

## Timor-Leste's Parliamentary Elections

### I. OVERVIEW

Timor-Leste has just elected a new president and will hold parliamentary elections on 30 June 2007. Successful elections could strengthen political institutions and thus be an important part of nation-building for a country badly shaken by civil unrest in 2006, its fourth year of independence. Issues that arose in the presidential campaign are still very much alive – in particular, national sovereignty (the reliance on international peacekeepers); use of Timor Sea revenues; and justice for the 2006 violence. But personalities rather than party platforms are likely to determine the outcome of the parliamentary contest, and no one is offering concrete solutions to the country's many problems.

The 2007 vote for president was the first national-level election conducted according to Timor-Leste's own laws and the first run by Timorese authorities. Eight candidates stood in the first round on 9 April, but because none won a majority, a run-off election was held on 9 May between Francisco Guterres "Lu Olo" from Frente Revolucionária de Timor-Leste Independente (FRETILIN), the party in power since before independence, and José Ramos-Horta, Nobel peace prize laureate, former foreign minister and, since July 2006, prime minister. Ramos-Horta won the second round with nearly 70 per cent of the vote.

This was the first chance for the people of Timor-Leste to register their opinions at the ballot box about FRETILIN, and the verdict was resounding disapproval. Many consider its poor showing to be a vote against former Prime Minister Mari Alkatiri and other FRETILIN leaders and say that unless there is a change in the leadership, the party will do even worse in the June parliamentary contest.

The presidential results indicate that a new party headed by former President Xanana Gusmão, Congresso Nacional De Reconstrução de Timor-Leste (CNRT), is likely to win 20 to 25 per cent of the vote and then ally with several smaller parties to form a parliamentary majority and the next government.

Many of the wounds from 2006 remain. Although the presidential elections were largely peaceful, accusations and inflammatory rhetoric may feature heavily in the parliamentary campaign in a way that could heighten

tensions and lead to more violence. The shooting deaths of two CNRT supporters under disputed circumstances in Viqueque on 3 June is a reminder of the danger.

A CNRT-led coalition government would be forced to be more consultative and transparent than its predecessor. It might also be less cohesive and less competent in economic management – the latter a strength of the Alkatiri government. More democratic decision-making would certainly contribute toward resolving issues from the 2006 violence but good technocratic skills are needed as well, and they are likely to be in short supply.

### II. A POLITICAL SNAPSHOT

While José Ramos-Horta's victory in May 2007 was overwhelming, many people believe the elections were really a proxy fight between the former prime minister, Mari Alkatiri, and the then-president, Xanana Gusmão.<sup>1</sup> The vote was thus a massive rejection of the FRETILIN leadership, in particular Alkatiri and the "Maputo clique", who spent most of the 24-year Indonesian occupation in Mozambique.<sup>2</sup> Despite significant achievements, particularly in negotiations with Australia over the Timor Sea, they are perceived as arrogant and dismissive – in a way that has had a deeply negative impact on institution-building – of those who stayed behind, including former guerrillas, other members of the clandestine network and young Timorese educated under the Indonesian system. They have also been the targets of numerous corruption and nepotism allegations.<sup>3</sup> Perhaps most importantly, Alkatiri and the FRETILIN vice president and former interior minister, Rogério Lobato, are held responsible for the violence that nearly tore the country apart in 2006.

<sup>1</sup> Crisis Group Asia Report N°120, *Resolving Timor-Leste's Crisis*, 10 October 2006; Crisis Group interview, Manuel Tilman, Aliança Democrática founder, Dili, 25 April 2007.

<sup>2</sup> Crisis Group interviews, Xavier do Amaral, presidential candidate, and FRETILIN Mudansa members: Vicente Ximenes (Maubosi), Francisco Kalbuadi, Dili, 14–16 May 2007.

<sup>3</sup> The "Maputo Clique" includes Finance Minister Madalena Boavida; State Administration Minister Ana Pessoa; Secretary of State for the Council of Ministers Gregório da Sousa; and former Interior Minister Rogério Lobato. Alkatiri has disparaged the Timorese educated at Indonesian universities as "super mie" ("instant noodle") graduates whose education is not worth much.

Alkatiri acknowledges that at least 100,000 votes for Ramos-Horta resulted from a revolt within his own party.<sup>4</sup> FRETILIN Mudansa (FRETILIN Reform), a group of former central committee members and their followers who backed Ramos-Horta in both presidential rounds, is supporting the new Gusmão-led party, CNRT, in the June parliamentary elections.<sup>5</sup> Mudansa members hope that if CNRT defeats FRETILIN, they will be able to persuade the rest of the central committee to call an extraordinary congress aimed at wresting the leadership from the Maputo clique's grip.<sup>6</sup>

The 30 June contest will be a more direct showdown between FRETILIN and CNRT. Members of the 65-seat parliament will be elected according to their place on the national party lists, with seats allocated proportionally. Fourteen parties or coalitions are taking part but only four are expected to win many seats: FRETILIN, CNRT, Partido Democrático (PD) and the Associação Social Democrata Timorese/Partido Social Democrata (ASDT/PSD) alliance.<sup>7</sup> FRETILIN and CNRT will probably emerge the biggest parties but neither is likely to win an absolute majority (33 seats), so they will have to move fast to form coalitions. The party or alliance with a parliamentary majority will then form a government; the

constitution does not require that the prime minister and other ministers be members of parliament.

Alkatiri, as FRETILIN secretary-general, and former President Xanana Gusmão, as CNRT president, have been talking to all parties since the first round of presidential elections with an eye to securing the necessary majority. Alkatiri has even tried, unsuccessfully, to win back Mudansa's senior leaders. Despite its losses, FRETILIN remains the party with the largest number of registered supporters. If it can poll at least 30 per cent in June and form an alliance with one or two of the smaller parties that win seats, it could still lead the government. A more likely outcome, however, is a CNRT victory, in alliance with PD and ASDT/PSD.

