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EAST TIMOR IN 2008
Year of Reconstruction

Damien Kingsbury

The near-fatal shooting of East Timor’s president, Jose Ramos-Horta, on 11 February 2008, by members of renegade Major Alfredo Reinado’s gang, and the death of Reinado himself, broke a deadlock in East Timorese politics that had threatened to keep the country in a state of perpetual crisis. Prior to this incident, most observers had noted that the recently elected Parliamentary Majority Alliance government of Xanana Gusmao needed to address two critical issues. The first issue was returning the remaining tens of thousands of internally displaced persons to their homes. The second, which allowed the first to happen, was resolving the issue of the “petitioners”, soldiers who had deserted the army in 2006, sparking an internal conflict that almost led to state collapse. Without having the “petitioners” problem resolved, the country’s internally displaced persons (IDPs) claimed they felt too insecure to return to their homes.

Resolving Inherited Problems
At the beginning of 2008, East Timor remained unsettled, by Reinado’s gang and the petitioners still on the loose, by the IDPs who were largely Fretilin supporters, and by Fretilin itself refusing to accept the legitimacy of the outcome of the 2007 elections, which saw its vote cut in half to just under 30 per cent and a coalition of parties led by Xanana Gusmao’s Timorese Council for National Reconstruction (CNRT) form government. Fretilin embarked on a campaign of protest that continued well into 2008 which, set against the still fragile backdrop of IDPs and military mutineers, could have pushed the country back into chaos at any time. The presence of the Internal Stabilization Force and

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UN police helped ensure the country did not again divide, as it had two years previously.

All of this changed just after dawn on Monday 11 February 2008. As the sun was rising out of the Banda Sea behind the Indonesian-built Christo Rei statue on Fatucama Hill at the eastern point of Dili’s sweeping harbour, East Timor’s President Jose Ramos-Horta was out in the morning coolness for his daily walk along the Areia Branca with two members of the F-FDTL, not far from his home at Meti-hau. A few minutes after six a.m., a foreign diplomat driving by stopped and told the exercising Ramos-Horta that he had heard gunshots. The diplomat asked if Ramos-Horta wanted a lift. Ramos-Horta declined. Ramos-Horta also received a telephone call from the Senior Legal Advisor to the President, Paulo Dos Remedios who lived in the area, advising him of shootings at his home. A group of ten armed men in two cars, led by fugitive Major Alfreido Reinado, had occupied the president’s home, and a few minutes later, the early arriving morning shift of the presidential guard confronted the invaders, shooting dead Reinado and another of his gang. Despite the shooting, Ramos-Horta pressed on but, approaching the gates of his home, was himself shot twice and critically wounded. Ramos-Horta dragged himself inside and telephoned for help. One of the East Timor Defence Force (F-FDTL) guards with him was also shot and critically wounded. 18 minutes later, members of the Portuguese paramilitary Republican National Guard (GNR) special operations sub-group Bravo arrived, calling an ambulance to take Ramos-Horta to the Australian army hospital.

A further telephone call was made from Ramos-Horta’s home to the home of the prime minister, Xanana Gusmao, spurring him to leave his house at Balibar to go to Ramos-Horta’s aid. However, at about 7:45 a.m., shortly after leaving his house, it was surrounded by a group of armed men, under Reinado’s second in command, Lieutenant Gastao Salsinha. Gusmao’s wife, Kirsty Sword Gusmao, telephoned Gusmao to let him know of the situation, just at the moment his two cars were also attacked. Gusmao’s guard in a second car returned fire, and Gusmao and his guards escaped unharmed into the bushes, making their way into Dili on foot.1 Ramos-Horta, meanwhile, was treated for serious gunshot wounds and then evacuated to Darwin for further life-saving surgery, where he spent the next two months recuperating.

While on the run in the weeks prior to this event, Reinado had undertaken an interview on Metro TV, broadcast from Jakarta, raising speculation that Reinado had assistance from across the border. While Metro TV staff denied that Reinado had been to Jakarta, some of his men were later arrested there, and months after the event it was shown that Reinado had an Indonesian identity card on him at
his time of death. Possession of the card did not indicate high level Indonesian support — such “KTP” cards had long been available from local immigration offices for a price.

