

# **Food Security and Agriculture in the Australia-East Timor Relationship**

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## **Abstract**

This chapter will discuss important conflicts of interest over agricultural development in the Australia-East Timor relationship. East Timor needs to stabilise domestic production, as the central element of its food security strategy. However Australia has a strategic view of global agricultural liberalisation, and uses aid programs to advance these interests. Different approaches to 'food security' are linked to distinct interests. This paper discusses those different approaches and their associated agricultural development implications. It then considers some problems for East Timor in dealing with Australia's strategic model.

## **Introduction**

Agriculture is fundamental to East Timorese development, but even before independence there was argument about the appropriate form of agricultural development. Since independence it has been plain, in principle, that the East Timorese people through their representatives should decide the form of that development. However aid, trade and security relationships make the process of decision making more complex. East Timor has had to deal with developmental arguments from the international finance institutions, as well as from the aid donor countries, including Australia.

One problem facing small Asia-Pacific countries is that Australia has a strategic view on agricultural development, aid and trade which is closely tied to Australian commercial interests. Both major political parties openly back aid policies which advance Australian commercial interests. They argue there is no conflict between aid and commercial interest. These arguments have been extended as ideological articles of faith into WTO negotiations, where the liberalisation of agricultural trade (to advance Australian export interests) has been suggested as also being centrally important to developing countries. Australian agribusiness has posited itself in common cause with the millions of small farmers of developing countries, against the rich and protected farmlands of the US and the EU. This approach has conditioned the official Australian view of global food security: a view tightly linked to the liberalisation of agricultural trade and the export orientation of agriculture.

The Australian stance has led to policy leverage through aid budgets, demanding openness to grain imports, subsidising export cash cropping and land rationalisations, and often obstructing domestic capacity building in support of domestic food production. As Australia is a major food grain exporter, the self-interest in this position should be apparent. However the conflict of interest is buried in trade liberalisation argument.

This paper will discuss Australia's conflict of interest, as it affects East Timorese agricultural development. It will do this by introducing the different approaches to 'food security', and the associated agricultural development implications. It will then explain the distinct concerns of

East Timor, and the problems for East Timor in dealing with Australia's strategic aid and trade policies.

### **Food security and agricultural development**

Despite more than adequate levels of global food production, as at 2002 over 850 million people (95% of these in developing countries) were undernourished. Improvements in nutritional levels in China and India overshadowed a growing food security problem in the developing world (FAO 2004: 6). In face of this massive distributional crisis, eradicating hunger has been placed (along with eradicating extreme poverty) at the top of the Millennium Development Goals (UNMDG 2005).

The need for policies of food security - ensuring a population's continuity of food supply - is broadly agreed upon. However there are divergent views on the means of achieving food security goals. This is not simply a logical argument, but one that links to important interests and historical concerns. There is no single model of 'best practice'. Different countries tend to construct differing emphasises in the three relevant fields of agricultural development: stabilising domestic production, developing domestic markets and backing export oriented cash cropping. And despite the 'free trade' calls from ambitious exporters, 'export orientation' can require as much subsidy as the other fields. Moreover, the particular support needs of each 'field' do not always coincide. For example, support for many domestic crops that are nutritionally valuable and useful in domestic markets - such as pulses, fresh fruits, barley, potatoes, and maize - will yield little in export income. Export orientation in agriculture requires specialisation (often monoculture) in particular internationally traded commodities, such as rice, coffee and oil seed.

The food security stance of the UN Food and Agriculture Organisation is influenced by trade-focussed liberal views. The FAO's voluntary guidelines on ensuring food security back policies of 'broad based growth' and a 'market oriented' global trading system (FAO 2004c: 8, 11). However the FAO also stresses a 'fair return' for farmers, the 'development of small scale local and regional markets', addressing the 'shortcomings of market mechanisms' and 'enhancing the livelihoods of the urban poor' (FAO 2004c: 8-11). The FAO observes that global agricultural trade is becoming increasingly centralised, and that small farmers have much more to gain from local markets. However these local markets also face greater concentration of supply (FAO 2004b: 18).

