

THAILAND-MALAYSIA JOINT DEVELOPMENT AREA

TRACK II FORUM
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MANILA, PHILIPPINES

- The dispute over the continental shelf boundary between Malaysia and Thailand arises primarily from the different baselines, which the two countries adopt in calculating the equidistant line for the boundary.
- Thailand's proclaimed baseline runs from the terminus at Kuala Tabar (the eastern terminus of the Malaysia-Thailand land border as defined by the 1909 Anglo-Siamese Treaty) northwards to Ko Losin islet and then northwestwards to Ko Kra. Malaysia however does not regard Ko Losin as valid baseline point and calculates the equidistant line on a baseline running along the shore.
- This was the basis for the Proclamation establishing the Continental Shelf of the Kingdom of Thailand in the Gulf of Thailand, 18 May 1973 and Malaysia's Continental Shelf Act of 1966, subsequently reflected in its continental shelf claim as asserted in the 1979 map issued by its Survey and Mapping Department
- **This created an Overlapping Claims Area between them of 7,250 square kilometres**

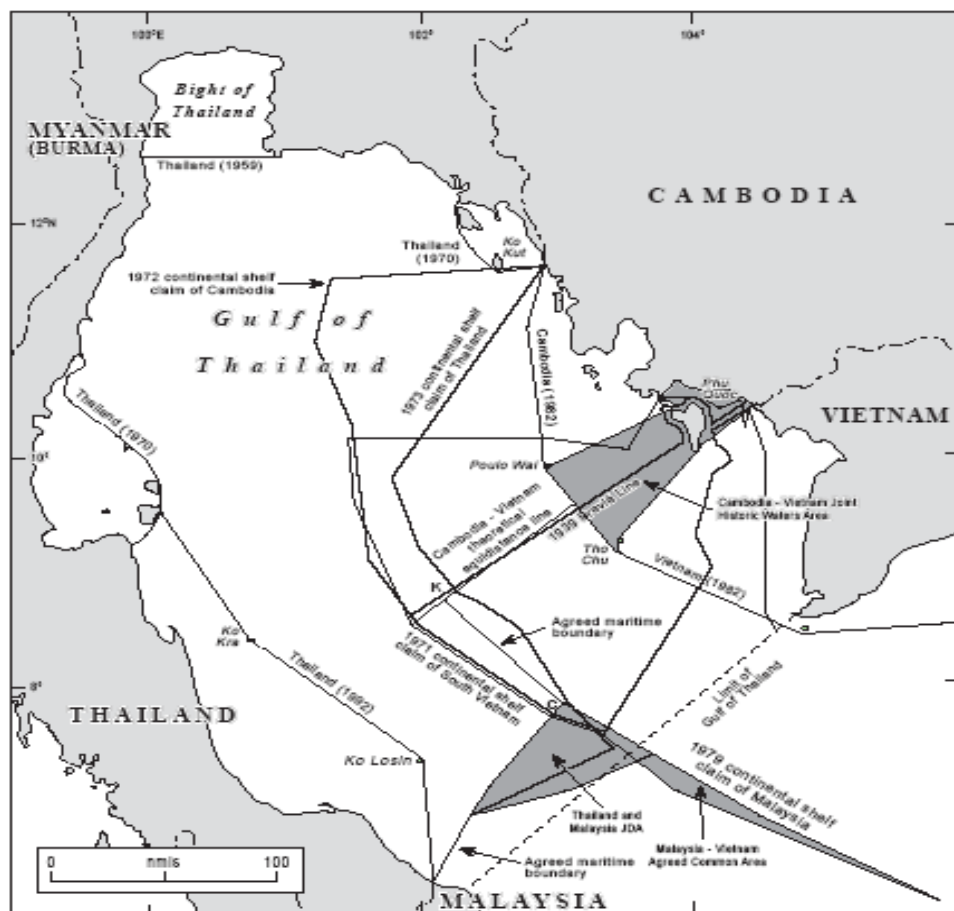
- **21 February 1979**

A Memorandum of Understanding (MOU) was signed (subject to ratification) in Chiangmai, Thailand between the Prime Minister of Malaysia and the Prime Minister of Thailand **on the establishment of a Joint Authority for the Exploitation of the Resources of the Seabed in the Defined Area of the Continental Shelf of the Two Countries in the Gulf of Thailand.**

- **The JDA covers an areas of 7,250 square kilometres**



- Thus, the JDA basically coincides with the area of overlapping claims of the continental shelf by the two countries.
- The western and north-eastern boundaries of the JDA is that of Malaysia's continental shelf claim as asserted in its 1979 map.
- The southern boundary initially coincides with Thailand's 1973 CS claim, but subsequently adjusted to extend to the EEZ as proclaimed in 1988.



