

## SUMMARY OF TIMOR-LESTE'S ACCESSION PACKAGE

### I. WORKING PARTY SUMMARY DATA

<b>WP Established:</b>	7 December 2016 (WP process lasted 7 years, 1 month and 4 days)
<b>WP Meetings:</b>	7 (first meeting held on 1 October 2020; final meeting held on 11 January 2024)
<b>WP Chairperson:</b>	Ambassador Rui Macieira (Portugal), since March 2019.
<b>Multilateral:</b>	<ul style="list-style-type: none"> <li>Draft Final Working Party Report was circulated to WP Members on 11 December 2023; corrigendum circulated on 9 January 2024. Final Working Party Report re-circulated to all WTO Members on 18 January 2024 (WT/ACC/TLS/34 - WT/MIN(24)/4).</li> </ul>
<b>Bilateral:</b>	<ul style="list-style-type: none"> <li>Ten bilateral market access agreements concluded: with Australia, Cambodia, Canada, European Union, Indonesia, Japan, New Zealand, Philippines, Thailand and United States. The agreements had been consolidated by the Secretariat into Draft Consolidated Goods and Services Schedules and verified by Signatory Members on 17 November 2023. The Draft Schedules were circulated to all WP Members on 7 December 2023 and re-circulated to all WTO Members on 18 January 2024 (WT/ACC/TLS/34/Add.1 and 2 - WT/MIN(24)/4/Add.1 and 2).</li> </ul>
<b>Legislation and Regulations:</b>	<ul style="list-style-type: none"> <li>Timor-Leste has enacted all legislation and regulations required for its accession (as listed in Part I(A) of the Legislative Action Plan (LAP)).</li> <li>20 accession-related legislative acts (laws and regulations) shall be adopted by Timor-Leste in accordance with the timelines indicated in Part I(B) of the LAP, before or after the entry into force of Timor-Leste's WTO membership.</li> </ul>

### II. SUMMARY OF TIMOR-LESTE'S TERMS OF ACCESSION

#### 1 MARKET ACCESS FOR GOODS

HS 2017	Average bound	Max	Duty-free (%)	Binding Cov (%)
<b>All products</b>	<b>10.7</b>	<b>80</b>	<b>6.6</b>	<b>100</b>
<b>Agricultural products</b>	<b>15.7</b>	<b>80</b>	<b>0</b>	<b>100</b>
Animal products	16.5	50	0	100
Dairy products	10.0	10	0	100
Fruits, vegetables, plants	19.2	80	0	100
Coffee, tea	36.0	80	0	100
Cereals and preparations	13.8	50	0	100
Oilseeds, fats and oils	11.2	80	0	100
Sugars and confectionery	10.0	10	0	100
Beverages and tobacco	16.5	60	0	100
Cotton	10.0	10	0	100
Other agricultural products	13.3	80	0	100
<b>Non-agricultural products</b>	<b>10.0</b>	<b>80</b>	<b>7.6</b>	<b>100</b>
Fish and fish products	19.5	80	0	100
Minerals and metals	10.6	80	0.1	100
Petroleum	13.0	40	0	100
Chemicals	10.4	20	1.5	100
Wood, paper, etc.	11.1	80	0.2	100
Textiles	10.0	10	0.1	100
Clothing	10.0	10	0	100
Leather, footwear, etc.	10.0	10	0	100
Non-electrical machinery	8.6	10	14.3	100
Electrical machinery	6.6	10	33.8	100
Transport equipment	10.0	10	0.2	100
Manufactures n.e.s.	7.1	50	34.1	100

The Goods Schedule of Timor-Leste (CLXXVIII) incorporates the ITA and ITA-II Schedules of Timor-Leste, verified and approved by the ITA Committee and the ITS Expansion Group, on 19 October 2023, thus enabling Timor-Leste to become a participant of the ITA and the ITA Expansion Agreement. Timor-Leste will implement its ITA/ITA-II commitments upon accession, except for duties on products in 378 and 27 ITA tariff lines, which will be eliminated in 2027 and 2030, respectively.

