

La'o Hamutuk

Timor-Leste Institute for Development Monitoring and Analysis

Rua Dom Alberto Ricardo, Bebora, Dili, Timor-Leste

Tel: +670-3321040 or +670-77234330 (mobile) email: laohamutuk@gmail.com

Website: www.laohamutuk.org



Statement from
La'o Hamutuk Institute
to
Timor-Leste and ASEAN member states
“Timor-Leste’s Accession to the 11th ASEAN Full Membership”
at the
47th ASEAN Summit in Kuala Lumpur, Malaysia

Introduction

At the 46th ASEAN Summit in Kuala Lumpur, the Prime Minister of Malaysia announced that Timor-Leste's accession to ASEAN as a full member is expected to be formalized at the 47th ASEAN Summit in October 2025. A working group has since convened to discuss aligning national laws and policies with the roadmap provided by ASEAN. The Government has committed to finalizing all political, legal, technical, and institutional preparations by the October Summit, particularly concerning core economic agreements. However, this ambition overlooks the reality that Timor-Leste has limited capacity to produce goods for the formal and cash economy. Joining ASEAN under these conditions could reduce the state's ability to protect its people from the pressures of regional economic domination.

Since the beginning, La'o Hamutuk has observed that Timor-Leste's preparations have focused predominantly on meeting the procedural criteria for accession, such as participating in meetings, events and public outreach, rather than strengthening the country's economic situation and productive sectors. In the absence of these fundamental elements, Timor-Leste may struggle to compete in regional markets and trade, as well as not benefitting fully from regional integration.

Protecting vulnerable people during ASEAN Integration

Economic and trade policies must safeguard the vulnerable population. We are concerned that ASEAN Free Trade Agreement will not protect Timor-Leste's domestic economy from external economic domination or ensure the competitiveness of local products. Currently, 66% of Timor-Leste's population relies on subsistence agriculture, small-scale businesses in traditional markets, and informal street vending. Unfortunately, this sector has yet to become a key driver of national economic growth or production.

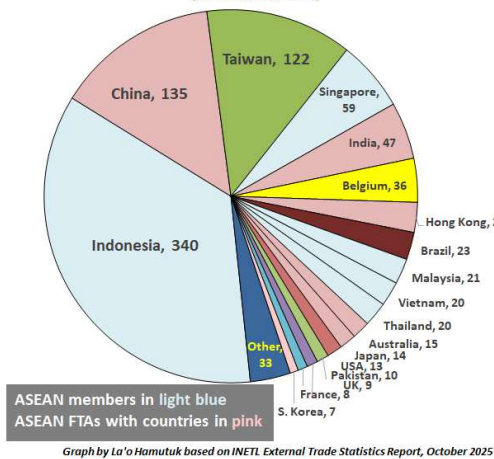
Despite the large number of people who depend on agriculture for their livelihood, Timor-Leste still doesn't have enough capacity to produce and meet our domestic demand, which makes it difficult to compete with the well-established agricultural industries of ASEAN members. Timor-Leste's small economy must first be able to produce, package, and distribute local products.

Therefore, Timor-Leste should avoid exposing all sectors to the ASEAN market simultaneously. Instead, we must pursue strategic negotiations with ASEAN partners to secure transitional periods for strengthening our private sector and informal economies before entering a highly competitive formal market. This period should be used strategically to invest in human resources, enhance local production, improve quality standards, and reduce costs, building the capacity of domestic businesses to integrate into the regional market in the future.

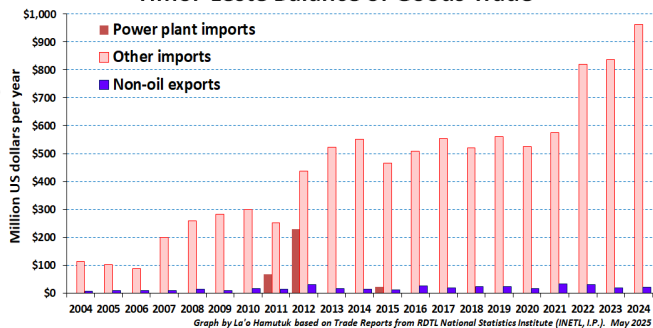
Also, Timor-Leste must identify and protect crucial sectors, particularly in domestic industries such as agriculture, livestock, fisheries, forestry, and small-to-medium craft industries. These sectors require targeted protection measures, which should be negotiated as part of a phased integration strategy with ASEAN. This includes securing transitional arrangements such as tariffs and other trade safeguards to ensure these industries can gradually become competitive without being overwhelmed by regional market pressures.

Timor-Leste can draw valuable lessons from the accession experiences of recent ASEAN members such as Cambodia, Laos, Myanmar, and Vietnam, which prioritize the strengthening of domestic production before exposing the domestic market to regional competition.

