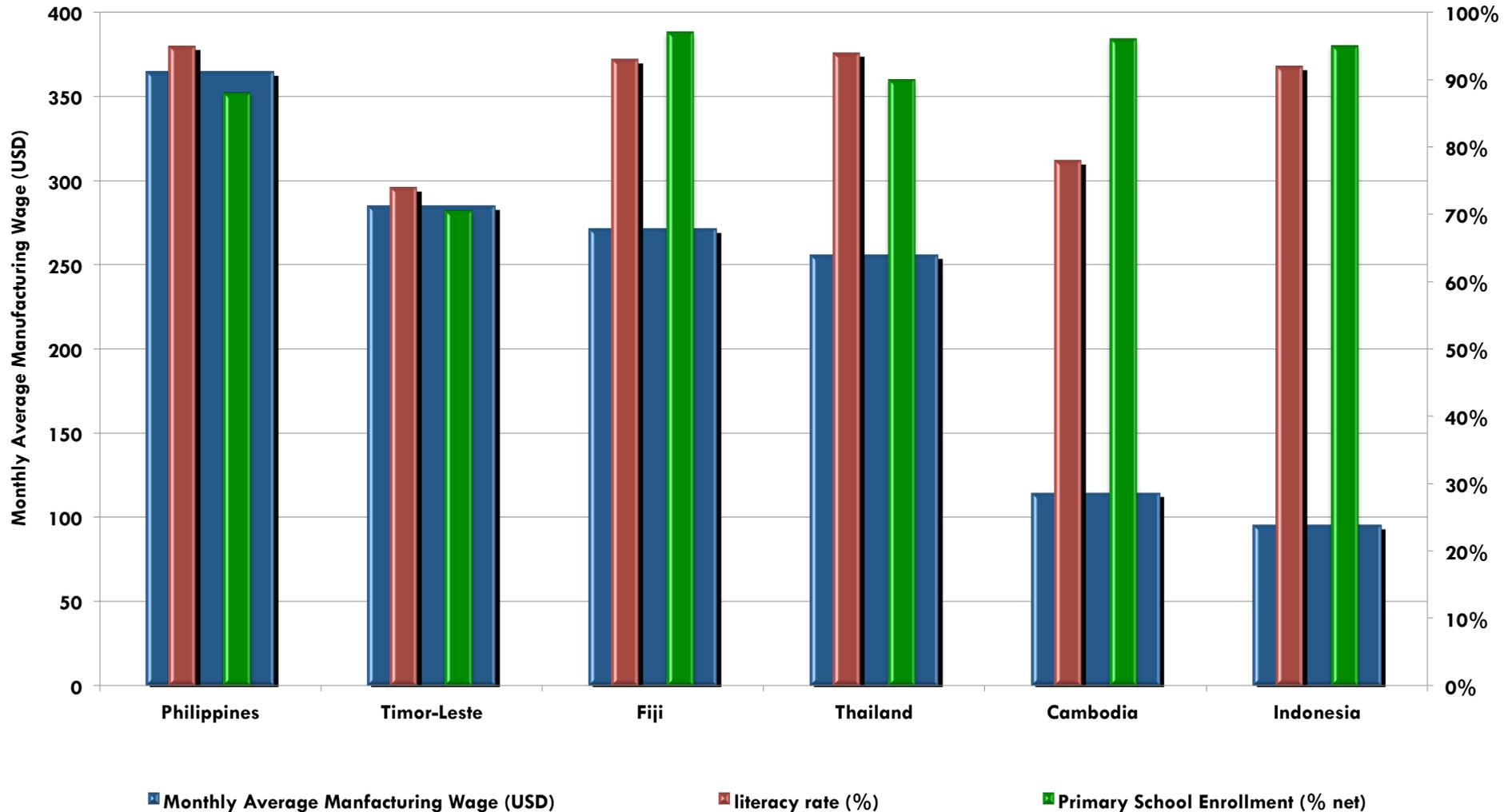


# CAN TIMOR-LESTE RELY ON ITS ENDOWMENT-BASED SECTORS TO ACHIEVE THE SDP TARGETS?



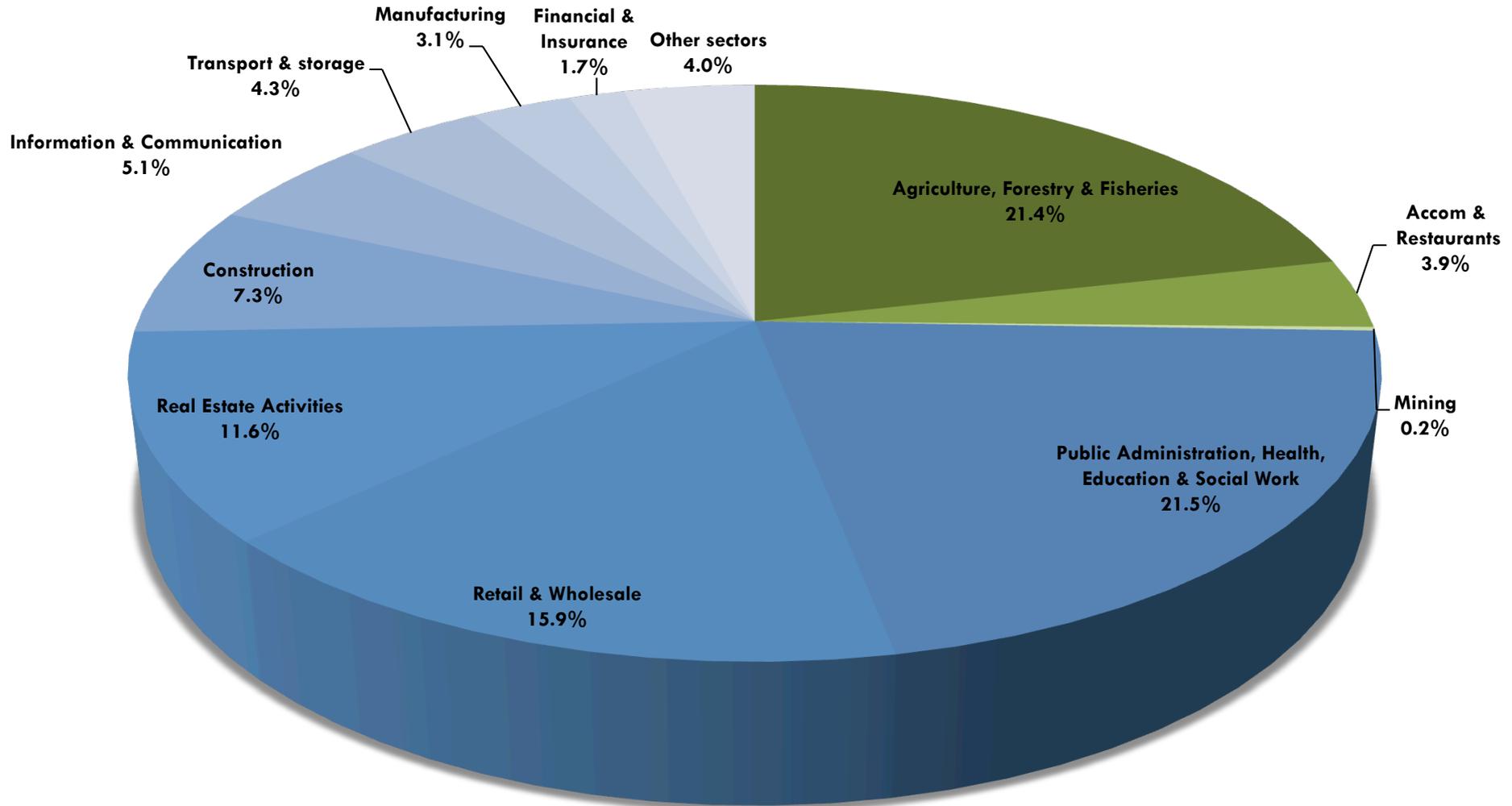
