

**CENTER FOR  
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**SPEAKER:  
JOSE RAMOS-HORTA,  
PRESIDENT, TIMOR-LESTE**

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DEREK MITCHELL: Good morning, everybody. Thank you for coming out to CSIS for our latest in a series of Statesmen's Forum, which we have occasionally to provide a platform for leaders in the international realm. My name is Derek Mitchell. I'm a senior fellow in the international security program here at CSIS, a director for the Asia division and also the director of the Southeast Asia Initiative, which we've been doing for about a little over a year now here at CSIS.

I want to first make a few thank yous for those who have organized and helped put this all together. First, the external relations folks, Russ Oates and team and such all in the back there who make this all happen rapidly and efficiently. I want to thank them as usual for their excellent efforts. And my team, Lee Ridley and Brian Harding.

I also want to note the presence of our ambassador to East Timor, Ambassador Clemm. Welcome and thank you for joining us today.

On behalf of John Hamre, the president and CEO here at CSIS, it is my pleasure and indeed my honor to welcome President Jose Ramos-Horta to CSIS. It is really an honor for me. I don't know if you all know, but before I did security work, I did democracy work in the mid '90s at the National Democratic Institute. And one of the great pleasures of my working there was to meet the real heroes, the people that were courageous, people who were committed to democracy and human rights at the grassroots level, who were making a difference in very, very difficult, very challenging environments. It's something that was rewarding and that was tremendous honor for me to be part of in a small way in the '90s. So it's always wonderful to be able to host people like the current president here at CSIS, someone that I heard a lot about, but only met just today. So hopefully we can keep in touch in the future.

It is – East Timor is an issue that has fallen off the radar screen to some degree and it happened sometimes. It becomes a cause célèbre in the international society, a democracy issue or a human rights issue than there is, quote, “achievement” of that goal of independence or democratic transition, and then people say, yes, great. We're done. We move on to the next issue. I think there's a lot to be done and I think we need to be paying attention to the newest country of Southeast Asia. And that's why I'm particularly glad that President Ramos-Horta is here today. And it is particularly great that he is committing himself to his people by continuing his work for East Timor.

I think all of you know his background. He spent 24 years in exile, a lot of time in Washington. When he comes back here, he has a lot of friends on the Hill and around town that have known him for years and years. The other great thing of being in Washington – I've been in Washington now 22 years basically off and on – you see folks come through in the opposition and then over time they become the leaders of their country. So it is actually something to understand here. When you meet people that seem, oh, well, just a marginalized figure or just an advocate, you never know where they may rise to. They could become presidents. And we've

seen all throughout the '90s, all these committed, courageous people become presidents and prime ministers.

After he achieved – East Timor achieved independence in 2002, he became the foreign minister of his country and then prime minister in 2007. And then in May of 2007, he became president. And I actually was doing – just looking at the history here. It's exactly two years ago today that you announced your candidacy for president in East Timor and here you sit with us. And of course, a year ago, as you may have seen in the headlines, there was an attempt on his life. And we are – as I talked to him right before this, he is in good health now. He's feeling much better. I think there is some residue of it, but we are tremendously grateful for his return to health and also in admiration for his continued commitment to his country. He's gone through much and continues to provide much to his people and I think we in the United States need to be more aware of this.

So today we give him a platform to talk about the issues of East Timor, the contributions the United States might make to that, and to remind us of the great commitment of him as an individual. So with that, please join me in welcoming President Jose Ramos-Horta.

(Applause.)

**PRESIDENT JOSE RAMOS-HORTA:** Good morning. Thank you for inviting me to this very prestigious institution. I have not prepared anything in writing, so bear with me. My random thoughts, reflections report on the situation in my country.

I came to New York last week to address the Security Council, February 19, as they consider to extend for another year the current United Nation's mission to Timor-Leste – UNMIT. I rarely have found the Security Council in such a positive mood and with unanimity in regard to a particular country situation.

Yesterday, I visited Secretary of State Hillary Clinton and House Speaker Nancy Pelosi. Probably yesterday was one of the best days for these two powerful ladies in the sense that finally someone came to them with good news about the world. (Laughter.) And in the midst of extraordinary problems, challenges facing the international community, in particular the new administration, I believe for them yesterday was a pause in the long list of bad news – economic financial crisis in the U.S. that has spilled to the rest of the world, ongoing problems that you know of from Afghanistan to elsewhere in Africa, Sudan, but also now around region – besides Afghanistan, very serious challenges in Pakistan, North Korea. So East Timor reemerged after the 2006 crisis as a small oasis of tranquility and economic growth.

I went to the Security Council in May, 2006, immediately after the beginning of the crisis in my country. I flew out, went to the Security Council, addressed them, if I'm not mistaken, May 4 or May 5<sup>th</sup>, 2006. I said at the time appealing to the Security Council to adopt some more robust, forceful action on East Timor in terms of peace enforcement if necessary. I said at the time, Dili was a city on the edge, fear was palpable.

