

**THE DEMOCRATIC REPUBLIC OF TIMOR-LESTE**

**TIMOR-LESTE  
DATA COLLECTION SURVEY  
ON  
COOPERATION FOR TIMOR-LESTE'S  
ACCESSION TO ASSOCIATION OF  
SOUTHEAST ASIAN NATIONS (ASEAN)  
  
FINAL REPORT**

**FEBRUARY 2013**

**JAPAN INTERNATIONAL COOPERATION AGENCY  
(JICA)**

**WORLD BUSINESS ASSOCIATES Co., Ltd.  
JAPAN DEVELOPMENT SERVICE Co., Ltd.**

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## The Organization of Timor-Leste's Government

Abbreviation	Name in English
MOA	Ministry of Agriculture and Fishery
MOC	Ministry of Commerce, Industry and Environment
MOE	Ministry of Education
MOF	Ministry of Finance
MOFA	Ministry of Foreign Affairs and Cooperation
MOJ	Ministry of Justice
MOT	Ministry of Tourism Trade and Industry
SST	Secretary of State for Professional Training and Employment (under the Vice Prime Minister & Coordinator of Social Affairs)
SSP	Secretary of State for Support and Promotion of the Private Sector (under the Presidency of the Council Ministers)
SSA	Secretary of State for ASEAN Affairs (A position in the Ministry of Foreign Affairs and Cooperation)
ASEAN National Secretariat	ASEAN National Secretariat (A division of the Ministry of Foreign Affairs and Cooperation)
N.Directorate of Industrial Crops	National Directorate of Industrial Crops and Agribusiness (A division in the Ministry of Agriculture and Fishery)
Focal Point	Focal Point (Officers in charge of ASEAN affairs in each Ministry)

**Remarks:**

「Secretary of State」 means both the officer of the government and a division of the government. There are three types of Secretary of State.

1. The three Secretary of State's under the Vice Prime Minister & Coordinator of Social Affairs. The Secretary of State for Professional Training and Employment is included in this group.
2. The five Secretary of State's under the Presidency of the Council Ministers. Secretary of State for Support and Promotion of the Private Sector is included in this group.
3. A high ranked officer in each Ministry. In general, every Minister is operated by Minister, Vice Minister and Secretary of State. The Secretary of State is the third highest position in the Ministry.

The details of 1 and 2 above are explained in the attached paper 3 "the Organization Chart of New Government of Timor-Leste". Every Secretary of State has an independent organization similar to the organization of Ministries. The leader of a Secretary of State is called as a Minister of State, the organization is called as an Agency.



The Secretary of State in the last group is the officer in each Ministry a chief of an office. The Secretary of State for ASEAN Affairs is the office in the Ministry of Foreign Affairs and Cooperation and a head of the department in charge of ASEAN issues. He is in the position to supervise the Director General in charge of ASEAN Affairs.

## Abbreviations about ASEAN and Others

Abbreviation	Name in English
ASEAN	Association of Southeast Asian Nations
ASEAN Communities	ASEAN Communities
ASEAN Economic Community (or, AEC)	ASEAN Economic Community
ACC	ASEAN Coordinating Council
Strategic Schedule for ASEAN Economic Community	Strategic Schedule for AEC
ASEAN6 (R1)	ASEAN6
CLMV (R2)	CLMV
ASEAN Dialogue Partners (R3)	Dialogue Partners
IAI (R4)	Initiative for ASEAN Integration
IAI Work Plan2 (R5)	
ADB	Asian Development Bank

**Remarks:**

- (R1) : It means Indonesia, Singapore, Thailand, Philippines, Malaysia and Brunei.
- (R2) : It means Cambodia, Laos, Myanmar and Viet Nam.
- (R3) : It means the countries who have regular cooperation with ASEAN. Ten countries are recognized as the dialogue partners at present; Japan, Korea, China, Australia, New Zealand, EU, India, Russia, USA and Canada.
- (R4) : The framework to narrow the development gap between ASEAN 6 and CLMV to improve the competitiveness in ASEAN.
- (R5) : The programs of IAI to be implemented during 2009 and 2015 to narrow the development gap between ASEAN6 and CLMV.

# Chapter 1 Outline of Survey

## 1.1 Background of the Project

Timor-Leste has achieved independence in 2002. It has become the national policy of Timor-Leste to be a member of ASEAN and various approaches have been taken before applying a membership. The ASEAN National Secretariat was established in Multilateral Affairs Division, Ministry of Foreign Affairs and Cooperation in January 2011 which has taken an initiative in the activities of Timor-Leste towards the ASEAN membership. Timor-Leste submitted the official application for membership to ASEAN in March 2011 which was discussed at the 19th ASEAN Summit in November 2011. The Summit ordered ASEAN Coordinating Council (ACC) to establish a working group for studying the application. On the other hand, Timor-Leste faces various difficulties to solve including the revision of domestic laws and regulations which must meet the basic policies and the agreements agreed among the ASEAN members. Another difficulty might be the shortage of talented people. Timor-Leste will hire a large number of new staff to send appropriate number of representatives to the ASEAN meetings which might be around 700 (R1) in total every year.

Upon the request of Timor-Leste Government, JICA sent an expert for investigating and analyzing the latest situation in the trade sector of Timor-Leste in October ~December 2010 and June ~August 2011. The expert assisted Timor-Leste people to complete a road map for Timor-Leste's accession to ASEAN. JICA also provided a study-visit of ASEAN National Secretariat people to Jakarta in October 24-30, 2011 for studying the basic documents about ASEAN. They visited the ASEAN Secretariat and several subordinate offices in Jakarta. JICA organized the second study-visit in February 20-24, 2012 sending 13 people selected from ASEAN National Secretariat and other departments of Timor-Leste Government. Japanese Government has expressed officially to support Timor-Leste's accession to ASEAN and would continue to provide necessary assistance to their activities for ASEAN membership. JICA would assist the activities of Timor-Leste to study the subjects relating to AEC (ASEAN Economic Community) which is one of the 3 major pillars to be implemented in the new ASEAN Scheme. Other major pillars are ASEAN Political-Security Community and ASEAN Socio-Cultural Community.

(R1): The number of ASEAN meetings was increased to a little less than 1000 in 2012 and will be increased to 1000 or more in 2013.

## **1.2 Purpose of the Survey**

It is the purpose of the Survey to collect information on ASEAN Agreements and Timor-Leste's situation relating to 4 major fields of ASEAN Economic Community, namely, trade, investment, industry development and food, agriculture & forestry. Based on information collected in the survey, the survey team estimates the economic impacts on the 4 major fields when Timor-Leste becomes a member of ASEAN. The team also summarizes the subjects which Timor-Leste must fulfill before their accession to ASEAN. The survey team makes a list of the fields and subjects to be assisted by Japan at the end of the report.

## **1.3 Methods of the Survey**

The survey was composed of the two activities, preparation period in Japan collecting information and data about Timor-Leste and ASEAN and the on the spot survey in Timor-Leste and Jakarta. The survey team had meetings with several Ministries of Timor-Leste as well as Government owned corporations to collect information about their activities for the accession to ASEAN. Timor-Leste may receive some economic impacts when becomes a member of ASEAN which was summarized by the survey team based on information and data collected during the on the spot survey. The survey team made a study-visit to Jakarta with 4 representatives of Timor-Leste government during the on the spot survey in Timor-Leste. The members of the study-visit had several meetings with the Ministry of Foreign Affairs of Indonesia and ASEAN Secretariat and collected information useful to enhance the activities of Timor-Leste for ASEAN membership. The table 1.1 shows the Ministries and the government owned companies who the survey team had meetings during survey in Timor-Leste.

**Table 1-1 Ministries and Government owned company of Timor-Leste who gave information and/or data to the survey team**

Ministry of Foreign Affairs and Cooperation
Ministry of Agriculture and Fishery
National Directorate of Industrial Crops and Agribusiness (A division of Ministry of Agriculture and Fishery)
Ministry of Finance
Macro Economic
Micro Economic
Customs
Ministry of Commerce, Industry and Environment
Secretary of State for Professional Training and Employment
Secretary of State for Support and Promotion of the Private Sector
Ministry of Justice
Ministry of Tourism Trade and Industry
Ministry of Education
National Commercial Bank

In addition to the authorities listed above the survey team had meetings with ADB (Asian Development Bank) and collected information about the issues and difficulty to be solved by Timor-Leste before joining ASEAN.

## Chapter 2 The Current Economic Situation of Timor-Leste

### 2.1 GDP and GNI

Table 2-1 shows the GDP and GNI in 2010. Table 2-2 shows the percentage change of GDP on preceding year.

Oil sector has a dominant share of 79% in GDP and 67% in GNI which shows that the economy of Timor-Leste depends on the oil resources. Eventually the slowdown of oil production leads the slowdown of the economic growth. According to the official announce of Timor-Leste Government a new oil field is now under the development. However, the slowdown of oil production is a sign of economic slowdown until when the new oil field starts production.

The percentage change of GDP on preceding year shows the strong growth of non-oil sector keeping two-digit expansion since 2007. The growth of 2010 is strong enough showing 9.5% increase though the growth rate did not maintain two-digit expansion. However, it is pointed out that the public sector has strong influence to the economy as shown in the tables of output by industries and imports. The Government expenditures lead the expansion of non-oil sector.

**Table 2-1 GDP and GNI in 2010**

Item	Oil Sector		Non-Oil Sector		Total	
	In Million US\$	%	In Million US\$	%	In Million US\$	%
GDP	3,255	79	875	21	4,130	100
GNI	2,110	67	1,057	33	3,167	100

Source: Timor-Leste's National Accounts 2004-2010

**Table 2-2 Percentage change of GDP on preceding year GDP (in real terms)**

(Unit :%)

	2005	2006	2007	2008	2009	2010
Oil Sector	77.6	78.9	(2.8)	11.6	(10.7)	(4.1)
Non-Oil Sector	6.5	(3.2)	11.6	14.6	12.8	9.5
Total	54.3	60.3	(0.8)	12.1	(7.0)	(1.5)

Source: Timor-Leste's National Accounts 2004-2010

### 2.2 Demography

Timor-Leste completed the first census in 2010 with following outcome.

Total Population : 1,066,582

- Residents in Dili Area : 234,331 (22% of Total Population)
- Residents in Dili City : 193,563 (18% of Total Population)
- Residents in Rural Area : 70.4% of Total Population (About 750,000)

Although the Timor-Leste Government has placed importance on infrastructure development, both the road and marine transportation have a lot of issues to be improved. According to the explanation of government officers, the considerable part of the rural area residents is forced to live in the self sufficient life without strong economic cooperation with urban areas.

Timor-Leste is a country of young population which is shown in the Table 2-3. The school system is same as the system in Japan. Children are expected to study for 6 years in elementary school, 3 years in junior high school and 3 years in senior high school. The generation of 14 years old and under is the group of school children and preschoolers in the Table 2-3. The group of 15~19 years old includes the students in senior high schools. Therefore, more than half of the total population is classified in the group of non-working population.

Working population is shown by employers in the Table 2-4. The table includes the working population of 15years old and older. The Agriculture and Fishery is the biggest industry which hires 76.2% of the working population. The total share of Government Authorities, United Nations and Non-profit Organizations is 8.7% which is higher than the share of Private Enterprises. The private enterprises remain in the very early stage of development. The ratio of unemployment is as low as 1.7%. However, the unemployment ratio may be lower than the actual situation since the Agriculture and Fishery industry seems to hire a lot of excess workers. The entrepreneurs in manufacturing may face hard circumstances since the market of Timor-Leste is not active due to the relatively small population, small working population and small number of consumers.

**Table 2-3 Population by Age**

Age	Population	%
0~5 years old	325,052	30.5
6~14	221,265	20.8
15~19	94,283	8.8
20~39	241,608	22.6
40~59	131,841	12.4
60~	52,533	4.9
Total	1,066,582	100.0

Source: Timor-Leste's census in 2010

**Table 2-4 Number of Employers (15 years old and over)**

Employer	Number of Employees	%
Government Authorities	17,412	5.5
United Nations	3,121	1.0
Non Profit Organizations	6,509	2.1
Private Enterprises	9,832	3.1
Self Employed	32,675	10.4
Agriculture, Fishery	239,455	76.2
Unemployed	5,418	1.7
Total	314,422	100.0

Source: Timor-Leste's census in 2010

Remarks

United Nations: the United Nations Integrated Mission in Timor-Leste completed its mission and left Timor-Leste at the end of 2012.

### 2.3 Output by industries

The Table 2-5 shows the output by industries and the Table 2-6 shows the output by industries in indexes.

The oil-gas sector increases the output drastically in 2005 and keeps high level production in 2006 and onwards. However, the production might hit the peak in 2008 and be in the downward trend right now. Although the agriculture is recognized to be the major industry in the plan of national development, the growth rate remains at a low level. The manufacturing industry shows stable growth since 2006 but the output in US dollar amount is about 1/5 of agriculture sector.

There are three industries which show remarkable growth, namely, "Construction", "Wholesale and retail trade", and "Information and Communication". The growth of "Construction" may owe the various projects of infrastructure developments supported by the Government. According to Secretary of State for Support and Promotion of the Private Sector Timor-Leste has a plan to complete 6 major projects by 2030. One of them may be signed with a main constructor in 2013. The construction industry may show sharp increase in a coming few years if the major projects move ahead in line with the original plan. Information and Communication industry has picked up growth rapidly and is expected to maintain the high growth rate in the future.

The output of Public Service has doubled in the last five years. The government leads the economic development using the revenue in the Oil-Gas Sector.



**Table 2-5 Output by Industries**

(Unit: in Millions of US\$)

	2006	2007	2008	2009	2010
Agriculture	216.4	211.4	226.5	243.7	241.4
Oil & Gas	3,914.9	3,914.6	4,319.6	4,153.5	3,842.5
Manufacturing	33.4	39.9	48.9	50.8	55.1
Construction	76.1	88.2	111.3	131.1	1,477.7
Wholesale & Retail	146.9	182.5	242.7	273.9	327.8
Information & Communication	23.2	31.4	38.4	59.1	86.4
Financial & Insurance	18.7	23.4	28.2	31.0	34.2
Real estate	76.3	88.9	98.6	101.6	110.1
Professional	11.7	16.5	20.5	23.1	24.1
Public administration	484.3	685.2	852.6	959.0	1,002.3
Total	5,001.9	5,282.0	5,987.3	6,026.8	7,201.6

Source: Timor-Leste's National Accounts 2004-2010

**Table 2-6 Output by industries in indexes**

(Unit : 2006=100)

	2006	2007	2008	2009	2010
Agriculture	100	98	105	113	112
Oil & Gas	100	100	110	106	98
Manufacturing	100	119	146	152	165
Construction	100	116	146	172	194
Wholesale & Retail	100	124	165	186	223
Information & Communication	100	135	166	255	372
Financial & Insurance	100	125	151	166	183
Real estate	100	117	129	133	144
Professional	100	141	175	197	206
Public administration	100	141	176	198	207
Total	100	106	120	120	144

Source: Calculated based on Table 2-3

## 2.4 Value added of Agriculture Industry

The Table 2-7 shows the value added of Agriculture industry and the table 2-8 shows the value added in indexes.

There was overall reduction in Agriculture industry in 2010 which was caused by the excess rainfall. Rice is recognized to be the principal food and shows stable increase in the amount of value added however the gross amount remains lower than those of maize and vegetables. The demand for rice is larger than domestic production and the import of rice is almost equal to the value added by domestic production. Although the government promotes the production of rice and the farmers utilize fertilizers and agricultural chemicals to improve the production, the growth ratio of rice production remains at a low level. The fruits, vegetables and cattle are also major products in the agriculture sector. Their productions have been stable for many years.

According to the Ministry of Agriculture and Fishery, the productivity of agriculture sector is difficult to improve due to relatively small fields reclaimed in slopes and old fashioned farming methods. Because of the unreliable inland transportation many farmers face other difficulties in sending their products to urban markets. They live in self-sufficient in the rural areas. The agriculture sector can increase the production sharply if the Ministry of Agriculture and Fishery succeeds in improving the farming methods and expanding the farming fields as well as improving the domestic transportation.

**Table 2-7 Value added by Commodities (in real terms)**

(Unite: in millions US\$)

	2006	2007	2008	2009	2010
Rice	10.9	11.9	15.8	23.0	17.2
Maize	27.0	16.2	22.7	30.6	23.6
Fruits	12.0	11.5	11.8	12.1	12.3
Vegetables	38.4	39.5	40.4	41.5	42.5
Livestock	26.7	27.0	27.3	27.7	27.9

Source: Timor-Leste's National Accounts 2004-2010

**Table 2-8 Value added: in Indexes**

	(2006=100)				
	2006	2007	2008	2009	2010
Rice	100	106	145	211	158
Maize	100	60	84	113	87
Fruits	100	96	98	101	103
Vegetables	100	103	105	108	111
Livestock	100	101	102	104	104

Source: Calculated based on Table 2-5

## 2.5 Exports and Imports

The Table 2-9 shows the export amount by commodities except “Oil and Gas” sector. The export industry of Timor-Leste is a typical mono culture as the coffee bean has been the major commodity keeping around 95% share in total export amount. The large part of coffee production is purchased by an American Company who operates the coffee shops all over the world. The export of Timor-Leste relies on single commodity, coffee bean, and also relied on a single customer. The coffee of Timor-Leste is known as an organic growing product and exported mainly by the coffee cooperatives. Timor-Leste Government has a plan to increase exports of agricultural products other than coffee beans. Timor-Leste made some trials of exporting agricultural products to Australia but could not develop them into regular movements.

**Table 2-9 Export by commodities other than Oil & Gas (in real terms)**

(Unit: in millions of US\$)

	2006	2007	2008	2009	2010
Export of Goods	12.9	13.3	18.6	14.6	28.0
Coffee	12.5	12.5	17.9	14.0	27.1
Share of coffee	97%	94%	96%	96%	97%
Export of Services	37.4	51.1	60.4	68.6	69.5
Government	26.0	34.4	33.5	40.5	37.2
Tourism	7.9	13.0	21.1	22.6	25.6
Transportation	0.3	0.3	0.4	0.5	0.8
Gross Total	50.3	64.4	79.0	83.2	97.5

Source: Timor-Leste's National Accounts 2004-2010

Table 2-10 shows the import by commodities. Although Timor-Leste produces oil and natural gas, Timor-Leste imports various oil products because no oil refinery operates in the country. As for non-oil sector, there are two major items, “Coal for fuel” and “provisions”. Another important item is the various imports by the International Supporters including the United Nations Integrated Mission in Timor-Leste. As the statistics was compiled using the international commodity classification (HS Come), the table should include many items with small amounts. In order to simply the table “Others” becomes a major item gathering the commodities with small amount.

With regard to the import of “Services”, “Government” is one of the major items and “Construction” is another major item showing sharp increase since 2009. The growth of construction industry relies on the expenditures of the government who nominated foreign builders for the various projects of infrastructure development. As for the international transportation, the import of “Tourism” shows steady increase. The export of “Tourisms” also makes steady increase which means the traders, tourists and visitors have been increased gradually. The import of the “Transportation” in Services is larger than the export of “Transportation” because of the less development of Timor-Leste’s international transportation industry as well as the gap between the import and export goods.

**Table 2-10 Imports by Commodities (in real terms)**

(Unit: in Millions of US\$)

	2006	2007	2008	2009	2010
Import of Goods					
Oil products	410.8	609.2	519.0	758.9	587.2
Non-Oil	195.8	195.1	263.7	345.8	317.7
Total	606.6	704.3	782.8	1104.7	904.8
Non-Oil Sector					
Cereals & Vegetables	23.6	21.1	21.7	34.6	18.6
Rice	17.5	14.0	18.7	31.0	13.9
Provisions	12.7	12.1	17.3	19.4	25.1
Coal (for Fuel)	52.9	35.9	50.1	39.7	33.2
Machineries and Electronics	13.9	13.7	27.3	40.2	36.6
Transportation Equipment	8.9	13.3	33.0	54.4	53.1
Import by Int'l Supporters	24.4	61.8	50.4	64.6	51.8
Others	41.9	23.2	45.2	61.9	85.4
Import of Services					
Transportation	18.3	21.8	27.8	40.1	30.5
Tourism	20.2	24.3	27.7	35.5	42.5
Construction	19.7	25.7	63.5	255.9	321.9
Government	281.2	466.3	525.1	525.5	562.1
Others	39.3	40.0	83.3	109.5	101.7
Total	378.7	578.1	727.4	966.5	1058.7
Gross Total (Non-Oil)	574.5	773.2	991.1	1312.3	1376.4

Source: Timor-Leste's National Accounts 2004-2010

Remarks: "Import by Int'l Supporters" is the various items imported by the International Supporters including the United Nations Integrated Mission in Timor-Leste

**2.6 Activities of Private Enterprises**

Table 2-11 through 2.15 shows the activities of private enterprises. The industrialization of Timor-Leste is at the early stage of development. The total population of Timor-Leste is about 1.1 million and half of them are living in rural areas. The demographic structure leans to young generations and the 70% of the population might be students and preschoolers. Eventually, both the labor supply and the domestic consumption are small. The geographic location of Timor-

Leste is not suitable to export of the domestic products. These are all negative incentives for industrialization in Timor-Leste. With regards to the private enterprises, the employees in manufacturing industry are only 3,400 which are 7% of the total employees working in the private enterprises.

The capital of Dili is only the center of business in Timor-Leste. The total number of employees working in private enterprises in Dili is 82% of the total number of employees in private enterprises. As most of private enterprises are making business in Dili, the workers can get good monthly payments in Dili which is much higher than payments in other areas. The average annual payment in Dili is US\$2,100 against US\$900 in other areas which is only 43% of the payment in Dili.

The Table 2-15 shows the average payment of “Workers in Manufacturing” in the ASEAN countries. The average annual payment for workers in manufacturing industry in Timor-Leste is US\$1,700 which is higher than the payment in Viet Nam, Myanmar and Cambodia. As the manufacturing industry of Timor-Leste is at the early stage of development, the workers in manufacturing industry are the skilled workers with many experiences. However, the workers in Viet Nam, Myanmar and Cambodia may undertake simple works at production lines. The skill may be one of the reasons to keep the average payment in Timor-Leste higher than the payments in the three countries of ASEAN. The average payment in Timor-Leste may be reduced when the private enterprises in manufacturing sector hires many employees for simple works. However, it may be difficult to reduce the average payment in Timor-Leste lower than Myanmar and Cambodia due to the limited supply of labor force.

**Table 2-11 Number of Employees in Private enterprises in 2010**

(Unit: person)

	Male	Female	Total
Workers	32,700	14,000	46,700

Source: Business Activity Survey of Timor-Leste 2010

(“Remarks” and “Source” are applied to Table 2-11 through 2.14)

Remarks

- Private enterprises only
- Excluding workers in agriculture, taxi drivers, Truck drivers and self-employed persons in small family businesses
- including workers in coffee cooperatives

**Table 2-12 The number of Employees in Major industries in 2010**

(Unit: Person)

Industry	Employees	%	Average Annual Payment (US\$ )
Manufacturing	3,400	7	1,700
Construction	6,400	14	1,400
Wholesale & Retailers	12,100	26	1,700
Accommodation & Food Service	5,700	12	1,400
Others	19,100	41	2,300
Total	46,700	100	1,900

Remarks:

“Manufacturing”: There is no detailed explanation of contents. Judging from the criteria of the statistics and on the spot survey, following manufacturers may be involved.

- Bakery
- Printing
- Furniture
- Wooden Building materials
- Concrete building materials
- Sign boards

“Others”: There is no detailed explanation of contents. Following occupations and professionals may be included.

- Real Estate Agents
- Doctors, Teachers, Real estate surveyors and other professionals
- Customs Brokers, Travel Agents and other service providers
- Automobile and motorcycles repair shops

**Table 2-13 Employees by geography in 2010**

(Unit: person)

	in Dili	Districts	Total
Employees	38,500	8,200	46,700

**Table 2-14 Average Wage of private enterprises in 2010**

(Unit: in US\$/year)

	in Dili	Districts
Average wage	2,100	900

**Table 2-15 Average Annual Wage in ASEAN Countries (Workers in Manufacturers)**

(Unit: in US\$/year)

Country	Monthly wage x 12	Annual cost of Employer
Singapore	14,460	20,852
Indonesia (Jakarta)	1,812	3,454
Malaysia (Kuala Lumpur)	4,128	4,197
Thailand (Bangkok)	3,432	4,449
Philippines (Manila)	3,900	3,606
Viet Nam (Ho chi minh)	1,560	1,903
Myanmar (Yangon)	816	547
Cambodia (Phnom Penh)	984	---
Reference only : Shanghai	5,268	---
Reference only : Nagoya	46,648	---

Source: JETRO (Survey in 2009)

**2.7 Current Economic Situation of Timor-Leste and ASEAN**

The relationship between Timor-Leste and ASEAN is explained in the 4 major fields, Trade, Investment, Industrial Development and Food, Agriculture and Forestry.

**2.7.1 Trade**

Coffee is the only export commodity for Timor-Leste (Table 2-9). Vietnam and Indonesia are major coffee producers in ASEAN countries. The production of Timor-Leste is not large enough to increase the share of ASEAN in the world market when Timor-Leste becomes a member of ASEAN. Timor-Leste may make the ASEAN coffee rich in variety.

Timor-Leste exports oil and gas via Australia (Table 2-1, 2.2, 2.3). As ASEAN has projects to supply natural gas using pipelines beyond national boundaries among members, Timor-Leste may have a chance to supply gas to ASEAN members by pipelines. However, because of the geographical location Timor-Leste may face technical and cost difficulties in joining to join the ASEAN regional pipeline scheme.



As the domestic manufacturing industries are still early stage of development, Timor-Leste imports all industrial commodities right now. The total volume of imports may remain stable when Timor-Leste joins ASEAN. Timor-Leste cannot enhance the regional trade when they became a member of ASEAN. The imports of Timor-Leste may increase in line with the development of domestic industries.

### **2.7.2 Investment**

The output of manufacturers was increased by 21.7 million US dollars in the last five years. But there is no significant development in manufacturing. Although the growth ratio is large enough, the output of Manufacturing is 23% of Agriculture section in 2010. The total employees in manufacturing remain as small as 3,400 people in 2010. As the manufacturing of Timor-Leste remains at the early stage of development, Timor-Leste may face difficulties in cooperating with other ASEAN countries to develop the target of single production base. Timor-Leste may not be able to invite foreign direct investments when Timor-Leste joins ASEAN. Timor-Leste government takes necessary actions to invite more investments in the manufacturing industry. However the industry may take time to make significant development. Eventually, Timor-Leste is unable to invite more foreign direct investments for the time being and is forced to find some ideas to support ASEAN collecting investments from foreign countries.

### **2.7.3 Industry Development**

As Timor-Leste is at the early stage of industrialization, there are a lot of chances of industry development. There are also various chances of development in Agriculture industry, especially the fruits, vegetable and livestock productions since the outputs of these items have been constant for several years.

Fruits	2006 : 105 Million US Dollars	2010 : 108Millon US Dollars
Vegetables	2006 : 105 Million US Dollars	2010 : 116Millon US Dollars
Livestock	2006 : 102 Million US Dollars	2010 : 107Millon US Dollars

Timor-Leste can invite new production methods and management know-how from ASEAN countries when Timor-Leste becomes a member of ASEAN which would enhance the industrial development. Timor-Leste may invite more investments from ASEAN and other countries because the membership ASEAN may make Timor-Leste known in the world as a table country. The industrial development may start with the growth of agricultural products and agricultural processed products. The manufacturing sector will join the growing group later. Timor-Leste has good potential to hire reliable people who would lead the industrial development. Because of the limited number of good positions in Timor-Leste many highly educated persons find suitable jobs in abroad right now. They may be able to find new jobs in Timor-Leste when the industries

make some growth in Timor-Leste and they would become strong leaders to enhance the industrial development.

#### **2.7.4 Food, Agriculture and Forestry**

This industry is supported by agriculture since fishery and forestry are small-scale sectors at present. It is the national target to achieve self-sufficient in food especially rice. However, the productivity of rice remains stable for several years and Timor-Leste imports large amount of rice mainly from ASEAN countries.

Value added of Domestic Rice production

2009: 23.0 Million US Dollars    2010: 17.2 Million US Dollars

Amount of Rice import

2009: 31.0 Million US Dollars    2010: 13.9 Million US Dollars

The Ministry of Agriculture and Fishery provides various schemes to increase rice production. The Ministry is going to implement Australian standards for food safety and quality control. They are proud of the Australian standards and sure the standards would meet the ASEAN standards and the agricultural products of Timor-Leste would be accepted in ASEAN region. However, it may be necessary for Timor-Leste to confirm with ASEAN that the Australian standards can meet or supersede the ASEAN standards.

### **2.8 Summary of Current Economic Situation of Timor-Leste**

The economy of Timor-Leste keeps sharp increase. Thanks to the government expenditures the non-oil section has maintained annual growth of 10% or more. Timor-Leste government promotes infrastructure development using the rich fund reserved in the oil section. The expenditures in the infrastructure development lead the growth of non-oil sector.

With regard to the private sector, Construction and IT Communication are two major industries showing rapid growth. Although the agriculture sector is expected to be a leader of economy, the growth ratio remains low for several years. The manufacturing sector is at the very early stage of development. The government understands the current situation well and takes various actions to enhance the productivity in agriculture and manufacturing sectors. It is unable to recognize the outcome of their actions right now, however, some positive outcome can be expected in a coming few years.

It is the major target at present to shift from the economic growth led by government to the growth led by private sector. As there is no leading company in the private sector, many industries are expected to lead the growth jointly. The private sector will receive strong

economic impacts when Timor-Leste becomes a member of ASEAN.

## Chapter 3 Outline of ASEAN Economic Community

### 3.1 Treaties and Agreements of ASEAN Economic Community and 「Strategic Schedule for AEC」

#### 3.1.1 Treaties and Agreements of ASEAN Economic Community

Treaties and Agreements on ASEAN Economic Community are listed in the Attached Paper #1 . The most important treaties and agreement are shown in the Table 3-1. The major Agreements in the 4 major fields are 49 in total and listed in the Table 3-2.

**Table 3-1 Important Treaties and Agreements of ASEAN**

Item	Field	Treaties/Agreements	Year
Agreements	ASEAN		
		ASEAN Declaration	1967
		Treaty of Amenity and Cooperation in Southeast Asia	1976
		Agreement on ASEAN Secretariat	1976
		Declaration of ASEAN Concord 2 (1)	2003
	AEC		
		ASEAN Vision 2020	1997
		ASEAN Chapter (2)	2007
		ASEAN Trade in Goods Agreement (ATIGA) (3)	2009

Remarks

(1) Declared the plan to establish ASEAN Community with 3 sub-communities

(2) This is a treaty to bind the activities of members.

(3) ATIGA includes the following Agreements.

ASEAN preferential Trading Arrangements (1977)

ASEAN Agreement on Customs (1977)

Framework Agreement on Mutual Recognition Arrangements (1988)

e-ASEAN Framework Agreement (2000)

Protocol Governing the implementation of ASEAN Harmonized Tariff Nomenclature (2003)

Agreement to establish and implement the ASEAN Single Window (2005)

Source: summarized by the survey team based on the 「Strategic Schedule for AEC」

**Table 3-2 Treaties and Agreements in 4 Major Field**

	Treaties/Agreements	(of which)
Trade	9	
Free Flow of Goods		7
Free Flow of Services		2
Investment	11	
Free Flow of Investment		1
Free Flow of Capital		10
Industrial Development	17	
Competition Policy		1
Consumer Protection		1
Intellectual Property Rights		1
Transportation and Communication		7
Energy		1
Tourism		6
Food, Agriculture and Forestry	12	
Total	49	

Source: summarized by the survey team based on the 「Strategic Schedule for AEC」

### 3.1.2 「Strategic Schedule for AEC」

The target of ASEAN Economic Community (AEC) is listed in the AEC Blueprint which has four pillars. Each pillar has a goal.

Pillar 1: Single Market and Production Base

Pillar 2: Competitive Economic Region

Pillar 3: Equitable Economic Development

Pillar 4: Integration into the Global Economy

The 「Strategic Schedule for ASEAN Economic Community」 is a roadmap to fulfill the AEC blueprint. There are four time frames by 2015 when AEC (ASEAN Economic Community) is achieved. Each time frame has various measures to be completed in the period. The time frames are 2008-2009, 2010-2011, 2012-2012 and 2014-2015. The 「Strategic Schedule for AEC」 may be almost fulfilled or fully completed when Timor-Leste joins ASEAN. Timor-Leste is recommended to fulfill the strategic issues in the 「Strategic Schedule for AEC」 during the preparation period before the accession to ASEAN. The survey team rewrites the 「Strategic Schedule for AEC」 into a checking sheet for Timor-Leste to evaluate their activities for

ASEAN membership (Attached Paper #2). Table 3-3 shows the Strategies and Initiatives listed in the 「Strategic Schedule for AEC」. The total number of Strategies and Initiatives is 256 including 96 for Trade, 43 for Investment, 95 for Industrial Development and 22 for Food, Agriculture and Forestry

**Table 3-3 Strategic Schedule for AEC: Number of strategic issues**

	issues	(of which)
Strategic Schedule of AEC	256	
Trade	96	
Free Flow of Goods	72	
CEPT		1
Tariffs Reduction		2
Elimination of Tariff		16
Elimination of Non-Tariff Barriers		5
Rules of Origin		4
Trade Facilitation		4
Customs Integration		10
ASEAN Single Window (R1)		5
Standards and Conformance		25
Free Flow of Services	24	
Services Liberalization under AFAS		20
Mutual Recognition Arrangements ( MRA's)		4
Investment	43	
Liberalization of Financial services		6
Free Flow of investment		18
Free Flow of Capital		19
Industrial Development	95	
Free Flows of Skilled Labor		3
Priority Integration Sectors		2
Competition Policy		3
Intellectual Property Rights		31
Infrastructure, Taxation, E-Commerce		
Singapore-Kumming Rail line, Road Safety Requirements		3
Framework Agreement on Multimodal Transport		3
Framework Agreement on Goods in Transit		3
Framework Agreement on Inter-State Transport		7
Roadmaps for Integration of Air Travel Sector		9
Roadmaps for Integrated and Competitive Maritime transport		4
Information Infrastructure		9
Content Industry		1
Energy Cooperation		10
Trans-ASEAN Gas Pipeline		7
Food, Agriculture and Forestry	22	

Source: summarized by the survey team based on the 「Strategic Schedule for AEC」

Remarks;

#### R1. Single Window

ASEAN is promoting Single Window for trade. It is the first target of ASEAN to introduce Single Window for Customs procedures which would be expanded to the whole procedures relating to export and import. Single Window is a scheme to accept one application for various approvals of government authorities. For instance, the importer of food items must obtain the approvals of authorities about the food security, brand name (not encroach copyright), price (no dumping) and remittance to the exporter. The importer can obtain these approvals with one application to the office handling Single Window.

### 3.2 ASEAN Economic Community Scorecard

Some people expect that the inauguration of ASEAN Community may be delayed because the member countries are running behind the schedule to complete the targets in the AEC Blueprint. The current situation can be confirmed in the AEC Scorecard disclosed by ASEAN Secretariat. Table 3-4 shows the outline of the scorecard in 2012. The Phase 2 shows the current position. It is true that some items are not completed in the scheduled period. However, ASEAN is still trying to complete everything in the AEC Blueprint by 2015. Timor-Leste may try to complete the important issues in the AEC Blueprint by the time when Timor-Leste becomes the member of ASEAN.

As for the Pillar 1, there are several “Not fully implemented” items in the group of “Free Flow of Goods”, “Free Flow of Services” and “Free Flow of Investment”. There may be a dispute among ASEAN members about the method and schedule to implement these goals. Some members, especially CLMV are not fully agreeable to the “Free Flow” to protect the newly developing domestic industries. Although Timor-Leste has accepted the free flow of goods, services and investment at present, Timor-Leste is recommended to study the idea to introduce some minor restrictions to protect the domestic industries from the competitors in ASEAN members. As ASEAN members are not allowed to implement new restrictions, Timor-Leste can introduce restrictions only when Timor-Leste joins ASEAN.

With regard to the Pillar 2, there are several “Not fully implemented” in the group of transportation. There are many road transport routes crossing the borders among ASEAN countries and ASEAN members are discussing the regulation to be applied to the vehicles running in a member country but registered in other members. Timor-Leste faces the same trouble in the road transportation with west Timor district of Indonesia which, however, will not become a serious issues because of the small in and out volume. Timor-Leste can safely discuss with ASEAN members about the regulations applicable to the international air and marine

transportations. The airlines of ASEAN member countries operate the regular flight based on Dili right now. The international marine transportation is the industry of free competition.

As for the Pillar 3, the goals are the development of small and medium enterprises and the narrowing the development gap between ASEAN6 and CLMV. Both of them are issues which Timor-Leste will be fully involved when Timor-Leste becomes a member of ASEAN. ASEAN provide various projects to narrow the development gap, however the gap has not always been narrowed since the ASEAN6 promote the development of domestic industries especially the small and medium enterprises. Timor-Leste is requested to recognize the latest situation among ASEAN members.

It is the target of the Pillar 4 to integrate ASEAN into the Global Economy. The current action is the extension of FTA (Free Trade Agreement). ASEAN has signed FTA with Japan, Australia, New Zealand, China, India and Korea. Besides FTA, ASEAN is negotiating with Japan and India for the free flow of services and investments. Timor-Leste may receive the economic impacts caused by FTA when Timor-Leste joins ASEAN.

**Table 3-4 AEC Scorecard (measures implemented during Jan. 2008 and Dec. 2011)**

Pillar 1 : Single Market and Production Base						
Key Area	Phase 1 2008-2009		Phase 2 2010-2011		Total	
	Fully Implemented	Not fully Implemented	Fully Implemented	Not fully Implemented	Fully Implemented	Not fully Implemented
Free flow of Goods	9	0	23	24	32	24
Free flow of Service	10	3	13	17	23	20
Free flow of Investment	5	1	5	8	10	9
Free flow of Capital	1	0	5	0	6	0
Free flow of Skilled labor	-	-	1	0	1	0
Priority integration sectors	28	0	1	0	29	0
Food, Agriculture & Forestry	8	0	5	6	13	6
Total	61	4	53	55	114	59
Implementation rate	93.80%		49.10%		65.90%	



Pillar 2 : Competitive Economic Region						
	Phase 1 2008-2009		Phase 2 2010-2011		Total	
Key Area	Fully Implemented	Not fully Implemented	Fully Implemented	Not fully Implemented	Fully Implemented	Not fully Implemented
Competition Policy	2	0	2	0	4	0
Consumer Protection	2	0	5	4	7	4
Intellectual Property Right	-	-	4	1	4	1
Transport	15	10	6	9	21	19
Energy	0	0	2	1	2	1
Mineral	1	0	7	0	8	0
ICT	2	0	4	0	6	0
Taxation	-	-	-	-	-	-
E-Commerce	-	-	1	0	1	0
Total	22	10	31	15	53	25
Implementation rate	68.70%		67.40%		67.90%	

Pillar 3 : Equitable Economic Development						
	Phase 1 2008-2009		Phase 2 2010-2011		Total	
Key Area	Fully Implemented	Not fully Implemented	Fully Implemented	Not fully Implemented	Fully Implemented	Not fully Implemented
SME Development	1	0	4	3	5	3
Initiative for ASEAN Integration (IAI)	2	0	1	1	3	1
Total	3	0	5	4	8	4
Implementation rate	100%		55.50%		66.70%	

Pillar 4 : Integration into the Global Economy						
	Phase 1 2008-2009		Phase 2 2010-2011		Total	
Key Area	Fully Implemented	Not fully Implemented	Fully Implemented	Not fully Implemented	Fully Implemented	Not fully Implemented
External Economic Relations	5	0	7	2	12	2
Total	5	0	7	2	12	2
Implementation rate	100%		77.80%		85.70%	

Source: AEC Scorecard 2012, ASEAN Secretariat

### 3.3 Current situation of CLMV

#### 3.3.1 Preferential treatments for CLMV in 「Strategic Schedule for AEC」

The 「Strategic Schedule for AEC」 provides some preferential treatments for CLMV which are 20 in total. Each treatment is explained in the Attached Paper #2. Most of the treatments are designed for the items in the Free Flow of Goods and Free Flow of Investments. The Table 3-6 shows some of the favorable treatments for CLMV which have the extended time frame beyond 2015. The favorable treatments for CLMV means the extension of the target date and CLMV must fulfill the Strategies and Initiatives which are exactly same as for ASEAN 6.

**Table 3-5 Preferential treatments for CLMV**

Item	Number of Measures
Free Flow of Goods	13
Free Flow of Investment	7

Source: summarized by the survey team based on the 「Strategic Schedule for AEC」

**Table 3-6 Examples of Favorable Treatments to CLMV**

Item		Favorable Treatment
Elimination of Duty	Eliminate import duties for all commodities except Sensitive and Highly Sensitive commodities	CLMV must fulfill the Strategy by 2015 except a few commodities in Sensitive list which are eliminated by 2018.
	Import duty should be reduced to 0-5% for all commodities in the sensitive list.	Laos and Myanmar must fulfill the Strategy by 2015 while Cambodia by 2017.
Elimination of Non-Tariff barriers	Eliminate Non-Tariff barriers	CLMV must fulfill the Strategy by 2015 except a few sensitive barriers which are eliminated by 2018.

