

## History and future of tourism development in Timor-Leste

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### Introduction

Timor-Leste is one of South-East Asia's least developed Small Island Developing States (SIDS), located on the eastern half of Timor Island, 640 km North of Darwin, Australia, and is a part of the Lesser Sunda Archipelago (CIA 2012). Timor-Leste had been under Portuguese rule for four hundred fifty years until 1975. Consequently, it was illegally occupied by Indonesia from 1975 to 1999. Since Timor-Leste has become independent from Indonesia, successive governments and international agencies have viewed tourism as a sector that can boost development and alleviate poverty. This paper reviews the history of tourism in Timor-Leste, and consequently discusses themes arising from the review. Statistical information and up-to-date analyses of tourism in Timor-Leste have been lacking. Taking these factors into consideration, the present paper draws upon statistical information, government documents and non-academic publications (e.g. newspapers and magazines). The findings are presented in a narrative and chronological form historical and recent developments in tourism. The latter section of the paper reflects on the themes arising from the past and present challenges for tourism development as identified in the literature.

### Tourism-related history of Timor-Leste

#### *Before 1999*

One of the first acknowledgements of Timor-Leste's potential for being a holiday destination appears to be during the World War I, when according to Fernandes (2010, 215) the Australian government was discussing a proposal of taking possession over Timor as a holiday destination. The idea was, however, soon rejected on the grounds of Timor being an unlikely place for Northern Territory residents to spend holidays. There were also rumours that other powers might purchase Timor-Leste from Portugal (Fernandes 2010, 215). The Japanese forces occupied Timor-Leste during the World War II. Consequently, Portugal continued its administration of Timor-Leste. Some infrastructural developments that stimulated tourism were constructed at the time, for example Baucau airport. Currently, Baucau Airport is not being used, even though it has a runway fit for international flights, and was used by Trans Australia Airline prior to the Indonesian invasion (Wheeler 2004, 17). The government of Timor-Leste is planning to rehabilitate it in the future (Timor-Leste Government 2011, 98). For the first time the Portuguese government made explicit funding allocations for the development of tourism and tourism infrastructure in the Third Development Plan (1968-1973) (CAVR 2005, 11; Gunn 1999). During the last years of Portuguese rule tourism started appearing in Timor-Leste, with around 5,000 international visitors in 1972 (Cabasset-Semedo 2009, 214).

During the last years of Portuguese rule, Timor became part of the "hippy trail": overland routes taken by backpackers from Europe to Asia and Australia. It features in the second guide book of the founders of Lonely Planet, Maureen and Tony Wheeler, called *South-East Asia on the Shoestring* (1975). They had arrived to Baucau airport and were travelling to the capital of Dili by motorcycle, then to Maubisse, located in the mountains of Timor, and continuing to Indonesian West Timor. The description of that travel by Wheeler (2004) emphasises how little infrastructure was in Portuguese Timor. For example, there were no petrol stations outside of Dili, except for the military bases and no bridges across rivers.

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According to Wheeler (2004, 17) Timor was forgotten by the Portuguese due to the independence struggles of Angola and Mozambique.

After gaining independence for Portugal in 1975, Timor-Leste was occupied by Indonesia. During the first decade of Indonesian occupation there was little room for tourism development as protests and civil unrest continued. Jakarta opened foreign access to Timor in 1989. Between 1989 and 1991 3,000 international visitors came to Timor-Leste (CAVR 2005, 14). Many of them were NGO workers and journalists travelling on tourist visas, and these travellers exposed the situation in Timor-Leste to the world.

1999-2007

After the referendum vote in 1999, the United Nations (UN) established a temporary government and restored peace. This led to the arrival of many foreign workers from international development, non-government and humanitarian organisations, who needed a place to stay. The construction of hotels and restaurants started. Arguably, tourism in Timor-Leste started with the UN mission (Cabasset-Semedo 2009, 214), and by 2003 there were 41 hotels and 60 restaurants in Timor-Leste, mostly in Dili (Ministry of Tourism, Trade and Industry 2010). The UN handed over power to local government in 2002, and started to downsize its presence, which negatively affected service industries (Cabasset-Semedo 2009, 214).