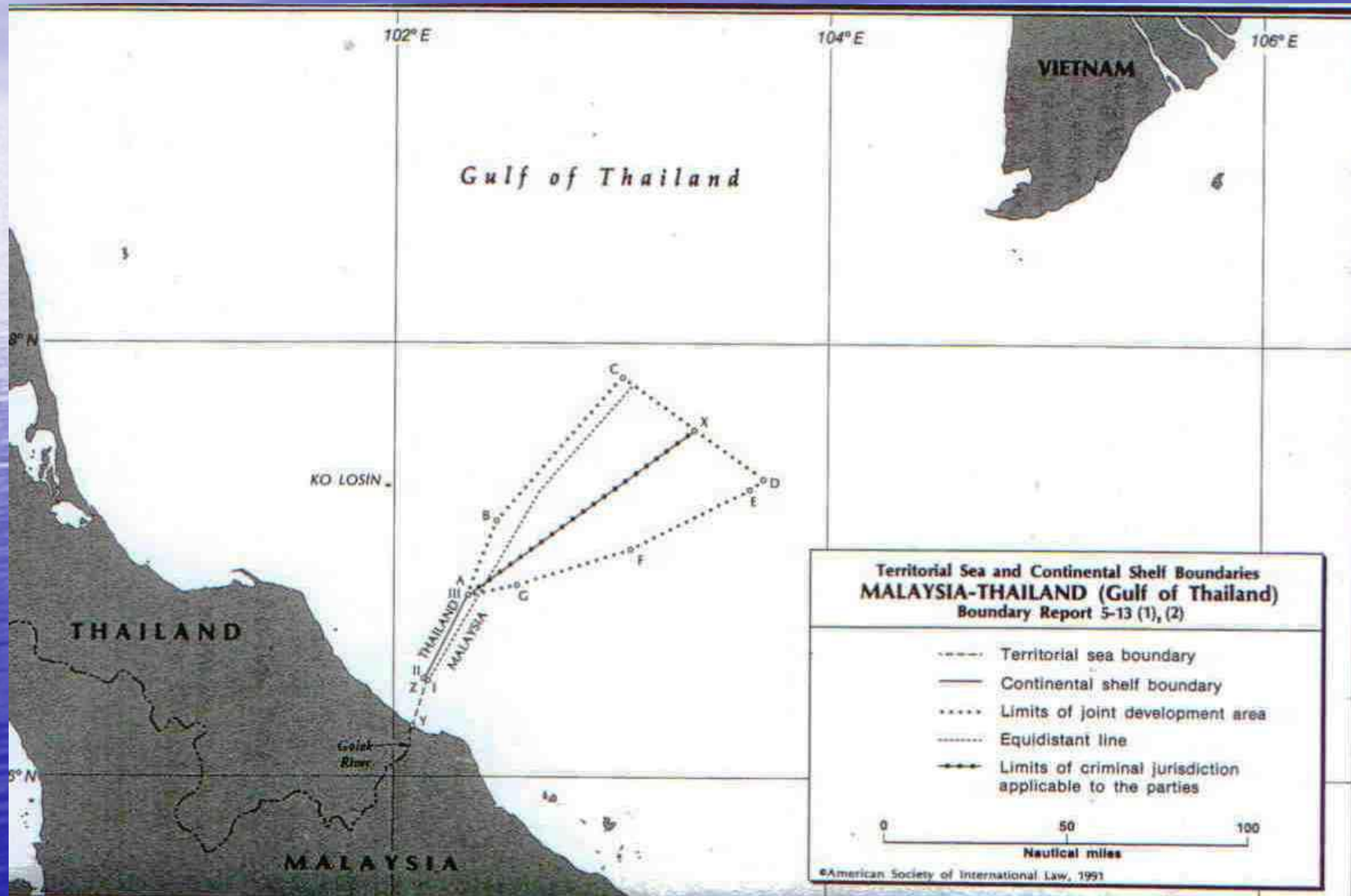
CLAIMS AND AGREEMENTS IN THE GULF OF THAILAND

