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Cooperation in Health between Timor-Leste and Cuba

After breaking free from Indonesia, the new nation of Timor-Leste needed to address many urgent problems. One fundamental issue requiring immediate attention was health care.

While many donor countries gave aid for health services, most of it was directed toward emergency needs, so basic health services were not adequately addressed.

To improve health services for the people of Timor-Leste, the government recruited expert doctors from other countries, including China, the Philippines, and Indonesia, to serve the local population. The largest number of doctors, however, came from Cuba.

Cuban medical workers came as part of a broader cooperation between Cuba and Timor-Leste in the health sector. This article will explore the three main parts of this cooperation: 1) sending Cuban doctors to Timor-Leste; 2) sending Timor-Leste students to study medicine in Cuba; and 3) opening the Faculty of Medicine at the National University of Timor-Leste.

Why Cuba?

According to Marcus da Costa of the RDTL Foreign Ministry, the Timor-Leste government chose to engage in cooperation with the Cuban government because Cuba has one of the best health systems in the world and because Cuba's offer to help is purely voluntary.

Cuba currently has 60,000 trained medical workers, 281 hospitals, 442 clinics, and 20,000 family health centers. Each

doctor is responsible for 167 people. Life expectancy is 77 years, compared to only 68 years for Latin America as a whole. Cuba has supported other countries because they have so many trained medical workers.

Cuba volunteers its support because of its strong interest in humanitarianism, internationalism, and solidarity, according to the Cuban Ambassador to Timor-Leste Ramón Hernández Vázquez. Timor-Leste is not the only nation to receive assistance from the Cuban government; Cuba has 41,000 medical workers in 103 nations around the world.

Agreement between Timor-Leste and Cuba

Cooperation between Timor-Leste and Cuba was initiated at the meeting between Presidents Xanana Gusmão and Fidel Castro on February 6, 2003 in Kuala Lumpur, Malaysia, which resulted in the following agreement:

1. The Cuban Government will send doctors to Timor-Leste
2. University students from Timor-Leste will go to Cuba to study medicine
3. Cuba will help Timor-Leste in the campaign to eliminate illiteracy and to develop basic education.

Following this agreement, the Timor-Leste Ministries of Health and Education began to implement it with the government of Cuba.

In 2004, Foreign Minister José Ramos-Horta made a formal visit to Cuba. The result of this follow-up was that the Cuban government sent 16 doctors to Timor-Leste, where

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they were placed in six districts: Dili, Manatuto, Aileu, Ermera, Liquiçá and Manufahi. Timor-Leste also sent 20 students to study medicine at the University of Cuba.

In July 2005, Prime Minister Mari Alkatiri visited Cuba to further discuss cooperation between the two countries. After this meeting, the Timor-Leste government sent 270 more students to Cuba to study medicine.

The cooperation between the governments of Timor-Leste and Cuba has been different from most other bilateral assistance, because it is carried out as human support, rather than material or monetary support.

Cuban Doctors in Timor-Leste

Since the meeting between Xanana Gusmão and Fidel Castro in 2003, about three hundred Cuban doctors have come to Timor-Leste to offer basic health services. They live and work in all districts of Timor Leste, and have visited every health center in all sucos and villages. These doctors have been selected by the Cuban government at the request of the Timor-Leste Health Ministry, explains Dr. Alberto Filipe Rignak Vas, Cuban Doctor Coordinator in Timor-Leste.

The recruitment process involves doctors from all provinces of Cuba and in all the health institutions there. The Cuban government then examines the curriculum vita and work experience of each doctor, including their experience in other countries, prioritizing those with experience in countries similar to Timor-Leste. The selected doctors are oriented before they go to Timor-Leste; the orientation includes the history, customs, and culture of Timor-Leste as well as health service guidelines. The Cuban Ambassador to Timor-Leste, Ramón Hernández Vázquez, explained that Cuban doctors sent to Timor-Leste possess good skills in the health field.

During 2003-2005, 16 Cuban doctors worked in Timor-Leste. Between 2005-2007, the number was increased to 139, and from 2007-2009, 235 Cuban doctors are here.

Placement for the Cuban doctors in Timor-Leste is coordinated by the human resources department of the Timor-

Leste Ministry of Health, working together with the Cuban Doctor Coordinator in Timor-Leste, in response to requests from the national and secondary hospitals. The doctors were placed at health centers in the capital city as well as in the districts.

According to Dr. Alberto Filipe Rignak Vas, the Cuban doctors are here to provide medical services to the population, and to promote health through education about healthy lifestyles and preventative measures. In addition, they prepare professional Timorese medical workers by teaching at the National University in Dili.

The Cuban doctors use a family health services approach, identifying steps to prevent illness. For this reason, they often visit families and communities to distribute information about health problems and educate on prevention measures.

Cuban doctors are contracted for two years in Timor-Leste, after which another Cuban doctor may replace them at Timor-Leste's request. As each doctor finishes his or her contract, the RDTL Health Ministry evaluates the health services provided by the doctor and identifies possible needs, which are then passed on to the Cuban government.

Timor-Leste provides each Cuban doctor with:

1. A place to stay, transportation, and basic facilities such as a mattress, TV, DVD, including maintenance costs.
2. An expense allocation of \$100/month (for phone card, internet, gas and other costs)
3. One month vacation every year.

Table 1. Cuban doctors by district
March 2008

Dili	82
Baucau	27
Covalima	16
Bobonaro	19
Lautem	11
Ermera	9
Oecusse	14
Ainaro	16
Liquiçá	7
Manufahi	7
Manatuto	9
Viqueque	10
Aileu	8
Total	235
<i>Source: Cuban embassy</i>	

Other expenses, such as tickets and food, are covered by the Cuban government. Cuba pays a small salary to their families in Cuba, but the doctors in Timor-Leste receive only living expenses.

La'o Hamutuk looked at what the Cuban doctors have contributed to Timor-Leste, and listened to patients and others who have interacted with them. We found that the Cuban doctors have greatly helped Timor-Leste, including the following positive observations:

Solidarity

The Cuban doctors come to Timor-Leste as volunteers to offer service to the people of Timor-Leste. They live in the districts and sub-districts and make visits to small village. This unconditional solidarity was especially meaningful in the context of the 2006 political crisis, when the Cuban doctors continued to provide regular health services in the health centers and IDP camps. Many of the doctors adapt well to conditions in Timor-Leste, including learning local languages.

Unconditional Assistance

Cuba is not a rich nation, so their support to other countries demonstrates a spirit of internationalism and humanitarian service. As noted above, the Cuban government's assistance does not depend on the political or security situation in Timor-Leste, nor on which party is in power here. Cuba began to support Timor-Leste during Fretilin's leadership, and continues to provide support during the AMP-led government.

Provision of medical care and health education

Through family and community-based health services, the doctors provide care and also follow the Cuban practice of educating the community about the importance of healthy practices and preventative medicine.

Smaller price to the Timor-Leste Government for medical workers

Compared with medical workers from other countries, there are striking differences, particularly in terms of the cost to the Timor-Leste government. Both Marcus da Costa from the Timor-Leste Foreign Ministry and Diamantino Amaral from the Human Resources Department of the Timor-Leste Health Ministry explained that the government pays only \$100/month plus other facilities for each Cuban medical worker, while the Timor Leste government must pay \$2,500-3,750/month for other foreign medical workers, plus expenses for their vacations.

Although Cuban doctors in Timor-Leste provide many benefits, *La'o Hamutuk* identified some areas which could be better. Our recommendations for addressing these problems are at the end of this article.

Recruiting Cuban medical personnel

Having Cuba alone recruit the doctors is not ideal, because the medical personnel may not fit the needs of Timor-Leste. Involving the Timor-Leste Health Ministry would improve the selection process.

Coordination and cooperation with local doctors

Although several local doctors cited professional ethics in refusing to speak about services provided by Cuban medi-

cal personnel, some acknowledged problems with coordination and cooperation between Cuban and Timorese medical personnel, which often reduces the quality of service.

Rotating Cuban Medical Personnel

Transferring medical personnel among service locations does not only affect their services but also often creates problems.

Information from the Baucau Hospital suggests that Cuban medical personnel are often irregularly rotated by the coordinator of the Cuban doctors without coordinating with the hospital management, which sometimes creates internal conflicts in the hospital. Sometimes the hospital management does not know the exact number or names of Cuban medical professionals stationed there.

Medical services

Many of the illnesses common in Timor-Leste, such as malaria, dengue fever and tuberculosis, are not common in Cuba. Guidelines for medication services (treatment protocol) are different for Timor-Leste. The two partners have tried to translate the guidelines to the Spanish language and prepare a glossary of Spanish-Tetum for Cuban doctors in doing medicine services.

To optimize the effectiveness of the services by Cuban doctors, *La'o Hamutuk* recommends that they should work more closely with local doctors and medical workers to help Cuban doctors adapt to Timor-Leste more quickly.

Language

Language is a general problem in all health cooperation projects between Timor-Leste and Cuba, as in foreign assistance in all sectors. In some cases, Cuban doctors were unable to give correct prescriptions because they did not exactly understand what patients said, and similarly, patients did not understand what the doctors told them. Many doctors learn to speak Tetum quickly, and interpreters can be very helpful. It is very important that doctors and patients fully understand each other to ensure quality health services.

Timorese Students at the Faculty of Medicine in Cuba

Based on the agreement between the two countries, the government of Timor-Leste through its Health and Education Ministries began sending Timorese students to the Faculty of Medicine in Cuba in 2003. The expectation behind this program is that Timorese doctors will eventually provide health care throughout Timor-Leste, replacing the Cuban doctors. This scholarship program was offered through the Church, public schools, university and national security forces, who helped identify prospective students, because of their public service nature and because they understand the benefits of medical education.

This cooperation gives an opportunity to Timorese students who would not otherwise be able to afford to study medicine, even though they have excellent academic skills. This cooperation helps realize the goal in the Timor-Leste Constitution that all Timorese have the right to equal opportunities for education.



Recruitment and selection process

Selection of students to send to Cuba was carried out by the Timor-Leste Health Ministry. To ensure that the scholarship program reached its intended participants, a public announcement was developed and sent out via print and electronic media throughout Timor-Leste, including National Television (TVTL) and National Radio (RTL). The announcement was also sent out at the district and sub-district levels and throughout the rural areas. The selection process gave priority to students coming from rural, outlying districts.

Due to the large number of applicants, the Health Ministry chose a mechanism to guarantee that all districts would have opportunities to access these scholarships, with priority for students from rural areas.

