

# EAST TIMOR: INSTABILITY AND FUTURE PROSPECTS

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## HEARING BEFORE THE SUBCOMMITTEE ON ASIA AND THE PACIFIC OF THE COMMITTEE ON INTERNATIONAL RELATIONS HOUSE OF REPRESENTATIVES ONE HUNDRED NINTH CONGRESS SECOND SESSION

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# CONTENTS

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	Page
WITNESS	
Mr. Eric John, Deputy Assistant Secretary, Bureau of East Asian and Pacific Affairs, U.S. Department of State .....	4
LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING	
The Honorable James A. Leach, a Representative in Congress from the State of Iowa, and Chairman, Subcommittee on Asia and the Pacific: Prepared statement .....	2
The Honorable Eni F.H. Faleomavaega, a Representative in Congress from American Samoa: Prepared statement .....	3
Mr. Eric John: Prepared statement .....	6



## **EAST TIMOR: INSTABILITY AND FUTURE PROSPECTS**

**WEDNESDAY, JUNE 28, 2006**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON ASIA AND THE PACIFIC,  
COMMITTEE ON INTERNATIONAL RELATIONS,  
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 1:34 p.m. in room 2172, Rayburn House Office Building, Hon. James A. Leach, (Chairman of the Subcommittee) presiding.

Mr. LEACH. The Subcommittee will come to order, and first let me announce that tomorrow at 2 o'clock we tentatively have another hearing with Assistant Secretary Hill on the subject of North Korea for those that are interested in that subject.

In any regard, the Subcommittee meets today to discuss the timely topic, "East Timor: Instability and Future Prospects." We appreciate Deputy Assistant Secretary Eric John making himself available to testify on a situation still very much in flux.

East Timor has had friends in the United States Congress for many years, preceding its emergence as a sovereign state in 2002, most notably, my home State Senator, Tom Harkin, who has for decades been Congress's most persistent advocate for the Timorese people. Thus many in Washington have watched with concern and sadness the events of recent weeks as circumstances on the ground spiraled into unexpected and violent lawlessness. We hope with the arrival of foreign peacekeepers and the resignation of Prime Minister Alkatiri the situation has turned a corner, and that the people of East Timor and their elected representatives can refocus their energies on constructing a stable and prosperous future. But with fresh violence and arson in the last 24 hours, we recognize how precarious the situation remains.

Before posing a few general questions to help frame our discussion today, I would like to note two important points.

First, we want to convey to East Timorese President Gusmao our wishes for every success in his efforts to form a government that will have enough popular support to end the political crisis, reinforce East Timor's democratic institutions, and promote the peace necessary for the economic development so desperately needed by this young nation.

Second, we want to express our thanks to those countries who have demonstrated such impressive regional leadership by responding to the East Timorese Government's request for troops to restore order. Australia, New Zealand, Malaysia and Portugal have committed their servicemen to the difficult and dangerous work of

keeping the peace and disarming street gangs. We wish them safety and success in their mission, and note with admiration the regional security cooperation embodied by their efforts.

It is my hope today that we will be able to address a number of questions that I will go into later, but at this point let me just turn to Mr. Faleomavaega.

[The prepared statement of Mr. Leach follows:]

PREPARED STATEMENT OF THE HONORABLE JAMES A. LEACH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA, AND CHAIRMAN, SUBCOMMITTEE ON ASIA AND THE PACIFIC

The Subcommittee meets today to discuss the timely topic "East Timor: Instability and Future Prospects." We appreciate Deputy Assistant Secretary Eric John making himself available to testify on a situation that is still very much in flux.

East Timor has had friends in the U.S. Congress for many years preceding its emergence as a sovereign state in 2002, most notably my home state Senator Tom Harkin who has for decades been Congress' most persistent advocate for the Timorese people. Thus, many in Washington have watched with concern and sadness the events of recent weeks, as circumstances on the ground spiraled into unexpected and violent lawlessness. We hope that, with the arrival of foreign peacekeepers and the resignation of former Prime Minister Alkatiri, the situation has turned a corner, and that the people of East Timor and their elected representatives can refocus their energies on constructing a stable and prosperous future. But with fresh violence and arson in the last 24 hours, we recognize how precarious the situation remains.

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It is my hope that today's hearing will help provide answers to the following questions:

- What are the current political, security, and humanitarian circumstances in East Timor, and the prospects for stability in the short to mid-term?
- What form is any new UN mission to East Timor likely to take, and what is the United States advocating on that subject? Recent public remarks by U.S. Ambassador to the UN, John Bolton, implied skepticism about any future UN peacekeeping role, even though the Secretary General has not yet submitted his recommendations for future UN presence, as requested by the Security Council.
- Has the United States been penny-wise but pound-foolish in its approach to East Timor during the past couple years? In other words, by pushing for a more rapid drawdown of UN presence than some experts were advising, and by proposing reduced levels of bilateral assistance even before Timor has access to the full income from its oil revenues, did we increase the possibility of the increased costs that the world is now facing as the result of the recent upheaval?
- And finally, what lessons does the recent unrest hold for future activities within East Timor by multilateral and bilateral donors, as well as by the Timorese government itself? For example, has it affected the relative priority of broad-based economic development, job creation, and professional police training?

