



# EIGHTH CONSTITUTIONAL GOVERNMENT

**SPEECH BY THE PRESIDENCY MINISTER  
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“The Geopolitics of Timor-Leste and the Indo-Pacific”**

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## Timor-Leste and Great Powers

### OPENING

It gives me an immense pleasure to come back to ISCSP, my beloved former university, to deliver this remark. But before I start allow me to leave a special note of appreciation to Professor Canas-Mendes who kindly invited me and organize this event.

I would also like to extend my gratitude to members of the faculty and all of you who are present here today.

I have noted that the Institute has thrived. It is also worth noting the ever-increasing collaboration between Timor-Leste and the Institute. Besides your continuing engagement with the IDN, I register with pride the establishment of the Center for the G7+ here at the Instituto. This kind of cooperation will further internationalize the Institute and expose students to the complex and pressing issues facing many fragile and post conflict countries.

As INAP (Instituto Nacional da Administração Publica) is under my supervision, I hope to explore avenues for future collaboration with ISCSP. It is my wish to have a competent civil service in Timor-Leste. As we all know, one of the biggest challenges facing many post conflict countries is the inadequacy of their civil services to be responsive to the needs of the citizens, which is often driven by lack of competence and administrative skills in the civil service.

Even though initially I had intended to focus solely on Timor-Leste in the Indo-Pacific, I decided to broaden this presentation to assess Timor-Leste's relations with its neighbors and the main global powers. In doing so I would not only be able to shed light the US Indo-Pacific strategy and its relevance for Timor-Leste, but also to provide you with a better picture of Timor-Leste's thinking and understanding of its own place in the region and the world by examining the country's relationships with other countries and

regional block. In the process, you will be able to examine the relevance of the US Indo-Pacific strategy.

I will also leave ample time for Q and A, so I will not dwell in detail in my presentation in order to avoid being overly exhaustive.

## **AUSTRALIA**

Despite Portugal's neutrality, Australian commandos landed and operated in Timor which led to the Japanese invasion and occupation. About 40-50 thousand Timorese died during WWII. The Timor theater was important in the war effort and considered to be a success as the allies managed to kill more than one-thousand Japanese soldiers while only lost thirty

After the War, Portugal demanded commitment from Australia not take over Portuguese Timor, and resumed effective control.

At the same time Australian strategists became interested in Indonesia. Australia developed a good relationship with the nationalist in Indonesia. It was seen as sympathetic towards the nationalist, though not openly advocating for Indonesia's independence, Australia requested that the Dutch "to carry out reforms of their colonial policies and to consider the concerns of indigenous Indonesians."

After the 1940s, Timor did not figure prominently in the Australian foreign policy.

Besides the Indo-China, the regional focus was on Indonesia. The Cold War made the US more interested in Sukarno's Indonesia. Konfrontasi with Malaysia in 1963-66, and the concern with the rise of PKI (The Communist Party of Indonesia) turned Indonesia into a country of interest. The West became disgruntled towards the increasingly pro-Communist Indonesia's founding President, Sukarno.

Richard Woollcott, who was Australia's ambassador to Indonesia in 1975 was an Information officer responsible for propaganda and information.

A long story short: there was a consensus in the Australian policy circles that Portuguese Timor must not become independent. Australia feared that an independent Portuguese Timor would be vulnerable to foreign domination especially to the communist bloc. This logic led to a bipartisan consensus among Australian political leaders that the most natural step was for TL to be integrated into Indonesia. Australia prioritized Indonesia and turned the other way on the subsequent gross human rights violations in TL. Australia's policy on East Timor was also fundamental for the formulation of the US policy on East Timor.

Australia ignored the killing of its own journalists in Timor by the Indonesian armed forces. Through Signal Intelligence Australia knew exactly what was happening. Australia recognized Indonesia and was its biggest advocate. The pattern continued on until 1999.

Australian intelligence knew what was happening. The US also knew and shared intelligence with Australia.

According to a US intel assessment on the Portuguese Timor, Portuguese Timor was not Papua. The relationship between the Timorese and their former colonial masters Portugal was especial and became religious-like based on blood oaths. It was expected that the Timorese would not be fond of the Indonesians. In fact, many anthropologists have also written about the Timorese view towards the Portuguese.