Internationally, domestic production and local markets in developing countries are under attack from floods of cheap and mostly subsidised food imports. Indeed the agricultural producers of all wealthy countries enjoy finance and infrastructure benefits not available to farmers of the developing world. This is before we get to specific agricultural subsidies. The farm subsidies of the EU and the US are notorious, and are often justified on food security grounds (see ERS 2001). Australia does not argue food security in this way. Yet despite proclaiming itself a 'free trader' in agricultural goods, it still provides multi-billion dollar subsidies to its rural industries. These subsidies are through technical support services; transport fuel rebates; port, road and rail services; and the semi-permanent 'drought relief' measures that encourage the ongoing cultivation of semiarid regions.

Agribusiness in the wealthy countries is extending its dominance of global produce markets. The FAO points out that, while cheaper food imports have 'moderated the food import bills'

of developing countries, they have also led to an increase in import dependence, which can damage local production and local markets:

'Although lower basic food prices on international markets bring short-term benefits to net food-importing developing countries, lower international prices can also have negative impacts on domestic production in developing countries that might have lingering effects on their food security' (FAO 2004a: s.5).

Developing countries are now, on aggregate, net food importers. This trend in recent years has been reinforced by the decline in Chinese grain production (FAO 2004a: s.4-5).

The peoples of small rural economies generally look to food security policies that support both subsistence production and the extension of domestic produce markets. International banks and governments anxious for hard currency try to promote export earning production. Yet there are distinct land, technology and support structure implications in these different emphases. Table 1 below indicates the distinct implications of domestic food production, local produce markets and export oriented agriculture, along with their respective aims and problems.

<b>Table 1: Fields of agricultural development relevant to food security</b>			
	<b>Stablise domestic food production</b>	<b>Develop domestic produce markets</b>	<b>Export oriented agriculture</b>
<b>Aim</b>	<ul style="list-style-type: none"> <li>- local food production</li> <li>- food distribution</li> <li>- social security</li> </ul>	<ul style="list-style-type: none"> <li>- enhance productivity</li> <li>- enhance local incomes</li> </ul>	<ul style="list-style-type: none"> <li>- intensify productivity</li> <li>- develop foreign exchange income</li> </ul>
<b>Land</b>	<ul style="list-style-type: none"> <li>- maintain customary tenure</li> <li>- equitable access to land</li> </ul>	<ul style="list-style-type: none"> <li>- fuller utilisation of land</li> <li>- no necessary tenure implications</li> </ul>	<ul style="list-style-type: none"> <li>- register and rationalise land holdings</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>- access to basic inputs</li> </ul>	<ul style="list-style-type: none"> <li>- improved seeds and other inputs</li> <li>- diverse crops</li> </ul>	<ul style="list-style-type: none"> <li>- higher productivity in monocultures</li> </ul>
<b>Support structures</b>	<ul style="list-style-type: none"> <li>- local roads</li> <li>- basic inputs (seed, tools)</li> <li>- price stabilisation</li> </ul>	<ul style="list-style-type: none"> <li>- local roads</li> <li>- basic inputs (seed, tools)</li> <li>- local market facilities</li> </ul>	<ul style="list-style-type: none"> <li>- export roads</li> <li>- port facilities</li> </ul>
<b>Problems</b>	<ul style="list-style-type: none"> <li>- low emphasis on productivity</li> <li>- little income</li> <li>- impact of cheap imports</li> </ul>	<ul style="list-style-type: none"> <li>- little export income</li> <li>- local cash crops differ from export crops</li> <li>- impact of cheap imports</li> </ul>	<ul style="list-style-type: none"> <li>- undermines local food production &amp; distribution</li> <li>- disrupts land tenure</li> <li>- environmentally damaging monoculture</li> </ul>

Policies aimed at stabilising domestic production and developing domestic markets will generally: maintain existing land tenure patterns (especially where they ensure broad access to land, as in the Pacific), seek to improve and diversify crops and crop inputs, and develop road networks. There may also be price stabilisation measures. A major emphasis on export production, on the other hand, will activate pressures for land rationalisation (often preceded by land registration), higher volume monoculture production, greater use of chemical fertiliser and pesticides, and public expenditure on roads and ports serving the big export industries.