Indonesian President Susilo Bambang Yudhoyono told President Ramos-Horta that he would not tolerate any support for the East Timorese rebels in Indonesia and had Indonesian authorities quickly supply information about telephone intercepts between Reinado’s men and their supporters. However, he also warned East Timor’s leaders against making public comments about Indonesian involvement in support for the rebels. However, three of Reinado’s men were arrested at the Kupang, West Timor home of Joao Tavarres, who had a long and close association with the Indonesian army, including organizing the East Timor militias, in business and in cross-border smuggling following East Timor’s independence. Reinado, too, had close links to border patrol police, including receiving weapons from them, who had been involved in cross-border smuggling in concert with former militia and TNI members. The indication was, therefore, that if the attack against Horta and Gusmao had not been directed by TNI officers in West Timor, they were at least active in supporting Reinado and his men and were aware that this contributed to the destabilization of East Timor.

One of those arrested at Tavarres’ house, Ismail Moniz Soares (known as Asanco), had telephoned one of the security guards at Ramos-Horta’s home at 6:04 a.m. on the morning of the attack, suggesting that Reinado’s team could have had inside help in occupying the house. Soares was among those who, after the attack on Ramos-Horta, ambushed Gusmao as he left his own home. Two of the other rebels arrested at Tavarres’ house were Jose Gomez and Egidio Carvalho, who had been involved in the attack on Ramos-Horta’s house.

After some days, Reinado’s second in command, Lieutenant Gastao Salsinha, surrendered to East Timorese and UN police in the Emera district capital of Gleno, along with the remaining 11 of his armed supporters. They were finally transferred into formal custody in Dili on 29 April 2008. In a ceremonial surrender, the 12 men handed over their weapons at the government offices in Dili, where President Ramos-Horta shook their hands and offered his personal forgiveness. The rebels formally surrendered to Deputy Prime Minister Jose Luis Guterres, who said the surrender offered a new beginning for East Timor: “It’s a historic moment for the country and historic moment for the people of East Timor. We believe that from now on the Timorese development will start and we will have a better future.”

These events and those that followed, including the imposition of a “state of siege”, highlighted East Timor’s continuing political fragility. Paradoxically,
this event also broke a critical stalemate in East Timor’s political life and could be seen to have many more positive than negative consequences. It was, in many respects, the end of a series of critical political events that had threatened to destroy East Timor’s young democracy and to turn this child of the United Nations and the international community into a failed state.

The state of emergency that had been declared after the shooting of Ramos-Horta and the attempt against Xanana Gusmao was lifted on 22 April, 10 weeks after its imposition and two days after Ramos-Horta returned to East Timor, although it was retained in Ermera, where Reinado had been based. If there was one benefit from the state of emergency, it was that as the F-FDTL took primary responsibility for security, the relationship between it and the East Timor National Police (PNTL) appeared to markedly improve. More negatively, however, it had directly inserted the F-FDTL into the issue of internal security which, under the constitution, was the purview of the PNTL. Ramos-Horta returned to Dili to a hero’s welcome, with several crowds deep lining the roads between the airport and his home.

The question was raised at this time as to how Reinado could enter Indonesia so easily and who was paying for his travel, as well as funding his ability to remain on the run in East Timor. According to respected Australian journalist and long-time Timor watcher, Lindsey Murdoch, Reinado had entered Indonesia via the island of Batam near Singapore on a false passport, under the name of Simlisio de la Crus — the same name as on his Indonesian identification card. Reinado had also been in contact, on 19 January, with East Timor born Jakarta gangster “Hercules” Rosario Marcal, and had 21 Indonesian telephone numbers listed in his mobile phone when he was killed. Hercules was known to have close associations with the TNI in Jakarta. Two of Reinado’s men were later arrested at Hercules’ house in Jakarta. Reinado also had A$800,000 in a Commonwealth Bank account in Australia, held jointly with his lover Angelita Pires, at his time of death, from which around A$200,000 had been withdrawn. Reinado had A$30,000 in cash on him when he was killed, and had been well resourced with weapons and communications equipment, which had helped him evade capture. There was considerable speculation about the origins of these funds, with an intelligence source saying that mobile telephone intercepts had identified the funding agent as being an East Timorese politician.

