

Annex 15:  
Letter from Australia to the Commission of 8 December 2016



8 December 2016

Mr Garth Schofield  
Legal Counsel  
Permanent Court of Arbitration  
Peace Palace  
Carnegieplein 2  
2517 KJ The Hague  
The Netherlands

Dear Mr Schofield

***Conciliation Proceedings under Article 298 and Annex V of UNCLOS (PCA Case No. 2016-10)  
Democratic Republic of Timor-Leste and Commonwealth of Australia***

We refer to the Commission's Proposal on Confidence-Building Measures provided to the Parties at the conclusion of *ex parte* meetings between the Commission and the Parties in Singapore from 10-13 October 2016.

Australia accepts the Commission's Proposal. In respect of maritime boundaries, Australia confirms the following:

- i) Australia commits to negotiate permanent maritime boundaries with Timor-Leste
- ii) Australia will make written submissions on maritime boundaries in the Timor Sea by 20 December 2016
- iii) the Australian delegation has been provided the necessary mandate to negotiate permanent maritime boundaries in the Timor Sea, and
- iv) Australia also confirms that the area identified by Timor-Leste as covered by its claim will be removed from the 2016 Offshore Petroleum Exploration Acreage Release area W16-2. Timor-Leste has provided Australia with the co-ordinates defining the northern area of W16-2 and Australia is taking steps to excise the area.

With regard to the termination of the CMATS Treaty, the Commission put forward two options. Australia has given careful consideration to these options and consistent with its long-held position, Australia has decided not to jointly terminate the CMATS Treaty. On that basis, Australia acknowledges that Timor-Leste will now make arrangements to terminate the CMATS Treaty unilaterally.

Australia agrees that, following its termination by Timor-Leste:

- i) the Timor Sea Treaty will apply in its original form, prior to amendment by the CMATS Treaty, and

- ii) Articles 12(3) and 12(4) of the CMATS Treaty will no longer apply and Article 4(5) of the CMATS Treaty will not limit or exclude its obligation to negotiate an agreement with Timor-Leste on the basis of any report the Commission may produce in the course of these proceedings.

Australia will work with the Commission and Timor-Leste to agree by mid-December a trilateral Joint Statement on modalities of termination and the continued application of the Timor Sea Treaty. Australia also confirms its commitment to the other steps proposed by the Commission on public communication.

Australia understands that Timor-Leste will write to the respective tribunals in the *Timor Sea Treaty Arbitration* and the *Article 8(b) Arbitration* by 20 January 2017 withdrawing its claims and requesting termination of those proceedings.

Australia makes these commitments in good faith in order for the successful implementation of the overall package of confidence-building measures to proceed, including the range of actions required of Timor-Leste. We share the Commission's objective that the implementation of all of these measures will establish a stable starting point for negotiation and build trust between the Parties.

We would be grateful if you would convey this letter to the Chairman and members of the Conciliation Commission. We have copied this letter to the Agent and Deputy-Agent for Timor-Leste.

Yours sincerely



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First Assistant Secretary  
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Cc:

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