

Political Reviews

The Region in Review: International Issues and Events, 2020

NIC MACLELLAN

Melanesia in Review: Issues and Events, 2020

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TIMOR-LESTE

The year 2020 started badly for the government of Prime Minister Taur Matan Ruak, whose annual national budget was defeated in January by his own alliance partner, Xanana Gusmão’s National Congress for

Timorese Reconstruction (CNRT) (Leach 2020). The CNRT’s unprecedented move was in part an attempt to force an early election in response to the continuing refusal of President Francisco “Lú Olo” Guterres (a senior figure of the opposition Revolutionary Front for an Independent East Timor, or Fretilin, party) to install several CNRT ministers, citing judicial inquiries into misconduct or “poor moral standing” (Colo 2020). This long-running standoff had resulted in an executive government dominated by ministers from the two smaller alliance parties, the Popular Liberation Party (PLP) and Kmanek Haburas Unidade Nacional Timor Oan (KHUNTO). Tensions over development decisions between the larger CNRT party and the prime minister’s PLP had also contributed to testy relations.

Despite making major revisions to the budget requested by the CNRT in late 2019, the budget vote was supported only by the PLP and KHUNTO, with thirteen votes (Lusa 2020b). The Fretilin opposition voted against the bill, while the CNRT abstained, effectively killing the budget. There was a clear element in these events of the CNRT flexing its parliamentary muscles to bring the smaller alliance parties into line.

The immediate consequence was the resumption of the reserve “duo-decimal” budget system—which meant the government operated on monthly instalments of one twelfth of the previous 2019 budget, with no funding for new programs. In the lead-up to the vote, Ruak pleaded with MPs not to force the country back into using the duodecimal system, which was widely blamed for the economic

contraction in 2017 and 2018, when the former Fretilin minority government failed to pass its budget. Timor-Leste's economy is highly dependent on government spending.

Though Ruak's administration continued as an interim government, the rejection of the budget made it clear that the governing alliance was at an end. In late February, Gusmão announced a new six-party, thirty-four-seat majority coalition. Alongside his CNRT (21 seats) were the Democratic Party (5 seats), KHUNTO (5 seats), and three smaller parties (1 seat each). The other main development was a publicly announced "platform of understanding" between Fretilin and the PLP, which together controlled 31 seats—two short of a majority.

Prime Minister Ruak resigned, but the president did not immediately accept this. At this point, there were two clear options for presidential action: a remodeled government drawn from within the existing Parliament or a new election.

The president, in no hurry to install the new alliance, required all six parties to the alliance to fulfill legal requirements for party conventions endorsing the coalition. In a clear sign of "cohabitation" tensions, Guterres also publicly advised the CNRT to "think twice" before proposing the same rejected ministers (*Tempo Timor* 2020). The political situation remained at this impasse as the threat of Coronavirus Disease 2019 (COVID-19) hit neighboring Indonesia hard, bringing clear risks to Timor-Leste.

Despite the political impasse, the interim government responded quickly and decisively. Following parliamen-

tary approval, the president issued a state-of-emergency decree from March to April, and the government introduced new measures prohibiting the entry of all foreigners unless specifically authorized and requiring fourteen days of self-isolation for all arrivals. These emergency measures would be renewed eight times across 2020.

Debates over the extension of the emergency decree would spell the end of Gusmão's new coalition, which fell apart over a CNRT decision to oppose the extension of the pandemic emergency decree (Sampaio 2020), with the youth-oriented KHUNTO party's five MPs voting to support the Ruak government against the wishes of the CNRT. The vote on the emergency decree, a crucial test of the alliance's solidity, was defeated 37–23, with four abstentions. Two days later, KHUNTO announced its formal exit from the new coalition, declaring it had "decided to give full support to the current constitutional government until the year 2023" (Lusa 2020a).

The dramatic vote was quickly followed by an invitation from Prime Minister Ruak for Fretilin and other members of Parliament to join the government, which was rapidly accepted. Ruak's government was then bolstered, with Fretilin ministers taking the key portfolios of health, state administration, finance, and tourism, commerce, and industry and the Democratic Party taking the former-combatants portfolio (Tatoli 2020). Thus, by May, with the assistance of President Guterres, the eighth government had effectively been remodeled, with Fretilin now allied with the PLP and KHUNTO and with the CNRT now

in opposition. Fretilin leader Mari Alkatiri indicated that there would be no formal parliamentary alliance but rather a guarantee of parliamentary support, with Fretilin ministers serving in a “technocratic” capacity. In any case, these developments brought the executive government and the parliamentary majority back into alignment, making the passage of the government’s COVID-19 measures easier to facilitate.

