

EXPLOITATION AND OPACITY:

THE HIDDEN REALITY OF
MEXICAN COFFEE IN NESTLÉ AND
STARBUCKS SUPPLY CHAINS





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ACRONYMS

4C	Common Code for the Coffee Community
AMLO	Andrés Manuel López Obrador
AMSA	Agroindustrias Unidas de México, S.A. de C.V.
ASF	Auditoría Superior de la Federación <i>Superior Auditor of the Federation</i>
BAMX	Asociación Mexicana de Bancos de Alimentos <i>Mexican Association of Food Banks</i>
C.A.F.E.	Coffee and Farmer Equity
CAFESCA	Cafés de Especialidad de Chiapas, S.A.P.I. de C.V.
CI	Conservation International
CMN	Consejo Mexicano de Negocios <i>Mexican Business Council</i>
COFECE	Comisión Federal de Competencia Económica <i>Federal Economic Competition Commission</i>
CONEVAL	Consejo Nacional de Evaluación de la Política de Desarrollo Social <i>National Council for the Evaluation of Social Development Policy</i>
CSDDD	Corporate Sustainability Due Diligence Directive
ECC	Exportadora de Café California, S.A. de C.V.
ECOM	ECOM Agroindustrial Corp. Limited
EUDR	European Union Deforestation Regulation
FAO	Food and Agriculture Organization
FEFA	Fondo Especial para Financiamientos Agropecuarios <i>Special Fund for Agricultural Financing</i>
FEGA	Fondo Especial de Asistencia Técnica y Garantía para Créditos Agropecuarios <i>Special Fund for Technical Assistance and Guarantee for Agricultural Credits</i>
FICA	Fondo de Inversión de Capital en Agro-negocios <i>Agribusiness Capital Investment Fund</i>
FIRA	Fideicomisos Instituidos en Relación con la Agricultura <i>Agriculture Trusts</i>
FOFOE	Fondo de Fomento Económico Chiapas Solidario <i>Chiapas Solidarity Economic Development Fund</i>
FONDO	Fondo de Garantía y Fomento para la Agricultura, Ganadería y Avicultura <i>Guarantee and Promotion Fund for Agriculture, Livestock and Poultry Farming</i>

FOPESCA	Fondo de Garantía y Fomento para las Actividades Pesqueras <i>Guarantee and Promotion Fund for Fishing Activities</i>
FSSC	Food Safety System Certification
FUMIAF	Fundación Mexicana para la Investigación Agropecuaria y Forestal <i>Mexican Foundation for Agricultural and Forestry Research</i>
GCM	Granjas Carroll de México
GRAPOS	Grupo de Asesores de Producción Orgánica y Sustentable, S.A.
INAES	Instituto Nacional de la Economía Social <i>National Social Economy Institute</i>
INEGI	Instituto Nacional de Estadística y Geografía <i>National Institute of Statistics and Geography</i>
INIFAP	Instituto Nacional de Investigaciones Forestales, Agrícolas y Pecuarias <i>National Institute of Forestry, Agricultural and Livestock Research</i>
LDC	Louis Dreyfus Company B.V.
NKG	Neumann Kaffee Gruppe
OECD	Organisation for Economic Co-operation and Development
PNT	Plataforma Nacional de Transparencia <i>National Transparency Platform</i>
SEC	U.S. Securities and Exchange Commission
SENASICA	Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria <i>National Health, Safety and Food Quality Service</i>
SIAP	Servicio de Información Agroalimentaria y Pesquera <i>Agri-Food and Fisheries Information Service</i>
SIG	Sistemas de Información Geográfica <i>Geographic Information Systems</i>
UMFFAAC	Unión Mexicana de Fabricantes y Formuladores de Agroquímicos, A.C.
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
UTS	Universidad Tecnológica de la Selva <i>Technological University of the Selva</i>

EXECUTIVE SUMMARY



In the mountains of Chiapas and Veracruz, where Mexico's coffee thrives, lies a harsh reality that Nestlé and Starbucks consumers never see in their expensive cups of coffee. While these global corporations continue to expand under the guise of sustainability and social responsibility — a misleading narrative that harms consumers —, the farmers who supply their coffee face opaque practices, human rights violations, and systemic marginalization that perpetuate poverty in rural communities.

This research report uncovers how Nestlé and Starbucks, through questionable intermediaries and certification practices, have constructed a model that prioritizes corporate profits and control over the well-being of the small producers who sustain their supply chains, working closely with Mexican Government ministries and agencies. Neither Nestlé nor Starbucks openly acknowledges the immense power wielded by dominant coffee traders such as ECOM Agroindustrial Corp. Limited (ECOM), Neumann Kaffee Gruppe (NKG), and Louis Dreyfus Company B.V. (LDC). These multinationals control the majority of Mexico's coffee market, dictating production terms and holding disproportionate sway over the lives of small-scale farmers. The influence of these commodity traders ensures that the conditions faced by coffee growers are shaped by decisions made far away from the fields that they cultivate.

This report also shows that both Nestlé and Starbucks boast their own certifications — Nestlé's 4C and Starbucks's C.A.F.E. Practices —, which claim to promote sustainability. However, these programs tend to exclude small producers who cannot meet the requirements imposed by the very companies that dominate the market. Behind the image of sustainability, coffee growers remain stuck in cycles of debt, low prices, and exploitative labor practices, with no way to sell their products outside this restrictive system.

Las **comunidades indígenas**, que constituyen **menos del 5% de la población mundial** pero **protegen aproximadamente el 80% de la biodiversidad** global, desempeñan un papel crucial en la conservación ambiental.



En los estados de **Chiapas y Veracruz**, estas comunidades son fundamentales en la producción de café.

En **Chiapas**, el 28.2% de la población habla una lengua indígena, lo que equivale a 1,459,648 personas.



En **Veracruz**, el 9.4% de la población es hablante de lengua indígena, sumando 644,559 individuos.



70%

A nivel nacional, se estima que el **70%** de la producción del café proviene de población indígena. Sin embargo, estas comunidades enfrentan explotación y pobreza debido a prácticas comerciales injustas y precios bajos impuestos por grandes corporaciones, lo que perpetúa la desigualdad y amenaza tanto su bienestar como la biodiversidad que protegen.

Interviews with coffee growers reveal their desperation as they struggle with scarce land and other resources in a market that penalizes small-scale production while rewarding quantity over quality. Their accounts expose a system in which deforestation proceeds unchecked, fueled by the expansion of higher-yield but environmentally damaging coffee varieties such as robusta. Nestlé has promoted robusta to meet its demand for cheap inputs for its instant coffee products. This focus on cost-saving disregards the preservation of ecosystems and the sustainability of an industry critical to the global economy.

Nestlé touts its Nescafé Plan as a flagship initiative aimed at supporting coffee growers and promoting sustainability in Mexico. With substantial financial backing and political support from the Mexican Government — clouded by allegations of corruption — the program is presented as a lifeline for struggling farmers. In practice, however, it has become yet another mechanism for corporate control. The supposed benefits of the Nescafé Plan are concentrated in the hands of a few, leaving small-scale producers to bear the brunt of financial hardships while Nestlé reaps the rewards.

"The complaints we have submitted have exposed corruption in the management of funds allocated to the coffee sector, with resources diverted towards private, multinational interests."

—COFFEE GROWER TESTIMONIAL

The complicity of the Mexican State in these processes — through key actors and government financing that benefits corporations — perpetuates a system that threatens both the social fabric and the environment of coffee-growing regions. Certifications and strategic alliances with State institutions, such as the National Institute of Forestry, Agriculture, and Livestock Research (INIFAP), as well as intermediaries and predatory traders like ECOM, have served to legitimize exploitative practices. These arrangements deepen producers' dependence on corporate giants while failing to deliver meaningful improvements to their livelihoods or communities.

Starbucks, for its part, has positioned itself as a global sales leader through its coffee shops, cultivating an image of commitment to sustainability, supply chain traceability, and support for producers. However, the reality behind this facade tells a different story. Corporate control over production, pricing, certifications, and even social policies undermines the promises Starbucks makes to consumers. The C.A.F.E. Practices program, which Starbucks markets as a hallmark of environmental and social responsibility, has become a vehicle for misleading advertising, corruption, and opacity. It relies on large commodity traders that contribute to human rights violations and labor exploitation, while masking the true reality of its supply chain through a massive marketing and greenwashing effort. Interviews with coffee growers reveal a stark gap between Starbucks's promises and the lived experiences of those at the bottom of the supply chain. Despite adhering to the program's rigorous requirements, coffee growers report that the supposed benefits rarely reach their communities. Instead, these advantages are

concentrated in the hands of the big coffee traders, which wield excessive power over pricing and purchasing conditions. This leaves producers trapped in cycles of poverty and vulnerability, unable to escape corporate control.

To align the coffee sector with international commitments and move towards global goals such as those outlined in the Convention on Biological Diversity (CBD) and the Paris Agreement, a profound transformation in Mexico of corporate and governmental practices is essential. These international agreements seek to:

- Protect biodiversity and mitigate climate change, objectives that are threatened by deforestation driven by the expansion of unsustainable coffee crops such as robusta, in vulnerable regions;
- Implement agroforestry and regenerative practices that promote resilient ecosystems and favor both small coffee farmers and local ecosystems; and
- Commit companies to achieve real and verifiable supply chain traceability, such as the transparency standards required in other industries with high environmental implications, and redirect their policies towards a decent minimum price for producers.

Above all, this report is an urgent call to action. The lack of transparency, labor exploitation, misleading advertising, and violation of international frameworks documented here require an immediate response. This report aims to raise awareness and mobilize governments, consumers, and civil society to demand accountability from these corporations, ensure transparency in their supply chains, and put an end to greenwashing. Instead of continuing to perpetuate this oppressive system, it is essential to reimagine the future of Mexican coffee, one with justice and equity. Small producers must regain control over their production to truly benefit from the fruits of their labor. It is time to demand transparency, fairness, and a profound change in the management of coffee supply chains, both in Mexico and globally. Nestlé and Starbucks must be held accountable, and coffee farmers, along with their communities, must be freed from a system that has, so far, only served to exploit and marginalize them. Now is the time to champion a coffee industry built on sustainability and equity — one that empowers producers rather than exploiting them for corporate gain.

Transparency and accountability from coffee companies, including compliance with new supply chain due diligence standards, are of the utmost urgency. It is time to break the cycle of oppression and redefine the future of Mexican coffee, ensuring that every bean grown and sold is produced with fairness, equity, and respect for both the people who cultivate it and the environment that sustains it.



MAIN FINDINGS



Poverty and inequality: The pressure exerted by coffee trading companies on prices, often setting purchase rates that fall significantly short of covering production costs, exacerbates the economic vulnerability of small-scale producers. Furthermore, the opaque criteria for quality standards and bonuses offered by these companies further undermines producers' ability to negotiate fair compensation for their coffee harvests. As a result, the purchasing and certification practices of Nestlé and Starbucks perpetuate poverty and inequality in coffee-growing communities rather than support small producers. With power concentrated in the hands of a few corporations, producers are compelled to accept unfavorable terms simply to access global markets.

On average, coffee workers earn a mere 106 USD per month, barely exceeding Mexico's extreme poverty line of 98.80 USD. However, they remain 41.52% below the general poverty line of 182 USD.¹



Brian Niccol, CEO of Starbucks, receives a staggering monthly salary of 10 million USD.³



Laurent Freixe, CEO of Nestlé, earns approximately 1 million USD per month.⁴



To match this, a Mexican coffee grower would have to work for more than **7,000 years.**

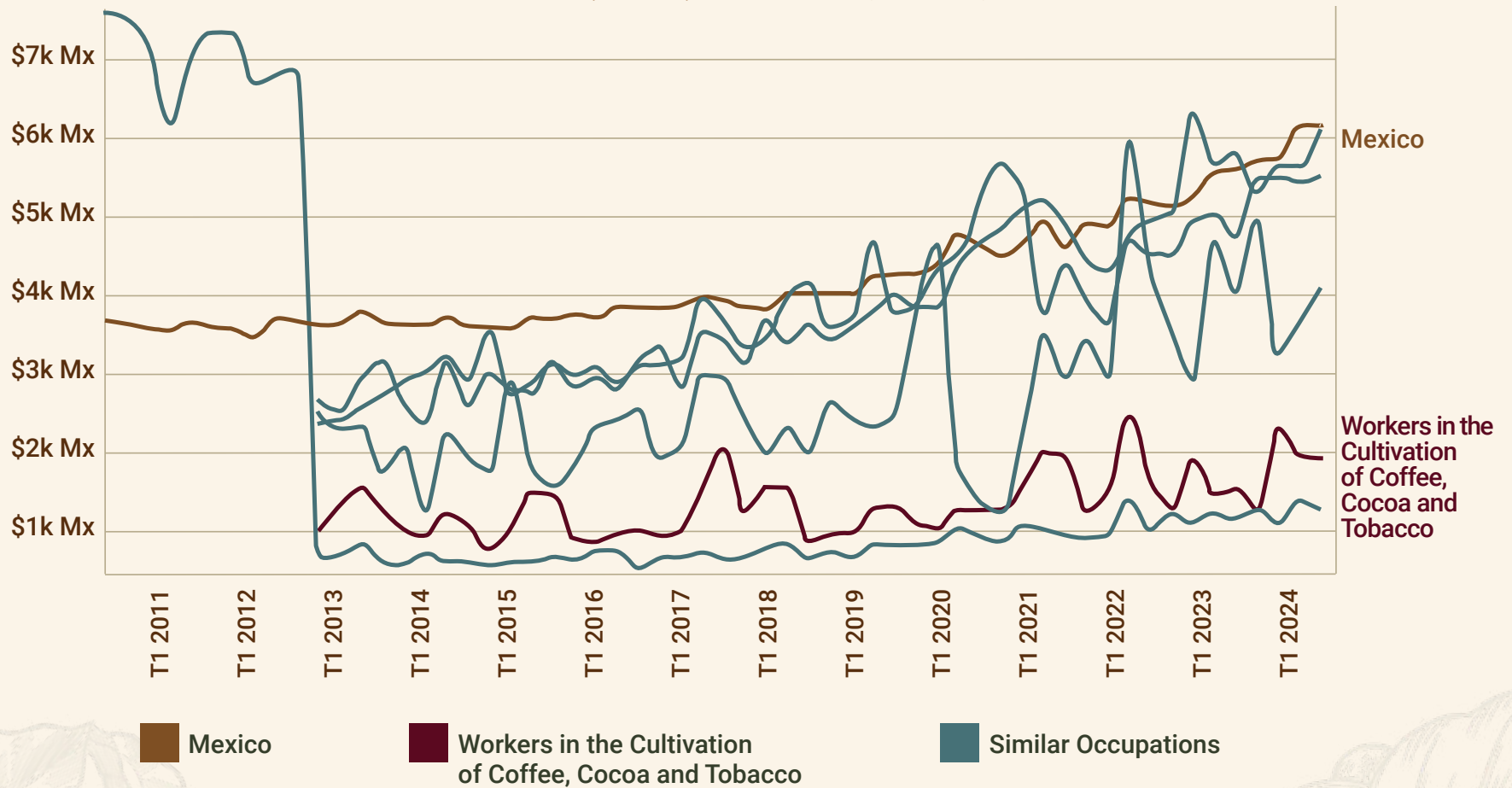
To match this, a Mexican coffee grower would have to work for more than **700 years.**



¹ The poverty lines established for rural populations were used as a reference. See: "Líneas de pobreza por ingresos, octubre 2024," National Council for the Evaluation of Social Development Policy (CONEVAL), 11 November 2024, coneval.org.mx/Medicion/Documents/Lineas_de_Pobreza_por_Ingresos/Lineas_de_Pobreza_por_Ingresos_oct_2024.pdf.

² "Trabajadores en el cultivo del café, cacao y tabaco," Government of Mexico, 2024, economia.gob.mx/datamexico/es/profile/occupation/trabajadores-en-el-cultivo-de-cafe-cacao-y-tabaco?typeJob4=totalOption#diversidad-distribucion-sexo-edad.

Figure 1 — Comparison of the Evolution of Average Monthly Wages for Workers in Coffee, Cocoa, and Tobacco (2011-24)



Fuente: Data México.⁵

- **Human rights violations in the supply chain:** Testimonies from growers, a review of media reports, and field research reveal that the actions of coffee traders, often in collusion with local authorities, have led to human rights violations, including the violent suppression of protests and arbitrary detentions. These practices cast a major shadow over the ethics and social responsibility claims of the corporations profiting from these supply chains.
- **Exploitation by middlemen:** Coffee traders rely on middlemen, known locally as coyotes, who purchase coffee directly from growers and transport it to points of purchase. *Coyotes* impose even lower prices on coffee growers and bind them to informal and abusive credit systems.
- **Corporate control of cooperatives:** Coffee traders have devised manipulative strategies to co-opt small producer cooperatives, offering seemingly advantageous contracts and technical support. Instead of empowering coffee growers, these cooperatives are instead subjugated to the traders' control, who dictate what can be grown and how the coffee is marketed — further entrenching the dependency of producers.
- **Dependence on multinational commodity traders:** Both Nestlé and Starbucks rely heavily on large multinational coffee traders such as ECOM, NKG, and LDC. These companies dominate a significant portion of the market, enabling them to influence prices and purchasing terms, often to the detriment of small producers. It is crucial that Mexico's Federal Economic Competition Commission (COFECE) investigate whether the pricing tactics and production controls employed by predatory traders constitute monopolistic practices.
- **Devastating environmental impact of robusta coffee:** Nestlé has aggressively pushed the cultivation of robusta coffee in Mexico through its Nescafé Plan. While this variety is more resilient and provides a higher yield, it requires sun-based cultivation, exacerbating deforestation. Additionally, the promotion of robusta alienated traditional coffee growers who favor the more valuable arabica coffee.
- **Public-private sector opacity and the revolving door phenomenon:** The research for this report uncovered alarming opacity in the agreements between Nestlé, Starbucks, and the Mexican Government. Institutions such as the National Institute of Forestry, Agriculture and Livestock Research (INIFAP) and the Agriculture Trusts (FIRA) have allocated substantial financial resources to corporate-led projects. However, the lack of transparency around the allocation and usage of these funds indicates the corporate capture of the State.

³ "Pay deal for new Starbucks CEO worth up to \$113m," *The Guardian*, 15 August 2024, theguardian.com/business/article/2024/aug/15/pay-deal-new-starbucks-ceo-brian-niccol.

⁴ Sannit Kumar, "Laurent Freixe Appointed as CEO of Nestlé SA," LinkedIn, 29 August 2024, [linkedin.com/pulse/laurent-freixe-appointed-ceo-nestle-sa-sannit-kumar-zurgc](https://www.linkedin.com/pulse/laurent-freixe-appointed-ceo-nestle-sa-sannit-kumar-zurgc).

⁵ Data México is the official data portal of the Mexican Government, developed by the Ministry of Economy. It provides access to open data and visualizations about economic, social, and demographic indicators in Mexico. Available at: economia.gob.mx/datamexico.

- **Lack of accountability in public resource allocation:** Mexico's Superior Auditor of the Federation (ASF) has identified severe irregularities in the disbursement of public funds to support coffee traders supplying Nestlé and Starbucks. These instances emphasize the urgent need to increase the transparency and accountability of private-public sector relations, particularly concerning the allocation of resources intended for agricultural development.
- **Inequality and irregularities in the certification process:** Starbucks's C.A.F.E. Practices and Nestlé's 4C certification programs claim to promote fair and sustainable coffee production practices. However, this research reveals that these processes lack independence and often favor corporations due to the close relationship between companies and certification bodies.
- **Misleading advertising about traceability and verification:** This research reports documents the absence of detailed traceability in Nestlé's and Starbucks's supply chains. While both companies claim to advocate for transparency, the information shared with consumers is limited, hindering the verification of the coffee's origins. Moreover, "third-party verification" intended to ensure the authenticity of certifications largely relies on self-reported documentation from producers. This documentation is neither regularly nor systematically verified by independent third parties, creating irregularities.



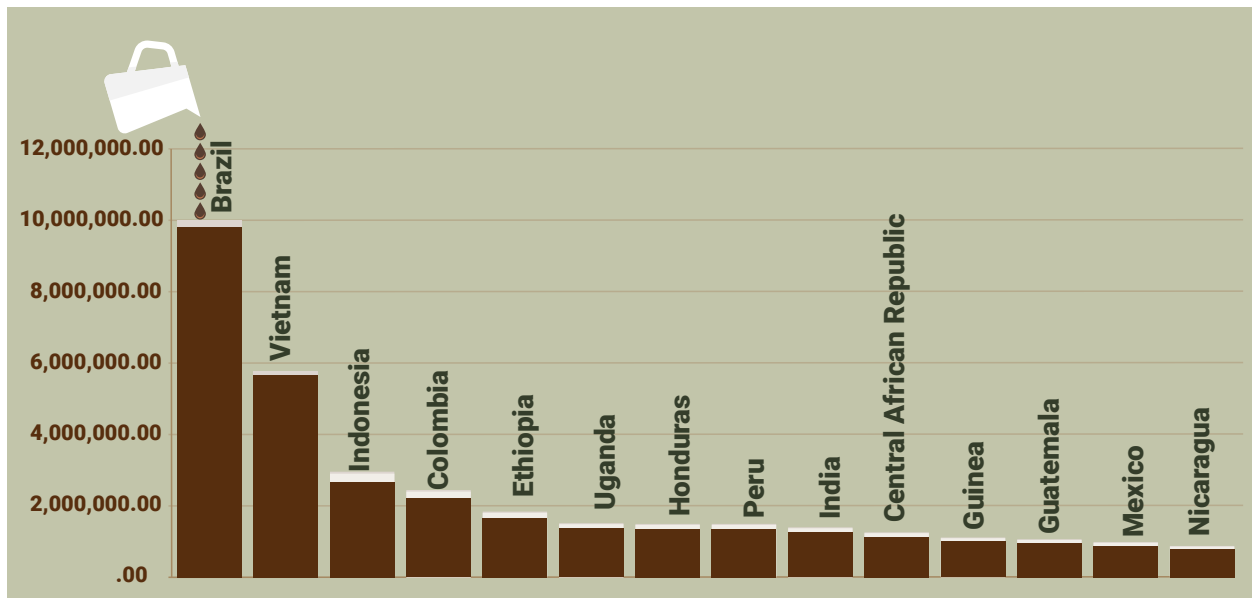
INTRODUCTION: OPACITY AND HUMAN RIGHTS VIOLATIONS IN A CUP OF MEXICAN COFFEE



This report examines the value chains of Mexican coffee, processed and distributed by two of the world’s largest coffee roasters and vendors: Nestlé, S.A. (SWX:NESN) and Starbucks Corporation (NASDAQ:SBUX). The aim of this research is to identify and reveal the human rights abuses and environmental violations for which these multinationals are responsible.

According to the U.N. Food and Agriculture Organization (FAO), Mexico ranked 14th among coffee-producing countries between 2020-22, with a total output of 531,602 tons of green coffee.⁶

Graph 1 — Top 15 Green Coffee Producing Countries (tons) (2020-22)



Source: FAO, 2024.

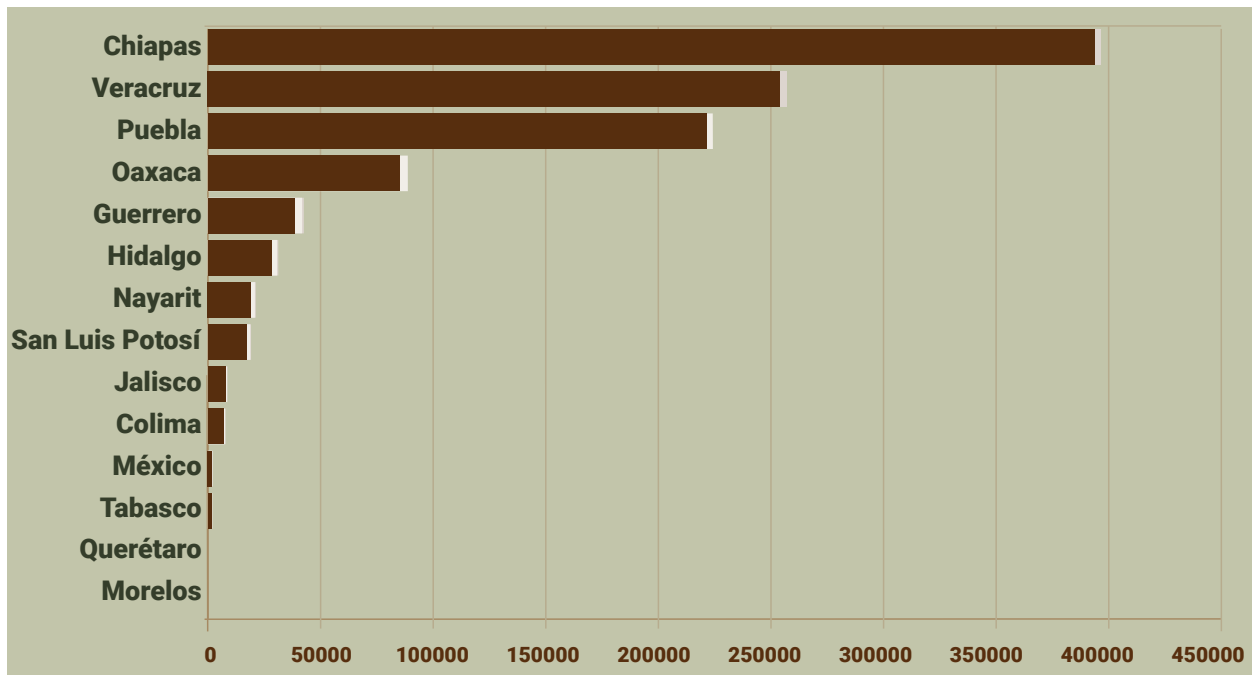
Coffee production in Mexico is mostly concentrated in the states of Chiapas (37%), Veracruz (24%), and Puebla (21%), with the remaining 18% distributed among other states, most notably Oaxaca and Guerrero.⁷

⁶ "FAO Stat: Crops and livestock products", FAO, www.fao.org/faostat/en/#data/QCL/visualize.

⁷ "Anuario estadístico de producción agrícola," Servicio de Información Agroalimentaria y Pesquera (SIAP), nube.siap.gob.mx/cier/agricola.

⁸ "Anuario estadístico de producción agrícola," SIAP, *Op.Cit.*

Graph 2 – Coffee Production by State (tons) (2023)



Source: Agri-Food and Fisheries Information Service (SIAP), 2023.

The analysis of coffee production in Mexico highlights a troubling geographic concentration in certain states, underscoring both production dynamics and the power structures underpinning them. The graphs and map clearly demonstrate the dominance of states such as Chiapas, Veracruz, and Puebla in national coffee production. However, these statistics obscure a deeper issue: it is no coincidence that these resource-rich states have become focal points for extractive practices within a system that prioritizes corporate interests over the welfare of local communities and environmental preservation.

The 2023 map (below) shows the geographic areas dedicated to coffee cultivation:⁸ the gradation of colors not only indicates production levels but also the relentless advance of a development model that sacrifices forests and the lives that depend on them in the name of profit.

A comprehensive analysis must move beyond merely correlating production volumes with planted areas. Geospatial analysis reveals regions where coffee production acts as a double-edged sword: while contributing significantly to economic output, it also facilitates the concentration of power among select stakeholders and drives local ecosystems toward critical tipping points. These findings should not merely serve as a warning but as a call to action to break the ongoing cycle of exploitation that exacerbates social inequalities and environmental harm. The following sections provide a detailed examination of potential links between coffee production and environmental factors, with a particular focus on deforestation trends.

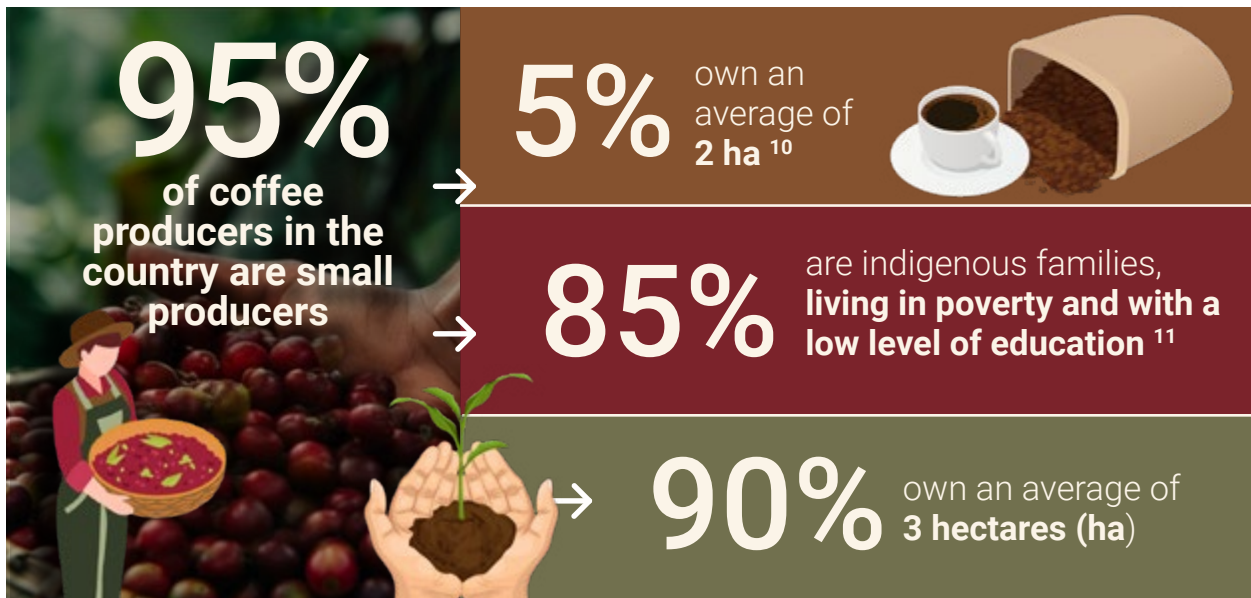
⁹ "México, onceavo productor mundial de café," Government of Mexico, 2 March 2018, gob.mx/agricultura/es/articulos/mexico-onceavo-productor-mundial-de-cafe?.

