

STATISTICS TIMOR-LESTE May 2021

Timor-Leste Preliminary Non-Oil GDPe 2020 Growth Rate

Timor-Leste, Preliminary Non-Oil GDPe 2020 growth rate³

Components of Non-Oil GDPe 2020	Annual Change (%)	Contribution to Growth (PP) ⁴
Private consumption	-2.3	-1.5
Private Investment	-38.8	-1.6
Development Partners	-28.3	-3.4
General Government FCE	1.0	0.5
Public Investment	-49.8	-10.9
Exports of goods and services	-41.4	-0.8
Exports of goods	-32.9	-0.3
Exports of services	-50.6	-0.5
Imports of goods and services	-17.1	-9.2
Imports of goods	-8.3	-2.6
Imports of services	-29.5	-6.6
Change in inventories	-3.0	-0.1
Non-Oil GDPe	-8.5	-8.5

The preliminary Non-Oil GDPe growth in 2020 was -8.5% at constant terms, compared with +1.8% in 2019. A significant plummet in investments mainly drove the negative economic growth. The evolutions of various components of the Non-Oil GDPe were as following:

- **Public fixed capital formation** in 2020 decreased to around -49.8%. It was mainly due to political instability, leading to a duodecimo regime for ten months. The Covid-19 exacerbated the already stagnation of investment processes.
- **Public consumption** rose to 1%, offsetting the fall in all the other components of Non-Oil GDPe 2020. The growth came from an increase in goods and services and salary and wages. The rise in goods and services is mainly because of a significant amount of money allocated for the covid-19 public administration.² The public consumption would have been lesser than around -4% if the government consumptions were in the absence of the pandemic funding management.
- **Development partners expenditures** also fell to -28.3%. The combining effects of the political impasse and Covid-19 pandemic led to a considerable drop in both consumptions and investments of development partners in 2020.
- **Private investments** were hit the most by the combining impacts of the political uncertainty and state of emergencies in response to the containment of the Covid-19 pandemic, particularly in the second quarter of 2020. Consequently, many businesses did not operate fully, resulting in the reduction of working hours of employees. Some companies even suffered closure, although there were some financial aids from the government.
- The state of emergencies also interrupted household economic activities, leading to a fall in **household consumption**. However, strong supports from the government, cash and in-kind transfer helped most households reduce the effects of losses made during the periods of state of emergencies, especially in the second quarter of 2020. If there had not been strong supports from the government to households in 2020, private consumption would have been more damaging.
- **Exports of goods and services** decreased to around -41.4%. Exports of coffee dropped in 2020 due to a decrease in the production of coffee. Also, the exports were affected by the disruption of international trade due to the Covid-19 pandemic.
- **Imports of goods and services** also fell to -17.1%. International border restriction in response to the Covid-19 pandemic led to the disruption of goods and services traded with other countries in 2020. A substantial reduction in imports of services was also a consequence of a steep decline in public investments.

DISCLAIMER/TECHNICAL NOTE: This is the first time GDS disseminates a *preliminary version* of the Gross Domestic Product. The **preliminary Non-Oil GDPe 2020**, published in March 2021, is based on the latest available information about Timor-Leste's expenditure indicators in order to provide timely information on Timor-Leste's economic growth. The **final Non-Oil GDPe 2020**, including Oil and GDP production, will be published in September/October 2021. The final one will be more accurate because it will include all data, especially from the production side (Business Activity Survey). For this reason, the final GDP 2020 growth rate will likely be slightly different from the preliminary one.

¹ Gross Domestic Product by expenditure approach

² This concept excludes transfers to households. Transfers from the government, and remittances from abroad are indirectly considered in Private Consumption.

ANNEX: Timor-Leste, Preliminary Non-Oil GDPe 2020 growth rate³

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³ Based on data, assumptions and National Account Identities, updated regularly according to the latest available indicators.

⁴ Contribution to Growth is the contribution of each of the Non-Oil GDPe's component to the Non-Oil GDPe growth, in Percentage Points (PP). Therefore, the sum of the percentage points (less the percentage points of imports of goods and services) is equal to the Non-Oil GDPe growth rate.