

## Illegal trading in the cross-border of Indonesia and Enclave Oecusse, Timor Leste

### *Perdagangan ilegal di lintas batas Indonesia dan Enclave Oecusse, Timor Leste*

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#### Abstract

Cross-border trade wrapped in kinship is the hallmark of residents of the borders of Indonesia and Timor Leste. This study aims to analyze the cross-border trade activities of district Timor Tengah Utara Republic of Indonesia and District Enclave Oecusse, Republik Demokrasi Timor Leste. Research on illegal trade was carried out from January 2019 to December 2021. Throughout the study, the authorities were aware of the illegal trade but there was omission because the profits earned were greater than the legal transactions. The types of illegal trade include: subsidized fuel household furniture clothing, cigarettes, and groceries. A qualitative approach is used to explore the context of the border area and the main phenomena. Opinions, perceptions, and feelings of participants regarding the activities of trade area known as the mouse paths (Jalan Tikus) were obtained through field work and in-depth interviews. The results of this study indicate several factors, from an economic perspective, such that it provides many benefits because the currency transactions used are US\$; security supervision at the border is not yet tight and maximal; geographical conditions close to residential areas make it easier to smuggle goods into Timor Leste. This study concludes that there is a need to improve supervision of exit gates, entry of people and goods passing through the border entrance and the management of cross-border markets that have been built in support of bilateral cooperation.

**Keyword:** cross-border areas; Enclave Oecusse; illegal trading; Indonesia; mouse path

#### Abstrak

*Perdagangan lintas batas yang dibungkus kekeluargaan merupakan ciri khas penduduk perbatasan Indonesia dan Timor Leste. Penelitian ini bertujuan untuk menganalisis kegiatan perdagangan lintas batas Kabupaten Timor Tengah Utara Republik Indonesia dan Enclave Distrik Oecusse Republik Demokrasi Timor Leste. Penelitian tentang perdagangan ilegal dilakukan dari Januari 2019 hingga Desember 2021. Sepanjang penelitian, pihak berwenang mengetahui adanya perdagangan ilegal tetapi ada pembiaran karena keuntungan yang diperoleh lebih besar dari transaksi legal. Jenis perdagangan ilegal antara lain: BBM bersubsidi, perabot rumah tangga, sandang, rokok, dan sembako. Pendekatan kualitatif digunakan untuk menggali konteks perbatasan dan fenomena utamanya. Pendapat, persepsi, dan perasaan partisipan mengenai aktivitas wilayah perdagangan yang disebut sebagai jalur tikus (Jalan Tikus) diperoleh melalui kerja lapangan dan wawancara mendalam. Hasil studi ini menunjukkan bahwa beberapa faktor, dari segi ekonomi memberikan banyak keuntungan karena transaksi mata uang yang digunakan adalah US\$; pengawasan keamanan di perbatasan belum ketat dan maksimal; kondisi geografis yang dekat dengan pemukiman penduduk, memudahkan penyelundupan barang ke Timor Leste. Studi ini berkesimpulan bahwa, penting untuk peningkatan aspek pengawasan pintu keluar masuk orang dan barang yang melewati perbatasan dan pengelolaan pasar lintas batas yang telah dibangun untuk mendukung kerja sama bilateral.*

**Kata kunci:** wilayah lintas batas; Enclave Oecusse; perdagangan ilegal; Indonesia; jalur tikus

## Introduction

Cross-border trade wrapped in kinship is the hallmark of residents of the borders of Indonesia and Timor Leste. A culture of tolerance, ethnicity, color, friendship, and family genealogy unites the two in bilateral relations and trade. Family genealogy and friendship are the main factors in the occurrence of border trade. The latest research in several border countries shows that every border trade phenomenon must reap conflicts behind profitable opportunities to form a global economic network to emphasize that both parties are competing on the regional autonomy stage (Krainara & Routray 2015, Grillot 2016, van den Boogaard et al. 2018, Elsing 2019, Shahriar 2020, Dzawanda et al, 2021). On the other hand, borders play a strategic role in developing trade, export-import activities, and increasing foreign exchange. Geographically, Indonesia's area within international boundaries is neighboring three countries: Malaysia, Papua New Guinea, and Timor Leste. While at sea, Indonesian waters are bordered by ten neighboring countries: India, Singapore, Malaysia, Thailand, Vietnam, Philippines, Palau, Australia, Papua New Guinea, and Timor Leste. In this study, the focus of the study is on the last-mentioned country with a borderline length of 268.8 kilometers between Indonesia and Timor Leste.

