

# TIMOR-LESTE

## A beacon of stability and optimism in Southeast Asia

Prime Minister of Timor-Leste, Kay Rala Xanana Gusmão, is rightfully proud of the progress his nation has made since it became the 191st member state of the United Nations in May 2002

**T**imor-Leste's future is bright due to one special ingredient — peace. Prime Minister Gusmão is a staunch proponent and champion of peace as a necessary precursor for development. During the Indonesian occupation, the Timorese people experienced unthinkable devastation as they fought a twenty-four-year war of resistance.

Under Gusmão's leadership, the Timorese eventually achieved independence. Post-independence, with the nation finally at peace, Gusmão and the leader of the Timorese international diplomatic front, Nobel Laureate José Ramos Horta, led a campaign of reconciliation — with Indonesia and between the Timorese.

Together they insisted the nation and its people look forward, not back. "We have built a safe, tolerant, and open society. We have worked hard to consolidate our State and set up effective institutions," the Prime Minister said.

"We welcome international investment to support our hydrocarbon, agriculture, and tourism sectors — the key pillars of our 20-year *Strategic Development Plan 2011-2030* — a comprehensive framework to transform our country from a low-income nation to a country with upper-middle income levels by 2030, with a population that is secure, educated, and healthy.

"The plan was formulated in 2011 and aligned with the United Nations' Sustainable Development Goals. We identified main sectors for development and prioritized building basic infrastructure. We initiated projects focusing on roads, schools, hospitals, bridges, and electricity.

"It is an ambitious plan, but we are on track. We have completed the largest infrastructure project in our people's history — a national electricity grid. We are embarking on a new infrastructure program to secure our nation's sustainable economic future which includes a national port, a major airport upgrade, a national road network, and the extensive development of our south coast to become a sub-regional center for the petroleum industry.

"We have established a Human Development Capital Fund to build the human resources of our nation and already our students are spread out around Asia and the world to learn the skills necessary for State building.

"Our focus for the next five years is on fostering economic growth especially in areas such as agriculture, livestock, tourism, and the blue economy."

In addition to the success of the *Strate-*



Timor-Leste secured its first submarine fiber-optic cable connection in June 2024



Xanana Gusmão  
Prime Minister, Timor-Leste

*gic Development Plan 2011-2030*, another of Prime Minister Gusmão's achievements post-independence was Timor-Leste's settlement of the longstanding dispute with Australia over sovereignty in the Timor Sea.

Petroleum income from oil and gas fields in the Timor Sea is paid into the *Petroleum Fund* as mandated in the Constitution. The Fund's objective is to contribute to the wise management of petroleum revenues for the benefit of both current and future generations.

Gusmão is also proud of the fact that Timor-Leste was accepted as a member of the World Trade Organization in February 2024 and that the nation is on track to become a member of ASEAN — the Association of Southeast Asian Nations — in 2025.

"Despite our many challenges, and being such a young nation, our commitment to progress is unwavering. We are fortunate that we have the petroleum fund and a strategic plan to drive the country forward. Timor-Leste is a young nation with untapped potential. Our young people will play an essential role in accelerating our progress.

"We recently celebrated 22 years of independence — it has been a remarkable journey."

### Timor-Leste at a glance

The Democratic Republic of Timor-Leste is in Southeast Asia, adjacent to Indonesia and across the Timor Sea from Australia. Timor-Leste comprises the eastern half of the island of Timor, Atauro and Jaco islands, and the enclave of Oecusse in Indonesian West Timor.

XANANA GUSMÃO  
PRIME MINISTER, TIMOR-LESTE

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For over 400 years the country was a Portuguese colony known as Portuguese Timor. The other half of the island was part of the Dutch East Indies until Indonesia won a war of independence in 1949.

In December 1975, neighboring Indonesia invaded the territory just nine days after the Timorese declared independence from Por-

tugal. For the next 24 years the Timorese resisted the Indonesian occupation. Hundreds of thousands of people died in battle or from deliberately induced starvation.

Former journalist Kay Rala Xanana Gusmão assumed leadership of the resistance in the early 1980s. He lived in the mountains, surviving napalm attacks, malaria, and hunger until his capture in 1992.

He continued to lead the resistance from jail in Jakarta, the capital of Indonesia, until a change of leadership in Indonesia resulted in a United Nations' supervised vote of self-determination in 1999, and independence in 2002.

Gusmão became Timor-Leste's first elected President in 2002 and served as Prime Minister from 2007 to 2012. He commenced a third term as Prime Minister in July 2023.

Timor-Leste is the only Portuguese speaking nation in Asia. The other official language is Tetum. English and Indonesian are 'working' languages under the Constitution. Currency is the US dollar.

Timor-Leste's population is approximately 1.5 million. The country's median age is 20 with about 40% of the population under 15 years. Some 70% of the population lives in rural areas, dependent on the agricultural sector. The capital Dili, with a population of 281,000, is on the north coast opposite Atauro Island.

Timor-Leste is one of only two predominantly Catholic nations in Southeast Asia, the other being the Philippines. Timor-Leste uses the civil law system based on the Portuguese model. Penal and civil law codes to replace the Indonesian codes were passed by Parliament and promulgated in 2009 and 2011, respectively.

## Timor-Leste is working closely with other nations and the private sector to secure a bright future

The Government is seeking international support for projects that will benefit the Timorese people and build a prosperous state

**S**ince independence in 2002, Timor-Leste has embarked on a remarkable journey that has seen the small island nation develop a thriving oil and gas industry and a successful agriculture sector. The Gusmão Government has an ambitious plan for Timor-Leste's growth and is seeking international investment support.

"We are fortunate to be a young and independent country that has been able to utilize technology to engage globally. This has not been the case for many countries that have gained independence and have faced serious economic challenges," said Prime Minister Xanana Gusmão.

One area that will require international support is the development of infrastructure throughout Timor-Leste. The Gusmão Government is expanding the road network, creating new special economic zones, and will upgrade the Presidente Nicolau Lobato International Airport.

XANANA GUSMÃO  
PRIME MINISTER, TIMOR-LESTE

**"Timor-Leste has an extremely competitive 10% tax rate."**

bility, industry, the private sector growth, and the general well-being of the people," said Gusmão during his speech at the seminar.

"Timor-Leste has an extremely competitive 10% tax rate and provides tax relief below 10% for investors in some circumstances.

"We also have very competitive labor costs, which is attractive for manufacturing investment. Heineken set up a manufacturing plant in Timor-Leste.

"I believe that membership of the WTO and full membership of ASEAN will provide foreign companies and investors with the confidence and security to invest in our country. It will lead to more collaboration with member states contributing to a bright future for Timor-Leste."

Equally important is the Greater Sunrise and condensate fields project.

Timor-Leste will further develop the oil and gas industry in the years ahead to bring significant funds into the country. This extra income will prove crucial in developing



Maritime boundary agreement between Timor-Leste and Australia

new sectors such as tourism. "Our government is committed to driving development to enhance the well-being of our people," said Gusmão.

### Sovereignty in resource management

In April 2010, Timor-Leste facilitated the establishment of the g7+, a unique international group that provides a platform for member countries to collectively advocate for better ways to support peace building and state building in countries affected by conflict and fragility.

The g7+ Secretariat, which is based in Dili, oversees 20 member states in post-conflict situations. While some countries have made progress in democracy and human rights, others face persistent challenges despite having abundant resources that include diamonds, gold, and oil.

Prime Minister Gusmão said: "Reflecting on our own experience, we want to highlight the importance of sovereignty in resource management. Achieving our independence was essential for us to claim ownership of our oil.

"Now, as the funds from these resources belong to the people, our focus is on using them wisely to benefit our citizens and to build a prosperous state. For example, to promote tourism, one of our most promising sectors."

## TIMOR-LESTE'S ECONOMY AT A GLANCE



**Economic growth projected:**  
Average 4.1% in 2024 and 2025  
(World Bank)



**Currency:**  
US dollar



**Key Sectors:**  
Energy and minerals, tourism, agriculture, infrastructure



**Main exports:**  
Petroleum and coffee

The Government also has ambitions to diversify the economy through the development of strategic sectors such as agriculture, forestry, livestock, fishing, tourism, petroleum, minerals, and manufacturing.

At a national seminar on Timor-Leste's infrastructure development in early 2024, the Prime Minister discussed the importance of knowledge-sharing and having the support of international organizations.

