

breaking news

Bishop rejects Timor bullying suggestions

An Australian government minister has visited East Timor for the first time in five years.

Greg Roberts

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Foreign Minister Julie Bishop has rejected suggestions Australia has bullied East Timor in the fight over natural gas and says it's time to renew the friendship in the first visit by a federal minister in nearly five years.

Since Australia's intervention as peacekeepers in East Timor's establishment as a nation nearly 20 years ago when its people were being murdered by pro-Indonesian militias, the relationship between the countries has deteriorated.

The deterioration culminated in the prosecution of a former spy and whistleblower known as "Witness K" and his lawyer Bernard Colleary who had revealed Australia bugged East Timor's cabinet during maritime boundary negotiations in 2004.

A maritime boundary deal was finally struck at the UN this year giving the majority of the Greater Sunrise gas field to East Timor.

"We had a challenging relationship over the maritime boundary dispute but we resolved it in an exceedingly positive way," Ms Bishop told AAP.

"I don't accept that (Australia bullied East Timor). I think Australia negotiated an outcome that enabled for example the Bayu Udan (gas fields) to be developed, which has given rise to the (East Timor's) petroleum fund of some \$17 billion."

Local media asked Ms Bishop whether Australia would encourage the project owners Woodside, Shell and Conoco Phillips to produce the gas in East Timor but she said that was between the companies and East Timor's government.

She would not be drawn on whether she discussed the spying issue and Witness K in the bilateral talks, saying it was a domestic issue that did not involve East Timor.

East Timor's Foreign Minister Dionisio Babo Soares acknowledged it was the first visit to East Timor by an Australian foreign minister for "quite a while" but said the visit and UN deal were milestones between countries with strong, historical "people to people connections in times of need".

"Minister Bishop and I had a very candid, fruitful discussion on a range of issues to open a new chapter," he said.

Ms Bishop also met separately with East Timor's president Francisco Guterres Lu'olo, Prime Minister Taur Matan Ruak and visited education and training projects Australia is providing aid to.

One of those, the Timorese seasonal workers program, will be increased from 914 this year to 1500 people able to go to Australia in six-month stints and earn far bigger wages to send home to family.

Heading into its 18th year of independence, East Timor's economy is still small and desperately needs to diversify and attract foreign investment, relying on gas revenue for 95 per cent of its budget and unemployment, poverty and malnutrition remain significant problems.