



Traders' Manual for Least Developed Countries

TIMOR-LESTE

TRADERS' MANUAL FOR LEAST DEVELOPED COUNTRIES :
TIMOR-LESTE



ESCAP WORKS TOWARDS REDUCING POVERTY
AND MANAGING GLOBALIZATION

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PREFACE

In today's increasingly globalized and economically integrated world, transparency and access to information on trade rules and procedures are becoming more important. This is particularly true for small and medium-sized enterprises in least developed countries.

The availability of information on market potential, trade regimes, import procedures and other trade-related issues in the least developed or landlocked and transit developing countries of Asia and the Pacific is important. The Economic and Social Commission for Asia and the Pacific (ESCAP) has been addressing this need on a priority basis for the past two decades by disseminating information through its Regional Trade Information Network (TISNET) and in publications and handbooks.

The ESCAP series of traders' manuals for Asian and Pacific countries has been acknowledged as a very useful source of information. The secretariat has therefore concentrated its efforts on publishing and updating the traders' manuals for least developed, landlocked and transit countries in the ESCAP region. This first online edition provides updated information on the business and investment climate in Timor-Leste. This publication is available in electronic form only. It can be downloaded and printed in English and in the local language at <http://www.undp.org.tl>. Funding support from the United Nations Development Programme country office in Timor-Leste, which made this possible, is gratefully acknowledged.

The secretariat of ESCAP expresses its gratitude for the information and support it has received from various agencies in Timor-Leste. It wishes to acknowledge, with appreciation, the cooperation of the Ministry of Development, the Department of Commerce, the Department of Industry, the National Directorate of Statistics, the Ministry of Finance, the Customs Service and the Timor-Leste Business Forum. Finally, the secretariat thanks the United Nations Office for Project Services for its assistance during the fact-finding mission conducted in December 2006.



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ABBREVIATIONS

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
BPA	Banking and Payments Authority of Timor-Leste
CCT	Cooperativa Café Timor
FAO	Food and Agriculture Organization of the United Nations
f.o.b.	free on board
GDP	gross domestic product
HS	Harmonized Commodity Description and Coding System
ICAO	International Civil Aviation Organization
ICSID	International Centre for Settlement of Investment Disputes
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
IMO	International Maritime Organization
JPDA	Joint Petroleum Development Area
LDC	least developed countries
MIGA	Multilateral Investment Guarantee Agency
TISNET	Regional Trade Information Network
TITL	TradeInvest Timor-Leste
TSDA	Timor Sea Designated Authority
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
UNMISSET	United Nations Mission of Support in East Timor
UNMIT	United Nations Integrated Mission in Timor-Leste
UNOPS	United Nations Office for Project Services
UNTAET	United Nations Transitional Administration in East Timor
UPU	Universal Postal Union
VAT	value added tax
WFP	World Food Programme
WHO	World Health Organization

GLOBAL COUNTRY PRESENTATION

I. BASIC COUNTRY DATA

Location:	Between latitudes 8 ^o 34'S and 9 ^o 30'S and longitudes 123 ^o 58'E and 126 ^o 23'E
Area:	15,007 km ² The fifteenth smallest country in the ESCAP region
Highest peak:	2960 m (Mount Ramelau)
Land boundaries:	228 km (bordering Indonesia)
Coastline:	706 km
Airports:	Presidente Nicolau Lobato International Airport Airstrips in Bacau and Oecusses for domestic flights
Road network:	5,000 km, with 2,500 km of paved highway
Climate:	Seasons rainy and dry (tropical hot and humid)
Temperature:	15°C to 30°C
Population:	1,040,880 (2005) The sixteenth least populated country in the ESCAP region Urban population: 22.3 per cent (2003) Annual growth rate: 3.9 per cent (2004 census) Density: 62 per cent per km ² (2003)
Independence:	20 May 2002
Capital:	Dili
Administrative Division:	13 districts: Aileu, Ainaro, Baucau, Bobonaro (Maliana), Cova-Lima (Suai), Dili, Ermera, Lautem (Los Palos), Liquica, Manatuto, Manufahi (Same), Oecussi (Ambeno) and Viqueque
Time zone:	+9 GMT
Principal languages:	Portuguese and Tetum Indonesian and English are also widely understood and spoken
Newspapers:	Semanario (Local); East Timor News (Foreign Internet News Media)
Mobile telephone subscribers:	27 (per 1,000 people)
Education and literacy:	Literacy rate: 45.8 per cent Female: 41.7 per cent Male: 49.9 per cent
Currency:	United States dollar and centavo coins
Measures:	Metric system
Business hours:	Monday to Friday 8.30 a.m. to 19.30 p.m. Saturday 8.30 a.m. to 17.30 p.m. Sunday 9.00 a.m. to 12.30 p.m.
National holidays:	1 January: New Year 1 May: Labour Day 20 May: Independence Day 30 August: Popular Consultation Day 1 November: All Saints' Day 2 November: All Souls' Day 12 November: National Youth Day 28 November: Proclamation of Independence Day 7 December: National Heroes' Day 8 December: Day of Lady of Immaculate Conception 25 December: Christmas Day Good Friday; Idul Fitri and Idul Adha holidays are variable each year

II. GLOBAL COUNTRY CONTEXT

A. History

In the early sixteenth century, the Portuguese began trading with the island of Timor, and they colonized it during the following century. In 1859, a treaty was signed between the Portuguese and the Dutch, in which Portugal ceded the western part of the island to the Dutch. From 1942 to 1945, the Japanese occupied East Timor, but the colonial authority was reinstated after the end of the Second World War.

On 28 November 1975, East Timor proclaimed its independence from Portugal. On 7 December 1975, an Indonesian military invasion took place. On 22 December 1975, the United Nations Security Council called on Indonesia to withdraw its troops from East Timor. The Indonesian parliament passed the integration bill and East Timor became Indonesia's twenty-seventh province on 17 July 1976. The Security Council never recognized Indonesia's sovereignty over East Timor.

In January 1999, the Government of Indonesia agreed to allow the people of East Timor to vote in a referendum to choose between autonomy within Indonesia and independence. In the referendum vote on 30 August 1999, 78 per cent of the eligible population voted for independence. The Security Council adopted resolution 1272 (1999) in October 1999, establishing the United Nations Transitional Administration in East Timor (UNTAET) as an integrated, multidimensional peacekeeping operation responsible for the administration of East Timor during its transition to independence. An eighty-eight member Constituent Assembly and Presidency were established in 2001. On 20 May 2002, Timor-Leste became a fully independent republic.

B. Government structure

The Constitution was promulgated by the Constituent Assembly on 22 March 2002. The President is elected by universal adult suffrage for a five-year term. The unicameral National Parliament in 2007 consisted of 65 members elected from national party lists, with seven parties represented in Parliament at that time. Following the legislative elections, the President appoints as Prime Minister the leader of the majority party or majority coalition. As Head of Government, the Prime Minister presides over the Council of State or cabinet.

The key ministries are: Agriculture, Forestry and Fisheries; Defence; Development; Education and Culture; Foreign Affairs and Cooperation; Health; Interior; Justice; Labour and Community Reinsertion; Natural Resources, Minerals and Energy Policy; Finance; Public Works; State Administration; and Transport and Communications.

Under the 2002 Constitution, laws and regulations in force continue to be applicable. These include Indonesian and UNTAET laws. In order to promote knowledge and awareness of the laws of East Timor, the available English translations of the laws enacted by the National Parliament and the Government since the transfer of sovereignty on 20 May 2002, as well as the UNTAET legislation enacted during the United Nations administration in East Timor and the laws enacted by the Indonesian State pertaining specifically to East Timor have been made available on the East Timor Law Journal website, <http://www.eastimorlawjournal.org>. The Office of Legal Affairs of the United Nations Integrated Mission in Timor-Leste (UNMIT) also maintains a website of Timor-Leste laws and regulations at <http://www.unotil.org/legal/index-e.htm>, with information available in English, Portuguese and Tetum.

