



**TIMOR  
LESTE**

Tourism  
Barometer  
2018



The Asia Foundation



NEW ZEALAND  
FOREIGN AFFAIRS & TRADE

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The logo features a red stylized hut with three vertical lines on top, a yellow sun with multiple points, and the text 'TIMOR LESTE' in white with a teal underline under 'TIMOR'. Below this, the words 'Tourism Barometer' are written in yellow, and '2018' is written in white.

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## About The Asia Foundation

The Asia Foundation is a non-profit international development organization committed to improving lives across a dynamic and developing Asia. Working through our offices in 18 countries and informed by deep local expertise and six decades of experience, we address the critical issues affecting Asia in the 21st century by: strengthening governance, expanding economic opportunity, increasing environmental resilience, empowering women, and promoting international cooperation. Headquartered in San Francisco, The Asia Foundation works through a network of offices in 18 Asian countries. In Timor-Leste, The Asia Foundation is working with local, municipal, and national level government, as well as civil society partners and communities, to strengthen governance and policy, eliminate violence against women, enhance economic opportunities through tourism development, and promote peace and justice.



# TIMOR LESTE

Explore the Undiscovered





# 1. Introduction

Government, industry, and civil society in Timor-Leste agree that the tourism sector could deliver significant and sorely needed economic growth to the country. Tourism in Timor-Leste, for now still nascent, has the potential to develop into a burgeoning industry. In June 2017, a National Development Forum entitled *Sustainable and Inclusive Tourism Development in Timor-Leste*, and in October 2017 a Tourism Symposium on *Inclusive Tourism Development through Industry Associations and Marketing and Promotion of Timor-Leste Tourism* was organized by The Asia Foundation with funding from the Australian Department for Foreign Affairs and Trade (DFAT) and the New Zealand Ministry of Foreign Affairs and Trade (NZ MFAT) respectively. The event brought together over 100 participants who identified opportunities and challenges in strengthening tourism in Timor-Leste. Participants also agreed upon a strategic development framework incorporating three key pillars of supply, demand and partnership.

Given the recent induction of Timor-Leste's 8<sup>th</sup> Constitutional Government and the momentum generated by the aforementioned National Development Forum and recent Timor-Leste Tourism Symposia, there is much shared optimism and eagerness. The government approval of the Timor-Leste Tourism Policy and the *Explore the Undiscovered* tourism brand, earlier in 2017.

In support of next steps, this Tourism Barometer has been developed to provide a situational analysis that guides tourism development in the country. It is critical that there is wide participation in the development of The Barometer by public and private stakeholders. Consultations have already been held with both the 7<sup>th</sup> and 8<sup>th</sup> Constitutional Governments, and two Timor-Leste Tourism Symposia were held in October 2017 on the topics of tourism partnership and destination marketing. It is envisaged that The Barometer is a living document and will therefore require ongoing consultation among stakeholders to absorb refinements and encourage continuity. Ideally, The Barometer will become a guiding document for any future tourism-specific public-private partnership arrangements that may be established, such as a Tourism Authority of Timor-Leste (TATL) or similar.

The focus of The Barometer is to assess the full potential of the tourism sector and its ability to catalyze the growth of complimentary industries. There is also a need to articulate the interrelationships among relevant public and private-sector operators, and to develop public awareness in order for civil society to understand the centrality of the tourism industry to Timor-Leste's economic future. The new tourism policy and destination brand need to be widely embraced across Timorese society to build shared responsibility and commitment to the tourism sector.

The Barometer provides a broad situational analysis of Timor-Leste tourism based on research drawn from a range of primary and secondary sources. The Barometer articulates a direction for Timor-Leste tourism that is founded on the Tourism Policy, themed around the *Explore the Undiscovered* destination brand. It identifies the opportunities and constraints of tourism development through a situational analysis.









## 2. Situational Analysis

### *Vision: Timor-Leste Tourism Policy*

In March 2017, the Government of Timor-Leste (GOTL) approved a National Tourism Policy, entitled *Growing Tourism to 2030-Creating a Sense of National Identity* with a vision that by 2030 the country will have a vibrant tourism sector that makes a significant contribution to employment across the country; is economically, socially and environmentally sustainable; helps promote a positive image of Timor-Leste overseas; and is an industry that people wish to work in.

The Tourism Policy posits five overarching themes according to which government, industry, civil society, academia, and development partners should view tourism and focus their efforts in order to achieve the goal of a prosperous and sustainable tourism sector for Timor-Leste.



- I. The tourism sector is viewed as a **priority** pillar of economic development that is embraced by government, the private sector, and civil society.
- II. The tourism sector produces **prosperity** through linkages with local industries, delivery of employment opportunities, and the creation of profitable ventures.
- III. The tourism sector supports the **protection** of the natural environment and unique cultural heritage of the country, ensures sustainable development, and guarantees duty of care of international visitors.
- IV. The tourism sector is characterized by a range of public and private **partnership** arrangements that stimulate, develop and grow a diverse portfolio of tourism products and services.
- V. The tourism sector is serviced by **people** that are trained and educated to internationally recognised standards to ensure a quality visitor experience.

Headline goals of the Tourism Policy are that by 2030 Timor-Leste will welcome 200,000 international tourists annually, earning the country USD150 million in revenues and directly employing 15,000 workers. Furthermore, the Tourism Policy is dedicated to ensuring that Timorese tourism is built upon social, economic, and environmental sustainability, in order to maximize the future competitiveness of the country as a visitor destination.



## Insights: Timor-Leste Tourism Barometer

The Timor-Leste Tourism Barometer (TLTB) is an instrument that was commissioned by the Ministry of Tourism and developed by The Asia Foundation and Destination Human Capital with funding from the New Zealand Ministry of Foreign Affairs and Trade. Serving as an evolving situational analysis of tourism development in Timor-Leste, the TLTB has been designed to allow Timor-Leste's tourism sector to monitor growth and progress, thereby allowing for adaptation to changing circumstances of market forces and shifts in the political economy. It is expected that the TLTB will be updated and published annually and shared widely with tourism stakeholders.



This first edition of the TLTB was completed in June 2018 and serves as benchmark against which future advancements in tourism can be measured. There is, however, a notable absence of reliable statistics on the performance of the tourism sector in Timor-Leste. It is hoped and expected that this situation will improve as methods of collection are refined. There have been discussions by government and industry representatives about organizing a third-party tourism research firm to conduct an annual tourism performance survey as a means of confidential data collection.

The subsequent sections of this chapter provide a synthesis of key findings of the inaugural edition of the TLTB. This analysis informs the recommended strategic vision, and subsequent action plan to be developed by the incoming 8<sup>th</sup> Constitutional Government.

## Destination Brand: Explore the Undiscovered

In 2016, the Ministry of Tourism, Arts and Culture (MTAC) developed a tourism marketing logo and slogan that was officially adopted by the Government of Timor-Leste's Council of Ministers on 11 July 2017. *Explore the Undiscovered* is currently featured on the government's official tourism website [www.timorleste.tl](http://www.timorleste.tl). Private sector representatives were closely involved in the development of the brand, and their strong alignment with the Timor-Leste government throughout this process represents a significant





achievement and vehicle for the sustained promotion of Timor-Leste as a tourism destination.

However, much work remains to be done. In light of the development of Timor-Leste's tourism brand, and following development of the country's tourism policy, there is an urgent need to implement marketing activities through public-private partnership arrangements. The Barometer features a full analysis of Timor-Leste's tourism-related supply, demand and partnership performance and arrangements. It provides guidance in identifying suitable actions to support product development, destination marketing and promotion, and institutional partnerships towards tourism development.



# Tourism Supply







The situational analysis first focuses on tourism supply, which is a critical first step in tourism development. Tourism supply can be subdivided into five key areas, including accessibility; accommodation; attractions and activities; amenities; and awareness. In the case of Timor-Leste, there have been many achievements in all five areas of tourism supply, but many opportunities and challenges remain.

**Accessibility.** The success of tourism is in the first instance defined by connectivity and the ability to move people safely, consistently and at a reasonable price to, from and within the destination. Transportation in all its forms is the backbone of international tourism development and provides the essential link between traveller source markets, the tourist destination and its product offerings.

Accessibility represents one of Timor-Leste's single greatest challenges to tourism development. Transportation within the country largely fails to meet international quality and safety standards, and is also expensive and in many cases unreliable. In theory, Timor-Leste is equally accessible by air, road and sea. However, in practice the primary mode of transportation is air.

**Aviation.** Timor-Leste's aviation sector is embryonic and frequently faulted as the core cause of the country's weak tourism performance. Indeed, there is a limited number and frequency of flights serving the hub airport of Nicolau Lobato International Airport (DIL) in Dili. Airport infrastructure is also dated and in need of upgrades. However, upon further analysis, the majority of challenges facing the nation's aviation sector can be resolved in the short term with minimal outlays of public funding.

According to aviation experts, current international civil aviation infrastructure in Timor-Leste satisfies existing and near future demand until at least 2030. An analysis of DIL's slot capacity, terminal handling capacity, and runway capacity suggests that the airport is currently capable of handling approximately 766,500 passengers per year. Asian Development Bank (ADB) estimates that future demand for passengers in DIL might reach 400,000 by 2030, indicating that the current capacity of facilities at DIL can easily support passenger load and demand for at least two decades.<sup>1</sup> This contradicts the argument that multimillion dollar investments to the airport runway are required to modernize DIL.

DIL is currently the only international airport that is receiving regular international arrivals in Timor-Leste. DIL has a single 1850 meter (m) x 30m paved asphalt runway and basic facilities including terminal buildings, a control tower, an air navigation system, a tarmac apron, a standby generator, and a rescue team. There are two other domestic airports in Timor-Leste with the potential to receive international air traffic, including the newly inaugurated Covalima Airport in Suai (UAI) and the soon-to-be-completed new Oecusse Airport (OEC). Timor-Leste also has regional airports on Atauro Island and in Baucau, Covalima, Manufahi, Bobonaro, Viqueque

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<sup>1</sup> Sakai, T. (2017). *Taking Flight: Analysis of Timor-Leste Civil Aviation and Recommendations*, The Asia Foundation.



and Lautem. However, these airports are in very poor condition and lack air traffic control, maintenance capacity, and other facilities. There are limited commercial domestic air services between the operable airports of Dili, Oecusse and Suai at this time. While the Zona Especiais de Economia Social de Mercado de Timor-Leste (ZEESM TL) runs scheduled flights between Oecusse and Dili, most domestic air services are charter operations due to insufficient Air Service Agreements (ASA) and Aviation Operating Certificates (AOC).

Currently, DIL has some 45 weekly flights arriving from three destinations including Citilink, Sriwijaya Air, and Nam Air operating to/from Denpasar; and Air Timor (with Silk Air) operating to/from Singapore; and Air North operating to/from Darwin. International aviation access is summarized below in Table 1.