As one of Indonesia's neighbors, the Republica Democratica de Timor Leste, better known as Timor Leste, was the 27th province of the Indonesian state known as East Timor. However, on August 30, 1999, a ballot was held, and as a result, the majority of the people of Timor Leste chose to separate from Indonesia (Strating 2014, Cummins 2018). Since then, the Indonesian government has had no rights over Timor Leste, so the country was officially recognized as a state internationally three years after the referendum (Bovensiepen 2015). After being recognized internationally, Timor Leste became a neighboring country to Indonesia with land, sea, and air boundaries. The Indonesia-Timor Leste border is in the province of Nusa Tenggara Timur (NTT). The border length is 268.8 km, covering Kupang, Timor Tengah Utara (TTU), and Belu. The maritime border between Indonesia and Timor Leste is the Laut Timor. The land boundary line is in the East sector (Belu Regency), directly adjacent to Covalima District and Bobonaro District along 149.1 km. The West sector (Kupang Regency and TTU Regency), directly adjacent to the Oecusse Enclave area of 119.7 km, comprises six sub-districts and 40 villages that directly border. The District Enclave Oecusse is one of the enclaves in the NTT region separate from other districts in Timor Leste. Since the Portuguese colonial era, the enclave was one of the districts of the Province of Timor-Timur before the state of Timor Leste separated from Indonesia.

The border length between Indonesia and Timor Leste raises border, lateral boundaries, demarcation, domicile, and economic problems (Schofield & Arsana 2019). Economic problems related to basic human needs, namely housing, clothing, and food, are the main problems. So, to overcome this problem, people in border areas carry out cross-border trade internationally. The emergence of cross-border problems has not been supported by the clarity of the territorial boundaries of the two countries. Unclear regional legal certainty, the existence of central government institutions (e.g., Indonesian National Army, Police of the Republic of Indonesia, Customs and Excise, Immigration) that function to reduce local governments' role tends to be in a dilemma. Refugees in the NTT region from Timor Leste are political and normative challenges (Leach 2017, Togral Koca 2019).

Cross-border trade aims to increase economic development and community welfare and a source of foreign exchange for Oecusse and Timor Leste districts. Trading activity as a measure of the level of the economy not infrequently gives birth to prolonged conflicts (Yoder 2018). Mechanisms for managing cross-border trade are generally traditional and involve the surrounding community due to the relatively traditional approach, even though people or residents of different countries carry out business interactions. In cross-border trade activities, violations often occur, not under applicable legal rules, not following norms, and trade ethics (McWilliam 2020). The cause of this condition is the limited availability of facilities and infrastructure such as transportation infrastructure, telecommunications, settlements, trade, electricity, clean water, education, human resources, and health. The limitations of socioeconomic facilities and infrastructure in these border areas lead to minimal investment activities, low optimization of the use of natural resources, deficient job creation, difficulty in developing growth centers, regional

isolation, community dependence on socioeconomic services from neighboring countries, high cost of living, and low quality of human resources. As government support for trade aspects in the Indonesia-Timor Leste border area, a policy was issued to open a joint market at the border located on the border of the two countries and the provision of document facilities in the form of a cross-border pass (called PLB) at no cost to facilitate access for communities around the border, socialization, and trade licensing for local communities, market management, goods, and services traffic, and strict regulation of trade services through relevant departments and agencies.

Based on the Arrangement between the Republic of Indonesia and the Government of the Democratic Republic of Timor-Leste on Traditional Border Crossings and Regulated Market (RI-RDTL 2003), which was signed on June 11, 2003, the Government of Indonesia-Timor Leste imposed PLB for people living on the RI-RDTL land border. PLB is a travel document that functions as a passport and a visa for people who live permanently inland border areas with a validity period of three years. The period of each visit and stay in Timor Leste (for Indonesian citizens) is 10 days and can be extended two times or for a maximum of 30 days. PLB holders no longer need a visa to cross the border. Still, the application area for PLB is only limited to sub-districts that have direct borders as stipulated in the provisions of the 2003 Arrangement.

