the public – private alliance.

Alfredo Cortázar and Enrique de Narváez, first two managers, did not have enough tools to develop in depth guild activities, although to a certain extent, laid the theoretical and legal foundations, mainly those that defined certain coffee taxes that with the leaders' acquiescence would be managed by the guild – solution endorsed by coffee growers.

With the arrival of Mariano Ospina Pérez, engineer of the well-known Escuela de Minas de Medellín and member of a prominent coffee family that brought coffee to Antioquia, the guild began a discussion about what he considered was the already fulfilled role of the coffee industry, but perhaps without the knowledge, announcing the role the institution would have in the following decades, as thermometer of national politics and economy. Below are Ospina's words during the IV Congress of Coffee Growers in 1930:

It seems to me that neither the nation, nor the coffee guild, nor certain public authorities have realized the meaning of the Colombian Coffee Growers Federation and its decisive importance in the country, but at the same time, I am convinced



Colombian Coffee Growers Federation, *Desyerbe selectivamente su cafetal y defiende el suelo*. Chinchiná: FNC, 1957, pg. 8.

that very soon our organization will make its presence known in a strong and transcendental way. It has been said in several occasions, but it is necessary to repeat it until it becomes an axiom for each and every Colombian citizen, that coffee industry not only represents a numerous and meritorious guild of public wealth producers but, for the time being and for many years to come, this industry will announce: “I am the fiscal balance, because tax revenues, core of our budget, depends on coffee exports; I am the nation's and department's external credit because with the coffee remittances, external, public, and private debts are covered, I am the Central Bank because if coffee exports stopped the Bank would go bankrupt in less than three months; the healthy gold-based monetary system, the exchange rate stability, the possibility of introducing machines, railways, scientific books, foreign teachers into the country, in a word, I represent Colombia's civilization from the materialistic point of view and it is dependent on me”.<sup>49</sup>

.....  
49 Mariano Ospina Pérez, “Discurso pronunciado por el doctor Mariano Ospina Pérez, en el banquete ofrecido por los delegados al IV Congreso Cafetero a los miembros del Comité Nacional saliente y anterior, el día de clausura de sesiones”, *Revista Cafetera de Colombia*, Bogotá, FNC, vol. iii, No. 22, 1931, pg. 771-773.





La *Cartilla higiénica para las zonas cafeteras*, Mariano Ospina Pérez, “La Federación y la campaña sanitaria”, *Revista Cafetera de Colombia*, vol. vi, No. 58-62, Bogotá, 1934, pg. 1833.

It is necessary to make a short description of the times we are talking about. It was the Great Depression period originated by the New York Stock Exchange crash (1929). The country was close to face a sharp drop in the price of raw materials, including coffee. The result of the John M. Keynes and Franklin D. Roosevelt binomial –the first one as an economic thinker and the second as a great executer of the new model, which he called *The New Deal*, as President of the United States–, the period of greatest prosperity of economic interventionism in the history of capitalism was shaping up; a production model against the *laissez-faire*, the free game of market strengths within an environment of downsized State, which allows production actors to freely play.

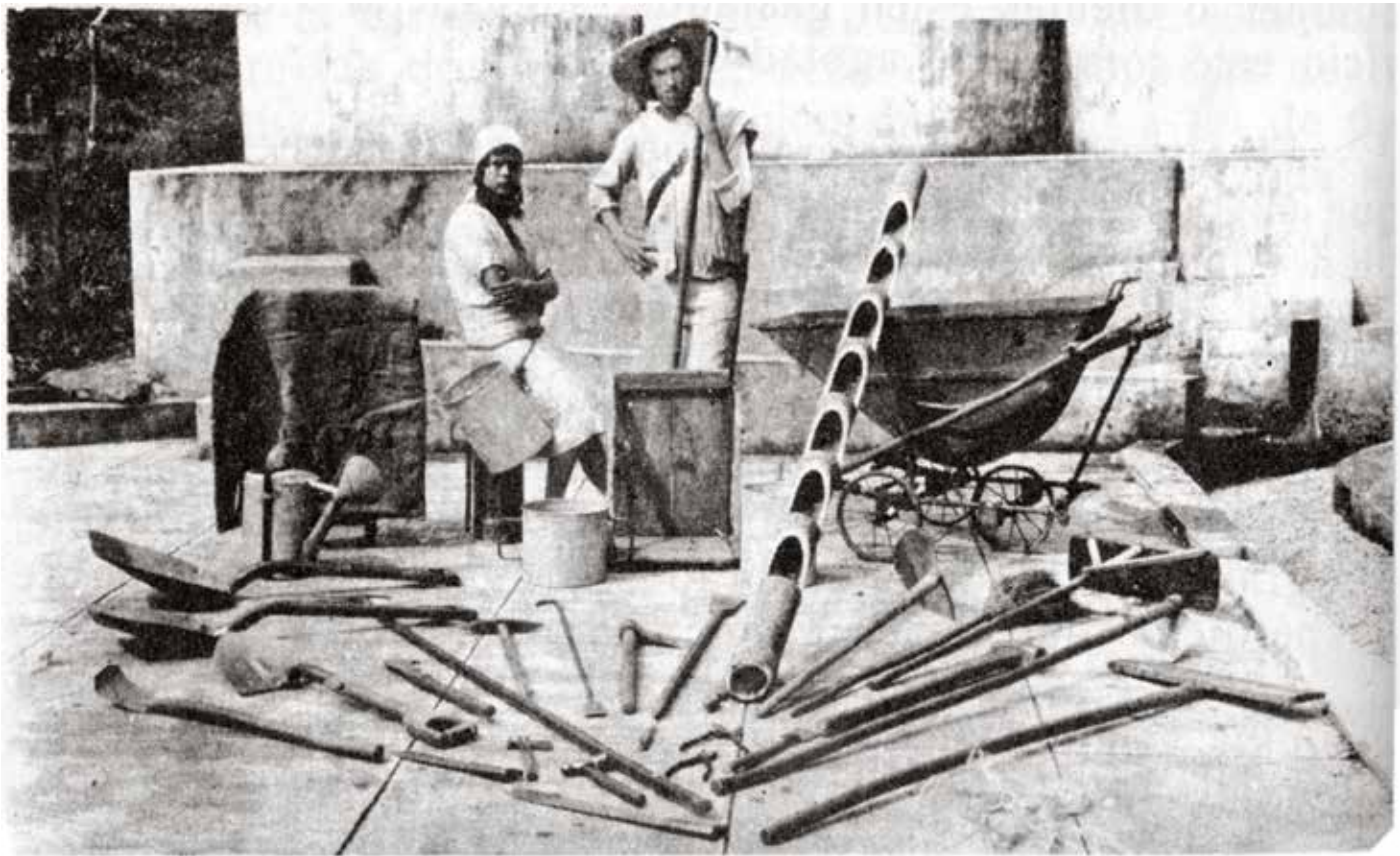
According to Eric Hobsbawm, to save the western production model “capitalism had to be socialized”, with due resistance from those who felt nostalgic for the 19<sup>th</sup> century liberalism premises: free trade, freedom of enterprise, in summary, what it is known as The Free Trade System.<sup>51</sup>

At that time, the coffee industry’s definition and organization model, was the core chapter of such ideological debate that would confront coffee growers led by the Ospina organization against the new political ideas spread across the country, especially the “Revolución en Marcha” program of President Alfonso López Pumarejo (1934-1938), which raised the state intervention

The brand-new manager questioning if the country had yet understood the role of coffee not just in its economic model. In other words, coffee industry constituted itself as central element of the national economy; but most sectors of the country were not aware of this reality, reason why the main voice of the guild demanded the right “to participate in a major way in the economic guidance of the country and to be taken into account for all the activities of this nature”. It is interesting the emphasis the manager gave to the national aspect, “to think nationally” coffee industry as an activity or sector on its way to become “of national interest”, if it was not still so at that time.<sup>50</sup>

50 *Ibid.*

51 Eric Hobsbawm, *Historia del siglo xx*. Barcelona: Crítica, 1994, pg. 90-91.



“Herramientas y enseres más comúnmente usados en una hacienda cafetera. Colombian Coffee Growers Federation, *Manual del Cafetero Colombiano*. Bogota: Litografía Colombia 1932, pg. 256.

to constitutional category during his first great reform in 1936. It involved nothing less than the coffee free trading of the Ospina family against the interventionism of the “Colombian Roosevelt”, confrontation that would define the Colombian coffee model.

Within this national context the VII National Congress of Coffee of 1935 elected another well-known engineer, Ospina’s former professor, Mr. Alejandro López Restrepo as guild’s manager, in an attempt, resisted by producers, to take the ideas of the Interventionist State into the coffee management. From that Congress on, a before and an after was established in terms of the State’s intervention, establishing that in order to be considered valid, the agreements of the deliberative body should be endorsed by the President of the Republic, similar to the presidential approval of a law

so that it comes into force, applied to Coffee Growers Congress decisions, highest leading agency. The first rules of that interventionism were being defined and the new manager, who did not come from the coffee sector heart and had spent the previous fifteen years in Great Britain, could not earn total trust of coffee growers. But it was just the first attempt.

The pillars or essential notes of what was being prepared for the coffee industry in those crucial years would outline the definition of a political or intervened market to the world. The expression “political market” sounds like an oxymoron, a terminological contradiction, since a market should operate in a free and open manner for commercial actors to act within the frame of a set of minimal rules and where the referee, the State, should go unnoticed.



## Coffee Schools Farms and Demonstration Farms



“Aspecto de la Estación La Esperanza donde está situada la Granja Escuela Central”. *Revista Cafetera de Colombia*, vol. ii, No. 11-12, Bogotá, 1929, pg. 390.



FNC, *Organización de la Granja Escuela Central de Café y prospecto para los años escolares 1929-1930 y 1930-1931*. Bogotá: Escuela Tipográfica Salesiana, 1929.

The agricultural technical work of the Federation started in 1927 with approval in the closure minutes of the II National Congress of Coffee Growers, in which the Government was requested the revision of the Law 74 of 1926 about Agricultural Schools and Farms. In the words of Mr. Mariano Ospina Pérez:

[...] At the core of every teaching activity is La Esperanza Research Central Station; followed by the schools-farms whose mission is to apply and teach the research carried out in the Central Station, experimentation of different local planting, processing, shading, etc. systems, training of expert coffee growers, and general teachings of coffee agriculture and of complementing crops and industries to growers' children in each region. After the coffee farms come the demonstration fields or farms, settled in a more modest way, where, as their name suggests, a practical and objective demonstration of what is discovered and experienced at the Central Stations and coffee farms

is presented. This demonstration is set within the reach of all growers of the country.<sup>1</sup>

In 1934, the Federation had seven Coffee School Farms located in Antioquia, Caldas, Cundinamarca, Santander del Sur, Norte de Santander, Tolima, and Valle del Cauca and four Demonstration Farms in Boyacá, Huila, Cauca, and Magdalena.<sup>2</sup>

Students from different coffee regions were taught in the various farms through a lesson plan including: Basic agronomy, Coffee course, Animal industry, Farm management, Rural economy, Basic accounting for farms, Botany, Arithmetic, Spanish, Sanitation, and Religion. Additional classes as masonry and carpentry, amongst others were offered, considered necessary for training. Every day lessons included four-hour of theory and the rest, field practices.<sup>3</sup>

1 Colombian Coffee Growers Federation, *Report Issued by the Federation's manager, Mr. Mariano Ospina Pérez to the 6<sup>th</sup> National Congress of Coffee Growers*. Pasto: FNC, 1934, pg. 184.

2 *Ibid.*, pg. 184-197.

3 Alfredo Cortázar Toledo, “Granja Escuela Central de Café”, *Revista Cafetera de Colombia*, vol. ii, No. 11-12, Bogotá, 1929, pg. 390-391; s.a. “La granja cafetera de Antioquia”, *Revista Cafetera de Colombia*, vol. IV, No. 36-37, Bogotá, 1932, pg. 1287; s.a. “La granja cafetera de Caldas”, *Revista Cafetera de Colombia*, vol. IV, No. 36-37, Bogotá, 1932, pg. 1329.



Esteban Jaramillo, Venecia. Antioquia, September 19<sup>th</sup>, 2012. Photo archive, Departmental Committee of Committee of Coffee Growers of Antioquia.



Esteban Jaramillo Farm, Venecia, Antioquia, s.f. Photo Archive, Departmental Committee of Coffee Growers of Antioquia.

Nonetheless, such activity is the basis of Palacios' recommendation, suggesting that the coffee market was intervened and in such intervention the coffee guild and the governments alliance was fundamental, providing an administrative stability despite our traditional political instability of ministerial changes, that allowed coffee growers to negotiate under better conditions. To express it through indicators, a coffee manager could see a dozen or more Ministers of Finance during his tenure period, with the realities that this involved.<sup>52</sup>

After the battle of the 1930s, the country and its leaders supported an interventionist political model, due to the high risk stemmed from the fact that coffee was far from being within a perfect market model, for three reasons: 1) The tendency to overproduce; 2) the existence of many producers facing an oligopolistic commercialization; in addition to the aforementioned reasons presented by Mr.

Arturo Gómez,<sup>53</sup> one more should be added 3) the fact that it was an extremely volatile world market, inelastic to supply and demand.

In conclusion, healthy and free competition, beloved by many, including coffee leaders of the moment, was seriously jeopardized within a delicate business, such as the coffee bean industry. As a balance of almost a century, the new interventionist scope was one of great successes for the FNC and State's alliance, which over time would develop a bipartisan trait of "national interest", not belonging to a single political group.



La Esperanza, Educational community, Vergara, Cundinamarca, February 23rd, 2010. Photo Archive, Colombian Coffee Growers Federation, Bogotá.

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<sup>52</sup> Mr. Arturo Gómez Jaramillo, manager between 1958 and 1982, saw seventeen Ministers of Finance during his tenure period.

<sup>53</sup> Otto Morales Benítez and Diego Pizano Salazar (coords.), *Arturo Gómez Jaramillo, zar del café*. Bogotá: Fondo Cultural del Café, 2003, pg. 18.





"M.A.C. Medellín Excelso" mold to label coffee export sacks. Private collection: Juan Luis Mejía Arango, Medellín.

## Economic Policy's Masterpiece: The National Coffee Fund

If a survey or study were conducted about the impact of the economic policies implemented by the State had throughout the 20<sup>th</sup> century, the creation of the FoNC would likely result as one of the most influential government decisions in the institutional economic history of Colombia, result that coffee growers would also likely agree with. Since its creation in 1940, the institutionalization of the FoNC has also been the most important measure taken, not only for productive, commercial or financial considerations, but also for its geopolitical nature at global scale.

The FoNC is a consequence of the worldwide war (1939-1945). Since German submarines plagued the seas and the Atlantic Ocean, and furthermore, the closure of the European market, the situation of primary goods such as coffee became more critical than projected since the Great Depression of the 1930s. The United States, still not militarily involved in the war, was afraid that a German attack would jeopardize treasured assets such as the Panama Canal. So, in order to ensure the support of the Central American and Andean countries, this Northern power made it possible to set and implement the First Quotas Agreement including this country as the main coffee consumer, in return for the use of ports from which it would be possible to respond to a potential military attack. Of course North American roasters and traders did not like this agreement since it obeyed other interests, not merely commercial or competitive ones.

Colombian Coffee Growers Federation, *Algunos conceptos de eminentes autoridades científicas, acerca de los benéficos efectos del café en el organismo*. Bogotá: Editorial El Gráfico, 1932.



President Eduardo Santos (1938-1942) and his Minister of Finance, Carlos Lleras Restrepo, and the Minister of Economy, Miguel López Pumarejo, saw the possibility of providing an institutional frame to such agreement, establishing a limit for producing countries exports in exchange of a minimum purchase price. This measure reactivated prices, the finances of the Federation, and foreign currencies in the country. The State’s interventionism gradually gained legitimacy.

According to Palacios, under this government the FoNC was created and became the most important and long-lasting institution, helping to strengthen the public-private thrust. The Fund’s success “reinforced the government and coffee growers’ marriage, preserving the work alliance among the moderate sectors of both parties, during a period of increasing aggression”.<sup>54</sup>

What during an initial stage served as a set of measures for a special juncture, created within the war context, showed great longevity as it continues into present times (last Government agreement was signed in 2016), even though the Inter American Quotas Agreement terminated in 1948 and fifteen years went by before a new legal agreement creation.

Minister Lleras, in his “Memorias de Hacienda de 1940” explained the nature and benefits of the so called “Inter American Agreement” – Europe could not participate- precursor of the global pacts of the 1960’s and which

54 Marco Palacios, *Between Legitimacy and Violence. A History of Colombia 1875-2002*. Durham: Duke University Press, 2007, pg. 117-118.



## Types and Brands of Colombian Coffee



“C.D.C Café suave de Colombie. Finesse et Arôme. Composé des meilleures provenances”, *Revista Cafetera de Colombia*, vol. v, No. 51-53, Bogotá, July-August 1933, pg. 1692.

One of the main problems the Colombian Coffee Growers Federation had to face was the exportation-grade coffee adulteration, affecting the products quality. In 1929, the organization agreed to implement measures to prevent such adulteration; it requested the national Government to regulate consumption and coffee sales in order to maintain Colombian coffee good quality and reputation. In response, Law 76 of June, 1931, article number 1 reads:

Products for sale within the country, such as coffee, containing other substances should clearly mention in the package or wrapping, the coffee percentage contained and other products added for its preparation. The sale of products named “coffee” containing less than 90% of coffee shall be forbidden.<sup>1</sup>

One year later the President of the Republic through Decree 900 of 1932 established the Colombian coffee classification, its



“El Café Medellín” Brand logo, Diego Monsalve, *Colombia cafetera: información general de la república y estadística de la industria del café*. Barcelona: Artes Gráficas, 1927, p. 280.

characteristics per type and brands, and a set of inspection and monitoring trading measures.

Henceforth, the exported coffee sacks were labeled “Colombia Coffe” or “Colombian Product”, along with a region of origin indicative mark: *Medellín* for coffees from Antioquia; *Cúcuta* or *Ocaña* for coffees from Norte de Santander; *Bucaramanga*, for coffees from Santander; *Bogotá*, *Girardot* or *Honda* for coffees from Cundinamarca; *Armenia*, *Manizales* or *Caldas* for coffees from Caldas; *Tolima*, *Líbano*, *Honda* or *Girardot* for coffees from Tolima; *Cauca*, for those from Cauca; *Nariño* for coffees from Nariño; *Neiva* or *Girardot* for coffees from Huila; *Santa Marta* for those from Magdalena; and *Valle*, *Cali* or *Sevilla* for coffees from Valle del Cauca.

The exporting-grade coffee types would be: threshed (supremo, extra, caracol, excelso, segunda, tercera, pasilla maragojipe) and in parchment (arábigo, maragojipe).

Countermarks such as farm names, municipalities, initials, drawings or company names, could be placed after the brand, without detracting its origin or quality. The FNC was also empowered to prevent detrimental coffee exports through inspectors at the Barranquilla, Cartagena, and Buenaventura ports and reporting to the Ministry of Industry to impose of up to 10 pesos fines per coffee sack.<sup>2</sup>

<sup>1</sup> Law 76, *Diario Oficial*, No. 21711, June 11, 1931.

<sup>2</sup> “Acuerdos Tercer Congreso Cafetero”, *Revista Cafetera de Colombia*, vol. ii, No. 5-6, Bogotá, 1929, pg. 141-142; Decree 900, 1932, *Diario Oficial* No. 21996, May 25, 1932.



"Bolívar threshing, coffee packing company, Medellín", ca. 1930. Photo: Francisco Mejía, Box No. 27, FMN 0127, Neg. 2. Photo Archive, Departmental Committee of Coffee Growers of Antioquia, Medellín.





Colombian Coffee Growers Federation, *Desyerbe selectivamente su cafetal y defienda el suelo*. Chinchiná: FNC, 1957. Photo: Catalina Londoño Carder.

would become markers of the global “political market”

Based on a Temporary Agreement, through which producing countries voluntarily agree on formulas to avoid competing within US market, Colombia’s objectives to fulfill are very clear. To look for a market price whose difference to the current quotation is enough, not only to compensate for the cost of coffee needed to be retained, but to improve the income levels actually received by the Colombian producer. If these purposes can be fulfilled, as we believe possible, any objection would be invalid; because nobody will be able to convince producers about the convenience of receiving less for their crops total, nor suggest the idea that by not accumulating coffee and having others do so, should they resign to watch indefinitely the fall of their main assets value.<sup>55</sup>

The minister explained the FoNC cornerstone as: provide financial muscle allowing coffee growers crop purchases and apply an effective

inventory policy to the surplus in domestic or global coffee markets. Later on the Fund broadened its scope until becoming a business group. Through the Fund’s management the Federation became head of such business group, a sort of financial group.

Three years after its establishment, Lleras evaluated the first FoNC results and its role in the economy, public finances, speculators control, foreign trade stability, and in general, the benefits for the coffee sector, stating that “never” in the history of Colombia had the country experienced such a long stability period in coffee prices, controverting the many voices that opposed the Inter American pact. And more importantly, Lleras pointed out that the ultimate beneficiary had been the farmers, protected against speculation and income debasement. “Coffee grower is not obliged to suffer the consequences of demand fluctuations and intermediaries must pay official quotas”, summarized the minister.<sup>56</sup>

The FoNC was legally constituted in 1940 through three decrees, almost simulta-

55 O. Morales Benítez y D. Pizano Salazar (coord.), *Arturo Gómez Jaramillo, zar del café*, op. cit., pg. 38.

56 Carlos Lleras Restrepo, *Política cafetera 1937/1978*. Bogotá: Fondo Cultural Cafetero, 1982 [this article was published in the journal *El Mes financiero y económico, la revista para comerciantes, industriales y hombres de negocios*, Bogotá, No. 73, 1943].



*Weighing is the first step in a series of operations that precede export. Next, the beans are hulled to remove the parchment. Then they go through a series of tests conducted by the technical services of the Colombian Coffee Growers Federation to ensure that only superior coffees go overseas in bags labeled “Coffee of Colombia”, s.f. Photo Archive, Colombian Coffee Growers Federation, Bogotá.*

neously was the Inter American pact: numbers 2078, 2079, and 2080 of November, 1940, inspired in Law 45 of the same year conferring power upon the President. In other words, the decrees, legal Fund pieces, had full force of the law.

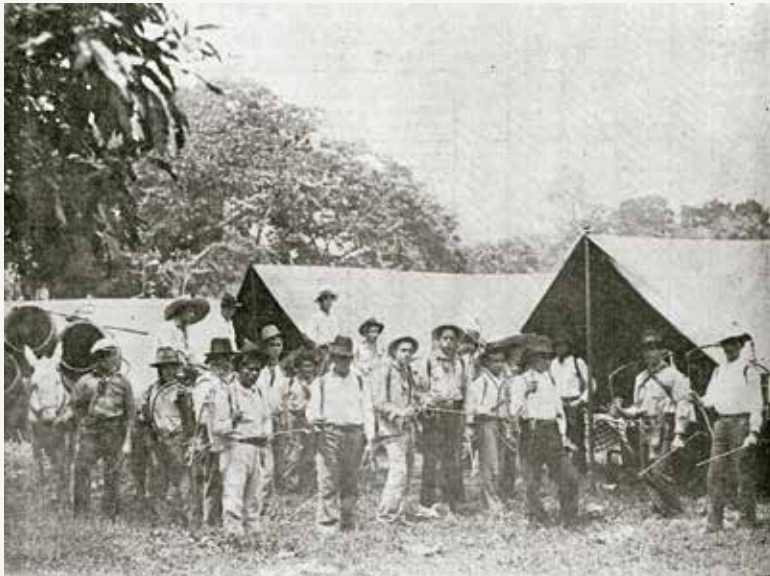
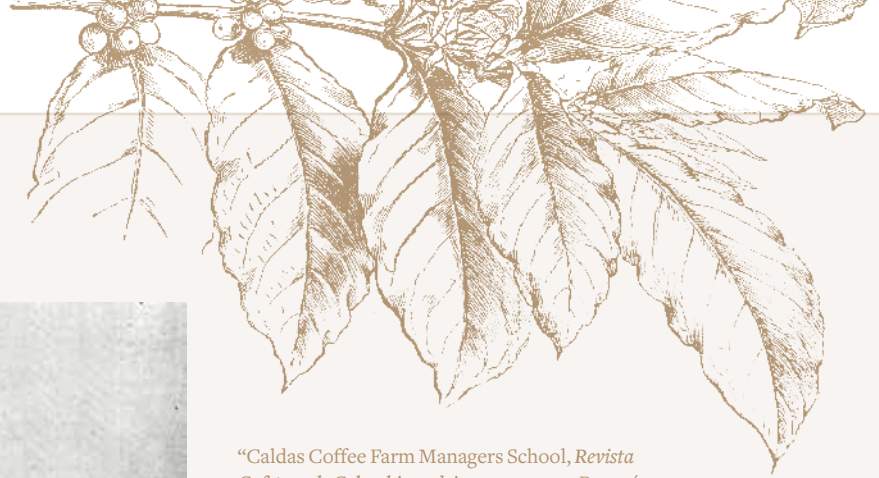
The first of them, Decree 2078,<sup>57</sup> through which the FoNC was actually born, primarily seeks to regulate change control operations and for the first time the “National Coffee Fund” expression was mentioned in article 7 of this Decree. Fund “discussed further on”, and whose monetary function will be

understood as the dollars that the Banco Central will deposit in the National Treasury. Article 9 determines that the FoNC explains the Fund’s future that will serve to apply the resources “to the acquisition and other related expenses [...] of the purchase of the necessary coffee amounts as consequence of the perspective in the Coffee Quota Agreement application and credit operations with the same purpose. In article 10, the decree establishes that those resources would be managed, through a contract, by the Colombian Coffee Growers Federation.

.....  
57 Colombia, Presidency of the Republic, Decree 2078 of 1940, through which provisions related to the coffee industry are stipulated, *Diario Oficial*, 24520, 23 of November of 1940, p. 3. Retrieved from <http://www.suin-juriscol.gov.co/viewDocument.asp?id=1396360>.



## Extension Services



“Caldas Coffee Farm Managers School, *Revista Cafetera de Colombia*, vol. iv, num. 42-43, Bogotá, 1932, p. 1548.



Extension leaders teaching in Labateca, Norte de Santander. November 30, 2012. Archive, Departmental Coffee Growers' Committee of Santander, Bucaramanga.

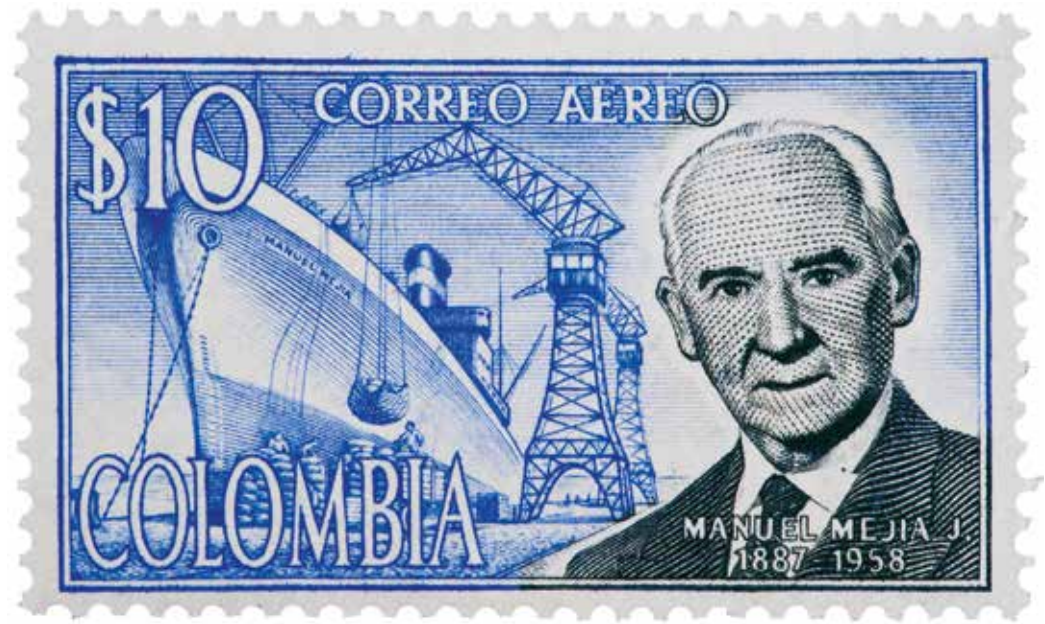
Since 1929, through the General Plan of Action and the Technical Services Department, the Federation started what later would be known as Extension Services, to improve the coffee industry. The Technical Department of the institution set up coffee-bean laboratories, schools, and experimental & research farms. In addition to it, from the knowledge gained at experimental centers and farms, projects were developed to protect and maintain crops and soils, sanitation, best processing, and crop diversification. It also implemented programs for the improvement of rural communities' life through sanitation, hygiene, and healthcare campaigns. It yielded Cenicafé that focuses assistance on coffee research, experimenting, and teaching. Schools and experimental farms depended on this center and methodology where

extension managers, formerly known as farm managers, were trained.

