

Downer: Pompous Colonial Git

Meeting between East Timorese Prime Minister Mari Alkatiri and Australian Foreign Minister Alexander Downer

Dili, 27 November 2002

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Timor Sea Treaty Ministerial Meeting

Wednesday, 27 November 2002, 11:00 a.m.

Council Of Ministers Meeting Room, Dili, Timor-Leste

Timor-Leste Delegation:

H.E. Dr. Mari Alkatiri
Prime Minister

Mr. Jorge Teme
Vice Minister for Foreign Affairs and Cooperation

Mr. Olimpio Branco
Director-General of the Ministry for Foreign Affairs and Cooperation

Ms. Niny Borges
Advisor to the Prime Minister

Ms. Alisa Newman
Legal Advisor
Timor Sea Office, Office of the Prime Minister

Mr. Manuel de Lemos
Assistant Coordinator and Finance Officer
Timor Sea Office, Office of the Prime Minister

Ms. Zoe Cottew
Communications Officer
Timor Sea Office, Office of the Prime Minister

Mr. Manuel Mendonca
Communications Officer
Timor Sea Office, Office of the Prime Minister

Mr. Jose Manuel G. Guterres
Chief of Staff
Office of the Prime Minister

Australian Delegation

Hon. Alexander Downer MP
Minister for Foreign Affairs

Hon. Ian Macfarlane MP
Minister for Industry, Tourism and Resources

Mr. Paul Foley
Australian Ambassador

Mr. Joshua Frydenberg
Senior Advisor to Mr. Downer

Mr. Ross Dunn
Senior Advisor to Mr Macfarlane

Australian Officials

Dr. Geoff Raby
Deputy Secretary, Department of Foreign Affairs and Trade

Mr. John Hartwell
First Assistant Secretary, Resources Division
Department of Industry, Tourism and Resources

Mr. Chris Moraitis
Senior Legal Advisor, Department of Foreign Affairs and Trade

Ms Rebecca Irwin
Acting Assistant Secretary, Office of International Law
Attorney-General's Department

Alkatiri: It's always a pleasure to receive friends in our country. I have invited you to come here to sort out the agenda for the rest of this year. As you know the budget revision is in process and we have a donor meeting in December. We have chosen not to . . . 'til the end of January.

Thank you for coming, I hope our negotiations are fruitful. It is no novelty that we are committed to the agreements we began. We are still committed to ratifying the Treaty and agreeing the International Unitisation Agreement.

Since the beginning our technicians have encountered difficulties, it is up to us to overcome them. I hope you can do better to overcome these difficulties. Our position is well known, as is Australia's. I hand over to Minister Downer for his introductory statement.

Downer: Minister MacFarlane and I appreciate the opportunity to talk about these issues. I remember attending the signing of the Timor Sea Treaty on 20 May this year. There is unfinished business since signing the Memorandum of Understanding on 20 May 2002... maritime boundaries and concluding the IUA by 31 December. The clock is ticking. I know from experience that these things get resolved at the last minute. We have lots of other things . . . [such as] Christmas and New Year, so we need to put [things] together long before 31 December. We need to put in place procedures we can't avoid [for] moving ahead with the ratification of the TST. The Joint Standing Committee on Treaties had a number of public hearings . . . They don't recommend we don't [ratify], they recommend we proceed to ratify and put [in place] procedures for enabling legislation [which] is being drafted and will hopefully be submitted to Parliament in the next couple of weeks. It can pass through the House of Representatives quite quickly and possibly Senate. It could be referred to the Senate Committee, it is less likely but possible. [We need] to take into account that by the time the procedures are completed it will be past 31 December.

[Once] it's through Senate, the ratification procedure will be complete and then the Governor General will need to sign it.

There are not one but two areas of unfinished business: the IUA and the renegotiation of maritime boundaries. I have no illusions that we are starting off on a point of disagreement. In good faith we absolutely agree to enter into negotiations. There is a whole range of issues involved: the questions of sea bed boundaries, water column boundaries . . . The Exclusive Economic Zone [EEZ] is not the same as sea bed boundaries already negotiated with Indonesia. In good faith, there are do's and don'ts, I would put to you that we establish a Joint Maritime Commission which would begin in the new year. [The Commission] would start work on the seabed and the EEZ and examine the issues there and see where we go.

