



**Keynote Address by His Excellency Kay Rala Xanana Gusmão on  
Economic Diversification in the Region: “Sustainable Best Practices  
and Business Models: Lessons learned by Timor-Leste,” at the  
Atlantic Council Global Energy Forum**

**Abu Dhabi, United Arab Emirates, 13 January 2018**

Good morning.

Excellencies, ladies and gentleman.

It is a great pleasure to be here in Abu Dhabi, to tell the story of our nation, and discuss ways that resource rich countries can diversify their economies.

It is inspiring to have this discussion in Abu Dhabi – a place that has been so transformed - cleverly using the resources blessed upon it, to build a thriving and beautiful city out of the desert.

This discussion comes at a critical moment, when countries around the world are struggling to meet the challenges of modernity – providing for a young and booming population and creating robust and sustainable economies.

This is especially challenging for countries blessed with energy riches, who are seeking to escape the “resources curse,” and building the bridge from petroleum to prosperity.

I know this issue is hotly discussed in the Middle East. But let me assure you, it is an issue that resonates around the globe. It is in fact an existential challenge for Asia’s youngest country and young democracy, Timor-Leste.

Timor-Leste is a small half-island nation that sits between two regional giants.

We are situated within the world's largest archipelago, Indonesia. With its wealth of natural resources and over a quarter of a billion people – including the world's largest Muslim population – Indonesia is fast becoming one of the world's great economies.

And to our south we have Australia, with its mature and modern economy. While Australia was built on the back of its natural resources, it has already successfully diversified with a large and highly skilled service sector.

And so, while Timor-Leste is fortunate to be located in East Asia, one of the most dynamic regions on the planet, we must learn how to make the most of this opportunity and create a strong economic foundation for our future.

The Timorese people have had a difficult past – they endured 500 years of Portuguese colonisation, followed by 24 years of brutal foreign occupation. After a long and bloody resistance, Timor-Leste regained its independence in 2002 – but independence came at a high price.

Like most post-conflict countries, our early years of independence were difficult. It took time to pick ourselves up, and focus on creating peace and building an effective state.

But we are resilient. And we slowly began to establish an open economy and a vibrant democracy.

Timor-Leste is now considered a leader among post-conflict and developing countries through our leadership of an organization called g7+ - a group of 20 countries from the Caribbean to the Middle East, from Africa

to the Pacific – who aim to help each other build strong States, fundamental to peace and development.

While our people are still poor, Timor-Leste is relatively rich in natural resources, including oil and gas reserves both in our seas and on our shores. It is this wealth that we must use to develop our country.

A priority for the first government of Timor-Leste, following our independence, was to create institutions that would earn our people's trust.

One of our best decisions was to establish a sovereign wealth fund. The mandate of our Petroleum fund is to manage 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 which has grown from its opening balance of \$205 million in 2005 to over \$16 billion today, this is after already spending more than \$10 billion in our annual budgets.

Timor-Leste is committed to openness and the good governance of this fund and were proud to be the first nation in the Asia Pacific region to become compliant with the Extractive Industries Transparency Initiative.

We invest 60% in bonds and 40% in equities – and this has generated more than 4 billion dollars in returns.

It is these funds that allow us to build our basic infrastructure, schools and hospitals, and provide other services.

Timor-Leste is now fortunate that we will soon be unlocking the potential of one of our largest - and yet untapped - gas fields, known as Greater Sunrise.

We are able to do this due to an agreement with our neighbor – Australia – through the first ever Conciliation Commission – initiated by Timor-Leste under the United Nations Convention of the Law of the Sea.

Through the Conciliation Commission, we have been able to reach a landmark agreement on a treaty for maritime boundaries between our two nations, and a pathway for the development of Greater Sunrise.

In a world where maritime boundary disputes are causing rising tensions and global uncertainty, we have proven that the Conciliation Commission provisions of the United Nations, can be a vehicle for the peaceful and cooperative resolution of even seemingly intractable disputes.

Now, exploitation of the Greater Sunrise field will be able to fuel the economic and social development of our almost 16 year old country.

Ladies and gentlemen,

As one of the world's newest nations, we have been able to learn from the successes and failures of others. We are very aware of the pitfalls from over-reliance.

With those challenges in mind, in 2010, we started to prepare a **20-year** Strategic Development Plan, which was approved by the National Parliament in 2011.

This plan sets out our vision for a stable democracy, with a robust and diversified economy, public services and strong State institutions, and a prosperous society that provides jobs for our people.

It covers three key areas – social capital, economic development and infrastructure development.

Investments in social capital aim to build a healthy and educated society to address the social needs of our people.

Investments in economic development will help Timor-Leste achieve a prosperous, modern economy and, most importantly, jobs.

We now have a comprehensive infrastructure plan for building ports, roads, water and sanitation and airports, as well as the transformation of our south coast into a regional petroleum hub.

The development of our petroleum hub is called the Tasi Mane project, named after the strong 'male sea' on the shores of Timor's South Coast.

The Tasi Mane project will see the development of:

- an open access marine facility and a Liquefied Natural Gas Plant
- a pipeline to our shores
- an Oil Refinery and Petrochemical industry
- an industry supply base; and
- a 160km highway linking the three clusters
- And finally, the upstream facility and operation if it is necessary.

Together, these projects will leverage Timor-Leste's petroleum resources for the long-term benefit of our people. It will provide the foundation for our country to diversify our economy by building other strategic industry sectors, including agriculture, manufacturing, forestry, fisheries and tourism.

Tourism is another strategic industry that we have set as a priority. Besides the tropical beauty of its mountains, Timor-Leste has great potential for niche tourism markets such as scuba diving, cultural and historical tourism. We hope to drive growth in visitor numbers in the future - hopefully from the Middle East!

Ladies and gentlemen,

Timor-Leste has plans for the development of our country through a diversified and sustainable economy.

However, we know that our small island nation does not exist in isolation.

With the benefit of learning from other countries, and through partnerships within our region and around the world, Timor-Leste has been able to build a sustainable development strategy.

I believe we are well placed to avoid the perils of plenty, and become a prosperous nation with a bright future.

Timor-Leste hopes to be a good reference for other countries with the same conditions and challenges – but to ensure our example is a positive one, we look to your partnership now at a critical moment.

This conference is a great example of how people from different countries can come together - and I believe also oil companies - not only to share ideas and the lessons they have learned, but also to build partnerships of friendship, cooperation and solidarity.

I thank you very much.