The CNRT remained highly critical of the president’s role, accusing President Guterres of advantaging the PLP and Fretilin. In May, nineteen CNRT MPs formally requested that the Court of Appeal review the constitutionality of several of the president’s actions, including his rejection of nominated CNRT ministers, his failure to accept Prime Minister Ruak’s initial resignation, and his failure to respond in a timely manner to the presentation of a new majority coalition. The Court of Appeal rejected this application—in effect, an impeachment case—without considering the substantive arguments on the basis that the action had not met the threshold requirement of support from two-thirds of MPs.

The outcome of the appeal was broadly consistent with international practice. In systems with directly elected presidents, a supermajority in the legislature is normally required to trigger judicial review of presidential actions. Emerging East Timorese constitutional jurisprudence appeared to be making it clear that the court would not step easily into the realm of executive political discretions—for which the president will ultimately be accountable to the people in 2022—or interfere in decisions based

on the democratic mandates of other branches of government.

Later the same month, as the new parliamentary majority sought to elect a new president of Parliament (akin to a Speaker) on 19 May, the chamber descended into chaos. The CNRT’s Arão Noé, still in the position, sought to delay the motion for his own removal. The new majority saw this as an abuse of process, and the deputy presidents sought to hold a vote, only to be physically prevented by a CNRT MP from taking the president’s chair (Pacific Media Watch 2020).

The following day, the president’s table was overturned and destroyed by CNRT MPs, who loudly chanted and protested throughout the session. An irregular vote organized by the deputy presidents without the CNRT’s participation removed Noé in a 36–0 decision, and a second irregular vote (supported by forty MPs, including four of the five Democratic Party members) then installed Fretilin’s Aniceto Guterres as the new parliamentary president. Many Timorese were shocked at the scenes, which made international news.

These votes were then challenged in court by the CNRT, which vowed not to return to Parliament before the ruling. The Court of Appeal’s decision rejected the CNRT’s application, declaring that the majority’s efforts to install a new parliamentary president were “political acts” that are not subject to judicial review and noting that the president’s position depended on the political confidence of a majority of MPs (Lusa 2020d). With similar officeholders in other countries relying on the confidence of their respective houses of representa-

tives, and with parliaments across the world commonly governing their own procedures, this decision seemed relatively unremarkable. While opinions were divided along party lines in Dili, the decision allowed the new majority supporting the government to exercise control of Parliament's agenda. This facilitated the passage of the 2020 budget, though this did not occur until 23 October. The budget for 2021 was approved on 12 December by the majority in the House, with the twenty-one CNRT MPs deciding not to attend the vote.

While these issues will continue to be hotly debated in Dili's political circles, what is beyond doubt is that Timor-Leste's first period of cohabitation—with the president and the prime minister coming from different parties—demonstrated the extent of presidential power in this semi-presidential system. It also underlined the fact that the president's direct mandate is not readily comparable with ceremonial heads of state in parliamentary systems. The wider conclusion is that many underestimated presidential power, and it is likely that presidential elections will be taken far more seriously by all political players in the future.

Reflecting these events, the CNRT formally withdrew its ministers from government on 25 May. Rising PLP star Fidelis Magalhaes took the position of minister for the presidency of the Council of Ministers—effectively a senior cabinet coordination role. KHUNTO's Berta dos Santos became the new deputy prime minister, the most senior position a woman has held since independence. She kept her previous portfolio of social solidar-

ity minister, in which she earned a reputation for being in touch with the concerns of rural Timorese.

On the economic front, the pandemic-induced downturn and the lack of a government budget prompted the World Bank to forecast a contraction of 6.8 percent or more for the national economy in 2020, compared with opening forecasts of 4.6 percent growth (World Bank 2020).

The pandemic also had a major impact on the current balance of Timor-Leste's petroleum fund in the first half of the year, a percentage of which was altered a few years ago to a higher risk, higher return profile. However, the fund bounced back by the end of the year through the accumulation of investment returns to a new peak of US\$19 billion.

More broadly, Timor-Leste's change of government also raised the issue of the long-term management of oil and gas wealth. Championed for so long by Gusmão, and the centerpiece of the National Strategic Development Plan, the Tasi Mane oil and gas processing megaproject on Timor's south coast was now under a cloud, with Gusmão in opposition. Political developments in 2020 thereby created a sense of policy limbo. The next election is not due until 2023, by which time Gusmão will be seventy-seven years old. In this period, the question of the new government's policies toward the Greater Sunrise oil and gas field looms large.

