

MAKING WAVES

The Monthly e-News Brief of NMF

Volume 5, Number 11

November 2010

Inside this brief...

INTER KOREA SKIRMISH

- End of North Korean brinkmanship?
- Ignore us at your peril.
- What Will China's Next Move on North Korea be?

MARITIME SECURITY

- Chinese warships dispatched after pirate attack.
- China 'softens' South China Sea stance.
- Two years after 26/11, India's coastal security review.
- Warships sent to hunt for pirates in Arabian Sea.

MARITIME ENVIRONMENT

- Aquatic pollution damage cost estimated at \$18 billion a year.

MARITIME CO-OPERATION

- India, US sign multiple deals in maritime sector.
- Sana'a regional meeting on piracy concluded.
- Indian assistance to build Sri Lanka coast guard.
- India keen for security cooperation agreement with UAE.

MARITIME INFRASTRUCTURE

- Sri Lanka's new port opens early.

SHIPPING

- Greenfield development setbacks at Indian ports.
- Indian government tries to salvage national maritime policy.

SHIPBUILDING

- Russia and France set up shipbuilding consortium.
- Japan's IHI to export shipbuilding tech to emerging markets.
- Antony: “Depending heavily on foreign countries is not good for us.”
- Bangladesh welcomes Indian investment in Chittagong: Foreign minister.
- China to overtake Korea in shipbuilding.

Editorial Team

Cdr Abhijit Singh
Dr. M Joshy Paul
Mr.Jithin S George

Phone : +91 011 26154901
Fax : +91 011 26156520

Address

National Maritime Foundation
Varuna Complex, NH-8 New Delhi-110010, India
E-mail: maritimeindia@gmail.com
URL : www.maritimeindia.org

Acknowledgment: ‘Making Waves’ is a compilation of maritime news published in various national and international newspapers, journals, and websites. NMF expresses its gratitude to all sources of information. These articles, taken from source directly with minor editorial change, are for research and study only and not for commercial purposes.

End of North Korean brinkmanship?

Barely two weeks after successfully hosting the G20 meeting in Seoul, South Korea is standing in the global spotlight again. The Nov. 23 bombardment of Yeonpyeong Island probably killed any remaining hope that North Korea would change through an understanding approach. Bombing the civilian area in broad daylight goes far beyond anyone's wildest imagination. The level of North Korea's military provocation has escalated each time, only to reach the point of what is once unthinkable. President Lee Myung-bak's stern face and a very short statement at press conference spoke volumes.

North Korea's diplomacy has long been dubbed as brinkmanship; it pushes the other side to the edges of the cliff to force the latter to concede. Such a tactic would only work if the counterpart tried to avoid the fall at all costs with the conviction (although mistakenly) that the concession would bring the parties concerned back to the inside of the cliff. A belief or consensus must be there that the concession can solve the problem. If the signal is clear that the threatening party is daring to jump off the cliff together anyway, then the usefulness of the tactic has expired. The party being threatened would have to fight for his life until the end.

President Lee's statement indicates that such an assessment has finally dawned on the minds of Seoul: North Korea is incorrigible, and the North will continue to explore the most outer rim of the cliff no matter what the South does. This would be an inescapable conclusion, having watched the North stomping on the thinnest crust of the cliff over and over again. In reasonable minds, Pyongyang does seem ready to take the consequence of falling from the cliff. In short, the underlying assumptions for the brinkmanship are not there any longer.

As the North is testing the limits of brinkmanship each time, maybe a better term is appropriate to describe the Pyongyang's strategy. It may now be called fallmanship, as North Korea appears willing and ready to jump from the cliff (with the South) and to see who will be the last man standing. Assuming that Pyongyang is not particularly fond of the idea of destroying its regime at this point, there must be a reason for Pyongyang's audacious belief that it can survive the fall. In this case, it is a bungee cord that they strongly believe in; a cord that will allow them to explore the breaking point of the cliff and even save them from the possible crash. And the bungee cord is made in China. Without China on its side rain or shine, the North would definitely think twice before taking an adventurist action.

That explains why China's response at this juncture is so crucial. Many observers in South Korea are closely watching how China is responding to the most recent incident. If China's interest is to maintain its long-term influence in the region, it should chastise the party that has caused the military provocation. The Chinese special envoy's visit over the weekend to propose the resumption of the six-party talks in early December was perceived by many in Seoul that China would side with Pyongyang, no matter what happens. That may not be true, but the visit and proposal were certainly perceived as such. The special relationship between China and North Korea is well known, and an ally is supposed to stand by its struggling friend through thin and thick. But the recent incident is so out of the line to be supported even by an ally. As an old Korean proverb says, a true friend is a person who can tell bitter words when necessary.

Moreover, Pyongyang's military adventurism may have finally reached the point where it can even compromise China's own interest. People remember China's fierce opposition to the joint military drill in the West Sea just a couple of months ago that effectively blocked the drill. This time around, China only ended up registering nuanced and muffled responses. Beijing may have realized by now that it is China that ends up with mopping up all the mess that North Korea has started. More significantly, as there

is no knowing what the next mess will be, China should be recalibrating its future strategy with Pyongyang.