Map 1 – Coffee Production by State (tons) (2023)



Source: SIAP, 2023.

In Mexico, arabica is the main coffee variety grown.⁹ It requires shade, humidity, and altitude, so it is usually grown in mountainous regions in conjunction with other types of vegetation that contributes to generating these conditions.



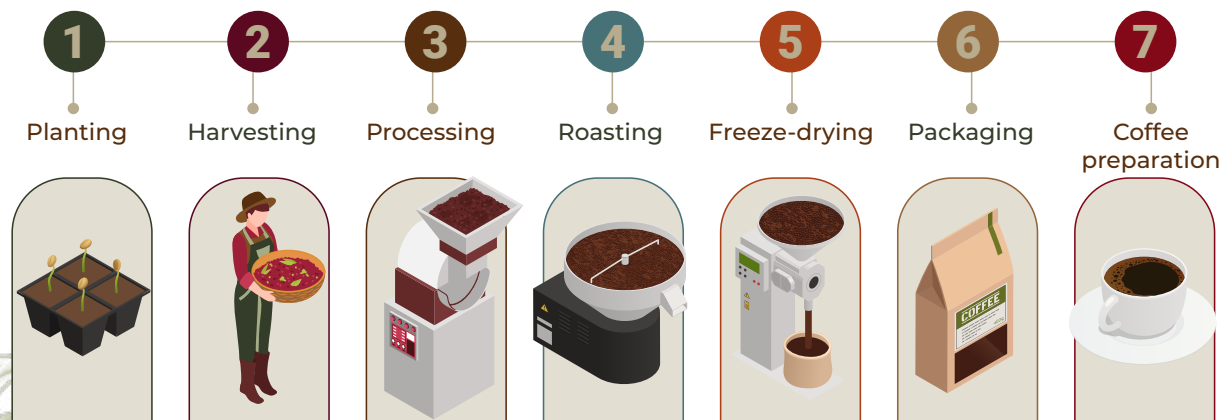
¹⁰ "Mexico Coffee Annual 2023," U.S. Department of Agriculture, 17 May 2024, apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Coffee%20Annual_Mexico%20City_Mexico_MX2024-0025.pdf.

¹¹ "Mexico Coffee Annual 2019," U.S. Department of Agriculture, 14 May 2020, apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Coffee%20Annual_Mexico%20City_Mexico_05-15-2020.

Currently, 22% of Mexican coffee production is in the hands of women,¹² which is evidence of the high degree of economic marginalization in which women still live in rural Mexico. In addition, they tend to carry out post-harvest tasks, such as drying and pulping, in the plots of their homes.¹³

The coffee production process involves several stages, starting with planting. Initially, seeds — primarily of arabica and robusta varieties — are sown and nurtured over a three-to-four-year maturation period before yielding their first harvest. The annual harvesting phase begins once the coffee cherries reach optimal ripeness, employing either manual collection or mechanical harvesting methods. Post-harvest, the beans undergo processing using wet or dry methods to remove residual matter and produce clean coffee beans. During the roasting phase, the beans develop their distinctive flavor profile and aromatic properties. For select products, an advanced freeze-drying dehydration process is applied to preserve quality. Finally, the coffee is packaged and marketed in various formats, ready for preparation and consumption.

Graph 3 — Coffee Production Process in Mexico



Source: CAFESCA and Empower, 2024.

According to the U.S. Department of Agriculture (USDA): 1) The average Mexican coffee producer is 54 years old and has over 24 years of experience in coffee cultivation; 2) Women account for 22% of Mexico's coffee producers, and 41% of them live with a partner; and 3) Coffee-producing families typically consist of three to four members, 75% of whom, aged 15 and older, actively participate in the production process.¹⁴

¹² "Mexico Coffee Annual 2019," U.S. Department of Agriculture, 14 May 2020, apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Coffee%20Annual_Mexico%20City_Mexico_05-15-2020.

¹³ Interview with Claudio Gómez (pseudonym), coffee producer in Veracruz, 22 January 2024.

The concentration of coffee cultivation among indigenous families living in poverty and with limited access to education underscores the precariousness of the industry and its systemic failure to provide sustainable livelihoods for its primary producers. Instead of enabling economic progress, the current system reveals a pattern of systematic exploitation by international corporations, which reap substantial profits from the labor and natural resources of deeply marginalized communities.

This economic instability in coffee cultivation is primarily driven by pricing mechanisms imposed by global coffee marketing, roasting, and distribution companies. The pricing process hinges on reference rates set by the New York (NYSE) and London (LSE) stock exchanges. From these benchmarks, trading companies establish their purchase prices, making adjustments based on variables such as regional factors, coffee variety, quality metrics, and producer certifications.

In this sense, coffee prices in Mexico are largely determined by the final buyers, among which Nestlé — which acquires approximately 25% of Mexican coffee¹⁵— and Starbucks stand out. However, neither Nestlé nor Starbucks source coffee beans directly from producers. Instead, they rely on commodity traders such as ECOM Agroindustrial Corp. Limited (ECOM) based in Switzerland, Neumann Kaffee Gruppe (NKG) in Germany, and Louis Dreyfus Company B.V. (LDC) in the Netherlands. These trading companies prioritize maintaining consistent coffee supply chains that meet minimum quality standards while securing pricing structures that favor their multinational clients.

To sustain profitability, traders retain a percentage of the coffee's market value, further reducing the compensation received by agricultural producers. According to testimonials from these producers, this value chain dynamic often drives coffee prices below levels necessary to cover basic production costs. A stark example of this economic challenge was observed in 2023, when cherry coffee prices dropped to a concerning low of just 0.25 USD per kilogram,¹⁶ far below the 1.2 USD per kg demanded by coffee growers.¹⁷

Among the factors driving down Mexican coffee prices — beyond the standard margins retained by trading companies — is the illicit importation of lower-grade coffee plants and beans from Central American nations, particularly Honduras. This unfair trade practice has significantly undermined domestic producers, devaluing Mexican coffee and forcing small-scale farmers to sell their product below production costs. Data from the Mexican Union of Agrochemical Manufacturers and Formulators (UMFFAAC) indicates that this illegal market penetration has led to domestic coffee valuations dropping by as much as 60%.¹⁸

¹⁴ "Mexico Coffee Annual 2019," U.S. Department of Agriculture, 14 May 2020, apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Coffee%20Annual_Mexico%20City_Mexico_05-15-2020.

¹⁵ "Creating shared value. Results Report 2019-2020," Nestlé, 2021, [nestle.com.mx/sites/g/files/pydnoa511/files/2022-07/Nestle_Report%20202020_Letter.pdf](https://www.nestle.com.mx/sites/g/files/pydnoa511/files/2022-07/Nestle_Report%20202020_Letter.pdf).

¹⁶ "Precios del café cereza están por los suelos: Movimiento Cafetalero A.C.," *El Sol de Córdoba*, 15 October 2023, elsoldecordoba.com.mx/local/cuanto-cuesta-el-kilogramo-de-cafe-cereza-10849562.html.

¹⁷ "Cafeticultores veracruzanos exigirán precios entre 17 a 20 pesos por café cereza," *El Mundo del café*, [elmundodelcafe.mx/?p=6736](https://www.elmundodelcafe.mx/?p=6736).

¹⁸ "Que importaciones ilegales centroamericanas abaratan-cafe-mexicano," Unión Mexicana de Fabricantes y Formuladores de Agroquímicos, 2019, umffaac.org.mx/que-importaciones-ilegales-centroamericanas-abaratan-cafe-mexicano.

The pricing structures set by international corporations and compounded by the influx of illegal coffee imports create harsh operating conditions for coffee producers, leading to documented human rights and environmental violations in coffee-producing regions. Despite these consequences, major players such as Nestlé and Starbucks have not taken responsibility for these impacts.

The low pricing models enforced by these corporations have direct repercussions on labor conditions within the coffee sector. With limited operational scale and slim profit margins, most Mexican coffee cultivation depends heavily on family labor. Producers managing larger plots of land hire seasonal workers during harvest periods, often drawing labor from economically disadvantaged areas of Mexico, particularly Chiapas, and from neighboring Guatemala.

Research highlights widespread irregularities in agricultural labor practices, with workers frequently lacking formal employment contracts or access to basic social protections, such as healthcare. Current data from 2024 shows that 77.3% of workers in the coffee, cacao, and tobacco sectors are employed under informal conditions, significantly higher than the national average of 54.3%. In key coffee-producing regions such as Veracruz and Chiapas, the informality rate climbs even higher, reaching 77.6%.¹⁹

Day laborers are paid by piece-rate (*a destajo*),²⁰ which leads to indefinite workdays, which the laborers themselves seek to lengthen to obtain higher profits.²¹ It has also been reported that day laborers are not given decent housing, with reduced access to minimum services such as water and electricity.²²

According to Mexican Government data from 2024, workers in the coffee, cocoa, and tobacco industries earn an average monthly wage of approximately 106 USD. In Veracruz, wages fall significantly below this average to just 58 USD, while in Chiapas they are slightly higher at 128 USD. These earnings are starkly lower compared to those of other agricultural workers, such as those in the fruit (340.22 USD) and vegetable industries (304.57 USD), highlighting the severe economic disparity within the sector.²³ As shown in **Figure 1**, this situation has not seen significant improvement in over a decade.



¹⁹ "Trabajadores en el Cultivo de Café, Cacao y Tabaco," Data México, 2024, economia.gob.mx/datamexico/es/profile/occupation/trabajadores-en-el-cultivo-de-cafe-cacao-y-tabaco?employSelector1=salaryOption.

²⁰ In other words, they do not receive a fixed salary, but instead are paid according to the volume of product they are able to collect.

²¹ Yuri Karina Rodríguez Hernández, "Calidad del empleo en la producción de café en Chiapas: comparación de tres modelos productivos. Thesis to obtain the degree of Master in Regional Development", El Colegio de la Frontera Norte, 2020, posgrado.colef.mx/wp-content/uploads/2020/10/TESIS-Rodr%C3%Adguez-Hern%C3%A1ndez-Yuri-Karina-MDR.pdf.

²² Yuri Karina Rodríguez Hernández, "Calidad del empleo en la producción de café en Chiapas: comparación de tres modelos productivos. Thesis to obtain the degree of Master in Regional Development," El Colegio de la Frontera Norte, 2020, posgrado.colef.mx/wp-content/uploads/2020/10/TESIS-Rodr%C3%Adguez-Hern%C3%A1ndez-Yuri-Karina-MDR.pdf; and, José Manuel Hernández Trujillo, "Cortadores de café en México. El inframundo del trabajo decente" *Revista Ra Ximhai*, redalyc.org/pdf/461/46146927006.pdf.

²³ "Trabajadores en el Cultivo de Café, Cacao y Tabaco," Data México, 2024, economia.gob.mx/datamexico/es/profile/occupation/trabajadores-en-el-cultivo-de-cafe-cacao-y-tabaco?employSelector1=salaryOption.

One of the most pressing consequences of the precarious conditions faced by coffee workers is the prevalence of child labor, which remains widespread in Mexican coffee cultivation. Children are often present on coffee plantations due to the inadequate wages earned by their parents, compelling families to rely on their labor to supplement household income.²⁴ Child labor in Mexico's coffee sector is a pressing issue, particularly in key coffee-producing states such as Veracruz and Chiapas. While official sources lack specific figures disaggregated by sector, numerous reports and studies have documented this problem.

According to the National Institute of Statistics and Geography (INEGI) and its 2022 National Survey of Child Labor (ENTI) in Mexico, 3.7 million children and adolescents aged 5 to 17 were engaged in activities classified as child labor, accounting for 13.1% of the population within this age group. This reflects a concerning increase of 1.7% compared to 2019, when the child labor rate stood at 10.7% for girls and 15.5% for boys.²⁵

In terms of the states, Veracruz and Chiapas have child labor rates higher than the national average. In Veracruz, 15.6% of the population between ages 5 and 17 is a child laborer, while in Chiapas the rate is 16.2%.²⁶ These figures indicate that both states face significant challenges in the eradication of child labor.

It is important to highlight that child labor in Mexico is predominantly concentrated in sectors such as agriculture, livestock, forestry, hunting, and fishing, alongside mining, construction, industry, and commerce. Furthermore, a significant portion of children engaged in labor either receive no compensation or earn wages that barely reach minimum levels.²⁷

"Coffee production has evolved into a family endeavor... During harvest season, families migrate to the orchards, setting up temporary camps. Women handle meal preparation, children participate in picking coffee beans, and men take charge of cutting and maintaining the orchards."

—COFFEE GROWER TESTIMONIAL

²⁴ "Trabajadores Mexicanos Agrícolas en el Tratado México, Estados Unidos de América y Canadá," Centro de Estudios para el Desarrollo Rural y Sustentable y la Soberanía Alimentaria, August 2020, intra.cedrssa.gob.mx/files/b/13/37Trabajadores_Mexicanos_Agri%CC%81colas_T-MEC.pdf.

²⁵ "Encuesta Nacional de Trabajo Infantil (ENTI) 2022," INEGI, inegi.org.mx/programas/enti/2022.

²⁶ "Trabajo infantil transfronterizo en la producción de café: el caso de las fincas cafetaleras del Soconusco, Chiapas," International Labor Organization (ILO), 2013, biblioteca.ecosur.mx/bib/37295.

²⁷ "Condiciones y medio ambiente del trabajo infantil peligroso en el cultivo del café, con énfasis en la etapa de la cosecha," ILO, 2014, ilo.org/sites/default/files/wcmsp5/groups/public/%40americas/%40ro-lima/%40ilo-mexico/documents/generic-document/wcms_250037.pdf.

For small producers compelled to rely on family labor, the participation of children is a frequent necessity. Among day laborers, the piece-rate payment system incentivizes children to join their families on the coffee plantations to help increase the harvest volume.²⁸

Despite widespread concerns raised by multiple organizations about child labor practices on Mexican coffee plantations, corporate entities and certification bodies have shown minimal accountability for addressing these issues. While these organizations publicly denounce child labor, they often acknowledge significant operational limitations. Certification bodies in particular have highlighted challenges in conducting thorough inspections across all farms certified for ethical coffee production. Additionally, they admit to the lack of mechanisms that would enable families to achieve sustainable livelihoods without relying on child labor, largely due to inadequate compensation structures.²⁹

"The numbers just don't add up, but we have no choice — we keep going. I think if we stopped growing coffee, it wouldn't really matter to them. The companies would just source it from somewhere else, maybe even at a lower price, right?"

—COFFEE GROWER TESTIMONIAL

Large corporations not only disregard the dire conditions faced by coffee producers and laborers but also the systemic barriers to delivering their products. In regions like Chiapas and Veracruz, the presence of intermediaries or middlemen, commonly referred to as *coyotes*, has become increasingly prevalent. These individuals buy coffee directly from small producers in isolated and impoverished areas, where growers often lack the resources to transport crops to the larger traders' points of purchase.

Operating through informal and exploitative channels, these intermediaries impose pricing structures far below the standard market rates set by major coffee traders. Their practices frequently involve fraudulent weighing of crops and the provision of high-risk financial arrangements, such as predatory loans or advance crop purchases. Repayment is often enforced through coercive tactics, leaving producers further entrenched in cycles of economic vulnerability.³⁰

The reliance on informal intermediary networks, known as *coyotaje*, allows large-scale coffee traders to cut operational costs related to collection infrastructure, such as the establishment of purchase points and transportation systems in remote regions. This

²⁸ Fabiola González Román, "El trabajo infantil en el cultivo del café en Nayarit," Autonomous University of Nayarit, 2006, sotraem.izt.uam.mx/wp-content/uploads/2021/10/Fabiola-Gonzalezsm5.pdf.

²⁹ "Caffeine Jungle: Child labor, struggling farmers found on 'ethically' certified coffee farms in southern Mexico," *ABC News*, 21 October 2022, abcnews.go.com/US/caffeine-jungle-child-labor-struggling-farmers-found-ethically/story?id=91735230.

³⁰ "Coyotes abusan de productores de café," *Cuarto Poder*, 25 January 2022, www.cuartopoder.mx/chiapas/coyotes-abusan-de-productores-de-cafe/393544; and, "Campesinos, acorralados por coyotes y la precariedad," *La Jornada*, 4 May 2022, www.jornada.com.mx/notas/2022/05/04/politica/campesinos-acorralados-por-coyotes-y-la-precariedad.

practice exposes critical gaps in certification protocols and highlights a lack of supply chain due diligence concerning human rights by these traders and their major clients, including Nestlé and Starbucks.

Economic pressures within Mexico's coffee sector have forced small-scale producers to diversify their operations, relegating coffee cultivation to a secondary agricultural activity. Once central to the economic fabric of these communities, coffee production has been pushed to marginal agricultural areas unsuitable for cultivating more profitable crops. This systemic shift underscores broader market failures in safeguarding small-scale producers from the adverse effects of global market forces.

Historically, agricultural cooperatives have played a crucial role in supporting small-scale coffee producers, offering essential services such as technical assistance, processing infrastructure, and initial financing. These cooperatives provide a vital buffer against market fluctuations and inadequate governmental and corporate support. However, they continue to face significant challenges due to market pressures and regulatory environments that overwhelmingly favor dominant supply chain actors.

In response to the market dominance of large-scale coffee traders, cooperatives have developed alternative distribution channels, leveraging organic and fair-trade certifications. However, this market differentiation is primarily limited to high-altitude coffee cultivation, which depends on specific environmental conditions such as ample rainfall and temperatures ranging between 19°C and 25°C. As a result, producers operating outside these favorable conditions remain constrained by the standard market dynamics dictated by major traders.³¹

Nestlé and Starbucks play prominent roles as key coffee buyers in Mexico, though their operational strategies differ significantly. For Nestlé, Mexico serves as a crucial market, both as a major consumer base — ranking second in Latin American sales — and as an essential link in its global supply chain. The company operates manufacturing facilities across all its business segments within Mexico. In 2022, Nestlé reinforced its presence in the country with a substantial investment exceeding 340 million USD to establish a new Nescafé production facility in Veracruz. This initiative is part of the company's strategic plan to position Mexico as its primary coffee distribution hub.³²

Starbucks operates under a distinct business model in Mexico, with its retail operations managed by Alsea, S.A.B. de C.V. (BMV:ALSEA), a company responsible for food manufacturing and beverage processing for Starbucks locations. While Starbucks retains direct control over coffee sourcing and roasting, its supply chain follows a unique pattern: coffee beans sourced from Mexico are roasted in U.S. facilities before being re-imported by Alsea for retail distribution. Additionally, Starbucks exports Mexican coffee to roasting facilities in Europe and China. In 2018, Starbucks formed a strategic alliance with

³¹ Marie-Christine Renard, "The Mexican Coffee Crisis," *Latin American Perspectives*, Vol.37. No.2, March 2010, [sci-hub.se/https://doi.org/10.1177/0094582X09356956](https://doi.org/10.1177/0094582X09356956).

³² "El presidente Andrés Manuel López Obrador inaugura fábrica de Nestlé en Veracruz," Nestlé, 17 July 2022, [nestle.com.mx/media/pressreleases/presidente-inaugura-fabrica](https://www.nestle.com.mx/media/pressreleases/presidente-inaugura-fabrica).

Nestlé, granting the latter exclusive rights to market Starbucks products outside retail outlets. This agreement includes Starbucks coffee pods for Nestlé's Dolce Gusto platform and branded ready-to-drink beverages. The partnership also encompasses roasting and packaging operations, establishing significant integration between the companies' supply chains.³³

Nestlé and Starbucks share a critical supply chain characteristic: neither engages directly in coffee production or procurement from producers. Instead, they rely on major multinational intermediaries — often referred to as commodity traders due to their extensive storage and distribution capabilities — such as ECOM, NKG, and LDC. These intermediaries play a central role in maintaining consistent coffee supply volumes while adhering to standardized quality parameters. Their operational activities include managing producer relationships, setting purchase prices, developing sales mechanisms, and overseeing certification processes.

As primary purchasers of Mexican coffee, ECOM, NKG, and LDC wield significant influence in the market, effectively controlling demand. Producers have repeatedly raised concerns that the pricing structures established by these entities fail to cover production costs or provide sustainable incomes, leaving them in a state of economic insecurity.

Agricultural producers have identified various mechanisms through which dominant corporations like Nestlé and Starbucks exert market control. One such method is the provision of agricultural inputs and technical services, which enables corporations to dictate crop characteristics, including the selection of coffee varieties. This dependency on corporate-supplied inputs often forces producers to sell their harvests exclusively to the supplying corporation, reinforcing corporate control over the production chain.

An alarming aspect of this strategy is how it has enabled large coffee multinationals to introduce and impose their own genetically modified coffee varieties, tailoring Mexican coffee production to meet the demands of the global market. These companies have promoted genetically-altered arabica and robusta varieties designed to maximize yield and resist drought and coffee rust.³⁴ While these modifications prioritize mass production, they often come at the expense of quality and sustainability.

Of particular concern is the aggressive promotion of robusta coffee, primarily used for instant coffee production and low-cost blends. Despite its higher yields, robusta is considered inferior in quality and is sold at significantly lower prices, further entrenching the economic precarity of producers. Additionally, robusta cultivation has severe environmental consequences: unlike arabica, it is typically grown without shade and requires substantial irrigation, contributing to deforestation and the degradation of local ecosystems.

³³ "Starbucks 2023 Annual Report," SEC, sec.gov/Archives/edgar/data/829224/000082922423000058/sbux-20231001.htm.

³⁴ Minal Raj Gupta, "Coffee Rust: symptoms, causes, cycle and solutions," BioProtection Portal, bioprotectionportal.com/resources/coffee-rust-symptoms-causes-and-solutions.

"Nestlé and its political ties have facilitated the implementation of robusta crops, displacing arabica coffee and affecting both biodiversity and local communities."

-COFFEE GROWER TESTIMONIAL

The prioritization of mass production and global market demands has fundamentally reshaped traditional agricultural practices, introducing significant legal and environmental compliance challenges for coffee-producing communities. The operational strategies adopted by multinationals such as Nestlé and Starbucks are driving shifts in Mexican coffee cultivation patterns, raising serious concerns about compliance with international regulatory frameworks, including Germany's *Lieferkettengesetz*, France's *Devoir de Vigilance*, and the European Union's Deforestation Regulation (EUDR). This analysis highlights how these corporations enforce operational practices and pricing structures that undermine small-scale producers' autonomy, creating standards that perpetuate economic instability.

Although European due diligence and environmental protection legislation mandates corporate accountability and transparency, major players in the coffee industry continue to operate in ways that fall short of these requirements. Strict enforcement of these regulations could result in significant financial penalties and restrictions on market access within European territories.

THE FOLLOWING THREE POINTS SUMMARIZE THE POTENTIAL COSTS COFFEE COMPANIES WOULD FACE

1. NKG and the *Lieferkettengesetz* (German Supply Chain Due Diligence Act)

- **Legal obligations:** The *Lieferkettengesetz*, effective January 1, 2023, requires German companies with more than 3,000 employees (and from 2024, with more than 1,000) to identify, mitigate, and eliminate human rights and environmental risks in their global supply chains.
- **Penalties for non-compliance:** Violations of this law can result in fines of up to 8 million EUR or 2% of the company's global annual turnover, in addition to exclusion from public contracts for up to three years.
- **Documented non-compliance practices:** NKG, by employing intermediaries that maintain unsafe working conditions and low wages in the Mexican supply chain, is in violation of the requirements of the *Lieferkettengesetz*. These practices, detailed throughout this report, include failure to verify adequate labor and environmental rights on coffee farms in Mexico and in the Mexican coffee purchasing process, which is a direct violation of required due diligence.

2. Nestlé and the *Devoir de Vigilance* (Duty of Vigilance) in France

- **Legal obligations:** The French Duty of Vigilance law, in force since 2017, requires companies with more than 5,000 employees in France or 10,000 abroad to implement plans to identify, prevent, and remedy human rights violations and environmental harm in their operations and supply chains.
- **Sanctions for non-compliance:** Companies may face civil lawsuits and pay significant damages, as well as be subject to corrective measures ordered by French courts in the event of non-compliance.
- **Non-compliance practices documented:** This report shows how Nestlé engages in practices that could violate this law, such as manipulating purchase prices, buying coffee from informal intermediaries (*coyotes*), and imposing production standards that subject producers to precarious working conditions. These practices, favored by a lack of transparency in traceability and monitoring of environmental standards, are in violation of the oversight and accountability requirements of these companies.

3. Compliance with the E.U. Deforestation Regulation (EUDR) and Corporate Sustainability Due Diligence Directive (CSDDD)

- **Legal obligations:**
 - **EUDR:** This regulation prohibits the import of products linked to deforestation, requiring full traceability in the supply chains of goods such as coffee.
 - **CSDDD:** This directive requires companies to prevent and mitigate human rights and environmental risks in their global supply chains, including significant penalties for non-compliance.³⁵
- **Penalties for non-compliance:** Failure to comply with the EUDR may result in a prohibition to sell in EU territory and fines of up to 4% of annual revenues. For CSDDD, penalties of up to 5% of global net turnover are established.
- **Non-compliance practices documented:** This report highlights how the use of unregulated coffee varieties has contributed to deforestation in Mexico, in clear contradiction of the principles of zero deforestation required by the EUDR. Likewise, Nestlé and Starbucks have avoided monitoring these environmental effects in their coffee supply chains, failing to comply with sustainability requirements.

Despite the essential role coffee traders play within supply chain operations, Nestlé and Starbucks exhibit a significant lack of transparency regarding this critical segment. By downplaying or entirely failing to acknowledge the operational practices and compliance violations of these intermediaries, Nestlé, Starbucks, and their suppliers risk contravening multiple European regulatory frameworks. This lack of disclosure not only raises concerns about misleading communication to consumers but also highlights a deliberate avoidance of accountability for a major component of their procurement processes — one that falls markedly short of sustainable sourcing standards.



Following the introduction and methodological discussion, this report provides an in-depth examination of the Mexican coffee supply chains utilized by Nestlé and Starbucks, detailing their procurement, processing, and marketing practices for Mexican coffee. The initial chapter also explores the dominant coffee traders that supply these corporations, analyzing how their organizational structures and market control mechanisms shape Mexican coffee cultivation to align with corporate priorities.

The second chapter investigates how coffee traders extend their influence beyond procurement by appropriating public resources earmarked for quality improvement initiatives and support for small producers in the Mexican coffee sector. These organizations have received significant public funding — amounting to billions of pesos — originally allocated for producer development but subsequently redirected to strengthen corporate control over the supply chain. This diversion of public resources highlights both the misuse of designated funds and problematic dynamics between the private sector and the State, which disproportionately harm vulnerable market participants.

The third section offers a comparative analysis of the coffee certification frameworks employed by Nestlé and Starbucks, uncovering elements of greenwashing. This chapter underscores the urgent need for these corporations to adopt certification standards that prioritize impartiality and robust traceability measures.

The findings demonstrate that current sustainability commitments require significant reinforcement through verifiable and transparent operational practices that extend beyond surface-level marketing claims.

Finally, this report presents a geospatial analysis that examines the link between coffee production and deforestation in Mexico, revealing the devastating consequences of extractive practices alongside environmental and human exploitation perpetuated by these corporations. This analysis illustrates how the expansion of coffee cultivation is directly linked to ecosystem degradation and the ongoing cycle of poverty in coffee-producing communities.

³⁵ The European Commission's Omnibus proposal and the French Government's push for an indefinite delay of the Corporate Sustainability Due Diligence Directive (CSDDD) pose significant risks to corporate accountability and environmental justice. As of January 2025, reports reveal that France, despite its prior support for the Directive, is advocating for its postponement and a substantial weakening of its provisions, potentially excluding nearly 70% of the companies originally covered. This would drastically reduce corporate responsibility for human rights violations and environmental harms in global supply chains, undermining the EU's commitment to sustainability and due diligence. The Directive's postponement aligns with corporate lobbying efforts that seek to avoid stricter oversight, as highlighted by the alignment of France's stance with business interest groups such as AFEP and Business Europe. In the coffee sector, this delay would allow major companies, including Nestlé and Starbucks, to continue operating without enhanced due diligence obligations, potentially perpetuating exploitative labor practices, deforestation, and violations of EU environmental and human rights standards. The risk is not just regulatory stagnation but also the erosion of European democracy, as the legal simplification narrative is being used as a pretext to weaken corporate accountability mechanisms at a time when climate and social crises demand urgent action. See: "France: CSOs criticise French government's call for 'massive regulatory pause' on EU legislation, incl. CSRD and CSDDD," Business & Human Rights Resource Centre, 24 January 2025, business-humanrights.org/en/latest-news/france-csos-criticise-french-governments-call-for-massive-regulatory-pause-on-eu-legislation-incl-csrd-and-csddd.

1. NESTLÉ AND STARBUCKS COFFEE SUPPLY CHAINS IN MEXICO



This chapter explores the Mexican coffee supply chains utilized by Nestlé and Starbucks, with a particular focus on documented rights violations affecting agricultural producers. While these corporations employ distinct operational strategies, they share a critical dependency: heavy reliance on large-scale commodity traders for coffee procurement.



Source: Quadratín Veracruz.

Nestlé has positioned Mexico as the cornerstone of its instant coffee value chain, exemplified by significant infrastructure investments, including the construction of its largest Nescafé production facility. This strategic move has established Mexico as its primary coffee supplier. Starbucks, by contrast, treats Mexico as a secondary supply market, predominantly sourcing standard coffee blends for domestic retail operations, with limited export volumes allocated to other markets.

Despite differing strategic approaches, both companies depend heavily on major trading corporations such as ECOM, NKG, and LDC to secure a consistent coffee supply. These traders function far beyond the role of traditional intermediaries, exerting considerable control over Mexican coffee production and market dynamics to meet the demands of multinational corporations. The following analysis illustrates how these organizations maintain overarching control of the supply chain, implementing operational frameworks that prioritize corporate objectives at the expense of small-scale producer sustainability and environmental preservation.

