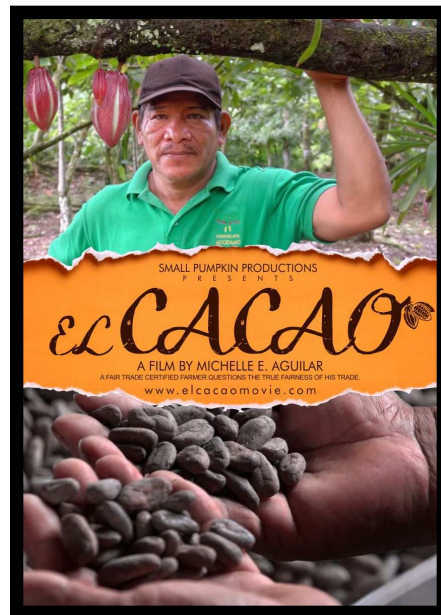


El Cacao

Study Guide

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In the lush rainforest of Bocas del Toro, Panama, an indigenous cacao farmer, his wife and grandchildren confront environmental and economic complexities as they grow, harvest and sell cacao beans for a global chocolate market. Does Fair Trade Certification really work? Documenting the exceptional wisdom, unconditional devotion and proven ancient farming techniques of one hard-working Ngäbe farmer, Samuel Murillo, *El Cacao* complicates the question by examining the fairness of his trade.

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A Brief History of Cacao

Cacao is a commodity that comes from the fruit pods that grow on the Theobroma Cacao tree.¹ Farmers can only grow the cacao trees within a limited geographical zone of approximately 20 degrees north and south of the equator, creating an area known as the “Cacao Belt.”² As Europeans began to colonize countries in the Cacao Belt they brought with them tree saplings to plant.³ Today, 75% of Cacao is grown in Africa, 13% comes from Latin America, and 12% is harvested in Asia and Oceania.⁴



The cacao tree is native to the upper Amazon region, or what we now know as Peru. By either natural dispersion or human influence, cacao made it to the region now known as Mexico where it was used and praised for over 3,000 years by advanced civilizations in Central America such as the Aztecs and the Mayans.⁵ It is well documented that both of these ancient civilizations highly regarded the cacao bean and even felt that this seed from the cacao fruit pod held magical and divine healing properties as they established it as an essential element in sacred rituals such as birth and marriage ceremonies. A sixteenth century Aztec document even reveals that cacao beans were considered a gift from the gods and valuable enough to be used as currency.

In 1518, the Aztec king Montezuma is storied to have greeted the Spanish explorer Hernando Cortes with a banquet that included the finest drinking chocolate of the time. Cortes in turn sparked a major breakthrough for the drink when he brought the cacao beans back to Spain, where Christian nuns added vanilla and sugar, further converting

¹ The scientific name of the cacao tree is Theobroma cacao, meaning “Food of the Gods” in Latin

² Benson, Amanda. “A Brief History of Chocolate.” Smithsonian.com. Smithsonian Magazine, 1 Mar. 2008. Web. 11 Apr. 2014 <http://www.smithsonianmag.com/arts-culture/a-brief-history-of-chocolate-21860917/?no-ist>.

³ Ibid.

⁴ Annual Report. Rep. International Cocoa Organization, 2010/2011. Web. 4 Mar. 2014. <http://www.icco.org/about-us/international-cocoa-agreements/cat_view/30-related-documents/45-statistics-other-statistics.html>.

⁵ Benson, Amanda. “A Brief History of Chocolate.” Smithsonian.com. Smithsonian Magazine, 1 Mar. 2008. Web. 11 Apr. 2014 <http://www.smithsonianmag.com/arts-culture/a-brief-history-of-chocolate-21860917/?no-ist>.

the drink from the bitter ritual form to a sweet delicious beverage that was reserved only for the wealthiest Spaniards.⁶

Spain launched the cacao trade in 1585 when the first cargo of cacao beans arrived on the Iberian Peninsula from New Spain. In the early 1700's popularity of this tantalizing drink started to spread to all the royal courts across Europe⁷, but it wasn't until the nineteenth century when chocolate production became industrialized, and producers began to market it in the form of solid bars, that chocolate was produced in large enough quantities to make it affordable to ordinary people. From there, it didn't take long before the western world was engulfed in a chocolate craze and the exploitation of cacao producers in the global South began.⁸

Cacao is a primary global export commodity globally, along with coffee and sugar. Over fourteen million producers depend on the harvest and sale of this cash crop to sustain their livelihood.⁹ Today, chocolate and its main ingredient, the cacao bean, remain a significant feature in cultures and communities around the world.



