



**REPÚBLICA DEMOCRÁTICA DE TIMOR – LESTE
MINISTÉRIO DO TURISMO, COMÉRCIO E INDÚSTRIA**

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**Global Perspective on Bridging the North-South Divide:
Sustainable Tourism Development and UN MDGs**

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Excellencies, honoured guests, ladies and gentlemen.

First of all, I would like to thank the IIPT for this opportunity to contribute a viewpoint from Timor Leste to this worthy debate on the power of tourism in achieving the United Nations Millennium Development Goals and bridging the North-South Divide.

As many of you will know, Timor Leste became the world's newest country when it gained its independence from Indonesia in 2002. Timor Leste is a small nation located between Indonesia and Australia, with a population of around 1 million. As is often the case, our independence was won through a long and often violent struggle, culminating in the almost total destruction of the country's infrastructure in 1999.

As Timor Leste faces its future as an independent nation, despite being rich in natural resources, the challenges of building a country from scratch were enormous. However, challenges also present opportunities. Timor Leste was in a unique situation, in that with help from the international donor community it was able to lay down the foundations for development according to the world's best practices, sharing the benefit of the experience of other nations. At the same time, Timor Leste's development process could be underwritten by the income derived from oil and gas.

Timor Leste is a country of outstanding natural beauty. It has splendid mountainous interior, beautiful beaches, one of the world's best coral reefs and a strong indigenous culture.

We are trying to gain reputation as one of the world's best scuba diving destinations thanks to our pristine marine environment and biodiversity: this year we declared our first national marine and terrestrial (Nino Konis Santana) Travellers can come to explore our lush rainforests, historical places and to witness an authentic ancient culture that still thrives.

Our people have a strong sense of hospitality and offer a warm welcome to visitors. These are all ingredients for a robust tourism sector. The government has therefore decided to prioritise tourism development so that once the oil and gas income starts to decline, tourism will be poised to move into the foreground as one of the pillars of the country's economic future.

To achieve this, we need to apply a strong and clear vision in our approach to tourism development: to create a dynamic, competitive and profitable industry, which makes a vital and increasing contribution to the sustainable economic, social, cultural and environmental well-being of Timor-Leste people.

It is a huge task; requiring a broad plan of action which has implications not just for the tourism sector, but for the country's development as a whole. It was essential to devise a wide-ranging tourism policy that would serve as a blueprint for the development process and build a solid foundation for our plan of action. Our tourism policy has had to take into account a number of strong challenges:

- Infrastructure. Given the large-scale destruction of infrastructure throughout the country in 1999, we are faced with the urgent need to apply our resources not just for tourism-specific projects, but also to creating essential infrastructure at national level. We have designated 2009 as our kick-off year of infrastructure development: we starting with the design of the strategic and master plan for the big infrastructures, while beginning partially to increase electricity and water supply, as well as to improve sanitation.
- We target to have our airport upgraded to international standards in two years time. Paralel to that, we also do support the development of new hotels and other tourism facilities. The impact of these projects will extend far beyond tourism to offer advantages to other sectors such as trade, health and education, as well as creating employment.
- Human Resource Development is one of the most important aspects of our tourism policy, at both government and private sector level. This will take the form of vocational training schemes as well as a general strengthening of the national curriculum to prepare our young people for future employment.
- Investment Promotion; to maximise employment opportunities in tourism, investment promotion is of paramount importance. The government has created a range of incentives to stimulate private sector investment in tourism, the results of which are beginning to emerge even at this early stage in our development. We are encouraging foreign investment across a range of accommodation categories, from eco-lodges to 5-star boutique hotels and resorts.
- Product Development and Diversification; in order to compete in the international market place Timor-Leste needs to develop and diversify its product, by strengthening and expanding the range of activities available to tourists. This will enhance their motivation to visit Timor Leste and to give them more, and better, reasons for staying longer and spending more in the country. Vocational training and foreign investment are key factors in achieving product diversification.
- Development of ecotourism by Raising awareness and local participation: as a new country, our people still have limited awareness and participation with regard to tourism development. It is therefore vital to raise awareness and

engage communities in a more active role in tourism initiatives, through government financial support and public education campaigns.

- Rebranding; the main objective of rebranding is to create a strong, distinctive brand identity for Timor-Leste that can be effectively used for marketing the country as a tourism destination for its various target markets. This is especially relevant to countries in a post-conflict situation. In the case of a new destination such as Timor Leste, it is essential to engage in a policy of sustained and persistent promotion at trade shows and in the media, to create a consistent country identity and image in the eyes of the world's travel wholesalers.
- Tourism Law; sustainable development must be a rational and controlled process and therefore it is essential to create a comprehensive legal code and framework in which the industry can operate, be governed and effectively regulated for the benefit of the industry and its customers.

Timor Leste's experience in facing these challenges is shared by so many other developing countries, in the so-called "south", where achieving the Millennium Development Goals is of most critical importance. Tourism can and will play a key role in achieving those goals because its influence extends far beyond the confines of the sector itself. When we look at the 8 Millennium Development Goals, tourism has a direct impact on four of them and contributes indirectly to achieving the others.