In 1959, Extension Services was founded in the 21<sup>st</sup> National Congress of Coffee Growers. In addition to the implementation of the *family planning* concept, home improvement and civic and cooperation attitude development basic notions, agricultural rural concentrations were set to promote leadership and teamwork among peasants, supported by the extension manager who would transfer his/her knowledge to coffee growers. Some programs developed by the Service focused on planned and aimed credit, road construction and improvement, power lines installation, aqueduct construction, fertilizer use, and industrial diversification plans.

In the 1970s, Extension Services was restructured through a Technical Management unit and five more units: Supervision, Communications, Education, Women Programs, and Basic Coffee Projects, accountable for the research and production of scripts for The Adventures of Professor Yarumo, educational advisory and guidance in rural coffee regions, and family life improvement programs, among others.

Since then, the Technical Management Unit, along with its extension services, have supported the processes of reconversion, keeping rural educational and training programs, implementing distance learning methodologies with the assistance of Colombian colleges to train technicians, extension managers, and coffee growers in mechanisms of technological handover, seeking to improve, at all levels, the productive process and the life of Colombian coffee growers.



“Manuel Mejía J. 1887-1958”, 1965, perforated 12,5×13. Philatelic collection: Alvaro Eraso Alvear, Bogotá. Catalina Londoño Carder picture.

## A “Don”<sup>58</sup> of Coffee

After what we have called the ideological battle that would define the future of coffee and its institutions, it could be stated that the period of greatest stability in the institutional history of the entity was set, as previously stated, by the performance of three managers for 67 out of the 90 years of existence of the Federation.

### *Don Manuel Mejía Jaramillo, Mister Coffee*

The first one, who laid down the foundations for public-private agreement long stability period was a personality who could be described as a “mythical manager”, one of those CEOs who appears unexpectedly from time to time in an institution and gives meaning to an era. We are talking about Mr. Manuel Mejía Jaramillo, who would go down in the history of the country and the foreign trade as *Mister Coffee*. An empirical, humble man of few words, with countryside origin, who, besides being a coffee grower, had made a career in other areas such

as banking, being the manager of Banco Ruiz in Manizales for almost a decade (1916-1925). In that capacity, he witnessed the biggest banking crisis of the 20<sup>th</sup> century that took place at the beginning of the 1920s, which led a little later to the foundation of the Central Bank and the Banking Superintendence (Kemmerer Mission). He witnessed a number of personal bankruptcies that made him stronger and turned him into a crisis expert, crises he would experience for two decades as one of the main actors in the global coffee market.

<sup>58</sup> Translator’s note: This is a title placed before the first name of a man and given as a show of respect.





In 1932 the Coffee Calendar was issued for the first time ever with pictures and legends about coffee growing, processing, and trading, FNC flag, and coffee growers' ID card. A total of 195,750 copies were handed out until 1934 countrywide. The image displays a 1934 Coffee Calendar referring to some Federation slogans: "Drinking pure coffee is defending the national economy". *Almanaque cafetero*. Bogotá: Litografía Colombia, 1934, 1 page. Heritage Documental Room, Luis Echavarría Villegas Cultural Center and Library, Universidad EAFIT. Catalina Londoño Carder picture.

Mr. Manuel did not have the initial consent of coffee growers, when it was clear he would be the government's favorite candidate, who already had the power to select the Federation manager through a shortlist of three candidates on behalf of the Coffee Growers National Committee. To top it off, President López Pumarejo made *Mister Coffee* become one of the three candidates, and, for this reason, coffee leaders forecasted he would be appointed as the Federation manager by the Government. A visit to the presidential palace

to present their objections was useless in view of the vertical position of the Government. This decision would change the course of the coffee institutional structure, because during the first years of his tenure (1940), during Second World War, one of the most significant decisions of the economic policy of the century would be made: The creation of FoNC, as it has already been analyzed.

This measure, along the first international quotas agreement, named "Inter American" because of the closure of the European market, would change the history of coffee, which was being announced to the country

Coffee newsletter, directed by Mariano Ospina Pérez, was one of the Colombian Coffee Growers Federation publications in order to compile, in a simple and clear way, the technical principles that the small coffee grower should bind to gain the best crop results. *Cartilla cafetera*. Bogotá: Imprenta Nacional, 1934



by Mariano Ospina when he joined the Federation. As a resource in times of war, the pact would have a very short life (until 1948), unlike what had happened to FoNC, which has endured longevity to date.

Following the crisis caused by the Great Depression in 1929, a crisis that would serve also as an excuse for the subsequent strengthening of the coffee institution, Mr. Manuel would be responsible for handling the subsequent crisis in times of the General Gustavo Rojas Pinilla presidency, which would mark the end of his tenure before becoming ambassador in Brazil. After returning from one of his trips from the South American giant, and as a beautiful fate irony, Mr. Manuel would die in the very same office where he performed as manager of the Federation. A few days later, *Time magazine* would announce the death of this coffee leader in the following words, stating how this man had earned everybody's respect: "knowing how to listen, speaking little and barely using 'I' instead of 'us'".<sup>59</sup>

### *Don Arturo Gómez Jaramillo and his legacy*

Shortly before Mr. Manuel's death, one of his pupils would rule the coffee destiny. Just as in the 1930's, the coffee trade was led by two engineers, with the arrival of Mr. Arturo and his successor, Jorge Cárdenas Gutiérrez, the period of the lawyers was set, which turned out to be one of the longest ones.



"Coffee bushes allowed grow freely pose some flaws for the harvest; the tree gets damaged, the coffee picker gets fatigued, and his work is less effective. In a pruned coffee bush, harvesting can be easily performed with neither picker fatigue nor tree damages", FNC, *Cartilla Cafetera*. Bogotá: Imprenta Nacional, 1934, p. 42.

Mr. Arturo had been "imported" from Manizales in 1945 by the Federation to fill in the important position of General Secretary of the entity, where he would stay until 1948, when he was sent by Mr. Manuel to represent the national interests in Europe, in the recently opened Federation Bureau in Brussels, Mr. Manuel's, Mr. Arturo's, and the Federation's visionary act because that city would become the capital of diplomacy of the world, ten years before the European Community began to shape up (1957).

<sup>59</sup> *Time*, New York, February 24, 1958, quoted by: Otto Morales Benítez and Diego Pizano Salazar (coords.), *Don Manuel, Mr. Coffee*. Bogotá: Cultural Coffee Fund, 1989, Book II, p. 408.





National Congress of Coffee Growers, November 4 – 8, 1974. The President of the Republic Alfonso López Michelsen, with (right to left) Mr. Rodrigo Botero, Minister of Finance and the Treasury; Mr. Indalecio Liévano Aguirre, Minister of Foreign Affairs; Mr. Guillermo Londoño Villa, President of the Congress of Coffee Growers; Mr. Arturo Gómez Jaramillo, Chief Executive Officer of the Federation and Mr. Leonidas Londoño Londoño, Member of the National Committee of Coffee Growers. *Revista Cafetera de Colombia*, vol. XXIII, number. 158, Bogotá, June-December 1974, p. 27.

The almost ten years Mr. Arturo was in this international position, would serve to re-open the European market after the world war. Therefore, Mr. Arturo was a privileged witness of the German recovery and its split up into two republics in 1949 (Democratic Republic and Federal Republic). This country has been the main European customer of the national product throughout the 20<sup>th</sup> century.

Having overcome the grief for the sudden death of Mr. Manuel, his successor started to work since 1958 on the creation of an international study group, which would become the First International Coffee Agreement of his tenure,<sup>60</sup> in 1962, since, just as the Government and the coffee leaders, he was well aware that the coffee market was not perfect. It contributed to the strengthening of the FoNC as a market buffer and a guarantee for the acquisition of the crop, the core task to have a Government-FNC agreement.

Mr. Arturo, who had developed from his mentor a feeling to face the international commodity market complexities, such as those faced by coffee, that was deemed not feasible to be left to a free market game, in November

of 1962 he was able to execute the “First International Coffee Agreement” along 31 producing countries and 22 consuming countries, representing 95 percent of the market. Since it had a Treaty nature, it had to be ratified by Congress, just like in every other country.

In brief, the main objectives of the Agreement were:

1. To seek a balance between supply and demand, at fair prices.
2. To provide relief to producing countries inventory surplus.
3. To gain greater price stability to avoid market volatility.
4. To advocate for employment, salary, consumption capacity, and coffee workers quality of life.
5. To promote coffee consumption at all levels.

In order to contribute to accomplish these challenges, the Agreement founded the International Coffee Organization (ICO), based

60 Note: All International Coffee Agreements have been taken from: José Chalarca, *Vida y hechos del café en Colombia*. Bogotá: Presencia Editores, 1998.



Celebration of the 60<sup>th</sup> anniversary of the Colombian Coffee Growers Federation, June 1987. Photo Archive, Colombian Coffee Growers Federation, Bogotá.

in London that would become the most important coffee trade worldwide body, advocating for better trade and diplomatic relations between coffee producing and consuming countries. Its main role and *raison d'être* has been serving as the scenario for quota negotiations at the highest level for producing countries around the world, over forty nations, and defining price ranges, floor and ceiling, for purchase-and-sale operations with consuming countries.

#### Jorge Cárdenas Gutiérrez

The debt Mr. Arturo for having received technical and value training from *Mister Coffee* had been fully paid off with Jorge Cárdenas Gutiérrez, who would become his successor after being his Deputy Manager, with four decades of service in the Federation, two of them as the leader of the trade. An Antioquean with

Lasallian background, he became an attorney with an MBA overseas, before making a career in the coffee industry, he gained experience in the banking and public sectors.

Mr. Cárdenas lived the paradoxical experience of having signed the last International Coffee Agreement (1983) and attending its ending (1989). As part of this contrast, he assumed the challenge of getting FNC ready to face that new market reality that was thought to be circumstantial, but that really implied a deep restructuring far-reaching reorganization of the coffee industry during the 1990s until the present; such period and structural change of the sector, will be analyzed in the following chapter.



## The Colombian Coffee Grower's Handbook



El *Manual del Cafetero Colombiano* (*Colombian Coffee Grower's Handbook*) was published since 1932 until 2013. The images show 1932 and 1958 covers.

In 1880, Mariano Ospina Rodríguez published *Cultivo del Café, Nociones elementales al alcance de todos los labradores*, a handbook that provided the essential elements to properly plant and harvest coffee. Half a century later, his grandson, Mariano Ospina Pérez as the Colombian Coffee Growers Federation Manager published *Manual del Cafetero Colombiano* (*Colombian Coffee Grower's Handbook*). For it, the Technical Division of the Federation took special care in the observations provided by the departmental coffee committees' technical staff, including some results derived from experiments performed by La Esperanza Central Research Station teachers and students. It has twenty chapters written in common tongue, illustrated with pictures, drawings, and prints, this handbook explains, among other subjects, everything related to the right coffee process, from sowing to trading.

In 1958, the Federation published an update in the light of botanic, coffee industry, agricultural teaching, and evolution and expansion of coffee plantations in the Colombian territory breakthroughs. The third version of the Handbook was released in 1969 compiling the knowledge and techniques to manage coffee plantations, based on results gained in the previous year, 1968, by Cenicafé. Besides displaying the technical management of coffee plantations, coffee growers was provided

instruction on new ecological conditions and the administrative capacity of the different groups of coffee growers in the country. In addition to it, emphasis was placed on production streamlining and surface unit and capital invested yield improvement, in order to allow the release of marginal areas, promoting crop diversification.

A fourth version of the Handbook was released in 1979 highlighting new Colombian coffee industry horizons, the arrival of the rust pest and the Vegetal Sanitation Service, technology changes, genetic research, chemical control, new high-yield varieties, and phytosanitary control, among others.

In 2013, to celebrate Cenicafé 75th anniversary, the Federation released the fifth version of *Manual del Cafetero Colombiano*, in three volumes. Seventy scientists participated in the development of coffee industry sustainability through investigation and technology application to show the local and world markets of the 21st century coffee bush, agro-ecological aspects, germinators, seedlings, growing farms, harvest, post-harvest, and coffee byproducts, as well as natural resources and other challenges faced by the coffee industry with sustainability criteria; this project earned the 2014 Scientific Merit Award under the Science Outreach category, granted by the Colombian Association for the Advancement of Science (ACAC).



“Special Type of Coffee  
Picker”. Sociedad de  
Mejoras Públicas, *Tarjetas  
Postales Unión Universal  
de Correos*. Medellín: Casa  
proveedora Ed. Víctor  
Sperling, Leipzig, s.f.





The relevance of the coffee-growing sector in the Colombian economy was printed on the back of the 200-hundred-peso bill issued for the first time ever in 1974 which was designed and printed in England by Thomas de la Rue & Co. as requested by the Colombian Central Bank. Colombia, 200-peso bill, 1982.

## Coffee and Economic Policy

Perhaps throughout this chapter, the deep and mutual interdependence between the national economic policy (fiscal, monetary, and exchange) and coffee policy (export, price, stock) may be evidenced throughout this chapter. The close relation between the coffee business and global geopolitics, particularly since the United States became the global main power have been shown, as well. This was first envisaged when this country became the leading player of the first international agreement that regulated export amounts. This was the scenario that Colombia faced in the 1960s, a period when there was also a severe exchange-rate crisis.

The foreign exchange crisis of the time led the Government to pass another famous decree, as important as those that led to the foundation the National Coffee Fund (FoNC); Decree-Law 444 of 1967 successfully sought to manage scarce currency resources through the innovation of the monetary policy, implementing the 'managed devaluation' concept; that is, a few cents a day instead of abrupt, high levels of devaluations which would cause shuddering effects on the economy. The 1970s and 1980s also witnessed sensitive decisions in terms of economic policy.

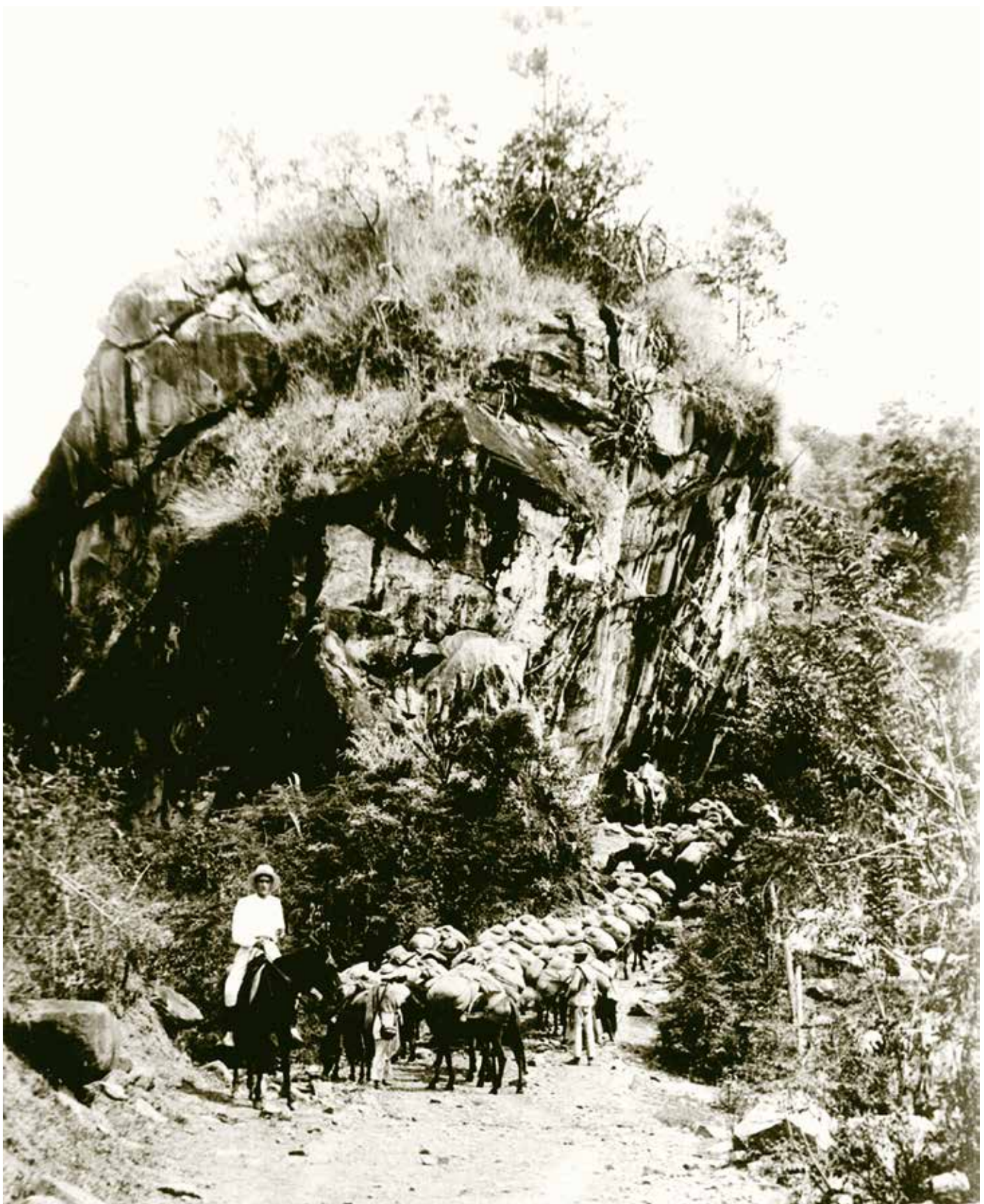


Eladio Vélez, Coffee Plantation, 1954, oil on canvas, 139 x 184 cm. Colombian Coffee Growers Federation, Bogotá. Catalina Londoño Carder.



Coffee Picker, November 10, 2010. Photo archive, Departmental Committee of Coffee Growers of Antioquia.





Barren of mules carrying sacks of coffee, Piedecuesta, Santander, 1928. Toto López Mesa. Photo archive, Medellín Pilot Public Library for Latin America.



Mules carrying sacks of coffee, May 3, 2005. Photo archive, Colombian Coffee Growers Federation, Bogotá. Patricia Rincón Mautner.



Economist Santiago Montenegro, former director of the National Planning Department (2002-2006), has pointed out the importance coffee had for the economic policy, especially up to the 1980s:

Twenty or thirty years ago, the coffee crises were not only exchange-rate crises, but also true macroeconomic crises. Due to the production structure strong diversification process and to exports during the last two decades, a coffee crisis no longer has the repercussions it used to. Nevertheless, it continues having major regional, sector, and domestic demand impact [...] Thus, coffee is still of vital importance both economically and socially and it has a great potential to remain as such for a long time if appropriate measures are taken to refocus this industry under the new world market conditions and the Colombian economy [...].<sup>61</sup>

A boom is followed by a collapse or, simply, prices go back to normal levels. In 1986, the country experienced the latest coffee production boom which was called *Mini-Boom*, compared to the one that started in 1975. Even in this recent boom, the close ties between coffee growers and the Government were noticeable mediated by the National Coffee Fund. Belisario Betancur's presidency, in the context of the foreign debt crisis, experienced fiscal and foreign exchange tightening. As in the past,

coffee growers made loans to the Government through Fund resources, being the last time it happened in the time horizon of this chapter. Nonetheless, perhaps it would be the last time coffee growers would be able to give a hand to the Government.

## The End of Quota Agreements

As noted above, the Inter-American Quota Coffee Agreement was the international framework that originated the FoNC current through 1948. It was the first effective agreement of what would be known in the post-war period as *Commodity Agreements*, governed by the United Nations Conference on Trade and Development (UNCTAD).

In the 1950s, the country and its political and economic authorities were well aware of the potential risks for the coffee industry facing

61 Santiago Montenegro, "A New Coffee Insertion into the World Markets": *Sociedad abierta, geografía y desarrollo. Ensayos de economía política*. Bogotá: Grupo Editorial Norma, 2006, p. 283.





Amagá Railway, Medellín Station, 1911. Fotografía Rodríguez. BPP-F-009-0028.  
Photo archive, Medellín Pilot Public Library for Latin America.

events such as overproduction that would flood the market and the fact of relying on a single commodity to leverage exports; therefore, it was necessary to design some protection mechanisms, both for the members within the country, and the community of around 50 coffee-producing countries.

So, at the time, not all producing countries knew that it would be suicidal not to act collectively and experience an uncontrollable production and price volatility. Since 1958, through international study groups, the possibility of reaching an agreement to engage not only producing countries but also con-

suming countries, starting with the United States, the largest consumer of the coffee bean. In a conference held in Medellín in 1981, the former Manager of the Federation, Jorge Cárdenas Gutiérrez, summarized Colombia's position in terms of an orderly management of the market, where consumers and suppliers converge:

Traditionally, Colombia has had the theory that the global market should be managed in cooperation with consuming countries. Our country believes agreement policies have been beneficial for producers and consumers and that, in the long term, both in low and high price

Car with a coffee load "El Progreso Threshing Company", Cali. Eduardo López, *Almanaque de los hechos colombianos o Anuario Colombiano Ilustrado de interés para la historia y la estadística 1920-1921*. Bogotá: Arboleda & Valencia, [1921], p. 272.



spike circumstances it would be better to have an international instrument to regulate the market, rather than a free trade regime without any control.<sup>62</sup>

This was stated by the coffee leader at the dawn of the 1980s, a policy the country was consistent with. The concern Colombia and other coffee producing countries had would find in the early 1960s, an ideal circumstance in the Cuban Revolution (1959) and in the US Government's response to the communist threat with the arrival of President John F. Kennedy (1961-1963) and his agenda for Latin America called "Alliance for Progress". Once again, geopolitics took part in the faith of commodities, such as coffee.

The previous framework underpinned the first quota agreement. Four agreements were signed over a period of three decades to reg-

ulate exports: 1962, 1968, 1976, and 1983, the last one, when the Colombian coffee industry had come out of its peak boom decade, the seventies, with the 1975-1977 coffee-production boom, since prices began to recover since 1969, after years of an out-of-proportions foreign exchange crisis.

The seventies have been the decade with the greatest price recovery; that is, the period of less reliance on the current Global Agreement. Throughout the 1980s, the Cold War was losing strength if compared with those dreadful times of the "nuclear threat". A more reasonable celebrity had arrived to the Soviet Bloc with its "Perestroika", the restructuring of the communist system; he was the secretary of the communist party Mikhail Gorbachev, one of the main architects of the end of the Cold War, which is symbolically associated to Berlin Wall fall.

62 Otto Morales Benitez and Diego Pizano Salazar (coords.), *Jorge Cárdenas Gutiérrez y la política cafetera colombiana. 1963-2002*. Bogotá: Cultural Coffee Fund, 2007, vol. I, p. 313.







Air coffee transport, Avianca, 1980s. Photo archive, Colombian Coffee Growers Federation, Bogotá.

The end of the communist world or the “Iron Curtain” set the background for U.S. Government trade officials to impose their point of view on a less economic sensitivity kept by the Department of State. The arguments that tipped the scale in favor of the commercial criteria were the existence of a parallel market that was not bound to comply with the agreement economic clauses, so consuming member countries ended up losing. On the other hand, the demand to increase mild

coffee quota, which encouraged some local sectors to claim, as back in the 1930s, that the Colombian coffee industry had the capacity to compete at the highest level.

Following the negotiations that took place during most of 1989, focused on September 30, the closing date of the current agreement, the country and the coffee world had to prepare to experience a new market reality without quota agreements.



Seedbed, part of the coffee planting process, Colombia, 1970s. Photo archive, Colombian Coffee Growers Federation, Bogotá. Félix Tisnés.











[Henry Louis Duperly and son, 1894]. "Colombia: Workers sealing the sacks", Roselius & Co., *Darstellung des kaffeebaues in Columbien*. Bremen: Roselius, ca. 1910, Print 16.











# The Reinvention of the Coffee Industry in Free-Market Times (1989-2015)

JOSÉ ROBERTO ÁLVAREZ MÚNERA, *Universidad Pontificia Bolivariana Professor*

*Today I am a happy farmer and although it has  
not been easy, I want my story to be repeated by  
all working farmers in Pitalito and in the whole  
country.*

LUIS ALBERTO JOJOA  
Cup of Excellence, *Semana*, 2006.





"On steep slopes, fertilizers are applied in the higher half circle".  
Colombian Coffee Growers Federation, *Manual del Cafetero Colombiano Medellín*: Bedout Publishing House, 1969, p. 218.

**C**risis are the best way to test what human beings and their institutions are made of. Almost three decades into the free market have implied the whole management capacity of the Colombian Coffee Growers Federation (FNC) to prove its mission as a democratic and federated organization that represents the interests of coffee growers' families (over 550,000) before the Colombian State, multilateral institutions, and foreign trade. Its continuation and stability have been a clear example of the functionality and relevance of the State-FNC alliance, visible through its effective ability to improve coffee growers' and their families' living conditions under a development model that has been including better sustainability, competitiveness and social investment criteria.

During this time, the Federation has performed hard work year after year, at all levels in order to empower its efforts. Likewise, its task has been the ongoing review of State relations, without sacrificing basic consensus, and, in an internal restructuring, to guarantee the commitment of the organization and to make its mission more efficient. It had to become able to conduct a more periodic, thorough, and constant analysis of the domestic and foreign market behavior to define production criteria. Technical processes have required justification amid a wider scientific culture to improve competitiveness minimizing environmental impact. Changes in the international market have taught FNC to redirect its commercial relations with more creativity with an understanding attitude to respond to consumers changing and demanding behavior and to new market niches. Institutional circumstances have led it to boost resource management capacity for the development of projects at regional level with resources from sources other than National Coffee Fund (FoNC), such as third parties and helping communities. These are, among the most outstanding strategies and practices, the greatest reinvention of the FNC. Today, more than just being an entity within the political 20<sup>th</sup> century world, the Colombian Coffee Growers Federation has established a trade leader profile and has become a competitive economic actor at global level, allowing it to successfully project itself into the 21<sup>st</sup> century.



Alipio Jaramillo, [Coffee pickers], [1950s], oil on canvas, 180x240 cm.  
Colombian Coffee Growers Federation, Bogotá. Catalina Londoño Carder.

This chapter summarizes the fact that, crisis years were, as well, an opportunity to reinvent the coffee culture of the country, and, in the process, FNC played a leading role, not exempt from criticism and debate, but with a high sense of commitment to producers, mostly small coffee growers. In the first place, the reader will have an explanation of the International Coffee Agreement (ICA) end impact and how difficult it was for Colombian institutions to react to the unexpected change in the late 1980s facing a free market. There are references to relevant efforts made by the administrations of Mr. Jorge Cárdenas Gutiérrez (1983-2002), Mr. Gabriel Silva Luján (2002-2009), Mr. Luis Genaro Muñoz Ortega (2009-2015), and Roberto Vélez Vallejo (current) to understand the transition of world

coffee industry, Colombian macroeconomic changes, and to define the positions to articulate Colombia into this new coffee market. The following section outlines FNC efforts to adjust, adapt, and commit to the world of competitiveness, which have required rigorous organizational adjustments and great public debate on the convenience to keep a trade and regulating role in the country's coffee policy. The third section displays a description of the current coffee culture which has implied the emergence of new entrepreneurial coffee ways. Finally, there are details of the community that has emerged from the transition from the stable world through ICA to the free market and the contribution the coffee industry has made to development and peace-building in Colombia.



## The End of the Quota Agreement and the Structural Difficulties Faced by the Colombian Coffee Industry

It was 1989, a year of deep geopolitical changes. Berlin Wall was falling on November 9th as a symbol of those changes before the astonished gaze of the world. The so-called Cold War, whose beginnings go back to mid-20<sup>th</sup> century and that had resulted in a tense dispute between capitalist and socialist projects, had come to an end; and with this outcome, the decline of the system structures that had defined that century<sup>63</sup>. The victory of capitalism was the platform to move toward to a free-market globalization. Everything indicated that the almighty State should be subordinated to the orientation of another power pattern: International financial institutions and their multinational devices that promoted economic freedom as the upmost value to be protected in this new order. The Chicago School assumed the leadership of this plan and its spokesmen and representatives supported the freedom to choose, so-called economic individualism, as the principle of all principles<sup>64</sup>.

Market-opening measures were implemented quickly and in Latin America they were considered following the guidelines of the so-called Washington Consensus<sup>65</sup>. With them, boundaries that used to protect national economies started to vanish. A new competitive era started featuring competition, and, like in any market, the most fragile had the highest disappearing risks. Thus, economic

and corporate management model changes were unavoidable.

