

# ABC News

ANALYSIS

## Julie Bishop arrives in East Timor as diplomatic tensions ease but more challenges lay ahead

By political reporter Stephen Dzedzic

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PHOTO: Foreign Minister Julie Bishop accepts flowers after arriving in East Timor. (Supplied: DFAT)

### There was little fanfare or pomp when Julie Bishop arrived in East Timor on Sunday.

But when the Foreign Minister landed at the tiny Nicolau Lobato International Airport yesterday evening, she brought an astonishing diplomatic drought to an end.

It had been almost five years since a Federal Government minister from Australia had visited East Timor.

Five years is a long time. In foreign policy, that's an eternity.

So what happened? What has soured our relationship with our tiny northern neighbour for half a decade?

And why does Ms Bishop want to change course?

### The heart of the problem

On the face of it, the deep freeze makes no sense.

After all, just 20 years ago Australia played a crucial role in the birth of East Timor, risking a military confrontation with Indonesia, and earning plenty of goodwill in the fledgling nation.

But in the last few years Canberra's relationship with Dili has been poisoned by a protracted and bitter dispute over maritime boundaries.

East Timor accused Australia of trying to steal the vast reserves of oil and natural gas which lie between the two nations.

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Australia worried that the discussions with East Timor would force open fresh negotiations with Indonesia over longstanding borders.

Protesters flocked to the Australian Embassy in Timor to voice their anger, while Dili and Canberra faced off in the Conciliation Commission and the Permanent Court of Arbitration in the Hague.



PHOTO: One of the protesters holds an East Timor flag as he marches. (Audience submitted: Kate McIntosh)

## Turning the ship around

Earlier this year, there was a breakthrough. The Federal Government realised that the conflict was defining our relationship with Dili, and decided it needed a circuit breaker.

The two countries hammered out a boundary agreement and decided that most of the gas in the contested Greater Sunrise field would go to Timor.

Now, Ms Bishop is in Dili to meet the nation's new leaders and convey a clear message: Australia wants to turn the page.

"The signing of our historic maritime boundary treaty this year in New York has certainly opened a new chapter in our relationship with Timor Leste," Ms Bishop told the ABC.

"It was a matter of ongoing tension, it was a concern for us in terms of our relationship with Timor Leste."

"Now we can get on with supporting Timor Leste with achieving its economic potential."

In other words, let's put the past behind us.

## Is that going to happen?

Maybe. One problem is there are plenty of uncomfortable reminders of that past hovering over this visit.

Last month it was revealed that the Australian Government would prosecute two people embroiled in one of the darkest episodes in the maritime boundary dispute.

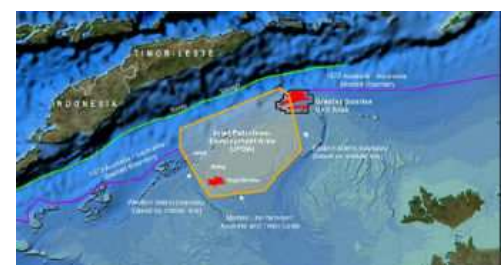
One of those people is a former Australian spy known only as "Witness K" who revealed a covert Australian Secret Intelligence Service operation that he ran to bug East Timor's cabinet during the boundary negotiations in 2004.

The other person is his lawyer, Bernard Colleary.

This decision has stoked plenty of controversy in Australia, and it hasn't

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## Deal could 'unravel' borders with Indonesia



A landmark agreement over the Australian and East Timor maritime border will settle one long dispute, but it could open another legal wrangle with Indonesia, writes Anne Barker.

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escaped notice in East Timor either.

Only a few days ago a small group of protesters returned to the Australian Embassy hailing Witness K as a hero who exposed a cynical Australian plot to rip off its impoverished neighbour, and demanding the Government drop all charges against the former spook.

Will this derail the rapprochement?

The Australian Government thinks the answer is no.

East Timor was very willing to use Witness K's allegations to buttress its case in international forums, but the Australian Government is betting that now the dispute has been resolved, East Timor's solidarity with him will vanish.

Just like Canberra, Dili wants to move on.

And the Foreign Minister says no one in the Government of East Timor has raised any concerns with her about the prosecution of Witness K.

