



**P R I M E
M I N I S T E R**

**ADDRESS BY HIS EXCELLENCY THE PRIME MINISTER OF THE
DEMOCRATIC REPUBLIC OF TIMOR-LESTE KAY RALA XANANA
GUSMÃO AT THE FORUM ON TRADE AND INVESTMENT
OPPORTUNITIES IN TIMOR-LESTE**

Kuala Lumpur, Malaysia

1 April 2014

The Honourable YB Dato' Sri Mustapha Mohamed, Minister of International Trade and Industry

Honourable members of the Malaysian business community

Excellencies,

Ladies and Gentlemen

It is a great pleasure to be here to talk to you about Timor-Leste, Southeast Asia's newest nation and a great place to visit and do business.

May I start, however, by offering my condolences to the families and friends of the passengers of Malaysia Airlines flight MH 370, as well as to the Malaysian people for their loss. In the face of this tragedy, Malaysia is to be commended for managing the situation and for leading a multi-national search effort which has been an outstanding example of leadership and cooperation between the international community.

Yesterday I was honoured to hold bi-lateral discussions with the Prime Minister of Malaysia, the Honourable Najib Razak. Our meeting was held in the spirit of friendship and solidarity between our nations and it led to some very productive outcomes.

Importantly, there was a strong focus on trade and investment. We noted that bi-lateral trade between our two countries in 2013 was the highest to date, at over \$20 million dollars, and that this growth is expected to continue.

We agreed that there was great untapped potential for Malaysian companies to form joint ventures with Timorese companies in areas including health care, infrastructure, agriculture and fisheries and natural resources. To assist this process I agreed with your Prime Minister that we will have an exchange of visits and conduct trade missions to promote closer economic integration.

Following our meeting we were pleased to witness the signing of an MOU between the Ministry of Domestic Trade, Co-operatives and Consumerism of Malaysia and the Timor-Leste Ministry of Commerce, Industry and Environment to establish cooperation in the development of our cooperative sector. This will include promoting participation of the cooperatives of both our countries through the formation of strategic business alliances, joint venture projects, exchanges of expertise and research as well as training and capacity building activities.

During this Official Visit I have also been pleased to meet with senior leaders of Malaysia's oil and gas sector, health care and manufacturing industries. It is clear to me that there is so much scope and opportunity for our two nations to work together to support economic growth and development. And being able to see first-hand Malaysia's remarkable growth and progress provides Timor-Leste with a model of success that we can learn from and from which we can base our future cooperation.

Ladies and gentlemen,

The birth of our nation brought great hope to our people for a better future of self-determination and freedom. In 2002 we faced the exciting new challenge of learning to live in peace and developing the foundations of a strong and robust State.

We soon learned nation building is a very difficult task. Most of our roads, bridges, schools and hospitals had been destroyed. We had to establish a civil service, a banking system and a court system – all at the same time and all from scratch.

I look back now and sometimes wonder how we did it – because the fact is Timor-Leste has become an international model for reconciliation and national development.

We are a small nation of just over 1 million people but we are fortunate to have a country blessed with natural beauty, rich in natural resources and most importantly, our people are resilient.

Timor-Leste enjoys some of the strongest rates of economic growth in the world. Since 2007, our average growth rate has been 11.9% and the Asian Development Bank predicts double digit rates of growth will continue into the future.

Timor-Leste also has some of the lowest income and corporate tax rates in the world along with generous tax concessions for foreign investors. We also have an efficient and very quick business registration process to support domestic and international business start-ups. We are looking to do whatever we can to support business and build our private sector so that we can continue to grow.

To help realise our potential, and focus our nation building efforts, we produced a 20 year Strategic Development Plan in 2011 that provides a framework to transform our country from a low income nation to a country with upper-middle income levels with a healthy, well educated and prosperous population by 2030.

The Plan is based on the premise that to create jobs and build a sustainable future we need to develop a flourishing market economy with a strong and diversified private sector. It identifies three key industries to drive our economic growth: agriculture, tourism and petroleum.

Agriculture is important as over 70 per cent of our population lives in rural areas. We are improving irrigation, road access and seed varieties to actively transform from a subsistence based agricultural system to a market based system. We have seen the great success of Malaysia's agriculture sector and we know there is so much potential for our countries to cooperate together in this important area.