The two governments carry out various policies and regulations that are quite strict, but in cross-border trade activities, violations are still found by the people of the two countries. Agreements between countries tend to lead to failure as happened between Peru and Bolivia (Ødegaard 2016), India and Bangladesh (Ghosh 2019), Thailand and its four neighbors (Krainara & Routray 2015), Tiongkok and Vietnam (Grillot 2016), Ethiopia, Kenya, and Somalia (Little et al. 2015) and Sierra Leone (van den Boogaard et al. 2018). In cross-border trade activities, illegal trade is born and mushroomed to meet the needs of each citizen's life. The necessities of life are a classic but very significant reason for the survival of both, especially for Timor Leste.

The illegal trade is carried out through forests, mouse paths, community gardens directly adjacent to, and other hidden locations that are only known to residents in border areas. Items commonly traded include necessities, cigarettes, yarn, livestock, smuggling of motorized vehicles, two-wheeled and four-wheeled, fuel oil, and alcoholic beverages. Indonesian citizens are motivated to carry out illegal trade because they are tempted by high prices (East Timorese pay US\$). In contrast, Timorese citizens inevitably have to buy necessities from Indonesian citizens due to a lack of needs. This was done because food supplies from the capital city of Timor Leste (Dili) were often late in being distributed to the Oecusse enclave. In addition, Oecusse is geographically closer to the North Central Timor Regency and is a district directly adjacent to the city of Dili as the capital city of Timor Leste.

Every cross-border phenomenon has problems and interesting phenomena to study. Based on the collection of facts and phenomena above, the purpose of this study is to analyze the type of illegal trade between Indonesia and Timor Leste and the transcendental factors to the saturation stage.

## **Research Method**

This study use qualitative enquiry. In-depth interviews about opinions, perceptions and main phenomena regarding illegal trade in TTU Regency and the Oecusse Enclave were conducted qualitatively (Flick 2014, Patton 2017). Both communities tend to use forest fields, rivers, and creeks to carry out illegal trade. This research is a development of Polner's concept in customs and illegal trade: old game–new rules; which maps out that illegal trading has never changed even though regulations and governance have changed many times (Polner 2015). In total, 33 interviews were conducted, 10 legal and illegal traders from North Central Timor and Enclave Oecusse communities, 10 buyers of goods from two countries, and 13 authority holders in trade transactions. Interviews are about an in-depth understanding of the research themes, main phenomena, authority over trade, and security parties and categorizing them into key informants and supporting informants (Rubin & Babbie 2016, Creswell & Poth 2018).

Daily activities, types of legal and illegal goods are confirmed by the actors involved, coded based on the theme, and the unit of analysis is recorded in field notes which are an integral part of the observation process (Cohen 2011, Jorgensen 2015). Sensitive issues and the involvement of many actors in the fieldwork prolonged the time of research carried out to achieve data validity (Creswell & Creswell 2018). It was noted that, from January 2019 to December 2021, the process of selecting topics, tracking mouse paths, and interested grouping of actors and victims of illegal trade was carried out.

The complexity of the research phenomenon is confirmed by eight actors who are authorized to trade between the two countries. Details of the supporting actors consist of the Head of the South Bikomi Sub-district, the Napan Village Head, the North Insana Sub-District, the Humusu Wini Village Head, the Bikomi Nilulat Sub-District, the Haumeni Ana Village Head, the West Miomaffo Sub-District Head, and the Naekake A Village Head, as the head of the area that directly borders. Other supporting informants are border crossers, Head of Immigration, Head of Border Customs at cross-border posts, and security forces (Republic of Indonesia Police: Indonesian National Armed Forces) on duty at border posts.

As a cross-check of information, the researcher also interviewed the Timor Leste security forces guarding the cross-border post, namely Foscas Defesa de Timor Leste (Timor Leste armed forces) and Policia Nacional de Timor Leste (East Timor police) as well as Timor Leste Immigration and Customs officers on the border. While the analysis stage uses an interactive model (Miles et al. 2018), the data are managed using ATLAS.Ti 8 finds network themes, data categorization, and coding of raw data derived from interview transcripts and field notes (Ang et al. 2016, Paulus et al. 2017). Because research on illegal trading is a sensitive case, the informant's name is kept confidential as part of research ethics and personal safety; each informant is coded the using initials.

