

The Coffee Farmers Who Don't Drink Coffee—An Anthropological Study on Economic Inequalities in Baoshan, China

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Abstract: Coffee has gradually gained importance across the globe. Due to favorable geographical conditions and a climate suitable for cultivation, Baoshan City, as one of China's coffee origin regions, presents numerous issues worthy of exploration and resolution. Through in-depth field research, this study aims to investigate the current state of the coffee industry in Yunnan's Baoshan region and why there is a significant economic disparity among individuals engaged in the same industry in this area. The study employed anthropological research methods, including participant observation, field surveys, and interviews, to gain insights into various aspects of the local coffee industry. The research subjects included coffee farmers, estate owners, and individuals involved in the complete coffee supply chain, as well as deep-processing brand enterprises. The study identified three primary factors contributing to the economic underdevelopment and wealth disparity in Yunnan's Baoshan region. First, information asymmetry is a problem, as coffee farmers lack access to up-to-date information and professional knowledge about the coffee industry, making it difficult for them to set coffee prices independently. Second, even with equal access to information, many villagers tend to pursue a stable life and are unwilling to change their existing lifestyles. Finally, inclusive policies have had a negative impact on coffee farmers' production enthusiasm, as they become dependent on government assistance rather than achieving self-sufficiency. To improve the coffee industry and economic development in Yunnan's Baoshan region, the study offers several recommendations. Firstly, there is a need to strengthen basic education to enhance the overall quality of villagers. Secondly, vocational education should be enhanced to provide coffee farmers with more specialized knowledge to improve their work efficiency. Additionally, there should be an emphasis on social support to help young villagers overcome social issues and low self-esteem. Finally, it is essential to widely promote and celebrate the local coffee culture, enabling villagers to find value in their work and increasing their pride in their profession and identity.

Keywords: Yunnan coffee industry; Economic Inequalities

1. Introduction

Yunnan Arabica coffee, distinguished by its unique taste and premium quality, has become China's primary coffee source. Yunnan accounts for approximately 98% of China's coffee cultivation area, with Baoshan contributing to a quarter of this production. Several renowned brands, such as Zhong Ka, Jing Lan, and Bi Tun, hail from this region. These brands have not only fostered the growth of Baoshan's coffee but have also uplifted the living standards and income of its populace. Drawing from an anthropological perspective, and employing methodologies like participatory observation and field studies, this research aims to probe into:

- A. What is the current state of the coffee industry in Baoshan, Yunnan?
- B. What underlies the income disparities among individuals engaged in the same industry within this region?

2. Fieldwork and Background Description:

This study undertakes an in-depth examination of the Baoshan coffee industry through fieldwork. The subjects of the study include farmers engaged in coffee cultivation, business personnel owning coffee estates with comprehensive value chains, and companies specializing in deep processing. By leveraging the author's first-hand experience of the local environment, combined with interviews,

questionnaires, personal research, and on-site observations, a thorough understanding was obtained.

2.1 Fieldwork Overview

Due to time constraints, a seven-day fieldwork was conducted from July 30th to August 5th, 2023, focusing on the Conggang Village, Lujangba, and Longyang District in Baoshan, Yunnan.

2.2 Description of Field Sites

This section delves deeper into the three research locations: Conggang Village, Lujangba A Company, and Baoshan Zhong Ka Food Co., Ltd. Each site possesses its unique background and circumstances, which will be detailed in the subsequent sections.

2.2.1 Conggang Village

Located to the north of Lujang Town, Conggang Village is bordered by Yangliu Township to the east, Mangliu Village to the south, Gaoligong Mountain to the west, and is connected to Mangkuang Township in the north. The village administration encompasses six units: Conggang, Shibian Tian, Lao Quan Zhai, Xin Zhai, Meng Nai Li Zhai, and Meng Nai Wai Zhai. Covering an area of 26.5 square kilometers, it lies at elevations between 700-1700 meters with an average annual temperature of around 20°C. The annual precipitation ranges between 700-1000 millimeters, making it conducive for the growth of crops like sugarcane, rice, aromatic tobacco, and coffee. Since 2009, Conggang Village has achieved full coverage of water, electricity, roads, television, and telephones, albeit street lighting remains absent. The inhabitants, including the Lisu and Dai ethnic groups, reside in modern concrete houses, though some still live in traditional wooden dwellings and rear animals such as chickens, pigs, and cattle.