**Table 1: International Aviation Access**

Sector	Frequency	Aircraft Type	Estimated Load Factor	Airlines Serving the Sector
Denpasar-Dili	2-3/day	A320/Boeing 737	50	Citilink, Sriwijaya and Nam Air
Singapore-Dili	1/week	A320	50	Air Timor with Silk Air
Darwin-Dili	10/week	E170/175	50	Air North

The fact that DIL is only accessible to smaller jets including the A320/319, B737, and E170/175 is often the justification to expand runway and airport facilities, with the logic being that with larger aircraft there will be more capacity to carry larger numbers of passengers on a greater number of routes. However, it should be considered that the A320 and B737 are within range of all major Asian hub airports and have a capacity in excess of 100 passengers. Additionally, it should be noted that all airlines currently serving DIL are either low cost carriers (LCCs) or regional airlines that capitalize on a strategy of efficiency and flexibility through a point-to-point route system using single-aircraft fleets. This approach allows LCCs and regional airlines to change routes frequently in response to changing demand; this will be ideal for the context of tourism in Timor-Leste until at least 2030.

The approach employed by LCCs and regional carriers is in contrast to that of full service carriers (FSCs), which tend to take the traditional strategy of hub and spoke, using larger aircraft for the main routes between congested hub airports, and smaller aircraft for local branch routes. As a result, FSCs require various types of aircraft in their fleets. These diverse fleets of planes and their associated air traffic agreements limit the ability of the FSCs to change routes and capacities frequently.

The distinction between how LCCs and FSCs operate is important for Timor-Leste as the nature of its aviation demand will continue to wax and wane and a quick and efficient response to these fluctuations is more likely to come from LCCs rather than FSCs. This also re-asserts that it is not necessary to build a hub airport to handle aircraft other than the small jets currently serving DIL for at least two decades.



One of the reasons for Timor-Leste's currently low levels of connectivity is that only three Air Service Agreements (ASAs) have been established with Australia, Indonesia and Singapore. ASAs enable airlines to gain approval to conduct commercial operations. A pro-growth strategy requires a forward-looking approach of acquiring commercial rights in advance so that airlines can make long-term plans for opening up new routes and increasing frequency and capacity.

Civil aviation authorities normally negotiate ASAs in communication with their countries' airlines and publish summaries of the contents of the agreed memoranda of understanding. In the case of Timor-Leste there is no national carrier and civil aviation authorities have not disclosed the contents of the existing ASAs, making it difficult to decipher and understand the details of these agreements. According to anecdotal evidence, the ASA between Timor-Leste and Indonesia provides for between 21 and 28 flights per week, while the ASA between Timor-Leste and Singapore specifies seven flights per week. However, it is not clear that these ASAs include any rules for ground handling, code sharing, charter, and other regulations. This limits the ability to list flights on global distribution systems, which makes it difficult for potential visitors to Timor-Leste to collect information on airline routing, ticketing, and costing. In the short term, it is advisable for Timor-Leste to increase the number of routes and airlines using its airports by distributing air traffic rights to neighboring countries such as Brunei, Malaysia and Philippines. If necessary, the country should accept ASAs with unfavorable or unilateral conditions, as they would still be an improvement over the current situation. The only reason to be conservative in ASA negotiations is if there is the prospect of the development of a national carrier, which could certainly bolster tourism arrivals. However, it would require substantial investment and risk on the part of government, unless a favorable public private partnership approach could be crafted.

Moving forward, it is critical that the Government of Timor-Leste acts to improve the conditions for civil aviation in the country in a prudent and strategic fashion. The 2017 National Civil Aviation Policy entitled *Growing Aviation to 2030: Providing Connectivity to Support Economic and Social Development* is a good first step. It states that the Government's vision is for Timor-Leste to be served by safe, secure and efficient air services and its mission in civil aviation is to serve the public interest through effective leadership, planning, regulation, representation, and investment. Specific actions outlined in the Policy include signing additional ASAs; attracting new airlines; destination marketing in conjunction with airlines to build passenger numbers; appropriate rehabilitation and extension plans for Dili airport; and working with large hotel developers and the tourism industry to target both aviation and tourism market development. The challenges that the country faces in growing its aviation services is common to most small islands states pursuing tourism development.

**Land and Sea.** There are limited international overland travel options to Timor-Leste. Not only are road conditions poor, but there is an onerous visa policy which requires arriving tourists from most countries to acquire a Visa Application Authorization (VAA) prior to arrival at the border. VAAs are not required for passengers arriving by



air arrivals who can purchase a visa on arrival. This policy requiring VAAs at border crossings may be stagnating growth in intrepid traveler markets.

The country's road network is deteriorating, with 90% of national and district roads in poor condition and requiring repairs or re-building<sup>2</sup>. Road construction and maintenance in the interior of Timor-Leste are particularly challenging due to the mountainous terrain, and because of high levels of mud and water. The Timor-Leste Strategic Development Plan 2011 – 2030 includes a road program that aims to fully rehabilitate all national and district roads to an international standard by 2020. National and district road routes will be given priority and improvements on these routes will be undertaken first. For example, the Dili – Aileu – Maubisse – Aituto – Ainaro – Cassa road project will provide a key north south corridor, opening up access to central Timor-Leste and promoting tourism by providing an improved link to the Maubisse tourist zone.

An additional challenge is presented by Timor-Leste's public and private transportation providers, which do not currently meet international quality or safety standards, nor offer reliable scheduling. This seriously limits the mobility of tourists wishing to travel to destinations beyond Dili. Taxis are plentiful in Dili, and the recent introduction of the Corrotrans modern, metered and air conditioned blue taxis with drivers who speak Tetun and English are a welcome addition. Microlets (mini-buses) have fixed routes within the city and present affordable transport options (at \$0.25 per route). There are half a dozen rental car companies in Timor-Leste, but self-drive is not recommended for most visitors because of unsafe road conditions and other hazards. Options for alternative modes of transportation such as motorbikes and bicycles are also limited. Improvements should be sought in this area of tourism supply.

In order to increase tourism demand, there is an urgent need to establish a road network to key attractions and highlights in places like Mt Ramelau, Maubisse, Baucau, Com and Jaco Island. Improvements should also be made in the provision of water transport, which is currently of substandard quality, expensive and unreliable. In particular, improved and regularly scheduled access by sea to Atauro Island, Oecussi and Jaco Island could significantly bolster tourism connectivity in the country.

**Accommodation.** Accommodation comes in many forms including hotels, hostels, lodges, vacation rentals, resorts, motels, inns, homestays, and camping grounds. A major consideration for every traveller is where they will stay when they arrive in their chosen destination. The accommodation or hospitality sector is a fundamental part of tourism supply, and forms a major component of visitors' overall impressions of a destination. Arguably, the accommodation sector constitutes one of the most important elements of a visitor experience, required by all visitors, unlike other components of a tourism offering.

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<sup>2</sup> World Food Program (2018), 'Logistics Capacity Assessment: Timor-Leste Road Network', Retrieved from: <http://dlca.logcluster.org/display/public/DLCA/2.3+Timor-Leste+Road+Network;jsessionid=A915F462AD1E-172A974CA64D62E22F08>





As the hospitality industry in Dili is still in the early stages of development, there is currently a lack of comprehensive statistics regarding the overall market's room nights available (RNA) and room night demand (RND), which together illustrate market size and potential for growth. There are currently 30 hotels in Dili registered on online platforms (i.e. Booking.com, Agoda, Tripadvisor), mostly owned by local investors; internationally managed hotels or chains have yet to enter the local market. At the high end of the market, there are four hotels worth noting including the Timor Plaza Hotel, Novo Turismo, Beach Garden Hotel and Hotel Timor. Collectively, they offer 238 rooms and experience an average occupancy of approximately 60% with an average rate of USD120 resulting in revenue per available room some USD70. From a value for money perspective, accommodation in Timor-Leste is significantly more expensive than other regional tourism destinations such as Bali that have much higher levels of RNA and RND. In fact, one of Timor-Leste's challenges in the accommodation sector is a lack of economies of scale due to limited tourism demand.

Expected new additions to local hotel supply include Pelican Paradise in Tasi Tolu, Pacific Beach Resort in Hera, and Hilton in Dili. The former is being developed on a prime 564-hectare piece of land strategically located between the Dili International Airport and the future Tibar Bay Port. The project's vision is to develop a fully integrated township that will become the central hub for tourism, modern living and commerce in Timor-Leste. The project's components include: a 5-star 464-room resort; an 18-hole golf course; 93 units of 2 to 4-bedroom high-end serviced apartments; business hub, school, and a youth development centre. The Pacific Beach Resort will be located 12 kilometres from Dili city centre and 4 kilometres from Cristo Rei. The objective of this project is to create a tourism hub with a focus on eco-tourism and the agricultural sector to create a sustainable local economy. The integrated resort development comprises four main areas including beach, foothill, hilltop, and farm areas. The beach area includes various land parcels earmarked for hotel and resort development. The Hilton is being developed as Dili's first five-star property, with 150 rooms and modern amenities. All three resorts are slated for completion between 2020 and 2022.

**Attractions and Activities.** A primary motive for people to travel to a destination and a key ingredient for a robust tourism industry is attractions. They come in man-made, natural and cultural forms. Man-made attractions are sites that have been constructed, modified or developed such as religious sites, historical sites, archaeological sites, monuments, museums, and parks. Natural attractions are natural assets and resources of a destination such as flora, fauna, mountains, forests, caves, waterfalls, marine diversity, and rivers. Local cultural attractions come in the form of hospitable people, religious rites and other elements of day-to-day life of the indigenous population.

Timor-Leste has examples of all three attraction types in the capital of Dili. Cristo Rei of Dili is a 27-metre-high statue of Jesus located atop a globe that is situated at the end of the Fatucama peninsula, facing out to the ocean. It can be reached by



climbing some 500 steps. The route from Dili along the beach and up the steps to Cristo Rei is popular and the view from the statue across the bay to Dili is spectacular. The Resistance Museum is the principal memorial museum dedicated to the history of the occupation of Timor-Leste by Indonesia and the resistance and independence movement. The Xanana Reading Room, named after Xanana Gusmão, leader of the resistance, prime minister and former first president of the newly independent Timor-Leste, is an idiosyncratic mix of museum, art gallery, library and cultural centre. There are many beautiful views of the ocean and distant Ataúro Island to be seen from Dili. And Dili is very much a hub for experiencing the everyday life of urban Timorese.

Further afield from Dili, there are a number of attractions of particular natural and cultural beauty. Ataúro is a small island situated 25 kilometres north of Dili. Developed by the Asosiasaun Turizmu Koleku Mahanak Ataúro (ATKOMA) with support from the International Labor Organization's (ILO) BOSS Project (IADE/ILO) with funding from Irish Aid and New Zealand Aid the island's destination marketing website [www.ataurotourism.org](http://www.ataurotourism.org) describes the island as an emerging eco-tourism destination that is surrounded by the world's most biodiverse reefs,<sup>3</sup> rich marine life and crystal-clear turquoise waters. The island boasts excellent swimming, snorkelling, diving and trekking. There is significant potential to further develop Ataúro Island for both day visits from Dili and overnight stays.

