



Speech at the swearing-in of the new government

PRESIDÊNCIA DA REPÚBLICA
GABINETE DO PRESIDENTE

Message of His Excellency
The President of the Republic
On the occasion of

The Swearing-in of the Second Constitutional Government

Palácio das Cinzas,

14 July 2006

With the swearing-in of the Second Constitutional Government today we close a cycle of profound crisis that has threatened the institutions of our democratic State based on the rule of law and subjected our people to unpredictable and unjust sufferings and distress.

Timor-Leste was blemished once again. Many things have been said and written about Timor-Leste as of late. Some hastened to announce that we would become a 'failed State'. Others shed 'crocodile tears' insinuating that we had become prisoners of powerful global, political, military or economic interests. Yet, many continued to believe in us because they know that a people like ours who resisted against all forms of intimidation - from the most brutal domination to the most malicious seduction - for over two decades - never gives up!

We have dared to walk on the 'razor's edge' unwaveringly and so we have arrived at this solemn ceremony that marks the inauguration of a new Government. All around us there are thousands of Internally Displaced Persons who are still afraid of returning to their homes, some are afraid of reprisals, others do not return because they lost all of their belongings, except for the burnt walls of their homes, which were destroyed and vandalised.

But it was because of the innermost conscience of our responsibilities that we were capable of assuming institutional solidarity, which is so essential, between all the organs of sovereignty in order to find the way towards reasonable political compromises and the key for solutions that are constitutionally legitimate, in full compliance with our Fundamental Law.

People's hopes, the expectations yet to be satisfied from those who dedicated their lives to the resistance struggle, and the ambitions of the youth, who are still awaiting for an opportunity to learn, to become qualified and to deserve, through their work, a better life and a brighter future in their homeland, are growing all around us.

Today, the new Government is taking a heavy load upon its shoulders. Although this ceremony is only a modest step forward, it is important to remember the countless obstacles that hindered every small advance we made in the tormented path that we have travelled over the last months. We must make enormous efforts to bring reconciliation amongst all the Timorese and to heal the wounds that have divided us. But there is no reconciliation without truth and truth demands justice so that the wrongdoings, and the confidence in the impunity, will not be repeated.

Finally, we will only find an answer to this serious and painful crisis when we give the voice back to the sovereign people, so that the people can express themselves about the way in which they have been governed and choose those who they can trust. Once the displaced persons are assisted, order is re-established in the streets, and the functioning of the public services are ensured, then it will be the time for us to prepare for the elections, which are the appropriate means to resolve the conflicts peacefully and to overcome the crisis, thereby strengthening the State based on the rule of law and consolidating the constitutional democracy.

Xanana Gusmão

[emphasis added by editor]

Also in this issue...

The UN and nation-building

In the *Boston Globe* Jose Ramos Horta wrote of the new role he would like the UN to take on in Timor Leste (page 2).

And in *The Straits Times* John McBeth provides a useful commentary summarising the internal issues and the failures of the UN prior to a premature departure (page 2-3).

Death of a policeman

Two extracts from an article by Carmela Baranowska in *New Matilda* (page 3).

Appeal to help Timor nurses

The ANF is conducting an appeal to assist nurses in Timor Leste through the current crisis (page 4).

Timor Coffee hurt by crisis

The coffee industry, a "bright spot" in East Timor's emerging economy, has been set back by the turmoil in Dili (page 4).

Current humanitarian crisis

Donations are needed to help organisations providing food and shelter to internally displaced Timorese.

You can donate to...

- APHEDA "Union Aid Abroad" - www.apheda.org.au
- Alola Foundation - www.alolafoundation.org
- Australian Red Cross "Timor Leste Appeal" - www.redcross.org.au
- AUSTCARE "East Timor Appeal" - www.austcare.org.au

AETFA NEWS

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A UN role in Timor Leste

July 4, 2006

Boston Globe (USA)

By Jose Ramos Horta and Raj Purohit

IN RECENT weeks commentators have framed the uprisings in Timor Leste as a country that has spiraled into violence despite UN peacekeepers. This gives the false impression that the United Nations has failed in the country formerly known as East Timor. The reality is significantly different.

