

**Law No. 1/2026**

**of 25 March**

**COMPETITION LAW**

The adoption of this law constitutes an important milestone in the legal system of Timor-Leste, with the aim of promoting and protecting free competition in national markets, reflecting the State's commitment to building a competitive, equitable and transparent market that strengthens the national economy, promotes international cooperation and provides tangible benefits to society as a whole, fostering sustainable economic development, the continuous improvement of the population's living conditions and the well-being of consumers.

It is recognised that the promotion of competition is essential for the development of an efficient, sustainable and innovative market economy; it is therefore imperative to establish clear rules to ensure a fair competitive environment that drives innovation, increases productivity and benefits consumers by providing them with access to quality goods and services at fair prices, thereby having a positive impact on their well-being.

It is considered that this law establishes a legal framework to regulate practices that restrict competition, applicable to all economic activities, whether in the private, public or cooperative sector, and that the structure of the law also covers the control of economic concentrations and the analysis and regulation

of anti-competitive practices, as well as the powers of the competent public authority to investigate, sanction and take preventive measures, with the aim of creating a competitive and transparent environment, promoting sustainable economic development, the continuous improvement of the population's living conditions and the well-being of consumers.

This legislation prioritises the development of a modern, competitive and integrated economy, with an emphasis on attracting investment, strengthening institutional infrastructure, developing human capital and creating a dynamic and sustainable economic environment.

This new legal framework applies to all economic activities, whether carried out in the private, public or cooperative sectors, with the exception of the oil, gas and minerals sectors, ensuring that practices restricting competition that occur within the national territory or that have or may have an effect there are properly regulated.

The adoption of this law represents a significant step in Timor-Leste's efforts towards economic integration, both at the regional level, through the Association of Southeast Asian Nations (ASEAN), and at the multilateral level, with the World Trade Organisation (WTO).

It is also recognised that it is essential to ensure the effective implementation of this law through the creation of an appropriate institutional infrastructure, the development of skilled human resources in the public and private sectors, and the strengthening of international partnerships to ensure the efficient application of competition rules, with technical, financial and strategic support.

With the adoption of this law, the State reaffirms its commitment to building a competitive, fair and transparent market that strengthens the national economy, promotes international cooperation and delivers tangible benefits to society as a whole, fostering sustainable economic development and the continuous improvement of the population's living standards, with a constant focus on the well-being and protection of consumers' rights.

Accordingly, the National Parliament decrees, pursuant to Article 95(1) of the Constitution of the Republic, to be enacted as law, the following:

## **CHAPTER I GENERAL PROVISIONS**

### **Article 1 Subject Matter**

The purpose of this law is to establish the legal framework for competition.

### **Article 2 Scope**

1. This law applies to all economic activities carried out, on a permanent or occasional basis, in the private, public and cooperative sectors.
2. This Law shall also apply to practices restricting competition that occur within the national territory or that have or may have effects therein.
3. Without prejudice to the provisions of paragraph 1, the Government may, by decree-law, exclude certain activities from the scope of this Law.

### **Article 3 Definition of Undertaking**

1. For the purposes of this Law, an undertaking is deemed to be any entity carrying out an economic activity consisting of the supply of goods or services, regardless of its legal status and method of financing.
2. A group of entities which, although legally distinct, constitute an economic unit or maintain links of interdependence or subordination arising, in particular, from:
  - a) A majority shareholding;
  - b) The holding of more than half of the voting rights attached to the shares held;
  - c) The ability to appoint more than half of the members of the management or supervisory body;
  - d) The power to manage the respective businesses.

## **CHAPTER II APPLICATION**

### **Article 4 Competent authority**

1. Compliance with the legal framework governing competition is ensured by the public authority competent for the enforcement of this law, which, for this purpose, has the supervisory, regulatory and sanctioning powers set out in this law and in its statutes.
2. The law approving the statutes referred to in the preceding paragraph
3. shall set the deadline for the establishment of the competent public authority and for the appointment of its governing body, which shall not exceed 90 days following the entry into force of the said Act.

