

CRS Report for Congress

East Timor: Internal Strife, Political Turmoil, and Reconstruction

April 26, 2007

Rhoda Margesson and Bruce Vaughn
Specialists in Foreign Policy and Asian Affairs
Foreign Affairs, Defense, and Trade Division



Prepared for Members and
Committees of Congress

East Timor: Internal Strife, Political Turmoil, and Reconstruction

Summary

The situation in East Timor has changed dramatically over the past year. Prior to 2006 the international community's main concern focused on possible tensions in East Timor's relations with Indonesia. Now the main threat to East Timor is internal strife resulting from weak, or collapsed, state institutions, rivalries among elites, a poor economy, unemployment, and east-west tensions within the country. The reintroduction of peacekeeping troops and a United Nations mission, the flow of revenue from hydrocarbon resources in the Timor Sea, and upcoming elections may help East Timor move towards more effective and democratic government. East Timor could potentially gain significant wealth from energy resources beneath the Timor Sea.

With the help of a transitional United Nations administration, East Timor emerged in 2002 as an independent state after a long history of Portuguese colonialism and, more recently, Indonesian rule. This followed a U.N.-organized 1999 referendum in which the East Timorese overwhelmingly voted for independence and after which Indonesian-backed pro-integrationist militias went on a rampage. Under several different mandates, the United Nations has provided peacekeeping, humanitarian and reconstruction assistance, and capacity building to establish a functioning government. Many challenges remain, including the need for economic development and sustained support by the international community. Congressional concerns focus on security and the role of the United Nations, human rights, and East Timor's boundary disputes with Australia and Indonesia.

East Timor held the first round of presidential elections in April 2007. A run-off election between front runners Jose Ramos-Horta (a Nobel laureate) and Francisco Guterres is to be held on May 9, 2007. Prime ministerial elections are to follow. Xanana Gusmao is expected to step down as president and run against former Prime Minister Alkatiri in the hope of becoming prime minister.

Experts say a key challenge for East Timor will be to create enough political stability to focus on building state capacity with resources from the Timor Sea and prevent them from being squandered by corrupt practices.

Contents

Background	1
Structure of Parliament	2
Recent Events	2
Internal Strife and Political Turmoil	2
Elections	5
Humanitarian Issues	5
U.S. Humanitarian Response	8
U.N. Peace Operations Since 1999	8
U.N. Missions 1999-2005	8
United Nations Office in Timor-Leste (UNOTIL)	9
United Nations Integrated Mission in Timor-Leste (UNMIT)	10
Energy Resources	11
Reconstruction, Poverty Reduction, and Development	11
Human Rights	12
Challenges and Potential Issues for Congress	13
The Debate Over Timing the Withdrawal of a U.N. Presence	13
U.S. Assistance to East Timor	14
Other Potential Issues for Congress	14
Chronology	15

List of Tables

U.S. Assistance to East Timor, FY2006/2008	14
--	----

East Timor: Internal Strife, Political Turmoil, and Reconstruction

On May 20, 2002, the Democratic Republic of East Timor (Timor-Leste) gained its independence, and on September 27, it became the 191st member of the United Nations. With the help of the United Nations transitional administration, East Timor's independence marked the end of three centuries of Portuguese rule and 24 years of Indonesian control.¹

Background

In the 1640s, the Portuguese began to assert control over East Timor. This colonial presence would last until 1975 when the Revolutionary Front for an Independent East Timor (FRETILIN) gained ascendancy over the Timorese Union Party, pushed them out of East Timor in a brief civil war, and declared independence on November 28, 1975. Indonesia invaded East Timor on December 7, 1975, and began a period of occupation during which an estimated 100,000 to 250,000 East Timorese died.² Indonesia's annexation of East Timor as its 27th province was not recognized by the United Nations.

Under the supervision of the United Nations, a national referendum to decide on either autonomy within Indonesia or on independence from it was held, under U.N. supervision, in East Timor on August 30, 1999. Seventy-eight percent of the 98.6% of registered voters who voted opted for independence. This led to widespread retaliation and destruction by pro-integrationist

East Timor in Brief

Area: 14,609 sq km (slightly larger than Connecticut)

Capital: Dili

Population: Between 800,000 and 1 million

Population growth rate: 2.08%

Religion: 98% Catholic, 1% Muslim, 1% Protestant

Language: Tetum and Portuguese are the official languages. Indonesian, English, and other indigenous languages are also spoken

Literacy: 58.6%

GDP growth rate: 1.8%

GDP per Capita: \$800 purchasing power parity

Unemployment: Over 20%

Poverty: 42% are below the poverty line.

Exports: Coffee, sandalwood, and marble, with potential for oil, gas and vanilla exports

Life expectancy at birth: 66 years

Infant mortality rate: 46 per 1,000 birth

Fertility rate: 3.53 children per woman

Sources: *CIA World Factbook*; U.S. Department of State; Australian Government, Department of Foreign Affairs and Trade; World Bank, *World Development Indicators*

¹ Slobodan Lekic, "East Timor's Historic Vote Hailed as a Success," *Associated Press*, August 31, 2001.

² "Background Notes: East Timor," U.S. Department of State, September 2006.

militias backed by elements of the Indonesian military who were in favor of integration with Indonesia. More than 1,300 East Timorese were killed, and the displaced included more than 260,000 in West Timor and 200,000 in East Timor. Seventy percent of East Timor's economic infrastructure (such as housing stock, public buildings, and utilities), eighty percent of the schools, and virtually all medical facilities were destroyed by the militias. To quell the violence and restore order, a U.N.-authorized peacekeeping mission International Force East Timor (INTERFET) was established (under Australian command) and deployed on September 20, 1999. Australia has continued to play a leading role both in U.N. operations and on a bilateral basis with East Timor since 1999.