C. Natural resources

Timor-Leste consists of the eastern part of the island of Timor, the islands Atauro and Jaco and the enclave of Oecussi situated in the western part of the island of Timor.

The general topography of the country is mountainous, with a mountain chain crossing the country from Mount Taroman (1,765 m) on the Indonesian border to Mount Matabean (2,373 m) in the east, south of Baucau. The highest point is Mount Tata Mai Lau (2,963 m) in the centre. The mountainous region has some mineral resources, such as gold, silver, copper, manganese (near Baucau), sulphur and potassium. There are some marble and limestone quarries near Manatuto. Coffee is also cultivated in the mountains and has become the first export product of Timor-Leste.

Most of the country is covered by forests, but due to traditional slash-and-burn cultivation in the uplands, deforestation has resulted in landslides, decreased soil fertility and the sedimentation of estuaries and reefs. Near the coast, areas where mangrove wood has been exploited for fuel are now priority for rehabilitation. Land suitable for cultivation is scarce and consists mainly of alluvial flatlands or coastal plains. The main food crops are rice, maize, cassava, sweet potato, taro, bananas and different sorts of beans. The commercial crops are coffee, vanilla and coconut.

The sea surrounding the island is rich in fish and there are considerable coral reserves, particularly to the north-east of the island.

The most promising natural resources are offshore and consist of natural gas and oil deposits in the Timor Sea. On 20 May 2002, Timor-Leste and Australia signed the [Timor Sea Treaty](#), which created the [Joint Petroleum Development Area](#) (JPDA) and the [Timor Sea Designated Authority](#) (TSDA), which entered into force on 2 April 2003. The primary role of TSDA is to maximize the financial benefits for both Governments by skilfully managing the exploration and production of oil and gas reserves in the JPDA.

There are five groups of fields under the JPDA:

1. The Elang/Kakatua/Kakatua North (EKKN) oilfields were discovered in 1994 and exploration commenced in 1998. So far, 29.9 million barrels of oil have been produced from these fields, including 2.3 million barrels since the Timor Sea Treaty was ratified.
2. The Bayu-Undan gas and condensate (light oil) field is about 25 km long and 12 km wide and was discovered in 1995. Reserves are estimated at 4 trillion cubic feet of gas and 500 million barrels of condensate and other liquefied petroleum gases. Full commercial production began in 2004 and gas export through the Bayu-Undan to Darwin pipeline started in March 2005. The Bayu-Undan Joint Ventures paid the first oil profits to TSDA on 8 December 2006.
3. The Greater Sunrise gas field, discovered in 1974, is partially within the jurisdiction of JPDA (20.1 per cent). Reserves are estimated at 7.7 trillion cubic feet of gas and 290 million barrels of condensate. Development options are on hold.
4. The Jahal and Kuda Tasi oilfields were discovered in 1996 and 2001, respectively. Reserves are estimated at up to 20 million barrels and appraisal drilling is under way.
5. The Chuditch gas field was discovered in 1998. It contains about 0.7 trillion cubic feet of gas, with high quantities of carbon dioxide contamination.

D. Gross domestic product

Timor-Leste is one of the newest countries in the world and the last one to be included in the United Nations list of least developed countries.

The national development plan, which was prepared in advance of independence in a highly participatory manner involving consultations with more than 38,000 Timorese, highlighted three development priorities: good governance, poverty reduction and the improvement of food security.

Five years after independence was restored in May 2002, institutions have been put in place and official national accounts are available for the period 2000-2006 (see table 1). After two years of

economic contraction caused mainly by the winding down of peacekeeping forces after independence, recovery began in 2004.

Civil unrest beginning in April 2006 and continuing until March 2007 undermined growth for 2006, with GDP falling 1.6 per cent overall. However, the influx of a large United Nations contingent in late 2006, along with the continued presence of International Stabilisation Forces, revitalized the economy, especially in the capital city of Dili, and by April 2007, the economy was growing rapidly. The Asian Development Bank predicts that GDP will expand by 6.5 per cent in 2008, provided that there are no civil disturbances.¹

Table 1. Gross domestic product (2000–2006)

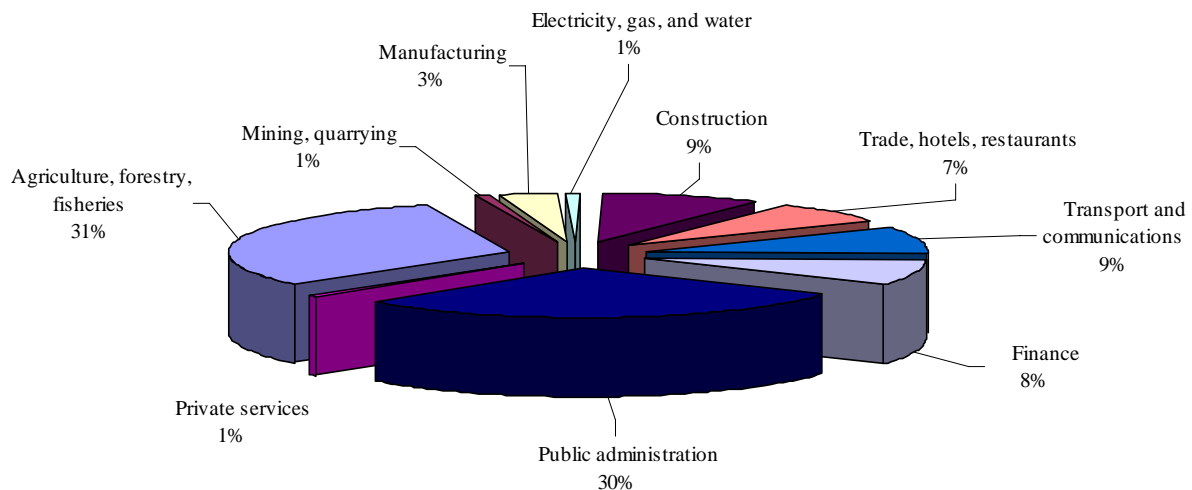
	2000	2001	2002	2003	2004	2005	2006
GDP in millions of United States dollars at constant 2000 prices	316.2	368.5	343.8	322.6	328.5	336.7	331.3
GDP growth rate, as a percentage		16.54	-6.70	-6.17	1.83	2.50	-1.60

Sources: Data supplied by the National Statistics Directorate and ADB

Timor-Leste is primarily a low-productivity agricultural economy. About 90 per cent of the population relies on agriculture and the subsistence economy for its livelihood. According to the World Bank, 40 per cent of the population lives below the poverty line. Transforming subsistence farming into an export-oriented industry is a big challenge. The services sector seems to account for a large share of GDP due to the strong presence of the United Nations and donor nations.

The recovery that began in 2004 and continued through 2005 was supported by the rise in government income from the country's share of oil and natural gas production in the Timor Sea, which is estimated at \$130 million for 2005. According to some ADB estimates, the non-oil GDP rose by 2.5 per cent in 2005.

Figure 1. Timor-Leste GDP structure in 2004 at constant 2000 prices



Source: Based on data from the Timor-Leste Directorate of Statistics

The [UNDP human development index](#) for 2004, which includes longevity and health, education and standard of living in its measures of development, ranked Timor-Leste 142 out of 177 countries².

¹ Asian Development Bank, *Asian Development Outlook 2008: Workers in Asia* (Manila, March 2008), 244, <http://www.adb.org/Documents/Books/ADO/2008/TIM.pdf> (accessed May 9, 2008).

² See Table 1. Human development index in UNDP, *Human Development Report 2006: Beyond Scarcity – Power, poverty and the global water crisis*. (New York, 2006), 285.

