

MAKING WAVES

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Editorial Team

Cmde JS Shergill, NM
Cdr Rikeesh Sharma
Dr Amit Singh

Address

National Maritime Foundation
Varuna Complex, NH-8,
Airport Road
New Delhi-110 010, India
Email: maritimeindia@gmail.com

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Between Delhi and the Deep Blue Ocean

After the GMR fiasco in the Maldives, India needs to engage its neighbours in a mutually beneficial way....

-- Jyoti Malhotra

The Indian Ocean has been receiving a fair amount of, admittedly long overdue, attention in recent weeks, with Indian Navy chief, Admiral DK Joshi, surprisingly willing to protect India's fair name and interests in the South China Sea. But with the waters far more agitated in India's immediate vicinity, in and around the Maldives, the question that remains is: how far Delhi is prepared to go to protect its reputation in a region it has often asserted it is the leader of?

By December 8 morning, armed with justification by the Singapore Supreme Court, the Maldivian government of Mohamed Waheed had revoked the 25-year licence of the Indian infrastructure company GMR, to build and operate a new airport in the Maldivian capital, Male. India's External Affairs Minister Salman Khurshid sought to distance the impact of the cancellation of the contract from the larger bilateral relationship, arguing that it was the prerogative of the sovereign Maldivian government to do what it wanted, and implying that there was a limit to which New Delhi could defend a commercial enterprise if it got into trouble, even if it were Indian.

Mr. Khurshid's impeccable, if somewhat helpless; remarks are no doubt lifted straight from the best textbooks on diplomacy. More to the point, at this late stage in the dispute, there was little he could have done without exacerbating the damage already caused to the relationship. The Maldives is so polarised today, between the self-avowedly pro-India former President Mohamed Nasheed and the man who replaced him in February's bloodless coup, current President Waheed, that there is no way India can appear to take everyone along without taking sides.

IRRESPECTIVE OF 'ISMS', FRIENDSHIPS

For some time now India's diplomatic practice has been geared towards the promotion of a tranquil neighbourhood, where relationships with rulers in those countries must be maintained irrespective of ideology or 'isms' or personal friendships.

National Security Adviser Shiv Shankar Menon eloquently put forward this premise while delivering the Prem Bhatia Memorial Lecture in August 2011, when he veritably laid out a road map for the exercise of power. Actively working towards a "peaceful periphery" was on top of that list, he said, pointing out that India's several challenges of poverty and disease and illiteracy were best dealt with by a nation un-distracted by problems on its borders. Then he added, prophetically: "To what extent we can become a net provider of security in the Indian Ocean and our neighbourhood would depend on how it contributes to India's own transformation."

So when the Maldives underwent its own “coup” in February this year — the Maldivian National Defence Forces moved to arrest Mr. Nasheed, who agreed to hand over power hoping to avoid a bloodbath — India recognised the new Waheed government within 24 hours. The Americans and the Chinese quickly followed suit.

CHINA FACTOR

New Delhi argued that the Maldives was far too important to have been left in a power vacuum, implying that the Chinese, India’s greatest rival, would have moved in to take India’s place if it had not acted immediately. Over time, New Delhi would acknowledge that Mr. Nasheed had, indeed, contributed enormously to securing India’s maritime borders by allowing a series of Indian radars to be installed on several Maldivian atolls and islands — a move former Maldivian President Maumoon Abdul Gayoom had resisted forever — that were also close to Diego Garcia, an island in the Indian Ocean on which the Americans have had a base for decades. Most importantly, as the Chinese moved to expand their sphere of influence in the Indian Ocean, in Sri Lanka and the Seychelles as well as in the Maldives, India was able to gather a much better idea of what they were now doing.

Clearly, the swift recognition of Mr. Waheed’s government was motivated by the yearning for a “peaceful periphery.” Mr. Gayoom’s daughter, Dunya, was made a junior minister in Mr. Waheed’s government, in implicit recognition of the power and influence her father continued to wield in Maldivian politics. And when he reached a town in South India two months ago, accompanying his wife for health treatment, Mr. Gayoom was invited to meet the powers-that-be in Delhi in the hope that he would continue to push for the restoration of stability in the Maldives.

New Delhi thought it knew Mr. Gayoom; after all in 1988, when Sri Lankan terrorists had tried to overthrow the former leader, former Indian Prime Minister Rajiv Gandhi had ordered armed help for the Maldivian leader. Now in 2012, Delhi sought to play all sides — Mr. Waheed, Mr. Gayoom as well as Mr. Nasheed. The latter was hosted in the Indian capital a couple of months ago (at the same time as Bangladesh Opposition leader and former Bangladesh President Gen. H.M. Ershad), while Mr. Menon received Mr. Nasheed’s special adviser Ibrahim Zaki a couple of weeks ago.

Depending on whose side you’re on in this complicated Maldivian saga, the story unfolds accordingly. Mr. Waheed’s men say that Mr. Zaki was arrested on a faraway island some weeks ago because he was doing drugs — a bottle of hash oil was found on his person.

In his defence, Mr. Zaki told this reporter that he had travelled to this faraway island along with other Opposition Maldivian politicians to plot Mr. Waheed’s ouster. They had been in serious discussions all night on the beach, Mr. Zaki said, when Mr. Waheed’s security forces emerged from the water carrying truncheons and proceeded to beat everyone up badly. Mr. Zaki is believed to have shown his bruises to Mr. Menon in Delhi, who had him sent to a local Delhi doctor for treatment.

Soon enough, the GMR contract had become the perfect instrument for Mr. Waheed to attack Mr. Nasheed, under whose dispensation the \$511 million contract had been awarded to the Indian infrastructure major in 2010. In his meeting with the GMR

President on December 7, Mr. Waheed insisted that “no outside influence” had played a role in the cancellation of the contract, implying that the Chinese had nothing to do with the decision.

Mr. Waheed’s coalition partner, the radical Islamic Adhaalath party, obviously thought otherwise. Last week a party spokesperson tweeted, “We would rather give the airport contract to our friends in China, who now make the majority of our tourist population...With China already based in (the Seychelles), the addition of Maldives as a friend would be a massive blow to future Indian power in this region.... India would lose her reliance on our strategic location and global trade routes. We will seek the assistance of China in this endeavour,” the Adhaalath spokesperson said.

OFFICIAL POSITION

The official Indian position on the airport fiasco is that the legal process must be pursued to its logical conclusion. The Maldivian attorney general has already stated that compensation would amount to \$700 million. Mr. Waheed’s government has said it will not pay a dime, but allow GMR three weeks grace period to leave the country. As India loses this latest battle for influence in the Indian Ocean, it might be a good time for New Delhi to think long and hard whether it can paint all its neighbours and the Maldives in particular, with the same brush. Whether or not Mr. Nasheed can be trusted, why Mr. Gayoom is trying to make a comeback and whether Mr. Waheed will be a credible candidate in the presidential elections in mid-2013 through his adroit challenging of India. Above all, the biggest question remains: is this really India’s ocean?

(Jyoti Malhotra is a Delhi-based journalist.)

Source: [The Hindu](#), 17 December

Maritime Security: How to Catch a Pirate

-- Niyati Nath

In recent years, piracy has emerged as a significant threat to global maritime interests. The International Maritime Bureau reports 223 acts of piracy in the year 2012, as of 30th August. While the incidence of Somali piracy has reduced, disproportionate increases have been recorded in other parts of the world, such as Nigeria, the Gulf of Guinea, Togo and South East Asia. Piracy is a growing industry.

A host of laws have been formulated to tackle the problem. The UN Convention on the Law of the Sea (UNCLOS) has established the legal definition of piracy in international law. UNCLOS does not, however, provide for investigatory or prosecutorial procedures or guidelines for international co-operation. It accords universal jurisdiction for piracy; any state is authorised to prosecute the crime of piracy committed on the high seas. The Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation, 1988 obliges contracting governments to either extradite or prosecute alleged offenders. The 1979 International Convention against the Taking of Hostages requires contracting states to criminalise the taking of hostages. The United Nations Office on Drugs and Crime

has published model laws on mutual assistance in criminal matters, witness protection, extradition and money-laundering and financing of terrorism that focus on the substantive obligations arising from international conventions. States may use the model laws as a starting point while drafting their own laws on the subject.

Universal jurisdiction does not apply when crimes are committed in territorial waters. It does not allow authorities to pursue pirates to their sanctuaries within territorial limits or on land. In order to prosecute piracy offences domestically, a state needs to criminalise the offence. Model legislation helps domestic legal systems to reform their substantive law and to prosecute in a manner consistent with international law. Reports state that hundreds of Somali pirates are currently incarcerated in other countries, awaiting trial. Many of these countries have not yet criminalized piracy and the pirates are charged with general crimes such as armed robbery and attempt to murder. Often, the pirates are quietly released on the high seas to reduce congestion in local jails and the burden on the legal system.

Efforts to bring pirates to justice in domestic courts have foundered due to various legal and practical challenges. Not all countries mete out the same punishment. Kuwait and the Republic of Korea, among others, have imposed the death penalty. Countries that impose less severe sentences are reluctant to extradite pirates to these countries for trial. Other factors that affect domestic trials are a lack of clarity with respect to the steps that capturing ships must take so as not to breach the pirates' human rights and difficulties in preserving and transporting evidence. Countries such as Denmark have sought to address some of these problems by issuing guidelines to naval vessels on collection of evidence and communication between authorities in order to support a prosecution for piracy.

Overseeing a prosecution can be costly and logistically challenging and this has contributed to a general reluctance to prosecute. In 2010, the EU's Atlanta anti-piracy force stormed a ship that was hijacked by Somali pirates. As the crew of the ship included two Germans, the pirates were extradited to Germany for trial. A regional court in Hamburg commenced a highly publicized trial of the pirates in November 2010. A battery of lawyers, expert witnesses and Somali language interpreters are trying to extract information from the defendants regarding the shadowy figures behind them – the individuals who oversee this form of organized crime. Reports state that the cost of the trial is EUR35,000 for each day that the court is in session and although more than 100 days of court-time have elapsed, the court has not yet managed to elicit any useful information. It appears that the defendants are mere foot soldiers from the skiffs as opposed to the kingpins who finance, arm and run the pirate network. The foot soldiers are not privy to information of any value regarding the networks. Germans are asking whether the defendants will live in Somalia or Germany after serving their prison terms – there is an understandable reluctance to face the potential asylum claims, since if granted, the pirates will live in Germany at public expense.

