

LOWY INSTITUTE
FOR INTERNATIONAL POLICY

Address by the

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I am most grateful to you, Mr. Frank Lowy, for your kind invitation to me to address your prestigious Institute. When Alan Dupont and I talked in mid August or so, we both and many other people were hopeful that as I address this body a few weeks after the Australian Federal elections, I would be able to share with you some good news about the on-going negotiations between our two countries in regard to the riches of the Timor Sea. My friend the Hon. Alexander Downer said after our meeting on 11th August in Canberra that he wanted to deliver to the people of Timor-Leste a major Christmas present. These were Alexander's words, not mine. But I shared his optimism then.

Today I am thoroughly disillusioned and do not believe that the two sides, on our own, will be able to show wisdom, statesmanship and leadership, to reach a just and fair resolution of this seemingly intractable dispute over interpretation of international law and practice in regard to our respective maritime boundary claims. But, ladies and gentlemen, I beg you to be patient. I will turn to this issue later in my comments. Allow me first to share with you some information on the situation in my nascent nation and some reflections on the state of the world.

Today we are free and sovereign, slowly building the institutions of the state that we believe best serve our people. It was less than three years ago that the UN Secretary-General Kofi Annan handed over power to our elected President. Let me start by saying that overall, the situation in Timor-Leste is peaceful, politically dynamic and stable.

We have made real progress in some sectors like public administration, education and health, but we are failing in others. The most fragile sector of the administration in Timor-Leste is the judiciary. We have very few trained judges, prosecutors, lawyers. Most foreign business would not trust our judiciary. Small time offenders languish in jail without trial. And there are no short term solutions. We are committed to create a strong and independent judiciary but this is many years off.

We are grateful to Australia, the UK and Malaysia for their generous support in enhancing the operational competence of our security forces. Australia and UK are jointly supporting the training of our police force while Malaysia is providing training and logistic support to our Rapid Reaction Unit. We are sensitive to, and welcome, the constructive criticisms of our police force. Working with our partners and friends we are confident that in the end we will have a capable police force that has the trust of our people.

Our economy is limping along, doing much better than anticipated when the UN began in 2002 to drastically down-size its presence. We are confident that in two to three years we will experience a strong economic growth as a result of revenues from oil and gas, capital investment in public infrastructure such as roads, bridges, ports and airports, telecommunications, public housing, health, agriculture, fisheries and tourism. We should be able then to begin to drastically reduce the current unemployment and poverty rates.

The UN and its constituting members have been very generous and remain committed to complete the job of nation-building we started together in 2000. The current UN Mission of Support for East Timor (UNMISSET) ends in May 2005. By then the UN will have completed five years of an active and successful engagement in Timor-Leste. However, much remains to be done and we believe that the international community should continue to consider providing the government of Timor-Leste assistance with the following:

- International advisers to assist the government in key areas, namely, justice, finance, etc. The needs are being identified through consultations between my government and the United Nations;
- Police advisers whose role remain necessary to ensure that our various police forces attain a high degree of operational preparedness and imbued with human rights values. It is not enough that the law and order agencies are operationally effective; their behaviour must be beyond reproach. Our people expect no less from us.
- UN military liaison must continue to be deployed (maybe 30 or so should be enough) as long as Timor-Leste and Indonesia do not finalise and sign a formal agreement on our common land border. While the border are has seen real stability in the last two years, our failure to resolve the remaining segments of our border compels us to request that the UN maintains a military liaison group in the country; the UN unarmed observers have proven to be very effective in liaising between our own security forces and Indonesian military. There has been a healthy relationship between them.
- A strong UN Human Rights Unit must continue to be part of the future UN Mission in Timor-Leste after May 2005 in order to monitor the situation on the ground, provide the government agencies and in particularly our law enforcement agencies with much needed guidance and training with a view towards consolidating and entrenching the observance and the culture of human rights in my country.

We believe that a visible and credible follow-up UN presence in Timor-Leste, though much smaller than the current one, will be necessary. The price-tag for such a mission will be very modest. In our view such a UN mission comprising a security element should continue to fall under the peace-keeping system and paid for by the UN-assessed contributions.