4. The competent public authority shall cooperate with other sectoral regulatory authorities in the enforcement of competition law, in accordance with the provisions of the law, and may, for this purpose, enter into bilateral or multilateral cooperation agreements.
5. For the purposes of this Law, the competent public authority responsible for applying the legal regime set out in this Law to the financial sector is the Central Bank of Timor-Leste.

### **Article 5 Cooperation**

All public bodies, namely the services of the direct, indirect or autonomous administration of the State, as well as sectoral regulatory authorities, shall have a duty to report to the competent public body for the enforcement of this law any facts likely to indicate practices restricting competition of which they become aware.

## **CHAPTER III PRACTICES RESTRICTING COMPETITION**

### **Article 6 Horizontal restrictive practices**

1. Agreements between undertakings, concerted practices between undertakings and decisions by associations of undertakings, in a horizontal relationship, which have as their object or effect the prevention, distortion or significant restriction of competition in the whole or part of the national market, are prohibited, in particular those consisting of:
  - a) To fix, directly or indirectly, purchase or selling prices or any other terms of transaction;
  - b) Limiting or controlling production, distribution, technical development or investment;
  - c) Allocating markets or sources of supply;
  - d) Forming alliances or engaging in other concerted practices in order to gain an advantage, interfere with or influence the outcome of public tenders for the supply of goods or services;
  - e) Restricting or preventing new firms from entering the market.
2. Agreements between undertakings and decisions by associations of undertakings prohibited by the preceding paragraph shall be void, except in cases where they are deemed justified under Article 8.
3. A restrictive practice is considered to be of a horizontal nature where the agreement, concerted practice or decision of an association takes place between competing or potentially competing undertakings belonging to the same sector of production, distribution or retail in the relevant market.

### **Article 7 Vertical restrictive practices**

1. An agreement between undertakings in a vertical relationship is

prohibited if it has the effect of preventing or substantially restricting competition in a market, in particular where it consists of:

- a) Systematically or occasionally applying discriminatory pricing or other conditions in relation to equivalent situations;
  - b) Refusing, directly or indirectly, to purchase goods or provide services;
  - c) Making the conclusion of contracts subject to the acceptance of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject matter of those contracts;
  - d) Making commercial relations conditional upon the acceptance of unjustifiable or anti-competitive commercial terms and conditions;
  - e) Imposing on distributors minimum resale prices, discounts and payment terms, minimum or maximum quantities, profit margins or any other conditions for trading with third parties;
  - f) Discriminating against suppliers or consumers of goods by setting different prices, operational conditions for sales or the provision of services;
  - g) Making the sale of goods or services conditional upon the purchase of other goods or services;
  - h) Imposing excessive prices or increasing the price of a good or service without just cause.
2. A 'vertical relationship' is defined as the relationship between a company and its suppliers, its customers, or both.

#### **Article 8**

##### **Justification of agreements, concerted practices and decisions by associations of undertakings**

1. Agreements between undertakings, concerted practices between undertakings and decisions by associations of undertakings referred to in the preceding Articles may be considered justified where they contribute to improving the production or distribution of goods or services or to promoting technical or economic progress, provided that, cumulatively:
  - a) They reserve for the users of those goods or services a fair share of the resulting benefit;
  - b) They do not impose on the undertakings concerned any restrictions which are not indispensable to the attainment of those objectives;
  - c) They do not afford such undertakings the possibility of eliminating competition in respect of a substantial part of the market for the goods or services in question.
2. It is incumbent upon companies or associations of

companies invoking the benefit of justification to provide evidence that the conditions set out in the preceding paragraph have been met.

3. The practices referred to in Articles 6 and 7 may be subject to prior assessment by the public body responsible for the application of this law, in accordance with a procedure to be laid down by regulations to be adopted by that body in accordance with its statutes.

#### **Article 9**

##### **Dominant position**

1. An undertaking shall be deemed to have a dominant position in the market where it has the power to control prices, to exclude competition or to behave, to an appreciable extent, independently of its competitors, customers or suppliers.
2. An undertaking is dominant in a market where:
  - a) It holds at least 45% of that market;
  - b) It holds at least 35%, but less than 45%, of that market, unless it can demonstrate that it has no market power; or
  - c) It holds less than 35% of that market, but has market power.