1.1 Nestlé Supply Chain

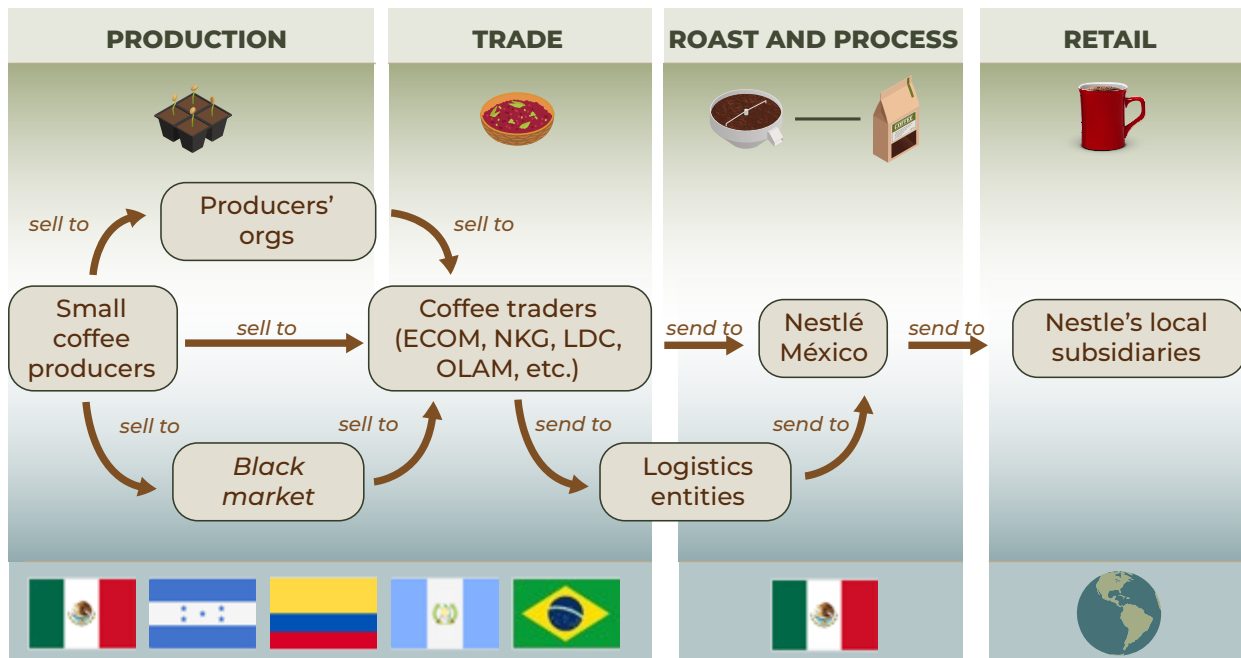
Nestlé, S.A. controls approximately 24% of the coffee produced worldwide.³⁶ The Swiss company manufactures ground and instant coffee under the Nescafé, Nespresso, and Dolce Gusto brands and, since 2018, distributes Starbucks brand coffee in locations other than Starbucks stores.³⁷

Mexico is key for Nestlé, as it is the second country in terms of sales in Latin America — after Brazil — and the only one in the region where it has factories for all of its business segments, including the processing of instant coffee and coffee products for the industry.³⁸ For this purpose, the company has ten subsidiaries registered in Mexico that produce and distribute baby formulas and baby food, ultra-processed food and beverages, water, and pet food.³⁹

Nestlé procures approximately 25% of Mexico's total coffee production through a network of traders. These intermediaries source and consolidate coffee from more than 70,000 producers before facilitating its sale to the multinational.⁴⁰

Between 2018-22, Nestlé allocated over 340 million USD to construct a Nescafé production plant in Veracruz, designed with a capacity to process 40,000 tons of green coffee, including both arabica and robusta varieties. The facility's inauguration was attended by then-President Andrés Manuel López Obrador (2018–24,) who stated that the plant would support over a thousand producers while positioning Mexico as Nestlé's primary coffee supplier.⁴¹ However, this objective does not seem to have been met, as Nestlé continues to import large volumes of coffee into Mexico, mainly from Brazil.

Graph 4 — Mexican Coffee Supply Chain to Nestlé (2024)



Source: Empower, 2024.

1. Nestlé and Starbucks Coffee Supply Chains in Mexico

According to Nestlé's most recent disclosure about its coffee supply chain in 2022, the Mexican coffee it procured in December of that year came from 15 companies. However, the specific volume, origin, and variety sourced from each supplier were not disclosed.⁴² Customs records compiled through Panjiva reveal that, between 2022-24, Nestlé purchased 1,885,836 kg of green and decaffeinated coffee from Mexico. The primary supplier was ECOM, operating through subsidiaries AMSA and CAFESCA. Notably, AMSA provided over 1,000 kg of robusta coffee beans, which were imported into Belgium by Nestlé Nespresso, S.A.

"Nestlé relies on intermediaries such as AMSA and others, which impose low prices on producers, forcing them into precarious economic conditions. Meanwhile, these intermediaries profit significantly by blending high-quality coffee with lower-grade products for sale, maximizing their own financial gains at the expense of small-scale producers."

—COFFEE GROWER TESTIMONIAL

Table 1 — Mexican Coffee Bean Suppliers to Nestlé (2022-24)

SHIPPER	SHIPPER PARENT COMPANY	CONSIGNEE	DESTINATION	PRODUCT	QUANTITY (KG)
AMSA	ECOM	Nestlé Nespresso, S.A.	Belgium	Robusta green coffee	1,139,250
Descamex		Nestlé Portugal Unipessoal Lda. and Nestlé de Colombia, S.A.	Portugal and Colombia	Decaffeinated coffee	52,352
CAFESCA	NKG	Nestlé México, S.A. de C.V.	Mexico	Green robusta and arabica coffee	694,234
TOTAL					1,885,836

Source: Panjiva, 2024.⁴³

³⁶ "Leading the world of coffee," Nestlé, 2022, [nestle.com/sites/default/files/2022-11/investor-seminar-2022-coffee.pdf](https://www.nestle.com/sites/default/files/2022-11/investor-seminar-2022-coffee.pdf).

³⁷ "Starbucks 2023 Annual Report," SEC, [sec.gov/Archives/edgar/data/829224/000082922423000058/sbx-20231001.htm](https://www.sec.gov/Archives/edgar/data/829224/000082922423000058/sbx-20231001.htm).

³⁸ "Financial Statements 2022," Nestlé, 2023, [nestle.com/sites/default/files/2023-03/2022-corp-governance-compensation-financial-statements-en.pdf](https://www.nestle.com/sites/default/files/2023-03/2022-corp-governance-compensation-financial-statements-en.pdf); and, "Annual Review 2023," Nestlé, [nestle.com/sites/default/files/2024-02/2023-annual-review-en.pdf](https://www.nestle.com/sites/default/files/2024-02/2023-annual-review-en.pdf).

³⁹ The subsidiaries are: Marcas Nestlé, S.A. de C.V., Nestlé México, S.A. de C.V., Nestlé Servicios Corporativos, S.A. de C.V., Nestlé Servicios Industriales, S.A. de C.V., Nestec, Ltd, Manantiales La Asunción, S.A.P.I. de C.V.(Agua Sta. María), Terrafertil México, S.A.P.I. de C.V. (Nature's Heart), Nescalín, S.A. de C.V., Ralston Purina México, S.A. de C.V., and Nespresso México, S.A. de C.V.

⁴⁰ "Creating shared value. Results Report 2019-2020," Nestlé, 2021, [nestle.com.mx/sites/g/files/pydnoa511/files/2022-07/Nestle_Report%20202020_Letter.pdf](https://www.nestle.com.mx/sites/g/files/pydnoa511/files/2022-07/Nestle_Report%20202020_Letter.pdf).

⁴¹ "El presidente Andrés Manuel López Obrador inaugura fábrica de Nestlé en Veracruz," Nestlé, 17 July 2022, [nestle.com.mx/media/pressreleases/presidente-inaugura-fabrica](https://www.nestle.com.mx/media/pressreleases/presidente-inaugura-fabrica).

1. Nestlé and Starbucks Coffee Supply Chains in Mexico

Between 2022-24, Nestlé Mexico imported 8,129,611 kg of coffee from other countries, primarily Brazil and Colombia, for processing within Mexico. This volume was four times greater than the amount purchased from Mexican coffee growers. These imports were facilitated predominantly by large traders, including LDC, which supplied 4.3 million kg, and Olam Group Limited (SGX:VC2), which contributed 3.4 million kg. Notably, Olam Group is registered in Singapore, where the government holds a majority stake exceeding 50% through its investment arm, Temasek Holdings.

The vast majority of the imported coffee (7,077,479 kg) consisted of robusta coffee produced in Brazil, a region where modern slavery on coffee farms has been systematically documented and denounced, raising significant ethical and sustainability concerns regarding Nestlé's supply chain practices.⁴⁴

Table 2 — Exporters of Coffee Beans to Nestlé Mexico (2022-24)

SHIPPER	ORIGIN	PRODUCT	QUANTITY (KG)
Louis Dreyfus Company B.V.	Brazil	Robusta green coffee	4,332,554
	Colombia	Arabica green coffee	60,168
Olam Group Limited	Brazil	Robusta green coffee	2,744,925
	Colombia	Arabica green coffee	568,537
	Honduras	Arabica green coffee	121,055
Expocaccer Cooperativa Dos Cafeicultores Do Cerrado, Ltda.	Brazil	Arabica green coffee	20,566
Intercontinental Coffee Trading Inc.	Guatemala	Arabica green coffee	201,800
	Colombia	Arabica green coffee	80,006
TOTAL			8,129,611

Source: Panjiva, 2024.⁴⁵

During the period analyzed (2022–24), Nestlé Mexico exported approximately 11.4 million kgs of instant coffee and other coffee extracts, primarily to countries in Central and South America. The largest buyers included Guatemala, which received 3 million kgs, Chile with 1.8 million kgs, and Nicaragua with 742,000 kgs.⁴⁶

⁴² "Nestle supply chain disclosure: Coffee. Snapshot December 2022," Nestle, September 2023, [nestle.com/sites/default/files/2019-07/nestle-supply-chain-disclosure-coffee-tier-1.pdf](https://www.nestle.com/sites/default/files/2019-07/nestle-supply-chain-disclosure-coffee-tier-1.pdf).

⁴³ The data can be consulted in the "Mexican green coffee and coffee beans" tab of the database hosted here: share.mayfirst.org/s/4DprtqQt7K9nxFW.

⁴⁴ "Bitter brew," SOMO, January 2024, somo.nl/bitter-brew.

⁴⁵ The data can be consulted in the "Green coffee and coffee beans imported into Mexico" tab of the database hosted here: share.mayfirst.org/s/4DprtqQt7K9nxFW.

Beyond establishing Mexico as its primary coffee supplier, Nestlé has strategically positioned the country as a pivotal production hub for instant coffee catering to the Latin American market. This transformation has reshaped Mexico's coffee production landscape, primarily through the promotion of robusta coffee cultivation. At the heart of this shift is the Nescafé Plan, a strategy Nestlé has implemented in Mexico over the past two decades with substantial government backing. The Plan has served as the foundation of the "robustization" initiative, which will be analyzed in greater detail in the following sections.



1.2 Starbucks Supply Chain

Starbucks specializes in the sale of prepared coffee beverages in more than 38,000 coffee shops worldwide.⁴⁷ Although the Starbucks brand has a significant presence in Mexico, with over 800 stores, Starbucks Corporation has practically no operations in the country. Starbucks brand stores in Mexico are operated by Alsea, S.A.B. de C.V. (BMV:ALSEA) through its subsidiary Café Sirena, S.A. de C.V.⁴⁸

Alsea, as the master franchisee, manages all operational and legal aspects of Starbucks stores in Mexico, including the production and distribution of Starbucks-branded products sold within these locations. However, Starbucks retains exclusive control over the supply of coffee beans to Alsea, thereby maintaining full oversight and authority over the supply chain for coffee distributed by its master franchisee.⁴⁹

Starbucks purchases green coffee from several countries, but reserves total control over the roasting process. To this end, it operates at least five roasting plants: three in the United States, one in the Netherlands, and another in China, which means that all coffee, including from Mexico, is first exported to one of these countries before reaching stores.⁵⁰ In the case of Mexican coffee, most of the beans are shipped to the U.S. and then re-imported by Alsea and distributed to Starbucks stores in Mexico. However, shipments have also been traced to the Netherlands and China.

⁴⁶ Information obtained from the Panjiva platform in August 2024. The data can be consulted in the "Soluble coffee and other preparations exported from Mexico" tab of the database hosted here: share.mayfirst.org/s/4DprtqQt7K9nxFW.

⁴⁷ "Starbucks 2023 Annual Report," SEC, sec.gov/Archives/edgar/data/829224/000082922423000058/sbux-20231001.htm.

⁴⁸ Alsea is the largest restaurant operator in Latin America and Europe. It also operates the Starbucks brand in Spain, France, Holland, Belgium, Luxembourg, Chile, Argentina, Colombia, and Uruguay. In addition to Starbucks, it manages brands such as Domino's Pizza and Burger King. Starbucks Corp. has no shares in Alsea, which is principally owned by the Martínez Torrado brothers: Cosme Alberto Torrado Martínez (12.53%), Armando Torrado Martínez (12.44%), and Alberto Torrado Martínez (12.12%). Alberto Torrado is the chairman of the board of Alsea and also a member of Banco Santander, S.A. (BME:SAN) and Bolsa Mexicana de Valores, S.A.B. de C.V. (BMV:BOLSA). He is also a member of the Mexican Business Council (CMN), the most important business chamber in Mexico. See: "Annual Report 2022," Alsea, alsea.net/uploads/en/documents/alsea_reporte_anual_bmv_anexo_n/alsea_reporte_anual_bmv_anexo_n_2022.pdf?v=2023-12-12-12-01-12-37.

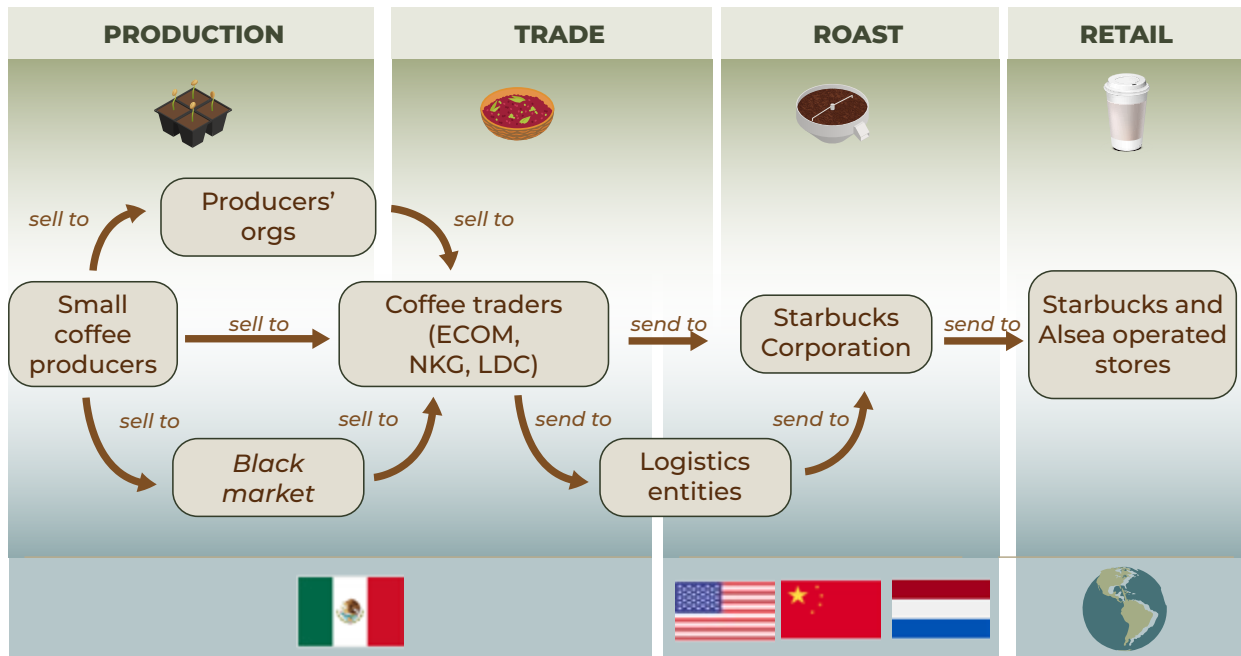
⁴⁹ "Starbucks 2023 Annual Report," SEC, sec.gov/Archives/edgar/data/829224/000082922423000058/sbux-20231001.htm.

⁵⁰ "Starbucks 2023 Annual Report," SEC, sec.gov/Archives/edgar/data/829224/000082922423000058/sbux-20231001.htm; and, "Search Careers," Starbucks, starbucksemeacareers.com/en-nl/Support-Centres.

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The multinational coffee company claims that 100% of its Mexican coffee comes from small producers, defined by the company as owning 12 hectares or less — a definition that, interestingly, triples the actual average of 3 hectares operated by Mexican coffee growers.⁵¹ This statement seems to be designed more to meet the expectations of consumers than to reflect the reality of the market, since Starbucks acquires the beans through giant traders such as ECOM, NKG, and LDC, whose aggregation and control practices do not benefit the small producers that they supposedly support.

Graph 5 — Starbucks Mexican Coffee Supply Chain (2024)



Source: Empower, 2024.



Starbucks began sourcing Mexican coffee from Chiapas in the 1990s. According to Juan Antonio Valero, a coffee producer from the region, the initial sales conditions were favorable to producers. However, the company gradually severed direct ties with them, transitioning to an intermediary-based model.⁵² This shift occurred in 1998, when Starbucks formed an alliance with Conservation International (CI), monitored by the U.S. Agency for International Development (USAID). The alliance aimed to promote Chiapas coffee cultivation, introducing intermediaries to ensure a steady coffee supply that met consistent quality and sustainability standards. Over the years, however, CI has fallen short of its stated goals to

support small coffee growers, diverging from its original sustainability principles. Under this arrangement, ECOM began operating as an intermediary for Starbucks in Mexico in 2003 through its subsidiary Agroindustrias Unidas de México, S.A. de C.V. (AMSA).⁵³ CI remains responsible for auditing and certifying compliance with Starbucks's sustainability standards, but its efforts to support small-scale coffee producers and ensure supply chain transparency have not materialized effectively in practice.

Between 2022-24, Starbucks's primary supplier of Mexican coffee was ECOM, operating through its subsidiary Agroindustrias Unidas de México, S.A. de C.V. (AMSA). During this period, AMSA exported 7,372,750 kgs of coffee to Starbucks in the U.S. and the Netherlands. Additionally, other suppliers played smaller roles, including NKG, via its subsidiary Exportadora de Café California, S.A. de C.V. (ECC), which shipped 356,034 kgs to China and the U.S., and LDC, which exported over 60,000 kgs of coffee to Starbucks in China.

Table 3 — Mexican Coffee Beans Suppliers to Starbucks (2022-24)

SHIPPER	SHIPPER PARENT COMPANY	CONSIGNEE	DESTINATION	PRODUCT	QUANTITY (Kg)
AMSA	ECOM	Starbucks Manufacturing Corporation and Starbucks Coffee Trading Co.	United States	Green coffee unspecified variety	6,756,750
			Netherlands		616,000
ECC	NKG	Starbucks (Kunshan) Coffee Co., Ltd. and Starbucks Coffee Corp.	China	Green coffee unspecified variety	202,250
			United States		153,784
Louis Dreyfus Mexico	Louis Dreyfus	Starbucks (Shanghai) Supply Chain Co., Ltd.	China	Arabica green coffee	60,180
TOTAL					7,788,964

Source: Panjiva, 2024.

⁵¹ "Starbucks C.A.F.E. practices impact assessment 2017-21," Starbucks, 2022, cycloud.s3.amazonaws.com/docs/default-source/s3-library/publication-pdfs/ci-2022-impact-assesment-report-final.pdf?sfvrsn=182c7f0f_15.

⁵² Interview with Juan Antonio Valero (pseudonym), coffee producer from Chiapas, 15 March 2024.

⁵³ "The Conservation Coffee Alliance. Annual and Final Report 2004-07," USAID, pdf.usaid.gov/pdf_docs/Pdacj861.pdf.

In the case of Starbucks, customs records fail to specify the coffee variety purchased from AMSA and ECC. While this omission could result from a registration error, the lack of robust traceability within Starbucks's supply chains and those of its suppliers prevents the company from guaranteeing that the Mexican coffee it markets is indeed of the arabica variety, as the company publicly promotes.

1.3 The Origin of Exploitation: The Main Coffee Traders

"Nestlé shields itself by saying that it does not force producers to sell to it, but the reality is that many have no other options due to globalized market policies."

—COFFEE GROWER TESTIMONIAL

The supply chains of Nestlé and Starbucks rely on a globalized system driven by large coffee bean trading companies, which serve as critical intermediaries between these multinationals and coffee growers. These traders do more than facilitate access to coffee in the quantities, qualities, and prices demanded by Nestlé and Starbucks; they also wield considerable market control and influence over coffee production in Mexico.

This research — based on interviews, academic studies, and customs records — reveals that three European corporations dominate this supply chain: ECOM, headquartered in Switzerland; NKG, part of the German group and subject to the *Lieferkettengesetz* law; and LDC, registered in the Netherlands. These companies do not merely trade coffee; they dictate the terms of production, shaping the economic and social structures of Mexico's coffee-growing regions. The repercussions of this system have far-reaching implications for small-scale producers and the environment.

Table 4 — Main Mexican Coffee Suppliers to Nestlé and Starbucks

PARENT COMPANY	COUNTRY	BENEFICIARIES	SUBSIDIARIES IN MEXICO
ECOM	Switzerland	- Esteve Family - Jorge Esteve Recolons (shareholder and CEO)	- Agroindustrias Unidas de México S.A. de C.V. (AMSA) - Granjas Carroll de México, S.A. de C.V. (50% AMSA, 50% Smithfield Foods, Inc.) - Cafés de Especialidad de Chiapas, S.A.P.I de C.V. (CAFESCA) - Descafeinadores de México, S.A. de C.V. (Descamex) - Agroindustrias Unidas de Cacao, S.A de C.V. (AMCO)
NKG	Germany	- Neumann Family - David M. Neumann (shareholder and CEO)	Exportadora de Café California, S.A. de C.V. (ECC)
LDC	Netherlands	- Louis Dreyfus Family (chairman of the board) - Marguerite Louis-Dreyfus	Louis Dreyfus Company México, S.A. de C.V.

Source: Empower, 2024.

Despite NKG's charitable initiatives through its HRNS Stiftung Foundation, which supports small-scale agricultural producers, the company maintains procurement practices that result in below-subsistence compensation, severely restricting the revenue potential for producers. This operational disconnect underscores a stark misalignment between the foundation's developmental objectives and NKG's core business practices.

Operating under the German Supply Chain Due Diligence Act (*Lieferkettengesetz*) — which mandates supply chain transparency and compliance with human rights — NKG faces a significant contradiction: while the HRNS Stiftung Foundation promotes charitable initiatives, the company's procurement strategies perpetuate economic precarity for agricultural producers by enforcing pricing models that undermine sustainable livelihoods.

ECOM, a private company, trades coffee, cocoa, and cotton from over 40 countries. It is majority-owned by the Esteve family, heirs of the company's founder, José Esteve Thomas. The company's CEO, Jorge Esteve Recolons, holds influential positions, including membership in the Mexican Business Council (CMN), Mexico's most prominent business chamber. Esteve Recolons also serves as president of Grupo CAPRI, a real estate specialist, and was instrumental in founding the Corporate Sustainability Department

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at Banco de México. Additionally, he sits on the board of directors for major companies such as Teléfonos de México, S.A.B. de C.V., Grupo Aeroméxico, S.A.B. de C.V., and Grupo Real Turismo, S.A.B. de C.V.⁵⁴

ECOM's most important subsidiary in Mexico is Agroindustrias Unidas de México (AMSA), the largest supplier of Mexican coffee to Nestlé and Starbucks, among other companies. In addition, AMSA has a specialty coffee division marketed under the brand name Cari Coffee, which has contracts with cooperatives in Chiapas and Puebla.⁵⁵ ECOM also participates in other stages of the coffee production chain through CAFESCA, which specializes in the production of freeze-dried coffee, and Descamex, which processes decaffeinated coffee.⁵⁶ Although Nestlé and Starbucks mainly purchased coffee beans sold by AMSA, they also purchased coffee directly from CAFESCA and Descamex, so ECOM is involved at more than one point in these supply chains.

In addition to being Mexico's leading coffee trader, AMSA holds a stake in Granjas Carroll de México (GCM), a 50% joint venture with Smithfield Foods, a subsidiary of China's WH Group Limited (SEHK:288). GCM specializes in pork production, encompassing activities such as breeding and the manufacturing of cattle feed.



NKG is organized through the private holding company Neumann Gruppe GmbH, owned by the Neumann family, which also manages the group through David M. Neumann, who serves as CEO.⁵⁷ NKG's main subsidiary in Mexico is ECC, which is located in Veracruz, but it also has a network of buying and processing centers in the most important coffee growing areas of the country.⁵⁸ NKG has a coffee farm in Xicotepex de Juárez, Puebla, called Finca La Puebla, which has more than 1,300 ha of coffee plantations.⁵⁹

Finally, LDC is majority owned by the Louis Dreyfus family, while the Abu Dhabi Developmental Holding Company PJSC, owned by the Government of Abu Dhabi, holds a 45% stake.⁶⁰ In Mexico, LDC purchases arabica and robusta coffee in Chiapas, Veracruz, Oaxaca, and Puebla. In addition, it exports coffee from other countries for distribution to customers in Mexico.⁶¹ For these operations, the company has offices and a roasting center in Mexico City, a storage center in Tapachula, Chiapas, and a mill in Perote, Veracruz.⁶²

⁵⁴ "ECOM Group Sustainability Report," ECOM, 2023, cop-report.unglobalcompact.org/api/user-uploaded-files/download/Version2024/R_801phYPSfByKcaB/F_30bZ1TePBGdaWHZ; and, "Jorge Esteve Recolons," CMN, cmn.mx/team/jorge-esteve-recolons.

⁵⁵ "About Cari Coffee," Cari Coffee, caricoffee.com.

⁵⁶ CAFESCA, cafesca.com/pages/acerca-de-cafesca; and, "Products & Services," ECOM, ecomtrading.com/products-services/coffee#our-companies-and-brands.

⁵⁷ "Holding Company," NKG, www.nkg.net/holding.

⁵⁸ "Nuestro café," ECC, ecc.com.mx/en/index.html.

⁵⁹ "Finca La Puebla," NKG, nkgtropical.com/finca-la-puebla.

⁶⁰ "Louis Dreyfus Company to Enter Into Strategic Partnership with ADQ," Louis Dreyfus, 22 November 2020, ldc.com/press-releases/louis-dreyfus-company-to-enter-into-strategic-partnership-with-adq.

⁶¹ "Coffee," LDC, ldc.com/mx/en/lineas-de-negocios/cafe.

⁶² "LDC en Mexico," LDC, ldc.com/mx/en/ldc-en-mexico; and, "Café," LDC, ldc.com/mx/en/lineas-de-negocios/cafe.

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Although the coffee trade is dominated by major corporations such as ECOM, NKG, and LDC, there are also local companies involved in producing, purchasing, processing, and selling coffee to these larger firms (see Table 5).

Table 5 — Local Coffee Traders Supplying Nestlé and Starbucks

NAME	OWNERS	PRODUCTION FACILITIES
AC La Laja, S.A. de C.V. (La Laja)	Sampieri Family	- Coffee farms in Veracruz and Puebla - Collection points in Puebla and Chiapas
Cafés Tomari, S.A. de C.V.	Castillo Family	- Processing plants in Veracruz and Chiapas - Collection centers in Oaxaca
Merino Telis Café, S.A. de C.V. (Café Merino)	Joaquín Merino Telis and José Alberto Merino Telis	Processing plants and storage centers in Veracruz and Chiapas
Exportadora de granos y Oleaginosas del Sureste, S.A. de C.V. (EGOS)	Not identified	Not identified
Semillas de México, S.A. de C.V. (Casemex)	Not identified	Not identified

Source: Empower, 2024.

Among the companies mentioned, EGOS and Casemex stand out for their lack of transparency, as they do not provide public documentation disclosing their ownership or operations. Both companies have been linked to Nestlé since at least 2016, when the Agriculture Trusts (FIRA) promoted a project aimed at developing small coffee producers in Chiapas and Guerrero. This program sought to incorporate coffee farmers into the Common Code for the Coffee Community (4C) scheme, which is promoted by Nestlé. According to FIRA, its agency in Chiapas connected 1,914 producers from Casemex and EGOS to this certification framework.⁶³

While documentation regarding sales volumes to Nestlé and Starbucks remains inaccessible, agricultural producers in Chiapas and Veracruz identify these corporations as key market intermediaries. Producer testimonies reveal that these companies perpetuate problematic practices often associated with global coffee traders, including exploitative pricing structures and restrictive crop management protocols, which exacerbate the precarious conditions faced by small-scale coffee growers.⁶⁴

⁶³ "Panorama Agroalimentario: Café," FIRA, 2016, gob.mx/cms/uploads/attachment/file/200636/Panorama_Agroalimentario_Caf_2016.pdf.

⁶⁴ Florian Blumer, "High hopes, low prices," Public Eye, March 2024, stories.publiceye.ch/nestle-coffee.

1.4 Exploitation Strategies

Coffee traders play a central role in shaping the production and sales structures of Mexican coffee. This is, in part, because they have adeptly adapted to and exploited the organizational forms of coffee-growing communities, as well as certain informal mechanisms prevalent in rural Mexico, such as *coyote* networks.⁶⁵

There are three primary channels through which traders acquire Mexican coffee, each imposing specific conditions on coffee producers. These channels dictate the types of contracts and support that traders provide, significantly shaping the dynamics of coffee production and trade.

1. Purchasing from producer organizations: Organized coffee growers, typically operating through cooperatives, often establish contracts or purchase agreements with traders, ensuring that their crops will be purchased. These cooperatives frequently specialize in organic coffee production, which commands higher prices and offers more diverse commercial channels compared to uncertified coffee.