While there might be some requirement for a UN extraction force to be deployed, this can be a largely symbolic one requiring only two or three helicopters. As a back up to this UN extraction force based in Timor-Leste, Australia could make available on a stand-by basis additional airborne means based in Darwin that at short notice could be activated to assist the UN in Timor-Leste at the joint request of the Timor-Leste government and the Special Representative of the Secretary-General.

We are conscious that we are a small dot in the world and there are competing claims for attention, from the Middle East to our own region and it might be difficult for the UN to agree to our request. We hope that they see our request as modest one, that it is a valid one, and that it is fully justified.

We are building solid relations with all our neighbours, in particular with Indonesia. While our side endured 25 years of an often brutal occupation that resulted in the loss of an estimated 200,000 lives, we recognize that the other side lost thousands of its soldiers too and many families mourn their dead, human beings just like us.

I wish to congratulate the Indonesian people for their great experiment in democracy. Few imagined in 1999 that within only a few years, the fourth largest nation in the world and the largest Muslim country, would emerge as a vibrant democracy.

However, Indonesia must come to terms with its own past of violence and impunity. Indonesians must summon courage and humility of the truly great to confront the demons of the past and present and free themselves once and for all from a culture of violence and impunity that has been deeply entrenched throughout the security forces.

Our country was thoroughly destroyed, and the culprits were those who were entrusted with the mission under the May 5th Agreement to ensure law and order before, during and after the ballot. None of the culprits who masterminded, financed, directed and took part in the orgy of violence and destruction have been brought to justice.

We have established diplomatic relations with some 100 countries. We have embassies in Jakarta, Kuala Lumpur, Canberra, Brussels, Lisbon, Washington, Maputo. We have permanent missions to the UN in NY and in Geneva. We have a Consulate-General in Sydney. In only a matter of weeks we will inaugurate our Embassy in PRC.

Early in the New Year we will establish embassies in BKK and Tokyo. In the next two years, we will establish additional embassies in Manila, Hanoi, Seoul and New Delhi reflecting my government's clear engagement with our region. The existing embassies cover a number of neighbouring countries.

Timor-Leste enjoys privileged relations with Japan and as it is well-known to all, Japan has been by far the largest contributor to the UN and Timor-Leste through its multi-lateral and bi-lateral assistance programmes. Timor-Leste also enjoys fraternal ties with China and ROK.

In the energy sector, Petro China is already actively engaged in exploration for gas and oil on shore in Timor-Leste. We actively seek further Chinese official and private sector investments in our country.

While we firmly adhere to the One China policy, we also seek to encourage un-official cooperation with Taiwan in areas of mutual interest.

In January 2005, a group of 70 Thai entrepreneurs will undertake a study tour of Timor-Leste with an eye on possible investments. We hope that in early 2005 my government and the German company Mann-Ferrostal will reach an agreement for the development of modified Cassava and sweet potato starch production plant in Timor-Leste.

More than 20 countries and international agencies have full-fledged diplomatic representation in Timor-Leste.

We continue to develop ever closer relations with our neighbours in Asia. We hope that in 2005, on the occasion of the next Asean Regional Forum meeting, Timor-Leste will be admitted as its newest member. We have received formal pledge of support from President Susilo Bambang Yudhoyono and Foreign Minister Hassan Wiryayuda. Support has also been received from almost all ASEAN members and non-Asean ARF members.

In regard to membership in ASEAN, this we hope will occur before the end of this decade as our country has consolidated its internal order and organization, and our economy has experienced a significant growth.

My country enjoys excellent relations with countries of the European Union as well as Norway. On a per capita basis, EU assistance to Timor-Leste remains the highest in Asia, reflecting the solid commitment by all EU members to Timor-Leste's democratic development. Among the European countries, top on the list of our generous friends are Portugal, the UK, Federal Republic of Germany, Republic of Ireland, Norway, Sweden, Finland, Spain, Italy.

Our relations with Portugal have a unique dimension deriving not only from 500 years of colonization, but more significantly from the courageous and dignified stance of the Portuguese in the unrelenting defence of our rights to self-determination. In our darkest years when most of the world had turned a blind eye or had given up hope, the Portuguese stood by us. Today, Portugal remains our steadfast, solid ally in the world and in particular in the European Union. We are forever indebted to such a noble nation.

