



SPOKESPERSON SIXTH CONSTITUTIONAL GOVERNMENT



**MEDIA
RELEASE**

Díli, September 24th, 2015

Timor-Leste initiates arbitration proceedings under the Timor Sea Treaty

Today the Government of Timor-Leste has given notice to the Government of Australia that it has initiated new arbitration proceedings under the Timor Sea Treaty.

Timor-Leste has initiated this new arbitration to resolve a dispute that exists between the two Governments concerning the proper interpretation of Article 8(b), which arose in early 2014 in the context of an inappropriate interference by Australia in a third-party international arbitration, without prior consultation with Timor-Leste.

Timor-Leste disagrees with Australia's assertion that it has absolute and exclusive jurisdictional rights, including taxation rights, relating to the entire length of a petroleum export pipeline including into the Joint Petroleum Development Area. Australia's claim would deny Timor-Leste any jurisdictional rights relating to this pipeline or activities relating to this pipeline. This is inconsistent with the text and purpose of the Treaty and is not supported by any negotiating or other documents that have been brought to light, in particular as it pertains to jurisdiction within the Joint Petroleum Development Area.

Over the past eighteen months Timor-Leste has consistently been willing to discuss with Australia the meaning of Article 8(b), and to acknowledge the shared nature of jurisdiction that the Timor Sea Treaty establishes as part of the compromise necessary to permit the temporary arrangement allowing each party to benefit from the exploitation of the resources in the still-disputed area. On this basis, Timor-Leste has invited consultations on the scope of each party's jurisdiction to determine where it is shared, where it is exclusive to Australia and Timor-Leste, and where it is yet to be determined. Its efforts in this regard have been to no avail.

Given the inability to discuss the degrees of jurisdiction in the disputed waters, Timor-Leste is now of the view that the only way to resolve this matter is by submitting the dispute to an arbitration Tribunal as provided for under Article 23 of the Treaty. The initiation of arbitration will allow for each party to present its position supported by facts and law.

Timor-Leste remains willing to resolve the dispute directly with Australia. This will be possible if Australia can help break the current impasse by recognizing the existence of shared jurisdiction, according to the terms of the Timor Sea Treaty, and engage in productive consultations to determine the degree of each nation's jurisdiction over the shared pipeline and related activities.

Timor-Leste is hopeful of the satisfactory and speedy resolution of this matter."

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