One of the directions for future economic development identified after the restoration of independence was tourism development. Only other two major industries have been continuously acknowledged: oil and natural gas exploration and agriculture. Carter et al. (2001, 36) published 'Development of Tourism Policy and Strategic Planning in East Timor' and identified as "*immediate*" the following issues:

- experience in tourism,
- tourism related infrastructure,
- trained tourism workers,
- tourism training facilities,
- organised internal transport suitable for tourists.

In the paper Carter et al. (2001, 37) proposed the guidelines for future tourism policy and possible markets for Timor-Leste, among them in the chronological order of appearance: UN and international organisations staff, European backpackers, ecotourism, Australian resort and culture tourists, and Asian market.

Community-based tourism (as tourism that is owned and/or managed by local residents of the destination) and ecotourism have been promoted in Timor-Leste since restoration of independence in 1999. The then National Council President Xanana Gusmao (current prime-minister of Timor-Leste) expressed his opinion on tourism development as follows:

A beautiful country like East Timor, with its determined and heroic history, must not be promoted through a tourist industry which creates a small modern world of luxury hotels, but rather we should accelerate the creation of conditions for ecotourism as a means to promote the unique identity, personality and character of our people, with a dimension of more humane relationships between people" (Xanana Gusmao 1999 in Carter et al. 2001, 38).

Nevertheless, there were fears of unsustainable tourism development at that time. An ecotourism/CBT initiative started on a small island of Atauro due to the plans of opening a casino on the island. That was the first ecotourism operation in the whole of Timor-Leste. The proximity of Atauro Island to Dili ensured the steady visitation of the international staff (Pedi 2007, 51). The ecotourism initiative at Atauro was not the first tourism development there. Shortly prior to independence, Indonesian government built a hotel on Atauro. However, it never functioned and was destroyed upon restoration of independence. After the first ecotourism initiative had been established on Atauro, it was planned to organise a local ecotourism association to ensure that tourism development on the island occurred in accordance with wishes of communities. After consultations with representatives of communities of Atauro, Roman Luan, the NGO

managing ecotourism lodge, wrote to Atauro Island Tourism Regulations, however the association has not yet been formed (Pedi 2007, 57). The tourism sector in general has continuously attempted to organise itself in Timor-Leste by creating an association. However, until 2012 these attempts have been unsuccessful.

With the departure of the large number of foreign workers, occupancy of hotels and restaurants decreased drastically (Cabasset-Semedo 2009, 224), from 41 hotels and 60 restaurants in 2003 to only 4 hotels and 5 restaurants in 2006, according to the government's official statistics (Ministry of Tourism, Trade and Industry 2010). Timor-Leste experienced a political crisis in 2006-2007 that started from allegations of discrimination by the military in the west of the country and spread to the rest of society. Due to the violence, there was no tourism in Timor-Leste during the crisis. It also negatively affected tourism initiatives that were in their start-up, such as the Atauro Ecotourism Association (Pedi 2007, 57). Momentum was lost with the crisis and the initiative did not attract the attention of the island residents for the next four years. Stabilisation of the situation required a new UN peacekeeping mission: the United Nations Integrated Mission in Timor-Leste (United Nations 2006).

### *After 2007*

Since the 2006-2007 crisis resolution, the Timor-Leste tourism sector started developing again. Tourism and many other service industries have been again boosted by the UN and international development organisations staff repeating the scenario of 1999-2005. However, due to media and travel advisories of many developed countries, the perception of Timor-Leste as a dangerous place has not faded away (Carlos and Carlos 2011). This has resulted in a lower number of visitors and foreign investment.