E. Foreign relations

Timor-Leste is a member of [ESCAP](#), [UNDP](#), the United Nations Conference on Trade and Development ([UNCTAD](#)), the United Nations Educational, Scientific and Cultural Organization ([UNESCO](#)), the United Nations Industrial Development Organization ([UNIDO](#)), the Food and Agriculture Organization of the United Nations ([FAO](#)), the International Fund for Agricultural Development ([IFAD](#)), the International Labour Organization ([ILO](#)), the International Maritime Organization ([IMO](#)), the World Food Programme ([WFP](#)), the World Health Organization ([WHO](#)) and the [World Tourism Organization](#).

Timor-Leste is also a member of [ADB](#), the International Development Association ([IDA](#)), the International Centre for Settlement of Investment Disputes ([ICSID](#)), the International Civil Aviation Organization ([ICAO](#)), the International Monetary Fund ([IMF](#)), the International Finance Corporation ([IFC](#)), the Multilateral Investment Guarantee Agency ([MIGA](#)), the Universal Postal Union ([UPU](#)) and the [World Bank](#).

Timor-Leste has not signed any regional trade agreements, but it has a bilateral agreement with the Government of Kuwait. On 12 and 13 January 2007, on the occasion of the twelfth Summit of the Association of Southeast Asian Nations (ASEAN) held in Cebu, Philippines, Timor-Leste acceded to the Treaty of Amity and Cooperation in Southeast Asia.

F. International trade

Carrying out an analysis of the country's current account is not easy, as some sources include international assistance, while others do not. The reduction of the United Nations interim mission in Timor-Leste in 2003 and the establishment of UNMIT in 2006 are distorting the current accounts. The most recent figures reported by ADB for external trade indicate a negative trade balance for Timor-Leste of \$40.5 million in 2004 and \$65.7 million in 2005.

Table 2. Trade growth rate (2001 – 2006)

	2001	2002	2003	2004	2005	2006
Export (percentage change per year)	-20.0	50.0	16.7	14.3	25.0	-28.9
Import (percentage change per year)	17.4	-6.3	-16.9	-8.6	5.9	-42.6

Source: Data supplied by ADB

Since October 2003, the trade statistics in Timor-Leste have been captured through the [Automated System for Customs Data](#). Data are obtained from import and export documents lodged with the Customs Service at the main airport and seaports and through parcel post. They are then processed by the National Statistics Directorate to produce the Merchandise Trade Statistics. Goods which do not permanently add to the material resources of a country are identified as non-merchandise trade. Re-exports are goods leaving the country which were previously imported into Timor-Leste and which comprise less than 50 per cent value added by domestic content at the time of export. The huge amount of re-exports is explained by the large outflows of personnel and equipment returning to home countries as the operations of the United Nations Mission of Support in East Timor ([UNMISSET](#)) scaled down.

**Table 3. Total trade (2004–2006)
(Thousands of United States dollars)**

	Import			Export		
	Merchandise	Non-merchandise	Total	Exports	Re-exports	Total
2004	113 485	32 648	146 133	7 336	98 332	105 668
2005	101 602	7 507	109 109	8 086	35 364	43 450
2006	87 693	13 107	103 800	8,445	52 241	60 685

Source: Data supplied by the National Statistics Bureau of Timor-Leste

Note: Data for June and July 2006 are not available, so totals underestimate imports and exports for that year

G. Principal import items and partners

In 2004, Timor-Leste was highly dependent on imports of fuels and of transport and electrical machinery and equipment. These three commodities accounted for 54 per cent of the total import of merchandise. Timor-Leste does not seem to rely heavily on imported food.

Table 4. Composition of imports, major commodities (2004-2006)

HS Code	Description	Value (Thousands of United States dollars)		
		2004	2005	2006
07	Vegetables and certain roots and tubers; edible	324	151	2 771
10	Cereals	8 111	4 690	6 516
19	Preparations of cereals, flour, starch or milk; pastry cooks' products	2 113	2 162	n.a.
22	Beverages, spirits and vinegar	1 739	2 229	1 842
24	Tobacco and manufactured tobacco substitutes	2 171	n.a.	n.a.
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	36 757	35 136	29 70
30	Pharmaceutical products	2 653	2 636	1 832
39	Plastics and articles thereof	1 287	2 362	1 744
48	Paper or paperboard; articles of paper pulp, of paper or paperboard	1 005	1 558	1 982
73	Iron or steel articles	1 391	2 629	n.a.
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	4 651	7 847	4 512
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	9 821	5 470	9 821
87	Vehicles others than railway or tramway rolling-stock, and parts and accessories thereof	14 735	7 018	5 830
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	2 657	693	n.a.

Source: Data supplied by the National Statistics Bureau of Timor-Leste

Note: HS = Harmonized Commodity Description and Coding System

Table 5. Imports from major countries (2004-2006)
(Thousands of United States dollars)

Country of origin	Value		
	2004	2005	2006
Indonesia	60 201	47 769	37 733
Singapore	15 154	14 796	17 001
Australia	20 051	14 145	10 951
Viet Nam	5 242	4 534	4 406
Thailand	1 306	1 122	3 031
Italy	2 117	n.a.	2 258
China	1 149	1 684	2 209
Japan	1 269	10 535	2 183
Portugal	1 686	1 656	1 946
Denmark	1 655	443	1 293

Source: Data supplied by the National Statistics Bureau of Timor-Leste

H. Principal export items and partners

The main export crop, coffee, is essentially exported to the United States of America and Indonesia. Detailed export data are not available for other commodities. As the first payment of oil profits was received in December 2006, more detailed export statistics will become available in the near future.

Table 6. Exports to major countries (2004-2006)
(Thousands of United States dollars)

Country or area of origin	Value		
	2004	2005	2006
United States of America	3 551	3 978	3 447
Germany	441	1 672	2 042
Indonesia	1 265	408	1 146
Singapore	158	91	642
Australia	511	445	303
Thailand	n.a.	48	212
Portugal	580	968	179
Netherlands	94	n.a.	n.a.
Japan	80	100	119
Taiwan Province of China	n.a.	196	87
Norway	71	71	71
Gambia	52	n.a.	n.a.

Source: Data supplied by the National Statistics Bureau of Timor-Leste

SELLING TO TIMOR-LESTE

I. IMPORT POLICY, REGULATIONS AND PROCEDURES

A. General

Several ministries and agencies, in consultation with representatives of the private sector, are involved in the formulation and application of trade-related policies and regulations. The Ministry of Development is responsible for designing, executing, coordinating and assessing trade policies for the country, while the Ministry of Foreign Affairs is responsible for leading efforts on new international trade agreements, for example with ASEAN and the World Trade Organization.

The Ministry of Development regulates domestic and foreign trade, licenses businesses, protects industrial property and provides a one-stop operation for domestic private sector investment within the Ministry, the Institute for Business Development is responsible for trade and domestic investment, while the Commerce Department is responsible for industrial property and business licensing.

TradeInvest Timor-Leste (TITL), which is presently under the purview of the Prime Minister, works to attract foreign direct investment and promote exports.

The Customs Service, within the Ministry of Finance, is responsible for defining and regulating the Customs regimes applicable to the movement of people and goods entering, staying in, transiting through or departing from the Customs territory and for collecting Customs duties, taxes and fees. The [Timor-Leste Revenue Service](#) collects the country's other taxes and fees and the petroleum revenues.

Import, export and transit activities are regulated by the [Customs Code of Timor-Leste](#) (Decree-Law No. 11/2004 of 19 May 2004).

B. Import approval

In general, no prior approval is required to import goods into Timor-Leste, but the importer must be registered with tax authorities and the State Registry Office. Only goods that ministries deem prohibited or restricted for health or safety reasons require import permission. Persons importing health or safety products should consult with the relevant ministries. All imported goods must be reported to the Customs office.

C. Licensing, quotas and prohibitions

An import licence issued by the Directorate of Quarantine Services is required for the following items: live animals; live plants; animal or vegetable products; incubation eggs; fresh fish for consumption; machinery, equipment and used vehicles.