The mechanism limited the number of students from each district who would be sent to Cuba, setting the number at 18-20 people per district per year. However, most of the students have come from four districts: Dili, Baucau, Bobonaro and Viqueque. Since 2007, 697 Timorese students have studied in Cuba; 302 (43%) women and 395 (57%) men. The selection process did not consider gender.

At its start, the process of sending students to Cuba required a huge amount of time and effort. To simplify the work of the Human Resources Department of the Health Ministry, a committee was formed, headed by the Deputy Health Minister. Diamantino da Silva from the Human Resources Department coordinates technical issues and supervises the registration, selection of documents, preparation of written tests, oral interviews, and a health exam. This team is made up of 13 people chosen by the Health Ministry and representing various institutions: the Human Resources Department of the

Health Ministry, the Secondary Education Administration from the Education Ministry; the Cuban Doctor Brigade, representatives from three high schools (Koléjiu San José, SMAK San Pedro, and SMA 4) and Maria Dias from the PAS Clinic.

Diamantino da Silva says that the cooperation originally involved more schools, but only these three continue to be cooperative and active.

The selection process for candidates has been unchanged since 2003. According to those working with the Timor-Leste Health Ministry, this process is modeled on the one used by medical universities in Cuba, and has four stages:

1. A dossier of documents is prepared by each candidate, including verification of the candidate's nationality, age (candidates must be under 26 if they are high school graduates and under 28 if they are members of the armed forces); their home district; and their family's income (to verify the need for a scholarship). The dossier includes: high school diploma, birth certificate, registration card, election card, baptism announcement, a letter from the parents regarding financial need, and a police statement verifying good behavior.
2. Written tests to know each candidate's understanding of biology, chemistry, physics, mathematics and Portuguese language. For the first four subjects, students must score at least 7.0 out of 10. The Portuguese language test is given only to assess fluency. The overall test is broken down as follows: biology 40%, chemistry 30%, physics 20% and mathematics 10%. Leeway is given to students from districts which have fewer applicants; for example scores of 6.8 or 6.9 may be accepted, to try to ensure geographic balance.

3. The Oral Interview is an opportunity to better understand the candidate's experience, family, motivation for choosing this field of study, and skills that will help in becoming a doctor as well as understanding spoken Portuguese, because Portuguese is similar to Spanish which is used in Cuba.

4. The Health Exam is to ensure that the candidate is not pregnant or have tuberculosis or HIV/AIDS. Students who are either pregnant or test positive for TB or HIV are automatically rejected even if they meet all other criteria; they are not offered the opportunity to reapply.

Candidates who have passed all other criteria but are alleged to have been involved in criminal activity will not be allowed to leave for Cuba.

Candidates who pass their written test, oral interview and health exam take a three-month course in Spanish language while they prepare their travel documents. The Health Ministry covers the costs of visas and airplane tickets.

Before leaving for Cuba, each candidate must sign a contract in which they agree to the following:

1. The candidate will finish their full course of study.
2. After graduating, he or she will serve the Timor-Leste government for at least one year by providing community health services under the Health Ministry, preferably in the district from which the candidate comes.
3. Students who break the above agreement must repay the government for what was spent on their studies. If the student fails to pay the compensation, the government can use legal processes.
4. If a student becomes pregnant in Cuba, she will be sent home immediately and offered the opportunity to continue her studies in the Faculty of Medicine in Timor-Leste.

Sending Students to Cuba

The first 20 students were selected in 2003 after Xanana Gusmão met Fidel Castro. For the second group of students, 20 people were prepared to go, but the Cuban university was

only able to receive eight. The remaining 12 went as part of the third group in 2005.

This table shows how many medical students from Timor-Leste have gone to Cuba. In addition, one student began neurology studies in October 2006. From this total of 699 students, two have moved to the Psychology Faculty and the Ophthalmology Faculty (Eye Specialist) based on their skills.

Group	Arrived	Students
I	2003	20
II	2004	8
III	2005	199
IV	December 2005	135
V	March 2006	136
VI	January 2007	100
VII	February 2007	100
Total Students		698

The Cuban government provides them with building facilities, room and board, computer and internet access, and pocket money of 100 pesos (US \$0.04 = 1 peso) per month, which is supplemented by a \$50/month subsidy from the Government of Timor-Leste.

The Study Program in Cuba

The study program for medical students from Timor-Leste begins with a three-month Spanish language course, followed by a ten-month pre-med course that includes physics, chemistry, mathematics, biology, Latin American geography, general history and Cuban history. Following this, students study medicine for five years, after which Timorese students must return to Timor-Leste for one year to carry out practicum; they graduate from the program after they return to Cuba to present the result of their practical studies. They do their final practicum in Timor-Leste because the objective is for them to serve the Timorese people, so the students must apply what they learn in Cuba to the health situation in Timor-Leste.



In Cuba, all study materials are available on all the computers used by the medical students so that the students can study whenever they have time, with one computer for every two students. Libraries also support the students' studies. Medical professors who have worked in Timor-Leste and understand the situation and health conditions here also make the studies more effective. In July and August 2007, a team from Cuba, led by the Dean of the Faculty of Medicine in Cuba and a Timorese medical student studying in Cuba visited Timor-Leste to deepen their understanding of the status of health and education in the country. The team visited all 13 districts to gather information which it is hoped will help better align the process of medical studies in Cuba and in Timor-Leste.

The Faculty of Medicine in Timor-Leste

The Faculty of Medicine at the National University of Timor-Leste (UNTL) is another facet of the health cooperation between Timor-Leste and Cuba. This faculty officially opened on December 5, 2005, with an initial class of 60 students. In the 2006/2007 school year, the number of students increased to 103, with 81 teachers spread throughout every district of Timor-Leste except Oecusse. In the 2007/08 school year, the Faculty opened a new branch in Oecusse.

The process of study within this faculty is carried out in health centers in the districts, with Cuban doctors in the districts as the teachers. The teachers rotate every six months, moving from one region to another within Timor-Leste.

The same training is carried out in all districts, combining theoretical classroom study with practical experience in providing community health services. To support the learning process, this faculty has televisions, video players and computers.

The goals of the Faculties of Medicine in Timor-Leste and in Cuba are the same. There are, however, differences including the study process, overhead costs, and track record. Students in Cuba are sent to different locations for their

Table 3. Students at the UNTL Faculty of Medicine in 2007/2008

District	First yr	Second yr	Third yr	Total
Aileu	3	-	3	6
Ainaro	2	-	3	5
Baucau	4	7	9	20
Dili	11	14	12	37
Ermera	3	3	6	12
Liquiçá	2	-	3	5
Lautem	3	4	5	12
Manatuto	4	4	5	13
Bobonaro	4	3	-	7
Oecusse	3	-	-	3
Covalima	4	4	4	12
Viqueque	3	3	4	10
Manufahi	-	3	2	5
Total	46	45	56	147

practicum, as are the Timorese medical students. The Cuban students, however, generally stay in one facility while the medical students in Timor-Leste are scattered throughout the districts. The difference in funding for the programs is evident in the dormitories and computer facilities for students. All Cuban students live in dormitories with facilities that support their academic preparation with easy access to computers and a library which is usually located near the dormitory. Students in Cuba have better access to computers than students in Timor-Leste, where three students often have to share one computer. Also, students in Timor-Leste stay in individual homes, each with its own situation and space. There is very limited time for the Timorese medical students to study, and they often cannot access school facilities outside of class hours.





Students in Timor-Leste are separated in various districts, so that they have different experiences of facilities, tools, and infrastructure. For example, the health center in Dili has better facilities than other health centers or referral hospitals. For example, students in Dili or the Referral hospitals will gain more practice because they see more patients. In the regular hospital, sometimes a doctor sees only two patients in an hour. If students accompanying the doctors receive explanations related to cases the doctors are seeing, the students in some district health centers may never observe taking x-rays, as these are done only in Dili and referral hospitals.

New Student Acceptance Criteria in the Faculty of Medicine in Timor-Leste

The Faculty of Medicine in Timor-Leste receives students who have graduated from high schools, health education schools, and the Nurses' Academy. Applicants from the first two groups must have an average grade of 7.0, and from the Nurses' Academy, they must have an average GPA (Grade Point Average) of 2.5. Prospective students must also understand Portuguese and pass a written test. There are also financial criteria: each prospective student must pay \$1 to apply and \$15 to register. If accepted, the new student must pay \$30 per semester plus \$20 for a building fee and \$28 for a university uniform. The University only accepts students younger than 29.

At this time, the Faculty of Medicine at UNTL has 95 female students (65%) and 52 male students (35%). We are glad to see a majority of women, which differs from most selection processes in Timor-Leste. However, given pervasive problems with gender discrimination in our society, and our government's political commitment to gender equality, we suggest that gender-based criteria should be part of the selection process.

Recommendations

From our monitoring of the cooperation between Cuba and Timor-Leste in the health sector, *La'o Hamutuk* suggests the following improvements:

Cuban Doctors in Timor-Leste

1. *La'o Hamutuk* recommends that the Timorese government be involved in selecting which Cuban doctors will come to Timor-Leste. Timor-Leste could send someone to help Cuba review documents, do interviews, and prepare doctors to come to Timor-Leste.
2. *La'o Hamutuk* believes that coordination between Cuban and Timorese medical personnel is essential to good medical care, because Timorese medical staff know more about the local health system, conditions and culture. Good coordination can also facilitate skill transfers. The Timor-Leste Health Ministry is responsible for ensuring good cooperation and should establish necessary mechanisms, including better training for Timorese doctors on working with Cuban doctors.
3. *La'o Hamutuk* recommends that stationing and rotating Cuban health professionals follow a clear process coordinated among the Health Ministry, the coordinator of the Cuban doctors and the hospitals. We suggest not rotating medical personnel on a short schedule, so that the services will flow better and the doctors can adapt to their work environment.
4. Skills transfer can be improved. Because Cuba is renowned for its excellent health system, Timor-Leste medical personnel can learn much from the Cubans. Our Health Ministry can also see how to modify and apply the Cuban health system to Timor-Leste. The medical personnel from Cuba can also learn much from Timor-Leste, adapting their experience here to other similar countries.
5. *La'o Hamutuk* recommends that Cuban doctors learn Tetum before they come to Timor-Leste. This will help them communicate with medical students and patients in Timor-Leste.

Timorese Students in Cuba

La'o Hamutuk could not get much information directly from students in Cuba, so we rely on information from the Health Ministry, the Coordinator of Cuban doctors and one

of the students in Cuba who visited Timor-Leste in 2007. *La'o Hamutuk* feels these issues should be considered:

1. According to the 2003 agreement between the Timor-Leste and Cuba, after the students study theory for five years in Cuba they will return to Timor-Leste for one-year internships to adapt what they learned to the situation here. After the internship, they have one more year of education in Cuba, to evaluate their knowledge and how it fits with Timor-Leste's reality.

