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# DEVELOPMENT OF TOURISM POLICY AND STRATEGIC PLANNING IN EAST TIMOR



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## **Authors'** note

On 5 May 1999, it was announced from New York by the United Nations that 'popular consultation' would be held in East Timor to determine its political future as an independent nation or an autonomous state within Indonesia. After a number of delays, the newly elected Indonesian President, B. J. Habibie, announced that the referendum would occur on 30 August 1999, overseen by the United Nations.

On 10 May 1999, Mr Vicente Ximenes, an expatriate East Timorese, FRETILIN leader and recent graduate from the University of Queensland approached Dr Bill Carter of the University for assistance in planning for tourism development in East Timor. Together, they prepared initial tourism input to the *Strategic Development Planning for East Timor Conference*, Melbourne Australia, 5-9 April 1999. Subsequent advice on tourism matters was sought, through Mr Ximenes, by the CNRT (National Council for the Timorese Resistance). Dr Bruce Prideaux of the University joined the small team to expand on the advice. The results of this initial work was a paper presented at the *East Timor Reconstruction: Review of the Past and Perspective for the Future Conference*, Tibar, East Timor, 30 May-2 June 2000 and shortly after, input to the *East Timor Reconstruction Conference: Strategic Planning Conference for Rebuilding East Timor*, Brisbane Australia, 20-21 July 2000.

After the Brisbane conference, a small team (Mr Vicente Ximenes, Dr Bill Carter, Dr Bruce Prideaux, Mr Noel Scott of the University of Queensland and Mr Michael Cassimaty) developed an initial policy framework for tourism development. This was presented to the ETTA (East Timor Transitional Administration) and the executive of the CNRT. While not included in this publication Dr Bruce Prideaux and Dr R W (Bill) Carter have also produced a number of background policy papers that have been used by CNRT and FRETILIN as a platform for tourism policy development.

In October 2000, two papers were presented at the *Islands of the World VI Conference*, *Small Islands in the Third Millennium: Sharing Solutions to Common Problems*, Isle of Skye, Scotland, International Small Islands Studies Association, 16-20 October 2000. These summarised the tourism planning work initiated by The University of Queensland, and with Mr Iean Russell placed the work within a broader sustainable development framework.

The development of these documents is discussed in this Occasional Paper. The papers are presented in full at the end of the Occasional Paper.

Finally, readers will note the considerable use of world wide web sources and unpublished reports in preparing this Occasional Paper, especially in the Background section. Typical of such sources, we have discovered considerable conflict of dates and other facts as well as interpretation of events. In addition, in many cases, referencing has not been as one would wish. To address this, we have attempted to triangulate the data and check its reliability through our East Timorese colleagues and our own observations.

We have made considerable use of the web resources of the Universidade de Coimbra, Portugal (<a href="http://www.uc.pt/timor">http://www.uc.pt/timor</a>) and their interpretation of the Portuguese literature as well as the report of Pederson, J. and Arneberg, M. (1999). We commend these works for their attempt to consolidate information on East Timor. Equally, we have attempted to do the same, but we strongly encourage scholars to go to the original works to avoid perpetuating misinterpretations. In this sense, we invite comment and clarification of the facts relating to East Timor.

# DEVELOPMENT OF TOURISM POLICY AND STRATEGIC PLANNING IN EAST TIMOR

by

R. W. Carter, B. Prideaux, V. Ximenes and A. Chatenay Occasional Paper 2001 8(1):1-80

## **ABSTRACT**

In East Timor, the tumultuous events of 1999 and the preceding quarter of a century have left the island 'state' ill-prepared for its role as an independent nation. The leadership seeks not to be at the forefront of a country tied to foreign aid, but rather to be providing direction for the development of sustainable industries that benefit all within the community. Sustainable tourism holds a prominent place in the NC's, CNRT's and FRETILIN's policy platforms for the reconstruction and development of East Timor. The policy position adopted is reconstruction for the future and not simply reinstatement of the past. With rich natural, cultural and historic tourism resources, but without tourism infrastructure, human capacity and capital for investment, East Timor faces a dilemma in deciding how to initiate tourism that will meet objectives of sustainability and the delivery of community benefits.

The paper acts as a status report on East Timor from a tourism perspective and outlines the tourism policy development process applied by the authors and the East Timorese response. It documents work on the development of tourism policy and strategic planning for East Timor from January 1999 to January 2001.

The opportunity to develop regional tourism products that are 'green', community developed and operated and based on natural, cultural and historic resources is at the heart of policies. Tourism is seen as a focus for other development programs with the result being an emphasis on sustainable livelihoods for communities. Necessary, capital-intensive centralised services at ports and major regional centres require joint ventures between government, communities and investors. Though still in their formative stages, policies have been developed to achieve this reality. While the East Timorese 'provisional government' and communities are enthusiastic about a tourism future, there remains the complex issue of attracting investors and tourists to a destination that suffers from a war-torn image.

#### **Key words**

East Timor, tourism, planning, strategy, partnerships, community action, policy, history, geography

## ACKNOWLEDGEMENT

The authors gratefully acknowledge the assistance of Assoc. Prof. Keith Woodford and Mr Iean Russell of the School of Natural and Rural Systems Management, The University of Queensland, UniQuest and Prof. Terry De Lacy of the CRC for Sustainable Tourism in the preparation of this Occasional Paper. They have supported its preparation intellectually and financially.

The main text is a major expansion on the paper presented by R W (Bill) Carter, Vicente Ximenes, Bruce Prideaux and Iean Russell (2000) Developing Tourism from Scratch: A Case Study of East Timor, at the *Islands of the World VI Conference, Small Islands in the Third Millennium: Sharing Solutions to Common Problems*, Isle of Skye, Scotland, International Small Islands Studies Association, 16-20 October 2000. We thank Habitat Scotland for the opportunity to address that conference.

Equally, Habitat Australia provided the venue for presenting 'Partnerships for Developing Tourism and Protecting the Environment in East Timor' at the *East Timor Reconstruction Conference:*Strategic Planning Conference for Rebuilding East Timor, Brisbane Australia, 20-21 July 2000.

This conference facilitated the compilation of the Draft Tourism Policies for East Timor.

We also thank Timor Aid for the opportunity to present the paper 'Developing Sustainable Tourism in East Timor: Some Insights from South East Asia' at the *Conference on Sustainable Development in East Timor*, Dili, 25-31 January 2001. This enabled us to update and clarify information as well as discuss tourism development issues with a wide range of East Timorese.

Finally, this 'project' has permitted us to be in the company of heroes: a joyous but humbling experience and one not easily forgotten. We hope that this work contributes to East Timor's future and assists in realising the Maubere's aspirations for sustainable tourism in the new nation.

We wish them well.

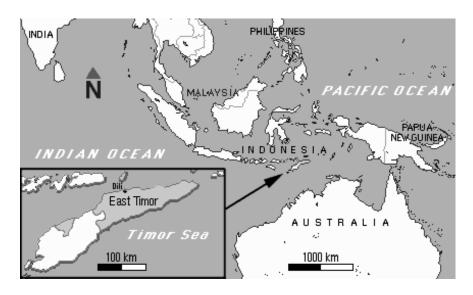


Figure A: Location of East Timor in South East Asia

## GLOSSARY AND INSTITUTIONAL ARRANGEMENTS IN EAST TIMOR

Acronym		Notes
ABRI	Indonesian military Angkatan Berjenjata Republik Indonesia	ABRI was Indonesia's combined armed forces (national police, army, navy, marines and airforce) until April 1999. The national armed forces (TNI) were split from the national police ( <i>Polri</i> ).
APODETI	Popular Democratic Association of Timor Associacao Popular Democratica de Timor	A post Portuguese political party. Supported autonomy but integration with Indonesia.
ASDT	Association of Timorese Social Democrats Associacao Social Demokrata Timorense	A pro-independence post Portuguese political party. Later became FRETILIN. Pro-independence platform after a 10-tear decolonisation period.
BIA	Army intelligence Badan Inteligency ABRI	The intelligence unit of ABRI
CNRT	National Council for the Timorese Resistance Conselho Nacional Resistencia Timorense	Became the National Council for Timorese Reconstruction in 2000. A multi-political party council assisting with the reconstruction of East Timor.
CNRT	National Council for Timorese Reconstruction Conselho Nacional Reconstrucao Timorense	Previously the National Council for the Timorese Resistance. A coalition of political parties assisting with the reconstruction of East Timor. FRETILIN withdrew in 2001.
ETTA	East Timor Transitional Administration	The National Council, UNTAET with the Transitional Cabinet.
FALINTIL	Liberation armed force of East Timor Forcas Arnadas Libertacao de Timor Leste	The military arm of the resistance and FRETILIN. These institutions have effective links with village communities (and considerable mutual respect): a necessity for a protracted guerrilla campaign.
FRETILIN	Revolutionary Front for Independence of East Timor Frente Revolucionaria Timor Leste Independente	The major pro-independence political party in East Timor and active in the pro independence and resistance movement. Previously known as ASDT.
InterFET	International Force in East Timor	International peace-keeping force deployed on 20 September 1999 in response to militia violence following the popular consultation on 30 August 1999.
Maubere	Indigenous East Timorese	An indigenous Timorese word used derisively by the Portuguese when referring to the East Timorese people. FRETILIN adopted the word into the language of the resistance.
NC	National Council	An appointed Council of the dominant political parties, regional representatives, industry appointees and religious appointees. Acts with UNTAET as 'a defacto' parliament.
Polri	Indonesian National Police Force	Separated from ABRI in 1999.
SGI	Satuantugas Inteligency	Intelligence Unit of Kompassus
UNAMET	United Nations Assistance Mission to East Timor	A multi-national UN mission sent to prepare for and oversee the popular consultation of 30 August 1999.

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Acronym		Notes
UNP	United National Party	Prior to Portuguese withdrawal in 1975, the only
	Partido Uniao National	permitted political party in East Timor.
UDT	Timorese Democratic Union	Initially a pro-independence post Portuguese political
	Uniao Democratica Timorence	party. Became pro-integrationist.
UNTAET	United Nations Transitional Administration in East Timor	Acts as the executive arm of ETTA, but with wide ranging powers from the United Nations (see discussion below).
TNI	Indonesian National Army Tentara Nasional Indonesia	The TNI and <i>Polri</i> were split from the combined military forces (ABRI) in April 1999.

UNTAET is charged with wide-ranging powers and responsibilities, including peace-keeping. It fulfils the roles of local, regional and national government. It is, in effect, an appointed executive government: it makes law and implements it. With the National Council (NC), UNTAET forms the ETTA. Members of ETTA are, effectively, a parliament largely ratifying law drafted by UNTAET, but certainly capable of providing direction for law (policy) (see Figure B).

#### Council for National **National Council** East Timor Transitional Administration (ETTA) Reconstruction Timor (CNRT) Political parties (FRETILIN has ecently withdrawn) Some political parties Regional Representatives Civil Society Reps Religious Reps UNTAET Economic Planning & Project Assessment Transitional Central Payments Office Administrator Office of the Inspector Donor Coordination Deputy TA National Planning & Gender Affairs Central Administrative Development Agency Service Environmental Cabinet Secretary O/Defence Force Census and Statistics Devlopment Fr F. Jacob Sea TRANSITIONAL CABINET Dept of Police and Emergency Services Dept of Foreign Affairs Dept of Political Affairs and Timor S Dept of Internal Administration **Economic Affairs** Dept of Finance Dept of Justice Infrastructure Social Affair Deptof Deptof Deptof

#### **East Timorese Community**

Figure B: Administrative arrangements in East Timor (as at January 2001)

CNRT, with regional, village and other East Timorese institutions are able to advise the NC (and UNTAET staff) on policy matters, either directly or through consultative processes.

East Timor is divided into 13 districts. The districts or *legacies* have 62 sub-districts (*Posto*) and 462 villages or *sucos* with a variable number of hamlets or *aldeia* (Vicosa 2000). Each unit in this community structure has a 'chief' or representative to the higher institutional level.

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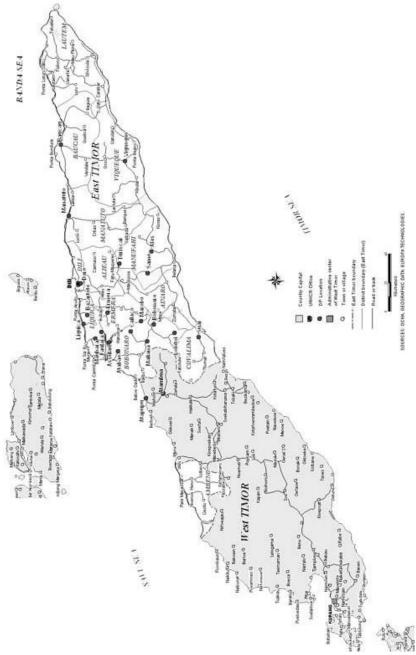


Figure C: Cadaster of Timor

## **BACKGROUND**

## Introduction

The economic vulnerability of small island states, especially those dependent on agricultural commodities with high transport costs, has been well established (Pantin 1999). The strategy of diversifying the economy with tourism development has been promoted as a panacea, or at least as a buffer to fluctuating commodity prices and the vagaries of oil prices (Mistilis and Tolar 2000; Pantin 1999; Fagence 1997). However, the host community benefits from tourism in such situations have been questioned on economic return, as well as on environmental, social and cultural impact bases (Tisdell and McKee 1988; McElroy *et al.* 1990; Schluter and Theobald 1995; Massinga 1996).

Equally, the effects of civil strife and war on tourism have been identified and discussed (Hollier 1991; Sonmez *et al.* 1999), with few surprises: tourism suffers, although possibly with long term benefits (Weaver 2000) and potential rapid recovery, but with the danger of ongoing volatility (Balasubramanian 1992). However, for many small island states, the pragmatics of development and the quest for improving community well-being mean that most must embark on developing economies reliant on economic activity strongly dependent on stability, yet subject to consumer whim and international pricing fluctuations. East Timor (Figures A and C) is a case where decision-makers must consider its development strategy, especially its tourism future, mindful of such socio-economic considerations. Yet it is faced with additional challenges stemming from its peculiar history and the results of over 400 years of colonial neglect, civil volatility and violence. In addition, it faces unique development challenges born of 25 years of isolation, repression, resource ignorance and exploitation, and more recently, destruction of much basic infrastructure, loss of human resources and diminution of cultural integrity.

In this paper, we consolidate the historical and bio-geophysical information to provide a context and present some philosophical directions within which tourism planning for East Timor should occur. We report on policy initiatives undertaken as well as the framework being developed (appended as 'The Papers') with limited human and financial resources, yet high expectations of a resilient community, still recovering from the traumas of a violent past.

## The Island of Timor and East Timor

The island of Timor (Malay word for 'Orient') is located in the eastern-most part of the Lesser Sunda Islands in Southeast Asia, approximately 450km north of Australia and 1000 km southwest of Java. The island has an area of about 32 350 km², and is 470 km long and 110 km wide. East Timor, for which Portugal still remains the administrative power recognised by the United Nations, occupies about 24 300 km², and comprises the eastern half of the island. This territory is about 265 km long and 92 km wide. The 2461 km² enclave of OeCusse-Ambeno is formally part of East Timor but surrounded by Indonesian territory. North of Dili (23 km) is the 144 km² island of Atauro. At the eastern tip of the main island near Tutuala, is the 8 km² isle of Jaco.

## A history of East Timor <sup>1</sup>

To understand the current tourism planning context in East Timor requires some appreciation of its past. Throughout East Timor's recorded history, there has been an often violent and recurrent theme of struggle to achieve autonomy from foreign control, first from the Javanese kingdom of

<sup>&</sup>lt;sup>1</sup> Table 1 summarises key events.

Majapahit and later from the Portuguese, Japanese and, more recently, from Indonesia. Numerous rebellions were suppressed and most occupiers did not hesitate to employ harsh measures to suppress dissent. The recent struggle to achieve independence from Indonesia is therefore only the latest chapter in the country's long quest for freedom from foreign rule.

## The pre-colonial period <sup>2</sup>

Interest in Timor's sandalwood (*Santalum album*) attracted the attention of traders from China, India and later Europe. In 1463, the Chinese writer Fei Hsien recorded possibly the earliest known reference to Timor in his book *Hsing-ch's Shen-san* where he wrote of a place called Kihritimun which he described as a mountainous island covered with sandalwood trees. According to Fei Hsien, Kihritimun's sandalwood trade dated to the 10<sup>th</sup> Century with the wood being sent to Europe via India and China. Prior to the arrival of the first European traders, Timor enjoyed a brief period of independence before falling under the control of the Majapahit Kingdom based in Java.

## Portuguese rule to 1942

Portuguese interest in the spice trade led to the conquest of the Maluccas Islands by Alfonso de Aibuquerque between 1512 and 1515. Soon after, Portuguese (1520) and Spanish (1522) interest turned to Timor and by 1524 regular trade had developed. In 1533, Michael Ranget established the first permanent Portuguese settlement in Timor at Silabu. Missionaries soon followed the traders and the Catholic faith was adopted on the Island, a legacy that has endured. At the time of their first contact with the Portuguese, Afonso de Castro noted that the indigenous Timorese (Maubere) lacked a written script, but possessed a rich culture of artistic expressions (Figure 1). Agriculture dominated the life of the island, along with some fabrication of cotton cloth. Wax and sandalwood as well as honey and slaves were traded with Maccussans, Malays and Javanese merchants for products such as iron goods. Trade links were also maintained with China and India.



Figure 1: Traditional East Timorese (Maubere) architecture

In 1613, the Dutch took over the western part of the island while the East remained in dispute though occupied by the Portuguese. After a century of Portuguese rule, a rebellion in 1629 drove the Portuguese from the island. After a three-year period of independence, the Portuguese returned and in the ensuing war casualties were high on both sides. Within a year the Dutch forced the Portuguese to relinquish all their Indonesian colonies except East Timor and the enclave of OeCusse-Ambeno. The continued cruel treatment of the Maubere by the Portuguese ignited another rebellion, later known as the One Hundred Years War or the OeCusse Revolution. Angered by the

<sup>&</sup>lt;sup>2</sup> The major source for the early history is the www pages of Universidade de Coimbra, Portugal, http://www.uc.pt/timor.

excessive demands of the Portuguese colonists, the revolutionaries captured and beheaded an estimated 2500 Portuguese. After suppressing the rebellion, the Portuguese moved their headquarters to Dili.

The following 200 years were relatively peaceful although the Portuguese ruthlessly suppressed Timorese dissent and at times sanctioned the death penalty for minor disobedience of colonial rule. During this period, Portuguese control in the island's interior was never strong and their rule was opposed by the *liurai* (native Timorese rulers) and the *mestico* (descendants of marriages between Portuguese men and local women). To reduce opposition, local monarchs were employed as government tax collectors, receiving a 25% collection fee. One enduring tactic exercised by successive Portuguese administrations was a policy of exercising control through provoking tribal wars. During most of the period of Portuguese control, education was made available only to the white and *mesitco* populations as well as to the local monarchs and their families. Commencing in 1893, following treaties to resolve sovereignty over East Timor in 1860 and 1893, a series of rebellions challenged Portuguese rule. In 1912, a revolt in Manfai led by Boa Ventura resulted in the deaths of many Portuguese. In retaliation, the Portuguese executed all the prisoners incarcerated in Dili's Bolla Prison. The revolt failed and Ventura fled to West Timor where he died in 1969.

In the following decades, the colony continued the economic stagnation commenced much earlier when the sandalwood trade began declining (c1949). Portugal's other colonies attracted more attention and apart from a place of exile, little interest was shown in the colony.



Figure 2: Portuguese style architecture (destroyed in 1999 during post-referendum civil disturbance)

## The war years

## **Australian and Dutch occupation**

The outbreak of World War II saw another invasion of Timor, this time by the Japanese. The Portuguese, although technically neutral, were forced to accept a small contingent of 250 Australians belonging to 2/2 Independent Infantry Company. In Lisbon, Oliveira de Salazar denounced the allied deployment as an invasion of a neutral territory. However, it was agreed that the troops would depart as soon as a contingent of Portuguese forces arrived from Maputo (Mozambique). When the allied forces arrived at Dili on 17 December 1941, the governor, Ferreira de Carvalho, without means to defend the colony, ordered the Portuguese national flag to be hoisted in all public places and confined himself to his residence, indicating his wish to be considered a prisoner. Many residents of Dili went to live in the interior, mainly in Aileu, Liquica and Maubara. The remaining Portuguese continued with their usual lives and socialised with the allied forces. They were instructed by the local government to be courteous but to show no familiarity or to collaborate. Normality returned to Dili and some families returned.

#### Japanese occupation

During January 1942 Japanese troops had occupied Malaysia (except Singapore), the Philippines (but not Bataan), Borneo and the Celebes, Birmania, New Guinea and the Solomon Islands. In mid-February they invaded Sumatra occupying Palembang, and Singapore. The focus of the initial Japanese attack on Timor was Koepang (now Kupang), capital of the Dutch administered western part of the island. Quickly capturing the small Australian-led force of Australian and Dutch troops, the Japanese turned their attention to East Timor. In late February, Dili was violently sacked by the Japanese, who found the city almost uninhabited, and administrative control passed to the Japanese (Robertson 2000).

Rather than oppose the overwhelming Japanese force, the Australians withdrew into East Timor's interior and commenced a guerrilla war campaign, initially supported by the East Timorese population. The rugged terrain offered ideal conditions for guerrilla warfare and initially the Australians were successful in hit and run type raids inflicting approximately 1500 casualties for the loss of 40 Australians (Evans 2000). Cut off for an extended period, the Australian force relied on the Timorese for food, shelter and assistance in setting up ambushes. In retribution for their assistance to the Australians, the Japanese executed many Timorese. According to Evans (2000), the number of Timorese killed by the Japanese during their occupation varies widely and the real figure may never be known.

The reestablishment of radio communications to Australia resulted in the regular supply of provisions and ammunition as well as limited air support from air-bases in northern Australia. Fearing a possible counterattack from allied forces, paralleling the American campaign in the Pacific, the Japanese reinforced their Timor garrison. Faced by a Japanese force of over 30,000 men and robbed of local food supplies when Japanese-supported Timorese turned on their countrymen aiding the Australians, the tide of battle began to favour the Japanese. The Australian force was withdrawn in mid February 1943. After the withdrawal of ground forces the Royal Australian Air Force (RAAF) commenced an intensive air war, attacking shipping, bridges and strategic buildings.

## The immediate post-war period

By the time hostilities ceased in 1945, Dili had been devastated through the combined effects of the Japanese occupation and allied bombing campaign (Williamson 2000). Timor was temporally placed under Australian administrative control until the Dutch returned to West Timor and the Portuguese re-established control over East Timor. Charles Eaton, Australia's first post-war Consul to East Timor, had lead Australia's aerial campaign against the Japanese occupation during most of the war. On arriving in Dili in 1946, Eaton began the task of reconstruction. A regular RAAF mail and cargo 'service' was established through Darwin and the Portuguese authorities were assisted in arranging supplies through Australia. Timor was earmarked for independence in the mid-1970s after a United Nation's sponsored 'decolonisation process' was complete.

## Final period of Portuguese administration

Immediately after re-establishing control, the Portuguese faced a new rebellion that commenced in Watukerbau and Watulare. Some of the rebels flew the Indonesian flag (Jakarta Post 1999). The rebellion was suppressed and a number of Timorese were exiled in Angola. During the post-war period, the Portuguese maintained a repressive system of government. Little money was spent by the colonial authorities, and significant health problems, including widespread tuberculosis and malaria, were not addressed. The end of Portuguese occupation happened unexpectedly in 1974 when a military coup (the Red Flower Revolution) overthrew the Oliveira de Salazar dictator in Lisbon. Exhausted by lengthy colonial wars in Angola and Mozambique, the new military government decided on a speedy withdrawal from East Timor, creating a power vacuum.

## The rise of East Timorese political parties

Prior to the Portuguese withdrawal, the only political party allowed to operate in the colony was the UNP (United National Party). Prior to the 1974 coup in Lisbon, a number of clandestine parties had operated in East Timor with limited overseas support. Within a month of the coup, three new parties emerged: the Association of Timorese Social Democrats (ASDT), the Timorese Democratic Union (UDT), and the Timorese Popular Democratic Association (APODETI).

APODETI supported integration with Indonesia as an autonomous province. Initially, ASDT adopted a pro-independence policy based on an eight to ten year period of decolonisation. In September 1974, ASDT changed its name to FRETILIN and demanded independence. The leadership of both the UDT and ASDT were drawn from the middle and upper class of Timorese society and many had studied in Jesuit colleges. East Timor's wealthiest citizens tended to support the UDT.

The pro-independence parties, UDT and FRETILIN, formed an alliance on 22 January 1975 and publicised their desire for independence. The Portuguese assisted this newly formed FRETILIN-UDT alliance by training an armed militia. Tension arose between the pro-independence alliance and APODETI leading to clashes. Rumours began circulating of possible Indonesian invasion, further escalating tensions. Concurrently, FRETILIN, openly socialist, was seen as adopting a pro-Communist stance, a situation that concerned many international observers at a time when the tensions of the Cold War were high. The FRETILIN-UDT coalition dissolved on 27 May 1975.

On 1 June 1975, APODETI presented the Indonesian consul in Dili with a declaration proposing integration with Indonesia. To defuse the building tension, the Portuguese Government sponsored a meeting of all political parties in Macau from 26 to 28 June. FRETILIN boycotted the meeting, which resulted in an anti-FRETILIN alignment by the UDT and APODETI. On 11 August, UDT launched a coup after a mass rally in Dili of UDT supporters demanded that FRETILIN disband. The UDT seized a large cache of weapons from the Portuguese army. On 20 August, FRETILIN responded with a counter-coup.

On 26 August 1975, Colonel Pires, the last Portuguese governor, fled Dili to the off-shore island of Atauro, ending nearly five centuries of Portuguese rule. A civil war ensued between FRETILIN and APODETI/UDT and several smaller parties. The anti-FRETILIN coalition sent a petition to Indonesia's President Suharto asking for integration with Indonesia. FRETILIN troops succeeded in defeating the coalition forces driving them to West Timor (about 2500 refugees). On 28 November 1975, FRETILIN announced unilateral independence with Franciso Xavier da Amaral as president. Indonesia refused to recognise the new state and the coalition parties announced integration with Indonesia.

## **Indonesian occupation**

Claiming that intervention was necessary to restore peace and security in East Timor, Indonesian forces, operating under the official guise of 'volunteers', invaded on 7 December 1975, one day after US President Gerald Ford and Secretary of State Henry Kissinger departed from a summit meeting in Jakarta. The invading troops outnumbered FRETILIN forces by a considerable margin, however the poorly trained and lead Indonesian forces suffered numerous casualties before they pushed FRETILIN forces from Dili. Many of Dili's residents fled to the bush, resulting in a large number of deaths through starvation and disease. As the war dragged on, starvation and carpet bombing eventually forced most of the surviving population to settle in camps and towns controlled by the Indonesian military (ABRI). Military attacks, executions, starvation after crops were destroyed or abandoned, forced migration, and diseases claimed an estimated 100,000 lives in the first year of occupation alone (Gomes 1999).

FRETILIN forces did not surrender and commenced a guerrilla campaign against the Indonesians (Figure 3). Drawing its support form the rural villages, FRETILIN's armed wing FALINTIL continued to harass Indonesian troops, but the lack of external assistance and the superior firepower of the Indonesians saw the areas controlled by FALINTIL reduced to a series of isolated pockets. To support its campaign and reduce the supply base that supported FRETILIN, the Indonesian authorities relocated many village populations. Indonesian rule was harsh and there were numerous reports of atrocities and general human rights abuses (Figure 4).



Figure 3: Pro-independence guerrillas



Figure 4: Indonesian police officer checks the fate of a pro-independence Maubere

Photos courtesy of MOJOwire (http://www.motherjones.com/east\_timor.html)

By 1989, areas controlled by FALINTIL had been reduced to the extent that parts of East Timor were reopened to tourism and the western media. In October 1989, Pope John Paul II was allowed to visit: a significant gesture toward East Timor's predominately Catholic population. Four months later, the US Ambassador to Indonesia also visited Dili. During the Pope's speech, demonstrators rushed toward the podium with a pro-independence banner. A chair-throwing melee ensued as ABRI moved in. The incident was filmed and reported in newspapers world-wide. During the visit of the US Ambassador, demonstrators met him outside his hotel. Indonesian police violently dispersed the protesters, reportedly killing two, and generated still more 'bad press' for the Indonesian government (Figure 5).



Figure 5: Timorese protests in the 1980s

Photo courtesy of MOJOwire (http://www.motherjones.com/east\_timor.html)

Unable to win the guerrilla war, the quest for independence entered a new political phase from about 1989. The United Nations never recognised the annexation by Indonesia and passed a number of resolutions on the need for an act of East Timorese self-determination. Although FALINTIL was reduced to a small core of several hundred fighters, the Indonesians were never

successful in their efforts to win over the population. Throughout 1989-1991, anti-Indonesian protests continued to be staged by FRETILIN. On 12 November 1991, seven Western journalists witnessed ABRI fire on unarmed pro-independence demonstrators at the Santa Cruz cemetery in Dili (Figure 6). A British photographer captured the rampage on video. Initial eyewitness accounts claimed at least 100 people were killed. A subsequent investigation by an East Timorese organisation, Peace Is Possible in East Timor, has identified 271 victims by name (Gomes 1999). While the 'massacre' failed to make front-page headlines, the incident was widely reported.



Figure 6: After the Santa Cruz or Dili massacre

Photo courtesy of MOJOwire (http://www.motherjones.com/east\_timor.html)

The capture of Xanana Gusmao, the military commander of FALINTIL, in 1982 also attracted considerable media attention for East Timor's desire for independence. In 1996, the awarding of the Nobel Peace Prize to Bishop Carlos Belo and FRETILIN spokesperson Jose Ramos-Horta, along with a scathing condemnation of Indonesia's chronic violations of human rights in East Timor, added renewed emphasis to the quest for independence.

#### **Towards an independent East Timor**

The push for independence was assisted by the Asian Financial Crisis, which provided the trigger for student protests and riots in Jakarta. These riots, with accusations of TNI involvement in the shooting of student activists and dissatisfaction with the approach to solving the economic crisis, led to the downfall of the Suharto regime in 1998. An interim government led by President B. J. Habibie replaced Suharto. In January 1999, Habibie offered East Timor independence by January 2000, subject to a popular consultation. He also announced that all East Timorese political prisoners, including Xanana Gusmao, would be released immediately following the vote (Figure 7).

The rationale for the announcement appears to centre on Habibie's belief that the ongoing crisis in East Timor was costing Indonesia in international prestige (Jakarta Post 1999) and that the province continued to need substantial subsidies from the central government. In the New York Agreement reached between Indonesia and the United Nations, signed on 5 May, Indonesia was to retain responsibility for security in East Timor if the referendum returned a positive vote for independence. The Indonesian military resisted the move, perhaps because of fears that it would stimulate other independence tendencies in Aceh and Irian Jaya and because it represented a considerable loss of face to ABRI. As early as June 1999 it appeared that the TNI's commander General Wiranto was unable to control TNI elements operating in East Timor (Tornquist 1999). Between May and August the number of reported incidents involving pro-Indonesian militia increased. In a prophetic warning of the possible outcome of a majority vote for independence, Jakarta Post writer Gwynne Dyer (Dyer 1999) predicted that the TNI would initially suggest that all-out civil war would erupt, which the TNI would then create by forming, arming and funding pro-integration militia. During any militia disturbance, the TNI would then arrange to be elsewhere.



