



PRESS RELEASE

CONCILIATION BETWEEN THE DEMOCRATIC REPUBLIC OF TIMOR-LESTE AND THE COMMONWEALTH OF AUSTRALIA

THE HAGUE, 15 OCTOBER 2017

Timor-Leste and Australia reach agreement on treaty text reflecting 30 August Comprehensive Package Agreement

Through a series of confidential meetings with the Conciliation Commission in The Hague this past week, Timor-Leste and Australia have reached agreement on the complete text of a draft treaty as anticipated in the Comprehensive Package Agreement of 30 August 2017 (the “**30 August Agreement**”). This draft treaty delimits the maritime boundary between them in the Timor Sea and addresses the legal status of the Greater Sunrise gas field, the establishment of a Special Regime for Greater Sunrise, a pathway to the development of the resource, and the sharing of the resulting revenue. The Parties will now pursue their domestic approval processes in order to proceed with the signing of the Treaty. In order to accelerate the Parties’ engagement with the Greater Sunrise Joint Venture and to invite the Joint Venture to provide the information necessary to ensure the rapid development of the Greater Sunrise gas fields, the Parties and the Commission also met with representatives of the Joint Venture during the course of the week.

These meetings are part of a structured dialogue in the context of the conciliation between the Democratic Republic of Timor-Leste (“**Timor-Leste**”) and the Commonwealth of Australia (“**Australia**”) being conducted by a Conciliation Commission (the “**Commission**”) pursuant to the UN Convention on the Law of the Sea and under the auspices of the Permanent Court of Arbitration (the “**PCA**”).

The Parties agreed in Copenhagen that the essential elements of the 30 August Agreement were the agreement on a maritime boundary and a process of engagement leading to an early decision on the utilisation of the Greater Sunrise Resource. Having reached agreement on maritime boundaries, engagement with the Greater Sunrise Joint Venture and the development of Greater Sunrise will now become the principal focus of the Parties. To that end, the 30 August Agreement provides for the Commission to remain involved to facilitate this engagement and ensure that an informed decision is taken on the Development Concept for the Greater Sunrise field.

The Chairman of the Commission, Ambassador Peter Taksøe-Jensen, speaking on behalf of the Commission, made the following statement:

The Conciliation Commission has met regularly with the governments of Timor-Leste and Australia over the last year and has come to know their representatives very well. I can say without hesitation that, from the Commission’s perspective, the meetings this week were the easiest since we began this process in the summer of 2016. The true breakthrough in these proceedings occurred in Copenhagen on 30 August of this year. This week has involved the translation of that agreement into the form of a draft treaty, and I am pleased to note that this has been done in a bilateral setting, without the need for intervention by the Commission. The Parties’ engagement has been efficient and constructive.

I am encouraged regarding the spirit with which the Parties are approaching the joint development of resources. It has been a pleasure to see the governments of Timor-Leste and Australia forming a common position and standing together to ensure that the resources of the seabed are developed to the benefit of both peoples.

Next Steps

The Parties will continue to engage with the Greater Sunrise Joint Venture regarding the development of the Greater Sunrise gas field, as well as with other stakeholders with resource interests in the Timor Sea. As agreed in the Comprehensive Package Agreement, the Commission will remain engaged to facilitate this process as necessary. The parties will be meeting in Singapore before the end of November with the Commission in order to review progress on the CPA pathway to the development of the resource, and set a date for signing by the end of the year or early 2018 if satisfied with progress. There will be a further meeting between the Parties and the Commission in December 2017.

This ongoing engagement will take place in a confidential setting. In light of the implications for other stakeholders with rights or interests in the Timor Sea, the specifics of the Parties' agreement on maritime boundaries will be disclosed in a coordinated process, following consultations with affected parties.

While continuing to facilitate the Parties' engagement with the Greater Sunrise Joint Venture, the Commission will also now turn to preparing a report on the proceedings as anticipated by the UN Convention on the Law of the Sea. The Commission anticipates that this report will be finalized and made public in early 2018.

Background on the Conciliation Process

The Commission was constituted on 25 June 2016 pursuant to the procedure set out in Annex V of the Convention. The five-member Commission is chaired by H.E. Ambassador Peter Taksøe-Jensen (Denmark). The other members of the Commission are Dr. Rosalie Balkin (Australia), Judge Abdul G. Koroma (Sierra Leone), Professor Donald McRae (Canada and New Zealand), and Judge Rüdiger Wolfrum (Germany). With the agreement of the Parties, the Permanent Court of Arbitration acts as Registry in the proceedings.

These conciliation proceedings were initiated by Timor-Leste on 11 April 2016 by way of a "Notification Instituting Conciliation under Section 2 of Annex V of UNCLOS" addressed to Australia.

On 2 May 2016, Australia submitted "Australia's Response to the Notice of Conciliation".

On 28 July 2016, the Conciliation Commission held a procedural meeting with the Parties at the Peace Palace in The Hague, the Netherlands.

On 29, 30, and 31 August, the Commission convened the Opening Session of the Conciliation and a Hearing on Competence at the Peace Palace in The Hague, the Netherlands.

On 19 September 2016, the Commission rendered its Decision on Competence, finding that the Conciliation would continue.

From 10 to 13 October 2016, the Commission met with the Parties in Singapore.

On 9 January 2017, the Foreign Ministers of Timor-Leste and Australia, together with the Commission, issued a Trilateral Joint Statement on the termination of the Treaty on Certain Maritime Arrangements in the Timor Sea.

From 16 to 20 January 2017, the Commission met with the Parties in Singapore.

From 27 to 31 March 2017, the Commission met with the Parties in Washington, D.C.

From 5 to 9 June 2017, the Commission met with the Parties in Copenhagen.

From 24 to 28 July 2017, the Commission met with the Parties in Singapore.

From 28 August to 1 September 2017, the Commission met with the Parties in Copenhagen.

On 30 August 2017, the Parties reached a Comprehensive Package Agreement on the central elements of a maritime boundary delimitation between them in the Timor Sea. In addition to boundaries, the Comprehensive Package Agreement addresses the legal status of the Greater Sunrise gas field, the establishment of a Special Regime for Greater Sunrise, a pathway to the development of the resource, and the sharing of the resulting revenue.

Further information about the conciliation may be found at www.pca-cpa.org/en/cases/132/, including the full text of the Commission's Decision on Competence, earlier Press Releases, a video recording and transcript of the Opening Session, the presentations of the Parties and previous press releases and Trilateral Joint Statements.

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Background on the Permanent Court of Arbitration

The Permanent Court of Arbitration is an intergovernmental organization established by the 1899 Hague Convention on the Pacific Settlement of International Disputes. The PCA has 121 Contracting Parties. Headquartered at the Peace Palace in The Hague, the Netherlands, the PCA facilitates arbitration, conciliation, fact-finding, and other dispute resolution proceedings among various combinations of States, State entities, intergovernmental organizations, and private parties. The PCA's International Bureau is currently administering 5 interstate disputes, 76 investor-State arbitrations, and 45 cases arising under contracts involving a State or other public entity. More information about the PCA can be found at www.pca-cpa.org.

Contact: Permanent Court of Arbitration
E-mail: bureau@pca-cpa.org