La'o Hamutuk does not agree with suggestions from the Foreign Ministry that students do this internship somewhere else, as they need to learn the situation here. After they complete the full seven years of schooling, another program could be initiated to broaden their experiences and knowledge in a third country.

2. Timor-Leste still needs many medical specialists. The government should consider scholarships to train specialists, because the Cuban programs primarily produce general practitioners.

3. The Government should prepare for when many Timorese doctors will return from Cuba, and need stationing, payment and other technical issues. The Government needs to provide enough health facilities so that all these doctors can do optimal work.

4. Sending many students to study medicine is good, but our Ministry of Education still needs to develop other sectors of education.

5. If more Timorese students are sent to Cuba in the future, *La'o Hamutuk* recommends that documents be verified more carefully, with help from the Ministry of Education for school documents.

Medical School Faculty in Timor-Leste

Observations

1. Creating a faculty of health is a good step towards creating a medical education system for our people; however, the reality is that the Timor-Leste government has not done the groundwork required to make such a faculty work. From our meetings and interviews with people involved in the school, including deans, professors and students, it appears that this school was established only because of the Cuban assistance, without preparing a building, preparing professors or preparing a curriculum.

The school's learning process is divided among health centers in the capital and in the districts. We are concerned that this education is not of uniform quality, with variations in health services, professors and situations producing different results. Students in Maliana might study a calmer situation than Dili, while those in Dili will have access to better facilities. Different types of patients will be treated in general district hospitals than in hospitals with specialized care. Each student should have the best possible preparation, including time in a well-equipped hospital. Additional field practice could be included for doctors who will work in especially difficult circumstances.

2. Having professors rotate every three months impacts the continuity of education in health centers because each doctor adapts differently and has different teaching meth-

ods, which students need to adapt to. When both sides need months to get used to each other, and they have to do it again with new professors and students, learning is reduced.

3. Timor-Leste's health problems are comparable to other Asian countries, although we are at a different level. But all the professors in the faculty are from Cuba, which has a different health situation. Although Cuban doctors can adapt to the conditions in Timor-Leste, also having professors from other countries would improve the quality of education. *La'o Hamutuk* suggests involving local doctors in teaching medical students, as well as foreign doctors who have worked in Timor-Leste for a long time.

4. During this period, the Timor-Leste Government has left the school up to Cuba, expecting everything they provide to benefit Timor-Leste. However, many students at the school feel that the Cuban-provided computers, internet and library are inadequate, and several complaints to the Timor-Leste government have not resolved this problem.

5. Medical students in Timor-Leste must pay at least \$80 in tuition and building fees per year, plus more for transport, food, etc. These costs are covered for Timorese students in Cuba, so that health education in Cuba is less expensive than the Medical School in Timor-Leste. We do not see this as a problem, but we wish that the additional payments by students in Timor-Leste would merit proper educational facilities.

Recommendations

1. The Timor-Leste government needs to be more active in developing this faculty. Establishing the school without proper preparations has created problems, but it is not too late to fix them. Although Cuba is responsible for the Medical School here, the Timorese Ministries of Health and Education need to evaluate how to make this a high-quality medical school. Education problems affect our future, and health is a matter of life and death, so the Timor-Leste Government must maximize the school's effectiveness.

2. Many obstacles can be overcome by establishing a single educational center. All the students could study in the same place, with complete facilities and professors who do not rotate. The system is different in Timor-Leste than in Cuba, where students are divided among different campuses with the same facilities. We hope this system will be implemented in Timor-Leste someday, but for now, because of the differences among districts, we suggest that education be centralized in one center with regular practicum in other areas, and one year intensive practicum in districts before graduation. We appreciate Cuba's solidarity, but the Timorese government should not abdicate its responsibility to prepare many doctors with professional-level skills, regardless of the cost.

The cooperation between Timor-Leste and Cuba directly relates to every Timorese citizen. It helps in a crucial part of Timorese life. We hope that this cooperation will maximize service to Timor-Leste today, as well as creating long term benefits. Cuba has also played an important part in the process of combating illiteracy, and *La'o Hamutuk* expects to explore this in a future article. ❖

Public Meeting on OCAP in Oecusse

In 2007, *La'o Hamutuk* investigated the Oecusse Community Activation Project (OCAP), reporting our findings in *La'o Hamutuk* Bulletin Vol. 9, No. 1: January 2008. On 29 May 2008, *La'o Hamutuk* organized a public meeting at the Oecusse Business Development Centre to share our results and facilitate discussion between civil society organizations, communities and implementers of OCAP.

Seventy-five people participated in the public meeting, including representatives of 14 villages, Government agencies, OCAP Self Help Groups, community and district leaders, local and international NGOs, District Development Officers, UN agencies and local and national media.

Lao Hamutuk staff member Ines Martins discussed the findings of the Lao hamutuk OCAP investigation. Other speakers were José Oki, Oecusse Agricultural Director and Domingos Maniquem, District Development Officer, who spoke about the role of the Ministry of Agriculture on the OCAP project. Both acknowledged that there were some weaknesses in OCAP. They said the concept behind OCAP - to develop community economies - was positive but that the community needed sufficient support to ensure that they were not dependent on implementers.

OCAP Program Manager José Reinaldo Soares, despite promising to speak on behalf of OCAP, did not attend the meeting or give advance notice beforehand that he would not come. OCAP Program Coordinator Koen Toonen declined *La'o Hamutuk's* invitation.

While participants were disappointed that key OCAP decision-makers did not attend, they energetically discussed their thoughts. In general participants were content for the government, especially the Ministry of Agriculture, to continue OCAP, but they felt that stronger mechanisms for working with the community and evaluation were required. They particularly stressed the need to evaluate the Self-Help Groups, as many of these were inactive during the program.

The public meeting provided the Oecusse community with a positive opportunity to voice their opinions and criticisms on OCAP. During the project implementation they were aware of, and raised, many problems with the project which were not followed-up, and we hope this experience will encourage communities' active participation in the future. ❖



What is Liquefied Natural Gas (LNG)?

Many people in Timor-Leste, from village residents to top government officials, are discussing the benefits that our country might receive if a gas pipeline is built from Greater Sunrise to Timor-Leste, with an LNG (liquefied natural gas) factory in our country. Our citizens have high expectations of receiving jobs and tax money from this project, and that it will help us develop our economy. As *La' o Hamutuk* has written previously, more than half of Timor-Leste's entire economy, and more than 90% of our state's income, will come from oil and gas over the next few decades. The Sunrise LNG project is one of the few opportunities for Timor-Leste to have a major oil or gas project on our land, rather than simply receiving royalties and tax revenues.

La' o Hamutuk has studied this proposed project for more than two years, and published an in-depth report "Sunrise LNG in Timor-Leste: Dreams, Realities and Challenges" which is available from our office or on our website at <http://www.laohamutuk.org/Oil/LNG/Report.htm>. We found that the benefits from this project may be difficult to achieve, and that there are significant risks which Timor-Leste is not yet ready to handle. We also discussed what needs to be done to maximize the good things that a pipeline and LNG plant can bring to our people, and to prevent or reduce the dangers.

This is the first of a series of articles in the *La' o Hamutuk Bulletin* on the Sunrise LNG project. Because this project will be much larger, more complex, more capital-intensive and more dangerous than anything Timor-Leste has yet tried, it is essential for citizens and decision-makers to understand it well from the beginning. This article will discuss the basics of LNG – what it is, and what are the options for Timor-Leste.

Liquefied natural gas

Natural gas is a fossil fuel which is in a gaseous state at normal temperatures. Like oil and coal, it formed underground during millions of years, as geologic heat and pressure converted dead plants and animals into these substances which we can extract from the ground today. Fossil fuels can be burned to produce heat, which can be used for cooking, to generate electricity or for transportation. They can also be



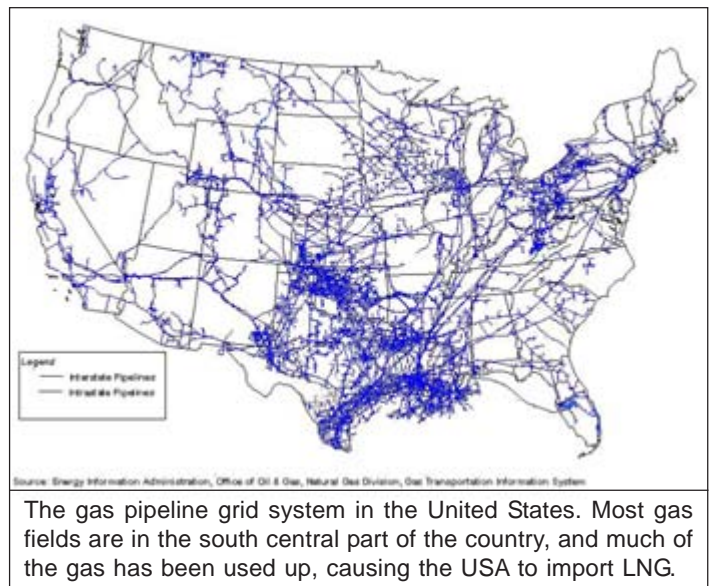
The gas seep at Aliambata, where natural gas burns continuously as it seeps out of the ground. The government is considering building a small electric generating plant to use the energy from this gas for nearby communities.

raw materials for chemical industries, being used to make plastic, fertilizer or other useful materials.

Burning natural gas produces less pollution and waste than burning oil or coal, and natural gas requires little preparation before it can be used. In some places in Timor-Leste, such as Aliambata (Viqueque district) and Pualaca (Manatuto District), natural gas burns continuously as it leaks out of the ground. The largest underground deposits of oil and gas that belong to Timor-Leste are located under the Timor Sea, more than 150 km from our southern coast.

Timor-Leste's residents could use some of this oil and gas for ourselves – replacing imported LPG for cooking and diesel or petrol for generators and vehicles. But the amount of oil and gas in our offshore territory is much more than we need for domestic use, and people in industrialized countries are willing to pay a lot of money for it. Therefore, we profit from selling most of the gas to overseas customers, rich countries with a lot of people and not enough fuel as their economies consume.

In countries with many people and industries who use natural gas, underground pipes are built to connect the gas fields with the customers. Gas from local fields is pumped directly into this pipeline grid, and taken out at the other end to produce energy. In places like the United States (see map), thousands of pipes crisscross the country, bringing gas to almost every community.



