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Timor-Leste Coffee
MARKETING THE “GOLDEN PRINCE” IN POST-CRISIS CONDITIONS

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Abstract
Over the past decade, Timor-Leste has aimed to identify and execute numerous peace-building and state-building initiatives. Central to the country’s strategic development plan is the careful management of its resources and exports. While the development of downstream industries in the oil and gas sector is the tiny nation’s strongest source of revenue, rehabilitation of its coffee sector has also been flagged for development. Although a relatively small player in the global coffee trade—producing under 0.2 percent of the global coffee supply—Timor-Leste’s coffee sector enjoys one comparative advantage: it constitutes the largest single-source producer of organic coffee in the world. However, despite attempts to boost this sector’s viability through fair-trade partnerships and development-oriented agents, the complex interplay of myriad structural bulwarks shows just how formidable the challenge facing Timor-Leste is. This phenomenon is situated within the fraught history of Timor-Leste and the current plight of its coffee sector sits within a larger narrative of extreme deprivation and asymmetries of power. This article thus considers the limits of fair-trade organic coffee exports to address Timor-Leste’s acute poverty.

Keywords: Timor-Leste/East Timor, coffee, organic, fair trade

Introduction
In 2010, coffee chain Starbucks announced the latest addition to its “Clover” range: Organic Timor-Leste. With characteristic aplomb, the coffee is described as “layers of complex flavors including roasted fig, balsamic vinegar and dark chocolate” (Starbucks 2010). Grown at an elevation of 1,500 meters, wet-milled and Fairtrade certified, the coffee is made of the high-quality Hibrido de Timor Arabica varietal. As the global market for quality coffee grows and matures, Timor-Leste appears uniquely placed to
harness and exploit its claim to such a lucrative commodity. Besides mainstream giants like Starbucks, brands like Nestlé and cafés the world over now entice consumers with coffees ever more “boutique” and nuanced. At the same time, over the last two decades, growing consumer interest in how coffee is produced—in terms of farmer welfare and environmental sustainability—ostensibly renders Timor-Leste’s coffee yet more attractive: most of its agriculture is organic, and the majority of farmers work with cooperatives that promote farmers’ rights and empowerment, through partners like Fair-trade. For all that though, coffee farmers in Timor-Leste, the poorest country in Asia, are among the most vulnerable in the global coffee economy.

This article considers why Timor-Leste’s coffee sector continues to struggle, asks why its export fails to lift growers to a level of relative comfort and surveys various efforts to improve their plight. With a focus on Timor-Leste, the article makes three main contributions to research on fair-trade organic coffee in particular and the discourse of ethical consumption in general. First, it spotlights a coffee-producing nation hitherto under-represented in existing literature; second, it supports research that finds fair-trade initiatives to have failed to lift the most marginalized coffee producers out of extreme poverty (Austin 2012: 174; Beuchelt and Zeller 2011: 1,323; Macdonald 2007: 809; Robbins 2013: 249; Weber 2011: 684; Wilson 2010: 91); and, third, and with a focus on one of Timor-Leste’s main export markets, Australia, it embeds this observation within a wider discussion of how practices of ethical consumption are problematically woven into largely neo-liberal systems. Drawing on Kate Soper’s notion of “alternative hedonism” (Soper 2007, 2008, 2012), ethical consumption is framed here as a limited expression of disaffection among affluent, knowledgeable consumers with some (but not all) byproducts of contemporary capitalism. These consumers negotiate their ambivalence “from within”—revised consumption choices that pivot on both altruistic concerns as well as self-interested ones. This analysis is important in terms of understanding limits on fair-trade and/or organic certification as means by which the global relationship between coffee growers, retailers and consumers can be radically redrawn. Timor-Leste and Australia are highly apposite case studies: the former, one of the world’s poorest nations, produces high-quality fair-trade organic coffee, and the latter has been a sophisticated coffee-consuming market for decades. Given that all fair-trade partnerships presuppose a differential distribution of economic power; this article takes stock of particularities specific to Timor-Leste (historical and contemporary) and positions these within a wider critique of fair-trade marketing.

The Timor-Leste Strategic Development Plan
On May 20, 2002, the Democratic Republic of Timor-Leste became the world’s newest nation, after 400 years of colonization and 24 years of occupation. Independence came at a huge cost: near-annihilation at the hands of its closest neighbor and would-be ruler, Indonesia. The fragile country faced the mammoth task of reconstruction, with a massively depleted resource base, and a population beset by poverty and illiteracy. Given the scale, scope and severity
of its problems, the Timor-Leste Strategic Development Plan (Timor-Leste Government 2011) is an ambitious commitment to lift the nation’s fortunes and prospects. The twenty-year plan flags investment in various measures to rehabilitate the people, refocus the economy and stabilize the politics. It aims to lift Timor-Leste from a low-income to a middle-income country by 2030, with a healthy, educated and safe population, across all thirteen districts and sixty-seven sub-districts. Timor-Leste desperately requires core infrastructure (roads and bridges, water and sanitation, electricity, telecommunications, airports and seaports), massive improvement of social capital (health, education, training), the gamut of economic support (private sector investment, rural development, urban development, tourism) and essential institutional frameworks (security, defense, a public service, justice).