#### **Article 10**

##### **Abuse of a dominant position**

1. The abuse by one or more undertakings of a dominant position in the national market or in a substantial part thereof is prohibited.
2. The following practices, in particular, may be considered abusive:
  - a) Imposing, directly or indirectly, purchase or selling prices or other unfair trading conditions;
  - b) Restricting production, distribution or technical development to the detriment of consumers;
  - c) Applying unequal conditions to trading partners in equivalent transactions, thereby placing them at a competitive disadvantage;
  - d) Making the conclusion of contracts conditional upon the other contracting parties accepting additional services which, by their nature or in accordance with commercial practice, are unrelated to the subject matter of those contracts;
  - e) Refusing to grant access to a network or other essential infrastructure controlled by the undertaking, in return for appropriate remuneration, to any other undertaking, where, without such access, the other undertaking is unable, for factual or legal reasons, to operate as a competitor to the undertaking holding a dominant position in the market, either upstream or downstream, unless the dominant undertaking demonstrates that, for operational or other reasons, such access is impossible on reasonable terms.

#### **Article 11**

##### **Abuse of economic dependence**

1. It is prohibited to take unfair advantage of the state of economic

dependence in which a supplier or customer finds itself because it has no equivalent alternative in relation to one or more undertakings, in so far as such exploitation is likely to affect the functioning of the market or the structure of competition.

2. The following cases, amongst others, shall be considered abuse:
  - a) The adoption of any conduct referred to in points (a) to (d) of paragraph 2 of the preceding article;
  - b) The unjustified termination, in whole or in part, of an established commercial relationship, taking into account previous commercial relations, recognised practices in the sector of economic activity and the agreed contractual terms.
3. For the purposes of paragraph 1, an undertaking shall be deemed not to have an equivalent alternative where:
4. The supply of the good or service in question, namely the distribution service, is provided by a limited number of undertakings;
5. The undertaking is unable to obtain identical terms from other commercial partners within a reasonable period of time.

#### **Article 12 Abuse of purchasing power**

1. The abuse of purchasing power in the market or in a substantial part thereof is prohibited.
2. 'Abuse of purchasing power' means the influence exercised by an undertaking or group of undertakings in the position of purchaser of a product or service in order to:
  - a) Secure more favourable terms from a supplier;
  - b) Imposing a long-term opportunity cost, including lost profits or benefits, that is disproportionate to any long-term cost to the undertaking or group of undertakings.
3. Where the public authority responsible for the enforcement of this Act determines that a sector or an undertaking is suffering or is likely to suffer from an abuse of purchasing power, it may regulate the activities of the sector or the undertaking by imposing prudential and disclosure requirements.
4. The public authority responsible for enforcing this law may require sectors or industries likely to abuse purchasing power to draw up a binding code of conduct.
5. When examining any complaint concerning an abuse of purchasing power, the public authority responsible for enforcing this Act shall take into account:
  - a) The nature and terms of the contractual conditions between the undertakings concerned;

- b) The charges imposed to ensure access to infrastructure essential for the conclusion or performance of the contract;
- c) The price paid to suppliers.

#### **6. Conduct constituting an abuse of purchasing power includes:**

- a) Unjustified delays in paying suppliers, in breach of the agreed payment terms;
  - b) Unilateral termination or threats to terminate a commercial relationship without prior notice or with an excessively short notice period, without objective justification;
  - c) Refusal to accept or return goods or parts thereof, without justifiable reason, in breach of the agreed contractual terms;
  - d) Passing on costs to suppliers of goods or services, by requiring them to finance promotions;
  - e) Transferring commercial risks that should be borne by the buyer to suppliers;
  - f) Demanding preferential terms that are unfavourable to suppliers or imposing restrictions on supplies to other buyers;
  - g) A significant reduction in purchase prices, where it is difficult for alternative buyers to substitute the supplier, or a reduction below competitive level;
  - h) Increasing the prices of inputs with the aim of excluding competitors from the market.
7. When investigating complaints of abuse of purchasing power, the public authority responsible for enforcing this Act shall take into account any existing agreement, whether written or unwritten, between the buyer and the supplier.
  8. The public authority responsible for enforcing this law shall publish the code of conduct, drawn up in consultation with stakeholders and relevant government bodies.

