

MAKING WAVES

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Bangladesh Seaports to be Ready for Indian Use Soon

Bangladesh Prime Minister Sheikh Hasina has said that the country's two seaports would be ready to be used by neighbours, including India, after their infrastructural developments like the construction of new container terminals, are completed. Replying to a question at Parliament, Hasina said her ruling Awami League government had massive plans to develop and modernise the seaports of Chittagong and Mongla in South-eastern And South-western Bangladesh.

"The ports will be prepared for the use of neighbouring countries after construction of new container terminal, purchasing modern equipment and carrying out capital dredging from (Chittagong) Sadarghat to the third Karnaphuli Bridge," she said, adding that if the ports were used by regional states with increased capacity, Bangladesh would be benefited in terms of revenue and income generation.

According to the Bangladesh premier, only 40 percent capacity of Chittagong port and 10 percent of Mongla port is being currently used. Revenue earning will be more than double when the usage is increased, particularly when neighbouring countries will be allowed to use the two seaports. This, she says, will also generate new employment opportunities. During Hasina's maiden visit to India last month Dhaka agreed to offer the port facilities to New Delhi alongside landlocked Nepal and Bhutan, even in face of criticism by her arch-rival Khaleda Zia of BNP who opposed the decision saying this deal "not only affected the country's sovereignty, but also exposed Bangladesh to economic vulnerability in the longer term".

Source(s): Zee News, Feb 04, 2010.

<http://www.zeenews.com/news601489.html>

Significance of Deep Sea Port to Economy

Nigeria's location and population make it a country of diverse economic capabilities with large investment opportunities at its sea ports. Most ports here are owned by the Federal Government. Until recently, states had fewer stakes in the ports. This changed when some state governments began investing in medium-scale ports. As the business began to get popular, private operators from across the country have started joined the venture enthusiastically.

There are eight major ports situated across the country with a concentration in the south. Only a few of these are running free water ports. Through the years, despite inherent challenges, these ports have witnessed an influx of cargoes and goods that has helped the country in its trade operations. This has increased government revenue both at the federal and state levels through taxes, levies and increased employment. Presently, Nigeria can boast of two major sea ports, both of which are in Lagos. But compared to deep ports around Africa, these are considered to be small/medium deep sea ports. The development of more deep sea ports would increase maritime trade with countries along the West African coast, improve local and economic sub-hubs. The added port will also help reduce the strain faced by ship owners that berth to discharge their cargoes at the Apapa ports.

Most African countries draw immense benefit from deep sea ports and Nigeria can also have its share in this fortune. With the plan by Lekki port to finalise construction of the largest private deep-sea port in Nigeria next year, the country will establish itself as a transit trade centre and economic hub for West Africa. The Port will be developed inside the Lagos Free Trade Zone, which will eventually cover over 1,500 hectares of land. A unique and ambitious initiative is afoot to set up a world-class, modern integrated port in Nigeria with dedicated terminals for containers, dry bulk and liquid cargoes. It will provide an efficient maritime gateway to Nigeria and will be developed in phases to meet the burgeoning trade to and from the country. The size and scale of the port, along with its state-of-the-art facilities, will make it an ideal trans-shipment hub capable of servicing and opening investment links along the entire West African coast, thereby reducing pressure on existing ports.

Source(s): Feb 24, 2010

http://www.businessdayonline.com/index.php?option=com_content&view=article&id=8700:significance-of-deep-sea-port-to-economy&catid=138:commentary&Itemid=358

S Korean Shipbuilders Regain Global no. 1 Spot for New Orders

South Korea regained its No. 1 ranking in the global shipbuilding industry in January, in terms of new orders, a London-based market researcher said. According to CLARKSON Plc., the nation's shipbuilders such as Hyundai Heavy Industries Co. won a combined 353,986 compensated gross tons (CGTs) in new orders last month, accounting for 56.7 per cent of all global new orders. Chinese shipbuilders took the second spot with orders totalling 82,707 CGTs, with a 13.2 per cent share. Chinese shipbuilders have gobbled up new orders at cheap prices, while South Korean shipbuilders have continued to focus on high-priced vessels and offshore facilities.