In less densely populated countries like Australia, pipelines go to only the major cities, and distances may be too large to allow for a national grid. Darwin is not yet connected by gas pipeline with cities where most Australians live. In poorer or more rural countries like Timor-Leste, there is no gas pipeline system at all, and gas must be bottled and trucked to end users.

Natural gas deposits which are not connected by pipeline to their customers are called "stranded," and must be transported by truck or ship to businesses and people who will use them. Natural gas is so large in volume that this is not practical in its natural state. However, when methane, the principal



An LNG tanker, carrying its super cooled cargo to customers across the seas. A ship like this is usually about 300 meters (three football fields) long.

component of natural gas, is cooled to 160 degrees below zero (-160°C), it becomes a liquid, and shrinks to one 600th of its previous volume. Although it must be kept very cold, this Liquefied Natural Gas (LNG) can then be loaded into special tanker ships and transported across the ocean.

The process of removing impurities from the gas and cooling it until it liquefies requires a major industrial facility called a Gas Liquefaction Plant or LNG Plant. Such plants are built on shore, with a pipeline bringing the gas from the underground field, and a port to load the LNG onto tankers. Some

companies are considering a LNG plant floating on the surface of the sea, but this has not yet been done anywhere.

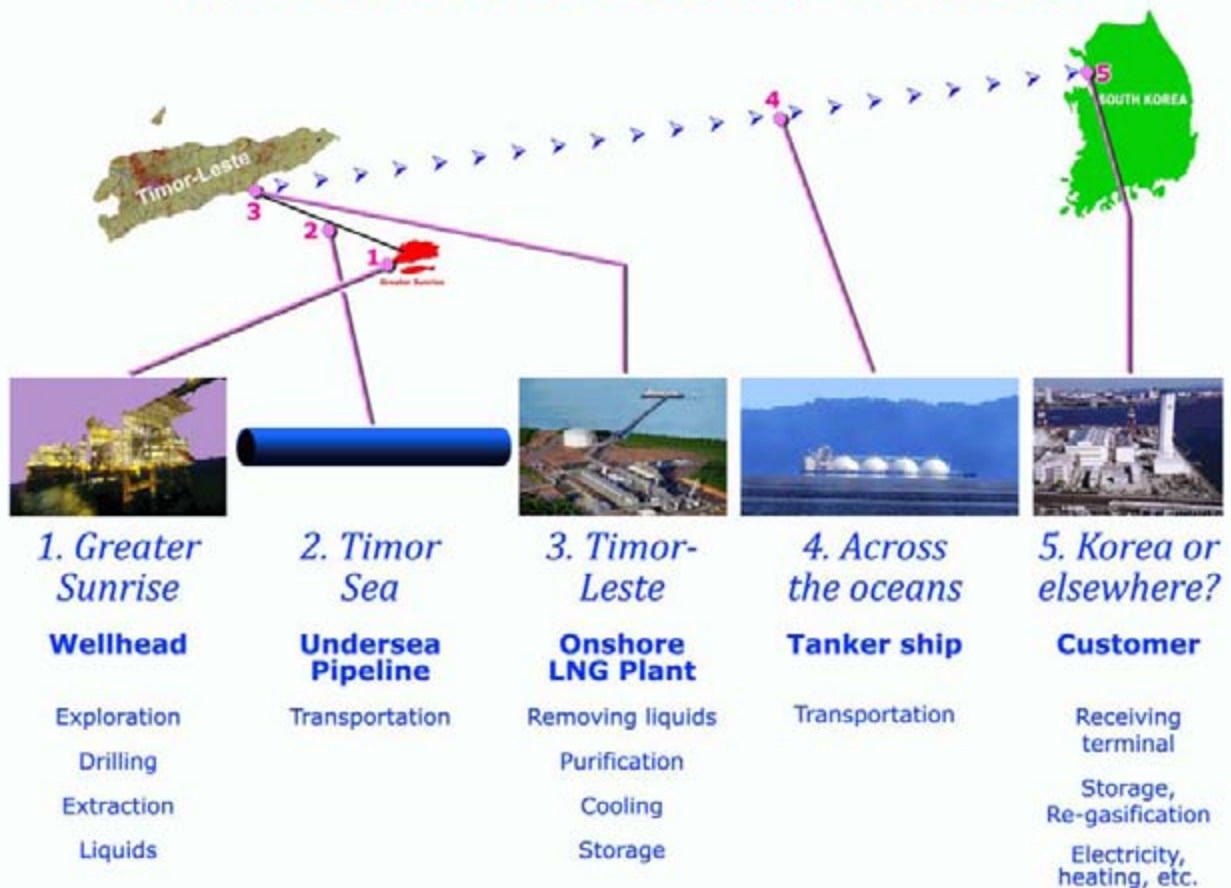
Timor-Leste's gas

Timor-Leste has two large known deposits which contain both oil and gas, under the Timor Sea (Tasi Mane) between Timor-Leste and Australia. While the oil (including light oil called condensate) can be loaded onto ships directly from the wells in the middle of the sea, the gas needs to be liquefied before it can be shipped to customers in other countries.

For the Bayu-Undan field, the oil is sold at sea, but the gas is sent through a 500 km long, 66 cm diameter, pipeline on the floor of the sea to the Wickham Point LNG plant in Darwin, Australia, where it is processed and cooled before being shipped to Japan. This pipeline and LNG plant, which began operation in 2006, will process about 3.7 million tons of natural gas each year until 2023, when all the gas and oil will have been extracted from Bayu-Undan.

Although it would have been shorter for the Bayu-Undan pipeline to go to Timor-Leste, the decision to build it to Australia was made in 2001, before Timor-Leste became independent. A pipeline to Timor-Leste would have been under deeper water than one to Australia, requiring additional ex-

The LNG Production Process



This diagram shows the stages of the LNG process, starting from the left, where the gas is extracted from under the Timor Sea at the Greater Sunrise field (1). It is piped across the sea bottom (2) to an LNG plant on the south coast of Timor-Leste (3), where it is purified and cooled until it becomes a liquid. Then it is loaded onto a tanker ship (4) which travels across the ocean to South Korea or another industrialized country which has purchased the LNG. At that point, the LNG is off-loaded to a regasification plant (5) where it warms up and returns to gaseous state, and it can be burned to generate electricity or for other purposes.



The Wickham Point LNG plant in Darwin which liquefies natural gas from Bayu-Undan. The jetty is about 1.3 km long, the storage tank is 45 m high, and the plant takes up land area equal to about 30 football fields.

pense and technical challenges. In addition, Timor-Leste had not developed the infrastructure or the political stability to give the oil companies enough confidence to invest many billions of dollars to build the pipeline and LNG plant here. Furthermore, Timor-Leste's leaders felt it was more important for this project to move ahead quickly, providing essential revenues for the country, than to delay it by insisting that the pipeline to come here.

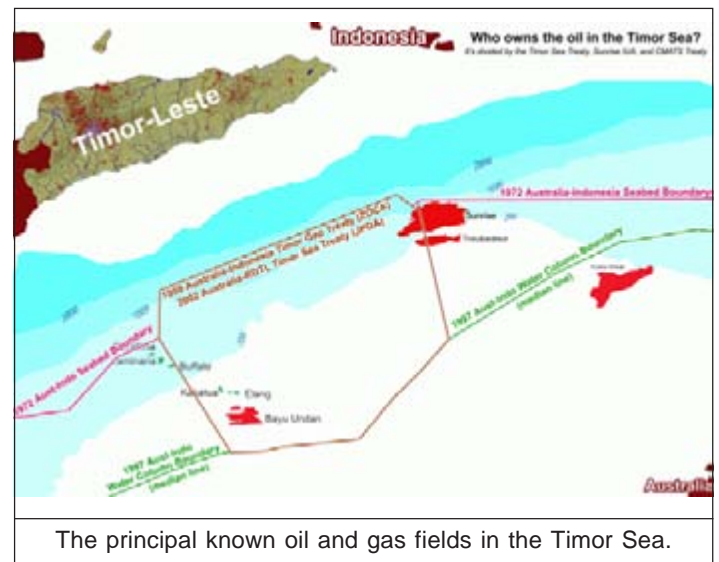
The Greater Sunrise reserve contains more gas and oil than Bayu-Undan and is closer to Timor-Leste (and further from Australia) than Bayu-Undan is. After many years of negotiation, Dili and Canberra agreed to share the revenues from extracting the oil and gas equally between themselves. But the additional revenues from liquefying the gas, as well as the jobs and secondary economic benefits, will go to whichever country the LNG plant is built in, and that has not yet been decided.

There will be three sources of revenue from the Sunrise field (see table below), each producing significant income for Timor-Leste and/or Australia. It is impossible to predict oil and gas prices in the future, but we can make very approximate estimates for total revenues over the 30-year life of the

field, in billions of US dollars. (For an explanation of how these numbers are calculated, see Scenario 2 in *La'o Hamutuk's* report *Sunrise LNG in Timor-Leste: Dreams, Realities and Challenges.*)

At this time, both Australia and Timor-Leste are asking Woodside and its partner companies to build a pipeline to their shores, as well as an LNG plant which will employ their workers and stimulate their economy. The companies are also considering a floating LNG plant to save the construction costs of the pipeline. In June, Woodside presented the results of a "concept study" for a Sunrise LNG Plant. Their first choice is an expansion of the existing Wickham Point plant in Darwin, with a floating plant as the second choice. Although Woodside no longer considers an LNG plant in Timor-Leste a viable option for Sunrise gas, the Timor-Leste Government, with help from Malaysian and Korean companies, continues to research and advocate bringing the gas to Timor-Leste.

The decision will probably be made by the end of 2010, with production starting about five years later and continuing for about 30-40 years. *La'o Hamutuk* will continue to research and educate on the advantages and disadvantages of a possible LNG plant in Timor-Leste. ❖



Sources of income from Sunrise oil and gas

Source	Profits to companies	Revenues to Timor-Leste	Revenues to Australia
If the LNG plant is in Timor-Leste			
Upstream natural gas	\$15.0	\$11.6	\$11.6
Upstream liquids (very rough)	\$6.0	\$4.0	\$4.0
Downstream LNG	\$6.2	\$3.6	0
Taxes from secondary businesses	0	\$0.3	0
Total	\$27.2	\$19.4	\$15.6
If the LNG plant is in Australia			
Upstream natural gas	\$15.0	\$11.6	\$11.6
Upstream liquids (very rough)	\$6.0	\$4.0	\$4.0
Downstream LNG	\$6.6	0	\$3.2
Taxes from secondary businesses	0	0	\$0.5
Total	\$27.6	\$15.6	\$19.3

Civil Society Forum on Climate Change

Bali, Indonesia, 1-14 December 2007

Climate Change is a reality, impacting on human beings and this planet, causing irregularities in seasons, extreme weather, rising sea levels, temperature shifts, and precipitation changes. These changes affect food production, health, housing, culture and economics. The price of rice goes up because irregular rains cause harvests to fail, and because agricultural land that once produced food is now used to produce crops for agrofuel. Timor-Leste faces the same problems, high rice prices, starvation and floods that now happen every year.