Source: summarized by the survey team based on the 「Strategic Schedule for AEC」

The Initiative for ASEAN Integration (IAI) in the 「Strategic Schedule for AEC」 is designed to address the development divide and accelerate the economic integration of the less developed ASEAN Member Countries, namely CLMV. The priority actions of IAI are as follows.

**Table 3-7 Priority actions of IAI in the 「Strategic Schedule for AEC」**

Item	Detail
Initiative of ASEAN Integration (IAI)	Conduct periodic socio-economic studies to monitor/ evaluate the impact of economic integration.
	Build/strengthen capacity of government officials to develop/implement economic and social policies that would mitigate the effects of economic integration.

Source: 「Strategic Schedule for AEC」

### 3.3.2 Narrow the Development Gap in IAI Scheme

In addition to the 「Strategic Schedule for AEC」 ASEAN adopted IAI (Initiative for ASEAN Integration) scheme to narrow the development gap between ASEAN 6 and CLMV. IAI provides programs to narrow the development gap between ASEAN6 and CLMV. The current IAI schemes are summarized in the 「Initiative for ASEAN Integration (IAI) Strategic Framework and IAI Work Plan2 (2009-2015)」 (IAI Work Plan2). 「IAI Work Plan2」 has three goals to narrow the development gap. Timor-Leste may be in a position to receive the support of IAI when Timor-Leste joins ASEAN.

**Table 3-8 Goals of Narrowing Development Gap (NDG) under IAI Work Plan 2**

3 goals	
1	Promote, through concerted efforts, effective cooperation and mutual assistance to narrow the development gap among ASEAN Member States and between ASEAN and the rest of the world.
2	In operational terms, NDG (narrowing the Development Gap) efforts shall assist primarily the CLMV countries to meet ASEAN-wide targets and commitments towards realizing the ASEAN Community.
3	This will include specific regional cooperation activities aimed at assisting the less developed member states to achieve closer economic integration, to benefit from ASEAN schemes for regional economic integration activities, to supplement national efforts directly aimed at poverty reduction and the promotion of equitable and inclusive development.

Source: IAI Work Plan 2

### 3.3.3 4<sup>th</sup> IAI Development Cooperation Forum

The latest accomplishment of IAI Scheme for CLMV was reported at the 4<sup>th</sup> IAI Development Cooperation Forum on October 29 2012.

(1) Activities of IAI WP2

Table 3-9 shows the number of actions of IAI WP2. Most of the actions are designed for ASEAN Economic Community and ASEAN Socio Cultural Community.

**Table 3-9 IAI Actions to support ASEAN Community Blueprints**

Blueprint	Actions
ASEAN Economic Community	94
ASEAN Socio Cultural Community	78
ASEAN Political • Security Community	6
General enabling	4
Total	182

Source: reference material for 4<sup>th</sup> IAI Development Cooperation Forum

(2) Outline of IAI Actions

Table 3-10 shows the outline of IAI Actions. IAI designs projects in line with the specific requests of CLMV countries.

**Table 3-10 Outline on IAI Actions**

Criteria for designing projects as IAI	• Guided by the ASEAN Community Blueprints
	• Determined by the specific needs of CLMV countries
	• Aligned with the resources available from Dialogue and development partners and ASEAN-6
Dialogue partners and Donor agencies	Japan, Australia, New Zealand, EU, Korea, Germany, United Nations, Asian Development Bank
Top 5 Areas of Support (based on no. of implemented projects)	1. English language training
	2. Training to promote effective and efficient civil service, public accountability and good governance
	3. Information, Communication technology training
	4. Formulation and management of projects
	5. Training and collaborative research and technology transfer in food, agriculture and forestry products

Source: reference material for 4<sup>th</sup> IAI Development Cooperation Forum

(3) Latest development gap among ASEAN Member Countries

Table 3-11 shows the current development gap between CLMV and ASEAN-6. The

development gaps have been reduced in some areas but not in other areas.

**Table 3-11 Development Gap between CLMV and ASEAN-6 Variation of Gap during 2000 and 2011**

Human Development	Narrowed
GNI/Capita	Expanded
Life expectancy	Narrowed
Actual years of Schooling	Expanded

Source: prepared by the survey team using the reference material for 4<sup>th</sup> IAI Development Cooperation Forum

CLMV are working hard to narrow the development gap. However the gap has expanded in certain fields since ASEAN-6 also developed their own indexes. The outcome of the IAI actions can be evaluated in two ways. If the outcome is evaluated in country, the action would be completed successfully when the original target is fully achieved. However, in order to assess how much the gap has been narrowed, it is important to measure the achievement in comparison with that of ASEAN-6.

(4) Presentation by the representative of Cambodia

Cambodia reported their policy to achieve the following targets in order to accomplish the ASEAN Community by 2015.

- Roadmap for ASEAN Community Building (2009-2015)
- IAI Work Plan2
- Master Plan on ASEAN Connectivity

In order to complete the three targets, Cambodia is implementing National Development Plan (2009-2013). Table 3-8 shows the key priority areas and allocation of budget in the Plan.

**Table 3-12 Cambodia National Development Plan**

(Unit: in Millions US\$)

Sector	Budget	(of which)
Social Sectors	2,009.0	
Education		753.4
Technical and Vocational Training		251.1
Health		753.4
Economic Sectors	1,506.7	
Agriculture & Land Management		251.1
Seasonal Crops : Rice & Others		251.1
Rural Development		753.4
Manufacturing, Mining & Trade		251.1
Infrastructure	1,318.4	
Transportation		753.4
Water and Sanitation		251.1
Power & Electricity		251.1
Services & Cross Sectoral Programs	1,318.4	
Gender Mainstreaming		94.2
Tourism		125.6
Environment and Conservation		251.1
Community and Social Services		251.1
Governance & Administration		502.2

Source: presentation of the representative of Cambodia at 4<sup>th</sup> IAI Development Cooperation Forum

### 3.3.4 Follow the examples of CLMV

As for the preferential treatments for CLMV in the 「Strategic Schedule for AEC」, CLMV can enjoy the extension of the target date only. CLMV can make no special deal about the each goal of the 「Strategic Schedule for AEC」 which Timor-Leste is suggested to understand well.

When Timor-Leste becomes a member of ASEAN, Timor-Leste may receive the supports of IAI projects. Timor-Leste can present their needs to narrow the gap. Therefore, the ideas and actions of CLMV will become good examples for Timor-Leste. Timor-Leste is requested to understand well that the top 5 areas of IAI support for CLMV are exactly what Timor-Leste is working hard to overcome at present. Out of the top 5 areas the “1.English language training” and “5.Training and collaborative research and technology transfer in food, agriculture and forestry products”

are two important and urgent issues for Timor-Leste. Timor-Leste is requested to make utmost efforts to overcome these issues before joining ASEAN and be qualified to receive the IAI projects soon after obtaining the membership of ASEAN.

The activities of CLMV for narrowing the development gap will become good examples for Timor-Leste. For instance, Cambodia disclosed the ideas to narrow the gap at the IAI forum which includes the projects similar to the policies of Timor-Leste for national industrial development. Timor-Leste is also requested to learn from the proactive engagement of CLMV. Although Cambodia is in a position to receive the IAI support, Cambodia proposed several projects to IAI to tailor their support to Cambodia. As reported at the IAI forum, Cambodia has concrete targets to narrow the development gap and allocated enough budgets to achieve the targets. Timor-Leste learns a lot of things from the example of Cambodia and establish the action plan for the accession to ASEAN with budget allocation. Timor-Leste will become a recipient of IAI supports when Timor-Leste successfully obtains the membership of ASEAN. Timor-Leste is expected to make due preparation to establish the action plan with concrete goals to narrow the development gap.

As for the human resource development, “English language training” is the most supported action in the IAI projects. CLMV is still struggling to provide enough number of officers for the ASEAN meetings. ASEAN6 face similar problems and provide various trainings for the candidates of representatives to ASEAN meetings. “English language training” is the first priority issue for all ASEAN members except Singapore and Philippines whose official language is English. Timor-Leste is recommended to start the English language training for the representatives to ASEAN meetings as soon as possible.

## **Chapter 4 Preparations of Timor-Leste for accession to ASEAN**

### **4.1 The Views of Government Leaders**

#### **(1) Minister of Foreign Affairs and Cooperation**

He is quite confident in Timor-Leste's accession to ASEAN. He believes it is only natural for Timor-Leste to become a member of ASEAN because of the geographical location. Timor-Leste is ready to make some contribution to ASEAN in exchange for receiving some merits from ASEAN. These are the contributions of Timor-Leste to ASEAN.

- As Timor-Leste is in a location close to Australia, Timor-Leste can strengthen the relationship between ASEAN and Australia.
- Timor-Leste has strong relationship with Portugal, Brazil and other countries who use Portuguese. Timor-Leste can promote the relationship between ASEAN and the countries using Portuguese.

#### **(2) Secretary of State for ASEAN Affairs, Ministry of Foreign Affairs and Cooperation**

He expresses almost same views as Minister of Foreign Affairs and Cooperation. He stresses the fact that Timor-Leste is ready to make some contribution to ASEAN in exchange for receiving merits from ASEAN.

### **4.2 Application of Timor-Leste for ASEAN membership and response of ASEAN**

Timor-Leste submitted the official application for membership to ASEAN in March 2011 which was discussed at the 19th ASEAN Summit in November 2011. The Summit ordered ASEAN Coordinating Council (ACC) to study the application. ACC established a working committee to survey the latest situation of Timor-Leste if Timor-Leste is ready to act as a member of ASEAN in the three ASEAN Communities. As for the ASEAN Economic Community, ASEAN Secretariat has hired a consultant to evaluate the latest situation of Timor-Leste with the financial support by ADB (Asian Development Bank). The consultant has already completed the survey in Timor-Leste and is in the process of making a final report. The report of the consultant will be submitted to ASEAN Secretariat and will not be disclosed to public.

### **4.3 Timor-Leste and ASEAN member countries**

#### **4.3.1 Embassies in ASEAN member countries**



Timor-Leste has opened an embassy in 6 countries out of 10 member countries of ASEAN; Thailand, Indonesia, Philippines, Malaysia, Singapore and Viet Nam. Timor-Leste has no plan to establish an embassy in other ASEAN countries which are supervised as follows right now.

- Laos : under the jurisdiction of the embassy in Thailand
- Cambodia : under the jurisdiction of the Ministry of Foreign Affairs & Cooperation
- Myanmar : under the jurisdiction of the Ministry of Foreign Affairs & Cooperation
- Brunei : under the jurisdiction of the embassy in Singapore

According to ASEAN National Secretariat, Timor-Leste has no plan to established embassies in the above four countries in 2013 though they fully understand the embassies are definitely required to tighten the relationship with the countries.

#### 4.3.2 Bi-Lateral Agreements

Timor-Leste has signed a number of Bilateral Agreements. Table 4-2 shows the Agreements with each ASEAN member country.

**Table 4-1 Bilateral Agreement of Timor-Leste**

Partner	Number	Contents		
		military and security	bilateral cooperation	Others
Indonesia	11	2		9 (several)
Singapore	0			
Malaysia	1		1	
Thailand	6	3	2	1 (employment)
Philippines	5	1	1	3 (education) , 1 (Marine transportation, fishery)
Brunei Darussalam	0			
Cambodia	0			
Laos	1			1 (Diplomatic visa)
Myanmar	0			
Viet Nam	0			

Source: ASEAN National Secretariat

Timor-Leste has 11 bilateral agreements with Indonesia. Most of the agreements were signed in 2000 and 2001. The MOU of cooperation, legal, judicial and human rights are signed in April of

2000 together with the military cooperation which seems to be one of the preparation activities for the independence in 2002. The second largest number of agreements is 6 with Thailand including the program of the Peace Corps and the surrender of criminals in 2002. The MOU of economic and technical cooperation was signed in 2003. Next largest is the agreements with Philippines. Although Timor-Leste has 5 agreements with Philippines, the purposes of the agreements are different from those of Indonesia and Thailand. Timor-Leste signed the agreements with Philippines about the training of diplomats, MOU of Academic Cooperation and MOA for Marine and Fisheries cooperation. With Malaysia Timor-Leste has framework Agreement cooperation. The one agreement with Laos is about the Visa exemption for diplomats.

#### **4.4 Preparation of Timor-Leste's Authorities for ASEAN membership**

##### **4.4.1 ASEAN National Secretariat**

There was a national election in July, 2012 and Timor-Leste had a new government in August. The organization of the new government is shown in the attached paper #3. There are 14 Ministry including the Ministry of Tourism Trade and Industry that is the Ministry of newly established. Tourism Administration used to be a division of the Ministry of the commerce and industry. In addition to the 14 Ministries, there are two organizations, Coordinator of Social Affairs (additional post of Deputy Prime Minister) and Presidency of the Council of Ministers, each organization has three and six 'Secretary of State' respectively. There seems to be some overlapping areas between the Ministries and the 'Secretary of State'.

Ministry of Foreign Affairs and Cooperation is the leading Ministry to promote the Timor-Leste's accession to ASEAN. The new government has established a new position of Secretary of State for ASEAN Affairs in the Ministry. ASEAN National Secretariat is the division to handle the daily activities relating to the accession to ASEAN. The ASEAN National Secretariat is under the process of reorganization at present and a new organization will start working in 2013 as shown in the attached paper #4. Table 4-2 shows the major staff of the new organization of ASEAN National Secretariat. The total number of staff will be increased including three Chief Department who will take care of the three ASEAN Communities respectively. The office officer of six will work for the three Chief Departments. The organization will have 15 staff in total which seems to be still insufficient.

ASEAN National Secretariat is responsible for sending the information to 14 Ministries and 9 Secretaries of State about the latest movements of ASEAN as well as collecting the activities of each Ministry for ASEAN membership. It may be necessary for ASEAN National Secretariat to establish a more reliable information network with all government authorities.

**Table 4-2 New Organization of ASEAN National Secretariat in 2013**

Tiles	Person	(of which)
Director General for ASEAN Affairs	1	
Director National	2	
for Politic Security and Social Cultural		1
for Economy Community		1
Chief Department	3	
for Political & Security		1
for Socio Cultural		1
for Economy		1

Source: ASEAN National Secretariat

ASEAN National Secretariat keeps communication with ASEAN members and ASEAN Secretariat which, however, seems to be the extension of personal relationship mainly based on Mr. Marciano (Director General for Regional Integration). Mr. Marciano has been leading the daily activities for Timor-Leste's accession to ASEAN. As he is moving to a new assignment shortly, his successor is strongly requested to take over the job of Mr. Marciano without delay and oversights which is important for the ASEAN National Secretariat to maintain the current leadership for ASEAN membership.

#### **4.4.2 Focal Point**

(1) Nomination of focal points and activities

Each Ministry except the Ministry of Foreign Affairs and Cooperation nominates a few officers as Focal Point to handle the issues relating to ASEAN in the Ministry. There are 10 Ministries and 3 Secretaries of State who keep Focal Point. The total number of Focal Point is 22 rights now (Attached Paper #5). There are three difficulties about the Focal Point.

- 1) Some Ministries do not have Focal Point though they handle some issues relating to ASEAN. The Secretary of State for Support and Promotion of the Private Sector is one of the examples who have no Focal Point. They used to keep Focal Point but cancelled it in the reform of the government.
- 2) The title of Focal Point differs by Ministry. Some Ministries have nominated Focal Point who represents the Ministries while other Ministries assigned Focal Point who represents a division only. The following is an example.
  - Ministry of Agriculture and Fishery : The Focal Point distributes information about ASEAN in the Ministry.

- Ministry of Commerce, Industry and Environment: The Focal Point distributes information about ASEAN in the department he is working for.
- Ministry of Finance  
Micro economy: The Focal Point distributes information in the department he is working for well.  
Customs: The Focal Point distributes information in the department he is working for well.
- Ministry of Justice: The Focal Point does not distribute information in the Ministry.  
The role and activities of Focal Point may vary in Ministry.

3) There is no regular meeting of Focal Point. According to ASEAN National Secretariat, the meeting of Focal Point shall be held on ad hoc basis. However, there was no meeting in 2012 until October and no clear record about the meetings in 2011.

(2) Survey tour in Jakarta

The survey team brought four representatives of Timor-Leste government and went on a research trip to Jakarta and visited Indonesian government officials and some divisions of the ASEAN secretariat. The names of the four representatives of Timor-Leste government are shown in Table 4-3.

**Table 4-3 Representatives of Timor-Leste government of the survey tour in Jakarta**

Name	Ministry	Position
Mr. Oliveira Cancio	Ministry of Finance	Director General of Revenue
Mr. Octavio da Costa	Ministry of Agriculture and Fishery	Deputy Director General
Mr. Silva Marciano	Minister of Foreign Affairs	Director General for Regional Integration
Mr. Mario Abrao	Ministry of Commerce, Industry and Environment	Chief of Department, International Trade Cooperation

The four government representatives of Timor-Leste have obtained following new information and knowledge through the meetings with the Indonesian government and ASEAN secretariat. Although they have obtained some important information and knowledge at the meetings, the meetings also disclosed the fact that the Timor-Leste had not collected enough information about ASEAN and not distributed information properly to Focal Points.

1) Approach to ASEAN members and the ASEAN Secretariat

- The representatives often recognized that the partners of the meetings had almost nothing about the latest situation of Timor-Leste. Timor-Leste must proceed with due preparation to ASEAN membership and send a development report to ASEAN members following the example of CLMV. Specifically, it is necessary to complete the 「Strategic Schedule for AEC」 and send a report about the activities of Timor-Leste for reaching the goals of 4 Pillars of ASEAN Economic community. Timor-Leste can emphasize that Timor-Leste is ready to act as a member of ASEAN in the report.
- There is a development gap between ASEAN6 and CLMV. CLMV are carrying out self-help efforts to narrow the development gap with the preceding six countries though they are supplemented by various supports of ASEAN, ASEAN Dialogue partners and various donors. Timor-Leste must recognize the development gap with ASEAN6 and establish a specific policy to narrow the gap. Activities of CLMV are good examples of Timor-Leste to approach this issue.
- ASEAN Secretariat is in a position to assist member countries through organizing meetings and forums to accommodate the needs of CLMV, as well as by monitoring the progress after the meetings. Timor-Leste has not taken proactive actions to ASEAN members and ASEAN Secretariat since they submitted the official application for the membership. It is time for Timor-Leste to become proactive for becoming a member of ASEAN as well as after becoming the actual member of ASEAN.
- The meetings of ASEAN increase year by year, and the total number of meeting in 2012 will be a little less than 1,000. The meetings will be increased to more than 1,000 in 2013. It is unrealistic for Timor-Leste to attend all the meetings and to get meaningful outcomes. Timor-Leste can select meetings which are important for the members of ASEAN as well as the meetings for which Timor-Leste has a strong interest.
- It is still difficult for CLMV to maintain a large number of representatives to ASEAN meetings. Human resource development has been an urgent issue for CLMV. Timor-Leste may take steps immediately to cope with this problem. Human resource development is necessary in two ways, namely, diplomatic talented persons and technicians. The diplomatic persons will attend the major meetings of ASEAN and express opinions on behalf of Timor-Leste while the technicians attend the meetings of specific issues with regards to such matters as the food safety, ICT, intellectual property rights and so on.

2) Technical matters associated with ASEAN members.

- As for the ratification of treaties and agreements of ASEAN, it may be time consuming if Timor-Leste is going to ratify them one by one. Therefore, it is a realistic solution to put them into a few groups and ratify the all treaties and agreements in the group. For example,

the ASEAN Vision 2020 (1997) , Hanoi Plan of Action (1998) , Initiative for ASEAN Integration (2000) and Vientiane Action Program (2004) are compiled finally with regard to the ASEAN Charter (2007) which can be put into one group. There are also some examples in the 「Strategic Schedule for AEC」 . One of the examples is the elimination of import duties which may covers 16 items including the items for preferential treatment for CLMV. If Timor-Leste is ready to eliminate duties, Timor-Leste will be able to approve all 16 items together. If Timor-Leste wants to keep the duties on specific items following the examples of CLMV, Timor-Leste will select and approve items out of the 16.

- Timor-Leste can enjoy additional merits in the grouping of the treaties and agreements especially in the transformation into the domestic laws and regulations. The transformation is required for Timor-Leste when Timor-Leste joins ASEAN. If Timor-Leste would ratify several treaties and agreements together, Timor-Leste can minimize the clerical procedures to transform them into domestic rules.
- It is not necessary for Timor-Leste to attend all the ASEAN meetings. Timor-Leste can select and attend meetings of great interest for them. Although Indonesia is an influential member of ASEAN, Indonesia does not attend all the ASEAN meetings. Timor-Leste may decide the criteria for selecting ASEAN meetings to attend.
- Timor-Leste will send observers to some of ASEAN meetings as an associate member which is a good chance to show the preparations of Timor-Leste as an ASEAN member. CLMV selected this method before joining ASEAN officially. Timor-Leste can follow the example of CLMV.
- After becoming a member, it is important for Timor-Leste to achieve the resolutions of ASEAN. Timor-Leste must achieve it in line with the time frame agreed among members. It is necessary for Timor-Leste to make reservations for items which Timor-Leste is not sure as to whether Timor-Leste can achieve them.

#### **4.4.3 Ministry of Finance**

The Ministry of Finance carries out various actions relating to 「Strategic Schedule for AEC」 as follows. Some of the items in the 「Strategic Schedule for AEC」 are jointly managed with the Ministry of Commerce, Industry and Environment. Two Ministries reviews the current situation of the items through the discussion at the joint meetings.

##### **(1) Reduction of Tariff**

The import duty for general commodities has already been reduced to 2.5%. It promotes the reduction of the sales price of the import products and also the restriction of the increase of the consumer prices. However, the outcome of the tariff reduction was not

confirmed yet. There are 10 items out of the general tariff of 2.5% which includes three items of alcohols, three items of cigarettes and smoking paraphernalia, gasoline and other fuel, weapon, and automobiles of tax prices of more than US\$ 70,000 and recreational boats and planes. These are items that correspond to Sensitive Items of ASEAN.

(2) Non-Tariff Barriers

Timor-Leste has applied no Non-Tariff Barriers to promote trade. Although Timor-Leste does not apply Non-Tariff Barriers intentionally, Timor-Leste may apply a substantial import wall due to old fashioned trade and customs procedures. One of the examples is the customs documents. Customs require hard copies for all processes. The import documents must be submitted after the arrival of the ship at the discharging port. From the view point of an international standard, customs procedures are obviously out of date. It is necessary to reform Customs procedures to improve the convenience of traders.

(3) Customs

Customs are working to reform the organization and daily procedures receiving the support of professionals in foreign countries. Australia has supported the organization reform of customs and the general reform of the procedures. In addition to that, Japanese customs officers were teaching the techniques of commodity classification which includes the evaluation of commodities based on HS Code, and Certificate of Origin to meet the requirements of ASEAN standards. Customs is still in the process to introduce a computer system for the five offices and for the whole customs officers of 273 people. The customs examination depends on the personal ability of customs staff at present. The customs examination might be necessary to be reviewed in accuracy and process speed.

(4) Single Window

ASEAN is promoting a single-window for customs examination with the single window for all procedures related to import and export as an ultimate goal. The single window will give a lot of merits to traders who can complete all procedures relating to the imports and exports with one application at the single window. Although Timor-Leste well understands the target of ASEAN for establishing the regional single window, Timor-Leste has started no concrete action for the single window so far.

(5) Elimination of double taxation for investment

Timor-Leste has signed a treaty with Indonesia and Portugal to eliminate the double taxation for investments in Timor-Leste. However, there is no actual usage in Portugal. Regarding this treaty, it is necessary for Timor-Leste to confirm with ASEAN if this rule meets the program of tax reform of ASEAN. If the rule meets the ASEAN Standards, Timor-Leste can try to extend it to ASEAN member countries. As this rule has the effect of inviting foreign investment to Timor-Leste, it is worth promoting without waiting for

participation to ASEAN.

(6) Free Trade Zone

Timor-Leste has a plan to establish a Free Trade Zone at the border between Timor-Leste and Western Timor of Indonesia. The facility of FTZ has been completed but no business transaction has been effected yet. The experience of setting and the administrating of the free trade zone is a measure to be used when Timor-Leste joins ASEAN and participates in the processing trade. The FTZ is operated by Ministry of Finance for the in and out transaction while the Ministry of Commerce, Industry and Environment takes care of the businesses in the zone.

#### **4.4.4 Ministry of Agriculture and Fishery**

Timor-Leste is going to adopt Australian standards, such as those regarding quality control, safety and quarantine of agricultural products. Because the quality control is kept at high level and meets the global standards, Timor-Leste is sure that the rules and procedures of Timor-Leste will meet the ASEAN standards without problem. On the other hand, the agriculture industry faces low productivity and high inland transportation costs. It is difficult for Timor-Leste to export agricultural products except coffee beans. The Ministry of Agriculture and Fishery recognizes the situation in both optimistic and realistic viewpoints. It may take time for the Ministry to match the two viewpoints while using the two different approaches depending on the situation. The current state of export and import products and actions of the Ministry are as follows:

(1) Export of coffee beans

The Ministry is proud of the quality of coffee beans which is a main export commodity at present. Timor-Leste has a plan to expand the sale by increasing the production. The Ministry believes Timor-Leste can maintain the quality advantage when they are involved in strict competition by joining ASEAN. On the other hand, the Ministry understands well the fact that the production of coffee beans has increased in the world market due to the increased supply by African countries.

In order to increase the production of coffee, the Ministry has imported a new type of coffee tree from Brazil which can produce more beans than current trees in Timor-Leste. The Ministry has almost finished the test plantation and is going to provide new trees to farmers.

(2) Export of cash crops other than coffee beans

There are a few export commodities other than coffee beans including copra, candle nuts,



coconut oil and peanut. However the total export amount of these commodities is not large at present. The exports of these commodities can be expected to increase when Timor-Leste joins ASEAN. In order to expand the export, the Ministry is advising the farmers to stabilize the quality, to increase the productivity and to keep the price competitive.

The Ministry is planning to increase the variety of export commodities and put focus on cacao and cashew nuts. Cashew nuts is the first target and the Ministry imported a new seed from Australia and has conducted a large-scale growing test.

(3) The quarantine system

The quarantine system is under the process of reform with the supports of Australia. The officers of the Ministry are confident the new quarantine system will meet international standards and surely clear the ASEAN standards. Timor-Leste may be requested first to confirm that the Australian standards satisfy the ASEAN standards. If so, it is necessary for Timor-Leste to establish the reliable system to implement quarantine and quality control procedures such as an analytical laboratory and training of inspectors.

(4) Domestic production of rice

The Ministry has been studying the methods to increase the domestic production of rice and is confident that Timor-Leste can eliminate the import of rice due to the increase of the productivity and the expansion of the farmland. Timor-Leste has some land to be cultivated with new irrigation equipments. The total amount of domestic rice will meet the demand when the new farmland starts production with the current average productivity. The amount of rice will become more than the domestic demand when the productivity will be improved in line with the promotion of the Ministry.

(5) The productivity of cash crops

It is the duty of the division of Industrial Crops and Agribusiness to improve the productivity of cash crops. Their latest activities are as follows:

1) Coffee beans

They conducted a test growing of new trees imported from Brazil which has a productivity of 1.5 times higher than that of conventional trees. The Ministry is going to provide the new trees to farmers.

2) Cacao

Timor-Leste has been working on a project of approximately US\$100 million in investment. The test growing will be done in 1,000 hectares. The project has already started and a plan to build a post-harvest processing factory.

3) Cashew nuts

Timor-Leste is making test growing of seeds introduced from Australia which has good productivity. Timor-Leste has invited an expert from Australia to grow the new seeds as well as the education of the agriculture instructors. They are pushing forward a plan to expand the farming of the new seeds in 3,200 hectares

4) Coconut oil

Timor-Leste is developing a plantation in 1,400 hectares of dedicated land and pushing forward another project to extend the production by parallel farming with other crops. The current amount of coconut production is 3,000-4,000 tons annually. It is the final goal to increase the production to 25,000 tons annually which is the minimum amount to operate a coconut oil refinery.

#### **4.4.5 Ministry of Commerce, Industry and Environment**

The Ministry affirms the free movement of goods, investment and skilled labor promoted by ASEAN. The Ministry also promotes the foreign direct investment and the private companies based in foreign countries opening branch offices in Timor-Leste due to following two purposes.

- Increase the working opportunities

Timor-Leste is struggling to increase in working opportunities. Foreign companies are welcomed because they can provide new working opportunities.

- Introduction of new technologies

Excellent technique and management methods can be imported from abroad which enhance the development of small and medium enterprises in Timor-Leste.

The ministry is working to develop the small and medium enterprises, but they have not got a clear outcome so far. The Ministry expects some economic impact to be given to the private sector when Timor-Leste joins ASEAN. The main purpose of developing SMEs is the chances of creating more job opportunities. Although there is no official target, the Ministry is trying to increase job opportunities by 10,000 in coming 5 years. The SMEs in Timor-Leste are still at the initial stage of development due to following reasons. There may be some positive economic impacts to SMEs when Timor-Leste joins ASEAN.

- Old technologies
- Old management know-how
- Shortage of fund

#### **4.4.6 Ministry of Justice**

The preparations of the Ministry for ASEAN membership is confirmed based on the 「Strategic Schedule for ASEAN」. The current situation is as follows:

- The Ministry will comply with laws regarding competition policy, consumer protection and intellectual property rights.
- Timor-Leste may transform many documents relating to the treaties and agreements of ASEAN into domestic laws and regulations. The Ministry of Justice is requested to lead the transformation but is not ready to handle the voluminous amount of documents written in English.

The Ministry has a plan to introduce a new domestic law regarding intellectual property rights whose outlines are as follows.

- The Ministry is making a new law following the existing law in Indonesia and Portugal.
- The new law will be enforced in 2013
- The Ministry understands well that enforcement of the new law would face various difficulties. Therefore, it is definitely required to establish an organization to enforce the law to be effective in the private sector. These are actions to be taken.
  - To invite experts from Indonesia for human resource development
  - The enforcement jobs will be managed by five officers at present and will be increased to 7 officers in 2013.
  - It is necessary to introduce some education to the private sector but no concrete action plan is established yet.
- Cooperation with the ASEAN members

The Ministry had a meeting with the representatives of Singapore who visited Timor-Leste. Therefore, the Ministry is trying to make a meeting with Singapore. There are no plans of cooperation with other ASEAN members at present. In order to establish cooperation with ASEAN members about domestic laws and regulations, Timor-Leste must translate the laws in Tetun and Portuguese into English. Usually, the laws in Tetun are to be translated into Portuguese, and then, translated again into English version. The Ministry recognizes that training must be provided to the officers who will translate Tetun and Portuguese into English. This is an urgent and important issue for the Ministry.

#### **4.4.7 Ministry of Tourism Trade and Industry**

This is the ministry newly founded in the reform of the government reorganization in August, 2012. Approximately 50 officers belong to the Ministry which will be increased by 8-15 officers in 2013. The Ministry has a small organization and three directors only taking care of marketing, exploitation of tourist resources and the human resources respectively. There is a medium term tourism development plan.

There may be some positive impacts to tourism when Timor-Leste joins ASEAN. Although the impacts are not included in the middle term plan, the Ministry expects two major influences. One of them is the cooperation with ASEAN members especially with Indonesia, in inviting foreign tourists. Another one is the reputation of Timor-Leste. The name of Timor-Leste will be well known abroad when Timor-Leste joins ASEAN and be regarded as a reliable country which will encourage the promotion of tourists attractions in Timor-Leste.

(1) Middle term tourism development plan

1) Present situation

Timor-Leste has accepted the visitors of 10,000 people during January and July in 2012. The annual number of visitor will reach approximately 13,000 people in the year. There are many visitors from Australia and Indonesia.

China is ranked in fourth place. This is number of total visitors and the number of pure tourists is unidentifiable right now.

2) 2013 : Preparation period

This is a period to give education to hotel employees, travel agencies and taxi drivers. Besides that, the national statistics shall be improved to get a reliable number of tourists.

3) 2014 : Reproduction of tourist attractions

- the tourist attractions in the Dili City area will be renewed.
- the colonial houses will be modified (tourist attractions of houses from the days of colonialism)
- To review the tourist attractions in Atauro Island that is located at the distance of around three hours by boat from Dili.
- To establish three new tourists attractions in the Dili area, East of Dili and West of Dili.

4) 2015 : Maintenance of the infrastructure

The road transportation and hotel accommodations shall be reviewed.

5) 2016 : Full-scale development of the tourist invitation

The Ministry expects the natural resources from the sea and mountain would become tourist attractions and invite tourists who will stay in Timor-Leste for a week or so.

#### **4.4.8 Secretary of State for Support and Promotion of the Private Sector**

They promote domestic investments and foreign direct investment to the private sector. This office is in charge of the investments for movable properties. The investors can import equipments for the project without duties if the investor can get a license for this office for the project. In order to implement the project the investor has to obtain the approval for the project in the Ministry of Commerce, Industry and Environment. This office has started issuing the

licenses in 2006 and has issued 124 licenses until October 2012. 75 projects out of 124 were actually implemented. The ratio of the implementation is 60%. The nationality of the investors who obtained the 75 licenses is summarized in table 4-5 which includes the ASEAN members of Indonesia, Singapore and Thailand. The number of licenses for the three countries is 12 in total. Some of the projects out of the 75 licensees have been already completed and 21 projects are under way as of October, 2012.

In addition to issuing the licenses for projects, the office supports the private sector to improve the ability of production, management and marketing. The office cooperates with the National Commercial Bank and Development Bank (going to be established in 2013) to provide enough funds to private enterprises. These are commercial banks supported by the government.

**Table 4-4 The Nationality of the Investors which Licenses are Issued**

Nationality	Number
Indonesia	7
Thailand	1
Singapore	4
Australia	34
China	4
Korea	4
Portugal	5
United Kingdom	1
Germany	2
Domestic	13
Total investments	75

Source: Secretary of State for Support and Promotion of the Private Sector

The large investments planned in 2013 are the projects in telephone networks. Vietnamese and Indonesian investors lead the projects which may destroy the current monopoly of Timor Telecom. With regard to tourism development, there was a project of a large hotel near the airport which, however, was rejected because of the bad influence to airport operations. Another project of around 200 rooms hotel is scheduled for discussion in the office to release a license.

As for long-term projects, there are six major projects which may give considerable impact to the local economy and construction industry when they are actually implemented. Some of the projects may be too large to be build by the domestic builders only. The major companies in ASEAN countries would be invited for the projects.

- Expansion of the airport
- Construction of the new port
- Construction of LNG base
- Suai District Development
- Petroleum refining base
- Fishery base

#### 4.4.9 Secretary of State for Professional Training & Employment Policy

They have implemented policies that meet with the free flow of services and free flow of skilled labor in 「Strategic Schedule for AEC」. Current situation is as follows.

- They have disclosed the qualifications and skills for authorized workers of Timor-Leste working in foreign countries as well as foreign workers working in Timor-Leste.
- The format and the procedure are announced for foreign workers who want to get a working visa in Timor-Leste.
- The safety standards have been announced for workers.
- The office has established a department to accept labor disputes. In addition to the department, the office has a plan to introduce a court system to deal with labor disputes
- Timor-Leste has signed an agreement regarding foreign work forces with South Korea and Australia.

Timor-Leste has sent workers to South Korea since 2009. The total number of workers sent to Korea is 1,089 by the end of January 2012. There are still 1,014 workers in Korea. The occupations of workers are as follows.

**Table 4-5 The Number of the People Working in Korea  
(The total number as of January 2012)**

(Unit: Person)

Male	Female	Fishery	Sewing	Agriculture	The total
1,003	86	587	382	120	1,089

Source: Secretary of State for Professional Training & Employment Policy

As for the agreement with Australia, 12 people are working as of November 2012. The total number of workers is small because it is still a pilot project. There is a plan to expand the workers to 1,000 in near future.

On the other hand, Timor-Leste accepts foreign workers. It is the procedure to confirm the skill and the qualification of the foreign workers when they apply for a working visa. However, the procedure is not applied completely and the Secretary of State for Professional Training &

Employment Policy admits that some non-skill workers may be included.

Timor-Leste may have achieved the free flow of skilled labor in 「Strategic Schedule for AEC」 .

The next step for Timor-Leste might be confirmation with the ASEAN members so that the policy of Timor-Leste can meet the goals of Pillar 1 through Pillar 4.

#### **4.4.10 Summary of the Preparations of Timor-Leste's Authorities for ASEAN**

##### **Membership**

The ministries of Timor-Leste take various policies which meet the goals of AEC Blueprint. The biggest difficulty at present is the fact that they have no concrete action plans and no goals. Each Ministry has adopted various reorganizations, rationalizations and deregulations to enforce their policies efficiently and some of their approaches meet the requirements in the AEC Blueprint, if only by chance. All items in 4.4.1 through 4.4.9 are the outcome of the survey based on 「Strategic Schedule for AEC」 and each Ministry may have more activities which meet the goals of the AEC Blueprint but are not covered in the survey.

Each Ministry can understand the important and urgent issues which the Ministry must fulfill to accelerate the accession to ASEAN. They are recommended to understand the latest position for each issue first and set a proper target with nominating the division in charge as well as the target date of completion.

As each Ministry has no action plan right now, Timor-Leste has no chance to summarize all of its activities for ASEAN membership. There are some active Ministries such as the Ministry of Finance and Agriculture & Fishery. However some Ministries are not fully ready to act as a member of ASEAN including the Ministry of Justice. It is difficult to understand the whole activities of Timor-Leste for ASEAN membership right now. The ASEAN National Secretariat is the right division to summarize the whole activities in Timor-Leste but they are unable to collect enough information at present.

#### **4.5 Preparations on 4 Major Fields**

The activities of Ministries of Timor-Leste can be sorted into the 4 major fields, namely, Trade, Investment, Industry Development, Food, Agriculture and Forestry.

##### **4.5.1 Trade**

- The Free Flow of Goods has been already achieved in Timor-Leste since the import duties were reduced to 2.5% and Non-Tariff Barriers are not applied to import goods right now.
- Timor-Leste is ready to work with ASEAN member countries to introduce the administration reforms of Customs as well as the implementation of regional Single Window.

- However, as the Free Flow of Goods and Customs reform is a means, Timor-Leste must achieve the ASEAN's goal of "a single market and production base" by the time the country has joined the ASEAN. Timor-Leste will be asked how it can contribute to the goals of ASEAN target. It is necessary to move the inspection object with the goal of the ASEAN economic community when Timor-Leste finishes the inspection of each item of the 「Strategic Schedule for AEC」 . Timor-Leste makes arrangements with ASEAN members and the ASEAN secretariat and confirms prospective contents in Timor-Leste.

#### **4.5.2 Investment**

- Timor-Leste accepts investments from other countries and the advance of foreign companies into the local market which meet the Free Flow of Capital proposed in the AEC Blueprint. There is no demand regarding the Free Flow of Capital, so stock and bond markets have not been established in Timor-Leste.
- Timor-Leste takes positive measures to implement international standards such as the elimination of double taxation on investment. Although the agreement has been signed with Indonesia and Portuguese so far, Timor-Leste is ready to discuss similar agreement with other countries. Timor-Leste can discuss various rules about investments with ASEAN members.
- As with trade, it is necessary to confirm if the goals of the Timor-Leste are met regarding ASEAN investment. In other words, it is a contribution to the goal of inviting foreign capital as an investment to ASEAN. This confirmation may be carried out with the ASEAN Secretariat.

#### **4.5.3 Industry Development**

- Timor-Leste has a well designed scheme to support the activity of private companies (Almost all private companies are Small-Medium Enterprises in Timor-Leste). The Secretary of State for Support and Promotion of the Private Sector provides various supports for the management of private companies and the National Commercial Bank and the Development Bank (to be established in 2013) undertakes financing to private companies. This corresponds to the support measures for SMEs in ASEAN. It is expected that Timor-Leste will become the target of the difference correction program and IAI which ASEAN will carry out when Timor-Leste joins ASEAN.
- Timor-Leste may receive support of ASEAN programs to narrow the development gap and undertake the IAI scheme when Timor-Leste joins ASEAN. Timor-Leste will be requested to provide the program with action plans to narrow the development gap with ASEAN6. As the industrial development would be the main engine to narrow the gap, action plans will be



required for the activities of the Ministry of Finance, Secretary of State for Support and Promotion of the Private Sector, and Ministry of Commerce, Industry and Environment for industrial development and SME development.

- It is inevitable to invite the foreign skilled laborers to accelerate the industry development. Timor-Leste has announced publicly the procedures to issue a working visa to foreign laborers which meet the requirements of the Free Flow of Skilled Labor of AEC. The foreign skilled labors are expected to contribute to industrial development of Timor-Leste. The number of foreign laborers may be increased when Timor-Leste joins ASEAN.

