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TIMOR-LESTE IN THE XXI CENTURY: ISSUES AND PROSPECTS

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Abstract: The process of Timor-Leste's independence from Indonesia has not only shaped the dynamics of the XXI century global landscape. Still, it has also been a historical reality influenced by internal and external factors, notably Australian support - a traditional middle power. However, the achievement of Timor-Leste's independence has challenged Australia's relations with Indonesia. Despite being the least developed country in Southeast Asia and grappling with economic struggles, Timor-Leste aspires to overcome these hurdles after 19 years of independence and build a prosperous and robust nation, as outlined in the Timor-Leste Strategic Development Plan extending until 2030. The paper aims to evaluate the issues of Timor-Leste in the twenty-first century, considering geopolitical conditions, post-independence impacts, and issues related to international integration.

Keywords: Timor-Leste, XXI Century, strategic development plan, geopolitics

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TIMOR-LESTE TRONG THẾ KỶ XXI: MỘT SỐ VẤN ĐỀ VÀ TRIỂN VỌNG

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Tóm tắt: Quá trình giành độc lập của Timor-Leste khỏi Indonesia không chỉ định hình lại cục diện toàn cầu trong thế kỷ XXI mà còn là một thực tế lịch sử chịu ảnh hưởng bởi các yếu tố bên trong và bên ngoài, trong đó đáng chú ý là vai trò hỗ trợ của Australia - một cường quốc tầm trung truyền thống. Tuy nhiên, việc Timor-Leste giành được độc lập đã đặt ra những thách thức đối với quan hệ giữa Australia và Indonesia. Dù là quốc gia kém phát triển nhất ở Đông Nam Á và đang đối mặt với nhiều khó khăn về kinh tế, Timor-Leste vẫn nuôi khát vọng vượt qua những trở ngại này sau 19 năm độc lập, hướng tới xây dựng một quốc gia thịnh vượng và vững mạnh, như được thể hiện trong Kế hoạch Phát triển Chiến lược Timor-Leste đến năm 2030. Bài viết này nhằm đánh giá các vấn đề mà Timor-Leste đang đối mặt trong thế kỷ XXI, xét trong bối cảnh điều kiện địa chính trị, tác động hậu độc lập, và những vấn đề liên quan đến hội nhập quốc tế.

Từ khóa: Timor - Leste, thế kỷ XXI, kế hoạch phát triển chiến lược, địa chính trị

1. Introduction

In pursuing a comprehensive understanding of Timor-Leste's development prospects in the 21st century, it is essential to begin by tracing the nation's historical journey. Timor-Leste's story is one of resilience and transformation, shaped by centuries of foreign domination. For nearly 300 years, the island of Timor-Leste was under Portuguese colonial rule, during which time the population was subjected to economic exploitation, limited educational opportunities, and political subjugation. In 1975, amid the global decolonization movement, the Revolutionary Front for an Independent East Timor boldly declared the country's autonomy, marking a turning point in its quest for self-determination. However, this declaration was immediately met with aggression from Indonesia, which invaded Timor-Leste just nine days later, leading to a brutal occupation that lasted for 24 years.

Timor-Leste's eventual liberation from Indonesian rule in 1999 was the culmination of a long and painful struggle for independence, marked by immense human suffering, widespread atrocities, and a determined fight for self-rule. The decisive moment came after an UN-supervised referendum, where most of the Timorese people voted for independence. Despite the violence and destruction that followed this vote, the international community, particularly the United Nations, played a critical role in supporting the nascent nation, sending peacekeeping forces and facilitating a transition to sovereignty. The achievement of full independence in 2002 was made possible through a combination of robust leadership, unwavering determination from the Timorese people, and the diplomatic and material support of the international community,

most notably the United Nations and countries like Australia and Portugal.

The pursuit of independence and sovereignty resonated not only within the region but also on the global stage. Timor-Leste's struggle for self-determination aligned with the broader global trends of decolonization and the rise of democratic movements. Its journey inspired many other countries and became a symbol of the power of international solidarity and grassroots movements. Regionally, it marked a significant shift in Southeast Asia, where Timor-Leste emerged as a new player seeking to solidify its position within the ASEAN framework, despite its challenges.

However, the post-independence period has presented Timor-Leste with numerous obstacles in its development trajectory. Although the country has made remarkable strides in establishing a functioning government, the national economy remains among the least developed in the world. The country continues to face severe poverty, a lack of infrastructure, and limited access to essential services such as education and healthcare. Despite the country's vast natural resources, particularly oil and gas reserves, the management of these resources has been problematic, and the revenue generated has not yet translated into widespread economic development or social equity.