New Zealand has shown a truly exemplary solidarity with Timor-Leste, treating us with real friendship and deference, without a colonial paternalistic attitude. I have been pleased to hear in many quarters in the region and in the UN high praise for NZ.

Allow me to share with you some reflections on our world. In the last 20 years or so, our world has been the stage of several major conflicts, namely, the invasion of Iran by Saddam Hussein in the 80's resulting in the death of over a million people. Chemical and biological weapons were unleashed on civilians and combatants. The West turned a blind eye when Kurdish and Iranians were gassed to death by the thousands by the butcher of Baghdad.

Soon after the end of the Iraq-Iran war, the same regime in Baghdad unleashed yet another invasion, this time against the State of Kuwait.

A coalition of countries intervened and Kuwait was freed but not without wanton destruction carried out by the retreating forces that set on fire hundreds of oil wells.

In the 90's the European continent that believed it had shaken off the demons of war of a recent past woke up to the tragic ethnic wars in the Balkan region. The last chapter of the Balkan wars was the war in Kosovo and the simmering ethnic tensions here threaten the fragile peace in the area.

Most of us have now relegated the Cambodian tragedy of the 70's to a foot note in our intellectual library. But let's us not forget the genocide unleashed by the Khmer Rouge regime with almost universal indifference, or the Taliban rule in Afghanistan in the 90's that took us back to the savagery of the Middle Ages, nor can we forget the 1994 genocide in Rwanda, and the violence in parts of Africa, in particular in West Africa and the Great Lakes region, parts of Asia, namely in Nepal.

With only few notable exceptions, for most part the international community has failed to pre-empt the occurrence of violence and to intervene when violence had begun.

More often than not the U.N. is paralysed and becomes hostage to the narrow interests of some of its members. We had illusions that the (mis) use of the veto was a fact of the Cold War and it would be less and less exercised in the New World (Dis) Order. However, with notable exceptions, national interests endured beyond the Cold War and we have all remained hostage to them.

Many have written and spoken on the world's misfortunes as a result of the current prevailing uni-polar system whereby one single world power imposes its will on the rest of us. I will put forward a question - was the bi-polar world that prevailed during much of the 50 years after the end of World War II up to the implosion of the USSR a safer and more just world?

During the bi-polar world, we were witnesses to numerous intra-state and inter-state conflicts, involving directly or indirectly the two rival super-powers that dominated the bi-polar power system. An estimated 40 million people died in conflicts during these years.

The US and the USSR fought or sponsored wars in Latin America, Africa and Asia in their attempt to exercise influence and control over strategic areas of the world such as Central America, the Horn of Africa, Southern Africa, Southeast Asia, etc. The US fought a senseless ugly war in Indochina, and the USSR had its own Vietnam in Afghanistan. The nuclear threat was much more real then than today.

The abrupt collapse of the USSR and the end of the Cold War in 1990 ushered in a new era, a more promising New World Order free from the nuclear threat and proxy wars sponsored by the two superpowers.

Human rights and the struggles for democracy that were hostage and fell victim of the Cold War gained new life and momentum. Soon after the end of the Cold War we saw the beginning of the end in rapid sequence of the class of military regimes in Latin America, Africa and Asia. A permanent international tribunal that was a non-realizable dream during the Cold War period is today a reality.

Much to the consternation of the enemies and critics of the US, the American Empire emerged triumphant as there was no doubt that the collapse of the totalitarian communist system and beliefs were a vindication of the Western liberal thought and values.

The US can be a force for change and good. It can be a benign power. It can turn the world into a much safer, better living common home for all of us, as long as it has the humility of the truly great and walk half-way and meet its other half of fellow human beings, acknowledge its own limits and errors, and share with the rest of us a more compassionate vision and agenda. The US can use its enormous power in leading the fight against poverty and the debt trap that stunt progress in many parts of the world.

Like many of you and the thousands of peace marchers, I am opposed to violence and wars. But sometimes, we must ask ourselves some troubling questions. Should we oppose the use of force even in situations of genocide and ethnic cleansing?

On the eternal dilemma of war and peace, there are the pacifists or idealists who oppose the use of force under any circumstances and the realists who support the use of force under certain circumstances namely if there is sanctioned by the UN Security Council.