Structure of Parliament

East Timor's parliament of 88 members is an extension of a Constituent Assembly that was elected in August 2001 and drafted a constitution for East Timor that went into effect in 2002. East Timor at that time was under the administration of the United Nations, which had taken control in late 1999 after Indonesia withdrew from the territory. East Timor formally became independent on May 20, 2002. The new constitution provided for an elected parliament of 52 to 65 members, but the Constituent Assembly declared itself the first national parliament of the new state. It is dominated by Fretilin, the party that led the resistance to Indonesian rule. The constitution also provided for parliamentary government with a largely symbolic, popularly elected President.

The next parliamentary election will be in 2007. The parliament has severe deficiencies. Most members fought with the Fretilin resistance to Indonesian rule and entered parliament with no legislative experience. Few members have college or even high school education. The business of parliament is hampered by the practice of Members using both legal languages, Tetum and Portuguese. Most legislation originates with the executive branch, and parliament rarely amends it. However, the parliament did originate an important bill to compensate veterans of the anti-Indonesian resistance. Committees reportedly do attempt to exercise oversight over the executive branch, but the committees have few staff. Members have no personal staff and few computers.

Recent Events

Internal Strife and Political Turmoil

Events over the past year have led to the deterioration of East Timor's internal security situation and the reintroduction of foreign peacekeepers, from Australia, New Zealand, Portugal, and Malaysia. (See Chronology, below.) The Australian military contingent is the largest with some 1,100 troops in country. The peacekeepers have been deployed at the invitation of the East Timorese government.³

³ Australian Department of Defence, "About Operation Astute," (continued...)

U.N. Security Council Resolution 1704 of August 25, 2006, established the United Nations Integrated Mission in Timor-Leste (UNMIT) that consists of a civilian component as well as up to 1,608 police personnel and up to 34 military liaison and staff officers. UNMIT's mission includes supporting the East Timorese government in "consolidating stability, enhancing a culture of democratic governance, and facilitating political dialogue among Timorese stakeholders in their efforts to bring about a process of national reconciliation."⁴

The source of the present strife can be traced to divisions within the dominant Fretlin party dating to their period of struggle against the Indonesians. Some Fretlin elites went into exile while others, including President Xanana Gusmao, stayed behind to fight in Falintil, which he commanded. One way these divisions manifest themselves is in splits within and between the military and police forces. The allegiance of most of the military to Gusmao appears to have played a role in the creation of paramilitary units within the police. Divisions between the military and the police can be traced to the recruitment process. Many recruited into the military "were Xanana loyalists" while a U.N. decision led to over 300 individuals who had earlier served in the Indonesian police force in East Timor to be hired into the new police of East Timor.⁵ In the words of the International Crisis Group report, "personal and institutional tensions between a president committed to pluralism and a ruling party (Fretlin) with distinctly authoritarian tendencies, politicisation of the police, lack of any regulatory framework for the security forces more generally and the in-bred nature of a tiny political elite with 30 years shared history allowed matters to get out of control."⁶

The event that triggered the current strife and political turmoil can be traced to the dismissal in March 2006 by former Prime Minister Alkatiri of 591 members of the 1,500-man military. Those dismissed had protested their conditions and pay and claimed discrimination against members of the force from western districts of East Timor. Most of the upper echelons of the military are drawn from the eastern districts, or Loro Sa'e, while much of the political leadership and the police are from the western districts, or Loro Munu.⁷ In July 2006, it was reported that the police had broken into factions, with some taking their weapons to join rebels in the hills.⁸ The March 2006 dismissal of the protesting troops led to rioting, looting, a number of deaths, and the fleeing of tens of thousands of mostly eastern East Timorese from the capital, Dili, beginning in April 2006. Alkatiri stepped down in June as a result. The government is now headed by former foreign minister and now prime minister

³ (...continued)

[<http://www.defence.gov.au/opastute/default.htm>].

⁴ United Nations, SC/8817, "Security Council Establishes New, Expanded UN Mission in Timor-Leste for Initial Period of Six Months," August 25, 2006.

⁵ Sven Gunnar Simonsen, "The Authoritarian Temptation in East Timor," *Asian Survey*, Vol. 46, July/August, 2006.

⁶ "Resolving Timor-Leste's Crisis," *International Crisis Group*, October 10, 2006. This is an excellent source of open information on recent events in East Timor.

⁷ "East Timor: Government Buckles as Violence Continues," *Oxford Analytica*, June 2, 2006.

⁸ "E Timor Prime Minister Sworn in," *BBC News*, July 10, 2006.

Ramos-Horta (a Nobel Peace Prize laureate). He has since rescinded the dismissal order. Internal dissent within the ranks of the military and police have reportedly led to their collapse.

