



Promoting Diversification – Private Sector Development

Private Sector Development

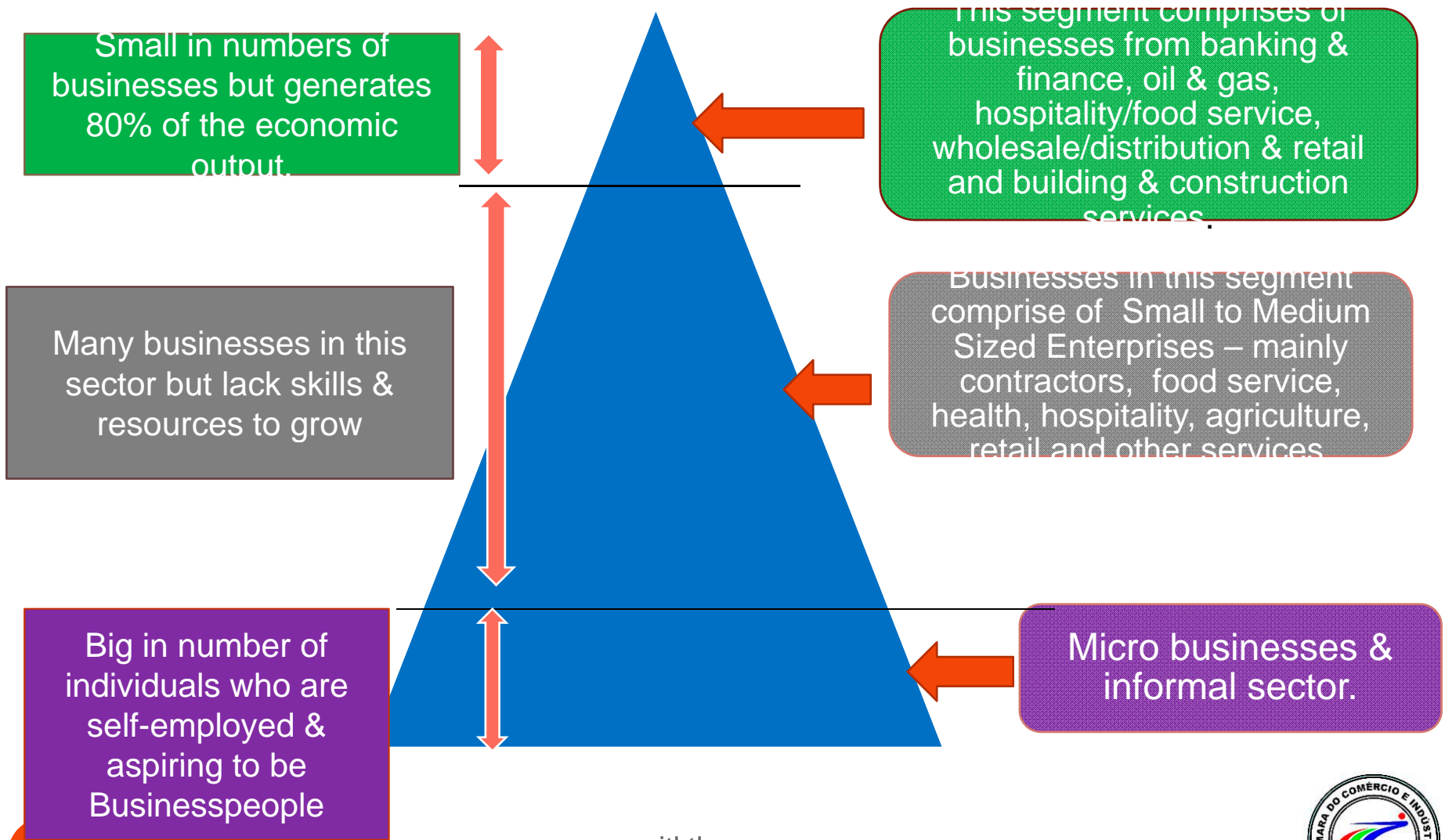
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Background – Timor-Leste Private Sector

- 3 Major Historical Events that impacted on our private sector development where we were **BACK TO ZERO** twice:
 - 1975 – Civil War
 - 1999 – Referendum for Independence
 - 2006 – Political Crisis
- Our Nation has moved from “Peace Building” to “Nation Building” in line with our Government’s 20 Year Strategic Plan.