2. Purchasing from individual producers: Individual producers lack contracts with traders to guarantee the purchase of their crops, leaving their production exposed to greater risk. In most cases, these producers transport their coffee directly to purchasing points or storage centers operated by the companies, typically situated in key cities within coffee-growing regions.

3. Coyotes: According to the testimonies of interviewed coffee growers, informal intermediaries, commonly known as *coyotes*, visit the growers' homes directly to purchase their coffee. Those who sell to *coyotes* are primarily individual producers, typically those with smaller-scale production and lacking the means to transport their harvest to the collection centers operated by coffee traders.

For commodity traders, agricultural cooperatives serve as efficient procurement channels for certified organic and fair-trade coffee products, as their organizational structures enable the aggregation of significant volumes of certified production. However, these organized producer groups also exhibit greater resilience to conventional procurement practices, as the support frameworks within cooperatives mitigate their reliance on traditional intermediary networks.⁶⁶

⁶⁵ Marie-Christine Renard, "The Mexican Coffee Crisis," *Op.Cit.*

⁶⁶ Interview with Alfredo Pérez (pseudonym), coffee producer in Chiapas, 24 March 2024.

Coffee growers in Chiapas pointed out that traders have promoted certain producer cooperatives through advantageous contracts as a strategy to co-opt the cooperatives and dismantle community organization. For example, Cari Coffee — AMSA's specialty coffee brand — has contracts with cooperatives in the region, such as Grupo de Asesores de Producción Orgánica y Sustentable, S.A. (GRAPOS), Ek Balam, and Cabonoch, which were singled out as organizations highly controlled by AMSA.⁶⁷

Independent coffee producers operating outside organizational frameworks encounter significant market disadvantages within the current procurement system. When engaging directly with collection points established by major coffee traders, these producers operate without formal contractual protections regarding pricing or sales conditions, substantially limiting their negotiating position with marketing entities. The absence of collective organization extends beyond reduced negotiating capacity to create heightened financial vulnerability, as producers frequently depend on monetary advances or agricultural input financing — including fertilizers and seedlings — from the same enterprises that subsequently purchase their production. This dynamic perpetuates a cycle of dependency and vulnerability, where producers, trapped in the need for credit, are forced to sell their coffee under the conditions imposed by the lending companies, further consolidating the control of these corporations over the entire supply chain.

"Nestlé shields itself... During one work meeting with Nestlé de México, they told us 'well, we are not forcing you to sell us your coffee, you are free to sell it elsewhere at a better price.'"

—COFFEE GROWER TESTIMONIAL

Selling through *coyotes* is the most dangerous and least favorable option for producers, since these figures maintain substantial regional influence and set their own purchase prices inferior to those set by the traders. *Coyotes* also offer inputs and loans to producers, which they then charge using abusive methods.⁶⁸ According to testimonies gathered for this research, *coyotes* are not hired by the traders, but the latter "turn a blind eye," pretending to be unaware of the phenomenon of *coyotaje*, thus not taking measures to ensure that this practice is eliminated from their supply chains.⁶⁹

1.5 Who Really Controls Coffee Prices?

Through their dominance of primary distribution channels for Mexican coffee, major trading enterprises wield disproportionate market influence, shaping both demand and producer pricing structures. These corporations not only set baseline prices but also dictate critical variables affecting final reference prices, such as marketing costs and

⁶⁷ "About Cari Coffee," Cari Coffee, caricoffee.com.

⁶⁸ Marie-Christine Renard, "The Mexican Coffee Crisis," *Op.Cit.*

⁶⁹ Interview with Alfredo Pérez (pseudonym), coffee producer in Chiapas, 24 March 2024.

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quality premiums. This extensive control does more than merely regulate pricing: it systematically limits producers' opportunities to enhance revenue. The resulting system prioritizes corporate profits over the economic sustainability of small-scale agricultural producers, entrenching disparities and perpetuating exploitation.

Nestlé acknowledges that cocoa producers need a price that ensures a living income and has begun working in that direction for the cocoa sector.⁷⁰ However, it does not make similar claims for coffee, evidencing that these companies can, in fact, pay fair prices if they want to.⁷¹ Even supermarkets such as Colruyt in Europe have made a commitment to pay decent revenue reference prices for their private label chocolate, Boni.⁷² This comparison suggests that the current coffee pricing model is not an economic impossibility but rather a business choice.

Coffee commodity reference pricing is determined on established exchanges, with arabica coffee prices set on the New York Stock Exchange (NYSE) and robusta on the London Stock Exchange (LSE). However, the true market influence lies with trading, certification, import, and roasting enterprises such as Nestlé and Starbucks, which exercise outsized control over supply-demand dynamics. These organizations directly impact producer compensation by determining key pricing components such as marketing differentials and quality premium structures, reinforcing their dominance in the global coffee value chain.



Mexican coffee growers have consistently denounced the inadequacy of the prices set by predatory coffee traders, which fail to cover production costs or guarantee a living wage. They have also criticized the lack of transparency in the criteria used to determine these prices and the bonuses intended to reward coffee quality. For instance, in Ixhuatlán del Café, a municipality in Veracruz's mountainous region, AMSA purchases coffee for resale to Nespresso.⁷³ Initially, the company promised to pay an additional peso per kilogram for coffee meeting the quality standards required for Nespresso certification. However, producers report that this promise was not upheld, stating, "In the end, they buy it as conventional coffee and then market it as Nespresso-certified coffee."⁷⁴

⁷⁰ "¿Nestlé apoya un ingreso digno para los productores de cacao?," Nestlé, 2022, [nestle.com.ar/te-interesa-saber/ingreso-digno-digido-productores-de-cacao](https://www.nestle.com.ar/te-interesa-saber/ingreso-digno-digido-productores-de-cacao).

⁷¹ "First KitKat using cocoa from the Nestlé Income Accelerator launches in Europe," Nestlé, 2024, [nestle.com/media/press-releases/allpressreleases/kitkat-cocoa-farming-traceability-income-accelerator](https://www.nestle.com/media/press-releases/allpressreleases/kitkat-cocoa-farming-traceability-income-accelerator).

⁷² "Les tablettes de chocolat BONI contribuent désormais toutes au revenu de subsistance des cultivateurs de cacao," Colruyt Group, 2024, press.colruytgroup.com/les-tablettes-de-chocolat-boni-contribuent-desormais-toutes-aurevenu-de-subsistance-des-cultivateurs-de-cacao.

⁷³ "2022 Progress Report," Nespresso, 2023, [nestle-nespresso.com/sites/site.prod.nestle-nespresso.com/files/Nespresso_Global_ESG_Progress_Report_ThePositiveCup_2022_Progress_report.pdf](https://www.nestle-nespresso.com/sites/site.prod.nestle-nespresso.com/files/Nespresso_Global_ESG_Progress_Report_ThePositiveCup_2022_Progress_report.pdf).

⁷⁴ Interview with César Rodríguez (pseudonym), coffee producer from Veracruz, 22 July 2024.

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In the context of the civil society recommendations issued in 2020 and directed towards the then newly-appointed president AMLO,⁷⁵ it is still essential to address the problem of illegal imports of low-quality coffee, which has significantly affected Mexican producers. The entry of lower quality coffee, particularly from countries such as Honduras, has generated unfair competition that devalues the national product and forces producers to sell at prices well below actual production costs.⁷⁶ In addition, recent reports highlight that this situation has worsened due to the lack of effective import controls and the implementation of anti-dumping policies, which have failed to curb the negative impact on the Mexican coffee industry.⁷⁷

Added to this is the environmental degradation in mountain coffee growing areas, which affects both biodiversity and soil quality, further reducing the competitiveness of Mexican coffee.⁷⁸ These dynamics highlight the urgency of strengthening the technical and organizational capacities of producers through sustainability programs that promote responsible agricultural practices and collaborations with research institutions for the development of innovative solutions. It is also crucial to ensure that government policies protect domestic producers from unfair trade practices and encourage sustainable, high-quality production.⁷⁹

Low coffee prices exert mounting pressure on the production cycle, compelling farmers to cut operating costs and boost output through measures such as reducing labor expenses, adopting higher-yield coffee varieties, and expanding cultivation areas. However, these strategies, while aimed at maintaining viability, ultimately deepen the precarious conditions faced by coffee growers, further exacerbating their economic and social vulnerabilities.

The low wages offered in coffee harvesting have significantly reduced the available labor force in regions such as Chiapas or Veracruz, causing some producers to be unable to harvest their crops.⁸⁰ The planting of more productive varieties, such as robusta, does not increase producers' income either, since these are sold at a lower price and, in addition, are only acquired by large coffee traders and subject to their conditions.⁸¹ Finally, the more exhaustive use of land, together with the felling of trees and the increase in water requirements, impacts the land's resistance to droughts.

⁷⁵ "Programa de Rescate del Sector Cafetalero," Mexico, 2020, share.mayfirst.org/s/BbDs2S8s8dwwsDx.

⁷⁶ "Que importaciones ilegales centroamericanas abaratan café mexicano," Unión Mexicana de Fabricantes y Formuladores de Agroquímicos, 2019, *Op.Cit.*

⁷⁷ "Cupo de importación de café y resolución antidumping," IDC Online, 2023, idconline.mx/infoflash/2023/07/14/3565-cupo-de-importacion-de-cafe-y-resolucion-antidumping.

⁷⁸ "Superficie sembrada Superficie cosechada Variación Variación Producción," Secretaría de Agricultura y Desarrollo Rural, 2023, gob.mx/cms/uploads/attachment/file/807476/Cafe_Enero.pdf.

⁷⁹ "Información Revisada de Comercio Exterior, December 2023," Banco de México, 2023, banxico.org.mx/publicaciones-y-prensa/informacion-revisada-de-comercio-exterior/%7B0A56A344-B15A-FA53-9E44-3CE24341S390%7D.pdf.

⁸⁰ Marie-Christine Renard, "The Mexican Coffee Crisis," *Op.Cit.*; and, Héctor Manuel Robles Berlanga, "Los productores de café en México: problemática y ejercicio del presupuesto," Woodrow Wilson International Center for Scholars, 2011, wilsoncenter.org/sites/default/files/media/documents/publication/Hector_Robles_Cafe_Monografia_14.pdf.

⁸¹ Interview with César Rodríguez (pseudonym), coffee producer from Veracruz, 22 July 2024; and, Florian Blumer, "High hopes, low prices," Public Eye, March 2024, stories.publiceye.ch/nestle-coffee.

Despite their low purchase prices, the traders are the only sales channel for coffee growers, who do not have the infrastructure to compete with the large traders. As explained by César Rodríguez, a producer from Veracruz, **“nobody forces us [to sell them our coffee], we are forced by circumstances.”**

Police Abuses Linked to AMSA in Veracruz

Between 2023-24, police forces in Veracruz violently suppressed protests by farmers opposing AMSA’s practices there. These interventions resulted in fatalities and arbitrary detentions, constituting severe human rights violations within the supply chain of Mexican coffee distributed by Nestlé and Starbucks.

In 2022, coffee growers in Ixhuatlán del Café protested against a sudden drop in coffee purchase prices by AMSA. Following the demonstrations, AMSA’s facilities in the town were engulfed in a fire. AMSA accused 12 individuals of involvement, leading to their arrest without due process by Veracruz police. Among those detained were leaders of the National Coordinator of Coffee Growers’ Organizations (CNOG) and Viridiana Bretón, the former mayor of the town.⁸²

According to coffee growers interviewed for this report, the judicial proceedings against the accused were marred by numerous irregularities, suggesting collusion between AMSA and state authorities. These irregularities included violent arrests, the unjustified imposition of one year of pre-trial detention, and the denial of the defendants’ ability to present evidence proving their innocence.⁸³ In April 2024, five of the defendants were acquitted due to lack of evidence. However, seven of them still face criminal charges.⁸⁴

The then-governor of Veracruz, Cuitláhuac García, blamed this conflict on the *coyotes*, whom he accused of buying coffee at very low prices.⁸⁵ This response highlights the entrenched complicity between intermediaries such as coyotes, the local government — tasked with safeguarding producers —, and AMSA, which is obligated to uphold human rights within its supply chain.

⁸² "Los cafetaleros de Ixhuatlán: cuando luchar contra una transnacional se paga caro," *Pie de Página*, 28 June 2023, piedepagina.mx/los-cafetaleros-de-ixhuatlan-cuando-luchar-contra-una-transnacional-se-paga-caro.

⁸³ "Absuelven a productores de café acusados de incendiar bodega de AMSA," *La Jornada de Veracruz*, 3 April 2024, jornadaveracruz.com.mx/estado/absuelven-a-productores-de-cafe-acusados-de-incendiar-bodega-de-amsa.

⁸⁴ "Invitation to press conference," Commission of Families and Accused by Veracruz Prosecutor and AMSA-ECOM, 28 July 2024, share.mayfirst.org/s/FT2PTY6MERTtBBRt.

⁸⁵ "Coyotes, culpables del ambiente entre cafeticultores de Ixhuatlán y AMSA: Cuitláhuac García," *El Mundo del Café*, n.d., elmundodelcafe.mx/?p=5871.

Between May and June 2024, farmers from Totalco, a municipality on the border between Veracruz and Puebla, staged repeated protests against Granjas Carroll, a company in which ECOM holds a 50% stake through AMSA. The farmers accused Granjas Carroll of polluting local water sources, hoarding water supplies, and exacerbating drought conditions through the use of anti-hail cannons. On June 20, state police violently suppressed the demonstrations, resulting in two fatalities and more than 10 injuries.⁸⁶

Sources consulted for this investigation indicated that AMSA employs a team of armed civilians to protect its operations in Veracruz. In the case of Totalco, witnesses reported that state police were accompanied by armed individuals in civilian clothing. This raises concerns about the possible existence of paramilitary groups linked to the police, potentially tasked with defending AMSA's interests in the region.

1.6 The Control of Harvests by Predatory Coffee Traders

One of the strategies utilized by Nestlé, Starbucks, and major coffee traders to exert control over the coffee supply chain is the provision of agricultural inputs and services through corporate social responsibility programs. These initiatives enable the companies to dictate the conditions of the harvest — specifying which plant varieties should be cultivated and the agrochemicals to be used — while simultaneously tying coffee growers to exclusive supply agreements. By supplying these inputs and services, the companies create a dependency that compels producers to sell their harvests back to them under predetermined terms.

A notable example of this is the Nescafé Plan, which Nestlé has implemented in Mexico since 2010. The program aims to provide coffee growers with improved coffee seedlings and technical guidance. Between 2021-22, Nestlé distributed approximately 14.6 million coffee plants to producers under this initiative, without differentiating between coffee varieties.⁸⁷

Since 2016, Starbucks, ECOM, and LDC have participated in the *One Tree for Every Bag* program, which seeks to replace coffee seedlings with rust-resistant varieties⁸⁸ in Mexico, El Salvador, and Guatemala. According to ECOM, through this program, between 2016-23, more than 28 million coffee plants have been delivered and 100 million more are expect-

⁸⁶ Dulce Olvera, "Una disputa por el agua," *Sin Embargo*, 18 July 2024, sinembargo.mx/18-07-2024/4527299.

⁸⁷ "Informe de Creación de Valor Compartido México 2021-22," Nestlé Mexico, nestle.com.mx/sites/g/files/pydnoa511/files/2023-09/Nestle_Informe-CVC-2021-2022_Final_Carta.pdf.

⁸⁸ Rust is a fungus that attacks coffee crops, radically decreasing production. Rust had a strong impact in Mexico and Central America between 2012-18, affecting more than 50% of the region's coffee crops. In Mexico, coffee exports fell 37% between 2012-15 due to this phenomenon. See: "Roya del cafeto. Aviso público del riesgo y situación actual," Secretaría de Agricultura y Desarrollo Rural, 2019, gob.mx/cms/uploads/attachment/file/466534/9_Aviso_P_blico_Roya_del_cafetov2.pdf.

1. Nestlé and Starbucks Coffee Supply Chains in Mexico

ed to be distributed by 2025.⁸⁹ LDC has also established partnerships with Conservation International and the Starbucks Foundation to offer training programs in sustainable coffee production for growers.⁹⁰

Since 2014, NKG, through its subsidiary ECC, has implemented the *For More Coffee* program, which provides coffee growers with improved plant varieties, fertilizers, insecticides, technical assistance, and financing. To date, the program has distributed over 30 million plants, cultivated in specialized nurseries, to 4,230 producers.⁹¹

In recent years, several Mexican coffee growers' organizations have raised concerns over the increasing cultivation of robusta coffee, driven primarily by Nestlé to supply its instant coffee production. While robusta offers higher yields, it is of lower quality and fetches a lower price on the market, adversely impacting producers' incomes. Moreover, robusta cultivation imposes a greater environmental toll: unlike the arabica variety, it is not grown under shade and requires significantly more irrigation, contributing to deforestation and resource depletion.⁹²

"There are two issues: the quality of the coffee and the pricing. We plant this variety, but, by eliminating the arabica and leaving robusta, more shade is taken away to have a good production."

—COFFEE GROWER TESTIMONIAL

Coffee growers from Veracruz and Chiapas interviewed for this report noted that the plants delivered by these corporations are robusta or hybrid plants of lower quality than arabica, and criticized these programs for contributing to the lack of control over the plants used in the harvests, jeopardizing traditionally cultivated higher-quality varieties.

"What they have always promoted is greater production, regardless of quality. This is contrary to what we say, which is quality, conservation of biodiversity, care for the environment and water, instead of quantity."

—COFFEE GROWER TESTIMONIAL

However, the Mexican Government does not maintain comprehensive records of the coffee varieties cultivated across its territory. As a result, in 2023, 96.43% of cherry coffee production was not classified by variety, with only 0.04% identified as robusta and 0.01% as arabica.⁹³ Although no legal framework explicitly requires the State to document coffee

⁸⁹ "ECOM Group Sustainability Report," ECOM, 2023, cop-report.unglobalcompact.org/api/user-uploaded-files/download/Version2024/R_801phYPSfByKcaB/F_30bZ1TePBGdaWHz.

⁹⁰ "Sustentabilidad y café en México," LDC, ldc.com/mx/en/sustentabilidad/sustainability-and-coffee-in-mexico.

⁹¹ "Por más café," ECC, ecc.com.mx:8085.

⁹² "Denuncian los engaños de Nestlé para abrir planta de café," *La Jornada Maya*, 17 March 2019, lajornadamaya.mx/nacional/130467/denuncian-los-enganos-de-nestle-para-abrir-planta-de-cafe; "Caficultores de Veracruz rechazan cultivo de variedad robusta," *La Jornada*, 19 July 2022, jomada.com.mx/notas/2022/07/19/estados/caficultores-de-veracruz-rechazan-cultivo-de-variedad-robusta; and, "Café arábica, en peligro por invasión de especie robusta en Veracruz," *ContraRéplica*, 10 July 2023, contrareplica.mx/nota-Cafe-arabica-en-peligro-por-invasion-de-especie-robusta-en-Veracruz-20231077.

⁹³ "Anuario estadístico de producción agrícola," SIAP, nube.siap.gob.mx/cierreagricola.

varieties, existing legislation emphasizes the importance of such documentation. For example, the General Law of Ecological Balance and Environmental Protection (LGEEPA) assigns the State the obligation to protect biological diversity. Similarly, the Law of Sustainable Development mandates the protection and sustainable use of genetic resources within the Mexican agricultural sector. These laws underscore the authorities' responsibility to monitor and manage genetic biodiversity effectively.⁹⁴

1.7 Opportunities for Action

Companies involved in coffee supply chains, such as ECOM, NKG, LDC, Nestlé, and Starbucks, operate in an increasingly strict regulatory environment, especially in the European Union (EU) where new laws and directives seek to improve transparency, sustainability, and corporate responsibility in global supply chains, as well as the protection and defense of human rights.

At the international level, a framework of non-binding recommendations is provided by the UN Guiding Principles on Business and Human Rights and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.^{95,96} The Guiding Principles serve as a global framework designed to help companies prevent, mitigate, and address the negative human rights impacts of their operations. They are structured around three core pillars: protect, respect, and remedy. Governments have a duty to protect human rights, companies are required to respect them, and both must ensure the provision of effective remedial mechanisms for affected rightsholders.

The Guidelines establish standards for responsible behavior in areas such as human rights, the environment, anti-corruption, and labor relations. Both frameworks promote transparency and accountability in global corporate operations, and have given rise to a series of national and regional laws and standards around the world — mainly in Europe, which are still in their infancy — on the responsibility of companies to conduct human rights due diligence throughout their supply chains.

One of the key regulatory frameworks that directly affect NKG is the new German supply chain due diligence law, known as the *Lieferkettengesetz*.⁹⁷ This law, which came into force in January 2023, establishes legal obligations for large German companies, such as NKG, to identify and address risks of human rights and environmental standards violations in their supply chains, not only domestically but also internationally. Under this law, NKG must implement due diligence processes to assess, prevent, and mitigate

⁹⁴ "Ley General del Equilibrio Ecológico y la Protección al Ambiente," Mexican Chamber of Deputies, diputados.gob.mx/LeyesBiblio/pdf/LGEEPA.pdf; and, "Ley de Desarrollo Rural Sustentable," Mexican Chamber of Deputies, diputados.gob.mx/LeyesBiblio/pdf/LDRS.pdf.

⁹⁵ "Guiding Principles on Business and Human Rights," Office of the High Commissioner for Human Rights, ohchr.org/sites/default/files/files/documents/publications/guidingprinciplesbusinesshr_en.pdf.

⁹⁶ "OECD Guidelines for Multinational Enterprises on Responsible Business Conduct," OECD, oecd.org/en/publications/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_7abea681-en.html.

⁹⁷ "The German Act on Corporate Due Diligence Obligations in Supply Chains," Federal Ministry for Economic Cooperation and Development (BMZ), bmz.de/resource/blob/154774/lieferkettengesetz-faktenpapier-partnerlaender-eng-bf.pdf.

adverse impacts of its activities throughout its global supply chain, including coffee production in countries such as Mexico. Failure to comply with this law could result in significant administrative sanctions, underscoring the importance of compliance with these regulations for NKG's international operations.

In turn, the Swiss regulatory framework on corporate social responsibility — which directly impacts the Swiss multinational Nestlé — emphasizes the implementation of responsible business conduct standards, with a focus on human rights and environmental sustainability in global supply chains. Although Switzerland has not yet enacted a binding law similar to the *Konzernverantwortungsinitiative*⁹⁸ — which was rejected in 2020 — the Swiss Government, through the State Secretariat for Economic Affairs (SECO), encourages compliance with international standards such as the Guiding Principles and the Guidelines for MNEs. Swiss companies are required to publish sustainability and risk reports addressing human rights and environmental issues in alignment with applicable European and international standards.

For Nestlé, the French Devoir de Vigilance law holds particular significance, as it mandates that large corporations develop and implement due diligence plans to ensure respect for human rights and environmental sustainability across their supply chains, irrespective of whether these activities occur within France or abroad. This law is designed to promote proactive and transparent corporate behavior in identifying and mitigating risks related to human rights and environmental harm in their global operations.

Additionally, starting in 2026, these same companies — being either European-based or non-European entities exceeding the revenue thresholds established for the European market⁹⁹ — will be required to comply with the Corporate Sustainability Due Diligence Directive (CSDDD). The Directive upholds key due diligence obligations on environmental and human rights issues, requiring companies to integrate sustainability into their corporate strategies and report on identified risks and mitigation measures. While the Omnibus revisions purport to limit the Directive's reach, the CSDDD still mandates corporate responsibility beyond individual products, extending to business relationships and indirect impacts across global supply chains.¹⁰⁰ However, the weakened provisions reduce the number of companies covered, potentially undermining the Directive's effectiveness in addressing corporate sustainability challenges at a systemic level.

In addition, all the aforementioned companies operating within the coffee supply chain and whose products enter the European Union market will have to comply with the new European Union Deforestation Regulation (EUDR) — which was supposed to

⁹⁸ "Koalition für konzernverantwortung," konzernverantwortung.ch.

⁹⁹ These include both EU and non-EU companies that meet certain criteria related to the number of employees and turnover. From 2027, the Directive will apply to companies with more than 5,000 employees and a turnover of more than EUR 1.5 billion. From 2028, the threshold will be lowered for companies with more than 3,000 employees and a turnover exceeding EUR 900 million. From 2029, companies with more than 1,000 employees and a turnover of more than EUR 450 million will be included. See: Megahan Peterson and Sean Learmonth, "What Companies Need to Know About the Approved CSDDD," TRC, 1 May 2024, trccompanies.com/insights/what-companies-need-to-know-about-the-approved-csddd.

¹⁰⁰ "Corporate sustainability due diligence," European Commission (EC), commission.europa.eu/business-economy-euro/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en.

come into force in 2024,¹⁰¹ but has been delayed by one year with its applicability now scheduled for December 30, 2025, for large companies, and June 30, 2026, for small companies.¹⁰² This regulation aims to prohibit the import and marketing¹⁰³ in the EU of products related to deforestation or forest degradation. Under the EUDR, companies are required to conduct rigorous risk assessments to ensure that their products do not contribute to deforestation at any stage of the supply chain. For companies involved in coffee production and marketing, this means that they must ensure full traceability of their products,¹⁰⁴ from farms to points of sale in Europe, in order to demonstrate that their operations are not linked to deforestation.

Despite recent restrictions introduced by the Omnibus legislation, companies failing to comply with the EUDR or CSDDD face stringent administrative sanctions and substantial risks to their operations within European markets, albeit with a narrower scope. Under the EUDR, non-compliant companies may incur fines of up to 4% of their annual EU revenues and face a ban on selling their products in European territories. Similarly, failure to meet the requirements of the CSDDD will result in financial penalties, legal claims, and reputational damage, including “public naming and shaming” (public disclosure of violations) and turnover-based fines of up to 5% of global net revenues, as stipulated in Article 20.¹⁰⁵ These measures would significantly undermine corporations’ competitiveness and operational presence in Europe.

In terms of actions directed at the State, it is critical to revise and strengthen regulatory policies governing the coffee market. This investigation highlights how the prices paid to coffee producers often fail to cover production costs, while the lack of transparency in price-setting and quality bonus allocation exacerbates the precarious conditions faced by many growers. The Mexican Government must establish robust oversight and regulatory frameworks to ensure purchase prices are fair and adequately reflect production costs.

Institutions like Mexico’s Federal Economic Competition Commission (COFECE) must play an active role in ensuring fair competition in the country’s markets. Filing complaints with COFECE could prompt investigations into coffee traders for potential absolute monopolistic practices, such as collusive agreements to fix coffee prices. Likewise, relative monopolistic practices should be scrutinized if evidence shows that traders have leveraged their market dominance to displace small marketers, such as cooperatives, through anti-competitive behavior that harms other market participants.¹⁰⁶

¹⁰¹ "Deforestation Regulation implementation," EC, green-business.ec.europa.eu/deforestation-regulation-implementation_en.

¹⁰² "Deforestation law: Parliament gives companies extra year to comply," European Parliament, 17 December 2024, europarl.europa.eu/news/en/press-room/20241212IPR25961/deforestation-law-parliament-gives-companies-extra-year-to-comply.

¹⁰³ "CSR Position Paper and Action Plan of the Federal Council," SECO, seco.admin.ch/seco/en/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/nachhaltigkeit_unternehmen/gesellschaftliche_verantwortung_der_unternehmen/csr.html.

¹⁰⁴ "Traceability," EC, green-business.ec.europa.eu/deforestation-regulation-implementation/traceability_en.

¹⁰⁵ "European Parliament adopts revised CSDDD proposal," Bird & Bird, twobirds.com/en/insights/2024/germany/euro-paeisches-parlament-nimmt-ueberarbeiteten-csddd-vorschlag-an.

¹⁰⁶ "Ley Federal de Competencia Económica," Cámara de Diputados, www.diputados.gob.mx/LeyesBiblio/pdf/LFCE_200521.pdf.

1. Nestlé and Starbucks Coffee Supply Chains in Mexico

The Law for the Sustainable Development of Coffee Growing, approved by the Mexican Senate in February 2023 but still pending approval by the Chamber of Deputies, warrants particular attention. Developed with the input of coffee growers' associations such as the CNOC, this law seeks to establish mechanisms for fair price determination and regulate purchasing standards, including clear criteria for defining coffee quality.¹⁰⁷

The “robustization” of Mexican coffee — promoted chiefly by Nestlé — and the programs operated by coffee traders to control production represent a significant environmental threat. These initiatives contribute to deforestation and the potential eradication of traditional coffee varieties cultivated in the country. Civil society must hold the State accountable for fulfilling its legal obligations regarding environmental protection, biodiversity conservation, and the promotion of sustainable agriculture, as outlined in the Mexican legal framework, including the LGEEPA and the Law of Sustainable Development. Additionally, non-binding international agreements ratified by Mexico, such as the UN Convention on Biological Diversity (CBD) and the International Treaty on Plant Genetic Resources for Food and Agriculture,¹⁰⁸ offer further grounds for advocacy.



¹⁰⁷ "Aprueba el Senado proyecto para expedir Ley de Desarrollo Sustentable de la Cafecultura," Senado de la República, 9 February 2023, comunicacionsocial.senado.gob.mx/informacion/comunicados/4947-aprueba-el-senado-proyecto-para-expedir-ley-de-desarrollo-sustentable-de-la-cafecultura; "Marco Legal e Institucional en el café con Fernando Celis," Cafés de México, 17 September 2021, [youtube.com/watch?v=t42pK6zl8Wc](https://www.youtube.com/watch?v=t42pK6zl8Wc); and, Eugenio Fernández, "El café está en crisis, y con él 500 mil familias están en riesgo," *Pie de Página*, 29 January 2024, [piedepagina.mx/el-cafe-esta-en-crisis-y-con-el-500-mil-familias-estan-en-riesgo](https://www.piedepagina.mx/el-cafe-esta-en-crisis-y-con-el-500-mil-familias-estan-en-riesgo).

¹⁰⁸ "Convention on Biological Diversity," [cbd.int](https://www.cbd.int); and, "Tratado Internacional sobre los Recursos Fitogenéticos para la Alimentación y la Agricultura," [fao.org/plant-treaty/en](https://www.fao.org/plant-treaty/en).

2. CORPORATE CAPTURE: STATE PROGRAMS AND TECHNICAL COOPERATION



Nestlé and Starbucks, while sharing certain supply chain similarities, display significant differences in their national operations, particularly in how they engage with local stakeholders and governments in the countries where they operate.

