

# A luta continua! 40 years and more

By Charles Scheiner, ETAN/La'o Hamutuk  
Australia-East Timor Association  
Independence Day Dinner  
Melbourne, 28 November 2015

28 November 2015



Thank you, good evening. I'm going to violate Timorese protocol and not recognize all the important people here because there are too many, and I don't know everyone.

People in Timor-Leste and Melbourne are celebrating three anniversaries today:

AETA – 40 years ago. Parabens!

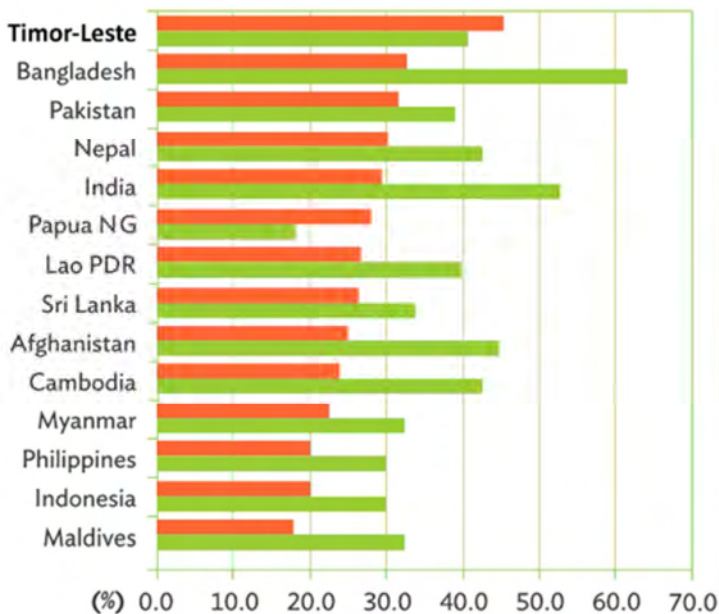
RDTL declared, 40 years ago. A luta continua!

Portugal arrived, 500 years ago. In the words of Timor-Leste's national anthem "*We vanquish colonialism, we cry: "down with imperialism!"*"

I want to focus on the 40-year ones, and the journey many of us have travelled since then. Unlike nearly everyone in this room, four out of five people living in Timor-Leste today were not yet born in 1975. It is a young country. 44% of its people are less than sixteen years old – they never lived under Indonesian occupation, even as they endure its aftermath.

# TL is the worst in the region ... and getting worse.

**Figure 1.8: Prevalence of Underweight Children Under 5 Years of Age, Earliest (1990-2005) and Latest (2004-2014) Years**



Source: ADB Key Indicators 2015

**A malnourished child may be permanently damaged.**

**An undereducated child will not be a productive worker.**

**Half of Timor-Leste's population is less than 17 years old, and the largest group is still in primary school.**

If many of them continue to be malnourished and poorly educated, what future does their new nation have?

Later, I'll talk a little about two of La'o Hamutuk's current concerns – petroleum dependency and maritime boundaries. But first I hope you'll indulge me as I share a brief history of my solidarity work in the United States and in Timor-Leste. We each follow our own journey – but mine is the one I know most about.

A few U.S. activists knew about our government's political, military and diplomatic support for Indonesia's invasion and occupation, but active solidarity work had dwindled during the 1980s. On Human Rights Day 1991, a month after the November 12 massacre at Santa Cruz cemetery, some of us organized a vigil in front of the Indonesian mission to the UN in New York. We didn't expect to commit the next quarter-century of our lives, but the attention to the massacre – it drew the first U.S. television coverage of Timor-Leste in 16 years – seemed like a strategic opportunity that should not be wasted.

After the protest, we decided to expand this work and formed ETAN—the East Timor Action Network/US. Noam Chomsky, who didn't know any of us, sent the first contribution. At the time, he told a friend in Canada that he didn't expect ETAN's efforts to amount to much, given the state of activism in the USA. When I asked him about this a decade later, he told me he "was never more delighted to be proven wrong."

# Indonesian Embassy, Washington



During the 1990s, we did public education and grassroots organizing; demonstrated and lobbied; wrote fact sheets and action alerts; hosted speaking tours and public events, and reached out to media, academic, progressive, religious and ethnic constituencies. By 1999, we had 15,000 members from every state, with 30 local chapters. We targeted U.S. military support for the occupation, and won a series of legislative victories curtailing arms sales and U.S.-provided training to Indonesian soldiers.



## Press conference with Rep. Nancy Pelosi on covert U.S. training for Indon. soldiers



Working in local communities, through media, and with annual “lobby days” visits to Washington, ETAN developed a Congressional constituency for Timor-Leste that continued long after independence.

Like Timor-Leste, we were geopolitically lucky. The Cold War and the struggles in Central America and South Africa had ended, allowing some space for activists to take on new issues. Indonesia had few supporters in Washington outside of Freeport and some Suharto apologists, and their lobbying was often counter-productive.

