

RESEARCH

Governance of Value Chains and Labor Migration: A Comparative Study in the Coffee Industry of Costa Rica, Honduras, and Mexico.

Gobernanza de Cadenas de Valor y Migración Laboral: Un Estudio Comparativo en la Industria Cafetalera de Costa Rica, Honduras y México.

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Abstract

The objective of the study is to explore the relationship between coffee production and the migration of seasonal laborers, using a comparative governance approach to value chains. The research seeks to answer how these dynamics affect migrant workers in Costa Rica, Honduras, and Mexico, areas that attract labor force.

Based on an exploratory study for the IOM and IICA in 2021, the methodology included case studies in selected regions. 50 semi-structured interviews were conducted with producers, migrant workers, and authorities, and the data were analyzed through thematic coding from the fieldwork findings. The results show that institutional governance significantly influences labor conditions and migration patterns.

The research concludes that strengthening institutional frameworks is necessary to ensure fair labor practices and an equitable distribution of benefits in the coffee value chain. Furthermore, it is recommended to strengthen labor agreements and promote the sustainability of the coffee sector to improve the well-being of migrant workers.

Keywords: Agricultural markets, Labor migration, Coffee industry, and Labor mobility.

JEL Code: J61, Q13

Resumen

El objetivo del estudio es explorar la relación entre la producción de café y la migración de trabajadores jornaleros, utilizando un enfoque comparativo de gobernanza de las cadenas de valor. La investigación busca responder cómo estas dinámicas afectan a los trabajadores migrantes en Costa Rica, Honduras y México, zonas de atracción de fuerza de trabajo.

Basado en un estudio exploratorio para la OIM y el IICA en 2021, la metodología incluyó estudios de caso en regiones seleccionadas. Se realizaron 50 entrevistas semiestructuradas con productores, trabajadores migrantes y autoridades, y los datos fueron analizados mediante codificación temática a partir de los hallazgos del trabajo de campo. Los resultados muestran que la gobernanza institucional influye significativamente en las condiciones laborales y los patrones migratorios.

La investigación concluye que es necesario fortalecer los marcos institucionales para asegurar prácticas laborales justas y una distribución equitativa de los

beneficios en la cadena de valor del café. Asimismo, se recomienda fortalecer los acuerdos laborales y promover la sostenibilidad del sector cafetalero para mejorar el bienestar de los trabajadores migrantes.

Palabras Clave: Mercados agrícolas, Migración laboral, Industria del café y Movilidad laboral.

Código JEL: J61, Q13

1. Introduction

Coffee is an economic and social pillar in the Mesoamerican region, being essential for the subsistence of numerous rural communities and providing employment to migrant workers who depend on this crop. Although the global coffee market value has grown in recent decades, the proportion of income that reaches producers in developing countries has decreased. While demand and coffee prices increase in international markets, the actors involved in distribution and marketing in developed countries benefit more, capturing a large part of the added value through marketing strategies, brands, and quality, without these benefits reaching the farmers (ICO, 2021).

On the other hand, producers in coffee-growing regions face challenges such as price volatility, climate change, increasing pests and diseases, trade barriers, and rising violence in their territories due to organized crime. The lack of access to financing and technology, along with weak governance, limits their ability to improve productivity and capture more added value. This creates a paradox: although coffee is more popular than ever, farmers face growing risks and do not fully benefit from the global coffee boom. This situation highlights the need to reassess coffee value chains and promote more balanced business practices.

Initiatives such as fair trade seek to ensure higher incomes for producers and foster sustainable conditions. However, the barriers to participate in these schemes are high, and much work remains to ensure that the benefits are equitably distributed along the chain. Additionally, the unequal distribution of benefits has generated specific migratory patterns: migrant workers move seasonally to higher production areas, such as Honduras, Costa Rica, and Mexico, for the harvest season, often facing precarious working conditions (OIM, 2023).

Regulatory frameworks regarding labor conditions

in the coffee sector and migration flows vary significantly between countries. Although international agreements exist, such as the International Convention on the Protection of the Rights of Migrant Workers, their implementation at the national level is uneven. Another major challenge is the fragmentation and informality of production units, which limits oversight and regulation. The downward dynamics of the coffee value chain, where many farmers operate with reduced margins, result in low wages and poor working conditions for workers (OIM, 2023).

The link between the coffee value chain and labor conditions is complex. Although consumers in developed countries demand ethical and sustainable coffee, the lack of transparency in the value chain makes it difficult for regulators and consumers to influence labor conditions in producing countries. Understanding the interactions between the coffee value chain and labor conditions, especially for migrant workers, is key to improving migration management and ensuring sustainable coffee production, including fair labor practices.

To address these challenges, it is crucial to foster collaboration between governments, the coffee industry, and labor organizations. Only in this way can more equitable and sustainable labor practices be developed that benefit both producers and migrant workers. A more coordinated approach would ensure that coffee is grown sustainably, not only environmentally but also socially.