Having declared its independence a mere four years ago, Timor Leste is still a fledgling nation emerging from the aftermath of a long, and often bloody, struggle for freedom. Though citizens have been ably assisted by various UN missions as they attempt to build the country, Timor Leste still has many challenges to overcome. These challenges include speeding up reconciliation, building a democratic political culture, instilling the rule of law, and creating an economy that is able to provide sustainable livelihoods for its people.

While critics correctly note that efforts for reintegration and development must be redoubled, they fail to note that international commitment to long-term peace-building processes must also be redoubled. Peace-building processes that pay attention to a nation's need to feed, employ, govern, and heal itself are essential in any nation-building process. But the world failed to offer sufficient assistance to Timor Leste. The world community, including the United States, moved on to the next failing state before Timor Leste had sufficient strength to stand on its own.

Now we are at the point in Timor Leste's nation-building process where the key stakeholders need to make a calculated assessment of what needs to be done next, coupled with a renewed political and financial commitment to a UN-driven process. Yes, missteps occurred, but this does not demand a radical change of direction nor should nations abandon Timor Leste at this critical juncture.

The first order of business is to address the violence caused by the dismissal of 600 striking soldiers. In the short term, the combination of regional and UN assistance coupled with a commitment from local government officials to address the tension will help dampen the fighting. In the long term, Timor Leste, working with regional governments, in particular Australia, will need to address the broad security challenges underlying the current instability.

Second, and perhaps more significant, it is vital that the UN continue to lead an inclusive effort to ensure that Timor Leste becomes a strong, democratic member of the international community. The UN is the logical body to coordinate this initiative and it seems logical that the new UN Peace Building Commission should play a central role in this effort.

The Peace Building Commission was formed to improve the coordination of relevant actors within and outside the UN and to extend the period of attention given by the international community to post-conflict recovery. In the case of Timor Leste, the commission should coordinate efforts to ensure that:

- *There is an aggressive and sustained campaign to improve the livelihood of Timor*

Leste's people. This effort requires local buy-in and assistance from the World Bank and national and regional development groups.

- *Local systems of governance are developed and respect for the rule of law is cultivated.* In particular, emphasis should be placed on judicial institutions, which will enable accountability for past and current crimes.
- *Peace and security is guaranteed for Timor Leste.* Peacekeepers, instead of leaving prematurely, must remain to support military and police troops.

The Peacebuilding Commission is selecting which post-conflict nation-states to adopt. Along with Burundi and Sierra Leone, Timor Leste is high on the list. The world community has an opportunity to rally behind Timor Leste, rather than abandon it, and help this nation become healthy and strong -- a peace-building process that will take a long-term commitment from every international institution.

Ian Martin, former special representative for the UN secretary general for East Timor, is forecasting a larger role for the UN. He should recommend that the Peacebuilding Commission take the lead in ensuring Timor Leste finally takes its place among the world's stable democratic countries.

Jose Ramos Horta was Timor Leste's minister for foreign affairs and cooperation and a 1996 Nobel Peace laureate – he is now Prime Minister.

Raj Purohit is an attorney and senior fellow in international law and justice at Citizens for Global Solutions.

UN's "model of nation-building ... a fragile shell"

June 30, 2006

The Straits Times (Singapore)

Commentary by John McBeth

JAKARTA - IT HAS always been a puzzle to me why so many observers see Timor Leste as a failed state in the making. The tiny nation has more going for it than any Third World African state, including oil and gas revenues, a promising tourist potential and a pool, however small, of talented individuals.

So what has gone wrong and why is it coming apart at the seams?

Politics, first and foremost. ... Timor Leste politicians have simply been unable to bury the past, discard time-worn ideologies and carry on where the United Nations left off.

And there is a second major problem. While the government of newly resigned prime

minister Mari Alkatiri has proven surprisingly and, in the opinion of some, suspiciously inept, much of the *blame should also fall on the UN for leaving prematurely without building enough institutional capacity to allow the state to function effectively.*

So now the embarrassed world body will have to return in force over the next six months - not only to maintain the peace and no doubt help the leadership work out a lasting political settlement, but also to stitch Timor Leste back together.