#### **4.5.4 Food, Agriculture and Forestry**

- Agriculture plays a major role in this sector as the output of fishery and forestry are small in comparison with Agriculture. The Ministry is going to implement the Australian standards for quality control and quarantine system. Timor-Leste is also working to implement the SPS (Sanitary and Phytosanitary Measures) agreement of WTO (World Trade Organization) . Timor-Leste is ready to discuss the ASEAN standards regarding the quality control of agricultural products.
- ASEAN members are in the process of introducing ASEAN standards for the security and quality of foods. In order to promote the export of food items, Timor-Leste can select ASEAN standards instead of the Australian or WTO standards. If Timor-Leste will keep the Australian or WTO standards, Timor-Leste may study the idea of introduction ASEAN standards together with them.
- The output of agriculture for Timor-Leste is small in comparison with most of the ASEAN countries. It may be necessary for Timor-Leste to promote the development of agriculture with a measure suitable for Timor-Leste which would be different from the measures applicable to large-scale farming. For instance, Timor-Leste produced rice of 17.2 million US dollars in 2010 while Vietnam and Thailand produced 10,244 million US dollars and 11,023 million US dollars respectively. Their production is 596 times and 641 times bigger than the production in Timor-Leste.
- The Ministry of Agriculture and Fishery provide various promotions to increase the production of existing cash crops as well as new cash crops. Their promotions include a new variety of coffee trees and introduction of cashew nuts and cacao. The Ministry of Agriculture and Fishery does not promote the export directly as they are concentrated in giving education and advice to farmers for better production and earnings. However, the activities of the Ministry of Agriculture will give strong contribution to the increase of exports. Timor-Leste is ready to join the ASEAN program to expand the export of agricultural products.

#### **4.6 Summary of the Preparations of Timor-Leste for ASEAN Membership**

Timor-Leste has almost achieved Pillar 1 in the four goals of 「Strategic Schedule for AEC」 which is the road map to reach the ASEAN Economic Community. Timor-Leste applies no restriction to the free flow of goods, services and skilled labor at present. As for Pillar 2, Timor-Leste is ready to accept the strategies and initiatives for this goal. Timor-Leste is open to the international air and marine transportation and takes positive policies toward the intellectual property right and consumer protections listed in Pillar 2. However, Timor-Leste has achieved or is ready to achieve the strategies and initiatives to reach the goals of Pillar 1 and 2. Timor-Leste will not be led to the goal automatically whenever it completes the 「Strategic Schedule for AEC」. Timor-Leste will complete the 「Strategic Schedule for AEC」 first and find a route to achieve the goals.

Timor-Leste has no concrete action plan for the accession to ASEAN which is a very important subject at present. The goals of the ASEAN Economic Community are explained in Pillar 1 through Pillar 4 in the ASEAN Blueprint. Pillar 1 through Pillar 4 can be achieved when members complete the strategies and initiatives in the 「Strategic Schedule for AEC」.

- . This survey reveals the items uncompleted in the 「Strategic Schedule for AEC」.
- . Timor-Leste can understand well what they fulfill first. Timor-Leste is strongly recommended to make an action plan to achieve the uncompleted items. Whenever they achieve the uncompleted items, Timor-Leste may find some approach to complete the four goals of the ASEAN Economic Community.

It is not enough for Timor-Leste to make an action plan based on 「Strategic Schedule for AEC」

- . Timor-Leste can invite the opinion of a third party to evaluate the activities for ASEAN membership. ASEAN member countries and the ASEAN Secretariat might be the right persons for Timor-Leste to get the comments on the latest activities of Timor-Leste.

## Chapter 5 Impacts to Timor-Leste's Economy When Timor-Leste Becomes a Member of ASEAN

### 5.1 Economic Impacts Estimated by Timor-Leste's Authorities

Timor-Leste will be ready to become a member of ASEAN when they complete the all requirements in 「Strategic Schedule for AEC」. The attached Paper #2 includes the economic impact by item in 「Strategic Schedule of AEC」 which is estimated by the officers of the Timor-Leste Government. This chapter summarizes the expected economic impacts by the Ministry of Timor-Leste.

**Table 5-1 Economic Impact Estimated by Timor-Leste's Authorities**

	Authorities	SWOTAnalysis		Economic Impact
5.1.1	ASEAN National Secretariat	S	TL has a lot of skilled labor	Encouraging impact only
		W	Industry development is at early stage	
		O	TL can use ASEAN market	
		T	TL competes large countries in ASEAN	
5.1.2	Ministry of Finance			
	Micro Economy	S	TL economy is stable	There would be no direct impact.
		W	TL is in bad geographical location. Economic scale is small.	
		O	TL has chances for development and	
		T	ASEAN companies sweep the market.	
Macro Economy		No analysis	Incentive for export will increase. Industry development will be enhanced.	
Customs		No analysis	Food security becomes a issue.	
5.1.3	Ministry of Agriculture & Fishery	S	Organic farming	There is little impact both in exports and imports.
		W	TL is behind ASEAN countries in various	
		O	TL can sue larage ASEAN market.	
		T	No comment received	
5.1.4	Ministry of Commerce, Industry & Environment	S	No Strenght	Investments would increae and job opportunities wold increase
		W	There is a delay of techniques and others.	
		O	No comment received	
		T	No comment received	
5.1.5	S.S for Support & Promotion of P.Sector		No analysis	Investments form ASEAN would increase
5.1.6	Minstry of Trouism Trade and Industry		No analysis	TL can induce tourists in cooperation with ASEAN

#### 5.1.1 Ministry of Foreign Affairs and Cooperation – ASEAN National Secretariat

As the ASEAN National Secretariat is not involved in the policies related to the economy, their comments are recognized to be a general opinion of the government officers.

The SWOT analysis

- Strengths : Timor-Leste has a lot of skilled labors.
- Weaknesses :
  - Most industries are still at the early stage of development.
  - Timor-Leste is away from the major markets in ASEAN.
- Opportunities : The economic growth of Timor-Leste will be enhanced because of the new activities in the ASEAN market.
- Threats : Timor-Leste must compete with other members whose economies are much larger than Timor-Leste.

### 5.1.2 Ministry of Finance

The survey team carried out the SWOT analysis of the economic impact when joining ASEAN with micro-economic persons in charge, macro-economic persons in charge, and customs.

< Micro economy >

Timor-Leste opens the domestic market for foreign countries. Economic impact is not expected because foreign capital and goods are flowing in a real sense.

#### • The SWOT analysis

- Strengths : Timor-Leste's economy is stable. The stability is higher than Cambodia, Laos, and Myanmar
- Weaknesses : Geographical position is disadvantageous in the market of ASEAN. Because the economic scale of Timor-Leste is small, the administrative structure will be enlarged when Timor-Leste adopts ASEAN standards into the administration and regulation of the economy.
- Opportunities : Economy of Timor-Leste is an early period of development, so there is an opportunity for development and expansion with every field.
- Threats : As economic competitiveness is low, powerful companies of ASEAN may sweep over the market of Timor-Leste.

#### • Economic impact when joining ASEAN

As Timor-Leste opens its markets for foreign countries, various foreign merchandises will be imported and distributed in the market. Little market impact can be expected immediately when Timor-Leste joins ASEAN.

< Macro-economy >

- No SWOT analysis was achieved with this section.

- Economic impact when joining ASEAN
  - There is the possibility of the mineral product in the export of a new item. The ASEAN participation contributes to development of the tourism industry.
  - The maintenance of the domestic infrastructure would be advanced. Transportation cost would be reduced. The competitiveness of export industries would be increased. These are all factors to lead to an increase in export volume.
  - Because Timor-Leste accepts an excellent technique and engineers from the ASEAN members, the domestic industry development is promoted and leads to the reinforcement of the export industry.

#### < Customs >

- No SWOT analysis was achieved with this section.
- Economic impacts when joining ASEAN
 

Increase in rice imports will become a serious issue for the government, from the viewpoint of security of the food. Four measurement meetings were held by 9 associated ministries. Customs adds up the import results and reports it to a meeting. This meeting does not reach the stage to give conclusions.

### 5.1.3 Ministry of Agriculture & Fishery

- The SWOT analysis
 

Strengths	: The Ministry of Agriculture and Fishery thinks that it is not in a position to instruct the competition with foreign goods. However, a major feature of Timor-Leste's agriculture is in the opinion that it is an organic farming nation.
Weaknesses	: <ul style="list-style-type: none"> <li>• It does not meet to the ASEAN standard. Timor-Leste introduces the quarantine inspection and a quality standard of Australia, but considers that the ASEAN standard will be required in the future.</li> <li>• Timor-Leste recognizes that they are behind other countries of ASEAN regarding the field of agriculture in all areas.</li> </ul>
Opportunities	: Timor-Lest can take advantage of a large market. They analyze it with prioritizing quality and improvement of the productivity (reduction of prices). In addition, the working of the field hand in other member countries is possible, but is an opinion that it will depend on ability.
Threats	: They avoided making any definite statements.

- Economic impact when joining ASEAN

There is little impact to agricultural products when Timor-Leste joins ASEAN. Various agricultural products are imported right now in good volume which will not be increased due to the new environment when Timor-Leste becomes a part of ASEAN market. On the other hand, coffee beans, the major export item, are being exported to countries other than ASEAN members and will not receive a serious impact when Timor-Leste joins ASEAN.

#### **5.1.4 Ministry of Commerce·Industry & Environment**

- The SWOT analysis

Strengths : There is no strength which exceeds existing members of ASEAN.

Weaknesses : There are a number of weaknesses, especially a big delay in technical know-how

Opportunities : No comment received.

Threats : No comment received

- Economic impact when joining ASEAN

They expect an increase in foreign investment by the participation in ASEAN. The investment from ASEAN members will increase domestic working opportunities. The domestic law is a direction supporting the investment from foreign countries also. Economic activities are activated, and working opportunities increase by a superior technique flowing from the ASEAN developed country.

#### **5.1.5 Secretary of State for Support and Promotion of the Private Sector**

- No SWOT analysis was achieved with this office.

- Economic impact when joining ASEAN

There are some investment records of a few ASEAN members, Singapore, Thailand and Indonesia. They expect investment by ASEAN participation to accelerate. Singapore and Malaysia are good candidates. When they invite investment, it is as follows that Timor-Leste holds superiority to CLMV.

- National stability and the political economic stability are above the CLMV.
- There are few bribes, and increased transparency that lets investors feel relieved.
- On the other hand, they are looking for investment incentives that are available in each country, there is no superiority or inferiority in that regard

#### **5.1.6 Ministry of Tourism Trade and Industry**

- No SWOT analysis was achieved with this Ministry.

- Economic impact of the ASEAN participation

They expect the invitation program of the tourist in cooperation with ASEAN members

which may give some impact to increase tourism in Timor-Leste.

## 5.2 Economic Impact in 4 Major Fields

This section summarizes the economic impact by the four major fields, namely, Trade, Investment, Industrial development and Food, Agriculture and Forestry, when Timor-Leste joins ASEAN. This is an opinion of survey team who has studied the opinions of the government offices, the current economic situation of Timor-Leste, IMF data and various documents about ASEAN. The economic impact has been studied based on the items in 「Strategic Schedule for AEC」. However, it is difficult to keep the direct connection between the items and the four major fields. This section summarizes the impacts by the descriptions of each major field. The descriptions are as follows.

**Table 5-2 The Descriptions of Four Fields**

Field Descriptions	
(1)Trade	(1) Export
	(2)Import
	(3)Customs Clearance system
(2)Investment	(1) Foreign Direct Investment
	(2)Investment of the government support
	(3)Investment of the private capital
(3)Industry Development	(1)Public investment
	(2)Development of Small and Medium Sized Enterprises
	(3)Job opportunity
	(4)Human resources
	(5)Entrepreneurship
(4)Food, Agriculture and Forestry	(1) Exports of agricultural products
	(2)Imports of agricultural products
	(3)Rural Infrastructure

The economic impact is classified into two groups. The things which bring good influence for the economy of Timor-Leste is classified as "Encourage". Another one is a group called as "Hard" who brings bad influence. We list a countermeasure about the item of "Hard". The overall constitution is the Table 5-3. The evaluations of the Descriptions are from 5.2 to 5.5.

**Table 5-3 Impact to Timor-Leste's Economy when Timor-Leste Becomes a Member of ASEAN**

Major field	Sub-field	Current situation	Timor-Leste joins ASEAN		Countermeasure to hard
			Encourage	Hard	
1. Trade	(1) Export	The export is limited to coffee beans, and the export destination is Europe and America.	Export of coffee beans expansion for the ASEAN area outside. An effect of export expansionary policy carrying out in ASEAN standards. Exports to ASEAN market development of coffee beans and other agricultural products.	None	
	(2) Import	Industrial products of all items are imported. Grocery items, excluding fresh fish and fresh vegetables are imported.	By industrial products and daily necessities are imported richer, to promote the modernization of the TL, the improvement of living standards.	Foreign goods sweep over the domestic market in all sections and disturb establishment of the domestic industry, upbringing.	Strengthening the domestic industry that focuses on the field.
			Economic activity helps to reduce the development of advanced countries ASEAN Gap.	Adversely affect the existing domestic industry (agricultural sector).	Improve the productivity of the agricultural sector.
	(3) Customs Clearance system	If documents are fully equipped, the days required for import entry are one day. However, it must be submitted after the arrival of the ship to prepare for a hard copy. Pharmaceutical, dangerous goods, customs clearance of perishable goods is okay when special treatment is possible.	According to the ASEAN standard, to simplify customs documents, trade is promoted.	Even if trade is of a small amount, the introduction of customs clearance of ASEAN standard leads to high cost.	Introduction of IT is late, and the entry supports with a hard copy. Avoid over-investment through the implementation of the ASEAN standard of IT in customs clearance.
			The customs by the ASEAN standard, to improve the convenience of an import and export.	To introduce a single window of the same type as the SP and Indonesia is a large amount of trade over-investment.	
			Single window is to contribute to the expansion of trade to improve the convenience of the import and export of other ASEAN countries and TL.		
2. Investment	(1) Foreign Direct Investment	The investment of foreign capital is liberalized	The stability as the nation increases by ASEAN participation and can invite the investment of foreign capital.	Domestic private capital is weak, be swept into foreign capital.	Monitor the movement of both domestic capital and foreign capital.
	(2) Investment of the government support	The government has established a system to support company operations, government banks to assist financially.	Investment member countries ASEAN, ASEAN dialogue can be expected from a country.	None	
			Gap elimination of development of ASEAN, Can expect a synergistic effect with SME development projects.		
(3) Investment of the private capital	Amount is at a low level and is seen so as to reinvest in manufacturing.	Investment of foreign capital and government support is an opportunity, and an investment environment is regulated well.	None		



Major field	Sub-field	Current situation	Timor-Leste joins ASEAN		Countermeasure to hard
			Encourage	Hard	
3. Industrial development	(1)Public investment	The government is to improve the standard of living to invest in a wide range of fields.	Elimination of Gap and the development of ASEAN, the adoption of IAI, becomes a clear direction of public investment, industry that targets public investment is thereby fostering it	None	
	(2)Development of Small and Medium Sized Enterprises	Government and banks are promoting the development of SMEs.	SME development and participation in the IAI projects of ASEAN, organizational development is attained.	A foreign capital participates in the establishment of SME and sweeps it over to every corner of the market.	Develop both the SME of foreign capital and domestic capital in the process of SME upbringing.
		Small size of the private sector.	The private enterprise of the ASEAN member countries is to establish a branch or agency in the TL, lead to the establishment of SME.		
			By quality improvement and by the adoption of the ASEAN standard and the expansion of the market, the manual industry is activated.		
	(3)Job opportunity	There is little job opportunity in TL and the skilled labor goes to foreign countries for working away from home. Students are reluctant to return to the country.	SME Development and IAI Project for CLMV by ASEAN to practice will increase employment opportunities and reliability.	None	
			Industrial development will be promoted by talented ASEAN member countries to participate in the SME Development and IAI Project.		
	(4)Human resources	The TL country has few opportunities to utilize an excellent talented person of TL which received the higher education in a foreign country.	Opportunity to take advantage of the talent in TL by the ASEAN market is born.	A foreign talented person may do industrial development.	Promote human resource development to enhance higher education.
			Industrial development will be promoted to attract talented people from ASEAN member countries.	Talent will flow out to other ASEAN member countries	To create attractive employment opportunities.
			A new occupational born by ASEAN mutual recognition of qualifications.		
	(5)Entrepreneurship	Entrepreneurship is weak	Increasing incentives for entrepreneurs to expand to ASEAN markets from central Dili.	None	
Entrepreneurship that combines the talent of TL and ASEAN can be expected.					

Major field	Sub-field	Current situation	Timor-Leste joins ASEAN		Countermeasure to hard
			Encourage	Hard	
4. Food, agriculture and forestry	(1) Exports of agricultural products	Almost no exports other than coffee beans.	Since a big market is created in the neighborhood, production of export farm output products will increase.	None	
	(2) Imports of agricultural products	Agricultural products are imported in Australia, South Africa, China, and Taiwan, including the ASEAN.	None	Imports penetrate to provincial cities and rural areas.	Increase the productivity of agriculture, shipped to market agricultural products to compete with imported products.
	(3) Rural Infrastructure	Traffic infrastructure cannot carry a farm output product to the urban area for fragility.	Gap elimination of development of ASEAN, IAI, and the progress of ICT infrastructure is to facilitate the availability of infrastructure to improve rural to urban areas, the production of crops with high liquidity will now lead to the improvement of living standards.  Deployment to the production of agricultural products for export can be expected in the future.	None	

### 5.2.1 Trade

#### (1) Export

##### 1) Current situation

- The export of coffee beans accounts for more than 95% and an export destination is Europe and America.

##### 2) Encourage

- Export of coffee beans expands for the outside of ASEAN area . ASEAN provides some project to expand the export of coffee beans and Timor-Leste can join the project to increase the export.
- Timor-Leste may have a chance to exports coffee beans and other agricultural products to ASEAN market.

##### 3) Hard

Nothing

##### 4) The SWOT analysis

Strengths :

- The organic farming has effectiveness of advertising to escalate export for developed countries.

Weaknesses :

- Productivity of the agriculture is low in comparison with the advanced countries of ASEAN. In addition, domestic infrastructure is still to be developed which makes the

domestic transit cost high.

Opportunities :

- Because Timor-Leste government understands the current weak points mentioned above and takes measures, it will be improved and the cost of the export will reduce.
- Timor-Leste becomes well known in the world market by ASEAN participation. The evaluation that it is a stable country leads to the expansion of the trade transaction.
- The Ministry of Agriculture and Fishery plans the cultivation reinforcement of the cash crops which can increase the export.

Threats :

- As for the coffee beans which are a main export commodity, many countries plan production reinforcement. African countries in particular are remarkable at organic farming like Timor-Leste.

(2) Import

1) Current situation

- All industrial products are imported. The origin of import is China, Korea, and Japan, and others besides those of ASEAN members. Grocery items, excluding fresh fish and fresh vegetables are imported. The origin of import is ASEAN members

2) Encourage

- Since industrial products and daily necessities are imported richer, the modernization of Timor-Leste will be promoted, and living standards will be improved.
- Economic activity helps to reduce the development gap with ASEAN6.

3) Hard

- Foreign goods sweep over the domestic market in all sections and disturb establishment of the domestic industry upbringing.
- When import greatly increases, the existing domestic industry (for example, the agricultural sector) has a negative effect, and there may be a decrease in the amount of production and the employee

4) Counter plan to hard

- Because the domestic market is small, Timor-Leste cannot promote the industry of all fields. Timor-Leste can narrow down the domestic industry to promote and strengthen international competitiveness
- The agricultural sector is the center of the economy. It is necessary to improve the productivity of the agricultural sector and to train price competitiveness against import goods.

5) The SWOT analysis

Strengths :

- Timor-Leste government understands the weak points of domestic industry and takes measures. The government has financial power.

Weaknesses :

- As the labor costs in the city area of Dili are expensive, it is not suitable of manufacturing industry to operate a factory in Dili for producing import replacement. It may be difficult for private enterprises to keep enough employees for the factor in the suburbs of Dili.

Opportunities :

- New products and techniques flow from the ASEAN member countries and contribute to the advancement of the domestic industry.
- As the market spreads in ASEAN, there may be some enterprises who can increase the production to be competitive with the enterprises in ASEAN members. They may produce merchandise of import replacement as well as new export item.
- Companies of the ASEAN member country enter the domestic production and start the production of import replacement and the export.

Threats :

- Companies of the ASEAN member country enter the domestic production and hold the production of the import replacement. The situation that import fluctuates by the strategy of the private enterprises is born.

(3) Customs Clearance system

1) Current situation

If documents are fully equipped, the days required for import entry are one day. However, it must be submitted after the arrival of the ship and importers must prepare hard copies. There is special treatment for pharmaceuticals, dangerous goods and perishable goods. They can make import entry before the arrival at the port.

2) Encourage

- Customs documents would be simplified in line with the ASEAN standards which would enhance trade.
- Traders can minimize the costs for import entry using the ASEAN standards in ASEAN region. Trade is promoted.
- Single Window will reduce the expenses and days required for customs procedures. Trade will be promoted among ASEAN members.

3) Hard

- Even though trade may be of a small amount, the introduction of customs clearance of

ASEAN standards leads to high cost.

- If Timor-Leste introduces Single Window of the same type as the Singapore and Indonesia, it may become over-investment because of the significant gap in trade volume.

4) Counter plan to hard

- Timor-Leste is recommended to study a computer system suitable to Timor-Leste. Some part of Customs procedures will be replaced by computer system which could be ready to accept Single Window of ASEAN.

5) The SWOT analysis

Strengths :

- There is not an overrun of bribes as in Southeast Asian countries

Weaknesses :

- As the introduction of IT is late, the burden of the time and expense of traders is big
- Promotion of ASEAN IT standard is excessive investment for Timor-Leste compared to the amount of import and export

Opportunities :

- By introduction of IT, Customs accelerate the import and export inspections and save work forces.
- Timor-Leste can reduce introduction cost of IT by copying the system partly which ASEAN member countries have already introduced.

Threats :

- Reform of customs formalities at the same level as large trading countries such as Indonesia or Singapore would become an over-investment for Timor-Leste.

### **5.2.2 Investment**

(1) Foreign Direct Investment

1) Current situation

The investment of the foreign capital is liberalized.

2) Encourage

The stability as the nation increases by ASEAN participation and can invite the investment of the foreign capital.

3) Hard

Domestic private capital is weak. The domestic investment market would be swept by foreign capital.

4) Counter plan to hard

Timor-Leste may monitor the movement of both domestic capital and foreign capital and

remove excessive concentration.

5) The SWOT analysis

Strengths :

- The domestic market is released for foreign investors.
- The government supports the investment from foreign countries.

Weaknesses :

- There are a few results for Timor-Leste to have invited the investment from the foreign country.
- As the domestic industry is a stage in the early period of development, investors may not get immediate effect against new investment.

Opportunities :

- Timor-Leste is well known in the world by ASEAN participation as a reliable country. Timor-Leste can invite more investment.
- As the domestic industry is in an early period of development, Timor-Leste would have a lot of investment opportunities. Timor-Leste can expect medium-and-long term investment of ASEAN members.
- The government pushes forward large-scale projects. Investment could be increased associated with the projects.

Threats :

- There are a few results that Timor-Leste invited investment from foreign countries. Timor-Leste is requested to collect more know-how.

(2) Investment of the government support

1) Current situation

The government has established a system to support private companies. The government owned banks give financial support to private enterprises.

2) Encourage

- ASEAN members and ASEAN dialogue partners make investment cooperative with the government investment.
- The amount of government investment may increase in line with the ASEAN projects such as NDG(Narrow the Development Gap) and IAI.

3) Hard

Nothing

4) The SWOT analysis

Strengths :

- The government of Timor-Leste has abundant funds based on oil resources

Weaknesses :

- As Timor-Leste has not enough investment experience, government may face some difficulty in making investment efficiently.
- Timor-Leste has small number of population and small number of private enterprises. There are a few fields for investment using the financial power that is rich in government

Opportunities :

- Timor-Leste can invite the investment from ASEAN members and the dialogue countries.
- The government has financial surplus energy to increase investment jointly with the foreign investment.

Threats :

- Timor-Leste has to compete with CLMV. The invitation of the foreign investment may become competition with developing countries such as Cambodia and Myanmar

### (3) Investment of the private capital

#### 1) Current situation

Reinvestment in manufacturing is at a low level.

#### 2) Encourage

Investment of foreign capital and the government would increase the opportunities of private investment. The investment environment is regulated well

#### 3) Hard

Nothing

#### 4) The SWOT analysis

Strengths :

- They can receive support of the government

Weaknesses :

- As all industry is in the early period of development, it is not easy to get investment-return.

Opportunities :

- Investment opportunities increase with economic development

Threats :

- The foreign capital may enter a promising investment before investment of private capital

### **5.2.3 Industrial development**

#### (1) Public investment

##### 1) Current situation

The government is to invest in a wide range of fields to improve the standard of living.

2) Encourage

By using the ASEAN programs such as NDG and IAK, the direction of of public investment would become clear. Private industry could set target on public investment

3) Hard

Nothing

4) The SWOT analysis

Strengths :

- The government holds an abundant fund.

Weaknesses :

- Timor-Leste has not enough experience in investment. Reliability of investment know-how may not be high enough.
- All industry is in the early period of development. The public investment cannot get results immediately.

Opportunities :

- There are a lot of target industries since Timor-Leste is going to establish and develop various industries.

Threats :

- It may end in transient investment without much contributing to industrial development as expected

(2) Development of Small and Medium Enterprises

1) Current situation

Government and government owned banks are promoting the development of SMEs. The size of the private sector is still small

2) Encourage

- By joining the ASEAN programs of SME development and IAI Timor-Leste can get information about CLMV and follow their examples.
- Private companies of ASEAN members may open branch office in Timor-Leste which would enhance the development of SMEs.
- By quality improvement through the adoption of the ASEAN standard and the expansion of the market, the manual industry is activated.

3) Hard

A foreign capital participates in the establishment of SME and sweeps it over to the every corner of the market.

4) Counter plan to hard



Timor-Leste is recommended to develop both the SME of foreign capital and domestic capital in the process of SME upbringing.

5) The SWOT analysis

Strengths :

- The government has enough financial power to bring up SMEs.
- Timor-Leste will introduce an excellent technique from ASEAN members.

Weaknesses :

- Labor costs in the suburbs of Dili is more expensive than Cambodia and Myanmar.
- There is little supply of workers for medium and small-sized businesses because of little population that can work

Opportunities :

- Import goods are in every field. Timor-Leste has a large market for manufacturing to produce import replacements.
- Transportation cost would be reduced by maintenance of the traffic infrastructure. The product of the agricultural area becomes able to compete with import goods in an urban area.

Threats :

- The entries of foreign companies would increase by ASEAN participation. The strategy of the foreign companies affects the upbringing plan of SME

(3) Job opportunity

1) Current situation

As job opportunity in Timor-Leste is not large enough at present, the skilled labor goes to the foreign country for workings away from home. Students are reluctant to return to the country.

2) Encourage

- ASEAN programs of SME Development and IAI would make some contribution to increase employment opportunities.
- Industrial development will be promoted by talented ASEAN member countries. As a result, job opportunities would increase

3) Hard

Nothing

4) The SWOT analysis

Strengths :

- As Timor-Leste accepts foreign investment and skilled labor, foreign companies can open branches in Timor-Leste easily. Entrepreneurship of foreign companies directly

leads an increase in job opportunities.

Weaknesses :

- All industry is developing. Timor-Leste does not have enough number of stable enterprises who hire permanent employees and increase employment.

Opportunities :

- Because the market spreads by ASEAN participation, Timor-Leste can expect companies establishing a production base in Timor-Leste.
- The excellent technique and worker flow by ASEAN participation contributes to the advancement of the domestic industry. The production of the import replacement and the export increases. Job opportunities increase.

Threats :

- Even if the domestic industry develops, foreign workers may occupy a promising type of job.

#### (4) Human resources

##### 1) Current situation

Timor-Leste has few opportunities to utilize an excellent talented person of Timor-Leste which received a higher education in a foreign country.

##### 2) Encourage

- Opportunity for the talent would expand in Timor-Leste by the ASEAN participation.
- Industrial development will be promoted to attract talented people from ASEAN member countries.
- When Timor-Leste sets to work for a new job level by the mutual approval of the qualification between the ASEAN members the opportunity would become enough in other ASEAN member countries. A new job opportunity would be connected for the improvement of human resources.

##### 3) Hard

- A foreign talented person may do industrial development.
- The Talent will flow out to other ASEAN member countries and not contribute to the industrial development of Timor-Leste.

##### 4) Counter plan to hard

- It is recommendable for Timor-Leste to promote human resource development to enhance higher education.
- Timor-Leste must create an attractive employment opportunities to keep the best talent.

##### 5) The SWOT analysis

Strengths :

- As well as the domestic university, there are many excellent talented people learning at foreign universities

Weaknesses :

- There are not enough working opportunities to utilize excellent talented persons.

Opportunities :

- By ASEAN participation, job opportunities increase in Timor-Leste and ASEAN countries. Learning will increase.
- The private sector becomes able to utilize the talented person of domestic and the ASEAN countries

Threats :

- The talented person whom Timor-Leste brought up flows out into the ASEAN member country

#### (5) Entrepreneurship

##### 1) Current situation

Timor-Leste's economic scale is small and entrepreneurship is weak.

##### 2) Encourage

- The incentives for entrepreneurs would expand because market expands to ASEAN instead of Dili.
- Entrepreneurship that combines the talent of Timor-Leste and ASEAN can be expected.

##### 3) Hard

Nothing

##### 4) The SWOT analysis

Strengths :

- There is support of the government in company administration and a fund

Weaknesses :

- Timor-Leste does not have enough experience. There are a few familiar talented people with regard to entrepreneurship.

Opportunities :

- There are many incentives for entrepreneurs because the target market spreads by ASEAN participation
- Entrepreneurship by the joint venture with companies in ASEAN member countries is the possible.
- Entrepreneurship of the companies of ASEAN member countries would increase in Timor-Leste. Know-how of entrepreneurship and the company administration spreads out in Timor-Leste companies.

Threats :

- The foreign companies sweeps over the field of entrepreneurship.

#### **5.2.4 Food, Agriculture and Forestry business**

##### (1) Exports of agricultural products

###### 1) Current situation

Most exports are coffee beans (around 95%). Other exports of beans and domestic animals have only a small share in.

###### 2) Encourage

Because a big market is created in the neighborhood, production of export products will increase. The cash crops which the government pushes forward would make significant increase.

###### 3) Hard

Nothing

###### 4) The SWOT analysis

Strengths :

- There is government support on a fund and farming.
- The organic farming helps the differentiation of the export.

Weaknesses :

- Productivity is low. The price competitiveness is low, too.
- As for the standard and the safety, the ASEAN standard are not introduced.
- The domestic transportation cost is expensive.

Opportunities :

- As a big market is created in the neighborhood, exports will increase
- Since the export destination is decided in ASEAN members, Timor-Leste can easily set the aims such as the kind, the standard and the price
- Timor-Leste can develop markets outside ASEAN in cooperation with ASEAN members.

Threats :

- Initiative of the export would be held by the large countries of ASEAN.

##### (2) Imports of agricultural products

###### 1) Current situation

Agricultural products are imported from Australia, South Africa, China, and Taiwan, as well as ASEAN members.

###### 2) Encourage

Nothing

3) Hard

Imports increase with ASEAN participation. The imports might penetrate to local cities and rural areas.

4) Counter plan to hard

Timor-Leste must improve the productivity of agriculture. Farmers could ship agricultural products to market to compete with imported products.

5) The SWOT analysis

Strengths : Nothing

Weaknesses :

- Productivity is low. The price competitiveness of the domestic product for import goods is low paying an expensive domestic transportation cost.

Opportunities :

- Timor-Leste promotes the breeding and improvement of productivity. Domestic products would substitute imports
- Transportation cost could be reduced by maintenance of the domestic infrastructure, and the price competitiveness for the import goods of domestic industrial goods would increase.

Threats :

- Foreign goods might spread among the urban area and the local markets. Farmers might lose good domestic market.

(3) Rural Infrastructure

1) Current situation

Traffic infrastructure is not maintained well to carry a farm output product to the urban area with low costs.

2) Encourage

- ASEAN programs of Narrow the development gap and IAI will encourage Timor-Leste to accelerate the infrastructure to improve rural to urban areas. The production of crops would get high liquidity and lead to the improvement of living standards.
- Deployment to the production of agricultural products for export can be expected in the future.

3) Hard

Nothing

4) The SWOT analysis

Strengths :

- The government has enough funds and works on infrastructure improvement

Weaknesses :

- There are a wide variety of items that require improvement including agricultural productivity, breeding diversity, road transport and communications infrastructure.

Opportunities :

- The government pushes forward projects for the elimination of weak points. Timor-Leste can expect an effect sequentially.

Threats :

- Domestic infrastructure is maintained, and foreign goods may sweep over a market before local farm products are supplied to the urban area.

### **5.3 Summary of the Economic Impacts**

Many officers expect that Timor-Leste would enjoy a positive economic impact when Timor-Leste joins ASEAN. The reason might be the fact Timor-Leste is open to the economic activities of companies based on foreign countries and actually accepts the various imported products and foreign direct investments. Eventually Timor-Leste would receive little negative impact when Timor-Leste joins ASEAN. The enterprises in Timor-Leste will have a good chance to expand their businesses in a large market of ASEAN. These are the background to expect the positive economic impacts for Timor-Leste when joining ASEAN.

In order to enjoy the positive economic impact, the products of Timor-Leste must be competitive enough in quality and price. The skilled labors in Timor-Leste are expected to compete with the labors from other ASEAN counties. If the products and labors of Timor-Leste are not strong enough in the ASEAN region Timor-Leste will not be able to enjoy the expected economic impact.

## Chapter 6 Challenges of Timor-Leste in Accession to ASEAN

### 6.1 Summary

Timor-Leste has to overcome several issues to become a member of ASEAN which can be divided into three groups. The first one is the action plans for each Ministry. The activities of the Ministries for ASEAN membership are not well organized at present. In order to overcome the problem each Ministry is requested to prepare an action plan and set the goals clearly. The action plan includes items of 「Strategic Schedule for AEC」 in the territory of the Ministry. The Ministry can confirm the current position by item and possible activities to fulfill the item. When Timor-Leste compiles the action plans of all Ministries, the compiled action plan will become a road map for Timor-Leste with regards to its accession into ASEAN.

The next one is the group of the four pillars of the AEC Blueprint. Timor-Leste fulfills the four pillars when Timor-Leste joins ASEAN. Timor-Leste is requested to complete all requirements in the 「Strategic Schedule for AEC」 one by one to reach the four goals. This survey revealed the items which are to be completed by Timor-Leste. Timor-Leste is recommended to make action plans for the items to reach the goals of the four pillars.

The third one is the ASEAN Treaties and Agreements to be ratified when Timor-Leste joins ASEAN. It is not enough for Timor-Leste to ratify them. Timor-Leste must revise its domestic laws and regulations in line with the Treaties and Agreements.

This chapter takes up the items in the 「Strategic Schedule for AEC」 which Timor-Leste has to complete as well as ASEAN Treaties and Agreements which Timor-Leste is going to ratify. The discussion starts with the Treaties and Agreements as the 「Strategic Schedule for AEC」 was introduced based on the various agreements among ASEAN members.

**Table 6-1 Items to be Fulfilled by Timor-Leste for Accession into ASEAN**

field	Item	Current situation	Action required prior to 2015	Action after 2015	
Treaties, Agreements and others of ASEAN	Agreement of ASEAN				
	The ASEAN Declaration	1967	No action	Establish a domestic legislation Incorporating the contents of the agreement	Revises or established domestic law at any time along with the decision of ASEAN
	Treaty of Amity and Cooperation in Southeast Asia	1976	No action		
	Agreement on the Establishment of the ASEAN Secretariat	1976	No action		
	Declaration of ASEAN Concord II (T)	2003	No action		
	Agreement of AEC				
	ASEAN VISION 2020	1997	No action	Establish a domestic legislation Incorporating the contents of the agreement	Revises or established domestic law at any time along with the decision of ASEAN
	CHARTER OF THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (††)	2007	No action		
ASEAN Trade in Goods Agreement (ATIGA) (†††)	2009	No action			
AEC Blueprint Pillar 1 - Pillar 4	Pillar 1 : Single Market and Production Base				
	Free flow of Goods		Does not restrict the movement	Confirm whether a current policy meets ASEAN standard.	Discuss with ASEAN, when the government supports domestic industry and protects.
	Free flow of Service		Does not restrict the movement		
	Free flow of Investment		Does not restrict the movement		
	Free flow of Capital		Does not restrict the movement		
	Free flow of Skilled labor		Does not restrict the movement		
	Priority integration sectors		TL is not related		
	Food, Agriculture & Forestry		There are no restrictions on imports and exports. Quality and quarantine has introduced standards for Australia.	Confirm whether a current policy meets ASEAN standard.	Discuss with ASEAN, when the government supports farmers and agribusiness.
	Pillar 2 : Competitive Economic Region				
	Competition Policy		Has not been adopted	Adopted the ASEAN standard.	Communicated to the private sector, and ensured compliance.
	Consumer Protection		Has not been adopted		
	Intellectual Property Right		Has not been adopted		
	Infrastructure		Has not adopted a policy of cooperation with the ASEAN.	Adopt the ASEAN standard, such as Intermodal transport and road safety standards.	
	Taxation		Adopted a bilateral agreement with respect to prevention of double taxation.	Confirm whether a current policy meets ASEAN standard.	
E-Commerce		Has not been adopted	Watch the trends of ASEAN.		



field	Item	Current situation	Action required prior to 2015	Action after 2015
AEC Blueprint Pillar 1 - Pillar 4	Pillar 3 : Equitable Economic Development			
	Development of Small and Medium Enterprises (SMEs)	Has not adopted a policy of cooperation with the ASEAN.	Participate as observers in the meeting of ASEAN, to implement a coordinated policy.	TL will be included in ASEAN SME and IAI programs.
	Initiative for ASEAN Integration (IAI)	Has not adopted a policy of cooperation with the ASEAN.		
	Pillar 4 : Integration into the Global Economy			
	Coherent Approach towards External Economic Relations	Has not adopted a policy of cooperation with the ASEAN.	Participate as observers in the meeting of ASEAN, to implement a coordinated policy	
	Enhanced Participation in Global Supply Networks	Has not adopted a policy of cooperation with the ASEAN.		
Action plan	To make action plans for items to be completed by 2015 and items to be completed after 2015			
	Action plan by item			
	Action plan including all by items to be completed			
	Action plan with time frames			

## 6.2 Treaties, Agreements and Others of ASEAN

Timor-Leste will ratify many Treaties and Agreements when Timor-Leste joins ASEAN. The attached Paper #1 shows all Treaties and Agreements. The major ones are explained here. As a lot of Treaties and Agreements are involved, Timor-Leste can classify them into several groups and ratify them group by group. It is the idea suggested by the ASEAN Secretariat.

### (1) Major Agreements of ASEAN

- The ASEAN Declaration

Indonesia, Malaysia, the Philippines, Singapore and Thailand declared the establishment of the Association of Southeast Asian Nations (ASEAN). The association will promote cooperation among the members with regards to the economy, society, culture, technology, education and other fields as well as regional peace and security.

- Treaty of Amity and Cooperation in Southeast Asia

The members declared to keep peaceful relationships among the member countries in line with the Charter of the United Nations. Indonesia, Malaysia, the Philippines, Singapore and Thailand approved the treaty in 1976 and that which the remaining ASEAN members also approved by 1995. This treaty can be ratified by countries other than ASEAN members. 25 countries have approved the treaty at present and Timor-Leste approved it in 2007.

- Agreement on the Establishment of the ASEAN Secretariat

ASEAN members agreed to establish a permanent secretariat in Jakarta. The secretariat

had three divisions, the Economic integration and finance, the Foreign affairs and Cooperation and Natural resource development. The Secretariat now consists of four divisions, Economic Community, Socio-Cultural Community, Political-Security Community and general affairs.

- Declaration of ASEAN Concord II

ASEAN members declared to establish the ASEAN Community through the composition of three communities.

Timor-Leste will ratify these treaties and agreements when Timor-Leste joins ASEAN and revise the domestic laws and regulations to meet the treaties and agreements.

(2) Agreements of ASEAN Economic Community

- ASEAN VISION 2020 (Agreed in 1997)

ASEAN members disclosed a plan to enhance the growth and cooperation in the region by 2020 to establish the ASEAN Community.

- CHARTER OF ASEAN (Agreed upon in 2007)

In order to establish the ASEAN Community, members reviewed the organization and rules of ASEAN. The Charter of ASEAN includes the major principles agreed by those who were members as of that time.

- ASEAN Trade in Goods Agreement (ATIGA) (Agreed upon in 2009)

ATIGA includes the following agreements approved by ASEAN members by 2009.

- ASEAN Preferential Trading Arrangements (Agreed upon in 1977)

Members agreed to offer preferential treatment to the trade in the region.

