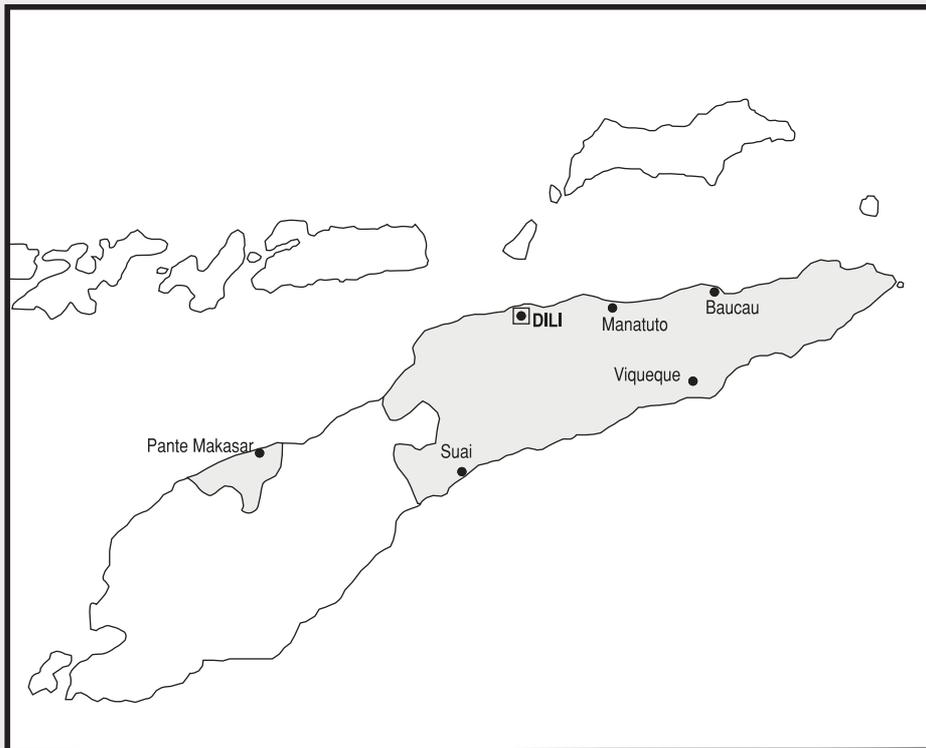


# Timor-Leste





# **TIMOR-LESTE IN 2022: Will the Return of Resistance Generation Leaders Usher in a New Era for the Country?**

Geoffrey C. Gunn

Coming out of a perfect storm of the COVID-19 pandemic, devastating floods and political indecision of the previous year, Timor-Leste celebrated the twentieth anniversary of its independence in 2022 with some rays of hope. The presidential elections in May saw the return of José Ramos-Horta, Nobel Peace Prize co-laureate, also a prior presidential office bearer between 2007 and 2012, as the new president. With his victory, the resistance generation leaders remain at the helm of Timor-Leste but they are confronted with a myriad of governance problems, including the shrinking sovereign wealth fund, lacklustre economic growth, food insecurity and youth unemployment. As a seasoned diplomat with international standing, Ramos-Horta has actively pursued a multi-pronged foreign policy to keep Timor-Leste on an even keel among key partners—namely, Australia, Indonesia, China and ASEAN.

## **The Shifting Political Landscape**

The seeds of political crisis had been sown back in February 2020 with the withdrawal of the National Council for Timorese Reconstruction (CNRT) party, headed by resistance hero and former president José “Xanana” Gusmão from the three-party coalition comprising the CNRT, the People’s Liberation Party (PLP) and the Kmanek Haburas Unidade Nasional Timor Oan (KHUNTO, which stands for “Enrich the National Unity of the Sons of Timor”). The youth-oriented KHUNTO, however, unexpectedly broke ranks with Gusmão and the CNRT