The Financial Action Task Force has examined the money flows connected with organized piracy for ransom. It is estimated that of the \$238 million in ransom money reportedly paid to Somali pirates in 2010, approximately \$95 million was pumped into the international financial system. This has exposed the financial system to the risks and vulnerabilities associated with money-laundering and financing of terrorism.

Much has been said of links between Somali pirates, the al-Qaida affiliated al-Shabaab terrorist organization and other terrorist groups operating in the Horn of Africa. Reports indicate that the formal financial system and banks in particular have played a prominent role in the movement of funds. There is a need to detect, investigate and prosecute this kind of money-laundering so that the ring-leaders and financiers of acts of piracy are held accountable. This requires a high degree of international co-operation between the countries involved, involving law enforcement agencies, financial investigators and the judiciary. In many cases, there has been a complete failure to co-operate internationally that has resulted in the trail going cold. In a few cases, the ransom money has been successfully traced due to the co-operation of investigating law enforcement agencies. However, bringing the perpetrators to book requires information of evidentiary value to the judicial system of the prosecuting country and more often than not, the available information does not pass muster and the offenders escape scot free.

The recent reduction in the incidence of Somali piracy has been on account of the concerted effort of the international navies that patrol the seas and the increased use of armed security personnel aboard ships transiting through the region. This has brought down the success rate of pirate attacks. However, piracy cannot be eradicated solely by a maritime-focused effort. The socio-economic reality is that the average Somali has an annual income of \$200. With few other sources of income, piracy has become embedded in Somali society to the point that it is a significant driver of local economies. Since there is little chance of those engaged in piracy being caught and punished, there is no effective deterrent. Government institutions, law enforcement and judicial structures are fragmented or non-existent. It is almost impossible to track the movement of ransom payments in Somalia and when detected, to successfully prosecute cases of piracy. The UN and the international community have done much to rebuild the collapsed Somali governance infrastructure. Efforts to build capacity in Somalia include setting up and training a domestic police force, building court rooms and prisons, training and equipping prosecutors and the judiciary and providing legal resources. It is hoped that Somali pirates will eventually be successfully prosecuted and serve their sentences in Somalia.

There are lessons to be learned from Somalia. A long-term solution to piracy will require capacity-building at the domestic level and adding value to local economies. Since increasing the number of pirate prosecutions is a key part of counter-piracy efforts, a future prosecution strategy should include providing support to those states that have criminalized piracy and that demonstrate a willingness to prosecute pirates. International and domestic anti money-laundering laws must be strengthened and countries must co-operate to bring the financiers and ring-leaders of piracy to justice. Currently, the overlap between the various regimes is itself a major barrier to effective policy co-ordination. Working on these issues will make the global anti-piracy regime more comprehensive and focused.

(Niyati Nath is a partner at Indian law firm, J. Sagar Associates. She specializes in maritime laws, private equity and dispute resolution.)

Source: [Marine Link](#), 20 December

Taiwan's East China Sea Peace Plan

-- James R. Holmes



Since China decided to force the issue over ownership of the Senkaku/Diaoyu archipelago, Taiwan's President Ma Ying-jeou has been pushing an "East China Sea Peace Initiative" aimed at convincing the parties to the Senkaku/Diaoyu Islands dispute to set aside their territorial claims for the sake of mutual economic prosperity.

In essence they would agree to kick the can down the road, sharing undersea resources around the islands in hopes that tempers will eventually cool — easing the political deadlock.

The initiative's slogan is "Safeguarding Sovereignty, Promoting Joint Exploration and Development." Such a proposal makes sense as much as any venture can in this hothouse environment. But however worthy Taipei's cause, the two halves of its slogan appear irreconcilable. Japan, China, and Taiwan all assert sovereignty over the contested islets. Who rules a particular bit of ground is typically a zero-sum game. Japan will yield the Senkakus, or China will. There is no safeguarding every party's claim to sovereignty.

The Ma administration's proposal, it seems, pits the motives Athenian historian Thucydides saw at work behind human actions — namely fear, honour, and interest—against one another. It amounts to hoping that rational calculations of economic self-interest will overrule equally elemental imperatives such as fear of future aggression or the thirst for honour and prestige. It amounts to hoping that rationalism will induce the parties to make a durable peace.

And indeed, such an approach makes perfect sense in cost/benefit terms. Clausewitz urges statesmen and soldiers to let the value of the political object guide the magnitude and duration of the effort they exert on behalf of that object.

But this is a rather sterile way of looking at the world. It implies that the worth of human goals — goals that are inherently subjective — can be quantified. Such a view is problematic. It ignores how fear and honour colour calculations such as Clausewitz's.

Basic impulses, that is, drive up the value of national goals — making it hard to back down from confrontations or conclude a lasting peace. This is my roundabout way of casting doubt on Taipei's peace initiative. President Ma is a skilled diplomat. I hope he's right about the dynamics at work in the East China Sea. But I don't think so.

Source: [The Diplomat](#), 21 December

Maritime Emergencies Require Armed and Ready Coast Guard

-- Yu Yaodong



There have recently been debates around whether China should enable its coast guard to carry out armed law enforcement. Some scholars believe that China should insist on peaceful principles within its exclusive economic zone, and refrain from armed law enforcement in the zone as the US, Japan and South Korea do. But other scholars hold that it's urgent for China to strengthen its marine law

enforcement forces. For my part, because of the universality and complexity of marine jurisdiction, it would be difficult for marine law enforcement agencies to do their job without weapons.

The preamble of the United Nations Convention on the Law of the Sea mentions that the convention was established to "promote the peaceful uses of the seas and oceans." The Article 301 of the convention, which is titled "peaceful uses of the seas," says that in exercising their rights and performing their duties under this convention, state parties shall refrain from any threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the principles of international law embodied in the Charter of the United Nations. Therefore, the principle of peaceful use is not a special principle aimed at only exclusive economic zones but at the entirety of the oceans. So the argument which denotes the peaceful use applying to exclusive economic zones is moot.

The convention stresses that countries cannot use military forces to invade other countries or resolve disputes. But it does not prohibit all maritime military activities. The rational use of military force by national maritime law enforcement agencies is not rejected either. In fact, the convention even implies that they can be armed. In Article 111, we find that a foreign ship can be pursued when the competent authorities of the coastal state have good reason to believe that the ship has violated the laws and regulations of that state. The right of hot pursuit may be exercised only by warships or military aircraft, or other ships or aircraft clearly marked and identifiable as being in government service and authorized to that effect.

Although the convention does not specifically delineate the use of military force, it allows warships and aircrafts to enforce the law. Doesn't that imply that maritime law enforcement agencies can use military force? In some documents of international law, using military forces to enforce the law in certain conditions has been explicitly permitted. Therefore, the key issue does not lay in whether law enforcement agencies can be armed; instead, it is how we can rationally use military force.

China's current maritime law enforcement is very scattered. We have many enforcement agencies responsible for different functions such as surveillance,

maritime affairs, fisheries, border defence, and anti-smuggling. These agencies are affiliated to different administrative departments and have different symbols, equipment and jurisdictions. However, the ocean is a single entity. So the dispersion of China's maritime enforcement system causes many problems such as the overlapping of functions, scattered strength and an oversight vacuum. This is not conducive to marine rights enforcement, international marine law enforcement cooperation and unified response to serious emergencies.

South Korea, Japan, Vietnam and the Philippines are already strengthening their comprehensive maritime law enforcement, which brings urgency to China's mission to develop its own coast guard. Building China's own coast guard is a complex process which requires step-by-step reforms to combine various functions and lessons to be drawn from other countries. During the reform, we should pay special attention to establishing a coordinated system between China's coast guard and the Chinese navy.

We needn't deny the relationship between the coast guard and the navy. As early as 1964, the State Oceanic Administration of China was established with the support of the Chinese navy and was temporarily governed by it. The US, Japanese and South Korean coast guard all have connections with their navies in personnel, equipment, intelligence and command coordination. Russia's coast guard is directly under the leadership of Russia's Border Guard Service. China should build its coast guard into a strong maritime administrative law enforcement agency with a military nature.

(The author is an Associate Professor at the Shanghai Maritime University Law School. yvdong888@yahoo.com.cn.)

Source: [Global Times](#), 23 December

A Frightening Prospect: War in the East China Sea

-- Rory Medcalf

The gloomiest man in Canberra, Australia's noted strategic expert Hugh White has added a new edge to his warning about possible war between the United States and China. He now suggests that precisely such a conflict could arise from the sustained tensions between Beijing and Tokyo over the Senkaku/Diaoyu islands in the East China Sea, and perhaps as soon as 2013.

White makes an important point. He is correct to highlight the perverse contradictions of the world's three richest countries being willing to risk peace and prosperity over something as seemingly trivial as contested maritime boundaries. He is right also to emphasize that this is not really about proximate causes — the dispute over who owns certain rocks and islets and the potentially resource-rich seas around.

Instead, the tensions and even confrontation of the past few months reflect deeper anxieties in China-Japan and ultimately China-America relations. These Professor White relates to the structural causes of the ruinous Peloponnesian Wars of the 5th century BC: power, pride and fear.

And it's true that tensions have been rising: a catalogue of naval and even aerial incidents, between two North Asian powers with deep mistrust and a poor record of operational communications and crisis management. Leadership changes in both nations have played into what has been widely perceived as a spirit of mutual intransigence.

And yet, projecting a near-term future involving a potentially full-scale war between China and Japan, with the United States drawn in, remains a big call indeed. To be sure, the Obama Administration must be feeling frustration that its strategy of a much-touted "pivot" back to Asia has been thrown somewhat awry by Japan's unexpected acquisition of three of the Senkaku islands in September.

The pivot or rebalancing was about the United States reemphasizing its very large strategic and diplomatic investment in the Asian security order in the face of China's 2010-11 phases of assertiveness. In so doing, Washington had succeeded in reassuring its Asian allies and partners — but in Tokyo's case, perhaps a little too much.

Now the United States needs to focus as much on helping to manage, or at least not aggravate, Sino-Japanese tensions as on underscoring its support for the defence of Japan and other allies' interests.

But the high-stakes worrying over East China Sea tensions is premised on the view that, as Professor White puts it, "the crisis will not stop by itself." He argues that one side or other, or both, "will have to take positive steps to break the cycle of action and reaction."

Of course it would be folly to count on a prolonged crisis simply fizzling out. But both China and Japan are more than capable of strategic patience. Neither wants to force the issue in the immediate term. Each government has an interest in trying to exert greater control over the various institutional players — not just navies but also civilian maritime agencies — whose operational decisions could make the difference between calm and crisis.

