

# Timor-Leste drops espionage claims against Australia in maritime border dispute

Timor-Leste withdraws from Certain Maritime Arrangements in the Timor Sea (Cmats), which divides oil and gas revenue



Anti-Australia protests in Dili in 2013. Timor-Leste has withdrawn its claim that Australia's bugging of a Dili cabinet room gave it an unfair advantage in oil and gas negotiations. Photograph: Pamela Martin/Getty Images

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Timor-Leste has withdrawn its Australian espionage claims in the permanent court of arbitration as a “confidence-building measure”, as the two countries continue to negotiate over their maritime border.

In 2013 it was revealed the Australian government had bugged the Dili cabinet room of the Timor-Leste government in 2004 - under the guise of Australian aid-sponsored renovations.

The Timor-Leste government claimed the espionage gave Australia an unfair advantage in negotiations over the Certain Maritime Arrangements in the Timor Sea (Cmats) treaty, which divides future revenue from the tens of billions of dollars worth of oil and gas that lie beneath the sea.

In a joint statement issued on Tuesday by the Timor-Leste and Australian governments, the two countries confirmed Timor-Leste had withdrawn from Cmats and the treaty would cease to operate from 10 April this year.

As the final in a series of “confidence-building measures”, Timor-Leste agreed to withdraw two arbitration cases before the permanent court of arbitration (PCA) in The Hague: the “espionage case” and a second arbitration concerning jurisdiction of a gas pipeline from Bayu-Undan to Darwin.

The dispute over the Timor Sea - more precisely the lucrative oil fields beneath the sea - has pre-empted and then overshadowed the short and chequered history between independent Timor-Leste and Australia.

The fields are estimated to hold 9tn cubic feet of gas and 300m barrels of condensate and liquefied petroleum gas worth about \$53bn.

But the agreement to terminate Cmats and “commitment to good faith talks” appear to have mended mistrust in the relationship and helped with the progress of negotiations.

Both countries are engaged in a year-long compulsory conciliation, overseen by the permanent court of arbitration, and say they are working towards a final agreement on a permanent maritime boundary by September this year.

“The commission and the parties recognise the importance of providing stability and certainty for petroleum companies with current rights in the Timor Sea,” the joint release said.

“The parties are committed to providing a stable framework for existing petroleum operations [and] the commission intends to do its utmost to help the parties reach an agreement that is both equitable and achievable.”

In order to provide a stable framework for existing petroleum operations, Australia and Timor-Leste have agreed that the 2002 Timor Sea Treaty and its regulations would remain in force in its original form until a final delimitation of maritime boundaries has come into effect.

Father Frank Brennan, former director of the Jesuit Refugee Service in Timor-Leste, adviser to the church-constitution working group in that country and professor of law at Australian Catholic University, said the fledgling country had taken a huge gamble in its negotiations.

“From here the stakes are high,” Brennan wrote. “The Timorese may get the whole of [the Greater Sunrise oil and gas field] but then they will need to find a developer willing to incur the added cost and uncertainty of a pipeline across the Timor Trough and subsequent development in Timor.

“Then again, they may be left with only a 20% share in any future Sunrise development rather than the 50% presently on the table.

“They could also lose lucrative exclusive fishing rights.”

A negotiation of Australia’s maritime boundary with Timor-Leste, which international legal precedent would suggest will fall along a median line between the two countries, could also give rise to a claim by Indonesia to renegotiate its maritime boundaries with Australia.

The current boundary, which is different for the seabed and the water column, is significantly closer to Indonesia than it is to Australia.