Portuguese fortresses, churches, and other monuments are scattered throughout the nation. The trip east of Dili to Manatuto, Baucau, Com and Jaco Island has significant potential for its scenic beauty and cultural heritage. However, at this time, the condition of roads limits travel in this part of Timor-Leste. Similarly, the trip south of Dili to Aileu and Maubisse offers visitors a glimpse of the country's scenic landscapes and rich culture. Currently, the roads are in reasonable condition and do allow for day excursions from the capital. Another popular day trip is westward to Liquica and Maubara.

Without question, the untouched nature and marine biodiversity in Timor-Leste are its main tourism strengths. To date, there are limited numbers of divers and snorkelers that have had limited impact on the world-class coral reefs surrounding the country. There is an abundance of large whales during the migration season and dolphin sightings are commonplace.

Unfortunately, dive tourism development is limited by the country's lack of a hyperbaric recompression chamber, which is essential for treating decompression sickness. As a result, the potential for growing this lucrative niche market is restricted due to safety concerns among divers and difficulties in accessing dive-related insurance. This is a strategic investment that the Government of Timor-Leste should consider, possibly in partnership with a private sector health systems operator, such as the newly opened Order of Malta Clinic.

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<sup>3</sup> Slezak, M. (2016), 'Atauro Island: scientists discover the most biodiverse waters in the world', *The Guardian*, 17-08-2016 (online), available at: [www.theguardian.com](http://www.theguardian.com) (18-11-2017).



**Amenities.** When international tourists are away from their home environments, they require a variety of services to facilitate their enjoyment and comfort during their travels. These amenities and services range from food and beverage establishments, internet access, emergency services, retail outlets, hospitality services, local transportation, automatic teller machines, and public toilets. Because many amenities being used by local people in a destination are shared with tourists, a high degree of cooperation is needed for the management of such amenities in successfully catering to locals and tourists alike. While there has been an overall improvement in amenities in Dili in recent years, there remains a distinct lack of quality and consistency in most parts of the country that must be addressed if Timor-Leste is to compete with its ASEAN neighbours.

**Awareness.** Key to the success of any destination is quantifying and qualifying the level of local awareness of tourism opportunities and potential benefits. There is little point in building and investing in tourism if the local community remains unaware of the significance of the sector to the overall economy, or disinterested in participating in related industries. In order to raise community awareness, a variety of activities should be considered ranging from public relations initiatives to outreach campaigns in collaboration with non-governmental organizations (NGOs) involved in civil society and rural development. In addition, to raise industry-specific awareness and harness a nationwide commitment to tourism development, it is critical that the Timor-Leste Tourism Policy is widely shared among all levels of society. Tourism Symposia that bring together industry stakeholders to discuss wide-ranging issues and trends can also help encourage collaboration and nurture a spirit of shared responsibility. A variety of tools are available to communicate with select audiences in Timor-Leste including Facebook, which is used by more than 30 % of Timorese; Instagram; and other social media channels and platforms<sup>4</sup>. The national tourism website [www.timorleste.tl](http://www.timorleste.tl) can also be an information dissemination tool.

In The Asia Foundation's 2017 study entitled "Tourism Private Sector Assessment in Timor-Leste," 26 companies from throughout the Timor-Leste tourism supply chain were interviewed to identify the main challenges faced by the private sector. Human resources issues are foremost among these challenges. Almost all respondents highlighted human resources issues, including not only limited tourism and hospitality skills within the local workforce, but also gaps in attitude attributes such as initiative, behavior, responsibility, rigor, punctuality and motivation. Many employers reported recruiting staff on the sole basis of their 'willingness to work' and English language competency.

Additional challenges identified by private sector entrepreneurs include high operating costs due to extraordinary utility rates; lackadaisical attitude by government towards the private sector; and poor information sharing and awareness building around government-led initiatives such as the new tourism website, policy and brand. Private sector tourism representatives view the establishment of a tourism association or authority very positively. Respondents believe that such an organi-

<sup>4</sup> Internet World Statistics (2017) 'Asia Internet Use, Population Data and Facebook Statistics, December 2017, Retrieved from: <https://www.internetworldstats.com/stats3.htm>



zation has the potential to greatly facilitate the sharing of ideas and experiences; increase distribution of information about tourism-related laws, policies, events and initiatives; and improve in communication and coordination among government and industry stakeholders.

There is a general consensus among private sector actors that Timor-Leste's unique selling points are its attractive landscapes, pristine environment and untouched nature. These elements are well communicated in the new tourism brand Explore the Undiscovered. And at this stage of the country's tourism development, promotion should focus on niche markets such as adventure, marine tourism, dive tourism, and religious tourism. Respondents report that it is imperative to increase the number of tourists before expanding tourism supply, and that there is a general feeling that more rooms and restaurants are needed outside Dili, especially in high-potential tourist destinations. The private sector also finds that the current transportation conditions, particularly roads and modes of transport, remain a limiting factor to expanding tourism activities beyond Dili.



# Tourism Demand





Shifting from supply, the situational analysis now focuses on tourism demand, which is perhaps the greatest single challenge for a newly established tourism destination such as Timor-Leste. Tourism demand can most easily be defined as the total number of people who travel or wish to travel to a destination away from their normal place of residence and work. Demand can be analysed with monetary indicators such as price, revenue, expenditure; psychological factors in terms of tourist motivation and behaviour; or geographically in terms of long-haul versus short-haul trips, and origin countries of visitors.

In relation to tourism demand, Timor-Leste has made significant progress in the past two years. *Explore the Undiscovered* has been established as the country's official destination brand<sup>5</sup> and a website with world-class potential has been developed and launched at [www.timorleste.tl](http://www.timorleste.tl).<sup>6</sup> It is now incumbent upon the Ministry of Tourism to utilize these promotion tools through proper content management and curation, particularly through social media engagement.

Bolstering tourism demand for Timor-Leste is not without its challenges. *Explore the Undiscovered* has not been effectively marketed, nor is there a spirit of universal ownership of the destination brand. There is also a clear absence of a coordinated digital approach with an absence of links to Facebook, Twitter and other applications. There appears to be a resistance by tourism marketers to embrace digital marketing solutions, which is evidenced by the dependence on expensive printed brochures and inconsistency in the style of promotional materials. All social media sites need to focus on distributing positive messages about Timor-Leste tourism that will stimulate demand. Tourism offerings are also fragmented and there is a lack of packaged itineraries that can be distributed by tour operators in key source markets.

While the Ministry of Tourism has an annual operating budget ranging between five and six million USD per annum, they consistently claim to have insufficient funding to engage in destination marketing activities. However, there are many low-cost opportunities to improve marketing and promotion of Timor-Leste tourism and grow tourism demand. These include improved tourism information at the airport and other key locations; leveraging of existing visitors by increasing word of mouth and social media engagement; developing partnerships with international tour operators; appointment of tourism ambassadors in key source markets; establishment of an annual tourism awards event to encourage quality services; leveraging Timor-Leste overseas embassies and friendship groups; and collaborating with key international media outlets in targeted source markets.

Currently, Timor-Leste's digital footprint is limited but emerging. There are a number of websites offering general information about tourism in Timor-Leste with the newly

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5 Government of Timor-Leste (2017), 'Government approves Tourism Destination Branding,' 14 July 2017, Retrieved from: <http://timor-leste.gov.tl/?p=18399&lang=en&lang=en>

6 Government of Timor-Leste (2016), 'Government positions Timor-Leste as a unique and welcoming travel destination with launch of new tourism website,' 27 October 2016, Retrieved from: <http://timor-leste.gov.tl/?p=16608&lang=en&lang=en>



established [www.timorleste.tl](http://www.timorleste.tl) leading in popularity. However, as shown in table 2 below, this and other Timor-Leste website require significant effort to match some of the country's competitors in Asia and the Pacific.

**Table 2: Website Performance Analysis**

Website	Worldwide Popularity	Website Established Year	Facebook Page Likes	Domain Links	Freshness (Last Updated)
<a href="http://www.timorleste.tl">www.timorleste.tl</a>	<b>1,365,841</b>	<b>2016</b>	<b>4,868</b>	<b>106</b>	<b>June 2018</b>
<a href="http://www.visiteasttimor.com">www.visiteasttimor.com</a>	2,563,153	2012	20,298	171	March 2018
<a href="http://www.ataurotourism.org">www.ataurotourism.org</a>	12,255,003	2015	1,298	28	November 2016
<a href="http://www.cbet-timorleste.com">www.cbet-timorleste.com</a>	8,334,122	2017	810	9	July 2017
<a href="http://www.papuanewguinea.travel">www.papuanewguinea.travel</a>	314,358	2009	10,130	650	May 2011
<a href="http://www.srilanka.travel">www.srilanka.travel</a>	232,546	2006	21,417	1,925	April 2018
<a href="http://www.indonesia.travel">www.indonesia.travel</a>	176,496	2007	445,014	8,207	June 2018
<a href="http://www.tourismthailand.org">www.tourismthailand.org</a>	81,050	1996	2,172,143	9,387	June 2018

Source: [www.nibbler.silkfide.com](http://www.nibbler.silkfide.com) accessed June 30 2018.

While the national tourism website ([www.timoreleste.tl](http://www.timoreleste.tl)) rates well in terms of design, content, images, accessibility, experience, mobile optimization and technology, there are a number of actions that the Ministry of Tourism should take to improve its digital performance. These include, but are not limited to:

- The number of domain links to improve search engine rankings and results should be increased by encouraging private sector firms to provide a link to the national tourism website and feature the new destination logo. Similarly, the national tourism website should provide links to individual industry websites promoting their tourism products in Timor-Leste. Notably, the most successful destination websites have thousands of domain links.
- An associated Instagram account should be established and people should be encouraged to post photos with #exploretheundiscovered on a regular basis.
- An associated Facebook page should be established. Currently, there are 4,868 Facebook likes for the website. However, considering that more than 30% of Timorese are active Facebook users, an account linked to the national tourism website should be a priority.
- An associated Twitter account should be established and frequent messages with #exploretheundiscovered should be 'tweeted' on a regular basis.



- Meta tags should be refined by ensuring that all pages of the website include a meta description which will enable better control of how search engine results appear.
- A YouTube channel should be created associated with the national tourism website, and the development of content should be encouraged.
- Augment the current domain name [www.timorleste.tl](http://www.timorleste.tl) by registering and linking the home page to more search friendly domain names such as [www.TimorLeste.travel](http://www.TimorLeste.travel) or [www.EastTimor.travel](http://www.EastTimor.travel) for search engine optimization (SEO).

There is some speculation as to the actual number of people visiting Timor-Leste for pure touristic purposes. According to the previous Ministry of Tourism, Arts and Culture (MTAC) there was a gradual and steady growth in total international arrivals between 2011-2016 as shown in Table 3 below.

