

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

TIMOR LESTE

Asia South East

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Dili (capital)	Political and commercial center, primary port, and seat of government, housing most foreign businesses and development-partner offices	Finance, logistics, retail, government-linked contracting
Tibar Bay Port (near Dili)	New deep-water port developed under a public-private partnership, intended to replace Dili's congested old port and anchor future trade growth	Port logistics, trade infrastructure
South coast (Beaco / Suai, Covalima)	Site of the Tasi Mane petroleum-infrastructure corridor and the government's preferred location for onshore Greater Sunrise gas processing	Oil & gas infrastructure, petrochemicals, construction
Ermera and the central coffee highlands	Timor-Leste's traditional organic-Arabica coffee heartland and the country's leading non-oil export sector	Coffee production and processing, agribusiness
Atauro Island / north coast dive sites	Internationally recognized, biodiversity-rich dive-tourism destination near Dili with a growing eco-tourism profile	Tourism, hospitality, marine conservation-linked investment
Oecusse (Special Economic Zone - ZEESM)	Timor-Leste's flagship special economic and social market zone, an enclave bordering Indonesia, designed to pilot deregulated investment and infrastructure policy	Special-zone manufacturing, infrastructure, agribusiness
Baucau and the eastern provinces	Second-largest urban center and surrounding agricultural areas with underdeveloped but improving road and port connectivity	Agriculture, regional infrastructure, light manufacturing

INVESTOR ENTRY ROUTES

- Foreign investors generally register through TradeInvest Timor-Leste (the national investment and export promotion agency), which administers approvals under the Private Investment Law and offers a single-window registration process for qualifying projects
- Large-scale or strategically significant investments can be negotiated directly with the Council of Ministers for bespoke incentive packages, particularly in infrastructure, energy, and tourism
- The Oecusse Special Zone for Social Market Economy (ZEESM) operates under its own distinct regulatory and incentive framework, administered by its own authority, and offers a faster-moving alternative entry point for qualifying projects
- Petroleum-sector investment, including any Greater Sunrise-linked activity, is governed separately through Timor Gap, the state-owned national oil company, and the National Petroleum and Minerals Authority (ANPM)
- The Banking and Payments Authority of Timor-Leste (BPA) oversees the financial sector; Timor-Leste uses the US dollar as its official currency, eliminating conventional currency-conversion and exchange-rate risk for investors
- As the newest member of ASEAN (acceded October 2025), Timor-Leste is in the early stages of aligning its investment and trade regulations with ASEAN Economic Community standards, a process investors should expect to unfold gradually over the coming years

MARKET-ENTRY OBSERVATION

Timor-Leste enters October 2026 having just completed one of the defining milestones in its post-independence history: formal accession to ASEAN as its eleventh member, finalized on October 26, 2025 at the 47th ASEAN Summit in Kuala Lumpur after a fourteen-year application process first lodged in 2011. Prime Minister Xanana Gusmao, the country's independence-era leader and head of government since 2023, called the accession a powerful affirmation of the nation's journey, while regional officials have been candid that genuine participation in ASEAN's economic community will take years, given persistent gaps in infrastructure, human-resource capacity, and an economy still overwhelmingly dependent on oil wealth. The government's 2026 state budget, submitted to parliament in October 2025 with a ceiling of roughly USD 2.3 billion, is built around projected growth of 4.5%, with priorities organized around social capital (health, education, social protection), infrastructure (roads, electrification, water, telecommunications), economic diversification (agriculture, fisheries, tourism, and private-sector growth), and institutional strengthening, reflecting the government's own recognition that oil-dependent growth cannot continue indefinitely.

