



BRIEFING PAPER - 28 July 2005

This paper has been prepared for the opposition parties and East Timor solidarity and activist groups to encourage informed responses to the signing of a temporary resource sharing agreement between Australia and East Timor covering the Greater Sunrise gas field.

About the Timor Sea Justice Campaign

The TSJC is an independent campaign made up of concerned Australians of various ages and professions that believe East Timor should control all of the gas and oil fields that it is entitled to under current international law, by the establishment of a permanent maritime boundary

The Greater Sunrise gas field

- The Greater Sunrise gas field is located about 170km from East Timor and about 450km from Darwin.
- The 'government take' of Greater Sunrise is estimated to be higher than \$40 billion and could even become significantly more as oil prices rise over the next few decades.
- Most, if not all, of this field would belong to East Timor if permanent maritime boundaries were established in accordance with principles of current International Law.
- Australian company, Woodside Petroleum has the license to develop the field once the legal framework is in place. If/when the project goes ahead, Woodside hopes to pipe the gas to Darwin for processing. However other development options are possible.

The currently proposed deal on Greater Sunrise

- The deal does not create maritime boundaries – it is merely another 'temporary resource sharing agreement'
- The deal reportedly consists of a 50/50 split of government royalties from Greater Sunrise.
- As part of the deal the Australian Government wants East Timor to suspend claims of sovereignty for the next 50 years.
- Many civil society groups and individuals within East Timor will continue to push for the establishment of permanent maritime boundaries as borders are closely linked with key issues of self-determination and independence.
- The deal only covers the Greater Sunrise field.



The Timor Sea Justice Campaign's view of the currently proposed Greater Sunrise Deal

- While the 50% share of Greater Sunrise is an improvement on the miserly 18% previously offered by the Australian Government, it still falls dramatically short of East Timor's legal entitlement under current International Law.
- Through this deal, the Australian Government is set to short change the poorest nation in Asia to the tune of at least \$20 billion dollars.
- This deal is a 'stop gap, band aid' solution that does not even begin to address the broader issues of sovereignty. It's simply an attempt to allow the commercial development of the field without the Australian Government acknowledging East Timor's rights to this and other fields on East Timor's side of the median line.
- The deal only covers one single field. If further resources are discovered, this entire process will need to take place again. Only permanent maritime boundaries will provide the legal and fiscal certainty required for a range of Australian companies to confidently operate in the area.
- Sadly, the Howard Government has proven that it is willing to bully and blackmail our neighbouring countries for its own financial gain. This disregard for International Law is damaging Australia's reputation in the region.
- The Australian Government should compensate East Timor for the \$2 billion taken from the Laminaria Corallina fields since 1999.
- East Timor should receive a fairer share of the downstream benefits as well as have greater control of development decisions via its, currently inequitable 2:1, representation on the Sunrise Commission
- The Australian Government must 'finish the job' and commit to negotiate permanent maritime boundaries with East Timor in accordance with International Law.
- These issues are integral to the process of self-determination and achieving true independence. Until the East Timorese enjoy just and fair borders, their struggle will continue.



The 2003 Greater Sunrise Unitisation Agreement

In March 2004, the Australian Government introduced the ‘Greater Sunrise Unitisation Agreement’ into both houses of parliament. Under the deal, that the East Timorese Parliament refused to ratify, the Australian Government would have taken 82% of the royalties from Greater Sunrise leaving East Timor with only a miserly 18%.

Labor supported the seriously flawed policy and it was left to Senators Brown, Harris and Stott Despoja to be the only Federal Australian politicians to publicly condemn it. Fortunately, growing public pressure on this issue has ensured East Timor will now receive a larger share of royalties from Greater Sunrise.

Part of the current pending agreement on Greater Sunrise, is that East Timor will ratify the IUA unchanged. There will simply be an additional document spelling out how East Timor gets the 32% increase in its Greater Sunrise share.

The bill still remains both flawed and unjust. The exact same arguments used to support the original bill are being recycled, only it has now been proven that the Australian Government can be pushed towards a more equitable solution.

The Labor Party can ‘get it right’ this time by insisting that the Howard Government ‘finishes the job’ and establishes permanent maritime boundaries with East Timor in accordance with current International Law.

Background

For various historical reasons East Timor has never had maritime boundaries and is presently trying to negotiate boundaries with its neighbours.

Under current International Law, East Timor is entitled to a much larger share of the petroleum resources in the Timor Sea than it currently enjoys.

However, the Australian Government has not been ‘acting with restraint’ as recommended by International Law. Instead the Australian Government has taken over \$2 billion in royalties since 1999. These royalties from the Laminaria Corallina oil fields are highly likely to belong to East Timor if permanent maritime boundaries were established in accordance with current principles of International Law.

For the last year and a half, representatives from the East Timorese and Australian Governments have been discussing where permanent maritime boundaries between the two countries should be established.