The main cause of climate change is the high concentration of Greenhouse Gases (GHG) in the atmosphere – gases which absorb heat from the sun and prevent it from returning to space, causing the earth to become warmer. Most of these gases result from human activities, primarily burning coal, oil and natural gas.

According to the Fourth Report of the Intergovernmental Panel on Climate Change (IPCC), global GHG emissions increased by 70% between 1970 and 2004 due to human activities. Carbon dioxide (CO₂) is the most important anthropogenic (human-generated) GHG, it represents 77% of total GHG emitted in 2004, and has increased by 80% since 1970. The largest growth in GHG emissions has come from energy supply, transportation and industry, while emissions from residential and commercial building, forestry (including deforestation) and agriculture sectors have increased more slowly. People living in rich, industrialized countries produce much more greenhouse gases per person than those in other countries.

Climate change impacts on people's lives

Climate change has big effects on human life, especially on farmers and others who relate directly to nature. Climate change increases famine, because food production is reduced when seasons change unpredictably, increasing poverty. Droughts, storms, floods and landslides happen more often and will get worse unless all nations take effective action to reduce their GHG emissions. Agricultural production will fall, water supplies will dry up, extreme weather will happen more often, and more vulnerable people will lose livelihood opportunities and access to safe and healthy living areas. If temperatures rise just 2.5°C, reduced rice and wheat productivity from non-irrigated farmland will cut net revenues by between 9% and 25%.

To prevent these problems, countries emitting large amounts of greenhouse gases should take more responsibility. In addition, large emitters should help developing countries adapt to the consequences of climate change, as the poor people in

developing countries will suffer because of what the rich countries have done.

Alternative approaches to reduce climate change

At an international conference in Bali last December, NGOs from developing countries proposed several ways to reduce and prevent climate change:

Oilwatch Network

Oilwatch includes people from around the world developing global strategies for sustainability and collective rights. Oilwatch supports resistance by communities impacted by oil industry activities who do not want to see their land damaged. The network exchanges information on company operations and practices in each affected country and on national resistance and international campaigns against specific companies. Oilwatch works to increase global environmental consciousness, exposing the impacts of oil activity on tropical forests and local populations, and exploring how it links to the destruction of biodiversity, climate change, and human rights violations.

La Via Campesina

La Via Campesina is an international movement which includes small and medium-sized agricultural producers, women in rural areas, indigenous communities, migrant farm workers, rural youth, and landless people. Its principal objective is to develop solidarity and unity between small farmers, to promote gender parity and social and economic justice, and to preserve land, water, seeds and other natural resources, to promote food security and sustainable agriculture.

√ Leave oil in the ground.

Because oil consumption is the largest source of global climate change, Oilwatch proposes leaving oil underground instead of continuing to extract and exploit it. Oil exploitation, whether on-shore or off-shore, requires energy-intensive heavy machinery and produces toxic wastes, polluting the environment. Oilwatch also supports immediate development of alternative and sustainable, energy sources based on the principle “zero emissions, zero waste”.

√ Farm sustainably.

Celso Rivero, of La Via Campesina, and head of the Landless Workers' Movement (Movimento dos Trabalhadores Sem Terra, MST) in Parana state, Brazil, emphasized that the best way to reverse global warming is through small-scale sustainable agriculture. Small-scale farming, without using energy-intensive machines, organic farming without chemicals, and solar energy are some elements of sustainable agriculture. To support this, Rivero asked all governments to create policies to develop local products in an organic way and to create market opportunities for local products.

√ Don't use agrofuels.

Agrofuel production, growing crops on a large scale to produce fuel, has been suggested as a replacement for fossil fuels, including in Timor-Leste. Civil society participants in Bali absolutely reject this approach. La Via Campesina and

others point out that agrofuels are produced by large, destructive monocultures (single-crop farming) that damages agricultural land, local farming practices, biodiversity and ecosystems. La Via Campesina argues that redirecting agricultural resources away from food needs and toward energy consumption will exacerbate famine and the global food crisis. The experience of palm oil plantations in Indonesia demonstrates that energy-oriented agriculture, while benefiting large companies, does not increase prosperity of local people and farmers.

√ **Reduce energy consumption.**

Civil society groups in Bali learned from each other how important it is for everyone to combat climate change. Everyone should dispose of garbage properly, preserve forests, and use energy economically. Reducing, reusing and recycling waste materials helps prevent further destruction of nature and uses less energy. We don't need to cut down more trees to make paper, because this uses energy (emitting greenhouse gases), and also destroys forests that absorb emissions. Rather, used paper can be recycled to make more paper. Throwing rubbish such as plastic, water bottles and cans, anywhere, will destroy land fertility and damage the environment. Electronic appliances such as air conditioners, radios, televisions and computers, use a lot of energy and should be turned off when not in use. Cars and airplanes are a major source of climate change, and should only be used when necessary.

United Nations Climate Change Conference

From 3 to 14 December 2007, representatives from about 180 countries came to Nusa Dua, Bali, for the Thirteenth Meeting of the United Nations Framework Convention on Climate Change (UNFCCC). Participants represented governments, international financial institutions, civil society organizations, scientists and journalists from all over the world. The conference reviewed the 1997 Kyoto Protocol (treaty), with the goal of further reducing greenhouse gases that cause climate change. The main agenda of the 13th UNFCCC was to discuss how the Kyoto Protocol has been implemented and what needs to be done to follow it up. The Protocol's first commitment period ends in 2012, and a new mechanism should be in place long before then.

Timor-Leste Deputy Prime Minister José Luis Guterres led a delegation of 14 government officials. Haburas, a Timor-Leste NGO, was accredited to participate in the official conference, and two *La'o Hamutuk* and three HASATIL representatives joined in civil society activities.

Kyoto Protocol

The Protocol was agreed in 1997 at the Third Conference of the Parties to the UNFCCC treaty when they met in Kyoto, Japan, and entered into force in 2005. As of April 2008, 178 parties have ratified the protocol. This includes 36 developed countries who are required to reduce greenhouse gas emissions by 2012 to levels spelled out in the treaty for each country (representing over 61.6% of emissions from these countries). In addition, 137 developing countries have ratified the protocol, including Brazil, China and India, but they are only obliged to monitor and report their emissions. The United States has declined to ratify the treaty. Both Australia and Timor-Leste signed it only in 2007, following elections in both countries.

Civil Society Forum on Climate Justice

The civil society activities in Bali, held in parallel to the official UNFCCC meeting, were organized by the Indonesian Civil Society Forum (Forum Masyarakat Sipil Indonesia), with the aim of influencing the UN Conference, as the NGOs feared that the officials would ignore the interests of ordinary people.

The overall theme of NGO activities was "Climate Change and Climate Justice." The discussions included testimony from representatives of many local communities victimized by climate change, including from Indonesia, the Philippines, Singapore, Malaysia, Ecuador, Brazil, Paraguay and Mexico. Accredited NGO representatives brought the results of these discussions and testimonies to the official UNFCCC forum. NGO activists also conducted peaceful actions outside the conference building, holding banners and signs like "no carbon trading", "reduce your emissions" and "no climate change without climate justice."

Many environmental organizations participated, including the Indonesian Environment Forum (Wahana Lingkungan Hidup Indonesia, WALHI), Greenpeace, Friends of the Earth, Oilwatch, the Indonesian Farmers Alliance, La Via Campesina and the Indonesian Women's Forum. They raised many issues, including the following:

Humankind is the Cause and a Victim

"Our ancestors early on already knew that we had oil, but they believed that what was above-ground was enough to fulfill their living needs, so they did not touch it. To us, everything that is underground is like our insides; if we empty out our stomachs we will die." This statement, from a representative of a traditional community in Nigeria, is one of many testimonies which depicted the experience of countries rich in natural resources where most people live in poverty.

Oil exploitation virtually always has negative impacts on nature and local communities, resulting in displacement, pollution and destruction of the environment. Illegal logging had decimated forests and caused springs to dry up in Sumatra, Kalimantan and Papua. Coal mining is one of the most polluting industries in the world.

Who is responsible?

Participating NGOs agreed that countries with the most greenhouse gas emissions should decrease their levels. Countries rich in forests should conserve them, and all people should contribute to stabilizing the climate. Civil society also rejected the Reducing Emissions from Deforestation and Ecosystem Degradation (REDD) proposal, as it tries to remove responsibility to reduce greenhouse gas emissions from the countries who emit the most. REDD is a form of "carbon trading," where companies or countries who use a lot of fossil fuels, creating large amounts of greenhouse gases, can continue to do so if they pay someone else to reduce their emissions or to protect or improve forests, so that they can absorb and store more carbon. REDD was proposed by the governments of Brazil, Papua New Guinea and Indonesia, and it attempts to reduce global emissions by preventing deforestation and improving the management of forestry. Friends of the Earth Indonesia rejects REDD: *"If Indonesia accepts this concept we lower the self respect of our people. We*



do not need to be paid to look after our forests. What we want is for industrialized countries to reduce their emissions.”

Indonesian civil society groups argued that REDD and other carbon trading schemes sacrifice the small communities who are connected to the forest for their livelihoods and traditions. Forests will be dominated by business interests, while people from local communities may only be forest guards. Carbon trading is supported by most countries with high greenhouse gas emissions and international financial institutions because they don't need to reduce or clean up their industrial activities, or make their lifestyles waste less energy. They even can increase gas emissions as long as other countries can absorb them. This concept will not help reduce gas emissions globally, but will make it worse because what is needed now is a deep emissions cut that can be achieved only if every country reduces its emissions and takes care of its forests. Carbon trading tries to turn an impending ecological crisis into a money-making opportunity for financial market brokers, to the detriment of the planet and most of its people.

Climate Justice

Everybody has the right to live in a healthy climate, a stable climate with no unpredicted changes in seasons, catastrophes or drought. Everyone who damages the climate should be held responsible to stop destructive activities and to support efforts to renormalize climate. Carbon trading is one way that climate destroyers avoid this responsibility, putting the burden on someone else. “Starting now we will protect our

forest, we do not need to be paid, what we need is a government mind-set that supports protection of our forests” stated an indigenous Papuan on ending a story about forest clearing in the lands of her birth; this forest is like a mother to her people.

