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The Dual Chinese Presence in Timor-Leste With Historical Diaspora, Geopolitical Strategy, and the Dynamics of Strategic Autonomy (10th Century–Present)

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ABSTRACT

The Chinese presence in the Democratic Republic of Timor-Leste (TL) is defined by a significant historical and cultural dichotomy: the long-established Hakka diaspora, known as the Cina Timor, and a focused, state-driven geopolitical strategy executed by the People's Republic of China (PRC) post-2002. The PRC successfully leveraged early diplomatic recognition and prompt, strategically targeted aid specifically high-visibility state infrastructure projects (the "Architecture of Soft Power") to secure core political alignment, most notably Timor-Leste's firm adherence to the One-China principle.

The People's Republic of China (PRC) influence is visibly concentrated in national infrastructure, including the Presidential Palace and the Ministry of Foreign Affairs, and is strategically positioned to penetrate the critical energy industry, exemplified by ongoing consultations with state-owned enterprises (SOEs) like Sinopec regarding the Greater Sunrise gas field. While Timor-Leste demonstrates sophisticated strategic autonomy by refusing sensitive Chinese military advances, the nation faces severe developmental challenges and an impending fiscal cliff.

This fiscal vulnerability introduces a high strategic risk: the necessary massive capital investment in Greater Sunrise could compel Dili to accept non-concessional PRC financing, potentially shifting its stable debt profile toward high-leverage bilateral debt and jeopardizing long-term fiscal independence.

INTRODUCTION

The bilateral relationship between the Democratic Republic of Timor-Leste and the People's Republic of China (PRC) embodies a complex interplay of historical legacy, cultural continuity, and contemporary geopolitical strategy. This dual presence manifested through the long-established Chinese diaspora (primarily Hakka, known locally as Cina Timor) and the modern, state-driven engagement by the PRC presents a unique case of dual-track Chinese influence within a small, resource-constrained, yet strategically significant Southeast Asian state. The enduring presence of the Cina Timor community, with roots dating back to at least the 10th century,

provides cultural depth and social integration that predate both European colonialism and modern nation-state diplomacy. Conversely, the assertive entry of the PRC into Timor-Leste's development trajectory since its independence in 2002 reflects a calculated form of statecraft merging infrastructure diplomacy, soft power, and selective economic intervention.

As Timor-Leste navigates the critical post-independence decades of state-building and economic self-sufficiency, China's engagement has evolved into a defining external factor in the country's development path and foreign policy orientation. Through early diplomatic recognition, symbolic infrastructure investments, and access to concessional financing, the PRC has positioned itself not only as a key development partner but also as a strategic actor with

long-term interests in the region. This involvement is not without tension; it intersects with Timor-Leste's commitment to maintain its strategic autonomy, balance relations with Australia and other partners, and protect its fiscal integrity in the face of significant development challenges including the critical question of how to finance the Greater Sunrise gas project.

This paper explores the historical continuity and geopolitical transformation of Chinese presence in Timor-Leste. It aims to distinguish between the socio-cultural legacy of the Cina Timor diaspora and the institutionalized influence of PRC statecraft in the post-2002 era. Through this lens, the research evaluates how historical identity, economic dependency, and strategic diplomacy converge to shape the country's political alignment and long-term autonomy. The paper draws on a multidisciplinary theoretical framework, including Neorealism, Constructivism, Neoliberal Institutionalism, and Fiscal Statecraft, to assess the implications of China's dual presence and how Timor-Leste navigates this complex partnership while striving to safeguard its sovereignty and developmental future.

THE METHOD

This study utilizes a qualitative, descriptive case study approach grounded in historical and policy analysis. The research method involved:

Historical Analysis (Longitudinal Study): Examination of the Chinese presence across distinct historical periods: pre-colonial trade (10th century), the Portuguese colonial era (19th-20th centuries), the displacement crisis of 1975–1999, and the post-independence era (2002–Present). This establishes the dichotomy between the Cina Timor diaspora and modern PRC state strategy.

Qualitative Content Analysis: Systematic review of official government communiqués, bilateral agreements (e.g., the 2023 Comprehensive Strategic Partnership), policy reports from international organizations, and academic literature. This focused on identifying consistent patterns in when, where, and how PRC influence is exerted (e.g., high-visibility infrastructure, rapid diplomatic recognition, and security engagement).