China has been and will be the closest ally of Pyongyang. It will have to, given the historical background and geopolitical reasons. So, China is in fact the only country that can pull in North Korea from the edge. If Beijing conveys a clear message that it cannot be the bungee cord of Pyongyang regime's fallmanship, the behaviour of the North will certainly change. The threat and brinkmanship may continue as they have for the past sixty years, but certainly this level of military adventurism will not recur.

In a sense, the Nov. 23 will be Korea's Sept. 11 in that it has changed the mindset of many people here. The bombardment has made the Seoul government come to the realization that accommodating the North's demand would not prevent Pyongyang from testing another most outer edge of the cliff on which the two Koreas stand. Having the North realize that one step further would only mean a free fall not the bungee cord seems the only way to stop the military adventurism. Just in three days back from Seoul, the same Chinese special envoy is now visiting Pyongyang. Many wonder what message the envoy is carrying.

Source(s): 2 December, Lee Jae-min
<http://www.koreaherald.com/opinion/Detail.jsp?newsMLId=20101202000848>

Ignore us at your peril

If the world sniggered to see Kim Jong Un, with his fat-faced boyishness, thrust forward as the dictator-to-be of North Korea, it is not laughing now. A 65-minute-long artillery barrage on November 23rd rained down upon the tiny South Korean island of Yeonpyeong, marking the first time since the war of 1950-53 that the North has fired shells at civilian targets on land.

Four South Koreans—two civilians and two marines—were killed and about 18 injured in an onslaught that left houses and hillsides in flames. Yet South Korea's burst

of retaliatory fire, which swiftly followed, was constrained by the danger of escalation—something that it and its allies want to avoid at almost any cost, as the schemers in Pyongyang well knows.

After the Cheonan, a South Korean naval vessel was torpedoed and 46 of its sailors killed, in March, there followed a period of doubt as to who was to blame. Not this time. It was, said Ban Ki-moon, the secretary-general of the United Nations (and a South Korean national), “one of the gravest incidents since the end of the Korean war”.

The barrage came only days after North Korea revealed a new uranium-enrichment facility to American scientists. Its operators told the visitors that its purpose was to generate nuclear fuel—but no one missed the message that its output could just as well be used to make warheads. Only Pyongyang’s ruling clique knows what it hopes to achieve by all this, but at least two plausible scenarios could link this pair of provocations.

The first is that the regime is reverting to familiar gangland tactics to bully its way back to international negotiations under the framework of the stalled six-party talks, chaired by China and including America, Japan and Russia. South Korea and its main allies, America and Japan, have since last year engaged in a process that Barack Obama’s administration calls “strategic patience”: offering to renew talks only when the North makes a meaningful commitment to scrap its nuclear arsenal.

Desperate for international aid and recognition, their adversary may be raising the stakes to break their nerve. The regime, after all, knows only too well that without nuclear weapons it will lose its ability to scare other countries into giving it aid. “They have been pushing and pushing and not getting anywhere,” says Andrew Gilholm of Control Risks, a security consultancy. He reckons this is, in part, their way of saying “you can’t ignore us”.

The second scenario is that North Korea wants to show its own citizens that the leader-in-waiting is at least as tough as his father, Kim Jong Il. Victor Cha of the Centre for Strategic and International Studies, a former Bush administration negotiator with North Korea, says the regime has been trying hard to prove its mettle as it enters an unstable era of new leadership.

Whichever hypothesis is right (and both could be), South Korea and its allies find themselves in a difficult position: how do you respond to North Korea without risking escalation? South Korea says it will increase its troop levels on Yeonpyeong and toughen up its rules of engagement. America deployed a carrier battle group to join South Korean naval drills in the waters nearby. Several other islands lie within the so-called Northern Limit Line (NLL) that South Korea has claimed as its own ever since the Korean war was ended (technically “suspended”) by armistice in 1953. North Korea, naturally, considers the NLL to be illegal. The naval exercises planned for this weekend aim to deter it from using further bombardments to make that point.

Narushige Michishita, a security expert in Tokyo, takes the first scenario further. He says the North’s pattern of provocation suggests it is holding out for a peace treaty to replace the old armistice. That is something that America will not grant unless North Korea makes nuclear concessions first. America’s state department insists it will not “buy into this reaction-reward cycle that North Korea seeks to perpetuate”.

This leaves China alone in a position to break the stalemate, by applying pressure to its unruly ally. But China’s foreign minister has abruptly cancelled a scheduled visit to Seoul, without giving a reason. China’s public reaction, as after the Cheonan’s sinking, was to urge calm and condemn no one. And when China is a milquetoast, it only emboldens the Kim family—making life worse for everyone else.

Source(s): 25 November

http://www.economist.com/node/17582000?story_id=17582000

What Will China's next Move on North Korea be?

Smoke was still billowing from Yeonpyeong, the South Korean island that endured a barrage of North Korean artillery fire on Nov. 23, when China's state-run network CCTV led its news program with the conflagration on the Korean peninsula. A natural move, it would seem, given that it was one of the worst border conflicts between the two Koreas in half a century, in which at least two South Korean marines died. But even though the video footage appeared to clearly show North Korea initiating the attack on Yeonpyeong, the CCTV newscast took a different stance. Blame was not apportioned to the North. Instead, the program quoted a North Korean official who claimed that it was actually South Korea that had struck first. While a chorus of nations quickly condemned North Korea for its belligerence, China, as usual, chose to dissemble.

