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Australia to Fight East Timor Sea-Border Challenge

East Timor to contest decade-old treaty that created sea border straddling oil and gas reserves



Australian Foreign Minister Julie Bishop speaking in Sydney in April. Ms. Bishop said Friday that Australia would resist East Timor's efforts to redraw a sea border straddling oil and gas resources. *PHOTO: ASSOCIATED PRESS*

By **ROB TAYLOR**

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CANBERRA, Australia—Australia said it would resist East Timor's attempt to redraw a previously agreed sea border between the nations that, if successful, would give its Southeast Asian neighbor a larger share of potentially lucrative oil-and-gas fields.

Australia's foreign minister, Julie Bishop, said Canberra would fight to uphold an almost-decade-old treaty that created the present maritime border, which straddles oil-and-gas resources worth up to tens of billions of dollars.

Earlier this week, East Timor Prime Minister Rui Araujo said he planned to reopen a moribund challenge in the Permanent Court of Arbitration, in The Hague, to contest the validity of the so-called Treaty on Certain Maritime Arrangements in the Timor Sea, or CMATS.

“The Australian government reached agreement on CMATS in 2006 and we remain committed to the treaty,” Ms. Bishop said Friday in a joint statement with the attorney-general, George Brandis. “Australia will strongly defend the arbitration.”

The dispute follows a long-running spat with Dili over allegations of Australian spying during the treaty negotiations. It also embroils Canberra in yet another diplomatic fracas to its north.

Tensions with Indonesia flared recently after the new government in Jakarta executed two Australian citizens over their role in drug smuggling. Papua New Guinea briefly banned Australian travel to Bougainville Island this week as Canberra moved to open a diplomatic mission in the autonomous province. Separately, Fiji is among several Pacific nations fiercely critical of Australia’s unwillingness to tackle purported climate change and rising sea levels.

Under the 2006 maritime treaty, Australia and East Timor agreed to split billions of dollars in royalties from the Greater Sunrise field—which holds more than 5 trillion cubic feet of gas and condensate being jointly developed by partners including Australia’s Woodside Petroleum Ltd, ConocoPhillips of the U.S. and Royal Dutch Shell PLC.

However, its development has been delayed by a number of clashes, including over East Timor’s insistence that gas be piped and processed onshore to help create employment and a petroleum industry in the country, officially known as the Democratic Republic of Timor-Leste. The venture partners prefer to process the gas more cheaply using a floating vessel at sea.

East Timor’s other major concern is that almost 80% of the area designated for development of the oil-and-gas fields lies within Australian waters, while the rest is in territory jointly administered by the two nations. The field is 93 miles south of East Timor and more than 280 miles off Australia’s northern coastline.

Dili is seeking to place the maritime border at an equal distance between the two countries—giving Mr. Araujo’s government a greater share of royalties from a resource it hopes will help the impoverished nation underwrite future development.

“Timor-Leste’s expectation that dialogue would produce a road map for structured talks on the delimitation of permanent maritime boundaries has not been met,” Mr. Araujo said this week.



East Timor's Prime Minister Rui Araujo, pictured in February. *PHOTO: EUROPEAN PRESSPHOTO AGENCY*

In 2013, East Timor launched legal action against Australia in the International Court of Justice after police in Canberra seized documents and confiscated the passport of an alleged witness to Australian spying during negotiations to carve up Timor Sea resource deposits. Dili this week suspended the ICJ case after the documents were returned, but then went onto relaunch its CMATS challenge.

Ms. Bishop said the existing maritime treaty was already generous enough, granting East Timor 90% of the revenue from the joint-development area and 50% from the Greater Sunrise field itself, most of which lies in exclusive Australian territory.

Write to Rob Taylor at rob.taylor@wsj.com