I look forward to the testimony of the Deputy Assistant Secretary.

Mr. FALEOMAVAEGA. Let me begin by thanking you, Mr. Chairman, for holding this meeting. It is a time of great concern both for myself and also for other Members of the Subcommittee.

In August 1999, the people of East Timor voted for their independence. East Timorese people have walked steadily toward building a free and independent people since that time.

While the violence of that year was a setback, it was not a roadblock. East Timor has been an example to another illegally occupied area, West Papua, which in my hope will soon also receive its long-promised road for self-determination, and these are facts, Mr. Chairman, in terms of how that province has been treated historically both by the United Nations and also even by our own country, as well as it was done by the former President of Indonesia. Of course, I won't get into that, Mr. Chairman.

I also want to express my appreciation to the great Senator of your State, Senator Harkin, who has been a tremendous voice and advocate of the people of East Timor to be given the right of self-determination.

It was my privilege to attend the plebescite that was conducted in East Timor in 1999, who with now President of Papua, New Guinea, Mr. Michael Semari. I certainly want to commend former President Carter and the members of his staff who were all there to observe the plebescite that took place at the time.

East Timor has engaged in two internationally-monitored elections. In addition, East Timor has attempted to manage the results of its long occupation with trials of human rights violations and atrocities that were committed by the Indonesian military.

Since March of this year, however, major setbacks have occurred, accusations of supported violent militias from the member's cabinet, and have caused mass rioting and the recent resignation of the prime minister.

The question is, is East Timor on the verge of further instability? Have the Australian peacekeepers on the ground reacted and what circumstances are needed to encourage future stability of this country?

Again, I want to personally extend my welcome to Mr. John, Deputy Assistant Secretary of the State Department, and I look forward to asking him some question concerning this issue.

I want to thank you also, Mr. Chairman, if we are going to hold a hearing on North Korea tomorrow, hopefully, I sincerely hope that we will be able to accomplish that task. There are some very serious questions and very serious implications on the latest development happening out of the Korean Peninsula.

Again, Mr. Chairman, I look forward to hearing from Mr. John's testimony, and thank you.

[The prepared statement of Mr. Faleomavaega follows:]

PREPARED STATEMENT OF THE HONORABLE ENI F.H. FALEOMAVAEGA, A  
REPRESENTATIVE IN CONGRESS FROM AMERICAN SAMOA

Mr. Chairman:

Let me begin by thanking the Chairman for holding his meeting, during a time of great concern both for myself, and for the other members of the Subcommittee.

In August 1999, the people of East Timor voted for their independence. The East Timorese people have worked steadily towards building a free and independent people since that time. While the violence of that year was a setback, it was not a roadblock.

East Timor has also been an example to another illegally occupied area West Papua, which it is hoped will soon also receive its long promised vote for self determination.

East Timor has engaged in two internationally monitored elections. In addition, East Timor has attempted to manage the results of its long occupation with trials of human rights violators in Indonesia and the joint Truth Commission.

Since March of this year, however, major setbacks have ensued. Accusations of supporting violent militias from a member of his cabinet have caused mass rioting and the recent resignation of the Prime Minister.

Is East Timor on the verge of further instability? How have the Australian peacekeepers on the ground reacted? What circumstances are needed to encourage future stability?

Once again, let me welcome our witness, and await his comments this afternoon.

Mr. LEACH. Mr. Wilson.

Mr. WILSON. Thank you, Mr. Chairman, and thank you for calling this hearing, and I have the privilege of serving on the Democracy Assistance Commission led by Chairman Dave Dreier, and we have been looking forward to working with East Timor's emerging democracy, and just a real disappointment for us as we see that country having such turmoil, but I know that I am personally grateful for the nation of Australia for their coming in to help restore order.

I know democracies are difficult to put together, but I know I am very hopeful and I appreciate your service and look forward to the information you provide today, and appreciate the leadership of our Chairman to get the Committee together.

Mr. LEACH. Thank you.

Let me introduce Assistant Secretary Eric G. John. Secretary John is a career member of the Senior Foreign Service, a rank that I never attained. I was a hefty member of the Junior Foreign Service. The Secretary has served principally in Korea, but also Vietnam and Bangkok. He is a fellow Midwesterner, which we think is a high accolade, a graduate of Georgetown University as well as the National War College.

Welcome, Eric. Please proceed as you see fit. Your full statement will be placed in the record without objection, and proceed as you wish.

**STATEMENT OF MR. ERIC JOHN, DEPUTY ASSISTANT SECRETARY, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE**

Mr. JOHN. Thank you, Mr. Chairman, Members of the Subcommittee.

I am pleased to have the opportunity to speak about the situation in East Timor today. The Administration and, specifically, the East Asia Bureau at the State Department are working diligently to address the many challenges that confront East Timor today, and the goals are clear. We want to work with the international community and the United Nations to help East Timor overcome its immediate challenges, and assist the young nation in becoming a stable and prosperous democracy in Southeast Asia.

