



INVEST
TIMOR-LESTE
2026

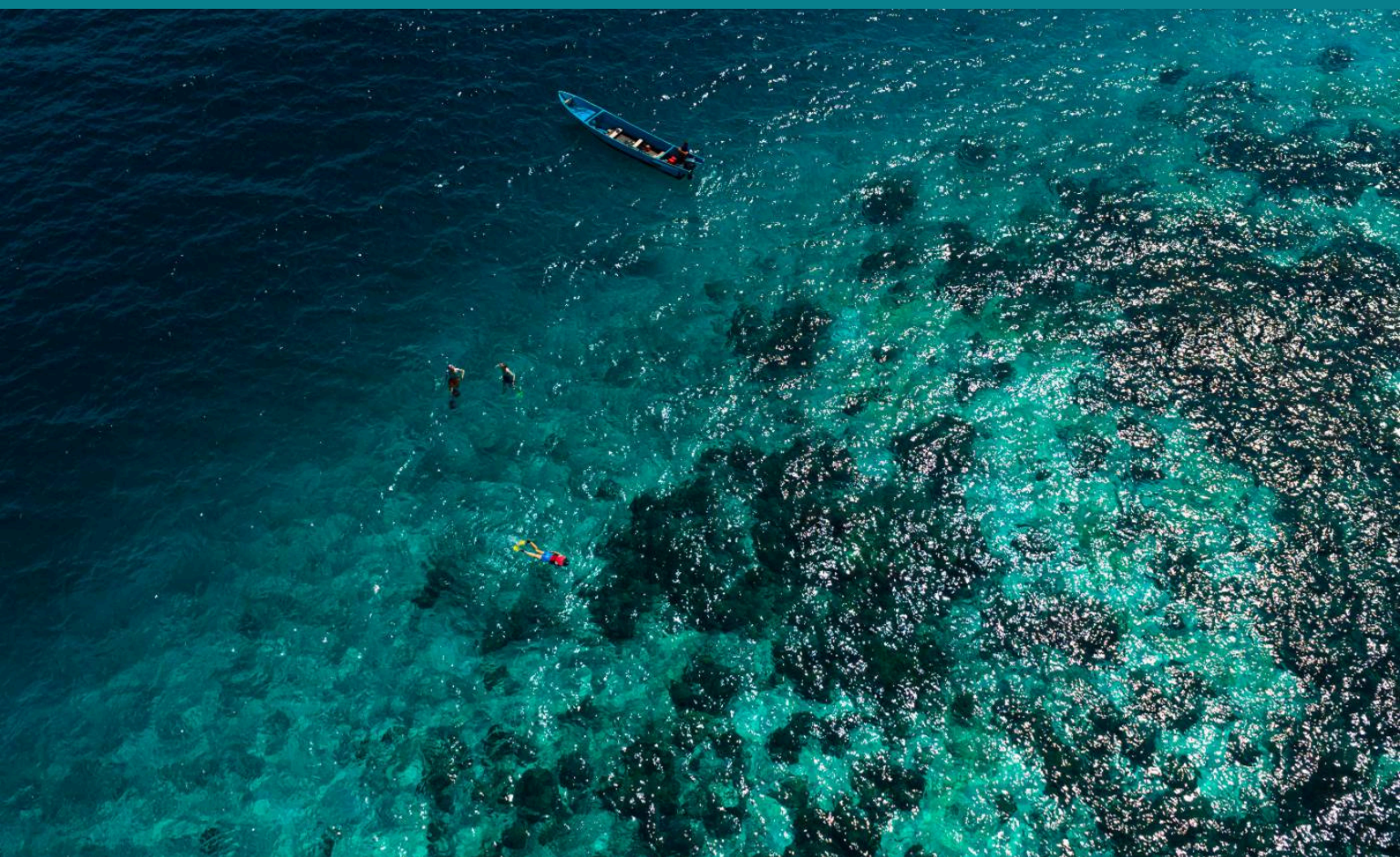


Australian Government

INVESTMENT PROSPECTUS

Tourism in Timor-Leste

Opportunities for Investment in an Emerging Destination



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ABOUT THIS PROSPECTUS

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Executive Summary

Timor-Leste is one of Southeast Asia's youngest nations and one of its newest emerging tourism destinations. With world-class marine biodiversity at the heart of the Coral Triangle, dramatic terrestrial landscapes, and a rich blend of Timorese, Portuguese and Catholic cultural heritage, the country offers an authentic and varied travel experience that is increasingly rare in the region.

Tourism has been identified as a priority sector for the government's economic diversification agenda. Visitor arrivals were provisionally estimated at almost 49,000 in 2025, an 82% increase on 2024, with tourism expenditure of approximately US\$50.5 million contributing around 3.6% of GDP.¹

The sector is positioned for substantial further growth: ASEAN accession in 2025 has opened access to a 680+ million-person market and to ASEAN's tourism marketing mechanisms; air connectivity is expanding rapidly with five airlines now operating more than 30 weekly international flights and new routes to Darwin, Melbourne and across Asia in the pipeline; and major infrastructure investments including a US\$300 million airport modernisation, a new International Conference Centre and the Avenida de Portugal waterfront upgrade, with adaptation of Tibar Bay port for cruise vessels under consideration, will substantially enhance the visitor experience over the coming years.

Timor-Leste's positioning is deliberately distinctive. The opportunity is to develop a high-value, sustainable destination serving the 'Authentic Experiencers and Cultural Explorers' segment, across marine tourism, ecotourism, cultural and heritage experiences, premium accommodation, and adventure travel.

