

Reconstructing the Coffee Republic: Development and Colonialism in Timor-Leste

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Introduction

In late 2003 the coffee chain Starbucks ran large colour advertisements in a major Australian newspaper. With a trademark reading 'Starbucks: romancing the bean' the advertisement was presented as if on coffee coloured parchment and cloth, with coffee beans scattered across the page. After eulogising the social impact of Starbucks in the Chiapas, the advertisement commented on how the company pays an additional premium for quality coffee. 'Why? So it can help fund health and education projects' in places such as Timor-Leste. The advertisement asked 'Is there a people anywhere who deserve a break more than the Timorese?' and in answering went on to claim that Starbucks helped build and equip a health clinic in Timor-Leste (*The Age* 2003).

Culture and history of coffee

The fact that the coffee cherry is represented on the country's new 50 cent coin gives some indication of the importance of coffee in Timor-Leste. Coffee is grown throughout the republic, concentrated in Ermera, Liquica, Ainaro, and Aileu districts. The majority of the crop is grown for export trade, although it is a popular local drink. Growers sell coffee either as the red cherry, parchment, or final green bean, as little roasting is undertaken within Timor-Leste. In the complex and wrenching reconstruction process on the scale of Timor-Leste, there is enormous variation in how aid and development projects are enacted. In the coffee industry, some NGO-style organisations work with East Timorese communities while other ventures are purely commercial in nature. Another type of organisation is hybrid, integrating development initiatives with actual business practices. Of particular interest is a project

initiated by the US Agency for International Development (USAID) enabling access to East Timorese coffee for corporations such as Starbucks. The nature of this project helps in understanding the on-going relationship between coffee and colonialism in Timor-Leste.

Coffee was first introduced to Timor-Leste in 1815 by the Portuguese colonial administration. The development of the coffee industry was led by Governor Jose Celestino da Silva across the turn of the 20th century. Sociedade Agricola, Patria e Trabalho (SAPT) — the initials of which can still be read on warehouse gates in Dili — was one of the dominant commercial ventures in the coffee industry in Timor-Leste during the Portuguese colonial era (Gunn 1999). Following the Indonesian invasion of Timor-Leste in 1975, the coffee industry was quickly monopolised by military interests. A 1979 decree by the Indonesian governor formally transferred the assets of SAPT to PT Denok Hernandes Indonesia, a company set up by senior Indonesian army officers to raise money for the armed forces and for corrupt self-interest.

Current control of the coffee industry

The National Cooperative Business Association of the USA (NCBA) is the current implementing agency for a USAID project to develop coffee in Timor-Leste, a project established well before the 1999 independence vote. In 1993, with CIA backing, NCBA and USAID officials sought to break the coffee monopoly in Timor-Leste run by the Indonesian military. As the US did not formally recognise Indonesian sovereignty over Timor-Leste it was unable to set up a project directly in the territory, therefore NCBA was contracted to run the project on behalf of USAID. By the end of 1994, NCBA had set up an office in Dili and have since sought to develop the coffee industry by providing technical assistance, as well as management, marketing and training. Needing to rebuild infrastructure following the

destruction and looting of 1999, NCBA has transformed the Indonesian-run Timor-Leste Federation of Cooperatives (PUSKUD) into a company called the Cooperativa Café Timor (CCT) in the post-independence phase (Oxfam 2003).

Although other companies export larger amounts, the NCBA project dominates the export of quality coffee from Timor-Leste. It buys red coffee cherry roadside and controls processing until the green bean is ready for shipping. The organisational reach of NCBA is unparalleled. Purchasing coffee from many inland and mountainous areas, NCBA has four wet-processing plants, a large dry-processing plant in Dili, as well as extensive drying fields and warehousing in Tibar. NCBA is, as it boasts, the largest private sector enterprise in Timor-Leste: by 2003 there were 16 primary rural organic cooperatives, more than 500 farmer groups and 19,584 farm family participants on 25,858 registered blocks of land. NCBA operations do not cover all of the estimated 200,000 people estimated to be partially dependent on coffee (Pomeroy 2001). Nevertheless, NCBA's ambition is to expand throughout the nation (NCBA 2003).

