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A reliable partner **Strengthening Australia – Timor-Leste relations**

Executive Director's introduction

Timor-Leste is a fledgling nation wrestling with the challenge of forging a viable state. It's entering a very complex period in the lead-up to the 2012 elections. The country's leaders inherited a difficult situation, reconstructing a devastated country and healing deep-seated community divisions. The economic and social challenges facing Timor-Leste are daunting, although the exploitation of oil and gas revenues offers a potential lifeline.

This report sets out a number of the challenges for the country, such as possible domestic unrest, transnational crime, food security, land reform, law and justice issues, security sector reform and maritime development. The situation is made more complex by the large number of donor states and the need for Timor-Leste to coordinate their assistance.

While the challenges facing Timor-Leste are significant, the country has defied the odds before and prevailed. With targeted and sustained international support, it has every chance of doing so again.

Australia wishes to have an equal relationship with Timor-Leste, working together to advance our common interests. This year is the tenth anniversary of Australia's Defence Cooperation Program with the country, one of our largest cooperation programs. The DCP will underpin Australia's long term defence relationship with Timor-Leste.

Australia has around 400 ADF members deployed as part of the International Stabilisation Force (ISF) that has a clear drawdown process. Timor-Leste's Government has expressed a wish for the ISF to eventually leave as a matter of national sovereignty.

A central message of this report is that Australia stands ready to assist Timor-Leste as a reliable partner, not just to ensure the state's own survival but also to strengthen regional security.

I'm grateful to all the contributors to this volume, and in particular to our Timorese contributor Dionísio Babo-Soares, former co-chairman of the Commission of Truth and Friendship between Timor-Leste and Indonesia. I also acknowledge the work of ASPI's Director of Research Programs, Anthony Bergin, in preparing this special report for publication.

I'm confident that this report will make an important contribution to public debate on Australia's role in assisting Timor-Leste to meet its long-term security and development challenges.

Peter Abigail
Executive Director



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Executive summary

1 The ADF and Timor-Leste: looking towards 2020

Australia has maintained a long, often indifferent, and occasionally troubled relationship with the territory that is now the independent Democratic Republic of Timor-Leste. Yet, despite some antagonism towards Australia, effectively all Timorese political leaders currently support a positive relationship with Australia, not least in helping to ensure the state's long-term security. To that end, Australia needs to decide upon the future of its defence commitment to Timor-Leste, which has been critical on two separate occasions, and a blueprint of action for the period out to 2020.

The period between 2010 and 2020 will see a transition in the political leadership of Timor-Leste, from the generation that cut its teeth in the initial struggle for independence circa 1975 to a generation that was educated during the period of Indonesian occupation. Transitioning from a charismatic leadership model to a more rational–legal model of state coherence and administration should bring a variety of advantages to the country. The consolidation of democracy in Timor-Leste should complement this development through elections scheduled for 2012 and 2017. Moreover, if managed and distributed appropriately, the country's resource-dependent economic growth will lead to improvements in living standards and internal stability, as will the standardisation of rule-of-law mechanisms and proposed political decentralisation.

However, a number of the destabilising factors that led to the near collapse of the Timorese state in 2006 still pose problems. Widespread poverty, high levels of illiteracy and a rapidly

growing young population continue to place pressure on a limited employment market. Mismanagement of the state oil fund could lead to the misallocation of resources, including heightened opportunities for corruption, an artificial boom economy causing inflationary pressure, a lack of sustainable investment, and political discord. There are also concerns that the lack of a common national language and the 'dollarisation' of the Timor-Leste economy will inhibit the country from developing non-oil types of industry and employment.

In terms of security, the Falintil–Timor-Leste Defence Force (Falintil–Forças de Defesa de Timor-Leste, or F-FDTL) will continue to require mentoring and training over the period to 2020, not least to ensure that it remains focused on external defence activities and not political and policing activities. The national police force (Policia Nacional de Timor-Leste, or PNTL) is also in need of development and retraining. For Australia, the increasing assertiveness and almost certain expansion of China's 'soft power' approach towards Timor-Leste will challenge Canberra's political influence. For a variety of reasons, Australia has a special interest in the degree and type of interest shown in Timor-Leste by large, growing and not necessarily benign powers.

Australia's best chance of preserving a meaningful political presence in Timor-Leste is through the creation, maintenance and enhancement of stability and self-determination. To that end, maintaining a constructive commitment to Timor-Leste's security and, by extension, Australia's own security, will remain a necessary element in the role of the Australian Defence Force (ADF). A relatively small continuing ADF presence as part of the Defence Cooperation Program should have a cautionary capacity, helping to prevent further crises and, failing that, orchestrating a rapid and efficient response.

Recommendations

1. *Rather than drawdown entirely after the 2012 elections, the ADF should maintain, subject to Timor-Leste agreement, a proportionately appropriate military group, to assist with F-FDTL training.*
2. *ADF personnel deployed to potentially civil conflict zones should receive training in aspects of pro-active civil policing, given the confluence of their training and civil roles in civil environments.*
3. *In addition to being highly trained in transferring appropriate skills to the F-FDTL, ADF personnel should continue to develop their linguistic, cultural and/or anthropological skills and a stronger grounding in the history and politics of Timor-Leste.*
4. *When not on duty in their training role, ADF personnel should not be identifiable by uniform and in particular should not carry weapons in public, which elicits negative responses among many Timorese when the threat-environment is low.*
5. *Apart from technical skills, a more widely distributed intelligence function could impart skills to F-FDTL counterparts while at the same time providing on-the-ground information to allow the recognition of potential threats before and as they arise.*
6. *Greater training and articulation is needed between Australian Federal Police (AFP) Operational Response Group officers and the ADF in civilian environments to enhance the capacities of both organisations to respond efficiently to critical situations.*
7. *Australia shouldn't directly compete with China for Timor-Leste's affections. Instead, the Timorese may need to be reminded, in more beguiling ways, of where Timor-Leste's true and most reliable friendships*

lie. In this regard, Australia's continuing close alliance with and support from the US is valuable.

8. *The relationship between Australia's security sector and AusAID should be strengthened to ensure a more complete and nuanced approach to fulfilling the needs of people in receipt of assistance.*

2 The future of Timor-Leste's foreign policy

To date, there hasn't been any public blueprint that outlines the framework of foreign policy for Timor-Leste. The foreign policy approach adopted by Timor-Leste has been guided by nation-building priorities: to respond to an emergency and humanitarian situation, to phase out the United Nations Transitional Administration, to plant the seeds of a successful state based on the rule of law and to resist outside pressures that may compromise the country's newly won independence.

Nurturing Timor-Leste's independence, politically and economically, is central to its foreign policy objectives. This dictates the country's search for cooperation and mutual benefit with other countries. It's in the interest of Timor-Leste to establish and maintain the best possible relations with all governments, regardless of size, ideology and geography.

Timor-Leste has developed a modest foreign policy approach and intends to maintain that approach to benefit its people and state. Its core national interest is to ensure success in building a liberal democratic state founded upon the rule of law.

It shouldn't be assumed that Timor-Leste's acceptance of Chinese aid necessarily has significant implications for the future direction of its foreign policy. It certainly doesn't mean that Timor-Leste is leaving its traditional allies. The country continues to see Australia as a strategic partner.

Timor-Leste needs the know-how of the ADF to enhance the development of the F-FDTL. Working with the US in the security and defence realms in our region is also very important. Timor-Leste maintains special relations with Indonesia and Australia, with which it shares land and sea boundaries in the case of Indonesia, and a sea boundary in the case of Australia. Relations with Australia continue to be good, despite tension over the exploitation of oil and gas in the Timor Sea.

While border-crossing incidents occur from time to time, both Timor-Leste and Indonesia have been able to forge strong bilateral relations. Relations with Indonesia have been very good despite the traumatic past. Indonesia is by far the largest trading partner of Timor-Leste, and trade is increasing.

Now that Indonesia has taken over the chairmanship of the Association of Southeast Asian Nations (ASEAN), Timor-Leste looks set to accede to full ASEAN membership this year.

Timor-Leste has benefited and continues to benefit from foreign aid. The challenge for the country and its development partners is how to keep aid flows sustainable, maintaining existing jobs and creating new ones to meet emerging needs.

Recommendations

9. *Australia is the source of know-how and technological advancement that Timor-Leste needs for its long-term national development and sustainability, not least defence and security. Timor-Leste will continue to emphasise this in its foreign policy approach, particularly through defence and security cooperation with Canberra.*
10. *Timor-Leste needs a better understanding of the foreign policy priorities of Australia, particularly in the areas of trade, defence and security.*
11. *Bilateral relations between Timor-Leste and Australia should be pursued vigorously with a long-term strategic perspective. The accession of Timor-Leste to ASEAN should benefit Australia in terms of regional security and stability.*
12. *Timor-Leste will always work towards making good relations with Indonesia a high priority, given the shared strategic interests between the two countries.*

3 Socioeconomic challenges: the gap between expectations and achievements

As one of the poorest countries in the world, Timor-Leste faces an uphill battle if it's to meet the high—but not unreasonable—expectations of its people. Now entering its second decade of independence, the country has shown extremely slow improvement across a range of development measures. Accommodating the needs of a rapidly growing population will only add to that challenge. This situation stands in stark contrast to the hopes of Timorese citizens, and must be carefully managed to ensure security, stability and development in the future.

Emergent socioeconomic inequalities—both real and perceived—must be carefully managed as the nation develops. Growing gaps in wealth and opportunity characterise even the best-performing developing nations, constituting a major challenge for policymakers in Dili. In addressing the country's significant infrastructure and service needs, the Timorese Government must be sensitive to the potential for increasing such gaps, or perceptions of favouritism or neglect. The growing population in the capital and the difficulty of accessing regional areas will exacerbate this situation, and will also contribute to declining conditions in Dili.

The capacity of Timorese citizens to participate in their country's development must be enhanced through more relevant skills development programs to complement other strategies designed to attract further foreign investment. Development programs must have a stronger commitment to building the skills of citizens through their active engagement. This may require additional support to contractors to ensure that they have the skills and understanding necessary to foster such engagement, as well as understanding that projects will take longer to allow for genuine training opportunities.

Police and legal structures need to be supported and consolidated. The nation's police force (the PNTL) has been trained under the confusing and internally contradictory guidance of the United Nations Police (UNPOL) deployment. The PNTL also faces a significant challenge in securing the support of both citizens and the military (the F-FDTL). As it completes the transition to autonomy from UNPOL, the PNTL needs creative and flexible support that demonstrates respect for its capacity and its aspirations.

This must be backed up by a legal system that can be understood by Timor-Leste's citizens and can effectively reach those outside the capital. This will require continued development of a system that incorporates both the rule of law and traditional legal systems, and the development of resources, including laws, prisons and accountability mechanisms. The emerging culture of impunity must be redressed through strengthened accountability, anticorruption and justice mechanisms.

Addressing these issues will be crucial for Timor-Leste in order to achieve greater political and economic independence. To increase the likelihood of that occurring, Australia must negotiate the competing Timorese desires for ongoing support as well as greater autonomy and control. Careful attention to

these factors will support progress in the areas outlined above.

Recommendations

13. *Develop an apprenticeship-style program that employs local labour on internationally funded programs, placing equal emphasis on skills development and infrastructure outcomes. This must include a commitment to developing contractor skills in training and capacity building in developing countries.*
14. *Continue to utilise Australia's development scholarship program to skill Timorese citizens as engineers and project managers, including by providing strong support for Timorese students in Australia.*
15. *Continue to develop the skills of the AFP's International Deployment Group officers to transform individual officers trained to police Australian communities into participatory educators, both in Timor-Leste and in other deployment zones.*
16. *Consolidate relationships between the AFP and an increasingly independent PNTL, building on a foundation of strong and respectful relationships between the police leaders of each country, and with a focus on listening to Timor-Leste's evolving goals and needs and developing appropriate ways to meet them.*
17. *Foster and accelerate the evolution of the Timorese legal system in a manner that embraces positive aspects of both traditional and formal legal systems, to ensure that the legal system is more accessible to ordinary citizens and that impunity does not become accepted as unavoidable.*
18. *Continue to focus on support for strong accountability and anticorruption mechanisms and bodies, demonstrating*

that every citizen will be held accountable for his or her actions by impartial bodies with the ability to enact legal responses.

4 Timor-Leste: potential for a prosperous agricultural future

Despite the ravages and disruptions of foreign occupation, warfare and forced migration, Timor-Leste's population has doubled since 1980 and is expected to double again in less than thirty years. If the country is to achieve sustainable economic development and minimise its dependence on food imports, the local agricultural industry will need to cater for a progressively larger and more urban society. The Timorese Government has rightfully identified food security as a key priority in its Strategic Development Plan (2011–2030).

The agronomic complexities of agriculture in Timor-Leste—the disruptions that have occurred to agricultural production capacities since 1999, import policies for food security, problems of land tenure, issues of resettlement and the need to introduce new technologies—all require the formulation of a comprehensive strategy for the development of agriculture.

For more than a decade now, there's been no systematic and, as a consequence, no reliable gathering of data on Timor-Leste's agricultural production. This has wide-ranging implications for national planning. For example, the required level of rice imports can't be determined with any accuracy if levels of local production remain uncertain or unknown. If Timor-Leste is to meet its food security needs, it's therefore essential that the Ministry of Agriculture and Fisheries (MAF) has the capacity to measure, with reasonable confidence, national agricultural production.

The opportunity exists to begin afresh with a new system of data collection—one that would be more efficient, more accurate and more relevant to Timor-Leste's needs. This

would involve the development of new skills and the use of new technologies. At the heart of this transformation would be the use of a comprehensive set of spatial databases at the national level combined with reliable crop assessment ('ground-truthing') at the district level, and coordination and communication between levels. Training in local crop assessment and the creation of various assessment sites throughout the country to monitor local mixed field production would be essential to these efforts. Monitoring local rainfall is also critically important for cropping advice to farmers and for the establishment of an early warning system for food security.

Australia is particularly well positioned to assist Timor-Leste in its strategic development goals for agriculture. It has considerable expertise in dryland farming and conducts world-leading research into semitropical agriculture and livestock management. In the past decade, Australia has provided 'improved inputs' to agriculture that are essential for future productivity, and it has the capacity to build on its experience in Timor and neighbouring areas of Southeast Asia to cooperate with Timor-Leste in enhancing its agricultural sector.

Recommendations

19. Australia, through AusAID, should assist Timor-Leste in developing an Agricultural Data and Planning Unit based on the use of GIS technology.
20. As part of its efforts to create an Agricultural Data and Planning Unit, Australia should assist Timor-Leste in the restoration and development of a functioning network of local meteorological stations.
21. Australia, through the combined efforts of the Australian Centre for International Agricultural Research (ACIAR) and AusAID, should assist Timor-Leste in a

comprehensive program of forage crop development, pasture improvement and weed eradication.

5 The maritime interests of Timor-Leste

Maritime issues offer fertile ground for fostering good relations between Australia and Timor-Leste. Common interests in the maritime domain include security, resource development and marine environmental protection. These are all areas of Australian expertise. There would be considerable mutual benefit in Australia assisting Timor-Leste to develop its capacity to manage these ocean interests.

Maritime issues, including maritime security, are new concerns for Timor-Leste. Although living on an island, the Timorese lack a maritime culture: they're an agricultural people, rather than seafarers. There's been almost no investment in maritime industry. Until recently, with the advent of oil and gas developments in the Timor Sea, the Timorese haven't looked upon the sea as having any great economic potential.

The complex legislation and institutional arrangements required to manage national maritime interests tend to be overwhelming for the bureaucracy in Dili: little progress has been made in establishing arrangements for managing maritime affairs. Maritime knowledge and awareness are basic requirements for managing national maritime interests. They involve an understanding that problems at sea are interrelated, of how the international maritime industry functions, of the roles of maritime security forces, of the relevant international legal frameworks, and of the benefits to be gained by participation in international maritime regimes. These attributes are lacking in Timor-Leste at present.

Progress in developing institutional arrangements for managing national maritime interests has also been hindered

by conflicting advice. That advice is usually offered at the level of individual agencies; a whole-of-government approach to managing national maritime interests and interagency coordination is not apparent.

Australia has extensive security and resource interests in the Timor Sea. It should do much more to assist Timor-Leste with maritime security and in developing its capacity to manage its maritime interests. There's an obvious desire in Dili that these should be priority areas for national development. Building capacity for managing maritime interests should consider institutional arrangements, legal frameworks and resources.

Recommendations

22. *With assistance from AusAID, an experienced maritime administration officer might be offered to Timor-Leste as a technical adviser to the Dili harbourmaster.*
23. *Australia should take the lead in initiating regular meetings between the littoral countries on maritime security in the Timor Sea. Procedures for information sharing to provide maritime situational awareness at the regional level should be on the agenda.*
24. *Maritime security issues should be specifically addressed in the bilateral Defence Cooperation Agreement.*
25. *Australia should propose an inaugural meeting of the Maritime Commission.*
26. *Australia should renew its offer of contracted air surveillance of Timor-Leste's southern EEZ.*
27. *All officers entering Timor-Leste's F-FTDL Naval Component should complete the RAN Junior Officers' Warfare Application Course.*

28. *Sea-riding opportunities should be provided for F-FDTL Naval Component officers in Darwin-based patrol boats.*
29. *An offer of a sponsored training mission for the commander of the Naval Component of the F-FDTL and some of his senior officers to Australia, New Zealand and Papua New Guinea should be made. The mission should visit Darwin, Canberra and Sydney and include visits to the Australian Maritime Safety Authority, the Australian Fisheries Management Authority, and Australian Search and Rescue.*
30. *Australia should give priority to helping to build the capabilities of the PNTL Maritime Unit. Possible initiatives are:*
 - *the posting of an experienced water police officer as part of the Timor-Leste Police Development Program*
 - *short-term attachments of PNTL officers to state water police services in Australia*
 - *assistance in establishing a diving team, including training and equipment.*
31. *A senior RAN hydrographic specialist should visit Dili to assess the hydrographic requirements of Timor-Leste and where Australia might provide assistance.*
32. *Provided Timor-Leste is agreeable, Australia might fund the Regional Maritime Programme of the Secretariat of the Pacific Community to assist Timor-Leste in implementing International Maritime Organization measures.*
33. *The Australian Maritime College or an Australian TAFE might assist with the establishment of a seafarers' training college that would train young Timorese for employment in the local maritime and international shipping industries.*
34. *Future Australian capacity-building activities need to foster the development of sustainable management. Australia should focus on monitoring, control and surveillance training of key Timor-Leste fisheries staff, who can then train their own officers.*
35. *Australia should continue to assist Timor-Leste in the development of effective fisheries legislation.*
36. *Support for the Arafura and Timor Sea Experts Forum and Arafura and Timor Seas Ecosystem Action program should continue, to ensure that they are effective regional mechanisms for the cooperative ecosystem-based management of the Timor and Arafura seas.*

1 The ADF and Timor-Leste: looking towards 2020

Damien Kingsbury

Australia has had a long, often indifferent, and occasionally troubled relationship with the territory that's now the independent Democratic Republic of Timor-Leste. The character of that relationship has affected (and will continue to affect) the ability of Australia to respond to developing circumstances in Timor-Leste. In particular, Australia's defence commitment to Timor-Leste has been critical on two occasions, raising the question of how it should position itself—with the agreement of the Timor-Leste Government—over the period to 2020.

Background

Australia's military intervention (1941–45) in what was then Portuguese Timor was little remembered in Australia in the early post-war years. Despite Australia's brief flirtation with the idea of assuming responsibility for Portuguese Timor, primarily on strategic grounds, Portugal maintained its stewardship of the colony and Australia more or less forgot about it until 1975. However, after the Indonesian invasion of 1975, former Sparrow Force commandos, who'd been stationed on the island during World War II, combined with anti-occupation activists to remind their Australian countrymen of the Timorese support the soldiers received during their battle with Japanese imperial forces.

Following the overthrow of Portugal's creaking dictatorship in 1974, Portuguese Timor began to prepare for political devolution. After backing down over Dutch New Guinea in 1963 (and the establishment of the 'Barwick Doctrine'), Australia's then prime minister, Gough Whitlam, decided that Australia shouldn't support small and

what he believed would be unviable states. Furthermore, in talks with Indonesia's President Soeharto in Yogyakarta on 5–8 September 1974, Whitlam indicated a preference for Portuguese Timor's integration into Indonesia, and again on 4 April 1975 in Townsville.¹

Indonesia's then government was strongly militaristic and aggressively anticommunist. In the context of communist victories in Laos, Cambodia and Vietnam, the development of a Marxist element within the Timorese Social Democratic Association (later Fretilin) led concerned strategists in Jakarta to warn that Portuguese Timor could turn communist and potentially destabilise the region. Hence, they argued in favour of Portuguese Timor's incorporation into Indonesia, pointing to India's effectively painless incorporation of the Portuguese enclave of Goa in 1961.