What few people saw coming, was that the Wall would fall earlier on the Colombian coffee industry. On July 4, 1989, International Coffee Organization (ICO) representatives, led by consuming countries, with the United States at the forefront and supported by European countries, such as Germany, and many other Central American countries, decided to finalize ICA that had regulated the market since 1962 setting exporting countries production quotas, allowing to keep supply and guaranteeing reasonable prices for farmers all over the planet<sup>66</sup>.

In Colombia, the evidence of that world coffee market deregulation was summarized by Jorge Cárdenas Gutiérrez: "25 million sacks of coffee suddenly became available in the market"<sup>67</sup>, 33 percent of 1989 total exports. Quickly, Colombian coffee lost value in international quotes, and early in the 1990s, its foreign price was below a dollar per pound and kept falling, being the worst prices in the previous three five-year periods (Chart 1). In those years, coffee gave up its historic traditional Colombian exports leading place to oil and coal (Chart 2). This foreign price plummeting reduced, at the same time, the price for coffee growers, encouraging coffee production decline in subsequent years generating a FoNC deficit, an instrument that had been set up to finance the coffee policy. So, it became evident that ICA stability years were over and free-market unrest and uncertainty had become a reality.

63 Eric Hobsbawm, *Historia del siglo XX*. Barcelona: Crítica, 1995.

64 Milton Friedman and Rose Friedman, *Libertad de elegir; hacia un nuevo liberalismo económico*. Barcelona: Grijalbo, 1980.

65 Set of reforms that, within the sphere of agencies such as the International Monetary Fund (IMF), the Department of the Treasury of the United States, and the World Bank, had to be implemented in the continent to open up the economy, minimize the State, and expand the market. Refer to: John Williamson, *El cambio en las políticas económicas de América*. Mexico: Gernika Editions, 1991.

66 Lovell Jarvis and Mary Bohman, "The International Coffee Agreement: Economics of the nonmember market", *European Review of Agricultural Economics*, vol. 17, No. 1, 1990, pp. 99-118, p. 11-25.

67 *Dinero*, Bogotá, July 8, 2013. "El fin del pacto cafetero", <http://www.dinero.com/edicion-impres/caratula/articulo/el-fin-del-pacto-cafetero/182429>



Patricia Nieto, 1990, *Little Coffee Picker*, hollow polyester resin, 55x37x38 cm, Colombian Coffee Growers Federation, Bogotá. Catalina Londoño Carder.



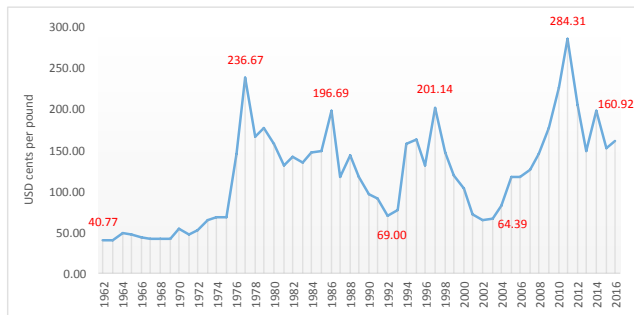


Chart 1: Colombian Coffee Foreign Price, 1962-2016\*

\*Annual coffee average

Source: FNC, *Historical statistics. Coffee statistical information. Coffee prices*. Bogotá: FNC, 2017. [https://www.federaciondecafeteros.org/particulares/es/quienes\\_somos/119\\_estadisticas\\_historicas/](https://www.federaciondecafeteros.org/particulares/es/quienes_somos/119_estadisticas_historicas/)

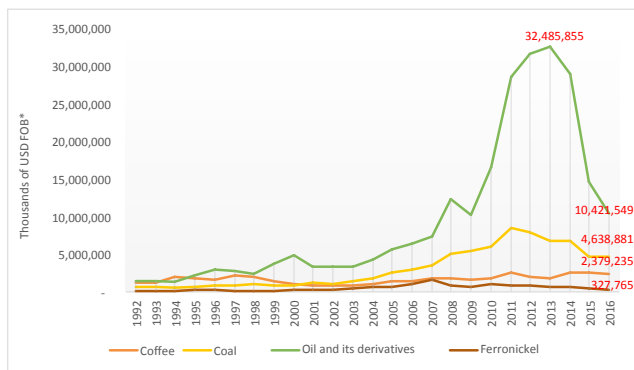


Chart 2: Colombia, Traditional Exports Value (Coffee, Coal, Crude Oil and byproducts, and ferronickel), 1992 – 2016

\* USD FOB (Free on Board), is an indicator to assess exports reflecting the sale value of goods in their place of origin, plus the cost of freight, insurance, and any other expenses required to bring goods to the exporting country Customs Office.

Source: National Tax and Customs Direction (DIAN) and the National Administrative Department of Statistics (DANE), *Exports. Colombia: Coffee, coal, crude oil and byproducts, ferronickel and non-traditional exports, based on values and metric tons. 1992-2017f* (February). Bogotá: DANE, 2017. <https://www.dane.gov.co/index.php/estadisticas-por-tema/comercio-internacional/exportaciones>

The truth was that for the last decade of the 20<sup>th</sup> century, the crisis was structural, the deepest one in the history of coffee; the institutional structure of the most important and influential trade of the country was bound to reconsider its economic and political model. The understanding of these new international trade circumstances was a slow and difficult process but even more complex was the process to create a competitive company within that context of constant uncertainty.

Just as deregulation and trade opening processes took by surprise the industrial structures of the country<sup>68</sup>, the coffee world faced similar situations and experienced a severe revenue contraction. The structural factor of that crisis was summarized by Marco Palacios: Since 1962 to 1989, in the context of the Cold War, “Colombia regulated its coffee policies without prioritizing competitiveness due to

the fact that it was protected by a highly politicized market”<sup>69</sup>. Once market opening came about, it triggered an adjustment that is still under way.

The fact is, that once ICA ended, prices plummeted 40 percent in four years, due to the impact of inventory release by producing countries, and, as a result, there was coffee bean surplus. It encouraged producers to seek the restoration of an export control system, leading several countries to move forward into a coffee withholding scheme late in 1993, committing themselves to withhold between 10 and 15 percent of their exports<sup>70</sup>. The Colombian State and the FNC were attentive to this issue, in order to create the required conditions to reactivate ICA, but they failed. Encouraged by the Minister of Finance in 1989-1993, Rudolf Hommes, efforts were made to improve medium and long term coffee bean

68 Gabriel Misas Arango, *De la sustitución de importaciones a la apertura*. Bogotá: Universidad Nacional de Colombia, 2001, pp. 11-134.

69 Appendix 4: Comments by Marco Palacios: Juan José Echavarría et al., *Misión de estudios para la competitividad de la caficultura en Colombia*. Bogotá: National Coffee Fund, 2015, p. 167.

70 Christopher L. Gilbert, “International commodity agreements: An obituary notice”, *World Development*, vol. 24, No. 1, 1996, p. 12.



The Colombian Coffee Growers Federation founded the Manuel Mejía Foundation on November 30, 1961 in order to strengthen Extension Service and coffee grower professional training in the country. During its 56 years of work, the Foundation has trained about 485,905 rural and urban area individuals in Colombia. The picture displays the Foundation educational facilities inaugurated on June 8, 1965 in Chinchiná, Caldas. Photo archive, Manuel Mejía Foundation.

marketing strategies, but on the hope to re-think the Agreement, they were too shy to face the coffee free market<sup>71</sup>.

Other efforts were made in 1994, such as the foundation of the Association of Coffee Producing Countries (APPC) with the purpose of strengthening the export withholding scheme, but it failed and it was dismantled before the turn of the century. Then, ICO member countries signed the Sixth International Agreement that for the first time ever for the coffee private sector, which led to the foundation of the Advisory Board, where all the players along the chain are represented: Producers, marketers, manufacturers, and consumers<sup>72</sup>.

While efforts of new agreements for a regulated market failed, the end of the ICA evidenced the power of roasting and distribution multinationals in the largest consumption centers, and their relevance in the evolution of the coffee market was notorious. In fact, these companies set up an oligopsony market profile<sup>73</sup> to impose a marketing criteria for the coffee bean trading and transformation. Some examples of these recognized distribution organizations are Starbucks®, Neuman Kaffe®,

Volcafe®, Cargill®, Esteve®, Aron®, Ed & Man®, Dreyffus®, Mitsubishi®, Nestlé®, and Sara Lee®. The most outstanding roasters include companies like Kraft, Procter & Gamble, Nestlé, and Sara Lee. Many of these multinational, along other less powerful chains, have agents in the producing countries' markets<sup>74</sup>. In general, under these conditions of the world coffee market, the effect has been a level increase and price volatility; the consumption of Robusta coffee has increased compared to Arabica coffee (Colombian variety par excellence), and a market of specialty coffee varieties has been developed and consolidated, currently representing around 20 percent of the global demand<sup>75</sup>.

71 Sergio Clavijo, Carlos Felipe Jaramillo and José Leibovich, *El negocio cafetero ante el mercado libre: informe de la Comisión Mixta para el Estudio del Café*. Bogotá: Ministry of Finance and Public Credit, National Planning Department, TM Publishers, 1994, p. 9.

72 Pablo Pérez Akaki, "Las transformaciones institucionales en la producción y comercialización internacional del café en el siglo XX e inicios del XXI", *Revista Latinoamericana de Economía*, vol. 38, num. 150, July-September 2007, pp. 117-118.

73 *Ibid.*, p. 109.

74 Annex 4: Comments by Marco Palacios, *op. cit.*, p. 159.

75 J. J. Echavarría et al., *Misión de estudios para la competitividad de la caficultura en Colombia*, *op. cit.*, p. 6.



## National Coffee Research Center (CENICAFÉ)



Laboratory of the National Coffee Research Center, Cenicafé, s.f. Photo archive, Cenicafé, Chinchiná, Caldas.



Colombian Coffee Growers Federation, *Manual de conservación de suelos de ladera (Manual for the conservation of slope soils)*. Chinchiná: Cenicafé, 1975

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1 Jorge Cárdenas Gutiérrez, "Presentation", 50 years of Cenicafé, 1938-1988. Commemorating Lectures Chinchiná: Cenicafé, 1990, s.p.; Germán Valenzuela Samper, "Investigación y desarrollo cafetero", 50 years of Cenicafé, 1938-1988. Commemorating Lectures Chinchiná: Cenicafé, 1990, pp. 3-8.; Gildardo Monroy Guerrero, *Desarrollo de una comunidad científica en Torno al café y su convergencia con la administración: el caso Cenicafé*. Manizales: Universidad Nacional de Colombia, Manizales campus, Master in Business Administration thesis, 2007, pp. 36-45. See: <http://www.bdigital.unal.edu.co/1004/1/gildardomonroyguerrero.2007.pdf>.

In 1938, the Colombian Coffee Growers Federation gathered in one institution the development it had been conducting since 1928 on coffee scientific research through the creation of the National Coffee Research Center, Cenicafé, with headquarters in Chinchina, Caldas. Among the main objectives of the institution, there is the transformation of the Colombian coffee industry, assist small coffee growers, the preservation of renewable natural resources, the improvement of the coffee bean quality, the development of pest-resistant breeds, the efficiency of coffee processing, and production diversification; in other words, increase production, improve the coffee bean quality, and reduce production costs. To accomplish these objectives, Cenicafé has developed campaigns based on water and soil conservation and management, technological implementation processes, and coffee bean breed development. Among its achievements, both locally and internationally, there is the development of Colombia Breed, which is highly resistant to rust, one of the most serious diseases of coffee. This breed was available to coffee growers long before the disease arrived to the country, which prevented great industry losses. Later, the Castillo breed was developed and a new scientific breakthrough was released in 2016, the Cenicafé 1 breed, a short bush, greater productivity, and resistant to disease, which is in the process of being implemented

in Colombian coffee plantations. Since its foundation, Cenicafé has been one of a kind in the world, an example to many countries that have sent commissions to study this model to be implemented in other places. Cenicafé is also a center where scientists are trained, through undergraduate and graduate thesis advisory and consultancy services as well as article, scientific book, and journal publications, such as *Revista Cenicafé*, *Anuario Meteorológico*, *Biocartas*, *Brocartas*, *Avances Técnicos*, among others, without leaving aside farmers' training through the publication of widely available manuals, brochures, and booklets released through extension services in the coffee growing areas around the country. The work performed by Cenicafé staff has earned a number of awards and recognitions throughout almost 80 years of service, including: Alejandro Ángel Escobar Award granted in 1956, 1970, 1986, and 1996; Colombian Society of Soil Science National Soils Award in 1993 and 2004; the Inter-American Science Award granted by the Organization of American States (OAS) in 1993; the National Science Merit Award in 1994 and 1996; Blue Planet Prize granted by Banco de Occidente in 1997 and 2010; Medal to the Work for Science "PROCIENCIA granted by the Colombian Association for Science Progress (ACAC) in 2000; the Innovation Portfolio Award in 2008; Hector Delgado Zambrado Award in 2012-2013 granted by the Colombian Association of Plant Pathology (Ascolfi); National Scientific Merit Award, Science Mainstreaming Category, for its 2013 Coffee Guideline publication, awarded by the Colombian Association for Science Progress (ACAC) in 2014; among others. Cenicafé is an example to the country and to the world for the relevance of scientific research to generate knowledge and to benefit the industry and Colombia. Eighty years of work have shown that efforts bear fruit with the participation of all actors (scientific, political, economic, social, and cultural).<sup>1</sup>



In 1973, the Colombian Coffee Growers Federation opened the Colombian freeze-dried coffee Buencafé factory, in Chinchiná, Caldas. The pictures show two aspects of the factory.

© Copyright FNC 2017: Photo archive Buencafé Freeze-dried coffee.

Going beyond these turbulent times, the relevance of coffee has been recognized in the economic and social history of the country<sup>76</sup>. This importance was very sensitive until the end of the eighties in the 20<sup>th</sup> century, according to the figures of this sector in terms of exports, employment, aggregate demand, tax revenues, technology development, infrastructure development, and the impact on several regional economies<sup>77</sup>.

FNC, as a promoter of the coffee industry public assets<sup>78</sup>, had to rethink strategies to sustain this commitment. Along those lines, the findings and suggestions of *El negocio cafetero ante el mercado libre: informe de la Comisión Mixta para el Estudio del Café (The coffee business before the free market: report of the Joint Commission on the Study of Coffee)*<sup>79</sup>, the first study ever on the coffee crisis at the end of the last century that sought to identify

and propose actions to face the new context of the coffee free market.

These efforts were aimed at rethinking the coffee policy, including: Acknowledging the need of an ongoing diagnosis of the international coffee market and of the world market trends in terms of new consumption to guide production; defining a more flexible legislation, which, without losing quality, made easier coffee bean exports; to promote actions to expand the domestic export marketing, such as specialty coffees production encouragement, greater presence of private agents, and strengthening and competitiveness of cooperatives; advance in the industrialization of coffee in order to export coffee beans with as much added value as possible; promoting coffee domestic consumption; and, finally, in terms of production, redefining costs per hectare, levels of coffee bean profitability in

76 Salomón Kalmanovitz and Enrique López, *La agricultura colombiana en el siglo XX* Bogotá: Fondo de Cultura Económica, 2006, pp. 1-21.

77 S. Clavijo, C. F. Jaramillo and J. Leibovich, *El negocio cafetero ante el mercado libre:...*, op. cit., p. 12.

78 Namely: Producer purchase guarantee, research and innovation to improve the coffee bean quality, advertising and promotion, development coffee community social infrastructure, technical assistance service, and rural outreach.

79 S. Clavijo, C. F. Jaramillo and J. Leibovich, *El negocio cafetero ante el mercado libre:...*, op. cit.





Since 1985, The Colombian Coffee Growers Federation has been broadcasting The Adventures of Professor Yarumo to provide massive technical and educational assistance to coffee growers in the country. It has also been published as a cartoon strip and newspaper. The character has been played by: Héctor Alarcón Correa, (1985-1996); Carlos Armando Uribe (1996-2103), and Daniel Fernando Chica (2013-current). The pictures show the front pages of The Adventures of Professor Yarumo and the cartoon strips of Professor Yarumo, published between 1989 and 1995. Archive, Colombian Coffee Growers Federation, Bogotá. Catalina Londoño Carder.



terms of foreign competition, and the implementation of new technological packages, implying research to reduce coffee-bush disease risk, developing a new coffee industry genetics, and minimizing the coffee industry environmental impact<sup>80</sup>. This indicates that five years after the fall of the ICA, the country started direct efforts to modify coffee development policies. These guidelines marked the last years of Jorge Cárdenas Gutiérrez administration, who started an FNC transition process towards a new coffee trade international context.

In May 2002, The Coffee Institutional Structure Report of the Adjustment Mission was submitted and in July of that same year, Gabriel Silva Luján was appointed manager; he

continued and strengthened the coffee sector reform recommendations, based on a number of efforts that prioritized the three tasks of the coffee industry institutional framework: 1) purchase guarantee<sup>81</sup> and institutional marketing of coffee; 2) provision of a defined set of public goods and other expenses associated to the institutional framework, and 3) producers' income stabilization. He emphasized that FoNC resources should only be used to comply with these three priority institutional tasks<sup>82</sup>. In particular, this Mission and Silva Luján's administration were acknowledged because of the growth of the value chain with benchmarks such as specialty coffees, Juan Valdez coffee shops and Procafecol foundation, the creation of a brand portfolio, the development of *the denominations of origin*

80 *Ibid.*, Pp. 60-71.

81 This service guarantees coffee growers that, when selling their coffee, they will always find a buyer willing to pay a fair market price without abusing their condition of a small coffee growers. The reference price is fixed daily by the FNC and it becomes a benchmark fixed based on transparency criteria depending on market conditions. See: FNC, "Garantía de compra" (*Purchase guarantee*): [https://www.federaciondecafeteros.org/clientes/que\\_hacemos/comercializacion\\_del\\_cafe\\_colombiano/instrumentos/garantia\\_de\\_compra/](https://www.federaciondecafeteros.org/clientes/que_hacemos/comercializacion_del_cafe_colombiano/instrumentos/garantia_de_compra/)

82 Gabriel Silva et al., *El café, capital social estratégico*. Bogotá: FNC, 2002, p. 138.



The Adventures of Professor Yarumo Magazine No. 2, Bogotá, March, 1990. File, Colombian Coffee Growers Federation, Bogotá.



Professor Yarumo, (Hector Alarcón Correa) showing how to use a hand blender. s.f., Photo archive, Colombian Coffee Growers Federation, Bogotá.

and protected geographical indication (PGI)<sup>83</sup>, and the declaration of the Coffee Cultural Landscape.

The largest productive transformation since the end of the ICA took place during the administration of Luis Genaro Muñoz Ortega amid weather changes and price volatility. In the framework of his tenure, in 2014 a third report, the Study Mission for the Competitiveness of the Coffee Industry in Colombia, was submitted which was even much more radical to insist on further reforms to Restructure the coffee organization and further rationalize operating costs; recognize the coffee industry heterogeneity and the need to turn coffee into a more profitable business; restructure FoNC and provide it with the

same conditions to operate with incentives similar to those of the private sector; focus on farmers' pricing policies to weather market failures; separate the FoNC and State's roles; get rid of the conflict of interests between regulations and exports; and insist on best agricultural practices, including environmental sustainability issues<sup>84</sup>. These measures, some of them really controversial, still lack trade consensus, because of the high risk of leaving aside producers' defense mission, being most of them small coffee farmers<sup>85</sup>, and all coffee sector players are encouraged to continue reviewing the competitiveness of their organization and how to cope with it.

83 These are indicators that represent and show the link between a product's quality and origin to meet a quality and tradition promise.

84 J. J. Echavarría et al., *Misión de estudios para la competitividad de la caficultura en Colombia*, op. cit., pp. 63-74.

85 Annex 1: Colombian Coffee Growers Federation Steering Committee's comments, in: J. J. Echavarría et al., *Misión de estudios para la competitividad de la caficultura en Colombia*, op. cit., pp. 79-138.







Cenicafé El Rosario Experimental Substation, Venecia, Antioquia, May 2017. Catalina Londoño Carder.

These last two studies, 2002 and 2014, were the result of two previous documents by the National Council of Economic and Social Policy (CONPES)<sup>86</sup>. The first one, in 2001, suggested short-term and long-term efforts that would allow a sector adjustment to the coffee bean new international market dynamics. The second one, in 2013, stressed that the crisis was most noticeable at the institutional organization, in the sense that FoNC total revenues did not reach expected levels, generating operating deficits that have had to be financed with the general budget of the nation. As a result of these lineages, it proposed the revision of FoNC financial sustainability and its relation with mission objectives. These concepts come along with other issues about this situation, because Colombia is the coffee producing country that has taken advantage of opportunities and has faced free-market risks less successfully, which has been associated to the excessive regulation of the coffee market and to the management of the commercial policy that, with the consent of the State, has led to significant production and exports market share loss<sup>87</sup>. In brief, these positions suggest splitting off, under the coffee industry policy, the commercial and the association aspects. FNC has given answers in two directions: On the one hand, it has stood up for the importance and relevance of social, political, and economic high-impact rural development model throughout the 20th century up to the present; and on the other hand, it has indicated that the alternatives may be more dramatic by leaving small coffee growers without any options to participate in the market, because they make up more than 90 % of the social base of this sector, currently around 550 thousand families<sup>88</sup>.

The current Roberto Vélez Vallejo administration has received these recommendations amid an improvement in coffee production. The last two years' good results call for cautiousness and, particularly, to take advantage of the good situation to plan for the future. He acknowledges that "the task is to continue working to increase coffee plantation productivity, to pay up debts, and to turn coffee industry into a profitable and sustainable business"<sup>89</sup>. Likewise, his administration has been framed by strategies to promote greater democratization of the trade participation instances, to develop new bylaws, to make changes to export regulation, to sign a new FoNC agreement, to draw a new code of ethics, and to strengthen the management of projects (to reduce FoNC resource dependence).



Coffee weighting and packing process, February 10, 2009. Photo archive. Colombian Coffee Growers Federation, Bogotá.

86 National Planning Department (DNP), CONPES 3139: *Estrategia de apoyo al sector cafetero*. Bogotá: DNP, November 15, 2001; Colombia, DNP, CONPES 3763: *Una estrategia para la competitividad de la caficultura colombiana*. Bogotá: DNP, 29 August of 2013.

87 Carlos Gustavo Cano Sanz et al., "El mercado mundial del café y su impacto en Colombia", in: *Borradores de Economía*, Bogotá: Central Bank, No. 710, 2012.

88 Appendix 1: Reviews of the Steering Committee of the Colombian Coffee Growers Federation, *op. cit.*, 89

89 Roberto Vélez Vallejo, "Aprovechemos la buena coyuntura para planear el futuro", in: 83<sup>rd</sup> National Congress of Coffee Growers: *The profitability of the coffee grower, everyone's commitment*. Bogotá: FNC, 2016, p. 2.



## Colombian Coffee Traceability



In the last few decades, coffee bean consumers increased demand levels in terms of the coffee conditions. Consequently, in 2000, the Colombian Coffee Growers Federation introduced a product traceability program to know the development of coffee-growing processes from the coffee farm to the point of distribution, through the use of registration and identification systems, such as labels and bar codes. This way, the entity sought to meet customers and consumers' commercial and quality expectations. Source: Gloria Inés Puerta Quintero, "Registro de la trazabilidad del café en la finca", *Cenicafé Technical Developments*, Chinchiná, Cenicafé, No. 355, 2007, pp.1-8. .

"Los Nogales" coffee sacks with barcode, March 16, 2009. Photo archive, Colombian Coffee Growers Federation, Bogotá.

Prepared by: Members of the Business History Group, Universidad EA.FIT.

Beyond the academic and political debate, FNC has developed, and still does, just like it did 90 years ago, a model that combines coffee market trade participation tasks and representation, regulation, marketing, and development, as well as the generation of public resources and infrastructure for the benefit of the regions and coffee-producing families. This institutional structure, builder of an unparalleled social model in the history of the country, has been highlighted as one of the main strengths and remains being a benchmark in the world because Colombian coffee, thanks to farmers', the trade, and the State, has high quality and a great name. This quality and market reputation becomes evident by the achievement of a market premium for its coffee and the achievement of intangible assets such as the "Colombian Coffee" denomination of origin.

## The Colombian Coffee Growers Federation and the Challenge of Competitiveness: Debates and Developments

During the 20th century, in the context of Colombian protectionism, FNC had a privileged place in the Ministry of Finance where it used to influence the country's economic decisions. There was every reason when, due to its experience, it implemented a rural development program that was even internationally acknowledged by promoting an export model for a basic commodity such as coffee, including a wide social base of small and medium-sized farmers organized through a system of federative democracy and



Colombian Coffee Growers Federation Logo made by institution extension workers, Melgar, March 11, 2008. Photo archive, Colombian Coffee Growers Federation, Bogotá.

production support and social development institutions<sup>90</sup>. In other words, the trade balance of the country depended on coffee; and that society, that had coffee as a wealth generation base, was developed by and depended on this institutional structure, as their productive process guardian. A symbiosis among coffee farmers, FNC, and the State outlines the Colombian society in the last century.

After the coffee industry decline in these last few years, such institutional structure has been questioned because it is considered inappropriate for the participation of coffee growers in the new international market. Since then, this economic sector has lost direct relevance in the macroeconomic policies; therefore, such relation had to be restated. To do this, even alternate negotiation spaces were created, such as a government advisory office that has had a more technical role in mediation with the State, particularly regarding national budget resource transfers to support the coffee industry. It may be construed that the State is no longer seeks coffee growers, but rather the other way around. It seems as though the activity had lost merits; on the contrary, it has been a factor to advance in the development of building greater autonomy by making the coffee business more efficient, competitive, and sustainable.

An important debate has been the relation between the Colombian Coffee Growers Federation and the National Coffee Fund. The creation of this Fund in 1940, provided the country with an instrument to devise and execute the coffee policy. Its purpose was to become a stabilization mechanism, which made it possible to protect producers from international market volatility and helped finance, with own funds, a number of research-related activities, technical assistance, external marketing, and physical and social infrastructure around coffee regions. The Fund, additionally, enabled investments in the creation of other companies, such as Flota Mercante Grancolombiana (1956), Banco Cafetero (1953), and Compañías Agrícolas de Seguros which, at the time, were very supportive for the development of the coffee industry<sup>91</sup>. There are even opinions about the existence of a different institutional structure in coffee regions compared to the rest of the national territory and some people have stated that FNC, the Fund manager, was able to build a "State within the State" through this instrument<sup>92</sup>.

90 Roberto Junguito and Diego Pizano *Institucionalidad e instrumentos de la política cafetera en Colombia*. Bogotá: FNC, 1997, pp. 1-73.

91 Jorge Cárdenas Gutiérrez, "El modelo cafetero colombiano" *Revista Cafetera de Colombia*, num. 203, Bogotá, 1994, p. 8. Colombian Coffee Growers Federation.

92 J. J. Echavarría et al., *Misión de estudios para la competitividad de la caficultura en Colombia*, op. cit., p. viii.





## Juan Valdez Café® and Procafecol S. A.



Promotora de Café Colombia S. A. (Procafecol) was founded in November 2002 in order to market all forms of Colombian coffee, particularly through the sale of premium beverages and miscellaneous items at its own stores or through franchisees. It is within this context that Juan Valdez Coffee® trademark arises.

The first coffee shop opened up at El Dorado Airport in Bogotá in December 2002, and, internationally, in Washington D.C., The United

States, in September 2004. In the framework of these activities, Procafecol has invested in firms like NFGC Investments, Coffea Arabicas Beverages, Pod Col Coffee, Cafescol Stores, Coffeocol, Almacafé, Procafecol Chile (joint venture with Falabella), and Procafecol Ecuador (joint venture with Latincafe), all of them responsible for the promotion and sale of Juan Valdez Coffee® brand abroad. *PROCAFECOL. Annual Report 2015*. Bogotá: Procafecol S. A., 2016, p. 36.

Commemoration coffee. As a tribute to the coffee-growing towns, on their foundation dates, Juan Valdez stores offered a limited edition of coffee packed in a handicraft fique bag, such as Café Santa Fe de Antioquia 464 years on November 11, 2007. Photo archive, Colombian Coffee Growers Federation, Bogotá.

93 Colombian Coffee Growers Federation Extension Service was founded in 1928. It develops and performs technical, social, economic, environmental, and trade programs with producers in every coffee region around Colombia. Currently, there are over 1,500 extension workers.

94 *Ibid.*, P. 46.

95 In 1991, Constituent Member Alfonso Palacio Rudas, "El Cófrade" (Buddy), supported the convenience of incorporating parafiscal taxes as a constitutional rule. Since then, the National Coffee Fund counts on a parafiscal account that exclusively has Colombian coffee growers as contributors.

