

Rights and Sustainability in Timor-Leste's Development

Briefing for media, observers and others

La'ó Hamutuk 3 July 2012



Contents

This presentation discusses several topics that La'ó Hamutuk works on which are critical to the future of Timor-Leste. We have inserted more slides to provide additional information.

1. TL is the second-most petroleum-export dependent country on earth. This defines our State, economy and future.
2. TL has almost no industry and an embryonic private sector. Our State Budget increases faster than everyone's except Zimbabwe.
3. Current development plans will not provide a sustainable improvement in our people's lives. These unrealistic dreams rely on Greater Sunrise gas, which is limited and might never come to our shores or treasury.
4. Impunity for past crimes threatens future rule of law.
5. Land is the base of our culture and lives; recent developments may increase injustice and conflict.

1. Petroleum Dependency

Timor-Leste is the second-most petroleum-export dependent country in the world. This determines our State, our economy and our future.

Basic Statistics

- 41-50% of the people live below the poverty line.
- 80% of the people live in rural areas, largely by subsistence farming.
- More children die of diarrhea than malaria.
- About 2,000 children under age 5 die from preventable conditions every year ... about 50 times the number of Timorese who die from violence (39 in 2010).
- During this campaign, dozens of people have died from illnesses and accidents, but no lives were lost due to election-related violence.
- In 2010, TL exported \$16 million (coffee).
- In 2010, TL imported \$288 million (everything).

Basic Statistics

**By 2024, 360,000 babies
will have been born, and
the only producing oil and
gas field will be used up.
How will they survive?**

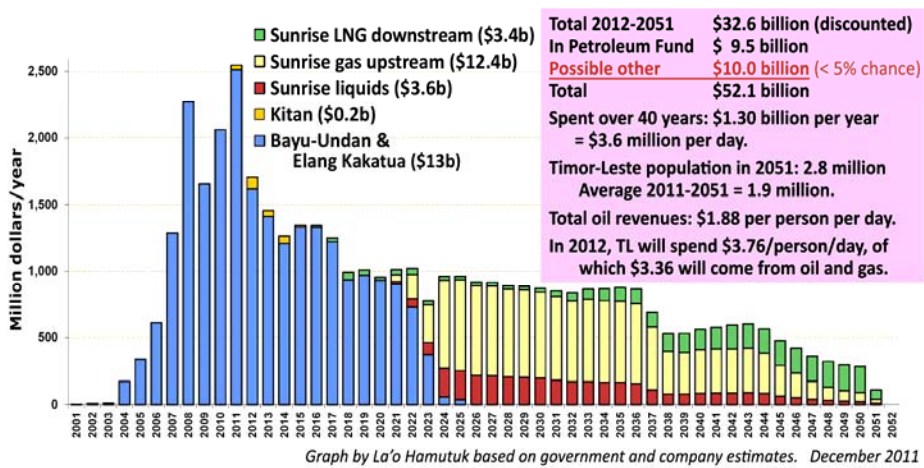
Petroleum Dependency

- **State expenditures in 2012:**..... **\$1,674 million**
\$1,495 million (89%) will come from the Petroleum Fund.
- **Non-oil GDP in 2012:**..... **\$930 million**
- **GNI in 2012:**..... **\$3,750 million**
\$2,497 million is from exporting nonrenewable oil and gas. Together with
\$ 324 million from Petroleum Fund investments, this is 75% of our entire
economy and 97% of state revenues.
It is declining every year and will probably end by 2024.
- **State activities paid with oil money are about half of Timor-Leste's**
"non-oil" economy as they are recycled through the local economy.
- **Petroleum income doesn't provide jobs or money for people – it all**
goes to the State.
- **Although the Petroleum Fund can improve equity between**
generations, it does not guarantee good governance or prevent
corruption, and will not last long if current policies continue.

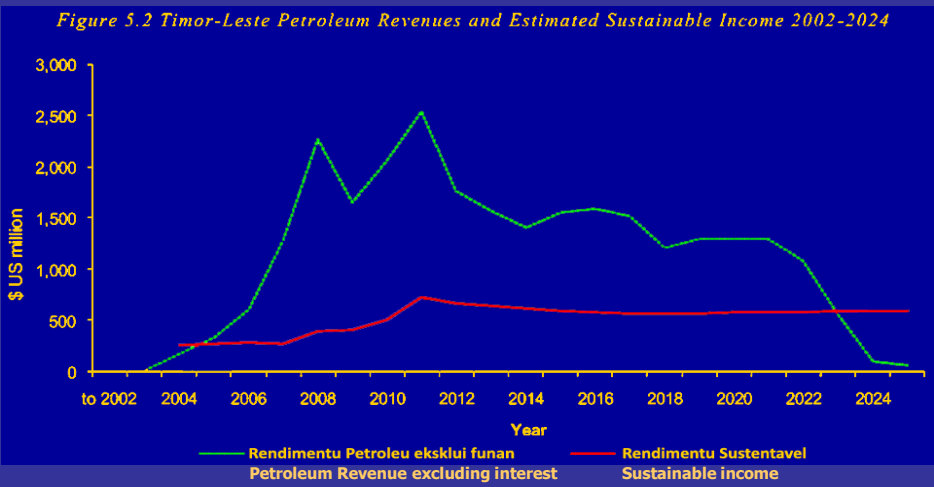
**South Sudan is the only country which depends more on oil and gas
exports than Timor-Leste.**

TL's oil wealth alone cannot meet our needs.

Timor-Leste's Annual Petroleum Revenues (discounted 3.7% / year)
If Sunrise construction starts in 2016.

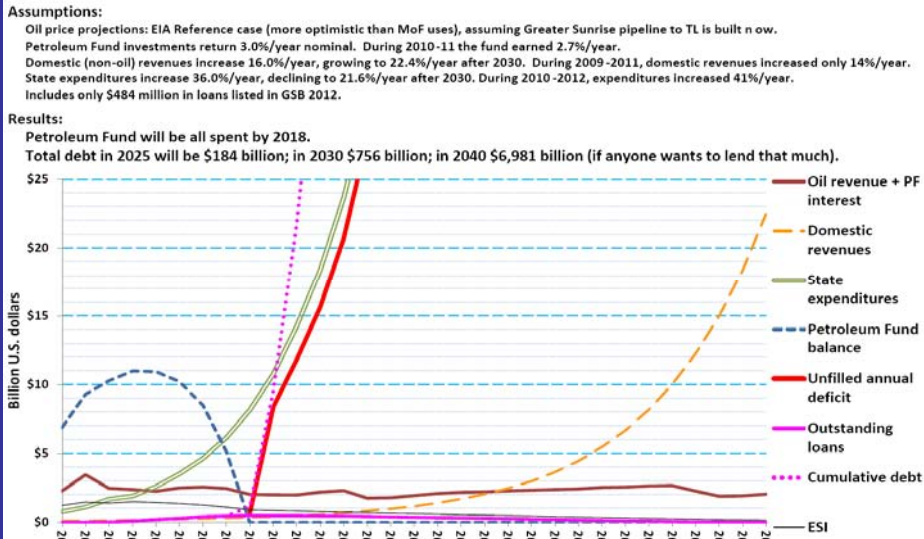


Oil income will continue to decline.