ETAN had a secondary motive – helping young Americans learn about their government’s role in supporting the occupation, which often prompted them to ask what else they hadn’t heard about U.S. foreign and military policy. Their ongoing anti-intervention activism is one of ETAN’s enduring legacies.

During the early 1990s, almost no Timorese people lived in the United States, and our main contact with the resistance was through José Ramos-Horta’s frequent visits. However, when we asked him for advice on our goals and tactics, he usually declined, saying “you know your country better than I do ... and if it doesn’t work out, we won’t be responsible.”

# TL delegation to APCET, Bangkok



In addition to lobbying the U.S. government, we coordinated global civil society efforts at UN Headquarters through IFET – the International Federation for East Timor – which included AETA and about 25 other solidarity groups. ETAN joined with others from Australia, Europe and around the world in a global movement. I first met some of the people here today at the Asia-Pacific Coalition for East Timor conferences in Manila and Bangkok.

As the referendum was being negotiated in early 1999, IFET joined CNRT representatives to urge the UN to take more effective steps to control Indonesia's military and police. After the May 5 agreements were signed, the IFET Observer Project brought 120 civil society observers from 22 countries to Timor-Leste for several months, living in every district except Liquiçá.



# IFET Observers in Dili 4 Sept. 1999



IFET was the last observer group to leave as the Indonesian military and their militia were destroying Timor-Leste after the vote – the Royal Australian Air Force evacuated Jill and me to Darwin on the sixth of September.

Over the next several months, solidarity activists from around the world visited Timor-Leste, often working on emergency humanitarian relief. We consulted with our Timorese colleagues – leaders and activists – asking what they wanted from us now that they had won the referendum which we and they had campaigned for over so many years.

Many people had similar answers: “We’re being governed by the United Nations, the IMF is our ministry of finance; the World Bank is setting development policy; we’ve got aid agencies from countries we never heard of telling us what’s best for our country. We’ve been isolated from the world and focused on our struggle against Indonesia. We know enough not to believe everything these institutions promise, but not much more. Please help us to understand these organizations – who they are, what they want, what they have done in other countries.”

La’o Hamutuk – the Timor-Leste Institute for Reconstruction Monitoring and Analysis – was created in May 2000 to respond to that need. As a Timorese organization with some international staff, we published *Bulletins* like “What is the World Bank?” and

“Understanding the Budget of the UN Transitional Administration.” I moved to Timor-Leste and joined La’o Hamutuk’s staff in 2001.

La’o Hamutuk quickly realized that the need for information went two ways. Most of the internationals who descended on Timor-Leste after the referendum knew almost nothing about the country, and those who were well-intentioned realized that they needed to learn. We ran an English-language bookstore, gave and conducted countless interviews, and organized monthly panel discussions including representatives from international agencies, Timorese authorities, and civil society. We also lobbied UNTAET and other agencies to include more Timorese people in their decision-making and their staff, and urged the UN to keep the international commitment never to tolerate impunity for crimes against humanity.

As you know, Timor-Leste restored its independence on May 20, 2002, bringing another transition. La’o Hamutuk decided that our work was still relevant, adding the Timor-Leste government to the list of monitored institutions. We changed our name from “reconstruction” to “development” and shifted our focus to look more systematically toward the future, rather than reporting on projects and programs which were already underway.

Independence also required changes for the solidarity movement, which I described to activists and Timor-Leste’s leaders two days later in Dili:

“Over the years, many of us have become close to our comrades in struggle, some of whom now lead the government. Although we will continue our friendships, your ascension to power requires some redefinition of roles. We are in solidarity with all the people of East Timor.

## 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.**



“As leaders of a sovereign nation, East Timor’s governmental leaders must now develop cordial relations with neighboring governments and global powers who conspired to kill your people only a few years ago. You are responsible for leading your people out of poverty, into a globalized economic system which serves wealthy nations and transnational corporations.

“As solidarity activists, our role has changed less. We are still stubborn optimists, insisting that the promises of the Universal Declaration of Human Rights be kept. In this new phase of the journey, international solidarity for East Timor means helping to ensure that East Timor’s independence is more than legal – that you have the economic, political and diplomatic space to develop your nation in the interests of all its people. We will support people-centered, sustainable, ecologically responsible development, through human support and direct material aid. Some of us will live and work with you here; others will advocate for East Timor in our own countries.”





ETAN got smaller, closing our Washington office and scaling back our work, as the U.S. government and progressive activists refocused on Iraq and Afghanistan. We added “Indonesia” to the name and also work for human rights and self-determination for West Papua. These days, ETAN is mostly on-line, although a few chapters continue in solidarity with Timorese communities.

