



PROFITABLE INVESTMENT OPPORTUNITIES IN TIMOR-LESTE

Timor-Leste is blessed with natural resources, rich biodiversity, and beautiful unspoiled scenery. It is a peaceful, stable, democratic country with a young, vibrant labor force and excellent investment opportunities.

The Government of Timor-Leste encourages national and international investment in a range of priority sectors with some of the most attractive tax incentives and competitive wages in Southeast Asia and the Pacific. Investment opportunities in productive and growing sectors include tourism, agriculture and fisheries, light manufacturing, oil gas and mining, and strategic infrastructure.

The Government also continues to make significant investments in upskilling the country's workforce through education, and in critical infrastructure such as roads, airports, water, electricity, and telecommunications.

Agriculture

There are opportunities for investment in agricultural development and processing for the local market in a number of primary products. Over 64% of working adults in Timor-Leste work in agriculture, creating the potential for sizable growth, diversification, transformation and investment. Domestic (import substitution) and export commodities and supply chains suitable for development and ultimately export include coffee, rice, corn, beans, carrots, cassava, cinnamon, clove, potatoes, nutmeg, taro, konjac and organic horticulture (fruit, vegetable, cashew, cocoa, coconut oil, and vanilla).

The agricultural potential of Timor-Leste can be seen in the current production and export of coffee. Coffee is a profitable investment area, performing well in domestic and international markets and is the primary non-oil export from Timor-Leste. The World Bank is leading the Road Climate Resilience Project to provide better access to the coffee producing regions on the Dili-Ainaro corridor. The industry body, Timor-Leste Coffee Association, works to improve quality standards and strengthen the brand of Timorese coffee. The coffee industry has the potential for further growth in agriculture production and processing, generating returns to investors.

The Government of Timor-Leste supports investors by distributing production inputs to farmers including high quality seeds, training, and farming equipment. The irrigation Infrastructure Fund projects are supporting food production, improving distribution and food security. Irrigation projects have been completed in Raibere, Oebaba, Carauln, Bebui and Cassameta. There are seven ongoing irrigation projects.

Livestock

There is potential to invest in livestock including beef and poultry, to significantly increase the productivity of this sector while making worthwhile returns. Investors can benefit from the strong local demand for product by investing in production and processing for the local market with the potential to export.

Locally produced and distributed hen eggs are a rapidly growing sector, with an established local market. As the local demand for chicken meat and eggs is growing, there is space to welcome additional operations and investment in this sector.

Timor-Leste has introduced quality certificates, vaccinations and updated animal husbandry practices, and is a member of the World Organisation for Animal Health, so is now better equipped to address bio-security and animal health issues. The Bio-Safety Level II Veterinary Diagnostic Laboratory in Dili provides animal diagnostic services and is the training and research center for technicians and veterinarians.

Forestry

Timor-Leste has a unique approach to community based forestry management, put in practice in the municipalities of Manufahi, Viqueque, Covalima, Lautem, Liquiça, and Oecuse. Sustainable cultivation methods are applied to bamboo, sandalwood, mahogany, teak, *ptecarpus indicus* (rosewood), candlenut, and cassia siamea.

The Bamboo Institute of Timor-Leste promotes the development of a sustainable bamboo industry to increase the number of plantations, and contribute to expanding the manufacturing base by adding value to the raw material.

In 2017, the Government of Timor-Leste established a 100 hectare sandalwood plantation in Atabae, which is expected to generate USD 160 million at harvest in 30 years. There is capacity and desire to sustainably develop the forestry industry with investment to meet the growing local demand, whilst being sensitive to environmental needs.

Fishing and aquaculture

Timor-Leste is surrounded by world-renowned marine resources. Fishing licenses are available to off-shore foreign operators to fish for export in the exclusive economic zone. Private sector investment has introduced prawn, grouper, and sea-cucumber farming for export markets. Many individual, small-scale operators catch a range of fish including tilapia, milkfish, grouper, shrimp, seaweed and crabs.

Fishery hatcheries have been established in Ermera as part of Timor-Leste's National Aquaculture Development Strategy. The Ermera hatchery has the capacity to produce up to 5 million fish fry per year.

The New Zealand Aid Programme funded Partnership for Aquaculture Development in Timor-Leste is helping develop the fish farming industry, providing training, planning, feed supply systems and access to market. There are further opportunities for development and investment in fisheries.

Opportunities exist to significantly improve the productivity of this sector whilst remaining ecologically sustainable. Fishing and fish farming provides exciting opportunities for investors to build and develop this emerging industry.