96 Colombia, Congress of the Republic, Law 1337 of 2009 set forth that the Republic of Colombia pays tribute to Colombian coffee growers and issues other provisions. *Official Journal* # 47,417 of July 21<sup>st</sup>. [http://www.secretariasenado.gov.co/senado/basedoc/ley\\_1337\\_2009.html](http://www.secretariasenado.gov.co/senado/basedoc/ley_1337_2009.html)

FoNC activity now comprises two roles: 1) The institutional, responsible for the execution of the institutional programs such as research, Extension Service<sup>93</sup>, programs for the sector competitiveness and productivity, and other programs aimed at the coffee growers' wellbeing; 2) the commercial, dealing with the marketing of green coffee, local marketing and exports (including the so-called *purchase guarantee*), and coffee industrialization, developed by Buencafé Freeze-Dried Colombian Coffee, which transforms green coffee into soluble coffee to be sold to end consumers<sup>94</sup>.

It would be enough just to highlight the singleness of this instrument that really differentiates the Colombian coffee industry economic model, because FoNC is a State funds account, consequence of coffee export parafiscal taxes, which has had public debates since it is privately managed by a FNC that represents coffee bean producers, in compliance with a 1927 Legal Decision<sup>95</sup>. Currently, this tax, in compliance with Law 1337 of 2009, known as the Colombian Coffee Industry Law of Honors<sup>96</sup>, which set forth coffee contribution with permanent nature under the terms prescribed

In the picture, Juan Valdez (Carlos Castañeda Ceballos), born in Andes, Antioquia, was appointed on June 29, 2006 as the successor of Carlos Sanchez. Photo archive, Colombian Coffee Growers Federation, Bogotá.







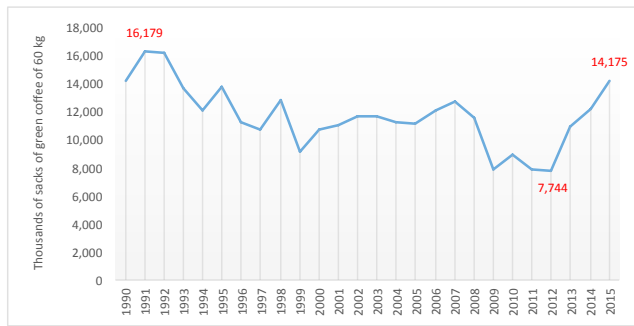


Chart 3: Colombian coffee production volume, 1990-2015.

Source: Colombian Coffee Growers Federation, *Historical statistics. Colombian coffee production*. Bogotá: FNC, 2017. [https://www.federaciondecafeteros.org/particulares/es/quienes\\_somos/119\\_estadisticas\\_historicas/](https://www.federaciondecafeteros.org/particulares/es/quienes_somos/119_estadisticas_historicas/)

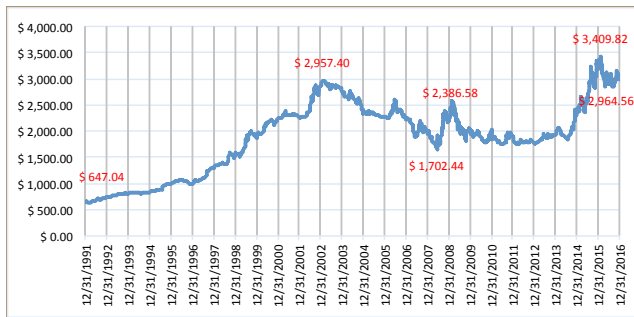


Chart 4: Representative Market Exchange Rate (TRM), 1991-2016.

Source: Colombia, Financial Superintendence, *Representative Market exchange rate (TRM)* Bogotá: Central Bank, 2017. <http://www.banrep.gov.co/es/trm>

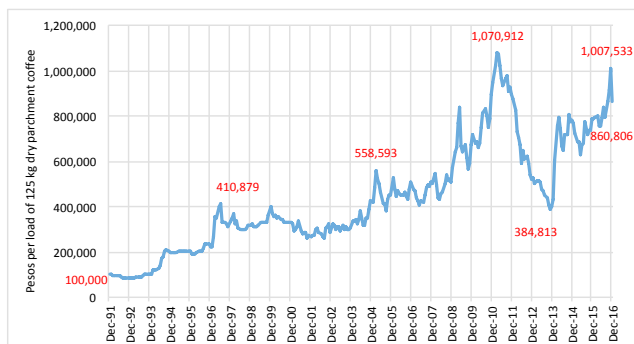


Chart 5: Colombian coffee basic domestic purchase price, 1991-2016.

Source: Colombian Coffee Growers Federation, *Historical statistics. Statistical Information on Coffee Prices*. Bogotá: FNC, 2017. [https://www.federaciondecafeteros.org/particulares/es/quienes\\_somos/119\\_estadisticas\\_historicas/](https://www.federaciondecafeteros.org/particulares/es/quienes_somos/119_estadisticas_historicas/)

97 Colombian Coffee Growers Federation, "President Santos seals FoNC agreement renewal", 2016. [https://www.federaciondecafeteros.org/particulares/es/buenas\\_noticias/presidente\\_santos\\_confirma\\_renovacion\\_de\\_contrato\\_de\\_administracion\\_del\\_fonc/](https://www.federaciondecafeteros.org/particulares/es/buenas_noticias/presidente_santos_confirma_renovacion_de_contrato_de_administracion_del_fonc/) Top right, page 133:

98 Roberto Steiner, Natalia Salazar And Alejandro Becerra "La política de precios del café en Colombia", *Coyuntura Económica: Investigación Económica y Social*, Bogotá, vol. 45, no. 2, December 2015, p. 109.

by Law 1151 of 2007, is a coffee contribution set with a ceiling per pound of mild export-quality coffee of USD 6 cents; during the coffee-production boom years, before the fall of ICA, it used to be over USD 15 cents per exported pound. FoNC administration is reviewed and renewed every ten years by FNC; the latest agreement was executed on June 27, 2016<sup>97</sup>.

In addition to it, the *Mission to Study the Coffee Industry Competitiveness in Colombia* considered that the low revenues of the FoNC, associated to the non-stopping appreciation of the currency and the coffee export declines since 1990 (Chart 3), which sent Colombia from second to third place among coffee-exporting

countries worldwide during these last two decades (left behind by Vietnam), have resulted in not-enough resources to cover the Fund's expenses. With regard to the currency, the exchange rate between 2002 and 2014 period, experienced a Colombian peso revaluation involving a declining trend, in real terms, of the domestic price of coffee (Chart 4).

In particular, the year 2013 was the most critical point of the domestic price (Chart 5), which led to the implementation of the Coffee-Grower Income Protection Program (PIC), which defined a provision of COP\$ 145,000 per 125-kg load of dry parchment coffee as aid, if the domestic price went below COP\$ 700,000, and \$165,000 if the base price went below COP\$ 480,000, regardless of the size of the farm. For the period between June 2012 and September 2014, the actual price received by the producer was on average 18% above the international price<sup>98</sup>.



Carlos Sanchez played Juan Valdez for 37 years (1969-2006), period in which he became the Colombian coffee icon. “50<sup>th</sup> anniversary of the National Federation of Coffee Growers”, 1977, Thomas de la Rue Colombia, perforated 13.5x14. Philatelic collection: Alvaro Eraso Alvear, Bogotá. Catalina Londoño Carder.

FNC institutional costs are funded through this Fund, which has led to a strong FNC restructuring, in order to lower such dependence. Along these lines, the redefinition of the relation between FNC and FoNC has been improving since the beginning of this century through efforts such as the liquidation and sale of whatever was not strategic for coffee industry agriculture (shares in companies such as those previously mentioned), which allowed placing a number of assets on very favorable terms that yielded cash reserves to minimize the risk of huge liabilities and contingencies might affect the institution<sup>99</sup>. Likewise, FNC has demonstrated that the FoNC management quota has been below other parafiscal fund contributions in proportion to the resources it manages, the services it provides, and the number of coffee growers it represents<sup>100</sup>.

In brief, FoNC finances are a sensitive matter that require constant review to avoid public finance affectation and FNC has been cautious about it. This has even been another argument of Coffee Sector Dignity Movement to justify their labor movement in recent years, because they consider producers have felt that contributions have not been very effective<sup>101</sup>.

The more radical proposals have called for the institutional structure of the Colombian

coffee industry further liberalization which has caused a more sensitive dispute on whether to keep FNC trade preferences. There are suggestions to do away with expenses aimed at other coffee growers’ needs and to public investments in coffee-growing areas that, as mentioned before, should be the State’s responsibility; the most daring ones suggest doing away with the purchase guarantee, the most sacred FNC public asset that, according to its critics, yields market restrictions by creating oligopsonic structures. On its favor, it is argued that the purchase guarantee has been a mechanism set up to protect small coffee growers from potential power abuses when there are few buyers, but, mostly, it plays a key role within the coffee-growing policy by contributing to price creation, providing access to the markets, and reducing transaction costs. It is aimed at encouraging the product competition in local markets where small agricultural producers face information asymmetries and market failures that lead to loss of wellbeing and competitiveness<sup>102</sup>.

99 Gabriel Silva, “Primero el caficultor”, *El Tiempo*, Bogotá, August 17, 2015. <http://www.eltiempo.com/archivo/documento/CMS-16244678>.

100 Colombian Coffee Growers Federation, *Management Contract of the National Coffee Fund*. Bogotá: FNC, 2016, p. 24.

101 Annex 2: Reviews of Teódulo Guzmán, representative of Dignidad Cafetera, in: *Ibid.*, p. 150.

102 Annex 1: FNC Steering Committee Reviews, *op. cit.*, p. 99.





Fame has its price, a Juan Valdez advertising campaign, March 6, 1986. Photo archive, Colombian Coffee Growers Federation, Bogotá.

Words of moderation on the FNC situation have been overwhelming, as said by a friend of the coffee trade: "The organizational culture must be in permanent transformation and should have a strategic plan that responds to a light structure with great management capacity (inter-agency partnerships) to ensure the development of public assets"<sup>103</sup>.

Due to these organizational structure debates, FNC's bet has been to improve competitiveness gradually by strengthening international trade, based on Colombian coffee differentiation criteria to compete with multinationals for a privileged place in the world market, through its flagship brand: Juan Valdez. Since 2002, through a franchising system, FNC opened a new business niche for the traditional Colombian coffee. The process, supported by Bancóldex, aimed at promoting the image of this brand that identifies Colombian coffee abroad to encourage the consumption of this beverage<sup>104</sup>. In 2002, Procafécol S.A., a subsidiary of the Federation that manages Juan Valdez coffee shops, was founded<sup>105</sup>. It currently has over 200 stores in Colombia and 300 more throughout the world; by 2015, it had had annual profits above COP\$ 15 billion<sup>106</sup>.

The "100% Colombian" program was another effort based on contracts for the licensing of Colombian Coffee ingredient brand. This program was created in the 1980s to gain Colombian coffee greater differentiation and consumer awareness while increasing customers' loyalty.

Another effort emerged in the 1990s when the international market recorded a strong global production increase, led by Brazil and Vietnam, and the emergence of a new generation of more demanding, educated and higher-income consumers, a situation that made competition even more difficult<sup>107</sup>. As a response, FNC devised a differentiation strategy focused on the production of specialty coffees as an opportunity to gain access to exclusive market niches where the new generation of consumers was served without neglecting the control to the lowest export-quality standards. The consumption trend in the last 50 years, has been to move from conventional consumption to one that highly values origin, preparation, and sustainability differences. Specialty coffees are recognized by consumers as such when perceived and valued because of features

103 Interview with José Fernando Montoya Ortega, Representative of Antioquia Departmental Committee of Coffee Growers in Medellín, April 6, 2017.

104 "Bancóldex, en franquicias de Juan Valdez", *El Tiempo*, Bogotá, September 12, 2002. <http://www.eltiempo.com/archivo/documento/MAM-1355577>.

105 "Activo líquido: las tiendas Juan Valdez", *Dinero*, Bogotá, No. 204, April 30, 2004. <http://www.dinero.com/edicion-impresa/negocios/articulo/activo-liquido-tiendasjuan-valdez/22820>.

106 Roberto Vélez Vallejo, "Informe del gerente", 83<sup>rd</sup> National Congress of Coffee Growers..., op. cit.

107 Appendix 1: FNC Steering Committee Reviews, op. cit., p. 107.





Innovative Models Program: Young Coffee Growers at La Celia Farm, Risaralda collecting coffee, January 28<sup>th</sup>, 2009. Photo archive, Colombian Coffee Growers Federation, Bogotá.

that differentiate it from traditional coffee varieties, which is why they are willing to pay higher prices<sup>108</sup>. Specialty coffees higher prices are transferred to producers by the Federation.

There is a three-type classification: *Coffee of Origin* is grown in a specific region or farm that outstands for its environmental characteristics and cup profile. These types of coffee varieties are offered to international customers, guaranteeing origin traceability. These coffees are sought after due to their taste and aroma. There are also *Prepared Coffees*, which are the types offered by coffee-bean size and number of imperfections. These coffees are preferred for quality consistency. The third type is *Sustainable Coffees* that seek greater socio-economic development of coffee families and their communities. These

coffees are produced under specific protocols, to protect the environment and biodiversity.

In terms of sustainable coffees, FNC has performed a relevant task by linking producers and farms to verification and certification seals or programs. To date, thanks to institutional work, FNC has linked over 208,000 coffee farms to any type of standard (verification and certification). This turns into 388,000 hectares, representing 41% of the coffee-producing total that is currently set to produce these types of coffees, and that have earned over USD\$ 154 million in acknowledged excess purchase prices<sup>109</sup>. FNC walks through these producers' certification processes in order to achieve these categories and has promoted, since the beginning of last decade, the "Cup of Excellence" contest to highlight, encourage, and stimulate this production option.

108 Colombian Coffee Growers Federation, *Mercados de cafés especiales*. Bogotá: FNC, 2015, 59 p.

109 *Ibid.*





Coffee Growers Cooperative Tamara, Casanare, Headquarters October 22, 2007.  
 Photo archive, National Federation of Coffee Growers of Colombia, Bogotá.  
 Patricia Rincón Mautner.

This activity has contributed to an acknowledgement of the exuberant geographic and climate diversity of the country that has enabled production of different types of the emblematic coffee bean in a number of regions countrywide, leading to an increase in the regional denominations of origin with flavors and aromas for every taste. In the last decade, coffee offer in compliance with such regional differences has been expanded, highlighting specific farms, communities, or micro-regions where the coffee bean was grown. The route of the new coffee-producing tourism associated to this new geography seems to be set.

recognized sources to the scrutiny of standard international coffee tasters to identify exceptional-quality lots offered to guest customers. Auctions have favored direct trade between producers and buyers, improving revenues, which, in 2015, averaged US\$ 3.66 a pound, making up for quality efforts and enabling small and medium-sized roasters to have access to exclusive or exotic coffees that are not easily found in the wholesale markets<sup>110</sup>. Figures show important growth of this new Colombian coffee growing industry category that in the last 15 years went from less than 5% to about a fourth of coffee exports total (Graph 6), with special growth in the European and Asian market demand<sup>111</sup>.

The result of these initiatives is the strategy of submitting lots of coffee of potential or

110 Rodrigo Alberto Peláez, "Subastas de café especial", *La Patria*, Manizales, February 12, 2017. <http://www.lapatria.com/columnas/189656/subastas-de-cafe-especial>.

111 Colombian Coffee Growers Federation, "Mercado de cafés especiales" *op. cit.*

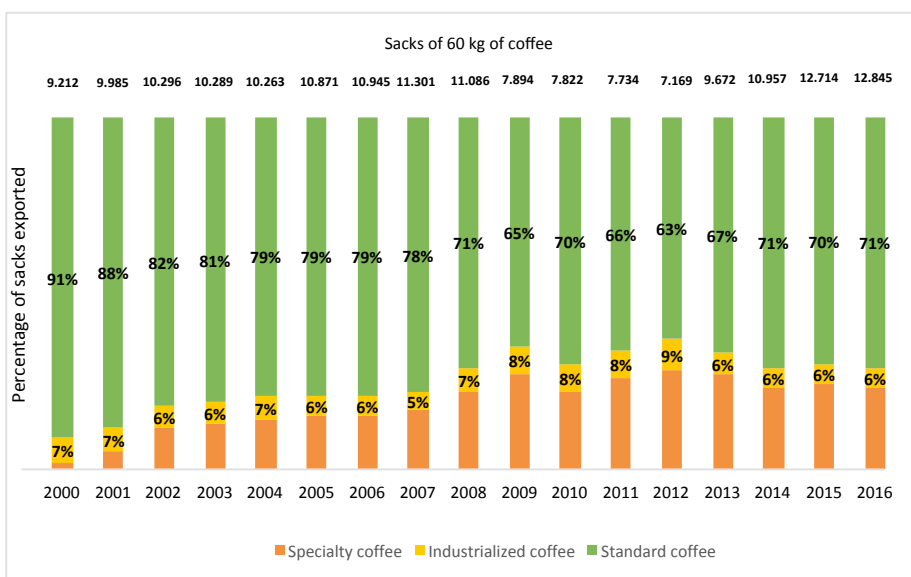


Chart 6: Colombian Coffee Exports by type of coffee, 2000-2016

Source: Colombian Coffee Growers Federation, *Historical statistics. Volume by type of coffee*. Bogotá: FNC, 2017. [https://www.federaciondecafeteros.org/particulares/es/quienes\\_somos/119\\_estadisticas\\_historicas/](https://www.federaciondecafeteros.org/particulares/es/quienes_somos/119_estadisticas_historicas/)

Specialty coffee exports increased from 209,000 sacks in 2002 to 1.27 million sacks in 2015. 57% is made up by sustainable coffees, 27% by prepared coffees, and 16% by coffees of origin. This specialty coffee market is evolving rapidly based on greater differentiation. The market niches of higher value demand coffee based on the following variables: Specific farm, community, or micro-region; coffee-grower education (high-quality coffee production sustainability); specific varieties, drying, washing, and particular fermentation; direct relation between coffee grower and customer (permanent communication, education, co-creation of value, traceability); innovative logistics; negotiation transparency with coffee growers; and greater experiential relation with consumers<sup>112</sup>.

Additionally, the Federation continues operating the Colombian Buencafé freeze-dried coffee factory, which captures added value

for coffee-producers. In 2016, it broke records with its Buencafé brand, exceeding 10,000 tons sold<sup>113</sup>. The profits from this operation go directly to FoNC and are increased in low-price periods, playing a stabilizing role in its finances.

Thus, there have been strategies defined to go beyond just marketing green coffee with a minimum quality standard. Colombian export coffee quality reputation turns into higher premiums per origin and quality<sup>114</sup>. Since 1989, FNC has achieved, through an obstinate defense of its mission, a wide and rigorous resilience capacity. There might be burdens to every daily effort, as well as the virtue to understand that, under that condition, the task is to build an ongoing path towards excellence. There is no other alternative.

<sup>112</sup> *Ibid.*

<sup>113</sup> R. Vélez Vallejo, Manager's report, *op. cit.*

<sup>114</sup> Annex 1: FNC Steering Committee Reviews, *op. cit.*, p. 103.





*Colombia* variety was delivered by National Coffee Research Center, Cenicafé in 1982 to Colombian coffee growers in response to the conditions of the Colombian coffee growing industry during the 1980s against the attack of rust. © Copyright FNC 2014. National Coffee Research Center, Cenicafé, Caldas.

## Creative Acts of the Colombian Coffee Culture in Free Market Times

Through perseverance the unimaginable is reached. Before 1989, although the Colombian coffee industry had included technological and organizational innovations to improve production, it had not thought that such task should be aimed at differentiating factors and added value. Also, along these lines, it had the ICA comfort that guaranteed a market at reasonable prices. Experience teaches that the comfort zones yield rigid cultures little prepared to change, not to mention to compete. Competition forces to go beyond a simple update and coexists with innovation as a habit. The task, then, has been to lead with research and technical accuracy, new knowledge at the service of coffee growers, aimed at offering a new quality, environmental management,

and added value certified product. This has been the role of the National Coffee Research Center (Cenicafé) that since 1938 was founded by FNC for research and experimentation to improve the traditional coffee production system to assume, currently, competitiveness and sustainability commitment.

Cenicafé has gathered a proficient team of researchers in microbiology, genetic biology, entomology, agronomy, chemistry, and climatology, among other major specialties, who have built cognitive capital in about 80 years of institutional, abundant, and invaluable life. It even goes beyond the coffee industry because it provides knowledge on the country biodiversity<sup>115</sup>. Its many contributions have been turned into new practices in thousands of coffee farms in the mountains of Colombia, that are today seeking to conquer warmer territories in the foothills of the Eastern Plains and in the Caribbean<sup>116</sup>.

115 FNC and Cenicafé, *Manual del cafetero colombiano: investigación y tecnología para la sostenibilidad de la agricultura*, volume I. Bogotá: Legis, 2013, pp. 33-45.

116 Some news on the subject: "El café, un producto importante en el desarrollo económico de Casanare", *Diario de Casanare*, Yopal, November 9, 2016: <http://www.diariodecasanare.com/coffee-product-importantedesarrollo-economico-casanare/>; S.a., "El Magdalena empieza a tomar fuerza en el sector cafetero": Edilberto Álvarez", *La Guajira*, Riohacha, October 11, 2016. <http://www.periodicolaguajira.com/index.php/general/77-nacional/39502-elmagdalena-empieza-a-tomar-fuerza-en-el-sector-cafetero-edilberto-alvarez>.





El Rosario Cenicafé Experimental Substation, Venecia, Antioquia, May 2017. Catalina Londoño Carder.

Coffee bush analysis, production agro-ecological aspects (soil and water), proper use of germinators and seedlings, the ways to layout crops (traditional and agroforestry crops), pests and diseases control, coffee plantation renewal, harvest and post-harvest management, and coffee by-product use potential have always been among its study objects. With great determination, it has also included coffee regional variety studies and *best agricultural practices* integrated management systems to apply the best sustainability criteria.

The development of coffee varieties that have given international status to the Center has

been among the most important achievements for their contributions to the genetics of the coffee bush. Its history is summarized in the fact that original varieties coming from countries such as Ethiopia, Congo, India, Brazil, and Costa Rica, as well as selections developed by Cenicafé, that has developed the Colombian geoplasm, have reached the eastern and western mountain ranges. Its work has been visible and striking by obtaining a coffee bush that is resistant to disease and pest (such as the coffee berry, leaf rust, and berry borer), adjustable to different soils, heights, and regions, and by greater production per hectare.





## From Coffee Day to "Coffee National Day" Law of Honors



"The adoption of the Federation flag at the Coffee Growers Committee of Neiva". *Revista Cafetera de Colombia*, vol. V, 48-50, Bogotá, March-April 1933, p. 1651.



"Students from La Merced school in Bucaramanga dressed with the flag of the Federation in the allegorical play 'Santander Cafetero'" *Revista Cafetera de Colombia*, vol. V, 51-53, Bogotá, July-August 1933, p. 1704.

On the IV Coffee Growers National Congress in 1930, the celebration of the Coffee Day was set up to be held in coffee regions every June 7th or on the closest Sunday. The purpose of the Coffee Day was to make Colombians aware of coffee industry importance, achievements, and what it means for the country's development; it represented an annual possibility to raise coffee industry collective awareness pursuing consolidation.

It was then decided that coffee growers departmental committees were in charge of organizing and requesting support from the media, public schools, and civil and church authorities, particularly the latter, so that from the pulpit, they told believers the need to support and participate on this special day, somehow.

The celebration of the first coffee day, on June 7, 1931, was meaningfully held in coffee producing departments. A ceremony was held at the Teatro Colón in Bogotá, with the assistance of the President of the Republic, Enrique Olaya Herrera, who granted the Agricultural Merit Medal to the Colombian coffee industry dean, Alberto Williamson, the important founder of the industry in Cundinamarca Department. In Antioquia, the celebration was



*Revista Cafetera de Colombia*, vol. XII, 127, Bogotá, September, 1955.

held in Fredonia, where besides holding the Coffee General Shareholders' Meeting, the Departmental Committee was appointed. In the other producing Departments, such as Caldas, Valle, Santander del Sur, Tolima, and Boyacá, celebrations included conferences broadcasted via radiotelephone about the current status of the production, the improvement of the industry, and accomplished achievements; in addition to it, there were civic ceremonies and free distribution of coffee at restaurants and bars.

In 2009, the Congress of the Republic set forth the Coffee National Day through Law 1337 to pay tribute to the Colombian Coffee Growers Federation for its more than 80 years of service to the country. Such celebration is held on June 27, the foundation date of the entity (1927). *Revista Cafetera de Colombia*, vol. IV, No. 27, Bogotá, 1931, pp. 971-985; Congress of the Republic, Law 1337, for the Republic of Colombia to pay tribute to Colombian coffee growers and other Provisions are issued, Diario Oficial, No. 41,417, Bogota, National Press, July 21, 2009.









Mules carrying a load of coffee, s.f. Photo archive, Colombian Coffee Growers Federation, Bogotá.  
[Previous page] El Rosario Cenicafé Experimental Substation, Venecia, Antioquia, May 2017. Catalina Londoño Carder.

One of its most recent contributions has been Cenicafé 1 variety, which has resulted, after 20 years of research, from crossing Caturra and the Timor 1343 Hybrid; it can be planted in all coffee growing regions. Its contribution will be the possibility to plant high densities, between seven and ten thousand plants per hectare, with an additional factor of greater resistance to climate variability<sup>117</sup>.

With regard to best agricultural practices, the task has been evidencing the three basic sustainability components continuous improvement: Social, environmental, and technical-economic aspects. This is of great interest for new consumers and Colombian coffee marketing now depends, to a large extent, on its application.

Cenicafé represents that, during the convulsive times toward coffee market deregulation, it was the tool for the implementation of scientific-technical changes that boosted the new coffee industry, which is starting to be consolidated in the international trade. Due to its commitment to this work, it has been held accountable for the production and productivity recovery in recent years. Renewed coffee plantations in the last decade, along the support of FNC Extension Service, evidence that transfer of knowledge turned into over 14 million sacks exported in 2016, the highest figure since 1992 (Chart 3). Out of 930 thousand hectares of coffee in 2015, 778 thousand had been made more technical through a coffee plantation process renovation that started in 2007<sup>118</sup>.

117 FNC, "Cenicafé 1' new short and diseases resistant variety", Pergamino, FNC, No. 41, 2016. [https://www.federaciondefeteros.org/pergaminoFNC/index.php/comments/FNC\\_libera\\_nueva\\_variedad\\_de\\_cafe\\_Cenicafe\\_1\\_de\\_porte\\_bajo\\_productiva\\_alta/](https://www.federaciondefeteros.org/pergaminoFNC/index.php/comments/FNC_libera_nueva_variedad_de_cafe_Cenicafe_1_de_porte_bajo_productiva_alta/)

118 FNC, *Statistics. Coffee Planted Area in Terms of Technology Application*. 2016. Bogotá: FNC, 2017. [https://www.federaciondefeteros.org/particulares/es/quienes\\_somos/119\\_estadisticas\\_historicas/](https://www.federaciondefeteros.org/particulares/es/quienes_somos/119_estadisticas_historicas/)

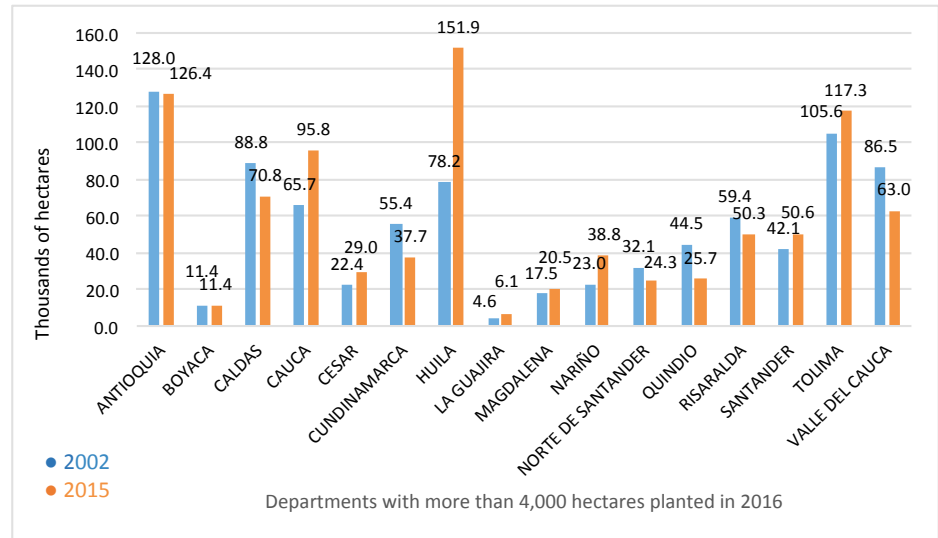


Chart 7: Coffee plantation area in Colombia at departmental level, 2002 vs. 2015 (thousands of hectares)\*

\*For 2016, there are also records for Bolívar, Caquetá, Casanare, Chocó, Meta, and Putumayo departments with less than 4,000 planted hectares.

