

Australia Dossier by Robert Barwick

Sting in the Tail of Timor's Independence

Australia has bullied tiny East Timor into giving up its resources—to Royal Dutch Shell.

Australian Prime Minister John Howard famously described Australia's role in securing East Timor's independence in 1999 as its most "positive and noble act in 20 years." On March 6, Australia collected on that "noble act," when it bullied its tiny, destitute neighbor into signing away its claims over tens of billions of dollars worth of oil and natural gas.

In 1999, during the East Timor crisis, Lyndon LaRouche's Australian associates, the Citizens Electoral Council (CEC), were a lone voice insisting that the push for East Timor's independence was an unbridled raw materials grab. In its September 1999 pamphlet, *Global Financial Crash Drives East Timor Crisis*, the CEC wrote: "The Australian government has continually proclaimed its intent to 'save lives,' 'protect human rights,' and 'secure justice' for the East Timorese. In fact, it seems much more interested in 'securing justice' for British and affiliated multinational oil companies, which plan to grab the vast hydrocarbon deposits in the waters off East Timor." The CEC quoted a senior City of London source, who said, "As long as East Timor remains in firm Indonesian hands, the oil will be controlled by the Indonesian state oil company, Pertamina. If East Timor becomes independent, BP and Royal Dutch Shell will be able to come in. The British are using Australia as a stalking horse for this."

After nearly three years of United Nations interim rule, East Timor achieved official independence on May 20, 2002. Within hours, Australia pushed East Timor to sign the Timor

Sea Treaty (TST), a new agreement to replace the old Timor Gap Treaty Australia had entered into with Indonesia, to govern the division of the oil and natural gas resources in the Timor Sea. The Timor Gap Treaty had divided the resources 50-50; the new TST divides the resources in East Timor's favor, 90-10. It covers the Bayu-Undan gas field, which has been estimated to contain 3.4 trillion cubic feet of natural gas, and has an estimated worth of \$15 billion.

The resource companies that have developed Bayu-Undan—Phillips Petroleum and Santos—have contracted to supply 3 million metric tons of liquefied natural gas (LNG) a year from this field to Tokyo Electric Power Company and Tokyo Gas for 17 years, commencing January 2006. East Timor is expected to receive tax revenues of \$5 billion over the life of this project. This represents many times its current annual budget of \$77 million—\$30 million of which comes from foreign aid—and is crucial to the survival of the world's newest nation, which suffers 80% unemployment, a 40% literacy rate, a per-capita GNP of less than \$340, life expectancy of 48 years, and an infant mortality rate of 135 per thousand live births, according to the Uniting Church of Australia.

Despite the generous terms of the treaty, there was a catch. Before East Timor would receive any revenue, Phillips' contract required ratification of the TST by Australia, by March 11, 2003. And Australia refused to ratify until East Timor consented to a separate agreement, giving Australia 80% of a neighboring gas field called

Greater Sunrise. With 8.35 trillion cubic feet of natural gas, Greater Sunrise is a far larger field than Bayu-Undan, and is estimated to be worth \$30-40 billion.

Without telling East Timor, which could have protested, Australia also secretly withdrew from both the International Court of Justice (ICJ) and the UN Convention on the Law of the Sea (UNCLOS), under which East Timor had an arguable claim to 100% of Bayu-Undan and Greater Sunrise. Because Australia no longer recognized the ICJ and UNCLOS, East Timor had no recourse to a court of arbitration, and was at the mercy of Australia's ultimatum: Either give away its future rights to Greater Sunrise, or immediately lose its revenue from Bayu-Undan.

In February, as the March 11 deadline loomed, an increasingly desperate East Timor Prime Minister Mari Alkatiri protested: "Australia knows these revenues are vital for us. . . . I am very surprised by their attitude. I never thought a democratic country like Australia would play this kind of role with a poor neighbor."

On March 6, East Timor caved in, and signed the Greater Sunrise agreement. That same day, after holding it back for ten months, Howard pushed a bill to ratify the TST through Parliament in just a few hours. Australian Sen. Bob Brown was ejected from the Senate for protesting that Howard had "blackmailed" East Timor.

Most revealing was Sen. Kerry O'Brien's report that the government's insistence that ratification of the TST be linked to the Greater Sunrise deal, was on behalf of Royal Dutch Shell. "The Sunrise venture partners [principally Shell] were insistent that the treaty not be ratified prior to [the Greater Sunrise deal] because *negotiating leverage would have been lost*," he said.