

Timor-Leste sees China as option for LNG capital

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Timor-Leste will turn to Chinese capital to develop its multibillion-dollar Sunrise onshore LNG project only if its "friends" in Australia, the United States, Japan and Korea decide against the investment and leave it no choice, the emerging nation's ambassador to Australia says.

Abel Guterres voiced confidence in the prospects of developing Sunrise, despite reluctance from Woodside Petroleum, operator of the offshore gas field, to invest in a green-field onshore liquefied natural gas plant that Timor-Leste is insisting be built on its southern coast.

Energy majors Shell and ConocoPhillips, longstanding partners in the Sunrise venture, will also not be involved, having [agreed to sell their stakes in the project to the Timor-Leste government in separate deals](#) worth a combined \$US650 million (\$919 million) that have still to complete.

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"If our American, Australian, Japanese and Korean friends don't come on board then ... we have no choice: the Chinese have got the capital," Mr Guterres said in an interview with The Australian Financial Review.

"There is capital: it is a matter of how we work through the issues to build the confidence for the known investors to come on board."

The comments come after Timor-Leste's surprise move late last year [to buy out Conoco](#) and Shell from Sunrise, setting the government up to take majority control of the troubled project in a strategy to press forward with the onshore LNG plan, which had been opposed by the existing partners as too risky.

Maritime border treaty

That followed [the landmark signing of a maritime border treaty between the Australian and Timor-Leste governments in March last year](#), which reopened the door to push ahead on Sunrise and to reinvigorate foreign investment in the developing nation's petroleum sector.

The prospects for Sunrise LNG are expected to be a key topic at [a TimorLeste government-hosted breakfast](#) to be held on Friday as part of the Australasian Oil and Gas Conference in Perth.

That event, to be attended by Mr Guterres, will feature an address by Gualdino do Carmo da Silva, president of the country's petroleum authority.

Shell's and Conoco's exit from Sunrise triggered speculation that Woodside and remaining partner Osaka Gas may follow. [South Korea's SK Group last year was rumoured](#) to be keen to invest in the project.

But Woodside chief executive Peter Coleman insisted last month his company was "not a seller in Sunrise" and restated the project was a potential "horizon three" growth venture – a project scheduled for after 2027.

He signalled Woodside could invest only in the offshore gas development part of the project and could also take the role of technical operator of an onshore Timor LNG plant while not investing directly in it, to minimise risk.

"We're happy to invest in the offshore but we're certainly not comfortable in putting any significant capital into an onshore development at this point," he said. "But we've also offered, that if Shell and ConocoPhillips do exit, then we would be the technical operator for the onshore part."

'Creates the precedent'

Mr Coleman said Woodside had encouraged the Timorese to pursue that model.

Mr Guterres voiced confidence in Woodside's participation. "Woodside is still there and Osaka Gas, and with [the Timor Gap \[national oil company\]](#), and I am sure other investors will come on board to develop the Greater Sunrise."

He said there was no doubt Timor-Leste would pursue the plan to build an LNG plant on its coast so as to provide jobs and foster economic and industrial development.

"As far as Timor-Leste is concerned, that's a mega project for a small country," he said.

"That will help to kickstart other industries, service industries, telecoms, agriculture, fisheries, tourism – all those industries that need to be developed. Once you kickstart one, it creates the precedent and confidence for other investors to follow and invest in other sectors of the economy."

Mr Guterres said Timor-Leste and Australia remained "best of friends and neighbours" after moving on from their differences over the maritime border.

"Australia is actively encouraging investors to invest, that is very important," he said.