



Australia, East Timor sign deal on maritime border, agree to share revenue from Greater Sunrise oil and gas

By North America correspondent Stephanie March and political reporter Stephen Dziedzic

Updated Wed 7 Mar 2018, 1:27pm

Australia and East Timor have signed an agreement that draws the first maritime border between the two nations.

It is hoped the deal, signed at the United Nations in New York, will end the bitter dispute over oil and gas reserves in the Timor Sea.

The two nations have agreed to split revenue from the Greater Sunrise oil and gas deposit, which lies between Australia and East Timor.

But there has been no agreement yet on where the gas and oil will be processed, and future negotiations on the subject could be difficult.

Australia has offered to give East Timor 80 per cent of the revenue if the oil and gas is piped to Darwin, while East Timor wants a 70 per cent share with the resources processed on its shores.

East Timor's chief negotiator, former president Xanana Gusmao, has accused Australia of colluding with resource companies to ensure the resources are piped south to Darwin instead of north to East Timor.

The nation wants to build a processing hub on its southern coastline, but Australia is deeply sceptical about East Timor's capacity to develop the plant.

Australia and East Timor have hailed the border agreement, saying in a joint statement that both nations "demonstrated good will and preparedness to compromise".

"Both countries negotiated in good faith in order to achieve a treaty that Timor Leste, Australia and the [Conciliation] Commission believe is fair, balanced and consistent with international law," the statement said.

But the fault lines running underneath the agreement are still clear.

Foreign Minister Julie Bishop said developing Greater Sunrise would "require the support of the private sector oil and gas joint venture companies whose capacity to develop and operate the project will depend on its economic viability".

Ms Bishop said she hoped to see East Timor take advantage of the area's natural resources.

"It's in our interest for Timor Leste to be a stable and prosperous neighbour, and that's why we want to see a project developed that's economically viable in the long term to deliver the maximum benefits," she said.

The joint venture companies, led by energy giant Woodside, maintain that piping gas to East Timor is not economically viable, because the pipeline would have to cross a five-kilometre-deep undersea trench.

But Dili is standing by its plan. It is desperate to develop Greater Sunrise as quickly as possible, because East Timor remains heavily reliant on gas and oil revenue, and its existing fields are expected to run dry within a decade.

East Timor's Deputy Prime Minister Agio Pereira said both nations would

Key points:

- Both nations agreed to split revenue from Greater Sunrise oil and gas deposit, but negotiations ongoing
- Australia has offered 80pc of oil and gas revenue if processing happens here
- East Timor wants 70pc of revenue but with processing on its shores

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

now press on with talks about developing Greater Sunrise.

"These negotiations have been tough. They were not meant to be easy. And it was important to both Australia and Timor Leste to achieve successful results," he said.

First posted Wed 7 Mar 2018, 11:47am

Contact Stephanie March