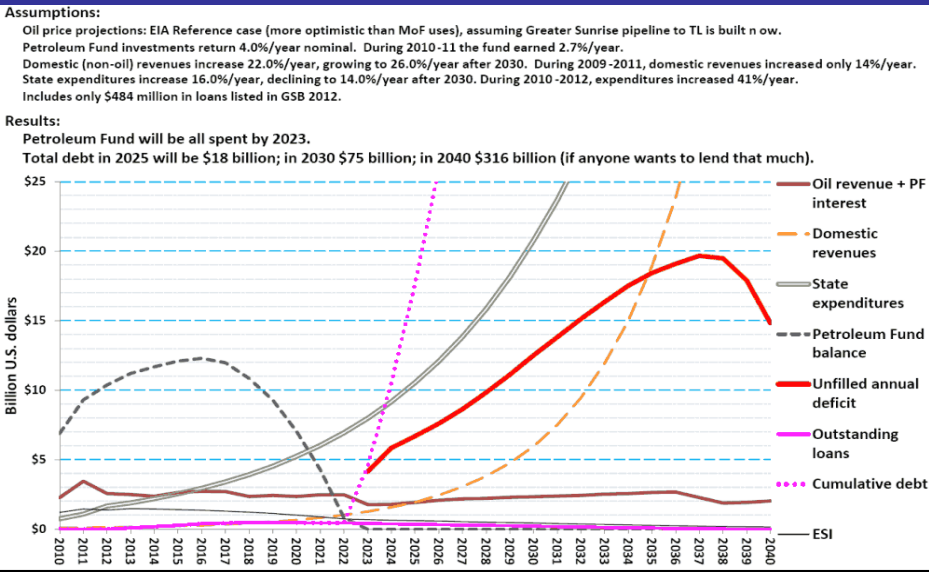


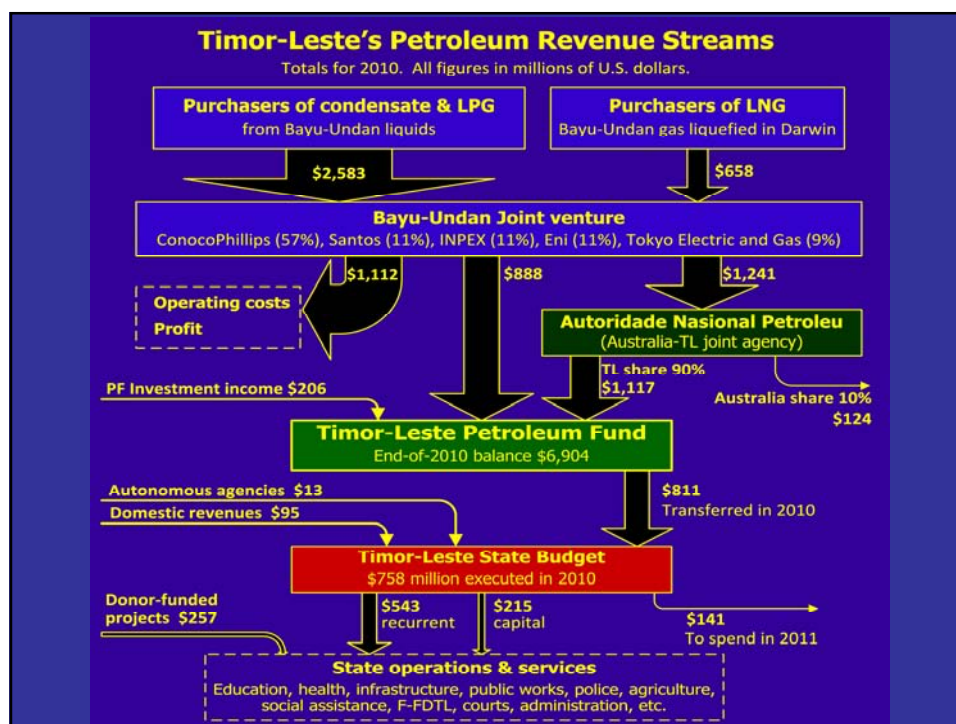
This Ministry of Finance graph shows that TL has already passed its peak of revenues from Bayu-Undan and Kitan.

If current trends continue, TL will not be able to finance its budget in six years.



With improvements, we still go for broke.





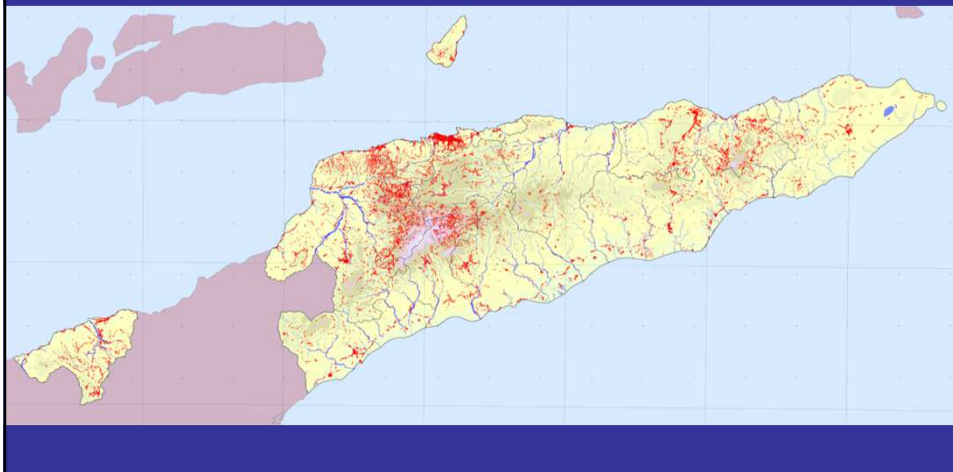
Signs of the "resource curse" (1)

- **Seeing money as the solution to every problem**
It's easier to buy a scholarship than to build a university.
- **Spending without thinking**
Real state expenditures are growing 28% every year.
- **Lack of realistic long-term planning**
The Strategic Development Plan is but a dream.
- **Import dependency**
Timor-Leste has a billion-dollar non-oil trade deficit.
- **Inflation from little local productive capacity**
(17% in Dili in 2011)
Our economy cannot absorb the cash in circulation.

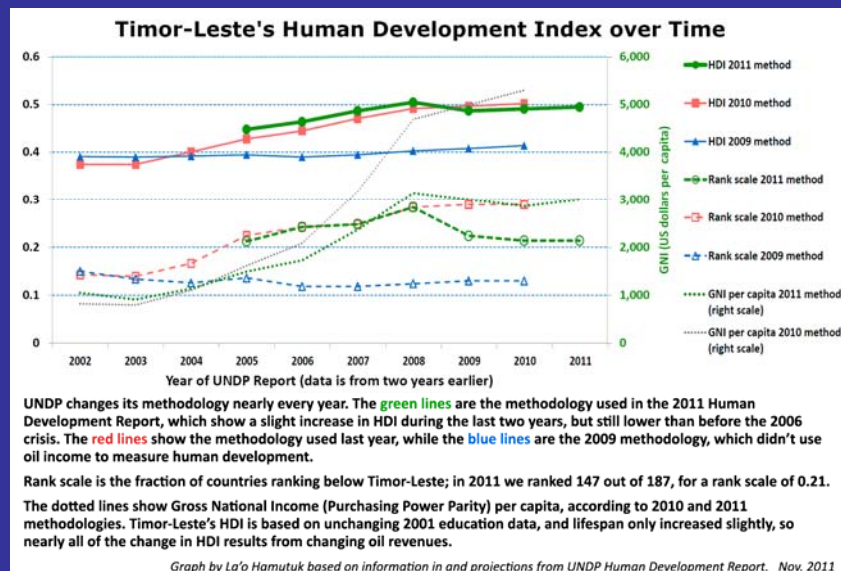
Signs of the "resource curse" (2)

- **Ignoring non-oil development and revenues**
- **Acting as if the oil money will last forever**
Bayu-Undan and Kitan will be dry by 2024.
- **Borrowing today, to repay tomorrow**
TL will borrow more than \$460 million in the next five years, often for projects with little likelihood of return, and much more after that.
- **Wealth goes mainly to the urban elite.**
Most people won't benefit from highways, airports and oil facilities, but will feel the burden of loan repayments.
- **Petroleum sector "captures" decision-making.**
Few creative ideas to develop agriculture, education, tourism, small industries ...

Most people live in rural areas by subsistence agriculture.



UNDP HDI mainly shows oil revenues

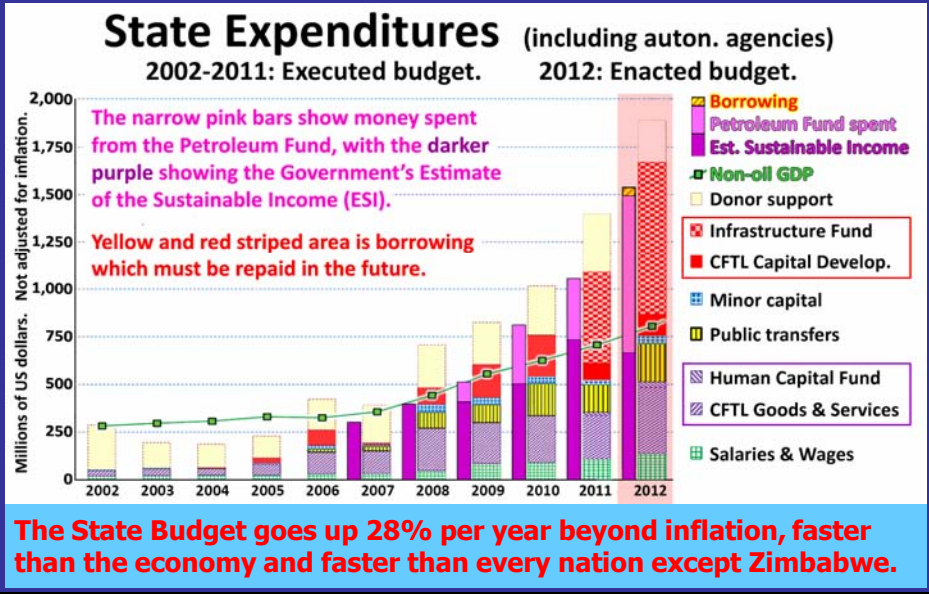


2. Unsustainable budget and economy

Timor-Leste has almost no industry and a tiny private sector.

