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ORGANIZATION

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## **ACCESSION OF TIMOR-LESTE**

### ELEMENTS OF A DRAFT REPORT OF THE WORKING PARTY

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## **I. INTRODUCTION**

1. The Government of Timor-Leste applied for accession to the World Trade Organization in November 2016 (document WT/ACC/TLS/1). At its meeting on 7 December 2016, the General Council established a Working Party to examine the application of the Government of Timor-Leste to accede to the World Trade Organization, under Article XII of the Marrakesh Agreement establishing the WTO. The terms of reference and the membership of the Working Party are reproduced in document WT/ACC/TLS/2/Rev.4.

2. The Working Party met on 1 October 2020 and on 29 July 2021 under the Chairmanship of H.E. Mr Rui Macieira (Portugal).

## **DOCUMENTATION PROVIDED**

3. The Working Party had before it, to serve as a basis for its discussions, a Memorandum on the Foreign Trade Regime of Timor-Leste (WT/ACC/TLS/3 and WT/ACC/TLS/3/Corr.1), the questions submitted by Members on the foreign trade regime of Timor-Leste, together with the replies thereto, and other information provided by the authorities of Timor-Leste (WT/ACC/TLS/4, WT/ACC/TLS/8, WT/ACC/TLS/10, WT/ACC/TLS/11, WT/ACC/TLS/12, WT/ACC/TLS/13, WT/ACC/TLS/13/Rev.1, WT/ACC/TLS/14, WT/ACC/TLS/16 and WT/ACC/TLS/20), including the legislative texts and other documentation listed in Annex 1.

## **INTRODUCTORY STATEMENTS**

4. The representative of Timor-Leste said that Timor-Leste assigned priority to WTO membership, as it would help to leverage the on-going improvements in its infrastructure, human capital and administrative capacity, to accelerate growth and economic diversification. Timor-Leste was committed to WTO membership. There was a strong political will, across all partisan lines, in support of implementation of domestic structural, legislative and policy reforms needed to comply with its future WTO commitments. This commitment was supported by the objectives of Timor-Leste's domestic economic and trade policy.

5. Members welcomed Timor-Leste's application to accede to the WTO. Recalling the 2002/2012 Guidelines on LDC Accessions, they pledged to work with Timor-Leste towards this goal. Members acknowledged Timor-Leste's efforts to achieve compliance with WTO rules and expressed their readiness to provide assistance.

6. The Working Party reviewed the economic policies and foreign trade regime of Timor-Leste and the possible terms of a draft Protocol of Accession to the WTO. The views expressed by Members of the Working Party on the various aspects of Timor-Leste's foreign trade regime and on the terms and conditions of Timor-Leste's accession to the WTO are summarized below in paragraphs 7 to [...].

## **II. ECONOMIC POLICIES**

7. The representative of Timor-Leste informed that Timor-Leste was a low income least-developed country (LDC), with a total GDP of US\$ 2,017.9 million (in 2019) and US\$ 1,902.2 million (in 2020). From 2008 onwards, it had not been dependent on development assistance. However, the economy remained fragile and dependent on oil and gas revenues. In 2021, Timor-Leste's non-oil GDP was estimated to grow 3.4%, following a contraction of -7.9% in 2020. While fiscal policy remained the key driver of economic activity, private investment remained low, at about 4% of GDP and Timor-Leste's domestic market remained poorly integrated. Since independence, the Government had made major improvements to its infrastructure, however, internal trade costs remained high and economic activity remained concentrated in the capital. Timor-Leste's main trade and economic indicators are provided in Annexes 2(A) to 2(C).

8. The country's vision was set out in the Strategic Development Plan 2011 – 2030 (SDP), which envisioned transformation from a low-income to an upper middle-income economy with a healthy, well-educated and safe population by 2030. The SDP recognized that achieving economic growth would require diversification of the economy. The priority sectors to drive economic diversification were downstream petroleum sector, agriculture, tourism, fisheries, light manufacturing and mining. Attraction of private investment was key to economic growth. The goal was to have a private sector-led market economy by 2030. The Government was working to improve its perception indicators and global position.

9. The foundations for the economic reform and growth strategy had been laid out in the Economic Reform and Growth Guides (GRFE) that set forth guidelines for building a free and predictable market and achieving compliance with the ASEAN, WTO, World Bank (WB) and Asian Development Bank (ADB) standards and guidelines. The reforms had focused, namely, on: (i) creation of an easy, secure and transparent regulatory framework for the operation of business; (ii) elimination of excessive bureaucracies that raised costs for doing business; (iii) streamlining processes for imports and exports; (iv) strengthening of the government institutions and the establishment of effective service delivery systems to the business sectors; (v) development of the infrastructure to support the private sector, such as electrical power production and distribution, roads, ports and airports, water, sanitation and hygiene networks; and, (vi) identification of specific measures to develop the priority economic sectors. The reforms sought to use Timor-Leste's oil and gas revenues to finance economic diversification. The Guides had been in force until 2018.

10. The COVID-19 pandemic had worsened the economic and trade performance of Timor-Leste resulting in a decline in GDP, caused by the reduction in the performance of economic agents and the contraction of supply and demand, consequences of social distancing, border closing, closing companies and lack of investment. In August 2020, the Government had adopted the Economic Recovery Plan for 2020-2023 (ERP) with the aim to respond to these negative impacts. The Plan defined a set of short-, medium- and long-term recovery measures, including temporary support to families and companies, measures to protect employment and guarantee income for families and companies in difficulty, seeking to minimize the stagnation of economic activities, contribute to economic transformation, create more decent jobs, consolidate social programs for public investment and to change economic structure with the objective to contribute to Timor-Leste's economic growth. In 2020-2021, the Government had implemented four short-term ERP measures: (i) universal Basic Basket program, (ii) recovery subsidies for the private sector, (iii) contributory subsidies for the private sector, and (iv) special support for informal workers.

11. A Member asked for examples on how the Government had improved the business climate. In response, the representative of Timor-Leste informed that, for ease of Doing Business, Timor-Leste ranked 181<sup>st</sup> out of 190 countries covered by the World Bank's Doing Business indicators for 2020. He referred to activities carried out in 2019-2020 aiming at the improvement of the institutional business climate under Component No. 5 of the Public Administration Reform Program 2019-2023 approved by the Government Resolution No. 38/2020 of 23 September 2020 by (hereinafter referred to as PARP) on bettering Doing Business ranking and on improving the business climate in general. With the technical assistance of the International Financial Cooperation (IFC), the Government had put together a Working Group to consolidate the reform in that field and developed an Action Plan for reforms on economic activities licensing aimed to simplify activity licensing procedures. Developments with respect to specific Doing Business indicators are contained in Annex 3.

12. A Member further requested to provide information on the Government's efforts to combat corruption. The representative of Timor-Leste informed that, on the Transparency International Corruption Index for 2021, Timor-Leste has made good progress overtime and had been ranked 82<sup>nd</sup> out of 180 countries with an increase of eight score points since 2012. He outlined the legislative framework in this area that included: the Penal Code (Decree-Law No. 19/2009 of 8 April 2009), Law No. 3/2004 of 14 April 2004 on "Political Parties", Law No. 2/2009 of 6 May 2009 on "Protection of Witnesses", Resolution by the National Parliament No. 25/2008 of 10 December 2008 on the ratification of UNCAC, Resolution No. 12/2019 of 13 March 2009 on the "Code of Conduct of Members of the Government" and, most recently, Law No. 7/2020 of 26 August 2020 on "Anti-Corruption (Measures to Prevent and Combat against Corruption)". The provisions of these acts were detailed in Annex 4.

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- **Monetary and fiscal policy**

13. The representative of the Government of Timor-Leste informed that relevant laws with respect to the monetary and fiscal policy and the free flow of capital in Timor-Leste were: (i) Decree-Law No. 20/2003 of 13 November 2003 on the Official Currency in Timor-Leste; (ii) Public Instruction No. 4/2009 of 2 September 2009 on Importation and Exportation of Cash; (iii) Law No. 5/2011 of 15 June 2011 on the Central Bank of Timor-Leste (CBTL) Framework; (iv) Law No. 10/2011 of 14 September 2011 which approved the Civil Code (CC); (v) Law No. 17/2011 of 28 December 2011, as amended by Law No. 4/2013 of 14 August 2013, on the Anti-Money Laundering and Counter Financing of Terrorism; and, (vi) CBTL Regulation No. 1/2013 of 6 September 2013 on the Minting and Use of Coins.

14. According to Decree-Law No. 20/2003 and Article 79.1 of Law No. 5/2011, the official currency of Timor-Leste was US Dollar. In addition to the US dollar banknotes, the centavos metallic coins of 1, 5, 10, 25, 50, 100 and 200 centavos circulated in Timor-Leste as the substitute to the US cents. As specified by Decree Law No. 20/2003, these coins, which were issued by the Central Bank of Timor-Leste (CBTL), could become the legal tender and had the authenticity to be utilized in any public or private transactions. However, Timor-Leste still maintained the US Dollar as its sole legal tender because the centavos coins were only usable within the country.

15. Consequently, Timor-Leste did not have its own specific currency policy. It was not yet entrusted with the main instruments aimed at controlling the supply of money, inflation rate, or interest rate in order to ensure price stability. However, the existing regime was viewed as transitory. As per Articles 79.1 and 79.3 of Law No. 5/2011, US Dollar had a mandatory legal tender status in Timor-Leste until a specific currency regime was defined and implemented pursuant to the Constitution. As of 2022, there was no indication of when Timor-Leste might adopt its own currency. The Government had entrusted the CBTL to undertake research to study such a possibility.

16. Once a specific currency regime was developed in Timor-Leste, the powers and responsibilities with respect to the definition and implementation of the monetary policy and the issuance of the country's own currency would be exclusively entrusted to the CBTL (Article 143 of the Constitution). The CBTL was an autonomous entity independent from the Government and the National Parliament. Such independence and autonomy in the performance of its duties were assured, *inter alia*, by the fact that the Governor, Vice-Governors and non-executive members of the Board of Directors of the CBTL could not, as a rule, be removed from office, except under specific grounds as provided for in the relevant legislation (Articles 49 and 50 of Law No. 5/2011).



17. The CBTL's portfolio could include the following foreign assets: (i) gold or other precious metals held under the Bank's custody, including account balances representing gold and other precious metals; (ii) banknotes and coins denominated in freely convertible foreign currencies held or under the Bank's custody; (iii) cash or short-term interbank balances and deposits denominated in freely convertible foreign currencies, and held in the CBTL's accounts, on the books of foreign central banks or international financial institutions; (iv) readily-negotiable debt securities issued or accredited by foreign Governments, central banks, or international financial institutions; (v) bonds with international financial institutions resulting from repurchase, sale and purchase agreements, and securities lending agreements in the case of the debt securities mentioned in (iv); (vi) special drawing rights held in Timor-Leste's account with the International Monetary Fund (IMF); and, (vii) Timor-Leste's reserve position with the IMF.

18. Due to the limitations on monetary policy, aggregate macroeconomic balance primarily depended on fiscal policy. Government expenditure was mainly funded by offshore petroleum production. Consequently, Timor-Leste had minimal government debt. Since independence, the Government had maintained macroeconomic stability with inflation briefly exceeding 10% in 2011 and 2012, but generally kept to single digits. As of December 2021, the inflation in Timor-Leste was 5.3%, on average, with prices increased as compared to December 2020. Meanwhile, the Government's estimated inflation range was 4%-6%, as set out in the Government's Strategic Development Plan.

19. Timor-Leste's public finance was highly dependent on revenues from the oil and gas sector. It corresponded to around 74% of the 2021 State Budget (US\$ 1.88 billion). In this light, in addition to the ongoing economic reform, the Government was implementing a fiscal reform, consisting of two major and complementary interventions, aimed at: (i) generating more financial resources in the framework of a modern tax system, and (ii) having a more balanced budget. To that end, current sources of revenue were being reassessed, along with means to reform expenditure. Specifically, to improve revenue collection, the Government had modernized the legislation by revising the Customs Code in 2017 and was planning to revise the Taxes and Duties Act and to introduce the Value Added Tax (VAT), as two main components of the fiscal reform (as described in Sections "Trade Facilitation" and "Application of internal taxes to imports"). The development of the new policies followed the standards and guidelines of the WTO and ASEAN, as if Timor-Leste was a member of these organizations. All legislation went through a public consultation process with the involvement of the business community, civil society and other stakeholders. As a result of this reform, the Government expected to develop and implement an improved tax collection and administration system, supported by modern information technology (IT), improved service delivery culture, stronger integrity of government officials, and an enhanced accountability system.

- **Foreign exchange and payment system**

20. The representative of Timor-Leste informed that foreign exchange and payment system was controlled by the Central Bank of Timor-Leste (CBTL), which had powers and the responsibilities to define, develop, and adopt applicable foreign exchange rules in the country. In performing its duties as the foreign exchange authority, the CBTL was entitled to carry out foreign exchange transactions and hold and manage official foreign currency reserves.

21. Prices of all goods and services, and the monetary consideration in respect of all other transactions, could be denominated in units of the official currency of Timor-Leste, i.e., all payments arising from or in connection with any contract executed in Timor-Leste, including: (i) payments in connection with any debt or obligation, and (ii) payments owed to or by any public authority in Timor-Leste, had to be made in US Dollars. This did not mean that the parties to a given contract were prevented from denominating the relevant transaction in a foreign currency. However, in such a scenario, the debtor could always make such payments in local currency at the exchange rate of the day on which it was due, except if an express waiver to that possibility was included in the contract.

22. Currently there were no foreign exchange restrictions in force in Timor-Leste, except on the transportation of physical currency to and from the country. Under the current regulations, Public Instruction No. 4/2017 of 28 March 2017 on "Importation and Exportation of Cash", issued by the CBTL, both the importation of cash into Timor-Leste and the exportation of cash out of Timor-Leste in an amount exceeding US\$ 20,000, or its equivalent in foreign currency, required the CBTL's prior authorization. The Public Instruction further stated that if the relevant amount of cash being imported and/or exported exceeded US\$ 5,000, or its equivalent in other currency, but did not exceed US\$ 20,000, or its equivalent in other currency, it had to be declared before the customs officer at the port of arrival and/or departure. Further, no cash importation or exportation in excess of US\$ 150,000, or its equivalent in other currency, was permitted except: (i) when carried out by a bank or financial institution duly licensed to operate in Timor-Leste; and (ii) in exceptional situations, where the restriction on the import or export of cash in excess of US\$ 150,000 was likely to cause serious injury, e.g. in situations of medical emergency, subject to authorization by the CBTL. There were no similar restrictions in respect of wire transfer of funds (irrespective of the currency and amounts in question) into or from bank accounts opened in Timor-Leste, with the exception of Know Your Customer and anti-money-laundering rules.

23. With respect to the procedure applicable for the CBTL's authorizations, the representative of Timor-Leste further specified that applications and accompanying documents (applicant's ID, proof of ownership of cash, etc.) had to be submitted to the CBTL at least five working days before the proposed import/export date. Urgent applications could be submitted in less than five working days. Following fees had to be paid to the CBTL when an application was submitted: (i) for regular applications: US\$ 100; (ii) for urgent applications: US\$ 300. Applications had to be forwarded to:

Central Bank of Timor-Leste  
Financial System Supervision Department  
Licensing and Regulation Division  
Address: avenida Xavier do Amaral 9, Dili, Timor-Leste  
E-mail: dsflicensing@bancocentral.tl

24. The CBTL took decision on authorization before the proposed cash importation/exportation date. For urgent applications for authorizations for exportation of cash, decisions had to be issued 48 hours prior to exportation, for import – 72 hours prior to importation. If CBTL decision was not issued, an application was deemed to be rejected. The authorizations were valid for a single cash import or export and have a maximum validity of 20 working days from the date of issuance.

25. Law No. 17/2011 of 28 December 2011 on Anti-Money Laundering and Counter-Terrorism Financing (AML-CTF), as amended by Law No. 5/2013 of 14 August 2013, was based on some of the fundamental principles and rules of the European model, notably those contemplated by EU Directives No. 2005/60/EC and No. 2006/70/EC. Anti-money-laundering rules had an impact on flows of payments and transfer transactions. In fact, financial institutions were required to refrain from performing transactions (including payments and transfers), regardless of the amount involved, that they suspected to be related to money laundering or financing of terrorism and were to report their suspicions to the Financial Information Unit, which had been created within the CBTL. When financial institutions (and other entities subject to the AML-CTF) carried out one-off transactions in an amount equal to or greater than US\$ 10,000, in one or more apparently linked transactions, they were required to comply with specific identification duties with respect to their customers and beneficial owners of the underlying transaction. The CBTL had developed further guidance on Customer Identification, Record Keeping and Transaction Report as issued in Public Instruction No. 5/2017 of 25 August 2017.

#### **- Investment regime**

26. Timor-Leste's major objectives on investment were to promote and encourage both domestic and foreign investment and to increase the role of the private sector in the country's economic development and diversification, namely by creation of employment opportunities stimulation of export growth. The system of investment attraction and facilitation was a key area for ongoing reform. Private Investment Law No. 15/2017 of 23 August 2017 had superseded Private Investment Laws No. 14/2011 of 28 September 2011 as the main statute governing investment operations by both domestic and foreign investors in the country. This Law had replaced an *ex-ante* screening process for FDIs with sectoral licensing and a limited negative investment list. Government Decree No. 2/2018 detailed the regulation and procedures for private investments in Timor-Leste.

27. The Law was complemented by an Investment Reform Map (IRM) developed by the World Bank in 2016-2017, which was a non-binding policy document outlining promotion and attraction of FDIs in specific sectors of the economy. The IRM suggested the Government of Timor-Leste to target the following priority sectors that could be profitable to investors and had a significant development impact: (i) sustainable tourism (religious and pilgrimage tourism, cultural and historical tourism, eco and marine tourism, agri-tourism and community-based tourism, adventure and sport tourism); (ii) strategic infrastructure (roads, airport, seaport (connectivity); transport and communication (accessibility); energy such as renewable energy (growth)); (iii) construction materials (cement manufacturing, building); (iv) agricultural-based industries (industrial crops (e.g. coffee, coconut, candlenut, maize, rice, cocoa, vanilla); forestry (e.g. sandalwood, teakwood, bamboo); livestock (cattle, goat, pig, chicken)); and (v) agricultural crops (horticulture (e.g. vegetables (broccoli, cauliflower); fruits (banana, mango, avocado, tangerine); legumes (red beans, mungbeans, soybeans, peanuts; spices – peppers, cloves)). Short-term reforms were needed to develop those sectors. The IRM also suggested to target the sectors that could be beneficial for Timor-Leste but were not yet attractive for investors: (i) fisheries; (ii) livestock; (iii) downstream petrochemicals; and (iv) garments. Medium and long-term reforms were needed in these sectors. TradeInvest Timor-Leste, which was the country's Investment and Export Promotion Agency, had been re-focused to concentrate on these sectors. The Government was committed to formalize the IRM with necessary revision to accommodate the current situation and investment environment in Timor-Leste. The revision could include provision of information on subsectors under each targeted priority sector and investment and export trends in Timor-Leste. As for March 2022, it was expected that the revision would be made by the end 2022.

28. Regarding TradeInvest Timor-Leste, he clarified that it acted as the Government's one-stop-shop agency for private investors. Re-established by Decree-Law No. 45/2015 of 30 December 2015, the Agency's main role was to promote, facilitate, monitor and advocate for private investments and exports, by centralizing all administrative procedures that must be followed by investors who wished to enjoy the tax and customs incentives set out in the Private Investment Law. TradeInvest Timor-Leste website (<http://www.tradeinvest.tl>) contained general information about Timor-Leste's investment framework and regulations, as well as the latest investment and export news and descriptions of investment and export opportunities by economic sector and geographical location.

29. He further informed that among the investors' rights and guarantees enshrined in the Private Investment Law were: (i) fair and equitable treatment; (ii) access to courts; (iii) access to information; (iv) land ownership and land use; (v) guarantee against expropriation; (vi) right to import and export; (vii) right to access credit; (viii) overseas transfer of fund; (ix) intellectual property right; (x) secrecy (respect for professional, banking and commercial secrecy); (xi) confidentiality; and (xii) hiring of foreign workers and collaborators. In response to Member's question, the representative of Timor-Leste added that the Law specified that all investors, regardless of nationality, had the same rights and obligations and enjoyed the same level of protection. An exception related to the right to ownership of the land, which was regulated by the Constitution.

30. Specifically, Article 10.3 of the Law provided that all investors enjoyed equal opportunities for accessing the investment incentives. The fiscal (tax and customs) and non-fiscal benefits provided to investors under the Private Investment Law (Articles 29 and 30) included: (i) 100% income tax exemption for a period of between 5 and 10 years, depending on the location of the investment; (ii) for the purpose of determining the tax base, up to 100% of expenses incurred with respect to the construction and repair of road infrastructure not associated with the exercise of taxable business activities, could be considered as costs; (iii) 100% sales tax exemption for a period between 5 to 10 years, depending on the location of the investment, in relation to all capital goods and equipment used in the construction or management of the investment or re-investment project; (iv) 100% services tax exemption, for a period between 5 to 10 years, depending on the location of the investment, in relation to developments geared towards the provisions of specific services; (v) 100% customs duty exemption on imports for a period between 5 to 10 years, depending on the location of the investment, in relation to all capital goods and equipment used in the construction or management of the investment re-investment project; (vi) guarantee of a minimum five work visas for workers or collaborators qualified for supervisory, directing or technical functions as appropriate to the investment project; and (vii) opportunity to lease state/private land for a maximum period of 50 years, renewable for period of 25 up to 100 years.

31. Further, he clarified that, in line with Article 34 of the Law and Government Decree No. 2/2018, the incentives could be granted to investments with a minimum value of US\$ 50,000 (for national investors); US\$ 500,000 (for foreign investors); and US\$ 250,000 (for joint ventures or one of the legal forms of partnership between foreign and national investors in which the latter controlled at least 75% of the share capital of the commercial societies involved). Main criteria for incentive eligibility were: (i) investments and re-investments had to be carried out in the territory of Timor-Leste by national and were likely to contribute to the socio-economic development of Timor-Leste; and (ii) the incentives did not apply to investments made by the state and by public entities. The benefits were provided based on zones (see Table 1). The incentives did not apply to investments made by the State or by public corporations, including investments made by legal persons where more than 50% of their capital was held by the State or by a public corporation (Article 2.3 of the Law).

**Table 1. Special benefits based on zones**

<b>Zone</b>	<b>Tax exemption period</b>
Zone A	5 years for the municipality of Dili, corresponding to the administrative posts of Cristo Rei, Dom Aleixo, Na'i Feto and Vera Cruz
Zone B	8 years for areas corresponding to those located outside the boundaries of the urban area of the municipality of Dili
Zone C	10 years for special zones Oe-Cusse Ambeno and Ataúro

32. The regulatory framework included the provision of incentive certificates (Declarations of Benefits and Special Investment Agreement) and support to investors by granting authorizations, visas, permits and registration, as well as facilitation services provided by TradeInvest. To enjoy the incentives, investors had to receive an incentive certificate from TradeInvest. The following procedure had to be followed: (i) an investor had to submit an application to TradeInvest with other legal documents and an investment plan; (ii) TradeInvest carried out technical analysis of documents and ensured that all necessary documentation was provided; (iii) the documentation was submitted to relevant ministries for appraisal; (iv) ministries could provide technical comments within 6 working days for reflection in TradeInvest's report; (v) the report was submitted to Coordinating Minister for Economic Affairs as supervisory body of TradeInvest; and (vi) decision for granting of investment incentive certificate was made by the Coordinating Minister for Economic Affairs. He informed that fees that had been set under the previous Private Investment Law (US\$ 500 for Timorese nationals and US\$ 2,000 for foreign investors), had been abolished with the entry into force of Law No. 15/2017. No fee was charged for the services of promotion and facilitation of investment rendered, as well as for processing the application for granting declaration of benefits and negotiation of a special investment agreement.

33. He added that, while Timor-Leste was committed to open its economy to foreign investors, it had to maintain a number of restrictions, limitations or prohibitions to FDI entry. The Government had adopted policies that aimed to steer FDI into sectors, municipalities and investment projects that were seen as particularly beneficial to Timor-Leste's economy development and diversification. Annex 5 provides a summary of FDI regulations in Timor-Leste.

34. He further informed that projects of national importance, due to their economic, social, technological and environmental impact could be subject to a special investment agreement regime to be negotiated with the investor and under the special conditions approved by the Government. Article 10.4 of the Private Investment Law provided exceptions from the regime described above for investments which, due to their nature or size, were the subject of special agreements, the investments of nationals which may receive support or more favourable treatment from the State, and favour investments which contribute to national development priorities (defined through the National Strategic Development Plan 2011-2030 (NSDP)), in particular in special economic zones and special industrial areas, as defined in the 2017 Timor-Leste Investment Guide (see Section "Free Zones, Special Economic Areas"). The 2017 Investment Guide would be revised by TradeInvest to accommodate current situation, by 2022.

35. He further clarified that there were restrictions on investment in several sectors (e.g., postal services, public communications (which included journalism activities (research, collection and treatment of information to public), and establishment of news agencies), weapon productions and distribution, or in zones that could affect protected areas) which were primarily reserved for the State. In response to a question from a Member, he added that the Private Investment Law allowed for investments in any economic activity, provided that they were permitted by sectoral law, without requiring a prior authorization in addition to the procedures established by law (Article 9.1), with the exception of economic activities expressly reserved for the exclusive ownership or exploitation of the State (Article 9.2). In line with Article 9.3 of the Law and the relevant sectoral legislation, TradeInvest Timor-Leste had drawn up the list of prohibited or restricted activities and sectors ("Negative List of Investments") following discussions with the Chamber of Commerce and Industry of Timor-Leste (CCI-TL), investors and other economic operators and stakeholders. This list has been provided to the Working Party for consideration. The negative list distinguished between two types of sectors, namely: (i) prohibited/restricted sectors where investment activity was prohibited/restricted for both domestic and foreign investors; and (ii) conditional sectors where investment activity was conditional for foreign investors' participation. The summary of sectorial classification in the negative list can be seen in Table 2. The list was an evolving document, i.e., at any time sectors could be deleted from or added to the list based on relevant legislation.

**Table 2. Summary of the sectorial classification in the Negative List**

<b>Prohibited/restricted for all investors (6 sectors)</b>	<b>Conditional for foreign investors' participation (7 sectors)</b>
1. Criminal activities; 2. Activities related to environmental protection areas; 3. Activities related to offensive of traditional customs; 4. Activities related to arms and ammunition production and distribution; 5. Postal and courier services; 6. Funeral service activities.	1. Activities of public communication services and other media services; 2. Publishing activities for books, periodicals, newspapers and other publishing activities; 3. Urban and suburban passenger land transport activities and other passenger land transport activities; 4. Air transport activities; 5. Air carrier operator activities; 6. Gambling and other recreational activities; 7. Insurance activity.

36. Prospection, exploration, and production of oil and gas, mining activities, and public private partnerships were also subject to specific legal regimes. Thus, prospection, exploration and production of oil and gas were subject to the rules provided for in Law No. 3/2005 on "Petroleum Activities", which set forth the legal regime for all petroleum activities undertaken in the territory of Timor-Leste. The Law established a regulatory regime to allow petroleum companies to develop petroleum resources in the national territory, with the objective to provide benefits to Timor-Leste and its people and to ensure stability and transparency in regulating the development of petroleum resources. Petroleum contracts took the form of production-sharing contracts. Participation of the State in the oil operations was subject to the terms agreed upon with the selected companies in the respective production sharing contracts.

37. Investment in mining activities, including licensing of extractive minerals (mines and quarries) for medium and large mineral extractive activities were subject to a special legal framework defined in Ministerial Diploma No. 64/2016 of 16 November 2016 with its objective to regulate the use of Ornamental Stones, Construction Materials. The legal regime did not apply to small-scale activities undertaken manually by small family economic units, in which the amount of extraction did not exceed 30 tonnes per month.

38. The Mining Code (Law No. 12/2021) had been adopted on 30 June 2021 and entered into force in January 2022. The Code was a comprehensive law that regulated all mining activities including recognition, prospecting, evaluation, development, and exploitation, processing, refining and trading. It regulated administrative procedures for granting licences and authorizations, as well as norms to define concession areas, rights, obligations and rules of inspection and supervision. It covered all phases of mining activities and included provisions on health and safety, environmental protection, inclusion of local content, the labour schemes applicable and penalties, mining registry as well as transparency and good practices. Under the Code, right or permit was awarded following a competitive tender procedure (general rule) or direct award (in exceptional cases). Government could proceed with the direct award in the following cases (Article 11.1 and 11.2): (i) the area to be released was considered as a new area delimitation with insufficient information and data; (ii) the public tender has been deserted; (iii) health, safety and environmental risks are associated with the mining area; (iv) for strategic minerals; (v) in situations of direct award to the national mining company; and, (vi) artisanal mining permits are always assigned by direct contract. The Code would promote and facilitate the discovery and exploitation of mineral resources in order to promote economic and social benefits to the country.

39. He added that investment in Timor-Leste could also be pursued through a Public Private Partnership (PPP). The Legal Framework for PPPs had been approved by Decree Law No. 42/2012 of 7 September 2012, as amended by Decree Law No. 2/2014 of 15 January 2014. The Government ensured participation of the private sector in building public infrastructure in the country on the grounds of public tender, transparency and fair competition. PPP contracts were allowed for design, construction, execution, operation and maintenance of infrastructure. The Law regulated the implementation of PPPs, as well as the approval of PPP procurement procedures in accordance with the respective project cycle (which included the following phases: Initial Phase, Viability Phase, Procurement and Negotiation Phase, and Implementation and Operation Phase).

#### **- State ownership and privatisation**

40. The representative of Timor-Leste informed about the following state-owned enterprises (SOEs) that were in place in Timor-Leste: (i) Public Company for Administration of Airports and Air Navigation of Timor-Leste (ANATL, E.P.); (ii) Timor-Leste's National Oil Company, TIMOR GAP; (iii) Radio and Television of Timor-Leste, Public Enterprise (RTTL, E.P.); (iv) Public Electricity Company of Timor-Leste (EDTL, E.P.); and (v) public enterprise for water supply and sanitation of Timor-Leste – BEE of Timor-Leste (BTL, E.P). Further information on these SOEs is provided in



Annex 6. The SOEs and private sector companies competed on an equal level playing field. The State did not intervene or restrain competition in the sectors where SOEs operated.

41. He further informed that there were currently no Governmental or non-Governmental enterprises, including State Trading Enterprises (STE), Private Enterprises (PE) or marketing boards, with exclusive rights or privileges in export or import operations. In response to Member's question, he clarified that there were no STEs or PEs with exclusive or special rights or privileges in terms of financing as compared to commercial enterprises, whether foreign or domestic. Public funds to STEs were made available by way of public transfers, in exceptional circumstances. He added that the Government observed general principles of non-discriminatory treatment for public policies affecting imports or exports by private traders. He confirmed that such principles would continue to be observed if STEs were created in Timor-Leste in response to market needs not met by the private sector.

42. He added that, Timor-Leste was yet to develop any policy measures in relation to state trading enterprises. He informed that the Government planned to conduct a thorough review of the public policy measures affecting state trading, which were yet to be developed, aiming at ensuring compliance with Article XVII of the GATT 1994 and the maximum transparency possible in notifications obligations, so as to permit a clear appreciation of the manner of operation of the notified enterprises and the effect of their operations on international trade. He added that his Government had established a Commission for Coordination and Monitoring the Institutional Reforms, in accordance with the Government Resolution No. 29/2020 of 19 August 2020. Its mandate was to strengthen and improve public sector management, while safeguarding the role and functions of the public sector. This scope of reform would be extended to public enterprises. As of March 2022, the Commission was developing a roadmap for the implementation of this reform. The roadmap would be submitted to the Working Party once approved by the Council of Ministers.

43. [The representative of Timor-Leste confirmed that Timor-Leste would ensure that all State-owned, State-invested, and other enterprises with special or exclusive privileges would make purchases of goods and services, which were not intended for governmental use, and sales in international trade, based solely on commercial considerations, e.g. price, quality, marketability and availability, and that the enterprises of other WTO Members would have an adequate opportunity in accordance with customary practice to compete for such purchases or sales. In addition, Timor-Leste would not influence, directly or indirectly, commercial decisions on the part of State-owned, State invested, and other enterprises with special or exclusive privileges, including on the quantity, value or country of origin of any goods purchased or sold, except in a manner consistent with the WTO Agreement. The representative of Timor-Leste confirmed that upon accession Timor-Leste would notify and provide information on the activities of all State-owned, State-invested, and other enterprises with special or exclusive privileges in accordance with Article XVII of the General Agreement on Tariffs and Trade 1994 and the Understanding on that Article. He further confirmed that Timor-Leste would notify any enterprise falling within the scope of Article XVII. The Working Party took note of these commitments.]

## - Pricing policy

44. Timor-Leste adopted open economic policies aimed at facilitating business in the country. As a young country, Timor-Leste applied pricing policies as an interim measure, to safeguard normal supply of basic food stuffs at affordable and fair prices for the population. The country imported most of its basic consumption goods from overseas. It was, therefore, crucial for the existing policies to prevent price speculation, lack of supply of essential goods, inflationary price rise and abnormal increase in prices.

45. There were a few legal statutes aimed at ensuring minimum standards or prices in specific sectors, namely: (i) Government Resolution No. 20/2008 of 13 August 2008 on Public Supply of Essential Goods, as amended by Decree-Law No. 27/2019 of 27 August 2019; (ii) Government Decree No. 13/2008 of 13 August 2008, which set forth the Rules for Intervention in Public Supply and Prices; (iii) Decree-Law No. 29/2011 of 20 July 2011, approving the framework on Fair Prices (this statute established the rules applicable to the intervention of the Government in the pricing of certain goods and services deemed essential to the community); (iv) Decree-Law No. 28/2008 of 13 August 2008 on "Public Supply of Essential Goods and Management of the Negative Effects of Inflation"; (v) Ministry of Tourism, Commerce and Industry Ministerial Order No. 6/2008 of 24 December 2008, which sets forth measures to Stabilize Prices, Fight Inflation and Prevent Speculation; (vi) Ministry of Tourism, Commerce and Industry Ministerial Order No. 6/MTCI/III/2011 of 23 March 2011, concerning the Sale Price and Distribution of Locally Produced Maize; (vii) Government Resolution No. 13/2012 of 9 May 2012, which set forth the maximum sales margins of certain essential goods and measures to fight inflation; and (viii) Ministry of Tourism, Commerce and Industry Ministerial Order No. 1/2013 of 30 January 2013 concerning the Intervention over the Public Supply of Rice and Standardization of Prices. The main goal of these statutes was to increase social and economic justice with respect to basic products and to facilitate access to these products through fixing fair prices. The intervention by the Government was done only in exceptional circumstances and was applicable only to certain goods and services that were deemed vital for the subsistence of the country's most vulnerable families. Price interventions were removed following the conclusion of the exceptional circumstances.

46. Pursuant to Decree-Law No. 29/2011, certain products intended for local distribution and sale were currently subject to different types of price controls. The Government intervention was aimed at controlling speculation and mark-up of retail and sales prices in the domestic market at large for: (i) products subject to a maximum price regime – rice; cooking oils; food intended for infants up to one year of age; cement; iron rod for building; gasoline for motor fuel, both in wholesale and retail; diesel for motor fuel, both in wholesale and retail; fuel oils; and, liquefied petroleum gases; and, (ii) products subject to a monitored price regime – sugar (retail); rice (wholesale and retail); corn (import and marketing retail stages); chicken, rooster, hen meat and other offal (import and marketing retail stages); cement (marketing retail stages); taxis and chauffeurs driven hired cars; urban collective transports; interurban collective transports; cooking oils (wholesale and retail); eggs in their natural state (retail); pasta; sand and stones for the building and construction sectors; and, medication to be specified by the Ministry of Health.

47. Members asked for further clarification on the minimum price requirements contained in the statutes indicated in paragraph [45], the scope of goods covered by such statute and the mechanisms used to maintain the prices above market prices. The representative of Timor-Leste responded that there were no policies fixing minimum prices (or price floors) in Timor-Leste. The minimum prices were fixed by inherent market mechanisms. The purpose of the statutes was to limit maximum prices, pursuant to Decree-Law No. 28/2008 that guaranteed the population the ability to obtain essential goods at sustained or subsidized prices. Decree-Law No. 29/2011 of 20 July 2011 on "Fair Price" determined that the prices of goods and services sold or supplied could be subject to the following regimes: (i) fixing the maximum prices for retail sales by wholesalers and sales to the final consumer, i.e. to the public; (ii) establishment of marketing margins; (iii) contracted prices; (iv) monitored prices; (v) free prices, whenever they were not subject to previous regimes.

48. With respect to the exceptional circumstances in which the Government could intervene to fix fair prices, he referred to Article 1.3 of Decree-Law No. 29/2011 that determined the following exceptional circumstances: (i) situations of illicit distortion of market prices through monopolies, cartels or collusion for artificial price setting; (ii) substantial variation of prices with speculative and unjustified profit margins given the national and international climate; (iii) signs of hoarding of basic goods; or (iv) other anomalous situations of market prices which did not justify or which were not within the scope of intervention under the legal regime of public supply. Such circumstances could include, among others, a rise in international food prices, alimentary emergencies (natural disaster, calamity, etc.), market distortions (price speculation etc.), drops in agricultural crop, etc.

49. Pursuant to Article 12 of Decree-Law No. 29/2011 the setting of price regimes was the responsibility of the Prime Minister, or whomever he delegates, based on a proposal from the Ministry of Tourism, Commerce and Industry that defined the scope of goods and services subject to price regimes. The establishment of price regimes had to be announced and published by ministerial order, containing a summary of the grounds of intervention, the term of the same, the products covered, and the specifications referred to in the present diploma. The price regimes were in force until they were expressly superseded and/or replaced by a new ministerial order.

50. In response to Member's question, he elaborated that Decree Law No. 29/2011 listed goods and services that were subject to a fixed marketing margin and a monitored price. However, as per Article 5.2 of the Decree-Law, these goods and services could be subjected to different price regimes, depending on the market conditions. Following products were subject to monitored prices: (i) sugar (retail); (ii) rice (wholesale and retail); (iii) corn (import and retail); (iv) chicken meat (import and retail); (v) cement (retail); (vi) cooking oil (wholesale and retail); (vii) eggs (retail); (viii) pasta; (ix) sand and stones for the building and construction sectors; (x) medication to be specified by the Ministry of Health; and (xi) public transportation services (taxis, rental cars, urban collective transport, inter-urban buses). Table 3 contained the list of products subject to fixed marketing margins.

**Table 3. Products subject to fixed marketing margins**

	<b>Wholesale</b>	<b>Retail</b>
Rice with 5%, or more, broken rice	10%	15%
Rice with 5% more breakage	8%	10%
Food oils	8%	10%
Foodstuffs, natural, powdered, preserved or in any form, intended for infants up to 1 year of age	8%	10%
Cement	10%	15%
Iron rod for civil operation	10%	15%
Engine fuels, irrespective of the lead content, classified by the Timor-Leste Customs Tariff / Combined Nomenclature code 2710.11 at the wholesale and retail sale	-	-
Motor diesel, classified by the Timor-Leste Customs Tariff / Combined Nomenclature code 2710 19 at the wholesaler and retail sale	-	-
Fuel oils having a lead content exceeding 1%, classified by the Timor-Leste Customs Tariff / Combined Nomenclature code 2710 19	-	-
Petroleum gas, classified by the Timor-Leste Customs Tariff / Combined Nomenclature code 2711 13, marketed in the form of bottled	-	-

51. With respect to his Government's plans to reduce its interventions so that enterprises engaged in commercial activities set prices according to commercial considerations, he added that the intervention measures had a temporary character and would not alter the economic system and model from free market competition, as specified in Decree Law No. 28/2008 of 13 August 2008 on "Public Supply of Essential Goods and Management of the Negative Effects of Inflation". The interventions were to be revoked at any moment once the exceptional circumstances returned to normal.

52. The representative of Timor-Leste added that his Government, through the Ministry of Tourism, Commerce and Industry (MTCI), had run the "Povu Kuda, Governu Sosa" (People Cultivate, Government Purchases) Program to stimulate farmers to crop any agricultural products within the national territory. Through this Program, which had been established in 2008 as a measure to respond to the political and economic crisis in Timor-Leste arising since 2006, prices were set for purchasing agricultural commodities from local farmers, applicable only to rice and maize, which were basic cereals for food security in the country. As such, the Government of Timor-Leste had established the price for MTCI to purchase those cereals, as well as the sale price at municipal markets, calculated according to the distance for each municipality. The most recent legal texts on rice and maize were Ministerial Order No. 32/2017 of 17 May 2017 on "Regulation of Price for of Rice for Re-Sale" and Ministerial Order No. 6/MTCI/III/2011 of 23 March 2011 on "Sale Price and Distribution of Locally Produced Maize". The policy had been part of the Government's strategy to encourage domestic production and to address the future food security needs of the country.

53. A Member requested to provide budgetary allocations for this Program as well as the estimated value of agricultural production for the specified crops. In response, the representative of Timor-Leste informed that the Program had been implemented by the private sectors with a minimum capital of US\$ 5,000 to purchase essential products such as rice and maize. The estimated value of agricultural production, in accordance with the FAO report on the positive impact of this support for the essential products (in thousands, US\$), was provided in Table 4. The Program had been terminated in 2012.

**Table 4: Estimated value of agricultural production in Timor-Leste, 2008 - 2012**

<i>US\$, thousand</i>					
<b>Description</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Timor-Leste Yield Cereals, total	14,427	23,155	24,514	25,861	20,899
Timor-Leste Production Cereals	180,430	255,490	261,816	148,080	182,005

54. A Member also asked to describe how purchase prices were set under this Program and what production was eligible for the prices. The representative of Timor-Leste clarified that the purchase prices were set according to market price of the agricultural commodities, whereby the Government purchases rice, maize, beans and other agricultural commodities at a subsidized price, i.e. market price plus transportation costs, in accordance with Decree-Law No. 28/2008 of 13 August 2008 on "Public Supply of Essential Goods and Management of the Negative Effects of Inflation".

55. [The representative of Timor-Leste confirmed that from the date of accession, pricing policy in Timor-Leste would be applied in compliance with the provisions of Articles III:4 and XI:1 of the General Agreement on Tariffs and Trade 1994 and Article 4 of the WTO Agreement on Agriculture. He further stated that in the application of price controls now or in the future, Timor-Leste would apply such measures in a WTO-consistent fashion and take account of the interests of exporting WTO Members as provided for in Article III:9 of the General Agreement on Tariffs and Trade 1994. Timor-Leste would publish the list of goods and services subject to monitoring regimes and any changes to such lists in its Official Gazette. The Working Party took note of these commitments.]

#### **- Competition policy**

56. As a result of Timor-Leste's current level of economic development and private investments, the Government had yet to elaborate its competition policies. Furthermore, as there were limited major corporations or business groups (and no listed companies, as there was currently no securities exchange) that had the ability to control or monopolize sectors of the economy, the country had yet to establish a national competition authority, although certain public policies aimed at regulating specific sectors of the economy had been approved in the past, and in certain economic sectors there were references to the possibility of regulating competition (notably in the telecommunications and petroleum downstream sectors).

57. However, the Government recognized the importance of competition for the strategic development of the economy, both domestically and internationally and promote economic growth and development. For this reason, it had established a working group to discuss and prepare a Competition Promotion Policy, based on international standards. The Policy had been first drafted in 2015 and was undergoing a revision. The three expected outcomes of this Policy were: (i) development of a Competition Law; (ii) development of a Consumer Protection Policy; and (iii) establishment of the National Quality Control Institute of Timor-Leste (NQCI) under the Ministry of Tourism, Commerce and Industry (MTCI). The authorities responsible for the implementation of the Competition Promotion Policy were as follows: (i) the Directorate of External Trade of the MTCI; (ii) the QITL; and (iii) TradeInvest Timor-Leste.

58. Moreover, the National Parliament had passed the Consumer Protection Law No. 8/2016 of 8 July 2016, which established the legal regime for consumer protection and legal assistance, defining the functions of the State, the rights of consumers and the role of consumer associations. The law applied to goods and services supplied, rendered and transmitted by any natural, and legal, national and international, public and private persons, who develop, on a professional basis, activities of production, manufacturing, exporting, importing, construction, distribution, transportation or sale of goods and services, with a view to obtaining benefits. Further discussions were underway to define the main areas to be regulated and the required institutional framework to ensure law enforcement.

### **III. FRAMEWORK FOR MAKING AND ENFORCING POLICIES**

#### **- Powers of executive, legislative and judicial branches of Government**

59. The representative of Timor-Leste informed that the Constitution of the Democratic Republic of Timor-Leste (hereinafter: Constitution) had been approved and decreed on 22 March 2002, at a plenary session of the members of the Constituent Assembly, elected on the 30 August 2001 and acting as the legitimate representatives of the Timorese People.

60. As provided for in the Constitution, Timor-Leste was a rule of law State based on the principle of separation of powers and checks and balances, with three separate coordinated branches: the Legislative, the Executive and the Judiciary (Articles 1 and 69 of the Constitution). In accordance with these principles, four organs of sovereignty existed: (i) the President of the Republic; (ii) the National Parliament; (iii) the Government; and, (iv) the Courts (Article 67 of the Constitution).

61. The President of the Republic was the Head of State and the Supreme Commander of the Defense Force. Articles 74 to 89 of the Constitution defined the role and powers of the President. The President was elected by universal, free, direct, secret and personal suffrage, for a five-year term (Articles 65.1, 75 and 76). He was invested and took oath before the National Assembly and could be re-elected only once (Articles 77.1 and 75.3 of the Constitution). The President had the power to appoint the members of the Government, upon proposal from the Prime Minister (Article 106.2). Among the President's powers was the power to promulgate or veto Laws passed by the National Parliament and Decree Laws approved by the Government (Article 88), and the power to dismiss the Government, if the National Parliament rejected the Government programme for two consecutive times (Article 86(g)).

62. The Government of Timor-Leste was headed by a Prime Minister, who was nominated by the President of the Republic after consultation with the sitting parliamentary parties, considering the electoral results and the existence, or not, of political majority party or partisan coalition or colligation possible (Article 106 of the Constitution). The Government was the supreme organ of public administration responsible for conducting and executing the general policy of the country (Article 103 of the Constitution), including the power to negotiate and prepare for accession to

international treaties (Article 115.1(f) of the Constitution). It was also vested with legislative powers (Article 115.3 of the Constitution).

63. The National Parliament was the legislature of Timor-Leste. It had a unicameral structure and consisted of a minimum 52 and a maximum of 65 representatives elected in secret ballot elections for a five-year mandate (Article 92 and 93 of the Constitution). The Constitution did not limit the number terms that could be served by an elected member of the National Parliament. Under the Constitution, the National Parliament had the power to approve legislation (Articles 95 and 96 of the Constitution), as well as to approve, denounce or ratify international conventions, treaties and other international agreements (Article 95.3(f) of the Constitution). Accordingly, for Timor-Leste to become a WTO Member, the National Parliament would need to ratify the Protocol of Accession in accordance with the Constitution.

64. The representative of Timor-Leste clarified that the Constitution set forth the division between the legislative powers of the National Parliament and the Government. There were: (i) areas where the National Parliament held exclusive competence to pass laws, e.g., the State Plan and the State Budget, territorial division of the country, the electoral law and the referendum system, tax policy, defence and security policy, declaration of state of emergency (Article 95.2 of the Constitution); (ii) areas where the National Parliament had the primary responsibility to legislate or could authorize the Government to legislate, e.g., monetary system, banking and financial system, definition of crimes, sentences, security measures and their respective prerequisites; definition of civil and criminal procedure; organisation of the judiciary and status of magistrates (Article 96.1 of the Constitution); (iii) overlapping areas where both the National Parliament and the Government could legislate which were not identified in the Constitution, such as public procurement rules; and, (iv) areas of exclusive reserve of legislative powers of the Government, e.g., matters concerning the organization and functioning of the Government, including the organization of public administration and creation of autonomous agencies (Article 115.3 of the Constitution). The Parliament adopted its legislative acts in the form of Laws, while the Government enacted Decree Laws. Both Laws and Decree Laws were legislative acts where distinction was one of form and not substance. There was no hierarchy between them. All laws, including those approving, denouncing or ratifying an international convention, treaty or an international agreement, and Decree Laws had to be submitted to the President of the Republic for promulgation (Articles 73, 85(a) and 88.1 of the Constitution) before publishing in the official gazette ("Jornal da República", available at: <http://www.mj.gov.tl/jornal/>). The continuing effect of laws from before independence is explained in Annex 7.

65. He added that Timor-Leste legal system adopted the general or customary principles of international law (Article 9 of the Constitution). Rules provided for in international conventions, treaties and agreements approved or ratified by Timor-Leste applied directly in its internal legal system. All provisions that were contrary to such rules were invalid.

66. [The representative of Timor-Leste confirmed that international treaties and agreements ratified by the National Parliament, including the WTO Agreement, had precedence over domestic

laws. If laws and other acts of Timor-Leste were found to contradict international treaties or agreements, the provisions of the international treaty or agreement, such as the WTO Agreement, would apply. All legislative or regulatory instruments necessary for the application of the WTO provisions would be adopted and enacted upon accession, with the exception of those in the areas where Timor-Leste would be granted transition periods in accordance with its Protocol of Accession. The Working Party took note of these commitments.]

67. In accordance with Article 123 of the Constitution, Timor-Leste judicial system was comprised of: (i) courts of general jurisdiction with the Supreme Court of Justice as the highest court of appeal; (ii) tax and administrative courts with the High Administrative, Tax and Audit Court as the highest court of appeal; and, (iii) military courts. In addition, maritime and arbitration courts could be created. However, the Constitution prohibited the creation of special courts to judge certain categories of criminal offences. Courts were sovereign bodies, independent and subject only to the Constitution and the law (Articles 118 and 119 of the Constitution).

68. The court system of Timor-Leste was still in transition from the pre-independence time. Thus, not all of the judicial institutions envisaged under the Constitution had been created. As of March 2022, the court system continued to consist of four District Courts (in Dili, Baucau, Suai, and Oecussi) which addressed civil, criminal, as well as tax and administrative matters, as courts of first instance, and one Court of Appeal in Dili which handled appeals. Under Law No. 25/2021 of 2 December 2021 on "System of Courts", the Supreme Court of Justice was to be established by December 2023, as the highest judicial body and the guarantor of the uniform application of the law, with jurisdiction on legal, constitutional and electoral matters throughout the territory of Timor-Leste. Thirteen Courts of first instance would be established in municipalities or a special administrative region, to handle civil, criminal and family matters. Four of these Courts would succeed the four existing District Courts. The remaining nine Courts of first instance would be established once the necessary human and financial conditions were in place. Until then, the established courts of first instance could decide to extend their territorial jurisdiction to more than one municipality.

69. Separately, the Audit Court had been established in 2011 by Law No. 9/2011 of 17 August 2011 to supervise public finance and to ensure transparency in public accounts. Under Law No. 25/2021, it would be succeeded by the High Administrative, Fiscal and Audit Court responsible for adjudicating disputes arising out of administrative and fiscal legal relations. Within it, the Audit Chamber would be established. Under this Court, administrative and fiscal courts of first instance would be established. Until then, their competencies were exercised by judicial courts.

- **Government entities responsible for making and implementing policies affecting foreign trade**

70. As per the organigram of the VIII Constitutional Government, approved by the Decree-Law No. 14/2018 of 17 August 2018, as amended by Decree-Law No. 27/2019 of 19 June 2019, trade and other trade-related issues fell under the responsibility of Ministry of Tourism, Commerce, and



Industry (MTCI) and Ministry of Agriculture and Fisheries which were both under the coordination by the Coordinating Minister for Economic Affairs (MCAE).

71. The Coordinating Minister for Economic Affairs (MCAE) supported the Prime Minister in the supervision of the economic policy and it was responsible for coordinating the execution of public policies related to economic development. MCAE directly coordinated the following line ministries and sectors: (i) Ministry of Agriculture and Fisheries; (ii) Ministry of Tourism, Commerce and Industry; (iii) Secretary of State for Vocational Training and Employment; (iv) Secretary of State for Cooperatives; and (v) Secretary of State for the Environment.

72. Trade policy matters were the responsibility of the Ministry of Tourism, Commerce, and Industry (MTCI), which was responsible for developing trade policies on an industry-wide basis, and policies related to tourism and commercial economic activities. It also had competence to develop legal frameworks affecting supply of goods and services.

73. The Ministry of Finance (MF) had the responsibility for drafting, executing, coordinating and assessing the policies for the areas of annual budget and finance planning and monitoring. This included general economic advice for the Government and on the Government tax policies. Laws affecting the levying of customs duties were administered by the Directorate General of Customs, which was a division of the Ministry of Finance, and had the responsibility to oversee Government policies relating to improving the administration of both imports and exports.

