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**COFFEE COMMERCE: AN ANALYSIS OF THE  
HARMONIOUS INTERPRETATIONS OF THE LAWS  
OF ASIA PACIFIC AND LATIN AMERICAN  
CONTRIBUTIONS TO THE GLOBAL TRADE REGIME.**

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**PREFACE**

In an era when commerce is the lifeblood of economies all over the world, the complex dynamics of trade relations are still developing and entwining economies, legal systems, and cultures. "Coffee Commerce: An Analysis of the Harmonious Interpretations of the Laws of Asia Pacific and Latin American Contributions to the Global Trade Regime" explores the intriguing area where the complexity of international trade law and the aroma of coffee coexist.

This book takes the reader on a historical tour, tracing the roots of coffee as a commodity around the world and its significant influence on the economies of Latin America and Asia Pacific. Coffee's story is one of adaptability, resiliency, and synergy with the always changing currents of trade, from the lush farms hidden amid the foggy highlands of Colombia to the vibrant markets of Southeast Asia.

The interaction of the complex web of regionally specific economic and cultural practices with the legal frameworks governing international trade forms the central theme of this investigation. This book disentangles the threads that unite disparate legal traditions, cultures, and aspirations for global economic integration by methodically analysing and illuminating the complex interpretations of trade laws within the contexts of Asia Pacific and Latin America.

Additionally, "Coffee Commerce" provides a pertinent analysis of the opportunities and difficulties faced by countries that produce coffee as they attempt to navigate the intricate international trade environment. The book offers insights into the tactics used by stakeholders to

promote fair trade relations while defending the interests of their respective communities, from tariff fights to sustainability programs.

As we embark on this intellectual odyssey, I invite readers to savor not only the rich aroma of freshly brewed coffee but also the intricate symphony of legal principles, cultural heritage, and economic imperatives that shape the global commerce of this beloved beverage. May this journey inspire a deeper appreciation for the interconnectedness of our world and the enduring legacy of coffee as a catalyst for international cooperation and prosperity.

## INTRODUCTION:

Coffee is a major crop grown on plantations in India, mostly cultivated<sup>1</sup> in Karnataka (57%), Kerala (24%), and Tamil Nadu (9%), as well as, to a lesser degree, in non-traditional regions such as Andhra Pradesh (8%), Orissa (9%), and the North Eastern States (10%). Tamil Nadu's Pulneys, Shevroys, Anamalai's, and Nilgiris districts, as well as Karnataka's Chickmagalur, Coorg, and Hassan districts, and Kerala's Wayanad, Idukki, and Nelliampathys are the primary locations for coffee cultivation. With an area of 3,55,102 hectares (ha) in 2003–04, India produced roughly 2,75,225 metric tonnes (MT) of coffee annually from the economically important Arabica and Robusta kinds. Roughly 98% of the 1,78,308 coffee holdings are on smaller plots of land, with fewer than 10 hectares (ha) per household. About 60% of the coffee grown in the nation comes from smallholders, who also occupy 71% of the land used for coffee cultivation. Huge holdings comprising the remaining 2% of the total land occupy 29% of the production and account for 40% of the entire output.

During 2003–2004, the national average productivity was 944 kg/ha, with Arabica and Robusta producing 713 and 1,175 kg/ha, respectively.

India is the birthplace of both washed and unwashed (cherry) coffees. While Robusta beans are more usually processed using the "Cherry Process," Arabica beans are more commonly processed using the "Wet Process" to make plantation coffee. However, wet processing produces Robusta parchment of high quality, which is exported for roughly \$300/MT and makes up around 15-20% of the country's Robusta production. Monsooned Coffee is another speciality coffee that India produces and exports. It's great for espresso and has a unique flavour profile compared to other

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<sup>1</sup> Bain, J, "A Note on Pricing in Monopoly and Oligopoly," American Economic Review, 1949, Vol. 39, pp. 448-464.

coffees.

A substantial portion of India's coffee market is export<sup>2</sup> driven, with exports accounting for over 70% of total output. Before 1996, all of the coffee grown in the nation was sold by the Coffee Board through two separate auctions: one for the local market and another for export.

The whole harvest was brought in via the Coffee Board's Pool Depots and then kept and processed in authorised coffee curing factories. The coffees that were sent to the Board's Depots were all checked for quality and the farmers were paid according to how good their cups were. Coffees that scored above the Fair Average Quality (FAQ) were awarded premium points, while lots that scored below the FAQ were deducted in the equivalent amounts. Both the local and international markets benefited substantially from this system's assistance in preserving quality.

The Indian coffee business was gradually liberalised from 1993 to 1996, giving growers complete freedom to sell their coffees independently, in keeping with the liberalisation of the Indian economy that began in the early 1990s. Coffee Arabica and Robusta are the two most important coffee bean species from a business perspective. More than 3,000 feet in elevation is ideal for Arabica bean cultivation. The coffees grown from this species are of the highest quality and have the most aromatic and flavorful qualities. Caffeine content is usually half that of Robusta beans in these. Although 80% of the world's coffee comes from Arabica beans, only 10% of that is suitable for gourmet coffee. It is common practice to cultivate Robusta beans at lower elevations. Compared to Arabica trees, Robusta trees are more disease resistant, easier to cultivate, and yield greater quantities of coffee. The flavour of Robusta beans is often described as woody and astringent. In cases where more caffeine or a cheaper price is required, they are utilised. Adding a tiny proportion of cream and complexity, it is a common practice in many Italian espresso mixes.