Some Timor analysts theorized that in the event of an invasion, the Timorese would associate the invading Indonesians with the Japanese and would draw a parallel with the traumatic experience during WWII.

Despite a consistent "Kissingerian realist stance" taken by their national leaders, Australian civil servants, civil society organizations, military and former civilian

intelligence officers, in contrast, have unswervingly shown irrevocable compassion for the Timorese people.

Finally, after a radical turn of position in 1999, the Australian political establishment shifted their long-held view on East Timor. Australia led the INTERFET and played a critical role in the intervention and subsequent post-war reconstruction of East Timor.

Since 1999, while most Indonesians saw Australia as the biggest threat to their national security and national cohesion, Timor-Leste never acted as a hindrance to the normalization of the relationship between the two nations. In fact, Timor-Leste's policy of reconciliation enabled Australia to resume relationship with Indonesia and to focus on the new unconventional threats such as terrorism. Timor-Leste never turned into a liability.

Despite the Australian foreign policy shift in that realm, Australia's maritime mining objectives took longer to adapt. Since the 1960s up to 2017, Australia pursued claiming maritime resources in the region that impacted sovereignty rights for Timor-Leste. The Timor Sea contains trillions of cubic feet of natural gas and hundreds of millions of barrels of crude oil. In a nutshell, during that period, Australia's international diplomacy turned to actions that starkly contrasted with a rules-based global order. Australian partnerships with Indonesia (i.e., Timor-Gap Treaty undermined Timor-Leste's quest for sovereignty and independence, while in East Timor gross violations were underway) and untactful negotiations over issues like our maritime boundaries and non-strategic behavior (i.e., refused to negotiate bilaterally, removed itself from the litigation and dispute settlement mechanisms under UNCLOS and the International Court of Justice, espionage, etc.), escalated the chances of destabilization in the region and demonstrated how a regional power impacts regional stability when it doesn't abide by international rules and norms. It was only in 2018, that this was corrected with the Timor Sea Maritime Treaties Boundaries, an unprecedented example of how two nations can work together to strengthen and maintain a rules-based international order. Without getting into the complex procedural details, both countries submitted to the compulsory conciliation procedure under the United Nations Convention on the Law of the Sea (UNCLOS). This effort is recognized internationally because it is illustrative of how disputing nations with adversarial relationships can reach a successful amicable settlement of their dispute by way of negotiation and compromise in a conciliatory

process. The parties agreed to permanent maritime boundaries – save for several provisional points subject to future adjustment – and to the special regime for resource sharing in the Greater Sunrise gas fields, subject to future modification depending on the choice of development concept. This shows the world the potential of conciliation as an effective and useful means of dispute resolution in the international order.

Even while Timor-Leste was having disputes with Australia over the oil and the eaves-dropping the relationship between both peoples and governments continued to expand. Since the 2018 signing of the Timor Sea Treaty relationship has improved. The relationship has now reached a different level. We are thankful of the recent vaccine assistance to Timor-Leste, the ongoing fiber-optic internet cable, joint Australian-Japanese construction of the Dili airport, and numerous other Australian supports to Timor-Leste (around 100 million Australian dollars annually). There is also a new direct Qantas flight that links Timor-Leste to Australia. I believe despite our history, it is possible to improve our relations and bring the two nations closer. The renewed relationship with Timor-Leste can also be a test case for a new Australian outlook as a responsible regional leader. It is also timely to reassess the real impact of aid to the lives of the Timorese people.

## **China**

The relationship with China also continues to be important. As many academics are concerned with the Thucydides trap, Timor-Leste still believes in the possibility of a peaceful competition amongst the big powers. This is in line with Timor-Leste's foreign policy which is "to make friends and zero enemy." However, we are cognizant that the geopolitical tide is changing.