The good news is that Japan's newly-elected conservative Abe government has no pressing reason to pursue further provocation. And whatever its forceful rhetoric, the new Chinese leadership has little near-term incentive to prod Japan further; an armed confrontation with Japan that ended badly for China would be worse for the credibility of China's leaders than no clash at all.

Doubtless there will be a need for cool heads and assiduous incident-management in the months ahead. But considerably more likely than war in 2013 is the possibility that, for all their tough talk, all sides are already working quietly to engineer a decent interval after which they can resume some serious diplomacy.

(Rory Medcalf directs the international security program at the Lowy Institute in Sydney and is a Diplomat contributor. He is a former diplomat, intelligence analyst and journalist whose work covers a wide spectrum of strategic and geopolitical issues in Indo-Pacific Asia.)

Source: [The Diplomat](#), 28 December



India Seeks to Boost Maritime Ties with Saudi Arabia

India is seeking to enhance maritime relations with Saudi Arabia and working to maintain security in high seas, says Indian Ambassador Hamid Ali Rao. He feels that Saudi Arabia and India both share the strategic Arabian Sea where navies from both countries have a greater role to play. He said that Saudi Arabian Royal Navy ships HMS Dammam and HMS Yanbu had paid goodwill visit to India in the past and Indian Navy ships Tir, Shardul and Veera visited Saudi Arabian ports on goodwill missions to strengthen ties between the two countries.

Addressing a press conference at newly commissioned Indian Navy warship Tarkash that docked at Jeddah Islamic seaport, the ambassador said India and Saudi Arabia have common interest in ensuring security, stability and freedom of navigation in the Indian Ocean region including all adjoining seas. He felt closer interaction between both navies would enhance security relations. The Tarkash is sophisticated and an important component of the Indian Navy, says Capt. Antony George, commanding officer of the ship. He explained that the ship is a guided-missile frigate that was built in Kaliningrad, Russia and commissioned on Nov. 9, 2012.

He said the ship is packed with a high density of weapons and sensors and manned by a highly motivated crew of 253 personnel. Capt. Antony said that it is one of the most potent platforms of the Indian Navy. It carries cutting-edge modern weaponry which includes surface-to-air missiles, supersonic BrahMos anti-ship missiles, upgraded 100MM medium-range gun, an optically controlled 30MM close-in weapon system, anti-submarine and anti-ship torpedoes and also rocket launchers. It has two helicopter bases.

He said the ship carries a judicious mix of state-of-the-art Russian and Indian system equipped to deal with multiple threats. He further explained that all weapons and sensors are fully integrated with the combat management system. Capt. Antony said that the ship is capable of operating both the air early-warning helicopter and anti-submarine warfare helicopter. He said that it also has surveillance radar and digital data link that enable aircraft act as force multiplier. He said currently India deploys an exclusive ship to combat and patrol piracy in Indian Ocean area and if required the Tarkash also can be deployed.

He said that the ship after delivery and commission, passed through Celtic Sea, the United Kingdom, Spain, Port Said in Egypt and then through Suez Canal it embarked for Red Sea. It docked at Jeddah Islamic Port. From here, it will cross the Gulf of Aden. On way to Mumbai, it will pay a visit to Salalah port in Oman. Indian Consul General Faiz Ahmed Kidwai and Military Attach of Indian Embassy in Riyadh Col. Ajay Kumar were also present at the press conference. Select Indian nationals visited the ship. They were joined by prominent community members and cadets of the Saudi Royal Navy for a reception on board.

Source: [MENAFN - Arab News](#), 16 December

Maritime Tribunal Orders Ghana to Set Argentina's Libertad Frigate Free



Ghana has been ordered to release an Argentinean frigate that was impounded more than two months ago over a legal dispute between a US-based investment firm and the government of Argentina. A panel of four judges at the international tribunal for the law of the sea unanimously ruled that the Ghanaian authorities must release the ARA Libertad from Tema, near the capital Accra, and

allow its stranded crew to leave the port. The vessel arrived at Tema on 1 October, but was prevented from leaving three days later by a court order obtained by the investment vulture fund NML Capital, which is suing the Argentinean government for non-payment of a \$1.6bn (£988m) debt.

NML Capital, backed by billionaire Paul Singer, bought bonds from Argentina in late 2001, a year before the country defaulted on its \$100bn sovereign debt. The tribunal judges ruled: "Ghana shall forthwith and unconditionally release the frigate ARA Libertad, shall ensure that the frigate ARA Libertad, its commander and crew are able to leave the port of Tema and the maritime areas under the jurisdiction of Ghana, and shall ensure that the frigate ARA Libertad is resupplied to that end." Ghana's ministry of foreign affairs said it would comply with the order, adding it was "regrettable that this matter has come to the international tribunal for the law of the sea" and reiterating that the country was not in dispute with Argentina. Vulture funds – typically hedge funds – buy the defaulted sovereign debt of poor countries at a knockdown price then pursue full repayment through foreign courts. The practice has been condemned by world leaders and the World Bank, which described the practice as a threat to debt relief efforts. When Argentina defaulted on its debt, it signed a deal with most creditors to pay back a set sum over a number of years. The creditors who refused to accept this deal, such as NML Capital, are known as "holdouts", who are not receiving debt repayments from Argentina.

Nick Dearden, director of Jubilee Debt Campaign, welcomed the ruling. He said: "We are delighted that Argentina has won this case. It is a disgrace that a group of speculators can seize the property of a sovereign nation in this way and points to the need for a fundamental change in the international debt system.

Hopefully the ARA Libertad will now be promptly released." Ahead of the tribunal's decision, the UN independent expert on foreign debt and human rights, Cephas Lumina, said: "Vulture funds, such as NML Capital, should not be allowed to purchase debts of distressed companies or sovereign states on the secondary market, for a sum far less than the face value of the debt obligation, and then seek repayment of the nominal full face value of the debt together with interest, penalties and legal costs or impound assets of heavily indebted countries in an attempt to force repayment."

Source: [The Guardian](#), 17 December

Pooling Maritime Patrol Aircraft



Since 2008, a German P3C Orion Maritime Patrol Aircraft (MPA) has been participating in EUNAVFOR ATALANTA. But they are not alone in the Gulf of Aden. NATO's operation "OCEAN SHIELD" is also fighting against piracy to secure the sea lines of communication. Together, all assets are taking part in exchanging information to stay tactically flexible in times of budget shortages and reduced platforms at sea. At a time of financial

crisis, not all Member States can afford their own fleet of maritime patrol aircraft. And even if maritime patrol aircraft have proven their effectiveness in the field, their numbers remain low mainly due to their exorbitant price tag. "Pooling a fleet of maritime patrol aircraft would make it possible to allocate them more effectively to the Alliance's missions and operations as well as to the European Union. Maintenance could also be pooled and the costs shared" explains Ludwig Decamps, Director of Armament and aerospace capabilities directorate, Defense investment Division, NATO.

Source: [NATO](#), 18 December

Russia Sends Naval Ships to Mediterranean, Eyes Syria Evacuation

Russia has sent warships to the Mediterranean after some of its senior diplomats said that Moscow may call for the evacuation of Russian citizens in Syria if the government in Damascus falls. The Russian Defence Ministry said that ships from its Baltic Fleet would replace other vessels that have been patrolling the Eastern Mediterranean since November. The country's Interfax news agency quoted unnamed naval sources as saying the vessels were bound for Syria 'to assist in a possible evacuation of Russian citizens.' The report, which could not be confirmed, comes a day after Russia acknowledged that two of its citizens and an Italian working in Latakia province were kidnapped and that their captors have demanded a ransom for their release.

In another kidnapping incident in Syria, the chief foreign correspondent for the US television network NBC said that he and his production crew were freed unharmed from their five-day abduction during a fire fight at a checkpoint set up by Islamist rebels. Richard Engel told NBC from safety in Turkey that his team's kidnappers were members of a pro-government Shabiha militia loyal to President Bashar al-Assad. He said the three-man NBC crew was abducted when anti-Assad rebels they were driving with were ambushed by heavily armed men who 'executed' one of the rebel escorts. Engel said his group was then taken to a series of safe houses where they were subjected to 'a lot of psychological torture' with threats of being killed and mock shootings. He said he was told the kidnappers wanted to exchange them for four Iranian agents and two Shabiha members held by Syrian rebels.

Their ordeal, which began shortly after crossing into Syria from Turkey, ended when the captors drove unexpectedly into the rebel checkpoint. Syrian activists said fierce fighting broke out in a Palestinian refugee camp in Damascus where rebels opposed to Assad have been trying to push out pro-government fighters. A rebel spokesman said the Yarmouk camp is strategically significant because it could 'open one of the best doors into central Damascus.' Residents said that the Syrian military had deployed several tanks along camp's main entrance. The clashes come two days after activists reported Syrian warplanes bombing the camp and killing eight people. Meanwhile, the World Health Organization said the conflict is eating away at the country's healthcare system, leaving citizens without access to basic services. A WHO spokesperson in Geneva, said that in some places including the western city of Homs, there are only a handful of doctors still working.

Source: [Global Security](#), 18 December

X-47B Unmanned Combat Air System Completes First At-Sea Tests

The X-47B Unmanned Combat Air System (UCAS) demonstrator completed its first at-sea test phase aboard the nuclear powered aircraft carrier USS Harry S. Truman (CVN 75). The first aircraft of its kind aboard a naval vessel, the X-47B was put through myriad trials designed to assess the viability of an unmanned system's operation aboard a carrier. Among the multitude of tests, the X-47B was towed using carrier-based tractors, taxied on the flight deck via its arm-mounted Control Display Unit (CDU), and had its digital engine controls tested within environments pervaded by electromagnetic fields. "The system has performed outstandingly," said Don Blottenberger, Program Manager for the N-UCAS Program Office (PMA-268). 'We've learned a lot about the environment that we're in and how compatible the aircraft is with a carrier's flight deck, hangar bays and communication systems.'

"We validated our capabilities on an aircraft carrier," said Mike Mackey, Northrop Grumman's Program Director. "We gained a lot of knowledge that we could never have gotten anywhere else except on a carrier. It was perfect for the team. We demonstrated the program's maturity and our team's ability to interact with Sailors and the ship, which was one of the most important things for us to do." Mackey also said that data collected from the aircraft's performance throughout its two-week test period aboard Truman will contribute to future unmanned aviation programs. Although the X-47B, as a demonstration aircraft, will never be put into production, Blottenberger said that sailors may one day see similar aircraft aboard ships. "There are a lot of people aboard Truman that will take this experience with them," said Blottenberger. "I think that all of this interest will help different programs both manned and unmanned. Hopefully, its impact will benefit future technologies."