Most importantly, however, the death of Reinado broke a deadlock in East Timorese politics. It allowed the government to begin its programme of relocating IDPs from the camps back to their homes, it removed a key bargaining chip from the Petitioners and hence allowed a resolution of their claims, it
distanced both the prime minister and the president from the taint of association with Reinado which had dogged them until that point, and it enhanced their legitimacy, particularly that of Ramos-Horta who was, in an all too real sense, “blooded”.

In assessing why Reinado and his gang had attacked Ramos-Horta and Gusmao, it appeared that the attack was originally intended as a kidnapping or an attempt to force a final decision of Reinado’s situation in his favour, but which went wrong. The motivation for the kidnapping was that Reinado believed that his discussions with Ramos-Horta aimed at finding a resolution to the issue were being undermined by the government’s dealings with the Petitioners and that he was, in effect, being double-crossed. After the shooting, it was revealed that Ramos-Horta had put to Reinado the proposal of accepting being convicted and jailed, but then released under a general amnesty for all parties convicted of offences during the 2006 troubles. However, as noted by one observer, few involved in the 2006 violence had been prosecuted and after Lobato’s release and escape, no one was actually in custody, which only reaffirmed East Timor’s culture of impunity.9 This sense of impunity was compounded in July, with the long-awaited release of the report of the Commission on Truth and Friendship. When Indonesia told the United Nations that it would assume responsibility for the prosecution of those involved in the killing of more than 1,500 people in East Timor in 1999, most observers understood this meant that few if any of those responsible for the crimes would spend time in jail. Few events could have been as predictable. The Indonesian legal system had a long history of protecting the military from meaningful sentencing, especially given that the military must be tried in its own, usually sympathetic courts. Further, the “nationalist” fervour whipped up by the military over the “loss” of East Timor meant that any negative decision against the army or police would be construed as tantamount to subversion. In this environment, the outcome of the few trials that were held did not bode well for an independent judgment.

If the shooting of Ramos-Horta was the most important political event of 2008, it was so because not only did it almost end the life of the president, but because as noted it broke a political deadlock. The process of relocating the IDPs and closing down their camps occurred over several months, and in cases where the IDPs had a more overt political agenda there was some resistance. However, the government paid families up to US$4,000 to return to their places of origin, which was enough to rebuild or otherwise start afresh. This amount of money was the equivalent of around eight or so years’ average income, and represented a significant incentive to most of the IDPs.
Similarly, negotiations with the Petitioners continued well into the year and, without Reinado’s shadow over the proceedings, there was eventually progress in resolving their claims, even if not through returning them to the military. Indeed, while these negotiations were continuing, the F-FDTL went through a new round of recruitment, indicating that the Petitioners were beginning to slip into history. In July, the petitioners were declared to be civilians and hence no longer members of the F-FDTL. They then accepted what appeared to be a generous pay-out offer of US$8,000 each and began their lives anew.

**Opposition**

Despite being in office for a relatively short period of time, there were a number of allegations of corruption levelled against the then still relatively new Parliamentary Majority Alliance (AMP) government, most notable of which were those in relation to the government purchase of cars and the letting of an emergency food aid contract. In the first instance, Fretilin had been highly critical of the government for pursuing what it claimed was a policy of buying 65 new “luxury” cars for parliamentarians. Fretilin claimed the cars would be allocated individually and used for private purposes In June 2008, this led to student demonstrations at the University of Timor Leste opposite the parliament building. Under a law enacted by the previous Fretilin government on demonstrations being at least 100 metres from parliament, the police used tear gas and arrested more than three dozen protesters. For a moment, it appeared as though the AMP government was heading down the same authoritarian path as the previous Fretilin government.