For items subject to import licencing, an import request must be sent to the Directorate of Quarantine Services with the approved application forms. The import licence must contain the import conditions specific to the case.

There are no quantity restrictions on imports in Timor-Leste.

The import of plants, animals, goods, merchandise or any animal or vegetable organism may be banned by ministerial statute if such items represent a high sanitary risk for the country according to scientific evidence or recommendations from an international or regional organization.

Decree-Law No. 21/2003, Quarantine and Sanitary Control on Goods Imported and Exported, prohibits the import of the following items:

- Proteins for animal feeding in the form of meat powder, bone powder, meat and bone powder, blood powder or fat obtained from mammal tissues
- Animals showing symptoms of bovine spongiform encephalopathy
- Non-transformed fat
- Certain parts of bovine, ovine and caprine animals in the human and animal feeding chain, as defined by applicable regulations
- Any animals or animal products showing clinical symptoms of the following diseases: foot-and-mouth disease, contagious paralysis of the swine (the Teschen disease), contagious bovine pleuropneumonia, rinderpest, ovine catarrhal fever, bovine tuberculosis, swine ertsipelas, cysticercus bovis or cellulosae, rabies, brucellosis, bactericidal carbunculus, enzootic bovine leuovosis, infectious bovine rhinotracheitis, Brucella suis infection, contagious gastroenteritis, aujeszky's disease, bird flu, newcastle disease, Salmonella arizona, infections from avian paramyxoviruses types 2 and 3, avian typhoid, Salmonella pullorum and Salmonella enteriditis infection

According to UNTAET regulation No.2001/5, on firearms, ammunition, explosives and other offensive weapons in East Timor, the Cabinet member for Police and Emergency Services has the authority, in exceptional circumstances, to grant a licence permitting the import of firearms, firearm imitations, ammunition or explosives. Such imports come under the jurisdiction of the Ministry of Defence.

D. Import requirements

The import of any animals, animal products, plants, vegetable products, organisms, seeds, genetically modified organisms or seeds, micro-organisms, soil, animal rations, machines or used vehicles is subject to licencing and other requirements as provided for by Decree-Law No. 21/2003. Import requirements may specify the origin of the items, inspections, treatments, points of entry and exit, proof, analysis and tests, or isolation in the country of export in a quarantine facility.

Only milk products derived from pasteurized milk and commercially produced and packaged may be imported.

A sanitary certificate is required for the import of meat products. A phytosanitary certificate is required for the import of plants, and plants parts, seeds, timber and manufactured wood products and fresh fruits and vegetables. A certificate of treatment is also required for timber, timber mouldings and wood products manufactured less than 21 days prior to shipment. These certificates must be issued by the competent authority of the country of origin.

E. Packaging and labelling requirements

Meat products must be consigned in their original packaging from the country of export. Ruminant meat products must originate from a country that is free from foot-and-mouth disease without vaccination and from bovine spongiform encephalopathy. Fresh meat may be imported without restrictions provided that it is packed in hermetically sealed packages or containers that weigh less than 5 per cent of the meat weight. Fresh meat requires refrigeration in order to maintain quality, while canned meat does not.

Chicken eggs for consumption must be non-fertile and free from contamination. Eggs must originate from a commercial establishment.

Plant products, including fresh fruits and vegetables, must be packaged in insect-proof packaging. If these items are transited through a third country, they must remain consolidated with their packaging intact.

Used machinery must be thoroughly cleaned and free from all quarantine risk material, including live insects, seeds, soil, mud, clay, animal material, plant material and other debris.

All identifying marks, including the consignee's mark with port marks, should be inscribed plainly on the packages to facilitate arrival of the shipment. Packages should be numbered unless they can be identified without numbers.

F. Inspections

Any live animal to be imported to Timor-Leste, except for day-birds (fowl less than 72 hours old which have not been fed), must undergo a pre-export quarantine regime in the exporting country for a minimum period of 14 days – if no other length of time is fixed by regulation – so that the necessary inspections and veterinary treatment can be carried out to ensure that the animal is disease-free before it is transported.

Immediately upon arrival in Timor-Leste, live animals must undergo a post-import quarantine regime in a quarantine facility approved by the Directorate of Quarantine Services for a minimum period of 14 days - if no other length of time is fixed by regulation – to provide yet another opportunity for observation and the diagnosis of disease, thereby reducing the risk of introducing import-related diseases and plagues into the country.

Live plants must go through a pre-export quarantine regime in their country of origin before being imported into Timor-Leste, where they will go through a post-import quarantine regime to ensure that they are free from diseases or plagues prior to transport, as specified in article 43 of Decree-Law No. 21/2003.

Veterinary inspection of animal skins products made from skins is carried out upon arrival in the country.

II. TARIFF SCHEDULE CUSTOMS

A. General

The Timor-Leste Revenue Service is an independent agency within the Ministry of Finance. It is responsible for administering the country's services tax, wage income tax and income tax, as well as the taxes payable in the area covered by the JPDA.

The import duty and the excise and sales taxes on imported goods are administered by the Customs Service.

B. Classification

Timor-Leste is a member of the World Customs Organization and uses the Harmonized Commodity Description and Coding System, generally referred to as the Harmonized System, at an eight-digit level.

C. Customs duties

The rate of the import duty is 6 per cent of the Customs value of the goods. Two categories of items are exempt from import duties, namely:

- Baby formulas that are specially designed for babies under one year of age
- Tampons and sanitary napkins

Goods imported on a temporary basis, goods re-imported in the same condition in which they were exported and goods imported by registered charitable organizations or by the United Nations to be used or distributed for the public benefit are also exempt.

D. Taxes and surcharges

Goods imported to Timor-Leste are subject to an import duty, an excise tax, a sales tax and customs fees in conformity with the regulation on a revenue system and the Customs Code of Timor-Leste.

1. Excise tax

According to UNTAET regulation No. 2000/18 on a taxation system for East Timor and its successive amendments, the import of the following items is subject to an excise tax at the rate specified in table 8.

Table 8. Excise tax on imported goods

HS Code	Description of goods	Specific rate
1704, 1806	Sugar confectionery and chocolate confectionery	12 per cent of the excise value
2009	Fruit juices	12 per cent of the excise value
2105	Ice cream and other edible ices	12 per cent of the excise value
2106	Other food preparations (including soft drink concentrates)	12 per cent of the excise value
2202	Soft drinks and other flavoured waters	\$0.65 per litre
2203	Beer	\$1.90 per litre
2204-2206	Wine, vermouth and other fermented beverages (for example, cider, perry)	\$2.50 per litre
2207, 2208	Ethyl alcohol (other than denatured) and other alcoholic beverages	\$8.90 per litre
2401-2403	Tobacco and tobacco products	\$19.00 per kg
2710	Gasoline, diesel fuel and other petroleum products	\$0.06 per litre
3303	Perfumes	18 per cent of the excise value
3304	Beauty or make-up preparations (including sunscreens)	12 per cent of the excise value
3305	Hair preparations (for example, shampoos)	12 per cent of the excise value
3307	Shaving preparations, deodorants, other toilet preparations, etc.	12 per cent of the excise value
3604	Fireworks, signal flares, rain rockets, etc.	120 per cent of the excise value
3701-3707	Photographic films, paper and chemicals, cinema films	12 per cent of the excise value
4203	Leather apparel	12 per cent of the excise value
4301-4304	Raw and treated furs, fur apparel and artificial furs	12 per cent of the excise value
7101-7112	Pearls, precious stones and precious metals	12 per cent of the excise value
7113-7118	Jewelry, articles of gold and silver, and coins	12 per cent of the excise value
8412	Razors and blades	12 per cent of the excise value