74. The Ministry of Agriculture and Fisheries (MAF) had the responsibility for drafting, executing, coordinating and assessing the policies for the areas of agriculture, forestry, fisheries, livestock and quarantine. This included the responsibility for promoting and inspecting food production, including seeds, and to promote the development of fisheries and livestock industry. The Ministry of Agriculture and Fisheries was also responsible for phytosanitary measures.

75. Laws governing private investments (both foreign and national) were administered by the Investment and Export Promotion Agency (TradeInvest Timor-Leste/TITL), an agency that was under MCAE's oversight. This agency, which was re-established through a Decree-Law No. 45/2015 of 30 December 2015, was responsible for promoting, facilitating, monitoring and advocating for private investments and exports and served as a "one-stop-shop" service for private investments and exports in Timor-Leste.

76. Laws pertaining to establishing legal entities were implemented by the Commercial Registration and Verification Service (SERVE), an agency that was also under MCAE's oversight. This agency was fully established under Decree-Law No. 7/2017, as a public institute with the mission of execute and promote policies related to commercial registration and licensing procedures in order to facilitate business environment.

77. The representative of Timor-Leste also informed that his Government planned to establish the Permanent Secretariat on the Accession to the WTO which would focus on WTO matters.

The respective Government Decree defining the structure and competence of the Secretariat was being developed, for adoption by the Council of Ministers.

**- Division of authority between central and sub-central Governments**

78. Timor-Leste was a unitary state with one central Government (Article 1 of the Constitution). It was divided into 12 Municipalities and one Special Administrative Region. Municipalities had been created by Law No. 11/2009 of 7 October 2009, as amended by Law No. 4/2016 of 25 May 2016, although they were yet to become fully operational. They were considered Autonomous Administration of the local Government, even though they did not yet have local legislatures, and were further divided into 67 Administrative Posts which could be sub-divided into Sucos (i.e., villages). The central Government operated administratively in all municipalities, according to Decree Law No. 3/2016 of 16 March 2016. It also defined the competence and functioning of the local Governments (Article 72.2 of the Constitution). As local Governments, the Municipal Authorities and Administrations implemented the decisions of the central Government at the local level, with some degree of autonomy and overseen by the Ministry of State Administration. While they were yet to be fully established, gradually, it was anticipated that they would be directly elected by the respective constituencies, and become real local powers not depending hierarchically on the central Government.

79. In 2014, the National Parliament had created the Oe-Cusse Ambeno Special Administrative Region and established the Oecusse Ambeno and Ataúro Special Social Market Economy Zone aimed at creating the conditions to increase both foreign and local investment in those regions. The Administrative Region's executive bodies had been granted the regulatory, administrative, economic and financial powers, including concession of public services, supervision of certain sectors and expropriation in the public interest, to pursue their objectives (Law No. 3/2014 of 18 June 2014, as amended by the Law No. 3/2019 of 15 August 2019).

**- Description of judicial, arbitral or administrative tribunal or procedures**

80. Since 2008, Timor-Leste had in place administrative procedures that could be used within the Administration before referring a dispute to a court (Decree Law No. 32/2008 of 27 August 2008). Natural and legal persons were entitled to present a claim both before the public entity directly involved in the case and before the supervising authority. Administrative procedures regarding customs decisions were regulated by Articles 67 to 77 of the Customs Code (Decree-Law No. 14/2017 of 5 April 2017).

81. There were no judicial, arbitral or administrative courts or procedures to specifically deal with trade matters. Therefore, conflicts arising with respect to such matters were settled by the judicial courts.

82. On 22 February 2021, the National Parliament had approved the Arbitration Law that had been designed based on the 2006 model of the International Arbitration Law recommended by the UN Commission on International Trade Law (UNCITRAL). This Law had created alternative means

of resolving trade disputes and was set to increase legal certainty and speed in resolving conflicts. It provided a comprehensive set of procedural rules upon which parties could agree for the conduct of arbitral proceedings arising out of their commercial disputes. He added that Timor-Leste was also a member State of the International Centre for Settlement of Investment Disputes (ICSID) and party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention) as provided for in the National Parliament's Resolution No. 14/2016 of 31 August 2016.

83. [The representative of Timor-Leste confirmed that the current constitution, laws and regulations provided the necessary institutional base for the prompt administrative and judicial review of the administrative actions. The representative of Timor-Leste further confirmed that, from the date of accession, Timor-Leste's laws and regulations would provide individuals or enterprises affected by any administrative action subject to WTO provisions, the right to appeal such action, without penalty, both to a higher administrative authority and to the courts or other independent tribunal in conformity with WTO obligations, including those set out in Article X of the General Agreement on Tariffs and Trade 1994, Article 23 of the WTO Agreement on Subsidies and Countervailing Measures, Article 11 of the WTO Agreement on Implementation of Article VII of the GATT 1994, Article 62 of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights and Article VI of the General Agreement on Trade in Services. The tribunals or procedures would also include actions relating to the implementation of national treatment, conformity assessment, the regulation, control, supply or promotion of a service, including the grant or denial of a licence to provide a service and other matters. The tribunals or procedures responsible for such reviews would be impartial and independent of the agency entrusted with administrative enforcement and would not have any substantial interest in the outcome of the matter. The review procedure would include the opportunity for appeal, without penalty, by individuals or enterprises affected by any administrative action subject to review. Notice of the decision on appeal would be given to the appellant and the reasons for such a decision would be provided in writing. The Working Party took note of these commitments.]

#### **IV. POLICIES AFFECTING TRADE IN GOODS**

##### **- Trading rights, registration requirements for engaging in importing and exporting**

84. The representative of Timor-Leste informed that Timor-Leste did not have any specific applicable regulations requiring persons to register in order to engage in import/export activities. However, natural and legal persons importing/exporting on a commercial basis were required to obtain an authorization (licence) issued by the Registry and Business Verification Service (SERVE), in accordance with Decree-Law No. 34/2017 of 27 September 2017 on "Licensing of Economic Activities". This legal framework applied to natural and legal persons, domestic or foreign, aimed at obtaining the licensing for commercial activities regarding wholesale, retail, cumulative commerce, general commerce, imports, exports, services and other commercial activities not regulated by specific legislation.

85. Annexes I to III of this Decree-Law set out the types of business activities based on the lower, medium and higher risk criteria, as reflected in Annexes 8(A) to 8(C). Classification of activities followed international standards adopted by the United Nations Statistics Division (International Standard for Industrial Classification). Importation of goods classified under the lower risk would automatically be granted an authorization. For importation of goods classified under the medium or higher risks, importers were required to obtain sectoral licences based on business activities. Article 10 of Decree-Law No. 16/2017 of 17 May 2017 on "Commercial Registration" set out the criteria and information requirements for obtaining a commercial licence.

86. SERVE acted as a single window by receiving applications from businesses. For medium- and high-risk business activities, there were specific licensing procedures set out by various Ministries and Agencies. In line with Decree-Law No. 34/2017, once applications were received, SERVE sent the documents to the relevant Ministries and Agencies to obtain an authorization / licence subject to the sectoral requirements. Thus, while automatic import licensing system was controlled by a single entity, the non-automatic import licensing system was controlled by sectoral Ministries or Agencies. Depending on the specific requirements by the line Ministries and specific steps that had to be implemented in the authorization process, this procedure could take up to one month. Once business licences were issued, importation of goods could be made immediately.

87. He added that for businesses considered to be medium or high-risk, additional applications for licences could apply, such as sectoral licensing (e.g. mining, infrastructures, aviation, tourism and recreational facilities, telecommunications, etc.), for being activities that require due diligence, environmental impact assessment, and other concerns, to safeguard health and safety issues and the environment. Thus, Decree-Law No. 12/2004 of 26 May 2004 on "Pharmaceutical Activities" subjected imports of pharmaceutical products to health regulations, under the authority of the Ministry of Health. Article 3 of this Decree-Law determined that activities of import (as well as storage, sales in bulk, sales in retail, and export of medicines for human use) could only be exercised by entities duly registered in accordance with the applicable law for registration of businesses and duly licenced by the Regulating Commission of Pharmaceutical Activities pursuant to this Decree-Law, after consultation with the Board of Management pursuant to sub-paragraph (d), item 1, of Article 22 of the Organic Statute of the Ministry of Health.

88. He also informed that at the time of importation, the Directorate of Customs Authority required all commercial importers/exporters to prove they had a Timor-Leste Taxpayer Identification Number (TIN). In addition, companies had to prove they were validly incorporated. This requirement applied to all individuals or companies that engaged in import/export activities on a commercial basis.

89. Individual and Agency Entrepreneurs could apply for company registration at SERVE. There was no cost for businesses or sole traders and companies' registration. In line with Decree-Law No. 16/2017, the following documents had to be submitted: (i) Act of Association (AoA); (ii) shareholders' IDs and, if married, proof of their marriage certificate and/or matrimonial property regime; (iii) shareholders' taxpayer number (if any, otherwise it could be attributed by SERVE at the time of registration); (iv) identification of the corporate bodies; (v) letters of acceptance for each member of the corporate bodies; (vi) documents certifying that the company's capital has been deposited if it was mentioned in the AoA; (vii) map depicting the location of registered offices; and (viii) certified copies of prior authorizations to conduct business, if applicable. The business registration was conducted by SERVE in one to five business days. At the end of the process, the registration documents could be collected at SERVE: registration certificate, which indicates the business or sole trader's and company's registration number, the tax identification number (TIN), the incorporation certificate and the business authorizations / licences.

90. The representative of Timor-Leste added that his Government was revising the Law on "Licensing of Economic Activities" to simplify the licensing procedure, to make it less burdensome and bureaucratic, for implementation in the second half of 2022.

#### **- Trade facilitation**

91. For Timor-Leste, trade facilitation was the tool for accessing outside markets which was essential to propel growth. It was hence engaged on promoting trade facilitation policies aimed at making international trade easier and more efficient. It had embarked on trade facilitation policies in 2016, with the establishment of the National Trade Facilitation Committee (Government Resolution No. 6/2016 of 17 February 2016), as a forum for consultative dialogue between the Government, the private sector and other stakeholders, such as development partners, to provide recommendation for reforms, with the ultimate goal to coordinate efforts and improve trade facilitation. Among the Committee's responsibilities were: (i) to promote the analysis of procedures for import and export and to suggest the adoption harmonization and simplified measures; (ii) to coordinate public consultations and put together recommendations aimed at facilitating import or export; (iii) to support the Government in the implementation of the legislative and procedural reforms to facilitate import and export; and, (iv) to coordinate the work undertaken by all Government entities related to facilitation of import and export. The list of members of the Committee is contained in Annex 9.

92. The Government of Timor-Leste intended to modernize the country's customs framework in order to improve import/export process in Timor-Leste, in the context of the ongoing efforts to modernize the economy and meet the WTO and ASEAN standards. With the assistance of the International Finance Corporation (IFC), the Customs Authority was working on a customs reform. The major goals of this reform were to reduce bureaucracy, increase transparency, and streamline the processes for import and export procedures. In order to achieve these goals, the Government was implementing three main steps: (i) review of the customs legislative framework; (ii) integration of the quarantine and customs services systems (including their computer systems); and, (iii) public discussion in order to allow stakeholder engagement during the implementation phase (Ministries, customs brokers, major importers, etc.).

93. The customs reform process had started with the approval of the 2017 Customs Code (Decree-Law No. 14/2017 of 5 April 2017). The Code reflected the political will of the Government of Timor-Leste in support of trade facilitation and was based on the Kyoto Convention of the World Customs Organization (WCO). The Government therefore expected the Code to be in compliance with the WTO Trade Facilitation Agreement (TFA). It defined customs procedures, adopted customs risk management and promoted integrity and transparency as agreed upon by the Arusha Declaration. It covered, namely: (i) customs control and supervision; (ii) areas subject to customs control; (iii) customs powers; (iv) customs duties; and (v) customs offenses. The Code required for recruitment and training of professionals to implement it. The Code had replaced the following laws: (i) previous Customs Code (Decree-Law No. 11/2004 of 19 May 2004); (ii) Decree-Law No. 9/2004 of 19 May 2004 on "General Rules on the Import, Storage and Movement of Goods Subject to Selective Excise Tax"; (iii) Decree-Law No. 10/2004 of 19 May 2004 on "Tax and Customs Offences"; (iv) Decree-Law No. 15/2005 on "Statute of Licenced Customs Brokers"; and (v) Decree-Law No. 5/2007 of 13 August 2007 on "Regime of Customs and Customs Fund Emoluments". The Code guided all subsidiary customs legislation that needed to be produced (see Annex 10).

94. To further detail the reform, Timor-Leste was developing a National Single Window, to be ultimately positioned as the link between an eventual single window of the Community of Portuguese Speaking Countries (CPLP) and the ASEAN single window, becoming a hub and platform that linked a market of over 2.4 billion people. To this end, The Customs Code contained:

- i. Title V, Chapter I, dealing with Electronic Records and Payments based on United Nations Commission on International Trade Law (UNCITRAL) model laws;
- ii. Article 79 that allowed the Customs Director General to request specific documents or payments be transmitted in electronic form;
- iii. Articles 79 and 80 that allowed the National Director to authorize certain persons to lodge documents in electronic form or to make payments electronically. It provided the National Director the flexibility to modify the authorization in order to adapt to changes in technology;
- iv. Article 82 allowed for electronic signatures, accompanied by a definition of an electronic signature, which was based on the definition in UNCITRAL model laws;
- v. Article 83 that provided for the legal effect and enforceability of electronic documents and electronic signatures;

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- vi. Article 84 that provided for the legal effect of decisions made by the Office of Customs through an automated system;
  - vii. Article 85 that prohibited unauthorized access to the Customs computer systems;
  - viii. Article 86 that allowed for the Director General to prescribe technical requirements relating to electronic records, electronic signatures, and related control processes and procedures.

The Government had adopted the Automated System Customs Data Administration software as the technological platform for all customs procedures and documentation (ASYCUDA-World, as determined by Government Resolution No. 24/2017 of 17 May 2017, same as ASEAN). Customs procedures were moving from being lodged on paper forms to online systems. The implementation of the National Single Window project had started in January 2020. Full implementation was projected for end-2024. The timeline for the implementation of the project is contained in Annex 11.

95. The Office of the Director General of Customs at the Ministry of Finance was working on improving the computer facilities and Internet connections at all ports and the airport in order to allow for staff at those ports to be able to make entries directly into the ASYCUDA system. Thus far, this included work at the following posts: (i) Dili Sea Port, Dili Airport, Baucau Sea Port, Salele – Suai Sea Port, Oecusse Sea Port; and (ii) Land customs posts: Suai-Salele, Oecusse, Maliana.

96. Under the customs reform, through the "Integrated Customs and Quarantine Services" system, in addition to the Database of Importers which already existed in Timor-Leste, the Directorate General of Customs and the IFC also aimed to create an integrated system that reduced the bureaucratic burden and increased the exchange of information between the Customs Authority, Quarantine Services and other relevant Government services, to enable importer/exporter to interact with a single administrative authority throughout the entire import/export process. It was expected that, once ASYCUDA-World was implemented, all information regarding goods that required licences would be stored in the respective database.

97. The Office of the Director General of Customs, with the assistance of the IFC, was seeking to improve the system for giving advance clearance of cargo. As part of this project, IFC was also attempting to improve the capacity of the Office of Quarantine to operate a system for advance clearance of cargo. This project included efforts to establish internal procedures for monitoring instances in which there was some interruption to clearance subsequent to advance clearance having been granted.

98. In response to a question from a Member on the Government's intention to use Time Release Studies (TRS) to identify bottlenecks in import and export procedures, the representative of Timor-Leste agreed that the WCO Time Release Study was an internationally-recognized tool to measure the actual time required for the release and/or clearance of goods, with a view to finding bottlenecks in the trade flow process and taking necessary measures to improve the effectiveness and efficiency of border procedures. The Government of Timor-Leste, through the Customs Authority, would publicize the information and publish the corresponding policy and operational measures to further improve trade facilitation at the border.

99. In response to a question about Timor-Leste's intention to implement the TFA and to categorise its future commitments under the A, B and C categories, the representative of Timor-Leste confirmed that his Government had committed to adhere to the TFA by implementing the ASYCUDA World System since April 2017 to expedite the movement, release and clearance of goods. Nevertheless, recognizing Timor-Leste's status as an LDC, full compliance with the TFA would require strengthening the necessary legal/policy provisions, procedures, infrastructure and human capital. Timor-Leste's proposed categorization of its TFA commitments is provided in Annex 12.

100. [The representative of Timor-Leste took note of the Protocol Amending the Marrakesh Agreement Establishing the World Trade Organization done at Geneva on 27 November 2014 (WT/L/940) (TFA Protocol). This Protocol, which had entered into force on 22 February 2017, had inserted the Agreement on Trade Facilitation into Annex 1A of the WTO Agreement. The representative of Timor-Leste confirmed that his Government would accept the TFA Protocol by virtue of accepting the Protocol of Accession. He further confirmed that Timor-Leste would apply the WTO Agreement on Trade Facilitation from the date of accession, using the categories of commitments as proposed in Annex 12, as a least-developed country. The Working Party took note of these commitments.]

## **A. IMPORT REGULATIONS**

### **- Ordinary customs duties**

101. The representative of Timor-Leste informed that, according to Decree-Law No. 8/2008 of 30 June 2008 "Taxes and Duties Act", his Government provided for a flat import duty rate of 2.5% *ad valorem* on all imported goods, regardless of their classification.

102. In accordance with the Customs Code of Timor-Leste (Decree-Law No. 14/2017 of 5 April 2017), the Customs Tariff of Timor-Leste comprised the Nomenclature of Goods in accordance with the International Convention on the Harmonized Commodity Description and Coding System (HS) of the World Customs Organization (WCO). As such, since a flat import duty rate of 2.5% was applied, there were no other taxes, fees and charges set in relation to each tariff line. Currently, Timor-Leste's Directorate General of Customs used the Tariff Nomenclature in HS 2017.

103. He added that his Government planned to increase the applied duties for agricultural and non-agricultural products in the medium term. The implementation of this plan would be subject to the revision of the Taxes and Duties Act, as per the Action Plan provided in Annex 15, and would be in compliance with the tariff concessions and commitments negotiated with Members.

### **- Other duties and charges**

104. [The representative of Timor-Leste informed that Timor-Leste did not apply any other duties and charges within the meaning of Article II:1(b) of the GATT 1994. He confirmed that Timor-Leste would bind at zero other duties and charges in its Schedule of Concessions and Commitments, pursuant to Article II:1(b) of the GATT 1994. The Working Party took note of this commitment.]



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- **Tariff quotas, tariff exemptions**

105. The representative of Timor-Leste informed that Timor-Leste did not apply any tariff quotas and did not intend to apply any quantitative limits on the volumes of imports.

106. The Taxes and Duties Act provided for a list of goods that were exempted from import duty. This list included exemptions for goods: (i) of a non-commercial nature below a threshold value imported by travellers; (ii) imported under diplomatic and United Nations (UN) exemptions; (iii) imported by charitable organizations; (iv) temporary imports; and (v) a few others, as detailed in Annex 13.

107. Additionally, the Customs Code also provided for relief from import duties for goods, not being of a commercial character, and falling within one of the 11 following categories:

- i. Goods that constituted personal items and household effects imported by individuals transferring their residence, on a definitive basis, to the customs territory of Timor-Leste, provided that such goods had been in the custody of such individuals and that, where they were durable goods, had been utilised by the same individuals in their previous habitual residence for at least six months before the date on which they abandoned such residence in the third country of departure and that such goods were intended for use for the same purposes in their new habitual residence;
- ii. Movable goods, layettes and gifts imported on the occasion of a wedding, provided that they belonged to one or to the two members of the couple that, as a consequence of the wedding, transferred their habitual residence to Timor-Leste;
- iii. Personal goods acquired by succession;
- iv. Shipments sent from private individuals to private individuals, of insignificant value, which were sent directly from a foreign country to an addressee in Timor-Leste;
- v. Goods contained in the personal luggage of travellers, provided that they were occasional importations and were devoid of commercial character, the limits of which were laid down in the Decree-Law No. 10/2003 of 22 July 2003;
- vi. Instruments, objects, scientific apparatuses and other instruments of educational, cultural or pedagogical character intended for public establishments or bodies, or public utilities, as long as these entities were legally recognised as such and the importations were authorised by the Minister of Planning and Finance or his or her representative;
- vii. Gifts received in the framework of international relations, provided that such gifts had been imported by people who had made an official visit to a foreign country or by people who visited Timor-Leste and brought gifts for the authorities hosting them, or that such gifts were sent as a sign of friendship to a public authority, to a community, to a body, or to groups undertaking activities of public interest;
- viii. Goods constituting gifts offered to Heads of State or to people enjoying similar prerogatives in the international arena, or goods intended for use or for consumption during the official stay of foreign Heads of State, within the limits and conditions to be established by the Customs Authority;
- ix. Machines and apparatuses imported solely for exhibitions and fairs, as well as materials intended to assemble or decorate provisional pavilions in fairs or exhibitions;
- x. Prospects, brochures, books, magazines, guides, maps or photographs intended to promote tourism; or
- xi. Publications from foreign Governments and international organisations intended for free distribution as well as documents sent free of charge to public services.

108. In response to Member's question in relation to category (iv) that referred to shipments of insignificant value, he clarified that Article 278(2) of the Customs Code referred to goods without commercial value, i.e., whose value did not exceed the statistical threshold, as defined in the Tax Law. The Government, through the VAT Commission, had revised the VAT Law with a possibility to set the threshold value of US\$ 500. This draft law was in the pipeline for the Government's approval in line with the Action Plan in Annex 15.

109. [The representative of Timor-Leste confirmed that any tariff rate quotas, if introduced in the future, would be applied and administered in conformity with WTO rules and regulations, including MFN and national treatment provisions. He also confirmed that upon accession to the WTO, any tariff exemptions would only be implemented in conformity with the relevant WTO provisions including Article I of the General Agreement on Tariffs and Trade 1994 and the WTO Agreement on Trade-Related Investment Measures. The Working Party took note of these commitments.]

**- Fees and charges for services rendered**

110. The Customs Authority collected fees and charges for services rendered in accordance with the Customs Code, which established the regime of customs and customs fund emoluments, as provided in Annex 14.

111. Article 66 of Decree-Law No. 21/2003 of 31 December 2003 "On Quarantine and Sanitary Controls on Goods Imported and Exported" authorized the Ministry of Agriculture and Fisheries and the Ministry of Finance to issue a joint Ministerial Statute defining the service fees for granting import licences, issuance of certificates or any other fees for services. To date, no action had been taken on introducing such fees.

112. [The representative of Timor-Leste confirmed that, from the date of accession, all fees and charges for services rendered, applied on or in connection with importation or exportation, would conform with the provisions of the WTO Agreement, in particular Articles VIII and X of the GATT 1994. The Working Party took note of this commitment.]

**- Quantitative import restrictions, including prohibitions, quotas and licensing systems**

113. The representative of Timor-Leste informed that, as elaborated in section "Sanitary and phytosanitary measures", for public health reasons, the importation of the following products was prohibited: (i) any proteins for animal feeding containing meat powder, bone powder, blood powder, or fat from mammal tissues; (ii) poultry powder for ruminant feeding; (iii) any products from cows, sheep, or goats showing clinical signs of spongiform encephalopathy; (iv) any animals or any products of any animals showing clinical symptoms of certain diseases including, for example, foot-and-mouth disease and bird flu; and (v) non-transformed fat. Importations of: (i) items listed in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES, Article 72); (ii) items originating from a country or areas where there was an ongoing occurrence of quarantine-related plagues or diseases (Article 72); and (iii) exotic seeds included in a list to be

approved by a Ministerial Diploma (Article 82) were also prohibited. There were no other quantitative import restrictions, including prohibitions and quotas.

114. In response to Member's question, the representative of Timor-Leste confirmed that there were no quantitative restrictions on the import of alcoholic beverages, including spirits, wine and beer. At the same time, the Annual Budget Law for 2021 (Law No. 14/2020 of 29 December 2020, as amended by Law No. 8/2021 of 3 May 2021) specified excise taxes on alcoholic beverages, as described in section "Application of Internal Taxed to Imports".

**- Import licensing procedures**

115. The representative of Timor-Leste informed that his Government did not operate any general system requiring licences in order to import goods. At the same time, legal and natural persons importing goods on a commercial basis were required to obtain a business authorization (licence) under Decree-Law No. 34/2017 of 27 September 2017 on "Licensing of Economic Activities", as described in section on "Trading rights, registration requirements for engaging in importing and exporting". He added that the information on the existing licensing regime was detailed in document WT/ACC/TLS/10.

116. A Member asked to provide information on the roles of the ministries and agencies involved in the licensing process, as well as the procedures for how Timor-Leste handled import and export-related emergencies (i.e., a denial of imported goods into the country). The representative of Timor-Leste said that in any situation of import and export-related issues, including emergencies, there were several Ministries with authority to deny imports of goods into the country, or exports from the country, whose legal procedures were detailed in relevant Decree-Laws according to the structure established by Decree-Law No. 14/2018 of 17 August 2018, "Organic Law of the VIII Constitutional Government of Timor-Leste". These were: (i) Ministry of Agriculture and Fisheries (animal and plant products), (ii) Ministry of Health (pharmaceutical products), (iii) Ministry of Defence (explosive products for civil construction, oil and mineral activities), (iv) State Secretary for Environment (refrigerators), and (v) Ministry of Transport and Telecommunications (motor vehicles).

117. He added that the Customs Authority operated under the Ministry of Finance and was regulated by Decree-Law No. 2/2020 of 8 January 2020 on "Organic Law of the Customs Authority (CA)". Article 3 of the Decree-Law determined that the Customs Authority had the general mission of exercising control over the entire national customs territory for tax, economic and social protection purposes, namely in the field of public safety, environment, culture and health, as well as administering tax collection and customs and other fees that are legally committed. The Customs Authority enforced the Customs Code which established the general rules and procedures for the import and export of goods (including denial of imported goods in the country), their movement and use in the customs territory, the control of passengers and the Customs' administrative and enforcement powers. (Article 1.1 of the Code). Customs powers were detailed in Title III of the Code.

118. As described in section on "Sanitary and phytosanitary measures", by force of Article 1 of Decree-Law No. 21/2003 of 31 December 2003 on "Quarantine and Sanitary Control on Imported and Exported Goods", the imports of plant and animal products were subject to the quarantine regulations. The Directorate of Quarantine Services and Biosecurity under the Ministry of Agriculture and Fisheries dealt with the issues related to the monitoring of the implementation and compliance with laws and regulations, applicable to phyto- and zoo-sanitary control and quarantine, including issuance of import permits. Per Article 14 of the Decree-Law, the following items were subject to import permits: (i) live animals; (ii) live plants; (iii) animal or vegetal products as specified by law; (iv) any other good, or merchandise, animal or vegetal organism as specified by law.

119. Licensed imports (as well as manufacture, import, export, trade, transport and use) of arms and explosives were subject to licence and prior inspections which were carried out with support from the National Police of Timor-Leste (PNTL), according to Article 20(c) of Decree-Law No. 9/2009 of 18 February 2009 and Decree-Law No. 7/2020 of 19 February 2020 on Import, Transport, Storage, and Use of Explosive Products for Civil Construction, Petroleum and Mineral Activities. The PNTL operated under the Ministry of the Interior.

120. [The representative of Timor-Leste confirmed that, from the date of accession, Timor-Leste would not introduce, reintroduce or apply quantitative restrictions on imports or other non-tariff measures such as quotas, bans, permits, prior authorization requirements, licensing requirements or other requirements or restrictions having equivalent effect that could not be justified under the provisions of the WTO Agreement. The import licensing regime would be fully in accordance with all relevant provisions of the WTO Agreement, including the WTO Agreement on Import Licensing Procedures. He further confirmed that the legal authority of his Government to suspend imports or to apply licensing requirements that could be used to suspend, ban or otherwise restrict the quantity of trade would be applied in conformity with the provisions of WTO Agreement, including the General Agreement on Tariffs and Trade 1994, the WTO Agreements on Import Licensing Procedures and Safeguards, and the Understanding on Balance-of-Payments Provisions of the GATT 1994. The Working Party took note of these commitments.]

#### **- Customs valuation**

121. The representative of Timor-Leste informed that the Customs Code (Decree-Law No. 14/2017 of 5 April 2017) provided for customs valuation in Title VII, Chapter IV on the "Value of Goods for Customs Purposes", comprising Articles 97 to 101 and Schedule I, which closely followed the rules in the WTO Agreement on Customs Valuation, including its interpretative notes. The requirement of the Customs Code was to use transaction value wherever possible, while making allowance for situations in which the invoiced price appeared to be inauthentic. Where the value of an imported good as indicated in the invoice was lower than the fair market value of the same good, the Customs Authority could calculate the fair market value of the transaction by referring to the value of similar transactions among parties operating on a commercial basis (Article 97.1). Articles 92.2 and 92.3 provided for adjustments to the transaction value in line with Article 8 of the WTO Agreement on Implementation of Article VII of the GATT 1994 (WTO Agreement on Customs

Valuation). The Government of Timor-Leste was taking steps so that its customs valuation law and practice operated in a manner fully consistent with the WTO Agreement on Customs Valuation. The Directorate General of Customs had implemented an advance ruling system through which traders could request a ruling with regard to the application of customs valuation criteria for a particular case in accordance with the provisions of the WTO Agreement on Customs Valuation. Detailed information on the implementation and administration of the WTO Agreement on Customs Valuation is contained in document WT/ACC/TLS/8.

122. A Member asked to clarify the meaning of "fair market value" and "value of similar transactions among parties operating on a commercial basis". With respect to situations in which the invoiced price appeared to be inauthentic and the Customs Authority could calculate the fair market value of the transaction by referring to the value of similar transactions among parties operating on a commercial basis, a Member enquired if this could be the cause to deny the transaction value method or not. The representative of Timor-Leste clarified that Article 97 provided that the customs value of the goods was the transaction value, i.e. the price actually paid or payable for the goods when they were sold for export to the country of importation. When the Customs Authority had a reason to doubt the truth or accuracy of the declared customs value and, after having attempted to obtain a further explanation or evidence that the declared customs value represented the total amount paid or payable for the imported goods, Clause 2(5), Schedule I required the Customs Authority to determine the customs value of the goods through the sequential use of the following methods of valuation: (i) transaction value of identical goods (Clause 4); (ii) transaction value of similar goods (Clause 5); (iii) deductive value (Clause 6); (iv) computed value (Clause 7); (v) residual research basis (fallback, Clause 8). Pursuant to Clause 2(6) of Schedule I, at the written request of the importer addressed to the Customs Authority, the order of application of Clause 6 (deductive value) and Clause 7 (computed value) may be reversed. He added his Government welcomed indications for improvement of the Customs Code, to ensure full compliance with the WTO Customs Valuation Agreement.

123. A Member further asked if the Government of Timor-Leste intended to adopt additional legislation concerning the valuation of lost or damaged goods. The representative of Timor-Leste confirmed that Schedule I of the Customs Code did not define any special provisions or practical arrangements on the valuation of lost or damaged goods. However, there were general principles defined in Article 201(2) of the Code that the authorized warehouse keeper was be responsible for the payment of the duties and other charges relating to missing goods, namely by theft or robbery, without prejudice to the possible procedure for tax violation, under the law. He further confirmed that the customs valuation methods are applied in hierarchical order in accordance with Article 98 of the Code which applies to all imported goods, including damaged goods. His Government intended to develop legislation concerning the valuation of lost or damaged goods.

124. A Member underlined that Article 10 of the WTO Agreement on Customs Valuation provided that all information which was provided on a confidential basis for the purposes of customs valuation could not be disclosed by the Customs Authority without the specific permission of the person or

government providing such information except to the extent it was required to be disclosed in the context of judicial proceedings. Accordingly, a Member asked to clarify which laws of Timor-Leste provided an exception to the confidentiality requirement per Article 17.3 of the Customs Code. The representative of Timor-Leste responded that, according to Article 17 of the Code, customs officers were bound to professional confidentiality regarding confidential facts, information and documents that became known to them while performing their duties. The confidentiality obligation ceased when the disclosure of facts, information or confidential documents had been expressly authorized by the person or entity that provided them, or when ordered by court in judicial proceedings or required by another authority duly mandated by law (Decree-Law No. 19/2009 of 8 April 2009 "Penal Code"; Law No. 17/2011 of 28 December 2011 on "Anti-Money Laundering and Counter Financing of Terrorism").

125. A Member enquired if Article 69 of the Customs Code provided for the right of appeal without penalty in accordance with Article 11.1 of the WTO Agreement on Customs Valuation. The representative of Timor-Leste confirmed that this was the case. An appeal could first be made to a higher level in the customs administration, but the importer had the right in the final instance to appeal to the judiciary. He further clarified that Article 69 provided for two types of appeal on Customs decisions: (i) administrative appeal addressed to the Minister, which fell on customs decisions or on the final decision of the Director-General regarding a complaint; and (ii) in the course of a customs litigation process, where a judicial appeal could be made to the competent court and fell on the final decision of the Director-General and that of the Minister. Pursuant to Article 70.1(a) of the Customs Code, decisions or acts of customs on the customs value of the goods were subject to appeal, in particular: decisions on customs duties and other charges on goods, including all conclusions or determinations underlying tariff classification, country of origin and customs value thereof. Any person who requested a decision from the customs authorities and not get a reply within 30 days could lodge an appeal. In accordance with Article 73 of the Customs Code, the time limit for filing an administrative appeal was 30 days after notification of Customs decisions. Upon receipt of the administrative appeal, the competent authority had to review and confirm, amend or annul the contested decision (Article 74.3). If the contested decision was amended or modified, customs had to immediately reimburse or refund any customs duties, other charges or administrative penalties which had been levied in excess (Article 77.2).

126. With reference to Article 172.2(b) of the Customs Code, a Member asked what other charges may be payable on the goods. The representative of Timor-Leste responded that all charges that were payable on the goods included: customs duties, sales tax and excise duties (only applicable to the goods listed in Annex II of Taxes and Duties Act No. 8/2008), as described in relevant sections of this Report. There were no other charges.

127. A Member asked to clarify whether Decision 3.1 on the Treatment of Interest Charges in the Customs Value of Imported Goods applied regardless of whether the finance was provided by the seller, a bank or another natural or legal person, and whether it applied where goods were valued under a method other than the transaction value. The representative of Timor-Leste informed that

according to Clause 1(5) of Schedule I of the Customs Code, interest on a financial agreement concluded by the buyer relating to the purchase of imported goods could not be considered as part of the customs value in any case where: (i) the interest rates were different from the price actually paid or payable for the goods; (ii) such goods were actually sold at the price stated as the price actually paid or payable; and (iii) the buyer, if required, could demonstrate that the financial agreement was concluded in writing. The declared interest rate did not exceed the value practiced at that time for such transactions in the country where the financing was granted. He confirmed that his Government was ready to amend its legislation to fully reflect the requirements of the Decision.

128. A Member asked to identify provisions implementing Articles 1.2(a) and 1.2(c) of the WTO Agreement on Customs Valuation concerning related parties. The representative of Timor-Leste responded that Clauses 1-3 of Schedule I of the Customs Code contained such provisions. Pursuant to Clause 1(2) of Schedule I of the Customs Code, persons were deemed to be related if: (i) they were employees and business managers of each other; (ii) they were legally recognized partners in a business; (iii) they are an employer and employee; (iv) he/she was a person who owns, controls or holds 5% or more of the voting rights or shares of both; (v) one of them directly or indirectly controlled the other; (vi) both were directly or indirectly controlled by a third person; (vii) together they directly or indirectly controlled a third person; (viii) they were members of the same family (up to the fourth degree). Persons were considered from the same family when: (a) they had kinship relationship up to the fourth degree; (b) they were married or maintain a civil union or *de facto* union with one another or if one was married, maintains a civil union or *de facto* union with a person having a kinship relationship up to the fourth degree with the other; (c) a person has been adopted as the child of another person or of a person with whom that person maintains a relationship of kinship up to the third degree.

129. He referred to Clause 2(1)(d) of the Customs Code which specified that the customs value of the imported goods should be their transaction value, if the buyer and seller of the goods were not related at the time the goods were sold for export or, if the buyer and seller were related at that time, but their relationship did not influence the price paid or payable for the goods; and, the importer showed that the value of the transaction of the goods complies with the requirements set forth in Clause 2(2) regarding the sales between related persons. The importer had provide evidence that the transaction value of the goods subject to evaluation, taking into account any relevant factors, significantly approximated the customs value of other goods exported at the same time, or in close proximity, to the value of the goods under evaluation, being: (a) the transaction value of the identical or similar goods with respect to the sale of such goods for export to Timor-Leste between a seller and a buyer which were not related at the time of sale; (b) the deductible value of the identical or similar goods; (c) the calculated value of identical or similar goods.

130. He further explained that in line with Clause 2(3) of Schedule I of the Customs Code, when the Customs Authority was of the opinion that the relationship between the buyer and seller of any goods influenced the price paid or payable for the goods, the Customs Authority notified the importer in writing requesting for the reasons that made it form such an opinion, giving the importer

a reasonable chance to present documentation to Customs that prove the relationship did not influence such price.

131. A Member further asked to identify provisions which implemented Article 6.2 of the WTO Agreement on Customs Valuation concerning computed value of appraisement. The representative of Timor-Leste responded that Schedule I of the Customs Code did not define provision for requiring or compelling any person not resident in its own territory to produce for examination, or to allow access to, any account or other record for the purposes of determining a computed value. Clause 7(4) of Schedule I provided that the amount of profit and general expenses required to determine the computed value of goods had to be calculated on a percentage basis and determined on the basis of the information prepared in a manner consistent with the generally accepted accounting principles of the country of production of the goods, which was provided by or on behalf of the importer of the goods subject to assessment. When the information provided was not sufficient, the Customs Authority could obtain sufficient information by verifying the sales for export to Timor-Leste of the more specific group or variety of goods of the same class or type of goods to obtain more information.

132. A Member noted that Article 14 of the WTO Agreement on Customs Valuation stated that the Interpretative Notes at Annex I and the notes in Annexes II and III formed an integral part of the Agreement, and that articles of the Agreement were to be read and applied in conjunction with their respective interpretative notes. However, it did not appear that all of the Interpretative Notes had been implemented in the Customs Code of Timor-Leste. A Member enquired how and when the Government of Timor-Leste intended to incorporate all Interpretative Notes into its legislation. In response, the representative of Timor-Leste said that, while the Interpretative Notes may not be fully reflected in the Customs Code, his Government was ready to amend legislation to reflect them. The Customs Authority intended to develop a Decree-Law adopting the Interpretative Notes in full..

#### **- Rules of origin**

133. The representative of Timor-Leste informed that his Government did not apply rules of origin as its measures affecting imports did not discriminate between imported goods based on their origin. Same import customs duty rates applied to all products regardless of their source. The Directorate General of Customs determined the payable duty by valuating the goods and did not need to determine the country of origin of the goods. Accordingly, the Taxes and Duties Act did not contain any rules for determining the origin of goods.

134. Articles 94 to 96 of the Customs Code (Decree-Law No. 14/2017 of 5 April 2017) contained general rules of classification of goods by country of origin and requirements for certification of origin. Government of Timor-Leste was keen to comply with the provisions of the WTO Agreement on Rules of Origin, and was planning to develop, with technical assistance support, the domestic legal framework for that. He added that certificates of origin were requested for the importation of goods subject to SPS requirements, as described in section on "Sanitary and phytosanitary measures".



135. [The representative of Timor-Leste stated that, from the date of accession, Timor-Leste's laws and regulations for preferential and non-preferential rules of origin would comply fully with the WTO Agreement on Rules of Origin. He further confirmed that Timor-Leste's rules of origin would be established in law and notified to the WTO Committee on Rules of Origin. The Working Party took note of these commitments.]

**- Pre-Shipment inspection**

136. Timor-Leste did not operate a system for conducting pre-shipment inspection and had no plans to do so, as it was putting in place a trade facilitation system in accordance with ASEAN standards, WTO and WCO requirements.

137. [The representative of Timor-Leste stated that if pre-shipment inspection requirements were introduced, they would be temporary and in conformity with the requirements of the Agreement on Pre-shipment Inspection. Timor-Leste would take responsibility to ensure that the operations of any pre-shipment inspection companies it retained would meet the requirements of the WTO Agreements. The Working Party took note of these commitments.]

**- Other customs formalities**

138. The representative of Timor-Leste added that Timor-Leste was a member of the World Customs Organization (WCO), since 19 September 2003. It was not yet a party to the International Convention on the Simplification and Harmonization of Customs Procedures, as amended on 3 February 2006 (Revised Kyoto Convention) but based its customs practices on international standards such as ones established by this Convention.

**- Application of internal taxes on imports**

139. The following taxes were applied in Timor-Leste: (i) income tax, (ii) services tax, (iii) excise tax, (iv) sales tax, and (v) withholding tax. The latter three taxes were applied to imports and collected at the time of importation.

140. Excise tax was charged on products listed in Schedule II of the Taxes and Duties Act. The list included: (i) alcoholic beverages, including stout beer with an alcohol content of less than 4.5% (US\$ 2.50/liter), malt beer with other alcohol content (US\$ 3.50/liter), wine, vermouth and other fermented beverages (US\$ 3.50/liter); (ii) ethylic alcohol (US\$ 8.90/liter); (iii) tobacco and tobacco related products (US\$ 19.90/kilogram); (iv) gasoline, petroleum and other related petroleum products (US\$ 0.60/liter); (v) luxury cars (35%); (vi) arms and munitions (200%); (vii) lighters for smokers (12%); (viii) smoking pipes (12%); and (ix) recreational boats and private aircrafts (20%). Tax rates for (i) and (vi) were set in Annual Budget Laws.

141. According to Articles 10.1 and 10.2 of the Taxes and Duties Act, excise tax was equally charged on both locally manufactured and imported products. For locally manufactured products, the excise tax was payable when the goods were removed from a registered manufacturer's warehouse. For imported goods, the excise tax was payable at the time of release of the imported products into circulation. Goods exported from Timor-Leste within 28 days after their production or import were not subject to excise tax. To be exempted from the tax, a taxpayer had to submit to documentation proving the export of the said goods to the Central Bank of Timor-Leste (CBTL). It was anticipated that the excise tax would be maintained as part the ongoing Fiscal Reform.

142. Sales tax was charged on sales of goods and services by persons whose monthly turnover exceeded the threshold specified in Schedule III of the Taxes and Duties Act - which was zero as the Schedule did not specify a threshold. Article 15 and Schedule III of the Act provided that the tax applied to: (i) taxable goods imported into Timor-Leste (2.5%); (ii) taxable goods sold in Timor-Leste on or after the date to be specified by the National Parliament (0%); or (iii) taxable services provided in Timor-Leste on or after the date to be specified by the National Parliament (0%). For imported goods, the sales tax was payable at the time of release of the imported products into circulation. Goods exempted from import duties under the Taxes and Duties Act, or subject to total or partial exemption under the Customs Code, as specified in paragraphs [106] and [107], were exempt from sales tax under Article 16 of the Taxes and Duties Act.

143. The representative of Timor-Leste added that his Government was aware that the provisions on the sales tax imposed on imported products, but not on locally produced goods, were inconsistent with the national treatment requirement in Article III of the GATT 1994. It was anticipated that the ongoing Fiscal Reform would replace the sales tax with a value-added tax (VAT) which would be levied equally on both imported and locally produced goods.

144. Payments made by resident entities for goods acquired from non-resident suppliers were subject to a 10% withholding tax ("WHT") from the gross amount of the payment, as provided in Article 57 of the Taxes and Duties Act. This regulation was being revised under the new VAT regime, since it violated Article III of the GATT 1994 on non-discriminatory application of taxes.

145. With respect to the VAT, the representative of Timor-Leste clarified that it was the Government's intention to introduce this tax as part of the ongoing Fiscal Reform by revising Law No. 8/2008 of 30 June 2008 on "Taxes and Duties Act" and approving a new VAT Law and a Tax Proceedings Code, aiming at achieving the following objectives: (i) modernizing the tax system and improving tax collection, by generating information on the key elements of value added (wages and profits) and improving record keeping; and (ii) raising revenue more efficiently, by reducing the number of tax instruments that the Government has to manage in order to collect a given level of revenue. In so doing, Timor-Leste would consider replacing the sales tax, the withholding tax and the service tax with the VAT; (iii) creating a level-playing field and reducing the cost of doing business, through its incidence on consumption and creating incentives for compliance that were even across all sectors of the economy; (iv) improving the business environment and attracting investment, by inducing increased transparency in transactions and turning the country into a *de-*

*facto* tax-free zone for exports; and (v) reducing informality in the economy, by granting credit/refund mechanisms to the informal sector. Such mechanisms would serve as incentives for the informal sector to come into the VAT net. Efficient coverage of the value chain would be ensured, and the threshold would be set at the adequate level.

146. To meet these objectives, the Government of Timor-Leste was considering a relatively simple VAT system, comprising the following characteristics: (i) a consumption-based VAT, with the tax falling on final consumers, including issuance of credits to businesses for taxes paid on the purchase of capital goods; (ii) covering all goods and services that enter into the value chain, thus realizing the full incentive effect, with full information to be able to make refunds or credits on exports; (iii) single rate for VAT, to avoid "cheating" and ease complexity of administration; (iv) zero-rating limited to exports, working as a tool to attract FDI and turning Timor-Leste into a duty-free zone; and, (v) exemption limited to non-processed foods, which do not enter the value chain and can therefore be exempted, benefiting more than 60% of most vulnerable families' consumption in Timor-Leste.

147. In response to Member's question, he added that the legislative process for approval of the VAT Law had started back in 2017. Since December 2020, that a joint fiscal and public financial management reform package was being revisited by the Ministry of Finance through the Tax Authority. It planned to seek opinions, comments and feedback from the public, including from legal firms, on the draft VAT Law prior to its submission to the Council of Ministers and the National Parliament, in the second half of 2022 and in the first half of 2023, respectively. He confirmed that the draft VAT Law would be submitted to the Working Party prior to Timor-Leste's accession to the WTO. The action plan for revision of the Taxes and Duties Act and approval of the VAT Law and the Tax Proceedings Code is contained in Annex 15.

148. [The representative of Timor-Leste confirmed that by 2025 Timor-Leste's laws, regulations and other measures relating to internal taxes and charges levied on imports would be in full conformity with its WTO obligations, including Article III of GATT 1994, and that it would implement such laws, regulations and other measures in full conformity with those obligations. The Working Party took note of these commitments.]

**- Anti-dumping, countervailing duties, safeguard regimes**

149. The representative of Timor-Leste informed that Timor-Leste did not have any anti-dumping, countervailing duties or safeguard regime. There was political will of the Government to engage and comply with the provisions of the WTO Agreement on Implementation of Article VI of the GATT 1994 (Anti-dumping Agreement), the WTO Agreement on Subsidies and Countervailing Measures (SCM Agreement) and the WTO Agreement on Safeguards. Legislation on trade remedy measures would be developed by 4<sup>th</sup> quarter of 2022.

150. A Member requested the Government of Timor-Leste to commit not to impose any antidumping, countervailing or safeguard measures, including the initiation of any investigations, until its authorities and legislation were notified to the appropriate WTO Committees.

The representative of Timor-Leste responded that as Timor-Leste did not have any anti-dumping, countervailing or safeguard framework in place, any policy decisions on such actions could be taken once the appropriate, WTO-consistent legislation was enacted.

151. [The representative of Timor-Leste confirmed that his Government would not apply any anti-dumping, countervailing or safeguard measures until it had implemented and notified to the WTO appropriate laws consistent with the provisions of the WTO Agreement on Safeguards, the WTO Agreement on the Implementation of Article VI of the GATT 1994, and the WTO Agreement on Subsidies and Countervailing Measures. Timor-Leste would ensure the full conformity of any such legislation with the relevant WTO provisions, including Article VI and XIX of the GATT 1994 the WTO Agreement on Safeguards, the WTO Agreement on the Implementation of Article VI of the GATT 1994, and the WTO Agreement on Subsidies and Countervailing Measures. After such legislation was implemented, Timor-Leste would only apply any anti-dumping duties, countervailing duties and safeguard measures in full conformity with the relevant WTO provisions. The Working Party took note of these commitments.]

## **B. EXPORT REGULATION**

### **- Customs tariffs, fees and charges for services rendered, application of internal taxes to exports**

152. The representative of Timor-Leste informed that there were no laws imposing export duties and taxes. The Government of Timor-Leste did not intend to introduce duties and taxes on exports as part of the Fiscal Reform. There was an administrative fee of US\$ 1.00 per export transaction.

### **- Quantitative export restrictions, including prohibitions, quotas and licensing systems**

153. There were no laws imposing quantitative export restrictions, prohibitions or quotas. This policy was expected to be maintained in future, as the Government of Timor-Leste was working on a draft Export Promotion Law as part of the country's investment policy.

154. Natural and legal persons exporting on a commercial basis were required to register according to Decree-Law No. 16/2017 of 17 May 2017 on "Commercial Registration" and to obtain an authorization according to Decree-Law No. 34/2017 of 27 September 2017 on "Licensing of Economic Activities", as described in section on "Trading rights, registration requirements for engaging in importing and exporting".

### **- Export subsidies**

155. The representative of Timor-Leste informed that there were no export financing, subsidy or export promotion measures in force. However, these types of measures could be introduced in future economic policy and statutes aimed at stimulating exports. The Government was working on an Export Promotion Law and respective regulations, based on WTO standards. If introduced, such measures would comply with the WTO Agreement on Subsidies and Countervailing Measures (SCM

Agreement). He further informed that there were no laws imposing minimum export prices, voluntary export restrictions, or orderly marketing arrangements.

156. He further informed that Section II, Articles 242 to 243 of the Customs Code (Decree-Law No. 14/2017 of 5 April 2017) set forth a customs duty drawback regime. Under this regime, the customs charges paid when importing raw materials, semi-finished products, components, and other separate parts and pieces intended for industrial transformation or incorporation into manufacturing, were refunded when the final product was exported. Only duly authorized operators (customs brokers), as determined by the Director General of Customs, were allowed to import goods under this regime. According to Article 32.1, Article 34.1(a-e) of the Code, they were required to: (i) have valid customs broker licence issued by the Director General of Customs; (ii) have a TIN number; (iii) prove that they had no outstanding debt, and (iv) prove that they had not been convicted in any criminal proceeding or for tax offences. Article 38 required customs brokers to submit a bond of a minimum of US\$ 10,000 and a maximum of US\$ 150,000.

157. [The representative of Timor-Leste confirmed that any subsidy programmes provided by his Government after accession would be administered in conformity with the WTO Agreement on Subsidies and Countervailing Measures, including Article 27, and that all necessary information on Timor-Leste's export subsidies and other notifiable programmes would be notified to the WTO Committee on Subsidies and Countervailing Measures according to Article 25 of the Agreement. The Working Party took note of these commitments.]

### **C. INTERNAL POLICIES AFFECTING FOREIGN TRADE IN GOODS**

#### **- Industrial policy, including subsidies**

158. The representative of Timor-Leste informed that his Government aimed to promote light manufacturing as one of the five priority sectors of the economy. However, the use of the US\$, relatively high minimum wages and the high cost of infrastructure provided obstacles to manufacturing development in Timor-Leste. In the medium-term, manufacturing development would focus on developing industrial capacity by adding value to agricultural products and attracting investment in food processing and beverage manufacturing aimed at the domestic market, such as coffee, candlenut and forestry products. For this, since 2017 the Government had been developing an Industrial Policy and Action Plan to promote manufacturing. This Policy, considered for approval by the Council of Ministers in 2022, would be shared with the Working Party as soon as it was finalized. The representative of Timor-Leste confirmed that the Policy would not include any subsidy or tax incentives to promote manufacturing in particular sub-sectors.

159. A Member asked how the Government of Timor-Leste envisaged developing the processing of agricultural products and how it planned to encourage investment in food processing and beverage manufacturing. In response, the representative of Timor-Leste referred to Chapters III, V and VI of the Private Investment Law (Law No. 15/2017 of 23 August 2017) which addressed the rights and guarantees, and special and fiscal benefits provided to investors, as described in section "Investment regime". These benefits were provided to investors in both agriculture and manufacturing (including

food processing). By Decree-Law No. 45/2015 of 30 December 2015, the Government had also re-established the Investment and Export Promotion Public Agency (TradeInvest Timor-Leste, TITL) as a one-stop-shop for private investments.

160. For beverage manufacturing, he also referred signing in 2015 of a Special Investment Agreement between the Government and Heineken Asia Pacific. The agreement, that was worth US\$ 40 million, included benefits and long-term leasing arrangements, opening the way for Heineken to build a beverage production plant that manufactures a range of soft drinks, beer, and mineral water, with 200 direct and 800 indirect jobs. Timor-Leste remained attractive to more investments in the beverage industry.

161. [The representative of Timor-Leste confirmed that Timor-Leste would administer its subsidy programmes in full conformity with the WTO Agreement on Subsidies and Countervailing Measures, including Article 3.1(b) and Article 27.2. All necessary information on these subsidy programmes would be notified to the WTO Committee on Subsidies and Countervailing Measures in accordance with Article 25 of the WTO Agreement on Subsidies and Countervailing Measures. The Working Party took note of these commitments.]