Since you are keen to negotiate - your Parliament is insistent on you negotiating maritime boundaries - we will help you by putting in place procedures. [We don't want to] look as though we are obstructing the joint examination of issues involved.

We don't concede any points we make and vice versa. We need to work through the legal issues, the legal precedents [of the] law of the sea. We are prepared to do that.

[We will] stick rigidly to the Treaty and absolutely get the TST ratified. We are working through the processes and JSCOT worked very quickly and produced a positive report. We [need] to conclude the IUA by 31 December and we need to do that consistent with the Treaty and Annex E. MacFarlane, do you have anything to add?

MacFarlane: We want to work in good faith and understand the issues you have in completing the Treaty and completing the IUA. Minister Downer covered all the issues.

Alkatiri: Thank you for expressing your willingness to continue [talks] on the EEZ. Naturally the boundaries that we wish to delimit are not exclusive to the EEZ. I agree with the Joint Maritime Commission to begin the process. It is a good beginning for the whole process. Regarding the IUA, our commitment is firm to decide by 31 December, we are racing against time. We will do our utmost possible to meet demands and that which is required of us. Our negotiations will also be in good faith. We are not interested in going back on a commitment already made.

Downer: The IUA from our point of view... this is where we think we can negotiate and can't lay political parameters. So far the negotiations are bogged down on two issues 1) the Timor-Leste proposal of a joint development area for Greater Sunrise 2) the question of where you measure the return and [hence] the revenue share - the wellhead... downstream... Where you measure will have implications for the revenue. If I was in your position - I understand the need to maximise revenue. For us, we are nervous about this process. Even Osama is denouncing us for supporting East Timor, don't worry, we're tough, there are no regrets. We worry about negotiations on the TST and the implications for our relations with other countries, especially Indonesia. We have a massive boundary - with France - New Caledonia, New Zealand, Papua New Guinea. We have to think about all these considerations.

You have to negotiate with Indonesia - although we don't want to know! We worry about precedents. Money is not a big problem, we can always broker an arrangement. On principle we are surprisingly inflexible. What we can't do is agree to joint petroleum development of Greater Sunrise. Stick with what is agreed in Annex E - 80/20 - the apportionment [phrase?] is not working well for you.

We have bigger issues of principle being a bigger country. We agreed to joint development authority because there was no other way to reach an agreement with Indonesia at the time. We can't expand, it changes the nature of the TST. The second point, where you measure the revenues, how far downstream do you go? Not to someone's cooker in Tokyo, but we are prepared to negotiate on that, talk about how that could be arranged.

We can expand /contract our position, there is some degree of flexibility. Joint petroleum development ... much over stated.

The Joint Maritime Commission is a much more significant issue. We have given you the TST already. [The TST would be] without prejudice to what the commission would do. We can't go the extra step of setting up a joint development area. We want a single IUA. The point of determining revenue- this is somewhat negotiable. It's understandable the formulas are different for Bayu-Undan, for Greater Sunrise we definitely want to go ahead with offshore [processing]. The Northern Territory government is not very pleased.

What makes a difference to you is that the project goes ahead and that Bayu-Undan goes ahead - that makes a difference to you. I don't understand the part of where you calculate revenue shares. We will certainly continue to negotiate that, but we won't agree to a joint development area. We want a simple IUA.

Alkatiri: I understood your message to be a positive one. The details will be handed over to our technicians. What we seek of our frontiers is connected to other issues [such as] fishing, security and all that - I don't want to speak about them today under the ministers with you [?]. For Greater Sunrise, our interest lies in revenues, I wish to repeat - I am pragmatic and I don't want to leave any doubt...

Downer: I appreciate you being so frank, I was right in my supposition.

Alkatiri: ...and to initiate negotiations as soon as possible with our technicians on the proposed JPDA and keep working together. We do not think we could go ahead alone. I ask you to understand our proposal on this basis. Any alternative - we can consider it.

Downer: These talks are going faster than I thought. I appreciate your candour. If I was in your position I would focus on revenue for your new and poor country and how to [progress] without compromising your integrity. To call us a big bully is a grotesque simplification of Australia. We had a cosy economic agreement with Indonesia, we bailed East Timor out with no economic benefit. Our relationship is crucially important, particularly for you, East Timor. The two countries you can count on the most are Portugal and Australia. We don't want there to be any delay in the IUA with you . . . We won't have completed the ratification process by 31 December but you can tell the operators that there will be no obstacles in this, we do say, if you agree not to push a joint development area for the IUA and stick to the TST 80/20.... Get the officers to continue the IUA. I hope that could be done quickly in one round of talks.