Given the complexity and often baffling nature of the situation as it stands now, it will not be easy. Even experienced observers struggle to explain what has happened and why. 'You have to put away your logic and only think illogically about it,' says one Western diplomat, pointing to the one question everyone is asking: Why did the government

think it could fire 600 rebellious soldiers of the 1,500-strong East Timor Defence Force without there being any repercussions.

But that does not explain the rest of the disorder that followed, including the massacre of nine unarmed policemen, the distribution of thousands of automatic weapons to civilian militia groups and disquieting reports of death squads in the alleged pay of Mr Alkatiri and former interior minister Rogerio Lobato, who have been squarely blamed for the violence.

UN Secretary-General Kofi Annan has acknowledged that what the world body had held up as a model of nation-building has turned out to be nothing more than a fragile shell, still rent by the same political frailties that [preceded] Indonesia's invasion in 1975 and still without an economy to dilute potential social disorder.

... continued on page 3

...fragile shell

...from page 2

Much of the criticism of the UN arises from the culture of the organisation itself and the apparent institutional necessity of involving different nationalities in its operations.

In Timor Leste the UN brought in an army of 840 civilians from 114 countries, leaving only 1,800 largely menial jobs to the Timorese. During the three years under direct UN administration, Timor Leste received about US\$2.2 billion in international aid. This has grown by a further \$1 billion since then. But by most accounts, about half of that money went on salaries and other overheads that always come with the UN machine.

Efforts to reform the organisation and improve its nation-building role should begin now, before a single new staffer is sent into Dili.

That means dispensing with the gravy train that had a Nepalese policeman, for example, directing traffic in the street outside the headquarters of the UN transitional authority.

Even in 2000, thoughtful people in the UN were saying it would have been better to have gone in with just 100 competent people, who would have had to employ Timorese and whose jobs would have been on the line if they goofed up. As it was, the consequences for failure were just not there. Some of those working for the UN came from countries nearly as impoverished as Timor Leste; they would have been more valuable staying at home and working on problems there. Others possessed only a modicum of expertise and only seemed to be in Timor Leste to make up their country's seemingly mandated quota.

The Timorese had complained from the outset about the UN's failure to involve more local people in deciding their nation's future. 'We are not interested in inheriting

an economic rationale that leaves out the social and political complexity of Timor Leste reality,' then-president-in-waiting Xanana Gusmao said in a rare and somewhat prophetic broadside in October 2000.

Some outsiders shared that worry. 'There's no economic model, in fact there's no modelling of the country at all in the way Timorese want it,' one Australian consultant told me at the time. 'If the Timorese don't participate, then they don't own the future.'

Forget the 70 per cent of the economic structure destroyed by departing Indonesian troops. Just as big a hole was left in the country's administration itself, which any reasonable person should have realised would have to be filled before the country could get on its feet. Sadly, however, the UN left capacity-building to the Timorese themselves - with predictable results.

Mr Alkatiri can now point to that in explaining why his government has failed to make any real headway, particularly in key areas such as health, education and basic infrastructure. In a clear sign of bureaucratic ineptitude and the effects of three months of political turmoil, only 35 per cent of the US\$135 million budget had been spent at the end of the 2005-2006 fiscal year, which falls this week.

This year's proposed budget is US\$230 million - about the same amount that is now flowing in from the Bayu-Undan gas field in the Timor Sea.

Thanks to US\$60-a-barrel oil prices, Timor Leste's 90 per cent share of royalties and tax windfalls are larger, and started much earlier, than anticipated, skyrocketing from US\$41 million in 2003-2004 to US\$243 million in 2004-2005. The country's Petroleum Fund has about US\$500 million, with the Petroleum Law committing the government to saving most of that revenue as sustainable income in perpetuity.

Economist Joao Saldanha, of the Timor Institute of Development Studies, estimates that even if the price of oil were to fall to US\$40 a barrel, Dili will eventually receive at least US\$500 million in annual oil and gas receipts. Non-oil revenues amount to only US\$8 million, about US\$7 million of that coming from coffee exports which are expected to rise over the medium term in response to higher prices and improved marketing.