### **Article 13**

#### **Coordination with sectoral regulatory authorities**

1. Whenever the public body responsible for enforcing this law becomes aware of facts that may constitute practices restricting competition in a regulated sector, it shall immediately notify the competent sectoral regulatory authority so that the latter may rule on any breach of this law.
2. Where practices restricting competition in regulated markets are at issue, the decision of the public body responsible for enforcing this law shall be preceded by a non-binding preliminary opinion from the relevant sectoral regulatory authority, issued on the draft decision.
3. Decisions concerning practices in the postal and telecommunications services markets are subject to a mandatory and binding opinion from the relevant sectoral regulatory authority.
4. The opinions referred to in paragraphs 2 and 3 shall be submitted within a maximum of 15 working days of their request, it being understood that failure to issue an opinion within that period shall be deemed to constitute no objection to the substance of the decision set out in the draft decision of the competent authority for the enforcement of this Law.
5. Where the sectoral regulatory authority identifies issues that may constitute a breach of this Law, it shall immediately inform the public body competent for the application of this Law, providing the essential elements for the analysis of the possible anti-competitive practice.
6. The public body competent to enforce this law may suspend its decision, provided that it gives duly substantiated reasons.

## **CHAPTER IV CONTROL OF CONCENTRATIONS OF UNDERTAKINGS**

### **Article 14**

#### **Concentration of Undertakings**

1. A concentration of undertakings is deemed to be a permanent change of control over the whole or part of one or more undertakings, resulting from:
  - a) The merger of independent undertakings;
  - b) The direct or indirect acquisition of total or partial control of the share capital or assets of other undertakings by one or more undertakings.
2. The creation of a joint venture constitutes a concentration of undertakings, provided that the joint venture operates on a lasting basis as an autonomous economic entity.
3. Control is deemed to be the ability to exercise, on a lasting basis, a decisive influence over the activities of a company, through:

- a) The acquisition of share capital;
- b) The acquisition of rights over assets;
- c) The acquisition of rights conferring influence over the management of an undertaking.

#### 4. The following are not considered concentrations:

- a) The acquisition of shares or assets by an insolvency administrator in the context of insolvency proceedings;
- b) The acquisition of shareholdings serving merely as security.

### **Article 15 Prior notification**

1. Mergers are subject to prior notification where they take place in the energy, transport, postal services, telecommunications and financial services sectors and result in the acquisition of direct or indirect control of one or more undertakings with:
  - a) A national market share of more than 25%;
  - b) Combined annual revenues exceeding US\$10 million.
2. Mergers must be notified to the public authority responsible for the enforcement of this law and to the regulatory authorities of the sectors referred to in the preceding paragraph after the agreement has been concluded and before the merger takes place.
3. It is prohibited to carry out a concentration subject to prior notification without having notified the public authority responsible for the application of this law and obtained the relevant decision of non-objection.
4. In the sectors referred to <sup>in paragraph 1</sup>, the decision not to object is subject to a mandatory and binding opinion from the relevant sectoral regulatory authorities.
5. The opinion referred to in the preceding paragraph must be communicated to the public body responsible for the application of this law within 15 working days of its request; an opinion not communicated within that period shall be deemed favourable

### **Article 16**

#### **Assessment of Concentration Operations**

1. Concentration operations notified in accordance with the preceding article shall be assessed with a view to evaluating their effects on the structure of competition, with a view to preserving and developing effective competition in the national market or in a substantial part thereof.
2. In the assessment referred to in the preceding paragraph, the following factors, amongst others, shall be taken into account:

- a) The structure of the relevant markets and the presence of competition, whether from undertakings established in those markets or in separate markets;
- b) The position of undertakings in the relevant markets, comparing their economic and financial power with that of their main competitors;
- c) The buyer's market power, with a view to preventing the reinforcement of situations of economic dependence, in accordance with Article 11, in relation to the undertaking resulting from the concentration;
- d) Potential competition and legal or de facto barriers to market entry;
- e) The options available to suppliers, customers and users;
- f) Undertakings' access to sources of supply and markets for their products;
- g) The structure of existing distribution networks;
- h) The evolution of supply and demand for the products and services in question;
- i) The existence of special or exclusive rights conferred by law or by the nature of the products or services;
- j) Control of essential infrastructure by the undertakings concerned and the possibility of access to such infrastructure for competing undertakings;
- k) Technical and economic progress, provided that it does not constitute an obstacle to competition, where the concentration results in efficiency gains that benefit consumers.