**Table 3: International Class 1 Tourism Visas Issued**

	2011	2012	2013	2014	2015	2016	2017
Class 1 Tourist Visas	36,209	34,902	44,146	48,986	61,037	71,680	73,837

Source: Ministry of Tourism, Arts and Culture

These arrival statistics are derived from the number of Class 1 Tourist Visas issued at ten borders including: Dili Airport, Dili Port, Batugade, Salele, Sacato, Bobometo, Belloi, Atauro, Tunubibi and Passabe. Class 1 Tourist visas were issued to 77% of arrivals into the country in 2016. The remaining 23% of arrivals entered as UN staff, residents or registered workers.

Data collected during a 2014 visitor survey conducted by The Asia Foundation<sup>7</sup>, in which 710 visitors from 30 countries were interviewed in the departure hall at DIL, suggest that a very small portion of those that apply for Class 1 Tourist Visas are holiday makers, and that income from tourism in 2014 was in the range of USD14 million. A large percentage of visitors entering the country with Class 1 Tourist Visas are in fact visiting Timor-Leste for business purposes. More than half of the tourists to Timor-Leste are visiting for work, meetings, or business-related activities. Among travellers who travelled to the country for work, 49 % are FIT travellers (paid work, unpaid work, volunteer work, and business), and the remaining 7 % travelled for conferences or meetings. The survey outcomes suggest that only 17% of those issued with Class 1 Tourist Visas actually visited Timor-Leste on holiday. Based on this analysis, the estimated number of genuine holiday makers among Class 1 Tourist Visa recipients is:

<sup>7</sup> Rajalingam, G. (2014), '2014 Survey of Travellers to Timor-Leste', The Asia Foundation



**Table 4: Estimated Holiday Makers**

	2011	2012	2013	2014	2015	2016	2017
Class 1 Tourist Visas	36,209	34,902	44,146	48,986	61,037	71,680	73,837
Holiday Makers (estimated)	6,156	5,933	7,505	8,328	10,376	12,186	12,552

While Table 4 refers to arrivals issued Class 1 Tourist Visas (17%), The Asia Foundation's visitor survey indicates the proportion of tourists to be much lower. From the 2014 data it was found that only 710 respondents of the total sample of 1666 travelled for leisure (39%) during their visit. Of the 39%, only 17% travelled to Timor-Leste for the primary purpose of 'holiday' – indicating the subset of holiday-makers to be much smaller (7%) than suggested by the number of Class 1 Tourist Visas issued.

The discrepancy above highlights the need for more accurate arrival statistics in order to better inform evidence-based decision making. In particular, it is important to understand what is stimulating the growth in international visitors to Timor-Leste, whether increased interest in the destination from a touristic perspective or expanded business opportunities. The establishment of a *Tourism Observatory* to gather and analyse tourism statistics in partnership with leading academic institutions in Timor-Leste could help to provide improved insight into tourism performance in the country.

Based on arrivals statistics for all visas issued, the top performing origin markets are listed below. However, this data does not decipher the purpose of travel, making it difficult to assess actual tourism demand from various source markets.

**Table 5: Top Source Markets (2016)**

	Nationality	Arrivals
1	Indonesia	65,798
2	Australia	13,030
3	Portugal	7,821
4	China	7,569
5	Philippines	3,489
6	US	2,429
7	Malaysia	1,769
8	Japan	1,391
9	Singapore	1,380
10	UK	743
<b>Total all Visas Types Issued</b>		<b>105,419</b>

Source: Ministry of Tourism, Arts and Culture

The above arrival statistics indicate that the leading source markets for Timor-Leste are Indonesia, Australia, Portugal and China. In relation to connectivity, there are only three air routes currently serviced between Dili and Indonesia (Bali), Australia (Darwin) and Singapore. This would support the assertion that at present demand for tourism can be increased by promoting Timor-Leste in these three source markets. Arguably, much of this demand is not yet being realized due to lack of awareness and lacklustre marketing efforts. High priced air tickets are also a factor. However, it is assumed that with increased demand and economies of scale pricing will decrease as airlines are better able to absorb their fixed operational costs. A snap-



shot of the Australian, Indonesian and Singaporean markets is presented below. The respective inbound and outbound tourism activities of visitors from these three markets, summarized in Table 6, show robust performance to date and future potential.

**Table 6: Inbound/Outbound Summary Performance**

Country	Tourism Receipts (USD)	Rank 2016	Tourism Arrivals	Rank	Outbound Spend (USD)	Rank 2016
Australia	32,400,000,000	10	8,300,000	2016	22,500,000,000	9
Indonesia	11,300,000,000	29	12,000,000	40	7,000,000,000	36
Singapore	18,400,000,000	18	12,900,000	35	20,000,000,000	12

Source: World Tourism Organization (2017), World Tourism Barometer, UNWTO, Madrid.

**Australia.** Timor-Leste has a long relationship with Australia dating back to the Second World War. During the Indonesian invasion of the country, five Australian journalists were murdered in Balibo, which is now considered a historic site for tourism and a pilgrimage for some Australians. More recently the relationship between Timor-Leste and Australia has hit the headlines over claims to natural gas and oil in the Timor Sea.

With a mere 24 million people, Australia is the world's 56<sup>th</sup> most populous country. 41% of the population is between the ages of 25 and 54 years and the median age is 39. While Australia is known for its rural outback, 90% of the population lives in urban settings such as Sydney (4.5 million), Melbourne (2.9 million), Brisbane (2.2 million) and Perth (1.9 million). In recent decades, Australia has become an internationally competitive, advanced market economy due in large part to economic reforms adopted in the 1980s and its location in one of the fastest growing regions of the world economy. Long-term concerns include an aging population; pressure on infrastructure; and environmental issues such as floods, droughts, and bushfires. Australia is the driest inhabited continent on earth, making it particularly vulnerable to the challenges of climate change. Australia is home to 10% of the world's biodiversity, and a great number of its flora and fauna exist nowhere else in the world<sup>8</sup>.

Australia has a robust inbound tourism industry which earned the country USD32 billion from 8.3 million visitors in 2016. Tourism Australia is responsible for marketing the country and on its website features 20 "must-do" activities including Island Hop on your Own Private Yacht; Ride a Luxury Train Across the Continent, Enter Another World at the Pinnacles; Take a Foodie Road Trip Around Tasmania; Cruise the Kimberly; Dine Under the Stars in Uluru; Enjoy a Gourmet Feast by the Beach in Margaret River; and Dive with Great White Sharks in Port Lincoln.<sup>9</sup> Australia's tourism success has much to do with the variety and uniqueness of its tourism product offerings.

<sup>8</sup> Central Intelligence Agency (2017), *The World Factbook*, CIA, Washington D.C. (online), available at: [www.cia.gov](http://www.cia.gov) (18-11-2017)

<sup>9</sup> Tourism Australia (2017), *20 Must-Do Activities in Australia* (online), available at: [www.australia.com](http://www.australia.com) (21-11-2017)



As outbound travellers, Australians are ranked 9<sup>th</sup> globally with USD22.5 billion spent overseas in 2016.<sup>10</sup> For many, going overseas is a rite of passage and an opportunity for adventure. From this spirit of exploration comes a strong traveller culture among Australians. Neighbouring New Zealand is the number one travel destination for Australians with some 1.2 million visits recorded in 2016, closely followed by Indonesia.<sup>11</sup> According to a Mastercard report, about 51.8% of outbound trips are accounted for by Australian households earning above USD100,000 per annum in 2016, an income range that accounts for about 34.9% of all households.<sup>12</sup> It can be surmised that a large percentage of the one million-plus outbound trips to Bali and Indonesia each year are from households earning less than USD100,000 given the high connectivity between Denpasar's Ngurah Rai International Airport (DPS) and Australian gateway cities as well as the tremendous price competitiveness and value for money that travelers enjoy at the destination.

The Australian market has the potential for substantial growth for Timor-Leste. The Asia Foundation's *Survey of Travellers to Timor-Leste 2014* found that 91% of all Australian visitors to Timor-Leste found that their experience in-country met expectations and 85% would recommend the destination to other travellers. Connectivity, while expensive, is currently possible through flights from Darwin (one hour to Dili) and flights via Bali. In general, it can be said that Australians have a strong awareness of Timor-Leste. Notably, in 2016, Australians made just under 1.2 million visits to Indonesia.<sup>13</sup> This presents an opportunity to entice Australian visitors to extend their holiday and make a stop-over in Timor-Leste before or after visiting Bali. A precursor to this occurring will be better connectivity between Bali, Dili and Australia. In addition, the Timor-Leste tourism industry must make the destination appealing by offering a variety of recommended activities, much like Australia does in promoting its tourism.

**Indonesia.** Timor-Leste was invaded by Indonesia in 1975 and the country was occupied for 24 years. Following independence, relations between the two countries were strained but now the political and cultural climate is one of friendship and mutual respect.

With some 263 million people, Indonesia is the world's 5<sup>th</sup> most populous country. A young country, 41% of the population is under 25 years old and the median age is 30. More than half of Indonesians (54%) live in urban settings such as Jakarta (10.4 million) and Surabaya (2.9 million). Although it boasts the largest economy in South-east Asia, nearly 30 million people or 11.3% of Indonesians live below the poverty line and youth unemployment remains persistently high at 31%. Of the 124 million strong work force, 38.9% are occupied in agriculture and 48% in services. The per

<sup>10</sup> World Tourism Organization (2017), *World Tourism Barometer*, UNWTO, Madrid.

<sup>11</sup> Tourism Research Australia (2017), National Visitor Survey Results, AUSTRADE, Canberra (online), available at: [www.fra.gov.au](http://www.fra.gov.au) (21-11-2017)

<sup>12</sup> Choong, D. and Dr. Wong, YH. (2016), 'Mastercard Future of Outbound Travel in Asia Pacific 2016-2021 Report', Mastercard, (24-01-2017) (online), available at: [www.masterintelligence.com](http://www.masterintelligence.com) (18-11-2017)

<sup>13</sup> Pacific Asia Travel Association (2017), *Annual Tourism Monitor*, PATA, Bangkok.



capita GDP is USD11,700. In terms of religion, 87.2 % of Indonesians identify themselves as Muslim and 10% as Christian.<sup>14</sup>

Indonesia has a fast-growing tourism economy which has allowed for an annual USD3.6 billion surplus in the tourism trade. As the fourth biggest contributor to the Indonesian economy (after oil and gas, coal, and palm oil) Indonesia's tourism sector earned USD11.3 billion from an estimated 12 million visitors in 2016. The majority of visitors originate from East Asia and the Pacific. At 8.5 days and USD142 respectively, the average length of stay is long and the per diem spend high. The tourism sector in Indonesia also benefits from domestic tourism demand with over 250 million estimated trips annually.

President Joko 'Jokowi' Widodo's administration has targeted tourism as an instrument for national economic development and growth. By 2019, he envisages Indonesia earning USD 24 billion from tourism, making it the number one export earner for his country. The Jokowi Administration has identified 10 focal destinations for tourism development in the coming years.<sup>15</sup> A key priority is to establish better dispersion of tourism to lesser-known places that are currently overshadowed by the extraordinary global popularity of Bali.

