

# Australian government blackmails East Timor into ratifying oil and gas deal

By Rick Kelly  
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The long standing plan of the Australian government to maintain control of East Timor's oil and gas reserves reached its dénouement late last week, as the East Timorese approved the International Unitisation Agreement (IUA) after a systematic campaign of threats and intimidation from Australia. The East Timorese ceded 79.9 percent of the Greater Sunrise oil and gas field to Australia, worth an estimated \$50 billion, after the Howard government threatened to withhold ratification of the Timor Sea Treaty (TST), the royalties from which are desperately needed by the tiny, impoverished nation.

Without Australian ratification by March 11, the TST would have collapsed, with the US-based oil company Conoco-Phillips unable to meet its contractual deadline for the extraction of gas from the Bayu Undan field. Worth around \$40 million a year, the royalties from Bayu Undan are vital for the very survival of "independent" East Timor, whose 2003-2004 budget featured a massive deficit of \$60 million, with total revenues (excluding foreign aid) of just \$75 million.

The Australian government bullied and blackmailed the Timorese into an impossible position—hand over the lion's share of the massive Greater Sunrise reserves, or face the immediate loss of the Bayu Undan royalties. The ultimatum made a mockery of the Howard government's boast of "generosity" in its offer of 90 percent of the revenue from the so-called joint development zone covered by the TST (which includes the Bayu Undan field).

Prior to East Timor's separation from Indonesia, the massive oil and gas reserves were covered by the 1989 Timor Gap Treaty between Indonesia and Australia. This treaty (which was never recognised under international law) rewarded Australia for its backing of Indonesia's brutal invasion and annexation of the former Portuguese colony in 1975, and granted Australia a large proportion of the seabed wealth by fixing the maritime border in a manner highly favourable to Australia. The revenues from the joint development zone were split 50-50 between Australia and Indonesia.

The East Timorese have long rejected the border established by the 1989 treaty and have insisted that it be set according to the United Nations Convention on the Law of the Sea which would draw the boundary at the half way point between the two states. Under this internationally accepted principle the Bayu Undan reserve covered by the TST would fall entirely within East Timorese territory, as would approximately 80% of the Greater Sunrise reserves. Under the IUA, East Timor now possesses only

20.1 percent of these reserves. A border equidistant between Australia and East Timor would also see the smaller Australian Laminaria/Corallina oil and gas project fall on the Timorese side.

The Australian government's strategy to maintain possession of East Timor's resources centred on its refusal to permit the redrawing of the maritime borders established with Indonesia's Suharto dictatorship. In March last year, the government announced that it would no longer submit to maritime border rulings by the International Court of Justice and the International Tribunal for the Law of the Sea.

Having thus blocked any possibility of a successful legal challenge to its claims all that remained for the Australian government was to browbeat East Timor into submission. The thuggish nature of the "negotiations" was laid bare last week when the transcript of a meeting last November between Australia's foreign minister, Alexander Downer, and East Timor's chief minister, Dr. Mari Alkatiri, was leaked and published on the internet. In the meeting, Downer explicitly linked Australia's ratification of the TST to East Timor's agreement on the separate IUA covering the Greater Sunrise reserves. "We can stop everything," Downer repeatedly threatened.

The meeting also featured the following extraordinary exchange:

Downer: Public opinion think[s] 90 percent [of the reserves in the joint development zone] is very generous. We support the TST which was adhered to and signed.

Alkatiri: It is not with generosity that you gave us 90 percent. We have lost 10 percent.

Downer: We claimed 100 percent and we lost 90 percent—I think that's a pretty good outcome for you.

Alkatiri: Don't get upset, please speak calmly on this issue. Our 100 percent claim is based on international law and the equidistance line. It was not a random decision. The present issue of generosity—I do not accept.

After Alkatiri told Downer that "we want to accommodate all your concerns, but accommodating is one thing and scrapings off a plate is another," Downer repeated his refusal to consider modifying the boundaries, saying "you can demand that forever for all I care, you can continue to demand, but if you want to make money, you should conclude an agreement quickly."

Downer went on to tell Alkatiri: "I think your Western advisers give you very poor advice that public opinion supports East Timor in Australia. We are very tough. We will not care if you give information to the media. Let me give you a tutorial in politics—not

a chance.”

