



PRIMEIRO
MINISTRO

**ASIA-PACIFIC REGIONAL CONFERENCE
Perth 3-4 November 2017**

Speech by H. E. Prime Minister Dr. Mari Alkatiri

The Honourable Malcolm Turnbull, Prime Minister of Australia,

His Honourable Senator Mathias Cormann, Minister for Finance of Australia,

Your Excellency, Frank-Walter Steinmeier, President of Germany,

Mr. James Rhee, Managing Director of TL Cement
Ladies and Gentlemen

Before I begin, I would like to thank Senator Mathias Cormann for the kind invitation and for the opportunity to speak about Timor-Leste's prospects, particularly the mining sector. Thank you, Senator.

And also, thank you Mr. James Rhee for facilitating this visit.

Friends,

For a young and small country, we are blessed with a generous amount of natural resources, particularly oil, to kick start our development. Since the Restoration of our Independence, these resources have helped us secure the foundations for a sustainable and growing economy and an optimistic future.

We have been cautious in managing the windfall from our natural resources development and have avoided the perils of plenty. Our mineral resources have been a blessing, not a curse as has been the experience of many other countries.

With the help of the petroleum resources, we are now on path to diversify our economy and reduce our dependency on oil. We are deeply committed to building a inclusive market economy and a brighter future for the people. To that end, there is a vision in place, a strong political will and commitment that cuts across all partisan lines, coupled with an ongoing economic reform and diversification strategy, which includes legal reforms, to develop a better enabling business environment along with an economic infrastructure development program.

Ladies and Gentlemen

To date, petroleum resources have been our most valuable commodity. Since 2006, revenues from the mineral extraction in the Timor Sea have helped to finance most of our expenditure and kick start our economy. As the operations in the Timor Gap, namely in the Kitan and the Bayu Undan fields, come to an end, we are preparing to take on an even bigger oil field to the east, the Greater Sunrise field.

The Greater Sunrise field can soon be developed now that Timor-Leste and Australia have agreed to a special regime for the joint development and management of the field. As you may know, our two nations reached an historic maritime boundary agreement in Copenhagen on 30 August, 2017, which not only sets a permanent maritime boundary, but also establishes the regime for governing Greater Sunrise as a shared resource. The treaty was agreed in principle last month at The Hague, and is expected to be signed within the coming months. The Conciliation Commission will have an ongoing role as our two States continue to engage with the Greater Sunrise Joint Venture with regard to the pathway for the development of the field.

In the early days following the restoration of our independence, we signed provisional, resource-sharing arrangements with Australia which guaranteed stability for commercial exploitation of resources in the Timor Sea. However, this is the first time that Timor-Leste is setting our permanent maritime boundaries under UNCLOS.

Timor-Leste is more united than ever as we finalise our maritime boundaries with Australia in the Timor Sea. My Government has brought in Minister Agio Pereira into the Cabinet to continue to finalise the negotiations and the former Prime Minister, Xanana Gusmão, continues in his role as our Chief Negotiator with the support of the Maritime Boundary Office.

I am very pleased, as is the rest of my country, with the excellent progress that's being made between our two countries. In light of this, I would like to take this opportunity to particularly congratulate our Chief Negotiator, who also happens to be one of my predecessors, Mr. Xanana

Gusmão, for his wisdom in leading our team towards this outcome.

In the coming months, we will see further negotiations with the operators on the best commercial option and following that, the signing of the agreement by our two governments. We are optimistic for a rewarding outcome.

Yet, ladies and gentlemen, our natural resources potentials are not limited to the Greater Sunrise gas fields. There is more potential, some of which I would like to outline next.

The island of Timor was formed through the uplifting of the Australian continental shelf following its collision with the Banda Island Arc. Therefore, Timor shares a lot of similarities in terms of its geology with Australia. This certainly contributes to the accumulation of both minerals and oil and gas resources. The Sedimentary package in Timor is traced back to 300 million years ago, to the Upper Carboniferous period. Additionally, we also have both metamorphic and igneous rocks which are host for both metallic and non-metallic minerals.

Offshore areas to the south of the island is an active petroleum province. There are numerous exploration activities happening in the Timor Sea, including a producing field, the Bayu Undan and several other exploration fields. A few drilling activities is also foreseen to take its course over the next year. We also have various marginal fields that require medium to large sized companies to revive their productions.

A successful maritime boundary negotiation between our two countries will contribute immensely to continued activity in the Timor Sea. Beyond the Greater Sunrise development

plan, which when developed will guarantee production activities for the next few decades, there are other potential deposits waiting to be exploited. In our Exclusive Area alone, we have already granted exploration licenses to both national and international oil companies.

Onshore, there are visible signs of sub-surface petroleum systems across the island. Over thirty (30) oil and gas sips have been identified, sparsely distributed across the country. Traditional exploitation of these resources date back longer than the arrival of the first Europeans – the Portuguese – on the island. But conventional exploration dates back to the Japanese occupation in the early 1940s. Geochemical analyses have concluded that onshore petroleum deposits vary from light to relatively heavy oil with API ranging from 40 degrees to 18 degrees, respectively.

Other than petroleum, there are also great potentials for mining onshore, for metal and non-metal minerals. Geological surveys and research have identified the existence of gypsum, sand & gravel, talc, wollastonite, phosphate, marble, limestone, kaolin, clay and bentonite. Metallic mineral deposits identified so far include manganese, copper and gold, chromite, silver and iron sand.

