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Asia in 2020: Coping with COVID-19 and other crises

Edited by
Michelguglielmo Torri
Nicola Mocci
Filippo Boni

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The Journal of the Italian think tank on Asia founded by Giorgio Borsa in 1989 Vol. XXXI / 2020

Asia in 2020: Coping with COVID-19 and other crises

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Timor-Leste in 2020: Containing the pandemic in a changing political environment*

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In 2020 Timor-Leste became a successful case of managing to contain the COVID-19 pandemic, thanks to the early diligent action undertaken by the state authorities, albeit with significant popular resistance to the harsh measures imposed. Following a brief introduction, the second section of this article deals with the manner in which Timor-Leste faced the pandemic and ended the year without a single fatality. The impact of the pandemic, however, was severe on several fronts. The third section examines the political impact of the realignment of partisan forces that sustain the government; the eviction of Xanana Gusmão, the charismatic leader of the Resistance, from the inner circle of power and the ensuing political polarity along new lines. It also examines the redefinition of the status of the president of the Republic in the political system emerging from two sources: the partisan links and an important statement by the Constitutional Court. The fourth part delves into the economic performance, given that the Petroleum Fund was able to sustain extraordinary withdrawals to finance ad hoc measures to combat the pandemic as well as provide the needs of a country that lived for most of the year without a regular budget. Public spending being critical to the economic performance, it comes as no surprise that GDP contracted by almost 7%. While new outlooks of economic policy have been announced, the sluggishness of previous options was still apparent in 2020. The last section deals with international relations and miscellaneous comments on the perception of Timor-Leste in the international arena, including relations with the People's Republic of China, Indonesia and Australia, and the vision expressed at the UN Annual General Assembly.

Keywords – Timor-Leste, COVID-19 pandemic; changing political alliances; presidential powers; Xanana Gusmão; economic performance; international relations.

- * This essay respects the name of the new country, as chosen by its authorities: Timor-Leste. In the colonial past, the country was known as «Timor Português», or «Portuguese Timor». During Indonesian occupation, as that country's 27th Province, it was known as «Timor-Timur». Of course the name «East Timor» is widespread among English speakers and is in consonance with what prevails in many languages (e.g. «Timor Oriental» in French or «Timor Est» in Italian), but its use is discouraged by the national authorities.
- ** This essay has been made possible through the financial support received from the Portuguese Foundation for Science and Technology (FCT), namely through grant PTDC/HAR-HIS/30670/2017, as well as from generous aid provided by the Orient Foundation in Lisbon and Dili. The author's contract with CES is supported by FCT under the rules following Decree-Law 57/2016.

1. Introduction

Like most countries, the year 2020 was marked in Timor-Leste, by the irruption of the COVID-19 pandemic, which it faced with a weak public health system. Containing the pandemic at the borders became the underlying policy and loosing the country from any contact with the outside world carried heavy consequences for the population and the economy. The severe internal restrictions significantly impacted the East Timorese way of life. The fight against the pandemic is considered in the next section of this article.

Political power was not immune to the effects of the pandemic. Throughout the year a series of events resulted in a significant evolution of the political scenario. This broad aspect is the subject of the third section of this chapter. It comprises three sub-themes: the recomposition of political alliances; the reinforcement of presidential powers; and the eviction of Xanana Gusmão from the inner circle of power, engendering a delicate situation of competing legitimacies.

Naturally the economy was affected by the pandemic and the containment measures adopted by the authorities. Section four considers both the effects of the pandemic and the ensuing political instability. It meant that the country lived without a proper budget for almost 11 months. The mild economic recovery experienced in 2019 was halted and reversed, contributing to the global poor performance that followed the political instability from 2017 onwards.

Section five deals with the foreign relations aspect of Timor-Leste's experience in 2020. It begins by examining the effects of the decision to cut itself off from the rest of the world in terms of movements of individuals, cancelling or reorganising major events scheduled to have taken place in 2020. Further, it analyses foreign aid coming from friendly countries which nevertheless compete for political influence in the region. The COVID-19 pandemic was the proximate motive for extraordinary help from the People's Republic of China, the US and Australia. Finally, this section deals with a major factor in relations with Australia, the solidarity the country vows to its former lawyer Bernard Collaery and the so-called «Witness K» who were brought to court under spying allegations on Timor-Leste's authorities at the time it was negotiating an agreement on the maritime borders and the exploitation of oil and natural gas. International solidarity was also loudly expressed at the UN General Assembly in favour of the people of Western Sahara, considered by Timor-Leste to deserve the same sort of solution from which it benefitted over 20 years ago.

Successful in containing the COVID-19 pandemic, Timor-Leste nevertheless suffered substantial political changes in the course of 2020, part of which constitutes the background to the 2022 and 2023 elections which will consolidate – or reverse – the new political alliances and their strategic policies.