## 2.2 WHAT IS COFFEE?

Coffee trees are an evergreen and grow to heights of 20 feet. To simplify harvesting, the trees are pruned from 8 to 10 feet. Coffee<sup>3</sup> cherries ripen at different times, so they are predominantly

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<sup>2</sup> Hwang, H. and C. Mai, "On the Equivalence of Tariffs and Quotas under Duopoly," *Journal of International Economics*, 1988, Vol. 24, pp. 373-380

<sup>3</sup> Peterson, R.A., "The Future of U.S. Retailing: An Agenda for the 21st Century", Quorum Books, Westport, CT., 1992

picked by hand. It takes approximately 2,000 Arabica cherries to produce just one pound of roasted coffee. Since each cherry contains two beans, your one pound of coffee is derived from 4,000 coffee beans. The average coffee tree only produces one to two pounds of roasted coffee per year, and takes four to five years to produce its first crop.

The coffee plant first produces delicate clusters of white blossoms, resembling jasmine in shape and scent. These blossoms last only a few days. Small green coffee cherries then begin to appear and ripen to yellow... red... and finally almost black, within six to nine months.

Once the coffee cherries are picked, they are transported for processing. The fruit is then removed from the seed by one of two methods. The natural or dry process, where the cherries are dried in the sun or in dryers, and the fruit is then separated from the bean by processing them through a mechanical husker. Or, by a superior soaking method known as the wet process, which produces beans which are referred to as washed coffees.

The green beans are then dried, sized, sorted, graded and selected, usually all by hand. The beans are then bagged and are ready for shipment to local roasters around the world. Few products we use require so much in terms of human effort. The two commercially significant species of coffee beans are: *coffea arabica*, and *coffea robusta*.

### **ARABICA**

Arabica beans grow best at altitudes over 3,000 feet. This species produces superior quality coffees, which possess the greatest flavour and aromatic characteristics. They typically contain half the caffeine of the Robusta beans. Arabica production represents 80% of the world's coffee trade, however, only 10% of this meets speciality coffee standards.

### **ROBUSTA**

Robusta beans are usually grown at lower elevations. Robusta trees are easier to grow, produce higher yields, and are more disease resistant than the Arabica species. Robusta beans usually possess a woody, astringent flavour. They are used when a lower price or additional caffeine is desired. A small percentage is typically added to many Italian espresso blends for the additional crema and complexity they contribute.<sup>4</sup>

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<sup>4</sup> Varnam, H.A. and Sutherland, P.J. Beverage technology chemistry and microbiology. New York: Chapman & Hall, 1994, pp.191-254

In addition to the species of the coffee, many other factors contribute to the overall quality of the green beans. Seed stock, plantation location, soil composition, altitude, weather conditions, fertilization, cultivation, harvesting, and processing methods, will all have a dramatic influence on the finished product.

### **2.3 THE RICH HISTORY OF COFFEE**

The history and development of the coffee industry is intriguing, from its chance discovery to its rapid expansion through trade and empire. Whilst the Western history of coffee is only some four hundred years old, in the East coffee was widely consumed as a beverage possibly as long ago as 800 BC. Indeed Homer and countless Arabian legends tell the story of a mysterious black and bitter beverage with powers of stimulation, and at the turn of the first Millennium the physician Avicenna was known to have administered coffee as a medicine.

The discovery of every popular stimulant cultivates mythology, and there is the quaint legend of a Yemeni shepherd named Kaldi who was said to have first noted the stimulant properties of coffee as he tended his sheep. It is claimed that he noticed that the sheep became hyperactive after eating the red "cherries" from a certain plant when they changed pastures.

Inquisitive he tried a few himself, and soon became as hyperactive as his herd. A passing monk heard his story and boiled the berries, from which he distilled a bitter beverage capable of dispersing sleep and weariness.

Another legend is said to have given us the name "mocha". An Arabian named Omar had been banished to the desert with his followers to die of starvation. In his desperation he boiled and ate the fruit from an unknown plant which it is said saved them. Their survival was taken as a religious sign by the residents of the nearby town of Mocha, after which the plant and its beverage are named.

From its very introduction coffee's invigorating powers have understandably linked it with religion, and each tradition claims its own unique affiliation with the plant. Islamic legend ascribes the discovery of coffee to the devout Sheikh Omar, who is said to have found coffee growing wild whilst living as a recluse in Mocha, a famous coffee producing region of the Yemen. He is said to have boiled some of the berries and discovered the stimulating effect of the resulting brew upon administering it to locals stricken with a mysterious ailment, thereby curing them. The

Sheikh went on to cure the King of Mocha's daughter with coffee. The wonderous medicine soon found its way to Mecca where the first coffee houses are claimed to have arisen. Although these 'Kaveh Kanes' were originally religious meeting places, they soon became popular places of social gathering.

