

# In the vanguard

Special Economic Zone opening up market of 30 million people

Oecusse PHOTO: DANIEL J. GROSHONG / HUMMINGFISH.ORG

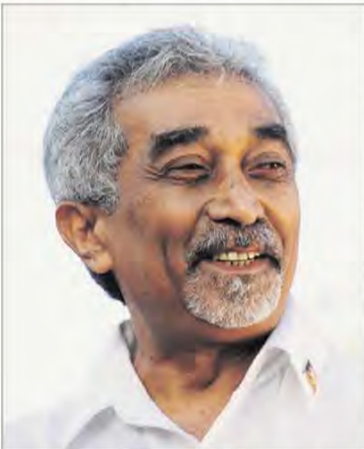
SURROUNDED on all sides by Indonesian West Timor and lapped in the north by the deep Savu Sea is Oecusse Ambeno (o-weh-KU-see um-BEH-no), the western enclave and Special Administrative Region of Timor-Leste.

Even though it is 80km away from the border of contiguous Timor-Leste, Oecusse Ambeno — referred to as Oecusse — is fully Timor-Leste sovereign territory. It may be physically dislocated from the Timor-Leste “mainland”, but it is close to the heart of all East Timorese and occupies a special place in the country’s history.

When the Portuguese first arrived in Timor in the early 16th century, they landed in Oecusse, engaged in trade, introduced Catholicism, and established their colony.

The capital of Portuguese Timor was later moved to Dili for a better harbour, but Oecusse remained Portuguese territory and is today a Special Zone for Social Market Economy (SZSME), a unique pilot project designed to kick-start the economy of the region and open up a market of 30 million people.

The man designated by the government to head this effort is Dr Mari Alkatiri, the first Prime Minister of independent Timor-Leste.



Dr Mari Alkatiri, President of the Authority for the Special Administrative Region of Oecusse Ambeno.

A surveyor and lawyer by training and an economist by life-long “hobby”, as he calls it, Dr Alkatiri is by his own admission a non-conformist.

“I don’t like to copy,” he smiles. “I like to formulate original ideas. Our situation is unique. Oecusse has its own qualities and attributes and challenges.”

Part of the challenge is the area is “green-field”, with relatively little existing infrastructure. Another is human headcount. A local population of some 70,400 set to double in a decade is hardly sufficient critical mass to justify large-scale development — but this is where vision enters.

## Beyond borders

With the full backing of Prime Minister Xanana Gusmão and the Timor-Leste government, Dr Alkatiri designed a programme to bring investment to the enclave, grow the skills and capacity of local human resources, and develop modern industries as well as social infrastructure such as education, healthcare and communications to transform the under-served areas stretching across the northern and eastern extremities of the vast Indonesian archipelago from Nusa Tenggara to Sulawesi, Maluku,



The Special Zone for Social Market Economy (SZSME) in Oecusse in 2014. PHOTO: UNMIT



Artist's impression of SZSME in Oecusse in 2025.

Investors from China, Korea, Macau, Portugal, Brazil, Indonesia, Malaysia and Singapore are in various stages of project negotiations, contracts and implementation.



Papua and beyond. Thus, Oecusse, the country of Timor-Leste and the people of the region — Timorese, Indonesians and others — would all benefit from trade and development and be empowered to engage with the wider Asia Pacific region and the world.

Indonesian leaders have enthusiastically welcomed the Timorese leader’s initiative, lauding it as “attractive and compelling”.

The SZSME model has won endorsement from world leaders: the United Nations Development Programme is supporting the project, and former British Prime Minister Tony Blair’s (above) business network has indicated appetite to invest up to US\$600 million (S\$748 million) in Oecusse.

The SZSME Master Plan outlines investment of US\$4.11 billion over 20 years, one-third of which would be Timor-Leste public spending, with the other two-thirds funded by the private sector.

Already, infrastructure development is in motion to upgrade the seaport for cargo and passenger traffic, to build an airfield and airport, construct roads, bridges, a hospital, and to supply electricity and water.

Activities in the Special Zone would include manufacturing, agriculture, aquaculture and fisheries with their collateral industries — processing and packaging — and tourism.