Light manufacturing and processing

The Government of Timor-Leste supports the development of processing and manufacturing industries. Areas for growth include food production for the domestic and export markets, construction material including cement, marble and ceramics, and small-scale manufacturing industries of apparel, value-added timber products, salt and mineral water. Recognizing the positive investment environment in Timor-Leste, Heineken set up a multi-beverage plant in 2016 in Hera. The factory produces the Heineken range of beers and PepsiCo soft drinks and services a rapidly growing market.

Tourism

Timor-Leste's natural beauty, rich biodiversity and unspoiled scenery, cultural and historic heritage lends itself to becoming one of the world's most exciting emerging tourist destinations. Investment potential is broad with opportunities to develop cultural, nature-based ecotourism, and adventure tourism. The Government of Timor-Leste's tourism policy, *Growing Tourism to 2030 – Creating a sense of national identity*, recognises the importance of tourism to the future prosperity of the nation and sets the intention to develop the sector in a manner that is sustainable for the environment, economy and society.

As the newest country in Asia-Pacific, strategically placed between Australia and Indonesia, Timor-Leste has the potential for rapid tourism growth. In 2019 the country had 80,000 international visitors and the goal is to increase that to at least 200,000 by 2030 with an average stay of 5 days. International visitor growth from 2015-2019 was 7% second only to ASEAN at 7.4%. Annual revenue from international tourism excluding carrier receipts (airfares and ferry charges) will be at least US\$150 million by 2030.

Timor-Leste's official tourism website www.timorleste.tl has national branding and its campaign *Explore the Undiscovered* positions foreign travellers' perspectives of the country as peaceful, stable, attractive, and welcoming, encouraging them to visit.

There is a wide variety of tourist accommodation available in Timor-Leste from modern hotels including a Hilton in Dili, to eco-lodges, and budget motels, hostels, guesthouses, and homestays.

The Government of Timor-Leste is supporting a wide range of sector development that include site and amenity upgrades, tour guide and hospitality training, community-based initiatives, and improving mechanisms to gather better tourism statistics.

Infrastructure

There are opportunities to further develop strategic infrastructure with private investment. The Government of Timor-Leste Infrastructure Fund finances infrastructure projects to support sustainable economic growth: electricity grids, roads, bridges, water supply, ports, irrigation systems, hospitals, schools and universities. From its inception in 2011 to 2016 USD 3.55 billion was approved and allocated to programs including Public Private Partnerships.

Roads and bridges: International standards are applied to the expansion, improvement and maintenance of the national (urban and rural) road system including approximately 450 bridges. The Road Program funded by the Infrastructure Fund is to support the transportation of goods and services, and provide connectivity between districts to centres of economic activities. There are Public Private Partnership opportunities in further development of the road transport network across the country.

Sea ports: The Tibar Port was completed via a Public Private Partnership and offers ... Dredging and rehabilitation of the Naval Base Sea Port at Hera is also complete.

Air transport:

The Government has approved the upgrade of Dili's Presidente Nicolau Lobato International Airport (Aug 2004) which will extend the runway from 1850m to 3000m to service larger aircraft, and includes a new control tower, modern lighting system and refurbishment of the passenger terminal. This US\$72 million project is being funded by a public-private partnership combining government funds, a loan from the Asian Development Bank with support from Japan and Australia.

The regional airport at Oecussi is of an international standard. Feasibility studies for municipal airports such as in Suai are in progress. Improvements have been made in the management and safety of air transport. Direct flights link Dili to Darwin, Denpasar and Singapore.

Digital transformation: Multinational companies from Portugal, Vietnam and Indonesia operate a modern and competitive telecommunication network across the country. Ongoing projects include expanding service uptake of O3b Medium Earth Orbit satellites for telecommunications and data, and expanding internet coverage with the National Connectivity Project.

Water and sanitation: A regulatory body for the management of drinking water resources and basic sanitation has been established. Since 2011, infrastructure projects have been completed in drainage, rehabilitation of water supply, and master development of Dili drainage and sanitation system. There are public-private partnership opportunities for investment, that include the Dili Water Supply System Project.

Modern power distribution: Electricity generation, transmission and distribution grid covers up to 80% of the population. The Timor-Leste Infrastructure Fund supported Hera and Betana power stations, Comoro Diesel Generating Power Station, and substations. A solar power station at Hera and wind farms in Larigotu and Bobonaro are also connected to the national grid.