But the Security Council, being what it is, heard, debate, and took no action. This is not a criticism of Security Council, least of all of that great man, Kofi Annan, then secretary-general, but it is the reality of the United Nations in that a lot of factors have to be considered and then, even when there is political will – and there was political will in the Security Council to do something – it never happened that a decision is made on the spot. And once a decision is made, it follows through with execution, and that means the deployment of whatever they had agreed.

So what the Security Council did was to roll over UNOTIL for another month. Then, end of June, another month; July, another month, while everybody in the Security Council, very religious people each and everyone of them, prayed to God that things would improve on the ground so that the Security Council would not have to actually do anything beyond that.

Unfortunately, by August, situation – by June-July situation deteriorated and only by end of August the Security Council authorized a new mission called UNMIT with a robust police force, but without a peacekeeping force – particularly without an extraction capability, which particularly after the events in Baghdad was very much a requirement of the secretary general – that whenever the U.N. has to send a mission, it has to go with a robust force for its own protection.

In view of that impossibility of getting the Security Council to agree to peacekeeping force with robust force, with airborne extraction capabilities, and as the situation deteriorated towards the end of May, I met with my leaders, the President Xanana Gusmao, Prime Minister Alkatiri, and General Taur Matan Ruak, commander of our Defense Force, minister of interior. I even went to consult spiritually with the bishop of Dili to see whether we should swallow our pride and ask for bilateral international assistance.

The situation – as the situation deteriorated, we swallowed our pride and we decided to ask for direct assistance from Portugal, Australia, New Zealand, and Malaysia, four countries that we picked very carefully, very considerately, and who responded promptly and within a matter of days, they deployed their forces into Timor-Leste. Not that – we were in doubt whether with our resources we would be able to prevent further escalation of the violence. Maybe we could have, but we just didn't want to take chances and then sacrificing, victimizing more people. That's why I said no, we swallowed our pride and we asked for friends to help.

And they came – Portugal from very far away, 20,000 miles away, politically responded promptly and within a matter of days its best police unit, the GNR, which was in Baghdad also, the only foreign force in Baghdad that never suffered a single casualty apart from wounded, and they did remarkable work in Iraq protecting everybody else, rescuing others when they came under ambush and so on. So it was this special unit that was sent to Timor in a truly – (inaudible) – display of mobility. Within days they were there on the ground with full gear, followed by Malaysia. Malaysia was also outstanding in that a developing country managed to deploy troops thousands of miles away and very expeditiously and efficiently.

Australia and New Zealand also responded generously and quickly. But then once they're on the ground is when we start considering all the legal ramifications and command and control, who would be in charge and so on. So we had bilateral agreements with all these four

countries, but then when the U.N. adopted UNMIT with the police force, Portugal and Malaysia transitioned over to the U.N., but then Australia and New Zealand preferred to remain outside U.N. command, so we had to negotiate a trilateral agreement – Timor-Leste with Australia and New Zealand and the U.N., a unique arrangement that established the rules on the ground and the chain of command, respect for the sovereignty, authority on the East Timor side.

I have to say the experience has been a most successful one, both on the political side, but also operational on the ground. Even though these forces never cooperated before in the past in any theater, in Timor they managed to work well efficiently. But that's not all. We had to also work politically, myself and others to do our part of our responsibility in resolving the crisis.

By the time I came back last week, two years later I came back addressing the Security Council in a totally different atmosphere in my country. Two thousand and eight, our economy grew at 10.5 percent. In 2007, just one year after crisis, it grew at 8 percent. These are real GDP growth, non-oil growth. It doesn't factor in the revenues of from oil. The growth come from investments, infrastructures, increased investment in agriculture sector, and so on and so forth.

The political situation is more stable than ever. These are five-party coalition, of which four are in the government. The fifth party is not in the government, but supports the coalition. Remarkable that a year-and-a-half after the formation of the government, the government's still in place. As you know, coalitions are not easy to manage. In Israel, in Italy, these are not really great examples of political stability, but what comes to mind. And if they don't work very well in Israel or Italy, well, less in East Timor.

So I was a little surprised that the government has lasted this long and if that's so, is a tribute to Prime Minister Xanana Gusmao leadership and probably only him in the current group that is in the government able to manage this coalition with his charisma, his charm, his patience.

And managing the transition from 2007 when the government was in power by me, August, having to deal, resolve the problems of IDPs. We had over 150,000 refugees in 2006-2007. Today most of the camps are closed, maybe two remaining. I'm not so up to date now, but by the time I left the country, there were two or three to be closed.

The so-called petitioners, soldiers problems, they all went home after receiving a generous package of assistance from the government, a package that I myself had initiated, negotiated when I was prime minister.

Some of the real problems that we – some of the root problems that brought about the crisis in 2006, are being resolved not completely, and that is reform of the security sector, police and army. In 2006, these two institutions had the lowest possible popularity rating. If a survey were to be conducted at that time about how are people's perceptions, trust in our police force, probably it would be zero and the same it would be with our army.

The latest survey conducted by International Republican Institute released only a week, two weeks ago, our police popularity came second with 80 percent approval rate, the army 78

percent, the government 65 percent approval rating or more. I'm not so sure of the exact figure. The prime minister even higher – his personal leadership.

