

IV CONSTITUTIONAL GOVERNMENT
SECRETARIAT OF STATE FOR THE COUNCIL OF MINISTERS

Press Release

**AMP Government invests on the production of alternative energy and
generates 40,000 jobs in the districts**

Dili, 08 July 2008

Pursuing the commitments made in its Programme with regards to attracting foreign investment to Timor-Leste and improving standards of living in local communities, the IV Constitutional Government has established agreements with international companies with a view to identifying and promoting alternative energy sources that will generate 40,000 jobs and provide social support to education, health and vocational training in Covalima-Suai, Lautem-Lospalos, Baucau and Viqueque. This will increase economic power and improve standards of living amongst local communities.

The agreements entered into by the Government will enable Timor-Leste to reduce its reliance on foreign-based energy sources. This is particularly relevant under the present circumstances, since oil prices are reaching new daily records, making this energy source increasingly expensive and forcing governments all over the world to look for alternative energy sources.

Such investments bear witness to the trust that international businesspeople place in the AMP Government and the State institutions of Timor-Leste.

Enviroenergy Developments Australia – EDA is going to set up a biodiesel plant for processing Barbados Nut (*jatropha*) seeds and a biomass power plant in Carabela (Baucau district). This will represent an estimated investment of USD 550 million over a period of 10 years and the creation of 30,000 jobs targeted mostly at young Timorese citizens.

The agreement between EDA and the Secretariat of State for Energy Policy establishes that EDA will rely on local companies for services and the procurement of materials and equipment, provided that Timorese businesspeople are able to guarantee the necessary quality standards for project-related products and that prices do not exceed those charged in international markets.

EDA estimates that it will achieve an annual production of 2.5 million tons of refined biodiesel and 4.7 million tons of organic matter from the oil-extracted seeds that will be processed at the biomass power plant.

The agreement between the IV Constitutional Government and EDA contemplates the sale of 59 hectares of land or, alternatively, a 30-year lease contract with a 90-year extension option.

With a view to reducing the reliance on foreign energy sources, the AMP Government, represented by the Ministry of Agriculture and Fisheries, has also signed a memorandum of understanding for the production of sugarcane-based ethanol in an area spanning 100,000 hectares in Covalima, Viqueque and Lautem.

This will be a USD 100 million investment that shall generate 10,000 jobs in such districts and benefit mainly the younger members of the population.

GTLeeste Biotech is committed to using up to 100,000 hectares of land for planting sugarcane that will include farming land, houses and other existing infrastructures – if the tenants so wish – for a 50-year period that may be extended for another 50 years, depending on an evaluation of the project. The Government will exempt the company from paying any rent for the first 9 years of operation. For the remaining period, *GTLeeste Biotech* shall pay a rent to the Government of Timor-Leste that shall be defined by the Ministry of Justice through the National Directorate of Land and Properties.

In the initial stages of implementation, up to 40,000 hectares shall be used. This area shall be extended twice by 30,000 hectares each time, based on the results of feasibility and environmental impact studies to be carried out by a multidisciplinary international team including Norwegian experts.

It is important to highlight that this alternative energy production project shall be developed in areas that are currently free and not being farmed, as they are not suitable for other crops – according to a

joint assessment carried out by the Ministry of Agriculture and Fisheries and the Ministry of Justice. Rain water will be used for irrigation so as not to divert water from existing farm land and, more importantly, from local farmers with whom the company intends to work in partnership in this venture.

The Memorandum of Understanding between the Government and *GTLeeste Biotech* contemplates the use of land belonging to local farmers who are willing to participate in the project. The latter may become partners in the project with a share representing 20 to 40 percent of their production.

GTLeeste Biotech shall also provide vocational training to local workers and build schools, sporting and health facilities in the communities.

Areas of cultural and traditional relevance to the local communities, as well as other protected areas, shall not be used for growing sugarcane.

On the other hand, the Government is committed to rebuilding 3 bridges in Zumalai, Covalima district.

By creating jobs in the districts – especially for young citizens – and reducing the reliance on foreign energy sources, the AMP Government is preparing the Future of the Nation today!

#END#