It boils down to downstream revenue - it's got to be possible, it's not massive amounts of money.

[As for] the Joint Maritime Commission, get that going and set it up, sort out how it would work, the terms of reference - after the Christmas and New Year holiday.

Alkatiri: I want to understand the proposal... We have no interest in changing the Timor Sea Treaty. The ratification process started two days ago, it is not going to change. Of course we will not use the area to delimit permanent boundaries as it's in the agreement of joint administration of the exploitation and exploration of oil and gas products. I have also understood you are delaying the negotiations of maritime boundaries.

Downer: It is not a delay, but a proposal for how they can be managed. We can't do anything before the end of the year, [if we] include the IUA. We are happy to set up a Joint Commission and begin in the new year. We all need a holiday.

Alkatiri: We are committed to enforcing the IUA, the idea of the Joint Maritime Commission can be worked on. Australia can send a written proposal so we can analyse and consider it. We are open for discussion.

Downer: We don't have much to send. The idea is that we want to discuss boundaries between Australia and East Timor - we should find a joint mechanism for managing this... a bureaucracy for it, designated officers who will set the pattern of meetings and work. It raises the need to explore legal issues, see what the law says, what precedents are needed to be properly explored and examined - it's a good way of doing it.

Alkatiri: Imagine our technicians will be working on the IUA next week - hypothetically...

Downer: We can send our officers...

Alkatiri: They can come here, it will make it easy for me, I need them here.

Downer: They can come here, I understand.

Alkatiri: Minister, you spoke about the sharing of revenues - let our technicians discuss this in the context of the IUA.

Downer: We can't do it here, we don't have the technical people, it's all a bit debatable - in determining revenue allocations. The further downstream you go the greater benefit to you than for us. You will push for maximum downstream and we will push for maximum upstream.

Macfarlane: Do you have some idea of the ratio of downstream...?

Alkatiri: ...[?] new proposals - if you ask me now I will ask for 100%. I also want to be reasonable.

Downer: It's up to the technical officers. East Timor wanted to go further downstream than Australia is ready to go. They will be able to agree something on that basis - [we'll get] the whole thing fixed up.

Alkatiri: I understand the ratification of the Timor Sea Treaty will go on.

Downer: It's got to be finished for introduction [to the House of Representatives] next Wednesday/Thursday...

Irwin: We're working back from the last date possible.

Downer: We're looking at today fortnight to be introduced to the House of Representatives, it has to pass through - that's a given. The way you could get the support of the Senate is by getting your officials to talk to our opposition, it would be helpful for the swift passage of the legislation. The Australian Democrats opposed it, the Labour Party supports it, the democrats and Greens opposition could send the TST to another Committee. We need to stop that. It could be heard in a couple of weeks. We can push the process as quickly as possible to get the whole thing tied up.

Alkatiri: You mentioned other issues - please go ahead.

Downer: I had a discussion with Foreign Minister Jose Ramos Horta in Yogyakarta in early October regarding maritime security, particularly on East Timor's side. On our side we have an organisation called Coast Watch, which flies planes through [to monitor] illegal fishing, migrants - we have had some from your parts. Also there are patrol boats based in Darwin. We have an enormous area and methods and technological methods to provide appropriate surveillance to Australian waters. Timor-Leste has nothing but two patrol boats which are just river boats and can't be used on the south side, and the cost to run, that would be very expensive. We don't have a particular proposal. Jose was interested in talking about using maritime resources. We need to get into some discussion. People are stealing your fish, the Taiwanese, Japanese - someone will find your waters and vacuum up your fish, that's probable if you have no regime. There are ways we might be able to help - I wanted to mention this.

Alkatiri: We need to communicate with Australia. There are no doubts about that. All these issues are interconnected with the Exclusive Economic Zone. In order to control our fishing area we need to know what that area is. I have had discussions with Jose, we need to cooperate with Australia for security, for borders and for Australia to train our staff and provide supplies and serve those areas within our maritime boundaries.

We also discussed . . . we could explore what could be arranged. We are open for discussion.