RESULT AND DISCUSSION

Policy and Risk Assessment: Evaluation of Timor-Leste's strategic position and fiscal health, focusing on the external debt profile and the dependence on the Petroleum Fund. This step assesses the strategic risks associated with the required capital investment in the Greater Sunrise field and the potential for a shift toward high-leverage bilateral financing. BY analysis of the China-Timor-Leste relationship is best understood through several lenses of International Relations theory following the :

Neorealism and Great Power Competition: This framework views the PRC's rapid diplomatic recognition (May 2002) and sustained strategic engagement as a rational state behavior designed to expand influence within Southeast Asia and strategically "balance the United States'" regional presence. The PRC's strategic 'walk back' on overt

military cooperation after signing the 2023 strategic partnership reflects a sophisticated calibration of power, prioritizing economic penetration (e.g., in the energy sector) over immediate geopolitical friction with Australia.

Neoliberal Institutionalism: This perspective explains the use and function of multilateral platforms, such as Forum Macao and cooperation within the Community of Portuguese Language Countries (CPLP). These institutions provide formalized mechanisms for cooperation, reducing transaction costs for trade (e.g., through tariff elimination) and facilitating long-term institutionalized security and economic exchanges.

Constructivism (Architecture of Soft Power): This theory addresses how the symbolic nature of Chinese aid shapes Timorese identity and expectations. By funding and constructing the physical seats of Timorese sovereignty including the Presidential Palace and the Ministry of Foreign Affairs the PRC's strategic 'walk back' on overt military cooperation after signing the 2023 strategic partnership reflects a sophisticated calibration of power, prioritizing economic penetration (e.g., in the energy sector) over immediate geopolitical friction with Australia.

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Constructivism (Architecture of Soft Power): This theory addresses how the symbolic nature of Chinese aid shapes Timorese identity and expectations. By funding and constructing the physical seats of Timorese sovereignty including the Presidential Palace and the Ministry of Foreign Affairs the PRC fosters a perception among the Timorese elite that China is an essential partner in state capacity building and governance, generating lasting influence that transcends simple material aid.

Fiscal Statecraft and Strategic Autonomy: This framework explains Timor-Leste's conscious strategy, often termed the Dili Doctrine, to maximize development gains while mitigating dependency. However, the nation's structural vulnerability due to its high reliance on the Petroleum Fund makes it susceptible to Fiscal Statecraft, where massive financing for critical projects like Greater Sunrise can be used by the PRC to gain profound long-term fiscal and political leverage. Historical and Sociocultural Foundations of the Chinese Presence (The Cina Timor)

1. Deep Historical Contact and Pre-Colonial Trade (10th to 16th Century)

The historical relationship between China and Timor predates European colonial involvement by several centuries, establishing a legitimate, non-colonial narrative for Chinese presence. Maritime linkages were established as early as the 10th century CE, centered on the profitable resource trade. During this era, Timorese sandalwood, a highly valued commodity, was transported across the

Indian Ocean to China, primarily via the crucial Straits of Malacca shipping lanes.

This trade continued and expanded into later periods. Chinese traders, particularly during the Ming Dynasty, were interested specifically in the rich sandalwood, arriving directly on Timor Island. This ancient commercial history is critical because it positions Timor-Leste as historically integrated into the regional economic sphere linked to China. Unlike many colonial-era relationships, this narrative allows the modern PRC to conceptualize its current maritime and economic expansion not as a modern intrusion, but as a return to a traditional economic partnership, providing a cultural and historical foundation to normalize contemporary strategic engagement.

2. The Portuguese Colonial Era and Organized Migration (19th and 20th Centuries)

Organized Chinese migration to Timor-Leste intensified during the Portuguese colonial period, especially once administration was shifted from Macau in the 19th century. The introduction of steamship traffic between Macau and Dili further accelerated the migration of Chinese subjects.

During this period, the Chinese community carved out a specific, essential economic niche within Dili. Colonial authorities recognized their utility, with A. Marques Perreira, the commissioner for Chinese migration, attesting that they constituted the "most useful section of Dili's population". They conducted critical crafts, notably woodworking, an area where native Timorese reportedly possessed "no knowledge," and dominated a substantial portion of the city's trade. The community's leader was afforded the official colonial title, the Capitão China, underscoring their administrative importance to the Portuguese regime.

