



## Cement Factory in Caisido-Baucau District: Opportunity or Threat

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## Introduction

As outlined on the National Development Strategic Plan (NDSP) and the Fifth (V) Constitutional Government Program to transform Timor-Leste's economy from "low" to "high" average incomes.<sup>1</sup> The PEDN views cited that, by 2030, Timor-Leste would have modern and diversified economy. Subsistence agriculture would be disappearing and the country will have a better-enriched commercial economy, coming namely from natural resource production.<sup>2</sup>

Meanwhile, on behalf of the Ministry of Petroleum and Oil Resource (MPOR), Alfredo Pires stated that Timor-Leste's natural resources are petroleum, gas and other minerals, both metals (diamonds, manganese, brass and others) and non-metals (sands and stones) minerals. The government has identified various existing of natural resources and will be develop in the future.<sup>3</sup>

On the other side, the director of Asia Pacific Department, Anoop Singh, said Timor-Leste's richness is not only in oil and gas, as there are lots of natural resources which have not yet been exploited the state. If the state effectively develops all the natural resources, of course, Timor-Leste will earn money, and such funds will be used for longer periods in the future.<sup>4</sup>

Timor-Leste has started developing such natural resources. On 09<sup>th</sup> March, the Council of Minister has, in a meeting, approved a cement factory, which will be established in Caisido area, specifically the Tirilolo village of Baucau district. The purpose of this cement factory establishment is to diversify the economy of Timor-Leste based on the National Development Strategic Plan of 2011-2030. BGC and Swan Energy Companies from Perth-Australia become investors of this cement factory, which will be implemented on January 2015.<sup>5</sup>

The government through the Ministry of Petroleum and Oil Resource and through its Department of Geology Research Institute (IPG) has made viability analysis and made sample test for stones, including a team from the Inter-ministerial of MPRM has held twice socialization in Caisido. However, the affected communities in the Caisido area did not get yet certain information regarding the impacts of this cement factory.

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<sup>1</sup> RDTL. (2011). Timor – Leste's National Development Strategic Plan of 2011 - 2030. Page.12.

<sup>2</sup> RDTL. (26 August 2012). The Fifth (V) Constitutional Government Program, Legislature 2012 – 2017. Page.44.

<sup>3</sup> RDTL. (03 March 2010). Natural Resources of Timor-Leste – What should do for Petroleum, Gas and Minerals that Posses by This Country? <http://timor-leste.gov.tl/?p=2186&an=1&lang=tp>

<sup>4</sup> Lay. (19 September 2013). At least 80%, TL Depends on Petroleum Industry. <http://jornal.suara-timor-lorosae.com/kuaze-80-tl-depende-ba-industria-petroliferu/>

<sup>5</sup> Vas. (25 March 2014). Timor-Leste will Establish the Cement Factory. Timor Post Newspaper.

Geographically, Caisido is near to the airport of Baucau. Caisido village borders with some other villages, such as Bahu, Caibada, Tiriloka including Gariuwai of Baucau sub-district.<sup>6</sup> Furthermore, Caisido village has four hamlets; they are Parlamentu, Lialai-Lesu, Oso-Wa and Caisido.

Fundasaun Mahein (FM) views this cement factory as an alternative method for national development and a promising solution the unemployment problem, as this cement factory will provide thirty thousand labor posts during the construction phase and one thousand labor posts during production.<sup>7</sup> However, there are some tentative elements requiring the attention of the government, which should seek adequate solutions in order to prevent the conflict currently hidden behind this cement factory.

## **Methodology**

This report is not to challenge the development plan of the cement factory in Caisido but to analyze its impact in order to encourage public debate and find an adequate solution to some tentative elements of the government's plan to establish this cement factory.

The analysis used in this report was performed through discussion by the FM researchers' team, in a process called Security Sector Discussion (SSD). Also used were private interviews with the affected communities, youths, compeers and communitarian leaders, as well as immediate observation in the area of the cement factory itself. Relevant reports and preexisting literature were also consulted for further analyzing. The conclusion of this report provides FM's recommendations to the appropriate authorities.

