



**DEMOCRATIC REPUBLIC OF TIMOR-LESTE**

**ADDRESS BY**  
**HIS EXCELLENCY THE PRIME MINISTER**  
**AND MINISTER OF DEFENCE AND SECURITY**  
**KAY RALA XANANA GUSMÃO**  
**AT JOHNS HOPKINS UNIVERSITY**

**“GOODBYE CONFLICT, WELCOME DEVELOPMENT -  
THE TIMOR-LESTE EXPERIENCE”**

**Washington DC**

**24 FEBRUARY 2011**

Your Excellencies

Ladies and Gentlemen,

First and foremost, allow me to say how happy I am, to be here today, at the prestigious John Hopkins University, to share with you a reflection on the Timorese experience in its transition from conflict to development.

It is a great honour for me to address such a distinguished audience, knowing of your keen interest to know a little more about the Timorese process and our goals for the future.

I would like to thank you, for coming here today, and to acknowledge the Southeast Asian Studies program at SAIS and Asia Society Washington, D.C for organising this event and our Embassy for its support.

Since we began our struggle for self-determination and freedom, the pages of our History have been filled with massacres and hardships; but also with heroic deeds, victories and successes achieved by our People seeking to attain their right to Independence.

To talk about Timor-Leste is to talk about perseverance, hope, determination and courage. For more recent times, it is also to talk about advances and setbacks, errors and lessons learned, conflicts and recovery. It is to talk about enormous challenges!

In sharing our experience, in terms of transition and change, I do so with an open mind, without trying to impose any type of model or political lesson. Indeed, as a LDC (Least Developed Country), our story is similar to that of many other countries throughout the world, with similar backgrounds and difficulties, and we know that we are not the only ones, undergoing continuous

Peacebuilding and Statebuilding efforts, after emerging from a situation of long conflict.

I said that because there is no success formula that can be transferred from one country to the other, if we think that it will accelerate the transition towards development. On the contrary, it is necessary to respect the specific circumstances and timings of the reality of every country.

Every program, project or political decision must be objectively adapted to the cultural, social and economic context of each society. They must correspond to the needs and aspirations of the People, and be accepted by them.

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Ignoring these facts is often the reason why international assistance to LDCs, undergoing transition, always fails.

Ladies and Gentlemen,

Allow me to start by talking about ourselves, as People. Allow me to talk about what we were, what we are and what we want to be.

Timor-Leste is half of a small island, with the other half belonging to Indonesia. As such, we are located between two giants, Indonesia and Australia.

In addition to its ethnical, cultural and linguistic diversity, Timor-Leste underwent centuries of administration by foreign countries, in an endless conflicting co-existence, starting with the Portuguese colonial domination, which caused several struggles for independence, promoted by the various Timorese kingdoms. The last one was in 1912, and next year 2012, will mark its 100<sup>th</sup> anniversary.

While still recovering from that war, we were occupied by the Japanese from 1941 to 1945. Although this occupation was short lived, it covered the entire territory and caused great suffering to the Timorese, with dozens of thousands of deaths.

In 1963, as a result of the Cold War era, it was thought and may have been decided that the integration of Timor-Leste to Indonesia, would be the best solution for World Peace.

And so, it came to pass that in the fatal year of 1975 we started a new war. But this war would not have lasted 24 years, if other countries had not supplied weapons, tanks, aircraft and training to the Indonesian military, in order to improve their fighting skills and therefore annihilate the resistance of the small Timorese guerrilla army.

As such, we can say that our past, for centuries, in terms of conflict, was not one of conflicts between Timorese kingdoms or ethnicities. Instead, the war was between the Timorese and all those who came from the other side of the sea, the foreigners.

Evidently, having endured and fought alone for over two long decades, without any external military support, the Timorese people were scarred and developed a contesting nature that can propel them, easily, from peaceful demands into violent acts, without thinking about the consequences of their actions.

To make matters worse, the violence and the physical destruction that followed the Referendum, in 1999, deepened the already frail psychological and political situation and worsened the already miserable living situation of the people. On the brink of independence, the People of Timor-Leste struggled to even survive.

