

Australia approves East Timor border deal, unlocking vast gas reserves

Business Recorder

AFP, 29 July 2019 -- Australia's parliament voted Monday to implement a maritime border treaty with East Timor, potentially unlocking billions in offshore oil and gas revenue after a bitter decadelong dispute. The treaty is expected to provide a major boost to East Timor, one of Asia's poorest countries, by establishing new arrangements for sharing revenue from the Greater Sunrise gas fields in the Timor Sea.

It comes just days after East Timor's parliament voted in favour of ratifying the treaty, which the two countries signed at the United Nations in March 2018 and was the first-ever reached under a special conciliation mechanism of the UN Convention on the Law of the Sea.

Discovered in 1974, the lucrative Greater Sunrise fields - located 150 kilometres (93 miles) southeast of East Timor and 450 kilometres northwest of Darwin - are estimated to be worth between US\$40 and \$50 billion.

East Timor plans to develop the gas fields through a pipeline that would reach the country's south coast, with hopes it would provide much-needed employment opportunities, though Australia has cast doubt on the smaller nation's capacity to do so.

Australian Foreign Minister Marise Payne said in the Senate Monday that the treaty "settled a long-running dispute over our maritime boundaries, agreed upon a pathway for the development of Greater Sunrise and laid the foundation for a new chapter in our bilateral relations".

Australia has seen its international reputation damaged by the dispute with its less powerful neighbour, with Dili dragging Canberra to the Permanent Court of Arbitration in The Hague after contesting a previous deal signed in 2006.

East Timor wanted that treaty, which also covered the vast Greater Sunrise fields, torn up after Australia was accused of spying to gain commercial advantage during the negotiations.

As the dispute escalated, a group of energy companies including Australia's Woodside, ConocoPhillips, Shell and Osaka Gas decided to mothball plans to develop the fields.

Opposition Leader Anthony Albanese said during the House of Representatives debate on Friday that the lengthy dispute "has not done a great deal for Australia's standing as good neighbours to one of the newest nations on the planet".

Australia has continued to profit from an oil field stake that is set to be handed to East Timor under the treaty, taking an estimated AUS\$60 million in the 12 months after the treaty was signed but not ratified, national broadcaster ABC reported.

East Timor was invaded by Indonesia in 1975 before it gained independence in 2002 after a UN-sponsored referendum in 1999, which will be marked by 20th anniversary celebrations on August 30.

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