- ASEAN Agreement on Customs (Agreed upon in 1977)

Members agreed to discuss about the custom procedures and inspection processes.

- Framework Agreement on Mutual Recognition Arrangements Agreed upon in 1998)

ASEAN will decide the security standards for electric goods, cosmetics and others.

If some members are not acceptable by the ASEAN standards, any two members can approve the standards between the two countries.

- e-ASEAN Framework Agreements (Agreed upon in 2000)

Members agreed to extend the IT service to the rural areas of member countries.

- Protocol Governing the implementation of ASEAN Harmonized Tariff Nomenclature (Agreed upon in 2003)

Members agreed to adopt one and same criteria for commodity classification according to customs.

Agreement to establish and implement the ASEAN single window

The single window scheme for trade becomes the target of ASEAN members. One application would be enough to get approvals of various regulation relating to export and import.

Timor-Leste will revise domestic laws and regulations in line with these agreements.

### **6.3 AEC Blueprint and 「Strategic Schedule for AEC」 Blue Print**

The ASEAN Economic Community will start when all the four pillars of the AEC Blueprint are fully completed. In order to complete the four pillars, 「Strategic Schedule for ASEAN」 must be completed following the periodical targets. The AEC Blueprint has a lot of goals which can be divided in to three groups, which include goals of major items, goals of secondary items and goals of minor items. There are 4 major items, 16 secondary items and 256 minor items. It is recommendable to use the secondary item to evaluate the activities of member countries for the ASEAN Economic Community. Table 6-2 shows the target of secondary items briefly. Timor-Leste is requested to complete these goals before joining ASEAN.

**Table 6-2 Secondary Items in 「Strategic Schedule for AEC」**

Major Items	Secondary Items
AEC Pillar 1 : Towards a Single Market and Production Base	
	a.Free Flow of Goods
	b.Free Flow of Services
	c.Free Flow of Investment
	d.Free Flow of Capital
	e.Free Flow of Skilled Labor
	f.Food, Agriculture and Forestry
AEC Pillar 2 : Towards a High Competitive Economic Region	
	a.Competition Policy
	b.Consumer Protection
	c.Intellectual Property Rights
	d.Infrastructure Development
	e.Taxation
	f.E-Commerce
AEC Pillar 3 : Towards a Region of Equitable Economic Development	
	a.SME Development
	b.Initiative for ASEAN Integration (IAI)
AEC Pillar 4 : Towards Full Integration into the Global Economy	
	a.Coherent Approach towards External Economic Relations
	b.Enhanced Participation in Global Supply Networks

Source: 「Strategic Schedule for AEC」

### **6.3.1 AEC Pillar 1 : Single Market and Production Base**

Secondary item a to e.

- a. Free Flow of Goods
- b. Free Flow of Services
- c. Free Flow of Investment
- d. Free Flow of Capital
- e. Free Flow of Skilled Labor

< Current position >

Timor-Leste applies no restriction to these five items.

< Actions to be taken by 2015 >

The policies of Timor-Leste may meet the requirements in Pillar 1. However, it may be

necessary for Timor-Leste to confirm if their policies support the goal of “Single Market and Production Base”. Timor-Leste may make contact with ASEAN members and the ASEAN Secretariat and get their comments on the policies of Timor-Leste.

< Actions to be taken after 2015 >

If Timor-Leste would select some policy to protect domestic industries, Timor-Leste will be required to consult with ASEAN members and get their consensus on the policy.

Secondary item f.

f. Food, Agriculture and Forestry

< Current position >

Timor-Leste applies no restriction to the import and export of agricultural products which means Timor-Leste satisfies the requirements of Pillar 1. However, Timor-Leste has introduced Australian standards for quality control and quarantine.

< Actions to be taken by 2015 >

It may be an urgent issue for Timor-Leste to confirm if the Australian standards fully satisfy the ASEAN standards.

< Actions to be taken after 2015 >

If Timor-Leste would select some policy to protect the agricultural products and/or processed products from competition with imported commodities, Timor-Leste will be requested to consult with ASEAN members and get their consensus on the policy.

### **6.3.2 AEC Pillar 2 : Competitive Economic Region**

Secondary Item a to c.

a. Competition Policy

b. Consumer Protection

c. Intellectual Property Rights

< Current Position >

Timor-Leste has no domestic laws for these 3 items.

< Actions to be taken by 2015 >

Timor-Leste implements new domestic laws and make private enterprises follow the laws strictly.

Secondary Item d.

d. Infrastructure Development

< Current Position >

Timor-Leste has promoted infrastructure development but maintains no cooperative actions

with ASEAN projects.

< Actions to be taken by 2015 >

ASEAN has many projects to promote infrastructure development. Some of the ASEAN projects may be suitable for Timor-Leste including the road security criteria and rules for international multi-modal transportation. Timor-Leste is recommended to introduce as many ASEAN standards as possible before joining ASEAN.

Secondary Item e.

e. Taxation

< Current Position >

Timor-Leste signed a bilateral agreement with Indonesia and Portugal to avoid double taxation for foreign direct investments.

< Actions to be taken by 2015 >

It may be necessary for Timor-Leste to confirm if the current regulation meets the requirement of Pillar 2. If the regulation meets the ASEAN standards, Timor-Leste may try to extend the agreement with other ASEAN countries.

Secondary Item f.

f. E-Commerce

< Current Position >

Timor-Leste has implemented no rules or regulations regarding e-Commerce right now.

< Actions to be taken by 2015 >

Although ASEAN member countries have not implemented e-Commerce yet, the scheme may be implemented in ASEAN regions all at once to inaugurate it efficiently. Timor-Leste is recommended to watch the development of e-Commerce among ASEAN countries and study to implement it with other ASEAN members.

### **6.3.3 AEC Pillar 3 : Equitable Economic Development**

Secondary Item a and b.

a. SME (Small and Medium Enterprises) Development

b. Initiative for ASEAN Integration (IAI)

< Current Position >

Timor-Leste has various projects to promote SME development but makes no cooperative activities with ASEAN projects.

< Actions to be taken by 2015 >

Timor-Leste is recommended to send representatives as observers to ASEAN meetings and

IAI forums discussing subjects regarding SME development. Timor-Leste may select cooperative activities with ASEAN projects to promote SME development during the transition period to become a member of ASEAN.

< Actions to be taken after 2015 >

Timor-Leste will be in a position to receive the support of ASEAN and IAI for SME development. It may be a good selection for Timor-Leste to establish an action plan for developing SMEs and concrete ideas about the expected support of ASEAN.

#### **6.3.4 AEC Pillar 4 : Integration into the Global Economy**

Secondary Item a to b.

a. Coherent Approach towards External Economic Relations

b. Enhanced Participation in Global Supply Networks

< Current Position >

Timor-Leste has no cooperative activities with ASEAN for the two items.

< Actions to be taken by 2015 >

Timor-Leste may send observers to the ASEAN meetings relating these items and try to revise the policies to meet the contents of ASEAN programs.

### **6.4 Preparations of Timor-Leste for Activities as a Member of ASEAN**

#### **6.4.1 Human Resources**

Timor-Leste is recommended to reserve enough officers who can become representatives to ASEAN meetings. As the number of ASEAN meeting will be 1,000 or more every year, Timor-Leste selects the meetings which Timor-Leste has some interest in. After the selection Timor-Leste may be forced to send representatives to several hundred meetings. It is an important and urgent issue for Timor-Leste to keep enough representatives present at ASEAN meetings.

Timor-Leste will keep two types of officers. One of them is a group of officers to handle political issues such as the operation of the ASEAN Community, three Communities and various ASEAN projects. Another group includes the officers specialized in a specific field such as the commodity classification in the Customs Department and food security. They will participate in the ASEAN meetings and express the professional opinion of Timor-Leste.

#### **6.4.2 ASEAN Meetings**

Timor-Leste has to send representatives to ASEAN meetings when Timor-Leste becomes a member of ASEAN. In addition to sending representatives, Timor-Leste shall take the role of a host country for some ASEAN meetings. Every member country takes the chairmanship of the

ASEAN summit in turn. Timor-Leste becomes the chairman every 11 years. Besides the ASEAN summit, Timor-Leste may be a host country for several ASEAN meetings every year. Timor-Leste must equip conference rooms suitable to the ASEAN meetings as well as hotel accommodation for participants.



## **Chapter 7 Recommendations of the Survey Team**

### **7.1 Recommendations**

Timor-Leste has a lot of issues to be completed before joining ASEAN which were explained in Chapter 6. The importance of the Action Plan was also discussed in Chapter 6 and government authorities are recommended to establish Action Plans and achieve the items in the plans. Timor-Leste may be able to invite the support of donors for the issues which are difficult for Timor-Leste to achieve efficiently. This Chapter explains the items to be completed by Timor-Leste with the Ministry in charge and possible support of donors. Timor-Leste is requested to review this chapter and try to complete all necessary issues at the earliest opportunity which is the recommendation of survey team. The survey team makes a list of the fields and subjects to be assisted by Japan at the end of the report.

Chart 7-1 shows the issues to be completed by Timor-Leste for accession to ASEAN with the Ministry in charge and possible supports of donors.

ADB is going to provide technical assistance to Timor-Leste in 2013 for the preparation for regional integration. It is one of the ideas that the technical assistance of ADB would adopt the recommendations explained in this chapter.

Issues to be completed by 2015		2013				2014				2015			
		1QT	2QT	3QT	4QT	1QT	2QT	3QT	4QT	1QT	2QT	3QT	4QT
1. To ratify ASEAN Treaties and Agreements													
Ministry of Justice	(1) To transform ASEAN Treaties and Agreements into domestic laws and												
2. To adopt ASEAN Standards													
Ministry of Agriculture & Fishery	(1) To send observers to ASEAN meetings to get information about ASEAN												
	(2) To establish a scheme of traceability for agricultural products												
Ministry of Justice	(3) To introduce and enforce a new rule of Intellectual Property Right												
3. To confirm whether TL meets ASEAN Standards													
Ministry of Agriculture & Fishery	(1) To establish quality standards for Agricultural Products												
	(2) To send observers to ASEAN meetings to get information about ASEAN Standards												
Ministry of Finance	(3) To introduce IT for Customs												
Ministry of Commerce	(4) To review the organization to accelerate Industry Development (Preparation for IAI)												
4. To participate in developing ASEAN Standards													
Ministry of Finance	(1) To introduce IT for Customs (Single Window)												
5. Activities to accelerate the TL's accession to ASEAN													
(1) To tighten the relationship with ASEAN members													
Ministry of Foreign	1) To make additional Bilateral Agreements												
	2) To establish Embassies												
	3) To send observers to ASEAN Meetings												
	4) To send representatives to ASEAN Secretariat												
ASEAN National Secretariat	5) To increase communication with ASEAN members and ASEAN Secretariat												
	6) To establish regular meetings with ASEAN members and ASEAN Secretariat												
(2) To prepare participation in ASEAN Meetings													
Ministry of Foreign	1) To send observers to ASEAN Meetings												
	2) To send representatives to ASEAN Secretariat												
ASEAN National Secretariat	3) To increase communication with ASEAN members and ASEAN Secretariat												
	4) To establish regular meetings with ASEAN members and ASEAN Secretariat												
Ministry of Foreign Ministry of Finance Ministry of Agriculture & Fishery Ministry of Justice Ministry of Commerce	5) To promote capacity building of Human Resources and send observers to ASEAN Meetings												
(3) To review government organization													
ASEAN National Secretariat	1) To summarize the activities of Ministries for ASEAN membership												
All Ministries	2) To review the Focal Point Scheme												
	3) To make action plans for ASEAN membership												
	4) To set target for ASEAN membership and reserve funds												

**Chart 7-1 The schedule to implement activities for ASEAN membership**

R1 : Ministry of Foreign Affairs and Cooperation, Ministry of Finance, Ministry of Agriculture & Fishery, Ministry of Justice, Ministry of Commerce, Industry and Environment and Ministry of Tourism Trade and Industry

## **7.2 Issues to be completed by Timor-Leste for Accession to ASEAN**

### **7.2.1 Treaties and Agreements of ASEAN**

(1) To review the organization to transform the Treaties and Agreements of ASEAN into domestic laws and regulations

1) Ministry in Charge

Ministry of Justice

2) Issues to be completed by Timor-Leste

ASEAN makes all treaties and agreements in English. Timor-Leste must transform a considerable amount of ASEAN documents into domestic laws and regulations. The Ministry is recommended to promote capacity building of officers who would translate the ASEAN documents into Tetun and Portuguese textbooks. The transformation and translation work will hit the peak in the second half of 2014. Although the Ministry has time for education, it may take time to provide training both for lawmaking and English.

It is necessary to make a cooperative relationship with other ministries and parliament to complete a good amount of transformation in a short period. New domestic laws must be enforced by the Ministry in charge and every draft of new laws must be authorized in parliament.

3) Support by outside donors

It is hard for donors to support the translation from English documents to Tetun and Portuguese textbooks. However, Timor-Leste may be able to follow the examples of Myanmar and Cambodia who might have the same experience of translation and transformation in the past.

### **7.2.2 To adopt ASEAN Standards**

(1) To send observers to ASEAN Meetings to collect information about ASEAN

1) Ministry in Charge

Ministry of Agriculture and Fishery

2) Issues to be completed by Timor-Leste

• The qualification and security for foods may become severer year after year. Timor-Leste

is recommended to watch the movements of ASEAN and adopt the any new standards without delay.

- Timor-Leste must relies on agricultural products to increase export for the time being. The quality standards for agricultural products will be an important factor to expand exports. Timor-Leste watches the movements of ASEAN.

3) Support by outside donors

In order to watch the movements of ASEAN, Timor-Leste may get information directly from ASEAN members. Indonesia may be a good candidate whom Timor-Leste has a good business relationship in export of agricultural products.

(2) To establish a traceability scheme for Agricultural Products

1) Ministry in Charge

Ministry of Agriculture and Fishery

2) Issues to be completed by Timor-Leste

Timor-Leste is studying to introduce a traceability scheme based on SPS of the WTO (Sanitary and Phytosanitary Measures of World Trade Organization). However, it may be necessary for Timor-Leste to study the traceability methods of ASEAN. If ASEAN is going to adopt ASEAN Standards for the traceability Timor-Leste may study to adopt it.

3) Support by outside donors

Japanese specialists can support the study of the SPS of WTO. Regarding the movements of ASEAN, Timor-Leste can get information from ASEAN members especially from Indonesia.

(3) To introduce and enforce a new law of Intellectual Property Rights

1) Ministry in Charge

Ministry of Justice

2) Issues to be completed by Timor-Leste

As the scheme of “Free Flow of Goods” will be applied to the ASEAN region, every member country must protect its territory from the penetration of illegal commodities such as imitations. If one of the members accepts the entry of illegal merchandises, the merchandises shall spread over the ASEAN region. Timor-Leste is recommended to introduce a new law as soon as possible and enforce it strictly.

3) Support by outside donors

As Timor-Leste has no experience in enforcing the law of intellectual property rights, donors can provide a lot of support for their activities. Japan can assist the implementation of the new rules including the registration of the rights, handling the objections to the rights,

adjustment of disputes and detecting illegal merchandise especially water front inspection. ASEAN members can provide similar support based on the experience in the same field.

### **7.2.3 To confirm whether Timor-Leste meets ASEAN Standards**

(1) To review the standards for Agricultural Products

1) Ministry in Charge

Ministry of Agriculture and Fishery

2) Issues to be completed by Timor-Leste

Timor-Leste is going to introduce Australian base standards for agricultural products. It may be an urgent issue for Timor-Leste to confirm whether the Australia Standards shall meet the ASEAN Standards. If necessary, Timor-Leste may study the implementation of ASEAN Standards.

3) Support by outside donors

It is proper to get the support of Australia for comparison between Australia and ASEAN Standards. On the other hand Timor-Leste may get the advice of ASEAN members. Indonesia may be a good candidate whom Timor-Leste has a good business relationship with regard to the export of agricultural products.

(2) To send observers to ASEAN Meetings and collect information about new ASEAN Standards for Agricultural Products

1) Ministry in Charge

Ministry of Agriculture and Fishery

2) Issues to be completed by Timor-Leste

ASEAN programs of expanding export of agricultural products are subjects which Timor-Leste has strong interest. In order to achieve the expansion ASEAN may introduce some strict regulations in quality. Timor-Leste is recommended to watch the movements of ASEAN and be ready to accept the new standards.

3) Support by outside donors

Japanese specialist can provide professional advice about the international standards on good quality and security. Regarding the movements of ASEAN Timor-Leste obtains information directly from ASEAN members.

(3) To introduce an IT system for Customs

1) Ministry in Charge

Ministry of Finance

2) Issues to be completed by Timor-Leste

- Timor-Leste is going to introduce an IT system for Customs procedures. The new IT system follows the ASEAN programs to systematize Customs procedures as well the Single Window. ASEAN is going to implement a Single Window for Customs procedure at present which will be extended to a Single Window handling all official procedures relating to export and import. It may be good for Timor-Leste to follow the movements of ASEAN.
- Because of the relatively small export/import volume, Timor-Leste is unable to replicate the full size computer system introduced by Indonesia, Thailand and Singapore. Timor-Leste can develop a system suitable for the volume of Timor-Leste

3) Support by outside donors

The support of donors is quite effective in this field. Japan has a lot of advisers specialized both in Customs procedures and IT systems. Japan is in a good position to assist Timor-Leste selecting hardware and software of IT systems suitable for Timor-Leste. Japan can also provide educational training for officers of the Customs department.

(4) To review the organization to enhance Industry Development and make preparations for IAI programs

4) Ministry in Charge

Ministry of Commerce, Industry and Environment

5) Issues to be completed by Timor-Leste

Although the Ministry of Commerce, Industry and Environment plans the main role in the industrial development of Timor-Leste, the Ministry has not enough knowhow and experience in this field. Almost all industries in Timor-Leste are at the initial stage of development, and the Ministry has a lot of industries to support their development. However, Timor-Leste cannot develop all the industries because of its small number of population. The Ministry may be forced to select some industries to be supported for development.

6) Support by outside donors

As Timor-Leste has no large enterprises at present, Industrial development means SME development in Timor-Leste at present. As Japan has a lot of experience in SME development, the Japanese specialists are good candidate to support the activities of the Ministry of Commerce, Industry and Environment. The support of ASEAN members would be also effective because of the advice they can give regarding their experiences in similar geographical location and similar stage of business development as Timor-Leste.

#### **7.2.4 To participate in development of ASEAN new programs**

(1) To participate in the development of ASEAN Single Window

- 1) Ministry in Charge  
Ministry of Finance

2) Issues to be completed by Timor-Leste

ASEAN has a plan to implement a Single Window for trade. Indonesia and some other members have started a trial implementation of a Single Window for Customs procedure which could be expanded to exports and imports. Although it takes time to complete the Single Window in the region, all members are expected to start the system together. Timor-Leste is recommended to participate in the study of the Single Window and be ready to introduce it.

3) Support by outside donors

As explained in the IT system for Customs procedures, Timor-Leste may introduce IT for Customs. The new system for Customs must be ready to be modified for the ASEAN Single Window which would eliminate the double investment in IT systems. As Timor-Leste has little experience in this field Japan can give high quality advice to Timor-Leste. ASEAN members can provide information about the ASEAN Single Window.

#### **7.2.5 To accelerate the activities for accession to ASEAN**

(1) To tighten relationships with ASEAN members

1) To promote Bi-Lateral Agreements

<Ministry in Charge>

Ministry of Foreign Affairs and Cooperation

<Issues to be completed by Timor-Leste>

- Timor-Leste can tighten the relationship with ASEAN members by signing additional bilateral agreements with them.
- 「Strategic Schedule for AEC」 provides some items which would be accepted by two member countries instead of the unanimous agreements. Timor-Leste can utilize the scheme and make agreements with member countries which become a good sign that Timor-Leste is ready to act as a member of ASEAN

<Support by outside donors>

Nothing

2) To establish Embassies

<Ministry in Charge>

Ministry of Foreign Affairs and Cooperation

< Issues to be completed by Timor-Leste >

Timor-Leste is recommended to open an embassy in Laos, Cambodia, Myanmar and Brunei as soon as possible to tighten the relationship with ASEAN countries.

< Support by outside donors >

Nothing

3) To send observers to ASEAN Meetings

< Ministry in Charge >

Ministry of Foreign Affairs and Cooperation

< Issues to be completed by Timor-Leste >

Timor-Leste may send observers to ASEAN meetings to express their strong will for membership as well as the fact that Timor-Leste is ready to act as a member.

< Support by outside donors >

It may become easy for Timor-Leste to send observers if some ASEAN members support the action of Timor-Leste. Timor-Leste would request support of Indonesia who Timor-Leste has a strong relationship with.

4) To send representative to the ASEAN Secretariat

< Ministry in Charge >

Ministry of Foreign Affairs and Cooperation

< Issues to be completed by Timor-Leste >

This is an idea to be selected in the final stage of Timor-Leste's accession to ASEAN. Timor-Leste can select the idea of keeping representatives at the ASEAN Secretariat in Jakarta to show the fact that Timor-Leste is ready to act as a member.

< Support by outside donors >

It may become easy for Timor-Leste to send representatives if some ASEAN members support the action of Timor-Leste. Timor-Leste may request support of Indonesia who Timor-Leste has a strong relationship with.

5) To make more communication with ASEAN Members and the ASEAN Secretariat

< Ministry in Charge >

ASEAN National Secretariat

< Issues to be completed by Timor-Leste >



- ASEAN National Secretariat is recommended to keep more communication with ASEAN members and the ASEAN Secretariat by sending and receiving information periodically.
- The ASEAN National Secretariat may put stress on sending news about the preparation of Timor-Leste for ASEAN membership. One of the ideas may be sending news every three months explaining that Timor-Leste is working hard to complete the preparation for the membership.

<Support by outside donors >

Nothing

6) To establish regular meetings with ASEAN Members and the ASEAN Secretariat

<Ministry in Charge >

ASEAN National Secretariat

<Issues to be completed by Timor-Leste >

- The ASEAN National Secretariat is recommended to set a regular meeting to show the strong desire that Timor-Leste has for competing procedures for ASEAN membership as well as the capacity of acting as a member.
- The ASEAN National Secretariat must represent the opinion of the Ministries of Timor-Leste at the regular meetings. The ASEAN National Secretariat may collect the latest position of all activities handled by the Ministries before the meetings.

<Support by outside donors >

It may become easy for Timor-Leste to set a meeting if some ASEAN members support the action of Timor-Leste. Timor-Leste may request support of Indonesia who Timor-Leste has a strong relationship with.

(2) To make preparations for participating in ASEAN Meetings

1) To send observers to ASEAN Meetings

<Ministry in Charge >

Ministry of Foreign Affairs and Cooperation

<Issues to be completed by Timor-Leste >

Timor-Leste can tighten the relationship with ASEAN members which is one of the purposes of sending observers to ASEAN meetings. Another purpose is the training of the officers representing Timor-Leste in ASEAN Meetings. Timor-Leste can get know-how about selection of agenda, the progress of proceedings and preparation for meetings.

<Support by outside donors >

Nothing

- 2) To send representatives to ASEAN Secretariat

<Ministry in Charge>

Ministry of Foreign Affairs and Cooperation

<Issues to be completed by Timor-Leste>

Timor-Leste would send representatives at the ASEAN Secretariat to show Timor-Leste is ready to act as a member. This action shall meet another purpose of establishing a base for membership activities when Timor-Leste joins ASEAN. The representative would be expected to collect information useful for Timor-Leste to select meetings which Timor-Leste would participate in.

<Support by outside donors>

It may become easy for Timor-Leste to send representatives if some ASEAN members support the action of Timor-Leste. Timor-Leste may request support of Indonesia who Timor-Leste has a strong relationship with.

- 3) To exchange information with ASEAN members and ASEAN Secretariat

<Ministry in Charge>

ASEAN National Secretariat

<Issues to be completed by Timor-Leste>

The ASEAN National Secretariat is recommended to keep good communication with ASEAN members and ASEAN Secretariat to show the strong desire that Timor-Leste has for competing procedures for membership up to the time when Timor-Leste becomes an official member. When Timor-Leste becomes a member of ASEAN, Timor-Leste may keep the communication for lobbying. For instance, Timor-Leste explains the outline of their projects before Timor-Leste submits them to an IAI meeting.

<Support by outside donors>

Nothing

- 4) To establish regular meetings with ASEAN members and the ASEAN Secretariat

<Ministry in Charge>

ASEAN National Secretariat

<Issues to be completed by Timor-Leste>

Same as 3) above

<Support by outside donors>

Nothing

5) To promote capacity building of Human Resources and send observers to ASEAN Meetings

<Ministry in Charge>

Ministry of Finance, Ministry of Agriculture & Fishery, Ministry of Justice, Ministry of Commerce, Industry and Environment and Ministries involved in ASEAN affairs

<Issues to be completed by Timor-Leste>

- Timor-Leste will send observers to ASEAN meetings for the training of representatives and collecting know-how to make proper preparation for ASEAN meetings.
- As ASEAN has more than 1,000 meetings every year, Timor-Leste will select meetings which Timor-Leste has some interest in. If Timor-Leste decides to send representatives for half of the ASEAN meetings, Timor-Leste sends representatives to around 500 meetings. It is an urgent issue to keep enough offices who represent Timor-Leste at ASEAN meetings. Timor-Leste is recommended to make a pool of representatives. Ministries shall provide candidates to the pool after the internal training regarding ASEAN is issued. It is recommendable for Ministries to hire the new graduates from the universities in English speaking countries.
- Timor-Leste provides professional training to the representatives/candidates in the pool. It is one of the ideas for Timor-Leste to send the trainees to the programs for officers provided by the Malaysian or the Philippines governments.

<Support by outside donors>

It is worthy for Timor-Leste to follow the examples of ASEAN members.

(3) To review the organization to accelerate activities for ASEAN membership

1) To summarize the activities of Ministries for ASEAN membership

<Ministry in Charge>

ASEAN National Secretariat

<Issues to be completed by Timor-Leste>

- The ASEAN National Secretariat is recommended to establish an information network with all Ministries to understand the activities for ASEAN membership. One of the ideas is the regular meeting with Focal Points where the ASEAN National Secretariat informs the news about ASEAN and collects the latest activities of Ministries.
- The ASEAN National Secretariat would request Ministries to list up the important and urgent issues in the 「Strategic Schedule for AEC」 and to make a periodical review.
- The ASEAN National Secretariat makes necessary preparation for the ASEAN meetings which may be around 1,000 every year. The ASEAN National Secretariat also initiates

the meeting with the Ministries to discuss the agenda points of the ASEAN meetings and decide upon the opinions of Timor-Leste.

< Support by outside donors >

ADB has a plan to send some specialists to the ASEAN National Secretariat.

2) To review the Focal Point Scheme

< Ministry in Charge >

All Ministries who keep Focal Point

< Issues to be completed by Timor-Leste >

- There is no clear rule about the Ministries who must keep Focal Points. Timor-Leste is recommended to introduce a rule to decide the Ministries who keep Focal Points as well as the role of Focal Points.
- It is recommendable for all Ministries to nominate two types of Focal Points, namely, a high rank officer and a specialist. The high rank officer represents the Ministry and expresses the opinion of the Ministry while the specialist takes care of the technical issues
- Every Ministry must establish an internal information network. The Focal Point distributes and collects the latest information about ASEAN using the network.

< Support by outside donors >

The role of Focal Points may vary by Ministry at present. Some specialist can give professional advices to Timor-Leste to decide the role of Focal Points and to establish information network in each Ministry. Their activities are included in the administrative reforms and process improvement (kaizen) for which Japanese specialists provide high quality professional advices.

3) To make action plans for accession to ASEAN

< Ministry in Charge >

All Ministries involved in ASEAN issues

< Issues to be completed by Timor-Leste >

- Every Ministry will make an Action Plan. It is the first step in making an Action Plan to select the issues from Pillar 1~4 as well as 「Strategic Schedule for AEC」. The next step shall be the selection of a proper division who will take care of issue regarding procedures and the time frame in the Action Plan.
- The Ministry nominates a division who will monitor the development issues selected in the above steps. The Focal Point becomes the proper candidate for the monitoring processes. The Focal Points may summarize the latest position and make a report every

half year. Whenever the Focal Point finds any delay with regards to the schedule, the Focal point shall find out the causes of the delay and take necessary actions to return to the original schedule.

< Support by outside donors >

This is the main action of process improvement for which Japanese specialists provide high quality support.

4) To set targets of activities for ASEAN membership and reserve funds

< Ministry in Charge >

All Ministries involved in ASEAN issues

< Issues to be completed by Timor-Leste >

This is a short term action plan. Every Ministry is highly recommended to reserve enough budget for the activities to achieve the items selected from 「Strategic Schedule for AEC」

< Support by outside donors >

It is actually a part of the action plan explained in 3) above. Japanese specialists can provide professional advice in this field.

### **7.3 Fields and subjects to be assisted by Japan**

#### **(1) Capacity building of Focal Points**

The total number of Focal Points is 22 in 13 Ministries right now. There are some Focal Points who are not active in the Ministries.

As every Ministry recognized the targets through the discussion with the survey team, the Ministry is recommended to make an action plan to achieve the target to accelerate the activities for ASEAN membership. The Focal Points are expected to lead the discussion in the Ministry to make the action plan. It is also the duty of the Focal Points to monitor the activities for the targets. Japan shall assist the Focal Point to make the action plan and to monitor the activities in the Ministry for ASEAN membership. The agent of Japan will work with the Focal Points to collect the opinions in the Ministry to select the targets to be achieved by the Ministry which will then be followed by making an action plan. The agent monitors the development of the action plan with the Focal Points.

The agent must stay in Timor-Leste for at least three months to make the action plan with the Focal Point for the major Ministries such as the Ministry of Agriculture and Fishery, and the Ministry of Commerce, Industry and Environment. He can coach the Focal Point for monitoring through communication from Japan. It is recommendable for him to visit Timor-Leste quarterly to confirm the latest situation on the spot.

(2) SME development by the Ministry of Commerce, Industry & Environment

As all the industries in Timor-Leste are at the early stage of development, there is no large enterprise in the private sector. The development of small and medium enterprises means the development of industries and private enterprises in Timor-Leste. It may become one of the most important and urgent issues for Timor-Leste to promote the SME development in order to narrow the development gap between the ASEAN 6 members and Timor-Leste.

Although several Ministries will be involved in the SME development including the Ministry of Commerce, Industry and Environment, Ministry of Finance, Secretary of State for Support and Promotion of the Private Sector and National Commercial Bank, the Ministry of Commerce, Industry and Environment is the right Ministry to take the lead in the projects. However, the Ministry of Commerce, Industry and Environment does not have an action plan to support the development of SMEs. Japan will assist the activities of the Ministry of Commerce, Industry and Environment for SME development. The agent of Japan will make an action plan to develop SMEs with officers in charge of the Ministry and coach the officers to monitor the development. The agent must stay in Timor-Leste for one year or more to transfer enough knowledge to the officers.

(3) Study of Customs Department for Single Window

Japan will assist the Customs Department to study the computer system suitable to Timor-Leste especially the system to meet the ASEAN single window. Most of the Customs procedures are handled by customs officers without the support of a computer system at present. In the meantime, ASEAN has set a target of implementing a single window scheme for customs clearance first, followed by the single window for trade.

Japan has a lot of technicians specialized both in IT system and Customs procedures. Japan will assist Timor-Leste to study the computer system suitable to Timor-Leste. The agent of Japan will decide the spec and size of the computer system together with the officers of Timor-Leste. Japan will also assist the training for the customs officers who are requested to change the procedure of daily operations. They have to follow the manuals to provide stable services based on the computer system instead of the current procedures based on manpower.

(4) Implementation of the new law regarding Intellectual Property Rights

Japan will assist the implementation of the new rules regarding Intellectual Property Rights including Patents, Practical New Devices, Designs and Copyrights. ASEAN is going to implement ASEAN standards for Intellectual Property Rights. If one of the member

countries accepts the import of merchandise which infringes on a right, the merchandises may be distributed among the ASEAN region. Timor-Leste is expected to introduce the rules of Intellectual Property Rights and enforce them in its territory.

Timor-Leste is going to introduce new rules regarding Intellectual Property Rights in 2013. However, the Ministry is still studying the processes of enforcement. In order to enforce the rules, a few officers will receive professional training in 2013. Japan will assist the Ministry to enforce the new rules. The agent of Japan will give professional advice regarding the registration of Intellectual Property Rights, arbitration and disclosure of illegal merchandises, especially water front inspections.

(5) Cooperative assistances with ASEAN members

The agents of Japan can complete the subjects in (1) through (4) above. However, Japan can enhance its assistance Timor-Leste through cooperative assistance with ASEAN countries. ASEAN members are expected to provide following supports.

- Experience in handling similar issues which Timor-Leste faces at present
- Examples in ASEAN member countries which Timor-Leste can follow
- Assistance for easy communication with ASEAN members and ASEAN Secretariat to get useful information and support

For instance, most of ASEAN members have faced the issues of capacity building of officers, establishing information networks and SME development. Timor-Leste can get advices about the single window for Customs from ASEAN members who are knowledgeable on the latest studies regarding issues among members. Indonesia might be a good candidate who Timor-Leste would ask for support since Indonesia has started the trial of a single window for Customs prior to other members, Timor-Leste follow the rules of Indonesia regarding Intellectual Property Right and similarity in geographical situation as well as language.

Attached Paper 1 Treaties, Agreements and others of ASEAN Economic Community

†) ○ :realized or aimed to realize, △ :Preparing, but not certain to realize till 2015, X :Not prepared

††) MOFA:Ministry of Foreign Affairs and Cooperation, MOF:Ministry of finance, MOC:Ministry of Commerce,Industry & Environment, MOA:Ministry of Agriculture & Fisheries, MOH:Ministry of Health

Code	Treaty/Agreement				Action required in Timor-Leste			Feasibility†) (○, △, ×)		Feasibility of ratification/approval	Impact				Possible support to East-Timor	
	Treaty/Agreement	Year into effect	Responsible Min./Director	Overview	Action	Min. in charge†)	Direct. in charge	Degree of difficulty†)	Reason		Environment	Factor	Before integration	After integration	ASEAN	Japan/other donors
<b>Basic Treaties and Agreements</b>																
	ASEAN Declaration (Bangkok Declaration)	1967		<ul style="list-style-type: none"> <li>Signed by Indonesia, Malaysia, Philippines, Singapore and Thailand</li> <li>Cooperation in economic, social, cultural, technical, education and promotion of regional peace and stability</li> </ul>	The foundation of ASEAN. No alternative but ratify it.			○	Must ratify to join ASEAN	○			None	None		
	Zone of Peace, Freedom and Neutrality (ZOPFAN)	1971		<ul style="list-style-type: none"> <li>Base of ASEAN Political-Security cooperation</li> <li>Reject any pressures from outside countries</li> </ul>	One of the basic treaties of ASEAN. No alternative but ratify it.			○	Must ratify to join ASEAN	○			None	None		
	Declaration of ASEAN Concord	1976		<ul style="list-style-type: none"> <li>Basic polity for cooperation among member countries in Politics, Security, Economics and other fields</li> </ul>	One of the basic treaties of ASEAN. No alternative but ratify it.			○	Must ratify to join ASEAN	○			None	None		
	Treaty of Amity and Cooperation in Southeast Asia (TAC)	1976		<ul style="list-style-type: none"> <li>Following the Charter of United Nations, any conflicts in the areas should be solved peacefully</li> <li>The treaty is ratified by 26 countries up to today which included countries located outside of South-east Asia</li> </ul>	TL ratified it in 2007.			○	No reason to be hesitant	○			None	None		
	ASEAN Secretariat	1976		<ul style="list-style-type: none"> <li>Located in Jakarta</li> <li>function and responsibility expanded in 1992</li> <li>4 Department (as of May 2011)                             <ul style="list-style-type: none"> <li>ASEAN Political &amp; Security Community Dept.</li> <li>ASEAN Economic Community Dept.</li> <li>ASEAN Socio-Cultural Community Dept.</li> <li>Community &amp; Corporate Affairs Dept.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>It is the duty of member countries to join the agreement and support the activities of ASEAN Secretariat.</li> <li>Already established National Secretariat</li> <li>may be forced to share the working</li> </ul>	MOFA		○	Duty of member countries to support ASEAN Secretariat	TL joins automatically.			None	TL must share the annual operation costs.		
	Southeast Asia Nuclear Weapon Free Zone (SEANWFZ)	1997		<ul style="list-style-type: none"> <li>Agreed 5 years plan in 2007</li> <li>Prohibit disposal or throw away radioactive waste into air and ocean</li> </ul>	One of the basic treaties of ASEAN. No reason to be hesitant as Timor-Leste uses no nuclear power at present.	MOFA		○	No reason to be hesitant	TL has no plan to utilize atomic power.				None		
	Declaration of ASEAN Concord II (Paris Concord)	2003		<ul style="list-style-type: none"> <li>Establish ASEAN Community comprising three pillars                             <ul style="list-style-type: none"> <li>ASEAN Economic Community (AEC)</li> <li>ASEAN Political-Security Community (APSC)</li> <li>ASEAN Socio-Cultural Community (ASCC)</li> </ul> </li> </ul>	The revised foundation of new ASEAN which inaugurates in 2015. No alternative but ratify it.	MOFA		○	Must ratify to join ASEAN	TL joins automatically.			TL has to fulfill the goals of AEC Blueprint	None		
<b>Cooperation for Integration</b>																
	ASEAN Declaration	1976		(Explained above)												
	ASEAN Vision 2020	1997		<ul style="list-style-type: none"> <li>To establish ASEAN Community by 2020</li> <li>To design the developments and cooperation in the area up to 2020</li> </ul>	(included in 1st and 2nd Action Plans)			×	Hard to decide reservations	△			Same as ASEAN Charter	Same as ASEAN Charter		
	Hanoi Plan of Action	1998		<ul style="list-style-type: none"> <li>1st action Plan to achieve ASEAN Vision 2020 with Strategic fields;                             <ul style="list-style-type: none"> <li>Strengthen cooperation in economy and finance</li> <li>Strengthen economic integration</li> <li>Develop infrastructure for technology and IT</li> <li>Approach to socio development and financial crisis</li> <li>Capacity building</li> <li>Protect environment with economic development</li> <li>Maintain peace and security in the area</li> <li>Strengthen ASEAN status in Asia</li> <li>Improve organization and function of ASEAN</li> </ul> </li> </ul>	(included in 2nd Action Plans)			×	Hard to decide reservations	△			Same as ASEAN Charter	Same as ASEAN Charter		
	Initiative for ASEAN Integration (IAI)	2000		<ul style="list-style-type: none"> <li>To narrow the development gap</li> <li>To provide various initiative with following major programmes                             <ul style="list-style-type: none"> <li>capacity building</li> <li>improve IT technology</li> <li>Improve infrastructure</li> <li>integration of local economy</li> </ul> </li> <li>Held IAI Forum in 2002 where 44 projects were disclosed to foreign countries (Investors /donors). The international initiative was expanded to 85 projects by 2004.</li> </ul>	<p>To study the issues for which Timor-Leste cannot accept ASEAN resolution immediately and keep some reservations when ratifying ASEAN Charter.</p> <p>ASEAN has provided various initiatives to CLMV which may be good examples for Timor-Leste to study reservations for sensitive issues.</p>			×	Hard to decide reservations	△			Same as ASEAN Charter	Same as ASEAN Charter		



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	Treaty/Agreement	Year into effect	Responsible Min./Director	Overview	Action	Min. in charge†)	Direct. in charge	Degree of difficulty†)	Reason		Environment	Factor	Before integration	After integration	ASEAN	Japan/other donors
	Declaration of ASEAN Concord II (Paris Concord)	2003		(Explained above)												
	Ventiane Action Programme (VAP)	2004		<ul style="list-style-type: none"> <li>2nd action plan to achieve ASEAN Vision 2020</li> <li>Agreed Strategic points of 3 Communities, AEC, APSC and ASCC.</li> <li>Strategic points of AEC <ul style="list-style-type: none"> <li>Single market and production base</li> <li>Complete integration of 11 major sectors by 2010</li> </ul> </li> <li>Free flow of Investment</li> <li>Eliminate tariff: ASEAN6 by 2010 and CLMV by 2015</li> <li>Strengthen the structure for service trade, financial cooperation, transportation, communication, IT, technology, energy and food and Agriculture and forestry</li> </ul>	To study the issues for which Timor-Leste cannot accept ASEAN resolution immediately and keep some reservations when ratifying ASEAN Charter.			×	Hard to decide reservations	△			Same as ASEAN Charter	Same as ASEAN Charter		
	ASEAN Charter	2007		<ul style="list-style-type: none"> <li>To reconfirm all the policies agreed by member countries up today.</li> <li>To review the organization and structure of ASEAN to establish ASEAN Community</li> </ul>	<p>To ratify ASEAN Charter which includes all treaties, agreements and policies agreed among member countries for establishing ASEAN community with 3 pillars, AEC, APSC and ASCC.</p> <p>To keep some reservations for sensitive issues for which Timor-Leste cannot fully accept ASEAN resolution immediately due to development gap.</p>			×	Hard to decide reservations	△			No serious impacts	Free flow of goods, investments, capitals and skilled labors which may enhance Timor-Leste' economy in short term but impede the activities of local entrepreneurs in long term.	IAI programmes and various supports by ASEAN 6	
<b>Trade Facilitation</b>																
A1	ASEAN Preferential Trading Agreements (PTA)	1977	Trade & Facilitation Division	<ul style="list-style-type: none"> <li>To expand inter ASEAN trade by free flow of goods</li> <li>Members apply MOP (Margin of Preference) to inter ASEAN trade</li> <li>Current MOP is 50% for commodities under PTA which means tariff rate shall be reduced to 50% of MFN rates</li> </ul>	Timor-Leste should keep some reservations if unable to apply MOP to every inter ASEAN trade when joining ASEAN. However, must disclose scheduled commitment to eliminate the reservations.	MOF		×	Hard to decide reservations	△			No serious impacts	Free flow of goods may enhance Timor-Leste' economy in short term as more commodities are imported with lower prices. However, import goods may impede the activities of local entrepreneurs in long term.		
A1	ASEAN Free Trade Area (AFTA)	1992 1993	Trade & Facilitation Division	<ul style="list-style-type: none"> <li>To achieve AFTA in 15 years period by 2008</li> <li>To eliminate tariff and non-Tariff barriers to achieve free flow of goods in the area. To make ASEAN an attractive production base for exports items</li> <li>To start CEPT (Common Effective Preferential Tariff) as a process to AFTA</li> <li>To promote cooperation among members to standardize tariff classification, tariff evaluation, elimination of non-tariff barriers and smooth customs clearance for CEPT items</li> </ul>	Timor-Leste should keep some reservations if unable to fully accept AFTA when joining ASEAN. As for Customs procedures Timor-Leste should revise the Customs structure to meet the ASEAN standards.	MOC		×	Hard to decide reservations and to revise the customs structure	△			No serious impacts	Free flow of goods may enhance Timor-Leste' economy in short term as more commodities are imported with lower prices. However, import goods may impede the activities of local entrepreneurs in long term.  The simplified Customs procedures may give good impacts on economy promoting inbound of goods however working expenses will be increased sharply.		
A1	ASEAN Framework Agreement on Mutual Recognition Arrangements (MRA)	1998	Trade & Facilitation Division	<ul style="list-style-type: none"> <li>To mutually recognise or accept aspects of each other's assessments of product standards</li> <li>ASEAN promote MRA by sector</li> <li>MRA would reduce the need for a product to undergo multiple tests in different ASEAN countries</li> <li>ASEAN has concluded MRA for Cosmetics, Electrical and Electronic items, Pharmaceutical and Processed foods</li> </ul>	In order to join MRA Timor-Leste must establish organization who attests the quality, performance, standards, safety etc. The organization may investigate the export and import items if they meet the requirements in MRA.	MOFA MOC		×	Hard to establish the organization who handles MRA	△			We can see impacts whenever Timor-Leste completes MRA with other member countries. MRA may guarantee the quality and safety of export and import goods as long as the MRA is properly operated. A Government Authority must monitor the export and import items if they meet the requirements in MRA.			

