

The Unofficial and Un-Politically Correct Recent History of East Timor

September 2015

1. In 1974 a left-wing military revolution developed in Portugal, after which Portugal increasingly neglected its colony of East Timor while retaining nominal colonial authority.
2. In January 1975, a well was drilled in the waters between Portuguese East Timor, Australia and Indonesia. The well intersected a large deposit of oil and gas. The field was called Sunrise. Some of the more educated Timorese, those of partial Portuguese descent, speaking Portuguese, thought the field was theirs and that its revenue would make an independent East Timor rich and by consequence anyone who controlled the country politically.
3. At the end of November, 1975, one of the several political factions in East Timor, the one leaning to the extreme left, declared independence for the whole country under the denomination of Democratic Republic of East Timor, at a time when the countries which called themselves Democratic Republics were East Germany and the other Soviet Union Eastern European satellites, plus North Korea, Viet Nam, and other Communist dictatorships. The event occurred only six months after the loss of Saigon to Communist North Vietnam and the capture of Cambodian Phnom Penh by the Communist Khmer Rouge, and the same week Communist Pathet Lao seized power in Laos. During the previous two days a Communist military coup had been attempted in Lisbon.
4. Consequently, Indonesia invaded East Timor, with the support of the political parties opposed to independence and the blessings of the U.K., Australia and the U.S. Retrospectively, Timor looks like the eerie symmetrical image of a Southern Hemisphere Cuba facing Australia instead of the U.S.
5. A 25 year war ensued, on one side a Portuguese-speaking dominant class leaning to the right, favorable to autonomy within Indonesia and supported by the Indonesian military, and on the other a Portuguese-speaking dominant class leaning to the left, favorable to full independence. This latter faction controlled the mass of non-Portuguese speaking farmers and peasants, through the promise of a large future petroleum wealth, which would be shared with 200 million Indonesians if the country remained a province of Indonesia, but would be reserved for the 800,000 East Timorese if the country reached independence.
6. From the start, liberals from all over the world sided with the pro-Independence faction and wrote the legend of a Fidel Castro / Che Guevara / Salvador Allende-like hero, José (Xanana) Gusmão, even succeeding in obtaining a Nobel Peace Prize for his closest allies. Finally, a referendum was organized by Indonesia in 1999, with the Indonesian President publicly advocating independence. The independence movement won, supported by Western democracies and the United Nations, and civil war erupted anew between pro and anti-independence Timorese. Various peacekeeping United Nations missions remained in the country between 1999 and 2012 to maintain peace between the factions as best they could.
7. Meanwhile, another petroleum field had been found, in 1995, closer to the shores of East Timor: Bayu Undan. The field was developed by ConocoPhillips in 2004