The objective of this paper is to analyze the relationship between coffee production and migrant labor flows in the labor force attraction areas, based on which public policies are proposed to improve the management of migrant populations. The empirical information presented is based on data generated from the project “Management of Migrant Workers in the Coffee Sector in Mexico, Honduras, and Costa Rica,” conducted between May 2020 and December 2021 for the International Organization for Migration (IOM) and the Inter-American Institute for Cooperation on Agriculture (IICA) (OIM, 2023).

The paper is structured with this introduction and four additional sections. In the first section, a theoretical-conceptual model is proposed that links the production dynamics and migratory movements from a comparative institutional analysis approach of value chain governance. The



second section provides a more detailed description of the methodology used to obtain the results, while the third section describes the research results and discusses the main findings in relation to existing literature. In conclusion, the main public policy proposals and future research directions are presented.

2. Conceptual Framework

2.1 Governance of Value Chains as Interconnected Social and Institutional Systems with Migration

The coffee sector in the Mesoamerican region, understood as a social production system, faces various challenges and opportunities from an institutional perspective. To improve value chain governance and raise the incomes of producers, it is necessary to strengthen the institutions that regulate, coordinate, and guide decisions through formal and informal social rule systems. This approach seeks not only to transform individual actors but also to restructure the production system, integrated into regional and global value chains. By studying this context, we can understand the stagnation of producers' incomes and their difficulties in moving up the value chains (Arslan, 2020).

Institutions, as systems of formal and informal rules, are essential for codifying relevant information and improving efficiency in agricultural systems, including coffee. Coordination among participants, productivity stimulation, and the optimization of exchange processes are linked to specific institutional frameworks (Wilson, 2010). Therefore, analyzing the governance of markets, entities, and public policies is crucial to understanding how value is distributed within these chains (Gelo et al., 2020). Previous studies, such as those by Granovetter (2018) and Ostrom et al. (2003), have highlighted the importance of social networks and social capital in the governance of productive systems.

Governance systems also manifest in collaborative social relations that can reduce transaction costs, facilitating credit, purchase-sale contracts, and shared investments in cooperatives and productive alliances (Arana-Coronado et al., 2019; Shumeta et al., 2016; Minten et al., 2017). However, it is important to analyze the structural peculiarities of global value

chains and the role of key actors in the distribution of coffee, who have privileged access to information and essential mechanisms (Gereffi, 2018).

The success of coffee production systems at the local level depends on their degree of integration into global value chains, as well as the producers' ability to optimize the collective use of capital and resources. These factors, in turn, are linked to labor demand and migratory trends. In this context, value chain governance not only affects the management of the production system but also the regulation of the labor market and migration (Arslan, 2020).

The literature has highlighted the role of institutions, both formal and informal, in the governance of agricultural markets, as shown in studies on cooperatives and informal agricultural markets (Arayesh, 2011; Barraud-Didier et al., 2012; Winter-Nelson, 2005). When markets lack an adequate structure, producers face difficulties integrating into the agricultural sector, which complicates formal and informal interactions between them (Renkow et al., 2004).

A crucial element in the governance of production systems is the management of labor relations, which includes recruitment strategies and the hiring of day laborers (Ortiz, 1999; Posadas, 2018). Progress in production and value creation in the coffee sector is linked to the integration of producers into global value chains and their ability to adapt to uncertain factors such as price fluctuations or climate change (Arslan, 2020).

The structure of value chains, the organization of producers into cooperatives, and the presence of collective support programs are key elements to assess the quality of governance (Gandlgruber y García, 2014). These variables also influence the integration of production systems and their relationship with transnational migratory flows. Migratory patterns are interconnected with fluctuations in value generation, which affects both the need for local labor and the migration of workers to other regions (Nawyn, 2016).

Understanding the analysis of global value chains linked to the study of migratory flows, particularly circular and multi-local flows, provides an innovative perspective on South-South migration and its connection to global production systems (Nawyn, 2016; Velázquez et al., 2023).

2.2 Characterization of Governance in the Value Chain Links in the Region: Asymmetries, Disarticulation, and Productive Downgrading

A fundamental description of the coffee production system at the regional and local levels in Mesoamerica facilitates the geographic identification of the study units and establishes an initial group of key factors. In recent decades, coffee has experienced a significant increase in global demand, reaching nearly 165 million 60 kg sacks of coffee per year in 2021, equivalent to 2.25 billion cups of coffee per day (ICO 2021). Additionally, diversification and specialization in consumption has contributed substantial added value to the product.

Despite significant price fluctuations in the coffee bean, sellers have experienced a substantial increase in their income that far exceeds the quantitative growth of consumption. Given that the top ten coffee producers belong to low or middle-income economies (led by Brazil, Vietnam, and Colombia), this trend suggests promising opportunities for economies in the Global South. Specifically, for several Latin American countries, coffee remains a key product in their trade balances and in generating income for families. Of the ten leading exporters of raw coffee, five are Latin American nations: Brazil, Colombia, Honduras, and Mexico (see Table 1).