There is no Climate Justice without Gender Justice

The civil society activities highlighted the important link between climate justice and gender justice. Women with children are likely to suffer most as a result of climate change. In Indonesia and Timor-Leste, for example, women fetch water, cook, and clean, and when global warming causes water sources to dry up, it is women who will have to work harder to find water. If rains are not reliable and cause floods, women and children will suffer most, because most men can run or swim away faster than most women can.

So, climate justice has to be addressed along with gender justice, meaning that there should be greater support for women when there is a climate-change related natural disaster, and steps to normalize the climate must involve women in making and implementing decisions.

Lessons for Timor-Leste

√ The destruction of thousands of hectares of forest in Timor-Leste has already damaged farmland and our environment, and also contributes to global warming. The forest has many varied functions; forests collect water, keep land from eroding, absorb carbon, produce oxygen, and support local livelihoods and cultural traditions. Timor-Leste had many dense

forests in the past but this has diminished over the years because of the lack of action by various governments to promote and regulate their protection. Forests continue to be cleared to extend farming fields and build new settlements, gather firewood for household use, and conduct illegal logging businesses. This has caused many water resources to dry up, increased erosion and increased temperatures in Timor-Leste. Learning from the unhappy experience of Indonesia, Timor-Leste should avoid practices which destroy our forests, such as monoculture farming systems, onshore mining and illegal logging. Policies and regulations to protect and improve the forest as well as strengthening local community rights are very important to guarantee durable forest, land and climate in Timor-Leste.

√ So far, Timor-Leste's agricultural system is dominated by small-scale farming for daily needs. On this subsistence scale, farming has minimal affects on the environment. Planting varied crops also safeguards against degradation of farmland. For the future, developing the agriculture sector will tempt government and business to quickly begin large-scale production with machines and chemicals, which may provide short-term gains but will then progressively degrade the land as well the lives of the farmers. The use of hybrid seeds, chemical fertilizers and tractors to increase local production, as government is doing now, will worsen climate change they are produced in factories that emit GHGs, and operating tractors uses energy and releases gas emissions. We recommend the development of an ag-

riculture system that is sustainable, based on safeguarding durability of the living environment and sustainability of the lives of local residents now and in the and future.

√ Oil, gas and coal exploitation always have large negative impacts on local peoples lives and contribute to climate change. It's better for the government of Timor-Leste not to begin these exploitations activities on our land until we have strict, effective mechanisms to regulate them.

√ Timor-Leste's Government, as a member of the United Nations and a participant in the UNFCCC process, can be an effective international advocate to prevent climate change. Our government should reject schemes which only benefit rich countries, and look for ways that everyone who causes or suffers from climate change shares the responsibility to prevent it.

Timor-Leste ratified the Kyoto Protocol earlier this year, an important step by this country, but the Kyoto Protocol alone will not be effective in preventing climate change. The Kyoto Protocol even allows carbon trading which is business-oriented and will not benefit most people. The best way for Timor-Leste to combat climate change is to establish our own regulations, adapted to Timor-Leste conditions, to protect forests, prevent destructive waste disposal, decrease pollution from vehicles, and expand the use of alternative, environment-friendly energy. Most importantly, our citizens must understand the importance of each individual's role in the struggle to combat climate change. ❖



The Impact of Mining on Women in the Pacific

Natural resources can help countries develop themselves in all sectors, but if they are not managed well, they can become a curse and a risk to people's lives. When nations are rich in natural resources, their people often expect great benefits from extracting and selling them. But in reality, nations with non-renewable resources such as oil, natural gas and minerals often suffer negative impacts such as human rights violations, economic dependency and social decay from the exploitation of their resources and its aftermath.

Human rights violations occur because governments and companies decide about exploiting minerals, gas and oil without consulting the people who live in the area, even though local residents will receive the bulk of the impacts, including:

- Communities are relocated, having to rebuild their lives in new locations. It can take significant time to adapt to new surroundings, such as different climate, soil and culture. As mothers and homemakers, women face special challenges, often needing more time to fetch water and gather wood and food for their families.
- Many people in rural areas have close relationships with nature, because they use the land, stones, trees and other resources, which becomes part of their culture. They use traditional natural medicines to cure their illnesses. When companies start mining activities, the natural habitat is destroyed, many plants die, wild animals diminish and the community must deal with these challenges. In cultures where women have a strong role in maintaining the household, cooking, washing clothes and looking for wood, women face larger challenges as it is difficult to find clean water, there is less water in general, and they have to travel farther to find wood.
- The exploitation of natural resources also often leads to child exploitation, because the companies can pay children less than adults. Because of this many children do not go to school, thinking it is better to earn money today than to get an education for the future, which is often encouraged by parents facing difficult economic conditions. Some children may be tempted to waste their wages on drinking, drugs, prostitution and other activities that harm both them and the larger community.
- Companies sometimes offer compensation to the communities, but this is often biased towards men. As the men control money in most families, it increases women's economic dependency on men. It can also increase domestic violence when men do not manage the money well, or use it to get drunk and then abuse their partners and children.

To share experiences, Oxfam Australia organized a conference in October 2007 on the impacts of mining on women in the Pacific. The conference took place in Papua New Guinea's Madang province, with participants from Western Australia, Fiji, Timor-Leste, PNG, Indonesia and the Solomon Islands, including Inês Martins from *La'o Hamutuk*.

This conference was designed for women to share information and to develop skills, ideas and strategies to improve their lives and those of their communities, with a particular focus on the effects of mining on women.

Participants from various countries shared their experiences with mining. Since Timor-Leste has not yet started onshore, industrial mining activities, Timorese participants discussed their government's management of revenues from oil and gas.

Given how mining can be very harmful to women and their children, women came to strengthen their struggle against the injustices committed by their governments and mining companies. During the three-day conference the participants produced an advocacy strategy to continue their struggle in their own nations.

Without appropriate regulation and controls, mining can result in serious human rights abuse and environmental destruction causing the loss of land and livelihoods, and the creation of community conflict and other social problems.

These negative impacts are not gender neutral, and women experience the direct and indirect consequences of mining in different and often more pronounced ways than men do. Women are often excluded from benefits of mining, the differences in the lives of men and women can cause mining projects to reinforce existing inequalities.

Western Australia

Indigenous women participants from Western Australia described their experiences with mining according. Australian is rich in mineral resources which increase the country's economy, but the mining does not benefit the indigenous people, because there has been discrimination against indigenous people, which has led them to mistrust and disrespect non-indigenous people.

Land is the most important issue in Australia. Although indigenous people have their own traditional landholders and custodians, they are not recognized by Australian law. Many lands are rented by the Church and this means the traditional landholders cannot access them.

According to tradition women play an important role, they have great knowledge and skills, but their participation is ignored. Although women are crucial in feeding their families and know much about their lands, the Council of Indigenous for Lands did not invite them to take part in cultural research in relation to exploring land for minerals. In addition, indigenous people are poorer, often depending on Government's support, including many employed people who live close to mining areas.

The Government financially supports many indigenous people through training for the mining industry, but some people do not want to work in industry and other job opportunities are very limited. In addition, the indigenous people want jobs, but they are facing obstacles, because the jobs often disregard their responsibility for protecting their families and their culture. The Government and companies must understand the disadvantages of culture and history.

Participants from Western Australia continue to advocate for the Australian Government to recognize and respect traditional law and the rights of the indigenous people on the lands, providing them with same support that they give to Australian white people.

Fiji

The Vatukoula gold mine in Fiji started operating in 1933, and local residents have raised issues of living environment, shelters and proper condition for the workers.

Mining impacts on the community in Fiji in several ways:

- Mining causes respiratory and other health problems, because the water is polluted by the companies and houses the companies provide for the workers are poorly made of wood, with many people living together and sharing toilets. They do not follow the Fiji law which requires companies to provide proper houses for the workers.
- There is discrimination between men and women in the job field, with men getting higher salaries and women receiving only F\$1.35 (US \$1)/day.
- Women do not receive any paid maternity leave. After they give birth, they have to reapply for their jobs, but men are often given priority.

The Fijian women workers urged the companies to build proper houses and adequate conditions for other workers. Three thousand houses are planned to be built in 2008.

Indonesia

The impact of mineral exploration, oil and mining primarily affects residents of the mining areas, especially Sulawesi, following an agreement between Indonesia and Inco Company in 1960. Among these impacts are:

- Impact on living environment:
 - Mining uses a lot of water, forcing the residents to purchase water when they need it.
 - Water polluted with heavy metal poisons flows into the clean water and the sea.
 - Mining is expanding into the protected forest zone.
- HIV/AIDS is increasing in mining areas, especially near Freeport's mine in West Papua.
- Because compost and garbage are not disposed of in rubbish bins, water is polluted and diseases such as dengue fever spread.
- Poverty is growing.
- The increase of soldiers in the mining zone leads to human rights violations.
- Local residents are often forced to move from one place to another.

Indonesian women stand firmly to explain to the people that exploration of mining, gas and oil hurts people's lives, so it is better to stop exploration in those areas.

Papua New Guinea

Mining revenue comes in to the Government to be spent for the country's national development. Mining exploration is strong in Papua, but it affects living environment and leads to social conflict.

Mining has polluted rivers in Papua. In Bougainville, dirty water flows from the Ok Tedi mine into clean water, plantations the sea, poisoning agriculture and harming fishermen's livelihoods. Mining also causes malnutrition in children, and irritates their skin when they bathe with contaminated water.

For Papuan people, the land symbolizes their culture, and mining destroys it. It also has social impacts:

- Men are given priority for mining jobs. But when men spend their salary on getting drunk, they beat up their wives.
- Men have to leave their families to work at the mining company. Because life is very expensive in the mining exploration zone, people who are unemployed cannot afford local food.
- Increasing HIV/AIDS

The people of PNG know that much of their great mineral wealth is lost, with companies exporting 60% of the mining revenues to Australia while only 40% goes to the PNG government to develop Papua New Guinea.

The non governmental organization Center for Environment Research and Development (CERD) prepared and gave opportunity to women to educate people and helps them participate in the consultative committee.

Solomon Islands

The Gold Ridge mine, on Guadalcanal island, is managed by an Australian company and started operating in 1998.

Mining exploration impacts directly on the residents, including those who were displaced and those who live near the mining compound.

Local residents are not connected with local businesses. As each province has its own way of making decisions and many people are illiterate, they are not included in the mining benefits.