This is an early-stage market. Investors should expect the challenges typical of a nascent tourism economy: a higher cost base than much of Southeast Asia, nascent digital payments and online booking infrastructure, workforce capability gaps requiring up-front training investment, and complexities accessing land for greenfield development. To date, tourism investment in Timor-Leste has been most successfully pursued by local operators, regional tourism businesses extending from established Australian and Asian markets, impact-oriented investors, and those with a personal or historical connection to the country. As infrastructure, air access and the policy environment mature, the opportunity set is broadening.

This prospectus provides a realistic overview of Timor-Leste's tourism sector, the growth trajectory and market opportunity, investment opportunities, key risks, and the practical framework for investment. It is intended to help prospective investors assess whether and how to engage.

01 Country Context

Timor-Leste is a small Southeast Asian nation with a population of almost 1.4 million. It is large relative to most Pacific Island states but small within the ASEAN context. Since independence in 2002, the country experienced significant economic growth, averaging 4.8% real GDP growth through to 2012, driven largely by oil and gas revenues from the Timor Sea.² Growth has since slowed, with limited growth in real GDP per capita, as the economy seeks to diversify away from petroleum dependence.

Urbanisation is low at 30%, and the majority of households rely on small-scale agriculture for their livelihoods. Rural areas are characterised by rugged mountains, immense natural beauty and deep cultural traditions, the very assets on which a high-value tourism sector can be built. Government spending leads the economy, sustaining a large public workforce and extensive social transfer programs, which has produced consistent demand for consumer goods and services. With a relatively small manufacturing sector, the country is heavily reliant on imports, and the trade deficit is funded by revenues from oil and gas.

There is widespread recognition of the need for economic diversification, including to create economic opportunities and employment for a large and growing population of young adults. The government is actively promoting investment in tourism and hospitality, agribusiness, light manufacturing, and related services.³ Timor-Leste maintains a strong commitment to economic openness, with low tariffs, minimal non-tariff barriers, incentives for foreign investment, and acceptance of foreign workers. Recent accession into the WTO (2024) and ASEAN (2025) reflect this commitment and provide new opportunities for international engagement, including access to ASEAN's tourism marketing and product development mechanisms. Additionally, global travel publications are increasingly recognising Timor-Leste as an up-and-coming destination.^{4,5}

Timor-Leste is a stable democracy, ranking first in Southeast Asia on Freedom House's Freedom in the World index.⁶ The country is widely regarded as safe for visitors, and one of the safest countries to visit in Southeast Asia.⁷

1.4m
POPULATION

1st
IN SE ASIA, FREEDOM
IN THE WORLD INDEX

2025
ASEAN MEMBERSHIP

Investment Enablers

Several structural features position Timor-Leste favourably for tourism investment, particularly in a regional context:

- **Strategic location.** Positioned at the crossroads of Southeast Asia and the Pacific, with proximity to Australia (1.5-hour flight to Darwin), Indonesia (2-hour flight to Bali), and the wider ASEAN market, Timor-Leste sits within easy reach of major source markets and is increasingly accessible via expanding air routes.
- **Young workforce.** More than half the working-age population is under 30, providing a strong workforce for hospitality, services, and tourism operations.⁸
- **Competitive labour costs.** A minimum wage of US\$115 per month compares favourably with most of the Southeast Asian region, with reasonable English, Indonesian and Portuguese language capability across the workforce.
- **Currency stability.** The US dollar is the national currency, reducing exchange rate risk for investors and providing pricing predictability for international visitors. Inflation has remained below 3% per annum every year since 2014, except during the COVID period.⁹
- **Improving infrastructure.** The main road network is improving, the Dili International Airport is undergoing a US\$300 million modernisation that will accommodate wide-bodied aircraft and up to 1 million passengers annually, and the new Tibar Bay national port (only a few kilometres from Dili) handled total trade in excess of US\$850 million in 2023¹⁰, with upgrades to accommodate larger cruise vessels under review.
- **Energy and connectivity.** Large-scale renewable energy investments such as the 72 MW Manatuto solar project will reduce energy costs. The Timor-Leste South Submarine Cable entered commercial operation in July 2026, delivering the country's first international undersea fibre-optic connection and replacing reliance on relatively costly satellite services, helping address a key barrier for digital booking, payment and marketing infrastructure.¹¹
- **ASEAN tourism integration.** ASEAN membership provides access to a 680+ million-person regional market, ASEAN tourism marketing and standards frameworks, and mostly tariff-free trade with other ASEAN countries under the ASEAN Trade in Goods Agreement.¹²

02 The Tourism Sector

Timor-Leste is in the early stages of emerging as a tourism destination. The government has identified tourism as a priority sector for economic transformation, with a vision to develop a sustainable, inclusive, and well-managed industry that leverages the country's extraordinary natural assets, vibrant cultural heritage, and strategic location in Southeast Asia's most biodiverse region.

Crucially, the strategy does not seek mass-market tourism; it is neither the goal nor a realistic trajectory for Timor-Leste. The opportunity is to develop a high-value destination that appeals to the right type of traveller; those seeking authentic, varied, and increasingly rare experiences. The tourism industry must grow in alignment with the country's capacity to deliver quality and protect the assets that make it distinctive.

Investors entering now have the opportunity to build on early momentum and capitalise on substantial potential before the market matures.

IN THE HEART OF THE CORAL TRIANGLE

1,200+

REEF FISH SPECIES

400+

REEF-BUILDING
CORAL SPECIES

6

SEA TURTLE SPECIES
PRESENT

24+

WHALE & DOLPHIN
SPECIES RECORDED¹³

Exceptional Tourism Assets

A strong tourism industry is built around the points of attraction that draw visitors. Timor-Leste's asset base is exceptional and largely undeveloped.