The Arabic<sup>5</sup> word for coffee 'kahwah' is also a word for wine, as the pulp of the coffee bean was often fermented to make a potent liquor. Although the Koran outlaws intoxicating beverages, it was successfully argued that coffee was more a stimulant than an intoxicant and the liquor remained. However coffee was discovered, the fact remains that the coffee plant originated from the Ethiopian region of Kaffa. The Ethiopian Galla tribe are known to have widely used coffee as a foodstuff, but not as a drink. It is believed that the monks of Ethiopia may have chewed on the berries as a stimulant for centuries before it was first brewed as a hot drink. Galla hunters would wrap coffee beans in animal fat as their only source of nutrition whilst on raiding parties. The use of coffee as a stimulant may thus have originated in Africa around 575 A.D. where the beans were so important that they were even used as money. From the Eastern Africa the use of coffee spread to the Yemen, Arabia and Egypt where it entered popular daily life and culture. Exactly where and when coffee was first cultivated is still disputed, but most authorities believe that it was first grown in Arabia near the Red Sea around 675 AD.

The Turks were perhaps the first people to drink coffee as an infusion, often adding spices such as clove, cinnamon, cardamom and anise to the brew. However the Arabian texts dating from around 900 AD refer to an Ethiopian drink known as 'buna', similar to the Ethiopian word for brewed coffee. It was however to be many centuries before coffee was introduced to countries outside the Arab world, whose inhabitants believed it to be a precious commodity and guarded its secret jealously. So central did coffee become in the Turkish way of life, that Turkish law made it legal for a woman to divorce her husband if he failed to provide her with her daily quota of coffee. In fact the export of the plant from the Moslem world was strictly forbidden, and the actual spread of coffee, initially to the East, was started illegally. The Arab traders are credited with first introducing coffee to Sri Lanka as early as 1505, and an Arab by the name of Baba Budan allegedly smuggled beans to some mountains near Mysore in South-Western India on his return from a pilgrimage to Mecca in the 17th century. There he started a small plantation where the descendants of those original plants are still to be found still growing fruitfully today.

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<sup>5</sup> Adams, W, "Beer in Germany and the United States," Journal of Economic Perspectives, 2006, Vol. 20, No.1, pp. 189-205

By 1453 coffee had reached Constantinople with the expansion of the Ottoman Empire, and the world's first coffee shop, Kiva Han, opened there in 1475. The first coffee houses of Constantinople were opened in 1554, and their advent provoked religiously inspired riots. Perhaps it was only the profitability of taxing the nascent coffee trade that allowed it to establish its roots securely in other nations. By the late 16th Century the first tradesmen had introduced the eastern elixir into the European culture, and this became a lucrative business for the Venetian traders by 1615.<sup>6</sup>

Throughout the 17th and 18th centuries coffee houses proliferated throughout Europe, establishing a social habit that has persisted for over 400 years. Although most of the coffee exported to European markets came from the ports of Alexandria and Smyrna, the scale of the demand for coffee and the size of the export taxes imposed at these ports led European traders to try cultivating coffee in other countries. With the explosion in the popularity of coffee houses the European powers were soon competing against each other throughout the 17th Century to establish coffee plantations in their respective colonies. In 1658 the Dutch began the large scale cultivation of Mocha in Sri Lanka, and by 1699 they had successfully transplanted cuttings to Java, and by 1718 to Surinam.

The history of the introduction of the coffee plant to the Americas began in 1714 when the French succeeded in bringing a live cutting of a coffee tree to the island of Martinique in the West Indies. From its successful introduction there coffee was taken to South America, and was first grown in North Brazil around 1727. However the coffee plant failed to thrive in the poor climate of Northern Brazil, and this caused cultivation to move first to Rio de Janeiro, and then to San Paolo and Minas, where the coffee plant found its ideal habitat. Coffee growing began to develop in earnest until it became the most important economic resource of Brazil, accounting for 97% of world coffee production at the beginning of the 20th Century, all from that first cutting in Martinique. It was not until 1878 that the coffee tree finally returned to its ancestral home, when the British ironically established the first plantations of Kenya's future coffee industry on the door step of Ethiopia.

Coffee begins its story in the United States almost four hundred years ago, when Captain John Smith helped to found the ill-fated colony of Virginia at Jamestown. However by 1668 coffee had

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<sup>6</sup> Bain, J, "A Note on Pricing in Monopoly and Oligopoly," American Economic Review, 1949, Vol. 39, pp. 448-464.

replaced beer as the favourite breakfast drink of the New York city, and "The Boston Tea Party" of 1773 made drinking coffee a patriotic statement. The consumption of coffee continued to grow aided by such American industrial innovations as the packing roastcoffee in vacuum tins and the invention of instant soluble coffee at the beginning of the 20thCentury, and also by the invention of freeze dried coffee by Nestle in 1938 as a solution to surplus world coffee production.