In the late 1970s, China donated money to the Timorese resistance that amounted to USD\$150,000. In fact, Timor-Leste's relationship with China started many centuries earlier, even predated the Portuguese, and the local Chinese community played an outsized role in the territory's economy. While Indonesian academics of Chinese ancestry at the CSIS (a Jakarta based think-tank) played a key intellectual role in the Indonesian invasion of East Timor, members of the Chinese community in Timor were

specifically targeted by the Indonesian military in order to fake the presence of “Chinese communist agents” in the territory.

The Timorese contact with the Chinese and other traders from mainland Asia started long ago. In 2015, local people in Baucau discovered one of the most intact Dong Son (Southern Chinese and Northern Vietnamese) bronze drums. The drum was 2000 years old. Some of the earliest accounts on the Island of Timor could be found in ancient Chinese texts (reference)

Moreover, China was among the first countries to establish diplomatic relations with Timor-Leste in 2002. Presently, Chinese presence continues to grow. Timor-Leste considers China an economic partner. Yet, while there are a lot of hypes we have not seen a real surge in Chinese investments in Timor-Leste. The Timorese government continues to award public contracts to Chinese companies as they offer the best bidding price. Timor-Leste has not attracted Chinese investments in a scale comparable to Cambodia or other South East Asian nations. Seen critically, it can be argued that Chinese investment continues to be meager. Even the Belt and Road Initiative seems to lack a clear strategic articulation. The BRI has not found any meaningful and tangible realization.

## **PORTUGAL AND THE EUROPEAN UNION**

As I mentioned earlier Timor-Leste does have a deep and strong relation with Portugal. The relationship has deepened since independence. While the EU maintains a delegation in Timor-Leste, the Portuguese embassy is the only bilateral mission in Timor-Leste. Timorese citizens are increasingly exposed to Europe and do benefit from the relationship. Besides enjoying free visa access to the Schengen space, many Timorese also live in the UK (a former EU member) and in other European countries. In fact, remittances from Timorese living abroad have replaced coffee as a source of foreign earning (how much?). Timor-Leste prides it-self to be a democracy and will continue to work with our European Union partners to promote good governance and democratic consolidation. Timor-Leste also shares EU foreign policy stance towards a free and open Indo-Pacific region for all through building lasting partnerships (The 2021 EU Strategy for Cooperation in the Indo-Pacific). EU and Timor-Leste hold annual

political dialogue, regular public policy dialogues, and have a cooperation program that looks towards the future with a first phase from 2021 to 2024 that aims to “build sustainable green and sustainable economic recovery and development, as well as good governance for sustainable development. For this the EU commits 55 million euros or about 61 million US dollars. The EU is first development partner to provide direct budget support. According to the ministry of Finance, “Timor-Leste Government received a total amount of 7.6 million USD from EU in recognition of the implementation of strategic reforms in Public Finance Management, Nutrition, De-concentration and Decentralization”. This gesture continues on an annual basis and it is vital in the promotion of “country ownership, leadership, and the improvement of country system”.

## **ASEAN**

Timor-Leste has always expressed its desire to join ASEAN. In fact, the ASEAN centric view had already been floated since 1975. The then FRETILIN Foreign Minister, José Ramos-Horta forcefully articulated FRETILIN’s pro-ASEAN foreign policy. This position continues until today. Timor-Leste submitted official application in 2011 but has yet to be admitted. We believe that we are ready to join. Timor-Leste is perplexed by the continued deferral of our admission. We have met with numerous fact-finding missions and are making serious efforts to contribute to the ASEAN pillars. It is our hope that Timor-Leste can join in the immediate future.

With a population of more than 600 million people and a total combined GDP of ten-member countries valued at 3.2 trillion (2019), places ASEAN as the 10<sup>th</sup> largest economy in the world.

The US remains the number one investment partner in ASEAN member countries.

## **US AND THE INDO PACIFIC STRATEGY**

US will advance 5 objectives jointly with its partners and allies in accordance with its latest

strategy for the Indo-Pacific region. The United States and Timor-Leste could strengthen



their bilateral relationship significantly and in line with the US Indo-Pacific Strategy.

Over the past two decades, the US and Timor-Leste have maintained a partnership focused primarily on “fostering stability and economic development” (US Congressional Research Service, 2019). Washington is trying to cement this with the development of an MCC compact agreement worth over \$400 million dollars, in addition to a five-year Development Objective Agreement signed in 2021 (meant to provide a first installment of \$17.9 million out of an expected budget totaling \$92.3 million for USAID’s country strategy).