#### **- Technical barriers to trade, standards and certifications**

162. The representative of Timor-Leste informed that there were no technical regulations, standards and conformity assessment procedures in place, such as testing, inspection or certification, either for domestic or imported goods. However, the Government was interested in developing and approving such standards to ensure conformity with the WTO Agreement on Technical Barriers to Trade (TBT Agreement) and the respective ASEAN agreement.

163. In response to a question from a Member on the Government's plans for the development of the necessary legislation and regulations to comply with the TBT Agreement, he informed that the Government was in the process of building the legal and institutional framework, which would include appropriate legislation, technical regulations, standards and conformity assessment procedures, in conformity with the TBT Agreement, as well as the establishment of an Inquiry Point and a Notification Authority as transparency mechanisms required by the TBT Agreement. The Action Plan for the Implementation of the TBT Agreement is provided in Annex 16.

164. He added that, as part of these efforts, the National Quality Control Institute (NQCI) had been created by Decree-Law No. 10/2018 of 9 April 2018 as the national regulatory entity for qualification, standardization and metrology. Its mission was to implement and manage the national quality system and other regulatory qualification systems that were conferred on it by law, to promote and coordinate activities that aim to demonstrate credibility of the action of economic agents, as well as to develop actions necessary for its function as a national metrology laboratory. The Institute was in the process of implementation. In response to a question from a Member, he elaborated that the duties of the NQCI were to:

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- i. implement, manage and coordinate a national quality system, with a view to integrating all the relevant components for improving the quality of products and services, contributing to increasing productivity, competitiveness and innovation in the public and private sectors;
  - ii. propose to the Government measures leading to the definition of national policies related to the national quality system, within the scope of standardization, qualification and metrology;
  - iii. implement and manage the national metrology laboratory in the scientific and applied components, ensuring the realization, maintenance and development of national standards of measurement units and their traceability to the International System (IS) promoting its dissemination throughout the national territory;
  - iv. ensure and manage the legal metrological control system for measuring instruments, recognize competent entities for the delegated exercise of that control, whenever this proves necessary to guarantee national coverage and coordinate the network constituted by those entities;
  - v. establish the quality identification marks of the national quality system and ensure the respective management;
  - vi. promote and develop training actions in the field of quality, namely qualification, standardization and metrology;
  - vii. guarantee and develop quality through the establishment of protocols and strategic partnerships with public and private entities, as well as scientific and technological entities that voluntarily or through inherent functions join efforts to define principles and means that aim at quality standards;
  - viii. coordinate, qualify and recognize public sector and private entities as sectorial standardization bodies in which NQCI delegated technical standardization functions in sectors of specific activity;
  - ix. develop cooperation and service provision activities to national and foreign entities interested in the field of quality;
  - x. ensure and promote the participation of Timor-Leste as a member of organizations, working groups and other international bodies within the scope of its powers and competences; and
  - xi. ensure the participation of Timor-Leste as a member of international metrology organizations and the obligations arising therefrom, namely participation in the respective works.

165. Responding regarding the plan to become a member of the International Standards Organization (ISO), the representative of Timor-Leste added that the NQCI had the competence to adhere to the International Standards Organization (ISO), but as the Institution was not yet fully functional. The NQCI had been working in collaboration with the Authority of Inspection and Supervision of Economic, Sanitary and Food Activity (AIFAESA) to facilitate meetings with the ISO to ensure that Timor-Leste was complying to the ISO standards. Such efforts reflected Timor-Leste's commitment to become a member of the ISO in the near future. The Government, through the NQCI, would put the necessary efforts to promote coordination with the relevant bodies (including the Ministry of Tourism, Commerce and Industry, Ministry of Health, Ministry of Agriculture and Fisheries, Ministry of Public Works, AIFAESA, National Authority for Petroleum and Minerals, and including the private sector) to ensure alignment with the ISO standards. At the same time, to achieve compliance with the ISO standards, the NQCI required further assistance in developing the necessary facilities, including developing a standardized laboratory to facilitate commercial activities, and in strengthening human resources capacity in the specific areas.

166. Regarding the establishment of the TBT enquiry point, he added that Timor-Leste was still in the early stages of developing a clear structure and policies of the Quality Institute of Timor-Leste (QITL). As of March 2022, the Government planned to only establish one main enquiry point working under the QITL. The Government planned to appoint a Technical Focal Point responsible for matters related to, inter alia: standardization, accreditation and metrology, by the 2nd half of 2022, and to establish a TBT Enquiry Point in 2023. Timor-Leste was open to further recommendations and necessary assistance from Members in providing technical expertise to accelerate the establishment of the enquiry point in accordance with WTO rules and principles.

167. Responding to Member's question if his Government would seek technical assistance to participate in international standards setting bodies activities such as those under Codex, he informed that since Timor-Leste had become a member of Codex Alimentarius in March 2017, it was open to seek such technical assistance, namely, on training in the areas of: (i) Food Safety, Quality and Standards; and (ii) TBT Training of Trainers (ToT) programme.

168. [The representative of Timor-Leste confirmed that Timor-Leste would progressively implement the WTO Agreement on Technical Barriers to Trade in accordance with the action plan set out in Annex 16. He further confirmed that during the transition period, existing measures would be applied on a non-discriminatory basis, i.e., providing for national treatment and MFN treatment for all imports. Measures in place at the time of accession and already consistent with the provisions of the WTO Agreement on Technical Barriers to Trade would not be subject to transition. Timor-Leste would ensure that any changes made in its laws, regulations and practice during the transition period would not result in a lesser degree of consistency with the provisions of the WTO Agreement on Technical Barriers to Trade than existed at the date of accession. Full implementation of the WTO Agreement on Technical Barriers to Trade would start from 2025 without recourse to any further transition period. The Working Party took note of this commitment.]

#### **- Sanitary and phytosanitary measures**

169. Timor-Leste's sanitary and phytosanitary measures were regulated by Decree-Law No. 21/2003 of 31 December 2003 on "Quarantine and Sanitary Control on Goods Imported and Exported". Government Decree No. 1/2006 of 20 September 2006 established the Rules and Procedures to Implement Decree-Law No. 21/2003 on the Exportation and Importation of Goods subjects to Quarantine Control (inspection, isolation, observation, treatment, detention, prohibit from entering the country, destroy and release).

170. The National Directorate of Quarantine Services and Biosecurity, which was part of the Ministry of Agriculture and Fisheries, administered the Law. Its staff was empowered to supervise and inspect any area and buildings that were not a person's residence, ship or aircraft, to conduct sanitary and phytosanitary control. The role and responsibility of the Directorate, as well as the procedure for the issuance of sanitary and phytosanitary certificates, were defined in Decree-Law No. 1/2006.



171. The Ministry of Health was the Food Safety Authority of Timor-Leste, in charge of food safety measures. The Authority of Inspection and Supervision of Economic, Sanitary and Food Activity (AIFAESA), established by Decree-Law No. 26/2016 of 29 June 2016, was responsible for the enforcement of Decree-Law No. 28/2011 of 20 July 2011 on "Food Industry and Marketing Regulation" that subjected imports of processed food products to sanitary regulation, guided by the Ministry of Health and the Ministry of Tourism, Commerce and Industry (MTCI).

172. The representative of Timor-Leste informed that Timor-Leste had become a member of the International Office for Epizootics, the World Organization for Animal Health (OIE) in November 2010 and a member of Codex Alimentarius Commission in March 2017. It had since been actively participating and working on ensuring its compliance with the relevant standards.

173. Timor-Leste was not yet a party to the International Plant Protection Convention (IPPC). Responding to a Member's question, he added that the Government has put significant effort to comply with the IPPC by participating as an observer. However, the Government recognized a few challenges before being in full compliance with the IPPC requirements (which included provision of the basic infrastructure to establish a national laboratory). These included: lack of basic facilities, including a laboratory and quarantine installation facilities at the entry point (for treatment, isolation during the incubation period, etc); lack of qualified human resources in the specific areas, in particular to conduct tests on imported products; as well as lack of permanent funds necessary to operate the quarantine facilities. Having said that, Timor-Leste had shown its full commitment to IPPC through its membership to the Asia and Pacific Plant Protection Commission (APPPC) since November 2012 with a hope to become a member of the IPPC, once the necessary infrastructure was in place and human resources capacity was strengthened. Timor-Leste was open to the Members' assistance to accelerate its IPPC membership. Timor-Leste's IPPC contact point had been registered on the IPPC website since 2008.<sup>1</sup>

174. He informed that Timor-Leste claimed freedom from foot and mouth disease, bovine spongiform encephalopathy, rabies and highly pathogenic avian influenza (bird flu) and imposed restrictions against the import of animals or products that may introduce these diseases. Accordingly, for public health reasons, the importation of the following was prohibited: (i) any proteins for animal feeding containing meat powder, bone powder, blood powder, or fat from mammal tissues; (ii) poultry powder for ruminant feeding; (iii) any products from cows, sheep, or goats showing clinical signs of spongiform encephalopathy; (iv) any animals or any products of any animals showing clinical symptoms of certain diseases including, for example, foot-and-mouth disease and bird flu; and (v) non-transformed fat. Import permits could not be also issued in respect of: (i) any items listed in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES, Article 72); (ii) any items originating from a country or areas where there was an ongoing occurrence of quarantine-related plagues or diseases (Article 72); and (iii) exotic seeds included in a list to be approved by a Ministerial Diploma (Article 82).

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<sup>1</sup> <https://www.ippc.int/en/countries/timor-leste/>.

175. Prior to importing (i) live animals; (ii) live plants; (iii) animal or vegetal products as specified by law; and (iv) any other good, or merchandise, animal, or vegetal organism as specified in Article 14 of Decree-Law No. 21/2003, importers had to obtain an import permit from the Directorate of Quarantine Services and Biosecurity. Applications for import permits had to be accompanied by a certificate of origin. Import permits were subject to compliance with conditions and requirements including specification of origin, inspections, treatments, points of entry and exit, proofs, analyses and tests, or isolation in the country of export in a quarantine facility. They also had to contain the import conditions specific to the case and the international standards and recommendations.

176. Responding to a Member's request for additional information on this procedure, he elaborated that the application form required the address and contact details of the exporter and importer and the country of origin. For each imported item, the applicant was required to list the country of origin, the common product name, the scientific names, a description of the items, and the quantity or volume to be imported. In all cases the importer had to provide details on the routing, transport mode, and expected date of arrival. The importers were also required to specify if they had access to a registered Quarantine Approved Premise (QAP). When the importer (or the clearing agent) submitted the completed application form, the Department of Quarantine contacted their counterpart in the exporting country to request verification. Each import required a separate permit and had to undergo a full verification process. The decision to grant an import permit took place within 3 working days. Import permits were signed by the Directorate of Quarantine and Biosecurity.

177. He further explained that importation could be made immediately upon receipt of an import permit. According to Article 56 of Government Decree No. 1/2006, the permit was valid until the arrival of the imported goods. At the actual importation, the import permit was to be presented to the Customs Authority for clearance procedures according to the ASYCUDA-World System. The Customs Authority had the right to detain any products should there be no permit for the specific products under these criteria. At the same time, the Government was committed to comply with the SPS Agreement, in particular with Annex C(1)(b). Responding to an invitation from a Member to reconsider this import procedure and replace it by a system of approved countries and establishments which was less cumbersome, more transparent and could provide appropriate guarantees, the representative of Timor-Leste confirmed that the existing procedure would be revised as soon as appropriate facilities were in place in conformity with the international standards.

178. Responding to a question on the requirement for applications for import permits to be accompanied by a certificate of origin, the representative of Timor-Leste reflected on Timor-Leste's minimum infrastructure conditions to prevent disease outbreak in the country. In this situation, the Government assessed that requiring such a certificate would be the most effective measure for preventing the importation of diseases. He believed this requirement was in compliance with the rules set under the OIE and IPPC standards.

179. He added that import permits relating to live plants could not be issued to private persons or organizations (i.e., persons other than Government services, public institutions, and

non-Governmental organizations involved in projects to improve agriculture and forests approved by the Government).

180. Import of the following species of seeds was subject to import authorization: (i) rice; (ii) corn; (iii) coffee; (iv) manioc; (v) bananas; (vi) citrus fruits; (vii) mango; (viii) coconut; (ix) phaseolus vulgaris (the common bean); (x) vigna; (xi) garlic; (xii) onion; (xiii) common potato; (xiv) pineapple; and, (xv) avocado pear. In response to Member's question, he clarified that these commodities had been selected according to the rules set by the IPPC, as they were identified to pose higher risks to human, animal or plant health. Other products that were not part of this list had been identified to pose lower health risks, and thus did not require pre-clearance inspections prior to importation. These risks had been selected in accordance with to the lists identified by the IPPC.

181. To obtain an import permit, an importer had to pay the relevant fees and charges and to present the following documents to the Directorate of Quarantine Services and Biosecurity to release the cargo:

- (i) for live animals: a zoo-sanitary certificate issued by the competent authority of the exporting country and signed by the veterinary office who carried out the inspection;
- (ii) for plants and derivative products: a phytosanitary certificate issued by the competent authority of the exporting country and signed by a competent official conducting the respective inspection. For any live plants, it was also necessary to comply with a pre-export quarantine regime in the exporting country and a post import quarantine regime.

182. Decree-Law No. 21/2003 further prescribed specific rules for the following imports:

- (i) live animals: imported animals had to be subject to a quarantine period of at least 14 days (Article 30) and a veterinary inspection (Article 31);
- (ii) incubation eggs: the imports had to be sourced from a country that has been approved by the Directorate of Quarantine Services and Biosecurity (Article 33);
- (iii) hen eggs for consumption: had to be free of diseases or contaminations such as feather and feces (Article 34);
- (iv) fresh fish for human consumption: should not be subject to an import licence (Article 35.1);
- (v) dried fish: upon arrival imports had to be inspected for detection of insect infestation (Article 35.3);
- (vi) canned meat or hermetically sealed packs of meat not requiring refrigeration: could be imported without restrictions (Article 36.1);
- (vii) any other import of fresh meat: without restrictions as long as (a) it was packed in hermetically sealed packages or containers, weighing less than 5% of its meat weight and required refrigeration in order to maintain quality, or (b) it was canned meat that did not require refrigeration (Article 36.2);
- (viii) milk and milk products: had to be derived from pasteurized milk (Article 37);
- (ix) animal vaccines: required prior authorization from the Directorate of Quarantine and Biosecurity for some vaccines (Article 38), import required an import licence;
- (x) animal skins and skin-made products: imported finished products were subject to veterinary inspection (Article 39);
- (xi) live plants and vegetal products: had to be accompanied by a phytosanitary certificate issued by the competent authority of the exporting country (Article 42.1);

- (xii) imports of machinery, equipment and used vehicles: were subject to sanitary inspection (Article 44); and,
- (xiii) import of soil samples: subject to an import licence (Article 45).

183. Responding to Member's question on these rules, he informed that the Government was willing to revisit the existing framework in light of the SPS Agreement. With regard to item (vii), he clarified that the weight requirements for imports of fresh meat were merely for statistical purposes to measure the annual consumption capacity of meat in the country. This measure would be revised as soon as appropriate facilities had been in place in conformity with the international standards.

184. Having said that, Timor-Leste took note of Members' concern, thus, such measure will be revised as soon as appropriate facilities have been in place to be in conformity with the international standards.

185. He added that the Ministry of Agriculture and Fisheries and the Ministry of Finance could issue a joint ministerial statute defining service fees connected to the granting of import permits, issuance of certificates, or any other fees for services. To date, no action had been taken on introducing such fees. Should any fees be charged in the future, the fees would be based on a recovery of the actual costs, in line with Article VIII of the GATT 1994, while the Government would ensure that the methodology to calculate these costs was publicly available or provided upon request. Such methodology would be applied in a transparent manner. Besides, since the whole quarantine and sanitary control framework was under review, the Government of Timor-Leste was revisiting the issue of service fees and costs in the context of such review.

186. The representative of Timor-Leste added that Timor-Leste currently imported over 250 commodities from many countries. Each import required an import risk analysis to assess the risk posed and to establish the need for import conditions to manage the risk. The risk analysis process was applied in accordance with the rules applied by the OIE and the IPPC. At the same time, due to the existing lack of infrastructure and adequate human resource capacity, the procedures were adjusted to the national conditions, whereby the scientific procedures, including pre-inspection measures of products, were defined together with an exporting country. Prior to developing an import risk analysis, both countries were required to sign an agreement to safeguard both parties' concerns in conducting a diagnostic risk assessment measure. He re-confirmed his Government's commitment to take into consideration exporting Members' equivalent sanitary or phytosanitary measures, in accordance with the international measures set by the OIE and the IPPC.

187. He added that his Government was aware that sanitary and phytosanitary requirements was an area of expertise that required duly-trained capacity in order to fully enforce the Law. It hoped that the WTO accession process would result in such enhanced capacity to handle SPS issues. The Government was committed to push for the necessary reforms to be in conformity with standards of Codex, OIE, and IPPC as it developed its SPS regulations. He further informed that the Government was reviewing Decree-Law No. 21/2003 and had developed an Action Plan for the

Implementation of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (the SPS Agreement). This Plan is provided to the Working Party in document WT/ACC/TLS/12. The International Finance Corporation (IFC, member of the World Bank Group) was providing technical assistance to the Government to implement a project aiming to draft the Decree-Laws on Quarantine (on Animal Health and Plant Health). These draft Decree-Laws that, *inter alia*, defined competences of the Veterinary Authority (VA) and the National Plant Protection Office (NPPO), have been provided to the Working Party for review. The Government was also drafting an Action plan for implementation of obligations under the IPPC.

188. Referring to Decree-Law No. 26/2016, a Member asked if AIFAESA was also envisaged as the national standards setting body. The representative of Timor-Leste responded that AIFAESA had been established by Decree-Law No. 26/2016 of 29 June 2016 with the mandate to ensure quality control activities of foodstuffs, conditions of transport, health and places where they were produced and sold. At the same time, as described in section "Technical barriers to trade", Timor-Leste's National Quality Control Institute (NQCI) was the body responsible for defining the national standards. AIFAESA had the competence to execute the national standards defined by the NQCI through inspection and supervision.

189. Responding to a question on implementing regulations relating to non-compliance, the representative of Timor-Leste informed that the VA and the NPPO had the authority to notify non-compliance. While the National Directorate of Quarantine and Biosecurity and the National Directorate of Animal Health worked in coordination to conduct inspections on the quality of products, their results would be submitted to the VA and the NPPO for further action. This process would be applied gradually once the new Decree-Laws had been approved with the assistance of related experts to ensure its full compliance.

190. A Member also requested to describe the coordination among the AIFAESA, the VA and the NPPO, including on the SPS enquiry point, and to identify any proposed additional areas of coordination between the VA and the NPPO, apart from those described for coordination through AIFAESA in Articles 16 of the draft Laws. The representative of Timor-Leste clarified that the Directorate for Quarantine under the Ministry of Agriculture and Fisheries acted as the entry point for import and export of plant and animal products. The VA and the NPPO would coordinate directly within the same Ministry. They would work in coordination with AIFAESA to conduct inspections for products exceeding their date of expiry for the purpose of protecting human, animal, and plant health. Meanwhile, the Department of Quarantine would exercise its role to control every product entering at the border under the incubation process depending on the sample result at the laboratory. Outside of the areas of coordination through AIFAESA, additional areas of coordination would be defined as follows:

- i. Ministry of Health: all medicine for animals should have prior authorization from the Ministry of Health;
- ii. Ministry of Tourism, Commerce and Industry (MTCI): MTCI would provide the rules of origin certificate for products to be exported in relation to animal and plant products;

- iii. Registry Service and Business Verification (SERVE): all commercial activities, including importing and exporting, should obtain business licensing authorization from SERVE, where the licence should already list out export/import activities. This document would be required for inspection by the Customs Authority;
- iv. Agency for Export Promotion and Investment (TradeInvest): responsible authorities would also coordinate with TradeInvest on matters related to investment certificates;
- v. Chamber of Commerce of Timor-Leste (CCI-TL): would be obliged to follow the rules set by the VA and NPPO on the procedures for export and import of animal and animal products, and plant and plant products.

191. With regards to the SPS enquiry point, his Government had established a single Contact Point for Information ("enquiry point") that was currently based in the Ministry of Agriculture and Fisheries, with the below contact points:

a) Chief Veterinary Officer (CVO):

Name: Dr Joanita Bendita da Costa Jong  
 Position: National Director of Veterinary/ OIE Permanent Delegate, Ministry of Agriculture and Fisheries  
 Address: Presidente Nicolao Lobato, No 5 Comoro – Dili, Timor-Leste  
 +670 7754 6394  
 Phone:  
 E-mail address: katitadog\_2001@yahoo.com, [lihirika@gmail.com](mailto:lihirika@gmail.com)

b) Plants:

Name: Mr Americo Alves Brito  
 Position: Chief of Department for Plant Protection, Department of Plant Protection for Agriculture and Horticulture, National Directorate of Agriculture and Horticulture, Ministry of Agriculture and Fisheries  
 Address: Presidente Nicolao Lobato, No 5 Comoro – Dili, Timor-Leste  
 Phone: +670 7766 5056  
 E-mail: bamerico@hotmail.com, [americoalvesbrito@yahoo.com](mailto:americoalvesbrito@yahoo.com)

The VA would maintain a separate OIE contact point, while NPPO would maintain an IPPC contact point once Timor-Leste becomes a contracting party to the IPPC. For other SPS measures, such as on food safety, the designated enquiry points coordinated with the Ministry of Health, the Authority for Inspection and Supervision of Economic Activity and Food Safety (AIFAESA) and the Quality Institute of Timor-Leste (QITL) to facilitate their input on the subject matter.

192. He added that the authorities responsible for making notifications to the WTO and ensuring transparency obligations would be in the Ministry of Agriculture and Fisheries, such as the Directorate for Quarantine and the Directorate for Veterinary.

193. A Member further enquired about the transparency requirements in place in Timor-Leste, including with respect to publishing draft regulations related to SPS, soliciting comments from interested parties, and taking those comments into account before publishing the final regulations. The representative of Timor-Leste responded that the Government was yet to develop any draft regulations on such transparency requirements. However, considering Timor-Leste's commitment to harmonize its framework with the international standards under the OIE and the IPPC, it would ensure that any draft regulations would be consulted with the relevant partners at an early stage for comments before publishing and adopting such regulations. Further, he informed that while

the Government of Timor-Leste still applied a manual system in publishing the lists of goods subject to veterinary and phytosanitary control, including those that required import permits, veterinary and phytosanitary certificates or any other documents, it was committed to adopting an online platform to publish the above lists in future.

194. A Member also requested to explain where the conditions to import animals and animal products and plant and plant products would be laid down. The representative of Timor-Leste informed that these import requirements would be laid down in a Ministerial Diploma, once the draft Decree-Laws were in place. Such a Diploma would also elaborate on the derivative products. He confirmed that these requirements would be consistent with the OIE and IPPC standards. The draft Diploma has been provided to the Working Party.

195. Further, a Member underlined that, in accordance with the IPPC, it was the responsibility of the NPPO of the exporting party to ensure that the products complied with the requirements of the importing party. Similarly, veterinary inspection of goods should be the responsibility of the veterinary authorities of the exporting country. A Member asked the representative of Timor-Leste to clarify if and where pre-clearance inspections would be requested. The representative of Timor-Leste recognized the matter raised by a Member. He informed that, to be precautionous of risks that could be imposed from a disease outbreak from any imported country, Timor-Leste recognized the importance of preventive measures. In practice, Timor-Leste through the VA or NPPO obliged to conduct pre-clearance inspections upon request or only when there was a disease outbreak in an importing country, where pre-inspection would be conducted by the competent Authority. At the same time, the Government was committed to replace the current system with Members' assistance in providing basic facilities to prevent disease outbreak in the country, to be in accordance with the procedures set under the OIE and the IPPC. Further, the representative of Timor-Leste confirmed that in the event a exporting country had a localized outbreak of an a disease or pest, the Government of Timor-Leste would allow for regionalization of imports from areas shown to be free from the disease/pest, provided that the imported goods were properly certified according to the standards set under the OIE and the IPPC. If an exporting country had regional isolation methods in place to ensure that these types of outbreaks were centralized, controlled and mitigated, the Government of Timor-Leste would allow imports of products from such exporting country, including seeds, with appropriate sanitary/phytosanitary documentation.

196. Responding to a request from a Member to elaborate on the pre-clearance inspection process, the representative of Timor-Leste added that, in all cases, an importer had to obtain an import permit prior to the pre-clearance inspection. The process included conducting a thorough review of the imported goods based on importers' import authorizations. The Government had built a standard laboratory to conduct basic tests in the country. However, should a test require a complex procedure, a sample would be sent to the designated laboratory abroad or any location that has been accredited by OIE/IPPC standard to ensure that no risks would be posed by the products. The prescribed testing procedures, including the process for sampling and the appeals process for disputing a claim, included: (i) quarantine measures for inspections and detainment; (ii) treatment, installation and isolation processes (between 14 to 21 days); (iii) requisition process (measures to

be taken at the port); and (iv) should any products be identified to have contained any diseases that pose risks to human, animal or plant health, taking the necessary measures to reship or burn the identified products. The prescribed sampling procedures and methodologies, including the process for sampling and the appeals process for disputing claim, followed the guidelines set under the OIE/IPPC. He added that, while Timor-Leste was yet to join the ISO, the Government would put the necessary efforts to promote coordination and collaboration with the relevant bodies to be aligned and compliant with the ISO standards, including standards detailed in ISO 17025: "Testing and Calibration Laboratories". Nevertheless, to be ISO-compliant, the Government still required further assistance in developing the necessary facilities, including to develop an internationally accredited laboratory.

197. He added that, in the implementation of the Government Decree No. 1/2006 and other applicable legislation, the following quarantine measures could be taken: (i) inspection; (ii) isolation; (iii) observation; (iv) treatment; (v) detention; (vi) refusal to enter the country; (vii) destruction; or, (viii) release. Any incident that affected or had repercussions on health control had to be immediately reported to the Director who would decide on the measures to be taken.

198. A Member asked if to confirm if post-entry treatment for horticultural imports would be an option included in "phytosanitary treatment in order to remove the risk" under the draft Decree-Law. The representative of Timor-Leste confirmed that this would be the case.

199. A Member stressed that while, according the draft Decree-Law, the VA could regulate the use of coccidiostats, antibiotics, growth promoters hormones and other medication and therapeutical substance in feed, the use of antibiotic in animal production (including in particular the use as growth promoters), was an important factor of the development of anti-microbial resistance. This Member invited the Government of Timor-Leste to ban the use of antibiotic for growth promotion or develop a plan for phasing out such use. The representative of Timor-Leste took note of the Member's proposal and clarified that, in practice, the Government of Timor-Leste through the VA has been exercising its competence to ban the importation of antibiotic and growth promotion substances in accordance with the OIE standard.

200. A Member enquired about the maximum residue level (MRL) regime applied in Timor-Leste, as well as its intention to adopt Codex MRLs and the deferral pathway for imports if there was no Codex MRL. The representative of Timor-Leste confirmed that, as a member of Codex Alimentarius since March 2017, Timor-Leste was obliged to follow the guidelines set under Codex Alimentarius MRLs. Having said that, the Government was yet to develop specific rules regarding MRLs. It remained committed to adopt the Codex Alimentarius MRLs in future, once the draft Decree-Law on Quarantine (Animal Health) was approved and effectively implemented. In this light, Timor-Leste still adopted imported tolerance and the deferral pathway for import procedures in accordance with the rules set under the IPPC and the general rules for import procedures in the country, while recognizing the inspection and certification systems as fundamentally important and widely used means of food control systems.

201. Responding to a question on the Official Program for the Control of Pesticide Residues in Products of Plant Origin, as provided in Article 16(m) of Decree-Law No. 26/2016, the representative



of Timor-Leste informed his Government of Timor-Leste had drafted the Law on Pesticides with the technical assistance of FAO. This draft Law would list out guidelines for authorities that have the competence over the application of pesticides. Once this Law was approved, the authorities under the Ministry of Agriculture and Fisheries would work in coordination with the AIFAESA to regulate the guidelines established by the Law.

202. A Member also asked when the Government of Timor-Leste would publish its lists of regulated pests and notifiable diseases. The representative of Timor-Leste responded that such lists would be published as soon as appropriate facilities were in place. The Government was open to the necessary assistance from Members to accelerate Timor-Leste's compliance to adopt these systems.

203. A Member also noted that "living modified organisms" were included within the regulatory scope of the NPPO and asked if the Government of Timor-Leste would accept the validity of regulatory authorities' risk assessments and Codex guidelines as sufficient for import of agricultural biotechnology products. The representative of Timor-Leste confirmed that the Government was committed to push for the necessary reforms to accept the validity of regulatory authorities' risk assessments and Codex guidelines as sufficient for import of agricultural biotechnology products.

204. A Member also noted Article 27(2) of the Framework Law on Environment (Decree-Law No. 26/2012 of 4 July 2012) stating measures would be taken to prevent and minimize risks to biological diversity and human health from genetically modified living organisms. The Member asked to clarify how such risks would be determined and what would be the basis for measuring the "threat to the environment, national economy, or public health" as outlined in Article 10 of Decree-Law No. 21/2003. This Member requested the Timor-Leste to ensure that any sanitary or phytosanitary measures to protect biological diversity and human health were based on scientific principles and were least trade restrictive as outlined in Articles 2 and 5 of the SPS Agreement.

205. The representative of Timor-Leste responded that the Government had approved Decree-Law No. 6/2020 of 6 February 2020 on the "Legal Regime to Protect and Conserve the Biodiversity" applicable to the conservation of biodiversity and the sustainable use of its components and the fair and equitable sharing of the benefits generated from genetic resources, as fundamental bases for family subsistence, food security and the well-being and health of current and future generation. Article 34 of this Decree-Law stated that the preservation and conservation of habitats and critical habitats necessary to ensure that an organism or population of a species could survive and thrive was carried out within the national system of protected areas, without prejudice to the possibility of adopting specific ex situ measures. Article 37 identified the measures of risks for the importation of exotic species as follows:

- i. Exotic species that posed a threat to ecosystems, habitats or species were identified in a national list that contained in a discriminated way:
  - a. Identification of invasive alien species whose import or circulation in the country was prohibited;
  - b. Identification of non-invasive exotic species whose import or circulation had to be regulated.

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- ii. The national list was prepared by the Government member responsible for nature conservation and biodiversity, after consultation with the Governmental entity responsible for the environment, the Biodiversity Advisory Committee, quarantine services and relevant research institutions, taking into account the available information;
  - iii. The national list of exotic species was approved by a Government Resolution.
  - iv. Any person, whether natural or legal, could submit a request for inclusion or removal of species from the national list of exotic species to the Government entity responsible for nature and biodiversity conservation.

The information on the invasive species in Timor-Leste is contained in Annex 17. The representative of Timor-Leste confirmed that his Government would ensure that its sanitary or phytosanitary measures to protect biological diversity and human health were based on scientific principles and were least trade restrictive as outlined in Articles 2 and 5 of the SPS Agreement.

206. A Member also requested the Government of Timor-Leste to notify the WTO, in accordance with its obligations under Annex B of the SPS Agreement and Article 2.9 of the TBT Agreement, when the regulatory changes may have significant effect on trade with other Members or be of particular interest to parties in other Member countries. The representative of Timor-Leste confirmed that his Government would notify the WTO accordingly.

207. The representative of Timor-Leste requested that the Working Party grant a transition period from the date of Timor-Leste's accession until 2027 for implementation of the WTO SPS Agreement, as outlined in the Action Plan for the Implementation of the WTO SPS Agreement reproduced in Annex 18 of this Report. This transition period would allow Timor-Leste to fully implement the obligations under the Agreement. He stressed the necessity for his Government to receive adequate technical and financial assistance to ensure the proper implementation of the WTO SPS Agreement.

208. Members highlighted the efforts made by Timor-Leste in reviewing its SPS legislation and invited Timor-Leste to continue with its efforts to bring regulations and legislation progressively in compliance with the WTO rules. They took note of Timor-Leste's request for a transition period until 2027 for full implementation of the WTO SPS Agreement and encouraged Timor-Leste to take advantage of the technical assistance available in the SPS area.

209. [The representative of the Timor-Leste confirmed that Timor-Leste would progressively implement the WTO Agreement on the Application of Sanitary and Phytosanitary Measures in accordance with the Action Plan provided for in Annex 18. He further confirmed that during the transition period, existing measures would be applied on a non-discriminatory basis, i.e., providing for national treatment and MFN treatment to all imports. Measures in place at the time of accession and already consistent with the provisions of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, would not be subject to transition. Timor-Leste would ensure that any changes made in its laws, regulations and practice during the transition period would not result in a lesser degree of consistency with the provisions of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, than existed at the date of accession. Full implementation of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures would start from 2027 without recourse to any further transition period. He further confirmed that Timor-Leste would consult with

Members upon request if they deemed that any measures applied during the transition period affected their trade negatively. The Working Party took note of these commitments.]

**- Trade-related investment measures**

210. The representative of Timor-Leste informed that his Government did not have any trade-related investment measures in place. In future, should such measures be introduced, they would be in compliance with the WTO Agreement on Trade-Related Investment Measures (the TRIMs Agreement), as the Government was willing to fully comply with WTO rules.

211. [The representative of Timor-Leste said that his Government would not maintain any measures inconsistent with the WTO TRIMs Agreement and would apply the WTO TRIMs Agreement from the date of accession without recourse to any transition period. The Working Party took note of this commitment.]

**- Free zones, special economic zones**

212. The representative of Timor-Leste informed that the Customs Code authorized the Government of Timor-Leste to approve free zones benefiting from customs exemption regimes. However, there were currently no free zones within the territory of Timor-Leste.

213. Through Law No. 3/2014 of 18 June 2014, the National Parliament had approved the creation of the Oecusse-Ambeno Special Administrative Region (SAR) and the Special Economic Zone for Social Market Economy (ZEESM) whose territory included the enclave of Oé-Cusse and the island of Ataúro. ZEESM had made considerable progress since 2014, establishing an effective administrative and regulatory framework as a SEZ, which had fostered infrastructure development (e.g. telecommunications, roads, bridges, airport, port, water and sanitation systems, schools, health clinics, electrical power grid, etc.) that nurtured the enabling environment for regional economic development and diversification. The Statute of the Oecusse-Ambeno Special Administrative Region, approved by Decree-Law No. 5/2015 of 22 January 2015, had mandated that a Free Trade Zone and an Industrial Customs Free Zone be created within the Region. The specific rules on the Free Trade Zone and Industrial Customs Free Zone were yet to be enacted.

214. In addition, Article 10 of the draft Export Promotion Law provided for the right of establishment in a special economic zone. An exporting company could establish itself in special economic zones, namely in export processing zones or warehouses and in free zones.

215. Responding to Member's question on the process of development of this special economic zone and the types of incentives provided, the representative of Timor-Leste further informed that the Authority of SEZ was empowered to enact public policy measures, to be enforced within its own territorial limits, to exempt from payment of customs duties and respect for the principle of social market economy as a paradigm of economic growth by attracting investment, technology and establishment of companies, both domestic and foreign. To date, this was only applicable to goods imported to implement SAR's projects and programs, in accordance with Article 38.3 of Law No. 3/2014. Two public projects had benefited from customs exemption, namely: (i) the construction of a Clinic and acquisition of two mobile clinics and (ii) a Hotel, both funded by the Special

Administrative Region Development Fund. Tax exemptions were granted to investors in the special economic zone Oe-Cusse Ambeno and Ataúro for a period up to 10 years (see Table 1 of section "Investment Regime"). More detailed package of incentives was yet to be determined by the Authority, in compliance with WTO rules.

216. [The representative of Timor-Leste confirmed that, from the date of accession, free zones and special economic zones would be established, maintained and administered in full conformity with the provisions of the WTO Agreement, including the WTO Agreement on Subsidies and Countervailing Measures and the WTO Agreement on Trade-Related Investment Measures, and that Timor-Leste would ensure enforcement of its WTO obligations in those zones. He further confirmed that the right of firms to register and operate in these zones would not be subject to export performance, trade balancing, or local content criteria requirements. In addition, the representative of Timor-Leste confirmed that from the date of accession goods imported into the free trade zones and goods produced in any free trade zones or areas under tax and tariff provisions that exempt imports and imported inputs from tariffs and certain taxes would be subject to normal customs formalities when entering the rest of the territory of Timor-Leste, including the application of tariffs and taxes. The Working Party took note of these commitments.]

**- Government procurement**

217. There are no major restrictions or limitations on foreign entities' (natural or legal persons) participation in Timor-Leste procurement procedures. Government procurement was governed by the Timor-Leste Public Procurement Framework, approved by Decree-Law No. 10/2005, of 21 November 2005, as last amended by the Decree-Law No. 5/2021 of 23 April 2021.

218. With respect to the type of Procurement Procedure, he informed that there were no major restrictions or limitations on foreign' entities (natural or legal persons) participation in this procedure. As a general rule, irrespective of the acquisition (*i.e.* goods, services or works), a national open tender procedure had to be followed if the expense to be incurred was in an amount in excess of US\$ 100,000. An international open tender procedure had to be followed in situations that pertain to: (i) public works in excess of US\$ 1,000,000; (ii) the purchase of goods and acquisition of non-consulting services in excess of US\$ 250,000; or, (iii) the acquisition of services or consultancy contracts in excess of US\$ 200,000.

219. In the national open tender procedure, the participation of bidders was limited to Timor-Leste individuals and/or companies set up in Timor-Leste the majority of whose share capital was held by Timor-Leste citizens (at least 51%) or in which the said Timor-Leste individuals and/or companies could be regarded as preferential bidders.

220. In addition, by Decree-Law No. 2/2010 of 18 February 2010 on "Special Procurement for Construction Work Up to US\$ 250,000", the Government had approved a special procurement procedure for the award of public works in an amount of up to US\$ 250,000, in which only local companies based in the municipality could apply. This Decree-Law aimed at supporting private sector development at the sub-district and encourage community participation in infrastructure development in their area. Another limitation to the general principle of open and transparent

competition could result from the adoption of direct award procedures. However, in these cases both national and foreign entities could benefit from this type of procurement. The Public Procurement Framework listed the rules and procedures that allowed for this type of procedure to be adopted, however, this was an exception situation that required a clear and detailed justification. Such situations were, among others: (i) emergency case following an unforeseen event which endangered public health and safety; (ii) absence of tenders or absence of tenders which met the criteria laid down in invitation to tender, or if the candidates did not meet the requirements for participation; (iii) when goods and services could only be supplied by a specific entity and did not exist on the market a reasonable or substitute alternative; (iv) for the protection of patents, copyrights or other exclusive rights or intellectual property rights. The adoption of a direct award procedure could also be made on the basis of material criteria, in which case the choice was independent of the value of the respective contract. The adoption of a direct award procedure that had not been duly grounded and justified according to the Decree-Law could be viewed as an administrative offence, pursuant to Article 3 of Decree-Law No. 11/2005 of 8 November 2005 on "Legal Regime for Public Contract", which set forth the Legal Framework on Administrative Offences to the Public Procurement Legal Framework and stated that any action or omission which was contrary to the rules established in the Timor-Leste Public Procurement Framework constituted an administrative offence.

221. Another situation that had been regarded as a limitation to the general principle of open and transparent competition resulted from the existence of an internal instruction from the Cabinet of the Prime-Minister (Circular Note No. 003/GPM/III/2009) that had authorized the Government to preferentially purchase Mitsubishi or Toyota vehicles, except when there was a specific reason that justified the purchase of state vehicles of other brands. This had been a transitory measure justified by the availability of spare-parts and maintenance services, which had been revoked. Responding to Member's question on the existence of any other specific goods/services/sectors for which the Government was expected to buy specific brands, the representative of Timor-Leste confirmed that there were none.

222. He added that, apart from these exceptions, the Government of Timor-Leste did not limit or restrict the participation of foreign nationals or entities in public tender procedures.

223. Responding to a question from a Member on the procedure for procurements above the US\$ 100,000 threshold but below the international open tender thresholds, he informed that this threshold had been introduced by Decree-Law No. 24/2008 of 23 July 2008. Public tenders were mandatory in procurements equal or over US\$ 100,000 and not reserved for local companies. Whenever purchasing goods and services and executing public works, all public institutions had to follow principles such as public interest, competition, equal treatment, legality, transparency, and impartiality, which are set by Decree-Law No. 10/2005.

224. Requested to provide information on the number and value of tenders above the US\$ 100,000 threshold or other thresholds, the representative of Timor-Leste invited to consult the eProcurement Portal at: <https://www.mof.gov.tl/government-procurement/eprocurement-portal/?lang=en> whereby the data and any other relevant information on Timor-Leste Public Procurement were made available. In addition, since 2015, the Public Procurement Commission also

maintained a procurement portal ([www.cna.gov.tl](http://www.cna.gov.tl)) which presented information on current tenders and intent to award, whereby it announced invitations for bids, winning bidders and the results of evaluations undertaken. This website also kept records of past public tenders.

225. A Member also requested to confirm that foreign-based bidders were treated on a fair and equal basis with domestic bidders in bidding processes above US\$ 100,000. In response, the representative of Timor-Leste referred to Article 4 (Legal and Equality Principles) of Decree-Law No. 10/2005 which provided that access and participation conditions were equal to all interested parties. Any discrimination of the bidders was prohibited. Accordingly, he confirmed that foreign-based bidders were treated on a fair and equal basis.

226. A Member asked for a clarification regarding the award procedure, including any requirements and limitations surrounding the use of direct award procedure for foreign-based bidders and any available guidelines to help provide foreign-based bidders with advice on the use of direct award procedure. The representative of Timor-Leste informed that this procedure was exceptional. Articles 92 to 94 of Decree-Law No. 10/2005 provided the requirements and limitations surrounding the use of direct award procedure for all bidders, as described in paragraph [220]. Those were the applicable guidelines foreign-based bidders could refer with respect to direct award procedure.

227. In response to Member's question, the representative of Timor-Leste also elaborated on the amendment introduced by Decree-Law No. 30/2019 which included a requirement for all international public tenders to be publicized on at least two electronic platforms internationally used for the purpose, as well as in a newspaper with national circulation, so that the announcement for the opening of the tender would get to the broadest number of potential competitors (amendment to Article 61). He added that the latest, seventh amendment effected by Decree-Law No. 5/2021 of 23 April 2021 introduced an exceptional regime to facilitate government procurement in response to the emergency situation and humanitarian concerns that the country faced as a result of the tropical flood which had occurred in April 2021.

228. The representative of Timor-Leste added that, Timor-Leste as an LDC remained committed to an alignment and compliance with the WTO rules, commensurate to Timor-Leste's development needs, according to Article V of the WTO Agreement on Government Procurement and aiming a modern Public Procurement Framework. In this exercise, technical assistance was provided whereby the public procurement system was subject to an evaluation conducted with the support of the World Bank (WB) and the Asian Development Bank (ADB), according to the Methodology for Assessment to Procurement Systems (MAPS). The report resulting from this assessment would be submitted to the Government, with the pertinent recommendations by the end of 2022, in order to establish a new regime for public procurement.

229. [The representative of Timor-Leste confirmed Timor-Leste's willingness to accede to the WTO Agreement on Government Procurement. Timor-Leste would become an observer to the Agreement upon accession, and submit an application for membership with a coverage offer within one year] after accession to the WTO. The Working Party took note of these commitments.]

**- Transit**

230. Under the Timor-Leste's Customs Code, goods in transit had to undergo control and customs inspection. Their transportation took place under a transit declaration, issued in triplicate. Originals of transit declarations had to be filed at the customs office of transshipment and the respective duplicates and triplicates had to be handed over by the carrier to the customs office of destination. There were no fees applicable to goods in transit.

**- Agricultural policies**

231. The representative of Timor-Leste informed that agriculture was a critical sector for Timor-Leste's development. The majority of households in Timor-Leste were rural and agricultural. Most workers were engaged in the agricultural sector. Given the low level of agricultural output, Timor-Leste had a large agricultural sector with low productivity, operating at close to subsistence level. The sole significant export crop was coffee, which was grown in smallholdings and provided income for households including approximately one quarter of the population. In the medium-term, the Government envisaged that exports would focus on agricultural cash crops including coffee, spices and other niche products. Improving farm-level productivity and domestic transport infrastructure and reducing shipping costs would be important factors in the growth of agricultural cash crops. In addition, in the long-term, Timor-Leste had considerable potential to develop a profitable commercial forestry and fishing industries.

**(a) Imports**

232. The representative of Timor-Leste informed that there were no specific policies affecting imports of agricultural products. Imported agricultural goods were only subject to the rules contained in Decree-Law No. 21/2003 of 31 December 2003 on "Quarantine and Sanitary Control on Goods Imported and Exported" requiring sanitary import permits, as mentioned in section "Sanitary and phytosanitary measures".

**(b) Exports**

233. There were no export prohibitions or restrictions for agriculture products. This policy was expected to be maintained in future as part of Timor-Leste's investment policy.

234. There were no export subsidy measures in place. There were no laws, regulations, policies or programs providing for export credit, export credit guarantees, or insurance programs.

235. [The representative of Timor-Leste confirmed that Timor-Leste would bind agricultural export subsidies at zero from the date of accession. The Working Party took note of this commitment.]

**(c) Internal policies**

236. The representative of Timor-Leste provided information on domestic support and export subsidies in agriculture for the period 2018-2020 in document WT/ACC/SPEC/TLS/1/Rev.1.

237. A Member noted that the Ministry of Agriculture and Fisheries was responsible for the design, implementation, coordination, and evaluation of policy approved by the Council of Ministers in the area of agriculture, forestry, fisheries, and livestock. The Ministry could propose policy and draft legislation/regulations to establish technical support centers for farmers; manage technical and agricultural education; promote agricultural research and optimization of agricultural land; control land use for agricultural production purposes; promote and monitor animal health; promote the agricultural and fishing industry; promote and control food production, including seed production; manage the quarantine services; promote, in coordination with the Coordinating Minister for Economic Affairs, rural development by implementing a cooperative system for the production and commercialization of agricultural production; to carry out feasibility studies for the installation of irrigation systems, water storage, as well as the construction of the respective facilities. A Member asked if such measures to support the agricultural sector had been established to date, and to provide budgetary allocations. A Member further asked if the Government of Timor-Leste planned to develop a new strategic of the Ministry of Agriculture and Fisheries.

238. The representative of Timor-Leste responded that the Ministry of Agriculture and Fisheries was operating based on the strategic plan for 2014-2020 and its short- and medium-term strategic plans, which were developed in accordance with the National Strategic Development Plan of 2011-2030. Referring to the impact of the COVID-19 pandemic on the overall economic growth of the country, he added that the Ministry would maintain the current strategic plan. The plan could be reviewed in future, in line with the vision set under the National Strategic Development Plan of 2011-2030.

239. He added that agricultural policies had been developed according the Agriculture Policy in 2004, with had been revised in 2017, to reflect the five main priorities: (i) sustainable increase in production and productivity; (ii) improving market access and value addition; (iii) improving the enabling environment for the agricultural sector; (iv) organizational development; and, (v) sustainable resource use. Between 2013 and 2017, the Ministry had invested a total of over US\$ 119 million in these priority sectors, and a total of over US\$ 60.9 million between 2018 and 2021. A number of outcomes had been achieved as a result of these budgetary allocations including:

- i. rehabilitation of nine main irrigation canals across the country to improve its irrigation system as part of its infrastructure development programme;
- ii. increased rice productivity from 3.5 to 6 tons/hectare;
- iii. increased seed production, particularly for rice, maize and beans;
- iv. increased vaccinations and animal feeding programmes as part of the development of livestock programme; and
- v. development of the aquaculture industry on the South Coast of the country.

These measures had been notified to the Working Party as part of the information on domestic support and export subsidies in agriculture, in Table DS:1.



## **V. TRADE-RELATED INTELLECTUAL PROPERTY REGIME**

### **1. GENERAL**

240. The representative of Timor-Leste informed that, in accordance with the provisions of Article 165 of the Constitution, the laws and regulations in Timor-Leste applied insofar as they were not contrary to the Constitution and to the principles contained therein. Accordingly, all Indonesian legislation on intellectual property existing prior to the restoration of the independence (Title XX of the Indonesian Civil Code on "Intellectual Property") remained formally in force. However, in practice it had not been effective, as there was no adequate institutional framework for its implementation (such as an Intellectual Property Registration Agency). He confirmed that the Government of Timor-Leste recognized the urgent need for protecting intellectual property (IP) owners while doing business in the country.

241. He added that, despite the absence of legislation regulating protection and registration of IP rights in Timor-Leste, several statutes adopted by Timor-Leste addressed IP-related matters, as described in this section. Thus, the Constitution provided that the State should guarantee and protect the creation, production and commercialization of literary, scientific and artistic work, including the legal protection of copyrights. Section 60 of the Constitution (Intellectual Property) constitutes the legislator's obligation to produce specific legal instruments to protect these rights.

242. He added that, to date, Timor-Leste did not have an IP office for administration and management of IP-related legislation.

243. He further informed that Timor-Leste had acceded to the World Intellectual Property Organization (WIPO) on 12 September 2017, following the deposit with the Director General of WIPO, at Geneva, of the Instrument of Accession to the Convention Establishing the World Intellectual Property Organization (WIPO), signed at Stockholm on 14 July 1967, and amended on 28 September 1979. Resolution of the National Parliament of Timor-Leste No. 16/2017 of 25 July 2017 ratified the Convention. The accession to the WIPO had opened avenues of institutional collaboration and partnership that would help Timor-Leste achieve compliance with the substantive obligations of the WIPO Convention and the international treaties and conventions on Intellectual Property, such as the Paris Convention for the Protection of Industrial Property (Paris Convention) and the Berne Convention for the Protection of Literary and Artistic Works (Berne Convention). The Government of Timor-Leste and WIPO had signed a Memorandum of Understanding (MOU) in November 2021, aware of the importance of having a well-functioning and balanced IP regime in order to promote innovation and creativity, which are the main drivers of economic development of knowledge-based economies. The MOU allowed the Government of Timor-Leste to have access to specialized technical assistance in order to appropriately integrate IP related issues into the national development framework and cater for the interface of broad national IP policies and strategies with relevant national policy issues. The MoU ensured that WIPO's assistance would target the necessary legislation and policy reforms to comply with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), aiming to: (i) develop a National IP Strategy/Policy and its Action Plan; (ii) integrate IPR-related agreements into the national policy and regulatory

framework; and, (iii) set up a National IP Office and capacity building. To achieve these objectives, the Government of Timor-Leste committed to using the existing methodology and tools of the WIPO, while still recognizing the specific national circumstances and requirements.

244. Responding to Member's question on Timor-Leste's membership in other IP-related conventions, including the principal treaties in the field of IP as well as other international copyright treaties, such as the WIPO Internet Treaties, the representative of Timor-Leste responded that the Government of Timor-Leste committed to sign and ratify all conventions and treaties deemed necessary for having a modern IP regime, as well as the ones required in the context of accession to WTO. The timeframe for joining such conventions and treaties would result from the national assessment of IP-related issues in Timor-Leste.

245. Responding to Member's question, he added that, as of March 2022, the Government of Timor-Leste was developing the Industrial Property Code which would include provisions on trademarks, patents, utility models, industrial designs, and trade secrets. This draft Code would be submitted to the Working Party for Members' comments and review once the final version was available in the first half of 2022. Provisions on copyrights and other related rights, geographical indications and treatment of plant varieties were yet to be developed separately.

246. As an LDC, the Government of Timor-Leste expected to be granted an adequate period to adopt TRIPS-inherent obligations in the national system. Since IP-related issues were knowledge intensive and specialized in nature, they required the country to have the appropriate institutions and human capital in place, which took time. In response to Member's question on the timeline for adoption of IP laws, he referred to the Action Plan on the Implementation of the TRIPS Agreement provided in Annex 19.

**- Application of national and most favoured nation treatment to foreign nationals**

247. The Private Investment Law set for the general principle of equal treatment between national and foreign investors determining that all investors enjoyed non-discriminatory treatment in terms of rights and guarantees, except as regards to land ownership and to the minimum investment or re-investment values. Within the Law, an investment was defined as any direct or indirect investment in the country undertaken on behalf of and at the risk of the private investor with cash or other goods, quantifiable in monetary terms, such as patented technology, technical processes, industrial secrets and utility models, franchising and transfer of know-how, brands, logos, names or insignias of registered establishments, as well as any other form of intellectual property. Article 19 of the Law (Intellectual Property) established that all investors had the right to the protection of industrial secrets, copyright, industrial property rights, trademarks, or any other intellectual property rights recognized by law. The Law contained general provisions applicable to foreign investors' intellectual property rights and referred the respective regime to specific specialized IP legislation which was yet to be developed further regulate standards, enforcement and dispute settlement mechanisms inherent to investors' rights and guarantees. Thus, investors were guaranteed the right to freely transfer funds abroad, which included income obtained from the transfer of intellectual

property rights which constituted the investment. The Law also established that investors were entitled to protect patents or utility models which they had registered as being the respective authors, as well as trademarks, logos, names or insignias of establishments and other information, object of protection in terms of IP, according to the applicable legislation.