However, the protesters were released and the government went to some lengths to explain that it was not buying “luxury” cars for the private use of parliamentarians. Rather, the Finance Minister, Emilia Pires, said that the purchase order was for 26 four wheel drive base model Toyota Prado cars to be allocated for parliamentary committee work, particularly involving travel to the districts. A 27th car was to be given to the government by Toyota as part of the package. Pires said that the cost of maintaining older vehicles and renting cars had amounted to just over US$13 million in the four years to 2008, which was the equivalent of buying 389 new Toyota Prado cars. She added that of all the cars allocated to government departments, the number requiring high maintenance was 1,736, a further 707 were not working and not repairable, 109 were “lost” at handover, 21 were not registered to the government and 69 cars were under dispute.
She also noted that of vehicles donated to the previous government, many had not been registered with the government assets department. In particular, Pires noted that of 50 Land Cruisers donated by one aid agency, only five were registered to the government,\(^{12}\) (the assumption being that the rest were being used for private purposes only). At one level this was a relatively trivial issue, but the energy that was put into it by Fretilin, and the way the student demonstrations could have turned more serious, indicated that the political environment remained fraught, and that Fretilin in particular was not shy about pushing to the limit issues that, upon examination, often lacked substance or upon which it itself might have been found wanting. However, concern about police corruption that had existed under the previous government resurfaced, finally being brought to a head with an joint investigation leading to the suspension and proposed charging of eight mid-ranking and senior officers.\(^{13}\)

Fretilin continued its campaign of sniping and political harassment. But in a substantive sense, and especially given that it did return to sit in the parliament, this was more or less the activity of a conventional if not entirely “loyal” opposition. Most of Fretilin’s criticisms of the government were strident,\(^{14}\) which was unhelpful to the broader state of affairs given a continuing sense of fragility and deep-seated uncertainty that permeated much of East Timorese society. But as the political game continued, as the “opposition” attacked and the government responded, it appeared that East Timor was beginning to settle into a pattern of behaviour familiar in many more developed and historically embedded parliamentary democracies. There was no doubt that East Timor remained vulnerable to fracturing as a political society. But the longer it did not do so, the better chance it had of not doing so.

Even when the Timorese Social Democratic Association-Social Democratic Party (ASDT-PSD) partner in the AMP coalition said in May that it would quit the coalition because of alleged government corruption, this appeared more as an internal party matter over the allocation of ministries rather than any external issue. This sense was compounded, too, when soon after that threat, it said that it would not leave the coalition for another 12 months. One might have thought that if the issues over which it was concerned were so pressing that it had to announce its departure from the government then it would have done so immediately. But regardless of how this issue resolved, it lacked a sense of sincerity of intention, and was more a part of a political game. It might have been that the ASDT contemplated being in opposition, not in government, with Fretilin, as it was quickly deduced that the ASDT’s coalition with PSD had fractured and that the AMP government could survive without ASDT support.
Moreover, ASDT and Fretilin were not comfortable political bedfellows, and the thought of working together as a coherent opposition was less attractive than the reality of access to government.

In any case, the concern that this fairly clearly Fretilin-inspired manoeuvre was supposed to have caused the AMP government was quashed when it was realized that not only could the AMP government maintain a majority without ASDT but that it had quickly done a deal with the National Union of Timorese Resistance (Undertim) to shore up its parliamentary numbers. There is a view that it is not what politicians say that counts, but what they do. ASDT said much but did little, and appeared to be paying the price of its disloyalty on one hand and its incapacity on the other. Fretilin, meanwhile, was reduced to returning to its tactics of sniping, if with less effect.

While the AMP government’s legislative programme for 2008 focused primarily on economic development and food security, it was remarkable for the introduction of legislation that, given the country’s problems, seemed unnecessary. Perhaps most puzzling in a country that had recently been wracked by internecine violence was the government proposed legislation on the right of citizens to acquire firearms. This bill was initially defeated in June when the coalition broke ranks over it, but was again proposed later in the year. A similarly unnecessary bill gave special recognition to the Catholic Church. Although the country is predominantly Catholic, this “accord” offered little material advantage to the state or the people, but privileged the Catholic Church as a moral arbiter in state affairs. Related to this was the introduction of anti-abortion legislation, which was passed, establishing abortion as murder.