Traders' Manual: Timor-Leste

HS Code	Description of goods	Specific rate
8415	Air conditioners	12 per cent of the excise value
8418	Refrigerators	12 per cent of the excise value
8422	Dishwashers	12 per cent of the excise value
8519-8524	Audio electronic goods	12 per cent of the excise value
8525 20 100	Mobile phones	12 per cent of the excise value
8528	Televisions and video monitors	12 per cent of the excise value
8529 10 8529 90	Satellite dishes	12 per cent of the excise value
8703	Motor cars principally designed for the transport of persons	The greater of: (a) 36 per cent of the excise value or (b) \$ 500 per vehicle, plus 36 per cent of the excise value in excess of \$20,000
8707	Bodies of cars	12 per cent of the excise value
8711	Motorcycles	12 per cent of the excise value
9005	Binoculars	12 per cent of the excise value
9006	Cameras	12 per cent of the excise value
9101-9114	Clocks, watches and their cases, straps and parts	12 per cent of the excise value
9301-9307	Arms and ammunition	120 per cent of the excise value
9501-9508	Toys, games and sports accessories and parts	12 per cent of the excise value
9601	Worked ivory, bone, shell, horn, coral, etc	12 per cent of the excise value
9613	Cigarette lighters	12 per cent of the excise value
9614	Smoking pipes	12 per cent of the excise value
9616	Scent sprays, powder puffs and pads	12 per cent of the excise value
9701-9706	Works of art, collectors' pieces and antiques	12 per cent of the excise value
	Private yachts and private aircraft	12 per cent of the excise value up to and including \$20,000 and 36 per cent of the excise value over \$20,000

Source: UNTAET regulation No. 2000/18 of 30 June 2000, as amended through July 2002, pp. 46-47. Accessed on

[http://www.mof.gov.tl/en/TLRS/DomesticTax/CurrentLaws/en/Unofficial_consolidation_Reg_2000_18\(as_amended\)_July_2002_Eng.doc?bcsi_scan_8AB65D1044CCDE6D=1](http://www.mof.gov.tl/en/TLRS/DomesticTax/CurrentLaws/en/Unofficial_consolidation_Reg_2000_18(as_amended)_July_2002_Eng.doc?bcsi_scan_8AB65D1044CCDE6D=1).

Notes: HS = Harmonized Commodity Description and Coding System

The excise value is the total of the customs value of goods and any import duty imposed on the goods under Section 27 of UNTAET regulation No. 2000/18, as amended.

2. Sales tax on imported goods

Goods imported to Timor-Leste are subject to an import duty and to a sales tax at a fixed rate of 6 per cent.

3. Fees

The Customs Service charges fees for processing, inspection and warehousing.

III. FOREIGN EXCHANGE REGIME

A. General

UNTAET regulation No. 2001/30 on the Banking and Payments Authority in East Timor regulates the licensing of banks and the establishment of general principles for the management, organization and activities, and enforcement measures applicable to banks in Timor-Leste.

B. Currency convertibility

According to Decree-Law No. 20/2003 on the legal tender in Timor-Leste, the official currency of Timor-Leste is the United States dollar.

C. Foreign exchange allocation

There are no restrictions on foreign exchange transactions. The licensing of currency exchange bureaux is regulated according to UNTAET Regulation No. 2000/5, which states that a currency exchange bureau shall be free to deal in foreign currency transactions involving cash, traveller's checks and similar instruments with the public and in any convertible currency at freely negotiated rates.

D. Money and finance measures

The methods of payment used in trade transactions are standard international methods, namely letters of credits, drafts, wire transfers and direct payment orders to the bank concerned.

E. Banking

Currently, the banking system comprises the Banking and Payments Authority ([BPA](#)), the objectives of which are to maintain domestic price stability, implement the foreign exchange policy and promote a safe, sound and efficient payment system.

IV. DOCUMENTS

A. All shipments

In 2002, Customs officers of Timor-Leste began training in the use of the Automated System for Customs Data, which is currently the system is operational at the Dili airport and port. Its use will be extended to border points with western Timor within the next year.

Importers may use Customs brokers to expedite the processing of import documents. The role and duties of the Customs brokers are governed by the Statute of Official Customs Brokers.

B. Import documents

All importers, both private and public, shall submit the following documents³:

- Bill of lading
- Cargo manifest
- Collection order
- Commercial invoice
- Customs cargo release form
- Customs import declaration form
- Equipment interchange receipt
- Packing list
- Ship arrival notice
- Stowage plan
- Terminal charges receipt

C. Special requirements

The Ministry of Agriculture, Forestry and Fisheries, after carrying out the appropriate import inspections, issues the sanitary certificate for meat products; the phytosanitary certificate for plants and plants parts, seeds, timber and manufactured wood products, and fresh fruits and vegetables; and the certificate of treatment for timber, timber mouldings and manufactured wood products.

V. MARKETING AND DISTRIBUTION

A. Market regulations

As the metric system is commonly used in Timor-Leste, all weights are expressed in kilograms and tons. Labelling, instructions or warnings in Tetum are mandatory for many products.

The Ministry of Health prescribes standards and distribution and labelling requirements for medicines.

B. Port facilities and trading route

1. Air transport

Timor-Leste has an international airport in Dili which is served by two airlines. Merpati Airlines (<http://www.merpati.co.id>) (Indonesia) flies every day from Denpasar, Bali, to Dili and Airnorth (<http://www.airnorth.com.au>) (Australia) flies from Darwin to Dili eight times a week.

2. Land transport

The total road network in Timor-Leste covers about 5,000 km. About 50 per cent of the road system is paved. Road infrastructure is weak, which limits movement within the country, especially during the rainy season when bridges often wash out and landslides are frequent.

It is possible to travel from Dili to the western part of the island of Timor by crossing at Batugade. It is not currently possible to access the enclave of Oecussi in West Timor by road. Travellers and goods have to enter the enclave by ferry from Dili.

³ World Bank, *Timor-Leste: The Business Regulatory Environment* (Timor-Leste, June 2006), 42.

3. Port facilities

Timor-Leste presently has only one international port, in Dili. A regular ferry connects Dili to Oecussi every day.

VI. GOVERNMENT PROCUREMENT AND STATE TRADING ORGANIZATIONS

Law-Decree No. 10/2005, Juridical Regime on Procurement, governs the procurement system in Timor-Leste.

BUYING FROM TIMOR-LESTE

I. EXPORT POLICY, REGULATIONS AND PROCEDURES

At this time, organic coffee is responsible for almost three quarters of the country's exports. Revenue derived from oil and gas production in the Timor Sea is deposited into the country's Petroleum Fund, the interest from which will go towards supporting Government operations. Approximately \$290 million will be available for the Government in 2007.

The Government officially supports open trade and encourages market and product diversification, particularly if it generates rural employment. A law on the formalization of small traders and microbusinesses is being prepared.

In general, no approval is required to export goods and Timor-Leste does not set any export quotas. Most exports require only an export declaration accompanied by the invoice and packing list. However, there are some exceptions, such as the export of live animals and plants. Derivative products of animal or vegetable origin are subject to specific sanitary and phytosanitary inspections at the pre-export quarantine facility by a representative of the Ministry of Agriculture, Forestry and Fisheries.

Timor-Leste does not belong to any trade agreements or preferential schemes.

II. EXPORT CHARGES

There is a 5 per cent export tax on coffee beans, whether processed or unprocessed. Export valuation is based on the f.o.b. price.

III. SETTLEMENTS OF BILLS, LETTERS OF CREDIT

There are no restrictions on financial arrangements for export transactions. Any of the standard international methods of payment may be used in Timor-Leste, including drafts, wire transfers or payment orders. Most export transactions are carried out using letters of credit.