Small markets, high costs, a low skills base, poor infrastructure as well as a weak legal system are still obstacles to attracting the foreign investment needed to underpin economic development.

Politically, next year's scheduled parliamentary elections may go a long way towards allowing the Timorese themselves to resolve the current impasse.

Although Mr Alkatiri's belated resignation may have defused some of the tension, [FRETILIN] is still the dominant player in the political equation. Timor Leste and the UN will also have to re-think the wisdom of maintaining an army, a non-negotiable issue at the birth of the nation because of Mr Gusmao's concern at finding jobs for hundreds of resistance fighters who might otherwise have become a destabilising influence.

But now, security analysts say it would make more sense to disband the army altogether and create an integrated self-defence force - basically a civilian police organisation with a paramilitary element that would serve to break up the political and ethnic divisions which triggered the recent violence and have continued to haunt Timor Leste since its independence.

[Edited from original - emphasis added]

Death of a policeman ... and talk of a coup

[two extracts from East Timor: Too Many Men With Too Many Guns by Carmela Baranowska, **New Matilda**, July 12 2006]
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At 12:43am Constância, my close friend, had received a mobile phone call from her brother, Manuel Amaral, an East Timorese policeman who was holed up in Dili's main police station. 'The F-FDTL (East Timorese Defence Force) are shooting at us,' he had said, please make sure that my wife and daughters will be looked after.

It was the last conversation Manuel would have with his sister - he was one of the eight unarmed policemen accompanied by UN observers who were gunned down by a combined F-FDTL, police and civilian group a few hours later.

Did he foretell his own death - this policeman who lived in our housing block, who loved his children and who adored his Batak wife Ari, who had come from Jakarta to live with him in an independent East Timor?

Manuel had been an unusual ex-Indonesian policeman. I remember him sitting on our front porch, having long conversations with the Free Aceh Movement representative hiding in Dili - a man and movement Manuel had helped when he had been stationed in Aceh.

...

...

Back in Dili in May and June 2006, the city's rumour mill went into overdrive. Everyone had a story to tell. But facts remained murky.

There were two interesting coup theories: either the coup had been organised by Alkatiri in order to retain power; or Gusmão and then Foreign Minister José Ramos Horta were part of an Australian-US conspiracy.

Others just sighed - East Timor had so many serious internal problems leading to the crisis, that mention of a coup was laughable.

[Editor's emphasis!]

Help needed for East Timor Nurses

The ANF is running an appeal to assist nurses in East Timor

The recent conflict in East Timor has severely disrupted the day-to-day lives of nurses.

Madalena Soares, a nurse in East Timor and member of the East Timor Nurses union, Associacao Dos Enfermeiros Timor Lester (AETL), recently relayed the distressing situation to the ANF.

'Nurses bring their families with them to the hospital in the hope that food will be available for everyone but the hospital only provides one plate of food for each nurse. Some nurses have already left workplaces to go to refugee camps. We need some help to encourage them to stay and to make sure they are safe,' she said.

What began as a strike by about 600 soldiers from the East Timor military in March, developed into widespread civil unrest at the hands of opposing factions of the East Timorese security forces, as well as unemployed and disaffected youth. The current unrest brings back memories of the terrible trauma of the Indonesian occupation and the violence and destruction caused by the pro-Indonesian militia after their independence ballot in 1999.

Elisabeth Lino de Araujo, the Union Aid Abroad local office manager described how the collective trauma of the events in 1999 is affecting people in the current situation.

'This has been a political problem, but it's the people who suffer. People here have worked so hard since 1999 to rebuild their houses, to rebuild their lives, and they have sacrificed so much. They are not ready to leave the refugee camps, they don't want to risk losing any more.'

The ANF would like to provide additional support to AETL, to help rebuild infrastructure and restore confidence. Support from Australian nurses can help make this happen.

Through Union Aid Abroad - APHEDA, the ANF will be able to quickly respond to the needs of nurses in East Timor, by providing essentials and replacing equipment which has been stolen or damaged. Monetary donations are desperately needed in order for the East Timor Nurses Association to provide much needed relief to nurses so they can continue their work.