Former Prime Minister Alkatiri was accused by his opponents of forming “hit squads,” which he has denied.⁹ A U.N. investigation found him to have failed “to use his firm authority to denounce the transfer of security sector weapons to civilians.”¹⁰ Former Interior Minister Rogerio Lobato was sentenced to seven years imprisonment for authorizing the transfer of weapons to pro-Fretlin supporters and a Fretlin-linked hit squad.¹¹ Lobato reportedly had a “frosty” relationship with Gusmao and had bought large quantities of arms for the police and had established two paramilitary police units.¹²

One of the leaders of the violent protests of March 2006, which resulted in the mutiny of soldiers from western districts, is Major Alfredo Reinaldo. Reinaldo’s support base is drawn from the west. Reinaldo and 50 of his supporters escaped from prison in August 2006. Australian forces failed to capture Reinaldo on March 11, 2007. The operation was ordered by the East Timor government. The decision to apprehend Reinaldo was apparently taken after he persuaded a border patrol unit to hand over their assault rifles on February 25, 2007. The government had previously been in negotiations with Reinaldo for killing a soldier while fighting against East Timorese army units. While Reinaldo has not been a major political figure in East Timor, he has attracted much support among young men who are increasingly resentful of the foreign military presence in East Timor.¹³ Reinaldo is resentful of Fretlin for ordering the dismissal of protesting troops.¹⁴

Another dimension of the escalating violence in East Timor are the gangs of largely unemployed youth. Unemployment and underemployment is estimated to be as high as 70% in East Timor.¹⁵ With the collapse of law and order in the wake of the May 2006 police and military clashes, gang violence swept through Dili leading to further deaths, the displacement of more Dili residents from the capital, and the widespread destruction of property.¹⁶ Many of the Dili gangs reportedly view Reinaldo in a positive light. Fretlin has stated that it does not wish to see Reinaldo killed.

⁹ “Embattled East Timor PM Resigns,” *BBC News*, June 26, 2006.

¹⁰ “E Timor Ex-PM Accused on Unrest,” *BBC News*, October 17, 2006 and “Commission of Inquiry Issues Report on Violent Crisis that Shook Timor-Leste,” *UN News*, October 17, 2006.

¹¹ “East Timor: Poll is Unlikely to Boost Stabilization,” *Oxford Analytica*, March 13, 2007.

¹² “E Timor Nationhood Proves Rocky Path,” *BBC News*, May 29, 2006.

¹³ “E. Timor President Evokes Emergency Powers,” *The Washington Post*, March 6, 2007.

¹⁴ Paul Toohey, “Fox on the Run,” *The Bulletin*, March 13, 2007.

¹⁵ “East Timor Country Profile,” *Factiva*, November 24, 2006.

¹⁶ U.S. Department of State, “East Timor: Background Notes,” December 2006.

Elections

A presidential runoff election is scheduled for May 9, 2007, between Francisco Guterres, also known as Lu-Olo, who polled 28% of the vote in the first round of the presidential election, and Ramos-Horta, who polled 22% of the vote. The two were the leading presidential contenders in the April 9, 2007 presidential election. Fernando “Lasama” de Araujo of the Democrat Party finished third with 19% of the vote and has pledged his support to Ramos-Horta.¹⁷ Guterres, a former Falintil fighter, is the Fretlin Party candidate.¹⁸

President Gusmao is expected to step down from the presidency and run under a new party that he has formed, the National Congress for Timorese Reconstruction (CNRT), in the following parliamentary elections in the hope of becoming prime minister.¹⁹ Alkatiri will reportedly seek to defeat Gusmao and once again become prime minister as the Fretlin candidate. The CNTR will likely seek the support of the Democratic Party and the Social Democratic Party. It is also thought that Gusmao will garner the support of the Catholic Church, which has an overwhelming influence in the country. That said, Fretlin has an extensive political organization that developed its networks over the years of struggle against the Indonesians. If Ramos-Horta and Gusmao, who are allies, are successful, they will in effect trade jobs. Gusmao is viewed by many as one of the few who can unite the country. Fretlin is the party that has been most closely associated with bringing independence to East Timor and as such retains much support. Fretlin controls 55 of 88 seats in the Constituent Assembly. There are reportedly factions within Fretlin that would support Prime Minister Ramos-Horta in the April 9th Presidential election.

East Timor held an election on August 30, 2001, under the supervision of UNTAET to elect a constituent assembly to draft a new Constitution and, upon independence, to become the new parliament. More than 91% of the electorate participated. East Timor’s Presidential election was held on April 14, 2002, when Gusmao, an independence leader who ran as an independent candidate, won a decisive victory. Voter turnout in this second election reached 86% of the electorate.²⁰

Humanitarian Issues

According to the United Nations, the instability and volatility of the security situation in East Timor, particularly since April 2006, has affected the livelihoods of much of the population. Initially, an estimated 178,000 were displaced. By February 2007, an estimated 100,000 (10% of the population) still remain displaced — 30,000 in internally displaced persons (IDPs) camps in Dili and 70,000 with host families

¹⁷ “Presidential Hopefuls Begin Final Campaigning,” *Agence France Presse*, April 23, 2007.

¹⁸ Loro Horta, “Timor Leste’s Upcoming Elections An Assessment,” *RSIS Commentaries*, (Singapore) March 29, 2007.

¹⁹ “East Timor’s Gusmao Says Ready to be Prime Minister,” *Reuters*, March 28, 2007.

²⁰ Dwight King, “East Timor Founding Elections and Emerging Party System,” *Asian Survey*, October 2003.

in the districts.²¹ Many of the IDPs do not have homes to return to because they were damaged or destroyed. Sufficient access to potable water and the risk of disease due to poor sanitation is a significant problem for IDPs in camps and elsewhere. Many of the camps are also at risk for flooding.