2. Containing the COVID-19 pandemic

A new spectre haunted Timor-Leste in 2020 – the worldwide spread of SARS-CoV-2, the virus generating a deadly respiratory disease named COV-ID-19, which attained pandemic dimensions early in the year after its first manifestation in China at the end of 2019. For most of 2020 dealing with the threats of the new pandemic concentrated the attention of authorities around the globe. Timor-Leste was no exception. Surprisingly to many observers, Timor-Leste was successful in containing the worst viral effects: by the end of 2020 only 34 cases had been officially registered, and the country was among the very few in the world not to have suffered a single mortality.¹

Such a positive result derived to a large extent on a strict policy of restrictions to normal activities, enacted from an early date. The primary source of success was the one of avoiding the import of the virus into the territory, effectively sealing it off from contact with the exterior. Recognising that the public health system infrastructure was very fragile,² the virtual inexistence of private medicine cabinets, and that many of the necessary prevention measures such as social distancing, mask wearing and frequent hands' sanitation ran contrary to the local way of life and therefore difficult to implement, a policy of border closure was devised and implemented. Land borders with Indonesia – a country where the pandemic spread dramatically, - were sealed off, allowing only two hundred crossings every 17 days. Air travel was suspended for all flights except humanitarian missions and those organized for the purpose of repatriation. Quarantine was imposed on those who arrived from abroad. In this manner, Timor-Leste was virtually isolated from the rest of the world and as of the end of 2020, had managed to escape the ravages of COVID-19.

On the internal front, the president of the republic took the bold initiative of declaring a state of emergency for the third time in the country's history.³ This presidential initiative, which was backed by a unanimous vote of support in the National Parliament and the endorsement of the government, allowed for the limitation to constitutional guarantees and facilitated the imposition of restrictive measures on the movement of people for a month, starting on 28 March. It followed the first case of the disease, which was reported on 21 March. The state of emergency would later be renewed, albeit without the support of the ensemble of parliament, where opposition to this situation continued to grow. In all, the country endured a state of emergency covering a period of eight months (one month at a time).

^{1. &#}x27;Transferências em resposta à Covid-19 chegam a 300 mil famílias em Timor-Leste', *ONU News*, 15 December 2020.

^{2.} For instance, at the beginning of the year there was only one single ventilator in the national hospital.

^{3.} The first occurrences being in the 2006 political crisis and in the aftermath of the attempt on President Ramos-Horta's life on 11 February 2008.

A major decision in the fight against the pandemic was the creation in May of an ad hoc entity – the Centro Integrado de Gestão da Crise / Integrated Centre for the Management of the Crisis. This body was placed under the direct supervision of the Prime Minister and tasked with coordinating, outside the heavy bureaucratic structures of the government, the multitude of actors intervening in the struggle against the virus. Rui Maria de Araújo, a well-known doctor who had previously been minister for health (in three governments during Xanana Gusmão's presidency) and later on prime minister of the Sixth Constitutional Government, was appointed to lead a team. The group comprised civilian technicians alongside several military officers, including brigadier general Aluk Descartes and commander Klamar Fuik. This committee was responsible for major tasks such as making sure every person arriving in the country or having been in contact with infected individuals be put in quarantine; to identify and analyse all reported and suspected cases of the new disease; to prepare places where isolation could be monitored and form the relevant human resources to respond to the situation; and to reinforce the dissemination of good practices. In late June, this body was transferred to the tutelage of the ministry for health, having accomplished with brio its task. The World Health Organization recognised the efficacy of Timor-Leste's response to the pandemic.⁴

COVID-19 generated several episodes of panic among the population, starting with the fear in February of the repatriation of some East Timorese who lived in Wuhan, China. In fact, they were flown to New Zealand where they quarantined before being allowed back in Timor-Leste Several demonstrations took place near designated quarantine shelters. However, the country's response was mostly positive. By and large the population accepted the lockdown measures that were imposed. This included the decision by the Catholic Church to suspend the celebration of mass throughout the country, as well as the Via Crucis which generally precedes Easter. To understand the mostly peaceful way in which the East Timorese reacted to the dire conditions imposed by the pandemic one must bear in mind that the local authorities took bold decisions to mitigate the negative economic effects derived from confinement. According to the World Bank, Timor-Leste ranks high in the group of Asia-Pacific countries in their financial support for the population, assigning about 8% of the non-petroleum gross domestic income to the calamity⁵. In this context, about 300,000 families (estimated at more than 90% of the lower income population) benefited from transfers from the government, either as a direct subsidy (for exam-

^{4. &#}x27;OMS elogia resposta de Timor-Leste contra COVID-19', ONU $\mathit{News},$ 6 January 2021.

^{5.} World Bank, From Containment to Recovery: Economic Update for East Asia and the Pacific, October 2020 (https://www.worldbank.org/en/region/eap/publication/east-asia-pacific-economic-update).

ple, for electrical bills) or in the form of reduction of tariffs.⁶ Still, angry demonstrations against the harsh measures were frequently seen. All this took place in a changing political environment.

3. The evolution of the internal political framework

3.1. The recomposition of political alliances

The year 2020 started with an unexpected episode: in the National Parliament, the *Congresso Nacional para a Reconstrução de Timor-Leste* / National Congress for the Reconstruction of Timor-Leste (CNRT),⁷ the largest in the ruling coalition headed by Prime Minister Taur Matan Ruak, voted against the budget proposed by the government for which it supposedly provided critical support (18 January). Late in 2019, MPs from that party had already forced the Prime Minister to withdraw a budget proposal. The main issue was not, as one might suppose, differences over the economic and financial implications of the budget that were aired much in the way of excuses for the real issue. Rather, CNRT pushed the Prime Minister to take sides in the tug-of-war that pitted Xanana Gusmão against President Francisco Guterres Lu Olo.