However the vote turns out, the result will be a much less unified government than Timor-Leste has experienced for the past five years, with more deal-making for leadership positions and more swing-voting in the parliament. It seems unlikely that this government will be any more effective. None of the contenders have offered realistic solutions to the problems that led to or resulted from the 2006 violence. FRETILIN and PD are the only parties that claim to have drafted policy proposals, including budgets, but these are not publicly available and are not being discussed during the campaign. The three issues that were contentious during the presidential voting – use of oil revenues, national sovereignty and justice for those involved in the 2006 violence – have not gone away but neither are they critical to the election outcome. Security sector reform, gang violence, relations with Indonesia and the problem of internally displaced persons (IDPs) are all non-issues.

In the meantime, the government established on 19 May, when Ramos-Horta stepped down as prime minister, is running the country with FRETILIN's Estanislau da Silva as prime minister. All serving ministers retained their positions with the exception of Foreign Minister José Luis Guterres, who was not reappointed because of his role in the Mudansa group. The parliament elected on 30 June will recess for two months from 15 July, so if a new government is not formed quickly, da Silva could be in power until mid-September.

<sup>4</sup> Lu Olo Press Conference, FRETILIN Central Committee (CCF) Headquarters, Dili, 11 May 2007.

<sup>5</sup> Led by José Luis Guterres, this group made a bid for leadership at the FRETILIN Congress on 17–19 May 2006. Alkatiri changed the rules from a secret vote to a show of hands and was overwhelmingly re-elected. The Mudansa group was formed in February 2003, when some Central Committee members initiated a study on reform of the party organisation and management and of its constitution. The study was submitted to the leadership in May 2003 but its authors were accused of conspiring to destroy the party. In September 2003 the Mudansa group suggested some amendments to the FRETILIN constitution. Alkatiri retaliated by firing Mudansa group leader Vítor da Costa as a public administrator and suspending Vicente Ximenes (Maubosi) from the CCF. Vítor da Costa, "Opening Speech to the FRETILIN Mudansa Convention", Dili, 26 May 2007.

<sup>6</sup> Crisis Group interview, Vicente Ximenes (Maubosi), Dili, 14 May 2007. It is not clear what impact such a course of events would have on a CNRT majority in the parliament. If some CNRT parliamentarians were to rejoin FRETILIN, would they switch allegiance in that body and change the balance of power, or would they lose their seats?

<sup>7</sup> The other contenders are: Aliança Democrática (AD), comprised of Coalition of Partido do Povo de Timor (PPT) and Klibur Oan Timor Assuwain (KOTA); Partido Democrata Cristão (PDC); Partido Democrática Republika de Timor (PDRT); Partido Milénium Democrático (PMD); Partido Republicano (PR); Partido Socialista de Timor (PST); Partido Nacionalista Timorese (PNT); Partido Unidade Nacional (PUN); União Democrática Timorese (UDT); Partido Unidade Nacional Democrática da Resistência Timorese (UNDERTIM). For translations of all party names, see Appendix B.

### III. THE PRESIDENTIAL ELECTIONS

The two rounds of presidential voting took place relatively peacefully despite the confusion and procedural delays caused by the late passage of election legislation.<sup>8</sup> The

<sup>8</sup> Three laws were passed in December 2006: the Law of Electoral Administration Bodies (Law 5/2006), the Presidential Election Law (Law 7/2006) and the Parliamentary Election

Presidential Election Law in particular was completed only thirteen days before the first round, and the Voting and Counting Regulation only came into force on 5 April, four days before the vote.<sup>9</sup> Allegations of voter intimidation and other irregularities surfaced but none significantly affected the outcome, and international observers pronounced the process free and fair.<sup>10</sup>

## A. THE FIRST ROUND

The first round was held on 9 April, with an 81.79 per cent turnout. Eight candidates took part, as individuals rather than party representatives, although all were backed by parties:

- Francisco Guterres “Lu Olo”, 27.89 per cent. He spent the 24-year Indonesian occupation in the mountains as a resistance fighter. President of FRETILIN since July 2001, he was elected chairperson of the constituent assembly that year, then president of the new parliament in 2002, an office which he held until the start of the campaign.
- José Ramos-Horta, 21.81 per cent. A co-founder in 1974 of ASDT, the party that later became

FRETILIN, he left Timor-Leste in 1975 and did not return until 1999. He was its chief pro-independence lobbyist abroad, including at the UN, and shared the Nobel Peace Prize with the Bishop of Dili, Carlos Ximenes Belo, in 1996. Appointed foreign minister in 2001, he became prime minister in July 2006, when Alkatiri stepped down. In the first round he had the support of Xanana Gusmão, FRETILIN Mudansa and UNDERTIM, a party of ex-combatants who felt the Alkatiri government had given insufficient attention to veterans and other vulnerable groups.