The living conditions of the Timorese people remain difficult, with high levels of unemployment, particularly among the youth, and a rising crime rate that exacerbates the insecurity felt by many citizens. These socio-economic challenges are compounded by a fragile political environment, which has faced instability in the past, including a significant internal crisis in 2006. Additionally, the growing economic and political reliance on neighboring Indonesia continues to be a source of concern, as Timor-Leste navigates its future path of sovereignty and development. This dependency, while historically rooted in the complex relationship between the two nations, also raises questions about Timor-Leste's ability to assert itself fully on the international stage, free from external influence.

Thus, while Timor-Leste's remarkable progress since gaining independence cannot be overlooked, the nation remains at a crossroads, grappling with the challenges of transforming from a war-torn, poverty-stricken country into a stable and prosperous member of the international community. The pursuit of economic diversification, political stability, and social equity remains at the heart of Timor-Leste's development strategy in the 21st century.

Timor-Leste's journey toward ASEAN membership has been a subject of considerable academic attention, with several studies addressing the geopolitical, economic, and security factors influencing its accession process. Soares (2018) provides a political-security analysis of the obstacles Timor-Leste faces in joining ASEAN, highlighting challenges such as the 2006 political-security crisis, boundary disputes, and security sector issues remain unresolved. While Timor-Leste has made progress in addressing internal conflicts, topics such as governance, human rights, and national security still require substantial attention. These concerns underscore the complex political environment within Timor-Leste, which complicates its integration into ASEAN.

Ortuoste (2019) examines the evolving relationship between Timor-Leste and ASEAN, emphasizing the political and economic compromises that Timor-Leste has made to align with ASEAN's standards. Ortuoste argues that while the nation's quest for ASEAN membership reflects its growing diplomatic ambitions, it also poses risks to the democratic ideals that underpinned its struggle for independence, such as human rights and sovereignty. Similarly, Arisanto (2020) explores the international factors shaping Timor-Leste's decision to pursue ASEAN membership, focusing on the role of economic and military conditions, as well as the

critical support from Indonesia. Arisanto concludes that ASEAN's regional integration, alongside Timor-Leste's desire for collective security, strongly influenced its policy shift from the Pacific Islands Forum (PIF) to ASEAN.

Shaternikov (2021) explores the external challenges ASEAN faces regarding Timor-Leste's membership. Shaternikov outlines ASEAN's hesitancy in granting full membership, despite the support from countries like Indonesia and recent shifts in Singapore's stance. The author highlights the economic and diplomatic capacity concerns of Timor-Leste, noting that it has yet to establish embassies in all ASEAN capitals and that it faces resistance from some ASEAN members, especially Laos and Singapore.

Further, Lee and Yoo (2022) analyzes the delay in Timor-Leste's ASEAN accession using a three-level games approach. Lee argues that ASEAN's priority on regional stability and Timor-Leste's complicated historical relationship with Indonesia play a central role in the slow progress of its membership. This study emphasizes the importance of diplomatic engagements and the strategic importance of ASEAN membership for Timor-Leste, which seeks both international legitimacy and regional cooperation. Despite Timor-Leste's consistent efforts to engage with ASEAN, its slow progress in joining the organization raises questions about the underlying reasons for such delays and the future implications for ASEAN integration.

While existing literature provides valuable insights into the political, economic, and security dimensions of Timor-Leste's ASEAN accession, there is a clear research gap in understanding the long-term implications of ASEAN membership on Timor-Leste's development trajectory. Most studies focus on the immediate challenges and obstacles to membership, but fewer explore the post-accession impacts on Timor-Leste's national security, governance, and economic diversification. Additionally, the specific role of ASEAN's evolving geopolitical and economic dynamics, particularly in relation to China's growing influence in Southeast Asia, remains underexplored. This gap is critical for understanding the broader implications of Timor-Leste's integration into ASEAN and its ability to navigate regional and global power structures in the twenty-first century.

So, when we delve into the 21st century, exploring the prospects for Timor-Leste's development becomes paramount, considering the nation's historical background, current challenges, and the intricate interplay of domestic and international factors shaping its future path.

2. Methodology

The methodology of this study employs a mixed-methods approach that integrates both qualitative and quantitative research strategies to examine the geopolitical, economic, and social development of Timor-Leste in the twenty-first century. The primary focus is on secondary data, including peer-reviewed journals, government reports, and international studies, which are analyzed using comparative analysis, synthesis, and forecasting techniques. The study begins with a documentary analysis, reviewing existing literature to provide an in-depth understanding of Timor-Leste's historical context, independence struggle, and the challenges it faces in its development journey. This is complemented by comparative analysis, which compares Timor-Leste's development trajectory with other post-colonial countries in Southeast Asia and the Pacific, highlighting both shared and unique challenges. The forecasting method is employed to predict future outcomes, focusing on political stability, economic trends, and foreign policy developments.

