

Exclusive

Indonesia pushes to reopen fractious maritime border talks

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Woodside Energy, Santos and Japan's INPEX could lose some rights to extract oil and gas as Indonesia pushes to reopen fractious maritime boundary negotiations with Australia for the first time in 24 years.

Indonesia's top border negotiator confirmed to *The Australian Financial Review* that talks to settle the boundary were restarted in December 2019, but stalled over the last year due to the COVID-19 pandemic.



Australian oil and gas assets in the Timor Sea could be affected by the reopening of border talks with Indonesia. **Rob Homer**

Any newly drawn boundaries could potentially extend Indonesia's maritime territory and give it some rights over Woodside's yet-to-be-developed Greater Sunrise fields, along with licences owned by the Thai national oil company PTTEP and Italian giant Eni.

Australia and Indonesia agreed on the so-called Perth Treaty in 1997 but this was never ratified and in recent years it has often been speculated Jakarta would seek to renegotiate the deal.

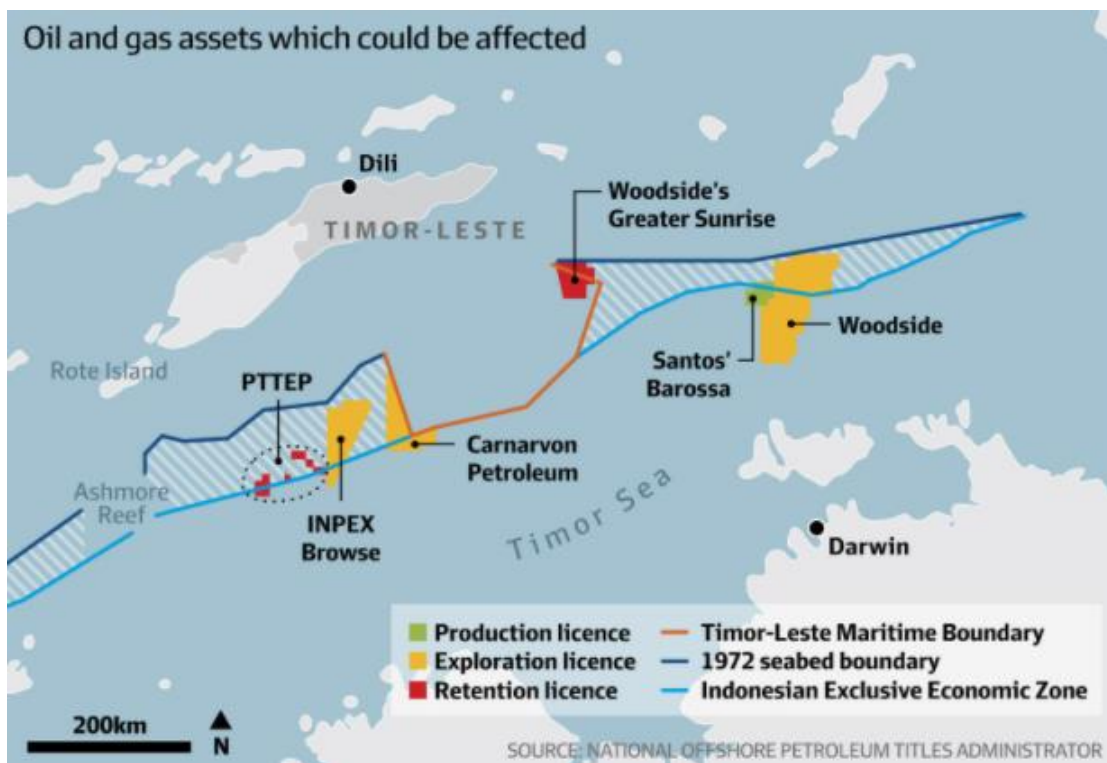
"Some revisions on the existing text [of the Perth Treaty] are required before the two countries ratify it," said Damos Dumoli Agusman, Director General for International Law and Treaties at the Indonesian Ministry of Foreign Affairs.

Mr Agusman visited Canberra in December 2019 to restart the border talks.

A spokesman for the Department of Foreign Affairs and Trade said some "technical amendments" to the 1997 Perth Treaty were required following the maritime boundary with [Timor-Leste being settled in 2018](#).

The spokesman said any Australian boundary settlement with Jakarta would need to come after Timor-Leste and Indonesia finalised their own maritime agreement.

DFAT previously played down the need to change the maritime boundary with Indonesia after boundary talks with Timor-Leste were concluded.



That settlement with Timor-Leste saw the Australian border pushed around 100km south to the medium line between the two countries, rather than the previously accepted practice of drawing the border where Australia's continental shelf finished.

Professor Donald Rothwell, a law of the sea expert from the Australian National University, said once the boundary between Timor-Leste and Australia was settled in 2018 it was highly likely Jakarta would seek to reopen negotiations with Canberra under the same principles.

“Australia's seabed lines are currently much further to the north than they would be under any modern maritime boundary practices,” he said.

Professor Rothwell said there was “potential for this to become a flashpoint issue” in the bilateral relationship as both sides had “significant commercial interests at stake”.

He said Australia had made significant concessions to Timor-Leste and Indonesia would be justified to press Canberra for equivalent terms.

Australia moved to settle its maritime boundary with Timor-Leste after years of hostility and at a time when Canberra was highly critical of China refusing to follow international law over disputed islands in the South China Sea.

“We could no longer live with our own hypocrisy,” one DFAT official said.

If the Australian seabed is moved south, as forecast, part of Santos's \$US3.6 billion (\$4.6 billion) investment in the Barossa oil and gas fields could move into Indonesian territory.

Santos gave the green light in March this year to the project that will feed its Darwin LNG plant. A small portion of the Barossa project lies north of the likely boundary line if negotiations follow the model used in settling the Timor-Leste maritime border.

Portions of exploration permits issued to Woodside and Japan's INPEX also lie north of the line, as does a retention licence owned by the Thai national oil company PTTEP.

Woodside and Santos declined to comment.

Mr Agusman did not elaborate on what “revisions” were required for the Perth Treaty to be ratified, but an academic at one of Indonesia's top universities said negotiations should go beyond the technical adjustments favoured by Australia.

“While discussion on the 1997 treaty are open, both countries may also see the need to talk about lines in other areas such as to the south of Roti and Sumba [islands],” I Made Andi Arsana from the University of Gadjah Mada said, also noting these boundaries did not fit with the current law of the sea practices.

He said it was not surprising Indonesia would seek to revisit the treaty, as it was a “legal and logical consequence” of Australia and Timor-Leste settling their boundary.

In 2002 when Timor-Leste gained independence, [Australia’s then-foreign minister Alexander Downer warned](#) that redrawing the maritime boundary with the tiny nation would risk “unravelling” thousands of kilometres of border between Australia and Indonesia.

“Our maritime boundaries with Indonesia cover several thousand kilometres. That is a very, very big issue for us and we are not in the game of renegotiating them,” he said.

During a parliamentary hearing into the 2018 Timor-Leste maritime boundary, a DFAT official played down the prospect of having to renegotiate the Indonesian boundary.

“We don’t see this [the Timor-Leste settlement] as being a reason to reopen existing treaty arrangements,” the official said.

Australia settled its seabed with Indonesia in 1972, at which time most maritime boundaries were based on the continental shelf rather than the current practice of using the median line between two countries.

The median line was used in 1997 to determine Indonesia’s Exclusive Economic Zone, which has allowed Indonesia’s fishing rights to extend much further south than its rights to the oil and gas reserves on the seabed, which are still based on the 1972 agreement.

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