Sailors aboard Truman were offered working experience with the X-47B as crew members directed the aircraft on the flight deck and handled it in the hangar bays. Lt. Cmdr. Larry Tarver, Truman's Aircraft Handling Officer, said his experience with UCAS-D during its testing was very interesting. "I believe our Sailors integrated with the system very easily," said Tarver. "Getting Sailors to help out and participate was very easy as everyone was curious and excited to work with it. Apart from those minor differences, the aircraft moved much like any other carrier-based aircraft while taxiing under its own power."

“Moving the UCAS-D around with a spotting dolly was very similar to how we move other aircraft,” said Aviation Boatswain's Mate (Handling) 3rd Class Daniel Colon, a supervisor in air department's V-3 division aboard Truman. “Being the only carrier to have experience with this system so far, I am proud to be among the first Sailors to test this aircraft. I know my whole team feels the same way.” Blottenberger attributed much of UCAS-D's success to the Truman crew's open communication and support. “Approximately 40 percent of our test team onboard had never been on a Navy ship before,” said Blottenberger. “I think it was eye-opening for the team to see the complexities involved in running and organizing a ship effectively. The Truman has been outstanding. There are countless examples of support from a list of Sailors too long to count from almost every department on board. I could not imagine a better experience for the test team.”

Capt. S. Robert Roth, Truman's commanding officer, said that sailors benefitted equally from N-UCAS's embark. “There was obvious curiosity about the aircraft and tremendous enthusiasm from the entire crew to be part of the revolutionary testing,” said Roth after an event honouring the partnership built between Team Truman and N-UCAS. With X-47B's deck testing completed, Blottenberger said the aircraft will return to Naval Air Station (NAS) Patuxent River for further testing and is scheduled to embark another carrier in mid-2013.

Source: [Global Security](#), 18 December

Maritime Bill Targets Terrorist States



The United States wields a new tool in its effort to combat Iran: the Coast Guard Bill. And though the legislation still sits on the President's desk, it may already have affected world trade. A tiny provision in the Coast Guard Authorization Bill would ensure that organizations that inspect ships for the United States don't also do so for terrorist-backed countries. Intended to pressure Iran, these few lines

underscore the more complex issues of ship security, the Coast Guard's responsibilities and the somewhat shadowy world of third-party agencies known as classification societies. These organizations evaluate vessels and approve their safety plans, a requirement under international maritime treaties. Their certifications serve as the green light into major ports and are necessary for conducting international trade.

“It made no sense that we do business with companies that turn around and do business with Iran,” Rep. Mike McCaul (R-Texas), the incoming House Homeland Security Committee chairman who pushed the legislation. “It's kind of part and parcel of the sanctions we were trying to do.” The China Classification Society last month confirmed it had stopped interacting with Iran's vessels, making it the last of the world's 13 leading societies to do so. McCaul considered it a direct result of the impending legislation, which he, Senate Homeland Security and Government Affairs

Committee Chairman Joe Lieberman (I-Conn.) and Sen. Susan Collins (R-Maine) introduced last year as the Ethical Shipping Inspections Act.

An Iranian official recently expressed concern about the decrease in classification societies willing to do business with his country's vessels. "During the past months due to direct and indirect measures taken by some governments, unfair and undue restrictions have been imposed against Iran's commercial shipping industry," Ali Akbar Marzban, Iran's deputy permanent representative to the International Maritime Organization, told the agency, according to a Reuters report. Marzban singled out the US for pressuring other countries into action and said the move undermines maritime safety and international cooperation. Countries, especially ones without the resources to undergo their own inspections, contract with these private or quasi-governmental agencies. The US has just one, Houston-based American Bureau of Shipping, which lobbied for the legislation.

In the US, the Coast Guard relies on classification societies to approve ships' technical and safety plans. But right now, a classification society could act as the organization that evaluates a U.S.-flag ship and an Iranian one. The amendment allows the U.S. to revoke an organization's delegation for buddying with the enemy. "Not only does this dual, conflicting role fly in the face of the intent of international sanctions, it also undermines America's ability to stop the very actions our sanctions against Iran are designed to address," Lieberman and Collins wrote in an op-ed last year. "The loophole allowing vessels controlled by sanctioned countries to do business as usual needs to be closed."

The provision benefits the American classification society, which already had to follow US rules regarding Iran. Six foreign-based organizations can also inspect vessels on the Coast Guard's behalf. "Essentially, this put the same restrictions on foreign-class societies as it did on ABS," said Duncan Smith, a maritime lawyer with Blank Rome. Smith also noted the commercial side of the scenario: who gets to profit. "Ships have this annoying ability to move around, and so wherever ships are you may need a class society," he said. "A lot of the more prominent and competent have come into the US and have offices here and have formed subsidiaries here, and ABS has gone overseas and established offices to perform functions there."

Jean Gould, ABS's vice president for external affairs, said the organization alerted lawmakers about the situation because it was unfair. "ABS believes that classification societies that serve as agents of the United States Coast Guard in the review and inspection of US-flagged vessels should comply with United States sanctions levied against Iran," Gould wrote in an email. Rep. Rick Larsen (D-Wash.), ranking member on the House Coast Guard and Maritime Transportation Subcommittee, put it simply: "If you work for Iran, you can't work for us." He told the provision is a "net plus for the bill" and "another tool in the State Department's tool box." The Coast Guard said it could not comment on pending legislation.

Foreign vessel safety concerns span years. The issue even burst open a normally closed-door conference on the 2005 Coast Guard authorization bill. The House-passed version would have mandated that the Coast Guard approve safety plans for every foreign ship entering American ports. But such a change would have involved more money and employees, which the Bush administration opposed. Former Rep.

Jim Oberstar (D-Minn.), then the ranking member on the House Transportation Committee, suggested instead asking the Coast Guard to certify classification societies. But the Coast Guard disliked that proposal even more, and the law stayed the same.

Source: [Politico](#), 19 December

Israel and Lebanon Debate Maritime Boundary

The United States has proposed a boundary between Lebanon and Israel's maritime economic zones to help end a lingering dispute over rival claims and open up oil and gas exploration in the eastern Mediterranean. If the idea is accepted by both sides, it will reduce the risk of renewed conflict between the two enemy states and hasten Lebanon's efforts to begin tapping the billions of dollars of natural gas estimated to be lying beneath the seabed. The proposal, which was submitted to both countries recently, is a compromise on the overlapping Exclusive Economic Zone (EEZ) boundaries individually submitted by Lebanon and Israel, which left 330 square miles in dispute.

There are major economic interests at stake. The US Geological Survey (USGS) estimated in March 2010 that the Levantine basin, which includes the territorial waters of Lebanon, Israel, Syria, and Cyprus, could hold as much as 1.7 billion barrels of recoverable oil and 122 trillion cubic feet of gas. The estimated gas deposit represents about 8.5 percent of known global total deposits, according to an assessment by USGS in June. "The US has offered some ideas and the parties have them under careful consideration," said a source familiar with the US proposal who would only discuss the subject under condition of anonymity. "Both sides appear to be interested in an equitable solution, which sums up what international law requires in resolving disputes of this nature."

The US has been mediating a solution between Lebanon and Israel since mid-2011, partly to neutralize another potential trigger for war, partly to allow both countries to peacefully exploit the fossil fuel wealth beneath the seabed of the eastern Mediterranean, and partly in the hope that US oil companies can secure exploitation contracts. Surveys conducted off the Lebanese coast have confirmed Lebanon's untapped oil and gas wealth. Gibran Bassil, Lebanon's energy minister, has claimed that surveys have shown that the area off the southern Lebanon coast alone contains 12 trillion cubic feet of gas which "could be enough to cover Lebanon's electricity production needs for the next 99 years."

Lebanon submitted its proposed EEZ boundary with Israel to the United Nations in October 2010, selecting an endpoint 82 miles out at sea, equidistant between coastal promontories on Cyprus, Israel, and Lebanon – standard cartographic procedure for such cases. But in July 2011, Israel submitted its own version of the boundary to the UN. Its end point lay some 10 miles northeast of Lebanon's final point, creating a 330 square mile overlap. The maritime dispute quickly provoked bellicose rhetoric. Israel, which already moved ahead with parcelling up oil and gas concessions in its northern coastal waters, has drawn up a multimillion dollar plan to defend its interests, while Lebanese Shiite militant group Hezbollah warned the Jewish state to stay out of the disputed zone.

Nabih Berri, the Lebanese parliamentary speaker, said in September that “we will not compromise on any amount of water from our maritime borders and oil, not even a single cup.” However, Najib Mikati, Lebanon’s Prime Minister, is believed to be supportive of a quick resolution to the dispute. And despite his defiant tone, Mr. Berri has been the most active Lebanese leader in pushing for the exploitation of Lebanon’s off-shore resources, suggesting that the value of the fossil fuel waiting to be tapped will overcome reservations over a compromise with Israel. Furthermore, new technologies and rising fuel prices are making economically viable many oil and gas reservoirs around the world that were previously considered commercially unattractive. If Lebanon and Israel cannot resolve their EEZ boundary, international oil companies may choose to exploit oil and gas opportunities elsewhere rather than invest in an area that could prove the trigger for a future war.

Source: [Alaska Dispatch](#), 19 December

India Navy Gets Its Most Sophisticated Warfare Aircraft Boeing P-8I



The first of the eight long-range Maritime Reconnaissance and Anti-Submarine Warfare aircraft Boeing P-8I was delivered to the Indian Navy in the US. The Navy will fly three of these to India next year. The delivery of P-8Is, the most sophisticated aircraft to be inducted into the Navy to date, has been on time unlike the other systems India is procuring from overseas including the aircraft carrier Admiral

Gorshkov, which has been delayed by several years. India, one of the first countries to select this new aircraft, had ordered eight P-8Is in January 2009 for \$ 2.1 billion (Rs.11,524 crore). The delivery schedule has been maintained as the induction will take place in the stipulated time of 2013. The P-8Is are based on Boeing's Next Generation 737-800 commercial airliners which have been modified for the maritime surveillance role. The Navy, at the moment, has Tu-142 long-range maritime surveillance aircraft of the Soviet-era vintage. Flying these aircraft is no more feasible as technology has moved ahead several generations.

Based in TN

The P-8I s will be based at INS Rajali, the naval airbase in Tamil Nadu. The location has been chosen keeping in mind the role of the aircraft. It can be easily deployed from INS Rajali to all directions in the Indian Ocean without having the need to fly over land. The aircraft was first flown in July after which extensive trials were carried out in Boeing's facility at Seattle. It was flown at its maximum permissible altitude of 41,000 feet as other airborne systems were validated. The aircraft was also tested at US Navy's range at Neah Bay and in the Strait of Georgia. The training of Indian pilots and other staff has also begun on handling the aircraft. The Navy said it will bring three aircraft together to India next year even though the first one has been delivered.

