



**P R I M E  
M I N I S T E R**

**ADDRESS BY  
HIS EXCELLENCY THE PRIME MINISTER  
AND MINISTER OF DEFENCE AND SECURITY,  
KAY RALA XANANA GUSMÃO, UPON RECEIVING AN HONORARY  
PHD IN INTERNATIONAL RELATIONS**

**“TIMOR-LESTE AND ASEAN: PERSPECTIVES AND CHALLENGES”**

**2 April 2014  
University Malaysia Sabah**

**His Excellency Tuan Yang Terutama Tun Datuk Seri Panglima (Dr.) Haji Juhar bin Datuk Haji Mahiruddin, the Head of State of Sabah**

**Her Excellency Yang Amat Berbahagia Toh Puan Datuk Seri Panglima Hajah Norlidah Datuk R.M. Jasni**

**The Right Honourable Datuk Seri Panglima Musa Haji Aman, Chief Minister of Sabah, and wife, Yang Amat Berbahagia Datin Seri Panglima Datuk Hajah Faridah binti Tussin**

**The Right Honourable, YB Datuk Abd Rahim Bakri, Deputy Minister of Defence**

**Professor Datuk Dr. Mohd. Harun bin Abdullah. Vice-Chancellor, Universiti Malaysia Sabah, and wife, Yang Berbahagia Datin Baidah Ibrahim**

**The Honourable Federal and State Ministers of Malaysia and Sabah**

**Distinguished Guests, Principal and Senior Officers of Universiti Malaysia Sabah**

**Student Representative Council of Universiti Malaysia Sabah**

**Members of the media**

**Ladies and Gentlemen**

I would like to start by saying how honoured I am to be here today, in front of such an illustrious audience, receiving this high university award.

University Malaysia Sabah is a prestigious university that has been gaining international recognition. UMS can be characterised with three words – Innovative, Relevant, Sustainable – and is a true temple of knowledge.

As such, it is an enormous privilege for me to address this audience. I must thank the Scientific Council of this University for its generosity in choosing me to share some of my humble knowledge with you. Like many of my countrymen and countrywomen, my perspectives have been forged in our country's struggle for independence, in building it as a State and a Nation, and in finding its place in the world.

The theme "Timor-Leste and ASEAN: perspectives and challenges" has a special meaning for us Timorese. This is a natural continuation of the path we chose several

years ago, seeking to ensure our internal development and stability, as well as contributing to regional stability within this community.

Ladies and Gentlemen,

Timor-Leste, half of a small crocodile-shaped island, with an enclave in the other half, is located in the great archipelago of Indonesia. It is one of around 17,000 islands, one of which includes Sabah. Further to the South, Timor-Leste has Australia and the Pacific islands.

Like many other countries throughout the world, we were a colony for hundreds of years. After conquering Malacca, the Portuguese sent a fleet to the island of Timor, in order to acquire its wealth, in particular sandalwood, honey and wax. They arrived in 1515.

In 2015 we will be proud to celebrate the 500<sup>th</sup> anniversary of the arrival of the Portuguese in Lifau, in the enclave of Oecusse. We believe that it was this meeting of civilisation and cultures that shaped the destiny of a People, a Country and a Nation – with a history and a culture that are unique in the region!

World War Two, which also affected Timor-Leste from 1942 to 1945, was followed by anti-colonial wars and rushed processes of decolonisation.

Within this context, the Carnation Revolution that took place in Portugal, on 25 April 1974, enabled the Timorese to take on greater responsibility for their people and their land.

As a result of this tense climate of decolonisation and of ideological differences between the Timorese, we began a short-lived civil war that caused a total rupture in the Timorese social fabric.

On 28 November 1975 we unilaterally proclaimed our independence. However, on 7 December of that same year, we were brutally invaded by Indonesia, which had been given a green light by several western powers.