Figure 7: Celebration of the referendum announcement
Photo courtesy of MOJOwire (http://www.motherjones.com/east\_timor.html)

Despite action by pro-Indonesian militia to impede the registration of East Timorese for the referendum, 432,287 Timorese out of a population of 832,574 (in 1997) registered. In the period leading up to the referendum there were numerous reports of intimidation and attacks on pro-independence supporters. Unarmed UNAMET police sent to oversee the registration process and the referendum were unable to prevent such acts of violence. The referendum to determine East Timor's future was held on 30 August 1999 under UNAMET supervision: 98.6% of registered Timorese voted (Figure 8). On 4 September, UNAMET leader Ian Martin announced, minutes after the UNs' Secretary-General Kofi Annan had done the same in New York, that 21.5% of the voters had chosen to accept the Special Autonomy offered by Indonesia, while an overwhelming majority of 78.5% refused it, thus laying the path to independence.



Figure 8: Ballot counting in the referendum

Photo courtesy of MOJOwire (http://www.motherjones.com/east\_timor.html)

## Post referendum civil strife

Few people celebrated in Dili or in the rest of the territory, although parties were common in Australia, Portugal, the United States, Ireland, England, Mozambique and Indonesia; wherever a Timorese community existed. Inside the new nation, just four hours after the official announcement, the defeated militia gangs started a pre-planned program of destruction (Figure 9). BBC, CNN and other international television organisations began broadcasting images of automatic weapons being fired, houses set alight, civilians seeking shelter in schools and churches or fleeing

to the nearby mountains. The international media reported 145 deaths in Dili alone in the 48 hours following the announcement. Upwards of 200,000 Timorese were forced to flee to West Timor, while an unknown number of East Timorese including Catholic nuns and priests were murdered (Greenlees 2000). By 6 September, most international observers, journalists and the civilian personnel of UNAMET were evacuated from the territory, either by chartered planes or the Australian Air Force. On the afternoon of 5 September, four Indonesian ministers, including Defence and Foreign Affairs Ministers General Wiranto and Mr Ali Alatas and one Secretary of State, paid a four-hour visit to Dili. They never left the airport 'for security reasons'.



Figure 9: Militia outside the subsequent UNTAET Headquarters

Photo courtesy of MOJOwire (http://www.motherjones.com/east\_timor.html)

On the evening of that same day, the UN Security Council held an emergency meeting in New York but resisted sending in a peace-keeping force. The Indonesian authorities claimed to be able to restore peace, though about 16,000 men, already stationed in the territory, had failed to do so, and were even reported to have participated, in some cases directly, in the new mass killings. Oral, photographic and television evidence from UNAMET staff and international media was not sufficient, so the Security Council sent a 'fact-finding mission' to Jakarta to confirm reports.

On the morning of 6 September, the home of Nobel Peace Prize winner, Bishop Belo, was set on fire. The bishop sought refuge in Baucau, though he was unable to save the hundreds of refugees in his front yard, facing death or deportation to West Timor. More than 1000 refugees were sheltered at the UNAMET compound in Dili, and UN convoys came under fire on the road to the airport.

International condemnation of the unwillingness or inability of the Indonesian Government to intervene finally resulted in the UN Security Council voting on 15 September (Resolution 1264) to authorise a peace enforcing operation, initially lead by Australia. The InterFET was deployed to East Timor on 20 September 1999 with the tasks of restoring peace and stability, protecting and supporting UNAMET in carrying out its tasks, and facilitating humanitarian operations (Figure 10). 'Peace' was restored almost immediately.



Figure 10: Sign of recent times in East Timor

Currently, and leading to elections for a national government, East Timor is administered by the ETTA (principally UNTAET with the with the advice of the East Timorese National Council (NC) (see Glossary and Administrative Arrangements in East Timor)

Table 1: Timeline of events in East Timor's history

Year	Events
1463	Chinese author Feio Hsien refers to Timor's sandalwood forests in Hsing-ch's Shen-san
1509 - 1974	Period of Portuguese colonialism
1515	Sandalwood attracts sailors and eventually settlement.
1520	Portuguese settle in Timor, followed by the Spanish in 1522.
	Religion used to pacify the indigenous population for colonisation purpose.
1613	The Dutch take over West Timor but East Timor remains in dispute.
1629	Timorese rebellion against the Portuguese, one of more than 50 revolts.
1769	Portugal makes Dili the capital of East Timor.
1812-1815	Britain rules for a brief period.
1860 and 1893	Treaties between Portugal and Spain finally resolve the sovereignty of East Timor
1896	Portugal separates East Timor as a colony from Macau.
1912	First major rebellion against Portuguese rule is violently suppressed after 18 months
1941	Australian and Dutch troops occupy Dili to thwart Japanese invasion.
1942 – 1945	Japanese occupy Indonesia and drive the Portuguese from East Timor and the Australians to the bush.
February 1943	Australian guerrilla force withdrawn,
17 August 1945	Indonesia proclaims its independence from the Netherlands.
August 1945	East Timorese rebel against Portuguese rule. The rebellion is brutally suppressed.
27 December 1949	The Netherlands ends its attempt to thwart creation of an independent Indonesia. East
27 December 1747	Timor remains under Portuguese rule.
April-May 1974	Portugal's government overthrown (Flower Revolution). The new regime announces
	democratic rights to be given to overseas territories, including East Timor.
May - November 1974	Political parties are established in preparation for self-determination. The three main parties are: FRETILIN and UDT (pro-independence), and APODETI (pro-integration with Indonesia).
March 1975	Portugal delays the scheduled referendum on independence. FRETILIN begins a series
March 1975	of attacks on political opponents.
11 August 1975	UDT, learning of FRETILIN plans for a coup, takes pre-emptive action and stages large
-	demonstrations, leading to a coup.
20 August 1975	FRETILIN seizes control of the capital, touching off civil war. Non-independence forces retreat to the border and seek integration with Indonesia.
26 August 1975	Portuguese government abandons Dili, rather than attempt to restore order.
28 November 1975	Unilateral independence declared by FRETILIN.
29 November 1975	Portugal proclaims itself the administering power in East Timor three months after abandoning the territory. It refuses to send forces to restore order.
30 November 1975	Four parties, including UDT, issue their proclamation of independence and
3011010113011373	simultaneous integration with the Republic of Indonesia.
7 December 1975	Dili retaken from FRETILIN by Indonesian forces, and 10 days later Provisional
	Government of East Timor is proclaimed. US, Australia and ASEAN countries
	'support' the take-over.
1975-1999	Military, political struggle for Independence
31 May 1976	The People's Assembly votes to request integration of the territory into Indonesia
17 July 1976	President Suharto formally proclaims East Timor Indonesia's 27th province.
1982	At 37th session of the UN General Assembly, opponents of East Timor's integration
	with Indonesia muster 30 percent of vote in censure motion Following 12 rounds of talks under the UN Secretary General, it is agreed a UN team
December 1986	I Following 10 mounds of talles under the LIM Connet and Connect it is a seried to IMI

Year	Events
October 1989	Youths stage anti-Indonesian demonstration during visit of Pope John Paul-II.
4 November 1989	Some 50 youths stone police in Dili.
17-19 January 1990	About 50 youths stage demonstration and 250 subsequently march through Dili during visit of the US Ambassador.
4 September 1990	Following a mass commemorating 50 years of the Dili diocese, 200 pro-FRETILIN youths demonstrate against Indonesian occupation.
8 October 1990	Group of anti-integration youths attack a police officer and a school in Dili.
28 October 1991	Fighting erupts between pro and anti-integrationist youths at the Motael Church, leading to the death of one anti-integrationist and one pro-integrationist.
12 November 1991	Anti-integrationist march to the Dili cemetery marking the event turns violent. Security personnel fire into the crowd: at least 50 dead and 91 wounded, 270 missing.
26 December 1991	Indonesian commission cites army officers and civilian demonstrators share responsibility for the tragedy.
17 April 1992	After meeting with UN Secretary-General, Indonesian Foreign Minister announces Indonesia is prepared to resume talks with Portugal on East Timor.
5-9 April 1999	Strategic Development Planning Conference, Melbourne
5 May 1999	Agreement in New York for Popular Consultation.
May 1999	Entrance of UNAMET to prepare and oversee the Popular Consultation.
30 August 1999	Popular Consultation day.
4 September 1999	Announcement of results: 78.5 % for independence, 98% of registered voters vote.
20 September 1999	Intervention of InterFET led by Australia.
December 1999	UNTAET to administer East Timor until new democratic government is elected. Election scheduled for August - September 2001.

# THE CONTEMPORARY DECISION-MAKING ENVIRONMENT

East Timor's long history of largely oppressive occupation by a succession of foreign powers has created a unique decision-making context for the new nation. Environmental and human resources have been affected over generations, creating both unique opportunities and difficulties, perhaps not seen since the establishment of the state of Israel. A major difference lies in the loss or lack of development of human intellectual capital necessary for a modern nation. This will affect all areas of development in East Timor: tourism is no exception and may be especially affected.

## The effect of history

## The Maubere cultural legacy

The pre-history of Timor remains contentious, however archaeological discoveries (lithic utensils) suggest the island has been inhabited since the Palaeolithic. Timorese communities appear to bare similarities to a variety of people that presently live in the nearby major islands of Sunda, Sulawesi, Borneo, Moluccas, the Philippines and New Guinea. This suggests a series of migrations, but largely a common origin somewhere in south-east Asia. Fifteen distinct languages and more than thirty dialects are spoken within the country, a sign of rich ethnological diversity (Jannisa 1997). This is complimented by a diversity of material cultural, expressed in many artistic forms including architecture (Figure 11).





Figure 11: Rock paintings near Tutuala

Tetum is the common indigenous language of East Timor, excluding Oe-Cusse where Baikenu is spoken and in the east Lospalos-Lautem-Tutuala where Fataluku is the tradition. Eleven of the languages <sup>3</sup>, with Malay-Indonesian, Tagalog (Filipino) and most of the languages of the Pacific, belong to the Austronesian language grouping. The four others are older and classified as Papuan (Vicosa 2000).

Before the arrival of the Christian missionaries, the Timorese were animists and many of these beliefs and rituals remain within folklore. Mythology and legends are common in the rich oral tradition that tells of the pre-colonial period and the evolution of ancestral kingdoms. Neither

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<sup>&</sup>lt;sup>3</sup> The languages of Tetum, Kawaimina, Habu, Idalaka, Galoli, Atauran, Tokodede, Kemak, Mambai, Baikenu and Lovaia are Austronesian. Bunak, Makasai, Maklere and Fataluku are Papuan. Hull (2000) reviews the languages of East Timor in the context of providing advice to CNRT on desirable official languages.

Hinduism nor Islam appears to have influenced Timorese beliefs. While Muslims, Javanese and Malays frequented the islands before the arrival of the Portuguese, the spreading of Islam may not have been their purpose or, at least, was not permitted by the local chiefs (*liurais*). Few East Timorese Christians (*saerani*) have totally divested themselves of their animist heritage. However, the strong condemnation of the Indonesian annexation of the colony by the Catholic Church and their defence of Timorese lives has engendered strong loyalty and trust that transcends simple considerations of the spirit. For animists, religion consists of fear and adoration of the spirits of the dead (*lulik*, meaning sacred and intangible) materialised through stones, animals, wells, streams or objects endowed with mysterious magical power, both benevolent and malevolent.

While the occupation of East Timor by a succession of colonial powers has strongly influenced indigenous Maubere culture, elements persist in oral traditions and a variety of cultural expressions, including the expressive arts and material cultural expressions. Nevertheless, particularly in recent years, practice of many of these cultural traits has lapsed.

The woven cloth (*ikat* and *tais*) tradition remains active and is still a common part of village dress. Equally, some villages specialise in basket manufacture with colourful designs (Figure 12), although the weave is not as intricate as some Polynesian communities. Women are the main workers in agricultural production and selling as well as around the village and home, although they appear to have a more overt voice in community matters (Vicoso 2000).



Figure 12: Basket craft for sale in East Timor

## The Portuguese colonial legacy

The pervading remnants of the long history of Portuguese colonialism (since the 16<sup>th</sup> century) are the dominant religious faith of Christianity and the Portuguese language. Portuguese is known to the 'upper class' and the older educated generation, but is undergoing a revival with the discussions on adopting it as an official language. These are unifying elements of contemporary culture. Materially, there are several religious monuments, old Portuguese fortresses, colonial 'guest houses' and an adopted architectural style (Figure 13). However, like elsewhere, the exploitative early colonial paradigm did not leave a tradition of infrastructure or community development, especially education of the masses. With changing views of colonialism towards the mid-1900s, Portugal, through its own economic circumstances and political instability, found it difficult to meet its obligations as a colonial nation. This continued beyond World War II, leaving East Timor in a precarious position for independence, intellectually, politically, institutionally, economically and in terms of infrastructure.



Figure 13: Portuguese guesthouse at Maubessi, restored as a restaurant by Portuguese Army

## The legacy of the war years

Although the Allies never invaded Timor to recapture it from the Japanese, allied aerial campaigns devastated much of colony's infrastructure. Moreover, many deaths occurred as a consequence of the Japanese invasion and the territory's devastated economy. Reconstruction was not a Portuguese priority as the territory was of little economic benefit compared to Portugal's African territories. As a consequence, reconstruction was slow and lack of funds from Portugal meant that many services including health, education and community development were largely ignored.

## The legacy of Indonesian occupation

Indonesian occupation of East Timor brought a continuing period of neglect and suppression. Bahasa Indonesian became the official language, further threatening both traditional and colonial culture. However, modernisation of society was not totally neglected, as Indonesia strove to integrate East Timorese within its policies of nationalism. However, the continuing guerrilla campaign for independence skewed economic and social development priorities towards subjugation of the community and cultural integration. Rural populations were forced to concentrate in manageable and 'safe' areas, placing considerable pressure on natural resources with resultant negative environmental impacts (Figure 14). Internal security necessities, rather than a sustainable development paradigm, drove infrastructure (e.g. roads). However, the greatest impact lay in the removal of political (resistance) leaders over the 25 years of occupation and possibly a distinct age demographic.

In the 10-year period starting in 1976, more than one quarter of the population died directly or indirectly from the war (Ndiyae 1997; Jannisa 1997). Prior to 1999, it has been estimated that 25% of households were headed by a woman, a likely indication of the result of the 24 years of Indonesian occupation (Vicosa 2000). The Indonesian army and paramilitary forces commonly used torture and executions. There have been reports of the use of napalm as well as chemical weapons to suppress the resistance movement and FALINTIL forces (Taylor 1991; cited in Aditjondro 1994).

Yet the struggle for independence from Indonesia created institutions for community unity and a communication network that agricultural extension and health care officers 'can only dream of'. It also created an ethic that involved foregoing immediate comfort for long-term community benefits (pers. comm FALINTIL Chief of Staff Lere 2001).



Figure 14: Mountain farming on steep slopes at Aileu, near Mt Ramelau

## The political legacy

The dominance of FRETILIN as a political force and its central role in the fight for independence leaves East Timor with an ineffective opposition in a governmental perspective. However, it is clear that independence is not supported by all East Timorese and seeds of discontent with the likely political scenario remain. A politically 'disenfranchised' opposition to FRETILIN may revert to subversive actions, rather than political processes, in an attempt to be heard. This creates the danger of civil instability: a clear disincentive to foreign investment and tourist travel. However, the need to maintain close links to the community for the resistance movement means that FRETILIN has an effective community network in place for information transmission and co-ordination of effort.

## The legacy of independence

The tumultuous events of 1999 left East Timor with 70% of its structures destroyed (Figure 15), a large proportion of its population displaced or dead, an extremely weak economic base, and a community without training in general, and experience with modern commercial and social institutions, specifically. There remain very few obvious leaders. Those with training and leadership experience to guide national development are tainted by collaboration, or scarred by imprisonment and long periods of resistance fighting, or return from exile, academically trained and as nationals of other nations, but to a land that is somewhat foreign to their life experience.



Figure 15: Dili Fire Station, burnt by militia in 1999

However, there remain nationally significant sites of events symbolic of the struggle for independence (e.g. sites of battles, massacres and prisons). There is also international sympathy for and admiration of the East Timorese, and goodwill towards the East Timorese leadership that has emphasised reconciliation and the future, rather than recriminations and dwelling in the past.

The vote for independence and subsequent Indonesian withdrawal have left many unresolved issues that will continue to create problems well into the future.

- The fate of up to 200,000 East Timorese remaining in refugee camps in West Timor as of late 2000 remains unclear. Pro-Indonesian Militia drove many of these people from their homes in the weeks immediately following the referendum. Some wish to return but are prevented from doing so by the East Timorese Militia, others are afraid to return because of their support of the Militia or for collaborating with the Indonesians.
- Continuing unrest on the boarder between East Timor and Indonesia makes trade and free
  movement difficult. Pro-Indonesian East Timorese Militia continue to harass UN forces and,
  unless more effectively suppressed by the Indonesians (Militias are based in West Timor), this
  may pose a major security concern after UN troops withdraw.
- The operation of War Crimes Tribunals in post-independent East Timor creates uncertainty.
  Despite the often repeated wish expressed by the East Timorese leadership to move forward
  rather than seeking retributions and recriminations, no formal declaration of an amnesty has
  been announced nor a process for reconciliation. While this must await full independence,
  uncertainty fuels potential instability.
- The willingness of the Indonesian authorities to continue prosecution of Indonesian military personnel accused of human rights abuses in East Timor is uncertain. Though not directly germane to the future development of East Timor as an independent state, many East Timorese seek at least acknowledgement of events during the time of Indonesian occupation. Failure to reconcile views in this area has the potential to sour international relations into the future.
- There is a need to quickly settle property disputes, including claims for land tenure by East Timorese and the issue of ownership of land and property by Indonesian nationals. Indonesians owned many businesses and property in the towns of East Timor during Indonesian occupation. Title documents were among the many records destroyed by the Militias.

#### Political leaders

Throughout East Timorese history numerous political leaders have sought to achieve self-rule or independence, only to achieve execution, imprisonment or exile. In the latest chapter of the quest for independence three leaders (Figure 16) stand out and have become the face of East Timor in the international media <sup>4</sup>.

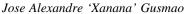
After loosing the conventional phase of the resistance to Indonesian occupation, FRETILIN mounted a long guerrilla campaign through its armed wing FALINTIL. Paralleling the military campaign, a political campaign was waged by expatriate East Timorese using the international media. Xanana Gusmao led FALINTIL between 1980 and 1992 when he was captured by ABRI. His subsequent trial and sentence of 20 years imprisonment aroused considerable interest in the international media, elevating him to a stature usually enjoyed by national leaders. This attention helped bring the plight of East Timor into the international spotlight. Although imprisoned, Gusmao continued to maintain contact with both FRETILIN and FALINTIL. When President Habibie decided in 1998 to resolve the East Timor situation, he sought the assistance of Gusmao

<sup>&</sup>lt;sup>4</sup> In highlighting Gusmao, Ramos-Horta and Belo, we ignore the role of the members of FRETILIN and FALINTIL, both living and dead, whose story is yet to, and may never, emerge. For example, current FRETILIN President Luolo was but one person who spent the whole of the Indonesian occupation period within the resistance movement.

then under house arrest in Jakarta. During the entire period before the 1999 referendum, Gusmao remained under house arrest, only being released a short time later. On returning to East Timor, Gusmao strongly advocated reconciliation with both Indonesia and the pro-Indonesian militias in a manner reminiscent of that adopted by Nelson Mandela of South Africa after he was released from prison. At the time of the announcement of the referendum, three other FRETILIN leaders existed. Today, one has been killed, another incapacitated through ill-health and one is presumed still under detention in Indonesia. FALINTIL leaders have, of course, been replaced.

Internationally, Jose Ramos-Horta was the spokesman for FRETILIN and managed to raise the profile of East Timor in world forums, including the UN. After the Indonesian withdrawal, Horta continued in this role although at the CNRT conference held in August 2000, he announced that he was not intending to take an active political role in the future government. For his work in representing East Timor, Ramos-Horta was jointly awarded the Noble Peace Prize with Bishop Carlos Belo in 1996.







Jose Ramos-Horta



Bishop Carlos Filipe Ximenes Belo

Figure 16: Prominent leaders in East Timor

Photos courtesy of MOJOwire (http://www.motherjones.com/east\_timor/reference/players.html)

Bishop Belo is the third face of East Timor in its resistance to Indonesian rule. The active work of Portuguese missionaries during the entire period of Portuguese rule had converted many East Timorese to the Roman Catholic faith. During periods of hardship many turned to the church for guidance, comfort and as a place of sanctuary. Bishop Belo exercised spiritual leadership of the East Timorese community as well as political activism during the period of Indonesian rule.

Leadership will be a major issue in the post-independence period. The loss of many potential leaders through the period of resistance, lack of education opportunities for youth, control of many leadership positions by Indonesian nationals during the last 25 years and now the reticence of well educated exiles to return to East Timor after extended residencies in more developed nations, create challenges for effective governance and commercial development. The ability of new generations of leaders to lead East Timor into the increasingly complex international community of the 21<sup>st</sup> Century will hinge on the decisions made by the depleted generation of current leaders, many of whom may carry the emotional scares of decades of struggle. Fortunately, the FRETILIN leadership recognised the need for post-independence leadership and encouraged many of those exiled to undertake post-secondary education in their country of residence. It is from these people and from the East Timorese who occupied leadership positions during the Indonesian occupation that the current generation of leaders will have to be drawn. It is also apparent that the current generation of leaders will have to recognise the deficiencies in their level of skills and be proactive in addressing leadership-skill deficiencies (Pers. comm. FALINTIL 'Chief of Staff' Lere 2001).

## The administrative legacy

Security Council Resolution 1264 of 15 September 1999 required the Secretary General to plan and prepare for the transitional and future administration of East Timor. This resulted in the establishment of the UNTAET (Figure 17). UNTAET has three main components: governance and public administration; humanitarian assistance and emergency rehabilitation; and a military component. Thus, UNTAET has full legislative and executive authority: the first time since its creation that the UN has been called upon to play such a far-reaching role. It was expected that UNTAET would establish permanent dialogue with representatives of the East Timorese people, and ensure the participation of the East Timorese in the governance and administration of the territory. It has done this through the ETTA and its NC component (see Glossary and the Administrative Arrangements in East Timor). However, UNTAET has been criticised for not fully involving the East Timorese in many decisions (Jolly 2000; Tedjasukmana 2000). This is also the case with the tourism industry, where UNTAET has failed to provide funding for the establishment of an East Timorese tourism secretariat or for preliminary planning studies. This is surprising as the hospitality industry has grown significantly (about 500 rooms in 2001) and interest in hotel developments have already been expressed by potential developers.





Figure 17: UNTAET headquarters, Dili and accommodation for UNTAET staff to 2001

The history of East Timor has left the country without administrative and bureaucratic experience. There is a narrow band of leadership experience and a major lack of middle management experience in all areas. For tourism, there is no experience and minimal expertise. Solving this deficiency will take time. It will require training of nationals in all facets of tourism operations, particularly in hospitality, language training, transport and small business. This can only be viewed as a long-term project and will require establishment of East Timorese hospitality and tourism training institutions. In the short term, overseas training programs will be required. Again in the short term, the use of expatriate labour, particularly in managerial and professional areas, will be required until training institutions, yet to be established, can produce graduates at high school, technical college and university level. Models that could be used by a future East Timorese Tourism Administration include Utalii College in Kenya and Macau Institute for Tourism Studies.

The availability of East Timorese to train for tourism and hospitality will also pose problems given serious deficiencies in public health and literacy. In 1996, the population was between 860000 and 887000, with a life expectancy of 55 years (58 years in Indonesia) (Vicosa 2000). High incidences of tuberculosis and malaria partly explain the low life expectancy and are significant health issues that will have to be addressed prior to developing tourism. The current population levels may be up to 200, 000 less than in 1996 given the large number of refugees in West Timor. Additionally, the exodus of trained Indonesians will also seriously reduce the core of trained personnel in the new nation. Perhaps the greatest challenge for East Timor is educating enough people to manage the bureaucracy of a new nation and fill positions in industry. Presently, more than half of the population is illiterate and at the time of the referendum, 80% of secondary school teachers were Indonesian.

## The economy

East Timor was, and remains, one of the poorest areas in East Asia and the Pacific. In 1997, annual gross domestic product per capita was under US\$395 <sup>5</sup> and the literacy rate was 41% (World Bank 1999a). Only 30% of households have access to potable water and 22% to electricity. While the Timor Gap, a 100,000 square kilometre offshore area, offers oil and natural gas resources, production will not start before 2004 (Tedjasukmana 2000) and is unlikely to generate much employment. In contrast, Saldanha (1995), Saldanha and da Costa (1999) and Johnson (2000), all propose that agriculture (Table 2 and Figure 18) and fishing have the greatest potential for growth and employment. Before the 1999 referendum, coffee production contributed about 90% of East Timor's export revenues (Saldanha and da Costa 1999), yet this export commodity has all but collapsed as a result of recent events.

Table 2 Agricultural products of East Timor (from Vicosa 2000)

	-			
Product		Area	Product	

Product	Area	
Maize	53388 ha	
Rice	21711 ha	
Cassava	66486 ha	
Sweet potato	16166 ha	
Peanut	3175 ha	
Sovhean	1225 ha	

Product	Area
Coffee	63500 ha
Coconut	> 46000 ha
Candlenut	> 3316 ha
Cloves	1211 ha
Cocoa	546 ha

Note that intercropping with gourd fruit is common. Gardens include vegetables, herbs, spices and, fruit (bananas, limes, mandarins, guava and jackfruit). Sago palm, tamarind and mango are also cropped.

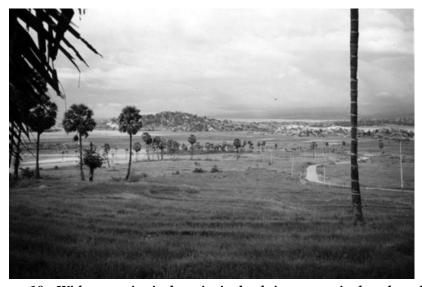


Figure 18: With corn, rice is the principal subsistence agricultural product

The need for economic diversification is obvious. Three economic fundamentals are widely recognised as prerequisites: the creation of economic institutions; the creation of a legal framework (particularly the clarification of property rights); and the establishment of lines of credit to small businesses (United Nations and World Bank 1999). As identified by Xanana Gusmao in 1999 at the Development Planning for East Timor Conference Melbourne 'we are practically starting from zero in all areas'. This is because the Indonesian Government or its citizens were controlling nearly everything of value on the island and because years of war has left the land scarred and undeveloped, and most of its people uneducated (Sobel 1999).

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<sup>&</sup>lt;sup>5</sup> Now estimated to be US\$210 (Vicosa 2000).

East Timor as a tourism destination has never advanced beyond the 'involvement' stage of Butler's (1980) destination life cycle. The first 'modern' tourists arrived in 1963, and 1974 was the record year for international arrivals with fewer than 5000 visitors, mostly 'alternative tourists' (Maia 1995; Brahmana and Emmanuel 1996). Large-scale tourism investments were planned by Australian and Japanese companies prior to the 1975 Indonesian annexation (Carnell 1971, Claypole 1973 cited in Dunn 1996), but after 1975, all main economic sectors were under Indonesian monopoly (Aditjondro 1994). The result was a stagnation of tourism as well as failure of the local community to gain experience in tourism enterprises. Nevertheless, the Portuguese-built mountain guest houses remain in repairable condition and were used throughout the Indonesian years (Figure 19).



Figure 19: Portuguese built guest house at Tutuala

## The geophysical environment

## Climate

Topography, the aspect of the mountains and proximity to Australia produce three distinct climatic regions <sup>6</sup>, based largely on rainfall (average 1473mm with 123 wet days (Vicoso 2000)). In the north, the area from the coast to 600 m asl, features an annual average temperature of over 24°C, low precipitation (between 500 and 1500 mm annually), and a very pronounced dry period lasting five months (June to October). The mountainous zone has temperatures below 24°C, high precipitation (between 2500 and 3000 mm) and a dry period of four months (July to October). The southern zone, below 600 m asl, has extended plains, exposed to southerly winds. Rainfall is between 1500 and 2000 mm, with average temperatures generally higher than 24°C and a dry period of three months (August to October) (see Brahama and Emmanuel 1996).

#### The monsoons

Timor has two annual seasons determined by the monsoon regime. These seasons are more defined than the larger islands of the archipelago. From November to May, the winds blow from northeast-northwest (wet monsoon) and bring thunderstorms and heavy rain. From June to October, the wind is from the southeast (dry monsoon). Australia influences these winds: they are stronger and bring less rain but lower the temperature mainly during the night.

The southern part of East Timor has much higher precipitation than the north. The dry winds from Australia attain some moisture while crossing the Timor Sea. This is lost through precipitation

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<sup>&</sup>lt;sup>6</sup> Monk *et al.* (1997) identify four climatic zones: Urdic (permanently moist) south of the central spine of mountains and in areas below mountainous peaks; Ustic (seasonally dry) north of the central spine of mountains; Ardic (permanently dry) along the north-east coastline; and Highland (permanently cool) around mountainous peaks.

when the air mass moves over the central mountain chain, to arrive at the northern side almost dry. During the NW monsoon, moisture-rich air successively rises as it passes across the islands of the Indonesian archipelago, losing its moisture as rain. As a result, precipitation over Timor only occurs where the air is again forced to higher altitudes. The north receives minor rainfall, but precipitation increases with altitude towards the central crest and continues to the southern zone.

## **Temperature**

East Timor experiences a hot (21°C annual average), humid climate. However, in terms of annual variation of the air temperature, the climate is oceanic. The northern and southern coastal areas are hotter than the mountainous zone with rapid changes in temperature occurring with altitude. Absolute differences are less than 10°C. For example, between Dili and Dare, a distance of less than 10 km, there is usually a 4 or 5°C difference. In any given location however, the variation during the year rarely exceeds 3-5°C. The hottest period of the year is between November and April (at the time of the NW monsoon). The cooler period (SE monsoon) occurs from May to October. The coldest month is July and the hottest is November.

#### **Humidity and evaporation**

Humidity (between 70% and 80%) is usually higher between December and May, during the NW monsoon. Evaporation is higher from June-November, varying inversely with precipitation, temperature and humidity. Precipitation exceeds evaporation between December and April (during the NW monsoon), while a deficit occurs between May and November (SE monsoon).

#### Geomorphology

Unlike many of its neighbouring islands, Timor is a continental fragment rather than of volcanic origin. The bedrock is of limestone and other (metamorphosed) sediments and may form part of the Australian geological plate (Monk *et al.* 1997). The presence of coral layers as high as 2000m attests to periods of uplift and submersion (Pedersen and Arneberg 1999). Being of relatively recent and rapid formation, the Island experiences severe erosion and is cut by deep valleys. A central crest dominates the island, and is the source of almost all the water-courses (Figure 20). Monk *et al.* (1997) estimate that 44% of East Timor may have slopes in excess of 40%. Given that 20% slopes are generally considered the maximum for cultivation and 30% the maximum for grazing, and that as much as 90% of the land has been cleared, then East Timor is in urgent need of an active reforestation program. Vicosa (2000) estimates that only 600,000 ha of East Timor (25% of the land area) is arable, of which about half is currently used.