IV. DOCUMENTS, INCLUDING INSURANCE

All exporters shall submit the following documents:⁴

- Bill of lading
- Commercial invoice
- Customs export declaration form
- Equipment interchange report
- Packing list
- Technical standard/ health certificate

V. STATE MONOPOLY ON EXPORT ITEMS

Following the signature in April 2003 of the Timor Sea Treaty by the Governments of Timor-Leste and Australia, TSDA was created. Its primary roles are to maximize the financial benefits for both Governments and to develop the Timor-Leste petroleum sector in the JPDA situated between the two countries. TSDA is under the direct responsibility of the Prime Minister and is financed by fees collected under the Petroleum Mining Code for the JPDA and the Petroleum Taxation Law (Law No. 8/2005).

⁴ World Bank, *Timor-Leste: The Business Regulatory Environment* (Timor-Leste, June 2006), 42.

Oil and gas are the property of the State and income earned from oil and gas revenues are deposited in the Petroleum Fund that was established by the Petroleum Fund Law (Law No. 9/2005). The objective of the Petroleum Fund is to contribute to the sound management of petroleum resources for the benefit of both current and future generations. The law governs the collection and management of petroleum-related receipts, regulates their transfer to the State budget and provides for government accountability and oversight of these activities.

On 8 December 2006, the first payment of oil profits was made by the Bayu-Undan Joint Venture to TSDA. In order to achieve and maintain greater transparency and accountability, TSDA publishes details of the payments it receives under an authorization which includes a production sharing contract. The monthly accounts are published and made available online at <http://www.timorseada.org>.

As the future central bank of Timor-Leste, BPA is responsible for the operational management of the Fund, while the [Ministry of Finance](#) is responsible for setting its overall investment strategy. According to article 13 of the Petroleum Fund Law, the central bank is required to report on the performance and activities of the Petroleum Fund of Timor-Leste by publishing a quarterly report within 40 days of the end of each quarter. Reports are available at <http://www.bancocentral.tl/PF/Reports.asp>.

VI. EXPORT INCENTIVE SCHEMES

At present, there are no specific export incentive programmes for exports in Timor-Leste. Some groups, such as the Cooperativa Café Timor (CCT) established in 2000, have received funding from international donors or aid programmes to support the development of export sales.

Coffee is the country's number one export and CCT is its number one coffee exporter. It has 400 full-time employees and 3,500 part-time employees and supports more than 21,000 individual coffee growers. It has been funded for many years by the United States Agency for International Development, which provides technical expertise and assistance with export market development. With donor support, the cooperative obtained the fair trade certification from Fairtrade Labelling Organizations International (<http://www.fairtrade.net>) in 2001. CCT Arabica coffee is a premium brand that is certified organic by the [Organic Crop Improvement Association](#) and predominantly sold to the United States coffee giant Starbucks.

Organic certification is a significant advantage for firms operating in Timor-Leste because the country has not used fertilizer for more than 25 years. Operations in Timor that are certified organic can generally command a higher price on the world market and bring a greater return to small-scale farmers.

Some products with good export potential include virgin coconut oil, fish, vanilla beans, sandalwood, marble and spices. IFC has completed studies on some agricultural products and mineral commodities where export opportunities exist. Information on these studies is available from TITL.

UNTAET regulation No. 2000/17 prohibits logging operations and the export of wood from Timor-Leste due to the significant deforestation that occurred in previous decades. It prohibits the export of wood in any form, including logs, planks, plywood and furniture, although the Minister of Agriculture, Forestry and Fisheries can issue exemptions to firms in special circumstances, namely when the products are to be used for high value applications in the pharmaceutical or cosmetics industries.

INVESTING IN TIMOR-LESTE

The Government of Timor-Leste is anxious to attract foreign direct investment in order to create jobs and stimulate growth in the economy. In 2006/07, the Government entered into agreements at a rate of about one per week, attracting investments worth approximately \$158 million, with the potential to employ more than 22,000 people. The Government of Timor-Leste intends to target its investment efforts but it expects to diversify wherever possible, especially in the resources sectors, in order to create a more sustainable economy.

Most of the \$1.75 billion invested in the country since it gained independence has gone into the country's oil and gas sector, but the Government is seeking significant new investments in tourism, manufacturing, agri-food, construction and business and financial services. It has been devising strategies to improve and increase this level of investment, but it faces some key challenges, including:

- Increased risk from civil unrest and insecurity throughout 2006 and the lack of an insurance industry or bonding capabilities
- Insufficient access to financial capital to help finance projects
- Lack of a good physical infrastructure
- Higher labour costs than elsewhere in the region due to the dollarization of the economy and a shortage of skilled labour

In addition to attracting foreign direct investment, the Government provides incentives to encourage investment in the growth and development of domestic business.

I. FOREIGN INVESTMENT POLICY AND REGULATIONS

In 2005, a new autonomous investment and trade development organization (TITL) was created to be a one-stop centre for investors. Its main functions are to promote, coordinate, facilitate and monitor foreign investments and exports and to centralize the administrative procedures for foreign and authorizations.

The External Investment Law of May 2005, which established the framework for investment incentives for foreign firms, allows a foreign natural person or corporate body, or a non-resident Timorese national, to invest in any sector of economic activity. However, the areas of exploration, research and exploitation of oil and gas, as well as the extraction of mineral resources, are governed by the Petroleum Act and the Mining Code.

The legislation provides developers with the following basic rights and guarantees:

- Equal access to all sectors of the economy
- A minimum required investment of \$100,000
- Guarantees and protection of private property rights
- Legal guarantees against nationalization and expropriation
- Equal treatment of all investors, both domestic and foreign
- The right of investors to repatriate profits and investment proceeds
- The right to hire management and skilled foreign workers
- The right to sell and transfer assets
- Access to foreign currency
- Conciliation and arbitration of investment disputes including foreign citizens under according to ICSID rules

In addition to the guarantees, the Government provides tax deductions, long leases on government land at modest costs and remissions on import duties and taxes, as outlined in more detail in section III below. More details on the incentives, an application form and the text of the legislation and regulations are available on the website, <http://www.timor-leste.gov.tl/TradeInvest>.

II. INVESTMENT PROCEDURES

Foreign investment is defined as an investment made using financial resources originating from overseas for the account and at the risk of a foreign investor, or investment that may be subject to pecuniary assessment.

A. Incorporation

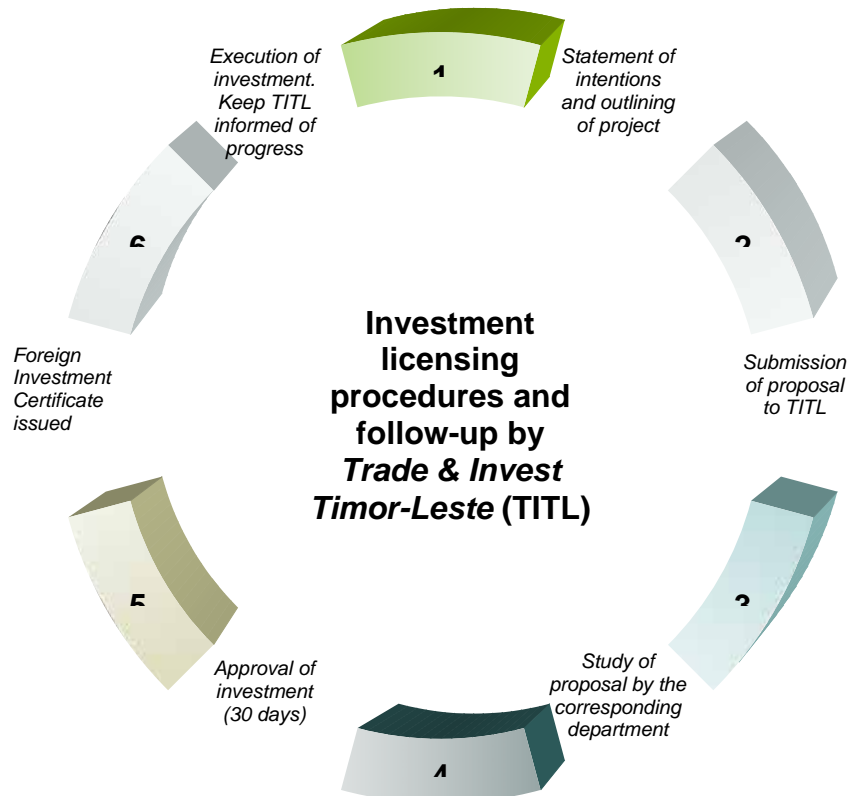
When investing in Timor-Leste, a foreign investor has the following options:

- Establish a business entity
- Acquire already existing national assets
- Acquire part of the share capital of a business or participate in the growth of its capital
- Sign a contract to own or operate a company, establishment, real property or equipment for economic activities
- Transfer equipment assets to a business under a leasing regime
- Reinvest

B. Registration

TITL is the one-stop service provider for the country's trading and investment regimes. It registers foreign investments and grants a certificate of registration within 30 working days of submission of a completed application form and after the proposal has been reviewed by government departments, as illustrated in figure 2.