- Fernando de Araujo “Lasama”, 19.18 per cent. He is leader of PD, the largest opposition party, with seven parliamentary seats, which advocates increasing government spending on social welfare, transparent and accountable government and reducing barriers to foreign investment. Lasama was a youth leader during the Indonesian occupation. He was arrested after the 1991 Santa Cruz massacre in Dili and spent seven years in Cipinang prison in Jakarta, together with Xanana Gusmão.
- Francisco Xavier do Amaral, 14.39 per cent. Like Ramos-Horta a founder of ASDT, he became Timor-Leste's first president in November 1975. In 1977 he was ousted from the party and taken prisoner by FRETILIN amid disagreements over strategy for opposing the Indonesian occupation. In 1978 his captors were ambushed and he was arrested by Indonesian forces. He was placed under house arrest in Bali and then Jakarta, where he remained until 1999. Leader of the ASDT party (a new manifestation of the original 1974 party), which has six seats in the parliament, he ran against Xanana Gusmão in the 2002 presidential elections and won 17 per cent of the vote, mostly from the ethnic Mambai district of Ailieu in central Timor.
- Lúcia Lobato, 8.86 per cent. A lawyer, she holds one of Partido Social Democrata (Social Democrat Party) (PSD)'s six seats in the parliament.
- Manuel Tilman, 4.09 per cent. He is a parliamentarian and leader of Klibur Oan Timor Assuwain (KOTA), a party that seeks to revive traditional Timorese culture and is strongest in the Mambai areas of central Timor. Following his loss in the first round, Tilman and KOTA formed the Aliança Democrática with the Partido do Povo de Timor (PPT), led by fellow Mambai Jacob Xavier.
- Avelino Coelho, 2.06 per cent. He is leader of Partido Socialista de Timor (PST), which split from FRETILIN in the mid-1990s and has one seat in the parliament.

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Law (Law 6/2006). There are also a number of regulations and codes of conduct, drafted by the Technical Secretariat for Electoral Administration (STAE) and approved by the National Election Commission (CNE): Regulation on the Presentation of Candidacies; Regulation on Updating Voter Registration; Regulation on the Electoral Campaign; Code of Conduct for the Media; Code of Conduct for the Candidates; Code of Conduct for Party Agents; Code of Conduct for Election Observers; Regulation on Polling and Counting (approved 5 April 2007); Calendar of Electoral Operations; and Procedures on Complaint Handling (approved 13 April 2007). Some relevant provisions are also found in the Political Parties Law 2004 and the Law on Freedom of Assembly 2005. The overall election framework is governed by the 2002 Constitution. See website of the European Union Election Observation Mission Timor-Leste 2007, [www.eueomtimorleste.org/xxdefault.asp?id=1&show=67&m=0](http://www.eueomtimorleste.org/xxdefault.asp?id=1&show=67&m=0).

<sup>9</sup> The International Electoral Certification Team highlighted numerous problems caused by the late passage of these laws and the lack of an adequate legal framework for the elections. It noted that these delays “compromised, to a greater or lesser extent, every activity the planning and execution of which depends on knowledge of the legal framework for the elections”. See “Certification of the 2007 Parliamentary and Presidential Elections in Timor-Leste, Fifth Report of the Certification Team”, 16 March 2007, para. 15.

<sup>10</sup> See “EU Election Observer Mission, Presidential Elections 9 April 2007, Preliminary Statement 11 April 2007”; “KOMEQ Statement 12 April 2007”; “Report of the Solidarity Observer Mission for East Timor on the first round of the Timor-Leste 2007 Presidential Elections”, 18 April 2007 (SOMET Report); and “EU Election Observer Mission, Presidential Elections 9 May 2007, Preliminary Statement, 11 May 2007”.

- João Carrascalão, 1.72 per cent. He is leader of União Democrática Timorese (UDT), which lost a civil war against FRETILIN in August 1975 and has two seats in the parliament.

There were significant procedural problems with counting, largely caused by the parliament's delays in passing the legal framework. The provisional result was to be announced by the National Election Commission (CNE) on 14 April but had to be delayed for four days because of tabulation difficulties at the polling centres and at the district and national levels.<sup>11</sup> Other problems were caused by officials taking political positions, the late issuance of cards that enabled party representatives to observe the poll and counting, and the inaccurate communication of results by the CNE spokesperson, which caused confusion and led to allegations of fraud.

Different areas of the country showed strongly divergent preferences. Four candidates won at least three districts (Lu Olo, the eastern districts of Lospalos, Viqueque, Baucau; Ramos-Horta, Manatuto, Dili and Liquica, just to the west of the capital; Xavier do Amaral, Ailieu, Same and Ainaro in central Timor; and Lasama, the western districts of Ermera, Covalima, Bobonaro, and Oecussi). In approximately half the districts, therefore, the first choice of many voters did not make it to the second round.<sup>12</sup> The results indicate that, in terms of leadership preferences at least, the cleavages in Timor-Leste cannot be simply explained as an east-west divide – the regional and ethnic divisions are far more complex, with roots going back well before the 2006 crisis. However, the voting pattern does show that if FRETILIN becomes the parliamentary opposition, it may be representing primarily the eastern districts, while a CNRT/PD/ASDT/PSD coalition would represent the rest of the country.

## B. THE SECOND ROUND

The Presidential Election Law requires the president to gain an absolute majority, so the two leading candidates, Lu Olo and Ramos-Horta, faced each other in a run-off on 9 May. Lu Olo was supported by KOTA and PPT in addition to FRETILIN, while Ramos-Horta was backed by FRETILIN Mudansa, UNDERTIM, CNRT, PD, ASDT, PSD, PST, and UDT. Representatives of the latter parties

said they were supporting Ramos-Horta because they wanted to stop FRETILIN's abuse of power and because of his good relations with Australia and Indonesia.<sup>13</sup>

The tabulation of results at the polling centres and at the district and national levels proceeded much more smoothly, and the media generally presented more accurate results.<sup>14</sup> By 10 May it was clear that Ramos-Horta had won; Lu Olo conceded defeat the next day and encouraged his supporters to accept the results.<sup>15</sup> On 14 May the CNE announced the official tally: with an 81 per cent turnout, Ramos-Horta won 69.18 per cent to Lu Olo's 30.82 per cent. The Court of Appeal confirmed the results two days later, and Ramos-Horta was sworn in as president on 20 May. A few supporters of both Ramos-Horta and FRETILIN set several houses on fire following announcement of the results but in general this round, like the first, was peaceful.<sup>16</sup>

Xanana Gusmão was outspoken in his support of Ramos-Horta throughout the campaign, and many consider the latter's landslide really a vote for the former president.