- Ending poverty and hunger. Tourism has the potential for creating employment, but also offers opportunities for entrepreneurship at small and medium enterprise level, ultimately leading to economic independence for individuals and communities. It stimulates consumption of local produce, goods and services and therefore touches on almost all forms of economic activity in the country.
- Gender equality. The high quality of employment is a strong feature of the tourism industry. It requires a broad range of skills ranging from tour guiding to administration, to catering and hospitality, entertainment and travel booking and planning. Women can compete for these jobs on an equal footing with men and there are strong opportunities for career development. In the case of Timor Leste, women already play a strong role as entrepreneurs in the handicraft sector and other activities that derive benefits from tourism.
- Environmental sustainability. The tourism industry is highly dependent on its environmental sustainability and it must play a key role in the protection of the environment as one of the sector's most important assets. Most developing countries have a product mix that includes some aspect of nature-based tourism and this is a strong draw in attracting tourists from highly developed countries. Given that scuba diving is a core product in Timor Leste's tourism industry, special attention needs to be paid to protecting the highly sensitive coral reef ecosystem that extends along the country's whole north coast. Similarly, conservation of our tropical rain forests is essential, not just from the point of view of sustainable tourism development but also as a factor in halting climate change, which constitutes a threat to the tourism industry as a whole.

- Global partnership. The tourism market is global by its very nature. In developing countries, especially small island nations, there is a need to balance the economy between imports of essential items that are unavailable locally and exports, which may be limited in range and quantity. Tourism is highly appropriate as an export product in developing nations, provided that it is conducted in a sustainable manner. Global trade partnerships can have a strongly beneficial effect provided that they are based on principles of fair trade.

So those are the Millennium Development Goals that are directly driven by tourism. But there is also an indirect role to be played by tourism in the case of the remaining four goals: universal education, maternal and child health, and the need to eradicate HIV/AIDS.

The vocational training required for tourism transfers academic skills that can enable young people to access further education, whilst tourism creates a demand for improved basic education to prepare for future training and eventual employment. Tourism offers a career goal and a motivation to young people to attend school and study hard.

It is obvious that the general improvement in economic conditions derived from tourism will also bring about an improvement in health issues on a national scale. Also, governments can make a real impact in avoiding the spread of HIV/AIDS by increasing people's income, education and raising public awareness.

So the tourism industry is a powerful force in working towards the Millennium Development Goals and in bridging the North-South divide, provided that it is based on a policy focused on reducing poverty. To achieve this, it is important to attract investment and know-how to develop the higher end of the market whilst simultaneously building a community-based industry from the bottom up, especially in rural areas where opportunities for alternative income generation are limited. It is crucial to ensure that communities are full and true stakeholders in this process and that income generated by tourism is reinvested in the country.

In Timor Leste, we have adopted this approach by providing small grants to local communities to enable them to open or expand tourism-based businesses such as handicraft markets and home-stay accommodation. The government has also been providing financial aid to tourism training facilities to address the need for human resource development and extend vocational training schemes as a priority.

As I mentioned earlier, Timor Leste is developing its tourism now to create a viable alternative source of income in the future, when the country's deposits of oil and gas are exhausted. In view of this, we have placed strong emphasis on ensuring the sustainability of our tourism industry as a key value in our policy.

There is a complex relationship between tourism and the environment, in that tourism has inevitable and important environmental impacts. These include: resource

use and consumption, waste, pollution and effects from tourism-related transport. At the same time, beaches, mountains, rivers, forests and diverse flora and fauna make the environment a basic resource that the tourism industry needs in order to thrive and grow. While the viability of tourism could be threatened by negative environmental impacts, tourism should also contribute significantly to environmental protection. Tourism and the environment are interrelated and interdependent in complex ways, and together they could provide a sustainable economic base for development. In light of these observations, tourism policy-makers, managers and planners must address the issues of environmental management of tourism development in a sustainable manner. If this is not done, the damage can be irreparable: there are no “second chances” once damage to the environment exceeds tolerable limits.

When planning sustainable tourism development strategy, a wide range of issues needs to be taken into consideration:

- impact on the natural environment, the host communities, the local (regional and national) economy and the indigenous culture;
- demands made on human resources, including knowledge, skills, aptitudes and numbers;
- impact of – and on – transport and infrastructure systems, regional development, resource use and distribution;
- responsibilities derived from international agreements, accords and protocols;
- impact of – and on – other sectors of the economy, especially the primary sectors of agriculture, forestry, mining and fishing, but also some industrial sectors, transport and various aspects of commerce;
- implications of tourism development for land ownership and land tenure, land and property values, alternative or substitute uses
- linkages through the different levels of planning;
- linkages with governments and agencies, tourism industry and other interest groups, host communities, indigenous communities and development of non-tourism industries

Careful analysis of these issues, coupled with accurate monitoring and responsive management are the fundamentals of sustainable tourism development. When we talk of bridging the North-South Divide and tackling poverty through tourism, it is this form of tourism that is the key to success and the achievement of the Millennium Development Goals.