# Factors to take into consideration

2



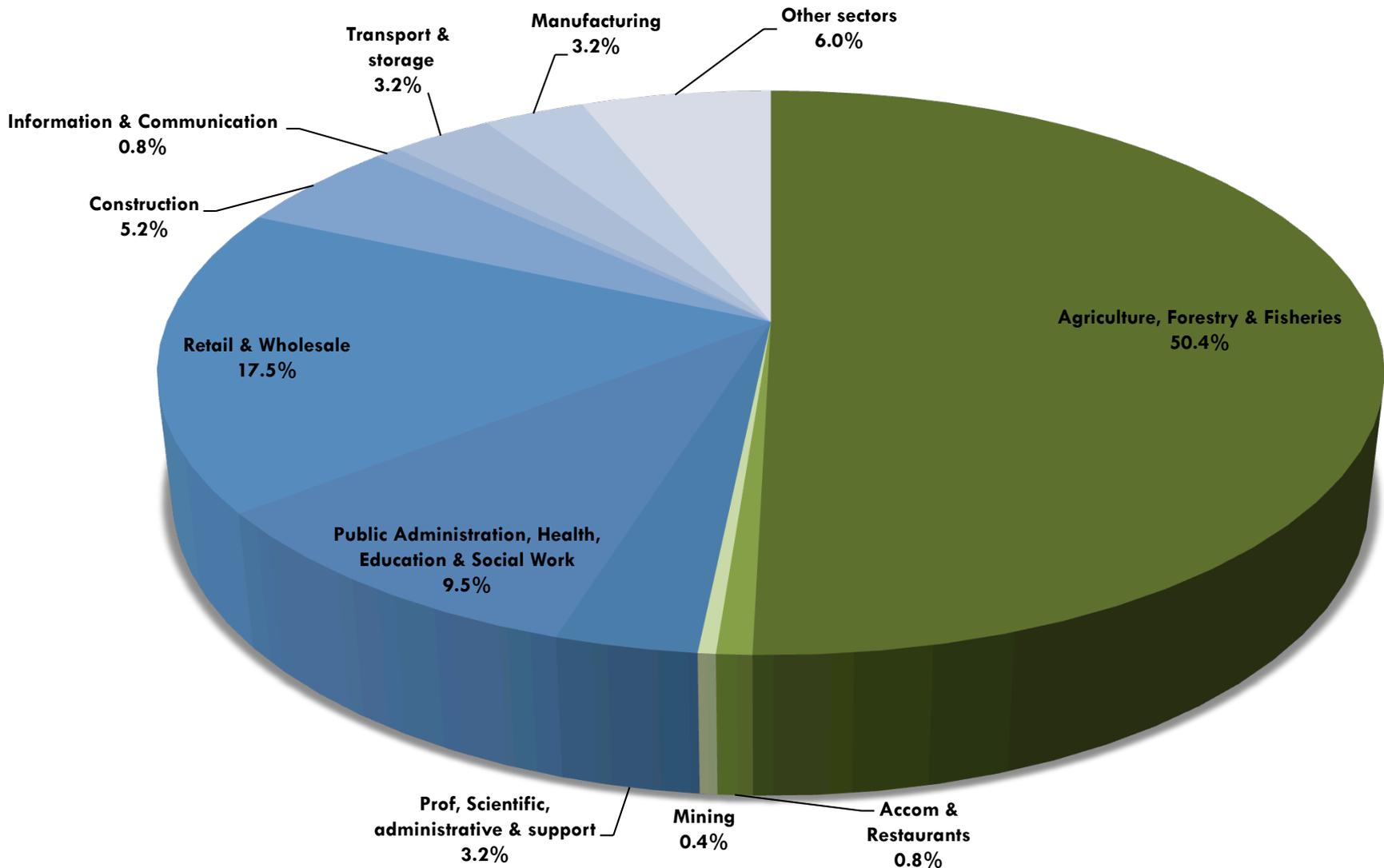
# GDP by Sector in 2010

3

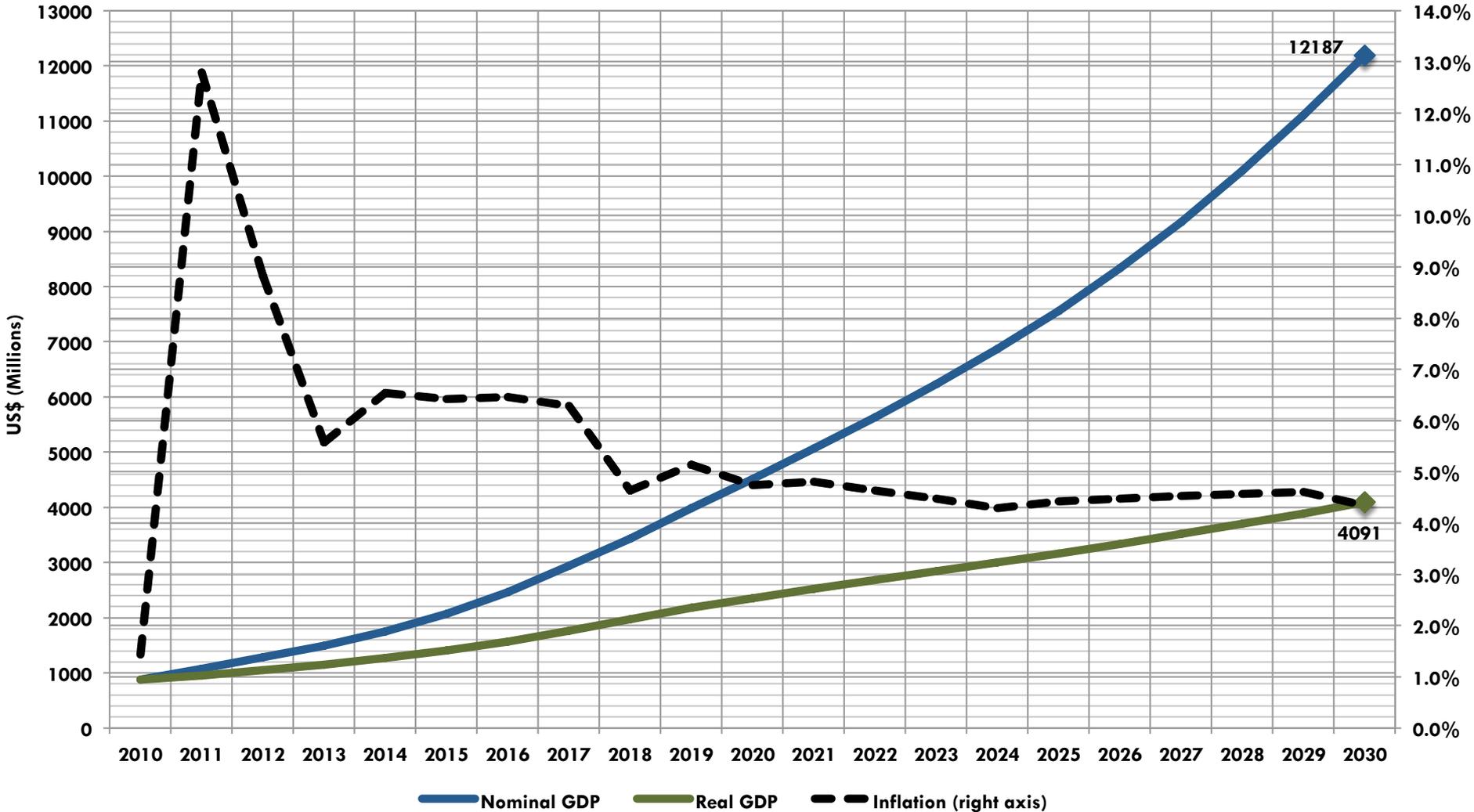