Colonialism and development

Colonialism, a common phrase, incorporates control by force of one society by another. Modern forms of colonialism, usually framed by contingents of imperial forces keeping locals at bay, were typically associated with the expansion of European power (though in practice not always the case) and the establishment of colonies across various continents. While aspects of modern colonialism continue in many respects, this has increasingly become overlaid by forms of neo-colonialism which can be understood as the rule of one society by another in a form that does not necessitate a significant embodied presence. Societies come to be held in check and control not by the threat of force, but by being integrated into global markets where current centres of power can still dictate to a significant degree the day-to-day

circumstances of people in distant places. 'Development', especially in post-conflict/disaster scenarios, becomes an ideal moment in which the major lines within society (Iraq and Aceh are recent examples) can be re-drawn by those who have extraordinary power in relative terms — international organisations such as the United Nations, NGOs and of course national aid and development programmes.¹

The link between Starbucks and East Timorese coffee is an obvious starting point as an intersection between development and colonialism. The role of projects, such as that run by NCBA, can be read as an attempt to ensure that 'developing' countries shape their national economic infrastructures in such a way that they base their economies upon commodity export goods for purchase by transnational corporations. While oil may be a more obvious example of colonial practice in Timor-Leste, coffee is potentially no less dramatic. Starbucks itself does not have a direct presence in Timor-Leste, nor has it helped directly build any health clinics, for example. Rather, NCBA facilitates the sale of coffee by CCT to international coffee brokers, such as Holland Coffee, who also claim that it has been responsible for building health centres in Timor-Leste (Holland Coffee 2005). These distributors in turn then sell to corporations such as Starbucks. The fair trade accreditation that CCT has achieved through the Fair Trade Labelling Organisations (FLO) means that at the point of purchase a premium is paid on top of the actual purchase price. This additional financial payment is to be used for the development of communities in coffee regions with this transfer of capital allowing companies such as Starbucks and Holland to make the claim that they help build health clinics.

Fair trade and development

The development of fair trade principles in recent years is yet to attract a necessary level of critical appraisal. However, the NCBA project in Timor-Leste opens up some lines of potential criticism. Fair trade accreditation appears at times to cement both colonial relations and the exploitation of coffee workers. It ostensibly satisfies the concerns of a Western consumer public by ensuring an additional transfer of income back into the growing communities, yet this remains an approximate five per cent premium which the corporations appear to pass on to the consumer via higher prices. In Timor-Leste in 2004, NCBA was purchasing the cherry at 14 cents per kilo from growers on the roadside, yet the sale of 20 kilograms of cherry at this rate would still not earn a grower enough to buy one cup of coffee in any of the restaurants in Dili. At the other extreme, Starbucks is able to post profits in the hundreds of millions of dollars (Starbucks 2003). Starbucks profit is, of course, gained in many ways other than the relatively small amounts of money made on selling East Timorese coffee. However, given *The Age* advertisements, coffee that has been deemed to be fair trade is used as a key marketing strategy for a company like Starbucks in order to attract niche markets and new consumers and to create the image of a 'good corporate citizen'. Even with fair trade accreditation, power remains at the corporation and consumer end of the commodity chain rather than with the actual growers. The real profits are made by corporations and success of programmes is determined by consumer's conscience and the capacity of corporations to market the coffee as fair trade.

At a broader structural level, the implications are potentially very serious. A development project that lays infrastructure for an industry at a time when little else exists, in combination with a programme that is able to sustain people just above subsistence level, but without enough to financial support to diversify, runs the risk of creating structured dependence. In

such a case, the continued sale of the green bean to transnational corporations would appear virtually guaranteed.

This situation often remains unquestioned, due to assumptions that coffee production *per se* should be encouraged to any degree in Timor-Leste. It may suit the interests of US-based transnationals to have a variety of coffee supplies over the long term. However, given that malnourishment is a common problem in Timor-Leste (United Nations World Food Programme 2005), development projects that promote food security and support agricultural production for East Timorese consumption have a higher priority.

