

# REGIONAL WORKSHOP ON GRADUATION FOR LDCs IN ASIA

APRIL, 30 TO 2 MAY 2019, BANGKOK,  
THAILAND.  
TIMOR-LESTE



# COUNTRY PROFILE



# AREA:

- AreaTotal:
  - 15,410 km<sup>2</sup> (5,950 per mil sq)
- Population: 2015 census, 1,167,242
- Density: 78/km<sup>2</sup> (202.0/sq mi)
- GDP, 2017 estimate  
Total: \$4.567 billion, Per capita  
\$5,479
- Religion: 96.9% Roman Catholic  
3.1% other religions

# OUTLINE

- Timor–Leste’s Graduation Background
  - Challenging Facing Graduation
  - Government Preparation Graduation on LDC
  - Preferential Market Access
  - ROO
  - Development Challenges
  - Support Measures for Graduation
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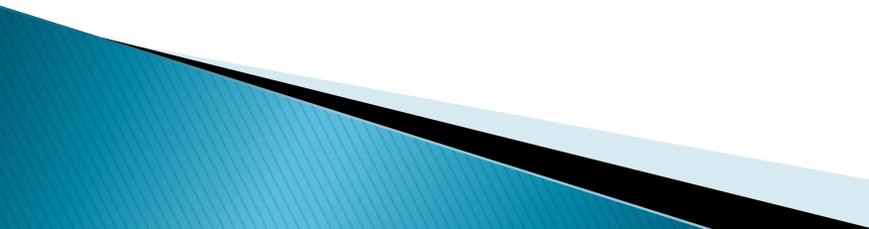
# LDC GRADUATION BACKGROUND

- Eligible for graduation for the first time in 2015 triennial review based on gross income per capita only
- Second triennial review on 2018,
  - Index shows that substantial economic vulnerabilities, with a score of 56.8.
  - This is much higher than the LDC average of 41.7, let alone the threshold level of 32.
- Timor-Leste's has postponed to 2021

# GRADUATION CHALLENGES

- Dependent oil and gas diversification and good financial returns, and helps to protect the non-oil economy is to achieve 3% real return to safeguard the sustainability of the fiscal policy
- Timor-Leste GDP in 2018 was about 3.2 %
- In 2019 Timor-Leste's predicted to growth its GDP by 4.8%, and continues to growth by 5.4% in 2020.
- Timor-Leste dependent on import duty, 95% dependency from overseas; such as Indonesia, Australia, China

# GOVERNMENT PREPARATION TOWARDS GRADUATION

- Timor-Leste has produced SDG's Road map in 2017, to outlined how the global goals align with Timor-Leste's Strategic Development Plan (2011-2030).
  - The nation's commitment to peace, inclusion and institution-building is the foundation for achieving all the SDGs. Timor-Leste recommits its leadership on SDG 16, working for peaceful, just and inclusive societies.
  - Timor-Leste was being admitted as an observer at WTO, however, Timor-Leste accession to WTO will take time.
  - Timor-Leste has made substantial progress and is committed to its development trajectory towards sustainable peace and prosperity. Again, graduation for the LDC status is a government goal, to be achieved when it is right time to do so.
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# Preferential Market Access

- Timor-Leste is a beneficiary of the unilaterally granted Generalized System of Preferences (GSP) and preferential tariff for LDCs from 37 countries such as ten (10) EU countries, Australia, Canada, Japan, New Zealand, United States, Republic of Korea, Thailand and others. Its main non-oil exports commodities (coffee, woods, and candlenuts) are to markets that grant LDC-specific preferences.
- Currently, Timor-Leste is not a party to any regional trade agreements. The likely applicable scheme after LDC graduation for Timor-Leste export to its main markets would be either the standard GSP or MFN with a relatively low or zero tariffs.

# ROO

- Timor–Leste does not apply to the rule of origin, having said that, the application of import duties under the Taxes and Duties act involves the same rate of custom duty being applied to all products regardless of sources.
- In addition to Timor–Leste’s initiative to adhere WTO, Timor–Leste is also an observer to ASEAN. Such process involves creating a Working Group, which involves technical work undertaken by relevant line Ministries under MNEC’s coordination. One of the targets for the technical work includes establishing a certificate of Origin Process to align with ASEAN’s current Rules of Origin policies and the ROO requirement under the ASEAN+ Free Trade Agreement (FTA).

# Development Challenges

1. **Economic Diversification Strategy of Timor-Leste**
  - The economic vision of the Strategy Development Plan (SDP) is that by 2030 Timor-Leste will be part of the group of the middle-upper income countries, extreme poverty will be eradicated and a non-oil sustainable and diversified economy will be established. (in SDP 2011-2030)
  - **Specific Guide for the Economic Reform and Growth of Timor-Leste 2015-2017 [GRFE]** was developed and approved to coordinate the Government's efforts to promote private investment, encourage economic diversification and support sustainable employment.

# Continue Development Challenges

## 2. **5 Priority Economic Sectors:** Oil and Gas, Agriculture, Fisheries, Tourism, and Manufacturing.

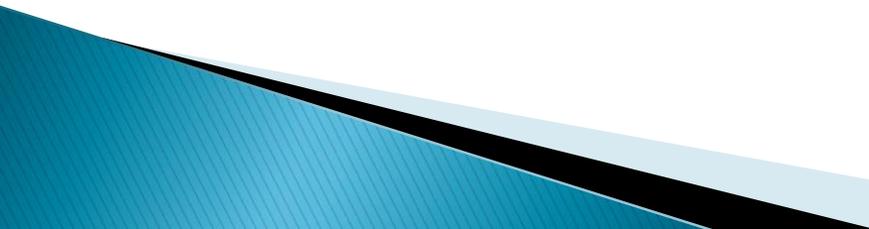
### ➤ **Pillars 2 and 3 - Agriculture and Fisheries**

- Developed economic model to estimate the potential production of the forestry, coffee subsector, industrial crops, livestock, horticulture and fisheries subsectors
- Government actions in the agriculture sector to improve productivity, increase farmer incomes and ensure food security.
- Government aims to promote food in the domestic market as well as diversify and improve production for export.
- Together with MAP, preparing Investment Plans for the Forestry and Coffee sectors;
- Coffee Sector Development Plan;
- Rehabilitation of coffee growing areas;
- Forestry Sector Development Plan;
- Planting of high-value hardwood species;
- Opening up of new agricultural land through the construction of irrigation infrastructure.

# Continue Development Challenges

- **Pillar 4 -Tourism**
  - Developing an economic model to estimate current impact of tourism expenditure in the economy and forecast potential of the sector.
  - Tourism Sector Plan
  - Tourism infrastructure investment underway
  - Modernization of Airport facilities
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# Continue Development Challenges

- **Pillar 5 – Manufacturing Industry**
  - Developing an economic model to estimate current impact of manufacturing in the economy and forecast potential of the sector.
  - Draft Industrial Policy led by the Ministry of Commerce and Industry.
  - Focus on resource-based industrialization in the short and medium term including agro-processing, construction materials, downstream processing of petrochemicals (refinery in the south coast in the future), and handicrafts.
  - Investments
  - Opening of Heineken factory
  - Cement
  - Canned fish
  - In the future, sugar, salt sugar
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# Support Measures for Graduation

- Timor–Leste has submitted its MFTR to WTO Members in June 2017 as part of its multilateral negotiation process with Members, there are numerous technical processes that Timor–Leste has to comply with prior to its membership, hence, considering this aspect, after its graduation, Timor–Leste will still need technical assistance support in all areas under multilateral and bilateral negotiations with WTO Members.

**THANK YOU!**  
**OBRIGADO**

