

The Secretary of State for the Council of Ministers and Official Spokesperson for the Government of Timor-Leste Ágio Pereira

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Dili, Timor-Leste



Private sector growth in Timor-Leste

“One of the biggest hurdles for the Government is fostering conditions for private sector growth,” said Secretary of State Pereira, “When we came into Government the prospects were quite grim but with the forward thinking policies of the Xanana Gusmão Government, the statistics now reflect the efforts across Government.”

“Our policy aim was two- fold; to depoliticize and implement an equalization scheme of larger scale projects for Timorese inclusion where appropriate to mobilize the private sector and to empower individuals and co-operatives through the promotion of small enterprises.”

“The policies have delivered what we see as the foundations of a real private sector in Timor-Leste; albeit the development of the non-oil sectors is a very long term prospect.”

Contributing the success was a new tax regime which was ranked this year in the top twenty in the World Bank Doing Business Report 2010, with its’ global ranking moving from 75th to 19th.

Rainer Venghaus from the World Bank Groups’ International Finance Corporation said “In the face of the global economic crisis, the easing of the tax burden and compliance processes on businesses reflects the Government of Timor-Leste's ongoing commitment to improving the private sector environment.”

2008/2009 Indicators of growth:

- Hotel registration showed 6 in 2007 and 66 in 2008, providing jobs to 600 citizens.
- Restaurant registrations showed 2 in 2007 and 143 in 2008. This includes guest houses in the rural areas creating jobs for 1,500 people.
- Companies registration showed: 171 (2007), 850 (2008) and 949 (2009)
- Micro business registration showed: 1,212 (2007), 3,271 (2008) and 1,961 (2009)
- The above employed 343 nationals and 32 foreigners in 2007, 378 nationals & 61 foreigners in 2008, and 6,392 nationals and 596 foreigners in 2009.
- Number of tourists to Timor-Leste contributing to the economy has increased, in 2006: 11,787, in 2007: 12,980 and in 2008: 18,905
- Domestic Tax revenues increased to \$2.787M in the 3RD Quarter of 2009 compared with \$2.67M in the corresponding Quarter of 2008. At the same time, Customs revenues increased to \$4.98M from \$4.55M in the same respective Quarters. These increases were achieved in spite of the reduced tax rates introduced with the new tax reform reflecting better systems for the private sector.

In 2008, the Government had increased the capital development expenditure by 654% from 2006/2007 providing the budget allocation to rebuild national, district and community infrastructure to support private sector growth.

Pereira closed by saying “Policies including the electrification plan, the referendum package and the medium to large scale infrastructure works planned for 2010 across Timor-Leste, but particularly in rural areas, will open the country up for opportunity with better access to

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all parts of the country, better conditions for trade, and better resources to improve product delivery which is central to continued growth.”

The 2010 budget has allocated \$217 million in infrastructure to support a broad program of public works including bridges, water, education, health projects and roads with an estimated 3,000 kilometres of rural roads, 190 km of national roads and 100 km of urban roads which will be either built or rehabilitated throughout the country.”

“The IV Constitutional Government has the vision and the courage to tackle the real challenges of our Nation without trying to be perfect, but practical and people-oriented. This approach is and will eventually transform our country and people and prepare them to face the challenges of globalisation.” **ENDS**

For More Information Please Contact:

Ágio Pereira +670 723 0011

E-mail: agiopereira@cdm.gov.tl