#### The mountains

The higher elevations, to 2964m (Tata-Mai-Lau), occur in the centre of the island (the Ramelau mountain range), and follow its axis. In the north, the mountains stretch close to the coast, whereas along the south the slopes give way some distance from the sea, leaving a wide littoral strip (up to 30km) of alluvial formations. To the East, the rugged relief softens but is uneven, perhaps due to higher geological complexity, giving way to plains interrupted by steep cliffs (of metamorphic, calcareous-sedimentary, or volcanic origin) (Universidade de Coimbra 2000).

The enclave of OeCcusse-Ambeno is also mountainous and irregular. To the northeast, partially of recent volcanic origin, the land rises rapidly from the sea to 1561m (Nipane peak). The volcanic island of Atauro emerges very steeply from the sea to form the mountain of Mano Coco (999m).

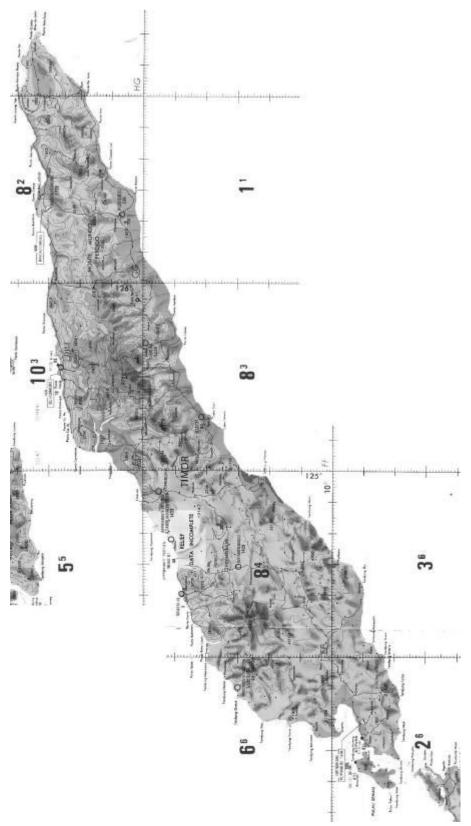


Figure 20: Topography of Timor



Figure 21: Mountain valley near Aileu and Mt Ramelau

#### Plains and plateaus

The largest plateau is that of Fuiloro, in the east of the Island. It gently slopes to the south from 700m to 500m, and possibly corresponds to a lagoon of a large fossil atoll (Pedersen and Arneberg 1999). The north side of the island is characterised by littoral terraces and, for example at Baucau and Laga, some extensive plateaus <sup>7</sup> (in both cases of coral origin). Alluvial formations occur between Lautem and Baucau and in the regions of Vemasse and Manatuto. Major plains occur at Batugade, Lois stream, Metinaro, Dili, Manatuto and Com (Pedersen and Arneberg 1999). These plateau areas are the major agriculture and residential areas of the island. The south coast consists almost entirely of a wide plain, extending from the West Timor border at Viqueque, and narrowing to Lore.

#### **Streams**

The central mountain range is the source of almost all the water courses of East Timor. In common with other small islands with a rugged relief, streams are short, sinuous, swift, seasonal and subject to flash flooding. During the wet season, they are potent agents of erosion, but rapidly dry. In some permanent watercourses in the south, sand accumulates in the estuaries creating areas of mangroves. In these areas, fish and crocodiles are often isolated until the local residents dig an exit <sup>8</sup>.

None of the 100 plus streams are navigable, either because they are variously seasonally dry or raging torrents, or interrupted by water falls. Most permanent streams occur on the south of the island (Tafara, Be-lulic, Carau-ulun, Sui, South Laclo and Cler), but Laclo (the longest stream of 80km) and Lois (the largest catchment of the East Timorese streams) occur in the north. In OeCusse-Ambeno, the principal stream is Nuno-eno, whose mouth is west of Pante Macassar.

## **Maritime characteristics**

The northern coastline of East Timor is characterised by slopes ending abruptly in the sea, leaving few shelters. Equally, the formation of sandbanks in the mouth of the streams on the southern coastline does not create favourable anchorage. In addition, fringing coral reefs, which may be exposed at neap tides, edge the entire littoral. The quality of these reefs is variable, but many have had less fishing pressure applied than nearby locations.

<sup>&</sup>lt;sup>7</sup> The plateaus occur at different altitudes, between 400-700m suggesting different periods of geological formation.

<sup>&</sup>lt;sup>8</sup> This is accompanied by a ritual in which fish, shrimp, snakes and small crocodiles are caught by hand (Universidade de Coimbra 2000).

The south coast is constantly buffeted by the swell of the Timor Sea and is referred to locally as the man sea in contrast to the woman sea of the north coast (Universidade de Coimbra 2000). Waters of the northern coastline are calmer and quickly gain depth (more than 1000m, 8km off the coast). The best anchorage of the island is the bay of the capital Dili, sheltered by shoals of coral that leave two entries. To the east, the ports of Lifau and Baucau provide anchorage for vessels of low draught. A 'marina' has been constructed at Com. On the south coast, anchorage for small craft is possible in the estuaries of Suai, Alas and Luca. In the enclave of OeCusse-Ambeno, Tulary Ican Bay provides anchorage but is poorly protected from the monsoons.

## The biota

Falling east of the Wallace line, the island exhibits biological elements of both Malay and Australian origin. However, natural resource exploitation, including shifting agriculture, and recent environmental manipulation associated with control of the resistance movement, have led to natural biotic communities being confined to remote locations. Nevertheless, the landscape exhibits many aesthetically pleasing elements, including remnant rainforests and eucalypt communities, mountainous landscapes overlain by agricultural farming practices, lowland rice fields, lakes and hot springs, and unexploited maritime environments, including white sandy beaches and intact coral reef communities.

Timor falls within the broad bio-geographical region that links Asia through the Malay Peninsula and Philippines, to the islands of the Pacific, by the Bismarck and Solomon Islands, and to Australia through the island of New Guinea. East Timor's vegetation has interested biologists since the 19<sup>th</sup> century. Henry O. Forbes contributed most to the early knowledge of the botany, followed by Ruy Cinatti in the 1950s (Cinatti 1964). Since Cinatti, few comprehensive studies have followed and in the last 25 years biological study has been almost absent. Major gaps in knowledge exist, including the effect of the last 50 years of land use changes. Many areas, such as the island of Atauro (Pulo-Cambing) have not been studied at all.

Although little native forest remains in East Timor, logging and forest resource use plays an important role in the traditional and recent economy. Rather than exhibiting the luxurious features of Sumatran and New Guinean forest communities, most primary forest in East Timor exhibits evidence of secondary succession after a history of disturbance from a shifting agricultural regime.

## Vegetation

The primary forests have been reduced to less than 15% of their initial extent. The remnants are confined to the south coast and mountainous areas (see Figure 22 and 23). Gomes (1999) reports that 700km² of forest were burnt in the last 10 years alone, though this may be an underestimate. For example, production of sandalwood in 1987 was 320 tonnes, in 1991 it was 11 tonnes (Gomes 1998).

Mangroves cover about 3000ha of the coastal area, largely confined by the rugged coastline. They occur mainly in river estuaries rather than as a coastal fringe on the north coast around Metinaro, Tibar and Maubara, where the coast is less exposed and the topography gentler. On the south coast, mangroves are confined to narrow bands at the mouth of streams. In these areas, the community may simply consist of a single tree species. On the north coast, where the physiography is suitable, a more diverse range of species occur and the communities exhibit distinct zonation. On the outer edge, *Sonneratia alba* and *Bruguiera parvifolia* are most common, behind this edge is usually a mixed community of *Rhizophora conjugata*, *Bruguiera parvifolia* and *Excoecaria agallocha*. Where the land is inundated irregularly, *Rhizophora conjugata* and *Avicennia marina* are common, along with *Aegiceras corniculatum*, *Acanthus ilicifolius* and *Lumnitzera racemosa*. Where rarely inundated, *Heritiera litoralis* and *Acanthus ilicifolius* occur with the other species.

In brackish areas, where the terrain is flushed with fresh water in rainy periods, and along the margins of the streams, *Avicennia marina*, *Achrosticum aureum*, *Xylocarpus granatum*, *Corypha utan*, *Pandanus odoratissimus*, *Cycas circinalis*, *Dolichandrone spathacea* and *Melaleuca leucadendron* are common.

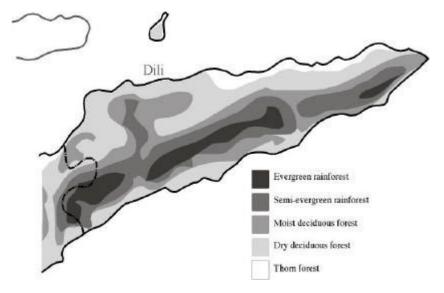


Figure 22: Monk et al.'s (1997) estimation of the natural distribution of forest types in East Timor

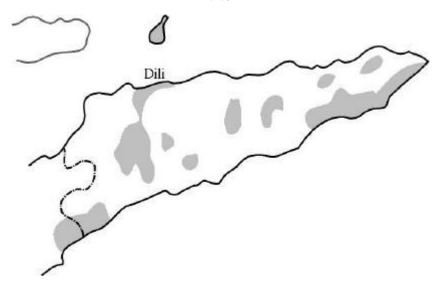


Figure 23: Monk et al.'s (1997) estimation of the natural distribution of forest types in East Timor

**Beach communities** are narrow on the south coast but can be quite wide in bays on the north coast. Like the mangroves, these littoral forests are similar in species to other islands of the Indonesian archipelago. On the south coast, where rainfall and humidity is greater, the littoral forests reach their greatest complexity in terms of species. The genera of *Calophyllum*, *Hernandia*, *Heritiera*, *Cerbera*, *Terminalia*, *Barringtonia* are common and merge into foredune areas covered with *Spinifex littoreus* and *Ipomoea pes-caprae*. In other places, the sandy expanses are bordered with narrow strips of almost pure stands of *Allocasuarina* sp. with occasional *Pandanus* sp. Where the sandy beaches give way to coral terraces, *Hibiscus tiliaceus* and *Thespesia populnea* form an edge before merging with the mixed forests of the inland. Where the coast is regularly flooded with fresh water, *Corypha utan* forms almost pure stands but mixed with *Borassus flabellifer* in dryer areas.

Many of these areas have been replaced with plantations of *Cocos nucifera*. These are to be found from Baucau to Viqueque and Aliambata to the easternmost part of the island. On the drier north coast, the littoral forest varies in variety and vigour. In places, it is replaced by grasslands invaded by pioneer species of the secondary forest and *Eucalyptus alba*, *Zizyphus mauritania*, *Tamarindus indica*, and even indicators of dry climates such as the genera of *Opuntia*, *Aloe* and *Euphorbia*.



Figure 24: North coast of East Timor, between Dili and Bacau

Forest communities below 600m can be evergreen (rain forest) or deciduous (monsoon forest). The variation is due to local differences in soil, aspect, drainage, and rainfall. Vegetation on sediments is distinct from that found on volcanic rocks, although the difference is not apparent where rainfall is greater than 1500mm. In areas below 1000m, dominant species come from the rainforest genera of *Eugenia, Intsia, Elaeocarpus, Canarium, Dysoxylum, Ficus, Litsea, Sarcocephalus, Terminalia, Parinarium* and *Prometi*. In mountainous areas, *Podocarpus imbricata, Casuarina junghuhniana, Pygeum* sp., *Vaccinium* sp., *Palaquium* sp., *Planchonela* sp., and *Eucalyptus* sp.<sup>9</sup> predominate.

The **deciduous primary forest** is present along the north coast to an elevation of 600 m. It is characterised by *Schleichera oleosa* and *Pterocarpus indicus* and associated genera of *Acacia*, *Vitex, Corypha, Wrigthia, Pterospermum, Sterculia*, *Zizyphus* and *Bauhinia*. In the enclave of OeCusse-Ambeno (near Citrana) from sea level to 300m the deciduous forest is best developed. *Pterocarpus* sp. is dominant with *Gyrocarpus americanus* in dry areas, and *Corypha utan* near water courses. Around 100m, the palm takes a bushy habit and is gradually replaced by *Homalium tomentosum*. At higher elevations, orchids and *Asplenium nidus* grow on the trunks of the *Pterocarpus*.

**Mesophyll vine forest** (rainforest) occurs in the southeast of the island. Palms and *Pandanus* sp. create an open understorey to the canopy trees (some 1 to 3m in diameter). Ferns, rattans, creepers and epiphytes are common (Figure 25).

<sup>&</sup>lt;sup>9</sup> The species is either *E. obliqua* or *E. decaisneana*. Cinatti favours the latter claiming it is an endemic that covers almost all the elevations of East Timor above 800m.



Figure 25: Overgrown rainforest walk near Tutuala

Figure 26: Regrowth community, with E. alba in the immediate foreground

Eucalyptus decaisneana and Podocarpus imbricata communities occur above 1500m. Mosses, lichens, orchids, and other epiphytes are common. Above 1800m mosses dominate. Between 2700 and 2900m, trees are affected by wind shear. Here, genera of temperate climates (e.g. violets, Rubus rosifolins, Ranunculus sp., Vaccinium timorensi and gentians) are common. The presence of these species has been attributed to their having been transported by the prominent winds of the NW monsoon from the Himalayas, across the higher peaks of the Malay Archipelago (Universidade de Coimbra 2000). The presence of higher-latitude Australian flora elements in the uplands is also possibly the result of seed dispersal during cyclonic activity.

**Regrowth communities** occur around remnant cores as well as scattered throughout the landscape disturbed by traditional shifting agriculture and more recent intensive rural and land-clearing. Where left unattended, regrowth communities range from simple herbaceous communities to areas with scattered bamboo, casuarinas and eucalypts (mainly *E. alba*) (Figure 26) and structurally more complex communities which include dense formations of shrubs, small trees, and creepers. Sobel (1999) summarised the status of the forest resources in this way:

'For tourism to thrive - and to maximize farming - East Timor would have to work to improve its environment. Once a lush and beautiful island, occupation and war have left their ugly marks. The Indonesian military bombed and napalmed whole swathes of forest and farmland during the invasion and occupation. Now, many areas are beyond rehabilitation...In addition to the loss of trees and plantlife, deforestation has caused devastating erosion in many areas'.

#### **Fauna**

While apparently poorly documented in the scientific literature, East Timor's fauna appears to have suffered along with the demise of the forest communities (Monk *et al.* 1997). Much of the wildlife commonly seen is feral domestics (cattle, buffalo, donkeys, pigs and poultry). However, in the forest refugia are deer, monkeys, civets, cuscus and a variety of bats. All of these mammal species suffered from 'shooting practice' in recent times. In contrast, the bird population is relatively diverse with more than 200, mostly non-migratory, species (Pedersen and Arneberg 1999). While cobras and pythons are known to inhabit the Island, the reptile fauna, especially lizards and geckos, is poorly described. Crocodiles still inhabit estuarine areas but their numbers are low.

Although there appears to be some inherent interest in the fauna of East Timor, lack of understanding of its nature and location limit its use for tourism purposes. Inventory is needed.

## Protected areas and species

Carried over from Indonesian designations, fifteen sites have been designated as 'wild protected areas' in East Timor (Table 3) under UNTAET Regulations. This designation can be equated to National Park. While the current status of the mountain-focused areas is expected to be appropriate to the designation, other areas may have suffered in recent times. There appears to be some local knowledge of the protected status given.

Table 3: Wild Protected areas in East Timor

Site	Area
Jako Island and surrounding rocks, reefs	
Tutuala Beach and adjacent forests	25000 ha
Cristo Rei Beach and hinterland	
The summit of Tata Mailau Mountain (above 2963m) and surrounding forest	20000 ha
The summit of Saboria Mountain (above 2495m) and surrounding forest	
The summit of Marobu Mountain (above 2000m) and surrounding forest	
The summit of Diatuto Mountain (above 1500) and surrounding forest	15000 ha
The summit of Fantumasin Mountain and surrounding forest	4000 ha
Sungai Clere Sanctuary	30000 ha
Tilomar Reserve	12800 ha
Lore Reserve	11000 ha
Monte Mundo Perdido (1769m)	25000 ha
Monte Matebain (2373m)	22000 ha
Monte Cablaque (1313m)	18000 ha
Manucoco Reserve	4000 ha

Endangered species listed for East Timor are 'sea tortoises, sea turtles, marine mammals, wallabies, crocodiles and alligators'. The nature of this list reflects the state of knowledge about the fauna. Coral reefs, wetlands and mangroves and designated historic, cultural and artistic sites can be given protection.

## The resultant legacy for tourism

## **Constraints to tourism development**

In a working paper presented at the 2000 CAUTHE (Council of Australian University Tourism and Hospitality Educators) Conference, Ximenes and Prideaux (2000) identified a number of constraints to developing a sustainable and viable tourism industry in East Timor. Specific and immediate tourism issues identified included the lack of:

- experience in tourism;
- tourism related infrastructure;
- trained tourism workers;
- tourism training facilities;
- organised internal transport suitable for tourists; and
- the absence of a public service and legislature able to initiate and administer policies directed towards tourism development.

Such tourism issues exist within the context of:

- concerns over security;
- public health problems including malaria and high levels of tuberculosis;
- the destruction of much of the basic infrastructure;

- land tenure confusion and the lack of a system for managing land transfer;
- the absence of elected officials to represent the aspirations and concerns of the local population;
- a lack of a clear financial system, including currency determination, necessary for orderly business arrangements;
- the absence of clear directions for regulating mechanisms such as licensing; and
- the shortage of planning and investment funds (from Ximenes and Prideaux 2000).

While UNTAET is addressing many of these larger issues, investor confidence requires a clear indication of the future East Timorese government's perspective. It appears that this must await the election of the first East Timorese government and complete independence.

#### Potential tourism markets

Many important tourism markets are within a relatively short flight from East Timor. Tourism revenue in Southeast Asia over the 1989-1998 period grew by 9.1%: the highest growth rate in the East Asia and Pacific region. The largest tourism spenders in the region include, by order of importance, Japan, China, Taiwan, South Korea, Australia, Singapore, Malaysia, Indonesia, The Philippines and Thailand (WTO 1999). The highest annual growth rate in visitor arrivals during the same period occurred in the region's poorest countries (Myanmar, Cambodia, Laos and Vietnam), where growth rates averaged 30% (WTO 1999). In 1992-1993, when Cambodia was under a UN transitional administration similar to UNTAET, it experienced an artificial tourism boom (Lam 1998). Today Dili, the capital of East Timor, seems to be experiencing the start of a similar phenomenon. Dodd (2000) reports that the hotel industry is now the most active economic sector and one of the biggest employers. With the recent departure of the 'floating hotel' used by UNTAET staff, this will undoubtedly increase. However, in Cambodia the UN failed to establish security and political stability, which undermined private investment and slowed tourism development (Lam 1998). In East Timor, establishing and maintaining high levels of security and stability is necessary to ensure an efficient reconstruction effort and to sustain economic growth.

However, the international media continue to report destabilising events in Indonesia and militia violence both in East and West Timor. East Timor, directly and indirectly, retains an image of domestic instability. Clearly, this is unsatisfactory for attracting capital investment and tourists. Specific markets offering some scope for East Timor are:

- UN staff and peace-keepers as recreational tourists; European backpackers;
- the ecotourism market;
- Australians, as cultural and resort based tourists, as product develops; and
- the Asian market as advanced product is established.

Selection of target markets and effective marketing of available product will be a major issue for controlling the development of tourism and the direction of product development. As identified by Ximenes and Prideaux (2000), this is hampered by:

- shortage of funds for promotion;
- the absence of market research;
- the lack of suitable international airport facilities in Dili restricting flights to B737 size aircraft;
- the lack of suitable hotels;
- the lack of tourism infrastructure, including product that could be promoted;
- perceptions of East Timor from reporting during 1999 may deter potential visitors; andthe lack of a marketing organisation.

# DIRECTIONS FOR TOURISM POLICY DEVELOPMENT

Within this broad context, planning for tourism development and many aspects of establishing a nation were formally considered at four recent conferences:

- Strategic Development Planning for East Timor Conference, Melbourne, Australia, 5-9 April 1999;
- East Timor Reconstruction: Review of the Past and Perspective for the Future Conference, Tibar, East Timor, 30 May-2 June 2000;
- East Timor Reconstruction Conference: Strategic Planning Conference for Rebuilding East Timor, Brisbane, Australia, 20-21 July 2000; and
- Conference on Sustainable Development in East Timor, Dili, 25-31 January 2001.

These planning conferences provided an avenue for expressing ideas on the role of tourism in East Timor's development (see Ximenes and Carter 1999; Ximenes and Carter 2000; Ximenes *et al* 2000; Carter and Ximenes 2001 <sup>10</sup>). The documents produced for the conferences formed the basis of many policies of the CNRT. In contrast, UNTAET has not been policy driven (at least in a specific sense). Its actions have been reactionary, responding directly to their charter to 'reconstruct' East Timor. The emphasis has been to (re)establish institutions to meet the basic needs of the East Timor community and small business. Long-term development of sustainable industries, especially those that have the potential to earn foreign capital, appears not to be high on the rebuilding agenda, as yet.

In contrast, CNRT, political parties (especially FRETILIN) and the East Timorese leadership generally, have had time to give greater consideration to the country's economic and social future, because they are not immediately responsible for, nor currently empowered (financially or in terms of decision making) to address immediate issues. This has led to disagreements on action priorities and redevelopment philosophy between UNTAET and the East Timorese leadership.

At the 2000 Brisbane conference, Joao Carrascalao (Minister for Infrastructure) said: "We are not interested in rebuilding East Timor as it was in the past, we want to reshape its infrastructure and industries for the future".

He emphasised this point by highlighting the status of the road system and its purpose for civil control, rather than servicing a community and its industries. He stressed the importance of town planning for the future needs of East Timorese society, rather than the immediate. His message was clear; he was concerned that a future elected Government for East Timor might be handed rebuilt infrastructure that was inappropriate for the country's long-term future.

National Council President and FALINTIL Commander, Xanana Gusmao earlier expressed similar sentiments at the Melbourne conference in 1999, and firmly put tourism on the agenda along with an indication of its preferred style:

"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.

These are available through the web at www.nrsm.uq.edu.au

It is necessary that we are uncompromising in our defence of the environment, with all the consequences this may bring, because we should never lose sight of the small language of the land which is our nation, which has to be preserved as our birthplace and as the green lawn from where the future generations will grow, and as a grave full of flowers for all the generations that have gone before".

While the style of tourism and its role in the future of East Timor was explicit, implicit was the function of leadership to 'create conditions' for industry success, and the acceptance that a far sighted approach to reconstruction might bring with it costs to current generations.

### The tourism policy framework

#### A focus for development

The three documents (Ximenes and Carter 1999; Ximenes and Carter 2000; Ximenes *et al* 2000) submitted for CNRT, FRETILIN, NC and ETTA <sup>11</sup> consideration in developing a national tourism policy for East Timor, have taken fundamentally different perspectives. However, they have followed a consistent theme; sustainable tourism based on the natural and cultural resources of the country and developed by local communities, for local community growth (economically and culturally).

The first (Ximenes and Carter 1999; Paper 1 appended), acts both as an information vehicle to inform CNRT of the benefits of tourism and its potential impacts, as well as setting a vision. The paper identified ten principles for engaging in tourism development:

- 1. develop a product that is as different as possible from that of competitors;
- 2. use natural and cultural resources as the basis for developing tourism products;
- 3. sustainable use of natural and cultural resources is essential;
- 4. if cultural resources are to form the basis of some tourism products, the owners of the culture must control its presentation;
- 5. involve the community fully in the planning process;
- 6. planning is to be iterative (not a once only process);
- 7. make quality experiences the tourism product;
- 8. measure success by client and community satisfaction and not solely by economic or physical achievements:
- 9. provide value for money; and
- 10. plan for steady and predictable tourism growth.

These principles were accepted by CNRT, but of possible greater moment, is the proposition that tourism could form a central area of economic development to which other initiatives could be linked. It was identified that tourism could provide:

- an additional rationale for improved community education;
- an impetus to cultural reinvigoration;
- an additional rationale for, and financial benefits from community infrastructure development (sewerage, water, supply, garbage collection, power, telecommunications, public transport and roads);
- a rationale for the conservation of naturally and culturally significant heritage resources;

Changing administrative arrangements in East Timor has meant that the pathway for inputs since early 1999 has changed. Initially, papers were submitted to CNRT. Because of one of the author's (VX) direct association with FRETILIN all documentation has been accessible to that political party. Recently, the appointment of Dr Mari Aklatiri as Minister for Economic Affairs with responsibility for Commerce, Industry and Tourism has meant that latter documents have been directed to ETTA through him. Note that UNTAET have shown little interest in this work.

- a rationale and a market for increased and diversified agricultural production;
- an additional rationale for developing effective health services;
- an economic incentive for law and order; and
- sustainable economic growth.

The point being made is readily exemplified in terms of agriculture. Approximately, 80% of the labour force in East Timor is employed in the agricultural sector (Saldanha and da Costa 1999), which is ever susceptible to the vagaries of climate and commodity prices. Self-sufficiency in staple foods is probable in East Timor, but production is unlikely to reach levels that will alter the trade defici, unless value-adding is achieved through processing. In contrast, tourism increases demand for diversified agricultural products. Food represents approximately one-third of tourism expenditures. Thus, the balance between local production versus importing can have considerable economic and social impacts (Belisle 1983) including hindering opportunities to expand and modernise local food production and processing (Telfer and Wall 1996).

One significant CNRT response to the submission was to link tourism with environmental protection (a working group for tourism and the environment) and a foreshadowing that cultural development might be added (this was not identified as a specific area for further consideration at the time). In addition, the conference accepted the following specific policy directions:

- comprehensive tourism planning, under-written by the principle of sustainability and protection of natural and cultural resources, be commenced as soon as possible;
- planning be based on a detailed inventory of resources, identification of their values and susceptibility to degradation through tourism use;
- a program of training to raise community skills be prepared and implemented in preparation for tourism development;
- infrastructure services be upgraded so that the community can host tourism; and
- only tourism projects that directly benefit the community be supported.

Thus, there was recognition that tourism could be a focus for sustainable development in a wide variety of areas; that it should be based on natural and cultural qualities of the country and that community initiative and enterprise would be the basis of most product development.

### Specific community action

The second input (Ximenes and Carter 2000; Paper 2 appended) came after the destructive events that followed the referendum on independence as well as the return of one of the authors (VX) and a visit by the other (RWC). From a policy perspective, the paper merely reinforced the environmental and cultural focus for tourism development. However, it identified environmental impacts that are occurring as part of redevelopment initiatives and practical ideas for establishing pilot, community-based tourism initiatives. These propositions were in response to UNTAET priorities (lack of action to address tourism's potential) as well as expressed demand of local communities to see programs and projects started that would clearly benefit them in the long term.

The paper also identified the importance of immediately implementing four strategic actions to establish practical institutions and increase human capacity to respond to future tourism initiatives:

- 1. move to establish a national park system, with the support and co-operation of local communities as an indicator of a developed, secure and responsible nation;
- 2. move to develop necessary tourism infrastructure, so that tourists can be accommodated, presented with memorable experiences, and appropriately charged for services;
- 3. improve human capacity, focused on local village communities, to manage natural resource impacts and to provide hospitality services to value-add and gain economic benefits; and

4. establish cultural rejuvenation programs to revitalise dance, carving, basket making and fabric weaving traditions, and sustain East Timorese culture and identity as a people.

It is this paper that first mentions potential 'short-term' markets, although long-term markets are left to be inferred. UNTAET staff were identified as an existing group that were beginning to venture out to the isolated beaches and natural areas of the island. In such cases, the 'recreationists' provide all their 'hospitality' needs and local communities only see them as they pass through the villages. Apart from UNTAET staff and international reconstruction workforce (including volunteers), there is also the potential to slowly build needed experience by targeting the somewhat related markets of expatriate East Timorese, visiting friends and relatives (VFR), and backpackers.

Approximately 20,000 Timorese (up to 4% of the East Timorese population) live abroad (Saldanha and da Costa 1999). Developing tourism experiences for these groups are more likely to result in socio-cultural benefits than negative impacts. Eventually, some of the VFR tourists might permanently stay and bring to the country their professional expertise and/or investment capacities. There is little specific development needed, as friends and relatives typically stay at their host's place and adopt a similar lifestyle (i.e. accommodation or catering facilities would not need to be developed). While returns would be modest, the tourism development benefit lies in gaining service experience through an accepting market. Equally, backpackers or adventure tourists tend to accept low-standard accommodation, transport and service, yet are eager for environmental and cultural tourism experiences (Murphy and Pearce 1995). Backpackers can represent a significant number of tourists. For example in Australia, they account for up to 8% of total visitors (Murphy and Pearce 1995). Backpackers could therefore be targeted as a major market segment in the predevelopment period (see Butler 1980).

Without tourism and business experience, and recognition of the cultural and service products that can be provided, village communities remain unable to capitalise on the opportunities that these existing and potential market segments afford. What was identified in the paper was the potential to 'softly' build tourism and hospitality experiences, based on these segments. Small, village-based projects were identified, requiring minimal capital investment but a large amount of community 'sweat' investment.

Significantly, the paper (Ximenes and Carter 2000) concluded with a poignant plea:

If we are not to be an aid-dependent country in the future, we must be proactive. If we do not take the initiative, external investors will determine our tourism future, with profits leaking offshore. Our communities will merely be employees, not owners ... We have struggled for at least 25 years, a generation, for independence. I do not want a future for my children that is economically dependent. I do not want a country that is environmentally degraded for them to live in. I do not want a community that has lost its cultural soul.

If we are visionary... if we care for our children's future: then perhaps this generation should continue the struggle, and do without for just a little longer ... tourism is part of our future and part of our independence... It is a priority, because it is an economic necessity ...

## Partnerships for tourism development

The third input (Ximenes *et al* 2000; Paper 3 appended) reiterated earlier perspectives. It identified that planning for tourism needed to fulfil two purposes:

- to ensure the effective and efficient development of tourism products and related support services; and
- to ensure economic, social and environmental goals are achieved, sustainably.

It defined three primary goals for tourism planning:

1. to base tourism on the sustainability of East Timor's environment and culture;

- 2. to deliver significant benefits to the local community such as employment and ownership; and
- 3. to develop true partnerships between investors, international tourists and East Timorese communities at all levels.

It is the last goal, though implied in the first paper, which gained most emphasis and addressed the problem of the lack of internal capital for tourism development.

... tourism must protect and enhance ... natural and cultural assets. It must respect the environment and provide economic rewards to investors and real benefits to local communities and the nation as a whole. It must provide experiences to clients that are enjoyable and value for money ... this can be achieved by developing quality, community-based product in locations around the country, supported by more capital intensive development in our major centres. In this sense, we envisage a dual approach to tourism investment and development. Tourism attractions, the places where tourists will visit, will be strongly influenced by local community aspirations, planning and investment.

Necessarily, the feeder locations, the major towns of East Timor, will be, at least initially, more influenced by an overseas investor presence. Clearly, these two areas of tourism activity will need to merge. It is here that we seek partnerships at all levels.

#### Specific tourism policies

From these inputs, and out of the Brisbane conference, a small working group undertook to prepare specific tourism policies (Ximenes *et al.* 2000a <sup>12</sup>; Paper 4 appended) covering:

- tourism planning;
- tourism links to foreign investment, rural industries, commerce and the retail sector;
- conservation of tourism assets (natural, historical and cultural);
- product development (central facilities and services, regional destination development, heritage based tourism, and nature and rural based tourism);
- infrastructure development (accommodation and transport); and
- support services (marketing, promotion and institutional arrangements).