## Result and Discussion

The story of the border began 19 years ago, precisely since May 20, 2002. At that time, Timor Leste became a sovereign country and positioned the territory of Nusa Tenggara Timur (NTT) as an area directly adjacent to Timor Leste. There are four districts in the province of NTT which are now adjacent to Timor Leste: Kupang district, North Central Timor district, Belu district, and Malacca district. Over time, cross-border activities between Indonesia and Timor Leste did not require visas for citizens of both countries. Meanwhile, Timor Leste only released visas for Indonesian citizens who will visit Timor Leste on September 26, 2019. Between Indonesia and mainland Timor Leste, two Cross-Border Posts (called PLBN) can be passed: PLBN Terpadu Motaain in Tasifeto Barat and Motamasin PLBN in East Kobalima. Between Indonesia (TTU Regency) and the Enclave Oecusse, one PLBN can be passed, namely the Wini PLBN in Insana Utara. In 2021, a PLBN is being built between the Enclave Oecusse and the TTU Regency, namely the Napan PLBN in North Bikomi.

The Province of NTT, which is directly adjacent to Timor Leste and has a positive impact, also has a negative impact. The positive impact is that NTT Province becomes the front line at the border. The Government of Indonesia is more focused on building more adequate infrastructure facilities in accelerating the development of border areas and improving people's welfare. In contrast, the negative impact is causing problems in various aspects, especially economic issues and social stability. In the latest World Bank report in 2020, East Timor's economic growth is prolonged compared to Southeast Asian countries. Now, the situation is getting worse because Timor Leste is still one of the poorest countries in the world (WorldBank 2020).

Meanwhile, according to the United Nations Development Program report, Timor Leste is ranked 152<sup>nd</sup> as the poorest country in the world out of 162 countries (UNDP 2020). undoubtedly, the public welfare scheme shackles the small country (Wallis 2019). After 19 years of sovereignty, the condition of Timor Leste tends to stagnate. Human resources and natural resources are limited, so almost all the basic needs of citizens of Timor Leste must be imported from Indonesia. In overcoming these economic problems, violations in economic activities often occur due to illegal trade from both Indonesian and Timorese citizens.

Many efforts have been made by the governments of Indonesia and Timor Leste to minimize fraud in economic activities in terms of policies and strategies for handling regional business. Unfortunately, various problems arise and are difficult to avoid, such as the many hidden places that are only known by citizens of both countries when making transactions. Phenomena that often occur are illegal trade transactions in community gardens directly adjacent, the existence of mouse paths, and the absence of a dividing wall between the TTU Regency and the Enclave Oecusse. Rivers, bridges, or wilderness only limit national borders, providing opportunities for citizens of both countries to carry out illegal trade.

Commodities traded illegally include necessities, kitchen utensils, electronics, agricultural and livestock products, subsidized fuel oil, and other basic needs. Even the exchange of rupiah and US dollars is rife at the border. Seeing this illegal trade practice is very detrimental to regional economic growth, which impacts national stability problems. For example, in North Central Timor Regency there is often a shortage of subsidized fuel oil because many traders smuggle subsidized fuel into the Oecusse Enclave at a higher price than it is sold in North Central Timor Regency. This fuel smuggling contradicts the issue that developed during the popular opinion poll that Timor Leste is rich in oil content (Lundahl & Sjöholm 2008) and eventually separated itself from Indonesia. Considering the increasing frequency and number of illegal goods, we categorize the types of illegal goods in Table 1 based on the causes and consequences for both parties.

**Table 1.**  
Illegal goods category: Causes and consequences

<b>Types of Illegal Goods from NTT to Oecusse</b>	<b>Cause</b>	<b>Consequences</b>
Subsidized fuel	<ul style="list-style-type: none"> <li>• Low price</li> <li>• Hoarding</li> <li>• Household needs</li> </ul>	<ul style="list-style-type: none"> <li>• Highest-priced smuggling</li> <li>• Daily needs</li> <li>• Differences in exchange rates on currencies</li> </ul>
Household furniture	<ul style="list-style-type: none"> <li>• There are no factories that produce</li> <li>• Market dominance</li> </ul>	<ul style="list-style-type: none"> <li>• Highest price</li> <li>• Increased Demand</li> </ul>
Clothing, cigarettes, groceries	<ul style="list-style-type: none"> <li>• The limited supply of goods</li> <li>• Low price</li> <li>• Increased prestige</li> </ul>	<ul style="list-style-type: none"> <li>• Highest price</li> <li>• Daily needs</li> <li>• Lifestyle</li> </ul>
<b>Types of Illegal Goods from Oecusse to NTT</b>	<b>Cause</b>	<b>Consequences</b>
Typical food and drink (Timor Leste) <ul style="list-style-type: none"> <li>• Saghiko (special drink)</li> <li>• Pao (special white bread)</li> </ul>	<ul style="list-style-type: none"> <li>• Only available in Oecusse</li> <li>• The importance of holidays, weddings, traditions, and the like</li> </ul>	High prices for holiday activities, weddings, conventions, and the like