The rest of the world may consider North Korea the ultimate rogue state, but China has a long and close connection with its hermit neighbour. After all, during the Korean War, Beijing sent wave after wave of People's Liberation Army soldiers to fight on the North's behalf. Chairman Mao Zedong famously called the relationship between the communist bedfellows as close "as lips and teeth." Even as North Korea's intransigence and unpredictability has grown, China has hesitated to criticize its isolated ally too harshly. The reasoning is simple: not only do the countries share a historical ideological bond, but Beijing wants to avoid a collapse of the North Korean regime lest a deluge of refugees flood over into north eastern China. It's also an important cushion between China and a major U.S. military ally, South Korea. In fact, relations between Pyongyang and its one and only ally are so close that North Korea's leader, Kim Jong Il — hardly a world traveller — has visited China twice this year.

But Beijing's quiescent North Korea policy raises concerns that China is not willing to engage in regional affairs on a level commensurate with its rising-power status. In the wake of the Yeonpyeong attack, Australian Foreign Minister Kevin Rudd, who once served in China as a diplomat, said what many other nations have surely been thinking: "I believe its important now for China to bring all of its influence to bear on

North Korea." The island artillery fire comes just days after an American academic visited a North Korean facility, where he said he saw more than a thousand centrifuges used for enriching uranium — a key step in eventually developing nuclear weapons. "This is a huge test for Chinese diplomacy," says John Delury, an assistant professor at Yonsei University in Seoul, who studies Chinese–North Korean relations. "China needs to move quickly. It needs to find ways to acknowledge the severity of the situation and then do whatever it can to turn the focus back to dialogue and negotiation."

For its part, China says it's doing just that. The Chinese Foreign Ministry called for a resumption of the six-party talks that were aimed at dissuading North Korea from pursuing nuclear weapons. But the dialogue between North Korea, South Korea, China, Japan, Russia and the U.S. broke down two years ago when Pyongyang left the table and announced that it would work on nuclear enrichment. Washington says it won't rejoin the talks until North Korea fulfils some of the earlier vows it made to dismantle its nuclear program. To rekindle talks amid reports of a working North Korean uranium-enrichment facility, a White House official told ABC News, would be "rewarding [North Korea's] bad behaviour." The official added, "We need to send a strong signal to the Chinese that they need to stand up to North Korea."

The Chinese contend otherwise, hinting that the Americans' and the South Koreans' rejection of further negotiations is counterproductive. "Washington and Seoul's refusal to come to the table works to North Korea's advantage," says Shen Dingli, a professor of international relations at Shanghai's Fudan University. "Then the North Koreans can say, The U.S. and South Korea aren't coming, so why should we? Then what can China do to promote peace and stability in the region?"

Calling for six-party talks — dialogue that over the years didn't accomplish much of anything — is one thing. Actively reining in an unruly communist cousin is another. In the same press conference in which the Chinese Foreign Ministry called for a return to the talks, spokesman Hong Lei also referred specifically to the island shelling, saying, "China hopes that the relevant parties will do more to contribute to peace and stability in

the region." The implication was clear: China would assume a role of watching the "relevant parties." If this was a moment for regional leadership, Beijing wasn't willing to raise its hand.

Indeed, Beijing's unwillingness to castigate North Korea — or, more to the point, consider cutting back China's considerable economic aid to Pyongyang — stands in marked contrast to the nation's increasingly interventionist foreign policy on other fronts. Although China says its overseas relations are guided by a philosophy of a "peaceful rise," in which Beijing doesn't interfere in other nations' affairs, in recent months the country has taken an increasingly confrontational stance in disputed East Asian waters. Chinese navy boats have arrested Vietnamese fishing crews working in waters claimed by both nations. Separately, after the Japanese coast guard arrested a Chinese fishing-tribler captain who had rammed a Japanese patrol boat in another disputed waterway, Beijing kept tensions on a trigger point by cutting off high-level diplomatic relations and halting the export of the rare-earth minerals Japan needs to manufacture high-tech equipment.

China's muted reaction to another Korean flashpoint, the sinking of a South Korean ship last March, certainly doesn't raise hopes of more vigorous regional peacekeeping from Beijing. For days, while other nations lined up to blame North Korea for the attack, China maintained an uncomfortable silence over the sinking of the patrol ship, which killed 46 sailors. An international inquiry eventually concluded that the Cheonan was indeed sunk by a North Korean torpedo, but Pyongyang still denies any involvement in the attack. As a result, China also refuses to accept the report's claims. When the issue was raised at the U.N. Security Council, China was instrumental in watering down an international condemnation of the assault.