Economic Policy

The AMP government’s economic policies, which were the centrepiece of its legislative programme, were also hotly debated. Prime Minister Gusmao’s economic policy was based on addressing the needs of the people as soon as possible with capital that was available, rather than allowing the people to suffer while waiting until interest on the capital had accrued. Fretilin was highly critical of the AMP government over its pursuit of this policy, manifested as tapping into the capital of the country’s interest-based Petroleum Fund. The Petroleum Fund Consultative Council and the Economy, Finance and Anti-corruption parliamentary committee also opposed the government’s plan to withdraw US$290 million from the Petroleum Fund. This was in excess of the benchmark for sustainable income (US$396.1 million in 2008), and was opposed on the
grounds that the government had not justified the need for the additional funds.

The AMP government’s proposal was to more than double its income, from US$347.7 million to US$773.3 million, or an increase of 122 per cent, even though between January and March it had only spent 10 per cent of the proposed budget total. That amount was predicted to increase soon after, however, to 45 per cent by the middle of the year and to rise to 55 per cent by the end of the year. However, a constitutional court ruling later in the year raised doubts over the legality of accessing the extra funds, a claim rejected by the government.

Based on June 2008 prices, East Timor’s oil revenue had doubled over the previous year, to US$200 million a month, and boasted the Petroleum Fund from US$2 billion in 2007 to US$5 billion in 2008. This pushed East Timor’s per capita gross domestic product (GDP) to a nominal US$4,500, meaning that it was quickly approaching the status of a “middle income” country (per capita GDP US$6,000). Yet in 2008, most East Timorese were unaware, or at least not recipients, of their country’s increasing economic status. There was concern, however, that having access to large amounts of direct income, rather than using earned interest, could lead to fiscal irresponsibility, with money being thrown at programmes that produced little if any concrete outcomes. However, there was a sense that, should the political and economic situation remain fairly stable, East Timor’s economic future looked much brighter than its economic past. This in turn boded well for retaining political stability. It was wiser, though, to retain a strong sense of circumspection about such rose-tinted optimism, especially given that, as this was being written, malnutrition remained a serious and in some parts of the country a seemingly intractable problem.

Although East Timor’s people had a long history of malnutrition and chronic food shortages, this problem continued unabated and, indeed, worsened by the continuing drought that affected the region, becoming critical by the “hungry season” — the first part of the calendar year in which Timorese traditionally have little food left and new crops are not yet available. In response to this, Gusmao authorized the increased government purchase of rice, doubling its quantity from 8,000 tonnes to 16,000 tonnes but, at a time of escalating world food prices, increasing the purchase order price from US$4 million to US$12 million. The contract was let to Tres Amigos, a company directed by CNRT member Germano da Silva, apparently without an open tender process. In its second major allegation of corruption, Gusmao was immediately attacked by Fretilin, with some media raising similar concerns.
However, Gusmao responded by saying that the country only held 7,900 tonnes of rice in reserve and that its required balance for food security for a three months period was 24,000 tonnes. He added that the process of tendering for the bid had gone to a selective tender process on 1 February 2008, in which seven companies were asked if they could meet the government’s requirements of purchasing and warehousing the rice. Only Tres Amigos was able to comply with both aspects of the requirements and so received the contract.

Fretilin was also highly critical of the AMP government replacing the Timor Sea Designated Authority (TSDA) with a National Petroleum Authority (NPA). The NPA was responsible for regulating all petroleum exploration, production, processing and sales both onshore and offshore in East Timor. The creation of the NPA was under a decree passed by the Council of Ministers, which Fretilin criticized for lacking in public consultation and transparency.

The other major aspect of the AMP government’s economic policy was the introduction of sweeping tax changes, including no income tax for income below US$500 a year and at a flat 10 per cent a year for income above US$500 a year. Services tax was capped at five per cent, while withholding taxes were at between two and 10 per cent. Import duty and sales tax was capped at 2.5 per cent, while excise tax was increased on alcohol and tobacco but reduced on petrol, a basic and expensive commodity. Interestingly, the tax on guns and ammunition was set at 200 per cent, even though the parliament had rejected the proposal put by Xanana Gusmao that would have made it possible for private individuals to register and own guns. This policy was not explained by Gusmao, and was roundly criticized as being unhelpful and potentially dangerous in a country already traumatised by violence.