Indonesia's inbound tourism performance is noteworthy and something that Timor-Leste can learn from. It is the largest archipelago in the world comprising 17,000 large and small tropical islands fringed with white sandy beaches, many still uninhabited and a number even still unnamed. Straddling the equator, situated between the continents of Asia and Australia and the Pacific and Indian oceans, Indonesia is rich in culture, heritage and natural beauty. The country is marketed under the tagline *Wonderful Indonesia*, which focuses on natural, sensory, cultural, modern and adventure offerings. The island of Bali is the most popular travel destination in Indonesia, attracting nearly half of the country's visitors. Although less visited, the islands of Sumatra, Java, Kalimantan, Sulawesi, Maluku and Papua offer some of the most unique and pristine cultures, traditions and natural beauty on the planet.<sup>16</sup>

Bali is Indonesia's most successful tourism destination. In 2016, the island welcomed just under 5 million visitors, the majority of whom originate from Australia (1,137,413), China (986,026), Japan (234,590) and the United Kingdom (221,149). Currently, the Asia-Pacific region brings 62% of international tourists to Bali. There is also a strong domestic demand for Bali which ranges between six and eight million visits annual-

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<sup>14</sup> Central Intelligence Agency (2017), *The World Factbook*, CIA, Washington D.C. (online), available at: [www.cia.gov](http://www.cia.gov) (18-11-2017).

<sup>15</sup> The ten earmarked destinations are: Lake Toba (North Sumatra), Tanjung Kelayang (Bangka Belitung), Tanjung Lesung (Banten), Thousand Islands (Jakarta), Borobudur Temple (Central Java), Bromo Tengger Semeru Mountain (East Java), Mandalika Resort (West Nusa Tenggara), Labuan Bajo fishing village (East Nusa Tenggara), the Wakatobi Marine Park (Southeast Sulawesi) and Morotai (North Maluku).

<sup>16</sup> Ministry of Tourism, Republic of Indonesia (2016). *Wonderful Indonesia*, (online) available at: [www.Indonesia.travel](http://www.Indonesia.travel) (21-11-2017)





ly, mostly from Java.<sup>17</sup>

Indonesians are also traveling in increased numbers, with some USD7 billion in overseas tourism expenditure ranking the country 22<sup>nd</sup> globally.<sup>18</sup> From a demand viewpoint, Indonesia presents significant opportunity for tourism growth to Timor-Leste. Dili is a short flight from both Kupang and Denpasar and airfares are cheap in comparison to other inbound flights. Indonesians are also allowed to enter Timor-Leste using land borders, while other foreigners are not. Middle class Indonesians are aware of Timor-Leste as a destination due to a close shared history. Bahasa Indonesia is widely spoken both in Indonesia and Timor-Leste. Christianity is the second-largest religion in Indonesia, with some 10% of the population identifying as Christian. Of the approximately 26 million Indonesian Christians, seven million are estimated to be Catholic.<sup>19</sup>

Many opportunities exist for Timor-Leste to tap into the Indonesian outbound market as well as serve as an extension to Bali for both expatriate residents and tourists, particularly Australian nationals. The Timor-Leste tourism sector should devise an approach to attract Indonesian Catholics to experience a Catholic-majority country within a two-hour flying distance of Denpasar, Jakarta and Surabaya.

**Singapore.** Located within a four-hour flying distance of Dili, Singapore's Changi International Airport (SIN) serves more than 100 airlines flying to some 380 cities in about 90 countries and territories worldwide. Each week, about 7,000 flights land or depart from Changi, with more than 58.7 million passengers passing through the airport a year.<sup>20</sup> Currently, there are two weekly flights from Singapore to Dili and there is significant potential to grow this route in the short term.

There are just under six million Singaporeans making the island state the 113<sup>th</sup> most populous in the world. 60% of the population is over 25 years old and the median age is 34.6. All Singaporeans live an urban lifestyle and practice a variety of religions, including: Buddhism (33.9%), Islam (14.2%), Taoism (11.3%), Catholicism (7.1%), Hinduism (5.2%), and other Christian denominations (11%). With a highly developed and successful free-market economy, the tiny city state of Singapore enjoys a remarkably open and corruption-free environment, stable prices, and per capita GDP higher than in most developed countries. Unemployment is very low and the economy depends heavily on exports and the financial services industry.<sup>21</sup>

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<sup>17</sup> Bali Discovery Tours (2017). '2016: Bali by the Numbers', *Bali Update* 26-01-2017. (online) available at: [www.balidiscovery.com](http://www.balidiscovery.com). (21-11-2017)

<sup>18</sup> World Tourism Organization (2017), Ibid.

<sup>19</sup> Central Intelligence Agency (2017), Ibid.

<sup>20</sup> Changi Airport Group (2017). Traffic Statistics. CAG, Singapore (online), available at: [www.changiairport.com](http://www.changiairport.com) (19-11-2017)

<sup>21</sup> Central Intelligence Agency (2017), Ibid.



Ranked 28<sup>th</sup> globally for inbound tourism arrivals, Singapore is a global tourism powerhouse with an estimated USD18.4 billion earned from some 12.9 million visitors in 2016. The Singapore Tourism Board's website describes the destination as 'where passion and possibilities meet'. Singapore is promoted as being much more than the sum of its numerous attractions and constantly evolving, reinventing, and re-imagining itself, with people who are passionate about creating new possibilities. Singapore very specifically targets niche tourism markets such as foodies, explorers, collectors, action seekers, culture shapers, and socializers.<sup>22</sup>

With limited possibilities for domestic tourism, residents of Singapore have a long history of outbound travel. In 2016, Singapore reported 9,474,205 citizen and non-citizen outbound departures of which 82% were by air. It is forecast that by 2020 this the number of Singapore resident outbound departures will grow to 11.8 million. Well-travelled Singaporeans like to take several trips abroad every year, of which at least one is likely to be to a long-haul destination. Just like their Indonesian neighbours, Singaporeans like to shop and are more likely to be concerned about health and safety issues when travelling abroad. This is also due to the fact that Singapore has a large aging population. However, younger Singaporeans are becoming more daring with their destination choices. They prefer short trips of three to four days with the opportunity to see beautiful landscapes, try traditional or unique foods, visit the coast and see historic or cultural sites. Myanmar is now very much on the Singaporean radar for business and leisure. Singaporeans are highly active social media users and heavily reliant on good internet connections.<sup>23</sup>

Timor-Leste may not be well known as a destination in Singapore, but because of its size and air connectivity, serious consideration should be given to developing this market. Singapore is also very wealthy with a GDP disproportionate to its size and population. There are a number of important considerations in considering the Singapore outbound market. Singaporeans have higher than average incomes. Singapore is strategically located in the heart of Asia and is considered a major aviation hub to many primary and secondary destinations across Asia such as Timor-Leste. If airfares can be reduced between Singapore to Dili, there are numerous opportunities to tap into the Singapore market, particularly for those residents and expatriates interested in niche activities such as scuba diving and eco-tourism. Given that a modest percentage of the population that practices Catholicism, religious tourism may also be an appealing angle.

**Niche markets.** Beyond the natural geographical source markets of Australia, Indonesia and Singapore, there are a number of niche tourism markets that Timor-Leste has a relative or competitive advantage. Niche tourism markets are specific segments, usually developed around a well-defined product, that can be tailored to meet the interests and needs of different tourists. There are a number of niche tourism products and services that can be developed in Timor-Leste including dive

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<sup>22</sup> Singapore Tourism Board (2017), Visit Singapore, (online) available at: [www.visitsingapore.com](http://www.visitsingapore.com) (21-11-2017).

<sup>23</sup> Choong, D. and Dr. Wong, YH. (2016), Ibid.



tourism, cruise tourism, ecotourism, food and coffee tourism, MICE tourism and religious tourism.

**Dive tourism.** Scuba diving has developed in serious terms globally since 1967 and today represents a multibillion dollar industry worldwide. Dive tourism refers to trips or holidays of which the main purpose is to take part in scuba diving activities. The average dive holiday typically has a duration of five or more days. PADI, the world's leading dive certification body, is affiliated with more than 6,400 dive centers and 133,000 individual PADI professionals who have issued more than 25 million certifications worldwide. The market for dive tourism is a well-established and mature segment that has developed into one of the most popular water sports. There are numerous dive clubs, publications and trade shows which facilitate targeted marketing.<sup>24</sup> The Coral Triangle region, of which Timor-Leste is a member, is a biological hotspot with extraordinary marine biodiversity. The region contains over 500 species of reef-building corals, thousands of fish species, and six of the world's seven marine turtle species.

There are currently six companies offering scuba diving and snorkeling tours in Timor-Leste, including Dive Timor Lorosae (DTL), Compass Charters, Aquatica Dive Resort, Atauro Dive Resort, Blue Ventures and Barry's Place. In a recent survey, all dive operators noted that a major draw for dive tourism in Timor-Leste is the uncrowded dive sites. However, there remains a feeling that there is room for further development of dive tourism in Timor-Leste without jeopardizing its unique selling proposition as an unusually pristine, untouched location. The survey suggests that there are currently 71 Timorese and 25 expatriates directly employed in the dive industry. Examples of the multiplier effect of dive tourism include Barry's Place, which works with four local fishermen and boat owners to provide snorkeling and diving activities on the reefs surrounding Atauro. Each boat owner is said to earn approximately USD300.00 per month from these activities. Another example is the recent establishment of a *Tara Bandu*<sup>25</sup> on the reef outside of Beloi harbor, where the local community is benefiting from conservation fees charged to tourists for diving and snorkeling on the reef. In a three-month period between April and June 2017, USD700.00 was collected.

Unfortunately, there are threats to the growth and sustainability of the marine tourism industry in Timor-Leste. For dive tourism, there is an urgent need to establish a hyperbaric recompression chamber for the treatment of decompression sickness. The majority of scuba diving businesses surveyed said they would in some way contribute to the establishment of this facility, but did raise some concerns with its management and the ability to find qualified staff to operate it. The lack of a hyperbaric unit in Timor-Leste is a threat to the marine tourism industry, as it does not provide international visitors with the confidence that they require when traveling to remote areas.

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<sup>24</sup> The Professional Association of Diving Instructors (2017), Worldwide Corporate Statistics. (online) available at: [www.padi.com](http://www.padi.com) (21-11-2017).

<sup>25</sup> *Tara bandu* is a traditional Timorese custom that enforces peace and reconciliation through the power of public agreement. *Tara bandu* involves the hanging of culturally significant items from a wooden shaft to place a ban on certain agricultural or social activities within a given area.



There is also a lack of national industry regulation for scuba diving operators, who at present are self-regulating by following international training organization standards like PADI. Timor-Leste also lacks trained specialist safety and rescue services to respond to any serious marine tourism accidents. Finally, survey respondents suggest that a lack of government concern for the marine environment, which is at risk of significant degradation without proper and enforceable stewardship and conservation measures, represents a threat to the dive tourism industry's sustainability as well as to ocean ecosystems.

All dive and marine tourism operators surveyed feel that a marine tourism association or similar body, to bring stakeholders with similar interests together, would greatly facilitate the growth and relevance of dive tourism in Timor-Leste.