The advent of Prohibition in 1920 saw coffee sales boom, and by 1940 the US had<sup>7</sup> become the world's primary importer of coffee, accounting for 70% of the global harvest. The entry of the United States into the Second World War even led to widespread panic hoarding of coffee which forced its rationing.

No recreational drink, with the obvious exception of alcohol, has caused quite as much religious exception and fervour as the introduction of coffee. In 1454 the Mufti of Aden visited Ethiopia and was reportedly impressed with the drink, which cured him of some affliction. His approval soon made it a popular beverage amongst the tribes of the Yemen who adopted it in religious ceremonies and introduced it to Mecca. It was introduced widely throughout Islam and became almost synonymous with the Muslim world, ironically in much the same way as coffee is identified with the American way of life today, so much so that in 1615 upon its introduction to Venice certain clerics suggested that it should be excommunicated as the "Devil's work". However coffee was popularised by Pope Clement VIII who is said to have enjoyed it so much that rather than banishing it he baptized it, reportedly exclaiming that "coffee is so delicious it would be a pity to let the infidels (Moslems) have exclusive use of it."

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<sup>7</sup> Bailey, S & Schultz, DE, "Customer/Brand Loyalty in an Interactive Marketplace", Journal of Advertising Research, vol. 40, no. 3, 2000, p. 41.

gathering.

The Arabic word for coffee 'kahwah' is also a word for wine, as the pulp of the coffee bean was often fermented to make a potent liquor. Although the Koran outlaws intoxicating beverages, it was successfully argued that coffee was more a stimulant than an intoxicant and the liquor remained.

Not all Islamic clerics were content with the widespread introduction of coffee to their religious culture however, and religious divisions over coffee in the Islamic world finally came to a head in Mecca. In 1511 the then governor Khair Beg saw coffee being drunk in a mosque as a preparation for a night vigil. In a fit of religious rage he drove the worshippers from the mosque and ordered all the coffee houses in Mecca to be closed.<sup>8</sup>

The drinking of coffee was further condemned by two Persian doctors who resented the popularity of coffee as a local cure amongst melancholic patients, who might otherwise have visited their physicians.

However the 'mufti' of Mecca argued for coffee. Finally the debate was resolved when the Sultan of Cairo intervened and reprimanded Khair Beg for unilaterally banning a drink which was widely enjoyed in Cairo without even consulting with his superior, and the very next year had him put to death on charges of embezzlement. Thus the coffee culture survived in Mecca.

## 2.4 HISTORICAL GLIMPSES OF COFFEE

Besides the first greenhouse, the coffee plant was being worked on so it would grow in less stringent environments. To facilitate the mixing of the coffee plants, grafting was developed. Prior to the development of grafting, artificial pollination was used to mix plants. Grafting worked a lot better in changing the genetic variants which a coffee plant can have. So not only was the first greenhouse made to house a coffee plant, but a new method of genetic plant mixing also can be attributed to the coffee plant.

Francisco de Mello Palheta of Brazil in 1727 was sent to French Guinea to obtain coffee seeds. Like the Arabians, and the Dutch, the French did not want their coffee plants cultivated by other

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<sup>8</sup> Chanchal Narain et.al, "Whitening and sweetening influences on filter coffee preference", British Food Journal, Vol. 106, Issue. 6, 2004

countries either. Legend has it, de Mello charmed the French governor's wife and she buried some coffee seeds in a bouquet of flowers. So, again coffee was swiped and brought to Brazil and Mexico where coffee cultivation got going around 1729. Another story has it that a coffee seed was imported into Surinam in the year 1719, and a coffee seed from there or Cayenne reached Brazil in 1723. It was not until 1767 that the first coffee estate in Brazil is said to have been planted.

Then around 1893 the coffee plant completed its journey around the world where coffee plants were introduced in Kenya and Tanzania. Thus, the coffee plant was the first plant to be cultivated around the world.

Robusta coffee grows indigenously in Uganda and the Congo. The second coming of the Robusta coffee took place around the year 1902. Africa was just being explored by the Europeans. When the Europeans found Robusta coffee, the seeds were exported right away. The Robusta coffee plants found the way to Madagascar, West Africa, Angola, West Indies, and Vietnam. This was because even as late as the 1900's, having fertile coffee beans for export is a crime in most coffee growing countries. Since Central Africa was not well controlled, explorers took what they wanted and the spread of Robusta coffee began on a relatively large scale.<sup>9</sup>

After World War I, the coffee plant spread to just about everywhere coffee could grow. Due to the war, some countries got formed, others got eliminated, and many got broken up. World War II did the same thing. Many countries went through changes in coffee growing as disease, ignorance, and weather wiped out whole plantations of coffee plants. At times, some countries did not have coffee growing for whole decades. As economics and intelligence change, coffee growing has been reintroduced in many of the countries which gave up growing coffee. The coffee plant is not as protected as it used to be from the standpoint of hoarding. It is protected from the standpoint of damage however. So, coffee plants finally found their way into homes.