These policy statements provide more detailed specifications than contained in previous submissions. They were forwarded to the Working Group on Tourism and the Environment of CNRT and to the ETTA executive (the Minister for Economic Affairs) in August 2000, but are yet to be ratified. The apparent difficulty does not lie in the nature of the policies, but rather in the ability to implement them. This issue was further considered in the most recent paper (Carter and Ximenes 2001).

## Sustainability and the status of a vulnerable small island state

Russell *et al* (2000, Paper 5 appended) consider East Timor in a broader economic context as a small and vulnerable island state. The paper discusses this in terms of population size, geographic boundaries and exposure to forces (both internal and external) that threaten the process of sustainable development. The paper identifies that islands of the South-East Asia and Pacific Region are strongly dependent on natural resources for maintaining the livelihood of the bulk of the population. Rapid population growth and changing aspirations have destabilised (and in some cases destroyed) the traditional arrangements linking the population to the resource base. In these circumstances, small island ecosystems are placed under extreme stress, as the changing patterns of dependency of the population shift the focus and pressure of resource demands. The implications for East Timor are readily visible, both as a result of recent history and the current aid emphasis.

<sup>&</sup>lt;sup>12</sup> Available through the web at <u>www.nrsm.uq.edu.au</u>

The paper also highlights that the economic divisions between the centre and the periphery, which are often the cause of political upheaval, are exacerbated in the case of island states. A tendency is identified for the development of a 'capital island' as well as a capital city within that island. Location economies and economies of size tend to limit development opportunities to the central location, hastening population concentration and environmental degradation. While East Timor is not a multi-island state (save for Atauro), geography and poor road access effectively isolate peripheral centres from Dili, with the potential to establish the scenario outlined by Russell *et al* (2000). Such concerns were expressed by numerous participants at the Timor Aid Conference on Sustainable Development in East Timor, Dili 25-31 January 2001.

Finally, Russell *et al* (2000) consider boundaries of nationhood for island states. They propose such considerations are critical in the analysis of development from a systems perspective. It was proposed that sustainable development, especially for small island states, requires that system boundaries extend beyond the physical resources of islands and their maritime exclusion zones. Thus, the system boundaries might extend to accommodate trade, knowledge and technology flows, access to international capital and labour markets, and development assistance. That is, national boundaries should not be confused with the boundaries of the livelihood systems of the island people. Nor should consideration of sustainability be bound by political boundaries. The challenge for island communities lies in the maintenance of the distinctive elements of culture and values that shape their identity and have served to sustain their livelihood in the past. It is in this area that the 'institution' of tourism can have greatest negative impacts.

In this context, Russell et al (2000) ask the questions:

- Which institutions can and should East Timor adopt or adapt?
- What mechanisms are necessary to maintain identity as a nation?
- How do institutions evolve to make transactions work better?
- How can traditional and adopted institutions be used to promote sustainable development? It is towards developing a process to answer these questions, for tourism, that preliminary policy work and this Occasional Paper is directed; at least in the sense of opening dialogue on the shape of tourism in the future.

#### Global trends in tourism and the current situation in East Timor

The final paper (Carter and Ximenes 2001, appended as Paper 6) draws on World Tourism Organization data to indicate tourism's potential in East Timor. Based on world and South East Asia travel statistics, the paper concludes that there appears room for new destinations to enter the market, and that East Timor can not ignore this potential. The paper conservatively estimates that if 100 000 visitors can be attracted, then tourist expenditures can be expected to be in the order of US\$35-60 million. The number of rooms required would be the equivalent of 6 to 7 small resorts. These projections are considered to be readily achievable and investment risk low. The paper highlight that such a profile is attractive to off-shore investors (provided security is assured), but Carter and Ximenes (2001) warn of off-shore profit leakages. The paper also reflects the views of Russell *et al* (2000) in highlighting that tourism will require the involvement of a significant proportion of the East Timorese population. It is identified that this has implications for other industry sectors and demographic distribution, if tourism develops solely around a few coastal centres.

The paper expands on the potential impacts of tourism growth, emphasising that it may be sporadic and that island communities are often not prepared for change, and that management of natural resources is often insufficient to match increased demand. This leads to socio-cultural and environmental impact and local communities often lose control to off-shore investors. Carter and Ximenes (2001) conclude that a *laissez fare* approach to tourism, including permitting unfettered

foreign investment, may realise economic potential but it will probably also maximise negative social and cultural impacts.

The paper is forthright in identifying that despite the repeated expression of the desire to make tourism part of East Timor's economic future, international agencies have been unresponsive. The paper alludes to the existing unreliability of infrastructure necessities of power, clean water, road access and telecommunications. They identify that most towns still exhibit rubble eyesores of the immediate post-popular consultation days and that no attention has been given to training hospitality staff. Carter and Ximenes (2001) conclude that East Timor's tourism future is suffering from the tyranny of no decision.

Finally, the paper introduces the concept of 'Maubere tourism' to define the vision that has evolved and is inherent in the collection of papers discussed here. Carter and Ximenes (2001) propose that 'Maubere tourism' embraces the principles of sustainable tourism, ecotourism and best practice cultural tourism, but will be strongly coloured by the aspirations of the local communities and be driven and largely delivered by them.

## A REFLECTION ON THE POLICY

### **DEVELOPMENT PROCESS**

Initial tourism policy input for East Timor was characterised by being:

- Educational, for consideration of the East Timorese (expatriate) community in the context of other considerations:
- responsive to the vision expressed by senior East Timorese leaders;
- strategic, in linking tourism with other development needs and considerations, especially environmental protection; and
- directional, rather than prescriptive.

However, it has increasingly been reactive and dominated by statements of advocacy. This has been in response to the apparent emphasis the UN administration has given to:

- the rebuilding of East Timor, in contrast to planning for its future;
- the 'centre', rather than the 'periphery';
- developing the public sector bureaucracy and capacity building in this sector, rather than establishing a framework for entrepreneurship; and
- self-sufficiency, rather than economic and community development for the future.

It also has been strongly influenced by off-shore investors, seeking to establish in East Timor and approaching NC, CNRT and political party leadership directly. In addition, it has been responsive to community requests for on-the-ground action and their involvement in tourism, as well as the opportunity that exists for local Timorese to gain hospitality and tourism experiences through catering for UNTAET staff, already exploring the hinterlands of Dili and coastlines of East Timor. However, the East Timorese largely remain powerless to implement tourism initiatives, given the UNTAET mandate and their priorities.

In a critiquing sense, the inputs to tourism policy development discussed here lack:

- a solid database for necessary confidence;
- comprehensiveness;
- any community input;
- conversion to strategic operations with budgets; and most importantly,
- critical review.

Part of the rationale for consolidating the papers into one volume here is to facilitate wider input to the planning process.

## **CONCLUSION**

Tourism is crucial for East Timor's future. It can contribute significantly to the well-being of the East Timorese through attracting foreign investment, providing employment and balancing trade. It can be a focus for the development of other sustainable economic initiatives and provide incentives for cultural rejuvenation and natural resource protection, as well as promoting critically needed peace and stability.

Research suggests that a sustainable tourism industry has low economic risk. However, the benefits will not be realised if tourism development is reactionary. East Timorese communities lack tourism experience and the needed business acumen to appropriately respond to tourist demands. Initially, tourism needs to be regulated to control foreign ownership and give time for local capacity building. Community involvement and community-based projects are needed now, especially in rural areas, to enable tourism to be integrated and to grow within East Timor's changing society, culture, environment and economy.

Tourism policy initiatives have attempted to present a vision and framework for achieving these targets and also reflect the vision of the East Timorese leadership. However, there has been little on-ground activity. The lack of attention to tourism's potential is short sighted and unresponsive to community interests. Tourism can take a form and develop so rapidly that effective management of negative impacts will be extremely difficult.

Not withstanding the limitations of existing policies, and their undoubted need for improvement, we consider that the need now is to start implementing them:

- to start small and start with community based initiatives;
- to develop plans for specific actions;
- to leave policy to develop further with experience of the 'uncharted waters' that characterise the whole of East Timor's management environment; and
- to build capacity through community based action learning, while the window of opportunity still exists in the aftermath of decades of suppression, uncertainty and civil unrest.

At this time, risk associated with this approach is low, because it responds to demands at all levels. However, this can rapidly change, and East Timor will loose control of its tourism future if it has not prepared for its next invasion: tourists.

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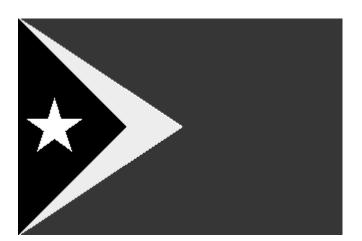
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# Paper 1: Tourism: A Strategic Focus for Sustainable Development in East Timor

Vicente Ximenes and R. W. (Bill) Carter

Ximenes. V. and Carter, R. W. (1999) *Tourism: A strategic Focus for Sustainable Development in East Timor*. East Timor Study Group. Working Paper 03. Paper prepared for the Strategic Development Planning for East Timor Conference: Melbourne, 5-9 April.

#### Abstract

Tourism has the potential to assist East Timor in balancing its trade deficit and providing a sustainable industry for economic growth and employment. The development of a successful tourism industry requires the parallel development of agriculture, improved community infrastructure as well as improved general and tourism industry-specific education. As such, tourism could be the focus and beneficiary of sustainable development projects across almost all sectors of industry, for community infrastructure and social development projects. Changing of the current image of East Timor as an unsafe place because of its recent history is essential.

The vision for tourism should be one of quality, authenticity and uniqueness. It should offer a distinctly different experience than that provided in numerous places within the Asia Pacific Region. Initially, tourism should be based on the adventure and back-packer markets, with a strong ecotourism perspective. Planned and controlled growth is needed to avoid the environmental and cultural impacts of tourism. The process of planning must be inclusive of the community rather than a top-down approach. Key issues for planning to address are facilities and systems for inbound travel, promotion, infrastructure development and upgrading, environmental protection and tourism skill development within the community.

#### Introduction

#### The elements of tourism

Tourism has been called an industry, yet it relies on many other industries (sectors of the tourism industry) for its success <sup>13</sup>. That is, tourism embraces and is interdependent with a diversity of human activity. Therefor, strategic planning for tourism requires parallel planning for a variety of related areas and the establishment of political, social and economic systems to support tourism activity (Getz, 1986).

The tourism industry can be divided into the elements of consumers or clients; tourist service providers; and support service providers.

**Clients** include those that actually visit a destination as well as those who could visit in the future. The activity of marketing is needed to access and attract clients.

**Tourist service providers** are those who directly deal with clients and provide services that cater for the recreation and human needs of the visiting tourists. They include accommodation providers, tour operators and restaurateurs and their staff, such as housekeepers, activity persons, tour quides, chefs and kitchen staff.

Support services providers are those that provide requirements that ensure the smooth operation of tourism service delivery. This is a diverse group and includes the immediately important areas of transport (e.g. air services), travel agents (both internal and offshore), entertainment and shopping. It also includes the agriculture sector for supplying food, the health sector for ensuring health safety, the police, the communication sector, and the traditionally public sector areas of public utilities, e.g. power, water and sewerage.

However, successful tourism requires a product or products. This is a combination of the service elements of the industry plus attractions. Attractions can be based on:

- natural qualities of an area (e.g. areas of outstanding natural beauty or simply a pleasing climate);
- cultural qualities of a group of people (e.g. their unique cultural expressions in the form of buildings, physical art, dance and music);
- history or pre-history (e.g. sites and extant fabric of earlier times and events); and
- constructed attractions (e.g. golf courses) <sup>14</sup>.

Wilson, K. (1998). discusses the concepts of industry and markets in relation to tourism.

<sup>&</sup>lt;sup>14</sup> Kaiser, C. J. and Helber, L. E. (1978). and other general tourism texts give an analysis of tourism industry segments.

It is the nature of the product that attracts particular market segments or types of tourist (e.g. ecotourists, family groups, big spenders).

The final element of tourism that needs consideration relates to a fundamental reason for fostering tourism: people, the host community. Unless the host community receives sustainable positive benefits from tourism, they will at best resent tourists and at worst sabotage efforts to establish and sustain tourism (Brayley et al., 1990; Dogan, 1989; Gertler and Nuryanti, 1993; Pearce, 1995; Schroeder, 1992; Sofield et al., 1996).

Closely allied to the people is government (Hall, 1994a). Government can be a pro-active participant in tourism by providing necessary infrastructure or developing major facilities (e.g. airports, hotels, museums) or international promotion and marketing. However, in most countries its role is largely one of support. Given that worldwide, tourism is mostly based on small businesses, the essential role of government is to deliver a socio-political and economic environment that allows tourism to flourish.

These dynamic and interrelated elements of tourism are summarized in Figure 1.

#### The 'benefits' of tourism

The economic and employment benefits of tourism are widely recognised (Hall, 1994b; Mok et al., 1991; Fisher, 1986). It can attract foreign investment, stimulate economies and provide direct and multiplier driven employment. It can improve the quality of life for local communities through the provision of shared facilities and recreation opportunities. It can be a stimulus for developing community infrastructure, reinvigorating cultural practices, protecting natural and culturally significant areas and developing pride in a community (Sharpley, 1994). Less commonly recognised is its role in fostering national and international peace and cultural understanding, both on an individual basis and between racial and national groups.

However, the realization of these benefits can not be assumed. Planning and, at times, control is needed. Without planning, the danger exists that tourism will bring rapid physical and cultural change not desired by the host community. It can subvert cultural integrity, especially where the tourist represents an economically more powerful and hence dominant culture (King and Stewart, 1996; Shackley, 1997). There is the danger that excessive foreign investment will reduce the potential for local economic gain, with the host community relegated to providing ancillary, low profit services while international investors take profits off-shore.

Therefor, tourism planning needs to fulfill two purposes:

- to ensure the effective and efficient development of tourism product and related support services, and
- to ensure social, economic, environmental etc. goals are achieved, sustainably.

#### Regional tourism overview

While the effects of the Asian economic down turn are likely to affect regional tourism, figures released by the World Tourism Organization in 1997 suggest that tourism in the East Asia and Pacific region remains buoyant. Less than expected growth is the result of the unavailability of capital for tourism facility development as well as infrastructure and transport limitations, especially airport capacity (WTO,

1997). Some travel figures for selected regional areas are given in Table 1.

Table 1: Tourist arrivals and receipts for selected East Asia/Pacific destinations (WTO, 1997)

Destination	Arrivals	Receipts
	('000')	(US\$ Mn)
Cambodia	195	50
Fiji	325	321
N. Mariana Island	743	670
Brunei	762	38
Guam	1376	1415
Viet Nam	1395	87
New Zealand	1508	2663
Japan	1991	3576
Philippines	2054	2790
Taiwan (P.China)	2441	3075
Korea Rep.	3815	6315
Australia	4167	8264
Macau	4275	2475
Indonesia	4475	5662
Singapore	6608	9410
Thailand	7201	8600
Malaysia	7742	4409
Hong Kong	11700	11200
China	26055	10500

#### Indonesian tourism

The tourism sector in Indonesia, after showing potential to become one of the top foreign exchange earners within this current five year plan (Repelita VI) has been seriously affected by a number of natural and politico-economic phenomena. The forest fires early in 1997 affected tourist visits not only to Indonesia but also to Singapore, Malaysia and to Thailand. In the midst of this, the monetary and economic crisis struck Indonesia in August 1997. In May of 1998 there were riots in Jakarta with ensuing, sporadic country-wide disturbances and student demonstrations adding concerns about visitor's personal security.

#### Demand

Reports from the World Trade Organization and the World Resources Institute estimate that while tourism worldwide is growing at an annual rate of 4%, nature travel is increasing at an annual rate between 10% and 30%. These data were also supported by a survey of tour operators in the Asia-Pacific region who have experienced annual growth rates of 10% to 25% in recent years to 1997.

Prominent countries supplying ecotourists in order of market size are United States, the United Kingdom, Germany, Canada, France, Australia, the Netherlands, Sweden, Austria, New Zealand, Norway and Denmark (Lindberg, Wood & Engeldrum 1998). Japan was also reported to be a rapidly developing market (1997) and show some potential for the future when economic times become more settled.

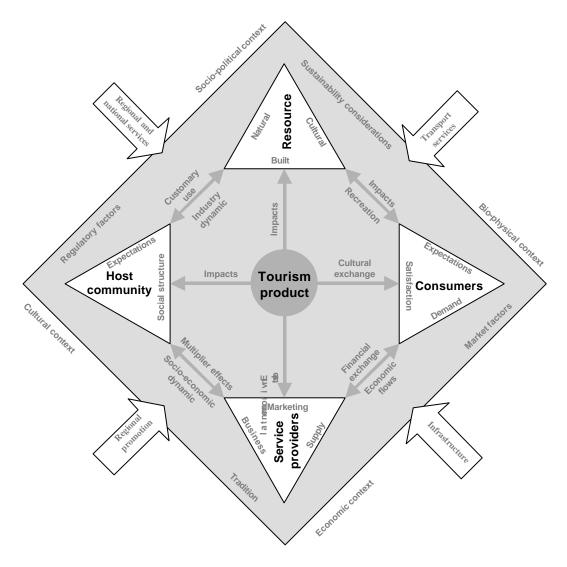


Figure 1: The dynamic and interrelated elements of tourism

#### Visitors to Indonesia

The number of visitors to Indonesia grew fast with a twodigit growth annually until 1996. In 1997 the growth rate was only 7.9%, the lowest in 30 years (Table 2).

Table 2. Development of Foreign Visitors to Indonesia by Entrance Gates (1992 - 1998)

Year	Jakarta	Bali	North Sumatra	Batam	Other Gateways	Total	Growth %
1992	978,487	740,806	169,946	678,086	496,836	3,064,161	
1993	991,412	885,749	185,151	745,382	595,444	3,403,138	11.1
1994	1,181,541	1,048,901	188,562	900,466	686,842	4,006,312	17.7
1995	1,259,264	1,065,313	217,647	941,415	840,590	4,324,229	7.9
1996	1,565,706	1,194,793	225,368	1,048,119	1,000,486	5,034,472	16.4
1997	1,457,240	1,293,657	174,490	1,118,756	1,140,691	5,185,234	3.0
1998*	682,747	891,813	51,878	831,977	104,455	2,562,870	- 19.1

<sup>\*</sup> January - September Source: Ministry of Tourism, Arts and Culture.

Data from the Ministry of Tourism, Post and Telecommunications indicate that from January through September 1998, 2.56 million foreign tourists visited Indonesia, a decline of 20.7% compared to the same period in 1997. In 1997, Jakarta received the largest share of

visitors with 28.1%, followed by Bali with 24.9%, Medan 3.4% and Batam with 21.6%. The top ten markets for Indonesia in 1997 were:

- 1. Singapore,
- 2. Japan,

- 3. Australia (up from number 5 in 1996),
- 4. Malaysia,
- 5. Taiwan (down from number 3 in 1996),
- 6. Korea,
- 7. Germany (up from previous position number 8),
- 8. USA (down from previous position number 7),
- 9. The Netherlands (up from number 10)
- 10. The United Kingdom (down from number 9).

Most visitors to Indonesia have made repeated visits and the majority were vacationers (66.2% in 1996). This segment rose from 41.6% in 1995 but has gone down from 72.2% in 1994. The projected number of foreign visitors to Indonesia from 1998 to 20 is given in Table3.

The slump is predicted to continue through this year (1999). Recovery will take some time and probably hinges on a satisfactory outcome at the elections in June 1999. Observers predict recovery will start only in 2000 and full recovery is expected by 2003.

Table 3: Projected Number of Foreign Visitors to Indonesia

Year	Foreign Tourists	Growth
1998	4,666,711	-10%
1999	4,573,377	- 2%
2000	4,710,578	3%
2001	4,946,106	5%
2002	5,341,794	8%
2003	5,929,391	11%

Source: Indocommercial No. 206 4th August 1998

It should be remembered that ecotourism is a new market in Indonesia and therefore has very little competition. This time is ideal for the design, building and human resources development required to establish the quality of learning opportunity and efficient, personalized visitor service necessary for optimal.

#### Occupancy

Most foreign tourists coming to Indonesia prefer star rated hotels, mostly five, four and three star hotels. The preference of foreign as well as local tourists for star rated hotels is based on security and service quality. Most Indonesians stay in three start hotels (Table 4).

Table 4: Occupancy Rates for Foreign and Local Tourists 1995 - 1998 : \* January - September

Hotel Catego ry	1995		1996		1997		1998	*
	Foreign tourists	Local tourists	Foreign tourists	Local tourists	Foreign tourists	Local tourists	Foreign tourists	Local tourists
5 Star	990,900	373,900	1,133,600	373,500	1,482,509	n.a.	249,999	79,627
4 Star	1,028,500	729,600	950,900	833,300	1,045,107	n.a.	160,732	139,331
3 Star	973,700	1,127,300	1.021,900	1,255,900	1,056,433	n.a.	129,643	204,359
2 Star	460,700	967,300	448,700	1,120,800	471,874	n.a.	51,363	204,319
1 Star	229,700	1,169,000	229,900	1,233,700	223,743	n.a.	31,295	205,997
Non star	1,068,132	13,140,691	1,032,278	3,825,339	n.a.	81,368	n.a.	n.a.
Total	4,751,632	17,507,791	4,810,278	18,642,666	4,279,666	208,357	617,032	832,633

Source: Ministry of Tourism, Arts and Culture

The occupancy rate of star rated hotels in Indonesia to June 1998 reached 38.1%, a decline compared to last year's occupancy rates. Non star hotels also experienced a decline in occupancy as a result of the recent socio-political unrest. Star rated hotels in Jakarta averaged 50% in the first quarter of 1997 and tariff competition is tighter in all levels of accommodation throughout Indonesia.

Despite the slump, interest in venturing into the hotel industry remains strong. In 1997, there were 38 companies licensed to build new hotels in the country. In January to May 1998, there were 28 projects in the tourism sector (15 foreign investment, 9 domestic and 4 non facility projects for a total investment of Rp.230,290 million) .

# The unique tourism opportunity in East Timor

Because of recent history, East Timor is in the unusual position of being unknown when it comes to tourism. The potential exists for developing a tourism industry that avoids many of the negatives of tourism and maximizes benefits. To achieve this, lessons can be learnt from the experience of neighbouring tourist destinations. These are summarized as important principles that need to be foremost in all decisions in tourism planning and development (Table 5).

Table 5: Some principles for tourism planning and development in East Timor

Principle	Rationale
Develop a product that is as different as possible to that of competitors.	In Southeast Asia, tourism product for many market segments is at saturation. As destinations move through Butler's (1980) destination life cycle, facilities are upgraded to a sameness and particular markets seek new destinations.
Use natural and cultural resources as the basis for developing tourism products.	It is less costly to use these natural attractions than constructing artificial ones.
Sustainable use of natural and cultural resources is essential.	Despoiling or destroying these resources also destroys the tourism product.
If cultural resources are to form the basis of some tourism products, the owners of the culture must control its presentation.	The host community must be empowered to control the magnitude and rate of change to cultural resources or undesirable change will result, with increasing community dissatisfaction.
Involve the community fully in the planning process.	Community resources are being used. Hence, community support and involvement in product delivery is essential.
Planning is to be iterative (not a once only process).	Tourism development typically starts slowly and then grows in sporadic rapid and large increments. A non-iterative and responsive tourism planning process becomes quickly out-dated and undesirable and uncontrollable impacts can occur.
Make quality experiences the tourism product.	This reflects a client focus, meeting their needs and expectations rather than simply developing facilities.
Measure success by client and community satisfaction and not solely by economic or physical achievements.	This is an essential ingredient for sustainability.
Provide value for money.	The traveling public is becoming more discriminating. Even the best tourism product must be clearly better value for money than that offered by competitors.
Plan for steady and predictable tourism growth.	Rapid growth creates impacts and demands that are costly to address. Rapid tourism growth often creates irreversible and undesirable changes in social structure. Steady growth can be incorporated with social growth and infrastructure development.

## Planning and development of tourism with other development objectives

Based on these principles, tourism development in East Timor has the potential to provide:

- an additional rationale for improved community education;
- impetus to cultural reinvigoration;
- an additional rationale for, and financial benefits from community infrastructure development (sewerage, water, supply, garbage collection, power, telecommunications, public transport and roads);
- a rationale for the conservation of natural and culturally significant heritage resources;
- a rationale and a market for increased and diversified agricultural production;
- an additional rationale for developing effective health services:
- economic incentive for law and order;
- sustainable economic growth.

Realization of these possibilities should be part of tourism objectives, rather than simply developing product. In this sense, tourism planning and development must be undertaken in parallel with the development of numerous other initiatives. It can be used as a social and economic development focus for the suite of development activity needed by the community.

# The role of tourism in the East Timor economy

Apart from giving a rationale for a variety of economic activities, tourism is likely to be needed to foster employment, gain foreign capital and ensure a favourable balance of payments. While oil and gas can provide an initial capital 'windfall' for the community, it is unlikely to be

high in employment requirements. Agriculture can provide employment but is unlikely to provide export 'dollars' in the short term and will be subject to extreme competition from major primary producing nations, such as Australia. However, tourism, as a service industry, is labour intensive requiring both skilled and unskilled labour. It is associated with large economic multipliers and is an effective earner of foreign 'dollars'.

This role and status for tourism means that its development and growth can not be left to chance. Careful and targeted planning is needed to ensure steady growth and sustainability. For pragmatic reasons, planning and the selection of strategic actions will probably need to occur at two levels. Initially, action is needed to simply 'kick-start' tourism. Decisions will need to be made in the absence of complete knowledge and the ideal level of planning. These decisions should be made in the context of the precautionary principle, especially the concept of reversibility. At the same time, comprehensive tourism planning needs to be commenced as soon as possible. The goal should not be to generate a document in as short a time as possible, but rather to reduce risk in decision making and improve confidence in actions that are implemented.

#### **Tourism planning**

There are many models and approaches to tourism planning (Acerenza, 1985; Berkhout et al., 1991; Cesljas, 1989; Getz, 1986; McIntosh et al., 1995; McIntosh, 1990; Pearce, 1989; Kaiser and Helber, 1978; Dowling, 1993). Basically, all planning follows a similar pattern (Figure 5). Irrespective of the planning approach adopted, the key issue for tourism planning in East Timor is that the process of planning must enshrine and protect the initial vision for tourism (some vision statements are given in Table 6).

In the excitement of tourism development, it is easy for this vision to be forgotten. The result is the loss of a unique product and the creation of a 'sameness' with destinations of the region: a shift from a targeted market niche to competition with numerous other destinations.

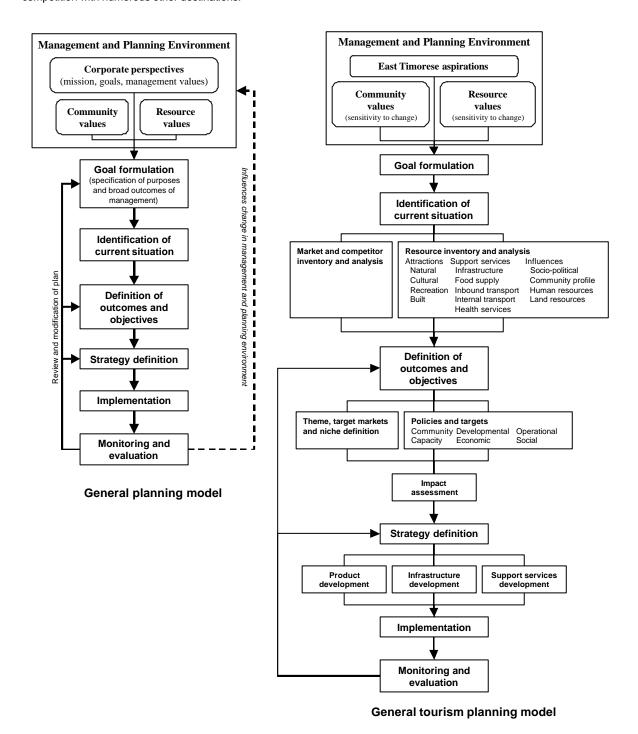


Figure 2: General models of tourism planning

Sector Vision A dynamic, diverse, prosperous and mutually supportive tourist industry, based on local community Industry initiatives, responsive to customer needs as well as environmental and community sensitivity Clients A tourist clientele that is appreciative and protective of the cultural traditions and environmental settings within which tourism activity occurs as well as the efforts made by the industry to sustain or enhance the quality of these settings. Community A community which is supportive of the tourist industry and benefits from tourism activity. Environment Conservation, presentation and enhancement of natural and cultural environments through pro-active and sympathetic efforts of the tourist industry and co-operation with other industries and the community. Government Pro-actively supportive of the tourist industry, providing direction and an environment for ecological sustainable development and economic prosperity. Develop a tourism industry which, in all aspects and at all levels, is of high quality, though not necessarily Possible objectives of high cost or high volume. Encourage the use of tourism for both cultural and economic exchange. Distribute the economic benefits of tourism, both direct and indirect, widely and to as many of the citizens as feasible Preserve cultural and natural resources as part of tourism development. Facilitate this in part through design and actions that reflect traditions Appeal to a broad cross-section of international and domestic tourists though policies and programs of site and facility development.

Table 6: Notional vision statements for tourism in East Timor

#### A strategy for tourism in East Timor

We assume the need for a comprehensive and detailed tourism plan (strategy) if tourism in East Timor is to be sustainable and achieve desired economic and social development objectives. We also assume that a pragmatic short-term strategy is needed while more considered thought is given to the long-term nature of tourism in East Timor. The focus of these short and long term strategies is summarized in Table 7.

To achieve these targets, co-ordination and management of effort is required. We imagine the establishment of a tourism agency with power and responsibility to control the direction of tourism development, service delivery and growth. This agency will need to co-operate with other agencies to ensure efficient and effective development of a tourism industry and associated support services (Figure 6).