Those opposing the use of force under any circumstances have not been able to articulate a better strategy to deal with situations of ethnic cleansing and genocide. Patient diplomacy lasts as long it lasts and might bear fruits, and might not. But genocide goes on as in the case of Sudan right now where thousands of our fellow human beings have died.

Let me offer some examples for reflection, starting with the tragic case of Cambodia in the 70's. The world knew, or at least the US and much of the West as well as Cambodia's neighbours knew, that an evil regime was deliberately cleansing the nation and causing the death of hundreds of thousands of innocent human beings.

The Security Council did not even discuss the Khmer Rouge genocide. In any case if anyone had any inclination to bring this matter to the Security Council it would have been vetoed. So there was no chance the Security Council would act, assuming there was a general political will to intervene. Vietnam finally intervened unilaterally in 1979 putting an end to the Khmer Rouge rule but rather than being applauded for saving a whole nation, the brave Vietnamese were castigated by the powers that be and by their own neighbours.

In the African continent, in Uganda, genocide was taking place around the same time as the Cambodian tragedy. The Organization of African Unity and the Security Council did not debate let alone take any action in regards to the situation in Uganda under Idi Amin for reasons of state sovereignty and the principle of non-interference.

It required the moral courage of a Julius Nyerere to put an end to Idi Amin's genocidal rule.

If there had been a lone world leader with moral courage, who had ordered his country's armed forces to intervene unilaterally in Rwanda in 1994, would he have been condemned for this unilateral action?

The UN and in particular the Secretary-General were criticized for their alleged failure to act on Rwanda. But it is too convenient to lay blame on the UN when in fact in most past cases of alleged UN's inaction, real blame should be laid at the door of the powers that be.

In selectively recalling some of the most flagrant cases of our collective failure to prevent wars and genocide, my sole intention is to provoke us into reflecting on the failings and weaknesses of the collective organization, the United Nations, with a view towards exploring avenues to make the organization a more effective custodian of peace in the world.

Allow me to add some thoughts to the ongoing debate, with some ideas, not very new, on how we could see an improved United Nations.

The existing UN collective security mechanism is out-dated and undemocratic, a relic of the Cold War that no longer meets the challenges of today's world and does not reflect today's economic, demographic and strategic realities. There is an obvious need for reform and I list some ideas.

My government is not among the privileged few that were consulted by the SG's "High Level Panel on Threats, Challenges and Change". We hope that those entrusted by the SG to write up recommendations on UN reform will first make a thorough review of past and current UN failures and weaknesses, identify the reasons or root causes of such failures, and then maybe prescribe possible remedies.

First, I must say that I do not believe that a simple expansion of the SC membership with more or less permanent members would suffice to strengthen the UN. It would make it more representative as it would better reflect current world's demographics and balance of power but it might not be more effective.

There has to be a review of the workings of the UN General Assembly and of some of its subsidiary bodies, namely, the ECOSOC and the Commission on Human Rights, the Treaty bodies, as well as of the Specialised Agencies, to stream line the bureaucracies, simplify work, reduce duplication and waste, introduce meritocracy and professionalism in the recruitment and promotion of personnel.

There are too many UN agencies headquartered in two industrialised countries that are notoriously expensive. Agencies such as UNICEF, UNDP, UNHCR, and few others should be relocated to the developing world to be closer to the people they are supposed to serve and where property costs are much lower.

There is a clear need for an expansion of the membership in the Security Council to include new permanent members that would reflect 21st century realities and challenges, demographic, economic and strategic balance. In this regard, Timor-Leste fully supports the Franco-German initiative on UN reforms.

We believe that the new expanded SC should include countries like Germany, India, Indonesia, Japan, Brazil, and one or two from Africa.

Timor-Leste supports permanent membership status for Indonesia because we believe that due attention has to be paid to need for a balanced representation in the new SC to encompass all major civilizations and faiths. Non-inclusion of Indonesia as a new permanent member would leave the SC again with a disproportionate Christian representation.

The veto power should be eliminated and replaced by a 2/3 majority vote for all major decisions. The existing veto power has been used and abused and was responsible for the inaction of the SC.