## 2.5 THE LEGEND

It was a shepherd, called Kaldi, who discovered the use of the coffee bean about four centuries ago, in a region of Abyssinia<sup>10</sup> (Ethiopia). This shepherd drew his attention to some goats, which

<sup>9</sup> Coffee Board of India. "Indian Coffee," various monthly issues.

<sup>10</sup> Danny Pimentel Claro et.al, "Coordinating B2B cross-border supply chains: the case of the organic coffee industry", Journal of Business & Industrial Marketing, Vol. 19 Issue.6, 2004

after eating reddish berries from an evergreen bush became very active and vivacious. This happened several times and the shepherd decided to taste these strange berries for himself. Raw berries were hard to chew, so he took some to the village. The shepherd decided to roast them to make them edible. He tasted some roast beans and his sleepy eyes got wide open. All village people liked it as it kept awake during long prayers. While experimenting with the beans, people crushed the roasted seeds into powder and poured boiling water to make a tasty drink. Word of this discovery spread to a local monastery. It was there that monks experimented with drinks made from the berries. This 'brew' kept them alert and able to continue their writing and prayer long into the night. So, in this way the coffee grains were used to brew the delicious beverage consumed all over the world nowadays.

Though green beans were used in a boiled infusion beverage well before 1000AD, roasting to produce something akin to modern day coffees does not seem to have any reliable history until around 1200AD. However spice roasting was well established in the Middle East long before this time and coffee could easily have been included in the wide range of condiments produced by roasting.

### **EARLY CULTIVATION IN ARABIA**

Coffee <sup>11</sup>berries were transported from Ethiopia to the Arabian peninsula, and were first cultivated in what today is the country of Yemen.

From there, coffee travelled to Turkey where coffee beans were roasted for the first time over open fires. The roasted beans were crushed, and then boiled in water, creating a crude version of the beverage we enjoy today.

The Arabs were the first, not only to cultivate coffee but also to begin its trade. By XV century, coffee was being grown in the Yemeni district of Arabia and by the XVI it was known in Persia, Egypt, Syria and Turkey. Its popularity was perhaps due, in part, to the fact that Muslims, forbidden alcoholic drink by Koran, found the energizing properties of coffee to be an acceptable substitute. Yemen was the primary source for coffee beans during this time and the Arabians eagerly guarded and protected their increasingly valuable coffee- producing plant.

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<sup>11</sup> Datta S and M. Chakrabarti "Composition of India's Agri-Exports: Changes in the Post- Reform Period," in Impact of WTO Agreements on Indian Agriculture, Indian Institute of Management, Ahmedabad, India, 1999

Though coffee as a crop was wide spread through Arabia and North Africa, the resulting crop was distributed through the Red Sea port of "Al Makha" or Mocha. The trade in Arabica coffee was jealously guarded by the Mocha traders for many years enabling them to control the supply and command high prices. This was achieved by only allowing the export of unviable coffee beans, having been roasted or in some other way heat-treated. Only with the growth of trade with the outside world and the realization of the economic potential of coffee caused pressure on the monopoly the Arabian traders held over the coffee trade.

### **COFFEE REACHES INDONESIA**

Soon, however, the coffee plants were transported and successfully cultivated by the Dutch on the Indonesian island of Java and later to the islands of Sumatra and Celebes. Through trade and exchange by various European colonies, greenhouses and botanical gardens in Austria and Holland were soon speckled with this exotic plant species. The Dutch proved very successful with this new coffee crop, producing and shipping coffee more cheaply than their Arabian counterparts to the coffee-craving Europeans. In 1650, the first coffeehouse opened its doors in Oxford, England, its proprietor a Turkish Jew named Jacob. In France, the first coffeehouse was opened in 1672. By 1843, there were thousands of coffeehouses throughout Europe and the American colonies.

### **THE GIFT THAT CHANGED THE WORLD**

Coffee first arrived <sup>12</sup>on the European continent by means of Venetian trade merchants. Once in Europe this new beverage fell under harsh criticism from the Catholic church. Many felt the pope should ban coffee, calling it the drink of the devil. To their surprise, the Pope, already a coffee drinker, blessed coffee declaring it a truly Christian beverage.

Coffee houses spread quickly across Europe becoming centers for intellectual exchange. Many great minds of Europe used this beverage, and forum, as a springboard to heightened thought and creativity.

In the 1700's, coffee found its way to the Americas by means of a French infantry captain who nurtured one small plant on his long journey across the Atlantic. This one plant, transplanted to the Caribbean Island of Martinique, became the predecessor of over 19 million trees on the island

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<sup>12</sup> Hokey Min et.al, "Comparative efficiencies of specialty coffee retailers from the perspectives of socially responsible global sourcing" International Journal of Logistics Management, Vol. 21, Issue. 3, 2010

within 50 years. It was from this humble beginning that the coffee plant found its way to the rest of the tropical regions of the South and the Central America. The popularity of coffee in Europe during the 18th century made it a valuable tool for barter and gifting. Wanting to please the king of France, the Mayor of Amsterdam presented King Louis XIV with a single coffee tree as a gift. The king planted the tree in the Royal Botanical Garden in Paris where the heat and humidity replicated the Yemen climate and the coffee tree flourished.