## C. LOOKING AHEAD TO THE PARLIAMENTARY POLLS

It remains to be seen how well Gusmão's new party, CNRT, will be able to capitalise on the Ramos-Horta victory, since it has a poorly developed structure, no

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<sup>11</sup> The law on the division of labour between the two electoral management bodies, STAE (Technical Secretariat for Electoral Administration) and CNE is unclear, which led to some disputes and delays in the first round. See EU Preliminary Statement, *op. cit.*, 11 April 2007, p. 2; and "The absence of a procedure on electoral complaints in the first round of the presidential election", Judicial System Monitoring Program (JSMP) Justice Update, 10 May 2007.

<sup>12</sup> SOMET Report, *op. cit.*, p. 3.

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<sup>13</sup> They noted that Lu Olo had never visited either the Indonesian or Australian legislatures while parliament president, although he was invited by both. He did, however, visit the Chinese and Cuban parliaments, and some lusophone countries. Crisis Group interviews, Dili, 21–26 April 2007; "Political Accord between Partido Democrático and Dr José Ramos-Horta on his Candidacy for the Presidential Election", Dili, signed 26 April 2007.

<sup>14</sup> Maria Angelina Sarmento joined Fr Martinho Gusmão as CNE spokesperson in the second round. Sarmento always read from a prepared statement at press conferences, and the statement was the same in Tetum, Portuguese and English. She also distributed printed copies of results which ensured that accurate data were received by media, reducing confusion about the results.

<sup>15</sup> "Message from Lu Olo in respect of the 2007 Presidential Elections in Timor-Leste", FRETILIN media release, 11 May 2007.

<sup>16</sup> "Polisia La Servisu, Povu Halai ba Igreja Uato-Lari" [Police Do Not Work, People Run to the Church in Uato-Lari], *Suara Timor Lorosae*, 14 May 2007; "Ermera Runga-Runga, Uma 7 Hetan Sunu, Ema Rua Hetan Kanek" [Ermera is in a Mess, Seven Houses Burnt, Two People Injured], *Timor Post*, 15 May 2007; "Estraga Uma Apoiantes Horta, Policia Kaer Nain 5 Iha Viqueque" [Police Catch Five People in Viqueque who Burnt the Houses of Horta Supporters], *Diario*, 15 May 2007; "Government administrators in hiding after attacks by Ramos-Horta supporters", FRETILIN media release, 21 May 2007.

policies and little more going for it than its leader's charisma.<sup>17</sup> That may be sufficient, however. In the 2002 presidential elections, he received 80 per cent of the vote, and while his party cannot possibly replicate that triumph, he remains sufficiently popular to give CNRT a hope of winning outright and forming a government. He will draw some supporters away from PSD and PD (parties which he helped to set up) and is also likely to take some votes from FRETILIN in the east.

Some parties and outside observers have also expressed concern that President Ramos-Horta may overstep his constitutionally-limited powers, particularly with regard to defence, security and foreign affairs. They point to his far-reaching promises during the presidential campaign, as well as his role in the downfall of the Alkatiri government, as indicators of a desire for a larger role. One reason CNRT wants Gusmão as prime minister is to have a strong balance to Ramos-Horta.<sup>18</sup> However, if CNRT or a CNRT-led coalition forms a government, one of its priorities will be constitutional review – including the possible strengthening of presidential powers.<sup>19</sup>

Unfortunately, the problems caused in the first round of the presidential elections by the late passage of laws have been repeated for the parliamentary elections. Amendments to the Parliamentary Election Law were introduced to the legislature on 14 May and pushed through by the FRETILIN majority over the next two days. They include a significant change to the counting procedures, which are now to be done in each district capital rather than at each polling centre.<sup>20</sup> Because this was controversial and promises to create significant difficulties, Ramos-Horta was extremely reluctant to promulgate the law.<sup>21</sup>

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<sup>17</sup> CNRT was the acronym for the Conselho Nacional da Resistência Timorense (National Council of Timorese Resistance), the umbrella body led by Gusmão that included many of the groups that campaigned for independence during the Indonesian occupation. Alkatiri has described Gusmão's use of the initials for his new party as "cynical" and "opportunistic". Jon Lamb, "East Timorese parties prepare for June 30 vote", *Green Left Weekly*, 24 May 2007.

<sup>18</sup> Crisis Group interview, Dili, 16 May 2007.

<sup>19</sup> Crisis Group interview, Zacarias da Costa, Dili, 29 May 2007.

<sup>20</sup> According to the parliamentarian who proposed these changes, it is necessary to amalgamate all votes at the district level so that the *suco* (village) results are not known, reducing the possibility of intimidation. Elizario Ferreira, comments during morning session of National Parliament, 15 May 2007. Others however, argue that such a change would take more responsibility away from the people, and therefore be undemocratic. See Vicente Guterres, comments during morning session of National Parliament 15 May 2007; see also "FRETILIN push to clean up elections", FRETILIN media release, 18 May 2007.

<sup>21</sup> The President explained that although he did so with a heavy heart, he felt compelled to promulgate the law because it was

He eventually did so on 29 May, and the law was gazetted on 31 May. The amendments will need to be accompanied by changes to the election regulations, re-training of polling centre staff and voter education to explain the changes in procedures. There is very little time for this before 30 June.

With the changes, tabulation is expected to take much longer, since between 20,000 and 100,000 votes will have to be counted at once in each district. Given the difficulty most party agents and national observers will face even getting transport to the district capitals, allegations of irregularities are likely. This may lead some parties to refuse to accept the results and cause considerable uncertainty, which would in turn delay the formation of a government.

#### IV. ISSUES

As noted, few parties have detailed platforms; voters will likely again choose personalities rather than policies. Gusmão has focused more on criticism of the FRETILIN government's achievements in five years than on what his government would do better, but some issues that arose in the presidential elections are again up for discussion.

