

Australia to use East Timor boundary treaty to bolster ASEAN ties

Uncertainty over US-China rivalry prompts Canberra charm offensive

March 5, 2018 5:12 pm JST

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SINGAPORE -- After a saga lasting nearly two decades, Australia will on March 6 sign a boundary treaty with East Timor that will allow the Southeast Asian country to earn much-needed revenue from gas fields under the Timor Sea.

Australia's decision is seen as tactical move to strengthen ties with Southeast Asian countries as it finds itself torn between the interests of the U.S. and China.

"The Parties have reached agreement on a treaty which delimits the maritime boundary between them in the Timor Sea," read an announcement made by the Permanent Court of Arbitration on February 25 after negotiations in Kuala Lumpur.

Moreover, the treaty "addresses the legal status of the Greater Sunrise gas field, the establishment of a Special Regime for Greater Sunrise, and a pathway to the development of the resource."

Australia's previous reluctance to establish a maritime boundary with the East Timorese had earned a certain amount of criticism. Many, such as Tom Clarke, spokesman for the Timor Sea Justice Campaign, felt Canberra was strong-arming an impoverished, resource-dependent country that had recently won a long struggle for independence.

East Timor depended on oil and gas for 85% of its revenue in 2017, according to La'o Hamutuk, a Dili think tank. But with existing fields running dry, access to Greater Sunrise is vital to the country's economic prospects.

For Australia, the signing is timely as it comes ahead of the ASEAN-Australian Special Summit in Sydney on March 17-18, the first such meeting to be held in the country.

Australia conducts about 15% of its trade with the Association of Southeast Asian Nations, making the 10-country economic bloc its third-largest trading partner after China and the EU.

With a population of 638 million, ASEAN's combined economic output of \$2.5 trillion is about twice Australia's, which is in turn slightly bigger than the economy of Indonesia, ASEAN's largest member.

There is potential for greater economic links between Australia and ASEAN. ANZ Research reported in 2017 that, despite the signing of a free trade deal incorporating the bloc, Australia and New Zealand in 2010, trade growth had seen "relative stagnation" in the years since.

East Timor, known officially as the Democratic Republic of Timor-Leste, has applied to join ASEAN and the signing of the treaty on March 6 could provide a boost to the election campaign of East Timorese lead negotiator, former president, prime minister and independence fighter Xanana Gusmao, who hopes to regain power in May 12 parliamentary elections.

The agreement should enhance Australia's standing with its neighbors ahead of the March 17-18 summit, though one notable head of government will not be there. Philippine President Rodrigo Duterte is sending Foreign Minister Alan Peter Cayetano in his place.

Australia provides development and counterterrorism assistance to the Philippines, but relations have been strained recently over Australian criticism of Duterte's so-called war on drugs.

Australia supported East Timor in the early days after independence. It stationed troops in the country for more than a decade after the 1999 vote to secede from Indonesia, but ties have simultaneously been dogged by the boundary stand-off. East Timor had been under Jakarta's control for close to a quarter of a century, during which an estimated 200,000 East Timorese died in the suppression of the independence movement.

East Timor's two decades as an independent country have coincided with China's economic rise. China has enhanced trade and investment links throughout the region and now accounts for a quarter of Australia's total trade.

It did not take long for the newly independent country to feel the impact of China's growth. "The leaders of Timor-Leste regard China like an elder brother and a most reliable friend," Su Jian, then-Chinese ambassador in Dili, told The New York Times in 2007. Several major government buildings in the capital have since been built with Beijing's assistance.

But Canberra has grown apprehensive over China's growing influence in Southeast Asia, and in Australia itself. Its intelligence agency stated that it had "identified foreign powers clandestinely seeking to shape the opinions of members of the Australian public, media organizations and government officials in order to advance their country's own political objectives," in its 2016-17 annual report.

"Ethnic and religious communities in Australia were also the subject of covert influence operations designed to diminish their criticism of foreign governments," the report added.

At the same time, Washington leaving the Trans Pacific Partnership resulted in a number of difficult questions for Turnbull's government.

"There remains uncertainty in Southeast Asia about the direction of U.S. policy in relation to the region and ASEAN," according to a paper published by the Australian parliament on March 1.

The U.S. has followed up its withdrawal from the TPP with import tariffs on steel, aluminum, washing machines and solar panels. Australia's dependence on trade with China makes it difficult to support the U.S. moves.

"My concern remains that, on the back of actions like this, we could see retaliatory measures that are put in place by other major economies," Steven Ciobo, Australia's trade minister, told reporters in Sydney on March 2.

Faced with a tricky balancing act between its main security ally and its biggest trading partner, Australia wants to shore up relations with its Asian neighbors.

Speaking in Singapore in mid-2017, Australian Prime Minister Malcolm Turnbull hinted that Australia intended to resolve its standoff with East Timor by calling for regional disputes to be "resolved by dialogue" and where "big fish neither eat nor intimidate the small."

In the same speech, Turnbull said his government had no desire to "choose" between the U.S. and China, before saying that Australia should "reinforce" its partnership with ASEAN.

Some observers, such as former Australian Prime Minister Paul Keating, have even called for Australia to join the bloc.

"This is what I would call Australia's Plan B," said John Blaxland, director of the Southeast Asia Institute at Australian National University, discussing the upcoming Australia-ASEAN summit.

"The uncertainty is not just about what the U.S. will do but also China's approach to the world with Xi [Jinping] now looking like he will be president for life."