In America at this time, only small amounts of coffee beans were imported to the colonies for many years. Eventually, however, Dutch and French smugglers did introduce beans in great quantity, and coffeehouses opened in New York, Boston, Baltimore, Philadelphia, and elsewhere.

One famous coffeehouse<sup>13</sup> in New England was the Green Dragon in Boston. At first it was popular with British officers, but in later years it came to be the gathering place of John Adams, Paul Revere and other revolutionaries plotting against England.

### **ACROSS THE OCEAN TO THE AMERICAS**

Cultivation of coffee in the Americas began during the 1720's when a French naval officer named Gabriel de Clieu transported a single seedling from the King's Royal Botanical Garden to the island colony of Martinique. Though terrible storms destroyed most of the cargo and nearly sank the ship, de Clieu protected the vulnerable coffee plant and delivered it safely. Little did he know that this seedling would become the rootstock for all of the coffee trees throughout the Caribbean, the South and the Central America.

### **A ROMANTIC EXCHANGE AND BRAZIL**

Brazil is the largest exporter of coffee in the world. But the journey of coffee to this country was nearly as remarkable as that of de Clieu to Martinique. The French showed little interest in sharing this valuable coffee crop with other colonial powers in the Americas. In 1727, Brazilian Francisco de Mello Palheta approached the Governor of French Guiana about obtaining seedlings and was flatly refused. But the Governor's wife was taken by the handsome Brazilian, and as a going away gift gave him a bouquet of flowers with coffee seeds hidden within. When the seeds arrived in Brazil they were nurtured and flourished.

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<sup>13</sup> Hwang, H. and C. Mai, "On the Equivalence of Tariffs and Quotas under Duopoly," *Journal of International Economics*, 1988, Vol. 24, pp. 373-380. Islam, T and Taslim. M.A, "Demographic Pressure, Technological Innovation and Welfare: The Case of Agricultural in Bangladesh" *The Journal of Development Studies*, vol.32, no.5, 1996

## THE BIRTH OF COFFEEHOUSES

The social qualities of coffee were quickly evident and it became a drink for many in public places. The original "coffee houses" in the Near East were similar to those today - a gathering place for conversation, entertainment and the exchange of ideas among intellectuals while enjoying a good cup of coffee. In 1650, the first coffeehouse opened its doors in Oxford, England, its proprietor a Turkish Jew named Jacob. In France, the first coffeehouse opened in 1672. By 1843, there were thousands of coffeehouses throughout Europe and the American colonies.

By the 17th century<sup>14</sup>, word of the coffee beverage had traveled across the European continent. With increasing demand and the popularity of coffeehouses in England, France, Germany and other countries, coffee became a permanent part of the landscape and daily life. In fact, by the middle of the 17th century, London alone sported between 300 to 2,000 coffeehouses.

Coffee was not immune to controversy during these times, however. During the 13th to 17th centuries a person drinking coffee, or violating coffeehouse restrictions, in the Turkish Ottoman Empire (Turkey) could suffer punishment of severe beatings or even be put to death. When coffee made its way to Italy during the 17th century it was labeled an invention of Satan and condemned by many local clergy.

## 2.6 GROWING COFFEE

### Picking

Coffee berries are picked by hand by labourers who receive payment by the basketful. As of 2003, payment per basket is between US\$2.00 to \$0.10 with the overwhelming majority of the labourers receiving payment at the lower end. An experienced coffee picker can collect up to 6-7 baskets a day. Depending on the grower, coffee pickers are sometimes specifically instructed not to pick green coffee berries since the seeds in the berries are not fully formed or mature. This discernment typically only occurs with growers who harvest for higher end specialty coffee where pickers are paid better for their labour.

Mixes of green and red berries, or just green berries, are used to produce cheaper mass consumer coffee beans, which are characterized by a displeasurable bitter/astringent flavour and a sharp

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<sup>14</sup> Patrick De Pelsmacker et.al, "Consumer preferences for the marketing of ethically labelled coffee", International Marketing Review, Vol. 22, Issue: 5, 2005

greenish odour. Red berries, with its higher aromatic oil and lower organic acid content are more fragrant, smooth, and mellow. As such coffee picking is one of the most important stages in coffee production, and is the chief determinant for the quality of the endproduct. Picked coffee berries are collected and defruited<sup>15</sup> within hours of picking.

### **Defruiting**

The coffee berries are a type of drupe, with fruit flesh directly covering the coffee bean. After harvesting, the flesh of the coffee berry must be quickly removed by soaking, scouring and mechanical rubbing. This stage is critical in preserving the coffee flavours since the fruit is quick to ferment in coffee growing climates, and will give the resulting coffee a disagreeable odour. The defruited coffee bean is flushed with water to remove clinging fruit and additional sugars before drying.

### **Drying**

Coffee beans are spread over a large concrete or rock surface where they are dried by air and sunlight. The beans are repeatedly raked into rows and spread out over the course of several days until they are largely dry. At this stage, the beans are referred to as "green coffee".