A key commonality is that both coffee multinationals rely on large trading companies, such as AMSA and CAFESCA, for bean procurement without establishing direct purchasing relationships with producers. However, these traders go beyond functioning as intermediaries; they have forged direct ties with the Mexican Government, participating in industrial promotion programs and receiving public funds. In contrast, Starbucks notably lacks a direct relationship with the Mexican Government, evident in the absence of agreements with public agencies. This distinction highlights a fundamental divergence in corporate strategies: Nestlé exhibits a clear pattern of leveraging corporate influence over the State, while Starbucks maintains a greater distance from authorities.

Nestlé's corporate structure in Mexico comprises ten subsidiaries. Of these, just two — Nestlé Mexico and Marcas Nestlé — account for 30 agreements and 540 public contracts with at least 33 public agencies.¹⁰⁹ Between 2000-23, these agreements allowed Nestlé to deepen its influence within Mexico's public sector, setting standards in research, education, food production, public health, and nutrition.¹¹⁰

AMLO assumed the Mexican presidency in 2018 and placed social policies at the heart of his administration. In 2022, he announced that farmers enrolled in the federal program *Sembrando Vida*,¹¹¹ part of the National Development Plan 2019-24 — one of his flag-

¹⁰⁹ See Chapter 1 for more details on Nestlé's corporate structure.

¹¹⁰ "Nestlé en México: estrategias de captura del Estado e interferencia en el sector salud," Empower, September 2023.

¹¹¹ The *Sembrando Vida* program is based on granting economic and in-kind support to farmers over 65 years of age in a situation of precarity. It was one of the priority programs of AMLO's government and has a programmed annual expenditure of USD 1.4 billion. In: "Sembrando Vida", Government of Mexico, 2023, programasparaelbienestar.gob.mx/sembrando-vida; and, "100 mil productores del campo colaboran en plantas mexicanas Nestlé, informa presidente," Government of Mexico, gob.mx/presidencia/prensa/100-mil-productores-del-campo-colaboran-en-plantas-mexicanas-nestle-informa-presidente?idiom=en-MX.

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ship social initiatives — could potentially sell their coffee to Nestlé. Moreover, one of his administration's first strategic announcements was the construction of a Nescafé plant in Veracruz, a project framed as pivotal for consolidating Nestlé's production chain in Mexico and establishing the country as its primary coffee supplier. This project underscored the close ties between the López Obrador administration and Nestlé, which have intensified pressure on Mexican coffee growers to conform to the company's demands.

During his tenure, AMLO championed *Sembrando Vida*, aimed at reforesting degraded areas and reducing rural poverty. However, the program has faced criticism for being co-opted by corporate interests, disproportionately benefiting individuals such as Alfonso Romo Garza, a businessman close to AMLO and former chief of staff in the Office of the Presidency. Romo directly benefited from the Nescafé Plan, operational since 2010, which has aggressively promoted robusta coffee cultivation in Mexico, advancing Nestlé's interests at the expense of small-scale farmers and the environment.

According to Nestlé, it has maintained agreements with other Mexican government agencies, such as INIFAP, since 1993. These agreements have supported coffee production activities, including plantations, seedling distribution, and the direct purchase of coffee from farmers and their associations across various states. Nestlé's initiatives with INIFAP focus on providing technical assistance to boost productivity and on researching and promoting high-yield, disease-resistant coffee trees. These efforts fall under the Nescafé Plan.¹¹² This arrangement ensures federal government support for Nestlé's investments while securing a steady supply of coffee from producers enrolled in government agricultural programs.

However, the lack of transparency regarding the specific amounts provided by Nestlé to INIFAP raises serious concerns. The absence of public records detailing the allocation and usage of these resources in INIFAP's financial reports, coupled with unclear spending linked to multinational capital injections, point to troubling opacity in the financial management of this public entity, which is ostensibly committed to agricultural research. This lack of transparency not only hampers corporate accountability but also strengthens the argument that Nestlé has effectively captured the State,¹¹³ influencing critical decisions in public health and nutrition.

¹¹² "Fact Sheet. Nescafe Plan," Nestlé, 2010, [nestle.com/sites/default/files/asset-library/documents/library/events/2010-nescafe-plan-global-launch/facts-and-figures-nescafe-plan-sp.pdf](https://www.nestle.com/sites/default/files/asset-library/documents/library/events/2010-nescafe-plan-global-launch/facts-and-figures-nescafe-plan-sp.pdf).

¹¹³ Corporate capture is defined by Empower as "the influence exercised — legally or illegally — by a private economic elite, particularly large corporations, over the functions, policies, laws and resources of the State." See: "La captura corporativa del Estado y cómo frenar la instrumentalización del capitalismo avanzado," Empower, 21 May 2024, empowerllc.net/2024/05/21/corporate-capture-of-the-state-and-how-to-curb-the-instrumentalization-of-advanced-capitalism.

2.1 The Mexican State in Service of Coffee Traders

Mexico's ASF has uncovered serious practices that contradict public ethics and principles of transparency and accountability in the management of public resources. These practices implicate intermediaries of Starbucks and Nestlé, specifically AMSA and CAFESCA, within the framework of financial support derived from public funds. The Auditor's findings raise substantial concerns about transparency, resource management, and the potential misappropriation of funds intended to directly benefit small-scale producers in Mexico. Consequently, national anti-corruption authorities must investigate these alleged diversions of public resources.

In December 2012, a credit line from the trust fund Fondo de *Fomento Económico Chiapas Solidario* (FOFOE), designed to promote economic development in Chiapas, allocated 65,700,000 MXN (approx. 3,188,454 USD) to the *Fondo de Inversión de Capital en Agro-negocios del Sureste* (FICA SURESTE). This fund benefited two companies located in Palenque and Tapachula, Chiapas, including a significant disbursement of 19,214,000 MXN (approx. 932,465 USD) to CAFESCA. This substantial allocation of public resources to private entities in the coffee sector underscores the need for scrutiny regarding the governance and tangible impact of these investments.

A prominent project supported by FICA SURESTE was the construction of a coffee freeze-drying plant by CAFESCA. Initially authorized in April 2009, the project was marred by significant planning deficiencies, particularly in acquiring the operational site, which resulted in unforeseen additional costs amounting to 36,185,000 MXN (approx. 1,756,076 USD) — an overrun of 62.6% above the approved budget. These additional costs were intended to be covered by AMSA, the majority shareholder, but delays in authorization by the Chiapas Government exacerbated the financial overruns.

Fideicomisos Instituidos en Relación con la Agricultura (FIRA) have also provided financial support to ECC, further highlighting the complexity and potential opacity in the execution of such programs. In 2015, ECC received direct financial support amounting to 5,410,890.52 MXN (approx. 262,593 USD). This funding is part of a scheme aimed at enhancing financial inclusion for small coffee producers via intermediaries operating in coordination with FIRA.

ECC receives funds from FIRA through banking intermediaries. Beyond providing and managing loans, ECC delivers advisory services, training, and, critically, acts as a purchaser of the coffee produced by loan recipients. This dual role positions the intermediary not only as a financial facilitator but also as a pivotal buyer in the coffee value chain, exerting significant influence over small producers.

ECC's participation in the *Sembrando Vida* program, as formalized in its agreement with Mexico's Wellbeing Secretariat, adds another dimension to public-private collaboration in the country's coffee sector. Under the 2019-24 National Development Plan, ECC is tasked with supplying arabica plants to Mexican coffee growers, backed by substantial State funding. The agreement is structured as an open contract, with a minimum bud-

2. Corporate Capture: State Programs and Technical Cooperation

get of 9,350,000 MXN (approx. 453,760 USD) and a maximum of 23,375,000 MXN (approx. 1,134,400 USD). However, as of now, there is no publicly-available data detailing the exact amounts disbursed by the Mexican Government to ECC.¹¹⁴

This scheme is alleged to have supported the production of millions of coffee plants, directly impacting the renewal of coffee crop hectares and benefiting thousands of producers in Chiapas. For example, the *Por más café* scheme,¹¹⁵ promoted together with ECC, led to the renovation of 1,233 hectares of coffee, benefiting 1,200 producers in 2016-17.

Osvaldo Ortega Velázquez, general director of ECC, has proposed initiatives to the Rural Development Commission of Congress to secure additional financing of up to 377,000,000 MXN (approx. 18,295,998 USD) to expand the coffee production support program. This aims to benefit 8,100 farmers in 54 municipalities, seeking to improve the average daily income of farmers, which is currently only 28 MXN (approx. 1.6 USD). However, despite the potential benefits for coffee producers, the scheme raises concerns regarding transparency and equity. The concentration of financial and commercial power in a single entity, such as ECC, raises questions about the level playing field for producers and the possibility of creating dependencies that limit their autonomy. The lack of clarity regarding beneficiary selection criteria, loan terms, and transparency in the allocation and final use of resources requires greater scrutiny to ensure that FIRA's support translates into equitable and sustainable benefits for the coffee industry.¹¹⁶

The participation of CAFESCA and ECC in agreements with public entities and educational institutions in Mexico illustrates the complexity of public-private collaborations in the coffee industry. While these partnerships are intended to foster development, education, and economic growth in coffee production, they also highlight the potential risks associated with private companies participating in public-private financing schemes primarily for their operational benefit.

CAFESCA's agreements, which include a partnership with the Universidad Tecnológica de la Selva (UTS) in 2013 and with the Ministry of Finance in 2022, apparently seek to leverage educational and economic resources to support coffee production and regional development.¹¹⁷

ECC's participation in an official meeting with coffee producers alongside the National Institute of Social Economy (INAES) in 2017, and its agreement for the renovation of coffee plantations in Mexico's Ixtaczoquitlán region, suggest a commitment to supporting the coffee-growing community. However, these initiatives also raise questions about the extent to which the company's involvement could influence public strate-

¹¹⁴ "Open Contract No. 411.600.43101.182/2019," Secretaría de Bienestar, 2019, extranet.bienestar.gob.mx/pnt/Fracciones/182.pdf.

¹¹⁵ "Por más café. Un café hecho de buenas acciones," ECC, ecc.com.mx:8085.

¹¹⁶ "Panorama Agroalimentario. Café 2016," FIRA, 2016, gob.mx/cms/uploads/attachment/file/200636/Panorama_Agroalimentario_Caf__2016.pdf.

¹¹⁷ "Cuenta pública 2013," Secretaría de Hacienda de Chiapas, 2013, haciendachiapas.gob.mx/rendicion-ctas/cuentas-publicas/informacion/CP2013/RG/Entidades.pdf.

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gies and resources towards outcomes that disproportionately benefit its supply chain and commercial interests, rather than addressing the holistic needs of producers and coffee-growing regions.¹¹⁸

Finally, the following are the specific transactions and agreements that Mexican anti-corruption authorities, particularly the National Anti-Corruption System, should investigate:

- **Allocation of FOFOE resources to FICA SURESTE and CAFESCA:** In December 2012, the trust fund "Fondo de Fomento Económico Chiapas Solidario" (FOFOE) granted 65,700,000 MXN to the Fondo de Inversión de Capital en Agro-negocios del Sureste (FICA SURESTE), of which 19,214,000 MXN were allocated to CAFESCA. It is necessary to examine the transparency and justification of this allocation of public funds to private entities.
- **Cost overruns in CAFESCA's freeze-drying project:** CAFESCA's coffee freeze-drying plant project, authorized in April 2009, faced unforeseen cost overruns of 36,185,000 MXN (62.6% above what was agreed upon). The causes of these cost overruns and the responsibility of those involved need to be investigated.
- **Financial support from FIRA to ECC:** In 2015, ECC received 5,410,890.52 MXN from Fideicomisos Instituidos en Relación con la Agricultura (FIRA). It is pertinent to review the transparency in the allocation and use of these resources, as well as compliance with established objectives.
- **ECC's participation in the Sembrando Vida program:** ECC signed an agreement with the Secretaría del Bienestar to supply arabica coffee plants, with a maximum budget of 23,375,000 MXN. The transparency in the execution of this contract and the effectiveness in the delivery of the benefits to the producers should be evaluated.
- **Proposal for additional financing from ECC:** Osvaldo Ortega Velázquez, general director of ECC, proposed to the Rural Development Commission of Congress additional financing of up to 377,000,000 MXN to expand the coffee production support program. It is necessary to analyze the justification for this request and the transparency of its possible allocation.
- **CAFESCA's agreements with public and educational entities:** CAFESCA established partnerships with the Universidad Tecnológica de la Selva in 2013 and with the Ministry of Finance in 2022. It should be investigated whether these agreements disproportionately benefited the company and whether the stated public objectives were met.
- **ECC's participation in official meetings and regional agreements:** ECC's participation in meetings with the National Social Economy Institute (INAES) in 2017 and in agreements for the renewal of plantations in Ixtaczoquitlán raises the need to review the transparency and fairness of these collaborations.

¹¹⁸ "Cafeticultores apoyados por el INAES se reúnen en Chiapas," Government of Mexico, gob.mx/inaes/prensa/cafeticultores-apoyados-por-el-inaes-se-reunen-en-chiapas?idiom=en.

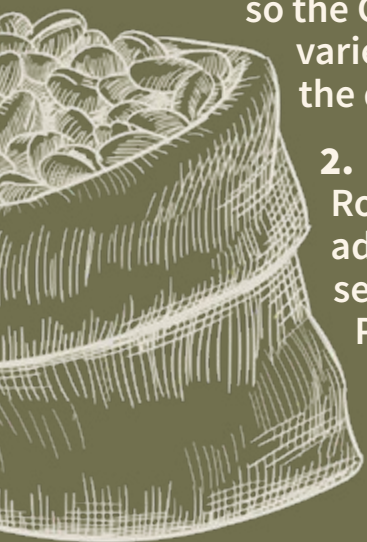
2. Corporate Capture: State Programs and Technical Cooperation

These investigations must be carried out in accordance with Mexican anti-corruption laws, including the General Law of the National Anticorruption System, the General Law of Administrative Responsibilities, and the Federal Law of Transparency and Access to Public Information, to ensure accountability and the proper use of public resources.

On November 15, 2024, Mexico's President Claudia Sheinbaum Pardo (2024-30) announced that her government planned to create a state brand of instant coffee (Café del Bienestar). The proposal involves the government directly purchasing coffee from producers, processing it, and distributing it in State-controlled establishments, such as Tiendas del Bienestar.¹¹⁹

This initiative has generated concern among coffee growers, as it goes against their demands and raises suspicions about the possible participation of private actors. Some of the risks that have been identified include:

- 1. To intensify robustization:** Instant coffee is made with the robusta variety, so the Government would be incentivizing producers to transition to this variety, whose cultivation is harmful to the environment and degrades the quality of Mexican coffee.
- 2. Private interests:** This program could seek to benefit Alfonso Romo, who was head of the Office of the Presidency during AMLO's administration and one of the main producers of robusta coffee seedlings in the country. Romo supplied plants under the Nescafé Plan until 2021, which has raised doubts as to whether he could become the main supplier of Café del Bienestar.
- 3. Possible collaboration with Nestlé:** Although the Mexican Government has stated that it will oversee coffee processing, it has not yet presented a plan or budget to develop the necessary infrastructure. This has generated fears among coffee growers that the Government may enter into an agreement with Nestlé to take charge of coffee processing. In fact, Claudia Sheinbaum's administration has already signaled its close ties with Nestlé. In January 2025, the president announced that Nestlé would invest 1 billion USD in Mexico over three years (2025-27) to expand its production.¹²⁰ These investments fall under Plan México, which



¹¹⁹ "Versión estenográfica. Conferencia de prensa de la presidenta Claudia Sheinbaum Pardo del 15 de noviembre de 2024," Presidencia de la República, 15 November 2024, www.gob.mx/presidencia/articulos/version-estenografica-conferencia-de-prensa-de-la-presidenta-claudia-sheinbaum-pardo-del-15-de-noviembre-de-2024.

¹²⁰ "Presidenta Claudia Sheinbaum anuncia inversión de Nestlé de mil MDD como parte del Plan México," Mexican Government, 28 January 2025, www.gob.mx/presidencia/prensa/presidenta-claudia-sheinbaum-anuncia-inversion-de-nestle-de-mil-mdd-como-parte-del-plan-mexico?idiom=en.

aims to promote the relocation of companies to Mexico through a series of strategies, including tax incentives.¹²¹

4. Feasibility of the marketing plan: To compete in a market already dominated by Nestlé, the Café del Bienestar would have to have extremely low prices. In addition, a large investment in coffee distribution would be required to reach the Tiendas del Bienestar, which also have a small market share. Therefore, the Government will have to decide between paying insufficient prices to producers or making the project economically nonviable for the State.

The proposal of Café del Bienestar has generated concern among producers, since, far from resolving their demands, it seems to replicate the model imposed by companies such as Nestlé on their crops, a model that has proven to be detrimental both for the environment and for coffee-growing communities.



2.2 Long-standing Corporate Capture: Nestlé and the Mexican State

As part of this investigation, the public contracts and agreements between the subsidiary Nestlé México and INIFAP were analyzed. INIFAP is a decentralized public agency of the Ministry of Agriculture and Rural Development. It has a separate legal personality and its own assets and, as of June 17, 2003, it was recognized as a Public Research Center (CPI). It has eight regional research centers: Northwest, Northeast, North Central, South Pacific, South Pacific, Central Pacific, Southeast, Central, and Gulf Central.¹²²

INIFAP formalized its collaboration with Nestlé de México, S.A. de C.V., a subsidiary of Nestlé, S.A.,¹²³ in 1993 within the framework of what years later would be called the Nescafé Plan, regarding research on and production of coffee beans, specifically to produce instant coffee.¹²⁴

¹²¹ "Presidenta Claudia Sheinbaum presenta el Plan México que contempla un portafolio de inversiones de 277 mmdd," Mexican Government, 13 January 2025, www.gob.mx/presidencia/prensa/presidenta-claudia-sheinbaum-presenta-el-plan-mexico-que-contempla-un-portafolio-de-inversiones-de-277-mmdd; and, Karina Suárez, "Sheinbaum ofrece a las empresas que inviertan en México hasta 30.000 millones de pesos en incentivos fiscales," *El País*, 21 January 2025, elpais.com/mexico/economia/2025-01-21/sheinbaum-ofrece-a-las-empresas-que-inviertan-en-mexico-hasta-30000-millones-de-pesos-en-incentivos-fiscales.html.

¹²² "INIFAP", Government of Mexico, gob.mx/inifap.

¹²³ "Nestlé Mexico," Nestlé, S.A., 2023, nestle.com.mx.

¹²⁴ "Informe de Creación de Valor Compartido. Reporte de resultados México 2021-2022," Nestlé México, 2023, nestle.com.mx/sites/g/files/pydnoa511/files/2023-09/Nestle_Informe-CVC-2021-2022_Final_Carta.pdf.

2. Corporate Capture: State Programs and Technical Cooperation

Subsequently, Nestlé and INIFAP expanded their collaboration with actions focused on other foods. In 2002, they signed an agreement for "research, plant production and technology transfer to increase yields and quality in coffee and cocoa crops," a research and technology transfer project in which the Mexican Foundation for Agricultural and Forestry Research (FUMIAF) participates as administrator of the financial resources received directly from Nestlé. The cost of this project was 15,400,000 MXN (approx. 747,370 USD), supposedly covered 45% by Nestlé funds, and lasted for four years (January 2002-October 2005).¹²⁵

In 2011, Nestlé and INIFAP extended the collaboration agreement to the company Agromod, S.A. de C.V.¹²⁶ The agreement, aimed at coffee production (2011-21),¹²⁷ is part of the Nescafé Plan, launched in Mexico in 2010¹²⁸ (already extensively documented by Empower¹²⁹), which includes a partnership with the Mexican Association of Food Banks, A.C. (BAMX).¹³⁰ In fact, in 2011, INIFAP documented an investment of 1,088,000 MXN (approx. 52,801 USD) by Nestlé Mexico,¹³¹ to which was added, in 2012, 3,200,000 MXN¹³² (approx. 155,298 USD) and, in 2013, 6,600,000 MXN (approx. 320,301 USD), as declared by INIFAP in its annual self-evaluation report,¹³³ of which 3,687,000 MXN (approx. 178,932 USD), as stated in a press release by the Institute, would be destined for the Mexican Southeast.¹³⁴

¹²⁵ Espinoza Arellano, José de Jesús; Orona Castillo, Ignacio; Vázquez Alvarado, Jorge Miguel Paulino; Salinas González, Homero; and Moctezuma López, Georgel, "Alianzas para el desarrollo de innovaciones tecnológicas: el caso del INIFAP y empresas del sector privado agropecuario", *Revista Mexicana de Agronegocios*, vol. IX, no. 16, January-June, 2005, pgs. 439-48, share.mayfirst.org/s/Cbp35WMnec8rdE9.

¹²⁶ Alfonso Romo Garza, former head of the Office of the Presidency (2018-20), owns the company. See: "Alfonso Romo Garza. Declaración de Situación Patrimonial y de Intereses de los Servidores Públicos Declaración de Conclusión," *Declaranet*, 2021, share.mayfirst.org/s/zSZH2Z5cWSB85Fd.

¹²⁷ "La Nestle y la ausencia de estrategias gubernamentales en el café," *El Financiero*, 8 January 2019, elfinanciero.com.mx/opinion/isabel-cruz/la-nestle-y-la-ausencia-de-estrategias-gubernamentales-en-el-cafe.

¹²⁸ "Travel through history timeline," Nestlé, 2023, nestle.com/about/history/nestle-company-history.

¹²⁹ The partnership for the Nescafé Plan with the Government of Mexico was conceived in 2011, when INIFAP, Nestlé, and Agromod, S.A. de C.V. agreed that the latter would supply coffee plants to Nestlé until 2021 and that, in turn, Nestlé would deliver these plants and train Mexican coffee farmers. In September 2018, the Nescafé Plan Mexico was replicated in the states of Oaxaca and Guerrero. In: "Grupo Nestlé México firma alianza con AGROMOD e INIFAP para apoyar la producción del café mexicano," Nestlé, 2011, web.archive.org/web/20130206022346/https://www.nestle.com.mx/media/pressreleases/news2011agromod; "PlanNescafe_Oaxaca," 2018, Nestlé, nestle.com.mx/media/pressreleases/plannescafe_oaxaca; "Informe de Creación de Valor Compartido. Reporte de resultados Mexico 2019-2020," Nestlé Mexico, nestle.com.mx/sites/g/files/pydnoa511/files/2022-07/Nestle_Reporte%202020_Carta.pdf. Pg. 49; "Nestlé, SEDESOL y SAGARPA firman declaración para impulsar el sector cafetalero," *ExpokNews*, 2016, expoknews.com/nestle-sedesol-y-sagarpa-firmandeclaracion-para-impulsar-el-sector-cafetalero; and, "Grupo Nestlé México firma alianza con AGROMOD e INIFAP para apoyar la producción del café mexicano," Nestlé, 2011, web.archive.org/web/20130206022346/https://www.nestle.com.mx/media/pressreleases/news2011agromod.

¹³⁰ "Terms and Conditions," BAMX, 2023, bamx.org.mx/terms-and-conditions.

¹³¹ According to INIFAP's 2011 Self-Evaluation Report, "the advances of this project are: 1) conservation and maintenance of accessions of criollo cocoa materials collected in Southeastern Mexico; 2) agronomic evaluation of more than 600 cocoa hybrids; 3) identification of 10 crosses of clones with yields above 500 kg/ha of dry beans and with low incidence of moniliasis; 4) isolation and multiplication of strains of the *Moniliophthora roreri* fungus that causes the disease; 5) artificial inoculation of fruits of the hybrids to evaluate pathogenicity and genetic resistance; 6) identification of promising hybrids with good yield performance and tolerance to the disease." See: "Informe de autoevaluación 2011," INIFAP, 2011, www.gob.mx/cms/uploads/attachment/file/414964/informe_autoevaluacion_dg_2011.pdf.

¹³² "Self-evaluation report 2012," INIFAP, 2012, www.gob.mx/cms/uploads/attachment/file/414965/informe_autoevaluacion_dg_2012.pdf.

¹³³ "Self-evaluation report 2013," INIFAP, 2013, www.gob.mx/cms/uploads/attachment/file/414966/informe_autoevaluacion_dg_2013.pdf.

¹³⁴ "Recursos por 3,687 mdp para aumentar la productividad de alimentos en el Sureste Mexicano," INIFAP, 30 March 2013, gob.mx/inifap/prensa/recursos-por-3-687-mdp-para-aumentar-la-productividad-de-alimentos-en-el-sureste-mexicano.

AMLO, Romo, and Nestlé

The construction of the Nescafé plant in Veracruz was among the first strategic announcements made by Andrés Manuel López Obrador after taking over the Presidency in 2018, emphasizing the significance of the relationship between his administration and the multinational Nestlé. During the project's presentation, AMLO highlighted that this facility would play a pivotal role in consolidating Nestlé's production chain in Mexico, aiming to position the country as the company's leading global coffee supplier.

However, the plant, inaugurated in July 2022, has fallen short of its goal to establish Mexico as Nestlé's primary global coffee supplier. The facility has considerably increased pressure on Mexican coffee growers, who have been compelled to adapt to the company's specific demands. Nestlé, through its Nescafé Plan, has aggressively promoted the cultivation of robusta coffee, a key ingredient in instant coffee production, aligning with its corporate interests.

“Robusta coffee, used for instant coffee production, is not grown under shade and contributes to deforestation and the depletion of water resources in regions such as Chiapas and Veracruz.”

—COFFEE GROWER TESTIMONIAL

The Nescafé Plan, active in Mexico since 2010, was significantly intensified during AMLO's term. This initiative, presented as support for the coffee sector, includes the distribution of genetically modified coffee plants engineered to withstand drought and pests like coffee rust, alongside technological training provided by Nestlé to coffee growers.

To implement the Nescafé Plan, Nestlé signed an agreement in 2011 with the National Institute of Forestry, Agriculture, and Livestock Research (INIFAP) and the company Agromod, S.A. de C.V., obligating the latter to supply 30 million coffee plants between 2011-21. Nestlé, in turn, committed to distributing these plants and providing training to 20,000 coffee growers across Mexico.¹³⁵

¹³⁵ "Grupo Nestlé firma alianza con Agromod e INIFAP para apoyar la producción de café mexicano," Nestlé, 27 September 2011, web.archive.org/web/20130206022346/https://www.nestle.com.mx/media/pressreleases/news2011agromod.

2. Corporate Capture: State Programs and Technical Cooperation

In 2013, Nestlé reported distributing 4.3 million robusta and 6.7 million arabica coffee plants. Between 2019-22, it distributed an additional 23 million seedlings, fulfilling 76% of its ten-year commitment, though without specifying the varieties involved. This large-scale distribution coincided with increasing complaints from coffee growers accusing Nestlé of driving the “robustization” of Mexican coffee, favoring a cheaper, lower-quality crop with heightened environmental risks.¹³⁶

Agromod, the company supplying the coffee plants, is owned by Alfonso Romo Garza, who served as the head of the Office of the Presidency from 2018-20 and was AMLO’s chief business advisor.¹³⁷ Romo has been identified as one of the primary beneficiaries of the Nescafé Plan, raising a clear conflict of interest that was not disclosed during his tenure in government. This connection reinforces the perception of a close relationship between López Obrador’s administration and Nestlé’s corporate agenda, heavily influenced by one of the president’s closest allies.

In this research report, we document the amounts and purposes of the resources that Nestlé has directly invested in INIFAP since 1993. However, due to limitations in the open data available on the PNT and the responses to our information requests, it has not been possible to verify whether these resources were effectively received and utilized by INIFAP.

Since 2013, the Institute — in compliance with new transparency obligations — has disclosed income received from private sector entities. This data is compiled in the following table and supplemented with amounts already documented through our public information access strategy (see Methodology).

¹³⁶ "Denuncian los engaños de Nestlé para abrir planta de café," *La Jornada Maya*, 17 March 2019, lajornadamaya.mx/nacional/130467/denuncian-los-enganos-de-nestle-para-abrir-planta-de-cafe; "Caficultores de Veracruz rechazan cultivo de variedad robusta," *La Jornada*, 19 July 2022, jornada.com.mx/notas/2022/07/19/estados/caficultores-de-veracruz-rechazan-cultivo-de-variedad-robusta; and, "Café arábica, en peligro por invasión de especie robusta en Veracruz," *ContraRéplica*, 10 July 2023, contrareplica.mx/nota-Cafe-arabica-en-peligro-por-invasion-de-especie-robusta-en-Veracruz-20231077.

¹³⁷ "Agromod, líder en ramo de biotecnología," *El Universal*, 5 August 2018, eluniversal.com.mx/nacion/sociedad/agromod-lider-en-ramo-de-biotecnologia.

2. Corporate Capture: State Programs and Technical Cooperation

Table 6 – Coffee Agreements Between Nestlé and INIFAP (2013-23)

YEAR	# AGREEMENT	CONCEPT	AMOUNT (MXN)	AMOUNT (USD)	RESPONSIBLE ENTITY
2013	N/A	Production and sale of 150,000 bare root rooted cuttings of coffee “Coffea canephora P.”	975,000	47,317	Gulf Central Regional Research Center
2013	252-2013	Production and sale of 500,000 bare root rooted cuttings of coffee “Coffea canephora P.”	3,250,000	157,724	South Pacific Regional Research Center
2016	N/A	Production of 40,400 rooted robusta coffee cuttings	62,000	12,744	Rosario Izapa Experimental Field
2021	N/A	N/A	252,000	12,230	Huimanguillo Experimental Field
2022	N/A	N/A	252,000	12,230	Huimanguillo Experimental Field
2022	N/A	N/A	252,000	12,230	Huimanguillo Experimental Field
2022	N/A	N/A	108,000	5,241	Huimanguillo Experimental Field
2022	N/A	Verification of donal case plants of Chak, Olmeca and Canek genotypes in 17 plantations in the municipalities of Comalcalco, Cárdenas, Jalapa de Méndez, Cunduacán, and Huimanguillo, Tabasco	417,600	20,266	Gulf Central Regional Research Center
2023	N/A	Benefit evaluation of Nestlé’s Regenerative Agriculture interventions for forage production systems in Mexico	530,915	25,766	Pacific Central Regional Research Center
2023	N/A	Benefit evaluation of Nestlé’s Regenerative Agriculture interventions for forage production systems in Mexico	2,654,575	128,823	Legal Unit

Source: Empower through PNT, Nestlé, and INIFAP, 2023.