More needed

India will need at least 30 aircraft in the coming years and there is a likelihood of ordering more of these aircraft. Commercial negotiations for buying four more P-8I s are already underway. Considering India's vast area of maritime influence, it will need a strong long-range naval aviation arm. At the moment, the Navy has Tu-142 and IL-38SDs, which were upgraded recently. The P8Is will bring a generation shift in surveillance and anti-submarine warfare capability, officials said. Naval pilots will fly the aircraft for some months in the US. The P-8I will have a mid air refuelling capability that would provide it longer legs and provide room for extended missions.

Source: [India Today](#), 20 December

In China's Shadow: ASEAN Leaders Look to India for Maritime Security



Southeast Asian nations and India vowed to step up cooperation on maritime security, a move that comes amid tension with China in the potentially oil- and gas-rich South China Sea. In a vision statement agreed at a summit in New Delhi, India and the 10-member Association of Southeast Asian Nations (ASEAN) set their sights on a new "strategic partnership" that

would bring closer political, security and economic cooperation. Significantly, they underlined the need for freedom of navigation, a contentious issue because of competing claims with Beijing over parts of the South China Sea, though there was no mention of China in their statement.

In speeches, the Philippines and Vietnam referred to tensions in their region, but India's foreign minister sought to distance New Delhi from the wrangling over the South China Sea. "There are fundamental issues there that do not require India's intervention," External Affairs Minister Salman Kurshid told a news conference, adding that issues of sovereignty "need to be resolved between the countries concerned". An ASEAN summit ended in acrimony last month over China's assertiveness in the South China Sea, with its leaders failing to agree on a concluding joint statement. The South China Sea has become Asia's biggest potential military flashpoint as Beijing's sovereignty claim over a huge, looping area has set it against Vietnam and the Philippines as the three countries race to tap possibly huge oil reserves. Malaysia and Brunei, also members of ASEAN, as well as Taiwan also claim parts of the sea.

Other members of ASEAN include Myanmar, Thailand, Cambodia, Singapore, Indonesia and Laos. Last month, China announced a plan to board and search ships that illegally enter what it considers its territory in the South China Sea, prompting ASEAN's secretary-general to warn that the move could spark naval clashes. "At this time of rising concerns about maritime issues, the need to maintain a high level of

maritime security and freedom of navigation offers us ... an opportunity for enhanced cooperation," Philippines Vice President Jejomar Binay said.

INDIAN OCEAN ROUTES

Although India has no territorial claim in the region, it is hungry for energy and is exploring for oil and gas with Vietnam in an area contested by China. In future, it is expected to ship liquefied natural gas from Russia through the Malacca Straits. This month, India's navy chief said he was ready to deploy vessels to the South China Sea to protect exploration interests there if needed. Last year, an Indian navy ship was challenged for entering 'Chinese waters' off the coast of Vietnam. Indonesian President Susilo Bambang Yudhoyono told the summit that closer maritime cooperation with India was needed because 70 percent of the world's traffic in petroleum products passes through the Indian Ocean from the Middle East to East Asia. "While the centre of the global economy is shifting eastward, the Indian and Pacific Oceans have been and will become even more important in providing the vital sea routes for trade and commerce," Yudhoyono said.

The New Delhi summit underscored India's growing role in one of the world's fastest-growing regions. Twenty years after India launched a 'Look East' diplomatic push to promote trade with a neglected neighbouring region, the relationship is finally beginning to gain traction. Annual trade has nearly doubled in four years and India's growing economic clout make it appealing as a balance to other Asian powers. However, China's trade relations and links with ASEAN are far deeper than India's. Ian Storey, senior fellow of the Institute of Southeast Asian Studies in Singapore, said many ASEAN nations want to see all major powers playing a role in their region so it is not dominated by one or two players, in particular China. "So that presence by India in Southeast Asia would provide them additional hedging options," he said

Source: [Yahoo News](#), 20 December

Lebanon Minister Claims US Plan on Maritime Dispute Favours Israel

A Hezbollah minister claimed that a US-proposed settlement of the maritime boundary dispute between Lebanon and Israel puts gas-rich Lebanese maritime economic zone into Israeli territory. Agriculture Minister Hussein Hajj Hasan accused the US of indirectly aiding Israel to claim part of Lebanon's exclusive economic zone (EEZ) during a speech at a ceremony for Al-Imam al-Mahdy Scouts in the Bekaa city of Hermel. Hasan was referring to the proposed compromise boundary and division of natural gas resources to be extracted from an overlapping maritime territory of 330 square miles that Lebanon and Israel are both claiming as part of their EEZs.

The US came up with the boundary compromise in November to prevent a potential war between Israel and Lebanon, which have figured in several wars before. The US also wants the two countries to peacefully tap the oil and gas reserves so US companies can join in the exploitation. Both countries are still scrutinizing the proposed settlement. The Levantine Basin, which includes the territorial waters of Lebanon, Israel, Syria, and Cyprus, could hold as much as 1.7 billion barrels of recoverable oil and 122 trillion cubic feet of gas, according to estimates of the US Geological Survey in March 2010. The amount constitutes 8.5 percent of the global

total for gas deposits. The maritime dispute arose in July 2011 when Israel submitted its maritime boundary map to the United Nations. The endpoint of the boundary lay 10 miles northeast of Lebanon's final point indicated in its own boundary map submitted to the UN in October 2010. Lebanon immediately warned Israel against encroaching on its territorial waters.

Source: [Gant Daily](#), 23 December

Goa Shipyard Hands Over India Naval OSPV



The first of the new 105 meter class of Naval Offshore Patrol Vessels, to be commissioned as INS Saryu, was handed over to the Indian Navy. The new vessel, indigenously designed in-house and built by Goa Shipyard Ltd. was handed over in a simple ceremony in Goa by RAdm (Retd) Vineet Bakhshi, Chairman & Managing Director, Goa Shipyard Limited to Cdr Amanpreet Singh, CO (Desig), INS Saryu. Cmde R Sreenivas, Commodore Superintendent, NSRY (Port Blair), Shri R.

Choudhary, Director (Operations), Shri Sanjiv Sharma, Director(Finance) and other Indian Navy and GSL Officials were present on the occasion. The vessel will help meet the increasing requirement of the Indian Navy for undertaking ocean surveillance and surface warfare operations in order to prevent infiltration and transgression of maritime sovereignty. This vessel is suitable for monitoring sea lanes of communication, defence of offshore oil installations and other critical offshore national assets. Besides, the Vessel can be deployed for escorting high value ships and fleet support operations. Designed and built by Goa Shipyard Limited, the warship is the culmination of many years of in house design development and ship build techniques. First of the series, the vessel is the largest Offshore Patrol Vessel of the Indian Navy and the largest constructed by Goa Shipyard Limited.

Source: [Marine Link](#), 23 December

Qingdao Heeds Call to Build Nation into Maritime Power

In response to the central government's pledge at the 18th Party Congress last month to build China into a maritime power, Qingdao's leadership is stepping up efforts to develop the local marine economy. Qingdao Party chief Li Qun said the city will take the lead in implementing the national marine strategy while keeping an eye on the pace and the quality of local economic growth. "We will work strenuously on driving the scientific development of Shandong province," Li said. "The overall economic development, in turn, shall contribute to the city's marine strategy and the ultimate prosperity and sustained growth are expected to be achieved."

In fact, the city's strong economic prospects have been evidenced by a string of positive reports for the first three quarters of 2012: its gross domestic product value rose 10.1 percent, public fiscal revenue increased by 20 percent, the added value of

industries above a designated scale increased by 8.3 percent, and fixed-asset investment rose 22.3 percent. The incomes of urban residents rose 12.6 percent and those of rural residents, 16 percent. As a major port city, Qingdao's foreign trade volume totalled \$58.18 billion from January to October, up 3.6 percent compared to the same period last year.

The Qingdao bonded harbour area was approved by the State Council to be Shandong's only port for importing cars. Its new airport is only a few steps away from being approved by authorities in Beijing. The financial sector plays a critical role in various economic activities, especially the marine economy. This year, the establishment of branch offices for nine financial institutions brought the city closer toward its goal of becoming a regional financial hub. The total tax revenue collected from the city's 170 financial institutions increased 64.8 percent.

"In a time of transition, new economic zones have been set up to bring fresh dynamics to the marine economy. And we have to spare no efforts to make sure technology, creativity and innovation in these regions could be facilitated by sufficient public services and preferential policies to transform the growth model," Li said. The plan for a greater Qingdao was first unveiled at the 11th Qingdao Party Congress, which integrates downtown Qingdao and county-level cities under its administration into three major city clusters to the east, west and north of Jiaozhou Bay.

To bolster this plan, the city launched its reform on the administrative divisions by merging west downtown Qingdao's Huangdao district with its adjacent Jiaonan County and combining Sifang and Shibeid districts in the north. Li said all those changes are made amidst a wide range of efforts to boost Qingdao as a forerunner of the Shandong peninsula blue economic zone despite a sluggish global economy. On the western coast of Jiaozhou Bay, the West Coast Economic New Zone is gaining momentum after one year of development, with 10 projects involving total investments worth 90 billion Yuan (\$14.5 billion) were either completed or being constructed.

In May, China's first deepwater pipe-laying crane vessel was built and set off from this zone. A 400,000-ton-capacity wharf and two general berths went into operation at the end of this year in Dongjiakou Harbour. Qingdao Iron and Steel received authorization to be relocated from north downtown Qingdao to the West Coast Economic New Zone to take advantage of its proximity to the sea. In addition to development along the western coast, the Blue Silicon Valley, a vast swath of land stretching from Laoshan district to north Qingdao's Jimo County, facilitates oceanographic research and other high-technology development as well as commercial applications.

In 2012, 33 major projects with a combined projected investment worth 22.2 billion Yuan are either under construction or in the pipeline in the core area of the Blue Silicon Valley at Aoshanwei town. The formerly sleepy fishing town has never garnered so much attention as it has this year. The Qingdao campus of Shandong University broke ground here in July. Phase I of the Qingdao National Laboratory for Marine Science and Technology was completed, and it is working to attract renowned oceanographers from around the globe. The area's National Deep-Sea

Base made history when its Jiaolong deep-sea submersible broke 7,000-mark on July 16.