The two-year rotation for non-permanent members should be shortened to one year so as to give better chance for more members to serve in the SC. For your information my government has already received requests for support for a seat in SC for as far away as 2020.

Having said all of the above, we must realise that even a reformed UN system would not resolve all problems. After all, ultimately, in facing up to the challenges, what is required is moral and political leadership, for no amount of structural adjustments of the UN bureaucracy can make up for the moral vacuum and the lack of political leadership.

As a small nation we are baffled by the apparent inability of world leaders to grasp the magnitude of the problems we all face as a human family inhabiting a shrinking planet under pressure from industrialisation, pollution and competition for scarce resources such as land and water; our ever growing population and voracious appetite that cause the depletion of our fish stock and forests; we poison our river systems, pollute the very air we breath with an ever increasing level of poisonous emissions that are released into the space every minute of the day.

The world is faced with a growing Aids pandemic whose epicentre is now shifting to Asia. Malaria and TB have been with us for many generations. Yet there seems to be no real commitment in terms of resources to enable our scientists and societies to address

The combined ODA of the rich industrialized countries does not exceed US\$50

billion annually. Compare this with the more than US\$300 billion in subsidies provided to their obsolete and uncompetitive farmers and industries. We do not wish to sound ungrateful but we have reasons to be sceptical about an ODA where much of it actually ends up in the hands of donor countries with only a fraction of such much publicised aid really benefiting the recipient country. There has to be a thorough reform of ODA with a view to ensuring that developing countries actually receive what is pledged.

We join with others in urging the rich of the North to allocate 0,7% of its national wealth to ODA, thus meeting the target set by the UN. It is perplexing that only four small rich countries have met and/or overtaken this modest target. They are Norway, Denmark, Sweden, and The Netherlands.

Europe and the US should gradually eliminate all agriculture subsidies to farmers in the US and Europe that kill competition and market access by poor countries. It is estimated that at least some \$60 billion/year would flow to low and medium income countries if agriculture subsidies in US and Europe were to be eliminated.

Weapons producing countries flood the world with all types of guns that fuel conflicts. There has to be a strict code of conduct on weapons exports aiming at reducing the flow of conventional weapons to poor countries and regions in conflict. Certainly the control of the spread of weapons is not an easy task but we could start by having a strict, binding code of conduct along the lines of the Anti-Land Mine Convention.

Timor-Leste is a debt-free country and we are somewhat suspicious of those who are encouraging us to borrow. The more we learn about the burdens of debt, the more we are hesitant.

One issue that concerns my government most is the situation in Myanmar. Some positive signs seem to have emerged out of that country. The release of some prominent dissidents is cause for celebration. We must expect more.

We appeal to our senior Asian leaders, in particular, China, India, Japan, Republic of Korea and the ASEAN to redouble their efforts to find a peaceful resolution to the conflict in Myanmar. This is an Asian problem and our leaders must be able to show to the rest of the world that Asians can resolve their problems. The impoverished people of Myanmar are enduring a double punishment, one inflicted on them by their own military rulers, and the other by the West through what seems to be "politically correct", the sanctions policies, but that in the end cause more harm to the poorest of the poor.

I will turn now to the issue of terrorism. Extremists strive in many cultures and religions. The daily news bulletins are dominated by the extensive coverage of the actions of a few but their actions have turned Islam into a word almost equal to terrorism.

I believe that the Islamic extremism that is the basis of the current wave of international terrorism is a passing phenomenon. Like other extremist groups before them, namely the European terrorist groups of the 60's, they have no popular support and can be defeated through a multi-pronged strategy.

The terrorists have made good use of modern technology and global funds to enact their war on the West and on all secular Arab and Muslim nations. The key is to subvert, undermine, disrupt their ability to use modern means of communication, cut them off, isolate them, and deny them access to funds. Prudent but firm security measures are also necessary.

However those fighting the terrorists should be careful not to descend to their level of inhumanity. There has to be always a careful balance between legitimate use of proportional force against terrorists and their supporters and respect for human rights.

There are deep seated resentment and anger among Muslims and many non-Muslims around the world over Israeli policies of land grabbing and annexation, denying the Palestinians their right to a dignified existence and a homeland.