Marine Assets

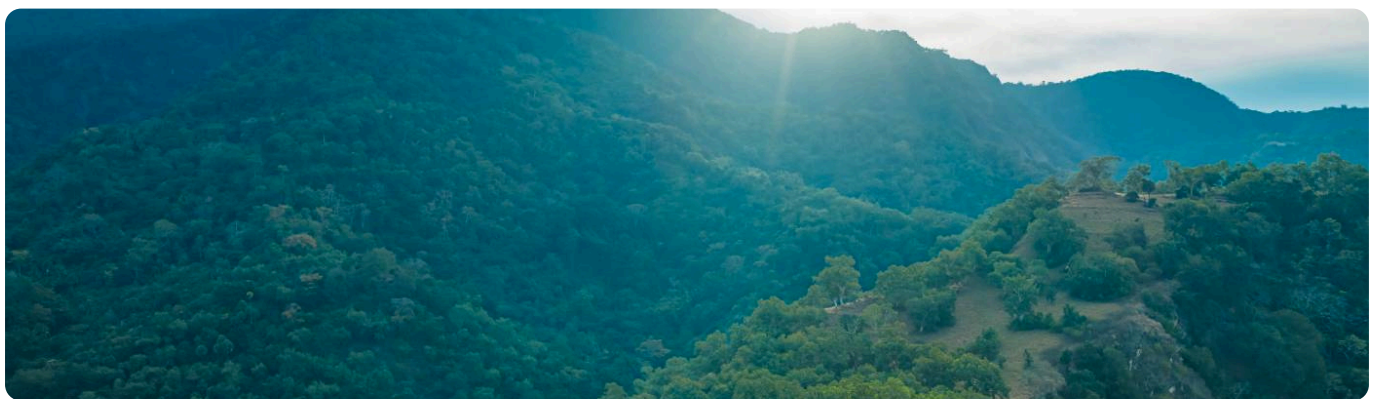
Located in the heart of the Coral Triangle, Timor-Leste has some of the world's most biodiverse waters. Scuba diving, snorkelling and other marine experiences are the country's single most distinctive tourism drawcard.

- Over 1,200 species of reef fish
- 400+ reef-building coral species
- Six species of sea turtles
- At least 24 species of whales and dolphins have been recorded residing in or migrating through Timorese waters¹³, including the annual blue whale migration, a globally significant event with an established small-scale operator industry built around it
- Marine surveys around Atauro Island have recorded the highest average reef fish diversity in the world¹⁴

Terrestrial Assets

The terrestrial landscape is equally impressive, with diverse ecosystems supporting trekking, nature, and adventure tourism.

- 2,448 identified species of flora and fauna, including 258 bird species, 97 mammals, and 865 plant species¹⁵
- Nino Konis Santana National Park is the country's first national park, established in 2007, covering 1,236 km² of land and marine biodiversity
- Mount Ramelau (2,963m), the highest point in the country, and a network of mountains and plains ideal for trekking
- Pristine beaches and coastal landscapes along much of the country's extensive coastline



Cultural Heritage

Timor-Leste offers a rich and diverse cultural heritage that distinguishes it from other regional destinations.

- An authentic blend of Timorese traditions, Portuguese colonial influences, and Catholic heritage
- Distinctive traditional arts including tais textiles, intricate basketry, wood carving, and pottery
- Sacred houses (Uma Lulik) and Portuguese-styled architecture providing unique visual experiences
- Living traditions of music, dance, and oral storytelling that offer immersive cultural encounters
- Significant military history sites spanning World War II, the Indonesian occupation, the resistance struggle, and the path to independence



Current Tourism Profile

48,927

VISITOR ARRIVALS,
2025 (PROVISIONAL)

82%

GROWTH ON 2024

The industry remains young but growing quickly. Visitor arrivals were provisionally estimated at 48,927 in 2025,¹ an 82% increase on 2024 and approaching pre-COVID (2019) levels, with a further 1,143 cruise visitors. Tourism expenditure was estimated at US\$50.5 million,¹ contributing around 3.6% of GDP. A relatively large expatriate community based in Dili contributes additional weekend and short-holiday demand across the country. These figures should be read as indicative: visitor definitions are still being standardised toward UNWTO categories, and headline counts may understate actual visitation.

The visitor profile is balanced across purposes: in 2025, 35.8% of visitors arrived for leisure, 38.7% to visit friends and relatives, and 25.5% for business, meetings and conferences.¹ Australia leads the source markets, followed by Indonesia, China, Portugal, Malaysia, the Philippines, the United States, Japan, Singapore, and Korea.¹

Timor-Leste appeals particularly to the 'Authentic Experiencers and Cultural Explorers' segment, which makes up approximately 21% of global travellers, with marine tourism, ecotourism, cultural heritage, and adventure travel as the dominant drawcards.¹⁶

Accommodation stock totals more than 2,000 rooms across the country covering a range of categories. The Dili corridor offers over 500 high-quality hotel rooms, with recent openings of the Palm Springs Hotel and JL World adding 200 high-quality rooms to the inventory. A range of mid-cost and budget accommodation operates in Dili and across the country, including architecturally distinctive guest houses and homestays in rural villages.