La’o Hamutuk went through another transition in 2005-6, when we decided that it wasn’t useful to keep finding the same shortcomings in nearly every aid project. They excluded women, didn’t build on local knowledge, failed to address community needs and were unsustainable when the grants stopped. At the time, the global aid industry was learning the same lessons – resulting in numerous statements and conferences on aid effectiveness. Timor-Leste’s government has helped lead this effort, and La’o Hamutuk continues to make suggestions and critiques. We have one significant difference with the government – we think that donors should not neglect an essential sector just because the government isn’t putting enough resources into it.

La'o Hamutuk published regular *Bulletins* for many years in Bahasa Indonesia (later Tetum) and English. Now it's a blog and website.

★★ free ★★ gratis ★★ free ★★ gratis ★★ free ★★ gratis ★★

# The La'o Hamutuk Bulletin

Vol. 8, No. 1

March 2007

## Timor-Leste's Petroleum Fund

Many Third World countries rich in petroleum\* resources face numerous economic, social, political and security problems. Although their people hope that petroleum development will bring economic miracles, it often brings misery. This is sometimes called the "Paradox of Plenty" or the "Resource Curse."

In 2005, Timor-Leste's government established a Petroleum Fund to try to keep Timor-Leste from following this path toward disaster. This Act prioritizes sustainable management of Timor-Leste's petroleum income to benefit both current and future generations, a perspective essential to avoiding the "resource curse." *La'o Hamutuk* believes that the Petroleum Fund is a positive step toward creating a strong foundation for our nation. The Petroleum Fund Act defines the relationships and responsibilities of public institutions including the Government, Parliament, Central Bank (BPA) and Consultative Council, and implements measures for transparency, oversight and accountability. These will help reduce

However, the Petroleum Fund Act alone cannot solve the whole problem. There are many causes of the "resource curse" (see *La'o Hamutuk Bulletins* Vol. 6 No. 4 and Vol. 5, No. 3-4), and the Petroleum Fund only deals with some of them. It will take more than this to put our impoverished, oil-rich nation on the road to prosperity.

During the Petroleum Fund's first year of operation, some positive things have been done, although not everything has been implemented perfectly. This article will discuss the structure and mechanisms of the Fund, how it has operated up to now, and some of the problems in its design. We will explore how the Fund will help Timor-Leste avoid the resource curse, and suggest some improvements and additional measures which could be taken.

### The problem

The resource curse results from many factors: greed, corruption and cronyism in the national government and

At that time, La'o Hamutuk stopped looking at aid agencies' projects and increased our focus on international systems which Timor-Leste is engaged with, such as the transnational oil industry, globalization and debt. After 2007, we began to urge the UN, Australia and other donors to shift to "human security" – health, livelihoods and education – rather than supporting police, military and courts whose goal is to intimidate people against behaving badly. Australians feel secure when they have jobs, homes, pensions and healthy and educated children, and Timorese people deserve the same rights.



## La'o Hamutuk

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Submission to the  
**Australian Parliament's Joint Standing Committee on Treaties**

from the  
**East Timor Institute for Reconstruction Monitoring and Analysis**  
Adriano do Nascimento, Timor Sea Project Coordinator  
(authorized by the Institute)

regarding the  
**Timor Sea Treaty**  
between the Government of Australia and the Government of East Timor  
and the related Exchange of Notes, done at Dili on 20 May 2002

to  
**Paul McMahon, Committee Secretary**  
**Joint Standing Committee on Treaties**  
Department of House of Representatives, Parliament House  
Canberra ACT 2600 Australia  
Phone: +61 2 6277 4002, Fax: +61 2 6277 4827, email: [jsct@aph.gov.au](mailto:jsct@aph.gov.au)

31 July 2002

**One of many  
submissions by  
La'o Hamutuk  
to Australia or  
Timor-Leste  
governments.**

- The treaty should not be ratified in the current form.
- The revised treaty should encourage expeditious resolution of the seabed boundaries, with revenues from disputed areas placed in escrow until the boundaries are agreed.
- Australia's support for East Timor is recent, and East Timor cannot take it for granted.
- The rule of law should be practiced as well as preached, otherwise the strong will take advantage of the weak.
- East Timor and Australia's future security depends on a fairer treaty.

La'o Hamutuk's collective structure, evidence-based analysis and policy advocacy tries to be a model for others in Timor-Leste, where coalition-building, long-term planning and strategic alliances require different approaches from the resistance- and personality-based politics of the past. Our materials are used by diplomats, academics and media around the world, serving as references on many of the topics that we research. We hope you find them useful, and welcome suggestions for how we can make them more effective.