The article is also underpinned by theoretical frameworks such as dependency theory (Ahumada, 2024; Geraghty, 2019, p. 89), which helps explain Timor-Leste's continued reliance

on foreign aid and oil revenues, and geopolitical theories, particularly the heartland and rimland theories, which assess the country's strategic position in the region. Additionally, modernization theory is applied to explore how Timor-Leste can transition from a developing nation to an industrialized state through institutional reforms and economic modernization (Gwynne, 2009). Though the research mainly relies on secondary data, interviews with experts in Timor-Leste's political and economic spheres could further enrich the study by providing first-hand insights into current challenges. Lastly, statistical analysis of economic indicators such as growth rates, unemployment, and foreign direct investment will be used where available, to identify trends and forecast the country's future development.

3. Findings

3.1. Timor-Leste's Geopolitics

Timor-Leste occupies a distinct geopolitical and cultural position at the convergence of Southeast Asia and the Pacific Islands region. This strategic location places it between Indonesia, the largest state in Southeast Asia, and Australia, encompassing a unique territory that includes a central island with a land border with Indonesia, an enclave (Oecussi) surrounded by Indonesian territory, and two smaller islands, Atauro and Jaco (Sambhi, 2019, p. 2). Bounded by the Bandan, Savu, and Timor Seas and strategically positioned near the crucial Ombai Strait and Wetar Strait choke points, Timor-Leste becomes a vital hub for major powers seeking an advantageous approach to the ASEAN region and beyond.

Recognizing this geopolitical advantage, Timor's leaders have tactically prioritized partnerships with Indonesia and Australia, establishing them as paramount regional security allies. This positioning aligns with the nation's pivotal role in shaping regional dynamics. Subsequent collaborations with major players such as China, Japan, India, Southeast Asian states, the United States, and other Portuguese-speaking countries further underscore Timor-Leste's significance in the geopolitical landscape.

Moreover, since gaining independence in 2002, Timor-Leste has actively pursued foreign policies characterized by two orientations: the "Western Orientation" and the "Eastern Orientation" (*see Image 1*). This strategic approach acknowledges the nation's unique geographical setting as a "half-island", fostering integral connections to Southeast Asia and potential relationships with Pacific Island nations to the west. This dual orientation positions Timor-Leste as a versatile regional development and security player.

Image 1

Timor-Leste's Map (Source: Map No. 4286 Rev 6, United Nations Department of Field Support)



Timor-Leste, situated in Southeast Asia, holds a strategically significant geopolitical position, attracting the attention of major powers in the region. The country's proximity to vital sea routes and its oil and gas resources make it a focal point for nations seeking influence.

China's interest in Timor-Leste is multifaceted and primarily driven by economic considerations. Timor-Leste possesses significant oil and gas reserves, and China, as a primary energy consumer, seeks to secure access to these resources to meet its growing energy demands. As part of its Belt and Road Initiative, Beijing has engaged in infrastructure development projects in Timor-Leste, such as road construction and port facilities. By investing in Timor-Leste's infrastructure, China aims to strengthen economic ties, enhance its regional influence, and potentially gain strategic advantages. In addition, China can use Timor-Leste as a factor to disrupt the cohesion of the QUAD or approach the Pacific Islands chains of the United States closely to expand its influence and strategically balance against the United States in the Pacific region.

Moreover, Timor-Leste's strategic location in the Southeast Asian maritime domain, close to vital sea routes, adds geopolitical significance for China. Securing a foothold in Timor-Leste allows China to expand its maritime influence, potentially facilitating naval access and presence in the strategically important Timor Sea.

While Australia's support is rooted in historical ties, shared values, and regional stability concerns, China's engagement with Timor-Leste reflects its broader economic and geopolitical ambitions in the Indo-Pacific region. Timor-Leste must balance its historical ties, financial interests, and sovereignty considerations to chart a sustainable and mutually beneficial course in the complex geopolitical landscape in navigating these relationships.

3.2. History of Timor-Leste's Independence Struggle

Timor-Leste's path to independence unfolds as a saga of resilience and the unwavering pursuit of self-determination rooted in a history of colonial rule. For nearly 300 years, Portugal held sway over East Timor until its withdrawal in 1975. Seizing the opportunity, the Revolutionary Front for an Independent East Timor swiftly declared independence, only to face immediate opposition as Indonesia launched an invasion nine days later. Indonesia invaded nine days later, beginning a brutal regime of occupation that would last until 1999. More than 200,000 East Timorese died, and many more suffered during massacres, torture and starvation (Fanner & Rourke, 2019). In the 1990s, the independence movement gained strength, and growing worldwide pressure and political reform in Indonesia led to an UN-sponsored referendum on independence on 30 August 1999.