Our State Budget growth exceeds nearly every country in the world.

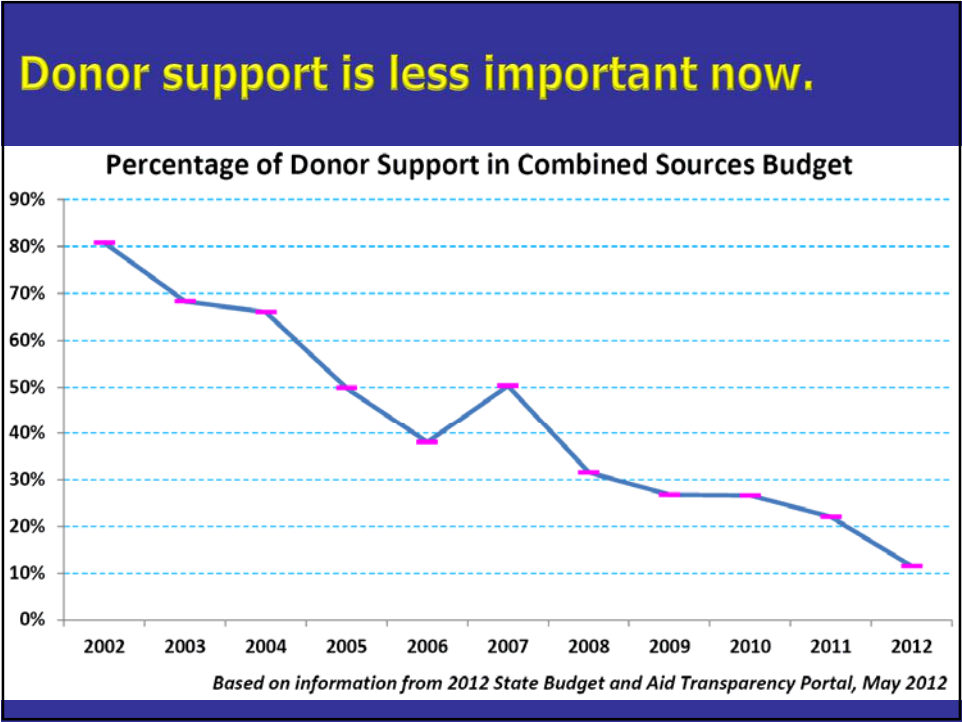
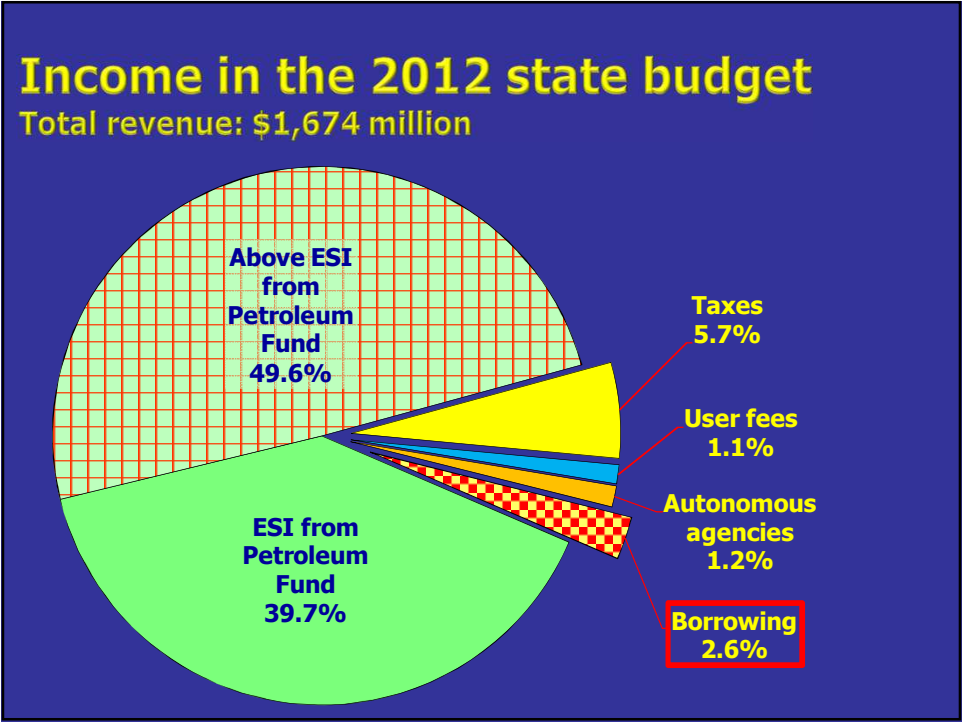
State Budgets 2002-2012

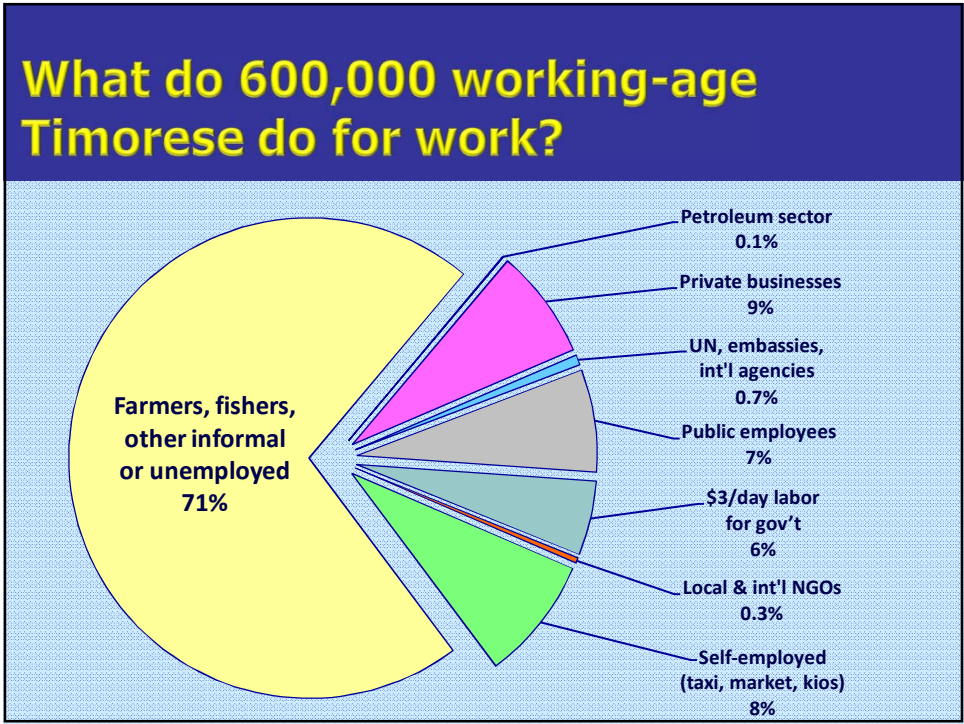
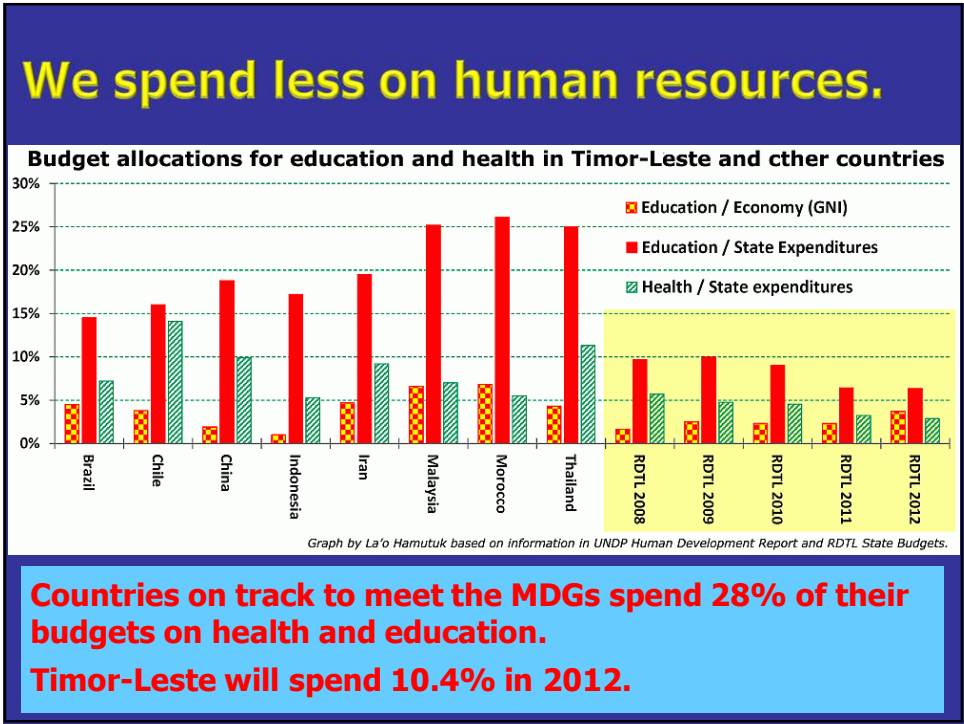