Downer: It is not what is most urgent, but it needs to be thought about and worked out. On the TST in relation to the JPDA, there are negotiations going on between Timor-Leste and Phillips regarding PSCs. There are Australian companies who are partners with Phillips - they are concerned the arrangement is preferential to Phillips. They might decide they can do better outside Phillips' LNG proposal, under the proposed PSC. Australian companies could have money and gas confiscated with the PSC - it's biased in Phillips' favour. I wanted to draw the companies' concern to your attention. It's a technical issue, I'll leave that with you. The CEO of one of the Australian partners was very excitable. The Australian partners are important as well. They don't want arrangements which benefit Phillips at the expense of the Australian partners.

Alkatiri: We have been negotiating on the assumption that they [ConocoPhillips] represent the whole joint venture. We have discussed all the issues.

Downer: They probably pitched to you to their advantage. I find them reasonable. I'm glad you are not setting up a nationalised monolith, you're heading in the right direction.

Alkatiri: Let us restart the technical negotiations, the week commencing 9 December.

Foley: That's the same week as the donor conference.

Downer: The technical talks could be wrapped up in a day which would give the donors confidence.

Alkatiri: It is different people [that are required for the IUA negotiations and the donor conference].

Downer: It would be good to go into talks trying to fix [things] up before the donor meeting.

Newman: Jonathan Morrow is away until 9 December and Phillip Daniel will have to come from the UK.

Foley: The donor meeting is on Monday 9 December

Downer: Need to have it before then - Friday 7 December. Could Jonathan come back early?

Macfarlane: It would be a good look for the donors.

Downer: We won't agree to a joint authority for Greater Sunrise but we will be happy to work through the whole question of money and downstream revenue - that can be the main focus of the talks. We can have a very good week, week after next.

Alkatiri: I'd like some clarification on the issue of the Joint Maritime Commission. It is understood that we need to continue discussions on the IUA. The IUA is a separate issue from the maritime boundary issue. We will continue the JPDA. The IUA does not mean that we will accept the 80/20 split.

Downer: Don't press the re-apportionment issue. It is too hard and might not work for you. The 80/20 split is articulated in Annex E. It is without prejudice to future maritime boundaries. The Joint Maritime Commission will begin early next year.

Alkatiri: Just to clarify, the IUA will be based on what? How will the adjustments in revenue be made - so I can guide my team.

Downer: Annex E - and based on existing boundaries. The allocation is 80/20, but without prejudice to maritime boundaries. If this is changed we will have to make adjustments to all the agreements. Let's stick to the TST, which provides the [outline?] of 80/20.

MacFarlane: It is within the TST, the ability to reassess is in the layout of the field i.e., to 75/25 or 85/15 - this depends on the geological [?] based on the TST - as it is written there

Alkatiri: Of the 20/80, 20 is within the JPDA, who has jurisdiction of the 79.9%?

Downer: Australia.

Alkatiri: This complicates the issue.

Downer: It doesn't as it is written into the Treaty. Stick to the pre-existing maritime boundaries which are subject to change in the future negotiations on maritime boundaries. We want to conclude the TST, we don't want to renegotiate - that is the point I am making. The TST provides for maritime boundaries, for proposed maritime boundaries - the IUA is determined in the TST. Renegotiation of the TST is not possible.

Alkatiri: There are overlapping claims in regard to the area outside the JPDA.

Downer: Sure

Alkatiri: That is why we need a greater guarantee of maritime boundaries before the resources are exploited.

Downer: Our TST provides for how the resources will be exploited.

Alkatiri: Within the area [of the TST] we all agree, outside the JPDA - that is where we have the problem.

Downer: Of course you have a claim - and we do too. Everything will collapse if we reach a point where maritime boundaries need to be negotiated, if we scrap the TST. It puts us back two years. There will be no point in proceeding with the TST. There are boundaries for the purposes of the TST - subject to the 'without prejudice' [clause] for future negotiations. We don't have to exploit the resources they can stay there for 20/40/50 years. To exploit [them] we need the TST.

Alkatiri: 80% is attributed to Australia.

Macfarlane: It is in Australia to be administered by Australia.

Alkatiri: It is an area subject to overlapping claims.

Downer: We are going backwards - it's like we haven't had the meeting in 2000 or negotiated at the end of 2001 where we would, for the purposes of the TST, stick with the pre-existing boundaries between Australia and Indonesia. In the end, we would give [Timor-Leste] 90%, nevertheless stick with the boundaries - and the TST does define boundaries - and they are defined for the IUA in Annex E of the TST. 80/20 is based on boundaries in existence without prejudice to future maritime boundaries.

