

## The Timor Sea agreement is in hot water

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Author: Damien Kingsbury, Deakin University

Australia's agreement with Timor-Leste to settle a permanent maritime boundary in the Timor Sea may have hit a snag with Timor-Leste's politics descending into turmoil.

On 30 August this year, the two countries announced that they had reached the 'central elements' of an agreement to end a falling out over the disputed waters — and its oil and gas resources — with details to be made public this month.



The dispute, which marked a low point in bilateral relations, appeared to have been resolved with the outline of a permanent maritime boundary and resource sharing agreement for the Greater Sunrise liquid natural gas (LNG) field, 80 per cent of which is in Australian waters. The agreement implied that part of the Greater Sunrise field would remain in Australian waters, contrary to Timor-Leste's original position for a maritime boundary to be established at the halfway point of the Greater Sunrise field under the provisions of the UN Convention on the Law of the Sea.

The initial text of the agreement also referred to 'the establishment of a Special Regime for Greater Sunrise [and] a pathway to the development of the resource'. Although unlikely, this could have allowed Timor-Leste's preferred position of processing the LNG at a yet to be built facility on the country's south coast.

The leading Greater Sunrise partner, Woodside Petroleum, rejected the south coast option, instead opting for a floating processing platform. The quickest option — likely to [produce revenue for Timor-Leste](#) <sup>[1]</sup> in time to address its falling income stream — would be to backfill an

existing oil pipeline from the Bayu-Undan oil field in the Timor Sea, which is expected to run dry by 2022.

The compromise appears to fit with the more conciliatory approach of Timor-Leste's recently appointed Prime Minister Mari Alkatiri. Following the elections, Alkatiri allowed Xanana Gusmao, former prime minister and current Minister for Planning and Strategic Investment, to continue as lead negotiator on the Timor Sea.

Gusmao had argued for all of Greater Sunrise to be within Timor-Leste's territorial claim and for the LNG to be processed on Timor-Leste's south coast. So the recent compromise would not have aligned with Gusmao's preferred position.

Given that Gusmao's National Congress for Timorese Reconstruction party (CNRT) lost power in the July elections, his reservations would not have mattered except that CNRT's former governing partner, the Fretilin Party, [only won the election with 23 of the parliament's 65 seats](#)<sup>[2]</sup> and a tiny 0.2 per cent margin over CNRT, which won 22 seats. Even in coalition with the Democratic Party (PD), the government only holds 30 of the 65 seats.

Under Timor-Leste's constitution, the president can appoint the party with the most votes to government, even if it is short of a majority. Before the election, President Francisco 'Lu-Olo' Guterres — a loyal Fretilin member — was expected to favour Fretilin to lead the government if it won the most votes of any single party.

This might not have mattered if Fretilin had continued in partnership with CNRT, as was widely expected before the elections. But there appeared to be a falling out between Fretilin's Alkatiri and CNRT's Gusmao. This was likely over Alkatiri's decision not to reciprocate CNRT's support for Fretilin's Rui Araujo as prime minister when Gusmao stepped down in February 2015, or over CNRT's support for Guterres as president.

From these decisions, Alkatiri appeared to have returned to the centralising political style that marked his time as prime minister between 2002 and 2006. That centralising style earned Alkatiri much political animosity at the time and contributed to the troubles of 2006, which forced him to resign as prime minister.

The People's Liberation Party (PLP), the smaller Joyous Fertility of Timorese People's National Unity party (KHUNTO) and even Fretilin's governing partner PD, complained about Alkatiri's lack of inclusion during negotiations over joining the new government.

CNRT, PLP and KHUNTO — the parties in parliament that are not in the governing coalition — recently joined together as the Parliamentary Majority Alliance (AMP), the same name given to the CNRT-led governing alliance in 2007. Together, they control 35 seats.

On 19 October, the AMP voted down Fretilin's proposed governing program in parliament and is expected to defeat a second vote on the program in November. If it does, President Guterres could appoint a new Prime Minister who is able to command a majority in the parliament. But it is more likely that the government would go into caretaker mode ahead of fresh parliamentary

elections expected after January 2018.

The political instability that is currently shaking Timor-Leste could delay finalising the Timor Sea agreement, the details of which have been put off for another month. Or it could mean that the agreement will not be signed before the expected elections, which could produce a different government with a different view on the recent compromise.

If the Timor Sea agreement is not signed before a new government is elected or appointed by President Guterres, the extent of the agreement on the Timor Sea that has been reached could be back on the table for renegotiation.

*Damien Kingsbury is Personal Chair and Professor of International Politics at Deakin University and Coordinator of the Australia Timor-Leste Election Observer Mission.*

*A version of this article was first published [here](#)<sup>[3]</sup> in Deakin Speaking.*

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[1] produce revenue for Timor-Leste:

<http://www.eastasiaforum.org/2017/04/28/timor-lestes-worrying-economic-future/>

[2] only won the election with 23 of the parliament's 65

seats: <http://www.eastasiaforum.org/2017/08/05/timor-leste-fortifies-democracy/>

[3] *here*:

<https://blogs.deakin.edu.au/deakin-speaking/2017/10/23/australia-timor-leste-timor-sea-agreement-thrown-into-doubt/>