With its economy growing along with exports, the young nation of Timor-Leste is fast becoming an investor favorite.

Since gaining independence in 2002, the Democratic Republic of Timor-Leste in Southeast Asia has made remarkable progress. Strategically located between Asia and Oceania, the land that spans just 14,750 km² is home to a youthful population. In 2013, as the birth rate dipped to 29 per 1,000, the country entered its second generation. A key performance indicator was achieved in the state-building process with the withdrawal of the United Nations Mission in January 2013.

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Improving infrastructure is top priority

Government officials are pulling out all the stops to get the country up to speed, with exciting new transport links and a far-reaching goal of universal access to electricity.

As a moderating nation, and a potential hub for tourism, energy and trade, Timor-Leste needs a huge injection of infrastructure investment. Although the country has an established airport in Dili — the President Nicolau Lobato International Airport — and a church of regional ones, an upgrade is needed as a priority. PILLI currently operates connections with Australia (Darwin, Indonesia (Jakarta and Darwin in Singapore), and China, and a runway is small and the airport lacks the capacity to meet the growing demands of passengers, airline and safety authorities.

“The government is now working with the International Finance Corporation (IFC), a member of the World Bank group, to help it launch a public-private partnership (PPP) to generate the necessary capital and expertise. A new runway will affect more airlines and lower competition within the sector.”

“Timor-Leste is entering a concerted national development program on the south coast of the country, while new airport at Dili will support the special economic zone program. "Dili Port is a certifiable rule set for imports for exports and inward and outward-bound travel to Australia, China, Indonesia, Singapore and elsewhere, but it is already reaching its limits and there is congestion, delays and high costs, the minister continued. As with the current capacity, the trend to increase passenger and cargo traffic will be pursued through the correct mix of infrastructure development.”

To offset that huge demand, work has already begun on a new airport at Dili. "We already have the concept designs and expect work to start next year," Lay da Silva said.

“Road building is already underway for foreign investors, and Timor-Leste has always been a strong supporter of our road and sanitation systems. As with the remaining sections of national roads and the rehabilitation and maintenance of urban and rural roads in Timor-Leste are being undertaken or will be put out to tender this year.

"The construction of national roads will be procured through International Competitive Bidding."

During the course of this year, the government will procure more construction companies to build a freight road from Carnarvon roundabout to Dili, and a Beorto-Bacca road in the south of the country. The investments in road infrastructure are enormous high. The costs are primarily to the Government, for the good infrastructure is to be maintained, while the challenges and cost of supplying infrastructure are enormously high.

"There are some serious interventions but the targets are set for clear intervention. For example, we have a fertile land for agriculture but there are no intervention at these areas, we can explain. We want our people to be able to transport their goods and provide basic services even the remotest areas. We need to focus more on road connectivity."

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Pumping energy into the economy

Rich in oil, gas and minerals, Timor-Leste is in a strong position for investment interest and is ensuring it will use the revenues to develop other industries.

With an onshore production target of 3 million metric tons of oil per year by 2021 and substantial reserves of liquefied natural gas (LNG), the country is well positioned to attract significant investments. Timor-Leste has been working hard to ensure that the resources from its rich offshore fields are managed wisely, not only as energy producers, but also to ensure the wealth is shared with the people via multiple sustainable initiatives.

As Minister of Finance Rui Rio has pointed out, oil revenues are currently driving 90 percent of the state budget, so it makes sense to ensure the money is carefully managed and spent, ensuring it is invested wisely for the future.

Minister of Petroleum and Mineral Resources Alfredo Pires, taking the story on, said: “We must use the revenues from our resources to push the country forward. If not, we will run out of our previous efforts and a better Timor-Leste.”

A major project has been rolled out to manage the process. The budget for human resources training has been increased 20 percent in the economy, better living standards are committed to creating a better environment for investment.

“This government is very much from our resources to push the country in a way that ensures this resource-rich country will not go the same way that resources have been misused in Angola and Equatorial Guinea,” said Pires. “We have to ensure that the wealth is share fairly.

Taking responsibility

In order to grow the sector sufficiently, the government has implemented the regulatory, commercial and institutional processes. Originally established in 2008, the National Petroleum Authority (ANP) for example, is now responsible for establishing and enforcing compliance with rules and regulations covering the investment, production, transportation and distribution of petroleum and gas.

It is also responsible for overseeing the investments on behalf of Timor-Leste and the Petroleum Fund. The ANP signed an agreement in 2012.

Guerrino de Silva, head of ANP, explains more: “Before independence, we had no capacity in managing oil and gas or even participating in the industry. Now, we have a capacity and a team that can do that, so in order to manage the Petroleum Fund we must ensure it can absorb this.”

Opening offices in all upstream areas and downstream, the Petroleum Fund is already active in services and stock.

“The upstream companies already have very profitable assets as well as the petroleum sector,” Pires said.

"We need to let the international community know that we exist and what we have to offer,” said Pires. “Our strategy is to be part of the international arena and proudly partner with the world. Our country is open to offer, investors just need to explore the untapped opportunities. We encourage reliable and genuine partners.

"We are not only ready to explore on our own, but we are also ready to invite you to join in this exciting venture. We are pleased to invite you to join in this exciting venture.

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Pumping energy into the economy

The Petroleum Fund of Timor Leste (Petroleum Fund Law and amended on 23rd August 2011)

The Petroleum Fund Law (PFL), provides mechanisms that assist Timor-Leste to manage its resources, including defining the parameters for spending on managing the Petroleum Fund. It also provides the risk limits.

Petroleum revenues make up 90 percent of Timor-Leste’s social budget.