Finally, although we have managed to collect and organize information from different sources (PNT and INIFAP), it remains non-comparable due to methodological inconsistencies and the lack of adequate data transparency by the State.¹³⁸ The Legal Unit reports an investment of 2,654,575 MXN¹³⁹ (approx. 128,828 USD), while the Pacific Central Regional Research Center reports an income of only 530,915 MXN (approx. 25,766 USD) for 2023.¹⁴⁰ This glaring discrepancy constitutes a direct violation of citizens' right to transparency and the provision of clear, comprehensible public information.

Given the seriousness of this financial discrepancy and its impact on transparency and access to public information, the ASF is the authority responsible for investigating these cases. The ASF, as the body tasked with ensuring the proper use of public funds in Mexico, can initiate audits and specific procedures to determine whether irregularities have occurred in the management and reporting of these resources. Furthermore, the Ministry of Public Administration (SFP) has the authority to investigate potential corruption and lapses in transparency regarding the use of public resources, and it can impose administrative sanctions if evidence of non-compliance is found.

In addition, the National Institute for Transparency, Access to Information, and Protection of Personal Data (INAI) should intervene, as this appears to involve a breach of the obligation to ensure clear and accurate public information is accessible.

2.3 Opportunities for Action

Civil society organizations should:

- Demand transparency: Advocate for campaigns calling for the full publication of agreements and contracts between the State and private corporations, such as those between INIFAP and Nestlé, through formal freedom of information requests.
- Conduct independent audits: Encourage external audits to assess the socio-economic and environmental impacts of programs such as the Nescafé Plan on coffee-growing communities.
- Conduct active monitoring: Continuously oversee interactions between the State and corporations, documenting and publicly reporting exploitative practices or harmful environmental impacts.

¹³⁸ This expanded dataset, while significantly enhancing publicly-available information, presents several methodological constraints. The revenue documentation received by INIFAP through the PNT frequently omits critical reference data, including agreement numbers and specific transaction purposes, preventing comprehensive verification of potentially duplicate revenue entries. Additionally, INIFAP's incomplete provision of full contractual documentation with Nestlé Mexico limits precise resource allocation analysis and verification against documented revenue. Furthermore, the decentralized nature of public information distribution, with responses to information requests processed independently by each INIFAP research center's transparency unit, creates potential for data redundancy and inconsistency in reporting structures.

¹³⁹ Responses to request, through the PNT, with folio number 330019523000119, *Op.Cit.*

¹⁴⁰ "Transparency obligations. Income of INIFAP," *Op.Cit.*

2. Corporate Capture: State Programs and Technical Cooperation

Corporations (Nestlé, Starbucks, ECOM, NKG, and LDC) must urgently implement:

- **Corporate transparency:** Disclose the amounts invested in cooperation programs with Mexican entities, along with the specific outcomes achieved.
- **Real responsibility in the supply chain:** Eliminate practices that exploit small producers and limit their bargaining power, ensuring fair purchasing conditions and equitable pricing.
- **Commitment to sustainable certifications:** Perform independent audits of certification programs to prevent greenwashing, publish findings, and establish accessible and effective grievance mechanisms for producers and workers.

The Mexican State must undertake:

- **Accountability measures:** Transparently and accurately disclose public funds allocated to coffee sector companies such as CAFESCA and ECC, and ensure proper monitoring of their use.
- **Public resources oversight:** Guarantee that funds from programs such as FIRA and FICA SURESTE are used efficiently to benefit small producers, with clear and transparent criteria for beneficiary selection and project supervision.
- **Impact monitoring:** Continuously assess the environmental and social effects of corporate-led programs, particularly in cultivation practices that may lead to deforestation and the depletion of natural resources.



3. THE CERTIFICATION OF POVERTY, OPACITY, TRADE UNION REPRESSION, DEFORESTATION, AND HUMAN RIGHTS ABUSES IN MEXICAN COFFEE



"The certifiers, far from improving conditions for producers, perpetuate a system that benefits large corporations while small coffee growers continue to face suppressed prices."

-COFFEE GROWER TESTIMONIAL

Coffee certifications, designed as essential tools to ensure that production adheres to standards of environmental sustainability, social responsibility, and quality, face significant controversy in Mexico. Despite their stated goal of promoting fair and sustainable practices, these certification processes have been sharply criticized for failing to ensure a living income for certified producers, exhibiting a lack of impartiality, and inadequately guaranteeing traceability and equity across the supply chain.

Sociologist Marie-Christine Renard has revealed numerous cases where certifiers such as Rainforest Alliance, C.A.F.E. Practices, and 4C have certified practices involving labor exploitation and deforestation. This raises an urgent need for a comprehensive investigation into certified coffee practices in Mexico. These certification schemes not only fail to deliver on their sustainability and fairness commitments but also violate local and international regulations in countries such as Brazil and Guatemala, where abuses in the certification process have been documented. Such practices suggest that these certification schemes may constitute consumer fraud, presenting a misleading image of corporate responsibility.

3. The Certification of Poverty, Opacity, Trade Union Repression, Deforestation, and Human Rights Abuses in Mexican Coffee

This analysis examines the certification processes implemented by Nestlé and Starbucks in Mexico, emphasizing their implications, as well as the significant challenges related to impartiality, corporate influence over certification processes, and the effectiveness of these certifications in fostering a fair and transparent supply chain.

3.1 Comparative Review of Nestlé and Starbucks Certification Processes

"The certifiers have become just another link in the exploitation... Now they just come, you fill out a questionnaire, they pick a spot of land to analyze, ...you pay, and they provide your certification."

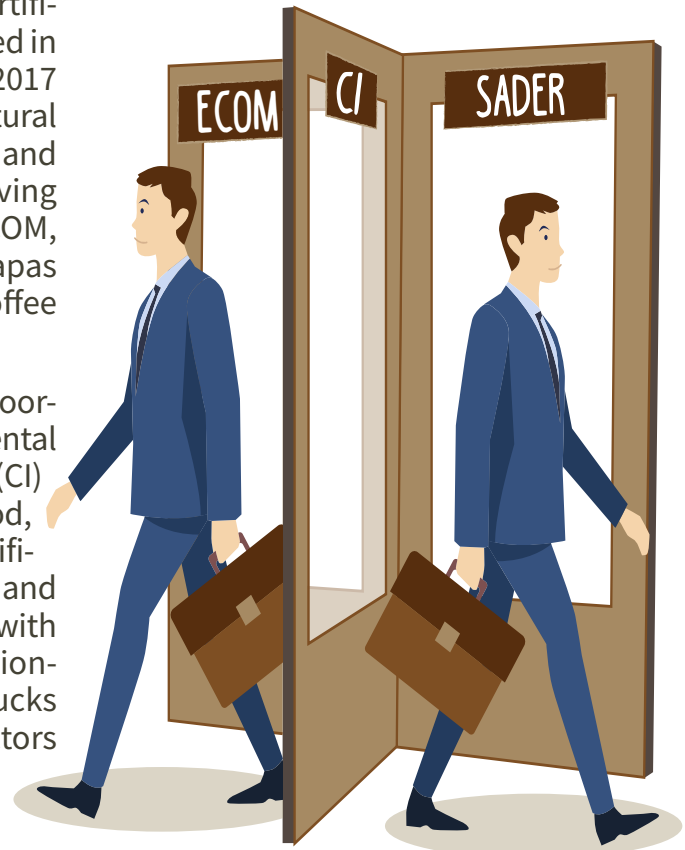
—COFFEE GROWER TESTIMONIAL

Starbucks and Nestlé have set up varied permitting and certification processes that involve the use of public servants, civil society organizations, and specific requirements established by companies linked to the coffee supply chain of both multinationals.

The complicity between State, private sector, and civil society actors in the case of certification processes in Mexico is best represented in the figure of Santiago Argüello, who since 2017 has served as general director of Agricultural Promotion at the Ministry of Agriculture and Rural Development (SADER).¹⁴¹ Before moving to the public sector, Argüello worked at ECOM, where he was supply chain manager in Chiapas (2005-08), and then was in charge of its coffee division in Mexico (2009-14).¹⁴²

Previously, Argüello had been program coordinator for the U.S.-based non-governmental organization Conservation International (CI) in Mexico from 2001-05.¹⁴³ During this period, in 2004, Starbucks launched its own certification program, C.A.F.E. Practices (Coffee and Farmer Equity Practices), in collaboration with CI.¹⁴⁴ Starbucks already had a close relationship with CI, as Orin Smith,¹⁴⁵ CEO of Starbucks in 2000-05, had served on its board of directors in 2001.¹⁴⁶

Argüello's revolving doors



¹⁴¹ "Santiago Argüello. Declaración patrimonial 2024," Declaranet, Mexico, share.mayfirst.org/s/if3CrtjYKbfjNbT.

¹⁴² "Santiago Argüello," LinkedIn, [linkedin.com/in/santiago-jose-arguello-campos-58b593a6/?originalSubdomain=mx](https://www.linkedin.com/in/santiago-jose-arguello-campos-58b593a6/?originalSubdomain=mx).

3. The Certification of Poverty, Opacity, Trade Union Repression, Deforestation, and Human Rights Abuses in Mexican Coffee

Argüello's transition from CI to ECOM, and then to a federal government post, is a case of the "revolving door" phenomenon, which creates a possible conflict of interest of undue influence in the certification process of Starbucks and CI, as well as the regulatory processes of ECOM, which, through AMSA, is the largest supplier of Nestlé in Mexico. According to coffee growers, it is the traders who are in charge of processing the certifications for Starbucks and Nestlé; they are the ones who cover the costs of the certification process. As a result, producers do not retain ownership of their certificates and often do not even benefit from the incentives and higher prices they can obtain from the sale of their coffee now supposedly linked to these certificates.

"The multinationals stockpile the coffee at market prices and then a lot is arranged at the desk. Sometimes, the coffee growers don't even know if their coffee goes to Starbucks or Nestlé."

-COFFEE GROWER TESTIMONIAL

Among other aspects, SADER oversees the Participatory Organic Certification System (SCOP), a mechanism designed to support small producers, allowing them to market organic products at the local level.¹⁴⁷ In recent years, this certification has lost strength in the face of private certifications promoted by large corporations, as these guarantee sales and can increase the price at which coffee is purchased by traders. This transition from a public certification scheme to one dominated by the private sector, which puts corporate interests above those of local producers, represents a conflict of interest for Santiago Argüello, due to his ties with ECOM and CI.

"The programs promoted by Santiago Argüello, such as the planting of robusta in Chiapas, show a clear collusion between the government and the corporations, leaving producers with few benefits."

-COFFEE GROWER TESTIMONIAL

¹⁴³ *Ibidem*.

¹⁴⁴ "Partnership with Conservation International," Starbucks, archive.starbucks.com/record/partnership-with-conservation-international.

¹⁴⁵ "Orin Smith," Starbucks, archive.starbucks.com/record/orin-smith.

¹⁴⁶ "Starbucks and Conservation International," Harvard Business School, 1 May 2004, soltell.com/images/questions/1500279777-20170223021239starbucks_and_conservation_international.pdf.

¹⁴⁷ "Certificados por Agricultura más de mil 600 productos orgánicos," National Service for Health, Safety and Food Quality (SENASICA), gob.mx/senasica/prensa/certificados-por-agricultura-mas-de-mil-600-productos-organicos.



C.A.F.E. Practices was established with the aim of creating a set of standards to ensure the ethical and sustainable sourcing of coffee while respecting the rights of workers, communities, and the environment.

The program relies on third-party verification, primarily managed by Scientific Certification Systems (SCS) Global Services, a U.S.-based certification and standards organization specializing in sustainability, safety, and quality evaluations of products and services.¹⁴⁸ This company, as producers adhering to the program attested, never actually performs field verification of standards.

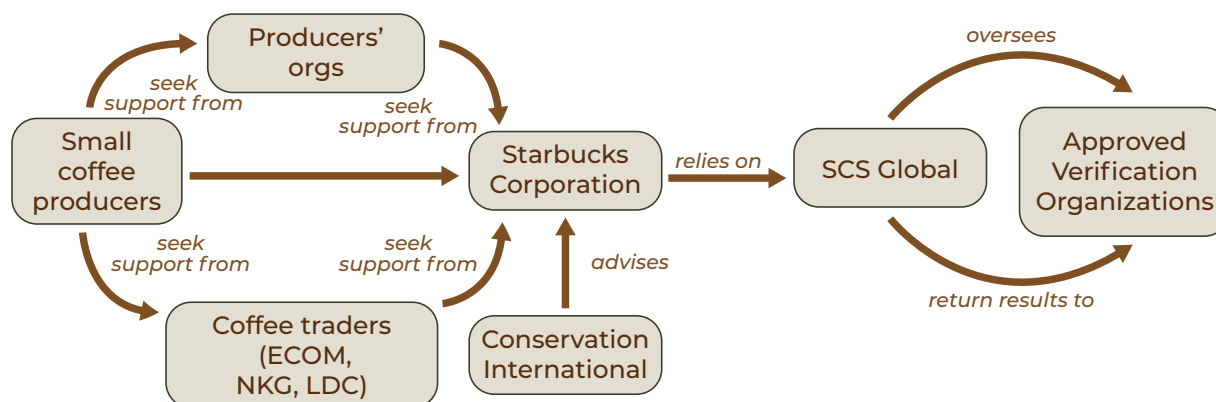
Below are the discrepancies between the program's stated objectives and its actual implementation:

- **Economic transparency:** While the program promotes payment transparency, reports indicate that farmers often do not receive compensation sufficient to cover production costs or ensure a living wage. For instance, a study by Conservation International revealed that, although farmers participating in C.A.F.E. Practices experienced higher productivity, this did not always translate into sustainable income for their households.
- **Social responsibility:** Despite the outlined criteria, evidence shows that labor conditions on certified farms frequently fail to meet the promised standards. Investigations have uncovered instances of child labor and poor working conditions on farms certified under similar programs, casting doubt on the effectiveness of audits and oversight within C.A.F.E. Practices.
- **Environmental leadership:** Although sustainable practices are promoted, cases of deforestation and excessive use of agrochemicals have been reported on certified farms. This suggests that environmental measures are inconsistently implemented and that the auditing process may lack the rigor necessary to identify and address these violations.
- **Coffee quality:** While Starbucks enforces high quality standards, the pressure to meet these benchmarks can result in practices that adversely impact farmers. For example, the imposition of specific coffee varieties, which may not be suitable for all regions, undermines biodiversity and the resilience of local crops.

¹⁴⁸ "Approved Verification Organization," SCS Global Services, 2024, scsglobalservices.com/certified-clients/starbucks-ethical-sourcing-approved-verification-organizations.

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Figure 6 — The C.A.F.E. Practices Verification Process



Source: Empower, 2024.

However, Starbucks and CI's C.A.F.E. Practices program — ostensibly designed to promote sustainable coffee sourcing and improve the livelihoods of small producers — prioritizes the export of high-quality organic coffee at the expense of the socioeconomic well-being of coffee growers in regions such as the *Sierra Madre de Chiapas* and the *El Triunfo* Biosphere Reserve.

Leveraging its economic influence and the support of an environmental organization, Starbucks, in collaboration with CI, has sought to co-opt local producers by offering to double the purchase price of coffee beans in exchange for relinquishing control of marketing operations to intermediaries, particularly AMSA. CI appropriated strategic information and the coffee growers' registry, fracturing peasant organizations and sowing discord within cooperatives that had long been producing organic coffee certified under international standards.

Local producers have denounced that CI systematically undermined the autonomy of their organizations, imposing unfavorable commercial conditions. These included mandatory additional fees for monitoring and export services and the obligation to sell exclusively to intermediaries approved by CI and Starbucks, which unilaterally set prices — often below those of the local market. Farmers reported extra charges ranging from 10-15% of the total value of exported coffee to cover certification and environmental monitoring costs. These deductions significantly reduced their income, as the base purchase price was already inadequate relative to production costs.

Starbucks and CI advanced a neocolonial strategy that not only fostered dependency on large multinationals but also sought to dominate the organic coffee market through practices that dismantled the organizational frameworks of peasant farmers.¹⁴⁹ CI and Starbucks incentivized the fragmentation of cooperatives by offering financial rewards to individual members, thereby undermining traditional collective negotiation efforts. One farmer recounted: "They told us that if we left the cooperative and worked inde-

¹⁴⁹ Angeles Mariscal, "Transnacional busca controlar el café orgánico," *La Jornada*, 26 April 2004, jornada.com.mx/2004/04/26/052n1con.php?origen=index.html&fly=2.

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pendently, they would pay us more and guarantee a buyer, but in the end the price was lower and we couldn't return to our previous cooperative.”

Additionally, Starbucks and CI manipulated the definition of “small producers” to their advantage, categorizing them as individuals owning 12 hectares or less — a threshold four times the actual average of three hectares for Mexican coffee growers.¹⁵⁰ This redefinition excluded the smallest producers from accessing direct support while including medium- and large-scale growers in the regions where they operated, often aligned with and serving the interests of large coffee traders. In this context, Starbucks imposed proprietary certification schemes, compelling certain producers to forgo other established international certifications such as Fair Trade or Smithsonian Bird Friendly.

Intermediaries such as AMSA, which subsidize certification costs, impose their own standards, further limiting small producers' access to alternative certifications, including SADER's organic one. Certifications such as Smithsonian Bird Friendly, which provides higher prices due to rigorous social and environmental standards promoting biodiversity and fair labor practices, are increasingly marginalized. Nonetheless, producers are compelled to accept the conditions dictated by these proprietary certifications due to the dominance of the multinational coffee companies, which reinforce their control through proprietary schemes, hindering the development of a fairer and more sustainable coffee market.

Nestlé, on the other hand, is actively involved in the 4C (Common Code for the Coffee Community) certification system¹⁵¹ and serves as a founding member of its advisory board through Marcelo Burity, an executive with over 20 years of experience at the firm.¹⁵² Similar to Starbucks, Nestlé appears to exert direct influence over initiatives aimed at certifying and establishing quality and sustainability standards for coffee.



This standard, widely recognized on a global scale, claims to promote sustainable coffee production practices, addressing social, economic, and environmental aspects. The 4C system aims to include producers of various scales within the supply chain, with the stated goal of progressively improving living conditions for producers and fostering sustainable agriculture.

The 4C certification process is structured — according to its website — in an integrated way. First, a “4C Unit” is established, defined as a production group encompassing green coffee producers and processing facilities. The managing entity of this unit is tasked with implementing an Internal Management System (IMS), ensuring compliance with all 4C

¹⁵⁰ "Starbucks C.A.F.E. practices impact assessment 2017-21," Starbucks, 2022, cycloud.s3.amazonaws.com/docs/default-source/s3-library/publication-pdfs/ci-2022-impact-assesment-report-final.pdf?sfvrsn=182c7f0f_15.

¹⁵¹ "About," 4C Services, 4c-services.org/about/what-is-4c.

¹⁵² "4C Advisory Board," 4C Services, 4c-services.org/stakeholders/4c-advisory-board.

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standard requirements within the unit. This entity is the sole body authorized to market coffee certified under the 4C seal.¹⁵³

Business partners in the 4C system, including producers, service providers, and intermediary buyers, are required to adhere to the 4C Code of Conduct, which outlines guidelines to ensure sustainability throughout all stages of coffee production. The system also mandates regular audits and verifications conducted by ostensibly independent bodies to ensure adherence to the established standards. However, Nestlé's direct relationship with the entity (4C) promoting the certification raises concerns about impartiality and potential influence over the certification process.¹⁵⁴

Beyond its involvement in the 4C system, Nestlé collaborates with other certification programs, such as Rainforest Alliance (RA), which claim to advance sustainable coffee production practices.¹⁵⁵ Through its Nescafé Plan initiative, Nestlé has sought to increase direct coffee purchases from farmers, arguing that this approach enhances sustainability across its supply chain. However, critics of the program have noted¹⁵⁶ that, despite such initiatives, significant issues persist, particularly around equity and transparency in the coffee supply chain. These concerns are most pronounced in relation to the inclusion and support of small producers, who are frequently marginalized in a system that favors larger players and fails to meet promises of sustainability and social justice.

Marie-Christine Renard, a renowned rural sociologist, has analyzed power dynamics within agri-food chains, focusing on the impact of private certifications such as Starbucks's C.A.F.E. Practices on producers. Her research highlights the lack of social and economic safeguards in these certifications, emphasizing their adverse effects on Mexican coffee farmers. Renard's findings¹⁵⁷ reveal that the 4C certification lacks both a minimum price guarantee and a social premium, leaving producers vulnerable to fluctuating global market prices — in stark contrast to fair trade standards such as Fair Trade. Additionally, 4C's environmental criteria permit the use of hazardous pesticides until the final implementation phase, and the expansion of robusta cultivation driven by Nestlé in Chiapas and Veracruz has contributed to ecosystem degradation by reducing biodiversity and heightening disease risks.

"When coffee prices are high, certifications lose sustainability because the consumer does not want to pay more... When the price is down, they help but do not solve the structural problem."

-COFFEE GROWER TESTIMONIAL

¹⁵³ "4C Certification - Step by Step," 4C, 4c4c-services.org/wp-content/uploads/2018/03/Step-by-step.pdf.

¹⁵⁴ "4C Advisory Board," *Op.Cit.*

¹⁵⁵ "Juntos es mejor," Nescafé, nescafe.com/mx/sustentabilidad/el-mundo/alianza-rainforest.

¹⁵⁶ Marie-Christine Renard, "Values and the making of standards in 'sustainable' coffee networks: The case of 4C and Nestlé in Mexico," *International Sociology*, 37(1), October 2022, www.researchgate.net/publication/364280299_Values_and_the_making_of_standards_in_'sustainable'_coffee_networks_The_case_of_4C_and_Nestle_in_Mexico.

¹⁵⁷ *Ibidem.*

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The program also fosters producer dependence on large intermediaries, such as AMSA (part of the ECOM group), which manage certification and set prices without facing effective competition. In terms of market share, 4C accounts for approximately 39% of sustainable coffee globally, but its standards have been criticized as “light” compared to others that demand stricter commitments.¹⁵⁸ The reality is that the system ensures supply chain sustainability for Nestlé and other major buyers, but not social or economic sustainability for small-scale coffee farmers, who remain in precarious conditions while profits are concentrated in the hands of corporations and large intermediaries.

Nestlé has announced the adoption of FSSC 24000 certification for its suppliers, positioning it as a significant step toward social sustainability and responsibility within its supply chain. Given Nestlé’s documented history of abuses and recurring issues, it is crucial that the certification practices employed by the company undergo thorough investigation by relevant authorities and civil society organizations. In Mexico, the Ministry of Public Administration (SFP) and the ASF should investigate irregularities surrounding the use of public funds and compliance with transparency and social responsibility regulations. Internationally, the Organization for Economic Co-operation and Development (OECD), in collaboration with compliance bodies for the CSDDD in Europe, should monitor adherence to human and environmental rights in Nestlé’s global supply chain. These investigations must evaluate the effectiveness and transparency of the applied standards, ensuring that sustainability and social responsibility promises are genuinely upheld across the supply chain.¹⁵⁹

Although FSSC 24000 is presented as an international standard purportedly guaranteeing fair labor conditions and respect for human rights, the true effectiveness of such certifications often hinges on factors beyond mere compliance with pre-established standards.¹⁶⁰ A key challenge of FSSC 24000, and certifications in general, is the risk of them becoming tools of greenwashing, where companies secure approval seals without implementing substantial changes in their practices. Since certification audits are often pre-scheduled and conducted by third parties hired by the companies themselves, they may fail to accurately reflect on-the-ground conditions. Moreover, reliance on self-reported data from suppliers introduces a significant risk of manipulation or misrepresentation, raising doubts about the authenticity of claimed improvements.

¹⁵⁸ *Ibidem*.

¹⁵⁹ “Nestlé approves FSSC 24000 Certification for its Suppliers,” Food Safety System Certification (FSSC), fssc.com/insights/nestle-approves-fssc-24000-certification-for-its-suppliers.

¹⁶⁰ Hallam, David, “The Global Market for Coffee: Present and Future Prospects,” FAO, 2003; Ponte, Stefano, “The ‘Latte Revolution’? Regulation, Markets and Consumption in the Global Coffee Chain,” *World Development*, 30, no. 7 (2002): pgs. 1099-1122; Barrett, Christopher B., Travis J. Lybbert and D. Maxwell, “Certifications, Cooperation, and Contract Farming: Partial Market Institutions for Developing Countries,” *American Journal of Agricultural Economics*, 84, no. 3 (2002): pgs 716-31; Bacon, Christopher M., “Confronting the Coffee Crisis: Can Fair Trade, Organic, and Specialty Coffees Reduce Small-Scale Farmer Vulnerability in Northern Nicaragua?,” *World Development*, 33, no. 3 (2005): pgs. 497-511; Mariscal, Angeles, “Trasnacional busca controlar el café orgánico,” *La Jornada*, 29 August 2004; González, Ana Lorena, and Ronan Nigh, “Globalization and the Certification of Coffee: Fair Trade and Organic Coffee in Chiapas, Mexico,” *Journal of Peasant Studies*, 32, no. 3-4 (2005): pgs. 503-32; and, “Coffee Certification Programs: Beyond Fair Trade,” Era of We, eraofwe.com.

3.2 Major Omissions: Impartiality and Traceability in the Certification Process

"Certifiers lend themselves to countless irregularities and end up benefiting corporations instead of producers."

—COFFEE GROWER TESTIMONIAL

Fairness in certification processes is a critical issue, particularly when large corporations exercise significant control over the process. In Starbucks's case, its close collaboration with Conservation International (CI) — an NGO whose board included the company's former CEO — and the use of intermediaries such as AMSA have raised concerns about potential conflicts of interest and the lack of independence in verifying C.A.F.E. Practices standards. Additionally, small producers lament being excluded from the decision-making processes within the system, leading some to reject certification entirely, as evidenced by testimonies collected for this report.

Santiago Argüello, a public servant, played a pivotal role as general coordinator of Agriculture at SADER from 2017 to late 2024.¹⁶¹ During this period, he was responsible for implementing policies and programs that directly affected the nation's agricultural supply chain. As the coordinator of the Comprehensive Plan of Attention to Coffee (PIAC), Argüello emerged as a key figure in the development of Mexico's coffee sector.¹⁶²

Previously, he was linked to CI, where he worked from 2001-05 as Coffee Coordinator,¹⁶³ during which the C.A.F.E. Practices certification program was developed and launched in collaboration with Starbucks. This "revolving door" phenomenon — where public officials transition between private organizations and government roles — points to a potential conflict of interest. In his governmental role, Argüello was theoretically tasked with regulating activities related to organic and sustainable coffee certifications, which he had previously promoted from the private sector during his tenure at CI. Allegations of corruption and conflicts of interest surrounding him intensify when examining the close relationships between CI, Starbucks, intermediaries such as AMSA, and his influence on agricultural policy.¹⁶⁴

¹⁶¹ "Santiago Arguello. Declaración patrimonial 2023," Declaranet, *Op.Cit.*

¹⁶² "Santiago Jose Arguello Campos," SADER, gob.mx/agricultura/estructuras/santiago-jose-arguello-campos.

¹⁶³ "The Conservation Coffee Alliance. USAID Contract # 596-A-00-04-00039-00. Annual and Final Report 2004-2007," USAID, pdf.usaid.gov/pdf_docs/PDACCJ861.pdf. Pg. 20.

¹⁶⁴ Nicolás Cruz Hernández, "Exigen cafetaleros cesar cubrimiento a empresa AMSA-ECOM Trading que encarceló a compañeros," *Plumas Libres*, 6 September 2023, plumaslibres.com.mx/2023/09/06/exigen-cafetaleros-cesar-encubrimiento-a-empresa-amsa-ecom-trading-que-encarcelo-a-companeros; "Cafetaleros veracruzanos exigen absolución y justicia en caso de incendio en AMSA," *El Buen Tono*, elbuentono.com.mx/cafetaleros-veracruzanos-exigen-absolucion-y-justicia-en-caso-de-incendio-en-amsa; and, "AMSA fabricó evidencias para inculpar a ex-alcalde de Ixhuatlán y dirigentes," *La Jornada Veracruz*, 30 May 2023, jornadaveracruz.com.mx/principal/amsa-fabrico-evidencias-para-inculpar-a-ex-alcalde-de-ixhuatlan-y-dirigentes.

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While Starbucks promotes supply chain traceability, the information it provides to consumers is typically limited to broad regions such as “Latin America,” making it challenging to verify whether the coffee they purchase originates from producers adhering to ethical and sustainable standards.

Its disclosure practices fall significantly behind current industry norms. Starbucks currently only shares details for its Tier 1 suppliers¹⁶⁵ (direct suppliers) as outlined in its FY2023 coffee supplier report. This level of transparency is insufficient compared to other industries, such as palm oil, where universal mill lists enable tracking to additional tiers. Similarly, Starbucks’s level of supply chain visibility lags behind the cocoa industry, where many major companies disclose up to Tier 3, offering a more detailed and complete perspective.

In comparison, Nestlé, despite its own limitations, provides transparency up to Tier 2¹⁶⁶ in its coffee supply chain — a more advanced level than Starbucks. Furthermore, certifications such as Rainforest Alliance, Organic, and Fair Trade extend to the farm level and publish specific details about certified farms, facilitating comprehensive traceability of product origins. Smithsonian’s Bird Friendly certification leads in this area by offering visibility down to the most granular level, ensuring full traceability across the supply chain.

Starbucks’s relative opacity poses a significant challenge, as it prevents consumers and auditors from verifying that its coffee meets sustainability and ethical standards. To remain competitive and align with growing consumer expectations for transparency, Starbucks must overhaul its disclosure practices and provide significantly more detailed information about its supply chain.