"Infrastructure is the backbone of the country's productive sectors. If we want economic and social development for the Timorese, we must build and maintain a wide range of basic infrastructure that supports health, education, agriculture, people's mo-



Timor-Leste is protecting marine life

## Discovering Blue Economy opportunities in Timor-Leste's seas

In a move to diversify the economy and protect the health of marine and coastal ecosystems, Timor-Leste is turning to the blue economy for economic growth, job creation, and to improve livelihoods

Since independence in 2002, Timor-Leste has relied heavily on the oil and gas industry for national development. The sector contributes around 90% of the nation's revenue. In order to diversify the economy, Timor-Leste is focusing on developing a "blue economy."

Tourism has yet to be fully developed in Timor-Leste, but the country is blessed with natural beauty, including exceptional marine biodiversity. Dolphins and short-finned pilot and melon-headed whales can be seen throughout the year, while from October to December the Wetar Strait separating Dili and Atauro Island becomes a major migratory corridor for many species of whales.

Timor-Leste is preparing a Blue Economy Policy and Strategic Action Plan that sets out how the blue economy can help accelerate sustainable economic development across four key pillars: social capital; infrastructure development; economic development; and institutional frameworks. The Policy analyzes how domestic and external financial resources can be leveraged in innovative and strategic ways to support the blue economy.

Prime Minister Xanana Gusmão, through the Timor-Leste Land and Maritime Boundary Office, is responsible for actioning the plan. From 2019 to his inauguration in July 2023, Gusmão was the country's special representative for the blue economy. Thanks to his deep understanding of this topic, he is now developing and coordinating the implementation of the nation's blue economy policy and action plans.

"We want to attract public and private partners who have principles of trust, transparency, and consistency to be a part of this historic chapter in the country's development," said Gusmão. "We believe that by investing in the health of marine ecosystems and the preservation of biodiversity, we are not only guaranteeing the sustainable use of natural resources for the benefit of our communities but also for the planet."

"Our policies on the blue economy will ensure we responsibly use marine resources in the seas surrounding Timor, transforming them into viable business opportunities that generate revenue for the state and jobs for our people."

Coastal and marine tourism is one sector that comes under the blue economy and is ripe for growth. Tourism currently makes up just 1% of Timor-Leste's GDP, but the island nation is the perfect setting for different forms of tourism, including ecotourism, and related activities such as cruises, whale-watching, scuba-diving and recreational fishing.

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PRIME MINISTER, TIMOR-LESTE**  
"The Timor-Leste government is balancing the promotion of marine-based tourism with the conservation and preservation of our marine ecosystems and rich biodiversity."

"We want to ensure that local coastal communities that rely on fishing and other marine-based economic activities are involved in decision-making processes related to marine-based tourism," explains Gusmão. "The Blue Economy Policy will include recommendations for marine protected areas to conserve coral reefs, protect and reforest mangroves, and ensure sustainable fisheries."

"One such location is Atauro Island which lies 12.4 miles (20 kilometers) across the Wetar Strait from the capital Dili. The island is surrounded by coral reefs that attract scuba divers and snorkel enthusiasts from around the world. We have announced the establishment of a Marine National Park around Atauro Island. The park boundaries will be based on scientific advice and any 'no-take' areas within the park will be determined after an extensive community consultation."

"We will also map and market our 60 world-class premium diving sites and make Timor-Leste a destination for divers, researchers, and those wanting to experience the breathtaking beauty of life under our sea. We are also lucky to be on a migration corridor used by different species of whales, and host resident com-



Numerous species of whales transit along the coast of Timor-Leste

marine-based tourism with the conservation and preservation of our marine ecosystems and rich biodiversity. Through these concerted efforts, we want to harness the economic benefits of marine-based tourism while preserving the ecological integrity of our pristine marine ecosystems and rich biodiversity. We were given these tremendous natural resources, so, we must become the stewards and passionate keepers of these marine assets and preserve them for future generations."

### Fishing initiatives

Despite abundant fish stocks and a variety of coastal habitats, Timor-Leste's fisheries have traditionally represented less than 0.5% of its GDP and the country has remained largely reliant on imports to meet its seafood demands. However, this is set to change dramatically in the years ahead. Not only is the country seeking to promote a sustainable increase in fishing and aquaculture production, but it plans to develop seafood processing industries and establish several industrial centers.

"We are currently looking for international partners to establish links to international markets, strengthen our transport system and chilling centers, and develop essential infrastructure such as harbors, quays, and docking facilities."

"Timor-Leste has a coastline of more than 435 miles (700 kilometers) and an Exclusive Economic Zone of about 45,000 square miles (72,000 square kilometers) in which we have the right to catch fish and other marine life. Administratively, the nation has twelve municipalities and one Special Administrative Region of which all but two municipalities have direct access to the coastline," said Gusmão.

"The government is undertaking a review of the fisheries sector to identify priorities and strategies for sustainable growth of the industry. Fish production was 50 metric tons a year in 2009 and the goal is to increase that to 12,000 metric tons or more by 2030. We are also introducing measures to regulate minimum mesh sizes of nets and to control fishing during breeding seasons."

While it is important to grow the fisheries sector, the government is ensuring that it does so whilst also protecting the natural habitat and fish stocks. This is especially important to ensure that it remains a sustainable sector for decades to come.

"Existing commercial licenses will be reviewed to better define how parties utilize Timor-Leste's marine resources in the medium and long term, balancing the need to generate revenue for the state and protect and preserve marine resources and assets," revealed Gusmão. "The key is a sustainable fishing industry. Legislation to reduce illegal fishing, especially by foreign vessels, will be introduced along with improved surveillance."

"The government is also investing in sustainable deep-sea fishing for export and establishing fishing centers along the coast, providing better

access to boats, equipment, and training. We intend to establish a fishing academy in the Municipality of Manatuto on the mid-north coast."

### The impact of climate change

When transitioning towards a blue economy, the effects of climate change negatively impact crucial sectors such as agriculture, fisheries, aquaculture, and tourism where fish farmers and workers are often the most vulnerable.

"To protect our planet and our home, we need all countries to work together, and the developed countries must contribute and support the developing nations, including Timor-Leste, to tackle the pressing challenges facing our coral reefs, marine environment, and the health of our ocean," Prime Minister Gusmão said.

However, the blue economy can play a vital role in climate change mitigation and adaptation. For transformative action to be made, global powers need to be willing to listen to smaller nations so that they can be involved in decision-making and policy planning.

Least Developed States like Timor-Leste have a right to development and the principle of Common But Differentiated Responsibilities must be applied, that is, when international standards to protect the environment are formulated, these must take 'into account regional features'.

As such, Timor-Leste will have to balance environmental protection while preserving the right to develop using its own national resources.

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Ultimately, the future of the blue economy depends on urgent global action to build the capacity to cope with the impact of climate change and to mitigate further change by reducing greenhouse gas emissions.

"The community of States cannot leave developing States behind. Developing States deserve the same opportunities that have been afforded to developed States, to develop their resources for the benefit of their people," said Honourable Former Justice Middleton when he represented Timor-Leste at an International Tribunal on the Law of the Sea Advisory Opinion hearing on climate change.

"Timor-Leste is one of 39 Small Island Developing States and is already suffering devastating impacts of climate change," said Gusmão. "We are experiencing more extreme rainfall, more floods, tropical cyclones, and drought. In April 2021, most of Dili was under water following extensive rainfall leading to major flooding of the capital and the death of over 40 people, many of them children."

"Timor-Leste adopted the 2021 National Adaptation Action Plan to address the impacts of climate change which sets out our commitments to addressing the climate change risk through adaptation. We are also preparing for the inevitable increase in climate change related disasters. We have established a National Disaster Management Directorate to manage these risks and we are working on restoring and expanding our mangroves to provide a barrier to sea level rise with assistance from our international partners."

"At the village level, which includes coastal communities, we are implementing emergency response mechanisms that entail disaster planning, preparedness, mitigation, and adaptation. Developing island nations like Timor-Leste are not responsible for the rise in world temperature and its devastating impact on the climate. And yet, island nations, including Timor-Leste, are suffering the most."

"The issues leading to loss of biodiversity are global, and as such, Timor-Leste will have to work alongside all other nations in the world to find sustainable solutions to mitigate the impacts of climate change not only in Timor-Leste but globally as well."

While climate change presents a very real and present threat, the government in Timor-Leste is determined to do its part where the adoption of the blue economy strategy is set to benefit people in the country for many decades to come. Not only will it have a significant impact when it comes to transitioning away from a reliance on oil and gas, but it will protect the natural habitat in Timor-Leste for generations to come. And Gusmão is hopeful that other countries will do their part when it comes to protecting the environment.