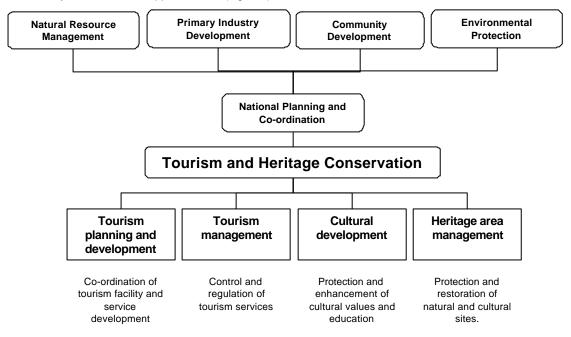


Figure 3: Conceptual structure for management of tourism

Table 7: Targets for short and long term tourism planning and development

Short term targets	Intermediate targets	Long term targets
Year 0 to 5	Year 6-15	Year 16 +
Tourism industry establishment focus	Tourism industry development focus	Tourism industry sustainability focus
Centralized control	Partnership development	♦ Shared control
Management by central body	Management by industry sectors	Management by businesses and community
Product development	Infrastructure development	Service improvement
Upgrading of existing facilities and services	Development of some 'high profile' facilities and services	<ul> <li>Development of targeted niche facilities and services</li> </ul>
Resource exploitation under precautionary principle	Resource conservation	Resource protection
Natural resource based	Natural and cultural resource based	Natural and cultural resource, facility and service based
Service delivery training	Management training	Tourism industry management training
Expatriate management expertise and local service delivery	Expatriate partnerships in management.	Local management and service delivery
Off-shore training of Timorese plus in-country short course training	<ul> <li>Off-shore tourism management training plus in-country hospitality training</li> </ul>	In-country tourism training
Partnerships with off-shore training institutions	,	Partnerships with off-shore training institutions for specific needs
Cultural expression rejuvenation	Cultural expressions as tourism products	Cultural expressions as part of the national character
Infrastructure to support tourism	,	Infrastructure for community welfare
Agriculture diversification to support tourism	,	Agricultural diversification and improved productivity for export.
Ancillary tourism destination	•	Tourism destination
Market to existing holiday travelers to Bali, Northern Territory and Balibased cruise ships	Australia and international adventure-traveller markets	International eco and culture based markets
Generalized tourism product		Specialised niche tourism product
Comprehensive tourism planning	Tourism infrastructure development	Integrated tourism service delivery
Timorese investment plus aid funds	Selected foreign investment as joint ventures	Balanced local and foreign investment
Imported items for tourism		Self sufficiency for tourism needs
Low price - low profit - manageable volume	Value priced - profitable - manageable volume	Value priced - profitable - sustainable volume
Quality natural resource based experience		Quality service and natural and cultural resource based experience
Narrow service range from 1 star to 3 star	Increasing diversity of facility standards and dynamic home-stay services	Diversity of standards from 1 to 5 star
Highly competitive externally (non-competitive internally)	Increasing internal competition	Highly competitive internally and externally
Nature conservation and cultural development linked to tourism development and management.	Conservation and cultural development interdependent with tourism.	Conservation and cultural development objectives equal with tourism objectives.

# Impediments and opportunities for tourism in East Timor

Irrespective of the strategy adopted to establish a tourist industry, some important issues need to be addressed. These are presented in Table8.

Table 8: Impediments to tourism development and strategic actions to address these

Issue	Nature of issue	Actions and requirements
Tourism cont	text	
Health and sa	afety	
Safety	Most tourists prefer destinations that are safe with respect to crime, health and physical risks that are beyond their control.	Integrate with a community infrastructure development program.
Image (Law and order)	Political instability and civil strife affect the image of a destination and mitigate against successful tourism (Sonmez, 1998).	Smooth and non-violent transfer of government power.  Empower the community to determine its political and tourism future.
	East Timor currently has an image of an unsafe, 'war-torn' land. This image and reality needs to be altered for the success of tourism.	Establish an effective and just legal system and law enforcemen agency.  Achieve and promote a record of safety and a peace-loving community.
Food	Tourists are often susceptible to breaches of even minor hygienic practices.	Educate community in food preparation. Establish a hygiene regulatory body for tourism establishments.
Health facilities	Health fears affect tourist decisions, especially older travellers.	Improve hospital facilities.
Support servi	ces	•
Public utilities	3	
Potable water	Water supply is from wells and subject to contamination and hence is a risk to human health.	Establish a reliable treated drinking-water source.  Note: bottled water suffices in many Southeast Asian destinations.
Energy	Electrical power generating capacity is insufficient for a growing tourism industry.	Upgrade power generation capacity. Note: this is a long term tourism requirement. Establishments will initially have to generate their own power. This is inefficient.
Telecommun	Additional telecommunication technical skill	Upgrade telecommunications.
ications	is needed to service a tourist industry.	Links for marketing and bookings are the principal need. Improve trade teaching.
Sewerage	Tourists prefer flush toilet systems; these are poorly developed in East Timor.	Co-ordinate the development of package treatment plants. Establish a sewerage system in major cities.
Inbound trave	el	
Air	East Timor has no direct international air service.	Upgrade airport facilities to receive international aircraft.
Sea	Port facilities are suitable for receiving goods but not passengers.	Establish visitor arrival facilities.
Internal trave		T-
Land and sea	Reliable internal travel is essential for tourism. Vehicle and sea craft need upgrading	Support individuals in upgrading vehicles to meet tourism demand.
Food supply	Et Times	Protection and a community of the contraction of th
Quantity of food production	East Timor currently meets its own food needs with some excess. Significant increase in production is needed.	Establish a program for improving agricultural production. Note: tourism can initially rely on imports.
Diversity of	Importing food is expensive.  Tourists demand diversity in food items e.g.	Establish a program for diversifying agricultural production.
food items Human resou	meat, grains, vegetables and fruit.	Note: tourism can initially rely on imports.
Tourism and	Skills in tourism and hospitality are low	Establish a tourism and hospitality 'trade level' course.
hospitality training	within the East Timor community.	Establish links with an overseas tertiary teaching institution.  Sponsor students to study overseas.  Establish short courses in tourism and hospitality in East Timor.
Specialist tourism skills	Tourism requires a number of specialist skills e.g. chefs and managers.	Establish specialist training programs in East Timor and overseas. Note: initially these skills may need to be imported.
Product deve		,
	urce development	
Culinary art	A distinctive food tradition may not be an attraction, but can be a memorable part of a tourist's memories.  Distinctive Timorese cooking can be lost unless actively fostered.	Foster the documentation of traditional recipes. Establish a school for teaching traditional cooking to service the tourism industry.

Issue	Nature of issue	Actions and requirements
Crafts	Acquisition of craft mementos is part of a tourist's expenditure pattern. Quality authentic craft is preferred. Traditional art expressions can be lost.	Establish a traditional arts centre for promoting and protecting traditional cultural expressions.
Performing arts	Viewing cultural presentations is an attraction to tourists and an important tourist activity.	Establish a traditional arts centre for promoting and protecting traditional cultural expressions.
Authenticity	The danger exists that without control, traditional art expressions can be subverted.	Establish a mechanism for identifying authentic traditional cultural expressions.
Accommodat	ion	
City	Existing accommodation meets backpacker requirements only. A diversity of accommodation styles and quality needs to be established.	Encourage and support the private sector to upgrade some accommodation facilities.  Establish one four star hotel.
Rural	Community skill in delivering tourism services is poor.	Train rural communities in tourism service.
Natural resou	irce development	
Resource and opportunity identification	Natural and cultural resources have not been inventoried, hence strategic planning for the use of these resources can not begin.	Identify and plan the sustainable use of natural and cultural resources (tourism assets).
Facility development	A minimum level of facilities is required for tourist use.	Plan and develop facilities that service visitor needs and are in keeping with the environmental setting.  In some cases additional access will be required.

#### **Conclusion and recommendations**

While tourism has the potential to be an important element of the East Timor economy, its development is not without risk. Careful planning is needed to integrate tourism with social development and the development of other industries. Tourism in East Timor should seek to offer a distinctive range of products that are protective of both the environment and the community's culture. Steady, rather than rapid growth is preferable. Therefor it is recommended that:

- comprehensive tourism planning, which is under written by the principle of sustainability and protection of natural and cultural resources, be commenced as soon as possible:
- planning be based on a detailed inventory of resources, identification of their values and susceptibility to degradation through tourism use;
- a program of training to raise community skills be prepared and implemented in preparation for tourism development;
- infrastructure services be upgraded so that the community can host tourism;
- only tourism projects that directly benefit the community be supported.

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#### Acknowledgment

We acknowledge the assistance of Margaret Mockler in accessing up to date statistics on Indonesian tourism.

# Paper 1a: Preparing a Tourism Strategy for Sustainable Development in East Timor (Supplement to 'Tourism: A Strategic Focus for Sustainable Development in East Timor')

Vicente Ximenes and R. W. (Bill) Carter

#### Introduction

The paper "Tourism: A Strategic Focus for Sustainable Development in East Timor" calls for the preparation of a rapidly produced tourism strategy to guide initial tourism development, to be followed by a more comprehensive plan that is community based and iterative. That is, constantly reviewed to ensure goals are being achieved. In this document we outline what we believe to be an appropriate way of generating the initial (rapidly developed) strategy.

The planning process is envisaged to follow the methodology given in the paper and presented in Figure 4.

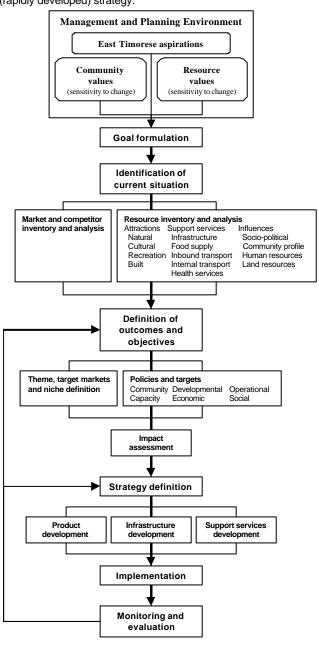


Figure 4: Tourism Planning Approach

#### **Indicative Human Resource Needs**

We envisage that the strategy will be produced by a planning team consisting of international specialists supported by an East Timorese counterpart team. The East Timorese team may have to draw on nationals currently residing overseas. The counterpart team should be selected based on expertise and not be seen solely as a learning exercise. That is the counterpart team will be an integral part of the strategy preparation team.

The expertise required is given in Table 9. It is assumed that the planning team will be independent of any other planning initiatives. Hence, the team is divided into those that are directly relevant to tourism planning and those that represent industry support sectors. Bi-lingual capability is desirable and essential for at least half of the counterpart team.

Table 9: Tourism Planning Team Membership

International tea	m	East Timorese c	ounterpart team
Team member	Profile	Team member	Profile
Tourism specialis	ts	•	
Team leader	Experience in tourism planning, team management and project development.	Counterpart team leader	Experience in team management and links to incountry human resources.
Secretarial assistance	Experience in organising travel schedules and general support of a study team.	Secretarial	In-country secretarial experience
Tourism specialist	Experience in tourism planning in South east Asia	Tourism specialist	Experience with tourism operations.
Heritage specialist	Experience in cultural heritage management.	Archaeologist	Experience with Timorese material culture.
		Historian	Experience and sound knowledge of Timorese pre and post colonial history.
Arts development specialist	Experience in developing human resources to reinvigorate traditional crafts and artistic expressions.	Physical arts specialist	Sound knowledge of traditional artistic expressions
		Performing arts specialist	Sound knowledge of traditional performing arts.
Ecologist	Experience in rapid appraisal of conservation resources.	Botanist	Sound knowledge of the botany of Timor.
		Zoologist	Sound knowledge of the zoology of Timor, with experience in marine resources.
Transport specialist	Experience in transport studies, especially air scheduling and airport requirements.	Marine transport	Sound knowledge of shipping requirements for tourism travel.
		Air transport	Sound knowledge of air travel requirements.
Marketing specialist	Experience in marketing culture and nature based tourism.	Marketing specialist	Experience in marketing tourism products.
Education specialist	Experience with tourism and hospitality training.	Teacher	Experience with the full range of teaching institutions in Timor.
Support service s	ector		
Civil engineer	Experience in the range of public utility needs of tourism and for the general community.	Two engineers	Experience is required to cover the full range of utility requirements for tourism, including potable water, roads, telecommunications, sewerage and power.
Agricultural specialist	Experience in tropical agriculture and land use capability.	Pastoral specialist	Sound knowledge of pastoral production in tropical environments.
		Farming specialist	Sound knowledge of tropical agriculture.
Accommodation specialist	Experience with a range of tourism accommodation styles.	Architect	Experience with the traditional and colonial Timorese architectural vernacular
Health specialist	Experience with travel and general health issues.	Medical practitioner	Experience with local health issues.
Finance specialist	Experience in costing tourism related developments, budgeting and economics.	Economist	Knowledge of Timorese cost structures.

## **Indicative Planning Schedule**

Task	Weeks	Tasks	Responsibility
1	1 to 4	Brief preparation and logistics	Team leaders and secretarial
2	5 to 10	Team selection	Team leaders and secretarial
3		Preparatory data collection	
4	11 to 14	Visit preparation	Team leaders and secretarial
5	15	Site inspection	Planning team
6	16	Draft report preparation	Planning team
7	17 to 19	Planning team review of draft and ancillary data collection	Planning team
8	20	Strategy finalisation	Planning team
9	21 to 24	Project documentation for detailed tourism planning	Planning team

#### **Indicative Costs**

The basis for cost calculations and time budget is given in Table 11 and summarized in Table 10.

Table 10: Time allocation for Planning Team

Item	Cost	Total
International tourism team	\$184 000.00	_
East Timorese tourism team	\$67 350.00	
		\$251 350.00
International support service	\$57 200.00	
team		
East Timorese support service	\$22 050.00	
team		
		\$79 250.00
International travel	\$50 000.00	
Internal travel	\$5 000.00	
Accommodation and	\$20 000.00	
subsistence		
Other expenses	\$25 000.00	
		\$100 000.00
TOTAL		\$430 600.00

Table 10: Staff and time for tourism planning team

		Briefe and logistics				Team selection			Data collection			Visit preparation		Visit	Report	Planning team	ancillary data		Final strategy	Project	documentation for	planning		Total international	Total Timorese
Task	: 1	1	1	1	2	2	2	2	3	3			4	4 5	6	7	7	7	8	9	9	9	9		
	<del>-</del>	2	က	4	2	9	7	8	9		- 5	4 5	5 4	5	16	17	8 6	20	20	2 2	77	23	54		
Team member	Veek 1	Veek 2	Veek 3	Veek 4	Veek	Veek 6	Neek 7	Veek 8	Veek 9	44	Veek 1	Week 12	Vee k	Veek 15	Veek 16	Veek 17	Veek 18	seek 18	Veek	Veek 21	A G G K	Veek	Veek		
Team leader	5	2	1	1	1	1	1	1	2	4		, ,	4	-	_	5	1	1	> 5	2	2	5	> 5	69	
Counterpart team leader	5	2	1	1	1	1	1	1	2	4			4	3 7	2	5	1	1	5	2	2	5	5		69
Secretarial assistance	1	1	1	1	1	1	1	1	2	4			3	3 7	2	5	1	1	5	2	2	5	5	60	
Secretarial									2	4	5		2	2 7	6		1	1		2	2		1		40
Tourism specialist									1	1				6	2		C	.5	T	2	1		1	14.5	
Tourism specialist										1				6			0.5				1		1		10.5
Cultural heritage specialist									1	1				6				.5	T	2	1		1	14.5	
Archaeologist										1				6			0.5				1		1		10.5
Historian										1				6			0.5				1		1		10.5
Arts development specialis	t								1	1				6	1			.5	T	2	1		1	14.5	
Physical arts specialist										1				6			0.5				1		1		10.5
Performing arts specialist										1				6			0.5				1		1		10.5
Ecologist									1	1				6	2			.5	T	2	1		1	14.5	
Botanist										1				6			0.5				1		1		10.5
Zoologist										1				6			0.5				1		1		10.5
Marketing specialist									1	1				6	2			.5	7	2	1		1	14.5	
Marketing specialist										1				6			0.5				1		1		10.5
Education specialist									1 0.	5				6	2			.5	7	2	1		1	14	
Teacher										1				6			0.5				1		1		10.5
Transport specialist									1	1				6	2			.5	7	2	1		1	14.5	
Marine transport										1				6			0.5				1		1		10.5
Air transport										1				6	1		0.5				1		1		10.5
TOTAL										t								T	7					230	224.5
COSTS																							- 1	\$184,000.00	\$67,350.00
TOTAL COSTS																								\$251,350.00	40.,000.00
Civil engineer									1	1				6	2			.5	+	2	1		1	14.5	
Engineer									'	,				6			0.5	.5		2	1		1	14.5	10.5
Engineer																	0.5				1		1		10.5
Agricultural specialist									1	1				6				.5	7	2	1		1	14.5	10.5
Pastoral specialist										1				6			0.5			-	1		1	14.5	10.5
Farming specialist														6			0.5				1		1		10.5
Accommodation specialist									1	1				6				.5	+	2	1		1	14.5	10.5
														6			0.5	.5		2	1		1	14.5	10.5
Architect									1 0.	-				6	1			.5	┪	2	1		1	14	10.5
Health specialist  Medical practitioner									1 0.	1				6			0.5	.5		2	1		1	14	10.5
Finance specialist					$\vdash$			-	1 0.	-				6	1	$\vdash$		.5	┪	2	1		1	14	10.5
									1 0.	1					1			.5		2	1		1	14	10 5
Economist TOTAL DAYS	11	5	3	3	3	3	3	3	20 4	5 4	15 1	6 1	3 1	Ť	54	15	0.5 13	10	15	32 3		15	1 46	71.5	10.5 73.5
•	- 11	J	3	3	3	J	J	3	20 4	_	. J	o I	JI	200	. 54	10	13	U	13	J <u>E</u> (	,0	13	40		
COSTS																								\$57,200.00	\$22,050.00
TOTAL COSTS																								\$79,250,00	

TOTAL COSTS \$79,250.00

GRANDTOTAL \$330,600.00

# Paper 1b: A Strategy for Developing Sustainable Tourism in East Timor (Supplement to 'Tourism: A Strategic Focus for Sustainable Development in East Timor')

Vicente Ximenes, R. W. (Bill) Carter and Bruce Prideaux

#### Introduction

Ximenes and Carter (1999) presented a paper 'Tourism: A Strategic Focus for Sustainable Development in East Timor' at the Conference on Strategic Development Planning for East Timor in Melbourne, 5-9 April 1999. Recent events have necessitated a review of the strategy proposed in that paper. While we consider that the general principles and vision proposed in the paper remain appropriate, some modification of the strategy is needed. In addition, we have given additional consideration to costings. Thus, this paper expands on the original submission and should be read in conjunction with the original paper.

#### The effect of recent events in East Timor

Appropriately, recent events in East Timor mean that planning for tourism is not an urgent consideration. Clearly, the immediate needs of the people must come first. However, we are concerned that delayed consideration of East Timor's tourism future might result in decisions being made that will limit options in the future. To address this we now propose an action plan to ensure potential tourism assets are not lost and work commences to develop a vibrant tourism industry, where East Timorese are in control and directly benefit.

The action plan is based on four principles.

East Timorese must be involved in all tourism planning. Given that tourism expertise exists within the expatriate East Timorese community, all tourism initiatives must include counterpart teams to match 'consultant expertise'. This ensures that no knowledge will be lost to future East Timorese governments.

External expertise must be able to work closely with provisional government members.

Initial work is needed to secure existing tourism assets, especially built heritage. The destruction of many buildings throughout East Timor means that those that

remain may have heritage significance both as a reflection of East Timor's colonial past and more recently its struggle for independence. This equally applies to sites outside of the major towns.

**Precaution**. The action plan proposed aims to ensure that options for the future are not lost through the absence of the appropriate level of consideration at an early stage.

#### Potential markets

The preparation of a market analysis is an essential part of tourism planning. The identification of target markets at an early stage will help define the type of tourism product to be developed. However, in the absence of such a study (though currently being considered by one of the authors (V.X.)), we imagine that in the immediate future tourists or tourist-like clients will initially come from aid workers and peace keepers. These can form the basis for teaching and developing the minimum level of service needed in the future.

With peace will come business people. These clients have specific needs and will probably provide impetus for hotel construction. At the same time, cultural and eco tourism clients could arrive providing the numbers for regular transport connections. Other markets likely to be attracted in the longer term will be those seeking sun and sand, and possibly those seeking duty free shopping. Targeting the latter group involves co-ordination with the Government at the highest strategic level. This liaison is envisaged to be co-ordinated through the action response team identified in the action plan below.

#### An action plan

The Action Plan is for immediate implementation (as soon as possible).

Table 1: Immediate action	n plan
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Time	Action	Structure to	Outputs	Comment						
		implement action								
Month 1	SWOT	1 ' '	Completed SWOT	This will define future directions. It is likely the following						
October-	Analysis	Selected technical	analysis linked to	structural arrangements will be identified.						
November		experts, plus	tourism and	Action response team (3 persons) to respond to						
1999		East Timorese	government policy	government initiatives and provide strategic input to protect						
		counterpart team	implications.	future tourism interests.						
		·		Heritage conservation team (3 persons) to identify valuable heritage sites for protection and later integration						
				into other teams.						
				<b>Planning team</b> (3 persons initially) to develop the tourism plan.						
				<b>Education team</b> (5 persons) to plan and teach community members about tourism services and developing tourism products.						
				Administration/house keeping team (5 persons initially)						
				to provide support for the above teams.						

Time	Action	Structure to implement action	Outputs	Comment
Month 2 November - December 1999	Identify heritage areas	Team leader and Technical advisors	Register of heritage sites and statement of significance.	Emphasis is to be on recent and colonial history.
Month 6 March – April 2000	Draft SWOT analysis	Action response team	Document for government review	
Month 7 April – May 2000	Develop policy guidelines	Action response team and planning team	Policy document and commencement of education and training	Education and training includes hospitality training, traditional arts and craft enhancement training.
Month 8 June 2000	Briefs for future work	Action response team and planning team	Consultant briefs and project budgeting	

#### An interim government structure

The plan outlined assumes the interim structure given in Figure 1.

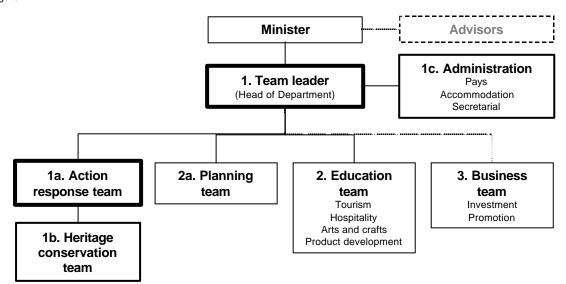


Figure 1: Interim structure for responding to tourism issues

# Paper 2: Environmental Protection and Tourism: Issues for East Timor

by

Vicente Ximenes (CNRT) with Bill Carter (University of Queensland)

Ximenes, V. and Carter, R. W. (2000) Environmental Protection and Tourism: Issues for East Timor East Timor. Paper presented at the *Reconstruction: Review of the Past and Perspective for the Future Conference*, Tibar, East Timor, 30 May-2 June 2000.

#### A quick review of the past

In Melbourne, I presented a paper outlining the contribution tourism can make to the East Timorese economy. I stressed the importance of early policy formulation and development planning to control and shape the nature of tourism, so that negative impacts are minimized. This message remains relevant.

Because tourism can be of economic benefit for East Timor's development, and because it relies on the support of many industry sectors, I proposed it could act as a focus of much infrastructure development. Because tourism relies on clean environments, I proposed that it should, at least initially, be strongly linked with environmental protection. In terms of the last proposition, CNRT has moved to make such a link, but tourism remains in the wilderness in terms of being a focus for the future.

I acknowledge the efforts of UNTAET and other UN agencies in many areas of concern, and look forward to seeing the benefits of their efforts flow through to our people. However, many of my specific areas of concern, remain concerns.

#### **Environment**

Briefly, I am aware that many environmental management issues are being addressed as part of health and infrastructure development programs. I am also aware that many programs are being designed that have the potential to significantly impact upon the environment. I strongly encourage UNTAET to review all projects in terms of both their social and environmental impacts. I am not calling for delays, merely disciplined and transparent consideration. In this sense, I am dismayed to hear that UNTAET is considering making environmental considerations everyone's responsibility.

I am concerned that if it is everyone's responsibility, then no-one will actually be responsible. Authority and responsibility are separate issues. At times it is appropriate that they be integrated: at other times they must be clearly separated in the interests of public accountability. I call on this assembly to consider this issue carefully.

I consider that even well-meaning units within UNTAET perhaps need an independent environmental watch-dog. I encourage UNTAET to consider the many models from around the world that establish such independent agencies and the rationale for this.

Specifically, I draw this conference's attention to two serious environmental issues that perhaps go un-noticed by many. Firstly, forest destruction for firewood and small pole timbers. One merely has to travel the road behind Dili to see the forests being removed. This resource is renewable but it is not being renewed. The loss of the forests will

seriously undermine hill stability and reduce water quality. Reafforestation is a priority. Those responsible for projects that call for timber products must consider the environmental impacts of their actions, otherwise the community of East Timor may be left with a seriously degraded environment and major land stability issues.

The second concern is related. In many of our mountainous districts, farming practices are unsustainable. I particularly refer to the farming of steep slopes. Again, land degradation is inevitable under these land management regimes and valuable top-soil is currently flowing out to sea, polluting our rivers and despoiling our marine resources. Improved agricultural production is a worthy goal, but it must be sustainable, environmentally. Again impact assessment is necessary.

I remain concerned for waste generation and disposal, the control of noxious chemical use, the quality of our waters and trust that everyone here is equally concerned. These matters are not luxury items to be considered last. On going commitment to environmental best practice now, is essential to our future. I am not suggesting that we should not exploit some of our environmental resources, and I include clean air, water, forests and productive soils. Indeed, I fear that for pragmatic reasons we will probably have to exploit in the interests of developing our nation in the short term.

However, all environmentally impacting activity must be reversible.

I have not done the environmental issues we face justice in this paper, but I will raise others in my discussion of the future of tourism.

#### **Tourism**

At the Melbourne conference, I proposed that tourism should be environmentally focused, community driven and different to what is offered elsewhere in the region. I proposed that we should begin planning and doing things on the ground immediately. Since returning home, I have had no reason to change my views. But unfortunately, little has happened to implement the vision I outlined. In fact, there are some involved in the reconstruction of East Timor who appear not to share my vision.

Tourism is happening right now. Our market is a bored UNTAET staff that either travels off-shore on their days off or visits places such as Baucau, Ramelau and Tutuala. In all cases, we are not taking advantage of this market and developing a tourism industry in a gradual, controlled way.

Soon, "real" tourists will arrive, based on word of mouth recommendation and those wishing to not only see the effects of recent events, but to also contribute, in a small way, to the reconstruction of our nation. If we act now, East Timor can have a bright tourism future.

If we do not want to lose control of how tourism develops...if we want local people to benefit from the visits...then we must plan now and build the capacity of local communities to respond to tourism demand with quality services and attractions.

In Melbourne, and at last week's economic development workshop, I spoke of the importance of protecting natural and cultural resources, and providing necessary physical developments. Today, I want to present a strategic framework for beginning to establish a tourism industry at minimal cost and maximum benefit to local communities, and in turn the national economy.

Yes, we will eventually need capital intensive development; but it will be best if we prepare the community in advance. We must start now. I estimate that we have, at the most, three years to get our plans, policies, infrastructure and businesses in place, along with an aware community ready to meet the challenge of tourism for the country's benefit.

#### Some immediate actions

So what can be done, now?

Firstly, we must show the world that while our country is young, we are mature. We must show the world that we have natural environments that we value and wish to share.

We must move to establish a national park system, with the support and co-operation of local communities. This requires funding for community consultation, training of park management staff and to take stock of our natural environments for the selection of suitable areas and for presenting their values. A well-managed protected area system is an indicator of a developed and responsible nation.

We need some funds for infrastructure development, so that tourists can be accommodated, presented with memorable experiences, and appropriately charged for services.

We need people to manage natural resource impacts; trained guides and individuals to provide hospitality services to value-add and gain economic benefits.

Prospective staff are waiting in villages to be trained and involved. They are prepared to invest with their own sweat.

We need a cultural rejuvenation program to revitalize out dance, carving, basket making and fabric weaving traditions. These products must be identified, certified and sustained as being authentic, if we are to reap maximum economic benefit. Tourists pay a premium for authentic experiences and souvenirs. At the same time, our culture and individuality as a people will be sustained.

#### An example

Let me give an example.

At Tutuala we have a community interested in being involved in tourism. They have a rich cultural heritage, expressed in craft, dance and lifestyle. Seed funding can rejuvenate traditions. Such traditions are tourist attractions.

We have spectacular coastal and mountain scenery, rainforest from mountain to sea. These resources are suited to hiking trails.

We have reefs for diving. We have beaches and clean waters for water activities and relaxation.

We have abundant wildlife, including monkeys and deer. Tourists are attracted to these resources which are also ideal for national park establishment.

We have an existing guesthouse that can be easily renovated.

UNTAET and other aid agency staff are already visiting: so we have an existing market.

What we do not have is a packaged tourism product. We do not have a trained staff to exploit this opportunity and develop it.

#### Phase 1

So, what I am proposing is a simple, small-scale project.

- It involves initial awareness raising of what is involved in managing a nature based tourism business.
- It involves rejuvenating traditional arts and crafts for paid exhibition and sale.
- It involves training the local community in hospitality and skills such as track construction.

None of this is expensive. Within three months, the Tutuala community could be receiving an income directly from tourism. A tour-guide service out of Dili could be established to take visitors to the destination. Small retail outlets along the way would benefit. A small craft business could be operating and visitors would have their expectations met and leave with fond memories, souvenirs and stories, further promoting the destination and East Timor.

#### Phase 2

Phase 2 of this project would be to expand infrastructure: walking tracks and accommodation. Accommodation need not be 5-star. Rather, traditional houses could be constructed with community sweat money to provide an authentic East Timorese experience. Some additional hardware, such as refrigeration, beds, stoves, etc., would be needed...but compared with other projects, these costs are minimal, yet bring immediate return. This could be implemented within six months, and the community would be ready to respond to more capital-intensive development.

This type of grass-roots project could be repeated throughout East Timor, for example at Hatubuilico. The benefits of this approach are that:

- it gives added meaning and an economic rationale for regional infrastructure development;
- it gives a rationale for the conservation of natural resources;
- it brings cash to local communities;
- it earns taxation revenue;
- it prepares local communities for larger scale tourism;
- it is equitable, the wealthy are not advantaged;
- it meets our conservation obligations, which the world community expects of us;
- it shows the community that something to benefit them is being done.

#### Capital intensive development

So what about "big tourism" business and major economic investment?

If we show the world that we have safe, quality, financiallyviable tourist products, then foreign investment will naturally follow. But we must have our investment policies and tourism development strategy in place. We should be developing these in draft form now and review them as our experience with tourism increases!

We have a window of opportunity to get ready for tourism.

What I propose seems to match UNTAET, CNRT and most aid agency objectives. What I propose, I believe, is sustainable: environmentally, culturally and economically.

We have a supportive local community. We have a local environmental NGO to provide in-country and on-site support. We have expertise ready to respond to the task. All we need is a small amount of funding to set the process in motion

#### For those who see tourism as too hard

Some people say that tourism can wait.

I say, if we are not to be an aid-dependent country in the future, we must be proactive. If we do not take the initiative, external investors will determine our tourism future, with profits leaking offshore. Our communities will merely be employees, not owners.

Some people say tourism is a dream. Who would want to visit?

I say, they must not have visited the places I know. I say, look at Cambodia. Look at Laos. Look at Sri Lanka. Look at Vietnam. Tourism is happening, but these countries are responding only. They react. They do not direct. We can have a tourism industry that is unique: the world's best ecotourism and cultural tourism example...but only if we give it some priority.

# What priority should be given to tourism?

Is tourism planning and action really a priority?

My answer is simple. We have struggled for at least 25 years, a generation, for independence. I do not want a future for my children that is economically dependent. I do not want a country that is environmentally degraded for them to live in. I do not want a community that has lost its cultural soul.

If we are visionary... if we care for our children's future: then perhaps this generation should continue the struggle, and do without for just a little longer. I say, tourism is part of our future and part of our independence. It will give meaning to environmental protection.

Yes! It is a priority, because it is an economic necessity for we East Timorese.