The 2012 Budget is for infrastructure.

Allocation of the 2012 State Budget (\$1,674 million US Dollars)





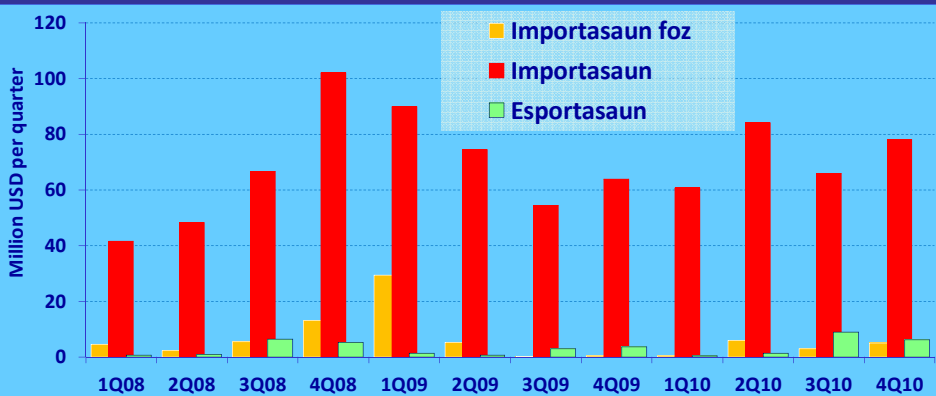


Real Threats to Real Security

- Human security is health care, food, education, employment, housing, etc.
- 50 times as many Timorese children under five die from avoidable conditions as people are killed by violence.
- These children will not be helped by police, soldiers or judges, but the UN and donors prioritize the "security sector" and see everything through a conflict lens.
- We must diversify our economy and strengthen our people and workers to prepare for the day our oil runs out and we can no longer pay for imports.



Timor-Leste's Balance of Trade



The graph shows legal goods trade only.

Coffee was 96% of all non-oil exports in 2010.

89% of donor spending and 70% of state spending goes overseas.

Timor-Leste trade in 2010

(million USD)

Category	Imports	Exports	Balance
Goods	\$289 (DNE reports)	\$17 (96% coffee)	-\$272
Other goods (extra-legal)	\$200 (LH est.)	\$0.3 (LH est.)	-\$200
Services	\$505 (2009, from BPA)	\$3 (LH est. remittances)	-\$502
Total excluding oil and gas	\$994	\$20	-\$974
Petroleum receipts (to state)	--	\$2,016 (incl. \$294 Petrol. Fund interest)	\$2,016
Total	\$994	\$2,036	\$1,042

Timor-Leste changes every year.

- **Population**


is increasing 2.4% per year, doubling in less than 29 years (the post-war "baby boom" will become parents).

- **Inflation**


According to the National Statistics Department, consumer prices in Dili increased 17.4% from December 2010 to December 2011.

People's needs and desires will increase as the country develops.





REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE
Ministério das Finanças
DIRECÇÃO-GERAL DE ANÁLISE E PESQUISA
DIRECÇÃO NACIONAL DE ESTATÍSTICA



DNE
Timor-Leste

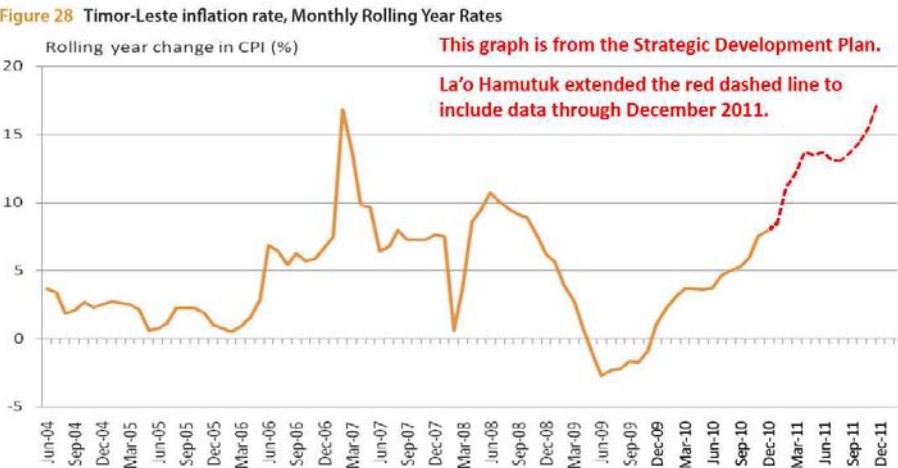
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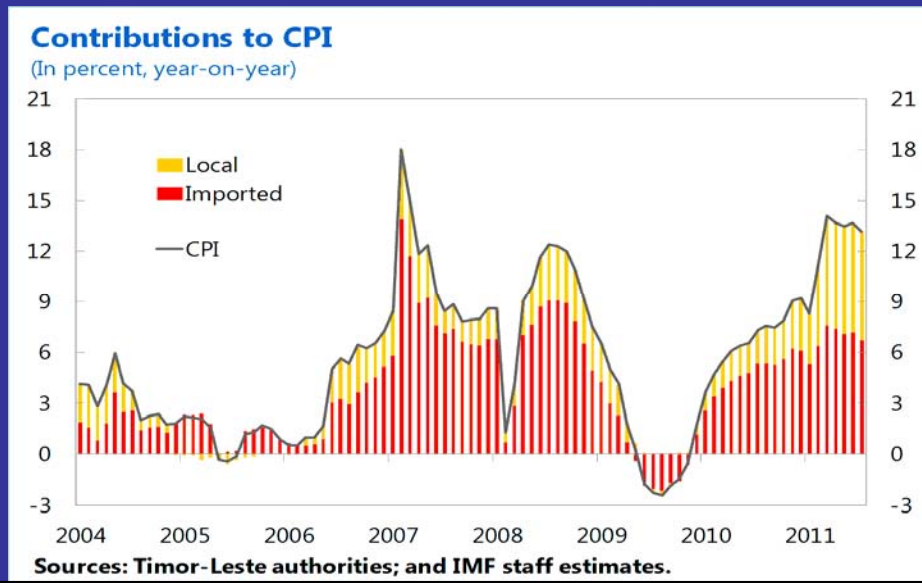
TIMOR – LESTE, MARCH QUARTER 2012

MARCH QUARTER 2012 KEY FIGURES		
	% change Dec quarter 2011 to Mar quar- ter 2012	% change Mar quarter 2011 to Mar quar- ter 2012
All groups	1.7%	10.8%
All groups excluding Housing	1.7%	10.8%
1. Food	1.7%	11.7%
2. Alcohol and tobacco	1.7%	17.9%
3. Clothing and footwear	2.1%	14.9%
4. Housing	1.4%	11.4%
5. Household furnishings, sup- plies and services	-0.3%	1.6%
6. Health	0.4%	1.8%
7. Recreation and education	0.3%	1.4%
8. Transport and communication	4.8%	9.7%

Inflation since 2009 comes from the government spending more than the economy can absorb.