Source(s): Feb 04, 2010

http://www.tradingmarkets.com/news/stock-alert/cknhf_s-korean-shipbuilders-regain-global-no-1-spot-for-new-orders-755725.html

L&T to Invest \$400m on Expanding Shipbuilding Capacity

Engineering major Larsen and Toubro (L&T) announced that it has lined up an investment of more than \$400 million (nearly Rs 1,840 crore) for expanding its ship-building capacity, especially for defence, by mid-2011. "Our Hazira manufacturing facility has certain limitations as it cannot produce large ships. So, we are setting up a new facility near Ennore port to produce large ships and submarines, mostly for the Indian Navy," L&T executive vice president and board member MV Kotwal said on the sidelines of Def Expo 2010. He said the company has around 1,200 acres near Katupally village adjacent to Ennore port near Chennai where it is building a ship-manufacturing facility, which would be used for building defence vessels.

Besides defence vessels, the facility would also be utilised for producing other large ships such LPG and LNG carriers. In addition, the company will be investing around \$400 million for setting up the facility which is expected to become operational by mid-2011. Speaking about the company's proposed joint venture with Franco-German aerospace and defence group, EADS, Mr. Kotwal said, "L&T is talking to the government to resolve the issue." Earlier, the government had rejected L&T's proposal to set up a joint venture with EADS for providing services to the defence sector.

Source(s): The Economic Times, Feb 16, 2010

<http://economictimes.indiatimes.com/news/news-by-industry/indl-goods/-svs/engineering/LT-to-invest-USD-400-mn-on-expanding-shipbuilding-capacity/articleshow/5579388.cms>

Joint Naval Exercise between India and Australia to Counter Maritime Terror

Australia's diplomatic relations with India may have come under strain over recent racial attack on Indians there, but the military relations are soaring new heights, with the Australian Navy looking at a joint task force in Asia-Pacific region to combat the terror and other threats. "It (Indo-Australian military ties) is a very important relationship. Both the countries are very close to each other, especially the military. What's been happening back home will not come in the way of the relations. It is going to continue to develop," Lt Cdr Shane Doolin, the commanding officer of the Royal Australian Navy's HMAS Glenelg, a patrol boat, told visiting Indian journalists on board his ship on Sunday (07Feb 10).

Glenelg, an Armidale class boat, was a part of the five-day Milan-2010 naval exercise at the Andaman coast. Cdr Doolin said with the Asia-Pacific region being prone to natural disasters, it was important for all the navies to come together to provide necessary assistance to the affected countries. "During Tsunami, 30 countries participated in HADR in the region. It is important to know each other so that we know whom to contact when help is needed or given. We are partners in the region," he said. Noting that the region had "suffered its cost of tragedy," he said navies of the participating countries can respond to each other's disaster "quicker than anybody else"

On India playing a major role in maritime security of Indian Ocean Region, the Australian ship's Commanding Officer said Australia welcomed it, adding, being the largest navy in the region, it had the responsibility. He also appreciated the role played by India in the anti-piracy operations in the Gulf of Aden and said 30 other countries had their warships there for the same purpose.

Source(s): Feb 07, 2010

<http://www.brahmand.com/news/Joint-naval-exercise-between-India-and-Australia-to-counter-maritime-terror/3120/1/10.html>

India Worries as China Builds Ports in South Asia

For years, ships from other countries, laden with oil, machinery, clothes and cargo, sped past a small town on the coast of Indian Ocean as part of the world's brisk trade with China. Now, China is investing millions to turn this fishing hamlet into a booming new port, furthering an ambitious trading strategy in South Asia that is reshaping the region and forcing India to rethink relations with its neighbours. As trade in the region grows more lucrative, China has been developing port facilities in Pakistan, Bangladesh and Myanmar, and it is planning to build railroad lines in Nepal. These projects, analysts say, are part of a concerted effort by Chinese leaders and companies to open and expand markets for their goods and services in a part of Asia that has lagged behind the rest of the continent in trade and economic development. But these initiatives are irking India, whose government worries that China is expanding its sphere of regional influence by surrounding India with a "string of pearls" that could eventually undermine India's pre-eminence and potentially rise to an economic and security threat. "There is a method in the madness in terms of where they are locating their ports and staging points," Kanwal Sibal, a former Indian foreign secretary who is now a member of the government's National Security Advisory Board, said. "This kind of effort is aimed at counterbalancing and undermining India's natural influence in these areas."

Chinese officials, however, deny ulterior motives for their projects in South Asia. And top Indian leaders have tried to play down talk of a rivalry with China, saying there is enough room in the world for both economies to rise simultaneously. As recently as the 1990s, China's and India's trade with four South Asian nations — Sri Lanka, Bangladesh, Nepal and Pakistan — was roughly equal. But over the last decade, China has outpaced India in deepening ties. For China, these countries provide both new markets and alternative routes to the Indian Ocean, which its ships now reach through a narrow channel between Indonesia and Malaysia known as the Strait of Malacca. India, for its part, needs to improve economic ties with its neighbors to broaden its growth and to help foster peace in the region. Some of the shift in trade toward China comes from heightened tensions between India and Pakistan, which has hampered trade between the two countries. But China has also made inroads in nations that have been friendlier with India, including Sri Lanka, Bangladesh and Nepal.