Australia's support for the policy of incorporation of Portuguese Timor into Indonesia, along with that of the US, has been widely viewed, both within Timor-Leste and without, as having given a 'green light' to Indonesia's invasion of the territory, informally from September 1975 and formally from 7 December 1975. In per capita terms, the invasion was among the most brutal of the 20th century. Up to a third of the population was killed or died of related causes, which has left deep psychological scars among the population, many of whom continue to reflect individual and social psychological symptoms of that trauma. Australia's international support for Indonesia's occupation of Timor-Leste, including *de facto* and then *de jure* recognition, and its signing of the Timor Gap Treaty in 1989 were seen by many Timorese as betrayals at best and culpability in the plight of its people at worst. These issues continue to resonate among Timorese alongside other specific concerns about Australian policy towards Timor-Leste.

Ahead of the 1999 United Nations (UN) supervised ballot in Timor-Leste on whether to accept 'autonomy' or independence, Australia actively opposed the establishment of an armed UN presence in the territory, which by any reasonable assessment was a necessary precondition for anything resembling a free and fair vote. Australian Foreign Affairs Minister Alexander Downer also confirmed that Australia's preferred outcome of the vote was for continuing integration with Indonesia.² More positively, Australian UN workers, the Australian Federal Police (AFP) and Australian observers of the ballot were well received by pro-independence Timorese (the relatively few anti-independence Timorese and Indonesian authorities barely tolerated them, knowing that a free vote would almost certainly not support their cause).

Given the opportunity, the people of Timor-Leste overwhelmingly (78.5%) chose independence from Indonesia. In response, Indonesia's army and its proxy militias went on a rampage, killing at least 1,400 people and destroying around three-quarters of Timor-Leste's built infrastructure. Under pressure from the US Clinton administration, outraged Australian public opinion forced the Australian Government to overturn its policy of non-intervention and in September 1999 Australia led a military peace enforcement mission, INTERFET (International Force in East Timor) into Dili. Years of bitterness towards Australia dissolved as it helped deliver independence to Timor-Leste. Notably, Australia's willingness to help stabilise Timor-Leste had a number of motivations: to ensure that it remained a secure strategic neighbour; to ensure that Australia's often difficult relationship with Indonesia was not further damaged; and humanitarian (including Australian domestic political) reasons.

If Australia's 1975 policy towards Timor-Leste was borne of perceptions of strategic necessity with Indonesia, its relationship with Timor-Leste today is still seen partially through that lens. This thinking played a major role in Australia's precipitous withdrawal of troops based along the Indonesian border in 2003. The withdrawal complied with a request from Jakarta, even though it was consistent with a wider if equally precipitous international (including UN) drawdown of direct support. Those events also followed a growing push from within Timor-Leste for the 'Timorisation' of the fledgling state following formal independence in 2002. However, it was clear then (and hindsight has confirmed) that the new state wasn't ready to take its affairs fully into its own hands. As a consequence, the post-2003 period was marked by increasing social and political instability.

Strong relations with Indonesia remain critical to Australia's regional security, its diplomatic relations and, to a lesser extent, its economic integration into the region. Long-term security and stability in Timor-Leste are central to allaying any lingering concerns in Jakarta about having an unstable neighbour on its borders. Australia is seen by Indonesia as having a direct role in ensuring that stability, preferably through cordial diplomatic relations and aid rather than a military presence. Furthermore, as one of the world's most developed countries, Australia has acknowledged its responsibility to assist developing countries, particularly those near to Australia. Timor-Leste remains at the top of both the 'development' and 'proximity' priority lists and, apart from Solomon Islands, receives the largest pro rata amount of Australian aid. As with Solomon Islands, a significant proportion of that assistance (38% over the 1998–2010 period) supports a police and military presence.

Much of the goodwill earned by Australia in 1999 was squandered as a result of the

2002–03 Timor Sea negotiations between Australian Foreign Minister Alexander Downer and Timor-Leste Prime Minister Mari Alkatiri. Claims that Timor had been placed in an unequal bargaining position and what Alkatiri called Australia's 'hostile' declaration in 2002 that it would not accept the International Tribunal for the Law of the Sea considering maritime boundary disputes involving Australia led to long-term anti-Australian resentment within Timor-Leste, especially among more nationalist-oriented groups and individuals. Referring to the negotiations in a 2004 interview with the Portuguese journal *Público*, current Prime Minister, then President, Xanana Gusmao, accused Australia of 'stealing' and 'bad faith'.³ One outcome of that process, and the intervention of the Australian Defence Force (ADF) in the 2006 crisis, was that Australia was increasingly seen within Timor-Leste in partisan and self-interested terms.⁴

The Timorese have a long history of forming alliances with, or opposing, external actors (starting with Chinese and Buginese traders, then the Portuguese, Dutch and so on). As in all other states (and societies all over the world), there is also considerable domestic political value to be gained from identifying oneself in opposition to an outside threat, a practice that retains currency following the Indonesian interregnum. In particular, perceptions of Australia's push for a change of government in 2006–7 hardened the view, especially within Fretilin, that Canberra's intentions in Timor-Leste remain primarily based on self-interest.

Furthermore, Australia's contribution to the 2006 International Stabilisation Force (ISF) was seen by some as initially ineffective and later as a potential or actual interference in domestic political affairs.⁵ That view wasn't universal, but was widespread enough to maintain traction with some more vocal

nationalist elements. The provocations of some Timorese 'militants' against ISF troops and the troops' sometimes intemperate responses, including pulling down Fretilin flags, gave further substance to perceptions of Australia's partisan orientation.

It's interesting to note that the Portuguese legacy was briefly 'rehabilitated' in the eyes of many Timorese. This reflected Portugal's generally benign post-colonial intentions, the mythologising that is often central to constructing historical narratives, and the projected or actual partisan alliances of external actors. To a considerable degree, Portugal remains favoured by nationalist elements within Timor-Leste, in particular within Fretilin. This has fed into a supposed Australia/Portugal, neo-imperialist/benign dichotomy⁶.

Despite some antagonism towards Australia, particularly at lower and middle political levels but occasionally at senior levels when deemed politically convenient,⁷ effectively all Timorese political leaders support a positive relationship with Australia, not least in helping to ensure the state's long-term security. Australia, for its part, needs to be seen as a benign, sympathetic and constructive partner, despite what are sometimes confronting provocations with its neighbour. In this area, it's common for Timorese to engage in strong outbursts; the problem is that reciprocating in a similar manner escalates the confrontation in ways that can lead to a breakdown of relations or, more locally, violence. Positively, Australia's diplomatic posture in Timor-Leste has improved considerably in the two or three years to the end of 2010, and the sense of an Australian–Portuguese dichotomy has almost disappeared (in part because the dichotomy was over-manufactured in the first place, but also because of Australia's diplomatic efforts and Portugal's declining economic fortunes).

Negative factors for future stability

Among the destabilising factors that led to the near collapse of the Timorese state in 2006 were (often unrealistic) expectations about the fruits of independence—expectations that exceeded the capacity of the government. Underpinning this was continuing widespread poverty and a real decline in living standards in the years immediately after 1999, with high levels of illiteracy and a rapidly growing young population placing further pressure on a limited employment market. Those underlying tensions then fed into a situation that was exploited in political rivalries that had arisen during the brief civil war of 1975 and again, within the resistance movement, in 1988–89. Elite competition for control of limited resources within a framework of patron–client relations and set against widespread social trauma and dislocation combined unstable elements into an explosive mix.

Exacerbating this situation was Fretilin's underlying belief that it was at the forefront of the resistance and that, for some of its members, it was the only legitimate party of government. More broadly, the Timorese state also suffered from problems of corruption, a tendency to slip into non-accountable or arbitrary political decision-making, and a retreat to 'traditional' models of social organisation.⁸ The retreat was informed by inadequate police reform, including continuing brutality and corruption, a poorly trained, out-of-touch judiciary that most often employed a language (Portuguese) unfamiliar to defendants and plaintiffs, and the fact that the Falintil–Timor-Leste Defence Force (F-FDTL) hadn't yet stepped away from its role as active 'guardian of the nation' with a perceived right to interfere politically.

Four years out from the 2006 crisis and many of these factors still have a negative impact upon Timorese society. Of particular concern

are the lack of a consistent/printed national language (Tetum being the most viable but also underdeveloped) and the 'dollarisation' of the Timor-Leste economy, which are likely to inhibit the country from developing non-oil types of industry and employment.

Positive factors affecting stability

The period between 2010 and 2020 will see a transition in the political leadership of Timor-Leste, from the generation that cut its teeth on the initial bid and the subsequent struggle for independence to a generation that was educated during the period of Indonesian occupation. The younger group includes a significant cohort who were educated in Indonesian and, for most who undertook higher studies, who studied in Indonesia. This group was largely connected with or part of the student and underground resistance movement, centred on Renetil, which has tended to fracture around a number of personalities. Its core in 2010 remained connected to the Democratic Party which (if it's able to capitalise on the transition process) could become a significantly stronger political player over the next ten years.

Others of the post-1975 political generation were variously educated in Portugal and Australia, with the Australian cohort probably constituting an important majority. This will have implications for 'Australia-literacy' and an ability to negotiate around a series of mutual considerations, including issues of mutual strategic and security concern. The post-1999 political generation is largely educated in Indonesian, leading to a continuation of Timor-Leste's voluntary 'Indonesianisation,' including the widespread use of the Indonesian language for commercial and other purposes.

The critical question for political transition will be the capacity of new political leaders to continue to develop policies that help

foster national identity. This will in part be dependent on the management of the transition from charismatic leadership models, which are prone to diminution and fracturing, to a more rational-legal model of state coherence and administration. This transitional process will be assisted in no small measure by Timor-Leste's continuing, relatively successful, consolidation of democracy, through elections scheduled for 2012 (possibly to be held earlier) and 2017; its useful if narrowly sourced economic growth (Timor-Leste relies on oil and gas for 95% of its income, making it the most hydrocarbon dependent state in the world) and the distribution of that growth; the standardisation and implementation of rule of law mechanisms; and the currently proposed (and three times delayed) process of decentralisation (now tentatively scheduled for 2014). Decentralisation will assist and enhance local democratic participation, potentially improving representation and accountability, while economic decentralisation has the potential to inject considerable liquidity into districts that continue to rely on subsistence and barter as much as cash transactions. The new generation of leadership will by and large be better educated and theoretically more competent managers than its predecessors. It will also have the advantage of not deriving from a military or military-inspired background, lessening the tendency towards arbitrary decision-making and authoritarianism. There may, however, continue to be a more nuanced but still assertive nationalist tendency towards 'Timorisation' (the assertion of a nationalist agenda) as observed over 2009-10 and, to some extent, an inability to rationally address difference without descending into conflict.

In the period out to 2020, the process of decentralisation initiated in 2008 has the potential to increase the absorptive capacity of the state, which in turn will

mean the better distribution of resources and financial liquidity, especially outside Dili. Decentralisation should also produce a more locally representative and accountable form of government than the centralised, party-list model that currently exists. The process of democratic consolidation is also likely to continue, not least as a result of support from the international community. This should be enhanced by the consolidation of the party alliance process, even though that didn't look likely in the second half of 2010. A gradual shift to a younger generation of more experienced and astute politicians will also enhance the prospect of rational policy development, such as the fine tuning of state economic investment, social policy (including language policy), foreign policy and so on.

Timor-Leste will continue to rely almost exclusively on receipts from hydrocarbon investments and subsequent government spending to underpin most economic activity. The major concern here is whether government access to the oil fund will lead to capital corruption, as well as elite competition for access to finite financial resources. The purpose of this would be self-enrichment in tandem with increased leverage over patron-client relations, probably overlapping with political party leadership. There's also continuing official opposition to current liquefied natural gas processing arrangements. At the time of writing, the Timor-Leste Government was insisting that gas from the Greater Sunrise field be processed in Timor-Leste (as a means of kick-starting the country's hoped for industrialisation). The current gas partner, Woodside Petroleum, was concurrently discussing development concessions for the government.

Based on the current and the variable projected government income, the F-FDTL will continue to be supported at approximately current levels of pro rata expenditure

(about 18%). With continued external training support such as that provided under the existing Defence Cooperation Program and no major disruptions, it could be reasonably expected that the F-FDTL could reach internationally recognisable standards of competence towards 2020. This will have implications for international training projects and possible inclusions in international peacekeeping operations.

The decentralisation process has been delayed and significantly scaled back from its original proposal for significant reallocation of funds over a wide area of government activity. This has reflected a degree of disorganisation over the development and implementation of the policy, debate about the policy in the parliament and reluctance on the part of some ministers to effectively decrease their authority relative to district government. This may limit some of the potential benefits that could accrue from such a policy, should it eventually be implemented.

The state oil fund will reach or come close to reaching its maximum level of capital accrual by 2020. Depending on government policy, over the intervening period there will continue to be an argument made for the government accessing capital rather than only interest from the fund, with the intention of investing in human resource development and infrastructure. More negative, however, will be the possible misallocation of resources, including heightened opportunities for corruption, the likely reduction in benefits against costs, an artificial boom economy causing inflationary pressure, a lack of sustainable investment, and political discord. In all of this, government spending will remain the main economic driver; economic development outside the government sector will be limited.

If not carefully developed, the role of the F-FDTL may cause more problems than it solves (e.g. its role in the affairs of 2006, limited defence capacity/high cost ratio), with a relatively high degree of reluctance (and some incapacity) for it to be turned into more of a public works or engineering organisation. The F-FDTL will continue to require mentoring and training, for example as under the Defence Cooperation Program, over the period to 2020, not least to ensure that it remains focused on external defence (and, preferably, infrastructure development) activities and away from political and policing activities. A generational change here may also help to maintain cultural change within the F-FDTL.

Distinct from defence, the national police (Policia Nacional de Timor-Leste, or PNTL) will continue to require mentoring and training, not least to break the acculturation of Indonesian policing methods, including the excessive use of force, corruption, lack of accountability and lack of adequate distribution across the territory. A move towards 'community policing' (a reversion to traditional justice and informal policing) as recommended by some analysts in response to current policing inadequacies is likely to create many more immediate and longer term problems than it resolves. Along with policing, continued training in and greater access to the judicial process (including via a more accessible language) are critical for respecting, maintaining and enhancing the rule of law.

Finally, Timor-Leste's population continues to grow at an unsustainable (if somewhat declining) rate. As James Fox discusses in this report, this will create pressure on locally sourced food security, employment and the ability of the state to deliver current, much less improved, levels of service (for example, in education and health).

Proposed Australian responses

As a result of these considerations, Australia's best chance of maintaining a stable political presence in Timor-Leste is through the creation, maintenance and enhancement of stability and self-determination. An Australian military presence, such as under a continuing Defence Cooperation Program, has the capacity to establish and maintain stability, but at a relatively high financial cost to Australia and in ways that may challenge Timorese perceptions of self-determination. How Australia and the ADF interact with the Timorese both officially and unofficially is critical to determining the extent of the benefits that the Australian presence can provide. Such a presence also has the double benefit for the ADF of exposing Australian troops to an international context outside of a potentially more dangerous and politically problematic context (such as Afghanistan).

The increasing assertiveness and probable expansion of China's 'soft power' approach towards Timor-Leste (and the region more generally) has been marked by an equal assertion within Timor-Leste that it has choices in strategic partnerships (see the chapter on foreign policy in this document). In one sense this is correct, in that Timor-Leste is a sovereign state and may seek friends where it wishes. However, the proximity of the country to Australia, its shared maritime boundary and its shared natural resource arrangements create for Australia a heightened sense of awareness of the degree and type of interest shown in Timor-Leste by large, growing and not necessarily benign powers.

To that end, maintaining a constructive commitment to Timor-Leste's security and, by extension, Australia's own security, will remain a necessary element in the ADF's thinking about how it positions itself in relation to Timor-Leste and how Timor-Leste

positions itself in relation to the rest of the world. Australia shouldn't seek to compete directly with China, but rather to explore opportunities for assistance that China is unable or unwilling to provide or, more likely, has not yet identified. This doesn't imply that Australia shouldn't compete with China for Timor-Leste's affections, particularly if Timor-Leste seeks to start a bidding war, which is possible, if undesirable. But it may mean gently reminding Timor-Leste of where its true and most reliable friendships lie. In this, Australia's continuing close alliance with and support from the US are valuable, with Washington able to make its presence felt in distinctly noticeable ways (for example, through visits by US warships and hospital ships).

There's also the perception and, to some degree, the reality of lingering historical grievances about Australia. Particular 'sore points' are negotiations over the Timor Sea Treaty of 2003 and, more recently, the position of Woodside and the Australian Government over the onshore/offshore processing of Timor Sea natural gas and a proposal to process Australian asylum seekers in Timor-Leste as a variation on Australia's 'Pacific Solution'. Beyond that, there's a growing sense of assertive nationalism that applies to (or against) all non-Timorese but specifically Australia, as a dominant regional state, at both official and non-official levels. This has been reflected from the community and non-government organisation level all the way through to the Prime Minister in some of his 2010 public pronouncements, even if the government is still officially on friendly terms with Australia.

Many Timorese, including among Timor-Leste's political and military elites, want an Australian military force to remain in the country. However, many don't want that military presence to be in public view. This ambiguity reflects necessity bumping

up against resentment. The F-FDTL wants the ADF to remain for training purposes, in particular to raise troops to a UN peacekeeping standard which would probably take until 2020 based on current skills levels. However, it doesn't want the ADF to be seen as usurping the defence/security role of the F-FDTL. Australia, on the other hand, has indicated that it will draw down its ADF deployment following the 2012 elections. The question remains as to whether the shape, size and function of the training contingent will remain or whether there is scope for a differently structured, more specialised force that includes training and possibly other capacities.

Rather than an entire drawdown, an ideal outcome would be for the ADF to maintain a proportionately appropriate military group to assist with F-FDTL training under the Defence Cooperation Program and that could, if requested, also quickly evolve into a cohesive, active unit should there be a request at another time of possible crisis. Canberra will not wish to be the security guarantor of first resort. While crises on the scale of 2006 are unlikely, smaller scale conflict is possible, especially before and after elections. Australia should not maintain a permanent garrison-style deployment. That might cast Australia as an occupying country. But a small continuing ADF presence will have a cautionary (and potentially reactive) capacity, helping to prevent further crises and, failing that, orchestrating a rapid and efficient response. However, in order to address claims about 'neo-imperialism,' when not on duty in their training role, ADF personnel should not be identifiable by uniform and in particular should not carry weapons in public, which elicits negative responses among many Timorese when the threat environment is low.

As well as skills to assist the F-FDTL, while the ADF already has specialised units within Timor-Leste, this unit should continue to work

towards being highly trained in the areas of specific skills and skills transfer under the Defence Cooperation Program. They should also continue to possess and develop requisite language skills and cultural familiarity and adaptability. Although relations between ADF personnel and the Timorese community were initially very good and in most cases remain positive, difficulties will inevitably arise because of the nature of the ADF's role, the duration of its presence, and fluctuating local perceptions about its role. One of the major problems of interaction between ADF personnel and Timorese locals has been the barrier of different primary languages. More highly developed linguistic, cultural and/or anthropological skills and a stronger grounding in the history and politics of Timor-Leste that are currently being developed will continue to be very useful for better appreciation and communication across contexts. This knowledge should be further developed, along with technical skills, to help ADF staff adapt to the environment that they're working in. Apart from technical skills, a more widely distributed intelligence function could impart skills to F-FDTL counterparts while at the same time providing on-the-ground information to enable the recognition of potential threats before and as they arise, rather than after they arise, which was the situation in 2006.

Finally, although it's beyond their current remit, consideration should be given to expanding the mandate of ADF personnel deployed to potential civil conflict zones by also offering training in aspects of pro-active civil policing. This capacity was noticeably missing after the immediate emergency had passed in 1999 and was particularly noticeable in 2006, when there was a confluence of these roles within a civil environment. In the period since 2006, the ADF deployed on patrol in Timor-Leste have had what amounted to a quasi-policing function, such as in crowd

control and responding to serious criminal incidents (such as killings and arson) as they are in the process of happening or just after they have happened. There was extensive criticism of the ADF for being unable to adequately or appropriately respond to such environments, particularly in 2006–07. To suggest that ADF personnel will never again have to respond to similar types of incidents is to both take a very short-term view of history and to be very certain about the future.

In this, greater training and articulation between AFP Operational Response Group officers and the ADF for such environments would further enhance the capacities of both organisations to respond efficiently to critical civil situations. Based on discussions with senior AFP officers, at present there is a mixed response within the AFP hierarchy to maintain what in Timor-Leste are referred to as ‘formed units’ such as the Operational Response Group, primarily due to cost and domestic organisational relevance, and to ask the hard questions about its contribution to international programs and collaboration with the ADF. At the same time, there is also recognition within the AFP, especially at senior levels, that the demand for ‘formed’ units and international operations is driven by government policy rather than institutional policing preferences. There is also recognition that greater articulation with the ADF could provide a more useful on-ground response capacity.

A joint ADF–AFP operational capacity should reflect an understanding that analysis, preventive action and responses to security contexts require government agencies to continue to operate and further develop cooperatively on the basis of a ‘whole-of-government’ approach. Such an approach also implies continuing and improved high levels of coordination between Australia’s security sector, the Department of Foreign Affairs and Trade (DFAT) and AusAID.