So overall the mood in the country changed. While a year, two years ago if you would ask the people what is their main concern, number one would be security. Today, security came very last in their concern. Number one is education – more and more education is what the people are asking. And that's what the government is also trying to do since last year's budget, this year budget to provide more opportunities to young East Timorese to start in our own country improving the existing institutions, but also sending people abroad to Australia.

Unfortunately still very few scholarships provided by Australia, only 20 scholarships, New Zealand 10, Cuba, one of the poorest countries in the world – as you probably know, most of you Americans probably are familiar with Cuba – (laughter) – provide 800 scholarships to East Timorese medical students, almost 100 percent covered by the Cubans, plus 150 Timorese studying medicine in Timor under Cuban guidance.

Of course, I'd be totally unfair if I were not to haste to add that obviously even though Australia provides only 20 scholarships or New Zealand provides 10 scholarships and so on, that's not the total amount of their aid. The commitment by Australia to Timor in terms of overall development assistance is something like \$70 million this year on top of their own cost in covering the deployment of their troops in Timor. That would round \$200 millions.

And New Zealand in particular, such a small country, 4 million people, their commitment to Timor since 2000, since '99 has been just exemplary. At one time or another 40 percent of New Zealand forces were tied down with Timor, way back in 1999, 2000. And today they remained part of the so-called International Stabilization Force in Timor. So I want to add these so that it's set in the proper context.

We have been very much praised by our – by donors, by friends in the way we manage our petroleum fund. We have a very modest income from oil and gas, particularly just from one field called Bayu-Undan, which we negotiated, agreed with Australia way back in 2002. Luckily for us, the moment the country became independent, we signed an agreement with Australia, not 100 percent to our satisfaction, but that's how things happen in life.

The Australians were not also 100 percent satisfied because they wanted it all for them and we wanted it all for us. In the end we bought 90 percent of the upstream revenues and Australia 10 percent. The pipeline is in Darwin, so – but I think Australians were very fair in dealing with us at the time. And it is these that provide us with this breathing space and this money that enable us to be 100 percent self-sufficient in financing our budget.

We were advised back then by Norway, but also the World Bank and IMF, in developing our petroleum fund that today is viewed as the best in the world. We take pride that some countries are coming to study the Timorese experience.

Of course we are very quick in claiming credit as if we were the ones who actually invented the system, without giving due credit to the Norwegians, to the World Bank and the

IMF. The role of the World Bank and IMF in Timor-Leste had been exemplary in the past – from day one. If today we have a very solid financial system, it's thanks to these two multilateral institutions and critical that current leadership of the World Bank, Mr. President Zoellick is refocusing World Bank's attention on rural development, poverty alleviation. All of us, donors and the recipient countries, have failed in the last 20 years to anticipate the food crisis.

And if we look at the statistics, the data, it shows that 10 years, 20 years ago 18 percent of overall international ODA went to agriculture. By 2006 it's less than 3 percent. Whose responsibility? Of course, the receiving countries, we always blame the donors as if the donors come in and say, sorry, you are not going to work on agriculture. We are going to give you money to buy cars. Well, it doesn't happen like that, so the recipient countries have also a responsibility in these regards.

On our side, seizing on the food crisis, the government woke up and starting last year began serious investments in agriculture sector to ensure food security.

U.S. aid to Timor-Leste, which is very generous and stable for the last many years, averaged between 20 and \$25 million, excluding many other assistance like visits of navy ships like mercy ship that costs millions daily when they are there on the ground and other visitors from the U.S. defense forces. Apart from that, U.S. assistance, about 70 percent of it goes to rural development and introduced some of the best agricultural experiment right now going on. In the areas that they have experimented it, it tripled the income of the people in the area. And I hope that we can replicate it around the country. It could really make a huge difference.

So thanks to these international partnerships from the World Bank, IMF, donor community, United Nations that today we can say, when I speak before you today here and last week in the U.N., we brought and are bringing good news. But the good news should not be a reason for us to be overoptimistic and complacent because we were optimistic before for many years. Addressing our national parliament, the media, I always caution our people. Peace is a reality in my country, but still fragile.

And when you deal with a fragile situation, you have to be extremely prudent – prudent in the way we talk, measure our very word, prudent in the way political leaders deal with each other, prudent in the way institutions of sovereignty deal with each other to mutual support, and prudent in the way the international community should deal with the countries in transition like East Timor, in that any hasty withdrawal for whatever reasons can lead to what happened in my country in 2006. But whose responsibility? It's not only the U.N. It's ourselves also.

I recall how many of my compatriot leaders today found that even the two-year term of the U.N. in Timor was too long. They were so anxious, so super patriotic that two years of U.N. presence was almost like equivalent to another colonial settlement. And when ourselves, we want the U.N. to leave sooner, well the U.N. is very happy to oblige. There are many other problems around the world.

But also some in the U.N., they have a sentimentality thinking that most important when you deal with a mission, you have to consider the cost of it rather than what exactly is the

problem, how to address it, how to resolve it, how long does it take. And then you do the calculation. But that doesn't happen like that and that's understandable. Easy for me to lecture U.S. or others because I'm not paying for the peacekeeping missions. It's the U.S. that pays for it. So it's easy to say that the U.S. always worries about the costs. The French always worry about the costs. Well, yes, they are the ones who're paying for it. That's the reality.

