

Timor-Leste



Trade and investment relationship with Australia

Two-way trade A\$0.2b (2022)	Two-way investment: A\$16.8b (2022)	Students 59 (2022)	Visitors 5,990 (2022)
Two-way trade in goods A\$0.1b (2022)	AUS investment in Timor-Leste: A\$16.7b (2022)	Diaspora 10,670 (2021)	Outbound visitors: 5,970 (2022)
Two-way trade in services: A\$0.1b (2022)	Timor-Leste investment in AUS: A\$23m (2022)		
Australian ODA: A\$118m (2023–24)			

Multilateral/Regional	Bilateral
WTO - seeking membership; ASEAN - seeking membership	Not applicable

Diplomatic and economic relations

Australia and Timor-Leste share a strong partnership built on people-to-people links, and security and defence ties. Australia is Timor-Leste's leading development assistance partner and supports its objective of economic diversification and private sector growth. Australia supports Timor-Leste's ambition to become a member of ASEAN and the World Trade Organization.

Outlook to 2040

Timor-Leste seeks to reach upper-middle-income status by 2030 through investment of petroleum revenue in education, health and agricultural productivity. It sees regional economic integration as a pathway to greater accessibility for its agricultural exports and tourism from Southeast Asia. Projected economic growth will be affected by its resources output. Real GDP is expected to drop by 10.4 per cent in 2023, reflecting the planned winding down of the Bayu-Undan offshore gas field, before rising to 3 per cent in 2024. Future growth will depend on the development of the Greater Sunrise gas and condensate fields, which would cause real GDP growth to remain steady at 3 to 3.5 per cent out to 2040. Without Greater Sunrise, depletion of Timor-Leste's sovereign wealth fund within 10 years is predicted and real GDP is likely to decline.

Remittances to Timor-Leste from overseas workers make up the second-largest export after oil. Improving the skills of Timorese workers, including those overseas, will assist in boosting productivity across key sectors, as well as remittances.

Sectors to watch

Agriculture and food

More than two-thirds of Timor-Leste's population is connected to agriculture, largely in subsistence farming. There are opportunities to expand production and compete with imported food, including rice, and for Timor-Leste to further develop more high-quality agricultural exports, particularly coffee.

Resources

Timor-Leste is exploring minerals and carbon capture and storage (specifically in the now depleted Bayu-Undan offshore gas field). Renewable energy projects in Timor-Leste have the potential to improve fiscal and climate change outcomes.

Infrastructure

Timor-Leste has significant infrastructure needs, including in transport and telecommunications. The Timorese Government is investing substantially, and development banks are providing concessional finance, including for roads, water and energy. Timor-Leste is interested in public-private partnerships.

Education and skills

Increasing the capabilities of Timorese is a priority to address skills gaps and boost employment outcomes in Timor-Leste.



Raise awareness

- Strengthen understanding of business opportunities for Australian businesses, particularly in Northern Australia, with Timor-Leste
- Promote Australian capabilities in mining, energy and METS
- Connect Australian business with infrastructure stakeholders through targeted, industry-specific business missions and briefing programs



Remove blockages

- Develop agreed standards to streamline access and movement of agricultural products
- Support progress on and implementation of outcomes from Greater Sunrise negotiations
- Offer two-way tertiary scholarships in the resources sector to address skills shortages and gender equality, and enhance Timor-Leste's technical capacity
- Support streamlining of infrastructure procurement
- Facilitate partnerships between Australian institutions and local training providers



Build capability

- Share lessons on e-government with Timor-Leste, including digitisation of government services and business registration
- Promote sustainable development of Timor-Leste resources sector through scholarships and government-to-government exchanges (e.g. LNG Partnership program)
- Geoscience Australia to work with Timor-Leste partners on geological surveys to support exploration and investment
- Identify areas of infrastructure governance to support through programs like PROSIVU
- Connect alumni with Australian and Timorese businesses
- Work with Timor-Leste to strengthen the tourism sector, including quality of products and market information
- Expand regional collaboration to strengthen procurement and import processes for essential medical goods
- Seek opportunities for exchange with First Nations communities
- Promote exchanges to encourage cultural collaboration among artists



Deepen investment

- Support the establishment of an Australia – Timor-Leste Chamber of Commerce
- Facilitate Australian investment in the coffee sector in Timor-Leste
- Identify infrastructure investment opportunities through the Australian Infrastructure Financing Facility for the Pacific (AIFFP) and private sector partners, including in renewable energy, ports and telecommunications
- Explore support for English-language training for officials to assist with ASEAN membership and other priorities
- Scope the role of digital health in primary care service delivery