

P A N A M A



BY DANNY BLANK



PANAMA FACTS

Capital City Panama City

Location Central America, between Colombia and Costa Rica, bordering the Caribbean Sea and the North Pacific Ocean.

Area 78,200 sq km, slightly smaller than South Carolina

Languages Spanish (official), English

Currency Balboa (PAB); US dollar (USD)

Population 3,242,173

Climate Tropical maritime. Hot and humid, with a short dry season and long rainy season.

Terrain Plains and hills along the coast; steep, rugged mountains and upland plains in the interior.

EVERY TIME I VISIT Panama, I receive the same warm welcome just outside the air-conditioned Tocumen Airport: being engulfed by the humid Panamanian night air. Since I first visited Panama in 2004, I've been smitten with its pristine beauty and lifestyle and never tire of returning to a country with such a rich history and vibrant charm.

This trip, my destination is the coffee-producing province of Chiriqui, in the Western Highlands, which has quietly become a significant player in the specialty coffee market. I am headed to Boquete, a quaint little village nestled under Volcán Barú, a dormant volcano at 11,400 ft. and the highest elevation in Panama. This is the center of Panama's coffee industry, and I have come to learn what makes this region so special.

History

Columbus first sailed Panama's waters in 1502, and later was followed by Balboa in search of gold, although Peru, not Panama, held the treasures the Spanish were seeking. They built the Camino Real, a route across Panama, which was used to transport its plunder back to Spain, while pirates like Captain Henry Morgan made off with plenty of the treasure.

In 1999, ownership of the Panama Canal passed from U.S. control to that of Panama, injecting fresh resources that helped finance many progressive initiatives all across the country. The dictatorships of the past, most notably Manuel Noriega, have peacefully transitioned to today's present democratic republic led by Martin Torrijos, whose reforms and incentives have spawned a favorable business climate.

European immigrants first settled the region in the late 19th century, bringing with them coffee. There are primarily three coffee-producing areas ranging in elevation from 3,500 to 6,500 feet, with Boquete as the oldest and best known. Volcan is situated on the southwestern slopes of Volcán Barú, and Renacimiento, is

the least known area because of its difficulty to reach. Some important factors, especially for Boquete and Volcan, are the good infrastructure of roads, wet processing stations and dry mills.

The Coffee

What makes this mountainous area so unique is that its many valleys create unique micro-climates, with six or seven in less than six-square miles. The rain pattern in Boquete comes in from the Pacific side between May and December and from the Atlantic coast between December and March. The winds blowing over the mountains from the north, create a fine mist called *bajareque* that acts as a huge air conditioner slowing the ripening of coffee cherries. This allows for the characteristic flavor profile; a balanced coffee with medium to high acidity, low to medium body containing flavor attributes of vanilla, maple, cocoa, citrus, caramel, white chocolate and some wine tendencies.

Many producers are third and fourth generation whose families have maintained their land over decades. This developed "coffee culture" is a driving force that keeps farmers working together developing strategies about new and emerging markets. The Specialty Coffee Association of Panama (SCAP), first originated in 1997, has worked in a spirit of cooperation for the benefit of all coffee producers helping educate and communicate new ideas and methods to improve the quality of their product.

Over the last few years, coffee competitions, such as the Best of Panama, hosted by the SCAP, have attracted the attention of roasters and companies from Europe, the United States and Japan. For the growers, the competition is a way to emphasize the nuances of estate coffee and to get better prices. The largest coffee roasters in Panama are Duran and Sitton, which buy, roast and sell directly within the country and only specialized in variety coffees recently.

One famous estate, La Esmeralda, has

won the past four Panama competitions. In the 2007 May auction, Esmeralda sold for \$130 per pound green, a record price. The cultivar creating all the fuss is Geisha, which has an Ethiopian heritage and was first brought to Panama from Costa Rica in 1963 by Don Pachi (Pachi Serracin).

Francisco Serracin, who learned the business of coffee from his father, Don Pachi, maintains "that because Panama grows eight different varieties of coffee, they can offer buyer's quality selection and choice, which is a good strategy in a market that every day is specializing more and more." Common cultivars are tipica, caturra, catuai, bourbon, geisha, san ramon, pache and mundo novo. Tipica is the oldest, while caturra is used most. However, it seems that growers are all planting Geisha. While it takes three years for a plant to produce cherries, it could be five to seven years before growers will know whether or not they can duplicate the success of Esmeralda.

Panama's total coffee output for 2007 was approximately 250,000 *quintales* (one quintal equals 46 Kg), about half of which is exported to the U.S., Europe and Japan. This is not an extraordinary amount of production when compared to Costa Rica, which produces almost ten times that of Panama. This year's production is about average, but during the 1990s the country experienced poor growing conditions due to the climatic changes attributed to La Niña. As result, output dropped and prices suffered as growers experienced a crisis that nearly wiped out many farms. Thus, some of the farmers closed long-term, five-year contracts based on fixed prices. This type of contract is a double-edged sword for farmers because as prices began to rise

in 2003 and 2004, they were locked in to prices lower than the market.

Future

The future for Panama's coffee looks bright, but there continue to be challenges. For instance, the last three years have seen a real estate and land development boom, especially in the Boquete area, resulting in some coffee farms being sold off for quick profits and left to deteriorate. "We are fighting to keep the *cafecultura*, looking for better incentives since some of the coffee farms are being sold and taken out of production," says Serracin. "One of the strategies is to say to our new residents, do not eliminate all the land for coffee, consider leaving a percentage that can be worked."

Growers also must keep up with changing consumer demand that requires farms be more eco-friendly and socially responsible. John Collins, owner of the Lerida Estate, has built an eco-hotel right on his coffee farm, which is bird friendly and operates harmoniously with coffee production. His guests rise before 6 a.m. to get a glimpse of the elusive Quetzal, the beautiful, rare bird living among the hundred-year old shade trees.

Although only two percent of the farms are certified organic, most growers do not use chemical fertilizers or pesticides due to cost factors. Some growers like Graciano Cruz, a leader in the organic movement and owner of the farm Los Lajones, has a worm farm in the Jaramillo area and is very passionate about his work producing organic soil that is worked over by millions of tiny red worms. Additionally, Mario Serracin, another progressive coffee

producer, has a unique operation, just off the main street of Boquete. There he houses all kinds of bacteria that he uses in the breakdown of soil providing healthier growing conditions for coffee plants.

The SCAP has also begun implementing a system to classify and highlight coffees that will distinguish Panama from other coffee-growing regions of the world. "We are working on a system of denomination of origin like the wines of Napa Valley, and we are trying to make a difference in each region and each zone describing the qualities and the characteristics of each coffee so that it can become a trade tool," Serracin says.

While coffee production in Panama will likely continue as a limited and valued resource, those responsible for sustaining the high standards of quality and excellence continue to influence a progressive path for the world coffee community.

DANNY BLANK, owner of Danny Panama Coffee Company located in Minnesota and Wisconsin, specializes in buying, roasting and distributing Panama coffees in the U.S. He has spent the past three and half years living in the Boquete area off and on cultivating many friendships within the coffee community, which continues to fuel his passion for great coffee.



PANAMA COFFEE AT A GLANCE

Coffee Tipica, caturra, catuai, bourbon, geisha, san ramon, pache, and mundo novo

Cup Profile Balanced, medium to high acidity, low to medium body

Main Growing Regions Boquete, Volcan and Renacimiento

