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WELCOMING REMARKS

BY

**HIS EXCELLENCY ENG. ESTANISLAU ALEIXO DA SILVA,
MINISTER OF STATE, COORDINATING MINISTER FOR ECONOMIC AFFAIRS,
AND MINISTER OF AGRICULTURE AND FISHERIES,**

AT THE

**GLOBAL CONFERENCE ON THE 2030 AGENDA:
“A ROADMAP FOR SDGs IN FRAGILE AND CONFLICT-AFFECTED STATES”**

**SIDE EVENT ON ECONOMIC DIVERSIFICATION IN SDGs
(Sunday, 21st May, 2017)**

Dili Convention Center, in Díli, 22 – 23 May 2017



Palácio do Governo,
Avenida Presidente Nicolau Lobato
Díli, Timor-Leste
(+670) 331 1243/ 331 0479
geral@mecae.gov.tl



Your Excellency, Dr. Mari Alkatiri, President of the Authority of the Special Administrative Region of Oé-Cusse and Special Economic Zones for Social Market Economy and former Prime Minister of Timor-Leste;

Your Excellency, Eng. Alfredo Pires, Minister of Petroleum and Natural Resources;

Distinguished Moderator and Coordinator of the Fiscal Reform Commission; and Co-Panellists, the United Nations Resident Coordinator and UNDP Resident Representative; as well as the General Manager of Timor-Leste Heineken Asia Pacific;

High Dignitaries of the Government, the Business Community and Corporations, Civil Society Representatives, and the Academia;

Distinguished Guests;

Esteemed Participants;

Ladies and Gentlemen;

It is a great honour and a privilege to address all of you at this side event of the Global Conference on the 2030 Agenda. The moment seems appropriate to start my welcoming remarks with renewed congratulations to the People of Timor-Leste for the celebration of our 15th Anniversary as a sovereign State, in the Community of Nations. I renew heartfelt homage to all colleague freedom fighters who dedicated their youth to our national cause, as well as deep respect to all the ones who lost their precious lives throughout our glorious resistance, so that the Timorese people could restore dignity, respect and dream of a better quality of life in our Mother-Land.

I also renew congratulations to His Excellency President Francisco Guterres “Lu-Olo,” on the auspicious occasion of his inauguration as the President of all Timorese People.

Ladies and Gentlemen,

Restoring independence and enjoying sovereignty is just a key landmark, just a phase in our “long walk to freedom,” and to the challenging endeavour of state building, and ensuring a better quality of life to all in Timor-Leste.

At the same time that we have been consolidating the foundations of democracy, rule of law and a free-market economy, and despite all odds, we have also been consolidating the corner stones of peace, stability and security, which are pre-conditions for sustainable development.

As you know, dignity and happiness don’t fall from the skies! They can only be achieved through hard work, in pursuit of a clear vision, much persistence and full commitment to public service, and proactive engagement in promoting the private sector and the social market in the country. Hard work never deceives anybody. Hard work always leads to positive results.





The ambitions of the Timorese people regarding sustainable development have been articulated in a forward-looking Strategic Development Plan 2011 – 2030. We have been focused in implementing the SDP. We should recall that Timor-Leste is one of the very first countries to officially endorse the United Nations Sustainable Development Goals (SDGs), in September in 2015, and we were a proud member of the High Level Support Group for SDG implementation.

But we are aware the country still faces challenges in various fronts in pursuit of sustainable development. Further to additional infrastructure development, we must reduce poverty, improve nutrition and access to clean water and good sanitation and hygiene, and access to affordable housing. We need to continue to invest in human capital development and further engage the country in building a brighter future. We support the private sector in taking the lead in the economy. The SDP and the global SDGs are provisional reference documents whose content assists us in guiding governance and in taking necessary actions to face the remaining challenges towards a better future for all.

Ladies and Gentlemen,

While addressing the immediate needs of the people, the Government of Timor-Leste has also been working on the long-term goals we all want to achieve by the year 2030. As you know, the country depends heavily on revenues from the Petroleum Fund, which account for 78% of the 2017 General State Budget. The current situation is a challenge to sustainability. The country cannot be economically sustainable with a heavy dependence on one main source of revenues for public expenditures. We must all join forces to pursue three avenues towards sustainability:

The first one is to preserve and allow the Petroleum Fund to grow so that it can serve as an engine of growth and a guarantee of financial stability for the current generation and for generations to come.

The second one is the ongoing fiscal reform, which aims to modernise the country's public finance system, hoping to meet the Sustainable Development Goal of collecting 18% of non-oil GDP in domestic revenues within the next 10 years, and also reshape public expenditures.

The third avenue of sustainability, which is the main theme of this side event, is to diversify the foundations of the country's economy, attract private investment and create more and more secure jobs, as we all want to build an upper-middle income economy by the year 2030, whereby extreme poverty will have been eradicated. In so doing, we would meet SDG number 8, on sustainable economic development.