Source: ATLAS.Ti data processing results

The results of the data processing using ATLAS.Ti in Table 1 are in accordance with the researcher’s interview with LAU which stated that: “The goods we sell illegally to Oecusse are subsidized fuel, household furniture, clothes, cigarettes and food. We sell them there illegally because they are expensive. The money we earn, we use for our daily needs” (Informant LAU), Indonesian citizen, 43 years old.

Another informant (Oecusse resident, 38 years old) also stated that:

“Most of the goods we sell illegally to the TTU community are in the form of food and drinks. Food is like pao because this type of food is only made by Oecusse people and tastes better when made by Oecusse people. As for the drink, it’s saghiko because our brothers and sisters at TTU enjoy eating both these foods and drinks.” (Informant IME).

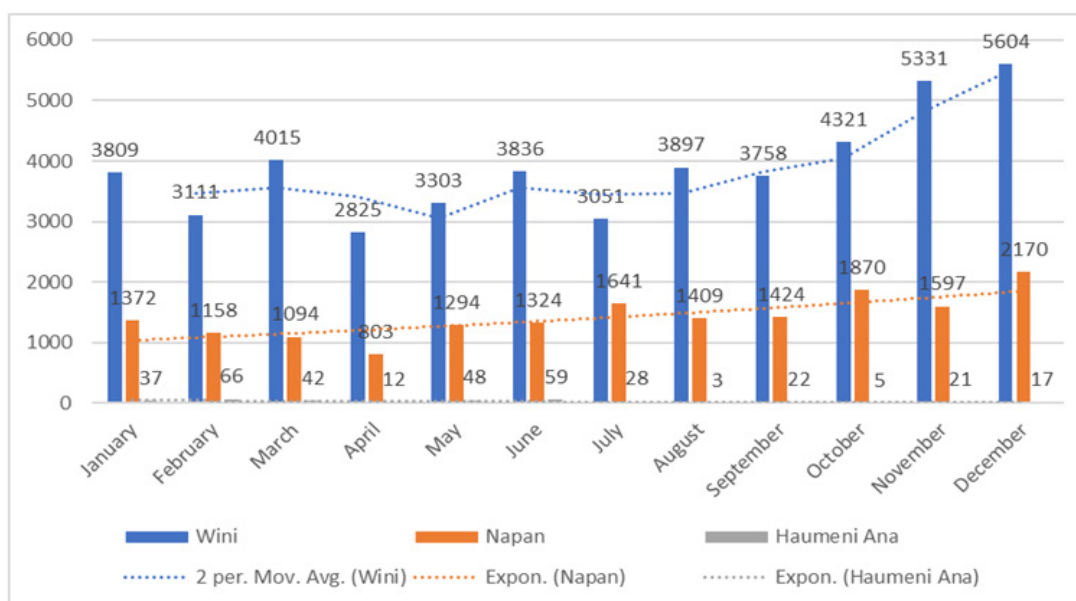
To minimize illegal practices between the TTU Regency and the Oecusse Enclave, they provide four traditional markets collectively. The number of markets consists of the Wini market in North Insana, the Napan market in North Bikomi, the Haumeni Ana market in Bikomi Nilulat, and the Saitau market in Mutis. The four traditional markets are traditional markets that involve the people of both countries as traders and consumers and take turns with the provisions of the commodity being spent, a maximum of Rp 500.000 (five hundred thousand rupiahs).

The government’s goal is to establish a border market to improve the economic life and welfare of the people of the border area. In addition, minimizing black market practices, meeting the basic needs of the surrounding community, creating new job opportunities, and as a meeting place for the people of TTU and the Enclave Oecusse as brothers who have been separated by political life and state sovereignty. The border market operates every week on a predetermined day based on the people’s agreement of the two countries. The commodities traded by traders in TTU Regency are kitchen utensils, household furniture, clothing, and other necessities. Meanwhile, the commodities traded by the residents of the Oecusse Enclave include typical drinks such as Saghiko and Pao (Timor Leste special drink and bread), as shown in Table 1 Considering the intensity of trade between the two countries, the researcher presents data on Indonesian border market traders in TTU Regency as shown in Table 2.