He added: "All nations of the world are connected through the waters of one ocean, irrespective of delineated maritime boundaries. We have only one planet and we all have a responsibility to protect it for future generations. This is proving difficult for more developed nations and will be incredibly challenging for countries like Timor-Leste."

"The burden to protect and offer stewardship over the maritime environment and biodiversity should not fall disproportionately on small islands and developing states that have contributed very little to environmental degradation and climate change."

# Delivering key policies that promote economic growth

The Ministry of Finance provides financial incentives that encourage investment and economic diversification

Despite boasting a diverse and progressive financial industry that includes insurance companies, microfinance institutions, credit unions, four foreign-owned banks and one national bank, the government in Timor-Leste is determined to develop the sector further by creating conditions in which businesses can grow.

To achieve this, there is a focus on creating a legal and regulatory framework that will be an attractive investment climate, boost economic growth, and foster sustainable development. Driving these business-related policies is the responsibility of the Minister of Finance, Santana Viegas Cardoso.

"Many Ministries of Finance have common goals and, in that regard, Timor-Leste is no different. By this I refer to common responsibilities that include economic and financial policy formulation, economic and financial coordination, as well as budgeting and fiscal management," explained Cardoso.

"For Timor-Leste, given its history as a relatively young nation with fledgling institutions, the importance lies in how we develop the capacity to deliver on these responsibilities. That means focusing on systems, processes, and laws that are suitable to the context of the country."

As a developing island nation, there are many financial strengths in the country such as the natural resources which include oil and gas reserves, beautiful landscapes, and a rich cultural heritage that has the potential to attract visitors and generate revenue.

"Economic diversification from dependence on oil and gas reserves is crucial for long-term sustainability. Equally important are improvements in the education system and investment in infrastructure that will facilitate trade and promote economic growth," said Cardoso.

"Therefore, our 2024 budget focuses on providing the infrastructure and environment



**SANTINA JOSÉ RODRIGUES FERREIRA VIEGAS CARDOSO**  
Minister of Finance

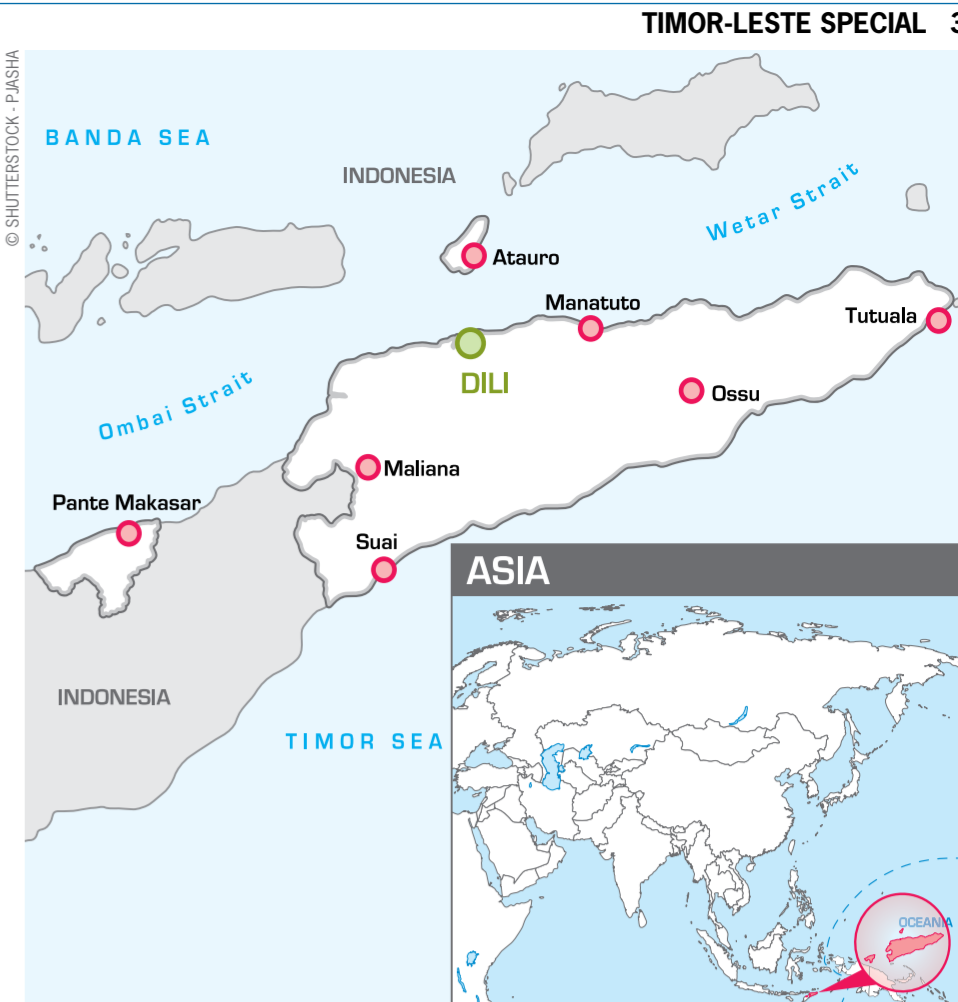
for economic growth in addition to social protection of the poor and most vulnerable in the society."

Speaking at the Timor-Leste International Business Forum 2023, Prime Minister Xanana Gusmão pledged to create conditions for entrepreneurship and businesses to grow. In this regard, the Ministry of Finance will be assessing several business-related policies and potential fiscal investments.

Minister Cardoso said the government intends to create an attractive investment climate that encourages both domestic and foreign investment by establishing and maintaining a robust legal and regulatory framework.

"The priority of the government will be to focus on elements of Timor-Leste's legal framework, including clarity in tax policies, infrastructure development, and investor protection," said Cardoso.

"We will also invest in capacity building and human resource development as we plan to build a skilled, adaptable, and competitive



A map of Timor-Leste and its strategic location in Southeast Asia

workforce," Cardoso added. "This will enhance the overall attractiveness of the country as an investment destination by providing investors with access to a talented pool of individuals, fostering innovation and productivity, and creating a stable and inclusive society conducive to long-term investment."

The government's investments in this area will involve the upskilling of the workforce, innovation, and a focus on enhancing productivity and efficiency. Furthermore, the government will provide training programs that improve technical skills and assess management capabilities. There will also be a focus on new and emerging technologies, as well as assisting local businesses and entrepreneurs to grow.

Timor-Leste has a 10% tax rate and is a relatively low wage country, which combine to make it a very attractive manufacturing base.

International brewer Heineken invested \$40 million in the construction of a manufacturing plant near Dili that opened in 2018.

Frans Eusman, president of Heineken Asia-Pacific, said he was "proud to be able to join Timor-Leste to the list of countries where the brand is present. We are impressed by the political maturity and economic development of the country."

"We are sure that in the future the situation will improve even more. We believe in Timor-Leste's long-term potential and are committed to building a good relationship in the future."

Vinay Mathur, then Managing Director of Heineken Timor-Leste, said, "Our investment

and the opening of the manufacturing plant shows international investors that Timor-Leste is open and ready to receive foreign investment, and there is no better time to invest."

Minister Cardoso said, "The Ministry of Finance is developing policies that provide financial incentives and support mechanisms to attract and encourage investment."

**SANTINA JOSÉ RODRIGUES FERREIRA VIEGAS CARDOSO  
MINISTER OF FINANCE**  
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"These financial incentives and support mechanisms will reduce investment risks, enhance profitability, facilitate market access, and create a favorable investment climate."

"There are no controls on the movement of capital in and out of the country and having the US dollar as our currency removes the risk of currency fluctuations for US investors."

Timor is also an open, free market economy. These factors combine to make it attractive for foreign direct investment.

"The Gusmão Government has a general strategy to attract foreign direct investment not targeted to any one country," said Cardoso. "We would welcome US investors."

## Becoming a more active player in international trade

Timor-Leste is a member of World Trade Organization and is on the verge of full membership of the Association of Southeast Asian Nations (ASEAN)

Timor-Leste was admitted as a full member of the World Trade Organization (WTO) in February 2024. Accession to the WTO is a crucial step towards boosting economic reforms in Timor-Leste. It marks a significant advance in trade liberalization, and will lead to Timor-Leste's integration into the global economy and greater access to international markets.

"We want to become a more active player in international trade, especially in the agricultural sector. Timor-Leste is beginning to position itself as a nation with organic products of unquestionable quality," said Filippus Nino Pereira, Minister of Trade and Industry.

"We are developing a 'Made in Timor-Leste' brand, starting with the legal framework of rules of origin passed in 2022.

