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## The grab for Greater Sunrise

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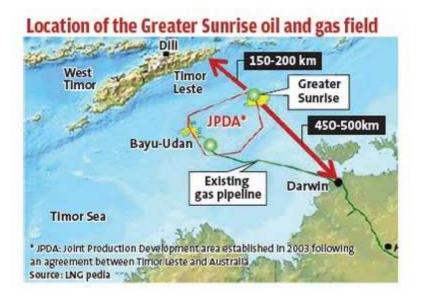
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IT'S a typical eving in the world's second newest country, as a group of uniformed cleaners scan a beach with their wooden spikes to pick up litter. The beach is already relatively clean, especially considering its part of the country's capital.

The backdrop of the workers though, is an exquisite sight: a gorgeous sunset unaffected by any signs of air pollution. The slow moving cleaners aren't for a moment distracted by the pretty sight. A conversation with one of them reveals their inner thoughs they are hoping for a better job. Jobs in town are not aplenty.

Further down the road, boys flog their daily catch of fish, another unimaginable sight for fish-loving city-dwellers like this writer. The fish are large and plentiful and look fresh although there's a marked absence of any refrigerator, not even ice. Just water sprinkled on the fish, probably to make them look fresh.

Welcome to Dili, capital of Timor Leste. Declared a sovereign state only on May 20, 2002, after a long, painful and blood-ridden struggle. Like many countries coming out of years of troubles, its poverty is visible.



But while its troubled past is well-documented, its future holds just as interesting a story.

Walking into the easily-accessible court yard of the country's parliament building smack in the centre of Dili and you get a glimpse into that future.

Sitting jarringly in front of Parliament House is a shrine-like glass boxed structure, measuring the size of about three cars.

In it lays not a Catholic deity (90% of the population are Roman Catholic, the result of its Portuguese colonial past) but rather an imposing sample of a solid steel pipeline. Emblazoned on the pipe are the words: "Europipe ... takes pride in contributing to the passage to prosperity of the nation of Timor Leste and its people".

In May, Timor Leste's enigmatic Prime Minister Xanana Gusmao had unveiled the structure to an international

audience as a testament to his government's steadfast ambition of having an undersea pipeline built to bring to its shores its valuable offshore natural gas resource.

The pipeline represents a lifeline of sorts for the impoverished country and its 1.2 million people. For a while now, Timor Leste has been fighting for the right to build this pipeline from the Greater <u>Sunrise</u> gas field located approximately 150km south-east of the country.



Freshly caught fish on sale.

Starbiz had reported in May that the Timor Leste government has inked a memorandum of understanding (MoU) to partner with Germany's Europipe GmbH to build a much-needed gas pipeline from a massive offshore oil and gas field to the country's mainland. The project is co-managed by Malaysian firm and regional representative of Europipe, Petro-Mekong Corp Sdn Bhd.

The Timorese government's Strategic Development Plan (SDP) 2011-2030 states this: "To bring petroleum development to our shores and provide a direct economic dividend from petroleum industry activities, supporting infrastructure will be developed on the south coast of Timor-Leste. This will be led by the Tasi Mane Project, a multi-year development of three industrial clusters on the south coast which will form the backbone of the Timor-Leste petroleum industry. The project will involve development of a coastal zone from Suai to Beaco and will ensure that required infrastructure is in place to support a growing domestic petroleum industry."

## Fighting for a fair deal

Rescuing these rightful resources however is not so straightforward and also highlights a seemingly unfair scenario an earlier inked agreement and subsequent treaties between a then Indonesian-controlled Timor Leste and the Australians, has given the latter an overly weighted say in how the gas fields are developed. It resulted in giving a consortium led by Australian company Woodside Petroleum Ltd operational rights over these offshore fields.

The consortium had earlier already built a 500 km pipeline to Darwin, Australia, drawing gas from another gas field from the Timor Sea, the Bayu Undan field.

To be fair, Timor Leste does get some royalties from this. The country's specially instituted "Petroleum Fund", into which Timor-Leste's oil revenues are deposited now, holds about US\$10bil (RM31bil).

Even so, a noteworthy development has taken place. Earlier this month, Timor-Leste began legal action against multinational oil companies Conoco-Phillips and others to recover substantial monies it believes are rightfully owed to it.

(Despite being so close to Timor Leste, its gas fields are actually owned by these multinationals, all thanks to earlier signed agreements. For example, the first Greater Sunrise field is owned by Woodside (33.4%), ConocoPhillips(30%), Shell (26.6%) and Osaka Gas (10%).)

American lawyer Pierre-Richard Prosper, a former US ambassador-at-large for war crimes, has been engaged to advise and represent Timor-Leste on claims of unpaid taxes by many oil and gas companies operating in Timor Sea, it has been reported.

"It is a David and Goliath fight," Timor Leste's Secretary of State for Natural Resources Alfredo Pires was reported to have said. He added that "hundreds of millions, possibly billions" is owed.

In a 2007 book entitled *Shakedown* by Australian journalist Paul Cleary, the alleged unfairness of Australia is depicted. The writer depicts how Australia bullied Timor Leste out of its rightful share of gas resources in the Timor Sea. Cleary had worked as a media adviser with the Timor Sea Office during bilateral negotiations between the two countries and gives a clear view on how Timor Leste had been denied its resources and its freedom over and over again, with the finger pointed at Australia.

Back to the plans to build the pipeline from the Greater Sunrise gas field.

Earlier proposals by Woodside were to build a second gas pipeline from Greater Sunrise to Darwin, despite the fact that that distance is more than twice the distance to Suai in Timor Leste's south coast.

Subsequently, the Woodside consortium proposed a floating LNG option. (Natural gas needs to undergo a liquefaction process before it can be shipped).

However even that idea has been rubbished by Timor Leste.

Insiders say such a plan is not only prohibitively expensive, it also leaves Timor Leste in a vulnerable position considering it does not have strong navy to protect its interests in the floating platform.

Proposals to exploit Greater Sunrise reportedly estimated to hold 240 million barrels of light oil and 5.4 trillion cubic feet (154 billion cubic meters) of natural gas -- must be approved by both countries, the previous treaties between the neighbours, states.

The deal gives the parties until 2013 to agree upon a joint development plan. It is only understandable that the fledgling Timor wants the gas from the Sunrise project to be piped to its south coast, where an LNG plant would anchor the government's major southern industrialisation project. What is promising though is that according to one version of interpretation of the existing agreements and treatise, Timor Leste is in a good position to dictate its future: some reports have stated that by next March, if no agreement is reached between the parties, Timor Leste will be able to terminate the existing agreements and international treaty that sets the rules for development of Sunrise. If and when that happens, and going by international maritime law, Timor Leste would then be likely to solely be in charge of the development of the Greater Sunrise field.

Perhaps Greater Sunrise could then lead to greater prosperity for Timor Leste, which in turn could mean more jobs and higher salaries for its people. And its workforce would then have the peace of mind to appreciate its other natural resource its idyllic sunsets.

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