The invasion and the resulting operations of territorial conquest were exercises of total war that had catastrophic effects across the country and caused the death of hundreds of thousands of Timorese citizens. For over two decades, the Timorese people suffered and fought alone, without any military support from overseas. Families, particularly women and children, endured indescribable adversities and abuses.

Our resistance also underwent political changes in late 1986, which consolidated the National Reconciliation efforts and positioned Timor-Leste in the new international setting. Our approach gradually changed, seeking to establish the only possible way towards peace – dialogue with the occupying and oppressor country.

This perception came from the people, from their greatness of spirit and their ability to forgive and to reconcile. Timor-Leste wanted to contribute to the so-called “New World Order”, by rejecting radical thinking and extreme actions.

And so we chose the way of dialogue, with tolerance overcoming vengeance and forgiveness overcoming hatred.

The displays of international solidarity fed the Resistance and gave value to the sacrifices accepted by the people. The Indonesian democratic movement was growing and it heightened internal changes in Indonesia at the time of the Southeast Asia monetary crisis in 1996-1997.

President Habibie opened the “dossier” of Timor-Leste and, on 5 May 1999, an agreement was signed in New York enabling a popular consultation to hear the voices of a small people situated between two large neighbours, supported by other powerful countries. The human rights of the Timorese depended on economic interests, particularly key industries such as oil.

30 August was a red-letter day for the Timorese. The results left no doubt and confirmed to the sceptics and to the world that the entire Timorese people had longed for freedom for over two decades!

However, the joy of victory was torn apart by the exasperating violence of a few who had benefitted from the occupation and did not want to accept the democratic choice of the majority.

Ladies and Gentlemen,

Achieving our freedom was not the end of the struggle of the Timorese. Instead, it was the start of a new chapter that was at least as difficult as the one of ending the war. We know that peace requires the healing of wounds through pragmatic decisions and policies that put an end to hatred and mistrust and that deal with the difficulties faced everyday by the people.

Building the Timorese State was an enormous challenge, since our infrastructure had been destroyed, our human resources were weak and we had no governing experience. Additionally, there were no State institutions and no legal framework, and the people were suffering, with many families having been separated due to mistaken beliefs or the circumstances of violence.

Timor-Leste received the care and the solidarity of the international community. From September 1999 to the Restoration of Independence we had a strong military and political presence by the international community, including our brothers and sisters from Malaysia. This presence enabled the transitional administration of the territory, under the banner of the UN.

We started creating the necessary institutional frameworks and we created political parties, eleven of which were elected to form the Constituent Assembly that drafted the Constitution of the Republic. Finally, on 20 May 2002, we regained our sovereignty, which meant that we had the power to decide the future of the people and of the country.

Because living in peace means living free from corrosive feelings and reconciling with our enemies and more importantly with ourselves, both individually and collectively, one of the first measures we took was to reunify families and communities across the border.

Our people forgave their Timorese brothers and sisters who had fled to Indonesia and asked them to come back, even those who had defended and fought for integration, so that we might build Timor-Leste together. It is also important to mention that the Timorese embraced the goal of establishing an open relationship of solidarity with the Indonesians, so that both peoples could prosper.

We understood from the experiences of other post-conflict countries that it would be impossible to build our Nation if hatred and distrust were still present in our society.

Reconciliation is a prerequisite for national stability, which is in turn a requirement for development.

We established the CAVR (Commission for Reception, Truth and Reconciliation), the first commission for reconciliation created in our part of Asia. We were pioneers in the promotion of Human Rights, creating a model that seeks the truth about the violence that took place and that helps the people come to terms with the truth.

The people of Indonesia and the people of Timor-Leste added a new chapter to the history of democracy in Southeast Asia. Indonesia left behind its past of autocratic governance and Timor-Leste started its path of national sovereignty and independence. Our peoples also chose democracy, the rule of law and to live in close cooperation and friendship with one another.