Table 1. Total Coffee Production (in thousands of 60kg sacks) Sacks and percentages of the global market, 2008 and 2020.

Countries	2008/09	%	2019/20	%
Brazil	51,491	38.2	58,211	35.3
Vietnam	18,438	13.7	30,487	18.5
Colombia	8,664	6.4	14,100	8.5
Total %	78,593	58.3	102,798	62.3
Indonesia	9,612	7.1	11,433	6.9
Ethiopia	4,949	3.7	7,342	4.4
Honduras	3,450	2.6	5,931	3.6
India	4,072	3	4,988	3
Uganda	3,335	2.5	5,509	3.3
Mexico	4,651	3.5	3,985	2.4
Peru	3,872	2.9	3,836	2.3
Total	134,800	65.4	165,053	69.2

Source: Moreira et al. (2023) based on the UN Comtrade Database

However, green coffee producers have had a limited share of the additional income derived from the global coffee market (see Table 2). These revenues have been primarily concentrated in the final stages of the value chain, especially in various forms of marketing aimed at final consumption. The share

of grain producers in the total value has decreased considerably, as processed coffee export markets are controlled by Nordic countries such as Switzerland, Germany, and Italy. This inequality has notably increased in recent years due to the restructuring of the coffee market following its liberalization in the 1990s.

Table 2. Processed Coffee Exports (in billions of dollars) World Market Share, 2008 and 2020

Countries	2008/09	%	2019/20	%
Switzerland	0.8	12.8	2.8	23.1
Germany	1.4	23.6	2	16.5
Italy	0.9	15.9	1.7	13.4
Total %	3.1	52.4	6.5	53.1
France	0.2	3.6	1.4	11.2
Netherlands	0.3	4.6	0.7	5.8
United States	0.5	8.9	0.6	5.2
Canada	0.2	1.8	0.5	3.7
Poland	0.1	1.8	0.3	2.8
Great Britain	0.1	1.3	0.3	2.4
Spain	0.1	2.2	0.2	2
Total	4.6	77.5	10.4	86.2

Source: Moreira et al. (2023) based on the UN Comtrade Database

The marked increase in the global value of coffee (with a 60% increase since 1990) has been predominant in the processing and marketing stages, areas dominated by Northern countries, especially those where major food corporations are located. While the value (in real prices) generated in producing countries has remained stagnant, in distributing countries it has experienced multiplicative growth.

This evolution has blurred the traditional distinction between countries that are primarily exporters or producers and those that are importers or consumers. However, the export of green coffee (classified as “Colombian mild,” “other milds,” “Brazilian natural,” and “robustas”) is still dominated by historical producing countries. On the other hand, the marketing of processed coffee (such as roasted, ground, and soluble coffee), which represents the segments with the highest added value in the chain, has passed into the hands of large corporations in the countries that import coffee beans.

This has led to a situation where, despite the sustained growth in the coffee export market, large processing companies are capitalizing on the domestic market, even within coffee-producing countries. This has led to the formation of more diversified and



geographically dispersed value chains (OIC, 2021, p. 2). More recently, in the last decade, a market distinct from traditional commodities has emerged: the specialty coffee market. This market offers higher export prices but demands compliance with specific standards for environmental sustainability, processes, and labor conditions (e.g., the use of certifications or seals such as Fair Trade, Rainforest Alliance, UTZ Certified, 4C, Coffee Bird Friendly, JAS, among others).

The globalizing perspective of value chains, which anticipated growing benefits for all participants in the global chain as a result of integration and liberalization processes, does not align with the observed realities. This is due to intrinsic issues within the structures of the chains and their respective forms of governance.

In this sense, not only are the absolute levels of production relevant, influenced by geographic factors and productive skills, but primarily the potential of the producer units to generate value in each segment of the production system. This has impacts on the decline in labor demand, as it has decreased due to factors such as falling international prices, droughts, and pests like coffee leaf rust; primarily affecting Central America before the pandemic (ICO 2021).

In this context, the interaction of elements such as the diffusion of knowledge, the lack of effective links between parts of the chains, penetration into international markets, both tariff and non-tariff barriers, and the controversial role of foreign direct investments from multinational corporations (reflected in the “dominance costs” Lebdioui et al. 2021) are determinants of the economic functioning of production units in the global value chain. This, consequently, has a profound impact on the regional dynamics of labor mobility.

3. Methodology

The methodological process of the study was developed in four main stages. First, the selection of countries and territories was based on the identification of migratory flows of workers during the coffee harvest season in Mexico and Central America. The specific territories selected were: 1) the regions of Los Santos, Pérez Zeledón, and San Vito de Coto Brus in Costa Rica, considering the

migration from the Ngäbe-Buglé region; 2) Copán, Ocotepeque, Marcala, Camasca, and Colomoncagua in Honduras; and 3) Chiapas in Mexico, specifically in the regions of Soconusco and Sierra Madre, covering border municipalities such as Tapachula, Unión Juárez, Huixtla, Motozintla, Siltepec, and Amatenango de la Frontera. This selection was made based on a study carried out by the authors for the International Organization for Migration (IOM) and the Inter-American Institute for Cooperation on Agriculture (IICA) en 2021.