**- Fees and taxes**

248. The representative of Timor-Leste informed that the Private Investment Law granted the opportunity to national and foreign investors to be awarded certain tax benefits and customs incentives (see section "Investment regime"). The regime had abolished the fee both for nationals and foreign nationals.

**2. SUBSTANTIVE STANDARDS OF PROTECTION**

**- Copyright and related rights**

249. The representative of Timor-Leste informed that there were presently no laws and related substantive measures to ensure protection of copyrights and related rights. The Civil Code (Law No. 10/2011 of 14 September 2011) set forth that copyright was regulated by the law of the jurisdiction where the work was first published or, if it was not published by the author's personal law, without prejudice to special legislation, intellectual property was regulated by the law of the country of its creation.

250. In response to Member's question, he confirmed that his Government intended to comply with all provisions of the TRIPS Agreement applicable to LDCs, and its inherent standards, enforcement and dispute mechanisms, including by joining the Berne Convention for the Protection of Literary and Artistic Works (Berne Convention) and by establishing the relevant protections for copyrights and related rights consistent with Part II, Section 1 of the TRIPS Agreement and Articles 1-21 of the Berne Convention.

**- Trademarks, including service marks**

251. The representative of Timor-Leste informed that there were presently no laws and related substantive measures to ensure protection of trademarks, including service marks. In response to Member's question, he confirmed that his Government intended to join the Paris Convention for the Protection of Industrial Property (Paris Convention) and to establish the relevant protections for trademarks, including service marks consistent with Part II, Section 2 of the TRIPS Agreement and Articles 6-10 of the Paris Convention.

**- Geographical Indications, including appellations of origin**

252. The representative of Timor-Leste informed that there were presently no laws and related substantive measures to ensure protection of geographical indications, including appellation of origin. In response to Member's question, he confirmed that his Government intended to establish the relevant protections for geographical indications, including appellation of origin consistent with Part II, Section 3 of the TRIPS Agreement.

- **Industrial designs**

253. The representative of Timor-Leste informed that there were presently no laws and related substantive measures to ensure protection of industrial designs. In response to Member's question, he confirmed that his Government intended to comply with all provisions of the TRIPS Agreement applicable to LDCs, and its inherent standards, enforcement and dispute mechanisms, including by establishing the relevant protections for industrial designs consistent with Part II, Section 4 of the TRIPS Agreement.

- **Patents**

254. The representative of Timor-Leste informed that there were presently no laws and related substantive measures to ensure protection of patents. In response to Member's question, he confirmed that his Government intended to establish patent laws consistent with Part II, Section 5 of the TRIPS Agreement.

- **Plant variety protection**

255. The representative of Timor-Leste informed that there were presently no laws and related substantive measures to ensure plant variety protection. In response to Member's question, he confirmed that his Government intended to establish plant variety protection laws consistent with Part II, Section 5, Article 27(3)(b) of the TRIPS Agreement.

- **Layout designs of integrated circuits**

256. The representative of Timor-Leste informed that there were presently no laws and related substantive measures to ensure protection of layout designs of integrated circuits. In response to Member's question, he confirmed that his Government intended to join the Treaty on IP in Respect of Integrated Circuits (IPIC) and to establish layout designs of integrated circuit laws consistent with the TRIPS Agreement Part II, Section 6 of the TRIPS Agreement and the IPIC.

- **Requirements on undisclosed information, including trade secrets and test data**

257. The representative of Timor-Leste informed that no protection was currently provided to undisclosed information, including trade secrets and test data. In response to Member's question, he confirmed that his Government intended to join the Paris Convention and to establish laws on trade secrets and test data consistent with Part II, Section 7 of the TRIPS Agreement and Article 10bis of the Paris Convention.

**3. MEASURES TO CONTROL ABUSE OF INTELLECTUAL PROPERTY RIGHTS**

258. The representative of Timor-Leste informed that IPRs were not specifically protected in Timor-Leste due to the absence of specific statutes covering these matters. However, to control the use of IPRs one could use judicial courts and the general civil proceedings apply thereto.

259. As a temporary mechanism, companies run advertisements in local newspapers (commonly called "Cautionary Notices") in order to publicize the fact that a given IPR was exclusively owned by a certain company and that its unlawful use was forbidden. A Cautionary Notice was a simple advertisement that stated the name and address of the IPR owner along with a description of the goods and services the IPR aims to protect. In case of a patent, an abstract was also included. In case of a design, it was common to include the relevant representation. Trademarks were generally displayed exactly as they are being used (word and/or device) with the corresponding list of goods or services. According to local practice, Cautionary Notices were written in Tetum and in English. Businesses generally republished Cautionary Notices every two years so that, in case of infringement, IPR owners had a recent publication to buttress their claim. Licences, changes of name or address, and assignments could also be mentioned on republication, so that IPR owners had the most up-to-date proof of ownership or licence. Although there were no legal grounds for this practice, the publication of Cautionary Notices remained the only procedure that interested parties could adopt in an attempt to overcome the absence of IPR registration and protection in Timor-Leste.

#### **4. ENFORCEMENT**

260. Referring to paragraph [259], the representative of Timor-Leste said that the Cautionary Notices mechanism had proven to be an effective and efficient way of preventing trademark, patent and design infringements to date. Cautionary Notices granted a cause for action against infringement. Companies indicated that, in the event of IPR infringement, sending a "cease and desist letter" along with a copy of a local newspaper containing the Cautionary Notice advertisement contributed to limiting counterfeited goods from entering or circulating in Timor-Leste, despite the absence of an IP law. If counterfeiting occurred, the Government was committed to seizing and destroying counterfeited goods when they were reported.

261. A Member further asked to clarify how the Government of Timor-Leste determined the valid IP right holder of intellectual property, in spite of no IP registration, and how the Government determined the good in question was counterfeit goods. In response, the representative of Timor-Leste referred to Article 305 of the Code of Civil Procedure (Decree-Law No. 1/2006 of 21 February 2006) that provided that, whenever a person showed sustained concern that somebody else was causing serious injury of difficult repair to his right, he/she could request specifically adequate conservatory or preventive measure to ensure the effectiveness of the right being threatened. Decree-Law No. 23/2009 of 5 August 2009 on "Food Safety and Business Administrative Offences" established, in Article 21 (Fraud on Goods) that anyone who imported or sold, as a wholesaler or retailer, with the intention of deceiving consumers in commercial relations, was punished with a fine of US\$ 3,000.00 to US \$20,000.00 for goods and merchandise: (i) counterfeit, forged or depreciated, making them appear authentic, unaltered or intact; or (ii) of a different nature or of a lower quality and quantity than those which they claim to possess or appear. Public authorities determined a counterfeit, forged or depreciated product by way of an administrative offence procedure based on Article 38.1. of Decree-Law No. 23/2009, i.e., by way of an administrative offence procedure. The appeal could be submitted to the court. Such provision allowed the reporting of counterfeited goods to law enforcement institutions (e.g. National Police of Timor-Leste, Customs

Police), whereby informal Cautionary Notices could be used to sustain complaints and legal causes against occurrences of IPR infringements. He informed that his Government was aware that this system was weak and carried inefficiencies. It was committed to setting up a modern IP legal framework, as well as capable human capital and enforcement institutions.

262. He added that there were a number of domestic statutes and multilateral treaties, to which Timor-Leste was a party, which addressed IP enforcement, as described in this section. Specifically, the Customs Code (Decree-Law No. 14/2017 of 5 April 2017) set forth the application of prohibitions or restrictions with regard to goods presented to customs on grounds of morality and public security, health protection, protection of the lives of people and animals, preservation of vegetables, the environment, protection of national artistic, historic, or archaeological property, or protection of industrial and commercial property. Responding to Member's question on Article 59 that stated that industrial and commercial property could be prohibited or restricted, he informed that the Government intended to grant IPR holders in Timor-Leste the right to lodge an application for the suspension of goods suspected of being counterfeit or pirated.

**- Civil judicial procedures and remedies**

263. The representative of Timor-Leste informed that there were no civil judicial procedures and remedies specifically prepared to address IP-related rights. In response to Member's question, he added that in a dispute regarding IPRs, the parties concerned could have recourse to the general civil procedure to safeguard their rights, including by means of "unspecified precautionary measures" to prevent infringement of IPRs. He confirmed that his Government intended to develop and ensure the enforcement of the provisions of the TRIPS Agreement applicable to LDCs, including the establishment and enforcement of Civil judicial procedures and remedies consistent with Part III, Section 2 of the TRIPS Agreement.

**- Administrative procedures and remedies**

264. The representative of Timor-Leste informed that there were no administrative procedures and remedies in place. In response to Member's question, he confirmed that his Government intended to develop and ensure the enforcement of the provisions of the TRIPS Agreement applicable to LDCs, including the establishment and enforcement of administrative procedures consistent with Part III, Section 2 of the TRIPS Agreement.

**- Provisional measures**

265. The representative of Timor-Leste informed that there were no provisional measures in place. In response to Member's question, he confirmed that his Government intended to develop and ensure the enforcement of the provisions of the TRIPS Agreement applicable to LDCs, including the establishment and enforcement of provisional measures consistent with Part III, Section 3 of the TRIPS Agreement.

**- Special border measures**

266. The representative of Timor-Leste informed that under Article 11 of Decree-Law No. 9/2004 of 19 May 2004 on "Import, Storage and Circulation of Products Subject to Selective Excise Tax", companies could issue a supporting document for every good cleared from a Customs Bonded Warehouse (Loading Receipt) that should, among other information, include information on the trade name of the product.

267. Furthermore, UNTAET Executive Order No. 2002/12 of 18 May 2002 on "Trade of goods bearing the national symbols of Timor-Leste", also included provisions on enforcement at the border. Article 3.1 of the Order established that failure to fully and immediately comply with this Order constituted an offense and resulted in its prompt enforcement by all lawful means available to the Timor-Leste Public Administration. Under Article 3.4, these provisions were in addition to, and in no way limited, substituted, or intervened with prosecuting any criminal proceeding or the imposition of any criminal sanctions pertaining to the unauthorized use of trademarks, trade names, and similar items of intellectual and industrial property rights with respect to the national symbols.

268. Additionally, Article 27 of the Convention on International Civil Aviation provided for exemption from seizure on patent claims. While engaged in international air navigation, any authorized entry of aircraft of a contracting State into the territory of another contracting State or authorized transit across the territory of such State with or without landings should not entail any seizure or detention of the aircraft or any claim against the owner or operator thereof or any other interference therewith by or on behalf of such State or any person therein, on the ground that the construction, mechanism, parts, accessories or operation of the aircraft was an infringement of any patent, design, or model duly granted or registered in the State whose territory was entered by the aircraft, it being agreed that no deposit of security in connection with the foregoing exemption from seizure or detention of the aircraft should in any case be required in the State entered by such aircraft. Pursuant to Article 15 of the World Health Organization (WHO) Framework Convention on Tobacco, addressing illicit trade in tobacco products, the parties recognized that the elimination of all forms of illicit trade in tobacco products, including smuggling, illicit manufacturing and counterfeiting, and the development and implementation of related national law, in addition to sub-regional, regional and global agreements, were essential components of tobacco control. With Timor-Leste being party to both Conventions, these provisions applied as reflected in its domestic legal framework.

269. He confirmed that his Government intended to develop and ensure the enforcement of the provisions of the TRIPS Agreement applicable to LDCs, including the establishment and enforcement of special border measures procedures consistent with Part III, Section 4 of the TRIPS Agreement.

**- Criminal procedures**

270. The representative of Timor-Leste informed that there are no criminal procedures in place. In response to Member's question, he confirmed that his Government intended to develop and

ensure the enforcement of the provisions of the TRIPS Agreement applicable to LDCs, including the establishment and enforcement of criminal procedures consistent with Part III, Section 5 of the TRIPS Agreement.

271. The representative of Timor-Leste requested that, in addition to the benefits of special and differential treatment for least-developed countries under the WTO TRIPS Agreement and the various Ministerial Conference Declarations including under the Doha Declaration on the WTO TRIPS Agreement and Public Health (document WT/MIN(01)/DEC/2), the Hong Kong Ministerial Declaration (document WT/MIN(05)/DEC, paragraph 47), TRIPS Council Decision of 11 June 2013 "Extension of the Transition Period under Article 66.1 for Least Developed Country Members" (document IP/C/64), the Working Party grants Timor-Leste a transitional period until 2026 to undertake the relevant legislative reform and equip the Government to fully implement the obligations of the WTO TRIPS Agreement.

272. The representative of Timor-Leste confirmed that, should a transition period be granted, Articles 3, 4 and 5 of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights, providing for, *inter alia*, national treatment and MFN treatment would apply from the date of accession, and Timor-Leste would ensure that any changes made in its laws, regulations and practice in the transitional period would not result in a lesser degree of consistency with the provisions of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights that existed on the date of accession. He added that existing rates of infringement would not, in his view, increase significantly over this transition period, and that any infringement of intellectual property rights would be addressed immediately in cooperation and with the assistance from affected right holders. He confirmed that the Government of Timor-Leste would seek all available technical assistance to ensure that its capacity to enforce fully its TRIPS-consistent legal regime, upon the expiration of the transition period, was assured, and that Timor-Leste would make available TRIPS legislation in draft and promulgated form to the WTO TRIPS Council for circulation to interested Members. The Working Party took note of these commitments. The representative of Timor-Leste had presented the following Action Plan with details of the steps that had to be taken in order to achieve compliance with the WTO TRIPS Agreement (Annex 19).

273. [The representative of Timor-Leste confirmed that Timor-Leste would fully apply the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights no later than 2026, in accordance with the Action Plan in Annex 19 with the understanding that during this period protection for intellectual property rights listed in paragraphs [271] and [272] would be applied in Timor-Leste. The Working Party took note of this commitment.]

## **VI. POLICIES AFFECTING TRADE IN SERVICES**

274. The representative of Timor-Leste informed that, depending on the nature and the length of the activities to be carried out in Timor-Leste, foreigners and foreign entities were able to perform activities and provide services in the country provided that they established a legal presence in



Timor-Leste, through the registration of permanent representation of a foreign entity as a branch or as a local affiliate (see Annex 20).

275. In this regard, he explained that, for a non-resident entity to be permanently established in Timor-Leste, it had to, *inter alia*: (i) incorporate a local company or register a local permanent representation (branch) in Timor-Leste; (ii) have a fixed place of business in Timor-Leste; (iii) hire personnel to perform work in Timor-Leste for a period exceeding 60 days in aggregate within any given 12-month period; or/and, (iv) maintain an entity that could be deemed as a "dependent agent" in Timor-Leste. Foreign service providers had to comply to four types of requirements which also applied to local operating businesses: (i) obtaining a Taxpayer Identification Number (TIN); (ii) obtaining a business licence, when a licence or an authorization was required to exercise activity; and, (iii) registering the business entity with the Commercial Registration and Verification Service (SERVE); and (iv) complying with continuing obligations to register particular facts or events that apply to each type of business entity.

276. A Member enquired about the estimated timeframe that foreign service providers would normally face in complying with these requirements, and whether such requirements and the timeframe differed for domestic service providers. The representative of Timor-Leste said that documents required for submission by foreign entities included: (i) Act of Deliberation: where foreign companies were interested in establishing and registering their firm and to create a Permanent Establishment (PE) of such company; (ii) original passport, company's bylaw, marriage certificate (if applicable), which had to be certified by a notary at the country of origin, prior to being submitted to Timor-Leste's mission for final certification attesting its legitimacy; (iii) identified location for business activity. Once these documents were submitted, should they satisfy the above requirements, SERVE processed them in five business days. He added that domestic and foreign nationals and legal entities had to comply with the same requirements as foreigners or foreign entities, with the exception of the Act of Deliberation, which was only required for foreign entities.

277. Timor-Leste's measures affecting movement of natural persons are contained in Annex 21.

278. The representative of Timor-Leste informed that, Article 54.4 of the Constitution and Article 7.1 of Law No. 13/2017 of 5 June 2017 on "Special Regime for Determination of Ownership of Immovable Property" limited land ownership to national citizens of Timor-Leste. Article 2 of the Legal Framework on Real Estate Property (Law No. 1/2003 of 10 March 2003) elaborated that landowners could be either national citizens or the State. Furthermore, Law No. 13/2017 of 5 June 2017 on "Special Regime that Defines the Ownership of Real Estate" (Land Law) provided that only legal entities 100% owned by Timor-Leste nationals were entitled to purchase and own land in Timor-Leste. Foreign persons conducting legal activities in Timor-Leste could only lease land for up to 50 years. Under Article 25.1 of the Private Investment Law, private investors were entitled to lease land for 50 years, renewable for periods of 25 years to a total of 100 years. For other relevant sources of laws regarding interests in real estate, see Annex 22.

279. There were a number of Government ministries, agencies and professional associations that played a role in the regulation of services activities. The principal Governmental bodies were: (i) Ministry of Tourism, Commerce and Industry; (ii) Ministry of Finance; (iii) Ministry of Public Works, Transports, and Communication; (iv) Ministry of Agriculture and Fisheries; (v) SERVE; and, (vi) Ministry of Health. The full list of Ministries is contained in Annex 23. He added that Timor-Leste had its own list of Economic Activities Classification (EAC) published as an annex to Decree-Law No. 34/2017 of 27 September 2017 on the "Licensing of Economic Activities". For purposes of WTO accession process, the United Nations (UN) Central Product Classification, as recorded in document MTN.GNS/W/120 of 10 July 1991, was employed.

280. Decree-Law No. 34/2017 also prohibited commercial activities including wholesale, retail, general commerce, importing and exporting of goods and supply of services as principal or commercial agent without authorization. In addition, specialized legislation prohibited carrying on of certain businesses without a special licence issued by regulatory agencies.

281. For example, commercial banks operating in Timor-Leste had to obtain a licence from the Central Bank of Timor-Leste (CBTL) and have a minimum paid-up capital of US\$ 2,000.00. Insurance companies were also subject to licensing, should be established in a form of a limited liability enterprise / joint stock company and have paid-up capital of more than US\$ 500,000.00. Companies working in the private security services were required to have a CEO with Timor-Leste nationality.

282. Legal persons in the business of social games, slot machines, and traditional games had to obtain a prior authorization to operate and had to be legally incorporated under the laws of Timor-Leste. They had to: (i) prove to have good reputation and demonstrated technical, economic and financial capacity to develop this activity; (ii) apply for a concession to develop this activity, and (iii) have a minimum paid-up capital of US\$ 400,000 as well as a banking account balance no less than US\$ 250,000.

283. Referring to section on "Investment regime", he added that other important areas where regulatory licensing was required included, amongst others, oil and gas upstream and downstream activities (subject to licensing/authorization by the National Petroleum Authority under Law No. 3/2005 on Petroleum Activities), and mining. Carrying on a commercial activity without the appropriate authorization was an offence with a penalty between US\$ 1,000 and US\$ 10,000 to be imposed to those who did not have an authorization.

284. The representative of Timor-Leste noted that the general policy was to promote open competition in all services sectors. Investors or companies could employ foreign personnel or experts. The Government policy required that all major businesses ensured that a minimum percentage of the value of labour in all major projects in Timor-Leste was dedicated to the employment or accredited training of citizens of Timor-Leste. He further informed that there were no measures in place inconsistent with the most-favoured-nation (MFN) treatment.

285. At the same time, monopoly in electricity distribution and water supply still existed. Public Electricity Company of Timor-Leste (EDTL-EP) operated in this area. For social reasons, there was also a public funeral transportation service provided by the State, given the lack of coverage and price of private services. Foreign nationals were also prohibited from carrying on some commercial activities and so could not obtain a licence to carry on business in the reserved categories, as described in section "Investment regime". There was a list of occupations that could not be performed by foreign nationals, as follows: (i) servant in a bar, restaurant, hotel and shops; (ii) public drivers; (iii) receptionist; (iv) housekeeper, except individuals qualified to work with vulnerable people or child; (v) hairdresser, except foreign nationals with specific training; (vi) security guard; (vii) clerk; (viii) warehouse supervisor; (ix) assistant in any job; (xi) photocopier work; (xii) gardener; (xiii) traditional market and street vendor. Artisanal/traditional fishing permits were also granted only to Timor-Leste nationals (citizens and legal entities). Activities that were reserved to nationals also included providing universal postal service and public communication services and development and exploration of national parks, marine or land reserves or other protected areas.

286. Further, he informed that the existing limitations on the participation of foreign capital were the following: (i) press services sector/media: foreign capital was limited up to 30% of the share capital; and (ii) access to road public carrier: business was only available to Timor-Leste citizens or to a legal persons with over 50% of share capital controlled by Timor-Leste citizens.

287. With respect to requirements on specific types of legal entity through which a service may be supplied, he noted that, in the telecommunications sector specific regulations applied that required for the service provider to be registered as a corporate body in Timor-Leste and to be registered as such within the National Regulatory Authority. In the air transport, services could only be provided by legal persons incorporated under the laws of Timor-Leste. In the construction sector, the certification and registration of civil construction and technical consulting companies were mandatory for them to be able to bid for public procurement tenders.

288. Detailed information on regulation in specific services sectors is contained in Annex 24.

289. Referring to Annex 24, a Member asked for a clarification on the requirements applied to foreign lawyers who had to be registered with the Centre for Legal Training (CLT), including the requirement to have knowledge of the Timor-Leste legal framework, and how this knowledge was assessed by the CLT. The representative of Timor-Leste explained that, initial training for careers in the judiciary, including public prosecution and public defence, was held at the Legal and Judicial Training Centre (CFJJ/CLT) of the Ministry of Justice. Exceptionally, and until the establishment of the Timor-Leste Bar Association, the CLT maintained all competencies for the training of lawyers. The examination was held at the CLT, where the test was conducted by a panel nominated directly by the Minister of Justice. The examination was composed of three tests: (i) a written test aimed to assess the knowledge and understanding of the resolution of civil, commercial and criminal law cases, as well as civil and criminal procedural law; (ii) an interview test which aimed to evaluate

the candidate's legal knowledge, critical thinking ability and argumentation; and (iii) a psychological test.

290. A Member also asked to provide information on the regulatory framework for environmental services relating to wastewater treatment, disposal and sanitation. The representative of Timor-Leste responded that this services sector was undergoing reforms with an aim to develop a modern legal framework. He referred to Articles 41-42 of Decree-Law No. 26/2012 of 4 July 2012 on "Basic Law of the Environment" which determined the State's competence to establish the mechanisms necessary to ensure the appropriate treatment of domestic, commercial and industrial wastewater and sewage effluents. The Law required that any establishment or plant which evacuated wastewater had to ensure that it was cleaned in accordance with the environmental standards. The import of hazardous waste was prohibited, while the identification, control, production, transportation, storage, export and use of hazardous waste was subject to special legislation. Furthermore, considering the environmental impact of urban solid waste on fresh water, also referred to the solid waste management principles established by Article 10 of Decree-Law No. 2/2017 of 22 March 2017 on "Urban Solid Waste Management System" which provided that the provision of the urban waste management service obeyed the principles of public health and the environment; promotion of universality and equal access; quality and continuity of service and protection of users' interests; economic and financial sustainability of services; user-payer principle; responsibility of the citizens adopting preventive behaviours in the matter of waste production, as well as practices that facilitate their reuse, recycling or other forms of valorisation; transparency in the provision of services; ensuring efficiency and continuous improvement in the use of the associated resources, responding to the evolution of the technical requirements and the best environmental techniques available; and promoting economic and social solidarity, correct territorial planning and regional development.

291. Referring to Annex 24, a Member also enquired which services sectors/sub-sectors were considered as sensitive and highly sensitive. The representative of Timor-Leste responded that Timor-Leste had a straightforward economic structure, while it was still in the early stages of developing policies and legislation on the services sectors. At the same time, as described in section "Investment regime", according to Timor-Leste's Negative Investment List the following activities were prohibited for both national and foreign investment: (i) highly sensitive: criminal activities, activities related to environmental protection areas, arms and ammunition production and distribution; and (ii) sensitive: activities related to the offense of traditional customs, postal and courier services, activities related to funeral services. Other than these, Timor-Leste adopted a liberalized approach to the services sector, with certain limitations on market access and national treatment applicable to foreign investments and foreign nationals.

## **VII. TRANSPARENCY**

### **- Publication of information on trade**

292. The representative of Timor-Leste informed that legal instruments were only effective upon publication in "Jornal da República". Legal instruments were also published online on the website of "Jornal da República", which was part of the website of the Ministry of Justice at [www.mj.gov.tl](http://www.mj.gov.tl). Most of the legal instruments were made available by provision of a link to the relevant issue of "Jornal da República".

293. The website of "Jornal da República" also contained a webpage of the Office of Legal Affairs of the United Nations Integrated Mission in Timor-Leste (UNMIT): <http://www.jornal.gov.tl/lawsTL/index-e.htm>, which included the UNTAET Regulations enacted between October 1999 and May 2002, and a webpage with legislation from independence in May 2002 until the UN ceased to update the website in mid-2012: <http://www.jornal.gov.tl/lawsTL/-RDTL-Law/index-e.htm>. It included links to the official legal instruments in Portuguese and, in some cases, links to unofficial English translations.

294. In addition, the website of the Government of Timor-Leste (<http://timor-leste.gov.tl/?lang=en>) contained a selection of legislation in six categories. The website was regularly updated and provided information on the main policy decision taken weekly by the Council of Ministers, in three languages, Portuguese, Tetum and English. Some of the websites of the individual Ministries, and the website of the Central Bank of Timor-Leste (CBTL), also contained links to relevant legislation.

295. [The representative of Timor-Leste confirmed that, upon accession, Timor-Leste would fully and promptly implement Article X of the General Agreement on Tariffs and Trade 1994, Article III of the General Agreement on Trade in Services, Article 63 of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights, and other transparency provisions in the WTO Agreements requiring notification and/or publication. He further confirmed that no law, regulation, judicial decision, administrative ruling, or other measure of general application pertaining to or affecting trade in goods, services and TRIPS would become effective prior to its publication in "Jornal da República", along with the official websites of the relevant ministries. The publication of such laws, regulations and other measures would include the effective date of these measures and list the products and/or services affected by the particular measure. The Working Party took note of these commitments.]

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**- Notifications**

296. The representative of Timor-Leste informed that his Government recognized the importance of notification requirements under the WTO Agreements. Thus, it aspired to submit all initial notifications required by the WTO Agreements within six months from the membership date. Any laws, regulations, or other measures subsequently enacted by Timor-Leste, and which were required to be notified pursuant to the WTO Agreements, would be notified in a time and manner consistent with WTO requirements.

297. Responding to a question from a Member on how the Government intended to manage its notification obligations, the representative of Timor-Leste explained that, once Timor-Leste became a WTO Member, it would adhere to its initial notification obligations and would immediately notify any further changes to Members in regard to each amendment in its laws, legislations or other measures subsequently enacted in accordance with the WTO rules.

298. [The representative of Timor-Leste confirmed that, at the latest, within six months of the entry into force of the Protocol of Accession, Timor-Leste would submit all initial notifications required by the WTO Agreement. Any laws, regulations, or other measures subsequently enacted by Timor-Leste, and which were required to be notified pursuant to the WTO Agreement, would also be notified in a time and manner consistent with WTO requirements. The Working Party took note of these commitments.]

**VIII. TRADE AGREEMENTS**

299. The representative of Timor-Leste informed that Timor-Leste was not a party to any customs union or free trade agreement or to any other bilateral or multilateral agreements relating to trade in goods and services, investment or intellectual property. It did not belong to any regional trade or labour market integration agreement. The country was a party to the following agreements: (i) Agreement between the Timor-Leste and Indonesia on Traditional Border Crossings and Regulated Markets, signed in Jakarta, Indonesia, on 11 June 2003; and, (ii) Cooperation Agreement between Member States of the Community of Portuguese Language Countries (CPLP) on Cinema and Audio-visuals, signed in Luanda, Angola, on 14 May 2005, as well as a number of bilateral agreements (including BITs), listed in Annex 25. Responding to Member's question, he clarified that there were no benefits/privileges associated with trade in services in these bilateral agreements. Timor-Leste also benefited from the following unilaterally granted preferential trade arrangements for its exports:

- i. US Scheme of General System of Preferences;
- ii. EU Generalized System of Preferences;
- iii. Australia's General System of Preferences; and
- iv. New Zealand's General System of Preferences.

300. At the same time, the Government recognized the importance of regional cooperation. Since 2011, when Timor-Leste had officially applied to become a member of ASEAN, it had been undertaking the necessary institutional and legal reforms towards full compliance with rules of the ASEAN Economic Community.

301. In response to Member's question on his Government's plans to initiate trade negotiations to conclude trade agreements, the representative of Timor-Leste said that the Government was willing to consider entering into such negotiations and eventually sign trade agreements, to safeguard mutual interests and enhance mutual benefits, while honouring commitments inherent to WTO accession. He elaborated that the Government put forth necessary technical preparations to establish one negotiating team to adhere Timor-Leste into multilateral and bilateral trade agreements. Such effort was reflected in a number of trade-related trainings completed by the government officials. In parallel, considering Timor-Leste's commitment to accede to the WTO and ASEAN, the Government continued to work on strengthening its institutional and legal framework to be in conformity with these agreements. State of play regarding Timor-Leste's ASEAN accession is provided in Annex 26.

302. The list of multilateral organizations, trade-related programs of other multilateral organizations to which Timor-Leste was a member/participant is provided in Annex 23.

303. [The representative of Timor-Leste confirmed that his Government would observe the relevant provisions of the WTO Agreement, including Article XXIV of the General Agreement on Tariffs and Trade 1994, the 1979 GATT Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (Enabling Clause) and Article V of the General Agreement on Trade and Services in its trade agreements and would ensure that the applicable provisions of the WTO Agreements for notification, consultation, and other requirements concerning free trade areas, customs unions and other preferential trade arrangements, of which Timor-Leste was, or may become, a member, were met from the date of accession. The Working Party took note of these commitments.]

## CONCLUSIONS

[to be completed]

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**ANNEX 1****Laws, Regulations and Other Information Provided to the Working Party by Timor-Leste**

<b>Legislation/Regulation</b>	<b>Legislation Notice</b>
<b>ECONOMIC POLICIES</b>	
UNTAET Regulation No. 2001/14, On the Official Currency and Legal Tender of East Timor	WT/ACC/TLS/5
Law No. 1/2003, Legal Framework on Real Estate Property (Land Law)	WT/ACC/TLS/5
Decree-Law No. 14/2003, Legal Regime for Public Companies	WT/ACC/TLS/5
Decree-Law No. 20/2003, Legal Tender in Timor-Leste	WT/ACC/TLS/5
Decree-Law No. 19/2004, Legal Regime of Property-Official Allocation and Leasing of Private Property of the State	WT/ACC/TLS/5
Law No. 4/2005, Domestic Investment Law	WT/ACC/TLS/5
Law No. 5/2005, Foreign Investment Law	WT/ACC/TLS/5
Government Decree No. 5/2005, Rules of Procedure for Domestic Investment	WT/ACC/TLS/9
Government Decree No. 6/2005, Rules of Procedure for Foreign Investment	WT/ACC/TLS/5
Law No. 8/2005, Petroleum Tax	WT/ACC/TLS/5
Law No. 13/2005, Petroleum Activities Law	WT/ACC/TLS/5
Decree-Law No. 7/2005, Public Tender of Petroleum Contract	WT/ACC/TLS/5
Decree-Law No. 28/2008, Regulate Public Supply of Essential Goods	WT/ACC/TLS/5
Government Resolution No. 20/2008, on Public Supply of Essential Goods	WT/ACC/TLS/7
Decree-Law No. 20/2008, National Petroleum Authority	WT/ACC/TLS/5
Government Decree No. 13/2008, Regulation of Government Intervention in Public Supply and Prices of Essential Goods	WT/ACC/TLS/5
Ministerial Diploma No. 6/2008, Price Stabilization Measures, to Combat Inflation and Speculative Prevention; Regulation on Government Intervention in the Market	WT/ACC/TLS/5
Public Instruction No. 4/2009, Importation and Exportation of Cash	WT/ACC/TLS/5
Government Resolution No. 13/2012, Regulate Maximum Sales Margin of Certain Essential Goods	WT/ACC/TLS/7
Ministerial Diploma No. 6/MTCI/III/2011, Regulation on Sales Price of Local Maize	WT/ACC/TLS/7
Law No. 4/2011, Crimes of Monopolization and Speculation	WT/ACC/TLS/5
Ministerial Diploma No. 11/MTCI/VI/2011, Regulate Public Supply of Rice and Other Essential Goods	WT/ACC/TLS/7
Law No. 5/2011, Organic Law of the Central Bank of Timor-Leste of Timor-Leste (CBTL)	WT/ACC/TLS/5
Decree-Law No. 29/2011, Fair Price	WT/ACC/TLS/5
Decree-Law No. 31/2011, Timor Gap – Timor Gas and Petroleum, Public Enterprise	WT/ACC/TLS/9
Law No. 14/2011, Private Investment Law	WT/ACC/TLS/5
Law No. 17/2011, Anti-Money Laundering and Counter Financing of Terrorism Law	WT/ACC/TLS/5
Law No. 4/2012, Labour Code	WT/ACC/TLS/5
Decree-Law No. 1/2012, Downstream Sector	WT/ACC/TLS/5
Law No. 5/2012, Strike Law	WT/ACC/TLS/5
Ministerial Diploma No. 14/2012, Public Supply of Rice	WT/ACC/TLS/7
Decree-Law No. 42/2012, Legal Framework for Public Private Partnerships	WT/ACC/TLS/5
Ministerial Diploma No. 1/2013, Regulation on Public Supply of Rice and Standardisation of Price	WT/ACC/TLS/7
Ministerial Diploma No. 2/2013, Public Supply of Rice in Oecusse Ambeno	WT/ACC/TLS/7
Law No. 5/2013, Anti-Money Laundering and Counter Financing of Terrorism Law (1st Amendment)	WT/ACC/TLS/5
BCTL Regulation No. 1/2013, Licensing and Supervision of Money Transfer Operators	WT/ACC/TLS/9
Decree-Law No. 2/2014, 1st Amendment to Decree-Law No. 42/2012 of 7 September 2012 on the Approval of the Legal Framework for Public Private Partnerships	WT/ACC/TLS/7
Decree-Law No. 8/2014, Legal Regime for Public Private Partnerships	WT/ACC/TLS/5
Decree-Law No. 16/2014, Financial Intelligence Unit	WT/ACC/TLS/5
Decree-Law No. 24/2014, Legal Regime to Establish Tourism Policy for Timor-Leste	WT/ACC/TLS/7
Decree-Law No. 26/2014, Establishment of the National Logistics Center	WT/ACC/TLS/21
Decree-Law No. 17/2015, National Payment System	WT/ACC/TLS/7
Government Resolution No. 43/2015, Government Participation in the Investment of the Extraction of Cement and Limestone	WT/ACC/TLS/5
Government Resolution No. 44/2015, Participation of Timor Gap, Public Enterprise, in Oil Exploration	WT/ACC/TLS/7
Decree-Law No. 45/2015, Establishment of Investment and Export Promotion Agency, Public Institute (TradeInvest)	WT/ACC/TLS/7



<b>Legislation/Regulation</b>	<b>Legislation Notice</b>
Decree-Law No. 1/2016, National Petroleum Authority	WT/ACC/TLS/5
Government Decree No. 7/2016, National Labour Council	WT/ACC/TLS/7
Law No. 8/2016, Consumer Protection Law	WT/ACC/TLS/5
Decree-Law No. 32/2016, Legal Regime for Offshore Oil Operations in Timor-Leste	WT/ACC/TLS/5
Government Decree No. 13/2016, Regulation on Bank Account for PPP of Tibar Port	WT/ACC/TLS/7
ANPM Regulation No. 2/2016, Downstream Commercialization Activities (regulates on registration and licensing for selling of fuels, biofuels and lubricants)	WT/ACC/TLS/9
Government Resolution No. 36/2016, Exploration of Construction Material Reserved for Local Companies	WT/ACC/TLS/7
Ministerial Diploma No. 64/2016, Specific Rules for Licensing of Mineral Exploration Activities	WT/ACC/TLS/9
Decree-Law No. 39/2016, Sub-division of Onshore Exploration Block	WT/ACC/TLS/7
Government Resolution No. 9/2017, National Policy on ICT in 2017-2019	WT/ACC/TLS/9
Government Resolution No. 16/2017, National Tourism Policy 2030	WT/ACC/TLS/5
Public Instruction No. 4/2017, Importation and Exportation of Cash	WT/ACC/TLS/9
Law No. 8/2017, Expropriation for Public Purposes	WT/ACC/TLS/9
Law No. 10/2017, Commercial Companies Law	WT/ACC/TLS/5
Joint Ministerial Diploma No. 32/2017, Regulation of Price for the Re-Sale of Rice	WT/ACC/TLS/7
Law No. 11/2017, Migration and Asylum	WT/ACC/TLS/9
Law No. 13/2017, Special Regime for Determination of Ownership of Immovable Property (Land Law)	WT/ACC/TLS/5
Government Decree No. 28/2017, Mandatory Establishment of Supervision body or Auditor External in Commercial Company	WT/ACC/TLS/5
Government Decree No. 27/2017, Model of Constituent Act of Commercial Company	WT/ACC/TLS/5
Government Resolution No. 44/2017, National Employment Strategy (2017 – 2030)	WT/ACC/TLS/5
Law No. 15/2017, Private Investment Law	WT/ACC/TLS/5
Regulation No. 3/2017, Minting and Use of Coins	WT/ACC/TLS/7
2017 Timor-Leste Investment Guide	WT/ACC/TLS/21
Government Decree No. 4/2019, First Amendment to Government Decree No. 2/2018, on Procedure Regulation for Private Investment	WT/ACC/TLS/7
Decree-Law No. 16/2019, 1st Amendment to Decree-Law No. 3/2011 of 26 January 2011, Statutes of the National Commercial Bank of Timor-Leste, S.A.	WT/ACC/TLS/7
Law No. 4/2019, on Special Labor and Migration Regime Applicable to the Bayu-Undan Project; additional applicable provisions in Law No. 11/2017, Migration and Asylum	WT/ACC/TLS/5
Law No. 1/2019, 1st Amendment to the Petroleum Activities Law No. 13/2005, of 2 September 2005	WT/ACC/TLS/7
Law No. 6/2019, 2nd Amendment to the Petroleum Activities Law No. 13/2005, of 2 September 2005	WT/ACC/TLS/9
Resolution No. 9/2020, Integrated Project on Unique Identifier of Timorese citizens and residents	WT/ACC/TLS/15
Government Resolution No. 29/2020, Establishment of the Commission for Coordination and Monitoring of Institutional Reforms	WT/ACC/TLS/21
Government Resolution No. 38/2020, Public Administration Reform Program 2019-2023	WT/ACC/TLS/17
Law No. 10/2021, First Amendment to Law No. 11/2017 on "Migration and Asylum"	WT/ACC/TLS/21
Economic Recovery Plan of Timor-Leste 2020-2023	WT/ACC/TLS/19
CBTL Instruction No. 8/2009, Approval of Public Instruction No. 4/2009 on "Importation and Exportation of Cash"	WT/ACC/TLS/19
CBTL Instruction No. 5/2017, Customer Identification, Record Keeping and Transaction Report	WT/ACC/TLS/19
<b>FRAMEWORK FOR MAKING AND ENFORCING POLICIES</b>	
Constitution of Timor-Leste	WT/ACC/TLS/5
Law No. 1/2002, Publication of Acts	WT/ACC/TLS/5
Law No. 2/2002, Interpretation of Applicable Law	WT/ACC/TLS/5
Law No. 10/2003, Interpretation of Section 1 of Law No. 2/2002 of 7 August 2002, and Sources of Law	WT/ACC/TLS/5
Law No. 5/2004, Statutes of Members of Parliament	WT/ACC/TLS/5
Criminal Procedure Code - Decree-Law No. 13/2005	WT/ACC/TLS/5
Civil Procedure Code - Decree-Law No. 1/2006	WT/ACC/TLS/7
Resolution by the National Parliament No. 25/2008, Ratification of UNCAC	WT/ACC/TLS/17
Decree-Law No. 32/2008, Administrative Procedures	WT/ACC/TLS/5

<b>Legislation/Regulation</b>	<b>Legislation Notice</b>
Law No. 2/2009 of 6 May 2009 on Protection of Witnesses	WT/ACC/TLS/17
Decree-Law No. 9/2009, PNTL - National Police of Timor-Leste	WT/ACC/TLS/5
Penal Code - Decree-Law No. 19/2009	WT/ACC/TLS/5
Law No. 11/2009, Territorial Administrative Division (Local Government)	WT/ACC/TLS/5
Law No. 6/2009 on 1st Amendment, by Parliamentary Consideration, to the Penal Code	WT/ACC/TLS/5
Civil Code - Law No. 10/2011 of 14 September 2011	WT/ACC/TLS/5
Law No. 3/2004 of 14 April 2004, First amended by Law No. 2/2016 of 3 February 2016 on Political Parties	WT/ACC/TLS/17
Government Decree No. 1/2015, Public Finance Procedures and Rules for Execution of State Budget 2015	WT/ACC/TLS/9
Rules of Procedure of the National Parliament No. 1/2016	WT/ACC/TLS/9
Law No. 4/2016, Territorial Administrative Division (Local Government)	WT/ACC/TLS/7
Law No. 6/2017, Basis for Territorial Planning	WT/ACC/TLS/7
Joint Ministerial Diploma No. 42/2017, Regulation on Municipality Administration and Authority in Public Works Domain	WT/ACC/TLS/7
Joint Ministerial Diploma No. 43/2017, Regulation on Municipality Administration and Authority in Water and Sanitation	WT/ACC/TLS/7
Government Resolution No. 51/2017, Rules of Procedure for the Council of Ministers	WT/ACC/TLS/7
Decree-Law No. 14/2018, Organic Structure of the VIII Constitutional Government	WT/ACC/TLS/9
Resolution No. 12/2019, Code of Conduct of Members of the Government	WT/ACC/TLS/17
Decree-Law No. 27/2020 of 19 June 2020, 2nd Amendment to Decree-Law No. 14/2018, Organic Structure of the VIII Constitutional Government	WT/ACC/TLS/9
Law No. 7/2020, Preventing and Combatting Corruption	WT/ACC/TLS/15
Annual Budget Law for 2021 (Law No. 14/2020 of 29 December 2020, as amended by Law No. 8/2021 of 3 May 2021)	WT/ACC/TLS/15
Law No. 3/2021, Authorizing the Government to change the Civil Procedure Code	WT/ACC/TLS/15
Law No. 6/2021, Legal Regime of Voluntary Arbitration and 1st Amendment to the Civil Procedure Code	WT/ACC/TLS/15
Resolution No. 8/2021, Timor-Leste's Accession to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards	WT/ACC/TLS/15
Law No. 23/2021, Local Governments and Administrative Decentralization	WT/ACC/TLS/21
Law No. 25/2021, System of Courts	WT/ACC/TLS/21
<b>POLICIES AFFECTING TRADE IN GOODS</b>	
Executive Order No. 2002/12, on Trade in Goods Bearing National Symbols (UNTAET)	WT/ACC/TLS/5
Decree-Law No. 19/2003, Regulation on Port Tariff	WT/ACC/TLS/5
Decree-Law No. 21/2003, Quarantine and Sanitary Controls of Imported and Exported Goods	WT/ACC/TLS/5
Decree-Law No. 6/2004, General Bases of the Legal Regime for Fisheries and Aquaculture Management and Regulation	WT/ACC/TLS/5
Government Decree No. 5/2004, General Regulation on Fishing	WT/ACC/TLS/5
Decree-Law No. 12/2004, Regulation of Pharmaceutical Activities	WT/ACC/TLS/5
Ministerial Diploma No. 4/2004, Percentage of Insurance of Imported Goods	WT/ACC/TLS/17
Ministerial Diploma No. 10/2004, Licensing fees for pharmaceutical activities	WT/ACC/TLS/17
Ministerial Diploma No. 12/2004, Classification of Medicines	WT/ACC/TLS/17
Decree-Law No. 4/2005, General Bases of the Legal Regime for Fisheries and Aquaculture Management and Regulation	WT/ACC/TLS/5
Decree-Law No. 10/2005, Legal Regime for Procurement	WT/ACC/TLS/5
Decree-Law No. 11/2005, Legal Regime for Public Contract	WT/ACC/TLS/5
Decree-Law No. 12/2005, Legal Framework on Administrative Offences in Public Procurement	WT/ACC/TLS/5
Decree-Law No. 8/2006, Regulation on Customs Duties	WT/ACC/TLS/5
Government Decree No. 1/2006, Rules and Procedures to Implement Quarantine and Sanitary Controls of Imported and Exported Goods	WT/ACC/TLS/5
Decree-Law No. 14/2006, 1st Amendment to the Legal Regime for Procurement	WT/ACC/TLS/5
Law No. 8/2008, Taxes and Duties Act	WT/ACC/TLS/5
Decree-Law No. 24/2008, 2nd Amendment to the Procurement Legal Regime	WT/ACC/TLS/5
Decree-Law No. 5/2009, Licensing for Sale of Drinking Water	WT/ACC/TLS/5
Decree-Law No. 2/2009, Special Procurement Legal Regime for Autonomous Service for Drugs and Health Equipment (SAMES)	WT/ACC/TLS/5
Decree-Law No. 23/2009, Food Safety and Business Administrative Offences	WT/ACC/TLS/5
Ministerial Diploma No. 1/2009, Procedure for Issuance of Certificate of Origin for Coffee	WT/ACC/TLS/7

<b>Legislation/Regulation</b>	<b>Legislation Notice</b>
Government Decree No. 8/2009, Regulation on Special Procurement for Priority Sector	WT/ACC/TLS/7
Decree-Law No. 29/2009, Special Procurement for Priority Sector	WT/ACC/TLS/5
Decree-Law No. 1/2010, 3rd Amendment to the Procurement Legal Regime	WT/ACC/TLS/5
Decree-Law No. 2/2010, Special Procurement for Construction Work Up to US\$ 250,000	WT/ACC/TLS/5
Decree-Law No. 3/2010, Organic of the Procurement Monitoring and Technical Commission	WT/ACC/TLS/5
Decree-Law No. 14/2010, Temporary Procurement Measures	WT/ACC/TLS/5
Decree-Law No. 11/2011, National Development Agency	WT/ACC/TLS/5
Decree-Law No. 14/2011, National Procurement Commission	WT/ACC/TLS/5
Decree-Law No. 15/2011, 4th Amendment to the Legal Regime for Procurement	WT/ACC/TLS/5
Decree-Law No. 30/2011, Conditions and Procedures to be Observed in relation to the Import of Motor Vehicles	WT/ACC/TLS/17
Decree-Law No. 38/2011, 5th Amendment to the Legal Regime for Procurement	WT/ACC/TLS/5
Government Resolution No. 9/2012, Settlement Agreement Between the State and Timor Telecom	WT/ACC/TLS/7
Decree-Law No. 18/2011, Decentralized Development Programmes I and II	WT/ACC/TLS/5
Decree-Law No. 24/2011, Licensing of Economic Activities	WT/ACC/TLS/5
Decree-Law No. 28/2011, Food Industry and Marketing Regulation	WT/ACC/TLS/5
Decree-Law No. 35/2012, Business Verification and Registration Services (SERVE)	WT/ACC/TLS/9
Decree-Law No. 26/2012, Basic Law of the Environment	WT/ACC/TLS/5
Decree-Law No. 36/2012, Control of Imports and Exports of Substances that Deplete the Ozone Layer	WT/ACC/TLS/17
Decree-Law No. 11/2013, Procurement Legal Regime for the Integrated District Development Plan (PDID)	WT/ACC/TLS/5
Decree-Law No. 5/2015, Creation of Free Trade Zone and Industrial Customs Free Zone in the Oecusse-Ambeno Region (ZEESM)	WT/ACC/TLS/9
Decree-Law No. 10/2014, Regulation on Slaughterhouse Licensing	WT/ACC/TLS/9
Decree-Law No. 13/2014, Regulation on Hygiene Requirement for Selling of Meat and Meat Products	WT/ACC/TLS/9
Law No. 3/2014, Creation of the Oe-cusse-Ambeno Special Administrative Region, and the Oe-cusse Ambeno and Atauro (RAEOA) Social Market Economic Special Zone (ZEESM)	WT/ACC/TLS/5
Decree-Law No. 28/2014, Procurement Special Regime for Special Administrative Region of Oecusse-Ambeno (ZEESM)	WT/ACC/TLS/5
Government Resolution No. 37/2014, Special Investment Agreement with Heineken	WT/ACC/TLS/7
Decree-Law No. 28/2015, Regulation on Port Tariff (1st Amendment to Decree-Law No. 19/2003)	WT/ACC/TLS/7
Decree-Law No. 1/2016, 1st Amendment to Decree-Law No. 20/2008 of 19 June 2008	WT/ACC/TLS/5
Government Resolution No. 6/2016, National Trade Facilitation Committee	WT/ACC/TLS/7
Decree-Law No. 5/2016, National System of Protected Areas	WT/ACC/TLS/7
Decree-Law No. 12/2016, Special Procurement Legal Regime for Autonomous Service for Drugs and Health Equipment (SAMES)	WT/ACC/TLS/9
Decree-Law No. 15/2016, Procurement Legal Regime for the Integrated District Development Plan (PDID)	WT/ACC/TLS/5
Decree-Law No. 26/2016, Establishment of the Authority for Inspection and Supervision of Economic, Food and Sanitary Activities	WT/ACC/TLS/5
Decree-Law No. 35/2016, Creation of Installation Commission of the Authority for Inspection, Supervision of Economic, Food and Sanitary Activity	WT/ACC/TLS/9
Government Resolution No. 42/2016, Adoption of Arusha Declaration of the World Customs Organization	WT/ACC/TLS/7
Government Resolution No. 41/2016, Approval of State Capital Contribution and Participation in TL Cement	WT/ACC/TLS/7
Decree-Law No. 2/2017, Urban Solid Waste Management System	WT/ACC/TLS/7
Decree-Law No. 7/2017, Business Registration and Verification Service (SERVE)	WT/ACC/TLS/5
Decree-Law No. 9/2017, Organic Structure of the Customs Authority	WT/ACC/TLS/5
Government Resolution No. 12/2017, National Policy for Nutrition and Food Security	WT/ACC/TLS/7
Decree-Law No. 13/2017, Organic Structure of the Tax Authority	WT/ACC/TLS/5
Decree-Law No. 14/2017, Customs Code of Timor-Leste	WT/ACC/TLS/5
Law No. 14/2017, on Legal Regime for Forestry	WT/ACC/TLS/9
Decree-Law No. 16/2017, Business Registration (or Commercial Registration) Procedures	WT/ACC/TLS/5