On October 25th, 1999, the UN Security Council established the United Nations Transitional Administration in Timor-Leste as an integrated, multidimensional peacekeeping operation responsible for the administration of Timor-Leste during its transition to independence (Timor-Leste Ministry of Tourism, nd). Overwhelmingly, the people voted for self-governance, triggering brutal reprisals from pro-Indonesian militias and widespread violence. The international outcry prompted a United Nations-sanctioned intervention, culminating in Timor-Leste officially attaining independence in 2002 (Office of the Historian, Shared Knowledge Services, nd).

This journey, a testament to the tenacity of the Timorese people, is etched into the nation's identity, forged through decades of adversity and sacrifice. Timor-Leste's struggle for sovereignty, shaped by a historical legacy, underscores its commitment to preserving hard-fought independence.

3.3. Issues of Timor-Leste Post-Independence

3.3.1. The Wave of Violence in Timor-Leste in 2006

The year 2006 marked a tumultuous period in the history of Timor-Leste, characterized by a significant wave of violence that shook the nation's foundations—this period of unrest stemmed from complex political, social, and economic factors brewing since the country's declaration of independence in 2002.

From 2002 to 2006, they marked a complex chapter in the nascent history of Timor-Leste as an independent nation (International Organization for Migration, 2012, p. 15). The initial year post-independence was marred by significant unrest, with intense riots erupting six months after gaining autonomy, underscoring the persistent political volatility. Overall, this era can be characterized as a time when the optimistic expectations of peace dividends, particularly among the general populace, remained largely unfulfilled, contributing to the gradual emergence of social unrest. The disappointment was particularly evident, though not exclusively, in economic development. Oil and gas revenues, intended to benefit the population, failed to materialize, perpetuating widespread poverty among most Timorese citizens. The challenges included insufficient employment opportunities for the rapidly growing young population, the government's inability to effectively utilize available resources, fostering perceptions of corruption within a wary population, the inability to create a conducive environment for private investment, and a continual deficit in essential delivery. While diverse factors contributed to these issues, the forefront included weak institutional capacity and inexperienced governance.

The 2006 crisis had its roots in the “petitioners protest”, involving nearly 600 soldiers who refused to return to their barracks due to unaddressed concerns about living conditions and discriminatory policies (International Organization for Migration, 2012, p. 16), favoring individuals from the eastern parts of Timor-Leste, which were crucial resistance strongholds during the end of the Indonesian occupation. On April 24, 2006, the petitioners staged a demonstration in front of Dili's main government complex, leading to violence and instability. This resulted in confrontations between the police and the army, with armed youth gangs further escalating the situation. Approximately 150,000 Timorese evacuated their homes due to direct threats or extreme paranoia, seeking refuge in government buildings, schools, churches, and makeshift camps. These events, from March to June 2006, caused the loss of up to 38 lives and the destruction of 1,650 homes (International Organization for Migration, 2012, p. 16). The primary catalyst for the violence was internal political discord, particularly tensions within the country's security forces, the Timorese Defense Force (F-FDTL) and the National Police of Timor-Leste (PNTL). Internal divisions, factionalism, and loyalty issues within these forces escalated into open conflict, triggering widespread violence and civil unrest.

The genesis of the violence can be traced back to the dismissal of nearly 600 soldiers from the F-FDTL, a move that further deepened the existing fault lines within the security apparatus. The dismissed soldiers, predominantly from the country's western regions, felt marginalized and disgruntled, leading to their rebellion against the government.

As tensions escalated, the violence took a communal turn, with clashes between eastern and western factions within the population. The streets of the capital, Dili, witnessed intense fighting, arson, and looting. Thousands of residents were displaced, seeking refuge in makeshift camps or fleeing to safer areas. The social fabric of Timor-Leste was strained, and the young nation faced a severe test of its stability and unity.

In response to the escalating violence, the government of Timor-Leste requested international assistance. The United Nations Security Council authorized the deployment of an Australian-led multinational force, the International Stabilization Force (ISF), to restore peace and stability in the country. The intervention of the ISF played a crucial role in quelling the violence, providing a semblance of order, and facilitating the return of displaced residents to their homes.

The events of 2006 profoundly impacted the socio-political landscape of Timor-Leste. The violence exposed the fragility of the newly established nation and underscored the challenges of managing internal divisions, particularly within the security forces. The aftermath of the unrest prompted a reassessment of the country's security sector, with efforts made to rebuild and reform the defense and police forces to prevent a recurrence of such internal strife.

Additionally, the events of 2006 had implications for the international community's engagement with Timor-Leste. The intervention of the ISF highlighted the country's dependence on external assistance for maintaining stability and security. It also prompted a reevaluation of the United Nations' role in nation-building and peacekeeping efforts as Timor-Leste navigated the complexities of post-conflict reconstruction.

