

# La'o Hamutuk

Timor-Leste Institute for Development Monitoring and Analysis

Rua Dom Alberto Ricardo, Bebora, Dili, Timor-Leste

Tel: +670-3321040 or +670-77234330 (mobile) email: [laohamutuk@gmail.com](mailto:laohamutuk@gmail.com)

Website: [www.laohamutuk.org](http://www.laohamutuk.org)

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## Press Conference

### **Reject accession to the WTO.**

#### **Timor-Leste must protect and promote our domestic economy.**

On 26 February 2024, representatives of the Government, Members of Parliament, and the President of the Republic went to Abu Dhabi, UAE, to participate in the 13<sup>th</sup> Ministerial Conference of the World Trade Organization (WTO) and to sign the accession agreement. Therefore, La'o Hamutuk would like to express our position through this press conference, with the following concerns.

In 1995, the WTO was established as a global agreement to regulate trade at the international level, following the oil crisis of the 1970s and intensified competition between European nations, Japan and the United States. WTO is the organization to expand free trade relations among the participating countries, and works with international financial institutions such as the IMF and World Bank to ensure that nations comply with this agreement. Its main objective is to regulate and facilitate international trade between its members through exports and imports, and to define policies to reduce and eliminate tariffs which could limit free trade.

Since 2016, the Government of Timor-Leste has intended to join the WTO. However, La'o Hamutuk does not agree with this accession because the WTO will endanger Timor-Leste's sovereignty, and we know that Timor-Leste would have less control over its own economic policy. All members of the WTO must agree to rules on trade and investment, and our domestic laws must also be aligned with the WTO regulations.

Although the WTO says that promoting free markets will benefit all member countries, the truth is that dominating free trade will only benefit rich people, large nations and large companies that have been dominating world trade and investment. This will undermine the interests of people, businesses and governments in the Global South, especially small businesses which will have more difficulty competing with companies from rich countries. It will also limit the ability of poor countries to strengthen their economies and productive sectors such as agriculture, manufacturing and tourism.

Although the Timor-Leste government continues to state that it will prioritize and ensure small businesses in the country, the history of other member countries shows that when a State implements free trade and adheres to WTO rules, communities, especially farmers, suffer. An example comes from India in February 2024, where farmers protested because the Government of India favored WTO regulations which challenged them because it ended

subsidies that they needed.<sup>1</sup> In addition to India, a community of farmers from all over the world, La Via Campesina, is protesting for four days (February 26-29) against WTO policies starting at this moment which will cause farmers to suffer and exacerbate systemic poverty.<sup>2</sup>

There are many reasons why the WTO has not been able to force the United States, the European Union, and other rich nations, to end their protections. Although the WTO calls itself “ultra-democratic” because its rules are decided by consensus of its member countries, in reality major powers have more capacity and influence to impose their interests in WTO discussions, with larger, more experienced delegations at the conferences, while small countries can only send small groups with little experience and knowledge.

The benefits of the WTO are mostly for economically strong and advanced exporting countries, as well as for the rich people in those countries, as they already have a lot of strength and resources to ensure market stability and international trade. Small and poor countries can export quantities of goods or raw materials to compete in international markets. Therefore, countries that are not yet able to compete will not benefit from the open market; they suffer more from the implications of this free market, as competition lowers prices and raises quality, which will destroy local production and tend to be unfavorable for small-scale farmers to compete.

Through international public relations, the Timor-Leste Government is confident that this will strengthen its resilient, competitive and sustainable economy. We think it needs to be more realistic when taking such a big decision that can sacrifice our country and our people. The reality is that most growth in non-oil GDP since independence has come from massive state spending on public construction and administration. Other sectors, such as telecommunications, retail, hospitality, property and transportation, have fluctuated, while productive sectors, notably agriculture, have not shown significant change since 2002. As a result of limited domestic productivity, Timor-Leste continues to rely heavily on food and goods imports of approximately \$900 million per year, compared to exports of non-oil goods of only \$30 million a year. This condition shows a great deficiency which must be addressed so that Timor-Leste can become a competitive country at the free market level.

Therefore, rather than joining the WTO with the hope of exporting products that are actually very minimal, Timor-Leste needs to empower productive capacity by reducing dependence on imports and investing in local production to meet the needs of its people -- especially in agriculture which is essential for the daily life of rural communities, and can also address food security, household income and nutrition. We should also take advantage of strategic investments, such as imported technology to create a friendly environment, and the state itself can provide incentives to develop small industries. This way, we can slowly strengthen our young people, provide work opportunities, reduce import dependency and truly ensure a more sustainable future for the people of Timor-Leste.

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<sup>1</sup> <https://www.aljazeera.com/news/2024/2/13/india-farmers-march-what-are-their-demands-why-is-govt-blocking-roads>; [https://ourworldisnotforsale.net/2024/ICCFM\\_pre\\_MC13.pdf](https://ourworldisnotforsale.net/2024/ICCFM_pre_MC13.pdf)

<sup>2</sup> <https://viacampesina.org/en/free-trade-agreements-are-failed-trade-agreements-an-alternative-is-now-urgent-and-necessary/>

We Recommend that the Ninth Government and National Parliament:

- Give priority and financial support to strengthen the education sector, to improve human resources prepared to enter workplaces in the country;
- Give priority and financial support to strengthen the health system and reduce high levels of malnutrition (stunting) in the country;
- Prioritize repairing systems for clean water, sanitation and quality, sustainable, basic infrastructure for our people;
- Prioritize improving markets in Dili and all municipalities to a good standard, and support small vendors to work in a safe and respectful place, as they carry our daily economy;
- Continue to invest in productive sectors, to improve sustainable, quality food for consumers and for the market;
- Conduct in-depth, open discussions with all entities, civil society and the public before taking this action which will, in the end, be a burden on the “little people,” to avoid sacrificing the future of our nation of Timor-Leste.

Dili, 27 February 2024



Marta da Silva



Celestino Gusmão



Elizaria Febe Gomes



Charles Scheiner



Mariano Ferreira



Ana Carolina Ramos de Oliveira



Jonathan Gonsalves