⁶ Terrio, Susan J. *Crafting the Culture and History of French Chocolate*. Berkeley: U of California, 2000. Print

⁷ Schivelbusch, Wolfgang. *Tastes of Paradise: A Social History of Spices, Stimulants, and Intoxicants*. New York: Pantheon, 1992. Print.

⁸ Ibid.

⁹ Jaffee, Daniel. *Brewing Justice: Fair Trade Coffee, Sustainability, and Survival*. Berkeley: University of California, 2007. Print.

The Ngäbe Producers

Christopher Columbus first made contact with the Ngäbe population in Bocas del Toro, Panama during his last New World voyage in 1502. Not long after this initial encounter, the Spanish conquistadors forced this nomadic Ngäbe population to relocate in the less desirable mountainous areas to the west of the Bocas del Toro province. It wasn't until the early 1900's, when the United Fruit company started developing Bocas del Toro to be a major contributor of bananas in the global market that many Ngäbe people started to migrate back to this region. It became extremely common for the

Ngäbes to work the lowest paid jobs that were also the most physically demanding jobs on the banana plantation.¹⁰



In the 1960's the plantation workers unionized and started fighting for their rights. They proposed "Social and economic policies that guarantee a dignified life for the people of Latin America, especially women, who have felt the greatest impact of neoliberal policies at all levels"¹¹ and went on strike multiple times over the next few decades, often paralyzing all banana

export activities. Unfortunately, even today, the Ngäbe people frequently do not receive the basic rights provided by the Labor Code.

The Ngäbe communities in Bocas del Toro were born from global trade. Now, the Ngäbe people work on various plantations where the products of their labor are destined for global markets including sugar, coffee, bananas and cacao. They continue to work under worse conditions than their non-indigenous counterparts, and due to poor education and inferior Spanish language proficiency, the Ngäbe communities are often unaware of their rights and are taken advantage of.

Often, the cacao producers are among the poorest in their community. In Panama, 95% of the Indigenous Ngäbe farmers still live below the poverty line, and 86% live in extreme poverty.¹²

¹⁰ Bucheli, Marcelo. "United Fruit Company - Chronology." United Fruit Company - Chronology. United Fruit Historical Society, 2009. Web. 14 May 2014. <<http://www.unitedfruit.org/chron.htm>>.

¹¹ Frank, Dana. *Bananas: Women Transforming the Banana Unions of Latin America*. Cambridge, MA: South End, 2005. Print.

¹² Panama: Poverty Assessment: Priorities and Strategies for Poverty Reduction. Rep. N.p.: World Bank, n.d. Print. Poverty Reduction & Equity.

Latin America accounts for more than 70% of the world's Organic and Fair Trade cacao production and in 2008, the United States imported Fair Trade cacao from 17 farmer cooperatives located in 9 different countries. One of those cooperatives is COCABO (Cooperativa de Servicios Múltiples Cacao Bocatoreña) in Bocas del Toro, Panama. Founded in 1952, COCABO was the first cooperative in Panama, and is the only Fair Trade co-op in Panama. Representing over 1,500 farmers, all of COCABO's members grow Organic and Fair Trade certified cacao on small family farms of 4.8 hectares or less.¹³ It must be noted that cacao is a very sensitive crop that requires full dedication of the farmer, and the farmer spends years growing, caring for, and harvesting the cacao bean. Furthermore, as cacao farmers these people are responsible for the most fundamental and significant part of chocolate production, and yet according to the European Fair Trade Association, they receive barely 4 cents to every dollar spent on the resulting chocolate.¹⁴



¹³COCABO (Cooperativa De Servicios Múltiples De Cacao Bocatoreña). Fairtrade Canada. N.p. n.d <<http://www.cocabo.org>>. 13 Apr. 2014.

¹⁴ Jaffee, Daniel. *Brewing Justice: Fair Trade Coffee, Sustainability, and Survival*. Berkeley: University of California, 2007. Print.