For the collection of secondary data, an exhaustive search was carried out in academic publications, documents from international organizations and research centers, as well as international and national regulations, in addition to documents on programs, policies, or public plans from the participating countries. The search for information was conducted following specific criteria, which included regulations on the management of migrant workers, the productive dynamics of the coffee sector in the selected countries, and migratory flows in the studied territories. Additionally, an actor mapping was conducted to identify key informants in the governmental, private, and civil society sectors, including institutions and individuals involved in the coffee sector's dynamics and in managing migrant workers in the coffee sector.

Primary data collection was carried out through 50 in-depth interviews, both remote and in-person, with key informants from the governmental, civil society, and private sectors. These interviews included representatives from coffee support institutes, entrepreneurs, cooperatives, and producers' organizations in Costa Rica, Honduras, and Mexico. Experts in coffee and representatives from international organizations dedicated to the study of coffee were also consulted. The interviews were structured around themes such as coffee institutionalization, the productive and market dynamics in the coffee value chain, territorial migratory dynamics, recruitment practices in the migrant labor market, and the estimation of migrant labor supply and demand. These interviews helped document the coffee sector's dynamics and the mechanisms used by coffee organizations to estimate the demand for migrant workers in relation to the sector's productive dynamics.

The data were analyzed through thematic coding to identify recurring patterns and significant

relationships between coffee production and labor migration. The thematic coding was structured based on the fieldwork findings, following these themes: migratory flows in coffee-producing regions, recruitment conditions for migrant populations, participation of government bodies linked to labor and migration. The information analysis was conducted using the triangulation technique, which allowed for validating the information obtained in the interviews and contrasting it with the available literature on migration in coffee production and the theoretical framework constructed in this study. This technique not only allowed the identification of migratory dynamics related to coffee harvests in the selected regions but also analyzed different aspects of recruitment practices as the basis for migrant labor demand dynamics in the coffee sector, along with other governance aspects of these value chain segments.

Finally, several limitations of the study are recognized. First, the exploratory research, initially planned for all of Central America and Mexico, focused only on selected areas due to the vastness and diversity of the production system. As fieldwork progressed, Costa Rica, Honduras, and Mexico were identified as the main recipients of migrant labor related to the coffee harvest. However, a deeper investigation into these three countries and their selected territories would require additional human, financial, and logistical resources.

Second, social distancing measures due to the COVID-19 pandemic made fieldwork difficult and hindered in-person meetings with some key actors. In rural and border areas, limitations in internet communication quality and the use of technology for organizing virtual conversations further complicated access. This may have resulted in more complete data collection in some countries than in others.

Another limitation was the issuance of health alerts on the Mexico-Guatemala border during the fieldwork, which prevented direct contact with producers' organizations. In Costa Rica, fieldwork was conducted in the regions of Los Santos, Pérez Zeledón, and San Vito de Coto Brus, while in Honduras, several field visits were made, taking advantage of the presence of local researchers in the coffee-growing areas.

Finally, no official statistical data was found

on the flow of migrant workers linked to coffee production in the countries studied. This is partly because the migration-labor-coffee relationship shows differentiated levels of interinstitutional collaboration. In Mexico, the coffee sector has undergone significant changes, making information or knowledge about this interdisciplinary, interinstitutional, and intersectoral phenomenon fragmented. For example, it refers to the diversification of migrant worker profiles and the sequences of their movements (OIM 2022). In Honduras and Mexico, it was common to find independent views on migration, labor, and coffee production, but not an integrated approach (IOM, 2022). In contrast, in Costa Rica, there are coordination efforts between the labor, migration, health, and productive sectors; in this case, it was possible to find quantitative estimates based on a local methodology.

4. Results and discussion

4.1 *Relationship between Production Dynamics and Migratory Flows of Seasonal Workers*

In the Mesoamerican region, Honduras is the main coffee producer, contributing 32% of the total production, although it ranks third in planted area with 19%. Mexico, the second-largest producer with 21%, leads in cultivated area with 37% of the total. Guatemala, with 19% of the production, is the second country with the largest cultivated area (20%). Nicaragua contributes 15% of the production and 9% of the planted area, while Costa Rica, El Salvador, and Panama represent 8%, 4%, and 1% of the production, and 5%, 8%, and 1% of the area, respectively (OIC, 2021).

Despite its significant extension, Mexico and El Salvador present the lowest productivity due to the age of plantations and the lack of proper agronomic management. The mixing of varieties and the use of plants vulnerable to coffee rust have decreased resilience and production levels, especially among small producers (Solorzano et al., 2021). In addition, factors such as pests, diseases, extreme weather events, and the COVID-19 pandemic have significantly affected productivity and sector stability.