Central to this growth is development of Timor-Leste’s downstream industries in the oil and gas sector. This is deemed necessary to shift the economy away from a dependence on the agricultural sector (mostly subsistence farming) and the public sector. Oil and natural gas constitute the economy’s most valuable assets: earnings from this sector currently contribute almost 90 percent of total budget revenue; earnings rose from US$135 million in 2004 to around US$2.12 billion in 2008, and were around US$2.46 billion in 2010. However, this asset has not yet seen raised living standards, as relatively little oil wealth has been invested outside the oil economy, with most absorbed by the Petroleum Fund. The Petroleum Fund builds on the perpetual income concept: in the long run, the real value of petroleum wealth is kept constant over time, so only the interest component on the sum of current assets and expected futures revenues is spent each year (Lundahl and Sjöholm 2008: 78). The fund had a balance of US$10.8 billion by August 2012 (Austrade 2012), and it is crucial that oil revenues are spent wisely over the next twenty to thirty years. On this front, there are serious concerns for the management of the Petroleum Fund. As detailed by the Timor-Leste Institute for Development Monitoring and Analysis, the state budget has repeatedly withdrawn significantly more capital from the fund than the estimated sustainable income, and the institute has forecast that, left unchecked, the Petroleum Fund’s cash reserve would be spent far sooner than expected—a problem compounded by reduced projections of future oil revenues (La’o Hamutuk 2014: 4–9).

If managed carefully, the potential wealth from oil and gas is substantial, but coffee—what the Timorese call their “golden prince”—constitutes another important resource. With annual exports of 12,500 tons, and some 50,000 families dependent on its production for six months of seasonal work each year, coffee accounts for 80–90 percent of Timor-Leste’s non-oil exports. The crop is mostly grown in five districts: Aileu, Aimaro, Ermera (where over half the total crop is grown), Liquiçá and Manufahi. Of all the cash crops identified in the strategic development plan (the others are candlenut, coconut, cocoa, black pepper, hazelnut, ginger and cloves), coffee is by far the most significant. While Timor-Leste is a seemingly small player in the global coffee economy, producing under 0.2 percent of the world’s coffee supply, it boasts a comparative advantage: it is the largest single-source producer of organic coffee, and the Timor Hybrid—a natural cross-breeding of the Robusta and Arabica coffee varieties—is
widely considered of high quality. The government thus hopes to rehabilitate 40,000 hectares of coffee plantations by 2020 and secure a strong identity and position on the world stage as a niche producer of quality organic coffee.

Given the cultural premium of quality coffee among Timor-Leste’s trade partners, especially Australia, there is a potentially lucrative opportunity to generate much-needed capital from what remains its only cash commodity export. As this article shows, however, the extent of Timor-Leste’s damage from centuries of outside rule and oppression renders even this a mammoth task. Initiatives from the likes of Starbucks to support Timor-Leste’s coffee sector through development-oriented partnerships point to a history of violence and oppression. After the underwhelming efforts of the Portuguese colonial rulers and the devastating actions of the Indonesian forces, Timor-Leste’s coffee sector was left under-resourced, poorly managed and highly inefficient. The sector now lacks the basic infrastructure to independently produce and brand its coffee at an internationally competitive level. This reflects both the challenge of industry development in a context of acute post-crisis stress, and also the unlikely prospect that fair-trade arrangements can deliver transformative change for deeply impoverished communities. This article maps out the specific route by which Timor-Leste’s coffee sector arrived at such a vulnerable and seemingly paradoxical position, that is, producing a commodity that is so highly valued internationally, yet marketed with fair-trade and organic guarantees that inevitably bespeak a vantage point of extreme structural weakness. These certifications are therefore doubly coded, as they signpost the criteria by which Timor-Leste may find some purchase into the global economy, and the commodification of morality as per the cultural logic of contemporary capitalist societies.

**Background: A Modest Coffee Economy**

The Portuguese first came to Timor-Leste in the sixteenth century. From the early-1500s until the mid-1970s, Portugal ruled the small area and its people with varying degrees of control and attention. While they lost most of their possessions in the East Indies to the Dutch, the island of Timor was divided between east and west; East Timor (Timor-Leste) remained under Portuguese rule while the Dutch took over the western half (which became part of the newly independent Indonesia in 1949). It was the Dutch that first brought the coffee crop to East Timor in the mid-eighteenth century, to Maubara, a small enclave west of Dili that was not taken over by the Portuguese until the mid-nineteenth century. While the Arabian peninsula had dominated commercial coffee production since at least the twelfth or thirteenth centuries (some argue earlier), it was colonial explorers and merchants from Holland that took coffee to Ceylon (now called Sri Lanka), Sumatra (in western Indonesia) and Timor, as well as other South-east Asian holdings, and made the Dutch East Indies the world’s main coffee-producing region (Rice 2003: 223). According to W. G. Clarence-Smith (1992), it was not until the early-1860s that coffee eventually dominated Timor-Leste’s export economy. In 1863–5, coffee accounted for 53 percent of officially recorded exports, and its cultivation spread from the
coastal areas of Maubara and Liquiçá to the central mountainous interior. The high quality of the Arabica coffee meant that it commanded a high price. While the value of coffee exports fluctuated for various reasons over the following century, coffee comprised over half the value of the colony’s exports during Portuguese rule, bar 1909 when it was eclipsed only by sandalwood (Nevins 2003: 689). By the early-1960s, the figures were stronger than ever: in 1963, exports exceeded 2,000 tons for the first time in thirty years, and coffee accounted for 73 percent of exports by value.