That recognition is well founded: Timor-Leste's Petroleum Fund, built from two decades of Bayu-Undan field revenue, has been drawn down well beyond its estimated sustainable withdrawal rate in nearly every year since 2008-09, with 2023 withdrawals alone equivalent to roughly 88% of GDP, and independent analysts and the IMF have both warned that the fund - valued at around USD 18 billion - faces depletion by the second half of the 2030s if current spending patterns continue. The country's best hope for averting this fiscal cliff is the Greater Sunrise gas field, in which Timor-Leste holds a 56.6% stake worth an estimated USD 33 billion or more in recoverable gas value, but the project remains stalled over an unresolved dispute between the government, which insists on onshore processing at a planned south-coast plant to anchor domestic industrial development, and operator Woodside, which has favored offshore or Darwin-based processing; Australia has offered to raise Timor-Leste's revenue share to as much as 90% under a Darwin-processing arrangement, but no final investment decision had been reached as of this briefing. Investors should treat Timor-Leste as a genuine frontier opportunity shaped by this central structural tension between a fast-depleting sovereign wealth buffer and an unresolved mega-project that could either resolve or deepen the country's fiscal challenge.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Petroleum Fund depletion and fiscal sustainability	The Petroleum Fund, Timor-Leste's primary source of government financing, has been drawn down well beyond sustainable levels for most of the past 15 years and faces full depletion by the mid-to-late 2030s absent new revenue or spending restraint, per IMF and independent analysis	Treat government fiscal capacity and public-investment continuity as a genuine medium-term risk; favor investments with their own independent revenue base over those reliant on sustained government co-financing
Unresolved Greater Sunrise development deadlock	The flagship gas project that could restore long-term fiscal sustainability remains stalled over a years-long onshore-versus-offshore processing dispute between the government and operator Woodside, with no final investment decision reached	Monitor the Greater Sunrise negotiation closely as a bellwether for the broader economic outlook; avoid predicating investment theses on an assumed near-term resolution
Early-stage ASEAN integration and regulatory alignment	As the newest and least-developed ASEAN member, Timor-Leste's trade and investment regulations are only beginning a multi-year alignment process with ASEAN Economic Community standards	Confirm current rather than aspirational regulatory requirements before structuring any ASEAN-market-access-dependent investment
Underdeveloped infrastructure and human-capital base	Roads, electrification, water, and telecommunications infrastructure remain underdeveloped outside Dili, and the workforce faces real gaps in technical and managerial skills relative to regional peers	Budget for infrastructure self-provision and workforce training outside the capital; the new Tibar Bay Port offers a notable exception to the infrastructure gap
High inequality, malnutrition, and unemployment	Structural social challenges flagged even by ASEAN partners at the time of accession limit domestic consumer-market depth and labor-market readiness for more complex investment	Favor export-oriented and resource-linked investment models over domestic consumer-market plays; consider workforce-development co-investment where relevant
Narrow non-oil export base	Beyond coffee, Timor-Leste's non-oil export sector remains thin, meaning the economy's near-term prospects remain disproportionately tied to petroleum-related revenue and government spending decisions	Treat coffee, tourism, and fisheries investment as genuine but still-early-stage diversification opportunities rather than mature sectors
Small market size and logistics costs	Timor-Leste's population of roughly 1.3 million and limited inter-island and regional shipping	Factor logistics costs into investment modeling from the outset; the Tibar Bay Port's development

Issue	Potential Impact	Possible Mitigation
	connectivity raise logistics costs for import- and export-oriented business	is expected to ease, but not eliminate, this constraint over time

INVESTOR RISK NOTE

Timor-Leste combines genuine political stability - a peaceful, internationally respected democracy led by independence-era leadership, with no active conflict or civil unrest - with a serious and well-documented structural fiscal risk centered on Petroleum Fund depletion and the unresolved Greater Sunrise development question. This is a fiscal and resource-development risk rather than an institutional, security, or expropriation risk, and investors should weight it accordingly: the country's democratic institutions and US-dollar currency regime provide real stability, even as the government's own long-term financing capacity faces a genuine and well-telegraphed challenge over the coming decade.

MARKET ACCESS

Timor-Leste acceded to ASEAN as its eleventh member in October 2025, giving it long-term access to the ASEAN Economic Community framework, though practical integration - tariff alignment, regulatory harmonization, and participation in ASEAN trade facilitation mechanisms - will unfold gradually given the country's current development stage. Timor-Leste also maintains development and trade relationships with Australia, Portugal, Indonesia, Japan, and the Community of Portuguese Language Countries (CPLP), and its use of the US dollar as official currency simplifies cross-border transactions for investors from dollar-linked markets.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
TradeInvest Timor-Leste	National investment and export promotion agency administering investor registration and incentive facilitation	First point of contact for most new foreign-investment entities
Timor Gap / National Petroleum and Minerals Authority (ANPM)	State oil company and sector regulator overseeing all petroleum-sector activity, including Greater Sunrise	Essential counterpart for any oil-and-gas-linked investment or supply-chain participation
Council of Ministers / Office of the Prime Minister	Negotiates bespoke incentive packages for large-scale strategic investment and sets overall national development priorities	Relevant for any investment seeking direct government co-investment or large-scale incentive negotiation
Banking and Payments Authority of Timor-Leste (BPA)	Central financial-sector regulator overseeing the banking system under the US-dollar currency regime	Key relationship for any financial-services or payments-related investment
ZEESM Oecusse Authority	Administers the Oecusse Special Zone for Social Market Economy's distinct regulatory and incentive regime	Alternative, faster-moving entry point for qualifying investors willing to operate in the Oecusse exclave
Woodside Energy (Greater Sunrise operator)	Lead commercial operator negotiating the stalled Greater Sunrise development pathway with the government	Relevant counterpart for understanding the practical timeline and structure of any eventual Greater Sunrise investment decision
ASEAN Secretariat / fellow ASEAN member states	Newly relevant multilateral framework shaping Timor-Leste's medium-term regulatory and trade-integration trajectory	Useful context for understanding the pace and sequencing of Timor-Leste's regional economic integration