Based on discussions with senior officials, it appears that the link between the Australian security sector and DFAT is relatively close as, based on similar discussions, is the link between DFAT and AusAID (an executive agency within the Foreign Affairs portfolio). However, the relationship between Australia’s security sector and AusAID could be strengthened to ensure a more complete and, within that, nuanced approach to fulfilling needs of people in receipt of assistance.⁹

Furthermore, as was demonstrated in 2006–7 and which has the potential to again exist, further collaboration between the AFP and the ADF could allow both parties to address certain structural weaknesses: until the advent of the AFP’s Tactical Response Team, the AFP’s International Deployment Group (which oversees the force’s international operations) did not have a ‘hard presence’ while the ADF does not have a policing and law enforcement capacity, even though in some circumstances it is required to make ‘police judgments’ and operationalise ‘police responses’ (e.g. powers of arrest). The employment of ‘formed’ units, in particular the AFP’s Tactical Response Team in initial situations and its Stability Response Team in ongoing poor security environments, would probably be the point at which this graduated articulation takes place. One concern that has been raised in discussion with observers of international police forces concerning such an articulation is that it involves the potential for ‘formed’ AFP units to be deployed within Australia for domestic purposes,¹⁰ which runs counter to the wider culture of the AFP (this concern is heightened whenever there is discussion of articulation between the AFP and the ADF). However, both institutions have a history of respecting civilian government and the rule of law and that’s unlikely (if not yet guaranteed as such) to change.

In the longer term, as Australia’s relationship with Timor-Leste matures and Timor-Leste

continues to stabilise, Australia will require a smaller, less intrusive but better coordinated aid, policing and military assistance program. In 2010, Australia was seeking to draw down its ADF presence in Timor-Leste almost entirely following the elections scheduled for 2012. While the chances of having to maintain a substantial long-term presence have subsided, a complete withdrawal may leave the ADF exposed to the risks of having to return at a later date. Timor-Leste is currently relatively stable and looks set to continue more or less as it is. However, there remain a number of potential spoilers in Timor-Leste, including potentially fractious electoral processes and their outcomes (including the distinct possibility of a minority government or fragile alliance), continuing friction between elements of the F-FDTL and the PNTL and a lack of complete professional development within both organisations and continuing destabilisation by unofficial groups (including criminal and informal Indonesian Army activities) from across the western border. A small but highly effective dose of ADF prevention now would be more preferable, for regional stability, the well-being of the people of Timor-Leste, Australia's security and the training opportunities it would offer both ADF and F-FDTL personnel, compared to a potentially larger, reactive dose in the future. That was the lesson of 2003, learned at considerable cost in 2006. Having learned that particular lesson of history, one trusts that such mistakes won't be repeated.

Recommendations

Rather than drawdown entirely after the 2012 elections, the ADF should maintain, subject to Timor-Leste agreement, a proportionately appropriate military group, to assist with F-FDTL training.

ADF personnel deployed to potentially civil conflict zones should receive training in aspects of pro-active civil policing, given the confluence of their training and civil roles in civil environments.

In addition to being highly trained in transferring appropriate skills to the F-FDTL, ADF personnel should continue to develop their linguistic, cultural and/or anthropological skills and a stronger grounding in the history and politics of Timor-Leste.

When not on duty in their training role, ADF personnel should not be identifiable by uniform and in particular should not carry weapons in public, which elicits negative responses among many Timorese when the threat-environment is low.

Apart from technical skills, a more widely distributed intelligence function could impart skills to F-FDTL counterparts while at the same time providing on-the-ground information to allow the recognition of potential threats before and as they arise.

Greater training and articulation is needed between Australian Federal Police (AFP) Operational Response Group officers and the ADF in civilian environments to enhance the capacities of both organisations to respond efficiently to critical situations.

Australia shouldn't directly compete with China for Timor-Leste's affections. Instead, the Timorese may need to be reminded, in more beguiling ways, of where Timor-Leste's true and most reliable friendships lie. In this regard, Australia's continuing close alliance with and support from the US is valuable.

The relationship between Australia's security sector and AusAID should be strengthened to ensure a more complete and nuanced approach to fulfilling the needs of people in receipt of assistance.

Endnotes

- 1 Dunn, J. 1996. *Timor: A People Betrayed*. Sydney: Australian Broadcasting Corporation. p. 61
- 2 Speech given at Resende Inn, Dili, August 1999, at which the author was present.
- 3 Agence France Presse, 'East Timor condemns Australia for theft' 28 April 2004.
- 4 This observation is based on extensive discussions with senior Fretilin members in the period between late 2006 and 2010. Fretilin spokesperson Raul Mousaco (who writes under a number of names and actively propagates similar views) has been especially vocal as a critic of Australia and its intentions.
- 5 Notably, some actions by ADF personnel, such as the taking down of Fretilin flags, were seen within Fretilin as illustrating Australia's political interference.
- 6 Based on various official and unofficial statements by Fretilin spokespeople and party members, particularly following the 2007 election.
- 7 Attacks by Prime Minister Xanana Gusmao against Australia in 2010 appeared to reflect his positioning ahead of future national elections.
- 8 For example, the current debate about the suitability of non-formal methods of policing and legal adjudication.
- 9 Comparing UN peacekeeping missions in Cambodia and Timor-Leste, Sue Downie's 2005 PhD thesis argued coherently that, despite the initial difficulties faced in insecure environments, there was a strong case in favour of development programs being implemented hand in hand with peace keeping operations.
- 10 AFP Operational Response Group does have this capacity written into its mandate.

2 The future of Timor-Leste's foreign policy

Dionísio Babo-Soares

This paper presents an overview of Timor-Leste's foreign policy since independence and likely future directions. To date, there hasn't been any public blueprint that outlines the framework of the nation's foreign policy. However, it's argued here that the foreign policy approach adopted by Timor-Leste has been guided by nation-building priorities: to respond to an emergency and humanitarian situation, to phase out the United Nations Transitional Administration, to plant the seeds of a successful state based on the rule of law and to resist outside pressures that may compromise the country's newly acquired and much-cherished sovereignty.

The core national interest of Timor-Leste is to ensure success in building a liberal democratic state founded upon the rule of law, following the prerogatives enshrined in its Constitution. Prime Minister Kay Rala Xanana Gusmão recently noted that from 20 May 2002, the day Timor-Leste gained its full right of independence and sovereignty, all Timorese have acquired a new status, equal to all without exception: that of citizens.

He noted that the real challenge is how to end the emotions, the labelling of 'mau-hus and bi-hus' (spies and informers of the enemy), 'autonomistas and independentistas' (pro-autonomy and pro-independence people), and heroes and traitors, veterans and non-veterans.

Overcoming this labelling and the emotions attached to the tags will be the litmus test for the success of Timor-Leste's liberal democratic state.

Geopolitical context

In between two giant neighbours—Indonesia and Australia—Timor-Leste, from one perspective, can be said to be safe and protected. But Timor-Leste could be easily used to serve the interests of those two states, which generally share common interests, but also differ in some strategic goals.

Both countries have concerns that Timor-Leste could be used as a bridge for transnational criminal activity that may affect them. While border-crossing incidents occur from time to time, both Timor-Leste and Indonesia have been able to forge strong bilateral relations.

In the area of transnational crime, there have been instances in which foreigners were accused of money laundering. Last year, according to Police Commissioner¹ Longuinhos Monteiro, out of nine cases, eight involved individuals of Nigerian nationality. However, drug trafficking and transnational crime don't yet constitute a major concern for Timor-Leste's law enforcement community.

Nurturing Timor-Leste's independence, politically and economically, is central to its foreign policy objectives. This dictates the country's search for cooperation and mutual benefit with other countries. It's in the interest of Timor-Leste to establish and maintain the best possible relations with all governments, regardless of size, ideology and geography. It can't survive on its own. This is highlighted in the Constitution of Timor-Leste:

The Democratic Republic of East Timor shall establish relations of friendship and cooperation with all other peoples, aiming at the peaceful settlement of conflicts, the general, simultaneous and controlled disarmament, the establishment of a system of collective security and establishment of a new international

economic order capable of ensuring peace and justice in the relations among peoples. (Para. 2, Section 8)

Early foreign policy orientation

Timor-Leste hasn't yet outlined its foreign policy agenda, although work's now starting on drafting a foreign policy blueprint document. The nation's foreign policy has been carried out on the basis of common sense, common knowledge and values as dictated by acceptable international norms.

Having Dr José Ramos-Horta as the leading thinker on foreign policy since independence has generated a high profile for the country in diplomatic circles. But his move in 2006 to become the second president of the republic may not have helped to maintain that momentum: the country's arguably now struggling to overcome a diplomatic deficit, which is affecting its profile and international prestige.

A public foreign policy vision statement will generate fresh interest in the international community and encourage much-needed investment to underpin sustainable development.

However, whatever emerges from such a document it's unlikely that Timor-Leste will move away from a progressive approach that dictates establishing relations with all friendly countries.

The Ministry of Foreign Affairs states that Timor-Leste's relations with other countries ought to aim for a 'harmonious and prosperous Timor-Leste, with peace, security and stability in the region and the world' and that its mission is to 'safeguard the interests of Timor-Leste and its people through active diplomacy and international cooperation'.²

In the first years since independence, the traditional allies of Timor-Leste, such as Portugal, Australia, US and New Zealand,

provided most of the basic resources to establish the future Foreign Ministry of Timor-Leste. The ministry started by establishing diplomatic training, sending new recruits for training abroad and defining an agenda for foreign affairs.

Between October 1999 and May 2002, as Timor-Leste was under the UN Transitional Administration, foreign policy was directed to ensure a phasing out of that administration and sow the right seeds for a successful transition towards an independent state. Timor-Leste ratified almost all major international legal instruments, including the UN Charter and the Universal Declaration of Human Rights, before the restoration of independence in May 2002.

Timor-Leste became a member of the UN on 27 September 2002. Joining ASEAN and other regional forums, restoring relations with Indonesia, and membership of the Comunidade dos Países de Língua Portuguesa (the Community of Portuguese Language Countries) are key foreign policy objectives.

Foreign aid

Fighting poverty is a national strategic goal. Much of the foreign aid to Timor-Leste has contributed towards job creation, albeit not always long-term or permanent jobs. The challenge for Timor-Leste and its development partners is how to keep aid flows sustainable, maintaining existing jobs and creating new ones to meet emerging needs.

Timor-Leste has benefited and continues to benefit from foreign aid. Between 1999 and June 2010, Australia provided around \$930 million in official development assistance to the country. In 2010–11, the Australian Government will provide an estimated \$103 million.

The US has provided approximately US\$280 million in development assistance

since 2000.³ This aid contributes to a range of developmental activities that affect security and stability and strengthen the overall process of nation building.

China has assisted Timor-Leste by providing funding for the construction of the presidential palace, the foreign ministry building, new defence headquarters and military residential quarters, as well as some training programs.

The European Union has provided close to €47 million in emergency assistance and between 2008 and 2013 is providing another €63 million in aid. Japan contributed US\$181 million between 2002 to 2009. New Zealand and Malaysia have also contributed to security aid.

Future foreign policy demands

Timor-Leste subscribes to open, active engagement and the principle of equal footing in pursuing its international relations. But it maintains special relations with Indonesia, with which it shares land and sea boundaries, and Australia, which shares a sea boundary. This cooperation is geared towards bringing mutual benefits to both sides. So far, cooperation between Timor-Leste and each of its two neighbours has been quite productive.

Timor-Leste is one of the poorest nations in the world. It must intensify both multilateral and bilateral relations with all countries, with particular emphasis on those with the ability and interest to provide assistance in the development of its human capital, security and economy.

Relations with Indonesia have developed well. Prime Minister Xanana Gusmão recently paid working visits to Jakarta and conducted comparative studies in East Java.⁴

Relations with Australia continue to be good, despite tension over the exploitation of oil and gas in the Timor Sea. The untapped

gas wealth has been subjected to intense negotiations to reach an outcome that will be of mutual benefit. However, civil protests against what's perceived to be unfair Australian treatment of Timor-Leste have occurred in Dili from time to time.

While the government of Timor-Leste is considering a proposal by Australian Prime Minister Julia Gillard to establish a refugee processing centre in Timor-Leste, the Parliament of Timor-Leste has passed a resolution calling on the government to reject the proposal. The government seems to have no option but to follow the parliament's resolution.

The saga of the Chinese boats

To upgrade its naval force capacity, the Timor-Leste Government decided last August to purchase two *Jaco* class patrol boats from China. Some Australian media reports claimed this decision was a slap in the face for Australian diplomacy. According to *The Australian's* Peter Alford, the purchase fanned renewed concern in the Australian strategic community about China's role in the region.

Alford noted that Prime Minister Xanana Gusmao had praised Chinese no-strings-attached assistance in providing \$9 million to build Timor-Leste's defence headquarters. This was viewed as possibly the beginning of China's involvement in the future training of Timor-Leste's military.⁵

The Australian also expressed concern that 'while it has been known for several years that East Timor would buy the *Jaco* class patrol boats from China, it was not anticipated that they would be operated, for the foreseeable future, by the Chinese navy.'⁶

Some Dili analysts suggested that the patrol boat deal demonstrated Timor-Leste's determination to define its own security

direction by distancing itself from its traditional allies: Australia, the US, New Zealand and to some extent Portugal.

Coincidentally, Singaporean Foreign Minister George Yeo paid a three-day visit to Timor-Leste around that time. Yeo apparently advised the government of Timor-Leste not to be anxious to apply for membership of ASEAN and to prepare itself for accession before joining the regional forum.⁷ Yeo's sensible message appeared to be that Timor-Leste should approach both extra-regional and regional powers to provide security assistance before joining ASEAN. In response to external concerns about the purchase of the Chinese patrol boats, Timorese Foreign Minister Zacarias da Costa played down the significance of the purchase.⁸ He suggested it was purely trade. He didn't think that Beijing was looking for a strategic military anchor in Timor-Leste, let alone a strategic military partnership with Dili.

Regional states concerned over Timor-Leste's Chinese boat purchase were perhaps less worried about a possible change in Timor-Leste's foreign policy direction than what the sale might have said about China's long-term strategic goals in the region.

There are several possible interpretations of Timor-Leste's purchase. It may demonstrate Timor-Leste's determination to pursue its own foreign and military policy direction—it no longer wishes to be protected solely by traditional allies. It may also show that Timor-Leste is looking for a mutually and economically beneficial partner to advance its national interests. China is helping to train Timorese naval officers.

There's some truth in all these explanations, but it shouldn't be assumed that the purchase necessarily has significant implications for the future direction of Timor-Leste's foreign policy.

It certainly doesn't mean that Timor-Leste is leaving its traditional allies. The country continues to see Australia as a strategic partner. Major General Taur Matan Ruak's visit to Australia late in 2010 was very successful. There's now increased training of Timorese F-FDTL officers in Australia and stronger cooperation between the two defence forces. It was pleasing to note that in February 2011 President Jose Ramos-Horta awarded Australia's Chief of the Defence Force, Air Chief Marshal Houston, the Medal of the Order of Timor-Leste, intended to recognise individuals who've made a significant contribution to Timor-Leste and the Timorese people.

Timor-Leste needs the know-how of the ADF to enhance the development of the F-FDTL, particularly given the common strategic interests imposed by geography. Being dependent upon the goodwill of other countries is certainly not a wise strategy in the current security environment, in which all states face threats that can come from powerful and determined non-state actors.

Timor-Leste thus welcomed the statement of US Secretary of Defense Robert Gates that the US Government must improve its ability to help its partners defend themselves or, if necessary, fight alongside US troops.⁹ Working with the US in the security and defence realms in our region is very important. US military regional commanders often visit Timor-Leste, and joint military exercises have been carried out there.

Foreign policy priorities

As a young nation with an active and pragmatic diplomacy, Timor-Leste has developed diplomatic relations with more than a dozen countries. It's established diplomatic representation in about twenty-four countries, including Russia, Israel and Palestine, as well as Cuba and China.

As a fledgling and poor country, Timor-Leste has developed a modest foreign policy approach and intends to maintain that approach to benefit its people and state. Its approach also reflects constitutional provisions:

The Democratic Republic of East Timor shall maintain especial ties of friendship and co-operation with its neighboring countries and the countries in the region. (Para. 4, Section 8)

One may summarise Timor-Leste's priorities as follows.

Establishing and maintaining good relations with all nations.

The Constitution of Timor-Leste enshrines a strong commitment to the ideal of peace and friendly cooperation among nations, founded on international justice and morality, but also to serve Timor-Leste's own national interests:

On matters of international relations, the Democratic Republic of East Timor shall govern itself by the principles of national independence, the rights of Peoples to self determination, the permanent sovereignty over their wealth and natural resources, the protection of human rights, the mutual respect for sovereignty, territorial integrity and equality among States and the non-interference in domestic affairs of other states. (Article 1, Section 8)

As a small country, Timor-Leste remains committed to collective approaches to international relations and security, reflecting the primacy of the Charter of the United Nations. Key principles underlying that commitment include respect for human rights and fundamental freedoms, democracy and the rule of law. These objectives are to be pursued in cooperation with regional and bilateral partners and through membership of

international organisations, in particular the UN and ASEAN.

Relations with Indonesia have been very good despite the traumatic past. Indonesia is by far the largest trading partner of Timor-Leste, and trade is increasing. There are also now up to 8,000 Timorese students studying in Indonesia. They're charged only domestic student fees, and that benefits both countries.

The East Timor – Indonesia Boundary Committee will have to survey and delimit a land boundary. There are also outstanding issues pertaining to human rights violations in 1999. Timor-Leste's application for full membership of ASEAN is supported by Indonesia.

In line with the vision and mission of the strategic plan of the Ministério dos Negócios Estrangeiros (Ministry of Foreign Affairs and Cooperation) of Timor-Leste, the country is looking into developing wider cooperation with different states in the region and the world, including by reinforcing its internal security agenda.¹⁰ Apart from its traditional allies, Timor-Leste has also established twenty-four missions and embassies worldwide.

Non-ideologically based foreign policy

In February 2003, Timor-Leste acceded to the Non-Aligned Movement and pledged to subscribe fully to the Kuala Lumpur Declaration on Continuing the Revitalization of the Non-Aligned Movement. The intention is to promote the democratisation of the system of international governance in order to increase the participation of developing countries in international decision-making. This will enhance national, regional and international security.

Regional cooperation

Timor-Leste has sought to actively engage in regional forums to foster cooperation and enhance stability among regional partners, including by becoming a founding member of the Southwest Pacific Dialogue, together with Australia, New Zealand, Indonesia, Papua New Guinea and the Philippines. Timor-Leste has been granted a special observer status with the Pacific Islands Forum and is a special observer within ASEAN, with the expectation of becoming a full member. Now that Indonesia has taken over the chairmanship of ASEAN, Timor-Leste looks set to accede to full ASEAN membership this year.

Enhancing multilateralism

Timor-Leste has joined the African, Caribbean and Pacific Group of States. To become a full member of the group, Timor-Leste acceded to the Cotonou Agreement, which emphasises the economic and social development of member countries in order to raise the quality of life of their citizens, based on equality of partners and ownership of development strategies as well as the participation of civil society, the private sector and local governments. This reflects the constitutional requirement of participatory democracy and provides a platform to interact with the European Union to further the national development priorities of Timor-Leste.

Ties with Portuguese-speaking countries

With other former Portuguese colonies in Africa (Angola, Mozambique, Cape Verde, Guinea-Bissau and São-Tome and Príncipe) and in Latin America (Brazil), Timor-Leste shares a diversity of emotional and cultural links, including history, language and religion (mostly Catholic and other Christian denominations).

Portuguese has been chosen as the official language in all those Comunidade dos Países de Língua Portuguesa countries. Due to this emotional and cultural attachment, they've been supportive of the Timorese fight for self-determination and independence. The Timorese Constitution has a guiding proviso:

The Democratic Republic of East Timor shall maintain privileged ties with the countries whose official language is Portuguese. (Para. 3, Section 8)

Promoting donor–recipient dialogue

Aid effectiveness features as a priority for Timor-Leste because of the long-term commitment of the UN and development partners to successful nation building.

Timor-Leste co-sponsored and is actively pursuing a forum for dialogue among fragile states. The 'g7+', as it is known, was seen as an innovation in the international system, through which countries experiencing conflict and fragility and their development partners could jointly shape and guide international assistance to support peace building and state building.

In April 2010, Timor-Leste hosted the International Dialogue on Peace Building and State Building. This event coincided with the meeting of g7+, which includes Afghanistan, the Central African Republic, the Democratic Republic of Congo, Haiti, Ivory Coast, Sierra Leone, Burundi, Chad, Southern Sudan, Nepal and Solomon Islands. Key among the countries' priorities are the Millennium Development Goals.

Policy positions on selected international issues

Timor-Leste adopts an even-handed approach on issues pertaining to regional security. On the issue of the Korean Peninsula, Timor-Leste

has encouraged both sides to pursue dialogue aimed at a peaceful solution. On the question of Taiwan, while Timor-Leste supports the One China policy, it calls for the two countries to resolve their differences amicably.

Timor-Leste has ratified a number of international conventions, particularly in the area of human rights, and actively supported the international initiative to stop the proliferation of nuclear weapons.