Timor-Leste Private Sector Today



Current Private Sector Investment

- Manufacturing & Production
 - Cement packaging
 - Food canning
 - Water bottling
- Hotel & Accommodation
 - Hotels
 - Food Services & Hospitality
 - Restaurants and food outlets
- Retail Sector
 - Supermarkets/retail outlets with wider range of food and consumables
 - Shopping Centre and Plaza
- Real estate and property development
- Services sectors – including finance, insurance, legal & accounting.

Recent Progress & Achievements (Support for Private Sector)

- Business Registrations
 - used to take over 90 days to register and obtain licence to operate a business.
 - Today – we have “one-stop shop” SERVE (Servisu de registo e verificacao empresarial) to eliminate such delays.
- Attractive Private Investment Law (incl. Foreign Investment)
 - Land and Tax incentives
- Investment enabling initiatives
- Other reforms including Procurement & Telecommunication

Oil, Gas & Mineral Resources

- Oil and gas in Timor sea.
- Minerals (Gold, Silver, Copper, Manganese marble, limestone, nickel etc)

The opportunities are:

1. Upstream
2. Midstream – pipeline, shipping
3. Downstream
4. Support base – Suai Supply Base, Gap-MHS Aviation, Fabrication yard
5. L&G plan in BEACO
6. Refinery for petrochemicals in BETANO

Key Sectors for Development & Diversification

- To enable Timor-Leste to grow and ensure our food safety, we should look at building our capability in these sectors:
 - Agriculture – besides coffee
 - Forestry – exotic wood
 - Fisheries – fresh and processed seafood
 - Livestock & Husbandry – meat processing, fresh milk and related products.
 - AGRA-business manufactory industry
- This will lead to “import replacement” of most of our current food and seafood products, job creations and economic growth.



Tourism Development

- Timor-Leste has a natural advantage and should leverage off the uniqueness, beauty, rich history and cultural heritage of the Nation to build this sector.
- A successful tourism industry will create jobs, build business and improve economic imbalances.
- We could position Timor-Leste as a destination for:
 - Eco and marine tourism
 - Historic and cultural tourism
 - Conference and convention tourism
 - Religious and pilgrimage tourism

Why the need for Diversification?

Diversification is very important for Timor-Leste

- To reduce or spread risk
- To promote economic development and growth
- To reduce our dependency on oil and gas revenues, and create other sources of domestic revenues
- To create job opportunities for a rapidly growing local labour force and high unemployment

Key Challenges – Difficult Business Environment

- Import challenges and impediments leading to:
 - Rising business costs (often unnecessary) due to inefficiency at Port, Customs, Quarantine and related agencies.
 - Lost opportunities
 - Damaged goods or goods being “out of date”
 - Difficulty in meeting market demands and needs
 - Inflation – rising cost of goods and services
- Lack of skills and resources in business sectors
- Businesses have difficulty in accessing finance to support business growth.
- Legal framework
- Uncertainty in land titles leading to confusion & disputes.

Key Challenges – High Cost of Doing Business

- High cost of electricity
- US Dollar economy
- Lack of Buying power
- Lack of skilled labour and professional resources
- High freight costs – due to empty vessels/containers in return journey.
- Import dependent economy
- Lack of/under utilization of raw materials and supplies.
- Bureaucracy and red tapes

Key Challenges – Infrastructure

- Lack of Infrastructure to support business growth:
 - Port congestions
 - Lack of airport facilities
 - Lack of roads & bridges
 - Lack of transportation facilities

Key Challenges – Human Resources

- Lack of skills and resources to support business growth:
 - Business owners often lack skills to run their business
 - Skilled and semi-skilled labour for building and construction sectors
 - Services sector needs skills in Media, Information Technical, Banking, Finance, Insurance and etc.