**Table 2.**  
Number of border market traders

Market Name	Sub-district	Number of Traders	Status
Wini	Insana Utara	66	Active Market
Saitau	Mutis	85	Active Market
Napan	Bikomi Utara	98	Inactive (communal conflict) in 2020-2021
Haumeni Ana	Bikomi Nilulat	216	Active Market
<b>Total</b>		<b>465</b>	

Source: Department of Industry, Trade and Cooperatives Timor Tengah Utara District of Indonesia (DITC 2019)



**Figure 1.**  
Number of state border crossers per month at PLBN in TTU Regency, 2020  
Sources: Tourism Office of TTU Regency and Atambua Immigration Office, Nusa Tenggara Timur (TOI 2019)

By taking an inventory of traders’ data on the borders of the TTU Regency and the Oecusse Enclave, ideally, the government can monitor trading activities in the border areas of the two countries. In addition, the socialization of the program on correct trading systems and procedures provides traders with capital participation to prevent illegal trade. Unfortunately, illegal trade often occurs, thus harming the national economy and the economy of the TTU district in particular. This inevitably impacts the security and political stability of the Unitary State of the Republic of Indonesia.

Another effort made by Indonesia is to facilitate public access in and out of the territory of Timor Leste within a specific time limit and a radius of fewer than 10 kilometers by issuing a Cross-Border Pass document (PLB). PLB is intended for people-to-people contact or brotherly and friendly relations between the people of the two countries. In particular, to facilitate Indonesian and Timorese citizens living in border areas for mutual visits, customary or religious gatherings, or to carry out trading activities at border markets. The PLB document management is free of charge with a validity period of five years. This policy was well-received by Indonesian citizens as evidenced by a large number of PLB document ownership and the flow of people in and out of the Oecusse Enclave area as illustrated in Figure 1.

Because disintegration is not the hope of every country, the kinship relations between the TTU community and the Oecusse Enclave that have been built for so long are accommodated through PLB documents. Both countries are vulnerable to conflicts over justice, human rights, and border political tensions behind a sense of kinship (Strating 2014, Bovensiepen 2015, McWilliam 2020). Market activity as well as currency differences are central indicators of an increase in border crossers. In particular, the phenomenon of currency values is a classic but timeless phenomenon.

### **Transcendental factors of illegal border trade**

The phenomenon of illegal trade continues until this research is completed. The researcher summarizes several transcendent factors from various categories of data and research findings. Transcendent factors regarding illegal trade in TTU District (Indonesia) and Enclave Oecusse (Timor Leste) include:

#### *Limited infrastructure in the Oecusse Enclave*

The lack of infrastructures such as transportation and roads has limited the distribution of commodities to remote areas of the Oecusse Enclave, causing the price of goods to be very high. The exchange rate of money and the high cost of goods tempt Indonesian citizens in the TTU area to carry out illegal transactions. Trade cooperation can improve the welfare of both parties. The same case in India-Myanmar has infrastructure conditions that are not much different between Oecusse and TTU (Shahriar 2020). This condition triggers illegal trade so that this research reaches the saturation stage. As several informants (39 years old, Oecusse resident and 25 years old, citizens of Napan village TTU) stated.

“We are in Oecusse, the roads in this district are a legacy of Indonesia which has been damaged. We have a little difficulty in transportation between sub-districts so that the distribution of commodities such as basic necessities to the sub-districts is also experiencing obstacles. This is what makes our brothers and sisters near the TTU border (Kefamenanu) carry out more illegal transactions to make ends meet.” (Informant DOM).

“It is easier for our brothers in Oecusse to come to TTU than to Dili, so it is easier for them to get their needs at TTU than to Dili. This is what makes us tempted to sell goods to our relatives illegally.” (Informant YUL).

#### *Geographical and topographical conditions*

The geographical location, topography, and proximity of settlements between the two countries encourage basic needs and avoid expensive goods prices. In addition, the distance between payments between citizens is less than one kilometer. Boundaries are only marked by wooden fences, roads, gardens, fields, hills, rice fields, forest fields, rivers, and creeks, making it easier to transact (Figures 2,

3, and 4). For example, when people manage their gardens, fields, and rice fields, they are also doing transactions because the community gardens of the two countries are side by side. Transactions can also be carried out when people are herding cows, goats, or other livestock, which often accidentally cross into neighboring countries. Both countries initiated a border wall, but the Turkish-Syrian case example (Arslan et al. 2020) is not a practical solution for Indonesia and Timor Leste. Several informants (40 years old, Nelu resident-Indonesian citizen and 40 years old, Oecusse resident) stated.