Selected bilateral issues include the following:

- Timor-Leste supports the independence of the Republic of Saharawi in West Sahara, Africa, and has taken part in a number of exchanges with the Saharawi interim government to support its cause.
- Timor-Leste has supported the independence of Palestine, and asked Palestine and Israel to refrain from violence and resolve the issue in a peaceful manner.
- Timor-Leste has campaigned for the lifting of international economic sanctions on Cuba and Myanmar. In the case of Cuba, Timor-Leste's parliament has also appealed to the US to release five Cuban 'terrorist' prisoners who've been detained without trial in the US for several years. Timor-Leste has supported the release of Aung San Suu Kyi. Myanmar has, however, supported the inclusion of Timor-Leste in ASEAN.
- Timor-Leste has supported non-proliferation on the Korean Peninsula, in Iran and in other parts of the world. It supports the application of Indonesia to be a permanent member of the Security Council.
- Timor-Leste has not rushed into recognising the independence of Kosovo.
- Soon after its independence, Timor-Leste approached the US to lift its ban on the sale of arms to Indonesia, which was

halted during that country's occupation of Timor-Leste. The US later lifted the ban.

- Given its good relations with Indonesia, Timor-Leste has taken a moderate approach on the issue of Papua. It continues to urge both sides to resolve the conflict amicably and encourages Indonesia to listen to the wishes of the Papuans, including the need to improve their living conditions and respect human rights. Relevant to this, the Constitution of Timor-Leste adheres to the principle that 'The Democratic Republic of East Timor [*sic*] shall extend its solidarity to the struggle of the peoples for national liberation' and 'shall grant political asylum, in accordance with the law, to foreigners persecuted as a result of their struggle for national and social liberation, defence of human rights, democracy and peace'.¹¹ This reflects the 24-year war of liberation endured by the people of Timor-Leste.

Timor-Leste's foreign policy doesn't tilt towards any country or group. It's not based on ideological orientation, reflecting the independent approach taken by Timor-Leste on key international issues.

National interest and foreign policy

Timor-Leste's foreign policy will continue to emphasise open and proactive engagement in international relations and be based on non-interference in other countries' affairs.

Prime Minister Xanana Gusmão has stated several times that Timor-Leste welcomes foreign assistance, but not with strings attached. This should be seen as part of the overall strategy: Timor-Leste doesn't wish to compromise its national security and sovereignty, even when undue pressures are exerted upon its national development

policies by stronger players. In the military area, Timor-Leste is committed to bilateral cooperation with friendly countries that provide disinterested support.

The motto of the Congresso Nacional da Reconstrução de Timor-Leste is that 'having liberated our country now we must liberate our people'. This is a fundamental principle with direct impact on foreign policy: liberating the people includes freedom from hunger and disease, empowerment, and the ability to stand as a nation with the same prestige and honour that successful democracies take for granted.

Recommendations

Recommendation: Australia is the source of know-how and technological advancement that Timor-Leste needs for its long-term national development and sustainability, not least in the areas of defence and security. Dili will continue to emphasise this in its foreign policy approach, particularly through defence and security cooperation with Canberra.

The security threats and risks faced by Timor-Leste aren't as acute as those confronting Australia, particularly in terms of non-state actors involved in transnational crime and terrorism.

Recommendation: Timor-Leste needs a better understanding of the foreign policy priorities of Australia, particularly in trade, defence and security.

Australia's presence in Timor-Leste since 1999 underlines its commitment as an active partner on the road towards the consolidation of independence. A democratic and economically strong Timor-Leste is in Australia's national interest, as well as the interests of Indonesia and ASEAN. It also strengthens the capacity of regional forums to mitigate risks and to respond to existing and emerging threats.

Recommendation: Bilateral relations between Timor-Leste and Australia should be pursued vigorously with a long-term strategic perspective.

While Australia has significantly reduced its military presence in Timor-Leste in recent years (there are around 400 ADF members deployed as part of the International Stabilisation Force), there's now a question as to whether and how long the troops should remain.

Outside a direct Australian troop presence, Timor-Leste can derive great strategic benefits from cooperation with Australia on border control.

Recommendation: The accession of Timor-Leste to ASEAN should also benefit Australia in terms of regional security and stability.

Indonesia and Timor-Leste have many strategic shared interests.

Recommendation: Timor-Leste will always work towards making those interests a foundation for stability and friendship.

Conclusion

Timor-Leste has proved itself to be an excellent learner; just as our people learned to fight an independence war, we're now learning to govern our nation-state by assuming the sole responsibility to govern. And we're doing so at a time when the world's going through drastic changes.

American philosopher Eric Hoffer once said that 'in a time of drastic change it is the learners who inherit the future. The learned usually find themselves beautifully equipped to live in a world that no longer exists.'

Those who try to teach us lessons, because they consider themselves learned, may never realise that Timor-Leste has already inherited the future.

Endnotes

- 1 Comandante-Geral da PNTL, as the Commissioner position is known in Timor-Leste.
- 2 See *Strategic Development Plan 2009–2015, with projections for 2020*, Ministry of Foreign Affairs of Timor-Leste in collaboration with United Nations Development Programme.
- 3 US Dili Embassy, unpublished information, 2011.
- 4 Xanana Gusmão Kunjungu Surabaya, *Kompas*, 10-12-2010, Jakarta.
- 5 Peter Alford, 'Dili acts to ease concerns of drift towards China', *The Australian*, 30 August 2010.
- 6 Peter Alford, 'Dili acts to ease concerns of drift towards China'.
- 7 See <http://news.yahoo.com/s/afp/20100820...20100820160931>.
- 8 See <http://news.yahoo.com/s/afp/20100820...20100820160931>.
- 9 R Gates, 'Helping others defend themselves', *Foreign Affairs*, May/June 2010, www.foreignaffairs.com/articles/66224/robert-m-gates/helping-others-defend-thems...
- 10 See *Strategic Development Plan 2009–2015, with projections for 2020*.
- 11 Section 10, Constitution of the Democratic Republic of East Timor, Constituent Assembly, 2002, p. 16.

3 Socioeconomic challenges: the gap between expectations and achievements

Vandra Harris

Despite significant achievements in the past decade, Timor-Leste faces an uphill battle in the coming decade as it seeks to meet the high—but not unreasonable—expectations of its people. While few can fully imagine the Timorese people's experiences of the past forty years, their hopes for a good life as citizens of a democratic, independent nation will resonate with many Australians.

Two facts provide the critical foundation for this discussion of socioeconomic realities and policing in Timor-Leste as it enters its second decade of independence: its population growth (although slowing) is among the highest in the world, and its human development is among the lowest. The interaction of these dubious distinctions means that it will be extremely difficult to ensure that living conditions don't deteriorate further for the majority of the population in a country that already shows extremely slow improvement in development measures.¹ In the face of this, it becomes doubly important that foreign interventions be well coordinated and consistently focused on Timor-Leste's leadership and the country's ownership of its own development.

Timor-Leste entered the 21st century with optimism that struggle and resistance would finally see their reward in emerging prosperity and stability. The struggle for independence was an arduous and dangerous commitment to securing the political, economic and social freedoms to which each person is entitled, as enshrined in the Universal Declaration of Human Rights, and to improving living conditions for individuals and communities in Timor-Leste.

That cause was given credibility and a sense of attainability by the high level of engagement by the UN and members of the international community. As the years since independence have progressed, however, few Timorese have seen the substantial improvements they expected in their living standards. The evident wealth of international (and, more recently, local) actors in the country has only highlighted this gap between expectations and reality.

Development

Statistics demonstrate very patchy progress since independence in a range of the indicators used to measure wellbeing. In fact, there's been measurable regression in some areas such as life expectancy at birth. More positively, child and infant mortality rates have improved significantly, while school enrolment rates and GDP per capita have improved marginally. Access to electricity, clean water and sanitation has shown variable change, with improvements in some areas matched by deterioration in others.

Living conditions on the whole show marginal improvement, while at the same time a range of other frustrations play on the minds of many Timorese. The lack of employment opportunities is a principal concern, particularly in Dili, where there's growth in both the total population and the number of people graduating from education and training courses with the expectation of being able to use their new skills in paid work. Unfortunately, job creation numbers don't meet graduate numbers—indeed, at present, for every fifty new entrants into the labour market (trained or otherwise), a single job is created, and with an annual workforce growth of 20,000 per year many people remain disappointed.² This number is likely to grow as the UN withdraws, taking with it a range of employment opportunities—although as widely anticipated, the UN

recently renewed its mandate for a further twelve months at current levels, giving at least one more year before this issue begins to bite.

While concerns like these are measurable, there are also reports of a less tangible bewilderment or anger among citizens who are beginning to wonder what they fought for. With this comes perceptions of emerging (or recurrent) social divisions, which without care could be inflamed to trigger further violence or civil disturbance. Among these factors are urban–rural inequities, access to services and to land, economic inequities, and perceived discrimination based on ‘ethnicity’, language and religion. Such perceived divisions have been used to mobilise conflict in Timor-Leste in 2006, as well as innumerable conflicts in other countries. While those factors may provide easy points for social mobilisation, Timor-Leste’s social and political leaders could create long-term conflicts if they succumb to the temptation to play on differences for their own ends. That option will be increasingly seductive as they attempt to appeal to younger generations, who are at the coalface of the country’s attempts to transform itself into a global player both economically and politically, and for whom the current leaders’ roles in the resistance have little meaning.

Some of the perceptions of exclusion and marginalisation are demonstrable and others are more questionable. An urban–rural divide is clear, not only in the physical difficulty of travelling within Timor-Leste, but also in significant discernible differences when statistics on resources are disaggregated—and in the case of resources such as sanitation and drinking water, the gap is being closed by deteriorating conditions in urban areas rather than improving circumstances in rural areas. Further distinctions are discernible when rural statistics are disaggregated by region, showing significant discrepancies between eastern, central and western regions

on factors such as poverty, security and basic services.

These disparities are somewhat understandable when one considers the geographic and resource realities of Timor-Leste, the proportion of people living in the capital (over 20% of the national population), and the location of most decision-makers in Dili. That doesn’t mitigate the resulting inequity; nor does it diminish migration to Dili, where the number of households is expected to almost triple between 2005 and 2020. Geographic limitations (sea and steep mountains) prevent unfettered urban sprawl, but increasing density is likely to lead to a decline in health, security and employment opportunities for residents of the capital.

Whether it’s the result of deliberate discrimination or of slow and patchy rollout, another factor with the potential to contribute to discontent is unequal or inadequate access to services and infrastructure. Timor-Leste’s population is projected to double in the next thirty years, which would be difficult for any country to absorb effectively, let alone a country whose infrastructure falls well short of meeting the needs of the existing population. Roads, medical facilities and schools are critical to Timor-Leste’s economic and social development, both for attracting investment and for fostering domestic productivity and wellbeing.

Health and education

The government has performed well in regard to the health sector, allocating a significantly higher level of government expenditure to that area than is the average for even middle-income countries. If this level of investment continues to be used efficiently, there’s a good chance that the country will be able to keep pace with the demand for

hospitals and health services—although the maintenance of existing facilities will be as critical as the construction of new ones.

Education will be a larger challenge.

One-sixth of Timor-Leste's population will be primary school aged by 2020, an increase of almost 60% on 2005 figures. In addition, with approximately half the adult population illiterate (including the 15–24 year age bracket), there are many outside the traditional primary school age range seeking basic education. Even with planned large class sizes, Timor-Leste will need twenty-five new schools per year over the coming decade, along with maintenance and repairs to existing schools, many of which are in desperate need of attention. It must also meet the need for growing numbers of teachers fluent in Portuguese, the language of instruction.

A landmark demographic study³ has indicated that under the most conducive circumstances (including domestic commitment and international assistance) Timor-Leste's government could conceivably meet the challenges of providing sufficient facilities and staff for health and education in the coming decade. It's harder to imagine that it could do so for roads, water, electricity and sanitation. In those areas provision already falls well short, leaving the government considerable challenges to catch up with current demand, let alone future growth. Health and education are critical for building a strong population that's equipped to meet the government's lofty goals for Timor-Leste's future; consistent power and water and an effective transport network are critical to attracting investment that will provide jobs and capital, which are also needed to support growth and development. The government is aware of the need to meet infrastructure demands, as seen in its desire to use petroleum fund resources above 'sustainable levels' to make immediate investments in those areas. This

issue has been the subject of ongoing debate in both parliament and civil society, as well as a revision of the Petroleum Fund Law in November 2010.

Unfortunately, Timor-Leste faces significant needs at a time when it's been unable to fully expend development assistance monies from its funders, and has a large un- or under-utilised labour force. This demonstrates a clear failure of training and resources, in the sense that investors and contractors are still able to claim, for example, that the country doesn't have a corps of skilled engineers and labourers who could now be deployed to implement sustainable infrastructure projects, either in conjunction with international donors and businesses or funded through the national budget. This highlights the necessity for appropriate and relevant skills development, which should have been more prominent in the past decade.

Security

The crisis of 2006 and assassination attempts on the President and Prime Minister in 2008 were well reported in the Australian media, conveying a sense of ongoing instability in the nation. Although Timor-Leste would be atypical of newly independent states were it entirely stable and peaceful in its first decades, a key and compounding effect of instability is to further disrupt the economy and discourage international investment (which already suffers from a range of disincentives).

Competing measures exist for the security of Timor-Leste's citizens. It's generally acknowledged that the increasing number of people on the streets of Dili after dark indicates a reduced fear of violence. In contrast, for example, there's no indication that domestic violence is declining, or that there's confidence in legal (traditional or formal) responses to it. Despite this, there

are significant concerns about diverse groups referred to as ‘gangs’, ‘martial arts groups’ and ‘ninjas’. Some areas of Timor-Leste are experiencing outbreaks of violence paralleling those of 2007, and 2010 saw a major security operation targeting ninjas in the border districts.⁴ These concerns are real, and responses must be grounded in a deep understanding of context, terminology and politics, so that tension is relieved rather than inflamed.

Impunity is also becoming a feature of the political and security landscapes. There’s clear evidence of absence of both capacity and will to respond to injustice and hold leaders and members of the security forces to account. This can be seen in examples such as the long delays in the government formally considering the report from the Commission for Reception, Truth and Reconciliation in East Timor, little evidence of accountability for the 2006 crisis, and the Maternus Bere case of 2009.⁵

While national and international militaries are central in responding to major security crises, effective police and legal systems can help prevent small issues becoming larger crises that require a military response. There’s been significant change and transition in Timor-Leste’s police and legal systems, but there’s still a long way to travel along the road to their effective and independent operation.

UN Police have been present in Timor-Leste since 1999, providing both practical policing functions and ‘capacity development’ of the local police force. This has been further supported by the Australian-led Timor-Leste Police Development Program. Handover of police districts and institutions to local leadership began in mid-2009, and there’s been a consistent rollout since that time. Despite assessments that must be satisfied before each handover, there are concerns that capacity remains low, limiting operational

effectiveness, as discussed in several reports by the International Crisis Group in recent years.

A core problem has been that UN Police have very little unity beyond the blue UN patches they wear, inhibiting its ability to implement effective policing and build the capacity of Timor-Leste’s police force (the Policia Nacional Timor-Leste, or PNTL). UN Police are drawn from more than forty member states with approaches that vary from community-based policing to gendarmeries, and are without clear directives as to a coherent approach. Similarly, Timorese police are expected to understand and comply with human rights principles when those principles aren’t always consistent with the models they’ve experienced under Indonesian rule, or indeed the UN Police. As a result, mentoring and capacity development can be in conflict, and the job of the PNTL is made more difficult and potentially dangerous by the fact that they are operating in a society with a long-established distrust of police.

Further complicating this situation, the nation’s military (the Falintil–Forças de Defesa de Timor-Leste, or F-FDTL) has on several occasions indicated its lack of faith in the ability of the PNTL to perform its function, and has made overt threats to step in if policing failures continue. Indeed, there are numerous and well-documented instances of the military taking on policing functions without government directive. At the same time, many commentators voice concern about the institutional alignment of police and military in Timor-Leste, preferring instead to see the clear distinction between police and military functions that has long underpinned conceptions of constitutional government. At this point, the mechanisms for closer alignment appear to be working reasonably well to contain conflict at senior levels⁶, and will certainly receive close ongoing

attention from those concerned with security sector reform.

At a time when Timor-Leste is asserting its right to make its own mistakes rather than be subjected to those of others, further engagement with the PNTL will be fraught, to say the least. It will nonetheless be critical to continue to support and develop the PNTL's skills and education as an important contribution to the nation's stability and prosperity.

Such improvements must be supported by the continued development of legal and judicial systems, as the work of the police will be undermined if suspects are investigated and arrested but can't be afforded a fair and timely legal response or, if necessary, be accommodated in appropriate institutions. Given Timor-Leste's history and the isolation of many of its rural areas, support must be given to integrate and strengthen traditional law as part of the nation's broader legal framework. This may serve a vital purpose in strengthening trust in legal systems, because local leaders are accessible, have a capacity to respond, and do so in ways that are visible to and recognised by the community.

Of course, work is needed to ensure that traditional law and its processes are consistent with formal legal structures and actors, and properly acknowledged by them. Integrating the two systems to foster a hybrid, relevant and acceptable legal system with effective structures to support it will be a difficult but important task for both Timorese and international actors.

Improvements in legal and police effectiveness are critical components of the broad social change that's necessary to achieve significant reductions in violence against women and children and increased physical security for all citizens.

Policy directions

These factors have important implications for Australia's engagement with Timor-Leste in the coming decade, with the twin goals of improving the human development of Timorese citizens and benefiting Australians through investment in a secure and flourishing near neighbour. In particular, these recommendations are focused on economic development and security as strategies for meeting the desires and needs of Timor-Leste's people. They're consistent with the broad priorities outlined in the 2010–11 budget for Australia's international aid program and AusAID's 2009–2014 country strategy. For economic development, key factors include infrastructure (such as the consistent supply of electricity), human resources (local people with appropriate skills), governance supportive of investment, and stability.

Training programs have been poorly targeted in the past, but large-scale training of Timorese citizens to participate in delivering infrastructure programs is critical. While this deficit can't be corrected immediately, an apprenticeship-style program that employs local labour on internationally funded programs is needed, placing equal emphasis on both skills development and infrastructure outcomes. Implemented effectively, this would delay the completion of projects in the short term, so it must be emphasised that it will build a skilled domestic workforce in the medium to long term. A critical aspect is implementation—it isn't enough to simply expect that contractors are skilled in training and capacity building in developing countries. Australia must consider ways it can resource organisations to implement this most effectively and sustainably. Of course, such a process is politically and practically complex, but it's an important opportunity for the development of novel approaches, and

to continue to work closely with Timor-Leste's government to balance the diverse demands for infrastructure, jobs and training.

A core challenge in this area will be in addressing wage distortion that's resulted from the massive international presence in Timor-Leste in the past decade and the so-called 'dollarisation' of the economy. These factors mean that wages are much higher than those in similar countries, making Timor-Leste significantly less competitive internationally. While this will act as a disincentive for Australian contractors implementing training schemes, improving skills will go some way to balancing the discrepancy between wage expectations and skill levels.

At the same time, continuing to utilise Australia's development scholarship program to skill Timorese citizens as engineers and project managers will complement labour force development. It will consolidate the investments made in education delivery since independence, which have allowed more Timorese to reach levels of education compatible with Australian university entry requirements. For those Timorese who pursue their tertiary studies in Australia, it mustn't be forgotten that material support will be critical to their academic success.

In combination, these programs can contribute to the Timor-Leste Government's goal of hastening infrastructure development, as well as responding to the social and security-related challenges of a large and frustrated labour force with no foreseeable prospect of employment. It can also contribute to Timor-Leste's ability to build an environment that has the requisite physical and human resources for attracting foreign investors. At a time when Australia's expenditure on technical assistance is under review, this shift would be consistent with

the move towards models that prioritise skills transfer in developing countries.

Further attention to domestic security in Timor-Leste is also important. For the police and legal systems, there's broad scope for continued, sensitive input from Australia. In this sense, what's needed is a tandem process of continued support to the PNTL and continual improvement of Australia's international policing capacity. Complementing this, continued investment in and support for legal and judicial development is critical.

Australia has been a world leader in international policing through its establishment of the International Deployment Group of the Australian Federal Police (AFP), a ready deployment of police available for international operations. The group has demonstrated a desire and capacity for continual improvement but, as with any organisation (particularly those expanding in novel ways), there remains room for further development. One key area is the transformation of individual officers trained to police Australian communities into participatory educators, because those are quite different tasks.

This is particularly important in the current context, with a disillusioned and fiercely independent PNTL under pressure from the military, distrustful communities, and the continuing presence of a UN Police force that comprises people of varying skills, commitment and approaches to policing. The AFP must find a way to support increasingly independent PNTL leadership in such a way as to be a relevant and influential voice. The AFP's approach must be grounded in respectful relationships between the police leaders of each country, with a focus on listening to Timor-Leste's goals and demonstrating willingness to explore ways to support it in meeting those goals. Only in this

way can the AFP contribute to the ongoing training and operation of Timor-Leste's police force consistent with policing styles valued in Australia.

Continued Australian support for and collaboration on the legal system are of vital importance. The aim must be to foster the continued evolution of a Timorese legal system that embraces positive aspects of both traditional and formal legal systems—and this needs to be accelerated so that impunity doesn't become accepted as unavoidable. This can be tied in with the anti-corruption focus that features in the current aid budget.