Sustainable tourism is therefore ideally placed as a product for export that can be traded across the north-south divide, thus contributing to correcting the imbalance of wealth in the world. In the developed nations of the north, prosperity has often come at a price in terms of quality of life, environment and opportunities for leisure. Often less developed countries can offer an idyllic setting for the tourist to relax, enjoy nature and explore different cultures. It forms the basis for a strong product in an international tourism market that is increasingly becoming divided into more and more specialist niches. The “southern countries” are in good position to respond with flexibility to this growing demand for fitness and well-being holidays, MICE events, environmental and cultural activity expeditions and other forms of specialised packages, offering the wealthy world a chance to “get away from it all”. This is

frequently demonstrated at tourism industry trade shows, such as the PATA travel mart, where travel wholesalers from the “north” are on the lookout for new and exotic holidays in the “south”. The northern hemisphere seasonal climate also creates demand for holiday escapes to warmer, southern hemisphere climates in the winter.

Tourism also opens the door to south-south cooperation. As developing countries become more prosperous, they will also develop their own outbound tourism markets. There are opportunities for cross-marketing cooperation between businesses, as well as joint ventures and partnerships within shared cultures and markets. Southern countries can extend vocational training and work experience for industry workers within the region, whether at governmental level or within the private sector. And as the growth in tourism contributes to general economic development at national level, this effect also extends to benefit the region as a whole.

Another important benefit derived from tourism is the mobility of labour. Not only are tourism skills often transferable to other industries – particularly in the case of IT and languages – they also facilitate the movement of skilled workers from country to country. This can enhance the so-called “remittance economy”, where expatriate workers send part of their salary home to support the family. This can improve the standard of living for whole communities in the home country and is a key feature of the national economy in many developing countries.

A less tangible advantage of tourism in bridging the north-south divide is that of strengthening a nation’s identity and reputation in the international community. A healthy tourism industry is based on a sense of national pride – after all, the country’s land and its people constitute the product. It is a “feel good” way of marketing the country, which can serve to attract not just tourists, but investment and trade. The psychological benefits – the boost to national morale - derived from a successful tourism industry can play a strong role in promoting stability and fostering a sense of future in vulnerable, developing countries. Tourism can also offer a viable alternative to aid dependency and a transition to greater economic productivity across all sectors at national and regional level, as confidence, creativity and expertise develops across the business community.

I believe that the “north-south divide” is a term that could become obsolete within our lifetimes. Originally based on the idea that most developed nations were located in the northern hemisphere whereas least developed nations were in the south, globalisation and geo-political change tend to erode such a simplistic division. As nations become economically developed, they may become part of the north, regardless of geographical location. The gap between north and south, or between rich and poor, can ultimately be bridged by technology, as India has already demonstrated to the world.

Technology – especially internet access – has changed the face of the travel industry by extending markets and enabling market-responsive product development. The market for independent travel is growing strongly, as people use the internet to discover new destinations and experiences. This new type of traveller is seeking meaningful personal contact with communities on a cultural and economic level, and is therefore increasingly likely to spend money in local businesses. This is

an appropriate alternative to mass tourism both in environmental and economic terms. For this reason, Timor Leste has opted for a product mix that focuses on “high value, low volume” tourism, to maximise revenue whilst minimising negative environmental and cultural impacts. Information technology facilitates the creation of flexible tourism products – custom-made holidays – that can be designed to serve a range of markets whilst responding to the challenges of ensuring sustainability.

Tourism can do so much to improve the lives of people in developing countries, but it is also important for the “south” to assert itself and foster regional cooperation to work towards the Millennium Development Goals. Ultimately, it is up to us to shape a tourism industry throughout the region that will serve to improve the lives of all of our citizens. We must encourage good governance and consideration for all stakeholders when we carry out our tourism development policies. We must support community-based tourism whilst encouraging large and multinational companies to engage with developing countries in a responsible way, with respect to our need for sustainability, employment, poverty reduction and social responsibility. We must maximise the benefits that tourism can bring by minimizing economic leakage and protecting our assets for future generations. All of these principles need to be applied not just at national level, but a regional level, if we are to bridge the divide.

According to the World Tourism Organisation, in 2007 international tourism receipts reached \$856 billion U.S. dollars, an increase of 5.6% on the previous year. It is perhaps too soon to predict what effect the world financial crisis and climate change will have on the world tourism market, but the general trend is still likely to be one of growth. The south must be prepared to overcome its many challenges if it is to engage tourism as a force to generate prosperity, but the potential is certainly there.

In Timor Leste, tourism is a key part of our vision for the country’s future. We are just at the beginning of our development but we know that with determination and hard work we can harness the power of tourism to improve the lives of our people. After all, tourism is a great enabler, on village level, national level and regional level and it is on all of these fronts that we must fight poverty for the sake of future generations.

Thank you.