

Australia and East Timor strike 'landmark' deal to end Greater Sunrise dispute

Lindsay Murdoch

Bangkok: Australia and East Timor have reached agreement on developing billions of dollars of oil and gas reserves in the Timor Sea, ending years of bitter disagreement.

A deal has been reached on a maritime boundary as well as sharing arrangements for the \$US50 billion Greater Sunrise oil and gas field.

Foreign Minister Julie Bishop hailed the agreement struck in confidential talks at The Hague as a "landmark day" in relations between the two countries.

Xanana Gusmao, the hero of East Timor's struggle for independence and leader of his country's delegation in the talks, described it as an "historic agreement that marks the beginning of a new era in Timor-Leste's [East Timor's] friendship with Australia".

He said it will "help us achieve our dream of full sovereignty and to finally settle our maritime boundaries with Australia".

Mr Gusmao had demanded that gas from Greater Sunrise be piped to a yet-to-be built industrial complex on East Timor's remote western coast.

A joint statement released on Saturday said the countries have agreed on establishing a "special regime" for Greater Sunrise that addresses legal issues and is a pathway to the development of the field and the sharing of revenue.

The two parties also agreed on "central elements" of a maritime boundary in the Timor Sea, it said.

The deal will be finalised in October under the watch of the Permanent Court of Arbitration at The Hague. Until then details will remain confidential.

Michael Leach, an expert on the Timor Sea from Swinburne University of Technology, told Fairfax Media that while the full details are needed to understand "the full parameters" of the agreement "it is clearly a major step forward for resolution of the long-running dispute".

Professor Leach said the announcement was a "clear endorsement" of a conciliation

process triggered by East Timor under the UN Convention of the Law of the Sea. The negotiations were the first of their kind under the UN convention.

"A resolution to this dispute clearly opens the way for a major improvement in relations between the two neighbours, which have been at a low point in recent years, with no ministerial visits since 2013," he said.

Participation in the conciliation process was compulsory for both countries but the outcomes are not binding.

The agreement will be seen by the Timorese as a huge victory by Mr Gusmao who doggedly pursued a better deal for his country.

Mr Gusmao's party was narrowly defeated at elections in July.

Agio Pereira, East Timor's agent in the proceedings, said "this agreement was made possible because of the strength and leadership" of Mr Gusmao who had "secured the future of our nation".

The key breakthrough in negotiations came on the night of August 30, the anniversary of the UN-supervised 1999 referendum when Timorese voted to break away from Indonesia and become the world's newest nation.

Professor Leach said the Labor Party's change in policy to favour East Timor, which shifted a previously bipartisan consensus with the Turnbull government, had an impact behind the scenes.

He said there was little doubt also that recent pressure from the United States for a resolution of the maritime boundary dispute, with the South China Sea controversy in the background, further pushed Canberra to reach an agreement.

Peter Taksoe-Jensen, chairman of the conciliation commission, said the negotiations "have been challenging and this agreement has only been possible because of the courage and goodwill shown by leaders on both sides".

Shadow foreign minister Penny Wong welcomed the breakthrough and said the dispute had gone on for too long.

She said Labor committed last year to reaching a binding international resolution, either through bilateral negotiation or international arbitration.

"This ruling vindicates Labor's position and brings an end to more than 40 years' uncertainty over this maritime border."