### **Sorting**

The first step in preparation is sorting of beans by colour and size. Discoloured, rotten, and damaged beans are also removed at this point. In many less developed countries, hand sorting is still done because of the low cost of labour. Elsewhere, beans are sorted automatically by sophisticated machines that employ CCD cameras and can determine both size and colour.

Automatic sorting is cost-effective for large producers where quantity and throughput are important factors in production.

### **Aging**

Although it is still widely debated, certain types of green coffee are believed to improve with age; especially those that are valued for their low acidity, such as coffees from Indonesia or India. Several of these coffee producers sell coffee beans that have been aged for as long as 3 years, with

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<sup>15</sup> Po-Tsang Chen and Hsin-Hui Hu, "How determinant attributes of service quality influence customer-perceived value: An empirical investigation of the Australian coffee outlet industry", *International Journal of Contemporary Hospitality Management*, Vol. 22 Issue. 4, 2010

some as long as 8 years. However, most coffee experts agree that a green coffee peaks in flavor and freshness within one year of harvest, because over-aged coffee beans will lose much of their essential oil content.

### **Roasting**

The roasting process is integral to producing a savory cup of coffee. When roasted, the green coffee bean expands to nearly double its original size, changing in colour and density. As the bean absorbs heat, the colour shifts to yellow and then to a light "cinnamon" brown. During this stage the moisture in the beans is expelled. When the inside of the bean reaches about 400 degrees Fahrenheit, it begins to turn brown and the oil is released from the interior of the bean.

This oil contains the distinctive compounds which give coffee its flavour; the more oil released, the stronger the flavour. Coffee beans will crack during the roasting process, not unlike popping popcorn. "First crack"<sup>16</sup> and "second crack" are benchmarks that a roaster will use to gauge how the roast progresses. The beans will continue to darken and the oils will begin to be expelled to the surface until the beans are removed from the heat source.

At lighter roasts, the bean will exhibit more of its "origin flavour"-the flavours created in the bean by the soil and weather conditions in the location where it was grown. Coffee beans from famous regions like Java and Kenya are usually roasted lightly so their signature characteristics dominate the flavor. A roasting method native to the Ipoh town in Malaysia involves the inclusion of butter and sugar during the roasting process, producing a variety of roast known as the Ipoh "white" coffee.

As the beans darken to a deep brown, the origin flavours of the bean are eclipsed by the flavours created by the roasting process itself. At darker roasts, the "roast flavour" is so dominant that it can be difficult to distinguish the origin of the beans used in the roast. These roasts are sold by the degree of roast, ranging from "Vienna Roast" to "French Roast" and beyond. The dividing line between extremely dark roast and "burnt" is a matter of some debate. Contrary to popular belief, the darker roasts and more strongly flavoured coffees do not deliver any more caffeine than lighter roasts. In the United States, major national coffee suppliers tailor their product to tastes in particular regions of the country; for instance, a can of ground coffee purchased in the northeast

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<sup>16</sup> Randall Arce Alvarado and Anita R. Linnemann, "The predictive value of a small consumer panel for coffee-cupper judgment" British Food Journal, Vol. 112, Issue. 9, 2010

or northwest will contain a darker roast than an identically appearing can purchased in the central United States.

In the 19th century coffee was usually bought in the form of green beans and roasted in a frying pan. This form of roasting requires much skill to do well, and fell out of favour when vacuum sealing of pre-roasted coffee became possible. Today home roasting is becoming popular again. Computerized drum roasters are available which simplify home roasting, and some home roasters will simply roast in an oven or in air popcorn makers. Because coffee emits CO<sub>2</sub> for days after it is roasted, one must allow the coffee to degas before it can be packaged in sealed containers. For this reason, many roasters who package whole beans immediately after roasting do so in bags with one-way valves, allowing the CO<sub>2</sub> to escape but nothing in. This CO<sub>2</sub> also affects the flavor of the brewed coffee, and most experts

recommend a two- to five-day "resting" period post-roast for the CO<sub>2</sub> to sufficiently escape. Once roasted, the volatile compounds that give coffee its complex flavors dissipate quickly.<sup>17</sup> Despite the varying claims of "what is fresh" when it comes to coffee, the industry leaders in specialty coffee generally agree that roasted coffee should be ground and brewed no more than about 14 days off-the-roast. Some companies have tried to extend the freshness using an nitrogen-infusion system that flushes the inert gas into the roasted coffee, replacing the oxygen, ostensibly reducing oxidation. However, as is said in the coffee industry, "the proof is in the cup."

## 2.7 SOCIAL ASPECT OF COFFEE

The United States is the largest market for coffee, followed by Germany. The Nordic countries consume the most coffee per capita, with Finland, Norway and Denmark trading the top spot depending on the year. However, consumption has also vastly increased in the United Kingdom in recent years.