I won't go over the history. I think all of you know the history well of East Timor. It is the first nation in the 21st century, the youngest nation in the world, and it is a democracy that all of us want to see succeed.



Unfortunately, today, after years of UN assistance, we are almost back again to where we were with an Australian-led international security force on the ground in East Timor. The current instability there began with the outbreak of violence in April, which then descended into a breakdown of law and order, and a political stalemate between President Xanana Gusmao and his supporters, and Prime Minister Mari Alkatiri and his loyalists.

Earlier this year, in March, the commander of East Timor's defense force dismissed 591 striking soldiers, or about 40 percent of that entire force. These dismissed soldiers were taking part in a strike that had commenced in February based on alleged discrimination within the military ranks by soldiers from the eastern parts of the country against those from the west.

After their dismissal, many of the ex-soldiers began to demonstrate in the capital of Dili. Unfortunately, on April 28th violence broke out, and the military pursued and killed an uncertain number of ex-soldiers in the western part of the city.

I was there 3 days later and witnessed the aftermath of this destruction with burned-out homes, burned-out cars, markets that had been destroyed and abandoned. The outbreak of violence led to further societal fissures and violence between and among various factions of the police and military services.

As East Timor's National Police completely disintegrated in Dili, the city became witness to gang activities such as looting and arson attacks committed by groups of easterners and westerners against one another. However, at no time were foreigners targeted.

The situation rapidly deteriorated. President Gusmao took control of the Timorese military and police forces after consulting with the Council of State, and the Government of East Timor invited security forces from Australia, Portugal, Malaysia, and New Zealand to reestablish order in the country.

There are now approximately 2,700 foreign military and police forces in East Timor, mostly under Australian command, which have substantially restored order to the country.

The events of the past few months exacerbated tension between President Xanana Gusmao and then-Prime Minister Alkatiri. The President asked the prime minister to resign, citing the prime minister's mishandling of the security crisis as well as allegations that he had authorized the distribution of arms to militants of the ruling FRETILIN Party.

We encouraged both leaders to peacefully resolve their differences in accordance with the Timorese Constitution and the rule of law.

Several thousand anti-Alkatiri demonstrators, primarily from the western district, came to Dili and demanded that the prime minister step down. Protesters from the eastern districts are expected to also travel to Dili to express support for former Prime Minister Alkatiri and the FRETILIN Party.

Prime Minister Alkatiri initially resisted calls for his resignation, but he did submit his letter of resignation, as you know, on Monday this week. The President has accepted it, and is expected to name a transitional government within the next few days.

The United States is working with East Timor's numerous bilateral donors and friends to determine how best to assist it during

this crisis. We are consulting with them on the mandate of a successor UN mission requested by the Government of East Timor. The current mission, UNOTIL, has been temporarily extended until August 20.

We believe a UN successor mission should include a robust electoral assistance program, a strong police component, and civilian and human rights advisors. Proper police training will also be important since only a professional and impartial police force can get the support of the Timorese people.

The UN has dispatched a Needs Assessment team to East Timor, which we understand will undertake an analysis and make recommendations to Secretary-General Annan. After receiving a report from the Secretary-General, the U.S. Security Council members will determine the mandate of a proposed successor UN mission.

The United States mission in East Timor, led by Ambassador Rees, has done a superb job since the crisis began in April, and this includes both of our American as well as our East Timorese and logically engaged staff.

I would like to thank all of them and those who traveled to Dili on temporary duty for all their hard work and dedication during this crisis.

Let me conclude by thanking Congress for its generosity in the amount of United States foreign assistance it has allocated for East Timor since 1999. East Timor has been one of our largest recipients of United States aid on a per capita basis. Besides bilateral assistance, the U.S. also has contributed via its assessed share of UN missions there.

The U.S. Agency for International Development has an office in East Timor, and it is focused on three sectors: Democracy and governance, economic growth and development, and healthcare. We will need to take a fresh look at these programs in light of the weaknesses exposed by the current instability in East Timor. Besides starting up a professional police force, creative ways to accelerate employment will be necessary.

We look forward to working both with other nations of the United Nations and with Congress to help East Timor overcome the biggest challenge it has faced since its independence.

Thank you.

[The prepared statement of Mr. John follows:]

PREPARED STATEMENT OF MR. ERIC JOHN, DEPUTY ASSISTANT SECRETARY, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE

Chairman Leach, Members of the Subcommittee, I am very pleased to have this opportunity to speak to you about the current situation in East Timor. This Administration and specifically the East Asia and Pacific Affairs Bureau at the Department of State are working diligently to address the immense challenges that confront this fledgling state, the first nation of the 21st century. Our goals are clear: we want to work with the international community and the UN to help East Timor overcome its immediate challenges and assist the young nation in becoming a stable and prosperous democracy in Southeast Asia.