Beijing's reticence to act may be because, for all the closeness between the two nations, Pyongyang doesn't feel overly constrained by its economic patron. The Chinese Foreign Ministry, for instance, contends that it wasn't notified in advance of the Yeonpyeong shelling. "I'm of the school that leverage is overrated," says Yonsei

University's Delury. "North Korea will pursue its own strategy and isn't going to be double-checking things with Beijing." But the question still remains: If Pyongyang were to seriously believe that China would pull the plug on its aid to North Korea, wouldn't that have some effect on Kim Jong Il or his son and presumed heir Kim Jong Un? And surely Beijing could use some of its political capital to press the Kims père and fils? (China, of course, argues that stopping food aid could trigger the North Korean regime's disintegration — and the last thing Beijing wants is chaos on its border.)

Meanwhile, Chinese geo strategists are busy putting the island attack in regional perspective — with Chinese characteristics. The White House has already agreed to step up joint naval exercises with the South Koreans. Such military shows of might always irk Beijing, given their proximity to China. As tricky as North Korea is for Beijing, the hermit nation does serve one powerful purpose: a buffer between South Korea, where thousands of American troops are stationed. In Japan, thousands more U.S. soldiers serve on American military bases. Chinese foreign policy wonks contend that the U.S. military presence in East Asia is already a sensitive enough issue for Beijing. Earlier this year, the Chinese blew a gasket when Washington pushed through a \$6 billion-plus arms-sale package to Taiwan, an island that Beijing considers a breakaway province. "I can't prove that the Chinese government makes a link between North Korea and American weapons sales to Taiwan," says Fudan University professor Shen. "But I think if the U.S. sells weapons to Taiwan, then it can't expect China to act for Washington's interests on the North Korean issue. Everything is connected." With such geopolitical calculations playing out across East Asia, the Chinese chessboard just got a lot more complicated.

Source(s): 24 November

<http://www.time.com/time/world/article/0,8599,2033011,00.html>

Chinese warships dispatched after pirate attack

Three Chinese warships have been sent to escort a Chinese cargo vessel that was attacked by pirates in the Arabian Sea, the China Maritime Search and Rescue Centre said.

The Taishankou sent a distress call to the centre and Chinese ships assigned to escort duty in the Gulf of Aden joined the cargo ship on Sunday, Xinhua news agency reported.

The centre said the 21-member crew hid in a safety compartment on board the Taishankou when the pirates boarded. It said all crew members, who are Chinese nationals, had been accounted for, but did not give information on their condition. Pirates attacked another Chinese cargo ship, the Lecong in the Indian Ocean, Xinhua reported. One of the 26-member crew was injured in a battle with pirates.

The ship, which belongs to China's COSCO Shipping Co. Ltd., is sailing to Oman under the protection of a Chinese warship, Xinhua reported the Liberation Army Daily as saying. Piracy is rife off the coast of Somalia, disrupting shipping lanes between Europe and Asia, putting crews and vessels in danger and jacking up insurance rates for ship-owners.

Source(s): 21 November
<http://in.reuters.com/article/idINIndia-53061220101121>

China 'softens' South China Sea stance

ASEAN and China will meet in Kunming, China, in December to discuss code of conduct on maritime security cooperation, a move that experts say shows softer diplomacy by China. "There will be a meeting between ASEAN and China to discuss maritime cooperation in the South China Sea," Foreign Ministry director general for ASEAN cooperation Djauhari Oratmangun on the sidelines of a seminar hosted by Sinar Harapan daily on Indonesia-China relations.

However, he refused to confirm whether the upcoming meeting, which would be held near the end of December, would also discuss territorial disputes in the South

China Sea. Chinese Ambassador Zhang Qiyue, who was also present at the seminar, dismissed any possibilities of discussing territorial disputes in the South China Sea during that meeting. “The disputes can only be resolved by the claimant states and China on a bilateral basis,” she said. “This is a meeting to discuss how to maintain peace in the area [through] maritime security [cooperation].”

The South China Sea issue has placed China in stand-off with Malaysia, Brunei, the Philippines, Vietnam and Taiwan due to overlapping claims to the Spratly and Paracel Islands. It is estimated that oil and natural gas reserves in the Spratly region amount to 17.7 billion tons, making it the world’s fourth-largest reserve bed.

China has insisted that it would only resolve the disputes discretely and bilaterally with the claimants. However, the upcoming meeting could be a starting point for ASEAN to have China settle the issues in a regional forum, experts say. China and ASEAN signed the Declaration on the Conduct of Parties in the South China Sea in 2002.

Source(s): 24 November

<http://www.thejakartapost.com/news/2010/11/24/china-%E2%80%98softens%E2%80%99-s-china-sea-stance.html>

Two years after 26/11, India’s coastal security review

Two years after the Mumbai terror attacks highlighted lacunae in India’s coastal security, the government’s bid to bolster the security apparatus along the country’s 7,516 km shoreline is far from seeing the light of day.

The Ministry of Home Affairs (MHA) recently reviewed the progress on coastal security measures since their implementation after 26/11. To plug the porous maritime borders it has ordered costal surveillance systems worth \$16 million (Rs 73 crore) from Swedish company, Saab Group, for the entire Indian coast. Also, the Indian Space Research Organisation (ISRO) is undertaking trials for cost-effective transponders for the 400,000-plus fishing boats that ply in Indian waters.

