SUBJECT: RICE SHORTAGE: POLITICAL AND SECURITY IMPLICATIONS IN TIMOR-Leste

1. (U) Summary: A severe rice shortage in East Timor has caused both a dramatic increase in the price of rice and in many cases a total lack of availability at any cost. Although the UN has emphasized that the rice shortage does not translate into an overall food shortage, the immediate political and security impacts are notable. Many Timorese see political manipulation behind the shortage or, at the very least, a lack of political will to address the situation in its early stages a month ago. The issue is also feeding into the overall increase in security concerns in Dili, as crowds of people claiming hunger have been descending on the main World Food Program (WFP) and Ministry of Agriculture warehouses demanding rice. In addition, a concerted campaign of rock-throwing attacks against government vehicles may be connected to anger regarding this issue. Government officials have been requesting patience and announcing that overseas rice purchases are on the way. In the interim the WFP is placing a large portion of its stock to the Government in order to stabilize the market and distribution and resale on wide scale is due to commence tomorrow (February 23). This, along with rains and a delay or suspension of demonstration plans by an opposition group appears to have resulted in some reduction of security incidents today. However, the rice situation has clearly injected an additional volatility into an environment already characterized by the ongoing gang clashes, policing challenges, and continued demonstration plans (see ref tel). Most observers believe that the most spike in tensions will be sustained through the presidential and parliamentary elections during the next several months although no one can predict how volatile the situation will become. Embassy is continuing to closely monitor the security environment and today issued an updated warden message to the American community. The Embassy is also closely monitoring access routes and neighborhoods of American residences, facilities, and schools. End summary.

2. (U) Regional rice market developments, specifically a dramatic reduction in exports from Vietnam combined with increased imports by other nations, have resulted in greatly reduced rice supply available on the market in East Timor. Other domestic causes cited by observers include security issues reducing port offloading hours, allegations of hoarding by some distributors, and reports of some re-export of food aid and other rice to West Timor in Indonesia. Market prices for rice have as much as tripled and many stores have no stocks on the shelves at all. At a briefing to the diplomatic community on February 21, SRSG (Special Representative of the Secretary-General) Atul Khare emphasized that there is not

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well stocked with produce, but most Timorese regard rice as a basic necessity and a lack of rice as essentially a lack of food.

3. (SBU) A large number of Timorese perceive political forces at work behind the rice shortage, asserting that political actors are using it to their own ends, i.e. by holding onto rice stocks to underwrite elections or distributing rice only to political allies. Such claims are purely speculative at this point, but there is a widespread perception that there are large stocks of rice in East Timor that are simply being withheld. Less conspiracy-minded Timorese are still expressing anger at a perceived lack of political will to address the issue. They note that regional shortage issues have been on the Government’s agenda for the last month with no effective action taken. They also assign to the Government’s Fiscal Year (FY) 2006-2007 fund for food emergencies which has apparently not been tapped. Some are are publicly asking why this $7.5 million fund resides with the Ministry of Development, which reports to Deputy Prime Minister and staunch Fretilin party member Estanislau da Silva, rather than with the Ministry of Labor which reports to the politically independent Deputy Prime Minister, Rui Araujo. (N.B. The Ministry of Labor has been the lead ministry on humanitarian relief.)

4. (U) Popular anger about the rice shortages is having an immediate impact on Dili’s security environment. Over the last few days, crowds of people in the range of several dozen to several hundred have repeatedly appeared in the vicinity of the main World Food Program (WFP) and Ministry of Labor warehouses demanding access to rice. Following a successful rebuffing of such a crowd on February 20, the crowd then proceeded to launch a rock-throwing attack on a nearby government building, housing the Ministry of Development among others, breaking a number of windows. International Security Force (ISF) personnel have since been guarding both warehouses, and no other such incidents have occurred, but the situation remains volatile. In addition, unknown actors have launched a concerted rock-throwing attack campaign against government vehicles over the last 48 or so hours, and there is widespread agreement that this is a direct response to the rice issue. Some ISF and a number of UN police vehicles have also been targeted, and several private Timorese and foreign citizens have been caught in the crossfire. SRSG Khare told diplomats that 17 UN vehicles were destroyed by crowds February 21-22. The cars of several senior Timorese officials have also been attacked. In the past two weeks, two U.S. Embassy vehicles have been damaged by rock-throwing incidents.

5. (U) In his February 21 briefing, SRSG Khare confirmed that the WFP is loaning 300 metric tons of rice to the GOET in order to sell directly to selected stores to help inject a new supply and bring down prices. Khare reported that the WFP loan was transferred to the Government on February 20. Today (February 22), GOET started some distribution of 224 tons of rice in Dili to sell through cooperatives at officially set prices; wide scale distribution is to commence tomorrow. In addition, WFP has plans to bring in further supplies over the next weeks and both Prime Minister Jose Ramos-Horta and Deputy Prime Minister da Silva reported to the national media that rice purchases from Australia, China and Thailand would be arriving over the next two or three weeks, including one shipment of 1000 metric tons.

6. (U) The Movement for National Unity and Justice (MUNJ) suspended demonstrations planned for today and are reportedly holding discussions to decide whether to proceed with demonstrations in the coming days. The demonstration suspension, along with rains and the news that rice is on the way appears to have brought about a reduction in incidents in Dili over the last 24 hours.

7. (SBU) Comment: Despite this expected relief over the next couple weeks, the current situation has clearly injected an additional volatility into an environment already characterized by the ongoing gang clashes, policing challenges, and continued demonstration plans. The apparent response to the rice issue has not been targeted towards private foreign citizens or diplomats and the overall security environment remains as described in recent reporting. However, some collateral impact from the increased attacks on government officials will likely occur. In light of this, as well as continued gang clashes and demonstration plans, an updated warden message was sent to the American community today. The Australian Embassy has issued a similar updated warning to Australian citizens. Embassy Dili is also closely monitoring access routes and neighborhoods of American residences, facilities, and schools. While there was some reduction in incidents today (January 23), Embassy Dili is continuing to monitor the security situation closely. End comment.

HARSHA