The complexities and challenges documented in Starbucks’s supply chain practices — particularly in regions such as Chiapas, where multinational dominance and transparency issues are prevalent — suggest that its marketed traceability and ethical assurances do not align with on-the-ground realities. This gap between Starbucks’s marketing claims and the practical limitations in offering detailed farm-level traceability raises concerns about misleading advertising regarding the ethical standards of its coffee.¹⁶⁷

The certification process also relies heavily on self-reported documentation by producers, introducing risks related to the authenticity and accuracy of the information provided. Without independent verification of all aspects of this documentation, there is a significant risk of misrepresentation. Furthermore, certification criteria focus primarily on the initial stages of coffee production, such as cultivation and early processing. This narrow focus risks overlooking violations or irregularities occurring later in the supply chain, such as during marketing, shipping, or retailing. Coffee producers interviewed for this report commented that representatives of verification organizations rarely conduct on-site inspections.¹⁶⁸

¹⁶⁵ “Starbucks’ Coffee Suppliers,” Starbucks, stories.starbucks.com/uploads/2024/02/Starbucks-FY23-Coffee-Suppliers.pdf.

¹⁶⁶ “Nestle supply chain disclosure: Coffee,” Nestlé, December 2022, nestle.com/sites/default/files/2019-07/nestle-supply-chain-disclosure-coffee-tier-1.pdf.

¹⁶⁷ “Traceability,” Starbucks Corporation, traceability.starbucks.com/#/country/MEX.

¹⁶⁸ “C.A.F.E. Practices. Lista de indicadores que requieren documentación para tarjeta de puntación V3.4” Starbucks Coffee Company and SCS Global Services, September 2022, cdn.scsglobalservices.com/files/program_documents/CAFE_RequiredDocumentationV3.4_V1-1_091322_SPA_V1-0_091322.pdf#page5.

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Nestlé's 4C certification, although promoted as an inclusive initiative, faces significant challenges in transparency and equity, as extensively documented in recent research. Reports highlight that the centralization of certification management within a single administrative entity at the production unit introduces substantial biases. This dynamic risks perpetuating inequalities in standard implementation and further marginalizes small producers who, despite following sustainable practices, cannot meet the high certification costs or productivity demands imposed by market-dominant corporations. Research by academic Renard ¹⁶⁹ underscores how the 4C system disproportionately favors large farms, excluding smaller producers unable to afford certification fees or comply with stringent productivity requirements.

"Nestlé's and Starbucks's own certifications, such as C.A.F.E. Practices, are a joke... [It's] more of a self-certification to keep producers on a leash."

—COFFEE GROWER TESTIMONIAL

The researcher has also highlighted Nestlé's alarming ability to influence the certification processes and outcomes it receives, which generates an unequal relationship between small coffee growers and large traders. This imbalance can be defined as "corporate capture" of the certification system, where Nestlé and other companies manage to adapt the regulations to their own interests. A concrete example is the lack of representation of smallholders in the decision-making process of the 4C system, which reinforces the exclusion of those who cannot meet specific requirements despite their efforts to adopt sustainable practices.¹⁷⁰

The much-touted traceability of the 4C system, which Nestlé highlights as a guarantee of sustainability, is fragile and relies heavily on the proper implementation of the Internal Management System (IMS) by the managing entity. Research, such as the "Fair World Project" report,¹⁷¹ has documented cases where this reliance has left room for serious inconsistencies and manipulations in the supply chain. Despite Nestlé's insistence on the integrity of the system, the aforementioned research reports and interviewed coffee growers have pointed to failures in the verification of field practices, allowing uncertified or unsustainable products to enter the market with labels that suggest otherwise.

FSSC 24000 certification, designed to establish supply chain social responsibility standards, has been criticized for its limited scope and questionable effectiveness in addressing structural inequalities. Although it is intended to improve labor conditions and promote ethical practices, various analyses point out that, in practice, this certification is more often used as a marketing tool than as an effective mechanism for change.

¹⁶⁹ Marie-Christine Renard, "Values and the making of standards in 'sustainable' coffee networks: The case of 4C and Nestlé in Mexico", *International Sociological Association*, Volume 37, Issue 6, journals.sagepub.com/doi/abs/10.1177/02685809221119289.

¹⁷⁰ *Ibid.*

¹⁷¹ "Advocating fair trade for small-scale producers and labor justice for workers around the world," Fair World Project, fairworldproject.org.

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A report by Global Standards¹⁷² highlights that, although FSSC 24000 establishes requirements for the implementation of social management systems, it does not guarantee substantial improvements in income distribution or the labor conditions of workers in agricultural and manufacturing sectors. In addition, it has been observed that the audits associated with this certification lack sufficient rigor to identify and correct unfair labor practices, which limits their real impact on improving working conditions.

Furthermore, FSSC 24000 does not effectively address the power dynamics and inequities present in global supply chains. By focusing primarily on compliance with minimum standards, the certification does not promote active worker participation or encourage a more equitable distribution of economic benefits. This suggests that, without a review and strengthening of its criteria and auditing processes, FSSC 24000 risks perpetuating existing inequalities rather than mitigating them.¹⁷³ In Chiapas, for example, where Nestlé has a strong presence, small producers continue to report precarious working conditions and almost total dependence on large traders for market access.

Without independent oversight and full transparency throughout the supply chain, certifications such as FSSC 24000 risk becoming little more than a facade of corporate responsibility, unable to confront the systemic causes of labor and environmental exploitation. It is vital that these certifications form part of a broader and more serious approach, including a genuine commitment by companies to eradicate the inequalities and abuses that remain rampant in many areas of their operations.

Both Starbucks, through its C.A.F.E. Practices program, and Nestlé, with its 4C certification, have designed proprietary certification systems — not to genuinely promote sustainability but rather to bypass the more stringent requirements of independent certifications. By establishing such schemes, these corporations exert absolute control over the supply chain, leveraging intermediaries like AMSA to manipulate prices, enforce labor conditions, and determine which producers gain access to the benefits of the global market. Instead of fostering fair competition or genuinely uplifting small-scale coffee growers, these certifications perpetuate dependency, ensuring that the very companies being audited by third parties dictate both prices and working conditions.

The lack of meaningful traceability, combined with the proximity of these corporations to the entities tasked with verifying compliance, undermines transparency. This converts these certifications into greenwashing tools, offering little to no tangible progress for sustainability or equity in the production chain. Without independent review and rigorous oversight, these programs will remain superficial facades of corporate social responsibility, exacerbating the struggles of small producers, who already endure some of the harshest conditions in the global market.



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Finally, for this report, we attempted to trace the exact origin of the coffee sold by Starbucks and Nestlé as consumers, but we encountered significant limitations in precisely identifying the specific city or farm from which the beans originate. The certifications of both companies typically only indicate the continent or macro-region of origin, and fail to provide the detailed information needed to verify whether the coffee is genuinely produced by small-scale farmers, meets the advertised sustainability standards, or whether the cultivation area is free from deforestation and other forms of environmental degradation, as their certification programs claim.

"So I am no longer looking to export. I am not looking to certify, but simply to demonstrate that what we do has quality and therefore should have a different price. That is what I am looking for."

-COFFEE GROWER TESTIMONIAL

Most troubling is the case of Starbucks, which on its website¹⁷⁴ promotes a traceability tool supposedly designed to allow consumers to scan the barcode on the package of coffee they purchase and directly trace the farm of origin. When testing this tool during our research, we discovered that the result only showed the "Latin America" region, without providing any additional details about the farm or the producer, clearly misleading the consumer by promising traceability that does not exist.

3.3 Opportunities for Action

"We, the coffee growers, feel abandoned by the government institutions that should regulate this system, such as the Ministry of Economy and SEMARNAT."

-COFFEE GROWER TESTIMONIAL

A review of the certification processes adopted by Starbucks and Nestlé in Mexico reveals serious concerns about the fairness, transparency, and effectiveness of these practices. Certifications, while essential to ensure sustainability and social responsibility standards, face significant challenges that must be addressed to protect small producers and ensure the authenticity of sustainable practices.

¹⁷² "Certificación FSSC 24000: Sistema de Gestión Social," Global Standards S.C., 2024, globalstd.com/en/certification/fssc-24000.

¹⁷³ "The Role of Corporations in Fair Trade Certification," Global Policy Journal, 2021.

¹⁷⁴ "Trace your Coffee," Starbucks, traceability.starbucks.com.

3.3.1 Recommended Actions for Business-Civil Society Relations

A critical step for civil society is to advocate for the implementation of genuinely independent audits within certification processes. This research has demonstrated that both Starbucks and Nestlé rely on third-party auditors, whose impartiality is compromised due to close relationships with the corporations.

On Starbucks's relationship with CI:

- CI has a history of conflicts of interest, including the involvement of public officials within the Mexican Government, such as Santiago Argüello. This raises significant doubts about the objectivity of the C.A.F.E. Practices certification.
- Civil society must demand that audits be conducted by entities without financial or personal ties to corporations, ensuring objective and credible evaluations.

Civil society organizations and human rights groups must also strengthen the capacity of small-scale producers to reclaim control over the certification of their products.¹⁷⁵ These organizations should provide training and technical assistance to producers so that they understand the requirements of certifications and, at the same time, develop collective financing mechanisms that allow cooperatives to manage their own certifications without relying on intermediaries. One approach is to strengthen local cooperatives, which have already demonstrated their capacity to manage and distribute organic coffee in international markets. By consolidating their self-management capacity, producers can negotiate better conditions and prices without having to cede control of their certifications to large companies.

The creation of producer networks and international alliances could facilitate access to markets where products certified under a fair and sustainable scheme are more highly valued. These networks can act as platforms for sharing experiences, reducing certification costs, and improving access to soft loans or subsidies for certification. Without these actions, market control will continue to be concentrated in the hands of a few corporations, perpetuating the dependence of small coffee growers on intermediaries that often operate with little transparency and at the expense of their rights. Currently, companies such as AMSA, which covers the costs of certification for producers, end up controlling the certificates, which strips coffee farmers of their autonomy and ability to negotiate fair prices. Initiatives that provide financial and technical support to producers, without implying the loss of control over their certificates, should be promoted and strengthened.

¹⁷⁵ Small producers must maintain control over certifications that guarantee that their products meet certain standards (such as organic or sustainable). This is crucial because, in many cases, intermediaries finance these certifications, but then manage them in such a way that producers lose the ability to decide to whom they sell or under what terms. By losing control, small producers are forced to follow the rules imposed by these companies, without being able to negotiate better conditions or fully benefit from the standards they meet.

3.3.2 Recommended Actions for Companies in the Coffee Sector

In terms of transparency, certifiers and corporations such as Nestlé and Starbucks should be obliged to provide more detailed and accessible information about the traceability of their products. This research has shown that the information that reaches the final consumer is often vague and limited to large geographic regions, making it difficult to verify whether coffee has been produced under ethical and sustainable conditions. One direct action would be to require certifiers to publish the details of each certified production unit, including the specific location, farm size, and production methods used. This would not only increase transparency but also allow consumers to make more informed choices.

Corporations themselves must take a more proactive, ethical approach to their certification practices. Rather than using certifications as a marketing tool, Nestlé and Starbucks must commit to implementing real sustainability improvements in their supply chains:

- In the case of the Starbucks C.A.F.E. Practices program:
 - Although it is advertised as a model of sustainability, research reveals that it has been criticized for its lack of independence and for favoring large-scale production at the expense of small producers.
 - Regarding the relationship between Starbucks and Agroindustrias de México (AMSA), we have documented that producers lose control over their certifications due to intermediaries. This places them in a situation of dependency, forcing them to adjust to the demands of these companies without being able to negotiate better conditions.
- In the case of Nestlé and the 4C program:
 - Despite being promoted as an inclusive certification model, in practice the implementation of the Nescafé Plan has resulted in the expansion of the cultivation of robusta coffee, a variety that, although more resistant and productive, has serious ecological consequences. Robusta, promoted to produce instant coffee, is not grown under shade and contributes to deforestation and the depletion of water resources in regions such as Chiapas and Veracruz.
 - The environmental consequences are added to the precariousness of small producers due to their dependence on prices set by intermediaries, highlighting the lack of true sustainability in certification practices.

3.3.3 Recommended Actions for Governments

At the governmental level, the Mexican State must:

- Follow the example of countries such as Costa Rica, where stricter policies have been implemented to regulate coffee production certifications. There, coffee cooperatives have played a leading role in obtaining fair trade and organic certifications, driven by a regulatory framework that prioritizes transparency and equity.¹⁷⁶
- Establish minimum standards that certifiers must meet to operate, such as mandatory independence of audits and an inclusive approach that guarantees the active participation of small producers in key decisions.
- Ensure that public funds, such as those channeled through FIRA, are used to fairly and transparently support producers in obtaining certifications without allowing large corporations and intermediaries to appropriate these resources, as has occurred in some cases reported in Chiapas and Veracruz.
- Eliminate the revolving door phenomenon in State and regulatory institutions, preventing conflicts of interest such as those seen in the case of Argüello, where public officials transition into private sector roles that influence public policies and certification processes, compromising the integrity and impartiality of the rule of law.

The German authorities (including the Supply Chain Surveillance Authority in Germany), considering that 4C is based in Germany and subject to German law, must:

- The Supply Chain Surveillance Authority in Germany must audit 4C certification practices, focusing on how the standard is implementing the sustainability principles required by the Supply Chain Due Diligence Act (*Lieferkettensorgfaltspflichtengesetz*). It should specifically assess:
 - Evidence of socio-environmental violations in Mexico under the 4C standard, particularly in robusta cultivation, linked to deforestation (e.g. Chiapas).
 - 4C's transparency and accountability practices in its certification process, ensuring that audit reports are independent and accurately reflect production conditions.
 - Impact on labor rights and fair wages in the supply chain, with special attention to equity in payments to small producers and compliance with basic labor standards.

¹⁷⁶ Guy Faure, Jean-François Le Coq, "Estrategias de las cooperativas cafetaleras frente a los sellos ambientales en Costa Rica," CIRAD, March 2009, agritrop.cirad.fr/556445/1/document_556445.pdf.

3. The Certification of Poverty, Opacity, Trade Union Repression, Deforestation, and Human Rights Abuses in Mexican Coffee

The French authorities, due to Nestlé's compliance with the Duty of Vigilance Law, must investigate:

- That Nestlé comply with the Duty of Vigilance Act. This should focus on:
 - Environmental and social impacts derived from the promotion of unsustainable crops, such as robusta coffee, and the consequent deforestation in vulnerable areas of Mexico.
 - Compliance with actual sustainability practices, beyond simple certification, to ensure that supply chains are aligned with international sustainability standards.
 - Transparency in terms of prices and conditions imposed on producers, verifying that there are no abusive practices or economic dependence that marginalize small producers.

In relation to the implementation of European regulations, specifically Directive (EU) 2024/825 of the European Parliament and of the Council against greenwashing, it is essential to ensure strict enforcement of compliance with the new EU regulations. This includes assessing the certifications and sustainability marketing practices employed by corporations such as Nestlé, Starbucks, and others that draw on standards such as 4C and Rainforest Alliance, among others. European authorities shall:

- Review the sustainability claims made in relation to coffee certified under these schemes, ensuring that they have verifiable data and are not simply marketing strategies.
- Apply consumer fraud penalties if misleading practices or unsubstantiated sustainability claims are detected in the labeling or promotion of its products.¹⁷⁷

Finally, new EU regulations against greenwashing — brought together in the Environmental Claims Directive — seek to prevent misleading claims about product sustainability. These regulations, which are part of a series of broader EU sustainability and consumer protection initiatives, already require — as of their entry into force in February 2024¹⁷⁸ — that companies and certifications demonstrate with verifiable and transparent evidence any sustainability-related claims.

¹⁷⁷ New European Union regulations against greenwashing, encapsulated in the Environmental Claims Directive, will set strict requirements for companies making environmental claims about their products. These rules aim to curb misleading claims that suggest products are greener than they really are. The Directive requires all environmental claims to be backed by credible, independent verification, and prohibits the use of self-certification schemes. The regulations will require companies to provide clear and transparent information about the environmental impact of their products, ensuring that any claims are scientifically substantiated and regularly reviewed. It also introduces penalties for non-compliance, which can include fines, revenue forfeiture, and even temporary exclusion from public procurement processes. See: "Stopping greenwashing: how the EU regulates green claims", European Parliament, europarl.europa.eu/topics/en/article/20240111S-TO16722/stopping-greenwashing-how-the-eu-regulates-green-claims#:~:text=Updated%20consumer%20protection%20rules%20introduce,or%20intensity%20under%20normal%20conditions.

¹⁷⁸ "Empowering consumers for the green transition," European Parliament, europarl.europa.eu/legislative-train/theme-a-european-green-deal/file-consumers-in-the-green-transition.

4. COFFEE GROWING, DEFORESTATION, AND ENVIRONMENTAL HARM

The expansion of agriculture and its link to deforestation is an increasingly critical issue, especially in tropical regions where high-value crops such as coffee dominate local economies. Globally, coffee ranks as the sixth-leading driver of deforestation, exacerbating environmental problems and biodiversity loss in producing areas. This pressure on local ecosystems underscores the urgent need for sustainable farming practices and stricter regulations to mitigate the impact on forests. In Mexico, coffee is a cornerstone of agriculture, with production concentrated in key states such as Veracruz, Chiapas, and Oaxaca. However, this agricultural expansion, particularly in areas dedicated to coffee cultivation, may be directly linked to deforestation, posing serious challenges to sustainability and forest conservation.

This analysis aims to unravel the potential correlation between the area planted with coffee in the municipalities of Veracruz and Chiapas and the alarming levels of deforestation recorded between 2000-23. Utilizing an advanced Geographic Information Systems (GIS) approach and combining open and accessible data, we have achieved a detailed and precise visualization of this phenomenon at the municipal level. This study not only seeks to illuminate the magnitude of coffee's impact on our forests but also to question the agricultural practices leading to the destruction of vital natural resources, thus challenging the sustainability rhetoric that many coffee corporations use as a facade.

4.1 Approach to Assessing Coffee Cultivation and Deforestation

Data on the area planted with coffee was obtained from SIAP,¹⁷⁹ including production values in tons per municipality and hectares planted with coffee per municipality. The latter variable provides a direct measure of the extent of coffee cultivation in different regions of Veracruz and Chiapas. For this analysis, we chose to use the planted area variable instead of production value to approximate coffee-growing areas, as the planted area more directly reflects agricultural land use — a critical factor when examining the correlation with deforestation. While production value reflects economic variables such as crop efficiency and market fluctuations, planted area is more closely linked to the territorial expansion of coffee cultivation and, therefore, to the pressure exerted on forest resources.

By focusing on planted area, this analysis prioritizes identifying changes in land cover associated with agricultural expansion. This approach allows us to capture how the in-

¹⁷⁹ “Anuario estadístico de producción agrícola,” SIAP, *Op.Cit.*

4. Coffee Growing, Deforestation, and Environmental Harm

crease in land dedicated to coffee cultivation may be directly related to the conversion of forests into agricultural lands. The independence of this measure from productivity is also a significant advantage, as it eliminates variability introduced by differences in agricultural yields and crop management practices, providing a clearer focus on the relationship between the extent of cultivation and deforestation.

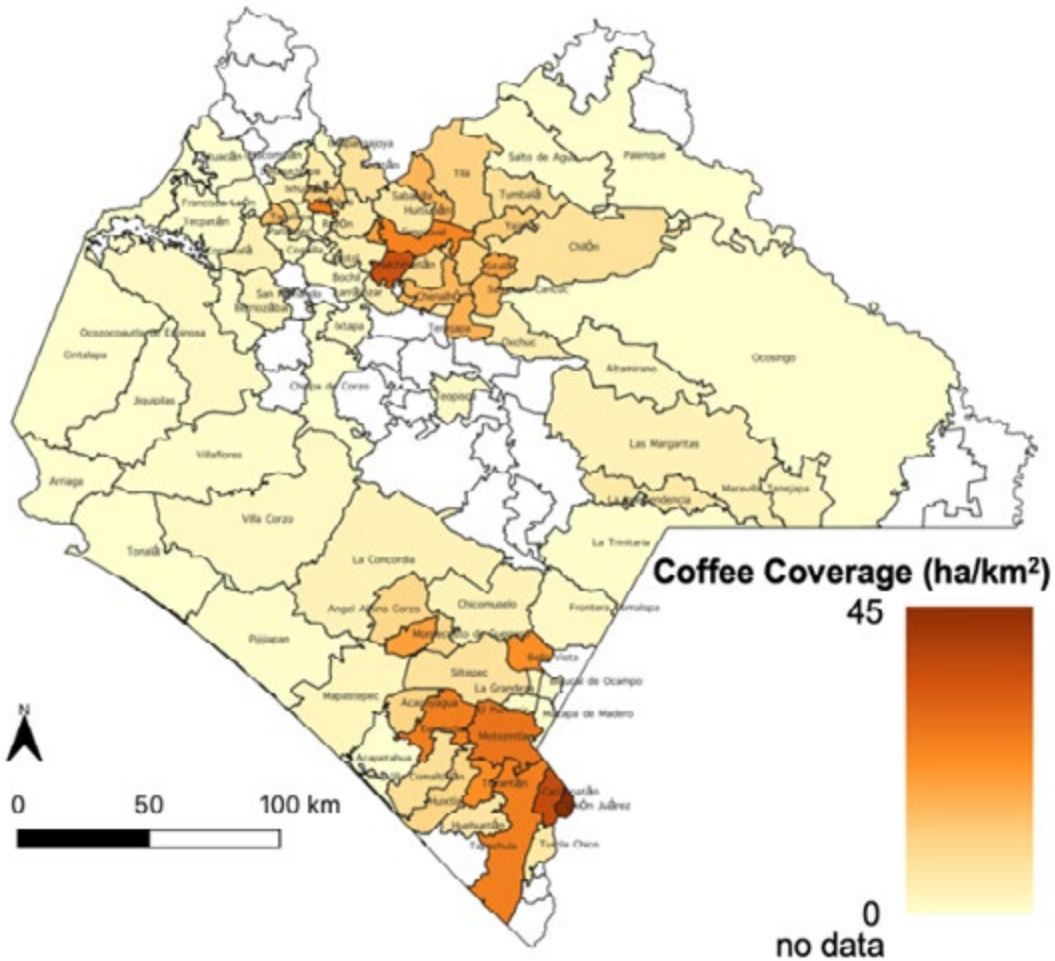
However, it is important to recognize the inherent limitations of this choice. By not considering the economic impact reflected in production value, we omit crucial aspects such as crop profitability, which could influence long-term sustainability and land-use decisions. Pressure on land may not solely be a function of the physical expansion of cultivation but also of the pursuit of maximizing income, which in turn could be linked to more intensive agricultural practices that do not necessarily involve an increase in planted area, but do involve the exploitation of the resource.

Map 2 represents the density of the area planted with coffee per municipality in the State of Chiapas for the year 2023, categorized into ranges of hectares planted per square kilometer. Chiapas, known for being one of Mexico's main coffee-producing regions, shows a notable concentration of cultivation areas in certain municipalities, such as Ocosingo, Las Margaritas, and Villa Corzo, which notably show the largest planted areas, reaching up to 24,880 hectares. This pattern reflects the importance of coffee as an economic crop in these areas but also highlights potential challenges related to the sustainable management of natural resources and environmental preservation.

For this research report, we documented how the expansion of coffee-growing areas in key regions of Mexico could be correlated with alarming levels of deforestation and environmental degradation. This relationship is especially evident in municipalities where this crop predominates, exacerbating biodiversity loss and perpetuating an unsustainable production model. The concentration of plantations in specific municipalities reflects a dangerous economic dependence on coffee and exposes producers to severe risk amid international coffee price fluctuations. This map is not just a descriptive tool; it is a wake-up call about how productive resources are distributed in the region and how these decisions could be mortgaging the environmental and economic future of local communities. It is imperative that this analysis serves as a basis for planning agricultural and environmental development policies that are truly balanced, sustainable, and fair for producers and the environment.



Map 2 – Planting Density in Chiapas (Ha/SqKm/Municipality) (2023)



Source: SIAP, 2023.

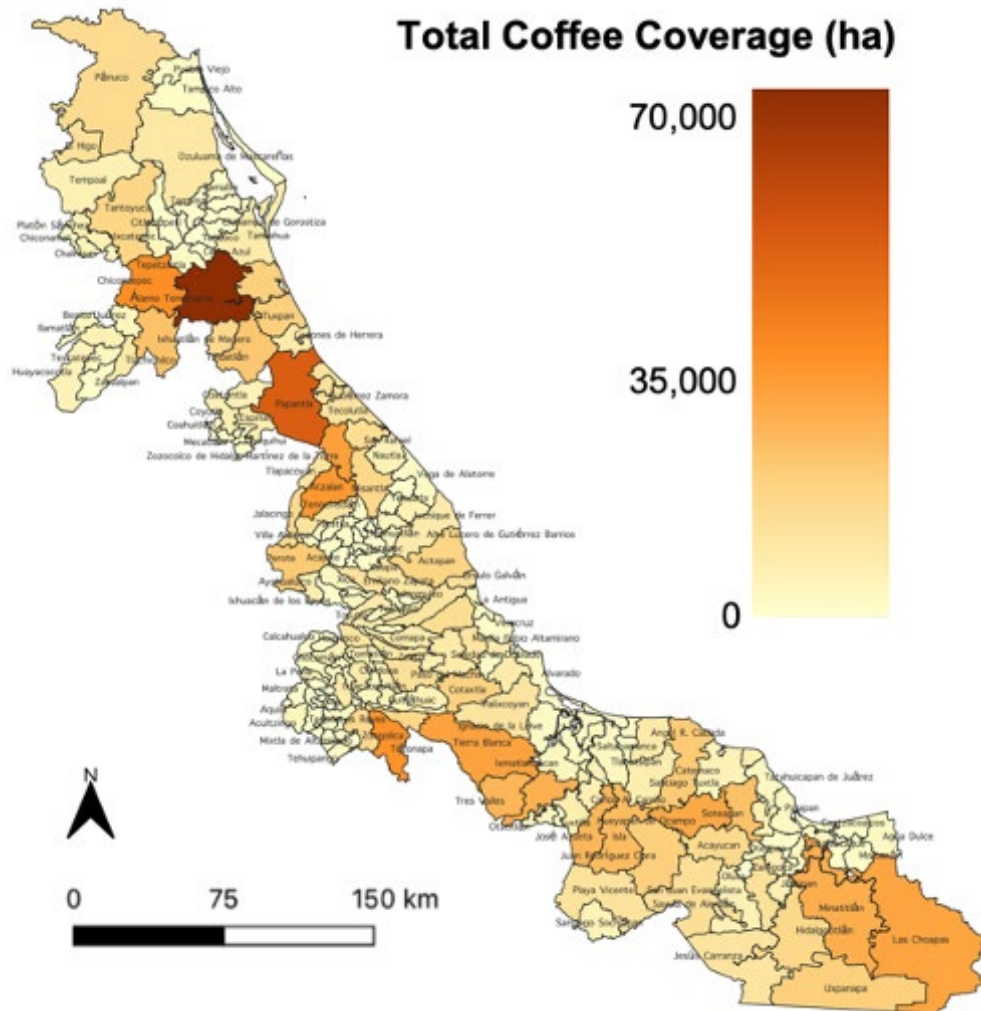
On the other hand, the map of Veracruz (Map 3) shows the density of the area planted with coffee per municipality in 2023(similar to the map of Chiapas). The largest cultivation areas are found in municipalities such as Coatepec, Huatusco, Ixhuatlán del Café, and Zongolica, where the areas planted with coffee reach up to 15,900 hectares. As in Chiapas, these regions are recognized for their coffee-growing tradition and the economic importance of coffee cultivation.

Comparing both maps, it is evident that both Chiapas and Veracruz exhibit a significant concentration of coffee crops in specific areas, although the situation in Chiapas is much more pronounced. With a greater number of municipalities dedicating extensive areas of up to 24,880 hectares to coffee cultivation, Chiapas reflects an almost absolute dependence on this crop, which not only threatens biodiversity but also perpetuates an unsustainable and vulnerable agricultural model. In contrast, although Veracruz also shows significant cultivation areas, it does not reach the extreme magnitudes observed in Chiapas, which could indicate a slight diversification of its agricultural economy or less pressure for coffee expansion.

4. Coffee Growing, Deforestation, and Environmental Harm

Both regions face serious environmental and socioeconomic challenges, including a concerning correlation between coffee expansion and deforestation documented in this chapter, as well as increasing economic pressure on producers trapped in a cycle of dependence and exploitation. However, the situation in Chiapas is more critical due to the larger planted areas, which amplifies the negative impacts on both the environment and local communities. This underscores the urgent need to implement sustainable management strategies and support policies tailored to the specific realities of each state, with a more rigorous and differentiated approach in Chiapas, where the risks and damages are considerably greater.