However, this economic centrality and officially recognized status also generated structural tension. The high degree of economic reliance on the Chinese community, officially acknowledged by the colonial authorities, established a stratification that made the non-indigenous community vulnerable during political transitions. This vulnerability was tragically realized during a revolt of native troops serving in the colonial military, when the Capitão China was murdered. This incident, in the colonial era, foreshadowed the vulnerability of the economically crucial Chinese population during the later, far more violent political transitions of 1975, emphasizing that economic indispensability did not guarantee political security in the face of indigenous unrest or external invasion

3. Identity and Assimilation: The Hakka Diaspora (Cina Timor)

The vast majority of the established Chinese community in Timor-Leste belongs to the Hakka (Kejia) ethnic group, tracing their ancestry primarily back to eastern Guangdong Province. The Hakka are historically known as "guests" due to their history of forced movement, having fled their homes in the Yellow River valley between the 4th and 13th centuries AD, seeking refuge across

Southern China. This inherent diaspora identity contributed to their success in establishing communities globally.

The longevity of the Chinese presence in Timor-Leste is evidenced by enduring cultural landmarks in Dili, such as the Guandi Pagoda and the Chinese Cemetery (known in Tetum as Cina Rate) in the Audian suburb. The Timorese Chinese have achieved a high degree of cultural integration, identifying themselves not simply as Chinese, but as "Timorese Chinese" or, frequently, simply "Timorese". They demonstrate a remarkable level of linguistic adaptation, speaking Hakka and Mandarin alongside the national language, Tetum, as well as Bahasa Indonesia, and often Portuguese, the other official language. This deep, multi-generational assimilation distinguishes the historical Cina Timor from the recent wave of post-independence economic migrants

4. Displacement, Crisis, and the Chinese Diaspora (1975–2002)

a) The 1975 Invasion and Mass Exodus

The period immediately preceding the 1975 Indonesian invasion represented the peak demographic era for the Chinese community. Estimates suggest that up to 20,000 Chinese lived in Portuguese Timor that year. Notably, during the 1960s, the Republic of China (ROC), based in Taiwan, had maintained a consulate in Dili, and many Chinese residents held Taiwanese citizenship.

The political turmoil surrounding the 1975 declaration of independence from Portugal and the subsequent Indonesian invasion (which began in December 1975) resulted in a mass exodus. Thousands of Chinese-Timorese were evacuated, primarily to Darwin, Australia, during the struggle. Australia played a pivotal role as the primary refuge, with 1,647 of the initial evacuees later being granted Australian permanent residency

b) The Community During Indonesian Rule and the 1999 Crisis

During the Indonesian occupation (December 1975 to October 1999), Chinese migration continued at a reduced pace. The final humanitarian crisis in 1999, preceding the restoration of sovereignty, triggered another significant movement. Over 4,000 new refugees, comprising both Chinese-Timorese and indigenous Timorese, received permanent Australian residency on humanitarian grounds during this period.

The historical connection of the diaspora to the ROC in Taiwan was effectively severed by the chaos and mass displacement of the 1975 invasion and the long intervening period of Indonesian occupation. This displacement created a geopolitical void regarding state-level Chinese influence. When the PRC initiated its robust diplomatic and economic engagement post-2002, it was able to swiftly demand and secure Timor-Leste's adherence to the "One-China" principle without having to confront established, powerful diaspora loyalties or institutional links to Taipei, as these connections had been physically and politically dissolved by the intervening conflict

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d) Demography and the New Migration Wave at Independence

The diaspora that returned or remained after independence is numerically small. Current estimates for the resident Chinese population range narrowly, from as few as 500 people who list Chinese as their mother tongue, up to approximately 3,000 legal and illegal Chinese residents, according to immigration department estimates.

This resident population is now overlaid by a new wave of migrants. Since the year 2000, many Chinese, distinct from the historical Hakka community, arrived in Timor-Leste (Timor Lorosae) specifically to pursue entrepreneurial opportunities in the newly independent state. Australia's role as the essential lifeline and permanent sanctuary for the Cina Timor diaspora has generated a unique strategic dynamic. This durable non-state linkage, maintained through family ties, cultural affinity, and Australian citizenship, provides Australia with a long-term soft-power influence. This influence acts as a natural, pervasive counterweight to the capital-based, state-centric geopolitical projections of the PRC.

e) Strategic Punctuality: The 2002 Diplomatic Establishment

The People's Republic of China moved with exceptional speed to establish diplomatic ties following Timor-Leste's independence. China was the first country to establish relations on May 22, 2002, just two days after the new nation declared sovereignty. This rapid engagement was explicitly part of Beijing's broader strategic calculus, fitting into its "overall expansion into Southeast Asia" and serving as a proactive measure to "balance the United States" regional influence.