The Global Chocolate Market

In most developed countries, chocolate is an everyday pleasure. In fact, a voracious global appetite for chocolate in its various forms has led the chocolate industry to explode over the last decade. In 2012, United States chocolate sales reached close to \$20 billion and with the rise of new conscious and socially responsibly consumers, the market for Fair Trade certified cacao in the United States has steadily increased 83% annually.¹⁵ The Fair Trade certification system attempts to amend inequitable terms of trade between the geographical North and South as well as cultivate a more direct producer-to-consumer supply chain.

It should be noted that developed countries are still in a chocolate craze. In *The Cultural Politics of Food and Eating*, author James Watson discusses the addictive properties of chocolate: "Historic accounts of chocolate consumption glorify the breakdown of willpower and playfully hint at the bizarre excess to which an acquired habit for fine chocolate can lead."¹⁶ Watson is masterful in his explanation of how chocolate has the ability to seduce and captures a person. Although the type of chocolate that he refers to, namely cocoa solids mixed with sugar, still exists as a popular product, a new trend has emerged. A growing number of consumers now want their chocolate to be made with single origin, organic, and Fair Trade cacao beans.¹⁷ This has led to the increased demand for Fair Trade chocolate in the United States by 5% annually.¹⁸ Some of this increase can be attributed to recent scientific discoveries of the health benefits of cacao, which have been found to include heart-healthy flavonoids.¹⁹ This has also led to an increase in consumer demand for chocolate that contains a higher percentage of cacao.²⁰ The annual per capita consumption of chocolate in the United States has more than tripled since the 1950s, from an average



¹⁵ Panama: Poverty Assessment: Priorities and Strategies for Poverty Reduction. Rep. N.p.: World Bank, n.d. Print. Poverty Reduction & Equity.

¹⁶ Watson, James L., and Melissa L. Caldwell. *The Cultural Politics of Food and Eating: A Reader*. Malden, MA: Blackwell Pub., 2005. Print.

¹⁷ Haque, Irfan Ul. "Commodities under Neoliberalism: The Case of Cocoa." United Nations Conference on Trade and Development (2004): http://unctad.org/en/Docs/gdsmdpbpg2420041_en.pdf 4 April. 2014

¹⁸ Ibid.

¹⁹ Schmitz, Harold. Distinctive Voices. The Beckman Center. 3 Sept. 2010. Web. 4 Apr. 2014. <<https://www.youtube.com/watch?v=2BvTw5LtCis>>

²⁰ Ibid.

of 3 pounds per person each year to over 10 pounds per person.²¹ With the addition of these specialty markets, the habit for consuming chocolate in developed countries is putting pressing demands on the producers of chocolate's most important ingredient, the cacao bean.

²¹ Annual Report. Rep. International Cocoa Organization, 2010/2011. Web. 4 Mar. 2014. <http://www.icco.org/about-us/international-cocoa-agreements/cat_view/30-related-documents/45-statistics-other-statistics.html>.

Trade Theories

Historically, the farmers who depend on the export of cacao to sustain their livelihood have been at the mercy of the market and price fluctuations beyond their control. From 1980 to 2000 world prices for eight major export commodities decreased by 25 percent, with the most dramatic decline occurring in the price of cacao, which fell 71 percent.²² Advocates of neoliberal economics argue that globalization benefits developing countries by giving them the opportunity to raise their standard of living. However, opponents of the free trade system, who view globalization from a human rights perspective, claim that unrestricted international free markets benefit the consumers only at the expense of the producers. Therefore, movements such as Fair Trade attempt to right unequal trade agreements.

The Fair Trade system was created in 1997 to fight against issues that producers faced in developing countries, such as not getting a fair price for their product. The demand for Fair Trade chocolate grew significantly due to the rise of a new “conscious consumer” who choose to purchase ethically traded goods. Since 2001 annual Fair Trade sales have increased to over \$2 billion,²³ with consumers in the United States and the United Kingdom willing to pay up to three times more for chocolate that is Organic and Fair Trade.²⁴

The Fair Trade international standards for cacao producers are as follows:²⁵

1. Producers are small family farms organized in cooperatives or associations, which they own and govern.
2. The Fair Trade Minimum Price is paid directly to the producer organizations.
3. When the world market price rises above the Fair Trade Minimum Price, the market price is paid plus the Fair Trade Premium.
4. A Fair Trade Premium is paid on top of the purchase price and is used by producer organizations for social and economic investments.
5. Environmental standards restrict the use of agrochemicals and encourage sustainability.
6. Pre-harvest lines of credit are given to the cooperatives, if requested, of up to 60% of the purchase price.
7. No forced labour of any kind, including child labor.