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afterwards and threw its support behind the fledgling alliance between the PLP and the Revolutionary Front for an Independent Timor-Leste (FRETILIN). This new coalition gave Prime Minister Taur Matan Ruak, leader of the PLP and also former president of Timor-Leste, an extended mandate to govern until 2023 so that he would oversee the looming COVID-19 health crisis.<sup>1</sup> He nominated five FRETILIN members and one member of the coalition partner Democratic Party (PD) to fill long-vacant positions in the government's Council of Ministers. By June 2020, the new coalition government—or the Eighth Constitutional Government, as the current administration is formally known—was in place with Gusmão sidelined and with the Ruak government continuing in office as of this writing.<sup>2</sup> It was against this background that Gusmão plotted a comeback not directly but working through a trusted protégé to unseat the FRETILIN-held presidency.

### ***Presidential Elections***

In line with the Timor-Leste constitution and its semi-presidential system, elections were held in two rounds in March–April 2022 to select the new president. Timor-Leste uses a single nation constituency, where the voters are free to vote anywhere, and with the president being elected from an uninominal list by voters in a single poll. Candidates can be nominated by a single party, by a coalition of political parties, or as independents, backed by a minimum of five thousand signatures of voting citizens from all thirteen electoral districts.

The fifth presidential election since Timor-Leste's independence, it witnessed a record-high sixteen candidates, including four women and a number of independent youth representatives. Nevertheless, some analysts, such as Dili-based Li-Li Chen, questioned the baleful influence of East Timor's traditional patriarchy despite the rhetoric about the "indispensable" role of the youth in shaping the political landscape.<sup>3</sup> The resistance generation still prevailed in the list of candidates and a generational change in the leadership was not yet forthcoming. Besides Ramos-Horta, the candidates included incumbent president Francisco Guterres (Lú-Olo) of FRETILIN, former military chief Lere Anan Timur, and former Timor-Leste ambassador to the United States Constâncio Pinto, who is known to the younger generation as the founder of the clandestine front resistance movement. Collectively, they represent the old guard resistance generation leaders. However, two long-time rivals were notably absent from the contest, including Gusmão, who nevertheless endorsed his long-time ally Ramos-Horta. The other was FRETILIN founder and chairperson Mari Alkatiri, who preferred to work behind the scenes to build parliamentary coalitions.

The Timor-Leste president has limited powers in a semi-presidential system, but he can veto legislation and, following parliamentary elections, has the powers to appoint the leader of the majority party or majority coalition as the prime minister (as with Ruak, the incumbent). In the campaign, CNRT and Ramos-Horta made it clear that their priority was to solve the country's chronic political deadlock that has plagued the coalition government since 2017 (a reference to the presidential power wielded by the FRETILIN-aligned President Guterres [Lú-Olo] in blocking ministerial appointments). Yet, according to Chen, if the new president dissolved the parliament, then he (or she) would either need to realign the current parliamentary coalition, including KHUNTO and the PLP, or call for a new parliamentary election. But CNRT would need to win a majority of thirty-three out of sixty-five seats in order to become the ruling party, and to do this CNRT would have to craft a coalition with other smaller parties. However, as Chen suggested, realigning the coalition or dissolving the parliament in attempts to weaken FRETILIN's power in the legislature could backfire, complicating the current situation and perpetuating the rule of older generations at the expense of the youth.<sup>4</sup>

### ***Election Results***

Timor-Leste has a large youth demographic, with some 200,000 people voting for the first time out of an estimated 860,000 eligible voters. All the new voters were born after the restoration of independence. Younger candidates included former representative to the United Nations Milena Pires, Dili-based academic Antero Benedito da Silva, and former cabinet minister Mariano Sabino Lopes. KHUNTO was the most active party in calling for generational change in the country's leadership. The party has five seats in the national assembly and is part of the current coalition government. Its leader, Armanda Berta dos Santos—also a deputy prime minister—was a contender in the first round of the presidential elections.<sup>5</sup>

In the first ballot, Ramos-Horta won 46.6 per cent of the votes, followed by the incumbent Guterres (Lú-Olo) with 22.1 per cent. No other candidate won more than 9 per cent in the first round. Coming next were Armanda Berta dos Santos (8.7 per cent), signalling evidence of strong support for the youth party,<sup>6</sup> Lere Anan Timur (7.6 per cent) and Mariano Assanami Sabino (7.3 per cent). All others, including the independents, received 2 per cent or less. With neither Ramos-Horta nor Guterres (Lú-Olo) obtaining the majority needed to win in the first ballot, they subsequently faced each other in the second round on 19 April.