Following early elections in June 2018 that returned a coalition headed by Xanana Gusmão as the largest bloc in parliament, Taur Matan Ruak was appointed as the head of an executive supported by his own party (Partido da Libertação do Povo/People's Liberation Party – PLP), KHUNTÓ (Kmanek Haburas Unidade Nacional Timor Oan – Enrich the National Unity of the Sons of Timor - a political formation closely associated with a younger generation and to martial arts groups, a significant force in the country) and CNRT. The President, however, decided that his powers included rejecting the Prime Minister's proposals for cabinet ministers. Acting under this reading of his constitutional powers – which had precedents in the mandates of José Ramos-Horta and Taur Matan Ruak - Lu Olo refused to appoint a dozen ministers, most of whom were from Xanana's party. Eighteen months elapsed and Timor-Leste was still without some key ministers, such as the ones for finance, health or natural resources. The President insisted that other names be proposed; Xanana refused to abide and retained the initial names on the table. The Prime Minister was caught in between, formally resisting the President's request for new names, but actually refraining from distancing himself from Lu Olo. PLP was a junior partner in the ruling

^{6. &#}x27;Transferências em resposta à COVID-19'.

^{7.} The acronym is the same as that of the historical Resistance front, *Conselho Nacional da Resistencia Timorense*/National Council of the Timorese Resistance (1998/2001). The new formation is the political party formed in 2007 by the Resistance historical leader, Xanana Gusmão.

coalition but by virtue of the President's attitude it controlled the cabinet. CNRT's move in parliament was thus destined to bring about clarification.

At first, Xanana's move seemed to have been crowned with relative success. Taur Matan Ruak, feeling betrayed, raucously announced the coalition was dead and all political options were on the table. CNRT rapidly moved to form a new coalition (22 February) encompassing KHUNTO (from the previous majority) as well as *Partido Democrático* / Democratic Party (PD) and the smaller *Partido de Unidade e Desenvolvimento Democrático* / Party for the Unity and Democratic Development (PUDD), *Frenti-Mudança* / Front for Change (F-M) and the historic *União Democrática Timorense* / Timorese Democratic Union (UDT) – a party established in 1974. The new coalition controlled 34 out of the assembly's 65 seats granting it a majority. The Prime Minister reacted by tendering his letter of resignation to the President who, however, failed to take a position and the government remained with full competences (25 February).

While Xanana was nominated by the new coalition as their candidate for the premiership, Taur Matan Ruak and the President, a member of FRETILIN (*Frente Revolucionária para Timor-Leste Independente*/Revolutionary Front for an Independent Timor-Leste), another historical party whose roots go back to 1974, managed to join forces (14 March). However, the combined seats of FRETILIN and PLP was only 31, short of the 33 necessary for a majority. The scenario suggested that an extreme polarisation had emerged in the wake of the failure to pass the budget. The COVID-19 pandemic would soon make its entry in the political arena, provoking a new deal in the partisan alignment.

Late that month, the National Parliament endorsed by unanimous vote the President's request for permission to declare a state of emergency, which came in effect on 28 March, valid for 30 days. The immediate consequence of this announcement was that political institutions were frozen and no move expected while the state of emergency endured. The Prime Minister, comforted by the new arrangement he had negotiated with the President's party, withdrew his resignation on 8 April. In late April the state of emergency came up for renewal. CNRT took the bold decision to vote against without having previously negotiated such a position with its junior partners. The smaller parties preferred to give the prorogation a green light. The emerging coalition collapsed. Henceforth, the entente between Lu Olo and Taur Matan Ruak was able to envisage a government reshuffle that gave FRETILIN, PD and smaller parties seats in the Eight Constitutional Government. CNRT ministers eventually resigned their posts as the party assumed to be the leader of the opposition. In all, 21 new names came to office in a cabinet that comprises 46 ministers, deputy ministers and jun-

^{8.} Michael Leach, 'Xanana Gusmão's new parliamentary coalition collapses', $\it Inside\ Story, 5\ May\ 2020.$

ior ministers. The state of emergency, for its part, would be renewed no less than eight times throughout the year. These prorogations prompted accusations that the government and the President were using the fear of a mostly contained pandemic to exercise free rein in conducting public affairs. Objections to the «normalisation» of the state of emergency did not come solely from the opposition. It included important names such as former President José Ramos-Horta, as well as those from within the governmental majority, FRETILIN leader Mari Alkatiri.⁹

The changes in the political alliances had important consequences. For one, Arão Noé da Costa Amaral, the CNRT Speaker of National Parliament refused to resign and was ousted in a highly confrontational meeting of the assembly. He was replaced by a FRETILIN figure, Aniceto Guterres. ¹⁰ Nineteen CNRT deputies filed charges against the President of the Republic in the Court of Appeals (acting as Constitutional Court), claiming the President had overstepped his constitutional duties and failed to uphold others. The court rejected those charges out of hand. José Luis Guterres Lugu, who had just been appointed in November 2019 by Taur Matan Ruak to lead the Special Economic Zone of Oecusse was dismissed from his position and replaced by another FRETILIN militant, Arsénio Bano.