Timor-Leste is also a land of great beauty and promise. Our country is an unspoilt tropical island with stunning beaches and coral reefs. We have steep misty mountain ranges and deep river valleys. It is a great place to visit for people around Asia and beyond.

As you know, with Asia's sustained growth tourism numbers throughout our region continue to increase strongly. For Timor-Leste, this means we need to build more hotels, restaurants and hospitality services. We know that Malaysia has a thriving tourism industry with some of the best international hotels and services so there is great scope to work together to build our own industry. With our tropical beaches, mountain ranges and unique history and heritage, I urge you to consider joining with us to take advantage of our tourism opportunities.

We are also well placed in terms of natural resources. Timor-Leste has significant offshore petroleum resources and substantial onshore mineral resources.

So far, we have only tapped our offshore petroleum resources and all revenue flows directly into our sovereign wealth fund, the Petroleum Fund.

The Petroleum Fund has grown from \$1.8 billion in 2007 to around \$15 billion today. The Fund is currently growing by several hundred million dollars each month. It underpins our economic growth and our capacity to build our nation and support our people into the future.

Malaysia has a globally significant petroleum industry with technical expertise, experience and capital that would benefit Timor-Leste as we seek to further exploit our natural resources for the benefit of our people.

Because of the importance of our petroleum revenue, which belongs to our people, we are totally committed to transparency. We are proud that Timor-Leste was the first country in Asia and the third country in the world to comply with the Extractive Industry Transparency Initiative.

This means that every dollar earned from our oil and gas resources is accounted for and audited so that the funds are managed transparently for the benefit of our people.

Part of our plan for our petroleum industry is to develop the south coast of our country into a sub-regional industry centre. This development involves three operation clusters along 155 kilometres of coastline. It will include building a Supply Base, with new port facilities and a rehabilitated airport, a refinery with related oil and gas industries and a Liquefied Natural Gas plant.

I know that as we build this new regional hub for the petroleum sector there will be many opportunities to work with Malaysian businesses and benefit from Malaysian investment and expertise.

Ladies and gentlemen,

While most of the income from our petroleum resources is saved for future generations, we also make withdrawals to fund budget expenditure including our program of infrastructure development and the delivery of education and health services.

We have adopted expansive fiscal policy to help relieve extreme poverty and strengthen our human resources.

We have also planned for a large national infrastructure program including a national port, airports, a road network and a sub-sea internet cable. We are looking to enter into Public Private Partnerships to deliver many of these projects. We know that we will need international firms to deliver major infrastructure projects and so we are looking for partners who can join with us to build our nation.

Timor-Leste will also be establishing Special Economic Zones to encourage and simplify investment. The first to be established will be in the district of Oe-cusse where a new Special Economic and Social Zone will provide incentives, a simple regulatory and tax environment and land to attract foreign investment in industries including tourism, finance and manufacturing.

As you can see, Timor-Leste provides an attractive business environment for foreign investors. With our open economy, expansive fiscal policy, sustained economic growth, comprehensive infrastructure program, low tax rates and strong government support for foreign business we are a good place to consider investing.

Ladies and gentlemen,

I have come to Malaysia on this Official Visit as part of a tour of all ASEAN countries to advocate for Timor-Leste's accession to ASEAN.

ASEAN is an international model for establishing a region of peace, cooperation and economic growth. As Timor-Leste is part of Southeast Asia we also want to be part of ASEAN and contribute to regional progress. Membership of ASEAN will also allow us to join the economic community that will be established in 2015 and to strengthen trade and investment relations with our Southeast Asian brothers and sisters.

I was delighted when yesterday the Honourable Najib Razak, Prime Minister of Malaysia, pledged Malaysia's support for Timor-Leste's membership of ASEAN. Malaysia plays a very important regional role in promoting peace and cooperation and this endorsement by the Prime Minister is of great value to us.

This is the last ASEAN nation I am visiting as part of my tour of Southeast Asia and the endorsement by the Prime Minister of Malaysia means that we have ended our ASEAN visits on a high note.

Ladies and gentlemen,

Timor-Leste has established a vibrant and free democracy, a tolerant and peaceful society and the foundations for sustained economic growth.

I hope that some of you look to join us as partners as we continue to build our nation.

Thank you very much.

1 April 2014

Kay Rala Xanana Gusmão