Continued focus on support for strong anticorruption tools and institutions would complement the strengthening of legal structures and resources, so that Timor-Leste's citizens may begin to believe that every individual will be held accountable for his or her actions, by impartial bodies that have the power to enact legal processes. Language is also a critical factor in access to the legal system: most ordinary citizens are unable to speak Portuguese (the usual operating language of the courts).

Recommendations

Develop an apprenticeship-style program that employs local labour on internationally funded programs, placing equal emphasis on skills development and infrastructure outcomes. This must include a commitment to developing contractor skills in training and capacity building in developing countries.

Continue to utilise Australia's development scholarship program to skill Timorese citizens as engineers and project managers, including by providing strong support for Timorese students in Australia.

Continue to develop the skills of the AFP's International Deployment Group officers to

transform individual officers trained to police Australian communities into participatory educators, both in Timor-Leste and in other deployment zones.

Consolidate relationships between the AFP and an increasingly independent PNTL, building on a foundation of strong and respectful relationships between the police leaders of each country, and with a focus on listening to Timor-Leste's evolving goals and needs and developing appropriate ways to meet them.

Foster and accelerate the evolution of the Timorese legal system in a manner that embraces positive aspects of both traditional and formal legal systems, to ensure that the legal system is more accessible to ordinary citizens and that impunity does not become accepted as unavoidable.

Continue to focus on support for strong accountability and anticorruption mechanisms and bodies, demonstrating that every citizen will be held accountable for his or her actions by impartial bodies with the ability to enact legal responses.

Conclusion

Timor-Leste is positioning itself to have a strong voice on the global stage, as seen for example in its leadership of the newly formed 'g7+' group of fragile states, and in its securing of an elected position on the Executive Board of UN Women. Growing assertiveness is also reflected in public statements by the nation's leaders on key domestic and foreign policy matters, and with citizens and leaders expressing frustration at the slow pace of development since independence, long-term planning such as for skills development may be hard to sell. With socioeconomic and security challenges likely to increase, it's doubtful that resources and patience will match the growing need.

In this light, future relationships between Timor-Leste and Australia will hinge on Australia demonstrating both high-level engagement (reflected in particular in the status of Australians sent there in official capacities) and respect for Timor-Leste's autonomy and capacity. This stage of transition requires trust and flexibility from all parties, careful monitoring of socioeconomic and security challenges, and close harmonisation of international interventions. The task is complex, and relies in part on the ability to draw relevant lessons from experiences elsewhere and adapt them to Timor-Leste's context. Skilful integration of these factors will support progress in the areas outlined above and help to achieve the more positive expectations for Timor-Leste's future.

Endnotes

- 1 Of the forty lowest ranked nations, Lesotho and Timor-Leste are the only countries showing decline or extremely marginal improvement on the United Nations Development Programme's composite Human Development Index. Both countries have measures for less than half of the trend period represented; however other countries with similarly short measurement periods (e.g. Djibouti) show more significant improvement. See United Nations Development Programme 2009, *Human Development Report 2009*, New York.
- 2 See Government of Timor-Leste 2009, *Working together to build the foundations for peace and security and improve livelihoods of Timorese Citizens: 2008 national priorities*, Timor-Leste and Development Partners' Meeting, Dili, 28–29 March 2009, p. 3; Saikia and Hosgelen 2009, *Population growth and structure of Timor-Leste by 2020 and its sectoral implications*, report to DSTO, December 2009, Flinders University, Adelaide, p. 38.
- 3 Saikia and Hosgelen 2009.
- 4 See Muggah and LeBrun (eds) October 2010, *Timor-Leste Armed Violence Assessment Final Report*, Small Arms Survey, Geneva; especially Scambary, 'Groups and gang violence', pp. 22–36.
- 5 Maternus Bere was indicted for crimes against humanity and captured in 2010 after entering Timor-Leste; he was released to Indonesian authorities without the judicial order required by the constitution. While this sparked public outrage, the responses were peaceful and included a parliamentary no-confidence motion.
- 6 See International Crisis Group 2010, 'Timor-Leste: time for the UN to step back', *Asia Briefing* 116, 15 December, Dili/Brussels, p. 10.

4 Timor-Leste: potential for a prosperous agricultural future

James J Fox

Timor-Leste's most recent census (October 2010) puts the country's population at just over one million: 1,066,582.¹ The census reveals that Timor's population has been growing at an annual rate of 2.41% since 2004, the highest rate of any Southeast Asian or Pacific island state. Thus, despite the ravages and disruptions of foreign occupation, warfare and forced migration, the country's population has doubled since 1980 and is expected to double again in less than thirty years.

Population growth and its consequences will be a major factor in Timor-Leste's future. If the country is to achieve sustainable economic development and minimise dependence on food imports, the local agricultural industry will need to cater for a progressively more highly populated and more urban society. The government has rightfully identified food security—regular physical and economic access to a basic food supply—as a key priority in its indicative Strategic Development Plan (2011–2030). As part of its efforts to address the country's many food security challenges, Timor-Leste will need to understand how population growth, distribution and composition will affect the supply and demand for agricultural products, particularly staple foods.

Drawing upon information from the 2010 census and highlighting priority areas for future research and planning would be a good starting point. The census shows that most of Timor's population (70%) still resides in rural areas, with marked differences in population density between districts. For example, the population density of the largely rural district of Ermera (149 people per square kilometre) is six times that of Manatuto (24.3 people per square kilometre). The census

also shows that Timor-Leste's population is heavily concentrated in the western half of the country. Despite the fact that the four districts of Manatuto, Baucau, Viqueque and Lautem to the east comprise nearly half the land area of Timor-Leste (47%), those districts have only about a quarter of the country's total population (27%).²

Recent population figures also reveal the increasing concentration of growth in the capital city, Dili, and its surrounding areas. Whereas the country's population has been growing at an average rate of 2.4% per year, Dili's has been growing twice as fast at 4.8%. As a consequence, just under 22% of the population now resides in the capital (with some spill-over to the neighbouring areas of Aileu, Liquica and Manatuto).

To better understand the consequences of population growth and distribution for Timor's agricultural potential, the government could look at a variety of factors, including the capacity of different districts to absorb and provide for a growing number of inhabitants; the quality of local distribution networks and mechanisms for appropriate food allocations; and the impact of urbanisation and internal migration on the agricultural industry. In the absence of improved data collection and analysis methods, significant policy reforms and technological change, such as population-related trends have the potential to affect food security adversely in the coming decades.

Agricultural diversity

The differential distribution of Timor-Leste's rural population has parallels in agriculture. The country can be divided into six broadly defined agro-climatic zones based on altitude and rainfall. These climate zones are largely the result of a mountainous spine that spans the country from east to west. In broad terms, 21% of Timor-Leste territory is below

100 metres in elevation, 44% is between 500 and 1,000 metres, and the rest is higher than 1,000 metres. Each of Timor-Leste's agro-climatic zones has a corresponding, distinctive cropping pattern.³

Timor is in an area that's strongly affected by the El Niño – Southern Oscillation (ENSO) cycle. This means that Timor alternates, in seemingly erratic phases, between periods of drought and heavy rains. Although for the past decade Timor has experienced more La Niña events than El Niño events, over the past century periods of El Niño drought have been dominant. Indications are that this pattern will continue and the severity of El Niño phases will probably increase.

Timor's mountains also influence rainfall patterns, with more precipitation in the mountains than on the coast. In effect, topography and prevailing weather patterns produce a second period of seasonal rain for Timor's south coast. Whereas most of the north coast has its monsoon rain from December through February, the south coast enjoys additional rains in April, May and June. As a result, the north coast is far drier than the south. These patterns are critical to agriculture and to the patterning of local livelihood activities.

Thus, for example, almost 80% of all paddy production is concentrated in five of Timor-Leste's thirteen districts; 90% of coffee production is concentrated in four central districts, which are not the districts that produce the bulk of Timor-Leste's rice. The country's considerable savannah area contributes to local agricultural productivity but livestock are unevenly distributed: cattle are heavily concentrated in three districts, and many cattle and buffalo are to be found in the main areas of rice production. Similarly, although maize is generally planted across the whole of Timor-Leste, secondary crops have very distinct distribution patterns. For

example, mung beans are a key crop in two districts but barely grown in other districts. There are many reasons for these agronomic differences: rainfall, elevation and component soils, but also cultural and historical traditions.

Underpinning all aspects of agricultural production is the general state of the environment. Assessing that state requires a more nuanced understanding of changes to the environment over time, such assessments have been given less attention than more immediate environmental issues. However, it's critically important to note that data from Landsat Mapper reveals a significant level of deforestation and foliage reduction in Timor-Leste, as well as a marked decline in all major vegetation types for the last decade of the 20th century.⁴ There's no indication that this degradation has ceased or decreased. In fact, there's considerable evidence to conclude that it has, if anything, continued and possibly increased. This poses formidable problems for all future development.

Agricultural development

During the Indonesian occupation, considerable resources were directed to improving local agriculture and significant improvements in production were achieved, particularly in rice. A combination of subsidies and a guaranteed floor price for rice contributed to these developments. A large department of agriculture, with an unnecessarily inflated extension service, was created at the time.

In step with the UN preference for lean public services, staffing within the then Division of Agricultural Affairs was reduced considerably following 1999. Relatively little attention was given to the development of local agriculture during these initial UN years. Some of the basic recommendations of the 1999 UN – World Bank Joint Assessment Mission, which aimed to restore the nation's agricultural

capacities, were never implemented and as a consequence overall agricultural productivity has diminished. Although funding for agriculture has increased since independence, the increase has occurred from a low base with a limited agriculture staff responsible for the formidable task of developing agriculture in an exceptionally challenging environment.

With languishing agricultural productivity, Timor-Leste has been drawn into a cycle of reliance on ever-increasing food imports, particularly of rice, to meet its food needs; \$38 million was spent on rice imports in 2009 and \$42 million has been allocated in the 2010 budget for continuing rice imports. The imports, with accompanying subsidies, make it difficult for local producers to compete and lessen the possibilities of local marketing of basic food crops in expanding urban areas. Although the government has declared its intention to end reliance on imported rice, without a robust, substantially more developed agricultural capacity such goals are impossible to achieve.

Plans for the future of agriculture in Timor-Leste

Timor-Leste's Strategic Development Plan (2011–2030) proposes an aspirational, highly ambitious development program for the nation. The plan calls for the investment of substantial oil revenues to boost living standards, per capita income and productivity. Among its stated goals for the coming decade to 2020 is a strong focus on 'creating the basic conditions for development [of] agricultural productivity and food self-sufficiency'. Agriculture is designated as one of three key sectors for the two decades of the plan:

Timor-Leste is now ripe for a Timor Green Revolution, in which the government works with smallholder farmers to increase the use of improved inputs through targeted subsidies and the

deployment of seasonal financing, modern technologies and the benefits of cutting-edge research.⁵

Australia is particularly well positioned to assist Timor-Leste in its strategic development goals for agriculture. It has considerable expertise in dryland farming and conducts world-leading research into semitropical agriculture and livestock management. In the past decade, Australia has provided 'improved inputs' to agriculture that are essential for future productivity. It also has the capacity to build on its experience in Timor and neighbouring areas of Southeast Asia to cooperate with Timor-Leste in enhancing its agricultural sector.

The Seeds of Life Project

The Seeds of Life (SoL) project is Australia's most important contribution to the development of agriculture in Timor-Leste. It's been developed in stages over the past decade to improve food security at a fundamental level. In its initial phase, the Australian Centre for International Agricultural Research (ACIAR) took the initiative to coordinate efforts by various centres within the Consultative Group of International Agricultural Research—a global network of international food research institutes—to provide new forms of highly productive, potentially appropriate seed technology for the major food crops grown in Timor-Leste.⁶

Each of the cooperating centres provided specific seed material from its gene bank:

- The International Rice Research Institute in the Philippines contributed a variety of upland and lowland rice varieties.
- The International Maize and Wheat Centre in Mexico contributed maize varieties.
- The International Centre for Tropical Agriculture in Columbia contributed

cassava, a wide variety of beans (red beans, soybeans, mung beans) and cowpeas.

- The International Potato Centre in Peru contributed sweet potato varieties.
- The International Crops Research Institute for the Semi-Arid Tropics in India contributed peanut varieties.

All of the introduced materials were then rigorously tested for yield and suitability in different growing environments in cooperation with Timor's Ministry of Agriculture and Fisheries (MAF). Controlled testing began in 2000 and continued until 2005. In 2005, ACIAR and AusAID began a second, five-year phase (SoL II) of participatory testing of the most promising of these food crop varieties in farmers' fields. In 2008, selected seed varieties were produced for distribution to farmers.

A notable feature of the project was its emphasis on a large number of farm demonstration trials in hundreds of farmers' fields (in five of Timor-Leste's thirteen districts). Farmers were thus given the opportunity to compare their own 'local' varieties with 'new' varieties of corn, sweet potato, cassava, peanuts and rice, and decide for themselves how they wished to proceed in the future. This relatively open, non-interventionist strategy has provided a relatively slow but nonetheless effective diffusion of seed material among networks of related farmers.

A further extension of the project (SoL III) was prepared in 2010 to carry the project into another phase. This time the project aims to create a national seed program for Timor-Leste and to combine seed production and distribution efforts with other support activities, including improved agronomic practices, reduced storage losses and improved rural finance. This next phase of SoL will be far more interventionist than previous

phases but will support the government's ambitions for the rapid development of Timor-Leste's agriculture.

Options for further cooperation

Australia has the capacity to extend its efforts in agriculture by providing the expertise to help equip MAF for the future tasks envisaged for it in Timor-Leste's Strategic Development Plan.

For more than a decade now, there's been no systematic and, as a consequence, no reliable gathering of data on Timor-Leste's agricultural production. This has wide-ranging implications for national planning. For example, the required level of rice imports can't be determined with any accuracy if levels of local production remain uncertain or unknown. If Timor-Leste is to meet its food security needs, it's essential that MAF has the capacity to measure national agricultural production with reasonable confidence.

During its occupation, Indonesia produced a record of agricultural statistics on the production of major food crops in all districts. From field to final report, this was a complex process: records were kept in notebooks and laboriously copied, collated, typed and retyped. Some of the data may have been crude estimation and extrapolation from one year to the next, but a valuable profile of Timorese agriculture was lost after the Indonesian departure.

There's an opportunity to begin afresh with a new system of data collection—one that's more efficient, more accurate and more relevant to Timor-Leste's needs. This would involve the development of new skills and the use of new technologies. Undoubtedly, data formats would resemble previous formats, but they could be optimally modified. At the heart of this transformation would be the use of a comprehensive set of spatial databases at the national level, combined with reliable

crop assessment ('ground-truthing') at the district level with coordination and communication between levels. Training in local crop assessment—by no means an easy task for swidden agriculture—and the creation of various assessment sites throughout the country to monitor local mixed field production would be essential to these efforts.⁷

Recommendations

The systems used for agricultural assessment could also be used for the assessment of forest cover and overall vegetative integrity. A functioning system would do more than simply gather information on production; it would be capable of developing agricultural planning and logistics. It would be equally critical to conservation planning.

Recommendation: Australia, through AusAID, should assist Timor-Leste in developing an Agricultural Data and Planning Unit based on the use of GIS technology.⁸

Timor-Leste is part of an area prone to severe El Niño droughts. Monitoring local rainfall is critically important for cropping advice to farmers and for the establishment of an early warning system for food security. During the Portuguese period, Timor-Leste had a network of sixty-seven rain stations throughout the island. The system was taken over in 1975; some stations were upgraded, others became inoperative. In 1999, the equipment in many of the lowland stations was destroyed, while more remote stations became inoperative. The system was partially restored after 2000 but never became fully operative as a network, or integrated with a capacity for planning.

Recommendation: As part of its efforts to create an Agricultural Data and Planning Unit, Australia should assist Timor-Leste in the restoration and development of a functioning network of local meteorological stations.

Pasture and forage crop development are an important component of agriculture in Timor-Leste. The development of a program aimed at improving pastures and enhancing appropriate forage species will provide a substantial return to the country's farmers. Pasture improvement and forage development will produce positive dividends for livestock production. Production, especially of Bali cattle, sheep and goats, can be significantly increased in the eastern region of Los Palos, the western regions of Maliana and Covalima, and Oecussi.

Australia is a world leader in pasture improvement technologies and in the establishment of livestock raising through forage improvement. AusAID projects in the 1980s made an effort to improve pastures in West Timor through the use of stylo grass varieties and *Leucaena* species for livestock fattening.

Improving pasture management will also require the implementation of a weed control program, encompassing the eradication of weeds that are a major detriment to livestock raising and agriculture. Much of Timor-Leste, but particularly Los Palos and Baucau, are already heavily infested with Siam weed (*Chromolaena* spp). A set of recommendations for the biological control of *Chromolaena* and its replacement with *Leucaena* have been clearly articulated for Timor-Leste, although such efforts may be difficult to implement and may only be achievable over an extended period.⁹

Recommendation: Australia, through the combined efforts of ACIAR and AusAID, should assist Timor-Leste in a comprehensive program of forage crop development, pasture improvement and weed eradication.

Conclusion

The agronomic complexities of agriculture in Timor-Leste—the disruptions that have occurred to agricultural production capacities and to the rural population in general since 1999, import policies for food security, problems of land tenure, issues of resettlement (which derive from the Indonesian period as well as recent returns to traditional lands) and the need to introduce new technologies—all require the formulation of a comprehensive strategy for the development of agriculture. Australia is in a position to offer assistance in developing and pursuing this strategy and ultimately creating a prosperous agricultural future for the people of Timor-Leste.

Endnotes

- 1 *Sensus Populasaun no Uma Kain 2010: Resultado Preliminariu*, Outubro 2010, Direcção Nacional de Estatística.
- 2 This is even more striking, given the relatively large urban community in the town of Baucau.
- 3 James J Fox, 'Diversity and differential development in East Timor: potential problems and future possibilities', in Hal Hill and João Mariano Saldanha (eds), *East Timor: development challenges for the world's newest nation*, Asia Pacific Press, Canberra, pp.155–173.
- 4 George A Bouma and Halina T Kobryn 2004, 'Change in vegetation cover in East Timor, 1889–1999', in *Nature Resources Forum* 28:1–12.
- 5 Government of Timor-Leste, *On road to peace and prosperity: Timor-Leste's Strategic Development Plan, 2011–2030*, 7 April 2010, Office of the Prime Minister, summary, p. 17.
- 6 The goals and early stages of the Seeds of Life project are discussed at length in 'Agriculture: new directions for a new nation, East Timor (Timor-Leste)', *ACIAR Proceedings*, no. 113, Canberra, 2003. This volume contains a range of papers that examine some of the key challenges of agriculture, livestock raising and forestry in Timor-Leste.
- 7 Squash/pumpkin is one of the most valuable food sources of the local population, but its production was never monitored during the Indonesian occupation. It remains, to today, the least appreciated major source of subsistence for the Timorese population.
- 8 The identification and initial designation of Timor-Leste's agro-climatic zones, which is now used by MAF, was based on a project sponsored by AusAID in its Agricultural and Regional Planning Assistance Program East Timor. AusAID has already supported the development of a system similar to the one proposed here for Papua New Guinea based on the PNG Resource Information System and the Mapping Agricultural Systems of PNG Project.
- 9 See Rachel C McFadden, 'Chromolaena in Southeast Asia and the Pacific', in 'Agriculture: new directions for a new nation, East Timor (Timor-Leste)', *ACIAR Proceedings*, no. 113, Canberra, 2003, pp. 130–134. In that volume is also an important paper by Colin Piggin on 'The role of *Leucaena* in swidden cropping and livestock production' (pp. 115–129).

5 The maritime interests of Timor-Leste

Sam Bateman and Anthony Bergin

Maritime issues offer fertile ground for fostering good relations between Australia and Timor-Leste. Common interests in the maritime domain include security, resource development and marine environmental protection, which are all areas of Australian expertise. There would be considerable mutual benefit in Australia assisting Timor-Leste to develop its capacity to manage these ocean interests.

Maritime issues in Timor-Leste

Maritime issues, including maritime security, are new concerns for Timor-Leste. Although living on an island, the Timorese lack a maritime culture: they're an agricultural people, rather than seafarers. There's been almost no investment in maritime industry. Until recently, with the advent of oil and gas developments in the Timor Sea, the Timorese haven't looked upon the sea as having any great economic potential.

Delays and conflicting advice

The complex legislation and institutional arrangements required to manage national maritime interests tend to be overwhelming for the bureaucracy in Dili: little progress has been made in establishing arrangements for managing maritime affairs. The delays are frequently attributed to the need to first establish a National Maritime Authority (NMA), apparently to be responsible for the entirety of maritime affairs. This planned institution has come to be seen as the solution to all maritime problems, but little progress has been made towards actually establishing it.

Maritime knowledge and awareness are basic requirements for managing national maritime interests. They involve an understanding that problems at sea are interrelated, of how the international maritime industry functions, of the roles of maritime security forces, of the relevant international legal frameworks, and of the benefits to be gained by participation in international maritime regimes. These attributes are lacking in Timor-Leste at present. The International Maritime Organization (IMO) Convention is the only maritime convention that's been ratified by the Timor-Leste Government.

