

# Australian spy case dropped by East Timor

The Australian | 12:00AM January 25, 2017



AMANDA HODGE  
South East Asia correspondent | Jakarta | @hodgeamanda

East Timor has agreed to drop its embarrassing espionage case against Australia as the two neighbours work towards negotiating a permanent maritime boundary in the Timor Sea by as early as September.

The “good faith” measure announced yesterday followed a week of confidential meetings between the two parties and a UN-appointed conciliation commission charged with helping resolve who owns what share of an estimated \$40 billion worth of oil and gas reserves in waters between the two countries.

Earlier this month Canberra dropped its resistance to negotiating maritime boundaries and accepted East Timor’s termination of the Certain Maritime Arrangements in the Timor Sea treaty in a surprise announcement that led many to correctly predict a deal had been done with East Timor to drop its legal cases in The Hague’s Permanent Court of Arbitration.

Australia had argued the 2006 CATS treaty deferred by 50 years the need to set permanent maritime boundaries between the two nations. Under CATS, oil and gas revenues from the Timor Sea’s highly prospective Greater Sunrise gas field were split evenly while 90 per cent of revenues from the Joint Petroleum Development Area went to East Timor.

But in 2013 Dili challenged the CMATS treaty in The Hague, arguing Canberra had negotiated in bad faith after a former spy alleged the Australian Secret Intelligence Service had bugged East Timor cabinet offices. In 2014 the International Court of Justice ordered Australia in 2014 to stop spying on East Timor.

Dili has also agreed to drop legal action to settle a long-running tax dispute with the Australian government and petroleum contractors operating in the Joint Petroleum Development Area.

A joint statement issued yesterday described the latest measures as a “continuation of the confidence-building measures” towards negotiating permanent sea boundaries.

“The withdrawal of these arbitrations was the last step in the integrated package of confidence-building measures agreed during the commission’s meetings with the parties in October 2016,” it said.

Both countries also “reaffirmed their commitment to work in good faith towards an agreement on maritime boundaries by the end of the conciliation process in September 2017”.

The agreements represent significant progress in a dispute which has soured relations between the two neighbours.

Negotiations between Canberra and Dili are being closely watched as the first time two nations have used the Permanent Court of Arbitration's last-chance conciliation process under the UN Convention on the Law of the Sea to resolve a maritime dispute.

But Australian National University international law professor Don Rothwell said the parties were unlikely to settle permanent sea boundaries by September, and the deadline more likely reflected the end point for the formal, one-year conciliation process rather than any significant shift in respective negotiating positions.

"Australia as a good international citizen had little option but to abide by the compulsory process", which will culminate in a set of recommendations by the five member commission, Professor Rothwell said.

Given the recommendations were non-binding, it was highly conceivable that by September "there could be some distance between the Conciliation Commission completing its work and the parties reaching a final agreement on boundaries", he added.

Australia argues its maritime boundary with East Timor should be drawn along its continental shelf while Timor claims it should be an equidistant line between the two nations — placing a larger share of the resource-rich Timor Sea under Dili's control.

Australia successfully negotiated a continental shelf boundary with Indonesia in 1972 and has long feared Jakarta could seek to renegotiate the border should East Timor successfully argue for a median line.

Any push by Indonesia to renegotiate its sea boundaries could potentially require the redrawing of a large part of the maritime boundary across Northern Australia.

---

From <http://www.theaustralian.com.au/national-affairs/foreign-affairs/australian-spy-case-dropped-by-east-timor/news-story/85dde7f9f10cc065d4dd08f0d7216274>