

## Aussie bank in talks on Timor gas pipeline

*EXCLUSIVE*

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Australia's \$2bn infrastructure bank is in talks with East Timor to fund a \$500m pipeline to a proposed gas plant on the nation's south coast, amid growing anxiety within the Morrison government over Chinese investment there.

But negotiations on the deal have stalled, with East Timor seeking tougher confidentiality rules to protect its commercial information and resisting Australian demands for an analysis of the project's community benefits.

The government push to get involved in East Timor's domestic gas industry plan comes as the country searches for new joint-venture partners for a \$US15.6bn (\$22.7bn) liquefied natural gas plant at Beacu, which experts believe is unviable.

The financial manoeuvring comes as Defence Minister Linda Reynolds heads to Dili on Friday to meet her East Timorese counter-part to strengthen the defence partnership with the nation, which lies about 600km off Darwin.

The trip follows Scott Morrison's visit last month to celebrate the 20th anniversary of East Timor's independence vote, when he announced Australia would fund a new national internet cable and upgrades to a key naval facility. The Australian government is determined to prevent East Timor becoming like Cambodia, which has reportedly granted China a 30-year lease to establish a naval base on its south coast.

The Australian has been told the Australian Infrastructure Financing Facility for the Pacific is working with the state-owned Timor Gap gas company to put together a loan agreement that could include other partners.

But Timor Gap has called for tighter confidentiality guarantees to protect its commercial information, and has balked at a proposed Australian government analysis to ensure the project will benefit the people of East Timor.

The AIFFP, announced by the Prime Minister last year, is seen as Australia's answer to China's Belt and Road Initiative, which is supporting Beijing's push for greater influence throughout the Indo-Pacific.

It has \$1.5bn in low-cost loan funding at its disposal and another \$500m in grants to pump into critical infrastructure projects in the region, but is yet to make a major investment.

Former prime minister John Howard, who sent Australian peacekeepers to East Timor 20 years ago, said Australia had an obligation to help the country secure its economic future.

"As far as East Timor itself is concerned, there remains a special affection in the Australian community, and a sense of obligation," Mr Howard said on Tuesday. "If you are heavily involved in securing the independence of a nation, you have an ongoing obligation."

The pipeline is a small but vital part of East Timor's gas plan, which the UN Conciliation Commission found last year would not make enough returns "to meet the industry standard for investment by an international oil company".

Timor Gap recently rejected \$US11bn from US sources, fuelling fears it was ready to turn to China. The Australian has learned it has now switched back to looking for joint venture partners.