# Petroleum Dependency

- Petroleum GDP in 2013:..... **\$4,276 million (76%)**
- Non-oil GDP in 2013:..... **\$1,319 million (24%)**
  - Productive sectors (agric. & manufacturing) **\$ 265 million (5%)**
- Projected state revenues in 2015:..... **\$1,594 million**
  - **\$1,394 million (87%)** will be from oil (incl. \$916m investment return)
  - **\$ 171 million ( 11%)** will be from non-petroleum sources
- 2016 Proposed State Budget:..... **\$1,562 million**
  - **\$1,184 million (82%)** will come from the Petroleum Fund in 2016.
  - **\$ 107 million (7%) more** is from the Petrol. Fund in the past and future.
- State activities, paid for with oil money, are about half of the “non-oil” economy, because some of this money circulates in the local economy.
- Balance of trade (2013):
 

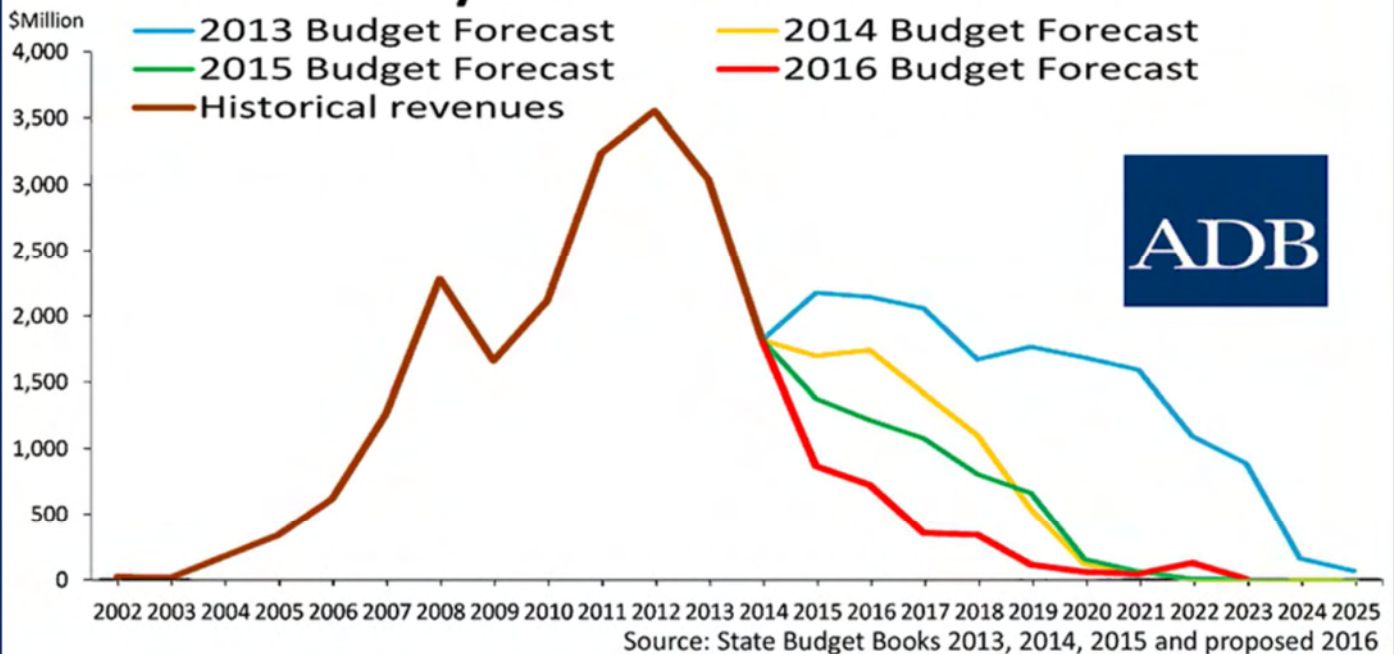
	services	non-oil goods	goods (2014)
Imports	\$1,536m	\$523m	\$550m
Exports	<u>\$78m</u>	<u>\$16m</u>	<u>\$14m (coffee)</u>
Deficit	\$1,458m	\$507m	\$536m
- Petroleum “income” goes to the government, not the people.

**Only South Sudan, Libya (and Equatorial Guinea?) are more dependent on oil and gas exports than Timor-Leste is.**

From 2006 to 2012, Timor-Leste’s oil and gas revenues increased dramatically, and La’o Hamutuk looked deeper into fiscal sustainability, equity, and budget policy. Although we had worked on petroleum revenue management since before the 2004 Petroleum Fund Law, these topics became more challenging once the money started coming in, and Timor-Leste’s state budget grew faster than all but Zimbabwe’s. Timor-Leste has been infected with the “resource curse” which afflicts nearly all countries who depend on exporting non-renewable resources, and we continue to educate and advocate in an effort to reduce or prevent its worst consequences.