**Cruise tourism.** Southeast Asia's geography, climate and natural and cultural resources make the region ripe for explosive growth in cruise tourism, as cruise operators seek new destinations to fulfil growing demand. Timor-Leste is no exception. It is anticipated that the country will experience more cruise ship traffic in the coming years, with both large and small vessels calling on Timor-Leste ports, as suggested by recent arrivals information. To put the significance of cruise ship tourism into context, the arrival of a 2,000-passenger cruise liner, such as the Pacific Dawn, is equivalent to some 15 airplanes (A320s and/or Boeing 737s) arriving at Nicolau Lobato International Airport simultaneously. It goes without saying that Timor-Leste is ill prepared to effectively and efficiently manage this level of tourism activity. However, the potential for increased arrival numbers and expenditure through cruise tourism are noteworthy and attractive, particularly given the nascent stage of tourism development in Timor-Leste.

As outlined in Table 7, with an estimated 4,509 cruise tourists recorded in 2017, cruise tourism represents a significant opportunity for Timor-Leste, which currently receives limited 'non-business/leisure-only' visitors. The government benefits handsomely from cruise tourism with an estimated USD150,000 in visa and other tax receipts being recorded in 2017. These statistics should incentivize both public and private sector stakeholders to invest in the necessary supporting infrastructure and refine their capacities to manage cruise ship visits.

**Table 7: 2017 Cruise Tourism Performance**

Date	Name of Vessel	Passenger Capacity	Crew Capacity	No. of Passengers Disembarked	No. of Shore Excursions Sold	Estimated Total Passenger Spend *
Sep 2016	Pacific Dawn	2,020	660	1499	749	USD 90,000
Feb 2017	Pacific Dawn	2,020	660	1721	683	USD 104,760
May 2017	Paul Gauguin	332	215	184	116	USD 15,000
Jun 2017	Paul Gauguin	332	215	241	115	USD 21,000
Aug 2017	Pacific Eden	1,258	557	864	369	USD 60,000
<b>TOTAL</b>				<b>4,509</b>	<b>2,032</b>	<b>USD 290,760</b>

Source: Semone, P. (2018), 'Cruise Timor-Leste Standard Operating Procedures', Market Development Facility





**Ecotourism.** The Ministry of Tourism recently launched a website<sup>26</sup> entirely dedicated to community-based ecotourism or CBET, which is a type of tourism that contributes to sustainable development and benefits local people. Defined as responsible travel to natural areas that conserves the environment, ecotourism sustains the well-being of the local people and involves interpretation and education of local residents and visitors alike. According to Director General of Tourism at Timor-Leste's Ministry of Tourism, Jose Quintas the CBET concept is part of an alternative form of tourism that is important for small island developing states like Timor-Leste, as it not only contributes to the economic well-being of local people but also helps host communities protect and preserve their natural and cultural resources. For CBET initiatives to be successful, local communities must have a sense of ownership of tourism projects, with substantial roles in their design and management. In Timor-Leste activities ranging from bird watching, traditional market visits, cultural and heritage demonstrations, local festivals, trekking, hiking and volunteer tourism are considered part of CBET. Ecotourism is a strong niche market that can be further nurtured, particularly for individuals living in urban environments that take short getaway trips to natural areas.

**Food and coffee tourism.** Gastronomic or food tourism applies to tourists who specifically plan their vacations partially or totally in order to taste the cuisine of a destination or to carry out activities related to local gastronomy. Culinary tourism is seen as an authentic experience where gastronomic routes are often developed as part of a thematic tourism offering. Food 'routes' can link restaurants, farms, historical sites, family or cultural activities, rural or urban locations. According to the UNWTO, culinary tourists are travellers seeking the authenticity of the places they visit through food. They are concerned about the origin of products. They recognize the value of gastronomy as a means of socialising, as a space for sharing life with others, for exchanging experiences. Such tourists have higher-than-average expenditure; they are demanding and appreciative. An emerging trend, particularly in Latin America, is coffee tourism in which people visit places and farms where coffee is grown and processed. As evidenced from the recent Coffee Festival, Timor-Leste has coffee that is of international standards.

Visitors to Timor-Leste, both short-term tourists and longer term foreign residents, have limited knowledge of, and access to Timorese cuisine and coffee. Only a handful of restaurants in the country serve traditional Timorese cuisine and these are generally not on the tourist trail or well promoted. Tourists typically leave Timor-Leste disappointed with the standard of food provided (understandable given it is mostly imported, frozen and/or processed) and confused as to why they could not find Timorese food options. A huge opportunity is being lost to capitalize on the 30-35% of a tourist's daily budget that is spent on food and beverages.

Fortunately, Timor-Leste possesses an impressive bounty of tropical produce, much of which is rare and displays distinctive local character. Timorese cuisine is globally unique as it has absorbed influences from Austronesian, Pacific Island, Portuguese,

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<sup>26</sup> <http://www.cbet-timorleste.com/>



Chinese and modern Indonesian food cultures over the centuries. Completing this, local 'Kafe Timor' coffee varieties exhibit unique flavour profiles, including the Hybrid de Timor variety renowned throughout the specialty coffee world. Much traditional knowledge remains accessible and can be drawn from in order to re-frame and promote local foods directly to customers. In short, Timorese food and coffee can become a draw for visitors to the half-island, rather than a substandard add-on. For this to be achieved, tourism providers and local food providers need to share information and marketing materials directly, so that tourists know both before their visit to Timor-Leste and during their stay where to find quality food and coffee options.

**MICE tourism.** Meetings, incentives, conferences and exhibitions or MICE is a type of tourism in which large groups, usually planned well in advance, are brought together for a particular purpose. MICE may be described as a specialised or niche tourism product or service. Business travellers are more likely to combine a holiday with a work trip. These so-called 'bleisure' travellers, often extend their stay to incorporate sightseeing or other activities into their visit. Meetings bring people together in one place for the purposes of sharing information and discussing and solving problems. Meeting attendance can range from ten to thousands of people. Incentive travel is a management tool for rewarding and motivating sales representatives, dealers, distributors, production workers, support staff, and in some cases, customers. Conventions are gatherings of people with common objectives, organized to exchange ideas, views and information of common interest to the group. Exhibitions are activities organized to show new products, services and information to people who have an interest in them, such as potential customers or buyers. Timor-Leste is not yet in a position to manage MICE tourism, however as larger hotels and resorts are built, e.g. the Pelican Paradise, and the country gets closer to ascension into ASEAN, an increasing number of meetings and conventions are likely to be organized in Dili.

**Religious tourism.** As a predominantly Catholic country, Timor-Leste has a unique opportunity to develop Christian tourism, which is a subcategory of religious tourism. It is an entire industry catering to Christian travel, tourism and hospitality and includes people embarking on individual or group pilgrimages or missionary travel as well as religion-based cruises, fellowship vacations, crusades, rallies, retreats and visiting Christian tourist attractions. It is estimated that as much as 7% of the world's Christian population – some 160 million people - are on the move as pilgrims each year. There are a number of international tour operators that specialize in faith-based tourism, such as Globus, Journeys Unlimited, Perillo Tours and Reformation Tours. In addition, there are 7 million Catholics in neighbouring Indonesia, many of whom would be interested in experiencing a Catholic-majority country at their doorstep. There is significant untapped potential for Christian and more specifically Catholic tourism in Timor-Leste. A partnership between churches in Timor-Leste and the tourism industry might be a means of further developing this niche market for which the country has a unique selling proposition.

# Tourism Partnerships





Finally, this analysis focuses on tourism partnerships and institutional arrangements to support Timor-Leste's tourism performance on both supply and demand sides. Establishing and facilitating partnerships and a shared sense of responsibility is perhaps the greatest single challenge for a newly established tourism destination such as Timor-Leste. Since its independence, Timor-Leste has struggled with establishing a tourism industry that contributes to foreign exchange earnings, youth employment and socioeconomic development.

A vibrant tourism sector has alluded Timor-Leste for a variety of reasons, but perhaps the single greatest deterrent has been the absence of a partnership approach that nurtures cohesion and collaboration among public and private stakeholders. The tourism sector suffers from fragmentation and poor coordination between public and private sector stakeholders, which remains a pernicious challenge. There is a lack of understanding among private sector operators and public sector representatives regarding their shared roles and responsibilities in developing tourism. The newly established Government and its Ministry of Tourism have a unique opportunity to improve these conditions by encouraging partnerships and establishing innovative cooperative frameworks. There are a number of challenges that Timor-Leste will need to overcome in this process.

The Timor-Leste Tourism Policy highlights partnership as one of the five key elements to support implementation and achievement of its 2030 milestones. Partnership allows for multiple stakeholder groups to collaborate to amplify their reach, and increase the likelihood of achieving their individual and shared goals. There are distinct roles and responsibilities of public and private sector actors at various stages of the tourism development cycle. Given the nascent nature of tourism in Timor-Leste, it is crucial for the Government of Timor-Leste (GOTL) to play a central and leading role. For the GOTL, it is critical for tourism to become a central driver of the nation's economy. In order for this to succeed, the GOTL must unite stakeholders in appropriate institutional structures; facilitate quality improvements, particularly in infrastructure; and lead destination marketing efforts. The private sector is a key partner and has the responsibility of delivering a variety of appealing and consistent tourism products that meet and exceed the needs of visitors from targeted geographic origins and niche markets.

Through the Tourism Policy the GOTL has committed to stimulating tourism sector growth through bold, dynamic, and considered investments, incentives, and initiatives. This is predicated on the experiences of other regional destinations where the early stages of tourism development and investment have been driven by the public sector. As the industry has matured, so has the capacity of the private sector to assume increased responsibility for marketing and delivering quality tourism products and services. In light of its ambitions for tourism development, the GOTL has committed to consider good practice institutional models and approaches established by similarly positioned countries in developing their respective tourism economies. As a first step, it is imperative that the GOTL undertake a review of its current institutional models and establish an approach that abides with the core principles set forth in the Tourism Policy including working in partnership with the private sector;



providing necessary financial and human resources; and ensuring efficiency and effectiveness in implementation.

Given the many challenges, there are also many notable achievements in the arena of partnerships for which Timor-Leste should be justifiably proud. The Ministry of Tourism is an active member of global and regional organizations such as World Tourism Organization (UNWTO), Pacific Asia Travel Association (PATA) and South Pacific Tourism Organization (SPTO). There is also a trilateral cooperative agreement between the Northern Territory of Australia, West Timor of Indonesia and Timor-Leste, which is encouraging joint tourism development and promotion.

The GOTL has also established a Public Private Partnership (PPP) Unit under the Ministry of Finance. This Unit is responsible for assessing, negotiating and implementing PPP contracts, in collaboration with other relevant public entities. The most noteworthy PPP established to date is the Tibar Bay Port, which is currently under construction. Other PPPs being considered are in the areas of water supply and medical diagnostics. Potential PPPs in the tourism sector include management of the airport terminal; cruise ship infrastructure at Dili and other ports; a tourism and hospitality training school; investments in resorts on public lands; and startup and operation of a national airline. In addition to these ideas, there are numerous ways in which the government could work with the private sector by leasing or contracting out government services or renting key pieces of land or sites. For example, the outsourcing of Pousadas scattered throughout the country or the management of key tourism sites, such as Cristo Rei. There is indeed much potential for these forms of partnership founded on shared investment and operational competence and expertise.