There are things we can agree - I can't agree, in the context of the IUA, to changing boundaries. This would change the TST. It would unravel many arrangements with this TST but would also [unravel] arrangements with other countries. Stick with the TST. In the future set up the Joint Maritime Commission, then agree changes to maritime boundaries. In those circumstances make adjustments to the TST. We don't want to renegotiate the TST.

Alkatiri: We are also not wanting to change the TST and don't want to question the 80/20 split.

Downer: Read Annex E. We've agreed this - we are not un-signing it. This is where the figures 80/20 come from.

Alkatiri: Our Maritime Zones Act (MZA) clearly shows our potential claims. Based on that, we need to find a formula that won't disrespect our law. I understand that Australia has claims on that area. We also do. This [the 80/20 split] was first brought into [the picture] because 20% lies in the JPDA. The 80% remains in an area of overlapping claims.

Downer: We didn't agree to Indonesian claims and they didn't agree to ours. We have conceded to the JPDA - we didn't agree - we also conceded 90% to Timor-Leste. The whole question of Greater Sunrise, we agreed to the 80/20 in negotiations with Galbraith and yourself. We can complete all these processes by Christmas apart from the final Senate []. There is no point in presenting a TST that is meaningless - if you say that the numbers have no meaning, you are telling us that the TST should be adjusted. And we're telling you that it can't be adjusted. After the TST is in force, people can make claims all [over the place]. We can make claims if you want us to. We have helped you, you lay claims to great swabs of ocean. There is nothing to stop you. But we don't have to agree. But we do have a TST that needs to be agreed.

Alkatiri: The IUA is very complex.

Downer: No it's not! It's as simple as the rest of it.

Alkatiri: We have analysed the TST, there is no linkage between the TST and the IUA.

Downer: No there is not, but if you don't want to adhere [to it] and want to change and don't accept the 80/20, what's the point of ratifying? I make the point: you are being counterproductive. We want to ratify the TST - we are happy with it, we don't want to renegotiate. The Exchange of Notes keeps the arrangements going. We can renegotiate. Then Phillips will cancel that project. Greater Sunrise will be cancelled. We can live with that. We think it is in your best interests to ratify and sign.

Alkatiri: It is not in our interest to cause collapse.

Downer: I think that might be right.

Alkatiri: This is why we have begun the ratification process [for the TST] regardless of the IUA conclusion. Timor-Leste does not know the outcome of [IUA] negotiations but we have already begun the [TST] ratification process. It is different to Greater Sunrise. Waiting for the conclusion of the IUA will not help Bayu-Undan.

Downer: Why would you say that? Why raise it? For us, we think we should stick to the agreement - stick to the agreement entered into. For you, it is ultimately the revenues that matter. It is not the most important issue - it's a very minor issue. There are other issues that are much more important. Stick to the TST, we are prepared to talk about money. If you say the 80/20 split does not mean the same thing, it means that you want to reconsider the TST. In that case neither of us should ratify - we can stop everything. We are happy to help you. We have gone to no end of trouble negotiating the TST. It should have been easier than it was. It was agreed and signed on 20 May 2002. Now you want to change it - we can stop everything.

Alkatiri: There is a misunderstanding: it is not about changing the TST. If we had begun maritime boundary negotiations in November [when you were] invited, it might have helped this meeting.

Downer: But you've agreed to an MOU which says [you are committed] to agreeing [an IUA] by 31 December 2002. We don't agree with your claims. We are good and decent people and with very good faith we have come up with proposals such as the Joint Maritime Commission. You say we should ratify immediately but we shouldn't conclude an IUA before renegotiating boundaries. We can throw at you just as many lawyers to justify our boundary claim. Public opinion in Australia think 90% is very generous. We support the TST which was adhered to and signed.

Alkatiri: It is not with generosity that you gave us 90%. We have lost 10%.

Downer: We claimed 100% and we lost 90% - I think that's a pretty good outcome for you.

Alkatiri: Don't get upset, please speak calmly on this issue. Our 100% claim is based on international law and the equidistance line. It was not a random decision. The present issue of generosity - I do not accept.

Downer: We had these negotiations two years ago.