But being what it is, my advice, as I told the Security Council two years ago – a year ago as prime minister – I asked them whether anyone in the Security Council have thought how long would it take, does it take normally for a small business like a takeaway little business restaurant in Washington, D.C., or New York to be effective, sustainable, turning a profit – not that I was ever involved in any takeaway business at time I was in New York, but (for me that was it ?). It takes three, five years from the moment you set up the business, the investment, and start having clients. People start trusting your food. Your guys would deliver the food in bicycles around Manhattan without being knocked by a yellow taxi and – so it takes three, five years or more.

Well, then I asked the Security Council members, and your excellences think that you can build a nation state in two years. Well, that's what they wanted to do in '99-2000, told – (inaudible) – you have a two years to build from ashes this nonexistent entity into a modern, functioning democratic state and leave by 2002.

Well, don't do that in regard to East Timor or to Sierra Leone or to any other country because it is not only question of building the physical institutions, the constitution, the legal edifice that goes with the modern state, but also there's a problem that takes much longer to resolve, and that is the wounds of the soul, of the heart, of the mind. After generations of humiliation, of suffering, the most complicated in any conflict situation, in my past experience, in my country and – (inaudible) – observe is the individuals, the society, the communities.

When I took over – to end – when I took over as defense minister – I was foreign minister, then in some time, end of May, early June 2006, I was asked to serve as defense minister because the then defense minister had to resign. My first reaction was of utter embarrassment. I never saw myself as a potential defense minister, knowing very little about this field, but I accepted.

A few weeks later, I was asked to serve also as prime minister because the then prime minister had to resign. I went to the parliament and I explained to the country I do not see my role as commander-in-chief, defense minister in a typical fashion. I'm not going to buy more weapons. I see myself more as a chaplain of the army, the priest of the army.

Well, not that I was exactly the most qualified to be priest, but – (laughter) – but they understood what I meant and that is I will care first about the soul, the wounds of the soldiers, the police, heal the wounds within the police institution, within the army, between the two institutions and between them and the country. And that's what I set out to do in the following month, looking after the individuals.

And it was this silent work of every day going to the soldiers and to police, talk to them, pep talk sometimes to small groups to larger groups, sometimes using very harsh language with

them, but other times looking after their daily needs from uniforms to better pay to certain symbols. And maybe I contributed in some way to today this high popularity rating of our police, which is 80 percent.

Only a week ago, in New Zealand, on the way here, I was asked by one of the New Zealand senior police officers in the New Zealand Police Academy in Auckland what I thought of our people's perception of our police. I answered very frankly, I said, well, I think still very negative. Well, I was surprised when a few days later I got the opinion polls on IRI – 80 percent popularity rating, the first most popular person in the country is the pope himself. (Chuckles.) Anyway, well the most popular person in my country actually is Barack Obama, I have to say. (Laughter.)

I went to a village a few months ago in Laga. Laga is a poorest village, there where I launched my campaign for presidency symbolically because I always define myself as president of the poor and I try to do my very best for the poorest of the poor of my country and of this planet. And I visit that village many times over the years and I went there again a few months ago, before the election time.

And I asked the kids there – seven, eight years old, 11, 12 from different parts of the region – whether they followed the American election. They said yes very enthusiastically. And I asked who you are going to vote for? I told them there are two candidates. They didn't wait for me to finish, they said, "Obama." So President Obama got 100 percent of the votes in Laga. (Laughter.) I got only 70 percent. (Laughter.) So he's more popular than me.

That's where we are today, but before I end – I conclude my remarks, something on what the U.S. can do. Your country – for those who are Americans, I know not everybody is American here in this room – today is a unique situation to really mobilize international goodwill – harness goodwill and resources into addressing some of the great challenge that you face.

I do not recall when in history there has been such an inspiring president, maybe only comparable to John F. Kennedy, whose name – Kennedy's name – still today lingers in some of the remotest villages in my own country. But back then, John Kennedy didn't have yet all the tools of modern communication from television to the Blackberry. Today, President Barack Obama has these means of communication and mobilization of people.

A few years ago, I gave a series of lectures in Southeast Asia, particularly in Thailand, that later became the chapter of a book. The title was "Challenges of the 20<sup>th</sup> Century: Can the U.S. Lead?" In that chapter, I tried to present a more neutral or sober assessment of the United States following September 11<sup>th</sup>, the interventions in Afghanistan and then Iraq, because of the policies of the administration, the administration ended, the United States were demonized in the eyes of everybody.

It is at that time that I tried to offer my audience in Asia a more sober assessment of the real role of the United States. And my answer was yes, it can lead. It can lead through inspiration, it can lead through building international consensus to address some of the great

challenges that we all face. Leadership is the ability to persuade and to bring people around you, side by side, behind you to address. And the United States today is in this such great situation.

