

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. The United States and the U.S. Congress have lent significant support to the new nation's efforts to provide stability, economic prosperity, and democratic governance.

Timor-Leste's independence ended more than three centuries of foreign rule, including over 300 years of Portuguese rule followed by 24 years of Indonesian control. The transition was traumatic: Following a 1999 nationwide referendum that supported independence, 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, although it has made progress in many social development indicators over the past two decades.

Timor-Leste also has made considerable strides in building stability and democratic institutions, although it continues to face challenges in consolidating its democracy. 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 elections have seen high voter participation, with many international observers describing them as largely free and fair. However, the country has been led largely by weak and unstable political coalitions, leading to periodic stages of political stalemate and crisis. Timor-Leste's political parties remain mostly led by a small group of leaders who were part of the country's independence movement, whose rivalries contribute to this instability.

In April 2022, Jose Ramos Horta, leader of the National Congress for Timorese Reconstruction (NCTR) party, won the presidency with 62% of the vote in a runoff election. Ramos Horta, who won the Nobel Peace Prize in 1996 as an exiled leader of the independence movement and previously served as President from 2007 to 2012, took office in May 2022. The Presidency traditionally has held relatively little formal authority, although some Presidents—notably Timor-Leste's influential “founding father” Xanana Gusmao—have used it to exert considerable informal authority. The government is run by the Prime Minister, currently José Maria 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.

Timor-Leste's economy is deeply dependent on energy resources in the Timor Sea. Oil generates substantial revenues managed in a Petroleum Fund from which the

government can withdraw a limited amount of funds annually. The fund's balance stood at \$18.9 billion as of December 2020. 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 focus 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. Although Indonesia won its independence in the 1940s, Portugal's colonial presence lasted until 1975, 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 long-standing thorn in U.S.-Indonesia relations.



Population: 1.3 million
Area: Slightly larger than Connecticut
GDP: \$1.6 billion (2018)
GDP/capita (USD): \$1,600 (2018)
Population below poverty line: 41.8% (2014 est.)
Languages: Tetum, Portuguese, Bahasa Indonesia, English
Religions: Roman Catholic 97.6%; Protestant 2%; Muslim 0.2%; Other 0.2% (2015 est.)

Sources: 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, and deepening the U.S. relationship with a developing nation within the Indo-Pacific region. 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, and USAID 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 Peace Corps had a presence until February 2020, when it evacuated its volunteers due to the COVID-19 pandemic.

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.

U.S. development assistance is delivered through USAID governance, health, tourism, private sector productivity, digital connectivity, and agricultural programs; year-round rotations of U.S. Navy Seabees; and a (currently suspended) Peace Corps program. Through its Compact program, the MCC is partnering with the Timor-Leste government to address key drivers of poverty and promote economic growth. In 2018, the U.S. Department of Agriculture announced Timor-Leste as a recipient of a \$26 million, five-year McGovern-Dole nutrition and education program. 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. 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 long-standing 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 maintained good working relations with Indonesia. It is also seeking to join the Association of Southeast Asian Nations (ASEAN). (It is the only Southeast Asian nation not currently in the 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 constructed Timor-Leste's Parliament building, presidential palace and foreign ministry headquarters. China also sold Timor-Leste two naval patrol boats in 2010, and provided training to dozens of Timorese government officials. Many analysts posit that Timor-Leste may be amenable to greater Chinese investment in the country's infrastructure. Chinese Foreign Minister Wang Yi visited Timor-Leste in June 2022, and the two countries signed bilateral agreements on agriculture, media partnerships, economic and technical cooperation, and the dispatch of a Chinese medical team to Timor-Leste.

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. The U.N.'s peacekeeping role ended in 2012 with the completion of the U.N. Integrated Mission in Timor-Leste (UNMIT). 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, with 37% of its population aged 14 or younger. Although it has made progress in many human development measures, it remains one of the poorest nations in Asia. According to the World Food Programme, more than 45% of the country's population lives below the poverty line. Some 47% of children under five years of age are stunted, and 8.6% suffer from acute malnutrition.

Many international donors seek to promote development of agriculture. Some 75% of Timor-Leste's population lives in rural areas, and 41% of the labor force works in agriculture. Food security is a concern: Timor-Leste faces rising food prices, shortages of dietary staples, scarcity of arable land, frequent typhoons, and the impacts of climate change.

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