

New dawn on Greater Sunrise energy dispute

ASIA TIMES By ERIN COOK | Jakarta, October 13, 2017

A long-running territorial dispute between Australia and Timor-Leste is a step closer to resolution with last month's announcement that talks at The Hague arrived at a new maritime border treaty for the Timor Sea.

The contested sea is home to the Greater Sunrise oil and gas fields, with estimated reserves worth over US\$31 billion, sitting between one of the world's most affluent and one of its poorest nations.

Oil revenue makes up around 80% of Timor-Leste's national revenue and with concerns current fields will be depleted within the next decade, Dili needs new exploration and production to prevent fiscal collapse while the government rolls out plans to lessen reliance on natural resources.

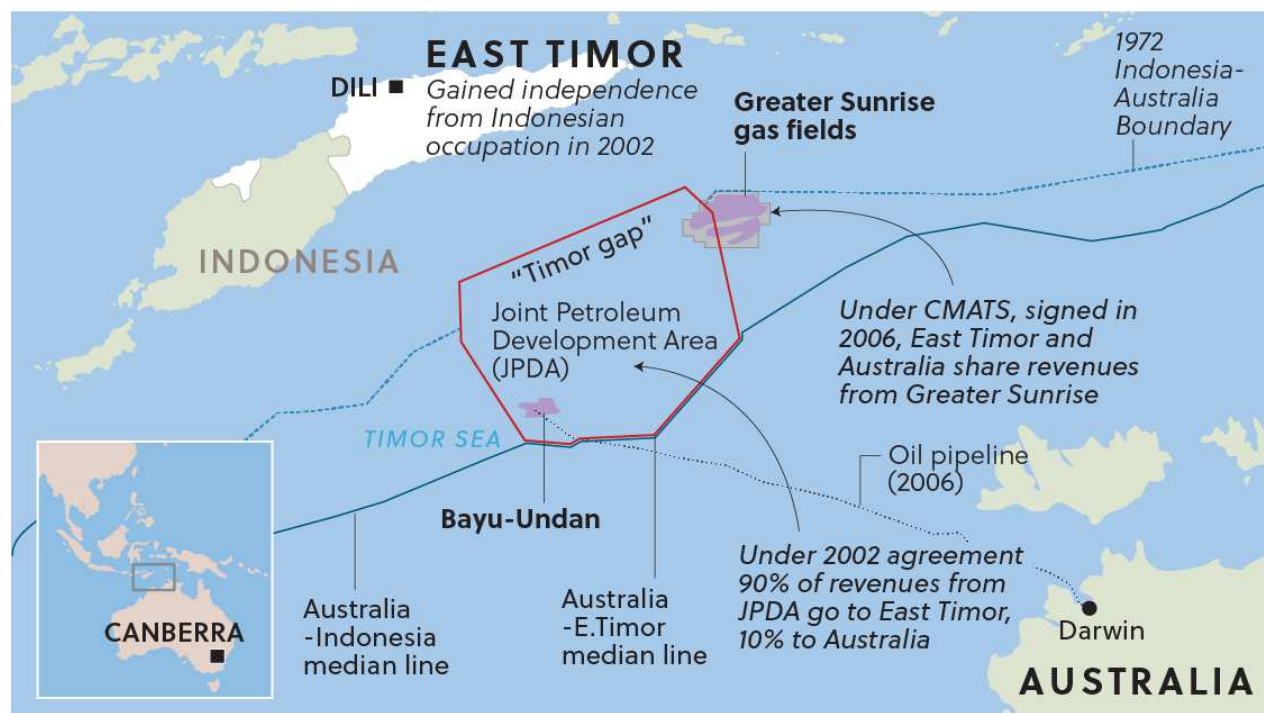
Full details of the agreement are expected to be announced in late October, after a finalization process of the treaty is completed by The Hague's Permanent Court of Arbitration (PCA).

The initial border was established by an agreement made between Australia and Indonesia in the 1970s. It was renegotiated after Timor-Leste, also known as East Timor, won independence from Jakarta in 2002, but has nonetheless remained a sticking point between the two neighbors.

The treaty, known by its [CMATS](#) acronym, was signed in 2006 between Australia's then foreign minister Alexander Downer and then Timorese president Jose Ramos-Horta. Downer cited the importance of the agreement to Australia's national interests when fast-tracking its ratification the following year.