CURRENT INTERNATIONAL BUSINESS CHANNELS

Foreign investors commonly engage through the Timor-Leste Chamber of Commerce and Industry (CCI-TL) and sector bodies tied to coffee, tourism, and the petroleum supply chain. Development-partner-organized investor briefings, particularly those linked to Australian, Portuguese, and Japanese development cooperation programs, provide an additional practical channel, as does growing engagement through ASEAN-linked business councils following the country's 2025 accession.

INVESTOR PROFILE BEST SUITED

Timor-Leste suits investors with genuine frontier-market experience, patience for a multi-year development horizon, and comfort operating in a small, oil-dependent economy navigating a serious fiscal transition. It is a strong fit for coffee, tourism, and fisheries investors supporting the government's own stated diversification priorities, and for infrastructure investors able to engage through the

Tibar Bay Port model or the Oecusse special zone. It is a weaker fit for investors seeking rapid scale, a deep domestic consumer market, or near-term certainty on the country's central fiscal question, and any Greater Sunrise-linked investment should be treated as contingent on a still-unresolved negotiation.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Confirm registration pathway

Engage TradeInvest Timor-Leste to confirm standard registration requirements, or assess fit for the Oecusse ZEESM's distinct regulatory regime for qualifying projects.

STEP 2: Assess fiscal and sector-specific exposure

For any investment with government co-financing or petroleum-sector exposure, evaluate exposure to Petroleum Fund sustainability and the Greater Sunrise negotiation timeline.

STEP 3: Map diversification-sector fit

For coffee, tourism, or fisheries investment, identify alignment with the government's stated 2026 budget diversification priorities and relevant co-financing or incentive programs.

STEP 4: Plan infrastructure and logistics

Assess connectivity through the new Tibar Bay Port and budget for infrastructure self-provision in areas outside Dili.

STEP 5: Finalize structure and complete registration

Complete TradeInvest or ZEESM registration, confirm any sector-specific licensing through Timor Gap or ANPM if applicable, and finalize the investment structure.

WAVERLEY'S ROLE

- Independent assessment of TradeInvest and ZEESM Oecusse registration pathways for specific transactions
- Coordination with Timor Gap, ANPM, and the Council of Ministers on petroleum-sector and large-scale strategic investment
- Ongoing monitoring of Petroleum Fund sustainability metrics and the Greater Sunrise negotiation relevant to investment timing
- Introductions to the Timor-Leste Chamber of Commerce and Industry and development-partner-linked investor networks

INVESTOR CALL TO ACTION

Engage Waverley for a structured TradeInvest or ZEESM Oecusse registration assessment before committing capital to Timor-Leste.

Contact Waverley for an independent fiscal-sustainability and Greater Sunrise briefing ahead of any investment with government co-financing or petroleum-sector exposure.

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Waverley is tracking opportunities across three tiers: (1) coffee, tourism, and fisheries investment directly aligned with the government's 2026 budget diversification priorities and Timor-Leste's new ASEAN market access; (2) infrastructure and logistics investment linked to the Tibar Bay Port model or the Oecusse ZEESM special-zone framework; and (3) longer-horizon, contingent interest in Greater Sunrise-linked petroleum infrastructure, appropriate only once the onshore-processing negotiation reaches resolution.

POSITIONING

Waverley views Timor-Leste as a genuine frontier opportunity newly reinforced by ASEAN accession, best approached by investors with patience for the country's multi-year development and fiscal-transition timeline rather than as a market offering rapid scale or near-term certainty.

Waverley's approach is to help clients capture Timor-Leste's coffee, tourism, and fisheries diversification opportunities while maintaining clear-eyed, continuously updated monitoring of the Petroleum Fund's sustainability trajectory and the Greater Sunrise negotiation, so that investment timing and risk exposure are set against the country's real fiscal position rather than its long-term aspirations.

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