- and has since yielded \$21 billion for the Timorese government. The State has spent \$7 billion of it so far, to pay for government expenses, a little less than \$2 billion was earned from interest, and the balance is now \$16 billion, its value having actually decreased this year due to unlucky investments.
8. The Bayu Undan field is about 2/3 exhausted and revenue from the field has already been halved over the last three years. The field provides the only income for the government and after its shutdown sometime within the next five years the country will be left without any revenue at all. The development of the Sunrise field, which was at the origin of the whole political and military tumult, has been halted indefinitely by the Timorese government, East Timor claiming that Australia stole the field. In fact, several treaties were signed between Australia and East Timor to share the revenue from the field, 80% of which happens, despite all the Timorese anticipations of the 1970's, to lie geographically under Australian seabed and Indonesian waters and only 20% in East Timorese waters. Despite this disparity Australia agreed in 2006 to share all revenue from the field equally, on a 50%-50% basis, but a few years after the entry into force of the treaty East Timor changed its mind and claimed 100% for itself, in absolute defiance of basic geometric, geographic, and International Law realities. It is important to note that the Timorese were not unassisted in putting themselves at the forefront of this dispute, and were strongly supported, if not pressed, by a group of ultra-liberals from the U.S and Australia, among which can be counted Americans Peter Galbraith and Noah Chomsky and their disciples, and Australian politicians Steve Bracks and Janelle Saffin, among others. Some other individuals also push the Timorese strongly toward these difficult choices, among which former American Ambassador at Large, attorney Pierre-Richard Prosper.
 9. Since Indonesia left East Timor in 1999, things have been far from peaceful and an atmosphere of civil unrest has prevailed: there were assassination attempts against the President and the Prime Minister, resulting in the incapacitation of the President for months, widespread insecurity, tens of thousands of refugees flocking to the main city, Dili, and above all a persisting state of general poverty, East Timor being officially the Hungriest Nation in Asia. In a country sitting on savings worth \$15,000 for each man, woman and child, or 50 years of internal GDP, such poverty seems quite surprising, if not unacceptable, especially in light of the lifestyle exhibited by members of government. It has become obvious that the government has no further intention to spend any of the national savings to help develop the country by building serious infrastructure, but chose rather to keep the savings as intact as possible to pay for future salaries and pensions of current and retired public servants, a class at the top of which all speak Portuguese among themselves, while the language is totally foreign to the mass of the Timorese.
 10. The government spent nearly \$1 billion on brand new power plants and a reticulated electrical power network between 2009 and 2011, for which not enough fuel could be purchased since, but then totally suspended all infrastructure expenditure of its petroleum revenue. Outside the capital, Dili, the country looks and feels not even like the 19th century, or the 17th, or even the Middle Ages, but like the Neolithic. The government exploits foreign donors to fix bad roads and construct government buildings. Japan has spent a few millions of dollars fixing the port of Dili, and flimsily repairing mountain roads, but the big donor is China. China built the Presidential Palace, the Ministry for Foreign Affairs and the Defence Ministry, in addition to hotels, villas, malls, office buildings, all relatively unoccupied but paid for and built by Chinese workers. The Chinese

embassy's large compound is only matched by the 7.5 acre American Embassy compound, but its activity greatly surpasses that of the latter. Is there a reason for the Chinese government to be so generous toward the Timorese? We think there is.

11. China, and Russia, suffer from the geographic curse that despite a huge landmass neither has clear unencumbered access to the high seas. All access to the oceans from Russia's ports except Murmansk, north of the Arctic Circle, is restricted through foreign straits, such as the Kattegat and Skagerrak out of the Baltic Sea, the Bosphorus, the Dardanelles, and then the Suez Isthmus and the Strait of Gibraltar, out of the Black Sea and the Mediterranean, or the Straits of La Perouse and Korea in the Far East. These circumstances explain the repeated pushes by successive Russian empires toward the Indian Ocean and the Arabian Sea, through Central Asia and Afghanistan since the mid-19th century. The largest country on earth is all but landlocked. When it comes to China, a nation with new imperialistic ambitions, the situation is not any better: access to China's shores is controlled by the Straits of Korea and La Perouse and the arc of the Kuril Islands, by the archipelago of the Ryukyu between Japan and Taiwan, by the Luzon Strait islands between Taiwan and the Philippines, by a dozen narrow straits through the Philippines and Indonesia and finally by the shallow Torres, Sunda and Malacca Straits. In time of conflict a Chinese fleet would either be trapped inside the Yellow and East and South China Seas, or prevented from coming home. This explains in part the strategic importance of Taiwan for the Chinese and their strong appetite for uninhabited islands close to the Ryukyu. When comparing Russia's and China's lack of ocean access with the huge unencumbered and well sheltered facades on each side of the U.S., 4,000 miles fronting the Pacific Ocean from San Diego to the Aleutians and 2,000 miles the Atlantic Ocean from the Bahamas to the Grand Banks, Russia and China have reasons to feel resentful.
12. One way for China to deploy a fleet with relatively free and easy access to the Indian Ocean would be to moor it in a deep water port built on the southern shore of East Timor specifically for that purpose. The Timorese government has been talking for years of building a large port with the official purpose to service a supposedly large oil and gas industry in the Timor Sea, but the fact of the matter is that there is no such industry, and even if there was one, it would not warrant anything like the kind of large deep water port they are advertising. There isn't either any commercial maritime trade requiring such a large port, so the only purpose seems to be military, although East Timor only sports a few very small and obsolete patrol boats, not suited for the high seas. Australia does not need a port there, and neither does the U.S. As for Indonesia they have all the ports they need a short distance away. This leaves only China as a potentially interested party. The passage from China to the East Timor deep water port, at Suai, would be quite long if Indonesia closed access through its internal archipelagic waters, and would require sailing all around Australia, but Suai would be reached eventually. Surface vessels and submarines could be stationed there and the deep water port the Timorese envision is big enough for a large fleet. Additionally, Chinese Air Force squadrons could easily and successfully be deployed at the unused Timorese airfield of Baucau. The Baucau runway is 8,251 x 182 feet, which is quite large, and can very easily be further enlarged.
13. The Chinese Navy and Air Force bases in East Timor would of course be quite isolated and not easy to defend in time of war, but considerably less so than the current Chinese land reclamation and/or appropriation projects in the South and

