Australia Network News

Timor may walk away from gas treaty with Australia

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East Timor is considering walking away from its treaty with the Australian government over the development of oil and gas fields in the Timor Sea.

The three parties are signatories to an agreement that governs the rights each have to the resources under the Timor Sea.

Timor has been pushing for a pipeline to be built from the Greater Sunrise gas field in the Sea to a yet-to-be-built processing plant on its south coast.

It believes the pipeline would create much needed jobs and infrastructure for East Timor.

But resources giant Woodside says this would not be commercially viable, wanting to build an offshore floating platform instead.

Timorese government lawyer Pierre-Richard Prosper has been in Australia lobbying government officials in Canberra to support Dili's position over a pipeline.

PHOTO: East Timor is considering walking away from its treaty with the Australian government and Woodside Petroleum. (7pm TV News WA)

MAP: East Timor

"This is not simply an issue between Timor and the operators," he said.

"When you look at the treaty there is also another party, that is the Government of Australia, so they have a voice, and they have the opportunity to speak up and cite a preference."

Mr Prosper says East Timor is mulling leaving the treaty when it expires in February next year.

"Timor could easily find a new partner that would be willing to have a pipeline to come through," he said.

"Up in the northern part of Asia there is a big country there that I am sure would be very interested in an opportunity to have some gas."

PHOTO: East Timor may walk away from its treaty with Australia and Woodside Petroleum over the development of oil and gas fields in the Timor Sea. (ABC TV)

Changing boundaries?

East Timor would spark a battle for a new maritime boundary if it walks away from its treaty with Australia,

The boundary presently in place between East Timor and Australia only exists because of the oil and gas treaty.

An international law expert at the Australian National University, Professor Donald Rothwell, says the changes may be drastic.

"There could in fact be quite a radical shift in the way in which the boundaries are aligned if a permanent boundary were settled," he said.

He says the shift could also affect both countries resources and fishing rights.

"That would extend to both sea bed resource rights, living column resource rights, such as fish and also other rights to associated activities within that region which could prove to be quite valuable in terms of biodiversity for example," he said.

Professor Rothwell says the relationship between Australia and East Timor will also be at stake should Dili leave the treaty.

"When a treaty has been concluded in good faith between two countries, if one of those countries is to unilaterally break the terms of that treaty, that in my view does have a significant impact upon the ongoing relationship between two counties and will inevitably lead to a lack of confidence as to the ability of those countries to reach a new treaty arrangement," he said.

The Australian Foreign Minister and Resources Minister have declined to comment on the issues raised by East Timor.

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La'o Hamutuk comment: This report has many errors, some of which we discussed with the ABC journalist after it was broadcast. The transcript has been corrected somewhat; the original report had even more mistakes.

There is no maritime boundary between Australia and Timor-Leste,because Australia has refused to negotiate one. In fact, the CMATS treaty discussed in this report specifically bans either country from raising the boundary issue in court, public, mediation or negotiations for 50 years. Although the countries have signed several treaties about sharing oil and gas revenues, no boundary is "presently in place."

Also, Article 12 of the CMATS Treaty explicitly explains how either country can withdraw from parts of the treaty if a Sunrise development plan has not been agreed upon by February 2013. If Timor were to exercise this right, it would not "unilaterally break the terms of that treaty" as Prof. Rothwell asserts. It would be implementing of the articles, as agreed in negotiations and signed by (among other) Australian Foreign Minister Alexander Downer in 2006.

This would be far less egregious than what Australia did in March 2002, two months before Timor-Leste's first sovereign Government was formed. Our southern neighbor secretly withdrew from relevant parts of two international treaties which contain processes for resolving maritime boundary disputes. They prefer unequal negotiations to the rule of law. Under current international legal principles, all of Greater Sunrise, as well as 100% of Bayu-Undan and Kitan, would be in Timor-Leste's Exclusive Economic Zone.

Information on treaties: http://www.laohamutuk.org/Oil/Boundary/CMATSindex.htm
Information about Greater Sunrise: http://www.laohamutuk.org/Oil/Sunrise/10Sunrise.htm
Fact sheet on maritime boundaries: http://www.laohamutuk.org/reports/09bgnd/FronteiraEn.pdf