Contested Waters

Australia and Timor Leste dispute ownership of underground oil and gas



Sources: IMF/WB//DFAT/offshoreenergytoday.com/GeoscienceAustralia

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CMATS set out to promote faster development and exploration of the contested Greater Sunrise oil and gas reserves. But the agreement was divisive from the start, with critics on both sides arguing Australia had exploited the power imbalance to secure access to 80% of the reserves.

While a 50%-50% revenue share agreement of resources under CMATS was a vast improvement on the 82%-12% of earlier agreements that favored Australia, Timor-Leste has argued a redraw of the boundary based on international law would find a majority of the fuel fields lie in Timorese territory.

Relations fractured in 2013 after revelations the Australian Secret Intelligence Service, Australia's overseas spy agency, had bugged the office of Timor-Leste's Cabinet in 2004 to undermine negotiations by turning over information gleaned on the Greater Sunrise issue to Australian negotiators.

The [spying accusations](#) had a direct impact on Timor-Leste's decision to take the dispute to The Hague's PCA in 2013. While Dili dropped its PCA case against Australia on the spying charges after conciliation talks held in Singapore earlier this year, the incident still casts a dark shadow over bilateral relations.

Meanwhile, a split in policy between the ruling Liberal-National coalition government and the Labor-led opposition – which has vocally supported a new resolution and reset in relations with Timor-Leste – likely contributed to Australia's change in approach to the dispute.

So, too, have concerns that China's growing infrastructure investment in Timor-Leste, including the construction of ministry offices and a presidential palace alongside funding for the training of hundreds of civil servants, have generated goodwill towards Beijing at Canberra's expense.



Timor-Leste's new China-built Presidential Palace in Dili. Photo: AFP Forum

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While Timor-Leste has continued to criticize Chinese aggression in the South China Sea, the tiny nation's strategic location between the Pacific and Indian oceans is attractive to China, whose [warships](#) visited Dili in January 2016.

Chinese state news agency Xinhua reported the five-day visit as the first of many to come and a boost to a “bilateral friendship.”

While specifics of the new resolution will not be known until after it is presented to the United Nations Compulsory Conciliation in The Hague later this month, observers and analysts have predicted likely outcomes based on the initial announcement.

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Bec Strating, a political lecturer focusing in Timor-Leste and Indonesia at Australia’s La Trobe University, told Asia Times that the new agreement’s maritime boundary delimitation and special resource sharing regime indicates that Timor-Leste has likely compromised on its earlier proposed maritime claims.

She notes the Timorese had earlier argued that the eastern lateral boundary of the contested area should be drawn in a way that the Greater Sunrise gas field would fall under its complete jurisdiction.

“We don’t know what kind of agreement has been reached on boundaries, but my guess is that Australia may have compromised on the median line but not on the eastern lateral,” Strating said.



Timorese students shout slogans during a protest in front of the Australian embassy in Jakarta, Indonesia, March 24, 2016. Photo: Reuters/Beawiharta

Timor Sea Justice, an Australia-based campaign supporting Timor-Leste’s maritime claims based on international law, has resisted making any bold predictions on the new agreement, though its spokesman Tom Clarke is quietly optimistic.

“We’re pleased to hear that the new treaty will feature permanent boundaries, but of course the devil will be in the detail and we won’t be popping the champagne yet,” Clarke said. “I think it’s safe to say the treaty will amount to a

much better deal for the Timorese than the previous miserly ones Australia jostled Timor into.”

Others believe the agreement will go a long way in mending [bilateral relations](#), which have been frayed since Timor-Leste achieved independence from Indonesia in 2002, despite Canberra’s earlier support during that long and hard struggle.

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Kim McGrath, author of *Crossing the Line: Australia’s Secret History in the Timor Sea*, says that even with a new agreement on the long-simmering dispute it will still take time to fully mend ties.

“It does seem that Australia has finally realized it is in its national interest to have a positive relationship with Timor-Leste and that the first step in remedying the relationship is to settle a maritime boundary,” she said, noting that since the spying scandal broke in 2013 no Australian minister has visited Dili.

While representatives from the Timor-Leste government did not respond to requests for comment on the new agreement, Australia’s Department of Foreign Affairs and Trade welcomed the announcement as a fresh diplomatic start.

“This is a landmark day in the relationship between Timor-Leste and Australia,” a ministry spokesperson told Asia Times. “This agreement, which supports the national interest of both our nations, further strengthens the long-standing and deep ties between our governments and our people.”