Local factors drive recent inflation.



Dili is very different from the districts.

From Timor-Leste Demographic and Health Survey 2009-2010

Table 2.11 Wealth quintiles

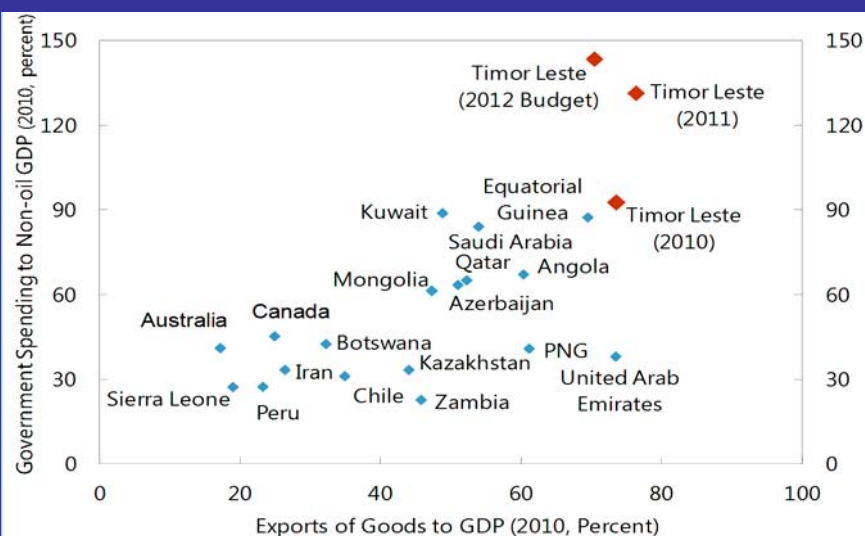
Percent distribution of the de jure population by wealth quintiles, according to residence and region, Timor-Leste 2009-10

Residence/ region	Wealth quintile					Total	Number of population
	Lowest	Second	Middle	Fourth	Highest		
Residence							
Urban	4.5	6.1	9.3	22.2	57.8	100.0	15,852
Rural	24.6	24.2	23.3	19.2	8.7	100.0	51,134
District							
Aileu	20.6	27.9	25.1	18.2	8.2	100.0	2,785
Ainaro	30.9	32.2	19.7	12.1	5.2	100.0	3,830
Baucau	26.9	28.9	19.3	13.4	11.5	100.0	7,590
Bobonaro	15.2	19.7	26.1	27.8	11.1	100.0	6,323
Covalima	17.2	17.7	23.1	25.1	16.8	100.0	3,993
Dili	0.4	2.1	6.5	20.1	71.0	100.0	10,905
Ermera	9.8	30.2	31.9	21.5	6.6	100.0	8,132
Lautem	28.0	16.7	20.4	24.5	10.4	100.0	4,547
Liquiçá	15.7	18.8	25.3	25.1	15.2	100.0	4,082
Manufuto	22.2	10.9	22.5	27.7	16.8	100.0	3,088
Manufahi	28.3	25.1	18.1	16.6	12.0	100.0	2,699
Oecussi	46.6	17.1	14.4	14.2	7.6	100.0	4,281
Viqueque	35.3	25.5	17.4	13.0	8.7	100.0	4,730
Total	19.9	19.9	20.0	19.9	20.3	100.0	66,985

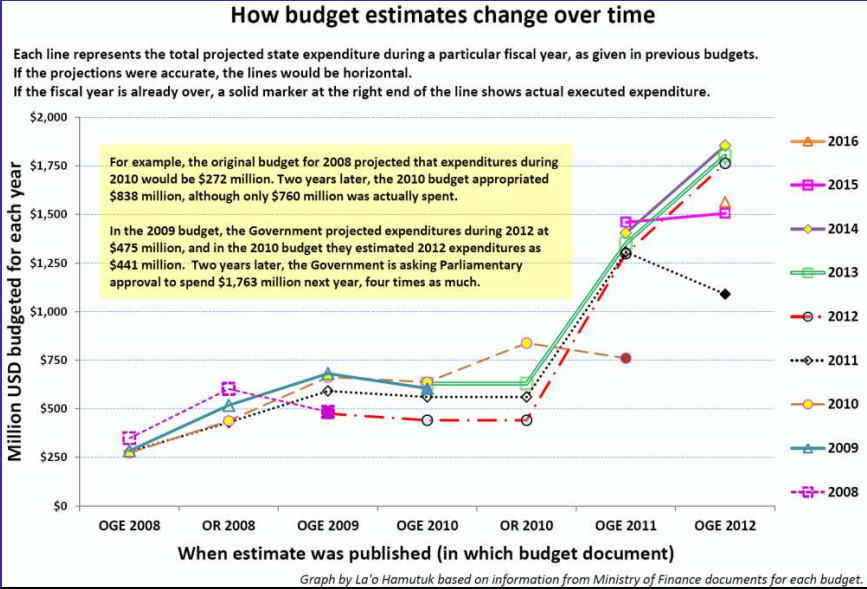
More than 70% of Dili's population are among the wealthiest 20% of Timorese, while only 2.5% are below the poverty line.

More than half of families outside Dili live in poverty.

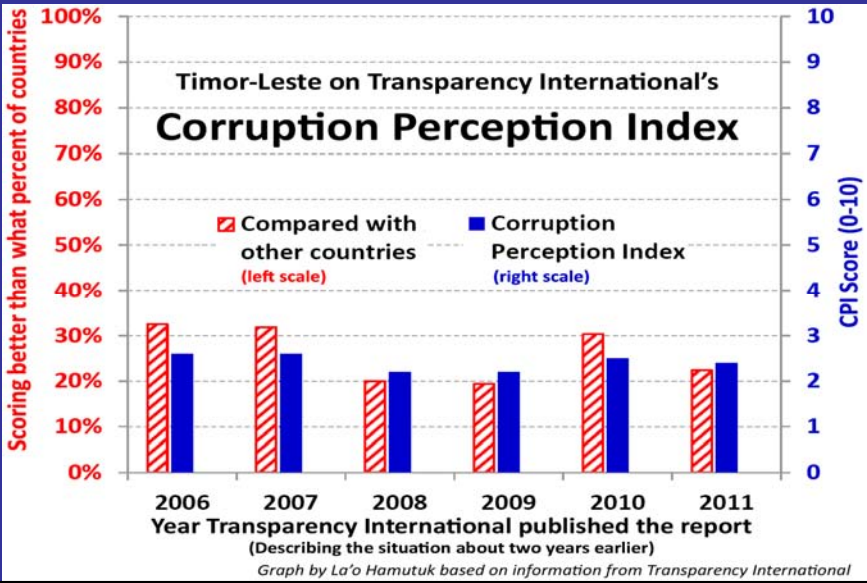
IMF: TL spends much more than other resource-dependent states.



Budget projections are unreliable.



How real is perceived corruption?



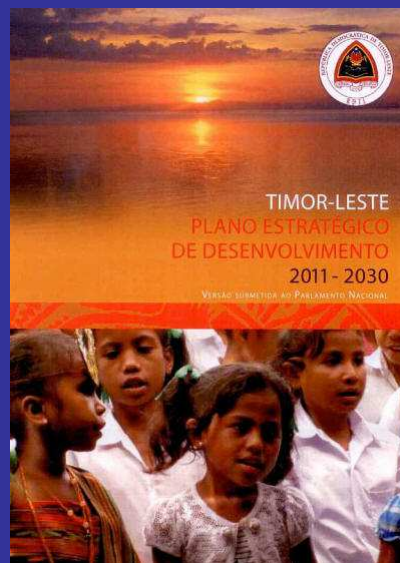
3. Unrealistic dreams

Current plans for development will not sustainably improve people's lives.

They rely on Greater Sunrise gas, which is limited and may never come to our land or treasury.

The Strategic Development Plan

- Issued July 2011, promises to make TL an Upper Middle Income Country by 2030.
- A vision and dream, not a realistic plan.
- Focuses on physical infrastructure, not sustainable development.
- Will require loans and spending beyond TL's means.