## 2 MARKET ACCESS FOR SERVICES

The horizontal limitations, which apply across all sectors, are as follows:

- Land ownership is limited to the citizens of Timor-Leste. Foreigners are permitted to lease land.
- Commercial presence: Foreign commercial companies incorporated in Timor-Leste shall appoint a legal representative with permanent residence in Timor-Leste.
- Movement of natural persons:
  - Business visitors:
    - The period of stay for persons engaged in establishment is limited to a maximum of 60 days without the possibility of extension.
    - Services salespersons shall not be engaged in direct sales to the public or in supplying services themselves and shall not receive remuneration from a source within Timor-Leste. The period of stay is limited to a maximum of 60 days per year.
  - Employees of a foreign commercial presence:
    - Subject to a labour market test, foreign service suppliers established in Timor-Leste may hire or transfer foreign employees qualified for supervisory (executives), directing (managers) or technical (specialists) functions.
      - The period of stay for supervisory (executives) and directing (managers) for the purpose of pursuing business activities by virtue of being a member or administrator of a commercial company registered or to be registered in Timor-Leste is limited to 6 months, with the possibility of extension for successive periods of 2 years.
      - The period of stay for technical functions (specialists) is limited to 1 year, with a possibility of extension for successive periods of 1 year.
  - Contract Service Suppliers and Independent Professionals:
    - Subject to a labour market test, foreign natural persons who have obtained a contract to supply a service in Timor-Leste or are employed by a foreign-based service supplier that has obtained a contract to supply a service in Timor-Leste, shall be granted entry for a period of up to 60 days per year.
- Fiscal measures: The income or wage tax-free threshold applies only to residents.
- Subsidies and incentives: Special benefits are available to investors who hold a Declaration of Benefits (DoB) or are party to a Special Investment Agreement (SIA). The benefits may vary depending on the sector and include: hiring foreign workers; leasing of state property; benefits related to tax, customs duties, and investment facilitation services. Minimum investment values apply for investments eligible for a DoB or SIA (which are higher for foreign-owned investments or joint ventures than for investments of nationals).
- Services supplied in support of the petroleum industry are reserved to Timorese nationals or companies incorporated under Timor-Leste law and which are majority-owned by Timorese nationals.
- Services supplied in support of the mining industry: preferential treatment / access is accorded to Timorese nationals or companies which are incorporated under Timor-Leste law and which are majority-owned by Timorese nationals.
- For all services sectors included in the Schedule, Timor-Leste undertakes as additional commitments the disciplines contained in Section II of document INF/SDR/2 (Reference Paper on Services Domestic Regulation), subject to the transitional periods for developing countries and LDCs under paragraphs 10 and 11 of Section I.

Sectoral commitments undertaken in 10 out of 11 services sectors (except Health-related and social services) and 86 sub-sectors. In most of the sub-sectors, no limitations are listed for Modes 1-3, unbound for Mode 4. Selected limitations on Mode 3 and other commitments are reproduced below:

