

# East Timor's presidential election won by Jose Ramos-Horta

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Jose Ramos-Horta won the second, run-off round of East Timor's presidential election that was held April 19.

Ramos-Horta received 62 percent of the vote, defeating incumbent Fretilin President Francisco "Lú Olo" Guterres with 38 percent. Turn out was 75.2 percent. The former prime minister and president will return to office next month, with the presidential swearing in ceremony scheduled for May 19.

Ramos-Horta becomes head of state amid an escalating economic crisis wracking the impoverished country, and with sharpening geo-strategic tensions in the region fuelled by US imperialism's preparations for war against China.

East Timor has been hard hit by the global supply chain and inflation crisis. Its economy was already negatively affected by the COVID-19 pandemic, with a massive economic contraction. Asian Development Bank figures showed -6.8 percent gross domestic product (GDP) growth for 2020, and positive growth of just 1.8 percent in 2021.

Costs of living are now escalating. The Tatoli state news agency reported Friday that in just a few weeks, the price of a 25 kilogram bag of rice has increased from US\$10 to US\$14, a 40 percent hike. Two litres of cooking oil now costs US\$4.50, up from US\$2.50, an 80 percent increase. Inflation will fuel poverty and hardship in East Timor, already one the world's most impoverished nations, where the rural poor suffer recurring "hungry seasons."

On April 13, just a few days before Horta's election, the Fretilin-led coalition government announced new subsidies for oil and diesel fuels aimed at freezing prices for public transport operators, including land, water, and air transport, and for private consumers using fuel for agriculture and fishing.

This measure is directed towards preventing the emergence of social unrest and political opposition. It threatens, however, to further worsen East Timor's budget crisis. More than 90 percent of all public revenue derives from oil and gas extraction—but the sole major field in operation, Bayu Undan, is nearly dry and is due to cease operations from next year. Two decades after East Timor received formal sovereign independence, outright state collapse is threatened unless alternative revenue streams are developed.

Ramos-Horta's election is likely to see renewed focus on the enormous untapped oil and gas reserves in the Timor Sea's Greater Sunrise, worth tens of billions of dollars.

Ramos-Horta ran for president after receiving the backing of former president and prime minister Xanana Gusmão. The two ran a virtual joint ticket, appearing at campaign events together and appearing on Ramos-Horta's billboards and related election material. When last in office, Gusmão promoted the Tasi Mane mega-project, aimed at preparing for the construction of a pipeline from Greater Sunrise to East Timor, where he wanted a processing plant to prepare the energy reserves for export. In southern Timor, Gusmão ordered the construction of multi-lane roads, an airport, and sea port.

These have gone unused for years. Both the Australian government, and Woodside Petroleum, which operates Greater Sunrise and has a 33 percent stake in the field, flatly refused to consider a pipeline to East Timor. Canberra insisted this would be too costly, and instead urged existing pipelines to processing facilities in the Australian city of Darwin be used. The standoff coincided with a global decline in oil and gas prices, and in 2020 Woodside wrote down the value of its stake to zero, effectively indicating its disinterest in

developing the project.

The consequences of the US-NATO proxy war against Russia in Ukraine has, however, changed the calculations.

The *Australian Financial Review* reported on April 22 that Woodside CEO Meg O'Neill said that "serious consideration" ought to be given to Greater Sunrise. O'Neill explained: "If Russia were to go out of the Western energy system for the long haul [i.e., be subjected to indefinite US-European sanctions], that would have consequences for our long-term thinking around demand and pricing. I think there is tremendous opportunity: Australia has been a tremendous exporter of oil and gas for decades."

The Woodside executive still insisted that processing natural gas in East Timor would be unviable, and this is likely to remain a point of sharp dispute between Canberra and Dili. The *Energy Voice* publication suggested that Greater Sunrise's oil reserves may be extracted first, before the issue of the gas processing is resolved.

The Greater Sunrise question is being considered in the context of Washington's aggressive confrontation of China. Solomon Islands, a relatively short distance from Timor, recently signed a security agreement with Beijing, to the fury of the Australian and American governments.

Ramos-Horta has long been close to the US and Australia. His election has nevertheless been accompanied by concerns within sections of the western foreign policy establishment that Beijing will increase its influence within East Timor, potentially including intervening in the Greater Sunrise development. The *Australian Financial Review* published a comment last Tuesday, "The sun is set to rise over East Timor," by Grant Wilson, head of Asia Pacific at data analytics firm Exante Data. Wilson insisted, "If Australia does not support East Timor in developing the Greater Sunrise gas field, after the diplomatic mishandling of a security pact with Solomon Islands, China will."

Ramos-Horta's election is likely to trigger further political instability in East Timor. He received Gusmão's support only after explicitly committing to dissolving the parliament and triggering elections for a new government in the event he won.

Gusmão and his National Congress for Timorese

Reconstruction (CNRT) were locked out of power in May 2020, when Fretilin and the smaller Democratic Party and KHUNTO formation formed a majority coalition. Elections are not due to be held until next year, but Gusmão is desperate to return as prime minister and he expects Ramos-Horta to utilise constitutional provisions to dissolve the parliament and force an early poll.

These presidential power provisions, however, have several caveats and conditions. Moves to dissolve the Fretilin-led government may trigger another constitutional crisis in East Timor.



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