By most estimates, Timor-Leste's sovereign wealth petroleum fund will need to find new revenue by 2030 to support annual budgets of the size the nation has become accustomed to. On average, annual budgets have

been increasing by 11 percent per year. Despite the prospect of some increased revenue from Santos's lease in the existing Bayu-Undan fields in Timor-Leste's maritime zone (Offshore 2020), there is still no resolution to the key issue of developing the untapped Greater Sunrise oil and gas field.

As the nation faces an end to its ability to finance national budgets from its oil wealth within a decade, little progress has been made toward diversifying the economy. With existing petroleum funds good for perhaps ten years of annual budgets, a determined effort toward consensus building on sustainable economic policies is necessary to ensure Timor-Leste can weather declining income streams from its offshore oil and gas domains.

The remodeled government and its new executive have sent mixed messages to date. While Prime Minister Ruak reiterated his support for Tasi Mane (Ximenes 2020), other members of the executive branch, including the new petroleum minister, Vitor Soares, have emphasized the need for independent feasibility studies (McDonald 2020). The government has also replaced long-standing leaders of the National Petroleum and Minerals Authority and the national oil company, Timor GAP—figures who were instrumental to articulating the CNRT's visions for the industry.

While the Gusmão-led governments promised far larger revenue streams than would be received by downstream processing in Australia, the call for feasibility studies by the incoming minister has the backing of prominent nongovernmental organization La'ó Hamutuk, which has argued that the “risks, benefits and costs”

of downstream processing “have not been seriously analyzed” (2020b, 4). Illustrating the problem, the 2021 budget proposes to draw on the petroleum fund in excess of its sustainable income level by some US\$830 million (Lusa 2020c), a practice only viable for another ten years on current estimates.

Parliament's powerful public finance committee openly questioned the logic of some of the transfers to megaprojects in this year's budget, given the continuing issue with access to safe drinking water in some communities. La'ó Hamutuk has warned of insufficient spending on the government's stated priority areas of health, education, water, and agriculture, which together account for 18 percent of the 2021 budget (La'ó Hamutuk 2020a).

The change of government therefore raises a much larger issue for Timor-Leste as a whole. With the future of the Timorese economy at stake, and with the CNRT out of power for now, many would argue that it is time for a cross-party consensus on the management of the state's key untapped resource wealth—or at least an updated debate over the various options for development.

Despite the political ructions that dominated the first half of 2020, the government measures against COVID-19 proved extraordinarily effective, at least until early 2021. Aided by the fact that it receives fewer incoming visitors than most countries, Timor-Leste had only thirty-nine cases by end of 2020, all of which were returning Timorese or foreign arrivals and were effectively handled with quarantine. The government's Centro Integrado

de Gestão da Crise (Integrated Center for the Management of the Crisis), led by former prime minister and medical doctor Rui Maria de Araújo, was supported by new government economic measures to assist the population, including transfers to low-income families and electricity bill subsidies, with some three hundred thousand households receiving payments.

By the end of 2020, with the CNRT out of power, questions could be asked about the wisdom of the party's decision to reject the 2020 budget, a move that clearly backfired. The new coalition arrangements meant that, aside from a short-lived Fretilin minority government from 2017 to 2018, Gusmão was out of power for the first time since 2007. Behind the scenes, Fretilin leader Alkatiri had outplayed the old master in the latest round of their ongoing postindependence tussles. Never to be underestimated, Timor-Leste's third major historic leader, José Ramos-Horta, appeared to have informally aligned with Gusmão, a partnership that could see a return presidential bid by Ramos-Horta in 2022. Gusmão is now spending his time party building, something the CNRT, a classic "party of power" based on Gusmão's charismatic legitimacy, had neglected since its foundation in 2007. A lot of effort is being put into recruiting support in the powerful Catholic Church and building up district party structures, though the party still lacks a clear second line of leadership.

As 2020 ended, the major question was whether the giant of East Timorese politics, Gusmão, could come back from this position. Gusmão's move against his own Par-

liamentary Majority Alliance in January—probably part of a strategy to have the CNRT ministers installed and trigger an early election—appeared to have gone terribly wrong. That said, few would consider it wise to draft a political eulogy for the master politician just yet.

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VANUATU

Events in Vanuatu in 2020 were dominated by the national general elections, natural disasters, Coronavirus Disease 2019 (COVID-19), and the controversies surrounding the fortieth independence anniversary celebrations.

A total of 231 candidates contested the national general elections for fifty-two seats in the twelfth legislature of Parliament (Malapa 2020a). On 19 March, over 278,000 voters cast their votes at 352 polling stations, where they saw a strong presence of observer groups representing both diplomatic missions and political parties (*Daily Post* 2020h). For the first time in the nation's history, the official counting of the ballots was streamed live on Facebook, which made the process both transparent and accessible