



# IPRIS Lusophone Countries Bulletin

## 2011 REVIEW

46 TIMOR LESTE IN 2011: THE PRELUDE OF A NEW CYCLE?  
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# Timor Leste in 2011: The Prelude of a New Cycle?

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When looking back to 2011, Timor Leste was clearly characterized by the discussion over the country's political future, which is to be defined in the presidential (March) and legislative (June) elections to be held during 2012. An overall assessment of the political facts allows for a positive balance of the year both in terms of the functioning of the institutions and of developments in some sensitive areas such as security, economy and justice. Naturally, this has to be contextualized with the efforts carried out by the state and the international community both seeking to demonstrate that evolution has indeed occurred. However, it is not difficult to list a number of criticisms of the government's performance including the shortcomings of the security forces, the weak diversity of the economic sector, and the reduced efficiency of justice. In truth, the elections and the announced end of the United Nations (UN) presence received special focus during 2011 because both events will essentially start a new political cycle with contours yet to be fully carved. Domestically, although corruption and dysfunction in public administration continued, there were some advancements in terms of state-building and improving conditions for the local population. Timor Leste, for example, earned 0.502 in the UNDP Human Development Report 2011, which placed the country in the medium human development category. Externally, despite the formal end of the United Nations Integrated Mission in Timor Leste (UNMIT), the interest of the international community and traditional partners remained a constant even though some bilateral alignments began to gain new weight while others were increasingly looked upon under new perspectives. In this regard ASEAN's response – or rather the lack thereof – regarding Timor Leste's membership application was extremely significant. For all purposes regional integration in Southeast Asia is getting delayed, which is a major setback for the Timorese foreign policy and its need for closer ties with partners in the region.

This article seeks to review the main facts, decisions and achievements in 2011 regarding the forthcoming elections, the end of UNMIT, as well as the areas of security,

foreign policy, economy and justice that impacted Timor Leste's course in this particular year. Concluding remarks will then attempt to highlight what can be expected in the coming year.

## Pre-elections and UNMIT

Stability in 2011 was the dominant note, with measurable progress observed in the dialogue between government, opposition and civil society representatives. A good example was the initiative promoted by the Bishop of Baucau, Basílio Nascimento, on 26 July and later continued in Maubisse in August which brought together national leaders (including high political officials, military authorities, representatives of major parties and civil society organizations among others) in order to reflect on the conditions for maintaining security and stability during the elections period.

Meanwhile, the national political context started gearing up ahead of the scheduled contests. The National Congress for Reconstruction of Timor Leste (CNRT) held its second national congress from 29 April to 2 May, which predictably re-elected Prime Minister José Alexandre 'Xanana' Gusmão as party president and Dionísio Babo Soares as secretary-general. On the 20 August it was the Revolutionary Front for an Independent Timor Leste (FRETILIN) who held direct elections for party leadership, confirming Francisco Guterres 'Lu-Olo' and Mari Alkatiri as president and secretary-general respectively. Potential candidates for the presidential elections also began to emerge soon after Taur Matan Ruak resigned as Commander in Chief of Timor Leste Defense Forces (F-FDTL) in September and announced his intention shortly thereafter of running as an independent candidate.<sup>1</sup> Since then, given his condition for being outside of the political system and the fact that he has been a central figure in Timorese history since long before independence, he has

<sup>1</sup> "Taur Matan Ruak anuncia candidatura às presidenciais" (*Lusa*, 10 October 2011).



become one of the major presidential hopefuls.<sup>2</sup> Additionally, he is set to win the endorsement of the CNRT and Xanana Gusmão a factor that would considerably boost his chances during the electoral campaign.

The biggest opponent to Taur Matan Ruak, however, will inevitably become the incumbent himself, José Ramos Horta. Although it is likely that he will not have CNRT support, his nationwide popularity and international credentials are enough for him to run a presidential campaign from afar without investing much of his time or resources fighting off multiple smaller candidacies. These include, among others, Vice-Prime Minister José Luís Guterres for the *Frente Mudança*, Francisco 'Lu-Olo' Guterres for FRETILIN (with the inherent support of Mari Alkatiri, who is clearly saving himself for the legislative elections), Parliament President Fernando 'Lasama' de Araújo for the Democratic Party (PD), Francisco Xavier do Amaral for the Timorese Social Democratic Association (ASDT), Lúcia Lobato for the Social Democratic Party (PSD), Angela Freitas for the Labor Party (PT), and former Interior Minister Rogério Lobato.