Still, the People of Timor-Leste made another display of their great spirit, by telling their Indonesian brothers and sisters that it was just our common past in fighting for freedom, and assuming a commitment to cooperate in solidarity and live in fraternity. The People of Timor-Leste also began an arduous period of Statebuilding.

Your Excellencies

Ladies and Gentlemen,

With the arrival of the United Nations mission, and together with the international community, we began to build from scratch the foundations for our democratic institutions.

When, on 20 May 2002, we became the masters of our fate, as a State that was finally independent and sovereign, the expectations were that we, Timorese, might decide the future of our Nation. Naturally we believed that this future, in freedom, was promising.

But I would like to remind that there were some factors that seriously threatened this ideal, namely:

- Lack of prepared and qualified human capital;
- Lack of political experience in democratic governance – a system that was completely new to our society;
- Lack of basic infrastructure and other essential equipment;
- And, most importantly, the lack of financial resources of the Country itself.

Nevertheless, our people began with dignity to strive for a new life and for the better living conditions that they dreamed about. This led to a demanding society, both individually and in terms of social groups, which expected

immediate results, as if they would be the simple and logical outcome of emancipation.

Unfortunately, democracy does not triumph easily in a Country, that is mostly poor and psychologically traumatised.

For a family that starves both in times of war and of peace, that lives in precarious conditions and lacks access to health or education, democracy is a concept, too erudite and abstract to be well absorbed. Concepts such as tolerance, mutual respect, dialogue and even justice cannot be assimilated in a day, as a direct consequence of the rights and duties inherent in freedom.

The truth is that there are no shortcuts for consolidating democracy and development. It is necessary to walk a long and arduous path, in order to change the mindset of our society and to transform the so-called democratic values into realities that every citizen can feel.

And is this not what we call Development? Yes, I know, it's only one of the aspects; but an important one!

This is why 8 years of Independence are not enough to build a strong State, much less a developed society. It is natural that our young and fragile Nation had to contend with the resurgence of a few conflicts during this period.

The first social disturbance took place immediately after the euphoria of the celebrations of 20 May 2002. Then we had further disturbances every two years, as if Timor-Leste was condemned to a vicious cycle of violence.

In 2006, we had a serious political crisis that caused an atmosphere of insecurity in the Country and various other problems that eventually led to

confrontations between the Police and the Military, resulting in hundreds of thousands of internally displaced people and countless damage to the State.

From these crises we learned our first major lesson: we urgently needed to learn to deal with the fragility of our State, which resided in the inability to address the root causes of problems, resulting in a trend to avoid problems rather than seeking proper solutions.

We also needed to grow politically, that is, to impose a political will within State institutions to cooperate among themselves in the search for solutions, rather than focusing on the political dimensions of every situation and in doing so losing the judgement required to handle and solve crises.

Your Excellencies

Ladies and Gentlemen,

Today, leading a five-party Coalition Government that, when it came to office in August 2007, vowed to effectively introduce the necessary changes, we have achieved remarkable progress through a principle, that, is as simple as it is essential: to govern in dialogue!

We focused our efforts on establishing peace and stability, as well as solving the most critical problems of the Country, knowing that, without addressing the problem of stability and internal security, any development effort would be wasted.

It was through permanent dialogue and genuine cooperation between all Bodies of Sovereignty and Civil Society, together with the introduction of

social justice measures, comprehensive reforms and public investment, that we managed to break the vicious cycle of conflict.

In the end we reorganized and, in a more coordinated manner, looked for the way that was right for Timor-Leste. We succeeded in:

- Solving the problem of the 150,000 IDPs in two years, while we were told it would take decades to resolve, like the experiences brought from several countries;
- Reforming core institutions for national security and stability, namely the Police and the Military, which began a new stage of cooperation and solidarity, and, in doing so, they started to regain the trust of the people.
- Starting a bold program to acknowledge our national heroes, the National Liberation Combatants, who were living in extreme poverty.
- Introducing other social justice measures, namely the payment of pensions to the elderly, the disabled, widows and orphans who sacrificed so much so that Timor-Leste could be independent, and supporting other vulnerable groups such as women, children and youth, who make strong contributions to the stability and development of the Country.