Sector	Commitments
Legal services	Foreign legal practitioners are required to work with Timorese lawyers. Foreign law firms authorized to operate in Timor-Leste are permitted to hire lawyers licensed to practice in Timor-Leste.
Computer and related services	Foreign suppliers are required to transfer skills and knowledge to local employees.
Investigation and security services; Guard services	Security staff and the Security Director must be a Timorese.
Courier services	Private operators will not be treated less favourably than Timor-Leste's public postal service in providing services covered by this commitment.
Telecommunication services	Only a corporate body incorporated and registered in Timor-Leste is eligible to supply a domestic telecommunications service
Audiovisual services (also News agency services)	Unbound with respect to: broadcast or other transmission quotas; or expenditure requirements, for content which: (i) is locally produced or co-produced; (ii) reflects national or local interests and concerns; (iii) promotes national culture and identity; or (iv) is in an official or national language of Timor-Leste.  Participation of foreign individuals or legal persons in the share capital of a media corporation may not exceed 30%.
Construction work for hotels, restaurants and similar buildings for tourism	<ul style="list-style-type: none"> <li>Foreign suppliers are required to bring innovative technology and transfer skills and knowledge to local employees.</li> <li>Five work visas for supervisors are guaranteed.</li> </ul>
Distribution services	Approval to establish or acquire a retail business may be subject to an economic needs test which takes into account the impact on the market, including existing suppliers.
Higher education and other education services	The institutions may assume the form of a foundation, association, cooperative or limited liability company by quotas, or joint-stock company.
Environmental services	Services considered as public utilities may be subject to public monopolies or exclusive rights granted to private operators.
Direct insurance	Insurance risks related to maritime transportation services (except for vessels supplying solely or permanently cabotage transportation services) and commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising therefrom.  Board of directors must be composed of a minimum of three members, who shall reside in Timor-Leste, the Managing Director who is elected from board members must be permanent resident in Timor-Leste.
Reinsurance and retrocession; Services auxiliary to insurance (including broking and agency services)	(i) Board of directors must be composed of a minimum of three members, all of which must be residents of Timor-Leste.  (ii) Person responsible for an insurance company branch in Timor-Leste must reside permanently in Timor-Leste.
Banking and other financial services	Foreign suppliers are required to train and transfer skills and knowledge to local employees.
Provision and transfer of financial information	No limitations for the provision of financial news and information to subscribers or the general public. Unbound for the supply of financial data processing services to banks and other financial service suppliers for a period of 5 years from the date of accession.
Tourism and travel-related services – hotels and restaurants	Approval to establish or acquire a business may be subject to an economic needs test.
Other recreational services - Leasing or rental services of seagoing pleasure boats	Licences for foreign operators are subject to an economic needs test to ensure equitable participation in the market by local enterprises.
Maritime transport services	Once Tibar Port is fully operational, the following services will be made available to international maritime transport suppliers: a) Pilotage; b) Towing & Tug assistance; c) Provisioning, fuelling and watering; d) Garbage collecting and ballast waste disposal; e) Port Captain's services; f) Navigation Aids; g) Shore-based operational services essential to ship operations including Communications, Water and Electrical supplies; and h) Anchorage, berth and berthing services.

Sector	Commitments
	No limitations on trans-shipment (board to board or via the quay) and/or on the use of on-board cargo handling equipment.  Storage and warehousing services may be subject to monopoly or exclusive service supplier rights.
Road transport services	Licences to supply passenger transport services are subject to an economic needs test, to ensure adequate supply of the services to the Timorese public. Foreign capital participation limited to a maximum of 49%.  Public passenger transport services between Dili and Municipalities are exclusively reserved for Timorese operators.

### 3 WTO RULES

Timor-Leste undertook 31 accession-specific commitments, in 27 Sections of the Working Party Report.<sup>1</sup>

#### 3.1 General Commitments related to the Trade Regime

- All Timor-Leste's SOEs/STEs will function in a manner consistent with the WTO Agreement. Timor-Leste will notify and provide information about their activities. [Paragraph 51]
- Timor-Leste will apply its pricing policy in a WTO-consistent fashion and will publish the list of goods and services subject to monitoring regimes. [Paragraph 63]
- All legislative or regulatory instruments necessary for the application of the WTO provisions will be adopted and enacted, with the exception of those in the areas where Timor-Leste was granted transition periods. [Paragraph 75]
- Timor-Leste's laws and regulations will provide individuals or enterprises affected by any administrative action subject to WTO provisions, the right to appeal such action to a higher authority or to the courts, or other independent tribunal in conformity with WTO obligations. [Paragraph 93]
- Any natural or legal person, regardless of physical presence or investment in Timor-Leste, will be granted the right to be the importer of record of any product allowed to be imported into Timor-Leste, at any level of distribution. All laws and regulations relating to the right to trade in goods and all fees, charges or taxes levied on such rights will conform with its WTO obligations. [Paragraph 100]
- Timor-Leste will apply the WTO Agreement on Trade Facilitation from the date of accession, using the categories of commitments it proposed, as an LDC. [Paragraph 110]