Despite the rising global demand for coffee and its socioeconomic importance in the region, the constant fluctuation of international prices directly impacts the income stability of coffee producers.



These, in turn, face fixed production costs that must be covered, regardless of market dynamics.

From this perspective, coffee's ability to serve as an economic source for rural families is compromised due to decreased income and increased production costs. This directly impacts the concentration of coffee production in medium and large producers, who exert considerable influence over recruitment methods and labor compensation during the harvest. This trend leads to the consolidation of a few regions as poles of attraction for migrant labor and to wage precarization, implemented as a strategy to sustain fixed costs and deal with price fluctuations.

Costa Rica, Honduras, and Mexico, as the main destinations for migrant workers, tend to concentrate vast cultivation areas in the hands of productive organizations with extensions larger than five hectares. These areas are usually located in migratory corridors, where family and friendship networks play a crucial role in connecting from border areas, as reported by the OIM (2021b).

According to the IICA and based on the opinions of experts from national coffee, agriculture, and migration institutions, as well as from prominent coffee producer organizations, it has been validated that Guatemala, El Salvador, Nicaragua, and Panama employ national coffee pickers. Mexico benefits from the arrival of workers from Guatemala; Honduras receives workers from Nicaragua, El Salvador, and Guatemala; while Costa Rica hosts migrant workers from Nicaragua and Panama.

Labor mobilization in these three countries is mainly concentrated between October and April. Without a statistical systematization criterion, Costa Rica's ICAFE reported a need for 75,000 pickers for the 2020-2021 harvest (ICAFE 2021); while in Honduras, coffee authorities estimated a demand for at least 350,000 pickers for the same period (IHCAFE 2020). In the case of Mexico, no national estimate is available on the number of workers required for this task.

In Costa Rica, the regions that attract the most migrant workers in the coffee sector are those with significant coffee production over the last four years. Los Santos leads with 40% of national production, followed by the Western Valley (20%), the Central Valley (14%), Pérez Zeledón (12%), and Coto Brus (8%) (ICAFE, 2021). The influx of workers

from Nicaragua to Costa Rica is mainly due to the Costa Rican labor market's ability to integrate foreign workers, the wage difference offering better opportunities, and the historical personal and cultural connections between both countries, such as family reunification. These ties have been strengthened in response to socioeconomic, political, and natural events affecting Nicaragua (National Migration Council, 2013). Meanwhile, migration from Panama to Costa Rica is driven by factors such as the lack of economic opportunities in the areas of origin, poverty, and insecurity. Specifically, the indigenous Ngäbe-Buglé group often migrates as complete family units, unlike Nicaraguans who tend to migrate individually (Olguín, 2006). See Scheme 1.

In Honduras, it is estimated that around 75% of the labor force for the coffee harvest comes from Guatemala (IHCAFE, 2020). The Copán region, in the western part of the country, is the main attraction for these migrant workers, mainly due to the high concentration of medium and large producers (IHCAFE, 2020). The influx of workers in this region is not only due to the need to cover a larger harvest but also to the favorable working conditions offered, which include a competitive salary, housing, and food. Additionally, an added incentive is that payment is made in Guatemalan quetzals instead of Honduran lempiras, maintaining a higher purchasing power due to the favorable exchange rate. On the other hand, in the eastern region of Honduras, coffee-growing areas near the border attract workers from both Nicaragua and El Salvador, although in smaller numbers in the case of the latter. These movements are driven by temporary employment opportunities during the coffee harvest season (OIT Visión Cero, 2020). See Scheme 2.

In the Soconusco region of Chiapas, a similar dynamic is observed regarding labor mobility in border areas between Mexico and Guatemala. Although pickers receive their wages in Mexican pesos instead of Guatemalan quetzales, the benefits in terms of savings on lodging and food offset the difference in the exchange rate. Additionally, the proximity to the Guatemalan border and the presence of medium and large-sized farms in Soconusco intensify the demand for migrant workers for coffee harvesting (Secretaría de Agricultura y Desarrollo Rural, 2021). See Scheme 3.

The implementation of border restrictions to mitigate the spread of the pandemic impacted the availability of migrant workers for the coffee harvest during the 2021–2022 cycle. Although movement to the main destination areas did not cease entirely, the quantity and quality of the labor force were seriously compromised. The COVID-19 pandemic caused delays in payments that producers and exporters received from their buyers, which deepened their vulnerability, given the need to make appropriate investments to ensure the sustainability of their production and reduce the risk of damage to their crops.

4.2 Institutional Arrangements in the Coffee Chain Related to Migration

The wage awarded as compensation in Costa Rica, Honduras, and Mexico is defined based on the amount a migrant worker harvests during their workday that is, it is piecework or “by the task.” In Costa Rica, for example, migrant workers are paid based on the number of trunks they manage to collect, a unit of measurement certified by ICAFE. Meanwhile, the minimum wage is determined by the National Wage Council of the Ministry of Labor

and Social Security (MTSS). Thus, the amount to be paid in Costa Rican colones is based on the number of trunks of coffee harvested in a day. According to testimony from those interviewed, on average, a picker can harvest around 11 trunks per day.