Government Policy Framework

Tourism development is anchored by a comprehensive set of policy frameworks that together signal sustained government commitment to the sector:

- **Timor-Leste Strategic Development Plan 2011–2030** – identifies tourism as a priority growth sector for the country's economic transformation.³
- **National Tourism Policy 2017–2030** – establishes an overarching vision built on five pillars: Priority, Prosperity, Protection, Partnership, and People. Outlines government's ambition to grow visitor numbers to 200,000 annually by 2030.¹⁷
- **National Strategic Plan for the Development of Tourism 2023–2030** – translates the high-level frameworks into actionable strategies and sectoral targets.¹⁸
- **Marine and Blue Economy commitments** – the government has committed to designating Atauro Island for National Marine Park status, and a national Blue Economy Policy has been approved for adoption, providing a supportive environment for sustainable marine tourism investment.

03 Market Opportunity & Growth

Several factors are converging to drive substantial tourism growth over the next 5 to 10 years: improved air connectivity, ASEAN integration, an expanding pipeline of major infrastructure projects, and rising regional middle-class travel demand. For investors, the question is less whether the market will grow and more how quickly, and which segments will scale first.

Source Markets

Timor-Leste's leisure market is anchored by Australia and supported by an expanding set of regional and emerging source markets. Each presents a distinct profile and trajectory:

- **Australia.** The largest leisure source market today, accounting for around 50% of leisure arrivals. ¹The opportunity for further growth is significant: more than 1.6 million 'Timor-Leste Intenders' (Australians who have expressed an interest in visiting)¹⁹ represent a deep latent demand pool, supported by Timor-Leste's proximity to Darwin (a 1.5-hour flight), strong historical ties dating to World War II and INTERFET, an established expatriate community, and growing direct flight capacity including new Aero Dili routes from Darwin (additional services from late May 2026) and Melbourne (debut planned before end of 2026).
- **Indonesia.** With a population of approximately 280 million and a rapidly expanding middle class, Indonesia represents the single largest potential growth market. The most natural opportunity is to position Timor-Leste as an add-on destination for Java residents already holidaying in Bali or the eastern islands, leveraging the daily Aero Dili and Citilink services from Bali.
- **ASEAN.** ASEAN accession in October 2025 unlocks access to a 680+ million-person market and provides entry into ASEAN's tourism marketing and product development mechanisms. Early effects are already visible, with notable growth in interest from new markets such as Malaysia.
- **China and other emerging markets.** Direct flights from Xiamen are operating, and as additional routes (Kupang, Jakarta, Manila, Bangkok) come online, new source markets become viable. Smaller but growing contributions also come from Portugal (cultural and historical ties), New Zealand, the United Kingdom, and the United States.

As a US-dollar economy, Timor-Leste is currently a higher-cost destination than much of Southeast Asia. This positioning aligns with the strategy of attracting high-value travellers rather than competing on price, but is an important consideration for investors targeting price-sensitive segments.

Air Connectivity

Air access has expanded substantially in recent years and is a key enabler of further growth. Five airlines currently operate more than 30 weekly direct international flights to Timor-Leste, with capacity exceeding 4,000 seats per week from Australia, Indonesia, Singapore, Malaysia, and China.²⁰



ROUTE	WEEKLY FLIGHTS	AIRLINES
Bali, Indonesia	14	Aero Dili (daily), Citilink (daily)
Darwin, Australia	12	Qantas (daily), Air North (Mon/Wed/Fri), Aero Dili (Tue/Sun)
Singapore	1	Aero Dili (Sunday)
Kuala Lumpur, Malaysia	5	Batik Air (Mon/Wed/Fri), Aero Dili (Tue/Sat)
Xiamen, China	1	Aero Dili (Tue)
Fuzhou, China	—	Aero Dili (temporarily suspended)

New routes in the pipeline

New routes will materially expand market reach over the next 12 to 18 months:

- **Melbourne** – Aero Dili debut planned before end of 2026
- **Kupang, Jakarta, Manila, and Bangkok** – routes in active development

Infrastructure Pipeline

A pipeline of major tourism-enabling infrastructure projects is in delivery or active planning. Together, these will substantially upgrade the visitor experience and the country's capacity to host higher visitor volumes:

- **Dili International Airport modernisation (US\$300M).** A runway extension to accommodate wide-bodied aircraft, a new modern terminal, control tower, and cargo facilities. Total capacity will reach approximately 1 million passengers annually on completion.
- **Tibar Bay Cruise Port.** The existing cargo port is under consideration for adaptation to accommodate larger cruise vessels, which would position Timor-Leste to capture a meaningful share of the growing regional cruise market.
- **International Conference Centre (ICC).** A new ICC at the old Dili Port site will be developed to ASEAN standards, featuring conference rooms, auditoriums, exhibition halls, and integrated leisure amenities including accommodation, a pier walkway, aquarium, and entertainment centre. This positions Dili to compete for regional business events and conferences. Timor-Leste will chair ASEAN in 2029, hosting a year-long program of ministerial meetings and a Heads of State Summit. This is a significant near-term catalyst for business events demand and the principal driver behind the ICC and the wider infrastructure pipeline, all targeted for completion before 2029.
- **Avenida de Portugal waterfront upgrade.** A 2.7-kilometre redevelopment of the Dili waterfront for walking, cycling, recreation, picnics and dining. It will be a significant upgrade to the visitor experience in the capital and a catalyst for adjacent retail and hospitality investment.
- **Solar power generation on Atauro.** A project is well progressed to provide clean energy for Atauro Island, replacing diesel generators and delivering lower-cost, reliable electricity to support a growing range of tourism assets.

04 Investment Opportunities

The opportunities below are not exhaustive but capture the areas most commonly identified by sector participants and where new investment can build momentum, leverage existing assets, or address gaps that currently constrain visitor experience and operator economics.