What can it really do referring specifically only to our immediate region? In regard to Indonesia, I'm very pleased that Secretary of State Clinton went to Indonesia. Following the events of '99 when Indonesia walked out of Timor-Leste, we ourselves – those who were in different trenches of the fighting line both in the field and the diplomatic fighting line, Indonesia and East Timor decided to normalize relations. Within a matter of days, I personally visited Indonesia, and since then countless times. Current Prime Minister Xanana Gusmão was also one of the chief architects of the normalization of relations with Indonesia.

Today, people-to-people, government-to-government relations are exemplary. Each side walked halfway to embrace the other. Our border, for instance, is the safest of any border in the world, safer than in the rest of our own country when the crisis was worst in 2006.

Sometimes, I used to say, the Indonesian military actually does the security for us because our own police on our side of the border, mostly relaxed, casual, no logistic means – support from our own side. If it were not for the Indonesia military, that area would be a very active area in all kinds of illicit trade, which still goes on. I even tell our police not to worry too much about the normal poor, illicit trade going on.

When one of our policemen proudly told me one day that he confiscated 90 liters of fuel that someone smuggled from West Timor to East Timor, deep down I thought, poor guy, the guy who bought the fuel, how now he's going to pay back. It is really such a big problem? This is the problem you have? And I talked to Foreign Minister Hassan Wirajuda that we, the government, should not be an obstacle to poor people trading with each other.

So how about developing a free trade zone between Timor-Leste and the eastern Indonesian islands? Because whether we regulate or not, anyway, they are doing bustling trade going on right under our nose and literally near my house, every morning, I drive past, I see two or three Indonesian wooden boats unloading illicit cargo from Indonesia. I wave to them. They wave to me as I go by. (Laughter.) They probably say (that was?) President Ramos-Horta – (laughter) – because I would never call the police or the immigration to hassle these poor people who are surviving.

But we have to further strengthen the relations by creating regulated border market, which we are doing; issuing travel – equivalent to passports so that people in the border can travel back and forth without the requirement of visa.

So these are what – this exemplary relation we have.

I would urge – particularly with the visit of Secretary Clinton that I'm very, very pleased that the United States finally is more actively – proactively reengaging with Indonesia. And that means across the board, and that means lift every restriction you have had until today including on the Indonesia military. You want to further assist them in consolidation of their democracy. You want to help us help Indonesia as well to further stabilize.

Peace and stability in East Timor depends very much also on a prosperous Indonesia, an Indonesia that has shown in an extraordinary remarkable way that it was able to swallow its own wounded pride of the past because when it had to walk out of Timor-Leste, it did not walk out defeated. We did not defeat the Indonesia militarily. They walked out because circumstances changed in Indonesia, because they had a pragmatic president, B.J. Habibie. At least 20 years of living in Germany taught him to be pragmatic. He thought Timor was a waste.

I remember I was in January '98 in Atlanta at CNN with many good friends there. I spent the whole day at CNN headquarters giving every sort of interview I wanted in every possible language, and I heard an interview by B.J. Habibie. He said, by December, I want Indonesia out of Timor. That place has only rocks. (Laughter.) That's how he put it. Actually, sometimes when I travel in my own country, I tell to my people, I think actually Habibie is right. There are so many rocks everywhere in this country which the students use whenever they fight each other.

And Indonesia changed dramatically, and if you want to help us, help Indonesia as well. Lift all the restrictions you have on them. It is two countries in my view, Turkey and Indonesia are the best examples of how democracy and Islam go hand in hand. They are mutually translatable. You supported these two countries to further progress, you won the battle of ideas against the extremists in these same countries that want to undermine modernity, democracy, peace, and stability.

I thank you. God bless you.

(Applause.)

MR. MITCHELL: Thank you very much, Mr. President. We do have time, about a half-hour for questions. And what I'd ask – we have microphone runners that will get to you. Wait until they get to you once I've pointed at you and introduce yourself and your affiliation. So we'll start with Chris.

Q: Thank you so much. I'll stand over here so I can see. I'm sorry. My name is Chris Nelson and actually I was with the congressional delegation that was in East Timor in 1979 and if you'd asked me to bet that I would see you standing here today, I wouldn't have – (inaudible) – to hear you, sir.

You mentioned Secretary Clinton's visit to the neighborhood and you offered some very pragmatic advice. And my question is based on what you heard her say, what you think you heard her say about the need to develop a new approach on Burma, not just the United States approach hasn't worked but neither has the ASEAN or Japanese approach. Do you have some advice for the United States and how we should perhaps rethink what we're doing with Burma?

And sort of the subsidiary question on that is when she got to China, she made some remarks that some of our friends in the human rights community have seen in not the most favorable light in the sense of larger issues – you know, the world environment, the world

economy, we've got to take that into perspective. So in a sense, a two-part question, but mainly what's your advice to us on how to rethink the Burma situation. Thank you.

PRES. RAMOS-HORTA: Well, I would hesitate to say I advise because, you know, people in the State Department and the White House and administration have decades of experience in dealing with Asia. They probably have attempted every possible strategy. But I can maybe restate what I've said many times, particularly starting in 2001.

When in 2001, before Timor independence, but we were in the last month towards independence, I heard the news that the military in Burma had released Suu Kyi, I issued a press statement urging the international community to immediately seize on that, step in. It did not. A few months later, there was a setback. Suu Kyi was alone in that road, all alone sitting in the car. Nothing illustrates better the failure of disengaging from Burma.