It should not be too difficult to imagine how a Palestinian feels when he/she sees a continuing influx of foreigners into his ancestral land and yet he is denied the right of return; or for those lucky enough to be on the ground see their daily life turned into restrictions and humiliation, suffering eviction from their modest homes, harassment at check-points, arbitrary arrest.

The two-state solution agreed upon by all sides has to be rapidly resurrected and implemented as a first step towards a durable peace in the region. The Palestinian intifada and suicide bombing as well as Israeli policies of annexation and retaliation have resulted only in deepening anger and hatred. There has to be a way out. The two sides should agree on an immediate cessation of all acts of violence, accepting a cooling off period, enabling mediators to work out the details and timetable for the full implementation of the two state solution.

Now with some words of wisdom on the Iraqi crisis. While there might never be an agreement among the pacifists and the realists over the dilemma of war and peace, there has to be an agreement NOW that the forces of fanaticism and terrorism cannot prevail in Iraq.

Where there is a chance today for democracy in Iraq, a hasty withdrawal would deliver the Iraqi people and the Kurdish to a Taliban style rule that would destabilize the entire region. If I were a political leader of any consequence and I am asked a question regarding the options for Iraq, I would say, retreating and conceding victory to the terrorists is not an option for the consequences are far too high to contemplate.

Hence we hope that the US which initiated the war in Iraq and gallantly freed the Iraqi people and the region from a tyrant, will walk half-way and meet those on the other side of the debate. The US and Europe are among the most important pillars of the world's security and economic well-being, sharing the same values of democracy and freedom. They fought together against the evils of Nazism, they stood side by side and prevented Soviet domination of Western Europe. Surely, they are wise enough to overcome their differences, however deep, and give the Iraqi people a chance to finally be free and at peace among themselves and with their neighbours.

And finally, I return to an issue that if not resolved will soil Australia's international image and would do irreparable damage to Australia-East Timor relations.

You all know how I care and respect this country. In my own country and in a number of international fora, I have stood up for Australia, rebutting some of the harshest criticisms I have heard levelled against this country. Today, again I am speaking as a friend, a pragmatist and realist who believes that Timor-Leste's vital strategic interests must be anchored on a close relationship with our two closest and giant neighbours Australia and Indonesia.

From day one of the initial talks between UN and Australian officials some four years ago, I held the view that achieving a permanent maritime boundary between our two countries was not an absolute immediate necessity. Simply put, a permanent maritime boundary between Australia and Timor-Leste could be deferred for a number of years to be agreed. I believed then and now, that Australia and Timor-Leste should instead work on a Strategic Framework Agreement covering the entire breath of the Timor Sea on the basis of a fair and equitable share of the resources.

This is what I have conveyed to the Hon. Alexander Downer more than three years ago and more recently at the end of June in Jakarta and in August in Canberra.

The Australian side knows too well that its continental shelf claims are not credible and sustainable in international law. Not surprisingly, conscious of such an untenable position, Australia served notice to the International Court of Justice in early 2002 that it would no longer accept ICJ's jurisdiction on maritime boundary disputes. It does not accept international arbitration or a third party mediation.

Australia is caught in a diplomatic imbroglio of its own creation with the 1972 maritime boundary treaty with Indonesia in which Australia prevailed in imposing on a then weaker Indonesia its continental shelf claims. Till this very day, Indonesians feel they were "taken to the cleaners" in the words of some. Having "charmed" a weaker Indonesia to accept the absurdity of its continental shelf claims, Canberra is understandably irritated that a Lilliputian East Timor should display such audacity in refusing to surrender on the same terms as the giant Indonesia did more than 30 years ago.

Nevertheless, understanding the imbroglio Australia has found itself in, I have argued that we put aside the issue of a permanent maritime boundary for a reasonable number of years, and put our minds to work on a pragmatic, creative, fair and just resource sharing arrangement without prejudice to the two countries sovereign claims to a permanent boundary.