By the early-1970s, in the last years of Portuguese rule, coffee dominated the Timor-Leste economy: exports were between 4,000 and 5,000 tons per annum, and coffee accounted for over 90 percent of exports by value (Clarence-Smith 1992: 16). However, and as Clarence-Smith argues, the strength and scale of the coffee sector owed far more to the initiatives of Timorese smallholders than those of European plantation owners. The latter, he argues, proved largely inept at both coffee farming (for example, by planting coffee in unsuitable areas) and labor relations (dealing with a demoralized workforce that was either forced or underpaid). Only one Portuguese company, Sociedade Agricola Patria e Trabalho (SAPT), 40 percent of which was owned by the colonial government, achieved a noteworthy level of coffee production. By the mid-1970s, European planters had failed to deliver the “new Brazil” the Portuguese had hoped for, and survived primarily through state protection (Clarence-Smith 1992: 26), while 60 percent of coffee production was in the hands of Timorese smallholders (Nevins 2003: 689).

**Indonesian Aggression**

While Portugal failed to raise Timor-Leste’s coffee sector to a level of relative sophistication, its exit as colonial ruler set the scene for decades of trauma, dislocation and mass casualties. In April 1974, a relatively non-violent coup d’état overthrew Portugal’s fascist Caetano government; the leftist Armed Forces Movement immediately declared democracy within Portugal and the decolonization of its overseas territories. Fearing an independent state in its midst—a “Cuba of the South Pacific” (Smith 2004: 146)—and failing to convince the East Timorese that “integration” was their best option, Indonesia launched military attacks from West Timor, which led to a full-scale military invasion in December 1975 (Nevins 2003: 681). What followed was a period of massive disruption and displacement: the pre-invasion population of Timor-Leste was estimated at 688,771; during the invasion, nearly 40,000 people fled over the border to West Timor, and 4,000 fled to Portugal and Australia. Additionally, by December 1978, 373,000 East Timorese had been forcibly concentrated into Indonesian-controlled “strategic hamlets” (Thu 2012: 201).

The Indonesian parliament formally annexed Timor-Leste in July 1976; and Indonesian officers responded to resistance with a policy of starvation and brutality. By the end of 1980, between 80,000 and 100,000 East Timorese were killed in conflict with Indonesian forces (Smith 2004: 145). In August 1999, the East Timorese voted in a referendum, a choice between independence or limited autonomy within Indonesia; 78 percent chose the former. In response, over September and October 1999, Indonesian forces (augmented by militia
groups and anti-independence locals) destroyed 70–80 percent of Timor-Leste’s buildings, effectively paralyzed commerce and governance for months, and severely disrupted agricultural cycles (Hill 2001: 1142). Over 250,000 East Timorese were displaced into West Timor and the remainder of the population was largely displaced internally (Thur 2012: 202), while up to 2,000 pro-independence East Timorese were killed (Smith 2004: 145).

In the wake of worldwide condemnation, and the arrival of an 8,000-strong Australian-led multinational military force in September 1999, Indonesian forces eventually withdrew. After a brief period under a United Nations Transitional Administration, Timor-Leste thus began independence in May 2002, with Xanana Gusmão as president, as one of the most crippled nations in the world. The extent of structural damage by Indonesian forces was such that, despite an injection of considerable foreign aid and assistance, its GDP had dropped by 17 percent during the period 1997–2004 (Lundahl and Sjöholm 2009: 92). Years of crisis and conflict had also cost Timor-Leste most of its business expertise: the majority of the small Chinese community had left in 1975–6, while most of the Bugis traders from South Sulawesi left after 1999; likewise, most of its teachers and senior civil servants had also fled (Hill 2001: 1138). Timor-Leste thus suffered a mass exodus of educated, highly trained workers. By 2002, according to the United Nations Development Program, it was one of the twenty poorest countries in the world, and the poorest in Asia.

The plight of Timor-Leste’s coffee sector is exacerbated within this context of crisis, conflict and devastating loss. As Joseph Nevins (2003) makes clear, after 1975, the Indonesian military established the company P. T. Denok, through which it assumed control of all coffee plantations, the SAPT and some smallholdings. Coffee farmers were forced to sell through P. T. Denok, which functioned like a monopoly, fixing the coffee price well below international market value; those farmers that tried to bypass official channels (through the black market, for instance) were harshly punished by the Indonesian military. After 1975, the coffee sector contracted dramatically: coffee trees and processing facilities were destroyed and mobility restrictions stalled the spread of harvesting and skilled labor (Nevins 2003: 691). In the early-1980s, the price paid to Timor-Leste’s coffee farmers was just one-sixth of the price paid to those in West Timor, meaning that Timor-Leste’s coffee farmers were losing US$2.50 for every kilogram they produced; meanwhile, in 1983, P. T. Denok made around US$18 million simply by underpaying Timor-Leste’s growers (CAVR 2005: 14).