Progress in developing institutional arrangements for managing national maritime interests has also been hindered by conflicting advice from different sources—Portugal, Australia, the US, various UN agencies and other overseas advisers and consultants from various backgrounds. Furthermore, advice is usually offered at the level of individual agencies: a whole-of-government approach to managing national maritime interests and interagency coordination isn't apparent.

Natural environment

The land area of Timor-Leste is approximately 15,000 square kilometres of mainly rugged terrain. It comprises the eastern part of the island of Timor; the Oecussi enclave to the west, separated from the main part of the country by about 60 kilometres of Indonesian territory; and two islands, Atauro Island offshore from Dili and Jaco Island at the eastern extremity of Timor.

The country is under the influence of two sets of monsoonal conditions: the northwest or wet monsoon between about November and April each year that brings storms and flooding, and the southeast or dry monsoon between about May and October that brings strong winds to the south of the island. The

occasional periods of rough sea conditions in the south are a major consideration in assessing the maritime requirements of Timor-Leste. Much of the country's maritime activity, including maritime surveillance and enforcement, will be on that side of the island.

Timor-Leste is exposed to natural disasters. The country is in an area of high seismic activity with risks of earthquakes and tsunamis. Earthquakes can cause significant damage, including landslides, destroyed or damaged housing, and roads and bridges rendered impassable. Seasonal monsoonal rains and strong winds or cyclones in the Timor Sea can also destroy housing and infrastructure.

Maritime boundaries

The domestic law relating to the maritime boundaries of Timor-Leste is contained in Law No. 7/2002.¹ Under that law, Timor-Leste has declared a 12 nautical mile (nm) territorial sea, a 24 nm contiguous zone, and a 200 nm exclusive economic zone (EEZ).

The situation with maritime boundaries is complex. Timor-Leste requires maritime

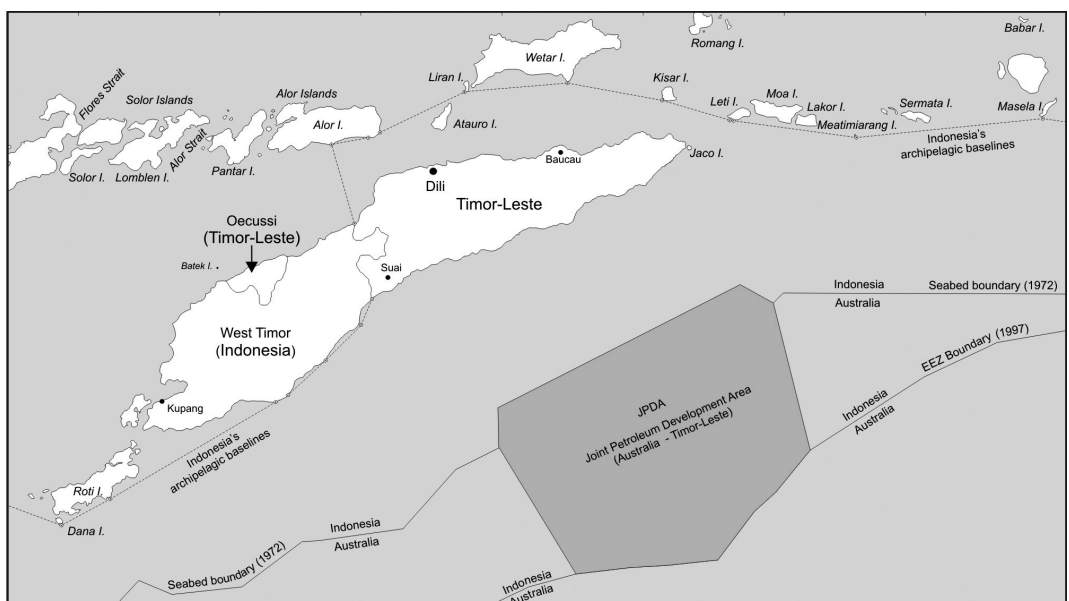
boundaries with Indonesia to the east, west and north around the main territory and the Oecussi enclave, and to the south with both Australia and Indonesia.

With Indonesia

At this stage, no maritime boundaries have been agreed between Indonesia and Timor-Leste. Delimiting those boundaries is likely to be difficult, but negotiations have been delayed pending the countries' agreement on disputed land boundaries.

Before Timorese independence in 1999, Indonesia had a full set of archipelagic baselines covering all of Timor. Then, in 2009, Indonesia promulgated a revised set of archipelagic baselines that took account, among other things, of the independence of Timor-Leste.² The revised system in the vicinity of Timor (see Figure 1) joined the southernmost points of the Indonesian islands stretching from east of Timor to midway along the south coast of Alor Island, from where the baselines continued to a point on Timor, which is the northern terminus of

Figure 1: Indonesia's revised baselines around Timor



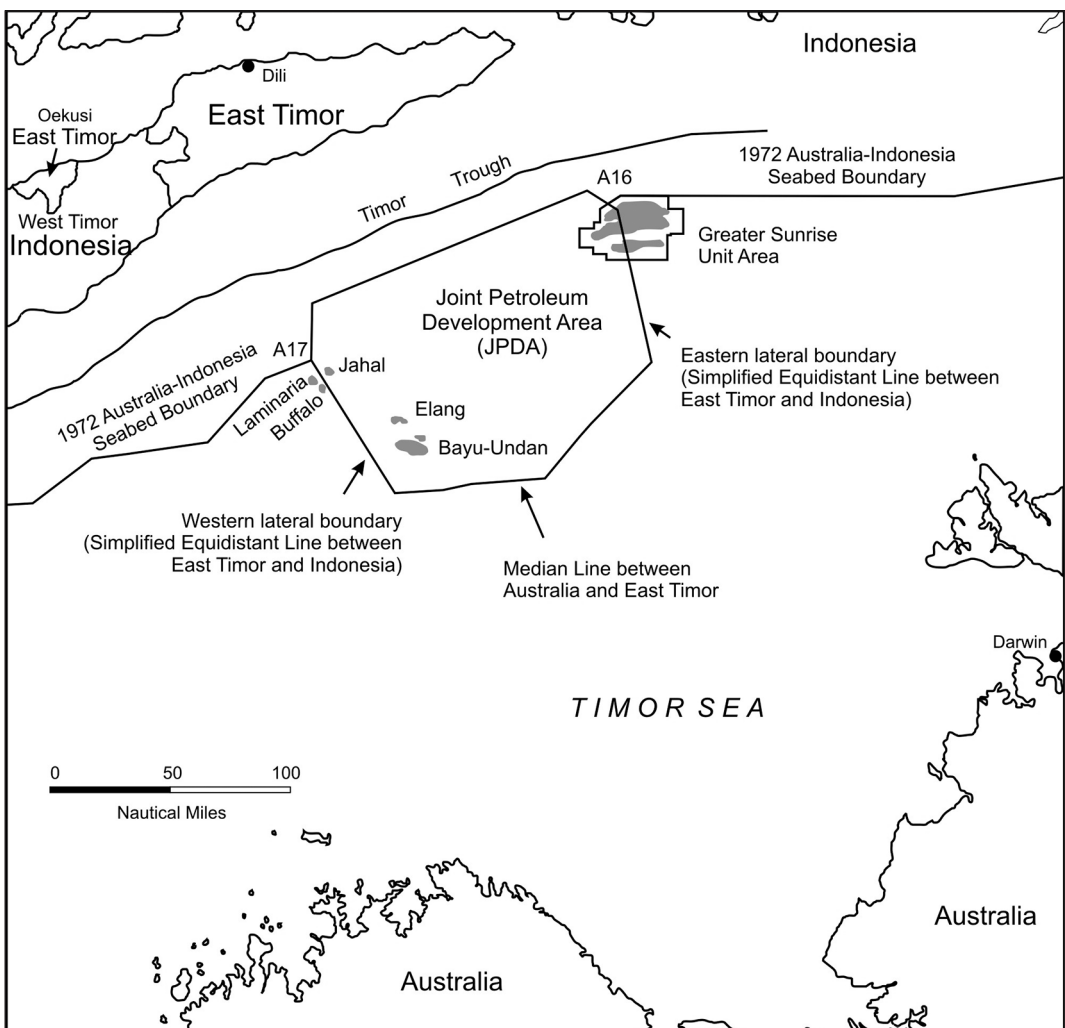
Prepared by I Made Andi Arsana of the Department of Geodetic Engineering, Gadjah Mada University, Indonesia

the main land border between Indonesian West Timor and Timor-Leste.

The baseline segment between Alor Island and Timor is problematic: it places the Oecussi enclave of Timor-Leste within Indonesia's baseline system. This is contrary to UNCLOS Article 47 (5), which provides that archipelagic baselines 'shall not be applied by an archipelagic State in such a manner as to cut off from the high seas or the exclusive economic zone the territorial sea of another state.' Timor-Leste may push for some form of channel or corridor linking a maritime area off Oecussi to the main area of Timor-Leste.

Drawing maritime boundaries between Timor-Leste and the Indonesian islands to the north and east will also be difficult, particularly around the Timor-Leste island of Atauro. The Indonesian baseline system affords Atauro almost no territorial sea to its north. The gap between the Indonesian islands and Timor-Leste varies from about 15 to 40 miles. If a line of equidistance is used, one issue will be whether the Indonesian baselines or Indonesian land territory is used for determining equidistance.

Figure 2: Joint Petroleum Development Area



Source: Reproduced courtesy of Geosciences Australia, June 2004 MP 2004/613.3

With Australia

The distance between the northwest coast of Australia and the island of Timor is less than 400 nm. This means that Australia requires EEZ and continental shelf boundaries in the Timor Sea with both Indonesia and Timor-Leste. Similarly, Indonesia and Timor-Leste require boundaries with each other, as well as trilateral agreement with Australia at the ‘turning points’ where the various bilateral boundaries between the three countries intersect.

Australia claims a continental shelf in the Timor Sea on the basis of the major geomorphological feature known as the Timor Trough. This is about 3,000 metres deep and lies only about 30–60 nm off the south coast of Timor.³ Australia’s seabed boundary agreements with Indonesia in the Timor and Arafura seas were negotiated on the basis of natural prolongation of the continental shelf. However, those boundaries were agreed upon before the Indonesian occupation of Timor-Leste and there was a

discontinuity in the boundaries that became known as the ‘Timor Gap’ adjacent to the (then) Portuguese colony of Timor.

The 2002 Timor Sea Treaty between Australia and Timor-Leste established the Joint Petroleum Development Area (JPDA) in the Timor Gap area (see Figure 2). This is an *interim* agreement without prejudice to future negotiations on maritime boundaries. Australia conceded significant rights to Timor-Leste in the treaty, possibly reflecting some weakening over the past thirty years or so of arguments for maritime boundaries based on natural prolongation. However, there remain perceptions that Australia gave away too much with the treaty.⁴

Maritime administration

Timor-Leste appears to be adopting a Portuguese model (see Box 1) for the management of maritime affairs through the planned NMA. This will give considerable authority to the Ministry of Defence in the field of oceans management and policy.

Box 1: The Portuguese model

Portugal has adopted an integrated and comprehensive ocean policy (the National Marine Strategy) for the governance of all maritime affairs.

The Inter-Ministerial Marine Affairs Commission has been set up under the National Ministry of Defence to coordinate, support and evaluate the implementation of the National Marine Strategy.

The commander of the Portuguese Navy is the head of the National Maritime Authority.

The Portuguese Navy has a dual role: conducting naval combat missions

to protect Portugal’s sovereignty and fulfil international commitments, and coastguard missions to provide maritime security and safety in Portuguese territorial waters and areas of influence.

It also manages marine scientific and hydrographic programs, and includes the National Maritime Coordinating Centre (Centro Nacional Coordenador Marítimo) and the navy’s Maritime Operations Centre (COMAR—Centro de Operações Marítimas).

Sources: ‘Portugal, a maritime nation’, http://www.marinha.pt/PT/noticiaseagenda/doutrina/Documents/Portugal_a_maritime_nation.pdf; *National Ocean Policy of Portugal*.

The Timorese Secretary of State for Defence has described the NMA as follows:

The National Maritime Authority will form the focal point for maritime security policy coordination and the subsequent operational application of this policy. This Authority shall be made up of military and civilian representatives of all relevant domestic agencies with a stake in this process. The collocation of these personnel will enable real time coordination and the ability for interagency responses to be developed to respond to evolving security threats. This Authority will also become the hub of Government coordination on a range of operational issues within the maritime domain.⁵

The maritime roles and functions that will be performed by the NMA are set out in Box 2. It's possible that the authority may also have some role in maritime infrastructure development and aspects of marine industry. While Australia's Border Protection Command has been mentioned as a possible model, it's

clear that the planned NMA will have a much wider role than the Australian organisation.

In Australian terms, the NMA will combine the roles of the Border Protection Command, the Australian Maritime Safety Authority, and Australian Search and Rescue, as well as the maritime functions of other Australian Government departments and agencies, such as the Department of Infrastructure and Transport and the Department of Sustainability, Environment, Water, Population and Communities. The feasibility of such a monolithic structure is questionable, even for a relatively small country.

While the relationship between the NMA and the Timor-Leste defence force (the F-FDTL) and police (the PNTL) isn't yet clear, it seems likely that the Ministry of Defence and the defence force will have prominent roles, with the F-FDTL Naval Component commander becoming the head of the NMA. But so far there's been no significant discussion of the NMA. A working group is to be established by the Council of Ministers, but hasn't yet met.

Box 2: Maritime roles and functions

1. Maritime security policies and operations to protect the nation against a range of threats, both traditional and non-traditional
2. Maritime surveillance and enforcement of national laws in the maritime zones
3. Maritime safety services, including search and rescue operations, distress systems and safety communications
4. Marine environmental protection, including prevention and mitigation of marine pollution and management of sensitive sea areas and marine parks
5. Marine navigational aids and services
6. Ship and personnel safety services, marine surveys, port state control, marine accident investigations, boating safety, marine qualifications and crewing standards
7. Marine scientific research and hydrographic surveys
8. Humanitarian assistance and disaster relief, by coordinating the maritime response to humanitarian disasters
9. Political–military activities in support of foreign and defence policy.

The NMA has some appeal but fundamental issues remain, including the clear delineation of the roles of the defence force and police, the overlap between the security and maritime sectors, and civilian oversight of the NMA.

Maritime economy

Economic priorities

While offshore oil and gas revenues underpin the country's economic future, not much attention's been given to the maritime sector in national economic development. The overall development priority has been to address economic stagnation and mobilise economic activity.⁶

Oil and gas revenues are growing rapidly. Current production revenue is from the Bayu–Undan gas field, which is expected to yield US\$9.4 billion over the next fifteen years or so. The Greater Sunrise field will be the next major development, with revenues of US\$24 billion over the life of the field (about thirty years). Australia and Timor-Leste have agreed to share revenues from Greater Sunrise on a 50/50 basis, but there's no agreement yet on how to develop the field, including where the gas will be processed.

Addressing the problem of youth unemployment is a major economic and social development priority. Youth unemployment is extremely high, particularly in Dili and Baucau. The 15–29 age group represents about 40% of the population, but has few marketable skills and an unemployment rate of about 43%. Socioeconomic factors, including high levels of youth unemployment, fuelled the 2006 crisis. However, job creation and private sector investment in the non-oil sector both remain low.

Maritime infrastructure

The maritime transport sector, along with the road and aviation sectors, has the potential to deliver major social and economic development benefits.⁷ However, maritime infrastructure is currently almost totally lacking in Timor-Leste. There are no slipping or ship repair facilities anywhere in the country. As a consequence, naval patrol boats have had to travel to Surabaya to slip.

The National Infrastructure Development Plan includes port development. Japan is assisting with refurbishing the port of Dili through the Japan Port Aid Project, but Dili isn't suitable for further expansion due to its restricted navigational approaches and its location in the town area. Land isn't available for port expansion.

As a consequence, a new port is planned for Tibar to the west of Dili. This will be a multipurpose port, including an oil terminal, a cruise liner berth, a container terminal, and a ship repair and maintenance facility. There are also plans to build a new port at Suai on the southern side of the island to service the offshore oil and gas industry and to provide an operating base for naval vessels. However, the southern coastline is open and port development will be expensive.

Maritime sector

The maritime economic sector in Timor-Leste comprises offshore oil and gas, shipping, fisheries and marine tourism. There's no ship repair or boatbuilding industry, although the potential for such industries exists. Development and viability studies of the maritime sector have been proposed to examine the potential opportunities in the maritime domain. Particular reference has been made to a study of the scenarios for sustainable receipts arising from a tax on shipping in the straits of Ombai and Wetar.

However, such a move would be contrary to most interpretations of the international law of the sea.

Oil and gas

The petroleum sector has been solely responsible for the strong growth in the gross domestic product (GDP) of Timor-Leste since 2004–05. Real petroleum GDP has grown by 991%, compared with a growth in real non-petroleum GDP of only 1%. However, those figures aren’t reflected in employment data; the proportion of Timorese employed in the petroleum sector is minute (0.07%).

Some support for the offshore oil and gas sector is conducted through Timor-Leste; personnel and supplies move through Dili Airport. This will increase dramatically when the infrastructure developments on the south coast are completed.

Shipping

Shipping and cargo traffic into and out of Timor-Leste has grown at a steady pace over recent years (see Table 1). The port of Dili handles about 80% of incoming cargo, and cargo traffic is predicted to continue rising rapidly.

Arrangements for the administration of shipping and other maritime activities are seriously underdeveloped at present. Timor-Leste hasn’t yet ratified any of

the important IMO conventions for ship safety, security and marine environmental protection. There are no arrangements for licensing, certification of seafarers and vessels; responsibility for those activities rests with the harbourmaster, who carries most of the responsibilities for administering ports and shipping. The port of Dili doesn’t comply with the International Ship and Port Facility Security (ISPS) Code.

Fisheries

The fisheries sector is also seriously underdeveloped, although Australia has already been providing some assistance, including in training fisheries managers. There’s no organised commercial fishing industry in Timor-Leste, and indigenous fishermen sell their catch at local markets. About 5,300 East Timorese are understood to work as fishermen.

No foreign fishing vessels are licensed to fish in Timorese waters. Illegal, unreported and unregulated (IUU) fishing is believed to be rife, causing an estimated loss of income of about \$36 million per year. There are no fisheries licensing arrangements, immature vessel monitoring data systems, limited staff capacity and minimal ability to do anything about IUU fishing. Timor-Leste intends, however, to develop a licensing system and plans to sell five commercial fishing licences to vessels from Japan and South Korea. Some

Table 1: Vessel and cargo movement, port of Dili, 2005 to 2009					
Year	No. of vessels	Container Imports (TEUs)	Container Exports (TEUs)	General cargo Imports (ton/m³)	General cargo Exports (ton/m³)
2005	242	7,640	7,514	57,885.27	5,307.82
2006	234	8,232	6,909	110,221.11	49.89
2007	278	11,208	10,990	126,171.55	1,658.67
2008	349	12,069	10,798	133,984.00	289.30
2009	343	16,492	15,947	155,487.70	0.00
Totals	1,446	55,641	52,158	583,749.63	7,305.68

TEU = twenty-foot equivalent unit (intermodal shipping container)

success against IUU fishing was achieved in October 2010 when a joint operation by the national police (Policia Nacional de Timor-Leste, or PNTL) Marine Patrol Unit and the Falintil–Timor-Leste Defence Force (Forças de Defesa de Timor-Leste, or F-FDTL) Naval Component apprehended an Indonesian vessel fishing illegally in Timor-Leste’s waters; the fishermen received sentences of between three months (30 men) and twelve months (two men). The authorities acted after they’d received information from the local community living on the southeast coast of the country.

The Regional Plan of Action (RPOA) for fisheries in Southeast Asia has identified priority areas for capacity building in the region:

- implementing systems and requirements to verify that fish catches aren’t derived from IUU activities
- flag state control over fishing vessels operating beyond the territorial sea and EEZs of RPOA participating countries
- regulation of transshipment activities
- modernisation of fisheries legislation across RPOA participating countries, consistent with RPOA objectives.⁸

Marine tourism

Marine tourism is a potentially major area of economic development that could provide much-needed employment and additional national income for Timor-Leste. Ecotourism and diving-based tourist activities are already making a significant contribution to national and local economies. Further development of marine tourism will require better maritime infrastructure and marine safety services than currently exist.

Marine environmental protection

Timor-Leste lies within the ‘Coral Triangle’ and participates in the Coral Triangle Initiative, which includes Indonesia, the Philippines, Papua New Guinea (PNG), Solomon Islands and Malaysia. This organisation addresses sustainable development, food security and marine biodiversity concerns in the Coral Triangle Initiative area. Australia is a ‘development partner’ in the initiative.

Timor-Leste is endowed with rich natural resources. It’s important that the country improve its management of coastal and marine resources to ensure food security and livelihood management. In recent years, Timor-Leste has made some progress in marine and coastal resource management, including the completion of a coastal and marine habitat survey; mapping and species identification; a river catchment and marine productivity assessment; the establishment of marine protected areas; and the development of ecotourism.

Timor-Leste is an active participant in the Partnerships in the Environmental Management for the Seas of East Asia (PEMSEA) organisation. It supports the continuous implementation of the Sustainable Development Strategy for the Seas of East Asia, and has pledged to provide financial support to PEMSEA activities amounting to US\$100,000 on an annual basis.