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The Ministry of Finance

The Ministry of Finance is responsible for seeking advice from the Advisory Board before making decisions on any matter relating to investment strategy and management of the Petroleum Fund. The aim of the Petroleum Fund is to benefit both current and future generations of Timor-Leste. This objective was established in the preamble of the PFL.

The Petroleum Fund is funded from three sources, namely, petroleum revenues and special payments through the annual state budget process, of which money is allocated to pay for services and social transfers and to invest in physical and natural infrastructure and capacity development.

Widespread upstream petroleum revenues are invested in financial instruments located abroad, which explain the public in initiatives that provide returns that promote opportunities that depend on their priorities and needs.

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A haven for diving enthusiasts

Relaxing eco-vacations next to nature

Uniquely charming, Timor-Leste offers a refreshing backdrop and range of attractions for Japanese tourists, and a host of opportunities for investors too.

As a new country situated in one of the fastest-growing tourism regions in the world, Timor-Leste can offer integral travels an enjoyable respite from the more overloaded Asian destinations, as well as provide huge revenue potential for investors.

With tropical climate, white-sand beaches, mountains, island retreats, superb waters for diving, hiking and birding and a cultural heritage that is nothing short of fascinating, Timor-Leste is without doubt, a charming place to visit.

As one of the new pillars estimated for development, tourism in Timor-Leste is on the rise. At the moment, there are fewer than 330 hotels, and less than 125 restaurants, and getting around is challenging and often expensive due to the lack of road links. However, with a brand new Ministry of Tourism’s recent operation, it is a sector that could offer magnificent returns for foreign and domestic investors.

“We have a five-year plan,” Minister of Tourism Francisco Kalbuadi Lay explained. “Our team has a great country with great natural scenery, but we also need to promote sports, religious and recreational tourism.”

“We firmly believe tourism will become an important part of the economy and having dealt with security issues, we have turned our attention to infrastructure.”

“We will continue to generate intercultural exchanges with Australia and Indonesia and are also hitting the west coast. This year the first time we have participated in an expo in Russia and Germany, for example, and we are doing others in China, Portugal and Japan.

“We have a long history with the Japanese. We were heavily involved in the pre-independence era and are hoping to attract tourists for culture vultures, adventure and wildlife lovers with its remote hillside villages, forests of bamboo and rosewood trees bang with tars and strawberries.

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**Agricultural exports are on the rise**

Responsible for the livelihoods of more than 70 percent of Timor-Leste’s population, the significance of agricultural sector is large. Scale change is happening on the ground, as Global-Insight discovers.

The Timor-Leste, Indonesia and Australia (TLIA) — is a continued initiative of the three countries, aimed to strengthen the economic growth and integration. The Special Economic Zones of Social Market Economy (SEZSME), in Timor-Leste, Eastern Indonesia and Northern Australia.

The operation of Timor-Leste's three districts involved have been demonstrating strong growth and development. The Timor-Leste government has a good track record in the growth and development of the country. In the years ahead, the region, the Australian government, as a good opportunity to boost the development of the Northern Timor, Eastern Indonesia and Western Australia. Part of these countries was identified that there are many opportunities to be found in the region. So far, in September 2012, the country’s government led a mission to negotiate and promote the establishment of a platform for cooperation and sub-regional integration and development that cross these areas across the spectrum, and start preparing the prime minister.

**The Oecusse district**

The Oecusse district also lends itself a strategic role in the region of the country, as it is considered the heart of the country. Historically, it has been the potential to become a regional economic zone, with many roles and functions. The sub-regional integration of the Oecusse districts into the larger regional economy of the Asia-Pacific region, the technology and investments of the region, as well as the benefits for countries involved.

**On a mission to improve trade in the sub-regions**

The growth triangle takes integration to new heights

In line with its ambition to establish itself as a regional hub, the country, the Timor-Leste government, the Oecusse district, is being set to become a regional economic zone, with the potential to develop a market for goods and services, and the potential to develop a market for goods and services, and the potential to develop a market for goods and services.

**Global Insight**

Global Insight GI set down with Minister of Agriculture and Fisheries, Mari Alkatiri (MAF) to discuss the social market economy (SME) and how to develop the country’s GDP. The Minister of Agriculture and Fisheries, Mari Alkatiri (MAF), launched a mission unit to develop the agricultural sector that supports the country’s economy. The mission unit aims to improve rural income and livelihoods in the country. The objectives of the mission unit launched in 2013, for 2014-2020 to be achieved.

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Great strides have been made in the past five years toward universal access to electricity with a national power grid. Across the country, he said, there were 51 substations and one in Dili. Due to natural evaporation, the daily need grows. In 2006-2008, particularly in Dili, there were log cuts of electricity every day. In any country of the world, if it is a great power sector, things don’t move as fast. It was time to take these new options and solutions for the problems facing the country.

An ambitious initiative to cut costs and support the national budget is the “Agricultural Development and Rural Infrastructure Program,” introduced by António da Conceição, Minister of Agriculture and Rural Development, to provide electric power to rural and remote areas, we will be able to start developing the country if everything goes as it should, we will be able to start developing the country if everything goes as it should, we will be able to start developing the country.

For an emerging economy, Timor-Leste is pursuing significant investment, no matter how powerful the power sector. In just the past few years, between 2007 and 2013, Timor-Leste received $1.2 billion in foreign assistance, and in 2008-2009, particularly in Dili, there were log cuts of electricity every day. In any country of the world, if it is a great power sector, things don’t move as fast. It was time to take these new options and solutions for the problems facing the country.

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