2.2.2 Lujangba A Company, Baoshan, Yunnan: Located near Lujangba,

A Company possesses its coffee cultivation fields, boasting a complete industrial chain from bean picking, sorting, pulping, fermenting, roasting, packaging, to shipping. Additionally, the company also markets fruits like mangoes and corn, selling them through e-commerce platforms. The company staff mainly consists of the owner's family members, and they also employ and train local farmers for coffee bean harvesting.

2.2.3 Baoshan Zhong Ka Food Co., Ltd.:

Situated in the Longyang District of Baoshan, Baoshan Zhong Ka Food Co., Ltd. has emerged as a leading enterprise in China's coffee industry. Since its inception in 2013, it currently employs approximately 200 staff members, the majority of whom are local Baoshan residents. The company operates under three brand umbrellas: Zhong Ka, Xin Lu, and Black Diamond. During factory visits, their professional prowess in coffee production was evident. They only purchase raw coffee beans and undergo mechanized processing; this entire operation requires supervision and assistance from merely about 20 employees. The majority of the workforce is primarily responsible for inventory management, packaging, and subsequent tasks. In the past five years, the company has consistently topped sales charts in the coffee bean category on platforms like Taobao and Tmall, and has ranked first in repeat purchase rates and positive reviews for drip coffee. Baoshan Zhong Ka has acquired certifications such as ISO9001, HACCP, and Organic Food. Currently, they own over 2600 mu (approx. 433 acres) of cultivation land, a modern coffee factory spanning over 20,000 square meters, producing 3000 tons of roasted beans annually, and 50 million bags of drip coffee, with a sales increase of over 80% from the previous year.

3. Current State of the Coffee Industry in the Baoshan Region of Yunnan

Baoshan Arabica Coffee growing in Lujangba at the foot of Gaoligongshan Mountains, Baoshan City, serves as one of the most distinctive agricultural products in Yunnan province. From 1952 to 2022, Baoshan coffee has grown to a significantly integral industry that conquers 86.2 square-kilometer land and produces a total output of 3.734 billion RMB in 2021 (China Daily, 2022). This significant coffee production could not be achieved without local government's support. In recent years, Baoshan government has firmly established a new developmental concept that steadily promoted poverty alleviation and connected with rural revitalization. The government started from developing coffee planting bases and improving the precision processing rate to promoting the agglomeration and

development of leading enterprises. (People, 2022) As there are several coffee enterprises in Baoshan, the government tried to connect all those industries that respectively specialize on a particular procedure of coffee production to produce an industry chain. We took on a field trip to Zhongka Coffee industry in Baoshan and interviewed the person responsible for this industry. The principal pointed out that he doesn't have to pay rents for his local factory, which serves as another support Baoshan government renders. Until recently, Baoshan's coffee has been sold to many places worldwide, including the UK, France, Spain, Canada, and America (Gafei, 2023). In 2019, Yunnan province produced an export of about 56,100 tons, of which Baoshan serves as a primary coffee producer. This amount of export greatly contributed to a positive balance of trade and thus a possible positive current account of China. In addition, Yunnan's export also helped boost the country's GDP, as GDP is consisted of consumption, investment, government spending, and net export. Meanwhile, Baoshan also serves as an importer of coffee. The principal of Zhongka industry emphasized that coffee production significantly depends on local climate and precipitation. When local climate in Baoshan is not favorable for coffee production, the amount of coffee beans Zhongka Coffee industry could sell would be greatly reduced. Consequently, import serves as an alternative to for the industry to gain a sufficient amount of coffee for sales. The principal of Zhongka industry stated that 15% of their coffee beans was imported when local climate is extremely unfavorable for coffee growing.

4. Interviews Related to the Coffee Supply Chain in Baoshan, Yunnan

4.1 Ethnic Minorities Engaged in Coffee Cultivation

We interviewed two Lisu ethnic villagers, aiming to understand their experiences in cultivating and selling coffee cherries. The village has a population exceeding 5,000 and, owing to its isolation, life here is simple but filled with contentment. A typical household has 7-8 children, with the largest family having 14. Our first interaction was with Mr. A, residing at the village entrance. Mr. A's family collaboratively manages 10 mu (approx. 1.65 acres) of Arabica coffee land on the mountain. Their primary focus is on cultivating and harvesting coffee cherries rather than processing them into coffee beans. Every November and December, they sell the coffee cherries to local entrepreneurs. The prices between last year and this year have remained relatively stable, fluctuating around 12-13 yuan per jin (approx. 0.5kg). When asked if Mr. A had considered diversifying his sales strategy, such as online livestreaming of premium beans, he expressed that the demands of coffee cultivation and daily life leave him with little time for such ventures.