Alongside the change of personnel in critical positions, a new political orientation – representing a U-turn on previous policies – was announced. Mari Alkatiri, the leader of FRETILIN (who remained outside the government) claimed that in «the previous 12 years the political orientation of the government [i.e., since he was ousted from power in 2006] produced no wealth for the country, it only generated expenses». 11 In this light, the leader of the state institution tasked with managing the petroleum resources was ousted. He was replaced by a severe critic of his predecessor's performance. The governmental decision (under Taur Matan Ruak) to invest US\$ 650 million to buy the positions of Shell and ConocoPhillips in the joint venture to explore Greater Sunrise, a petroleum field claimed by Timor-Leste after the 2019 agreement with Australia, came under heavy fire. The strategic investment in the oil-based development plan for the south coast of the country - the Tasi Mane project which had already attracted substantial sums of money – was equally labelled «megalomaniac» and put on hold. In order to accommodate this substantial change of political direction while retaining the same prime minister, the budget for 2020 that had been rejected in parliament in January only to unleash the course of action just mentioned, was only brought back to the House after it had been redrafted. The 2020

^{9. &#}x27;Ramos-Horta e Mari Alkatiri consideram desnecessário estado de emergência em Timor-Leste', *Lusa*, 3 August 2020.

^{10. &#}x27;Agressões e gritos na eleição do novo presidente do parlamento timorense', *Lusa*, 19 May 2020.

^{11. &#}x27;Líder da FRETILIN diz que gasoduto para Timor-Leste tem de ser «viável»', *Lusa*, 4 September 2020.

budget was not approved until 8 October. In sum, despite keeping the same official configuration and the same prime minister and important ministers, the new government represents a new orientation whose materialization will certainly become increasingly visible.

3.2. The expansion of presidential powers

In the course of this quite tumultuous process, new developments emerged that require our attention. First, several CNRT MPs brought charges against the President in the Court of Appeals which gave rise to a significant decision. Going beyond rejecting the complaint, the Court implicitly issued a statement of principle: presidents cannot be accused of malpractice outside the framework of an impeachment procedure. This constitutional provision implies that a minimum of two thirds of the National Parliament agree to initiate such a procedure; failure to do so means the court will reject it out of hand. In the context of Timor-Leste's semi-presidential system of government, this interpretation of presidential competences clarifies and, to a substantial degree, amplifies such powers. 12 It also casts future presidential elections in a new light. In fact, the first three presidential elections returned «independent» candidates, that is, individuals without a formal affiliation to any established political party who discharged their function with a reasonable distance vis-à-vis the partisan competition, which marked the scenario in the National Parliament. Francisco Guterres Lu Olo is the first president to have a formal partisan connection, being chairman of FRETI-LIN, and has been widely regarded as taking positions in close affiliation with his party. Securing the presidency means that the incumbent has a very large scope for action as the opposition requires – according to the constitutional court ruling – a two-thirds majority to effectively oppose him or her. This enormous power goes hand in hand with what has been presented in Timor-Leste as the correct reading of presidential powers in relation to the confirmation of legislation – a basic presidential function. In line with that interpretation of the required majority to overturn a presidential veto, a veto on the budget would only be surpassed by a two-thirds majority. Even though this last hypothesis has not yet been validated by the Constitutional Court, if upheld by that court it would signify that a government could not rely solely on an overall majority in the House in order to pass the most critical legislation; the president would have the power to bloc critical meas-

12. I have dealt with Timor-Leste's semi-presidential system of government on several occasions, including *O Semi-presidencialismo Timorense: História, Política e Desenho Institucional*, Coimbra: CES/Almedina 2014; *Dynamics of Democracy in Timor-Leste 1999-2012*, Amsterdam: Amsterdam University Press 2016) and *Presidents in Semi-presidential Regimes: Moderating Power in Portugal and Timor-Leste*, London: Palgrave 2020. On this particular issue see my post on the Presidential Power blog 'Timor-Leste: a critical decision by the Constitutional Court' (https://presidential-power.net/?p=11437, 2 December 2020).

ures not supported by a two-thirds supermajority. Taken together, these interpretations of presidential powers all point to the sense of attributing the head of state a vast array of competences hitherto not considered. They also envisage that future presidential elections will be fought along lines distinct from those of the past.

3.3. The marginalisation of Xanana Gusmão

The third element arising from the 2020 political evolution that needs to be stressed is the fact that Xanana Gusmão is, for the first time since independence was restored in 2002, out of the inner circle of power. Xanana was president of the republic (2002-2007), prime-minister (2007-2012 and again 2012-2015), minister when he decided to facilitate the emergence of a new generation of politicians and offered the premiership to Rui Maria de Araújo (2015-2017), leader of a parliamentary majority while in opposition to a minority government (2017-2018) and leader of the largest party in the government coalition (2018-2020). In all those capacities, in office or intervening from the backstage, Xanana was in the *sanctum sanctorum* of Timor-Leste's politics. After the realignment of partisan politics in the country, he no longer holds a place there, having no more than a seat in the Council of State, an advisory body to the president. This is a meaningful evolution, raising fears of sectarianism that marred the country in the build up to the 2006 crisis.

Timor-Leste vowed to build simultaneously a new nation and a democratic polity based on the rule of law and on a template well established among liberal democracies worldwide. Efforts to draft a constitution and keep it working without interruption, to organise regular elections for the organs of state which have been widely regarded as free and fair as well as attracting high turnout of voters, accepting peaceful transfer of power between competing parts – all this has been true in Timor-Leste since 2002. It can be viewed as a means of securing legal-rational legitimacy for the exercise of power. However, Timor-Leste is a complex society, and social scientists working on the transformations taking place in the country tend to stress that independence and newly acquired freedom has been matched by a resurgence of hitherto repressed traditions. Against a current of opinion that interpreted the devastated Timor-Leste of late 1999 a «tabula rasa» (Chesterman), 4 «terra nullius» (Suhrke), 5 «ground zero»

^{13.} Sue Ingram, 'Appointing Governments in Timor-Leste: Politics, the Constitution and the National Interest', *ANU SSGM In Brief*, 12, 2015; Oisin Tansey, *Regime Building and Democratization*, Oxford: Oxford University Press, 2009.