# Employment by Sector in 2010

4

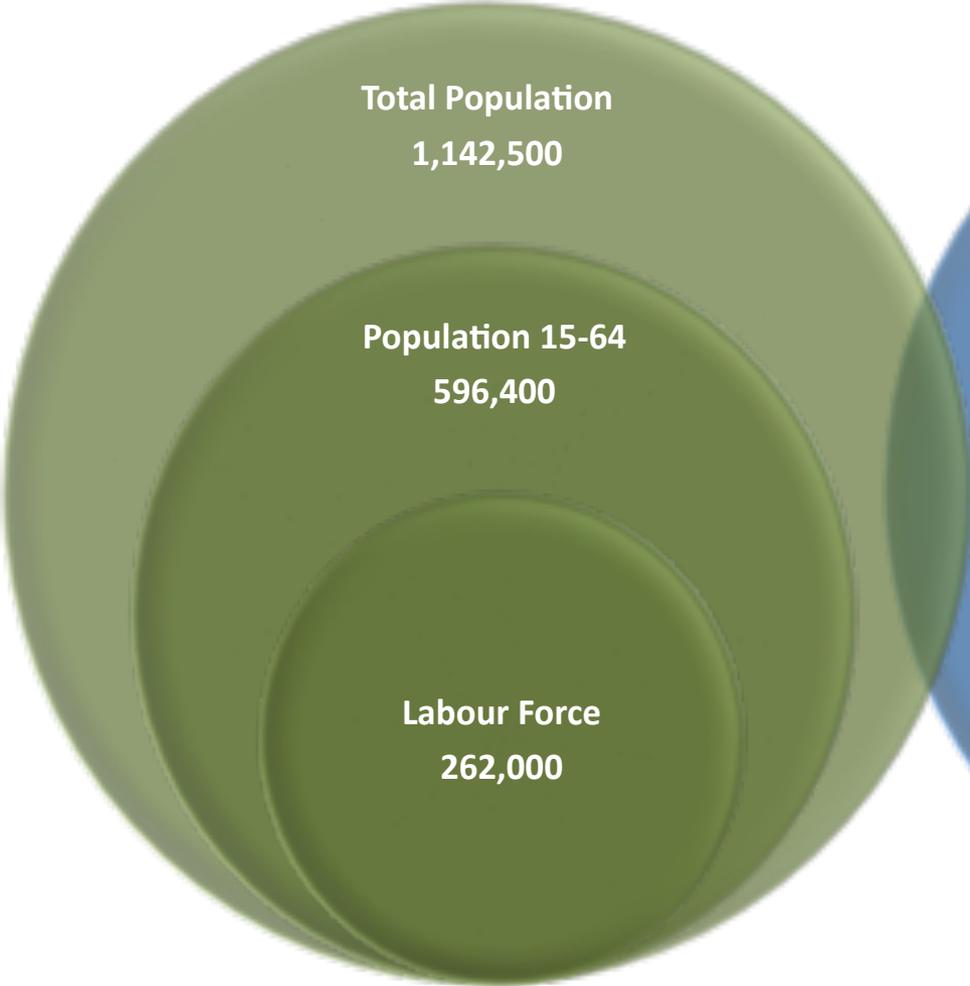


# 2030 Targets



# Population & Labour Projections

**2010**



**2030**



# How to estimate potential?

7

- Agriculture
  - ▣ Intensification
  - ▣ Extensification
  - ▣ Country case studies
- Tourism
  - ▣ Fiji
  - ▣ Vanuatu
- Upstream oil & gas
  - ▣ Revenues – Petroleum fund
  - ▣ Future potential - ANP
- Downstream oil & gas
  - ▣ Timor Gap projections