As a maritime and Asia Pacific nation, the US views its **future closely aligned with the region and its like-minded maritime allies and democracies**, and it is building relationships not only in defense to maintain operational readiness, to strengthen and to adapt a deterrent posture, but in development, and in trade. Timor-Leste is a **new maritime democracy**, with the US and its allies working in unison alongside it to build “**credible deterrence through a small yet competent**” maritime capabilities that maintain peace and stability in the Indo-Pacific region. While there is progress, there would be an increasing momentum on more shared policy priorities in the years to come.

The **geopolitical and maritime trade interests** of the US and its allies such as the UK, Australia, and most recently the EU, is to have **maritime access in the region**. That means having South East Asian sea lines of communication (SLOCs) available for commercial traffic to maintain efficiency in global supply chains and in global trade costs. From a geopolitical perspective, the Ombai-Wetar Straits, which pass through Timor-Leste’s waters, constitute alternative vital international straits or SLOCs for the economic interests pursued by the US and its allies. The Wetar and Ombai straits are also strategically relevant for passage of US Navy ballistic missile submarines, and hence there is strong motivation for the US to enhance Timor-Leste’s “maritime potential” and “maritime awareness” and to expand its capacity when it knows it allows US nuclear powered submarines to travel. The US and its allies, also know their national interests

require them to facilitate Timor-Leste in asserting itself as a “maritime state” to control over its territory and capacity building ultimately for patrolling in the Ombai and Wetar straits.

This has implications for US strategy in the region, like US alliances such as the Aukus deal, that is focused on strengthening a vision of maritime security to maintain freedom of movement, seaborne trade, and SLOCs in the Indo Pacific. To strengthen the Timor-Leste and the US relationship, both countries have **strategic opportunities to reinforce cooperation** that raises **Timor-Leste’s maritime capabilities to keep shipping channels** (i.e., Ombai-Wetar Straits) and **ports secure and accessible**, and that also **builds its seaborne trade**. These straits are equally critical for Timor-Leste, in terms of the maritime transport and port services and the commercial values of taxes, and the internal transit of tourism and the transport sector.

The Biden Administration requested \$18.7 million in assistance for Timor-Leste in Fiscal Year 2022, including \$16 million in development assistance, \$2 million in health programs (USAID), \$400,000 in international military education and training, and \$375,000 in special academic exchanges. This is up from the requests of the Trump Administration (\$17.4 million in FY 2020, \$18.2 million in 2019, \$18.4 million in 2018). In development assistance alone, the US since about 2011 to 2021 has executed about \$239 million dollars through USAID. As part of its new Indo-Pacific Strategy, the United States can closely engage Timor-Leste to build new partnerships and continue to deepen the relationship.

The five US-Indo Pacific strategies are: 1. Advance free and open Indo-Pacific; 2, Build connections within and beyond the region; 3. Drive regional prosperity; 4. Bolster Indo-Pacific Security; 5. Build regional resilience to transnational threats.

## **INDONESIA**

Indonesia and Timor-Leste have come a long way. With the deepening of democracy in Indonesia regional peace and security will be sustainable. Ironically, Indonesia and Timor-Leste are the best performing democracies in the region.

Many young Timorese are exposed to Indonesian culture and education system, and Indonesia remains the main source of import origins. There is a significant trade deficit vis-à-vis Indonesia. But Timor-Leste has not maximized on the cross-border trade. Timor-Leste continues to receive political support from Indonesia for its ASEAN membership and both countries tend to synchronize their international positions.

Although Indonesia is not a major donor, we enjoy solid government cooperation almost in all areas ranging from agriculture to security.

### **CONCLUDING REMARKS**

I hope I have given you a look into our relationships with global powers and countries in our region. I believe that Timor-Leste is a lighthouse for democracy and human rights in the region. We have achieved our independence but this success can only be sustainable with a deeper political engagement and stronger support from our development partners.

A prosperous and democratic future for Timor-Leste is possible!