

The Eagle and the Dragon in the Land of Sandalwood: US and China Build Soft Power in Timor-Leste by Loro Horta

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After 400 years of inept Portuguese colonial rule and 24 years of brutal Indonesian occupation, Timor-Leste (formerly East Timor) gained its independence in 2002 following a UN-sponsored referendum. Since then, the small territory has witnessed an intense competition between the United States and the People's Republic of China. While Timor-Leste has not been considered as strategically important for either country, both see their presence in the territory as a barometer for their global competition. A US Defense Department official noted: "If we cannot maintain a respectful presence in Timor where we have the support of two of our oldest allies, Australia and Portugal, how can we expect to do so in much more difficult places? This is embarrassing."

In recent years the Chinese presence in Timor-Leste has surged. It built the new Foreign Ministry building, the presidential palace, the defense force headquarters, and 100 houses for the military. A Chinese company was awarded a \$378 million contract to build two power plants and state-owned Poly Technologies sold two 52-meter patrol boats. Timor has bought assault rifles and non-lethal items such as logistic supplies and uniforms from China. Some 4,000 Chinese now reside in Timor where they control small and medium commerce.

In January 2011, a delegation from China's state-owned Exim Bank visited Dili to negotiate provision of a soft loan for infrastructure development. The loan, expected to be as much as \$3 billion, would transform the country's economy and make China its main economic partner. However, the deal has run into delays due to objections from Timor's British and Australian-trained finance minister, who has more than 40 Australian advisors working for her.

Growing numbers of Timorese are going to China for studies – an estimated 140 public servants went for training in 2008 alone. In the past, educating foreign elites has given the US tremendous diplomatic and political benefits; China may soon begin to benefit from such investments in soft power. So far, the charm offensive is working, with Timor's leadership expressing gratitude and supporting Beijing on international issues such as Tibet, Taiwan, and human rights.

The pace of US engagement has also increased, most visibly through additional aid and a strengthened diplomatic presence. Washington is particularly concerned by the

growing military cooperation between China and Timor. While not a US priority, Timor is in a strategically important area between Australia and Indonesia and near the vital Straits of Ombai and Wetar, one of the deepest underwater trenches in the world and important for submarine passage from the Pacific to the Indian Ocean – a potentially vital choke point in any future conflict.

The US Navy has in recent years increased its presence in Timor and is at the forefront of US diplomatic efforts. Several US ships have visited the island since 2008, with the largest contingent in early 2010 when three US warships and 1,500 marines conducted a 5-day landing and rescue exercise. Since 2010, a group of US Navy Seabees has been engaged in humanitarian assistance projects building schools, repairing roads, and supporting local authorities. The US Navy has for several years regularly deployed to Timor the *USS Mercy* hospital ship and has treated thousands of Timorese patients.

US-based NGOs have worked in remote areas of Timor where they are generally welcomed. The election of President Obama in 2008 was met with wide-spread celebration and helped dismiss the myth of the US as a racist society.

Growing US engagement with Timor comes at a crucial time as Australia, Timor's main security guarantor and political partner, has grown unpopular as a result of racist attitudes of advisors and troops stationed in the country.

The US approach to building soft power in Timor has focused on reaching the grassroots. Yet, using the Navy to do this sends a clear message that the US is the dominant player in Asia. US emphasis on humanitarian assistance and the quality of its diplomats such as the widely respected former Ambassador Hans Klemm have enhanced the US image in Timor. Humanitarian assistance, scholarships, and other grassroots diplomacy have paid dividends despite resentment of US support of Indonesian occupation.

China has focused on state-to-state and institutional relations. While many Timorese see the Chinese government in a positive light, the growing number of Chinese traders is generating resentment. As noted by Chinese Consul Chung in Dili "The growing number of Chinese coming here is really keeping us busy, very often they get into trouble with the locals." Despite these problems, China is seen as an important and valuable partner that assisted Timor in areas that other countries would not. The Chinese presence is likely to continue to grow in Timor-Leste as China sees its presence in the territory as a test of its influence vis-à-vis the US.

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