Special commission quizzes Australia and East Timor in bid to broker sea dispute

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Published: September 2, 2016 - 1:19PM

A ruling could be delivered within the month on Australia’s claim that a special international commission has no jurisdiction to hear a complaint by East Timor.

East Timor has sought a "conciliation" with Australia under a never-before invoked article of the international law of the sea in a bid to win a greater slice of oil and gas revenue from the Timor Sea.

The move is the latest in what has become a bitter dispute, amid allegations Australian spies bugged the negotiations for an existing treaty that divides billions of dollars in undersea resources between the neighbours.

In at times tense, closed-door sessions that followed an initial public hearing at The Hague this week, Australia challenged the legal basis of the commission to hear the case.

East Timor has threatened to tear up a 2006 deal, known as the Treaty on Certain Maritime Arrangements in the Timor Sea, or CMATS, and wants fresh negotiation on a final maritime boundary.

Australia disputes the spying allegations and told the hearing they are being examined in a separate case lodged by East Timor also under way in the Permanent Court of Arbitration at The Hague.

The conciliation commission - made up of five international legal experts - is understood to have asked representatives from both countries for responses to more than 20 questions during the three days of hearings.

The commission quizzed the representatives about the interpretation of CMATS, the conciliation process, and the relationship between the existing treaty and the law of the sea.

The conciliation is seen as historic, and comes after Prime Minister Malcolm Turnbull in March knocked back a request from his East Timor counterpart, Rui Maria de Araujo, for fresh negotiations.

But Australia has been quick to emphasise the outcome of any conciliation is not binding.

The commission is expected to decide within weeks on Australia’s challenge to its jurisdiction, but may chose to also push ahead on the main issues in a case that could run up to two years.

Foreign Minister Julie Bishop defended the existing treaty as a fair deal that has delivered a $16 billion windfall to East Timor.

Labor has criticised the government’s position, having pledged at the last election it would negotiate a new maritime boundary with East Timor.

Shadow Foreign Affairs spokeswoman Penny Wong said this week a settlement "in fair and permanent terms is long overdue".

The 2006 treaty put a 50-year freeze on negotiations over a final maritime boundary, but East Timor now claims the resources fall within its territory.