Decades of mistreatment, corruption and unjust conditions meant that, by 2002, the optimism of independence failed to lift prospects for Timor-Leste’s coffee sector: it was vulnerable, depressed and, according to the new government, “non-viable” (CAVR 2005: 694). Notwithstanding the monumental chaos wrought by Indonesian occupation, coffee farmers faced a globalized marketplace reframed by neo-liberal policies, specifically with the US-led dismantling of the International Coffee Agreement (ICA) in 1989, the absence of assurances and regulations that had protected producing nations with stable prices since the early-1960s. The subsequent laissez-faire market resulted in overproduction, glut and historically low prices paid to coffee farmers worldwide.
The Global Coffee Economy

Between the early-1960s and until the late-1980s, roughly half the surplus wealth generated in the global coffee commodity chain was retained in producing countries; this was followed by a sharp slide in leveraging capacity from these countries to corporations in consuming nations. According to Talbot (1997), producing nations had fared well due to the export quota system of the ICA, which had not only guaranteed good incomes for coffee producers, but also suited the geopolitical aims of consuming states—as de facto economic assistance to Cold War allies, while still stimulating strong corporate profits (Talbot 1997: 86). As over 90 percent of coffee production takes place in developing countries, and consumption is concentrated in industrialized countries, the political economy of the post-ICA marketplace reveals steep asymmetries of power (Ponte 2002: 1101). Since the Second World War, coffee has been the second most valuable commodity in the world (after oil), and numerous developing countries rely on its trade for a high proportion of export earnings. The demise of the ICA thus weakened millions of farmers and smallholders worldwide and exposed them to increasingly volatile (but generally lower) market prices. While coffee is produced in over 60 countries, over half comes from just three: Brazil, Vietnam and Columbia—with the rapid production of coffee in Vietnam from the 1990s causing a massive drop in international prices. Meanwhile, retail and roasting companies in consuming nations, dominated by a handful of multinational corporations, enjoy ever-growing profits (Moxham 2002: 10).

Coffee production is the primary source of income for a quarter of Timor-Leste’s population, and takes place on around 55,000 hectares of the land. Growers’ vulnerability is two-fold: a general coffee economy structured in ways that undercut growers’ selling power; and serious obstacles within Timor-Leste, specifically widespread poverty and disease, low levels of education and training, one of the highest fertility rates in the world and the gradual increase in criminality and political turbulence post-independence (Lundahl and Sjöholm 2009: 90–2). In the case of coffee, human resource development is especially pressing: in a workforce characterized by low business skills (such as accounting), low production skills (to innovate farming), high absenteeism and low literacy rates, the potential to develop a world-class commodity, or even to attract private-sector investment to this end, is modest—but imperative (Kusago 2005: 508).

In the early-2000s, Timor-Leste’s coffee sector faced a seemingly impossible task: competing on a playing field that was far from level, with a radically diminished resource base. However, the global coffee market evolved in important and pertinent ways. As Rice (2003) notes, it had splintered into two distinct categories: conventionally produced industrial coffees (dominated by Kraft, Procter & Gamble, Sara Lee, Nestlé and Tchibo), and highly differentiated specialty coffees, which had become increasingly popular in most urban markets—albeit on a much smaller scale than the former (Rice 2003: 227). Where industrial coffees are broadly generic and ubiquitous, specialty coffees represent nuance, knowledge and cultural capital—and that is where hopes rest for Timor-Leste’s coffee sector. By this logic, and insofar as marketing
for specialty coffees tends to spotlight matters of provenance, distinction and welfare (both human and environmental). Timor-Leste finds some footing in the global coffee economy.

**Conscientious Consumers**

Coffee producing nations felt the repercussions of neo-liberal trade from the mid- to late-1980s most harshly, and in the decade thereafter there was concomitant growth in awareness and concern in consuming nations, if only among a relative and absolute minority (Adams and Raisborough 2010: 257; de Ferran and Grunert 2007). From aid agencies, activists, non-government organizations, church groups and charities, a discourse of conscientious or ethical consumption emerged to mitigate the patent disparities of free trade, contribute to the economic integrity of marginalized producers in developing regions and admit some responsibility for a global citizenry and the planet (Memery *et al.* 2012: 1284). This discourse canvassed numerous commodities, but became widely associated with tea, sugar, chocolate and coffee. Here, and of the various indices by which an alternative trading arrangement was judged better than the conventional or mainstream option, the two most common were environmental responsibility and the well-being of workers. While the movement has since diversified considerably, by the 1990s two concepts were especially prominent in consuming nations: fair trade and organic.

“Fair trade” is a slippery and mercurial phrase, laden with normative values and highly contentious. In terms of market presence and brand recognition, few labels or organizations represent it quite as emphatically as the Fairtrade symbol, aptly enough. Fairtrade refers to a type of commercial arrangement that seeks to bypass the inbuilt bias of commodities markets, which alienate producers in developing regions through unfair and erratic price setting, and address setbacks that have otherwise stymied producers’ progress, from unsustain-able farming practices to malnutrition and child exploitation. This entails direct negotiation with a cooperative, a guaranteed minimum price that covers production costs, irrespective of changes in market price, a long-term contract and a commitment to community investment. Central to Fairtrade is a carefully calculated premium that covers not only the cost of production—paid in advance and fixed so it will not bend to market fluctuations—but also consultation with the growers so that profits are targeted to long-term community projects, such as health, education and welfare. The first Fairtrade product was in the Netherlands in 1988: through Solidaridad, a Dutch development agency, the Max Havelaar Foundation launched Fairtrade coffee with beans sourced from Mexico. The name referred to a fictional Dutch character that opposed the exploitation of coffee pickers in Dutch colonies. From the late-1980s, the growing number of brands around the world that professed commitment to fair-trade necessitated criteria to ensure some consistency that could inform certification. To this end, the Fairtrade Labeling Organization (now called Fairtrade International) was established in 1997 to monitor the standards of all fair-trade products. By 2012, Fairtrade’s biggest products were bananas, cocoa, coffee, cotton, sugar and tea. Over 2010/11, sale of Fairtrade coffee increased
by 12 percent, of which 47 percent was organic, with the Fairtrade premium paid to coffee producers estimated at US$40.2 million (Fairtrade International 2012a: 13–14). By the end of 2012, Fairtrade oversaw 660,000 small-scale farmers in 402 producer organizations of certified coffee (up from 256 organizations in 2007), with 75 percent of these in Latin America and the Caribbean, and the rest in Asia and Oceania (Fairtrade International 2013b: 67–8).