The national economy has started to experience both benefits and downsides from its natural resources, namely exploration of oil in the Timor Sea. Some commentators have suggested that the economic and public policy situation in Timor-Leste resembles a 'resource curse' in that the oil money seems to feed inequality and the rise of an elite class. At the same time, little attention is being paid towards developing other sectors of the economy, for example agriculture or tourism. This is evident in that Timor-Leste still has no tourism policy, despite the fact that tourism has been a topic of considerable debate since 1999 (Dunn 2011; La'o Hamutuk 2012b; Neves 2011; Thaler 2011).

In 2009 at the First International Tourism Conference in Timor-Leste both Prime-Minister Xanana Gusmao and Minister of Tourism, Trade and Industry Gil Alves again acknowledged community-based and eco-tourism as types of tourism that should be developed in order to bring maximum benefits to the community and mitigate the negative impacts of tourism on culture, local people and the environment. Gil Alves has encouraged visitors to explore the nature of Timor-Leste, visit rural communities and learn about the culture (Ministry of Tourism, Trade and Industry 2009).

At this stage other community tourism initiatives started to appear in Timor. One example is Valu-Sere Cooperative in Tutuala at the eastern tip of Timor-Leste. It was set up with assistance of an NGO Haburas Foundation. It is also located within the Nino Konis Santana National Park. The cooperative provides accommodation, organises tour guides and spends revenue on infrastructure (Haburas Foundation 2011; Ministry of Tourism, Trade and Industry 2009). Government has run a Community Tourism initiative to support family and community group owned hospitality and tourism enterprises including financial assistance, in areas where such enterprises have appeared. These are namely Liquiça (West of Dili), Com (North-East coast) and Maubisse (in the central mountain region) (Ministry of Tourism, Trade and Industry 2010). Loi'hunu (sub-district Ossu) in centre-east of the country has become another tourism destination upon opening of the Village Hotel there (Timor Village Hotels 2010).

According to statistics provided by the Timorese government, Timor-Leste received 26,714 tourist arrivals in 2009 and arrivals have grown by 41.3% per cent since 2008 (Ministry of Tourism, Trade and Industry 2010). No later statistics on tourist arrivals have been found. However, the National Directorate of statistics provides the total number of arrival of foreign citizens to Dili Airport (includes all arrivals, not only those who have tourism as primary purpose of visit), which was a total of 39,825 in 2010, 50,590 in 2011 and 57,517 in 2012. Tourism receipts in recent years have been fluctuating between \$US 16,000,000

in 2009, \$US 26,000,000 in 2010 and \$US 21,000,000 in 2011 (The World Bank 2013). These figures suggest that each tourist generates on average \$US 477. The pricing and types of accommodation are diverse and range from backpacker hostels charging \$US10 to luxury resorts charging \$US145 (Tourism Timor-Leste 2012).

In July 2011 the government of Timor-Leste adopted Strategic Development Plan 2011-2030 (Timor-Leste Government 2011) as the guiding document for future development of the country. The Strategic Development Plan suggests that tourism is one of the important economic sector for the future of Timor-Leste, the other two being petroleum and agriculture.

One of the proposed initiatives is the development of a polytechnic institution in Lospalos in the east of the island. In order to assist the development of tourism, the government plans to develop new public policies on land, environmental protection and tax incentives (Office of the Prime Minister 2010). The experience of other countries in the Pacific suggests that the land and tax reforms should be carefully designed (Anderson 2006; La'o Hamutuk 2012a; Scheyvens 2011).

The government also plans to create a National Tourism Centre with delegations in the districts of Timor-Leste to ensure regional development (Presidency of the Ministers' Office 2007). Large investments have been made recently to develop infrastructure including the road network and electricity (Ministerio das Finanças 2011). However, there is no mention of organising internal transport suitable for tourists in the Strategic Development Plan.

Timor-Leste's presidential and parliamentary elections took place in 2012. Following the generally peaceful and democratic conduct of the elections, the United Nations peacekeeping mission has withdrawn in the end of that year (UN News Centre 2012). The Australian-led International Stabilisation Force has also withdrawn from Timor-Leste in December 2012 (BBC 2012). 2013 may be a difficult year for Timor-Leste's economy, since there is a necessity for service industries, whose main clientele was UN to adapt to withdrawal of the UN staff.