In this context Security Council Resolution 1969 of 24 February sought to start laying the ground for the end of the UNMIT's presence in the country as the United Nations Security Council (UNSC) extended the mission mandate for one more year, instructed the UNMIT to provide support for the preparation of the presidential and legislative elections in consonance with a request from the Timorese authorities, and urged the international community to collaborate in such a task. The rationale behind this resolution was purposely self-clear; 2012 would demonstrate the maturity of local democratic institutions and the country's security, thus finally allowing the end of the presence of international forces in the country. To accomplish this, the UNSC stressed the need to make Timor Leste's National Police (PNTL) more effective and credible through, among other things, the enforcement of criminal or disciplinary action against officers accused of breach of their duties.

The adoption on 19 September of a Joint Transition Plan demonstrated the close cooperation between the government and UNMIT and formed the basis for the redefinition of the partnership between the two actors.<sup>3</sup> Even though it remains to be defined what kind of support the UN will give, the plan does provide for four possible models after the 2012 elections, three of which are based on UN experience in other countries while one was sug-

gested by the Timorese government calling for a mission policy tailored to the country's specific needs. The first three options at the table thus include a political office headed by the deputy Secretary-General, with a separate team led by a UN resident coordinator; an integrated UN office headed by an executive representative of the Secretary-General that would also be Resident Coordinator; and a resident office to coordinate the activities of the organization.

### Security

Law and order remained stable in 2011, despite some episodes involving martial arts and youth groups as well as occasional frictions between PNTL and F-FDTL.<sup>4</sup> Overall the government made significant progress in establishing the legislative and policy framework for the country's security sector, particularly when concerning discipline, use of force, PNTL's wage regime, civil protection, border control and private security companies.

For its part, the UNMIT continued with its efforts towards supporting the F-FDTL officers in their preparation for missions in border areas with Indonesia, for the monitoring of Timorese sea, for a possible participation in UN peacekeeping missions and for the response to natural disasters. Also, on 23 February, PNTL and UNMIT officials signed a joint Police Development Program which identifies five priority areas where UNMIT will provide assistance: legislation, training, administration, operations and discipline.

Perhaps more importantly, on 27 March the PNTL resumed full responsibility for the conduct, command and control of all police operations following an exchange of letters between the representative of UN Secretary-General Ameerah Haq and Prime Minister Xanana Gusmão. The smoothness of the transition between the respective authorities was in many aspects exemplary, and as such it allowed Timorese forces to swiftly maintain nationwide law and order in a peaceful fashion.<sup>5</sup> Nevertheless, recognizing the internal shortcomings that its forces continue to face, Timorese officials promptly requested that UNMIT police (which will keep the bulk of its 1.280 personnel until at least the elections) continue to provide operational support to the PNTL in areas such as close protection, border policing and joint patrols.

At the bilateral level, there were substantial advancements in the relationship with Indonesia. For example, on 21 August Prime Minister Xanana Gusmão and the Indonesian Minister of Defense Purnomo Yusgiantoro signed a Memorandum of Understanding on Defense Cooperation evidencing a clear bilateral will in overcoming old wounds that often enough have tainted political ties. However, a final decision over the demarcation of the

2 Gordon Peake, "'Team Success' bids for Timorese presidency" (*The Interpreter*, 16 January 2012). See also Paulo Gorjão, "Taur Matan Ruak: the first candidate for the 2012 presidential elections in Timor Leste?" (IPRIS Viewpoints, No. 76, September 2011).

3 The Transition Plan will cover seven priority areas, including police and security, rule of law, justice and human rights, democratic governance, economic development, support for the mission and logistics, training and impact on local economy. See "Timor Leste" (*Security Council Monthly Report*, November 2011); and, "Delegação da ONU chega ao país para avaliar missão pós-2012" (*Lusa*, 25 January 2012).

4 "Report of the Secretary-General on the United Nations Integrated Mission in Timor-Leste" (*United Nations*, S/2011/641, 14 October 2011).

5 "Timorese force assumes full policing duties from UN mission" (*UN News Centre*, 27 March 2011).



land border between the two countries, a controversial topic that has been dragging on for years, remained at arms' length.

From a different perspective, it should be noted that initial indications already point to some sort of strategic competition for influence in Timor Leste between Indonesia and other foreign actors.<sup>6</sup> Juggling its territorial neighbor with Australia's regional protective umbrella and China's growing clout is no easy task in itself, but Timor Leste displayed signs throughout 2011 that it remains comfortable for now with such diverse arrangements and partnerships.