The creation in Bali of a Commission of Truth and Friendship, in a joint effort between Timor-Leste and Indonesia, enabled us to continue strengthening our friendship and to contribute to peace in Southeast Asia. I believe that our common history and the difficult processes that we have endured and overcome may be an example of peace and reconciliation in the region and in the world.

The violations and offences that took place were assessed with great courage, particularly on the part of the victims. This enabled a very close relationship between Indonesians and Timorese, which has contributed very significantly to the development of Timor-Leste. Indonesia is more than a close neighbour of solidarity; it is also an example of stability, democracy and economic growth that inspires Timor-Leste.

Ladies and Gentlemen,

After these twelve years as a sovereign State, we can say that our People live in peace, security and stability. This, together with the structural reforms we have made in our public institutions, enabled us to establish the foundation for our economic development.

However, this was a complex progress, with errors and setbacks that had to be corrected gradually.

We entered a vicious cycle of conflict every two years, as if to remind us that peace is an extremely delicate flower that must be watered with great care. It was necessary for the State institutions to cooperate among themselves in the search for solutions. The permanent and ongoing dialogue and cooperation between all Bodies of Sovereignty and Civil Society were essential to the process.

So we finally managed to break that vicious cycle! In 2009, celebrating the 10<sup>th</sup> anniversary of the popular consultation, we launched the motto: "Goodbye Conflict, Welcome Development". The people understood that we should not allow even one more drop of blood to be spilled due to political reasons or divisions in our society.

Since then, Timor-Leste has been living in permanent stability. This has enabled us to assess ourselves socially, politically and economically, so that we could face the challenges of today's globalised world.

Today we have our State institutions operating confidently and improving day by day. Although our private sector is still embryonic one, we have been supporting it in order to diversify our economy, which cannot depend exclusively on oil.

Ladies and Gentlemen,

We have been growing at an average of 11.9% every year since 2007. Our Petroleum Fund is currently worth over 15 billion dollars. We are also improving on several human development indicators and are attracting the international private sector, making use of the privileged relationships that we enjoy in the region and in the world.

We are implementing our Strategic Development Plan 2011-2030, which provides a comprehensive framework for transforming Timor-Leste into an upper middle income country by 2030, with a healthy and educated population that lives in safety.

We were the first country in Asia and the third in the world to be granted compliance status with the EITI (Extractive Industries Transparency Initiative), meaning that each dollar from our petroleum revenues is publicly disclosed and that it is crosschecked with the records of the resource companies.

We have created a National Petroleum Authority, employing some of the most academically qualified men and women in Timor-Leste. This Authority is responsible for managing and regulating petroleum activities in the exclusive jurisdiction areas of Timor-Leste and in the Joint Petroleum Development Area with Australia.

We are creating a highly transparent public financial management system, where any person in the world may monitor in real time our budget execution, our procurement and, more importantly, our results.

We have provided pensions to veterans, the elderly, widows, the disabled and orphans. We also introduced similar social justice measures for other vulnerable groups such as children and the young.

We have established local development programs to create employment and to improve the living conditions of the people in rural areas, particularly in regard to health, electricity, water and sanitation and access to education and markets. We have also started building community neighbourhoods in several places.

We have completed the largest infrastructure project in our history in building a national power grid that generates electricity and distributes it to the entire country.

We are also starting an infrastructure program seeking to provide the bases that ensure a sustainable economic future for the nation, including a new national port, significant improvements in our airport, a national road network and the extensive development of our southern coast, so as to become a sub-regional centre for the petroleum industry.

We have created a Human Capital Development Fund to develop our nation's human resources. We are also sending students to several Asian countries so that they may acquire the necessary skills to build our State.

We know that the path is still arduous and that managing the expectations of the Timorese requires us to be very careful, particularly since over half of the population is under 25. We need to make choices between immediate needs and long term goals. Nevertheless, we are moving on the right track as a State and we are defining our role within the Community of Nations.