The second issue to dominate the discourse of conscientious consumption is environmental responsibility, reflecting growing awareness by consumers that centuries of industrialized capitalism have been detrimental for humans, animals and—with catastrophic consequences—the environment. Again, this concept, that production of commodities could be more environmentally responsible, prompted intense debate about how this consideration should manifest—as all economic activity involves some amalgam of scarce resources. As a succinct embodiment of a “planet friendly” approach, organic produce, farmed without chemical pesticides and fertilizers, assumed wide recognition and popularity, particularly from the 1990s (Khamis 2011). Demand for organic Arabica coffee showed an upward trend from 197 tons in 1992 to 445 tons in 1993, an increase of 126 percent (Piedade 2003: 28). Organic practices imply a more harmonious and mindful relationship between farming and the biosphere. Like fair-trade, organic products are generally marketed at higher prices than non-organic counterparts, to account for non-conventional production methods, economies of scale and (most controversially) a perception of nutritional superiority. As such, both fair-trade and organic rely on a material, ideological and/or ethical commitment from consumers.

Herein lays some hope for Timor-Leste’s coffee sector: by partnering with organizations such as Fairtrade, it has made steps towards a more viable future. As noted, within the global coffee economy its presence is modest, but there is the potential to privilege a unique selling point: about 80 percent of the coffee grown in Timor-Leste is organically-grown high-quality Arabica. Some of the crop is wet-milled (or washed), with the beans separated from the fruit pulp within twenty-four hours of picking; the beans are soaked in water to remove the mucous membrane layer and then sun-dried. This differs from the more conventional process whereby the cherries are sun-dried and harvested, then have the pulp removed from the beans to be sold for further processing in another country. Timor-Leste’s coffee benefits from the market appeal of fair-trade principles, organic produce and specialty coffees. However, for reasons detailed shortly, this will likely remain small economic relief within the vast task of wide-scale reconstruction.

A Niche Identity in Challenging Times

Like most of the country, Timor-Leste’s coffee sector was devastated after the 1999 referendum, with crops, roads, warehouses and processing facilities destroyed. Efforts had already been made to help farmers project a stronger market presence. From 1994, the US National Cooperative Business Association (NCBA) worked with the East Timor Centre for Village Unit Cooperatives (PUSKUD) to help develop organic coffee as an export commodity. With 19,000 small-scale coffee farmers organized into sixteen organic cooperatives and 493
producer groups, the partnership between the NCBA and PUSKUD became even more urgent after 1999. With a grant from USAID, PUSKUD was renamed Cooperativa Café Timor (CCT) in 2000, under the Timor Economic Rehabilitation and Development Project. Partnering with the Fairtrade organization in 2001, CCT aims to capitalize on its key market advantage—the only independent producer of wet-milled organic coffee—and oversee the conversion of funds, from the NCBA and Fairtrade premiums, into a much-needed network of health clinics: the Clinic Café Timor. The network offers primary-level health services to coffee farmers and families in remote, mountainous coffee-growing districts in the rural and coastal areas. With this network, the CCT is Timor-Leste’s largest provider of rural healthcare, reaches 115,000 people and provides free services to otherwise isolated coffee farmers (Cooperative Coffees 2010).

The CCT sells most of its coffee to Starbucks, which has supported Timor-Leste’s farmers since 1996. A symbol of global, voracious capitalism, Starbucks had much to lose from growing consumer interest in alternatively sourced coffee, at least in terms of public image. This may explain why, in 2009, Starbucks pledged to double its yearly purchase of Fairtrade certified coffee to US$56.4 million, more than any other company in the world (Starbucks 2009). By associating with Fairtrade, Starbucks gestures towards corporate social responsibility and seeks “moral legitimacy” before increasingly cognizant consumers (Neilson 2008: 1608). For critics, such high-profile partnerships cynically gloss over entrenched inequities within a general context of “business as usual,” and Starbucks et al. comply only with whatever minimum standards are required for certification and public relations. In turn, Laura T. Raynolds lists three main types of engagement with the fair-trade arena: a spectrum of financial and ideological commitment from weakest to strongest: market driven, with fair-trade ideals only embraced to secure brand-enhancing certification; quality driven, with fair-trade used as another differentiating factor within the new “economy of qualities,” alongside local, organic and so on; and mission driven, where association with Fairtrade is part of a brand’s explicit development agenda (Raynolds 2009: 1088).