Finally, it is also worth mentioning one particular aspect: the technical-military cooperation with Portugal strengthened by the signing in September of two protocols providing for the integration of FDTL military in Portuguese contingents in the UN and European Union (EU) missions.<sup>7</sup> In this framework of bilateral cooperation, police training, justice and education comprise the areas to be met with further developments.

### Foreign policy

In terms of foreign policy, attention was given to reviving the application for ASEAN membership.<sup>8</sup> Since 2002 the Timorese government has unequivocally sought to elevate its profile among the regional organizations, but it only went as far as to receive the status of unofficial guest of Secretary-General which allowed the country to attend regular summits. In March 2011, however, Timor Leste finally submitted its formal application for membership with the hope of taking advantage of the Indonesian presidency of the organization. Had this move succeeded, not only would it have represented a symbolical cut with the past, but it would also have allowed the country to achieve the envisioned goals of economic growth and security within a framework of regional integration.

Still, during the ASEAN summit in Bali on 19 November, Timorese expectations were dealt another blow even if accompanied by a bland statement of support for its continuing aspirations. A first reading of this back-then-forward process seems to confirm the perception that Timorese candidacy is not yet considered a serious priority by the entire region, which may eventually push Timor Leste further from the other governments in this geographic region and into the reach of other potential international suitors. However, underneath this snub lies a set of economic and structural worries concerning the

ability of the Timorese government to effectively deal with such a responsibility.

For example, Singapore, presently the main detractor of Timor Leste's application, predicts that the dragging down effect on the consolidation and community building will considerably impair ASEAN's purpose of creating an Economic Community by 2015.<sup>9</sup> Daljit Singh best summarized these arguments: "The main reservation voiced by those who favor delaying admission is skepticism about East Timor's ability to fulfill the obligations and responsibilities of membership. They argue that Timor Leste does not have the human resources or the requisite number of English-speaking officials to participate in the ASEAN meetings thousand or so per year, about 50% of them requiring economic expertise. There are real concerns that its admission will further slow down ASEAN's painful progress towards economic integration (...) Both for these reasons – its own credibility and a much more challenging geo-political environment –, it is critical for ASEAN to prioritize where it should be heading, and the highest priority should be to quickly achieve better ASEAN cohesiveness and economic integration, as a necessary condition for dealing with the new challenges. Anything that distracts ASEAN from this goal should be put aside, at least for the time being".<sup>10</sup> Additionally, Holly Haywood pointed out that "concerned members are unlikely to be convinced of accepting the bid until well after the 2012 Timor Leste elections and beyond".<sup>11</sup> Regardless, these stalling tactics have not stopped Timor Leste from moving towards regional integration. It has already opened embassies in four of the ten member states of ASEAN (Indonesia, Thailand, Malaysia and the Philippines) and inaugurated a Liaison Office in Díli responsible for coordinating with the ASEAN Secretariat in Jakarta. Moreover, even though the summit was disappointing, Bali approved the creation of a working group with the aim of assessing whether or not Timor Leste meets the requirements of Article 6 of the ASEAN Charter on the admission of new members thus leaving the door somewhat open for eventual changes in this inflexible stand.<sup>12</sup>

However, as Leonard Sebastian pointed out, "beyond the economic potential benefits, the question remains how

6 On the issue of Timor Leste's security and defense as well as the role of Australia, China and Indonesia, see Pedro Seabra, "All eyes on Timor Leste: juggling regional security sensitivities" (*IIPRIS Viewpoints*, No. 54, May 2011).

7 See Paulo Portas, "Intervenção de Sua Excelência o Ministro de Estado e dos Negócios Estrangeiros de Portugal, Dr. Paulo Portas, no Debate de Alto Nível sobre novos desafios à paz e segurança internacionais" (*Permanent Mission of Portugal to the United Nations*, 23 November 2011).

8 Paulo Gorjão, "ASEAN: a pedra no sapato timorense" (*li*, 10 May 2011).

9 At the informal meeting that preceded the summit in November, and concerning the inclusion or not of a reference to Timor Leste in the final declaration of the Presidency, the Prime Minister of Singapore Lee Hsien Loong reportedly asked Indonesian President Susilo Bambang Yudoyono about the reasons to consider the case of Timor Leste "very special" when similar applications such as Fiji and Papua New Guinea did not deserve such treatment. As expected, Yudoyono, was emphatic in defending the opposite point of view and subsequently, the compromise solution ended up containing no explicit mention of the application in the final declaration.