Determined to differentiate itself, Oecusse aims to offer higher-margin premium products including organic fruits and vegetables.

A rich cultural heritage and natural assets from mountains to sea are ripe for tourism. Timor Capital Partners Asia (TCPA) founded by Singaporean Collin Yap has been appointed to undertake the design and build of the first boutique hotel and first office block in Oecusse, all to Singapore Building & Construction Authority standards.

## Regional hub

But what is a Social Market? At its core, it is about people — human development, sustainable economic growth, equitable benefits.

“The fundamental motivation for SZSME is that the people of Oecusse become partners and beneficiaries in terms of financial, economic and social returns from the investments made under SZSME,” explains Dr Alkatiri.



Timor-Leste districts map.



The SZSME Master Plan is comprehensive and provides for the establishment of education and culture facilities from a university and research centres to performance spaces and a sports complex.

The aim is for Oecusse to become a regional hub for financial transactions, goods and services, and a catalyst for the development of the sub-regions including the provinces of Indonesia. The Special Zone will offer generous tax and other incentives.

All companies received into SZSME will be required to adhere to a corporate environmental and social responsibility regime.

A “social market”, however, with undertones of “socialism”, may not be fashionable in this era. “But poverty reduction is,” points out Dr Alkatiri, “and sustainable development is. Everywhere in the world, it’s become obvious that an extreme gap between rich and poor, the “haves” and “have-nots”, is not sustainable for societies. This has become evident from China to the United States. Remember the Occupy movement? A fair and more equitable relationship benefiting all stakeholders will be more sustainable in the long run, and this will be reflected on companies’ bottom lines.”

## Investors sign on

If early indications are anything to go by, Dr Alk-

## ABOUT OECUSSE AMBENO

Oecusse Ambeno is a full sovereign territory and Special Administrative Region of the Democratic Republic of Timor-Leste. It is a Special Zone of Social Market Economy (SZSME), with the island of Atauro designated as the “Additional Development Pole” for tourism development.

- Capitol:** Pante Macassar
- Land Area:** 815 sq. km = 15% of Timor-Leste sovereign territory (Singapore = 716 sq. km)
- Population:** 70,400 as of 2014
- Religion:** 99.3% Catholic
- Languages:** Tetum, Baikenu, Portuguese, Bahasa Indonesia
- Economy:** Subsistence farming, fishing

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atiri may be onto something. Global investment funds with specific mandates to invest in eco- and agri-businesses are making a beeline for Oecusse.

Investors from China, Korea, Macau, Portugal, Brazil, Indonesia, Malaysia and Singapore are in various stages of project negotiations, contracts and implementation.

In fact, entities from a major Asian country have offered to take up the entire Zone on a build-operate-transfer (BOT) basis, but Dr Alkatiri declined. “We want to diversify. We would like to give different players a chance. And importantly, we want to ensure that the local people benefit from this development. The land belongs to them and their ancestors. This has been a long time coming.”

## 21<sup>st</sup> century state with old-world vibes

THE first Portuguese ship to reach Timor island arrived in 1515, and anchored off present-day Pante Macassar in Timor-Leste’s western enclave, Oecusse. In 2015, Timor-Leste will commemorate 500 years since the arrival of the Portuguese colonisers.

Even though five centuries have passed, Portugal’s legacy in Timor-Leste remains palpable. Canons and ruins of old forts dot coastal towns.

Buildings previously occupied by colonial administrators bestow an old world charm to cities and towns. Notably, Portuguese is one of Timor-Leste’s two official languages, the other being Tetun, the country’s lingua franca.

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Portuguese words and phrases pepper everyday conversations, having been incorporated into the thirty-odd local languages in the country. Portuguese cuisine has also greatly influenced Timorese cooking, with *caldo verde* (vegetable soup), *bacalhau* (salt cod) and *leitao* (roasted suckling pig) widely available, and many Timorese-Portuguese fusion dishes have become traditional over time.

When in Timor-Leste, say “*Bom dia!*” for good morning, and address men as “*senhor*” and women as “*señora*”. Most Timorese carry Portuguese family names and many, like Nobel laureate and former president José Ramos-Horta, have Portuguese ancestry.



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