"We are establishing the standards and procedures to meet the criteria to qualify goods as originating in Timor-Leste, in accordance with the international treaties of the World Customs Organization, the WTO and ASEAN."

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In 2022, Timor-Leste was granted observer status at ASEAN. The following year, ASEAN adopted a roadmap for Timor-Leste's full membership. The roadmap sets out milestones that include Timor-Leste establishing a diplomatic mission to ASEAN, implementing and abiding by ASEAN agreements, and ensuring Timor-Leste has the physical infrastructure and logistics to host ASEAN meetings.

"ASEAN is by far the biggest market in the region and so from an investment, trade, and strategic perspective, it is important for Timor-Leste to be a part of such a large market that will both provide an avenue for its products and workers in the future and also be a potential source of inward investment," said Santana Viegas Cardoso, Minister of Finance.

"Joining ASEAN also comes with its own challenges in terms of developing the necessary systems for regulatory convergence. However, we are aware of these and are working hard to ensure that our transition into this trading bloc will be as seamless as possible."

### Building strategic relationships

Timor-Leste is keenly aware of the importance of strong relationships with other countries, especially with its closest neighbors Australia and Indonesia, and with other regional countries.

A deliberate strategy of reconciliation with Indonesia and looking forward — not back — has cemented close diplomatic and trading ties with Indonesia, Timor-Leste's largest trading partner.

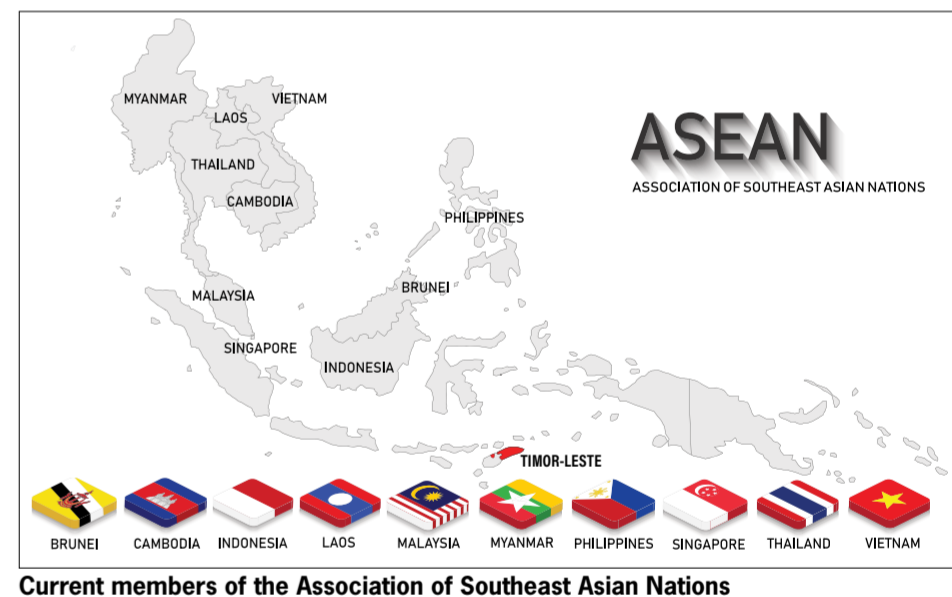
There is a long-term bilateral partnership with Australia, and bilateral ties with China were upgraded last year to cover a more comprehensive strategic partnership.

The Philippines has supported Timor-Leste over the past decade and has assisted in delivering improved infrastructure across the country.

Timor-Leste has a strong relationship with the US, which has provided more than \$500 million in bilateral assistance since 2002.

"The Ministry of Agriculture is strengthening partnerships with many countries in various areas in order to learn and share experiences," said Marcos da Cruz, Minister of Agriculture, Livestock, Fisheries and Forestry.

"As a young country, Timor-Leste is keen to learn from many countries including Indonesia. We already have a good cooperation with Australia, America, China, the Community of Portuguese Language Countries, ASEAN, and the European Union, among many other coun-



Current members of the Association of Southeast Asian Nations



Timor-Leste exported 906 tons of coffee in the first six months of 2024

tries around the world. We are now a member of the WTO and when we join ASEAN, we will have even more opportunities to learn best practices and share experiences. This would facilitate us in improving agricultural products for both the domestic and regional markets."

**FRANCISCO DA COSTA MONTEIRO  
MINISTER OF PETROLEUM AND MINERAL RESOURCES**

"Being a member of these trade blocs would further strengthen our position and help us attract further investment."

Another industry that could profit from strategic partnerships with countries within ASEAN and the WTO is the energy sector. Exports have long been led by crude petroleum, with China, Indonesia, and Japan the largest

importers. However, striking new partnerships and deals could lead to a significant increase in exports and trade.

Commenting on the importance of building international relationships and finding partners from across the energy sector, Francisco da Costa Monteiro, Minister of Petroleum and Mineral Resources, said it is "important for a small island nation, in particular, to be a part of the global community as we need to learn from our neighbors and large democracies through cooperation programs for mutual trade and partnerships."

"Timor-Leste has a young workforce that can support manufacturing, back-office operations and industrial development. Furthermore, with regards to the WTO and ASEAN, Timor-Leste has always been a transparent and attractive investment country, but being a member of these trade blocs would further strengthen our position and help us attract further investment. It will also increase economic diversification through increasing exports and trade."



The hydrocarbon industry is the largest contributor to Timor-Leste's economy



Jaco island is a tropical paradise waiting to be discovered

## Stimulating economic development

Through development of the Greater Sunrise gas fields, the government aims to deliver substantial economic benefits to the country

Timor-Leste is one of the youngest countries in the world, but the Southeast Asian nation is developing quickly and has plans to become an important regional player in the energy sector.

One of the government's top priorities is to develop the Greater Sunrise gas and condensate fields located 93 miles (150 kilometers) south of the island.

Set to define the present and future of the country, Greater Sunrise is a joint venture between Timor-Leste and Australia, with Timor Gap, a state-owned oil and gas company, owning 56.56% of the project. The field contains an estimated contingent resource of 5.3 trillion cubic feet of dry gas and 226 million barrels of condensate.

Several project studies have taken place and there are plans for Timor-Leste to become a processing hub.

"Greater Sunrise remains our top priority and is a project of utmost importance. It promises substantial economic benefits, especially as we have a small population. We see it as having a positive impact on nearly all households and it is going to improve the lives of our people," said Francisco da Costa Monteiro, Minister of Petroleum and Mineral Resources.

"Achieving a permanent maritime boundary with Australia was essential to allow the project to proceed. We are now working on some of the regulatory and commercial arrangement frameworks which are required

Francisco da Costa Monteiro  
Minister of Petroleum and Mineral Resources

for the execution of the project in the near future.

"We are confident that the current positive and cooperative engagement between the teams will result in a solution this year."

Prime Minister Xanana Gusmão said the exact impact of the Greater Sunrise project will depend on the final negotiations around the development of the resources.

Minister Monteiro said the Greater Sunrise project will not only benefit the economy but will also enable Timor-Leste to become a key player in the regional energy market. It also aligns with the government's plans to

utilize the advancement of the energy sector to deliver a brighter future for the country.

"More than 90% of state revenues have come from the petroleum and minerals sector. As such, one of the critical objectives of the sector is to continue contributing to bringing in revenues, creating jobs, and fostering over-all economic development in the country," said Monteiro.

"The *Strategic Development Plan 2011-2030* envisages Timor-Leste as a major player in the energy market within the region to ensure the long-term sustainability and prosperity for the nation.

"Our efforts are aligned with this plan. We are establishing an attractive and sustainable regulatory and fiscal environment to encourage foreign investment while ensuring maximum benefits for all stakeholders, particularly the resource owners, the Timorese people."

### The future of the energy sector

In the years ahead, the oil and gas industry is set to become a major contributor to the economy of Timor-Leste as both onshore and offshore exploration continues.

However, the government is also exploring possibilities within the mining sector and is beginning to assess renewable energy resources.

"Recent onshore exploration has been positive, and we are excited about the results," said Monteiro. "We are now analyzing the commercial potential of these discoveries, both in oil and gas."

"It has taken us a while to open the onshore area for exploration, but we have quickly progressed as we value exploration investments and understand the importance of the return on investments."

"Offshore, we have some exploration activities going on and it will be getting busier in the next two years. One of the discoveries, with a recent subsurface assessment, has up-

graded the resources significantly and might be fit for development very soon.

"The mining sector is also expanding with recent awards of exploration licenses, which means that, over the next few years, investment in this sector will be undertaken and may lead to the discoveries of mineral resources which will contribute to overall economic activities of the country. We are also inquiring into renewable energies such as solar and wind."