^{14.} Simon Chesterman, East Timor in Transition: From Conflict Prevention to State Building, New York: International Peace Academy, 2001.

^{15.} Astri Shurke, 'Peacekeepers as national builders: dilemmas of the UN in East Timor', *International Peacekeeping*, Vol. 8, No. 4, 2001, pp. 1-20.

(Nevins)¹⁶ or «empty shell» (Lemay-Hébert),¹⁷ many scholars in different fields of the social sciences have stressed the existence, and even the reinforcement, of «customary» principles deeply entrenched in local culture. These include notions of political legitimacy and customary governance, as Andrew McWilliam, among many others, has noted. 18 Using the famous classification proposed one century ago by Max Weber, 19 two types compete with legal-rational legitimacy being actively pursued: «traditional» and «charismatic». The three of them are present in contemporary Timor-Leste, and a survey of local government offers a precise image of this complexity.²⁰ Reflecting on recent developments in the country, Susana de Matos Viegas and myself have proposed the notion of cohabitation to signify the multiplicity of forms that the coexistence of different conceptions assumes, ranging from accommodation of distinct models to tensions generated between them.²¹ Politics must be regarded in such a context - and here the position of Xanana Gusmão has no parallel in Timor-Leste, as he possesses charismatic legitimacy to a degree that nobody else matches. Of course, the Weberian notion of charisma is not focused on an analysis of the personality of the leader, but rather, as would be expected in a genuine sociological theory, on the structure of the charismatic social relationship, or charismatic system of legitimacy.²²

Maun Boot (Big Brother), as he is affectionately known throughout the country, is endowed with «a gift or grace». This is what, according to Weber, constitutes the non-rational basis for a person to dispose of widespread

- 16. Joseph Nevins, 'The making of «ground zero» in East Timor: An analysis in international complicity in Indonesia's crimes', *Asian Survey*, Vol. 42, No. 2, 2002, pp. 623-641.
- 17. Nicolas Lemay-Hébert, 'The «empty-shell» approach: The setup process of international administration in Timor-Leste and Kosovo: Its consequences and lessons', *International Studies Perspectives*, Vol.12, 2011, pp. 190-211.
- 18. Andrew McWilliam, 'Customary governance in Timor-Leste', in David Mearns (ed.), *Democratic Governance in Timor-Leste: reconciling the local and the global*, Darwin: Charles Darwin University Press, 2008, pp. 129-142.
- 19. Max Weber, *Theory of Social and Economic Organization*, New York: Oxford University Press, 1947 [1922].
- 20. Rui Graça Feijó, 'A journey with Max Weber in the countryside of Timor-Leste: constructing local governance after independence', *Indonesia*, No. 107, 2009, pp. 17-39; Deborah Cummins & Michael Leach, 'Democracy Old and New: the interaction of modern and traditional authority in local government', in Michael Leach & Damien Kingsbury (eds.), *The Politics of Timor-Leste*, Ithaca (NY): Cornell SEAP, 2012, pp. 163-178.
- 21. Susana de Matos Viegas & Rui Graça Feijó (eds.), *Transformations in Independent Timor-Leste: dynamics of social and cultural cohabitations*, London and New York: Routledge, 2017.
- 22. See M. Rainer Lepsius, 'Max Weber's Concept of Charismatic Authority and Its Applicability to Adolf Hitler's «Führerstaat»', in Claus Wendt (ed.), *Max Weber and Institutional Theory*, Switzerland: Springer 2017, pp. 89-109.

acknowledgement of the right to rule and to elicit broad social following. I have witnessed, namely among my former students at the National University of Timor-Leste, that allegiance for a given party – even a party opposing Xanana – is not incompatible with the view that the charismatic leader is above the fray and must be given a prominent place in the circles of power. That is to say: a social system of charismatic leadership is present in Timor-Leste. Discharging such an enviable and unique responsibility does not make Xanana Gusmão a lonely man. In fact, after being ousted from the inner circle of power, Xanana has garnered support throughout the country, gaining the solidarity of several senior figures, not least former President Ramos-Horta and some actors associated with the Catholic Church, and sowing seeds of discontent among the parties opposing him.²³

In contrast, the legal-rational source of legitimacy has recently been associated with a very volatile political scenario. Key individuals trading positions and political parties involved in a permanent state of redefining alliances cast doubts as to their political and ethical principles. The time of Lu Olo's presidency is testimony to such high volatility. What was considered, for the best part of the period after the restoration of independence, as a positive factor – the convergence of different forms of articulating political legitimacy – and something which can be perceived in the country's performance in democracy indices most used in political analysis,²⁴ has now become a fierce competition bordering on the limits of the game's rules.

Combining the new centrality of the presidency in the political life of Timor-Leste with all-out competition for power bordering on the crossing of red lines, the scenario that appeared in full bloom in 2020 is likely to drag on until the next presidential election scheduled for the first trimester of 2022, thus ensuring the high political tension remains a feature in the drama of Timor-Leste.