According to the interviewees, it is common practice for producers or employers to withhold a portion of the harvesters’ wages, settling the full amount only at the end of the harvest season. This is done to ensure that workers do not leave their jobs before the cycle is completed. While this withholding can help workers save and avoid spending their entire wage, this form of payment contradicts the General Principles and Operational Guidelines for Fair Recruitment, and the definition of recruitment fees and related costs outlined in the Montreal Recommendations (IOM, 2020b). During interviews with producer organizations and other relevant informants, competition to attract known, efficient, and skilled workers was a recurring topic. It is not uncommon to find situations where companies or intermediaries offer higher pay per trunk to secure the hiring of such workers.

Scheme 1. Costa Rica: Migratory Dynamics in the Coffee Sector



Source: Cited in OIM, 2021

Scheme 2. Honduras: Migratory Dynamics in the Coffee Sector



Source: Cited in OIM, 2021

In Honduras, the payment method varies by region. In the western zone, the compensation method is based on the "lata," a unit of volume, whereas in the Marcala region, near the border with El Salvador, payment is based on the "quintal," a unit of weight. This distinction is crucial because it influences migrant pickers' decisions on where to work. Moreover, for coffee producers, this payment method can affect the quality of the coffee harvested.

Unlike Costa Rica, which has an entity that certifies the unit of measurement and official rate to be paid to pickers, Honduras and Mexico lack a similar regulatory body. Nonetheless, in both countries, payment is linked to the volume or weight of the coffee harvested.

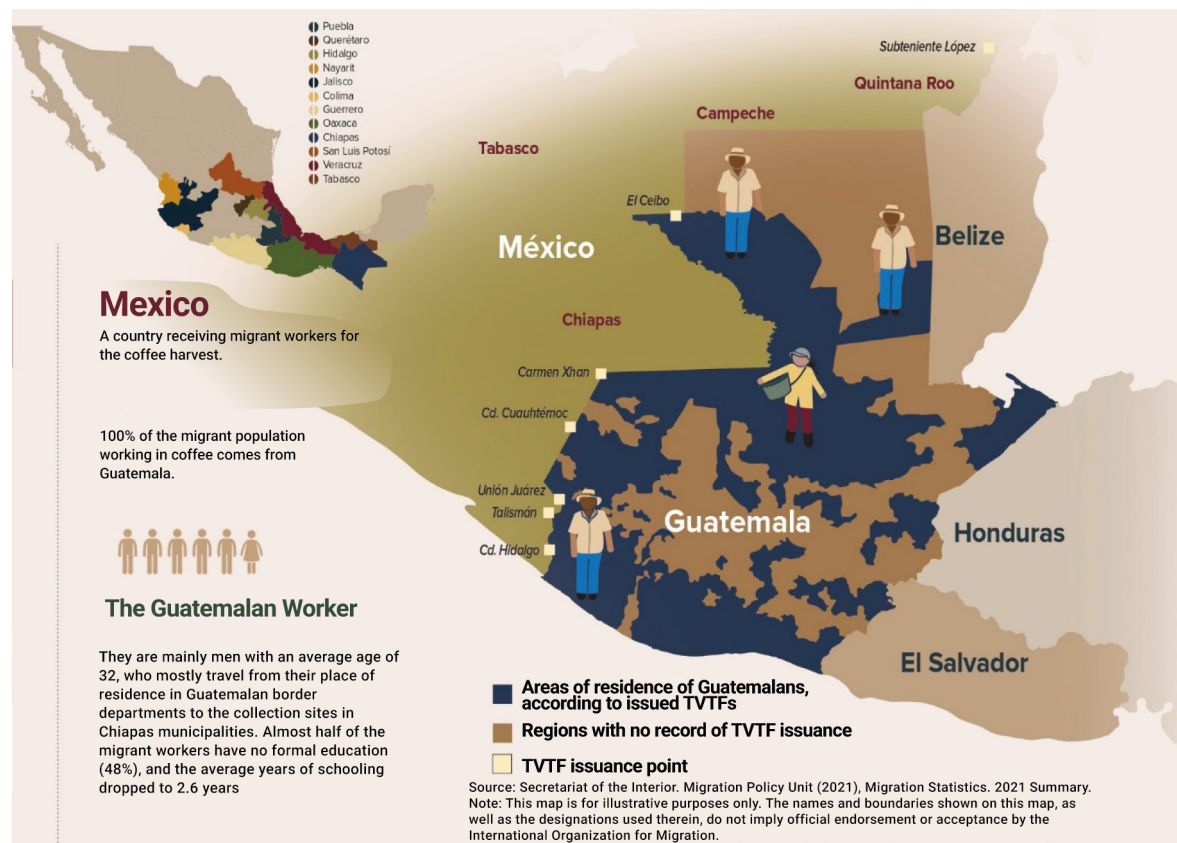
4.3 Migration Patterns Linked to the Transformation of Value Chains

One of the main findings of the study is that

during the coffee harvest, Costa Rica, Honduras, and Mexico experience a significant influx of transnational migrant populations, mainly toward medium and large producers, in markets segmented by the migration of the local population to the United States. This has generated intra-regional migration flows: from Guatemala to Honduras and Mexico; from El Salvador, Guatemala, and Nicaragua to Honduras; and between Panama and Nicaragua to Costa Rica (see Schemes 1, 2, and 3). These movements intensify between October and March of each year, coinciding with the coffee harvest season.