Cooperativa Café Timor’s association with Starbucks sits at one end of Raynolds’ spectrum (market-driven), but those relationships between Timorese coffee farmers and more mission-driven groups warrant some discussion. These groups lack the marketing resources and dominance that Starbucks wields, but have still established ties to consumer groups—especially in Australia, through the Australia Timor-Leste Friendship Network (AusTimorFN). The Australia Timor-Leste Friendship Network was established in late-2009 after many of the already operating “friendship groups” met in Dili at the first Friendship Conference in 2008, to pool information, insights and contacts and to strengthen partnerships with Timor-Leste’s districts and government. Some of these community-to-community projects had been active since 1999, the first between the Melbourne city of Darebin and the district of Baucau.

With over fifty partnerships across Australia, AusTimorFN works with three main principles: to respect and support Timorese-led decision-making, to provide sustainable and long-term (ten-year) assistance and to forge
relationships through mutual respect and collaboration (AusTimorFN 2009). The Timor-Leste districts currently involved in the network are: Aileu, Ainaro, Baucau, Bobonaro, Cova Lima, Dili, Ermera, Lautém, Liquiçá, Manatuto, Manufahi, Oecussi-Ambeno and Viqueque. The work of AusTimorFN targets the core needs of Timor-Leste's reconstruction—education and training, health services and economic viability. Individually, the Australian-based friendship groups (usually associated with a local city or municipal council) carry out funds/awareness-raising activities for their “friends,” such as quiz nights, concerts, sausage sizzles, film screenings and market stalls. Chief among the fund-raising goods they sell is Timor-Leste coffee, sold through civic centers, local festivals, community events and through councils’ websites.

For example, Friends of Samé is a typical AusTimorFN member, and was formed in the Melbourne city of Boroondara in 2002 to support the region of Samé, part of the district of Manufahi. With administrative assistance and program support supplied by the local city council, Australian Volunteers International, Salesian Mission and the Royal Australia College of Surgeons, the group has provided its “friends” in Samé support for education and training development, Timorese textiles, the vision-impaired, local administration and the district’s economic independence and sustainability, particularly through the sale of Samé-grown coffee. Like most AusTimorFN groups, it relies on modest council grants, donations, volunteers, community fundraising and, for Samé coffee, its website, city service centers and selected local retailers. At around AU$7 per 250-gram pack, which is described as “medium bodied blend, with a full, sweet rebounding flavor and good aftertaste” (FOS, n.d.), the group pledges 50 percent of the purchase price directly to Timor-Leste.

For AusTimorFN groups, the sale of Timor-Leste coffee is just one part of a broader development commitment. Their promotion of the coffee notes its high Arabica quality and its ethical, sustainable production. To this end, they clearly exploit both the growing cultural premium of “boutique” coffee and interest in alternatively-sourced commodities. In Australia, growing demand for high-quality, organic specialty coffee is expected to see the average price of a cup of coffee rise to US$5.50 by 2016, as consumers increasingly seek a uniqueness and subtlety of flavor (Han 2013). Similar occurrences have been noted across cosmopolitan metropolises the world over, but the phenomenon is particularly obvious in Australia. There is a level of consumer sophistication in terms of knowledge and demand that is highly amenable to strategically differentiated products—that is, branding. Timor-Leste has particular appeal in this milieu. Various retailers that are already known for their progressive and/or development-oriented philosophies sell Timor-Leste coffee—for example, Oxfam stores. Similarly, Sydney’s Fair Trade Coffee Company uses Timor-Leste beans in its own Sacred Grounds coffee blend.

**A Post-crisis Context**

As important as these initiatives are, the most lucrative space in Reynolds’s spectrum—quality-driven engagements—remains severely underdeveloped. Despite the economic importance of coffee exports from Timor-Leste, and what appears a dramatic rise in how much consumers abroad are prepared to pay
for well-marketed quality coffee, this is a lamentably predictable impasse. The biggest challenge for Timor-Leste’s coffee sector is this: massive investment is required for its development, on multiple levels, a feat extremely difficult from a position of severe post-crisis weakness. Partnership with Starbucks, which buys 40 percent of Timor-Leste’s coffee, does not suffice, as the majority of the coffee’s sales are still dependent on the small (and often ad hoc) efforts of groups like AusTimorFN. Reigning coffee brands like Nestlé parlay awesome resources towards emerging coffee categories (organic, single origin, etc.) to sustain market dominance (Khamis 2012). This underscores just how much current initiatives between Timor-Leste’s coffee sector and Fairtrade, Starbucks, AusTimorFN et al. are limited within a context of what Kate Macdonald (2007: 801) calls “wider structural disempowerment.” Subsistence agriculture continues to dominate the Timor-Leste economy, accounts for over 30 percent of GDP and around 80 percent of employment. While coffee accounts for up to 90 percent of Timor-Leste’s non-oil exports, valued at US$10 million in 2012, the sector’s infrastructure is severely inadequate for global competitiveness. This brings to the fore a striking conundrum: while Timor-Leste agriculture is mostly organic, which in any other context is a marketing boon, it also means that yields for Timor-Leste’s only cash crop are still inadequate for Asia’s frailest economy. Improved methods of pruning and tree management could as much as triple crop yields, a strategy currently endorsed by James Rutherford from Timorcorp, the leading exporter of Timorese coffee and main provider of industry expertise. Rutherford has also overseen the introduction of machinery to the farmers—many farmers continue to pound the coffee with wood, a method that is both time-consuming and wasteful, as beans are often damaged in the process (Al Jazeera 2013a). With a similar view to accelerate and modernize production, numerous aid agencies have funded wind tunnels to protect crops during torrential rains, as well as schools for coffee farmers. By far the most radical intervention is that suggested by the country’s new president, Taur Matan Ruak. For him, the most logical means by which the sector’s growth and productivity can improve is through the introduction of pesticides, which would strengthen farmers’ manageability of crops, but also forfeit the coffee’s much-vaunted organic status. Outside of carefully monitored production methods overseen by development agencies and certifiers, the coffee sector still struggles with low farmer training and some resistance to alternative farming methods. Up to 90 percent of plantations were affected during years of conflict, either destroyed or neglected. What remains are often poorly managed, extremely old trees—some date back to the time of Portuguese rule. For President Ruak, the introduction of chemicals would at least give greater control of crop levels, necessary to stave off chronic shortages that see farmers face the “hungry season” when yields are low or there is extreme weather. In 2013, farmers endured one such hungry season, as food from the previous year’s crop did not last and the following harvest had yet to yield. Farmer families lacked food, and numerous children were taken out of school for lack of funds (Al Jazeera 2013b). Here, commitment to organic appears too great a concession to affluent, middle-class tastes for Timor-Leste to provide. As Brian Gardner (2013: 204)
argues, “While the current 20 percent yield drop that can be expected in Europe from adoption of organic methods is something that the EU and other rich developed countries might be able to afford, it is doubtful whether developing countries can”. Gardner’s discussion points more towards questions of food security (in terms of feeding a growing global population), but still suggests that the discourse of organic farming needs more robust engagement with a more nuanced ethics that considers how its costs and benefits are so unevenly spread.