Place-Based Investments

Timor-Leste's natural beauty is spread across the country, and several destinations outside Dili are emerging as priority sites for tourism investment. Atauro Island is the most developed and investment-ready of these today.

Atauro Island – One hour by ferry from Dili, Atauro offers a unique combination of natural beauty, exceptional diving and snorkelling around the island, and an authentic experience of local village life. The current accommodation, dive and hospitality base is small. Visitor demand is expected to grow substantially as air access expands, marine products mature, and the planned National Marine Park designation lifts the island's profile. This creates scope for investment across the full visitor experience: differentiated accommodation (see below), dive and marine tour operations, food and beverage, retail, and supporting services. The new solar power plant will ensure reliable, clean and affordable energy is available to support growth.

CASE STUDY · PROSPARES GROUP

TimorGetaway

TimorGetaway is a digital tourism platform developed by Prospares Group, a Timorese-led firm. It lets travellers discover and book community-based accommodation, tours and experiences, with an integrated digital payment system, addressing two of the sector's most common constraints: discoverability and online payment. It operates on a booking commission of around 15% with no upfront cost to hosts, which lowers the barrier for small community operators to reach visitors.

First piloted in Com, in Lautem, it pairs the technology with on-the-ground support, including business management training, inclusive product development, and support for women entrepreneurs. The operator plans to extend to Atauro Island and, over time, nationally, and is seeking catalytic investment to scale. It is an example of the locally led, digitally enabled model that can grow community tourism alongside the wider market.

Accommodation

Dili's core hotel inventory is largely sufficient for current demand, and the recent openings of the Palm Springs Hotel and JL World have added 200 high-quality rooms to the capital. In addition, Timor Marina Square, a multi-purpose high-rise development now under construction, will increase the stock of serviced apartments.²¹ Further capacity in standard hotel categories in Dili is therefore not the immediate priority. The opportunity lies in differentiated, destination-specific accommodation:

- **Eco-resort at Atauro Island.** A high-quality eco-resort serving a different market segment from the existing dive resorts and guest houses on the island.
- **Large integrated resort near Dili.** A larger-scale development of the kind originally envisaged for the Pelican Paradise site, combining accommodation, dining, recreation and conference facilities to anchor a higher-volume international leisure market.
- **Pousada management across the municipalities.** Operation and management of selected Portuguese-era pousadas as a distinctive cultural accommodation product. This opportunity is contingent on government leadership to structure the arrangements and tender processes.

A distinct, time-bound opportunity sits alongside this. Timor-Leste's ASEAN Chairmanship in 2029 will generate a short but intense peak in demand for quality rooms that the current and committed pipeline is unlikely to meet. The opportunity is for accommodation that is viable for the 2029 program and durable afterwards, avoiding the over-capacity that has followed major events elsewhere. Interim measures, including chartered cruise-ship berthing to supplement room stock during peak periods, may also be under consideration.