Ladies and Gentlemen,

At the international level we have several challenges ahead of us, such as the formal membership of ASEAN and the presidency of the Community of Portuguese Speaking Countries (CPLP) in 2014-2016. Timor-Leste wants to have an active presidency and to make the economic component more visible.

In July we will be holding the Summit of the Community of Portuguese Speaking Countries in Dili. These countries share a common past and want to respond

collectively to the challenges faced by each, with programmatic actions resulting in social and economic benefits for our populations.

Since this is the first time that Timor-Leste will hold the presidency of the CPLP, we of course feel a great sense of responsibility. Still, we also feel very honoured and very committed to working hard. This will also be a litmus test in terms of our organisational ability, so that we may join ASEAN.

Timor-Leste is strategically located between the CPLP countries and ASEAN, China and the Island States of the Pacific. In today's economically troubled world, it is important to be close to the global economic and financial centres and to explore their potential.

Like ASEAN, CPLP has several facets, including cooperation at State institution level, social and cultural components – namely language –, defence, security and economics. At present, Timor-Leste has the political conditions to promote a serious and honest discussion that leads to a sustainable economic development plan for its member States.

Under our presidency, we want to breathe new life into our policies, which must be in line with the global requirements of today. We also want to make use of our strategic positioning in Southeast Asia, since we have the possibility of creating bridges with Europe, Africa and Latin America.

Ladies and Gentlemen,

These considerations bring us to the international focus of support and work with other fragile States throughout the world. An important part of this is the work with the “g7+” group, which is presided over by Timor-Leste and brings together 18 countries from the Caribbean to the Pacific and from Africa to Asia.

During our own Statebuilding process we noticed that the international agencies of support and the United Nations pursued the wrong approaches to development in fragile and post-conflict countries. The international community insisted on a ‘one size fits all’ policy and felt that it was in a position to say what was best for those peoples, without taking into account the specificities and the necessary timings of each development process.

Instead of being seen as a social process, democracy became an exact science, like an end unto itself, in which elections were supposed to be the cure for every illness.

We continue having difficulty in finding a common understanding with the experts on the poverty of others, who still have to prove that the billions of dollars spent every year with assistance have in fact reduced extreme poverty even if just in one small part of the world.



It is clear that the world does not have a proper solution for the problems that affect humankind, particularly when we all committed to the Millennium Development Goals right at the start of this millennium. Fourteen years later, we see that millions and millions of people continue living in extreme poverty and are dying of hunger and chronic illnesses, becoming easy prey to violence and conflict.

It was within this context that, in April 2010, Timor-Leste invited several post-conflict and fragile countries to an International Conference on Peacebuilding and Statebuilding, in Dili. At this conference we were able to discuss our weaknesses and our potential to assume responsibility for correcting systems and mindsets, so as to deserve renewed trust by our partners, who would commit to respecting the decisions of each country.

The 'g7+' countries know all too well that without peace and stability it is not possible to have development. No fragile or conflict-afflicted nation has managed to achieve a single Millennium Development Goal.

This means that it will not be possible to eradicate world poverty without first dealing with the issues of fragile and conflict-affected nations. Timor-Leste led the drafting of a "New Deal", which was presented at the Fourth High Level Forum on Aid Effectiveness, in November 2011, in Busan.

This "New Deal" was accepted by the World Bank and the IMF in order for each country to determine its priorities in terms of international aid. This seeks to enable each country to have ownership over its own process.

This New Deal is also being considered by the UN in its post-2015 Development Agenda. Timor-Leste is proud to have its Minister of Finance, Ms Emília Pires, as a member of the High Level Panel that advised the Secretary General of the United Nations on this agenda. Last year Timor-Leste hosted in Dili an International Conference on the Post-2015 Development Agenda, receiving leaders from various countries, including the Asia-Pacific and Africa.