Source: FNC, *Historical statistics. Departmental total coffee planted area*. Bogotá: FNC, 2017. [https://www.federaciondefaeteros.org/particulares/es:quienes\\_somos/119\\_estadisticas\\_historicas/](https://www.federaciondefaeteros.org/particulares/es:quienes_somos/119_estadisticas_historicas/)

An additional result has been the changes to the coffee map in the country. In Colombia and the world, it has been usually associated to the “Colombian Coffee Growing Axis”, a territory where a productive tissue was built throughout the 20th century including south of Antioquia; the departments of Caldas, Quindío, Risaralda; and north of Tolima and Valle del Cauca. Currently, as a result of searching for a renewed coffee industry and the realignment of this activity, the country is recreating this geography, offering wider coffee-production inclusion and participation in new territories, especially in the south of the country (Graph 7). Coffee Industry Information System (SICA), founded two decades ago by FNC, has enabled knowing in detail the changes in that geography, where today over 680,000 farms and 550,000 coffee growers in 22 departments around the country, take over 930,000 hectares. At the beginning of the current century, Huila was the fifth coffee producing department. 15 years later, it became the largest coffee producer in Colombia, with over 152,000 hectares of its lands devoted to coffee plantations, with Pitalito as the main producing town.

Coffee growers’ cooperatives still play a centerpiece of all this gear assembly, as they have been a key factor in the integration of the guild base and an effective engine of the coffee growers’ participation in their own development. Since 1959, when Pereira Coffee Growers Committee founded the first cooperative, they have become the path to credits, supplies and materials, and at that time, a grocery supply center. Their most direct commitment with coffee growers has been the guaranteed purchase of coffee at fair prices, exact weight, and cash payment. They have also played a very significant role in supportive healthcare and educational services, as well as welfare contributions to coffee growers’ families<sup>119</sup>.

An example of this cooperative task, in recent times, has been stated by Carlos Erazo, President of Nariño Departmental Committee, who, in 2014, thought that if there is a fact that strengthens FNC, it is “the purchase guarantee coffee growers have from existing cooperatives in their towns. If there were no cooperatives [sic], we would be subject to private traders and prices could drop by 20 percent”<sup>120</sup>.

119 Antioquia Coffee Growers Departmental Committee, *El café en el desarrollo de Antioquia*. Medellín: Colina, 2000, pp. 87-96.

120 Francy Elena Chagiendo “Cafeteros colombianos siguen por un camino dividido”, *El País*, Cali, December 8, 2014. <http://www.elpais.com.co/economia/cafeteroscolombianos-continue-for-a-caminodivido.html>.



## Sports and the Colombian Coffee Growers Federation



Soccer team, 1<sup>st</sup> Coffee Growers National Games, Pereira, June 1991. Huila Coffee Farmers Departmental Committee Archive.



"Lucho" Herrera, Colombian Professional Coffee Team rider, 1989. Photo archive, National Federation of Coffee Growers of Colombia, Bogotá. Félix Tisnés.



Colombia is Passion bicycling team sponsored by Federation, August 9, 2010. Photo archive, Colombian Coffee Growers Federation, Bogotá.

One of the brand exposure strategies used by organizations is support to athletes, teams, and sports events. Colombian Coffee Growers Federation, to accomplish its mission to promote national coffee abroad, is familiar with this dynamic. In the 1980s, the institution sponsored Colombian sports; it is the case of the cycling team *Café de Colombia* with men like Luis Herrera and Fabio Parra who achieved significant victories in Europe, such as winning *Tour of Spain* in 1987. In 2009, the Federation resumed sponsoring cycling by supporting Colombia es Pasión team, with sportsmen who would later become world-class figures, such as Nairo Quintana and Esteban Chaves. The support of the coffee organization was also extended to other sports like motor racing, equestrianism,

swimming, and regatta; Its most noticeable presence in the 1990s was as the sponsor of major international events, such as *Café de Colombia Water Ski Tour*, *Café de Colombia Alpine FIS World Cup*, and tennis tournaments such as the United States open tennis tournament and *Roland Garros*. These campaigns demonstrate interest in presenting coffee as a healthy beverage, ideal for young and energetic people; in short, as a lifestyle. In brief, the support to sports has become a strategy which is no less important than acting in the best interests of the guild. Luis Genaro Muñoz Ortega, *Prosperidad Cafetera. General Manager's Report*. 75<sup>th</sup> National Coffee Growers Congress. Bogotá: Colombian Coffee Growers Federation, 2010, p. 100; "The Valdez ambassador", Dinero, Bogotá, June 1, 1997.



"Coffee," series: 1932 Natural Resources 1932.  
 Philatelic collection: Alvaro Eraso Alvear, Bogotá.  
 Catalina Londoño Carder.



"Mild Coffee," series: Coffee advertisement, 1947  
 Waterlow & Sons Ltd, London, perforated 12.5.  
 Philatelic collection: Alvaro Eraso Alvear, Bogotá.  
 Catalina Londoño Carder.



Then, coffee growers have had the option to sell their coffee to a third party or to a cooperative; these cooperatives have had the option to sell their coffee to the Federation or to a third party. This is proof of the market freedom that has existed in the coffee industry. There are currently 33 cooperatives with 530 points of purchase throughout the country, which, with a base of 82,000 coffee growers,<sup>121</sup> buy nearly 50 percent of the national harvest. Almost half of this amount is sold to the Federation and the rest is sold to individuals or exported through Expocafé, a cooperatives' exporting company.

In addition to its mission activity, the Colombian coffee cooperative movement has taken part in the threshing and export process, and, in the last two decades, it has increased its coffee roasting and marketing business in the international market, with great quality. This has even led it to be one of the most enthusiastic promoters of coffee contests, which has enabled greater partner recognition<sup>122</sup>. In fact, under the argument of coffee that comes from producers' cooperatives, which, due to their nature demonstrate how coffee bean sales' resources are invested, have achieved recognition even from the Specialty Coffee Association of America, the most important specialty coffee guild in the world, considering it an example of fair trade<sup>123</sup>.

One of the challenges of coffee growers' cooperatives is to continue mobilizing, sustainably, greater credit supplies "given the knowledge of the activities of its members/customers and the closeness with them"<sup>124</sup>. Thus, the cooperative movement is one of the cornerstones to support the institutions so they can offer a coffee industry committed to small and medium-sized farmers from every region in the country, who have been able to participate in the formal economy through this supportive model with high standards of dignity and with real possibilities of substantial changes in their conditions of life, thanks to the benefits of coffee.

The Colombian coffee industry has been a great booster of entrepreneurial spirit in the rural world and has transferred large amounts of capital for industrial, commercial and financial development<sup>125</sup>. In the continuity of this profile, since 1989 the conditions in the international coffee market have forced them to rethink how to create a business and how to become an entrepreneur in a country like Colombia. It was thought that coffee growers had weakened their business initiatives in exchange of the security provided by the Federation, thanks to the ICA, but now they have to aim their efforts to regain their entrepreneurial vocation in a totally different economic environment compared to the last century<sup>126</sup>.

121 "Café amargo", *Dinero*, Bogotá, No. 457, October 31, 2014, pp. 40-45.

122 R. Darío López, "Finca El Progreso con el mejor café en Pensilvania", *op. cit.*

123 s.a., "Con aroma especial", *Cambio*, Bogotá, No. 521, June 23, 2003, pp. 40-41.

124 Annex 1. FNC Steering Committee Reviews, *op. cit.*, p. 129

125 Salomón Kalmanovitz, *Economía y nación: una breve historia de Colombia*. Bogotá: Siglo XXI, 1985, pp. 177-193.

126 "Hasta la última gota", *op. cit.*, pp. 30-42.



Stamped postcard, "Department of Caldas, coffee," series: Departments of Colombia, 1958, Thomas de la Rue & Co. Ltda., perforated 13. Philatelic collection: Alvaro Eraso Alvear, Bogotá. Catalina Londoño Carder.



Stamped postcard, "Department of Caldas, coffee," series: Departments of Colombia, 1958, Thomas de la Rue & Co. Ltda., perforated 13. Philatelic collection: Alvaro Eraso Alvear, Bogotá. Catalina Londoño Carder.

Several business models have come through on that journey. One of them refers to those whom the coffee growing industry is still traditional that requires learning how to go work and cope with uncertainty, as described by a coffee businessman from the southwestern region of Antioquia:

Being a coffee grower involves a great deal of persistence, it is a long-term thing; I would say it is like a disease [...] you make a profit for two or three years, and then you take a loss for two or three years, as well; then you get over it and then life goes by with you trying to remain stable; but one thing is certain: It requires a lot of effort, discipline, and knowledge<sup>127</sup>

Another case is people who work to build their own brand with a great sense of innovation in the coffee production process, complying with the requirements of the most demanding consumers in the world. Currently, FNC has acknowledged 253 coffee growers in 15 departments around the country who have traded micro-lots through the Specialty Coffee Program since 2010<sup>128</sup>. This figure keeps growing thanks to the efforts made to

train coffee growers to be prepared to respond to new market niches. In this context, the incentive must be clearer, because coffee growers are no longer the main pillar of national development, but, rather, just typical entrepreneurs forced to thrive amid growing competition.

## Coffee and Society: Contributions to Inclusion, Equality, and Peace

The combination of low prices in domestic and foreign markets, especially during the 1990s, led around 307,000 people to unemployment<sup>129</sup>. One of the initiatives to control this situation was the economic diversification of coffee regions and the emergence of new expressions of rurality, particularly rural tourism at Colombian Coffee Growing Axis, with the National Coffee Park as its main icon, founded with the support of the FNC in 1995 as an amusement park with an initial purpose to "educate the family in terms of coffee culture", and it then evolved into an integral value proposition, including ecotourism and entertainment, in a place surrounded by the typical nature of the region<sup>130</sup>.

127 Interview with the coffee grower Alfonso Gomez, Medellin, March 31, 2017.

128 FNC, "Specialty coffee market", *op. cit.*

129 Ernesto Barrera Duque, Lorena Peña Lozano and Jennifer Parra Angulo, "El Parque Nacional del Café", *Innovar*, Bogotá, vol. 23, No. 47, 2013, p. 82.

130 *Ibid.*, p. 85.









## Coffee Growers' Elections

The democratic nature of the Colombian Coffee Growers Federation is expressed every four years through the coffee growers' elections, the largest private election in Latin America. Around 374,000 federated cardholders can vote. In the last election process held in 2014, 4,608 principal and alternate members of 369 coffee growers' municipal committees and 15 departmental committees were elected.

These participation events strengthen coffee growing identity and civism, enable discussions about coffee growers' concerns and expectations, and confirm their trust in the guild organization. *ABC of the coffee growers' elections*. Bogotá: FNC, 2014, pp. 1-17.

Juan Valdez, coffee growers' elections.  
Archive: Valle del Cauca Departmental  
Coffee Growers Committee.



Prepared by: Members of the Business History Group, Universidad EAFIT.

In 2016, coffee alone represented 0.8% of the Gross Domestic Product (GDP) and 13% of the agricultural GDP compared to 3% and 25%, respectively, at the beginning of the 1980s. Likewise, it only generated 3 percent of the total employment in the country. However, the relevance of the coffee industry in the Colombian economy lies in the fact that this activity still generates, at least, one of every three rural area jobs, employs more than 550,000 families, and allows two million people to live off coffee production, directly. With 730,000 direct jobs generated in 2016, it exceeds 3.7 fold the total contributed by flower, banana, sugarcane, and palm sectors, together<sup>131</sup>. However, most of these jobs are seasonal, part-time, and informal.

Marco Palacios highlights how thousands of coffee-growing families earn their income from the coffee growing activity as farm or micro-lot owners, as salaried workers, or a combination of the two. He stresses that, even if the participation rate of coffee drops in the GDP, revenues, employment, and exports, the coffee industry continues being the primary source of rural and semi-rural employment, and the cultivated area is significantly important in the national agrarian sector<sup>132</sup>.

Even in these last two decades, if anything has been noticeable, is the lack of labor, particularly in harvest times. It is so acknowledged by one of Valle del Cauca guild leaders: "That is a problem, because there is not enough

131 R. Vélez Vallejo, Manager's report, op. Cit

132 Annex 4: Reviews of Marco Palacios, op. cit., p. 167.



Coffee growers' cooperative, February 28, 2009. Photo archive, Colombian Coffee Growers Federation, Bogotá.

workforce and important efforts are required because in the coffee regions of the two mountain ranges there are employment possibilities<sup>133</sup>. Among these efforts, there has been a more active participation of women, who are increasingly playing a more relevant role. The coffee world is an option for rural women of the country to advance with greater inclusion

in society, as stated by one of the representatives of the Coffee-growing Women Association of Confines: "Gender equality as an opportunity for growth and consolidation of the coffee business in Colombia"<sup>134</sup>. Today, the approximate number of women with a coffee grower's ID card exceeds 110,000 throughout the country and the number is on the rise<sup>135</sup>.

133 "Colombia espera 'megacosecha' de café para este año", *El País*, Cali, August 12, 2016. <http://www.elpais.com.co/Economy/colombia-esperamegacosecha-of-coffee-to-this-year.html>.

134 Luis Fernando Martínez, "Mujeres cafeteras en Expoespeciales", *Vanguardia*, Bucaramanga, October 11, 2016. <http://www.vanguardia.com/santander/comunera/376077-mujeres-cafeteras-enexpoespeciales>.

135 Alejandra Montoya Falla, "Las mujeres han ganado terreno en la caficultura", *La Nación*, Neiva, July 16, 2014. <http://www.lanacion.com.co/index.php/economica/item/238039-las-mujeres-han-ganadoterreno-en-la-caficultura?highlight=WyJmZWRIcmFjaVx1MDBmM24iLCJjYWZldGVyb3MiXQ==>.





## The Coffee Grower's ID Card



Alberto Jaramillo Mejía coffee grower's ID card, from Manizales, Caldas, that certifies him as member of the National Federation of Coffee Growers of Colombia, Bogotá, July 2, 1957. Archive: Caldas Departmental Coffee Growers Committee.

The transition from the traditional coffee grower's ID card to the smart coffee grower's ID card was made by the Colombian Coffee Growers Federation in November 2013.

In 1928, the FNC launched a promotional campaign for coffee growers to become members of the newly created organization. The federated coffee growers were identified by a coffee grower's ID card that certified them as members and granted them the right to participate in the coffee growers' elections, and to have access to the programs developed by the institution.

Currently (2017), the coffee grower's ID card went from being a handwritten or typewritten document to being an intelligent card that allows federated coffee growers to receive payments for sales made at coffee growers' cooperatives and renovation, competitiveness, and winter contingencies incentives, or credit disbursements. The coffee grower's ID card allows withdrawing cash at authorized entities

and ATMs, getting benefits such as discounts at some chain stores, paying utility bills, and prepaying mobile services. The requirements demanded in 2017 to get the coffee grower's ID card are: having at least 0.5 hectares with 1,500 coffee bushes, having ownership on the farm, having it geo-referenced in the Coffee Information System (SICA) and submitting ownership proof, temporary landholding, or land tenancy. "The coffee grower's ID card", *Tolima Cafetero, Colombian Coffee Growers Federation*. [www.federaciondecafeteros.org/static/pergaminoFNC/uploads/ballotint.pdf](http://www.federaciondecafeteros.org/static/pergaminoFNC/uploads/ballotint.pdf); Antioquia Departmental Coffee Growers' Committee, "Criteria and requirements for registration in the SICA and issuance of the coffee grower ID card", *Café Paisa, Medellín*, June 4, 2013. <http://www.cafepaisa.org>

Prepared by: Members of the Business History Group, Universidad EAFIT.

136 "Tinto con sabor a 'tierra madre'". *Dinero*, July 28, 2008, pp. 48-50.

137 s.a., "Una indígena de Florida cultiva el mejor café del Valle del Cauca", *El País*, Cali, August 2, 2016. Retrieved from: <http://www.elpais.com.co/Valley/a-indigenous-of-florida-cultiva-el-better-coffee-of-the-cauca.html>.

Similarly, the ethnic communities in various regions of the country, such as the Arawak in the Sierra Nevada de Santa Marta, where more than 800 families grow a specialty coffee<sup>136</sup> have achieved very valuable business opportunities given the new international coffee consumers, due to the production processes associated to more organic characteristics,

based on more environmentally responsible practices. As stated by an Indigenous woman from La Florida, Valle del Cauca: "The key to good coffee is to take care of the environment, to have clean waters and to avoid contamination for adequate fermentation, washing, and drying"<sup>137</sup>.



Alejo Santamaría, *Antioquia's Aroma*, 1986, oil on canvas, 100x70 cm. Antioquia Departmental Coffee Growers Committee, Medellín. Catalina Londoño Carder.

FNC has contributed significantly to the development of coffee producing regions and their families. Manuel Mejía Foundation is an outstanding example, named after *Mister Coffee* (Manuel Mejía Jaramillo); it is an FNC non-profit organization responsible for promoting programs to improve education in Colombian coffee regions and rural areas with presence in 17 departments. In its first 50 years, it had benefitted over 300,000 people<sup>138</sup>. Another FNC example of regional contribution is the creation of the Center for Regional Studies, Coffee Growers, and Entrepreneurs' (CRECE) in the city of Manizales, which, in its 25 years of existence, has developed important academic studies on different aspects of the Colombian coffee industry issues and on regional development.

Another relevant and significant aspect is the participation of the FNC in the development of a common good, currently under the World Heritage status by the United Nations Educational Scientific and Cultural Organization (UNESCO): The

Coffee Cultural Landscape, which is expected to become a more consolidated economic alternative for rural coffee societies around the country<sup>139</sup>. This landscape is the result of the great coffee expansion at the end of the 19th century and beginning of the 20<sup>th</sup> century in Colombia, which led to the transformation of one region of the country and produced, among many social and environmental changes, a new way of relating to nature and a new culture. Human adaptation to difficult geographical conditions where coffee growing activity was developed in mountainous areas in Colombia not only laid the foundations for a subsistence agrarian economy, but also a small-scale agro-industrial model. Since the 1950s, several towns were founded along southwestern Antioquia and northern current Valle del Cauca. Along small-scale coffee plantations, under very particular location, relief, climate, and soil conditions, bridle paths were developed together with a one-of-a-kind architecture, linguistic features, and accent that differentiates the country in the world.

138 Andrés Casas Moreno and Juanita Bernal López. "Cobertura y pertinencia: dos dimensiones del impacto de la Fundación Manuel Mejía", Fundación Manuel Mejía, *Educando para el desarrollo: 50 años Fundación Manuel Mejía*. Bogotá: Panamericana, 2010, pp. 36-37.

139 Andrés Hurtado, "El pueblo más turístico de Colombia", *El Tiempo*, Bogotá, April 25, 2017. Retrieved from: <http://www.eltiempo.com/opinion/columnistas/andres-hurtado-Garcia/salento-el-pueblo-mas-turistico-decolombia-81212>.





## The National Coffee Park



Parque Nacional del Café® Copyright FNC 2012.

In 1982, in order to preserve the coffee cultural heritage, the creation of the National Coffee Park was authorized; it opened up in February 1995 in Montenegro, Quindío. It was initially known as The National Coffee Museum and it quickly became one of the main tourist attractions of the region. Education, ecological tourism, and leisure are three of the experiences the Park offers its visitors through a series of mechanical and theme attractions, located in an area of 96 hectares, including: The Coffee Trail, a Traditional Coffee Plantation, a Garden with Coffee Varieties, an Interactive Coffee Museum, The Vantage Tower, a Bamboo Collection, The Coffee Train, a Cable Car, Ski Lifts, and a Roller Coaster. “Díez años del Parque del Café: Laboratorio para catación del café en el Quindío”, *Revista Cafetera de Colombia*, vol. LIII, no. 217, Bogotá, 2005, pp. 22-23; Ernesto Barrera, Lorena Peña and Jennifer Parra, “El Parque Nacional del Café”, *INNOVAR. Revista de Ciencias Administrativas y Sociales*, vol. 23, num. 47, Bogotá, 2013, pp. 81-103.

Prepared by: Members of the Business History Group, Universidad EAFIT.

140 *Paisaje Cultural Cafetero. Un paisaje cultural productivo en permanente desarrollo.* Bogotá: Ministry of Culture, 2011, p. 15.

141 Cultural landscapes are cultural goods and represent the “joint works of man and nature,” as stated under Article 1 of the Convention. “They illustrate the evolution of society and of human settlements over the years, under the influence of the limitations and/or advantages of the natural environment and social, economic, and cultural successive, internal, and external forces.” The United Nations Educational, Scientific and Cultural Organization (UNESCO), *practical guidelines for the implementation of the World Heritage Convention. Annex 3.* Paris: Spanish Extra-Budgetary Funds in the framework of the agreement signed between the Kingdom of Spain and the World Heritage Centre of UNESCO, 2008, pp. 95-96.

142 Four values determine the exceptional nature of the Coffee Cultural Landscape and are the basis of its World Heritage nomination: 1) family, generational, and historical work for the production of excellent-quality coffee, within the framework of sustainable development; 2) coffee culture for the world; 3) strategic social capital built around institutional framework; and 4) a relation between tradition and technology to ensure the quality and sustainability of the product. Colombia, Ministry of Culture, *Paisaje Cultural Cafetero...*, *op. cit.*, p. 29.

Cenicafé El Rosario Experimental Substation, Venecia, Antioquia, May 2017. Catalina Londoño Carder.

This happened more specifically in the territory covered by:

[...] 47 towns and 411 county subdivisions, and in its buffer zone, four towns and 447 county subdivisions of Caldas, Quindío, Risaralda, and Valle del Cauca departments with almost 24 thousand coffee farms, located in the Central and Western mountains of the Andes Mountain Range<sup>140</sup>.

There, a social and economic model was developed for more than a century that has configured a region with a high degree of cultural identity. Since 2001, through the Ministry of Culture and FNC, with the support of the academia, a process was started

to request the registration of the Coffee Cultural Landscape on UNESCO World Heritage list<sup>141</sup>. The title was granted on June 25, 2011 to the Coffee Cultural Landscape<sup>142</sup>, including it on the World Heritage List. It is the official acknowledgement for the appreciation of coffee and the one-of-a-kind culture this rural activity has generated, as a result of the effort of generations and adaptation to difficult geographical conditions that has gathered the collective work of small producers, the cultural heritage and the work of entities such as coffee growers’ cooperatives, departmental committees of coffee growers, Cenicafé, and FNC Buencafé freeze-dried coffee of Colombia.







## The Coffee Cultural Landscape



Coffee Cultural Landscape Logo. Archive, Colombian Coffee Growers Federation, Bogotá.

In June 2011, the United Nations Educational, Scientific and Cultural Organization, UNESCO, included the Coffee Cultural Landscape of Colombia in the World Heritage collection. The award acknowledged the strong relationship between economic production, identity construction, the creation of social capital, and the preservation of cultural values gathered around the coffee growing activity in Caldas, Risaralda, Quindío, and Valle del Cauca departments. *Ministry of Culture, Paisaje Cultural Cafetero: un paisaje cultural productivo en permanente desarrollo*. Bogotá: Ministry of Culture, 2011, 91 p.

Prepared by: Members of the Business History Group, Universidad EAFIT.

143 Juan Carlos Muñoz Mora, "Los caminos del café: aproximación a la relación del conflicto armado rural en la producción cafetera colombiana", *Ensayos sobre Política Económica*, Bogotá, 2010, vol. 28, num. 63, p. 33. [http://www.scielo.org.co/scielo.php?script=sci\\_arttext&pid=S0120-44832010000300002&lng=es&nrm=iso.%20ISSN%200120-4483](http://www.scielo.org.co/scielo.php?script=sci_arttext&pid=S0120-44832010000300002&lng=es&nrm=iso.%20ISSN%200120-4483).

144 Luis Genaro Muñoz Ortega, Manager's report, 80°. *Coffee Growers' National Congress. Por la caficultura que queremos*. Bogotá: FNC, 2014, p. 98.

145 *Ibid.*, p. 99.

A very relevant final issue is to acknowledge that the coffee crisis historically led productive areas that had been highly unattached to the violence caused by the Colombian conflict, experimented events that disrupted their quiet life. Along these lines, the technical and social support programs provided by FNC helped farmers to mitigate the effects of violence<sup>143</sup>. In fact, within the framework of the Colombian conflict resolution processes, it has been very valuable to highlight the role of the coffee industry and the FNC to fulfill the desire of a country in peace. The National Government itself has acknowledged the role of the FNC in the creation of dignifying living conditions in rural areas, which have turned the coffee industry into a sociability model. As stated by Humberto de la Calle: "It is a fact that the Federation public infrastructure supply and social tissue creation model of

the coffee guild, has been effective and has mitigated the violent conflict effects"<sup>144</sup>.

Along the same lines, the FNC experience as a development model for the *post-conflict* has been highlighted, given its legal institutional capacity in a country that has significantly lacked it, and its awareness on "how to execute projects and bring well-being to the farmers' families in many regions"<sup>145</sup>. In this regard, coffee is a major factor for the national reconciliation; it is a culture of values that reflects a singular way to relate and coexist. A good day starts with a cup of coffee, the morning and the afternoon is spent with friends and acquaintances; and that is the highest dream, because it tastes better when peace is mixed into it and peace, in many territories of Colombia, has coffee aroma.



A typical house of the Coffee Cultural Landscape, July 24, 2015.  
Archive, Quindío Departmental Coffee Growers Committee.



Coffee collector, November 15, 2004. Photo archive,  
Colombian Coffee Growers Federation, Bogotá.





“Colombia: Vessel with coffee on Magdalena river). Roselius & Co, *Darstellung des kaffeebaues in Columbien*. Bremen: Roselius, ca. 1910, print 24.









Katty Espinosa, *Fruits of coffee*, oil on canvas, 73×58 cm.  
Colombian Coffee Growers Federation, Bogotá. Catalina  
Londoño Carder.

## Testimonies

### **Jorge Cárdenas Gutiérrez**

Out of the 90 years of existence of the Federation, Mr. Cárdenas witnessed and played a leading role for four decades, two of them as a Manager, capitalizing on his previous experience in the public sector. He was one of the architects of the last International Quota Agreements in 1983 and he directed the coffee institution in hectic times when the global agreements ended in 1989.

### **Roberto Junguito Bonnet**

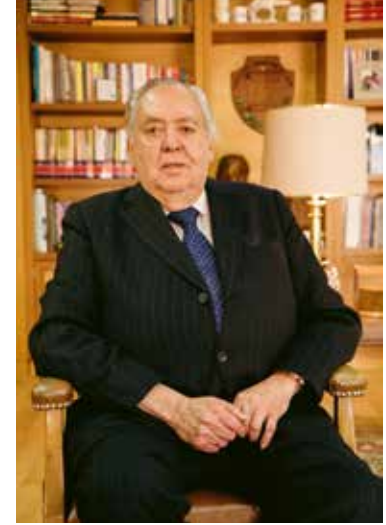
Not many high-level public servants would be able to display the credentials Mr. Junguito has in terms of coffee interests. Coming from a coffee-growing family, in the 1980s he became Minister of Agriculture and Finance during Belisario Betancur's administration. At the beginning of the millennium when the coffee bean was facing a low-price climate, he became Minister of Finance once again.

### **Deibi Yuliana López Tamayo**

The coffee field combines children, youngsters, and adults' stories that through different roles have built the future around coffee. Deibi Yuliana, who comes from a coffee growing family, is an agronomist who fulfilled her childhood dream of becoming an extension worker just like *Professor Yarumo*. Today, she is a young entrepreneur, an example of the thousands of women who, through their profession, support Colombian coffee growers. This is a story told by Carlos Armando Uribe Fandiño, a Federation extension worker, who has travelled around the coffee geography and knows dozens of coffee growing industry self-improvement and entrepreneurship stories.







## *Mr. Jorge Cárdenas Gutiérrez, Colombian Coffee Growers Federation Former Manager*

*JOSÉ LEIBOVICH, Economic Research Director*

*NANCY GONZÁLEZ SANGUINO, Economic Research Management Assistant*

*ROMÁN MEDINA BEDOYA, Journalist*

### **Foreword**

After living nearly half of the life the Colombian Coffee Growers Federation (FNC), a time during which he had to overcome the huge and difficult cycles of this guild wisely through firm decisions, Mr. Jorge Cárdenas Gutiérrez knows it very well and, that is why, without trying to sound like Mr. know-it-all, he recalled in the 90th anniversary of its creation, those periods that doubtlessly served to turn it into a Colombian brand: "For me, it was wonderful to have experienced the success of the Federation, becoming consolidated, secured, being a real entity, and a true rural development institute," he said.

Without any technicalities, but in his style of calling things by their names, Mr. Jorge Cárdenas Gutiérrez, through those words,

relates a landmark event for the Colombian social and economic history that took place in the late 1960s. Discussions on the agrarian reform conducted by Carlos Lleras Restrepo's government had turned red hot and, certainly, the Federation was part of this project. But he did it his own way: a coffee land reform.