Tasi Mane petroleum infrastructure project

- In 2010, TL began working on the South Coast Petroleum Corridor.
- During 2011, TL spent \$19 million, and total project costs will be more than \$2 billion (much more if Timor-Leste pays to build the refinery, gas pipeline or LNG plant).
- The 2012 budget allocates \$164 million (including for the Supply Base and highway).



Tasi mane project will include:

- **Suai:** Supply base area, Industrial estates, Nova Suai, Suai Airport, Crocodile farm
- **Betano:** Refinery and Petrochemical complex, Petroleum city (Nova Betano)
- **Beacu:** LNG Plant complex, Nova Beacu, Nova Viqueque, Viqueque airport.
- **Highway** from Suai to Beacu

Tasi Mane includes Suai supply base, Betano refinery, Beaçu LNG Plant and highway.



Problems with the Tasi Mane project

- It makes TL more dependent on the oil and gas sector.
- It neglects sustainable sectors (agriculture, tourism, small industries and others).
- Nearly all the money spent will go to foreign companies, providing hardly any local jobs or contracts.
- It will create social conflict, take up valuable land, displace people, worsen health and degrade and endanger the environment.
- We wonder if it will provide a reasonable return on investment.

The Government has made many unrealistic promises to local communities about jobs and other benefits.

Tasi Mane project costs

Project component	2011 expenditure	2012 allocation	2013-2016 allocation	Anticipated loans
Detailed site survey for Beacu infrastructure	\$5.0m	\$0.5m		
Design, construction and supervision of Suai supply base	\$9.0m	\$100.0m	\$220m	
Construction and supervision of roads and bridges for Suai-Beacu highway	\$1.3m	\$45.2m	\$500m	\$220m
Environmental studies	\$0.8m	\$2.1m		
Pipeline route analysis	\$2.0m	\$1.5m		
Design and supervision of Beacu infrastructure	\$0.8m	\$3.5m		
Design, construction and supervision of Suai airport		\$5.0		
Design, construction and supervision of Viqueque airport (budgeted under transport)		\$1.0		
Detailed Geotechnical and Marine study for the Betano petrochemical plant		\$5.0		

- No information on projected benefits or return.
- Omits most future expenditures.
- Exemplifies "petroleum capture" of decision-making.
- What if Sunrise gas doesn't come here?

C. Fase datuluk (3) - Portu Integradu (All Cargoes)

- Espasun be Parade harahu laloran
- Fatn no Terminal ba kontentor
- Terminal no Ponte Kais ba Pasa/iro Ro bo'ot
- Bole mos sai Fatn no Terminal ba Industria Peskas



Ezemplu Imajen Aktividade Supply Base

6. Benefisiu no Involvementu oinsa deti maka Timor oan sei hetan husi Projeitu Suai Supply Base (SSB)

A. Durante Fase konstruksaun

Kria Kampu Serbisu Direta (± 300 Vaga Serbisu)

Timor oan sira nebe sei involve iha faze ida ne'e mai hosi nivel skill/Metenek on-on hanesan:

- **High skill:** Engineriu, Ekonomista, Akuntabilidade, sst.
- **Medium skill:** Tekniku Profesionais, Mandor, Mekaniku, sst.
- **Low skill:** Motorista, sst.
- **Unskill:** Ajudante, Security, Cleaner, sst.

Kria Kampu Serbisu Indireta (± 1000-1500 Vaga Serbisu)

Hosi projeitu ne'e mos sei kria kampu serbisu indereta lubuk ida ba "komunidade lokal" hodi suporta ba projeitu ne'e rasik hanesan ba:

- Kontraktor Lokal / Nasionais;
- Fornesementu hahan;
- Transporte;
- Laundry/Fase Ropa; sst

B. Durante Fase Operasaun

Kria Kampu Serbisu Direta (± 272-370 Vaga Serbisu)

- ±200-250 Timor oan sei serbisu direta iha operasaun SSB nian, no ±72-120 sei serbisu ho Operador sira nebe aluga Minishorebase.

- Serbisu ba operasaun SSB hanesan: Jestaun, operasaun, manutensaun, Seguransa no Meu-ambiente, Rekursu umanu, Finansa, Business support, Security no sst.
- Atu hatan ba serbisu hirak ne'e persija skill hanesan:
 - ✓ **High Skill** → Sei loka vaga ba National no Lokal
 - ✓ **Medium Skill** → Sei loka vaga ba Lokal no National
 - ✓ **Low Skill** → Sei fo prioridade ba ema lokal
 - ✓ **Unskill** → Sei fo prioridade ba ema lokal

Kria Kampu Serbisu Indireta (± 1000 Vaga Serbisu)

- Iha faze operasaun SSB sel kontinua kria serbisu indereta ba "komunidade lokal" hanesan iha faze konstruseun.
- Wainhira SSB iha faze operasaun sei atrai industria foun sira seluk hanesan: Fabrikas, Industria Agrikola, Industria Turismo, Industria ba peskas no sira seluk tan.

Hosi industria sira iha leten bele kria tan kampu serbisu ne'e be ho estimasaun ± 10,000 vaga serbisu.

Kria Oportunidade Negosiu

- Industria ba Konstruksaun (Fabrika Batako, Karpintaria, sst)
- Hospitalidade (Hotel, Isamen, salon, travel agensia, sst)
- Fatn ba han no Memu (Restaurante, Bar, kantina, sst)
- Komersi (Supermerkadu, lojas, stasaun ba mina),
- Ofesionamentu (Produktu lokal)
- Investimentu hosi Rai Lur (Banku, Telekomunikasaun, sst)

Desenvolve Rekursu Umanu

Sei prepara Timor oan atu tur trainamentu iha nivel botu-botu nebe sei halao iha Nasaun seluk nomos iha Timor laran minimu tian ida motak faze operasaun hahu.

Contacts:

Ekipa Konjunta
 Interministerial: SERN/TAI/
 MAOET/MAF/SEMA/SES NTL/
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GOVERNU REPÚBLICA DEMOCRÁTICA DE TIMOR LESTE
 Sekretaria Estadu Rekursu Naturais

SUAI SUPPLY BASE
 PROJEITU TASI MANE
 SUAI SUPPLY BASE & NOVA SUAI

Informasaun:

1. Introdusaun
2. Saika maka supply base no Nova Suai
3. Supply Base no Nova Suai ne'e lokaliza iha ne'be?
4. Atividades sira ba Suai Supply Base (SSB) nian: Halao ona, lao hela no atu halao.
5. Atividades Konstruksaun Projeitu Suai Supply Base fahu ba faze 3 (tolu)
6. Benefisiu no Involvementu oinsa deti maka Timor oan sei hetan husi Projeitu Suai Supply Base (SSB).



Dezenu Konseptual Projeitu Tasi Mane



Ezemplu Imajen Supply Base

1. Introduksaun

Governu Timor-Leste iha ona Planu Estratejia Dezenvolvimentu Nasionál (PEDN), iha Planu ne'e sei implementa projetu tubuk ida iha Kosta Sul hanaran PROJETU TASI MANE ne'be sei kompostu hosi:

1. Suai Supply Base no Nova Suai inklui Aeroportu no fatin ba lafaek sei konsentra iha Distritu Suai.
2. Betano Refineria/Petrokimiku no Nova Betano sei konsentra iha Betano Distritu Manufahi.
3. Planta LNG Beço, Nova Viqueque no Nova Beço, sei konsentra iha Distritu Viqueque.
4. Auto-Estrada (Highway) sei liga husi Suai to Beço


2. Saída maka Supply Base no Nova Suai

- Supply Base, katak bazedapoli lojistiku ka Portu espesifiku, ne'ebé atu uza hodi fô-suporta ba atividade sira esplorasun no produzaun Minaral no Gás iha tasi-taran no rai-mar. Atividade sira iha tasi-taran ne'e gasta osan boot ho nia risku mós boot ho nune'ê tenki persiza bazedapoli ida ne'ebé espesifiku liu hodi hatán nesidade indústria minaral no gás nian.
- Nova Suai, katak sidade foun, ne'ebé sei atu hari, hodi uza fô-suporta ba atividade Suai Supply Base.

3. Suai Supply Base no Nova Suai lokaliza iha ne'be?

Tuir Planu Estratejia Dezenvolvimentu Nasionál deside tiha ona katak Projetu Supply Base no Nova Suai sei konsentra iha Distritu Covallina.