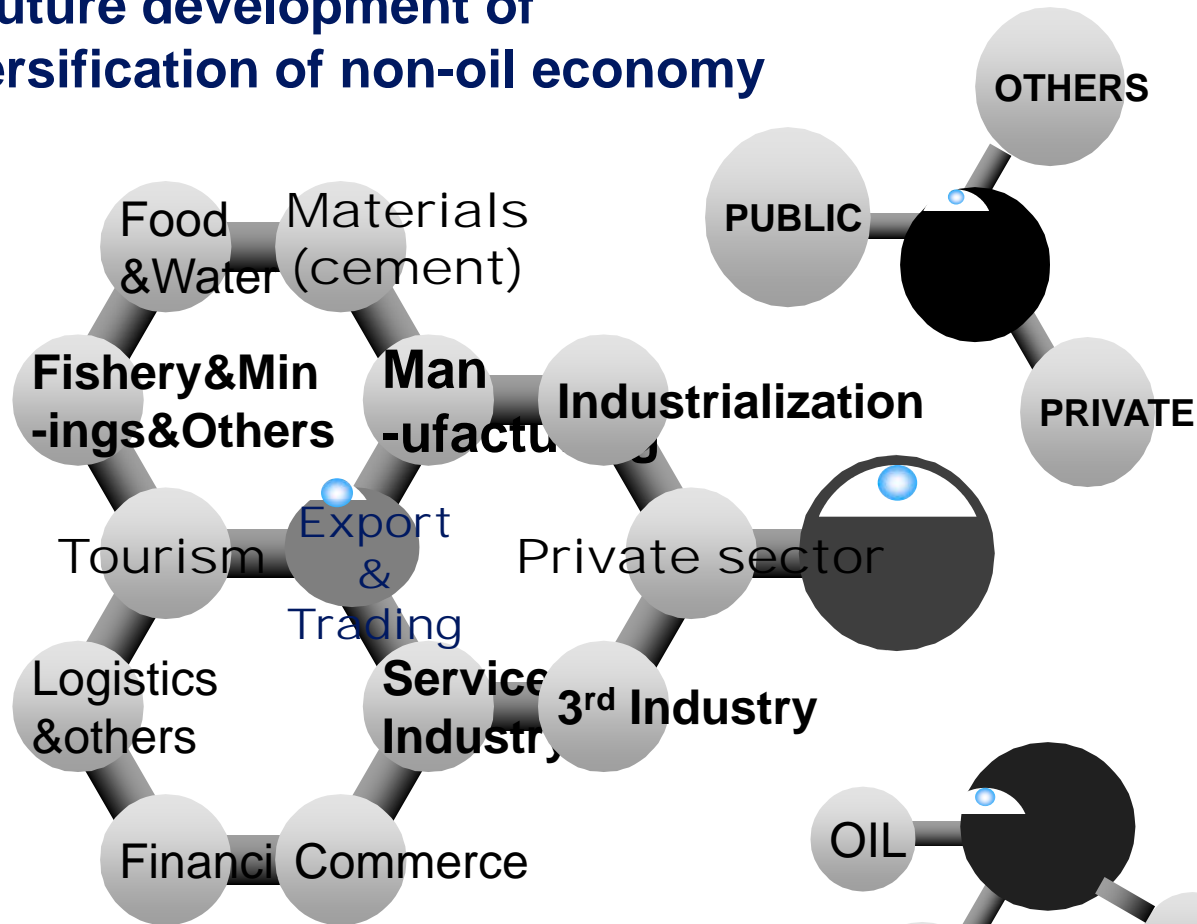
Private Sector for Sectoral Development

- Strong private sector unity is important to lead continuous reforms and improvements to our business environment and encourage investment.
- Private sector investment will largely depend on Timor-Leste improvements to areas such as:
 - Infrastructure – roads, bridges, airports & ports
 - Utilities – reliable and competitive power and telecommunication costs
 - Water and sanitation
 - Availability of Skilled and Semi-Skilled Labour



Outlook for Private Sector of Timor-Leste

III) Future development of diversification of non-oil economy



II) Early stage of economy transformation

I) Oil dependent economy