These are in many respects competing approaches. While modest export production may exist side by side with the consolidation of diverse production and domestic markets, a major emphasis on export oriented production may well disrupt local production and local markets, as well as generating land conflict and resentment over the private 'capture' of public infrastructure. The environmental degradation from monocultures and their chemical inputs (such as oil seed) will also impose substantial costs. Even accepting the demand for hard currency earnings, export orientation in agriculture assumes that the economy has no better export options. Indonesia, for example, makes more than twice as much money from its tourist industry - \$4bn p.a.; despite that industry contracting by 50% in recent years - as it does from its 3 million hectares of monoculture oil palm plantations - despite that industry engaging in 2 million hectares of additional clearing and deforestation for oil palm in recent years (WWF 2002: 5; World Bank 2005: Table 18). The massive deforestation in Sumatra and Kalimantan have certainly damaged the prospects for future eco-tourism in those areas. Any major push for monoculture cash cropping will therefore not only compete with the consolidation of domestic food production and local markets, but is likely to undermine the environmental basis of a substantial eco-tourist industry.

Aileen Kwa, who has studied developing countries' engagement in global trade negotiations, notes that high input industrial agriculture in the Philippines and Costa Rica has led to: 'the bankruptcy of the poorest farmers who have not been able to pay their debts as input costs - seeds, pesticides and fertilisers - have risen while prices have fallen'. Farmers find themselves on a 'pesticide treadmill' (Kwa 2001: 2).

This bankrupting of poor farmers can have a serious impact on food security. Kwa points to the need to protect staple grain production and keep small farmers on the land (Kwa 2000: 2). Similarly, FAO expert Marcel Mazoyer has argued the 'multifunctionality' of small farming - that small farms not only add market produce but also support food security, social security, productive livelihoods and more effective environmental management. Mazoyer says small farmers need 'sufficiently high' prices to be induced to plant crops, and to survive. On the other hand, the domination of global agriculture by large subsidised corporations will undermine small farming, and food security.

'[It] will condemn hundreds of millions of small farmers and agricultural workers to stagnation, impoverishment, migration and hence to unemployment and low wages, especially in developing countries but also to some extent in developed countries' (Mazoyer 2001: 22).

Developing countries have to make a choice between a food security and agricultural development strategy which places its main emphasis on the consolidation of local production and the broad development of local markets, and one which engages in a big push for export orientation. These are competing approaches. Modest export opportunities may arise from the former, but the later has great potential to damage local production and local markets.

### East Timorese concerns

East Timor has several food security problems: a history of crisis and dislocation, environmental degradation, disrupted land tenure and farm practices, severe seasonal weather fluctuations, and a pattern of food import dependence.

Crises from conflict and dislocation occurred in 1978-79 and again in 1999. The Indonesian military at first sought to crush the independence movement, then carried out spiteful and bloody reprisals. In the crisis of 1999 there was a massive displacement of people caused by the army-backed militia violence. It was at first reported that 'more than a quarter of the population... was cut off from food supplies and drinking water, and at risk of starvation' (FAO 1999a), and then that 'as many as 80% of the population .. will need food assistance for an indeterminate period' (FAO 1999b). East Timorese people survived the initial crisis mainly through social cooperation and sharing, until some outside relief was made available.

