

## Dili's golden sunrise dream: Too much, too soon for Timor?

The Weekend Australian 28 August 2019

*Amanda Hodge, South East Asia Correspondent in DILI August 28, 2019*



East Timorese boys in Dili take water bottles to a well to fill for their families. The country is preparing to celebrate the 20th anniversary of the independence referendum. Picture: Lirio da Fonseca

In a dirt quadrangle a few doors down from the Indonesian embassy in Dili, East Timorese activists gather for a night of resistance songs and testimonies to commemorate the struggle to secure maritime borders with Australia.

At one end a giant banner hails the “Long Strive for the Median Line” — a reference to East Timor’s victory last year in UN conciliation proceedings to have the boundary drawn in an equidistant line between the two countries — while a photo exhibition along the fence line depicts protesters holding placards against Australia’s “occupation” of the Timor Sea.

Scott Morrison will travel to Dili on Friday to formalise an agreement many East Timorese view as righting a historical wrong in which Australia imposed on a less-powerful nation a deal that delayed the creation of maritime boundaries to gain access to oil and gas-rich fields in the shared Timor Sea, among them the almost \$50 billion Greater Sunrise fields.

The new boundaries, which reconfigure the royalty split from the undeveloped Greater Sunrise from 50-50 to at least 70-30 in East Timor’s favour, came into force last weekend after President Francisco Guterres referred it to East Timor’s parliament for gazetting.



Eurico Guterres in 1999. Picture: John Feder



Dr Mari Alkatiri. Picture: Acacio Pinto

Not everyone is happy about it, however. Former prime minister Mari Alkatiri, who negotiated the first Timor Sea resource-sharing agreement with the Howard government, says East Timor did not do as well as it should have from the new deal and that Canberra again bested Dili by conflating the sovereign border issue with commercial negotiations.

Greater Sunrise falls entirely within Timorese territory under the new borders, yet Australia will receive up to 30 per cent of royalties if East Timor pushes ahead with plans to pipe the resource to its south coast for processing.

“I would never have signed this maritime boundary agreement,” Alkatiri tells *The Australian* in Dili.

“Why 30 per cent for Australia? One thing is the boundary, and the other is the share of resources — not to be included in the same agreement.

“Given Greater Sunrise falls within Timor Leste (East Timor), why does Australia get any? If you have the right to the boundary, then 100 per cent is 100 per cent.”

## **20th anniversary**

The Australian Prime Minister’s visit, on the heels of the Pacific Islands Forum meeting and a trip to Vietnam, coincides with the 20th anniversary of the referendum in which 78.5 per cent of East Timorese voted for independence from Indonesia, an often brutal occupying force.

Dili is sparkling ahead of the celebrations, including cultural performances, conferences on transitional justice for thousands of victims of violence before, during and after the occupation, and the opening of a bridge controversially dedicated to former Indonesian president BJ Habibie, who, under pressure from Australia and the UN, allowed Timorese to vote on their future on August 30, 1999.



Australian soldiers moving out from Dili Airport after flying in from Darwin on an international peacekeeping mission in 1999.

## **Morrison warily welcomed**

East Timor, a tiny nation rebuilt from the smoking ruins left by departing Indonesian forces and allied Timorese militia, has much to celebrate and the Australian Prime Minister’s presence at the event is fitting given our role in helping it achieve statehood.

But he will not be universally welcomed in a country whose view of Canberra is dimmed by 24 years of support for Indonesian occupation of Timor and — in some quarters — by Australia’s legal pursuit of Witness K, the whistleblower who revealed Australia spied on Dili to gain commercial advantage during 2004 negotiations over oil and gas reserves in the Timor Sea — and his barrister, Bernard Collaery.

While Morrison will be hoping the new maritime boundary ends recent irritants to the relationship with our closest neighbour, in reality the new arrangements have raised fresh question, internally and regionally, about East Timor’s future.

## **Petrochemical gamble**

Barely a year after East Timor’s resistance hero, Xanana Gusmao, couched the maritime boundary victory as the second phase of the country’s independence struggle, there are fears Dili’s obsession with megaprojects could compromise the independence the Timorese people sacrificed so much to gain. The country is staking its future on the \$US14bn (\$20.7bn) megaproject Tasi Mane, involving a pipeline from Greater Sunrise to an onshore oil and gas processing industry, roads, ports and airports along the country’s south coast.

The government says developing a domestic petrochemical industry is the only way to shore up the country's economic future, and infrastructure required to underpin it will help build its agricultural, tourism and manufacturing sectors for an eventual post-oil future. But the cost of the project is roughly equal to what is left in East Timor's Petroleum Fund. The fund finances 90 per cent of the annual budget and is made up of royalties from the Timor Sea Joint Petroleum Development Area, which is calculated to stop producing by 2023.