Oil spill response is the current responsibility of marine police, the fire department and the Ministry of Infrastructure. However, the appropriate response equipment isn’t available; in the event of a severe oil spill, it would have to be flown in from Australia or Singapore. As the fire on board the West Atlas oil rig in the Timor Sea and the associated oil leak in 2009 demonstrated, Timor-Leste is vulnerable to environmental

damage from accidents on board oil and gas rigs in the Timor Sea. This is particularly so in the southeasterly season, when Timor is downwind from a possible accident. The West Atlas accident caused extensive damage to marine habitats in Indonesia.

Maritime security

Maritime threats

The maritime threat environment faced by Timor-Leste is relatively benign, although there's been no comprehensive analysis of possible threats. Increasing attention is being paid to maritime border protection, which is now a priority for both the defence force and the police. Little attention is given to the broader regional strategic environment; some appreciation is given to the risk of instability in neighbouring areas of Indonesia affecting Timor-Leste.

People smuggling

People smuggling is a potential problem for Timor-Leste, as people attempt to use the island as a stepping stone to Australia or asylum seekers make Timor-Leste itself a destination. The latter situation might come about if religious problems arise in neighbouring areas of West Papua and the Maluku and Christians flee to Timor-Leste. Movement of people in and out of Indonesia is particularly difficult to police.

Other trafficking

Due to the lack of adequate border protection in Timor-Leste, there's a significant problem with dutiable goods entering the country without payment of duty. Petrol, cigarettes, diesel and alcohol are cheaper in Indonesia than in Timor-Leste, and there are incentives to smuggle those goods into the country. Conversely, rice is subsidised in Timor-Leste and may be smuggled out to Indonesia. While

there's a modicum of control in and around Dili, the rest of Timor-Leste is wide open to illegal movements of goods into or out of the country. Dili and Baucau are the only official ports of entry into Timor-Leste, but small craft from Indonesia regularly enter and leave Timorese waters without any form of control. At present, the authorities in Dili know little about what happens in national waters.

Authorities in Dili also suspect the fraudulent use of containers entering the country from Australia, Singapore and Thailand. This might include secreting contraband (such as cigarettes) in legitimate cargo; substituting contraband for a legal cargo; or packing legitimate cargo (for example, bottled water) at the front of a container and contraband (such as beer) at the back.

Piracy and IUU fishing

Piracy isn't a problem at present for Timor-Leste. There have been no incidents of piracy or armed robbery against ships in Timorese waters or, in recent years, in adjacent areas of eastern Indonesia. As noted above, IUU fishing is a major problem for Timor-Leste, particularly in southern areas.

Strategic plan

The strategic vision for the defence and security of Timor-Leste is provided by the Force 2020 plan, developed with the support of the Australian Government and made public in 2007.⁹ The plan was later criticised by the UN and the governments of Australia and the US as unaffordable and in excess of Timor-Leste's needs. However, it remains on the table as the basis for security and defence planning in Dili.

Force 2020 surveys the strategic environment, identifies future challenges and provides guidance on strategic response. It acknowledges the critical strategic location

of Timor-Leste, adjacent to major sea lines of communication (SLOCs) and near to poor, and potentially unstable, provinces of Indonesia. The plan recognises the importance of developing a trilateral security dialogue between Canberra, Jakarta and Dili.

Force 2020 draws a distinction between military defence and a more enlarged concept that includes non-military defence. Following more of a Portuguese approach to defence and security than an Australian or US model, the plan supports the more enlarged concept as the basis for defence planning in Timor-Leste that includes a range of social, political and economic activities.

Recognising the island nature of the country, Force 2020 stresses the need for a naval component in the F-FDTL. Specific roles mentioned are ‘to carry out EEZ surveillance, patrol the SLOCs, escort and assure the safe passage of oil tankers and guarantee the security of oil platforms’.¹⁰ The plan criticises post-independence studies sponsored by the UN that concluded that Timor-Leste didn’t need a naval component and should rely instead on a small customs and excise service for border and fisheries protection. Under the Force 2020 plan, the F-FDTL Naval Component may eventually be expanded to a light patrol force equipped with corvette-sized ships and landing craft.

Maritime border protection and maritime policing

Border protection and maritime policing in the maritime zones are major priorities for the security forces of Timor-Leste. The Commander of the Defence Force recognises this and is giving priority to the development of the F-FDTL Naval Component. Three security bodies are involved in providing maritime border protection: police, military and intelligence. Coordination is through the Border Operations Coordination Council.

However, the division of responsibilities between these bodies is unclear. With its small size and unresolved boundaries, the Oecussi enclave poses particular problems for border management.¹¹ A comprehensive legal framework for law enforcement at sea is currently lacking.

Maritime security forces

Maritime security is provided by the F-FDTL Naval Component and the Maritime Unit of the PNTL.

Defence force

The F-FDTL has four components: Army, Navy, Training and Support. An air component is planned. The total strength of the F-FDTL is about 1,400, of whom about 240 are in the Naval Component. In September 2010, about 150 new naval recruits were being trained by a Portuguese naval training team. Some of them will be marines.

The Naval Component will be maintained as part of the F-FDTL, although, following the Portuguese model, it will have a dual function and operate effectively as a coastguard. However, the idea of redesignating the Naval Component as the Coast Guard is not supported.

Police force

The strength of the PNTL is 3,500, of whom about 50 are in the Maritime Unit. The Maritime Unit was transferred from UN control to the PNTL in 2009. It remains a young force still largely dependent on the UN Police (UNPOL).

Most of the Maritime Unit is currently based in Dili, with a section at Atabae near the Indonesian border on the north coast. However, there are plans to expand the unit to nine bases with 150 personnel, and

to tighten controls over vessels entering Timor-Leste waters.

Existing personnel in the Maritime Unit are believed to have good small craft experience and coxswain skills. Extensive training has been provided overseas, including search and rescue training in Japan. The US is funding boat ramps as part of a US\$1.5 million assistance program, and the United Nations Development Programme is funding safety equipment.

Legal framework

The Organic Law of the PNTL established in 2009¹² recognises that the crisis of 2006 showed deficiencies in the initial model of the PNTL established after independence. The new law provides the police with a larger operational capacity and an efficient chain of command within a clearly defined hierarchy. It doesn't envisage a military role for the PNTL.

The charter for the Maritime Unit of the PNTL is contained in Article 32 of the Organic Law for the PNTL. It includes missions to prevent crimes at sea and illegal immigration, to safeguard human life at sea, to preserve and protect the marine environment and

to perform surveillance in border areas. No formal division of responsibilities appears to exist between the Naval Component and the Maritime Unit. The Organic Law speaks of security of the coastal area, although in practice this is believed to be within the 12 nm territorial sea.

Existing capabilities

The current vessels of the F-FDTL are shown in Box 3. All are based at the one naval base at Port Hera, about thirty minutes by road to the east of Dili.

The *Albatros* class patrol boats are old vessels originally donated by Portugal in 2002. However, they were refitted in Surabaya in 2008 and that may extend their lives by a few more years. They have limited capabilities and seem to be mainly used for training, although they could undertake patrols in northern waters. They're unsuitable for any operations on the south side of the island.

The Type 62 *Shanghai* class boats are new vessels bought from China in 2010, and five Chinese advisers remain in country to assist with training and maintenance. The craft are really coastal gunboats and are

Box 3: F-FDTL Naval Component patrol boats

- 2 x *Albatros* class: *Atauro* and *Oecussi*
 - Length 22 metres
 - 60 tons
 - Built in Portugal, mid-1970s
 - One 12.7 mm machine gun
 - Maximum speed about 11 knots
 - Range probably less than 300 nm
- 2 x Type 62 *Shanghai* class: *Jaco* and *Betano*
 - Length 43 metres
 - 193 tons
 - Built in China, 2009–2010
 - 2 x 30 mm single-barrel Bofors and 2 x 14.5 mm twin-barrel machine guns
 - Maximum speed 28 knots
 - Range 750 nm

over-armed for routine offshore maritime surveillance and law enforcement operations. They have numerous other deficiencies for that role: short range, low freeboard, and lack of efficient arrangements for launching small craft. They're also over-armed for a constabulary role, and maintenance of their weapons might become a problem. With a transit distance of about 250 nm to possible operating areas off the south coast, they're not capable of sustaining a patrol for any length of time in those waters.

In addition to the naval patrol boats, the maritime police have rigid inflatable boats and a 9-metre half cabin cruiser. New rigid inflatables are being purchased. Customs also has some small craft.

South Korea has offered to supply one small patrol boat and one 38-metre vessel. The latter is probably a *Chamsuri* class vessel, large numbers of which were built in the 1970s. As newer, more capable patrol craft enter South Korean naval service, the *Chamsuri* class boats are slowly being retired. Four have been transferred previously to Bangladesh, three to Kazakhstan and eight to the Philippines.

Base facilities

The naval base at Port Hera has limited repair and maintenance facilities. Australia is assisting with the refurbishment of some of the buildings at Port Hera.

Foreign advisers

The Naval Component has a heavy dependence on foreign maritime advisers. There are five permanent advisers from the Portuguese Navy plus a 'fly in' naval training team of ten to conduct basic training. As mentioned above, five Chinese advisers are in country to assist with the *Shanghai* class vessels. There's one Royal Australian Navy (RAN) adviser and an RAN Chief Petty Officer.

There are two foreign advisers with the maritime section of the PNTL (one Australian, one Spanish), although the Australian (an UNPOL placement) is near the end of his posting in Dili. With UN support, a diving team has been established. US Coast Guard training teams also regularly visit to conduct training for both the Naval Component and the police.

Coordination

Problems are evident in interagency coordination, including between the Naval Component of the F-FDTL and the PNTL. The two forces both have roles in maritime security, but lack clear mandates as to who is responsible for what. The navy has the assets but naval personnel lack policing powers under current legislation. Conversely, the marine police have the powers but lack capabilities. No arrangements currently exist for the embarkation of PNTL officers in naval patrol boats to conduct law enforcement at sea.

Key Australian interests

Security and resource interests

Australia has extensive security and resource interests in the Timor Sea. The area is extremely rich in undersea oil and gas resources, and major developments are underway. Further discoveries are possible. The Timor Sea also has valuable fish stocks vulnerable to IUU fishing.

The Timor Sea is a vital part of the maritime approaches to Australia. It is a well-used route for the illegal entry of people, drugs and other contraband from Southeast Asia into Australia.

The importance and challenges of the area have grown as a result of the emergence of Timor-Leste as an independent state,

Australia's broader strategic engagement with Indonesia, and the opening up of new reserves of oil and gas in the Timor Sea and adjacent waters. A stable Timor-Leste is a key security interest for Australia, along with the maintenance of good relations with both Indonesia and Timor-Leste.

Australia has a vital interest in the maintenance of good order in the Timor Sea. It's important that weak domestic law enforcement capabilities in Timor-Leste don't create a situation in which the country becomes a transit point for people-smuggling and illegal trafficking into Australia of drugs or other contraband, as well as a support base for IUU fishing in Australian waters. Australia has arrangements to prevent IUU fishing in the Timor Sea with Indonesia but not yet with Timor-Leste. The southern waters of Timor-Leste are understood to provide a safe haven for 'mother ships' supporting illegal fishing activity in Australia's EEZ. Sri Lankan refugees have tried to enter Australia illegally from Timor-Leste, and there have also been attempts at smuggling drug precursors from Timor-Leste to Australia.

Australia has an interest in the security of shipping passing near Timor-Leste. The Ombai and Wetar straits are used extensively by shipping bound to and from northwest Australian ports and Torres Strait.

Good governance in the Timor Sea

The Timor Sea links Australia with Indonesia and Timor-Leste. Arrangements for good governance of the Timor Sea are important to all three littoral countries. The geography of the area dictates the need for a high level of maritime cooperation in all aspects of maritime governance. The three countries have an obligation under Part IX of the 1982 UN Convention on the Law of the Sea (UNCLOS) to cooperate on resource management, marine environmental

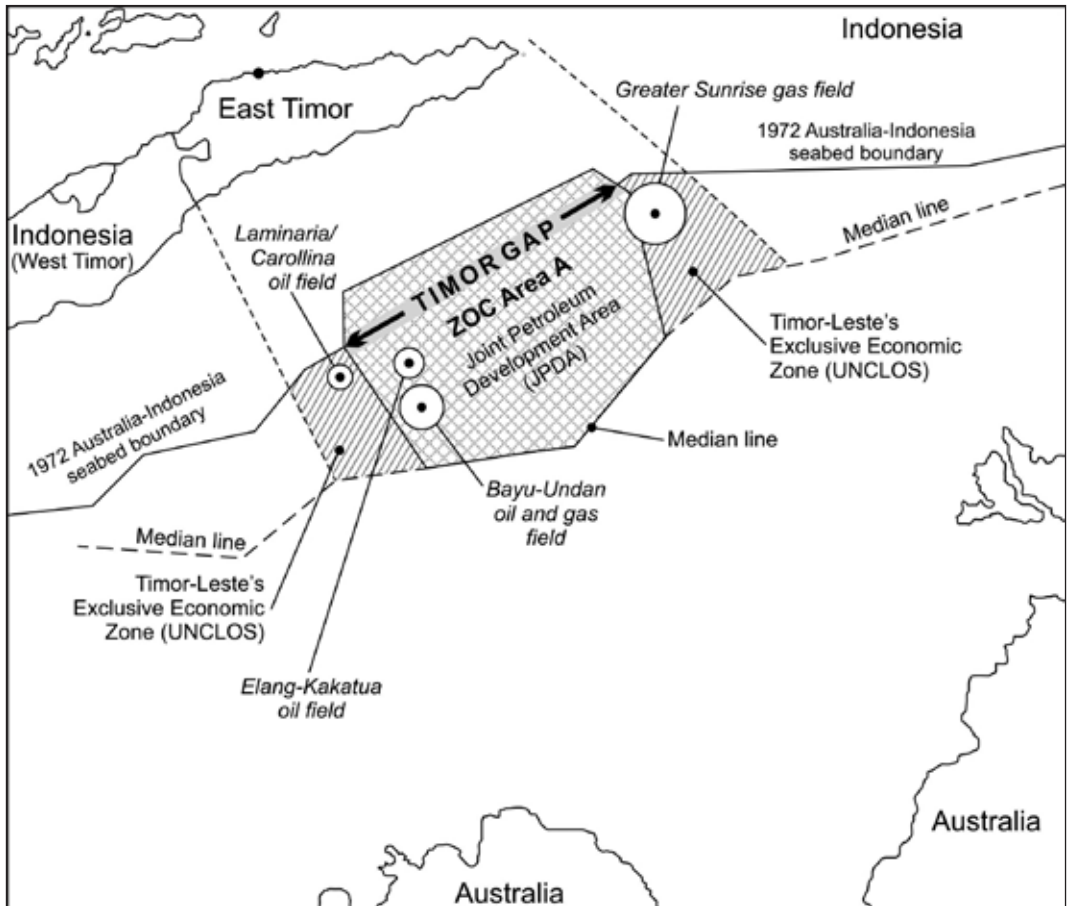
protection and marine scientific research in the Timor Sea. However, Timor-Leste hasn't yet ratified UNCLOS.

Some arrangements for cooperation in the Timor and Arafura seas are in place through the Arafura and Timor Sea Experts Forum, the members of which are Australia, Indonesia and Timor-Leste. The forum seeks to fulfil the obligations of the three countries under UNCLOS Part IX. Particular concerns are the prevention of IUU fishing, and information and data sharing. The forum has developed the Arafura and Timor Seas Ecosystem Action program to work on ecosystem-based management of the two seas, which have a rich abundance of fisheries resources and extensive marine biodiversity.

However, uncertainty remains, particularly about maritime boundaries and resource management regimes in the area. Neither Australia nor Indonesia has ratified their comprehensive 1997 maritime boundary agreement in the Timor and Arafura seas.¹³ The subsequent treaties between Australia and Timor-Leste don't establish maritime boundaries, and there are indications that, as indicated in Figure 3, Timor-Leste may seek eventually to push out the north-south lateral limits of the Timor Gap established by Indonesia and Australia.¹⁴ That would be strongly opposed by both Indonesia and Australia. These problems with maritime boundaries hinder the development of governance arrangements in the Timor Sea.

The 1997 treaty created a complex maritime boundary system of overlapping jurisdictions on either side of the Timor Gap, with an Indonesian EEZ coincident with an Australian continental shelf.¹⁵ Ultimately, the success and stability of the regime for resource development in the Timor Sea will depend on good political relations between the littoral countries—both bilaterally and trilaterally. It's a key strategic interest for Australia to

Figure 3: Prospective Timor-Leste maritime boundary claims



Source: East Timor and Indonesia Action Network (ETAN), ETAN Statement on Timor-Leste/Australian Maritime Arrangement, <http://www.etan.org/news/2006/01timsea.htm>. Map created and copyrighted to La'o Hamutuk (The Timor-Leste Institute for Development Monitoring and Analysis).

do what it can to ensure that those relations are maintained.

Timor-Leste in Australia's defence policy

Australia's 2009 Defence White Paper connects Timor-Leste with the South Pacific:

For both humanitarian and strategic reasons, Australia has an enduring interest in helping to build stability in this region. Australian interests are inevitably engaged if countries in the region become vulnerable to the adverse influence of strategic competition.¹⁶

After ensuring the defence of Australia from direct attack, the second priority task

for the ADF is to contribute to stability and security in the South Pacific and East Timor.

This involves conducting military operations, in coalition with others as required, including in relation to protecting our nationals, providing disaster relief and humanitarian assistance, and on occasion by way of stabilisation interventions ...¹⁷

Australia will continue to have particular responsibilities to assist our neighbours in dealing with humanitarian and disaster relief needs, and to support their security and stability.¹⁸

Australia's conflation of Timor-Leste with the South Pacific can sit badly in Dili. The

East Timorese regard themselves as part of Southeast Asia, with different problems and prospects from those of the Pacific island countries. This attitude was very evident in Timor-Leste's rejection of Australia's offer of participation in the Pacific Patrol Boat Program—the name itself was a 'turn-off' for some in Timor-Leste. Suspicion of Australia's intentions was also a factor in Timor-Leste's rejection of Australia's offer of contracted aerial assistance, although the desire to first establish an NMA was cited as the reason.

Treaty framework

Australia and Timor-Leste have agreed to cooperate in the development of resources in the JPDA and the Greater Sunrise field in

the Timor Sea. This cooperative endeavour is covered by a complex framework of treaties (see Box 4).

Recommendations

Despite the common maritime interests of Australia and Timor-Leste, maritime issues have often had a negative impact on the two nations' bilateral relations rather than a positive one. There's ongoing disagreement about the exploitation of the oil and gas resources of the Timor Sea, and Australia's attempts to persuade Timor-Leste to join the Pacific Patrol Boat Program were perceived as 'clumsy, almost post-colonial'.¹⁹

A view still exists in Timor-Leste that the allocation of oil and gas revenues from

Box 4: Treaty framework

- The 2002 Timor Sea Treaty is an interim agreement without prejudice to maritime boundary claims. It specifies the shared arrangements for the JPDA, giving Timor-Leste 90% of petroleum production revenues from within the JPDA. It creates a joint commission to establish policies and regulations for the JPDA. Bayu–Undan is currently the only operating field in the JPDA.
- The Petroleum (Timor Sea Treaty) Act 2003 gives effect to the Timor Sea Treaty between Australia and Timor-Leste. The treaty provides a framework for the exploration, development and exploitation of the petroleum resources in the JPDA.
- The 2006 Treaty between Australia and East Timor on Certain Maritime Arrangements in the Timor Sea (the CMATS Treaty) is another interim agreement. It states that neither Australia nor Timor-Leste shall assert its claims to sovereign rights and jurisdiction and maritime boundaries for the period of the treaty (fifty years). The CMATS Treaty also prescribes the arrangements for distributing revenue derived from exploitation of the JPDA; allows Timor-Leste to exercise water column (fisheries) jurisdiction within the JPDA; and provides for a Maritime Commission to constitute a focal point for bilateral consultations on maritime matters of interest to the parties.
- The 2003 International Unitisation Agreement for Greater Sunrise provides the secure legal and regulatory environment required for the development of the Greater Sunrise gas reservoirs. Of those, 20.1% fall within the JPDA and 79.9% are in areas where Australia has continental shelf jurisdiction.

the Timor Sea is unfair. This now extends to the notion that the processing plant for the Greater Sunrise field should be located on Timorese soil rather than in Australia or constructed as a floating plant.²⁰

The previous lack of appreciation in Timor-Leste of the significance of the maritime domain to the country's future prosperity and security is echoed in the relative lack of priority given to maritime needs in Australian assistance to Timor-Leste. With the exceptions of fisheries and related marine scientific research, Australia's maritime assistance to Timor-Leste has been relatively small. AusAID's Australia–Timor-Leste Country Strategy 2009–2014 makes no specific mention of any maritime requirements, while frequently referring to rural programs.²¹ The Maritime Commission provided for under the CMATS Treaty to be a focal point for bilateral consultations on maritime matters of common interest has never met.

