

# East Timor kicks out judges over ConocoPhillips tax fight

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By [Sonali Paul](#)

MELBOURNE, Nov 5 (Reuters) - East Timor has ordered five foreign judges out of the country after a court ruled in favour of U.S. oil and gas producer ConocoPhillips in cases tied to \$236 million in disputed tax assessments.

ConocoPhillips operates the Bayu Undan gas field in the Timor Sea between East Timor and Australia. Royalties and taxes from the field are the main source of revenue for East Timor, one of the world's poorest nations.

The young country, which won independence from Indonesia in 2002, had hired international judges and prosecutors to beef up its judicial system, but Prime Minister Xanana Gusmao has been unhappy about the rulings on the tax cases, among other issues.

The government's move on the judiciary raises concerns about the rule of law in East Timor, which needs foreign companies to develop its oil and gas resources.

An East Timor embassy spokeswoman in Canberra, Australia, confirmed on Wednesday that five judges and two prosecutors had been ordered to leave the country on Tuesday. She said it was not yet clear when they would depart.

ConocoPhillips has challenged the government in 28 cases over tax assessments that were higher than what the company says it owes, and has won all seven that have been decided so far.

The government's move to expel the judges and prosecutors was done according to the law to "protect the interests of our people", East Timor Foreign Minister Jose Luis Guterres said in an interview on Australian Broadcasting Corp radio.

ConocoPhillips says it has paid all the taxes that are due under East Timor law and has paid "under protest" all taxes, interest and penalties assessed by the government, adding that it still highly values its relationship with the government.

"In our view, an independent and impartial court system is crucial to create a good investment climate for Timor-Leste," ConocoPhillips President Australia-West Todd Creeger said in an emailed statement commenting on the deportations.

"If the business community and potential investors are confident they will be treated fairly, Timor-Leste's long term economic development will benefit."

## GREATER SUNRISE

The move by East Timor comes amid talks with the Australian government to try to resolve a long-running dispute over the treaty that gives East Timor a 50 percent share of the royalty revenue from another gas field, Greater Sunrise, which straddles the maritime boundary between the two countries.

The governments recently agreed to adjourn an international arbitration over the dispute for at least six months to try to resolve their differences directly.

A resolution would help clear the way for a decision to develop the Greater Sunrise project, which remains untapped 40 years after its fields were discovered, and is key to the growth prospects of Australia's biggest oil and gas producer, Woodside Petroleum.

Australia's Department of Foreign Affairs and Trade said the talks do not involve negotiating permanent maritime boundaries with East Timor and that Australia continues to support current treaty arrangements.

"Through the consultations we hope to find a way to resolve our differences amicably, rather than through litigation," a department spokesperson said in an emailed statement. (Reporting by Sonali Paul; Editing by Tom Hogue)