4. Facing economic decline and fostering a new orientation

The economy of Timor-Leste is critically dependent on two key factors: oil production and public spending in a shallow domestic market.

A small nation of little more than one million inhabitants, Timor-Leste sits in 39th place in the ranking of oil-exporting countries.²⁵ However, if one weighs the oil revenues in the global wealth of the country, Timor-Leste with more three-quarters of its revenue deriving from oil, jumps to the 15th

^{23.} Michael Leach, 'Time for a cross-party consensus on oil and gas in Dili?', Asia Link, 9 December 2020.

^{24.} See, for instance, Freedom House's, *Freedom in the World*, Polity V (http://www.systemicpeace.org/inscrdata.html) or The Economist Intelligence Unit Index of Democracy.

^{25.} CIA.gov, 'Country Comparisons - Crude oil - exports', World Factbook.

place.²⁶ In 2020 direct revenues from the exploitation of oil in the Timor Sea suffered mainly from the decline in the extant reserves in the active fields. The Petroleum Fund also benefits from returns on financial investments, the composition of which has been redefined in recent years to allow for a larger share of higher risk bonds and other stock. As such, it both suffers and benefits from the fluctuation in the world exchange markets. On 31 December 2019 the fund stood at US\$ 17,691,816,433.27 The last quarterly report for 2020 (as of 31 December), showed it had increased to US\$ 18,99 billion.²⁸ A combination of decreasing output and lower than expected oil prices and, conversely, a positive valuation in the stock market in mid-year, explains this performance. However, one must bear in mind that throughout 2020 the government decided to withdraw cash from the Petroleum Fund far in excess of the Estimated Sustainable Income, partly to fund the special COVID-19 fund, partly to allow for the functioning of the duodecimal regime in lieu of a normal budget. The total amount withdrawn from the fund approaches US\$ 1.35 billion. The future of the Petroleum Fund hinges to a large degree on the development of new fields; the 2019 agreement with Australia over maritime boundaries //put firmly on the Timor-Leste's side of the line vast amounts of natural resources.

A large oil export sector is often considered to be a potential incentive to economic diversification and modernisation, especially when a central government plays a prominent role in economic planning and disposes of instruments in pursuance of such goals. However, rich natural resources can emerge as a curse or the paradox of plenty when countries do not travel the road of development but rather fall into corruption schemes. Timor-Leste is currently facing such a dilemma. The development plan conceived to benchmark public investment and the general allocation of resources for the period 2010-2030, was designed to bring the country to the level of medium-high development stage. However, heavy reliance on mega-projects has come under severe attack by important sectors of the political elite.²⁹

The political instability that took hold of the country after the election of President Lu Olo in 2017 (three different governments, one episode of early elections, three delayed budgets) had an impact on a key element of economic performance: public spending. There were budgetary crises in 2017 and 2018, limiting the government capacity to spend as anticipated, leading to economic recession in both years. 2019 seemed to witness a turn-

^{26.} The World Bank, Oil rents (% of GDP) - Timor-Leste.

^{27.} Petroleum Fund of Timor-Leste, *Annual report 2019* (www.mof.gov.tl/wp-content/uploads/2020/09/2019-Annual-Report-English.pdf).

^{28.} Petroleum Fund of Timor-Leste, *Quarterly report*, 2020, published on 3 February 2021, available at www.laohamutuk.org.

^{29.} These include the Oecusse hub for tourism, education and health, the southern coast project to harbour oil and gas processing plants, network of roads and airports, a new port outside Dili and many more.

ing of the page, as the government was able to pass its budget on time, and to an extent managed to recover from the negative performance of previous years. The year is supposed to have seen an economic growth in the order of 3.9%. However, the abrupt return of instability meant that the state budget for 2020 was only approved in October 2020, the country having to resort to duodecimal management of an extended 2019 budget. The overall performance of GDP is expected to have fallen by 6.8% – the largest fall since independence when most of the years, even the first ones endured under duress and without oil revenues, witnessed positive growth.³⁰ As the World bank has remarked in its report on the economic performance of 2020, «[t]he COVID-19 pandemic and renewed political instability have taken a heavy toll on the economy». Public expenditure is said to have declined by 7% in the first half of 2020. However, it would have certainly fallen by as much as 27% were it not for the extraordinary measures taken to tackle the COVID-19 pandemic, which resulted in substantial withdrawals from the Petroleum Fund. Spending on capital projects was particularly affected. Domestic revenues suffered from lower economic activity and temporary relief measures. In urban centres like Dili the repatriation of many foreigners with rather well-paid jobs often in association with international NGOs and cooperation agencies took a toll on small businesses, from taxi services to restaurants. Rising sectors of the economy such as tourism were brought to an abrupt halt. Exports fell by almost a half due to the decline in international public transportation.

The long shadow of COVID-19 was particularly hard felt on the economic front. Restrictions to normal social activity implemented as a response to the disease dramatically reduced economic activity. The absence of a regular state budget for most of the year also limited government capacity to use public spending in ways that the country requires to attain a modicum of economic performance. However, ad-hoc measures prompted by the pandemic, which were only possible by means of transferring extraordinary amounts of money from the Petroleum Fund, had the ability to mitigate the negative effects of economic crisis. Most of those ad hoc measures targeted directly vulnerable parts of the population and have mitigated the effects of public opposition to the harsh sanitary measures. For example, the government decided to supply free electrical power to 160,000 households (with a ceiling of US\$ 15 per month); increase the pay check of health, education and security sector workers; pay 60% of the salary to those who had been laid off; and offer monthly US\$ 100 to all households whose revenue was below US\$ 500 per month.