<b>Legislation/Regulation</b>	<b>Legislation Notice</b>
Government Resolution No. 43/2017, Review of Technical Documentation in the Procurement Process for Public Works	WT/ACC/TLS/9
Decree-Law No. 23/2017, Credit Guarantee Scheme for Small and Medium-Size Enterprises	WT/ACC/TLS/5
Government Resolution No. 24/2017, on Adoption of ASYCUDA World as Platform for the National Single Window	WT/ACC/TLS/7
Decree-Law No. 28/2017, Vehicle Movement Control Regime at the Entry and Exit from the National Territory	WT/ACC/TLS/9
Decree-Law No. 34/2017, Licensing of Economic Activities	WT/ACC/TLS/5
Ministerial Circular No. 3/2017, Import of Narcotics or Psychotropic Substances	WT/ACC/TLS/17
Ministerial Circular No. 11/2017, Natural Medicines	WT/ACC/TLS/17
Decree-Law No. 10/2018, Legal Statute of Quality Institute of Timor-Leste	WT/ACC/TLS/7
Ministerial Diploma No. 34/2018, Tables of Fees for SERVE	WT/ACC/TLS/17
Law No. 3/2019, 1st Amendment to Law No. 3/2014, Creation of the Oe-cusse-Ambeno Special Administrative Region, and the Oe-cusse Ambeno and Atauro (RAEOA) Social Market Economic Special Zone (ZEESM)	WT/ACC/TLS/7
Law No. 5/2019, 1st Amendment to Decree-Law No. 8/2008, Taxes and Duties Act	WT/ACC/TLS/7
Decree-Law No. 27/2019, 2nd Amendment to Decree-Law No. 20/2008 of 19 June 2008	WT/ACC/TLS/7
Decree-Law No. 6/2020, Legal Framework for the Protection and Conservation of Biodiversity	WT/ACC/TLS/18
Decree-Law No. 30/2019, 6th Amendment to the Legal Regime for Procurement	WT/ACC/TLS/7
Decree-Law No. 2/2020, Establishment of the Structure of the Customs Authority	WT/ACC/TLS/21
Decree-Law No. 7/2020, Import, Transport, Storage and Explosive Products for Civil Construction, Oil and Mineral Activities	WT/ACC/TLS/17
Government Resolution No. 31/2020, Establishment of Inter-ministerial Commission for Tax Reform and Public Finance Management and the Inter-ministerial Sub-committee for Reform of State Heritage Management	WT/ACC/TLS/15
Decree-Law No. 5/2021, 7th Amendment to the Legal Regime for Procurement	WT/ACC/TLS/19
Draft Law on Pesticides	WT/ACC/TLS/15
Draft Decree-Law on Quarantine (Animal Health)	WT/ACC/TLS/5 WT/ACC/TLS/9
Draft Decree-Law on Quarantine (Plant Health)	WT/ACC/TLS/5 WT/ACC/TLS/9
Draft Import Requirements for Animals and Animal Products, and Plants and Plant Products (Quarantine Requirements)	WT/ACC/TLS/15
Draft Export Promotion Law	WT/ACC/TLS/15
<b>TRADE-RELATED INTELLECTUAL PROPERTY REGIME</b>	
Indonesian Civil Code (Title XX Intellectual Property)	WT/ACC/TLS/5
Parliament Resolution No. 16/2017, Ratification of the International Convention Establishing the WIPO	WT/ACC/TLS/5
<b>POLICIES AFFECTING TRADE IN SERVICES</b>	
UNTAET Regulation No. 8/2000, Bank Licensing and Supervision	WT/ACC/TLS/5
Decree-Law No. 2/2003, Basic Law on the Road Transport System	WT/ACC/TLS/5
Decree-Law No. 11/2003, Regulation of the Telecommunication Sector	WT/ACC/TLS/5
Decree-Law No. 13/2003, Bases for the National Electricity System	WT/ACC/TLS/9
Decree-Law No. 18/2003, Road Transport Contract	WT/ACC/TLS/5
Decree-Law No. 4/2004, Water Supply for Public Consumption	WT/ACC/TLS/9
Decree-Law No. 17/2004, Postal Services	WT/ACC/TLS/5
Decree-Law No. 18/2004, Regulation on Private Health Services	WT/ACC/TLS/5
Decree-Law No. 5/2006, Certification of Air Transport Operators	WT/ACC/TLS/5
Law No. 6/2005, Regime for the Licensing, Oversight and Regulation of Insurance Companies and Insurance Intermediaries	WT/ACC/TLS/5
Public Instruction No. 1/2007, Licensing of General Insurance Companies	WT/ACC/TLS/5
Public Instruction No. 2/2007, Licensing of Insurance Intermediaries	WT/ACC/TLS/5
Government Decree No. 9/2008, Regulation of Mobile Telecommunication Network Services	WT/ACC/TLS/7
Decree-Law No. 6/2009, Regulation on Recreational and Social Gambling	WT/ACC/TLS/5
Decree-Law No. 7/2009, Regulation on Restaurants and Similar Establishments	WT/ACC/TLS/5
Ministerial Diploma No. 1/2009, Regulation on Lottery Franchise	WT/ACC/TLS/5
Decree-Law No. 21/2009, Funeral Transport Service	WT/ACC/TLS/5
Public Instruction No. 6/2010, Licensing and Supervision of Other Deposit Taking Institutions	WT/ACC/TLS/5
Decree-Law No. 26/2010, Registration of Sole Entrepreneurs in the Construction Sector	WT/ACC/TLS/5

<b>Legislation/Regulation</b>	<b>Legislation Notice</b>
Decree-Law No. 27/2010, Rules for the Certification and Registration of Construction Consultancy Companies	WT/ACC/TLS/5
Decree-Law No. 5/2011, Environmental Licensing	WT/ACC/TLS/5
Decree-Law No. 3/2011, Transformation of Micro-Finance Institute into Public Company (National Commercial Bank of Timor-Leste (BNCTL))	WT/ACC/TLS/5
Decree-Law No. 51/2011, Legal Regime for Advertising Activities	WT/ACC/TLS/9
Decree-Law No. 12/2012, Agency Agreement	WT/ACC/TLS/5
Decree-Law No. 15/2012, Regulation on Telecommunication Sector	WT/ACC/TLS/5
Public Instruction No. 1/2013, Licensing and Supervision of Money Transfer Operators	WT/ACC/TLS/5
Ministerial Diploma No. 2/2014, Regulation on Mines and Quarries Activities	WT/ACC/TLS/7
Law No. 5/2014, Media Law	WT/ACC/TLS/9
Decree-Law No. 32/2014, Legal Regime for Private Security	WT/ACC/TLS/9
Decree-Law No. 6/2016, Legal Regime for Licensing, Operation and Control of the Activity of Games and Entertainment, Gaming Machines and Traditional Games	WT/ACC/TLS/9
Government Resolution No. 33/2015, Lease of Land for Hotel Construction (Pelican Paradise)	WT/ACC/TLS/7
Decree-Law No. 33/2016, Regulation on Licensing of Electricity Service Provider and Tariffs	WT/ACC/TLS/7
Decree-Law No. 19/2016, Legal Regime for the Licensing and Operation of Travel and Tourism Agencies	WT/ACC/TLS/5
Government Resolution No. 37/2017, Lease of Land for Hotel Construction (Pelican Paradise)	WT/ACC/TLS/7
Decree-Law No. 29/2017, National Information and Communication Technologies Agency	WT/ACC/TLS/9
Decree-Law No. 29/2020, Creation of Timor-Leste Electricity (EDTL, E.P.)	WT/ACC/TLS/15
Decree Law No. 40/2020, Creation of the National Authority for the Energy Sector (ANE, I.P.)	WT/ACC/TLS/15
<b>TRADE AGREEMENTS</b>	
Government Resolution No. 2/2004, Investment Protection Agreement Between Timor-Leste and Portugal	WT/ACC/TLS/7
Government Resolution No. 8/2011, Investment Protection Agreement Between Timor-Leste and Germany	WT/ACC/TLS/7
Government Resolution No. 18/2014, Economic Cooperation Between Timor-Leste and China	WT/ACC/TLS/7
Government Resolution No. 45/2016, Approval of Trade Cooperation Between Timor-Leste and Kuwait	WT/ACC/TLS/7
Parliament Resolution No. 13/2016, on Ratification of International Convention on the Settlement of Investment Disputes Between States and Nationals of Other States	WT/ACC/TLS/7

## ANNEX 2(A)

### Gross Domestic Product, 2013-2019

(In millions, US Dollars)

	2013	2014	2015	2016	2017	2018	2019
Agriculture, forestry and fishing	300.2	296.5	283.4	279.6	271.3	279.2	286.1
Mining and quarrying	1.6	1.6	1.6	1.6	1.7	1.5	263.8
Extraction of crude petroleum and natural gas	0.0	0.0	0.0	0.0	0.0	0.0	262.2
Other mining and quarrying	1.6	1.6	1.6	1.6	1.7	1.5	1.6
Manufacturing and other industry*	11.2	12.1	16.4	19.1	25.9	26.3	29.2
Of which: manufacturing	10.3	11.3	15.5	18.1	24.8	25.5	28.3
Construction	255.4	225.2	274.0	293.7	203.5	215.4	201.0
Wholesale and retail trade, transportation and storage, accommodation and food services	276.1	283.9	290.9	309.8	288.5	260.7	296.9
Information and communication	41.0	21.7	36.5	41.4	40.0	41.5	55.3
Financial and insurance activities	11.4	12.5	11.9	14.5	23.6	21.6	25.3
Real estate activities	155.1	177.7	180.7	187.0	195.7	189.6	192.7
Professional, scientific, technical, administration and support services	42.2	49.8	50.2	48.6	51.3	41.2	41.7
Public admin., defence, education, human health and social work activities	310.0	364.0	385.6	405.0	442.4	471.3	443.2
Other service activities	63.0	59.6	57.6	64.4	63.2	50.6	54.3
Equals: VALUE ADDED, GROSS, at factor cost	1467.1	1504.6	1588.8	1664.7	1607.1	1599.0	1889.6
Oil sector	0.0	0.0	0.0	0.0	0.0	0.0	262.2
Non-oil sector	1467.1	1504.6	1588.8	1664.7	1607.1	1599.0	1627.3
Plus: Taxes less Subsidies on products	35.2	35.6	9.6	7.5	4.1	-3.6	-5.8
Oil sector	0.0	0.0	0.0	0.0	0.0	0.0	2.4
Non-oil sector	35.2	35.6	9.6	7.5	4.1	-3.6	-8.2
Equals: GROSS DOMESTIC PRODUCT (Production)	1502.3	1540.2	1598.4	1672.1	1611.3	1595.4	1883.7
Oil sector	0.0	0.0	0.0	0.0	0.0	0.0	264.6
Non-oil sector	1502.3	1540.2	1598.4	1672.1	1611.3	1595.4	1619.1
Statistical Discrepancy	-19.0	9.2	-4.0	-24.1	-30.8	-31.6	-27.2
Oil sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-oil sector	-19.0	9.2	-4.0	-24.1	-30.8	-31.6	-27.2
GDP	1483.3	1549.3	1594.4	1648.1	1580.4	1563.8	1856.6
Oil sector	0.0	0.0	0.0	0.0	0.0	0.0	264.6
Non Oil Sector	1483.3	1549.3	1594.4	1648.1	1580.4	1563.8	1591.9

\* Electricity and gas; plus water supply; sewerage, waste management and remediation activities

Source: National Account, General Directorate of Statistics, Ministry of Finance

## ANNEX 2(B)

### Balance of Payments, 2013-2019

*In thousands, US Dollars*

	2013	2014	2015	2016	2017	2018	2019
Current Account Exclude other primary income	658,458	723,125	781,145	768,356	705,226	701,274	623,306
I. Current Account	2,391,665	1,093,840	203,619	544,484	283,529	191,193	132,949
A. Goods and Services	1,050,674	1,196,707	1,217,997	1,114,985	958,108	937,898	923,029
1. Goods, fob	619,722	602,962	635,394	546,462	614,819	588,568	566,498
2. Services	430,952	593,745	582,603	568,523	343,288	349,330	356,530
B. Primary Income	3,328,249	2,134,183	1,296,807	544,079	735,327	842,632	1,126,451
1. Compensation of employees	3,946	1,316	927	477	1,821	2,685	2,144
2. Investment income	274,180	315,901	311,116	319,730	311,809	329,866	372,340
3. Other primary income (income from JPDA), credit	3,050,123	1,816,965	984,764	223,872	421,697	510,081	756,255
C. Secondary Income	114,090	156,364	124,809	26,422	60,748	95,927	70,474
II. Capital account, Exclude Reserves	20,130	13,745	29,006	47,400	34,030	51,554	25,825
III. Financial account	2,564,102	1,378,097	32,214	485,480	498,426	249,367	20,982
IV. Grand Total (I+II+III)	152,308	270,513	264,839	11,604	248,927	109,728	137,791
V. Errors and omissions	44,245	105,764	45,064	145,194	14,556	19,747	155,406
VI. BOP Position (IV+V)	196,553	376,277	219,775	156,797	263,483	129,474	17,615
VII. Change in Reserve Assets	196,553	376,277	219,775	156,797	263,483	129,474	17,615
a) Reserve Assets Position	686,994	311,467	437,867	280,952	544,435	673,909	656,295
b) Change in Reserve Assets+Net Portfolio Investment Assets Transaction from Sovereign wealth Fund (Petroleum Fund)	2,586,911	1,384,373	68,985	860,858	76,905	66,118	-251,625
c) Sovereign Wealth Fund (Petroleum Fund) Assets Position Value as of end-period	14,952,099	16,538,618	16,217,573	15,844,327	16,799,313	15,822,994	17,691,816
VIII. Errors and omissions	6.8	16.7	6.7	24.8	2.25	3.10	25.1

Source: Central Bank of Timor-Leste.

**ANNEX 2(C)****Trade in Goods and Services, 2013-2019***In millions, US Dollars*

	2013	2014	2015	2016	2017	2018	2019
Total exports of Goods and services	120.52	67.63	48.51	52.62	32.07	37.41	504.06
Total Imports of Goods and services	879.52	981.43	906.92	980.89	895.42	920.59	1,130.01
Total Trade	1,000.05	1,049.06	955.43	1,033.50	927.49	958.00	1,634.08

Source: SNA, General Directorate of Statistics, Ministry of Finance.

**Exports and Imports of Goods and Services, 2013-2019***In millions, US Dollars*

	2013	2014	2015	2016	2017	2018	2019
Exports							
Goods	60.26	15.8	12.0	25.4	11.0	15.6	489.1
Services	60.26	51.8	36.5	27.2	21.0	21.8	14.9
Imports							
Goods	396.3	433.2	484.7	534.2	543.0	473.1	555.2
Services	483.2	548.3	422.2	446.7	352.4	447.5	574.8

Source: SNA, General Directorate of Statistics, Ministry of Finance.

**Composition of Exports and Imports of Goods and Services, 2013-2019***In millions, US Dollars*

	2013	2014	2015	2016	2017	2018	2019
<b>Export</b>							
<b>Goods</b>	27.0	15.8	12.0	25.4	11.0	15.6	489.1
01 Animal & Animal Products	0.1	0.0	0.0	0.0	0.0	0.0	0.0
02 Crops & Vegetables	26.4	15.2	10.7	24.0	9.7	14.0	14.1
03 Edible fats & oils	0.1	0.1	0.3	0.1	0.1	0.2	0.1
04 Foodstuffs	0.0	0.0	0.0	0.0	0.0	0.5	0.3
05 Mineral products (Petroleum Oil and Gases)	0.4	0.5	0.9	1.0	0.9	0.7	473.8
06 Chemicals & Allied	0.0	0.0	0.0	0.0	0.0	0.1	0.0
07 Plastics / Rubbers	0.0	0.0	0.0	0.0	0.0	0.0	0.1
08 Wood & Wood Products	0.0	0.0	0.0	0.1	0.0	0.0	0.1
09 Base metals	0.0	0.0	0.0	0.0	0.3	0.1	0.2
10 Vehicles & transport eqpt.	0.0	0.0	0.0	0.0	0.0	0.0	0.2
<b>Services</b>	60.3	51.8	36.5	27.2	21.0	21.8	14.9
a. Transport	0.6	0.8	1.5	1.8	1.8	2.2	3.4
b. Travel	36.7	25.2	28.1	20.7	15.4	14.1	8.6
c. Insurance and pension services	1.0	0.5	0.0	0.0	0.1	0.6	0.5
d. Telecommunications, computer and information services	18.2	24.4	5.1	2.3	1.9	1.2	0.9
e. Government goods and services	3.7	0.9	1.8	2.4	1.9	3.6	1.5
<b>Import</b>							
<b>Goods</b>	396.3	433.2	484.7	534.2	543.0	473.1	555.2
Oil sector	0.0	0.0	0.0	0.0	0.0	0.0	52.1
Non-oil sector	396.3	433.2	484.7	534.2	543.0	473.1	503.1
Merchandise imports, f.o.b.	394.7	431.2	482.8	531.6	540.0	470.1	500.9
Merchandise imports, adjusted, c.i.f.	439.0	476.6	536.8	591.3	600.5	522.7	557.1
Merchandise imports in trade statistics, c.i.f.	399.0	433.2	488.0	537.5	545.9	475.2	506.4
01 Animal & Animal Products	12.2	15.8	16.7	21.8	36.9	33.8	31.0
02 Crops & Vegetables	21.8	34.1	33.1	44.8	47.4	48.6	49.7
03 Edible fats & oils	3.0	3.3	4.5	4.5	9.8	10.8	11.8
04 Foodstuffs	43.8	43.0	50.1	69.9	66.7	63.1	60.7
05 Mineral products	82.2	93.8	134.9	133.3	137.9	120.1	139.7
06 Chemicals & Allied	10.3	14.0	11.1	16.1	17.2	19.0	19.7
07 Plastics / Rubbers	5.2	7.4	10.6	12.3	11.7	10.9	11.3
08 Raw Hides & Skins, Leather	0.1	0.2	0.3	0.4	0.4	0.5	1.7



	2013	2014	2015	2016	2017	2018	2019
09 Wood & Wood Products	1.8	2.1	3.7	3.3	2.8	2.6	3.1
10 Paper and paperboard	4.4	6.4	4.4	5.5	5.4	5.3	6.9
11 Textiles	28.4	21.6	16.2	10.3	12.8	9.3	8.7
12 Footwear / Headgear	2.1	2.0	3.6	4.2	4.1	4.3	7.4
13 Stone / Glass	3.9	4.2	4.2	6.3	5.6	4.0	5.2
14 Precious stones & metals	0.3	15.7	0.4	0.4	0.0	0.0	0.0
15 Base metals	23.5	21.5	28.6	37.6	28.2	20.5	22.7
16 Machinery / Electrical	78.7	57.7	77.3	79.2	71.4	48.6	49.9
17 Vehicles & transport eqpt.	62.0	72.7	72.1	71.7	74.0	60.7	64.3
18 Apparatus & instruments	3.0	3.0	3.0	4.6	3.7	3.7	3.3
19 Arms and ammunition	0.9	0.7	0.5	0.4	0.0	0.2	0.2
20 Miscellaneous	11.4	14.1	12.7	10.9	9.8	9.2	8.9
Adjustment for unrecorded and underreported imports	39.9	43.3	48.8	53.8	54.6	47.5	50.6
<i>Rate of adjustment</i>	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>Services</b>	483.2	548.3	422.2	446.7	352.4	447.5	574.8
a. Maintenance and repair services n.i.e.	0.0	0.0	0.0	0.0	0.0	0.0	116.4
b. Transport	41.7	43.5	57.4	63.8	61.1	51.2	62.8
c. Travel	41.6	47.7	60.6	67.2	55.6	42.3	45.8
d. Construction	73.4	201.6	90.2	92.4	25.1	190.4	177.7
e. Insurance and pension services	11.6	11.8	13.9	15.4	15.6	13.6	14.8
f. Financial services	-4.0	-10.3	-1.8	8.1	7.5	7.9	8.4
g. Charges for the use of intellectual property n.i.e.	0.0	0.1	0.1	1.2	0.4	0.0	0.6
h. Telecommunications, computer and information services	23.2	13.0	10.1	7.4	6.2	3.8	5.7
i. Other business services	108.1	101.5	70.1	75.9	68.4	31.8	45.3
j. Government goods and services n.i.e.	187.6	139.5	121.5	115.3	112.7	106.3	97.4

Source: National Account, General Directorate of Statistics, Ministry of Finance.

### ANNEX 3

#### Doing Business Indicators

For ease of Doing Business, Timor-Leste ranked 181<sup>st</sup> out of 190 countries covered by the World Bank's Doing Business indicators for 2020:

Indicator	Rank in 2020
Starting a business	68
Trading Across Borders	107
Access to electricity	126
Ease of paying taxes	136
Registering property	187
Resolving insolvency	168
Contract enforcement	190

Following developments have been registered with respect to specific Doing Business indicators:

- i. Enforcing Contracts: Aiming at improving this indicator, in 2019, the Government sent to the National Parliament and in 2021, the National Parliament approved a package of three legislative initiatives which have the potential for improving contract enforcement:
  - a. Resolution authorizing the adoption by Timor-Leste of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (approved by Resolution No. 8/2021 of 17 March 2021);
  - b. Law on National and International Arbitration (enacted by Law No. 6/2021 of 31 March 2021 on the Legal Regime of Voluntary Arbitration and the First Amendment do the Civil Procedure Code); and
  - c. Law that simplifies the procedures of civil and commercial cases to speed up their management (approved by Law No. 3/2021 of 2 March 2021 that authorizes the Government to change the Civil Procedure Code);
- ii. Getting Electricity: Real progress from 2015 to 2019 was made with regard to this indicator, as shown by World Bank documents. This indicator has the potential to further improve as the institutional reform projects for the sector were approved. Among others, a new regulating body for the energy sector is currently being installed (please refer to Decree-Laws Nos. 29/2020 of 22 July 2020 and 40/2020 of 25 September 2020);
- iii. Getting Credit: The Government, as sole shareholder to the National Commercial Bank of Timor-Leste (hereinafter referred to as BNCTL), has recently approved the state general budget for 2021 to further capitalize the bank with a total amount of US\$ 40 million with an aim to improve mechanisms and access to credit with lower interest rates. Such credit aims to improve access for the private sector, especially from micro, small and medium-sized enterprises.

In addition, to facilitate the private sector's access to credit, the BNCTL signed an agreement with the Public Institute For Business Development Support (hereinafter referred to as IADE) to assist young entrepreneurs to quickly obtain credit to start their business.

Law No. 7/2020 of 28 August 2020 on Preventing and Combatting Corruption, aligned with the UN Convention against Corruption (UNCAC), was approved by the Parliament, creating the expectation of a more effective fight against corruption.

An integrated Project on Unique Identifier of Timorese citizens and residents was launched by Government Resolution No. 9/2020 of 19 March 2020, aiming at bettering the overall provision of services and creating the basis for electronic government. This has the potential to improve transparency and reduce red tape for businesses.

## **ANNEX 4**

### **Legislative Framework for Combatting Corruption**

Title VI of the Penal Code on the Crimes Practiced in the Performance of Public Functions, in Article 292 on Passive Corruption for Illicit Action provided that an employee who, by himself, or through a personal intermediary, with his consent or ratification, requests or accepts, for himself or for a third party, without being due, a patrimonial or non-patrimonial advantage, or his promise, to any person an act or omission contrary to the duties of the position, even if prior to that request or acceptance, is punishable with a prison sentence of 3 to 15 years. If an agent, before the practice of the fact, voluntarily repudiates the offer or promise that he accepted, or restores the advantage, or, in the case of a fungible thing, its value is exempt from penalty. The penalty is especially mitigated if the agent concretely assists in the collection of the decisive evidence for the identification or the capture of other responsible persons.

Articles 5 and 19 of National Parliament Resolution No. 12/2019 of 13 March 2009 on the Code of Conduct of Members of the Government on Preventing and combating corruption provide that Government members should make a commitment to prevent and combat corruption, especially private corruption, extortion or bribery, and are prohibited from: (a) offer, accept or facilitate the payment of a bribe; (b) offer or authorize, directly or indirectly, an undue advantage for any person or public agent that involves direct personal gain or that of intermediary third parties. Members of the Government must communicate to the Public Prosecutor the acts that may constitute attempts at corruption. They may not receive any offers in cash and may only receive offers of symbolic value that do not exceed the value of US\$ 250. The value of the offers is recorded in a specific heading of all offers from the same person, whether natural or legal, during the course of a calendar year. At the same time, members of the Government may receive offers made between States, the refusal of which can be interpreted as a breach of interinstitutional respect.

On the institutional level, several independent supervisory bodies have been created, particularly:

The Anti-Corruption Commission (hereinafter referred to as CAC) has played an active role in monitoring and holding public officials accountable and obtaining important results in terms of investigations. In addition to CAC, there is the Ombudsman for Human Rights and Justice (PDHJ), with a mandate in the areas of human rights and good governance. Its functions include receiving and investigating complaints from the citizens and the public against the public administration. The PDHJ is also required to refer complaints that potentially involve criminal charges to the CAC or to the Office of the General Prosecutor. The PDHJ and the CAC also play a broader role, which includes raising awareness on corruption issues and providing recommendations to the Government on good governance practices.

There is also a General Inspection of State (IGE as the control and inspection body of the Public Administration, whose mission is to control the financial management and resource use in the Public Administration services.

An independent Chamber of Accounts of the Administrative, Fiscal and Accounting High Court was established in 2012 with a mandate to monitor the lawfulness of public expenditure and to audit state accounts.

The Prosecutor General/Public Prosecutor's office is mandated to investigate and prosecute criminal offences, including corruption-related crimes, assisted by the body of criminal police, working in the field of criminal investigation (such as the Criminal Investigation Police Unit and the Scientific, Investigation and Criminal Police Unit (PCIC)).

Thus, Timor-Leste has built a system to prevent and combat corruption efficiently, at all levels. At the same time, civil society contributes and exercises a sharpened scrutiny over eventual corruption cases in general.

## ANNEX 5

## Summary of FDI Regulations in Timor-Leste

Legislation and Regulations	Sector Restrictions	Restriction on Land Ownership	Performance Requirements	Investment Incentives
<p>Private Investment Law (PIL) No. 15/2017</p> <p>Government Decree No. 2/2018, Regulation and procedure for private investment</p> <p>Other relevant laws – e.g. Company Act, Mining Code, etc.</p>	<p><b>Restricted sectors:</b> criminal activities; activities related to environmental protection areas; activities related to offensive of traditional customs; arms and ammunition distribution; postal &amp; courier services; funeral service activities</p> <p><b>Other sectors:</b> refer to Negative List</p>	<p><b>State or private land:</b></p> <p>Lease right between 5 and 50 years. Renewable up to maximum 150 years (Government Decree Law No.19/2004 "Legal Regime for Leasing of State Properties and Assets")</p> <p><b>State or private land:</b></p> <p>Lease up to maximum of 50 years, renewable for period of 25 up to 100 years (<i>PIL, Article 25</i>) – applicable to private investments issued with Declaration of Benefit (DoB) or Special Investment Agreement (SIA)</p>	<p>Job creation to local; knowledge transfer (training) to local; technology transfer;</p> <p>Local content requirements (only for mining activities);</p> <p>No export performance requirements.</p>	<p><b>Productive sectors:</b> agriculture, fisheries, tourism, processing industry</p> <p>Declarations of Benefits (DoB) and Special Investment Agreement (SIA)</p> <p><b>Tax and non-tax incentives:</b></p> <p>Minimum values for investment or reinvestment: - US \$50,000 for a national investor - US \$500,000 for a foreign investor - US \$250,000 for a joint venture</p> <p><b>Support to investors:</b></p> <p>- Granting authorizations, visas, permits &amp; registrations - Facilitation services</p>

**ANNEX 6****State-owned enterprises**

<b>No.</b>	<b>Name</b>	<b>Sector</b>	<b>Description / Regulations</b>
1.	Radio and Television of Timor-Leste ("RTTL, EP")	Radio and Television	
2.	Timor Gas and Petroleum ("Timor Gap, EP")	Oil and Gas	Private and public companies can compete to acquire petroleum contracts. In case a petroleum contract is granted to a private company, the State has the right to participate in the contract through its SOE (normally in the form of a joint venture) with a participating interest of up to 20%.
3.	National Aviation Agency of Timor-Leste ("ANATL, EP")	Aviation	National aviation agency in charge of exploring and developing airports and air navigation infrastructure. It is bestowed with financial administrative autonomy and its own patrimony.
4.	Electricity of Timor-Leste ("EDTL, EP")	Electricity and Energy	The objective of the EDTL, EP is to create a set of restructuring measures in reforming the electricity sector aimed at expanding the supply of electricity and modernizing the National Electricity System. This includes implementing a management system with the goal of improving the public service provided by the EDTL, raising standards and quality of power supply and its reliability at affordable prices, considering the feasibility and sustainability of its operation.
5.	Water of Timor-Leste ("BTL, EP")	Water and Sanitation	Created to promote greater efficiency and sustainability for the implementation of the Government's strategy in providing water and sanitation services to the public. The company's mission is to assist the Government in the implementation of national policies for water and sanitation through the integrated and sustainable management of water and sanitation related services.

**ANNEX 7****Continuing Effect of Laws that had been in force before Independence**

Article 165 of the Constitution of Timor-Leste (in force since 20 May 2002) provides that laws and regulations which had been in force in Timor-Leste before its independence from Indonesia shall continue to be applicable to all matters except to the extent that they are inconsistent with the Constitution or the principles contained therein.

Article 1 of Law No. 2/2002 "On Interpretation of Applicable Law" of 19 May 2002 provides that legislation applicable in Timor-Leste on 19 May 2002 shall remain in force *mutatis mutandis* for everything that is not contrary to the Constitution and principles enshrined therein.

It is possible that laws (Regulations, Directives, Executive Orders, and Notifications) enacted by the United Nations Transitional Administration in East Timor (UNTAET) between October 1999 and May 2002 may still be in force. In most cases, UNTAET Regulations have been repealed by subsequent Parliamentary Laws or Decree-Laws. Where a UNTAET Regulation has not been expressly repealed, but it is inconsistent with a subsequent Parliamentary Law or Decree-Law, the Parliamentary Law or Decree-Law prevails over the UNTAET Regulation. This rule would also apply to UNTAET legislation that contravenes the Constitution.

The first UNTAET Regulation, Regulation No. 1999/1 of 27 November 1999 on the Authority of the Transitional Administration in East Timor provides in Article 3.1 that, until replaced by UNTAET regulations or subsequent legislation enacted by democratically established institutions of East Timor, the laws applicable in Timor-Leste prior to 25 October 1999 shall apply as long as they do not conflict with the rules set forth in Article 2 nor with the fulfillment of the mandate conferred to UNTAET under Resolution No. 1272 (1999) of the Security Council of the UN or with this or other regulations and directives enacted by the Transitional Administrator.

This means that it is possible that an Indonesian Law in force in Timor-Leste on 25 October 1999 still applies, if it has not been replaced by an UNTAET Regulation between 25 October 1999 and 19 May 2002, or by Timor-Leste's legal statutes. Where an Indonesian Law has not been repealed but it is inconsistent with a subsequent Parliamentary Law or Decree-Law, then the Parliamentary Law or Decree-Law prevails to the extent of any inconsistency with an Indonesian Law.

The continuing application of Indonesian or UNTAET laws was confirmed by Law No. 10/2003 of 20 November 2003 "On the Interpretation of Article 1 of Law No. 2/2002 of 7 August 2002, and Sources of Law", which provides in Article 2 that: (I) Legislation is the only immediate source of law in Timor-Leste; (ii) the Laws are generic provisions enacted by the competent organs of the State; and, (iii) the sources of law in Timor-Leste are: (a) the Constitution; (b) Laws emanating from the National Parliament and from the Government; and, (c) subsidiarity, regulations and other legal instruments from UNTAET as long as these are not repealed, as well as Indonesian legislation under the terms of Article 1 of the present law.

With the approval of the new Civil Code of Timor-Leste (Law No.10/2011 of 14 September 2011, which replaced the prior Indonesian Civil Code that had been widely applied), it is not common to find Indonesian legislation applied (except in the case of petroleum tax matters).

**ANNEX 8(A)****Classification of Economic Activities in Timor-Leste – Low Risk**

<b>Code (Timor-Leste classification)</b>		<b>Activity</b>
<b>C</b>		<b>MANUFACTURING INDUSTRIES</b>
<b>13</b>		<b>Manufacture of textiles</b>
131	1310	Preparation, spinning, weaving and finishing of textiles
139		Manufacture of other textiles
	1391	Manufacture of made-up textile articles, except apparel
	1392	Manufacture of carpets and rugs
	1393	Manufacture of rope and nets
	1394	Wool processing for mattresses
	1399	Manufacture of other textiles, not specified (n.s.)
<b>14</b>		<b>Clothing industry</b>
141		Manufacture of apparel, except fur articles
	1411	Manufacture of apparel in series
	1412	Tailor made clothing
142	1420	Manufacture of fur articles
143	1430	Manufacture of knitted articles
<b>16</b>		<b>Wood and cork industries and articles thereof, except furniture; Manufacture of basketwork and wickerwork</b>
161	1610	Sawmilling, planning and impregnation of wood
162		Manufacture of articles of wood, cork, straw and plaiting materials, except furniture
	1624	Manufacture of basketwork and wickerwork
<b>18</b>		<b>Printing and reproduction of recorded media</b>
181		Printing and service activities related to printing
	1811	Printing of newspapers
	1812	Other printing
	1813	Service activities related to printing
182	1820	Reproduction of recorded media
<b>32</b>		<b>Other manufacturing industries</b>
321		Manufacture of jewellery, goldsmiths' jewellery, imitation jewellery and similar articles; coinage
	3212	Manufacture of imitation jewellery
322	3220	Manufacture of musical instruments
323	3230	Manufacture of sports goods
329	3290	Manufacturing industries, n.s.
<b>33</b>		<b>Repair, maintenance of metal products, machinery and equipment</b>
331		Repair and maintenance of metal products, machinery and equipment
	3311	Repair and maintenance of metal products (except machinery and equipment)
	3312	Repair and maintenance of machinery and equipment
	3313	Repair and maintenance of electronic and optical equipment
	3314	Repair and maintenance of electrical equipment
	3315	Repair and maintenance of transport equipment, except vehicles
	3316	Repair and maintenance of other equipment
332	3320	Installation of industrial machinery and equipment
<b>F</b>		<b>CONSTRUCTION</b>
<b>41</b>		<b>Real estate development (development of building projects); building construction</b>
411		Real estate development (development of building projects)
<b>G</b>		<b>WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES</b>
<b>45</b>		<b>Trade, maintenance and repair of motor vehicles and motorcycles</b>
451	4510	Motor Vehicle Trade
453	4530	Motorcycle Parts & Accessories Trade
454		Trade in motorcycles, parts and accessories
	4541	Wholesale and retail trade in motorcycles, parts and accessories
<b>46</b>		<b>Wholesale trade (including agents) other than motor vehicles and motorcycles</b>
461	4610	Wholesale trade agents
464		Wholesale of consumer goods, except food, beverages and tobacco
	4641	Wholesale of textiles, clothing and footwear
	4642	Wholesale of electrical household appliances and radio and television goods
	4649	Wholesale of other consumer goods

<b>Code (Timor-Leste classification)</b>		<b>Activity</b>
465		Wholesale trade of information and communication technology (ICT) equipment
	4651	Wholesale of computers, computer peripheral equipment and software
	4652	Wholesale of electronic and telecommunications equipment and their parts
	4653	Wholesale of agricultural machinery and equipment
	4659	Wholesale of other machinery and equipment
466		Other specialized wholesale trade
	4663	Wholesale of rough wood and derived products
	4664	Wholesale of construction materials, hardware, tools and equipment and accessories for plumbing
	4669	Wholesale of waste and scrap and other products n.s.
469	4690	Non-specialized wholesale
<b>47</b>		<b>Retail sale, except motor vehicles and motorcycles</b>
471		Retail sale in non-specialized stores
	4719	Retail sale in non-specialized stores without food, beverages or tobacco predominating
474		Retail sale of information and communication technology (ICT) equipment, in specialized stores
	4741	Retail sale of computers, peripheral units, software and telecommunications equipment, in specialized stores
	4742	Retail sale of audiovisual equipment, in specialized stores
	4762	Retail sale of discs, CDs, DVDs, cassettes and similar items, sports goods, games and toys, in specialized stores
477		Retail sale of other goods, in specialized stores
	4771	Retail sale of clothing, footwear, leather and travel articles, in specialized stores
	4773	Retail sale of other new goods, in specialized stores
	4774	Retail sale of second-hand goods, in specialized stores
478		Retail sale in stalls, fairs and mobile sales units
	4781	Retail sale in stalls, fairs and mobile sales units, of agricultural food products
	4782	Retail sale in stalls, fairs and mobile sales units, of processed food, beverages and tobacco
	4783	Retail sale in stalls, fairs and mobile sales units, of textiles, clothing, footwear, luggage and the like
	4784	Retail sale in stalls, fairs and mobile sales units, of articles and equipment for domestic use
	4786	Retail sale in stalls, fairs and mobile sales units, of stationery, newspapers and sports articles
	4787	Retail sale in stalls, fairs and mobile sales units, of handicrafts, toys and paints
	4789	Retail sale in stalls, fairs and mobile sales units, of other products
479		Retail sale not in stores, fairs or markets
	4791	Retail sale via mail order or via the Internet
	4792	Retail sale by other means, not in stores, stalls, fairs or mobile sales units
<b>H</b>		<b>TRANSPORTATION AND STORAGE</b>
<b>52</b>		<b>Warehousing and auxiliary transport activities (including handling)</b>
521	5210	Storage
<b>53</b>		<b>Postal and courier activities</b>
531	5310	Postal activities subject to universal service obligations
532	5320	Other postal and courier activities
<b>J</b>		<b>INFORMATION AND COMMUNICATION ACTIVITIES</b>
<b>58</b>		<b>Editing activities</b>
581		Publishing of books, newspapers and other publications
	5811	Book publishing
	5812	Editing lists for consultation
	5813	Publishing of newspapers, magazines and other periodicals
	5819	Other editing activities
582	5820	Software publishing
<b>59</b>		<b>Cinematographic, video, television program production, sound recording and music publishing activities</b>
591		Cinematographic, video and television program activities
	5911	Motion picture, video and television production activities and post-production techniques for films, videos and television programs
	5912	Distribution of films, videos and television programs
	5913	Film and video projection
592	5920	Sound recording and music publishing activities
<b>62</b>		<b>Computer consulting and programming and related activities</b>



<b>Code (Timor-Leste classification)</b>		<b>Activity</b>
620		Computer consulting and programming and related activities
	6201	Computer programming activities
	6202	Computer consultancy and management activities and use of computer equipment
	6209	Other activities related to information technology and computing
<b>63</b>		<b>Information services activities</b>
631		Data processing activities, domiciliation of information and related activities; web portals
	6311	Data processing activities, domiciliation of information and related activities
	6312	Web Portals
639		Other information service activities
	6391	Activities of news agencies
	6392	Other information service activities, n.s.
<b>L</b>		<b>REAL ESTATE ACTIVITIES</b>
<b>68</b>		<b>Real estate activities</b>
681	6810	Buying and selling of real estate
682	6820	Property Leasing
<b>M</b>		<b>CONSULTING, SCIENTIFIC, TECHNICAL AND SIMILAR ACTIVITIES</b>
<b>69</b>		<b>Legal and accounting activities</b>
691	6910	Legal activities
692	6920	Accounting and auditing activities; tax consultancy
<b>70</b>		<b>Activities of social headquarters and management consultancy</b>
701	7010	Activities of social headquarters
702	7020	Business and management consultancy activities
<b>74</b>		<b>Other consulting, scientific, technical and similar activities</b>
741	7410	Design Activities
742	7420	Photographic activities
743	7430	Translation and interpretation activities
749	7490	Other consulting, scientific, technical and similar activities, n.s.
<b>N</b>		<b>ADMINISTRATIVE AND SUPPORT SERVICES ACTIVITIES</b>
<b>77</b>		<b>Rental activities</b>
771	7710	Vehicle rental
772	7720	Rental of personal and household goods
773		Rental of other machinery and equipment
	7731	Rental of means of transport by sea and river
	7732	Rental of machinery and equipment for building and civil engineering
	7733	Rental of office machinery and equipment (includes computers)
	7734	Rental of other machinery and equipment, n.s.
774	7740	Lease of intellectual property and similar products, except copyrights
<b>78</b>		<b>Employment activities</b>
781	7810	Activities of recruitment and placement companies
782	7820	Temporary employment agency activities
783	7830	Other human resources provision
<b>79</b>		<b>Travel agencies, tour operators, other booking services and related activities</b>
799	7990	Other booking services and related activities
<b>81</b>		<b>Activities related to buildings, planting and maintenance of gardens</b>
811	8110	Combined support activities for buildings
812	8120	Cleaning activities
813	8130	Planting and garden maintenance activities
<b>82</b>		<b>Business administrative and support service activities</b>
821	8210	Administrative and support service activities
822	8220	Call Center activities
823	8230	Organization of fairs, congresses and other similar events
829		Business support service activities, n.s.
	8291	Packing activities
	8299	Other business support service activities, n.s.
<b>R</b>		<b>ARTISTIC, PERFORMING, SPORTS AND RECREATIONAL ACTIVITIES</b>
<b>90</b>	<b>900</b>	<b>Theater, music, dance and other artistic and literary activities</b>
	9001	Theater, music, dance and other performing arts activities
	9002	Artistic and literary creation
<b>91</b>	<b>910</b>	<b>Activities of libraries, archives, museums and other cultural activities</b>
	9101	Activities of libraries and archives
	9102	Activities of museums and historical sites and monuments
	9103	Activities of zoos, botanists and aquariums and parks and nature reserves

Code (Timor-Leste classification)		Activity
<b>93</b>		<b>Sports, entertainment and recreational activities</b>
931		Sports activities
	9311	Activities of sports clubs
	9319	Other sports activities
932	9320	Fun and recreational activities
<b>S</b>		<b>OTHER SERVICE ACTIVITIES</b>
<b>94</b>		<b>Activities of associative organizations</b>
941		Activities of economic, employers and professional organizations
	9411	Activities of economic and employers' organizations
	9412	Activities of professional organizations
942	9420	Activities of trade unions
949		Other activities of associative organizations
	9491	Activities of religious organizations
	9493	Activities of youth and student associations
	9499	Other activities of associative organizations, n.s.
<b>95</b>		<b>Repair of computers and personal and household goods</b>
951		Repair of computers and communication equipment
	9511	Repair of computers and peripheral equipment
	9512	Repair of communications equipment
952		Repair of personal and household goods
	9521	Repair of televisions and other similar consumer goods
	9522	Repair of household and other household and garden equipment
	9523	Repair of furniture and the like for domestic use
	9529	Repair of watches, jewelry and other personal and household goods
<b>96</b>		<b>Other personal service activities</b>
	9601	Washing and dry cleaning of textiles and fur
	9602	Hairdressing and other beauty treatment activities
	9603	Funeral and related activities
	9609	Other personal service activities, n.s.
<b>T</b>		<b>ACTIVITIES OF HOUSEHOLDS EMPLOYING DOMESTIC STAFF AND FAMILY PRODUCTION ACTIVITIES FOR OWN USE</b>
<b>97 - 970</b>		<b>Activities of households employing domestic staff</b>
<b>98</b>		<b>Activities of production of goods and services by households for own use</b>
981	9810	Activities of production of goods by households for own use
982	9820	Activities of production of services by households for own use
<b>U</b>		<b>ACTIVITIES OF INTERNATIONAL ORGANIZATIONS AND OTHER EXTRA-TERRITORIAL INSTITUTIONS</b>
<b>99 - 990</b>		<b>Activities of international organizations and other extra-territorial institutions</b>

Source: Decree-Law No. 34/2017 of 27 September 2017 on "Licensing of Economic Activities".

**ANNEX 8(B)****Classification of Economic Activities – Medium Risk**

<b>Code (Timor-Leste classification)</b>		<b>Activity</b>
<b>A</b>		<b>AGRICULTURE, LIVESTOCK PRODUCTION, HUNTING, FOREST, FISHING AND AQUACULTURE</b>
<b>01</b>		<b>Agricultural, livestock production, hunting and related services activities</b>
011		Temporary crops
	0111	Cereals (except rice), dried leguminous plants and oil seeds
	0112	Rice culture
	0113	Culture of vegetables, roots and tubers
	0119	Other temporary crops
012		Permanent crops
	0121	Culture of tropical and subtropical fruits
	0122	Citrus Culture
	0123	Culture of oleaginous fruits
	0124	Coffee culture
	0129	Other permanent crops
013	0130	Culture of vegetative propagating material
014		Livestock production
	0141	Breeding cattle and buffaloes
	0142	Breeding of equines, asinines and mules
	0143	Breeding of sheep and goat
	0144	Pig breeding
	0145	Poultry farming
	0149	Other livestock production
015	0150	Combined agriculture and livestock production
016	0160	Services activities related to agriculture and livestock production
017	0170	Hunting and related services
<b>02</b>		<b>Forestry and forest exploration</b>
021		Forestry and other forestry activities
	0211	Planted forests
	0212	Natural forests
022	0220	Forest exploration
023	0230	Harvesting of forest products other than wood
024	0240	Services activities related to forestry and forest exploration
<b>03</b>		<b>Fishing and aquaculture</b>
031		Fishing
	0311	Sea fishing
	0312	Inland fishing
032	0320	Aquaculture
034	0340	Service activities related to fishing and aquaculture
<b>C</b>		<b>MANUFACTURING INDUSTRIES</b>
<b>10</b>		<b>Food industry</b>
103	1030	Processing and preserving of fruit and vegetables
104	1040	Production of animal and vegetable oils and fats
105	1050	Dairy industry
106		Processing of cereals and legumes; Manufacture of starches, starch products and related products
	1061	Processing of cereals and legumes
	1062	Manufacture of starches, starch products and related products
107		Manufacture of bakery and other flour products
	1071	Bakery
	1072	Manufacture of pastry, biscuits, cookies and toasts
1	1073	Manufacture of cocoa, chocolate and sugar confectionery
	1074	Coffee industry
	1079	Manufacture of other food products, n.s.
108	1080	Manufacture of animal feed
<b>11</b>		<b>Beverage industry</b>
110		Beverage industry
	1101	Manufacture of distilled alcoholic beverages
	1102	Wine industry (includes palm wine)
	1103	Brewing and malting

Code (Timor-Leste classification)		Activity
	1104	Manufacture of soft drinks; production of natural mineral waters and other bottled waters
<b>12</b>		<b>Tobacco industry</b>
120	1200	Tobacco industry
<b>15</b>		<b>Industry of leather and leather products</b>
151	1510	Tanning and finishing of non-fur and fur; manufacture of travel goods and personal use products, of fine leather goods, saddlery and harness
152	1520	Footwear industry
<b>16</b>		<b>Wood and cork industries and articles thereof, except furniture; Manufacture of basketwork and wickerwork</b>
162		Manufacture of articles of wood, cork, wickerwork and basketwork, except furniture
	1621	Manufacture of veneer and wood-based panels
	1622	Manufacture of other carpentry work for construction
	1623	Manufacture of wooden containers
	1629	Manufacture of other products of wood and cork
<b>17</b>		<b>Manufacture of pulp, paper, paperboard and other paper products</b>
171		Manufacture of pulp, paper and paperboard (except corrugated board)
172		Manufacture of paper and corrugated paperboard, paper and paperboard products
<b>22</b>		<b>Manufacture of rubber and plastic products</b>
221	2210	Manufacture of rubber articles
222	2220	Manufacture of articles of plastics
<b>23</b>		<b>Manufacture of other non-metallic mineral products</b>
231	2310	Manufacture of glass and glass products
232		Manufacture of refractory ceramic products
233		Manufacture of ceramic products for construction
234		Manufacture of other non-refractory porcelain and ceramic products
237		Sawing, cutting and finishing of ornamental stones and other building stones
239		Manufacture of non-metallic mineral products, n.s.
	2391	Manufacture of ceramic products for domestic and ornamental purposes and other products, except for building
	2392	Manufacture of ceramic products for construction
	2393	Manufacture of concrete products for construction
	2394	Manufacture of ready concrete
	2395	Sawing, cutting and finishing of building stones
	2399	Manufacture of other non-metallic mineral products, n.s.
<b>24</b>		<b>Basic metallurgical industries</b>
241	2410	Steel industry and the manufacture of ferroalloys
242	2420	Manufacture of tubes, pipes, hollow profiles and associated steel accessories
<b>25</b>		<b>Manufacture of metal products, except machinery and equipment</b>
251		Manufacture of reservoirs, containers, boilers and metal radiators, for central heating
	2511	Manufacture of door structures, windows and similar metal elements
	2512	Manufacture of reservoirs, containers, boilers and steam generators
259		Manufacture of other metal products, metal treatment and coating and general mechanical activities
	2591	Manufacture of forged, stamped and laminated products
	2592	Treatment and coating of metals and general mechanic activities
	2593	Manufacture of cutlery, hand tools and hardware
	2599	Manufacture of other metal products, n.s.
<b>26</b>		<b>Manufacture of computer equipment, communication equipment and electronic and optical products</b>
261	2610	Manufacture of components and plates, electronic
262	2620	Manufacture of computers and peripheral equipment
263	2630	Manufacture of communication equipment and devices
264	2640	Manufacture of radio and television receivers and similar consumer goods
265	2650	Manufacture of instruments and appliances for measuring, checking and navigating; watches and watchmaking equipment
<b>27</b>		<b>Manufacture of electrical equipment</b>
271	2710	Manufacture of electric motors, generators and transformers and manufacture of distribution and control equipment for electrical installations, accumulators, batteries and insulated cables and their accessories
272	2720	Manufacture of electric lamps and other lighting equipment
273	2730	Manufacture of household appliances and other household appliances

Code (Timor-Leste classification)		Activity
279		Manufacture of other electrical equipment
<b>28</b>		<b>Manufacture of machinery and equipment, n.s.</b>
281	2810	Manufacture of machinery and equipment for general use
282	2820	Manufacture of other machinery and equipment for specific use
<b>29</b>		<b>Manufacture of motor vehicles, trailers, semi-trailers and components for motor vehicles</b>
291	2910	Manufacture of motor vehicles
292	2920	Manufacture of coachworks, trailers and semi-trailers
293	2930	Manufacture of parts and accessories for motor vehicles
<b>30</b>		<b>Manufacture of other transport equipment</b>
301	3010	Shipbuilding
302	3020	Manufacture of rolling stock for railways
303	3030	Manufacture of aircraft, spacecraft and related equipment
304	3040	Manufacture of military combat vehicles
309		Manufacture of other transport equipment, n.s.
<b>31</b>		<b>Manufacture of furniture and mattresses</b>
310		Manufacture of furniture and mattresses
	3101	Manufacture of wooden furniture
	3102	Manufacture of bamboo furniture
	3109	Manufacture of mattresses and other furniture
<b>32</b>		<b>Other manufacturing</b>
321		Manufacture of jewelry, goldsmiths' jewelry, imitation jewelry and similar articles; coinage
	3211	Manufacture of jewelry, goldsmiths' jewelry and similar articles; coinage
324	3240	Manufacture of games and toys
325	3250	Manufacture of medical-surgical instruments and materials
<b>D</b>		<b>ELECTRICITY, GAS, STEAM, HOT AND COLD WATER AND COLD AIR</b>
<b>35</b>		<b>Electricity, gas, steam, hot and cold water and cold air</b>
353		Production and distribution of steam, hot and cold water and cold air by pipeline; ice production
	3531	Production and distribution of steam, hot and cold water and cold air by pipeline
	3532	Ice production
<b>F</b>		<b>CONSTRUCTION</b>
<b>43</b>		<b>Specialized construction activities</b>
433	4330	Finishing activities in buildings
439		Other specialized construction activities
	4391	Rental of construction and demolition equipment with operator
	4399	Other specialized construction activities, n.s.
<b>G</b>		<b>WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES</b>
<b>45</b>		<b>Trade, maintenance and repair of motor vehicles and motorcycles</b>
452	4520	Maintenance and repair of motor vehicles
454		Trade, maintenance and repair of motorcycles, their parts and accessories
	4542	Maintenance and repair of motorcycles, their parts and accessories
<b>46</b>		<b>Wholesale trade (including agents) other than motor vehicles and motorcycles</b>
462	4620	Wholesale of agricultural raw materials and live animals
463	4630	Wholesale of food, beverages and tobacco
<b>47</b>		<b>Retail trade, except of motor vehicles and motorcycles</b>
471		Retail sale in non-specialized stores
	4711	Retail sale in non-specialized stores with food, beverages or tobacco predominating
472		Retail sale of food, beverages and tobacco
	4721	Retail sale of fruit and vegetables in specialized stores
	4722	Retail sale of bread, bakery and confectionery products in specialized stores
	4729	Retail sale of other food, beverages and tobacco in specialized stores
477		Retail sale of other goods in specialized stores
	4772	Retail sale of pharmaceutical, medical, cosmetic and toilet articles in specialized stores
478		Retail sale in stalls, fairs and mobile sales units
	4785	Retail sale in stalls, fairs and mobile sales units, of fuels and lubricants
<b>H</b>		<b>TRANSPORTATION AND STORAGE</b>
<b>52</b>		<b>Warehousing and activities auxiliary to transport</b>
522		Activities auxiliary to transport
	5221	Activities auxiliary to land transport

Code (Timor-Leste classification)		Activity
	5222	Activities auxiliary to water transport
	5223	Activities auxiliary to air transport
	5224	Load Handling
	5225	Activities of freight forwarders and customs agents of maritime transport
	5226	Activities of freight forwarders and customs agents of air transport
	5229	Other transport support activities
<b>I</b>		<b>ACCOMMODATION, RESTAURANT SERVICES AND SIMILAR</b>
<b>56</b>		<b>Restaurant services and similar</b>
562		Catering for events and other catering services
	5621	Event catering
	5629	Other catering services
<b>J</b>		<b>INFORMATION AND COMMUNICATION ACTIVITIES</b>
<b>60</b>		<b>Radio and television activities</b>
601	6010	Radio activities
602	6020	Television activities
<b>61</b>		<b>Telecommunications</b>
611	6110	Wired telecommunications activities
612	6120	Wireless telecommunications activities
613	6130	Satellite telecommunication activities
619	6190	Other telecommunications activities
<b>M</b>		<b>ACTIVITIES OF CONSULTING, SCIENTIFIC, TECHNIQUES AND SIMILAR</b>
<b>71</b>		<b>Architectural, engineering and related technical activities; Testing and technical analysis activities</b>
711	7110	Architectural, engineering and related technical activities
712	7120	Testing and technical analysis activities
<b>72</b>		<b>Scientific and development research activities</b>
721		Research and development of the physical and natural sciences
	7211	Research and development of the natural sciences
	7212	Research and development of the physical sciences and engineering
722		Research and development of social and human sciences
	7221	Research and development of social sciences
	7222	Research and development of the humanities
<b>73</b>		<b>Advertising, market research and opinion polls</b>
731		Advertising
732		Market research and opinion polls
<b>75</b>		<b>Veterinary activities</b>
750	7500	Veterinary activities
<b>N</b>		<b>ADMINISTRATIVE ACTIVITIES AND SUPPORT SERVICES</b>
<b>79</b>		<b>Travel agencies, tour operators, other booking services and related activities</b>
791	7910	Travel agencies and tour operators
<b>80</b>		<b>Research and safety activities</b>
801	8010	Private security activities
802	8020	Activities related to security systems
<b>P</b>		<b>EDUCATION</b>
<b>85</b>		<b>Education</b>
855	8550	Services and support to education activities
<b>Q</b>		<b>HUMAN HEALTH AND SOCIAL SUPPORT ACTIVITIES</b>
<b>88</b>		<b>Social support without accommodation activities</b>
881	8810	Social support without accommodation activities for the elderly and disabled
889		Other social support activities without accommodation
	8891	Care activities for children, without accommodation
	8899	Other social work activities without accommodation, n.s.
<b>R</b>		<b>ARTISTIC, PERFORMING, SPORTS AND RECREATIONAL ACTIVITIES</b>
<b>92 - 920</b>	<b>9200</b>	<b>Lotteries and other sports betting</b>
<b>S</b>		<b>OTHER SERVICE ACTIVITIES</b>
<b>94</b>		<b>Activities of associative organizations</b>
949		Other activities of associative organizations
	9492	Activities of political organizations