On 30 March, the court announced that Ramos-Horta would be listed first on the second-round ballot, followed by Guterres (Lú-Olo). Campaigning with the crucial support of Gusmão's CNRT, Ramos-Horta committed to allowing the Timor-Leste parliament to process oil and gas resources in the Timor Sea through construction of a deep-sea pipeline, notwithstanding the technical difficulties and the costs (as mentioned below). In the campaign, he also signalled that, if elected, he would dissolve the parliament, a threat he has still not carried through as of this writing.

In the second ballot, Ramos-Horta won in eleven of the thirteen electoral districts, even defeating Guterres in the eastern district of Lautem, part of FRETILIN's traditional geographic base. As observed by Parker Novak, a former International Republican Institute staff, such a result demonstrated Ramos-Horta's wide appeal under a closed-list proportional representation system in one nationwide electorate. This is true. Nevertheless, without more evidence, it is hard to agree with Novak that the returns reinforced the long-standing divide between the country's eastern and western districts.<sup>7</sup> While such a divide may impact parliamentary elections and cannot be ignored, as with the chaos surrounding events of 2006–7, it is also true that Ramos-Horta truly won a national victory irrespective of geography, historical divisions, and traditional bases on a platform of poverty reduction and job creation. He also sailed this through despite a FRETILIN campaign theme that he was to blame for the political crisis of 2006–7 (in which he narrowly survived an assassination attempt in February 2008).

Can Ramos-Horta's easy victory be explained through the lens of conventional electoral politics analysis, or were local cultural politics of more importance? The latter approach must consider the political role of Gusmão, himself the president between 2002 and 2007 and then the "kingmaker" in 2008 and again in 2022, with his talismanic portrait displayed in Ramos-Horta's campaign. As anthropologist Lisa Palmer argued, Gusmão's hold over the East Timorese people is of a different order—namely, enmeshing them in their everyday ancestral practices and beliefs, even at the level of *lulik*, or the spirit world. Notwithstanding the Catholic belief of the Timorese people and the hold of the church in the country, she opined that "The power of *lulik* is extremely potent and always influential." According to Palmer, more than any other politically active person, Gusmão "embodies both quintessential Timorese power figures and the deep paradoxes of darkness and light, tradition and modernity which continue to pervade and underpin the politics of Timor-Leste".<sup>8</sup> Ramos-Horta does not have the Founding Father stature of Gusmão. In fact, he stayed outside of the country during the twenty-four-year guerrilla struggle against the Indonesian occupation. However, as a cosmopolitan

media-savvy diplomat, he brings a different skill set to the presidential office—namely, international status and credibility. At seventy-three years old, Ramos-Horta is also a *katua* (meaning “elder” in Tetum language) that commands great esteem and respect in line with East Timorese tradition.

Contrary to his plan to call early elections, Ramos-Horta after inauguration came to understand the negative effects of leaving the country “paralyzed for several months” amid the deteriorating economic situation. He added that the rest of the party, including Gusmão, agreed and that they were “now focusing on the elections in 2023.”<sup>9</sup> According to a Timorese media report, Prime Minister Ruak responded accordingly, noting that, “As the Head of the Government, I am immensely happy with the intention of President Horta to not dissolve the parliament.” As Ruak pointed out, Timor-Leste’s political impasse in 2017 and 2018 (a reference to the presidential veto over a number of ministerial appointees) set back the progress and the national development and so, he concluded: “We are happy with Horta’s commitment to promoting national dialogue. The entire nation praises his commitment to ensuring peace and stability in the country.”<sup>10</sup>

