

Tensions mount over oil-rich Timor

Mike Head
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Tensions are mounting between the Indonesian regime, now headed by B.J. Habibie, the Howard government in neighbouring Australia and the former colonial power Portugal, over the small oil-rich region of East Timor and its 800,000 people.

Indonesia's economic disintegration over the past year, followed by the forced resignation of the dictator General Suharto, has thrown into doubt the military regime's capacity to maintain its 23-year occupation of the former Portuguese colony, setting off a scramble for control over Timor's eastern half.

At the heart of the emerging conflicts, and various intense diplomatic manoeuvres, are the large reserves of oil and natural gas in the Timor Gap that lies between the island and Australia. Oil has just begun to flow from the area, one of the richest 23 oilfields in the world.

Joint venture partners BHP, Santos, Petroz and Inpex Sahul last month commenced production from the Elang Kakatua field, which is expected to yield some 30 million barrels of oil, worth \$US600 million over four to five years. However, the profits there will be dwarfed by those anticipated from the huge Undan-Bayu natural gas reservoir, starting in three years' time. It holds the equivalent of 900 million barrels of oil.

On July 22, the National Council of Timorese Resistance (CNRT), recently formed by the main East Timorese political parties, issued a statement urging international oil companies to recognise that their interests would be best served by supporting calls for Timorese self-determination and seeking a mutually beneficial deal with the Timorese leadership.

This course would 'enable oil companies to operate in a secure and predictable environment, for the benefit of all stakeholders,' it said. 'The National Council of Timorese Resistance will endeavour to show the Australian government and the Timor Gap contractors that their commercial interests will not be adversely affected by East Timorese self-determination. The CNRT supports the rights of the existing Timor Gap contractors and those of the Australian government to jointly develop East Timor's offshore oil reserves in cooperation with the people of East Timor.'

Within weeks of this statement being issued, reports surfaced in the Australian media of a secret meeting in Jakarta's Cipinang Prison between jailed Timorese leader Xanana Gusmao and Peter Cockroft, the Jakarta-based representative of BHP Petroleum, an Australian company with extensive interests in the Timor Gap.

According to the reports, Gusmao told Cockroft that a Timorese government would protect the rights granted to BHP and other companies under the controversial 1989 Timor Gap Treaty between Indonesia and Australia. In that treaty, the then Labor government in Australia formally recognised the Indonesian

annexation of East Timor in 1975--making it the only country in the world to do so--in return for an agreed carve-up of the Timor Gap exploration zone.

As the reports of the BHP-Gusmao talks emerged, the Australian government unveiled a shift in its policy, calling for the first time for Gusmao's freedom. 'We would favour the release of Xanana Gusmao in the context of a process of reconciliation and settlement in East Timor,' Australian Foreign Minister Alexander Downer announced on August 19. 'Australia recognises that Xanana Gusmao has a central role in the resolution of the East Timor issue.' Less than two weeks earlier, on August 7, Downer had opposed Gusmao's release and denounced the Timorese leadership's call for a referendum on self-determination, declaring that it would lead to bloodshed.

Until now, the Timorese leadership had not accepted the legality of the Timor Gap Treaty, insisting that Portugal remained the only legitimate authority over East Timor and its territorial waters, a colonial claim still recognised by the United Nations.

However, Gusmao was reported to have assured Cockroft 'that BHP and other mining companies should not worry about the policies of the Timorese resistance'. According to one anonymous source, 'Xanana said: 'We encourage them to stay on, looking to help the Timorese with the proceeds from the oil until a resolution is reached'.'

Gusmao's remarks are regarded as authoritative in representing the views of the CNRT because he is not only its president but was afforded the title of 'lider maximo' (supreme leader) by the CNRT's founding congress in April, convened in Portugal. Gusmao is also leader of one of the CNRT's constituent parties, Fretilin (the Revolutionary Front for an Independent East Timor).

Gusmao, BHP and the Australian government subsequently distanced themselves from the reported discussions with Cockroft but such talks clearly flow from the oil policy adopted by the CNRT. For its part, the Indonesian regime recognised the prison meeting as a threat to its interests. It moved to expel Cockroft, who flew back to BHP head office in Melbourne on August 27. The Howard government intervened on BHP's behalf, persuading Jakarta to allow Cockroft to leave Indonesia on 'friendly terms'.