Alkatiri: It is not generosity.

Downer: We negotiated the 80/20 split a couple of years ago, if you are telling me you want to renegotiate...

Alkatiri: That is not what I am saying, why would we have initiated the ratification process? We are fulfilling our goals. Only the IUA should be fulfilled by 31 December, you need two partners to be in agreement. We are ready to continue discussing. We'll continue - that's why I said I am very pragmatic. The IUA is an economic issue but this doesn't mean we want to delay the discussions on maritime boundaries - this should be clear. Maritime boundaries should be drawn. This will equal a clear relationship between two countries. We are committed to continue and agree [an IUA] by 31 December.

Downer: We are not walking away but we are not prepared to use the IUA to renegotiate maritime boundaries - as agreed under the TST. The IUA negotiations must be consistent with the TST. The number one thing we can't do - we can't use the IUA as a way of renegotiating boundaries.

We will not sign a new parameter. We will not agree a JPDA for Greater Sunrise. We want a simple IUA.

Claims are often made, we could refuse to agree and live with the status quo but we are prepared to set up the Joint Maritime Commission. For goodness sake, can I make a plea and be frank? It is absolutely crucial for Timor-Leste to get these projects going. You need us to help, to help you, but we've gone through all these negotiations over the last two years. This discussion on the IUA, we don't want to reopen [it]. That's the end of it. We are flexible on the revenue issue. The IUA makes no difference on sovereignty claims. The TST sets out the 'without prejudice' clause for Timor-Leste's claims to maritime boundaries. The TST in time can be changed by permanent maritime boundaries. We are absolutely sticking to the TST and Annex E. Otherwise there is no point in sending officials to renegotiate new boundaries for Greater Sunrise.

Alkatiri: We need the best relations with Australia. We know the personal role of the Minister with Timor-Leste and recognise that. What we are negotiating is the future not the past. On this basis we want to continue negotiating. It is natural that Australia has said that it does not recognise our claims. We cannot say we don't recognise claims on the basis that we have two neighbouring countries. In 1972 Australia had an agreement with Indonesia, [it was a] bad draw, at the time not even the colonial country was involved. Essentially the limits of the gap are with Australia and Indonesia and are before the IUA. While we can't be successors to the 1972 boundary, we don't

want Australia to have problems with your neighbours when you enter into negotiations with us. Because of this we want to accommodate all your concerns, but accommodating is one thing and scrapings off a plate is another.

When we talk about money and funds, we don't want to be given [these] - we want recognition of what is ours. We want to make it clear that we recognise Australia's provision of money, we thank Australia for this. We want to separate this from the issues being negotiated. We believe we should continue negotiations to see if we can have an IUA by 31 December.

Downer: Let me ask a couple of questions... 1) is it my understanding you want to keep the TST just as it is?

Alkatiri: Yes, otherwise why ratify?

Downer: You want to keep Annex E just as it is?

Alkatiri: Yes the TST includes everything.

Downer: Why is it complicated for us to conclude an agreement on the basis of Annex E?

Alkatiri: To be frank with you: 1) We don't know when the IUA will start so why this hurry to link the two? 2) We don't know how long maritime boundary negotiations will go although the Joint Maritime Commission is a very positive proposal. 3) We know Australia has withdrawn from the ICJ for reasons we don't have to discuss now. 4) Although I'm certain that the TST will be ratified by the majority of National Parliament, I cannot overlook those opinions that oppose the Greater Sunrise [development]. Those people disagree on the basis of maritime boundary law.

Downer: Why the hurry? You signed the agreement on 20 May, why not hurry? Why the agreement? It is not a question of hurry or not, fast or slow, it's a matter of sticking to the agreement. There is a hurry in my opinion for a new country, it will have serious ramifications and effect on Timor-Leste. Why raise a fundamental question about the TST itself? Like all relations with other countries, keep it simple. We are not making the TST subject to claims. We are leaders, it is our job to deliver good outcomes. You can't deliver a good outcome to your people of Timor-Leste if you don't agree.

I will be happy to send people on the 7-9 December. I'm not sure the meeting will lead to anything productive. I don't know how you want to change it. If you are not happy with maritime boundaries as determined in the TST, why sign an agreement? It is worth our while concluding if we don't unravel Annex E. I expect the side issue, but we won't agree to a joint development area. Sure, you do want to talk about boundaries - we are going to agree to that. You have to face reality. If you are going to demand that all resources are Timor-Leste's - your claim almost goes to Alice Springs - you can demand that for ever for all I care, you can continue to demand, but if you want to make money, you should conclude an agreement quickly.