# Oil income will continue to decline.

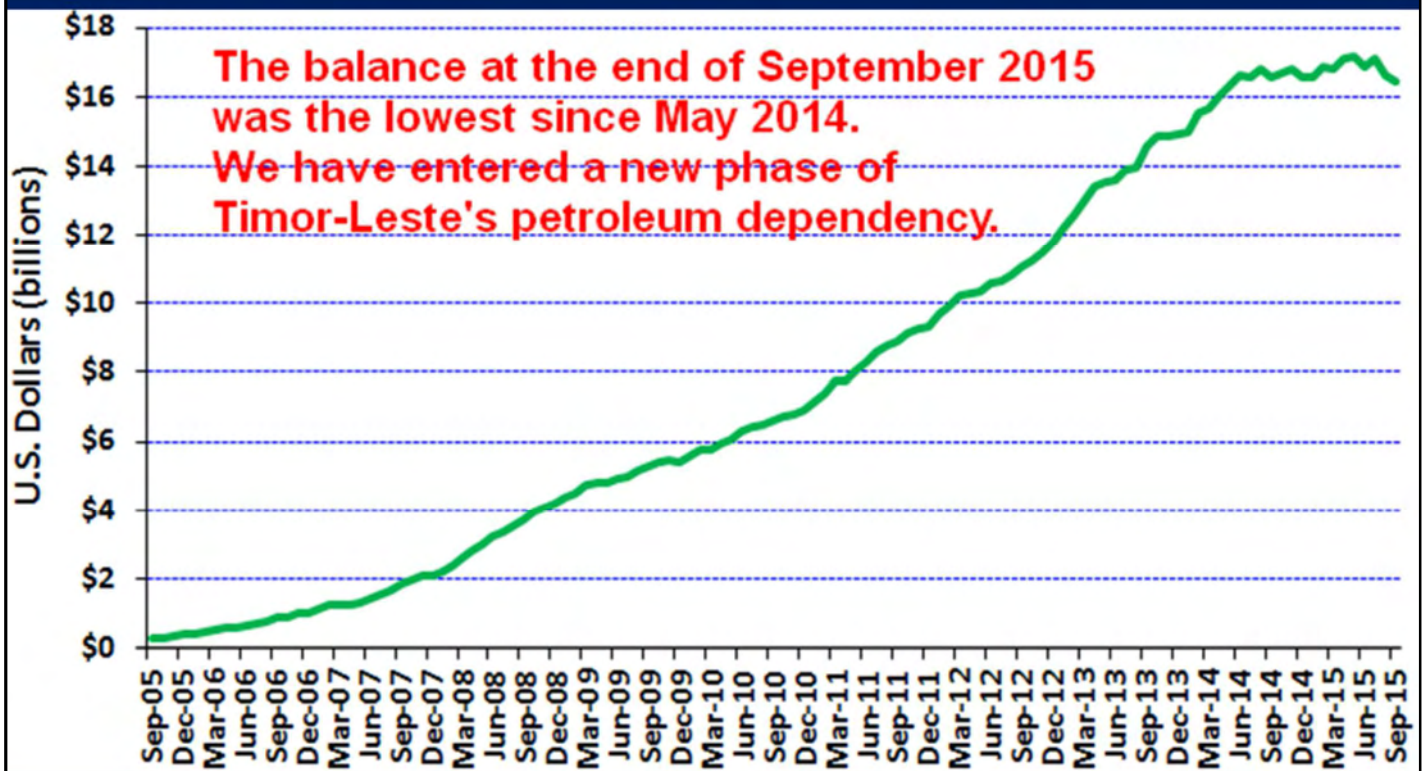
Declining oil revenues highlight the importance of fiscal sustainability and economic diversification.



**Timor-Leste has already received 80% of the revenues from Bayu-Undan and Kitan, and they could end in five years.**

Last week, I gave a talk at ANU on the sustainability of Timor-Leste's state budget, and the outlook is not promising. Timor-Leste is one of the three most petroleum-export-dependent countries in the world, with three-fourths of GDP and 90% of government revenues coming from oil and gas extraction. The Kitan oil field has already finished production, and gas and oil from Bayu-Undan are rapidly being exhausted, to end in about five years.