## The Economy

### *Managing the Petroleum Revenues*

Timor-Leste’s economic well-being critically relies on its sovereign wealth fund called the Petroleum Fund, which is fed by hydrocarbon revenues from Timor Sea oil fields (85 per cent from the small Bayu-Undan field). The fund is established on a Norwegian model to safely manage oil and gas revenues. After Gusmão abandoned his role as a key player in brokering Timor-Leste’s US\$12–20 billion South Coast petroleum corridor project, the then newly sworn-in Ruak government in July 2020 sought a reappraisal of the project (notably replacing the key concerned officials and suspending further decision-making).<sup>11</sup>

According to a World Bank report, as of the end of the first quarter of 2022, the fund’s balance remained largely unchanged from the previous year as sizable petroleum revenues and a meagre investment return of US\$144 million was offset by substantial withdrawals. Since the first quarter of 2021, higher hydrocarbon prices contributed US\$1.2 billion to the fund but close to US\$1.1 billion was drawn out to the state budget and to remunerate the management of the fund. Notably the fund recorded more than US\$900 million in losses during the first quarter of 2022 because of weak investment returns. The report projected that the fund would continue to fall in value unless inflows from new hydrocarbon production fields occur or unless there was a considerable change in the government’s fiscal

policy. In these circumstances, a further depletion of the fund appears inevitable. Withdrawals from the fund since 2009 have exceeded the three per cent limit of total Petroleum Wealth rule. By the end of 2021, the government had withdrawn more than US\$9.0 billion since 2013, with excess withdrawal accounting for about 41.9 per cent of the amount. Furthermore, with reserves in the Bayu-Undan hydrocarbon field nearly depleted, it yielded only negligible revenue during 2022.

Lower interest rates and issues relating to portfolio management also have a negative impact on the fund. Overall, the expected net cash outflows and lower investment returns mean that the value of the Petroleum Fund is projected to continuously decline. The report gave a stark warning: “The depletion of the Petroleum Fund leads to a fiscal cliff that may force an abrupt reduction of the fiscal deficit and hence stop the provision of basic public services.”<sup>12</sup> Such language matches the tone of reports long issued by Charles Scheiner of the Dili-based NGO La’o Hamutuk. According to Scheiner, withdrawals from the Fund are at twice the sustainable level and finance more than eighty per cent of state spending. Although the fund balance rose to US\$19 billion in 2021, it again fell rapidly in 2022 as stock prices dropped and withdrawals increased to US\$18 billion, and the sovereign wealth fund is projected to be empty by around 2030. Timor-Leste has received ninety-nine per cent of the money it will get from existing fields, and increased oil prices do not help much because production is low.<sup>13</sup>

As the year progressed, the picture appeared even bleaker, with reported losses to Petroleum Fund investments at US\$1.4 billion in 2022. The Timor-Leste finance ministry attributed these losses to increases in interest rates by central banks around the world that led to both equities and bonds falling in value during the year. According to the ministry, the balance by the end of 2022 could fall to US\$16.225.1 billion, or a seventeen per cent decrease from US\$19.565 billion at the beginning of the year. In the case of withdrawals, that figure includes US\$1 billion for the “national liberation fighters fund” (in support of veterans)—which has not yet been formally disaggregated from the Petroleum Fund—along with withdrawals to the Treasury account necessary to fund the 2022 state budget.<sup>14</sup>