The lack of an intra-regional institutional framework complicates the registration and monitoring of the migrant labor population through formal employment mechanisms. This situation fosters predominantly informal hiring strategies for migrant workers in Mexico, Honduras, and Costa Rica. In recent years, a

Scheme 3. Mexico: Migratory Dynamics of the Coffee Sector



Source: Cited in OIM, 2021

decline in the hiring of migrant populations has been reported in areas such as the Mexico-Guatemala border, because of increased violence related to organized crime and exchange rate parity that favors the Guatemalan quetzal over the Mexican peso. This situation has reduced the economic incentives for Guatemalans to work in Mexico, making it less profitable for them.

The management of the migrant labor population needed for coffee production relies mostly on verbal agreements, supported by social networks and bonds of trust built over the years. However, these arrangements lack a formal institutional or legal framework for conflict resolution in case of disputes. This dynamic exposes both parties to vulnerabilities. On one hand, workers have no guarantees that previously agreed-upon conditions regarding pay, benefits, and lodging will be honored once they arrive at the farms. On the other hand, informality can result in workers not fulfilling the agreed-upon workdays, leading to economic and time losses for farm owners.

Although it is valuable to acknowledge the initiatives of medium and large organizations

within the coffee sector that aim to provide safe conditions and fair wages for temporary workers, it is essential to implement institutional mechanisms that formalize and regulate these labor relationships. This would allow a shift away from reliance on informal ties built up over multiple harvest seasons. In this context, it is relevant to consider the introduction of a “permanent temporary work permit” for those workers who return year after year to harvest in specific areas especially in Mexico and Costa Rica, where they are not governed by the CA-4 mobility protocols.

In summary, the study’s findings show that labor migration in the coffee sector is influenced by factors such as value chain governance, working conditions, and production dynamics.

4.4 Discussion

The findings of this study align with previous research that has documented the relationship between value chain governance and labor migration. Studies such as those by Muradian and Peluessy (2005) and Gereffi (2018) have pointed out how the governance of global value chains,



particularly in the agricultural sector, influences the distribution of benefits and the hiring of migrant labor. However, this study revealed important differences, especially regarding the widespread informality in the recruitment mechanisms for migrant workers and the lack of institutionalization of fair labor practices in some of the regions studied.

A distinctive aspect highlighted in this study is the persistence of informality in hiring migrant workers particularly in Mexico and Honduras where government regulation has not succeeded in establishing formal and transparent hiring mechanisms in the coffee sector. This informality results in unregulated labor agreements, lack of access to social benefits, and widely varying working conditions depending on the size of the farms and the region, a reality also emphasized in Wilson's 2010 study, as shown in the following interview excerpt:

"The National Migration Institute has always played with the idea of temporary or permanent immigration regulations. What happens is that people arrive at the Institute, at the Casa Roja located in Tecún Umán—which specializes in assisting border workers—with a job offer. This implies a recruitment logic where Mexican contractors go to the Guatemalan side and sell the recruitment; in other words, they charge you to take you. The Institute has a large proportion of people who are not granted the credential [border worker visitor card], while another group does receive it; that depends on whatever business the National Migration Institute has at the time. That's why you can find plantations where 70% of the workers have no credential at all—only 30% do. This shows there's a direct payment to the migration agent, who tells the farm owner to take the workers and just return them afterward, but there's no official record. This has become almost a tradition that has been happening historically."

(Interview with a civil society actor, 07/05/2021)

Unlike Costa Rica, where institutional frameworks governing migrant labor hiring in the coffee sector are more developed, in Honduras and Mexico practices largely depend on verbal agreements and informal social networks. This exposes workers to precarious conditions. These institutional differences highlight the need for stronger regulatory frameworks to ensure safer and more

regulated migration management, as emphasized in the recommendations of the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (OIM, 2020b).

Another difference observed in comparison to previous studies is the influence of external factors, such as the COVID-19 pandemic, on migration flows and labor dynamics in the coffee sector. The pandemic exacerbated pre-existing vulnerabilities by restricting access to migrant labor and disrupting supply chains. This exposed the fragility of the sector in the face of unexpected changes, underlining the need for more resilient labor hiring mechanisms and institutional support, as suggested in the research of Arayesh (2011) and the IOM (2021a).

