

# Australia strong-arms East Timor over new oil and gas plan

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The latest round of talks between Australia and East Timor over the division of disputed Timor Sea oil and gas reserves broke up last week without any agreement.

After deliberately drawing out negotiations to maximise pressure on East Timor, Canberra's latest manoeuvre was to offer Dili a bribe in return for deferring a decision on the maritime boundary between the two countries. This "creative solution" would give Australia control over the lion's share of the seabed gas and oil reserves, and thus the profits and royalties, for what amounts to a pittance.

According to Oxfam Community Aid Abroad executive director Andrew Hewett: "Australia has reportedly increased last October's offer of \$3 billion revenue over 30 years, to \$4 billion in exchange for the so-called Hong Kong model: signing away the right to discuss maritime boundaries for 99 years. This is unacceptable to the East Timorese, particularly given the knowledge that the undersea oilfields are still revealing undiscovered riches."

At present the future seabed royalties are estimated to be more than \$32 billion.

Despite having the weight of international law on its side, East Timor is not in a strong bargaining position. The tiny impoverished statelet, with a population of less than a million, is dependent on the UN and major powers, including Australia, politically and militarily. With few sources of income, East Timor has been counting on revenue from the oil and gas. The longer the delay in receiving any money, the greater the economic and social problems on the half-island—a factor that Canberra has mercilessly exploited.

In a sign of desperation, the East Timorese negotiators announced at the latest talks in Canberra that they were prepared to accept a deal that includes deferring a decision on the maritime boundary. The

stage is now set for further haggling over the exact terms of such an agreement. Canberra has already pressured Dili into signing the Timor Sea Treaty and International Unitisation Agreement that give East Timor 90 percent of the revenues from the Bayu-Undan field, but only 20 percent of the much larger Greater Sunrise field.

Throughout the protracted dispute, the Howard government has insisted that the border between the two countries be drawn in accordance with the 1989 Timor Gap Treaty between Canberra and Jakarta. Under the agreement with the Suharto dictatorship, Australia was granted much of the seabed wealth in return for recognising Indonesia's forcible annexation of the former Portuguese colony in 1975. Australia was the only country to formally recognise the takeover.

Under the 1982 UN Convention on the Law of the Sea (UNCLOS), the border should be set along the median point between the two countries. If that were the case, East Timor would receive a far greater proportion of the gas and oil reserves. According to one estimate, once the downstream benefits are included, Dili will only receive about one third of its potential benefits. Canberra has refused to be a party to an International Court of Justice adjudication on the boundary.

Australia's bullying over Timor gas and oil exposes the hypocrisy of the Howard government's declarations of concern for the East Timorese people in 1999. The decision to send Australian troops to East Timor in response to militia violence against pro-independence supporters had the same motivation as Canberra's decision to sign the 1989 treaty with the Suharto junta: control over Timor Sea oil and gas.

Nearly three years after formal independence, East Timor remains one of the poorest countries in the

world. It has one of the lowest per capita income levels in Asia and 46 percent of the population lives below the poverty line on less than a dollar a day. Food insecurity is widespread. More than one in ten children are moderately or severely wasted. One recent report indicates that 50 people in one village have starved to death.

The Howard government's blatant strong-arm tactics have provoked growing opposition. An Australian businessman Ian Melrose has funded a series of TV and newspaper advertisements, condemning Canberra's actions. "The Howard government has stolen two billion Australian dollars in tax revenue from gas and oil royalties which East Timor needs to create a working health system," one TV ad stated.

A letter signed by 17 US senators and congressmen sent to Howard prior to the latest talks called on Australia to settle the border dispute quickly and fairly. "Such equitable sharing of revenue is not a question of charity; rather it is a matter of self-determination, sovereignty and East Timor's future," the letter declared. A delegation led by Greens Senator Bob Brown, Catholic Bishop Hilton Deakin and Melrose last week gathered outside the venue for the negotiations in Canberra last week to demand a fair deal for East Timor.

It should be noted, however, that the stance of the Greens and various radical outfits is just as hypocritical as Howard's. In 1999, all of these parties uncritically supported the Australian-led military intervention, claiming that it was the only means to stop the militia violence in East Timor. The Democratic Socialist Party, for instance, declared that it was a victory that its protests had "forced" Howard to intervene. On the contrary, the demonstrations provided the essential political camouflage for the Howard government's predatory military adventure. While these same parties now protest about Howard's grab for Timor's oil, none of them bother to explain their support for the 1999 intervention.

The military action in East Timor in 1999 was a precedent for a far more aggressive assertion of Australian imperialism's interests throughout the region. Having secured the Bush administration's backing through its support for the Iraq invasion, the Howard government dispatched troops, police and officials to the Solomon Islands in 2003 in what

amounted to a virtual takeover of the tiny Pacific Island state. Canberra has since bullied Papua New Guinea, Fiji, Vanuatu and Nauru into accepting the insertion of Australian officials in top administrative posts.

As the case of East Timor clearly demonstrates, the Howard government's actions have nothing to do with the welfare of the local populations, but are the means for consolidating Australian economic and strategic interests in the Asia-Pacific region.



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