Alkatiri: I meant potential claims. That means we still need to negotiate. It is obvious that we don't want [all that you said that we are claiming] and even if we did, we couldn't oppose...

[10 MINUTE BREAK]

Downer: We want to round this off. We are prepared to send officials back. It is terribly important. I have come to let you know where we stand. It's the same old message: [Let me] come clean, there is no point in sending officials if Morrow and Daniels will say the same things. What basis will the discussion be on?

Alkatiri: We are open to receive concrete and clear proposals. It would be good if even before the negotiations, you send a proposal.

Downer: We will only send proposals on this basis - we are not going to renegotiate the TST. Understand that. It doesn't matter what your Western advisers say, we won't renegotiate the TST... [We will proceed...1) (?)] 2) On the basis that we renegotiate the downstream revenue. 3) There will be no new joint development area above the one agreed to in the TST. 4) Officials will put together the details of how a Joint Maritime Commission will work - this needs to be agreed - there is not much of a point of disagreement.

We haven't been involved since the signing of the TST on 20 May. [It seems] there has been zero progress. The style of negotiating is unusual and not what we are used to. You have this idea of 'brinkmanship', pushing things to the outer limit. We won't be at work on 31 December. We will be on holiday. It is the Christmas holiday, also before Christmas, and will be back in January. We don't want to play games, we are familiar with that. We want genuine discussions on the reasonable basis that we have described. Otherwise what's the point of discussion? There will be no new joint development area for Greater Sunrise. We will negotiate boundaries. We are prepared to facilitate that.

Alkatiri: I see here four items: 1) Not to renegotiate TST - we agree, 2) downstream revenue - we await a proposal...

Downer and MacFarlane: We should see it from you...

Alkatiri: ... 3) No JPDA - we will see what alternatives there are, 4) on the Joint Maritime Commission, I have stated my agreement. From these four points, we agree with two. The sharing of revenue we have to renegotiate. I would only like to make it clear that the IUA does not hold jurisdiction.

Downer: We agree and we understand your position. You can't make us agree to your proposal. Let's be practical, that's why we propose to set up the Joint Maritime Commission. The boundaries East -West, it is relevant that Indonesia be included. I don't think moving your boundaries East - West will be more different than North-South. You must understand, we won't agree to a new design on top of the existing TST. The joint development area on the Greater Sunrise is a change. That Morrow is very aggressive. Well he has met his match with me. We won't agree to a JPDA for Greater Sunrise.

We will do you due respect to listen to the proposal. We don't like brinkmanship. I think your Western advisers give you very poor advice that public opinion supports East Timor in Australia. We are very tough. We will not care if you give information to the media. Let me give you a tutorial in politics - not a chance.

Alkatiri: I think we will continue negotiating. Unfortunately, Australians, instead of putting pressure on their own government are putting pressure on Timor-Leste.

Downer: I understand, but you are a leader.

Alkatiri: Let's change the subject. I hope Australia will understand...

Downer: I'm afraid we have to leave to catch our flight. [Missed] Don't execute them if they break your law...Let's say to the media that we had good and boisterous discussion and that we are sending officials up on 6 and 7 December to discuss.

Alkatiri: Do you think it is appropriate to make an announcement on the Joint Maritime Commission - make an announcement to the press?

Downer: Why not?

Raby: We should see how we go with other discussions first.

Downer: Let's work out how it's going to work out first before the announcement.

But according to Downer, everything is fine with East Timor relations if you believe this Transcript of his Thursday morning doorstep.

**MINISTER FOR FOREIGN AFFAIRS
HON ALEXANDER DOWNER, MP**

DATE: March 6, 2003
TITLE: Doorstop, Parliament House
TOPICS: Timor Sea Projects

ALEXANDER DOWNER: David Tollner, who's the Member for Solomon - which is the northern Northern Territory seat - and I are going off to Dili.

Today I'll be signing the International Unitisation Agreement for the Greater Sunrise Field, and this is part of the conclusion of the Timor Sea negotiations.

