

WORLD ASIA OIL

East Timor invites Chinese investment in 'risky' oil project

By [James Massola](#)

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Dili: Senior figures from the East Timorese government and opposition say they would welcome Chinese investment in the huge Tasi Mane infrastructure project, which includes development of the \$50 billion Greater Sunrise oil and gas field.

East Timor's former prime minister Mari Alkatiri, who is still a key figure in the opposition Fretilin party, told the *Sydney Morning Herald* and *The Age* the government's plan to develop the Greater Sunrise oil and gas project as part of \$15 billion Tasi Mane project was "too risky" and that more joint venture partners - including China - should be brought in to help fund it.



The Australian and East Timor governments will on Friday formalise a deal over maritime boundaries dividing oil and gas reserves in the Timor Sea.

Greater Sunrise holds an estimated \$US50 billion worth of oil and gas with Australia likely to control 30 per cent of the fields once a long-running dispute over maritime boundaries is settled this week.

Timor Gap - the state-owned company that holds 56 per cent of Greater Sunrise - is struggling to pull together financing for the project. Shell and ConocoPhillips have sold their stakes in Greater Sunrise though Woodside Petroleum and Osaka Gas still have minority stakes.

The Tasi Mane project would see oil and gas from the field processed onshore at still-to-be-built refineries, creating jobs for local Timorese - rather than being refined in Darwin at a lower cost - and it also includes a largely-unused new airport, a highway and a supply depot.

The Greater Sunrise project has promised East Timor billions of dollars in revenue, funding for its schools, health system and infrastructure, and a pathway out of the poverty for the tiny island nation.

But after more than a decade of delay, development still hasn't begun. The lack of a maritime boundary between Australia and East Timor has played a part in delaying it, though that problem will end on Friday when Prime Minister Scott Morrison and his East Timorese counterpart Taur Matan Ruak exchange diplomatic notes to formalise a treaty that clears the way for development.

Alkatiri said he was concerned about his country being "dependent" on just one nation for funding the project.

"For me, [funding] coming from Australia, coming from China, from both sides it would be better," he said.

Fidelis Magalhães, a 37-year-old rising star and government Minister for Legislative Reform and Parliamentary Affairs and the acting Minister for Economic Affairs, said his country was willing to work "certainly welcome" any party willing to "bring in capital to partner with Timor Gap [the state-owned company running Tasi Mane]".

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East Timor's acting Minister for Economic Affairs Fidelis Magalhães

"With regards to China, China is of course a partner [in East Timor] but any decision that is taken will be based on a commercial decision," he said.

Asked if he was concerned about China's growing influence in East Timor, he said: "My main concern ... [is that what] can unravel the social and political gains in Timor Leste is lack of employment opportunities. We should explore whatever opportunity there is".

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The comments come at a time when Canberra is increasingly alarmed at China's growing influence and economic muscle through out south-east Asia and the Asia-Pacific, especially in economically vulnerable smaller nations such as Papua New Guinea, the Solomons and Vanuatu.



Former prime minister of East Timor Mari Alkatiri, who still leads the opposition Fretilin party, says the giant Tasi Mane oil and gas project, including the development of the Greater Sunrise field, is too economically risky in its current form. JAMES MASSOLA

China has already built some of a new highway on East Timor's south coast, linking the new airport to coastal towns, and it has built the presidential palace, the foreign ministry building and the ministry of defence building.

Bec Strating, a politics lecturer at La Trobe University who written a book about post-independence East Timor, said: "The talk is that the only funder left will be China, which is obviously something Canberra would be concerned about.

"If China is the only option, it seems like it would be the option that Timorese leaders would take."

La'o Hamutuk (Walk Together) is a civil society group that focuses on government accountability. It has raised concerns the government - in which Gusmao is still a very influential figure - could use most of the \$US15 billion in the country's Petroleum Fund to pay for Tasi Mane if it can't secure funding from other countries or the private sector.

It's a particular concern because about 90 per cent of East Timor's \$US1.3 billion annual budget is funded by the Petroleum fund, which in turn derives its revenue from the oil-producing Bayu-Undan field. But Bayu-Undan is running down and its estimated the field will dry up by about 2023 - which means that East Timor's Petroleum fund, and it's public finances - are under existential pressure, even if the Fund isn't used to pay for Tasi Mane.



James Massola



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