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A1	e-ASEAN	1999	Trade & Facilitation Division	<ul style="list-style-type: none"> <li>To promote ASEAN Information Infrastructure</li> <li>To establish inter-regional connectivity, reduce latency and lower internet costs</li> <li>To promote e-Commerce</li> <li>To establish Public Key Infrastructure Forum</li> <li>To conclude MRA for EEE sector</li> <li>To enhance human capital development</li> <li>To study e-Government</li> </ul>	Not urgent issue for Timor-Leste. However it may be necessary to participate in the network to some extent to keep proper tie with other member countries..	Ministry of Transport		Δ	Merit may be limited when Timor-Leste joins e-AEAN while working expenses are high	Δ			No serious impacts	e-ASEAN may start full swing in 2015 or later and enhance the information exchange among member countries. Timor-Leste can enjoy better communication with other members but the merit may be limited due to relatively small volume of information to be exchanged while working expenses may be high.		
A1	Strategic Program of Customs Development (SPCD)  ASEAN Agreement on Customs (1997)  Protocol 7, ASEAN Customs Transit System (2012)	1997  2012	Trade & Facilitation Division	<ul style="list-style-type: none"> <li>To release any container for shipment within 30 minutes</li> <li>To adopt standardised tariff classification</li> <li>To adopt standardised tariff evaluation</li> <li>To establish National and Area single window</li> </ul>	Timor-Leste must modernise the Customs organization and procedures to meet ASEAN standards. This is not an urgent issue for Timor-Leste since the total volume of export and import goods are limited. However, in order to maintain the free flow of goods among member countries, Timor-Leste Customs must satisfy the ASEAN standards.			Δ	The working expenses of Customs will be increased sharply while the total volume of export and import goods maintains the status quo or shows a moderate increase.	Δ			We can see some impacts when Timor-Leste revises the Customs organization and procedures. However, major impacts appear when ASEAN starts free flow of goods in 2015.	The modernised Customs may be helpful to enhance the export and import but the impacts would be slight due to small volume of trade right now. The working expenses of Customs will be quite high compared to the volume inspected by the Customs.		
A1	ASEAN Good Regulatory Practice Guide		Trade & Facilitation Division	<ul style="list-style-type: none"> <li>To eliminate the obstacles caused by different standards or excessive technical regulations</li> </ul>	NO reason to be hesitant. Timor-Leste must establish as good administrative procedures as other member countries to maintain the free flow of goods in the area.			○	No strong objection is expected against introducing Good Regulatory Practice Guide	○			The administration can be rationalized to some extent by introducing Good Regulatory Practice Guide	The administration can be rationalized to some extent by introducing Good Regulatory Practice Guide. Timor-Leste can discuss the regulatory practice with other member countries based on the same standards.		
A1	ASEAN Sectoral Mutual Recognition Arrangement (MRA) for Good Manufacturing Practice (GMP) inspection of Manufacturers of Medicinal Products	2009	Trade & Facilitation Division	<ul style="list-style-type: none"> <li>Agreed ASEAN Sectoral Mutual Recognition Arrangement for Good Manufacturing Practice of Medicinal Products</li> </ul>	Timor-Lest should ratify this agreement which shall give some merits to Timor-Leste as Timor-Leste may continue to be an importer of medicinal products.			○	Some merits can be expected while no demerit	○			We can see impacts whenever Timor-Leste ratify the agreement. This agreement guarantees the quality and safety of import medicinal goods. Timor-Lest should establish an organization who monitor the medicinal goods if they meet the requirements of good manufacturing practice.			
A2	ASEAN Framework Agreement on Service (AFAS)  The 8th Package	1995  2011	Service & Investment Division	<ul style="list-style-type: none"> <li>Agreed to establish free flow of service</li> <li>In order to phase the restriction out member countries complied 1st package of restrictions to be eliminated first. The process was repeated and 8th package is under way right now.</li> </ul>	Timor-Leste should decide and disclose schedule commitment on each package upto 8th which is the proper steps towards the free flow of service.			×	Hard to decide schedule commitment	×			No serious impacts	Free flow of service may enhance Timor-Leste' economy in short term as more skilled labors are available in Timor-Leste. However, foreign labors may impede the activities of local labors in long term.		
A2	MRA on Service Engineering Nursing Architectural Surveying Accountancy Medical Practitioners Dental Practitioners Tourism Professionals	2005 2006 2007 2007 2009 2009 2009 2009	Service & Investment Division	<ul style="list-style-type: none"> <li>MRA would reduce the need for services to undergo multiple tests or recognition in different ASEAN countries</li> </ul>	Timor-Leste should complete MRA with other members to enhance free flow of labors. If Timor-Leste finds some professional services to be kept under control, the completion of MRA on the services should be postponed.			Δ	There may be some dispute in the Government about the services to be applied for MRA.	Δ			No serious impacts	Free flow of service may enhance Timor-Leste' economy in short term as more skilled labors are available in Timor-Leste. However, foreign labors may impede the activities of local labors in long term.		

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<b>Investment</b>																	
ACIA-1	The ASEAN Comprehensive Investment Agreement (ACIA)	2009	AIA : ASEAN Investment Area	<p>A</p> <p>1 This agreement shall apply to the following sectors:(a)manufacturing (b)agriculture (c)fishery (d)forestry (e)mining and quarrying (f)services incidental to manufacturing, agriculture fishery , forestry, mining and quarrying (g)any other sectors, as may be agreed upon by all Member States</p> <p>2 National Treatment</p> <p>3 Most-Favoured-Nation Treatment</p> <p>4 Prohibition of Performance Requirements</p> <p>5 Submit the reservation list</p> <p>6 Treatment of investment</p> <p>7 Compensation in Cases of Strike</p> <p>8 All transfers relating to investment to be made freely and without delay</p> <p>9 Expropriation and Compensation</p> <p>10 Safeguard to the Balance-of-Payments</p> <p>11 General Exceptions, Security Exceptions</p> <p>12 Denial of Benefits</p> <p>13 Transparency</p> <p>14 Entry, Temporary Stay and Work of Investors and Key Personnel</p> <p>15 Special and Differential Treatment for the Newer ASEAN Member States</p> <p>16 Promotion of Investment</p> <p>17 Facilitation of Investment</p> <p>18 Enhancing ASEAN Integration</p> <p>B</p> <p>1 Investment Dispute Between investors and Member State</p> <p>C</p> <p>1 Institutional Arrangements</p>	MOF		—	TL may establish sensitive list.									
				Establish a domestic law of investment			Δ	TL must apply ASEAN Standard								TL cannot expect increase of investment by local investors. Foreign direct investment would be promoted.	
				Establish a domestic law of investment			Δ										
				Complete reservation list			○										
				Establish a domestic law of investment			Δ										
				Establish a domestic law of investment			Δ	TL must apply ASEAN Standard									
				Establish a domestic law of investment			Δ										
				Establish a domestic law of investment			○										
				Establish a domestic law of investment			○										
				Establish a domestic law of investment			Δ										
				Make sure the flow of information and disclose it			Δ										
				Establish or designate an enquiry point													
				Establish a domestic law of investment			Δ										
				-----			—										
				Establish investment missions			—									FDI would be increased.	
				Organising investment seminars													
				Establish a domestic law of investment			×									FDI would be promoted but TL must pay the maintenance	
				Promoting dissemination of investment information													
				Establish one-stop investment centres													
				Gather and analyze information from member states			Δ										
				Capacity building													
				Establish a domestic law of investment			×										
				-----			—										
<b>Capital</b>																	
AFMM-1	Implementation Plan	2009	AFMM : ASEAN Finance Ministers Meeting	<p>A Creating an enhancing environment for regional integration</p> <p>1 Harmonization and mutual recognition framework</p> <p>B Enhancing market infrastructure, encouraging development of new products and bringing up traders</p> <p>1 ASEAN exchange alliance and governance framework</p> <p>2 Promoting new products and building ASEAN as an asset class</p> <p>3 Strengthening bond markets</p> <p>C Strengthening the implementation process</p> <p>1 Aligning domestic capital market development plans to support regional integration</p> <p>2 Reinforcing ASEAN working processes</p>	MOF			TL has no capital market.									
				Gather and analyze information from member states			Δ										
				Establish a domestic law of finance													
				Gather and analyze information from member states			Δ										
				Gather and analyze information from member states			×										
				Capacity building			Δ										
				Establish a Section specialized in this issue													
				Gather and analyze information from member states			Δ										
				-----			—										
AFMM-2	ASEAN and Plus Standard	2009	AFMM : ASEAN Finance Ministers Meeting	<p>1 Malaysia,Singapore,and Thailand agreed</p> <p>2 Unified contents of the disclosures of information</p> <p>3 Two levels of standards, comprising a set of common ASEAN Standards, and a set of limited additional standards known as the Plus Standards</p>	MOF		—										
				Gather and analyze information from member states			Δ										
				Decide contents of Plus Standards			Δ										

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AFMM-3	ASEAN Linkage	2009	AFMM : ASEAN Finance Ministers Meeting	AN Board 1 Thailand, Singapore, Malaysia, Indonesia Philippines agreed 2 Establish the virtual public stock markets "ASEAN capital markets" Change gateway (ACE) 1 Thailand, Singapore, Malaysia, Indonesia, Philippines, Vietnam agreed 2 cooperate in making a trading system for national security exchange	----- Gather and analyze information from a member state Standardization of the securities systems Applied ASEAN standard to stock market ----- Gather and analyze information from a member state Standardization of the securities systems	MOF		— △ — △	TL has no capital market.						
AFMM-4	ASEAN Surveillance process (ASP)	1998	AFMM : ASEAN Finance Ministers Meeting	1 Establish the specialized Section at the ASEAN Secretariat 2 Establish a Section specialised in this issue in each member state 3 Establish the Macro economic and Finance Surveillance office(MFSO) in the ASEAN Secretariat by 2011	----- Gather and analyze information from a member state Establish a domestic law of finance Capacity building	MOF		— △ △							
AFMM-5	Asian Bond Markets Initiative (ABMI)	2002 (2008)	AFMM : ASEAN Finance Ministers Meeting	1 Corporate to make bond market activate 2 Establish working group in charge of four important fields 3 Establish the Credit Guarantee and Investment Facility (CGIF)	Gather and analyze information from a member state Establish a domestic law of finance — —	MOF		△ — —				Impact may be small as the privest industry at the initial stage of development.			
AFMM-6	ASEAN Capital Market Forum (ACMF)	2010	AFMM : ASEAN Finance Ministers Meeting	1 Harmonize laws and ordinances to regulate a capital market 2 Agreed accounts and inspection standard, qualification of accounts and inspection expert	Gather and analyze information from a member state Establish a domestic law of finance Notification to the domestic companies Introduction of the expert system	MPF		△ △				Impact may be small as the privest industry at the initial stage of development.			
AFMM-7	Chiang Mai Initiative (CMI)	2000	AFMM : ASEAN Finance Ministers Meeting	1 Construction of the network in the area with the currency swap agreement between two member countries 2 Construction of mutual monitoring mechanism 3 Expansion of the technological assistance to an oraganization and the finance section who study the regional network	Gather and analyze information from a member state Establish a domestic law of finance Gather and analyze information from a member state Establish a domestic law of finance -----	MPF		△ △ —				Impact may be small as the privest industry at the initial stage of development.			
AFMM-8	Expedited Review Framework For Secondary Listings	2012	AFMM : ASEAN Finance Ministers Meeting	1 Speed up the processing steps for secondary listings in each securities exchange	Gather and analyze information from a member state Establish a domestic law of finance	MOF		△				Impact may be small as the privest industry at the initial stage of development.			
<b>Agriculture forestry &amp; Fisheries</b>															
AMAF-1	Agreement On The ASEAN Food Security Reserve	1979	ASEAN Food Security reserve Board	1 Strengthening of the food production base of the ASEAN Member Countries 2 Establishment of the ASEAN food security reserve 3 Coordination of national food stock policies and of national food reserve 4 Provision of the ASEAN emergency rice reserve 5 Release of rice from the ASEAN emergency rice reserve for emergency requirement 6 Replenishment of the ASEAN emergency rice reserve 7 Establishment of food information and early warning system 8 Provision of ASEAN Food Security Reserve Board	Establish a section to collect and disseminate domestic food information. Finance ASEAN Food Security Reserve	MOA	All Directors — — DNPP — — — DNPP DNAF	○ — — — — — — ○ ○		○	Domestic Positive Negative International Positive Negative	None Volatility of international cereal price damages the domestic economy. None None None	Food security increases. None		Has already reserved emergency rice

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AMAF-2	Ministerial Understanding on ASEAN Cooperation in Food, Agriculture and Forestry	1993	AMAF	(Recalled all meetings until achievement of the morment, and declared preparation of action plans to realize the discussed issues listed below )  1 Strengthening food security in the region;  2 Facilitation and promotion of intra-and extra - ASEAN trade in agriculture, fishery and forest products;  3 Technology generation and transfer to increase productivity and develop agribusiness and silvobusiness;  4 Agricultural rural community and human resources development;  5 Private sector involvement and investment; and  6 Management and conservation of natural resources for sustainable development; and  7 Strengthening ASEAN cooperation and joint approaches in addressing international and regional issues	Agree the issues declared in the understanding  Designate responsible directorates in charge of respective issues.  Attend necessary meetings and coordinate domestic activities in response to the approved issues.	MOA	All Directorate	○		○	Domestic	Positive	None	Refinement of domestic laws/regulations are improved.  Food security is improved.  International collaboration in agricultural and forestry development is accessed.  Attraction of investment from overseas enhanced.		
											International	Negative	None	None		
											International	Positive	None	The nation is internationally recognized more than before.		
											International	Negative	None	None		
AMAF-3	Memorandum of Understanding on ASEAN Co-Operation in Agriculture and Forest Products Promotion Scheme	1994	Joint Committee on ASEAN Coop. & Joint Approaches in Agric. & Forest Products Promotion Scheme	1 Establish the ASEAN Cooperation and Joint Approaches on Agriculture and Forest Products Promotion Scheme 2 Improve the competitiveness of ASEAN agriculture and forest products in the international market. 3 Consultations and exchange of information on trade and investment policies and strategies; 4 Strengthening cooperation in human resources development; 5 Enhancing complementarity of ASEAN products; 6 Intensifying cooperation in technology development and transfer 7 Accelerating the canonization of standards.	Establish a section to consult and exchange information on trade and investment policies and strategies of agriculture and forest products.  Establish a standard for agriculture and forest products harmonized with the ASEAN standard.	MOA	DNPIAC	×		○	Domestic	Positive	None	Technique to produce qualified coffee is prevailed.		
											Domestic	Negative	None	None.		
											International	Positive	None	Information on international market trend of coffee is obtained more easily.  Additional value of "organic coffee" increases due to certification authorized by ASEAN.		
											International	Negative	Definition of "high-quality product" was not clear.	None.		
AMAF-4	Memorandum of Understanding on ASEAN Sea Turtle Conservation and Protection	1997	ASWG on Fisheries	protect and conserve all species of sea turtle and their habitats in the ASEAN region through a unified approach in the formulation and attainment of the management, conservation and protection strategies	All matters or issues concerning sea turtles conservation and protection shall be subjected to the existing national laws and regulations.  When necessary, to consider harmonizing the existing national laws and regulations, and enact new laws on sea turtle conservation and protection to suit with current situations.	MOA	DNPA	×		○	Domestic	Positive	(Confirm sea turtle situation in the country)			
							DNPA	×			Domestic	Negative				
											International	Positive			The trust to the nation from the international society increases.	
											International	Negative			None.	
AMAF-5	ASEAN guidelines on risk assessment of agriculture-related genetically modified organisms (GMOs)	1999	ATF on Genetically Modified Food Testing Network	To ensure a common ASEAN framework for assessment of risks associated with the trans boundary movement of agriculture-related GMOs.	Establish a section that evaluates ASEAN assessment of agriculture related GMOs.  Exchange information on agriculture-related GMOs in ASEAN.  Inform ASEAN secretariat of approval of GMOs in advance.  Establish a section that collect information on agriculture related GMOs.	MOA	DNQB	×		×	Domestic	Positive	(GMOs are not produced.)			
								×			Domestic	Negative				
								×			International	Positive				
								○			International	Negative				

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AMAF-6	ASEAN Plus Three Emergency Rice Reserve Agreement	2001	ASEAN Food Security reserve Board	1 Provision of rice to the needy people 2 Bringing information on disaster relief 3 Sharing knowledge and expertise 4 Building confidence to improve food security 5 Helping to increase nutritional status of the people	Establish a section to collect and disseminate domestic food information.	MOA	—	×		○	Domestic	Positive	None	Information on international rice trade is obtained more easily. Food security increases.		
												Negative	Volatility of international cereal price damages the domestic economy.			
											International	Positive	None	None.		
												Negative	None	None.		
AMAF-7	Strategic Plan of Action (SPA) on ASEAN Cooperation in Food, Agriculture and Forestry (2005-2010)	2004	AMAF	A Food security 1 Strengthening food security arrangements in the region B Agriculture, fishery, live stock, and forestry 2 Enhancement of international competitiveness of ASEAN food and agricultural products/commodities 3 Enhancement of ASEAN cooperation and joint approaches in international and regional issues 4 Development, acceleration of transfer and adoption of new technologies 5 Enhancement of private sector involvement 6 Management, sustainable utilization and conservation of natural resources	Establish a section that will be in charge of collection, analysis, and dissemination of information on food and food security Harmonize the quality and hygiene management of food and agriculture products with those of ASEAN standards. Collaborate ASEAN approaches in international and regional issues Empower researches in the primary industry and strengthen capacity development of personnel in collaboration with the countries in the region. Create a favorable overall investment climate in the country. Refinement of domestic laws/regulation to harmonize ASEAN standards.	MOA	DNPP	○		○	Domestic	Positive	None	Food security (rice & maize) is strengthen. Volatility of international cereal price is buffered. ASEAN regional collaboration in agricultural development is empowered.		Planning and/or implementation of technical cooperation and/of grass roots projects in required areas
							Related all directorates	×				Negative	Suffered from volatility of international cereal price.	Fund the ASEAN Food Security Reserve Board (AFSRB)		
								—			International	Positive	None	Express that the nation will work on implementation of AEC Blueprint issues. Recognized that the nation is one of members of ASEAN.		
								○				Negative	None	None.		
								○								
								○								
AMAF-8	Agreement for the Establishment of ASEAN Animal Health Trust Fund	2006	ASWG on Livestock	Establishment of a fund to facilitate the implementation of unified and harmonized animal health projects in the ASEAN region	Make clear the domestic standard of animal hygiene. Harmonize the domestic law of animal hygiene with that of ASEAN (establishment of the domestic law). Finance the Fund.	MOA	DNAH	△		○	Domestic	Positive	None	Improvement of animal health management system is accelerated.		
								△				Negative	None	None		
								△			International	Positive	None	Sustainable animal export becomes easier because of the enhanced credibility to the product.		
												Negative	None	Payment of the ante		
AMAF-9	ASEAN Statement on Strengthening Forest Law Enforcement and Governance (FLEG)	2007	ASWG on Forestry	1 To strengthen forest law enforcement and governance in their respective countries, particularly in preventing and combating illegal logging and its associated trade, consistent with prevailing national laws, rules and regulations; 2 To enhance collaborative activities and programs such as regional customs and trade cooperation, forestry sector transparency, joint approaches in timber 3 To build upon the East-Asia Forest Law Enforcement and Governance (EA-FLEG) initiative as a meaningful platform for synergistic partnership and cooperation;	Harmonize the domestic forest law with the East-Asia Forest Law, and strengthen the implementation. Implement collaborative operation in custom and trade procedures of forest products.	MOA	DNFA	×		○	Domestic	Positive		Harmonization of domestic forest law with ASEAN standards is accelerated. Reforestation and management of forest are disciplined.		
								×				Negative	(Export/import of timber/forestry product is not considerable.)	None.		
											International	Positive		Credibility of product from forest increases due to adoption of ASEAN standard.		
								×				Negative				

Code	Treaty/Agreement			Action required in Timor-Leste			Feasibility†) (○, △, ×)		Feasibility of ratification/approval	Impact				Possible support to East-Timor		
	Treaty/Agreement	Year into effect	Responsible Min./Direc	Overview	Action	Min. in charge†)	Direct. in charge	Degree of difficulty †)		Reason	Environment	Factor	Before integration	After integration	ASEAN	Japan/other donors
AMAF-10	Letter of Understanding on ASEAN SEAFDEC Strategic Partnership (ASSP)	2007	ASWG on Fisheries	1 Support sustainable fisheries	Establish a domestic law of fishery.	MOA		○		○	Domestic	Positive	(Deep-sea fishing/aquaculture required an international agreement is not done.)	Investment conditions of fisheries become clearer.		
				2 Reduce disparities among countries in the region.	Harmonize the domestic fishery law to those of countries in the region.			○				Negative		None		
				3 Develop common positions/stands on international issues	-			-				Positive		Investment climate on fisheries is internationally recognized.		
				4 Continue and expand the existing collaborative and cooperation projects/activities for capacity building, information collection and exchange, and HR development	Establish a section to coordinate collaborative activities related to the fisheries in the region.			○				Negative		None		
AMAF-11	Strategic Plan of Action on Food Security in the ASEAN Region (SPA-FS) 2009-2013	2008	ASEAN Food Security reserve Board	1 Strengthen food security arrangements.		MOA	All Directors	×		○	Domestic	Positive	None	Food security increases.		Support to improvement of agricultural techniques and/or small scale of agricultural industries.
				2 Promote conducive food market and trade.			All Directors	×				Negative	None	None		
				3 Strengthen integrated food security information systems to effectively forecast, plan and monitor supplies and utilization for basic food commodities.	Establish a section to collect and disseminate domestic food information.			○				Positive	Investment climate on agro-based industry is facilitated.			
				4 Promote sustainable food production	Enhancement of self-sufficiency of staple food is set as a key issue of Strategic Development Plan of the nation.			○			Negative	None	None			
				5 Encourage greater investment in food and agro-based industry to enhance food security.	Improve domestic conditions to promote investment in food and agro-based industry.			×			Positive	None	None			
				6 Identify and address emerging issues related to food security.	Implement activities for enhancement of food security in collaboration with support organizations such as JICA.			×			Negative	None	None			
AMAF-12	Memorandum of Understanding between Member of the ASEAN and the World Organization for Animal Health (OIE)	2011	ASWG on Livestock	1 Submit information on all outbreaks of ARAHIS priority diseases	Establish a section to monitor the occurrence of animal diseases and to inform of it to ARAHIS.	MOA	DNPV	○		○	Domestic	Positive	None	Obtaining of information on the international animal health situation will be facilitated. Domestic animal health management will be accelerated		Technical support of the animal health management and the capacity development of the personnel
				2 Periodically transfer data on confirmed outbreaks of endemic ARAHIS priority diseases from ARAHIS to the OIE WAHIS	Foster personnel to manage the animal health.			○				Negative	Supports to livestock production and veterinary service are not enough.	None		
				3 Submit immediate notification and follow up reports on the confirmed outbreaks of OIE-listed diseases				×			International	Positive	None	Obtaining information on animal meat hygiene related to import and export.		
AMAF-13	ASEAN Rice Trade Forum	2012	ASEAN Food Security reserve Board	1 Shared and analyzed rice market information	Establish a section to manage rice production, the storage, the circulation, and the trade.	MOA	DNAF	△		○	Domestic	Positive	None	Sharing of ASEAN rice trade strategy makes easier planning of national rice production. Sharing of ASEAN rice trade strategy makes easier planning of national rice import.		
				2 Identified areas of cooperation and policy coordination to mitigate or avoid extreme rice price volatility	Harmonize domestic policies with strategic policy reforms for the sustainable development of regional rice trade.							Negative	None	None.		
				3 Determined long-term and strategic policy reforms for the sustained development of regional rice trade				△			International	Positive	None	Dissemination of information on rice supply and demand in East-Timor improves understanding about the Timor situation among ASEAN countries.		
				4 Tested and discussed the business processes and arrangements involved in organizing a rice trade forum							Negative	None	None.			

Code	Treaty/Agreement				Action required in Timor-Leste			Feasibility†) (○, Δ, ×)		Feasibility of ratification/approval	Impact				Possible support to East-Timor	
	Treaty/Agreement	Year into effect	Responsible Min./Direc	Overview	Action	Min. in charge†)	Direct. in charge	Degree of difficulty†)	Reason		Environment	Factor	Before integration	After integration	ASEAN	Japan/other donors
<b>Competition Policy</b>																
B1	ASEAN Experts Group on Competition	2007		<ul style="list-style-type: none"> <li>Hosted the ASEAN Forum on Competition Policy</li> <li>Strategic Targets <ul style="list-style-type: none"> <li>To develop ASEAN regional guideline on Competition Policy</li> <li>To comply a handbook on Competition Policy</li> </ul> </li> </ul>	<p>To revise the Competition Policy to meet ASEAN regional guideline</p> <p>To inform the Competition Policy to private sector and monitor their activities to eliminate any violation of the policy</p>	MOJ		Δ	easy to revise the policy but difficult in implementing it in the market and disclosing violations	Δ			None	To protect illegal actions of private companies who try to dominate market using actions prohibited in the Competition Policy		
<b>Consumer Protection</b>																
	To establish ACCCP (ASEAN Coordinating Committee on Consumer Protection)	2007		<ul style="list-style-type: none"> <li>To establish People-centered Community</li> </ul>	To monitor the activities of other member countries	MOJ								As private enterprises are at the initial stage of development TL may face difficulty in applying the new rules strictly.		
	ASEAN Committee on Consumer Protection (ACCP)	2007		<ul style="list-style-type: none"> <li>To implement and monitor regional arrangements and mechanisms to foster consumer protection</li> </ul>												
<b>Intellectual Property Right</b>																
B3	ASEAN Working Group on Intellectual Property Cooperation (AWGIPC)	1996		<ul style="list-style-type: none"> <li>To ensure a common regional profile on IP</li> <li>AWGIPC serves as a consultative body for ASEAN</li> </ul>	To introduce ASEAN standards on IP and monitor private sector activities to eliminate violation against IP	MOJ		×	Working expenses of monitoring may be high though violations are expected to be small.	Δ			None	The number of violations against IP may be increased in AEC since freer flow of goods. The impacts on Timor-Leste would be limited due to small volume of trade.		
<b>Transport Sector</b>																
B4	ASEAN Transport Action Plan 2005-2010			<ul style="list-style-type: none"> <li>To enhance regional transportation, Open sky, simple transportation procedure, safety transportation, standardised transportation rules</li> </ul>	Timor-Leste must revise the local transportation rules to meet ASEAN standards and enhance regulatory organization to maintain the free flow of goods in the area.	MOT		Δ	Working expenses might be high despite small merit	Δ			None	Impacts may be small as Timor-Leste is long away from other member countries. Multi-modal transportation will not become common in Timor-Leste in near future for the trade between Timor-Leste and other member countries.		
	ASEAN Framework Agreement on Facilitation of Goods in Transit	1998		<ul style="list-style-type: none"> <li>To enhance simple customs procedure</li> </ul>	Must revise Customs procedure to meet the requirements.			Δ	Working expenses might be high despite small merit	Δ			None	Merit might be limited due to small number of export and import goods which can enjoy this rule.		
	ASEAN framework Agreement on Multimodal Transport	2005		<ul style="list-style-type: none"> <li>To establish an integrated, efficient and globally competitive multimodal transport system</li> </ul>	Timor-Leste must revise the local transportation rules to meet ASEAN standards and enhance regulatory organization to maintain the free flow of goods in the area.			Δ	Working expenses might be high despite small merit	Δ			None	Impacts may be small as Timor-Leste is long away from other member countries. Multi-modal transportation will not become common in Timor-Leste in near future for the trade between Timor-Leste and other member countries.		
	Protocol to implement the Seventh Package of Commitments on Air Transport Services	2011		<ul style="list-style-type: none"> <li>To set a target to open the services relating to Air transportation</li> </ul>	<p>Must accept Open Air which is the fixed target of ASEAN members.</p> <p>Must keep reservations for services relating to air transportation if Timor-Leste wants to keep the service for local companies.</p>			Δ	Hard to select services to be reserved	Δ			None	Air transportation services shall be improved if Timor-Leste fully accept free flow of services. However, the services relating to air transportation may be dominated by private companies based in other member countries.		
	Implementation Framework of the ASEAN Single Aviation Market (ASAM)	2011		<ul style="list-style-type: none"> <li>Action Plan to achieve the target on AEC</li> </ul>	<p>Must accept Open Air which is the fixed target of ASEAN members.</p> <p>Must keep reservations for services relating to air transportation if Timor-Leste wants to keep the service for local companies.</p>			Δ	Hard to select services to be reserved	Δ			None	Air transportation services shall be improved if Timor-Leste fully accept free flow of services. However, the services relating to air transportation may be dominated by private companies based in other member countries.		
	Brunei Action Plan (ASEAN Strategic Transport Plan)	2010		<ul style="list-style-type: none"> <li>To set strategic target for road, air and marine transportation</li> </ul>	Must monitor the marine legislation of other member countries. The target of air transportation is already fixed while the target of road transportation has little impact on Timor-Leste.			Δ	Difficult to select reservations for marine transportation	Δ			None	Marine transportation shall be dominated by foreign companies if Timor-Leste fully accept Action Plan.		
	Comparative Matrix of Equipments for Registration of Ships			<ul style="list-style-type: none"> <li>To summarize the regulations for ship registration by member country</li> </ul>	Must introduce marine legislation to invite ship registration.			Δ	To decide policy to encourage registration in Timor-Leste	Δ			None	Ship owners can select one of ASEAN countries to register ships. Timor-Leste must provide some incentives to invite ships registered in Timor-Leste.		



Code	Treaty/Agreement				Action required in Timor-Leste			Feasibility†) (○, △, ×)		Feasibility of ratification/approval	Impact				Possible support to East-Timor	
	Treaty/Agreement	Year into effect	Responsible Min./Director	Overview	Action	Min. in charge†)	Direct. in charge	Degree of difficulty†)	Reason		Environment	Factor	Before integration	After integration	ASEAN	Japan/other donors
<b>Energy Sector</b>																
B4	ASEAN Centre for Energy  ASEAN Plan of Action on Energy Cooperation (APAEC)	1999		<ul style="list-style-type: none"> <li>To handle overall objective of ASEAN energy integration</li> <li>To focus on 7 main programmes <ul style="list-style-type: none"> <li>ASEAN Power Grid (APG)</li> <li>Trans-ASEAN Gas Pipeline (TAGP)</li> <li>Coal and clean coal technology</li> <li>Renewable energy</li> <li>energy efficiency and conservation</li> <li>Regional energy policy and planning</li> <li>Civilian nuclear energy</li> </ul> </li> </ul>	<p>Due to geographical location, nearly no possibility to supply natural gas and crude oil to other members by pipeline</p> <p>As an importer of oil products Timor-Leste may find some merits in joining the programme. However unable to take leadership in the group due to relatively small consumption.</p>			○	No demerit in joining the programme	○			None	There is little merit in joining the program while no demerit at all except sharing the working expenses. Timor-Leste may get hot information about basic policy of ASEAN on energy form the programme.		
<b>Tourism</b>																
B4	NTO : National Tourism Organization			<ul style="list-style-type: none"> <li>To promote tourism, human resource development, protection of cultural heritage in ASEAN area</li> </ul>	<p>Timor-Leste find some merits in joining the promotion if able to include tourist attractions of Timor-Lests in the programme.</p> <p>May be small contribution to the ASEAN campaign.</p>			○	No demerit in joining the programme	○			None	There is little merit in joining the program while no demerit at all except sharing the working expenses. Timor-Leste can utilize the programme if they can develop some tourist attractions.	TL should study the experience of other member countries.	
	「Visit ASEAN Campaign」	1999		<ul style="list-style-type: none"> <li>Promoted "Visit ASEAN Millennium Year 2002 Campaign" in 2002 which was renamed to "Visit ASEAN Campaign" as a regular campaign</li> </ul>	<p>Timor-Leste find some merits in joining the promotion if able to include tourist attractions of Timor-Lests in the programme.</p>			○	No demerit in joining the programme	○			None	Ditto		
	ASEAN Tourism Agreement	2002		<ul style="list-style-type: none"> <li>To promote inter ASEAN tourism</li> <li>To eliminate restriction to carry tourists</li> <li>To invite investment on tourism and to protect Culture and Natural heritages in ASEAN</li> <li>ASEAN as a single tourism destination</li> </ul>	Ditto			○	No demerit in joining the programme	○				Ditto		
	ASEAN Tourism Strategic Plan (ATSP)	2011		<ul style="list-style-type: none"> <li>Action plan for the period from 2011 to 2015</li> </ul>	Ditto			○	No demerit in joining the programme	○				Ditto		
<b>Communication</b>																
TELMIN-1	Vientiane Declaration on Promoting the Realization of Broadband across ASEAN	2009	TELMIN : ASEAN Telecommunications and IT Ministers Meeting	<ol style="list-style-type: none"> <li>Promote the new establishment of the ASEAN-wide broadband</li> <li>Promote the research and development of the next generation networks</li> <li>Extend a broadband to the district of each member state</li> <li>Enhance more cooperation to plan promotion of the IT industry</li> </ol>	<p>Gather and analyze information from a member state</p> <p>Budget preparation Capacity building</p> <p>Budget preparation Make a telecommunication network</p> <p>Gather and analyze information from a member state</p>			×								
TELMIN-2	Bali Declaration in Forging Partnership to Advance High Speed Connection to Bridge Digital Divide in ASEAN	2008	TELMIN : ASEAN Telecommunications and IT Ministers Meeting	<ol style="list-style-type: none"> <li>Maintain the existing system to make ASEAN the area with virtually combined by security</li> <li>Establish a policy and regulation among the ASEAN member Strengthen Mutual Recognition Arrangement (MRA) for the telecommunications equipment</li> <li>Perform a pilot project in a variety of segments to extend the social recognition of the IT service</li> </ol>	<p>Gather and analyze information from a member state</p> <p>Gather and analyze information from a member state Establish a domestic law of telecommunication</p> <p>Gather and analyze information from a member state Establish a domestic law of telecommunication</p>			×						It will promote business activities though TL must pay the maintenance costs.	TL should follow the examples of other member countries.	

**Attached Paper 2 Strategic Schedule for AEC**

†) A: Under processing, or the action should be taken immediately, B: the action should be taken by 2015. C: the action will be taken after 2015.