# Agriculture

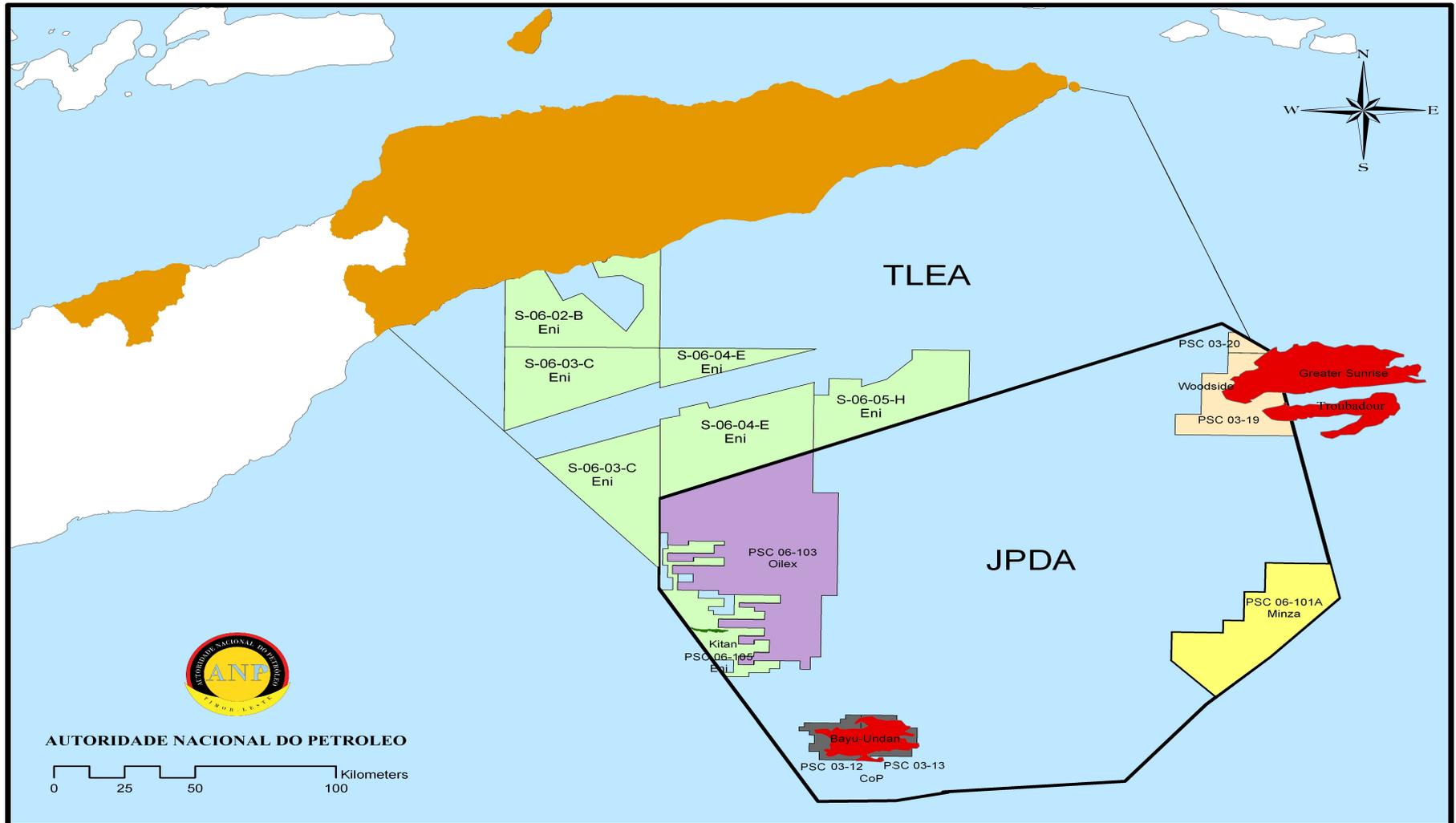
8

- Crops – Extensification, Intensification
- Cash Crops – Extensification, Intensification
- Livestock – Extensification, Intensification
- Fisheries – World average fish consumption
- Forestry – Indonesia comparison