In line with the stated goal of changing economic priorities, on 10 June a commission was tasked with producing a new blueprint for develop-

^{30.} World Bank, Timor-Leste Economic Report: towards a sustainable development, October 2020.

ment. This commission was headed by Rui Pinto, a leading member of the presidential office, and included the popular Rui Maria de Araújo. On 12 August the government approved 60 recommendations issued from that commission, a mix of short-term measures destined to strengthen the response to the pandemic and medium to long term ones.

The budget for 2021 was approved on 12 December by the majority in the House, the 21 CNRT MPs deciding not to attend the vote. While a thorough reconsideration of economic and social priorities is being repeatedly announced as a justification for the realignment of partisan forces, the continuation of significant public investments along the lines defined a decade ago has been assured, such as a major improvement to Nicolau Lobato International Airport in Dili and the revamping of the old Baucau airport; the installation of a submarine optical cable between the south shore and Darwin in Australia's Northern Territory; a new passenger terminal in the port of the capital and the construction of a new commercial port in Tibar, a few miles to the west of the capital (in partnership with a large French company); or the acquisition of a new ferryboat for the service linking Oecusse to the main territory presently under construction in China. Meanwhile negotiations to finish another ferryboat in Portugal – which has already been mostly paid for – are underway.

In brief: Timor-Leste suffered a severe impact from the SARS-CoV2 virus which had negative consequences on its economic performance. The political realignments that took place during the year promise to bring a fresh look at the development model being pursued over the last decade or so. However, it is too soon to ascertain the extent to which the new approach so loudly announced will materialise in such a radical change of direction, or whether options from the past will prevail, thus delaying or avoiding deep change.

5. Reassessing international relations

The authorities of the Democratic Republic of Timor-Leste had envisaged the year 2020 full of events that would signify its improved integration in the international scene. The pandemic and the ensuing measures destined to isolate the country from the rest of the world derailed such a programme, leading to the postponement, cancellation or substantial alteration of the format under which these events could take place. Timor-Leste had been preparing to welcome Pope Francis in September. It is not known whether this visit will be rescheduled, although most in Dili expect it to take place soon after the restrictions are lifted. A major sport event – the Lusophone Games – aiming to strengthen the links to other Portuguese speaking countries, due to take place on 10-22 July, was cancelled. A critical moment was expected to be that of the high-level visit from ASEAN, a

regional cooperation organisation Timor-Leste had applied (back in 2011) to join, in order to move forward the process of full adhesion. This instead became a fact-finding mission and took place using an online, virtual platform (8-10 September).

The impact of the pandemic was felt in an unanticipated manner, as Timor-Leste was at the centre of a diplomatic struggle associated with international aide. The People's Republic of China unleashed a diplomatic offensive – dubbed the «mask diplomacy» – to mitigate its perceived responsibility in the outbreak of the viral pandemic, offering substantial aide to countries in the Asia-pacific region. Early in March, the Chinese sought permission to offer an ad hoc hospital to treat COVID-19 patients - an offer the government declined. However, in June the Minister for Foreign Affairs signed a memorandum of understanding with China in order to build «in the name of the Sino-Timorese friendship» a military hospital. Throughout the year, Chinese donors, both public and private (like Alibaba) sent medical material and equipment (including ventilators), ranking among the largest contributors to the improvement of the health facilities in Timor-Leste. Fearing that China would use its cooperation funds to enlarge its influence in the region, the USA and Australia decided to join efforts to counterbalance such an offensive. From an estimated global fund of US\$ 100 million, almost 9% was destined for Timor-Leste. Australia also offered close cooperation between its Darwin hospital and the Guido Valadares National Hospital in Dili.

The European Union was also part of the effort to counterbalance the Chinese generosity and offered US\$ 7.6 million which was inscribed in the state budget rather than being monitored separately. Health issues being so high on the agenda, Timor-Leste resorted to its long-established link with Cuba. Since 2000 the Latin American country is the privileged partner in health issues, having permitted the education of hundreds of medical doctors from Timor-Leste, and volunteering doctors to practise in Timor-Leste.

On the bilateral relations front, two other aspects deserve mention. First, Timor-Leste pursued high level negotiations with Indonesia to settle the border issue. Xanana Gusmão travelled to Jakarta on 6 February for a meeting with the Indonesian Foreign Minister. Conversations were due to continue, but Xanana resigned his position as chief negotiator of the border issue in the wake of the political changes that have been addressed above. The issue remains to be solved, in spite of declarations indicating that only minute, if recurring, details were preventing its closure.