Figure 2. Investment licencing procedures and follow-up



Source: Policies and Good Practices in Investment Promotion and Facilitation in Least Developed Countries: Bhutan, Laos People's Democratic Republic and Timor-Leste, (ST/ESCAP/2402), p. 32.

III. INVESTMENT INCENTIVES AND SPECIAL PROMOTION ZONES

A. Sector-specific incentives

Timor-Leste is rich in natural resources, including minerals, fish, forests, agri-food and oil and gas. The Petroleum Fund Law, which was enacted in 2005, established an Investment Advisory Board to oversee investment opportunities in the Petroleum Fund.

B. Additional incentives

The Government of Timor-Leste provides a number of fiscal incentives to foreign investors.

1. Tax reduction

Approved firms can earn a tax deduction of \$300 per annum for each full-time Timorese worker, with the length of eligibility for the tax deduction varying according to the location of the project:

- Export oriented projects
 - 7 years in Dili and Baucau
 - 9 years in all other areas of the country, except in the Oecusse and Atauro regions, where it is 12 years
- Infrastructure projects
 - 10 years in Dili and Baucau
 - 12 years in all other parts of the country, except in the Oecusse and Atauro regions, where it is 15 years
- Other projects
 - 5 years in Dili and Baucau
 - 7 years in all other parts of the country, except in the Oecusse and Atauro regions, where it is 9 years

2. Rent exemption

On State land, the Government can grant long-term leases to approved foreign investors, with rental payments exempted for 7 years on rural projects and 9 years on projects in the Oecusse and Atauro regions.

3. Reinvestment

An approved foreign investor is granted total exemption from any taxes on reinvested dividends related to the periods of tax credit listed above.

4. Customs tax exemption

For approved foreign investors, the following are exempted from Custom duties: imports of capital assets; building materials for the construction of factories, hotels or economic infrastructure; and raw materials; and half-completed products, components and spare parts for incorporation or use in the manufacturing of other goods. Also, if there is no public supply of electric power, foreign investors will be exempted from Customs duties and taxes on fuel – except petrol – used for their own production of electric power.

C. Exclusive economic zone

The exclusive economic zone refers to the maritime zone beyond the territorial sea of Timor-Leste in which it retains sovereign rights and jurisdiction, which was established by article 8 of the Timor-Leste Maritime Zones Act due to ongoing disputes with Australia regarding petroleum territories. The outer limit of the zone is set at a distance of 200 nautical miles from the nearest point of the baseline (the low-water line along the coast of Timor-Leste).

There are presently no formal special enterprise zones in Timor-Leste, although there are several areas defined as industrial parks that can be accessed by foreign investors and are eligible for the incentives mentioned above. A feasibility study is currently under way for the creation of an industrial park and a pilot tourism venture.

IV. TAXATION

A. Income Tax

In Timor-Leste, the income tax regime is governed by UNTAET regulation No. 2000/18. For resident companies, a rate of 30 per cent is applied. However, for individuals, the rates on income tax are shown in Table 9.

Table 9. Individual income tax rate (United States dollars)

	Annual taxable income	Tax rate	Tax
on the first	\$ 3 368	10 per cent	\$337
on the next	\$3 368	15 per cent	\$505
over	\$6 737	30 per cent	-

Source: Based on data in UNTAET regulation 2000/18 of 30 June, as amended through July 2002, p. 54. Accessed on

[http://www.mof.gov.tl/en/TLRS/DomesticTax/CurrentLaws/en/Unofficial_consolidation_Reg_2000_18\(as_amended\)_July_2002_Eng.doc?bsi_scan_8AB65D1044CCDE6D=1](http://www.mof.gov.tl/en/TLRS/DomesticTax/CurrentLaws/en/Unofficial_consolidation_Reg_2000_18(as_amended)_July_2002_Eng.doc?bsi_scan_8AB65D1044CCDE6D=1).

Taxed resident companies are also required to pay monthly or quarterly installments of income tax equal to 1 per cent of their turnover.

B. Corporate tax

A corporate tax is applied to contractors at a rate of 30 per cent.

C. Value added tax (VAT)

A VAT of 6 per cent is charged on imports of all goods and is collected by the Customs Service when goods are imported into the country. A VAT for services is also charged to “first tier” contractors on a self-assessed basis.

According to the Timor-Leste Petroleum Taxation Act 2004, a VAT related to the oil and gas sector may be imposed only under the Timor Sea Treaty.

V. LABOUR ISSUES

The Labour Code of Timor-Leste is currently administered by the Government of Timor-Leste under UNTAET regulation No. 2002/5 on the establishment of a labour code for East Timor.

A. Work permits and foreign employment

Foreign workers may be employed provided that the terms of the applicable law are met. They must possess an appropriate visa and documentation for employment within the country and are subject to additional employment conditions.

B. Children

Employment of children under the age of 15 is prohibited in Timor-Leste, but children may be engaged in “light work” – meaning that they can engage in work which will not jeopardize their health, safety or morals, will not interfere with their schooling and will allow for their full and normal development as children – once they have reached the age of 12.

C. Wages, hours, holidays and overtime

The National Labour Board determines the national minimum wage. The minimum wage excludes any additional grants, bonuses or other amounts which are payable to employees outside of their normal wage.

Working periods shall be restricted to eight hours per day and 44 hours per week. Overtime work periods require overtime pay at a rate of one and a half times normal hourly rate. However, the total working hours including overtime hours shall not exceed 12 hours per day for each worker. Work that is performed on a rest day or a public holiday is remunerated at a rate twice that of the normal hourly pay.

Workers are also entitled to a rest period of 24 consecutive hours once they have worked a maximum of six days and to annual leave of 12 working days on full pay (one day of leave per month after each completed month of employment).

VI. DISPUTE SETTLEMENT

Disputes in Timor-Leste are settled by conciliation in accordance with the laws of Timor-Leste or, in cases where conciliation is not possible, by arbitration in accordance with the rules of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States ([ICSID Convention](#)).⁵

VII. BANKING SYSTEM

At this time, BPA is acting as a precursor to a fully fledged central bank in Timor-Leste. There are four commercial banking institutions operating in the country:

Caixa Geral de Depósitos, SA (CGD) Timor-Leste Branch (CGD/BNU)
E-mail: cgd.timor@mail.timortelcom.tp
URL: <http://www.cgd.pt>

Australia and New Zealand Bank (ANZ) Banking Group, Timor-Leste Branch
E-mail: easttimor@anz.com
URL: <http://www.anz.com/timorleste>

Instituição de Micro Finanças de Timor-Leste (IMFTL)

⁵ International Centre for Settlement of Investment Disputes, *ICSID Convention, Regulations and Rules* (Washington, D.C., April 2006), 7-33, <http://icsid.worldbank.org/ICSID/ICSID/RulesMain.jsp> (accessed May 9, 2008).