#### 3.2 Specific Commitments on the Import Regime

- Timor-Leste will participate in the Information Technology Agreement (ITA) and the ITA Expansion when it becomes a WTO Member. [Paragraph 114]
- Timor-Leste will bind other duties and charges at zero in its Schedule of Concessions and Commitments on Goods. [Paragraph 116]
- Timor-Leste will apply and administer tariff rate quotas in conformity with WTO rules and will only implement tariff exemptions in conformity with WTO provisions. [Paragraph 122]
- All of Timor-Leste's fees and charges for services rendered, applied on or in connection with importation or exportation, will conform with the provisions of the WTO Agreement. [Paragraph 125]
- Timor-Leste will not introduce quantitative restrictions on imports or other non-tariff measures such as quotas, bans, permits, prior authorization requirements, licensing requirements or other restrictions having equivalent effect that could not be justified under the WTO Agreement. Its import licensing regime will fully comply with the WTO Agreement. [Paragraph 133]
- Timor-Leste will apply the Agreement on Customs Valuation, Decision 3.1 of the Committee on Customs Valuation and paragraph 2 of Decision 4.1 on Valuation of Carrier Media Bearing

<sup>1</sup> Unless otherwise specified, the commitments must be implemented upon accession.

Software for Data Processing Equipment. It will not use any form of minimum value or fixed valuation schedule for the customs valuation of goods. [Paragraph 146]

- Timor-Leste's laws and regulations for preferential and non-preferential rules of origin will comply with the Agreement on Rules of Origin and will be notified to the respective WTO Committee. [Paragraph 150]
- Pre-shipment inspection requirements, if introduced, will be temporary and in conformity with the Agreement on Pre-shipment Inspection. It will ensure that the operations of any pre-shipment inspection companies will meet the requirements of the relevant WTO Agreements. [Paragraph 152]
- Timor-Leste's laws, regulations and other measures relating to internal taxes and charges levied on imports will be in full conformity with its WTO obligations by 1 July 2025. [Paragraph 164]
- Timor-Leste will not apply any anti-dumping, countervailing or safeguard measures until it had implemented and notified to the WTO appropriate WTO-consistent laws. Timor-Leste will only apply such measures in full conformity with the relevant WTO provisions. [Paragraph 167]

### **3.3 Export Policies**

- Any subsidy programmes provided by Timor-Leste will be administered in conformity with the SCM Agreement. All necessary information on Timor-Leste's export subsidies and other notifiable programmes will be notified to the respective WTO Committee. [Paragraph 173]

### **3.4 Industrial policy, including subsidies**

- Timor-Leste will administer its subsidy programmes in full conformity with the SCM Agreement. All necessary information on these subsidy programmes will be notified to the respective WTO Committee. [Paragraph 178]
- Unless the 2022 Agreement on Fisheries Subsidies or any subsequent comprehensive fisheries disciplines have already entered into force by the time of acceptance of its Accession Protocol, Timor-Leste will accept the Agreement on Fisheries Subsidies and any subsequent protocols establishing fisheries disciplines at the same time as it accepts its WTO Accession Protocol. [Paragraph 180]

### **3.5 Technical Barriers to Trade**

- Full implementation of the TBT Agreement will start from 1 January 2026. During the transition period, existing measures will be applied on a non-discriminatory basis. Any changes made in Timor-Leste's laws, regulations and practice during the transition period will not result in a lesser degree of consistency with the provisions of the TBT Agreement. [Paragraph 190]

### **3.6 Sanitary and Phytosanitary Measures**

- Full implementation of the SPS Agreement will start from 1 January 2028. During the transition period, existing SPS measures will be applied on a non-discriminatory basis. Any changes made in Timor-Leste's laws, regulations and practice during the transition period will not result in a lesser degree of consistency with the provisions of the SPS Agreement. Timor-Leste will consult with Members upon request if any Member deems that any measures applied during the transition period affect their trade negatively. [Paragraph 231]

### **3.7 Trade-Related Investment Measures**

- Timor-Leste will not maintain any measures inconsistent with the TRIMs Agreement. [Paragraph 233]