As for Australia, with whom a border treaty had been signed in 2019, and who is Timor-Leste's largest partner for development, a troublesome issue surfaced. Australia decided to bring charges against Bernard Collaery and the so-called «Witness K» in relation to an issue pertaining to relations with Timor-Leste. Back in the early 2000s, when the two countries were negotiating what became the CMATS (Certain Maritime Arrangements in

the Timor Sea), a provisional border treaty that broke fifty/fifty the revenues of oil from a much-disputed area, and would subsequently be replaced by the 2019 treaty, Australia planted listening devices in the offices of senior personnel in the Timor-Leste team. This fact was exposed by a member of the Australian secret services team who performed the operation – «Witness K». He reported the case to a well-known lawyer, Bernard Collaery. In turn, Collaery tipped the Dili authorities, and eventually published a book with details of this sordid story.³¹ Timor-Leste brought charges against Australia in the International Court of Justice in The Hague (Netherlands). Bernard Collaery's office was eventually raided by Australian authorities and his passport confiscated so that he could not travel to the Netherlands to represent Timor-Leste in court. In 2018, Canberra decided to bring charges against Collaery and «Witness K», for a breach of the Intelligence Services Act, a move that was deeply felt in Timor-Leste, and the process was due to be heard in 2020. Xanana Gusmão offered to attend as a witness for the defence but was denied the required visa, the excuse being that «sanitary conditions» prevent the presence of foreigners in the country. Nobel prize laureate José Ramos-Horta joined the protest and asked Australia to drop the case, arguing that the country that had been subject to spying and therefore had reason to complain was Timor-Leste, not Australia. The shockwaves of Collaery's revelations have also been felt in Australia, where the old networks of solidarity have proven to be still active.

Finally, mention should be made of two events that went rather unnoticed but are nevertheless revealing of Timor-Leste's position in the world. One was the publication by OECD of an updated listing of fragile states, which for the first time excludes Timor-Leste.³² This is testimony to the perseverance of this young nation in building simultaneously a state apparatus and a democratic polity, having achieved in 2020 a remarkable new stage, now under strain only because of the political crisis.

This last episode regards the participation of Timor-Leste in the United Nations Annual General Assembly. President Lu Olo addressed that forum and reiterated Timor-Leste support for the self-determination of Western Sahara. He recalled that "this is the last year of the third international decade for the eradication of colonialism" and that "in Western Sahara, the UN Mission has been in the territory for almost three decades but we have seen no satisfactory progress". He then asked for the urgent appointment of "a special envoy of the Secretary General for Western Sahara in order to speed up the process of negotiation between the actors in conflict and find a solution that guarantees the Saharawi people the exercise of the right to self-determination, according to the United Nations Charter

^{31.} Bernard Colleary, Oil Under Troubled Water. Australia's Timor Sea intrigue, Melbourne: Melbourne University Press, 2020.

^{32.} OECD, States of Fragility 2020.

and other relevant resolutions».³³ Timor-Leste does not forget its own long and painful struggle for self-determination, according to well established principles and treaties, and keeps its attention focused on similar situations across the world. In other words, Timor-Leste has shown it adheres to solid humanitarian principles in a world where *realpolitik* still counts.

6. Conclusion

Like almost every country throughout globe, Timor-Leste was hit by the COVID-19 pandemic and took extreme measures to contain the spread of the disease. The second section of this chapter focused on the efforts of the authorities to try and stop the virus from entering the country and when it did, to guarantee that the contagion would not spread into the community. Those efforts were crowned with success if only measured by the fact that no single fatality was registered throughout 2020 and the total number of reported cases was in two digits. The underlying situation remains fragile and no guarantees exist that the virus will not spread with intensity in future

However, discussions were intense as to the best approach, and these had a significant impact on the political landscape. Three major facts have been highlighted: a significant change in the composition and political orientation of the sitting government, after a period in which it was on the brink of collapse and was almost replaced by an alternative executive; the confirmation by the Constitutional Court that the extent of presidential powers is somewhat larger than had hitherto been accepted by all stakeholders; and the eviction – for the first time since the reestablishment of independence in 2002 – of Xanana Gusmão from the *sanctum sanctorum* of the ruling elite, creating a complex problem of conflicting legitimacies.

The COVID-19 pandemic placed a heavy burden on public finances to mitigate the effects of the sanitary measures. Timor-Leste is among the region's countries which decided to invest a higher share of GDP in combating the pandemic and mitigating its social and economic effects.

International events that were supposed to take place in Timor, like the Games of the Lusophone World were postponed; others, like the working visit of ASEAN in order to move ahead with the process of Timor-Leste's integration in that network, were held with the assistance of online technology. Foreign aid addressed directly at combating the pandemic was received from competing sources such as the Peoples Republic of China the European Union, the USA, Australia and Cuba.

Timor-Leste paid much attention to a case court being pursued in Australia – the one involving Bernard Collaery and the so-called «Witness

^{33. &#}x27;Timor-Leste calls on the UN to speed-up the process of decolonization of Western Sahara', Sahara Press Service, 25 September 2020.

K» who disclosed that Australia had spied on Timor-Leste at the time of the negotiations to establish a modus vivendi in the Timor Sea, when Timor had no direct access to the oil and gas of that area. Eventually, Australia and Timor-Leste signed a new treaty (in 2019), but Timor-Leste takes extreme care not to let down those who bravely played a role in denouncing illegal activities detrimental to its interests. Also, Timor-Leste has not forgotten its own legacy of struggling for self-determination, and raised the issue of Western Sahara in the UN General Assembly.

The political changes that took place throughout the year are likely to impact political life for the foreseeable future, not least the preparation of the presidential elections (due to be held in 2022) as well as the ensuing legislative ones (not scheduled before mid-2023, but possible before that date if a new president is elected). Without confirmation at the polls, a question mark will remain as to the solidity of the rather volatile agreements that were signed and torn apart very easily in 2020.