According to Transfair USA, “Fair Trade certification empowers farmers and farm workers to lift themselves out of poverty by investing in their farms and communities, protecting the environment, and developing the business skills necessary to compete in

²²Friedland, William H. "Reprise on Commodity Systems Methodology." *International Journal of Sociology of Agriculture and Food* 9.1 (2001): n. pag. Web. <http://ijsaf.org/archive/9/friedland.pdf>. 8 April, 2014

²³Modelo, Manel. "The Paradox of Fair Trade." *Stanford Social Innovation Review* (2014): http://www.ssireview.org/articles/entry/the_paradox_of_fair_trade. 10 April. 2014

²⁴ The Market for Organic and Fair-Trade Cacao. Rep. N.p.: Food and Agriculture Organization, September 2009. Print.

²⁵ "Cocoa." *Fairtrade International (FLO) / Products* / <<http://www.fairtrade.net/cocoa.html>>. 13 Apr. 2014

the global marketplace."²⁶ To clarify, the Fair Trade certification is a market-based approach to help the poor, working within the framework of the already existing commodities market. The Fair Trade movement in its earliest incarnation was motivated by consumer opposition to the effects of neoliberal globalization, namely the increase in poverty rates and environmental damages in the developing world.

The problems with the Fair Trade movement emerge from its attempt to make a seemingly fair system of trade by operating within the same framework of the Free Trade system that it once opposed. Despite its initial intentions in the late 20th century, Fair Trade has now become more of an adaptation to Free Trade, rather than a movement in opposition to it. This in turn merely repeats the structural inequalities of the current global economy. Additionally, because most of the emphasis on Fair Trade is put on the consumer's perceptions of the product and the production of it, the interests of the consumer are often favored over the priorities of the producers.

²⁶ Food and Agriculture Organization. Cocoa. Abidjan, Côte D'Ivoire: Food and Agriculture Organization, 1984. Print.

Additional Issues

The cost of living continues to increase around the world and often cacao producers can barely cover production costs, let alone the costs of living plus basic necessities.²⁷ In Panama, 95% of the Indigenous Ngäbe people live below the poverty line, and 86% live in extreme poverty.²⁸

The three most significant issues that the Fair Trade farmers in Panama deal with today include:

1. Corruption

Fair Trade regulations require financial transparency and record keeping to ensure that individual farmers have access to all information. However, local corporative administrators often take advantage of language barriers or farmers' illiteracy and lie to them about the price of cacao or where the Fair Trade social premiums are going. So, even if the money from the consumers Fair Trade purchase manages to make it into the producing country, it is still not certain that it will trickle down to the farmers.

The labor market in Bocas del Toro, Panama has historically experienced ethnic and racial discrimination which is apparent when comparing the racial profiles of the cooperative office staff to that of the farmers. While all of the cacao farmers are recognized as being a part of the indigenous Ngäbe group, many of the cooperative administrators classify themselves as non-indigenous Panamanians. Today, the Ngäbe people are discriminated against in employment, education, politics and the healthcare system. This discrimination leads to corruption within the framework of the Fair Trade model.

2. Pests and Disease

The cacao tree is highly vulnerable to pests and fungi infections. In the last five years, the biggest threat to the cacao tree in Panama is a disease called Monilia, which is native to South America. Today, farmers lose up to 80% of their cacao crop to this destructive disease. Most producers lack access to resources for dealing with the management of the disease and lack education for spotting its early warning signs. Additionally, the known methods for managing the disease are time consuming and costly, leaving farmers feeling hopeless and pushing them to abandon their farms and move to city shanty towns.

3. Global warming

Climate change and El Niño related weather conditions have become an issue for the farmers in the past few years. Unpredictable wet seasons determine whether their

²⁷ Ibid.

²⁸ Panama: Poverty Assessment: Priorities and Strategies for Poverty Reduction. Rep. N.p.: World Bank, n.d. Print. Poverty Reduction & Equity.

trees produce cacao pods or not. In the past decade, annual rainfall in Bocas del Toro has declined from 187 inches in 2004 to 86 inches in 2013. This unpredictability leaves farmers questioning whether they should spend time preparing and pruning their farm, since their trees will not produce unless there is adequate rainfall. A major contributor to global warming and this change in weather patterns is the deterioration of the rainforest, and therein lies a paradox.