In the long-term, AETL is likely to need to need assistance in the following:

- repairing any damaged infrastructure or equipment;
- replacing stolen or damaged goods; and
- restarting their programs.

The nurses of East Timor are once again facing a difficult and distressing situation and they need your help.

Please donate generously to the ANF East Timor Nurses appeal.

Phone: Call the toll free number **1800 888 674** and donate over the phone using a credit card, please let the operator know that the donation is for East Timor nurses.

Online: go to

www.apheda.org.au and donate using the secure donation form. Select *Once off donation - East Timor* from the drop down menu in Section C of the form and ensure you type (nurses) next to your name when you fill in that field, otherwise your donation will be directed to the general East Timor appeal.

History of the ANF and the East Timor Nurses Association

The ANF signed an historic agreement with the East Timor Nurses Association (ETNA) on 24 May 2001. In signing this agreement the ANF signaled an ongoing commitment to help the people of East Timor rebuild their country. At the time of the agreement there were 1,874 nurses in East Timor and at least one third were unemployed. The ANF has provided resources to fund three full time positions for ETNA. In 1999/2000 the ANF raised \$300,000 worth of medical supplies.

Funds raised by nurses in Australia allowed ETNA to purchase a 4-wheel drive to visit nurses working in outlying and remote regions of the country. ETNA changed its name at the last national conference to Associacao Dos Enfermeiros Timor Lester (AETL).

East Timor Coffee Industry Hurt by Recent Unrest

By Jim Gomez

RAILACO, East Timor (AP)--Bernardo Babo feared a bumper coffee harvest at his mountain farm might be in peril when tumult in East Timor's capital drove hundreds of residents to flee, seeking refuge.

Babo's fears were justified. He and other farmers from Railaco, 37 kilometers west of the Dili, failed to transport their coffee harvest to the violence-wracked capital for weeks. Many stayed off their farms, and tons of coffee beans fell to the ground and rotted.

The unrest in East Timor has eased, but it dealt a heavy blow to the country's fragile economy, including its coffee industry - a major source of foreign exchange, jobs and pride.

"For us, coffee is like gold," Babo said.

Initial estimates show about 20% of this year's coffee harvest target of 10,000-15,000 metric tons may have been lost, said Fernando Amaral, a senior official at the coffee and industrial crops unit of the Ministry of Agriculture, Forestry and Fisheries.

East Timor supplies high-quality organic beans to companies like Seattle-based Starbucks (SBUX), and provides a livelihood to about a third of the tiny country's nearly 1 million people, many

of them extremely poor farmers, agricultural officials say.

The coffee harvest usually starts in early May and peaks around June and July.

"We were really badly affected," Babo said.

Farmers like Babo depend on seasonal coffee earnings support their families and send their children to school the rest of the year, said Rev. Samuel Dizon, a Roman Catholic priest in Railaco.

"It's the only thing that supports them. They have nothing else," Dizon said.

He said many coffee farmers depend partly on rice and vegetables grown in their backyards for food.

Dili's coffee-processing factories suspended work at the height of the violence. At least one was attacked by looters in late May, Dizon said.

"The farmers were afraid to bring their beans to Dili, and there was no work in the factories," Amaral said.

Some farmers panicked and hastily sold their coffee beans at drastically low prices in rural markets as violence began to engulf Dili.

Meanwhile, the prices of basics like cooking oil jumped, Dizon said.

East Timor is a tiny player in the international coffee market, contributing less than 1% of world output, said Caetano Cristovao, director of coffee at the agriculture ministry.

But its special status as a certified grower of organic, mild arabica coffee has gained the international coffee industry's attention.

East Timor has been able to market its coffee as 100% organic, largely due to the absence of modern pesticides and fertilizers, and to the islanders' still-simple method of growing coffee on rarely pruned, long-neglected trees.

The biggest markets are the United States and Europe, which buy more than half of East Timor's coffee. The rest is shipped to Australia, China, Indonesia and Japan.

Coffee is a bright spot in the 4-year-old Southeast Asian nation that has lately been known largely for its domestic troubles.

"There are some things that still have to be improved in the local industry, but we're proud of our coffee," Amaral said.