Saab has been contracted by the Indian Maritime Authority, Directorate General of Lighthouses and Lightships (DGLL), for the supply of the system. The systems will be installed with immediate effect and the project will be completed within 18 months.

Although a uniform system for registration of all boats has been put in place, the huge presence of unregistered fishing boats still pose a challenge for India's coastal security. A proposal to fit all fishing boats with transponders has been put on hold on the grounds that fishermen will not be able to afford it. ISRO at present is testing a cost-effective transponder in Tamil Nadu that would be fitted on to the fishing boats.

However, certain measures proposed in the aftermath of the terrorist attack are yet to materialize. One such announcement was to have a Maritime Security Advisor (MSA), assisted by the Maritime Security Board, for policy coordination. The appointment of an MSA is required for cohesive policymaking and coordination among multiple authorities that deal with maritime affairs. Authorities ranging from the Customs Department to the Directorate of Revenue Intelligence, the Ministry of Shipping, and the Fisheries Department often work at cross-purposes.

"Even though the government has made the Indian Navy the nodal agency for coastal security, the appointment of the MSA has been put on hold because of reservations expressed by the Ministry of Home Affairs. But the necessity of an MSA cannot be negated," said a navy official.

There are over 15 agencies such as the marine police, the various port trusts, maritime boards, criminal investigation departments; the Ministry of Agriculture, fisheries boards, the Ministry of Shipping, the Ministry of Science and Technology, and the DG of shipping that have a stake in maritime security, besides the Indian Navy and the Coast Guard.

Source(s): 26 November 2010

http://www.tehelka.com/story_main48.asp?filename=Ws261110MARITIME.asp

Warships sent to hunt for pirates in Arabian Sea

The Indian navy is carrying out its biggest anti-piracy operation off India's west coast, with the launch of four warships to sanitise the eastern parts of the Arabian Sea where pirate activity has been reported. A navy spokesperson said the warships had been tasked to undertake a "comprehensive search" of waters extending from 650 km to 1,300 km from Mumbai. The navy swung into action after a spurt of piracy attempts reported by transiting merchant vessels.

It also received reports about a Panama-flagged tanker (MT Polar), hijacked on October 30, being used as a mother ship by pirates. He said, "The navy's efforts have paid off as MT Polar cleared the area and was heading back towards Somalia." He said the movement of the tanker was being monitored and the area was being combed to track down other mother vessels and speedboats, possibly being used by pirates.

Armed helicopters and maritime patrol aircraft are supporting the warships, which have marine commandos on board. The spokesperson said the threat of piracy in the area had decreased due to the deployment.

The navy and Director General Shipping are monitoring the situation and issuing advisories to ships regarding piracy prone areas. A navy official played down concerns of piracy inching closer to Indian shores. He said, "There have been no incidents of boarding of merchant vessels by pirates. The idea is to sanitise the area and protect sea lanes of communication."

Source(s): 1 December

<http://www.hindustantimes.com/Warships-sent-to-hunt-for-pirates-in-Arabian-Sea/Article1-632922.aspx>



Aquatic pollution damage cost estimated at \$18 billion a year

Global shipping is hurting the marine environment, with aquatic pollution damage cost estimated at \$18 billion annually, according to environmental charity Going Blue



Foundation. The figure was arrived at using the Acquatrail formula(c) devised by Marine Positive, which advises municipalities and businesses on ways to first reduce their contribution to marine pollution. The Acquatrail formula(c) includes carbon gas emissions plus all forms of liquid and solid waste. According to the US Environmental Protection Agency, some cruise liners alone leave a trail of almost 760,000 litres of sewage and other liquid waste each day.

"For the first time it has been possible to attach a monetary make-good value to the acquatrail of the shipping industry," said Susannah Stewart of Going Blue Foundation. "We haven't even started to calculate the acquatrail of landside pollution, which in fact accounts for 80 percent of aquatic pollution."Shipping is but a small part of the overall picture," she said.

Source(s): 1 November

<http://hken.ibtimes.com/articles/77378/20101031/aquatic-pollution-marine-environment-shipping.htm>

MARITIME CO-OPERATION

India, US sign multiple deals in maritime sector

The US department of homeland security and the Indian ministry of home affairs (MHA) have signed a counter-terrorism security initiative that provides for joint security efforts to guard sea-ports and airports that act as entry points to both the countries. This is among the numerous agreements in several fields signed between the two countries. The US President also welcomed a "preliminary agreement" for sale of 10 Boeing C-17 Globemaster III advanced airlifter aircraft by the US to India that could cost a staggering \$\$ 5.8 billion. Besides this, the US has also announced removal of certain DRDO and ISRO firms from the US Entity list, thus paving the way for high-technology transfer from the US to these Indian Government defence and space firms.

The counter-terrorism security initiative between the two countries will focus on increased surveillance of sea-ports, airports and borders. Indian Government sources

said that there would be a joint effort by American and Indian security agencies to scan all container goods entering seaports and airports. Real-time intelligence sharing between the two countries will also receive a boost. The fresh initiative will see US officials working along with Indian officials at major seaports to scan goods being sent to the US. Sources said that Jawaharlal Nehru Port Trust in Mumbai will be the first seaport to witness such joint efforts between US and Indian agencies. "We are working out the modalities for having Indian officials posted at US ports," the official said.