Environmental degradation, including deforestation and discontinuities in the development of agriculture, were also aggravated by the previous colonial regimes. The Portuguese harvested trees and the Indonesians cut forest to expose the guerilla army. The country now has little remaining primary forest, and soil erosion problems in the many hilly areas. Striking seasonal climate changes aggravate the degraded environment and poorly developed farming. There are often several dry season months with no rain, and the land is parched. These conditions impose constraints on planting crops and plant varieties. Surveys in 2001-02 showed that 'nearly 30%' of households had food shortages between November and February (World Bank 2002: 37).

Finally, there is dependence on food imports (particularly rice) and at the same time a limited capacity to pay for such imports. Putting aside oil and gas, the major export has been coffee, but revenue from coffee is minimal - about six million dollars per year (ADB 2005). A lot of maize is grown, but rice is now the preferred staple of the East Timorese population. However local rice production in 2001-02 was only 37% of the 78,000 tons demanded; most imports came from Vietnam (57%) followed by Indonesia (35%) and then Thailand (8%) (World Bank 2002: 43-44). East Timorese people have skills in farming and traditional environmental management (Tara Bandu - see Goldman Prize 2004), but they can still make use of appropriate technical support to improve their practices.

Crop production data from the transition period is inconsistent, but it seems that – despite the 1999 crisis - by 2001 the production of rice, maize and coffee had more or less recovered to 1997 levels (Planning Commission 2002: 174). Table 2 sets out the available data for major crops.

<b>Table 2. East Timorese crop production data (tons), 1997 and 2001</b>			
	<b>1997 (ICBS)</b>	<b>2001 (MAF)</b>	<b>2001 (TLSS)</b>
<b>Rice</b>	40,286	38,340	54,302
<b>Maize</b>	106,600	113,527	68,959
<b>Cassava</b>	66,500	68,237	55,349
<b>Sweet potato</b>	16,200	43,976	31,663
<b>Coffee dry bean</b>	9,700	9,491	14,984
Planning Commission 2002: 174 – Indonesian Central Bureau of Statistics, UNTAET (MF) and the Timor Leste Suco Survey (TLSS)			

East Timor began to prepare a food security plan in 2005. No such policy existed in the National Development Plan (Planning Commission 2002), prepared for independence in May 2002. Instead, there were some principles of poverty reduction and of agricultural development. The East Timorese poverty line was defined at US\$0.55; and about 41% of people were said to fall below it - 46% in rural areas and 26% in urban areas. The poverty reduction strategy of the NDP suggested four elements: enabling “opportunities for the economic participation of the poor”; facilitating affordable and basic social services, providing security “of person and property”, and “protection from shocks and disasters .. including food security”; and empowering the poor “through popular participation in deciding upon and managing development” in their areas (Planning Commission 2002: 33-36).

I note that the approach to poverty in East Timor has been influenced by the World Bank. The Bank stresses private investment and foreign investment as central to poverty reduction, and uses an adjusted US\$ income figure as its poverty benchmark. The UNDP, by way of contrast, no longer uses income figures at all in its poverty measures for poor countries. Its 'Human Poverty Index' for poor countries (HPI-1) is a composite of the deprivations of 'a long and healthy life, knowledge and a decent standard of living' (UNDP 2004). This recognises that there are a wider range of ways, other than simple income generation, to reduce poverty. The World Bank continues to stress 'broad based growth' and average dollar incomes as the basis of all poverty reduction strategies.

The 2002 *National Development Plan* has a broader view of agriculture. In fact, it really sets out to do everything; and there are some tensions in the document. The goals of the Ministry of Agriculture, and Fisheries (MAF) include a primary goal of food security linked to “food self-sufficiency”, alongside proposals for agricultural diversification and export orientation in agriculture. Listed as important are “integrated farming”, “value-adding in-country”, lifting the quality of production, sustainable development and lifting rural incomes and employment (Planning Commission 2002: 174). Practically, as at 2002, this had included marketing, tool, seed and transport support to farmers' associations, the replanting of some coffee fields, some crop pest protection measures, some livestock disease prevention measures, some rehabilitation of irrigation schemes (for rice production), and a technical support program to develop a wider range of superior crops (rice, maize, mung-bean, soybean, sweet potato, peanut and cassava). The development of fisheries production was also said to be important for both food security and income generation (Planning Commission 2002: 180-187).