- East China Seas, namely the Spratly, Paracel and Senkaku Islands. At any rate, the bases would create considerable international annoyance and anxiety, which seems to be precisely the declared Chinese policy.
14. The Timorese government has recently announced that construction of the port had been awarded to the Korean contractor, Hyundai, although how the project will be financed remains to be disclosed (*in June, 2016, Hyundai announced it abandoned the project*).
 15. The deep water port would cost close to \$2 billion. The breakwaters alone were recently quoted by Hyundai at \$750 million. A heavy reinforced concrete road from the port in Suai to the Baucau airport base through the capital, Dili, would cost another \$2 billion. A few hundreds of millions would be spend upgrading the airport infrastructure and for accommodation and services infrastructure. The ex-Prime Minister, Xanana Gusmão, who still controls the country through his newly created office of Minister of Planning and Strategic Investment, is currently in China to negotiate a loan of precisely \$5 billion for infrastructure building. There is no way that the loan could be repaid without using the country's savings, so why the country should borrow \$5 billion when its savings are \$16 billion is unclear, except if there is no intention to ever repay the loan. Mr. Gusmão has for 35 years clearly demonstrated his infatuation with the Chinese, before and after Mao, and China was the only great power to recognize the Democratic Republic of East Timor in 1975. His dislike of the conservative West is also well documented. We believe that he is well on his way to selling off the country to the Chinese and from discussions in Dili we think that his prime motivation, although quite immature, is to annoy Australia. Australia, and the U.S., would be annoyed indeed. Mr. Gusmão is an inveterate alcoholic and it is probable that his judgement is possibly impaired, but the threat of a Chinese takeover is more real than ever.
 16. The economy is stagnant, the government refusing to invest funds to build the infrastructure sorely needed to allow even a semblance of economic progress. Roads are in a deplorable state, having in effect deteriorated rapidly in this tropical climate since Indonesians built them 20 or 30 years ago, modern housing is inexistent except in the capital, Dili, where all efforts are concentrated, the town being in effect isolated as no roads accessible to regular vehicles lead out of it, hunger has worsened, schooling is only superficial, the only visible achievement being the 250 megawatts of installed electrical power procured in a rush and without any international consultation but lacking fuel for 75% of it (one of the two plants, in the south, is just idle). The government has for a decade frozen the development of the Sunrise oil and gas field, its only future source of revenue after the end of Bayu Undan, but has promoted a long list of white elephants, none of which was actually developed, fortunately. All are irrational or unrealistic: two multi-billion dollar deep water ports without a marine market, impossible offshore pipelines and LNG plants, four-lane divided toll roads from nowhere to nowhere, unrealistic airports, petrochemical plants and refineries without an outlet and without raw material, a floating port on the north coast that sunk the day it was installed, a cement plant announced to great fanfare but never built, roads that are flimsily fixed using ridiculously small budgets borrowed from or donated by Japan, absolutely useless Chinese military patrol boats that cost 5 times or more what they should have cost, etc. On top of that needs to be added the mystery of the ConocoPhillips and Timorese government Bayu Undan accounts which are impenetrable and loaded with discrepancies, and the unlucky

management of the US\$16 billion Petroleum Fund, which lost nearly \$1 billion of its value in 2015.