The national deep-sea base program is the fifth of its kind around the world after the US, Russia, France and Japan. Other programs to be built in this area include the National Inspection Centre for Marine Equipment, Qingdao Institute of Marine Geology, R&D centre of Beidou Navigation. With cutting-edge technology institutes and top marine scientists coming in, the administrative committee is ramping up efforts to build more business incubators and attract technology brokers to enhance the commercialisation of research findings.

Source: [China Daily](#), 24 December

Maritime Disputes Overshadow NE Asia Relations

Concerns about maritime clashes in Northeast Asian waters are increasing. Japan in 2012 faced escalating tensions both with China and South Korea over disputed islands. And the two Koreas, still technically at war, cannot agree on their western maritime border. With new political leaders now in place across the region there is apprehension about how the countries will get along in 2013. China is continuing to send its vessels into waters around Japanese-held islands. Beijing says the territory has been Chinese since “ancient times.”

South Korea, in its latest defence white paper, expresses a firm commitment to defending an island it holds that Japan claims. And Seoul is also re-asserting its enforcement of the Northern Limit Line, a Yellow Sea maritime border that Pyongyang does not recognize. This comes as South Korean voters have selected a conservative, Park Geunhye, to lead their country for the next five years. And in another December election, Japanese voters chose to bring back hawkish Shinzo Abe as prime minister.

There are concerns that the leadership changes during the past year in Beijing, Pyongyang, Seoul and Tokyo increase the chances of hostile actions. But Eurasia Group senior adviser Jun Okumura, in Tokyo, cautions those elsewhere in Asia who believe the Japanese actually harkens for a return to their country's era of military aggression. “There is a certain populist sentiment, but it's not the kind of popular sentiment that China has or South Korea has or say even the United States has. It's more a sense of some surprise and some trepidation with the increasing presence, both perceived and real, that China is having around the East China Sea and its environs,” Okumura said.

Abe has announced his desire to proceed with changing Japan's pacifist constitution, imposed by the United States following the end of World War II. Article 9 prohibits Japan from having a normal military; it currently has “self defence forces”, or allowing its troops to fight alongside its allies, namely the United States. Proponents argue the change is needed as Japan faces increasing threats from China, as well as North Korea. This year in Pyongyang, Kim Jong Un, as a third-generation leader, secured his grip on power after the death, last December, of his father, Kim Jong Il.

The younger Kim is continuing in his father's footsteps, defying international sanctions on ballistic missile development. North Korea's three-stage rocket launch in April failed to deploy a satellite into space. But another attempt in mid-December succeeded to the point of placing an object into orbit. As a result, North Korea, early in 2013, will face further UN sanctions. But retired Japanese ambassador Kazuhiko Togo expresses a desire for a different approach. "We have already exerted maximum policy in terms of exerting economic sanctions. So, one measure is to continue. Because Japan's policy towards North Korea has been one of the harshest in the region I think, in balance, the next emphasis which we should implement is to try to find a way to get to the North Koreans and speak to them," Togo said.

Some analysts predict Park in South Korea will resume some humanitarian aid to the North. Among those is Seoul National University associate professor of international relations Chun Chae-sung. But he cautions China actually holds the keys to opening the door to better inter-Korean relations. "Because China is the most important partner to North Korea when they want to maintain its faltering economy. But China will cooperate with South Korea, and also with other East Asian countries, if we can suggest some long-term road map on how to deal with North Korea. So we know that China is the most important partner with the United States, obviously, to have success in pursuing our North Korean policy," Chun said. For the new leaders in both Tokyo and Seoul, their own economies are expected to be a top priority.

Abe wants Japan to print more money to lower the value of the yen and try to end chronic deflation after 15 years of essentially no economic growth. In South Korea, as is the case with Japan, the new leader takes the helm of an export-dependent economy. Ms. Park confronts an economic slowdown while the income gap continues to widen. She has pledged to increase social welfare spending and create more high value jobs. Outgoing South Korean President Lee Myung-bak leaves a five-year legacy of failing to hit any of his major economic targets.

Source: [Voice of America](#), 24 December

China's New Guided Missile Destroyer Ready for Debut

The appearance of a picture of China's second 052D guided missile destroyer on the Internet recently has aroused speculations in China that the country's most advanced version of the warship is ready for the sea. The television station HBTU in Hubei Province, central China reported that the vessel in the picture was decorated with Chinese flags and other trappings which suggested that it was ready for launch. It was not unusual for China to release pictures of its new self-developed weapons to Internet users before confirming their existence, said HBTU.

A political commentator Zhang Bin told HBTU that the launch of the destroyer will be a milestone in China's naval build-up, as it will send a veiled warning to other countries, especially Japan, which is embroiled in a territory dispute with China over the Diaoyutai Islands, an archipelago in the East China Sea. Noting that Shinzo Abe, the president of Japan's Liberal Democratic Party, said after his party won the Dec. 16 parliament election that Japan's sovereignty over the Diaoyutais is beyond dispute, Zhang said the launch of China's second 052D destroyer will obviously force Abe to lower his voice when making similar claims in the future.

The surfacing of the picture on the Internet after Abe's remarks could not be a coincidence, said Zhang. He recalled that a picture of China's first aircraft carrier Liaoning appeared on the Internet Sept. 25, shortly after US Defence Secretary Leon Panetta visited Beijing. A picture of China's stealth fighter jet J-31 was posted on the Internet Nov. 5 during the peak of the Sino-Japanese dispute over the Diaoyutais. And a picture showing the successful test flight of China's J-15 fighter jets on its aircraft carrier appeared Nov. 25, shortly after US President Barrack Obama visited three Southeast Asian countries, including China's close allies Myanmar and Cambodia. As a successor of the 052C, the 052D destroyer was billed as China's version of the Aegis, the U.S. state-of-the-art warship. It is equipped with 64 vertical missile launch cells, allowing for quick firing of anti-air, anti-ship and ground-attack missiles which is sure to change the regional military balance significantly.

Source: [Global Security](#), 24 December

US Proposes Spy Drone Sale to South Korea

US President Barack Obama's administration formally proposed a controversial sale of advanced spy drones to help South Korea bear more of its defence from any attack by heavily armed North Korea. Seoul has requested a possible US\$1.2 billion sale of four Northrop Grumman Corp RQ-4 "Global Hawk" remotely piloted aircraft with enhanced surveillance capabilities, the Pentagon's Defence Security Cooperation Agency said in a statement.

South Korea needs such systems to assume top responsibility for intelligence-gathering from the US-led Combined Forces Command as scheduled in 2015, the agency said in releasing a notice to US lawmakers. "The proposed sale of the RQ-4 will maintain adequate intelligence, surveillance, and reconnaissance capabilities and will ensure the alliance is able to monitor and deter regional threats in 2015 and beyond," the notice said. The US has agreed with Seoul to turn over the wartime command of Korean troops later this decade. Current arrangements grew from the US role in the 1950 to 1953 Korean War.

Seoul has shown interest in the high-altitude, long-endurance Global Hawk platform for at least four years. The system, akin to Lockheed Martin Corp's U-2 spy plane, may be optimized to scan large areas for stationary and moving targets by day or night and despite cloud cover. It transmits imagery and other data from 18,300m at near real-time speed, using electro-optical, infrared and radar-imaging sensors built by Raytheon Co. The possible sale has been held up by discussions involving price, aircraft configuration and a go-slow on release of such technology subject to a voluntary 34-nation arms control pact.

The Department of Defence began informally consulting Congress on the possible Global Hawk sale in the summer last year, only to withdraw it pending further work on the make-up of the proposed export to Seoul amid lawmakers' arms-control concerns. The formal notification to Congress came less than two weeks after a North Korean space launch of a satellite atop a multi-stage rocket, a first for Pyongyang, widely seen as advancing its ballistic missile program.

In October 2008, then-US Secretary of Defence Robert Gates told reporters that the US was “very sympathetic” to South Korea’s interest in Global Hawk. However, he cited issues that had to be overcome because of the so-called Missile Technology Control Regime (MTCR). The pact, established in 1987, has been credited with slowing the spread of ballistic missiles and other unmanned delivery systems that potentially could be used for chemical, biological and nuclear attacks.

Pact members, including the US, agree to curb their exports of systems capable of carrying a 500kg payload at least 300km. The Global Hawk falls under a strong presumption against export under MTCR guidelines. The notification to Congress did not mention that a US government waiver for such an export would be required. Arms-control advocates fear that this could fuel instability and stir regional arms-race dynamics as well as provide diplomatic cover for an expansion of such exports by Russia, China and others. The Obama administration agreed earlier this year to let South Korea, a treaty ally, stretch the range of its ballistic missile systems to cover all of North Korea, going beyond the voluntary pact’s 300km. The congressional notification is required by US law and does not mean that a deal has been concluded. South Korea’s possible Global Hawk purchase would mark the system’s first sale in the Asia-Pacific region. It has already been sold to the NATO.

Source: [Taipei Times](#), 27 December

Ethiopia: African Union Welcomes Adoption of Integrated Maritime Strategy

The African Union Commission (AUC) has praised Ethiopia for its recent adoption of the 2050 Africa's Integrated Maritime Strategy (2050 AIM Strategy). Ethiopia adopted the AIM Strategy during the 2nd Conference of African Ministers in charge of Maritime-related Affairs that took place on December 6th at the Commission's Headquarters in Addis Ababa. The AUC in a statement sent to the Ethiopian Ministry of Foreign Affairs acknowledged that Ethiopia's adoption of the Strategy was the beginning of a long journey to improved global security and enhanced wealth creation.

It said the 2050 AIM Strategy would have a significant role in the sustainable wealth exploitation of Africa's Maritime Domain for the benefit of all African peoples and for the global community. The statement said the 2050 AIM Strategy was a journey towards a shared vision "which can only be accomplished with the usual clearly expressed full support of the Federal Democratic Republic of Ethiopia". The Commission expressed its readiness to forward the approved 2050 AIM Strategy and the Addis Ababa Declaration on the 2050 AIM Strategy to the AU Permanent Representative Committee and the Executive Council. The Commission has already launched an interactive dialogue page about the process (www.au.int/maritime.)

Source: [All Africa](#), 28 December

Iran Navy starts six-day 'Velayat-91' Naval Exercises

Iranian Navy started 6-day 'Velayat 91' naval exercises in Iran's southern waters. Navy commander Rear Admiral Habibollah Sayyari told reporters that it covers international waters in Gulf of Oman, Hormuz Strait, North of Indian Ocean, Aden

Gulf and Bab el Mandeb Strait. He said the Velayat-91 naval exercises will demonstrate Iran's naval capabilities in defence of Iran's interests and sea borders, carrying the message of peace for neighbours. Navy's 23rd fleet of warships, comprised of the Jamaran destroyer and the Bushehr Helicopter carrier will escort trade ships and oil tankers against the piracy during the exercise, the commander added.