### **3.8 Free Zones and Special Economic Zones**

- Free zones and special economic zones will be established, maintained and administered in conformity with the WTO Agreement. Timor-Leste will ensure enforcement of its WTO obligations in those zones. The right of firms to register and operate in these zones will not be subject to export performance, trade balancing or local content requirements. Goods imported into the free trade zones and goods produced in any free trade zones or areas under tax and tariff provisions that exempt imports and imported inputs from tariffs and certain taxes, will be subject to normal customs formalities when entering the rest of the territory of Timor-Leste. [Paragraph 239]

### **3.9 Government Procurement**

- Timor-Leste will become an observer to the Agreement on Government Procurement and submit an application for membership with within one year following the accession. [Paragraph 255]

### **3.10 Agricultural policies**

- Timor-Leste will bind agricultural export subsidies at zero from the date of accession. [Paragraph 261]

### **3.11 Trade-Related Intellectual Property Rights**

- Full implementation of the TRIPS Agreement will start no later than 1 January 2027. Articles 3, 4 and 5 of the TRIPS Agreement will apply from the date of accession. Any changes made in Timor-Leste's laws, regulations and practice in the transitional period will not result in a lesser degree of consistency with the provisions of the TRIPS Agreement. Timor-Leste will seek all available technical assistance to ensure that its capacity to fully enforce its TRIPS-consistent legal regime upon the expiration of the transition period. It will make TRIPS legislation (draft and promulgated) available to the WTO TRIPS Council for circulation to interested Members. [Paragraphs 302, 303]

### **3.12 Services**

- Timor-Leste will become a participant of the Declaration on the Conclusion of Negotiations on Services Domestic Regulation. [Paragraph 322]

### **3.13 Transparency**

- Timor-Leste will fully and promptly implement the transparency provisions in the WTO Agreements requiring notification and/or publication. No law, regulation, judicial decision, administrative ruling, or other measure of general application pertaining to or affecting trade in goods, services and TRIPS will become effective prior to its publication. The publication of such laws, regulations and other measures will include the effective date of these measures and list the products and/or services affected by the particular measure. [Paragraph 327]
- Timor-Leste will submit all initial notifications required by the WTO Agreement, at the latest, within six months of the entry into force of the Protocol of Accession. Any laws, regulations, or other measures subsequently enacted by Timor-Leste will also be notified in a time and manner consistent with WTO requirements. [Paragraph 331]

### **3.14 Trade Agreements**

- Timor-Leste will observe the WTO Agreement, including Article XXIV of the GATT 1994, the 1979 GATT Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (Enabling Clause) and Article V of the GATS in its trade agreements. It will comply the applicable provisions of the WTO Agreement for notification, consultation, and other requirements concerning FTAs, customs unions and other preferential trade arrangements, of which Timor-Leste was, or may become, a member. [Paragraph 336]

### III. TRANSITION PERIODS

- Timor-Leste negotiated transition periods for:

<b>TFA</b>	▪ TFA will be implemented using the categories of commitments as proposed in Annex 12 of the Working Party Report. [Paragraph 110]
<b>ITA and ITA Expansion</b>	▪ Timor-Leste will implement its ITA/ITA-II commitments upon accession, except for duties on products in 378 and 27 tariff lines, which will be eliminated by 2027 and 2030, respectively. [Paragraph 114]
<b>Internal taxation</b>	▪ All laws, regulations and other measures relating to internal taxes and charges levied on imports will be in full conformity with its WTO obligations by 1 July 2025. [Paragraph 164]
<b>TBT</b>	▪ Full implementation of the TBT Agreement will start from 1 January 2026. [Paragraph 190]
<b>SPS</b>	▪ Full implementation of the SPS Agreement will start from 1 January 2028. [Paragraph 231]
<b>TRIPS</b>	▪ Full implementation of the TRIPS Agreement will start from 1 January 2027. [Paragraph 303]

### IV. AGRICULTURE SUPPORT

- Timor-Leste's revised Agriculture Supporting Tables (AGSTs) were circulated in document [WT/ACC/SPEC/TLS/1/Rev.2](#) on 29 July 2022 and approved by WP Members on 11 October 2023. The tables, which only listed "green box" measures in Table DS:1, have been reflected in Part IV of Timor-Leste's Schedule of Concessions and Commitments on Goods (CLXXVIII).