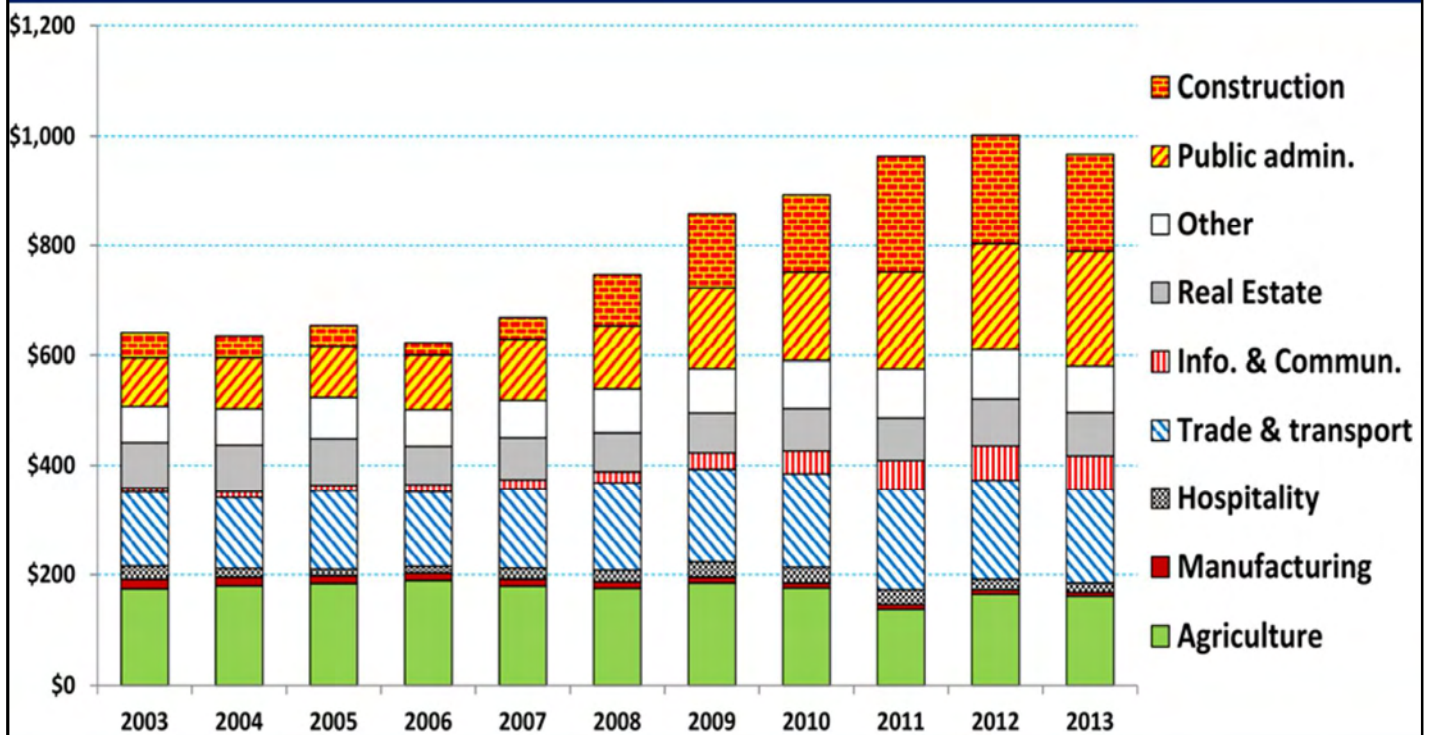
# The Petroleum Fund balance is already starting to drop.



Although the country has saved U.S. \$16 billion in its Petroleum Fund, withdrawals are larger than income, and the Fund's balance is stagnant and will soon begin to fall. La'o Hamutuk projects that the Fund could be entirely spent within a decade if current plans are carried out.



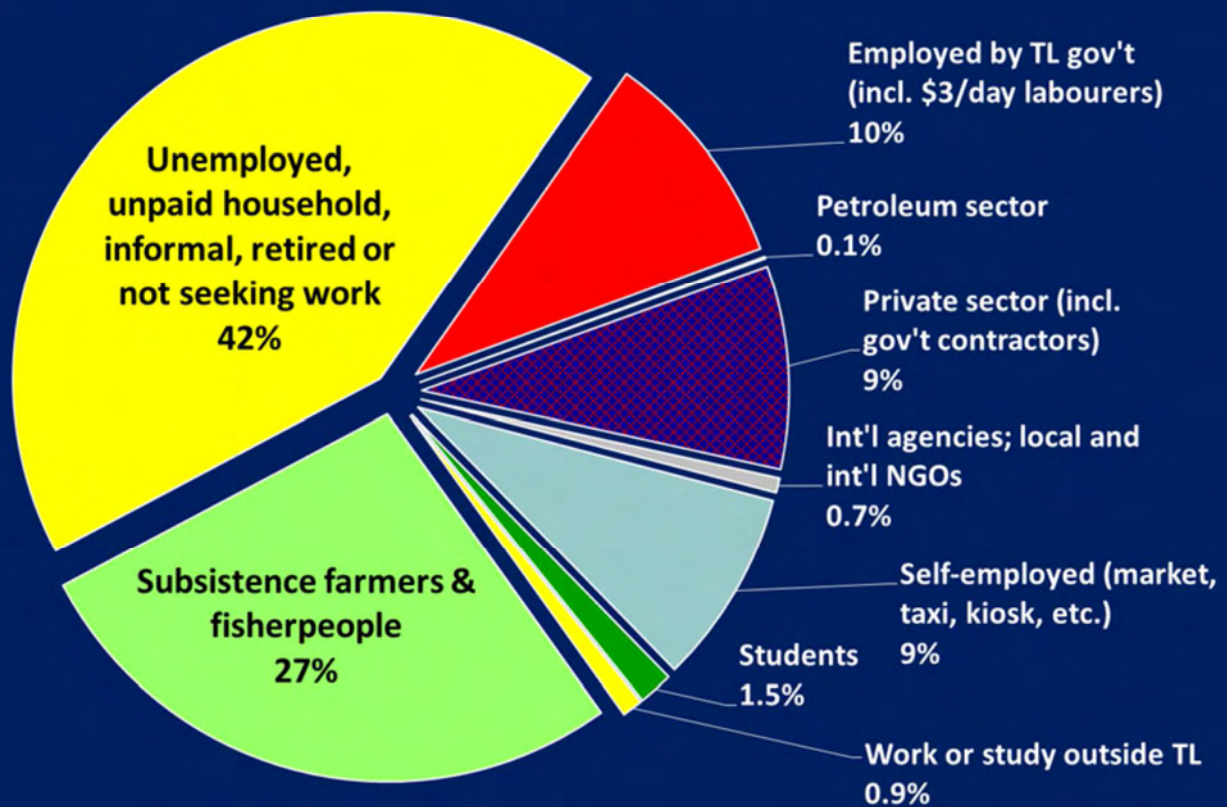
# The non-oil, non-state GDP per capita is stagnant.



