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## **Timor-Leste & Its Neighbours: Consolidating Ties**

*By Viji Menon*

### **SYNOPSIS**

*Timor-Leste celebrated the 20th anniversary of its independence on 30 August 2019. Although the political impasse in the country resulting from the stand-off between the president and the government has not yet been resolved, Timor-Leste's relations with its neighbours have made progress.*

### **COMMENTARY**

DOMESTICALLY, THE political stand-off between Timor-Leste's president Francisco Guterres and the government has continued with the president still refusing to swear in nine ministers because of their alleged involvement in corruption investigations. The government has continued to raise the issue in parliament, expressing concern that the lack of key ministers is affecting execution of the 2019 budget and would impact on the 2020 budget to be presented to parliament soon.

However, on 30 August 2019, the country came together to celebrate the 20th anniversary of the Popular Consultations in 1999, in which the majority of the people voted for independence from Indonesia. Many foreign dignitaries attended the event including Australian Prime Minister Scott Morrison, and Foreign Minister Marise Payne. It was the first visit by an Australian PM in ten years. Singapore was represented by Senior Minister of State for Defence and Foreign Affairs, Dr Mohamad Maliki Osman. The US was represented by Deputy Secretary of State for East Asia and the Pacific, David R. Stilwell. Indeed, in the last few months there have been some encouraging developments in Timor-Leste's relations with its neighbours.

### **Relations with Australia**

Australia is Timor-Leste's largest aid donor; it led and participated in peacekeeping missions to Timor-Leste at critical moments — in 1999, after the outbreak of violence following the referendum known as Popular Consultations and again in 2006, to restore law and order after the political-military crisis of 2006. Despite this, Timor-Leste's relationship with Australia had been a troubled one, largely because of the hitherto unresolved maritime boundaries issue and oil resources in the Timor Sea.

The relationship has however, improved considerably since the two countries signed the Treaty on Maritime Boundaries in March 2018, thus removing a major source of tension. Under the treaty, Timor-Leste will get the bigger share of revenue from exploiting the Greater Sunrise gas field in the Timor Sea. It will be split either 80-20 if gas is piped to Australia for processing or 70-30 if it is piped to Timor-Leste.

The treaty was ratified by the parliaments of both countries in late July 2019, and was officially ratified by an exchange of diplomatic notes during the Australian Prime Minister's visit. Agio Pereira, the Acting Timorese Minister of Petroleum and Minerals, said that the ratification of the Treaty, would "finally enable Timor-Leste to achieve full sovereignty in the Timor Sea". Prime Minister Ruak described the ratification as marking "a new chapter" in Timor-Leste/Australia relations.

### **Relations with Indonesia**

On 22 July, the Governments of Timor-Leste and Indonesia reached an agreement on the two sections of the land border which were under dispute. The agreement was signed by Timorese Maritime and Land Border Chief Negotiator, Xanana Gusmao, and Indonesia's Coordinating Minister for Political, Legal, and Security Affairs, Wiranto.

"We have agreed to delimit the unresolved sections of the terrestrial border, notably Noel Besi-Citrana and Bidjael Sunan-Oben," Wiranto said in a press release after the signing of the agreement. He said the "good negotiating climate" and "fraternal approach" had allowed the two parties to reach an agreement.

Wiranto added now that the land border had been settled, Indonesia and Timor-Leste will continue discussions on the maritime border. Gusmao also welcomed the agreement reached, and said he believed that negotiations on the maritime borders will take place "in the spirit of the current principle of brotherhood between the two countries and the governments".

### **Timor-Leste and ASEAN**

Also, at the end of July Timor-Leste sent a delegation of 20 officials to the ASEAN Secretariat in Jakarta. This is the first time that such a study visit has taken place since Timor-Leste applied for ASEAN membership in 2011, to discuss ASEAN's extensive work programme. The delegation was composed of Directors-General and Focal Points from relevant ministries in Dili working towards ASEAN accession.

The visit covered detailed topics on the ASEAN institutional framework, structure, legal instruments and agreements across all three community pillars: ASEAN Economic Community, ASEAN Political/Security Community and ASEAN Socio-Cultural

Community. Timor-Leste's delegation also provided updates to ASEAN officials on work that Dili has carried out to prepare for membership.

The visit took place just before an ASEAN fact-finding team visited Timor-Leste from 4-6 September 2019 to evaluate Timor-Leste's readiness for ASEAN membership. Timor-Leste Foreign Minister, Dionisio Babo Soares, told the media that the team would be making an assessment of the security, defence and political issues in the country, and evaluate its application to see whether some of the principal criteria for membership had been met.

### **Potential Areas of Friction**

The new Treaty with Australia recognises Australia's and Timor-Leste's shared sovereign rights over the resources in the Greater Sunrise field. It provides for the establishment of the Greater Sunrise Special Regime to jointly manage and develop the resources and to share revenue. Australia and Timor-Leste will establish a Designated Authority and a Governance Board to oversee Greater Sunrise.

The two countries can now proceed to establish these necessary mechanisms. Hovering over such future cooperation is the still unresolved issue of the location of the pipeline that will bring the oil and gas resources for processing, either to Timor-Leste or Darwin in Australia. It is uncertain if this issue will complicate the improved bilateral relationship.

While the unresolved segments of the land border with Indonesia have been demarcated, this was probably an easier issue than the question of the maritime border. The lateral lines of the new agreement with Australia join with the existing 1972 continental shelf boundary between Australia and Indonesia. This means that Australia's and Timor-Leste's new boundary arrangements do not affect Indonesia's rights or change Australia's existing boundaries with Indonesia.

Now that the land border has been settled, maritime boundary negotiations with Indonesia, which are ongoing, are likely to be intensified. One Timorese minister has asserted though that these discussions are likely to be "complicated".

While the ASEAN Senior Officials' fact-finding visit to Timor-Leste is an important step, the outcome is uncertain, and it will probably take some time for assessments/decisions to be made. Further delay in ASEAN making a decision or a negative assessment would be a disappointment for the country as it is very anxious to join the regional grouping. Foreign Minister Soares recently told the Timorese media that if ASEAN continued to delay and keep rejecting Timor-Leste's accession, "then Timor-Leste would review its policy to join ASEAN".

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