We've basically now concluded all of the significant phases of the negotiation between Australia and East Timor. This will provide Australia and East Timor with a \$50 billion oil and gas field. This is not only of course good news for Australia and good news for the Northern Territory in particular, but very importantly this will be enormously significant for East Timor.

This is going to give East Timor a foundation for economic development that it otherwise wouldn't have. It's going to generate very substantial revenues for East Timor over the next 20 or 30 years, and we know that that will give East Timor the opportunity to develop its economy successfully and to increase the living standards to the people of East Timor.

The negotiations, given the dimensions of the issue - which is of course a very significant issue - have been very successful. Obviously there's been, you know, lively discussions between officials as this negotiation has proceeded, but it's come to a very successful conclusion, and we think in the end it's a fair compromise between Australian interests and East Timor interests.

DAVID TOLLNER: This is a great day for the Northern Territory. It should provide the impetus to get the Northern Territory economy going and create jobs and economic prosperity for the people and businesses up there. It will also increase business confidence - which has been lagging in the last 12 months or so in the Northern Territory. And I congratulate Alexander Downer and Minister Ian Macfarlane for the fantastic job they've done in getting these negotiations completed.

QUESTION: Minister did this take a threat to pull the legislation for the first day's development to get a deal on Greater Sunrise?

ALEXANDER DOWNER: We haven't threatened to pull legislation, but what we've wanted to do is put the package together and get the legislation through this week. And the last part of this package is to agree on the Unitisation Agreement between Australia and East Timor over Greater Sunrise.

The Greater Sunrise oil and gas field straddles the so-called Joint Development Area, and the Australian area, and we concluded those negotiations on Sunday night. So actually they've concluded several days ago.

The (inaudible) referendum agreement was considered by our Cabinet on Monday and approved by our Cabinet, and we've been hoping that the East Timorese Council of Ministers - as their Cabinet is called - would be able to consider this before the parliament rose at the end of week. They've agreed to do that, and we think that is a neater and more satisfactory outcome. So we're happy with that.

QUESTION: Has Prime Minister Alkatiri been refusing to talk to you personally?

ALEXANDER DOWNER: No he's never refused to talk to me. I read that in The Age newspaper. I didn't try to ring him on Tuesday night at all.

QUESTION: The Opposition claims that you did lose your temper with him, and that he stopped talking to you and that's why the Prime Minister had to intervene.

ALEXANDER DOWNER: Well that's completely untrue. I haven't spoken to Mari Alkatiri during the course of this week, nor has he refused to take any telephone calls from me, nor have I - I'm a Foreign Minister, I don't lose my temper with Foreign Ministers and Prime Ministers around the world. Look the Opposition is, it's a pathetic little show the Opposition. They have shown no interest in this issue at all.

QUESTION: But nonetheless you've arrived at the deadline and it's only just been resolved.

ALEXANDER DOWNER: Well I think this is the nature of these kinds of negotiations. That's actually very normal in negotiations of this kind. I mean there's an enormous amount at stake here. Remember that. And bearing in mind that there's so much at stake, it's not surprising that there would be a bit of arriving at deadlines.

This has been through three phases. There was first of all a negotiation on a Timor Sea framework arrangement which we concluded in 2001 - and then last year we concluded the Timor Sea Treaty which was signed by the two Prime Ministers on May the 19th. Now in those circumstances, the negotiations went pretty much to the deadline, and so they have with the Unitisation Agreement - which was concluded on, on Sunday night.

QUESTION: Did the Prime Minister intervene?

ALEXANDER DOWNER: The Prime Minister spoke to Mari Alkatiri yesterday. Just to try and explain this - the negotiations were concluded on Sunday night. Our Prime Minister didn't have any involvement with - direct involvement obviously - in direct involvement in that the negotiating mandate was determined by the Cabinet - but didn't have any direct involvement in those negotiations.

QUESTION: The Opposition claim is that you lost your temper at a particular meeting in November last year. Do you deny that?

ALEXANDER DOWNER: Absolutely.

QUESTION: Why did the Prime Minister speak to Alkatiri on Wednesday? What was the purpose of that conversation?

ALEXANDER DOWNER: That's just a Labor Party line.

QUESTION: What was the purpose of the Prime Minister speaking to Alkatiri on Wednesday? Was it to make sure you met the deadline?

ALEXANDER DOWNER: To try to encourage the East Timor Council of Ministers to consider the Unitisation Agreement before the end of the week.