

Exclusive-East Timor favours Australia over Chinese firms on major gas project, president says

By Sudarshan Varadhan, Reuters, 4 Feb 2025

DILI (Reuters) - East Timor would prefer to work with Australia and partners Woodside Energy and Japan's Osaka Gas over Chinese firms that have expressed interest in developing the stalled Greater Sunrise natural gas field, its president said.

The comments by President Jose Ramos-Horta in an interview with Reuters mark the first time he has publicly expressed a preference to develop the field with Australia and existing partners since he suggested doing so with new ones such as China and Kuwait last year.

The prospect of developing Greater Sunrise, which has 5.1 trillion cubic feet of gas reserves, with new partners had raised concerns in Australia about growing Chinese power and influence in the Pacific region.

Ramos-Horta said East Timor has been stalling approaches from Chinese companies including state-owned Sinopec as well as Kuwaiti firms to develop the field, as it is committed to its Australian partners.

"If anything, it is our side that has been holding off," Ramos-Horta said in an interview on Sunday during a commercial flight from Dili to Indonesia's Bali.

State-owned Timor Gap owns a 56.6% stake in the field located about 140 km (87 miles) south of East Timor, while Australia's Woodside owns 33.4% and Osaka Gas holds 10%.

The multi-billion dollar development of the field, whose revenues were estimated at \$65 billion in 2018, has been stalled for decades amid disagreements with Australia and operator Woodside.

It is vital to the economic growth of Southeast Asia's poorest nation, also known as Timor-Leste, which gained independence from Indonesia in 2002.

"Our government is open to listening to other investors. But in transparency with the existing joint venture, until the last minute, we say we want to work with Australia," he said.

Ramos-Horta said Woodside's CEO had told him and the country's prime minister in private meetings that developing a liquefied natural gas plant in East Timor was a viable option, but added that Woodside and Osaka Gas were still pushing to pipe the gas to an existing LNG hub in Darwin, Australia.

"All evidence acknowledges that the Timor option is a viable one, not more expensive than the pipeline to Darwin," Ramos-Horta said, referring to findings of a report by British engineering and consultancy firm Wood hired by the Sunrise joint venture as proof of the viability.

The report has yet to be made public.

Woodside said in a statement on Wednesday that the report did not make a recommendation, but it contained multiple considerations for each option including financing, technical and regulatory approvals.

"At present, Woodside remains in discussion with the Sunrise Joint Venture participants about the outcome of the study and next steps," the company told Reuters, adding the participants remained in talks with the governments of Australia and East Timor.

Osaka Gas and Sinopec declined to comment, while the office of Australia's Resources Minister Madeleine King did not respond to requests for comment.

Ramos-Horta said a Kuwaiti private fund had visited Dili five times, expressing interest in underwriting the entire investment in the pipeline to East Timor required if the LNG plant is built there.

"We have no problems in financing an LNG plant in Timor-Leste ourselves. We have money," he said.

Ramos-Horta said it was crucial that the Greater Sunrise agreement be signed before Australian federal elections in the first half of this year to prevent further delays, but said a meeting between the two countries had not been scheduled.

"Three years into the office of the current prime minister, if they have not made a decision, have not yet signed the agreement to bring the pipeline to Timor-Leste, then I wonder, what the real commitment of the government of Australia to Timor-Leste is," he said.

Separately, Ramos-Horta said he expected East Timor to become a member of regional grouping Association of Southeast Asian Nations (ASEAN) this year.

East Timor has also issued rights to mine gold to joint ventures between Timorese companies and Australian miners, and started exploring onshore natural gas in central and eastern Timor, he said.

(Reporting by Sudarshan Varadhan in Dili; Additional reporting by Alasdair Pal in Sydney, Yuka Obayashi in Tokyo and Aizhu Chen in Singapore; Editing by Jamie Freed)