

## US\$16 billion 'hoax': reports of Chinese loan for East Timor gas project were politically motivated, says foreign minister

- \* East Timor is looking for international partners to finance its Greater Sunrise gas project, tapping some of the country's last remaining resources
- \* Foreign ministers from both countries have been talking about cooperating in the petrochemical industry

Randy Mulyanto and Meaghan Tobin. Published 23 August 2019



Chinese State Councillor and Foreign Minister Wang Yi meets with Timor-Leste's Foreign Minister Dionísio da Costa Babo Soares in Bangkok. Photo: Xinhua

East Timor wants to cooperate with China in the oil and gas industry, but reports that Dili would borrow US\$16 billion from China's Export-Import Bank to finance one such project were a "hoax", the country's Foreign Minister Dionísio da Costa Babo Soares declared.

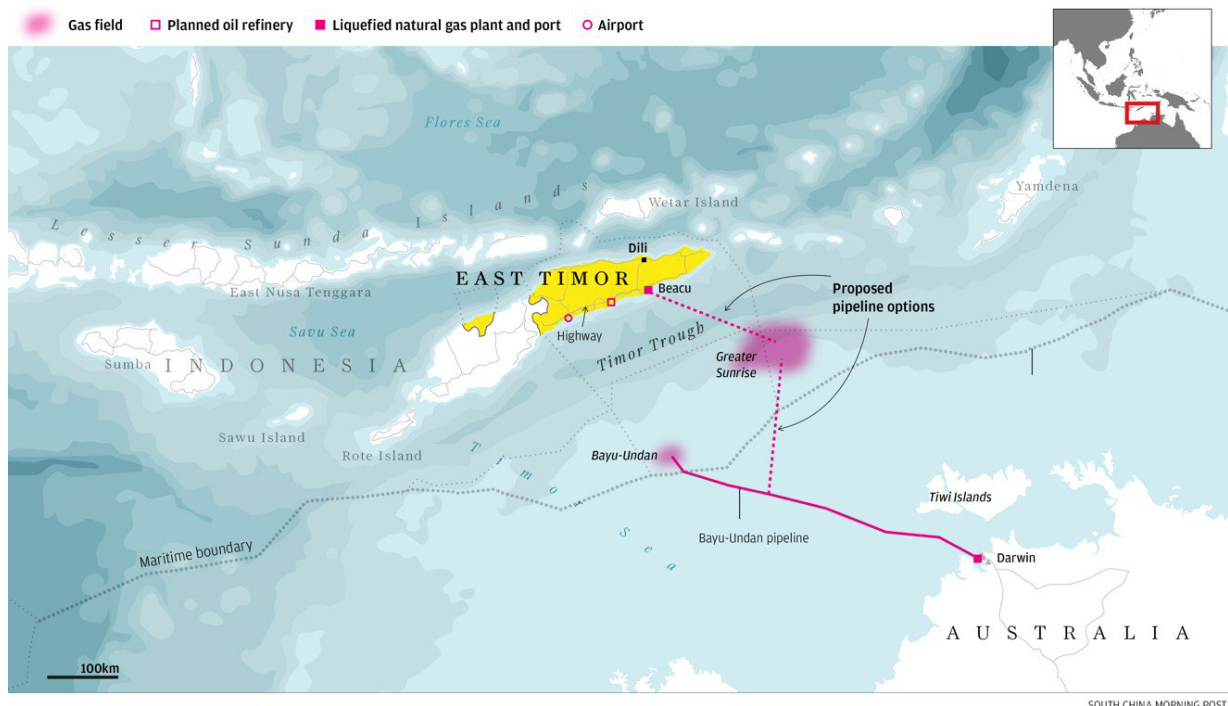
Reports of the loan were "blown up by politically motivated people around the region", Soares said, adding that East Timor actually needs much less to tap some of its last remaining oil and gas resources in the offshore Greater Sunrise field.

The country is also considering other partners, he said on Monday in an exclusive interview with *This Week in Asia*.

"Timor-Leste is calculating the different values presented in the market and will make the decision about our partners without jeopardising our own economy," he said.

The government's plan for the project includes an undersea pipeline to the island's south coast, which it hopes to turn into a petroleum processing hub.

Multinational fuel companies Shell and ConocoPhillips recently sold their stakes in the project back to East Timor's state fuel company Timor Gap partly due to the government's unwillingness to compromise on building the pipeline across the undersea Timor Trench, rather sending the gas through existing pipelines headed for Darwin.



The Greater Sunrise gas field in the Timor Sea. Photo: SCMP

China’s Foreign Minister Wang Yi earlier this month met Soares in Bangkok and expressed Beijing’s interest in cooperating with East Timor specifically in the petrochemical industry. Their discussions fuelled speculation that China may be one of the only willing partners for the Greater Sunrise project, which critics have called unnecessarily expensive and logistically unfeasible.

Wang said Beijing is ready to draw up plans with Dili on cooperation under the Belt and Road Initiative and that China supported East Timor in playing a bigger role in regional and international affairs, including joining the Association of Southeast Asian Nations (Asean).

Soares said oil and gas is one of the key areas of collaboration under discussion between the two nations – along with agriculture, tourism and trade.

However, China was not the only partner East Timor had explored cooperating on the petrochemical industry with.

“We are looking at different options, different companies from different countries. Not only in China, but also in Australia, the US, Europe and Asia,” said Soares.

Revenue from existing oil and gas projects currently funds nearly 90 per cent of East Timor’s economy and has dwindled from more than US\$3.5 billion in 2012 to under US\$500 million in 2017.

Local NGO La’o Hamutuk has warned the nation needs to diversify away from fossil fuel revenues to sustainable sources of economic growth.

Timor Gap in April signed a US\$943 million contract with state-owned China Civil Engineering Construction, a unit of China Railway Construction, for a liquefied natural gas plant at Beaco, part of a network of petroleum processing infrastructure planned for East Timor’s south coast.

Soares said the nation was now in “intense discussion” with the Chinese about the new infrastructure.

At the centre of East Timor’s foreign policy are domestic concerns, said Soares.

“Any relation we have with our neighbours or any other countries, we place national priorities at the heart of these relations – which means any cooperation we have with such countries will be based on our priorities and serve the interest of the Timorese people.”