In my own experience over the years, the moment I seize an opportunity, the slightest opening of the door, I put my foot in and squeeze myself further in and in until I'm right inside game. From there, you play.

And so sanctions, I don't disagree with sanctions, but for the sake of it that I don't agree. When you look at the situation in Myanmar, as I look at the situation in Cuba – a few times I went there – when you punish a regime or punish a country for the perceived sins of the regime – and I use the word perceive because I'm not here to judge how the U.S. or any country perceives other countries – so because of perceived sins of the regime, the consequence is that you hurt also – the collateral damage is the people.

In the case of Burma, when sanctions are applied and certain Western companies have to pull out, thousands of people go into unemployment and not only – (inaudible). They find other means, so some other companies with less sensitivity, less concern about laws and regulations, less concern about public opinion and civil society, they take over. And some of the little oasis of freedom, of respect for labor rights and human rights in those factories that originally were owned by an American company that is scrutinized by U.S. laws or whatever are taken over by someone else, maybe by the military.

So it is nonsense. Sanctions have to be smart. If you want to fight for something, fight in a smart way, not in a dogmatic way.

I know that the military in Burma are desperate for change. They want changes. And this is a unique opportunity for the U.S. to engage them. But I hope also that the military doesn't read it that because they hear more positive statements coming from Secretary of State Clinton, President Barack Obama, that they think that, well, now we can get away with everything. I think the administration is giving them a window of opportunity, giving them one year to start changing, and I think this is the right approach.

I believe that the situation in Burma is not an intractable one. If you ask me, can it be resolved, I would say, yes. If I'm hopeful about a particular situation among the current problems around the world, Burma is one of the easiest.

You have an established, entrenched military. At least you know who you're dealing with, who you have to work with. You work with one particular group – the military. Then you have a very well established figure, Daw Aung San Suu Kyi. Is that so difficult to bring Than Shwe and Suu Kyi to talk face to face as a first step? No.

So I think I'm optimistic about that as long as the U.S. really stays engaged because in the past I told the U.S. side, if you want the Chinese to take you seriously on Burma, don't put Burma as one of the 100 agenda items that you will talk after the end of the conversation.

If you want the Chinese to take you seriously, to work with you in partnership to resolve the problems of Burma, not that Chinese to see their sacred mission in life to promote democracy – that's not their point – but for China, they're obsessed with stability, with security. A Burma that is unstable is not good for them. A Burma that is totally ostracized by the world is not good for them. China also wants to be a responsible member in the international community and they have been doing their very best in this regard and they want this also for their closest neighbors, in Burma. So you can work with the Chinese.

But the president of the United States has to talk consistently with Hu Jintao on this issue or the Secretary of State Clinton to talk with her counterpart. To make it like just into one agenda item as part of many other issues, well, it doesn't work, maybe because the Chinese can read. They can read how serious you are with an issue.

Q: Sam Hancock of Emerald Planet. Thank for being here today, Mr. President. And you have a very solid wisdom on how to deal with many touchy issues. What other suggestions or idea would you like to share about the new emphasis on smart power and relationship with countries such as Timor and others around the globe?

PRES. RAMOS-HORTA: Again, without pretense to lecturing the U.S., particularly in this institution – the brightest are here in this center – who am I to come and pretend to offer new ideas? I hope that in the next few days I'm able to complete a small essay. I think I promised to you, I think.

(Laughter.)

MR. MITCHELL: For our newsletter.

PRES. RAMOS-HORTA: For the newsletter. And I offer a too grand title: New partnerships – U.S. and new partnerships. I sincerely believe that so called G-7, G-8 model is as old as the permanent five of the Security Council.

President Barack Obama, again, is in a unique situation to encourage his colleagues in the G-7 to move beyond G-7 to accommodate the following emerging powers: India, China, Indonesia, Saudi Arabia, because whether you like it or not, they still control the vastest oil reserves in the world, and in spite of all the talks about nonrenewable sources of energy, this will be decades before you can declare the age of fossil fuels finished.

So for many decades to come, Saudi Arabia will be probably still the single most important source of oil – plus, Brazil, South Africa. These are the people you have to work to mobilize resources, the best minds on how to address some of the economic and financial problems, but also some of the security and political problems.

Expand the Security Council to increase the numbers of permanent members. The process started in 2005 with Kofi Annan – bogged down. But realistically I would say that the following countries qualify: in Latin America, Brazil. I know that Argentina is not totally in agreement with that, but Brazil is the indisputable larger power in Latin America, and it is a fascinating country in the sense of, if you want to have a model, an example of a crossroad of civilizations, of cultures, of history, it's Brazil. And under President Lula, Brazil has really finally taken off.

And then in Africa, you cannot turn around (but I would work ?) with South Africa and Egypt. These are the two. And Asia, India and Indonesia have to be brought in besides Japan as everybody agrees, but plus India and Indonesia.

