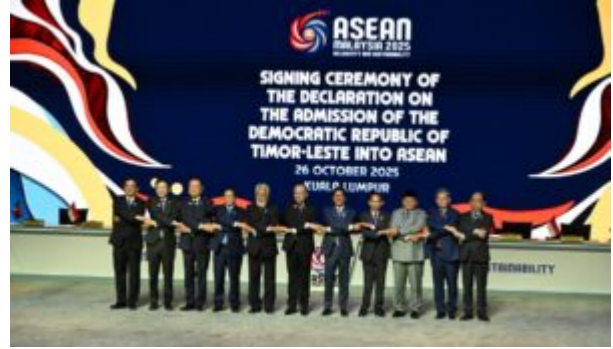


The long road to ASEAN is over: what's next for Timor-Leste?

by MD Mohasin Kabir

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Timor-Leste was admitted into the Association of Southeast Asian Nations in Kuala Lumpur, Malaysia on 26 October 2025

Photo Credit: ASEAN

When I attended this year's [Timor-Leste Australia Economic and Business Conference](#) in Dili, the atmosphere was filled with optimism. In his closing remarks, President and Nobel Peace Laureate José Ramos-Horta spoke of a new phase in Timor-Leste's development, one that would see the country more connected to the region through ASEAN. Just three months later, that vision became reality.

On 26 October, Timor-Leste became the [11th member](#) of the Association of Southeast Asian Nations (ASEAN), a defining moment that capped nearly two decades of effort since Dili officially applied for membership in 2011.

Yet membership also raises a harder, more practical question: what comes next?

Joining ASEAN for the young nation was a long and challenging journey. For years, three concerns shaped the views of member states. Timor-Leste's public administration was seen as not yet ready to comply with the extensive regional agreement compliance and related reporting mechanisms that ASEAN membership entails. Its small, oil-dependent economy and limited private sector also raised doubts about competitiveness within the ASEAN Economic Community. Finally, ASEAN's consensus-based approach guaranteed a slow pace until all members were assured of Timor-Leste's readiness. Progress accelerated only after 2022, when ASEAN granted observer status and endorsed [a roadmap](#) for full membership.

Membership now opens several doors. [A recent study](#) by the Boston Consulting Group estimates that Southeast Asia currently has approximately 245 million middle-income and 85 million upper middle-income consumers, with this combined market expected to exceed 415 million people by 2030, larger than the population of the United States. Through the ASEAN Economic Community and ASEAN-centric trade agreements, including the ASEAN-Australia-New Zealand Free Trade Agreement and the 15-country Regional Comprehensive Economic Partnership, Timor-Leste can eventually reduce tariff and non-tariff barriers to trade within a

regional market of this scale.

Investor confidence is also likely to improve, as ASEAN membership strengthens predictability and positions the country more credibly when seeking financing from regional institutions such as the Asian Development Bank and the ASEAN Infrastructure Fund. The experiences of Cambodia and Laos illustrate what deeper integration can yield. For example, according to the [UN Conference on Trade and Development](#), Cambodia's Foreign Direct Investment (FDI) inflows reached approximately US\$3.96 billion in 2023. FDI was negligible in the early 1990s and rose sharply after Cambodia's integration into ASEAN.

Timor-Leste will also benefit from opportunities for technical cooperation, scholarships and skills mobility. ASEAN's Mutual Recognition Arrangements (MRAs) in sectors such as hospitality, construction and health provide practical avenues for labour mobility and vocational upgrading, an important opening for a youthful population facing limited domestic opportunities. Membership also gives Dili a seat at the decision-making table, which matters for negotiating regional infrastructure corridors, climate resilience financing and fisheries management arrangements. Equally important are the institutional learning channels that membership unlocks, in areas ranging from customs modernisation and single-window trade systems to regulatory harmonisation.

Despite these opportunities, the challenges are substantial. Timor-Leste's small domestic market and narrow export base leave the economy heavily exposed to external shocks, with coffee beans still accounting for about 90% of non-oil exports. The private sector is dominated by micro- or family-run enterprises that face constraints in meeting export standards or scaling production. Institutional systems will require sustained reform to align with ASEAN's trade, investment and customs frameworks. High transport costs, limited port facilities and inadequate storage and cold-chain systems continue to hinder competitiveness and integration. These structural issues are compounded by fiscal vulnerability, as government expenditure still relies heavily on withdrawals from the Petroleum Fund.

Timor-Leste can, however, turn its new membership into meaningful gains through a sequenced and targeted approach. Early wins will matter. Prioritising sectors already linked to regional markets, such as coffee, spices, fisheries and tourism, can help to gain momentum. Improving the investor and exporter journey by simplifying and digitising business registration, licensing and permits would reduce friction and signal intent. Establishing an ASEAN Integration Taskforce within the government could accelerate the harmonisation of trade and investment regulations and ensure the coordination of follow-up on accession. Combining concessional finance from the Asian Development Bank and the World Bank with ASEAN

Infrastructure Fund instruments would help deliver high-priority projects in transport, logistics and digital connectivity.

Human capital investment will be equally important. Strengthening vocational pathways aligned with ASEAN standards and expanding participation in the MRAs could unlock new avenues for labour mobility and remittances. Placing leadership of the ASEAN Integration Taskforce within the Prime Minister's Office would support donor alignment, private-sector outreach and whole-of-government coordination, all of which are critical for ensuring that ASEAN commitments translate into concrete domestic reforms.

ASEAN membership provides Timor-Leste with a powerful platform, but membership alone is not an economic strategy. Greater openness will expose local producers to regional competition before domestic industries are fully ready, and the administrative burden of complying with ASEAN's extensive reporting and coordination obligations could stretch limited institutional capacity. The pragmatic choice now is to focus on a small number of priorities that can deliver visible results in jobs, trade and investment.

From what I saw in Dili earlier this year, the political will is there. The challenge ahead is disciplined execution, turning historic membership into shared prosperity for the Timorese people.

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