# Paper 3: Partnerships for Developing Tourism and Protecting the Environment in East Timor

An address by

Vicente Ximenes 15 prepared in consultation with R W (Bill) Carter and Bruce Prideaux 16

Ximenes, V., Carter, R.W. and Prideaux, B. (2000) Partnerships for Developing Tourism and Protecting the Environment in East Timor. Paper presented at the *East Timor Reconstruction Conference: Strategic Planning Conference for Rebuilding East Timor*, Habitat Australia Brisbane Australia, 20-21 July 2000.

#### **Abstract**

Tourism has the potential to be the focus for the reconstruction of East Timor. If East Timor is not to be an aid dependent nation in the future, it must develop sustainable industries such as tourism. Tourism draws on many economic sectors such as agriculture and manufacturing and has the potential to employ many East Timorese. What is needed is to develop a tourism industry that draws on international best practice to create an industry that is truly sustainable both environmentally and culturally.

Tourism in East Timor is seen as a partnership between communities, investors, foreign specialists and of course international visitors. East Timor is unlike many other Asian tourism destinations. It has spectacular mountains and rainforests, wide clean unspoilt beaches, surf, reefs and a rich culture. Most importantly, it does not have large populations that so often spoil many destinations in Asia. The objective for the future government is to ensure that the benefits of tourism are received without the negatives.

In planning for the future development of tourism in East Timor there are three primary goals:

- to develop true partnership between investors, international tourists and the East Timorese community at all levels;
- to deliver significant benefits to the local community such as employment and ownership;
- to base tourism on the sustainability of East Timor's environment and culture.

Therefore, environmental protection is seen as an essential element of the tourism effort. This ranges from conservation and presentation of natural and culturally significant sites through to responding to the challenges of land degradation, waste disposal and pollution of the air and waterways. While East Timor's environmental quality is currently high; it is recognised that complacency may result in significant problems in the future.

The East Timorese community recognises their limited capacity and technical expertise to respond to these developmental challenges and invites the international community to become partners in reconstructing the nation, sustainably for mutual benefit.

#### Introduction

From the start, CNRT has seen tourism as being an integral part of East Timor's future. I am pleased to say that the East Timorese community also shares this vision. We see tourism as:

- a rationale for protecting our natural environments;
- a rationale for reinvigorating our traditions;
- a major source of employment;
- a source of foreign exchange;
- a source of investment funds to aid with the development of our nation; and most importantly
- a focus for sustainable development in all industry sectors.

We see tourism as one of the few areas of economic activity that can result in East Timor not remaining an aid-dependent nation. Above all else, this is our objective.

However, we are well aware of the challenges that tourism presents. We know that there exists fierce competition, that unplanned tourism development can bring unwanted impacts and that a vibrant tourism industry relies on a modern, dynamic and co-ordinated range of industry sectors. We are under no illusion that we can do it alone. We need partnerships to develop tourism and make it sustainable. These partnerships are needed between governments, between tourism sectors, between communities and between entrepreneurs, horizontally and vertically

#### Our tourism strengths and weaknesses

The twenty-five years of Indonesian rule and events of 1999 have placed East Timor in a position of tourism weakness, yet with unique opportunities. We are short on business acumen, we lack necessary tourism infrastructure, we lack investment capital, and we lack experience with tourism generally.

But we do have sun and surf, quality reefs and other marine resources and rainforests that stretch from mountains to the coast. We have clean sandy beaches. We have spectacular mountain scenery. We have traditional rural landscapes. We have a distinctive cultural heritage that blends indigenous elements and Portuguese components, also touched by Japanese and Indonesian influences.

We are also central to south-east Asian markets, and we are known, but of course, not as a tourism destination.

<sup>&</sup>lt;sup>15</sup> Director, Tourism Department CNRT

University of Queensland

Already, backpackers are arriving and there is the existing international, but local market, of the United Nations transition authority. We have an established road network and existing flights from Darwin and Singapore. International car hire agencies exist along with simple accommodation and it is safe to visit.

What remains lacking is a major hotel establishment and locations to cater for a significant influx of tourists. We seek to plan for these in a progressive fashion, but recognise that we can not put the planning and implementation off.

What I am saying is that tourism in East Timor is beginning to happen. My country has the natural, cultural and positional advantages to develop a successful tourism sector, with help. What we offer the world and investors is an almost clean slate in terms of specific tourism infrastructure, but we do have untapped natural and cultural resources, and a people who are prepared to invest their time, labour and expertise in developing a sustainable tourism future.

### A vision for tourism

I invite this audience to shed their perceptions of East Timor as it is today and think what it might be. Imagine a tourism destination in south east Asia that is clean and green; a destination that is not over-populated; a destination where the local community plays a significant part in providing services and managing tourism infrastructure and assets. A destination where overseas investment and expertise is balanced, so that all stakeholders benefit. Imagine a destination that is unlike any other in the region, a destination that does not compete with existing areas, but offers an alternative. We believe this is possible.

The key aspect of this vision is that tourism in East Timor must be sustainable. I mean by this, that tourism must protect and enhance its natural and cultural assets. It must respect the environment and provide economic rewards to investors and real benefits to local communities and the nation as a whole. It must provide experiences to clients that are enjoyable and value for money.

We imagine this can be achieved by developing quality, community-based product in locations around the country, supported by more capital intensive development in our major centres. In this sense, we envisage a dual approach to tourism investment and development. Tourism attractions, the places where tourists will visit, will be strongly influenced by local community aspirations, planning and investment. Necessarily, the feeder locations, the major towns of East Timor, will be, at least initially, more influenced by an overseas investor presence. Clearly, these two areas of tourism activity will need to merge. It is here that we seek partnerships at all levels.

#### What we need

To achieve this vision for tourism we need policies to give confidence to investors and our communities that tourism will be sustainable. Planning is needed from the national level through to the community. Institutions need to be established and developed to manage the tourism effort. The capacity of the East Timorese community to respond to tourism challenges needs to be increased, and of course we need investment capital. However, most importantly, we need to begin the journey towards a sustainable tourism future. **now**.

We see these elements as not being one off events, but rather a cyclical process as tourism develops. Policies, plans, investment and development will need to be reconsidered as our partners and we learn from our successes and hopefully only a few failures. We invite the world to be part of this vision.

### The environmental link

Planning for tourism needs to fulfill two purposes:

- to ensure the effective and efficient development of tourism product and related support services, and
- to ensure economic, social and environmental goals are achieved, sustainably.

This second purpose means minimizing detrimental impacts and maximizing the benefits. It is partly for this reason that the CNRT has initially placed the environment, with tourism. Our vision for tourism relies on quality environments, both natural and constructed. While we recognize that environmental protection is an area of community concern and for government co-ordination in its own right, we consider that in the initial stage of East Timor's reconstruction that environmental protection will benefit from being linked with an area of economic activity.

# Conservation and presentation

This leads naturally to the protection of our valuable natural and cultural environments. We envisage that a series of national parks will be established with community support and involvement. These, we would seek to be listed as world heritage areas to gain immediate international recognition and support for the conservation initiative. However, in the last 25 years we have fallen well behind our neighbours in even taking stock of what constitutes our native forests and other natural environments. Our biological and geophysical expertise and capability is limited. We will need assistance to inventory our resources and plan for their effective management and presentation to residents and visitors.

Equally, we have a rich cultural and social heritage to preserve and present. This commences well before Portuguese colonization and expressed in rock art. The Portuguese occupied East Timor for 450 years and left stately buildings and forts. The Indonesian time was one of armed and social resistance, evidence of these and more recent events unfortunately exist, along with a rich oral history to be recorded as part of our emergence as a nation. We will need anthropologists, archaeologists and historians to reconstruct the history of East Timor and ensure that remaining evidence of times past are protected. Of course, we are a living culture, but our occupation by foreigners and our focus on subsistence and survival has meant that many of our traditions have suffered a lapse in practice. We will need programs to achieve cultural enrichment.

# **Environmental protection**

The achievement of the objectives inferred by these comments will of course contribute to tourism. What is equally important for our people and visitors is the quality of our environment generally. Maintaining the quality of our air, marine and fresh water resources is vital. This leads to consideration of waste disposal, land use and all of the other areas addressed by environmental protection agencies.

Again, our technical expertise in these areas is limited and our systems to handle pollution, in all its forms, from human waste and solid waste to hazardous waste and effluent material are non-existent or poorly developed. Yes, we need help in this area as well.

Just managing our, and UNTAETs, current domestic garbage output is a problem right now. Liquid waste is being generated! How do we dispose of it? Reconstruction of East Timor requires pole timbers. The hills around Dilli are being rapidly cleared. How do we mobilise reforestation for timber and firewood? Indonesia's policy of consolidating rural populations has resulted in clearing of native forests and intensive farming of extreme slopes. How do we redirect agriculture practice to avoid watching valuable topsoil ending in the ocean to destroy our marine resources? Issues such as these exemplify the changes that have occurred over the past decades and are now being expressed in degrading landscapes, waterways and ocean systems.

A healthy environment is essential to the health of our community, and equally important to a tourism industry. I fear that unless such issues are addressed now, many of our resources will be spent on reactionary works to remedy past excesses and those of today. Clearly, we will need to employ the experience of many government and industry sectors to address these matters.

### Conclusion

I opened this address by talking about partnerships. We see our immediate future as being reliant on them. I see partnerships as being equitable, where partners rely on each other, and share the risks and rewards of the partnership. In many areas of the partnership, contribution may not be equal, but collectively, there is equality. In the case of East Timor, we see Governments, industry, investors and communities forming partnerships, vertically and laterally, to develop sustainable tourism and to address environmental concerns. I look forward to being part of formalising partnerships with members of this audience in the future.

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# **Paper 4: Draft Tourism Policies for East Timor**

Prepared by

Vicente Ximenes, R W (Bill) Carter, Bruce Prideaux, Noel Scott of the University of Queensland and Michael Cassimaty.

#### Introduction

These Draft Tourism Policies derive from results of, and papers presented by Ximenes, Carter and Prideaux at, the:

- Strategic Development Planning for East Timor Conference, Melbourne Australia, 5-9 April 1999;
- Reconstructing East Timor Conference, Tibar, East Timor, 30 May-2 June 2000; and
- East Timor Reconstruction Conference: Strategic Planning Conference for Rebuilding East Timor, Brisbane Australia, 20-21 July 2000.

They stem from direction given by the CNRT President and FALINTIL Commander, Xanana Gusmao at the Melbourne conference in 1999:

"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 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.

It is necessary that we are uncompromising in our defence of the environment, with all the consequences this may bring, because we should never lose sight of the small language of the land which is our nation, which has to be preserved as our birthplace and as the green lawn from where the future generations will grow, and as a grave full of flowers for all the generations that have gone before".

# Directions from the Melbourne conference

#### Vision statements

- Industry: A dynamic, diverse, prosperous and mutually supportive tourist industry, based on local community initiatives, responsive to customer needs as well as environment and community sensitivity.
- Clients: A tourist clientele that is appreciative and protective of the cultural tradition and environmental settings within which tourism activity occurs as well as the efforts made by the industry to sustain or enhance the quality of these settings.
- Community: A community that is supportive of the tourism industry and benefits from tourism activity.
- Environment: Conservation, presentation and enhancement of natural and cultural environments through pro-active and sympathetic efforts of the tourist industry and co-operation with other industries and the community.
- Government: Pro-actively supportive of the tourism industry, providing direction and an environment for ecological sustainable development and economic prosperity.

#### **Mission statement**

To promote Eco-tourism that actively assists the conservation of the natural environment and its cultural significance through offering services provided by village community-based ventures.

### Strategic goals and work plan

#### Formulate and implement a visitor services plan (VSP)

- Establish a tourism planning team to develop a VSP.
- To create the VSP, the planning team will:
  - Assess the existing carrying capacity and quality of accommodation throughout East Timor.
  - Assess the existing capacity of the reliable delivery of adequate food and beverage services for visitors.
  - Assess the existing capacity for the reliable delivery of adequate transport services for visitors.
  - Formulate the best possible estimate of the level of visitor demand at the end of the year two.
  - Plan how to best increase capacity, with priority given to safe, reliable and regular transport service delivery.
- Target groups for the initial phase of the VSP are workers from government and aid agencies, NGO and church workers, UN and multilateral agencies, as well as private sector and recreational sector visitors.

### Promote tourism industry plan and regulations

- 4. Establish a government department supervising tourism and nature conservation.
- 5. Establish Timor Tourism Board chaired by government officials with business membership.
- Develop a comprehensive tourism planning underwritten by the principles of sustainability and protection of East Timor natural and cultural resources.
- Initiate negotiations and formulate national airline policy.
- Develop a program of village community tourism education and awareness-raising throughout the country to promote rural community involvement.

# Develop eco-tourism resources and infrastructure

- Identify eco-tourism resources and upgrade infrastructure services, such as communications for booking and reservations so that the visitors may be hosted adequately.
- Identify and develop primary services providers for hospitality, travel and tourist attractions for delivery of identified balanced range of complementary ecotourism products.
- Link all rural services providers to promote and market national diversified tourism product and an image of East Timor internationally
- Register, restore and rehabilitate natural/cultural heritage sites and attractions
- Establish a bio-diversity survey to analyse and recommend conservation priorities for tourism.

#### **Directions from the Tibar conference 2000**

#### Vision statements for the economy

We envisage an independent Timor Lorosae with:

- an economy which serves a free, democratic and prosperous society;
- an open market economy with selective government intervention to ensure equity, transparency and efficiency.

#### Mission statement on the economy

To transform Timor Lorosae's agrarian economy into a more diversified and developed economy.

# Mission statement for the tourism sector of the economy

Develop the tourism industry as one of the major industries in East Timor

#### **Strategies**

Promote a tourism industry plan and regulations. Develop ecotourism resources and infrastructure. Only support tourism projects that directly benefit the community.

#### **Policies**

- Develop a comprehensive tourism plan with a principle of sustainability and protection of cultural and natural resources. The plan should be based on a detailed inventory of resources, identification of their values and expectations of degradation through tourism use.
- Prepare and implement programs to facilitate the development of tourism.
- 3. Build tourism infrastructure to facilitate the development of tourism.
- 4. Prepare a tourism strategy for the next five years.
- 5. Undertake a preliminary SWOT analysis of East Timor's tourism potential.
- Seek membership of the Pacific Asia Travel Association (PATA) and the World Tourism Organisation (WTO).

# Directions from the Brisbane conference 2000

### Issues

Emphasis on sustainable tourism based on the environment and community action is reaffirmed.

Need to clarify what market is to be targeted when no product exists for either end of the market spectrum.

The need for policy (a strategic plan) was emphasised, including a short-term plan (18mths) to get the groundwork done.

Need for institutions to advocate policies e.g. Dept. of Tourism. In recent past, there has been no indigenous knowledge of tourism: part of role of a new institution.

Need to train people in East Timor to control tourism and prepare the private sector to become partners.

#### Tourism assets

Apart from its natural, cultural and historic resources, the major tourism assets were identified as being:

- 1. a new democracy 'a clean slate'.
- 2. 'not spoilt' no hoards of people.
- the people, because they want involvement in tourism: the culture is right.

#### Key business issues

- 1. Identifying a target market.
- 2. Developing a sustainable market all year round.
- Investment policies associated with risk (a 4-year leadtime is needed).
- 4. Tenure.

It was proposed that joint ventures were desirable with government holding a 51% stake.

#### Inventory

- Tourism assets (natural, cultural and historic resources).
- 2. Training needs assessment.
- 3. Investor inventory.

#### Investor needs

- 1. Clear legal framework.
- 2. Clear financial framework.
- 3. Security (a process to build confidence).

#### Strategy development

Strategy would be to develop a 'Triple bottom line approach' from every investor:

- economic,
- ecological,
- community development,

then see how investors respond to the set bottom line.

#### Institutional arrangements

Establishment of a Department of Tourism was considered very important, including:

- a marketing board,
- an advisory board,
- clear links between tourism and other departments (health, development etc.).

# **Prioritised potential actions**

- Develop a sustainable tourism plan to ensure longterm community ownership/awareness, including a market strategy
  - short term (e.g. youth market)
  - med. term (need for more infrastructure)
  - long term (integrate the two)
- Establish a destination support mission for the development of a rapid tourism development strategy.
- Establish policies and regulations and an organisational structure.
- Identify tourism assets, including:
  - identification and protection of heritage (including recent events)
  - · community skills analysis
- 5. Start a demonstration pilot project for ecotourism.
- Develop a clear image for East Timor (including tourism)
- 7. Increase community capacity to be involved in tourism:
- Develop a crisis and communication plan (crosssectoral -whole of government) and establish a place

- for tourism to input to broad government policy for cross-sectoral linkages in infrastructure development.
- Establish a monitoring and evaluation program (impacts on community).
- 10. Establish a visitor centre.
- Promote cultural activities (events and festivals) to build tourism.
- 12. Undertake market research.
- 13. Obtain 'Green Globe' accreditation or similar recognition of the sustainability objective.
- 14. Establishing customer focus in terms of security, health, and well being?
- 15. Establish a business hotel.
- Establish an official online website for the Department of Tourism.
- 17. Prepare a travel guide.

# Specific objectives and actions

#### Issue 1: Inventory

Absence of data of tourism assets (natural, cultural, community capacity) for strategic planning and evaluation.

Sustainability of tourism resources.

#### Action

Facilitate community based asset inventory.

Develop rapid appraisal mission.

Develop long-term technical inventory.

#### Who

In-country – build capacity of local community to undertake the inventory.

Establish a tourism task force of specialists and counterparts

Technical specialists with East Timorese counterparts.

#### Issue 2: Immediate action

The delivery of tangible tourism action

Involvement of community

Getting tourism on development agenda

#### Action

Implement pilot (community focus) tourism priority at Tutuala, and Atauro.

#### Who

Partnership between government, local community and investor.

#### Issue 3: Strategy development

Develop strategies for long-term community ownership/awareness.

Develop a sustainable tourism plan for destination East Timor.

#### Action

Involve the community from the start.

Have tourism projects work in conjunction with other development programs.

Develop a tourism theme based on local culture and resources.

Integrate the churches (joint ventures)

Instigate a community based self-education program to promote awareness of the value of community resources (long-term plan).

#### Who?

To be undertaken by East Timor government with the support of an East Timor Tourism Advisory Committee (ETTAC) and local communities.

#### Issue 4: International support

International expert support for the development of sustainable tourism in East Timor.

#### Action

Establish ETTAC to advise and assist the East Timor government in policy and strategy and institution and capacity building.

#### Who?

Potentially PATA and the Co-operative Research Centre for Sustainable Tourism (Australia)

#### Issue 5: Policies and regulation

Establish policies and regulations

#### Actions

Identify primary areas requiring policy determination.

Put in place necessary head of powers.

#### Who?

Government and community assisted by consultants - i.e. PATA

#### Issue 6: Market communication

Re-establish positive communication with key markets and market segments.

# Action

Develop a communication strategy.

#### Who?

Department of Tourism/ whole of government.

#### Issue 7: Institutional arrangements

Need to set up a tourism leadership, regulation, planning and marketing role in East Timor.

# Action

Establish a tourism authority.

#### Who?

Specialist advisors and local counterpart team including representatives from CNRT.

#### Issue 8: Queensland action

Establish what Queensland can do

#### Action

Establish an action committee.

Propose to Qld. State/local government and CNRT a budget of \$1 000 000 to fuel brainpower.

Get CNRT to match \$1 000 000 through UN (World Bank) to fuel their side.

#### Who

CNRT, Queensland. State and local governments and the UN.

# **Draft Policy Context**

East Timor is currently administered by the United Nations Transitional Administration for East Timor (UNTAET). The role of the United Nations is to facilitate the development of local institutions, leading to elections and independence over a period of several years. Specific timelines are yet to be developed. The current focus of multilateral and bilateral agencies in East Timor is reconstruction. However, national leaders of East Timor have emphasised a need for reconstruction for the future in contrast to restoration. The reconstruction phase will be followed by development projects. There are both opportunities and constraints in regard to the development of sustainable livelihood systems in East Timor.

To some extent, the policies outlined in this document challenge this approach. They propose that action is needed now to set the direction for tourism so that it can develop under the control of East Timorese and not in a reactionary fashion when 'room to maneuver' has been significantly reduced. They also assume that tourism will play a major role in the economic future of East Timor and that early action is necessary to develop community capacity to respond to the opportunities and challenges that tourism brings.

East Timor is currently very poor, predominantly rural, has low numbers of educated people, and is suffering the consequences of many years of environmental neglect and devastation. However, there are also many opportunities. These include natural resources (such as coral beaches, rain forests, off-shore oil and gas), strong local and international commitment, and an absence of existing institutional constraints. Despite the devastation, there are coherent village-level community organisations. Given the re-establishment of nationhood for East Timor, it is critical that activities extend to the various districts of East Timor and include OeCusse-Ambeno and offshore to the island of Atauro. Tourism has the potential to be one such economic activity, but developed in conjunction with broader sustainable livelihood initiatives.

#### **Environmentally Sustainable Tourism**

There is considerable scope for environmental tourism linked to high quality beaches, extensive coral fringing reefs, rainforests, and upland communities. In general these can be developed at the local level without major resort style infrastructure. There is a need for facilitation, applied education, and funding of low impact investment. In the absence of a focused program, these opportunities run the risk of being crowded out by large scale and environmentally inappropriate investments.

# **Catchment and Land Management**

There is considerable environmental pressure on land management systems. In the uplands there is a complex situation arising from high rainfall, steep geography, productive soils and high population. The outcome has been deforestation and extremely serious land slippage. The current systems are clearly non-sustainable but it will require detailed analysis and community participation to develop strategies for amelioration and improvement. Close to Dili there are major land use issues associated with deforestation for reconstruction and firewood.

#### **Energy Supply**

There is an urgent need to develop and operationalise alternative energy systems to reduce the non-sustainable demand for forest products.

#### **Sustainable Agri-Industry Development**

There are already programs being developed and implemented aimed at rehabilitating East Timor agriculture. Some of these projects appear grandiose and environmentally inappropriate, others are based on imported technology. Many of the proposals are ad hoc interventions. There is a need to recognise that subsistence agriculture cannot provide an escape from rural poverty and that East Timor needs a market based agriculture. The challenge is to do this in a way that is environmentally sound, and that also deals sympathetically with the unavoidable need to reduce the proportion of the population that relies directly on agriculture for their livelihoods.

#### An interdependent community based approach

There is a need for strong interactions between the above components, as well as community infrastructure development, including roads, power and water. Given the existing limited capacity of the East Timorese community to respond to the challenges of development beyond subsistence, each component will need to be developed within an action learning framework, with strong participatory involvement from the outset. Some financial inputs will be non-commercial (such as the education elements). Other components (such as financing of environmental tourism micro businesses) could aim for at least cost recovery.

Thus, underlying all policies is the principle of participatory and community-based activity focusing on sustainable development activities, aimed at facilitating sustainable livelihood systems in East Timor, and undertaken within an action learning framework.

This principle necessarily embraces the concept of partnerships between foreign expertise and resources with that of the East Timorese community and the resources of the nation.

#### Notes

The extent and source of financial resources needed to implement these policies have not been identified.

The time-frame for these policies is generally within the lifetime of the UNTAET administration.

# TOURISM PLANNING

#### Context

Successful tourism development, in terms of economic, environmental and cultural sustainability criteria, has been shown elsewhere to be directly related to a targeted tourism plan/strategy.

Without a clear plan, tourism development runs the risk of being ad hoc, reactionary and controlled and directed by non-national interests.

#### leeupe

Immediate needs for policy and action.

Short term strategies to direct tourism investment and development.

Integration of tourism issues within broader planning and development strategies.

#### Aim

To develop an interim tourism action plan and formalise policies to guide tourism development over the next year and subsequent period of UNTAET control.

#### **Policy**

To reflect the policy directions identified from previous consideration of tourism issues.

## Strategy

Encourage and support the convening of a task force for tourism plan preparation based on international expertise with East Timorese counterparts

Prepare a more detailed policy document.

Prepare a plan to address the immediate needs of tourism, towards a sustainable industry.

# Action

Seek funding for the preparation of appropriate planning instruments.

Invite PATA in association with the CRC for Sustainable Tourism and the University of Queensland to undertake a rapid appraisal of the tourism resources of East Timor and prepare a Draft Tourism Plan and Statement of Policy directions.

# TOURISM LINKS

# Foreign investment considerations Context

Tourism is an economic activity that has the potential to bring sustainable economic benefits to communities and the State as a whole. Tourism can act as focus for a range of infrastructure development projects that can benefit both the short and long term welfare and economic objectives of communities and the State. Tourism is generally a private sector driven area of economic activity that usually appreciates a clear policy framework but resents excessive government intervention in operational matters. Foreign investment requires clear policies if long-term, non-exploitative investors are to be attracted.

#### Issues

The absence of investment policies relevant to tourism.

The lack of clarity in tenure issues.

The absence of tourism policies to attract desirable investors.

International perception that long-term investment in East Timor remains a risk.

#### Aim

To attract foreign investment in tourism beyond the financial resources of East Timorese.

To share the risk of major capital investment in tourism between investors and the East Timorese community as a whole, so that both partners reap the economic benefit of tourism success.

To maintain a social environment free from civil strife.

# **Policy**

Create and maintain an economic and social environment that encourages foreign investment by reputable operators in major tourism infrastructure.

Seek partnerships in investment between the private and public sectors at all levels, but especially for major infrastructure projects.

Maintain a 51% stake in all tourism infrastructure developed with foreign capital.

# Strategy

Clarify, formalise and promote a tourism investment policy within a broader investment policy.

Clarify tenure issues in targeted tourism development zones, identified in a tourism plan.

#### **Action**

Expedite the formulation of investment policy.

Consult with reputable major tourism infrastructure investors on investment policy matters.

Note: Attracting foreign investment is not solely a matter of fiscal policy. Issues such as health and safety, public utilities and community infrastructure are important but need to be addressed as part of whole of government considerations.

# TOURISM LINKS

### **Rural industries**

#### Context

Meeting the agricultural subsistence needs of the East Timorese community is an accepted priority to avoid the costly alternative of importing the necessities of life.

However, meeting the food requirements of tourists through food imports does not benefit local communities or tourists because of loss of foreign exchange and increased costs to visitors.

#### Issues

There is limited diversity in food products grown in East Timor, yet overseas tourists seek diversity of food items.

There is potential to diversify and pilot agricultural products in areas where tourism is planned.

#### Aim

To minimise the importation of food products to service tourist needs and expectations.

To maximise high return, local community cash crops through local sale to tourist operations.

# **Policy**

Where tourism is proposed, rural agriculture development initiatives will proactively consider the opportunity to diversify products to support tourism.

# Strategy

Establish a diversity of fruit and vegetable crops in village communities associated with all planned centres of tourism activity.

#### Action

Commence piloting a diversity of food crops, especially fruit trees, based on accepted agricultural selection approaches.

# **TOURISM LINKS**

# General commerce and the retail sector

#### Context

While tourism is usually identified by its products of resort accommodation and tours, it requires the support of numerous small businesses e.g. restaurants, retail outlets, markets, car and bus services and can equally take the form of low capital cost, village or family owned accommodation. World-wide, tourism is dominated by small business.

Tourism needs a secure and readily available commerce sector for growth.

#### **Issues**

Business acumen to efficiently service tourism in East Timor is limited.

Opportunities for small business in tourism related areas is unknown by most of the community.

Tourism will need the development of many business enterprises if it is to be successful.

The area of commerce, especially banking and credit services, needs parallel development with tourism in East Timor.

#### Aim

To diversify the range of retail services in East Timor, especially those commonly used by tourists.

To establish commerce facilities and services to meet tourist needs.

## Policy

Local retail businesses, based on market driven, entrepreneurial investment will be encouraged.

To develop a (tourist) service culture within the community.

# Strategy

Educate local entrepreneurs (irrespective of current investment potential) in the retail opportunities associated with tourism

Provide community training programs in basic accounting and investment principles.

Provide seed funding loans (rather than grants) to local entrepreneurs.

# Action

Design and implement a small business awareness program.

# CONSERVATION OF TOURISM ASSETS

#### Natural assets

#### Context

East Timor has a variety of natural assets that are attractive to tourists e.g. climate, natural vegetation and associated fauna, mountains and beaches. Despite recent disturbance and a long history of modification for subsistence purposes, many areas retain natural qualities that can form the basis for ecotourism products. Conservation of these assets is essential to the future of tourism in East Timor if it is to be regionally based rather than focused on simply constructed products. A marine and terrestrial protected area system is an attraction to tourists.

#### Issues

The location, extent and status of the natural resources (relevant to tourism) of East Timor are unclear.

A protected area system symbolises environmentally based tourism.

Expertise to manage natural resources in the context of tourism focused on these assets is poorly developed.

#### Aim

To inventory the natural resources of East Timor and assess their potential for tourist use.

To determine the management needs to protect these assets

# **Policy**

To identify the extent and status of all natural communities within East Timor.

To develop a comprehensive conservation strategy for the natural assets of East Timor (including the establishment of protected areas based on the most in tact remnants of native vegetation and marine areas).

# Strategy

Prepare a rapid appraisal assessment of the natural resources of East Timor based on community knowledge, aerial mapping and specialist input.

Vegetation communities and marine areas with minimal evidence of human disturbance will be conserved within a protected area system (this includes mangrove systems).

Buffer systems to these areas will be established.

# Action

Devise and implement a community based program to identify valued natural areas within East Timor.

Prepare a scientific rapid assessment of the natural resources of East Timor to complement the community program.

# CONSERVATION OF TOURISM ASSETS

#### Historical assets

#### Context

East Timor has a rich pre history resulting from occupation by a succession of ethnic groups. It has also had a long history of Portuguese colonisation, wartime occupation and more recently Indonesian occupation. Physical and documented evidence of this history remains but often in a dilapidated or dispersed state. Oral histories are available if proactively accessed.

The events of the last twenty-five years, and especially 1999, are particularly significant. Locations exist throughout the country that reflect events that contributed to the establishment of East Timor as an independent nation.

The collective of structures and remnants are evidence of East Timor's history and are vital elements of its heritage. Equally, this historical evidence has the potential to be important tourist assets.

#### Issues

The extent and significance of extant evidence of East Timor's historical past is not documented.

Structures and other evidence of East Timor's independence movement are in danger of being lost because recent events are not perceived as being historical.

# Aim

To inventory the physical evidence of East Timor's history.

To identify key sites for heritage protection.

## **Policy**

Sites of historical significance to the East Timorese community and the development of East Timor as an independent nation will be protected as part of the nation's heritage.

# Strategy

Develop guidelines for determining significance of structures and sites, based on the history of East Timor.

Prepare a rapid appraisal assessment of the historical resources of East Timor based on community knowledge and specialist input.

Places identified as significant will be placed on a heritage register and their modification or disturbance will not be supported by CNRT.

#### **Action**

Prepare a history of East Timor from available sources.

Devise and implement a community based program to identify valued historical places.

Prepare an independent rapid assessment of the historic resources of East Timor to complement the community program.

# CONSERVATION OF TOURISM ASSETS

#### Cultural assets

#### Context

East Timorese culture stems from occupation of the land by a succession of people of different origins. This has been influenced and modified by a history of colonisation and occupation. However, remnants of the diverse indigenous culture and modified culture remains in the form of architecture, dance, art stories and other cultural expressions. Both the indigenous culture and the evolving culture are part of East Timor's heritage. Both elements have the potential to be tourist attractions.

#### Issues

Practice of many traditional cultural expressions has lapsed and hence they are in danger of being lost.

Key artisans and 'keepers of traditional knowledge' are no longer living.

#### Aim

To record East Timor's diversity of indigenous and modified cultural expressions.