Before delving into the current crisis, it is useful to review the events that brought about East Timor's independence. In January 1999, then-Indonesian President Habibie announced his government's desire to hold a popular consultation or referendum in which the people of East Timor would choose between autonomy within Indonesia or independence. The referendum was held on August 30, 1999 and 78% of those eligible to vote voted for independence, with an almost universal

voter turnout. However, after the results were announced on September 4, Timorese militias organized and supported by the Indonesian military killed approximately 1300 Timorese and forcibly pushed 300,000 people into West Timor as refugees. The majority of East Timor's infrastructure, including homes, irrigation systems, water supply systems, and schools, and nearly 100% of the country's electrical grid were destroyed. This violence only ended with the intervention of Australian-led peace-keeping troops. Thus, at its birth, East Timor faced huge challenges, among them reconciling its people and rebuilding its physical infrastructure.

Fast forward to the present, and again there is an Australian-led international security force on the ground in East Timor. The current instability in East Timor began with the outbreak of violence in April, which then descended into a breakdown of law and order and a political stalemate between President Xanana Gusmao and his supporters and Prime Minister Mari Alkatiri and his loyalists. Earlier this year in March, the Commander of East Timor's Defense Force (the F-FDTL) dismissed 591 striking soldiers—or about 40% of the entire force—of the F-FDTL. These dismissed soldiers were taking part in a strike that had commenced in February, based on alleged discrimination within the military ranks by soldiers from the eastern parts of the country against those from the west. After their dismissal, many of these ex-soldiers began to demonstrate in the capital of Dili. Unfortunately, on April 28, violence broke out and the military pursued and killed an uncertain number of ex-soldiers in a western part of the city.

This outbreak of violence led to further societal fissures and violence between and among various factions of the police and military services. As East Timor's National Police completely disintegrated in Dili, the city became witness to gang activities such as looting and arson attacks committed by groups of easterners and westerners against one another. However, at no time were foreigners targeted.

The situation rapidly deteriorated, President Gusmao took control of the Timorese military and police forces after consulting with the Council of State, and the Government of East Timor invited security forces from Australia, Portugal, Malaysia, and New Zealand to reestablish order in the country. There are now approximately 2700 foreign military and police forces in East Timor, mostly under Australian command, which have substantially restored order to the country.

These events of the past few months exacerbated tensions between President Xanana Gusmao and then-Prime Minister Mari Alkatiri. The President asked the Prime Minister to resign, citing the Prime Minister's mishandling of the security crisis as well as allegations that he had authorized the distribution of arms to "militants" of the ruling FRETILIN Party. We encouraged both leaders to peacefully resolve their differences in accordance with the Timorese constitution and the rule of law. Several thousand anti-Alkatiri demonstrators, primarily from the western districts, came to Dili, and demanded that the Prime Minister step down. Protestors from the eastern districts are expected to also travel to Dili to express support for former Prime Minister Alkatiri and the FRETILIN Party. Prime Minister Alkatiri initially resisted calls for his resignation, but he submitted his letter of resignation this Monday, June 26. The President has accepted the resignation and is expected to name a transitional government within the next few days.

The U.S. is working with East Timor's numerous bilateral donors and friends to determine how best to assist it during this crisis. We are consulting with them on the mandate of a successor UN mission requested by the Government of East Timor. The current mission, UNOTIL, has been temporarily extended until August 20. We believe a UN successor mission should include a robust electoral assistance program, a strong police component, and civilian and human rights advisors. Proper police training will be important since only a professional and impartial police force can get the support of the Timorese people. The UN has dispatched a Needs Assessment team to East Timor, which we understand will undertake an analysis and make recommendations to Secretary General Kofi Annan. After receiving a report from the Secretary General, UN Secretary Council members will determine the mandate of a proposed successor-UN mission.

The U.S. Mission in East Timor led by Ambassador Rees has done a superb job since the crisis began in April. I would like to thank them and those who traveled to Dili on temporary duty for all their hard work and dedication.

Let me conclude by thanking Congress for its generosity in the amount of U.S. foreign assistance it has allocated for East Timor since 1999. East Timor has been one of our largest recipients of U.S. aid on a per capita basis. (Besides bilateral assistance, the U.S. has contributed almost \$500 million via its assessed share of UN missions there.) The U.S. Agency for International Development has an office in East Timor and has focused on three sectors: democracy and governance, economic growth and development, and health care. We will need to take a fresh look at these programs in light of the weaknesses exposed by the current instability in East

Timor. Besides standing up a professional police force, creative ways to accelerate employment will be necessary. We look forward to working both with other nations at the UN and with Congress to help East Timor overcome the biggest challenge since its independence.

Mr. LEACH. I appreciate your statement and I want to just focus on one aspect. You seem to be representing the State Department as being extremely positive about a new UN mission. There have been hints at the UN that our Ambassador, Mr. Bolton, has expressed skepticism about a new UN mission, so I take it from your testimony that the United States is going to be very supportive of a renewed UN mission, and that we will be working with the Secretary-General in this regard. Is that correct?