Even though there is a matrilineal family system which gives priority to women for access to land, women are often excluded from the decision-making process.

Conference attendees from the Solomons continue to socialize women on their rights to access land, so that women can fully participate in decision making.

Timor-Leste

The Indonesian occupation of Timor-Leste ended in 1999, and the country is now in the process of development. Timor-Leste has large oil and gas reserves under the Timor Sea, and is working with Australia and international companies to explore and exploit it, with no direct impact on people's lives so far.

Gas and oil revenue to the Timorese Government can improve people's lives when it is spent accountably and transparently. .

Therefore, the Government held public consultations in 2004 about establishing a Petroleum Fund to manage petroleum revenue sustainably for future generations, and the law was enacted in 2005, along with the Petroleum Act to regulate the activities of oil and gas companies. The Banking and Payments Authority (BPA) is charged with managing and reporting on the Petroleum Fund. (See *La'o Hamutuk Bulletin* Vol. 8 No. 1 March 2007).

Since Parliament approves the Government Budget, more than 90% of which is funded with petroleum revenues, the law sets up a Petroleum Fund Consultative Council to advise Parliament, with representatives from government, business, church, civil society, and former high officials.



Nevertheless, Timor-Leste's petroleum management is weak in several areas:

Democracy: relations with companies are handled only by the State Secretariat for Natural Resources, without checks and balances.

Participation of the local community: Local residents have to provide land if the oil and gas industry wants it, regardless of local consultation, which could lead to human rights violations.

Timor-Leste can learn much from others' experiences:

- Exploiting natural resources almost always impacts negatively on nearby communities. Therefore, the Government should carefully think through any plans to conduct mining in our country.
- From 1990-1994 civil society in PNG fought hard for the peoples' interests, especially for communities being impacted by mining. But in 1995 much of civil society lost their dedication because they became dominated by large companies who passed out money and funded overseas travel to certain NGO staff. Because the national government received 40% of the mining revenues, it also prioritized serving the companies interests over the people. In addition, community members received \$2/person from the NGO that works for the company, and were discouraged from participating in meetings to transmit community ideas and opinions about mining impacts to the companies and government. When they accept money from the company, civil society and NGO staff become accomplices, and they work for the companies and the government. Timorese civil society organizations who work for the rights of poor

and oppressed people can learn that their independence is extremely important. Civil society can simply work with companies in partnership, but it is better for them to avoid receiving anything which will make them dependent and lose their mission.

- 97% of the land in PNG belongs to the people, according to the traditional law of community land owner, but the Government has forcibly taken land from people for large companies to exploit minerals, gas and oil, and produce palm oil, while neglecting to develop the rural agriculture sector which encompasses 80% of the population. As Timor-Leste is now receiving large oil and gas revenues, the Timorese Government should spread development evenly across all sectors to avoid dependency on oil and gas.
- Civil society, especially local NGOs, needs to continuously struggle and speak out about how mining affects communities. It can be a big problem when people are given cash by the government and companies, often of insufficient amounts for proper compensation. Timorese civil society can learn to continue to resist and work to educate so that the people can decide for themselves what to do with their natural resources. When the people are not well informed and do not participate in the process, those exploiting the mineral wealth can manipulate them.

On the last day of the conference, the participants representing six countries made a joint declaration (next page) that the impact of mining exploration has negative impact on people's lives. Therefore, it would better to stop exploring the mining and gas in all countries in future. ❖

**STATEMENT OF THE PACIFIC REGION
INTERNATIONAL WOMEN AND MINING NETWORK MEETING
MADANG, PAPUA NEW GUINEA, 24-26 October 2007**

We are women of the Asia Pacific region from Australia, Fiji, Indonesia, Papua New Guinea, the Solomon Islands and Timor Leste. We are mothers, women leaders, community members, landowners, Indigenous peoples, non-government organisation representatives, Human Rights lawyers and agency representatives, and mine workers.

For three days we have shared our personal experiences, our learning and our wisdom. We agree that at all stages of mining from exploration to operation and closure, there are many negative impacts of mining on women which must stop if we women are to assist our communities to develop in constructive and sustainable ways.

In particular, we have learned that many of us face the same issues and are outraged that:

- ⊙ most major rivers in Papua New Guinea are polluted by mining and that the only major river system untouched by mining in PNG, the Sepik, is at risk from proposed mining;
- ⊙ the Freeport, Ok Tedi, Porgera and Tolukuma mines all dispose of mine tailings (waste) directly into rivers, resulting in over 540,000 tonnes of toxic waste being dumped into these rivers each day;
- ⊙ as women who must support our families, the impacts of mining include economic impacts that affect our ability to pursue sustainable livelihoods using farms, gardens and waterways;
- ⊙ despite global recognition of the value of scarce clean water sources, water is often used at the expense of community needs;
- ⊙ water as a safe, clean and reliable source for communities is compromised in many ways by mining – including by contamination of catchment areas and groundwater often through irresponsible mine waste disposal practices, and by changes to natural river and groundwater flow systems;
- ⊙ women mine workers in some of our home countries face discrimination, poor working conditions, low wages and unequal pay for equal work; and
- ⊙ customary land rights of tribal and indigenous peoples are often disregarded and disrespected, with corrupt practices at both state and corporate levels undermining our traditional systems.

We refer to:

- the Declaration of the Mining Affected Women's Foundation, Madang, PNG, October 2007;
- the United Nations Declaration on the Rights of Indigenous Peoples adopted by the United Nations General Assembly on 13 September 2007, which provides that the free and informed consent of Indigenous Peoples shall be obtained "prior to the approval of any project affecting their lands or territories and other resources, particularly in connection with the development, utilization or exploitation of their mineral, water or other resources".
- the statement published during the APEC Mining Ministerial by civil society representatives, Indigenous people and their organisations, Perth, Australia, February 2007;
- the commitment made by the PNG Minister for Mining during the 2007 APEC mining ministerial that there would be no new mines in Papua New Guinea using riverine tailings disposal; and - the Statement of the International Mining Workshop in Bali, Indonesia, May 2002.

We support the initiatives of our Indonesian and Papua New Guinean sisters in their call to stop new or proposed mine projects in their countries.

We call for:

- protection of waterways and an immediate ban on destructive mine practices including the dumping of mine waste into waterways, open-pit mining, block-carving, and cyanide heap-leaching;
- mining companies to disclose where and how they are disposing waste in all mines and declare a commitment not to dispose into waterways;
- the provision of clean, safe and secure water supplies for those communities already affected by mining;
- an independent investigation into the mine waste disposal impacts on waterways in Western Australia;
- immediate clean up and rehabilitation of abandoned mine sites;
- respect for the right of Indigenous peoples and local and affected communities to give or withhold their free, prior and informed consent to mining operations, and especially the right of women to participate in decision making;
- the revenue from the use of our resources should be used to benefit the people and must be transparently reported;
- safe and humane working conditions with living wages, respect for workers' rights and equality for women workers consistent with international labour laws and standards;
- greater control by home states (such as Australia, the United States, and Canada) of mining companies from these countries when operating abroad, with requirements for compliance with international human rights standards and international best environmental practices no matter where they operate;
- all states and mining companies to respect, promote and protect human rights consistent with international law and national human rights systems; and - all states to review mining and mine related legislation that have an adverse effect on the people so as to protect the rights and interests of local communities and Indigenous peoples.

Public Meeting Discusses Proposed Tax Reform Law

The Timor-Leste NGO Forum (FONGTIL), *La' o Hamutuk* (LH) and Forum Tau Matan (FTM) organized a Public Meeting on the proposed Tax Reform Law on 18 April 2008 in at the University of Dili. The meeting drew more than fifty participants, including university students, journalists, representatives of NGOs, local communities, and civil servants. The speakers included Dr. Rui Gomes (Coordinator of the Government's team who drafted the Tax Reform Law), Dr. Tobias Rasmussen (IMF Country Manager) and Viriato Seac of *La' o Hamutuk*, representing Civil Society Organizations. The organizers also invited representatives from National Parliament, but they did not attend.

This meeting was intended to facilitate community people and legislators to listen to each others' perspectives, and to explore the impact if Parliament passes this law. Rui Gomes pointed out that this law will provide motivation to stimulate foreign investment and increase job opportunities, particularly to help develop Timor-Leste's non-oil sectors.

Tobias Rasmussen discussed the IMF's involvement in drafting the tax reform law. In 2007, (former) Prime Minister José Ramos-Horta asked the IMF to investigate and evaluate changes in tax policy. The IMF recommended a simplified *flat rate* system (a 10% wage tax applied to all taxpayers with monthly incomes over \$500), although whether to adopt these recommendations is a political decision for Timor-Leste's legislators.

On behalf of Civil Society Organizations, Viriato Seac focused on the effects of the proposed law, as well as on economic justice. He believes that the law will impact on both the government and the people of the country. If it passes, Timor-Leste will become more dependent on oil and gas revenues, the gap between poor and rich people will expand, local companies and local products will suffer, women's and children's lives will get worse, and the Government will be less accountable to the people. Applying the law retroactively will only help businesses, not poor people.

During the question and answer period, most people commented that this law is designed to make rich people and companies richer. They suggested that the law should help reduce poverty, by using resources from rich people to help poor people, rather than the other way around.

In response, Dr. Rui Gomes said that he was not representing the Government at the meeting, but was there as a technical person who helped lead the drafting team for the proposed law. Since National Parliament will decide, it is very important to hear from them as well. Furthermore he said that this proposed law is intended to minimize the heavy tax for taxpayers, especially by lowering the import tax on goods coming into the country. As an example, when import duties are reduced from 12% to 5%, he said that the price of rice to consumers will drop by 7%.

Because no representatives of Parliament or Government spoke at the meeting, many questions went unanswered. *La' o Hamutuk* and other NGOs recommended that Government and Parliament should participate in meetings like this one, because they need to hear from others' ideas about important issues like tax reform, in order to improve this law so that it will benefit and protect all the people of Timor-Leste.

After making minor changes, Parliament passed the Tax Reform Law on 10 June, and at press time it is waiting for the President's signature or veto.

The editorial on the back page of this Bulletin explains *La' o Hamutuk's* view on the proposed tax reform law, and Viriato's presentation at the Public Meeting is available (in Tetum) from <http://www.laohamutuk.org/misc/AMPGovt/tax/TaxReform.htm>, which includes links to the text of the law and many related documents and analyses. ❖



Tobias Rasmussen (IMF), Rui Gomes (Commission on Tax Policy), Viriato Seac (*La' o Hamutuk*)

but poor people's lives will not change. This can create "social jealousy" in the community, because the Government gives more benefits to rich people and companies, leading to instability inside our nation.