This diplomatic alacrity proved strategically rewarding, granting Beijing a crucial preferred status over other nations whose recognition either arrived later or was accompanied by perceived

political conditions. Early state interaction included meetings between independence leader Jose Alexandre Gusmao and PRC officials, resulting in China pledging a donation of 50 million RMB to assist in the country's necessary reconstruction efforts. This foundational aid, while its disbursement mechanism is unclear, set the stage for Beijing to frame itself as a primary, reliable, and swift strategic partner.

f) Infrastructure Diplomacy: The Dili Skyline Strategy

A defining feature of the PRC's post-independence engagement is its focus on high-visibility national infrastructure projects, often referred to as the "Architecture of Soft Power." China financed and constructed several key national prestige assets, which serve as the physical centers of Timorese sovereignty. These include the Presidential Palace in Dili, the Ministry of Foreign Affairs (MFA), and the residential headquarters of the Defence Force (F-FDTL).

By funding and building the physical seats of the executive branch, diplomatic corps, and military command, the PRC ensures that the fundamental operations of the sovereign Timorese state are visually and structurally linked to Chinese support. This strategy holds greater long-term significance than simple cash transfers, which are fungible and often forgotten. A Presidential Palace, conversely, is a permanent national symbol. Every high-level state decision whether executive, diplomatic, or military is made within a Chinese-built structure, linking China inextricably to the nation's success and governance capacity. This high-impact soft power projection is highly effective at targeting both the Timorese elite and the national psyche, guaranteeing greater, more lasting influence than pure economic aid.

g) Economic Aid and Multilateral Frameworks

China has utilized multilateral platforms to institutionalize its relationship with Timor-Leste. The country participates in Forum Macao, a platform China established in 2003 specifically to enhance economic and commercial cooperation between Beijing and Portuguese-speaking countries globally. Additionally, Beijing signed a deal in 2003 with the Community of Portuguese Language Countries (CPLP), of which Timor-Leste is a member, aimed at increasing trade and economic development among the participants.

These frameworks leverage the shared linguistic and colonial history to institutionalize an economic bridge. Furthermore, signaling long-term commitment and market access, China has eliminated tariffs for goods imported from all Least Developed Countries (LDCs) with which it maintains diplomatic relations, including Timor-Leste. This policy became effective on December 1, 2024, providing Dili with favorable market access necessary for economic diversification.

CONCLUSION

The dual Chinese presence in Timor-Leste represented by the historical Hakka diaspora and the strategic statecraft of the People's Republic of China reflects a layered and evolving relationship that spans over a millennium. While the historical Cina Timor community played an indispensable role in the local economy and culture, their political influence waned due to mass displacement and geopolitical

upheavals during the Indonesian occupation and the post-1975 crisis. In the vacuum left behind, the PRC capitalized swiftly on Timor-Leste's newly won independence by establishing immediate diplomatic recognition and investing in highly symbolic infrastructure projects, forging strong political alignment around the One-China principle.

China's influence has since expanded through infrastructure diplomacy, economic aid, and participation in multilateral platforms such as Forum Macao and the CPLP. These actions reflect a nuanced soft power strategy aimed at embedding China within the fabric of Timorese governance and identity. Despite these gains, Timor-Leste has maintained a degree of strategic autonomy especially regarding military cooperation demonstrating its commitment to a diversified foreign policy (the so-called "Dili Doctrine").

However, the country's growing fiscal vulnerability, coupled with its reliance on the Petroleum Fund and the strategic imperative to develop the Greater Sunrise gas field, presents a critical juncture. Should Timor-Leste resort to high-leverage PRC financing, the country's sovereign debt profile could shift significantly, undermining its long-term independence and regional balancing act.

RECOMMENDATIONS

1. Timor-Leste should prioritize multilateral development bank financing (e.g., ADB, World Bank) and explore co-financing options with Australia and Japan to develop the Greater Sunrise field without compromising fiscal sovereignty.
2. Engage the global Cina Timor diaspora, particularly in Australia, to support economic development through remittances, entrepreneurship, and knowledge transfer, while leveraging their influence as a soft-power buffer to PRC influence.
3. Expand bilateral partnerships beyond China and Australia, especially with ASEAN neighbors, EU states, and CPLP countries, to maintain a balanced foreign policy framework and avoid overdependence on any one partner.
4. Create an independent fiscal oversight body or parliamentary debt committee to scrutinize all major bilateral financing proposals, especially those involving Chinese SOEs, to ensure long-term sustainability and transparency.
5. Promote Tetum and Portuguese as working languages in all state and international dealings, resisting potential linguistic dependency on Mandarin. Support academic and cultural exchanges with both China and Lusophone countries to maintain a pluralistic identity.
6. Invest in tourism, agriculture, fisheries, and light manufacturing with the help of concessional finance and technical assistance from development partners, reducing over-reliance on petroleum revenues and future external borrowing.

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