3.3.2. The Process of Timor-Leste's ASEAN Accession

Timor-Leste's endeavor to join the Association of Southeast Asian Nations (ASEAN) raises questions about the motivations behind this aspiration and the potential benefits for Timor-Leste beyond its geographical location in Southeast Asia. The author contends that collective security is a logical choice for Timor-Leste in the current context, and ASEAN serves as the "gateway" to expedite this. Within ASEAN's pillars of political security, the prohibition of attacking each other or forming a joint defense alliance is fundamental. Beyond economic and socio-cultural objectives, ASEAN assists member countries in establishing and sharing behavioral standards, preventing conflicts, resolving conflicts, constructing post-conflict peace, and implementing strategies (ASEAN Secretariat, 2009). ASEAN consistently employs peaceful measures such as dialogue and consultation to address regional conflicts and disputes, aligning well with Timor-Leste's desire for external security stability (Yani & Montratama, 2018).

With ASEAN membership, Timor-Leste would be increasingly secure against military aggression from neighboring countries. If a non-ASEAN member attacked Timor-Leste, all ASEAN nations could assist in preventing or even counteracting the invading country, adhering to the crucial principle of collective security. Consequently, Timor-Leste formally applied for ASEAN membership in 2011, with Indonesia strongly supporting this decision. Singapore opposed admitting a poor and institutionally weak country like Timor-Leste – all amidst ongoing ASEAN economic integration (Kammen, 2017).

Researcher Barry Wain of the Southeast Asian Research Institute identifies Timor-Leste's barriers to ASEAN membership (Fernandes & Soares, 2011): (1) Timor-Leste lacks institutions and government officials capable of participating in the over 1,000 annual ASEAN meetings; (2) Southeast Asia risks being overly influenced by the economic rise of China and India; (3) Timor-Leste is not yet genuinely stable and poses a severe risk to ASEAN's international credibility and standing; and (4) Timor-Leste's ASEAN membership plan has never been publicly discussed.

However, Timor-Leste is developing infrastructure to host ASEAN conferences and high-level meetings while establishing a diplomatic presence in all ASEAN capitals (Southgate, 2015). Indeed, these advancements have been acknowledged by the Asian Development Bank,

noting “*remarkable progress since gaining independence in 2002*”, a “*well-functioning government*”, and “*significant strides made to improve living conditions and raise people's standards*” (The Habibie Center, 2016)

Despite Timor-Leste's confidence in meeting financial requirements for ASEAN accession, exemplified by becoming the 191st member of the United Nations (Dolven et al., 2012), the decision-making process in ASEAN differs from that of the European Union. Decisions in ASEAN are made through consensus, not democratic voting, potentially slowing the decision-making process.

However, the ASEAN landscape in 2015 and 2020 differs significantly, shaped by global and regional dynamics. ASEAN's perspective on Timor-Leste's issue is evolving; in 2009, the Prime Minister of Thailand declared support for Timor-Leste's ASEAN membership by 2012. The President of the Philippines endorsed membership in June 2013. In 2015, Timor-Leste met conditions by having representative offices in the capitals of all 10 ASEAN member countries. In 2017, the Philippines, a close ally of Timor-Leste, chaired ASEAN with conditions to promote Timor-Leste's accession, but Singapore highlighted Timor-Leste's lack of human resources. While Indonesia, Thailand, Cambodia, and the Philippines supported Timor-Leste's accession, six other member countries dissented. In 2019, with Thailand chairing ASEAN, another opportunity was missed (To Quoc Newspaper, 2019). Therefore, the current impasse lies in ASEAN's lack of consensus.

Presently, ASEAN has established a task force to study issues related to Timor-Leste's accession. The Political-Security Community organized a survey mission to Timor-Leste in September 2019. The Economic and Socio-Cultural Community planned a survey mission in 2020; however, due to the COVID-19 pandemic, these surveys have not been completed and are expected to be conducted once the situation stabilizes.

According to the author's assessment, if this process is prolonged, Timor-Leste may lose its desire to join ASEAN. The most concerning factor currently is the increasing influence from China. While Timor-Leste's economy is still low, and its development indicators are lagging ASEAN's average, its strategically crucial geographical location is attracting China's growing support through non-repayable assistance for public infrastructure projects, economic and technical cooperation through trade, investment, and military training programs. From 2002 to 2011, China contributed over \$55 million to East Timor. In 2015, during the state visit of Timorese President Taur Matan Ruak to China, the Chinese government pledged an additional \$13 million (Webster, 2018). Although China's assistance is a solution to bridge the infrastructure and human development gap, Timor-Leste's increasing dependence on China could complicate its prospects as an ASEAN member, especially when current ASEAN members grapple with defining a unified role for China in Southeast Asia. As Timor-Leste strives to assert its role in a complex world marked by the COVID-19 pandemic and intense competition between the U.S. and China, ASEAN membership continues to be a prominent foreign policy goal of Timor-Leste in the third decade of the 21st century. Consequently, China is becoming an intermediary between Timor-Leste and ASEAN in the security-political dimension. If Timor-Leste moves closer to China to serve any developmental issues, ASEAN will drift further away from Timor-Leste. In the context of the “new normal”, primary power relations related to ASEAN carry hidden risks for regional security. ASEAN does not want an additional factor affecting the region's internal affairs.