These discussions and deliberations had several outcomes, including the "Dili Consensus", which establishes our priorities and hopes for the post-2015 development agenda. One key aspect in this document is that it states that we need to set a credible, responsible and realistic path towards development.

Ladies and Gentlemen,

ASEAN is an international success story, having established a region of peace, cooperation and development. Since Timor-Leste is part of Southeast Asia, the question is not *whether* Timor-Leste will become a full-fledged member of ASEAN, but rather *when* it will do so.

We symbolically submitted our formal membership request on 4 March 2011, the year when Indonesia took on the Chair of ASEAN. This request was accepted at the 19<sup>th</sup> Summit of the Organisation.

Since last year I have been officially visiting each ASEAN country. Malaysia is the final step on this tour. All countries I visited were extremely welcoming and supportive of our integration.

We have established diplomatic relations in Indonesia, Malaysia, Thailand, Singapore, the Philippines and Vietnam. We are currently establishing Embassies in Brunei Darussalam, Cambodia, Laos and Myanmar.

The ASEAN Coordination Council has established a Working Group (ACC Working Group) to discuss all issues related to our request. The ASEAN Secretariat, particularly the Economic Division, sought support from the Asian Development Bank to conduct a study and assess the readiness of Timor-Leste. The main goal was to review the impact, implications and challenges of Timor-Leste's application and its ratification of the ASEAN Economic Agreements.

We are presently implementing the recommendations made by this study. We will follow the same procedures for assessing and complying with other necessary requirements, particularly in terms of Security and of Social and Cultural Aspects.

We are aware of our limitations and of the challenges imposed on us to become an asset to ASEAN. However, being the youngest and poorest country in the region, Timor-Leste sees membership in ASEAN as a way to multiply opportunities for its own development. Ultimately, this will benefit both the member countries and the Community as a whole.

Our country and our economy have been growing steadily year after year. We were one of the top ten nations for the highest levels economic growth in the world in 2011.

The investment plans started at the level of core infrastructure, human capacity and sector development have enabled this growth, mobilising the economy and accelerating the human, social and economic development of the young nation. The plans have also responded to the concerns raised by some ASEAN countries regarding our integration capacity.

We are frequently asked what Timor-Leste can offer to ASEAN. I would respond that, despite our challenges in the area of human resources and in terms of adjusting our legislation to that practiced by the members of the association, we have a 12-year history of Statebuilding and Nationbuilding.

We have made extraordinary progress in view of the time it took us and the truly difficult circumstances in which we achieved it.

Ladies and Gentlemen,

As a member and holding the chairmanship of the 69<sup>th</sup> session of the Economic and Social Commission for Asia and the Pacific of the United Nations, we understand the great challenges ahead for the region's more underprivileged countries in terms of physical, energy and communication infrastructure, so as to reduce social inequalities and regional economic imbalances within each country and in their relationships with their neighbours.

Timor-Leste, Indonesia and Australia are committed to signing a trilateral agreement towards a sub-regional triangular development area covering the three closest Indonesian provinces, Timor-Leste and the Northern Territory of Australia.

Additionally, under our new development paradigm focused on the people, the enclave of Oecusse will become a Special Zone of Social Market Economy. This will be a special zone with an economy focusing on the market of the region, while looking for potential perspectives to expand beyond it.

Economic development will only have meaning if it benefits the people. Although economic prosperity is a key ingredient for a prosperous society, the building of a nation and the wellbeing of a population cannot be measured only by the material goods to which they have access.

Equity, mutual respect, justice, tolerance and non-interference are principles to be followed by every ASEAN nation, since this has been the formula for the success of the organisation.

The challenge, which obviously will not be exclusive to Timor-Leste, is framing the legal and judicial system in order to achieve greater harmony with the laws of the Community.

Ladies and Gentlemen,

Regional stability would not have been possible without the formation of a strong political alliance that gradually became a block of economic integration, using diplomacy as an art towards common development. ASEAN has played a key role in ensuring common security, by neutralising decade-old points of tension and promoting peace and stability, making an impact that is felt far from our region.