Moreover, the United Nations says that more than 40% of the East Timorese population lives below the poverty line, with a high child mortality rate resulting from lack of sanitation, infectious diseases, and malnutrition. A recent rice shortage throughout the country has also been a cause for concern. Deteriorating social structures and services at the community level have greatly affected the capacity to provide health care and education and to respond to natural disasters, such as floods and landslides during the rainy season, which are common in East Timor. The United Nations Children's Fund (UNICEF) believes that IDPs will need humanitarian assistance through 2007 and that the transition from humanitarian programs to development activities will be delayed.²² Reports indicate that once IDPs return, they will still need food and shelter assistance.

In February and March 2007, security incidents again increased, leading to restrictions on the movement of humanitarian personnel. Some believe the motivations behind the violent demonstrations may be shifting toward more local gang related incidents. Concern about displacement due to civil unrest has prompted contingency planning under the National Disaster Management Office (NDMO) and the Ministry of Labour and Community Reinsertion (MTRC).²³ It has also raised concern about humanitarian access, and the protection and security of those displaced and for non-governmental organizations and U.N. operations.

In addition to the U.N. peacekeeping operation, the international humanitarian aid community includes the United Nations, international organizations, non-governmental organizations, and donor governments that provide contributions and in-kind bilateral assistance. The international community is working closely with the East Timor Red Cross and other national and local organizations.²⁴ Distribution of basic essentials and implementation of projects focus on IDPs, but the needs are significant throughout the country. In response to the renewed violence in April and May 2006, the U.N. Central Emergency Response Fund (CERF) provided immediate emergency assistance and the United Nations Office of the Coordinator of Humanitarian Assistance (UNOCHA) generated a Flash Appeal. A total of nearly \$40 million was reportedly contributed in 2006. The 2007 consolidated appeal for the period January to June 2007 is for \$16 million.

²¹ Exact figures are not available due to the high mobility rate of the displaced population.

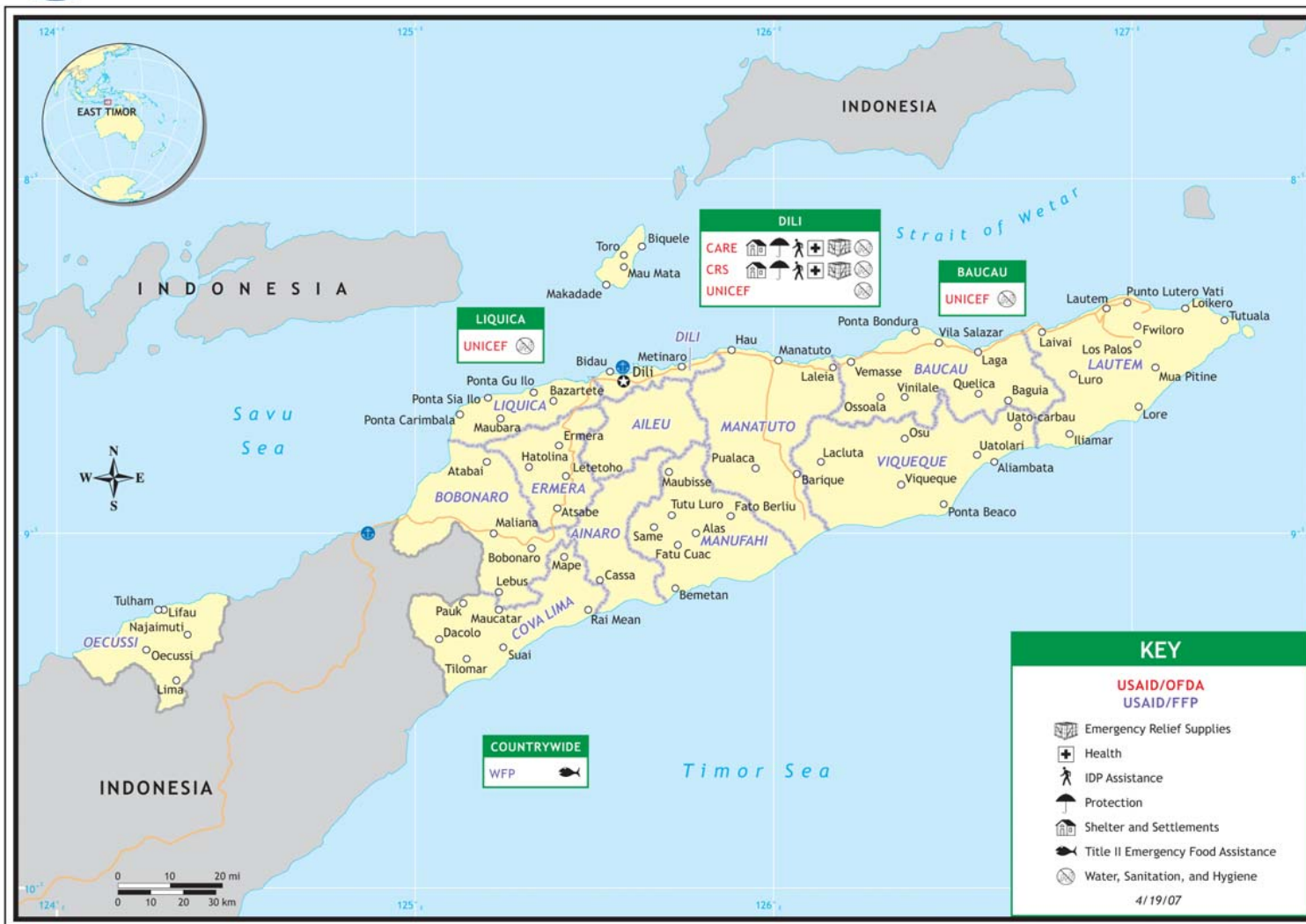
²² UNICEF, "UNICEF Humanitarian Action: Timor Leste Donor Update," March 21 2007.