With the Australian parliament taking a two-week recess, March 6 was the last chance for the government to ratify the TST before the March 11 contract deadline. On March 5, Prime Minister John Howard called Alkatiri, and again threatened to withhold ratification unless East Timor ratified the IUA, thereby ceding 80 percent of the multi-billion dollar Greater Sunrise reserves.

As a senior official close to Alkatiri told the *Sydney Morning Herald*, “It was an ultimatum. Howard said that unless we agreed to sign the new deal immediately, he would stop the Senate approving the treaty”. Howard’s claim that his call to Alkatiri had been “totally civil and cordial” was later contradicted by Alkatiri himself who told the media that, “A lot of pressure was done from the Australian government, which was not helpful for the whole process”.

On March 6, the day after Howard’s threat, the East Timorese called an extraordinary cabinet meeting and passed the Greater Sunrise deal. Only when its tawdry oil grab was successfully completed did the Australian government introduce the TST for ratification.

With Labor Party backing, the Petroleum (Timor Sea Treaty) Bill 2003 was quickly passed by the federal parliament, demonstrating once again that Australia’s nakedly imperialist relationship with East Timor has only been possible because of Labor’s role.

In 1975 the Labor Party recognised Indonesia’s invasion, and in 1989 it was a Labor government that signed the Timor Gap Treaty with Suharto. Neither Labor nor the Coalition parties have ever allowed the widespread and deeply felt sympathy on the part of ordinary Australians for the sufferings of the East Timorese to interfere with Australia’s corporate interests in the region.

It was left to the minor parties in the Senate to voice any form of opposition. The Greens leader, Bob Brown, was especially vociferous. “This is the big oil companies, with the active compliance of the prime minister, no less, defrauding East Timor of its resources. It is a fraud. It is illegal,” he told the Senate.

After Brown made the perfectly accurate accusation that the government was blackmailing the East Timorese, Liberal and Labor senators united to eject him from the Senate for twenty-four hours. This hysterical reaction only underlined the undemocratic nature of the government’s East Timor policy. The timing of the introduction of the TST was not only designed to intimidate and threaten East Timor, but was also meant to deny the possibility of any extended debate on the issues of principle underlying the entire process. Any such debate, both the government and the Labor Party realised, could only threaten to raise popular demands for a fair treatment of East Timor.

Notwithstanding Bob Brown’s protestations, however, the Greens also share responsibility for the theft of Timor’s oil and gas reserves. Preliminary versions of the TST have been available for some time through the Senate Joint Standing Committee on Treaties, and it has been clear for months that the government’s delay in ratifying the treaty was due to intimidation over the Greater Sunrise deal. Despite this, the Greens mounted no political campaign against the government.

Moreover, the Greens were among the leaders (alongside various

“left” radical groups) of the “troops in” campaign of 1999. This campaign provided the Howard government with the necessary political cover to dispatch 4,000 Australian troops to East Timor: namely, that they were going for “humanitarian” reasons. The ongoing presence of the troops then provided the government with critical leverage in its “negotiations” with East Timor over the TST and IUA, while the Australian people were deceived into believing that Howard’s relations with East Timor were based on altruistic motives.

The reality, as the TST and Greater Sunrise deals make clear, was that Australia’s support in 1999 of a vote for “independence” represented merely a tactical shift. The longstanding strategy—control of East Timor’s natural resources—remained the same. With the Suharto regime gone, the Howard government calculated that an “independent” East Timor—inevitably existing in a neocolonial relationship to Australia—would be the next best alternative in securing Australia’s economic and strategic interests in the Timor Sea.

Australia’s granting of 90 percent of the joint development zone under the TST in no way represents a significant advance for the East Timorese people. The more substantial long-term benefits have been secured by Australian corporate interests with all of the refining, distribution and servicing projects connected to the Bayu Undan reserves being centred in northern Australia.

Moreover, the Howard government has long made clear that once the oil and gas royalties begin to flow into East Timor Australia’s foreign aid will be correspondingly reduced. As Downer put it in October 2000: “The extent to which East Timor itself is able to get the royalties, or a share of the royalties, the size of its share, plays into the overall size of the Australian aid program in East Timor and so on.”

The meagre “concessions” contained in the TST ultimately represent the amount calculated by the Australian government to be the minimum required for the maintenance of a semblance of stability and the suppression of social unrest in the poverty stricken nation.

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