The exercises will test missile and defence systems, combat fleets and submarines, and will also include combat training, maritime patrol and reconnaissance and combating threats, according to Sayyari. The exercises would also test the navy's capabilities of dealing with electronic warfare alongside its knowledge of naval combat, he added. Sayyari said that the IRI's submarine capability has advanced compared with last year, adding that Iran now has the ability to manufacture submarines including the Ghadir brand as well as repairing and overhauling heavy submarines. Sayyari in an interview with IRNA had said that Iran's Navy would continue its presence in international waters.

Source: [Global Security](#), 28 December

Indian Naval Ships to Visit Vietnam



INS Sudarshini, a training ship of the Indian Navy, will visit Da Nang from December 31 through January 3, in its journey through nine countries in Southeast Asia. The ship will follow the ancient route of the Indian traders to Southeast Asia as a way to emphasize the long tradition of cooperation between India and the Association of Southeast Asian Nation (ASEAN), on the occasion of the 20th anniversary of establishment of relations. The two sides have upgraded relations to strategic partnership at the ASEAN - India Summit in New Delhi on December 20-21, 2012 also marks 40 years since the establishment of diplomatic relations and five years of the strategic partnership between India and Vietnam.

In the past year, the two sides strengthened cooperation activities in various fields, especially in defence and security. The Vietnam-India defence dialogue was held in New Delhi in September. The Indian Ambassador to Vietnam Ranjit Rae said Vietnam is one of India's priorities in India's look to East strategy. Indian firms have invested \$868 million in Vietnam, mainly in the areas agro-processing, steel and mining. Ambassador Ranjit Rae said the trade between the two countries is still modest. In 2013, India will further promote trade with Vietnam, aiming to raise bilateral trade to \$7 billion in 2015.

A seminar on business investment and India – Vietnam business will be held in Da Nang on January 1 under the Vietnam and India Business Forum. The Indian Ambassador said that the opening of a direct air route between Vietnam and India

will also contribute to the promotion of cooperation between the two countries. Indian Vice President Mohammad Hamid Ansari will pay an official visit to Vietnam in mid-January, 2013

Source: [Vietnam.Net](#), 28 December

Russia Builds Deep-Sea Research Submarine

Construction of a nuclear-powered deep-sea research submarine has started in Russia. The sub will also be used in search and rescue operations. A ceremony was held at the Sevmash shipyard in Severodvinsk in north-western Russia on 20 December to mark the start of construction of the vessel. It was attended by the commander of the Russian Navy, Admiral Viktor Chirkov and Sevmash general director Mikhail Budnichenko.

Designed by the St Petersburg-based Rubin Central Design Bureau, the submarine – dubbed 'Project 09852' – is based on the 949A Oscar-class naval submarine. It will be used to conduct multi-purpose research in remote areas of the oceans and to take part in search and rescue operations. The vessel will carry smaller rescue submersibles. In addition, the new submarine will be employed in the installation of subsea equipment and inspections; testing new types of scientific and research equipment; and monitoring transport routes. The expected completion date of the submarine was not disclosed. The Sevmash shipyard's main activity is the construction of ships and submarines for the Russian Navy. It is the only shipyard in Russia producing nuclear-powered submarines.

Source: [Eurasia Review](#), 29 December

Indian Navy Gets Firepower in its Armoury

The Indian Navy (IN) has got a major fillip to its firepower with the arrival of its newest acquisition INS Tarkash, at Naval Dockyard in Mumbai on December 26. Built by the Yantar Shipyard, Kaliningrad, Russia INS Tarkash was commissioned on November 9 by Vice Admiral Shekhar Sinha, Flag Officer Commanding-in-Chief Western Naval Command.

Defence official said that INS Tarkash is the second of three project 1135.6 follow-on ships ordered by Indian Navy, the first being INS Teg, which joined the fleet in June this year. Chief PRO (Defence) N Vispute said that commanded by Captain Antony George, an Anti-submarine Warfare Specialist, and manned by a crew of 23 officers and 228 sailors, INS Tarkash is armed with an advanced combat suite, comprising an optimal blend of Russian and Indian cutting edge technologies. Tarkash's Arsenal includes the 'Brahmos' Supersonic Cruise Missiles, Surface-to-air Missile System, Medium Range Gun, Close-in Weapon System, Torpedoes and Anti-submarine Rockets.

On arrival at the Naval Dockyard, Mumbai, the ship and her crew were accorded a warm reception. The welcome ceremony was presided over by Rear Admiral AR Karve, the Flag Officer Commanding Western Fleet, and witnessed by senior officers of the Western Naval Command, together with the family members of the ship's crew

who turned out in large numbers. Vispute said that during her maiden return passage, as part of the Navy's Maritime Diplomatic Initiative, the ship made port calls at several ports to strengthen bridges of friendship and international co-operation with the host countries.

Source: [The Times of India](#), 29 December



UK Position Paper on Arctic Shipping: Purpose and Scope

The International Chamber of Shipping (ICS) is the principal international trade association for ship-owners, representing all sectors and trades and over 80% of the world merchant fleet. ICS membership comprises national ship-owners' associations from 36 countries, including nations located within and outside the Arctic Circle.

Reported changes to the world's climate appear to be increasing the accessibility of the Arctic to international shipping. These changes, as well as new interest in developing the Arctic's natural resources, are likely to increase shipping traffic navigating through the region. There is widespread concern about the possible effects of global warming caused by increased CO2 emissions, and the negative impact that this may have upon the climate and the delicate environmental balance that exists within the Arctic region. International shipping fully shares these concerns and acknowledges its part in further reducing CO2 emissions from merchant ships. With the full support of ship-owners, international shipping is the only industrial sector to be covered by a binding global agreement to reduce CO2 emissions through technical and operational measures.

As the volume of Arctic shipping gradually increases, there is a growing awareness and concern within the international community about the potential sensitivity of Arctic ecosystems to the impact of such activity and the necessity for a high degree of care when ships navigate Arctic waters. These concerns are fully acknowledged and shared by international ship operators, as represented by ICS which is totally committed to the protection of the environment and the prevention of pollution. The following position paper is therefore intended to establish some key principles with respect to the governance of maritime activity in the Arctic and the regulation of ships navigating Arctic waters.

INTRODUCTION

Arctic shipping has become a key issue of focus at the United Nations International Maritime Organization (IMO). This includes the current development by IMO Member States of a mandatory code to be complied with by all ships operating in polar waters. When finalised, it is anticipated that the International Code of Safety for Ships Operating in Polar Waters ('Polar Code') will become mandatory through amendments to the IMO Safety of Life at Sea Convention (SOLAS) and the IMO Convention for the Prevention of Pollution from Ships (MARPOL). These IMO Conventions are already widely ratified and enforced on a global basis. The Polar Code will supersede the current IMO Arctic Shipping Guidelines and the IMO Polar

Shipping Guidelines. Indications of thinner ice and longer ice free (northern) summer periods have opened up the possibility of increased international shipping activity:

Increased offshore support vessel activity (supporting offshore exploration and extraction of oil and gas); Increased destination transport, with ships moving raw materials (and goods) from and between Arctic ports and the rest of the world; The beginnings of commercially viable intercontinental Northern sea routes, connecting the Atlantic and Pacific Oceans via the Northeast Passage/Northern Sea Route and, potentially in the future, via the Northwest Passage.

Offshore support vessel activity already represents a significant form of shipping in the Arctic region, while destination transport is anticipated to grow considerably in the next few years as new sources of raw materials, such as iron ore, are developed. Although the expected timeline for the opening up of intercontinental sea routes is currently very unclear, and for the immediate future their impact on traditional shipping routes should probably not be overestimated, use of the Northern Sea Route is already a reality for a small but increasing number of merchant ships during the northern summer months.

Independent of climate change, the development of new technologies that make possible operations in remote regions with hostile sea and weather conditions is stimulating an increased interest in Arctic shipping. This is driven to a large extent by rising commodity prices and the search for natural resources such as gas, oil, metal ores and minerals throughout the Arctic region.

As well as increasing the demand for shipping services that can support the extraction of seemingly abundant natural resources, maritime trade between Arctic destinations and the rest of the world is expected to increase as a result of this new economic activity. The demand for maritime tourism in the Arctic is also expected to grow, facilitated by increasing accessibility and improvements to ship design and maritime safety.

PRINCIPLES

ICS and its member national ship-owners' associations advocate the following principles with respect to the governance of maritime activity in the Arctic and the regulation of ships navigating Arctic waters:

1. Formulation of a mandatory, uniform regulatory framework concerning Arctic shipping to ensure maritime safety and environmental protection

IMO is the appropriate forum for the development of standards for vessels operating in the Arctic, as it has the necessary legal and technical expertise to facilitate engagement by, and take into account the interests of, all of the world's maritime nations including flag States and coastal States.

In order to ensure a workable and enforceable regulatory approach that will deliver safe marine navigation and security, enable commercially viable operations and optimise environmental protection, all current national maritime regulatory regimes applicable to Arctic waters, within the jurisdiction of States that are members of the

Arctic Council, should be harmonised in conformity with the final IMO 'Polar Code', as well as all other relevant IMO Conventions and Codes, consistent with the provisions of the United Nations Convention on the Law of the Sea (UNCLOS). Arctic nations should only apply requirements to foreign flag ships consistent with 'generally accepted international rules and standards' (GAIRAS).

The full members of the Arctic Council are Canada, Denmark including Greenland, Finland, Iceland, Norway, Sweden, Russian Federation and the United States. Finland, Iceland and Sweden, however, do not have Arctic maritime zones as defined by the current IMO Arctic Shipping Guidelines.

ICS believes that the development of a mandatory IMO Polar Code needs to be undertaken in a manner that is genuinely risk-based, so that requirements imposed on ships take full account of the hazards relevant to the type of ship operation, the ship location and the season of operation. Furthermore, the risk mitigation measures that are adopted into the Code should be performance-based. For example, pending the future development by IMO of unified international requirements for the construction and operation of 'ice-class' ships, the Code should not arbitrarily require conformity with any particular 'ice-class' standards that currently exist to the exclusion of other standards that deliver comparable performance with respect to safety and environmental protection.