With economies around the world beginning to shift towards renewable energy sources, it is vital that Timor-Leste also does its part when it comes to protecting the environment. The island is at risk of the effects of climate change; hence it is also exploring ways to reduce its carbon emissions and tackle global warming.

FRANCISCO DA COSTA MONTEIRO  
MINISTER OF PETROLEUM  
AND MINERAL RESOURCES

**"Greater Sunrise remains our top priority and is a project of utmost importance. It promises substantial economic benefits."**

"The main priority of the Ministry of Petroleum and Mineral Resources remains the development of the Greater Sunrise fields. However, as a small island nation, we are also developing Carbon Capture and Storage (CCS) facilities, this is a balance that we are offering," outlined Monteiro.

"We are developing resources which are important to our economy but, at the same time, our efforts to support CCS projects show our commitment to support global climate change objectives. It is one way that we can offset the carbonization from the various oil and gas developments."

## Opportunities for investment in the energy sector

There are numerous opportunities for international investors to be part of Timor-Leste's oil and gas industry

For more than two decades the oil and gas industry has been by far the largest contributor to the economy in Timor-Leste. It has played a crucial role in the country's development and there is great potential within the sector.

One of the key electoral promises of Prime Minister Xanana Gusmão was that the government would complete its ambitious oil and gas processing project on the south coast. The south coast proposal was set out in Timor-Leste's *Strategic Development Plan*, which called for the construction of a supply base, refinery, petrochemical industry, and LNG plant.

While recognizing the need for economic diversification in the non-oil sector, the government is committed to push ahead with offshore developments. The oil and gas industry will continue to be a thriving sector for many years to come and is a stable investment opportunity.

"Timor-Leste is a land brimming with potential and opportunities, particularly in the energy sector," said Francisco da Costa Monteiro, Minister of Petroleum and Mineral Resources.

"Our country is eager to welcome US and international investors to explore and develop these resources. From the exploration of on-

shore and offshore areas to the development of infrastructure related to oil and gas, there are a wide range of projects available. These projects vary from low-risk ventures to high-risk, high-reward opportunities, catering to different investment appetites.

"As Timor-Leste continues to integrate into the global community, it remains a land of unexplored possibilities, promising growth and prosperity for both the nation and its potential investors."

FRANCISCO DA COSTA MONTEIRO  
MINISTER OF PETROLEUM  
AND MINERAL RESOURCES

**"Timor-Leste is a land brimming with potential and opportunities, particularly in the energy sector."**

When it comes to opportunities within the oil and gas industry, there are numerous avenues for investors to explore. There has already been great success regarding offshore opportunities, with UK-based company Baron Oil set to



The oil and gas industry is flourishing in Timor-Leste

begin drilling at an offshore block in late 2024.

INPEX Corporation, a company with extensive experience in developing the oil industry in Japan, has also expressed an interest in investing in the oil and gas sector, in particular the Greater Sunrise development in which Timor-Leste holds a majority stake. This came after Prime Minister Gusmão traveled to Japan to meet with Takayuki Ueda, President of INPEX, which has investments in the energy sector in several countries.

Discussing potential projects in the energy sector where international investors could participate, Monteiro said: "In relation to foreign, international investment in the oil and gas sector, there are exploration opportunities, both onshore and offshore. The offshore area has been explored more in comparison to the onshore area and has had commercial success. There has also been recent success in the onshore area."

"Timor-Leste follows a Production Sharing Contract regime and has a very attractive fiscal regime and stability. Apart from this, services to the oil and gas industry benefit from investment opportunities, such as supply vessels, drilling services, engineering, and equipment supplies."

Timor-Leste is also seeking investment to build the infrastructure that supports the oil and gas industry. This is an area that needs to be addressed as there is currently a lack of facilities to aid with the production side of the business.

"Other areas that could open up for potential investment are infrastructure related to the oil and gas sector, such as fabrication yards, warehouses, logistics support and hospitality," said Monteiro. "There could also be farm-in opportunities from time to time in the existing Production Sharing Contracts and as TIMOR GAP, Timor-Leste's National Oil Company, expands its acreage, there are always opportunities for joint venture projects."

## Better connectivity to propel the country forward

The Ministry of Transportation and Communications is working on developing infrastructure, boosting internet penetration and introducing e-government services

The Ministry of Transportation and Communications plays a key role in the development of the country. Minister Miguel Marques Gonçalves Manetelu is tasked with improving transport links in Timor-Leste and ensuring the advancement of the telecommunications sector.

Developing these two very important sectors is vital to transforming the country, therefore, Manetelu is working closely with several international agencies.

"We have to be willing to learn, to select our priorities and build the nation," he said. "So, we are working with the International Civil Aviation Organization, International Maritime Organization, World Meteorology Organization, and the International Telecommunication Union."

"These international agencies provide training and human resources capacity building to our technicians to improve their capabilities."

While building knowledge is crucial, developing infrastructure is equally important and one of the biggest projects that comes under the Ministry's remit has been the construction of the Tibar Bay Port. Situated 7.5 miles (12 kilometers) outside the capital of Dili, the port provides Timor-Leste with a route into the regional logistics network.

"The new port aims to support Timor-Leste in the diversification of domestic production, facilitating maritime connectivity with the Asian region. It will also connect the country to the global market and improve access to trade and other industries. This investment mobilizes the potential for economic diversification in the country," Manetelu said.

"The operationalization of Tibar Bay Port is vital for our economy as it will connect us to regional and global markets on a larger scale. The new port will facilitate private sector export activity."

"The purpose of establishing the Port of Tibar is to facilitate the promotion of our economy and make the country the center of the movement of goods. It is important to ensure that the port provides efficient services,

with a competitive rate, to allow the growth of business trade."

Port development was identified as one of the priority areas to transform Timor-Leste into an upper middle-income country in the *Strategic Development Plan 2011-2030*. This is also highlighted in the Ninth Constitutional Government (2023-2028) program.

"The expansion of seaport capacity is necessary for Timor-Leste's economic growth. Seaport development is essential for importing goods, building major infrastructure, and supporting export industries for petroleum products, coffee, fish, meat, fruits, and grains to revitalize the economy," said Manetelu.

### Critical initiatives

When it comes to delivering projects and initiatives that will boost internet penetration, improve services to businesses, and advance the e-government of Timor-Leste, the Ministry is taking a multi-faceted approach that includes infrastructure development and the expansion of mobile financial services. The country's first submarine fiber-optic cable system is already being constructed. This will connect Timor-Leste with Australia and deliver much-needed international capacity by the end of the year.

"In addition to the cable system, we are investing in the expansion of the national fiber-optic networks to the municipality towns. We are also building a data center for hosting e-government services," detailed Manetelu.

"To improve services to businesses and citizens, we are supporting our mobile service providers in trialing and introducing 5G services and enhancing the coverage and capacity of 4G networks to reach rural and remote areas. The mobile service providers are introducing and expanding mobile financial services to promote financial inclusion and e-commerce."

"We are in the early stages of developing user-friendly online platforms for citizens to access government services, reducing bureaucracy, and enhancing efficiency. We are also implementing a secure digital identity system to facilitate online transactions and



Tibar Bay Port, the first Public-Private Partnership (PPP) project in the country

Miguel Marques Gonçalves Manetelu  
Minister of Transportation  
and CommunicationsSamuel Marçal  
Minister of Public Works

improve the delivery of public services."

With work on these various projects continuing apace and with plans to further strengthen the transport and communications sectors, it is no surprise that the country is keen to attract international investors. Attracting foreign direct investment will be vital to transforming the country, especially when it comes to improving infrastructure and fostering connectivity.

"We have a number of priorities when it comes to attracting investment, including seeking partners who can assist us with the expansion and modernization of regional ports and harbors to accommodate larger vessels and increase capacity for trade," said Manetelu.

"Then there is the expansion of Presidente Nicolau Lobato International Airport and the possible development of a new airport which will be crucial to improve tourism. Similarly, the development of our urban mass transit system, including buses and light rail, will

address congestion and improve public transportation. When it comes to the communications side, we want to improve our mobile networks to reach under-served areas and enhance overall communication services.

"This will require investment, as will the development and eventual maintenance of more international submarine/cross-border cable systems to enhance global connectivity," said Manetelu.

"Another area that is currently being explored is the deployment of satellite communication services to provide connectivity in remote and rural areas. We are already working with SpaceX, Intelsat, and Kacific to trial new services and expand existing ones."