Australia did not appoint a naval adviser to Dili until early 2010. Perhaps because of that, defence cooperation assistance to the F-FDTL Naval Component has been relatively small. There's little direct contact between the F-FDTL and NORCOM in Darwin, although liaison between NORCOM and Indonesian Defence headquarters in eastern Indonesia is becoming routine, particularly on coordinated naval operations.²²

Australia should do much more to assist Timor-Leste with maritime security and in developing its capacity to manage its maritime interests. There's an obvious desire in Dili that those areas should be priority areas for national development.

Capacity building for managing maritime interests should consider institutional arrangements, legal frameworks and resources.

Institutional arrangements

Institutional arrangements for managing maritime interests at the national level comprise government departments and agencies with clearly defined responsibilities. Duplication of responsibilities and effort must be avoided, and procedures should be in place to ensure interagency coordination.

At a regional level, arrangements are required for cooperation between the agencies of neighbouring countries with similar responsibilities. This is particularly the case with maritime surveillance, the success of which largely depends on information-sharing between adjacent countries.

Such institutional arrangements between Australia, Indonesia and Timor-Leste are currently lacking at both the national and regional levels. Timor-Leste is putting a lot of faith in the NMA, which is based on the Portuguese model of maritime management arrangements. However, there's some lack of understanding of maritime requirements, the necessary legal and organisational frameworks, and the roles and functions of the NMA and how it will relate to existing organisations.

However, those are matters for Timor-Leste to resolve, although Australia should stand ready to offer advice and assistance when requested. This would be an ideal opportunity to provide support and influence in a very important area of national development, but it's difficult to be forthcoming with assistance without a clear picture of what Dili has in mind. As the NMA is based on a Portuguese model, Canberra should be cautious about interposing its own ideas.

The ports and shipping sector is one area where Australia might offer management assistance. The Dili harbourmaster has extensive responsibilities and would benefit from support. Australian Maritime Safety

Authority officers have already contributed to an IMO report on the maritime administration needs of Timor-Leste, but many months after that report was completed there's been no indication of a response or action from Dili.

Recommendation: With assistance from AusAID, an experienced maritime administration officer might be offered to Timor-Leste as a technical adviser to the Dili harbourmaster.

Maritime security

At the regional level, regular maritime security meetings between Australia, Indonesia and Timor-Leste would be beneficial to enhance good order in the Timor Sea. Particular measures that might be considered are information exchange, coordinated patrols and the attachment of liaison officers to each other's ships. However, some sensitivities might be encountered with trilateral cooperation, including residual concerns in Dili about Indonesia and Timorese sensitivity about Timor-Leste's lack of capabilities and skills.

Recommendation: Australia should take the lead in initiating regular meetings between the littoral countries on maritime security in the Timor Sea. Procedures for information sharing to provide maritime situational awareness at the regional level should be on the agenda.

Bilateral defence cooperation

Naval single-service training hasn't been a prominent element of Australia-based training under the Defence Cooperation Program (DCP). However, it's now a DCP priority to gradually increase maritime security assistance, and this paper strongly supports that priority. A \$4 million maritime security assistance package covering contracted aerial surveillance, training and the provision of two naval advisers was offered

to Timor-Leste. However, during bilateral DCP talks in 2009, Timor-Leste rejected the offer of aerial surveillance, citing the need to first establish the NMA.

A bilateral defence cooperation agreement is to be negotiated before the end of International Stabilisation Force deployment. The maritime sector should be specifically addressed in that agreement, including arrangements for maritime information collection and exchange.

Recommendation: Maritime security issues should be specifically addressed in the bilateral Defence Cooperation Agreement.

Maritime Commission

The Maritime Commission, which is part of the CMATS Treaty, has never met, perhaps because of fears that the commission could become bogged down in unresolved issues associated with oil and gas projects in the JPDA. However, notwithstanding those dangers, there would be benefits in the Maritime Commission meeting to discuss the whole range of maritime issues that are shared concerns of both countries, such as customs, illegal people movement and IUU fishing. Meetings of the commission might also help to 'jump start' the NMA in Dili.

Recommendation: Australia should propose an inaugural meeting of the Maritime Commission.

Resources

Resources for managing maritime interests at the national level comprise people with the necessary knowledge and expertise, as well as the material resources (ships, aircraft and systems) for maritime surveillance, patrol and response in waters under national jurisdiction. The scarcity of human resources with appropriate skills and experience is a major

problem. There's much potential for Australia to assist with training both the F-FDTL Naval Component and the PNTL Maritime Unit.

The F-FDTL has recently received new patrol boats, although they have some deficiencies, and the PNTL is in the market for new craft. Desirably, capabilities shouldn't be replicated between agencies, and it may be useful for a study to be conducted on Timor-Leste's requirements for patrol vessels. An Australian shipbuilder might be interested in this opportunity, but there's no Austrade representative in Dili who might help facilitate that involvement.

On the materiel side, the lack of air surveillance of maritime zones is a major problem. The PNTL is seeking a helicopter policing capability, and some military pilots are in training for the prospective F-FDTL Air Component.

Recommendation: Australia should renew its offer of contracted air surveillance of Timor-Leste's southern EEZ.

Naval training

A current major problem is that senior officers of the Naval Component have little naval experience. There's no doctrine, concept of operations or standard operating procedures for the Naval Component. Those factors will greatly inhibit the ability of the F-FDTL to conduct joint or coordinated operations with the RAN and the Indonesian Navy. This might be overcome in the longer term by having all officers entering the Naval Component complete the RAN Junior Officers' Warfare Application Course and experience some sea-time in ships of the RAN. Two junior officers have completed a basic seamanship course at the Australian Maritime College (AMC) through the DCP, but that course provides only basic navigational and seafarer skills and has no naval operational application.

It would also be useful if Naval Component officers were given the opportunity to sea-ride for short periods in RAN patrol boats based in Darwin. This would help build personal relationships, and could be arranged on an ad hoc basis by direct liaison between Dili and NORCOM.

Recommendation: All officers entering Timor-Leste's F-FDTL Naval Component should complete the RAN Junior Officers' Warfare Application Course.

Recommendation: Sea-riding opportunities should be provided for F-FDTL Naval Component officers in Darwin-based patrol boats.

The Naval Component commander has expressed an interest in up to 30 positions in Australia, including in officer training and technical courses. However, the lack of English among the other ranks of the F-FDTL is a major problem—most speak Bahasa with a smattering of Portuguese, following their basic training by Portuguese naval instructors. The decision to adopt Portuguese as the official language has created problems throughout the country, including in the maritime sector. Lack of general education adds to the training problem. Half the population of Timor-Leste is illiterate.

There's also a problem with the defence force retaining personnel after they acquire worthwhile technical skills. This affects the Naval Component in particular, and will become more acute as positions open up for Timorese in the burgeoning oil and gas sector.

However, it's important that the Timorese work out their own training needs. To help them, it would be useful for the commander of the F-FDTL Naval Component and some of his senior officers to visit Australia and New Zealand for tours of naval training establishments and the agencies with responsibilities akin to those of the projected

NMA. New Zealand's National Maritime Coordination Centre has been mentioned as a possible model. Papua New Guinea's National Surveillance Coordination Centre and other PNG arrangements are also possible models, in view of the similarity between PNG and Timor-Leste in their requirements and situations.

Recommendation: An offer of a sponsored training mission for the commander of the F-FDTL Naval Component and some of his senior officers to Australia, New Zealand and Papua New Guinea should be made. The mission should visit Darwin, Canberra and Sydney and include visits to the Australian Maritime Safety Authority, the Australian Fisheries Management Authority, and Australian Search and Rescue.

Water police

Many of Timor-Leste's current difficulties with border protection, smuggling and illegal people movement can be traced to the lack of capability in the Maritime Unit of the PNTL. In theory, the unit has the requisite powers and skills, but in practice there are many problems, including a lack of coordination with the F-FDTL Naval Component and a lack of capabilities. The Maritime Unit was only recently transferred from the UNPOL, which may have given little priority to the work of the unit.

The development of a water police capability in Timor-Leste is an important area where Australia might provide assistance. An experienced Australian water police officer might be posted as part of the Timor-Leste Police Development Program (a bilateral program with the Australian Federal Police). PNTL marine police officers might be sent to Australia for short-term attachment to a state water police unit.

It's understood that the UN has advertised a maritime coordinator position, and it may

be possible to nominate an Australian for that position.

It's important that the PNTL Maritime Unit gains an underwater diving capability, particularly as the marine tourism industry grows. Australia could help with training and equipment to establish a diving team.

Recommendation: Australia should give priority to helping to build the capabilities of the PNTL Maritime Unit. Possible initiatives are:

- *the posting of an experienced water police officer as part of the Timor-Leste Police Development Program*
- *short-term attachments of PNTL officers to state water police services in Australia*
- *assistance in establishing a diving team, including training and equipment.*

Hydrographic assistance

Timor-Leste requested hydrographic assistance from Australia in 2009. Paper-based and electronic charts were later provided, although none of the Timorese patrol boats possesses the ability to use electronic charts. Timor-Leste has a need for updated hydrographic surveys of coastal areas, including the approaches to the new port at Tibar, and inshore surveys of southern coastal areas to help inform decisions about new maritime infrastructure to be located on the south coast.

Recommendation: A senior RAN hydrographic specialist should visit Dili to assess the hydrographic requirements of Timor-Leste and where Australia might provide assistance.

Legal framework

Timor-Leste lacks national legislation and regulations for much of the maritime sector, as well as for maritime law enforcement. The legal authority of F-FDTL officers to enforce

national laws at sea appears uncertain, and they lack the necessary expertise. Roles and responsibilities of the F-FDTL Naval Component and the PNTL Maritime Unit must be clarified to remove any suggestion of overlap or competition between the two organisations.

The Australian Fisheries Management Authority has offered assistance in developing fisheries legislation, and Australia could similarly be involved in developing legislation for ports and shipping, maritime security and law enforcement. The Regional Maritime Programme of the Secretariat of the Pacific Community has been assisting Pacific island countries with the implementation of IMO measures for the safety and security of shipping and the prevention of marine pollution.

Recommendation: Provided Timor-Leste is agreeable, Australia might fund the Regional Maritime Programme of the Secretariat of the Pacific Community to assist Timor-Leste in implementing IMO measures.

Maritime economy

Employment

The maritime sector offers great potential for providing employment and helping to overcome the current crisis of youth unemployment in Timor-Leste. Opportunities are available in fisheries, aquaculture, shipping, marine tourism and offshore support. The AMC or an Australian TAFE might assist with the establishment of a seafarers' training college that would equip young Timorese for employment in the international shipping industry. This would be in line with AusAID's interest in vocational training.

Recommendation: The AMC or an Australian TAFE might assist with the establishment of a seafarers' training college that would train

young Timorese for employment in the local maritime and international shipping industries.

Fisheries

There's a clear common interest in developing effective arrangements to counter IUU fishing in the Timor Sea and to assist Timor-Leste in developing sustainable management of its fisheries resource. Timor-Leste is currently unable to assess it's fishing sustainably because there's been no rigorous assessment of the state of the fisheries resource. The Australian Department of Sustainability, Environment, Water, Population and Communities is working on a concept proposal to help Timor-Leste identify such risks under the Coral Triangle Initiative. The Australian Fisheries Management Authority is engaged in an ongoing fisheries capacity-building program aimed at improving fisheries management skills.

Recommendation: Future Australian capacity-building activities need to foster the development of sustainable fisheries management. Australia should focus on monitoring, control and surveillance training of key Timor-Leste fisheries staff, who can in turn train their own officers.

Recommendation: Australia should continue to assist Timor-Leste in the development of effective fisheries legislation.

Marine scientific research

Marine scientific research is essential for the effective management of the Timor Sea and its resources. Here, there's a success story of maritime cooperation between Australia, Indonesia and Timor-Leste. The Arafura and Timor Seas Ecosystem Action program, established under the Arafura and Timor Sea Experts Forum, has secured funding from the Global Environment Facility for comprehensive research to support

cooperative ecosystem-based management and use of the area's living coastal and marine resources, including fisheries and biodiversity.

Recommendation: Support for the Arafura and Timor Sea Experts Forum and the Arafura and Timor Seas Ecosystem Action program should continue, to ensure that they are effective regional mechanisms for the cooperative ecosystem-based management of the Timor and Arafura seas.

Conclusion

While the maritime sector generally has been neglected, Timor-Leste has had no shortage of offers of development assistance and advice from overseas in recent years. However, there's some scepticism in Dili about the motives and utility of such assistance. Therefore, the Australian Government needs to be conscious that further studies and reviews by foreign agencies may be less well received than offers of training and material assistance.

The sustainability of assistance to Timor-Leste is an important issue. It's no good providing start-up assistance for an aid project in the maritime sector, and then not providing ongoing assistance to ensure its sustainability. Australia has a good record in this regard, based on its experience in the Pacific with the Pacific Patrol Boat Program. Australia also has the advantages of geographical proximity and clear common interests with Timor-Leste.

Finally, building rapport at a personal level between Timor-Leste personnel and their opposite numbers in Australia is important. Australia should encourage projects that include this dimension of direct liaison, for example between NORCOM and the F-FDTL, or the NMA and the Australian Maritime Safety Authority.

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Appendix

Defence Cooperation Program

The Australian Defence Cooperation Program with Timor-Leste was established in 2001. It's focused on building F-FDTL capacity through training and skills transfer in engineering, maritime security, logistics, infantry skills, strategic policy, governance, finance, medical skills and English language.

The approved DCP budget for the 2010-2011 financial year is around AUD\$10.721m. DCP priorities for this year include:

- Expanding the English Language Program to double the student capacity, from approximately 100 to 200.
- Gradually increasing maritime security assistance, with the posting of two Australian naval advisors to Timor-Leste, the provision of Australia-based training, support to establish the National Maritime Authority, and infrastructure development assistance.
- Providing engineering assistance to promote a nation-building role for the F-FDTL, including the ability to contribute to humanitarian assistance and disaster relief tasks.
- Increasing the number of F-FDTL members attending DCP-sponsored training courses.

Australia has 25 Australian DCP personnel, both civilian and ADF, in Timor-Leste. They are based in Dili, Port Hera, Metinaro and Baucau.

Recent Activities

Delivery of a joint Australia-Malaysia peacekeeping training workshop to F-FDTL personnel in June 2010.

Working accommodation for the F-FDTL Engineering and Logistics Unit at F-FDTL Training Headquarters in Metinaro (east of Dili) completed in May 2010, in addition to the construction of new English language classrooms at the Metinaro training school in September 2010.

At the Defence Cooperation Talks in July 2010 both countries agreed an expanded English Language Program, maritime security assistance, engineering training for the F-FDTL and professional development for the Secretariat of Defence (SED).

A second maritime adviser position was established in January 2011 to support the F-FDTL Naval Component in maritime training and seamanship skills.

The English Language Program is being expanded to include more SED and F-FDTL staff. The aim is to increase the number of F-FDTL personnel trained annually to approximately 200 to enable participation in more Australian training courses as well as those of other English-speaking countries.

Australia offered a total of 50 places on training courses to Timor-Leste in 2010. These included Army and Navy courses, and courses in IT, defence command and English language.

Acronyms and abbreviations

ACIAR	Australian Centre for International Agricultural Research
ADF	Australian Defence Force
AFP	Australian Federal Police
ASEAN	Association of Southeast Asian Nations
CMATS Treaty	Treaty between Australia and East Timor on Certain Maritime Arrangements in the Timor Sea
DCP	Defence Cooperation Program
DFAT	Department of Foreign Affairs and Trade (Australia)
EEZ	exclusive economic zone
F-FDTL	Falintil–Forças de Defesa de Timor-Leste (Falintil–Timor-Leste Defence Force)
GDP	gross domestic product
IMF	International Monetary Fund
IUU	illegal, unreported and unregulated (fishing)
JPDA	Joint Petroleum Development Area
MAF	Ministry of Agriculture and Fisheries (Timor-Leste)
nm	nautical mile
NMA	National Maritime Authority (Timor-Leste)
OECD	Organisation for Economic Co-operation and Development
PEMSEA	Partnerships in the Environmental Management for the Seas of East Asia
PNG	Papua New Guinea
PNTL	Polícia Nacional de Timor-Leste (National Police of Timor-Leste)
R&D	research and development
SLOCs	sea lines of communication
SoL	Seeds of Life project
UN	United Nations
UNCLOS	UN Convention on the Law of the Sea
UNPOL	United Nations Police

Contributors

Professor Damien Kingsbury holds a Personal Chair in the School of International and Political Studies at Deakin University. He has published widely on politics and security issues in Southeast Asia, amongst which are two edited books and an authored book on Timor-Leste, *East Timor: The Price of Liberty*. A third edited book on Timor-Leste post-independence politics is now in press. Damien first visited what was then referred to as Timor Lorosae in 1995 to undertake PhD research for his thesis on the role of the news media in Australia–Indonesia bilateral relations. Damien returned to Timor-Leste to lead more than forty Australian ballot observers in 1999, basing himself at Maliana and spending most of the ballot day in Balibo. He also coordinated Australian observers for the 2007 presidential and parliamentary elections. Damien is a board member of the Balibo House Trust and is a regular media commentator on Timor-Leste political and security issues for both the Australian and international media.

Dr Dionísio Babo-Soares holds a PhD in Anthropology from the ANU, Masters Degree from Massey University Palmerston North, NZ and Degree in Constitutional Law from Udayana University in Bali, Indonesia. Dr Babo-Soares is currently a professor at the Faculty of Law and Social Sciences with the Universidade da Paz and at the Faculty of Social and Political Sciences the University of Timor-Leste (UNTL). Together with Professor Jim Fox, he is co-author of, *Out of the Ashes: East Timor: Destruction and Reconstruction* (Adelaide, 2000) and *Constitutional Writing and Elections in East Timor* (ANU, 2003). He is also the author of several chapters in books published in Indonesia, Australia, Portugal and Timor-Leste. Between 2005 and 2008 he was the co-chairman of the Commission of Truth and Friendship between Timor-Leste and Indonesia. He was a member of the Council of Defense and Security between 2003 and 2005 and is currently the Vice-President of the Superior Council of the Judiciary. He is a legal

adviser to the Vice Prime Minister for Social Affairs to Timor-Leste.

Dr Vandra Harris is a Senior Lecturer in the graduate program in International Development at RMIT University's School of Global Studies. Prior to entering academia Vandra worked in community development in Australia and with an INGO. As an academic, she has lectured in a range of topics with an international focus, and has worked as a research fellow on two Australian Research Council projects at Flinders University Law School, and at the Nordic Institute for Asian Studies in Copenhagen, Denmark. Vandra's publications are primarily focused on partnerships and cultural change in international development, and on Australia's international policing in the Asia–Pacific region. Her main research focus is the intersection of these two research interests, in the nexus between security and development. Her most recent book is *Conflict, security and nation-building in Timor-Leste: Cross-sectoral perspectives*, edited with Andrew Goldsmith (Routledge, forthcoming 2011).

Professor James J Fox is currently a Professor (Emeritus) at Australian National University. He served as the Director of the Research School of Pacific and Asian Studies from August 1998 until the end of February 2006. He has carried out research on Timor since 1965. He was an international observer with the Carter Center for the Popular Consultation (1999), the Constituent Assembly elections (2001), and the Presidential Elections (2002 and 2004); he was a member of UN/World Bank Joint Assessment Mission (1999) and the King's College Independent Study Group on Security (2002) and served as a consultant to ACIAR/AusAID on the design mission for Seeds of Life 2 (2004). With Dionísio Babo-Soares, he has published *Out of the Ashes: Destruction and Reconstruction of East Timor* and with Helder da Costa, Colin Piggin and Cesar J da Cruz: *Agriculture: New Directions for a New Nation, East Timor (Timor-Leste)*.

Dr Sam Bateman retired from the Royal Australian Navy as a Commodore and is now a Professorial Research Fellow at the Australian National Centre for Ocean Resources and Security at the University of Wollongong, and a Senior Fellow and Adviser to the Maritime Security Programme at the S Rajaratnam School of International Studies at the Nanyang Technological University in Singapore. He has written extensively on defence and maritime issues in Australia, the Asia–Pacific and Indian Ocean. He has co-authored the reports *Our western front: Australia and the Indian Ocean* (2010) and *Sea change: Advancing Australia's ocean interests* (2009) for ASPI and the RSIS Policy Paper *Good order at sea in Southeast Asia*. He is a nominated member of the expert and eminent person's group established by the ASEAN Regional Forum to advise on regional security issues, and a member of the international editorial board for the *Journal of the Indian Ocean Region*.

Dr Anthony Bergin is Director of Research Programs at ASPI. His training is in law, political science and international relations. His doctoral dissertation was on Australian law of the sea policy. For twenty-five years he taught on the political and legal aspects of marine affairs first at the Royal Australian Naval College and then University of New South Wales at the Australian Defence Force Academy. For several years he taught a graduate course in international law as an Adjunct Reader in Law at the Australian National University. He has held visiting academic appointments at the Department of Maritime Studies, University of Wales and the Center for Marine Policy, University of Delaware. He has served on the editorial boards of two leading international ocean law and policy journals and for many years edited the journal *Maritime Studies*. Dr Bergin has been a consultant on maritime issues to a wide range of public and private sector clients and has published extensively on the political, security and legal aspects of marine policy.

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Tel +61 2 6270 5100
Fax + 61 2 6273 9566
Email enquiries@aspi.org.au
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