With oil block bidding going ahead, what are the prospects for the South Coast project to be re-launched with presidential support and Gusmão’s backing? At the heart of the matter lies the exploitation of the Greater Sunrise gas fields in the Timor Sea, whether via a pipeline to Darwin, as demanded by the lead stakeholder, the Australian company Woodside Energy, or to Timor-Leste’s south coast, as demanded by Timor-Leste. Located about 150 kilometres south of the East Timor coastline, the Greater Sunrise fields are much closer to Timor-Leste than

to Darwin (450 kilometres). Yet the Greater Sunrise fields are split from the East Timor coast by the 3,300-metre-deep Timor Trench, which complicates efforts to pipe the gas there. As it stands, the re-drafted maritime boundary agreement with Australia puts most of the resources within Timor-Leste's jurisdiction. Woodside has a 33.44 per cent stake in Greater Sunrise, whereas Timor GAP—the state-run oil company—holds a stake of 56.56 per cent after buying out ConocoPhillips and Shell, and Japan's Osaka Gas holds 10 per cent.<sup>15</sup>

According to a statement made on 22 May by the incoming president and CEO of Timor GAP, António de Sousa, the country plans to create an onshore Timor-Leste LNG export facility for part of the gas and to use a large share of the gas to reduce emissions in the island's power generation. He also revealed plans for a carbon capture and storage project targeting the formerly productive Bayu-Undan field. With Timor-Leste hyped up at international petroleum conferences as a potential hydrocarbon bonanza, he sent a strong message that the long-stalled massive infrastructure project on the south coast has not been abandoned.<sup>16</sup> New financial assessments of the Greater Sunrise Field coming to media attention in August 2022 appeared to contradict the insistence of Woodside that piping the gas to a liquefied natural gas processing plant in Darwin was the only commercially viable option.<sup>17</sup>

Starting from July 2022, Prime Minister Ruak, backed by his petroleum minister Vítor da Conceição Soares, warned Woodside and the incoming Australian Labor government that offshore gas located between the two countries must be piped to Timor-Leste, and that other Asian countries are circling to develop the potential US\$50 billion energy resource (and with the figures possibly even far higher in line with new global demand for gas).<sup>18</sup> To the irritation of Canberra, Ramos-Horta also entered the fray through high-profile media interviews, including with the Australian broadcaster ABC, in which he issued a virtual public ultimatum to Canberra (and Woodside) to either endorse the Timor-Leste plan or face the new reality of Timor-Leste looking to China or other players.<sup>19</sup>

### ***Modest Economic Rebound***

According to a World Bank economic update in December 2021, the COVID-19 situation in the country had begun to improve as the vaccine rollout accelerated and case numbers dropped. Receipts from sales and excise taxes rebounded, while household credit expanded as public spending grew by 20.3 per cent. The economy was projected to expand further, driven by more manageable COVID-19 infections and less restrictive public health measures. On the demand

side, a gradual rebound in private consumption was expected to drive economic growth in 2022.<sup>20</sup> According to an International Monetary Fund (IMF) report in September 2022, real non-oil GDP growth in 2022 was projected at 3.3 per cent, underpinned by strong government support, consumer demand recovery and the reopening of borders. However, inflation was projected to pick up, reflecting the increase in food and energy prices. Overall, as predicted, a gradual recovery of private consumption and investment would underpin GDP growth at around 3 per cent in the medium term.<sup>21</sup>

With high rates of youth unemployment, Timor-Leste has joined the ranks of labour exporters. Many Timorese migrants are exposed to irregularity of migration, which puts them in vulnerable situations. Although predominately male, at least one high-profile case of trafficking of Timorese women to a Middle Eastern country was exposed in 2022.<sup>22</sup> While some Timorese have participated in official labour mobility recruitment programmes, an even larger number have privately made their way to Europe taking advantage of Portuguese nationality documentation. These included some hundreds of unemployed and mostly destitute Timorese workers stranded in Portugal whose situation was addressed via high-level diplomatic representations culminating in a meeting in Lisbon in November between President Ramos-Horta and his Portuguese counterpart, Marcelo Rebelo de Sousa.<sup>23</sup> Regardless of all the associated risks, the remittances are sorely needed for the country. As Prime Minister Ruak revealed in a mid-year address, in 2021 alone, Timorese workers overseas contributed more than US\$120 million to Timor-Leste and are a major backstop for impoverished families. He mentioned South Korea, Australia and the United Kingdom as major destinations for Timorese workers, whom he described as “our new heroes”.<sup>24</sup> Japan, Brunei Darussalam and Israel are joining the list of possible destinations. With some twenty thousand Timorese people a year leaving the country, such a pattern of out-migration of young males for economic security is now firmly established.<sup>25</sup>