Source: Decree-Law No. 34/2017 of 27 September 2017 on "Licensing of Economic Activities"

**ANNEX 8(C)****Classification of Economic Activities – High Risk**

<b>Code (Timor-Leste classification)</b>		<b>Activity</b>
<b>B</b>		<b>EXTRACTIVE INDUSTRIES</b>
05		Extraction of hard coal and lignite
051	0510	Extraction of hard coal (includes anthracite)
052	0520	Extraction of lignite
<b>06</b>		<b>Extraction of oil and natural gas</b>
061	0610	Extraction of crude oil
062	0620	Extraction of natural gas
<b>07</b>		<b>Extraction and preparation of metallic minerals</b>
071	0710	Extraction and preparation of iron ores
072	0720	Extraction and preparation of non-ferrous minerals
<b>08</b>		<b>Other extractive industries</b>
081		Extraction of stone, sand and clay
	0811	Extraction of stone for construction
	0812	Extraction of sand
	0813	Extraction of crushed stone
	0814	Extraction of clay and kaolin
089		Extractive industries, n.s.
	0891	Extraction of minerals for the chemical industry and the manufacture of fertilizers
	0892	Extraction of salt
	0893	Other extractive industries, n.s.
<b>09</b>		<b>Service activities related to extractive industries</b>
091	0910	Service activities related to oil and gas extraction, except prospecting
099	0990	Other service activities related to extractive industries
<b>C</b>		<b>MANUFACTURING INDUSTRIES</b>
<b>10</b>		<b>Food industry</b>
101	1010	Preparation and preservation of meat and meat products
102	1020	Processing and preserving of fish, crustaceans and molluscs
<b>19</b>		<b>Manufacture of coke, refined petroleum products and agglomerates of fuels</b>
191	1910	Manufacture of coking products
192	1920	Manufacture of refined petroleum products and agglomerates of fuels
<b>20</b>		<b>Manufacture of chemicals and synthetic or artificial fibers, except pharmaceuticals</b>
201		Manufacture of basic chemicals, fertilizers and nitrogen compounds, plastics and synthetic rubber, in primary forms
202		Manufacture of pesticides and other agrochemical products
	2021	Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and hygiene products
	2029	Manufacture of other chemical products, n.s.
203	2030	Manufacture of paints, varnishes and similar products; mastics; printing inks
204		Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations
205		Manufacture of other chemical products
206		Manufacture of synthetic or artificial fibers
<b>21</b>		<b>Manufacture of basic pharmaceutical products and pharmaceutical preparations</b>
211		Manufacture of basic pharmaceutical products
212		Manufacture of pharmaceutical preparations
<b>23</b>		<b>Manufacture of other non-metallic mineral products</b>
235		Manufacture of cement, lime and plaster
236		Manufacture of concrete, plaster and cement products
239		Manufacture of abrasive and other non-metallic mineral products
<b>25</b>		<b>Manufacture of metal products, except machinery and equipment</b>
252	2520	Manufacture of weapons and ammunition
<b>26</b>		<b>Manufacture of computer equipment, communication equipment and electronic and optical products</b>
266		Manufacture of radiation, electromedical and electrotherapeutic equipment
<b>D</b>		<b>ELECTRICITY, GAS, STEAM, HOT AND COLD WATER AND COLD AIR</b>
<b>35</b>		<b>Electricity, gas, steam, hot and cold water and cold air</b>
351	3510	Electricity generation, transportation, distribution and trade

Code (Timor-Leste classification)		Activity
352	3520	Gas production; distribution of gaseous fuels through pipelines; gas trade
<b>E</b>		<b>DECONTAMINATION</b>
<b>36 - 360</b>	<b>3600</b>	<b>Water collection, treatment and distribution</b>
<b>37 - 370</b>	<b>3700</b>	<b>Collection, drainage and treatment of waste water</b>
<b>38</b>		<b>Collection, treatment and disposal of waste; valuation of materials</b>
381		Collection of waste
	3811	Collection of non-hazardous waste
	3812	Collection of hazardous waste
382		Treatment and disposal of waste
	3821	Treatment and disposal of non-hazardous waste
	3822	Treatment and disposal of hazardous waste
383	3830	Valorization of materials
39 - 390	3900	Decontamination and similar activities
<b>F</b>		<b>CONSTRUCTION</b>
<b>41 - 410</b>	<b>4100</b>	<b>Building construction (residential and non-residential)</b>
<b>42</b>		<b>Civil Engineering</b>
421	4210	Construction of roads, bridges, tunnels, runways of airports and railways
422	4220	Construction of water transport networks, sewage, power distribution, telecommunications and other networks
429	4290	Construction of other civil engineering works
<b>43</b>		<b>Specialized construction activities</b>
431	4310	Demolition and construction preparation
432		Electrical installation, plumbing, air conditioning and other installations
	4321	Electric installation
	4322	Plumbing and air conditioning installation
	4329	Other installations under construction
<b>G</b>		<b>WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES</b>
<b>46</b>		<b>Wholesale trade (including agents) other than motor vehicles and motorcycles</b>
466		Wholesale of other machinery, equipment and their parts
	4661	Wholesale of solid, liquid, gaseous fuels and derived products
	4662	Wholesale of metals and metal ores
<b>47</b>		<b>Retail trade, except of motor vehicles and motorcycles</b>
473	4730	Retail sale of fuels in specialized stores
<b>H</b>		<b>TRANSPORTATION AND STORAGE</b>
<b>49</b>		<b>Land transport and transport by oil pipeline or gas pipeline</b>
491	4910	Transport by rail
492		Other land transport (land passenger transport)
	4921	Inland, urban and suburban passenger transport
	4922	Other land passenger transport
	4923	Road transport of merchandise
493	4930	Transport by oil and gas pipelines
<b>50</b>		<b>Water transport</b>
501		Passenger sea transportation
	5011	Passenger sea transportation
	5012	Freight sea transport
502	5020	Freight sea transport
<b>51</b>		<b>Air transport</b>
511	5110	Airline passenger transport
512	5120	Air freight transport
<b>I</b>		<b>ACCOMMODATION, RESTAURANT SERVICES AND SIMILAR</b>
<b>55</b>		<b>Accommodation</b>
551		Hotel establishments
	5511	Hotel establishments
	5512	Holiday Homes
552		Camping and caravan parks
	5521	Camping Parks
	5522	Caravan Parks
559	5590	Other places of accommodation
<b>56</b>		
561		
	5611	
	5612	



Code (Timor-Leste classification)		Activity
563	5630	Food & Beverage establishments
<b>K</b>		<b>FINANCIAL AND INSURANCE ACTIVITIES</b>
<b>64</b>		<b>Financial services activities, except insurance and pension funds</b>
641		Monetary intermediation
	6411	Central bank
	6412	Public bank
	6419	Other monetary intermediation
642	6420	Activities of holding companies
643	6430	Trusts, funds and similar financial entities
649		Other financial service activities, except insurance and pension funds
	6491	Leasing activities
	6492	Pawnshops
	6493	Credit unions
	6494	Other credit activities
	6495	Venture capital companies
	6499	Other financial services activities, n.s. except insurance and pension funds
<b>66</b>		<b>Activities auxiliary to financial services and insurance</b>
661		Activities auxiliary to financial services, except insurance and pension funds
	6611	Financial Markets Management
	6612	Trading activities on behalf of third parties in transferable securities and other financial instruments
	6619	Other activities auxiliary to financial services, except insurance and pension funds
662	6620	Activities auxiliary to insurance and pension funds
663	6630	Fund management activities
<b>O</b>		<b>PUBLIC ADMINISTRATION AND DEFENSE; MANDATORY SOCIAL SECURITY</b>
<b>84</b>		<b>Public administration and defense; mandatory social security</b>
841		Public administration in general, economic and social
	8411	Central Public Administration
	8412	Regional and Local Administration
	8413	Public Administration - health, education, cultural and social activities, except mandatory social security
	8414	Public Administration - economic activities
	8415	Activities in support of Public Administration as a whole
842		Foreign affairs, defense, justice, security, public order and civil protection
	8421	Foreign affairs
	8422	Defense activities
	8423	Justice activities
	8424	Activities of Security, Public Order and Civil Protection
843	8430	Mandatory social security activities
<b>P</b>		<b>EDUCATION</b>
<b>85</b>		<b>Education</b>
851		Pre-school education and basic education 1st and 2nd cycles
	8511	Pre-school education
	8512	Basic education 1st and 2nd cycles
852		Basic education 3rd cycle and secondary
	8521	Basic education 3rd cycle
	8522	General Secondary Education
	8523	Technical and vocational education
853	8530	Higher education
854		Other educational activities
	8541	Professional qualification
	8549	Other educational activities, n.s.
<b>Q</b>		<b>HUMAN HEALTH ACTIVITIES AND SOCIAL SUPPORT</b>
<b>86</b>		<b>Human health activities</b>
861	8610	Activities of inpatient health facilities
862	8620	Activities of outpatient clinics, dental and dentistry
869		Other human health activities
	8691	Clinical analysis laboratories
	8692	Collection centers and organ banks
	8699	Other human health activities, n.s.
<b>87</b>		<b>Social support activities with accommodation</b>
871	8710	Activities of continuous integrated outpatient care facilities with accommodation

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Code (Timor-Leste classification)		Activity
872	8720	Activities of establishments for persons with mental illness and drug abuse, with accommodation
873	8730	Social support activities for the elderly and disabled, with accommodation
879	8790	Other social support activities with accommodation

Source: Decree-Law No. 34/2017 of 27 September 2017 on "Licensing of Economic Activities".

**ANNEX 9****National Committee on Trade Facilitation**

Government Resolution No. 6/2016 of 17 February 2016 on the "National Committee for Trade Facilitation" lists in Article 3 of the Annex the Ministries and Agencies that make up the Committee, as follows:

1. The Committee is composed of Executive Members, a Technical Working Group, a Secretariat and Observer Members.
2. Executive Members:
  - a) Coordinating Minister for Economic Affairs (MCAE);
  - b) Minister of Finance;
  - c) Minister of Public Works, Transport and Communications;
  - d) Minister of the Interior;
  - e) Minister of Tourism, Commerce and Industry;
  - f) Minister of Foreign Affairs and Cooperation;
  - g) Minister of Agriculture and Fisheries.
3. Members of the Technical Working Group:
  - a) Director General of Customs;
  - b) Coordinator of the Tax Reform Program;
  - c) MCAE representative;
  - d) Representative of the Ministry of Foreign Affairs and Cooperation for ASEAN affairs;
  - e) Inspector General of Food Security;
  - f) Director of the Timor-Leste Port Authority (APORTIL: Portuguese abbreviation);
  - g) Director of the Civil Aviation Authority of Timor-Leste (AACTL: Portuguese abbreviation);
  - h) Director-General for Immigration;
  - i) National Director of Quarantine and Biosecurity.
4. Non-Executive Members:
  - a) President of the Chamber of Commerce and Industry, or his/her representative;
  - b) President of the Association of Customs Brokers, or his representative.
5. Observer Members:
  - a) World Bank Group;
  - b) the Asian Development Bank.
6. The Director-General of Customs coordinates the Technical Working Group.

Non-government representatives from the private sector also participate as non-executive members of the NTFC, as stated in Article 3.4 of the Annex of the Government Resolution No. 6/2016.

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**ANNEX 10****Legislative Provisions related to Trade Facilitation**

The Customs Code frames and guides all subsidiary customs legislation that needs to be produced. The Code devotes Title XXI (Final Provisions) to the timetable, implementing regulations, implementing measures and complementary legislation. Examples of implementing regulations, implementing measures and complementary legislation inherent to the Customs Code are as follows:

Article 2 (Good Administrative Practices): "1. Within one year from the date of entry into force of this Decree-Law, the Government approves, by Resolution of the Council of Ministers, a 'Guide to good administrative practices'. 2. The guide mentioned in the preceding paragraph is a standard reference document for conducts by the Public Administration."

Article 15 (Publication):

1. Without prejudice to the provisions of the following paragraph and upon proposal from the Director General [of Customs], the Minister approves the forms relating to customs declarations, to the collection of customs tax revenue, to the application of the customs valuation system of goods or to the fulfilment of the duties established in this Code and other customs legislation in force. 2. Forms for the customs control of persons, goods and means of transport shall be approved by the Director-General. 3. The updated list of all forms in force as well as the places where they can be purchased should, wherever possible, be published on the official website of the Ministry of Finance or Customs.

Section III (Representative Professional Public Association of Official Dispatchers), Article 43 (Representativeness):

1. The representative association of official brokers is the professional and representative association of the respective professional card holders. 2. Membership in the association is mandatory as an indispensable condition for the official broker to be able to exercise his profession. 3. The Statutes of the association, as well as the respective amendments, are approved by a proper diploma and published in the Official Gazette.

Article 79 (Records and Payments):

1. It is the responsibility of the Director General, by way of notice published in the Official Gazette, to approve: (a) documents required or established by customs legislation which may be transmitted through a stipulated electronic record; b) Payment required or established by Customs legislation which may be made through a stipulated electronic format; c) Customs information system for which such documents may be transmitted, or by means of which such payments may be effected. 2. The electronic transmission of documents or the payments indicated in the previous paragraph are subject to authorization by the Director General according to article 80, or other conditions that may be stipulated. 3. The Director General may determine that, the documents or payments referred to in paragraph 1 of this article be transmitted in electronic form, without prejudice to any exceptions that may be stipulated.

Article 179 (Prohibited Import Goods): "Without prejudice to the provisions of special legislation and acts of international law subscribed by the Government of Timor-Leste, it is prohibited to import certain goods to be defined in a list approved by the Minister."

Article 180 (Conditional Import Goods): "Without prejudice to the provisions of special legislation and acts of international law subscribed by the Government of Timor-Leste, only the goods in a list to be approved by the Minister may be subject to conditional imports, as long as they comply with the conditions established in the respective legal instrument."

According to Chapter V (Customs Warehouse), Article 197 (Concept):

1. Customs warehousing procedure shall permit the storage of imported goods in a customs warehouse, irrespective of the quantity, country or place of origin and destination, with suspension of duties and other import charges or subject to commercial policy measures." In such circumstances, Article 204 (Authorized Operations) provides: "2. Usual handlings [of such goods] must be detailed in a list to be approved by the Minister, upon proposal by the Director General, and their realization must be authorized by the Director of Customs Control, who will determine the conditions under which they can be carried out.

Section V (Circulation of goods subject to Selective Consumption Tax – ISC - and control of exit from port facilities), Article 226 (Documents accompanying goods subject to ISC): "1. The circulation of goods subject to ISC that are in suspension regime is made with a document of accompaniment whose model will be approved by order of the Minister."

Chapter IV (Guarantee for Customs Debt), Article 323 (Requirement of Guarantee):

1. Always, when enforcing customs legislation, if the Customs require a guarantee to ensure payment of a customs debt, such guarantee shall be provided by the debtor. 2. When the debtor is a service of Public Administration, the bank guarantee may be replaced by a commitment voucher of payment (CVP). 3. The list of Public Administration services authorized to use the commitment voucher of payment shall be approved by the Minister.

**ANNEX 11****National Single Window Project: Activities and Timeline**

<b>Agency</b>	<b>Type</b>	<b>Timeline</b>	<b>Agreement (MOU)</b>	<b>Status</b>
<b>First Phase</b>				
TradeInvest Timor-Leste I.P.	Government	February 2021	Signed	Launched
Ministry of Tourism, Commerce and Industry (Commercial Vehicle Importation)	Government	November 2021	Protocol of cooperation signed  Online applications for importation  Certificates of origin	Developed Training in progress
Secretary State for Environment – Department of Ozone Depleting Substance	Government	June 2021	In progress	Developing, Presented initial Prototype to Ozone Depleting Substance Department
APORTIL (Port Authority of Timor-Leste I.P.)	Government	July 2021	In progress	Pending training of Staff
Ministry of Health - The Autonomous Service for Medicines and Health Equipment (SAMÉS), and the General Directorate for Health Services	Government	July 2021	In progress	Developing
National Directorate for Quarantine and Biosecurity, Ministry of Agriculture and Fisheries	Government	August 2021	In progress	Met Staff for requirement gathering, pending development
National Directorate for Land Transport, Ministry Transport and Communication	Government	September 2021	In progress	AW development completed Pending development of the data exchange between two systems
Tax Authority / SERVE	Government	October 2021	In progress	Met with team, pending technical work with system consultants
Ministry of Tourism, commerce and Industry (Certificate of Origin)	Government	November 2021	In progress	Met and initiated discussion with the team
Immigration Services of Timor-Leste	Government	February 2022	In progress	Pending meeting
New Timor Port (Bolloré)	Private	January 2022	In progress	2 meetings a month since Aug 2020
Commercial Banks (BNU and BNCTL)	Private	February 2022	Signed	Pending
Trade Community - Traders - Customs Brokers - Shipping Agents - Transporter	Private	February 2021		On-Going Part of the discussion, training for Trade Invest
Interface with Indonesia	Government	2022	In progress	To initiate discussion in July 2021
<b>Second phase</b>				
Interface with a CPLP Country (Brazil)	Government	2022	Pending	Pending
Interface with CPLP SW	Government	2022	Pending	Pending
Gateway between CPLP and ASEAN Countries	Government	2023	Pending	Pending

The Timor-Leste National Single Window project is divided into two phases.

The first phase involves nine Government agencies, one private company (Bollore – New Timor Port), and Indonesia:

- i. Trade Invest Timor-Leste;
- ii. Ministry of Tourism, Commerce and Industry;
- iii. National Directorate for Land Transport;
- iv. Ozone Depleting Substance Directorate under the Secretary State for Environment;
- v. Ministry of Health;
- vi. Quarantine Authority, Ministry of Agriculture and Fisheries;
- vii. Port Authority of Timor-Leste;
- viii. New Timor Port (Bollore company);
- ix. Tax Authority, and the Public Institute on Registry Service and Business Verification (SERVE);
- x. Immigration Services;
- xi. Indonesia.

In addition, this phase will include engagement with the private sector (traders, brokers, shipping agents and transporters) who are the intended users of the single window platform.

This process includes: (i) capacity building for government staff; (ii) reviewing and optimizing internal processes of each institution; and (iii) providing electronic infrastructure to each government agency under the ASYCUDA World Platform.

Accordingly, the Government, through the Customs Authority, has provided familiarization sessions to the nine government agencies and is reviewing each government agency internal process. In addition, during this phase, the Customs Authority is planning to engage with some private institutions, including commercial banks, with a hope to reach an agreement soon.

Linkage between Timor-Leste's National Single Window and Indonesia's Pilot data exchange system under the MoU on Cross Border Trade between Indonesia and Timor-Leste is in the Government's agenda. This will ultimately facilitate linkage with the ASEAN Single Window.

The second phase will involve implementation of data exchange with CPLP countries, CPLP Single window and ASEAN Single Window. The plan is to link Timor-Leste's National Single Window and Brazil as a selected CPLP member state, and to further finalize the linkage between the ASEAN and CPLP regional Single Window via the National TL-TSWS gateway.

## ANNEX 12

### Categories of commitments under the WTO Trade Facilitation Agreement

Provision	Heading/ Description	Category	Indicative date for implementation (for categories B and C)	Definitive date for implementation (for categories B and C)	Assistance and support for Capacity Building Required for Implementation (for category C)
<b>Article 1 Publication and Availability of Information</b>					
Article 1.1	Publication	B	2023	2025	-
Article 1.2	Information Available through Internet	C	2023	2025	<p><b>Legal/Policy:</b></p> <ul style="list-style-type: none"> <li>• Undertake a study to take stock of all trade information available online; identify gaps and assess Timor-Leste's readiness to have a trade information portal/ website; cost and benefit analysis. Develop policy and legislate as necessary the mandate and process of publishing information; and having this information available in online procedures</li> <li>• Review of outdated Standard Operating Procedures</li> </ul> <p><b>Human Resources/Training:</b></p> <ul style="list-style-type: none"> <li>• Training of IT Staff to design, develop and maintain websites</li> <li>• Training of Customs officials on the implementation of Standard Operating Procedures</li> <li>• Relevant training of officials and private sector</li> </ul> <p><b>Information and Communication Technology:</b></p> <ul style="list-style-type: none"> <li>• Develop and maintain a Trade Information Portal system (TIP) Infrastructure</li> <li>• Appropriate equipment and software programs for border agencies Consultations/Public Awareness</li> <li>• Stakeholder consultations on the potential TIP</li> </ul>
Article 1.3	Enquiry Points	B	2022	2024	-
Article 1.4	Notification	B	2022	2024	-
<b>Article 2 Opportunity to Comment, Information before Entry into Force and Consultations</b>					
Article 2.1	Opportunity to Comment and Information Before Entry into Force	A	-	-	-
Article 2.2	Consultations	B	2022	2024	-
<b>Article 3 Advance Rulings</b>					
		A	-	-	-



Provision	Heading/ Description	Category	Indicative date for implementation (for categories B and C)	Definitive date for implementation (for categories B and C)	Assistance and support for Capacity Building Required for Implementation (for category C)
<b>Article 4 Procedures for Appeal or Review</b>					
		C	2023	2026	<b>Operation:</b> <ul style="list-style-type: none"> <li>Financial (and technical support where relevant) assistance required for the initial set-up and operation of the Customs Appeal Authority for the first five years</li> </ul> <b>Human resources/Training:</b> <ul style="list-style-type: none"> <li>Capacity building and training for Customs officials on the implementation and application of this provision</li> </ul>
<b>Article 5 Other Measures to Enhance Impartiality, non- Discrimination and Transparency</b>					
Article 5.1	Notification for Enhanced Controls or Inspections	B	2022	2024	-
Article 5.2	Detention	B	2022	2024	-
Article 5.3	Test Procedures	A	-	-	-
<b>Article 6 Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation and Penalties</b>					
Article 6.1	General Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation	A	-	-	-
Article 6.2	Specific Disciplines on Fees and Charges for Customs Processing Imposed on or in Connection with Importation and Exportation	A	-	-	-
Article 6.3	Penalty Disciplines	C	2023	2026	<b>Human resources/Training:</b> <ul style="list-style-type: none"> <li>Capacity building and training for Customs officials on the implementation and application of this provision</li> </ul>

Provision	Heading/ Description	Category	Indicative date for implementation (for categories B and C)	Definitive date for implementation (for categories B and C)	Assistance and support for Capacity Building Required for Implementation (for category C)
<b>Article 7 Release and Clearance of Goods</b>					
Article 7.1	Pre-arrival Processing	C	2022	2025	<b>Human Resources/Training:</b> <ul style="list-style-type: none"> <li>Capacity building and training for Customs, Quarantine Biosecurity and Border agencies officials on the implementation and application of this provision</li> </ul> <b>Information and Communication Technology:</b> <ul style="list-style-type: none"> <li>Enhance the technological capacity of Customs officials in implementing this provision</li> </ul> <b>Infrastructure:</b> <ul style="list-style-type: none"> <li>Upgrade existing Customs and Border agencies systems and infrastructure to facilitate Pre-arrival processing</li> <li>Upgrade and improve existing Quarantine Biosecurity infrastructure to facilitate pre-arrival processing</li> </ul>
Article 7.2	Electronic Payment	C	2022	2024	<b>Legal/Policy:</b> <ul style="list-style-type: none"> <li>Review existing systems and policies. And determine feasibility and resources required to set-up and operate an electronic payment system</li> </ul> <b>Human Resources/Training:</b> <ul style="list-style-type: none"> <li>Capacity building and training for Customs, Quarantine Biosecurity and Border agencies officials on electronic payment</li> </ul> <b>Information and Communication Technology:</b> <ul style="list-style-type: none"> <li>Enhance technological capacity of border agencies and government agencies necessary to implement an electronic payment system</li> </ul> <b>Infrastructure:</b> <ul style="list-style-type: none"> <li>Development, set-up and installation of appropriate technology and equipment to put in place an electronic payment system</li> </ul>
Article 7.3	Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges	B	2022	2025	-

Provision	Heading/ Description	Category	Indicative date for implementation (for categories B and C)	Definitive date for implementation (for categories B and C)	Assistance and support for Capacity Building Required for Implementation (for category C)
Article 7.4	Risk Management	C	2023	2026	<p><b>Legal</b></p> <ul style="list-style-type: none"> <li>Review/develop legal basis to enhance coordination and collaboration between border agencies on risk identification and application of risk management</li> </ul> <p><b>Policy</b></p> <ul style="list-style-type: none"> <li>Develop a risk management policy with target percentages of low/high risk cargo</li> <li>Develop a training plan for Customs, Quarantine Biosecurity and Border agencies officials on risk management, targeting the application of risk management</li> </ul> <p><b>Procedures</b></p> <ul style="list-style-type: none"> <li>Review and develop necessary procedures</li> </ul> <p><b>Human Resources/Training</b></p> <ul style="list-style-type: none"> <li>Capacity building and training for Customs and Quarantine Biosecurity officials on risk management using transaction data from ASYCUDA system</li> <li>Training and Development for border agencies staff on risk identification and profiling</li> </ul> <p><b>Information and Communication Technology</b></p> <ul style="list-style-type: none"> <li>Enhance technological capacity of Border agencies necessary to implement a proper risk management process/system</li> </ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>Provision of Non-Intrusive Inspection equipment</li> <li>Provision of appropriate technology and equipment to support the implementation of a proper risk management system</li> </ul>
Article 7.5	Post-Clearance Audit	C	2023	2026	<p><b>Legal</b></p> <ul style="list-style-type: none"> <li>Develop/review relevant legislations and policies for Post Clearance Audit (PCA)</li> </ul> <p><b>Policy</b></p> <ul style="list-style-type: none"> <li>Develop a compliance assessment policy and procedure incorporating the connectivity with risk management</li> <li>Develop a training plan/module to train Customs officials and agents on the concept of 'informed compliance' and train the target groups</li> <li>Develop a methodology/approach to conduct a national compliance assessment on an annual basis</li> </ul> <p><b>Procedures</b></p> <ul style="list-style-type: none"> <li>Develop and update processes and procedures that incorporate these aspects of PCA:</li> </ul>

Provision	Heading/ Description	Category	Indicative date for implementation (for categories B and C)	Definitive date for implementation (for categories B and C)	Assistance and support for Capacity Building Required for Implementation (for category C)
					<ul style="list-style-type: none"> <li>• Draft a compliance assessment policy and procedure incorporating the connectivity with risk management</li> <li>• Draft a training module to train Customs and the Agents on the concept of 'informed compliance' and train the target groups</li> <li>• Draft a methodology/approach to conduct a compliance assessment on an annual basis for the whole of Timor-Leste</li> <li>• Conduct annual compliance assessments</li> <li>• Train Customs staff to conduct PCA as a compliance assessment tool</li> </ul> <p><b>Human Resources/Training</b></p> <ul style="list-style-type: none"> <li>• Capacity building and training for Customs officials to conduct Post Clearance Audit as a compliance assessment tool</li> <li>• Develop data analysis skills and knowledge for Customs and border agencies officials</li> <li>• Capacity building and training for Customs PCA officials on auditing techniques and methodology</li> </ul> <p><b>Information and Communication Technology</b></p> <ul style="list-style-type: none"> <li>• Enhance technological capacity of Border agencies necessary to implement</li> </ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>• Provision of appropriate technology and equipment to help implement PCA</li> </ul>
Article 7.6	Establishment and Publication of Average Release Times	B	2022	2024	-
Article 7.7	Trade Facilitation Measures for Authorized Operations	C	2022	2025	<p><b>Legal</b></p> <ul style="list-style-type: none"> <li>• Develop relevant legislation and policies to allow the setup of an Authorised Operators (AO) program</li> </ul> <p><b>Policy</b></p> <ul style="list-style-type: none"> <li>• Develop an Authorised Operators policy</li> </ul> <p><b>Procedures</b></p> <ul style="list-style-type: none"> <li>• Develop proper procedures and criteria for the assessment of authorised operators that meet specified criteria in the AO program</li> </ul> <p><b>Human Resources/Training</b></p> <ul style="list-style-type: none"> <li>• Capacity building and training for Customs and Quarantine officials on the implementation of the AO program</li> </ul>

Provision	Heading/ Description	Category	Indicative date for implementation (for categories B and C)	Definitive date for implementation (for categories B and C)	Assistance and support for Capacity Building Required for Implementation (for category C)
Article 7.8	Expedited Shipments	C	2023	2025	<b>Legal/Policy</b> <ul style="list-style-type: none"> <li>Develop relevant legislation and policies</li> </ul> <b>Procedures</b> <ul style="list-style-type: none"> <li>Review of outdated Standard Operating Procedures</li> </ul> <b>Human Resources/Training</b> <ul style="list-style-type: none"> <li>Training of Customs and Border agencies officials on clearance of commercial cargos at the airports</li> <li>Training of Customs officials on the implementation of Standard Operating Procedures</li> </ul> <b>Infrastructure</b> <ul style="list-style-type: none"> <li>Appropriate equipment required such as x-rays, scanners and computers for border agencies</li> </ul>
Article 7.9	Perishable Goods	B	2022	2025	-
<b>Article 8 Border Agency Cooperation</b>					
		C	2022	2024	<b>Legal/Policy</b> <ul style="list-style-type: none"> <li>Review and identify gaps in the existing system of coordination and policies</li> <li>Review/develop legal basis to enhance coordination and collaboration between border agencies</li> </ul> <b>Procedures</b> <ul style="list-style-type: none"> <li>Develop Procedures and Memorandum of Understanding (MOU) to help enhance the cooperation of border agencies</li> </ul> <b>Human Resources/Training</b> <ul style="list-style-type: none"> <li>Capacity building and training for Border agencies officials on a new coordinated approach</li> </ul>
<b>Article 9 Movement of Goods Intended for Import under Customs Control</b>					
		B	2022	2024	-
<b>Article 10 Formalities Connected with Importation, Exportation and Transit</b>					
Article 10.1	Formalities and Documentation Requirements	C	2022	2024	<b>Policy</b> <ul style="list-style-type: none"> <li>Support to customs to expedite publication and activation of the new draft procedures under the modernization program</li> </ul> <b>Information and Communication Technology</b> <ul style="list-style-type: none"> <li>Enhance the technological capacity of Customs and border agencies officials to ensure full utilisation of the ASYCUDA World system</li> </ul>

Provision	Heading/ Description	Category	Indicative date for implementation (for categories B and C)	Definitive date for implementation (for categories B and C)	Assistance and support for Capacity Building Required for Implementation (for category C)
					<b>Infrastructure</b> <ul style="list-style-type: none"> <li>• Upgrade existing Customs system and infrastructure to implement this provision</li> </ul>
Article 10.2	Acceptance of Copies	B	2022	2023	-
Article 10.3	Use of International Standards	A	-	-	-
Article 10.4	Single Window	C	2022	2024	<b>Legal</b> <ul style="list-style-type: none"> <li>• Review/develop relevant laws to facilitate the development of a comprehensive national single window</li> <li>• Compliance review</li> <li>• Develop Memorandum of Understanding (MOUs) with other agencies to enhance cooperation</li> </ul> <b>Policy</b> <ul style="list-style-type: none"> <li>• Conduct a feasibility study to explore the viability of a national single window system</li> <li>• Develop a strategy for the implementation of single window</li> </ul> <b>Procedures</b> <ul style="list-style-type: none"> <li>• Develop appropriate procedures and processes to facilitate the implementation of single window</li> </ul> <b>Human Resources/Training</b> <ul style="list-style-type: none"> <li>• Capacity building and training for Customs officials and border agencies on the implementation of single window system</li> <li>• Capacity building for other government agencies and private sector on the implementation of single window system</li> </ul> <b>Information and Communication Technology</b> <ul style="list-style-type: none"> <li>• Review of national ICT policies to facilitate the implementation of single window</li> <li>• Enhance and upgrade technological capabilities of border agencies and government agencies necessary to implement the single window</li> </ul> <b>Infrastructure</b> <ul style="list-style-type: none"> <li>• Provision of appropriate technology and equipment to help implement single window</li> </ul>

Provision	Heading/ Description	Category	Indicative date for implementation (for categories B and C)	Definitive date for implementation (for categories B and C)	Assistance and support for Capacity Building Required for Implementation (for category C)
Article 10.5	Pre-shipment Inspection	A	-	-	-
Article 10.6	Use of Customs Brokers	A	-	-	-
Article 10.7	Common Border Procedures and Uniform Documentation Requirements	A	-	-	-
Article 10.8	Rejected Goods	A	-	-	-
Article 10.9	Temporary Admission of Goods and Inward and Outward Processing	B	2022	2024	-
<b>Article 11 Freedom of Transit</b>					
		B	2023	2024	-
<b>Article 12 Customs Cooperation</b>					
		A	-	-	-

**ANNEX 13****List of goods that are exempted from import duty**

- (a) If the goods accompany a person arriving in Timor-Leste from another territory:
- (i) Two hundred (200) cigarettes and two and one half (2.5) liters of excisable beverages per person;
  - (ii) Goods up to a value of US US\$300 of a non-commercial nature that are exclusively for the personal use or enjoyment of travelers or goods intended as gifts, when the nature and quantity of the goods indicate that they are not imported for, or intended to be imported for, commercial purposes;
  - (iii) Goods of a non-commercial nature, other than jewelry, that are exclusively for the personal use or enjoyment of travelers and that are brought into Timor-Leste by travelers in accompanying luggage or carried on or about the travelers' bodies;
  - (iv) Household effects accompanying former residents of Timor-Leste returning to reside in Timor-Leste on a permanent basis.
- (b) Imports of the type:
- (i) Exempted under the Vienna Conventions on Diplomatic Relations of 1961 and Consular Relations of 1963;
  - (ii) Exempted under the Convention on the Privileges and Immunities of the United Nations;
  - (iii) Exempted under the Convention on the Privileges and Immunities of the Specialized Agencies.
- (c) Goods re-imported in the same condition in which they were exported.
- (d) Goods, other than alcohol or tobacco, imported by registered charitable organizations, being charitable organizations that have registered under any law of Timor-Leste that has been promulgated for that purpose, if the goods are to be used for charitable purposes of humanitarian assistance and relief, education or health care.
- (e) Goods for temporary admission, if the importer has provided security for import duty in the prescribed manner.
- (f) Goods for consumption by international staff of UNMIT or members of the Peace Keeping Force from contingent countries, if the goods are sold in conformity with prescribed rules of sale.
- (g) Baby formulas that are specially designed for babies under one (1) year of age so that after preparation they are consumed in a liquid form and provide the health benefits of human milk that would normally be provided to a baby that suckles from its mother.
- (h) Tampons and sanitary napkins.
- (i) Goods not described in previous paragraphs if:
- (i) Goods imported into Timor-Leste other than as personal goods accompanying a traveler; and
  - (ii) Import duty that would be imposed on the import if not for this paragraph would be US\$10 or less.



**ANNEX 14****Fees and charges for services rendered  
provided in Customs Code (Decree-Law No. 14/2017 of 5 April 2017)**

<b>Article of Decree-Law No. 14/2017</b>	<b>Name of the Charge</b>	<b>Amount (US\$)</b>
Article 101	Administrative Penalty for incorrect customs declaration resulting in underpayment	Not specified in the Decree-Law
Article 136.2	Administrative fine for failing to submit goods to customs	Not specified in the Decree-Law
Article 136.3	Administrative fine on the person responsible for the means of transport who does not comply with the obligation to present the goods to customs in situations of missing goods	Not specified in the Decree-Law
Article 136.4	Administrative fine on the person responsible for the means of transport, where the number of unloaded volumes exceeds the number notified to customs	Not specified in the Decree-Law
Article 139.4	Administrative fine on any person removing goods from the areas under customs control before their release for free circulation	Not specified in the Decree-Law
Article 145.5	Administrative fine on any person for failing to inform Customs on goods of commercial character	Not specified in the Decree-Law
Article 187.1	Fee for temporary importation	For each month or part month, 3% of the full duty
Article 188.5	Administrative fine for failing to re-export goods temporarily imported within required time limit	Not specified in the Decree-Law
Article 201.5	Administrative fine for taking goods from warehouse before Customs authorization	Not specified in the Decree-Law
Article 201.6	Administrative fine for failing to notify Customs of exact quantity of goods in warehouse	Not specified in the Decree-Law
Article 202.3	Provision of financial guarantee for customs duties suspended during warehousing	50% of the duties Due 20-30% of any excise due
Article 273.2	Fee for clearance of goods where customs formalities have not been complied with within required time limits, and goods have been stored beyond legal time limits	The amount of customs duties and other duties owing plus a fee of 5% of the value of the goods
Article 315.7	Compensatory interest where the incurrence of the debt or liquidation is delayed for reasons attributable to the declarant	4%
Article 320.5	Interest on late payment of duties and charges	For each month or part month of arrears, 3% of the total debt.
Article 377.1	For the arrival, control and departure of each ship performing commercial operations of merchandise or passengers.	US\$100/ per ship Or US\$200*/ ship plane (*Sunday, holiday, night)
Article 377.2	For visits aboard, sealing, verifications,	US\$50 or US\$100* for processing of each administrative document
Article 378.1	For arrival, control, and departure of each plane performing commercial operations of merchandise or passengers.	US\$100 / plane Or US\$200*
Article 378.2	For visits aboard, sealing, verification	US\$50 / Or US\$100*/ procession of each administrative document
Article 379.1	For entry and fiscal clearance of merchandise in each land transport vehicle of commercial transport	US\$25 or US\$50* / vehicle at a customs post US\$50 or US\$100*/ vehicle at other locations
Article 380.1	Entering and clearance of unaccompanied baggage	US\$10 or US\$20*
Article 380.2	Entering and fiscal clearance of automobiles	US\$25 or US\$50*
Article 380.3	Entering and fiscal clearance of bicycles and motorcycles	US\$15 or US\$30*

<b>Article of Decree-Law No. 14/2017</b>	<b>Name of the Charge</b>	<b>Amount (US\$)</b>
Article 381.1	For each operation or assistance of denaturation, coloration, fiscal marking, or destruction of merchandise	US\$10 or US\$20*
Article 382.1	For any services at the request of taxpayers, involving the displacement of employees outside of the Customs facilities	Up to 40 km travelled: US\$25 Up to 100 km travelled: US\$50 More than 100 km travelled: US\$75 If overnight stay: US\$30
Article 383	Fee for underpaying if final verification is a duty of more than US\$50	US\$10/ declaration

Note: Administrative fines or penalties describes in Article 101, 136, 139, 145, and 188 are not specified in the law. The amount to be defined through other regulation.

**ANNEX 15****Action Plan on drafting the Law on Value Added Tax, the Taxes and Duties Act (revision), and the Tax Proceedings Code**

In its effort to improve tax collection, the Government of Timor-Leste is in the process of drafting/revising three laws, which include: the Law on Value Added Tax, the Taxes and Duties Act (revision), and the Tax Proceedings Code.

The timelines for the development and implementation of the laws are as follows:

## i. VAT Law:

Action to be taken	Target of completion	Status
• Development of the draft Policy Paper for VAT Law	December 2015	Done
• Seek opinions, comments and feedback from any third party on the revised law as well as public consultation and discussion with relevant private and public stakeholders	2021-2022	In progress
• Discussion and approval by the Council of Ministers	2 <sup>nd</sup> half of 2022	Pending
• Discussion and approval by the National Parliament	1 <sup>st</sup> half of 2023	Pending
• Promulgation by the President	2 <sup>nd</sup> half of 2023	Pending
• Public awareness	1 <sup>st</sup> half of 2024	Pending
• Effective Implementation	2 <sup>nd</sup> half of 2024	Pending

## ii. Revised Taxes and Duties Act:

Action to be taken	Target of completion	Status
• Revisit the revised draft law by the Ministry of Finance	1 <sup>st</sup> half of 2022	In progress
• Seek opinions, comments and feedback from any third party on the revised law as well as public consultation and discussion with relevant private and public stakeholders	1 <sup>st</sup> half of 2022	In progress
• Discussion and approval by the Council of Ministers	2 <sup>nd</sup> half of 2022	Pending
• Discussion and approval by the National Parliament	1 <sup>st</sup> half of 2023	Pending
• Promulgation by the President	2 <sup>nd</sup> half of 2023	Pending
• Public awareness on the changes and introduction of new articles	2 <sup>nd</sup> half of 2023	Pending
• Effective Implementation	1 <sup>st</sup> half of 2024	Pending

## iii. Tax Proceedings Code:

Actions to be taken	Target of completion	Status
• Revisit the draft TPC by the internal Ministry of Finance team	2022 – 2023	Pending
• Seek opinions, comments and feedback from any third party on the revised law as well as public Consultation and discussion with relevant private and public stakeholders	2 <sup>nd</sup> half of 2023	Pending
• Discussion and approval by the Council of Ministers	1 <sup>st</sup> half of 2024	Pending
• Discussion and approval by the National Parliament	2 <sup>nd</sup> half of 2024	Pending
• Promulgation by the President	2 <sup>nd</sup> half of 2024	Pending
• Public awareness	1 <sup>st</sup> half of 2025	Pending
• Effective Implementation	2 <sup>nd</sup> half of 2025	Pending

**ANNEX 16****Action Plan on the Implementation of the WTO Agreements on Technical Barriers to Trade**

<b>Activity/Description</b>	<b>Action to be taken</b>	<b>Timeframe for implementation</b>
Development of national standards bodies, including a TBT Enquiry Point, and the upgrading of national legal and regulatory framework.	<ol style="list-style-type: none"> <li>1. Establishment of a national standard body (IQTL, IP);</li> <li>2. Technical assistance to be obtained from the UNIDO and other development partners;</li> <li>3. Establishment of a TBT Enquiry Point;</li> <li>4. Develop national policies, strategies, legal and regulatory frameworks on TBT-related measures.</li> </ol>	2023
Capacity building	<ol style="list-style-type: none"> <li>1. Technical assistance to be obtained from UNIDO and other development partners;</li> <li>2. Training of key officials from the relevant Ministries/ Agencies, including: departments under the Ministry of Agriculture and Fisheries (MAF), Ministry of Tourism, Commerce and Industry (MTCI), Ministry of Health, Ministry of Finance, Secretary of State for Environment, AIFAESA, IQTL, Customs Authority, and the private sector;</li> <li>3. Assistance to NSBs for participation in international standardization work and to consumers to take part in standardization activities, including TL's participations at the IEC, ISO, OIE, Codex Alimentarius, IPPC, APAC, OIML;</li> <li>4. Development of product testing capacities (micro-biological, chemical, textile, leather, electrical laboratories) towards international recognition of their services for the proof of conformity with foreign buyer requirements;</li> <li>5. Development of metrology (calibration), standardization, accreditation capacities towards international recognition of their services for the calibration of national product testing equipment.</li> <li>6. Possible inclusion of NZL recommendation on approaching specialist regional bodies associated with Standardization and Accreditation (APAC, APMP, APLMF, PASC).</li> </ol>	2025
Regional harmonization of standards and conformity assessment systems	<ol style="list-style-type: none"> <li>1. Develop the draft laws on metrology, standards and conformity assessment systems and procedures;</li> <li>2. Technical review on the draft laws;</li> <li>3. Public consultations;</li> <li>4. Approval by the Council of Ministers;</li> <li>5. Approval by the National Parliament;</li> <li>6. The President of the Republic's promulgation;</li> <li>7. Public awareness consultations; and</li> <li>8. Effective implementation.</li> </ol>	2022
Establishment and upgrading of inspection and certification schemes and services for the assessment of conformity against product and system standards (including ISO 9001, ISO 14001, ISO 22000) with increased emphasis on public-private partnerships	<ol style="list-style-type: none"> <li>1. Develop specific internal SOP on guidelines for inspection and certification schemes;</li> <li>2. Develop a standardized laboratory for inspection;</li> <li>3. Public awareness consultations, with an emphasis on the private sector; and</li> <li>4. Effective implementation.</li> </ol>	2023

Activity/Description	Action to be taken	Timeframe for implementation
Development of national and/or regional accreditation schemes for the accreditation of national laboratories, inspection bodies, certification bodies, etc.	<ol style="list-style-type: none"><li>1. Develop Law on National Quality System;</li><li>2. Develop accreditation criteria;</li><li>3. Develop quality assurance and quality control standard and regulation on goods;</li><li>4. Public awareness consultation on National Quality system Law</li><li>5. Effective Implementation.</li></ol>	2024

## ANNEX 17

### Invasive Species in Timor-Leste

Invasion of *Chromolaena odorata* (Siam weed) in agricultural lands, grasslands, land clearing and degraded forests is evident in Timor-Leste and is harmful to both crops and animals. Its ability to spread rapidly increases the risk for bush fire. Other identified and potential invasive species are *Lantana gorse*, *Catharanthus roseus*, *Jatropha gossypifolia*, *Ziziphus mauritiana* and *Calotropis gigantea*.

The Global Invasive Database lists the following invasive species found in Timor Leste:<sup>1</sup>

*Chromolaena odorata*, *Leucaena leucocephala*, *Thevetia peruviana*, *Mimosa diplotricha*, *Cyprinus carpio*, *Lutjanus kasmira*, *Gallus gallus*, *Porphyrio porphyrio*, *Cervus timorensis russa*, and *Varanus indicus*. Studies also provide the habitat, geographical range and degree of invasiveness of these species.

Meanwhile, please see table below on the Annex II of the abovementioned Decree-Law, which has listed the Provisional List of Prohibited Invasive Species identified according to the list of plants and animals in the National Biodiversity Strategy and Action Plan, coupled with the invasive species identified in the Global Invasive Species Database (GISD) portal document, as follows:

### Provisional List of Prohibited Invasive Species

Taxonomic Name	English Common Name(s)
<i>Bufo marinus</i>	Cane Toad
<i>Duttaphrynus melanostictus</i>	Common Asian Toad
<i>Cyprinus carpio</i>	Common carp
<i>Aedes aegypti</i>	Yellow fever mosquito
<i>Paratrechina longicornis</i>	Crazy ant
<i>Varanus indicus</i>	Mangrove monitor
<i>Jatropha gossypifolia</i>	-
<i>Sida acuta</i>	Common Wireweed
<i>Lantana camara</i>	-
<i>Tithonia diversifolia</i>	-
<i>Parkinsonia sp.</i>	Palo Verde
<i>Prosopis pallida</i>	Mesquite
<i>Ziziphus mauritiana</i>	Rhamnaceae
<i>Chromolaena odorata</i>	Siam Weed
<i>Mimosa diplotricha</i>	Giant sensitive plant
<i>Leucaena leucocephala</i>	-
<i>Thevetia peruviana</i>	Yellow oleander

<sup>1</sup> Invasive Species in Timor-Leste. The Global Invasive Species Database: [http://issg.org/database/species/search.asp?st=sss&sn=&rn=Timor-Leste%20\(East%20Timor\)&ri=18888&hci=-1&ei=-1&fr=1&sts=&lang=EN](http://issg.org/database/species/search.asp?st=sss&sn=&rn=Timor-Leste%20(East%20Timor)&ri=18888&hci=-1&ei=-1&fr=1&sts=&lang=EN)

## Action Plan for the Implementation of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures

Strategies	Objectives and Outcomes	Performance Indicators	Timeframe for implementation
<u>Strategy 1</u>	<b>1.1. Institutionalization of food control</b>		
Establish a centralised food control system and regulatory framework:	- Establish a functional Food Control System to be responsible for and coordinate food control activities in the country with capacity to undertake the following to international best practice:	- New nationally coordinated Food Control System established and operational based on single or multi-agency models supported by appropriate legislation	2023 – 2025
1. Establish new or strengthen existing ministries with food related responsibility;	<ul style="list-style-type: none"> <li>• Risk assessment – sanitary and phytosanitary;</li> <li>• Quarantine and biosecurity inspection and certification;</li> <li>• Sample collection and analysis by an accredited, newly established modern national food laboratory;</li> <li>• Develop SPS control measures;</li> <li>• Develop SPS policy and legislation;</li> <li>• Establish relevant and appropriate enforcement, monitoring and evaluation activities;</li> <li>• Develop scientific and technical expertise and training capabilities as a critical priority.</li> </ul>		
2. Combine and/or centralize food control responsibilities between MAF, MoH, MTCI and AIFAESA;			
3. Clarify responsibilities for food control across the Government; and			2023 – 2024
4. Establish new or strengthen existing infrastructure			
	- Two options depending on political appetite:		
Establish a National Mechanism for management of all facets of food control and dissemination of information	1. Establish a new single Food Control Agency Model within one ministry; OR  2. Establish an Integrated Multi Agency Food Control Model using existing ministries – MoH, MAF, MTCI, AIFAESA.	Single or Integrated Multi-Agency Food Control Model established and operational with clear responsibilities institutionalized by legislation	2023 – 2024
	- Clarify each ministry's responsibility under Multi-Agency Model (e.g. MoH, MAF, MTCI, AIFAESA) and remove food control responsibilities and activities from other current ministries (MoF, MoE, etc) to avoid confusion and foster collaboration.		
-Technical Committees	- Promote collaboration and cooperation between critical Directorates e.g. Quarantine/Biosecurity and Veterinary. Appoint Directors with technical background and expertise. Mandate collaboration	- National Food Control Management Board/Committee established. Chair, Secretariat and membership in place and regular meetings operational and documented;	2023 – 2024
- Food Safety			

<b>Strategies</b>	<b>Objectives and Outcomes</b>	<b>Performance Indicators</b>	<b>Timeframe for implementation</b>
Laboratory	and share resources, training activities and upskilling.  - Establish a National Food Control Management Board or Committee under an appointed experienced Chair, assisted by small Secretariat to coordinate and oversee the implementation of all food control activities across the Government.	-Reports of the meetings prepared and distributed;  -Regular reports on the achievement of established programme targets.	2023 – 2024  2024 – 2025
	<ul style="list-style-type: none"> <li>The National Management Board or Committee should be the national mechanism to publicise and notify all relevant organisations, trade partners and foreign governments of all relevant information on adopted or proposed SPS measures, quarantine and inspection procedures, pesticide tolerances and food safety standards.</li> </ul>		2023
	<ul style="list-style-type: none"> <li>This mechanism should include a National Enquiry Point for WTO SPS Measures, Codex Office, ASEAN, OIE and IPPC management.</li> </ul>	- National Technical Committees established and operational;  - Supporting legislation approved and in place;	2023
- Quarantine and Inspection facilities		- Food, plant and animal safety measures developed and in place.	2023 – 2024  2023 – 2025
- Staff training centres	- Establish National Technical Committees responsible to the National Food Control Management Board to coordinate and oversee the development and implementation of activities for sanitary and phytosanitary measures including development of relevant legislation e.g.:  <ul style="list-style-type: none"> <li>Food Safety Committee (animal health and disease, human health)</li> <li>Plant Pest and Disease Committee</li> <li>Enforcement, Monitoring and Evaluation Committee.</li> </ul>	-National plan for financial feasibility	2024 – 2025  2023 – 2024  2023 – 2026
Develop standards and codes of good practice (or adopt appropriate international) across the agri-food chain		-Skilled staff with education in applied sciences chemistry, microbiology and biology;	2023 – 2024
		-Records and reports of training on laboratory quality assurance and on analytical methods;	2023 – 2024
Food Control Law	- Establish a National Food Safety Laboratory:  <ul style="list-style-type: none"> <li>In short term, combine existing food safety (MoH), quarantine and biosecurity (MAF), and plant safety (MAF) laboratories in a new facility as start of new National Food</li> </ul>	-Quality assurance documentation complete.  Specialised training provided on	2023 – 2024



Strategies	Objectives and Outcomes	Performance Indicators	Timeframe for implementation
	<p>Laboratory;</p> <ul style="list-style-type: none"> <li>• In short term, ensure existing laboratory capacity is maintained whilst building new capacity for analysis of plant, animal and human health;</li> <li>• Conduct training workshops for laboratory staff using external providers – foreign governments (e.g. EU, US, Australia), NGOs, World Bank, WHO/FAO, ASEAN, APEC;</li> <li>• In medium term, establish new National Food Reference Laboratory in new dedicated facility;</li> <li>• Acquire sufficient infrastructure, equipment and trained staff to allow new laboratory to facilitate all country requirements for human food, plant and animal health and safety, and working towards international best practice and accreditation – internal (Government) and external funding (Foreign governments, NGOs, World Bank);</li> <li>• Provide specialized, hands-on training on microbiological and chemical parameters according to the specific needs of the laboratory;</li> <li>• Achieve ISO 17025 accreditation for microbiology and chemical parameters;</li> <li>• Provide services to private sector.</li> </ul> <p>- Establish dedicated Quarantine and Inspection and Veterinary Services facilities;</p> <p>- Co-locate Quarantine and Inspection Directorate with Veterinary Services Directorate;</p> <p>- Establish new facilities or adequately provide assistance and support for existing staff training facilities using a combination of the Government and external providers funding and resources;</p>	<p>microbiological and chemical analysis</p> <p>-ISO 17025 accreditation for selected chemical and microbiological parameters;</p> <p>-Participation in inter-laboratory comparisons;</p> <p>-Laboratory reports;</p> <p>-Feedback from "users" of laboratory services.</p> <p>Appropriate dedicated space and facilities allocated and operational for Quarantine and Inspection and Veterinary Services and adequately staffed.</p> <p>Appropriate facilities established and given ongoing support.</p>	

Strategies	Objectives and Outcomes	Performance Indicators	Timeframe for implementation
	1.2. Develop new or strengthen existing appropriate, enforceable legislation to support SPS measures, including a Food Standards Code – cover food safety, plant pests and disease, and animal health, quarantine, inspection and certification, enforcement, monitoring and evaluation		
	<ul style="list-style-type: none"> <li>-Review current legal framework and formulate an overarching food control framework under direction of National Food Control Board and Technical Committees to discuss, adopt and make recommendations to approve, plant, animal health and food safety standards;</li> <li>-Develop an overarching general Food Control Law;</li> <li>- Develop a Food Standards Code (similar to ANZFS) containing all regulations on priority areas for GoTL: food additives, contaminants and natural toxicants, MRLs for agricultural and veterinary chemicals (agro-food inputs such as pesticides), food labelling, special standards (e.g. infant formula, GM foods, etc.);</li> <li>- Use established Technical Committees (see above) to discuss, develop and obtain GoTL approval of plant, animal health and food safety standards.</li> <li>- Develop (or preferably adopt existing internationally available) manuals on: <ul style="list-style-type: none"> <li>- Good Hygiene Practices;</li> <li>- Good Agriculture Practices;</li> <li>- Good Animal Husbandry Practices;</li> <li>- Good Aquaculture Practices;</li> <li>- Good Manufacturing Practices;</li> <li>- HACCP.</li> </ul> </li> <li>-Provide training workshops to manual users.</li> </ul>	<ul style="list-style-type: none"> <li>-Food Control Framework developed to support nationally coordinated Food Control System;</li> <li>- Overarching Food Control Law established</li> <li>-New Food Standards Code with regulations on priority areas: food additives, contaminants and natural toxicants, MRLs for agricultural and veterinary chemicals (agro-food inputs such as pesticides), food labelling, special food standards (e.g. infant formula, GM foods, etc.);</li> <li>Technical committees established and operational covering plant, animal health and food safety;</li> <li>Manuals adopted and distributed to users.</li> <li>Training conducted.</li> </ul>	<ul style="list-style-type: none"> <li>2023 – 2024</li> <li>2023 – 2024</li> <li>2023 – 2025</li> <li>2023 – 2024</li> <li>2023 – 2024</li> <li>2023 – 2024</li> </ul>
<u>Strategy 2</u>	Establish a mechanism to provide scientific and technical training for GoTL staff to cover all aspects of SPS measures work		
Develop scientific and technical capacity for risk analysis (risk assessment, risk management, risk communication) and standards development	<ul style="list-style-type: none"> <li>- Establish a new authority or appoint an existing ministry or authority responsible for ensuring that appropriate Government personnel are properly trained in all aspects of food control along the whole agri-food chain (risk assessment, quarantine, inspection and certification, monitoring and surveillance, laboratory analysis, etc.).</li> <li>-Establish staff training centers (see above under Establish new or strengthen existing infrastructure);</li> </ul>	<ul style="list-style-type: none"> <li>Ministry or authority appointed with responsibility for food control system training of Government staff;</li> <li>Staff training centers established and operational;</li> </ul>	<ul style="list-style-type: none"> <li>2023 – 2024</li> <li>2023 – 2025</li> <li>2023 – 2024</li> </ul>

Strategies	Objectives and Outcomes	Performance Indicators	Timeframe for implementation
	-Identify and utilise appropriate external training providers e.g. foreign governments and NGOs (UNDP, WBIFC, FAO, WHO).	Resources identified and external providers engaged.	
	2.2. Participation of Timor Leste in international fora supported by adequate resources		
	-Accession of Timor Leste to Codex Alimentarius Commission. Ensure attendance and establish National Codex Contact Point reporting to National Board ( <i>Note: Codex, WTO, SPS EP, OIE, IPPC and ASEAN contact points co-located</i> );	- Member of Codex <sup>2</sup> - Member of IPPC <sup>3</sup> - Member of ASEAN, WTO <sup>4</sup>	2023
	-Accession of Timor-Leste to IPPC and active participation;	-Documentation of Timor-Leste's participation in international committees	2023
	-Become member of ASEAN and the World Trade Organisation and ensure appropriate resources for active participation;		2024 – 2025
	-Promote the participation of Timor Leste in international committees (CAC, IPPC, OIE, and INFOSAN).		
Develop scientific and technical capacity for risk analysis (risk assessment, risk management, risk communication) and standards development	2.3. Development of a Co-located National Sanitary and Phytosanitary (SPS) Enquiry Point, Codex, ASEAN, OIE and IPPC Contact Points		
	-Operationalization of a co-located SPS, Codex, OIE, IPPC enquiry point to meet the obligations under the WTO SPS Agreement;	-SPS Enquiry Point developed; - Codex, OIE, IPPC and ASEAN Enquiry Points developed; ASEAN;	2023 – 2024
	-Train personnel on Codex Risk Analysis principles, OIE and IPPC procedures and the SPS/TBT agreements;	- Co-locate all enquiry points, if possible, with a single Secretariat and responsible to the National Management Board;	2023 – 2024
	-Develop SoPs for handling national and international enquiries on technical regulations, standards and certification schemes;	-Trained personnel in risk analysis, SPS/TBT, Codex procedures and standards;	2023 – 2024
	-Disseminate information to value chain participants on WTO SPS notifications, Codex standards, OIE and IPPC matters.	-Training records of skilled personnel. - SPS/TBT SOP's for handling national/international enquiries developed -Factsheets,	

<sup>2</sup> Process had already begun.<sup>3</sup> Already an observer.<sup>4</sup> Accession process already begun.