²³ United Nations Office for the Coordination of Humanitarian Affairs, "Timor-Leste: Weekly Situation Report," March 14, 2007.

²⁴ Primary U.N. agencies include the World Food Program (WFP), United Nations High Commission for Refugees (UNHCR), United Nations Children's Fund (UNICEF), World Health Organization (WHO), United Nations Development Program (UNDP), and the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA).



USG HUMANITARIAN ASSISTANCE TO EAST TIMOR IN FY 2007 AND FY 2006



U.S. Humanitarian Response.²⁵ The Office of Foreign Disaster Assistance (OFDA) within the United States Agency for International Development (USAID) Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA) provides non-food humanitarian assistance during international crises and disasters and can respond rapidly with relief materials and personnel. It facilitates the U.S. government emergency assistance. OFDA provides some assistance through its own personnel, but the bulk of its activities are carried out through grants to implementing partners, such as the U.N. agencies, international organizations, and non-governmental organizations. USAID also administers Title II of P.L. 480, the Food for Peace Program (FFP), which is the primary disaster aid channel for U.S. food aid.

In East Timor, the United States continues to draw on both OFDA and FFP in its humanitarian efforts. OFDA is funding a number of implementing partners to assist IDPs in a range of tasks including facilitating camp management, providing health care and shelter materials, conducting protection programs, and facilitating IDP returns and reintegration where possible. OFDA is also supporting projects to improve water and sanitation facilities. In FY2007, as of April 20, OFDA has provided nearly \$1 million and FFP has contributed \$2.2 million in food aid for a total of approximately \$3.2 million. In FY2006, OFDA contributed nearly \$1 million and FFP funded \$1.2 million in food aid for a total of \$2.2 million. Taken together in FY2006 and FY2007, the U.S. has contributed \$5.3 million in humanitarian assistance for East Timor.²⁶

U.N. Peace Operations Since 1999

U.N. Missions 1999-2005

The U.N. peace operations in East Timor since 1999 have evolved in phases. U.N. Security Council Resolution 1246 (1999) authorized the United Nations Mission in East Timor (UNAMET), established on June 11, 1999, to organize a national referendum in August on East Timor's status and, depending on the outcome, oversee the transition period. After the violent post-referendum rampage began, and with Indonesia's agreement, on September 12, 1999, the Security Council on September 15 passed Resolution 1264 (1999), authorizing establishment of INTERFET a non-U.N. multinational force. On October 19, 1999, Indonesia's parliament voted to confirm the results of the August referendum.

The United Nations Transitional Authority for East Timor (UNTAET) was established by U.N. Security Council Resolution 1272 (1999) on October 25, 1999 (and led by Sergio Vieira de Mello, the UNTAET Administrator) to provide a U.N. conducted multi-dimensional peacekeeping operation to administer East Timor

²⁵ For more information on U.S. humanitarian assistance, see CRS Report RL33769, *International Crises and Disasters: U.S. Humanitarian Assistance, Budget Trends, and Issues for Congress* by Rhoda Margesson.

²⁶ See USAID, "East Timor — Complex Emergency Fact Sheet #1 (FY2007)," April 20, 2007.

through its transition to independence. INTERFET initially overlapped with UNTAET until February 2000 when command of military operations in INTERFET was integrated with UNTAET. UNTAET's mandate was broad and included assisting East Timor to 1) recover from the violence through humanitarian aid and reconstruction assistance; 2) establish a functioning government; and 3) aid East Timorese who fled or were forcibly transported to Indonesia West Timor during the violence. In September 2000, three U.N. humanitarian workers were killed by members of East Timorese militia groups, resulting in the temporary suspension of U.N. humanitarian activities in West Timor.

On May 17, 2002, Security Council Resolution 1410 (2002) established a successor mission to UNTAET, the United Nations Mission of Support in East Timor (UNMISSET) for an initial period of 12 months. Subsequent resolutions extended the mandate at six-month intervals until May 20, 2005.

United Nations Office in Timor-Leste (UNOTIL)

On April 28, 2005, the U.N. Security Council adopted Resolution 1599 (2005) establishing the United Nations Office in Timor-Leste (UNOTIL), a special political mission to carry out peace-building activities and mandated for one year until May 19, 2006.²⁷ UNOTIL activities included support for state institutions, such as national capacity in justice and finance, strengthening democratic governance and observance of human rights, and supporting the development of a national police force, particularly the Border Patrol Unit.

In his address to the U.N. Security Council on January 23, 2006, Mr. Sukehiro Hasegawa, Special Representative of the Secretary-General for Timor-Leste, provided a summary of the UNOTIL efforts and achievements, many of which demonstrated progress on implementing mandated programs and preparing for the transfer of capacity building support functions. In the support-to-state institutions, the Timorese were building the necessary skills to administer their public institutions; national judges were being trained; and expertise was being developed in the finance sector. On the observance of democratic governance and human rights, progress had been made on drafting a strategic plan, developing a complaint handling system, and working on international legal obligations. Assessments and training of the Border Patrol Unit were taking place and had moved to the next phase which involved interaction with the Indonesian Army counterparts.