### ***Food Insecurity and Human Development Deficits***

According to a Food and Agriculture Organization (FAO) brief, Timor-Leste’s food insecurity continued to deteriorate through 2021–22 as a result of multiple “shocks”, including international price hikes of energy, fuel and food. The increase in fuel prices since the start of the war in Ukraine has led to increased agricultural production costs. Prices of important food items were at record or near record levels in April 2022, seriously limiting households’ access to food. On average, about sixty per cent of Timor-Leste’s total food consumption needs

are covered by imports. Its cereal imports in 2022–23 are forecast to increase to about 200,000 tonnes, mostly reflecting an anticipated increase in rice imports. Import requirements for maize are estimated to be close to the five-year average.<sup>26</sup>

Although widely trumpeted in the NGO world from its birth as a nation, Timor-Leste's human development index remains low, ranking 140 out of 191 countries and territories in the UNDP's Human Development Report 2021/2022.<sup>27</sup> According to a World Bank report in June 2022, "Timor-Leste faces multiple human capital challenges", including high rates of early life morbidity, poor childhood nutrition, and poor learning outcomes because of low levels of education service delivery and quality. As the report pointed out, such levels placed Timor-Leste lower than the global average and peer income countries in the region. Despite the increase in the number of educational institutions, the report highlighted that "learning outcomes are poor and disparate" and have a high failure rate, which requires "a focus on the quality of education spending, including improving teacher capacity". In stressing the need to "put the fiscal position on a sustainable basis", the report emphasized that the Timorese population "will now, more than ever, have to be the driver of the country's income growth".<sup>28</sup> An IMF report in 2022 also conveyed the same messages. It noted that a "large fraction of the population faces chronic food insecurity, and significant gaps exist in health, education, and infrastructure. With active oil fields nearly depleted, little progress has been made in diversification, while fiscal sustainability is at high risk."<sup>29</sup>

### **International Relations: Hedging between Australia, China and ASEAN**

Ramos-Horta announced at the time of his inauguration that he would put bilateral relationships with neighbouring Indonesia and Australia as one of the top priorities. He also expressed his expectation about Timor-Leste's accession to the Association of Southeast Asian Nations (ASEAN), calling it "a national strategic objective".<sup>30</sup> As it played out, he was proactive on all three fronts while at the same time making his presence felt on the world stage as well, with a speech delivered before the General Assembly of the United Nations on 23 September 2022.

#### ***Making Up with Canberra***

The year 2022 was a particular conjuncture for Timor-Leste's relations with its largest development partner—Australia—with the change of government in Canberra in May, Ramos-Horta's swearing in as Timor-Leste president, and a major push

by Dili to win Canberra's support for a direct pipeline from the Greater Sunshine fields to Timor-Leste's south coast. The pipeline project has been a major irritant in the bilateral ties, compounded by the controversy over the approach taken by the government of John Howard (March 1996 – December 2007) to the Timor Sea boundary negotiations and the illegal bugging of the Timorese Cabinet in 2004 by the Australian Secret Intelligence Service (ASIO).<sup>31</sup> A former Australian intelligence officer known as Witness K had earlier been convicted for conspiring to reveal classified information. Together with his lawyer, Bernard Collaery, himself a former attorney-general of the Australian Capital Territory, they were still awaiting trial. Ramos-Horta had previously called for the prosecution to be dropped and for Witness K and Collaery to be awarded Timor-Leste's top honour.<sup>32</sup> In the event, the new Australian Labour government under Prime Minister Albanese taking office in June 2022 acted quickly to abandon Collaery's prosecution, and the current Australian attorney-general, Mark Dreyfus, described it as "an exceptional case".<sup>33</sup> In September 2022, Australia's new foreign minister, Penny Wong, visited Timor-Leste talking up Australian budgetary assistance and also offering support for Timor-Leste's accession to the World Trade Organization (WTO).<sup>34</sup> A few days later, Ramos-Horta visited Canberra to push forward the South Coast development project at a time when a deadline had been set to finalize a legal framework and production sharing contract for the offshore project. On 6 September he also signed a defence cooperation agreement with Australia that allows for joint military exercises in the Timor Sea and facilitates Australian humanitarian assistance.