India has had some success in establishing closer ties with Sri Lanka, with which it has a strong bilateral trade agreement. But China has become a partner of choice for big projects here like the Hambantota port. China's Export-Import Bank is financing 85 percent of the cost of the \$1 billion project, and China Harbour Engineering, which is part of a state-owned company, is building it. Similar arrangements have been struck for an international airport being built nearby. Sri Lankan officials want to turn Hambantota, which was devastated by the 2004 tsunami and is the home constituency for President Mahinda Rajapaksa, into the second-largest urban area in the country after the capital, Colombo. (It is the ninth-biggest today.) The government is also building a convention center, a government complex and a cricket stadium. Sri Lanka needs foreign assistance to make those dreams a reality, because the government's finances are stretched by a large debt it accumulated in paying for a 25-year civil war that ended in May. In 2009, the country borrowed \$2.6 billion from the International Monetary Fund.

Mr. Rajapaksa had earlier said he offered the Hambantota port project first to India, but officials there turned it down. In an interview, Jaliya Wickramasuriya, Sri Lanka's ambassador to the United States said the country looked for investors in America and around the world, but China offered the best terms. "We don't have favourites," he said. Still, Sri Lankan officials have refused to disclose information that would allow analysts to compare China's proposals with those submitted by other bidders. The country has also kept private details about other projects that are being financed and built by China, including a power plant, an arts centre and a special economic zone.

Source(s): Vikas Bajaj, New York Times, Feb 16, 2010.

<http://www.nytimes.com/2010/02/16/business/global/16port.html>

The Next Generation Navy

In an interview given to Defence Management Journal editor Matthew D'Arcy, First Sea Lord Admiral Sir Mark Stanhope sets out his priorities for the future of the Royal Navy, including the Strategic Defence Review, and the priorities and challenges that face defence of Britain. He emphasised how important it is to first guarantee operational success in Afghanistan in order to support NATO's strategic aims there. According to him, the enduring nature of UK mission in Afghanistan, and Iraq before that makes the point that events can be unpredictable. The last thing the UK in defence now need is a whole-scale restructuring of the Armed Forces that focuses on landlocked counterinsurgency campaigns to the exclusion of the range of other operations it could well be called upon to undertake in the next 30 to 40 years.

Defence planning needs to stay broad-brush and strategic. In preparing for the future, the key has to be maintaining a balance in the range of capabilities that the UK's Armed Forces possess and the ability to offer flexible responses. Whatever scale we will be operating at in the immediate future, UK must retain the suite of military skills and capabilities that give them the greatest possible choice in how it respond, keeping the military options open and thereby offering political choices to the government. Flexible forces are something UK has always strived to preserve in defence, and they are as important as ever, but the unpredictable nature and potentially wide scope of future challenges to security mean that it has to continue to demand greater flexibility and agility from the forces that it does have.

There's a fundamentally important international dimension to all of this. Although there may possibly be circumstances where UK might act alone, it has to assume that UK's large-scale and enduring operations will take place within coalitions, under the traditional alliance frameworks, which are vital to preserving its interoperability and especially with the United States – and increasingly within ad hoc groups of likeminded international partners, such as it has seen with counter-piracy in the Gulf of Aden.

Source(s): Defence Management. com, Feb18, 2010.
http://www.defencemanagement.com/feature_story.asp?id=13664

Indian Navy Working on Maritime Security Framework

The Navy is working on a comprehensive Maritime Security Framework to counter all aspects of threats, involving multi-agency coordination and cooperation, according to Vice Admiral Anurag G Thapliyal, Commandant, Naval Academy, Ezhimala. "This framework is necessary to check all aspects of threats (terrorism, gun runners, human traffickers, pirates and hijackers), but not a small task since agencies like the Ministries of Defence, Home, Shipping Road Transport and Highways and Petroleum and Natural Gas are involved" he said. There are about 200 coastal police stations, 100 police checkposts and 58 outposts would be established in phases. "Many of these have been made operational", he said, adding that nine additional coast guard stations are also proposed to be set up.