While East Timor’s economy stabilized somewhat due to increased oil revenues, distribution of the country’s wealth remained problematic. Average mean income, as opposed to per capita GDP, remained low, at around US$500–600 per person, while those outside the main towns continued to survive in an often largely cashless economy. Especially in light of continued drought conditions and the global increase in the price of rice, 70 per cent of Timorese households remained moderately to severely “food insecure”, rising to over 80 per cent in Cova Lima and Oecusse districts.16

In large part, the gap between per capita GDP and actual income reflected the government’s difficulty in distributing available funds, especially beyond Dili. However, the government was aware of the need to get funds out of the centre to the districts, in order to promote regional development and, especially, to increase the level of financial liquidity in the districts and sub-districts.17
In order to promote local development projects, however, the government needed to put in place a mechanism to achieve this.

To help ensure there would be a mechanism in place to promote local development, and through which funds could be channelled to the districts, throughout 2008 the government worked on a plan for political and economic decentralization, following from the previous Fretilin government’s plan for an even more localised political system. This AMP government’s decentralization programme was to be based upon holding district council elections, and devolving administrative responsibility to the district level. Planning for this process was slow, however, and the first such steps were not intended to be taken until 2009, initially in only four districts.\textsuperscript{18}

Late in the year, the government also announced that it had let a tender to a Chinese government-owned company to build two power plants to provide electricity to the whole country for a full 24 hours per day. This follows intermittent electricity to most of the country and no electricity to some parts. The plan was for a 120 megawatt plant in Manatuto, and a 60 megawatt plant on the south coast, being enough electricity for East Timor’s current and projected power needs. This infrastructure project was to be East Timor’s largest to date, although was criticized for being reliant on expensive fuel oil. Another large infrastructure project — an LNG processing plant on East Timor’s south coast — seemed a less likely prospect, as the parent company, Woodside Petroleum, preferred to build a floating plant or a plant at Darwin, Australia (the latter option compromised by Australia’s new carbon tax). Woodside’s reasons for not building in East Timor included greater project cost in East Timor, including sending a pipeline from the Greater Sunrise field across a deep sea trench, a lack of local staff or infrastructure support, and potential political instability. Wanting the development, technology transfer and related industries, the East Timor government strongly protested this decision, and could have deferred the project to the longer term future,\textsuperscript{19} or at least sought some recompense.

**Stability?**

East Timor continued to have many problems which dogged its future. But towards the end of 2008 it was showing real signs of internal stabilization. To this end, the Australian Defence Force drew down 100 of its 700 personnel contribution to the International Stabilization Force that had been sent to quell the troubles of 2006. Australia, however, retained a long and perhaps open-ended commitment to East Timor and its stability, and was expected to
retain a military presence there for as long as was deemed necessary by the East Timor government.

In all, East Timor ended 2008 much better than it had started it, and the prospects for the future were brighter rather than dimmer than in 2007. But coming off such a low base, and with so many continuing problems, East Timor’s future continued to be one beset by struggle. Any success, though, was a positive over its previous existence.

Notes
1 C. Banz, Report: UNMIT Internal Review Panel on the UN Response to the Attacks on the President and the Prime Minister on 11 February 2008 (Dili: UNMIT, 2008).
3 The term “declaracao de estado de sitio” means “state of place”, but translated as “state of siege or emergency, or martial law”, involving a night curfew, increased powers of arrest and detention, and the inclusion of the F-FDTL as part of the active security forces.
7 In personal communication with the author, Dili, 12 June 2008.
8 The name of the funding agent remains confidential until or unless charges are laid. It was not, however, either the president or the prime minister.
17 This observation is based on discussions with government ministers and advisers.
18 According to the Minister for State Administration, Archangelo Leite, personal conversation, 15 October 2008.