Strategies	Objectives and Outcomes	Performance Indicators	Timeframe for implementation
		brochures, guides developed and disseminated to value chain actors	
<b>Strategy 3</b>	<b>3.1. Mechanisms to prevent risks across the entire food chain – sanitary and phytosanitary issues</b>		
Conduct Sanitary and Phytosanitary data collection and undertake risk assessments to prevent risks across the entire food chain	<p>-Collect relevant data on Sanitary and Phytosanitary risks across the entire food chain, e.g.:</p> <ol style="list-style-type: none"> <li>1. Plant pests and diseases</li> <li>2. Animal health</li> <li>3. Food Safety</li> </ol> <p>- Using data collected and verified, conduct risk assessments to protect plant, animal and human health;</p> <p>- In the case of plant pests and diseases, identify the pests or diseases that <u>may enter</u> into the country, their mode of establishment or spread, and the potential biological and economic consequences. Evaluate the likelihood of entry, and of establishment or spread of such pests or diseases.</p>	<p>- Data collection operational for both Sanitary and Phytosanitary areas for plant pests and diseases, and animal diseases</p> <p>- Data verified and used to conduct risk assessments</p> <p>- Plant pests and diseases identified and catalogued</p> <p>- Consequences evaluated</p>	<p>2023 – 2025</p> <p>2023 – 2025</p> <p>2023 – 2025</p> <p>2023 – 2025</p> <p>2023 – 2025</p> <p>2024</p>
Utilise data already collected on Phytosanitary issues, and collaborate with proposed initiatives and action plans already planned by various foreign governments and NGOs e.g. Australian DAFF and WB IFC			
Phytosanitary Risks	<p>- For phytosanitary measures, immediate priority actions should be:</p> <ol style="list-style-type: none"> <li>1. For imports, the action plan should be to access and collaborate with any existing plans for plant safety being considered by the Government. The short-to-medium term priorities should be to undertake the more than 500 IRAs that are needed to assess the risk posed by imports into Timor-Leste, and this work will require: <ul style="list-style-type: none"> <li>• Compare lists of pests and diseases in exporting countries with those present in Timor-Leste;</li> <li>• Determine which pests are associated with the imported product;</li> <li>• Determine which pests pose an unacceptable risk;</li> <li>• Manage the risks by imposing conditions, treatments, certification, and inspection of imported products to ensuring compliance, refusing trade and post-entry quarantine risk mitigation measures;</li> </ul> </li> </ol>	<p>- Collaborations negotiated</p> <p>- IRAS started</p> <p>- Exported food risks work operationalised;</p> <p>- Lists of pests in Timor-Leste provided to trading partners</p>	<p>2023 – 2025</p> <p>2023 – 2025</p> <p>2023 – 2025</p> <p>2023 – 2025</p> <p>2023 – 2025</p> <p>2023</p> <p>2023</p> <p>2023</p>

Strategies	Objectives and Outcomes	Performance Indicators	Timeframe for implementation
Sanitary Risks	<ul style="list-style-type: none"> <li>Strengthen inspection processes and create a central database for the categorization of businesses and foods based on risk.</li> </ul>	to expedite importing country IRAS;	2023 – 2025
		- Negotiations taking place;	2023
		- Export conditions of trading partners met and appropriate certifications operational.	2023-2024
	2. For exports, to undertake work to facilitate exports of plant products by:		2023 – 2025
	<ul style="list-style-type: none"> <li>Participating in the IRA of importing countries by providing lists of pests present in Timor-Leste,</li> </ul>		2023 – 2024
	<ul style="list-style-type: none"> <li>Negotiate import conditions with importing countries,</li> </ul>	Technical capacity building initiatives established and ongoing;	2023 – 2025
	<ul style="list-style-type: none"> <li>Ensure that the conditions for export to the importing countries are met, and develop appropriate certification for the 11 plant product exports (Arabica and Robusta coffee, Candle Nut, Coconut, Tamarind, Mung Bean, Peanut, Corn, Cloves, Vanilla and Sandal Wood) to the 23 countries where Timor-Leste exports these commodities.</li> </ul>	List of plant pests and disease developed and utilised;	2023 – 2025
		Measures developed;	
		Risk measures working and effective;	2023
		Participation in export trade negotiations ongoing;	2023 – 2024
	<ul style="list-style-type: none"> <li>Increase technical capacity needed to assess the risks associated with export trade including               <ol style="list-style-type: none"> <li>Producing a list of pests and diseases present in Timor-Leste and deciding which risks need to be managed,</li> <li>Developing appropriate measures to manage these risks,</li> <li>Confirming that risk management measures are effectively preventing the entry of viable organisms (e.g. inspect imports and identify organisms intercepted), and</li> <li>Participate in the negotiation of the conditions imposed on exported products by importing trade</li> </ol> </li> </ul>		2023 – 2026
		Data collection on food composition and consumption started and ongoing;	2023 – 2024
		Food safety standards of exporting countries assessed and	2023 – 2024

Strategies	Objectives and Outcomes	Performance Indicators	Timeframe for implementation
<p>Identify SPS measures commensurate with risk assessments</p> <p>Establish appropriate ALOPs</p> <p>Develop Monitoring and Surveillance Systems</p> <p>Enforce SPS Measures</p>	<p>partners.</p> <p>- For the sanitary measures to work, the action plan should be to access and collaborate with any existing plans for food safety being considered by the Government, for example between AIFAESA and MoH, and the SoW prepared by USAID/TAMU/Avansa, together with a comparison with food safety systems already established internationally in other countries (Indonesia, China, Australia), FAO/WHO and Codex.</p> <p>-The short-to-medium term priorities for food safety should be:</p> <ol style="list-style-type: none"> <li>1. Begin the comprehensive collection of databases on food composition and food consumption using the data already collected on foods grown in the country, imported into and exported from Timor-Leste by Quarantine and Biosecurity and Veterinary Directorates and any other relevant information.</li> <li>2. Assess the suitability for Timor-Leste of Indonesian (or Chinese or both given these countries are biggest trading partners) and Codex standards for Maximum Levels (MLs) for food additives, chemical contaminants, allergens and biotoxins, Maximum Residue Limits (MRLs) for pesticides and veterinary drugs, and guidance values for common food-borne pathogens.</li> <li>3. Undertake a risk assessment of each food/chemical/biotoxin combination by using MLs and MRLs from trading partners (Indonesian, China, Australia or use Codex levels), ADIs and PTDis or PTWIs from JECFA,</li> </ol>	<p>compared with Codex standards;</p> <p>Risk assessments underway and ongoing;</p> <p>Food legislation is developed and operationalised. Food Standards Code established;</p> <p>Adequacy of food labelling assessed and compared with Codex and exporting countries. Remedial enforcement action taken where necessary;</p> <p>Capacity within Government and other sources assessed;</p> <p>Recommendations developed and submitted to the Government;</p> <p>Guidance documents and training manuals developed and in use;</p> <p>Training materials developed and delivered to target groups using "train the trainers"</p>	<p>2023 – 2026</p> <p>2023 – 2025</p> <p>2023 – 2025</p> <p>2023 – 2025</p> <p>2023 – 2026</p> <p>2023 – 2026</p> <p>2023 – 2027</p> <p>2023 – 2027</p> <p>2023 – 2027</p>

Strategies	Objectives and Outcomes	Performance Indicators	Timeframe for implementation
	<p>together with estimates of exposure (for an average adult of 60-70kg and for a child of 20kg) so that the risk can be characterized. For example, there are 349 imported food products and hundreds of contaminants, food additives and pesticides that each will need a separate risk assessment calculation.</p> <ol style="list-style-type: none"> <li>4. Assist with the development of relevant and appropriate food safety legislation, including the development of a Food Standards Code (Food Laws) for Timor-Leste along similar lines as the Australian New Zealand Food Standards Code.</li> <li>5. Assess the adequacy of food labeling for food imported into and exported from Timor-Leste. Compare and contrast with labelling standards from Codex and exporting countries.</li> <li>6. Assess capacity within GoTL and UNTL for food safety risk assessment, including chemistry, biology and risk assessment (toxicology, microbiology) and exposure assessment.</li> <li>7. Make recommendations to GoTL based on capacity assessment</li> <li>8. Develop or recommend appropriate guidance documents and training manuals and materials for risk analysis capacity building.</li> <li>9. Develop "train the trainers" modules on Sanitary and Phytosanitary to target food chain personnel in food safety, GHP, GAqP, GAhP, GMP and HACCP</li> </ol>	<p>modules on SPS topics; Records on training; Baseline and endline surveys before and after trainings and enforcement; Records from food safety, GHP, GAqP, GAhP, GMP and HACCP activities; Chemical free food products;</p> <p>SPS measures developed and operationalised and enforced;</p> <p>ALOPs established; Adoption and enforcement of integrated plant pest and diseases, animal disease and food safety management strategies;</p> <p>SPS measures monitored and evaluated;</p> <p>SPS measures enforced;</p>	

Strategies	Objectives and Outcomes	Performance Indicators	Timeframe for implementation
	<ul style="list-style-type: none"> <li>- Based on the above risk assessments work, identify SPS measures for each risk that will mitigate it according to scientific evidence, either obtained from scientific literature or developed in-country.</li> <li>- For each SPS measure, establish an Appropriate Level of Sanitary or Phytosanitary Protection, or ALOP, based on the risk and available measures to mitigate it, ensuring that such ALOPs are justifiable by the risk assessment and are consistently applied so as to avoid arbitrary or unjustifiable distinctions in the level of protection, if such distinctions would result in a disguised restriction to international trade.</li> <li>-Establish monitoring and evaluation systems for the assessment of introduced food control measures across the entire food chain;</li> <li>-Enforce SPS measures based on risk assessments in line with international best practices.</li> </ul>		
<b>Strategy 4</b> Food-borne illness surveillance and food safety response systems	4.1. Develop food-borne illness surveillance and response systems		
	<ul style="list-style-type: none"> <li>- Strengthen food-borne illness surveillance and emergency response activities;</li> <li>- Development of procedures to evaluate and track food-borne illnesses outbreaks;</li> <li>-Train Health Officers for data collection, information and reporting on food-borne illnesses</li> <li>- Develop a national network for collecting, collating, reporting, and disseminating data to the public</li> <li>- Estimate the burden of food-borne illnesses in Timor-Leste.</li> </ul>	<ul style="list-style-type: none"> <li>-Developed food-borne disease surveillance documentation and surveys;</li> <li>-SOPs adopted;</li> <li>-Training records;</li> <li>- Collected data;</li> <li>-Evaluation reports/audits;</li> <li>-Monitoring reports;</li> <li>-Disease surveillance reports.</li> </ul>	2023 – 2025  2023 – 2024  2023 – 2024  2023 – 2025  2023 – 2025



**ANNEX 19****Action Plan for the Implementation of the WTO TRIPS Agreement**

<b>Activities</b>	<b>Actions to be taken</b>	<b>Timeframe</b>
Signing of the MoU between the Government of Timor-Leste and the World Intellectual Property Organization (WIPO) to undertake their assistance in developing an IP regime and to prepare the ground for the national IP strategy development process	<ol style="list-style-type: none"> <li>1. Technical validation of the MoU;</li> <li>2. Signing of the MoU.</li> </ol>	November 2021
Formulation and implementation of National IP Strategy	<ol style="list-style-type: none"> <li>1. With the Assistance of WIPO, Timor-Leste will conduct its groundwork for the national IP strategy development process; and</li> <li>2. Conduct stakeholders' meetings and identify the necessary IP regime to ensure its compliance with the WTO TRIPS agreement.</li> </ol>	As soon as the MoU is signed
Establishment of a National IP Office	<ol style="list-style-type: none"> <li>1. Designation of an IP Focal Point in Timor-Leste; and</li> <li>2. Provide the necessary arrangement to build a National IP Office.</li> <li>3. Preparation of related IP laws with the technical assistance from WIPO and other Development Partners.</li> </ol>	2022
Development of Law on Industrial Property (Marks; Trade Name and Act of Unfair Competition; Patents; Utility models; Geographical Indications; Industrial designs; Layout Design of Integrated Circuits; Protection of Undisclosed Information; and Trade Secrets)	<ol style="list-style-type: none"> <li>1. Creation of a taskforce team compose of the relevant Ministries/Agencies to facilitate the process;</li> <li>2. Conduct stakeholders meetings;</li> <li>3. Develop the draft laws;</li> <li>4. Public consultations;</li> <li>5. Approval at the Council of Ministers;</li> <li>6. Approval at the National Parliament;</li> <li>7. The President of the Republic's promulgation;</li> <li>8. Public awareness consultations; and</li> <li>9. Effective implementation.</li> </ol>	2022 - 2023
Capacity Building	<ol style="list-style-type: none"> <li>1. Training of personnel, including customs officials, police officers, and other officials responsible for area related to Intellectual Property;</li> <li>2. Dissemination and training on laws related to Intellectual Property;</li> <li>3. Training of personnel, including customs officials, police officers, and other officials responsible for protecting registered trademark database;</li> <li>4. Creation of a registered trademark database.</li> </ol>	2022 - 2023

<b>Activities</b>	<b>Actions to be taken</b>	<b>Timeframe</b>
Ratification of WIPO Agreements	<ol style="list-style-type: none"> <li>1. Creation of a taskforce team compose of the relevant Ministries/Agencies to facilitate the process;</li> <li>2. Conduct stakeholders meetings;</li> <li>3. Public consultations;</li> <li>4. Approval at the Council of Ministers;</li> <li>5. Ratification of WIPO Agreements;</li> <li>6. Public awareness consultations; and</li> <li>7. Effective implementation.</li> </ol>	2024
Development of Law on Copyright and Related Rights	<ol style="list-style-type: none"> <li>1. Creation of a taskforce team compose of the relevant Ministries/Agencies to facilitate the process;</li> <li>2. Conduct stakeholders meetings;</li> <li>3. Develop the draft laws;</li> <li>4. Public consultations;</li> <li>5. Approval at the Council of Ministers;</li> <li>6. Approval at the National Parliament;</li> <li>7. The President of the Republic's promulgation;</li> <li>8. Public awareness consultations; and</li> <li>9. Effective implementation</li> </ol>	2025
Development of Law on Layout Design of Integrated Circuits	<ol style="list-style-type: none"> <li>1. Creation of a taskforce team compose of the relevant Ministries/Agencies to facilitate the process;</li> <li>2. Conduct stakeholders meetings;</li> <li>3. Develop the draft laws;</li> <li>4. Public consultations;</li> <li>5. Approval at the Council of Ministers;</li> <li>6. Approval at the National Parliament;</li> <li>7. The President of the Republic's promulgation;</li> <li>8. Public awareness consultations; and</li> <li>9. Effective implementation.</li> </ol>	2026
Development of Law on Plant Variety Protection	<ol style="list-style-type: none"> <li>1. Creation of a taskforce team compose of the relevant Ministries/Agencies to facilitate the process;</li> <li>2. Conduct stakeholders meetings;</li> <li>3. Develop the draft laws;</li> <li>4. Public consultations;</li> <li>5. Approval at the Council of Ministers;</li> <li>6. Approval at the National Parliament;</li> <li>7. The President of the Republic's promulgation;</li> <li>8. Public awareness consultations; and</li> <li>9. Effective implementation.</li> </ol>	2026

<b>Activities</b>	<b>Actions to be taken</b>	<b>Timeframe</b>
Signing of the MoU between the Government of Timor-Leste and the World Intellectual Property Organization (WIPO) to undertake their assistance in developing an IP regime and to prepare the ground for the national IP strategy development process	<ol style="list-style-type: none"> <li>3. Technical validation of the MoU;</li> <li>4. Signing of the MoU.</li> </ol>	November 2021
Formulation and implementation of National IP Strategy	<ol style="list-style-type: none"> <li>3. With the Assistance of WIPO, Timor-Leste will conduct its ground work for the national IP strategy development process; and</li> <li>4. Conduct stakeholders' meetings and identify the necessary IP regime to ensure its compliance with the WTO TRIPS agreement.</li> </ol>	As soon as the MoU is signed
Establishment of a National IP Office	<ol style="list-style-type: none"> <li>4. Designation of an IP Focal Point in Timor-Leste; and</li> <li>5. Provide the necessary arrangement to build a National IP Office.</li> <li>6. Preparation of related IP laws with the technical assistance from WIPO and other Development Partners.</li> </ol>	2022
Development of Law on Industrial Property (Marks, Trade Name and Act of Unfair Competition)	<ol style="list-style-type: none"> <li>10. Creation of a taskforce team compose of the relevant Ministries/Agencies to facilitate the process;</li> <li>11. Conduct stakeholders meetings;</li> <li>12. Develop the draft laws;</li> <li>13. Public consultations;</li> <li>14. Approval at the Council of Ministers;</li> <li>15. Approval at the National Parliament;</li> <li>16. The President of the Republic's promulgation;</li> <li>17. Public awareness consultations; and</li> <li>18. Effective implementation.</li> </ol>	2022 - 2023
Development of Law on Patents, Utility Models and Industrial Designs	<ol style="list-style-type: none"> <li>1. Creation of a taskforce team compose of the relevant Ministries/Agencies to facilitate the process;</li> <li>2. Conduct stakeholders meetings;</li> <li>3. Develop the draft laws;</li> <li>4. Public consultations;</li> <li>5. Approval at the Council of Ministers;</li> <li>6. Approval at the National Parliament;</li> <li>7. The President of the Republic's promulgation;</li> <li>8. Public awareness consultations; and</li> <li>9. Effective implementation.</li> </ol>	2022 - 2023

<b>Activities</b>	<b>Actions to be taken</b>	<b>Timeframe</b>
Development of Law on Geographical Indications	<ol style="list-style-type: none"> <li>1. Creation of a taskforce team compose of the relevant Ministries/Agencies to facilitate the process;</li> <li>2. Conduct stakeholders meetings;</li> <li>3. Develop the draft laws;</li> <li>4. Public consultations;</li> <li>5. Approval at the Council of Ministers;</li> <li>6. Approval at the National Parliament;</li> <li>7. The President of the Republic's promulgation;</li> <li>8. Public awareness consultations; and</li> <li>9. Effective implementation</li> </ol>	2022 - 2023
Capacity Building	<ol style="list-style-type: none"> <li>5. Training of personnel, including customs officials, police officers, and other officials responsible for protecting registered trademarks;</li> <li>6. Creation of a registered trademark database.</li> </ol>	2023
Ratification of WIPO Agreements	<ol style="list-style-type: none"> <li>8. Creation of a taskforce team compose of the relevant Ministries/Agencies to facilitate the process;</li> <li>9. Conduct stakeholders meetings;</li> <li>10. Public consultations;</li> <li>11. Approval at the Council of Ministers;</li> <li>12. Ratification of WIPO Agreements;</li> <li>13. Public awareness consultations; and</li> <li>14. Effective implementation.</li> </ol>	2024
Development of Law on Copyright and Related Rights	<ol style="list-style-type: none"> <li>10. Creation of a taskforce team compose of the relevant Ministries/Agencies to facilitate the process;</li> <li>11. Conduct stakeholders meetings;</li> <li>12. Develop the draft laws;</li> <li>13. Public consultations;</li> <li>14. Approval at the Council of Ministers;</li> <li>15. Approval at the National Parliament;</li> <li>16. The President of the Republic's promulgation;</li> <li>17. Public awareness consultations; and</li> <li>18. Effective implementation</li> </ol>	2025

Activities	Actions to be taken	Timeframe
Development of Law on Layout Design of Integrated Circuits	<ol style="list-style-type: none"> <li>10. Creation of a taskforce team compose of the relevant Ministries/Agencies to facilitate the process;</li> <li>11. Conduct stakeholders meetings;</li> <li>12. Develop the draft laws;</li> <li>13. Public consultations;</li> <li>14. Approval at the Council of Ministers;</li> <li>15. Approval at the National Parliament;</li> <li>16. The President of the Republic's promulgation;</li> <li>17. Public awareness consultations; and</li> <li>18. Effective implementation.</li> </ol>	2026
Development of Law on the Protection of Undisclosed Information and Trade Secret	<ol style="list-style-type: none"> <li>1. Creation of a taskforce team compose of the relevant Ministries/Agencies to facilitate the process;</li> <li>2. Conduct stakeholders meetings;</li> <li>3. Develop the draft laws;</li> <li>4. Public consultations;</li> <li>5. Approval at the Council of Ministers;</li> <li>6. Approval at the National Parliament;</li> <li>7. The President of the Republic's promulgation;</li> <li>8. Public awareness consultations; and</li> <li>9. Effective implementation.</li> </ol>	2026
Development of Law on Plant Variety Protection	<ol style="list-style-type: none"> <li>10. Creation of a taskforce team compose of the relevant Ministries/Agencies to facilitate the process;</li> <li>11. Conduct stakeholders meetings;</li> <li>12. Develop the draft laws;</li> <li>13. Public consultations;</li> <li>14. Approval at the Council of Ministers;</li> <li>15. Approval at the National Parliament;</li> <li>16. The President of the Republic's promulgation;</li> <li>17. Public awareness consultations; and</li> <li>18. Effective implementation.</li> </ol>	2026

**ANNEX 20****Business vehicles available under Law No. 4/2004 of 21 April 2004 on Commercial Companies****(a) Permanent Representation (Branch) of a Foreign Company**

A company incorporated in another country carrying on business in Timor-Leste must register as a permanent representation (branch) of the foreign company (Article 3(1) of Law No. 4/2004). It must appoint one or more representatives, one of them being a Timorese national or a foreigner holding a valid residence permit in Timor-Leste. The permanent representation is managed by the representative(s) empowered by means of a power of attorney issued by the foreign parent company. The permanent representation does not have a statutory share capital, but the foreign parent company must allocate working capital to the local branch (Article 3(2) of Law No. 2004/04 and Article 26 of Decree-Law No. 35/2012). The filing for registration must include the documents set out in Decree-Law No. 35/2012, including proof of incorporation of the foreign parent company in the country of origin (e.g. certificate of registration), company by-laws, resolution by the relevant corporate body of the foreign company on the registration of a permanent representation in Timor-Leste, appointment of the local representative(s), allocation of capital, a power of attorney granting management powers to the representative(s) of the permanent representation, and a map depicting the location of the registered offices in Timor-Leste. All documents issued abroad should be translated into one of the official languages of Timor-Leste (Portuguese or Tetum) and certified by the Timor-Leste diplomatic representation accredited to the country of origin. Timor-Leste law provides for several types of companies, but the most common are Limited Liability Companies by Quotas and the Joint Stock Companies.

**(b) Sole Trader**

A foreign natural person may also carry on business in Timor-Leste without the need of incorporating a company or registering a branch of a foreign company by registering himself as a Sole Trader. Article 33 of Decree-Law No. 7/2006 and Article 24 of Decree-Law No. 35/2012 set out the documents that must accompany the filing of registration. A Sole Trader must trade using his own name, whether in full or abbreviated, followed by the abbreviation "ENIN." A Sole Trader is not permitted to adopt any other trading name (Article 42 of Decree-Law No. 35/2012). As previously mentioned, a business licence or an Authorization to Exercise Activity must be obtained by the Sole Trader depending on whether the activity he wishes to carry out is deemed a low risk or high-risk activity under Decree-Law No. 35/2012. Also, the Sole Trader must obtain a visa to legally enter into and stay in Timor-Leste (please refer to Measures Affecting Movement of Natural Persons).

**(c) General Partnership**

A foreign natural person or a foreign legal person may enter into a General Partnership with one or more partners to carry on business to supply services in Timor-Leste. Chapter II, Articles 160 to 176 of Law No. 4/2004 (Law on Commercial Companies), sets out the rules on General Partnerships. The principal consequence of doing business as a General Partnership is that each partner is fully liable, jointly and severally, for the obligations of the partnership. General Partnerships can be established by two or more partners who may be natural persons or legal persons. The partners may contribute with capital or work (Article 161.1), but the latter is not counted towards the share capital amount (Article 163.1). The contributions of capital may be paid within 5 years (Article 161.2). Unless otherwise specified in the Articles of Association, working partners do not share in losses (Article 163.2), but the Articles of Association should specify the value assigned to their contribution in the form of work for the purpose of profit distribution (Article 162.1.(b)).

A partnership must trade either under a corporate name comprising all of the names of the partners or under the name of one of them followed by the words "e Companhia" (Article 160.5 of Law No. 4/2004). All partners of a General Partnership are Directors of the partnership (Article 168.1 of Law No. 4/2004). At least one Director must reside in Timor-Leste (Article 61 of Law No. 4/2004), meaning that he or she must be a Timorese national or a foreigner holding a valid residence permit.

**(d) Limited Partnership**

A foreign natural person or a foreign legal person could form a Limited Partnership with one or more partners to supply services in Timor-Leste. Chapter III, Articles 177 to 184 of Law No. 4/2004 (Law on Commercial Companies), sets out the rules on Limited Partnerships. The principal feature of a Limited Partnership is that the partnership may include "limited or silent partners" whose liability is limited to the extent of their capital contribution, and "general partners", whose liability is the same as under a General Partnership (Article 178.2).

Limited Partnerships can be established by two or more partners who may be natural persons or legal persons (Article 178.3 allows companies to be partners). The Articles of Association must set out the names of the general partners and of the limited/silent partners (Article 179(1)), and as well specify if the partnership is a "Simple Limited Partnership" or a "Limited Partnership by Shares" (Article 179.2). The rules applicable to General Partnerships apply to Simple Limited Partnerships (Article 180.1). The rules applicable to Joint Stock Companies apply to Limited Partnership by Shares (Article 180.2). A Limited Partnership must trade under a corporate name composed of one or more of the general partners' names followed by the words "em Comandita, & Companhia, em Comandita por Acções or "& Comandita por Acções" (Article 177.2).

**(e) Limited Liability Company**

Limited Liability Companies have their capital represented by "quotas," which are an immaterial form of holding equity representing a given percentage of the capital. A foreign natural person or a foreign legal person may incorporate a Limited Liability Company. It may own all (in which case they are called Single Quota holder Limited Liability Company), or a portion of the capital in the company. Certain laws relating to specific business activities may prescribe a minimum or maximum foreign (or Timorese) shareholding. For instance, Article 9.1 (g) of Decree-Law No. 1/2012 of 1 February 2012 (on Downstream Petroleum Activities) requires that companies wishing to obtain a Downstream Activities Licence must have at least 5% Timorese shareholding.

Chapter IV of Law No. 4/2004, comprising Articles 185 to 218, sets out the rules relating to Limited Liability Companies. The principal features of a Limited Liability Company are the following:

1. The company cannot have more than 30 quota holders or less than 2 quota holders (in case of a company with only 1 quota holder, it is called a Single Quota holder Limited Liability Company); in order to increase the number of quota holders above 30 would require that the company be converted into a Joint Stock Company (Article 187).
2. The capital cannot be less than US\$ 5,000 or more than US\$ 500,000. The capital can only be increased above US\$ 500,000 by transforming the company into a Joint Stock Company (Article 188). The company's capital is not divided by shares (as is the case of joint stock companies); instead, the quota holders hold an immaterial percentage of the capital in the company (in Portuguese, "*quota*").
3. Payment of up to 50% of the nominal value of the capital contributions to be made in cash may be deferred for a maximum period of 3 years from the date of the company's incorporation, provided, however, the minimum capital required by law (US\$5,000) is fully paid upon incorporation (Article 190).
4. Quota holders are jointly and severally liable to the company for the payment of the entire company's capital. In the event that any quota holder fails to contribute its participating interest the other quota holders are liable to contribute that amount to the company in proportion to their quotas (Article 191).
5. After the capital has been paid the liability of quota holders is limited to the amount of their quota (Article 191).

6. The mandatory corporate bodies are (i) the General Assembly of Quota holders and (ii) the Board of Directors. At the company's General Assembly Meetings each quota holder holds a vote corresponding to the percentage of the interest held in the company's capital. The Board of Directors is comprised of one or more directors, who may or may not be quota holders, appointed for an unlimited term, or for a three-year limited term. If the company has a capital equal to or higher than US\$ 200,000, the management must be comprised of a Board of Directors with an odd number of members (minimum of 3 directors). A Limited Liability Company is required to appoint a company secretary and an auditor or an auditing board if there are more than 10 quota holders, the company issued debentures, or if prescribed thresholds for capital or volume of income are exceeded (Article 41 of Law No. 4/2004).
7. One Director must be a resident of Timor-Leste (Article 61 of Law No. 4/2004), meaning a Timor-Leste national or a foreigner holding a valid residence permit.
8. The name of a Limited Liability Company must end with the word "Limitada" or the abbreviation "Lda."

#### **(f) Single Quotaholder Limited Liability Company**

A foreign natural person or foreign legal person may establish a Single Quotaholder Limited Liability Company in Timor-Leste.

Chapter IV, Part IV of Law No. 4/2004, comprising Articles 219 to 221, addresses Single Quotaholder Limited Liability Companies. The provisions applicable to Limited Liability Companies (above) apply with the necessary adjustments (Article 219.1). The rule requiring one Director to be a resident in Timor-Leste also applies to Single Quotaholder Limited Liability Companies (Article 61). The liability of the sole quotaholder is limited to the value of the capital subscribed (Article 191).

The name of a single quotaholder company must end with "sociedade unipessoal" or "unipessoal" followed by the word "Limitada" or "Lda" (Article 219.3).

Single Quotaholder Limited Liability Companies are subject to certain strict rules concerning business transactions with the sole quotaholder, as follows: under penalty of being deemed null and void, any such transaction must be (i) made in writing (unless a more formal procedure is legally required) and (ii) necessary, useful and convenient to fulfill the company's object. Any transaction must additionally be subject to a prior report drawn up by an independent accounting auditor, who shall declare that the company's interest is duly safeguarded and that the transaction is executed on an arms-length basis.

#### **(g) Joint Stock Company**

A foreign natural person or a foreign legal person could incorporate a Joint Stock Company to carry out business in Timor-Leste but there must be at least 3 shareholders and a minimum capital of US\$50,000.

Chapter V of Law No. 4/2004 comprising Articles 222 to 301 sets out the rules relating to Joint Stock Companies. The principal features of a Joint Stock Company are the following:

1. The company must have a minimum of 3 shareholders (Article 222.1);
2. The share capital must be at least US\$ 50,000 and all shares shall have the same value, with a minimum of US\$ 10 (Article 222). Each shareholder attending the general assembly has the number of votes equivalent to their number of ordinary shares in the share capital of the company. The share capital may be paid up in cash or in kind (assets capable of being seized, credit rights over third parties);



3. The company may have ordinary shares (granting voting rights and rights to dividends from distributable profits), which can be divided into different categories, and preferential shares (which do not grant voting rights, but grant a right to priority dividends and to priority reimbursement in case of distribution of the company's assets due to liquidation). Share certificates may be nominative or bearer (and can be converted from one to another) and have coupons for collecting dividends. Under certain circumstances an S.A. company may also issue bonds;
4. The incorporation of the company requires the full subscription of the share capital. A maximum of 75% of the share capital in cash may be paid up within a maximum period of five 5 years, provided that the minimum statutory share capital (US\$50,000) is paid prior to the incorporation of the company. The entire share capital in kind must be paid up prior to the incorporation of the company (Article 223 and 238);
5. The liability of each shareholder is limited to the payment of their respective shares (Article 239);
6. One director must be a resident of Timor-Leste (Article 61 of Law No. 4/2004);
7. The company must have the following mandatory corporate bodies: (i) a General Assembly of Shareholders, (ii) a Board of Directors, (iii) a company secretary and, (iv) a single auditor or an auditing board (Article 41 of Law No. 4/2004). Additionally, the Board of Directors may delegate the day-to-day management of the company to one of the Directors or in an executive commission comprising several directors. The Board of Directors must be comprised by an odd number of Directors equal to or higher than 3, appointed for a maximum of 3 years. The audit body is composed of 3 members (one of which must be a certified auditor), who are elected for a 1-year term with the possibility of re-election.
8. The name of a Joint Stock Company must end with the words "Sociedade Anónima" or with the abbreviation "S.A."

#### **(h) Additional Branches**

A foreigner that has already incorporated and registered a company in Timor-Leste (under Decree- Law No. 7/2006 as amended by Decree-Law No. 35/2012) and obtained a commercial licence (under Decree-Law No. 34/2017) or an Authorization to Exercise Activity (under Decree-Law No. 35/2012) may establish additional branches of the business in new locations. However, if the commercial licence limits the approved business to particular premises, then a new application for a licence must be made. In addition, Decree-Law No. 7/2006 provides that a company must register all branches of its company (Article 3(b)). Article 23.2 of Decree-Law No. 35/2012 sets out the documents that are required to be lodged in order to register the new branches.

In order to simplify the aforementioned system, the Government has presented to the National Parliament a bill proposing the revision of the Law on Commercial Companies. The proposal is currently being discussed in the National Parliament and it is expected to be approved in the upcoming months.

The main simplification measures are as follows:

1. Elimination of the General Partnerships as well as the Limited partnerships companies, which were never used in practice, and are being abolished in other legal frameworks;
2. Elimination of the bearer shares in the Joint Stock Companies;
3. Introduction of rules to release accurate information on the beneficial ownerships;
4. Elimination of the capital share in the Limited Liability Company; and,
5. Introduction of rules regarding affiliated companies.

## ANNEX 21

### Measures Affecting Movement of Natural Persons

The relevant legislation affecting the temporary entry or temporary stay of natural persons is:

1. Law No. 9/2003 of 15 October 2003 - Immigration and Asylum Law (hereinafter referred to as the Immigration law);
2. Decree-Law No. 5/2010 of 16 March 2010 - On Granting of Visit Visas and Transit Visas On Arrival; and,
3. Decision No. 232/SEPFOPE-GSE/D/X/2013 of 1 October 2013, issued by the Secretary of State for Professional Training and Employment Policy (SEPFOPE) – On granting of the authorization needed for foreign employees to work in Timor-Leste and as well granting the relevant visas (for work purposes).

The relevant agencies of the government responsible for granting authorization for entry and/or stay of natural persons are:

1. The Department of Immigration within the Ministry of Interior;
2. The Directorate-General for Consular Affairs within the Ministry for Foreign Affairs and Cooperation;
3. The General Labor Inspectorate under SEPFOPE.

Depending on the type of visa requested, applications are made to the Department of Immigration or to Directorate-General for Consular Affairs. The Directorate-General for Consular Affairs acts on the advice of the Department of Immigration. Regarding the granting of visas for work purposes, prior to the submission of the visa application to the Directorate-General for Consular Affairs, the General Labor Inspectorate must authorize the performance of the professional activity in Timor-Leste and verify the qualifications needed for such performance.

#### - Visas

The Immigration Law (Law No. 9/2003) provides for three categories of visas:

1. Ordinary visas of which there are 4 different classes, none of which qualify the person to work in the country (Article 35);
2. Work visas which do authorize the bearer to carry out a professional activity as an employee or independent worker (Article 36); and
3. A visa to allow the bearer to apply for temporary residency, which can be accompanied by an authorization to carry out a professional activity as an employee or independent worker (Article 37).

The law also provides for those residing on a longer-term basis to apply for permanent residence.

#### - Ordinary Visas

There are 4 classes of Ordinary Visas:

Ordinary Visa Class I applies to persons entering for either tourism or business. The visa can be for a period of up to 90 days, is valid for one year, and can be granted for a single entry or for multiple entries (Article 35.2 of Law No. 9/2003). An ordinary Class I Visa can be extended for up to 90 days (Article 42.1(a) Law No. 9/2003), allowing a total stay of up to 180 days.

According to Decree-Law No. 5/2010, persons arriving at an airport or port who are nationals of a country on a list of authorized countries may apply for an Ordinary Class I Visa at the port of entry (Article 3.1 of Decree-Law No. 5/2010), and the Department of Immigration can grant the visa at the port of entry (Articles 38.4 and 39.4 of Law No. 9/2003). Persons arriving at an airport or port, who are not nationals of a country on the list of authorized countries need to apply for an Ordinary Class I Visa at a Timor-Leste consulate abroad (Article 4.2 of Decree-Law No. 5/2010) and the visa is issued by those Consulates (Article 38.4 and 39.4 of Law No. 9/2003). The abovementioned list of authorized countries has not yet been published and Timor-Leste Embassies and Consulates are not issuing visas, thus, in practice, the Ordinary Class I Visa must be obtained on arrival at the port of entry.

Under Decree-Law No. 5/2010 persons arriving at a land border who are nationals of Indonesia, or of a country with which Timor-Leste has an agreement, may apply for an Ordinary Class I Visa at the land border control post. Persons arriving at a land border who are nationals of any other country must apply for an Ordinary Class I Visa at a Timor-Leste consulate abroad (Article 2.2 of Decree-Law). Currently, Timor-Leste's Embassies and Consulates are not issuing visas, thus, in practice, the abovementioned visa must be obtained at the ports of entry at the border.

According to the terms of a bilateral agreement between Timor-Leste and Portugal, entered into on 20 May 2002, Portuguese nationals who present a Portuguese passport on arrival and who seek to enter for tourism, business, cultural, or journalism purposes are exempted from having to obtain an Ordinary Class I Visa. They may stay up to 90 days from the date of arrival. The stay period may be extended up to a further 90 days after arrival on application to the Department of Immigration, where that further stay is justified on exceptional grounds.

Parliamentary Resolution No. 10/2015 of 5 August 2015, approving the Agreement between Timor-Leste and the European Union, establishes a visa exemption regime for European Union citizens and Timor-Leste citizens arriving in the respective territory of the counterpart for a maximum period of 90 days in each period of 180 days. This exemption is not applicable to persons traveling for purposes of performing a professional activity. This agreement enters into force on the first day of the second month following the date on which the last notification of conclusion of the respective internal approval procedures occurs.

Ordinary Class II Visas are designed for short transit through Timor-Leste for a maximum of 72 hours (Article 35.3).

Ordinary Class III Visas are student visas issued for up to one year at a time but renewable (Article 35.4)

Parliamentary Resolution No. 11/2009 of 6 May 2009, approved the agreement on the granting of visas for students who are nationals of the Member States of the Community of Portuguese Speaking Countries, which sets forth common rules concerning the granting of said visa.

Ordinary Class IV Visas allow for a duration of up to 180 days for persons visiting "on a cultural trip, for scientific research, as an artist or athlete, or as a foreign media correspondent."

#### **- Work Visa**

Under Law No. 9/2003 applications for work visas must be made to a Timor-Leste consular office abroad or, in cases where the applicant resides in countries or territories where there are no such entities, to the Directorate-General for Consular Affairs of the Ministry of Foreign Affairs and Cooperation (Article 39). However, for the time being, Timor-Leste's Embassies and Consulates are not issuing visas, thus, at present, the application must be submitted in Timor-Leste to the Directorate-General for Consular Affairs. Pursuant to Law No. 9/2003 the Directorate-General for Consular Affairs of the Ministry of Foreign Affairs and Cooperation must consult with the Immigration Department of the Ministry of the Interior and with the General Labor Inspectorate (Articles 38.2 and 38.3). The applicant must, among other requirements, supply evidence of employment and professional competence (Article 40). If the Directorate-General for Consular Affairs in the Ministry of Foreign Affairs and Cooperation approves the visa, then it issues an authorization to the applicant and to the border control point, which issues the visa (Article 39.3).

The Work Visa allows the bearer to carry out the employment or the professional activity that was claimed in the visa application (Article 36). The Work Visa allows a stay of up to one year and is valid for one or multiple entries (Article 36.3). The bearer may obtain three extensions for additional periods of 1 year with each extension, up to a total of 4 years (Article 42.1(b)).

A person granted a Work Visa to be employed with a particular employer is not permitted to work for a different employer unless the person obtains approval from the General Labor Inspectorate (Article 8.3).

- **Visa to Establish Temporary Residency**

There is an additional category of visa for persons to enter the country for the purpose of applying for temporary residence (Article 37 of Law No. 9/2003). This visa allows the bearer to remain in the country for 6 months. It is possible that the terms of the visa may allow activity as an employee or independent worker. Law No. 9/2003 states that the number of such visas allowing work is limited according to an annual resolution of the Council of Ministers (Article 37.5). However, taking into consideration that this resolution has not yet been published, the granting of such visa is not currently subject to a maximum quota.

- **Application for Temporary Residence or for Permanent Residence**

A person who has been a legal resident for 12 years may receive permanent residency status (Article 53). However, persons who are a resident for a lesser period may apply for a temporary residence authorization, which is valid for 2 years but can be renewed for equal periods (Article 51).

## ANNEX 22

### Relevant sources of laws regarding interests in real estate

1. Law No. 1/2003 of 10 March 2003, on the Legal Framework on Real Estate Property;
2. Decree-Law No. 19/2004 of 29 December 2004, on the Legal Framework on the Official Allocation and Leasing of Real Estate Property belonging to the Private Domain of the State;
3. Ministry of Justice Order No. 19/GM/MJ/III/2009 of 20 March 2009, on the definition of small, medium, and large commerce and industries;
4. Decree-Law No. 6/2011 of 9 February 2011 – Rules for Relocation of Unlawful Occupants of State Property;
5. Decree-Law No. 27/2011 of 6 July 2011 on the Settlement of Ownership of Immovable Assets in Undisputed Cases (the "Ita Nia Rai" project);
6. Law No. 14/2011 of 28 September 2011, Private Investment Law;
7. Law No. 10/2011 of 14 September 2011, Approves the Civil Code (CC);
8. Ministry of Justice Ministerial Order No. 16/2011 of 27 July 2011, about the Cadastral Survey and Data Collection Procedures; and,
9. Ministry of Justice Ministerial Order No. 23/2011 of 23 November 2011, on Conversion of Ownership Statements into Ownership Titles in Undisputed Cases;
10. Law No. 13/2017 of 5 June 2017 on "Special Regime to Define Real Estate Ownership" (Land Law).

The situation existing under the above laws may change as a result of the approval of the Land Law by the National Parliament on 26 April 2017, further enacted by the President of the Republic of 5 June 2017, aiming to resolve disagreements and uncertainties that have arisen as a consequence of the post-colonial, post-occupation, and post-conflict situation of the country. The Land Law package consists of the following main Laws:

- I. Law on Special Regime for the Definition of Ownership of Immovable Property ("Land Law"), which establishes the criteria for the recognition of property rights; establishes criteria and mechanisms for resolution of land disputes; recognizes communal land and creates Community Protection Zones.
- II. Expropriation Law, which sets forth the procedures and constraints on expropriation by the State as well as the rules on the definition of the compensation to be paid as a result of expropriation procedures.
- III. Law on the creation of an Immovable Property Fund Law, which creates a financial fund for the payment of financial compensation due as a result of the applicability of the above-mentioned draft laws.

### **- Where the State is the Owner of the Land and the State Grants the Lease**

The Legal Framework on Real Estate Property, approved by Law No. 1/2003 of 10 March 2003, provides that the State owns certain land (Article 4.1). Specifically, the State's Real Estate property is categorized as that belonging either to (i) the Private Domain of the State, or (ii) as belonging to the Public Domain of the State, which is defined as those areas set forth in the law which cannot be subject to private appropriation unless otherwise expressly foreseen under any law allowing for its lease, concession or temporary use.<sup>116</sup> Law No. 1/2003 also provides for the power of the State to evict others from the State's land (Article 7), but the exercise of the power to evict illegal occupiers does not prejudice the rights acquired by bona fide third parties (Article 9). The law also provides for the State to take temporary administrative control of abandoned land (Article 15) and specifically authorizes the State to lease abandoned land to locals or foreigners and to natural persons or corporate bodies (Article 15.3).

The lease of properties belonging to the State is mainly governed by Decree-Law No. 19/2004 of 29 December 2004, on the Legal Framework on the Official Allocation and Leasing of Real Estate Property belonging to the Private Domain of the State. This legal framework specifically allows for the State to lease State-owned property to nationals or foreigners and to natural persons or corporate bodies (Article 9). The law provides that the State has an obligation to ensure the use and enjoyment of the property by the lessee (Article 7.(b)). Article 11 provides for the rental amount to be determined according to a general framework that may "establish a special framework for national citizens."

For leases of "medium or large-scale commerce or industry belonging to citizens and to national and/or foreign companies" (Article 10.1(d)), the Decree-Law sets out a process of publicly calling for proposals and for the award of the lease by a Rent Committee (Article 12). The procedure does not apply to persons occupying State property at the date Law No. 19/2004 came into force, because in this situation the State may negotiate directly with said persons without being obliged to launch a tender procedure (Article 26). Irrespective of the tender requirement, it is fairly common for the State to enter into direct negotiations with parties interested in leasing State land.

Where the State leases abandoned land, the term of the lease may only be of 3 years, renewable for equal terms, unless the land owner has subsequently claims possession of the land (Article 22.2 of Decree-Law No. 19/2004).

Pursuant to Article 14.2 of Decree-Law No. 19/2004, a lease agreement is subject to the following maximum terms, depending on the type of lessee or use given to the land:

- (a) 5 years – land used for private accommodation;
- (b) 10 years – land used for small private commerce and industries;
- (c) 20 years – land used by Humanitarian Agencies and NGOs;
- (d) 30 years – land used for medium commerce and industries;
- (e) 50 years – land used for large commerce and industries, and for agriculture; and,
- (f) 50 years – land used by International Organizations and Diplomatic Representations

The definition of small, medium and large commerce and industries is set forth in Ministry of Justice Order No. 19/GM/MJ/III/2009 of 20 March 2009, and is as follows:

(a) Large commerce and industries: investments in an amount equal to or higher than US\$20 million or that encompass the lease of State property with a total area equal to or higher than 5 hectares (for tourism purposes) or higher than 100 hectares (for any other purpose);

(b) Medium commerce and industries: investments in an amount higher than US\$ 1 million; and

(c) Small commerce and industries: investments in an amount up to US\$ 1 million.

The provisions in Decree-Law No. 19/2004 relating to the term of a lease of State owned land may not apply if the lease is to be entered into under the Private Investment Law, as approved by Decree-Law No. 14/2011. Pursuant to the Private Investment Law, certain benefits and exemptions may be granted to investors that meet all the criteria required to receive an Investor Certificate (the document issued by the authorities that sets forth, inter alia, the duties of the investor, the incentives and benefits to be granted by the State, the terms of its cancellation, and the dates of commencement, implementation and termination of the investment or reinvestment project). Article 24 of the Private Investment Law provides that the State can enter into a lease agreement with the holder of an Investor's Certificate for a maximum time period of 50 years, renewable once for an equal period of time.

