



PRIME
MINISTER

**ADDRESS BY
HIS EXCELLENCY THE PRIME MINISTER
KAY RALA XANANA GUSMÃO ON THE OCCASION OF THE FORUM
FOR ECONOMIC AND TRADE COOPERATION BETWEEN CHINA AND
PORTUGUESE SPEAKING COUNTRIES**

“A NEW INVESTMENT PARADIGM IN TIMOR-LESTE”

**1 July 2013
Dili Convention Centre**

Excellencies,
Dear Business leaders,
Ladies and Gentlemen,

It is with great pleasure that Timor-Leste hosts, for the first time, the ninth meeting of the Forum for Economic and Trade Cooperation between China and Portuguese Speaking Countries, which is like closing the cycle of the 8 CPLP countries plus China.

I would like to thank all of you for being here today, especially those who have come from far away. I hope that with this short stay in our country you have the opportunity to make contacts with the national private sector and with our relevant institutions as well as enjoy some moments of pleasure by knowing a little of our people and our country.

All of you know, we have a history of struggle and sacrifice, and I believe that you understand the challenges we had to overcome in order to become a sovereign State and the masters of our own fate.

All of you also know as well that our starting point was not an easy one considering that in 2000 we needed to start from nothing in terms of administration and infrastructure, of which more than 70% was destroyed, and also our lack of our own financial resources.

However, after a difficult start to our process of State building, after eleven years as a sovereign State, we can now say that our people enjoy an environment of peace, security and stability which resulted from a process of structural reform within our public institutions, and which also contributed to the establishment of the foundations to kick start our economic development.

Today, although we face our own difficulties, we have institutions of the State operating with confidence and with gradual and continuous improvement. Today, keeping in mind that our private sector is still in an emerging stage, we know that we need to continue to give all the support needed, including financial support, with urgent establishment of banks providing credit to motivate the spirit of entrepreneurship.

Ladies and gentlemen,

I would also like to commend the topic selected for this Forum. "The new Paradigm of Investment in Timor-Leste" reflects the strategic goals of this Government and the importance that we look to give to the economic sector as the driving force for the overall development of Timor-Leste.

Timor-Leste is a small but emerging economy, with free and open markets, which welcomes foreign investment and enjoys some of the lowest tax rates in the world. With our fiscal policy we look to attract investment, which side by side with our private sector, can boost the economy.

Additionally, we have also been recording high economic growth rates. Our average growth since 2007 is 11.9%, with the International Monetary Fund estimating that Timor-Leste's growth will continue at these levels.

This growth can only be a result of increasing economic activity in the country. However, we are conscious that this growth is primarily a result of the enormous investment of the public sector. And that is why it is important, and urgent, that this strong feeling of trust and confidence in the future of Timor-Leste be shared with the business sector.

The key goals are the generation of more wealth, the creation of more jobs, an increase in commercial activities and an increase in production.

However, we know that economic growth can only be considered as a positive indicator of national development when it meets two fundamental principles: inclusiveness and equity.

These principles are the substance, the core, of the new paradigm for investment in Timor-Leste. We want to grow, but we want to grow well – with the distribution of the dividends among all people and all across the national territory.

Our privileged economic and trade partners will be the ones that share this strategic vision, which is not just of the Government, but also of all the Timorese people.

Ladies and Gentlemen,

I am sure that everyone here has already had the opportunity to take a look at our *Strategic Development Plan 2011-2030*.

Recently, from 19-20 June, in the TLDPM we agreed on a matrix compact to drive the execution of our programs to execute the Strategic development Plan.

The obstacles to Timor-Leste's development were identified with the view to addressing our challenges in the short and medium term.

Investors arriving in our country can find many opportunities, that is, a broad range of potential areas that are promising and advantageous for all parties. In other words, we are looking for partners for the implementation of our Strategic Development Plan.

This Plan establishes the necessary path to transform Timor-Leste from a low income country to a medium-high income country, by focusing on three key areas:

- Capacity building and specialisation of human resources;
- Building core infrastructure; and
- Developing our economy – particularly petroleum, tourism and agriculture.

To start, we want to multiply the benefits resulting from the petroleum sector. Currently, Timor-Leste has two fields producing in the Joint Petroleum Development Area: the Bayu Undan project, operated by Conoco Phillips, and the KITAN project, operated by Eni.

Seismic surveys and drilling, in both the JPDA and in our exclusive offshore areas, indicate that as well as Greater Sunrise, there is an active petroleum system in the area with great potential.

Without wanting to make comparisons of any kind, I should inform you that our petroleum fund has grown from \$1.8 billion in 2007 to over \$13.6 billion today. In 2013, the Fund has grown by an average of \$324 million every month.

We are proud of the fact that Timor-Leste is the first country in Asia and the third in the entire world to comply with the Extractive Industries Transparency Initiative.

We are developing a project of great national significance on the south coast for the petroleum industry, which is named Tasi Mane, with a supply base in the western part, with a refinery and a petrochemical industry in the centre, and with Liquefied Natural Gas projects in the east. Along these 155 kilometres, a highway will connect the three industrial clusters.

