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ATLANTIC COUNCIL GLOBAL ENERGY FORUM

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Good afternoon

It is a great pleasure to be back in Abu Dhabi for the Global Energy Forum. There is no better place than the United Arab Emirates to host this annual discussion about the energy challenges facing humanity.

Abu Dhabi itself is a dream in the desert, with a future founded on energy resources but built not by something you pump out of the ground but by a renewable resource: human imagination.

The UAE is committed to the future – in its thinking and in its economy. And it has responded successfully to many of the questions that we are discussing today; and which could not be more relevant to the people of my country, Timor-Leste.

- How do we transition from a resource dependent economy and avoid the resource curse?
- What is the best way to marry successful resource development and economic diversification?

In addressing these challenges we must recognise that energy policy is economic policy; and that good economic policy must be sustainable. This is fundamental to good governance.

Today, there are many countries where the needs of the people are growing at a faster pace than ever before. We see growing populations of young people in places with limited access to education, jobs and an opportunity for a better life.

On Sunday I will be speaking to college students at the UAE's diplomatic academy. The age of these students is a little more than the average age of half the population of Asia and Africa. Think about that for a minute.

In Timor-Leste about 60% of our population is under the age of 25.

From Africa, to Latin America to Asia, the challenge for many countries is how to meet the demands of a young and growing population.

This is an important question for all of us because failure will breed dissatisfaction, unrest and conflict – it will result in both national and global fragility.

At last's years Forum I spoke about why this challenge is so fundamental to Timor-Leste, and it is why our maritime boundary agreement with Australia is so important.

In March 2018 Timor-Leste and Australia signed a Maritime Boundary Treaty resolving jurisdictional issues over the resources in the Timor Sea.

Now that we have secured a majority of Greater Sunrise, one of the largest gas fields in Southeast Asia, with 70% of the revenue flowing to our country, the challenge is to develop it in a way that secures our economic future.

It is our aim to use our resources responsibly and to pass on a sustainable economy to the generations ahead.

With the ownership and jurisdiction of the resource resolved, we can move forward with the development plan for its exploitation.

We recently concluded an agreement with ConocoPhillips to sell us its shares in Greater Sunrise. We have also entered into a Purchase and Sale Agreement with Shell to also sell its Greater Sunrise shares.

These investments represent an important step that will allow us to bring a gas pipeline to Timor-Leste – and build our own petroleum industry.

This is critical to ensure that the jobs and the industries that come from Timor-Leste's resources stay in Timor-Leste – on our shores, for our people.

But it is just the start. From the very beginning we have seen our natural resources wealth as the foundation of a diversified economy.

That demands long-term planning, and effective institutions that deliver for the people who need them.

Only a few years after the restoration of Timor-Leste's independence in 2002, we established a sovereign wealth fund to manage the revenue from our energy resources transparently and sustainably, for the benefit of all citizens and future generations.

Based on Norway's model, every dollar from our petroleum resources goes into the fund. From its opening balance of \$205 million in 2005, I am pleased to say this has grown to \$17.2 billion today.

We invest 60% in bonds and 40% in equities – and this has generated more than 5 billion dollars in returns.

We were also the third country in the world and the first across the whole of Asia to comply with the revenue transparency standards and requirements of the Extractive Industries Transparency Initiative – the EITI.

Timor-Leste recognises that diversifying a resource-based economy is the most sensible way to solve potential problems associated with resource dependence. We also recognise that there is no magic formula about how to achieve diversification quickly - fostering diversification is a long-term process.

Eight years ago, we outlined a 20-year *Strategic Development Plan* that includes policies and programs to diversify our economy: social capital, and economic and infrastructure development – with a comprehensive infrastructure plan, headlined by the transformation of our south coast into a regional petroleum hub.

The Tasi Mane project, as we call it, will establish a 100-mile corridor along our southern coast that includes the construction and operation of a refinery, petrochemical plant, LNG plant, a linking highway, as well as seaports and airports.

This will open around 200,000 hectares of hinterland suitable for every industry from livestock to processing and packing exports.

When fully implemented, the Tasi Mane project will not only benefit the petroleum industries but help bring to a much bigger scale every other industry central to our future.

In other words: economic diversification. And this economic diversification guides us to develop and strengthen the agro-industry sector and tourism.

But our economic development will not be successful if we don't stay equally focused on another area critical to the development of our resources: and that is State building.

If you look around the world: resource-based economies that succeed have strong institutions, good governance, political sustainability, effective and independent legal systems and good leadership.

Those that fail too often tell the opposite story.

We are determined to succeed. We secured peace and we are consolidating our State. We have built a free and democratic country with an open economy and respect for the rule of law and the human dignity of our people.

The Economist magazine deemed Timor-Leste to be the most democratic country in Southeast Asia.

Revenue from our resource wealth has helped us with peace building and State building. Public spending has been directed to important areas that have had positive outcomes on health, education, social support and infrastructure ever since our petroleum production began.

We know we are not alone in our challenge. Timor-Leste leads the g7+ body of fragile and conflict affected States; many of which face the same challenge of how to harness resource wealth to give their people a sustainable future. This inter-governmental organisation comprises 20 countries from across the world, from the Caribbean to Africa, and from the Pacific to the Middle East.

We all know too well that resource exploitation has not always been beneficial to small, developing countries – the so-called “Resource Curse” can result in failed governments, economic stagnation, and corruption.

And so, our challenge is to make resource exploitation work to develop our countries and to build a future of opportunity for our people. We must learn from each other and our experiences, while recognising the circumstances of all countries are different.

I have seen too much in my life to become a prisoner to the idea of a resource curse. There are no inevitable outcomes in life, or for nations.

And just as I have seen too many countries suffer from conflict and fragility, I have seen success stories of State building supported by resource development. This includes not only the UAE, but much closer to home with Indonesia, and Malaysia and Brunei.

And so, rather than a resource curse, I believe in the curse of excuses. The curse that relies on resources as an excuse for unrest and underdevelopment or bad governance, when it is leadership that is the problem.

That is why countries need to plan for their future, to ensure that resource development benefits the people and not a few individuals or other interests.

None of our problems are without solutions. But neither will they solve themselves.

I am reminded of when Nelson Mandela travelled to Indonesia to visit me in prison. When he reflected on his country's long march to freedom he said: "It always seems impossible, until it is done."

It is leadership which decides whether resources will be a curse or a course towards a prosperous future.

Unfortunately, in under-developed or developing countries there are still many political obstacles, especially the ego shown by political leaders that prevent a smooth process towards democracy and consequently the development of the people and their nations.

And so, I look forward to our panel discussion and to learning more about resource management strategies in other countries from the distinguished experts here today.

Thank you

