



PRESS RELEASE

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

THE HAGUE, 26 DECEMBER 2017

Timor-Leste and Australia continue engagement with Greater Sunrise Joint Venture and agree timeframe for signature of maritime boundary treaty

The Conciliation Commission held meetings during the week of 11 December 2017 in Singapore with the Democratic Republic of Timor-Leste (“**Timor-Leste**”) and the Commonwealth of Australia (“**Australia**”), as well as with the Greater Sunrise Joint Venture. The purpose of these meetings was both to review progress on the pathway to the development of the Greater Sunrise gas fields and to fix a timeframe for the signature of the maritime boundary treaty agreed between the two governments.

These meetings are part of a structured dialogue in the context of the conciliation between the Timor-Leste and Australia being conducted by a Conciliation Commission pursuant to the UN Convention on the Law of the Sea and under the auspices of the Permanent Court of Arbitration (the “**PCA**”). In the course of the conciliation proceedings, the Parties have reached agreement on the text of a treaty which 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.

Treaty on Maritime Boundaries

On 30 August 2017, the governments of Timor-Leste and Australia reached agreement on Comprehensive Package Agreement regarding maritime boundaries in the Timor Sea. This agreement was formalized into a draft treaty and initialled by the agent of each government in October 2017 in The Hague.

In broad terms, the draft treaty delimits the maritime boundary between Timor-Leste and Australia in the Timor Sea and establishes a Special Regime for the area comprising the Greater Sunrise gas field. The draft treaty also establishes revenue sharing arrangements where the shares of upstream revenue allocated to each of the Parties will differ depending on downstream benefits associated with the different development concepts for the Greater Sunrise gas field.

Having now concluded their respective domestic processes, the two governments agreed that they will proceed with signature in early March 2018.

Development of Greater Sunrise

As part of a comprehensive package, the 30 August Agreement included an “action plan” for engagement regarding the development of the Greater Sunrise gas field. Pursuant to this action plan, the two governments and the Greater Sunrise Joint Venture (the licence holder to the resource) have engaged in intensive meetings and discussions since September of this year, including three trilateral meetings in November and December 2017 in Brisbane, Singapore, and Melbourne. During these

meetings, the governments and Joint Venture have sought to elaborate and reach agreement on a development concept for Greater Sunrise.

Having considered the progress made in the trilateral engagement to date, the governments agreed that the Commission would engage directly with them and with the Joint Venture to resolve certain outstanding matters and that a decision on the development concept would be taken by 1 March 2018.

Next Steps

The Commission, the two governments, and the Joint Venture have agreed to a supplemental action plan to resolve certain outstanding matters to allow for a decision on the development concept to be taken by 1 March 2018. As part of this supplemental action plan, the Commission envisages several further meetings with the governments and Joint Venture in January and February 2018.

In parallel with this process, the two governments will identify a precise date for the signature of the treaty in early March 2018. The two governments are presently preparing certain materials relating to the transition and consulting with private actors potentially affected by the new boundary, prior to making public the terms of the treaty.

The Commission anticipates that its report will be finalized and made public in April 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 (the “**30 August Agreement**”). 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.

On 13 October 2017, following meetings in The Hague, the Parties reached agreement on the complete text of a draft treaty as anticipated in 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.

On 18 November 2017, the Commission met with the Parties and the Joint Venture in Singapore.

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, 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.

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