3. The notifying undertaking may, at any time, propose commitments to ensure that effective competition is maintained.

4. The public authority responsible for enforcing this Act shall reject the commitments if it considers that the conditions or obligations to be undertaken are insufficient or inadequate to prevent the obstacles to competition that may result from the concentration, or if their enforceability is uncertain.

#### **Article 17**

##### **Coordination with sectoral regulatory authorities in the context of merger control**

- 1. Where a merger has an impact on a regulated market, the public body responsible for enforcing this law shall, before taking a final decision, request the competent sectoral regulatory authority to issue a non-binding opinion on the notified merger, setting a reasonable deadline for this, which shall not be less than 15 working days.
- 2. The authorisation of concentrations in the energy,

transport, postal services, telecommunications and financial services markets shall be subject to a mandatory and binding opinion from the relevant sectoral regulatory authority.

- 3. The provisions of paragraph 1 shall be without prejudice to the powers that sectoral regulatory authorities, within the scope of their specific remit, are legally entitled to exercise in order to rule on the concentration in question.
- 4. Without prejudice to the provisions of paragraph 1, failure to issue an opinion within the prescribed time limit shall not prevent the public authority responsible for the application of this Law from taking a final decision on the procedure.

#### **Article 18**

##### **Decision**

- 1. Concentrations of undertakings that do not create significant impediments to effective competition in the national market or in a substantial part thereof shall be authorised.
- 2. Where a concentration creates significant impediments to effective competition, the public authority competent for the application of this Law may:
  - a) Refuse to grant approval;
  - b) Approve the concentration, if the commitments undertaken by the notifying undertaking are sufficient to address the competition concerns raised by the concentration;
  - c) Approve the transaction if it significantly strengthens the international competitiveness of the undertakings involved;
  - d) Approve the transaction, provided that the conditions set out in Article 8 are met.
- 3. The public authority responsible for the application of this Law may order the withdrawal or reversal of a concentration which, being subject to approval under Article 15, has not been notified, if this results in significant impediments to effective competition in the national market or in a substantial part thereof.
- 4. The public authority competent for the application of this law shall notify the undertakings before adopting a decision on the concentration, and shall:
  - a) Set out the facts and grounds for the proposed decision;
  - b) Allow a reasonable period, which, except in exceptional and duly justified cases, shall not be less than 30 working days, for the undertaking to submit comments to the public authority competent for the application of this Law;
  - c) Consider the comments received.
- 5. Without prejudice to the provisions of the preceding paragraph, a decision to approve a concentration subject to commitments, in accordance with paragraph 2(b), shall be preceded by a public consultation, allowing any person to participate.
- 6. The public authority responsible for the application of this Law may establish procedures, rules and guidelines specifying the

content of the notification of the concentration and the procedures relating to its approval, in accordance with Article 15.

## **CHAPTER V MARKET SUPERVISION AND MONITORING**

### **Article 19 Market studies and surveys by economic sector and by type of agreement**

1. The public body responsible for enforcing this Act may carry out market studies and surveys by economic sector and by type of agreement, as may be necessary for:
  - a) The supervision and monitoring of markets;
  - b) Verify circumstances indicating distortions or restrictions of competition.
2. The conclusions of the studies shall be published on the website of the public body responsible for the enforcement of this law, and may be preceded by a public consultation to be organised by that body.
3. Where the market studies and surveys referred to in paragraph 1 concern economic sectors regulated by sectoral regulatory authorities, their conclusion must be preceded by a request for a binding opinion from the relevant sectoral regulatory authority, with the public body responsible for the enforcement of this law setting a deadline of 15 working days for the opinion to be issued.
4. Failure to issue a non-binding opinion within the time limit set out in the preceding paragraph shall not prevent the public authority responsible for the application of this law from completing the market study and inquiry to which the request for an opinion relates.
5. The public authority responsible for the application of this law may request from undertakings or associations of undertakings, or from any other persons or entities, any information it considers relevant.