The Limits of Ethical Consumption

The plight of Timor-Leste’s coffee sector raises questions regarding the efficacy and value of fair-trade and organic, and the extent to which such standards make a discernible difference to the world’s most impoverished communities. Whatever philosophical or moralistic appeal ethical consumption has for some consumers, key obstacles stall its expansion to a level that would redress inequities entrenched in global economic flows. Active commitment to ethical consumption remains marked by a distinct homology—namely, affluent, educated, middle-class consumers (often women) in developed nations (Carfagna et al. 2014: 161; Loureiro and Lotade 2005: 135). This is logical—to exercise any commitment to what are usually more expensive and/or less widely distributed goods, at least two conditions must be met: access to information about these goods and the financial means by which this information, if converted into concern, is matched with a purchase. These resources—informational and capital—are not evenly spread (Barnett et al. 2005: 28). Another consideration is the pragmatics of everyday consumption (Hall 2011: 628–31). While a growing number of consumers have become more aware of fair-trade and organic as consumer options—through education drives, marketing campaigns, campus activism and celebrity endorsements—ethics remains just one of several factors that influence consumption. As Barnett et al. (2008: 649) argue, even consumers that do respond positively to fair-trade initiatives do so “when this can be made to fit into their ongoing elaborations of the self.” Taste, cost, convenience, accessibility and ambience (in the case of cafés) all play a part. Bearing in mind that, in Australia, the grocery retail sector constitutes one of the world’s most formidable duopolies, the most salient coffee brands are those prioritized (through shelf placement and competitive pricing) by the “big two” retailers: Coles and Woolworths (Keith 2012: 48).

For those consumers who do commit to alternatively produced goods and services, ethical concerns do not negate the materialist pleasures of consumption, but problematize them. Kate Soper (2012) has identified an important consumerist disposition, and an attendant range of consumer practices, that articulate and enact what she calls “alternative hedonism.” For Soper, growing awareness of how unmitigated consumption contributes to social and environmental inequity and degradation (of labor, animals and scarce resources) has triggered in some consumers (specifically, affluent ones) a “gestalt switch,” whereby commodities once considered desirable become increasingly unappealing, by virtue of their association with exploitative labor, animal cruelty and climate change (Soper 2008: 580). These consumers become partial to alternatively produced goods, as these allay their concerns that they are
otherwise implicated in suffering, waste and environmental recklessness (Soper 2012: 101). Importantly though, this does not come at the expense of outright retreat from consumer culture, as much as a revised conception of the “good life”: alternative hedonism merges concerns with global issues with self-interest, and consumption is still enjoyed as a sensual, materialist exercise—albeit one modified by small ethical overtures (Soper 2007: 210–13).

In the case of Timor-Leste, the limits of fair-trade organic coffee exports as a transformative economic process are two-fold. On the supply side, coffee yields remain relatively modest, so the price premium guaranteed by both fair-trade certification and organic farming barely addresses acute impoverishment (Valkila 2009: 3023–4). The growers’ reliance on organic principles here becomes a concession to the lifestyle interests of affluent consumers in importing countries rather than a significant material advantage for growers’ livelihoods. On the demand side, the market for fair-trade organic goods in Australia is still relatively small and well below the reach seen elsewhere, particularly Europe and the United Kingdom. That said, even in developed markets, fair-trade and organic are still embedded within the cultural parameters of a neo-liberal political economy. The civic aspects of these ethical initiatives are never completely disconnected from consumerist ones, and concepts of social equity and environmental responsibility do not supersede the sensual pleasures of coffee consumption. For growers and exporters, there are then two value systems to meet: symbolic value (or branding), which can be generated by certification, and material value (or sensory attributes like taste and aroma). As Paige West (2010: 713) notes, implicit in the symbolic value is an irony that should be anathema to anybody invested in a truly progressive politics: fair-trade reworks the general scarcity of economic and social equity in global trade into a marketing advantage. Without entrenched, institutionalized poverty, fair-trade certification would cease to be a promotional point of difference. In theory and in practice, it is predicated on a status quo where unfairness is the default setting, without which fair-trade would lose its unique selling point.