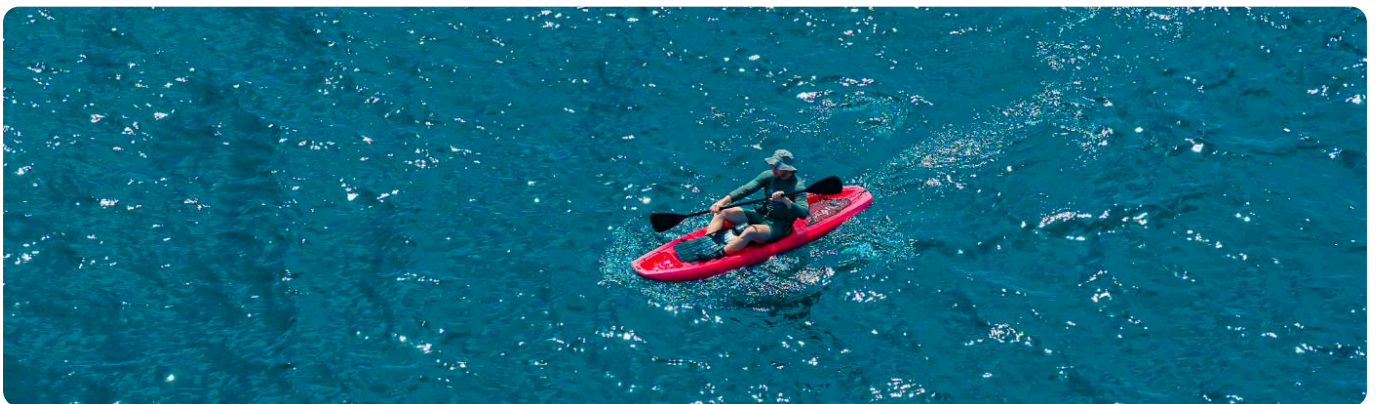
Transport and Access

- **Fast ferry to Atauro Island.** Atauro Island is one of Timor-Leste's flagship marine destinations, but access from Dili is slow and poorly suited to tourist travel. The only fast ferry, the privately operated Dragon Boat, has been out of service since December 2025. Its single-hull design also limits operations in rough conditions, leading to frequent cancellations on high-wind days. The remaining scheduled services, including the government-run Berlin Nakroma and the Success passenger barge, are slow and basic, and are not designed for tourist comfort. With crossings of 2 to 3 hours each way, day-trippers arrive around lunchtime and must depart again in the early afternoon, leaving little time on the island and a disproportionate share of the day spent in transit. There is a clear opportunity for a privately operated, reliable fast ferry service to support Atauro's marine tourism market.
- **Ground transport in Dili.** Local transport relies on mikrolet minibuses on fixed routes and unmetered taxis. Neither serves visitors well as routes are hard to navigate, English is limited, and taxi supply thins sharply after dark. The clearest opportunity is a rideshare or app-based booking platform with transparent pricing and reliable evening coverage.
- **Ground transport outside Dili.** Travel to the municipalities currently requires privately hired vehicles or slow public buses. As demand grows across Mt Ramelau, One Dollar Beach and the eastern districts, scope exists for scheduled small-bus services, on-demand transfers aligned with weekend trip patterns, and professionalised car and van rental.
- **Coach and group transport.** Two converging drivers will sharply lift demand for coach services. ASEAN accession and the new International Conference Centre will expand Dili's business events pipeline, requiring delegate transfers between the airport, hotels, the ICC and off-site events. The proposed Tibar Bay cruise terminal adaptation would materially increase cruise passenger volumes, with shore excursions requiring well-presented fleets to move passengers within tight day-trip windows. The current coach inventory is insufficient in both volume and presentation standards. The opportunity is a modern, well-maintained fleet with well-trained drivers and the systems to handle large group movements professionally.
- **Marina and private jetties.** Dili has no marina or organised berthing for private and recreational vessels. A marina and associated private jetties would be transformational, unlocking yacht tourism (Timor-Leste is well positioned between Darwin and the Indonesian archipelago), enabling a domestic charter and day-cruise industry, supporting faster connections to Atauro, and catalysing adjacent waterfront hospitality and retail.

Tourism Products

As visitor numbers grow, demand will expand for the experiences that turn arrivals into longer stays and repeat visits. Current product offerings are thin relative to the country's asset base, leaving clear scope for new operators across several categories:

- **Marine experiences beyond diving.** Fishing charters, sailing, and blue-water adventure products that build on Timor-Leste's marine assets and complement the established dive operator base.
- **Liveaboards.** Multi-day liveaboard dive itineraries around Atauro, Jaco Island and the north coast. This is a standard product across the Coral Triangle (Raja Ampat, Komodo, Wakatobi) but largely absent in Timorese waters.
- **Harbour and day cruises.** Sunset cruises, dinner cruises, and day-trip charters out of Dili. These are standard products in most regional capitals, but absent in Dili despite the waterfront, the views, and a captive expatriate and visitor market.
- **National park and nature experiences.** Guided treks, wildlife and birding tours, and interpreted nature experiences across Nino Konis Santana National Park, Mt Ramelau, and other inland destinations.
- **Cultural and heritage products.** Structured experiences around tais weaving, traditional villages, Portuguese-era heritage sites, and significant military history sites spanning World War II, the Indonesian occupation, and the resistance.
- **Coffee and agritourism.** Farm visits, tastings and immersive experiences linked to the country's distinctive coffee sector.



Tourism and Hospitality Training

Providers deliver basic hospitality training, but internationally accredited capacity is limited, particularly at supervisory and management levels. As new hotels, resorts and tour operations come online, demand will grow sharply for trained front-of-house staff, chefs, dive instructors, tour guides, and hospitality managers. The opportunity is for an internationally accredited training institution delivering qualifications aligned with ASEAN Mutual Recognition Arrangement standards.



Retail and Hospitality

Dili has a developing food and beverage scene, with several restaurants and cafés well positioned to enjoy sea views, and scope for higher-end expansion as visitor numbers grow. International-standard offerings outside Dili remain limited. Retail provision is thin: one main shopping mall (Timor Plaza), a small number of souvenir outlets, and the Tais Market for traditional weaving. Immediate opportunities in this segment will be best captured by local investors with the relationships and operational footprint to move quickly. Larger-scale hospitality and retail hubs will emerge over time as visitor numbers grow, particularly at priority destinations outside the capital.

Retirement Living

Asia-Pacific had 722 million people aged 60 or over in 2024, and this is projected to reach 26% of the region's population by 2050.²² In Australia, Timor-Leste's nearest source market, 17% of the population are aged 65 or over, and this is projected to reach 25–27% by 2071.²³ Ageing demographics are driving regional demand for wellness, long-stay and retirement living at price points where care and living costs are well below Australian, Singaporean or Japanese equivalents. Timor-Leste's proximity to Australia, US dollar pricing, competitive labour costs, and cultural respect for elders position it to capture a share of this market.

Opportunities include accommodation and retirement living villages, with accompanying investments in eldercare training, transport and improvements to specialist medical capacity. Unlocking retirement living opportunities would also be contingent on a long-stay or retirement visa (with established models in Indonesia, Thailand and Malaysia). This is a matter for early engagement with the Government of Timor-Leste.

05 Key Players and Ecosystem

This section provides an overview of key actors. It is not exhaustive and is intended as a guide.

