

Extraordinary Meeting of the Council of Ministers of 08 and 09 July 2019

Presidency of the Council of Ministers

Eighth Constitutional Government

Press Release

Extraordinary Meeting of the Council of Ministers of 08 and 09 July 2019

The Council of Ministers met with the Head of the Negotiating Team of the Council for the Definitive Delimitation of Maritime Borders and Special Representative of the Government of Timor-Leste for the Completion of Procedures Necessary for the Ratification of the Treaty between the Democratic Republic of Timor-Leste and the Commonwealth of Australia Establishing Respective Maritime Borders in the Timor Sea, Acquisition of Interests in Oil Fields and Celebration of Agreements on the Development of the Greater Sunrise Fields, Kay Rala Xanana Gusmão, on 8 and 9 July.

The meeting was called for the submission, analysis and approval by the Council of Ministers of proposals for legislation and other contractual documents necessary to submit to the National Parliament the proposal for a resolution aimed at ratifying the Treaty between the Democratic Republic of Timor-Leste and Australia which establishes the respective Maritime Borders in the Timor Sea.

During Monday morning, the Negotiating Team Leader presented the draft of the Treaty, and the President of the National Petroleum and Mineral Authority, Gualdino da Silva, presented to the Council of Ministers a summary and the outcome of the negotiation process with the oil companies that currently operate in the joint development area (JDPA) and under licenses issued by Australia.

Within the scope of the text of the Treaty approved by the Council of Ministers for ratification by the National Parliament and as previously provided for in the Timor Sea Treaty, Timor-Leste undertook to guarantee these companies conditions equivalent to those of the JPDA and the Australian licenses, as they will, after Treaty ratification, operate on what are Timor-Leste waters.

To this end, the Council of Ministers has considered and approved a draft law to be submitted to the National Parliament for the adaptation of tax laws in order to allow Timor-Leste to collect the taxes due for the exercise of the oil exploration activity in the East Timor, with an expected increase in tax revenue for Timor-Leste, notably through the taxation of oil activities in areas formerly shared with Australia or exclusively Australian.

Subsequently, the Council of Ministers reviewed and approved a draft law to be sent to the National Parliament to establish a specific labor and migration regime for the exploration of the Bayun-Undan oil field. In order to allow this oil field to continue to operate under existing conditions, it is necessary to adapt the labor and migration laws to allow its workers, Timorese and foreigners, to continue to work in accordance with the rules and international best practices in this sector of activity.

The Council of Ministers also examined and approved two proposals to be sent to the National Parliament for the adaptation of the Law on Petroleum Activities and the Law of the Petroleum Fund to the regime resulting from the new Treaty.

On Tuesday, July 9, the Council of Ministers analyzed and discussed four draft Decree-Laws aimed at establishing the Transition of Petroleum Titles and Regulation of Petroleum Activities in the Bayu-Undan Field on holdings formerly located in the Joint Petroleum Development Area (ACDP), Buffalo Field and certain areas of the AC/L5 and WA-18-L (Laminaria and Coralina) Licenses, as well as the draft Production Sharing Contracts which regulate said activities with the contractors and other contractual instruments necessary to effect said transition.

Lastly, and for a total of more than 50 documents, the Council of Ministers also approved the draft Decree-Law that seeks to amend Decree-Law no. 20/2008, of June 19, establishing the National Petroleum and Mineral Authority (ANMP), with the objective of adapting the ANPM's organic legislation to the new regulations resulting from the Maritime Borders Treaty, as well as two proposals for Resolutions approving an Agreement with Australia with the objective of permitting the exchange of tax information referring to the contractors that, up until the entry into force of the Treaty, operate in the areas of joint development or in areas of exclusive Australian jurisdiction and the regime for the operation of the Bayu-Udan gas pipeline in the segment which under the Treaty is now in the continental shelf area of exclusive jurisdiction of Timor-Leste.

ANNEX:

List of draft-Laws and draft Decrees-Laws approved:

1. Draft Resolution to the National Parliament for the Ratification of the Treaty between the Democratic Republic of Timor-Leste and Australia establishing the respective Maritime Borders in the Timor Sea;
2. Draft Law approving the first amendment to Law no. 8/2008, of June 30, first Law no. 3/2003 of July 1 on the taxation of Bayu-Udan contractors and first amendment to Law no. 4/2003, of 1 July, on the development of Timor Sea oil
3. Draft Law that approves the Labor and Special Migration Regime applicable to the Bayu-Udan Project;
4. Draft Law that approves the second amendment to Law 13/2005, of September 2, which approves the Law of Petroleum Activities;
5. Draft Law approving the third amendment to Law no. 9/2005, of August 3, approving the Petroleum Fund Law;
6. Decree-Law on the Transition of Oil Bonds and Regulation of Petroleum Activities in the Bayu-Udan Field;
7. Decree-Law on the Transition of Oil Bonds and Regulation of Petroleum Activities formerly located in the Joint Petroleum Development Area (JPDA);
8. Decree-Law on the Transition of Oil Bonds and Regulation of Petroleum Activities in Buffalo Field;
9. Decree-Law on the Transition of Oil Bonds and Regulation of Petroleum Activities in certain areas of the AC / L5 and WA-18-L Licenses;
10. Decree-Law approving the first amendment to Decree-Law no. 20/2008, of June 19, establishing the National Petroleum and Mineral Authority. **ENDS**

url: <http://timor-leste.gov.tl?lang=en&p=22418>