La'o Hamutuk

Timor-Leste Institute for Development Monitoring and Analysis

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Translated from Tetum original

22 October 2012

To: Sr. Adérito de Jesus Soares, Anti-Corruption Commissioner Sr. Sebastião Dias Ximenes, Provedor for Human Rights and Justice

Re: Gastu estadu ba fuel boot liu kompara ho importasaun

With respect,

La'o Hamutuk is a Timor-Leste institute which has monitored and analyzed the development process here for more than ten years. This role is to help the state of Timor-Leste take decisions which truly benefit all Timor-Leste's people, including to strengthen a democratic state under rule of law.

This past 12 October, the National Statistics Department (DNE) of the Ministry of Finance launched its External Trade Statistics report for 2011. This report includes the value of goods imported from outside into Timor-Leste, as well as how much money we get from exports.

This report says that during 2011, Timor-Leste imported gasoline and diesel fuel, as well as aviation fuel and other mineral fuels including LPG and kerosene, with a total value of \$47.7 million. Specifically, our importation of gasoline and diesel totaled \$38.6 million, combining state, business and private users.

We compared this report with the 2011 Budget Execution Report published by the Ministry of Finance. We see that the 2011 Budget Execution Report says that during 2011 the State of Timor-Leste spent \$67.7 million for vehicle and generator fuel.

La'o Hamutuk sees that these two reports raise questions about state finances, because our state pays for more that it receives. Timor-Leste doesn't produce petroleum fuel, so all the fuel we use is imported from overseas. Therefore, our analysis² suggests some possible explanations:

- Fuel importers are charging the State a very high markup on the fuel they import, making a large profit.
- 2. A significant amount of fuel comes into Timor-Leste without passing through Customs.
- 3. The State is getting less fuel than it pays for.
- 4. The numbers published in one or both of these reports are wrong.

¹ http://www.mof.gov.tl/wp-content/uploads/2012/04/Q4FY2011 pt published.pdf

² http://laohamutuk.blogspot.com/2012/10/timor-leste-mos-selu-barak-liu-ba.html or http://laohamutuk.blogspot.com/2012/10/tl-govt-also-pays-too-much-for-fuel.html

However, it is difficult for us to be certain how to explain this discrepancy. Therefore, through this letter we are not accusing any institution or person. However, we think that this is very important information to give to the Anti-Corruption Commission and the Provedor for Human Rights and Justice, so that these institutions can conduct a thorough investigation to determine whether corruption or maladministration has indeed occurred in this process.

In the following table, in millions of U.S. dollars, we compare the amounts of fuel imports with the Budget Execution reports, during 2011 and during the first half of 2012.

Year	From Trade Statistics Reports			From State Budget Execution Reports	
	Item	Amount		Item	Amount
Full year 2011	Diesel fuel	\$27.354		Vehicle fuel for RDTL	\$8.457
	Gasoline	\$11.223		Generator fuel for RDTL	\$59.240
	Aviation fuel	\$2.008		Total state expenditure for fuel	\$67.697
	Other mineral fuels, kerosene, LPG	\$7.069	,	Vehicle fuel for non-state use (LH estimate) \$5.000
	Total imports of mineral fuels	\$47.654		Generator fuel for non-state use (LH est.)	\$4.000
	Total imports of gasoline and diesel	\$38.577		Total vehicle and generator fuel purchased	\$76.700
Jan- Jun 2012 ³				Vehicle fuel for RDTL	\$4.201
				Generator fuel for RDTL	\$37.441
	Total imports of mineral fuels	\$32.293		Total state expenditures on fuel	\$41.642

To close our letter, we hope that you will use this information to ensure that the people's money benefits all our people. If you have questions or need clarification or more information please contact: +670 7734 8703 ka juvinal@laohamutuk.org.

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Sincerely,

Juvinal Dias Charles Scheiner
La'o Hamutuk Natural Resources and Economy Team

Tonilia de F. dos Santos

CC:

- 1. RDTL Prosecutor-General
- 2. RDTL National Statistics Directorate
- 3. RDTL National Customs Directorate
- 4. Public

- 5. RDTL Minister of Finance
- 6. RDTL National Treasury Directorate
- 7. Media

Attachments:

- Excerpted merchandise import tables from the 2011 External Trade Statistics report
- Table from 2011 Budget Execution Report, page 12.

³ http://www.mof.gov.tl/wp-content/uploads/2012/10/Q2-FY-2012-pt-printed.pdf