The “alternative hedonist” of affluent, importing nations makes some commitment to a global citizenry, reconnects psychologically with coffee growers and performs some “action-at-a-distance” (Clarke et al. 2007: 233; Varul 2009: 184), but this activity is too dispersed to register too great a change. As Michael K. Goodman (2004: 901) notes, fair trade remains “more of a consumer-dependent movement for change rather than a consumer-led movement.” While Soper advocates “alternative hedonism” as negotiated consumption that brings together the pragmatic interests of the consumer with altruistic concern, the bigger picture remains mostly unchanged. As such, ethical consumption becomes, at best, the naïve hope that even the atomized and modest decisions of some consumers can help reframe global trade flows, or that it is a cynical deflection of attention away from multinational corporate dominance, as capitalist governments cede more responsibility for public welfare and care for society and the environment become matters of private consumption (Reichman 2014: 164). The resultant hybrid, the citizen-consumer, is then either an agent for the empowerment of impoverished others (Raynolds 2012:
or another unreflective cog in the neo-liberal machine (Brown and Getz 2008: 1194; Doane and West 2004: 22), for whom doing “something” is invariably that which has been highly mediated, circumscribed and ultimately of negligible benefit (Goodman 2010: 115).

Conclusion
The position of Timor-Leste’s coffee sector is not unique insofar as almost all the world’s coffee production takes place in developing nations; fair trade continues to bring only some relief to coffee-growing communities, and rarely on a sufficiently large scale to make discernible long-term difference to growers’ general wellbeing. This is not to say that the sector cannot be supported and enhanced, or that the market cannot be expanded. First, on the supply side, it is possible to invest in the sector’s human resources in ways that produce materially superior coffee—that is, more agreeable to the importer’s palate. In Rwanda, for instance, American-trained domestic tasters, or “cuppers,” have strategically cultivated Rwandan coffee exports that appeal—on a sensual basis—to growing markets in the United States, Japan and Europe (Goldstein 2011: 136).

Second, on the demand side, and in terms of symbolic value, it is possible to raise the cultural premium and market salience of fair trade as a consumer option. Fair-trade coffee currently has the highest recognition and success in the Netherlands, which is not surprising given the four factors identified by Linton et al. (2004: 237) as distinct there, namely: a history of coordinated fair-trade activity since 1959, significant resources devoted to the promotion of fair-trade principles and products, high accessibility of fair-trade coffee in mainstream supermarket chains and a wide variety of fair-trade coffee for consumers to choose from. Obviously, this historical explanation cannot be simply grafted onto other importing markets, as though they too will develop similarly “with time,” given the complex variables at play. What is possible though is expansion of dialogue, debate and awareness around discourses of alternative consumer options and the movement of fair-trade principles from the margins to the mainstream (Friedlander 2013: 9; Murphy and Jenner-Leuthart 2011: 513). A way into this scenario is through more commitment to fair trade by major brands that enjoy market dominance, which has been underway for the last few years (Neilson 2008: 1607). In 2012–13, Ben & Jerry’s, Kit-Kat, Nespresso and Maltesers were among several companies to begin fair-trade partnerships (Fairtrade International 2012–13: 12). But if these partnerships are to prove transformative for growers, there must be stronger investment at the supply side and in the coffees’ material value if growers really are to benefit from access to wider consumer markets.

Given the frailty of Timor-Leste’s entire infrastructure—material, human and agricultural—coffee exports have yet to see transformative change. Despite partnering with the world’s most recognizable coffee brand, Starbucks, and the facilitating work of Fairtrade and the AusTimor network, the sector still struggles in post-crisis conditions. As they apply to Timor-Leste’s coffee sector, fair-trade and organic standards are ways that extremely poor farmers buy into a global economy, but the infrastructural asymmetry that powers these contracts means that the terms of trade are far from equally determined or dealt
with. This bedevils the world’s most marginalized coffee growers, not just in Timor-Leste. Even with conditions locked in to empower growers and mitigate the excesses of free-trade cycles, the realities of under-development surface. For instance, in 2011 international prices for Arabica coffee reached a 34-year high (over US$3 per pound), while this meant Fairtrade producer organizations achieved a 46 percent sales increase compared with the previous year, the market volatility unearthed their limited experience with management (Fairtrade International 2012b: 61). This prompted Fairtrade International to deliver risk management training to over 200 producer organizations around the world, investment in human capital (in the form of management training) that major corporations devote massive resources towards, and have done for decades. Clearly, the mosaic of poverty manifests on so many fronts and in so many ways. The commodity chain is more complex than producer-retailer-consumer and is motored by much more than any sort of certification can paper over, cynically or otherwise. Key to the marketability of Timor-Leste coffee is its organic status, yet this too is a legacy of under-development, inattention and inefficiency. For the foreseeable future, it is likely that small-scale initiatives will remain insufficient to categorically lift Timor-Leste’s coffee sector from a position of relative and absolute weakness.

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