Over the past 5 years the Government has invested heavily in studies to assess the technical and commercial viabilities of the Tasi Mane Projects, which are at different stages of planning and development.

The establishment of a dynamic and integrated petroleum industry along our south coast will undoubtedly contribute to development, employment, and industrial growth in our country.

In addition to petroleum resources, we also have substantial mineral resources. Preliminary data and information indicates that this includes gold, copper, manganese, marble, phosphate, gypsum and iron ore.

With the conclusion of the first stage of national power plan for the generation and distribution of electricity we made an important step for the gradual modernisation of our economy and for improving the lives of our people.

Other important parts of our plan include the construction of ports, airports and a road network to an international standard. We are studying the viability of using PPP approaches for the construction and operation of these projects, even if it is just to be in one or another.

As such, we are confident that the pursuit of new forms of cooperation and partnership with the private sector will be advantageous to Timor-Leste, the achievement of our social and economic development goals, as well as to our partners.

Your Excellencies,
Ladies and Gentlemen,

We believe that focusing on sectors such as petroleum and other natural resources will allow us to diversify our economy and to strengthen our traditional sectors such as agriculture, livestock and fisheries, and in doing so, increase national productivity and create added value for certain products in the international market.

Timor-Leste is also wealthy in other ways. There is the beauty of our mountains, our stunning beaches and rich maritime resources, along with our unique history, traditions and culture.

And so, we have enormous potential for sustainable growth in our tourism sector. Having improved infrastructure and developed local service companies, we will be able to offer ecotourism to sports tourism, and even adventure tourism, religious tourism and historic tourism.

Further, the Strategic Plan includes a new approach to sustainable development by promoting Special Economic Zones. Dr Mari Alkatiri is currently leading work to transform Oecussi through a project that can be extended to other parts of the country, that we call a Special Economic and Social Zone, because it will have a deeply social approach and consider any problematic effects on humanity, which is the at the core of the sustainable fight against poverty.

However, this economy will be directed to the market with the desire that Oecussi will become an industrial and commercial platform facing the markets in the region.

We are in the process of accession to ASEAN and we have good relations with the Pacific Forum as well as being part of the Macau Economic Forum.

Timor-Leste is also a member of CPLP – in fact, we will assume the presidency from 2014 to 2016 – and we want to more actively contribute to boost this Community, and in turn give it a more visibility.

We are strategically located between the CPLP countries and Asian countries, China and the Pacific Islands. In the world of today, with disturbances agitating the global economy, the central theme of debates are the 'common market' and the 'market chain'.

Being in the most promising region of the world in terms of economic growth, Timor-Leste cannot put aside this factor and must take advantage of its location in coordination with the potential partners that you all represent here.

Excellencies,
Ladies and Gentlemen,

I would like to take full advantage of the presence here today of business leaders from countries that are friends of Timor-Leste to emphasise that your experiences and knowledge are vital for stimulating and guiding the development of our business sector.

The strengthening of local Timorese companies is a key issue for us, and is the only way to create sustainable wealth, employment and competitiveness in our country. Although Timorese business people require know-how, they already understand that they must produce and find opportunities and exploit market niches where they may produce competitive products.

I hope that the experiences of our friends in other countries may also inspire Timorese business people towards new business opportunities. This will surely be discussed during the two days of this conference, as these opportunities cover areas as diverse as bamboo trading, hotel management, transportation, small industries and other service companies.

The Timorese State will support these efforts, by creating conditions to facilitate investment and by stimulating the business environment in order to produce goods that can be sold and exported.

As I said earlier, the establishment of an investment agency and a development bank, side by side with the existing commercial bank that will need to be operationally stronger, will be part of our priorities. And along with fiscal reforms, there is also a need to establish an efficient legal framework including attention to land law and labour law.

I would like to, once again, emphasise the strategic opportunities that can arise from public private partnerships with the ones that are represented here.

Dear Businesspeople,
Ladies and Gentlemen,

China is one of the world's biggest economies and is a strong development partner for African countries. President Obama is visiting Africa and he said, two days ago in Pretoria, that Africa is big enough to accommodate the United States and China and other countries that have an interest.

Timor-Leste is strategically located in Southeast Asia. The former Secretary of State, in her visit to Dili last year, also affirmed that the Asia Pacific is big enough to accommodate investments from China to the United States, from Russia to the European Community.

I believe that Portuguese speaking countries and China, with a strategic platform in Macau, can strengthen their economic and commercial relations even further and develop together, especially now as we face the challenges of the Global Financial Crisis and the imperative of economic growth of our respective countries.

Before I conclude, I would like to thank all those who made it possible for this meeting to be held here in Timor-Leste, particularly TradeInvest and the Chamber of Commerce and Industry of Timor-Leste, the Investment Promotion Institute of Macau and the China Council for the Promotion of International Trade.

I hope that this meeting will result in better reciprocal knowledge and in the strengthening of economic and commercial partnerships between our companies.

May you take home to your countries the knowledge of a profitable and safe investment climate in Timor-Leste and, once there, may you work on those projects stimulated by the best coffee in the world: our coffee!

Thank you very much.

1 July 2013
Kay Rala Xanana Gusmão