Mr. JOHN. Yes, we are working very closely with the core group members, which are Brazil, Australia, Malaysia, New Zealand, U.K., and Portugal, working on the details of what type of mission that we would want, and we are also working closely with the UN Security Council.

So I think all of these members see a need for United Nations' work there, and we are going to help shape that.

Mr. LEACH. Let me just say, personally, that seems very reasonable, and I don't know a country in the world that has more interest about a smaller group of people than East Timor, and there is a lot of support for anything that can be done to stabilize this country.

There is a sense that the U.S. at the UN has been indicating a desire for a more rapid drawdown of UN forces in the past few years in some other countries. I don't know if that is exactly the case or not. I haven't done any assessment or reassessment of this circumstance.

Mr. JOHN. Well, I think the core group and the UNSCs were going through the last few years looking at the situation in East Timor. The assessment at each of the stages was that the drawdown of the UN program in East Timor was appropriate and commensurate with the analysis at the time of how the East Timorese were stepping up the role to fill those vacuums.

It is obvious in hindsight right now that that drawdown was inappropriate; that the East Timorese weren't ready to take care of their own security forces. So I think the best face that could be put on this is that it is obvious that this needs to be looked at as a lesson learned, and how we move forward with UN in the future needs to build on these terrible lessons that we have learned in the last few months.

Mr. LEACH. Well, I think that is a very thoughtful perspective.

One final question. As we look at U.S. role and bilateral assistance, there is also the role of the multilateral institutions, the World Bank, IMF, et cetera. Does your department within the Department work with IMF and World Bank on East Timor-type issues?

Mr. JOHN. We do. To be honest, I haven't been looking at that at the moment. The main needs, if I could—you know, what we are looking at right now, we need to get a good grip on the security situation as events overnight showed, and that is going to take at least a number of months. We also have to get a grip on the election process, which is the East Timorese are looking at next spring,

but that could be moved up. That is really a decision to be made, and then we also need to look at getting the East Timorese security forces up to snuff, get them up to what we need.

The World Bank/IMF programs, I think, would need to—yes, we would like to work with them and help build East Timor. If you look at one of the roots of the problems, I think, it is that you have 70 percent underemployment or unemployment in East Timor, and that is just not a recipe to move forward as a nation. We need to find a way to get those people better jobs or jobs.

Mr. LEACH. Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman.

Secretary John, it is my understanding that East Timor was a Portuguese colony some 300 years before it was controlled by the Indonesian military. My reason for asking the question is the people speak Portuguese, right?

Mr. JOHN. The people primarily speak either Tetum or Indonesian. Portuguese is a smaller percentage. The leadership speak Portuguese, but in fact one of the roots of the division is that a lot of the East Timorese don't speak the official language of the country, which is Portuguese.

Mr. FALEOMAVAEGA. Am I also to understand that most of the people there are also Catholics? They are Christians. They are not Muslims.

Mr. JOHN. Yes.

Mr. FALEOMAVAEGA. And I am curious. Alkatiri is not East Timorese, am I correct? Is he a Muslim?

Mr. JOHN. Well, you mean ethnically East Timorese? He is a Muslim, and yes, he is not ethnically—

Mr. FALEOMAVAEGA. What percentage of the population is Muslim?

Mr. JOHN. I would have to get back to you. I think it is less than—it is under 10 percent; maybe under 5 percent.

Mr. FALEOMAVAEGA. Could that have some bearing or influence at least from Indonesia? They came in and lived in East Timor some period of time? I mean, I am just trying to raise the issue here. Were there those problems here between those who are Muslims and those who are Christians, Catholics?

Mr. JOHN. The religion, as far as I know, is not playing much of a role in the current crisis. I think where Prime Minister Alkatiri comes into the rift is that he lived in Mozambique for much of his adult career and trained in Mozambique, and so in part it is a—the overseas' leadership of East Timor that was outside of the country for much of the past recent history, and then came back.

There is a rift between what some would view as a imported leadership versus those who remained in East Timor throughout the crisis. So I think it is more of a rift like that rather than religious rift.

Mr. FALEOMAVAEGA. I just want to understand this a little better. I assume that he was elected from one of the districts to be a member of the Parliament?

Mr. JOHN. Yes.

Mr. FALEOMAVAEGA. And then as the process, his party took the majority or coalition, and that is how he ended up becoming prime minister?

Mr. JOHN. The FRETILIN Party basically is the Parliament. It is one party dominates, so there is no coalition.

Mr. FALEOMAVAEGA. What exactly were the reasons for his dismissal of the 600 workers?

Mr. JOHN. I would have to refer back to my notes here. It was the—the 600, the 591 military that he dismissed, the 591 were alleging that there was discrimination against them because they were easterners, I believe, and—well, there were westerners and they were being—their career opportunities were being hindered by those easterners who controlled the military.

Mr. FALEOMAVAEGA. What seems to be the division between the easterners and the westerners?

Mr. JOHN. I think the role that they took in the fight for independence; that the westerners, because of their proximity to the border with Indonesia, were viewed by easterners as less, I think, committed to the struggle for independence.