Additionally, the migration patterns observed in this study also reveal a greater complexity in transnational dynamics, where family and social networks play a crucial role in labor mobility. This aligns with the transmigratory perspective described by Pries (1998), which highlights how migrants establish links between their countries of origin and destination, forming networks that facilitate seasonal mobility. However, the study also reveals that these migration flows are not supported by integrated policies among the countries in the region, which limits the capacity to properly manage migrant labor.

For future research on this topic, it is essential to consider the impact of increasing violence in the region, particularly on the Mexican side of the Mexico-Guatemala border. The Mexican Association of the Coffee Production Chain (as cited in Gómez, 2024) has reported severe effects on coffee production and all actors involved, including approximately 170,000 producers, due to various forms of violence in Chiapas. According to estimates, the recent production cycle has seen losses of around 30% of income (Gómez, 2024). In some areas, more than 50% of the harvest has been lost due to the absence of Guatemalan day laborers, who have been unable to travel to the coffee-growing areas. Additionally, road checkpoints imposed by armed groups in the region have hindered the distribution of coffee to marketing centers. These consequences of violence exacerbate existing tensions stemming from governance problems in the coffee value chain and its links to climate change (Huber et

al., 2023). In this increasingly complex context, solutions aimed at comprehensive migration reform gain greater relevance, as they seek to establish and enforce clear standards for cross-border labor migration (Isacson, 2014).

In summary, this study confirms the relationship between value chain governance and transnational labor migration in the coffee sector, but also highlights the need to improve institutional frameworks that regulate the hiring and working conditions of migrant workers. Policy recommendations should focus on the formalization of labor agreements and the creation of institutional mechanisms that promote safer and more regulated migration.

5. Conclusions

The findings highlight the need for improved institutional frameworks to ensure fair labor practices and an equitable distribution of benefits along the coffee value chain. From the perspective of comparative institutional analysis of transnational value chains and migration in the coffee sector, a series of conclusions and proposals can be drawn.

First, it is shown that the formation processes of global value chains do not always generate benefits for all integrated actors, calling into question the objectives associated with trade liberalization, as they do not always produce higher levels of competitive advantage, as predicted by basic global value chain theory. These effects depend on the specific forms of governance that determine chain integration.

Second, there is a close link between the differentiated downgrading of the participation of Central American coffee-producing regions in global chains. The reduction in value generated by this sector in the region is the main cause of crop abandonment, which has led to various asymmetries and migration flows to meet local labor demand through transnational movements.

Third, the specific regional consequences vary. In some areas of Mexico, the reduction in value generation causes migration of producers to the North (push factor), who are in turn replaced by migrant day laborers from Guatemala and other parts of Central America, creating circular transnational migration phenomena.

Policy recommendations include improving labor agreements and supporting specific areas to enhance the sustainability of the coffee sector and the well-being of migrant workers. For the proper and structured management of labor mobility in the coffee sector, it is essential that migration, labor, social security, and coffee-related authorities establish closer partnerships with employers and coffee organizations. This will allow for better information sharing regarding migration regulations and the labor needs of the sector. The primary goal is to ensure the rights of the migrant labor force and to ensure that employers respect and comply with current labor and migration regulations.

In addition to implementing specific regulations for managing migrant workers in the coffee sector and improving infrastructure for efficiently processing temporary work applications, it is essential to develop concrete action programs. These should materialize the aspirations of international agreements and the goals of governmental entities seeking to provide adequate policy responses to the coffee sector. It is crucial to recognize and value the significant contribution that the international migrant labor force makes to coffee harvesting in countries such as Costa Rica, Honduras, and Mexico. Within the framework of migration policy recommendations, and in order to provide better wage conditions for migrant workers (based on the piece-rate payment system), it is imperative to enhance the productivity of the coffee sector in two main ways: 1) Provide technical assistance to ensure the health of coffee plants, minimizing vulnerability to pests such as coffee leaf rust and guaranteeing a higher-quality bean at harvest time, 2) Facilitate marketing support to reduce the volatility of international prices. This can be achieved by consolidating producer organizations such as associations and cooperatives and by implementing guaranteed prices set by coffee regulatory entities. Additionally, it is essential to promote the acquisition of certifications or distinctive seals that can open the doors to specialized market niches.

It is essential to emphasize that these strategies are crucial for countering the trend among small-scale farmers who make up the majority of the sector of abandoning their plantations. Furthermore, by improving conditions within the coffee sector, it becomes more likely that younger populations will choose to remain in their places of origin and dedicate themselves to coffee cultivation, rather



than migrating in search of better opportunities, such as to the United States.

Finally, given the pressing need to enhance the exchange of experiences among the countries analyzed in this study, it is essential for immigration authorities to become involved in high-level political dialogue through programs associated with the coffee sector in each member country of the Central American Agricultural Council (CAC). In this direction, it is pertinent to strengthen coffee-related institutions in the Mesoamerican region such as the Regional Cooperative Program for the Technological Development and Modernization of Coffee Cultivation (PROMECAFE) or any regional coffee strategy through the implementation of a specific program that addresses the interrelationship between the international migrant labor force and the coffee sector.

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