Source(s): 9 November

<http://www.deccanchronicle.com/national/india-us-sign-multiple-deals-548>

Sana'a regional meeting on piracy concluded

The regional meeting of member States of Djibouti Code of Conduct on repression of piracy and armed robbery against ships in the Western Indian Ocean, the Gulf of Aden and off Somali coasts was concluded here. Participants in the meeting stressed the need to limit the role of the Sana'a Regional Centre for Information Exchange to the anti-piracy activities in accordance with the Code of Conduct. They noted the need to expand the Centre's activities to include other areas relating to maritime security and safety and marine environment.

The participants recommended that governments consider the proposals detailed in the memorandum of understanding developed by the Muscat meeting and Yemen's proposals for the Sana'a meeting, and the lessons learned from the establishment of the Regional Centre. At the conclusion of the meeting, Minister of Transport Khalid al-Wazir emphasized the importance of acting on the outcomes of the meeting, which was devoted to discuss the mechanism of operating the Sana'a Regional Centre. He called all governments of member States of Djibouti Code of Conduct to study those proposals included in the final statements in preparation for the next meeting to be held with senior officials to take decisions.

Al-Wazir praised the efforts of the International Maritime Organization (IMO), European Union, Japan and all countries contributed for the success of this meeting to



address the phenomenon of piracy in the Gulf of Aden and the western Indian Ocean. The meeting, organized by Transport Ministry and General Authority of Maritime Affairs during November 8-10, was attended by heads of maritime authorities in eight countries will take part in the meeting, which are the host Yemen, Djibouti, Egypt, Saudi Arabia, Oman, Eritrea, Sudan, Jordan and United Arab Emirates. In addition, a number of countries took part in the meeting as observers, including Kenya, Tanzania, South Korea, the Netherlands, France, European Commission and a number of experts of the European Union and International Maritime Organization (IMO). The three-day meeting discussed the duties of national centres, contact points and the responsibilities of a regional centre of coordination and information exchange established in Sana'a and to be inaugurated officially in January 2011.

Source(s):10 November
<http://www.sabanews.net/en/news228541.htm>

Indian assistance to build Sri Lanka coast guard

India is offering their expertise to build Sri Lanka's newly established Coast Guard force, a senior Indian government official has said.

India's Foreign Secretary Nirupama Rao has said that India is helping its island neighbour to build its coast guard, as the nation seeks help from India.

Ms. Rao was delivering **National Maritime Foundation's Eminent Person's Lecture titled 'India as a Consensual Stakeholder in the Indian Ocean: Policy Contours' India Habitat Centre.**

The Foreign Secretary has said that India is looking how it can work to build Sri Lanka's capacity for the maritime security. She also has noted that they are also working towards operationalising a concept of mutual and shared security. Ms. Rao has said that India's bilateral relations with Sri Lanka and other neighbour countries give India access to a vast area of the Indian Ocean and maritime security is a new perspective to India's bilateral relations as the broad spectrum of India's ties with the neighbours has a strong economic and socio-cultural dimension.

Sri Lanka's Coast Guard was launched in March 2010 to effectively curb the human smuggling and drug peddling activities across the country's seas. It will also to assist Sri Lanka fishermen in distress while fishing in the deep sea and provide security to the ships transporting goods and passengers. The Coast Guard Force is to protect the coastal belt around the country and maritime zone in extent of 21,700 square kilometres and maritime economic zone of 465,800 square kilometres within the country's territorial water.

Source(s): 21 November

http://www.colombopage.com/archive_10C/Nov21_1290288484CH.php

India keen for security cooperation agreement with UAE

India is keen to sign an early agreement with the United Arab Emirates on security cooperation, addressing issues specially related to counter-terrorism and maritime security.

President Pratibha Patil during discussions with Vice-President and Prime Minister of UAE Shiekh Mohammed bin Rashid al-Makhtoum stressed the need for early signing of the Agreement on Security Cooperation and noted that the two sides have already had agreements on extradition and on mutual legal assistance.

Official sources said that Home Minister P Chidambaram has invited his UAE counterpart to New Delhi for the signing of the agreement on security cooperation.

Source(s): 25 November

<http://economictimes.indiatimes.com/news/politics/nation/India-keen-for-security-cooperation-agreement-with-UAE/articleshow/6987119.cms>



Sri Lanka's new port opens early

Sri Lanka's new deep sea port at Hambantota, on the south coast of the island has been officially opened almost half a year ahead of schedule.

The port is part of a program of economic reconstruction by Sri Lanka's government, following the three decade-long struggle against the Tamil Tigers. Initially the port's volumes will be from cement imports and transshipments, with plans for a gas terminal coming soon.

Although the port, with its 1km quay, is to be operated by the Sri Lanka Port Authority, it was constructed by the China Harbour Engineering Company for a reported cost of around \$360 million. Chinese influence is familiar in the country, as China Merchants Holdings International Co recently teamed up with Aitken Spence to build a \$450 million container terminal in Colombo port.