Unfortunately, there has been limited success in establishing universal partnership structures that are inclusive and responsive to all tourism sector stakeholders. There is no truly representative tourism association, board or council that can lobby government and interact with donors on behalf of the entire tourism industry. This results in a lack of coordination, duplication and confusion in regards to donor supported programs and overall destination management and marketing. There is also a worrisome trend toward “workshop fatigue” among existing tourism businesses. Many private sector representatives are no longer keen to participate in consultations because they find them repetitive, feel that progress has been limited, and feel that their own viewpoints have been marginalized in comparison with those of public sector authorities.

Nearly a decade ago, the Association of Tourism Companies of Timor-Leste (AETL) was established with the following stated mission:

- establish an active and representative voice within the private sector;
- provide a vibrant and open forum for all of its members to share ideas;
- increase visitor numbers and expenditure;





- educate the population on the potential social and economic benefits of tourism;
- collaborate on promotions; and
- speak with one powerful voice to the government on issues affecting the industry.

Due to numerous challenges, AETL was unable to achieve its ambitious mission and has left a space where industry collaboration can and should flourish.

In 2014, the tourism industry on Ataúro Island established the *Grupu Turizmu Ataúro* which evolved in 2016 into *Asosiasaun Turizmu Koleku Mahanak Ataúro* (ATKOMA), with the aim of increasing employment and revenue from tourism for the communities of Ataúro while at the same time protecting the environment and promoting local culture. ATKOMA is a legally registered association and is considered a great success and model for destination-level partnerships in Timor-Leste.

In October 2017, with support from Market Development Facility, TripAdvisor and New Zealand's Ministry of Foreign Affairs and Trade held its annual Tourism Symposium on (i) *Inclusive Tourism Development through Industry Associations*; and (ii) *Marketing and Promotion of Timor-Leste Tourism*. At the Symposium on *Inclusive Tourism Development through Industry Associations*, at General Manager of Timor Plaza Hotel, Tony Jape together with international participants from Tourism Industry Aotearoa Chris Roberts and Cinnamon Hotel Group's Dileep Mudadeniya all articulated the importance of industry working together to grow tourism as a business, in a manner that fosters both coordination and collaboration through associations that have the ability to leverage government and private sector actors alike. In the months that followed, spearheaded by Tony Jape and with support from The Asia Foundation, saw the development of the Hotel Owners of Timor-Leste (HOTL), a hotel-industry association that *"encourages and supports the sustainable growth of member hotels through tourism marketing, improved access and connectivity to Timor-Leste, shared data analysis and hospitality training opportunities,"* Identifying the following four key areas of programming:

1. Marketing
2. Information & Data
3. Accessibility
4. Human Resource Development

HOTL has already shown leadership in the tourism space, representing Timor-Leste tourism at the 2018 Tourism Ideasfest regional tourism hackathon in April 2018, and promoting Timor-Leste as a travel destination at the June 2018 Bali and Beyond Travel Fair.

In addition to AETL, HOTL and ATKOMA there are a number of associations that exist to support private sector development and from which good practice can be

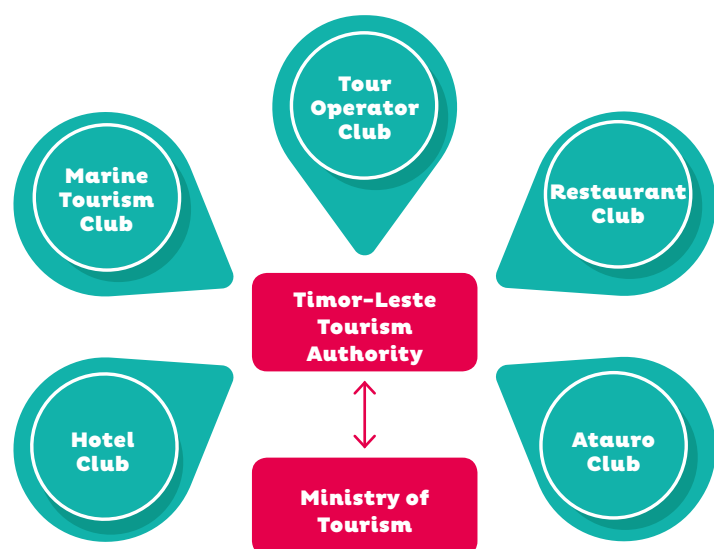


gleaned. The Timor-Leste Chamber of Commerce (TLCC) is critical considering the country ranks 178 out of 190 countries on the *World Bank Ease of Doing Business Index* and takes an average of almost 20 times the per capita income to start a business as compared with other East Asia and the Pacific countries<sup>27</sup>. The Timor-Leste Coffee Association (ACTL) has brought together actors along the coffee supply chain and given them a platform for cooperation. Both TLCC and ACTL represent good examples of the collective strength that comes through stakeholder partnership.

Opportunities for partnership development in tourism are plentiful in Timor-Leste. There is significant opportunity to collaborate with neighbouring source markets and destinations to increase visitors from Australia and Indonesia. Specialist associations or clubs can be developed to improve coordination and cooperation, amongst hotels, restaurants, dive operators, homestays and destinations. Stakeholders from across the tourism supply chain should be represented and engaged in formal and informal partnerships.

Recent discussions and stakeholder consultations during the October 2017 Timor-Leste Tourism Symposia have suggested a new approach and model for improved PPP. The model encourages the establishment of industry clubs, representative of special interest groups in the tourism sector, such as hotels, restaurants, dive operators, and tour companies. Destination-level organizations such as ATKOMA on Ataúro Island and HOTL in Dili should be also be included. Members of these industry clubs are encouraged to meet on a regular basis and consolidate their thinking on key issues and challenges facing their particular niche sectors of the tourism industry in Timor-Leste. The short-term goal is that a number of these industry clubs will establish strong connectivity within their respective industries and form a unified voice for advocacy.

In the medium term, it is proposed that a Tourism Authority of Timor-Leste (TATL) or similar be established to improve communication and efficacy in PPP arrangements in the tourism sector. Each of the aforementioned industry clubs will select a spokesperson who will represent their respective club's interests within the TATL. The figure below shows what the structure of such an organization might look like with special interest clubs feeding into a TATL which in turn coordinates with the Ministry of Tourism on operational activities such as marketing, promotion and destination management. Meanwhile, the Ministry of Tourism would be charged with coordination across government ministries and political advocacy.



<sup>27</sup> World Bank (2017), 'Ease of doing business index,' Retrieved from: <https://data.worldbank.org/indicator/IC.BUS.EASE.XQ?view=map>



## Global and Regional Tourism Market Outlook

**Global Tourism Trends.** In 2016, the World Tourism Organization (UNWTO) recorded 1.235 billion international tourism arrivals worldwide generating USD1.220 trillion and accounting for and 6% of global exports. The World Travel and Tourism Council (WTTC) estimates that there are just shy of 300 million people are engaged in some form of direct work in the global tourism sector, accounting for one in 11 jobs worldwide. Currently, the business volume of global tourism equals or even surpasses that of oil exports, food products or automobiles. In short, tourism has become a major player in international commerce, and represents one of the main income sources for many developing countries. This growth goes hand in hand with increasing diversification and competition between tourist destinations. Many governments use tourism as a tool for national economic and social development due to its proven, positive impacts in relation to job creation, poverty alleviation, foreign exchange earnings and inclusive growth. Tourism has notably been recognized as a key sector in the 17 Sustainable Development Goals (SDGs), which aim to end poverty, protect the planet, and ensure prosperity for all.

**Asia and the Pacific.** In 2016, the UNWTO reports that Asia and the Pacific enjoyed the strongest growth in international tourist arrivals across world regions both in relative and absolute terms. The region welcomed 25 million more international tourist arrivals (+9 %) than in 2015, to reach a total of 309 million, exceeding the 300-million mark for the first time ever. This growth has raised the region's share of international tourists one percentage point to 25% of the world's total. Tourism receipts totaled USD359 billion, up USD30 billion compared to 2012. This represents 23 % of the world's total international tourist arrivals and 31% of global tourism receipts. UNWTO is forecasting that the Asia-Pacific region will remain the fastest growing region in the world through 2030, when international arrivals are expected to reach 535 million and represent 30% of global market share.<sup>28</sup>

**ASEAN Member Countries.** The members of the Association of Southeast Asian Nations (ASEAN) have enjoyed a leisure industry boom in recent decades. Tourism has grown fourfold since the turn of the millennium when the region recorded a mere 36 million arrivals. The UNWTO reports that in 2016 ASEAN countries received 113 million international visitor arrivals collectively earning the ten member states some USD120 billion in tourism receipts. These positive results were driven by Thailand, the region's top performing destination. Representing a 9% year-on-year increase in arrivals, this growth was fuelled by robust demand from intraregional markets. Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore and Viet Nam also enjoyed robust tourism activities in 2016 demonstrating that ASEAN tourism is a growth hotspot in the international tourism landscape. This growth in tourism economies in ASEAN countries stems from several factors including: growth in large developing economies like China, rising middle classes, increased holiday entitlements, recently favourable exchange rates, and low oil prices; continued expansion of low cost airlines, increased connectivity, more frequent business travel and city-break va-

<sup>28</sup> World Tourism Organization (2017), *World Tourism Barometer*, UNWTO, Madrid.



cations; the further development of the internet, increased social media presence, and expanded digital platforms; and greater commitment to tourism by governments and a demonstrated improvement in the sophistication of destination marketing and management organisations.<sup>29</sup>

## Strengths, Opportunities, Constraints and Risks

Based on the analysis contained within the *Tourism Barometer*, the strengths, opportunities, constraints, and risks for tourism marketing and development are summarized in Table 8.

**Table 8: Strengths, Opportunities, Constraints and Risks (1/2)**

Strengths		Constraints	
Product	Market	Product	Market
<ul style="list-style-type: none"> <li>• Vibrant cultures and traditions</li> <li>• Diverse ethnic groups and festivals</li> <li>• Rich history and heritage</li> <li>• Scenic landscapes and natural attractions</li> <li>• Friendly people</li> <li>• Heritage sites</li> <li>• Commitment by entrepreneurs to their respective businesses</li> <li>• Willingness to partner with government</li> <li>• Sharing a unified goal for growth</li> </ul>	<ul style="list-style-type: none"> <li>• Proximity to thriving Northeast and Southeast Asian markets</li> <li>• Short flight times to Asian megacities</li> <li>• A new Timor-Leste brand</li> </ul>	<ul style="list-style-type: none"> <li>• Limited product offerings</li> <li>• Variable quality standards</li> <li>• Inexperienced and undertrained human capital</li> <li>• Inconvenient visa processes and policies at border checkpoints</li> <li>• Weak business enabling environment</li> <li>• Cumbersome regulatory environment</li> <li>• Limited product development</li> <li>• Low awareness of tourism investment opportunities</li> <li>• High functioning and fixed expenses</li> <li>• Lack of clarity in tourism-related policies, laws and regulations</li> <li>• Bureaucracy for licensing matters</li> <li>• Lack of government collaboration and support</li> <li>• Poor economic conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Limited awareness of Timor-Leste</li> <li>• Poor connectivity</li> <li>• No national carrier</li> <li>• Limited tour operators</li> <li>• Lack of destination marketing organization</li> <li>• Poor brand and communication strategy</li> <li>• Limited web presence</li> <li>• Limited targeting of segmented markets</li> <li>• Lack of integrity in conveying product information</li> <li>• Limited coordination among public and private sector actors</li> <li>• Inadequate dissemination of information</li> <li>• No coherent digital marketing strategy</li> <li>• Too expensive to compete</li> <li>• Lack of destination marketing</li> </ul>

<sup>29</sup> World Tourism Organization (2017), *World Tourism Barometer*, UNWTO, Madrid.



