

## **Government signs Production Sharing Contracts and agreements with Australia for the entry into force of the Maritime Borders Treaty**

From RDTL Government website, 28 August 2019

The Government of Timor-Leste signed today, August 28, 2019, five new Production Sharing Contracts with oil and gas companies affected by the Maritime Borders Treaty, in order to ensure the stability and safety of *offshore operations* in the Timor Sea, throughout the period of transition from the Timor Sea Treaty to the new Maritime Border Treaty.

The Government also signed new agreements with the Australian government on the exchange of tax information between Timor-Leste and Australia, and two memoranda of understanding between the institutions of both States that allow for cooperation in the field of petroleum (specifically, on the management of the Bayu-Undan pipeline and on the transfer of geological data and related cooperation).

The ceremony was attended by the Minister of State of the Presidency of the Council of Ministers and Acting Minister of Petroleum and Minerals, the Minister of Foreign Affairs and Cooperation Dionísio Babo Soares, of the Acting Minister of Finance, Sara Lobo Brites, the President of the National Petroleum and Minerals Authority of Timor-Leste, Gualdino da Silva, the director of Timor Gap, Francisco Monteiro, the Minister of Resources and Northern Australia, Senator Matthew Canavan, the Australian ambassador in Timor-Leste, Peter Roberts and representatives of the company ConocoPhillips.

The Minister of State, in his speech, stated that “this day is an important milestone in the history of our young nation. Since the restoration of our independence in 2002, it has been our people’s ambition to complete our national sovereignty by delimiting our boundaries with our friends and neighbors, Australia and Indonesia”. He added that “the delimitation of the maritime frontier with Australia is an important step towards achieving and consolidating, not only our territorial integrity, but also our economic sovereignty”.

The Minister of State stressed that “like the Conciliation Committee process, this [process] was also unprecedented. It was the first time anywhere in the world that a joint oilfield development with active projects had to be dissolved”. A “process which also involved looking at two completely different legal systems and try to harmonize them” and that “demanded commitment, hard work, creativity and cooperation between all parties involved”.

The Minister thanked “the various Government departments, on both sides, who supported their respective negotiating teams” and “the various companies that are part of the Joint Ventures for continuing to work with Timor-Leste and contributing to the Development of our country”.

The signing of these production-sharing contracts and other agreements with the Australian government are part of the preconditions necessary for the exchange of diplomatic notes between Timor-Leste and Australia, which complement this process of transitional regime and will allow the entry into force of the Maritime Borders Treaty on 30 August 2019.

The mandatory conciliation procedure was initiated by the Government of Timor-Leste in April 2016, under the auspices of the United Nations Convention on the Law of the Sea, and Timor-Leste is the first country in the world to use this mechanism provided for in the Convention.

The Maritime Borders Treaty, signed between Timor-Leste and Australia, on 6 March 2018, establishes the respective maritime borders in the Timor sea, ensuring a median line in the Timor Sea, with only a slight adjustment to obtain a equitable result as required by international law. Since the signing of the Treaty, the two countries have worked together and with offshore oil operators for the definition of transitional provisions, which will provide commercial security and guarantees to all parties throughout the process of Transition from the Timor Sea Treaty to the new Maritime Borders Treaty.

This way, the government of Timor-Leste concludes the transitional provisions on its side for the implementation of the Maritime Borders Treaty, such as the Australian Government which recently approved relevant legislation in this field in the Australian parliament .

On August 30th, at 16 hours and 30 minutes, the exchange of notes will be signed between Timor-Leste and Australia on the ratification of the Maritime Borders Treaty at the Government Palace in Dili.