"We also need to develop smart cities that will require advanced technology. This will improve urban living and sustainability. Finally, we are seeking investment in cybersecurity solutions and infrastructure to protect communication networks and ensure the safety of digital transactions."

## Ambitious projects will deliver upgrades to essential services

Work is underway to upgrade and modernize the energy industry, overhaul the water and sanitation sector and create a road network that connects major cities with less densely populated municipalities

Over the past two decades, the government in Timor-Leste has worked tirelessly to ensure basic infrastructure is in place so citizens have access to essential services. An early priority was the delivery of electricity as most of the energy infrastructure was destroyed by Indonesian militia in 1999, following the referendum for independence.

This is the remit of Minister of Public Works, Samuel Marçal. While most of the country now has access to electricity, the energy sector still needs upgrading and modernizing. Similarly, there is a need for further development when it comes to areas such as transport infrastructure and urbanization, as well as key public services including sanitation, and water supply and treatment.

"Throughout the years of our country's independence, an effort has been made to provide the country with basic infrastructure that can not only provide better living conditions for the population, but also boost the economy and allow private investment," said Minister Marçal.

"In some sectors, such as electricity, infrastructure development has been accomplished. However, there is still a need to improve the quality of service, so we are investing in renewable sources to reduce the impact of fuel price fluctuations in the international markets. In this regard, we plan to construct an 80-megawatt solar PV facility in Laleia, Manatuto Municipality.

"Additionally, discussions with companies in China, Spain, and the US have led to the consideration of a pilot project in Oecusse involving a system that utilizes seawater to generate electricity. It can also produce water and extract salt for fertilizer."

"To enhance electricity security of supply, we intend to build one or two substations next year and transition to digitalization for improved control, replacing the current manual system. This upgrade will reduce delays and improve efficiency."

One project that is vital to the health and safety of those in Timor-Leste is the overhaul

of the water and sanitation sector, currently one of the least developed public services.

Timor-Leste has signed a Millennium Challenge Corporation (MCC) agreement worth \$484 million with the US to improve the water and sanitation sector. "We have had continuous support through partners such as the MCC and the goal is to implement projects that provide the population with drinking water and adequate sewage systems," said Marçal.

"Initially we will focus on urban areas and then more remote locations. Thankfully the decentralization process to local government will be an accelerator to achieve this objective."

"The MCC program is still in the initial implementation phase which is starting with the creation of a sewage system for Dili. We all know the benefits of a sewage system in a city with rapid population growth, therefore the improvements in public health will be enormous."

SAMUEL MARÇAL  
MINISTER OF PUBLIC WORKS

**"To enhance electricity security of supply, we intend to build one or two substations next year and transition to digitalization for improved control."**

Another major investment area is improving connectivity throughout the half-island nation with the need for a safe and secure road network of vital importance. "A considerable part of the national road network that connects the largest urban centers is either being built or under construction," said Marçal.

"We need to complete some of these sections, but the main focus is on the rehabilitation of roads between municipalities, particularly in mountainous areas, to allow



The port is equipped with state-of-the-art handling equipment and operating systems

for easier and safer connectivity. This will improve trade and tourism, and provide access to health and education facilities. We are prioritizing the construction of municipality roads.

"The emphasis is on enhancing economic potential, particularly for agriculture and tourism sectors in Ermera, cross-border business opportunities in Maliana, and economic connectivity with Indonesia through Suai. These road developments are essential for stimulating commerce and trade in these regions."

Housing is another area that has come into focus in recent years, especially after the events of 2021 when Cyclone Seroja caused significant damage that included the extensive loss of lives and homes.

The third-deadliest tropical cyclone on record, it caused the government of Timor-Leste to address the way buildings and homes are designed and built throughout the country.

"These events made us reflect on what we can do to avoid or mitigate the consequences of extreme weather events," said Marçal. "There were two lessons learned. The first was the importance of the quality of infrastructure, from design, execution to maintenance. Engineering projects must be based on rigorous prior studies and the projects themselves must be designed and sized to withstand extraordinary climate impacts."

"Secondly, we learned that unregulated construction and occupation of land has a multiplier effect on the damage caused by extreme weather events. We are legislating to control the construction and occupation of potentially dangerous areas.

"We are working with the Ministry of

Planning and Strategic Investment to create a legal framework that promotes the growth of our cities in a more organized and structured way to facilitate economic and social development, boost tourism and commerce. Reducing the difference in development between the various regions is also an objective."

To embark on these ambitious projects, it is vital that Timor-Leste attracts further investment. Much in the same way that the MCC agreement will significantly improve the water and sanitation sector, the country is planning to strengthen collaborations and bring considerable funds into the country.

"The MCC investment is a demonstration of Timor-Leste's good relationship with the US," said Marçal.

"Partnerships and foreign direct investment are essential for a small and new country where there are still many public investments to be made. Therefore, we want to attract partners and investors."

"We have been continuously improving the necessary conditions to be attractive to private investors. We have perfected mechanisms to boost the business environment and ensured the country has basic infrastructure that we continue to improve and expand. Moreover, we have been increasingly improving the education of our youth which makes us a young and more qualified nation."

"We have achieved a lot over the past 20 years in terms of building the country's infrastructure and improving the lives of our citizens. However, we still have a lot to improve, and we welcome foreign investment that can allow us to maximize the qualities and potential of our country."

### TOP 10 REASONS TO INVEST IN TIMOR

A member of WTO and on the path to ASEAN membership

Greater Sunrise fields strategic oil and gas project

Two Special Economic Zones: Oecusse enclave, Atauro Island

Stable democracy and open free market economy

Competitive labor costs

Blue Economy opportunities

The strategic location of Tibar Bay Port

Main business languages: English, Portuguese

Extremely competitive 10% tax rate

www.tradeinvest.tl One Stop Shop

# Key initiatives promote the growth of new industries

The Ministry of Trade and Industry is introducing new policies that will help the country attract private investment, create jobs and move away from reliance on oil and gas

As Asia's youngest country, it has been important for Timor-Leste to pursue an ambitious trade policy agenda. Export growth has been limited, with oil, gas and coffee the dominant industries that account for the majority of exports. This economic vulnerability is being addressed as the country continues to forge regional and bilateral trade agreements.

Playing an important role in strengthening the economy is the Ministry of Trade and Industry, which is in the process of developing commercial and industrial activities that will reduce poverty, improve living conditions, and lessen the dependence on the oil and gas industry.

"Investment by the private sector in the non-oil sector remains low and is not yet growing at the desired pace, despite the positive trend the country has been recording," said Filipus Nino Pereira, Minister of Trade and Industry. "However, we believe there is potential across several sectors of the economy, such as tourism, agriculture, forestry, fisheries, livestock, manufacturing, and mining.

"We are also aware that there are prerequisites for productive activity in those economic sectors, such as overall macroeconomic stability and a healthy population, besides policies and institutions which directly regulate commercial activity.

"Therefore, we are focusing on introducing policies that can facilitate access to land, labor, and capital, as well as minimize transaction costs. We are also introducing more proactive initiatives to facilitate technological upgrading and the growth of new industries."

To generate jobs for the country's youth, Timor-Leste recently approved a new National Industry Development Policy that will provide a roadmap for delivering the development of a series of dynamic and innovative new industries.

"The government approved the policy which aims to supply the national market, contribute to increasing exports, attract private investment, create jobs, and diversify the economy. This is in line with the Sustainable Development Goals and the *Strategic Development*



**Filipus Nino Pereira**  
Minister of Trade and Industry

*Plan 2011-2030*," said Pereira. "As such, the government, the private sector, and society in general are now called upon to work together to implement this industrial policy. We are committed to industrializing, in the short and medium term, strategic sectors such as agriculture, forestry, fisheries, tourism, mineral resources, and construction.

"We plan to reduce the need for importing goods that can be produced within the country.

"We want to transform raw materials and semi-finished products into final consumer goods, mainly for export. In doing so, we will promote the gradual substitution of imports of industrial products that can be produced locally.

"This will reduce economic dependence on non-renewable sources of oil and gas and will contribute to Timor-Leste joining the ranks of upper-middle-income countries, eradicating extreme poverty and establishing a sustainable and diversified non-oil economy."

## Homegrown industry

One of the success stories when it comes to exporting homegrown products is Timor-Leste's thriving quality organic coffee industry.



**Tais, the handwoven textile is listed on UNESCO's Intangible Cultural Heritage List**

Coffee is now one of the nation's chief exports. In 2022, the country exported \$138 million worth of coffee and this figure is expected to grow as Timor-Leste becomes a major player in the global coffee industry.