The core of this effort was apparently simple although of vital importance for the country and without inconveniences: The Federation created a credit line at Banco Cafetero so that farmworkers could buy the lands they had worked on for years from the farm owners with very generous maturities and at prices set by the market.

Nevertheless, the way to get there was full of obstacles. On the one hand, Enrique Peñalosa Camargo, as head of the Colombian Agrarian Reform Institute (INCORA), fiercely argued





that this reform disrupted his program. However, Cárdenas Gutiérrez's counterargument was conclusive: In every meeting they held together, he used to say: "That is what the country needs, producers who own their land". On the other hand, it was necessary to explain to farmworkers that it was not a misleading plot and that this *sui generis* reform was not only about title-holding, but also included roads, electrification, water supply, and schools. The result was so positive that even in areas with radical tendencies on land tenure, such as Viotá, Tibacuy, or Fusa, the program was developed seamlessly. "This agrarian reform did not raise any controversies", recalls Cárdenas Gutiérrez; it did not, because it was "well discussed at Federation's style"; and because, in essence, it was nothing more than a peace agreement, as scholars of this episode assert.

This accurate way of implementing an action as controversial as an agrarian reform, which was not accidental, has an explanation. At some point in the past, this 1.80-meter-tall, great talker, and kind who makes life-long friends easily, told a journalist that he had been parachuted into the Federation. If so, he secured himself with sturdy, well-built straps. This is supported by his academic background and work activity. He graduated in law at the prestigious Universidad de Antioquia and in public administration at Syracuse University, New York, majoring in government, public management, administrative decentralization, and generation of autonomous companies. When he returned to Colombia, he joined Banco de Bogotá in Medellín as assistant manager. Later on, he was appointed municipal secretary of treasury, director of the Administrative Department of General Services of the Nation (upon direct request from President Alberto Lleras Camargo), and vice president of Ecopetrol. The School of Public Administration

(ESAP) was created during the Lleras Camargo's administration and Cárdenas Gutiérrez played a major role in the implementation of this important educational institution: He assisted Guillermo Nannetti Concha, its first director, in organizing the classrooms, implementing the first developments, and setting it up on the uppermost floor of Sendas building in Bogotá (7<sup>th</sup> Avenue and 7<sup>th</sup> Street).

With this knowledge and experience, it is easy to understand why Cárdenas Gutiérrez had a 40-year tenure at the Federation ("39 years and eight months", he explains) and why his resignation was never accepted when he submitted it every two years at the general shareholders' meetings of the entity

### The National Federation of Coffee Growers

There is no doubt that the Federation is a special institution, still supported by the guild, the political class, and the entire country. Many institutions can reach up to 90 years of life, but not with the prestige of the Federation. Most often, many institutions lose their positioning when they face crises and difficulties, but the Federation has been the exception because it has managed to perform with success, enjoying its members' support.

Then, we must ask ourselves: Why has the Federation been able to survive these 90 years if it was born as a small institution with few departments or few coffee-producing regions, a limited area and a small-scale coffee production compared to the present? How has it been able to reach get to 90 years, growing at the same pace as all the coffee industry? Why has it always had the support and recognition of the guild, the country, and the community at large? One should also ask: What is the strength that

the Federation has had since its first day to be able to go through so many different times? Why is it that everything has changed – political parties, government systems, and the economic model – but the entity is still strong, working, and developing actions?

Certainly, no one could answer these questions better than Mr. Jorge Cárdenas Gutiérrez. “I have always said that this is due to the great design its founders gave it focusing on three basic objectives: First, an institution that would respect the political trends at national level; for that reason, since its foundation, it did not take part on political party debates. It has always respected political parties, but without becoming involved in discussions and debates. It has always had respectful and collaborative relationships with all conservative and liberal presidents, and even with General Rojas Pinilla’s government. In brief, there has always been full integration among the institution, the guild, and the Government with all conservative and liberal presidents. This is deeply satisfying for the Federation. Second, it has always promoted an agreement policy among the Government, the guild, and the institution as a requirement to develop a good coffee policy. This same principle has been conveyed to the coffee community. Finally, the seriousness to do business. It has never been questioned for fraud or for deceiving anyone: Producer, foreign buyer, or domestic trader. No one under a contract with the Federation has ever said: ‘It deceived me or did not honor its word’. The municipal and departmental committee of coffee growers have all had the same culture of seriousness in their operations.

These three reasons have given great strength and respectability to the Federation. It is almost impossible to find a 90-year institution that has always played a leading role among the

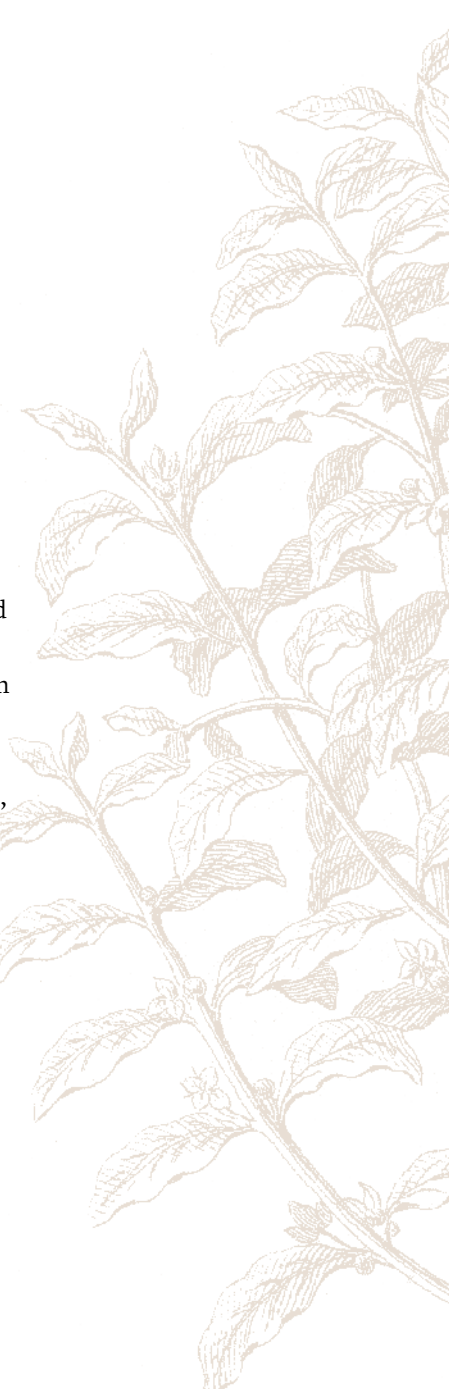
institutions of the country. It has always been regarded as a trustworthy institution by the public opinion.”

### This is how I Met Mr. Arturo Gómez Jaramillo

Because he has been very dedicated to the Federation where he held senior management positions for many years – he joined the Federation in 1963 as first assistant manager and general manager in 1983 – the lives of Cárdenas Gutiérrez and the FNC are a perfect communion in which one is the expression of the other.

In his spacious office, while answering calls on his cell phone, he reads and signs documents, reviews his assistants’ reports and without losing the thread of his memories, he recalls his first encounter with the Federation at a time when he was not a frequent coffee drinker, but over time, he would not drink less than twenty-five cups per day. Coffee was served each time someone came to his office.

“Upon completion of my studies at Syracuse University in 1958, I dropped by my uncle’s house, José Gutiérrez Gómez, who was the ambassador in Washington. At that time, he was called by Antonio Álvarez Restrepo, the Minister of Finance; Hernán Jaramillo Ocampo, an important public person and coffee leader; Mr. Rafael Delgado Barreneche; and Jorge Mejía Salazar, then Minister of Agriculture; to tell him that Mr. Arturo Gómez, the new manager of the Colombian Coffee Growers Federation was going to Washington the following weekend. The former manager, Mr. Manuel Mejía, had recently died in Bogotá. They advised him to warmly welcome Mr. Gómez since he was a discreet person but extremely knowledgeable about the coffee sector and to assist him in his errands’.







Since it was a Saturday, the embassy driver was off, and my uncle asked me to go with them to drive the car and to welcome Mr. Arturo Gómez Jaramillo. We went to pick him up. On the way, I told him about my studies in Syracuse, a course that I was taking at the World Bank and then we left him at the hotel.

I returned to Colombia, and, when I was no longer involved in the Commission of Regulation and Reform of the Public Administration, Victor G. Ricardo Sr., Minister of Mines, and his general secretary, Antonio Espinosa García, called me to advise me to stay with the Government and they offered me a job with Ecopetrol. While I was vice-president at Ecopetrol, Mr. Arturo Gómez contacted me to see if I would become the Federation subdirector”.

In October 1963, he entered the doors of the Colombian Coffee Growers Federation where he stayed as manager until October 2001.

”Calm, very calm... and thinking that perhaps they could be bored by me... No... no, it’s just a saying, nothing else”.

### Coffee and Colombia

It could be a cliché, but it is not; the truth is that Mr. Jorge Cárdenas Gutiérrez “is, indeed, the best one ever” in the coffee industry in Colombia and the National Federation of Coffee Growers. Certainly, what this authentic leader of the sector knows about the coffee industry and the FNC, even if summarized, would be enough for anyone to know plenty about this fascinating universe that is the Colombian coffee industry.

As if it were something that just happened yesterday, Cárdenas Gutiérrez goes back to the beginning of the institution: “The Federation was founded in 1927 because there is coffee in

Colombia and the crops grow. But the Farmers’ Society of Colombia (SAC) of that time did not meet all the expectations of the coffee growers, which was then the best farmers’ guild. The other agricultural sectors, such as sugar and banana sectors, were small compared to coffee”.

The coffee sector was already important and, for that reason, producers insisted on the creation of their own organization.

”The coffee growers had the power to say: ‘No, we would remain with SAC, but we would also like to create our own institution’. Then, the Colombian Coffee Growers Federation was founded, which, at that time, was modest, since there were not many producing departments, but had very influential people with great national leadership abilities because all the founders of the Federation had presidential traits, such as Mariano Ospina, Master Valencia, former President Carlos E. Restrepo, the Ospina family, General Pedro Nel Ospina’s children – who had been the president of the Republic (1922-1926) – and several other leaders from Caldas, Valle, Tolima, and Cundinamarca, among others.

With deep vision, these leaders promoted a bill to set a coffee growers’ guild contribution, in addition to the rest of the taxes paid by all Colombians to promote and develop the coffee sector, a law that was finally passed in 1930 by the National Congress and the Federation had the responsibility to manage it and invest from it. Doubtlessly, it was the greatest revolution in the country because coffee growers were willing to pay for this tax since they saw it immediately turned into infrastructure and services. In other words, through this contribution, the Federation strengthens farm development, education, development, and crop management programs; in other words, farms became educational centers. A program called *cleanliness in the coffee farm* was also

implemented since it contributed to improving farms, county subdivision aqueducts, etc. This was the first contribution. This first stage meant the Federation consolidation. Producers used to say: "Look, that the guild indeed pays attention to us, the payment of our contribution is worth it, because it bears fruit'. It was not much, but it was reflected in aid and general assistance.

Of course, as the tax grew, the Federation expanded these objectives or projects. Not in vain, for many years, the success of the policies to speed up economic growth and social development of the country was determined by the fate of the coffee bean in foreign markets.

Since then, its efforts, with the assistance of coffee growers' departmental committees, have filled the institutional void the country was facing, protecting the interests of producers, particularly their income, through the development of an efficient industry and the promotion and implementation of services.

Today, the greater economic and social importance of the coffee industry lies in the ability to generate employment, distribute revenues, and promote regional development, contributing to the social welfare of coffee regions".

### The Group of Exporters

"The same group of founders of the Federation, given the pressure of the market, in 1932 or 1933, raised the question of whether they should be involved in marketing. Finally, they decided that each one should remain where they belong, that the Federation, as well as exporters, should perform their own specific tasks. The only thing the Federation requested was for coffee exporters not to approach departmental committees nor the National Committee.

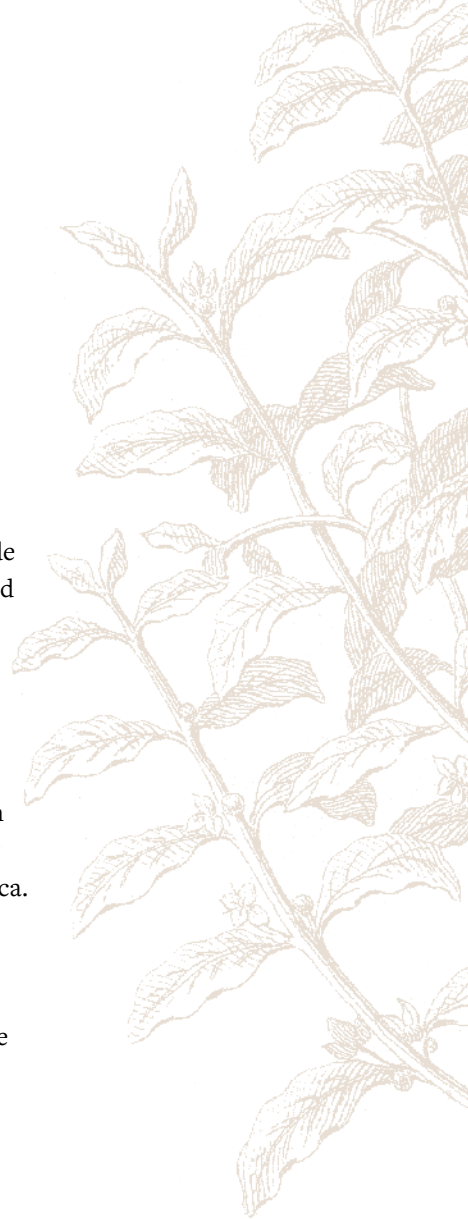
It issued a rule banning it, which remains current today and was not an easy decision. It sparked a kind of 'civil war' in which everyone immediately raised awareness. The war was fought by very illustrious individuals who made up a committee. From there, producers decided that exporters should not attend or be part of their committees.

The truth is that producers saw exporters as monsters; and very big ones because they were the purchasing network. These were large multinational, such as Grace, the English one, and some three or four Colombian firms, mostly in Antioquia, Caldas, and Cundinamarca. The rest of them, I repeat, was the very large network of foreign companies buying and manipulating the business. But the Federation was always respectful: 'Each one, including the Federation does its own thing'."

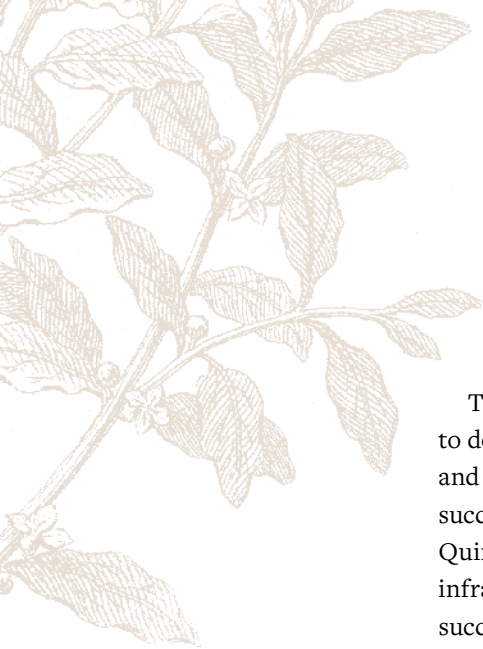
### Mr. Jorge and the Departmental Committees

"There were always internal debates, but they always ended with a display of solidarity from the guild to its institution. The guild never played a large division within. Certainly, there was disagreement on domestic price setting, on the value of that price, on the contribution, and on coffee withholding tax but always ended in a general consensus.

Many of these issues generated constant debate but the Federation gave its explanation, showing the benefits of its policies. Actually, deep down, the Federation ultimately was, and still is, extremely respectful of the decentralization of the institution. It recognizes that there is a coffee institutional structure in each department, whose independence is respected.







The Federation has never said: 'You have to do this and that'; rather, it brings examples and facts. For example, it shows Antioquia's success with a given infrastructure or Quindío's or Nariño's success with these other infrastructures. The objective is to show such success to everyone to encourage healthy competition. No one in the Federation has ever said, for example, 'you have to build tertiary roads'. Good infrastructure is displayed and so, in a way, they compete among themselves to make better ones. This culture was promoted by Arturo Gómez Jaramillo. He understood that the Federation was too arrogant due to its marketing capacity and that it had not come down to producers', farmers', and infrastructure's level, investing in large-scale instead of small-scale programs.

When Mr. Arturo Gómez became manager, the great economic coffee context changed and he knew how to design a very strong policy, in terms of decentralization, to the extent that departmental budgets were autonomous. His guideline was: 'Here is your share, see how you manage it'. That is how he was able to consolidate the huge figures managed and the principle of income proportionality based on production and people".

### The First Ten Years of the Federation

"No mention was made about marketing in the Federation within the first decade of its foundation. What was discussed was supporting producers. That is the reason why the Federation did not deal with coffee exports until 1937. Its main concern was keeping coffee quality, educating the farmer, and providing well-being. These were the popular *hygiene program* that ultimately aimed at teaching producers how

to have an organized plantation, and with a capacity that could not be as individual as it became later. But through farms and other models, it educated farmers on how to manage their plantations and how to sell, explaining to them in this culture everybody was welcome: Small, medium, big, owners, and tenants.

This is how the Federation gradually became consolidated. In 1936, it entered the market at a very hectic time that forced it to clearly define its role. With Alejandro López as manager, the Federation gradually started to intervene the market.

During the Second World War, 1939 to 1944, The Federation reinvented itself, devising a plan about: 'What do I do with coffee I cannot sell? What do I do with coffee I cannot export? The European market, as well as half of the world market shot down. How to deal with such situation?

It is when it intervened, bought, and saved coffee to prevent price deterioration. The National Coffee Fund was founded. It kept saving coffee through the World War because there was no other way to handle that 30% of the production. Of course, coffee was saved on account of the National Fund. The Federation could not afford to do it, but it was so substantial, important, and relevant to keep producers' income, that the government, represented by President Eduardo Santos, his Minister of Finance, Carlos Lleras, and Mr. Manuel Mejía as manager, said: "Here is the money. Do your best to manage this situation. I provide you with government funding through the Central Bank". It was money the government gave the Colombian Coffee Growers Federation to finance the withholding. European markets were closed and the National Coffee Fund was founded.

That was the time when the Federation learned how to buy coffee and learned about qualities. What could exporters do? Nothing. They were at least told that they could go on exporting coffee to the United States. This is why the Federation never exported to the United States. This is why the Federation gave them this monopoly and they handled it in war and many years without war. The Federation did not insist on trading coffee because it lacked experience and because of the exemptions issue.

That is why an agreement was signed with the Americans for Colombia not to sell there in order to prevent the Federation of Coffee Growers from being taxed on advertising and other things it did. It started to change with globalization. During the time the market was closed, the Federation was the great victim. Save here, do not export, and you, exporter, do what you can with the market”.

### After the Second World War

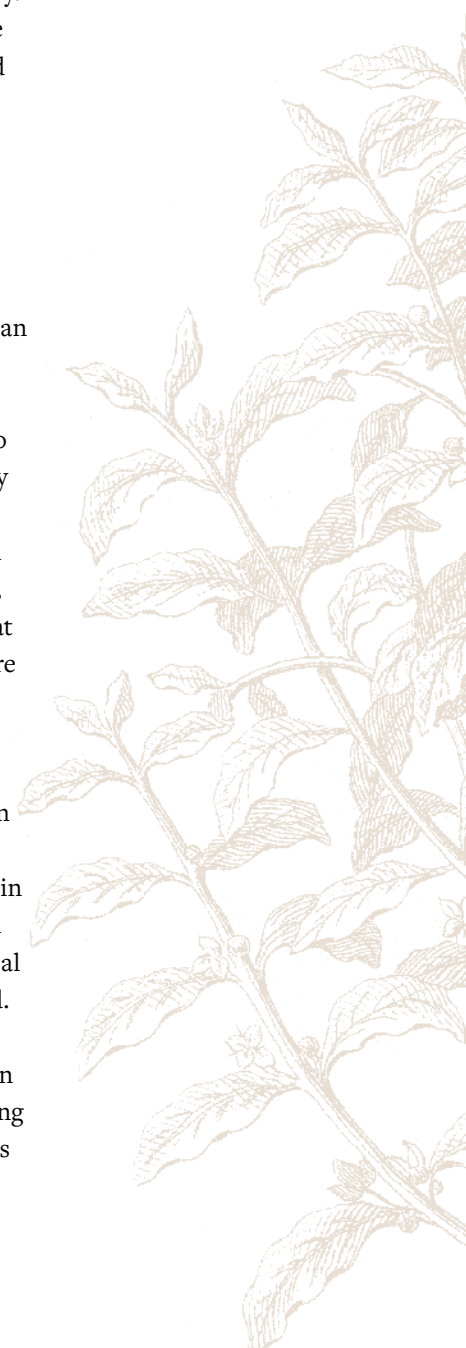
Almost as if he were telling a tale or a short story, Cárdenas Gutiérrez recalls a fact that very few people know today and that draws, with perfect strokes, what you can accomplish when you have targeted good and productive intentions. This happened at the end of the Second World War when the United States developed what was known as the Marshall Plan to give financial aid to war-torn eastern European countries. Well, the Colombian Coffee Growers Federation also developed its own “Marshall Plan”.

“It was a very important stage in which the great vision of Mr. Manuel Mejía stood out. In 1947, the Federation knew the war had ended, there was coffee saved, and it decided to return to the market. It entered Europe. It did not go

to the United States to sell coffee to General Foods, Maxwell, or any other large US company. It went to Europe. The Federation restored the market and opened an office in Brussels. It had one in New York because it was necessary to monitor, to be close, and to know the pricing in that city. That is why it had an office there. Well, Mr. Arturo Gómez went to Europe as a representative of the Federation as the first manager and opened the office in Brussels. At that time, as we all know, there was no European Union. Although Mr. Manuel Mejía had said it had to be Paris, he chose Brussels. Mr. Arturo told him there was nothing to do in Paris. “I go to Paris and I suffocate. Nobody is going to pay attention to me there”, he said.

Mr. Arturo decided to go to a city that, even relatively modest, were near Germany, France, Holland, and Italy. He stressed many times that he would not go to get lost in Paris, a city where it was more difficult to do business. Unlike Brussels, because he could greet everybody there. After all, it would not be over 200,000 people he would have to deal with. His decision was so convenient, that many years later Brussels would be chosen as the headquarters in the European Community. In brief, it was, and still is, a central town, less powerful to have real influence and development on the task at hand. It is my theory. Mr. Arturo’s theory was that it was the best choice because ‘I would not give in to Paris’, as he said several times. He kept telling me: ‘I will stay in Brussels, which is a few hours away from Germany, from Holland, and even from England. I’d better stay and work there’. Besides, it was the largest market at the time.

This is where the Federation settled in and where Mr. Arturo began that formidable task of knocking on doors and visiting every coffee business that existed before the war, which had been destroyed by the war, did not have a new







machine, and did not have new facilities. He always had the support of Mr. Manuel Mejía.

There is an idea I have never been able to understand, but I once heard it from Mr. Arturo; it is that Mr. Manuel sent coffee using the first ships of the Grancolombiana Merchant Fleet to be traded with former roasters who had lost everything. Such was also the case of Jacobs, like others in Holland, Belgium, Germany, except France, due to the African colonies, Italy, due to Brazil. In brief, they brought them coffee on credit so they could process it, work it out, and reestablish their industry and channels. For this reason, the Federation gained great prestige while delivering good quality coffee. In the meantime, Mr. Andrés Uribe Campuzano, a knowledgeable man of the coffee market who had the best relations with US market leaders, was a great promoter and facilitator of the coffee market with exporters. That is how he became the great promoter of the Colombian Coffee image so US coffee companies would replicate the Juan Valdez icon.

In fact, this small but great 'Marshall Plan' of the Federation was just this simple:

— "Do you want to go back into business?"

— "Yes, of course. But I do not have the means, I lost my factory."

— "Ok, I will lend you this coffee for you to work with and rebuild your factory."

Then, we arrived in our Colombian ships and we placed the coffee in Hamburg, Bremen, and in Holland, among others. That is why this market was so loyal to the Federation for many years. Colombian coffee surely had very high percentages of consumption in many European markets.

I could say that the foregoing has a second chapter. After the war in 1958, 1960, and 1962, the Federation wanted to enter Poland, Hungary, Czechoslovakia, East Germany, and the Soviet Union again, but there were no convertibles

because the US Marshall Plan had not been implemented there.

Then, we reached those markets with a compensation system: 'I sell you coffee, you keep your money, and you pay me with your own products'. Then, tractors, educational materials, cars, electrical transformers, whatever each country produced for their own recovery, started to arrive to Colombia; in other words, we got whatever every country produced during their recovery. This lasted for a long time, until those countries reached a higher economic level and were able to pay. This coffee *boom* was followed by a consumption increase in the United States, among other things, because of the soldiers' return. Prices increased and the market received all the coffee that could be shipped. That made the world become interested in the coffee business; it started to be planted in many places, and by the end of the 1950s, we found that there was coffee surplus around the world, mostly in Africa and Asia, and the business was growing here as well under those good prices we had.

During these periods, a hundred of those individuals, with whom we had done business in Europe, came to build their empires. They saw the development in Colombia and, therefore, they opened their offices and threshers in different regions. They did not buy everything from the Federation. This way, the business mixed between the Federation and private companies, respecting each other, because there were business opportunities for everyone given that the business was experiencing a boom; it grew due to the fact that the war ended and so many new markets had emerged, so the world started to produce more and more and then, of course, it led to an overproduction in 1957 and 1958.

The golden age of the Federation dated from 1947 through 1957 because the market was opened, money was made, a great amount of coffee was sold, and it knew how to do something important: Inventories were sold and the debt was paid off. ‘What will happen now?’ many people wondered. Well, Mr. Manuel and those who managed the Federation decided at that time not to close the National Coffee Fund. Then, two branches of the contribution remained: The National Coffee Fund, to support all the basic aspects of the industry, and the contribution, which was allocated to departments and it was the part related to agricultural support. The Fund was devoted to promoting market opening, domestic marketing, and things like that. Luckily for coffee growers, it was decided that the Fund would continue and once the debt was paid, it carried on providing the services we all know today. That was fundamental, since without the Fund, the Federation would not have done much, because the truth was, who would have kept the contribution money?”

### Entry of Colombian Coffee into Japan

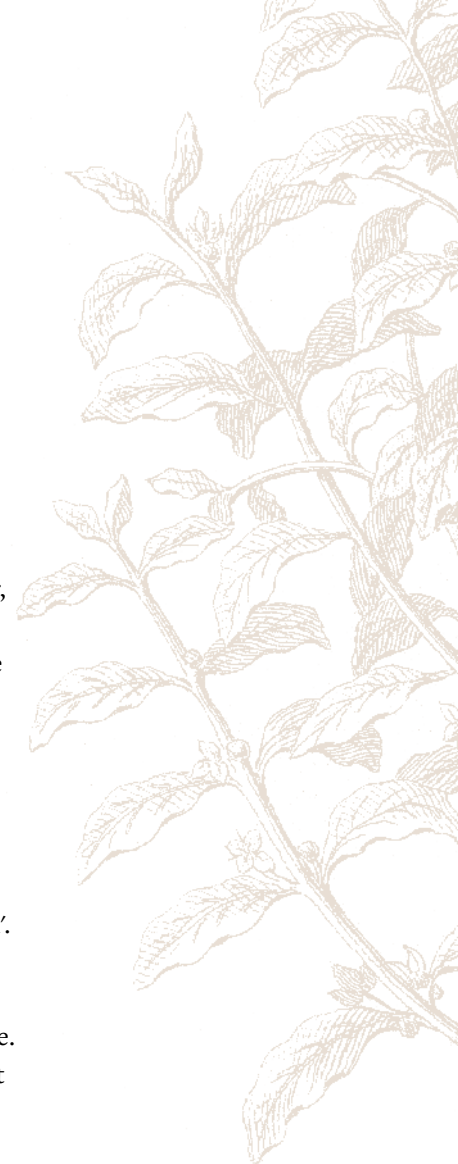
Colombia, along the National Federation of Coffee Growers, literally arrived to Japan with great fanfare: Music, dancers, and singers. It was during Expo 70 in Osaka. Our stand became sensational because it was a coffee shop within a colonial construction where saints in their altars alternated with countryside paintings, an organ to interpret sacred music with tropical rhythms, and where an endless stream of visitors kept trying our coffee. This is how the Federation began to launch our coffee in Asia, the largest continent in the world, which did not happen in the 1970s, as one might imagine, but forty years earlier!