The particular interest and engagement in maritime issues exhibited by those nations that comprise the Arctic Council is welcome and fully acknowledged. However, it is important that the Arctic Council or any other nations or bodies with an interest in Arctic shipping refrain from calls to develop alternative instruments or requirements that cut across or cause conflict with regulations or guidance developed by IMO. Any country, including Arctic nations, that has not yet ratified UNCLOS is strongly encouraged to do so as soon as possible.

Regional Memorandums of Understanding on Port State Control may also have a role in developing uniform procedures for the inspection and enforcement of regulations that have been adopted by IMO within the Arctic region, including the Polar Code. The Paris MOU includes all Arctic nations (with the United States participating as an observer). In conformity with IMO Resolution A949 (23) Guidelines on places of refuge for ships in need of assistance. The Arctic Council's Agreement on Co-operation in Aeronautical and Maritime Search and Rescue in the Arctic, signed in May 2011, is an important development in the respect.

2. Development of Arctic maritime infrastructure to support safety and environmental protection

While the IMO Polar Code will provide the regulatory framework, the infrastructure needed to ensure safety and environmental protection in the Arctic must also be developed. This includes inter alia aids to navigation, nautical charts, means of satellite communication, bunkering facilities, port reception facilities for ship's waste, pilotage in shallow passages, possible ice-breaking assistance, as well as search and rescue infrastructure developed for defined incident scenarios and the provision of adequate 'places of refuge' should ships be in distress.

In particular, a commitment is required by IMO (and IHO) Member States to conduct the necessary hydrographic surveys in order to bring Arctic navigational charts up to a level acceptable to support safe navigation, as well as systems to support the real-time acquisition, analysis and transfer of meteorological, oceanographic, sea ice and iceberg data. Serious challenges related to life-saving and oil spill clean-up capability in remote or hostile waters or where sea ice potentially presents an obstacle must be also addressed. In particular, in co-operation with IMO, this requires increased co-ordination amongst Arctic nations to promote the region's Search and Rescue (SAR) capability.

3. Full participation of shipping nations

Given the important implications for all IMO Member States of current and future regulatory discussions, it is vital that all maritime nations, in their capacity as flag States and coastal States, are fully and actively involved in all decision making processes that impact on Arctic shipping. ICS believes that it is particularly important that non-Arctic nations are fully included in any regulatory discussions affecting Arctic shipping from the outset. The rights of coastal States located within the Arctic (Canada, Denmark including Greenland, Norway, Russia, and the United States) must be acknowledged. However, such rights must always be exercised in a manner that remains consistent with UNCLOS and IMO Conventions.

Coastal States should not impose discriminatory treatment or other measures upon ships registered with non-Arctic nations that might prejudice the interests and rights of nations or ship operators under international maritime law. Examples of potentially prejudicial measures include: unilateral ship construction, design and equipment standards; navigation requirements including mandatory navigation or ice-breaker service fees; and the imposition of additional insurance requirements.

4. Full market access and freedom of navigation

Unilateral, national or regional regulations governing ship safety, environmental protection and other shipping matters should be avoided and they must not disadvantage ships registered with non-Arctic States. This includes regulations and enforcement mechanisms that Arctic coastal States might seek to introduce within ice-covered waters inside the 200 nautical mile Exclusive Economic Zone (EEZ), which should be addressed internationally via the regulatory framework provided by IMO. ICS believes that the UNCLOS regime of transit passage for straits used for international navigation (as codified in Part III of UNCLOS) takes precedence over the rights of coastal States under Article 234. Maintenance of this principle also has implications for other international straits outside the Arctic that have vital strategic and political significance. Regulations governing market access should be consistent with commitments made by governments at the World Trade Organization (WTO) and, where relevant, with the Principles of Common Shipping Policy adopted by the Organization for Economic Co-operation and Development (OECD) in 2000.

5. Need for legal clarity about status of Arctic

ICS suggests that the legal status of Arctic waters needs to be clarified at the United Nations level. In general, in all waters save 'internal waters', the right of 'innocent

passage' within the Exclusive Economic Zone (EEZ), as enshrined by UNCLOS, must always apply. However, clarification is needed about the definition of internal waters, including the use of straight baselines with respect to islands situated off a mainland, as Arctic sea routes become more accessible. The relationship between UNCLOS Article 234 and the UNCLOS regime of transit passage for straits used for international navigation also needs to be clarified, now that straits in the Arctic region are actually starting to be used by international shipping.

The above notwithstanding, Article 234 of UNCLOS permits coastal States to adopt and enforce non-discriminatory laws and regulations for the prevention, reduction and control of marine pollution from vessels in ice-covered areas within the limits of EEZ, where particularly severe climatic conditions and “the presence of ice covering such areas for most of the year” create obstructions, or where “exceptional hazards to navigation, and pollution of the marine environment could cause major harm to or irreversible disturbance of the ecological balance”.

However, ICS believes a debate is required as to what is meant in UNCLOS by “most of the year” as Arctic waters become ice free for longer periods. Questions need to be resolved about the rights of coastal States to enforce unilateral laws and charges when Arctic waters are indeed “ice free”, the definition of “ice free”, and the extent to which hazards to navigation may be regarded as “exceptional” during ice free periods. It is also vital that international ship operators have clarity with respect to which nations or organisations are responsible for ensuring the safety of maritime transport in Arctic waters.

This applies particularly to waters beyond the territorial sea. The need for answers to political questions about the extent of the continental shelf of Arctic nations is also of indirect concern to shipping. So long as it remains unclear which nations are entitled to develop natural resources in the Arctic, uncertainty about demand for shipping services and the need to invest in supporting infrastructure will remain. The right to navigate ships in the Arctic should not be treated as a bargaining counter in disputes about the right to exploit natural resources.

6. Transparency of national regulations

As stated above, national regulations should be consistent with UNCLOS, IMO Conventions and Codes, and the principle of ‘generally accepted international rules and standards’ (GAIRAS). Wherever national rules apply to ship operations in Arctic waters, they should be transparent and comprehensible. As well as being made readily available to shipping companies and ships’ crews via the internet, they should always be available in the English language.

7. Reducing bureaucracy and setting appropriate fees for services

Consistent with coastal States’ rights and obligations under UNCLOS, the development of Arctic shipping must take the commercial requirements of ship operators into consideration. For example, national requirements concerning long periods of advance notification prior to use of some Arctic sea routes are often impractical and incompatible with the way in which international shipping markets

operate. In bulk shipping, moreover, the destination ports frequently change during the course of a ship's voyage.

While the environmental challenges associated with operations in the Arctic are fully acknowledged, the especially high level of fees for some ice-breaking and other navigational services also needs to be examined if Arctic sea routes are to provide a commercially viable alternative to the Suez Canal or trans-Pacific sea routes. Likewise, if frequent and reliable international shipping services are to be provided between Arctic ports and the rest of the world, or natural resources in the region are to be developed in a manner that reconciles the need for both environmental and economic sustainability, this will require the provision of maritime services that are competitive and cost efficient.

Source: [BYM Marine & Maritime News](#), 17 December

UK Delays Decision on Curbing Aviation, Shipping Emissions

The U.K. said it's delaying for as many as four years a decision on whether to include greenhouse gases from international aviation and shipping in its five-year carbon budgets, which set a ceiling on national emissions. Energy Secretary Ed Davey cited "uncertainty" over international rules to reduce emissions from planes and ships that cross boundaries when deferring the decision, which had been due by the end of 2012. The government "will revisit this issue when setting the fifth carbon budget," Davey said in a statement posted on Parliament's website. The fifth carbon budget, capping U.K. emissions for the five years from 2028 through 2032, is due to be set in 2016. Domestic aviation and shipping are already included in the budgets.

Source: [Bloomberg](#), 19 December



UK Shipping Carbon Budget Decision Deferred

UK Government announces its decision on international aviation and shipping emissions. Government will defer a decision on whether to include international aviation and shipping emissions in carbon budgets until the setting of the fifth carbon budget in 2016, by which point there should be more clarity on how aviation emissions will be tackled at an EU and global level. Last month, the European Commission proposed that it would suspend international aspects of the aviation EU Emissions Trading Scheme in order that progress could be made by the International Civil Aviation Organization in developing a global agreement on the treatment of aviation emissions.

Secretary of State for Energy and Climate Change Edward Davey said: "Given the uncertainty of what is happening at the EU and global level in managing aviation emissions, we think it sensible to defer our decision on the inclusion of aviation and shipping emissions in the UK's carbon budgets. This government is fully committed to meeting the 2050 target, and this is consistent with the UK's contribution to the international goal of limiting global temperature rises due to climate change to 2°C.

The government recognises the importance of treating emissions from international aviation and shipping in the same way as emissions from other sectors, in order to reach our long-term climate goals.

DECC has taken advice from the Committee on Climate Change on the decision to defer, and will revisit how we account for international aviation and shipping emissions when the fifth carbon budget is set. This decision will not impact on the UK's ability to meet the first four carbon budgets, which have already been set to allow headroom for emissions from international aviation and shipping. The Government believes that these international sectors should be tackled at the international level and we will work hard with our global partners to support the development of wider international multilateral frameworks."

Source: [Marine Link](#), 23 December

California Ships Re-Routed For Whales



Ship traffic off the California coast will be re-routed under new rules designed to protect slow-moving endangered whales from ship collisions. The International Maritime Organization has approved vessel lane changes on approaches to San Francisco Bay and the ports of Los Angeles and Long Beach, and in the Santa Barbara Channel. The changes take effect next

year after the Coast Guard goes through the rulemaking process. Migrating blue, fin and humpback whales are prone to ship strikes since they are often lured to the California shoreline by plentiful krill. All three species are endangered. There are believed to be about 2,000 blue whales, 2,000 fin whales and 2,500 humpbacks in the northeast Pacific.

In 2010, five whales died in ship accidents in the area outside San Francisco Bay. Under the recently approved lane modifications, three lanes on the approach to the San Francisco Bay will be extended – a move that will limit interaction between whales and cargo ships within the Cordell Bank and Gulf of the Farallones national marine sanctuaries. In the Santa Barbara Channel, where four blue whales were killed in vessel strikes in 2007, a southbound lane will be shifted a mile north, steering ships away from feeding grounds used by blue and humpback whales. Other lanes will be narrowed. Similar lane adjustments are in store for the ports of Los Angeles and Long Beach. The twin ports handle 40 percent of America's import trade. "This is a win-win situation" for maritime safety and whale protection, William Douros of the National Oceanic and Atmospheric Administration's Office of National Marine Sanctuaries said in a statement. NOAA helped craft the latest shipping lane changes. The agency said lane changes that went into effect off the coast of Massachusetts five years ago have reduced the risk of whale strikes from ships.

Source: [Huffington Post](#), 27 December