

# “Alarm bells” ring for Australian government over deepening China-East Timor ties

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East Timor’s Prime Minister Xanana Gusmão called for closer military ties with China in a speech delivered in Dili last Tuesday at a ceremony marking the start of construction work on a new joint Timorese military and defence department headquarters. The project is being wholly funded by the Chinese government.

Expected to cost \$US8 million and take 15 months to complete, the new building is one of several high profile projects being funded by Beijing in East Timor. In his speech, Gusmão thanked China (“in the name of the fraternal brotherhood that links our two peoples”) for constructing Timor’s presidential palace, the foreign affairs ministry building, and a military residential quarters in Metinaro, east of Dili. The prime minister also expressed gratitude for China’s sale of two Shanghai class naval patrol boats, and provision of Chinese military personnel to train their Timorese counterparts.

“We are firmly committed to incrementing bilateral cooperation in the military area with friendly countries that provide us with uninterested support,” Gusmão declared. “Our Chinese brothers and sisters are clearly part of this group.” Then, in an obvious reference to the Australian government, he explained that “there is nothing that would prevent us from requesting and accepting [further military assistance], nor would it be legitimate for anyone to seek to constrain our options.”

On Wednesday, the *Australian* newspaper cited unnamed senior diplomatic analysts who said that “China’s foray into what has been traditionally regarded as ‘Australia’s sphere of interest’ had set alarm bells ringing in Canberra.”

Hugh White, a former defence department deputy secretary and current head of the Australian National University’s Strategic and Defence Studies Centre, told the newspaper: “It’s contrary to a very deep intuitive sense we have of our strategic interests. And I don’t doubt for a moment Australia will be very nervous about this.” The *Australian* went on to paraphrase White: “If a future US-China relationship became more competitive, with the region divided into pro-US and pro-China

blocs, Beijing’s strategic military presence in East Timor could pose a serious challenge for Australia, he said.”

These extraordinary remarks underscore the mounting crisis of Australian foreign policy in Timor and the South Pacific—and the open use of colonial-style language (“spheres of influence”) points to what is at stake.

China, Australia’s largest and fastest growing trade partner, is extending its military and diplomatic reach across the globe in line with its economic dependence on the import of raw materials delivered via key strategic sea and land routes. At the same time, the United States, Australia’s primary military and strategic ally, is seeking to maintain its global military hegemony, in the face of its historic economic decline, and prevent the rise of China and other challengers. Ever since the end of World War II, Washington has delegated major responsibility for the South Pacific region to Canberra. But after more than six decades, this arrangement is beginning to break down because of the growing inability of the Australian government to impose its will on small neighbouring states and to shut out China.

The Australian military intervened in East Timor in 1999 to oversee the tiny island state’s transition to formal independence—thereby advancing Canberra’s strategic position. The intervention also ensured that Australian oil and gas companies could continue to exploit the multi-billion dollar Timor Sea reserves under modified arrangements first negotiated between the Australian government and the Indonesian military junta in the 1980s.

Australian troops were again deployed in 2006 as part of a regime change operation against former Fretilin prime minister Mari Alkatiri, who had come to be regarded as too closely aligned with rival powers China and Portugal. During the 2007 elections, held under the watch of the Australian military, Canberra’s favoured candidates José Ramos-Horta and Xanana Gusmão were installed as president and prime minister respectively. About 550 Australian and New Zealand soldiers still remain in the country.

Having expended considerable resources placing in power two individuals regarded as reliable allies, Canberra is now learning, as the old adage has it, that in international relations there are no permanent allies, only permanent interests.

In the past two years, the Gusmão government has moved closer to Beijing, consciously utilising the relationship as a counter-balance to Canberra's influence. Chinese aid has increased, as has investment, including in prominent retail and small business outlets in Dili. At the same time, almost all Timorese exports to China are now exempt from tariffs. Yang Donghui, the Chinese embassy's economic attaché, said on August 19 that this was aimed to "promote economic development in East Timor and boost economic and commercial ties between China and East Timor".

Deep tensions remain between Dili and Canberra over the location of a gas refining plant for the multi-billion dollar Greater Sunrise gas reserves. The Gusmão government insists that the plant—which will bring significant economic and strategic benefits—must be constructed on Timorese soil, whereas the Gillard Labor government agrees with the proposal of Australian resources giant, Woodside Petroleum, to develop a floating facility in the Timor Sea. On August 19, two days before the Australian election, Gillard declared the plant's location a "commercial decision" that ought to be made "in the best interest of [Woodside] shareholders". This drew sharp rebukes from senior Gusmão government ministers, who held out the prospect of junking the arrangement with Woodside and allowing oil and gas companies from China, Malaysia, and South Korea to step in.

Dili has also demonstrated a willingness to defy Canberra's dictates in its self-proclaimed "patch", the South Pacific. The Gusmão government has said it will join the Melanesian Spearhead Group (MSG)—the Chinese-funded regional grouping of Fiji, Vanuatu, Solomon Islands, and Papua New Guinea. The Fijian military junta hopes the MSG will supplant the Australian-dominated Pacific Islands Forum as the key regional body, which is precisely why Canberra is so hostile to the Melanesian body. The Australian government sabotaged a scheduled MSG meeting in Fiji last July, but an East Timorese delegation was among those that subsequently participated in a "Friends of Fiji" summit, convened by the military regime.

Particularly significant are signs of growing tensions between Canberra and the East Timorese military hierarchy. Last Wednesday the *Australian* referred to "worries about Canberra's handling of its multi-million defence program with East Timor, a program Dili regards as excessively conditional".

Several weeks ago, East Timor's Major General Taur Matan

Ruak called for an end to the Australian-New Zealand International Stabilisation Force (ISF), insisting that his men were capable of maintaining security. Ruak has not publicly repeated this demand, no doubt reflecting the pressure that would have been brought to bear on him from Australian and other foreign personnel in Dili. That a withdrawal of the occupation force was raised at all, however, reflects the enormous opposition to the presence of Australian troops among ordinary Timorese. It also underscores the growing self confidence of the East Timorese military leadership. Ruak maintains a high public profile and regularly intervenes into domestic political controversies. Last month, leaked emails published in the Timorese press revealed that in December 2006, Finance Minister Emilia Pires feared that Ruak was about to emulate his Fijian counterpart and stage a coup in Dili. She also expressed a belief that the gang violence that erupted at the time was in fact a series of provocations aimed at destabilising the situation in order to provide a pretext for a military takeover.

Whether or not there was any real basis for such concerns, the finance minister's fear of a coup underscores the highly unstable political situation in East Timor—no less in 2010 than in late 2006. And while the US State Department is yet to issue a public statement about the burgeoning China-East Timor relationship, Washington is undoubtedly observing the situation closely, as well as Canberra's rapidly eroding authority in the region.

*The author recommends:*

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