

## Timor-Leste's precarious position after 2017

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Timor-Leste ends 2017 with great uncertainty over the future of the Greater Sunrise gas field, over the stability of its government and over its ambitions to become a member of ASEAN.

In the long-running Timor Sea dispute between Australia and Timor-Leste, the year started with a bombshell. In January 2017 the states revealed their agreement to [terminate](#)<sup>[1]</sup> a 2006 treaty originally designed to distribute revenues derived from the contested Greater Sunrise gas field.



Many viewed the agreement's demise as a significant win for Timor-Leste. And on 30 August 2017 a press release revealed details of another apparent breakthrough in the negotiations — both states had agreed to the central elements of a maritime boundary delimitation and the establishment of a 'special regime' for the development of Greater Sunrise.

While much secrecy continues to shroud the maritime boundary agreement, it is clear that Timor-Leste had to compromise on its claims to the entire Greater Sunrise gas field. A treaty text on boundaries is ready to be signed in 2018, but much of what happens now depends upon whether a development plan can be agreed upon between Timor-Leste and its commercial venture partners. Timorese leaders remain committed to building a pipeline to carry the gas to its south coast for processing — a plan that leading partner Woodside Petroleum had previously rejected. If the venture partners and Timor-Leste cannot come to an agreement, then the development of Greater Sunrise — and, consequently, Timor-Leste's future economic viability — might be [threatened](#)<sup>[2]</sup>.

On the domestic political front, Timor-Leste held its third successful presidential and parliamentary elections since it gained independence in 2002.

Since February 2015, Timorese ‘consensus-driven’ democracy had been characterised by a governing coalition between the two major parties: Fretilin and the National Congress for Timorese Reconstruction (CNRT). It was widely anticipated that this cosy partnership would continue after the 2017 parliamentary elections.

Supported by CNRT, former Fretilin resistance leader Francisco ‘Lu-Olo’ Guterres was elected President in March, receiving 57.1 per cent of votes ahead of Antonio da Conceicao of the Democratic Party (PD) with 32.5 per cent of the vote.

Timor-Leste held its parliamentary elections on 22 July 2017. In a positive sign for democratic consolidation, the elections ran smoothly and featured high voter turnout of around 75 per cent.

The two major parties achieved almost identical results. Fretilin’s loyal voter base came out in force, with the party obtaining a plurality of 29.87 per cent of the vote and 23 seats of the 65 available. In contrast, CNRT, led by former resistance leader, president and prime minister Xanana Gusmao, came second with 29.46 per cent vote and only 22 seats, a loss of eight seats.

But rather than continue the alliance between Fretilin and CNRT, Gusmao shocked observers by announcing that CNRT would instead fill the role of [parliamentary opposition](#) <sup>[3]</sup>. Even though there was less than half a percentage point difference between them, Fretilin’s higher vote count foiled CNRT’s expectation that it would be elevated into the leadership position.

The collective 10 seat loss for the two major parties signalled the emergence of new forces in Timorese politics. The newly established People’s Liberation Party, led by former president Taur Matan Ruak, presented a credible third-party alternative and gained 10.6 per cent of the vote and eight seats. PD, which has played the third-party role in Timorese politics since the country’s independence, attained 9.8 per cent of the vote and went down from 8 seats in 2012 to 7. The elections also established the youth-oriented KHUNTO party, which won five seats.

At the time of writing, the Fretilin–PD coalition holds 30 of 65 seats, five seats shy of what it needs to form government. The three opposition parties call themselves the ‘Parliamentary Majority Alliance’ and have offered themselves as an alternative government. The Fretilin government’s national program has been rejected once by the National Parliament, putting Fretilin at risk of dismissal if it is rejected again. Its national budget has now been rejected twice.

The constitution is ambiguous on whether President Lu-Olo must call early elections or allow CNRT to attempt to form majority government. Fretilin and PD might last a full five-year term as a minority government if it can pass its program or it may persuade an opposition party to join them in a majority coalition, but this seems unlikely. Alternatively, CNRT and the opposition parties may be given an opportunity to govern. The most likely outcome is that new elections will have to be held in 2018.

2017 also began with some promising signs regarding Timor-Leste’s campaign for ASEAN membership. It had been given more responsibilities and involvement in ASEAN, and the Philippines (as ASEAN chair for 2017) had been publicly supportive of Timor-Leste’s

membership.

But as the end of the year approaches, it is becoming increasingly clear that Timor-Leste's accession will be [delayed](#) <sup>[4]</sup>. ASEAN's chair in 2018 is Singapore: the most vocal opponent of Timor-Leste's membership. Singapore is concerned that Timor-Leste would burden ASEAN with requests for financial support and hinder the progress of ASEAN economic community building. Ultimately, this failure to join ASEAN in 2017 could mean a loss of momentum for Timor-Leste's campaign and perhaps an indefinite delay.

This uncertainty at the domestic, bilateral and international level will cloud Timor-Leste's outlook going into 2018.

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*This article is part of an EAF [special feature series](#) <sup>[6]</sup> on 2017 in review and the year ahead.*

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[1] terminate:

<http://www.eastasiaforum.org/2017/01/28/timor-lestes-maritime-ambitions-risk-all/>

[2] threatened:

<http://www.eastasiaforum.org/2017/11/04/the-timor-sea-agreement-is-in-hot-water/>

[3] parliamentary opposition:

<http://www.eastasiaforum.org/2017/08/05/timor-lestes-fortifies-democracy/>

[4] delayed:

<https://asia.nikkei.com/Politics-Economy/International-Relations/ASEAN-to-discuss-next-month-admitting-East-Timor-as-new-member>

[5] *@becstrating* <https://twitter.com/becstrating>

[6] *special feature series*: <http://www.eastasiaforum.org/tag/country-updates-2017/>