Cacao farms promote tropical biodiversity, serve as a refugee for flora fauna, and live in harmony with the rainforest. Panama's unique geography acts as a land bridge for the migration patterns of various species and was at one point completely covered by tropical rainforest. Today large areas are either deforested or in the process of being deforested at a rate of 102,106 acres a year.²⁹ Fifteen percent of that loss has taken place over the last decade and is the result of clear-cut logging and slash and burn techniques used to make way for more profitable animal pastures. Cacao farmers that choose to abandon their farms due to pests, disease, climate change, and poverty, increasingly resort to these alternate and more environmentally detrimental forms of making money, thus contributing to the same problems that forced them to abandon their farm in the first place.

²⁹ Panama: Poverty Assessment: Priorities and Strategies for Poverty Reduction. Rep. N.p.: World Bank, n.d. Print. Poverty Reduction & Equity.

Frequently Asked Questions

Q: How much did Samuel get for his beans?

A: Samuel received \$0.50/lb for his cacao beans. The co-op was buying first quality cacao for \$1.00/lb. They were exporting it for \$2.00/lb and at that time cacao was selling on the global market for \$4.50/lb.

Q: Where should I buy Chocolate?

A: There are numerous chocolate companies that work directly with the cacao farmers and practice what is called Direct Trade. I personally like Dandelion Chocolate out of San Francisco, Ca and Ritual Chocolate, Patric Chocolate and Madecasse.

Also, transparency is key. Ask your favorite bean- to-bar chocolate company where they get their Cacao beans and how much the farmers are getting paid. They should be able to tell answer all your questions about cacao sourcing.

Q: How are Samuel and Juana doing now?

A: Samuel and Juana are still selling Cacao to their local co-op. They have to pay \$75 a year to be “Fair Trade” certified otherwise they cannot sell at the co-op.

Some good news is that recently their community, Rio Oeste Arriba, started a cacao tour. They bring people from the local tourist town, Bocas Island, for a half-day hike in their cacao farms paired with a traditional lunch. At the end of the tour they have the opportunity to sell their chocolate directly to the tourist. This has greatly increased their income and the whole community is starting to see more value in maintaining their cacao farms.

Q: What was the real quality of Samuel's Cacao?

A: Samuel's cacao would be considered of the highest grade and should have been bought by the co-op as second grade. Samuel's farm contains a variety of cacao that produces a purple cacao bean and this can often be confused with a poorly fermented cacao bean. The young man who was the cacao quality checker was mistaken in regards to the quality of Samuel's cacao. This was either due to inexperience by the quality checker or he could have been trained incorrectly by co-op representatives. Some critics say that the co-op is corrupt, and that co-op representatives will say that the cacao quality is low just to pay a lower price for it and to turn around and sell it for a higher profit, but this is speculation.

Filmmaker Biography

Michelle Aguilar had the opportunity to live and work alongside cacao farmers for over two years as a Peace Corps volunteer in the Bocas del Toro region of Panama. As a storyteller, she had a strong desire to tell the story of a group of people she has grown to love, admire and respect. As a filmmaker, Michelle is committed to the social equality and fair representation of marginalized populations. She believes a documentary project directly reflects the relationship between the filmmaker and those being filmed, thus, her work explicitly represents the trust, commitment and reverence established with those who share their story. She make my films with the intention of connecting people, alleviating ethnocentrism, and providing visual and narrative evidence to help people learn about the world in which we live, consequently sparking a reaction, probing questions and exploring the idea of social change. By harnessing the power of narrative visuals and technology, she hopes to contribute to an art that provides an accessible and entertaining avenue for people to learn, grow, connect, and act.



Michelle has an M.A in Social Documentation from the University of California, Santa Cruz and has produced numerous non-fiction multimedia projects in cultures and communities across the world. Her work has screened at the Margaret Mead Film Festival, Napa Valley Film Festival, Carmel International Film Festival, Big Sky Film Festival among others. Her most recent documentary won awards at the Social Justice Film Festival and the Environmental Film Festival and was nominated for an IDA award in 2015. To learn more about Michelle and her work visit: **www.smallpumpkin.com**