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Timor-Leste: Background and U.S. Relations

Overview

Timor-Leste (also known as East Timor), is one of the world's youngest nation-states, having gained its independence from Indonesia on May 20, 2002. This marked the end of more than three centuries of foreign rule, including over 300 years of Portuguese rule followed by 24 years of Indonesian control. The nation's transition to independence was traumatic: Following a 1999 nationwide referendum that supported independence, violence led by paramilitary militias supported by elements of the Indonesian military killed around 1,300 Timorese and displaced nearly 500,000. Today, with a population of 1.3 million, Timor-Leste is one of the world's poorest nations, with one of Asia's highest illiteracy rates.

Timor-Leste has made considerable strides in building stability and democratic institutions, although it continues to face many challenges in consolidating its democracy and developing its economy. The nation's 2012 presidential and parliamentary elections, conducted peacefully as a U.N. peacekeeping mission prepared to leave the country, were widely seen as a turning point in Timor-Leste's development. Subsequent presidential and parliamentary elections have seen high voter participation and have been considered by international observers to have been largely free and fair.

The nation held elections in 2017, which resulted in an ineffective minority government that served only eight months, and then again in May 2018, when a broad coalition known as the Alliance for Change and Progress (AMP) took office. The current Prime Minister is Jose Maria de Vasconcelos (also known as Taur Matan Ruak, or "two sharp eyes" in the Tetum language), who led a guerilla movement for independence from the 1970s until 2002. His coalition is backed by Nobel Laureate Xanana Gusmao, a former prime minister who was Timor's most prominent independence activist. AMP defeated the Fretilin party, led by Mari Alkantara, another prominent figure in Timor-Leste's independence struggle. Timor-Leste's president is largely ceremonial. Current President Fernando Guterres's five-year term runs through 2022, and parliamentary polls must be held by 2023.

Despite these political developments, Timor-Leste's governing institutions remain weak, and its economy is deeply dependent on energy resources in the Timor Sea. Oil generates substantial revenues that are managed in a Petroleum Fund from which the government can withdraw a limited amount of funds annually. The fund's balance stood at \$16.8 billion as of December 2017. The issue of how deeply to tap the fund's reserves for infrastructure development is a controversial question. Previous governments have broadened the scope of fund investments to include large-scale infrastructure and human capital

projects, while opponents alleged that the government was spending unsustainably.

U.S. congressional concerns have focused on internal security, human rights, and the development of democratic institutions. The House Democracy Partnership initiated a Timor-Leste program in 2006 that has managed training programs for Timorese legislators, and assisted with the building of a parliamentary library and the improvement of information technology in the Timorese parliament.

Historical Background

During the 1640s, Portugal began to assert control over Timor-Leste, a small outpost surrounded by Dutch-ruled Indonesia. This colonial presence would last until 1975, long after Indonesia gained independence from the Netherlands, when the Revolutionary Front for an Independent Timor-Leste (Fretilin) gained ascendancy and declared independence on November 28, 1975. Indonesia invaded Timor-Leste on December 7, 1975, and began a period of occupation in which an estimated 100,000 to 250,000 Timorese were killed. The United Nations did not recognize the Indonesian action, and human rights violations in Timor-Leste by the Indonesian military became a longstanding thorn in U.S.-Indonesia relations.



Source: Graphic created by CRS. Data are from CIA World Factbook and World Bank.

Following the 1998 fall of Indonesia's authoritarian government, Timor-Leste held a national referendum to choose either autonomy within Indonesia or independence. Seventy-eight percent of the nearly 99% of registered voters who turned out opted for independence. This led to

widespread retaliation and destruction by militias backed by elements of the Indonesian military that were in favor of integration with Indonesia. In addition to widespread killings and displacements, militias destroyed or damaged much of Timor-Leste's economic infrastructure, including homes, public buildings, utilities, schools, and medical facilities. To quell the violence and restore order, a U.N.-authorized peacekeeping mission, International Force Timor-Leste (INTERFET), was established under Australian command and deployed on September 20, 1999.

Relations with the United States

U.S. relations with Timor-Leste focus primarily on fostering stability and economic development with a young nation that has major needs in many areas. U.S. assistance seeks to "help Timor-Leste develop its democratic institutions, diversify its economy, and enhance security capacity."