Governu Timor-Leste ijuhosi Sekretaria Estadu Rekursus Naturais (SERN) designa tiha ona fatin ba projetu Supply Base iha Suku Kamanasa ho nia totál área Ektár 1056 no Nova Suai iha suku Labarai ho nia totál área Ektár 208. Mapa área designada maka tumai ne'e:



Mapa Área designada ba Suai Supply Base no Nova Suai

4. Atividades ba Suai Supply Base no Nova Suai

A. Atividade sira ne'ebé halo tiha ona:

- 2009–2011 halo Estudu Konseptuál
- 2010–2011 halo Estudu Detailladu (Viabilidade Tékniku no Komérsiu) & FEED ba Suai Supply Base, no Spatial Design ba Nova Suai, kompletu ho nia rezultadu pozitivu
- Agosto 2011 Ekipa Tékniku SERN no Konsultór halo apresentasaun Rezultadu Finál Estudu Viabilidade Tékniku no Komérsiu & FEED ba Konsellu-Ministru
- Agosto 2011 Konsellu-Ministru aprova ona Projetu Suai Supply Base atu bele halo'o.
- Forma Ekipa Konjunta Interministeriál inklui Autoridade Lokál hodi halo sosialisasaun ba prosesu liberta rai no propiedade sira iha área ne'ebé tama iha Projetu Suai Supply Base no Nova Suai.

B. Atividades nebe halo hela

- Ekipa Konjunta Interministerial halo programa Sosialisasaun, Konsultasaun no identifikaun rai no propriedades iha área nebe tama ba Projetu Suai Supply Base no Nova Suai.
- Identifika hela Konsultor nebe sei halo servisu hamutuk ho Governu durante perperasaun, Konstruksaun to'o Operasaun;

C. Atividades nebe atu halo

- Rezultadu husi sosialisasaun, konsultasaun, identifikaun ba Rai no Propriedades, no diskusaun ho komuniadades sei hato'o ba Konsellu Ministru;
- Tenderizasaun ba kompania sira nebe atu halo konstrusaun ba Projetu Suai Supply Base;
- Peskiza detailladu ba área fatuk (Quarry) nebe identifika;du;
- Detaillu design & FEED (Front End Engineering Design) ba Nova Suai;

5. Konstruksaun Projetu Suai Supply Base

- Sei konstrui iha fazeadamente 3
- Faze dahuluk sei konstrui durante Fulan 18–24


A. Faze dahuluk (1) - Baze suporta ba Industria Minaral no Gas:

- Parede harahun laloran (Breakwater)
- Ponte-Kais (Jetty)
- Edifislu (office block)
- Armajen (Warehouse)
- Tanki likuidu (storage tank)
- Espasu Livre (Open Yard)
- Minishorebase

B. Faze dahuluk (2) - baze suporta Rekursu Minerais & Enerjia

- Espensaan ba Parede harahun laloran
- Espensaan ba Ponte-Kais (Jetty)
- Exporta no importa industria Minerais
- Facilidade tranka Ro bo'ot ho kapasidade 30,000 DWT


Exemplos Imajen Supply Base



Area of service Suai Supply Base




Exemplos Imajen Breakwater



Exemplos Imajen Ponte-Kais (Jetty)



Transport husi Supply Base ba fatin esplorasun & Produzaun



Facilidade Produzaun mina Bayu - Undan iha Tasi Timor



TL has just become a debtor.

- Laws passed since 2009 have paved the way for Timor-Leste to take out foreign loans.
- The 2012 Budget starts borrowing with \$160 million, including \$43.1 million to be spent this year.
- The Government recently signed \$103 million in loan contracts with Japan and the ADB.
- During the next four years, the Government plans to borrow nearly half a billion dollars.



Lenders are

- JICA (Japanese government)
- Asian Development Bank
- World Bank
- China Export-Import Bank

Brown: estimates from La'o Hamutuk

Project	Financed by	Loan	Grace Period (yrs)	Term (yrs)	Interest rate	Total Repaid
Dili-Baucau road	JICA concess. (yen)	\$68m	10	30	0.70%	\$77m
Dili-Liquiçá-Gleno roads	ADB ADF concessional	\$9m	8	32	1.0% / 1.5%	\$12m
Dili-Liquiçá-Gleno roads	ADB OCR commercial	\$31m	5	25	LIBOR + 0.19%	\$46m
Dili-Ainaro, Same, Ermera roads	WB IDA concessional	\$20m	10	25	2.50%	\$28m
Dili-Ainaro, Same, Ermera roads	WB IBRD commercial	\$20m	5	30	LIBOR + 0.46%	\$32m
Dili drainage	China Ex-Im bank	\$40m	10	25	3.00%	\$60m
Manatuto-Natarbora road	ADB OCR commercial (?)	\$75m	5	25	LIBOR + 0.19%	\$110m
Tasi Mane highway	unknown commercial	\$220m	10	20	4.00%	\$352m

Borrowing in the 2012 State Budget

Table 6.1. Financing needs for major infrastructure projects, 2012 – 2016 (\$ millions)

Roads	2012	2013	2014	2015	2016	Total
Dili-Liquica, Tibar-Ermera	5.26	10.70	10.70			26.66
Manatuto-Natarbora	2.84	2.88	2.28	5.34	30.00	43.34
Dili-Manatuto-Baucau	0.27	1.35	10.85	18.99	19.77	68.70**
Maubisse-Ainaro/Same	5.00	10.00	20.00	5.00		40.00
South Coast Highway		30.00	40.00	50.00	100.00	220.00
Dili sanitation/drainage		20.00				20.00***

** The total amount to be provided in Loan is 68.7 million. This total is made based on the information provided by JICA. Government will be finding 25% to complete 95 million of the total project cost.

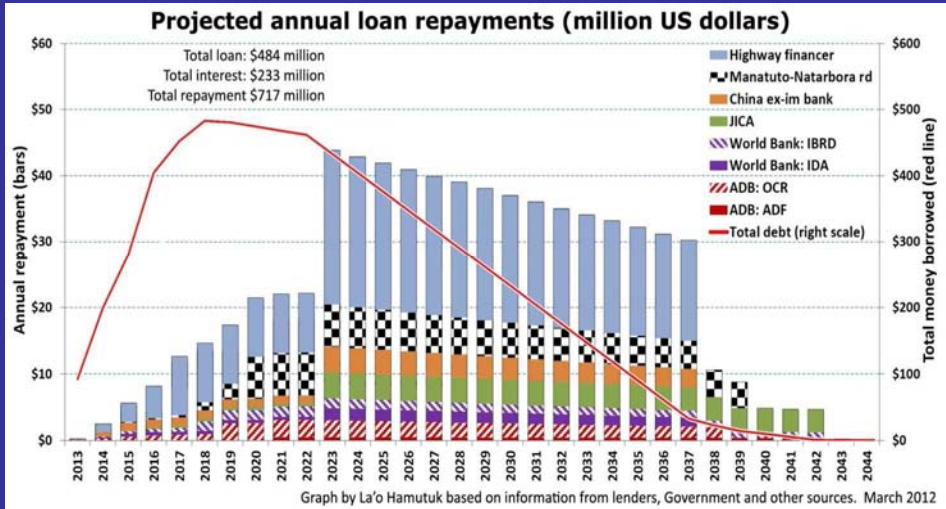
*** The Exim Bank still need to do design in 2012 therefore there will be no expenses in 2012.

Table 6.2 Loans and Co-financing from the Government, 2012 – 2016 (\$ millions)

	2012	2013	2014	2015	2016	
Loans	43.10	80.2	81.1	102.8	107.0	414.2
Government Co-Financing	9.93	24.05	24.32	30.85	54.00	143.15
	53.03	104.25	105.42	133.65	161.00	557.35

Source: Major Projects Secretariat, Ministry of Finance, 2011

Loans will have to be paid back.



Commercial loans will become more expensive in the future.



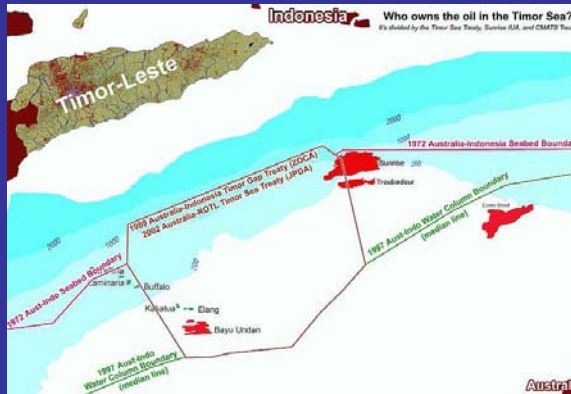
Important to consider



- Implementing the SDP will require billions of dollars more in loans, probably at commercial rates.
- Even at concessional rates, repaying a loan will permanently reduce money in the Petroleum Fund. The yen loan makes us hostage to a strong dollar.
- TL's oil and gas are small and non-renewable, and future oil prices are unpredictable.
- TL will have to make loan repayments before spending money on people's needs or developing other sectors.
- Our children and grandchildren will inherit our debt.

