The former president of East Timor has told a commission sitting at the Permanent Court of Arbitration in The Hague that Australia exploited a vulnerable nation while negotiating treaties over oil and gas revenue in the disputed territory.

In the first case of its kind, East Timor has taken Australia to compulsory conciliation in The Hague in an attempt to resolve the bitter dispute over maritime boundaries in the Timor Sea.

But Australia has made the case that East Timor has benefited from the revenue-sharing treaties and that the hearing is beyond the jurisdiction of the commission.

East Timor's former president Xanana Gusmao accused Australia of first taking advantage of the country in 2002, while negotiating the Timor Sea treaty at a time when 70 per cent of East Timor's infrastructure had been burnt down by pro Indonesian militias, and while the country was still struggling to establish itself.

And secondly, he said, in the lead-up to the revenue-sharing agreement of 2006 when Australian foreign intelligence agents bugged the cabinet rooms in Dilli to get the upper hand in negotiations.

"We were not aware at the time, that under the cover of an Australian program renovating Timor-Leste government offices, Australia installed listening devices to spy on the Timorese officials," he said.

"To maximise their advantage and commercial interest."

Minister of State Agio Pereira made it clear to the commission that they wanted the 2006 Certain Maritime Arrangements in the Timor Sea Treaty (CMATS) to be torn up.

"The current provisional regime is near its end. CMATS is going — that is the policy of Timor-Leste," Mr Pereira said.

Australia has claimed the dispute lands beyond the jurisdiction of the Commission, because the 2006 treaty included a clause that put on hold negotiations over a permanent maritime boundary for 50 years.

East Timor benefitted from the treaties: DFAT

Gary Quinlan, from the Department of Foreign Affairs and Trade (DFAT), said their position was to urge the commission not to disregard their treaties, "simply because one party has changed its mind".

And Mr Quinlan told the commission that East Timor had benefited from the treaties.

"In addition to providing a stable revenue stream to Timor-Leste, the Timor Sea Treaties have enabled that country to benefit from Australia’s considerable expertise in offshore oil field regulation which has assisted to build its own capacity in oil and gas regulation," he said.

The commission has up to a year to makes its final recommendations, but does not have the power to force Australia to adopt new boundaries.
Australia removed itself from the binding dispute resolution mechanism under the UN convention on the law of the sea in 2002, just two months before East Timor gained independence.

If East Timor wins it may be a case of a moral victory, rather than a legal one.


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