

# East Timor's coalition government collapses

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After just a year-and-a-half in office, East Timor's coalition government has collapsed.

Former President and Prime Minister Xanana Gusmão last month instructed members of his National Congress for Timorese Reconstruction (CNRT) party to abstain from giving parliamentary approval to the annual budget proposed by their own government. This extraordinary move saw the budget voted down on January 17. Prime Minister Taur Matan Ruak immediately declared that the Alliance of Change for Progress (Aliança de Mudança para o Progresso, AMP) ruling coalition was finished.

The always unstable coalition, sworn into office in June 2018, had involved Ruak's People's Liberation Party (PLP), Gusmão's CNRT, and the smaller KHUNTO group, formed by martial arts street gangs.

Gusmão blew up the arrangement after East Timorese President Francisco 'Lú-Olo' Guterres, a member of the opposition Fretilin party, repeatedly refused to swear in proposed government ministers from the CNRT party. Guterres insisted that seven of Gusmão's candidates were unfit for office, on the basis of corruption allegations.

In an attempt to restore his pre-eminent position within the Timorese ruling elite, Gusmão blocked the budget as a means of triggering an early election. He boycotted a round-table discussion convened by President Guterres on February 10 of what were billed as East Timor's "historic leaders." Guterres pointedly left an empty chair for Gusmão, and invited the media to photograph him in discussions with Prime Minister Ruak, military chief Lere Anan Timur, former president José Ramos-Horta, former Fretilin prime minister Mari Alkatiri, and former Fretilin defence minister Roque Rodrigues.

The meeting raised the spectre of a military-backed "national unity" government of Ruak's PLP and Fretilin. However, the political situation remains deadlocked. President Guterres earlier insisted that he backed Ruak to remain prime minister and would not dissolve the parliament for an early election.

In the absence of a budget, the government is funded on the basis of Timor's "duodecimal system," which doles

out the equivalent of the 2019 budget in 12 monthly instalments. But this effectively blocks any significant investment projects and the provision of basic services is also threatened.

The Tatoli news agency reported on January 22 that health officials were unable to bulk purchase medical supplies, including vaccines, hepatitis treatments, and antibiotics. Senior official Odete Freitas said: "Maybe [in] one or two months coming we will be out of stock for very basic items of medication."

The curtailment of government spending threatens to plunge the economy into sharp recession, further devastating workers and farmers already struggling to survive in one of the world's most impoverished states.

East Timor's political and economic crisis comes amid sharpened geo-strategic regional rivalry between China, on the one hand, and American and Australian imperialism, on the other.

Gusmão's main role within the now defunct AMP administration is to preside over the multi-billion dollar Tasi Mane infrastructure development on Timor's southern coast. The project involves the construction of major roads, a still unused regional airport, and a naval port, all developed around a liquid natural gas (LNG) processing plant for a Timor Sea gas pipeline that does not yet exist.

The government has staked enormous sums on the prospect of overseeing the construction of a pipeline from the Greater Sunrise gas fields in the Timor Sea, to Tasi Mane. Its aim is to reap LNG export royalty revenues while also developing related onshore manufacturing industries to generate jobs and help alleviate the country's mass unemployment.

Chinese construction companies have been involved in different aspects of the Tasi Mane project. State-owned China Civil Engineering Construction last year won a contract of nearly \$1 billion to construct the LNG offloading terminal for the yet to be built Beço gas plant.

Gusmão repeatedly hinted that China could be invited to develop the Greater Sunrise pipeline and processing plant.

There are certainly incentives for Beijing to become involved; the Asian power has seen a rapid rise in its LNG consumption and is now the second largest national market behind Japan. In September last year, Credit Suisse analyst Saul Kavonic told the *Petroleum Economist* website: “We expect Gusmao to play the geopolitical card. He will try to access funding on favourable terms, playing Chinese and Australian geopolitical goals against each other.”

Australia’s Woodside Petroleum, supported by the Australian government, has long refused to go along with a Greater Sunrise pipeline to Timor. Woodside has a 33.44 percent stake in the Sunrise Joint Venture, alongside Japan’s Osaka (10 percent), while the Timorese state now controls a majority 56.56 percent after buying stakes held by ConocoPhillips and Shell. Woodside has adamantly insisted that the gas reserves either be piped to Darwin in northern Australia, or to a floating processing facility developed in the Timor Sea.

The stand-off between Dili and Canberra on how to develop Greater Sunrise has lasted years. At stake for the Timorese ruling elite is the ability to maintain even the semblance of an “independent” state, following the former Portuguese colony and Indonesian-occupied territory’s gaining of formal sovereignty in 2002. More than 90 percent of the government’s budget is derived from oil and gas revenues from the Timor Sea’s Bayu-Undan fields, but these are expected to run dry as early as next year. In the absence of Greater Sunrise revenues, the ruling class is confronted with the threat of outright economic collapse.

Layers within the Australian ruling elite are concerned that the impasse will result in the Timorese government turning more directly towards Beijing.

On February 5, South Australian Centre Alliance Senator Rex Patrick attempted to have a federal senate subcommittee investigate whether the Australian government should back the Tasi Mane project. His motion received the support of the Greens and One Nation senators but was defeated by the “no” votes of the major parties—Liberal, National, and Labor.

Patrick’s remarks went unreported in the Australian press but pointed to the discussions underway within ruling circles. “If we go back to December 2007,” he told the Senate, “we know from WikiLeaks that the Chinese offered to do things like put a surveillance radar on the south coast of Timor-Leste [East Timor]. There is interest in Timor-Leste from the Chinese as they expand their influence.

“It’s my strong view that there could be Chinese military assets—which will eventually occur if we ignore Timor-Leste—on what is, effectively, a stationary aircraft carrier just to the north of Australia. It is not in our strategic interest to have a strong Chinese footprint in this neighbouring country, not in any way, shape or form, and that means we need to engage. [...] In ten years’ time, I can guarantee you, I’ll be sitting in a park somewhere reading back today’s Hansard—on the day that we’re seeing [Chinese] military bases being established on the south coast of Timor-Leste.”

After supporting Indonesia’s invasion of the territory in 1975 and collaborating in the plunder of its natural resources, Canberra staged a so-called “humanitarian” military intervention in 1999 after Jakarta’s control became untenable. Throughout the transition to the nominally independent East Timorese state, Australian imperialism’s paramount concern was to maintain control over the lucrative oil and gas fields in the Timor Sea. Its provocations included an illegal spying operation involving intelligence operatives posing as aid workers to bug government buildings in Dili, and a 2006 military intervention and regime-change operation that ousted the elected Fretilin government.

Now there is rising Chinese economic and diplomatic activity in what Australia, backed by its US ally, regards as its “patch.”

Senator Patrick’s remarks, crudely referring to Timor as a “stationary aircraft carrier” to Australia’s north, were issued less than three weeks after the collapse of East Timor’s ruling coalition. They point to what is undoubtedly intense and ongoing behind-the-scenes manoeuvring in Dili by Australian officials who aim to exploit Timor’s political crisis for Canberra’s benefit.



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