##### A. PLANS FOR TIMOR SEA REVENUES

During both rounds of the presidential elections, candidates claimed they would help the poor and improve the economy, even though under Timor-Leste's constitution the president has no control over economic decisions. One issue that arose was the use of the Petroleum Fund, oil revenues set aside for future spending. Established in 2005 and saved in a U.S. account, the fund now totals more than \$1 billion.<sup>22</sup> Ramos-Horta and some first-round candidates questioned FRETILIN's establishment of the fund, claiming that it was of little use to the people to have so much money sitting in a U.S. bank. During a televised debate, Ramos-Horta said: "You cannot ask people who are already poor to tighten their belts even further".<sup>23</sup> He

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not possible to gather a quorum of parliament to change the counting provision back to its original format, and if he did not promulgate the law, the election would have to be postponed. "President Ramos-Horta address to the nation", TVTL and RTL, 28 May 2007; "Horta Triste Promulga Alterasaun Lei Eleisaun Parlamentar" [Ramos-Horta is Sad to Promulgate the Amendment to the Parliament Election Law], *Timor Post*, 30 May 2007.

<sup>22</sup> For more on the details of the Petroleum Fund, see the website of the Timorese NGO Lao Hamutuk at [www.laohamutuk.org/Oil/PetFund/05PFIndex.htm](http://www.laohamutuk.org/Oil/PetFund/05PFIndex.htm).

<sup>23</sup> Presidential debate, TVTL, 27 April 2007.

said that if he won the presidency, he would take the money out of the fund and use it to set up a massive micro-credit scheme for the poor.<sup>24</sup>

Lu Olo explained that the oil revenues were accumulating as an investment for the future. The oil and gas in the Timor Sea will only last for a limited period, he said, so the “nation’s long-term future depends on the Petroleum Fund being invested carefully and spent wisely”.<sup>25</sup> He questioned whether Timor-Leste even had the capacity to absorb additional money, given the problems faced every year with spending the budget.<sup>26</sup>

CNRT parliamentary candidates say Ramos-Horta was not speaking for the party when he discussed the Petroleum Fund, and if it wins it will consider the issue after it holds a development planning meeting in January 2008.<sup>27</sup> The PD and ASDT/PSD have no clear position on the fund, other than bland calls for transparency in negotiations with oil companies and exhortations that revenues should flow to the people to alleviate poverty.<sup>28</sup>

In March 2007 the FRETILIN-led government began plans to restructure regulation of the petroleum sector, including creation of PETROTIL as the national oil company.<sup>29</sup> If managed well, the company could be the country’s economic salvation; if managed badly, it could become a heavy economic burden. But of all the parties involved in the parliamentary elections, only FRETILIN seems to have any understanding of the complex technical issues involved in management of revenues and regulation of the petroleum sector.

## B. NATIONAL SOVEREIGNTY

Another issue discussed intensively during the presidential campaign was sovereignty, mostly in relation to defence and security. Particularly controversial was the presence of Australian troops, who arrived at the request of the government in May 2006 to help restore order after the defence forces (FALINTIL-Forças de Defesa de

Timor-Leste, F-FDTL) split along regional lines and the national police (Polícia Nacional de Timor-Leste, PNTL) disintegrated.<sup>30</sup> Ramos-Horta told his rallies that he wants to keep the UN and Australian International Security Force (ISF) troops in Timor-Leste for at least five years. Lu Olo and most other candidates said the Australians should leave soon so that Timor-Leste could “regain” its sovereignty.

FRETILIN’s dislike of the continuing presence of Australian troops arises partly from the fact that many members think Australia conspired with Ramos-Horta to launch a coup against Alkatiri’s democratically-elected government in May 2006. Its members also believe that the Australian government is anti-FRETILIN.<sup>31</sup> They claim the Australian ISF campaigned for Ramos-Horta in eastern Timor-Leste and disrupted Lu Olo’s rallies in Dili on 5 May and Ainaro on 3 May.<sup>32</sup> But when questioned on a deadline for withdrawal of Australian troops and UN police, even FRETILIN hardliners respond: “When the F-FDTL and PDTL are ready to take over responsibility for security”.<sup>33</sup>

The PD’s elections manifesto recognises the need for fundamental retraining and capacity building of the F-FDTL and PNTL in order for Timor-Leste to regain control of security.<sup>34</sup> The ASDT/PSD alliance also cites the need for reform and redefinition of the country’s defence and security strategy, and while a few members have talked about possibly fusing the police and military into a single body, no documents are yet available.<sup>35</sup>

Lu Olo defended the government’s, and in particular Alkatiri’s role in the Timor Sea and Unitisation Agreement negotiations, arguing Alkatiri achieved an excellent deal for Timor in tough negotiations against a much larger and richer neighbour. Other candidates argued that Alkatiri had sold out Timor-Leste’s sovereignty in the Timor Sea, although they were unable to explain how.

A very different aspect of sovereignty arose with respect to the justice sector, currently dominated by judges, prosecutors and advisers from the Community of Portuguese Language Countries (CPLP).<sup>36</sup> The legal system is now based on a Portuguese model, although it still uses many Indonesian laws. Some parties, especially

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<sup>24</sup> Ibid.

<sup>25</sup> “Lu Olo will guard Petroleum Fund”, Lu Olo press release, 25 April 2007.

<sup>26</sup> Presidential debate, op. cit.; “Lu Olo Atu Defende Soberania Konaba Minarai” [Lu Olo is Going to Defend the Sovereignty of our Natural Resources], *Diario*, 8 May 2007. It is estimated that Timor-Leste spends only about half its budget each year. Although spending has improved, it has struggled to keep up with the dramatic increases in the overall budget.

<sup>27</sup> Crisis Group interview, Carmelita Moniz, president’s legal adviser, Dili, 15 May 2007.