In other words, the Government of Timor-Leste is fully committed and working vigorously, tirelessly and simultaneously to create a diversified economy that grows on solid grounds of sustainability, while generating employment as well as a wide range of opportunities for our people to develop their potential and prosper.





Fortunately, nature is generous to our Mother-Land, having granted a solid natural resource base to Timor-Leste. But the future we want has to be built with hard work. We are laying down the foundations for economic development and prosperity.

Ladies and Gentlemen,

Economic diversification requires the Government of Timor-Leste to attract private investment, stimulate productivity in the productive sectors of the economy, and continue to improve economic infrastructure and the business environment. The Government has assigned priority to six main pillars for economic diversification, namely, downstream oil and gas, which is to say the petrochemical industry; agriculture; fisheries; tourism; light manufacturing; and mining. The private sector is called upon and encouraged to be proactive, to innovate, and to exercise entrepreneurial spirit in designing business proposals to grasp the wide range of opportunities for private investment now arising in promising productive sectors in Timor-Leste.

Both general and sector-specific measures are being taken to respond to the need for increased investment in the productive sectors. For example, in agriculture and forestry, the government has invested and continues to invest heavily in developing irrigation networks, is supporting the development of niche organic products, and has developed and is starting to implement the coffee sector and forestry development plans.

Concerning the historic coffee sector, in particular, as you know, the sector provides a livelihood for 30% of the population and has a huge potential for growth. Coffee is the second export product of Timor-Leste. The country now exports about \$20 million dollars a year of organic coffee, and the demand is asking for more and more. We have the potential to multiply production, maintain and improve quality of Timor-Leste specialty coffee.

With assistance from some development partners, including the Asian Development Bank (ADB), a lot of work has been done and is ongoing in the coffee sector. The establishment of Timor-Leste Coffee Association, a private sector led industry association designed to further promote the coffee sector, has been an encouraging result, as demonstrated by the first international coffee festival that took place in Dili, last year. The second festival and a national coffee cupping competition will take place in October of this year. At the same time, the Government and the Coffee Association, with support from ADB, are designing a National Coffee Sector Development Plan, to be implemented through innovative Public Private Partnerships (PPP).

An intense work is under way and targeting other productive sectors of the economy. The Government recent approved a National Tourism Policy. We will soon be considering approval of the Civil Aviation Policy, the Investment Policy, the Industrial Policy, and the National Employment Strategy, which, together, define clear visions, and set the bases for development of high potential economic activities in the country, as well as ways and means to respond to the Strategic Development Plan and to the global SDGs.





Furthermore, the Private Investment Law, recently approved by the National Parliament, sets out a clear panorama for prospective investors in terms of legal assurances, predictability of investment returns, and the support and services to facilitate their investment in the country. Other landmark legislation to support economic diversification in the context of State building, include Export Promotion, Insolvency and Business Recuperation, Land and Property, Consumer Protection, Arbitration and Mediation, Company Registry, etc., etc. At the same time, the Government is developing a competition policy framework, which will form the basis of a competition law to be soon introduced. Work is also underway to improve access to credit through loan guarantees, and to implement a secure transactions law to support banks through the registration of secured assets.

Ladies and Gentlemen,

The work continues. For example, in the area of economic infrastructure, the Government has carried out substantial investments in the electricity sector, installing enough generation capacity to supply the current and future needs of the country. The Government is now taking measures to improve the efficiency and rationalize the cost structure of the sector. We have also invested and continue to invest heavily on the road network to connect the country and facilitate economic activity. Further investments are forthcoming to develop port and airport infrastructures, as well as export processing zones. The Special Economic Zones for Social Market Economy of Oe-Cusse Ambeno and plans for export processing facilities alongside the Tibar port will open encouraging business and employment opportunities for better quality of life in Timor-Leste.

Before I close these opening remarks, please allow me to refer to another important element in the reform of the business environment in Timor-Leste, in order to make trade happen. Timor-Leste is a relatively small country, both in territory and population. As such, access to outside markets is essential to propel growth. Aware of this reality, the Government is promoting Trade Facilitation, through which a major customs reform is taking place. A modern Customs Code was recently approved by the Government, which requires the recruitment and training of an appropriate team of professionals to implement the code, support by the customs IT platform now being upgraded. We want to develop a national single window, and ultimately position Timor-Leste as the link between an eventual CPLP single window and the ASEAN single window, becoming a hub and platform that links a market of over 2.4 billion people.

With these remarks, I renew appreciation for the initiative of this event, commend the organizers and thank you all for your generous participation. I am sure the panel discussions that follow will provide further insights to economic diversification and I look forward to your ideas and inputs to help the Government in the challenging endeavour to diversify the economy of Timor-Leste to solid grounds of sustainability.

Thank you!

Díli, 21 May 2017