However, some concerns about progress were also raised by Mr. Hasegawa. First, significant weaknesses remained in the implementation of capacity building in the justice and finance sectors, and international advisory support was seen as critical to continued success. There was particular concern about roughly 3,000 pending civil and criminal cases. Second, human rights activities would need continued outside supervision and monitoring, and with unresolved issues over accountability for the crimes against humanity committed in East Timor in 1999, the timing was particularly sensitive. Third, additional training was required of the BPF to minimize

²⁷ "Security Council Establishes One-Year Political Mission in Timor-Leste," U.N. Press SC/8371.

border incidents. In sum, although much had been accomplished, Mr. Hasegawa described the situation as “fragile.” He also viewed it as critical to maintain stability and peace to foster confidence in the political system with the 2007 presidential and parliamentary elections.

With the sharp increase in violence beginning in April 2006, and as the crisis escalated into the summer, UNOTIL’s mandate was extended a number of times: On May 12, 2006, the U.N. Security Council extended the mandate until June 20, 2006 (Resolution 1677 (2006)); on June 7, the U.N. Security Council extended the mandate for two months until August 20, 2006 (Resolution 1690 (2006)); and on August 18, the U.N. Security Council extended the mandate for five days until August 25, 2006 (Resolution 1703 (2006)), when a new U.N. mission was established.

United Nations Integrated Mission in Timor-Leste (UNMIT)

On August 25, 2006, the U.N. Security Council established a new, expanded mission in East Timor for an initial period of six months under Resolution 1704 (2006) called the U.N. Integrated Mission in Timor-Leste (UNMIT). The mandate calls for a civilian component, police personnel, and military liaison and staff officers to help assist with the fragile security, political, and humanitarian situation. Part of the mandate also calls for support to the presidential and parliamentary electoral process.²⁸ The Secretary General’s report highlighted the need for a “multidimensional and integrated” mission and for cooperation from the International Security Force (ISF), which was deployed after violence erupted in April 2006 and is made up of troops from Australia, Malaysia, New Zealand, and Portugal.

East Timor is relatively more stable than it was in 2006 and national elections took place as scheduled on April 9, 2007. Still many challenges remain, including a relatively high number of displaced people who are still unable to return to their homes; poverty; underdevelopment; and high unemployment all in the context of fragile judicial and political institutions and in an atmosphere punctuated by volatility and insecurity. The Secretary General issued his report on UNMIT (covering the period from August 9, 2006 to January 26, 2007). He identified some improvements in the overall situation and highlighted the continued need for long-term commitment by the international community to achieve stability, development and democratic governance.²⁹ In his report, he highlighted three main substantive areas of focus with specific activities under each heading: 1) Political Developments Since August 2006 (support for dialogue and reconciliation, support for the electoral process, follow up to the report of the Independent Special Commission of Inquiry, promotion of human rights and the administration of justice); 2) Restoration and Maintenance of Public Security (police, military); and 3) Support for the ‘Compact’, (Democratic Governance, Socio-economic Development and Humanitarian Relief).

²⁸ United Nations, “Report of the Secretary-General on Timor-Leste Pursuant to Security Council Resolution (S/2006/628),” August 8, 2006.

²⁹ United Nations, “Report of the Secretary-General on the United Nations Integrated Mission in Timor-Leste (for the period from 9 August 2006 to 26 January 2007), (S/2007/50),” February 1, 2007.

On February 23, 2007, the U.N. Security Council extended the mandate of UNMIT until February 26, 2008 (Resolution 1745 (2007)) and also approved temporary reinforcement of police in anticipation of the April national elections. As of February 2007, UNMIT is made up of 156 international staff and 382 national staff in its civilian component, 1,313 police officers, and 33 military and liaison officers. The operation is led by Special Representative Atul Khare.

Energy Resources

East Timor's off-shore energy resources are extensive and, if properly managed, likely can provide the necessary financial resources to develop the country and provide basic welfare for its people, which currently number less than one million. Disagreements with Australia over the maritime boundary, which in the past had held up development, have been put aside in favor of revenue sharing agreements. In January 2006, Australia and East Timor signed a treaty on Certain Maritime Agreements in the Timor Sea (CMATS) that increased East Timor's share of hydrocarbon revenues from 18% to 50% for the Greater Sunrise field. In 2005-2006 East Timor earned an estimated \$360 million dollars in hydrocarbon revenues. East Timor is already receiving revenue in a 90%-10% sharing agreement in favor of East Timor under an earlier agreement on the Bayu-Udan field, which has an estimated 400 million barrels of oil and 3.4 trillion cubic feet of gas. This has been facilitated by completion of a pipeline from the offshore field to processing centers in Darwin, Australia. East Timor has favored a pipeline to East Timor but the configuration of the seabed, lack of trained East Timorese workers or infrastructure, and the potential for instability led industry to favor Darwin. Conoco-Phillips has constructed a new liquified natural gas plant near Darwin. The Bayu-Udan field is expected to be depleted by 2023 under current rates of production.³⁰ It has been reported that East Timor has over \$800 million in energy revenues.³¹

Reconstruction, Poverty Reduction, and Development

East Timor is the poorest country in Asia and one of the poorest in the world. The violence of 1999 left most of the country's infrastructure devastated. Poverty is widespread with many areas lacking electricity, clean water, good roads or adequate communications. The mountainous terrain is both difficult and infertile. Though the international community has supported East Timor, its rehabilitation needs sustained efforts aimed at job creation, infrastructure reconstruction and development, and improved health conditions and literacy rates. Language may be a problem as observers believe Indonesian is a more widely used working language than the official Tetun or Portuguese.