<sup>28</sup> PD manifesto for 2007 elections, November 2006, p. 23; Crisis Group interview, Zacarias da Costa, 29 May 2007.

<sup>29</sup> Lao Hamutuk website: [www.laohamutuk.org/Oil/PetFund/05PFIndex.htm](http://www.laohamutuk.org/Oil/PetFund/05PFIndex.htm).

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<sup>30</sup> Crisis Group Report, *Resolving Timor-Leste’s Crisis*, op. cit.

<sup>31</sup> Crisis Group interview, Dili, 16 May 2007.

<sup>32</sup> Mari Alkatiri press conference, CCF Headquarters, Dili, 4 May 2007; “ISF troops disrupt two FRETILIN rallies”, Lu Olo media release, 6 May 2007.

<sup>33</sup> Crisis Group interview, Dili, 16 May 2007.

<sup>34</sup> PD manifesto, op. cit., p. 12.

<sup>35</sup> Crisis Group interview, Zacarias da Costa, Dili, 29 May 2007.

<sup>36</sup> Comunidade dos Países de Língua Portuguesa (CPLP).

the PD, demand an end to Portuguese advisers because despite CPLP assistance the courts are still dysfunctional, and they believe Timorese would run them better. As a crucial element of democratic checks and balances, they say, the judiciary is too important to be left to foreigners.<sup>37</sup>

### C. ALFREDO REINADO AND THE REBELS

The inability of the government to arrest Major Alfredo Reinado, an armed deserter accused of murder, is ongoing testament to its weakness and the unhealed political wounds from the 2006 violence.

Reinado deserted from the F-FDTL during the May 2006 crisis. He and his supporters were involved in clashes with F-FDTL units which led to a number of deaths, and on 26 July he was arrested in Dili and charged with attempted murder. On 30 August he walked out of prison with fourteen of his followers and has been on the run since. On 25 February 2007 he led raids on several police border posts and seized 25 high-powered weapons and a large quantity of ammunition, after which President Gusmão ordered that he be hunted down and Prime Minister Ramos-Horta authorised the Australian ISF to use lethal force to capture him. In early March, in an attempt to arrest him, the ISF shot dead five of his supporters. He has been in hiding in Same district ever since, giving regular interviews to the international press, including Indonesia's leading television news channel. His ability to resist capture and his anti-Australian, anti-government rhetoric have made him a symbol of resistance for disaffected youths and very popular in the western districts.

In the first round of presidential elections Reinado played a minor role in discouraging western voters from voting for Ramos-Horta, whom he blamed for the death of his supporters. On 26 April Ramos-Horta announced he had called off the hunt for Reinado as part of an election deal for PD support.<sup>38</sup> FRETILIN accused him of interfering in a judicial case for the sake of votes.<sup>39</sup>

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<sup>37</sup> Lasama campaign rally, Dili, 4 April 2007.

<sup>38</sup> On 7 May 2007, a High Level Commission (consisting of President Gusmão, Taur Matan Ruak, the special representative of the UN Secretary-General (SRSG) and the deputy SRSG, the prime minister and deputy prime minister, and the chief prosecutor) decided officially to ask the ISF to stop the operation against Reinado's group and to try to open a dialogue. President Gusmão then wrote Reinado proposing dialogue and asking him to hand over his weapons. On 14 May Reinado said he would hand over the weapons once the dialogue had commenced. He also wants the criminal charges against him dropped. President Ramos-Horta has said he will stop the military operation when he receives an official reply from Reinado to his predecessor's original letter. "Se Alfredo Hatan Karta PR Xanana, Estadu Bele Hapara Operasaun Ofisialmente" [If Alfredo Responds to the

In the parliamentary contest Reinado may encourage supporters to vote for one of the parties led by his ethnic group, the Mambai: Aliança Democrática, the PD or ASDT/PSD.<sup>40</sup> He may also reduce the CNRT vote in the west, as he recently berated Gusmão for betraying him by ordering his capture.<sup>41</sup> However, he is unlikely to affect the outcome.

As long as he is at liberty, Reinado has the potential to pose a security problem.<sup>42</sup> The authorities face a dilemma. Neither they nor the Australian ISF want to risk lives trying to capture him again, given that the last attempt resulted in five deaths and Reinado has indicated his willingness to retaliate if attacked. But if he is left at large, the F-FDTL and Australian ISF alike will continue to be seen as inept and incapable of providing internal security. Moreover, now that Rogério Lobato has been sent to prison,<sup>43</sup> there is pressure to deal with Reinado and other rebels through the courts as well. But the former military police head has said he will not surrender if he has to face a trial, although he repeatedly offers to engage in dialogue.<sup>44</sup>

### D. ROGÉRIO LOBATO AND RAILOS

The fate of Rogério Lobato could become highly contentious. On 7 March he was convicted of murder and distributing weapons to civilians, and sentenced to seven and a half years in prison. Both he and the prosecutor appealed. On 10 May, the Court of Appeal reaffirmed the original decision, and police promptly shifted him from house arrest to Dili's Becora prison, where he will serve the rest of his sentence.

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Letter from Xanana the State Can Officially Stop Operations], *Timor Post*, 14 May 2007; "Major Alfredo Hatan Karta PR Xanana Kilat Entrega Bainhira Dialogu Haloó Ona" [Major Alfredo Response to the Letter from President Xanana, Will Hand Over the Guns When Dialogue has Commenced], *Timor Post*, 18 May 2007; "Simu Karta Oficial Husi Alfredo Horta Sei Hapara Operasaun" [Horta Will Stop Operations When He Receives an Official Letter from Alfredo], *Suara Timor Lorosae*, 21 May 2007.

<sup>39</sup> "Answer these questions, Lu Olo tells Horta", Lu Olo media release, 4 May 2007.