There is ample evidence attesting to the distribution of these mineral across the island and we are eager to engage mining companies to carry out further prospecting in order to determine the commercial viability of the deposits and extract them accordingly.

We have begun to grant licenses to firms to start onshore extraction and other related activities. There are numerous potential sub-basins and fields onshore that should attract the interest of potential investors. Our national oil company,

Timor GAP, is ready to partner with any serious investor in these ventures. In May this year the Government issued a license to an Australia company to begin minerals exploration in the south-western region of the country. Timor Resources, a subsidiary of Australian oil and gas company, Nepean, is investing in excess of \$60 million to begin oil and gas exploration through a joint venture with our nationally owned company, Timor GAP.

Another significant investment in minerals extraction is being finalized. TL Cement, owned by one of Western Australia's biggest private company, BCG, is developing an area in Baucau municipality, in the north east of the country, to establish a cement factory. This investment is valued at over \$600 million and will extract high quality limestone deposits in the area for the next 100 years or more. When fully operational, the product is expected to be exported to Australian markets among other potential markets.

We also plan to develop the necessary infrastructure to support a petroleum industry. The plans for a supply base in the south-eastern corner of the country, in Suai, and a petroleum hub in south-central coast, Beaço, are underway. These two bases will be linked by a corridor through the southern plains of the country. The infrastructure will support the development of an onshore processing center and develop other potentials in the south of the country.

Closer to the capital, the world class port in Tibar will commence construction soon. The new international cargo terminal will contain a 630-metre two-berth facility and a container terminal capable of handling over 870,000 containers annually at full capacity.

We will also overhaul our international airport in Dili and move towards modern facilities to accommodate increased demand in the medium term.

Ladies and Gentlemen

We are not blinded by the prospects in mineral extraction and ignore our other potentials.

Our petroleum wealth has been a boon to kick starting our country on a strong footing and it has helped us to rebuild our country, provide basic infrastructure, adequate living standard to our people, and build our institutions. Nevertheless, we are now embarking on the path to diversify our economy and slowly step away from our dependency on the petroleum sector.

In the medium-term, our non-oil exports will focus on agricultural cash crops including coffee, spices and other niche products. We are also emphasizing integrated farming methods in our agriculture to achieve greater sustainability and exploit the potentials for organic products.

In the long-term, Timor-Leste has considerable potential to develop a profitable commercial forestry industry. High value species such as sandalwood, teak, rosewood and mahogany are each well suited to Timor-Leste's climatic and soil conditions. Forestry has the potential to also supply wood processing and furniture industries for the domestic market.

The Fisheries sector also has significant potential to be expanded. Timor-Leste has recently licensed foreign investors in the maritime fishing sector. In the medium term, the Government is planning to develop port and fish

processing facilities to capture increased economic value from this natural resource.

Tourism is nominated by our Strategic Development Plan as a priority sector. The Government of Timor-Leste has adopted a Tourism Policy and is undertaking intensive planning in the public sector to support growth in tourism. Besides the traditional sun, sand and sea tourism, Timor-Leste has great potential for niche tourism markets such as scuba diving, cultural and historical tourism. For example, the island of Atauro, to the north of Dili, boasts one of the most biodiverse marine ecosystems in the world. The Ombai Strait between Dili and Atauro is a major migratory route for whales, migrating between Pacific and Indian oceans. Tourists will experience a truly unique experience in this region.

Another region with great niche potential due to its biodiversity, history, tradition, religion and culture is Oé-cusse Ambeno – a territory off Timor-Leste's main island. In that territory, we are embarking on an inclusive development model of agriculture and cattle raising where an integrated system has been implemented since 2014 aiming to improve the living standards of the local communities and, at the same time, to involve them in the development process of a social economy, always having the market as cornerstone for development.

Currently, most of our visitors come from Australia, Indonesia, Singapore and Portugal. But we hope to drive growth in visitor numbers in the medium term. The minimum target is to increase visitors from the current 55,000/year to 200,000/year by the year 2030, requiring further infrastructure development, particularly our airports.

Most importantly, we are making every effort to improve ease of doing business in our country. We have started the process to streamline business activities and ensure predictability of investment returns and legal protection of investments for generations to come. To that end, an easy, secure and transparent legal regime and regulatory framework for business to operate is being developed. This encompasses the replacement of obsolete frameworks with more modern and simplified laws and regulations, such as the Law on Commercial Companies, Commercial Registration, Commercial Licensing, and Private Investment Law. We are also approving key commercial laws that meet international standards, such as arbitration and mediation, insolvency, and laws covering secured transactions, and intellectual property.

In addition, my Government is working to eliminate unnecessary and excessive bureaucracies that raise costs for doing business, and provide inputs to the private sector at a reasonable cost, including access to land and financial services, while streamlining import and export processes, and improving public service delivery.

Ladies and Gentlemen

As you can see, we have attractive investment and business opportunities in the country. I am calling for your attention to the existing potentials and attract your interest to invest in Timor-Leste, diversify our country's production base and supply export markets everywhere.

Timor-Leste has come a long way and a lot has been done but we can't do it all on our own. So, our offer to you is this: join us in building a free, peaceful and prosperous nation

and in return you will count on our support every step of the way.

Thank you. Obrigadu wain.