10 Daljit Singh, "Timor Leste's Quest For ASEAN Membership" (*IASEAS Viewpoints*, 2 May 2011).

11 Holly Haywood, "Timor Leste: ASEAN's 11th Member?" (*MacArthur Asia Security Initiative*, Cluster 3: Internal Challenges, 12 April 2011).

12 See Abdul Khalik and Mustaqim Adamrah, "ASEAN to review Timor Leste's bid" (*The Jakarta Post*, 17 November 2011).



ASEAN membership will act the catalyst to shape Timor Leste's identity as a state – domestically and regionally".<sup>13</sup> Given that Timor Leste's best efforts have been consistently rebuffed over the past few years, Timorese convictions as to the success and validity of this endeavor thus face the real danger of losing traction in the near future. In other domains Timorese foreign policy was more successful. The deepening of relations with the Lusophone world, for example, was evidenced all year long with Díli receiving in September the third Parliamentary Assembly of the Community of Portuguese-Speaking Countries (CPLP). Moreover, official efforts were also made, with visits by Xanana Gusmão and José Ramos-Horta to Brazil and Angola in March and June 2011 respectively, towards the reinforcement of the bilateral relationship with the two richest countries of this group. Cooperation agreements in the fields of oil and defense were signed with Angola, while assistance in the area of justice, training of police officers and Portuguese-speaking teachers, as well as the launch of Casa Brazil – Timor Leste in charge of promoting further bilateral cooperation.<sup>14</sup>

### Economy

Following two consecutive years of more than 12% expansion, in 2010 Timor Leste's growth only amounted to 8.5%. However, recent estimates indicate that in 2011 the Timorese economy likely returned to its double-digit trend helped by high public spending, a recovery in the agricultural sector, and lucrative oil revenues.<sup>15</sup>

The balance of the Petroleum Fund, meanwhile, rose to new heights from US\$6.9 billion at end of 2010 to US\$8.3 billion at the end of the second quarter of 2011. Moreover, on 23 August the first amendment to the Petroleum Fund Law was approved, allowing for increased flexibility of investment in various financial instruments. Previously the law required at least 90% of the investments to be placed in US bonds or guaranteed by governments and cash deposits, but with the new changes the government will now be allowed to invest up to 50% elsewhere. Moreover, the government created the public company Timor Gas and Petroleum (Timor GAP) to manage the state's participation in the sector, and the Central Bank of Timor Leste finally replaced the Banking and Payments Authority. Inflation, however, tended to increase, driven by higher international food and fuel prices and the depreciation of the US dollar, hitting 13.1% by mid-year. Higher government spending – promoted by the 2011 state budget which amounted to US\$1.3 billion – is also having an impact on inflation, for example, through prices of locally sourced building materials. The likelihood of elevated

public spending in the coming years is expected to remain a potential source of inflationary pressure.

It is also worth mentioning the approval of the Strategic Development Plan 2011-2030 and its intended focus on the growth of the non-oil economic sector as two important steps towards the development of a sustainable economy. The Strategic Plan is a predictably lengthy document that essentially seeks to establish a framework for the country's economic growth in order to reduce poverty.<sup>16</sup> Its scope is vast and covers social capital (education, health, social inclusion, environment, culture and tourism), infrastructure (roads and bridges, water and sanitation, electricity, ports, airports and telecommunications), economic development (agriculture, oil, tourism and private investment), institutional (security, defense, external relations, justice, public transparency and good governance, the National Development Agency and Economic Policy and Investment Agency). The plan, which was launched during the IV Timor Leste Development Partners Meeting held in Díli, was enshrined in a Development Pact through which the government and its partners committed to the proposed objectives of the plan. In November the Parliament passed the US\$1.7 billion 2012 budget with almost half of this value reserved for infrastructure projects in line with such an agenda. But perhaps more importantly this budget proposes that Timor Leste resorts to "external" debt financing for the first time ever.

Finally, among the improvements in public administration, the creation of the Chamber of Auditors should be highlighted. Supposedly in charge of auditing public finances in the future, the Chamber of Auditors will work on improving the government's ability to absorb the growing international support, either financially or in the training of human resources.

### Justice

The functioning of the judicial system in Timor Leste has always been a controversial issue. Even though progress has been achieved in the pursuit of justice, rule of law and human rights, the system continued to display numerous shortcomings and omissions. The absence of a Supreme Court of Justice, a judicial organization law, or a law regulating property and its registration, as well as the ongoing practice of traditional justice, and the significant weight of customary law are just some of the many problems that continued to characterize this structuring sector of the Timorese society.