### ***A Role for Portugal?***

When still Timor-Leste's president-elect, Ramos-Horta informed the Portuguese news agency Lusa that he valued his nation's connection with Portugal. He raised the possibility of regular Lisbon–Macau–Dili flights (which remains a pipedream at this juncture). He sought investment from Portuguese companies in the country and to attract the interest of Portuguese banks. He also wished to request assistance from Portugal to establish a naval shipyard in Timor-Leste. He said, "Fortunately Portugal, although far away, has been a safe friend in bad times, in good times. Portugal has always been with us and is East Timor's door to Europe." Among other issues that he sought to address was to speed up the process of conferring Portuguese nationality on qualified Timorese people.<sup>35</sup> Even so, with Lisbon's major attention upon its former African colonies—Angola in particular—the prospect of luring private Portuguese business to geographically distant Timor remains as elusive as ever.

### ***Timor-Leste as ASEAN's Eleventh Member?***

With its low economic and skills base, Timor-Leste has long been viewed by some ASEAN member states as not meeting the conditions for membership of the regional body, indeed even a liability. Between 2018 and 2020, former Timor-Leste foreign minister Dionísio da Costa Babo Soares proactively lobbied for his country's accession at many ASEAN capitals. Timor-Leste's bid for ASEAN membership was further bolstered by the profession of support from prime minister Hun Sen of Cambodia, which served as the ASEAN chair in 2022. Undoubtedly with ASEAN membership in mind, Ramos-Horta made Indonesia the destination of his first state visit since his re-election as president. Meeting on 19 July with his Indonesian counterpart, President Joko Widodo, Ramos-Horta announced they had reached several agreements, including strengthening land and sea connectivity, enhancing bilateral trade, and working towards a free trade zone straddling the borders of the two nations.<sup>36</sup> In the meantime, between 19 and 21 July, ASEAN conducted another fact-finding mission in Dili to ascertain Timor-Leste's candidacy to the regional bloc. Timor-Leste's foreign minister, Adaljiza Magno, revealed on 12 August that the result was positive.<sup>37</sup> Ramos-Horta appeared to have played the China card to push ASEAN towards making a definite decision on Timor-Leste's membership. During his state visit to Portugal in early November, he reportedly asserted that if ASEAN failed to announce Timor-Leste's accession then he still had China as a crutch.<sup>38</sup> A breakthrough was made in this regard at the ASEAN summit held in Cambodia on 11 November, where the ASEAN leaders agreed "in principle" to admit Timor-Leste as the eleventh member of ASEAN, grant an observer status to the country and allow its participation in all ASEAN meetings, including at the summit plenaries.<sup>39</sup> Procedurally, Timor-Leste's full and official membership remains subject to a "criteria-based roadmap" to be formulated by the ASEAN Coordinating Council and to be adopted by the ASEAN summit next year. Politically, it will largely hinge on the ability and the political will of Indonesia—the ASEAN chair in 2023—to finalize Timor-Leste's accession to ASEAN during its chairmanship year.