Government Institutions

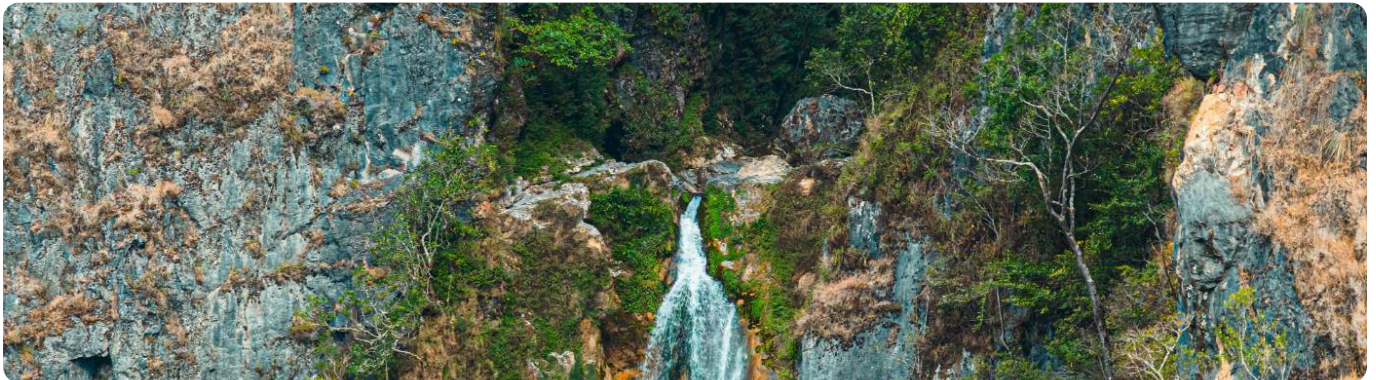
- **Ministry of Tourism and Environment** – lead policy direction, sector coordination, regulation development, and tourism marketing.
- **TradeInvest Timor-Leste** – investment facilitation, incentive processing, and investor aftercare services.
- **Ministry of Transport and Communications** – connectivity and transport infrastructure.
- **Ministry of Public Works** – construction and maintenance of public infrastructure.
- **Civil Aviation Authority** – airport operations and air service agreements.
- **Port Authority of Timor-Leste** – maritime access and cruise terminal operations.
- **Migration Service and Customs Authority** – visitor facilitation, visa processing, and border services.
- **Central Bank of Timor-Leste** – banking sector development and payment systems oversight.
- **Ministry of Higher Education, Science and Culture** – workforce development and cultural heritage protection.

Development Partners and Regional Organisations

- **Australia** – technical advice to key Government of Timor-Leste agencies through PROSIVU, and direct support to marketing, product development, and businesses through the Market Development Facility.
- **International Finance Corporation / World Bank** – investment promotion, cruise infrastructure, and broader private sector development.
- **The Asia Foundation** – marketing, human resources development, private sector capacity, and tourism statistics.
- **Asian Development Bank** – infrastructure project funding and technical advice.
- **International Trade Centre** – regulation and oversight support.
- **ASEAN Tourism Secretariat** – marketing, statistics, product development, and human resources frameworks.
- **South Pacific Tourism Organization** – technical advice, project funding, and marketing support.
- **UN Tourism** – technical advice and workforce development.
- **International Labour Organization** – human resources and private sector development.
- **Pacific Asia Travel Association** – marketing support and regional industry linkages.
- **Conservation International** – marine regulations, biodiversity policy, and environmental standards.

Private Sector Associations and Networks

- **Hotel Owners of Timor-Leste** – accommodation and tourism services representation.
- **Timor-Leste Australia Business Council** – bilateral business chamber representing Timorese and Australian businesses.
- **Timor-Leste Tour Operators Association** – tour operator standards and advocacy.
- **Timor-Leste National Association of Tourism** – tour operator standards and advocacy.
- **Association of Tourism Agencies and Operators of Timor-Leste** – tour operator standards and advocacy.
- **Dive Operators Working Group** – marine tourism safety, standards, and marketing.
- **Atauro Tourism Association** – island tourism development and community engagement.
- **Timor-Leste Maritime Tourism Association** – marine regulations and whale watching standards.
- **Timor-Leste Religious Tourism Association** – religious tourism development.
- **Timor-Leste Coffee Association** – coffee tourism product development.
- **Chamber of Commerce and Industry Timor-Leste** – broad-based business chamber.



06 Risks and Considerations

Timor-Leste is an emerging tourism market. Investors should approach with a realistic understanding of the operating environment. The following risks and challenges are common across the sector:

- **Cost positioning.** As a US-dollar economy, Timor-Leste is currently a higher-cost destination than much of Southeast Asia. This is consistent with a high-value tourism strategy, but means investors targeting price-sensitive segments will struggle to compete with regional alternatives. Operators succeed by delivering experiences and quality that justify the price point.
- **Land access.** Acquiring land for tourism developments, particularly for eco-resorts, place-based developments, and large coastal sites requires local cooperation, often through partnership with a local organisation or community. Foreign investors cannot own land, but state land leases of up to 50 years (renewable to 100 years) are available, and surface rights ownership is permitted. Customary land arrangements add complexity and require careful early-stage engagement.
- **Tourism infrastructure.** Visitor mobility, signage, public amenities, and supporting services are still developing. Reliable taxi and ground transport options are limited, particularly outside Dili. Investors should expect to either include transport in their offering or work with the set of established tourism operators.
- **Digital payments and online booking.** Online booking and digital payment infrastructure is nascent. Acceptance of international credit cards linked to local bank accounts is uneven, and integration with global online travel platforms is patchy. This is improving with the South Submarine Cable now in commercial operation and growing fintech activity, but investors should plan for hybrid payment models in the near term.
- **Medical and emergency services.** Health services and emergency response are limited compared with major regional destinations, though existing services already cater to a sizeable expatriate community.

Risks and Considerations continued

- **Workforce capability.** Skills gaps exist across the workforce in hospitality, tour guiding, dive operations, and tourism management. Many investors invest heavily in up-front training and rely on some foreign skilled labour during early operations; the investment incentive framework provides for at least five skilled foreign staff visas. Workforce development is also a sector-enabling investment opportunity.
- **Climate and seasonality.** The wet season (November to April) brings heavy rainfall that affects road access in many rural areas and limits some marine and trekking activities. Tourism operations should be planned around clear seasonal patterns, with diversified product offerings to maintain occupancy across the year.
- **Destination marketing and information.** National destination marketing is still underdeveloped, with limited dedicated budget and institutional capacity, and reliable visitor information is hard to find. As a result, demand is below potential and there is a wide gap between travel intent and actual visits, which is a genuine consideration for early movers. Both are being addressed, including through a revamped, AI-enabled national tourism platform and by operators and associations marketing the destination alongside their own products, though the platform will need sustained management to be effective and investors should not assume a strong marketing pull in the near term.
- **Crocodile safety.** Saltwater crocodiles are present along parts of the coastline and are a genuine safety and reputational consideration for marine and beach tourism, particularly along the Dili corridor. Atauro is largely unaffected. Site selection, local knowledge, and clear visitor guidance are part of managing this risk.