This month, China's Foreign Ministry said Beijing was "ready to draw up plans with Timor-Leste on co-operation under the Belt and Road Initiative, and expand co-operation in such areas as petrochemical industry, trade, agriculture and fisheries". That has heightened concerns that Tasi Mane is as much a potential existential threat to East Timor's future as a possible saviour.

"It's absolutely an existential threat but it's become the only solution," says Bec Strating, a La Trobe University Asia-Pacific expert and long-time East Timor analyst. "A lot of it is driven by wishful thinking because of how precarious Timor's situation is. If they blow their money and effectively waste the resource then they will be vulnerable to external forces." If they accept commercial loans from China, as is speculated they are considering, they risk bartering some of their independence for long-term economic stability.

East Timor has said it will fund no more than 20 per cent of the project and is looking for investors. So far there are few takers other than Beijing, which is speculated to be looking at drawing all or part of the project into its BRI infrastructure program.

East Timor's Foreign Minister, Dionisio da Costa Babo Soares, told Hong Kong newspaper *The South China Morning Post* last week that Beijing's BRI fitted well with his country's bid to boost trade relationships. He dismissed fears of East Timor falling into the debt-trap diplomacy that has left other small states potentially vulnerable to Beijing's influence.

"Sometimes people think that by being new and small, we can be easily carried away or pushed upon, but Timor Leste is stable and strong and able to manage itself," Soares was quoted as saying.

"The idea that Timor-Leste's been tapped mainly to serve the interest of one single country, namely China, is completely wrong."

### **Young nation's struggle**

East Timor has spent billions of dollars on ambitious infrastructure projects since it formally gained independence in 2002, but critics say the outlay on roads, ports and power stations has dwarfed that on schools and health, and that the country's human capacity is not keeping up with its physical growth.

UN statistics show half of Timorese children under five suffer malnutrition-related stunting and that almost half of its 1.24 million people live below the extreme poverty line — though the government is lifting them out at an annual rate of almost 6 per cent.

Even in Dili, many complain about the poor state of basic public and social services — under-resourced hospitals, poor schools, sanitation, sluggish bureaucracy.

The country's vast youth population — half of all Timorese are under 18 — struggles to find work, while in its remote rural districts most Timorese continue to live a subsistence agricultural existence. Visitors also face difficulties. For six months, banks and hotels across the country have accepted only Visa cards, forcing the uninitiated to join long lines of Timorese collecting overseas remittances at Western Union branches in Dili.

There are deeper problems too.



East Timor in 2019. Picture: Lirio da Fonseca

In Dili this week, Domingo Pinto de Arauzo Moniz, a 57-year-old resistance veteran and co-ordinator of a victims association, lifted his shirt to reveal a network of deep white scars on his back and armpits gouged during weeks of detention by the Indonesian military. Moniz says his shoulders and arms were regularly draped over an iron bar as he was beaten and then strung up on a flag pole underneath the red and white Indonesian flag. His brother was presumed killed, though his body has never been found.

Moniz has received a veteran's subsidy and medal of valour, but what he really wants is to see his perpetrators brought to justice.

“Maybe it's not realistic, but many people who suffered under occupation believe they will feel some peace if they see their tormentors go to jail,” he says. “We need formal justice — for Indonesian generals to be charged for their crimes — but our leaders tell us: ‘Forget about all that, Indonesia is our neighbour.’”

“We had reconciliation but our government has not pursued justice because of their ‘interests’.”

The government vigorously defends its record, pointing to the many programs for veterans or families of martyrs, while acknowledging the work ahead.

“Given the confinement of our more recent experience, we have done a lot,” says Fidelis Manuel Leite Magalhaes, East Timor's Minister for Legislative Reform and acting Co-ordinating Minister for Economic Affairs, Tourism, Commerce and Industry.

His father was killed in a massacre by pro-Indonesia militants in Maliana, southwest of Dili, a week after the independence vote.

### **China waits**

The government is working hard to improve the lives of all Timorese and ensure the country avoids falling off the “fiscal cliff” next decade when its Petroleum Fund is tipped to run dry, Fidelis tells *The Australian*. But “to maintain social investment and make sure there's a base for modernising the economy ... we need infrastructure”.

The state-owned China Harbour Engineering has been subcontracted to build a \$US490 million Tibar Bay Port on the western edge of Dili, as well as roads through the centre of the island.



The Tibar Bay Port project, west of Dili, being built by China Harbour Engineering. Picture: Acacio Pinto

Another state-owned Chinese company, China Civil Engineering Construction Corp, will finance and build the \$US943m Beaco Port on East Timor's south coast — 700km from Darwin — under a contract awarded by East Timor's oil and gas company, TimorGAP.

The prospect of China becoming the main lender for Tasi Mane has sparked calls for Australia to step in to prevent China from buying itself outsized influence over a strategically important neighbour.