“By the 1930s, Mr. Ospina Pérez, as manager of the Federation, said that the focus should be placed on Asia, that it was very important because no one was buying coffee for that continent since there was no consumption or market there. He sold a small amount. However, the business was only a friendship gesture because the Japanese did not know about coffee and that was the reason they never drank it.

In 1960 and 1962, the Merchant Fleet opens its first office in Japan because there was huge traffic not bringing things there, but taking things from there. It was the great renaissance of the Hong Kong – Korea – Tokyo circuit. The Fleet said: ‘I will open a shipping route to Japan’. Eduardo Arango, who was one of Mr. Arturo’s closest friends from Caldas and a man of the world, had the mission to find ways to sell coffee. They proposed the Japanese that, if they bought coffee, we would let them take their vehicles to Colombia, since they were the best at the time, as we could only find Willys in Colombia, which were very hard to buy because very few Jeeps were available for sale. So, we decided to send coffee and to bring Toyota and Nissan campers and other products to Colombia. Well, these two groups are set up in order to sell coffee. It was a barter: We exported coffee in exchange for cars.

After the war, it took a while for Colombia to have cars; but, at the end, these gentlemen did what was called *equalization*: We earned money here and that money served to provide a subsidy to coffee buyers. I knew about 10%-12% subsidies. [This is how it worked]: ‘I sell the car, and if you place the coffee, I give you 12% for you to deduct it from the coffee’. They then placed the Colombian coffee at the same level as the Brazilian coffee through the equalization.

But the real entry of coffee into Japan began when Mr. Alfonso Peñaranda arrived as the







representative of the Fleet and the Federation, and proposed that, in order to really enter into that country, we had to participate in Expo 70, which was the first major world fair that was going to be held after the Second World War. We decided to attend Expo 70 in Osaka, and we had to risk everything with Mr. Arturo Gómez and Dr. Carlos Lleras, the president of the Republic, on board.

We knew nothing about a world fair. We never thought about such a massive event, and although there had been many fairs, we had never been at one before. But, even so, we set up one of the best stands that had ever been set up in Japan and it lasted for six months. We took there the most outstanding people in Colombia, such as the best *ballet* we had, led by Jacinto Jaramillo, a genius who I met when he was directing the ballet of Teatro Colón in Buenos Aires; *La Negra Grande de Colombia*, who had the last word concerning Colombian Pacific folklore; and *Jimmy Salcedo* and his band. There were over 60 people who performed a show every night starting at 5 p.m. until the fair closed at midnight.

The stand became very popular. There was a great café inside a spectacular colonial building with altars, images, and paintings of churches. We also took modern paintings. But the altar and its organ were the most outstanding attractions. The stand was designed by a Japanese architect and a Colombian architect, Charles Dupuy, who had studied in Japan and knew their culture well.

That was the greatest hit ever because coffee was served around the clock, although many people threw it away because they were not used to drinking it; we were just entering this market with soluble coffee. Then, a lot of roasted and ground coffee was offered, and people drank it out of curiosity. Thousands of tourists from all

over the world visited us, mostly young people, attracted by music and songs. The message got through: Our stand came out on TV and on the press across Japan, and Colombia covered the entire country. Colombia had a great opening in Japan.

Later, Mr. Ueshima, the first large roaster, came to Colombia in 1971. Nestlé had already entered the country and Maxwell had already partnered with Ajinomoto. Well, he came here with the story of canned coffee and he displayed it at the Federation at Jiménez headquarters. "Canned coffee? What does it taste like?", we wondered. We decided to give it a try. We, Arturo Gómez, Gustavo de los Rios, Pedro Felipe Valencia and I went to have lunch at the Europa Grill with Mr. Ueshima. Then he offered us canned coffee. Mr. Arturo tried it, staring at Mr. Ueshima who was very excited about his invention, and said: "This has nothing to do with coffee". But the same thing happened with this product as with the first Coke, which nobody liked here because *Colombiana*, *Freskola*, and *Uva* sodas tasted better.

Anyway, we all tried it and none of us liked it, but we had to show respect for him because he said he was setting up his factory; and, surprisingly, he became a major buyer of coffee for the production of liquid coffee. It was something out of proportions, because, since it was a dispenser, young people took it and drank it as if it were soda. Then, they themselves became roasters, and coffee began to attract young people.

Japanese youth thought of it as a rejection of tradition and culture to leave tea aside and adopt another drink. For this reason, coffee was drunk in bars with music while partying. I had the opportunity to go to a Japanese bars in the 1980s and I witnessed hot coffee being served in the evening.

Finally, millions of coffee cans were sold. At some point, half a can had coffee and the other half had coke. Without any doubt, Mr. Ueshima was the pioneer in that market. Later, Nestlé, Coca-Cola, General Foods, and the entire world ventured into selling their products in cans. It was common to see people getting off the subway to drink a can of coffee.

This is a very funny anecdote: After visiting Japan for the first time, Alvaro Gómez went to eat lunch at the Federation when he returned to the country and said that it was another world we had much to learn from them. But something that had caught his attention was the crowd outside the subway station.

- Five hundred people," he said, coming out at the same time, but with discipline.

- "And coffee cans?" He asked. "Have you ever tried them?"

- I said," Of course."

- "What is that?" He asked again, because I saw the coffee dispenser, and thought they were going to sell coffee, but I got closer, looked and saw no coffee of any kind. Yes, there were a few cans, he added, but I did not know whether it was coffee or not. Besides, how could I buy cold coffee?

It is good to know that first coffee there was soluble, then canned, and finally roasted and ground coffee. The Federation walked through the three of them. Soluble coffee was not made by the Federation, but by Colcafe, which very soon became present there with Mr. Fabio Rico."

## Research

For the Federation, research has been an ongoing policy and one of its main objectives, allocating important funds to it, even for the training of a team of technicians and scientists

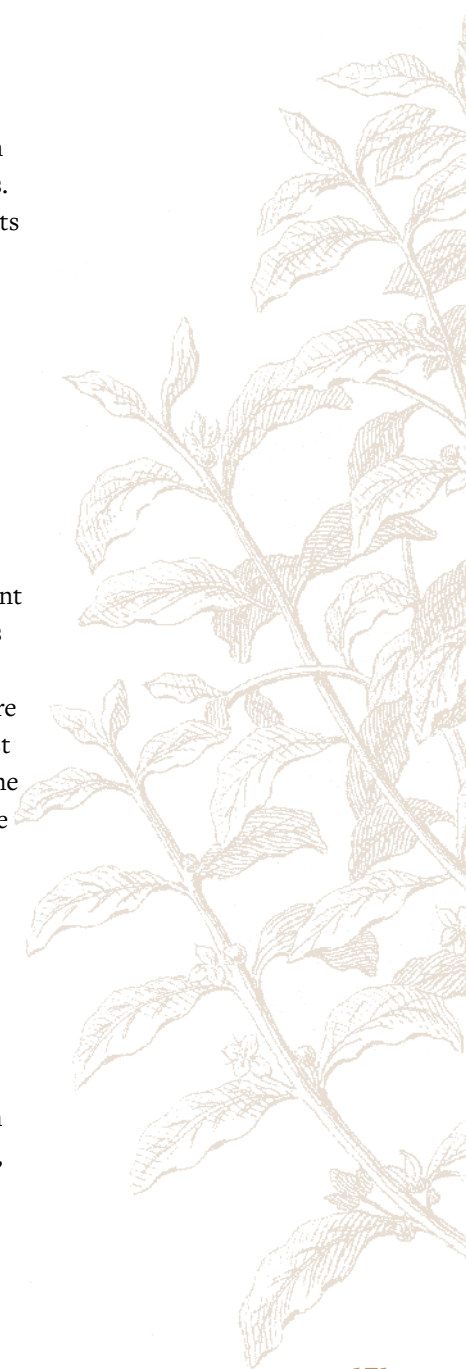
acknowledged nationally and internationally. Results have borne fruit: A special culture of coffee growers and the best coffee bean in the world. Entities such as the National Coffee Research Center (Cenicafé) have developed and implemented leading scientific works for its innovation and contribution to this industry.

"A first research attempt – says Cárdenas Gutiérrez - was spontaneously conducted at some farms". For this initiative, the Federation organized some of them in very special groups. Simultaneously, a few first cooperative attempts were developed at the farms, such as in Norte de Santander, which was, coincidentally, the entry route of coffee into Colombia, and then in Pereira. It is worth highlighting that since 1957 the Federation promoted the cooperative movement as a way to approach each coffee grower personally.

The Federation started there as a farm, but coffee growers started to request further research on coffee varieties, on the management of crops, and on very specific issues. What was once a farm with just a little research culture was gradually becoming Cenicafé. This is where personalities like Hernán Uribe, one of the first directors, came into the picture. He was the one who gave it positioning, as he came with all the knowledge, and had the prestige of being the son of Mr. Pedro Uribe, the key player of the industry in terms of production."

## The Quota Agreements

"In 1957, the world started to produce coffee in vast amounts. Countries like Brazil, Colombia, and Mexico had a lot of coffee because they had saved it. We were going through a difficult situation in which this business was getting untwisted. Colombia was shivering in fear due







to the situation at the time. The government of General Rojas Pinilla had been overthrown and the price of coffee plummeted from one dollar to 30 and 40 US cents.

A crisis was coming. However, Colombia started a campaign to sell the idea of a coffee agreement. It first convened with Brazil and this dialog ended in a Latin American agreement called 'The Mexico Agreement'. The agreement was launched and although the homework was done, there were no resources. It made us work together: Mexico, very important, Guatemala, and El Salvador, which were just getting acquainted with each other. No meetings were ever held, except for a few meetings between Brazil and Colombia, but Brazil owned at least half of the market.

Asia and Africa reached the market, although the latter showed up with minimum quantities. There was a price collapse and a coffee overproduction. Let us remember that these were the Alliance-for-Progress years; this was very important because it was believed that these countries were lost without the stability of export prices.

Under these crises there are no worthwhile alliances for progress because the benefits of the support, reforms, loans, donations, and other things that were implemented through this alliance for the social development of the country, were useless under the price rollercoaster. It was not possible for the economy to perform under these conditions. Therefore, an agreement emerged and was designed within the framework of an Alliance meeting in Uruguay.

This continent definitely had to be saved and the only way to do it, with Africans on top of

things selling coffee, was devising an agreement. The Agreement of Mexico is executed and extended several times. Some countries joined it and others left it, but it remained current. This agreement was very important, always led by Brazil and Colombia, and supported by personalities from El Salvador and Guatemala. At that time, Mr. Arturo already had a vision of the world market and he was knowledgeable about its hindrances and our domestic flaws. Therefore, the International Coffee Agreement was foreseen.

The idea of the International Coffee Agreement resulted as a consequence of the situations experienced between 1957 and 1960. Work was done on the conception of the Agreement, the United States committed to it, and the Department of State, with Secretary of State Mr. Thomas C. Mann, lobbied for the international agreement. Canada, The United States, and Europe joined the International Coffee Agreement. In 1961, all major producers and consumers join the Agreement, and a small window was left for those who were not members, including Japan and other countries that were precisely called the Non-Members or new markets, which were the socialist and Asian countries.

The International Quota Agreement signed in 1961 was set to be based in Washington or New York. A great meeting took place to conclude and set up the Coffee Agreement. Why was it delayed until 1962? Because the African delegates arrived in New York to then continue their journey to Washington to attend the meetings, but since it was the *Apartheid period*, times of racial segregation, they were not allowed into hotels or restaurants because they black, although

they were dignitaries from Kenya, Tanzania, the Ivory Coast, and Cameroon, among others. It was an outstanding delegation. They were newly independent countries. This motivated them to demand being based in Paris, but it was finally decided it would be London. It was a year full of arguments, since American members wanted to be based in the United States at any cost. However, London was chosen as it was a banking city ideal for international transactions.

As of 1957, the Federation was quite skillful at making producers understand that they could not have all the profits brought by the Agreement, and that they needed to leave a very high percentage to save the coffee that was not going to be sold and to boost the industry. They needed to have two incomes: A producer's direct income and a service revenue in development contributions, something for which the Federation was going to be responsible.

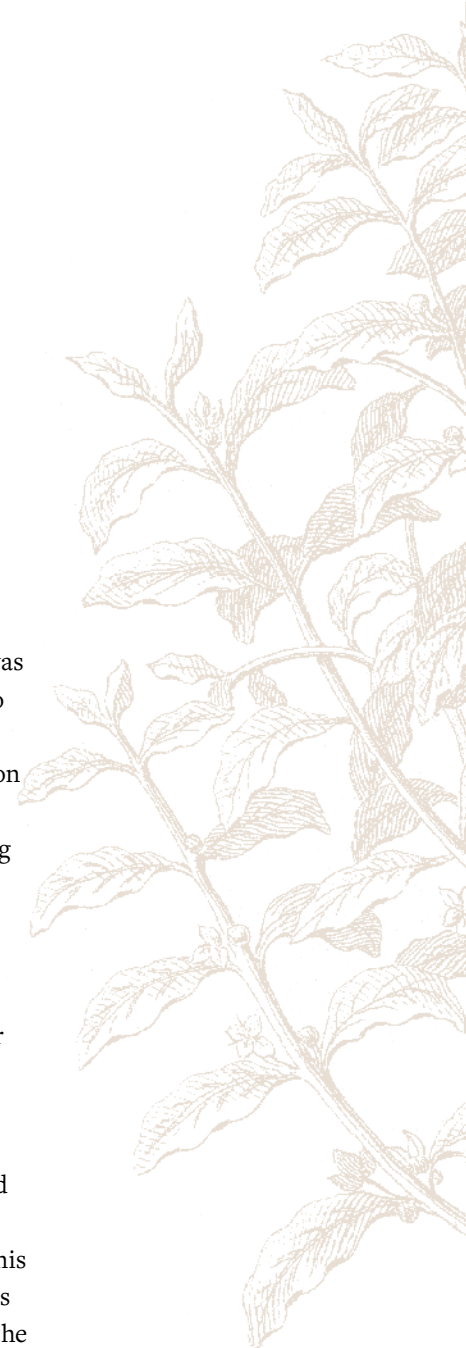
Lengthy discussions took place because the State wanted to get tough on the price difference. And it did. This was the great battle with the government. This *impasse* almost broke up the Federation, precisely because they were trying to decide who was going to manage that money. Hernando Agudelo Villa, the Minister of Finance, had to face the most challenging period when they needed to determine who was going to manage that money. It was complicated. I was told that there were a few individuals who did not understand that there was a huge high-level political negotiation and they got involved in disputes and the great coffee contribution was eventually established. The State participated in it for a long time, and the famous 15% tax was levied on coffee exports to pay the Colombian public debt.

It was a very complicated period for the directors of the Federation and the departmental committees to convince producers, who finally approved this tax for a certain amount of time. There was a boom in 1962 and prices started to recover, the world was more organized and countries started to get to know each other. This is when the Federation made an assessment and came to the conclusion that we were going to have a quota, but having sold the quota did not mean that we were going to rely just on this situation, but we had to further position ourselves in the world market as a product different from all others.

This is how the Colombian quota was sold out well; there was a premium as well as better prices than for other kinds of common coffee, as it is more expensive due to the work and the process involved in the production of mild coffee. Colombian coffee had a better price and the Federation raised awareness through an advertising campaign, based on the fact that this was not a country of large estates, and that this concept was within the strictest principles of the Alliance for Progress and of rural democracy.

This is how Juan Valdez was born in order to show that producers were not different from a traditional family that worked and made a living from coffee. We then went out to the great scenarios of quality, but the first messages were purely of a social nature about the impact of the economics of coffee in Colombia.

The International Coffee Agreement took place in that period, between 1961 and 1989, when the great Federation transformation took place for the Colombian coffee industry as an economy, as a business, and as a global industry. Despite many difficulties the coffee industry







had to face, there was also price stability. There were remunerative prices, bands, and other things. The dollar also helped in these stages. Economies certainly changed a little bit and exchange rates were far from fixed”.

### The 1975 boom as Told by Mr. Jorge

“At four in the morning Mr. Francisco Sáenz Fety, who had been representing the Federation for 20 years, called me from Brazil. He called me because Mr. Arturo was in London and he said:

- “There was a disaster here, something dramatic happened. I already have the information on the coffee frost that is being announced in the media. This frost is dreadful, I have already called Parana and Sao Paulo.”

It was midnight in Brazil and the frost was over. At six in the morning, we learned the news from Brazil confirming that 10 or 15 million sacks of coffee were lost. In other words, Brazil collapsed and nothing could be more important.

I called Rodrigo Botero, Minister of Finance, and I told him the news. We were facing an economic emergency. I also called President López Michelsen at seven in the morning.

- “What happened?” He asked me.

- “There was a frost in Brazil, which destroyed the crops from the State of Parana to the State of Sao Paulo.” He was totally shocked. I also told him that only the crops in the north were being saved and that the heart of the Brazilian coffee region had been destroyed.

López told me:

- “Jorge, I am glad for the coffee growers and for the country, and I understand what this news means for Brazil.”

Later on, I spoke to Indalecio Liévano, Minister for Foreign Affairs, confirming the information and giving him the relevance of the news. He asked me to call a National Committee meeting that same afternoon.

The economic reform, as well as the tax reform, lost their dynamics. President López went to Armenia and a few days later, he dropped this bomb from there: “This is the coffee growers’ boom and we are going to design a boom plan, which will be well implemented, but it belongs to the coffee growers and, of course, the Government should share it. We are going to negotiate it’.

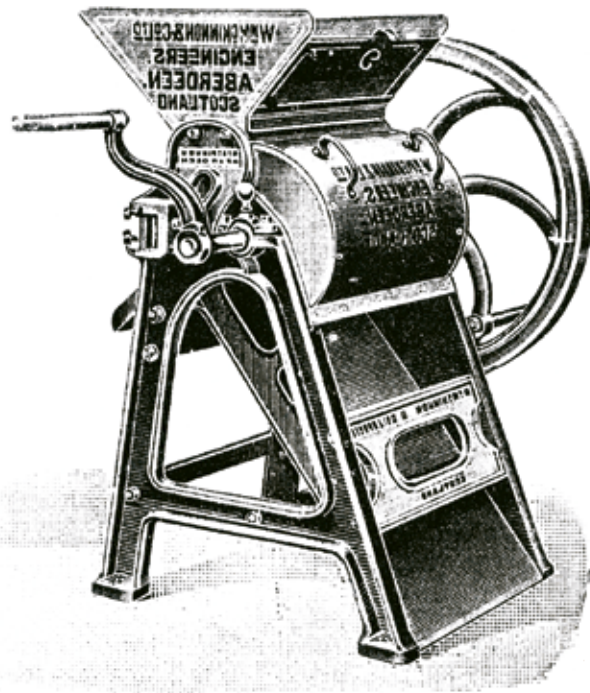
Something that President Misael Pastrana had tried in a small boom was brought up, which was to distribute the increase by three: one third was going to be allocated to producers, one third to the National Coffee Fund, and another third to the Government. President López agreed. “The producer part was okay, but how will the Fund part be? Well, it was paid with Coffee Savings Certificates, and the Government delivered the money a few months later”.

### Breaking of the Quota Agreement

“In 1989, after a great deal of effort, Mr. Virgilio Barco told President George H. W. Bush that one of the major needs of the country was to restore the International Coffee Agreement. Everyone had withdrawn, even producing countries, because they were really wounded. There was no quota and we had burst. Bush said yes.

We returned to the subject of the quota and he appointed a very important team, which included Myles Frechette. It was very difficult

"Scale model of coffee pulping equipment in Caldas, Amagá, and Ibagué", Colombian Coffee Growers Federation, *Handbook of the Colombian Coffee Grower*, Bogota: Colombia Lithography, 1932, p. 305.



because the situation had gotten way out of hand; Central Americans, who had been outside for too long, wanted to have more quotas. It was a very complicated situation, but approaches were made. Brazil was not fully convinced of returning because it did not believe in the Agreement. It was in a different economy.

A meeting was held in Miami on a weekend. Colombians, Central Americans, Africans, and everyone else finally agreed. With Central Americans and Brazilians we discussed how to set up the quotas, and we discussed how to solve the Americans and non-member countries issue.

On behalf of Colombia go Néstor Osorio, Diego Pizano, and myself. We traveled to London convinced that there was an agreement to operate a quota mechanism again. The United States had participated in the Miami meeting. We then arrived to London and Frechette said:

- "No! We will not be able to authorize anything since there will be change in the US Government and Mr. Clinton will take over soon."

So, we wondered: "How did they let us get to this point?" The US representative gave us plenty of excuses. My conclusion was that they fooled us, all along. "This is over," I thought.

We just spent four years trying to fix this and we were able to finally devise it the way the Americans requested. As thing unfolded, Frechette said that they had not come to vote anything, that they were only exploring and that we had to wait to see the opinion of the new government of the United States.

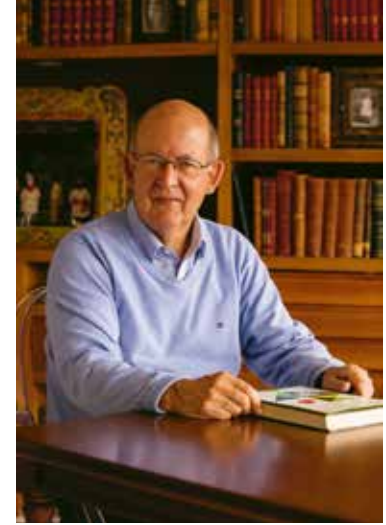
Colombia was the first to listen to the opinion of the U.S. and the representative of Brazil left the room five seconds after our conversation with Frechette and the meeting ended in offensive terms. The agreement was then broken, leaving no chance of being resumed.

What followed was a great period of globalization that has extended from 1997 to 2017. The Federation has struggled and survived. All coffee institutions around the world have collapsed: Brazil, Mexico, Guatemala, El Salvador, and Costa Rica. All top coffee producing countries have collapsed. The only institution left standing, adjusted to the new realities, was the Colombian Coffee Growers Federation. This is the end of the history of another 20 or 30 years". ☹️









# Roberto Junguito Bonnet, Former Minister of Finance and Public Credit and Agriculture and Rural Development

JOSÉ LEIBOVICH, *Director of Economic Research*

NANCY GONZÁLEZ SANGUINO, *Assistant Director Economic Research*

ROMÁN MEDINA BEDOYA, *Journalist*

## Born amid a Family of Coffee Growers

Economist and politician, Roberto Junguito Bonnet was the Minister of Finance and Public Credit twice; President of the Association of Coffee Exporters; Minister of Agriculture; President of the Colombian Farmers' Society (SAC); Representative of Colombia at the International Coffee Organization (ICO), London; Co-Director of the Central Bank; and Ambassador of Colombia in France. In addition, he is the author of books on economics, Colombian history, and the economics of coffee.

Being the great-grandson, grandson, and son of coffee producers and the former owner of a coffee farm, as well as a former member of La Vega Municipal Coffee Growers Committee, Cundinamarca Coffee Growers Departmental Committee, and the National Committee of

Coffee Growers in his capacity as Minister of Agriculture and Finance, and having held key positions within this industry and in the public and private sector, Roberto Junguito Bonnet has an in-depth knowledge of one of the most important agro-industries that boosted the development of Colombia. That is why his testimony is an authorized voice in this economic and historical collection of what has been our flagship product.

## A Coffee Producing Family

"In 1895, my great-grandfather Daniel Junguito Lozano bought a farm, which still current and is still owned by the family (it belongs to my cousin Juanita Junguito and my niece Juanita Sinisterra Junguito), called La Fragua, located in





Nilo (Cundinamarca). Since then, we have been coffee growers. After that farm, my grandfather bought other farms in several Cundinamarca towns and my dad inherited El Bosque in San Francisco, which was one of the best coffee farms in the country in the 1950s. I never formally worked at my dad's farm, but I was a small coffee producer in La Vega, where I bought a farm with one of my brothers-in-law in the 1980s".

Being the son of a coffee grower, he spent all his holidays at the farm when he was young and there he developed a knowledge of Colombian country folk as well as a close relation with workers. Below, his first anecdote.

"I was about 12 or 13 years old and my father saw that collectors or growers who worked at the traditional farm of my great-grandfather, La Fragua, which was approximately at 1,300 meters above sea level in a liberal area in Nilo, were excellent coffee collectors. My dad's farm was in San Francisco, Cundinamarca, in a conservative-leaning region. There were no liberal party followers living there. It was higher at 1,600 meters above sea level. My dad realized that liberal party coffee collectors in the area of the Nilo picked a lot more coffee than those that we took from conservative towns of the department of Boyacá to collect coffee. So, he decided to take them to San Francisco by bus after the Nilo harvest was over.

During the first week of the harvest, liberals picked twice the volume of coffee cherries than conservatives. And at the time they received the weekly payment, they came into conflict and fought each other using their machetes. This was the first time I saw violence in Colombia and in the coffee region. I then noticed how

workers fought. One of the reasons they did it was because some of them were liberal and the others were conservative. However, some were very practical coffee collectors while the others who came from the potato crops in Boyacá were very slow coffee collectors. My dad had to call the police and sent the liberal workers back to their hometowns because a wave of violence was starting."

Here, he adds other memories.

"In the 1950s, a coffee boom time, being the children of coffee growers, we knew that if my parents could buy new jeans for us when we arrived from school, it was a sign that the coffee prices were improving. If it was not possible, it was because we were going through tremendous times of austerity at home and in the family, due to the fall in coffee prices. In the 1960s, the first thing I was aware of about the coffee was the high volatility of the bean prices and the exchange rate. I also have memories about me going with my dad to protests as a coffee grower in front of Carlos Villaveces' house when he was the minister because of the way that the exchange rate was being managed. I did not fully understand that."

### The Colombian Farmers' Society and the Federation of Coffee Growers

"The Colombian Farmers' Society (SAC) was the first farmers' guild in Colombia, established in 1871 with the support of Salvador Camacho Roldán, the Minister of Finance. That organization later disappeared, as a result of the civil wars. It was not until after The War of a Thousand Days during Rafael Reyes

administration in 1904, that the Society of Coffee Producers was created, led primarily by the coffee growers of Cundinamarca as displayed in Diego Monsalve's book, *Colombia Cafetera*, initially published in 1926. Coincidentally, my great-grandfather Daniel Junguito was the secretary of that first Society of Coffee Producers in 1904, which preceded the National Federation of Coffee Growers, founded in 1927.

In regards to the relevance the Federation has had, he says: "It has been huge. The Federation is displayed as a classic model of a guild in international academic literature. The strength of the Federation is: First, when it was created in 1927, one of the decisions made was to say: 'I am willing to tax my own members for the development of the guild, their institutions, and to strengthen the country'. Second, it would be a guild that represents all the regions of the country. Third, the structure would extend to towns; we had the National Committee of Coffee Growers, departmental committees, municipal committees, and even cooperatives and technical support, with presence in all villages.

In the 1950s, a time of conflict between conservatives and liberals, it was said that Federation officials were the only people who could travel safely from place to place in coffee regions. With the ups and downs between the National Government and the Federation, the coffee guild scheme has also been a good example, by the fact that in the National Committee the Government and the Federation were represented. It should be noted that the Minister of Finance was, at certain times, less powerful than the Manager of the Federation, but the Minister of Finance had a lot to do with many other matters. Doubtlessly, he played a much

more active role than the Minister of Agriculture in the Federation and in the coffee policy.

The mechanisms to manage the quota scheme, everything related to the creation of the National Coffee Fund, the introduction of the withholding tax, the creation of the minimum reimbursement, and what we called the coffee policy instruments in the 1980s, were extremely well designed. Also the fact that the Government delegated the management of these instruments to the guild, after consultation with the National Committee. The development and activity of the Federation were tremendously positive for the country, as acknowledged by all economic historians".

### The International Coffee Organization

Colombia had an office in London since the first International Coffee Agreement was created in 1962 with two permanent coffee advisors. The first advisors included Alfonso Palacios Rudas, Jaime García Parra and Hernán Jaramillo Ocampo; followed by Jorge Ramírez Ocampo and Felipe López Caballero.

At the International Coffee Organization, the role of the advisors was to determine quotas and price bands. Coffee policy was established in Colombia, adopted by Mr. Arturo Gómez and the National Committee agreeing on minimum reimbursement according to international prices; coffee withholding tax was also determined based on the size of the quotas. Since then, there has been a very good coordination between the Government, led by the Minister of Finance, and the coffee guild, represented by the Federation.







"In 1972, I got a phone call from Mr. Arturo Gómez who told me: 'Roberto, I want you to take Felipe López Caballero's post as Colombia's representative at ICO'. Later, other advisors took office in London, like Juan Manuel Santos, after me and Juan Camilo Restrepo, after Jorge Ramírez. Emilio Echeverry was also there.

I came to London at a very interesting quota time. There were many discussions with the Brazilians at that time, due to quota decision-making in the development of the International Coffee Agreement in 1968. In those years, the breaking of the Quota Agreement also took place and efforts were made to create that first producers' union. My job there was to calculate and do the early work on price elasticity of global coffee demand, what could be Colombia's elasticity, and which could be the benefits for the country in terms of export currency generation, if we had different coffee quota sizes.