Mr. FALEOMAVAEGA. And there is still a lot of resentment within the country about what happened before the independence. One of the things that I understand, there was a review of the results of the recent trials of those military Indonesia officers that were tried, and they got away with almost nothing in the criminal courts that were taken. You know, the atrocities that were committed against the East Timorese during the plebescite period and even afterwards, and could this be also one of the reasons why there is this resentment between the West Timorese and the East Timorese?

Is there a sense that the West Timorese are more associated with Indonesia than those from the eastern region of the country?

Mr. JOHN. Yes. Yes, I believe there is that. Yes, the Indonesian role in 1999, in committing atrocities there, there is some component that still echoes today, and I think that is yet another reason that we need to push so hard for accountability for Indonesia's role in those atrocities in 1999.

Mr. FALEOMAVAEGA. When East Timor requested assistance from these countries, shouldn't the process have initiated, or should have started from the United Nations rather than Australia unilaterally sending troops there because of the request of President Gusmao?

Mr. JOHN. I think we are fortunate that Australia was able to send troops in so quickly; that if we had waited for a UN request for troops to go in, we wouldn't have been able to get them in so quickly. We are still working—you know, we are still working within the UN system. The East Timorese Government, both the prime minister and the President, were comfortable with having international peacekeepers.

Mr. FALEOMAVAEGA. Well, it seems to be the criticism of our foreign policy toward the Pacific region that Australia is the deputy sheriff, and we just let Australia do its thing without real consultations, and I would think that the United Nations should be initially involved rather than Australia doing what they did.

Mr. JOHN. Well, we had between 500 and 600 Malaysians come in at the same time. They are, let us say, more than 20 percent of the international peacekeeping force that we have there. New Zealanders came in at the same time, and the Portuguese sent several hundred soon after that. So there was—you know, I think the

core group of the United Nations was de facto acting in concert. There is great consultation among the core group members.

Although Australia took a very valuable leadership role, I would hate to describe them as kind of a co-sheriff of the region. I think it was something that was really a consensus among those Asian nations coming to help, as well as Portugal.

Mr. FALCOMAVAEGA. I am sure that all these countries had real serious economic interests in East Timor for reasons why it prompted them to do what they did. But I want your response. Is our policy in the Pacific region that Australia is more or less our leader as a deputy sheriff in the region? Before we do anything, we have to ask Australia for their input?

Mr. JOHN. No more than we would ask any other ally in the East Asia and Pacific region, or any other country where we were going to help. I don't think that is a correct characterization of the Australian role.

Mr. FALCOMAVAEGA. Well, that seems to be the perception a lot of the island country leaders have of the region. Australia is known as the "Big Boy" in the area, and we have to listen to whatever Australia suggests or does before we do anything. But I just want to pass that on to you.

Thank you, Mr. Chairman.

Mr. LEACH. Mr. Wilson.

Mr. WILSON. Thank you, Mr. Chairman, and as I indicated, I am on the Democracy Assistance Commission, and I detect that you feel like democracy still can proceed?

Mr. JOHN. I think the large bulk of East Timorese are very committed to democracy, and that is the one thing that, you know, as I talked with Ambassador Rees about the breadth of East Timor and East Timorese commitment to democracy, it is broad and it is deep. So I think over the long run the seeds are there for a very vibrant democracy.

Mr. WILSON. And even with a government that seems to be one party?

Mr. JOHN. Yes, I think it can develop. I mean, obviously you don't want something that is going to be a one-party democracy ad infinitum.

Mr. WILSON. Right.

Mr. JOHN. But I think the desire is there to develop a vibrant democracy.

Mr. WILSON. And another part of nation building would be the security forces. Are the security forces being developed?

Mr. JOHN. Well, they had been developed, and clearly not well enough. One problem with the police force, for example, is that—you know, when I was there in early May I was talking with some of our United States police trainers who are out working, and we had, you know, I think more than a dozen nations who had been in training police forces in Timor, and there were all sorts of modalities that they were using. Each nation brings its own policing techniques to it.

Well, you really need one nation in the lead, I think, on training police, maybe two, and adhering to one coherent model, and I think something like that would really help East Timor for the long run.

The other question they are going to have to look at is, do you really need a military as well as a police force for a nation that small that does not face an external threat? That is something for the East Timorese to decide.

Mr. WILSON. And with the development of the government, the development of security forces, the other leg would be the development of a civil society by way of the economy. What is the status on the development of—say the infrastructure of the country and the economy?

Mr. JOHN. Well, the one big thing they have going for them on the development of the economy is oil, and there is a lot of offshore oil, and they have a petroleum fund with \$350–400 million in it right now.

They have worked to set up the structure of that fund so that they hopefully can escape the curse that a lot of other oil-rich countries have had where you have a lot of money but not a lot of jobs, and there are checks and balances to help with the distribution of those funds for infrastructure improvement. So at least there is a source to go after infrastructure to help create jobs.

But aside from oil you have got a sort of boutique coffee-growing arrangement. Again not a high employment sector. They do need to develop a structure for growing jobs in the country.