Another concern is that when tax rates are very low, Timor-Leste can become a place for hiding money or other illicit activities of international actors. For example, we can become a place for laundering dirty money, or a conduit to funnel money to other countries. This problem arises because Timor-Leste uses the U.S. dollar, the currency used by international criminals.

Reducing taxes is not the only way to bring investors to Timor-Leste.

The IFIs and the Government officials who propose cutting taxes claim that it will help Timor-Leste attract investors, but this will not happen automatically. In reality, other factors are more important: stability, the justice system, the legal system, infrastructure, land titles and government efficiency. Timor-Leste does not yet have the conditions to provide confidence for investors to come here. Timor-Leste's judicial and legal systems are very weak, which creates instability.

According to researchers, the current 30% business tax rate is not so high as to deter international investment; businesses invest in many other nations with comparable rates.

This law will hurt local products and companies.

Most of our citizens live as subsistence farmers, producing for daily consumption and selling small additional amounts when available. If import taxes are reduced, this will hurt their agriculture, because more goods and food will be imported, which will reduce Government's responsibility to support local farmers' products, as well as reducing farmers' motivation to increase their production, because many people won't buy it. We were saddened when Prime Minister Xanana Gusmão explained to Parliament that with this Tax Law: "Farmers will receive some negative impacts from cheaper imports resulting from the 7% reduction in import taxes and wage tax cuts. But our agriculture is mostly subsistence, so only a few producers will suffer strong impacts, which will be limited to farmers who sell rice..."

If Government wants to improve poor people's lives, they could buy rice from our farmers, or other basic necessities that we produce today, and resell to people at subsidized prices. Last year, when Government decided to give rice subsidies to public servants, they promised that this would support Timorese farmers because Government would buy from local farmers. However, Government has not done this, but continues to import rice from Vietnam and other places. Instead, Government proposes this law which we know will reduce prices of local products. If this happens, it will increase profits for importing companies, but not for Timor's poor people or those in rural areas.

As a result, it will be even harder for local businesses to compete, because the capacity of local companies is not yet strong enough to compete in a "free market."

Women and children will be affected.

Women and children will be victims of this law. Women and children are the poorest people in Timor-Leste society. When many investors come to Timor-Leste, this can increase violence against women, domestic violence, human trafficking and prostitution. Many children will drop out of school to look for work with these companies. Because of this, Government must have a good mechanism to oversee international businesses here, and to prevent violations against women and children, smuggling and environmental destruction.

Smuggling may increase.

If we reduce taxes, Government will assign lower priority and fewer personnel to our border control and customs departments, as they will not bring in as much revenue. If customs isn't well-run, this can enable drug-smuggling, gun-running and other illegal activities. Timor-Leste's Customs Department needs to protect our people and our country from this kind of illegal traffic.

The government will be less accountable to the people.

When everyone making less than \$500 per month doesn't pay taxes, this reduces Government's accountability. But when everyone pays taxes, this can teach all our citizens that they share responsibility to contribute to development, and remind the Government of its responsibility to our citizens. If not, the Government may begin to provide services only for certain people. Also, people who pay taxes feel that the state should respond to their needs. Since they believe that public property belongs to them, they may take better care of it.

Nevertheless, we can accept people making under \$500 not paying taxes, but the bigger problem is that people making a lot of money will have their taxes cut from 30% to 10%.

Supporters of this law say that a 10% "flat tax" system will be easier for the Government and companies to administer. We don't think this is correct, because they will still need to know each person's salary in order to calculate and collect the tax due. A company which is large and rich enough to pay someone more than \$500 each month has the resources to calculate the tax, and a progressive tax rate can help reduce class differences.

This law should not be retroactive.

We think that this law should not be applied retroactively, because that would benefit the companies twice over, and is not fair to consumers. It will give benefits to people and businesses who pay taxes directly, such as those paying wage taxes, but ordinary people, most of whom are unemployed, will be jealous. Even worse, when companies receive tax refunds on things they sold, they will not return the taxes which had been passed on to their customers. If we want to be fair to everyone, especially consumers, we should pay the tax back to those who paid it indirectly, but this is very difficult. There is no urgency to bring this law into effect immediately.

Conclusion

La' o Hamutuk has found that the goal of reducing domestic taxes gives more benefits to rich people than to the poor. The Government should create an economically just tax system, which can improve poor people's lives by using the wealth of those who have more, rather than using the power of the state to help rich people become richer, transferring the income from the nation's petroleum wealth to a selected few. ❖

Comparison of existing and proposed tax systems		
Area	Current	Proposed
Tax on salary	Salary below \$100 per month pays nothing. Salary \$100 to \$550 pays 10%, with \$10 monthly credit. Salary above \$550 pays 30%, with \$10 monthly credit.	Salary below \$500 per month pays nothing. Salary above \$500 per month pays 10%.
Salary tax on nonresidents (withholding)	20%	10%
Tax on services (hotels, restaurants, communications)	12% including vehicle rentals	5%, but not on vehicle rentals
Tax on businesses revenues	30%, with minimum of 1% on total turnover	10%, no minimum tax
Excise sales tax on particular types of goods	Some excise taxes, but not specifically on imports. These are collected at the time of importation, and not on domestic products, although the law applies to them. Rates on beer, wine, tobacco, gasoline, lighters, etc. are the same as at right. Excise taxes also apply to some soft drinks, fruits, electronics, perfumes, cars, pleasure boats, etc.	Beer \$1.90/liter, wine \$2.50/liter, alcohol \$8.90/liter. Tobacco & tobacco products \$19/kg, lighters & pipes 12%. Gasoline, fuel or petroleum products \$0.06/liter. Weapons and ammunition 20%. No excise tax on vehicles or electronics imports.
Tax on most imports	6%	2.5%
Tax on most sales	6%	2.5%
Revenue tax on rent or interest	15% on interest, 10% on rent, 15% on prizes, lower rates on other services.	0% (repealed)

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Interviews and commentary on the issues we investigate -- and more!

In Tetum and Bahasa Indonesia

Every Sunday at 1:00 pm on Radio Timor-Leste.

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Every Thursday at 9:00 pm on Atoni Oecussi Community Radio.

Who is La' o Hamutuk?

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Editorial: Tax Reform Law will increase injustice

The Timorese Council of Ministers approved a new Tax Reform Law in February, sending it to the National Parliament to analyze, improve and approve it. On 10 June, the National Parliament passed the law after making some small changes, and it has been promulgated by President José Ramos-Horta. The law is a major reduction in Timor-Leste's wage, import and other taxes..

In March, Commission C (Commission on Economy, Finance and Anti Corruption) of the National Parliament held many public hearings to receive comment from representatives of Government, International Financial Institutions (IMF, World Bank, etc.), businesspeople, academics and civil society. Commission C invited the Timor-Leste NGO Forum (FONGTIL) to give Civil Society Organizations' views on this draft Law, and testimony was presented by *La'ó Hamutuk* and Forum Tau Matan, as well as Dili Institute of Technology, on 14 March. This editorial summarizes the main points raised in our and others' testimony, which is available, with other documents, from www.laohamutuk.org/misc/AMPGovt/tax/TaxReform.htm. *La'ó Hamutuk* also hosted a radio program with Commission C Chair Cecilio Caminha and organized a public meeting (see page 21).

The Government proposes a "flat rate" of 10% wage taxes to simplify administration, but in actually if the Government reduces its tax enforcement effectiveness, it will create further injustice, because the rich will become richer, because they will pay less tax.

La'ó Hamutuk told Commission C that we appreciated the opportunity to testify, but that the consultation process was unfair, because ordinary people and consumers affected by this law had no change for input. We asked the Members of Parliament, as the elected representatives of the people of Timor-Leste, to act in their interest.

The draft tax reform law considered by Parliament includes many changes in the current tax structure, as described in the table on page 23.

La'ó Hamutuk's analysis of the proposed changes shows major implications for the country and its people, especially for ordinary consumers and the rural poor. These impacts will challenge the population, and will exclude many people from the benefits of Timor-Leste's development.

The law will increase Timor-Leste's dependency on revenues from oil and gas.

Approximately 97% of the state revenue comes from oil and gas today, and the proposed law will increase it to 99%. When Timor-Leste's oil and gas revenues drop to zero in 40-50 years, this country will be faced with providing services for about 5 million Timorese citizens. Without restoring domestic taxes, there will be no way to pay for them, which will result in economic disruption and social unrest. For instance, the Indonesian government used to subsidize oil for people, but now, when the oil prices are high, the government stopped the subsidy, and people's frustration spilled over into conflict.

A 10% corporate tax is a \$2 billion gift to oil companies from the Government.

The Timorese Government is currently trying to pipe natural gas from Greater Sunrise to Timor-Leste and build a gas liquefaction plant here. The existing law would tax this project at 30%, but the proposed new law is only 10%. If the new law is applied to this project, government revenues from the LNG plant will be reduced from around \$3.6 billion to \$1.1 billion over the plant's lifetime, which will increase the profits of the companies operating the project.

This law will increase the gap between poor people and rich people, creating instability.

Since this law will reduce import taxes, poor people could pay less for imported goods. However, some importers may not reduce prices, so that poor people don't see the full benefit, while the importers' profit margins increase. This will increase the gap between rich and poor. Without economic justice for the people, rich people will become even richer,

(Continued on page 22)

What is La'ó Hamutuk?

La'ó Hamutuk (*Walking Together* in English) is a Timor-Leste non-governmental organization that monitors, analyzes, and reports on the principal international institutions present in Timor-Leste as they relate to the physical, economic, and social reconstruction and development of the country. *La'ó Hamutuk* believes that the people of Timor-Leste must be the ultimate decision-makers in this process and that this process should be democratic and transparent. *La'ó Hamutuk* is an independent organization and works to facilitate effective Timorese participation. In addition, *La'ó Hamutuk* works to improve communication between the international community and Timor-Leste society. *La'ó Hamutuk's* Timorese and international staff have equal responsibilities, and receive equal pay. Finally, *La'ó Hamutuk* is a resource center, providing literature on development models, experiences, and practices, as well as facilitating solidarity links between Timorese groups and groups abroad with the aim of creating alternative development models.

La'ó Hamutuk welcomes reprinting articles or graphics from our *Bulletin* without charge, but we would like to be notified and given credit for our work.

In the spirit of encouraging greater transparency, *La'ó Hamutuk* would like you to contact us if you have documents and/or information that should be brought to the attention of the Timorese people and the international community.