

# Australia pushes ahead with grab for Timor oil and gas

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At the latest border talks between East Timor and Australia held in Dili on April 19-22, Canberra reaffirmed its determination to flout international law and keep control of the lion's share of the oil and gas reserves in the Timor Sea. Ignoring growing protests in East Timor and internationally, Australian representatives made no concessions to the demands of the East Timorese leadership for a greater share of the resources.

The Howard government's arrogant and bullying stance once again underscores the fact that its military intervention into East Timor in 1999 had nothing to do with concerns about the welfare of the local population or the violent attacks of pro-Jakarta militias. Its aim was to lay the basis for pursuing the long-held policy of securing control of the Timor Gap and its energy resources.

In the lead-up to the latest talks, demonstrations of up to a thousand people took place outside the Australian embassy in Dili. Organised by a group calling itself the Movement Against the Occupation of the Timor Sea, the protestors backed East Timorese demands for a new deal over the exploitation of the Timor Sea's reserves. One member Joao Sarmento told the British-based *Guardian* newspaper that popular feeling against the Australian government was running high. "People are thinking that it's a second invasion," he said.

East Timor's President Xanana Gusmao and Prime Minister Mari Alkatiri made a series of pleas before and after the talks for the maritime boundary issue to be settled quickly. Alkatiri said that a new agreement to give East Timor a greater share of the offshore revenues was a matter "of life and death" for East Timor.

In an interview with the Portuguese newspaper *Publico* this week, Gusmao accused the Australian government of bad faith, hypocrisy and dirty tactics. "We are protesting loudly so the world will learn what is going on. This is not right." Referring to Australia's interventions in the Asia-Pacific region, he added: "The country which steals

from us then organises conferences regarding transparency [and] anti-corruption."

The campaign by Gusmao and Alkatiri reflects fears in the ruling elite of growing social and political unrest in East Timor. In an interview with the *Guardian*, Gusmao warned of dire political consequences unless East Timor got a better deal. "We would not like to be another failed state. Without this we will be another Haiti, another Liberia, another Solomon Islands ...".

Five years after the Australian-led intervention, the country of just 800,000 people faces an economic and social disaster. One third of the population is dead by 40 years of age; 50 percent of adults are illiterate; only one in three homes has electricity and one in five drinking water. The maternal mortality rate is 150 times that in Australia. Over the next three years, Dili is expected to have a budget deficit of \$US126 million.

In a desperate bid to put pressure on Canberra, the Timorese parliament has refused to ratify the International Unitisation Agreement (IUA), worked out in May 2003. Under the arrangement, Australia will get about 80 percent of the royalties from the largest field in the Timor Sea—Greater Sunrise.

East Timor is demanding that the dispute be settled in accordance with the 1982 United Nations Convention on the Law of the Sea (UNCLOS), which would see the maritime boundary drawn at the mid-point between the two countries. If this were the case, East Timor would obtain the bulk of energy revenues. According to its estimates, its long-term share would rise from \$US4 billion to \$12 billion.

The latest talks ended without any agreement and will not be resumed until September. Canberra has refused to hold monthly talks or to set a time limit on a new boundary agreement as requested by Dili. Instead Foreign Minister Alexander Downer has insisted on twice-yearly talks in line with Australia's tactic of stringing out any

deal while continuing to exploit areas in dispute.

In comments that reeked of contempt for the East Timorese people, Downer dismissed the protests in Dili, declaring that they were simply to gain “sympathy” and whip up a lot of “emotive criticism of Australia”. He repeated Canberra’s claim to have been very generous in awarding East Timor 90 percent of revenues from the so-called joint development zone, which covers part of the contested border area. Originally, under an agreement with Indonesia, the split was to have been 50-50.

What is involved, however, is a cynical sleight-of-hand. In the aftermath of East Timor’s independence in May 2002, Canberra pressured Dili to sign the Timor Sea Treaty (TST), which ceded 90 percent of the revenues of the Bayu-Undan gas field to East Timor. The concession on the Bayu-Undan field, which lies within the joint development zone, was simply a device for gaining control of far larger fields, including Greater Sunrise, that are outside the zone.

Canberra mercilessly exploited the fact that East Timor needed the TST ratified by both countries by March 2003 to enable contractual obligations for the Bayu-Undan field to be met. The Howard government only proceeded with the ratification after East Timor agreed to the International Unitisation Agreement, which granted 79.9 percent of the Greater Sunrise field revenues to Australia.

If the UNCLOS legal standard applied, 80 percent of the Greater Sunrise field and all of the Bayu-Undan field, as well as 100 percent of the smaller Laminaria-Corallina field, would be allocated to East Timor. As Alkatiri put it in an earlier round of discussions with Downer, Australia was not being generous with its 90 percent offer, rather it was still robbing East Timor of 10 percent.

Recognising the shaky legal grounds of its claims, the Howard government announced in March 2002 that Australia would no longer accept rulings on maritime borders by the International Court of Justice or the International Tribunal for the Law of the Sea.

At the same time, Australia is continuing to exploit the Laminaria-Corallina field and to pocket the revenues. It has ignored East Timor’s demands to put the disbursement of royalties on hold until the sovereignty dispute is settled. Canberra is also issuing exploration licenses in other disputed areas in the Timor Sea.

The organisers of the recent Dili demonstrations pointed out that Australia has collected \$US1 billion in royalties from the Laminaria-Corallina field since the end of Indonesian rule in East Timor in 1999. East Timor has received nothing. In 2003 alone, \$US172 million was

collected from the field—twice the Dili government’s budget. Canberra has donated a mere \$100 million in aid to East Timor.

This exploitative approach to East Timor is not new, nor is it confined to the Howard government. In 1975, the Whitlam Labor Party government gave a tacit green light to the Suharto dictatorship to launch its invasion of East Timor and suppress the local movement fighting for independence from its colonial ruler Portugal. Canberra and Washington were determined to ensure that East Timor did not become a source of instability following the 1974 overthrow of the Salazar-Caetano fascist regime in Lisbon. Both countries turned a blind eye to the ongoing atrocities perpetrated by the Indonesian military to suppress opposition in East Timor.

In 1978, after oil and gas deposits were confirmed in the Timor Sea, Australia became the only country in the world to formally recognise Jakarta’s annexation of East Timor. In 1989, the Hawke Labor government and the Suharto regime signed the Timor Gap Treaty, which made generous concessions to Australia in the exploitation of the maritime energy reserves.

The Australian-led military intervention in East Timor in 1999 did not represent any fundamental change in policy. After the fall of Suharto in 1998, Canberra faced the prospect that Portugal, with the backing of the European Union, would muscle in on its former colony. So the Howard government changed tack, using the militia violence unleashed by the Indonesian military on pro-independence supporters in East Timor as the pretext for its military operation.

Then, as now, the guiding principle behind the Howard government’s actions was not “humanitarian”, but to secure the economic and strategic interests of Australian imperialism in the region.



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