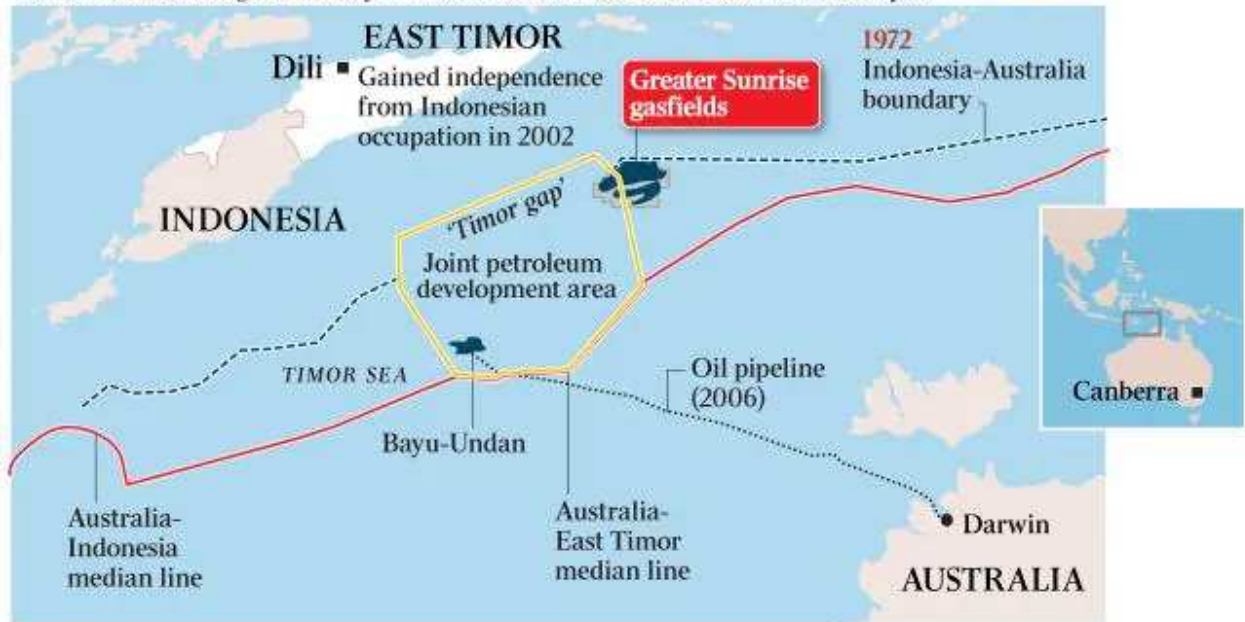
Alan Dupont, a national security expert and previous adviser to former East Timorese president Jose Ramos Horta, wrote in *The Australian* last month that Canberra should set aside its reservations about Tasi Mane's commercial viability and invest in the project. He warned the possibility of Beijing drawing it into its vast BRI posed an unacceptable risk to Australia.

Australia already has moved to frustrate China's growing influence in the Pacific through its Pacific step-up program, including a \$2bn lending facility, and plans to redevelop the Manus Island naval base jointly with Washington.

“Having invested so much in helping East Timor obtain its independence, it would be an indictment of our foreign policy to see that independence compromised by inattention or neglect,” says Dupont.

## EAST TIMOR-AUSTRALIA SEA BORDER

Dili and Canberra signed a treaty in March 2018 to end a decade-old maritime dispute



Even Alkatiri has called for Australia to put its money where its mouth is on Tasi Mane.

“Why should China be sole investor if Australia can put in 50 per cent? Australia is one of the richest countries in the world. As an investor, everybody is welcome – but as an investor, not to take over the country,” he tells *The Australian*.

“In World War II Australia had to come to Timor-Leste to defend themselves, sacrificing a lot of Timorese. Why don’t they come now to help us to develop the country in this Tasi Mane project?”

Australia played a key role in East Timor’s independence.

It helped convince Indonesia to hold the referendum, then lobbied for the UN Security Council resolution that allowed it to lead the International Force East Timor peacekeeping mission that flew into East Timor on September 20 as Indonesia-backed militia continued their retaliatory killing spree.

Since then it has remained the country’s largest aid donor, investing in soft development programs such as education, rural roads and good governance. It recently expanded its guest and seasonal worker program for East Timorese workers.

On all levels, it wants East Timor to succeed.

Fidelis says Australia’s friendship is highly valued but cautions: “Whatever concerns other countries have, in this case Australia with regards to their own national interest, that’s their concern.

“Our main concern is to provide jobs for our youth, attract foreign investment and develop economically.

“We are friends with everyone. Timor Leste does not see other countries as a threat to its existence, or to regional peace and stability.”

He says Morrison will announce a “breakthrough investment in a significant sector” during his visit, and that “by next week, things will become clearer with regards to future investments from Australia”.

The question is whether it will be enough to balance Beijing’s growing clout in East Timor.

*Additional reporting: Zevonia Vieira*