Leases Where the Lessor is the Registered Proprietor of Land under the Registration System Established under Decree-Law No. 27/2011 of 6 July 2011

A Ministerial Order of the Ministry of Justice in 2008 approved the commencement of a cadastral survey. The survey was carried out as a project of United States Agency for International Development (USAID) called the Ita Nia Rai project (meaning "our land" in Tetum) from 2008 until 2012 when USAID handed the project over to the Ministry of Justice. The cadastral survey collected records of land claims in certain local areas, whether by individuals, legal entities, communities, groups or the State and published maps showing individual parcels of land and the claimants claiming an interest in that land. During that period, claimants who had claimed ownership over a given plot of land (and provided that no third parties challenged such claim within a given period of time) were granted a "definitive" land registration title, and the validity of this title can only be challenged before the courts. This database of maps of parcels of land and the relevant claimants were to become the basis of the property register created by Law No. 27/2011, and further regulated by Ministerial Order No. 16/2011 of 27 July 2011, on Data Collection Procedures, and Ministerial Order No. 23/2011 of 23 November 2011, on Conversion of Ownership Statements into Ownership Titles in Undisputed Cases.

Decree-Law No. 27/2011 established the National Property Cadaster, which is the database that contains the information collected through the cadastral survey process (Article 3) and provides that the National Property Cadaster is composed of the cadastral database and the property register database (Article 3.2). Pursuant to the Ministry of Justice Ministerial Order No. 23/2011, the results of the cadastral survey process were organized into two lists: a list of parcels of land where the ownership was undisputed, and a list of parcels of disputed land. Under Article 8 of Decree-Law No. 27/2011, and implementing regulations in Ministerial order 23/2011, the claimants of the undisputed parcels of land were entered into the register as the registered owner of the parcel of land. Even though the process permitted claims by juridical entities, it was only undisputed claims by Timorese natural persons that resulted in the claimants becoming registered holders. (Article 1.2(a) and (b) of Decree-Law No. 27/2011 and Article 2.1(a) of Ministerial Order No. 23/2011).

Registration creates a presumption that the registered holder is the owner of the registered parcel of land (Article 4.2) but it remains possible at any time for others to challenge the recognition of ownership that has been registered (Article 8.3). The person challenging the claim would bear the burden of proving that the registered holder is not the owner of the land.

Registration of recognition of ownership in the register also affects the duration of the period of uncontested occupation that must pass in order to justify a claim of title through prescription (adverse possession). Generally, the law in Timor-Leste as to acquisition of title in land requires a period of 25 years or, if the possession is in good faith, of 20 years (Article 1216 of the CC of Timor-Leste, as approved by Law No. 10/2011). However, where there is "a title of purchase, that has been registered," an acquisition of ownership through prescription occurs after 15 years, or if the possession is in good faith after only 10 years (Article 1214 of the CC).

A Registered Holder may transfer their ownership. In line with Article 53.4 of the Constitution, Article 10.5 of Decree-Law No. 27/2011 provides that only a transfer of ownership to a person who is a national of Timor-Leste can be recorded in the register.

The law protects the title of a person who purchases land from the Registered Holder for valuable consideration in good faith and who then registers their ownership. A third party purchasing rights with respect to a property for valuable consideration in good faith from the Registered Owner, shall, after the expiration of 3 years after the date of registration of the transfer have rights that cannot be affected by any subsequent claim (Articles 10.8 and 10.9). In view of the foregoing, lessees should always confirm if the alleged owner has registered his "ownership rights" under the Ita Nia Rai project and obtained the above mentioned definitive land registration title. Should the alleged owners have such titles, this would give the lessee confidence in the legal status of the property, given that in principle the Registered Holder has good title and capacity to ensure use and enjoyment of the leased land.

After a lapse, the Government is continuing with a program of cadastral survey. This ongoing program of survey and registration will gradually increase the area of land that is subject to the registration system under Decree-Law No. 27/2011.

#### **- Leases of Other Land and Alternative Legal Arrangements**

Where land has not been subject to the cadastral survey or has been subject to the cadastral survey but is disputed, it is more difficult to verify the ownership of land. However, as mentioned above, the Government of Timor-Leste is working to improve the certainty of land tenure in other situations through enacting the proposed new laws described above.

In addition to lease agreements, Articles 1414 *et sequitur* of the CC detail the terms and conditions for the constitution of surface rights, an alternative legal mechanism to obtain access to land in Timor-Leste. The surface right is a *right in rem* that consists of the ability to construct or maintain, temporarily or perpetually, a building on third party land (or have or maintain a plantation on such land). Based on this provision, a person may build and maintain, temporarily or perpetually, buildings or structures on State-owned property or private property. Contrary to what happens, for example, in a concession agreement, the surface rights solution has the advantage of the holder becoming the owner of the building/facility once completed, whilst the State/private owner remains owner of the land underneath. The surface rights holder can sell, lease or otherwise encumber its right with an authorization from the grantor. The surface rights require payment of a fee, which may be an annual fee or a one-time payment made at the time of constitution of the surface rights. Upon expiration of the surface rights, the constructions automatically revert to the owner of the land, however, unless otherwise agreed between the parties, the surface right holder would have the right to compensation. Similar to the lease solution, surface rights may be granted to private land or in certain areas of Private Domain of the State.



**ANNEX 23****Ministries and State Bodies Responsible for the Regulation in Specific Services Sectors/Sub-Sectors**

<b>Services sector / sub-sector</b>	<b>Responsible Ministry / state body</b>
Financial services	Central Bank of Timor-Leste (CBTL)
Telecommunications	National Communications Authority
Educational services	Ministry of Higher Education, Science and Culture Ministry of Education, Youth and Sport
Oil & gas and mining	Ministry of Petroleum and Mineral Resources and National Authority for Petroleum and Minerals
Legal services	Ministry of Justice
Services by health professionals (hospital services, medical and dental services, and other human health services)	Ministry of Health
Construction services	Ministry of Public Works, Transports and Communications
Transport services	Ministry of Public Works, Transports and Communications

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**ANNEX 24****Regulations on trade in services****Business Services****Professional services****- Legal Services**

Law No. 11/2008 of 30 June 2008 (as amended by Decree-Law No. 39/2012 of 1 August 2012, Law No. 1/2013 of 13 February 2013 and Law No. 4/2015 of 30 December 2015) sets forth that the legal profession is reserved for those who, until a Timor-Leste Bar Association is created and begins operating, are registered as lawyers with the Centre for Legal Training (CLT).

Article 2.3 enumerates the requirements that foreign lawyers must comply with in order to be registered with CLT. These include, (i) having a law degree, (ii) being licensed to practice in another country; (iii) having knowledge of the Timor-Leste legal framework, (iv) having written and spoken command of at least one of the official languages of Timor-Leste and, (v) having practiced for a minimum of 5 years. Also, in accordance with the most recent amendments to the applicable legislation, foreign lawyers must (i) practice in association with a Timorese lawyer and (ii) agree with the latter on the applicable fees.

Decree-Law No. 3/2004 of 4 February 2003 sets forth the Legal Framework of Notaries, one of the requirements being that the notary must be a national of Timor-Leste. Decree-Law No. 2/2012 of 15 February 2012 provides for the Framework of Registrars and Notaries.

**- Medical and dental services**

Decree-Law No. 14/2004 of 1 September 2004 (as amended by Decree-Law No. 40/2011 of 21 September 2011) sets forth that all medical staff (i.e. doctors, midwives, nurses, therapists, and diagnostic technicians) must be registered with the Ministry of Health, which is responsible for assessing the respective qualifications. Foreign doctors may apply for registration with the Ministry of Health and are required to obtain a work or residence visa under the general provisions of the law and the rules set forth in Decree-Law No. 14/2004, as amended by Decree-Law No. 40/2011.

Decree-Law No. 18/2004 of 1 December 2004 sets forth the requirements for private health services, including a licensing procedure that must be followed prior to opening to the public of such health units.

Decree-Law No. 13/2012 of 7 March 2012 provides for the rules on the Careers of Health Professionals employed by the State.

Decree-Law No. 12/2004 of 26 May 2004, on Pharmaceutical Activities, provides for the licensing requirements for the importation, storage, wholesale, retail sale, and exportation of medicines for human use.

**Other business services****- Advertising services**

Decree-Law No. 51/2011 of 21 December 2011 approved the Legal Framework on Advertising Activities, which sets forth the rules and principles that advertising messages must comply with, notably for consumer protection. This statute contains a list of services and products that cannot be advertised (e.g. weapons and munitions) as well as a list of products where advertising is subject to specific rules, such as tobacco, alcoholic drinks, medicines, cars, and immovable properties. Notwithstanding the above "content rules," the provision of advertising services (notably the rules and requirements for licensing advertising professionals) is not yet regulated.

**- Services incidental to agriculture, hunting and forestry**

The United Nations Transitional Administration in East Timor (UNTAET) Regulation No. 2000/17 of 10 May 2000 prohibits the explorations and exportation of wood. No other regulations on the performance of agricultural, hunting, or forestry activities and ancillary services are currently in place.

### **- Services incidental to fishing**

Decree-Law No. 6/2004 of 21 April 2004 approved the Legal Framework of Fishing Management and Regulation that sets forth the licensing procedure for those wishing to carry out fishing activities. Foreign natural persons and legal entities cannot obtain licences for artisanal fishing or deep-sea fishing, as these are reserved for nationals. Government Decree No. 5/2004 of 28 July 2004 – Fishing General Regulation – further details the licensing procedures as well as the rules on the acquisition and transfer of property over fishing vessels.

### **- Services incidental to mining**

Ministerial Diploma No. 1/2008 of 30 July 2008 (as amended by Ministerial Diploma No. 1/2009, of 12 August 2009) details the procedure to be followed for the acquisition of (i) Survey Licences which are granted for the development of geological studies of some specific minerals, (ii) Preliminary Licences which are granted in cases of large-scale mining for the development of studies and works to be carried out prior to the exploration phase, and, (iii) Permanent Licences, which are granted for the beginning of the operation of an exploration unit.

This statute also sets forth the applicable fees, such as (i) the extraction rate, i.e. the amount of the levy, which is based on the type of mineral and on the quantity of extracted mineral and (ii) licensing rate, a one-time payment due upon the issuing of the licence.

The Mining Code is expected to be approved in the near future.

Law No. 13/2005 of 2 September 2005 on "Petroleum Activities" sets forth the rules applicable to the authorization of petroleum activities. However, it does not include provisions on licensing of activities incidental to petroleum exploration and production ("oilfield services.")

## **Communication Services**

Decree-Law No. 15/2012 of 28 May 2012 created the National Communications Authority (NCA), the supervisory authority and regulator for this sector. The NCA manages registration of telecommunications services providers and of entities that operate telecommunications networks, and grants radiofrequency spectrum licences.

### **Postal services**

Postal Services are governed by Decree-Law No. 17/2004 of 3 November 2004 (Articles 11 and 12). Under this statute, Universal Postal Services are subject to an exclusivity regime, while other services (such as courier services) are open for competition.

### **Courier services**

Article 12 of Decree-Law No. 17/2004 allows courier services to be carried out on a competition basis, provided certain thresholds are met. The country is currently served by several courier services licensed to conduct their business under the general business regulations and Decree-Law No. 17/2004.

### **Telecommunication services**

Decree-Law No. 15/2012 regulates the provision of telecommunication services in Timor-Leste, which are defined as, "Any retail or wholesale service commonly rendered upon payment by the user, that consists primarily or wholly of telecommunications." In turn, telecommunications are defined as the "transmission, reception or emission of signals representing symbols, writings, images, sounds or information of any nature, by means of wires, optical systems, radio electric means, and other electromagnetic systems."

Whoever wishes to use the radiofrequency spectrum, operate radio equipment, or provide telecommunications or telecommunication network services in Timor-Leste, must be granted a licence by the NCA. Chapter V of Decree-Law No. 15/2012 (Articles 30 through 33) establishes the rules on mandatory registration of telecommunication services providers and providers of telecommunications networks. Established in Article 32 is the NCA's powers to exempt an operator from registration.

### **Audiovisual services**

Under the Media Law (Law No. 5/2014 of 19 November 2014) radio and television media services require a radiofrequency spectrum licence granted by the NCA. Article 24 of the same statute determines that the "participation of foreign individuals or legal persons in the share capital of a media corporation may not exceed 30%."

**Construction and Related Engineering Services**

Decree-Law No. 27/2010 of 22 December 2010 establishes the rules for the certification and registration of construction and construction consultancy companies. However, to date, Decree-Law No. 27/2010 is not currently being enforced. Decree-Law No. 26/2010 of 22 December 2010 sets forth the rules for the registration of sole entrepreneurs of the construction sector. Pursuant to Article 6, only national citizens are able to apply for registration as sole entrepreneurs. Decree-Law No. 2/2010 of 18 February 2010 provides for special procedures for awarding construction works up to US\$250,000 to local companies with registered offices in the sub-districts.

**Educational Services****Primary education services**

Decree-Law No. 7/2010 provides for the Legal Framework for the Administration and Management of the Basic Education System, containing the rules applicable to public primary education.

Decree-Law No. 23/2010 of 9 December 2010 approved the Rules on Careers for Child Educators and Basic and Secondary Education Teachers employed by the State.

**Secondary education services**

Decree-Law No. 33/2011 of 3 August 2011 approved the Legal Framework for the Administration and Management of the public Secondary Education System.

**Higher education services**

Decree-Law No. 8/2009 of 19 May 2009 sets forth the Legal Framework of the Higher Education Institutions according to which such institutions may assume the form of a foundation, association, cooperative, or limited liability company by quotas or joint stock company. This statute includes a set of requirements to be met by each type of institution.

**Environmental services**

Decree-Law No. 5/2011 of 9 September 2011 on "Environmental Licensing" regulates public and private projects capable of giving rise to environmental and social impacts and prescribes that they must undergo an environmental licensing procedure depending on the characteristic and sector of the project.

**Financial Services****All insurance and insurance-related services****- Relevant laws and regulations**

The relevant laws and regulations relating to insurance and insurance-related services are:

- Law No. 6/2005 of 6 July 2005, on the Legal Framework on the Licensing, Supervision and Regulation of Insurance Companies and Insurance Intermediaries;
- Banking and Payments Authority (BPA) Instruction No. 1/2007 on the Licensing of General
- Insurance Companies;
- BPA Instruction No. 2/2007 on the Licensing of Insurance Intermediaries;
- Governing Board Resolution No. 8/2007 on the Administrative Fees Schedule applicable to Insurance Companies and Insurance Intermediaries; and
- Public Instruction No. 7/2010 on Compulsory Third Party Liability for Motor Vehicle Insurance.

### **- Supervisory authority**

The CBTL (created by means of Law No. 5/2011 of 15 July 2011, and which succeeded the Central Payments Office "CPO" and the Banking and Payments Authority "BPA") is the supervisory authority for the insurance sector. The CBTL is responsible for, *inter alia*:

- (a) Licensing, supervising and regulating insurance companies and insurance intermediaries;
- (b) Ensuring the protection of the legitimate interests of policyholders and insurers;
- (c) Defining the standards of conduct for insurance companies and insurance intermediaries by means of regulations in the form of instructions; and
- (d) Issuing directives in the form of orders.

### **- Permitted entities**

Insurance activities can only be carried out by:

- (a) Joint stock companies incorporated in Timor-Leste (no foreign ownership restrictions are imposed); and
- (b) Branches of foreign insurance companies registered in Timor-Leste.

### **- Licensing procedure**

The application for a licence to establish an insurance company shall be accompanied by the following documents and information:

- (a) The company Founders Agreement;
- (b) Copy of Articles of Association;
- (c) Copy of Shareholders Agreement, where applicable;
- (d) Organic structure and breakdown of capital and persons concerned;
- (e) Identification of the members of the corporate bodies; and
- (f) Such other documents and information to be defined by CBTL's instruction deemed necessary to perform supervisory functions.

When granted, a preliminary approval shall expire within one year of the date of granting of such approval. The definitive approval of an insurance company is contingent on the fulfillment of the following requirements:

- (a) Incorporation of the company in accordance with the Companies Law of Timor-Leste or registration of the branch of a company incorporated in a foreign jurisdiction;
- (b) Subscription and paying-up of the mandatory minimum share capital;
- (c) Preparation of the company's business plan on the basis of a sound analysis grounded on reasonable assumptions;
- (d) Written commitment to abide by the provisions of Law No. 6/2005;
- (e) Adequacy of the qualifications, experience, and integrity of the members of the board of directors, of the auditing board, and of the company's key shareholders, as well as the persons who have or wish to have relevant interests therein, in view of the business plan and the financial activities of the insurance company;
- (f) Minimum registered capital of US\$ 500,000;
- (g) The board of directors must be composed of a minimum of three members, all of which must be residents of Timor-Leste;
- (h) Compliance with all the other conditions with respect governance requirements referred to in Chapter VIII of Law No. 6/2005; and
- (i) Other requirements as may be determined by the CBTL by way of an instruction aimed at guaranteeing compliance with the provisions of Law No. 6/2005.

The CBTL may refuse to grant a licence where it deems that such a licence would undermine legitimate interests of future policyholders or insurers. A licence is valid for an indefinite period of time and may not be transferred. Decisions on the licensing of insurance companies are made by the CBTL in an independent and impartial manner.

#### **- Mandatory insurances**

Currently, Third Party Motor Vehicle Liability (Public Instruction No. 7/2010) is the only mandatory insurance in Timor-Leste.

#### **- Life, accident and health insurance services**

Life Insurance – Law No. 6/2005 defines life insurance as insurance for one or more persons represented by an insurance policy or policies, where insurance compensation is contingent upon the life or death of a certain individual or involves the payment of an annuity. The delivery of savings and pension products in connection with the life, death, or disability of an individual is deemed to be life insurance.

As per Law No. 6/2005 the CBTL shall, by means of an instruction, define the insurance categories authorized in the areas of life insurance. However, no such instruction has been published to date. Furthermore, and contrary to regulations on non-life insurance companies, no specific instruction on the licensing of Life Insurance Companies has been published. According to this law, the same insurance company cannot provide classes of insurance business in general insurance (which includes all types of insurance, including health insurance, except life insurance, and all other categories of activities as may be determined by means of the CBTL's Instruction) and life insurance simultaneously.

There are no other relevant legal provisions specifically addressing the performance of life insurance services.

#### **- Non-life insurance services**

In Timor-Leste, non-life insurance is known as "General Insurance" (as opposed to "Life Insurance"). Law No. 6/2005 defines general insurance as all types of insurance, including health insurance, except for life insurance and all other categories of activities as may be determined by CBTL's instruction. As per Law No. 6/2005 the CBTL shall, by means of an instruction, define the insurance categories authorized in the areas of general insurance. However, no such instruction has been published to date. The specific legal requirements and procedures aimed at licensing General Insurance Companies are laid down in Instruction No. 1/2007.

Accident Insurance – Law No. 6/2005 defines accident insurance as insurance against the risk of damage arising out of a fortuitous event. There are no other relevant legal provisions specifically addressing the performance of accident insurance services.

Health Insurance – Law No. 6/2005 defines health insurance as insurance that provides protection against financial loss risks arising out of harm caused to a person's health. There are no other relevant legal provisions specifically addressing the performance of health insurance services.

Besides the foregoing, there are no other relevant legal provisions specifically addressing the performance of general insurance services.

#### **- Reinsurance and retrocession**

Law No. 6/2005 defines Reinsurance as the financial protection provided by an insurance company to another insurance company. There are no provisions in respect of retrocession or other relevant legal provisions specifically addressing the performance of reinsurance services.

### **Services Auxiliary to Insurance (Including Broker and Agency Services)**

#### **- Permitted entities**

Insurance intermediaries must be licensed by, and registered with, the CBTL. The activity of insurance intermediation in Timor-Leste is reserved to:

- (a) Agents;
- (b) Sub-agents; and,
- (c) Brokers.

Agents – As per Article 20 of Law No. 6/2005, the role of an agent is to sell insurance products and services adequate for the needs of policyholders and insured, in representation of an insurance company, against the payment of a commission, a fixed salary, or a combination of both, by the latter. The relationship between the agent and the insurance company shall be governed by a written contract, which shall establish the specific powers of the agent and expressly define the acts to be performed by the agent for whom the insurance company assumes responsibility. As per the applicable law, agents are prohibited from acting on behalf of more than one insurance company. As per the combined provisions of Article 11.2 of Law No. 6/2005 and Article 4.1 of Instruction No. 2/2007, agents may be natural or legal persons with minimum registered capital of US\$ 5,000.

Sub-agents – Subagents act on behalf insurance agents and are prohibited from acting on behalf of more than one insurance agent. Subagents shall, on a yearly basis, submit to the CBTL a written confirmation of the insurance agent on whose behalf they are authorized to act. Subagents are remunerated in the form of a commission or fixed salary, or both, by the insurance agents they represent. As per the combined provisions of Article 11.2 of Law No. 6/2005 and Article 4.1 of Instruction No. 2/2007, sub-agents may be natural or legal persons with minimum registered capital of US\$ 5,000.

Brokers – In accordance with Article 21 of Law No. 6/2005, insurance brokers are required to obtain the most adequate insurance policy for the needs of the policyholders or insured. Brokers are remunerated in the form of a commission by the insurance company whose insurance policy they have sold. Brokers are obliged to keep an up-to-date list of the insurance companies on whose behalf they are authorized to act, and that list may, at all times, be examined by the CBTL. As per Article 11.3 of Law No. 6/2005, insurance brokers shall take on the form of a company with a share capital above of US\$25,000. The existing legislation, notably Law No. 6/2005 and Instruction No. 2/2007, only sets forth the licensing and registration requirements of each type of insurance intermediaries.

### **Banking and Other Financial Services (Excluding Insurance)**

With exception of a few statutes, mostly regulations issued by the CBTL, the applicable legal framework is still governed by the legislation and regulatory rules and regulations created by the UNTAET, which held the legislative and executive powers in the territory of Timor-Leste during the transition period to the independence from the Republic of Indonesia (25 October, 1999 – 19 May 2002).

Timor-Leste's legal framework is based on the universal banking model, under which there is no mandatory segregation between banking (such as deposit-taking and lending) and securities transactions, *i.e.* between commercial and investment banking.

#### **- Regulator**

The banking and financial sector is supervised by the CBTL. As a corollary of the aforesaid supervision duties, CBTL is responsible for regulating, licensing, and registering banking and financial institutions in the country (including local branches of foreign banking and financial institutions), as well as for monitoring compliance with the applicable legal framework and enforcing any fines and penalties in case of any breach thereof. CBTL is empowered to issue regulations and instructions on prudential and supervisory matters.

#### **- Permission to operate**

One of the main principles of the regulatory framework is that only financial institutions duly licenced by, and registered with, the CBTL are allowed to engage directly in any financial activity in Timor-Leste. In order to be granted the required licence, banking and financial institutions must be organized under the laws of Timor-Leste, *i.e.*, through a locally incorporated company or a branch of a foreign financial institution registered in the country.

In Timor-Leste, there are three classifications of banking licences that the law designates: A, B, and C. Such classifications of licences are directly related to the scope of activities that the holder of the given licence is allowed to perform in Timor-Leste, as per Section 24 of the Regulation.



### **- Capital requirements**

As per Section 4.1 of the Regulation, the CBTL is responsible for establishing the minimum regulatory capital for licensed banks, which shall not be less than the equivalent of US\$ 2,000,000. The CBTL may increase the minimum capital requirements from time to time by instruction.

In accordance with Instruction CPO/B-2000/1, on Applications for Bank Licences, the minimum regulatory capital depends on the classification of the banking licence. Currently, the minimum amount required for level A is US\$ 6,000,000, for level B US\$ 4,000,000 and for level C US\$ 2,000,000. As per Instruction CPO/B-2000/2 on Regulatory Capital, the minimum capital adequacy ratio of banks organized in Timor-Leste is 12 percent, irrespective of the type of licence.

### **- Key issues**

#### **Regulation on bank licensing and supervision**

UNTAET Regulation No. 2000/8 on Bank Licensing and Supervision (the "Regulation") is the main statute of the banking and financial sector of Timor-Leste. The Regulation sets forth the main rules and principles (which, in certain cases, are further developed by specific instructions issued by the regulator) of the whole banking and financial system. The Regulation deals with a variety of aspects relevant for banking institutions, including, amongst others (i) application, issuance, and cancelation of banking licences; (ii) corporate governance; (iii) professional secrecy; (iv) permitted financial activities; (v) recordkeeping rules; (vi) auditing; (vii) reports and inspection; (viii) infractions, penalties, and remedial measures; and, (ix) insolvency. The Regulation also provides for provisions applicable to shareholders, directors, agents and employees of banking institutions.

#### **CBTL's instruction on the credit registry information system**

In 2009, the CBTL created the Credit Registry Information System (as per Instruction No. 3/2009) in Timor-Leste with the purpose to provide banking and financial institutions operating in the country with information relating to existing and prospective borrowers' credit at other banking and financial institutions. This system has been seen by the local market players as a vital instrument for risk assessment purposes. The participating entities are required to submit detailed data to the Credit Registry Information System related to each credit granted, such as (i) the borrower's details; (ii) amount of credit granted; and, (iii) type of collateral (if any).

#### **Regulator's instructions, rules and guidelines**

Although many aspects relevant for the performance of banking and financial activities are still unregulated in Timor-Leste (especially when compared with more developed jurisdictions), there are several regulations that have already been approved by the regulator through the issuance of instructions, rules, and guidelines.

The main instructions so far approved cover a range of issues typically addressed by financial regulators of other countries, including, (i) capital and liquidity requirements, (ii) qualifications of directors, (iii) credit exposures, (iv) transactions with related person, banks, and affiliates, (v) loans to employees; (vi) reporting and public disclosure duties; (vii); auditing; (viii) equity investment; (ix) asset classification; (x) internal control system; (xi) investment in real estate; and, (xii) recordkeeping.

In February 2013, the CBTL issued Guidelines for the Licensing and Operations of Money Transfer Operators to encourage the sound and efficient growth of remittance services in the economy and to reduce the risk of Money Transfer Operators (MTOs) in Timor-Leste becoming vehicles for/or victims of financial crime and suffering the consequential damages. Furthermore, in February 2015, the CBTL issued Guidelines on the Use of Agents in Branchless Banking. These Guidelines apply to (i) all Banks licensed under the Regulation (ii) Other Deposit Taking Institutions (ODTIs); and, (iii) individuals and other entities providing Agent Banking services.

#### **Product specific legislation**

With the exception of a few specific rules applicable to credit lending and the opening and maintenance of bank accounts/deposits, there is no banking/financial product-specific legislation yet in Timor-Leste. This means that, as a rule, products offered by banking and financial institutions are only bound by the rules on contracts provided for in the general law, notably the CC of Timor-Leste.



### **Enforcement and investigation**

The Regulation empowers CBTL to take actions and impose penalties (as described in the applicable law) against a financial institution, its directors, and principal shareholders in breach of (i) a regulatory provision; (ii) restriction or provision of an authorization issued by CBTL; and, (iii) any provision of an enforcement agreement entered into between the financial institution in question and the CBTL.

Whenever a financial institution (or any of its directors or main shareholders) is deemed to have breached any of the regulatory rules, CBTL may, *inter alia*, (i) issue written warnings; (ii) execute an enforcement agreement with the board of directors providing for a program of remedial action(s); (iii) issue written orders to cease infractions and to undertake remedial actions; (iv) impose fines; (v) suspend temporarily or dismiss directors; and, (vi) revoke the banking licence.

### **Complaints and redress**

There are no specific rules on complaints and redress in Timor-Leste. In practical terms, however, consumers may address their complaints against banking institutions to CBTL, which then notifies the bank to provide information and share its views on the case. Upon completion of the investigation procedures, CBTL may simply close the file (if it finds that the financial institution complied with the applicable law and, therefore, the consumer had no legal grounds for complaint) or, if the complaint is upheld by the CBTL, issue a written order to the financial institution to undertake remedial action(s), which may include redress or compensation.

### **- Creditor hierarchy**

#### **Insolvency**

Pursuant to the Regulation, upon liquidation of a bank's assets, the secured claims shall be paid to the extent of the realization of the security or, alternatively, the security shall be delivered to the secured creditor.

The proceeds of other claims shall be paid in priority to all other debts, in the following order:

- (a) Necessary and reasonable expenses incurred by the receiver and the CBTL, including professional fees;
- (b) Deposits up to an amount not exceeding 10 times the average monthly wage per depositor;
- (c) The amount not paid to deposits under (b) above;
- (d) Other claims of creditors against the bank.

If the amount available for payment for any class of claims listed above is insufficient to provide payment in full, such claims shall be paid in equal proportions. After payment of all claims filed, any remaining accepted claims that were not filed within the time specified by instruction of the CBTL for the filing shall be paid. Any proceeds remaining after all claims of depositors and other creditors have been paid shall be distributed among the shareholders of the bank in accordance with their rights and interests.

### **Banking resolution**

If CBTL determines that a bank is insolvent or must reasonably be expected to become insolvent within the next 90 days, the CBTL must take possession and control of that bank through a receiver. Under the law, the receiver may, *inter alia*, (a) continue any operations other than (i) deposit taking and (ii) credit lending to new customers; (b) discontinue any operations; (c) borrow money on an unsecured basis and; if not possible, on the security of assets of the bank; (d) cease or limit the payment of any obligation; (e) employ or dismiss any director, employee or professional advisor; (f) execute any instrument in the name of the bank, and, (g) initiate or defend and conduct in its name in any action or legal proceeding.

**- Bank secrecy**

Pursuant to the Regulation the former and present directors, employees, and agents of banking and financial institutions shall keep secret all issues regarding the financial institution's activity and clients. The information subject to bank secrecy includes, but is not limited to, customers' account balances, amounts, conditions, and use of proceeds of banks loans, customers' business relationships, and recipients and amounts of payments made by the bank. The secret information may only be disclosed to (i) the CBTL (including its inspectors and the auditors appointed by it), (ii) external auditors of the banking institution, (iii) judicial authorities, and, (iv) foreign bank supervisory authorities, and, (v) when the disclosure is required for protecting the bank's interest in legal proceedings.

**- Financial promotion**

The laws and regulations of Timor-Leste do not regulate financial marketing and promotional activities or provide for a definition thereof.

**- Market abuse**

The Regulation sets forth the principle pursuant to which banks shall refrain from entering into transactions or engaging in practices of any kind that would provide them, alone or together with others, a position of dominance on the money, capital, or foreign exchange markets. In accordance with said Regulation, banks shall also refrain from engaging in manipulative devices or practices that could result in an unfair advantage for themselves or for third parties. In addition, banks shall not require any person to contract to receive any financial service or products from an affiliate as a condition of being permitted to contract with the bank itself.

**- Corporate governance**

Pursuant to the Regulation, banks shall be managed by a governing board and shall have an audit committee. Banks are required to have a risk management committee or separate credit and asset and liability management committees. The governing board of a bank shall have an uneven number of members with a minimum of three and a maximum of seven.

**- Remuneration and bonuses**

Pursuant to Instruction CPO/B-2001/9 on Remuneration of Members of the Governing Board and of Senior Management of Newly Licenced Banks, the remuneration of the governing board and senior management of a newly incorporated banking institution is subject to prior approval of the CBTL for the first three years of the bank's operations. In general terms, CBTL shall not approve the proposed remuneration of the members of the governing board and the senior management if it includes, inter alia, (i) the ability to acquire a different class of shares of the bank with greater voting rights in comparison with the voting rights attached to other classes of shares; (ii) the ability to acquire shares of the bank at an original issue price lower than the price paid by other investors; or, (iii) the proposed remuneration raises any other supervisory concerns.

Also, the proposed remuneration shall not be approved by the CBTL if it (i) is expected to adversely affect the bank's future earnings prospects or financial condition; or, (ii) is not in line with the person's experience and competence. In the specific case of the members of the governing board, the CBTL shall also not approve the proposed remuneration of it (i) is not based on meetings attended; (ii) exceeds the salary of the senior management of the bank; or, (iii) includes bonuses.

Regarding senior management, the remuneration (i) shall be in line with remuneration paid to individuals in similar positions with similar qualifications at banks engaging in similar financial activities; and (ii) shall not include incentive compensations which are not linked to the bank's long-term business strategy and its overall financial condition of the bank. Remuneration linked to volume, short-term performance or profitability, or excessive risk-taking, shall not be approved by the CBTL.

**- Acceptance of deposits and other repayable funds from the public**

In accordance with the applicable Regulation and auxiliary legislation, currently there are two types of institutions entitled to accept deposits and other repayable funds from the public, as follows:

- (a) Banks; and,
- (b) Other deposit-taking Institutions (ODTIs) as licensed in accordance with Instruction No. 6/2010.

The opening and maintenance of bank accounts/deposits are not yet highly regulated in Timor-Leste. The relevant agreements are mainly subject to the few rules provided for in:

- (a) Instruction No. 03/2003, on the Opening and Maintenance of Deposit Accounts – which refers to the mandatory documents and information to be provided under a Bank Account Agreement; and
- (b) Instruction No. CPO/B-2001/3, on the Notification of Terms and Conditions of Deposits and Credits – which addresses the mandatory information Banks must provide to its customers in respect of the terms and conditions applicable to services rendered under a bank deposit agreement.

The CBTL is working on a new regulatory framework on the opening and maintenance of bank accounts aimed at reinforcing customers' rights. The new framework is expected to enter into force on 1 January 2016.

**- Lending of all types, including, inter alia, consumer credit, mortgage credit, factoring, and financing of commercial transactions**

There is no legislation that specifically addresses different types of lending, therefore, the below comments apply to any type of lending, *i.e.*, regardless of whether the underlying transaction is consumer credit, mortgage credit, factoring, or financing of commercial transaction.

**- Loan agreement format**

There is no standard loan agreement format in Timor-Leste. The CC of Timor-Leste, as approved by Law No. 10/2011 of 14 September 2011, sets forth the general principle of "contractual freedom," according to which parties may, subject to any applicable statutory limits, freely establish the contents of contracts, and also enter into contracts different from the types expressly provided for in law (Article 340 of the CC). Thus, the main principle is that the terms and conditions of a loan agreement can be freely agreed by the parties provided, however, the purpose of the financing must not be contrary to public order or ethical principles (Article 271 of the CC).

**- Mandatory clauses**

Under Instruction on Credit Documentation (Instruction No. CPO CPO/B-2001/8), credit agreements shall contain, at least, the following elements: (i) the date and principal amount of the credit; (ii) the purpose of the credit; (iii) the interest rate; (iv) repayment schedule, including the maturity date; (v) other terms and conditions of the credit; (vi) description of any collateral and the legal right to the collateral in the event of the borrower's default; (vii) any insurance required to be contracted by the borrower; and, (viii) date(s) on which the credit amounts will be made available to the borrower.

**- Form of loan agreements**

As per Decree-Law No. 45/2012 of 21 November 2012, on the Form of Loan Agreements, loan agreements entered into by banking institutions organized in Timor-Leste may be executed by a private written document.

**- Governing law**

The CC contains a number of rules on choice of law and conflict of law issues that must be taken into account when reviewing a loan. Article 40 of the CC determines that the parties may freely choose the law governing their agreements provided that such choice of law corresponds to a serious interest of the parties or has a connection with an element of the contract that is relevant for purposes of international private law (*e.g.*, law of the residence, head offices, or place of business of one of the parties; law of the place where the contract will be performed; law of the place where the contract will be executed; law of the location of any immovable property).

Based on the foregoing, and as a matter of principle, loan agreements to be entered into between banks and its customers in Timor-Leste should be governed by Timor-Leste's law, unless the nature of the elements of the specific transaction justifies the choice of a foreign law. Under Timor-Leste's law, local courts will not accept a foreign law chosen by the parties if it involves a breach of a fundamental principle of public order, or mandatory provisions of the applicable local laws. Articles 20 and 21 of the CC state that (i) the choice of law is deemed irrelevant if such choice arises from a fraudulent intention to avoid the application of the law, which, in other circumstances would apply; and (ii) provisions of foreign law are not applicable if they breach the fundamental principles of public order of Timor-Leste. However, there is no statutory definition of domestic or international public order. This means that the contents of such a concept will be determined by the judge on a case-by-case basis. Some examples of public policy principles and mandatory rules include formal loan agreement requirements, rules on collateral, interest-related rules, and minimum requirements of loan agreements.

#### **- Interest rate**

The CC sets forth limits for charging interest on a loan. Pursuant to Article 1066 of the CC, an agreed interest rate cannot exceed the statutory interest rate plus 3% if the loan is secured in rem, or 5% if the loan is unsecured in rem. The default interest rate cannot exceed the statutory interest rate plus 7% if the agreement is secured in rem, or 9% if the agreement is unsecured in rem. Any interest rate in excess of the above limits is deemed usurious and null and void. In effect, the provision of Article 1066 of the CC is not applicable, as the government has not yet approved a statutory interest rate. Notwithstanding, the agreed interest rate should not breach the principle of good faith by creating an excessive and unjustified advantage to the lender, considering the specific circumstances of the market and the loan (Articles 273 to 275 of the CC).

#### **- Financial leasing**

In accordance with Section 24.3 (d) of the Regulation, Class A and B Banks are entitled to provide financial leasing services. There are no other relevant legal provisions specifically addressing the performance of financial leasing services.

#### **- All payment and money transmission services**

In accordance with Decree-Law No. 17/2015 of 24 June 2015, on the National Payments System, "Payment Services" include:

- (a) Services providing for the deposit and withdrawal of cash;
- (b) Execution of payments;
- (c) Issuance or purchase of payment instruments;
- (d) Provision of funds transfer services, and
- (e) Any other money transfer ancillary services that also involve the issuing of electronic money and electronic money instruments (but excluding the provision of internet or communications services or network access).

In accordance with Article 7 of Decree-Law No. 17/2015, no individual or corporate body may provide payment services or operate one of the Systems (which include Payment, Clearing, or Settlement System) without being duly authorized by the CBTL.

As per Section 24.2 of the Regulation, a banking licence entails:

- (a) Payment and collection services; and
- (b) Issuance and management of means of payment (including payment cards, travelers' checks and bankers' drafts).

#### **- Guarantees and commitments**

There are no other relevant legal provisions specifically addressing the provision of bank guarantees or similar commitments.

### **- Trading for own account or for account of customers**

Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market, or otherwise, the following:

- |    |   |         |
|----|---|---------|
| a. | Money market instruments (checks, bills, certificate of deposits, etc.)                                   | 81339** |
| b. | Foreign exchange  | 81333   |
| c. | Derivative products including, but not limited to, futures and options                                    | 81339** |
| d. | Exchange rate and interest rate instruments, including products such as swaps and forward rate agreements | 81339** |
| e. | Transferable securities   | 81321*  |
| f. | Other negotiable instruments and financial assets, including bullion                                      | 81339** |

In accordance with Section 24 of the Regulation, banks are entitled to:

- (a) Buy and sell foreign exchange for cash for the account of a customer;
- (b) Borrow funds and buy and sell for a bank's own account or for the account of customers (excluding underwriting) of: (i) money market instruments (including, checks, bills of exchange and certificates of deposit); (ii) debt securities; (iii) futures and options relating to debt securities or interest rates; or (iv) interest rate instruments (only Class A and B Banks).

There are no other relevant legal provisions specifically addressing the services related with trading for own account or for account of customers.

### **- Participation issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of service related to such issues**

As per Section 24.4 of the Regulation, only Class A Banks are entitled to provide services in connection with underwriting and distribution of debt and equity securities and dealing with equity securities. There are no other relevant legal provisions specifically addressing the services related with trading for one's own account or for the account of customers.

Instruction CPO/B-2001/2 on Equity Investments of Banks, sets forth that no bank shall hold (directly or indirectly) an equity interest in an entity engaged in activities other than financial activities that: (i) represents a significant interest; (ii) or exceeds its net current value, the equivalent of 15% of the regulatory capital of the bank; or (iii) when the aggregate net current value of all of its equity interests in such entity exceeds the equivalent of 100% of the regulatory capital of the bank, without obtaining prior written authorization from CBTL. Furthermore, banks are not allowed to hold (directly or indirectly) equity securities of a bank organized in Timor-Leste.

Finally, the above mentioned limitations and restrictions do not apply to (i) equity interests that have been acquired by a bank in lieu of repayment of credit granted by such bank (which can cannot exceed one year from the date they are acquired or within such longer time period as the CBTL may approve in response to a written request by the bank) and (ii) equity interests held by the bank as an agent in securities undertaking or brokerage or investment portfolio management.

### **- Money broking**

In accordance with Section 24.3 (c) of the Regulation, Class A and B Banks are entitled to provide money broking services. There are no other relevant legal provisions specifically addressing the performance of money broking services.

### **- Asset management such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services**

In accordance with Section 24.4 (a) and (b) of the Regulation, only Class A Banks are entitled to provide (i) trust services, including the investment and administration of funds received in trust and

administration of securities; and (b) provide services as an investment portfolio manager or investment adviser. There are no other relevant legal provisions specifically addressing the performance of such services.

**- Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments**

According to Law No. 5/2011, the CBTL is responsible for the licensing, registration, and supervision of clearing, payment and securities settlement systems. The same rule flows from Decree-Law No. 17/2015 of 24 June 2015, on the National Payments System, pursuant to which banks are required to obtain authorization from the CBTL to operate Payment, Clearing, and Settlement Systems.

As per Article 9.1 of Decree-Law No. 17/2015, all system operators shall lay down written rules covering the administration, management, and operation of the systems they operate. Such rules shall cover, at least, (i) liquidity management, (ii) credit risk and settlement, (iii) rules on when a payment instruction and settlement are final, (iv) governance and access, (v) emergencies and operational risk, (vi) rights and duties of system participants and operators. However, no legal provisions have yet been approved specifically addressing the performance of services such as settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments.

**- Advisory and other auxiliary financial services on all the activities listed in article 1b of MTN/TNC/W/50, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and corporate restructuring and strategy**

As per Section 24.3 of the Regulation, Class A and B Banks are entitled to provide services as a financial agent or consultant, except with respect to investment advisory services, which can only be performed by Class A Banks. There are no other relevant legal provisions specifically addressing the performance of advisory and other auxiliary financial services.

**Health Related and Social Services**

**Hospital services**

Decree-Law No. 18/2004 of 1 December 2004, on Private Health Services establishes the rules on licensing of private hospitals. This statute does not contain any requirements as to nationality of the investors or responsible persons. Notwithstanding, the rules on licensing/accreditation of health professionals must also be followed.

**Other Human Health Services (other than 93191)**

Decree-Law No. 18/2004 of 1 December 2004, on Private Health Services establishes the rules on licensing of private health services, including clinics, dental clinics, etc. This statute does not contain any requirements as to nationality of the investors or responsible persons. Notwithstanding, the rules on licensing/accreditation of health professionals must also be followed.

**Tourism and Travel Related Services**

Timor-Leste has not passed any laws specifically regulating tourism and travel-related services. Notwithstanding, Decree-Law No. 24/2014 of 3 September 2014 sets forth the general framework for a tourism policy in Timor-Leste, which includes the general principles to be applied to the sector.

**Hotels and restaurants (including catering)**

Regarding restaurants, Decree-Law No. 7/2009 of 15 January 2009, regulates the licensing procedure and the activity of restaurants and similar establishments serving food and beverages, such as bars, nightclubs and traditional food and beverages establishments. The statute also establishes the specific requirements in order to obtain a licence. Prior to the attribution of a licence the establishment is subject to inspection.

**Recreational, Cultural and Sporting Services**

Decree-Law No. 10/2011 of 16 March 2011 sets forth the Legal Framework of Public Utility of Sports Federations. Decree-Law No. 18/2014 of 24 July 2014 regulates Sport Clubs and Companies. Decree-Law No. 6/2009 provides for the Regulation of Recreational and Social Gambling and includes the applicable licensing requirements.



## **Transport services**

### **Maritime transport services**

Timor-Leste has not passed any specific laws regulating maritime transport services. However, the Ministry of Public Works, Transports and Communications is drafting regulations for these services with the assistance of the German Institute for International Cooperation, GIZ.

### **Air transport services**

This sector is under the supervision of Timor-Leste Airports and Air Navigation Administration (TLAANA). Timor-Leste has enacted Decree-Law No. 1/2003, of 10 March 2003, which sets forth the general legal framework applicable to air transport services. Decree-Law No. 5/2006 of 1 March 2006, establishes the conditions, requirements, and legal procedure for attribution of certification for commercial air transport companies to carry out their activities. This certificate is granted by TLAANA.

### **Road transport services**

Decree-Law No. 2/2003 of 10 March 2003 sets forth the general legal framework applicable to the road transport system, defining its main purposes and general principles. The statute also establishes some rules on private and public transport to be further regulated (note that no other laws or regulations have been enacted in respect to this sector).

Pursuant to Article 15 of Decree-Law No. 2/2003, access to the profession of public road transporter is only available to (i) Timor-Leste nationals; (ii) companies in which Timorese nationals hold at least a 50% participating interest; or (iii) foreigners enjoying the same rights and treatment as Timor-Leste nationals. This provision also indicates that an interested person fulfilling one of the abovementioned conditions has to be registered with the Road Transporters National Registry, which is yet to be established.

#### **- Passenger transportation**

Article 16 of Decree-Law No. 2/2003 provides that regular urban and local transportation is a public service and may be carried out through the granting of a licence or concession by the Ministry of Public Works, Transport and Communications. Inter-urban passenger transportation may be carried out privately, in which case the risk and cost thereof shall be fully borne by the transport companies. An authorization from the Ministry of Public Works, Transport and Communications for each route operated is also required, as per Article 17 of Decree-Law No. 2/2003.

#### **- Freight transportation**

Article 20 of Decree-Law No. 2/2003 determines that the legal framework to be regulated shall provide for competition and transport safety.

### **Pipeline transport**

Decree-Law No. 20/2008 of 19 June 2008, which created the National Petroleum Authority (NPA), and Decree-Law No. 1/2012 of 1 February 2012, on the downstream sector, establish that pipeline transportation of fuels and other petroleum products is subject to licensing by the NPA. Decree-Law No. 1/2012 further foresees the approval of more detailed regulations on pipeline transport of petroleum products; however, the NPA has yet to approve any such regulations.

#### **- Transportation of fuels**

Decree-Law No. 20/2008 of 19 June 2008, which created the NPA and Decree-Law No. 1/2012, of 1 February 2012, on the downstream sector, establish that transportation of fuels is subject to licensing by the NPA. Decree-Law No. 1/2012 further foresees the approval of more detailed regulations on transport of petroleum products; however, to date the NPA has yet to approve any such transport regulations.

There are no regulations with respect to services sectors/sub-sectors not mentioned in this Annex.

**ANNEX 25****Bilateral Agreements**

<b>AGREEMENTS</b>	<b>DATE OF RATIFICATION</b>
Agreement with Holy Sea	Parliament Resolution No. 18/11 November 2015
Portugal – to create the Portuguese Scholl	Parliament Resolution No. 09/5 August 2015
Germany – cooperation agreement	Parliament Resolution No. 5/7 May 2008
Indonesia – visa exemption for diplomatic passports	Parliament Resolution No. 6/18 June 2014
Indonesia - Traditional border crossing and regulated markets	Parliament Resolution No. 21/2 May 2009
Japan – Cooperation agreement on training and formation	Parliament Resolution No. 5/26 March 2014
Spain – Cooperation agreement	Parliament Resolution No. 19/14 July 2010
Australia – Timor Sea Treaty between the Government of East Timor and the Government of Australia.	Parliament Resolution No. 2/1 April 2003
Australia – Treaty on Certain Maritime Arrangements	Parliament Resolution No. 4/8 March 2007
Australia – Unitization Agreement	Parliament Resolution No. 5/8 March 2007
Australia – Timor Sea	Parliament Resolution No. 5/08 March 2007
Brazil – cooperation agreement	Parliament Resolution No. 9/11 November 2004
USA – cooperation agreement	Parliament Resolution No. 2/3 January 2003
Angola – General Agreement on Economic, Commercial, Technical, Scientific and Cultural Cooperation between the Democratic Republic of Timor-Leste and the Republic of Angola	Government Resolution No. 12/05 August 2009

**Bilateral Investment Treaties**

<b>COUNTRY</b>	<b>TREATY</b>
Portugal	Entered into force on 7 April 2004
Portugal	Agreement Concerning the Encouragement and Reciprocal Protection of Investments, approved by Government Resolution No. 2/ 28 January 2004
Qatar	Signed on 10/08/2005, (not ratified)
Qatar	Agreement between the Government of the Democratic Republic of Timor-Leste and the Government of the State of Qatar for Reciprocal Promotion and Protection of Investments, signed on 21 January 2012.
Kuwait	Agreement Between the Government of the Democratic Republic of Timor-Leste and the Government of State of Kuwait for the Promotion and Reciprocal Protection of Investments, signed on 1 June 2007
Kuwait	Trade Co-operation Agreement between the Government of the Democratic Republic of Timor-Leste and the Government of the State of Kuwait, signed on 1 June 2007
Germany	Signed on 21 January 2012, (not ratified)
Germany	Treaty between the Federal Republic of Germany and the Democratic Republic of Timor-Leste Concerning the Encouragement and Reciprocal Protection of Investments, Government Resolution No. 8/ 16 March 2011
Vietnam	Trade Agreement between the Government of the Democratic Republic of Timor-Leste and the Government of the Socialist Republic of Vietnam, signed on 4 September 2013
Cambodia	MoU on Economic, Commercial and Technical Cooperation between the Government of the Democratic Republic of Timor-Leste and the Government of the Kingdom of Cambodia, signed on 5 September 2013
USA	Agreement for Economic and Technical Cooperation between the Government of the United States of America and the Government of the Democratic Republic of Timor-Leste, approved by Parliament Resolution No. 19/ 24 December 2004



## **ANNEX 26**

### **State of Play in Timor-Leste's ASEAN Accession**

#### **Internal consolidation**

- Progressive legislative reforms intended to align with ASEAN requirements have been enacted since 2015. The VIII Constitutional Government's work program (2018-2023) – debated and approved by the National Parliament – states the intention to (page 131) 'reinforce relations with ASEAN member states and continue to promote national reforms that align to ASEAN policies and rules'.
- Government Resolution No. 14/2019 states that legislative reforms overseen by the Ministry of Legal Reform and Parliamentary Affairs must facilitate ASEAN accession by considering alignment with ASEAN requirements.
- The launching of the Timor-Leste ASEAN Mobilisation Program (TLAMP) and the Critical Elements for Accession (CEA) in 2019. TLAMP is an ongoing process with long-term objectives towards meeting ASEAN requirements, while the CEA consists of key ASEAN agreements which can be implemented within a reasonable timeframe (short- and medium-term objective).
- The establishment of an inter-ministerial working group for the three ASEAN community pillars, and the ASEAN Economic Core Team. Several in-country and overseas training have been provided and will continue to be provided to the member of the working groups.

#### **Bilateral Engagement**

- "Diplomacy Tours" were carried out by the Minister of Foreign Affairs to ASEAN Members States (AMS) in 2019 continue until now through virtual meetings and include regular meetings with AMS resident ambassadors/representatives in Dili.
- Appointment of Timor-Leste Permanent Representative to the ASEAN Secretariat in Jakarta to facilitate bilateral engagement with AMS both at the political and technical level.

#### **ASEAN Fact-Finding Mission (FFM):**

- In September 2019, ASEAN sent a Fact-Finding Mission to Dili on the Political-Security community pillar to assess Timor-Leste's commitment, capacity, and technical readiness to implement ASEAN agreements as well as participate in ASEAN meetings and other relevant activities.
- Due to the COVID-19 pandemic, ASEAN Senior Officials held virtual meetings with relevant line-ministries and agencies on the Socio-Cultural pillar in October 2020. Likewise, a virtual meeting on the Economic pillar took place between 7-9 December 2020 which assessed in-depth the implication of Timor-Leste's accession to ASEAN's economic agreements, national strategic plans, and policy implementation.

As of March 2022, an ASEAN Fact-Finding Mission on Economic and Socio-Cultural Community Pillar is expected to take place in Timor-Leste in the 2nd quarter of 2022, after which a comprehensive assessment, a timeline, and roadmap will be developed to guide ASEAN in furthering Timor-Leste's accession.

#### **Next steps:**

Timor-Leste expects that once these assessments are completed, ASEAN member states and the ASEAN Secretariat could help Timor-Leste to accelerate its policy reform and institutional development processes by providing a clear roadmap towards membership. AMS and the ASEAN Secretariat could further work with Timor-Leste to develop a joint work plan for ASEAN accession.

## **ANNEX 27**

### **Timor-Leste's membership in the multilateral economic organizations, trade-related programs of other multilateral organizations**

- Asian Development Bank (ADB);
  - Community of Portuguese Speaking Language Countries (CPLP);
  - Food and Agricultural Organization (FAO);
  - International Bank for Reconstruction and Development (IBRD);
  - International Centre for Settlement of Investment Disputes (ICSID);
  - International Development Association (IDA);
  - International Labour Organization (ILO);
  - International Finance Corporation (IFC);
  - International Monetary Fund (IMF);
  - International Telecommunication Union (ITU);
  - International Court of Justice (ICJ);
  - International Maritime Organization (IMO);
  - Multilateral Investment Guarantee Agency (MIGA);
  - United Nations (UN);
  - United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP);
  - World Customs Organization (WCO);
  - World Health Organization (WHO);
  - World Intellectual Property Organization (WIPO);
  - World Organization for Animal Health (OIE); and,
  - World Tourism Organization.
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