"The Timorese Government has been asked about it and they've said quite rightly it's a matter for Australia," Ms Bishop said.

"It's a domestic legal issue within Australia. It has nothing to do with Timor Leste, and it's not directed at Timor Leste."

Will East Timor's leaders steer clear of the controversy while Julie Bishop is in town for her landmark visit? Or will the dispute spill out into the open once again?

We'll find out later today.

## Oil, spies and a diplomatic bungle

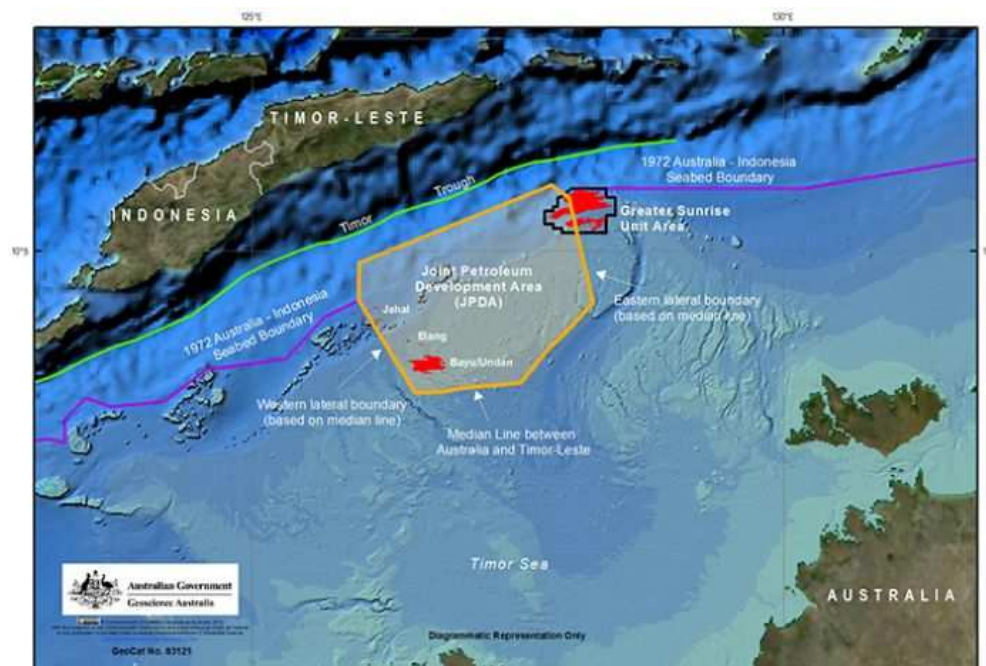


Lateline reveals new details about how Australia spied on one of its poorest neighbours in negotiations over an oil and gas field in the Timor Sea worth an estimated \$40 billion.

## Future battles

Now that we've agreed on a maritime boundary, the next debate with East Timor is about where the spoils should go.

East Timor wants the natural gas in Greater Sunrise to be piped back to its shores for processing.



**PHOTO:** The map shows the location of the Joint Petroleum Development Area (JPDA) within the Timor Sea between Australia and Timor-Leste. ([www.dfat.gov.au](http://www.dfat.gov.au))

Australia suspects that plan is a pipedream, and believes it would make more sense to send the gas back to Darwin instead.

The big resource companies agree — although they may be willing to compromise.

Ms Bishop maintains she's confident Australia, East Timor and the private sector will be able to hammer out a deal.

"We want to work and collaborate with Timor Leste and the joint venture companies to find a pathway to develop the Greater Sunrise gas field," Ms Bishop said.

In the meantime there's a stalemate, and time is running out.

East Timor's budget depends heavily on revenue from existing gas reserves, and experts warn they are rapidly dwindling.

That could spell disaster.

Opposition foreign affairs spokeswoman Penny Wong said she's glad Australia and East Timor are patching up their relationship.

But she argues the Coalition took too long to switch course and agree to mediate our border dispute.

"It was clear that our relationship would have benefited from closer engagement and resolution of this issue," Senator Wong said.

"Had any minister from either the Abbott or Turnbull governments made the same visit any time in the past five years, this sore point in our relationship might have been overcome much sooner."

Better late than never.