3.4. Development Strategy and Prospects of Timor-Leste until 2030

3.4.1. Content of the Development Strategy

Timor-Leste's foreign policy is intricately woven into its developmental strategy, reflecting a comprehensive and proactive approach that aligns with its national interests and global aspirations. The nation, positioned at the crossroads of Southeast Asia and the Pacific Islands, recognizes the strategic significance of engaging in peaceful dialogue and collective action, echoing the historical reconciliation with Indonesia and addressing the challenges of island development.

As articulated in the Strategic Development Plan 2011-2030, this comprehensive foreign policy strategy underscores Timor-Leste's commitment to fostering amicable and cooperative relations globally. The emphasis on peaceful conflict resolution and eradicating common threats aligns with broader humanitarian goals, promoting global peace and justice. Timor-Leste's diplomatic efforts extend beyond its immediate region, reflecting a proactive stance in contributing to international stability.

The constitution further highlights the importance of historical and cultural ties, particularly with Portuguese-speaking countries, reinforcing the nation's commitment to maintaining privileged relations. Timor-Leste's focus on fostering unique cooperative ties with neighboring nations and regional counterparts emphasizes the significance of building solid regional partnerships for mutual benefit, recognizing the interconnectedness of developmental goals.

Crucially, Timor-Leste's foreign policy strategy prioritizes ASEAN membership, recognizing the regional stabilizing role of the organization. This strategic choice aims to prevent security risks through collective security agreements while concurrently elevating Timor-Leste's international standing. It reflects a nuanced understanding of regional dynamics and the potential benefits of active participation in regional forums.

The motivation behind Timor-Leste's Development Strategy is rooted in its desire to be a global mediator and peacemaker, as outlined in the Strategic Development Plan. Establishing at least 30 international embassies is a targeted effort to expand diplomatic reach, foster global dialogue, and position Timor-Leste as a diplomatic force internationally. This diplomatic expansion is a proactive means to prevent and resolve conflicts actively, showcasing the nation's ambition to contribute meaningfully beyond regional boundaries (National Parliament, 2010, p. 175).

In implementing this strategy, Timor-Leste actively contributes to United Nations peacekeeping and peace enforcement activities, demonstrating a commitment to global peace and security. The goal of fully deploying the PNTL and F-FDTL forces in these operations aligns with the nation's vision of being a responsible international actor, actively participating in collective efforts to address global challenges and conflicts on a broader scale.

Overall, Timor-Leste's foreign policy and developmental strategy are intertwined, reflecting a holistic approach that combines regional engagement, global diplomacy, and a commitment to addressing shared challenges for the collective benefit of the nation and the international community.

3.4.2. General Assessment and Prospects

Timor-Leste finds itself at a critical juncture, grappling with economic challenges and geopolitical complexities. Timor-Leste holds the 124th position out of 149 countries in the World Economic Forum's Gender Gap report, explicitly concerning the gender pay gap and

access to economic empowerment. Notably, it occupies the lowest rank in the East Asia and the Pacific region in this regard (Timor Leste Report, 2023, p. 63). The country's heavy reliance on government expenditure, coupled with a significant dependence on revenue from oil and gas products, underscores the vulnerability of its economic structure. The Timor-Leste Economic Report published by the World Bank in April 2020 further highlights a downturn in the nation's economy 2020, attributing it to the COVID-19 pandemic and political instability.

The impact of the pandemic has been particularly severe, exacerbating Timor-Leste's economic challenges. The country utilized \$250 million from the Petroleum Fund, with a substantial portion (60%) allocated for domestic COVID-19 response. The economic downturn can be primarily attributed to a sharp decline in foreign tourist arrivals, a slowdown in international trade, and significant government spending to contain the pandemic (VOV, 2020).

Private investment growth in Timor-Leste has been consistently sluggish in the post-independence period; a trend linked to ongoing political and economic volatility. The World Bank report underscores the challenges arising from the country's reliance on oil revenue and the limited diversification of its economy, hindering sustainable growth. The allocation of funds from the Petroleum Fund to address immediate challenges due to the pandemic underscores Timor-Leste's dependence on natural resources and the vulnerabilities associated with such reliance. The economic impact of the pandemic has highlighted the urgent need for the nation to diversify its revenue sources and enhance the resilience of its economy.

