



East Timor tears up oil and gas treaty with Australia after Hague dispute

By political reporter Henry Belot and business reporter Emily Stewart, staff

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East Timor will tear up an oil and gas treaty with Australia that has been at the centre of espionage allegations, international arbitration and a bitter diplomatic dispute.

The 2006 treaty relates to a temporary maritime border in the Timor Sea, and access to oil and gas deposits worth an estimated \$40 billion.

The agreement had outlined a 50-year freeze on negotiations for a permanent border.

But East Timor, also known as Timor-Leste, had claimed the treaty was invalid given Australian intelligence operations in 2004.

Diplomatic relations have been tense since East Timorese officials accused Australia of spying on cabinet ministers amid negotiations on the treaty to divide the oil and gas fields.

On Monday, a joint statement from both countries said the Treaty on Certain Maritime Arrangements in the Timor Sea would no longer apply, after a three-month transition period.

"The Government of Australia has taken note of this wish and recognises that Timor-Leste has the right to initiate the termination of the treaty," the statement said.

The statement added Australia and East Timor had agreed to "an integrated package of measures to facilitate the conciliation process", which included abandoning the deal.

As a result, both countries will negotiate on a permanent boundary.

ANU professor of international law Don Rothwell said the carefully worded joint statement indicated conciliation talks between the countries were progressing.

"The statement gives some indication that the conciliation process is constructively moving forward and there is a hint that perhaps Australia has conceded that they are prepared, for the first time, to settle on a permanent maritime border with East Timor," he said.

"If that is the case, then that is a significant change to Australia's position however we still don't know what the permanent boundary will be."

Dispute in The Hague

The two countries have been locked in an ongoing disagreement over maritime borders in the Permanent Court of Arbitration in The Hague.

Australia lost its bid to stop East Timor from forcing compulsory conciliation in September last year, months after Prime Minister Malcolm Turnbull rejected calls for fresh negotiations.

Australia has long maintained the maritime border should extend beyond its continental shelf and much closer to the East Timorese shore.



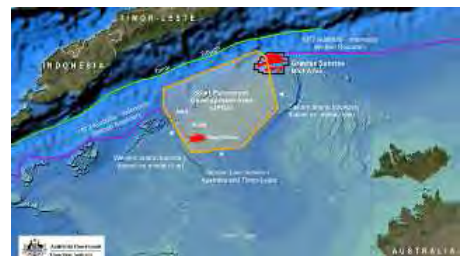
PHOTO: The disputed territory contains large oil and gas deposits worth an estimated \$40 billion. (ABC News)

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A history of treaties in the Timor Sea



- In 1989 Australia and Indonesia signed the Timor Gap Treaty when East Timor was still under Indonesian occupation.
- East Timor was left with no permanent maritime border and Indonesia and Australia got to share the wealth in what was known as the Timor Gap.
- In 2002 East Timor gained independence and the Timor Sea Treaty was signed, but no permanent maritime border was negotiated.
- East Timor has long argued the border should sit halfway between it and Australia, placing most of the Greater Sunrise oil and gas field in their territory.
- In 2004 East Timor started negotiating with Australia again about the border.
- In 2006 the CMATS treaty was signed, but no permanent border was set, and instead it ruled that revenue from the Greater Sunrise oil and gas field would be split evenly between the two countries.

But it has failed to reach agreement on the subject with East Timor.

Instead, Australia has shared the energy wealth of the disputed seabed within an area known as the Joint Petroleum Development Area.

East Timor maintains Australia has unfairly claimed the oil and gas reserves within its own territory.

In 2013, Canberra-based lawyer Bernard Collaery, who was representing East Timor in the spying case at The Hague, claimed his office had been raided by the Australian Security and Intelligence Organisation (ASIO).

Later, Australia agreed to return documents seized from Mr Collaery's office.

East Timor's former president Xanana Gusmao has accused Australia of taking advantage of the country in 2002, when the country was struggling to establish itself after attacks by pro-Indonesian militias.

Australian business welcomes move

A spokeswoman for Australian company Woodside Petroleum, which has an interest in the Greater Sunrise gas fields near East Timor, welcomed the development in the absence of a permanent resolution.

"Woodside supports this morning's joint statement by the Governments of Australia and Timor-Leste and the Conciliation Commission committing to negotiate permanent maritime boundaries between the two countries," she said.

"Woodside understands the Timor Sea Treaty remains in place and we look forward to an agreement that allows for the earliest commercialisation of the Greater Sunrise fields, which promise great benefits for all parties."

The Greater Sunrise fields were discovered in 1974 are located 150 kilometres south-east of East Timor and 450 kilometres north-west of Darwin.

Woodside's development of the gas fields has been delayed until the East Timor and Australian governments agree on a legal and regulatory framework for the resources.

Topics: world-politics, oil-and-gas, courts-and-trials, foreign-affairs, government-and-politics, australia, east-timor, asia

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