To: Sr. Adérito de Jesus Soares, Anti-Corruption Commissioner
Sr. Sebastião Dias Ximenes, Provedor for Human Rights and Justice

Re: Gastu estadu ba fuel boot liu kompara ho impo rtasaun

With respect,

La'o Hamutuk is a Timor-Leste institute which has monitored and analyzed the development process here for more than ten years. This role is to help the state of Timor-Leste take decisions which truly benefit all Timor-Leste’s people, including to strengthen a democratic state under rule of law.

This past 12 October, the National Statistics Department (DNE) of the Ministry of Finance launched its External Trade Statistics report for 2011. This report includes the value of goods imported from outside into Timor-Leste, as well as how much money we get from exports.

This report says that during 2011, Timor-Leste imported gasoline and diesel fuel, as well as aviation fuel and other mineral fuels including LPG and kerosene, with a total value of $47.7 million. Specifically, our importation of gasoline and diesel totaled $38.6 million, combining state, business and private users.

We compared this report with the 2011 Budget Execution Report published by the Ministry of Finance. We see that the 2011 Budget Execution Report says that during 2011 the State of Timor-Leste spent $67.7 million for vehicle and generator fuel.

La'o Hamutuk sees that these two reports raise questions about state finances, because our state pays for more that it receives. Timor-Leste doesn’t produce petroleum fuel, so all the fuel we use is imported from overseas. Therefore, our analysis suggests some possible explanations:

1. Fuel importers are charging the State a very high markup on the fuel they import, making a large profit.
2. A significant amount of fuel comes into Timor-Leste without passing through Customs.
3. The State is getting less fuel than it pays for.
4. The numbers published in one or both of these reports are wrong.

However, it is difficult for us to be certain how to explain this discrepancy. Therefore, through this letter we are not accusing any institution or person. However, we think that this is very important information to give to the Anti-Corruption Commission and the Provedor for Human Rights and Justice, so that these institutions can conduct a thorough investigation to determine whether corruption or maladministration has indeed occurred in this process.

In the following table, in millions of U.S. dollars, we compare the amounts of fuel imports with the Budget Execution reports, during 2011 and during the first half of 2012.

<table>
<thead>
<tr>
<th>Year</th>
<th>From Trade Statistics Reports</th>
<th>From State Budget Execution Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Item</td>
<td>Amount</td>
</tr>
<tr>
<td>Full year 2011</td>
<td>Diesel fuel</td>
<td>$27.354</td>
</tr>
<tr>
<td></td>
<td>Gasoline</td>
<td>$11.223</td>
</tr>
<tr>
<td></td>
<td>Aviation fuel</td>
<td>$2.008</td>
</tr>
<tr>
<td></td>
<td>Other mineral fuels, kerosene, LPG</td>
<td>$7.069</td>
</tr>
<tr>
<td></td>
<td><strong>Total imports of mineral fuels</strong></td>
<td><strong>$47,654</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Total imports of gasoline and diesel</strong></td>
<td><strong>$38,577</strong></td>
</tr>
<tr>
<td>Jan-Jun 2012</td>
<td><strong>Total imports of mineral fuels</strong></td>
<td><strong>$32,293</strong></td>
</tr>
<tr>
<td></td>
<td>Vehicle fuel for RDTL</td>
<td>$4,201</td>
</tr>
</tbody>
</table>

To close our letter, we hope that you will use this information to ensure that the people’s money benefits all our people. If you have questions or need clarification or more information please contact : +670 7734 8703 ka juvinal@laohamutuk.org.

Sincerely,

Juvinal Dias                                   Charles Scheiner                                         Tonilia de F. dos Santos
La’o Hamutuk Natural Resources and Economy Team

CC:
1. RDTL Prosecutor-General
2. RDTL National Statistics Directorate
3. RDTL National Customs Directorate
4. Public
5. RDTL Minister of Finance
6. RDTL National Treasury Directorate
7. Media

Attachments:
- Excerpted merchandise import tables from the 2011 External Trade Statistics report
- Table from 2011 Budget Execution Report, page 12.

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