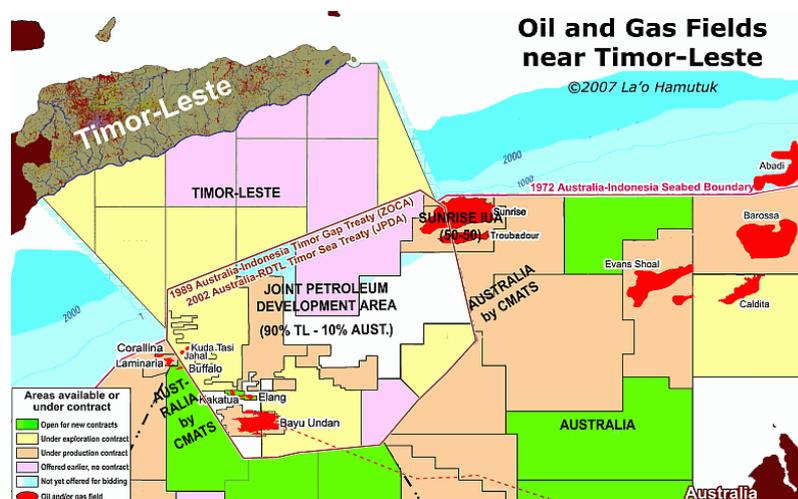
Moreover, the World Bank report emphasizes the slow growth of private investment over the years, a factor intricately linked to persisting political and economic instability. Fluctuations in both spheres have created an environment where private investors may hesitate to commit resources for long-term ventures, hindering the nation's economic progress.

Despite these challenges, the potential accession of Timor-Leste as the 11th member of the Association of Southeast Asian Nations (ASEAN) emerges as a strategic opportunity. Positioned at the confluence of Southeast Asia and the Pacific Islands, Timor-Leste could leverage ASEAN membership to foster economic collaboration and strengthen diplomatic ties. This aligns with the country's national development strategy, offering potential benefits such as economic diversification, enhanced political stability through regional engagement, and access to ASEAN's economic initiatives.

However, the recent development of China and Timor-Leste upgrading bilateral ties to a comprehensive strategic partnership adds a layer of complexity to the geopolitical landscape (State Council of the People's Republic of China, 2023). This move potentially grants Beijing more regional influence while meeting Timor-Leste's desire for stronger ties with major economies. The commitment to strengthen energy policy exchange and explore possibilities for joint oil and gas exploration further solidifies the two nations' growing relationship.

Timor-Leste faces a looming budgetary crisis projected to unfold between the late-2020s and mid-2030s. This critical period corresponds to the anticipated depletion of the state's Petroleum Fund, which currently contributes over 90% of government revenue. Without intervention, Timor-Leste risks exhausting its state coffers entirely (McWilliam & Leach, 2019).

To avert this worst-case scenario, timely actions are crucial. Two potential pathways emerge: the development of the Greater Sunrise gas field to yield significant royalties for the Timorese state or diversifying the economy to reduce dependence on oil and gas for state revenue and economic growth.

Image 2*Oil and Gas in and Near Timor-Leste (Hamutuk, 2008)*

Timor-Leste's strategic initiative to commence natural gas production from the Greater Sunrise fields around 2030 is paramount for the nation's economy. The Bayu Undan oil and gas field, its primary revenue source, ceased gas production in early 2023. However, the deepening connections with China introduce potential security challenges for ASEAN's endeavors in Timor-Leste. As China expands its influence in the region, careful consideration of the geopolitical implications and security dynamics becomes imperative, particularly concerning ASEAN's goals of maintaining regional stability.

In navigating this complex landscape, Timor-Leste must balance its economic partnerships with major players like China and its regional engagement through ASEAN. The nation's focus on political stability, effective governance, and economic reforms becomes even more critical in this context. Timor-Leste needs to address internal challenges, showcase its potential contributions to the ASEAN community, and actively engage in diplomatic efforts to garner support from existing ASEAN member countries.

Timor-Leste's journey to ASEAN membership culminated on 26 October 2025, when it officially became a member state during the 47th ASEAN Summit (The ASEAN Secretariat, 2025). This marked the end of a two-decade-long process of diplomatic negotiations, institutional reforms, and developmental progress. Timor-Leste first submitted its application for ASEAN membership in 2011, initiating a series of discussions with ASEAN member states. However, the road to membership was far from straightforward. While countries like Indonesia provided strong support due to historical and regional ties, other ASEAN members expressed concerns regarding Timor-Leste's readiness, pointing to issues such as its limited diplomatic infrastructure, economic dependence on oil and gas revenues, and political instability. Over the years, Timor-Leste addressed these concerns through gradual improvements in governance, economic diversification, and strengthening of its institutional framework. The country's ongoing efforts to foster political stability, resolve internal security issues, and expand its diplomatic reach played a crucial role in building the trust and support needed for membership.