To give it the correct title, Magama Ruhunupura Mahinda Rajapaksa port is very much part of Sri Lanka's ambitions. President Mahinda Rajapaksa spoke of the aim to develop five international ports to make Sri Lanka a strategic link between Asia and Europe. Further, a lot hangs on the 2,000 hectares of land around the port which is earmarked as a new dedicated investment and industrial zone, and it has been said that by 2020 it is expected that it will have created 10,000 new jobs, with six times the amount following indirectly, powering a large slice of government income.

However, Sri Lanka's economy is definitely growing at a startling rate, and recently investment flow has been given a helping hand as the government loosened foreign-exchange controls with further initiatives in the pipeline.

Source(s): 25 November

<http://www.portstrategy.com/news101/news-extra/sri-lankas-new-port-opens-early>



Greenfield development setbacks at Indian ports

In 2009-2010, the private sector handled 34% of all cargo passing through India's ports, compared with 27% in the previous year, a figure which is expected to rise to 50% within the next five years, according to new figures. The majority of new greenfield developments have been financed by the private sector, which is also increasing its participation in major ports throughout the sub-continent through private-public



partnerships. However, Indian greenfield development has been dogged by various problems, including land acquisition and environmental clearance, which has unexpectedly pushed up costs because of time overruns. In addition, this has a knock-on effect involving connecting road and rail networks.

Source(s):1 November

<http://www.portstrategy.com/news101/asia/greenfield-development-setbacks-at-indian-ports>

Indian government tries to salvage national maritime policy

The government of India has come up with an answer to the delay in projects under the National Maritime Development Programme (NMDP). A brand new programme – Perspective 2020 – will replace the existing plan. The shipping ministry will carry forward the pending work under NMDP in its new decade-long project. Major ports have been able to complete only one-fifth of the 276 projects that were to be completed by 2012. "The projects which are yet to be completed under NMDP will be included in the Perspective 2020," a senior official said.

Analysts believe the launch of the programme is more a political announcement, since NMDP was the brainchild of the previous shipping minister, T R Baalu. The new programme being formulated under the aegis of the current minister G K Vasan, would carry his tag. Vasan will be following a precedent set by DMKs Baalu, who in the first UPA tenure had replaced the "Sagar Mala" programme of the previous NDA government. Former prime minister Atal Behari Vajpayee had announced the programme in his Independence Day speech on August 15, 2003. NMDP was formulated for the period 2005-12. Total investment involved under the programme was Rs1,00,339 crore. Under the programme, 276 projects were to be taken up for implementation but only 56 projects have been implemented so far, of which eight projects have been completed in the current financial year. "The 2012 deadline for NMDP was only for award of contracts and not completion," the official added.

The new plan would cover not just major ports but also state controlled non-major ports. Besides, the perspective 2020 would list target for the shipping sector. The



Maritime Policy will also be part of the new plan. "It is natural to extend the period of a plan when it is about to end or come up with a new plan. But this alone will not help. One needs to honestly look back and accept the failure so things can be rectified in the new plan," said Vishwas Udgirkar, senior director, Deloitte.

Source(s): 12 November

<http://sify.com/finance/centre-tries-to-salvage-national-maritime-policy-news-news-klmbP9gciah.html>



Russia and France set up shipbuilding consortium

Russian and French shipbuilders have signed an agreement to set up a consortium to build military and civilian ships. Igor Ryabov, a spokesman for Russia's state-controlled United Shipbuilding Corporation said the agreement with French company DCNS was signed in St.Petersburg. He didn't say what specific ships will be built by the new venture.

Russia's Defence Ministry promised to announce the results of an open tender for an amphibious assault vessel for the Russian navy later this year, which France is widely expected to win. Russia has negotiated buying one Mistral-class assault ship from France and building several more such vessels at its own shipyards under license. Ryabov said his company is awaiting results of the Russian military tender and wouldn't give any details of the deal signed.

Source(s):1 November

<http://www.businessweek.com/ap/financialnews/D9J7FO582.htm>

Japan's IHI to export shipbuilding tech to emerging markets

IHI Corp. has developed a system that automates the key process of bending steel sheets for ships and plans to market it to emerging economies. Developed by shipbuilding subsidiary IHI Marine United Inc., the system handles the entire process, from transporting steel sheets to processing, just by entering data. To date, IHI has relied on skilled workers to bend steel sheets into the desired shape by repeatedly

applying a burner for heating and water for cooling. But acquiring such know-how can take at least 10 years.

With robot technology, steel sheets can be made into complicated configurations, such as an "S" shape. The system fully automates the process, including slight touch-ups after steel sheets have been bent. The basic system costs around 300 million yen (US\$3.6 million), plus an annual usage fee of 10-20 million yen. But it will help the average shipyard cut costs by as much as 30 million yen a year, according to IHI.