³⁰ "East Timor: Treaty Underpins the Country's Future," *Oxford Analytica*, March 13, 2006.

³¹ "Commission of Inquiry Report Can Help Timor-Leste Overcome Divisions," *ETAN*, [http://www.etan.org/news/2006].

Significant economic development is required to help the East Timorese people improve their basic standard of living. Experts predict external assistance will remain critical in the post-independence phase, particularly for capacity building in governance, and even as revenue from oil and gas from the Timor Gap increases. Other economic activity includes coffee and the potential for tourism and fisheries. The United Nations Development Assistance Framework 2003-2005 (UNDAF) provides a strategic road map for U.N. agencies. Other economic challenges include the strengthening of democratic institutions and emerging civil society, education and training of the nation's workforce to develop the new institutions of the state and its economy, the implementation of the rule of law, and rebuilding infrastructure. East Timor is a member of the World Bank and the International Monetary Fund and has indicated an interest in ASEAN membership.³²

Human Rights

In January 2000, an international commission of inquiry recommended that an international tribunal be established to consider crimes stemming from violence that followed the 1999 independence referendum. Instead, the Indonesian government pursued its own investigation.³³ The Indonesian process led the United States and a number of its allies to express their dissatisfaction.³⁴ Then-U.N. Secretary General Kofi Annan also expressed his displeasure with the outcome of the Indonesian tribunal. The United States has expressed the view that the joint Indonesia-East Timor Commission should not be the only judicial vehicle used.³⁵ The Serious Crimes Unit (SCU) of UNMISSET, which operated separately from the Indonesian investigation, indicted over 380 for alleged crimes,³⁶ convicted 55, and acquitted three for their role in crimes associated with the 1999 referendum.³⁷ The Indonesian process has led to the imprisonment of only one individual for crimes committed in East Timor in 1999.

President Gusmao has supported a joint East Timor-Indonesia Commission of Truth and Friendship as the preferred vehicle to deal with past atrocities reportedly in the hope that the two nations can put the past behind them. The first of a series of public hearings to address the atrocities was held in Bali in February 2007.³⁸ Others

³² See link to this and other reports at [http://www.tl.undp.org/undp/for_download/reports.html]

³³ Paul Barber, "Military Impunity Undermines Democracy," *The Jakarta Post*, August 19, 2004.

³⁴ "Several Countries Concerned About Trials of East Timor Rights Abusers," *Organization of Asia-Pacific News*, August 25, 2004.

³⁵ "US Calls for UN Inquiry on Timor," *BBC News*, December 23, 2005.

³⁶ "East Timor's Foreign Min Opposes Intl Rights Tribunal," *Dow Jones*, September 8, 2004.

³⁷ See S/2005/99, pp. 6-8 (paragraphs 24-32).

³⁸ "East Timor Hearings Highlight Enduring Wounds with Indons," *Australian Associated* (continued...)

have been critical of Gusmao for not holding Indonesia accountable for the atrocities outlined in the Commission for Reception, Truth and Reconciliation in East Timor (CAVR) that documented executions, torture, mutilations, and rape that occurred in 1999.³⁹ This report released in October 2005 was approximately 2,000 pages long.⁴⁰ If Gusmao becomes prime minister, it appears likely that there would be no change in policy on how to resolve past human rights abuses perpetrated by Indonesians at the time of East Timor's independence.

The 2006 State Department Country Report on Human Rights practices in East Timor viewed the East Timorese government as "generally respecting" the rights of its citizens but found that "societal divisions based on regional origin (eastern vs western) emerged as a major problem during the year, resulting in widespread discrimination, segregation, and violence, particularly in the capital." It also stated that "excessive use of force and abuse of authority by the police was a problem."⁴¹

Challenges and Potential Issues for Congress

The Debate Over Timing the Withdrawal of a U.N. Presence

When the mandate of the UNOTIL mission was scheduled to end on May 19, 2006, questions were raised about whether a U.N. presence should remain in East Timor for another year. Supporters of a continued U.N. role argued that East Timor was not ready for a U.N. departure as the institutions of state were too fragile. Although there were a number of the achievements in East Timor, it remained vulnerable. There was a need to improve security services and the judiciary, and to ensure greater institutional transparency and the rule of law, including security and training on the border, electoral assistance, and advisors in the justice and financial sectors. East Timor had also requested that the U.N. maintain a presence.

On the other hand, at the time, the United States thought East Timor should reduce its reliance on direct assistance from the United Nations, though with continuing support from the international community in a number of important political and economic sectors, particularly in strengthening democratic institutions, infrastructure, economic development, and the training of security services.⁴² And East Timor could get assistance in other ways from the international community, such as the UNDP, the World Bank, bilateral donors, and expert advisors. Assistance

³⁸ (...continued)

Press, February 23, 2007.

³⁹ Fabio Scarpello, "Politics and Poverty Hopes Rest Firmly on East Timor's First Post-Independence Election," *South China Morning Post*, April 7, 2007.

⁴⁰ See [<http://www.cavr-timorleste.org/>] and United Nations, Report of the Secretary General on Justice and Reconciliation for Timor-Leste," S/2006/580, July 26, 2006.

⁴¹ "East Timor," *Country Reports on Human Rights Practices*, Department of State, Bureau of Democracy, Human Rights, and Labor, released March 6, 2007.