To reinvigorate traditional cultural expressions.

#### **Policy**

To foster the retention of traditional cultural knowledge and, where appropriate, its expression as part of East Timor's cultural heritage.

#### Strategy

Identify cultural expressions unique or significant to local communities.

Provide outlets for the manufacture and sale of traditional arts and crafts.

Provide venues for traditional cultural performance.

#### Action

Prepare a strategy for recording the oral history and traditions of individual communities based on community action

Identify traditional cultural expressions that have customary or artistic significance.

Prepare an independent rapid assessment of the cultural resources of East Timor to complement the community program.

# PRODUCT DEVELOPMENT

# Central facilities and services

#### Context

The development of business accommodation is already needed in Dili. It will be a natural consequence that this will be used and expanded for use by tourists. To a lesser extent this will also be required in regional centres such as Bacau.

#### Issues

Investment capital for such development is limited in East Timor and likely to come from foreign investors.

#### Aim

To facilitate the early establishment of central facilities without reducing options for future joint venture partnerships.

#### **Policy**

Encourage foreign investment in the development of centralised facilities, but based on maintaining East Timorese equity in the development in the form of land contribution.

# Strategy

Initially encourage the development of motel style accommodation (needs basis) out of the central business district of Dili, protecting the CBD for future development.

Prepare town-planning schemes.

Resist the alienation of natural landscapes, especially beach areas, until tourism plans are prepared and town planning schemes.

# Action

Clarify investment policy.

# PRODUCT DEVELOPMENT

# Regional destination development

#### Context

Maximum community benefit from tourism will accrue through community based tourism development.

#### Issues

Overall this product development will fit into an overall strategic plan that nominates a core tourism zone between Dili and Baucau with a periphery in the mountains and coastal areas. The policy on control of these zones requires development.

A related issue is establishment of and access to protected areas (natural, cultural and historic).

#### Δim

Maximise the economies of scale and minimise the potential for unplanned tourism sprawl.

#### Policy

Regional tourism development will be based on community owned and operated facilities and services supported by centralised service areas.

# Strategy

Use a core tourism region and hinterland approach to provide a focus for tourism development.

#### Action

Address planning policy and land ownership issues.

Develop tourism planning policy.

Seek a PATA task force to provide an external perspective on East Timor regional destination development potential.

Develop appropriate planning legislation.

# PRODUCT DEVELOPMENT

# Heritage (history and culture) based tourism

#### Context

See conservation of tourism assets

#### Issues

East Timor has a rich history and culture that has been surpressed.

Preserving existing cultural and historical sites is important for national identity and as a tourism resource.

Developing tourism attractions and tours with appropriate interpretation.

Re-establishing lost skills.

#### Aim

Develop the cultural and historical tourism resources of East Timor.

Develop East Timorese pride in their traditional and historic heritage.

#### **Policy**

Develop legislation to protect heritage sites and cultural artefacts.

# Strategy

Develop small-scale tourism attractions and entertainment based on heritage and culture (dance, crafts, etc.).

Focus on communities that develop tourism products (e.g. accommodation) and those with unique cultural expression forms.

Preserve and encourage commercialisation of historical and cultural resources.

#### Action

See Conservation of tourism assets

# PRODUCT DEVELOPMENT

### Nature and rural based tourism

#### Context

See conservation of tourism assets.

#### **Issues**

The lack of tourism management expertise in rural areas.

Protection of tourism assets.

Lack of regional accommodation and infrastructure.

Lack of transport and related tourism services.

#### Aim

Develop ecotourism products based on the natural resources of East Timor.

Maximise community involvement in ecotourism activities.

#### **Policy**

Establish a system of protected areas based on the natural resources of East Timor to support tourism initiatives.

Base ecotourism products on local community owned (at least 51%) and operated facilities and services.

# Strategy

Establish pilot development programs based on existing Portuguese lodges (e.g. at Tutuala)

#### **Action**

This is the focus for immediate action. The target market is existing UNTAET personnel who seek to experience East Timor's environments and local culture. The tourism product needs to be developed progressively under an action learning regime.

# INFRASTRUCTURE DEVELOPMENT

# **Accommodation**

#### Context

Little existing skills or accommodation stock exists.

#### Issues

Need for investment funding.

Identification of appropiate locations.

Training of staff and management.

Development of target markets.

#### Aim

Ensure the benefits of tourism accrue to local people.

#### **Policy**

See tourism links (need for investment policy)

### Strategy

Develop local involvement in tourism.

Gradual accommodation development appropriate to target markets

#### **Action**

Critical to this area is the identification of people and communities in East Timor who are interested in tourism and their resources. This will be done through canvassing of local communities to determine what tourism product is both available and supported by local people.

As a result, establish a series of small-scale tourism projects across the range of accommodation, attractions, cuisine, entertainment and tours/transport. These will form the basis of further development. Development of existing Portugese guesthouses could be a Government initiative, taking the locals people along and a useful example of capacity building and training.

# INFRASTRUCTURE DEVELOPMENT

# **Transport**

#### Context

Transport is an integral component of tourism development in East Timor and while its administration may not fall under the control of the Tourism Ministry there needs to be close and ongoing consultation between policy makers in the Departments responsible for tourism and transport.

#### Issues

The task of transport can be seen as occurring at several levels:

- travel of tourists to and from East Timor,
- travel of tourists whilst in East Timor,
- the freight component of the transport sector,
- construction, maintenance and operation of transport infrastructure such as airports and roads,
- administration of the various transport modes (air, road and sea), and
- enforcement to ensure high standards of safety.

The eventual structure of the tourism transport system will depend on the type of tourism to be developed and the location of tourism zones.

#### Aim

To develop a tourism transport system that parallels the domestic transport system to provide safe and inexpensive transport to and from East Timor and while in East Timor.

# **Policy**

Airports: Timor can only have one international airport. Facilities for international tourists are required

Airlines: An open skys policy be adopted with allowance for a national operator at some stage in the future.

Road Transport. Licensing of tour operators, taxis, rental cars and buses is required. Local ownership to be encouraged.

Shipping: Licenses will be required for all boat operators carrying passengers.

# Strategy

Undertake a needs analysis study of tourism transport needs and issues.

#### Action

Create an interdepartmental committee with members coming from the Departments of Tourism, Infrastructure and Treasury.

Create a transport subcommittee in the Tourism Department that includes government officers and private sector operators

Develop transport capacity to East Timor by sea and air.

Develop transport to core tourism areas.

Encourage transport to hinterland accommodation and attractions.

# SUPPORT SERVICES

# Marketing and promotion

#### Context

The basis for marketing and promotion is to know the potential tourist. There are two groups of potential tourists, UN/Business people, backpackers and adventure tourists.

The UN/Business people are in East Timor already and so provide the first target market. These people need information on day trips, short stay accommodation, local cuisine, entertainment, local events and attractions.

The backpacker market are the next attractive target market. Access points for this market into East Timor are Darwin, Singapore and possibly Bali. Backpacker travel routes are well established and information about East Timor should be made available prior to these access points.

#### **Issues**

Collection of information on local events, attractions, accommodation and entertainment.

Communication to target markets.

Capacity building in marketing skills.

Product development and packaging.

#### Δim

Increase awareness and desirability of target markets in East Timor tourism product.

# **Policy**

Initial target markets will be the UNTAET staff, business travellers and backpackers.

# Strategy

Focus on key products and core tourism region (Dili to Baucau) and any specific tourism destinations developed.

# Actions

Create a Dili Visitor tourist information centre

Undertake a professional photo-shoot.

Develop a generic East Timor Brochure and Web site.

Conduct a familiarisation/ PR program for agents (at the appropriate time).

Travel agents in gateway cities and along the backpacker routes should be approached to inform them of tourism opportunities in East Timor.

# SUPPORT SERVICES

# Institutional arrangements

#### Context

The Department of Tourism will represent an important sector of the economy responsible for substantial employment, a major source of government revenue and generator of export income. Accordingly the Department needs to be adequately resourced to fulfil its tasks as well as coordinate policies with other government departments. Based on these needs, the Department should have a cabinet ranking in the East Timor Government structure.

#### Issues

Relationship of Department of Tourism with other Departments.

Position in Cabinet

Funding

Identifying desirable form of tourism development in East Timor

#### Aim

To develop an administrative structure that is cost effective, responsive to the needs of the local community and which responds rapidly to applications for policy guidance and approvals for investment and associated licensing.

#### **Policy**

Establish a Department of Tourism with the ability to

co-ordinate tourism development in East Timor,

market internationally

co-ordinate training for tourism workers

provide advice on tourism to the remainder of the government

co-ordinate foreign investment

implement tourism development in regions

#### Strategy

Seek an appropriate budget to commence establishment of the Department

Identify key staff positions

Recruit staff

Develop Departmental priorities on a 1, 2 and 3-year basis

# Action

Advertise for key personnel

Develop a departmental budget

Establish priorities

Need for funding of small-scale enterprises through loans.

# Paper 5: Small and Vulnerable Island States: Observations from the Asia-Pacific Region

lean Russell, R.W. (Bill) Carter and Vincente Ximenes

Russell, I., Carter, R. W. and Ximenes, V. (2000) Small and Vulnerable Island States: Observations from the Asia-Pacific Region. Paper presented at the *Islands of the World VI Conference, Small Islands in the Third Millennium: Sharing Solutions to Common Problems*, Isle of Skye, Scotland, International Small Islands Studies Association, 16-20 October 2000.

# **Abstract**

Small and vulnerable states are defined in terms of the size of their population or geographic boundaries and their exposure to forces (both internal and external) that threaten the process of development. They require special consideration in development management, particularly when they are also small island states or small states sharing islands.

A common characteristic of islands of the South-East Asian and Pacific Region is a strong dependency on the natural resource base for the maintenance of the livelihood of the bulk of the population. Rapid population growth and changing aspirations have destabilised (and in some cases destroyed) the traditional arrangements linking the population to the resource base sustaining their existence. In these circumstances small island ecosystems are placed under extreme stress, as the changing patterns of dependency of the population shift the focus and pressure of resource demands.

Although nationhood is central to the identity and existence of many of the islands of the Asia-pacific region, both the historical and continuing flux of populations suggests the likelihood of ongoing conflict in the determination of national identity. The economic divisions between the centre and the periphery that have been the root cause of much political upheaval are exacerbated in the case of island states, with a tendency for the development of a 'capital island' and the further development of the capital city within that island. Location economies and economies of size tend to limit development opportunities to the central location, hastening population concentration and environmental degradation. Many islands face fundamental environmental limitations in the transformation of agriculture and other livelihood sustaining activities based on the utilisation of natural resources, to support growing urban concentrations. The social implications of these changes are profound.

The boundaries of nationhood for island states are critical considerations in the analysis of development from a systems perspective. The demarcation of territory and peoples is but one aspect of this significance. The prospect of sustainable development, especially for small island states, requires that the system boundaries extend beyond the physical resources of islands and their maritime exclusion zones. Thus the system boundaries might extend to accommodate trade, knowledge and technology flows, access to international capital and labour markets, and development assistance. The analysis of development opportunities for island peoples requires a holistic, systemwide appreciation, wherein the national boundaries should not be confused with the boundaries of the livelihood systems of the island people. The challenge for island

communities lies in the maintenance of the distinctive elements of culture and values that shape their identity and have served to sustain their livelihood in the past.

### Introduction

This paper originates from our specific interests in East Timor, drawing on our experience working in other small island states in the search for insights into the implications of independent statehood for the development of sustainable livelihoods for island communities. The paper draws on earlier work published by Woodford, Russell and Kilminster (2000), Russell and Woodford (1999), Russell, Woodford and Kilminster (1999), Ximenes and Carter (1999), Grimwade and Carter (1999) and Carter and Davie (1996), as well as unpublished research of the authors into sustainable development and cultural change in the Asia-Pacific region. The region surveyed in this work reflect the authors' origins and interests.

With 'sustainable' now almost being a tenet of 'development', we have become increasingly concerned for the environmental, social and cultural implications to small and vulnerable island states if sustainability is narrowly interpreted as self-sufficiency. Small countries provide holistic case studies of sustainability issues, because cause and effect relationships tend to be clearer in these circumstances. The vulnerability of countries heightens awareness of issues relating to sustainability, because the issues are not so remote to the inhabitants of these nations. For small islands with expanding populations, the issue of sustainability is central to the lives of the present as well as future generations. Thus, the small and vulnerable island nations provide a context for the study of sustainable livelihood systems in which the interactions between ecological, social and economic forces are clearly visible.

The paper considers the implications of alternative views of sustainability for island states, and questions their practicality in terms of the goal of sustainable development. The background discussion draws on observations made in the Pacific and in South-East Asia, searching for insights that may prove useful in the context of East Timor. The key question that emerges relates to the implications of independent existence for the people of East Timor and how these conditions influence the definition of nationhood and the formulation of policies. The passage to nationhood carries a number of transaction costs, all to poignant in the case of East Timor. This paper also considers the degree to which nationhood is predominantly a cultural, rather than economic issue in the light of the modern forces of globalisation.

# **Small Island Nations**

A small nation can be defined in terms of landmass, population, or in relation to GDP (Briguglio 1995). Streeton (1993) suggests that the best simple measure is population and that, in the current era, a small country is one with less than 10 million inhabitants, and a very small country is one with less than five million. On this basis, most of the island states of South-East Asia and the Pacific fit clearly into the category of very small countries. Despite the shared characteristics of smallness, there is little common ground in the theoretical explanations and the practical realities facing each of these nations in their development pathways.

Within the Pacific there are some 21 nations and territories, with a total population of between five and six million people. Close to four million of these people live in Papua New Guinea, and over 700,00 people live in Fiji. The remaining population is dispersed across 19 nations and territories, with populations ranging down to about 2000 people (in the case of Niue). By Streeton's definition, the whole population of the Pacific islands is equivalent in population size to one small country. The smallest Pacific nations are small indeed, in terms of population, economy and land mass. These states tend to be referred to as micro-states in the economic literature.

Some authors have used the term micro-state to describe countries with populations of up to three million persons (Armstrong and De Kervenoal 1998, p. 641). The concept of what is a micro-state is open to debate, but certainly many of the Pacific Island nations would be included under any of the various definitions. Indeed, the archipelagic Pacific Island states are at the extreme lower limits of population in terms of their separate existence as nation states. The Pacific Island micro-states have been characterised in economic terms as 'MIRAB' (migration, remittances, aid, bureaucracy) nations following that appellation by Bertram and Watters (1985). The prospects for sustainable development in these islands are fundamentally influenced by these conditions. Although there has been considerable attention to the identification of the factors constraining development in the small island states, there has been a disappointing lack of success in terms of rectifying the situation for the small island developing states and their stagnating economies. Cole (1993) has been critical of the tendency to lay the blame for this situation on former colonial powers, lack of resources and distance from markets. He claims that the remedy for economic failure lies very much in the hands of the islands governments, but that this will require political will and determination on their part. Cole stressed the importance of government action to stimulate private sector development and to deregulate control over both domestic and foreign investments. He also recognised the need for these communities to invest more heavily in education, so that the island peoples are able to take better advantage of the many opportunities on offer to them.

There are a number of relatively small countries in South-East Asia, yet there are few small island states, despite the abundance of islands in the region. The remoteness of the Pacific Islands is a marked contrast with the island nations of South-East Asia. Singapore is small in land area but with a population of approximately three million it has a substantial and concentrated population resource. Singapore is a high-income country that has capitalised on its strategic position and independence to generate great wealth. Streeton (1993) suggests that the advantage enjoyed by both Singapore and Hong Kong has been the

lack of a rural hinterland. He regards agriculture as a brake on total growth, especially when the bulk of agricultural activity is concerned with domestic consumption.

Singapore is joined to Malaysia by bridge and ferry services that diminish the significance of its island status in terms of isolation. The critical boundaries for Singapore might well have been those that excluded the more restrictive conditions and populations of neighbouring states.

The smaller islands of Indonesia and the Philippines lack the independent status that would group them by population and land area with the Pacific Islands. Unlike the Pacific islands, they are close by larger land masses. However, the growing unrest in these islands and their separatist movements suggest that it may be relevant to consider the welfare and livelihood of these island peoples from a systems perspective that can accommodate the boundary adjustments associated with independence.

The pathway to independence is the tortured pathway East Timor has followed. East Timor has a population estimated to lie somewhere between 500,000 and 600,000 and a land area of only 19,000 km². It is a small nation, sharing an island with West Timor, a province of Indonesia. The bulk of East Timor is an intact land mass, but there are significant outliers in the Oecussi enclave (located in West Timor) and smaller islands (see Figure 1).

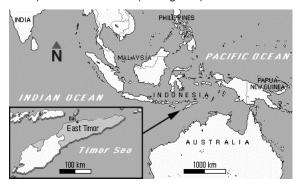


Figure 1: East Timor location map.

# **Vulnerability**

The concept of vulnerability can also be defined in a range of ways, but the concept typically relates to *economic* vulnerability (Briguglio 1995). Under Briguglio's definition of this term, economic vulnerability is not a measure of economic performance (such as GNP per capita), rather it is an indication of economic fragility in the face of external forces. In essence, a vulnerable country is one that is susceptible to forces over which it has limited or perhaps no control. This situation may arise from exposure to foreign economic conditions, remoteness and insularity, proneness to natural disasters, environmental fragility, dependence on foreign sources of finance and demographic changes. The rationale behind the exploration of the concept of economic vulnerability has been that GNP per capita is not by itself an adequate measurement of the level of development.

Briguglio (1995) constructed an index of vulnerability for 121 countries, of which 21 were small island developing states. His index is a composite based on: the ratio of exports plus imports to GDP as a proxy for economic exposure; the ratio of transport and freight costs to export proceeds as a proxy for remoteness; and the ratio of the money cost of disasters as a ratio of GDP. Other factors identified as contributing to economic vulnerability were excluded for reasons of difficulties in measurement or by virtue of their relationship with GNP per capita. Briguglio

concluded that small island developing states are generally economically vulnerable, but that vulnerability was not closely correlated with low GDP per capita. Indeed, many of the small island developing countries have relatively high GDP per capita and Human Development Index scores. Some countries that are designated as economically vulnerable display high standards of living (as measured by the conventional economic yardsticks). Singapore is an example of such a country. The vulnerability index is designed to highlight the problems faced by small island developing states and their fragility in the face of forces outside their control. Despite the emphasis on factors outside the control of the small island states, Briguglio reminds these nations of the actions that are necessary to withstand external shocks, including promotion of the ability to compete, institutional change for capacity building and regional technical cooperation.

To better understand the particular situation for a small island developing country, it is necessary to extend the analysis to consider each contributing factor in turn for the particular situation and characterise the conditions leading to economic fragility or the lack of economic success. In some cases the explanation may lie in the factors over which governments can exercise influence, but which they chose not to for various reasons. These might include land tenure, excessive build up of the public service and law and order breakdown (Cole 1993).

In addition to the concept of economic vulnerability discussed by Briguglio (1995), it is likely that small island nations are also vulnerable in other respects, such as cultural vulnerability. A small country defined by size of population is vulnerable to acculturation and ultimately, loss of cultural identity. Cultural vulnerability occurs through the alteration of social structures and institutions, either through the process of acculturation or by the substitution of economically rewarding practices for traditional practices. Where these changes are driven by exogenous forces, the extent and rate of change may be driven by external forces that traditional institutions are powerless to resist. Economic growth may be achieved at the cost of social dysfunction and a widening gulf between urban and rural populations, capital islands and outer islands, the centre and the periphery.

Other factors contributing to the economic and cultural vulnerability of nations include proximity to powerful neighbours, regional destabilisation, political fragility, and ethnic tensions. The vulnerability of nations may arise as a result of internal and external forces of aggression. Political instability is a growing feature of the region and the islands have been prone to fragmentation in the post-colonial era. Although nationhood is central to the identity and existence of many of the islands of this region, both the historical and continuing flux of populations suggests the likelihood of ongoing conflict in the determination of national identity. The violence in East Timor, Bouganville, the Solomons and Fiji are symptoms of changes occurring in the region that warrant a closer analysis of the significance of nationhood and of the internal arrangements governing the development opportunities within nations. The further potential for unrest in the islands of Indonesia and the Philippines signals an ongoing need for such work.

The economic divisions between the centre and the periphery that have been the root cause of much political upheaval are exacerbated in the case of island states, with a tendency for the development of a 'capital island' and the further development of the capital city within that island.

Location economies and economies of scale tend to limit development opportunities to the central location, hastening population concentration and environmental degradation. Many islands face fundamental environmental limitations in the transformation of agriculture and other livelihood sustaining activities based on the utilisation of natural resources, to support growing rural populations. The social implications of these changes are profound.

Given that the conditions of remoteness, economic exposure and proneness to natural disasters only partly explain the lack of economic development of small island developing countries, the critical limitations faced by vulnerable nations may indeed relate to institutional weakness. Vulnerability through lack of institutional capacity is in many cases exacerbated by the lack of development of human capital to support the institutions necessary for development. These conditions are often blamed on the legacy of colonialism, although Cole (1993) claims that for the Pacific Islands at least, it is high time this argument was discarded. This being the case we should also look for an explanation for the lack of development in the actions of island governments and peoples themselves.

Although there are few recent economic statistics available for East Timor for comparison with other countries in the region, there can be no doubt the country is both economically fragile and suffers a low standard of living. While it is not particularly remote from Australia, the hostile borders add to the isolation of this nation from neighbours. There appears to be a high population growth, at least in terms of the number of children compared to the adult population. There also appears to be significant environmental degradation under the pressures of internal strife, population concentration and the breakdown of traditional patterns of subsistence. Certainly the country has been subjected to rapid demographic change and the continuing existence of the border camps heightens this aspect of the nation's fragility. The dependence on external sources of finance is currently extreme.

#### **Views on Sustainable Development**

Sustainable development programs typically focus on strategies and interventions that can be made to help societies adapt towards a sustainable future. Taking the social dimension of sustainability into account, it is critical that the communities involved in these programs are able to determine the rate and extent of change for themselves. Sustainable development programs focus on issues where society has the capacity, either already or through empowerment, to make livelihood modifications and social and cultural adjustments, so as to create preferred futures and intergenerational equity. Institutional strengthening and capacity building projects are increasingly common elements of sustainable development programs.

The special characteristics of the small island states have been recognised for some time. Economists investigating these extremely small economies have identified constraints to development and searched for suitable development pathways (see for example Appleyard and Stahl 1995; Bertram and Watters 1995; and Cole 1993). Fairbairn and Worrell (1996) suggest that the small multi-island countries inevitably suffer from diseconomies which diminish the effectiveness of development programs, with many basic items of social and physical infrastructure having to be duplicated on the 'outer' islands.

A common characteristic of the small island developing states is a strong dependency on the natural resource base

for the maintenance of the livelihood of the bulk of the population. Rapid population growth and changing aspirations have destabilised (and in some cases destroyed) the traditional arrangements linking the population to the resource base sustaining their existence. In these circumstances small island ecosystems are placed under extreme stress, as the changing patterns of dependency of the population shift the focus and pressure of resource demands.

In the Pacific micro-states the opportunities for privately funded development are limited in the extreme. The World Bank (1993) has recognised for some time that the challenge for the smaller countries of the Pacific lies in channeling their resources to growth in the few areas of clear comparative advantage. In general, these countries have failed to stimulate private sector investment in these critical areas. Indeed, many of the Pacific Island countries have been accused of maintaining rules and regulations that effectively inhibit the development of the private sector (Fairbairn 1992). Others have made liberal concessions, yet have failed to attract investment for reasons of poor marketing, image, isolation and safety. The lack of private sector opportunities has lead to questions about whether sustainable development is indeed an appropriate objective for such countries. This concern is founded on an unstated assumption that sustainable development should eventually lead to self-sufficiency, and that aid is a temporary phenomenon to put nations on the pathway towards this through economic growth. However, the shortage of commercially viable projects should not threaten the concept of sustainable development as an underpinning philosophy for development planning. This assumption ignores the phenomenon of globalisation, whereby individual societies benefit from interdependence relationships with other societies. It also ignores that sustainable development is based on the 'triple bottom line', encompassing social development and environmental management, extending well beyond the bounds of financial economics. By definition, financial analysis ignores both positive and negative externalities. This means that financial analysis has strictly limited application to the analysis of sustainability. Tisdell (1993) recommends that project appraisal in small island nations needs to be holistic and should take adequate account of the institutional and cultural basis. He cautions against the application of conventional methods of project appraisal associated with Western values and societies.

The issue of modern efficient transportation systems linking individual islands within the Pacific micro states provides an illustration. If judged against a criterion of financial viability, then such services are unattractive on account of distance and low population numbers. The same financial criterion impacts on the so-called sustainability of health and education services to the outer islands. However, there are positive externalities associated with such services, as they decrease the effective isolation of the outer islands, and thereby reduce the social pressures for people to migrate to overpopulated capital islands, where each additional person places further burdens on water, sewage disposal systems, and fragile ecosystems.

Appleyard and Stahl (1995) characterise Kiribati, Tuvalu, Tokelau, Niue and the Cook Islands as 'unfurnished' states. They are contrasted with the 'fully furnished' and 'partly furnished' island states on the grounds of their resource base relative to population size. Appleyard and Stahl (1995) suggest that the selection of appropriate development strategies can be guided by the classification

of the island states on this basis. The unfurnished states provide examples of islands poorly served by strategies designed to promote self-sufficiency. The MIRAB appellation suggests the heavy dependency of these nations on access to labour markets and capital injections and technical assistance from outside the national boundary.

Undoubtedly the development of small island countries has been profoundly influenced by the larger powers and neighbouring states. Waddell (1997) is highly critical of the rich countries that exploit Pacific resources. He claims that richer countries have set the developing nations on a course of development that is plainly unsustainable. He further claims that it is hypocritical of richer nations to help the poorer nations to adopt and implement a strategy of sustainable development, without radically altering their own development and consumption patterns. His argument may be interpreted in terms of the interconnectedness of the futures of the developed and developing nations. The moral overtones may be difficult to justify in rational economic terms, but they reflect the continuing tendency for intervention by global and regional powers. The falling trend in overall levels of official development assistance post cold war may be a temporary phenomenon as the forces of globalisation replace the cold war incentives for intervention

We suggest that in the case of small nations, particularly for small islands, sustainable development should not be discussed in terms of self-sufficiency. The units in question are in many cases simply too small for their populations to be sustained under anything but third world conditions.

Many of the Pacific island governments have endorsed a view of sustainable development as one that is not limited to economic considerations, but which is 'people-centred' in harmony with the communal values of the Pacific way of life. These views are elaborated in the Suva declaration on Sustainable Human Development in the Pacific (UNDP/Forum Secretariat 1994). The achievement of sustainable human development in the Pacific requires a wide range of international links to furnish a close working relationship between government agencies, NGOs, churches, local and traditional institutions, community organisations, donors and other concerned bodies. At a local level this view of sustainable development calls for the greatest possible participation on the part of society. It is said that the 'Pacific Way' of making decisions by consensus is an important aspect of empowerment (Yabaki 1997). This is very much an institutional view of sustainable development and the argument is used as the basis for the continuing call for technical and financial support for island countries from concerned donor and funding agencies.

To many Pacific islanders, the increasing dependence on the world outside their region poses a threat to national integrity and autonomy. Many countries are pursuing programs designed to increase self-sufficiency and boost economic growth under the stamp of sustainable development (Nunn 1997). Some of the most economically developed small island states (e.g. Singapore) have never operated under such guidelines.

Gusmao (1999) identifies the cultural strength of the people as the cornerstone of development. He sees this as justification for national investment policies in education and health in East Timor. It also leads him to ask of the world assistance that will defend the Timorese culture and identity. He recommends an uncompromising defence of the environment, 'with all the consequences this may bring'.

His language reflects a belief system that is consistent with strong sustainability (Turner, Pearce and Bateman 1994). This is a view that there are certain forms of natural capital that must be maintained for sustainable development to occur. These forms of natural capital provide critical life support functions that cannot be substituted for by other forms of human-made capital. Gusmao's emphasis on cultural identity also suggests that there are elements of the cultural setting that are also essential for sustainable development. This viewpoint could be interpreted as an enlargement upon the concept of strong sustainability, beyond the requirement for the maintenance of critical natural capital to the maintenance of the critical institutions of cultural identity.

# **System and Boundary Issues**

Systems methodologies (Checkland and Scholes 1990) are appropriate to the analysis of the problems of policy formulation and development management, particularly the application of the *systems learning* approaches (Bawden 1996). A systemic outlook is sensitive to the contextual outlook from which problems emerge and seeks to learn from the sources of those problems. It is particularly suited to situations it is desirable that there be joint formulation of management solutions informed by both local and non-local knowledge. Systems approaches are attuned to the nature of social and organisational processes (Ison, Maiteny and Carr 1996).

The boundaries of nationhood for island states are critical considerations in the analysis of development from a systems perspective. The demarcation of territory and peoples is but one aspect of this significance. The prospect of sustainable development, especially for small island states, requires that the system boundaries extend beyond the physical resources of islands and their maritime exclusion zones. Thus the system boundaries might extend to accommodate trade, knowledge and technology flows, access to international capital and labour markets, and development assistance. The analysis of development opportunities for island peoples requires a holistic, systemwide appreciation, wherein the national boundaries should not be confused with the boundaries of the livelihood systems of the island people.

So, for example, it has been argued in the past that one of the disadvantages facing small nations has been their lack of access to external capital markets. This is not supported by evidence of small islands that have attracted large amounts of capital as tax and regulation havens and through multinational investment (Streeton 1993). Information technology has virtually eliminated the problems of distance in financial dealings.

Migration has been identified as a characteristic dependency for the economies of the Pacific Island microstates. Bertram and Watters (1985) claimed that the negative trade flows in these economies are to some extent compensated by the migration and remittances. Bertram (1993) further claimed that migration from these countries takes place in the context of a transnational corporation of kin that does not necessarily engender negative sociocultural consequences. The analysis of emigration issues is based on implicit assumptions about scale. By definition, emigration is about exiting from the system under analysis, with the system in question being defined by the boundaries of the nation state. But such system boundaries are modern creations and would have been quite foreign to the seafaring forebears of modern Pacific Islanders.

Australians have struggled with the idea that migration from the smaller nations of the Pacific may be a viable pathway for the development of individuals from these nations. Thus, migration may serve as means of reducing population pressure, and that migration is potentially more cost effective than continuing high levels of aid in perpetuity (Jackson 1984; Tisdell 1990; Appleyard and Stahl 1995; Simons Report 1997). This is a difficult issue for the island peoples themselves. The migration solution is certainly contentious in Australia, more because of the precedent it would set rather than the actual impact of the number of people involved.

It is the political construct of a nation, and the consequent definition of system boundaries, which makes population growth and migration a major issue of sustainability. If some islands become uninhabitable through the effects of rising sea levels, then the international community will have a responsibility to resettle the citizens of these countries. Given that the rising sea levels would be an outcome arising from the activities of the rest of the world, the citizens would seem to have a moral claim to something more than refugee status. Such a policy would satisfy the judgement criteria for weak but not strong sustainability within a global framework.

Island states should not be obsessed with the idea that nationhood is predicated upon the existence and ownership of all of the institutions normally associated with nation status. In the same way that small nations should look for and pursue areas of comparative advantage in attracting private investment flows, the smaller nations should consider the allocation of scarce public resources to developing the institutions critical to prosperity. Thus, small countries may choose to develop primary or secondary school systems and leave the provision of tertiary education to larger neighbours or to a coalition between nations (as per the University of the South Pacific). It may also be possible to eliminate the defence burden that weighs heavily on the economy of small nations. Indeed, Costa Rica has abolished its army to concentrate on the provision of social services (Streeton 1993).