Meanwhile, Portugal, backed by the European Union, re-positioned itself to assert its interests in the region by signing an agreement with Indonesia at the UN to commence negotiations on Indonesian proposals to grant limited autonomy to East Timor. In addition, the two sides agreed to restore their diplomatic relations, so that Portuguese representatives can officially return to Indonesia.

The Timorese leadership through CNRT Vice President Jose

Ramos-Horta welcomed the agreement, subject to the condition that Gusmao be released to participate in negotiations. Under the plan, the two sides will try to finalise an autonomy scheme by the end of the year. It is likely to provide for Indonesia to retain control over the military, police, economy, trade and foreign policy of the province, while allowing for local self-government and responsibility for educational and cultural affairs.

The arrangement promises benefits for both sides. The Indonesian military, led by Defence Minister General Wiranto, is known to be anxious to scale down its costly involvement in East Timor. It is increasingly unable to finance the cost of stationing thousands of troops on the island, while also maintaining occupation forces in Irian Jaya (West Papua) and Aceh. Despite the withdrawal of 1,300 troops from East Timor, the military's forces there still number an estimated 20,000 to 30,000, together with some 3,000 informers and armed thugs.

These forces have failed to crush resistance to Indonesian rule. Instead, Suharto's resignation has encouraged open demonstrations by students and others, often involving thousands, demanding a total withdrawal of troops, freedom of all East Timorese political prisoners and a referendum on the province's future status. These demonstrations have continued in defiance of repression, including the killing of protestors.

On Portugal's side, it hopes to exploit its former colonial status to reestablish a lucrative presence in East Timor, perhaps via a UN-supervised referendum. It has for the past two decades provided a base for Horta and other exiled Timorese leaders, who are calling for a referendum with three options: autonomy under Indonesian rule, a gradual grant of independence, and a 'free association' with Portugal.

Despite the undoubted popular support for such a referendum among Timorese people, particularly the youth, none of these three options provides a way forward for the impoverished Timorese masses. Domination by Indonesia or Portugal would give their ruling classes continued control over the territory's people and natural wealth--timber, coffee and marble, as well as oil.

Over the past two decades the hated Indonesian regime has shot, beaten, tortured and starved some 200,000 Timorese people to death to maintain its grip in the wake of its 1975 invasion. Before that Portugal presided over 400 years of enforced backwardness and poverty, depriving the Timorese people of even the most elementary educational and health facilities.

Yet 'independence' would mean the establishment of a capitalist mini-state, with a thin bourgeois layer serving the interests of the oil giants and other transnationals, whether they come from Australia, Portugal or elsewhere. Besides Portugal, other European powers have taken a keen interest in Timor's oil. Stat Oil of Norway, for example, recently allocated \$US400,000 so that East Timorese graduates could study petroleum engineering in Norway.

As the CNRT's oil statement demonstrates, the perspective of the Timorese leadership is not to challenge the private profit system but to integrate themselves into it.

Of the CNRT's two main parties, the Timorese Democratic Union (UDT) represents the interests of Portuguese business and its Timorese associates. It has always favoured a semi-autonomous 'association' with Portugal. At least in public, Fretilin has advanced

a more non-aligned program, but only within the framework of establishing its own capitalist economy in partnership with the multinationals. To pursue this end, it has maintained a guerilla force in East Timor's mountainous interior.

In a significant pointer to Fretilin's political orientation, it has in recent times promoted Gusmao as 'East Timor's Nelson Mandela'. Mandela himself visited Gusmao in prison during a state visit to Indonesia in July 1997. In South Africa, the ANC government headed by Mandela has protected the investments and profits of big business, both global and South African, while conditions of life for the poor and the working people have not improved since the apartheid era. A Timorese regime would be equally dependent on, and beholden to, corporate investors.

The long-suffering workers, peasants and youth of East Timor cannot free themselves from colonial and semi-colonial oppression by setting up a capitalist enclave. That would replace one form of tyranny by another, with a privileged stratum of business people implementing the demands of the multinationals. The aspirations of the working people of East Timor for freedom, democracy and equality can only be met by unifying their struggles with those of the working class across Indonesia and worldwide, in common cause against the capitalist profit system itself.

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