Coffee is so popular in the Americas, the Middle East, and Europe that many restaurants specialize in coffee; these are called "coffeehouses" or "cafés". Most cafés also serve tea, sandwiches, pastries, and other light refreshments (some of which may be dunked into the drink). Some shops are miniature cafés that specialize in coffee-to-go for hurried travelers, who may

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<sup>17</sup> Silva, C.F et.al. Microbial diversity during maturation and natural processing of coffee cherries of *Coffea Arabica* in Brazil. International Journal of Food Microbiology, 2000, pp. 251-260.

visit these on their way to work as a substitute for breakfast. Some provide other services, such as wireless internet access (thus the name, "internet café" - which has carried over to stores that provide internet service without any coffee) for their customers.

In some countries, notably in northern Europe, coffee parties are a popular form of entertaining. Besides coffee, the host or hostess at the coffee party also serves cake and pastries, sometimes homemade.

Coffee plays a large<sup>18</sup> role in much history and literature because of the large effects the coffee industry has had on cultures where it is produced or consumed. Coffee is often mentioned as one of the main economic goods used in imperial control of trade, and with colonized trade patterns in "goods" such as slaves, coffee, and sugar, which defined Brazilian trade, for example, for centuries. Coffee in culture or trade is a central theme and prominently referenced in much poetry, fiction, and regional history. "Die Reading," by Joey Parks, is a modern novel centered around a New Zealand barista/barrista (and his lifestyle), which is a person who works in a coffeehouse and generally knows the aromas, names, recipes and special effects of espressos and other coffee beverages.

Part of the appeal of coffee is taste, this is true: rich and dark and aromatic. But there is no denying that bound up in the pleasure of the daily occasion, is happy anticipation of that pharmaceutical kick. I know that many people drink decaffeinated, but to me, without the buzz I don't care so much about the delicious aroma nor, to be truthful, about life in general. Coffee drinking is nice alone, but one can go to a cafe and drink it too! It is so sociable, sipping the ol' cup of Joe together with other enthusiastic addicts: young and old, students and housewives, business moguls and out-of-work actors, artists, doctors, lawyers, and dog walkers, all happily sipping in one big caffeine-induced haze of happiness.

As addictions go, coffee seems harmless enough and, unlike some addictions, relatively affordable. And according to a British study, coffee drinkers show a lower suicide rate than non-coffee drinkers, and an even more recent study showed mental functions operated at a higher level when coffee was poured into the cup, though sad to say the study also showed that the coffee drinkers were more easily swayed as far as their opinions went, so happy were they with life.

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<sup>18</sup> Seong-Jong Joo et.al, "Measuring and benchmarking the performance of coffee stores for retail operations", *Benchmarking: An International Journal*, Vol. 16, Issue. 6, 2009

## 2.8. CONCLUSION

In this chapter an overall picture is given regarding the Coffee and its Production, Growing, Marketing process and the like have been dealt with. It is strongly felt that coffee marketing and exporting is an essential ingredient, in case of all the agricultural sector income. This chapter also focuses on the Coffee in India, Indian Coffee Marketing System, the SWOT analysis of Coffee industries and the like. It also highlights on the key events in the in the history of Coffee.

Coffee is one of the important plantation crops in the country. Although it is an important exportable item, the domestic market for coffee also assumes importance as the growers and traders are vulnerable to the vagaries of export market fluctuations. In fact, in the post-liberalization period, the relative value realization has declined for coffee exports. Moreover, since the beginning of the implementation of the WTO agreement, spot export prices of coffee have fluctuated a lot. Therefore, coffee growers may have to tap and nurture domestic market as well. In the present study an attempt is made to study the Marketing of Coffee in India. This study is undertaken with the following main objectives

- To study the origin, growth and development of the coffee plantations and industry in India
- To study the issues connected with the marketing of Coffee

The concluding chapter of "Coffee Commerce: An Analysis of the Harmonious Interpretations of the Laws of Asia Pacific and Latin American Contributions to the Global Trade Regime" explores the critical role that coffee plays in promoting trade relations between the regions of Latin America and Asia Pacific. This investigation has highlighted a number of important findings:

**Economic Significance:** Coffee is a commodity and a cultural symbol that is essential to international trade. Its economic importance cannot be emphasized, especially in the Asia-Pacific and Latin American regions, where its trade and cultivation have stimulated economic expansion.

**Legal Frameworks:** A detailed analysis of the legal frameworks controlling the coffee trade demonstrates the intricate interactions between national laws, international treaties, and regional agreements. Although there are differences, there is a discernible tendency toward harmonization and collaboration in the interpretation and application of these laws in order to promote more seamless trade ties.

**Bilateral Partnerships:** The investigation sheds insight on the emergence of bilateral partnerships in the coffee trade between countries in Latin America and Asia Pacific. These collaborations are characterized by a dedication to sustainable development techniques, reciprocal respect for legal frameworks, and shared economic goals.

**Vibrant cross-regional cultural exchange:** Beyond business dealings, the coffee trade promotes a vibrant cross-regional cultural exchange. It facilitates the exchange of traditions, values, and practices, which fortifies social bonds and promotes mutual understanding amongst various populations.

**Opportunities and Challenges:** Despite tremendous advancements in fostering collaboration and harmonizing legal interpretations, difficulties still exist.

