
East Timor: Survival, oil and sovereignty

"The strategy consisted of surviving." The population of Timor gave this answer to an Oilwatch delegation visiting the country a week after declaration of independence. To keep alive during the massacre unleashed and organised by the president of Indonesia. They even told us that the president of East Timor, Xanana Gusmão, acted as a magician to save his life, thanks to a sleight of hand, when he was detained in 1992. He owes his life to magic.

East Timor became an independent Republic on 20 May 2002, but its birth was accompanied by a big doubt. Was it an advantage or a disadvantage to be on top of a gigantic oil deposit? Could sovereignty grow amidst the pressure of multinational companies? Perhaps today, following the invasion of Iraq by the United States, the reply is simpler than it was then.

Nineteen thousand square kilometres of this small 32 thousand square kilometre island, belong to East Timor. The whole island is a testimonial of the long war waged since it was invaded in December 1975 by the regime of Soeharto, the Indonesian dictator. The invasion took place only 10 days after it had stopped being a Portuguese colony. With the "carnation revolution," Portugal renounced its colonies and East Timor started dreaming of sovereignty.

The army of the dictatorial government of Soeharto --who came into power just like most tyrants, with the support of the United States-- murdered half the population of Timor. This intervention took place with the blessing of Washington, which feared that Timor would turn towards socialism, as had other former Portuguese colonies.

Once Soeharto had fallen, and with the usual tardy intervention of the United Nations, a referendum was convened in which 78.5 % of the voters in East Timor voted for independence. The voting was not higher, due to the island's colonization programmes imposed by the Indonesian government. Following the referendum, killings again broke out, under the instigation of the Indonesian government and with the habitual impotence of the United Nations. East Timor conquered its independence by keeping itself alive.

Today, in spite of having achieved territorial sovereignty, Timor is facing serious difficulties and must wage another battle for the sovereignty of its heritage.

The new country has arisen with forests degraded by military action. The Indonesian army deforested large areas, and even defoliated the forest to fight the guerrilla.

With exports of a little coffee and the extraction of a little sandalwood, which has been devastated since Portuguese times, Timor has difficulties in structuring proposals that will enable it to have food sovereignty.

Not to mention energy sovereignty: its sources of energy, in addition to firewood, are kerosene, gasoline and diesel oil imported from Indonesia, which does not reach the majority of the population.

However, under the surface are enormous oil and gas reserves, not only offshore oil (existing in three regions) but also two areas of natural outcrops, with gas in one and oil in the other.

East Timor started its independent life in the midst of a total economic crisis and absolute dependence on international aid, mainly from the United Nations. Although as is frequent in these cases, aid is self-aid and of the funds invested in rehabilitation programmes, over 80% went to pay foreign consultants.

The situation is getting steadily worse. On 23 July 2002, Timor became a new member of the Asian Development Bank (ADB). The tradition of this bank has been to invest in mega-projects and presently, within a policy of poverty reduction in the style of the IMF and the World Bank, it is supporting liberalization and privatization processes. As in the World Bank, decisions within ADB are taken by weighted vote and the weight is determined by investment in the bank, which gives Japan a weight of 13.1 when it comes to decisions, and Timor a weight of 0.3.

The plans for Timor are not the support of its sovereignty, but on the contrary, they aim at depriving it of its rights. Timor is making efforts to have control over its oil reserves in an unequal battle with Indonesia and Australia and under the pressure of large companies such as Shell and Conoco-Philips who are trying to find out who will give them greater privileges in order to decide with whom to negotiate. They are concerned over Timor's intention of introducing new taxes. Oil in Timor is a double trap: a constant threat to its sovereignty and the risk of becoming trapped in a bond-holding model of the economy.

Expectations over the income from gas and oil are very high. It is calculated that Timor could receive between 8 and 38 billion dollars over the next 30 years, depending on the frontier line established. To have an idea of the enormity of these figures, it is sufficient to say that the government's budget for the coming year is barely 77 million dollars.

The discussion on sovereignty has many sides. East Timor paid a high human price to gain territorial independence. Today all its assets are at risk, as reserves of this magnitude could potentially destroy the country.

Xanana Gusmão and his cabinet will again have to turn to magic to re-conquer sovereignty over their heritage. Hopefully, they will continue to believe in it and in the need to remain sovereign.

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