††) ○: realized or aimed to realize, △: Preparing, but not certain to realize till 2015, X: Not prepared

†††) MOFA: Ministry of Foreign Affairs and Cooperation, MOF: Ministry of finance, MOC: Ministry of Commerce, Industry & Environment, MOA: Ministry of Agriculture & Fisheries, MOH: Ministry of Health

Strategic issue	Code	ASEAN Economic Community Blueprint		Action required in East Timor				Feasibility <sup>††)</sup> (O, △, X)			Treaty/agreement/frame to be ratified/approved	Feasibility of ratification/approval	Periodical meeting/activity to be participated	Feasibility of participation	Support possibility		Impact			
		Priority issue	Dept. in charge	Action	Priority <sup>†)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration
<b>A. Towards a Single Market and Production Base</b>																				
<b>A1.Free Flow of Goods</b>																				
Common Effective Preferential Tariffs-ASEAN Free Trade Area (CEPT=AFTA)	A1-1																			
	A1-1-1	Enhance CEPT Agreement(2008)	Trade & Facilitation Div.	To nominate a Department to handle A1, A2 and A3		MOC	DNCE	x		Need to get approval of other members	New Agreement may be necessary for Timor-Leste to apply CEPT beyond 2015	Need to get Approval from CoM			IAI and various assistances given to CLMV			Domestic	Positive	None
																		International	Negative	Reduction of Customs revenue
																		International	Positive	
																		International	Negative	
Tariff Reduction	A1-2																			
	A-1-2-1	Complete Tariff reduction schedule to 0-5% for all IL products for Laos and Myanmar (2008)	Trade & Facilitation Div.	-----														Domestic	Positive	
																		International	Negative	
																		International	Positive	
																		International	Negative	
	A1-2-2	Complete Tariff reduction schedule to 0-5% for all IL products for Cambodia (2010)	Trade & Facilitation Div.	Nothing since all members may complete A1-2 by 2010 and move to A1-3.		MOC												Domestic	Positive	
																		International	Negative	
																		International	Positive	
																		International	Negative	
Elimination of Tariff	A1-3																			
	A1-3-1	Integrate products outside the CEPT Scheme (2008)	Trade & Facilitation Div.	-----														Domestic	Positive	
																		International	Negative	
																		International	Positive	
																		International	Negative	
	A1-3-2	Eliminate import duties on 60% of all IL products except SL and HSL for Laos and Myanmar (2008)	Trade & Facilitation Div.	-----														Domestic	Positive	
																		International	Negative	
																		International	Positive	
																		International	Negative	
	A1-3-3	Eliminate import duties on 60% of all IL products except SL and HSL for Cambodia (2010)	Trade & Facilitation Div.	-----														Domestic	Positive	
																		International	Negative	
																		International	Positive	
																		International	Negative	
	A1-3-4	Eliminate import duties on 80% of all IL products except SL and HSL for ASEAN 6 (2007)	Trade & Facilitation Div.	Might be the first target to study when joins ASEAN		MOF	Economic Policy/ Customs	△		A case of coordinating and deciding the IL, SL and HSL	Create Special Agreement for all ASEAN Members	Need to get Approval from Parliament	Several Meetings	Must	IAI and various assistances given to CLMV	Seek Assistance from JICA		Domestic	Positive	None
																		International	Negative	Reduction of Customs revenue
																		International	Positive	
																		International	Negative	
	A1-3-5	Eliminate import duties on 80% of all IL products except SL and HSL for Viet Nam (2010)	Trade & Facilitation Div.	-----														Domestic	Positive	
																		International	Negative	
																		International	Positive	
																		International	Negative	
	A1-3-6	Eliminate import duties on 80% of all IL products except SL and HSL for Laos and Myanmar (2012)	Trade & Facilitation Div.	-----														Domestic	Positive	
																		International	Negative	
																		International	Positive	
																		International	Negative	
	A1-3-7	Eliminate import duties for all products except SL and HSL for ASEAN 6 (2010)	Trade & Facilitation Div.	Might be the first target to study when joins ASEAN		MOF	Economic Policy/ Customs	△		A case of coordinating and deciding the IL, SL and HSL	Create Special Agreement for all ASEAN Members	Need to get Approval from Parliament	Several Meetings	Must	IAI and various assistances given to CLMV	Seek Assistance from JICA		Domestic	Positive	None
																		International	Negative	Reduction of Customs revenue
																		International	Positive	
																		International	Negative	
	A1-3-8	Eliminate import duties for all products except SL and HSL for CLMV (2015) with flexibility on some sensitive items	Trade & Facilitation Div.	-----														Domestic	Positive	
																		International	Negative	
																		International	Positive	
																		International	Negative	
	A1-3-9	Eliminate import duties on products in the PIS for ASEAN 6 (2007)	Trade & Facilitation Div.	-----														Domestic	Positive	
																		International	Negative	
																		International	Positive	
																		International	Negative	

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		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration	
Elimination of Non-Tariff barriers	A1-3-10	Eliminate import duties on products in the PIS for CLMV (2012)	Trade & Facilitation Div.	-----													Domestic	Positive			
																	Domestic	Negative			
																	International	Positive			
																	International	Negative			
	A1-3-11	Elimination of duties for 1st and 2nd installments of ICT products for CLMV(1st:2008, 2nd:2009)	Trade & Facilitation Div.	-----														Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
	A1-3-12	Elimination of duties for 3rd installments of ICT products for CLMV(2010)	Trade & Facilitation Div.	-----														Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
	A1-3-13	Reduce tariffs on SL products to 0-5% for ASEAN 6 (2010)	Trade & Facilitation Div.	-----														Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
	A1-3-14	Reduce tariffs on SL to 0-5% for Viet Nam (2013). For Sugar, Viet Nam reduce to 0-5% 2010	Trade & Facilitation Div.	-----														Domestic	Positive		
																		Domestic	Negative		
																	International	Positive			
																	International	Negative			
A1-3-15	Complete phase to shift SL into CEPT and tariff to 0-5% (2015 :Lao PDR , Myanmar, 2017 :Cambodia)	Trade & Facilitation Div.	Might be a reasonable goal in short term. Scheduled elimination shall be disclosed.			MOC	DNCE	×		No tariff for common trade commodities	Create Special Agreement with ASEAN Members	Need to get Approval from CoM	Several Meetings	Must	IAI and various assistances given to CLMV	Seek Assistance from JICA	Domestic	Positive		None	
																	Domestic	Negative		More competition to industries	
																	International	Positive		Incentive to expand business to Timor-Leste	
																	International	Negative			
A1-3-16	Reduce tariff for HSL to agreed rate	Trade & Facilitation Div.	-----														Domestic	Positive			
																	Domestic	Negative			
																	International	Positive			
																	International	Negative			
A1-4																					
A1-4-1	Abide by the Commitment of a standstill and roll-back on NTBs, effective Immediately	Trade & Facilitation Div.	Nominate a Department to handle NTBs.			MOC	DNCE	○		To study NTBs in TL					IAI and various assistances given to CLMV		Domestic	Positive	None	None	
																	Domestic	Negative	None	None	
																	International	Positive	None	None	
																	International	Negative	None	None	
A1-4-2	Enhance transparency on Notification Procedure and setting up Surveillance Mechanism	Trade & Facilitation Div.	Any amendments on NTBs shall be duly reported					△		Must monitor every change of NTBs					IAI and various assistances given to CLMV		Domestic	Positive		None	
																	Domestic	Negative		Administration costs	
																	International	Positive		None	
																	International	Negative		None	
A1-4-3	Eliminate NTBs for ASEAN 5 (2010)	Trade & Facilitation Div.	Set a schedule to eliminate NTBs					×		Hard to cancel effective NTBs if any					IAI and various assistances given to CLMV		Domestic	Positive		Price down of import commodities	
																	Domestic	Negative		Hardship for Domestic Industry	
																	International	Positive		Trade up	
																	International	Negative		None	
A1-4-4	Eliminate NTBs for Philippines (2012)	Trade & Facilitation Div.	-----														Domestic	Positive			
																	Domestic	Negative			
																	International	Positive			
																	International	Negative			
A1-4-5	Eliminate NTBs for CLMV (2015) with flexibility to 2018 for sensitive products	Trade & Facilitation Div.	Target might be 2018 or later					×		Hard to cancel effective NTBs if any					IAI and various assistances given to CLMV		Domestic	Positive		Price down of import commodities	
																	Domestic	Negative		Hardship for Domestic Industry	
																	International	Positive		Trades up, Price down	
																	International	Negative		Minors withdrawal	

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		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration		After integration	
																			Domestic	Negative		Positive
Rules of Origin	A1-5																					
Rules of Origin	A1-5-1	Reform and enhance CEPT ROO (2007)	Trade & Facilitation Div.	-----													Domestic	Positive				
																	International	Negative				
	A1-5-2	Simplify Operational Certification Procedures for CEPT ROO(2007)	Trade & Facilitation Div.	Procedure of issuing ROO shall be harmonized with ASEAN standards		MOC	DNCE	△		To modify current ROO procedure and notify it to private sector	To meet with ASEAN standard	Need to get Approval from COM			Refer to issuing procedures in other country			Domestic	Positive	None	None	
																		International	Negative	None	Trade volume increases	
	A1-5-3	Review all the ROO implemented by ASEAN members	Trade & Facilitation Div.	-----														Domestic	Positive			
																		International	Negative			
	A1-5-4	Explore possible accumulation mechanisms where possible	Trade & Facilitation Div.	Adopt ASEAN standards in the process of accumulation		MOC	DNCE	△		Hard to monitor the accumulation processes	To meet with ASEAN standard	Need to get Approval from COM			Refer to structure of other country			Domestic	Positive		Join multi country production	
																		International	Negative		None	
Trade Facilitation Work Program	A1-6																					
Trade Facilitation Work Program	A1-6-1	Finalization of comprehensive Work Program on Trade Facilitation	Trade & Facilitation Div.	Simplify trade procedure and Customs procedure.		MOC and MOF	National Directorate for Domestic Trade	△		Because of small trade volume at present, it may be easy to accept Foreign standard	Approach to get feedback from ASEAN Countries	Unnecessary	Several meetings	Must	Refer to structure of other country			Domestic	Positive	None	None	
																		International	Negative	High costs against small trade volume		
	A1-6-2	Promote transparency and visibility of all actions within Foreign trade transactions	Trade & Facilitation Div.	Simplify trade procedure and Customs procedure.		MOC and MOF	National Directorate for Domestic Trade	△		Because of small trade volume at present, it may be easy to accept Foreign standard	Approach to get feedback from ASEAN Countries	Unnecessary	Several meetings	Must	Refer to structure of other country			Domestic	Positive	None	None	
																		International	Negative	High costs against small trade volume		
	A1-6-3	Simplified, harmonized and standardized trade and customs processes	Trade & Facilitation Div.	Simplify trade procedure and Customs procedure.		MOC and MOF	National Directorate for Domestic Trade	△		Because of small trade volume at present, it may be easy to accept Foreign standard	Approach to get feedback from ASEAN Countries	Unnecessary	Several meetings	Must	Refer to structure of other country			Domestic	Positive	None	None	
																		International	Negative	High costs against small trade volume		
	A1-6-4	Establish ASEAN trade facilitation repository	Trade & Facilitation Div.	Simplify trade procedure and Customs procedure.		MOC and MOF	National Directorate for Domestic Trade	△		Because of small trade volume at present, it may be easy to accept Foreign standard	To meet with ASEAN standard	Unnecessary	Several meetings	Must	Refer to structure of other country			Domestic	Positive	None	None	
																		International	Negative	High costs against small trade volume		
	Customs Integration	A1-7-1	Integrate customs structures	Trade & Facilitation Div.	Harmonize Customs Structure with ASEAN Standards		MOF	DG Customs	○		The Ministry is flexible and a new structure if required would not be complicated.	Reform current customs structure	COM approval	Several meetings	Must	Refer to organization structure of other country			Domestic	Positive	None	None
																			International	Negative	High costs against small trade volume	
		A1-7-2	Modernize customs techniques guided by simple and harmonized customs procedures	Trade & Facilitation Div.	Simplify and modernize Customs procedure		MOF	DG Customs	△		Customs procedures are in the process of being modernized - a new manual in line with Foreign best practice is being prepared.	Not necessary	Director General Approval			Refer to procedures of other country			Domestic	Positive	None	Improved service delivery
																			International	Negative	None	None
	A1-7-3	Establish ASEAN customs transit system to facilitate movement of goods	Trade & Facilitation Div.	Improve Customs transit system with modern technology		MOF	DG Customs	○		With the upgrade to Asycuda World and introduction of other IT solutions this will be possible.					Refer to rules and procedures of other country			Domestic	Positive	None	None	
																		International	Negative	High costs against small trade volume		
	A1-7-4	Establish ASEAN customs systems dealing special customs regimes	Trade & Facilitation Div.	Introduce ASEAN Customs system to handle special regimes		MOF	DG Customs	○		With the New Consolidated Customs Code, new provisions regarding special regimes will be introduced	Decree Law is required	Parliament approval is required	Several meetings	Must	Refer to operation system of other country			Domestic	Positive	None	None	
																		International	Negative	High costs against small trade volume		

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		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration	
	A1-7-5	Modernize tariff classification, customs valuation and origin determination	Trade & Facilitation Div.	Modernize tariff classification, customs valuation and ROO (e-Customs)		MOF	DG Customs	○		2013 - new 8-digit national tariff will be introduced, TA will provided for valuation and RofO	Agreement regarding tariff classifications required	Approved by Council of Ministers	Several meetings	Must	Refer to operation system of other country			Domestic	Positive	None	increase revenue collection and provide accurate statistics
																			Negative	None	None
		International	Positive	Cost down	Cost reduction for trade procedure																
		Negative	None	None																	
	A1-7-6	Adopt Foreign standards and practices	Trade & Facilitation Div.	Adopt Foreign standards and practices with other members		MOF	DG Customs	△		Procedure and legislations changes are implied	Decree Law	Approval of Customs Clearance Manual by National Director of Customs required as approval of decree law by Parliament	Several meetings	Must	Refer to actions of other country			Domestic	Positive	None	None
																			Negative	High costs against small trade volume	
																		International	Positive	Cost down	Cost reduction for trade procedure
																			Negative	None	None
	A1-7-7	Smoothen customs clearance	Trade & Facilitation Div.	-----														Domestic	Positive		
																			Negative		
		International	Positive																		
		Negative																			
	A1-7-8	Strengthen human resources development	Trade & Facilitation Div.	Human resources development		MOF	DG Customs	△		Continue training and capacity building of customs officers	No	No			Refer to training program of other country			Domestic	Positive	None	None
																			Negative	Capacity building costs against small volume	
	International	Positive	Cost down	Cost reduction for trade procedure																	
	Negative	None	None																		
A1-7-9	Implement ASEAN e-Customs	Trade & Facilitation Div.	Upgrade to ASYCUDA World		MOF	DG Customs	△		Resistance to change, Customs officials, Brokers and Private Sector					Refer to e-System of other country			Domestic	Positive	None	None	
																		Negative	High costs against small trade volume		
	International	Positive	Cost down	Cost reduction for trade procedure																	
	Negative	None	None																		
A1-7-10	Promote mutual assistance for better customs efficiency and effectiveness	Trade & Facilitation Div.	Keep relationship with Customs of other countries		MOF	DG Customs	X		Challenging to unite all Government agencies	Ministerial Diploma required	Approved by Minister						Domestic	Positive	None	facilitate trade, reduce corruption and increase revenue	
																		Negative	High costs against small trade volume		
	International	Positive	Cost down	Cost reduction for trade procedure																	
	Negative	None	None																		
ASEAN Single Window	A1-8																				
	A1-8-1	ASEAN6 operationalize National Single Window (2008)	Trade & Facilitation Div.	Introduce National Single Window		MOF	Directorate General for Customs	X		Must revise IT equipments, procedures and training method of operators	National Law required	Approved by Council of Ministers			Refer to procedures of other member countries			Domestic	Positive	None	Facilitates trade for importers and exporters
																			Negative	Less efficient	High initial man power costs
		International	Positive	Cost down	Cost reduction for trade procedure																
		Negative	None	None																	
	A1-8-2	CLMV operationalize National Single Window (2008)	Trade & Facilitation Div.	-----											Refer to procedures of other member countries			Domestic	Positive		
																			Negative		
		International	Positive																		
		Negative																			
	A1-8-3	Simplifying, harmonizing and standardizing trade and customs processes	Trade & Facilitation Div.	Trade and customs processes shall be revised to meet ASEAN standards		MOF	Directorate General for Customs	X		Must revise customs procedure and enhance customs officers capacity	Single Window would require a Decree Law	Approved by Council of Ministers	Several meetings	Must	Refer to procedures of other member countries	Required T.A on IT System		Domestic	Positive	None	Trade facilitation
																			Negative	None	High initial man power costs
		International	Positive	Cost down	Cost reduction for trade procedure																
		Negative	None	None																	
	A1-8-4	Standardization of data elements based on WCO and UN Trade Data Directory	Trade & Facilitation Div.	Same as A-1-8-5		MOF	Directorate General for Customs	X		Depends on introduction and correct use of ASYCUDA World		Funding and implementation would require approval from Council of Ministers	Several meetings	Must		Required T.A on IT System		Domestic	Positive		
																			Negative		
	International	Positive																			
	Negative																				
A1-8-5	Application of ICT in all areas	Trade & Facilitation Div.	To adopt Foreign standard		MOF	Directorate General for Customs	X		Depends on introduction and correct use of ASYCUDA World					Refer to procedures of other member countries			Domestic	Positive	None	None	
																		Negative	High costs against small trade volume		
	International	Positive	Cost down	Cost reduction for trade procedure																	
	Negative	None	None																		

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		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>(**)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor		Before integration		After integration
																		Positive	Negative	None	High quality control	
Standards and Conformance	A1-9																					
	A1-9-1	Implement Single Regulatory Scheme for Cosmetics	Trade & Facilitation Div.	Join the Single Regulatory Scheme for Cosmetics.		MOC	Metrology and Standardization	×		Must nominate a Department who handles technical issues on Cosmetics	Established New Foreign Regulation to Meet Asian Standard	Should be Ratified by Parliament	Several Meetings	Selected Only		To get support to operate Laboratory (T.A)		Domestic	Positive	High quality control		
																		Domestic	Negative	High administration costs against small volume		
																		International	Positive	None	Reliable quality, low price	
																		International	Negative	None	Higher competition	
	A1-9-2	Monitor the implementation of the Scheme for Cosmetics	Trade & Facilitation Div.	Join the Monitoring		MOC	IAE (Foods and Economic Inspection)	×		Department in charge joins monitoring		Should be Ratified by Parliament	Several Meetings	Selected Only		To get support to operate Laboratory (T.A)		Domestic	Positive	None	None	
																		Domestic	Negative	High administration costs against small volume		
																		International	Positive	None	None	
																		International	Negative	None	None	
	A1-9-3	Monitor the implementation of ASEAN Sectoral MRA on Electrical and Electronic Equipment	Trade & Facilitation Div.	Join the Monitoring		MOC	Metrology and Standardization	×		Department in charge joins monitoring	Established New Foreign Regulation to Meet Asian Standard	Should be Ratified	Several Meetings	Selected Only		To get support to operate Laboratory (T.A)		Domestic	Positive	None	None	
																		Domestic	Negative	High administration costs against small volume		
																		International	Positive	None	None	
																		International	Negative	None	None	
	A1-9-4	Listed Conformity Assessment Bodies will be utilized to implement single regulatory regime	Trade & Facilitation Div.	Join the Conformity Assessment Bodies		MOC	Commercial Regulation	△		No serious problem if decisions among other members are followed	Introduce ASEAN Standard		Selected meetings only	Yes		To get support to operate Laboratory (T.A)		Domestic	Positive	None	Higher quality of Imports	
																		Domestic	Negative	High administration costs against small volume		
																		International	Positive	None	Reliable quality, low price	
																		International	Negative	None	Higher competition	
	A1-9-5	Prepare for the implementation of a single regulatory regime for electrical and electronic equipment(EEE)	Trade & Facilitation Div.	-----														Domestic	Positive			
																		International	Negative			
																		Domestic	Positive			
																		International	Negative			
	A1-9-6	Implement a single regulatory regime for EEE	Trade & Facilitation Div.	Adopt the single regulatory regime for EEE		MOC	Commercial Regulation	△		No serious problem if decisions among other members are followed	Introduce ASEAN Standard		Selected meetings only	Yes		To get support to operate Laboratory (T.A)		Domestic	Positive	None	Higher quality of Imports	
																		Domestic	Negative	High administration costs against small volume		
																		International	Positive	None	Reliable quality, low price	
																		International	Negative	None	Higher competition	
	A1-9-7	Monitor the implementation of single regulatory regime for EEE	Trade & Facilitation Div.	Join the Monitoring		MOC	DNIT	×		Department in charge joins monitoring	Create Some agreements among ASEAN members		Selected meetings only	Yes				Domestic	Positive	None	None	
																		Domestic	Negative	High administration costs against small volume		
																		International	Positive	None	None	
																		International	Negative	None	None	
	A1-9-8	Implement ASEAN Common Technical Dossiers (ACTD) for Pharmaceutical and Medical Device	Trade & Facilitation Div.	Adopt ACTD for Pharmaceutical and Medical Device		MOC / MOH	Need to select one leading division	×		Acceptable ASEAN standard but difficult to enforce it in Timor-Leste	Create Some agreements among ASEAN members		Selected meetings only	Yes	TA required			Domestic	Positive	None	Higher quality of Imports	
																		Domestic	Negative	High administration costs against small volume		
																		International	Positive	None	Reliable quality, low price	
																		International	Negative	None	Higher competition	
	A1-9-9	Monitor implementation of ACTD	Trade & Facilitation Div.	Join the Monitoring		MOC / MOH	Need to select one leading division	×										Domestic	Positive	None	None	
																		Domestic	Negative	High costs against consumption		
																		International	Positive	None	None	
																		International	Negative	None	None	
	A1-9-10	Strengthen competency and confidence in evaluation process	Trade & Facilitation Div.	-----														Domestic	Positive			
																		Domestic	Negative			
																		International	Positive			
																		International	Negative			
	A1-9-11	Implement harmonized technical requirements for TMHS	Trade & Facilitation Div.	-----														Domestic	Positive			
																		Domestic	Negative			
																		International	Positive			
																		International	Negative			
	A1-9-12	Monitor effective implementation of the Sectoral MRA on inspection for Pharmaceutical	Trade & Facilitation Div.	Join the Monitoring		MOC	IAE	×		Department in charge joins monitoring. High technical background would be required	MRA Agreement	Must be ratified by Parliament	Bilateral meeting should be held	Must	Required T.A from ASEAN	T.A from JICA Expected		Domestic	Positive	None	Higher quality of Imports	
																		Domestic	Negative	High administration costs against small volume		
																		International	Positive	None	Reliable quality, low price	
																		International	Negative	None	Higher competition on one quality	
	A1-9-13	Implement harmonized standards and technical regulations	Trade & Facilitation Div.	-----														Domestic	Positive			
																		Domestic	Negative			
																		International	Positive			
																		International	Negative			

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		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor		Before integration		After integration																
																		Positive	Negative	None	None																	
A1-9-14	Implement ASEAN Common Submission Dossier Template (CSDT) for Medical Device	Trade & Facilitation Div.	Adopt CSDT for Medical Device		MOC	IAE	×		Acceptable ASEAN standard but difficult to enforce it in Timor-Leste	CSDI Agreement	Must be ratified CoM		Must	Expected T.A support from Asian members				Domestic	Positive	None	Higher quality of Imports																	
																		Domestic	Negative	High administration costs against small volume																		
																		International	Positive	None	Reliable quality, low price																	
																		International	Negative	None	Higher competition on one quality																	
																		A1-9-15	Monitor Implementation of CSTD	Trade & Facilitation Div.	Join the Monitoring		MOC	IAE	×	Department in charge joins monitoring						Expected T.A support from JICA			Domestic	Positive	None	None
																																			Domestic	Negative	High costs against small consumption	
																																			International	Positive	None	None
																																			International	Negative	None	None
																		A1-9-16	Development ASEAN Module for Traditional Medicine and Health Supplement (TMHS)	Trade & Facilitation Div.	No strong requirements due to small population and geographical location		MOC	DNIBC			Need to establish Agreement	Need to get Approve from CoM		Must					Domestic	Positive	None	Higher quality of Imports
																																			Domestic	Negative	None	None
																																			International	Positive	None	Reliable quality, low price
																																			International	Negative	None	Higher competition on one quality
A1-9-17	Harmonize Technical requirements on TMHS for identified areas	Trade & Facilitation Div.	-----														Domestic	Positive																				
																	Domestic	Negative																				
A1-9-18	Sign and prepare for implementation an ASEAN Sectoral MRA on Good Manufacturing Practice (GMP) Inspection for Pharmaceutical	Trade & Facilitation Div.	-----														Domestic	Positive																				
																	Domestic	Negative																				
A1-9-19	Implement Sectoral MRA on GMP Inspection for Pharmaceutical	Trade & Facilitation Div.	-----														Domestic	Positive																				
																	Domestic	Negative																				
A1-9-20	Implement Sectoral MRA on GMP Inspection for Pharmaceutical	Trade & Facilitation Div.	Adopt Sectoral MRA on GMP Inspection for Pharmaceutical		MOC	DNIBC	×	To enhance officers capacity to handle technical issues relating to MRA on GMP	Bilateral Agreement should be Established	Need to get Approval from Parliament		Several meetings	Must	T.A Support	T.A Support			Domestic	Positive	None	Higher quality of Imports																	
																		Domestic	Negative	High administration costs against small volume																		
																		International	Positive	None	Reliable quality, low price																	
																		International	Negative	None	Higher competition																	
A1-9-21	Establish and implement Post Market Alert Systems for various Sectors	Trade & Facilitation Div.	Join the Post Market Alert Systems for various Sectors		MOC	DNIBC	×	To enhance officers capacity to handle technical issues of commodities under MRA	Bilateral Agreement should be Established	Need to get Approval from CoM		Several meetings	Must	T.A Support	T.A Support			Domestic	Positive	None	Higher quality of Imports																	
																		Domestic	Negative	High administration costs against small volume																		
																		International	Positive	None	Reliable quality, low price																	
																		International	Negative	None	Higher competition																	
A1-9-22	Monitor effective implementation of Post Marketing Alert System for Various Sectors	Trade & Facilitation Div.	Join the Monitoring		MOC	IAE	×	To enhance officers capacity to handle technical issues of commodities under MRA				Several meetings	Must	T.A Support	T.A Support			Domestic	Positive	None	None																	
																		Domestic	Negative	High administration costs against small volume																		
																		International	Positive	None	None																	
																		International	Negative	None	None																	
A1-9-23	Identify and harmonize more standards and technical regulations for other sectors	Trade & Facilitation Div.	Join the harmonization and standardizing processes		MOC	Commercial Regulation	×	To enhance officers capacity to handle technical issues of various commodities	Bilateral Agreement will be Established	Need to get Approve from CoM		Several meetings	Must	T.A Support	T.A Support			Domestic	Positive	None	Higher quality of Imports																	
																		Domestic	Negative	High administration costs against small volume																		
																		International	Positive	None	Reliable quality, low price																	
																		International	Negative	None	Higher competition																	
A1-9-24	Continue to harmonize standards and technical regulations for identified sectors	Trade & Facilitation Div.	-----														Domestic	Positive																				
																	Domestic	Negative																				
A1-9-25	Enhance Technical Infrastructure, establish more testing laboratories to relevant Foreign standards and Post Market Surveillance	Trade & Facilitation Div.	Enhance Technical Infrastructure and need to establish more testing laboratories		MOC	Metrology and Standardization	×	To enhance officers capacity to handle technical issues of various commodities with new laboratories	Bilateral Agreement will be Established	Need to get Approval from CoM		Several meetings	Must	T.A Support	T.A Support			Domestic	Positive	None	Higher quality of Imports																	
																		Domestic	Negative	High administration costs against small volume																		
																		International	Positive	None	Reliable quality, low price																	
																		International	Negative	None	Higher competition																	

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		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration
<b>A2.Free Flows of Services</b>																				
Services Liberalization under AFAS																				
	A2-1																			
	A2-1-1	Remove substantially all restrictions on trade in services for the 4 priority services sectors (2010)	Service & Investment Div.	(complete by 2010)														Domestic	Positive	
																		International	Negative	
	A2-1-2	Remove substantially all restrictions on trade in services for logistics services by 2013.	Service & Investment Div.	(complete by 2013)														Domestic	Positive	
																		International	Negative	
	A2-1-3	Remove substantially all restrictions on trade in services for all other services sectors by 2015.	Service & Investment Div.	Must apply same restrictions as CLMV with some more flexibility		Central Bank/MOF/Secretary of State for Investment		○		Standards governing banking sector are not particularly strict					Not required	Not required		Domestic	Positive	none
																		International	Negative	none
	A2-1-4	Schedule at least 15 new subsectors (2010)	Service & Investment Div.	(complete by 2010)														Domestic	Positive	
																		International	Negative	
	A2-1-5	Schedule at least 20 new subsectors (2012)	Service & Investment Div.	(complete by 2012)														Domestic	Positive	
																		International	Negative	
	A2-1-6	Schedule at least 20 new subsectors (2012)	Service & Investment Div.	(complete by 2012)														Domestic	Positive	
																		International	Negative	
	A2-1-7	Schedule at least 20 (2014) and 7 (2015) new subsectors	Service & Investment Div.	(complete by 2015)														Domestic	Positive	
																		International	Negative	
	A2-1-8	No restrictions for Modes 1 and 2, with exceptions due to bona fide regulatory reasons (2008)	Service & Investment Div.	(complete by 2008)														Domestic	Positive	
																		International	Negative	
	A2-1-9	At least 51% foreign equity participation for the 4 priority services sectors, (2008)	Service & Investment Div.	(complete by 2008)														Domestic	Positive	
																		International	Negative	
	A2-1-10	At least 70% foreign equity participation for the 4 priority services sectors, (2010)	Service & Investment Div.	-----														Domestic	Positive	
																		International	Negative	
	A2-1-11	At least 49% foreign equity participation for logistics services, (2008)	Service & Investment Div.	-----														Domestic	Positive	
																		International	Negative	
	A2-1-12	At least 51% foreign equity participation for logistics services, (2010)	Service & Investment Div.	(complete by 2010)														Domestic	Positive	
																		International	Negative	
	A2-1-13	At least 70% foreign equity participation for logistics services, (2013)	Service & Investment Div.	Must accept this foreign equity participation		MOC		x		To decide how to protect Domestic service industries								Domestic	Positive	None
																		International	Negative	High service quality
																		Domestic	Positive	None
																		International	Negative	No chance for Domestic provider
	A2-1-14	At least 49% foreign equity participation for other services sectors, (2008).	Service & Investment Div.	-----														Domestic	Positive	
																		International	Negative	



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		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration								
	A2-1-15	At least 51% foreign equity participation for other services sectors, (2010)	Service & Investment Div.	-----														Domestic	Positive									
																		International	Negative									
	A2-1-16	At least 70% foreign equity participation for all services sectors, (2015).	Service & Investment Div.	Must accept this foreign equity participation			MOC			x	To decide how to protect Domestic service industries								Domestic	Positive	None	High service quality						
																			International	Negative	None	No chance for Domestic provider						
	A2-1-17	Progressively remove market access limitations for Mode 3 as endorsed by the AEM.	Service & Investment Div.	-----															Domestic	Positive								
																			International	Negative								
	A2-1-18	Complete the compilation of an inventory of barriers to services by August 2008.	Service & Investment Div.	-----															Domestic	Positive								
																			International	Negative								
	A2-1-19	Set the parameters of liberalization for national treatment limitations, Mode 4 and limitations in the horizontal commitments for each round (2009)	Service & Investment Div.	-----															Domestic	Positive								
																			International	Negative								
	A2-1-20	Schedule commitments according to agreed parameters for national treatment limitations, Mode 4 and limitations in the horizontal commitments set in 2009	Service & Investment Div.	Complete a schedule commitments for national treatment limitations			MOC/ MOF			○	Most services active in Timor Leste are foreign owned								Domestic	Positive	None	None						
																			International	Negative	None	None						
	Mutual Recognition Arrangements (MRAs)	A2-2																	Domestic	Positive								
																			International	Negative								
		A2-2-1	Complete MRAs currently under negotiation, i.e. architectural services, accountancy services, surveying qualifications, medical practitioners, and dental practitioners (2008).	Service & Investment Div.	(complete by 2008)															Domestic	Positive							
																				International	Negative							
		A2-2-2	Identify and develop MRAs for other professional services by 2012	Service & Investment Div.	(complete by 2012)															Domestic	Positive							
																				International	Negative							
		A2-2-3	Full implementation of completed MRAs (2015).	Service & Investment Div.	Full implementation of MRAs or set a schedule commitment to full implementation					x	May accept MRA on some services. Must decide criteria of MRA									Domestic	Positive	None	None					
																				International	Negative	None	No chance for Domestic provider					
		A2-2-4	Implement the completed MRAs	Service & Investment Div.	None					○	Services from other countries already recognized									Domestic	Positive	None	None					
																				International	Negative	None	None					
		Financial Services Sector	A2-3																	Domestic	Positive	None	Nothing as small market					
																				International	Negative	None	High administration costs					
A2-3-1		Develop the list of "pre-agreed flexibilities" that can be maintained by each member country for the sub-sectors identified for liberalization by 2015	Finance Integration Div.	No need						○	Sector already liberalized								Domestic	Positive	None	Nothing as small market						
																			International	Negative	None	High administration costs						
																		Domestic	Positive	None	Enhance financial service							
																		International	Negative	None	Eliminate inefficient firms							

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		Priority issue	Dept. in charge	Action	Priority <sup>†)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environm ent	Factor			Before integration	After integration												
																		Positive	Negative	None														
	A2-3-2	Agree on the list of "pre-agreed flexibilities" that can be maintained by each member country for the sub-sectors identified for liberalization by 2015	Finance Integration Div.	Ditto																		Domestic	Positive	None	Nothing as small market									
																						Domestic	Negative	None	High administration costs									
																						International	Positive	None	Enhance financial service									
																						International	Negative	None	Eliminate inefficient firms									
	A2-3-3	Develop the list of "pre-agreed flexibilities" that can be maintained by each member country from 2020	Finance Integration Div.	May provide schedule commitment of liberalization																			Domestic	Positive										
																							Domestic	Negative										
																							International	Positive										
																							International	Negative										
	A2-3-4	Substantially remove 5 restrictions for the Insurance, Banking and Capital Market subsectors by 2015 as identified by member countries in Annex 1.	Finance Integration Div.	Eliminate restrictions for the Insurance, Banking and Capital Market subsectors by 2015 or set a schedule commitment																			Domestic	Positive	None	Nothing as small market								
																							Domestic	Negative	None	High administration costs								
																							International	Positive	None	Enhance financial service								
																							International	Negative	None	Eliminate inefficient firms								
A2-3-5	By 2017, agree on the list of "pre-agreed flexibilities" that can be maintained by each member country from 2020	Finance Integration Div.	List the flexibilities to be eliminated during 2010 and 2017																			Domestic	Positive	None	Nothing as small market									
																						Domestic	Negative	None	High administration costs									
																						International	Positive	None	Enhance financial service									
																						International	Negative	None	Eliminate inefficient firms									
A2-3-6	Substantially remove 6 restrictions on trade in services for all remaining sectors by 2020.	Finance Integration Div.	No need																			Domestic	Positive	None	Nothing as small market									
																						Domestic	Negative	None	High administration costs									
																						International	Positive	None	Enhance financial service									
																						International	Negative	None	Eliminate inefficient firms									
<b>A3.Free Flows of Investment</b>																																		
ASEAN investment Agreement (AIA)	A3-1																																	
	A3-1-1	Discuss, negotiate and draft the new ASEAN Comprehensive Investment Agreement (ACIA)	Service & Investment Div.	not necessary																		Domestic	Positive	Able to invite foreign investment										
																						Domestic	Negative	Difficult to foster Domestic investors										
																						International	Positive											
																						International	Negative											
	A3-1-2	Finalize the ACIA to be submitted to the 11th AIA Council	Service & Investment Div.	not necessary																		Domestic	Positive	Able to invite foreign investment										
																						Domestic	Negative	Difficult to foster Domestic investors										
																						International	Positive											
																						International	Negative											
Liberalization	A3-2																																	
	A3-2-1	Commence Phase 1 of the progressive reduction/elimination of investment restrictions and impediments in 2008	Service & Investment Div.	(complete I 2008)																		Domestic	Positive											
																						Domestic	Negative											
																						International	Positive											
																						International	Negative											
	A3-2-2	Complete Phase 1 of the progressive reduction/eliminations and impediments for eight(8) ASEAN Member Countries in 2010 and for AEAN 2 (Lao PDR and Myanmar)in 2011	Service & Investment Div.	(complete in 2011)																			Domestic	Positive										
																							Domestic	Negative										
																							International	Positive										
																							International	Negative										
	A3-2-3	Complete Phase 2 of the progressive reduction/elimination of investment restrictions and impediments for eight (8) ASEAN member countries in 2012 and ASEAN 2 (Lao PDR and Myanmar) in 2013	Service & Investment Div.	-----																			Domestic	Positive										
																							Domestic	Negative										
																							International	Positive										
																							International	Negative										

Strategic issue	Code	ASEAN Economic Community Blueprint		Action required in East Timor				Feasibility <sup>(††)</sup> (○, △, X)			Treaty/agreement/frame to be ratified/approved	Feasibility of ratification/approval	Periodical meeting/activity to be participated	Feasibility of participation	Support possibility			Impact										
		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration								
	A3-2-4	Complete the final Phase of the progressive reduction/elimination of investment restrictions and impediments for eight (8) ASEAN member countries in 2012 and ASEAN 2 (Lao PDR and Myanmar) in 2015	Service & Investment Div.	Shall make schedule commitment in line with A3-2-1 ~ A3-2-4				X	Hard to decide the area to be protected from foreign investors														Domestic	Positive	Able to invite foreign investment			
																							Domestic	Negative	Difficult to foster Domestic investors			
																							International	Positive				
																								Negative				
	A3-2-5	Realize free and open investment regime with minimal investment restrictions in 2015	Service & Investment Div.	To decide investment restrictions to be maintained				X	Hard to decide the area to be protected from foreign investors															Domestic	Positive	Able to invite foreign investment		
																								Domestic	Negative	Difficult to foster Domestic investors		
																								International	Positive			
																									Negative			
	A3-2-6	Achieve the harmonization of investment measures to facilitate movement of investments	Service & Investment Div.	To discuss with other members about restrictions on investment				X	Hard to decide the area to be protected from foreign investors															Domestic	Positive	Able to invite foreign investment		
																								Domestic	Negative	Difficult to foster Domestic investors		
																								International	Positive			
																									Negative			
	A3-2-7	Commence Phase 2 of the progressive reduction/elimination of investment restrictions and impediments for eight (8) ASEAN countries in 2010 and for ASEAN 2 (Lao PDR and Myanmar) in 2011	Service & Investment Div.	(complete by 2011)																				Domestic	Positive			
																								Domestic	Negative			
																								International	Positive			
																									Negative			
	A3-2-8	Commence the final Phase 2 of the progressive reduction/elimination of investment restrictions and impediments for eight (8) ASEAN countries in 2012 and for ASEAN 2 (Lao PDR and Myanmar) in 2013	Service & Investment Div.	Not necessary					○	Investment law approved in 2011 already provides incentives for investment														Domestic	Positive			
																								Domestic	Negative			
																								International	Positive			
																									Negative			
Facilitation	A3-3																											
	A3-3-1	Identify Foreign best practices on investment measures for possible adoption by ASEAN	Service & Investment Div.	-----																				Domestic	Positive			
																								Domestic	Negative			
																								International	Positive			
																									Negative			
	A3-3-2	Commence the adoption of applicable Foreign best practices on investment measures	Service & Investment Div.	Harmonize Domestic regulations with those of ASEAN standards					○	Providing management know-how to current SMEs		Easy				Request to provide ASEAN standard	Nothing								Domestic	Positive		To enhance private sector
																									Domestic	Negative		None
																									International	Positive		None
																										Negative		None
	A3-3-3	Review and assess the impact and effectiveness of the investment measures adopted	Service & Investment Div.	Review and assess the impact and effectiveness before and after the adoption					○	Easy as monitoring the SMEs activities right now															Domestic	Positive		
																									Domestic	Negative		
																									International	Positive		
																										Negative		
	A3-3-4	Review and assess the impact and effectiveness of the investment measures adopted	Service & Investment Div.	Continue the effect measurement before and after the adoption					○	Institution to monitor investment already exists															Domestic	Positive	Invite investment	
																									Domestic	Negative	Liberalization	
																									International	Positive		
																										Negative		
	A3-3-5	Review and recommend applicable Foreign best practices for adoption by ASEAN	Service & Investment Div.	-----																					Domestic	Positive		
																									Domestic	Negative		
																									International	Positive		
																										Negative		
A3-3-6	Continue efforts to adopt applicable international best practices in investment measures	Service & Investment Div.	Refine the Domestic laws/regulations					○	Easy as supporting SME activities is being done at present	The ASEAN Comprehensive on Investment Agreement(ACIA)	Easy	Several	Attend	Request to provide latest situation of ACIA										Domestic	Positive		Enhance Private sector activities	
																								Domestic	Negative			
																								International	Positive			
																									Negative			
A3-3-7	Achieve the harmonization of selected investment measures to facilitate movement of investment	Service & Investment Div.	Harmonize the Domestic regulations to those of ASEAN					○	Easy as supporting SME activities is being done at present	The ASEAN Comprehensive on Investment Agreement(ACIA)	Easy	Several	Attend	Request to provide latest situation of ACIA										Domestic	Positive		Enhance Private sector activities	
																								Domestic	Negative			
																								International	Positive			
																									Negative			

Strategic issue	Code	ASEAN Economic Community Blueprint		Action required in East Timor				Feasibility <sup>(††)</sup> (○, △, X)			Treaty/agreement/frame to be ratified/approved	Feasibility of ratification/approval	Periodical meeting/activity to be participated	Feasibility of participation	Support possibility		Impact			
		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration
	A3-3-8	Publish and disseminate ASEAN Investment Publications -ASEAN Investment Report (AIR) -Statistics on FDI in ASEAN -Compendium on Investment Measures and policies in ASEAN (Investing in ASEAN Guidebook) -Update investment brochure -Brochure on Outsourcing Activities/Opportunities in ASEAN	Service & Investment Div.	-----		Secretary of State for Private Sector		○	Promotion of foreign investment exists	AIR	Easy	Several	Attend	Request to provide latest situation of AIR and others			Domestic	Positive		Enhance Private sector activities
																	Domestic	Negative		
																	International	Positive		
																	International	Negative		
	A3-3-9	Publish and disseminate ASEAN Investment Publications -ASEAN Investment Report (AIR) -Statistics on FDI in ASEAN -Foreign Investors Living in ASEAN -Directory on Logistics in ASEAN -Development and Promotion of New Growth Areas including Environmental Friendly Industries	Service & Investment Div.	-----		Secretary of State for Private Sector		○	Promotion of foreign investment exists	AIR	Easy	Several	Attend	Request to provide latest situation of ASEAN publication			Domestic	Positive		Enhance Private sector activities
																	Domestic	Negative		
																	International	Positive		
																	International	Negative		
	A3-3-10	Publish and disseminate ASEAN Investment Publications -ASEAN Investment Report (AIR) -Statistics on FDI in ASEAN -Facts and Figures of Doing Business in ASEAN (an update)	Service & Investment Div.	-----		Secretary of State for Private Sector		○	Promotion of foreign investment exists	AIR	Easy	Several	Attend	Request to provide latest situation of ASEAN publication			Domestic	Positive		enhance Private sector activities
																	Domestic	Negative		
																	International	Positive		
																	International	Negative		
	A3-3-11	Publish and disseminate ASEAN Investment Publications -ASEAN Investment Report (AIR) -Statistics on FDI in ASEAN -Directory on Electronics -Directory on Component Manufacturers	Service & Investment Div.	-----		Secretary of State for Private Sector		○	Promotion of foreign investment exists	AIR	Easy	Several	Attend	Request to provide latest situation of ASEAN publication			Domestic	Positive		Enhance Private sector activities
																	Domestic	Negative		
																	International	Positive		
																	International	Negative		
	A3-3-12	Identify and promote investment opportunities for infrastructure in CLMV	Service & Investment Div.		May become good sample to invite investment on infrastructure in Timor-Leste	MOF/ Ministry of Infrastructure		○	Would be in the interest of the Government								Domestic	Positive		Invite investment
																	Domestic	Negative		Liberalization
	A3-3-13	Link website on investment between ASEAN and Dialogue Partners	Service & Investment Div.		Good sample to invite investment on Timor-Leste	Secretary of State for Private Sector		○	Would be in the interest of the Government								Domestic	Positive		Invite investment
																	Domestic	Negative		Liberalization
	A3-3-14	Develop ASEAN Investment Promotion Video to build up image/brand of ASEAN	Service & Investment Div.		Good sample to invite investment on Timor-Leste	Secretary of State for Private Sector		○	Would be in the interest of the Government								Domestic	Positive		Invite investment
																	Domestic	Negative		Liberalization
	A3-3-15	Undertake consultation with business sector to facilitate investment in ASEAN	Service & Investment Div.		Not relevant												Domestic	Positive		
																	Domestic	Negative		
																International	Positive			
																International	Negative			