“Oecusse with TTU is only limited by a road. On the right side of the road is Oecusse and on the left side of the TTU road. The country borders are wooden fences, gardens, fields and roads. Pets like cows never know the country’s borders. We often transact necessities trees in gardens, fields and other places that make it easier for us. We do this because our houses are only about 1 kilometer apart.” (Informant SEL).

“Inevitably, we continue to carry out illegal transactions to fulfill our needs such as food, snacks, clothes and other necessities because there is no high wall separating us. We also do not carry out transactions in large quantities so that they are not easily detected by security. It’s a small amount but we often do it because our settlement is not too far away.” (Informant GET).



**Figure 2.**

Borderland, front side

Source: Researcher documentation



**Figure 3.**

Borderline by topography

Source: Researcher documentation





**Figure 4.**  
Border market conditions and security guard  
Source: Researcher documentation

### *Accessibility*

Access for the people of Timor Leste, who are on the border with the capital city of Oecusse, is hampered by limited transportation. The high cost of transportation and the length of travel time exacerbate irregularities in economic activity. Increased costs constrain difficulties in obtaining basic needs for national products due to infrastructure barriers. The inflow of goods from neighboring countries at lower prices will dominate the border market. Similarly, technical constraints and a lack of budget for customs agencies in charge of overseeing trade are classic problems for most border countries (Fadahunsi & Rosa 2002, Little et al. 2015, Medina & Ardila Calderón 2015, Polner 2015, Hutchison 2019, Khondoker 2019, Rolandsen 2019). An urgent improvement for customs is that capacity building is an absolute requirement while synergizing with the security forces. Considering that the number of mouse paths is increasing and expanding, even the patterns and modes of illegal transactions are increasingly varied. As stated by the following informants (Oecusse resident, 40 years old and Head of BNPP Boundary TTU District).

“Oecusse is an enclave that is separate from other districts in Timor Leste. From Oecusse to Dili the state capital and other districts can only be reached by ship, making it difficult to distribute basic necessities from the capital to Oecusse, shopping to meet our needs because it can be reached by car or can be reached on foot by crossing the fields and gardens of the people of the two countries. This also makes it easier for us to transact in meeting our basic needs as known by the community. If we smell the security forces, we will move again because we only pass through our gardens or fields.” (Informant CAN).

“Residents of Oecusse find it easier to go to Kefamenanu-TTU than to Dili-Timor Leste including in searching for basic necessities. This is the pillar that triggers illegal transactions, but BNPP has carried out socialization about boundaries and risks of illegal trade. We as a party border managers have carried out a pattern of handling illegal trade by reviving the border market in Napan village and providing facilities to the community such as red passports / cross-border passes (PLB) where people who use PLB are not allowed to cross the border line more than 10 km.” (Informant DJI).

### *Culture and emotional attachment*

In addition to geographical proximity, the people of TTU Regency and the Oecusse Enclave have emotional closeness due to their ethnicity (Molnar 2010). The cultural and mental boundaries of brotherhood reflect the transitional space and encourage people across borders to build relationships

in everyday life (Scott 2019). On the other hand, the process of getting goods across to the people of Timor Leste is more straightforward, faster, and without means of transportation than to the capital city of Oecusse. The proximity of community settlements facilitates the process of moving goods without transportation costs and in a short time. Several factors are considered very profitable through cross-border trade, including; (a) money is received in cash and immediately without interruption; (b) the certainty of buyers who are known because of the trust built from culture and emotional bonds; so that (c) facilitates the delivery of goods. As stated by the following informants (Oecusse resident, 43 years old and Nelu resident TTU).

“Oecusse and TTU are one area. We have one language, one culture, namely the atone meto culture, we also have the same ethnic name, we have the same skin and hair color, so we need each other, including we trust each other in transactions because we have there are so many similarities that it is impossible for us to confuse each other. We need each other in fulfilling our daily needs.” (Informant VES).