The Gulf of Thailand is characterised by overlapping claimed areas. Although the extent of these overlapping areas has been reduced over time through the conclusion of maritime boundary agreements, substantial areas of overlap remain, notably between Cambodia and Thailand. The Gulf is also host to multiple claims to the same maritime space with Vietnam claiming part of the Thai-Malaysian joint zone (see map). These overlaps date from the period June 1971 to May 1973 when South Vietnam, Cambodia and Thailand made unilateral claims to the continental shelf in the Gulf of Thailand.⁸

Although the coastal states in the Gulf have generally employed equidistance as a method to construct their unilateral claims, they have clearly adopted conflicting views as to the effect of islands – resulting in overlapping claims. Three agreements on maritime delimitation have been concluded in the Gulf: two between Malaysia and Thailand⁹ and another between Vietnam and Thailand.¹⁰

In 1972 Thailand and Malaysia succeeded in delimiting their territorial sea boundary and continental shelf boundary out to a point 29 miles offshore. However, the two

1979: MALAYSIA (GULF OF THAILAND)-JDA



30 May 1990

Agreement on the Establishment of Malaysia-Thailand Joint Authority (MTJA)

Signed in Kuala Lumpur between the Foreign Minister of Malaysia and the Foreign Minister of Thailand providing detailed implementation framework for the MTJA.



On 22 January 1991

- Simultaneous promulgation of the Malaysia-Thailand Joint Authority Act 1990 (Act 440) in Malaysia; and
- The Thailand-Malaysia Joint Authority Act B.E. 2533 (1990) in Thailand.
- Note it took over a decade for the parties to form the MTJA.

- **21 April 1994**

Signing of two Production Sharing Contracts (PSR) between MTJA and its Contractors for Block A-18 and Blocks B-17 & C-19 for the right to explore and exploit petroleum in the respective blocks of the JDA.



- 20 February 2005
The first JDA gas successfully delivered to Malaysia border into Peninsular Gas Utilisation (PGU) system.
- 21 February 2005
Teknologi Tenaga Perlis Corporation (TTPC) started consuming JDA gas
- 29 June 2005
The first condensate lifting from FSO "Puteri Cakerawala".



KEY FEATURES

- Establishment of a joint authority known as “Malaysia-Thailand Joint Authority” (or “MTJA”) for the purpose of the exploration and exploitation of the non-living natural resources of the sea-bed and subsoil in the overlapping area
- For a period of fifty years (or earlier, if both Parties arrive at a satisfactory solution for the delimitation)
- The MTJA assume all rights and responsibilities on behalf of both Parties
- Equal share of costs and revenues.
- Creates a comprehensive fiscal regime
- National authorities of either party shall have the rights relating to fishing, navigation, hydrographic and oceanographic surveys, the prevention and control of marine pollution in the JDA
- Established a criminal jurisdiction line, which divides the JDA into unequal parts – 930 square miles and 1,100 square miles for Malaysia and Thailand respectively. This line is not the boundary line of the continental shelf between the two countries in the JDA and it is not in any way prejudicial to the sovereign rights of either party

Timeline

- The Thai-Malaysian MoU was signed in 1979 but the two parties only exchanged their instruments of ratification on 30 May 1990. It took 10 years for the Thai and Malaysian authorities to overcome legal obstacles to realise the implementation of their joint development arrangement.
- It took another 15 years (from 1990-2005) for the first gas to be produced in February 2005.
- Issues: Contractors agreements, Surveys, feasibility assessments, construction, drilling, etc.

Benefits

- As of the end of 2007, approximately 8.5 trillion standard cubic feet of gas reserves from twenty two fields in the area have been discovered.
- Large oil and natural gas revenues for both governments

Lessons to be learnt

- The Experience of joint development in the Gulf of Thailand between Malaysia and Thailand illustrates that where **good neighbourliness and political will** are present, joint development offers a convenient way to bypass contentious maritime boundary disputes, facilitating the exploitation of **valuable petroleum and hydrocarbon resources**.
- Secondly, as any JDA is only a provisional arrangement and without prejudice to eventual delimitation or otherwise, it addresses the **"economic needs"** of the parties, but on a 'no gain, no loss' basis with regards sensitive issues.

The background is a smooth blue gradient. On the left side, there is a bright, glowing area that resembles a sun or moon reflecting on a body of water, creating a shimmering effect. The rest of the background is a deep, uniform blue.

THANK YOU