<sup>40</sup> Aliança's founders, Manuel Tilman and Jacob Xavier, are ethnic Mambai, as is PD's Lasama and ASDT's Xavier do Amaral.

<sup>41</sup> Kick Andy (Indonesian TV program) interview, Metro TV, 26 May 2007; Crisis Group interview, Julio Tomas Pinto, East Timorese political commentator, Dili, 1 June 2007.

<sup>42</sup> Many believe that a 26 May 2007 interview with Reinado on Indonesian Metro TV was filmed in Atambua, West Timor, or in Jakarta.

<sup>43</sup> See below.

<sup>44</sup> "East Timor's Reinado seeking surrender", ABC news, 14 May 2007, at [www.abc.net.au/news/newsitems/200705/s1922679.htm](http://www.abc.net.au/news/newsitems/200705/s1922679.htm).

Despite the da Silva government's recognition that it has a good faith obligation not to legislate in a manner that will restrict the freedom of its successor, on 4 June the FRETILIN-dominated parliament passed a clemency law.<sup>45</sup> The parliament has attempted to pass amnesty laws before but this one is apparently intended especially for Rogério Lobato. According to Mudansa members, Lobato agreed to take the blame for the distribution of weapons in 2006 on condition that he would be amnestied. If he is not, he might try to implicate Alkatiri.<sup>46</sup> If he is amnestied, it may have implications for attempts to prosecute others accused of involvement in the 2006 violence.

Now that Lobato has been imprisoned, some are starting to question what has happened to proceedings against the man who received the weapons and was allegedly involved in the deaths of nine people: Vicente da Conceição alias Railos.<sup>47</sup> The October 2006 UN Independent Special Commission of Inquiry for Timor-Leste recommended that Railos be prosecuted for his 2006 role. Both FRETILIN and the EU Observer Mission criticized the fact that this recommendation notwithstanding, Railos was the Liquica district coordinator for Ramos-Horta's campaign in the presidential elections.<sup>48</sup> He is also the Liquica district coordinator for CNRT in the parliamentary elections and was present at the FRETILIN Mudansa convention on 28 May. His continuing involvement with CNRT is certain to arouse further friction with FRETILIN.

Railos himself is unlikely to be a security threat beyond the elections but the fact that he has not been arrested or prosecuted for his 2006 role, despite the UN Commission's recommendation, contributes to a lack of faith in the justice system, augmented by the system's failure to arrest or

prosecute numerous other alleged murderers in 2006 and 2007.<sup>49</sup> These shortcomings reinforce a culture of impunity in which many with the right political connections believe they can literally get away with murder, and many in the community believe that neither the police nor the courts can protect them.

## E. NON-ISSUES

Several issues which should be up for debate are not. The continuing presence of over 60,000 IDPs in camps in Dili, Metinaro and Baucau was not a major topic in the presidential campaigns and is not likely to have any greater prominence this time. All parties agree they must go home but none seem to have concrete plans for helping them do so, either by building new homes or reducing the threat against those afraid to return. ASDT/PSD, CNRT and the PD accuse FRETILIN of lack of political will to address the problem and simply assert that all the displaced will go home within six months of a new government taking office.<sup>50</sup>

Gang violence, another huge social problem especially in Dili, has not been raised in the campaign. Since 2000 clashes involving martial arts groups and urban gangs have occurred in all districts, causing a number of deaths.<sup>51</sup> The 2006 breakdown in traditional authority structures and the simultaneous collapse of the formal security sector exacerbated the problem, particularly in Dili, where the violence often reflected an east-west divide. All parties seem to agree that the rift must be healed, that there should be dialogue with gangs and that certain gang members must face justice. But no one has practical policy recommendations to match the rhetoric.

Relations with Indonesia, including final settlement of the border, are also a non-issue. All parties say publicly they want good relations with the former foe for security and trade reasons. None want to scrap the Commission of Truth and Friendship set up to address human rights issues left over from the post-referendum violence in 1999,

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<sup>45</sup> As the current government (known as the Third Constitutional Government) will be in power for less than three months, it should, in good faith, avoid undertaking obligations that will restrict the freedom of the new government, such as commitment of revenues from the next budget. Crisis Group interview, José Carlos, president's legal adviser, Dili, 15 May 2007. The law was passed by the parliament with 44 votes in favour, two abstentions and no votes against.

<sup>46</sup> Crisis Group interview, Vicente Ximenes, Dili, 14 May 2007.

<sup>47</sup> José Lobato (a FRETILIN central committee member and former member of parliament) issued a statement on behalf of the Lobato family accepting the appeal court's decision but also asking the prosecutor general to investigate the murder of the six members of the Lobato family burned to death in their house on 25 May 2006 and for justice to be applied to the people to whom Rogério Lobato distributed the weapons and who used them to carry out crimes. "Statement of José dos Reis Lobato on behalf of the Lobato family", 11 May 2007.

<sup>48</sup> "Call to investigate suspected killer's election role", Lu Olo media release, 30 April 2007; "Answer these questions, Lu Olo tells Horta", Lu Olo media release, 4 May 2007.

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<sup>49</sup> The performance of the Serious Crimes Unit and the Timorese courts in handling cases from the 1999 violence had already thrown the justice system into disrepute. See David Cohen, "Indifference and Accountability: The United Nations and the Politics of International Justice in East Timor", East West Centre Special Reports, no. 9, June 2006; "Digest of the Jurisprudence of the Special Panels for Serious Crimes", JSMP Report, April 2007.

<sup>50</sup> Crisis Group interview, Zacarias da Costa, 29 May 2007.

<sup>51</sup> James Scambury, "Memorandum on Gangs and Youth Groups", Conflict Prevention and Peace Forum, 18 December 2006.

although some, such as the PD, blame renewed violence in Timor-Leste on failure to resolve justice questions.<sup>52</sup>

Part of the parties' reluctance to come up with specific policy ideas may be because none are confident of winning. They know they will have to form coalitions, and they may be in opposition. There is a sense that there is not much point in wasting effort in designing complex policies if they are going to sit in opposition for another five years.

