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Move to cease talks with Woodside impairs Timor-Leste's Greater Sunrise objectives

The Gusmao government's apparent decision to cancel talks with the Australia's Woodside Petroleum Ltd (ASX: WPL) may undermine efforts to win the right to process gas from the Greater Sunrise field in Timor-Leste, former Prime Minister of Timor-Leste and Secretary General of Fretilin, Dr Mari Alkatiri, warned today.

Dr Alkatiri said that as the party with the most seats in parliament, Fretilin continues to support all efforts by Timor-Leste's state institutions to convince Woodside and the Australian government – Timor-Leste's partners in the Greater Sunrise project – to agree to build a pipeline to transport gas to Timor-Leste for processing.

At a joint press conference with Australian Prime Minister John Howard in Sydney on 12 January 2006 following the signing of the Treaty on Certain Maritime Arrangements in the Timor Sea, then Prime Minister Dr Alkatiri said: "Above all (given the comparative distance) Timor-Leste to Australia, (Timor-Leste) is much closer. This is one thing, so of course we keep, not hoping but fighting, to have this plant there and the pipeline to Timor-Leste. We do believe that it is technically feasible and have been trying to get the pipeline there and I hope it will go there."

Dr Alkatiri said today that with the support of Fretilin and others, he was directly involved in negotiations on the Timor Sea from the outset in 2000 to 2006.

"The then Fretilin government secured the highly beneficial Timor Sea Treaty which has allowed billions of dollars of oil and gas revenues to flow into Timor-Leste's coffers. My government secured a greater and fairer share of Greater Sunrise than Australia was ever prepared to concede, and treaty terms that give Timor-Leste the best possible chance to exercise its right to develop Sunrise gas onshore in Timor-Leste," he said.

"In July 2005, Woodside acknowledged to me personally that a pipeline to Timor-Leste was technically viable."

However, Dr Alkatiri said Fretilin was very concerned by the Gusmao government's announcement - in a media release of 24 January 2011 titled "Greater Sunrise negotiation forces Woodside to halt all operations" - that, "neither Woodside nor regulators will proceed with the proposals until the downstream title issue is resolved. This effectively means that Woodside's operations on Greater Sunrise have been suspended."

Dr Alkatiri said: "This is a negative and counter-productive development that defies logic. To reach any outcome, the doors must remain open to dialogue, not closed at this vital stage of negotiations. It is in both countries' interests to work towards a mutually beneficial outcome.

"This announcement illustrates this de facto government's political and institutional failure. They have failed to convince either Woodside or the Australian government that processing gas in Timor-Leste is the best option.

"The de facto government cannot admit these failures, this lack of negotiating capacity, so it hides behind brash acts such as this declaration of the suspension of negotiations. As usual it finds scapegoats to cover up its incompetence. "

Dr Alkatiri said the Gusmao administration "has turned what are technical negotiations into a highly politicized issue. This may well cement the failure of these negotiations irretrievably.

"It is time the administration explained to the parliament why things have gone so drastically backwards, with potentially grave consequences for the people of Timor-Leste and future governments," Dr Alkatiri said.