### **Article 20 Recommendations**

1. Where the public authority responsible for the application of this Law concludes that there are circumstances or conduct affecting competition in the markets or economic sectors analysed, it shall, in the report concluding market studies, sectoral inquiries or types of agreement, or in the report on inspections and audits:
  - a) Identify the market circumstances or conduct of undertakings or associations of undertakings that affect competition and to what extent;
  - b) Indicate which behavioural or structural measures it considers appropriate for their prevention, removal or compensation.

2. Where the study and the corresponding report concern a market subject to sector-specific regulation, the public body responsible for enforcing this law shall inform the sector-specific regulatory authorities of any circumstances or conduct affecting competition and of possible measures to remedy the situation.

## **CHAPTER VI INFRINGEMENTS AND SANCTIONS**

### **Article 21 Classification**

Without prejudice to criminal liability and any applicable administrative measures, infringements of the rules laid down in this Law which give rise to the imposition of fines or other sanctions shall constitute an administrative offence punishable in accordance with the provisions of this Chapter.

### **Article 22 Applicable Rules**

Proceedings for infringements of the provisions of Articles 6, 7, 9 to 12 and 15 (3) shall be governed by this Law and, in the alternative, by the legal regime governing administrative offences.

### **Article 23 Procedures and administrative sanctions**

1. The public authority competent for the enforcement of this law may impose administrative sanctions on legal persons that breach the provisions of this law.
2. Administrative sanctions include fines and other administrative measures, such as warnings or written orders.
3. Fines are imposed by the public authority responsible for enforcing this law.
4. The following constitutes an offence punishable by a fine of up to 5% of the turnover of the previous year for each of the companies involved:
  - a) Failure to provide information or the provision of false, inaccurate or incomplete information in response to requests relevant to the subject matter of the proceedings made to the public authority responsible for enforcing this law in the exercise of its supervisory or sanctioning powers;
  - b) Failure to cooperate with the public authority responsible for enforcing this law or obstructing the exercise by that authority of its powers of inquiry and inspection relevant to the subject matter of the proceedings;
  - c) The unjustified failure to appear of a person who has been duly notified to participate in a procedural step.
5. It constitutes an offence punishable by a fine of up to 10% of the turnover for the previous financial year, applicable to any undertaking that has engaged in the prohibited conduct described in Articles 6, 7 and 9 to 12 or has breached the provisions of Article 15(3).
6. The public authority responsible for enforcing this law shall, prior to imposing any sanctions, always respect the principle of the right

to be heard, ensuring that, during the administrative proceedings, the offender is always afforded the opportunity to present arguments which, in their view, support their defence.

7. For the purposes set out in the preceding paragraph, the public authority responsible for enforcing this law shall notify the offender prior to adopting the decision to impose an administrative sanction, and shall:
  - a) Set out the facts and grounds for the administrative penalty;
  - b) Grant a reasonable period of time, which, save in exceptional and duly justified circumstances, shall not be less than 30 working days, to submit, in person or in writing, comments to the public authority responsible for the application of this law;
  - c) Consider the comments submitted to it.
8. Negligence is punishable.

#### **Article 24** **Determination of the severity of sanctions**

In determining penalties, the following criteria must be observed:

- a) The seriousness and duration of the infringement;
- b) Repeated recurrence of the restrictive practice;
- c) The damage caused to competitors or consumers;
- d) The economic benefit derived from the infringement;
- e) Any mitigating circumstances;
- f) Any other factors that the public authority responsible for enforcing this law deems relevant.

#### **Article 25** **Limitation period**

1. Infringement proceedings under Articles 6, 7, 9 to 12 and Article 15 (3) shall be time-barred within:
  - a) Three years, in the cases provided for in Article 23 (5);
  - b) Five years, in all other cases.
2. The limitation period for penalties is five years from the date on which the decision imposing them becomes final or res judicata.