One tension in the NDP are the simultaneous emphases on rice and maize (neither of which will be exported) and on export oriented production. The former will probably compete with the latter. Another related tension is the near absence of any serious contender in the export crop field - other than the suggestion of vanilla - to supplement coffee. Coffee has some limited prospects as an export earner; but the prospects for expanded value lie mainly in quality control and the development of niche products such as organics and fair trade brands. At 2003, coffee exports were more than 85% of (non-oil and gas) merchandise exports, but these exports amounted to only US\$7 million (ADB 2005).

In June 2005 the Ministry of Agriculture, Forestry and Fisheries prepared a draft National Food Security Policy (MAAF 2005). This drew together elements of prior policy including the National Development Plan, Agricultural Policy and a National Nutrition Strategy. The new emphasis is clearly on consolidating and improving domestic food production. Practical

measures are to be directed at support for small farmers (improved seed supplies, home gardening, livestock development measures), some expansion of irrigated rice areas and diversified cash crop development. Home gardening and permaculture of fruit and vegetables would be supported (MAAF 2005: 18-22). Infrastructure and other support would be through modest extension services, unsecured microcredit, feeder roads and possible marketing support (MAAF 2005: 24-28).

It was suggested that rice production could be doubled with improved seed varieties and an expansion of irrigated areas, even without additional fertiliser. Food reserves, in case of “harvest failures or disruptions in supply” would underwrite this food grain policy (MAAF 2005: 18-20, 32). Such a consolidation of rice production and grain storage was raised in the transition period but was opposed by the World Bank, which proposed instead a focus on export crops and a ‘buffer fund’ for food emergencies (World Bank 2000: 21; IDA 2000: 3-4; World Bank 2002: 47-51). However a consolidation of domestic food production could make East Timor 75% self sufficient in rice, and ease import bills. Apart from the improvement of coffee quality and marketing, the cash crop component of the new policy focussed on a diversified group of crops which would initially serve subsistence and local markets, and might then be adapted for modest export growth. The development of copra, vanilla, fruits, spices, cassava, nuts, beans and chicken could allow wide participation in local markets. Oil palm was mentioned, but there was no suggestion of estate or mill development, nor the consolidation of land required for such a move (MAAF 2005: 21-22).

Secretary of State for Tourism, Environment and Investment, Jose Teixeira, has said that, as 80% of East Timorese people get their income from agriculture, 'the improvement and development of agriculture is a key priority of this government' (Teixeira 2002). With the breadth of participation in income raising activities as central, support for stable and diverse production, as well as access to local markets, must take first priority. This means local roads and affordable inputs.

The absence of a clear alternative export crop probably accounts for the low priority the World Bank has accorded agriculture in East Timor. This is in stark contrast, for example, to World Bank subsidies for oil palm development, in Papua New Guinea (World Bank 2003). Despite this, an East Timorese stress on self-reliance in the NDP seems to have been rescripted at some point to become “private sector initiatives” which are “profitable and globally competitive” (Planning Commission 2002: 175). This seems to show the hand of the World Bank. Elsewhere the Bank has glibly linked the 'self determination' of East Timorese farmers to the Bank's view of 'best practice' (World Bank 2002: 40).

### **Australia's strategic aid and trade**

Australia as a major grain and meat exporting country has no real domestic food security concerns. Its food imports are mostly luxuries. The chief Australian concern over food security is what other nations might do - in the name of food security and protecting their local production - which would dampen Australian food exports. In the case of small countries, this becomes an imperial policy, though it is dressed up as solidarity. The Australian Government argument over food security thus appears only in relation to its foreign trade and aid policy, and is one focussed on trade liberalisation. This has already left its mark on East Timor's agricultural development.