We salute the signing of the peace agreement between the Government of the Philippines and MILF, in which the Malaysian Prime Minister, the Honourable Najib Razak, played a key role.

Several regional organisations of discussion and forums, where dialogue is a common denominator, became consolidated and institutionalised. Presently, more than reflecting on the future, they are shaping that very future. ASEAN, APEC, ARF (where

Timor-Leste has been a full-fledged member since 2005) and, more recently, the Bali Democracy Forum, the Shangri-la Initiative and the Jakarta International Defence Dialogue are good examples.

Timor-Leste is monitoring their progress closely. Although we are the youngest nation in the region, we already have a strong sense of regionalism and we have been adopting public policies that fit in this development framework. We started this by prioritizing policies promoting reconciliation and the promotion of internal security and national stability.

We want to make an active contribution in order to reduce the array of possible threats and the many challenges ahead of us, including the management of transnational security threats, as well as to cooperate in terms of humanitarian assistance, disaster relief, environmental management and response to climate change.

Dialogue, the asset of diplomacy, is the only weapon that can deal with the problems of our time.

As such, sharing security challenges in our region will contribute to improve strategic trust between countries in the region. In the present situation, building trust between countries should be a more important and safer investment than preparing for war. Timor-Leste is watching the developments in the South China Sea with concern, but it trusts that ASEAN can contribute to the easing of tensions.

China and USA are two giants that will play a vital role in the prosperous and safe development of Asia and the Pacific in the future. A positive and cooperative relationship between these two powers is vital to the integrated and sustainable development of all small and large countries in the region and in the world.

Regarding strategic issues and maritime challenges in the region, we must bear in mind that we require an effort of collective cooperation in order to ensure peaceful coexistence and to overcome differences between nations. The interests of one party must not hinder the legitimate development expectations of another party. Diplomacy – together with considered defence capabilities – is essential to maintain peace and stability, based on cooperation between States. This cooperation must defend the genuine interests of the peoples, rather than the interests of the countries and of their leaders.

Being such a small country, we do not harbour illusions of grandeur that we will make enormous contributions to the region's maritime security. However, we recognise the need for active cooperation with all who are close to our maritime borders.

Ladies and Gentlemen,

In view of the above, there is a clear national consensus in Timor-Leste on joining ASEAN. The establishment of the ASEAN Community in 2015, with the coming

together of nations under a strong commitment towards sustainable development, peace, stability and prosperity, is the path in which Timor-Leste believes. It is also the cornerstone of our foreign policy.

We see ASEAN as a dynamic and united community, with leaders that safeguard the collective interests of the nations, guided by ethical considerations and valorising assistance rather than dependence between States. As a result of its experience and its relationship with the International Community, particularly as a recipient of aid, Timor-Leste views ASEAN as a model of integration that preserves the emancipation of its countries and the dignities of their peoples.

Lastly, and because I believe that ASEAN's great success is based on mutual respect, without pretensions of dominance or condescendence, Timor-Leste is pleased to hear those who say that we are not yet ready to join this organisation. This responsible, open and honest dialogue leads us to believe that we are building serious strategic alliances. On our part, we are committed to overcoming any obstacles.

All of this, Ladies and Gentlemen, adds a new chapter to the history of Southeast Asia and provides a great lesson for the rest of the world. More importantly, it gives hope to the world's fragile and underdeveloped countries that are still walking their path towards development.

In the geostrategic chessboard of Southeast Asia, all pieces are important – even the smaller ones, with small economies and populations. Their importance is not so much in terms of military, political or economic capacity, but rather in terms of the stability they can provide in the region. As we know, currently the main agents of threats are not necessarily States. Instead, they are agents from countries where poverty and inequalities persist.

2 April 2014  
Kay Rala Xanana Gusmão