From these initiatives, with their direct impact on the lives of the population, there was greater participation and confidence by all Timorese People towards the resolution of conflict and the consolidation of National Unity and Stability. This awareness resulted in the adoption of a new motto for our Nation, adopted in 2009, on the 10<sup>th</sup> Anniversary of the Referendum: **“Goodbye Conflict, Welcome Development”**.

Your Excellencies



Ladies and Gentlemen,

Today, we are prepared to greet this new decade, from 2011 to 2020, with optimism, and to lay the foundations for bold national development.

And what is it, that gives us the confidence to face this next challenge, without fear?

Being free from instability and conflict, that diverted our energies required for building the Country, we could avoid wasting time, human and financial resources, so much needed to be invested in the productive sectors of the Country. On the contrary, we are implementing institutional and structural reforms that are vital for development and economic growth.

We have started the reform in the defence and security sector, by improving training programs to ensure their professionalism, competence, ethics and discipline. We have professionalised the public sector and introduced State management reform, to enable better service delivery to the people, including in our rural areas.

On the other hand, we have been working to promote transparency and good governance, with the creation of the Civil Service Commission, the Anti-Corruption Commission and Public Finance Management reform, which will soon provide data on State expenditure, in real time, and available for public viewing through our website.

We also started building the capacity of our private sector, which was practically embrionic, promoting criteria for competence, professional honesty and technical capability, in regard to the cost-effectiveness of projects. We believe that our private sector should become a true partner of the Government in this vital period of Country building.

Together with national stability and the reform of our tax system, to provide attractive rates for national and foreign investors, our Country also offers great investment potential in nearly every sector. Business opportunities are on the rise and one needs only to look at commerce, industry, construction and tourism to see that they are growing and that our economy is emerging.

The current situation in Timor-Leste speaks for itself. Even with the serious world financial crisis, Timor-Leste had two-digit economic growth rates for the past three years. In 2009 we had an economic growth rate of 13% – this was not only the highest growth rate in the region, but also one of the ten highest in the entire world.

This growth resulted in a 9% decrease of poverty, enabling around 96,000 people to escape from a situation of extreme poverty. The 2010 United Nations Human Development Index had Timor-Leste move up 14 positions, while the Millennium Development Indicators were met, in regard to child mortality rates and other health indicators.

We managed to create strong and dynamic growth, able to fight unemployment not only in the Country's capital but also in the countryside, by way of funding a decentralised private sector building fund.

In addition, Timor-Leste also became only the third country in the world, to be granted full compliance with the Extractive Industries Transparency Initiative. The Revenue Watch Institute and Transparency International ranked Timor-Leste in 2010 as being in the group of the countries with the most transparency in regard of revenue.

Your Excellencies

Ladies and Gentlemen,

We have a Country blessed with great natural wealth and our Petroleum Fund currently stands at approximately 7.2 billion dollars. This amount is expected to increase to more than 20 billion over the next ten years. And this revenue is from the Bayu Undan field only!

As a result of our experience in the long Liberation Struggle, we are accustomed to meeting great challenges. This means that, today, the people of Timor-Leste are determined to achieve sustainable growth and to free themselves from misery.

And so, after thoroughly reviewing our needs, we are currently drafting the **Strategic Development Plan**, which will include a lengthy public investment program for developing our human capital and the infrastructure required for sustaining a strong and growing economy.

What does Timor-Leste want to be in 20 years? Undoubtedly, it wants to be a country focused on the hydrocarbon industry, a country with dynamic urban centres and consolidation of rural areas to ensure that basic services reach every citizen.

For this to be possible, we must, first and foremost, accelerate the extension, diversification and modernisation of agriculture. In the meantime, we will need to focus on a new paradigm of production and productive employment opportunities through the enhancement of industry and tourism, social service delivery and human capital development.

If the needs of the country require fast and sustainable economic growth, we need to invest in basic infrastructure to be able to diversify the economy. We cannot, and we do not want, to be eternally and excessively dependent on oil revenues.