Mr. WILSON. And have they adopted laws for a free market economy? What is the status on that?

Mr. JOHN. Well, this is where my information is sketchy. It is a relatively free market economy. We can get more information on that for you though.

Mr. WILSON. And have they encouraged foreign direct investment in the country?

Mr. JOHN. Yes, they do, and for example, the coffee arrangement is free trade coffee that they sell to Starbucks in the U.S., so they do welcome American companies. They do welcome foreign investors, you know, coming in to develop jobs. It is just a huge challenge for them with the education problems they face, the health problems, the infrastructure. There is a lot to develop.

Mr. WILSON. I recently visited the former Portuguese colony of Cape Verde, and I was startled to see the potential of that country, but a significant relationship maintained with Portugal. Is there any tie of significant nature back to Portugal?

Mr. JOHN. There is a strong tie between East Timor and Portugal. I think Portugal, you know, based on its pastoral in East Timor does want to see East Timor succeed as a nation. The official language, as I noted, of East Timor is Portuguese, the only place in the neighborhood where that is true, and there are a lot of nations that do want to see East Timor succeed, and fortunately their democracy is they want to see East Timor succeed.

Mr. WILSON. Well, thank you very much for your efforts. Thank you, Mr. Chairman.

Mr. LEACH. Let me just say, based on prior comments, that perspective, which is often difficult to apply to circumstances, we have had my good friend Mr. Faleomavaega mention the word “sheriff” and “deputy sheriff,” and sometimes the word “policeman” has been used for the United States about policemen for the world.



All I can say is that whatever terms are used, I think the United States ought to be very clearly appreciative of Australian efforts. They are very impressive and they have been very quick and very stabilizing in a surprisingly unstable situation.

I am really impressed with the number of people that have fled Dili; 150,000 is about 15 percent of the population—

Mr. JOHN. Yes.

Mr. LEACH [continuing]. Of the whole country, and that implies internal divisions that are truly stark, and the whole assumption behind the creation of East Timor and the international support for it was that this was a cohesive group of people in contrast with other settings in the immediate area that were of a little different nature, and so the lack of cohesion is rather startling.

Then when we come to understand a political party that is overwhelmingly in the majority status, but the prime minister from that party appears to have put forth a position that is highly contentious and possibly of an anarchist nature, that seems odd as well.

Do you see this internal cohesion breaking down even further or do you think there is a good prospect that the country can come back in a way that doesn't result in some sort of civil strife?

Mr. JOHN. I think it is going to be a very rocky road ahead over the coming months. Those riffs are not going to be patched very easily, but I mean, I would kind of like to stand back and put a little bit of perspective on it, and as a nation it is only 3 years old, and I think for everybody to just look at what has happened in the last 2 or 3 months, and throw up their hands and think that there has been a massive failure here and it is not going to go anywhere is the wrong view.

I think what we do need to look at are the strengths that East Timor has, and I think that if you look at the history of East Timor and how the East Timorese have pulled their nation from a colony through the period under Indonesia to now, you know, they are incredibly strong people that have gotten their independence. That bodes very well.

The underlying economic factor of oil bodes very well for them. The strong deep-rooted believe they have in self-governance and democracy, I think, bodes very well.

I think that we are going to need sort of the training wheels in the bike though a little bit longer than we had thought. There is going to need to be continued—the UN needs to be there with them side by side for a longer period than we thought, and these riffs might be there for decades, but they can become healthy riffs. I mean, I don't think that a society that has a completely monocular view of the world is necessarily healthy; that perhaps the East Timorese can take these different experiences they bring to the table and turn it into a healthy dinavism. I would rather take the optimistic view where East Timor can go with this rich variety they have rather than the impossibility they have to mend these riffs.

Mr. LEACH. Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman.

I noted with interest that—I think it was just this past Sunday, has the Foreign Minister, Mr. Horter, the Nobel Peace Prize recipient, has he actually submitted his resignation as Foreign Minister?

Mr. JOHN. Yes, but he has offered his services and indicated his willingness to stay on in an interim government and beyond if he is asked to do so, so he has remained in the job and has been asked to do so. He is still functioning as the foreign and defense minister.

Mr. FALEOMAVAEGA. One of the ironies of a democracy is the fact that here we have the FRETILIN, the ruling party, and I assume that as members of the ruling party it was the will of the people that brought them there in the first place, including Mr. Alkatiri. I mean, this is what democracy is all about.

Of course, he made a decision that may run contrary to whatever it was that the privileges of these 600 employees which really precipitated the whole problem here, but what do we do because here now even President Gusmao is threatening to resign if Alkatiri continues to remain as prime minister?

Of course, now Alkatiri intends to resign or has he already submitted his resignation?

Mr. JOHN. He did submit his resignation and it was accepted by the President, so he is currently the ex-prime minister of East Timor.

Yes, there are a lot of vexing problems, I think, with East Timor. One is, how do you get the electoral system right and how do the East Timorese fix it so that it is a more open and transparent democracy?