## V. CONCLUSION

The June election by itself will not solve any of Timor-Leste's many problems. A CNRT-led coalition would be more consultative and transparent than FRETILIN has been and therefore better equipped to address some of the social-political rifts that the 2006 crisis exposed. It would also likely be more open to advice on how to rebuild and strengthen national institutions, including in the justice and security sectors. In public statements CNRT and its likely coalition partners also seem more sympathetic to vulnerable groups, such as the unemployed – more than 50 per cent in Dili – veterans, widows, and victims of violence. But implementation of programs in all these areas will depend not just on political will, but also on professional skills.

Gusmão has reportedly indicated that if he forms the government, he would like to keep some of the more capable FRETILIN ministers, but others in CNRT and other parties are adamant that all will have to go. Few outside CNRT think that he would make a good prime minister, because of his impatience with detail among other things. He would need top-flight administrative support. With this in mind, his advisers are recommending a structure with two deputy prime ministers but they would also need to give positions to coalition partners. A Gusmão-led government would likely have fewer ministers than the unwieldy 33-member cabinet under FRETILIN but while CNRT has promised to make the civil service a meritocracy, it would have substantial political debts to pay off. It is also too new a party to have any semblance of discipline: members have made contradictory statements about appointments and policies in a way that does not bode well for coherent governance.

Donors and international agencies generally agree that the Alkatiri government successfully managed the economy, although excessively cautious spending meant that most of the population did not reap the benefits of economic growth. A CNRT coalition might pay less heed to fiscal management, and there would be a real danger that if it acted on Ramos-Horta's proposal to distribute money quickly in the interests of alleviating poverty, it could squander the Petroleum Fund and thus jeopardize the country's economic future. Good technical advice would be critical but FRETILIN is already poised to accuse its successors of being too dependent on foreign experts.

The all-important security sector will be affected by who is chosen as ministers of interior (police) and defence, but there has been virtually no discussion of names or policies.

In late 2006, it seemed like there was a good chance clashes during the election campaigns could spread the tensions in Dili to the districts. The fact that two rounds of presidential voting have taken place with few serious incidents suggests that the country is better poised to emerge from the crisis than some feared. But much will depend on the government formed after 30 June and how well – and how soon – it can ensure the effective functioning of key institutions.

**Dili/Brussels, 13 June 2007**

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<sup>52</sup> PD manifesto, *op. cit.*, p. 12. On 1 June FRETILIN announced that it supported prosecutions for those who committed crimes against the East Timorese people between 1974 and 1999: "We want justice for crimes", media release, 1 June 2007.



## APPENDIX B

### GLOSSARY OF ABBREVIATIONS

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<b>AD</b>	Aliança Democrática (Democratic Alliance). Coalition of KOTA/ PPT
<b>ASDT</b>	Associação Social Democrata Timorese (Association of Timorese Democrats)
<b>CCF</b>	FRETILIN Central Committee
<b>CNRT</b>	Congresso Nacional de Reconstrução de Timor-Leste (National Reconstruction Congress of Timor-Leste)
<b>C-ASDT/PSD</b>	Coligação ASDT/PSD (ASDT/PSD Coalition)
<b>CPLP</b>	Comunidade dos Países de Língua Portuguesa (Community of Portuguese Language Countries)
<b>FALINTIL</b>	Forças Armadas de Libertação Nacional de Timor-Leste (National Liberation Forces of East Timor). East Timorese guerrilla movement that fought against Indonesian rule of the territory
<b>FALINTIL-FDTL</b>	FALINTIL-Forças de Defesa de Timor-Leste, the Armed Forces of Timor-Leste
<b>FRETILIN</b>	Frente Revolucionária de Timor-Leste Independente (Revolutionary Front of Independent East Timor)
<b>FRETILIN Mudansa</b>	FRETILIN Reform
<b>ISF</b>	International Security Forces
<b>IDP</b>	Internally Displaced Person
<b>JSMP</b>	Judicial System Monitoring Programme
<b>KOMEQ</b>	Koligasaun Monitorizasaun ba Eleisan Geral (Coalition for Monitoring the General Elections)
<b>KOTA</b>	Klibur Oan Timor Assuwain (The Association of Timorese Heroes, also Known as Sons of the Mountain Warriors)
<b>PD</b>	Partido Democrático (Democrat Party)
<b>PDC</b>	Partido Democrata Cristão (Christian Democrat Party)
<b>PDRT</b>	Partido Democrática Republika de Timor (Republican Democratic Party of Timor)
<b>PMD</b>	Partido Milénium Democrático (Millenium Democratic Party)
<b>PNTL</b>	Polícia Nacional de Timor-Leste (National Police Force of Timor-Leste)
<b>PPT</b>	Partido do Povo de Timor (People's Party of Timor)
<b>PR</b>	Partido Republicano (Republican Party)
<b>PSD</b>	Partido Social Democrata (Social Democrat Party)
<b>PST</b>	Partido Socialista de Timor (Socialist Party of Timor)
<b>PNT</b>	Partido Nacionalista Timorese (Timorese National Party)
<b>PUN</b>	Partido Unidade Nacional (National Unity Party)
<b>SOMET</b>	Solidarity Observer Mission for East Timor
<b>STAE</b>	Secretariado Técnico de Administração Eleitoral (Technical Secretariat for Electoral Administration)
<b>UDT</b>	União Democrática Timorese (Timorese Democratic Union)
<b>UNDERTIM</b>	Partido Unidade Nacional Democrática da Resistência Timorese (Democratic National Unity Party of Timorese Resistance)
<b>UNMIT</b>	United Nations Integrated Mission in Timor-Leste, August 2006 to present

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