Since Timor-Leste's 2002 independence, the United States has provided \$500 million in assistance to the young nation. The Departments of State, Defense, and Justice, USAID, and Peace Corps all have presences in Timor-Leste, and in 2017, the Millennium Challenge Corporation selected Timor-Leste as a candidate for developing an MCC compact.

The Trump Administration requested \$17.4 million in assistance for Timor-Leste in FY2020, down from \$18.2 million in estimated assistance in FY2019 and \$18.4 million in actual aid in FY2018. U.S. programs include training for staff at the Ministries of Finance, Health, Tourism, and Agriculture, efforts to raise farmers' incomes and improve resilience to environmental shocks, raise nutrition standards, and deliver healthcare for women, newborns and young children. The United States offers International Military Education and Training (IMET) courses for Timorese defense forces (\$400,000 requested in FY2020).

In July 2015, U.S. Marines conducted a joint exercise with members of Timor-Leste's security forces. The exercise—known as Koa Moana 15.2—involved two platoons. The U.S. Navy also sent 150 sailors and engineers to Timor-Leste, instructing Timorese troops on basic seamanship, and working on community service projects.

External Relations

Timor-Leste continues to receive extensive political, economic and security assistance from Australia, New Zealand, Portugal, and the United Nations. The relationship with Australia is particularly important. Australia is the largest international donor to Timor-Leste, and it played a large role in providing stability in the new nation's early years. Timor-Leste and Australia settled a longstanding maritime boundary dispute in 2018, utilizing compulsory dispute resolution under the United Nations Convention on the Law of the Sea (UNCLOS). The two nations still disagree over their joint development of hydrocarbon resources in the Timor Sea. Timor-Leste hopes to construct an onshore Liquefied Natural Gas (LNG) processing plant, while the Australian company Woodside Petroleum favors LNG processing at existing facilities in northern Australia.

Timor-Leste has broadly maintained good working relations with Indonesia. It is also seeking to join the Association of Southeast Asian Nations (ASEAN), as it is currently the only nation in Southeast Asia that is not a member of the regional grouping. China has increased its assistance to Timor-Leste in recent years. Although its overall aid totals are lower than those of many donor nations, China has constructed the nation's Parliament building, presidential palace and foreign ministry headquarters. China also sold Timor-Leste two naval patrol boats in 2010, and has provided training to dozens of Timorese government officials.

U.N. Role in Timor-Leste

Between 1999 and 2012, the United Nations provided a range of assistance to Timor-Leste, including peacekeeping, supporting capacity-building efforts to strengthen the security and justice sectors, ensuring the provision of humanitarian and reconstruction aid, and addressing issues faced by refugees who fled in 1999. Many were placed in refugee camps in the Indonesian province of West Timor, though virtually all have subsequently settled in Indonesia or returned to Timor-Leste.

The U.N.'s peacekeeping role ended in 2012 with the completion of the U.N. Integrated Mission in Timor-Leste (UNMIT), which had operated since a violent crisis erupted in 2006 amid infighting between two separate Timorese police factions. The U.N. High Commissioner on Refugees (UNHCR) also closed its office in 2012. However, the U.N. remains active in Timor-Leste, focusing on economic development and strengthening governing institutions.

Development Challenges

Timor-Leste is one of the world's youngest nations, but its development progress has been limited. Some 41.8% of the population lives below the poverty line. According to the U.N. Human Development Report 2018, Timor-Leste's median age is 17.4, with 74% of the population is under the age of 35, making the country Asia's youngest. Around 20% of Timorese youth between the ages of 15-24 are neither in school nor employed. Around 37.5% of those under age five are underweight, the third highest level in the world.

Many international donors have sought to promote the development of agriculture. Some 75% of Timor-Leste's population lives in rural areas, and 41% of the labor force is employed in agriculture. Along with rising food prices and shortages of dietary staples, scarcity of arable land and the impact of natural disasters have been cited as primary reasons for deteriorating food security. Many development experts consider the country to be particularly vulnerable to climate change, given its already low agricultural productivity and vulnerability to rising sea levels and extreme weather events such as hurricanes.

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