The technology will be gradually introduced at group shipyards and parts factories, with external sales to kick off as early as fiscal 2011. In Brazil, India and elsewhere, a host of companies aim to break into shipbuilding but face the obstacle of training highly skilled employees. And after laying off workers during the recent downturn, domestic shipbuilders are dealing with a serious shortage of craftspeople, providing an opening for IHI's automated system. Japanese shipbuilders are losing orders to Chinese and South Korean rivals, but taking production offshore requires hefty investments. The downturn in orders is likely to scuttle sales at IHI's shipbuilding business to around 150 billion yen in fiscal 2012, down from the expected 180 billion yen for this fiscal year.

Source(s):11 November

http://www.tradingmarkets.com/news/stock-alert/ihicf_untf_japan-s-ihl-to-export-shipbuilding-tech-to-emerging-markets-1300363.html

Antony: "Depending heavily on foreign countries is not good for us"

India's Defence Minister, Shri A.K. Antony, plans to give fresh impetus to the Indian shipbuilding sector by allowing privately held Indian shipyards to participate in naval procurement tenders and, thereby, create greater competition in a market which was previously reserved for the so-called Public Sector Undertakings (PSU) or foreign manufacturers. According to Antony, 65 to 70 per cent of Indian defence equipment is currently being imported. His plan is to "reverse this trend".

However, to bring a change to the defence segment, which is still dominated by state-run defence manufacturers, a new government policy for procurement of new equipment is required. In a speech Antony announced this major shift, he said: "January 2011 onwards we hope to introduce the new Defence Production Policy as well as the Defence Procurement Policy. We are going to take some more drastic steps to achieve our goal of speedy indigenisation." Further, according to Anthony, this policy change towards an equal public-private competition in government procurement programmes will initially be limited to the Navy and would then gradually be extended to the procurement procedures of the Army and Air Force.

Antony stated that the government's aim is to support a strong indigenous defence industrial base and emphasised: "A country like India cannot indefinitely depend on foreign suppliers for the majority of our equipment." The process of indigenisation, as yet, has been focused on strengthening PSUs in their efforts to develop and manufacture defence equipment. However, many national procurement programmes have been troubled by delays, increasing costs and technical problems.

Source(s): 16 November

<http://www.defpro.com/daily/details/694/?SID=2ae6b36e49d8226f06846e21f9065ac4>

Bangladesh welcomes Indian investment in Chittagong: Foreign minister

Bangladesh would welcome Indian investment in developing Chittagong port as well as deep sea port at Sonadia Island in the Bay of Bengal, said Bangladesh foreign minister Dr Dipu Mani. At present China is bidding for the two projects which, experts feel, is Beijing's geo strategic String of Pearls policy.

"Why only China, we want all our neighbours to take part in developing Chittagong port and Sonadia Island. And that includes India too", said Dipu Mani. She was addressing a press conference in Agartala after laying the foundation stone of a massive Bangladesh War Memorial at Chottakhola in South Tripura from where in Mukti

Yuddhas (Liberation Fighters) used to sneak into East Pakistan for guerrilla warfare in 1971.

"We also want other countries like Nepal and Bhutan to use our ports", she said.

Chittagong port assumes strategic importance due to its location in Bangladesh seas with Myanmar and India close by. Sonadia Island is about seven km off the Cox Bazaar. During her visit to Beijing in March last Bangladesh Prime Minister Sheikh Hasina had approached China to invest in her country. China readily agreed and revived the old plans for Kunming to Chittagong via Myanmar tri nation Highway and also mooted the idea of developing the two ports. Recently, Myanmar also gave a green signal to China for construction of the road.

The Chinese inroads into Bangladesh infrastructure and trade and business sectors-with about 186 Chinese investment proposals worth \$ 320 million registered with 'Board of Investment' till first half of the year rang an alarm bell in the Indian establishments. Chinese foray into Chittagong port, many observed, would make it another Hambantota in Southern Sri Lanka. China is also actively involved in Kyakpiu port in Myanmar and is building a road and oil-gas pipeline from there up to Kunming. Kyakpiu is also very close to Chittagong.

No Indian agency took part in the bidding for Sri Lankan Hambantota port, which ultimately went to Beijing.

In this backdrop, Bangladesh foreign minister's indication that Dhaka would happily agree to Indian involvement in Chittagong and also in Sonadia Island is considered a significant development.

Source(s): 21 November

<http://www.defence.pk/forums/bangladesh-defence/81365-bangladesh-welcomes-indian-investment-chittagong-foreign-minister.html>

China to overtake Korea in shipbuilding

South Korean shipbuilders are likely to be outpaced this year by Chinese competitors thanks to surging freight demand, government subsidies and cheap labour.

It will be the first time that Korea, home to seven of the world's top 10 shipyards, will have lost the No. 1 slot since 2003, when it finished behind Japan. According to London-based Clarkson Research Services, the total completed shipbuilding volume of Korean shipyards stood at 13.36 million compensated gross tons in the first 10 months of the year compared to China's 14.8 million cgt.

The market share of Korea and China is 31.8% and 35.3% respectively. Korean shipbuilders also fell behind their Chinese counterparts in the number of new orders won during the 10-month period. Korean firms won a combined 9.81 million cgt of orders, which accounted for 37.9% of the global total, while their Chinese rivals clinched 11.7 million cgt which took up 45.3% of the world's total.

Source(s): 30 November
<http://www.motorship.com/news101/china-to-overtake-korea>