But, Ladies and Gentlemen, we need to use oil revenues to develop the Nation. As a development strategy, we want to make good use of our natural wealth and we want to be the legitimate part of their exploitation.

As such, Timor-Leste is strongly committed to building a petroleum industrial base, which includes the construction of a pipeline from the Greater Sunrise field to Timor-Leste's onshore.

We have been discussing these development plans with the Australian company Woodside, and we believe that a pipeline from Greater Sunrise to Timor-Leste, is the only way to transform these sovereign resources into a benefit for Timor-Leste.

We have been conducting technical and feasibility studies with international companies and, in addition to being feasible, the Timor-Leste option represents an equitable distribution of benefit for Australia and Timor-Leste, and for their respective people. This is why, it is, an imperative for our joint development.

In view of this, we will start to develop the Southern Coast of our country, establishing a Supply Base, a Refinery and an LNG plant, as well as necessary infrastructure such as port, airport and roads.

We Timorese are ready for this tough battle towards development! And we know that we will achieve our dreams, because our People have always responded when our Homeland calls on them to act!

And what is important is that the current state of the Nation requires that all Leaders of the Country assume their historic responsibility and to be courageous in making decisions towards a brighter future for the People of Timor-Leste!

Ladies and Gentlemen,

Before I conclude, I would like to state that Timor-Leste is fortunate to be part of a region of the world that drives the global economy of today.

Our closest neighbours, Australia and Indonesia, are both regional economic powerhouses. With Australian growth being fuelled by China and its demand for resources, Indonesia is becoming a remarkable success story.

We are integrating our economy in our East Asian region which includes Japan, China and South Korea as well as the major economies of ASEAN, Singapore, Thailand, Malaysia, Philippines and Vietnam.

We are currently formalising our membership application for ASEAN, to be made during the Indonesian presidency of this regional forum. We believe that having Timor-Leste join ASEAN during the Indonesian presidency is of great symbolic value not only for Timor-Leste and Indonesia, but also for all the members of this Association.

Timor-Leste also had the honour, of being invited to preside over the 'g7+' group, which enables fragile and affected by conflict countries, to gather and to speak with a common voice, making use of the wisdom and shared experiences of a group representing 350 million people, from 17 member countries in Africa, Asia, the Caribbean and the Pacific.

This invitation happened, as a result of Timor-Leste hosting in April 2010, in Dili, the International Dialogue on Peace Building and State Building, which was chaired by Timor-Leste and the United Kingdom, with the participation of the LDCs from the 'g7+'. The general goal of the 'g7+' is to awake leaders and peoples so that they may reacquire ownership of their processes, viewed within

a long term perspective without losing sight of the characteristics of each country and their priorities, and without forgetting to focus also on the need for a better control and adjustment over outside help, requiring greater transparency by donors and beneficiaries, so that the real impact of that support can be seen in the development of the countries.

As a Nation, we have received the generous assistance of the International Community; which we hope to be able to reciprocate, in a genuine manner and within the same spirit of solidarity, by sharing experiences, both sweet and bitter, with other fragile countries throughout the world.

Ladies and Gentlemen,

Finally, and in conclusion, I must mention that one of the key aspects that enabled our Country to move away from conflict, hopefully forever, was the fact that our leaders and our People accepted in a consensual manner that there was a deep need in our society to practice Forgiveness and Reconciliation.

In view of the complexity of our history, there is no better way to progress as a Nation than to cultivate forgiveness and social harmony within our society.

As Prime Minister of the young Timorese Nation, I am proud and moved to acknowledge the nobility and dignity of our People, who, despite decades of suffering and living in Poverty, remain steadfast and hopeful, working tirelessly in order to develop the Nation.

In conclusion, Ladies and gentlemen, there is no development without democracy. But there is also no democracy without development.

Democracy is not an end; it is a process that makes people hold on to the commitment of values and principles of humanity. Thus, democracy cannot be

imposed. Societies and peoples will always have the exact moment to defend the values that constitute their individual and collective fundamental rights.

It has happened in the past, and it is happening in the present.

There are no models of democracy or of development. The values are what we have in common and each country and its people, are the ones who will know the path to take!

Kay Rala Xanana Gusmão

24 February 2011