In a 1996 report called *Food Security and Trade*, Australian presented the argument that trade liberalisation leads to growth, growth leads to poverty reduction and poverty reduction solves food security. Distribution, not production, is recognised as the root of the problem; but open trade is said to be the means to resolve that distributional problem. Food security is linked to poverty, and poverty is said to be best addressed through generalised growth:

'Food security ... is about the distribution of food and ways to ensure that everyone has the resources or the capacity to access available food supplies through purchase, barter, growing food or other means ... Poverty is the fundamental cause of food insecurity ... how can poverty be alleviated? ... [through] economic growth. ... broad based trade liberalisation is an important vehicle for economic growth and the alleviation of poverty. It thus makes a major contribution to food security' (DFAT 1996: x).

The same theme has been repeated many times since then. In 2000 the Foreign Affairs and Trade Minister said that there was no global shortage of food, but there were 'distribution problems .. [and that is] a poverty problem'. So rural income growth was necessary (Downer 2000: 4). In 2002 Minister Chris Gallus said the Australian Government would help developing countries reduce poverty and address food security by 'promoting trade liberalisation, peace and stability, good governance, security of land tenure, rural development and agricultural research' (Gallus 2002: 2). And in 2005 Ausaid asserted that 'a more open trading system is central to food security', and that Australia's aid 'aims to advance Australia's national interest by assisting developing countries to reduce poverty and achieve sustainable development' (AusAID 2004b: 1)

This aid argument has been replicated in global trading forums. As a founding member of the Cairns Group of agricultural exporters, Australia has pushed agricultural liberalisation as a means to greater market access for developing countries. Australian Trade Minister Mark Vaile has repeatedly argued common cause with developing countries:

'The benefits of trade and investment liberalisation for developing countries are clear ... We have benefited – and continue to benefit – greatly from lower barriers to trade and investment... [and in agriculture] Australia shares much in common with developing countries' (Vaile 2002).

It is true that developing countries oppose the massive domestic and export subsidies of the EU and the USA, and want access to these markets for their produce. However, most developing countries also resist liberalisation that would expose their local food production and domestic produce markets to floods of cheap imports. Within the Cairns Group there is a gap between the big food exporters and the more specialist agricultural exporters. Only five Cairns Group members (Argentina, Australia, Canada, Thailand and Uruguay) are basic food grain (rice, wheat and cereals) exporters. The other thirteen members are net grain importers. In the year 2000, Brazil, Indonesia and the Philippines imported 20, 13 and 8 million tonnes of basic food grains (FAO 2002). These countries do not want even greater dependence on food imports. The African continent is also a net grain importer, to the tune of about 76 million tonnes per year (FAO 2002). Yet poor African countries hardly need to increase their vulnerability to food imports.

Countries such as India and Indonesia have traditionally provided input subsidies to small farmers (as well as food subsidies for poor urban consumers), as a type of social security system. Cheap seeds and fertiliser, and guaranteed cheap basic grains and cooking fuels, have helped stabilise production and have been an essential safeguard against starvation. India has argued at the WTO for developing countries: to maintain high tariffs for staple grains such as rice, wheat and maize; new special safeguard mechanisms to protect against surges of cheap



imports; flexible domestic supports for agriculture; the elimination of export subsidies and a reduction of agricultural tariffs in the wealthy countries (Kwa 2000: 2-3).

Indonesia has said it is too simplistic to assume that liberalisation would help countries achieve food security (Indonesia's rice consumption alone is two thirds of the total world trade in rice) and has consistently stressed 'non trade concerns' (principally food security and rural development) in the WTO's agriculture talks (Hidayat 2002). Together with the Philippines, and fourteen other developing countries at the WTO, Indonesia formed an Alliance for 'special products' and 'special and strategic measures', to protect their agricultural sectors (Glipe et al 2003). The 'agriculture as multifunctional' group includes the EU, Japan, South Korea and Norway. Agriculture is now said to be 'not only about food production but serves many other purposes including non-trade concerns such as ensuring food security, environmental protection, [and] protecting the cultural landscape' (Kwa 2000: 4).