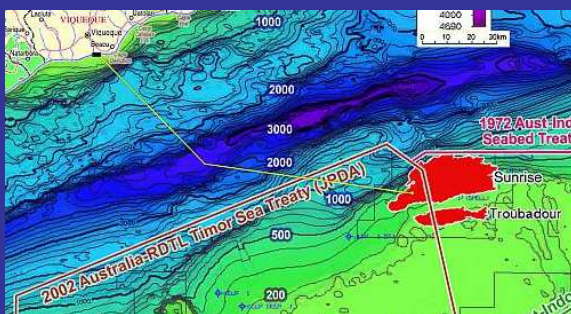
Sunrise and maritime boundary dispute

- Australian companies began exploring Sunrise in the early 1970s, after Australia and Indonesia divided our maritime resources without involving Portugal. In 1989, they closed the "Timor Gap" to share illegally occupied resources in the Joint Development Area.
- The 2006 CMATS treaty bans maritime boundaries discussion for 50 years. It divides Sunrise upstream revenues 50-50.
- Australia put its greed for oil before respect for its sovereign neighbors or international law.
- Based on UNCLOS, TL owns everything north of the median line.



The Greater Sunrise stalemate

- The project is stalled because Timor-Leste and the companies do not agree on how it should be developed.
- Woodside and its partners Shell, ConocoPhillips and Osaka Gas believe a floating LNG plant in the sea is the most profitable.
- Timor-Leste wants a pipeline from Sunrise to Beçu, to get more tax revenues and anchor the Tasi Mane project.
- Under contracts and treaties, the companies can choose the path, but both governments need to approve it.
- TL can cancel CMATS next year if the parties haven't agreed yet.





Beginning the theft of Maubere's wealth

**1989:
Foreign
ministers
Gareth
Evans and
Ali Alatas
toast the
signing of
the Timor
Gap Treaty
while flying
over the
Timor Sea.**



4. Impunity and accountability

**Impunity for past crimes
undermines future stability,
security and rule of law.**

Impunity and accountability for crimes against humanity

- 1975-1999: Indonesian invasion and occupation killed about 180,000 people in a systematic and planned policy executed throughout Timor-Leste.
- 2000: Indonesian Commission on Human Rights Abuses in TL (KPP HAM) reported on 1999 crimes and recommended an international mechanism.
- 2001-2004: UN-supported Serious Crimes Unit indicted 391 people for 1999 crimes. All Indonesian and most Timorese indictees live free in Indonesia.
- 2001-2005: TL's Commission for Reception, Truth and Reconciliation (CAVR) researched history and encouraged reconciliation among Timorese. Its extensive report made 200 recommendations, including that if other processes fail, the UN should create an international tribunal.
- 2005: UN Commission of Experts (COE) reviewed legal processes to date and recommended creating an international mechanism.
- 2005: TL and Indonesian governments created the Commission of Truth and Friendship (CTF) using diplomacy to avoid individual accountability.

Until today, not one legitimate process in Indonesia or Timor-Leste has held major criminals accountable.

Indonesia's occupation included many massacres.



Above: 1983 massacre in Kraras, Viqueque



Right: Commemorating the 10th anniversary of the 1999 Suai Church massacre. Indicted ringleader Maternus Bere was illegally freed due to Indonesian pressure on TL's leaders.



UN Serious Crimes Unit Special Panel

The UN-supported Serious Crimes Unit indicted 391 people for 1999 crimes, tried 87 Timorese and convicted 84.

All Indonesian indictees and most Timorese are living free in Indonesia, and recent efforts to prosecute were blocked by political interference.



2004: President Xanana Gusmão and indicted ex-General Wiranto

The Serious Crimes Unit issued an arrest warrant for former Indonesian military chief Wiranto for Crimes Against Humanity weeks before this photo was taken in Bali.

Wiranto later ran twice for President of Indonesia.



Ongoing impunity creates insecurity.

- Today, all the main perpetrators of crimes against humanity during the Indonesian occupation are free in Indonesia, including everyone responsible for the 99% of occupation-related killings committed between 1975 and 1998.
- They are all protected by the Indonesian government, and many hold high Indonesian political and military positions.
- This ongoing impunity greatly threatens peace, security, democracy, rule of law and moral values in both Timor-Leste and Indonesia.

UN Special Rapporteur on Extreme Poverty

"Ending impunity is an essential prerequisite to ensuring stability, peace and sustainability. The Special Rapporteur encourages the State to take measures to ensure that post-conflict justice and reconciliation is prioritized and that a legal framework is put in place to ensure that those responsible for serious crimes during the conflict are called to account for their deeds, and the victims of those crimes are able to access reparations. She also reminds the Government of Indonesia, the United Nations and the international community of the role they must play in ensuring that the perpetrators of crimes during the Indonesian occupation are brought to justice."

June 2012 report to Human Rights Council

What happens next?

- Today, neither Indonesia, Timor-Leste nor the international community has the political will to bring these criminals to justice.
- The Commission of Experts report has never been discussed in the Security Council.
- UNMIT will leave Timor-Leste at the end of 2012, having failed to achieve justice, and future UN processes here will have less power and are not yet defined.
- UN policy and global consensus says that there can never be impunity for crimes against humanity. **Chega!**

A luta continua. We continue to demand that people who violate the law be held accountable for their crimes.

5. Access to land

Land is the base of our socio-cultural lives.

Recent developments could increase injustice and conflict.

Traditional land system before Portuguese colonization and Indonesian occupation

Land functions

- Determines our origin and identity
- Place occupied by our ancestors spirits
- Socio-cultural functions linked to tradition and cosmos
- Collective economic function

Access to land

- Inheritance
- Traditional system allowing right to collective use
- Property right allowed after occupying land for a long time



Land management

- Traditional collective management system at the family and village levels (Tara Bandu).

Consequences of colonization and occupation

Introduction of a new coercive system

- Forced displacement
- Transmigration
- Taxes
- Certificates
- Corruption and stealing

Changes in land functions

Land as a strategic tool to

- Reinforce power and domination
- Support Portuguese and Indonesian economy
- Increase people's dependency and vulnerability

Land as a commodity without soul

Privatization: communities lose rights to individuals.

Desertification: monocrop agriculture depletes soil.

Land registration in Portuguese and Indonesian times

- 200,000 parcels already registered.
- 2,843 land titles issued by Portuguese.
- 34,965 land titles issued by Indonesians including 30% through corruption.

This system transferred land ownership from Timorese families and communities to more than 100,000 non-Timorese private owners.

Land law elaboration

In 2009, the Ministry of Justice, with the support of USAID, implemented the cadastre and registration system and created the Special Regime for Determination of Ownership of Immovable Property, Expropriation Law and Real Estate Finance Fund Law.



These laws were elaborated with very limited community participation.

Land law concept

Establishment of a formal, basic land tenure system to address:

- needs of the modern
- urban sector
- formal land transactions
- registration.

It must also respect traditional land and customs.

Who will benefit from these land laws?

- **The State.**
Land "owned" by Portuguese and Indonesian administrations automatically becomes Timor-Leste state property without considering how the occupiers got it.
- **People who got certificates during Portuguese and Indonesian times.**
- **Rich and powerful people.**
People with a lot of land and money can pay taxes and exert disproportionate influence.

Likely consequences of the implementation of the Land Laws

Social, cultural and economic impacts:

- Land will become a commodity with no spiritual value.
- Degradation of our cultural system which is based on collective values.
- Land concentration in the hands of rich and powerful people.
- Increasing cases of eviction.
- Poor people will lose their land.
- Less land available for agriculture and production.
- Emergence of slums, landlessness and homelessness.

Thank you.

You will find more and updated information at

- La'o Hamutuk's website
<http://www.laohamutuk.org>
- La'o Hamutuk's blog
<http://laohamutuk.blogspot.com/>
- Reference DVD-ROM available from our office.

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