**Table 8: Strengths, Opportunities, Constraints and Risks (2/2)**

Opportunities		Risks	
Product	Market	Product	Market
<ul style="list-style-type: none"> <li>• Range of yet to be discovered attractions, itineraries and resources which could significantly expand the product offering</li> <li>• Improved connectivity between gateway cities in Asia and Oceania</li> <li>• Willingness among development partners help develop tourism</li> <li>• Improving education and training programs</li> <li>• Energetic youth interested in tourism careers</li> <li>• Untouched nature</li> <li>• Historical assets</li> <li>• Religious tourism</li> <li>• Small improvements to tourism infrastructure such as airport, lighting, public toilets</li> <li>• Improved access</li> <li>• Establishment of a Tourism Authority</li> </ul>	<ul style="list-style-type: none"> <li>• Bolster Timor-Leste tourism brand, e.g. Explore the Undiscovered</li> <li>• Integrated digital marketing strategy</li> <li>• Better unite and coordinate public and private sector stakeholders</li> <li>• Improve air, land and sea access</li> <li>• Expand multi-country offerings of international tour operators</li> <li>• Attract more scheduled air services</li> <li>• Expansion of low cost air carrier networks</li> <li>• Increase air service agreements</li> <li>• Social media campaign</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of coordination between stakeholders</li> <li>• Lack of sustainability of core iconic attractions</li> <li>• Lackluster engagement of people employed in the tourism sector</li> <li>• Failure to deliver brand promises</li> <li>• Government does not stay focused on tourism development as a means of economic diversification</li> </ul>	<ul style="list-style-type: none"> <li>• Global competition for tourism market share</li> <li>• Natural and human induced disasters</li> <li>• Political instability</li> <li>• Economic downturns</li> </ul>

## Concluding Remarks

In summary, Timor-Leste, with its unique product offering and vicinity to major emerging source markets, is well positioned to further develop into a profitable and competitive tourism destination. However, according to industry stakeholders there are numerous challenges that must be overcome, such as variable quality standards; poor marketing and communications; and a general lack of partnership and coordination. There are also risks of overcrowding at major tourism sites and lack of qualified human resources, which require early mitigation and consideration. The opportunity to fully benefit from increased tourism arrivals and revenues can best be seized through improved collaborative efforts between all stakeholders coupled with consistent and frequent messaging in key markets.

Benchmarked against international tourism competitiveness indicators and neighbouring ASEAN countries, Timor-Leste has a fragile enabling environment plagued by poor or non-existent infrastructure, inefficient government institutions, a vacillating private sector, and overall lacklustre stakeholder commitment. These factors are collectively hampering tourism sector growth in the country. Timor-Leste also has the typical conundrum of a small island state where some seek sustainability





and to limit the development of traditional large-scale tourism. The perception of others is that this approach could exclude the possible larger contribution to broader economic development.

In light of this, it is only by building on Timor-Leste's tourism strengths and opportunities while addressing its constraints and risks, can a substantial contribution to the equitable and profitable growth of the sector can be achieved. The Timor-Leste Tourism Barometer provides a broad situational analysis of Timor-Leste tourism and in doing so creates the foundation upon which direction and strategy can be developed.

The publication of Timor-Leste's Tourism Barometer is followed by the dissemination of a Tourism Strategy that seeks to improve competitiveness through improvements in product development, promotional activities, branding, partnership arrangements and coordination. By formulating a holistic and evidence-based approach we enable an informed road map for tourism implementation in the present year, and in developing the country's strategic direction in the years to come.

## Methodology

In its first iteration, the Timor-Leste Tourism Barometer offers insights to performance for a number of metrics, based on available published data. There are clearly numerous gaps in the data that will require input from a range of government departments, agencies and the private sector to ensure completeness.

In developing a series of metrics to monitor ongoing performance and development of the nascent tourism industry in Timor-Leste, it is important to select indicators/metrics that are:

- relatively easy to measure
- do not incur significant costs
- do not create unnecessary burdens on sectoral players
- have a direct causal relationship between activity and performance
- can be benchmarked against international competitors
- can be monitored on an annual or biannual basis.
- Can be combined with other economic and statistical data to give measures of the contribution of tourism to the economy.

Within these parameters, metrics/indicators can be broken into two categories. Specifically, macro indicators that relate directly to the overall national performance e.g. numbers of arrivals, GDP from tourism activities etc. and micro indicators that, when aggregated, form the bigger picture but relate directly to specific strategic



activities or investments e.g. numbers of destinations served by airports, available rooms in hotels etc.

The tables below list and identify the macro and micro indicators and provide, where appropriate, a series of definitions. It should be noted that some of these indicators are identical to those present in the World Economic Forum Travel & Tourism Competitiveness Reports. When such data is available it should be collected to allow the government of Timor-Leste to benchmark its performance against the results in the report, with the medium term aim being to contribute to the report, at some point in the future.

It should also be noted that some metrics will not be immediately relevant and consideration should be given to prioritising the metrics e.g. while the presence of world class sport stadia is an attractive project, it is the view it would not be a priority compared to investment in say airport infrastructure or the road network. To derive real benefit from the development of the tourism sector such prioritisation of metrics is important to avoid the creation of white-elephant projects that may be politically expedient, yet yield zero or a negative return.

## Suggested Format

The indicators contained within the Barometer will be directly linked to the Ministry of Tourism's Strategy and Action-Plan. As such, these indicators may change over time. It is recommended that the Barometer be conducted annually so as to ensure informed Action-Planning towards achievement of the 2030 Tourism Policy targets.

### SUPPLY

Accessibility				
Macro Indicator	Micro Indicator	Total	% Change Year on Year	Target 2023
Aviation Services	Airlines			
	Airplanes			
	Seats			
Overland Services	Bus			
	Taxi			
	Car Rentals			
Marine Services	Public ferries			
	Private ferries			
	Water taxis			



## Accommodation

Macro Indicator	Micro Indicator	Total	% Change Year on Year	Target 2023
Hotels	5 Star			
	4 Star			
	3 Star			
Rental Apartments	2 Bedroom			
	1 Bedroom			
Homestays Private	1 Bedroom			
	2 Bedroom			
Private House Rentals	Number available			

## Attractions

Macro Indicator	Micro Indicator	Total	% Change Year on Year	Target 2023
Natural	Cultural heritage			
	National heritage			
	Scenic routes			
	National parks			
	Landmark Plaques			
Manmade	Museums			
	Landmarks			
	Recreational			
	Parks			
	Landmark Plaques			
Sustainability	Destination			
	Sustainable			
	Management Plans			

## Amenities

Macro Indicator	Micro Indicator	Total	% Change Year on Year	Target 2023
Urban	Public Toilets			
	International banks			
	ATMs			
	Motor vehicle hire			
	Bicycle hire			
Countryside	Motor vehicle hire			
	Bicycle hire			
	Petrol stations			
	Rest Stations (service centers with food and toilets etc)			



## DEMAND

### Visitors

Macro Indicator	Micro Indicator	Total	% Change Year on Year	Target 2023
Visitor Arrivals	Land			
	Sea			
	Air			
Tourist Arrivals	Land			
	Sea			
	Air			
Tourist Expenditure	Accommodation			
	Transport			
	Shopping			
	Food			
	Beverage			
	Entertainment			
	Attractions			
	Tour Operator			
Events				

### Visitors

Macro Indicator	Micro Indicator	Total	% Change Year on Year	Target 2023
Daily Room Rate	5 Star			
	4 Star			
	3 Star			
	Homestay			
	Rental (incl. Airbnb)			
Average length of stay	Hotel			
	Homestay			
	Cruise			
	Rental			
	Total in Country			

### Awareness

Macro Indicator	Micro Indicator	Total	% Change Year on Year
Marketing	Campaigns Private Sector		
	Campaigns Public Sector		
	Website Usage		
	Facebook presence		
Promotion Internal	Campaigns Private Sector		
	Campaigns Public Sector		



## PARTNERSHIPS

Partnerships			
Macro Indicator	Micro Indicator	Total	% Change Year on Year
Public Sector	PPPs in Tourism		
	Inter-government bodies working on tourism		
	Independent state-funded tourism bodies		
Private Sector	Tourism-specific industry associations		
	Restaurant Associations		
Civil Society	Volunteer Associations		
	Training programs		
	Education programs		





# Abbreviations

**ACTL** Timor-Leste Coffee Association

**ADB** Asian Development Bank

**AOC** Aviation Operating Certificate

**ASA** Air Service Agreements

**ASEAN** Association of Southeast Asian Nations

**CBET** Community Based Eco Tourism

**CJM** Customer Journey Mapping

**UAI** Covalima Airport in Suai

**DFAT** Australian Department for Foreign Affairs and Trade

**DHC** Destination Human Capital

**DIL** Nicolau Lobato International Airport

**FSC** Full Service Carrier

**GDP** Gross Domestic Product

**GOTL** Government of Timor-Leste

**LCC** Low Cost Carrier

**MICE** Meetings, Incentives, Conferences and Exhibitions

**MFAT** New Zealand Ministry of Foreign Affairs and Trade

**NGO** Non-Governmental Organization

**NTO** National Tourism Organization

**OEC** Oecusse Airport



- ODA** Official Development Assistance
- PATA** Pacific Asia Travel Association
- PADI** Professional Association of Diving Instructors
- PPP** Public Private Partnership
- RNA** Room Nights Available
- RND** Room Nights Demand
- SEO** Search Engine Optimization
- SPTO** South Pacific Tourism Organization
- TAF** The Asia Foundation
- TAM** Tourism Asset Mapping
- TATL** Tourism Authority of Timor-Leste
- TLCC** Timor-Leste Chamber of Commerce
- TLTB** Timor-Leste Tourism Barometer
- TLTC** Timor-Leste Tourism Centre
- UNESCO** United Nations Education
- UNWTO** United Nations World Tourism Organization
- USD** United States Dollar
- VAA** Visa Application Authorization
- WTTC** World Travel and Tourism Council
- WEF** World Economic Forum