"The coffee we produce is 100% organic and is of excellent taste and quality," said Pereira. "It can compete anywhere in the world, and it is a central part of Timor-Leste's economy, society, and history. It is the most important agricultural crop and provides income for almost 20% of all households.

"In recognition of its importance, the Ministry of Agriculture and Fisheries prepared the National Coffee Sector Development Plan to promote the growth and sustainability of the sector."

Learning from the experience of other Asian countries where Special Economic Zones (SEZs) have transformed their economies, the government of Timor-Leste plans to create more SEZs where goods are imported, sorted, handled, and manufactured.

China was one of the first to establish SEZs, leading to a 12% increase in GDP levels for more than 250 cities between 1988 and 2010. Numerous other nations have followed suit and now Timor-Leste wants to fully utilize the many benefits of special economic zones to attract foreign direct investment.

"Timor-Leste intends to promote the development and operation of SEZs in the country, to induce structural economic development which have demonstrated success in developed and developing economies," said Pereira.

"The first and only area of its kind so far in the country is the Special Zone of Social Market Economy (ZSESM). This was initiated in 2014 in the enclave of Oe-Cusse Ambeno. "The government now intends to pay par-

ticular attention to making the ZSESM more dynamic because a small island economy can only achieve the country's strategic objectives through bold strategies for internationalizing the economy. This will create a more attractive business environment for national, regional, and global entrepreneurs.

"By following this plan, which includes the development of the Ulmera Industrial Park, in Liquiça Municipality, as a SEZ, it will be possible to reach the desired levels of sustainable development. Our intention is to work to transform the country's current state of economic development by promoting policies that boost foreign direct investment, accelerate industrial and service development in cutting-edge sectors, as well as create jobs," said Pereira.

## FILIPUS NINO PEREIRA MINISTER OF TRADE AND INDUSTRY

**"We are focusing on introducing policies that can facilitate access to land, labor, and capital, as well as minimize transaction costs."**

The creation of SEZs and the subsequent industries assisted Timor-Leste in securing membership of the World Trade Organization (WTO).

"We want our country to become a more active player in international trade and WTO membership will accelerate and promote economic growth," said Pereira. "It will ultimately transform the country into a growing, healthy, and well-educated middle-class nation and will further the goal of strong governance, stability, and peace."

# A natural gem embracing cultural and eco-tourism

Timor-Leste is targeting sustainable environmental development while at the same time increasing tourism numbers

International tourists are beginning to enjoy the beauty of Timor-Leste and the friendliness of its people. Situated in one of the fastest-growing tourism regions in the world, the half-island nation offers visitors the chance to explore colonial forts and ruins, relax on pristine beaches, hike through lush forests and experience Timor-Leste's unique culture and traditions.

Tourism remains a relatively new sector for Timor-Leste which attracted less than 11,000 leisure visitors in 2018. This number rose to 38,000 in 2019 and then dropped due to the COVID-19 pandemic.

Timor-Leste's stunning natural beauty and rich cultural heritage are major drawcards, while its unique blend of Timorese with Portuguese, African, Chinese, Indian, and Indonesian influences offer something different for travelers.

The country has long attracted adventurous tourists from Australia and is now seeking to attract visitors from further afield. Infrastructure is continuing apace and there is an ongoing effort to enhance tourist transportation and facilities. This has led to a varied accommodation offering of modern hotels, apartments, budget motels, and hostels ideal for backpackers.

Presidente Nicolau Lobato International Airport in Dili is set to be upgraded to meet the International Civil Aviation Organization requirements and provide airport facilities conforming to the upgraded runway.

The redevelopment will also improve the safety of the airport and support the future aviation needs of the country. This is in line with the government's plans to promote sustainable economic growth in Timor-Leste, with the tourism sector set to play an important role in diversifying the economy.

The improved international connectivity will encourage a greater number of visitors, especially as the country nears joining the Association of Southeast Asian Nations.

Currently, the airport has daily direct air services from Denpasar (Bali), Darwin (Australia), and twice weekly to Singapore. This will expand rapidly in the years ahead as the government seeks to establish cooperation with numerous other cities and airlines.

## A thriving capital city

Home to the Presidente Nicolau Lobato International Airport, the capital, Dili, is the perfect starting point for exploring Timor-Leste. The city stretches along the waterfront with Ataúro Island hovering in the distance. It has busy street markets and a mix of Portuguese and Ti-

morese architecture.

Situated on the northern coast, the city's shoreline is a popular spot for those seeking exercise thanks to the paths that run along the waterfront. The grand, white Palácio do Governo (Government Palace), dominates the central foreshore area. A stroll further west leads to a series of small bars and restaurants.

Those visiting the city can explore the Timorese Resistance Archive and Museum which commemorates Timor-Leste's 24-year struggle against Indonesian occupation. Featuring a timeline, photos, videos, and exhibits, it provides a compelling account of the traumatic history of the young nation.

Motael Church, the oldest Catholic church in the country, is another must-visit as it is here you will see Portuguese influences, while at the Tais Market you will find homemade products and local souvenirs. Many of these are made of Tais which is the traditional cloth using a method of weaving that has been passed down by women generation to generation.

A short journey to the east of central Dili is a picturesque cove with white sands backed by steep hills and with numerous places to eat and stay. At the end of the beach is the towering statue of Cristo Rei.

In addition to the local landmarks and beaches, Dili is where you can book tours to explore the rest of the country or the vast ocean that is home to a variety of marine life. Timor-Leste may well emerge as one of the world's best ocean destinations as it is part of a migration superhighway that sees blue whales, sperm whales, oceanic manta rays, orcas, and many more navigate their way past the island.

Located within the famous Coral Triangle, Timor-Leste has some of the most biodiverse, pristine, ecologically diverse, and least explored dive sites on the globe. Divers can expect to see turtles, even the elusive dugong, and an abundance of vividly colored reef fish.

The reefs that run close to the shore along much of the northern coast, including Dili, boast numerous sites that range from sheltered and sloping to vast abysses. Here you can discover small, unusual, and wonderful species. With great visibility in the dry season and warm tropical water the whole year round, it is no surprise that these areas are becoming a major attraction for divers.

While Timor-Leste is actively trying to promote tourism and ensure that the right infrastructure is in place, the government is acutely aware of the importance of protecting the country's natural habitat.

The government is committed to protecting Timor-Leste's environment and culture for



**An Ataúro Island group dance and sing a traditional song about building a canoe**

generations to come and to promote eco-tourism and take a community-based approach. This has already been successful in places like Tutuala and Maubisse where income from eco-logs and tourism directly benefits the local community. Recently, Prime Minister Xanana Gusmão announced that the island of Ataúro will be made a national marine park with its surrounding waters declared marine protected areas.

Community members in these areas serve as guides, hosts, caterers, and environmental managers. Visitors get a genuine experience and can explore the beauty of the region without fighting crowds.

Ataúro Island is attracting eco-tourists from around the world. Accessible from Dili by light aircraft, ferry or water taxi, the beautiful island provides a glimpse into the lives of the Timorese. Visitors can stay at one of several eco-resorts which all produce local products such as intricately woven reed mats, baskets, and bags.

The island's rugged mountains and forests are superb for hiking, while the diverse coral reefs offer the opportunity to explore marine life. According to research by Conservation International, the reefs surrounding Ataúro Island have the world's highest average diversity of reef fish species, earning them the title "most biodiverse" on Earth.

Nature enthusiasts will also enjoy a trip to the Municipality of Baucau which offers breathtaking views and opportunities for adventurous activities like trekking and rock

climbing. Known for its lush green valleys and many waterfalls, local communities are on hand to provide an authentic experience through traditional dances, crafts, and local cuisine.

Gastronomy is another factor that can be used to attract visitors thanks to the local cuisine in Timor-Leste blending Chinese, Indonesian, Portuguese, African, and Southeast Asian flavors. Fresh ingredients are used to add flavor to dishes with coconut milk, tropical fruits, and spices while grilled fish is common throughout the nation.

Timor-Leste is a coffee connoisseur's paradise. The industry on the island dates to the colonial era when Portuguese settlers introduced coffee trees. The government plans to use high-quality coffee beans and stunning plantations to attract coffee lovers from around the world.

Numerous plantations offer tours and tastings with local workers on hand to explain the process. Visitors traveling during the harvest season, from May to September, can assist in picking the beans that are sun-dried, hulled and eventually roasted.

Although there is still much to do to improve transportation, communications and accommodation options, the government is addressing these concerns. With a clear focus on attracting tourists who care about the environment and want to have an authentic experience, Timor-Leste is ensuring that its natural beauty will remain protected as visitor numbers continue to rise.