17. It is perhaps important to keep in mind that the country has no means to survive economically if it blocks oil and gas income: how could a small undeveloped country with a largely illiterate population of one million compete with a neighbor like Indonesia and its population of 250 million people? Apart from some scarce and basic food produce, everything that is consumed in the country is imported, from Indonesia for the many poor and from Australia and Singapore for the few rich, although unsuccessful attempts have been made to produce necessities locally. The best choice for the country is, and was, economic integration within Indonesia, but the option is understandably seriously frowned upon. The only reasonable solution for East Timor besides economic integration would be to transform the country along the model of successful small island economies such as the Bahamas, the Turk and Caicos, the Caiman Islands, Lichtenstein, the Marshall Islands, and others, but unfortunately the ultra-liberal advisors are adamantly opposed to such capitalistic choice and the country is currently applying for ASEAN membership, which would just preclude such option.
18. Internationally, the country is engaged in numerous territorial disputes: an irrational Timor Sea boundary quarrel with Australia, unreasonable spying allegations, recently a new irresponsible dispute about Article 8(b) of the Timor Sea Treaty, and a major dispute is in the making with Indonesia.
19. Politically, the former Prime Minister, Mr. Gusmão, recently gave over his post to the legislative minority without any electoral consultation, more precisely to a junior opposition politician, without any pressure whatsoever to do so. The move was strangely applauded by Australian and American advisors and liberal commentators, although it is absurdly equivalent to a U.S. President voluntarily handing over the Presidency to a junior unelected opposition party member. Mr. Gusmão then created the post of Minister of Planning and Strategic Investment for himself, becoming the economic czar of the country.
20. Despite the confiscation of the country by a class of Portuguese speaking politicians supported by the dozens of liberal and ultra-liberal American and Australian political and economic advisors who fell for the charm of a Che Guevara-like ex-guerrilla commander, there is still hope that the people will be rescued from hypocritical subjugation and that Western liberals will finally realize that the Emperor is naked. Executive power was recently seized by the Minority with the blessing of the Majority leader but on paper democracy still prevails and national elections, both presidential and legislative, are scheduled for mid-2017. Together, smaller democratic parties can still defeat the establishment but, in a country where, under foreign liberal impulse private and corporate electoral funding was made illegal, smaller parties can only rely on meagre government campaign allocations that depend on the number of incumbent Representatives in Parliament, making a breakthrough quite difficult for challengers. Nevertheless, these challengers are very active in the mountains and in the valleys, helping repair local infrastructure, offering services that the government will not provide, helping farmers acquire machinery, federating them into cooperatives, etc., earning in the process popular goodwill and support, and paying for all these efforts from their paltry personal savings and earnings.
21. From the close observation of Australian politics, it seems quite obvious that East Timor is used by Australian ultra-liberals and their American allies as a proxy

battlefield for other domestic political purposes (liberals are called in Australia Labor, Australian Liberals being closer politically to U.S. conservatives). It also seems that these activists are considering East Timor as a field of experiment, although most of them are generously compensated financially for their political, legal, and economic guidance as governmental advisors. However, and unfortunately for the mass of the East Timorese, in this proxy fight Western liberals face no Western conservative opponent whatsoever.

22. Without external help for the democratic forces in the country, only one of two scenarios is likely to unfold:
 - i. The country becomes a military satellite of the People's Republic of China with gradual transformation into a Chinese military fortress facing Australia and the Indian Ocean, and all opposition is quelled
 - ii. Acknowledging the utter lack of economic progress, the mass of the population, and especially its numerous youth, revolts against the government and civil war ensues, in which thousands die, with the result that the country begs its neighbor Indonesia to enforce peace through re-incorporation as its 35th province

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