

East Timor dumps spying case against Australia for 'good faith' oil, gas boundary talks

Daniel Flitton

Published: January 24, 2017 - 2:09PM

East Timor has dumped its spying case against Australia in the international court, raising hopes of an eventual end to the bitter stand-off over \$40 billion in oil and gas fields.

After a week of confidential talks in Singapore, both countries also pledged on Tuesday to negotiate in "good faith" to finally declare a maritime boundary in the Timor Sea, setting a September deadline for progress.

But Foreign Minister Julie Bishop has [previously emphasised](#) the unprecedented conciliation process East Timor has initiated against Australia to be non-binding.

The latest move in the long-running dispute follows a decision by East Timor this month to [tear up a Howard-era treaty](#) that had governed the development of multi-billion dollar oil and gas resources in the Timor Sea.

Australian spies were accused of bugging the cabinet office in Dili in the middle negotiations for the 2006 treaty and East Timor also subsequently decided the underwater resources fell mostly within its territory.

Ms Bishop has stripped the passport of a former Australian spy known only as "Witness K" to prevent him giving testimony at hearings in The Hague.

Australia has also previously refused to negotiate a permanent maritime boundary with East Timor but now appears to have softened its stance.

In a joint statement, the two neighbours said a series of "confidence-building measures" had been agreed to last week during confidential meetings.

Australia did not object to abandoning the 2006 treaty and East Timor has agreed to drop two cases brought against Australia - the espionage case and a separate case over the tax rate for petroleum pumped from the Timor Sea.

Both countries "reaffirmed their commitment to work in good faith towards an agreement on maritime boundaries by the end of the conciliation process in September 2017", the statement read.

Michael Leach, an East Timor specialist from Swinburne University of Technology, said the declaration was a significant development as it showed negotiations were proceeding and the United Nations-backed conciliation process was bearing fruit.

Bec Strating, a lecturer in international relations from La Trobe University, said the decision to abandon the spying case was not surprising after Australia agreed to cancel the 2006 treaty, known as the "Treaty on Certain Maritime Arrangements in the Timor Sea", or CMATS.

Dr Strating said the purpose of the spying case was an attempt to invalidate CMATS because East Timor was concerned pulling out of the treaty might threaten earlier legal agreements in the Timor Sea, which have provided a significant financial windfall for the tiny nation.

But she said the deal to retain the 2002 Timor Sea Treaty while negotiations continued was a win for East Timor, although "it does not resolve or alter the central problem in the negotiations of where permanent boundaries should be drawn."

This story was found at: <http://www.smh.com.au/federal-politics/political-news/east-timor-dumps-spying-case-against-australia-for-good-faith-oil-gas-boundary-talks-20170124-gtxiva.html>