AM with KIM LANDERS

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East Timor to capitalise on economic opportunities

Katherine Gregory reported this story on Tuesday, January 10, 2017 08:19:15

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KIM LANDERS: Political leaders in East Timor say they're looking forward to capitalising on the new economic opportunities from oil and gas reserves in the Timor Sea.

East Timor, also known as Timor-Leste, is on track to establish a new maritime boundary in the Timor Sea, after tearing up a controversial treaty with Australia.

Katherine Gregory reports.

KATHERINE GREGORY: It's a long-anticipated window of opportunity for Timor-Leste.

JOAO MENDES GONCALVES: We should define first the boundaries between the two countries, so that we knew what belonged to Australia and what belonged to Timor-Leste, as far as the natural resources in the Timor Sea.

KATHERINE GREGORY: Joao Mendes Goncalves is head of the Mission Unit for the Timor-Leste-Indonesia-Australia Growth Triangle, and the former Timor-Leste minister for economy and development.

He says the new border in the Timor Sea could significantly change his country.

JOAO MENDES GONCALVES: I don't think Australia will need the resources of the Timor Sea as much as Timor-Leste needs it. You see the amount of poverty that still exists in Timor-Leste; the amount of development that needs to be done.

KATHERINE GREGORY: On Monday the Australian and Timor-Leste governments announced they would abandon a 2006 treaty, which divided \$40 billion worth of resources in the Timor Sea between the two countries.

That 50-year treaty had stipulated only a temporary sea boundary, which favoured Australia.

Dili was pushing to renegotiate it for years, but Canberra did not give in - until now.

Timor-Leste's ambassador to Australia, Abel Guterres:

ABEL GUTERRES: For Timor-Leste, it's maritime border is very important in terms of completing its sovereignty over its land and sea. And number two is: Timor-Leste must know what areas, either sea or land, belongs to it and all the resources there is.

KATHERINE GREGORY: Chris Flynn, an international law and energy security expert, says these border negotiations give Timor-Leste more than fair access to oil and gas reserves.

CHRIS FLYNN: It may end up that some of that gas can be brought onshore and processed onshore.

And that would be require a whole lot investment to be made in East Timor itself.

And that would be tremendously helpful to a small, developing company like East Timor.

KATHERINE GREGORY: Mr Flynn points out that the termination of the 2006 treaty also grants East Timor more political clout in its dealings with Australia.

CHRIS FLYNN: And that's because international law would favour a fairer resolution to this dispute for East Timor. And that's important because East Timor will no longer be restricted from suing Australia, as it was under the treaty that's just been set aside, if Australia doesn't play ball.

KATHERINE GREGORY: Lawyer Chris Flynn ending Katherine Gregory's report.