I think one criticism over the past months, and it was exhibited in May during the FRETILIN Congress, is that when they were choosing their leader who would take them through the next election is that the system was too opaque and too stacked in favor of Prime Minister Alkatiri. That is something that I think the country is going to be looking at very closely, and how they adjust their system to make it more open.

Mr. FALEOMAVAEGA. Is there any indication that President Gusmao plans on calling reelections? I suppose that would be the next clearer option that is available? They will just have to call reelections for a new Parliament?

Mr. JOHN. Well, yes, he would be forming an interim government in the next few days, and then that interim government would take up that question, but when they would call those remains open, and I think they would look to the United Nations, perhaps, for assistance in moving that forward.

Mr. FALEOMAVAEGA. The Chairman had given an indication earlier about our Ambassador to the United Nations, Ambassador Bolton's strong views of the United Nations and having peacekeeping forces or whatever involvement the United Nations plans on doing with this. I guess it does come before the Security Council before there is a vote by the General Assembly, the process at least.

Mr. JOHN. Yes.

Mr. FALEOMAVAEGA. So you anticipate that we will be sending UN peacekeeping forces or team members that will be advising the national leaders of East Timor to do things peacefully rather than having the presence of military like we currently have?

Mr. JOHN. Of course, I don't want to prejudge the assessment team's conclusions, and the UN assessment team that is out there right now, but my guess is that the United Nations and the core

group, which we are a member, are going to be looking very seriously at helping East Timorese with security, at least a policing mission in East Timor. We are going to be looking at training the police in the longer run, and doing the policing in the shorter run, and also helping them with the electoral process.

Mr. FALEOMAVAEGA. I note with interest that East Timor is the poorest of all the Asian countries. Has there been any settlement of the oil fields between Australia and East Timor? I suspect that that is going to be one of the primary sources of revenue for the national government needs.

Mr. JOHN. Yes, they have settled the division of offshore oil, and you know, where the money goes, and that is how the East Timorese got that initial tranche of \$350–400 million, and of course there will be more on tap later.

Mr. FALEOMAVAEGA. Being the poorest country in Asia, what is the per capita income of the workers or the people there in East Timor?

Mr. JOHN. I don't know. Let me see if—\$400—

Mr. FALEOMAVAEGA. \$400 per annum?

Mr. JOHN. Yes. So you can see where the \$400 million oil fund for a population of 100,000 translates into a significant, hopefully, an economic infrastructure for the country if used properly.

Mr. FALEOMAVAEGA. This gentleman, Labato, that was arrested, supposedly he had gotten some hit squads going after those who oppose Alkatiri's policies? Any truth in that, that there was any conspiracy between him and Prime Minister Alkatiri?

Mr. JOHN. Well, those are the accusations. I think that he had—I believe the accusations in the media are at least that he had distributed weapons, but that question I would really leave up to the justice system, either East Timorese or if it is referred to an international justice system.

Mr. FALEOMAVAEGA. Please convey my personal regards to Ambassador Rees, or is he coming to Washington?

Mr. JOHN. We are in touch daily, and I will.

Mr. FALEOMAVAEGA. Thank you. Thank you, Mr. Chairman.

Mr. LEACH. Mr. Wilson.

Mr. WILSON. One final bit, and I appreciate your comment that the oil reserves could be a curse, because it never ceases to amaze me that what I wish for my State, that we had oil—it certainly would increase the per capita income—but it seems like with other countries, it just leads to instability and to insurrection to any number of levels of corruption.

What have they organized to provide for the development of that industry, and to provide for the benefits to the maximum number of people who live in the country?

Mr. JOHN. Well, the good part about that they have organized is it is almost sort of a lockbox type of fund, where the money goes into the fund and cannot be unilaterally distributed by any part of the government. So if the Administration, for example, were to want to allocate \$30 million for a road infrastructure project in East Timor, that has to be approved by the other branches of the government, so you have a checks and balances system. And similarly, that you would assume that it is that much more difficult for the money to disappear with corruption.

East Timor has seen the countless examples that other nations have gone through with the oil just not translating into jobs or infrastructure. But I think because of the difficulties of that lockbox and the steps that you have to go through to distribute the money, they haven't distributed the money yet, so I can't speak to the specific projects that they are going to do because they haven't arrived at those yet.

Mr. WILSON. And is the industry state-owned? Is it by royalty run by private companies—

Mr. JOHN. I believe it is state-owned.

Mr. WILSON. State-owned.

Thank you very much.

Mr. LEACH. Thank you. This has been a short hearing but I think a very helpful one, and just as Mr. Faleomavaega wants to extend his appreciation to our American Ambassador, I think all of us would like it very clear that in Washington we have a great deal of concern for the East Timorese people, and that is the reason for this hearing, and we have a great deal of hope for a very unifying few years in which the country can come together, and we look for an activist role of the United States and the international organizations.

Thank you, Mr. Secretary.

Mr. JOHN. Thank you very much.

Mr. LEACH. Thank you.

[Whereupon, at 2:19 p.m., the Subcommittee was adjourned.]