I also did a lot of work with coffee farmers on everything that had to do with Colombian coffee relative prices and prove them that our coffee bean, as selective as it was, would not be self-protective, being there was substitution with Central American coffee, and Colombia could no longer follow an isolated policy. My first tasks had to do, first, with the impact of international agreements, the price elasticities issue, the elasticities of the substitution of Colombian coffee compared to others, and also with the management of coffee policy instruments".

### His time at the Federation, Fedesarrollo, and the Colombian Farmers' Society

"I returned from London to work at the Federation with Alvaro Villegas, who was my

boss and the Federation's economist. I was the second economist on board. At that time, Jorge Ramírez Ocampo was Arturo Gómez Jaramillo's, the manager of the Federation, direct advisor.

Mr. Arturo Gómez called me one day and told me after the election of President López Michelsen, Rodrigo Botero would be appointed Minister of Finance and asked me to resign from the Federation to take office as Fedesarrollo Director. I left the Federation to work at Fedesarrollo, a post that I held for several years, during which I continued analyzing the coffee market and further publications on the topic of policy and coffee institutions.

That was the time of the 1975 boom, which led to a large increase in international coffee bean prices due to a severe frost in the Brazilian coffee plantations. The most important anecdote of that time is that President López established the policy that 'the boom was for the coffee growers', and that the price increase should go to coffee growers. Not everything they received was money, but coffee savings bonds for the future.

It should be highlighted that every time there were sudden price changes and the time of benefit distribution came, the amount of the price increase that should go to producers, the amount that should go to the National Coffee Fund savings, and the amount that should go to Government taxes was all done in spite of the market and I would like to emphasize that the first of these agreements was made during Carlos Lleras' administration.

The second aspect we should take into account is that back then, the exchange rate was being managed by the Central Bank on a daily basis. We had plenty of discussions inside Fedesarrollo and in *Coyuntura Económica*

publications on whether the Minister of Finance should allow appreciating the exchange rate, and that Minister Abdón Espinosa Valderrama, for the first time, allowed appreciation on a smaller scale, without giving the flexibility the exchange rate should have with these great additional revenues. This is the reason why there was inflation, which they could not control during the entire López Michelsen administration.

In 1979, I was appointed President of the Colombian Farmers' Society, where I continued to be closely involved with coffee issues since the Federation had one of the chairs at SAC Board of Directors”.

### The Former Chief Executive Officers of the Federation

”Mr. Arturo Gómez Jaramillo was a real character. He used to get up early in the morning and arrived before everyone else. He was always well informed, very quiet, and very cautious when speaking. He was extremely powerful, highly respected internationally, and a very careful with the way he made politics.

Mr. Arturo Gómez always wanted to have economists on board who had graduate degrees in economics, and were interested in the coffee industry. But, Mr. Gómez also had political instincts: Think about how many ministers, particularly finance ministers, served as advisors of the Federation before ICO, as I pointed out above, including Palacio Rudas, Jaramillo Ocampo, García Parra, Ramírez Ocampo, Juan Manuel Santos, Juan Camilo Restrepo, and me. His power and influence was equal to or greater than that of the Ministers of Finance.

In 1982, Mr. Arturo felt that he had already done enough. Mr. Jorge Cárdenas Gutiérrez, father of the current Minister of Finance, Mauricio Cárdenas, was his Assistant Manager, an intellectually gifted man who could do two or three things at the same time. This is how Mr. Jorge Cárdenas became manager for the first time in 1982 during the Presidency of Mr. Belisario Betancur. Jorge Cárdenas and Belisario came from the same town and they were close. I believe that communication was much easier with the authorities then.”

### The Minister of Agriculture and Finance during Betancur's Administration

”I went from SAC to the Ministry of Agriculture during Betancur's administration, and, as a minister, I was an active member of the National Committee of Coffee Growers. When I was the Minister of Agriculture, I attended the Coffee Growers' National Committee, and they paid a great deal of attention to me because I had bought a coffee farm and, in the process, I became member of La Vega (Cundinamarca) Coffee Growers Municipal Committee and I had been elected for Cundinamarca Departmental Coffee Growers Committee. I was one of the few who had come from a coffee-growing family, who had that knowledge, and I took a closer look at issues.

When I was the Minister of Finance during President Betancur's administration between 1984 and 1985, I also served as the Chairman of the National Committee. Something I remember with panic is the coffee growers' congresses. I had to attend and demonstrate, as the minister I was, either during a good or a bad coffee bean international price period, why coffee policies





were being adopted based on the international market and the economic situation of the country. It was always very difficult to explain the link between the macroeconomic policy and the coffee policy to coffee businessmen without objections and complaints, especially when I had to go to Manizales and explain it there. There was not always a clear understanding among coffee growers about that inverse relation between coffee prices, the exchange rate, and inflation. There was always a give and take between the Government and the Federation, between macro stability, fiscal stability of the country, and coffee growers support.”

### The Association of Coffee Exporters

“At the end of the 1980s, the Association of Coffee Exporters (Asoexport), appointed me as CEO. I had another experience there that is worth highlighting: There was quite a bit of mistrust between the Federation and exporters, and serious communication problems with each other. It was a very complicated time.

Later, a variable tax was established, which was called the *transfer for the support of the domestic price* (Transopin). I had to be involved in that discussion and set up. In times of falling prices we got to the point when that transfer had to be implemented, in circumstances in which exporters’ and private agents’ prices were not enough to pay the minimum support price the Federation wanted. Therefore, we had to impose a kind of negative tax, in other words, a support or subsidy. This was something that called my attention because for me, as a former officer of the Federation, my position was a little bit uncomfortable.

At that time, it was sensed that Colombia had enough control through all these Federation mechanisms, so coffee smuggling was very rare and it was not very likely to happen. Today, in fact, many of the controls to private exporters have been liberalized tremendously, and those complicated issues of such strained relationships between exporters and the Federation no longer exist. Conversations with Asoexport have been softened.

After the Association of Coffee Exporters, I became a Central Bank member of the Board of Directors and, from there, I continued monitoring the coffee sector. Given the liberalization of the foreign exchange system and lower share of coffee in the country’s exports, the relationship between the Central Bank and the Federation became less relevant. Schemes such as the minimum reimbursement to coffee exports, as well as the centralized Central Bank foreign currency control, had disappeared.”

### Uribe’s Minister of Finance and the Work with the Coffee Growers

“When Colombia went through its worst economic crisis in 2000 and 2001, Juan Manuel Santos was the Minister of Finance during Andrés Pastrana’s administration. He created the Government Support to the Coffee Industry (AGC) to support coffee growers with fiscal resources as they were going through a very critical situation during the fall of coffee bean international prices. At the beginning of Uribe Vélez’s administration in 2002, I was appointed Minister of Finance and took Santos’ place. I remember that in the early days of Uribe’s

administration, one of my responsibilities was to negotiate an agreement with the coffee guild, which was signed by the National Committee and by the manager of the Federation, Gabriel Silva. There, the AGC mechanism was extended, but it was subject to the behavior of international prices and the exchange rate. We had the discussion of whether such support should be for all coffee growers, or only for the small ones. José Leibovich and I thought that it should be for small coffee growers, but the Federation and President Uribe himself argued that it should benefit all coffee growers. The power of the coffee growers was then confirmed.”

Another anecdote comes to mind. “At that time, the international economic situation led to a closure of international credit for emerging countries and particularly for the Latin American countries. There were doubts about what the election of Lula in Brazil could mean and even on the policies that the Uribe administration would adopt. As a result, the exchange rate began to devalue, to the point that AGC became unnecessary. President Uribe was convinced that I was in control of the exchange rate, and he used to tell me:

- Minister Junguito, Minister, continue devaluating, continue depreciating the exchange rate to favor our dear coffee growers.

I used to reply:

- President, I have not done anything.

What happened was the crisis was so severe that the closure of the credit was depreciating the exchange rate. So, he was always happy with me.

The following year, when we made all the reform policies, we developed the fiscal adjustment and Colombia demonstrated that

it was complying with all its external debt, the exchange rate started to appreciate. The president told me:

- Minister Junguito, Minister, do not forget about our dear friends the coffee growers; the exchange rate is appreciating.

I answered, but he did not understand it very well:

- President, the revaluation of the exchange rate shows that there is credibility in your economic policies and that we already have access to the international capital market.

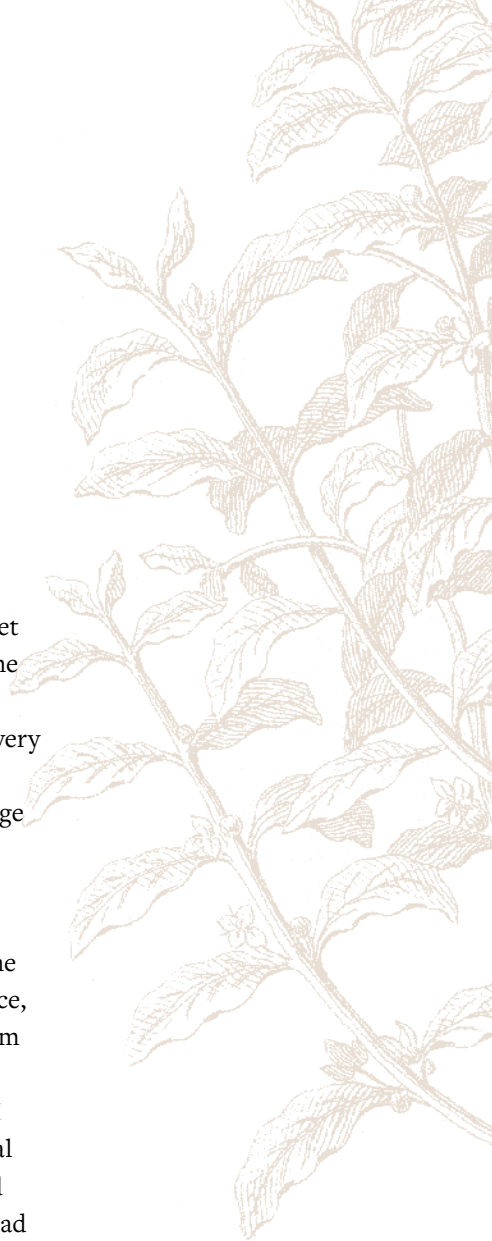
Finally, I would like to mention that, at the time, as President Uribe’s Minister of Finance, I was with him in the World Economic Forum in Davos, and there we met the president of one of the coffee multinational companies, I am not sure if it was the president of General Foods, to analyze the prospects of the world coffee market. Since then, President Uribe had thought about the idea of creating something similar to Starbucks with Colombian coffee. At the meeting, Uribe told the president of General Foods:

- I want to compete with Starbucks.

And the president of the multinational jokingly answered:

- Mr. President, you can do so if you have at least five billion dollars available.

President Uribe spoke with Gabriel Silva and exchanged some ideas with him, including the Juan Valdez coffee shops. Uribe and the Federation devised it and took it to the National Committee to Palacio de Nariño to define and announce the new venture. I, as Minister of Finance, must confess that I had my doubts, precisely because I said: “The costs and benefits of this initiative have not been assessed”.





## Publications on the Economics of Coffee

“My first academic papers at Universidad de Los Andes and later at the Graduate School of Princeton University were about coffee. The idea was to work on my doctoral thesis on coffee and later, when I worked at Fedesarrollo, I wrote my first publications on the Colombian coffee policy. In 1978, with National Federation of Coffee Growers sponsorship, I published a book at Fedesarrollo called *Coffee Economy of Colombia*. Later, I developed three additional books with Diego Pizano, who was then Federation economic advisor and with the assistance of Fedesarrollo technical team: *Coffee production in Colombia*, in 1991; *Foreign Trade and International Coffee Policy*, in 1993, and *Institutions and Instruments of the Coffee Policy in Colombia*, in 1997.

These classic books on the Colombian coffee economy and the role of the Colombian Coffee Growers Federation were the first steps to subsequent broad ranging papers and publications. During Pastrana’s administration, with Juan Manuel Santos as the Minister of Finance, a study known as *The green book of Colombian coffee growing* was developed. During the Santos administration, a mission of expert coffee growers was appointed, led by the Central Bank General Manager, Juan José Echavarría, which contains an in-depth analysis of the macroeconomic policy and the institutional coffee policy, in a context of independent and open analysis, with great academic level, which has been used as the reference for the development of the current coffee policy, under the management of Mr. Roberto Vélez.”

## The Guilds in the Post-Conflict Period

“I want to emphasize that the role of the guilds is extremely important for the country. I have always been an advocate and supporter of all guilds, and I think the Colombian Coffee Growers Federation is the best possible example of the way in which a guild should be developed. This is my conclusion after having worked for SAC, Asoexport, Fasesolda [Colombian Insurers’ Federation], and, particularly, the National Federation of Coffee Growers. Given my gratitude for the Colombian trade guild activity, I wrote the book *History of the National Guild Council*, last year.

Today, as the peace process is closer, there is a Federation lesson that I think is very important. When you read the Havana Agreement, you start to realize that in item 1 (comprehensive rural reform) and item 4 (the solution to the problem of illicit drugs) of this agreement, local communities start to be greatly empowered in the formulation of policies.

If agricultural guilds do not become regional representative systems, just like the Federation, with representation at municipal level and in the regions of the country, what is going to happen is that policies will begin to be formulated only with the support of these communities that are very close to FARC [Revolutionary Armed Forces of Colombia], and the representation of the private sector will be lost in the formulation of public policies. The terms ‘private sector’ or ‘private agriculture’ are not mentioned in the original Havana Agreement, and this only appeared in the final amended agreement. That role of the regions in the formulations of policies on the use of land, property, and public infrastructure will require guilds where the Federation should set an example to the National

Trade Union Council and to other guilds on how to create networks at the local level.

The scheme of the Federation remains very valid, regardless of not having the same influence on macro-politics. I believe that the Federation, indeed, continues to represent the private activity in the regional micro-policies in what the regions do. In fact, I understand there have been a lot of discussions with the Government. I understand that Rafael Pardo, the Minister of the Post-Conflict, approached the Federation to start determining certain types of programs to be developed in some regions.

Therefore, the challenge is how to do it with the other guilds and in the other regions because the Federation is only present in the coffee areas.”

### The Federation and the Recent Coffee Policy

“I later had to experience the time when the power of the coffee growers started to weaken from the 1990s and at the beginning of this century. This simply happened because coffee began to lose relevance in the national GDP [Gross Domestic Product] and in the generation of export-driven foreign currency. Coffee remains important in the generation of export-driven foreign currency, but, above all, in terms of employment and regional development, and the coffee policy continues to have the leadership of the National Federation of Coffee Growers, which should be an example to the other guilds in the country at this stage of the post-conflict. I have always admired the Federation, although I have also been prudently critical about its vision and performance on certain occasions.” ☕









## Deibi, a Symbol of Generational Replacement

CARLOS ARMANDO URIBE F., \* *Director of Guild Affairs  
of the National Federation of Coffee Growers*

Three attributes drew my attention to that girl at the dawn of this new century: her conceptual maturity, her constant thoughtful talkativeness and her love for the countryside.

She was attending seventh grade of post-elementary education at the school in La Trinidad village, a coffee region near Manizales, when the production team of The Adventures of Professor Yarumo visited the village in 2000 to show the results of a very interesting educational modality: *The new school*. The best thing was to interview students and the first one selected was Deibi Yuliana López Tamayo.

Even 17 years after that interview, I still remember two answers given by Deibi, who was 12 years old. I remember I asked her what she thought of this country and she told me in an analytical and slow manner: "This country has problems, but when solved, it will be the best country in the world". And as one must ask children what they would like to do when they

grow up, without any hesitation, Deibi replied: "An agricultural engineer". Since I always want to be with my colleagues, I asked her to invite me to her graduation ceremony, and after giving me a quick look and thinking about who knows what variables, she told me: "If you are still alive."

Deibi is part of a family that is made up of three children and her parents whose coffee legacy runs in their blood. Her father, Carlos Antonio, a native of Versalles, Valle del Cauca, arrived to La Trinidad to efficiently manage a coffee farm. With this work, with Deibi's responsibility, and with the solidarity of several people, Deibi continues on the path towards fulfilling her dreams.

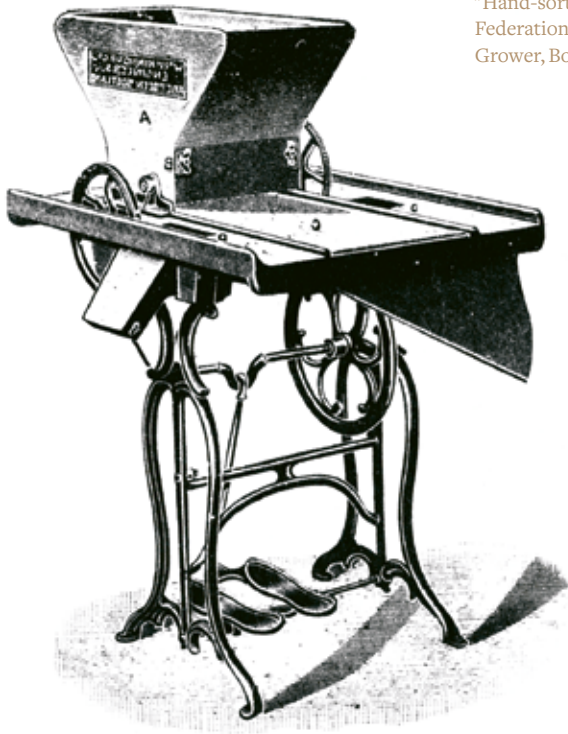
Carlos Antonio, about 40 years old, and excited as a father who values the importance of education like nobody else, showed me, with increasing pride, his high school diploma which he received a few months ago.

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\* Professor Yarumo  
(1996-2013)



"Hand-sorting device", Colombian Coffee Growers Federation, *The Handbook of the Colombian Coffee Grower*, Bogota: Colombia Lithography, 1932, p. 325.



146 It is a productive educational project that takes place in rural schools, which aims at making the educational process relevant - by putting into play the skills acquired and developed by children and youngsters during this process, and awakening and fostering the farming entrepreneurial spirit. It includes a strategy that seeks to lead students to start a business idea from an early age, through the establishment of a project overseen on each farm where they and their families live. This, in addition to deepening the children's and young people's knowledge on technical aspects, encourages and strengthens their entrepreneurship skills since they acquire competencies to devise and develop projects, to manage administrative tools, to record, to access to and to use information, and skills related to everything that has to do with the successful completion of their business idea. School and Coffee is an initiative of the Colombian Coffee Growers Federation to build a generational replacement in the rural areas.

147 As the School and Coffee project, this educational project seeks to ensure that students are trained and practice their skills in food and nutrition safety. The aim is to recover the culture in food production on the coffee growers' farms to improve their nutrition, ensure that safety and, at the same time, free up the resources generated by coffee to meet other needs. The project seeks for the coffee growing families to both grow food (fruits, greens, vegetables and animal and vegetable protein) that enables them to improve their nutrition and feeding, and to lower their associated costs as well as to create production and nutrition habits on the farm itself. Similarly, an economic analysis is carried out about food safety and the added value that this activity can generate in the coffee grounds.

When I say "his increasing pride", it is because he also wants to be his daughter's colleague in 5 or 6 years to become an agricultural engineer and to demonstrate that, in a respectable family, parents need to be good role models for their children, but also children should be an example for their parents. And, of course, I told him: "But invite me to your graduation ceremony", and, with a well-balanced smile, he replied: "Now it is for real, professor, if you are still alive."

According to figures of Caldas Departmental Coffee Growers Committee, Deibi is one of the 234,382 students who have been part of this new school modality in the department of Caldas since 1982; she is also one of the 260,108 students who have had post-elementary education; one of the 42,713 who have attended the "School and coffee";<sup>146</sup> one of the 25,785 that have attended the online school; one of the 30,407 who have attended the "School and food safety program"<sup>147</sup> and one of the 15,458 that have graduated from high school.

There has been a synergy between the Committee of Coffee Growers, the Governor's Office of Caldas, the Hydroelectric Power Plant of Caldas and, of course, students and parents to build rural human capital in Caldas, to such an extent that the Universidad de Caldas, Universidad Católica de Manizales and the Universidad de Manizales, other vital teammates, today go to this department's villages looking for students to reach an approximate number of 5,000 students in the process of gaining professional status and to give them the opportunity to study in their own coffee environment.

It is now easy to see that these youngsters are very well trained, that they are deeply rooted in the countryside and in the coffee growing activity, that they are competitive people and that it is very likely that they will be the leaders of the rural sector with a true vocation of service.

We have tracked Deibi. She was granted with a medal for academic excellence and for social behavior from the La Trinidad Rural Educational Institution, as well as a recognition from the Committee of Coffee Growers of Caldas in the Coffee Grower of the Future contest at the 80<sup>th</sup> anniversary of this Committee. She has been a speaker at the 11<sup>th</sup> National and 5<sup>th</sup> International Meeting of Research Incubators, and at the 7<sup>th</sup> Colombian Congress of Information Technology in Education with a project that she called "Robotics, an automated coffee industry". And the dean of the School of Agricultural Sciences of the Universidad de Caldas, Carlos Parra, gets excited when he speaks about Deibi. He was her thesis advisor and recognizes her as a top student with proven research discipline.

There are several lessons learned from this educational program of Caldas with young rural students. Pablo Jaramillo, former Social Development leader of the Coffee Growers Committee of Caldas, lists those lessons as follows:

[...] Perseverance is a requirement for success; sustainability does not mean working in the midst of abandonment; maintaining quality requires work and investment; the quality of education is significantly related to the teachers' performance, and public-private partnerships should offer continuity and transparency to programs.

Efigenia Peña was one of Deibi's teachers in the rural school a few years ago. Our protagonist had to spend the night in Manizales because she had to do some school work and stay late at the university. But Efigenia opened the doors of her house to a warm room, since "that has been the best experience of my life as a teacher because Deibi's capabilities require this," said teacher Efi.

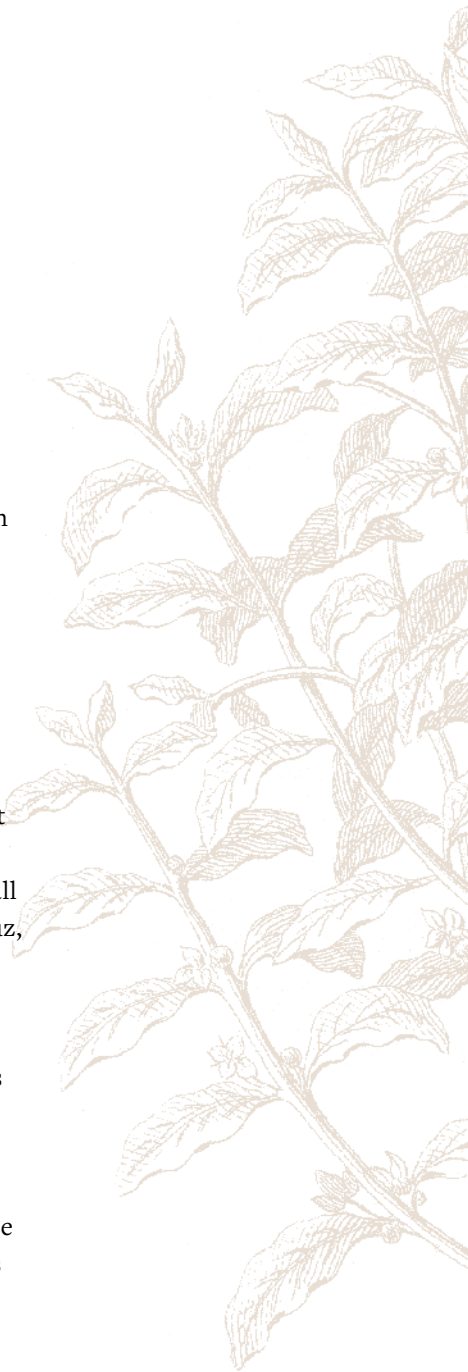
Deibi is currently working in the Hanns R. Neumann Stiftung Foundation, whose objective

is to support a Colombian sustainable coffee sector program through various projects. She conducted one of them in el Aguila, Valle del Cauca Department, with a sustainable type of coffee called Tatamá Los Paraguas for four hundred small coffee growing families committed to the project, and with a Canadian benefactor called Tin Hortons. Deibi was responsible for streamlining these productive processes where the humanistic relationship, productivity, quality, and the generational replacement are its pillars, all of which are in true harmony with nature. Today, she is in charge of a project called Coffee with Sustainable Quality in Marsella, Risaralda that covers 800 coffee-growing families.

Deibi is also an entrepreneur. She has a small coffee farm in El Cairo, Valle, called Santa Cruz, in El Pacífico village.

And the time to graduate came by. I had to be part of the team to congratulate Deibi that day, but my busy life made me think that I was not going to arrive on time. Deibi received her diploma. She shared it with her parents, her family, friends, and then she came out of the Junio 8 Theater at Universidad de Caldas to see if the person who had interviewed her 17 years ago had kept his promise. And that was when I unexpectedly saw her at the entrance of the theater. She looked very happy and she was holding a diploma in her hand that identified her as a proud agricultural engineer. I gave her a hug, I congratulated her and, of course, I told her: "Here I am, Deibi, and I am still alive!" And I was there to wish her the best and to tell this story full of sacrifices, which is an example to the followers of Professor Yarumo's program and to Colombians.

Congratulations, Deibi! With people like you around, I am not afraid of the future! ☕



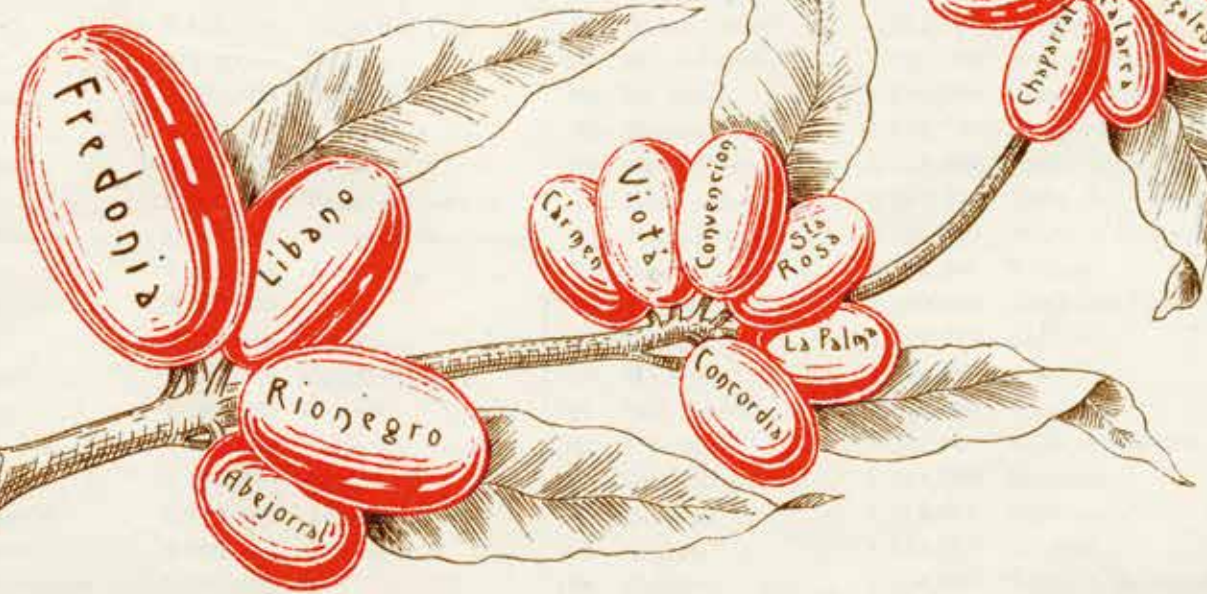




# Los Municipios más cafeteros de Colombia

Las cifras numéricas que este gráfico representa, aparecen en la página siguiente

RESUMEN GENERAL DE LA INDUSTRIA CAFETERA EN COLOMBIA (MÁXIMO A MÍNIMO)	
	TOTAL DE CAFETOS
1 Antioquia .....	78.435.450
2 Caldas .....	66.713.025
3 Cundinamarca .....	52.951.810
4 Norte de Santander .....	40.008.530
5 Tolima .....	35.991.726
6 Santander .....	26.956.973
7 Valle del Cauca .....	24.611.730
8 Magdalena .....	6.548.198
9 Cauca .....	6.638.215
10 Nariño .....	4.847.823
11 Huila .....	4.736.200
12 Boyacá .....	2.576.285
13 Bolívar .....	157.120
14 Chocó .....	110.000
15 Meta .....	78.470
16 Putumayo .....	17.160
Total .....	351.378.715



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