

East Timor, China: Island Nation Prepares to Sign \$11 Billion Loan for LNG Plant

Situation Report

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What Happened: Timor Gap, East Timor's state-owned natural gas company, is prepared to sign an \$11 billion deal with China's state-owned Exim Bank to fund an onshore liquefied natural gas plant, port and subsea pipeline to the Greater Sunrise gas block, The Australian reported June 25, citing an unnamed source. However, a final investment decision may not occur until 2022. Timor Gap has since publicly denied the report, saying it was speaking to China but continuing to pursue talks with financial institutions elsewhere, including ones in Australia and the United States.

Why It Matters: China, which appears to have stepped in with a deal amid speculation that Greater Sunrise will not provide enough revenues to meet loan obligations, is gaining a foothold in the backyard of Australia and Indonesia, which have long been the biggest players in East Timor.

Background: Timor Gap signed a contract with China Civil Engineering Construction Corporation for the \$943 million Beaco Port in April. Last year, meanwhile, Australia and East Timor finally agreed on a deal to demarcate their maritime boundary.

Read More:

- [China Encroaches on Australia's Backyard](#) (April 23, 2019)
- [East Timor, China: Increased Military Ties and a Message to Australia](#) (Aug. 25, 2010)

Editor's Note: A previous version of this article mistakenly reported the expected price of the LNG plant as \$16 billion, rather than \$11 billion.