### ***China***

During their struggle for independence, the Timor-Leste political elite appreciated China's support of East Timor's right to self-determination, including China's backing of and participation in the United Nations initiatives and missions in 1999 that paved the way for the country's independence in 2002. China has also been a key player in Timor-Leste's nation-building since 2002, contributing to

infrastructure construction in the country, including public buildings, electricity generation, roads and ports (notably the opening in September 2022 of a new container port at Tibar Bay west of Dili built by China Harbour Engineering Company), as well as providing important humanitarian assistance and timely support for Dili's handling of the COVID-19 crisis. China's footprint in Timor-Leste is not without geopolitical significance, especially as it fits in with China's economic statecraft and global vision through the roll-out of its Belt and Road Initiative (BRI). As the Petroleum Fund is depleting, it would not be unreasonable to suggest that the Dili government would reach out further to Beijing as an economic crutch. Elite consensus remains tight on the imperative to keep the China connection for infrastructure financing, including even the South Coast Development project should it gain traction. On its part, China obviously looks to Timor-Leste with great favour as to the prospect of continuing naval port visits and even as an Indian Ocean window.<sup>40</sup>

On 20 May, Chinese president Xi Jinping and Ramos-Horta exchanged congratulatory messages on the twentieth anniversary of Timor-Leste's restoration of independence and the establishment of diplomatic ties between the two countries. According to Xi's statement reported on Xinhua, China and Timor-Leste shared a long history of friendship that has steadily deepened since the establishment of diplomatic ties in 2002. Echoing these sentiments, on the same day, Chinese premier Li Keqiang exchanged congratulatory messages with Prime Minister Ruak, also hailing steady progress in bilateral exchanges and cooperation in various fields.<sup>41</sup>

In Ramos-Horta's inauguration speech, he highlighted the importance of China alongside ASEAN, Australia, Japan, South Korea, the United States and European countries, especially Portugal. Specifically, he conveyed his intention to strengthen and expand relations and trade cooperation with China in various sectors, including agriculture, small industries, new technologies, renewable energy, connectivity and digitalization.<sup>42</sup> During his mid-year swing through the Pacific region, visiting Chinese state councillor and foreign minister Wang Yi agreed with his Timor-Leste counterpart to strengthen mutually beneficial cooperation. Talking up the steady development of bilateral relations over the past twenty years, Wang asserted that the "one network", "one expressway" and "one port" projects (which refer to the three infrastructure projects undertaken by Chinese companies; namely, Timor-Leste's national grid, Suai Expressway and Tibar Port) jointly stood as a "benchmark for practical cooperation". Wang also reiterated that China backed Timor-Leste's bid for ASEAN membership.<sup>43</sup> Besides meeting the speaker of the national parliament, Aniceto Guterres Lopes, Wang held a meeting with Mari Alkatiri during which he referred to FRETILIN as a political party

with a “glorious tradition and one that had always upheld inter-party exchanges with the Communist Party of China”.<sup>44</sup>

## Conclusion

Timor-Leste achieved a modicum of political stability and economic growth in 2022 as the impact of the COVID-19 pandemic on the macro-economy started to subside, and the inauguration of the new president helped break the deadlock over budgetary issues. However, the country is still confronted with many socioeconomic problems, including poverty elimination, child nutrition, educational access, and employment opportunities. In returning Ramos-Horta to the presidency with ringing endorsements, Timorese people have placed great expectations upon his leadership in a time of impasse. Of note, his investiture came at a juncture with critical decision-making around hydrocarbon exploitation and Petroleum Fund management looming. On the foreign policy front, as a highly seasoned diplomat of international stature and credibility, Ramos-Horta has displayed his diplomatic activism through successive visits within the year to Indonesia, Australia, Cambodia, Singapore, Malaysia and Portugal. He wrapped up 2022 with a trip to Brasília to attend Lula da Silva’s inauguration as Brazil’s new president. As revealed in various media interventions, Ramos-Horta brings to the presidency a wealth of ideas and a vision needed to diversify the economy and manage Timor-Leste’s international relations, which hopefully will elevate the nation’s standing and its people’s well-being in the years to come.

## Notes

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