



THE HON ALEXANDER DOWNER MP

MINISTER FOR FOREIGN AFFAIRS
PARLIAMENT HOUSE
CANBERRA ACT 2600

Dr Andrew Southcott MP
Chair
Joint Standing Committee on Treaties
Parliament House
CANBERRA ACT 2600

Dear Andrew

I am writing to inform you that I have decided to invoke the national interest exemption and proceed with taking binding treaty action for the Treaty on Certain Maritime Arrangements in the Timor Sea (CMATS Treaty) even though twenty sitting days have not elapsed since it was tabled. The Government tabled the CMATS Treaty in Parliament on 6 February 2007 with a national interest analysis.

The principal aim of the CMATS Treaty, together with the 2003 Greater Sunrise International Unitisation Agreement (Sunrise IUA), is to establish a framework for the exploitation of the Greater Sunrise gas and oil resources to the benefit of both countries. The CMATS Treaty represents an opportunity to underpin further the income, development and economic stability of one of Australia's closest neighbours.

The CMATS Treaty would also suspend maritime boundary claims for a significant period. This will assist in promoting strong bilateral relations between Australia and East Timor and build further confidence in the development of our offshore petroleum industries.

The Joint Standing Committee on Treaties (JSCOT) has already had a full opportunity to review the Sunrise IUA, the principal treaty dealing with Greater Sunrise. The Committee indicated its support for the Sunrise IUA in *Report 53* of 19 August 2003. Legislation was passed by Parliament in 2004 to implement the Sunrise IUA, and it will commence on 7 February 2007 along with the entry into force of the treaties. The CMATS Treaty does not itself alter the principal legal and regulatory arrangements established under the Sunrise IUA, but establishes procedures for the equal sharing of revenue from Greater Sunrise between the Governments and puts in place measures for enhancing cooperation in the Timor Sea.

The CMATS Treaty has been publicly available since its signature in January 2006, along with the side-letters exchanged at signature as well as factual information relating to arrangements in the Timor Sea. The Department of Foreign Affairs and Trade has responded to a range of public inquiries regarding the CMATS Treaty since it was signed.

The CMATS Treaty and Sunrise IUA must be in force to provide certainty for the major private sector infrastructure investment that is required to develop the Greater Sunrise fields for the benefit of both Australia and East Timor. The East Timorese Government has recently indicated to the Australian Government that East Timor now wishes to move ahead expeditiously to bring the CMATS Treaty and Sunrise IUA into force. It has an opportunity to do this prior to presidential and parliamentary elections which will occur over the next few months. The Australian Government is working to place itself in a position to match East Timor's preparedness to have the treaties enter into force soon. Given the importance of the treaties to our interests in the Timor Sea as well as those of our close neighbour, East Timor, the Government would not wish to allow an opportunity to pass to finalise our agreed arrangements for the Timor Sea. It is uncertain when an opportunity would arise after the East Timorese elections period. I therefore consider that the CMATS Treaty action needs to be taken before the usual twenty sitting day period following tabling elapses, under the national interest exemption recognised by the Government and JSCOT.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alexander Downer', with a long, wavy horizontal line extending to the right.

Alexander Downer

22 FEB 2007