Development projects resulting in relationships between growers who remain relatively poor and corporations that show massive profits, is one way to think about how the coffee industry is situated in relation to colonialism. The question of control through a society can also be found in the effect of the industry within Timor-Leste. On different publicity materials, CCT is said to be both fully Timorese owned and to run as a cooperative (USAID Brochure), despite there being no cooperative law in Timor-Leste. The basis of these claims is that CCT is a member-run organisation that elects its own representatives. However, it is very difficult to imagine CCT functioning independently of the NCBA advisors who make all major decisions about the running of the company, a point confirmed by NCBA arguments that the East Timorese remain unable to manage CCT alone for the foreseeable future (Oxfam 2004). Moreover, despite the rhetoric, coffee farmers who sell to the CCT are believed to have no sense of a cooperative structure with a relationship to management like that of any corporation (La'o Hamutuk 2002; Oxfam 2004).

An organisation like NCBA also plays a disciplining role, as people's lives are increasingly restructured by market demands. The penetrative effect of the market shifts people into a global market, linking their livelihoods to the vagaries of the trade in that commodity. While NCBA claims that the price farmers received at 'farm gate' for coffee improved fourfold in the first week of operations during the 1995 coffee season, the relative world price for coffee has fallen considerably since then — by as much as 70 per cent since 1999 (Oxfam 2004). In recent years, collapse of the coffee price has meant that communities are unable to derive a substantial income from coffee crops while there is a lack of infrastructure to grow other produce.

The disciplining role of NCBA is repeated within the nation, the structure of the NCBA project clearly intent on ensuring that the market is seen as the central determinant of resources in society. Branded 'Café Clinics', the health clinics that Starbucks and others claim credit for do provide a critical source of health services in Timor-Leste. These clinics are in effect funded by the premium that is assured by fair trade accreditation and are further subsidised by USAID funds. The original intention of the clinics was, however, that only members of CCT and their immediate families could access those medical facilities, thus communities were disciplined by tying their work directly to health provision and reinforcing the necessity of coffee production. Under the weight of popular demand, the 'Café Clinics' were opened to all community members, although it was planned that in 2005 there would be a return to a 'members only' service. Even if this does not occur and clinics are handed over to the state, the relationship between work, health provision and export is still drawn, with other non-coffee growing areas conceivably not receiving the same level of health care, irrespective of their needs.

Conclusion

The market may appear to be the normal way in which to organise communities, rather than state-owned or genuinely cooperatively run and community-led structures, for example. This is invariably confirmed by the weak state structures in Timor-Leste, with many state institutions either failing, or at least lacking significant resources, which in turn means that there is often a lack of monitoring of large international aid projects. There are few avenues by which to check various rumours circulating about NCBA activities: that phenol-rich water is not adequately decontaminated before it is pumped back into streams; that underage workers, who are not allowed to work under fair trade accreditation, are told to not come to work during the inspection period or; that NCBA trucks were used to bring protesters down from regional centres in the recent Catholic-led protests against the government. In Western countries, some level of media scrutiny and monitoring by government is possible, yet in Timor-Leste this often remains impossible.

One of the difficulties in making these kinds of arguments is that we are immediately confronted with the day-to-day realities of malnourishment, lack of health facilities, high infant mortality and the consequences of extended periods of trauma and extreme poverty. However, projects such as the USAID based scheme in Timor-Leste represent long-term projects with long-term consequences and may work to lock people into poverty rather than alleviate poverty, despite Starbucks' advertising. The immediate benefits of such schemes should not necessarily be ignored or dismissed, but need to be more readily matched with longer-term strategies for ensuring that the formal independence of Timor-Leste does not represent a hollow victory for its people.

Note

1. Two classics on the question of colonialism and differentiation are Franz Fanon's *The Wretched of the Earth* and Albert Memmi's *The Colonizer and the Colonized*. To read comprehensive analysis on terms such as colonialism and neo-colonialism see Robert Young's *Postcolonialism: An Historical Introduction* and Leela Gandhi's *Postcolonial Theory*. The discussion in this article is underpinned by an application of a methodology known as 'constitutive abstraction', as used by writers such as Paul James in *Nation Formation: Towards a Theory of Abstract Community*. However, this methodology is re-applied here not to questions of social integration at the level of the nation, but to the different ways colonial relations are constituted simultaneously and across one another. Lastly, on contemporary expressions of colonialism, see David Harvey's excellent book *The New Imperialism*, and also Naomi Klein's critique titled 'Baghdad Year Zero' on the intersection between development and conflict in contemporary Iraq.

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