Timor-Leste

Introduction

Timor-Leste is a country located in Southeastern Asia bordering the Ombai Strait, Wetar Strait, and the Banda Sea. It comprises the eastern half and a northwest enclave of the island of Timor and the islands of Pulau Atauro and Pulau Jaco. Timor-Leste occupies the island of Timor with Indonesia. The geography of Timor-Leste is mountainous. The government system is a republic; the chief of state is the president, and the head of government is the prime minister. Timor-Leste has a mixed economy in which there is limited private freedom, but the economy remains highly controlled by the government.

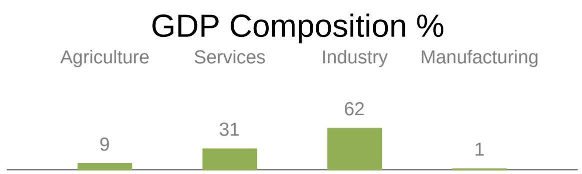
Location:	South-Eastern Asia
Capital City:	Dili (+9 GMT)
Chief of State:	President José Ramos-Horta
Head of Govt.:	Prime Minister Kay Rala Xanana Gusmao
Currency:	U.S. Dollar (USD)
Major Languages:	Tetun Prasa 30.6%, Mambai 16.6%, Makasai 10.5%, Tetun Terik 6.1%, Baikenu 5.9%, Kemak 5.8%, Bunak 5.5%, Tokodede 4%, Fataluku 3.5%, Waima'a 1.8%, Galoli 1.4%, Naueti 1.4%, Idate 1.2%, Midiki 1.2%, other 4.5% (2015 est.)
Primary Religions:	Roman Catholic 97.6%, Protestant/Evangelical 2%, Muslim 0.2%, other 0.2% (2015 est.)
Calling Code:	670
Voltage:	220

Key Websites

Main Government Page: timor-leste.gov.tl

Key Economic Facts

Income Level (by per capita GNI):	Lower Middle Income
GDP, PPP (current international $):	$6.48 billion (2022)
GDP growth (annual %):	-17.49% (2022)
GDP per capita, PPP (current international $):	$4,828.33 (2022)
External debt stocks, total (DOD, current US$):	$278,614,052.20 (2021)
Manufacturing, value added (% of GDP):	0.75% (2021)
Current account balance (BoP, current US$):	$1.02 billion (2021)
Inflation, consumer prices (annual %):	0.96% (2019)
Labor force, total:	586,337 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	4.86% (2022)
Imports of goods and services (current US$):	$1.31 billion (2021)
Exports of goods and services (current US$):	$2.31 billion (2021)



Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.

Rankings

Index	Rank
Corruption Perceptions Index	81 / 178
Index of Economic Freedom	159 / 176
KOF Index of Globalization	157 / 185

Risk Assessment (Provided by Coface)

Country rating: D - A high-risk political and economic situation and an often very difficult business environment can have a very significant impact on corporate payment behavior. Corporate default probability is very high.

Business Climate rating: C - The business environment is difficult. Corporate financial information is often unavailable and when available often unreliable. Debt collection is unpredictable. The institutional framework has many troublesome weaknesses. Intercompany transactions run major risks in the difficult environments rated C.

Strengths

- Oil and gas reserves in the Timor Sea (Greater Sunrise)
- Sovereign wealth fund (around USD 20 billions)
- Total dollarisation limiting the risk of inflation
- Support from the Community of Portuguese-speaking Countries
- Attractive tourist destination (protected natural sites, rich cultural heritage)
- Ranked 45th out of 167 in the EIU Democracy Index 2023

Weaknesses

- Almost total dependence on the Petroleum Fund pending the hypothetical exploitation of a new oil and gas field
- Vulnerability to natural disasters, underdeveloped infrastructure
- Heavy dependence on food imports (poor agricultural development)
- Lack of human capital
- Around 40% of the population lives below the poverty line
- High youth unemployment (30%) and labour force participation rate of young people of 9.2% in 2021
- Weak banking intermediation

U.S. Embassy

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