Despite Australia's strong position on agricultural liberalisation, widespread opposition to this seems to be reflected in the failure of the 2003 Agreement on Agriculture talks. Apart from food security and protectionist concerns in the wealthy countries, many of the intensified 'market access' measures were seen as likely to hurt small farmers in developing countries. Forced liberalisation of agricultural trade would enhance the capital-intensive, corporate domination of agricultural production. This could well aggravate dumping, forcing down prices, destroying small markets and local food production, and pushing millions of small farmers from their lands. The resultant dispossession, unemployment and land clearing would create severe social and environmental problems in many developing countries.

### **Aid and agriculture in East Timor**

In East Timor's transition period (1999-2002) Australia and the World Bank played an obstructionist role over the use of trust funds to develop public agricultural infrastructure. The World Bank's Agriculture Rehabilitation Project rejected East Timorese proposals for public sector involvement in 'the provision of research, extension and input supply services' because, it was claimed, 'such public sector involvement has not proved successful elsewhere; and the anticipated government ... would not be able to afford such a burden'. For these reasons the World Bank team demanded that the publicly funded Pilot Agricultural Service Centres must be privatised (World Bank 2000: 14). Australia backed this argument, despite the fact that its own scientific and industrial research group, the C.S.I.R.O., has provided useful public services to Australian agriculture for many decades. The World Bank also rejected UNTAET and East Timorese proposals for a public abattoir and a public grain silo, noting that this rejection was 'possibly controversial' and that 'some members of UNTAET and East Timorese counterparts may not appreciate the lack of public sector ... structures and activities, and may not support the Project' (World Bank 2000: 21).

A strategy document on agricultural policy (compiled for the IDA by World Bank and Australian officials) similarly suggested that 'the principle [of agricultural development] should be public financing and private delivery of most of those services'. And while it was claimed that projects should be 'participatory in design, selection and implementation' the document, in almost the same breath, demanded that:

'the government should not own revenue generating enterprises, such as meat slaughterhouses, warehouse facilities, grain storage facilities, tractor pools or rural service centres. Government participation in these and similar activities would be costly and would inhibit private entrepreneurship' (IDA 2000: 3-4).

So the recent history of such interventions has been paternal, and not respectful of East Timorese self-determination. Public capacity building, in support of East Timorese food security concerns, was obstructed.

After independence the World Bank maintained its stance that East Timorese food security should not be achieved through food self-reliance strategies, but rather through commercial development, land registration and use of a 'buffer fund' for emergency relief. This latter notion is an irresponsible and dangerous idea, as cash reserves are the first thing to disappear in a crisis. In agricultural support programs, the Bank says it prefers cash assistance to input assistance (World Bank 2002: 47-51). Australia has maintained its generalised notion of export orientated agriculture, regardless of East Timor's circumstances, and despite the lack of a likely candidate (let alone a plan) for cash cropping. It says:

'Transforming subsistence farming, which dominates the agriculture sector, into an export-oriented industry, is a difficult challenge. Key crops such as coffee and vanilla and potentially candlenut and palm oil will be targeted for increased capital investment' (DFAT 2005: 4).

Australia has not yet backed any export oriented agricultural projects in East Timor. However it has done so extensively in Papua New Guinea (eg. World Bank 2003), and that experience is instructive. AusAID has funded several rounds of infrastructure for oil palm operations in PNG (see Kaczberski et al 2001; PNG Incentive Fund 2003); yet it has not helped the development of a rice industry in that country. It prefers to sell rice to PNG, around A\$100 million per year. In 1986 the Australian Foreign Minister, Bill Hayden, linked development assistance to future purchases of Australian rice. According to PNG's Foreign Minister, Hayden 'expressed the Australian Government's very strong concern at plans by Papua New Guinea to import US rice which would threaten the Australian rice industry' (Vagi 1986: 4). US imports were soon abandoned in favour of Australian rice. By 1998 PNG's rice imports totaled A\$138m, though they fell to A\$86 million in 2000 (International Trade Centre 2003). In the absence of Australian assistance, some Chinese programs are now helping develop dryland rice production in Papua New Guinea (see Kila 2003).