Timor-Leste's accession to ASEAN represents a significant milestone in its post-independence journey, enhancing its position within Southeast Asia and the international community. This achievement reflects the country's commitment to regional integration and its aspirations to become an active player in ASEAN's political, economic, and security initiatives.

ASEAN membership will provide Timor-Leste with access to a broader network of trade, investment, and cooperation opportunities, as well as a platform for engaging with its regional neighbors on shared challenges such as climate change, security, and economic development.

Looking ahead, the implications of Timor-Leste's membership in ASEAN are both promising and challenging. The country will benefit from deeper economic integration, with increased trade and investment opportunities, as well as enhanced diplomatic influence in Southeast Asia. However, Timor-Leste will need to continue addressing its economic vulnerabilities, particularly its reliance on oil and gas exports, and work on further diversifying its economy. Strengthening its infrastructure, improving education and healthcare, and fostering good governance will be key priorities for the country to fully leverage ASEAN's regional initiatives. Additionally, Timor-Leste will need to navigate the shifting geopolitical dynamics of Southeast Asia, including the growing influence of China and the evolving security concerns in the region.

In the coming years, Timor-Leste's ability to consolidate its position within ASEAN will depend on its capacity to implement sustainable development strategies that promote long-term economic growth and ensure political stability. The country's engagement in ASEAN will not only open new avenues for collaboration but also pose challenges as it seeks to balance its aspirations with the realities of regional cooperation. The road ahead is filled with opportunities, but Timor-Leste must remain committed to reforming its institutions and strengthening its domestic foundations to fully realize the benefits of ASEAN membership.

4. Conclusion

In conclusion, Timor-Leste's development prospects in the 21st century are intricately tied to its strategic geopolitical significance, its ongoing economic challenges, and its ability to navigate the complex dynamics of regional integration. As the country officially became a member of ASEAN in 2025, this milestone represents a significant step in its efforts to enhance its diplomatic standing and economic integration within Southeast Asia. ASEAN membership provides Timor-Leste with opportunities to strengthen regional cooperation, access new markets, and attract foreign investments, which are essential for its economic diversification and long-term stability.

However, despite this progress, the country still grapples with significant challenges, notably economic instability and dependency on oil and gas revenues (Soares, 2011). The depletion of its Petroleum Fund by 2025, coupled with unresolved maritime disputes over oil reserves in the Timor Sea, poses substantial risks to its financial future. Timor-Leste must focus on sustainable development strategies that reduce its reliance on oil and gas, while addressing pressing issues such as unemployment, poverty, and infrastructure gaps.

Geopolitically, Timor-Leste's strategic position continues to attract the interest of major powers, including Australia and China, each vying for influence in the region. This places Timor-Leste at a crossroads, where it must carefully balance its relationships with these powerful nations to avoid becoming a pawn in broader geopolitical rivalries. Proactively expanding relationships with both economically advanced nations like Singapore and New Zealand, as well as emerging powers such as Indonesia and Vietnam, will be crucial for Timor-Leste to assert its sovereignty and ensure its long-term stability.

Furthermore, Timor-Leste's foreign policy will play a pivotal role in its future development. A clear and well-defined strategy that fosters strong, mutually beneficial partnerships within ASEAN and with other key regional players is essential. This strategy must focus on political stability, governance reforms, and address the socio-economic challenges that

still impede the country's growth. By doing so, Timor-Leste can position itself as a dynamic and viable partner in ASEAN, contributing to regional security and economic prosperity.

Considering these factors, Timor-Leste's development trajectory in the coming decades will depend heavily on its ability to implement reforms, diversify its economy, and leverage its ASEAN membership to attract investment, enhance security, and foster socio-political cohesion. While the challenges are significant, the country's journey toward integration into the regional and global community marks a critical juncture in its post-independence history. Timor-Leste's continued success will require a combination of effective governance, international collaboration, and a clear focus on sustainable, inclusive development. As the nation moves forward, its role in Southeast Asia and its ability to navigate geopolitical tensions will shape its future on the global stage.

Timor-Leste's strategic and political significance has positioned it as a focal point for significant nations, creating an ongoing struggle for dominance and influence in the region. This unique geopolitical landscape affects the country itself and plays a pivotal role in shaping the dynamics of major powers, particularly Australia and China.

However, Timor-Leste's quest for independence has not shielded it from post-independence challenges. Despite establishing a notable presence on the global stage, the nation grapples with economic underdevelopment, challenging living conditions for its citizens, escalating crime rates, and a looming political crisis. The risk of increased dependence on Indonesia further complicates the situation.

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