East Timor spy row: Australia, East Timor postpone ICJ case to seek 'amicable settlement'

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Australia and East Timor agree to suspend the International Court of Justice hearing into their bitter spy row and seek 'amicable' settlement.

Australia and East Timor have agreed to suspend the International Court of Justice hearing into their bitter spy row as they try to "resolve [their] differences amicably".

A spokesman for Australia's Department of Foreign Affairs and Trade told the ABC the parties will postpone the proceedings in the UN's highest court for an initial period of six months.

They have also agreed to suspend a separate, behind-closed-doors case on the Timor Sea Treaty before the Permanent Court of Arbitration, which is in the same building as the ICJ.

"This is a positive step, which provides an opportunity to seek to resolve our differences amicably. Australia and Timor-Leste will meet regularly to discuss these issues," the spokesman said in a statement.

East Timor dragged Canberra to the International Court of Justice (ICJ) in The Hague to seek the return of sensitive documents seized by Australia in a raid on an East Timor lawyer's office in the capital.

The documents relate to a controversial oil and gas treaty between the two countries which East Timor wants torn up.

"The ICJ decided to grant the parties' request to postpone the oral proceedings in the case," the ICJ said in a statement on Friday.

Lawyers were to argue their cases at the hearing's opening, set for September 17 before the ICJ, which rules in disputes between countries.

ICJ judges in an interim ruling in March ordered Canberra to stop interfering with East Timor's dealings with its lawyer and to ensure that the content of the seized documents be put under seal.

East Timor opened a case against Australia last December following a raid on the Canberra offices of Bernard Collaery, in which electronic and paper documents were seized.

East Timor contended that the seizure violated its sovereignty and rights "under international and any relevant domestic law."

At the heart of the David and Goliath dispute is the treaty signed in 2006 between Dili and its southern neighbour, four years after East Timor's independence from Indonesia.

Australia allegedly used an aid programme as cover to bug East Timor's cabinet offices so it could listen in on discussions about the

East Timor has accused Australia of spying to gain a commercial advantage during 2004 negotiations over the Timor Sea gas treaty, called the Certain Maritime Arrangements in the Timor Sea, or CMATS, which covers a vast gas field between the two nations worth billions of dollars.

East Timor now wants the treaty scrapped.

ABC/AFP

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