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## **Timor-Leste's 2018 Elections: Turning A New Page?**

*By Viji Menon*

### **Synopsis**

*Now that a new majority government has been sworn in following the recent elections, the country's political gridlock is likely to come to an end. Whether the new coalition government can address the country's challenges will depend on the willingness of all parties to work together.*

### **Commentary**

TIMOR-LESTE'S SECOND parliamentary elections in a space of 10 months have raised the prospect for a resolution to the young country's political gridlock; but challenges remain which call for exceptional leadership from all parties.

The parliamentary elections on 12 May 2018 were called because the one in July 2017 produced no clear winner. The Fretilin party of Mari Alkatiri held only one more seat than the National Congress for Timorese Reconstruction (CNRT) led by Xanana Gusmao, a former president and prime minister. Alkatiri was appointed prime minister and formed a minority government.

### **Election Results: End of Gridlock?**

Gusmao's CNRT joined two other opposition parties after the elections, the Popular Liberation Party (PLP), led by former President Taur Matan Ruak, and the youth-based party, Khunto, to form the Alliance for Change for Progress (AMP). The AMP blocked the Alkatiri-led government's attempts to pass a budget and amidst political deadlock, President Francisco Guterres dissolved Parliament in January and called for fresh elections.

The election campaign was generally free of violence although there were reports of

some minor incidents. Amid some heated rhetoric by politicians, including personal insults and mudslinging, the AMP criticised the Fretilin government for not addressing the challenges facing the country and for being corrupt. While the elections were a positive step for Timor-Leste's democracy, they tend to be personality-based, where the individuals running for office count for more than policy differences, with no mention of any foreign policy issues.

On 28 May, the Court of Appeals (Supreme Court) ratified the final result of the second election of January 2018, declaring the AMP as the outright winner with 49.6 % of the votes (34 seats out of 65) followed by Fretilin with 34.2% (23 seats), Democratic Party (PD) with 8% (5 seats), and another smaller party, the FDD with 5.5% (3 seats). Of the 34 seats won by the AMP, the CNRT had 21, PLP 8, and Khunto,5.

Fretilin declared that it would accept the people's choice. Alkatiri told the media that Fretilin was ready to be a strong opposition to monitor the government's programme implementation and expenses. He added that Fretilin "would not do any action to topple the new government. I guarantee it". The PD and the FDD have said they will join Fretilin in the opposition, thus giving the latter a total of 31 seats.

The new government led by the AMP, was inaugurated on 22 June, with Taur Matan Ruak, 61, leader of the PLP (a member of the AMP coalition), sworn in as the new prime minister. This is the first time since independence that the leader of another party other than the CNRT or Fretilin has been sworn in as premier.

As the AMP has a majority in parliament, this could mark the end of ten months of political gridlock. Although Gusmão was widely expected to be named prime minister, he was, in a surprise move, named instead as Minister-Counsellor to the prime minister. It is unclear what Gusmao's role will be, but most observers believe he will retain significant influence over policy.

### **Tensions Over Budget?**

One of the first key tasks of the new government will be to present a budget and have it approved. The failure to pass the 2018 budget in the last parliament had effectively stymied implementation of all government programmes. Nearly all the political parties during the campaign were concerned with Timor-Leste's current development challenges and future development.

These challenges are related to limited employment opportunities for the youth, low agricultural productivity leading to import dependency, allegations of corruption and mismanagement of public resources, and more importantly, the state's dependence on the Petroleum Fund account to finance the budget.

Ruak's party, the PLP, is a grassroots development movement that campaigned on the values of governmental transparency. Both the PLP and Khunto, the youth party, have argued that more money should be spent on education, health care and infrastructure projects that develop the economy and provide employment, especially for the youth. During his swearing-in, Ruak said that his government would improve equality and develop the economy so it does not "just rely on interest from the petroleum fund".

The new alliance between Gusmão and Ruak has been seen as recognition of reconciliation between the two men. The once strong comrades in Timor-Leste's independence struggle have supported each other in the past but their relations had been strained during Gusmão's premiership while Ruak was president. Ruak was often critical of the Gusmao-led government's spending, especially the excessive dependence on the Petroleum Fund to finance the budget and advocated more active policies to diversify the economy.

### **Challenges for Ruak-led Government**

Some observers have argued that cutting public spending should be one of the most important objectives of the new government led by Ruak. Each year since 2008, the government has been taking more than the sustainable amount from the Petroleum Fund to finance the budget.

The savings in the Petroleum Fund are expected to run out in another 10 or 15 years, or earlier, depending on how much the government withdraws from the Fund. In the last decade, the government had focused its attention on physical infrastructure, primarily electricity and roads.

This was all necessary spending in order to improve public service delivery. However, there may be a need to revisit some other investment projects, particularly big projects that do not have clear investment returns. Above all, diversifying the economy so that it can employ a significant number of the young population would be critical for Timor-Leste's long-term peace and stability.

As the AMP has a majority in parliament and Ruak is popular, it could get things done and pass the budget. However, its success will depend on a number of factors. First, the internal dynamics within the coalition: Ruak has advocated more prudent spending, but his party has only 8 seats out of the 34 that the AMP has in parliament, while Gusmao's CNRT has 21 seats.

This coalition had worked together well as the opposition in the last parliament but has not had experience in running the government.

Second, the two leaders' differing views on spending priorities could result in further delays in implementing policies that can effectively address Timor-Leste's challenges. Third, the role of the opposition Fretilin party: A constructive opposition would provide a necessary check on the government, but a confrontational stance could result in government paralysis and further instability.

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*Viji Menon is a Visiting Senior Fellow at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University, Singapore. A former Singapore Foreign Service Officer, she has worked with the United Nations in Timor-Leste for several years.*

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