Map 3 — Planting Density in Veracruz (Ha/SqKm/Municipality) (2023)

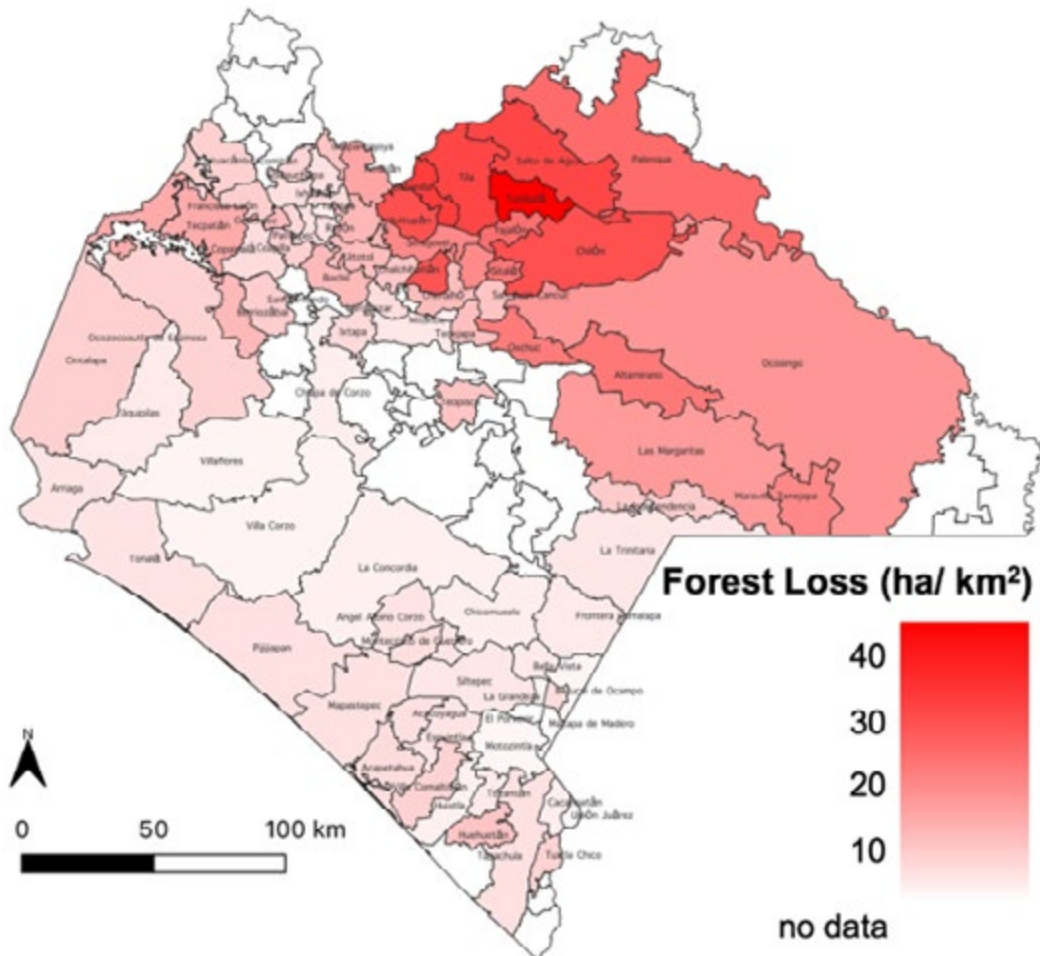


Source: SIAP, 2023.

4. Coffee Growing, Deforestation, and Environmental Harm

Deforestation was measured using data from Hansen et al., which provides information on forest loss between 2000-23. This dataset was downloaded in raster format and subsequently clipped to match the municipal boundaries of Veracruz using geospatial processing tools in QGIS. Zonal statistics were then calculated by determining the number of pixels affected by forest loss per square kilometer in each municipality to approximate the density of observed forest loss.

Map 4 — Deforestation Density in Chiapas (pixels/Ha/municipality) (2023)



Source: Hansen et al., 2023.

The deforestation map of Chiapas (Map 4) highlights a critical scenario in several regions of the state. The highest levels of forest loss are observed in predominantly rural areas, where agricultural activity — particularly coffee production — plays a dominant role. Municipalities such as Tumbalá, Palenque, Ocosingo, Las Margaritas, and Villa Corzo show severe deforestation, indicating significant pressure on forest resources, likely due to agricultural expansion and land conversion for intensive coffee cultivation.¹⁸⁰

¹⁸⁰ Florian Blumer, Carla Hoinkes, and Mariana Morales, “Esperanza pulverizada. Cómo Nestlé está llevando a la ruina a los caficultores,” Public Eye, March 2024, [stories.publiceye.ch/nescafe-mexiko](https://www.stories.publiceye.ch/nescafe-mexiko).

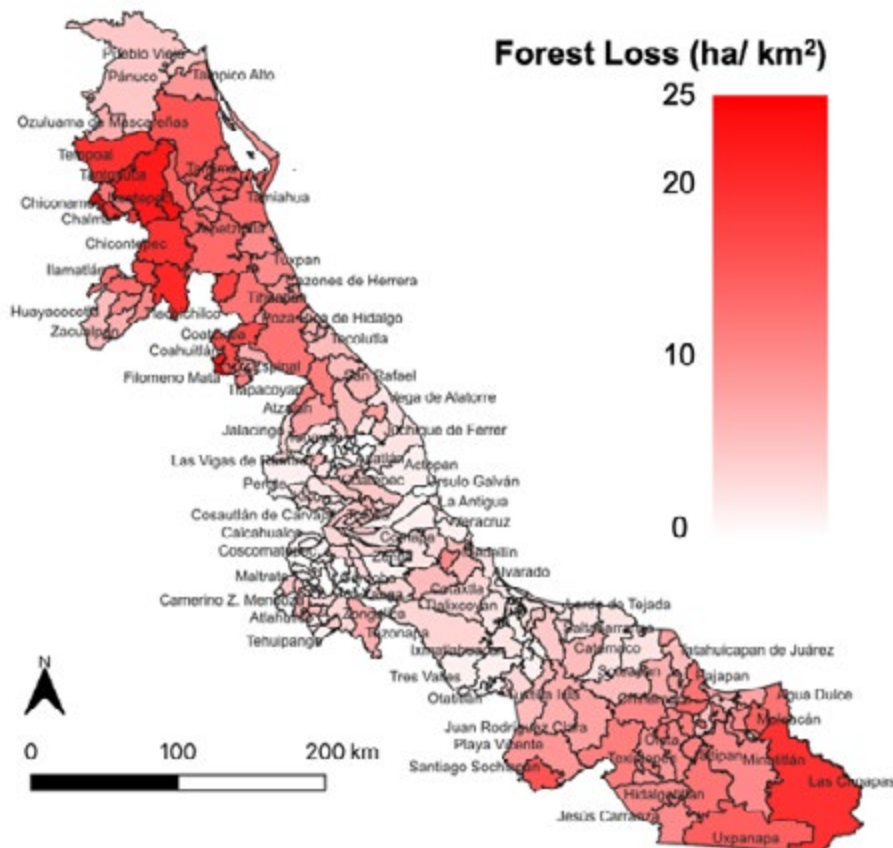
4. Coffee Growing, Deforestation, and Environmental Harm

Additionally, municipalities located near national borders and high-biodiversity areas, such as those close to the Montes Azules Biosphere Reserve, also record high levels of forest loss. This suggests a direct impact not only on forest cover but also on biodiversity and ecosystem stability. Deforestation in these zones may be linked to land demand for agriculture, particularly the expansion of crops such as robusta coffee, promoted by Nestlé and other corporations.¹⁸¹

The deforestation map of Veracruz also presents a concerning scenario. The most affected areas are primarily in the northern region and at the borders with Oaxaca. This loss is associated with agricultural expansion and the establishment of monocultures, such as coffee, which — although less extensive than in Chiapas — still significantly impact the environment.

Compared to Chiapas, Veracruz exhibits a more dispersed distribution of deforestation, though critical hotspots remain in its central mountainous region, historically a key coffee-producing area.¹⁸² This data aligns with reports of increasing coffee-planted areas, particularly in municipalities such as Coatepec and Huatusco, suggesting that agricultural expansion continues to be a key factor driving forest loss in the region.

Map 5 — Deforestation Density in Veracruz (pixels/Ha/municipality) (2023)



Source: Hansen et al., 2023.

¹⁸¹ *Ibidem*.

¹⁸² “Café de Veracruz, el de mayor calidad en el país,” Universidad Veracruzana, uv.mx/prensa/reportaje/cafe-de-veracruz-el-de-mayor-calidad-en-el-pais.

When analyzing deforestation patterns in Chiapas and Veracruz, both states face significant challenges related to forest loss. However, the extent and distribution of this phenomenon vary. These differences highlight the need for region-specific strategies to mitigate forest loss and promote more sustainable agricultural practices.

To assess the relationship between coffee planting and deforestation, we converted, processed, and analyzed geospatial data using a three-step process:

1. Data conversion: The SIAP dataset (originally in Excel format) was converted into a CSV file to facilitate integration into the GIS environment. This data was then merged with a vector layer of Veracruz municipalities for spatial analysis.

2. Zonal statistics calculation: The zonal statistics tool in QGIS was used to calculate forest loss density per municipality, categorized according to coffee-planted areas. This allowed for the creation of a map classifying municipalities based on deforestation severity.

3. Detection of the relationship between coffee cultivation and deforestation: To identify the relationship between the expansion of coffee cultivation and deforestation, we combined forest loss density data from Hansen et al. with an analysis of satellite images. First, we located areas with high deforestation in Veracruz and Chiapas, and then verified in the field and through Google Street View images whether these areas had been converted into coffee plantations. This cross-referencing of information allowed us to demonstrate land-use transformation and confirm the presence of coffee crops in previously forested areas.

4.2 The Relationship between Coffee and Deforestation

To demonstrate the relationship between coffee production and deforestation in Mexico, we implemented a methodology based on the analysis of forest loss density using data from Hansen et al., combined with a visual study through satellite images and digital cartography tools. Our objective was to identify areas where deforestation has been particularly intense in recent years and verify whether they have been transformed into coffee plantations.

“Robusta coffee cultivation does not require shade and relies heavily on chemicals... This promotes deforestation and affects local biodiversity.”

—COFFEE GROWER TESTIMONIAL

The Hansen et al. data source, widely used in environmental studies, provides raster format information on forest cover and forest loss over different time periods. Based on this analysis, we selected strategic points in Veracruz where deforestation density indicated a possible land-use conversion, and we conducted fieldwork to take photos of the coffee-planted sites and obtain their geographic coordinates.

Photo 1 — Coffee Plants in Veracruz (1)



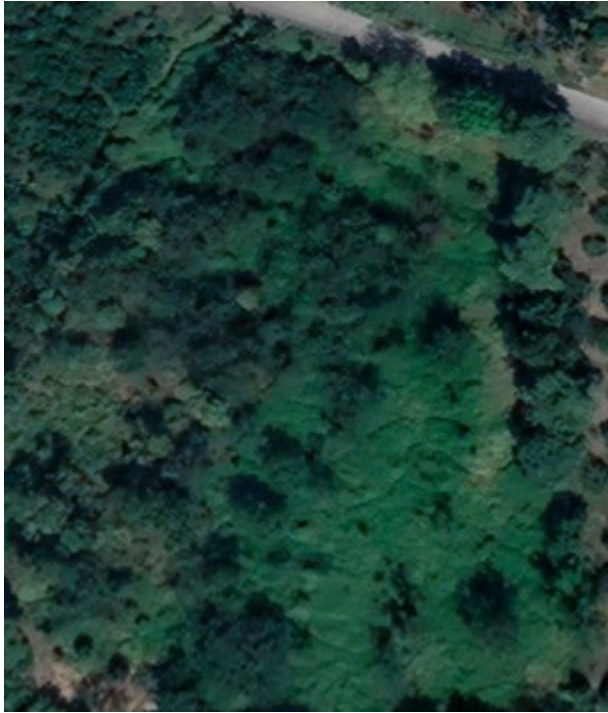
Source: [El País, 2025](#).

To complement this analysis, we performed visual verification using satellite images from Google Street View and other remote sensing tools. Through this methodology, we identified two sites (Photos 1 and 2) where the conversion from forest to coffee plantation was evident. In the first case, we compared an image from 2018 showing dense forest cover with an image from 2023 (Image 1), where the vegetation had been removed and the area was occupied by coffee crops. In the second case, an image from 2016 showed a forested area that, by 2024, had been replaced by coffee plantations (Image 2), suggesting a recent transformation of the landscape.



Image 1 – Instance 1: Deforestation

2018



2023



Source: SIAP, Hansen et al., Coffee Watch, and Empower, 2024.

The field validation process was key to ensuring the accuracy of the analysis. During fieldwork, we took photographs of two coffee plantations and recorded their coordinates. Subsequently, we used these geo-referenced points to conduct a retrospective analysis through satellite images and verify the evolution of land use at those locations. This combination of direct observation and digital tools allowed us to confirm the existence of new coffee plantations in areas that were previously forested.

Photo 2 — Coffee Plants in Veracruz (2)



Source: El País, 2025.

Image 2 — Instance 2: Deforestation



Source: SIAP, Hansen et al., Coffee Watch, and Empower, 2024.

For security reasons and to protect coffee growers, we do not include the exact coordinates of these sites in this report. However, the results obtained reveal a concerning pattern of deforestation associated with the expansion of coffee cultivation, particularly in regions where pressure on ecosystems is high. These findings highlight the need for stricter regulations and greater transparency in the coffee supply chain to eliminate the industry’s environmental impact.

4.3 Opportunities for Action

The promotion of sustainable agricultural practices is urgent given the current environmental crisis. We must demand an end to deforestation for coffee cultivation in Mexico and a transition to agroforestry systems that allow for reforestation. Consumer organizations must launch strong campaigns to raise awareness among producers and coffee traders about adopting agroforestry techniques that integrate coffee cultivation with forest conservation as a necessity for the survival of their livelihoods and the natural environment. Nestlé, Starbucks, NKG, and LDC must disclose any deforestation linked to their operations in Mexico and publish concrete, time-bound plans to remedy the damage, restore lost carbon, and protect biodiversity. The State, in turn, has the responsibility to decisively incentivize the adoption of these practices through subsidies and significant tax benefits for those producers — and especially intermediaries — that implement agroforestry systems or actively participate in reforestation programs. Several Mexican laws clearly establish the operational framework:

- 1. The Political Constitution of the United Mexican States**, in its Article 4, establishes the right of every person to a healthy environment for their development and well-being. This implies a human rights obligation for the State to protect and improve the environment, including promoting reforestation policies and the conservation of natural resources.
- 2. General Law of Ecological Balance and Environmental Protection (LGEEPA):** This is the main legal framework for environmental protection in Mexico. It establishes the basis for formulating public policies on conservation and ecological balance restoration, including reforestation and ecosystem conservation. It also promotes the sustainable use of natural resources and biodiversity preservation.
- 3. General Law on Sustainable Forest Development:** It regulates the management and conservation of forestry resources in Mexico, establishing that the State must promote reforestation and forest restoration as part of its sustainable forest development policies, including reforestation programs, soil conservation, and watershed protection.
- 4. General Law on Climate Change:** This sets the foundation for national climate change policies and obliges the State to implement mitigation and adaptation actions. Reforestation and forest conservation are recognized as key strategies for carbon capture and greenhouse gas emission reduction.
- 5. Official Mexican Standard NOM-152-SEMARNAT-2006:** It establishes the criteria for reforestation and ecological restoration of forest lands. This standard is mandatory for reforestation activities, ensuring that they effectively contribute to restoring ecological balance.

Additionally, Mexico is part of several international agreements that also oblige the State to implement environmental policies. These include the **Paris Agreement on Climate**

Change and the **Convention on Biological Diversity (CBD)**, which require national actions such as reforestation to meet international commitments to environmental protection.

Nestlé and Starbucks, instead of perpetuating unsustainable production models, must reorient their agricultural programs to insist on shade-grown coffee and forest area protection, not only as a gesture of corporate responsibility but as a non-negotiable condition for operating in coffee-producing regions — a condition that the State must enforce by implementing public policies that directly regulate coffee traders' operations in compliance with both national and international environmental protection frameworks that already apply to Mexico. Additionally, they must guarantee the protection of indigenous communities' right to **free, prior, and informed consent (FPIC)** in all decisions related to their territories and natural resources, respecting their autonomy and role as biodiversity guardians. These corporations must actively fund reforestation projects in the areas they exploit and ensure that their supply chains prioritize coffee produced under these sustainable systems.

Nestlé has already made significant zero-deforestation commitments in its palm oil and cocoa supply chains, assuming direct responsibility to reduce these products' environmental impacts. These commitments reflect an increasingly common corporate approach to promoting more sustainable value chains and preserving biodiversity in vulnerable areas. However, the same policy has not yet been extended to coffee, despite coffee being the sixth-largest driver of deforestation worldwide. Given Nestlé's extensive coffee industry operations and its impact on sensitive ecosystems in regions such as Chiapas and Veracruz, it is inconsistent not to adopt the same rigorous sustainability and zero-deforestation standards in its coffee supply chain.

Environmental protection and deforestation mitigation must be at the forefront of any corporate and government strategy. Civil society organizations cannot remain idle; they must lead monitoring and reporting projects on deforestation in coffee-growing areas, using geospatial technology to identify and expose forest loss, and exert pressure on the State and corporations. The State, beyond issuing statements, must act decisively to conserve forests and restore deforested areas, integrating these objectives into agricultural development programs and, most importantly, strengthening the enforcement of environmental laws with real and effective sanctions. Companies such as Nestlé and Starbucks must unequivocally commit to not sourcing coffee from recently deforested areas, establishing rigorous controls in their supply chains, and funding carbon offset and reforestation projects as an essential component of their operations and social responsibility.

5. CONCLUSIONS: UNCOVERING THE HIDDEN REALITY OF THE COFFEE SUPPLY CHAIN

The conclusions of this report paint an alarming and complex picture of coffee supply chains in Mexico, focusing on the operations of corporate giants such as Nestlé and Starbucks. Despite differences in their operational models, both companies critically depend on large multinational traders such as ECOM, NKG, and LDC. These corporations not only guarantee the quantity and quality of coffee required by the multinationals but also wield disproportionate control over Mexico's coffee market, leaving small producers in a state of extreme vulnerability.

One of the most concerning findings is the aggressive promotion of robusta coffee cultivation — termed “robustization” — by Nestlé through its Nescafé Plan. While aimed at increasing coffee productivity and resilience, this strategy has triggered devastating environmental and economic consequences. The push for robusta coffee, a variety with lower market value and quality, has intensified deforestation and depleted water resources in coffee-growing regions. This policy erodes biodiversity and ecological stability while perpetuating economic precarity for producers, trapping them in a cycle of low profit margins and unfair competition in a market controlled by a few powerful entities.

Research for this report also uncovered a troubling network of opaque relationships between these corporations and the Mexican State. Financial support from institutions such as INIFAP and FIRA for projects led by Nestlé and Starbucks lacks transparency in how public resources are allocated and utilized. This opacity reinforces the perception of State capture by corporate interests, with key policy decisions favoring multinationals over the welfare of small producers and environmental protection.

The case of Starbucks raises equally serious concerns. Its C.A.F.E. Practices certification program, developed with Conservation International, suffers from significant issues, including a lack of impartiality and limited product traceability. This report reveals that the program relies heavily on self-assessment and self-reporting by producers, with minimal field inspections. This undermines the integrity of certifications and perpetuates unsustainable and inequitable supply chain practices. Moreover, the close relationship between Starbucks and CI, alongside the role of intermediaries such as AMSA, casts doubt on the independence and objectivity of these certifications, questioning their ability to foster ethical and sustainable production.

Furthermore, the purchasing and certification practices of these corporations have exacerbated poverty and inequality in coffee-growing communities. The concentration of market power in the hands of a few companies has left producers with limited options,

5. Conclusions: Uncovering the Hidden Reality of the Coffee Supply Chain

forcing them to accept unfavorable conditions to access global markets. The lack of transparency in quality criteria and bonuses prevents producers from negotiating fair prices for their coffee, perpetuating a cycle of exploitation and inequality.

Mapping and geospatial analysis using GIS, combined with forest loss data from Hansen et al., Forest Loss Alerts, and high-resolution satellite imagery, were instrumental in identifying coffee production zones and areas affected by deforestation in Mexico. This analysis exposes the link between coffee production expansion and forest loss, underscoring the environmental toll of corporate practices in coffee-growing regions.

Mexico, one of the most bio-diverse countries in the world, holds exceptional biological wealth, according to the United Nations Environment Program. More than half of its territory is collectively owned by indigenous communities, who play a vital role in safeguarding forests, rivers, and mountains that support iconic species such as the monarch butterfly, jaguar, various turtle species, and rare trees and plants.

However, the agricultural expansion for coffee cultivation has placed enormous pressure on these ecosystems. Over the past two decades, deforestation linked to coffee farming has threatened the survival of numerous species. In the *Selva Lacandona* region of Chiapas, forest-to-plantation conversion has endangered species such as the Central American tapir, howler monkey, and migratory birds. Once a bastion of biodiversity, this area has suffered substantial forest loss due to agricultural expansion.

Deforestation has also affected protected areas and national parks. For instance, the *Montes Azules* Biosphere Reserve in Chiapas has faced illegal agricultural activities and invasions, jeopardizing its ecological integrity. As a critical sanctuary for endemic and endangered species, its degradation constitutes an irreparable loss for Mexico's biodiversity.

The expansion of coffee cultivation into forested areas not only threatens biodiversity but also endangers the livelihoods of indigenous communities reliant on these ecosystems. Implementing sustainable farming practices and strengthening conservation policies are essential to safeguard Mexico's biological richness and the well-being of its inhabitants.



This research has unveiled the questionable practices of Nestlé and Starbucks in their coffee supply chains in Mexico, highlighting the urgent need to reform certification processes and enhance transparency and traceability across the entire chain. The analysis demonstrates that Nestlé and Starbucks supply chains rely on dominant players in the coffee market, both in Mexico and globally, such as ECOM, NKG, and LDC. These companies employ practices to control prices and production that fail to ensure living wages for producers while posing serious threats to the environment and Mexico's rich biological diversity.

5. Conclusions: Uncovering the Hidden Reality of the Coffee Supply Chain

Civil society has several legal pathways to hold Nestlé and Starbucks accountable, not only for their own questionable practices but also for those of the companies operating within their supply chains. Noteworthy among these are the new laws and directives enacted in the EU aimed at increasing accountability in global supply chains. For instance, Germany's *Lieferkettengesetz* could compel NKG to address human rights risks within its supply chain, while the CSDDD mandates the integration of sustainability into corporate strategies, and the EUDR requires companies to assess deforestation risks in their supply chains. In Mexico, unexplored legal routes could also be pursued, such as filing complaints against predatory coffee traders with COFECE or legally demanding that the State fulfill its environmental protection obligations from a human rights perspective.

It is essential that any international civil society action builds upon and incorporates the extensive experience of Mexican coffee growers in their struggle for rights. A strong starting point would be supporting the Law for the Sustainable Development of Coffee Growing, a legislative initiative developed in collaboration with coffee growers' organizations in Mexico.

Finally, the fight for justice in the coffee supply chain must connect to a broader network of support, engaging key stakeholders such as the National Coordinator of Coffee Organizations and local cooperatives in Mexico. These groups are working to maintain their autonomy in a context where certifications, pricing policies, and trade terms imposed by multinationals severely limit their access to fair markets. Organizations such as Oxfam, Public Eye, and Reporter Brasil, with a proven track record of exposing abuses in the sector, are vital allies for advancing this cause. Building alliances with these committed actors and mobilizing international support is crucial to establishing a truly inclusive and transparent coffee supply chain.



6. RECOMMENDATIONS FOR ERADICATING EXPLOITATION, OPACITY, AND DEFORESTATION

- **Truly ensure transparency in the supply chain:** It is essential that Nestlé, Starbucks, and the major traders publish detailed information about their suppliers and the volumes of coffee purchased, broken down by type of coffee and geographical origin. This would allow for greater public scrutiny and ensure that business practices are fair and sustainable.
- **Traceability and verification must be independent:** Corporations must ensure that certifications such as C.A.F.E. Practices and 4C include more rigorous and independent verification processes, with much more frequent field inspections and greater transparency in evaluation criteria.
- **Crop diversification and sustainable agricultural practices must be at the center of coffee production:** It is necessary to promote policies that support agricultural diversification and the implementation of sustainable practices that not only improve productivity but also preserve natural resources and guarantee the economic viability of small producers.
- **The State must cooperate directly and without intermediaries with small producers:** Public policies and support programs should focus on strengthening the autonomy of small producers, avoiding dependence on intermediaries, and ensuring that public resources are used transparently and efficiently for sustainable rural development. Otherwise, the vacuum of State involvement is filled by unscrutinized corporate action, leaving corporate capture of the State to prevail as the modus operandi of the sector.
- **Civil society must play an active watchdog and monitoring role:** Civil society organizations have a responsibility to relentlessly expose corporate practices that trample on human rights and devastate the environment. They must force corporations and the State to be accountable and implement truly just and sustainable policies. This implies the urgent creation of public information platforms that dismantle the complicit silence, allowing consumers to make choices that do not perpetuate exploitation and destruction. It is time for corporate accountability to stop being an abstract concept and become a palpable reality.

The transformation of Mexico's coffee supply chain stands not as an option but as an unavoidable obligation. We can no longer accept the implicit cooperation between corporations, the State, and intermediaries that perpetuates this inequitable and unsustainable system.

6. Recommendations for Eradicating Exploitation, Opacity, and Deforestation

Transparency must evolve from an unfulfilled promise to an urgent reality. Equity must transition from the privilege of few to a guaranteed right for every producer. Sustainability must progress beyond empty rhetoric to manifest in concrete actions that respect both environmental resources and agricultural communities.

This moment demands decisive action to break the cycle of exploitation before we face irreversible consequences: environmental destruction, producers driven to economic collapse or forced occupation change, and consumers and civil society becoming complicit in environmental and social devastation. We must consider whether the convenience of our coffee consumption justifies the profound environmental and social implications that hang in the balance.



METHODOLOGY



The research methodology employed in this analysis offers a systematic examination of Nestlé's and Starbucks's coffee supply chains in Mexico, with a focus on identifying specific compliance concerns related to human rights and environmental standards that necessitate corporate accountability measures. The investigation utilizes multiple data sources and collection methodologies to provide a comprehensive understanding of the corporate relationships and operational dynamics within coffee production and distribution networks.

A core component of the research involved analyzing import-export data linked to Nestlé's and Starbucks's operations using the Panjiva platform. This database provides an extensive record of global maritime and terrestrial shipments, offering detailed documentation about trading entities and specific product information, including type and volume. Panjiva facilitated the meticulous tracking of corporate trading patterns, delivering critical insights into the commercial and financial flows of Mexican coffee. The analysis also accounted for inherent data limitations, such as potential inaccuracies in customs documentation and corporate privacy provisions that withhold names from public records. These limitations were carefully considered in the interpretation of findings.

Additionally, the research leveraged Mexico's National Transparency Platform (PNT) to access public information. Through numerous freedom of information requests, relevant data was obtained from government entities, particularly the National Institute of Forestry, Agriculture and Livestock Research (INIFAP), shedding light on State interactions with corporate coffee supply chains.¹⁸³ This data documented Nestlé's relationship with Mexican public institutions, particularly regarding collaboration in coffee production and certification programs. The information collected included revenues documented in the PNT¹⁸⁴ and self-assessment reports from INIFAP,¹⁸⁵ which were essential to analyze possible areas of undue influence and collusion between the public and private sectors.

To complement this data, an in-depth analysis was conducted of corporate documents sourced directly from the official websites of Nestlé and Starbucks. This included annual reports, financial statements, and sustainability reports, which provided critical insights into the corporate structures and coffee procurement practices of these companies in Mexico. Furthermore, filings with the U.S. Securities and Exchange Commission (SEC) and the Mexican Stock Exchange (BMV) were reviewed to develop a comprehensive understanding

¹⁸³ Responses to the request, through the PNT, with folio number 330019523000119, share.mayfirst.org/s/tMEk9Lx4WoG6fQK.

¹⁸⁴ The information is available in INIFAP's general transparency obligations for 2023, published on the PNT.

¹⁸⁵ "INIFAP Self-Assessment Reports," Empower, 2023, www.gob.mx/cms/uploads/attachment/file/917867/2023.pdf.

of these companies' operations and their impact on the Mexican coffee market.

The methodology also included in-depth qualitative interviews with key players in the coffee industry in Mexico. Five coffee producers were interviewed, one in Chiapas and four in Veracruz, as well as representatives of a cooperative that markets fair trade coffee in Chiapas.¹⁸⁶ These interviews provided direct insights into the purchasing and certification practices of Nestlé and Starbucks, revealing the difficulties faced by small producers in their interactions with these large corporations. The testimonies obtained were fundamental to corroborate and contextualize the documentary and statistical information, bringing a human dimension to the analysis.

A key aspect of the analysis involved evaluating the certification processes employed by Nestlé and Starbucks, with a focus on their transparency and fairness, particularly in the context of Mexico. This evaluation was enhanced by data acquired through the PNT and interviews with producers, who provided firsthand accounts of their experiences and perspectives of these certification systems. Particular attention was given to examining how corporate relationships and commercial interests might shape the enforcement and integrity of these standards.

In addition, a cartographic and geospatial analysis was carried out using Geographic Information Systems (GIS) to approximate the coffee growing areas and production levels by state in Mexico. For this analysis,

we used data provided by Mexican public institutions such as SIAP,¹⁸⁷ which offered a solid basis for mapping coffee production areas and evaluating the geographic distribution of production — either measured through production volumes (tons) or through the area planted with coffee (hectares). Data from Hansen et al. was also utilized to conduct geospatial measurements and approximations of deforestation in Mexico, leveraging openly available forest loss information in raster data format.

To further investigate the link between coffee cultivation and deforestation, we analyzed Forest Loss Alerts and high-resolution satellite imagery to detect recent clearance in coffee-producing regions. This allowed for visual confirmation, in two instances, that fields currently used for coffee cultivation were previously forested. To ensure coffee growers' safety, we excluded geolocation details of the photographic evidence, but our findings highlight the direct overlap between deforestation events and coffee expansion. This methodology not only identified key areas of coffee production but also examined how these regions are impacted by deforestation, offering a comprehensive perspective on the socio-environmental consequences of coffee cultivation in Mexico.

Throughout the research, several methodological limitations were acknowledged and addressed. Challenges included potential inaccuracies in customs data and limitations in the transparency of responses obtained through the PNT. These issues were mitigated by cross-referencing findings with additional documentary and

¹⁸⁶ Because both Chiapas and Veracruz are experimenting serious security crises in which, as will be seen, both the State and companies involved in this report play a relevant role, the identities of those interviewed have been protected through the use of pseudonyms and we have avoided quoting their testimonies verbatim.

¹⁸⁷ "Anuario estadístico de producción agrícola," SIAP, *Op.Cit.*

statistical sources. Furthermore, while the qualitative nature of interviews provided invaluable insights, the risk of subjective bias was minimized by triangulating this information with other data sets, including annual corporate reports, official statistics, and research conducted by civil society organizations and specialized agencies.

The research for this report employed a multifaceted methodology, integrating both quantitative and qualitative analysis frameworks. This enabled an in-depth investigation of Nestlé's and Starbucks's practices within the Mexican coffee supply chain, yielding valuable insights to support corporate accountability. Additionally, it established a solid analytical foundation for future research and strategic initiatives within the sector.