PT Bank Mandiri (Persero) Tbk, Dili – Timor-Leste Branco
E-mail: dili_timorleste@bankmandiri.co.id
URL: <http://www.bankmandiri.co.id>

BPA also operates as the clearing house for inter-bank payments and as banker to the Government and engages in banking operations for the Government and the public administration, including management of the country's financial and external reserves.

VIII. PROTECTION OF PROPERTY RIGHTS

Timor-Leste has not yet enacted laws regulating the registration, licensing and use of trademarks, trade names and similar items of intellectual and industrial property, nor has it signed any conventions or treaties administered by the World Intellectual Property Organization.

A. Patents

Indonesian Law No. 6/1989, as amended by Law No. 13/1997, are valid for patents in Timor-Leste.

B. Trade names and trademarks

UNTAET Executive Order No. 2002/12 on the trade of goods bearing the national symbols of the Democratic Republic of East Timor prohibits the trade of goods bearing national symbols, without a permit authorizing such trade, which may be requested by sending a written application the Ministry of Finance. The application fee is \$25 and a fee equal to 5 per cent of the fair market value, payable in arrears, will be charged.

C. Copyrights

Indonesian Law No. 6 of 1982 regarding copyrights, as amended by Law No. 7 of 1987 and Law No.12 of 1997, is valid for Timor-Leste.

TIPS FOR VISITORS TO TIMOR-LESTE

The tourism sector plays a vital role in the development of Timor-Leste and is one of the priorities of the Government. Under the direction of the Ministry of Development, the tourism office has established an official website at <http://www.turismotimorleste.com> as a starting point for those who wish to visit Timor-Leste and a source of information for tourism investors. Activities offered within the tourism sector include hiking, trekking, mountaineering, bird watching, whale and dolphin watching, scuba diving and snorkelling, as well as discovering and touring Dili.

I. GETTING THERE

Since Timor-Leste is a newly opened country, there are currently only two airlines operating scheduled flights to the Presidente Nicolau Lobato International Airport in Dili, the capital city. Merpati Airlines offers daily flights to Dili from Denpasar International Airport in Bali and the Australian airline, Airnorth, offers eight flights per week to Dili, from Darwin International Airport.

Travellers can also enter Timor-Leste through West Timor at the western border of Batugade or from Kupang, and there are ferry connections from Oecussi and Atauro Island.

II. VISAS AND PASSPORTS

An entry visa is required for all visitors except those holding a Portuguese passport. A Timor-Leste visa can be obtained at the Presidente Nicolau Lobato International Airport in Dili for a maximum period of 30 days for a fee of \$30 per person.

An application to extend a visa may be submitted to the Migration Department at the Office of the Secretary of State for Security at Vila Verde in Dili. Applicants must be able to provide a valid reason for extending their stay.

Work visas and resident visas can also be requested by individuals whose place of employment is in Timor-Leste, or who run a business in the country. Proof of employment or business registration, respectively, must be presented upon entry into the country.

Travellers are advised to contact the nearest Timorese Embassy or Consulate for further information on visa requirements, as visa conditions for Timor-Leste change regularly.

III. HEALTH

As there are various health risks – such as malaria, dengue fever and Japanese encephalitis, – in Timor-Leste, visitors are advised to make a travel health appointment at least one month before departure.

For further information on prevalent diseases and inoculations, travellers should consult their doctor and the WHO website at <http://www.who.int/countries/tls/en>.

IV. CURRENCY

The official currency of Timor-Leste is currently the United States dollar. It is the only legal tender accepted throughout the country. Centavo coins which were introduced in 2003 to replace the Indonesian rupiah, are utilized along with United States dollar banknotes and coins. Centavo coins come in denominations of 1, 5, 10, 25 and 50.

V. HOTEL ACCOMMODATIONS

A range of hotels can be found in Dili. The following websites provide information on hotels there and elsewhere:

- <http://www.easttimorgovernment.com/tourism>
- <http://www.turismotimorleste.com/en.directory>

VI. REPRESENTATIONS ABROAD

Timor-Leste has embassies, consulates or Permanent Missions in several locations, including:⁶

AUSTRALIA

Embassy of Timor-Leste to Australia in Canberra

25 Blaxland Crescent, Griffith ACT 2603

P.O. Box 29

Griffith ACT 2603

Telephone: (61 2) 62608800

Fax: (61 2) 62397682

E-mail: TL_Emb.Canberra@bigpond.com

Consulate-General in Sydney

Level 7 - Bligh House

4-6 Bligh Street, Sydney NSW 2000

P.O. Box 5341, Sydney NSW 2001

Telephone: (61 2) 92390060

Fax: (61 2) 92390030

EUROPEAN UNION

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⁶ <http://www.easttimorgovernment.com/embassies.htm> (accessed March 31, 2008).

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- Timor Sea Designated Authority. <http://http://www.timorseada.org/>
- Timor-Leste Official Representative in Macau.
- World Bank website. <Http://www.worldbank.org>.

Annex I
List of Hyperlinks Corresponding to Underlined Text in the Publication
(in alphabetical order)

Airnorth	http://www.airnorth.com.au
Asian Development Bank	http://www.adb.org
Australia and New Zealand Bank	http://www.anz.com/timorleste
Automated System for Customs Data	http://www.asycuda.org
Banking and Payments Authority of Timor-Leste	http://www.bancocentral.tl/en
Caixa Geral de Depósitos	http://www.cgd.pt
Customs Code of Timor-Leste	http://www.unotil.org/legal/RDTL-Law/RDTL-Decree-Laws/Decree-Law-2004-11.pdf
East Timor Law Journal	http://www.eastimorlawjournal.org
Economic and Social Commission for Asia and the Pacific	http://www.unescap.org
Fairtrade Labelling Organizations International	http://www.fairtrade.net
Food and Agriculture Organization	http://www.fao.org
International Centre for Settlement of Investment Disputes	http://www.worldbank.org/icsid
International Civil Aviation Organization	http://www.icao.int
International Development Association	http://www.worldbank.org/ida
International Finance Corporation	http://www.ifc.org
International Fund for Agricultural Development	http://www.ifad.org
International Labour Organization	http://www.ilo.org
International Maritime Organization	http://www.imo.org
International Monetary Fund	http://www.imf.org
Joint Petroleum Development Area	http://www.timorseada.org/projects.html
Merpati Airlines	http://www.merpati.co.id
Ministry of Finance of Timor-Leste	http://mof.gov.tl
Multilateral Investment Guarantee Agency	http://www.miga.org
Organic Crop Improvement Association	http://www.ocia.org
Petroleum Fund of Timor-Leste, quarterly report	http://www.bancocentral.tl/pf/reports.asp
PT Bank Mandiri	http://www.bankmandiri.co.id
Timor Sea Designated Authority	http://www.timorseada.org/index.html
Timor Sea Treaty	http://www.timorseada.org/pdf_files/Timor%20Sea%20Treaty.pdf
Timor-Leste Revenue Service	http://mopf.gov.tl/en/TLRS/
UNDP human development index	http://hdr.undp.org/hdr2006/statistics
United Nations Conference on Trade and Development	http://www.unctad.org
United Nations Development Programme	http://www.undp.org
United Nations Educational, Scientific and Cultural Organization	http://www.unesco.org
United Nations Industrial Development Organization	http://www.unido.org
Universal Postal Union	http://www.upu.int
UNMISSET was supervised by the United Nations Integrated Mission in Timor-Leste (UNMIT)	http://www.unmiset.org
UNMIT Office of Legal Affairs	http://www.unotil.org/legal/index-e.htm
World Health Organization webpage on Timor-Leste	http://www.who.int/countries/tls/en
World Bank	http://www.worldbank.org
World Food Programme	http://www.wfp.org/english
World Health Organization	http://www.who.int
World Tourism Organization	http://www.unwto.org