Where did TL import goods from in 2024?
(million dollars)



Timor-Leste Balance of Goods Trade



In 2024, Timor-Leste imported \$954 million worth of goods, while non-oil exports totalled only \$22 million (of which \$6 million went to ASEAN countries and \$6 million more to nations with free trade agreements with ASEAN). \$467 million (49%) of the imported goods came from ASEAN member states, with another \$220 million (23%) from countries which have free trade agreements with ASEAN, including China, Australia, Japan, India, and South Korea. This trade imbalance highlights Timor-Leste's dependence on imports, although we gain minimal export benefits in return. This situation raises concerns about future threats to national economic sovereignty. Policymakers should seriously consider how to strengthen the domestic economy and improve livelihoods before entering into free trade agreements.

Therefore, any future trade commitments must be negotiated with a clear strategy to protect essential sectors, support local industries, and ensure that integration into ASEAN delivers tangible benefits for the Timorese people.¹

Lack of Transparency, Sovereignty, and Public Participation in ASEAN Accession Weaken the Sovereignty of the RDTL

Timor-Leste's accession to ASEAN requires alignment with regional laws and procedures, including enacting complementary legislation on free markets, competition, exports, and imports. However, the process has lacked transparency and meaningful public participation—particularly from people who are key to the local economy. Accession to ASEAN is not only about improving government-to-government relations, but also must prioritize people-to-people engagement and reflect Timor-Leste's unique social and economic realities, rather than replicating models from other member states. Timor-Leste should define its economic and social policies based on its own national context and real-world situation, not merely copy pre-existing ASEAN models. Timor-Leste's historical struggle and current development context require a tailored approach to economic and social policy.

Without inclusive consultation, especially with local economic actors, ASEAN-driven reforms could undermine national aspirations and deepen structural vulnerabilities. The government must ensure that integration policies are grounded in the lived realities of its citizens and do not compromise national sovereignty.

Timor-Leste's ratification of the Treaty on the Southeast Asia Nuclear Weapons-Free Zone, despite not yet being a full ASEAN member, stands as a positive example of principled engagement. Future steps must follow this model—transparent, inclusive, and aligned with national priorities.

ASEAN Tolerates Human Rights Violations; TL Must Hold Firm to Its Principles

Timor-Leste is set to officially join ASEAN in October 2025, a moment that will be celebrated by political leaders, institutions, and the public, driven by expectations of economic benefits and strengthened regional peace and stability. However, this enthusiasm should not erase the painful memory of human rights violations committed by Indonesia between 1975 and 1999 with the support of all ASEAN governments, which continue to traumatize the Timorese people.

If ASEAN member states fail to support justice for past crimes in Timor-Leste, persistent impunity will continue to enable human rights abuses elsewhere such as the occupation of West Papua, military dictatorship and discrimination in Myanmar, extrajudicial killings in the Philippines and other serious violations. Timor-Leste's accession must be an opportunity to provide a model for Southeast Asian leaders based on the principles of democracy, freedom, and human rights, as reflected in international reports². In line with our principles, integrity, and credibility as a democracy, we must steadfastly adhere to Articles 8.1 and 10.1 of Timor-Leste's Constitution.

¹ <https://www.laohamutuk.org/econ/ASEAN/10ASEAN.htm>

² <https://freedomhouse.org/country/timor-leste/freedom-world/2025>

Recommendations

1. Timor-Leste must continue to uphold human rights globally and remain firmly committed to its fundamental principles.
2. The country must recognize that extractive industries are not sustainable sources of long-term revenue. Domestic revenue strategies should focus on developing non-oil sectors. Continued reliance on mining, oil and gas weakens Timor-Leste's position in a free market, especially given the absence of productive sectors which can drive long-term economic growth.
3. In preparing for policy adjustments, the Government should promote inclusive public participation and transparency at all stages. This includes the agreement on ASEAN approved by the Council of Ministers. We believe it is essential to incorporate public perspectives and the current socioeconomic realities, to create effective policies to safeguard the national economy from external pressures.
4. The government must prioritize annual investment planning through the state budget (OJE) to support strategic and sustainable sectors, particularly those that benefit the majority of the population, such as smallholder agriculture and informal economic activities. These sectors are key to accelerating economic diversification, which the government frequently cites as a pathway to sustainable development, especially through agriculture, community-based tourism, and small-scale manufacturing.
5. A robust value chain system must be established to strengthen production, support distribution, and ensure local products achieve competitive market value. In parallel, appropriate policies must be enacted to guarantee the availability, pricing, and quality of domestic goods, which will prevent the market from continuing to be dominated by imported goods.
6. It is necessary to implement digitized systems for customs procedures to reduce corruption, fraud, and delays.

In conclusion, La'o Hamutuk believes that Timor-Leste's accession to ASEAN must not be treated as an end in itself. The aspiration to become a member should serve as motivation for Timor-Leste to reflect inward, strengthen its foundations, and prepare to become a nation that is economically self-reliant.

Dili 25 October 2025

With respect,



Marta da Silva



Celestino Gusmão



Elizaria Febe Gomes



Charles Scheiner



Mariano Ferreira



Jonathan Gonsalves



Elia da Costa Araújo



Elivania Alves Correia