Timor Sea Justice Campaign

a fair go for East Timor

www.timorseajustice.org



East Timor wants to establish maritime boundaries along the median line, halfway between the coastlines, and with equitable lateral boundaries. East Timor's claim is based on principles of international law set out in the 1982 UN Convention on the Law of the Sea and in case law. Australia on the other hands, wants to simply close the 'Timor Gap' that was left in the 1972 Indonesia/Australia seabed boundary treaty, which was based on the now outdated continental shelf rationale.

Because the Australian Government secretly and preemptively withdrew recognition of the maritime boundary jurisdiction of the International Court of Justice and the International Tribunal of the Law of the Sea in March 2002, East Timor has no legal avenues in which to settle this dispute and has been forced into unbalanced negotiations.

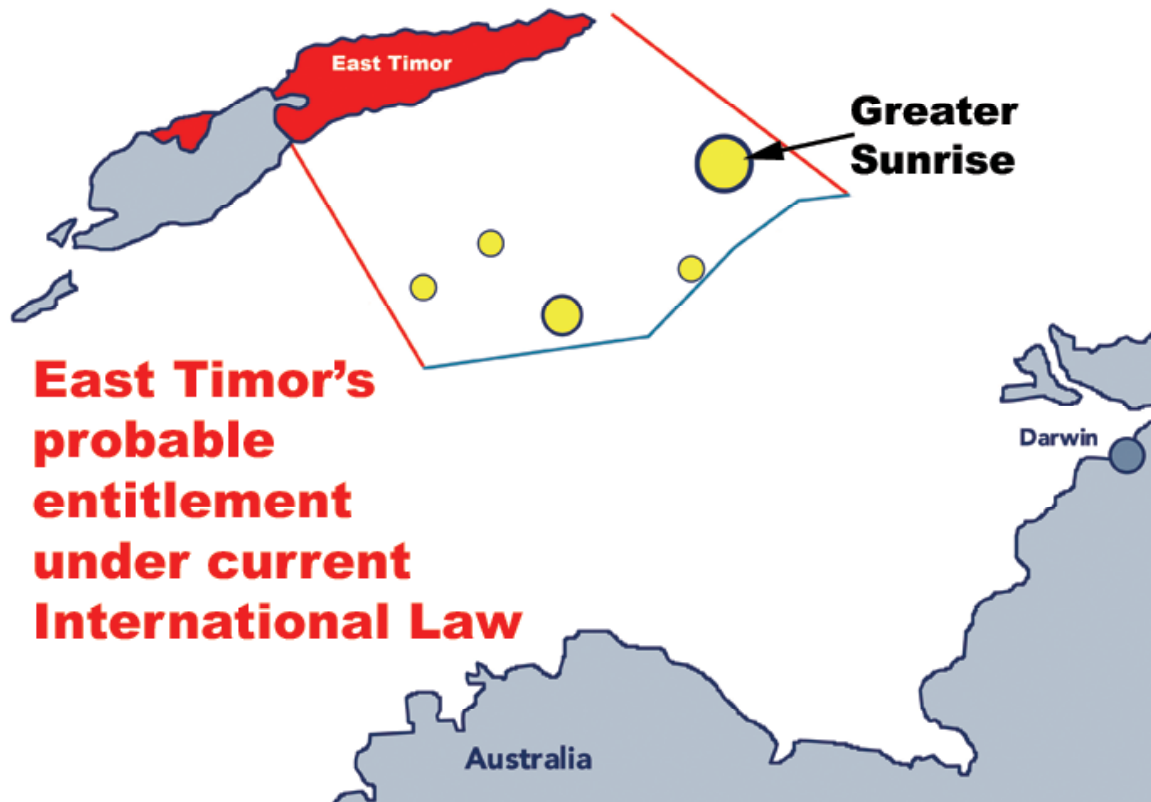
As a result of this deadlock, and with East Timor (the poorest nation in Asia) in desperate need of funds, a so called "creative solution" has been devised and a deal covering the Greater Sunrise gas field is expected to be signed within the next few weeks.

A combination of the efforts of East Timor's negotiating team, Australian grassroots pressure, businessman Ian Melrose's television commercials, and mounting international pressure politicians, trade unions and activists, has moved Canberra's position significantly over the past 18 months.

There's every reason to believe that the Howard Government could be moved even further if negotiations and campaigning continues. The Australian people and media are just beginning to grasp the underlying truth behind Australia's continuing maritime occupation of the Timor Sea.

Now is the time for all opposition parties to voice their concerns.

(see map below)



This map shows maritime boundaries drawn along the median line and with equitable lateral boundaries. This would be the likely outcome if principles of current International Law were followed when establishing the boundaries. As you can see, all of the contested gas and oil fields would belong to East Timor.

For further information and updates, please visit www.timorseajustice.org

The Timor Sea Justice Campaign would like to thank all of the people who, believing in justice and the notion of a fair go, have supported the campaign to stop the theft of East Timor's gas and oil.

While the deal currently on offer still falls disappointingly short of East Timor's legal entitlements under International Law, our supporters deserve some of the credit for East Timor's share of Greater Sunrise revenues being increased from 18% to 50%.

Well done and thanks.

Enquiries: Tom Clarke, co-ordinator TSJC Melb0422 545 763 tom@timorseajustice.org