On the other hand, 2011 was marked by the work of the National Parliament in drafting important legislation. Moreover, efforts were also made with the purpose of overcoming the obstacles surrounding the implementation of the legal compensations regime and the estab-

13 Leonard C. Sebastian, "Timor-Leste's Road to ASEAN Membership" (*The Asia Foundation*, 9 March 2011).

14 Vasco Martins, "Timor Leste's bet on Lusophone peer-to-peer cooperation" (*IPRIS Lusophone Countries Bulletin*, No. 20, June 2011), pp. 3-6.

15 "East Asia and Pacific Economic Update – Navigating Turbulence, Sustaining Growth" (*World Bank*, November 2011).

16 "Timor-Leste Strategic Development Plan 2011-2030" (*Government of Timor Leste*, 2011).



ishment of the Memory Institute, foreseen among the Commission for Reception, Truth and Reconciliation (CAVR) and the Truth and Friendship Commission (CTF) recommendations over the independence struggle from Indonesia. Even though the 2012 budget already foresees financing for these measures, bureaucratic hurdles have prevented their final ratification for the time being. Nevertheless, the Parliament did succeed in approving the Civil Code project as well as a landmark law against domestic violence and other pieces of legislation concerning enhanced access to justice, reductions in pending criminal prosecution cases, and improved prison infrastructure. Last but not the least, an Anti-Corruption Commission and a Civil Service Commission was also set up to implement anti-corruption, transparency and effectiveness measures. This subject received particular focus due to a growing number of high public officers and government ministers being investigated for corruption, although no officials have actually been charged.

### Conclusion

In light of the growing institutional capacity observed in the various areas mentioned above and the increasing stable environment, 2011 can be considered a starting point for a new cycle in Timorese politics. The end of UNMIT's mandate, although far from representing the end of UN assistance, will inevitably lead to a more complete assumption of responsibility by the country's organs of sovereignty, which in turn will be scrutinized by the population at large.

The first office to receive such renewed focus is the Presidency of the Republic. With elections scheduled for 17 March, it is safe to say that Taur Matan Ruak emerged during 2011 as a very strong candidate after resigning as head of FDTL. His merit and weight within the local society is considerable, and at the same time, he appears to be able to allow the continuation of the coalition in power, even if transformed, when legislative elections arise later in the year. However, facing José Ramos-Horta will be no easy task, especially given that the incumbent has the advantages of the office working on his behalf.

UNMIT's term ending, in turn, represents the end of the guardianship by the international community through the UN presence. In retrospect it is interesting to note it lasted more than ten years, a period many considered too long and others not even possible. This permanent presence mitigated the effects of some bilateral partnerships and made an important contribution to social-economic development and institution building.

As for foreign policy, the pursuit of any agenda requires a sense of both realism and opportunity, especially in a case of a weak state at a crossroads as Timor Leste appears to be. In that sense, it could be said that the continuing resistance within ASEAN to Timor Leste's membership bid does not bode well for a swift entry into such a significant regional grouping. Inversely, the efforts be-

ing asked of Timor Leste to achieve the organization's admission criteria are also not entirely unreasonable. How the country juggles its expectations and envisioned goals with the region's own requisites and reluctance to include a new member into its fold will thus dictate any upcoming developments on this matter. If this process does not reach a successful end, then odds are that Timor Leste will likely increase its dependence on other spheres of influence emanating from either Australia or China.

Economic prospects, on the other hand, are much more optimistic as Timor Leste's economy kept on growing in 2011 mostly due to higher oil revenues, and it will most probably continue to do so in coming years. However, only now have government officials began to acknowledge the need to prioritize economic development on a nationwide scale that surpasses the overwhelming oil sector. With those concerns in mind, the National Strategic Development Program for the period 2011-2030 thus points towards the right direction.

With regard to justice, progress is not as significant as one would have expected with delays in the approval of crucial pieces of legislation, including the measures aiming for a final reconciliation with Timor Leste's past. The effectiveness of legal mechanisms is still weak and, for the most part, Timorese authorities have left unresolved contentious issues such as the application of the concept of reconciliation, the registration of property, or the fledgling practice of corruption to name just a few.

In this context, 2012 will therefore be a decisive year of change and continuity where the optimistic notes that largely defined 2011 and the old structural problems that have remained since the independence days will eventually collide. In any case, it will be the beginning of a new cycle of full sovereignty for Timorese authorities.



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