⁴² United States Mission to the United Nations, Press Release #28, February 28, 2005.

could also come from the United Nations, such as the U.N. Election Needs Assessment Mission, without infringing on East Timor's sovereignty.

These opposing views reflect an interesting debate in the timing of the departure of the United Nations (or other entity coordinating post-conflict reconstruction efforts) from fragile states. Questions emerge about the length of time the United Nations should remain, what support is still required of the international community; and the appropriate criteria to measure effectiveness of aid and progress. With donor fatigue and limited budgets for humanitarian crises and development assistance among many donors, there are many pressures for assistance, and as the East Timor situation demonstrates, many complicating factors in determining the right course of action.

U.S. Assistance to East Timor

In addition to emergency humanitarian assistance, the United States has continued to provide substantial bilateral assistance to East Timor as outlined in the chart below. Some observers wonder if a reduction in U.S. assistance at this critical time is prudent. U.S. aid programs in East Timor have the goal of building a viable self sufficient free market economy, developing basic public services (such as health), supporting good governance through an emerging democratic political system and post-conflict democracy initiatives. U.S. assistance has helped the economic and political development of East Timor by supporting independent media, civil society organizations, and political parties as well as strengthening the electoral process, building judicial institutions, and strengthening governmental capacity. In the opinion of many experts East Timor remains in need of sustained bilateral, multilateral, and regional support.

U.S. Assistance to East Timor, FY2006/2008

(dollars in 000s)

Account	FY2006 Actual	FY2008 Request
Economic Support Fund	18,810	8,640
Foreign Military Financing	990	0
International Military Education and Training	193	400
Int. Narcotics Control and Law Enforcement	1,485	1,010
PL 480 Food Aid	1,182	0
Totals	22,660	10,050

Sources: U.S. Department of State, Congressional Budget Justification Document, released February 16, 2007.

Other Potential Issues for Congress

Supporters of a continued U.N. role argued that East Timor was not ready for the U.N. departure as the institutions of state were fragile. There is a need to improve security services and the judiciary, and to ensure greater institutional transparency

and the rule of law. Consideration of the terms of the U.N.'s current presence will have to be examined in order that destabilization does not follow the U.N.'s next departure from East Timor.

United States' relations with East Timor have been closely associated with U.S. relations with Indonesia and Jakarta's former control over East Timor. Congress has expressed concern with the legacy of past human rights abuses in East Timor by the Indonesian military and Indonesian military backed militias. This has in the past led Congress to restrict military-to-military contact between the United States and Indonesia. (For additional information see CRS Report RL32394, *Indonesia: Domestic Politics, Strategic Dynamics and American Interests*, by Bruce Vaughn.) Looking to its future, the East Timorese government appears ready to put its past behind it in order to have a productive relationship with Indonesia. Indonesia has a population of some 230 million as compared to East Timor's 800,000 to one million. Consideration must be given to the proper place for human rights concerns as the United States considers its policies towards both East Timor and Indonesia.

Chronology⁴³

1640s

The Portuguese begin their period of influence over East Timor.

1975

Fretlin declares independence on November 28 and Indonesia invades East Timor on December 7, 1975. Resistance, repression, and famine lead to the death of an estimated 200,000 by the end of Indonesian rule in 1999.

1999

The U.N. Mission in East Timor (UNAMET) is established in June to organize a referendum and oversee the transition. East Timorese then overwhelmingly vote for independence in the UN sponsored referendum on August 30. Some 1,300 East Timorese are killed and hundreds of thousands are displaced as a result of post referendum attacks by pro-Indonesian militias. The International Force East Timor (INTERFET) is established under Australian command and deployed on September 20. This is followed by the U.N. Transitional Authority for East Timor (UNTAET) from October 1999 to May 2002.

2000

An international commission of inquiry recommends that a special tribunal be established to look into post referendum violence of 1999.

2001

On August 30, East Timor holds elections for a Constituent Assembly to draft a new constitution. East Timor and Australia sign an MoU on Timor Sea oil and gas fields.

⁴³ Drawn largely from BBC News reporting and "Timeline East Timor," BBC News, January 12, 2007.

2002

East Timor gains its independence on May 20. The United Nations establishes the U.N. Mission of Support in East Timor (UNMISET), which is extended until May 2006. The Truth and Reconciliation Commission opens. Indonesia opens its inquiry into the atrocities.

2004

Production at the Bayu-Udan oil and gas field begins in the Timor Sea. Only one individual, Militia Leader Eurico Guterres is convicted by Indonesian courts for abuses in the post 1999 violence.

2005

The U.N. peacekeeping mission leaves East Timor in May. The Joint Indonesian-East Timorese Truth Commission begins.

2006

January: East Timor and Australia sign a deal to share revenues from Greater Sunrise filed without negotiating the maritime boundary.

February: Over 400 troops strike over pay and conditions.

March: Some 591 troops protesting pay and conditions are dismissed.

April: Demonstrations outside the government Palace turn violent.

May: Violence mounts: Interior Minister Lobato arms civilian groups and the government appeals for foreign assistance. President Gusmao declares a state of emergency and assumes direct control of security forces. Foreign troops arrive to restore order.

June: Prime Minister Alkatiri resigns.

July: Nobel Prize laureate Jose Ramos Horta is sworn in as Prime Minister.

August: The U.N. Integrated Mission in Timor-Leste (UNMIT) is established.

2007

April: First round of presidential elections leads to a run off between Francisco Guterres and Ramos-Horta.