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		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration			
	A3-3-16	Complete FDI database covering goods and services sector	Service & Investment Div.	Already exists				○		Already exists							Domestic	Positive					
																	Domestic	Negative					
																	International	Positive					
																	International	Negative					
	A3-3-17	Undertake consultation with business sector to facilitate investment in ASEAN	Service & Investment Div.	Arrange an investment problem					○		Promotion of foreign investment exists							Domestic	Positive				
					Organization of the meeting committee structure by a member of the private enterprise and the government, meet on a regular basis		Secretary of State for Private Sector											Domestic	Negative				
																		International	Positive				
																		International	Negative				
	A3-3-18	Undertake consultation with business sector to facilitate investment in ASEAN	Service & Investment Div.	Arrange an investment problem					○		Easy as private sector is supported by S.S for Private Sector and Commercial banks							Domestic	Positive		To enhance private sector		
					Organization of the meeting committee structure by a member of the private enterprise and the government, meet on a regular basis		Secretary of State for Private Sector											Domestic	Negative				
																		International	Positive				
																		International	Negative				
	A3-3-19	Enhance networking among ASEAN Investment Promotion Agencies	Service & Investment Div.	To join the networking among ASEAN Investment Promotion Agencies to invite investment to Timor-Leste			Secretary of State for Private Sector		○		Would be beneficial to the Government							Domestic	Positive	Invite investment			
																		Domestic	Negative	Liberalization			
																		International	Positive				
																		International	Negative				
	A3-3-20	Organize discussions on key issues of FDI	Service & Investment Div.	Arrange an investment problem			Secretary of State for Private Sector											Domestic	Positive				
					Organization of the meeting committee structure by a member concerned with investment, meet on a regular basis													Domestic	Negative				
																		International	Positive				
																		International	Negative				
	A3-3-21	Undertake consultation with business sector to facilitate investment in ASEAN	Service & Investment Div.	Arrange an investment problem			Secretary of State for Private Sector		○		Already promoting both Domestic and Foreign investment to private sector							Domestic	Positive		To encourage private sector		
					Organization of the meeting committee structure by a member of the private enterprise and the government, meet on a regular basis													Domestic	Negative				
																		International	Positive				
																	International	Negative					
A3-3-22	Establish database on industrial cluster	Service & Investment Div.	Arrange the contents of industrial cluster			Secretary of State for Private Sector		△		Take time to establish database							Domestic	Positive		Efficient support to private sector			
																	Domestic	Negative					
																	International	Positive					
																	International	Negative					
Promotion	A3-4																						
	A3-4-1	Organize two inbound and two outbound investment missions	Service & Investment Div.	-----													Domestic	Positive					
																	Domestic	Negative					
																	International	Positive					
																	International	Negative					
	A3-4-2	Organize two inbound and two outbound investment missions	Service & Investment Div.	-----													Domestic	Positive					
																	Domestic	Negative					
																	International	Positive					
																	International	Negative					
	A3-4-3	Organize two inbound and two outbound investment missions annually	Service & Investment Div.	-----													Domestic	Positive					
																	Domestic	Negative					
																	International	Positive					
																	International	Negative					
	A3-4-4	Organize two inbound and two outbound investment missions	Service & Investment Div.	To join the investment missions					x		Easy to join but difficult to show one's appeal over other members - would be of interest to attract investors, but limited interest from National investors to look abroad							Domestic	Positive	Invite foreign investment			
																	Domestic	Negative	Liberalization and high administration costs				
																	International	Positive					
																	International	Negative					

Strategic issue	Code	ASEAN Economic Community Blueprint		Action required in East Timor				Feasibility <sup>(††)</sup> (O, Δ, X)			Treaty/agreement/frame to be ratified/approved	Feasibility of ratification/approval	Periodical meeting/activity to be participated	Feasibility of participation	Support possibility			Impact																														
		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration																												
	A3-4-5	Continue series of ASEAN investment seminars on opportunities in CLMV countries to be hosted by ASEAN 6	Service & Investment Div.	To request members to open ASEAN investment seminars for Timor-Leste						Would be of interest to TL												Domestic	Positive	Invite foreign investment																								
																						Domestic	Negative	Liberalization and high administration costs																								
																						International	Positive																									
	A3-4-6	Promote regional clusters and production network through ASEAN industrial cooperation initiatives	Service & Investment Div.	To be included in the regional network				Δ			Must be consistent with National Strategic Development Plan												Domestic	Positive	Invite foreign investment																							
																							Domestic	Negative	Liberalization and high administration costs																							
																							International	Positive																								
	A3-4-7	Promote regional clusters and production network through ASEAN industrial cooperation initiatives	Service & Investment Div.	"																			Domestic	Positive																								
																							Domestic	Negative																								
																							International	Positive																								
Protection	A3-5																																															
	A3-5-1	Organize seminar on investment protection and settlement of investment disputes	Service & Investment Div.	To introduce investment measures and establish organization to handle investment disputes						The Government is relatively open to sharing information												Domestic	Positive	Invite foreign investment																								
																						Domestic	Negative	Liberalization and high administration costs																								
																						International	Positive																									
	A3-5-2	Organize seminar on investment protection and settlement of investment disputes	Service & Investment Div.	"																			Domestic	Positive																								
																							Domestic	Negative																								
																							International	Positive																								
<b>A4.Free Flows of Capital</b>																																																
Strengthening ASEAN Capital Market Development and Integration	A4-1																																															
	A4-1-1	Achieve greater harmonization in capital market standards in ASEAN in the areas of offering rules for debt securities, disclosure requirements and distribution rules	Service & Investment Div.	Not relevant as there is no capital market in Timor Leste																			Domestic	Positive																								
																							Domestic	Negative																								
																							International	Positive																								
																							International	Negative																								
																							A4-1-2	Facilitate mutual recognition arrangement or agreement for the cross recognition of qualification and education and experience of market professionals	Service & Investment Div.	Not relevant as there is no capital market in Timor Leste																			Domestic	Positive		
																																													Domestic	Negative		
	International	Positive																																														
	International	Negative																																														
	A4-1-3	Achieve greater flexibility in language and governing law requirements for securities issuance	Service & Investment Div.	Not relevant as there is no capital market in Timor Leste				x		Difficult to keep good professionals since small market right now	ASEAN and Plus Standard												Domestic	Positive	Promote capital movement																							
																							Domestic	Negative	Handled by foreign professionals																							
																							International	Positive																								
	A4-1-4	Enhance withholding tax structure, where possible, to promote the broadening of investor base in ASEAN debt issuance	Service & Investment Div.	Not relevant as there is no capital market in Timor Leste																			Domestic	Positive																								
																							Domestic	Negative																								
	A4-1-5	Facilitate market driven efforts to establish exchange and debt market linkages, including cross-border capital raising activities	Service & Investment Div.	-----								ASEAN Linkage											Domestic	Positive																								
																							Domestic	Negative																								
International																							Positive																									
International	Negative																																															

Strategic issue	Code	ASEAN Economic Community Blueprint		Action required in East Timor				Feasibility <sup>(††)</sup> (O, Δ, X)			Treaty/agreement/frame to be ratified/approved	Feasibility of ratification/approval	Periodical meeting/activity to be participated	Feasibility of participation	Support possibility		Impact				
		Priority issue	Dept. in charge	Action	Priority <sup>(†)</sup>	Min. in charge <sup>(†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration	
Allowing greater capital mobility	A4-2																				
	A4-2	The liberalization of capital movements is to be guided by the following principles  1.Ensuring an orderly capita account liberalization consistent with member countries' national agenda and readiness of the economy. 2.Allowing adequate safeguards against potential macroeconomic instability and systemic risk that may arise from the liberalization process, including the right to adopt necessary measures to ensure macroeconomic stability 3.Ensuring the benefits of liberalization to be shared by all ASEAN countries.	Service & Investment Div.	Not relevant as there is no capital market in Timor Leste														Domestic	Positive		
																		International	Positive		
																		International	Negative		
Foreign Direct Investment	A4-3																				
	A4-3-1	Assess and identify rules for liberalization for freer flows of foreign direct investments which include -Direct outward investment -Direct inward investment -Liquidation of Direct investment	Service & Investment Div.	-----														Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
	A4-3-2	Progressively liberalize, where appropriate and possible, the pre identified list of rules for freer flow of foreign direct investments	Service & Investment Div.	-----														Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
	A4-3-3	Continue to liberalize, where appropriate and possible, any other items related to -Foreign direct investment, -Portfolio investment, -Other types of capital flows	Service & Investment Div.	Not relevant as there are no restrictions to FDI and no capital market in Timor Leste					x	Hard to chase two inconsistent ideas, namely, to invite foreign direct investment and to encourage Domestic investors	ASEAN Surveillance process(ASP)							Domestic	Positive	Invite investment	
																		Domestic	Negative	Unable to encourage Domestic investors	
																		International	Positive		
																		International	Negative		
	A4-3-4	To support FDI and to promote capital market development	Service & Investment Div.	-----														Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
Portfolio Investment	A4-4																				
	A4-4-1	Assess and identify rules for liberalization for freer flows of portfolio investments, particularly in debts and equity, which include -Purchase of Domestic debt securities and equity by non-residents -Issuance of debt securities and equity by non-residents locally -Repatriation of proceeds arising from portfolio investments -Issuance and/or sale of debt securities and equity abroad by residents -Purchase of debt securities and equity abroad by residents	Service & Investment Div.	-----														Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
	A4-4-2	Progressively liberalize, where appropriate and possible, the rules identified for freer flow of portfolio investments	Service & Investment Div.	Make a list of liberalization  Harmonize Domestic regulations with those of ASEAN standards					x	Highly professional issue since Timor-Leste uses US\$ as Domestic currency								Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		

Strategic issue	Code	ASEAN Economic Community Blueprint		Action required in East Timor				Feasibility <sup>(††)</sup> (O, Δ, X)			Treaty/agreement/frame to be ratified/approved	Feasibility of ratification/approval	Periodical meeting/activity to be participated	Feasibility of participation	Support possibility		Impact				
		Priority issue	Dept. in charge	Action	Priority <sup>(†)</sup>	Min. in charge <sup>(†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration	
Other Types of Flows	A4-5																				
	A4-5-1	Assess and identify rules for liberalization of other types of flows, particularly long-term foreign borrowing and lending	Service & Investment Div.	Not relevant														Domestic	Positive		
																		International	Positive		
																			Negative		
	A4-5-2	Progressively liberalize, where appropriate and possible, the rules identified for other types of flows, particularly long-term foreign borrowing and lending	Service & Investment Div.	Not relevant as there are no restrictions														Domestic	Positive		
																		International	Positive		
																			Negative		
Current Account Transactions	A4-6																				
	A4-6-1	Develop financial market to eliminate, where applicable, the practice of dual exchange rate structure	Service & Investment Div.	Limited exchange rate activity as Timor Leste uses US\$ currency														Domestic	Positive		
																		International	Positive		
																			Negative		
	A4-6-2	Further develop financial market to eliminate, where applicable, the practice of dual exchange rate structure	Service & Investment Div.	Not relevant														Domestic	Positive		
																		International	Positive		
																			Negative		
	A4-6-3	Remove and/or relax, where appropriate and possible, restrictions on repatriation/surrender requirement	Service & Investment Div.	No restrictions in place so therefore not relevant														Domestic	Positive		
																		International	Positive		
																			Negative		
	A4-6-4	Continue to liberalize, where appropriate and possible, any other items related to current account transactions	Service & Investment Div.	No restrictions in place so therefore not relevant														Domestic	Positive		
																		International	Positive		
																			Negative		
	A4-6-5	Relax the limitation on foreign exchange purchase and other payments for invisible transactions and current transfers	Service & Investment Div.	No limitations in place														Domestic	Positive		
																		International	Positive		
																			Negative		
	A4-6-6	Adopt Article VII IMF by ASEAN countries by 2011	Service & Investment Div.	Not relevant														Domestic	Positive		
																		International	Positive		
																			Negative		
Facilitation	A4-7																				
	A4-7-1	Draft/amend legal and regulatory framework, where appropriate and possible, to support changes in rules	Service & Investment Div.	-----														Domestic	Positive		
																		International	Positive		
																			Negative		
	A4-7-2	Strengthen policy dialogue on prudential regulation and supervision, to assist member countries develop a supportive regulatory framework for orderly liberalization	Service & Investment Div.	Collection of information in preparation for the harmonization of related Domestic regulations.		MOF/Central Bank		Δ		Coordination within Government can be difficult								Domestic	Positive		
																		International	Positive		
																			Negative		
	A4-7-3	Establish/enhance systems to monitor flows in each member country	Service & Investment Div.	To join the monitoring system		MOF/Central Bank		Δ		Coordination within Government can be difficult - systems in place not sufficiently robust								Domestic	Positive		
																		International	Positive		
																			Negative		
	A4-7-4	Country collaboration to harmonize, where possible, policies, statistics and infrastructure related to flows	Service & Investment Div.	Collection of information in preparation for the harmonization of related Domestic regulations.		MOF/Central Bank		Δ		Coordination within Government can be difficult - systems in place not sufficiently robust								Domestic	Positive		
																		International	Positive		
																			Negative		



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		Priority issue	Dept. in charge	Action	Priority <sup>(†)</sup>	Min. in charge <sup>(†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)		Environment	Factor	Before integration	After integration					
	A4-7-5	Share with member countries progress on rules liberalized	Service & Investment Div.	-----				x		Coordination within Government can be difficult - systems in place not sufficiently robust								Domestic	Positive							
																		International	Negative							
<b>A5.Free Flows of Skilled Labor</b>																										
	A5-1	Complete MRAs for major professional services, including PIS services sectors by 2008	Service & Investment Div.	Set schedule commitment to complete MRAs for major professional services				○		Already signed MOU with Korea and Australia to provide skilled labor. Labor qualification scheme has been introduced. The process of issuing working visa for foreigners published. Labor protection measures shall be intensified.							No need	No need					Domestic	Positive	None	Increase movement of professionals
																							Domestic	Negative	None	None
																							International	Positive	None	Free flow of services
																							International	Negative	None	None
	A5-2	Develop core competencies (concordance of skills and qualifications) for job/occupational skills required in all services sectors by 2015	Service & Investment Div.	Adopt core competencies for job/occupational skills				△		To modify the current schemes							No need	No need					Domestic	Positive	None	Increase movement of professionals
																							Domestic	Negative	None	None
																							International	Positive	None	Free flow of services
																							International	Negative	None	None
	A5-3	Develop core competencies (concordance of skills and qualifications) for job/occupational skills required in the priority services sectors by 2009	Service & Investment Div.	Adopt core competencies for job/occupational skills				△		To modify the current schemes							No need	No need					Domestic	Positive	None	Increase movement of professionals
																							Domestic	Negative	None	None
																							International	Positive	None	Free flow of services
																							International	Negative	None	None
<b>A6.Priority Integration Sectors</b>																										
	A6-1	Conduct a bi-annual review for monitoring the status, progress and effectiveness of PIS roadmaps amongst ASEAN Member Countries	Service & Investment Div.	-----																			Domestic	Positive		
																							Domestic	Negative		
																							International	Positive		
																							International	Negative		
	A6-2	Identify sector-specific projects or initiatives with Country Coordinators through regular dialogues or consultation with stakeholders, particularly the private sector	Service & Investment Div.	-----																			Domestic	Positive		
																							Domestic	Negative		
																							International	Positive		
																							International	Negative		
<b>A7.Food, Agriculture and Forestry</b>																										
	A7-0	(Approval of basic strategy of AEC)	-	(Actions are taken based on the priority)	-	MOA	All	○	2013	Basic commitment	Strategic Plan of Action (SPA) on ASEAN Cooperation in Food, Agriculture and Forestry (2005-2010)	○	Senior Officials Meeting and technical meeting	○	Facilitation and support in the administration arrangement		All-round supports required for the accession to ASEAN						Domestic	Positive	None	Improve refinement of Domestic laws/regulations Increase opportunities of human capacity development Conditions for investment are improved.
																							Domestic	Negative	Investment conditions are poor Food quality is low	Competitiveness of Domestic products become harsh. Should share the burden charges.
																							International	Positive	None	The recognition as a nation is enhanced.

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		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration					
Enhance intra- and extra-ASEAN trade and long-term competitiveness of ASEAN's food, agriculture and forestry products/commodities.	A7-1																								
	A7-1-1	Develop and apply fisheries quality management system that ensure food safety and support competitive position of ASEAN fisheries products on world markets through the implementation, validation, verification of Hazard Analysis Critical Control Point (HACCP)-based systems and improved laboratories practices, and adapting quality and safety management systems so that they may be applied to small enterprises in ASEAN by 2009	ATF on Codex	Improve laboratory equipment.	A	MOA	NDFa										None	Feasibility study on promotion of fishery-based industry	Domestic	Positive	None	Quality and safety management system of fisheries to satisfy ASEAN standards is established.			
																Negative			Less recognition on the issue.	None					
				Train personnel of laboratory.	A	MOA	NDFa	○	2014	Laboratory facilities are already in place.	?	○	Senior Officials Meeting, technical meeting and expert meeting	○	International	Positive			None	Conditions for investment are improved. State member can shear management and development of the fisheries					
																Negative			Domestic fishery products were not accepted.	Potentiality for exportation of the fishery products will enhance.					
	A7-1-2	Establish Good Agriculture/Aquaculture Practices (GAP), Good Animal Husbandry Practices (GAHP), Good Hygiene Practices (GHP), Good Manufacturing Practices (GMP), and Hazard Analysis Critical Control Point (HACCP) based systems; for agricultural and food products with significant trade / trade potential by 2012.	ASWG on Agric. Training & Extension	Establishment of GAP on organic coffee.	A	MOA	NDICAB	○	2014	Has been implemented.					Capacity development of personnel.	Grass Roots	Livelihood Improvement with Participation of Women in Coffee Producing Area (2009-2012)	Domestic	Positive	None	"Organic coffee" is defined so that the cultivation method is unified.				
				Establishment of GAP on inland aquaculture	A	MOA	NDFa	○	2014	Has been implemented.											Raising method of Bali-cattle is standardized.				
				Establishment of GAP Good on Manufacturing Practices	B	MCI	NDC	△	?	Development of industry sector is expected.											Increase the production of fresh water fish.				
				Establishment of GAHP on Bali-cattle, sheep, goat, pig and poultry.	B	MOA	NDLV	○	2014	Has been implemented.	?	○	Senior Officials Meeting, technical meeting and expert meeting	○		Facilitate Timor-Leste to have study comparative with other ASEAN countries.	Demonstration of GAP in organic coffee		Negative	Agriculture, Fisheries, Livestock production do not comply with GAP requirement	Required to enhance the competitiveness of Domestic products.				
				Establishment of a section to direct and implement HACCP.	C	MOA	NDOB	○	2014	The structure is already prepared.							Demonstration of GAHP in Bali-cattle raising sheep, goat and pig and poultry		International	Positive	None	Accreditation of the Domestic products increase.			
				Foster personnel to disseminate and direct HACCP.	B	MOA	NDQB	○	2013	Will start by 2013..							Development of GAP and GAHP certification system		International	Negative	None	None			
	A7-1-3	Harmonize the quarantine and inspection/sampling procedure by 2010.	ATF on Codex	Harmonize the Domestic quarantine and inspection/sampling procedure with those of ASEAN standard.	A	MOA	DNQB	○	2013	Already a member of OIE, and AQIS (Australian Quarantine Inspection system) standard is already implemented.	Memorandum of Understanding between Member of the ASEAN and the World Organization for Animal Health (OIE)	○	Senior Officials Meeting, technical meeting and expert meeting	○	Continuous capacity development.		Empowerment of quarantine office and basic infrastructures (small laboratories at the entry points like airports or borders)	Domestic	Positive	None	The Domestic quarantine and inspection/sampling procedure are improved.				
				Foster inspectors who can work on the improved procedure.	A	MOA	DNQB	○	2013	The staff has trained in Australia and Indonesia, already.											Capacity of the personnel working on the inspection is developed.				
				Implement inspection of products based on the improved procedure.	A	MOA	DNQB	○	2013	Already implemented.									Negative	None	None				
																								International	Positive

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		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration	
	A7-1-4	Sanitary and Phytosanitary (SPS) measures for agricultural, food and forestry products with significant trade potential by 2015.	ATF on Codex	Empowerment of the national quarantine office.	A	MOA	NDQB	○	2014	Has been implemented based on the OIE membership.	Memorandum of Understanding between Member of the ASEAN and the World Organization for Animal Health (OIE)	○	Senior Officials Meeting, technical meeting and expert meeting	○	Senior Officials Meeting, technical meeting and expert meeting	Empowerment of quarantine office and the inspection techniques.	Domestic	Positive	None	The Domestic quarantine system improved. Capacity of the personnel working on the inspection is developed. Food safety is improved.	
				Foster inspectors	A	MOA	NDQB	○	2014	Has been implemented.								Negative	Agriculture, Fisheries, Livestock production cannot be exported.	None	
				Implement inspection of sanitary and phytosanitary for agricultural food.	B	MOA	NDQB	○	2015	Phytosanitary implementation system will be completed and implemented by 2015.								Positive	None	Credibility of the export products increases.	
				Enrich the equipment of the laboratory.	B	MOA	NDQB	○	2013	The implementation is planned already.								International	Negative	None	None
				Fond ARAHIS.	-	MOA	NDQB	○	-	Biosecurity program by FAO has implemented.									○		
	A7-1-5	Harmonize the Maximum Residue Limits (MRLs) of commonly used pesticides for widely traded crop products in accordance with Foreign standards/guidelines, where applicable, by 2010.	ASEAN Network for Pesticide Regulatory Authorities	Harmonize Domestic regulations with those of ASEAN.	C	MOA	NDRSS	△	2015	In the stage of drafting pesticide legislation	?	X	Senior Officials Meeting, technical meeting and expert meeting	○	Technical support in pesticide regulation	Empowerment of inspection techniques in relation to food safety.	Domestic	Positive	None	Inspection capability is improved. Domestic regulations are refined.	
				Foster personnel to inspect MRLs of pesticides.	C	MOA	NDRSS	△	2014	Under establishment of the laboratory.								Negative	Agriculture, Fisheries, Livestock product are not regulated with Foreign standards	None	
				Empower a section to inspect MRLs of pesticides.	C	MOA	NDRSS	△	2014	The personnel of the plant protection section will be trained to do inspection.								International	Positive	None	Credibility of agricultural products is increased.
	A7-1-6	Harmonize the regulatory framework for agricultural products derived from modern biotechnology by 2015.	ATF on Genetically Modified Food Testing Network	Collection of information in preparation for the harmonization of related Domestic regulations.	C	MOA	DNQB	△	?	The priority is low because agricultural products derived from modern biotechnology are not produced .	ASEAN Guidelines On Risk Assessment Of Agriculture-Related Genetically Modified Organisms (GMOs)	○	Senior Officials Meeting, technical meeting and expert meeting	○	Technical support in preparation of the regulation.	None.	Domestic	Negative	No framework for agricultural products derived from modern biotechnology.	None	
				Preparation of the regulatory	C	MOA	DNQB	△	?									International	Positive	None	Framework for agricultural products derived from modern biotechnology acceptable to be implemented
	A7-1-7	Harmonize the safety and quality standards for horticultural produce and agricultural products of economic importance in the ASEAN region by 2015.	AFP on Food Safety Network	Make clear safety and quality standards of organic coffee in East Timor in preparation for certification of organic coffee by the government.	B	MOA	NDICAB	○	2014	Exporters are strictly required to prepare certification by the Government.	?	○	Senior Officials Meeting, technical meeting and expert meeting	○	None.	None.	Domestic	Positive	None	Domestic regulations are refined. A certification system for safety and quality of agricultural products is developed.	
				Harmonize the Domestic quality standards of coffee with those of ASEAN.	B	MOA	NDICAB	○	2014	Integrated techniques for coffee processing is under preparation (i.e. processing machine, processing techniques, and/or processing center for the producers are provided.)								Negative	Inconveniences in enlarging the market.	None	
				Establish a section to provide a certification for safety and quality products.	C	MOA	NDICAB	○	2014	Exporters are strictly required to prepare certification by the Government.								International	Positive	None	Facilitated to develop Foreign markets by the Government certification. Credibility of agricultural products is increased.
				Negative	Agriculture, Fisheries, Livestock product do not comply with Foreign standards	None															

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		Priority issue	Dept. in charge	Action	Priority <sup>(*)</sup>	Min. in charge <sup>(**)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration				
A7-1-8		Harmonize guidelines for the use of chemicals in aquaculture and measures to eliminate the use of harmful chemicals by 2009.	AFP on Food Safety Network	Preparation of a Domestic regulations on it.	B	MOA	NDAF	○	2014	Still in preparation of the Domestic regulation, but use of pesticides and fertilizers are regulated in the existing draft which facilitates completion of the regulations about aquaculture.	?	○	Senior Officials Meeting, technical meeting and expert meeting	○	None.	Empowerment of inspection techniques in relation to food safety.	Domestic	Positive	None	Domestic regulations are refined.				
					Negative	None	None																	
				International	Positive	None	Facilitate the development of the markets.																	
					Negative	None	None																	
A7-1-9		Harmonize the animal (both terrestrial and aquatic animals) health control for safety of food of animal origin through a common bio-security management standards scheme by 2015.	ASWG on Livestock	Empower the section to work on the animal health control.	B	MOA	DNPV	○	2014	An animal health laboratory has been established in 2011 under FAO facilitation.	Memorandum of Understanding between Members of the ASEAN and the World Organization for Animal Health (OIE)	○	Senior Officials Meeting, technical meeting and expert meeting	○	None.	Empowerment of inspection techniques in relation to food safety.	Domestic	Positive	None	Animal health management is improved.				
				Upgrade animal health laboratory in the country	B	MOA	DNPV	○	2014								Countermeasures against animal diseases are immediately taken.							
				Establish a national network to grasp immediately outbreak of animal diseases.	A	MOA	DNPV	○	2013								The system has been established in 2011 under FAO facilitation.		Domestic regulations are refined.					
				Built a system to disseminate and to receive information on animal health in the ASEAN region.	C	MOA	DNPV	○	2013	The system has been established.							Agreement for the Establishment of ASEAN Animal Health Trust Fund,	○	Senior Officials Meeting, technical meeting and expert meeting	○	International	Positive	None	Animal health can be managed under Foreign collaboration.
				Harmonize the Domestic law about animal health control with that of ASEAN standard.	C	MOA	DNPV	△	?	The Domestic law is under preparation.													Credibility of livestock products increases.	
				Share costs of Animal Health Trust Fund.	C	MOA	DNPV	○	2014	Prepared.													Negative	None
				A7-1-10		Define legality standard of timber by 2008.	ASEAN Senior Officials on Forestry (ASOF)	Harmonize the Domestic regulations with those of ASEAN standard.	C	MOA							NDF	△	?	The priority is low because timber is not produced.	?	○	Senior Officials Meeting, technical meeting and expert meeting	○
Ad-hoc WG on Pan ASEAN Timber Certification	Negative	No Domestic regulation to control timber standards	None																					
A7-1-11		Finalized draft Guideline on Phased-approach to Forest Certification by 2009.	ASEAN Senior Officials on Forestry (ASOF)	Harmonize the Domestic regulations with the Guideline on Phased-approach to Forest Certification of ASEAN.	C	MOA	NDF	△	?	Have not prepared Domestic regulation on the forest certification.	ASEAN Statement on Strengthening Forest Law Enforcement and Governance (FLEG)	○	Senior Officials Meeting, technical meeting and expert meeting	○	Technical support in drafting the guideline.	None.	Domestic	Negative	All related activities implemented do not comply with the international regulation.	None				
			International														Positive	None	None					
A7-1-12		Field testing on the Implementation of the Guideline by 2010.	ASEAN Senior Officials on Forestry (ASOF)	Examine adaptability of the Guideline in the field.	C	MOA	DNF	△	?	The Domestic regulations are under preparation.	ASEAN Statement on Strengthening Forest Law Enforcement and Governance (FLEG)	○	Senior Officials Meeting, technical meeting and expert meeting	○	None.	Reforestation based on the Guideline on Phased-approach to Forest Certification as well as evaluation and adaptation of it.	Domestic	Negative	Forest management and utilization of forest product are not regulated.	None				
			International														Positive	None	None					
																	International	Negative	None	None				

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		Priority issue	Dept. in charge	Action	Priority <sup>(†)</sup>	Min. in charge <sup>(†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration		
	A7-1-13	Develop a regional reference framework on phased-approach to forest certification by 2015.	ASEAN Senior Officials on Forestry (ASOF)	Harmonize a Domestic reference framework on phased-approach to forest certification with that of ASEAN region.	C	MOA	DNF	△	?	The Domestic regulations are under preparation.	ASEAN Statement on Strengthening Forest Law Enforcement and Governance (FLEG)	○	Senior Officials Meeting, technical meeting and expert meeting	○	Technical support in forest certification.	None.	Domestic	Positive	None	Domestic regulations are refined.		
																		Negative	Forest management and utilization of forest product are not well defined.	None		
																		International	Positive	None	None	
	Negative	None	None																			
	A7-1-14	Capacity building activities for the implementation of the Guideline at national level during 2010 - 2011.	ASEAN Senior Officials on Forestry (ASOF)	Empower the section for the implementation of the Guideline at national level.	C	MOA	DNF	△	?	The forestry sector is weak because of the poor natural resources, and the empowerment requires time.	ASEAN Statement on Strengthening Forest Law Enforcement and Governance (FLEG)	○	Senior Officials Meeting, technical meeting and expert meeting	○	Support for capacity building of the personnel.	None.		Domestic	Positive	None	A section for forest managing is empowered. Officials who are responsible for managing and protecting an area of forest are fostered.	
																			Negative	Lack of human resource capacity	None	
International				Positive	None	None																
Negative	None	None																				
A7-2	Promote cooperation, joint approaches and technology transfer with Foreign, regional organizations and private sector																					
	A7-2-1	Develop joint strategies/positions on issues of related interest to ASEAN with Foreign organizations such as WTO, FAO, OIE, IPPC, CODEX, CITES and dialogue partners.	All related sections	Make clear issues required joint implementation with ASEAN and Foreign organizations.	B	MOA	NDPP	○	2014	Already a member of FAO, and OIE.	?	○	Senior Officials Meeting, technical meeting and expert meeting	○	None.	None.	Domestic	Positive	None	Make possible joint operations on Foreign issues.		
				Develop joint strategies/positions on required issues in the country.	B	MOA	NDPP	○	2014	Under preparation to be a member of IPPC.								Negative	None	None		
				International	Positive	None	The country is more recognized.															
				Negative	None	None																
	A7-2-2	Promote collaborative research and technology transfer in agriculture, food and forestry products.	ATWG on Agric. Research & Development	Make clear issues required collaborative research and technology transfer in agriculture, food and forestry products.	C	MOA	NDRSS	○	2014	The research sector is weak because of insufficient human resources.	Memorandum of Understanding on ASEAN Co-Operation in Agriculture and Forest Products Promotion Scheme	○	Senior Officials Meeting, technical meeting and expert meeting	○	None.	Tech. Support		Irrigation and Rice Cultivation Project in Manatuto - Phase 2 (2011-2015)	Domestic	Positive	None	Capability of study/research institutes are strengthened. Personnel working on study/research are fostered.
				Foster personnel working on research and technical transfer in required fields.	C	MOA	NDRSS	○	2014	Preparing the facilities and human resources.										Teaching of study methods and fostering of the personnel concerned with food security.	Tech. Support	Project for Community-based Sustainable Natural Resource Management (2010-2015)
International	Positive	None	None																			
Negative	None	None																				
Tech. Support	Community-based integrated watershed management in Laclo and Comoro river basins (2005-2010)	International	Negative	None	None																	

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A7-2-3	Establish strategic alliances and joint approaches with the private sectors in promoting food safety, investment and joint venture opportunities, promotion of agricultural products and market access.	Joint Committee on ASEAN Coop. & Joint Approaches in Agric. & Forest Products Promotion Scheme	Empower the section to coordinate Domestic industries with ASEAN countries in areas required joint operations.	C	MOA	NDPP	○	2015	Development of Domestic industries takes time.	Memorandum of Understanding on ASEAN Co-Operation in Agriculture and Forest Products Promotion Scheme	○	Senior Officials Meeting, technical meeting and expert meeting	○	None.	Tech. Support	Project for Promotion of Agribusiness in Timor-Leste	Domestic	Positive	None	Investment climate on agro-based industry is facilitated.
			Grass Roots	Livelihood Improvement with Participation of Women in Coffee Producing Area (2009-2012)	Personnel working on promotion of agro-based industry are fostered.															
			Grass Roots	Extension of Coffee Producers' Cooperative Model (2009-2012)	Agriculture, Fisheries, Livestock product are not promoted at the Foreign level	None														
			Grass Roots	Promotion of self-reliance of coffee growers' cooperative in Letefoho sub-district, Ermera district (2006-2009) (2009-2011)	International	Positive	None	Recognition of East Timor agricultural products is enhanced.												
			Grass Roots	Project for Promotion of Coffee Growers' Cooperation in Maubeshi sub-district, Ainaro district (2003-2009)				Recipient countries of Timor-Leste products will receive good quality of goods.												
			Grass Roots	Project for Rural Development Through Improvement of Coffee Quality and Diversification of Agriculture and Livestock Products for Self-sufficiency in Letefoho sub-district, Ermera district (2003 - 2006)				None												
A7-2-4	Strengthen efforts to combat illegal logging and its associated trade, forest fires and its resultant effects.	ASEAN Senior Officials on Forestry (ASOF)	Refine the Domestic legislation to maintain sustainable forestry industries collaborating with ASEAN regulations.	C	MOA	NDF	○	2014	A final draft of Domestic forest decree law has been prepared, and is expected to be practiced at least for one year. Then, it will be harmonized with that of ASEAN.	ASEAN Statement on Strengthening Forest Law Enforcement and Governance (FLEG)	○	Senior Officials Meeting, technical meeting and expert meeting	None.		Positive	None	Domestic laws/regulations are refined.			
			Participate ASEAN operations to protect forest industries from illegal activities.	C	MOA	NDF	○	2014	Actions are done based on MOU between T-L & Indonesia (2010), and expected to improve the activities after joining ASEAN.								Illegal logging under control	None		
			International	Positive	None	Can inform that investment climate on agro-based industry is facilitated.														
				Negative	None	None														

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	A7-2-5	Strengthen efforts to combat illegal fishing.	ASWG on Fisheries	Refine the Domestic laws/regulations.	B	MOA	NDFA	○	2014	Fishing law has been implemented.	Letter of Understanding on ASEAN SEAFDEC Strategic Partnership (ASSP)	○	Senior Officials Meeting, technical meeting and expert meeting	○	None.	None.	Domestic	Positive	None	Domestic laws/regulations are refined.													
				Coordinate with border countries (Indonesia, & Australia) to control illegal fishing	B	MOA	NDFA	○	2014	Collecting information system has been established.								Negative	Suffering damage and lose of marine resources from illegal fishing.	None													
				International	Positive	None	Foreign investment climate on fishery industry is facilitated.																										
					Negative	None	None																										
Promote ASEAN agricultural cooperatives as a means to empower and enhance market access of agricultural products, to build a network mechanism linking agricultural cooperatives, and to fulfill the purpose of agricultural cooperatives for the benefit of farmers in the region	A7-3																																
	A7-3-1	Strengthen strategic alliance between agricultural cooperatives in ASEAN through bilateral, regional and multilateral cooperation.	ASWG on Cooperatives	Refine the Domestic regulations to facilitate strategic alliance between agricultural cooperation in ASEAN.	B	MOA MOC	NDPP & NDICA (MOA)/ NDC (MCIA)	○	2015	The importance of the cooperatives in Timor-Leste is to contribute to the development of the Domestic economy.	?	○	Senior Officials Meeting, technical meeting and expert meeting	○	None.	None.	Domestic	Positive	None	Investment climate on agro-based industry is facilitated.													
				Make clear issues that require strategic alliance between agricultural cooperatives in the ASEAN region.	C			○	2014									Negative	Lack of investments from abroad	Domestic cooperatives may not be competitive with foreign cooperatives.													
				International	Positive			None	Collaborative operation through cooperatives can be possible.																								
					Negative			None	None																								
				A7-3-2	Establish business linkages among the potential agricultural cooperatives within ASEAN.			ASWG on Cooperatives	Empower the section that disseminates Domestic potentiality and links agricultural cooperatives in the ASEAN region.									B	MOCI	NDC	○	2014	Domestic Investment Law has been implemented.	?	○	Senior Officials Meeting, technical meeting and expert meeting	○	None	None.	Domestic	Positive	None	Investment climate on agro-based industry is facilitated.
									Study on potential agri-business through Domestic cooperatives.									B	MOCI	NDC	○	2014	Domestic Investment Law has been implemented.								Negative	Lack of investments from abroad	None
	A7-3-3	Promote direct investment and strategic partnership with ASEAN agricultural cooperative's producers, consumers, and traders.	ASWG on Cooperatives	Refine Domestic legislation to facilitate investment and strategic partnership with cooperatives in the region.	C	MOCI	NDC	○	2014	The Domestic regulation is under implementation.	?	○	Senior Officials Meeting, technical meeting and expert meeting	○	None	None.	Domestic	Positive	None	Investment climate on agro-based industry is facilitated.													
				Empower the section to disseminate necessary information inside and outside of the country.	B	MOCI	NDC	○	2013	The section has been established.								Negative	Lack of investments	None													
				International	Positive	None	Collaborative operation through cooperatives can be possible.																										
					Negative	None	None																										

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		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration																					
<b>B Towards a Highly Competitive Economic Region</b>																																									
<b>B1.Competition Policy</b>																																									
Building capacity and introduction and/or adoption of best practices for introducing competition policy	B1-1	Carrying out a foundation laying study, review of study findings and recommendations, and convening a regional meeting on study findings and recommendations.		-----															Domestic	Positive																					
																			Domestic	Negative																					
																			International	Positive																					
																			International	Negative																					
	B1-2	Drawing up a regional work plan on Competition Policy and Law with special focus: capacity building and the introduction of best practices for introducing competition policy.	To study the Competition policy of ASEAN and other member countries to introduce policy suitable to Timor-Leste			MOC	DNPD	Δ		To draw up policies suitable to Timor-Leste bearing in mind the economic gaps with other members	No competition policy and regulations have been established	Should ratify by the CoM	Conduct meeting with ASEAN members	Must	Required TA from ASEAN members					Domestic	Positive	None	Encourage S-M firms																		
																				Domestic	Negative	None	High costs against small economy																		
																				International	Positive		Encourage S-M firms																		
																				International	Negative	None	None																		
	B1-3	Exploring funding opportunities for the implementation of selected elements of the work plan in line with the strategic schedules of AEC building.	-----																Domestic	Positive																					
																			Domestic	Negative																					
																			International	Positive																					
																			International	Negative																					
<b>B2.</b>																																									
																			Domestic	Positive																					
																			Domestic	Negative																					
																			International	Positive																					
																			International	Negative																					
<b>B3.Intellectual Property Rights</b>																																									
Intellectual Property rights Action Plan	B3-1	Studies to be carried out on  1.the contribution of the copyright system to the economic development 2.the implications of copyright system to the economy 3.the best utilization by various countries of flexibilities(limitations and exemptions) available from various IP agreements including the FTAs 4.collective management societies and copyright tribunals	Competition, Consumer Protection & IPR Div.	-----															Domestic	Positive																					
																			Domestic	Negative																					
																			International	Positive																					
																			International	Negative																					
																			B3-2	Completion of studies carried out in collaboration with dialogue partners and follow-up activities	Competition, Consumer Protection & IPR Div.	-----																Domestic	Positive		
																																						Domestic	Negative		
																																						International	Positive		
																																						International	Negative		
	B3-3	To enhance the competitiveness of copyright industries in the economies of the ASEAN region	Competition, Consumer Protection & IPR Div.	-----																Domestic	Positive																				
																				Domestic	Negative																				
																				International	Positive																				
																				International	Negative																				
	B3-4	Outcome	Competition, Consumer Protection & IPR Div.	-----																Domestic	Positive																				
																				Domestic	Negative																				
																				International	Positive																				
																				International	Negative																				
	B3-5	Effective use of copyright system	Competition, Consumer Protection & IPR Div.	To introduce laws and regulations for IPR. To nominate a department who handles rules on IPR for effective use.	-----		MOC	Commercial Regulation	×	May introduce rules on IPR based on ASEAN standard or rules of other members. However hard to implement in private sector.	Need to ratify IPR agreement	Conduct assessment on IPR agreement before ratification	Several meetings to be attended	Must	Required technical support from ASEAN member	TA required from JICA					Domestic	Positive	None	Exclude illegal copies																	
																					Domestic	Negative	None	High cost against import volume																	
																					International	Positive		Promote new commodities																	
																					International	Negative		Administration costs																	
	B3-6	To set a common goal to be attained so as to facilitate the development of copyright-based industries in ASEAN Member Countries	Competition, Consumer Protection & IPR Div.	-----																Domestic	Positive																				
																				Domestic	Negative																				
																				International	Positive																				
																				International	Negative																				