IN SHORT

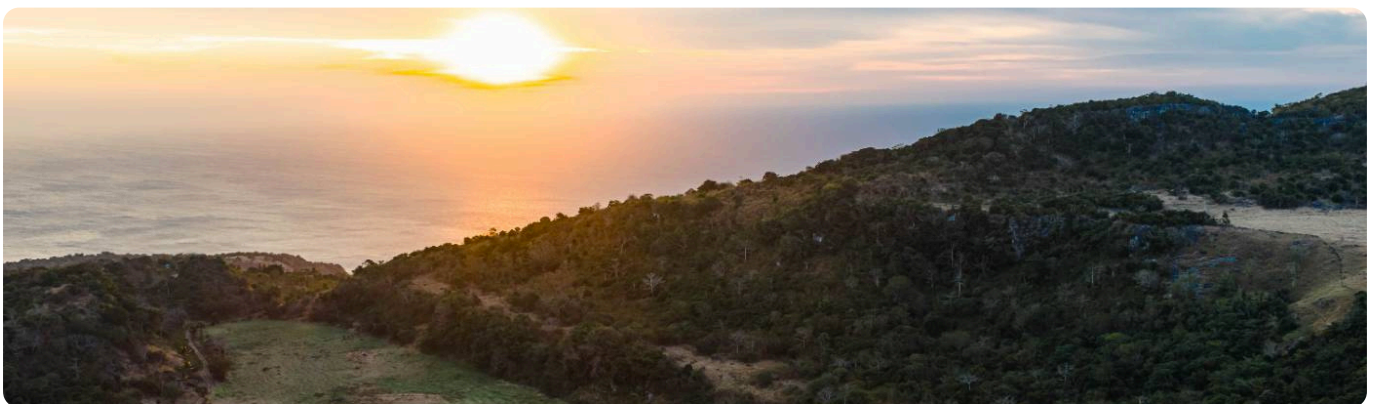
These are the challenges typical of an emerging destination. Most are best managed through partnership with established local operators, staged entry, and the incentives and facilitation set out in the investment framework.

07 Investment Framework

Entity Structures

Several structures are available for tourism investments. The choice has implications for land access, eligibility for tax incentives, access to domestic finance, and the speed at which operations can begin.

- **100% foreign-owned investment.** The Private Investment Law permits fully foreign-owned limited liability companies (Sociedade por Quotas), with full operational control and eligibility for investment incentives. This structure suits investments where the investor brings brand, systems or proprietary capability. For example, branded hotel operations, dive and tour operations, destination management companies, and business events services, and does not require deep local land aggregation.
- **Joint venture with local partners.** Joint ventures are often the pragmatic choice for tourism investments where local relationships and land access are central, including eco-resort and place-based developments. Local partners can substantially reduce the time and cost of building community arrangements, navigating customary land, and integrating with the broader tourism ecosystem. The trade-off is some degree of operational control in exchange for local knowledge.
- **Public-private partnerships (PPPs).** PPPs may apply where the scale or public-good nature of an investment warrants government co-investment. To date, PPPs are rare in Timor-Leste, but in tourism they could be relevant to enabling infrastructure such as marinas and jetties, the cruise port adaptation, and the International Conference Centre and adjacent precinct, among other investments.



Investment Incentives

To access official incentives, investors must secure either a Declaration of Benefit (DoB) or Special Investment Agreement (SIA) through TradeInvest Timor-Leste. The minimum investment thresholds are:

INVESTOR TYPE	MINIMUM INVESTMENT
National investor	US\$50,000
Foreign investor	US\$500,000
Joint venture (foreign + national, nationals hold $\geq 75\%$)	US\$250,000

- **Tax incentives.** Up to 100% exemption from corporate income tax and from sales and services taxes on goods and services used in construction and operations. Duration: 5 years in Dili, 8–10 years elsewhere.
- **Customs incentives.** 100% exemption from import duties on capital goods and equipment used in construction and operations. This is directly relevant for hotel fit-outs, dive equipment, marine craft, and specialist hospitality equipment.
- **Land access.** Foreign investors cannot own land, but leasing is strongly supported and surface rights ownership is permitted. State land leases are available for up to 50 years, renewable to 100 years.
- **Immigration and staffing.** At least five business visas for skilled foreign managers or technical staff, with streamlined processing. This is particularly relevant during the early phase of operations where international expertise is needed alongside local workforce development.
- **Administrative facilitation.** TradeInvest Timor-Leste supports business registration, licensing, visa facilitation, and government liaison.
- **Profit repatriation.** Investors benefit from secure profit repatriation guarantees under the Private Investment Law.

08 Next Steps

Investors interested in exploring opportunities in Timor-Leste's tourism sector are encouraged to make contact through TradeInvest Timor-Leste, the government's investment promotion and facilitation agency and the primary entry point for foreign investors.

PRIMARY CONTACT

TradeInvest Timor-Leste

Investment promotion and facilitation agency. Entry point for foreign investors, including business registration, licensing, visa facilitation and government liaison.

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