



**S. RAJARATNAM SCHOOL
OF INTERNATIONAL STUDIES**
A Graduate School of Nanyang Technological University

RSIS COMMENTARIES

RSIS Commentaries are intended to provide timely and, where appropriate, policy relevant background and analysis of contemporary developments. The views of the authors are their own and do not represent the official position of the S.Rajaratnam School of International Studies, NTU. These commentaries may be reproduced electronically or in print with prior permission from RSIS. Due recognition must be given to the author or authors and RSIS. Please email: RSISPublication@ntu.edu.sg or call 6790 6982 to speak to the Editor RSIS Commentaries, Yang Razali Kassim.

Love-Hate Relationship: Australia, Timor and a Rising China

Loro Horta

17 June 2009

Major media such as the New York Times, International Herald Tribune, The Boston Globe, Aljazeera and ABC Australia have given significant coverage to the growing Chinese presence in Timor-Leste. Most have been alarmist and simplistic.

A MAJOR international television station reported in October 2008 that China was building a US\$5 million luxury house for the president of Timor Leste (formerly East Timor) as well as a new defence ministry headquarters. It was further mentioned that China had just completed the new foreign ministry building, sold two warships and was eager to exploit Timor's sea resources. Similar reports were also carried in other foreign media. The tone of the reporting conveyed the impression that China was on the verge of taking over the newly-independent Southeast Asian country. There were also allegations of exploitation by the Chinese and a growing anti-Chinese sentiment in the territory.

The Big Picture

Such a rendering of China's growing presence in Timor is simplistic and betrays a certain bias against China. While the Chinese presence has increased substantially in the past three years, it remains significantly smaller when compared to other countries. China is not even among Timor's top five aid donors; its trade with Timor amounted to a mere \$10 million in 2007. Australia, Portugal, Indonesia, Japan and ASEAN remain the country's main economic and political partners.

The fact that China has built prominent government buildings in the capital has given it a disproportionate visibility. While impressive, all these buildings cost less than \$20 million while countries like Australia, Portugal and Japan have contributed far greater amounts of assistance. For instance, since Timor's independence in 2002 Australia's assistance to the territory was 18 times greater than that of China while aid from Portugal and Japan was 17 and 15 times greater respectively.

Why is it wrong for China to build government buildings in Timor but it is not for Australia to build the country's parliament, or for Portugal to build the president's official residence? The same television station wrongly claimed that China was building a luxurious new house for the Timorese

president. In fact, what China has just completed was the office of the president, with the Portuguese building the official presidential residence in Lahane.

Since 2003 current President Ramos Horta has lived in his private house and announced his unwillingness to move to the official residence being built by the Portuguese. This was despite appeals from his security personnel who argue that it is easier to defend the new house.

Other exaggerated claims include a report in early 2008 in a major American financial magazine that China and East Timor had signed a \$1.38 billion aid agreement. To this day the Timor government has not borrowed money from any country, including China. It is instead using its growing gas and oil revenues to fund its programmes -- this despite urgings from the World Bank to resort to its loans.

Certain media outlets also reported the alleged exploitation of Timorese workers by Chinese companies. It was claimed that Timorese workers are paid \$3 a day while their Chinese counterparts are paid \$36. Chinese companies are allegedly paying the minimum stipulated by the law and its rates are not much different from other companies who had on occasions simply not paid their workers for months. The claim that Chinese construction workers are paid \$36 a day is highly unlikely considering the low salaries prevalent in China.

Real issues

However, China's growing influence in Timor-Leste is not free of controversial issues such as the dubious sale of two warships worth \$30 million by the Chinese to the Timorese defence force (FDTL). Another controversial issue is the construction of two heavy oil power plants worth \$372 million by a Chinese company. The power plant project has caused outrage among local and international environmental NGOs. Even President Ramos Horta has expressed some concern over the environmental impact of the project.

Chinese influence in Timor-Leste is rather minimal compared to other players. In fact it is insignificant when compared with Beijing's presence in other Southeast Asian countries such as Cambodia, Thailand, Laos or the Philippines. Indeed, if one measures in terms of trade and aid, it is in Timor-Leste that Chinese presence is the weakest in all of Southeast Asia.

However, Chinese diplomats have shown to be quite efficient at maximising the limited resources at their disposal, investing in very symbolic projects and other visible initiatives. Most Chinese diplomats serving in Dili have previously served in other Portuguese-speaking countries and are fairly familiar with the local customs and the country's main personalities. In contrast Australian officials and some diplomats were until recently characterised by arrogance and sometimes outright racism. As noted by an American army officer based in Dili: "Some of the racist comments I hear from my Australian colleagues about the Timorese you wouldn't even hear it in the States in the 1960s."

Australian Influence

Australian influence in Timor is far greater than that of China and will remain so for the foreseeable future. Despite some irritants, partially resulting from the poor quality of Australian diplomats and other officials, most Timorese support the presence of Australian troops in the country and look to Australia as a source of educational, political and economic inspiration. The Timorese leadership sees in Australia a reliable friend, albeit sometimes an arrogant one, and knows quite well that Australian public opinion has traditionally been very supportive of Timor, despite the behaviour of some Australian officials. It is a classic love-hate relationship.

Whether China's soft power in Timor-Leste will continue to grow depends as much on Australian humility and sensitivity as it does on Beijing's strategy. Chinese presence in Timor is likely to grow

in the same way that its presence is growing throughout the world.

Australia should get used to it in the same way it is getting used to the fact that China is now its biggest trading partner. Exaggerations and inventions can only complicate matters and lead to wrong policy choices.

Loro Horta is a Timorese graduate of the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University. He was also educated at Sydney University and the People's Liberation Army National Defence University in Beijing. The views expressed here are strictly his own.