Unfortunately, the economy has not diversified during the 13 years of independence – the productive sectors of agriculture and manufacturing are smaller than they were a decade ago. Although major new initiatives are planned for Oecusse and the south coast, their economic and social returns are dubious. They are being financed by cutting spending for essential areas like health, education and agriculture, even though officials say they are “priorities.”

Many of Timor-Leste’s leaders have lost touch with the people’s needs, and are ignoring tomorrow so that they can enjoy today. Like democratically elected Parliamentarians and Ministers around the world, their planning horizon is limited to the next election, their loyalties to the leaders of their political parties.

# What do 660,000 working-age Timorese do for work?



But half of Timorese people live in extreme poverty – surviving on less than \$1.30/person/day, including the non-cash economy.

La'ó Hamutuk compiled this graph because official statistics leave out large groups of people. Only about 30% of people are primarily in the cash economy. There are in three roughly equal categories – working for the state, for companies, or for themselves.

There's much more about these topics on La'ó Hamutuk's website, and I'd be glad to answer questions, but a celebratory dinner is not the place to belabor unhappy news.

# Conspiring to steal Timor's wealth

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

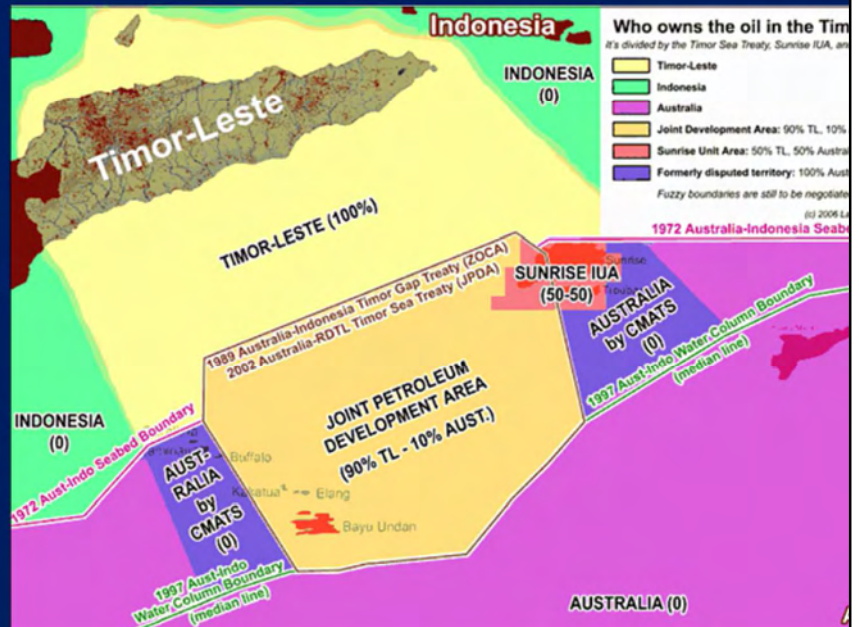


In closing, I'd like to mention the biggest ongoing problem between Timor-Leste and Australia – your government's long-standing refusal to acknowledge the sovereignty of your northern neighbor by establishing a permanent maritime boundary consistent with current international law.



# 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.



Many people in Timor-Leste see this maritime occupation as a continuation of Indonesia's occupation of Timor-Leste's land, and ending it is an unfinished piece of the struggle for independence which began 40 years ago. Yet Australia refuses to participate in international dispute resolution processes or even to sit at the negotiating table.

# ETAN leaflet, 2003



## **Australia - stop stealing East Timor's oil!**

"If you want to make money,  
you should conclude an agreement quickly...  
We are very tough. We will not care  
if you give information to the media.  
Let me give you a tutorial in politics –  
not a chance."