#### **Article 26** **Appeal**

Decisions taken by the public body responsible for the implementation of this Act, as provided for in this Act, may be appealed to the administrative, tax and audit courts, in accordance with Act No. 25/2021 of 2 December, the Judicial Organisation Act, as amended by Acts No.12/2022 of 21

December and 4/2025 of 28 April.

### **CHAPTER VII** **FINAL PROVISIONS**

#### **Article 27** **Public authority with temporary competence**

Until the competent public authority is established, the application of this law is temporarily assigned to the body responsible for trade and industry, which shall exercise the powers relating to the supervision and enforcement of the provisions of this law.

#### **Article 28** **Repeal provision**

Articles 34 and 35 of Decree-Law No 15/2012 of 28 March on the Regulation of the Telecommunications Sector, as amended by Decree-Law No 31/2024 of 6 September, are hereby repealed.

#### **Article 29** **Reference to repealed provisions**

Where provisions or contractual clauses refer to legal provisions repealed by this Law, such reference shall be deemed to refer to the corresponding provisions of this Law.

#### **Article 30** **Entry into force**

This law shall enter into force 180 days after the date of its publication.

**DECREE-LAW No. 13/2026  
of 25 March**

**MEASURES FOR THE TEMPORARY STABILISATION  
OF FUEL PRICES AND SECURITY OF SUPPLY**

The current international situation is being marked by a significant crisis in the oil sector, resulting from geopolitical instability and sharp fluctuations in the global energy market.

This situation has led to uncertainty regarding the trend in fuel prices, with potential direct impacts on the national economy, the cost of living for households and the sustainability of productive activities.

Aware of these risks, the Ministry of Petroleum and Mineral Resources, on behalf of the Government, has begun coordinating with relevant sector institutions, such as the Ministry of Finance, the National Petroleum Authority, TIMOR GAP, E.P. and the main fuel importers, such as Pertamina (PITSA), ETO and others, with the aim of anticipating potential price increases and preparing preventive measures for the duration of the geopolitical instability, whilst ensuring the supply of fuel.

It is worth recalling that, during previous energy crises, the country faced significant rises in fuel prices, with the population demonstrating a general understanding and a strong sense of collective responsibility, recognising the need for temporary adjustments to safeguard the national interest.

This experience reinforces the Government's confidence in the capacity of Timorese society to adapt and remain resilient in the face of economic challenges that affect us all. According to the available data, the Government considers that fuel prices should not exceed US\$1.50 per litre for petrol, US\$1.65 per litre for diesel, US\$2.50 per litre for aviation fuel and US\$4.20 per kg for gas (LPG), in order to prevent inflationary pressures arising from rising energy prices.

The Government therefore considers it essential to set out in this legislation the coordination of the measures to be adopted, in order to ensure stability, promote transparency and strengthen confidence in the management of this international crisis.

Accordingly,

The Government hereby decrees, pursuant to subparagraphs (e), (i) and (o) of Article 115(1) and subparagraph (d) of Article 116 of the Constitution of the Republic, to have the force of law, as follows:

**Article 1  
Subject Matter**

This decree-law sets out temporary measures to stabilise fuel prices within the national territory, in response to the current international crisis and in anticipation of any impacts arising from the rise in oil prices, as well as the necessary measures

adopted by the Government to ensure the continuity and security of the supply of essential fuels to the country.

**Article 2  
Stabilisation of consumer prices**

1. In view of the fluctuations in fuel prices in Timor-Leste, resulting from the conflict in the Middle East, and the need to ensure market stability, the Government has determined that the maximum price of fuel must not exceed a level that is affordable for consumers and has set the following limits:
  - a) Petrol: US\$1.50 per litre;
  - b) Diesel: US\$1.65 per litre;
  - c) Aviation fuel: US\$ 2.50 per litre;
  - d) Gas (LPG): US\$ 4.2 per kg.
2. Fuel importers must submit to the Government, via the Ministry of Petroleum and Mineral Resources (MPRM) and the Ministry of Finance (MF), the actual import costs, up to the storage of the respective fuels, with these costs serving as the basis for calculating the subsidy to be granted by the Government.
3. The subsidies are financed from the General State Budget, in coordination with the Ministry of Finance and relevant authorities.

