



## **ARBITRATION**

### **Legal Framework on Voluntary Arbitration**

Law No. 6/2021, of 31 March 2021, approved the legal framework on voluntary arbitration and amended the Civil Procedure Code. The new framework applies to all arbitral proceedings seated in Timor-Leste, whether internal or international, and to the confirmation and enforcement of arbitral awards rendered in another country, without prejudice of special rules contained in international conventions.

The Voluntary Arbitration Law follows the systematic structure and the principles of the UNCITRAL Model Law on International Commercial Arbitration of 1985, as amended in 2006, and entered into force on the day following the date of its publication.

### **New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards**

The National Parliament of Timor-Leste has approved the accession of the country to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention) by means of Resolution No. 8/2021, of 17 March 2021. Timor-Leste's adoption of the New York Convention represents the recognition of the authority of arbitral awards irrespective of the respective seat of arbitration or nationality of the parties involved.

The instrument of ratification shall now be deposited with the Secretary-General of the United Nations, and the Convention will enter into force in Timor-Leste ninety (90) days after such deposit

## **BANKING**

### Debt Moratorium

The above-mentioned Law No. 8/2021 of 3 May 2021, established a moratorium on the payment of capital in debt arising out of loan agreements, regardless of their purpose, entered into before 1 April 2021, provided that the lender is a Bank or other deposit-taking institution, according to the Timor-Leste legislation on banking and financial institutions. This debt moratorium is part of a package of socioeconomic measures aimed at mitigating the socio-economic impact of the COVID-19 pandemic, approved by the Parliament.

The following persons and entities may benefit from the moratorium, provided that they meet the eligibility criteria established in the statute: **(i)** natural persons of Timorese nationality; **(ii)** non-profit legal persons headquartered in Timor-Leste; **(iii)** individual commercial entrepreneurs, as long as they are duly registered; and **(iv)** companies incorporated and

registered under Timor-Leste legislation.

Access to the debt moratorium has been possible since 4 May 2021.

## COVID 19

### Renewal of State of Emergency

The President of the Republic approved, through Decree of the President of the Republic No. 35/2021, of 28 May 2021, the tenth renewal of the state of emergency, applicable to all the national territory, from 00:00 hours of 2 June and 23:59 hours of 1 July 2021.

Following the entry into force of this Decree on 28 May 2021, Government Decree No. 16/2021, of 31 May 2021, approved the respective implementation measures, which include a waiver of mandatory prophylactic isolation for individuals entering the territory of Timor-Leste that provide proof of complete vaccination against SARS-Cov-2/COVID-19.

## LABOR AND SOCIAL SECURITY

### Approval of Employment Support Measures

The Parliament of Timor-Leste approved, through Law No. 8/2021 of 3 May 2021, the first amendment to the 2021 General State Budget, with a view to mitigating the socio-economic impact of the COVID-19 pandemic, providing socio-economic support measures to: **(i)** employers and their employees; **(ii)** self-employed persons; **(iii)** sole entrepreneurs; **(iv)** household service workers; and **(v)** managers and directors.

The support measures include the attribution of extraordinary benefits, which are calculated according to the employees' remuneration, as well as the possibility of requesting an exemption from the obligation to pay social contributions on the amount of the extraordinary benefits. Further

extraordinary subsidies may be granted to help pay expenses related to electricity and rent for all the above-mentioned persons.

The access to the new measures is also governed by Ministerial Order No. 33/2021, of 3 May 2021, which approved the respective administrative procedures.

Law No. 8/2021 and Ministerial Diploma No. 33/2021 entered into force on 4 May 2021.

## **OIL & GAS**

### Prophylactic Isolation of Oil & Gas Sector Workers

Ministerial Diploma No. 32/2021, of 7 May 2021, of the Ministry of Health, laid down the special rules on mandatory prophylactic isolation of oil sector workers, notably those applicable to the offshore workers in the Bayu-Undan project.

## **STATE ADMINISTRATION**

### Amendment of the Procurement Framework

Following tropical cyclone Seroja, which led to the declaration of the state of calamity in the municipality of Dili, the Government approved Decree-Law No. 5/2021, of 23 April 2021, on the seventh amendment of Decree-Law No. 10/2005, of 21 November 2005, approving the public procurement framework.

This amendment aims to simplify the direct award of contracts and the execution and formalization of contracts in situations of state of siege, state of emergency or of declaration of situations of alert, contingency or



calamity. The simplified procedures are limited to the satisfaction of procurement needs of the competent public bodies and services which result from or are grounded on the above-mentioned situations. The statute entered into force on the day following the date of its publication.

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