*-- Australian Foreign Minister Alexander Downer to  
East Timorese Prime Minister Mari Alkatiri, during a  
November 2002 meeting on oil and natural gas deposits  
in the Timor Sea, which lies between the two countries*

**Why did Australia withdraw from the  
international mechanisms providing  
impartial legal resolution of maritime  
boundary disputes?**

**Why won't Australia negotiate its  
maritime boundaries with East Timor?**

### **What is the issue?**

The Timor Sea, the body of water between Australia and the new nation of East Timor, contains oil and natural gas deposits worth tens of billions of dollars. During the illegal Indonesian military occupation of East Timor (1975 to 1999, with over 200,000 people killed), the Australian government signed an agreement with Indonesia which gave Australia much of East Timor's oil.

After East Timor voted for independence in 1999, Australia was forced to negotiate with the rightful owner of these resources. But Australia coerced its tiny neighbor into signing an "interim" agreement allowing Australia to keep 60% of East Timor's oil -- which translates into billions of dollars.

Australia now refuses to negotiate maritime boundaries with East Timor, since this would void prior agreements. The United Nations Convention on the Law of the Sea clearly indicates much of the Timor Sea resources now claimed by Australia rightfully belongs to East Timor. To avoid arbitration of the issue, Australia withdrew from the International Court of Justice and the International Tribunal on the Law of the Sea, the legal mechanisms for resolving such disputes.

### **Why support East Timor's claims?**

East Timor is the world's newest country and one of the poorest. More than 40% of its people live on less than 55 cents a day. East Timor is still struggling to rebuild after the Indonesian military and its militias destroyed most of the country's infrastructure in 1999. Funds are desperately needed for schools, clinics, roads and other essentials.

### **What should Australia do?**

Australia must honor East Timor's independence by promptly negotiating a permanent maritime boundary between the two countries; this will allow East Timor to enjoy all the natural resources it is entitled to. Australia should rejoin the community of law-abiding states by accepting the international legal mechanisms for resolving boundary disputes. Australia must also stop selling new exploration contracts in disputed areas, and put the more than \$1 billion it has taken from these areas into escrow, to be divided fairly after boundaries are determined. All parties must support the equitable and environmentally sound development of Timor Sea resources.

### **Let the Australian government know!**

Email them at [petroleum.exploration@industry.gov.au](mailto:petroleum.exploration@industry.gov.au)

**East Timor Action Network**

[www.etan.org](http://www.etan.org) [etan@etan.org](mailto:etan@etan.org) 202-544-6911

La'o Hamutuk, ETAN and many in this room have been critical of the oil-revenue-sharing agreements and treaties that Australia bullied Timor-Leste into signing, starting with the Timor Sea Treaty signed 12 hours after independence was restored. We urged Timor-Leste not to sign or ratify the 2006 CMATS treaty, a position that Timorese leaders came around to after the recent revelations of spying by Australia. We continue to be puzzled that Australia, as a free and democratic country which claims to follow the rule of law, refuses even to discuss maritime boundaries.



# Dili, 2004



Although we are glad that Timor-Leste's leaders now agree with Timor-Leste civil society, the primary responsibility for solving this dispute rests on the citizens of Australia, as many of you know. If Australia is unwilling to talk in good faith, no legal process or external pressure can force it to accept a maritime boundary. Only the Australian people, working through democratic, political processes, can get your government to change its policy, as you did in 1999. Once that happens, the legalistic and historical obstacles will fall away.



# Australia-TL "balance of aid"

- **Since 1999, Australia has reaped nearly US\$5 billion in government revenue from oil and gas fields in Timor-Leste's legal territory: Laminaria-Corallina, Kitan, Bayu-Undan and Elang-Kakatua.**
- **During the same period, Australia provided military aid (Interfet and ISF) costing \$0.6 billion, and another \$1 billion in bilateral assistance.**
- **Timor-Leste has "given" Australia more than three billion dollars.**

Over the last week, Australian media have given a lot of coverage to discussions about whether Australia's spying on Timor-Leste was illegal because it served commercial interests. This is an important issue for Australia. But even if Alexander Downer goes to jail, Timor-Leste's rights will not be achieved until Canberra accepts a maritime boundary.

A permanent maritime boundary will not solve all of Timor-Leste's problems, even with a gas pipeline from Greater Sunrise. But it would be critical signal that the Australian and Timorese governments have entered a new era of respectful cooperation, expanding from the sister-cities relationships that some of you work on to establish brotherly, neighborly national ties.

**Don't forget the next generation.**



By building on historic good will, and community-level relationships and support to strengthen national policy advocacy, Australian and Timorese people can work together to build a better future. If we wait for the leaders of our governments to do it, we could be waiting a very long time.

# Thank you.

You will find more and updated information at

- La'ó Hamutuk's website  
<http://www.laohamutuk.org>
- La'ó Hamutuk's blog  
<http://laohamutuk.blogspot.com/>

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