I'm proud that I was the first speaker in the U.N. General Assembly many years ago to argue for Indonesia to be included as one of the potential permanent members. It is 240 million people, but also because it is the largest Muslim country in the world, and because when you look at the current composition of the Security Council, and if you include some of the new potential members for permanent membership, the imbalance in the Security Council in terms of how many Christian nations are there represented, how Christianity is represented, and how Islam is represented – it's a huge imbalance. And Asia is overly unrepresented. Asia region, which contains half of the world population is the least represented in the U.N. system. So this has to be corrected to accommodate this giant region, which is Asia.

So that's – I think President Barack Obama can do that. And I'm not saying – this is not only political. This is new power balance in the world that can really help solving many of the problems we face today that has – if you go back, it has to do with – the inability to resolve some of these problems has to do with the way the system after World War II was structured and then was not adapted as the world began to change in the last 20 years or so.

Q: Welcome. My name is Milady (ph). And I was listening to what you said about leadership could bring about change, and my question is about Cuba. I know that Timor relies on the Cubans for most of your health and education sector and there's bilateral agreements. Given that Cuba hasn't held democratic elections in 50 years, I was wondering how you see your leadership in helping bring that about?

PRES. RAMOS-HORTA: Well, I do not necessarily agree with the Cuban political system. I do not aspire to be president for the next 40 years. (Laughter.) And I will not attempt to change the constitution like Hugo Chavez has just done to enable me to run indefinitely. So politically speaking, I do not share – agree with the Cuban political system.

On economics, I told my Cuban friends when I was there recently in September, if in my own country the state were ready to start running also restaurants, it would be a total disaster. We cannot run some of the ministries, let alone taking care of the restaurants. This is only to illustrate the absurdity in the 21<sup>st</sup> century of a state wanting to manage also restaurants. So politically, I don't agree with that.

Economically, I think the Cubans should look at the Vietnam, Chinese example. But I had long conversation with Raul Castro, actually not real conversation. He talks to you. You don't talk to him. (Laughter.) So it was not exactly a conversation. At the end of his speech to me, I told him, Raul – I told him, Raul – speaking into Spanish, when I'm next in Washington and see my American friends, I will tell them: one thing, you talk as much as your brother Fidel – (laughter) – and two, if they expect you to die soon, you probably are not going to die soon because he has incredible energy. He's 70-something and looks like someone at 60.

And the Cuba is ripe for change. The situation in my view is just unsustainable. That again is when this administration came in such a right time to initiate some serious dialogue. And Raul told me, because we talk about their relations and Raul told me, we are ready to talk to the Americans, equal level and without intermediaries.

And I think in spite of all this country has done to Cuba, there is still incredible flirtation with anything U.S. You don't find anti – apart from the politic rhetoric, the speeches, whatever is organized from time to time, no anti-U.S. animosity. There are no two countries that can be closer than these two: U.S. and Cuba.

But, obviously, the situation in Cuba has to change and it can change. And in my view, in a very frank way, as I look at Cuba and look at the possibility of the U.S. lifting sanctions, relaxing travel controls, I just wonder myself how will the Cubans be able to control the situation? You will achieve more in inducing changes in Cuba by lifting sanctions, allowing free flow of contacts than what we've been doing for the past 50 years.

Someone I think – someone told me the other day, made a brilliant point that President Barack Obama is younger than the policies of sanctions on Cuba. The policy of sanctions is 50 years. Barack Obama is 40-something – 47. So it is time. And even if this might sound unpalatable for many, whether you deal with Cuba or with Burma because, you know, when you advocate sanctions, punishment for so many years and then suddenly you have to change – but I don't see any other way.

Cuba will change. It's inevitable, and better that it is a carefully managed change with U.S. support, in cooperation with the current regime than unpredictable, sudden changes that may occur. The Cuban – and Fidel Castro is not Saddam Hussein. Fidel Castro is not some of the dictators that we know in history. No. He's genuinely respected, admired by his people. They've achieved a lot for their people. And one of the greatest achievements for them is the Cuban sense of dignity, of pride, and that is – no money can pay for that – buy that. And that is very, very important. They are very proud people, very dignified.

I know – I think we've met before and I know where you're from.

Q: (Off mike) – from Amnesty International. President, you mentioned in your opening remarks about the status of your country as fragile. Can you elaborate a little bit about what may be the issues that make you feel the country is still fragile? And second question is, you have enormous credibility and moral authority to speak about abuses around the world, and especially in conflict zones because you understand it and you have gone through it like Nelson Mandela did it. And I wondered whether you had thought of using that power that you have. It is very unique for world leaders to use it in dealing with other countries. Thanks.

PRES. RAMOS-HORTA: The only thing I can say is that the use of force is always the first temptation, the first option, whether in cross-border, interstate conflicts, or within the countries is the worst option.

I'm not a pacifist like the Dalai Lama. You ask the Dalai Lama, he'll say, no and no and no. If you ask the Dalai Lama, but then how are you going to resolve the Osama bin Laden threat, he probably will tell you, pray and pray and pray. So I don't share completely his holiness' views on certain situations.

Sometimes, history has shown us that the use of force is necessary, but it must be always the last resort. And my experience is even some of the most intractable individuals, you can change them if you're just patient enough, humble enough to listen, listen, and listen, and then maybe you start talking with them back to find ways to – situations like in Sri Lanka, what is happening now.

