



East Timor accuses Australia of spying for commercial gain during Timor sea negotiations

7.30 By Conor Duffy, Nikki Tugwell, Peter Lloyd and staff

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Australia is under further pressure over spying in the region, with East Timor accusing spies of bugging its cabinet room for commercial advantage, and threatening to scrap a potentially lucrative treaty that could have earned Australia billions in royalties.

A senior figure in East Timor's government says the Australian Secret Intelligence Service (ASIS) covertly recorded Timorese ministers and officials in Dili in 2004.

It is not the first time the allegations have been made, but Agio Pereira - the man tipped to be East Timor's next prime minister - is the most prominent leader to go public with the accusation.

In 2006 the then Howard government signed the Certain Maritime Arrangements in the Timor Sea (CMATS) treaty with East Timor.

The two countries agreed to a 50-50 split of an estimated \$40 billion in revenue from the gas development, but the Timorese are now disputing that treaty, in part because of the espionage.

Mr Pereira says the bugging took place during the negotiations over the CMATS treaty, and it would have given Australia a massive advantage.

"Insider trading in Australia is a crime. And when you bug the negotiating team's evaluation of the impact of their negotiations, you do have an advantage," he said.

"It's more than unfair, it actually creates incredible disadvantage to the other side and according to international law, the Vienna Convention and the law of treaties, you're supposed to negotiate in good faith."

PHOTO: Agio Pereira says Australia spied to gain a commercial advantage in its negotiations over the Timor Sea. (7pm TV News WA)

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While declining to provide evidence of the allegations, he says East Timor has decided to take the case to an arbitration panel at The Hague in December.

A lawyer working on the case said preliminary hearings would be before the permanent court of arbitration next week.

East Timor earlier sought explanation

The comments come at a difficult time for Australia in the region with the fallout from spying allegations is continuing to strain Australia's relationship with Indonesia.

And China today has issued a strongly worded rebuke over a statement from Foreign Minister Julie Bishop, which condemned China's newly-declared air defence identification zone in the East China Sea.

But Mr Pereira denies the timing of the comments is designed to further embarrass Australia.

"It's not about money, it's about sovereignty. It's about certainty, and it's about the future of our future generations, its very important for Timor," he said.

He says East Timor quietly sought an explanation from the Gillard government in December last year, but the government declined to respond satisfactorily and so East Timor moved to seek international arbitration.

Past and present ministers, including the foreign minister at the time, Alexander Downer, declined to comment on the allegations today.

But back in May then foreign minister Bob Carr and attorney-general Mark Dreyfus released a statement saying Australia did not comment on intelligence matters even those that were untrue.

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Timorese minister Agio Pereira

Analysis by Peter Lloyd

Agio Pereira is perhaps the most influential man in Timor. He's a key minister and tipped to succeed Xanana Gusmao when he steps down as prime minister. He is the most senior leader to go public with the accusation that Australia spied on Timorese leaders during negotiations for joint petroleum exploration of the Timor Sea.

According to the Timorese, that means all bets are off. It says the deal on resource sharing is invalid and it's taking its case to a special three-person arbitration panel in the Hague in December.

In all, there are three treaties between Australia and Timor over sharing resources that lie between the two nations. One stipulates that neither side can discuss maritime boundaries for half a century - the life of the treaties. That is what Timor wants overturned.

It wants a sea boundary half-way to Australia, and if it succeeds, it can then lay claim to more of the vast reserves of oil and gas under the Timor Sea. At stake is billions of dollars.

Timor could have simply cancelled the resource sharing treaties, it had the right. But it seems the calculation in Dili was that arbitration, not confrontation, is the better option.

AUDIO: Timor accuses Australia of spying in gas treaty (PM)

Aim to renegotiate maritime boundaries

Father Frank Brennan has long maintained that the CMATS treaty was unfair, saying it stopped East Timor from negotiating permanent maritime boundaries for 50 years.

And Mr Pereira says the maritime boundaries a key motivator for taking the allegations to the Hague.

"Timor Leste by having permanent borders will definitely give a better chance to deal with multinational resource companies and give their investment more security," Mr Pereira said.

Father Brennan says he believes the allegations are damaging to Australia.

"I think its very damaging not just of espionage against another party in a treaty negotiation but actually espionage in the cabinet room of that other government when they're making arrangements," he said.

"Now these things haven't been proved, but they have been strongly alleged and there is arbitration in tow."

In an unusual twist former Labor MP Janelle Safin, who lost her seat of Page at the last election, is now working as a legal advisor to the East Timorese government.

Ms Safin declined to discuss the specifics of the case but said the commercial aspect was concerning.

"You know some people say that everybody spies on everybody, but certainly there's got to be protocols around that and that's a matter for the countries but also within the United Nations," she said.

"And secondly it's the purpose of the spying or the listening and I think that raises really serious questions.

"If spying has been taking place and somebody has been able to gain a commercial advantage that's certainly of deep, deep concern and that's something that I'm concerned about and I know a lot of people would be."

Topics: security-intelligence, defence-and-national-security, foreign-affairs, government-and-politics, east-timor, australia

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Timorese legal advisor Janelle Safin