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		Priority issue	Dept. in charge	Action	Priority <sup>(*)</sup>	Min. in charge <sup>(**)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Before integration		After integration			
																		Factor	Before integration		After integration		
	B3-7	To develop online access to copyright notifications, where available	Competition, Consumer Protection & IPR Div.	Join online access to copyright notifications, where available		MOC	DN-Promotion	×		Not urgent issue as small access will be expected	To meet with ASEAN standard				Support from ASEAN members				Domestic	Positive	None	Exclude illegal copies	
																				Negative	None	High cost against import volume	
																				International	Positive		Promote new commodities
																					Negative		
	B3-8	Establishment of collective management societies in all ASEAN countries	Competition, Consumer Protection & IPR Div.	To join the collective management societies in the region		MOC	DNCE	△		Hard to contribute to management societies due to economic gaps	New Agreement will be required	Need to ratify	Several meeting to be attended	Must	T.A Required from the ASEAN member	T.A Required from the JICA member			Domestic	Positive	None	Exclude illegal copies	
																				Negative	None	High cost against import volume	
																				International	Positive		Promote new commodities
																					Negative		
	B3-9	Collecting of country reports on business development services (BDS)	Competition, Consumer Protection & IPR Div.	-----														Domestic	Positive				
																			Negative				
																			International	Positive			
																				Negative			
	B3-10	Formation of national and regional on-line BDS networks	Competition, Consumer Protection & IPR Div.	-----				×										Domestic	Positive				
																			Negative				
																			International	Positive		Promote new commodities	
																				Negative			
	B3-11	Operation of national and regional on-line BDS networks	Competition, Consumer Protection & IPR Div.	To establish national on-line BDS and join regional network				△		Hard to use the network efficiently due to economic gaps								Domestic	Positive	Use business development services			
																			Negative	High costs against small volume			
																			International	Positive			
																				Negative			
B3-12	Outcome of BDS networks	Competition, Consumer Protection & IPR Div.	-----														Domestic	Positive					
																		Negative					
																		International	Positive				
																			Negative				
B3-13	Evaluate the use of the regional online BDS network.	Competition, Consumer Protection & IPR Div.	-----														Domestic	Positive					
																		Negative					
																		International	Positive				
																			Negative				
B3-14	An improved ASEAN BDS network	Competition, Consumer Protection & IPR Div.	To establish national on-line BDS and join regional network				△		Hard to use the network efficiently due to economic gaps								Domestic	Positive	Use business development services				
																		Negative	High costs against small volume				
																		International	Positive				
																			Negative				
B3-15	Capacity building in collaboration with dialogue partners and among AMCs.	Competition, Consumer Protection & IPR Div.	-----														Domestic	Positive					
																		Negative					
																		International	Positive				
																			Negative				
B3-16	Agreement on a suitable model	Competition, Consumer Protection & IPR Div.	-----														Domestic	Positive					
																		Negative					
																		International	Positive				
																			Negative				
B3-17	Amendment of laws and procedures in each AMC	Competition, Consumer Protection & IPR Div.	-----														Domestic	Positive					
																		Negative					
																		International	Positive				
																			Negative				
B3-18	Capacity building for IPO officers in AMCs.	Competition, Consumer Protection & IPR Div.	To provide training for IPO officers				×		Hard to maintain sufficient budget due to limited demand								Domestic	Positive	Exclude illegal copies				
																		Negative	High cost against small volume				
																		International	Positive	Promote new commodities			
																			Negative	High administration costs			
B3-19	Implementation of the ASEAN filing system for design	Competition, Consumer Protection & IPR Div.	Join the ASEAN filing system for design				△		Hard to use the system efficiently due to economic gaps								Domestic	Positive	Exclude illegal copies				
																		Negative	High cost against small volume				
																		International	Positive	Promote new commodities			
																			Negative	High administration costs			
B3-20	Study on the impact of accession to Madrid Protocol	Competition, Consumer Protection & IPR Div.	-----														Domestic	Positive					
																		Negative					
																		International	Positive				
																			Negative				

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		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration	
	B3-21	Amendments of laws and regulations for accession, as needed.	Competition, Consumer Protection & IPR Div.	-----													Domestic	Positive			
																		Negative			
	B3-22	Implementation of the Madrid Protocol	Competition, Consumer Protection & IPR Div.	Implementation of the Madrid Protocol when all ASEAN members approve it						X	Hard to enforce the protocol in private sector							Domestic	Positive		
																			Negative		
	B3-23	On-going consultations and information exchanges on IPR protection among national enforcement agencies	Competition, Consumer Protection & IPR Div.	To join consultations and information exchanges on IPR protection							Hard to contribute the management societies due to economic gaps							Domestic	Positive	Exclude illegal copies	
																			Negative	High cost against small volume	
	B3-24	Identification of national TK, GR and CTE and collecting inventory	Competition, Consumer Protection & IPR Div.	-----														Domestic	Positive		
																			Negative		
	B3-25	Identification of national TK, GR and CTE and collecting inventory	Competition, Consumer Protection & IPR Div.	-----														Domestic	Positive		
																			Negative	High cost against small volume	
	B3-26	Capacity building	Competition, Consumer Protection & IPR Div.	-----														Domestic	Positive		
																			Negative		
	B3-27	Establishment of national and regional database on TK, GR and CTE	Competition, Consumer Protection & IPR Div.	Join the regional database on TK, GR and CTE							Hard to use the database efficiently due to economic gaps							Domestic	Positive	Exclude illegal copies	
																			Negative	High cost against small volume	
																		International	Positive	Promote new commodities	
																			Negative	High administration costs	

**B4. Infrastructure Development**

Singapore-Kunming Rail Link (SKRL) - Road Safety Requirements	B4-1																				
Transport Action Plan - Singapore-Kunming Rail Link (SKRL), - Road Safety Requirements	B4-1-1	Completion of Poipet-Sisophon Rail Link (2009)	Infrastructure Div.	-----													Domestic	Positive			
																		Negative			
	B4-1-2	Implementation of the ASEAN five-year Regional Road Safety Action Plan.	Infrastructure Div.	-----														Domestic	Positive		
																			Negative		
	B4-1-3	Member Countries to develop ASEAN standard measures for road safety.	Infrastructure Div.	Adopt ASEAN standard measures for road safety.							Not urgent since there is only a small number of visitors from other member countries							Domestic	Positive	Higher road safety	
																			Negative	None	None
																	International	Positive	Higher road safety		
																	International	Negative	None	None	
ASEAN Framework Agreement on Multimodal Transport	B4-2																				
	B4-2-1	Member Countries have enacted necessary Domestic legislations to put into effect the ASEAN Framework Agreement on Multimodal Transport (i.e. to allow Multimodal Transport Operators from other AMCs to operate in their respective territory.)	Infrastructure Div.	-----													Domestic	Positive			
																		Negative			
																	International	Positive			
																		Negative			

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		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)		Environment	Factor	Before integration	After integration						
	B4-2-2	At least two Member Countries implementing the ASEAN Framework Agreement on Multimodal Transport.	Infrastructure Div.	-----													Domestic	Positive									
																				Domestic	Negative						
	B4-2-3	ASEAN-wide implementation of the ASEAN Framework Agreement on Multimodal Transport.	Infrastructure Div.	Join the ASEAN Framework Agreement on Multimodal Transport																							
	B4-3																										
ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT)	B4-3-1	Implement the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT) for Road transport Operations contingent on the speedy conclusion of Protocol 2 (Frontier Ports) and Protocol 7 (Customs Transit).	Infrastructure Div.	-----																							
	B4-3-2	Conclude and sign Protocol 6 (Railway Borders and Interchange Stations) of the ASEAN FAGIT.	Infrastructure Div.	-----																							
	B4-3-3	Full implementation of the ASEAN Framework Agreement on the Facilitation of Goods in Transit ( for Road and Rail Transport Operations)	Infrastructure Div.	(No chance to cooperate with other members for road and rail transport operations)																							
ASEAN Framework Agreement on the Facilitation of Inter-State Transport (FAIST)	B4-4																										
	B4-4-1	Completion of road construction / improvement of below Class III road sections of the designated Transit Transport Routes of Protocol 1 of the ASEAN Highway Network, i.e., Poipet – Sisophon (48km) and Kratie Stung Treng (198km)	Infrastructure Div.	-----																							
	B4-4-2	Installation of the harmonized Route Numbering signs in the designated Transit Transport Routes (TTRs) under Protocol 1 of the ASEAN Framework Agreement on Facilitation of Goods in Transit.	Infrastructure Div.	(No chance to cooperate with other members for road construction and harmonized route numbering)																							
	B4-4-3	Conclude and adopt final text of the ASEAN Framework Agreement on the Facilitation of Inter-State Transport (FAIST)	Infrastructure Div.	-----																							
	B4-4-4	Start implementation of the ASEAN Framework Agreement on the Facilitation of Inter-State Transport (2010)	Infrastructure Div.	-----																							





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		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor		After integration										
																		Positive	Negative	Before integration	After integration									
	B4-7-4	Implement regional measures to extend connectivity, capacity and access in and between member countries via high speed network between national information infrastructures	Infrastructure Div.	To join the high speed network between national information infrastructures				△	Important but not urgent as limited volume of information between Timor-Leste and other member countries at present													Domestic	Positive		High speed communication between countries					
																						Domestic	Negative		High operation costs					
																						International	Positive		High speed communication between countries					
																						International	Negative		High operation costs					
	B4-7-5	Enable the interoperability of products/ services, information systems and networks, in a convergence environment.	Infrastructure Div.	-----																										
																											Domestic	Positive		
																											Domestic	Negative		
																											International	Positive		
	B4-7-6	Develop a general framework or guidelines for coordinated ASEAN e-government programs for efficient delivery of public services, and to facilitate regional trade, investment and other business activities.	Infrastructure Div.	To join the general framework of e-government to keep appropriate relationship with other member countries					×	High operation costs and uncertainty regarding whether the network can be used efficiently																				
																											Domestic	Positive	None	High speed communication between countries
																											Domestic	Negative	None	High operation costs
																											International	Positive		High speed communication between countries
	B4-7-7	To activate the ASEAN e-Government Forum, among others, to identify key public services for ICT applications, including capacity building activities	Infrastructure Div.	To join the general framework of e-government to keep appropriate relationship with other member countries. To train technicians					×	High operation costs and uncertainty regarding whether the network can be used efficiently																				
																											Domestic	Positive	None	High speed communication between countries
																											Domestic	Negative	None	High operation costs
																											International	Positive		High speed communication between countries
	B4-7-8	Intensify capacity building and training for national Computer Emergency Response Teams (CERTs) and strengthen cooperation and coverage of ASEAN regional cyber security network.	Infrastructure Div.	To join the capacity building training					×	High operation costs and uncertainty regarding whether the network can be used efficiently																				
																											Domestic	Positive	None	High speed communication between countries
																											Domestic	Negative	None	High operation costs
																											International	Positive		High speed communication between countries
	B4-7-9	Develop an action plan for MRA and/or Certification of ICT professionals in ASEAN	Infrastructure Div.	Join the action plan for MRA and/or Certification of ICT professionals in ASEAN					×	Hard to decide the contents of MRA and Certification suitable to Timor-Leste																				
																											Domestic	Positive	None	More technicians are available
																											Domestic	Negative	None	Foreign technicians overwhelms market
																											International	Positive		
Content Industry	B4-8																													
																										International	Negative			
	B4-8-1	Develop action plan for developing ASEAN contents, web services and online application industries.	Infrastructure Div.	-----																										
																										Domestic	Positive			
																										Domestic	Negative			
																										International	Positive			
Energy Cooperation ASEAN Power Grid	B4-9																													
																										Domestic	Positive			
																										Domestic	Negative			
																										International	Positive			
	B4-9-1	Ratify/Accept MOU on ASEAN Power Grid (by December 2008)	Infrastructure Div.	-----																										
																										Domestic	Positive			
																										Domestic	Negative			
																										International	Positive			
	B4-9-2	Review the 2003 AIMS (by December 2008)	Infrastructure Div.	-----																										
																											Domestic	Positive		
																											Domestic	Negative		
																											International	Positive		
B4-9-3	Adopt the revised AIMS as an updated reference document (by May 2009)	Infrastructure Div.	-----																											
																										Domestic	Positive			
																										Domestic	Negative			
																										International	Positive			
																										International	Negative			

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		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration	
	B4-9-4	Establish APGCC (by May 2008)	Infrastructure Div.	-----													Domestic	Positive			
																	Domestic	Negative			
		B4-9-5	Approve the TOR (by December 2008)	Infrastructure Div.	-----													Domestic	Positive		
																		Domestic	Negative		
		B4-9-6	Report the TOR to SOME/AMEM (by July 2009)	Infrastructure Div.	-----													Domestic	Positive		
																		Domestic	Negative		
		B4-9-7	Establish task-groups for relevant studies (by May 2009)	Infrastructure Div.	-----													Domestic	Positive		
																		Domestic	Negative		
		B4-9-8	Implement interconnection projects and report progress to HAPUA Council and SOME/AMEM (2008-2015)	Infrastructure Div.	(Expect no strong tie due to long way to other member countries)													Domestic	Positive		
																		Domestic	Negative		
	B4-9-9	Adopt key findings & recommendation of the study and submit to SOME/AMEM (by 2014)	Infrastructure Div.	-----													Domestic	Positive			
																	Domestic	Negative			
	B4-9-10	Firm up the institutional and implementing arrangements to realize the APG (starting 2015)	Infrastructure Div.	(Expect no strong tie due to long way to other member countries)													Domestic	Positive			
																	Domestic	Negative			
Trans-ASEAN Gas Pipeline	B4-10																				
	B4-10-1	Adopt the updated TAGP Conceptual Master Plan	Infrastructure Div.	(Expect no strong tie due to long way to other member countries)													Domestic	Positive			
																	Domestic	Negative			
		B4-10-2	Formation of model ASEAN Joint Venture (JV) Gas Pipeline Company	Infrastructure Div.	(Expect no strong tie due to long way to other member countries)													Domestic	Positive		
																		Domestic	Negative		
		B4-10-3	Adopt business model for ASEAN gas pipeline ownership and operation	Infrastructure Div.	(Expect no strong tie due to long way to other member countries)													Domestic	Positive		
																		Domestic	Negative		
		B4-10-4	Optimize Trans-ASEAN Gas Pipelines	Infrastructure Div.	(Expect no strong tie due to long way to other member countries)													Domestic	Positive		
																		Domestic	Negative		
		B4-10-5	Adopt legal and regulatory framework for cross-border gas pipeline transportation	Infrastructure Div.	(Expect no strong tie due to long way to other member countries)													Domestic	Positive		
																		Domestic	Negative		
		B4-10-6	Adopt common technical standards for construction, operation and maintenance of ASEAN gas pipeline projects	Infrastructure Div.	(Expect no strong tie due to long way to other member countries)													Domestic	Positive		
																		Domestic	Negative		
		B4-10-7	Develop and implement regional safety and security plan for TAGP pipelines and facilities	Infrastructure Div.	(Expect no strong tie due to long way to other member countries)													Domestic	Positive		
																		Domestic	Negative		

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		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration	
<b>B5.Taxation</b>																					
	B5-1	Complete the network of bilateral agreements on avoidance of double taxation among all Member Countries by 2010, to the extent possible	Infrastructure Div.	Join the bilateral agreements on avoidance of double taxation.		MOF		×		Hard work to complete the bilateral agreements with 10 member countries.								Domestic	Positive	Enhance business with member countries	
																		Domestic	Negative	Reduction of tax income	
																		International	Positive	Enhance business with member countries	
																		International	Negative		
<b>B6.E-Commerce</b>																					
	B6-1	Member Countries to enact their e-commerce laws	Infrastructure Div.	-----														Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
	B6-2	Update and/or amend relevant legislations in line with regional best practices and regulations in e-commerce activities	Infrastructure Div.	-----														Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
	B6-3	A harmonized legal infrastructure for e-commerce fully in place in ASEAN	Infrastructure Div.	To enact e-Commerce laws in line with regional best practices				Δ		To follow the best practices in ASEAN								Domestic	Positive	Promote e-commerce	
																		Domestic	Negative	High administration costs	
																		International	Positive		
																		International	Negative		
	B6-4	Implement harmonized guidelines and principles for electronic contracting and online dispute resolution services	Infrastructure Div.	-----														Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
	B6-5	Adopt the best practices/guidelines on other cyber-law issues (i.e. data privacy, consumer protection, IPR, ISP liability, etc) to support the regional e-commerce activities	Infrastructure Div.	To introduce laws and regulations to support the regional e-commerce				×		Demand may be small in Timor-Leste but must enact necessary laws and measures to support regional e-commerce								Domestic	Positive	Promote e-commerce	
																		Domestic	Negative	High administration costs	
																		International	Positive		
																		International	Negative		
	B6-6	Adopt regional framework and strategy for the mutual recognition of digital signatures	Infrastructure Div.	-----														Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
	B6-7	Advancing cross-border electronic transactions, through pilot implementation of mutual recognition of foreign digital signatures	Infrastructure Div.	To introduce laws and regulations to support the digital signature				×		Demand may be small in Timor-Leste but must enact necessary laws and measures to support regional e-commerce								Domestic	Positive	Promote e-commerce	
																		Domestic	Negative	High administration costs	
																		International	Positive		
																		International	Negative		
	B6-8	Continued capacity building and information sharing for Member Countries on e-commerce legal infrastructure activities (e.g. PKI, institutional strengthening for Cas, etc)	Infrastructure Div.	Continue upgrading e-commerce legal infrastructure				×		Demand may be small in Timor-Leste but must enact necessary laws and measures to support regional e-commerce								Domestic	Positive	Promote e-commerce	
																		Domestic	Negative	High administration costs	
																		International	Positive		
																		International	Negative		

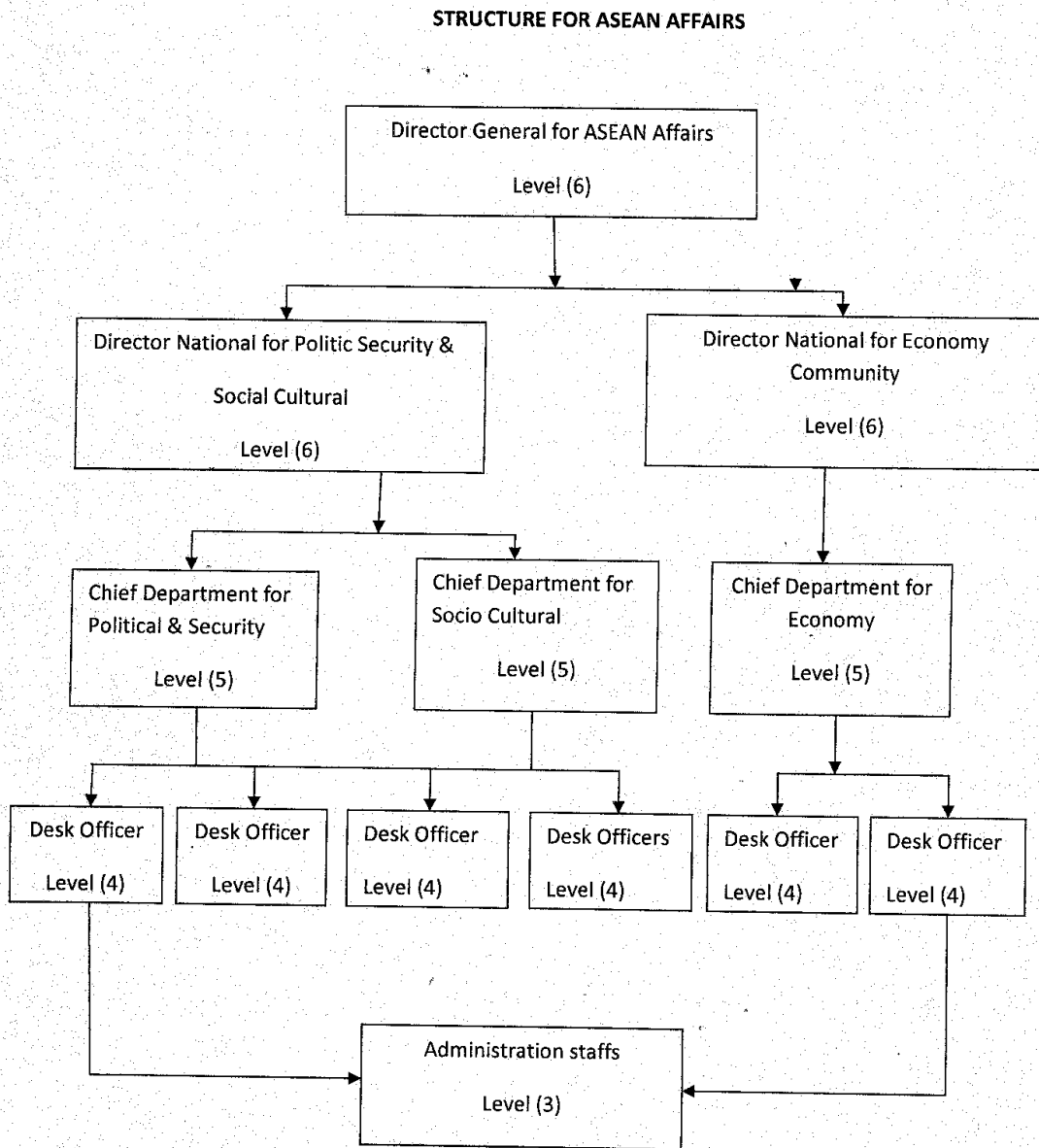


Strategic issue	Code	ASEAN Economic Community Blueprint		Action required in East Timor				Feasibility <sup>(††)</sup> (O, Δ, X)			Treaty/agreement/frame to be ratified/approved	Feasibility of ratification/approval	Periodical meeting/activity to be participated	Feasibility of participation	Support possibility		Impact					
		Priority issue	Dept. in charge	Action	Priority <sup>(†)</sup>	Min. in charge <sup>(†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration		
<b>C. Toward a Region of Equitable Economic Development</b>																						
<b>C1.SME Development</b>																						
ASEAN Policy Blueprint for SME Development	C1-1	Established a common curriculum for entrepreneurship in ASEAN	IAI & NDG Div.	To introduce same curriculum		Secretary of State for Private Sector/ MOC		○		Easy as a Program has already been introduced to enhance management ability, marketing and capacity building of SME		Easy			Not necessary	Not necessary		Domestic	Positive	Promote entrepreneurship		
																			Negative	None	None	
	C1-2	Established a comprehensive SME service centre with regional and sub-regional linkages in ASEAN Member Countries	IAI & NDG Div.	To establish SME service centre to join the regional linkage		Secretary of State for Private Sector/ MOC		○		Easy since a government organization is working to support SMEs		Easy			Not necessary	Not necessary		Domestic	Positive		Promote SME	
																			Negative		High administrative costs against outcome	
	C1-3	Established a regional Program for the promotion of internship scheme for staff exchanges and visit for skills training	IAI & NDG Div.	To join the regional program		Secretary of State for Private Sector/ MOC		○		Easy since a government organization is working to support SMEs		Easy			Not necessary	Not necessary		Domestic	Positive		Expand skilled training	
																			Negative			
	C1-4	Established a regional SME development fund that would be used as a financial source for SMEs that are undertaking business in the ASEAN region	IAI & NDG Div.	To join the SME development fund		MOF/ BNCTL/Central Bank		○		Ready to join the fund to enhance SME development		Easy			Not necessary	Not necessary		Domestic	Positive		Promote SME development	
																			Negative			
	C1-5	Established an SME financial facility in each ASEAN member countries	IAI & NDG Div.	To establish SME financial facility		MOF/ BNCTL/Central Bank		○		National Commercial Bank and Development Bank are supporting the activities of SME		Easy			Not necessary	Not necessary		Domestic	Positive		Promote SME development	
																			Negative		Need staff and operation fund	
																			International	Positive		
																			Negative			
	<b>15. Narrowing the Development Gaps</b>																					
	Initiatives on ASEAN Integration (IAI)	15-1	Conduct periodic socio-economic studies to monitor/evaluate the impact of economic integration	IAI & NDG Div.	Carry out study		MOF		×	Lack of data									Domestic	Positive		
																			Negative			
ASEAN Development Fund	International																		Positive			
	Negative																					
Sub-region Developments	Domestic																		Positive			
	Negative																					
	International	Positive																				
	Negative																					
	15-2	Build/strengthen capacity of government officials to develop/implement economic and social policies that would mitigate the effects of economic integration	IAI & NDG Div.	Further training for MOF staff		MOF		○	Willing to learn									Domestic	Positive			
																		Negative				
																		International	Positive			
																		Negative				

Strategic issue	Code	ASEAN Economic Community Blueprint		Action required in East Timor				Feasibility <sup>(††)</sup> (○, △, X)			Treaty/agreement/frame to be ratified/approved	Feasibility of ratification/approval	Periodical meeting/activity to be participated	Feasibility of participation	Support possibility		Impact				
		Priority issue	Dept. in charge	Action	Priority <sup>y)</sup>	Min. in charge <sup>†††)</sup>	Direct. in charge	Degree of difficulty	Year of realization	Reason					ASEAN	Japan (JICA)	Environment	Factor	Before integration	After integration	
<b>D. Towards Full Integration into the Global Economy</b>																					
<b>D1.Coherent Approach towards External Economic Relations and Enhanced Participation in Global Supply Networks</b>																					
	D1-1	Review FTA/CEP commitments vis-à-vis ASEAN's internal integration commitments		-----														Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
	D1-2	Establish a system for enhanced coordination, and possibly arriving at common approaches and/or positions in ASEAN's external economic relations and in regional and multilateral form.		To join the system to strengthen the relationship with member countries and non-ASEAN countries		MOF		○	Timor Leste Government is open to Foreign engagement									Domestic	Positive		Chance to expand national economy
																		Domestic	Negative		Need efforts and time
																		International	Positive		
																		International	Negative		
	D1-3	Compilation of Foreign best practices and standards in production and distribution		-----														Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
	D1-4	Published a hand book (guide book on international best practices and standards in production and distribution		-----														Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
	D1-5	Adoption and/or alignment of production and distribution in ASEAN with Foreign best practices and standards		-----														Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
	D1-6	Achieved consistency in ASEAN's FTA/CEP agreements/commitments vis-à-vis ASEAN's AEC commitments-2015		-----														Domestic	Positive		
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
	D1-7	Identification of technical assistance needs for the less developed ASEAN Member Countries to upgrade their industrial capabilities and productivity		Action plan of technical assistances for CLMV which may be applied to Timor-Leste too.		MOA / MOC		○	Monitor activities under this program									Domestic	Positive		Enhance development
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		
	D1-8	Implementation of projects to upgrade the less developed ASEAN Member Countries industrial capabilities and productivity		Action plan of technical assistances for CLMV which may be applied to Timor-Leste too.		MOA / MOC		○	Monitor activities under this program									Domestic	Positive		Enhance development
																		Domestic	Negative		
																		International	Positive		
																		International	Negative		

- **Ministry of Foreign Affairs and Cooperation**
  - Minister
  - Vice Minister
  - Secretary of State for ASEAN Affairs
  
- **Ministry of Defense and Security**
  - Minister
  - Secretary of State for Defense
  - Secretary of State for Security
  
- **Ministry of Finance**
  - Minister
  - Vice Minister
  
- **Ministry of Justice**
  - Minister
  - Vice Minister
  - Secretary of State for Land and Property
  
- **Ministry of Health**
  - Minister
  - Vice Minister for Ethics and Service Delivery
  - Vice Minister for Management, Support and Resources
  
- **Ministry of Education**
  - Minister
  - Vice Minister of Basic/Primary Education
  - Vice Minister of Secondary Education
  - Vice Minister of Higher Education
  
- **Ministry of State Administration**
  - Minister
  - Secretary of State for Administrative Decentralization
  - Secretary of State for Local Development

- **Ministry of Commerce, Industry & Environment**
  - Minister
  - Vice Minister
  - Secretary of State of Commerce
  - Secretary of State of Industry and Cooperatives
  - Secretary of State of Environment
  
- **Ministry of Social Solidarity**
  - Minister
  - Vice Minister
  - Secretary of State for Social Security
  - Secretary of State for the Combatants for National Liberation Affairs
  
- **Ministry of Public Works**
  - Minister
  - Secretary of State for Public Works
  - Secretary of State for Electricity
  - Secretary of State for Water, Sanitation and Urban Development
  
- **Ministry of Transport and Communications**
  - Minister
  - Vice Minister
  
- **Ministry of Agriculture and Fisheries**
  - Minister
  - Vice Minister
  - Secretary of State for Forestry and Nature Conservation
  - Secretary of State for Fisheries
  - Secretary of State for Livestock
  
- **Ministry of Tourism**
  - Minister
  - Secretary of State for Art and Culture
  
- **Ministry of Petroleum and Mineral Resources**
  - Minister



**List of focal point from line Ministries  
Assigned to the ASEAN National Secretariat of the Democratic Republic of Timor-Leste**

Organization	Focal Point	Position	Mobile /landline	Email Address
Ministerio da justice (MJ) (Gabinete do Vice Ministro)	1. Sr. Nelinho Vital	Tecnico Superior da direcção nacional dos Direitos Humanos e Cidadania do ministerio da justice.	7305760	<a href="mailto:nvital@mj.gov.tl">nvital@mj.gov.tl</a> / <a href="mailto:nelinhovital@yahoo.com">nelinhovital@yahoo.com</a>
	2. Sr. F.X. Vasco	Tecnico Superior na DNAJL	7869884	<a href="mailto:vsoares@mj.gov.tl">vsoares@mj.gov.tl</a>
	3. Gaspar de Araujo			
Ministerio das Financas (MOF) (Gabinete do Vice Ministro)	4. Sr. José Antonio F. Abilio	Director da Direcção Eficácia e da Assitência Externa.	77230113	
	5. Luisa Albertina Fraga	Program officer for fragelity		
	6. Maria F. Gabriela da A.S	Administration and Finace officer		
Ministerio Turismo (MT)	7. Sr. Aquelino Caero	Direcao Nacional de Turismo	77382510	
Ministerio do Turismo, Comercio Indústria (MCIA)Ministerio Comercio Industria e Ambiente	8. Sr. Mario Abrão	Direcção Naci. Comer. Indústria	7320732	<a href="mailto:Marioabrao@yahoo.com">Marioabrao@yahoo.com</a> <a href="mailto:Agino2004@yahoo.com">Agino2004@yahoo.com</a>
	9. Leovegildo dos Santos	Chefe departamento Turismo	77312344	
	10. Tomas Gusmao	Director de Comercio e ambiente	7382510	
Ministerio da Educação (ME)				

Ministerio da Saude (MS)	11. Sr. Alvaro Godinho	Tecnico laboratorio Nacional da Saude (HNGV)	7577737	
Ministerio da Administração Estatal e Ordenamento do Teritorio (MAEOT)	12. Sra. Aderito Guterres	Department Head of Administration and finance- National Directorate of Villages Administration support.	7326748 7331222	<a href="mailto:aderitoguterres@yahoo.com">aderitoguterres@yahoo.com</a>
Ministerio da Solidariedade Social (MOS)	13. Sr. Eugénio João Amado de Maria Soares 14. Sr. Pedro Cristiano da S.	Director-Geral  Func. Direc. Nac. Adm.e Finanças	7291162  7302091	<a href="mailto:ejams@yahoo.com">ejams@yahoo.com</a>  <a href="mailto:anak_bali@yahoo.com">anak_bali@yahoo.com</a>
Ministerio das Infrastructuras (MI)				
Ministerio da Agricultura e Pescas (MA)	15. Sr. Octavio C. M. de A. 16. Sr. Vasco dos Santos 17. Drh. Manuel da Costa	Nat. Director of Policy & planning Chief Dept. Inform. And Tech.  Xefi department Quarentena de Animais	7312314  7261774	<a href="mailto:almeidaoctavio@yahoo.com">almeidaoctavio@yahoo.com</a> <a href="mailto:soares7867@yahoo.com">soares7867@yahoo.com</a>
Secretaria de estado de segurança SOS	18. Sr. Anacleta Fernandes 19. Sr. Alipio Jose Veira	Advisor for SOS  Chefe departamento de naturais (Bombeiros)	7248191 7230494	<a href="mailto:Anafernandes01@yahoo.co.jp">Anafernandes01@yahoo.co.jp</a>
Secretaria de Estado da Defesa SOD-F-FDTL	20. Sr. Francisco R. Brites 21. Sr. Fortunato D. Ximenes	Tecnico Profissional  Tecnico Profissional	7326526 7281480	<a href="mailto:Defence_02@yahoo.com">Defence_02@yahoo.com</a> <a href="mailto:anato_ximenes@yahoo.com">anato_ximenes@yahoo.com</a>
Secretaria do Estado da promoção da Igualdade	22. Sra. Maria Filomena Martins Babo Belo	Chefe Departamento da Formação	77326620	

January 22, 2013

Report on the Seminar

By JICA survey team

(1) Subject of Seminar

Data Collection Survey on Cooperation for Timor-Leste's Accession to ASEAN  
by the Ministry of Foreign Affairs and Cooperation & JICA

(2) Date : January 21, 2013 from 9:00 to 13:30

(3) Participants

83 persons including the ambassador and staff of the embassies in Timor-Leste, Parliament member and officers of Ministries (the list of participants is attached).

The total number of participants is estimated to be around 100 since some officers of the Ministry of Foreign Affairs and Cooperation attend the seminar without check in.

(4) Reference materials

The following documents were delivered to the participants.

Agenda for the Seminar

Agenda for the Seminar and the outline of items to be reported

Activities of JICA Study Team Timor-Leste and Jakarta

The outline of activities of the JICA survey team in Timor-Leste and Jakarta including the list of Ministries who the survey team had meetings with

Current situation of Timor-Leste regarding its accession to ASEAN

The current situation of Timor-Leste's preparation for accession to ASEAN with the list of issues to be completed by Timor-Leste before joining ASEAN

This is the basic data of items to be reported in this seminar.

Strategies and Initiatives of the AEC Blueprint

The list of items which Timor-Leste should fulfill to become a member of ASEAN

(5) Minutes of the seminar (the slide used for the seminar is attached)

Opening remarks

His Excellency, Dr. Jose Luis Guterres, the Minister of Foreign Affairs and Cooperation and Mr. H.Takada, the senior representative of JICA Timor-Leste office made a speech.

Coffee Break

Due to the breakdown of the projector the seminar took an unscheduled coffee



break

1. Outline of ASEAN and ASEAN Economic Community

Mr. Haruyama of the JICA survey team explained the subject in this category. The explanation started with the outline of ASEAN with the new organization to be expected in 2015 including three new communities. One of them is the ASEAN Economic Community (AEC) which is the main subject of the seminar today. His explanation moved to the outline of AEC and the 4 Pillars of AEC which shows the purpose and goal of AEC. Each of the 4 Pillars has the goal and the secondary goals of 13 in total with the 232 action plans to achieve the goals of 4 Pillars. Timor-Leste must complete the goals of 4 Pillars, 13 secondary goals and 232 action plans before Timor-Leste joins ASEAN.

2. The current situation of Timor-Leste's preparation for Accession to ASEAN

Ms. Okumura of the JICA survey team took care of this subject. She explained first the items in the 232 action plans which Timor-Leste has already completed. Then she moved to the items which Timor-Leste has to complete. She picked out the items that are most important and urgent for Timor-Leste.

3. Expected impact to the Economy of Timor-Leste when joining ASEAN

Mr. Haruyama explained the subject. He explained both the positive impacts and hard impact which are expected when Timor-Leste would join ASEAN. These are items explained in the seminar.

- Trade : Export, Import, Taxation
- Investment : Foreign Direct Investment, Government investment
- Industry development : SME development, Job Opportunities, Human resources, Entrepreneur
- Food, Agriculture and Forestry : Export of Agricultural products, Import of Agricultural Products, Infrastructure in rural areas

4. Comments of Ministries

The following four officers explained the current situation of the Ministry's preparation for the accession to ASEAN.

Mr. Octavio C.M. de Almeida, Director of Policy and Planning, Ministry of Agriculture and Fishery

Mr. Mario Abrao, Chief Department, Ministry of Commerce, Industry and Environment

Mr. Oliveira Cancio, Director General of Revenue, Ministry of Finance

Coffee Break

4. Comments of Ministries : Continued

Mr. Silva Marciano, Director General for regional integration, Ministry of Foreign Affairs and Cooperation explained the activities of the Ministry for ASEAN membership as well as the news that the Asian Development Bank is going to send technical assistance to the Ministry of Foreign Affairs and Cooperation.

#### 5. Suggestion of the Survey Team

Mr. Haruyama explained the following seven items.

- ASEAN National Secretariat to be strengthen

- Focal Point to be strengthen

To review the role of Focal Point in each Ministry with the establishment of information networks mainly operated by the Focal Point

Two types Focal Points to be nominated in each Ministry, the senior officers who represent the Ministry and technicians specialized in some fields

- Observers to ASEAN meetings

Timor-Leste should send observers to ASEAN meetings to show its strong will to become a member of ASEAN. It will become a good training for the representatives of Timor-Leste.

- Representatives to ASEAN Secretariat

This may be an idea to be selected in the final stage of Timor-Leste's accession to ASEAN. Timor-Leste should send representatives to the office of the ASEAN Secretariat to show its ability of acting as a member of ASEAN. The representatives can keep good communication with ASEAN members and the ASEAN Secretariat.

- Bi-lateral Agreement

Timor-Leste has already signed many bilateral agreements with ASEAN members. In order to strengthen the relationship with ASEAN members, Timor-Leste should sign as many bilateral agreements as possible. Timor-Leste can use the MRA scheme of ASEAN to tighten the relationship with ASEAN members. The MRA is a kind of bilateral agreement for any two members of ASEAN to introduce the safety and quality standards for merchandise and qualification for specialists between the two countries.

- Human Resources

It is the training of representatives for ASEAN meetings. Timor-Leste should make the pool of candidates. In order to increase the candidates in the pool, Timor-Leste should hire students studying abroad

- Lawmakers

The agreements and resolutions of ASEAN must be transformed to domestic

laws and regulations. Timor-Leste should establish the cooperation network among the Ministries who would be involved in the transformation. It is also necessary to establish some cooperation routine with the Parliament who would authorize any new domestic laws and regulations.

## 6. Q&A

Mr. Haruyama answered the questions.

1) His Excellency Mr. Tawatchai Korpiron, the ambassador of Thailand in Timor-Leste  
He made a comment about the seminar that the seminar was easy to understand and Timor-Leste should fulfill the items discussed at the seminar today.

2) Mr. Aleixo Dasilva, Ministry of Foreign Affairs and Cooperation

What is the basis to calculate the growth curve?

- The survey team made the calculation based on various assumptions. A different result could be obtained on the different assumptions. The survey team selected the assumptions based on the most expected.

Why the survey team selected Cambodia for the calculation?

- There is no ASEAN member who shows the same or similar economic development as Timor-Leste. Cambodia was selected as the second best because Cambodia is a newly joined ASEAN member and working to develop the economy especially the SME.

3) Mr. Scot Ticknor, staff of the Embassy of USA

The criteria for Timor-Leste to select ASEAN meetings to attend

- Timor-Leste should select the meeting which has some strong interest of Timor-Leste. The survey team believes that Timor-Leste should participate the meeting to discuss IAI, SME, Single Window, Intellectual Property Rights, Investment and Global Market.

4) Mr. Rogerio Viegas Vicente, Human Right Association of Timor-Leste

How to proceed with the economic development ?

- The survey team analyzed the economic impacts when Timor-Leste joins ASEAN. The survey team did not discuss the methods with officers to achieve the impact.

What is the impact to the environment of Timor-Leste?

- Timor-Leste has been currently preserving the environment well. No serious damage can be expected when Timor-Leste makes economic development after joining ASEAN.

5) Secretary of State of ASEAN Affairs

The survey team explained the outline of AEC. How about the economic impact caused by the other two Communities especially the Political and Security

Community ?

- The survey team put focus on the AEC since the AEC is the largest organization in the three Communities.

#### 7. Summary

Mr. Haruyama summarized the outline of the subjects discussed at the seminar. Mr. Silva Marciano summarized the whole processes of the seminar.

#### Closing Remarks

Mr. Roberto Sarmiento de Oliveira Soares, Secretary of State for ASEAN Affairs made a speech.

End of report