The government seems to have military upper hand. But do they really feel – believe that they can crush the Tamil to the bitter end and they will not resurrect again? There are still four million people in the country. Four million is a lot. A people that is profoundly wounded in the body and soul and mind, humiliated, they will fight back and with viciousness, and that's happened in few other situations.

So when we are – I (always said ?) way back in '99 when I went back to my country in a speech in a place called Same, I said, in victory, let us be magnanimous. I was referring to those East Timorese who were on the other side who sided with Indonesia. Never rub the wounds of anyone who feel that he or she had lost. Try to make him or she feels that he or she too won. And that's what we have tried to do with the Indonesian side and that's why – (inaudible) – we have the best relationship with them.

We don't make the Indonesians feel that they lost. In practical reality, they won. They got rid of a problem that costs a lot of money, that is mostly rocks according to B.J. Habibie, now bustling trade one way. We buy everything from Indonesia. They buy very little from us because we don't have much to sell anyway.

I dealt with my own people, those who shot me. You cannot have a more extreme example than that that I am prepared to go anywhere, to meet with anyone to engage in dialogue. I completely opposed in 2007, 2006, the use of force against those rebel elements. There were more than 700. I managed to neutralize almost all of them. Mr. Alfredo Reinado, his strategy,

he had only a group of him and a bit more than 20 armed. His strategy was to have the 700 who abandon the army to be his ready instant army. That's what he failed and that's why he was so angry.

But even with him, I opposed the use of force to the point where a judge in our court – not a Timorese judge, one of the foreign judges working there – had issued a statement criticized the president for interfering with justice. No, I was not interfering with justice. An arrest warrant was issued by the court. (Inaudible) – was supposed to then enforce the arrest warrant. And how are we going to enforce it? We go with helicopters, with tanks, with troops and shoot at each other. There will be killing on the other side and outside of the U.N. and the ISF. If I'm able to engage them in dialogue to effect this arrest warrant without firing a shot, why not? So that's all I attempted.

And I went and saw him and his men many times. But again, I was dealing with a psychopath and too bad for him he didn't seize the opportunity that I offered him to surrender with dignity and to be treated as a military man with dignity because I didn't see the problem as completely on his side. We, political leaders, fail. Political leaders take credit and take responsibility when things don't go well and we failed. And because of that that I said, no. These people, these soldiers, these officers were disgruntled, unhappy. They didn't wake up one morning and decide to defect for no reason. Something must have gone wrong on our side. And so that's why I engaged in a dialogue with them.

But unfortunately, February 11 I was shot out of the blue. The country went into a state of shock because they knew what I was doing. They were very upset and that's why I don't like to compare myself with Mahatma Gandhi because he's a saint; I'm a sinner. But Mahatma Gandhi when he went on the hunger strike over the ethnic, religious violence in India at the time; almost dead, the violence stopped. Well, when I shot, the violence stopped. Even the gangs stopped until today.

It is still fragile because, well, all the institutions are fragile. It's still fragile because the history of violence is recent. It happened on just over these years. And that's why I say we have to be very careful with what we even say. Some of the more incendiary speeches by some of our leaders in 2006 contributed to the destabilization of the country.

Some of the violence – well, the genocide that happened in the Balkans or in Rwanda started with speeches by demagogues, and these were situations also very fragile of people's emotions in the chaotic transition at the time in the Balkans. If you're not careful with what you say, you inflame passions and destabilize. That's why in Timor be very careful. And some of my compatriots are not careful when they talk. They don't measure and then create suspicion, anger, further suspicion, and then – so that's why I keep saying fragile and be very careful.

My advice to leaders who face internal insurgencies situations: rethink, step back, and try to talk, because after all they are your people. They are not aliens. The Tamils are part of Sri Lanka. Talk to them. I would tell Hu Jintao, talk, call your brother, the Dalai Lama. He's a wonderful human being. He's the only one who can deliver a peaceful Tibet for China. He's a wonderful human being. But the Chinese are utterly suspicious of him. They don't believe him,

trust him at all. That's understandable, but that's not an insurmountable problem. It can be – if all sides cool down and start talking, they might resolve it in the long term.

MR. MITCHELL: Mr. President, thank you very much. We have run out of time.  
(Applause.)

Let me just say that he talked about inspiration as being the real important aspect of leadership, and I personally, I think, speak for many of you inspired by the comments he made here today and the commitment he's made to his country and to many other issues around the world. Your candor is also very welcome here. We thank you very much for your open remarks on a host of issues.

And good news is quite welcome. It's always good to get some good news in Washington of a success story or a country that's moving in the right direction. And once again, we should not forget about the newest country in Asia – in Southeast Asia.

So we welcome you back to CSIS. Hopefully, you'll come back more. This is his first trip to Washington since he became president. We hope there are more visits in the future.

One thing I was asked. He is going to have to leave, but we asked everybody to stay seated until he and his delegation leave the room. That's by the order of the Secret Service, which I do anything they tell me to do. But please, one more time, please join me in thanking the president for coming.

(Applause.)

(END)