Haburas Foundation by now has helped three communities to set up tourism cooperatives, and is developing a network to unite them. They also have finished a study mapping potential places for community-based tourism development identifying more than seventy sites in five districts of Timor-Leste: Dili, Liquiça, Baucau, Lautem and Ainaro (Haburas Foundation 2012). Tourism Centre Timor-Leste has been registered in May 2012 as an association of tourism operators in Timor-Leste, however it has not been operating yet in the beginning of 2013. Tourism Centre Timor-Leste may represent a good initiative on the part of private sector. However, higher level of co-operation may be required between different sectors, including NGOs, government, and rural communities, since such networks and associations have been proven efficient in other destinations (Dredge 2006; Kimbu and Ngoasong 2013; Kokkrankal and Morrison 2011).

Statistics on tourism remain largely unavailable. While several centres attracting tourism emerged in Timor, namely Atauro, Tutuala, Com, Loi'hunu, Maubisse, Liquiça, Balibo, the majority of accommodation and tourism companies operate in Dili, therefore reducing the positive economic impact of tourism activities on regional Timor-Leste. The slow progress of tourism development to date may be explained as a result of lack of human resources and general lack of knowledge about tourism in Timor-Leste, since the Timorese never experienced it. Therefore, customised training programs suitable for the needs of local communities are required (Moscardo 2008, 8; Stronza 2008, 109).

### **Possible future tourism development**

Timor-Leste can be divided into two: Dili and *foho* or rural areas (Silva 2011). Dili has developed as a place for foreign international organisations workers. As a capital of the country it is likely to require large accommodation units suited for business travellers. As an arrival point for almost all foreign leisure tourists (possibly land crossing from West Timor will become more popular in the future) Dili will require also higher room capacity than the rest of the country. The rest of the country so far has been providing small-scale community-based tourism experience, with lack of facilities and services, as evident from the official Tourism Timor-Leste website (Tourism Timor-Leste 2012). The benefit of the niche community-based tourism is that it usually attracts responsible travellers. Nevertheless, basic clean amenities and safe

environment have to be provided. It is possible to develop a high standard ecotourism resorts around the country in a long-term perspective, if human resources are developed and standards of facilities, infrastructure and services are significantly improved. This may divide the tourism market into two groups and differentiate tourism products: products for high yield small group travellers and budget adventure products. A careful communication strategy should be developed directed at relevant market segments, since the current state of tourism development may not match visitor expectations.

## Conclusion

The paper has reconstructed the history of tourism development in Timor-Leste by using academic and non-academic literature and official documents. A prolonged period of Portuguese colonisation and consequent violent Indonesian occupation delayed tourism development in the country, despite the high number of natural and cultural attractions that Timor-Leste possesses. Geography and historical legacies are likely to play an important role in future tourism development. Among the characteristics that separate the case of Timor-Leste from many other states are the dependency of service industries on UN and international development organisations staff and the existence of oil resource. Both characteristics have positive and negative sides. UN and international organisations staff provided a demand for services that otherwise may not have existed, considering poor international perception of security situation in Timor-Leste post-independence. However, high salaries of foreign workers have pushed prices up, while being less demanding in terms of the service standards. Revenues from oil export have on the one hand created opportunity for government to have large budget spending on necessary infrastructure, but on the other hand have created a 'resource curse' situation, which fuels inequality and neglects other non-oil industries.

Government is yet to fulfil the existing expectation of leadership in economic development through implementation of policies and development of education and infrastructure. Besides the tourism policy, a sound policy regulating land tenure is required to resolve land disputes. Networks and associations that provide opportunities for collaborations between different stakeholder groups are also necessary to develop tourism. Tourism sector in Timor-Leste has split between Dili, where most of the foreign workers and diplomatic missions push for larger and more expensive facilities, and the rest of the country, which is dominated by small-scale community-based tourism. Nature and culture driven tourism appears to be suitable for Timor-Leste. Development of human resources and improvement of standards are required to ensure successful future tourism development.

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