Some countries in the South Pacific exist without a national currency or the need for central banking functions. Kiribati and Tuvalu use Australian currency as legal tender and the Cook Islands. Niue and Tokelau use New Zealand currency, either exclusively or under dual currency arrangements. The decision allows the countries to become part of a broader monetary system that can bring greater stability and certainty. There are costs to such dependencies however, and Fairbairn notes that one intangible cost may be associated with the symbolic value of the currency for nationhood (Fairbairn 1994). These arrangements may be of greater benefit to the community then the level of independence gained by self-management of such costly institutions. Arndt (1994) endorses Fairbairn's (1994) conclusions that there is little to be gained by micro-states in establishing independent currency and maintaining a central bank.

The United Nations Transitional Administration for East Timor (UNTAET) has adopted the currencies of expedience during the period of reconstruction. Indonesian Rupiah, Australian dollars and American dollars were common in Dili, with a tendency for the people of the countryside to operate only in Rupiah. People were quick to establish an unofficial or 'black market' for money exchange to accommodate the growing numbers of UN and military personnel in the country. The American dollar has been

adopted as an official currency as an interim measure whilst the government considers weighs the advantages of producing its own currency.

The apparent advantages of the small island states include their flexibility in responding to changing circumstances, and the relatively high per capita aid flows for their small populations. It is alleged that the higher GNP per capita scores and even the continuing existence of some of the small island developing countries stem from their strategic importance to larger powers. Their economies may be propped up by assistance and preferred access to markets. Many independent states may not have survived without these props. The cultivation of the benevolent aspects of colonial and strategic alliances may indeed be a beneficial development pathway for a small country.

It seems that many of the small island states in the region have simply adapted and adopted the bureaucratic structures and institutions of colonial government. In many cases newly independent nations have added to the burden of these structures with the creation of additional institutions symbolic of national pride and replacing those services previously rendered by the colonial system.

This leaves us to ask what institutions a newly reborn nation like East Timor should seek to develop in the vacuum left after Indonesian rule? What are the criteria that could be used in this decision-making?

#### The Institutions of Nationhood

The institutions of nationhood are likely to include the mechanisms for self-determination, revenue raising, currency, education systems, language (though not necessarily a unique or common language), culture, defence, land and resource ownership and law, and the legal system and enforcement. Many of these are profoundly affected by the influences of globalisation.

Transaction costs are the costs that people incur when they do business with each other. These have been largely ignored in the familiar neoclassical economic training most of us have received. We are now coming to the realisation that many of our economic exchanges take place in the presence of very significant transaction costs. These are recognised as a major cause of market failure (Wills, 1997). Transaction costs depend on how people structure the economic order through their institutions (the rules of society that structure our interactions). North and other institutionalists believe that if we can understand how institutions work and why they work well in some circumstances and not in others we have the key to understanding the wealth of nations (North 1996).

These observations leave us with more questions than answers to the problems of development for a small island state enjoying new found freedom and independence.

Which of the institutions of nationhood can a small island adopt or adapt?

What mechanisms are necessary to maintain identity as a nation?

How do our institutions evolve in order to make transactions work better?

How do we shape institutions to promote sustainable development?

Can we non-deterministically design contexts in which improved outcomes might be possible?

The need to plan these institutions carefully has been obvious to East Timorese leaders. In Gusmao's (1999) own words:

Let us not be captivated by the methodologies of solving social emergency problems with which we are lately preoccupied. Let us conceive structured projects that guarantee sustainable development in East Timor...We will need without doubt, outside help in many diverse areas...The challenge that is facing us is one of whether our natural potential can attract foreign investors to stimulate our economic development.

Our advice would be to proceed on the assumption that the systems of government and nationhood will self-organise. The critical guideline for those who seek to organise the complex system is to proceed on the basis that this will be a learning process. This requires sensitivity to the experience of stakeholders and a platform of common experience. Such have been the conditions on which the long struggle for independence for East Timor was waged. Interventions should be non-deterministic with no blueprint for the development process

The architects of government and policy planners need to strike a balance between too much and too little control. Too much intervention according to any preconceived blueprint stunts the process of self-organisation and inhibits the capacity of systems to react flexibly to change (Stacey 1993). Too little control tends towards fragmentation and disintegration. The promotion of people-centred development requires a breakdown of the dualistic mode of thinking associated with the 'top-down' and 'bottom-up' metaphors. There are no guarantees of success in adopting a learning approach, but there is increasing support for the development of attitudes supporting self-criticism, reflection and openness about mistakes in organisational culture (Senge et al 1994).

East Timor previously operated within the broader institutions of the Indonesian State. By their achievement of independence, the costs of education, health, justice, etc. are all transferred directly to the people of East Timor and their supporters. The Indonesians are freed from the costs of the subjugation of the Timorese. The net change in terms of the flows of wealth into and out of the country are impossible to estimate. Judging by their actions, we can only conclude that those in power prior to the independence vote certainly had much to lose from this outcome. The actual costs of this transformation lie in loss of human life, trauma, destruction of infrastructure and degradation of the environment.

The mission statement for the government of East Timor set down in the Strategic Development Planning for East Timor Conference in Melbourne (1999) and endorsed in the Reconstructing East Timor Conference in Tibar (2000), is recorded as being:

- to provide services and be responsive to the needs of all citizens:
- to work towards the welfare of all citizens;
- to strengthen an active civil society;
- to work towards sustainable development goals;
- to pursue the fulfilment of five sets of rights (civil, political, economic, social and cultural);
- to create the conditions for a free and independent media.

This role for government is augmented by a vision for an independent judiciary reflecting the separation of powers and abiding by the rule of law. The economic system

chosen is an open market model, with selective intervention by government for equity, transparency and efficiency. Policy guidelines have been extended for the agriculture, tourism, education, health, gender, infrastructure and environment in concert with the role of government.

Language diversity within nations creates costs through unnecessary duplication and miscommunication. Yet language is a fundamental expression of culture. Nations sometimes willingly bear these costs to preserve cultural heritage. East Timor is faced with a difficult situation, where Bahasa Indonesian has been the language of government, commerce and education up to independence. The people faced a difficult choice in nominating an official language to replace Indonesian. There are four major language groups in East Timor, with Tetum the most widely spoken. The National Council for Timorese Resistance has chosen Portuguese as the official language to maintain historical ties. This choice helps to cement relationships with the former colonial power and with former Portuguese colonies.

The challenge for small island communities like Timor lies in the maintenance of the distinctive elements of culture and values that shape their identity and have served to sustain their livelihood in the past. Sovereignty issues and self-determination are important principals for development and thus for policy direction in the newly emerging nation.

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# Paper 6: Developing Sustainable Tourism in East Timor: Some Insights from South East Asia

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#### **Abstract**

Trends world-wide in tourism provide considerable encouragement for pro-actively developing tourism in East Timor. Conservative extrapolation of South East Asia data suggests a vibrant tourism sector could develop in ten years, attracting 100 000 visitors and expenditures in excess of US\$34million, potentially influencing development in all industry sectors and altering socio-demographic profiles. Despite tourism being clearly on the East Timorese sustainable development agenda, little has been done to facilitate and support the development of tourism enterprises. While a laissez fare approach to tourism may achieve economic success it will likely be at the expense of the environment and Maubere cultural aspirations.

Recent policy development initiatives for tourism are outlined, identifying the strong emphasis given to tourism planning to ensure:

- the effective and efficient development of tourism product and related support services, and
- economic, social and environmental goals are achieved sustainably.

The paper calls for proactive, community-based planning and strategic small-scale developments that reflect the tourism vision repeatedly expressed by the East Timorese leadership.

# Introduction

#### World tourism growth

Tourism is possibly the most remarkable socio-economic phenomenon of the  $20^{\rm ft}$  century and growth continues to be on the increase, within recognised tourist destinations and as new countries enter the market. For those involved with tourism, the statistics are exciting, for others they appear to be incredible. The World Tourism Organization (WTO 2000) reports 664 million tourists travelling in 1999, generating a staggering US\$455billion in receipts, excluding travel fares (US\$93billion) and multiplier effects (variously determined as being a multiplier from 1.5 to greater than 2). Over the last 50 years, despite some 'ups and downs', tourism has maintained an average growth rate of 7% per year. In 1950, only 15 countries enjoyed the economic benefits of tourism. Today, more than 70 countries receive over one million international tourist arrivals (WTO 2000).

While Europe and North America remain the main beneficiaries of tourism (78% of arrivals), East Asia and the Pacific are gaining rapidly, having secured 15% of market share in 1999. Despite the effects of the 'Asian Economic Crisis', natural catastrophes and localised civil unrest (e.g. Indonesia), in 1999 the Asia Pacific region experienced a growth rate of 11% and more than 92 million international tourists. Malaysia (43%), Cambodia (29%) and Vietnam (17%) all exceeded the average, while Japan (8%), New Zealand (8%) and Australia (7%) simply matched the international average (WTO 2000). It is perhaps important to note that there is a tendency for the 'developed' countries not to record the large percentage increases, especially in the context of the apparent interest in eco and cultural tourism. However, of the East Asia Pacific countries only China, Hong Kong SAR and Australia make the top 15 tourism earners (WTO 2000).

These data strongly suggest that the tourism future for developing nations of South East Asia is bright. There appears room for new destinations to enter the market and as well as increase receipts per tourist arrival. That is, there is latent or growth capacity to increase both numbers and financial receipts from tourism investment. The WTO (2000) forecasts the more developed nations of East Asia will grow at a rate of 7% while the developing nations will maintain more modest growth rates of between 3 and 5%.

# The markets

Not surprisingly, it is the industrialised nations of the world that generate most travellers. The Americans, Germans, Japanese, 'British', French and Italians are the 'big spenders', accounting for over half of the world-wide expenditure on tourism (see WTO 2000). However, such data needs to be considered carefully when targeting potential markets for South East Asia tourism, because they are the result of the product of number travelling and

expenditure, to all destinations. There is enough wealth in the East Asia Pacific for a small country to achieve sufficient market penetration in the region, without attempting to compete with established destinations or attract the big markets. For example, an arrival rate of 100 000, a quarter of what Fiji receives and the same as New Caledonia, requires a penetration of the existing travellers to South East Asia of less than a hundredth of one percent. In this context, there is the potential for targeting the speciality and exclusive market segments that will pay a premium for a unique experience.

# **Economic importance**

Tourism (as an export commodity) leads all others in export earnings. In 1998, it accounted for 7.9% of world export earnings compared with 7.8% for automotive products, 7.5% for chemicals, 6.6% for food and 5.1% for fuels. Tourism is the main source of foreign currency for nearly 40% of countries and within the top five earners for nearly 85% of countries (WTO 1998).

## **Implications for East Timor**

Clearly, East Timor can not ignore the vast potential of tourism. It is in the centre of the fastest growing tourism area. It has the potential to gainfully employ a significant, if not the major proportion of the population. It has the potential to become the major source of foreign capital and, in this sense, perhaps the only sustainable area of economic activity. While world trends are encouraging, regional data are extremely motivating.

# Insights from the region

#### Tourism growth in war affected nations

Tourism in the East Asia Pacific region is a relatively recent phenomenon. In 1981, for example, Bali had a mere 200 000 visitors. Today it receives six times that number. The rapid entry of additional South East Asian nations to the tourism scene is exemplified by Cambodia, Laos and Vietnam (Table 1). In just 10 years, Laos and Cambodia have achieved tourist arrivals of around 300 000 visitors, while Vietnam has had a seven-fold increase in visitor arrivals to reach nearly 2million. Significantly for East Timor, these countries have had a history of civil strife and warfare, yet the growth in tourism has been significant and rapid.

Table 1 International tourist arrivals ('000)

Year	1990	1995	1997	1998	1999
Lao P.Dem.R.	14	60	193	200	270
Cambodia	17	220	219	286	368
Vietnam	250	1351	1716	1520	1782
Indonesia	2178	4324	5185	4606	4700
South East Asia	21469	29173	30611	28951	33377

Source WTO 2000

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Initially, tourism receipts have been equally dramatic, but not always sustained (Table 2). Vietnam, in particular, despite increasing arrival numbers, apparently has not been able to convert this to increased income. Although possibly an artefact of a change in reporting of the data or the Asian Economic Crisis, it might also reflect a lack of planning to maximise returns and an inability of the community to 'exploit' attracted markets and market segments. However, the more likely explanation is the growth in the backpacker market, where expenditure goes directly to community

members and hence not reported. The peculiarity of the Vietnam data is highlighted when the figures are converted to expenditure per international tourist arrival (Table 3). While Laos and Cambodia are maintaining figures of around US\$450-500 per arrival, Vietnam has dropped to around US\$60: a most unlikely situation.

Table 2 International tourism receipts (US\$'million)

Year	1990	1995	1997	1998	1999
Lao P.Dem.R.	\$3	\$25	\$73	\$80	\$103
Cambodia		\$100	\$103	\$166	\$190
Vietnam	\$85	\$86	\$88	\$86	
Indonesia	\$2,105	\$5,228	\$5,321	\$4,045	
South East Asia	\$14,473	\$27,931	\$24,305	\$20,414	

Source WTO 2000

# **Extrapolation of the data to East Timor**

If the Vietnam data are excluded, and assuming that East Timor can attract 100 000 visitors, then tourist expenditures can be expected to be in the order of US\$35-60 million (Table 3). This represents about a quarter of the 1997 gross domestic product for East Timor reported by the World Bank (World Bank 1999). The notional 100 000 visitors used here simply reflects the ratio of visitor arrivals to residents in Australia. That is, it may potentially be an underestimate.

Table 3 Expenditure per international tourist arrival

	1990	1995	1997	1998	1999	Projected East Timor receipts (1998 rates and 100 000 arrivals)
<sup>a</sup> Lao P.Dem.R.	\$214	\$417	\$378	\$400	\$381	\$40.0million
<sup>b</sup> Cambodia		\$455	\$470	\$580	\$516	\$58.0million
<sup>c</sup> Vietnam	\$340	\$64	\$51	\$57		\$5.7million
Indonesia	\$966	\$1209	\$1,026	\$878		\$87.8million
Average a, b and c	\$277	\$312	\$300	\$346	\$449	\$34.6million
South East Asia	\$674	\$957	\$794	\$705		\$70.5million

If the data are extrapolated from a different perspective, a similar order of magnitude for expenditure is achieved along with an indication of growth over time. In Table 4, the growth pattern for Cambodia, Vietnam and Laos from 1990 to 1998 is used, assuming that, in the immediate future, East Timor merely attracts 15000 visitors (c.f. Table 1 for the year 1990).

Table 4 Extrapolations from Cambodia, Laos and

	2003	2008	2010	2011
Arrivals 1	15000	72064	94023	88633
Beds (peak) <sup>2</sup>	164	790	1030	971
Rooms (peak) 3	110	526	687	648
Expenditure (Low) 4	\$4.2m	\$22.5m	\$28.2m	\$30.6m
Expenditure (High) 5	\$6.7m	\$35.4m	\$41.9m	\$40.1m

Assumes growth rates follow the average pattern of Laos,

Cambodia and Vietnam.

<sup>&</sup>lt;sup>2</sup> Assumes 75% arrivals in dry season, 75% occupancy and 4 nights stay.

- <sup>3</sup> Assumes one twin share to each single.
- <sup>4</sup> Uses average expenditure in Laos, Cambodia and Vietnam.
- Uses average expenditure in Laos, Cambodia, Vietnam and Indonesia.

In ten years, East Timor could expect (again) around 100000 visitors. Under this scenario, receipts would grow from around US\$5million to 35 million. The required tourist facilities would increase from 164 beds to 971 and rooms from 110 to 648. This represents, on the international scale, around 6 to 7 small hotels or resorts <sup>17</sup>. At the moment, there are already around 550 'hotel' rooms in Dili alone, over 9 establishments (two owned by East Timorese). Given that reconstruction and international aid staff will most likely occupy these for some time, the calculations refer to additional, tourist-specific facilities.

While these calculations can not substitute for detailed market planning and are exceedingly 'rough' (although conservative), they highlight some significant issues for socio-economic and industry planning in East Timor.

- The orders of magnitude appear to be readily achievable.
- The level of investment exposure to risk appears to be, relatively, low.
- Such a profile is attractive to off-shore investors (provided security is assured).
- Off-shore investors in tourism, while creating employment in construction and service industries, inevitably siphon-off profits.
- Viable 'resorts' could be created on the northern coast, based solely on sun, sand and maritime activities (c.f. the Coral Coast of Fiji).
- The region already has an abundance of such facilities.
- Nodal or peripheral tourist facilities will not spread the economic benefits of tourism equitably.
- Rural communities would be attracted to the employment and commercial opportunities offered by such centres.
- Since tourism is a major employer of skilled and unskilled staff, a successful tourism sector will require the involvement of a significant proportion of the Maubere (East Timorese) population. This has implications for other industry sectors and demographic distribution, if tourism develops solely around a few coastal centres.

# A Philippines example of tourism growth

Boracay is a dumbbell shaped island in the Philippines, about 7km long and 1km wide at its narrowest point. It has a local population of around 6000 who, in the past, gained their livelihood through copra plantations and fishing, but now are almost totally dependent on tourism. The primary tourist assets are a 4km protected white coral sand beach, clear water and the resultant marine focused activities.

Tourism commenced in the mid 1970s with small accommodations but grew rapidly in the 80s and 90s with television promotion (c1984) and the arrival of SCUBA diving and expanded accommodation. Arrivals increased from 30 000 to 160 000 in 10 years (Figure 1). Around the mid-1990s, with almost all of the primary assets developed,

reconsideration of the future began by government and the private sector. In 1997, the first 4-5 star resort was built on the southern point of the island. To-day, about 100 'traditional' style marine vessels, with their shallow draft and double out-rigging, anchor off the beach or are involved in ferrying goods, guests and workers from adjacent areas, or taking dive trips around the island. The coconut palm lined foreshore hides a mass of development immediately out of sight from the ocean. There are well over 100 accommodation places ranging from 3-4 star to half star cottages, over 50 restaurants (excluding accommodation related facilities), and numerous wayside tourist retail stores and shops. Almost all items for sale are imported. Behind the foreshore accommodation, a narrow road is alive with motor bikes, bicycles and small shops. At least one international resort is planned, and the Philippines Government is completing an international standard golf course with associated resort accommodation in the northern centre of the island. Accommodation and restaurants reflect a western tradition in name and food offered. Most serve traditional Filipino meals but are dominated by French, Italian, German, Indian and Thai cuisine.

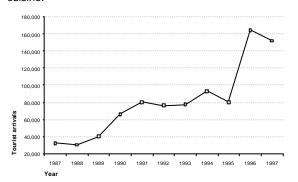


Figure1: Annual tourist arrivals to Boracay Island (1987-1997)

Data source: Philippines Department of Tourism, 1998

Government overtly regulates tourism facilities and services to effect quality service. Organisation for guest transfer is of a high standard and with a minimum of fuss. Mains power, a reliable water supply, and a modern sewage treatment system will be provided shortly in 'emergency' response to environmental deterioration. At White Beach, the bamboo walled and thatched cottage accommodation of local architectural vernacular style is being replaced with more expensive Spanish style concrete and tile forms. The shift is rapidly towards a more up-market type of facility and service.

The Boracay Island experience exemplifies the growth potential of tourism at the site rather than national level. It also highlights how rapidly growth can occur and how this, without adequate planning, can lead to significant environmental degradation and socio-cultural impacts. At Boracay,

- the currently utilised assets/attractions are close to capacity (at least social carrying capacity);
- past market segments have or are being usurped and now seek new destinations.
- existing market demand can not be accommodated through accessing additional natural resources because they have been degraded, although restoration of degraded forest resources remains a long term option;
- promotion, marketing and development have altered the market towards one that is less appreciative of or

<sup>17</sup> It should not be construed from these data and extrapolations that either of the authors is proposing a particular style of tourism development or approach to tourism development.

dependent on the natural and cultural values of the destination (shift in market type from adventure to recreation tourists);

- the local community is in imminent danger of losing control of and access to island resources (mass tourism dominates all island locations);
- the ability of the local community to determine its tourist future may be diminished through economic dependency and development-based growth; and
- growth options are limited only to a style that increasingly focuses on built attractions, within an exceptional maritime setting.

Of possibly more importance for East Timor, is the fact that tourism growth has not occurred at a steady predictable rate (see Figure 1). It has be sporadic and in steps. In such cases:

- small communities in particular may not be prepared for the rapid change, and management of natural resources is insufficient to match increased demand, leading to rapid deterioration;
- the lack of preparation leads to greater socio-cultural and environmental impact:
- local communities can often lose control to off-shore investors due to the absence of local investment capital;
- tourists and host communities become dissatisfied, with a resultant loss of image and often custom.

# The implications for East Timor

Given political and social stability, tourism data from the region and specific tourism case studies suggest that East Timor can build its economy on tourism. Ximenes and Carter (1999) suggested that tourism could act as a strategic focus for sustainable development in East Timor. This analysis suggests that this is an understatement and that if tourism is to be part of East Timor's economy, then it may drive all economic and social development. For example, the nature of tourism development and its location will affect the demographic distribution of the Maubere. Successful tourism has the potential to become a major source of employment, directly or indirectly, with significant implications for all other industries. The current employment profile of agricultural dominance (76% in 1996 (IG 1997)) could be upturned, cultural norms challenged and infrastructure development patterns redirected. However, security concerns may be eased by the presence of international travellers as East Timor progressively loses its vulnerable status (c.f. Bali level of independence within the Republic of Indonesia).

Tourism has the potential to bring great benefits to East Timor, but there is the potential for considerable social and cultural cost. A *laissez fare* approach, including permitting unfettered foreign investment, may realise the economic potential but it will probably also maximise social and cultural impact. Failure to be prepared for the influx of tourists that will inevitable come will mean that the East Timorese may fail to gain economic independence through tourism and see their cultural traditions disappear along with a rapidly degrading environment.

# The status of tourism in East Timor

Xanana Gusmao (1999) identified that 'we should accelerate the creation of conditions for ecotourism', and he strongly linked this to cultural identity, humane relations, environmental protection and future generations. Despite this, and the repeated expression of the country's

leadership's desire to make tourism part of East Timor's economic future (see SDPET 1999; Habitat Pacific 2000), United Nations agencies appear to have been unresponsive. The United Nations Development Programme all but dismisses the development prospects of tourism with the words 'enjoys some potential', and simply cites existing interest from off-shore hotel operators in its 8-line appraisal (UNDP 1999:15). As yet, UNTAET have not placed tourism on their agenda and environmental protection, an essential element of ecotourism, has been downgraded to a unit within the administration.

Unstructured interviews with accommodation managers in Dili to obtain capacity and occupancy data (January 2001), invariably evoked criticism of UNTAET's inactivity in:

- engaging Maubere in tourism ventures;
- providing infrastructure needed by tourism in the longer term (and the hospitality sector now); and
- actively addressing environmental degradation brought on by inherited conditions and exacerbated by UNTAET programs.

In summary, tourism has little or no status at present. Its infrastructure necessities of power, clean water, road access and telecommunications remain unreliable. Most towns, including Dili, still exhibit rubble eyesores of the immediate post-popular consultation days. No attention has been given to training hospitality staff.

East Timor's tourism future is suffering from the tyranny of no decision. FALINTIL have been largely marginalised rather than being employed, for example, in the security area, hawkers are beginning to mimic the behaviour of their Kuta, Bali counterparts, and street vendors continue to occupy prime public open space. According to East Timorese informants, UNTAET has brought behaviours that challenge cultural mores, including both male and female prostitution (with an increase in HIV positive records) and inappropriate behaviour related to (un)dress standards. Away from Dili, the future for the Maubere appears ordained to be tied to agriculture, despite many expressing an active interest in being part of tourism.

However, the prognosis for tourism remains bright: markets exist, waiting to be attracted. Tourism is driven not by large resorts or governments, but by numerous small businesses making incremental decisions and investments. The Maubere, expatriates and foreign investors will respond to demand and opportunity. The issues that need to be addressed are what form will future tourism take and how can the East Timorese leadership 'accelerate the creation of conditions' to match Maubere aspirations.

#### **Towards Maubere tourism**

The use of the words 'Maubere tourism' is intentional. It seeks to suggest a form of tourism that stems from the people and is for the people of East Timor, rather than a form that merely supplies product and services tourists. It is an ideal that embraces the concepts of sustainable tourism, ecotourism and best practice cultural tourism, but the form it takes will be strongly coloured by the aspirations of the local community and be driven and largely delivered by them. This can be visualised as the integration of community goals for environmental protection and restoration, social and cultural enhancement and economic development (Figure 1).

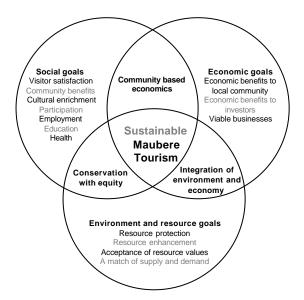


Figure 1 The elements of Maubere tourism (adapted from Hall et al. 1997)

The concepts inherent in 'Maubere tourism' have been endorsed by CNRT and documented in proceedings of a number of conferences dedicated to planning East Timor's reconstruction (Ximenes and Carter 1999; Ximenes and Carter 2000; Ximenes et al 2000) and recently consolidated in Carter et al (in press). This latest publication briefly critiques the works, identifying that they lack:

- a solid data base for needed confidence;
- · comprehensiveness;
- any community input;
- conversion to strategic operations with budgets; and
- critical review.

Nevertheless, the key findings of the papers may be of value for consideration and are presented below.

Ximenes and Carter (1999) is a conceptual paper that discusses the benefits and negative impacts of tourism and presents a vision of tourism in East Timor. The paper identified ten principles for engaging in tourism development:

- develop a product that is as different as possible to that of competitors;
- use natural and cultural resources as the basis for developing tourism products;
- sustainable use of natural and cultural resources is essential:
- if cultural resources form the basis for tourism products, the owners of the culture must control its presentation;
- · involve the community fully in the planning process;
- planning is to be iterative (not a once only process);
- make quality experiences the tourism product;
- measure success by client and community satisfaction and not solely by economic or physical achievements;
- provide value for money; and
- plan for steady and predictable tourism growth.

It was also proposed that tourism could form a central area of economic development to which other initiatives could be linked. It was identified that tourism could provide:

- an additional rationale for improved community education:
- · an impetus to cultural reinvigoration;

- an additional rationale for, and financial benefits from community infrastructure development (sewerage, water, supply, garbage collection, power, telecommunications, public transport and roads);
- a rationale for the conservation of natural and culturally significant heritage resources;
- a rationale and a market for increased and diversified agricultural production;
- an additional rationale for developing effective health services; and
- · an economic incentive for law and order.

Also presented and adopted by CNRT are the requirements for:

- comprehensive tourism planning, under-written by the principle of sustainability and protection of natural and cultural resources, to be commenced as soon as possible;
- planning to be based on detailed resource inventory, which identifies values and susceptibility to degradation through tourism use;
- a program of training to raise community skills in preparation for tourism development;
- infrastructure services be upgraded so that the community can host tourism; and
- only tourism projects that directly benefit the community be supported.

Ximenes and Carter (2000) defines actions that could be implemented rapidly that would assist in establishing practical institutions and increasing human capacity to respond to future tourism initiatives:

- move to establish a national park system, with the support and co-operation of local communities;
- move to develop necessary tourism infrastructure, so that tourists can be accommodated, presented with memorable experiences, and appropriately charged for services:
- improve human capacity, focused on local village communities, to manage natural resource impacts and to provide hospitality services to value-add and gain economic benefits; and
- establish cultural rejuvenation programs to revitalise dance, carving, basket making and fabric weaving traditions and sustain East Timorese culture and individuality as a people.

Example pilot community based projects were outlined along with potential markets (UNTAET and reconstruction staff, adventure tourists and backpackers) for community-developed tourism initiatives.

Ximenes *et al* (2000) identified that planning for tourism needed to fulfil two purposes:

- to ensure the effective and efficient development of tourism product and related support services, and
- to ensure economic, social and environmental goals are achieved, sustainably.

It defined three primary goals for tourism planning:

- to base tourism on the sustainability of East Timor's environment and culture;
- to deliver benefits such as employment and ownership to the local community; and
- to develop true partnerships between investors, international tourists and the East Timorese community at all levels

The last goal gained most emphasis and addressed the problem of the lack of internal capital for tourism development. It was proposed that foreign investment would be needed for accommodation at major coastal centres, but tourism activities and less capital intensive accommodation would be supplied by East Timorese.

Ximenes et al. 2000 is a draft policy paper addressing:

- tourism planning;
- tourism links to foreign investment, rural industries, commerce and the retail sector;
- conservation of tourism assets (natural, historical and cultural);
- product development (central facilities and services, regional destination development, heritage based tourism, and nature and rural based tourism);
- infrastructure development (accommodation and transport); and
- support services (marketing and promotion, and institutional arrangements).

The document sets out the direction given by the East Timorese leadership and addresses tourism related matters under the headings of 'context, issues, aims, policy, strategy and action'. The document has been received by CNRT and the Minister for the Economy, but is yet to be endorsed.

#### Conclusion

Tourism is crucial for East Timor's future. It can attract foreign investment, provide considerable employment and aid in achieving a satisfactory balance of trade. It can be a focus for the development of other sustainable economic initiatives and provide incentive for cultural rejuvenation and natural resource protection, as well as promoting peace and stability. World and regional trends in tourism suggest that giving emphasis to tourism as a sustainable industry has low economic risk. However, the benefits of tourism will not be realised if tourism development is reactionary. The East Timorese community lacks tourism experience and the needed business acumen to appropriately respond to tourist demands. Initially, tourism needs to be regulated to control foreign ownership and give time for local capacity building. Community involvement and community-based projects are needed now, especially in rural areas, to enable tourism to be integrated and to grow within East Timor's changing society, culture, environment and economy.

Tourism policy initiatives have attempted to present a vision and framework for achieving these targets and also reflect the vision of the East Timorese leadership. However, there has been little on-ground activity in the hospitality area save for the entrepreneurial activity of expatriates and a few East Timorese. The UN administration has tended to give priority to:

- the rebuilding of East Timor, in contrast to planning for its future;
- · the 'centre', in contrast to the 'periphery';
- developing the public sector bureaucracy and capacity building in this sector, in contrast to establishing a framework for (tourism) entrepreneurship; and
- self-sufficiency, in contrast to economic and community development for the future.

While the rebuilding of East Timor is an unenviable task, the apparent lack of attention to tourism's potential, both positive and negative impacts, given by international agencies seems myopic and unresponsive to community

interest. In some cases, it exhibits a lack of even the simplest understanding of the tourism phenomenon. Tourism can take a form and develop so rapidly that effective planning and management of impacts will rapidly become extremely difficult. To avoid the problem of 'catchup', tourism planning and some community programs need to be initiated immediately. Action could involve formalising strategic directions, supporting small community based initiatives, developing plans for specific actions, building capacity through community based action learning, while the window of opportunity still exists in the aftermath of decades of suppression, uncertainty and civil unrest. At this time, risk associated with this approach is low, because it responds to demand at all levels. However, this can rapidly change, and East Timorese will loose control of its tourism future, if it has not prepared for its next invasion: tourists.

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