4.2 Coffee Estate Owners with a Comprehensive Supply Chain

We had the opportunity to visit Lujang Hemu Co., Ltd. and discovered that the owner, Ms. Z, and her son, Mr. N, possess professional training and experience in the coffee realm. Currently, Mr. N is venturing into livestream sales and has been consistent for two weeks. We were fortunate to participate in one of the live sessions as special guests. Over the 1 hour and 44 minutes broadcast, there were a cumulative 414 viewers, with total sales amounting to 432.01 yuan and an addition of 20 new followers to the account.

4.3 Deep Processing Coffee Brand – Baoshan Zhong Ka Food Co., Ltd.

During our interaction with the managers of Zhong Ka, we learned that the company primarily focuses on online sales. They also have experience stores in Baoshan and other locations, mainly promoting and offering tasting sessions for their coffee products. Their flagship brand is "Xin Lu" and secured the top sales spot for drip coffee on Tmall in 2023. In terms of sales, they adopt the FCC (Order Now, Make Now, Ship Now) model, ensuring the freshness of the coffee. They promise shipping within 48 hours, allowing customers to taste fresh coffee within 72 hours. They broadcast non-stop throughout the year with the primary aim of educating the public on how to choose and brew coffee, rather than merely promoting sales. 99% of their staff are locals from Baoshan. Their hope is to stimulate local economic growth and elevate the income of coffee farmers through such initiatives. Moreover, they offer a variety of free training sessions for coffee farmers and cooperatives.

5. Analysis of the Economic Disparities in Baoshan, Yunnan, a Primary Coffee-Producing Region in China

Through a detailed examination of three research subjects, the author identifies three principal reasons underlying the observed phenomenon of wealth disparities and regional underdevelopment: 1) Information asymmetry; 2) A preference for a stable life even when information is available; 3) The adverse effects of inclusive policies on the populace.

5.1 Information Asymmetry and Its Impact

Even though the village is now connected to the outer world through the internet, critical insights pertaining to the coffee industry remain elusive to the local inhabitants. Majority of the coffee farmers have only a surface-level understanding of coffee cultivation, their primary motivation being the region's favorable climate. This limited knowledge inhibits their profit-earning potential. As Ms. Z pointed out, "Farmers often cultivate coffee when they perceive good prices, often without knowing what variety they are planting." In terms of selling their produce, one farmer stated, "We sell our coffee at price points set by local bosses, if we find them agreeable." This suggests that the farmers are largely reactive, their actions are significantly influenced by the inflow of information, or lack thereof.

The anthropological concept of modernization refers to the developing societies undergoing cultural, social, and economic transformations towards acquiring characteristics of the so-called developed, mostly Western, societies.[1] It paints a picture of how globalization can be perceived, as an overarching trend towards a Western-centric world view. This is, however, not limited to just the economic context, but extends to societal norms and cultural values.[2] While industry stakeholders enjoy the advantage of easy access to regularly updated information on coffee prices, introduction of new coffee varieties, and innovative harvesting techniques, such information doesn't always reach the villagers. For instance, Ms. Z discussed the complexities of coffee futures trading in Yunnan, a topic far removed from the villagers' comprehension. Consequently, the villagers' annual earnings are often at the mercy of these local "bosses", restricting their ability to independently navigate the market.

5.2 A Preference for Stability Over Change

With the rapid advancement of the internet, villagers now commonly possess devices like smartphones and TVs, connecting them to the outside world. However, many, who have spent a lifetime following the cyclical rhythm of sun-up to sun-down village farming, are resistant to change. Phrases such as "Our family has always lived this way," or justifications for not moving to city areas due to concerns for elderly family members, indicate a contentment with the status quo and a reluctance to step out of their comfort zones. For instance, Mr. N, who once hesitated to study abroad, now believes that their current sales methods might not fully meet the company's needs. A more extensive theoretical knowledge might have been beneficial to their business operations.

In Paige study "From Modern Production to Imagined Primitive: The Social World of Coffee from Papua New Guinea,"[3] she depicted a tension between modern production and imagined primitive communities, reflecting rural communities' resistance against anticipated fear and instability brought by change. This consideration aligns with the attitudes of the coffee farmers observed in the present research, who seemed to prefer stability over change. Despite the internet offering opportunities to acquire new information, villagers tend to persist with traditional lifestyles and economic activities, which are integral parts of their lives.

