



PRIME
MINISTER

**ADDRESS BY
HIS EXCELLENCY THE PRIME MINISTER
KAY RALA XANANA GUSMÃO
ON THE OCCASION OF THE PUBLIC PRIVATE PARTNERSHIP
INVESTOR CONFERENCE**

**7 March 2013
Ministry of Foreign Affairs, Dili**



Palácio do Governo,
Avenida Presidente Nicolau Lobato,
Dili, Timor-Leste

Minister for Finance, H.E. Emilia Pires
Minister for Transport and Communications, H.E. Pedro Lay
International guests
Representatives of the business community
Ambassadors
Milissa Day, Resident Representative of the International Finance Corporation
Excellencies
Ladies and gentlemen,

It is a pleasure to speak today at this Investor Conference to discuss the development of two of our major infrastructure projects in Timor-Leste.

I am also pleased to welcome so many senior business leaders and international guests to this Conference and to Timor-Leste.

It was only last week that Timor-Leste hosted a major international conference on the post-2015 global development agenda. At that conference, we had over 200 international guests and representatives from over 50 countries from all across the world.

The successful hosting of international conferences is just one small measure of the progress of our country – but it is a significant one.

Excellencies,
Ladies and gentlemen,

It is important to understand that reality, and the context, of our country.

The people of Timor-Leste have struggled through a difficult history and have sacrificed much for their independence, and for their sovereignty.

While we have experienced stumbles on our road to peace, we have now emerged from conflict. The Timorese people have decided to give real value to their struggle so as not to become trapped by the memories of the past.

We reflected deeply, and in 2009 on the 10th Anniversary of our vote for independence, we embraced the motto “Goodbye conflict, Welcome development”.

While the process of peace building never stops, we are now focused on State building.

State building is a complex process that involves institution building, the development of human resources, the changing of mentalities, ongoing dialogue between the people, as well as building physical infrastructure.

To guide the process of State building, Timor-Leste has a long term plan – our *Strategic Development Plan 2011-2030*. I urge you to read our Plan as it provides a framework

for us to achieve our dream of moving from a low income country, to an upper middle income country; with a healthy, well educated and safe population.

The Strategic Development Plan sets out actions in three key areas to transform our nation. They are:

- Improving human resources and human capital
- Building core infrastructure; and
- Developing our economy - with a focus on our petroleum, tourism and agriculture.

We must have a focus on infrastructure because it is needed to build our nation, to underpin balanced economic growth, and to create jobs and support the critical development of our private sector.

Ladies and gentlemen,

We need a sea port and an airport that have the capacity to service and support the building of our nation.

With all the goodwill in the world we will not be able to develop our tourism industry if people cannot fly to our country; and we will not be able to build our petroleum industry if we do not have a port to bring in the critical goods and heavy equipment that are needed.

We have completed the first stage of our infrastructure program which was building our national electricity generation and distribution network.

In this mandate of the new Government, we are committed to building a national port, a national airport and major roads.

This is an important part of the process of State building and it will drive our economic growth and our development.

Ladies and gentlemen,

Timor-Leste needs a new national port. We are currently dependent on Dili port for our general cargo imports and exports. The average growth in container handling of Dili port over the last 7 years has been almost 20% and the port is struggling to cope.

Limited port capacity already means that there can be a long berthing backlog and we often see many ships waiting in Dili harbour – and, as you know, waiting time costs money and causes inflation in our country. It also means that both cargo and passenger ships pass our country by.

If nothing is done, Dili port will be severely congested by 2015 which would come at a large economic cost to our people and result in a serious economic bottleneck. There is no room to expand the Dili port.

And so, we need a new national port. We will be building this port at Tibar Bay, a short distance from Dili.

Our plans are for a wharf that is capable of servicing large, modern ships including cruise ships. A benefit of building the Port at Tibar is that we will have scope to expand its capacity as our economy grows.

The Tibar port will require extensive dredging and the building of port facilities including a container yard, terminal buildings and mobile cranes. A new road project, supported by the Asian Development Bank, will also be built with sufficient capacity to cope with new port traffic.

I am pleased that today we have at this conference some of the world's top port operators as well as regional and national business leaders. I look forward to working together with you to build our national port.

Excellencies,
Ladies and gentlemen,

We also need to undertake major development of our airport because it does not have the capacity to meet the future demands of passengers, aircraft and safety.

Timor-Leste has identified tourism as a strategic industry to create jobs and grow our economy. Our tourist visa numbers have been growing strongly every year and we expect this growth to continue as the East Asian tourist industry expands rapidly.

We also have growing domestic demand for air travel as well as expected increasing demand as we develop our petroleum industry.

As Timor-Leste works towards full membership of ASEAN we also need an airport that can allow direct flights to ASEAN capitals and we need terminals and facilities which are appropriate for ASEAN delegates.

We are examining carefully our airport development options and needs which may include new terminal buildings, a car park precinct, freight and ground services, commercial spaces for retail, a longer runway, a sea wall and a bridge over Comoro River.

The airport development will be an important project for our nation and we are encouraged by the strong interest from domestic and international businesses and investors to partner with us.

Ladies and Gentlemen,

I am pleased that we have such senior representatives from global and regional firms with extensive experience of Public Private Partnerships.

There are, of course, different ways to finance and manage major infrastructure projects.

Public Private Partnerships will allow the Government to control projects while securing the benefits of private sector involvement. It will bring private sector expertise to build and operate while creating job opportunities for our people.

A Public Private Partnership will also transfer risks away from the Government to the private sector which will help to control building and operation costs as well as manage timing and delivery risks. This will help the Government to minimise its financial contributions while providing access to the technical and managerial skills of the private sector.

And we expect that international firms will partner with local business to create jobs and build our private sector.

And so, we will be conducting an open, transparent and competitive process to ensure that we obtain value for money and private partners that can deliver the best long term benefit for the Timorese people.

We welcome foreign investors to Timor-Leste and I know that the Minister for Finance, Emilia Pires, will soon outline our bright economic future.

We are a high growth emerging nation, with low tax rates and around \$12 billion in our Petroleum Fund which is growing every day. We are also fortunate to be in East Asia and to be able to leverage off the Asian powerhouses that are supporting the global economy.

I encourage you all to learn about our infrastructure plans and our proposed process during this conference. I also urge you to attend the site visits tomorrow of our airport as well as Tibar port to gain a greater understanding of what the projects involve.

I would like thank the International Finance Cooperation for working with the Government to organise this Investor Conference and for its support for the airport and Tibar port projects.

The Government is pleased that there is such strong interest in our infrastructure projects and our nation's development.

I look forward to working together with many of you in the future to build a better Timor-Leste.

Thank you very much.