



Maritime Dispute Resolution and the Future of the Asian Order



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Avoiding Another Crisis in the Western Pacific

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The Western Pacific is a tinderbox. The North Korean nuclear program is a serious threat and is dominating the headlines. The South China Sea is a growing mess of competing interests and boundary lines. The Philippines' growing relationship with Russia raises major questions about its traditional cooperation with the United States. In the meantime, several U.S. naval vessels in the region have been involved in deadly collisions with civilian vessels, drawing attention to the readiness of U.S. forces at sea. There's a lot to deal with, a lot of ocean to cover, and limited resources with which to deal.

While America's eyes have been rightly focused on these major issues, an ongoing maritime boundary dispute between Timor-Leste and Australia has been sitting on the backburner. This dispute, characterized by the question of access to the Greater Sunrise

off-shore oil fields between the two countries, could lead to a model of future dispute resolution. Though it does not have an overt interest in this dispute, the United States has sought an amicable and sustainable resolution between the two countries. The method and timeliness of the resolution of this situation may have regional consequences that affect America's approach to the region.

Last month, the Permanent Court of Arbitration announced a breakthrough in the mediation between Australia and Timor-Leste. While the details of the agreement have not yet been announced, the broad outlines of an amicable resolution of the dispute would be in concordance with the requirements of the UN Convention on the Law of the Sea (UNCLOS). It would set the new boundary line at the half-way point between Australia and Timor-Leste. The international implications of such a settlement would be far-reaching. It would

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shape current and future boundary disputes in the South China Sea, the East China Sea, or situations like the Liancourt Rocks dispute between Japan and South Korea. It would also set the precedent of a larger, more powerful country accepting the needs of its much smaller neighbor, increasing its soft power, and serving as an example for others to follow.

Additionally, past actions would indicate that Australia desires a stable and successful government in its northern neighbor. To its credit, Australia's assistance was instrumental in the peacekeeping operation in Timor-Leste from [1999-2000](#). It again contributed troops in 2006 to calm a deteriorating situation that threatened to tear the newly formed country apart. These operations have represented significant investment on the part of Australia.

A failure to resolve this dispute would have led down a path that all agree would be best avoided, adding unnecessary complications as other crises develop and loom on the horizon.

Currently, Timor-Leste's government is extremely reliant on oil revenues for its budget. In 2016, oil revenue accounted for over 90% of the Timorese budget of [\\$1.76 billion](#). The ability of this government to function is essentially dependent on its access to off-shore oil. While petroleum revenue will not provide stability for perpetuity, access to this revenue source will provide the very means for Timor-Leste's continued function for the next 50 years. Cutting that period short would prove disastrous.

Further complicating the current situation we see in the Western Pacific, climate change threatens to create disasters that will merely add to the chaos. Climate change and the subsequent sea level rise threaten thousands of Indonesian islands. Sea lanes will become more crowded as refugees begin migrating throughout the region. Economies and the resources to deal with these refugees will be strained. As economic infrastructure is destroyed by rising seas and desperate people seek means to sustain themselves and their family, we are likely to see an increase in piracy. Ultimately, the cost of military activity

to deal with the refugee crisis and increased instability will become a significant burden. A potentially unstable Timor-Leste is the last thing that needs to be added to this problem.

For Australia, coming to an agreement favorable to Timor-Leste brings several benefits which may not be immediately evident compared to the loss of oil revenue. First, it furthers a relationship with a friendly democracy to the north in a way that puts Australia back on a strong moral footing. Second, it lowers the specter of potential future Australian military intervention, thereby freeing it to be used for more pressing regional or global needs. Third, it helps better align friendly countries in the region to deal with Chinese territorial claims, both by setting an example, and uniting the friendly countries on a system of norms.

Compared to the many other challenges in the Western Pacific, the maritime boundary dispute between Australia and Timor Leste appears on the verge of being solved. There are no nuclear weapons involved, no potential naval clashes, no weaponized islands, and UNCLOS provides a literal instruction guide on how to set the maritime boundary properly. If initial reports bear out, this will be a win for all parties: Timor Leste's economic development will be on firmer ground; Australia will assert its moral authority and model good behavior globally; and the United States will be ready to face other consequential security issues in the region with allies who have meaningfully modeled the peaceful resolution of difficult disputes.



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