5.3 Adverse Impacts of Inclusive Policies

The local government of Yunnan has rolled out several directives aimed at supporting coffee farmers. These include strategies to continually augment incomes of rural inhabitants and the impoverished, promote industrial development, provide technology and information, and train grassroots officials. While these inclusive policies have positively impacted the average income and living conditions of coffee farmers, this safety net might not be sustainable in the long run. The reasons for this include: 1) If the government were to cut funding, farmer incomes could regress to levels seen before policy implementation; 2) Such subsidies could dampen the work ethic of farmers, potentially leading to reduced coffee yields; 3) Skilled individuals might not settle long-term in Baoshan due to various challenges, thus failing to bring about enduring economic growth.

6. Conclusion

While this research may encompass certain limitations associated with the duration, geography, choice of participants, and established methodologies, the insights derived from this seven-day intensive field research are undeniable. Pinpointed in Section Four, the three primary factors significantly stifle economic advancement in the Baoshan region of Yunnan while simultaneously restricting the growth of the local coffee industry and exacerbating wealth disparity. As part of the initiative to drive the future growth of the coffee industry within the Baoshan sector of Yunnan, the author advocates the following proposals:

6.1 Prioritize Investment in Fundamental Education

A sound, fundamental education serves as a pillar of regional socioeconomic advancement. With holistic education, villagers can achieve a wider global perspective, empowering them to survey past their immediate surroundings and delve into the global coffee industry. Government strategies need to stimulate investments beginning at the grassroots level, such as reinforcing the infrastructure of rural schools and securing volunteers for effective teaching roles.

6.2 Amplify Vocational Education Programs

Addressing the evident lack of knowledge among many coffee farmers in Baoshan's rugged terrains is integral to the growth and success of the local coffee farming industry. This calls for a deliberate enhancement and amplification of vocational education programs that are tailored towards coffee farming. Focused vocational training can equip these farmers with technical skills and specialized knowledge about different coffee varieties and their cultivation practices. They can learn about soil management, pest control, harvesting techniques, and post-harvest processing, among other crucial topics. These education programs could also introduce the latest coffee farming technologies and practices, helping them stay up-to-date and competitive in modern agricultural scenarios.[4] Additionally, these vocational Further, workshops and seminars can be organized around these topics to offer farmers the chance to ask questions and discuss their specific issues. Field visits could also be included in the education program, where farmers can learn hands-on from successful coffee farms. programs should be made more accessible, taking into consideration the geographical and economic constraints faced by these farmers. This could include making learning materials available in local languages, providing scholarships for farmers to participate in these programs, or setting up local training centers within reachable distances. In conclusion, these amplified vocational education programs will be instrumental in optimizing coffee yields, improving product quality, and making the overall farming operations more efficient, thus leading to increased income and a better quality of life for the villagers.

6.3 Incorporate Holistic Cultural and Social Support

Many young villagers, due to living and studying in urbanized regions, are afflicted with feelings of insecurity. This sentiment manifests as societal trepidation and deeply ingrained biases. Schools should implement specially-designed activities aimed at assisting students with their social adaptation and debunking this unsubstantiated bias.

6.4 Disseminate and Cultivate Local Coffee Culture

The commendable work and contributions of villagers deserve widespread recognition and celebration. A crucial part of this is the cultivation of admiration and respect for their professional identities as coffee farmers, which goes beyond mere dependence on governmental subsidies. This pride in their professional identity is significant because these villagers, with their commitment and hard work, continue to provide us with high quality coffee products against all odds.

To achieve this, we could organize community events such as coffee culture festivals or coffee farmers' workshops to spread and promote the local coffee culture and arts. At these events, farmers will have the opportunity to share their knowledge, experiences, challenges, and achievements, and also establish direct connections with consumers, raising their social standing. In addition to this, we should share their stories through media as a way of spreading their narratives. We can enable the world to understand the origin and uniqueness of Baoshan coffee, comprehend the hardship of the entire

production process, and appreciate the laborious efforts of coffee farmers. This not only helps to enhance people's awareness of Baoshan coffee culture and brand, but also provides these coffee farmers with a respected and recognized identity.

In taking this study forward, a comprehensive and rigorous research methodology that incorporates field examinations is quintessential to address the problems at their roots. Policies and initiatives that are tailored based on these findings, will undeniably set the stage for substantial progress in Baoshan's coffee industry, and, by extension, the regional economy.

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