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TLDPM 18-20 JUNE 2013 ECONOMIC STRATEGIC SECTOR

By Kathleen Goncalves –
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Background – Timor-Leste Private Sector

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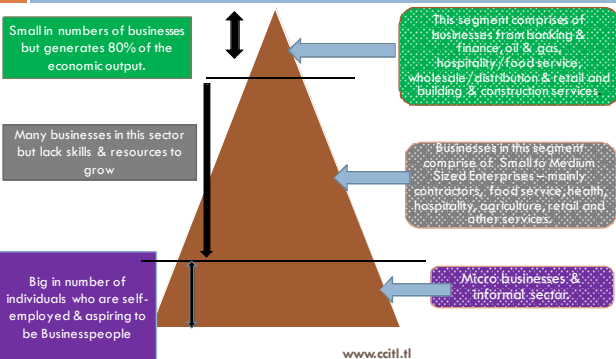
- 3 Major Historical Events that impacted on our private sector development where we were **BACK TO ZERO twice**:
 - 1975 – Civil War
 - 1999 – Referendum for Independence
 - 2006 – Political Crisis
- Our Nation has moved from “Peace Building” to “Nation Building” in line with our Government’s 20 Year Strategic Plan.



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Timor-Leste Private Sector Today

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- Top (Green):** Small in numbers of businesses but generates 80% of the economic output. This segment comprises of businesses from banking & finance, oil & gas, hospitality, food service, wholesale/distribution & retail and building & construction services.
- Middle (Grey):** Many businesses in this sector but lack skills & resources to grow. Businesses in this segment comprise of Small to Medium Sized Enterprises – mainly contractors, food service, health, hospitality, agriculture, retail and other services.
- Bottom (Purple):** Big in number of individuals who are self-employed & aspiring to be Businesspeople. Micro businesses & informal sector.

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Major Progress & Achievements (Public)

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- Basic Infrastructure Improvements
 - Power supply
 - Telecommunication (choice of 3 providers)
 - Roads & Bridges
 - Water & sanitation
- Tourism Facilities Refurbishments & Investments
 - Tourist attractions for e.g. Cristo Rei, Largo Lecidere Park
 - “General Cleaning Day”



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Major Progress & Achievements (Private Investment of well over \$50 mil)

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- Manufacturing & Production
 - Cement packaging
 - Food canning
 - Water bottling
- Hotel & Accommodation
 - Good quality hotels are being built continuously
- Food Services & Hospitality
 - Better quality restaurants
 - Better quality food
- Retail Sector
 - Supermarkets/retail outlets with wider range of food and consumables
 - Shopping Centre and Plaza
- Real estate and property development
- Services sectors – including finance, insurance, legal & accounting.



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Major Progress & Achievements (Support for Private Sector)

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- Business Registrations
 - used to take over 90 days to register and obtain licence to operate a business.
 - Today – we have “one-stop shop” SERVE (Servisu de registo e verificacao empresarial) to eliminate such delays.
- Attractive Private Investment Law (incl. Foreign Investment)
 - Land and Tax incentives
- Other reforms including Procurement & Telecommunication



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Major Progress & Achievements

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- VOICE for Private Sector
 - Private Sector has established the Chamber of Commerce and Industry of Timor-Leste (CCITL) and district Chambers to:
 - Represent our Common Interests
 - Advance our Policy, Advocacy and Representation agenda.
 - Become the Government Focal Point for Liaison with private sector
 - Build the skills and capacities of private sector
 - Facilitate networking amongst businesses both national and international.



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Key Challenges – Difficult Business Environment

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- Import challenges and impediments leading to:
 - Rising business costs (often unnecessary) due to inefficiency at Port, Customs, Quarantine and related agencies.
 - Lost opportunities
 - Damaged goods or goods being “out of date”
 - Difficulty in meeting market demands and needs
 - Inflation – rising cost of goods and services
- Lack of skills and resources in business sectors
- Businesses have difficulty in accessing finance to support business growth.
- Uncertainty in land titles leading to confusion & disputes.



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Key Challenges – High Cost of Doing Business

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- High cost of electricity
- US Dollar economy
- Lack of Buying power
- Lack of skilled labour and professional resources
- High freight costs – due to empty vessels/containers in return journey.
- Import dependent economy
- Lack of/under utilization of raw materials and supplies.
- Bureaucracy and red tapes



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Key Challenges – Infrastructure

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- Lack of Infrastructure to support business growth:
 - Port congestions
 - Lack of airport facilities
 - Lack of roads & bridges
 - Lack of transportation facilities



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The Way Forward

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- Strong Partnership (through CCITL) with Government, supported by IFC, ILO, World Bank, VECCL, BFZ and other strategic partners will make it easier for investment.
- Private sector has a role to play in Job Creations and economic development and sustainability.
- Private sector has never been so united.
- Strong private sector unity will lead to continuous reforms and improvements to our business environment.



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THANK YOU

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