



LEGAL NEWS

Timor-Leste

December 2019 through February 2020

OIL & GAS

[Second amendment to the Petroleum Activities Law](#)

Law No. 6/2019, of 4 December 2019, was approved to amend the Petroleum Activities Law, adapting the domestic legal framework to the new situation resulting from the signature and ratification of the Treaty between the Democratic Republic of Timor-Leste and Australia establishing the respective Maritime Boundaries in the Timor Sea, and the consequent extinction of the Joint Petroleum Development Area and all the respective supervisory and coordination structures.

[New Production Sharing Contracts](#)

Further to the signature and ratification of the Treaty between the Democratic Republic of Timor-Leste and Australia establishing the respective Maritime Boundaries in the Timor Sea and the approved legislation on the transition of petroleum titles and regulating petroleum activities in various fields and areas previously included in the JPDA or under the jurisdiction of Australia, the entry into the below Production Sharing Contracts (“PSC”) were approved:

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- PSC between the Autoridade Nacional do Petróleo e Minerais (“ANPM”) and Eni JPDA 06-105 Pty Ltd, Repsol Oil & Gas Australia (JPDA 06-105) Pty Limited, and INPEX Timor Sea, Ltd, for area TL-SO-T 19-10;
- PSC between the ANPM and Eni JPDA 11-106 B.V., INPEX Offshore Timor Leste, LTD and TIMOR GAP PSC 11-106, Unipessoal, Limitada, for area TL-SO-T 19-11;
- PSC between the ANPM and ConocoPhillips (03-12) Pty Ltd, Santos (JPDA 91-12) Pty Ltd, ConocoPhillips (Timor Sea) Pty Ltd, ConocoPhillips (Emet) Pty, Ltd and Inpex Sahul, Ltd, for area TL-SO-T 19-12;
- PSC between the ANPM and ConocoPhillips JPDA Pty Ltd, Tokyo Timor Sea Resources Pty Ltd, ConocoPhillips (03-13) Pty Ltd and Eni JPDA 03-13 Limited, for area TL-SO-T 19-13; and
- PSC between the ANPM and Carnarvon Petroleum Timor, Unipessoal, Lda, for area TL-SO-T 19-14.

CONSTRUCTION, OIL AND GAS AND MINERAL RESOURCES

Approved rules on import, transport, storage and use of explosives

In view of the large dimension public projects being implemented in the construction, petroleum and mineral resources sectors, and the need to use dangerous explosives to carry out the same, the Government approved Decree-Law No. 7/2020, of 19 February 2020, on the rules applicable to the import, transport, storage and use of explosives for construction, petroleum and mineral activities. These activities are reserved to companies, which should be duly licensed by the entity responsible for internal security.

STATE

Organization and functioning of the Land and Property Commission

The Land and Property Commission was created in 2017 with the objective of promoting the resolution of disputed cases in proceedings pertaining to the recognition and granting of ownership rights over immovable assets. For this purpose, and by means of Decree-Law No. 5/2020 of 6 February 2020, the rules on the organization, functioning and standing of the members of the Land and Property Commission were approved. The statute also fixes the rules applicable to the proceedings undertaken by the Commission.

OIL & GAS

New structure of the Customs Authority

The Customs Authority has been restructured and its functions and organic units reformulated by means of Decree-Law No. 2/2020, of 8 January 2020. Amongst others, the National Directorate of Operations will from now on have two Subdirectors. This statute also establishes a separation of legal and appeal competences to ensure a higher transparency and impartiality, and the management, finance management and human resources management will also be separated in order to achieve better results through the specialization of tasks.

New structure of the Tax Authority

By means of Decree-Law No. 31/2019, of 18 December 2019, the Government has approved a new structure for the Tax Authority so as to align it to Timor-Leste's reality and needs. This statute aims at improving the efficiency in tax collection, notably, in respect to the oil and gas sector. Amongst others, it creates a National Directorate of Petroleum and Mineral Revenue and a National Directorate of Value Added Tax, and autonomous organic units for transfer pricing, communication and international relations.

Sixth amendment to the procurement legal framework approved

The new amendment to the Procurement Legal Framework was approved by Decree-Law No. 30/2019, of 10 December 2019, which sets forth that announcements made in respect of National Tender Processes, International Tender Processes and Pre-qualification Proceedings, should be published in two internationally recognized electronic platforms, in English or in another language used in international trade, as well as in a national newspaper, in Portuguese or Tetum.

ENVIRONMENT

Biodiversity Conservation Legal Framework

To complement the Protected Areas National System, and the Environment General Framework, the Government approved Decree-Law No. 6/2020, of 6 February 2020, which sets forth the legal framework applicable to conservation of biodiversity and sustainable use of its components. The main goal of this statute is to promote the conservation of biodiversity and the sustainable use of its components and the fair and equitable distribution of the benefits generated from genetic resources, as a fundamental component of family subsistence, food safety and the welfare and health of present and future generations. For this purpose, the statute also sets forth the principles which the various stakeholders must comply with and the rules on interaction between public entities.

STATE BUDGET

State Budget execution in duodecimal regime

In view of the lack of parliament approval of the State General Budget for 2020, the Government decided, by means of Government Decree No. 1/2020, of 15 January 2020, to apply the duodecimal regime for 2020. Therefore, until the entrance into effect of a State General Budget for 2020, the rules on the execution of the State General Budget for 2019 apply with the required adaptations and subject to the rules now approved by the Government.

AVIATION

Rules on Airfield Certification approved State

Decree-Law No. 32/2019, of 18 December 2019, sets forth the conditions for the construction, certification and exploitation of national civil airfields. The statute also establishes the operational, management, safety and issuance requirements to be applied in said facilities.

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