**Timor-Leste aims to increase domestic food production and food security**

# Sustainable farming key to delivering food security

The Ministry of Agriculture, Livestock, Fisheries and Forestry is implementing strategies to encourage sustainable agriculture practices and increase domestic food production

With limited access to arable land and extreme weather events such as cyclones, flood, and droughts posing a significant threat to food security, Timor-Leste imports over fifty percent of its food supplies. However, the country is increasing the domestic production of vital crops and the animal population to ensure food security, especially for those in the most remote areas of the country.

To achieve this, the government is working alongside international organizations to improve the productivity and resilience of smallholder farmers.

The Asian Development Bank has supported the country in developing rural road networks and irrigation systems which are vital for facilitating the transportation of goods from rural areas to markets.

The Minister of Agriculture, Livestock, Fisheries and Forestry, Marcos da Cruz, is working closely with various organizations to ensure food security for the population of Timor-Leste.

"We have clear mandates to increase the domestic production of staple crops such as rice and maize, and to increase the animal population, especially swine, poultry, and goats. We are producing dairy products from Timorese buffaloes," said da Cruz.

"In order to support domestic production, we need to ensure water availability in terms of

quantity and quality for agriculture activities. As such, another priority for the government is to renovate existing and build new irrigation schemes.

"We are also striving to increase fish production through captures and aquaculture. However, while focusing on increasing domestic production, we also realize the need to protect and conserve our natural resources, forestry, and watersheds. Hence, we are working with various partners such as non-government organizations, universities, cooperatives, and farmers' associations.

"In terms of farming, we will continue promoting intensification, extensification and diversification of farming practices while also developing organic production to minimize the utilization of external inputs, especially chemical fertilizers and pesticides."

In addition to working with experts in the field, the government has looked to other countries to help deliver food security. Prime Minister Xanana Gusmão met with officials from Bangladesh last year and noted that there are plenty of lessons Timor-Leste could learn from the South Asian country when it comes to economic welfare and food security for its 170 million people.

"We need to have a farming system capable of increasing domestic food production so that we can feed 1.5 million people. At the same time, we need to conserve our resources so that fu-



**Sustainable practices will be in place to protect fragile marine ecosystems**

ture generations can meet the demand using the same resources," said da Cruz. "Our population will continue to increase while land for farming activities will remain the same. Therefore, we need to strike a balance between increasing food production and sustainable farming aspirations. We need to use improved technology to increase rice, maize, and horticulture production.

"We want to ensure that there is good quality and nutritious food for our people. Sustainable agriculture practices are vitally important. With that in mind, we are already utilizing polyculture, organic farming, inter-cropping, mulching and agroforestry. We also promote sustainable upland farming through agroecology, organic farming practices and crop rotations."

While developing infrastructure, educating farmers, and utilizing the latest technology are critical to delivering food security, the Ministry is also addressing disease control, breeding programs, and teaching a range of sustainable practices.

Timor-Leste has witnessed how recent outbreaks of diseases among livestock have impacted neighboring Indonesia and Australia.

"We are working with development partners for disease control, and we have increased our surveillance in our border areas. We are also working with the Australian government and other international agencies to assist us to improve our disease control measures and livestock production," said da Cruz.

## MARCOS DA CRUZ MINISTER OF AGRICULTURE, LIVESTOCK, FISHERIES AND FORESTRY

**"We will also encourage organic production so that we are maximizing the utilization of potential land and optimizing the resources."**

"We have improved the operation of our national laboratory to analyze various animal diseases and we continue providing capacity building to our veterinarians and technical people to better serve our population. In addition, we are updating our sanitary and phytosanitary laws to strengthen import and export measures.

"A recent study supported by the Australian government showed that Timor-Leste is free from Lumpy Skin Disease, Foot and Mouth



**Marcos da Cruz**  
Minister of Agriculture, Livestock, Fisheries and Forestry

Disease and brucellosis. But we will continue to strengthen our surveillance in border areas, increase vaccination of our domestic livestock and educate communities and farmers about the diseases."

In addition to protecting livestock, the Ministry has a major role to play when it comes to the fisheries and aquaculture sector. This includes the protection of marine resources and ensuring that sustainable practices are in place.

This is of paramount importance as the government works toward boosting fish supply and production in the years ahead.

"The Ministry plans to increase fish supply and production both from marine and aquaculture. Our target is to increase domestic fish consumption to 15 kilograms per capita per year, and we are aiming for aquaculture to contribute 40% of locally consumed fish," said da Cruz.

"To achieve this, we continue to invest in fishing infrastructure and facilities, including port, fishing gears, and vessels. We want to provide capacity building to fishers by training young people who are willing to work in fisheries activities. We are conserving and protecting marine resources through establishing marine protected areas.

"Additionally, we are investing in aquaculture production especially where a permanent water source is available. Many development partners such as World Fish and the New Zealand government have been supporting aquaculture activities and the results in the last few years have been impressive."

# Conserving the country's natural habitat

A renewed focus on protecting Timor-Leste's land and sea has led to the introduction of new policies that call for sustainable development

Timor-Leste is home to tropical rainforests, majestic mountains, and diverse natural habitats. As Timor-Leste attracts a growing number of visitors, there is a need for major development. The government is forging an innovative and sustainable development plan based on the protection of nature.

A 2015 report found that forest cover had decreased by an estimated 30% between 1972 and 1999.

With Timor-Leste continuing to build new infrastructure and further develop the country, the importance of protecting forest cover is even greater. The Ministry of Agriculture, Livestock, Fisheries and Forestry is introducing new measures and policies to balance the economic benefit of forestry with the need for conservation and sustainable management.

"We lost roughly 1.1% of forest cover a year between 1972 and 1999 which was nearly four times higher than the global average. Between 2003 and 2010, we also had a significant reduction in the forest cover," said Marcos da Cruz, Minister of Agriculture, Livestock, Fisheries and Forestry.

"In response to the problem, successive governments of Timor-Leste have put in place a range of policies and programs aimed at restoring forest cover, including the National Forest Policy, a National Forest Fire Control policy and implementing controlled grazing practices.

"We also have a policy to plant one million trees per year, and we are establishing a number of national parks and protected areas. We are clamping down on illegal logging activities in the country by recruiting and deploying forest guards to educate local communities on the importance of the forest and the dangers of illegal logging."

Timor-Leste has a Gold Standard verified carbon forestry program developed by the NGO *WithOneSeed*. The organization is working with subsistence farming communities to replant their forests thereby creating a carbon store to build local economies, deliver practical education and training in agrofor-

estry and permaculture.

Another factor that has required urgent attention in recent years is the protection of native species that thrive in Timor-Leste. As the country continues to attract higher visitor numbers, there is a very real threat of alien species being introduced to the island.

This has taken on even greater significance thanks to a recent international report that concluded that invasive alien species cost the global economy \$660 billion dollars a year and contribute to 60% of extinctions.

"The ministry is investing in capacity building of public servants to control invasive species. We are strengthening our quarantine and biosecurity measures, including the implementation of sanitary and phytosanitary measures," explained da Cruz.

## MARCOS DA CRUZ MINISTER OF AGRICULTURE, LIVESTOCK, FISHERIES AND FORESTRY

**"We have a policy to plant one million trees per year, and we are establishing a number of national parks and protected areas."**

"We are also expanding our quarantine services in border areas in west Timor-Leste to better protect our country as well as excel in serving our people. This, coupled with improved human capacity in plant protection areas, should help us to minimize the effects of invasive alien species. We are working with neighboring countries such as Australia and Indonesia to tackle this issue."

To ensure the sustainable development within Timor-Leste, the country is assessing the best ways to leverage technology and innovation. In 2020, it started the Technology Needs Assessment process and identified priority sectors, including agriculture, livestock, fisheries, and forestry.

This has led to the government working with experts to address the challenges that come with developing a young nation.



**Coastal communities in Timor-Leste cultivate high-quality seaweed**



**All of the country's coffee is farmed organically**

"The Ministry continues working with development agencies in areas of research and innovation," said da Cruz. "Our National Research Directorate is filled with local researchers working with various counterparts from Australia, South Korea, Japan, and many more to conduct research across a variety of sectors," said da Cruz.

"Most recently, we have released more

varieties to farmers to increase food production. We have also been working with national and international agencies who are supporting the development of our value chain to improve the transportation of goods and services to better the lives of our citizens.

"We want to ensure that the country continues to develop but it must be in a sustainable fashion."

# Timor-Leste

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