“We often meet in family events such as weddings, traditional house parties, funeral ceremonies and other family events because we have the same tribal name. Seeing our brothers have difficulty, what we have we have to give because we have brotherly ties.” (Informant SAB).

Economic growth in the border area of TTU Regency and Oecusse district is growing daily in line with population growth. In this economic activity, it is unavoidable to practice illegal trade due to interdependence. The people of TTU get higher profits from selling commodities to the people of the district of Oecusse because the people of Timor Leste use the US\$ currency. Meanwhile, the people of Timor Leste, like it or not, have to value Indonesian commodities at high prices to meet basic needs, as happened in Zimbabwe (Dzawanda et al. 2021). This problem arises because access to basic needs is more accessible in Indonesia than from the country itself. The geographical location narrows the space for residents of the Oecusse District, which is an enclave in the NTT area and is far from the city of Dili as the capital city of Timor Leste.

Things that can be done between countries as anticipatory measures to eliminate illegal transactions in border areas is by conducting intensive socialization to the community to understand the importance of administrative documents, mobilization of people and goods abroad. Not only that, motivating the community to take advantage of the potential of their resources as a competitive strength (physical quality) for capacity building. The economic development of rural institutions is in line with the growth of regional economic activity by reviving community groups to increase superior products, forming cooperatives as pioneer institutions acting as mediation institutions for capital for border area communities. These recommendations are in line with the research findings in Alberta, where conditions are confined and interdependent. Thus, bringing together political figures from local communities, business interests, and collaboration with research and educational institutions is a crucial determinant in strengthening political-business interrelationships for the two countries (Hale 2019). Hale's recommendation is very likely to be carried out by both parties due to similarities in ethnicity, culture, kinship and language factors. Taking into account this trend, the theory of illegal trade which involves elements of policy reformulation as offered by Polner is not suitable for the conditions of Oecusse and Indonesia as criticized by later researchers (Little et al. 2015, Ødegaard 2016, Ghosh 2019). The similarity of the above factors is an undeniable strength.

It is strengthening financial institutions in villages (which are directly adjacent to) by streamlining Village-Owned Enterprises (Badan Usaha Milik Desa: BUMDES) as a centralized place to exchange rupiah and US dollars so that there is no illegal activity from irresponsible elements. Both countries need to improve the border market's facilities and infrastructure and manage the border market effectively and efficiently. There is a need to tighten security in opening the entrance and exit of the border and tighten the inspection of residents and goods crossing the border. Increased security surveillance on border lines, specifically on unofficial routes, can expand illegal cross-border trade as the primary recommendation.

## **Conclusion**

Symptoms of illegal trade carried out by the people of the two countries are mushrooming through unofficial border routes or commonly known as mouse paths. This problem is increasing because cross-border trade from an economic point of view provides many advantages because of the transaction currency used, namely the US dollar. The difference in currency tempts people around the border to participate in cross-border trade by smuggling merchandise such as fuel oil, necessities, and cigarettes from Indonesia to Timor Leste through illegal routes or what is commonly called the Jalan Tikus (mouse path). The illegal trade process leads to interdependence. However, illegal goods are traded based on their individual needs and the commodities traded tend to come from Indonesia to Oecusse as the beneficiary.

Traffic and illegal trade activities are caused by several factors, including (1) Security supervision at the border has not been so tight and maximal. It provides opportunities for individuals who smuggle fuel, necessities, cigarettes, etc., which significantly affect Indonesia's economic stability, especially in TTU Regency; (2) Lack of infrastructure to support cross-border trade; (3) Geographical conditions where the residential areas are close between RI and RDTL so that goods are smuggled into Timor Leste with modes such as gardening, herding livestock while carrying out illegal trade transactions; (4) Cultural similarities of the people of the two countries create opportunities for individuals to carry out illegal trading activities through mouse paths.

Due to the similarity of language, the fabric motifs commonly used by the people of the two countries and the facial similarities, this facilitates transactions and disguises the situation from the security side. To minimize illegal trade activities between RI-RDTL in TTU Regency and the Oecusse Enclave District, the following are required; (1) Increase security surveillance at unofficial border routes that have the potential to be passed by the TTU community in smuggling fuel, cigarettes, necessities, and daily necessities toward Timor Leste; (2) Improve monitoring of entry and exit of people and goods passing through border entrances; (3) Improve management of cross-border markets that have been built in support of RI-RDTL bilateral cooperation.

## **Disclosure Statement**

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