## **Socialization: The Communities Remain Uninformed**

The implementation process of the cement factory is now in the socialization and viability analysis phases. On the morning of March 5<sup>th</sup> 2014, the Ministry of Petroleum and Oil Resource, along with the company's investors, hosted an open drilling ceremony at the cement factory in the Caisido area. The Minister Alfredo Pires said in his speech that Timor-Leste has a landscape that is abundant and valuable for investors, with small taxes regionally. Timor-Leste is now open to those businesses by establishing the cement factory in the Caisido area.<sup>8</sup>

On the first meeting, the government and the company did not explain in detail the state's environmental policy, particularly with respect to impacts of this cement factory to the affected communities. The government simply spoke in political terms, explaining the positive impact of this cement factory and never explaining the negative effects. This has caused the affected communities more confusion and misunderstanding.

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<sup>6</sup> RDTL. (2010). Re-Census. Tirilolo Village.

<sup>7</sup> Ki. (02 February 2014). Investment Budget More Than Million to Establish the Cement Factory. Independenti Newspaper.

<sup>8</sup> Ibid

The government explained that this cement factory will produce not only cement for long period, but also will provide job creation to more than thousands of people employed in this periphery.<sup>9</sup> However, the affected communities are confused as to whether the affected communities or exclusively the technical staffs of the company work at this factory. The government has not yet provided a detailed response to this inquiry so far.

On May 9<sup>th</sup>, an inter-ministerial conjoint team from the Baucau district continued its socialization efforts in the affected communities of the cement factory in Caisido. FM's observation during this socialization process noted that not even the representative of the government nor the investors of the company have guaranteed detailed information to the affected communities yet.

The affected communities demand that the government and the investor company provide clear information for them, in order for them to know the positive and negative impacts of this cement factory. The company explained that the establishment of the cement factory in the Caisido area will be decided by the communities. The company further explained that they will not utilize land, farms, residences, or some sacred places of the communities to build the factory. Instead, it will only utilize empty land. Therefore, the company will only use empty places.<sup>10</sup> During the two socialization events, some communities raised questions about the 'new suburb' to be set up in the Caisido area. A main concern was whether the affected communities or the staff of the cement factory would occupy this suburb.<sup>11</sup>

The affected communities affirmed that they will not move from their original residences to "new suburb," citing the statute of land in Timor-Leste and their desire to not be victimized by the development process.<sup>12</sup> Some other communities are concerned about the negative impact of the factory and the outside company upon their home culture and way of life.

Apart from that, the affected communities also urged the government to not neglect mentioning the cement factory's negative impact and also provide sound environmental analysis. The affected communities raised such questions to the official of natural environment of Baucau district, who explained that during their observation of cement industry production in Australia, they did not witness any environmental impact caused by cement factories.<sup>13</sup>

One of the affected communities, Filipe da Costa, urged the director of the natural environment of Baucau district not to simply explain the positives of the cement factory but to also prove, through analysis and study, the detailed impacts of the factory upon the environment. During the

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9Ki. (18 February 2014). Investment Budget More Than Million to Establish the Cement Factory. Independenti Newspaper.

<sup>10</sup> Da Silva. Duarte (08 May 2014). Compeer of Tirilolo village. Private Interview.

<sup>11</sup> Asis Belo. Eusebio. (April 2014). The Affected Communities. Private Interview.

<sup>12</sup> Da Costa. Armindo. (09 May 2014). The Affected Communities Raised Their Concerns During the Socialization Event in Caisido.

<sup>13</sup> Introduction Director of Natural Environment of Baucau District on the Socialization on May 09<sup>th</sup> 2014 in Caisido, Baucau District.

meeting, the affected communities strongly questioned the advantages and disadvantages of the cement factory implementation in their area.

Even the socialization has been held twice, but the affected communities in the Caisido area have not got yet the certain information over the cement factory. The administrator of Baucau sub-district said that the consultation process of the cement factory is initial process and will continue holding the socialization to the affected communities in every village of Caisido.<sup>14</sup> This cement factory will cover the six (6) villages of Caibada, Bahu, Bucoli, Gariuai Tiriloka and Tirilolo villages, which includes the four hamlets in the Caisido area.<sup>15</sup>

FM encourages the government and the company to engage in official dialogue with the affected communities and provide credible information. This way, the communities will have clear expectation for the development, and the national development process will not marginalize these communities.