Prior to, and during the federal election in Australia, there seemed to be much determination to intensify talks and reach an agreement by December. Following the elections, there were two rounds of talks, one in Darwin and one in Dili. However, following the Dili round in October, Mr. Dough Chester abruptly ended the talks and seemed in a hurry to return to Canberra. His words amounted to an unacceptable black-mail. Said he: "take it or leave it" by 5pm of 27th October. Mr. Dough Chester wanted the East Timorese side to accept on Australia's terms a permanent maritime boundary with a \$3 billion dollar compensation spread over 30 years. This figure was much less than a \$4.5 billion figure offered by the Australian side during the Darwin talks.

It was agreed in Dili that there would be no comments to the media by either side. However, within minutes of this agreement, accepted by our side on the insistence of Mr. Dough Chester, the same Mr. Dough Chester was feeding to the media his spin on the talks, alleging that our side had changed its mind, that we had rejected Australia's many "creative" proposals.

Timor-Leste has insisted that a goal for our country is to participate fully in the development of the downstream of the Timor Sea petroleum resources. The industries which can spring from exploration and development but particularly from the downstream are an enormous opportunity for the long term sustainable development of our economy and of our human resources.

So far our rights to such participation have not been met. Benefits have flowed elsewhere. The Bayu-Undan gas project will see a pipeline to Darwin and the construction of an LNG plant there. Given that Bayu-Undan is in an area of the Timor Sea Treaty which Timor-Leste has 90% share of, this is from our point of view not just. We have been generous to Darwin and the NT for this.

The Greater Sunrise field lies in an area of overlapping claim by us. It lies at least 2/3 distance closer to Timor-Leste than to Darwin. Previously the companies were saying that a pipeline crossing the Timor Trench was not feasible. Earlier last year the Joint Venture partners in Greater Sunrise agreed to undertake a study for a pipeline and LNG plant option to Timor-Leste. This option has been the subject of discussions between world class experts in pipeline and LNG construction and the Sunrise joint venture partners. It is agreed by both the companies and our experts that the construction of a pipeline to Timor-Leste is feasible. The myth of the Timor-Trench has been blown away.

Our experts have also advised us that the construction of a pipeline and LNG plant to Timor-Leste is also economically feasible. Our government will continue to discuss the option of a Timor-Leste pipeline and plant with the companies. Discussions on this issue to date have from our point of view been useful in establishing for us the viability of a pipeline and LNG onshore in Timor-Leste. We remain open to these discussions.

The Northern Territory continues to insist on a pipeline from Sunrise to Darwin. They already have a pipeline which should have been built to Timor-Leste. It is somewhat greedy for a territory of a couple of hundred thousand people to have priority over resources which could benefit nearly a million people in our country. But more importantly we argue it should come to Timor-Leste because we claim the resources and should benefit from their downstream, particularly given the Northern Territory has already benefited from Bayu-Undan which has lifted the economy of the Northern Territory.

In conclusion, ladies and gentlemen, the Timor-Leste side shares the view of a majority of the international community that where there are overlapping claims between two coastal states the principle of equidistance should apply. Furthermore, according to geologists, Timor-Leste and Australia share the same continental shelf.

Australia and Timor-Leste, neighbours and friends, should be able to resolve our differences in an amicable and fair manner that would do justice to our people. The vast Timor Sea contains some of the riches proven oil and gas reserves in the region and a fair and equitable share of these resources would quickly lessen Timor-Leste dependence on external assistance.

Since it seems that the two friends and neighbours are not able to resolve this dispute, we should go the International Court of Justice. We are prepared to accept an independent, neutral mediator. We are prepared to consider any other form of mediation or arbitration. When the Hon. Alexander Downer attempted to explain what was clearly unexplainable, Australia's abrupt withdrawal from ICJ's jurisdiction on maritime boundary disputes, he said, the reason was that he believed that Australia and Timor-Leste should be able to resolve our differences without any outside involvement. Well, it is seems that we are not able to. So let's all show good faith, faith in the legal multilateral bodies such as the ICJ, and jointly request mediation or arbitration.

We are poor and are in no hurry to become rich. We can wait. We are a patient, proud people. We are not impressed by pressure or bullying tactics. We have self-respect and a sense of dignity. If Australia wishes to penalise us by cutting off aid, that is fine with us. Others will help. And we will still respect and love our neighbour Australia. In my many trips across this great land, I have come across thousands of generous, loving people. We know they will be with us for a long time to come.

Thank you all. May God Almighty Bless You all.