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Australian Embassy
Timor-Leste

Timor Sea: Frequently Asked Questions

Why doesn't Australia want to negotiate maritime boundaries?

Australia and Timor-Leste have tried to negotiate maritime boundaries. We could not agree on a boundary. Rather than leave the resources in the sea, Timor-Leste and Australia agreed to put negotiations on hold and to focus on developing the resources of the Timor Sea together. We have agreed treaties that gave the large share of revenues - 90% - to Timor-Leste. Many other countries have these sorts of practical arrangements, such as Malaysia, Thailand, South Korea and Japan.

The treaties enabled Timor-Leste to receive vital revenue as a new country. Companies wanting to invest in the Timor Sea could be confident, with Australia lending its strong record on oil and gas governance.

Why is Australia acting illegally in the Timor Sea?

Australia is not acting illegally in the Timor Sea. The three Timor Sea treaties were agreed to by both Timor-Leste and Australia and are legal under international law. The UN Convention on the Law of the Sea says that countries should try to come up with practical arrangements that they can both agree on. Australia and Timor-Leste did this with the Timor Sea treaties.

Is Australia stealing Timor-Leste's oil?

Australia is not stealing Timor-Leste's oil. Both Australia and Timor-Leste claim the same area of the Timor Sea where a number of oil fields lie. In 2002, 2003 and 2006 our Governments signed treaties about how we would work jointly to manage oil and gas. We agreed that 90% of the revenue from a joint area would go to Timor-Leste and 10% to Australia. The Timor-Leste Government signed these three treaties and the Timor-Leste Parliament approved them.

How do the current treaties work?

The current treaties in the Timor Sea work very well. Timor-Leste and Australia sit down together in a Joint Commission every three months to make sure that companies in the Timor Sea are working smart and working safe. Timor-Leste's Authority for Petroleum and Minerals (ANPM) manages Timor Sea operations on behalf of our two countries. Timor-Leste has received US\$ 12.02 billion in revenue from these arrangements. Australia has received US\$ 1.35 billion. By working together, we have been able to attract the world's best and biggest oil and gas companies from the United States, Japan and Europe.

Why has Australia negotiated its maritime boundaries with all its neighbours except Timor-Leste?

Australia and Timor-Leste tried to negotiate maritime boundaries. We could not agree on a boundary.

Timor-Leste and Australia agreed that it was better to conclude agreements that would allow vital revenue to flow to Timor-Leste rather than to spend many years in maritime boundary negotiations. We agreed on treaties that greatly benefit Timor-Leste, and which have meant that it now has a sovereign wealth fund worth US\$16.6 billion.

Why doesn't Australia just agree to the median line?

It isn't that simple. Maritime boundary negotiations between any two countries take time because the international law is complex. The median line is not the only way to draw a boundary. Many other matters must be considered.

Something to think about – if Australia and Timor-Leste agreed to a permanent maritime boundary under the strict median line principle, Timor-Leste would own less than 20% of the Greater Sunrise field. Under the current treaties, Timor-Leste would receive 50% of the revenue. The median line principle could reduce Timor-Leste's share of future oil revenues.

Why won't Australia sit down and talk with Timor-Leste?

Australia does want to sit down and talk with Timor-Leste. In February 2016, Australia's Prime Minister Malcolm Turnbull wrote to Timor-Leste's Prime Minister Dr Rui Araujo and said that he wanted to have a frank and open discussion about all issues affecting our relationship.

Timor-Leste says that it wants to talk, but keeps taking us to court. Australia thinks we should talk about all of Timor-Leste's and Australia's concerns and wishes. We know that our relationship is about more than one thing, and we should continue to talk about all the good work we do together.

What do you say about the compulsory conciliation proceedings under the United Nations Convention on the Law of the Sea (UNCLOS)?

The Australian Government is disappointed that Timor-Leste has decided to initiate another legal action. In our view, it is better to talk with your friends than go to court. This is what Timor-Leste and Australia have done in the past. These discussions led to great outcomes for both countries. As a committed party to UNCLOS, we will nevertheless engage in the process. Australia and Timor-Leste have already chosen the members of the Conciliation Commission.

Australia is rich – why doesn't it just give the oil to Timor-Leste?

Australia's supports Timor-Leste's objectives of strengthening stability and developing the nation. A strong Timor-Leste is good for Australia and the region.

Timor-Leste is one of the most petroleum dependent countries in the world. We support the Government of Timor-Leste to develop other ways to build its economy and create jobs for Timorese people.

But this aside, under Australia and Timor-Leste's treaties in the Timor Sea, 90% of the oil and gas produced in the joint area already belongs to Timor-Leste. This has helped the Government of Timor-Leste build a fund worth US\$16.6 billion, which it draws on every day to pay for health, education, policing and other vital services for the Timorese people.

Isn't Australian Aid just giving back money that rightfully belongs to Timor-Leste?

Australia's development cooperation program is not in any way related to our agreements on the Timor Sea.

Australia has development cooperation programs with our neighbours including Papua New Guinea and Indonesia. This is because our most important interest is to have stable and prosperous neighbours – it is good for them and it's good for us too.

Australia's aid is not just money. We provide our knowledge and experience as a developed nation and world-leading donor

to work with our neighbours on problems that they want help with. In Timor-Leste this work ranges from ensuring Timorese children are well-nourished and receive a good education, to our police and defence people working side-by-side sharing their knowledge and experience.

Can Timor-Leste achieve full sovereignty without maritime boundaries?

Many countries in the world have not yet agreed to maritime boundaries with all of their neighbours, including Indonesia, Malaysia, Thailand, South Korea and Japan. Like Timor-Leste, these are all full, sovereign countries.

If we are friends, why did Australia spy on Timor-Leste?

Timor-Leste has accused Australia of spying. Australia has always acted in a professional manner in negotiations. Australia negotiated the three Timor Sea treaties with Timor-Leste in good faith. In 2002, 2003 and 2006, the Timor-Leste Government and Parliament thought the treaties were a good deal and approved them. Australia still thinks they are a good deal.

This dispute is affecting the friendship between Australia and Timor-Leste. Is it worth it?

Australia is sad to see the dispute affecting our friendship.

The Australian Government knows that our relationship is bigger than one issue. There is so much good work that we do together. This will continue. We will always be important to each other. Timor-Leste will always be our friend.

It is also clear that at some stage Australia and Timor-Leste will resolve our differences. From Australia's perspective, it is important that we treat each other with respect until we reach that point.

Isn't there another dispute about taxation of a pipeline?

Yes, Timor-Leste has taken Australia to court over the right to tax a pipeline to Darwin. Basically, the Timor Sea Treaty says that Australia has the right to tax the pipeline. Timor-Leste thinks that it also can tax the pipeline. At the moment, the companies are confused. This is another issue Australia would like to sit down and talk about with Timor-Leste.

How can Australia advocate for international law in the South China Sea, but not in the Timor Sea?

The treaties with Timor-Leste are consistent with Australia's policy on the South China Sea. We want countries to resolve differences over maritime boundaries peacefully and in accordance with international law. Australia and Timor-Leste showed the world how to do this by agreeing to our treaties when we could not agree on a boundary. We are participating in two arbitrations initiated by Timor-Leste and we will abide by the decisions of the arbitrators. We have called on the parties to the South China Sea arbitration to do the same.

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