### **Pros and Cons by the Communities**

FM's observation in the field identified that the affected communities are weighing the pros and cons associated with the implementation of the cement factory in their area. A minority of the communities agreed with the establishment of the cement factory, with the reason that it will provide jobs for them. This cement factory is very important to people in the Caisido area because it will bring job opportunities and income to fulfill their necessities of life.<sup>16</sup>

Some communities disagreed with the establishment of the cement factory in their area for other reasons. Agostinho Belo, an affected community, explained that certain lands that belong to the state can be used for the cement factory, but this is not the case with private land.<sup>17</sup> Marcelino Belo also added that he will not allow anybody to establish the cement factory in the Caisido area; he explained that Caisido has a strong, tight-knit culture, and he does not want this cement factory to divide the community into two parts.<sup>18</sup>

FM's observation identified that there was a strong tendency toward land dispute in the Caisido area, where the original inhabitants declared that they would not allow the cement factory to be established in the Caisido area.<sup>19</sup> On the other side, some local authorities said that the decision of whether or not to implement the cement factory does not depend upon the communities of

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<sup>14</sup> Explanation of the Administrator Baucau Sub-District while Holding the Socialization in Caisido on March 09<sup>th</sup> 2014.

<sup>15</sup> Da Costa Belo. Ricardo. (08 May 2014). Chief Village of Tirilolo. Private Interview.

<sup>16</sup> Da Silva. Duarte (08 May 2014). Compeer of Tirilolo village. Private Interview.

<sup>17</sup> The Affected Communities Presented Their Concerns During the Twice Socialization Pocess in Caisido, on March 09<sup>th</sup> 2014

<sup>18</sup> Belo. Marcelino. (26 May 2014). The Affected Communities and the Land's Owner of Wau-Hau and Wai-Luo. Private Interview.

<sup>19</sup> Ibid

Caisido. In spite of Casido's strong cultural heritage, everyone has right to occupy certain lands and boundaries, as guaranteed by law.<sup>20</sup>

### **Comparative Study or Visit to Australia?**

After doing the viability analysis of drilling cement in Caisido, the Ministry of Petroleum and Oil Resources sent a team to Australia for comparative study. This delegation was composed of 20 members from the national government and 20 from Baucau district. This delegation included district and sub-district administrators, village chiefs, hamlet compeers, property directors, land directors, and environmental specialists, with the collective aim of immediately observing the impacts of cement factories.

Despite the comparative study in Australia, the delegation team did not provide clear information regarding the impacts of the cement factory. Community representatives from Baucau district were part of this delegation team. The director of natural environmental said that during their observation at a cement factory in Australia, they did not note the negative impact of cement production. Indeed, they saw only the production results and explained that there was no apparent environmental risk for the affected communities.<sup>21</sup>

Before the government wishes to establish cement factory, or any project for that matter, in Timor-Leste, the government should send some local authorities, chief villages, and hamlet compeers for comparative study. FM concluded that the information gathered by the delegation team of local authorities and local government officials did not represent comparative study. Therefore, FM suggests that any comparative study must include the technical components and perform multifaceted analysis, regarding the social, economic, and environmental impacts upon the affected communities.

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<sup>20</sup> Da Silva. Duarte (09 May 2014). Compeer of Tirilolo village. Private Interview.

<sup>21</sup> Da Silva. Duarte (09 May 2014). Compeer of Tirilolo village. Private Interview.



## **Conclusion**

FM concluded that there was a strong likelihood of land dispute between the communities in the Caisido area, because there are opposing viewpoints regarding the merits of implementing of the cement factory. The minority coalitions are land owners. During the socialization processes held by the officials of central and local government, these community concerns were not considered.

Furthermore, the communities there lack access to clear information regarding the impact of the cement factory, because the socialization process and the tours to Australia did not note the community impacts of cement production. As a result, the communities strongly question the environment, social, and economic impacts, because they do not wish to be victimized or made guests of their own village.

## **Recommendations**

FM recommends that the Ministry of Petroleum and Oil Resource, in coordination with its inter-ministerial team, should provide extensive socialization for the communities before implementing the cement factory in the Caisido area.

1. FM recommends that the District Conjoint Team and the Company clearly explain the environmental impact of the cement factory, in the interest of informing the communities.
2. FM recommends that the government and the company make a deal with the communities legally to ensure the continuation and prosperity of the community in the future.



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