Australia has a 2001-06 strategic plan to double Australian private corporate trade in the Pacific, notably including PNG (Stortz 2003: 48). However agricultural exports to East Timor are not yet an issue. Australia has a substantial trade surplus with East Timor, only made a little less extreme because East Timor is now exporting some crude petroleum to Australia. In 2004 Australia sold A\$31 million of goods to East Timor. These were mainly manufactured items, with only a small amount of food and no significant food grains. East Timor sold A\$8 million in goods to Australia, \$7m of this crude petroleum and \$1m coffee and other items (DFAT 2005: 6).

So direct commercial interest is not driving the Australian attitude to agricultural development in East Timor. In fact, since the blocking role in the transition period, Australian funded projects seem to have been more consistent with East Timorese policy. The 'Australia East Timor Rural Development Program' (January 2002 to March 2004) was said to be aimed at 'food security and incomes of the rural poor', in the districts of Viqueque, Bobonaro and Alieu. It was to provide farming productivity and technical support services (AusAID 2004a). Further, the Australian Centre for International Agricultural Research (ACIAR) has been a partner in the Seeds for Life program, aimed at rehabilitating East Timor's crops. The program has tested a range of crops for the suitability in East Timor's conditions, and they have been crops that are nutritionally important and useful in local markets - cassava, potatoes, maize and rice (Palmer 2002). They have not been export crops. In this program the

Australian involvement has been with several other international bodies, as well as with East Timor's Department of Agriculture (ACIAR 2004).

However the strong ideological approach of the Australian Government to commercial agricultural development and food security can be expected to influence its future role, when it has direct involvement in projects or loan conditionality. This could pose problems for the integrity of East Timor's food security policies.

## **Conclusion**

Approaches to food security lie across a spectrum of: supporting the consolidation of domestic food production, developing local produce markets and a big push for export oriented agriculture. Countries' specific interests strongly influence their food security policies, and the East Timorese and Australian views are almost at opposite ends of this spectrum. East Timor's government has shown that it supports a consolidation of domestic food production, supplemented by domestic produce market development and some modest and diversified export openings. The Australian Government and the World Bank have consistently supported large scale cash cropping, supposedly to secure food security through greater income streams and higher levels of international trade, with contingencies covered by 'buffer funds'. Such commercial views, put up by outside interests, are unlikely to provide the security that East Timorese people require. Moreover, Australian and World Bank influence on agricultural development policies could be corrosive of the East Timorese approach to food security.

However, Australian involvement in the Seeds for Life program suggests that - in certain circumstances - Australian programs can support the East Timorese approach, without seeking to impose the Australian view. Perhaps the autonomy of this program has to do with East Timorese persuasion, and the diversity of the programs international involvement? In any case, East Timorese people should be more wary of an solely AusAID controlled program, directed at agricultural development.

The new East Timorese food security strategy is based on deep and painful experience, and completely reasonable concerns. It could lay the foundation for broad based rural development, involving little disruption to land tenure (if that is providing broad access to the means of subsistence) and providing modest but progressive and diverse opportunities to participate in local markets. Coffee quality can be improved and it can be better marketed, and other export crops such as vanilla, fruit and spices can be explored. But it would be foolish at this stage to pursue a big push for export crops, at the expense of stabilising domestic production and the development of local markets. A strong push for export orientation through (for example) oil palm development - as backed by the World Bank and Australia in Indonesia and Papua New Guinea - would most likely ignite land conflict, narrow public infrastructure investment and undermine local grain production and local markets.

Australian policy makers and friends of East Timor should recognise the distinct historical and social needs that have led this small nation to develop an approach to food security that is distinct and different to that of Australia. East Timor deserves respect for its economic as well as its political independence.

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