# Upstream Oil and Gas

10

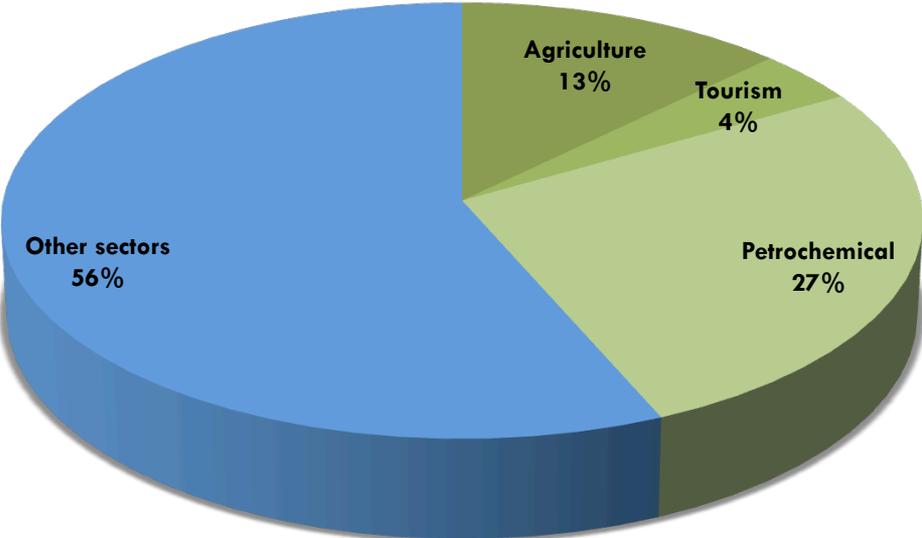


# Downstream Oil and Gas

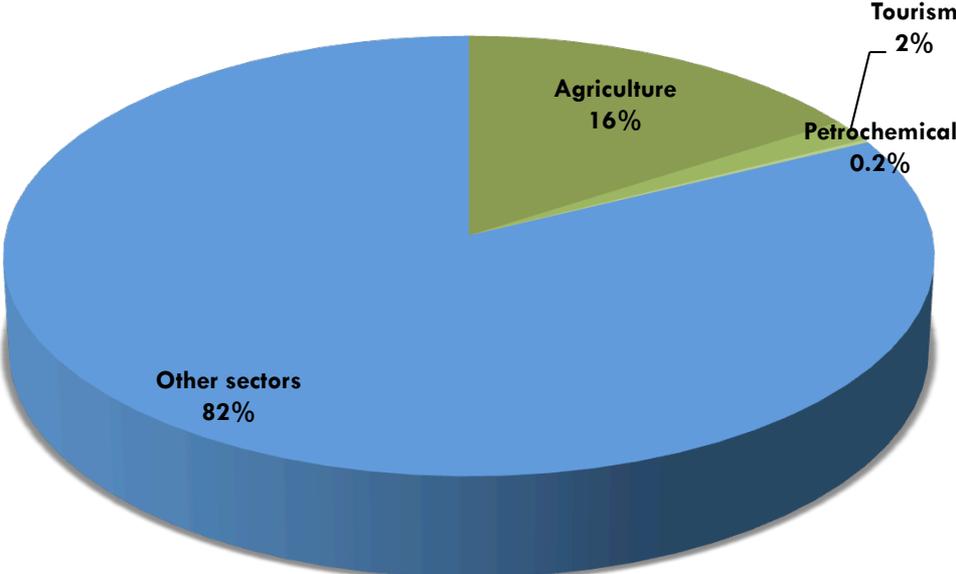


# Potential in 2030 – Scenario 1

### Non-oil GDP by Sector

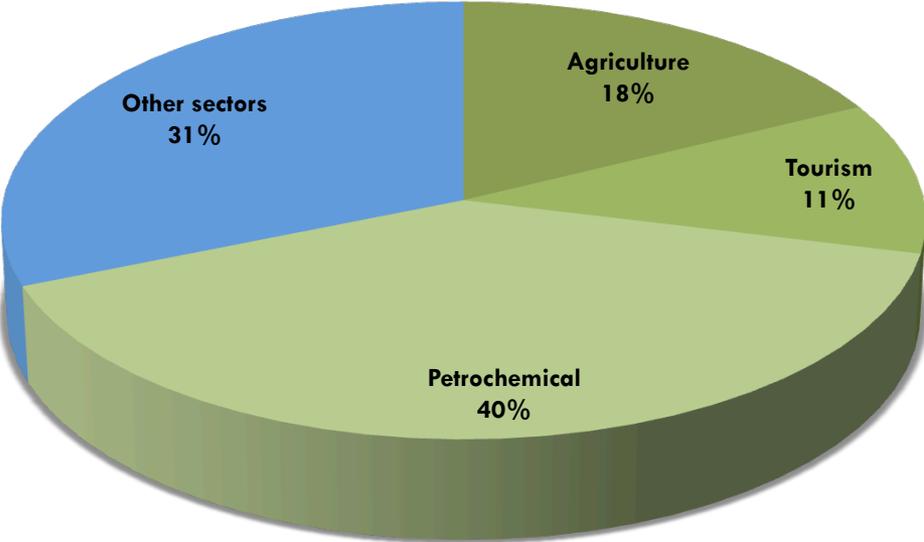


### Employment by Sector

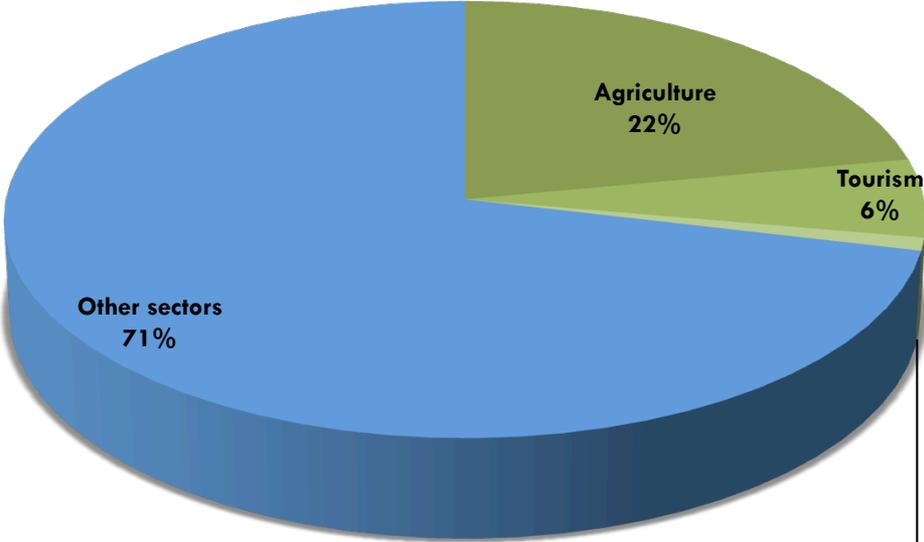


# Potential in 2030 – Scenario 2

### Non-Oil GDP by Sector



### Employment by Sector



Petrochemical\*  
1%

# Findings & Policy Recommendations

- I. There is significant growth potential in the agriculture, tourism and petrochemical. The GovTL should therefore prioritise these sectors by preparing sector specific short- and medium-term plans and investment strategies that are based on detailed cost-benefit assessments
- II. Apart from the macroeconomic benefits, a more productive agriculture sector has the potential to lower malnutrition rates, reduce inflationary pressure on food items and control population migration from rural to urban areas. Agriculture should therefore be prioritised in the short-term.

# Findings & Policy Recommendations (2)

- III. In line with experiences from other resource rich economies, the service sector is likely to play a key role in Timor-Leste's future economy. Services are based on human capital. Education and training of the future labour force is therefore of utmost importance. Improving labour productivity will also determine whether Timor-Leste can diversify its economy in the long run.
- IV. The petrochemical projects provide high GDP income, but few employment opportunities. Timor-Leste should therefore invest in these projects as long as they have a positive net present value.
- V. To boost private investment, the Government should clarify property rights. Apart from providing collateral for the financial sector, a land law would also provide security for investors and enable on-shore oil/gas and minerals explorations. The sooner Timor-Leste knows how much natural resource wealth it can rely on to support its economy, the easier it will prove to plan accordingly.

THANK YOU

