

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 leuvisis, 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

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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.