**Article 3  
Security of supply**

In view of the unpredictability of the international situation arising from the conflict in the Middle East, with consequences for fuel supplies and operational constraints at refineries in the region, specifically in Australia, Singapore, Thailand, the Philippines and Indonesia, the MPRM is ensuring the import of fuels essential to the functioning of the economy through the implementation of supply strategies defined in coordination between the public and private sectors, as set out in a joint Ministerial Order issued by the Minister of Finance and the Minister of Petroleum and Mineral Resources.

The costs arising from the implementation of the strategies defined in the preceding paragraph are subject to approval by the Prime Minister.

**Article 4  
Powers of intervention in the market**

During the period of validity of the measures set out in this legislation, the Government may adopt exceptional mechanisms for the control and regulation of fuel prices on the domestic market, whenever this proves necessary to ensure economic stability, protect consumers and guarantee the continuity of supply.

**Article 5  
Scope of application**

1. The measures provided for in this decree apply exclusively to fuels purchased after the onset of the international oil crisis, as defined by the ANP.
2. Fuels already present within the national territory, including stocks at filling stations, private depots or storage

facilities, are not covered by the temporary financial support mechanism and must be sold at the price resulting from the previous purchase cost.

3. Any attempt to reclassify, blend or manipulate stocks with the aim of unduly benefiting from the temporary measures provided for in this decree is prohibited.

#### **Article 6** **Monitoring and prevention of fuel diversion**

1. The National Police of Timor-Leste (PNTL), in coordination with the Customs Authority (AA), the National Petroleum Authority (ANP) and other relevant bodies, should strengthen the monitoring, enforcement and control of the trade and circulation of fuel within the national territory.
2. Specific measures must be adopted to prevent subsidised fuel in Timor-Leste from being illegally transported or sold outside the national territory.
3. The PNTL, together with the Customs Authority, shall intensify surveillance in border areas, at filling stations and along transport routes, applying the penalties provided for in this law in the event of an offence.

#### **Article 7** **Infringements and Sanctions**

1. The following constitute infringements under this law:
  - a) The reclassification, blending or tampering with fuel stocks with the aim of unduly benefiting from the temporary financial support scheme;
  - b) The transport, sale or attempted sale of subsidised fuel outside the national territory;
  - c) The omission or provision of false information to the competent authorities regarding the origin, destination or quantity of the fuels;
  - d) Any act intended to hinder or prevent inspection, monitoring or control by the authorities;
  - e) Failure to comply with the operational procedures defined for the implementation of the temporary financial support mechanism.
2. The offences set out in the preceding paragraph are punishable by a fine of between US\$500 and US\$2,500 for individuals, and between US\$5,000 and US\$25,000 for legal entities, with the consequent forfeiture of the fuel subject to the offence.
3. The application of the fines referred to in the preceding paragraph shall not prejudice any civil or criminal liability or any other offences that may have been committed.

#### **Article 8** **Powers to initiate proceedings and impose fines**

1. The ANP shall be responsible, without prejudice to the

powers set out in the following paragraph, for the investigation of administrative offence proceedings and the imposition of the respective fines provided for in this Act.

2. The PNTL, the AA and the ANP shall be responsible for monitoring compliance with this law, as well as for drawing up reports on detected infringements.
3. Where the reports referred to in the preceding paragraph are drawn up by the PNTL and/or the AA, they shall be forwarded to the ANP for the purposes set out in paragraph 1 of this article.

#### **Article 9** **Temporary nature**

1. The measures provided for in this Decree-Law are strictly temporary in nature and shall apply until the end of the current year.
2. The Government may review, extend or terminate these measures, following an assessment of developments in the international fuel market and in accordance with the public interest.

#### **Article 10** **Sustainable mobility**

The Government shall promote public awareness among citizens so that they adopt sustainable mobility practices, namely by refraining from the use of private motor vehicles whenever this is not strictly necessary and by rationalising the use of electricity, avoiding energy wastage in general.

#### **Article 11** **Entry into force**

This statute shall enter into force on the day following its publication.