Pointing out that the Centre has accepted the need to augment manpower to meet the Coastal Security charter, he said formation of a 'Sagar Prahari Bal', comprising 1000 men (61 officers and 939 sailors), to be inducted in three phases for force protection duties for Navy has been approved. The process of setting up 45 static coastal radar stations should be expeditiously taken up, he said at a national seminar on coastal security - 'Coast WATCH 2010' in Madras on Feb 25. The seminar was organised by National Maritime Foundation and Department of Defence and Strategic studies, University of Madras in association with Navy Foundation on Thursday (Feb 25).

Source(s): The Indian Express, Feb 25, 2010
<http://www.indianexpress.com/news/Navy-working-on-maritime-security-framework/584361>

Somali Pirates Seize Ship with Nine Indians on Board

Somali pirates have hijacked a small cargo ship with a crew of nine Indians, an NGO monitoring maritime activity in the region said today (Feb 27). Ecoterra International said in a statement that the 40-metre ship, the Abdul Razak, was taken earlier this week before heading into the Gulf of Aden, on its way from Kandala, India, to Dubai. "No information concerning the condition of the crew was immediately available," Ecoterra said.

"Reportedly a gang from Garacad, a notorious pirate den at the Indian Ocean coast of northeastern Somalia, is now commandeering MSV Abdul Razak," the organisation said. Somali pirates, targeting one of the world's busiest maritime trade routes, raked in an estimated 60 million dollars in ransoms last year. They still hold at least nine vessels and close to 200 seafarers.

Source(s) The Times of India, Feb 27, 2010.

<http://timesofindia.indiatimes.com/world/rest-of-world/Somali-pirates-seize-ship-with-nine-Indians-on-board-Watchdog/articleshow/5616619.cms>

MARINE ENVIRONMENT

CO2 Negatively Affecting Environment of World's Oceans

Antarctic marine biologist Jim McClintock has said that the increasing acidity of the world's oceans and its growing threat to marine species are definitive proof that the atmospheric carbon dioxide (CO₂) that is causing climate change is also negatively affecting the marine environment. Prof. Jim McClintock is working with the University of Alabama at Birmingham (UAB) Department of Biology, who has spent more than two decades researching the marine species off the coast of Antarctica.

"The oceans are a sink for the carbon dioxide that is released into the atmosphere. Carbon dioxide is absorbed by oceans, and through a chemical process hydrogen ions are released to make seawater more acidic," said McClintock. "Existing data points to consistently increasing oceanic acidity, and that is a direct result of increasing carbon dioxide levels in the atmosphere; it is incontrovertible," he said. "The ramifications for many of the organisms that call the water home are profound," he added. A substance's level of acidity is measured by its pH value; the lower the pH value, the more acidic is the substance.

According to McClintock, data collected since the pre-industrial age indicates the mean surface pH of the oceans has declined from 8.2 to 8.1 units with another 0.4 unit decline possible by century's end. A single whole pH unit drop would make ocean waters 10 times more acidic, which could rob many marine organisms of their ability to produce protective shells - and tip the balance of marine food chains. "There is no existing data that I am aware of that can be used to debate the trend of increasing ocean acidification," said McClintock. McClintock said that the delicate balance of life in the waters that surround the frozen continent of Antarctica is especially susceptible to the effects of acidification. "The impact on the marine life in that region will serve as a bellwether for global climate-change effects," he said.

Source(s): Feb 6, 2010,

<http://news.oneindia.in/2010/02/06/co2negatively-affecting-environment-of-worldsoceans.html>

Artificial Reefs Burst into New Life

Eight months after an artificial reef was launched at Le Méridien Al Aqah Beach Resort in Fujairah, a plan to use artificial materials to rehabilitate coral reefs 100 metres off the coast of Dibba seems to be encouraging sea life. In June, 15 large reef balls – dome-shaped, concrete spheres with holes in the sides and top, some weighing more than two tonnes – were placed in the water in front of Le Méridien Al Aqah Hotel. An additional 20 have been placed since, and an exploratory dive revealed that a variety of young and adult fish have made the reefs their home.



The structures are also covered in barnacles and what is believed to be the beginnings of soft coral. Although marine biologists have not confirmed the findings,

divers who have been conducting monthly monitoring of the site were confident there had been significant progress. The goal is to have soft corals form in five years, followed by hard versions in the

long-term. So far the project has cost Dh100,000 (US\$27,000) for the materials and manpower required to place the original reef balls. They are made of a specially formulated pH-neutral concrete and gravel mix which does not change the water's acidity. They are placed under the water using a combination of cranes and parachutes.

Artificial reef balls are used worldwide to aid the recovery of coral reefs. In Abu Dhabi, the results of a three-year study by the Emirates Wildlife Society – World Wide Fund for Nature and the Environment Agency-Abu Dhabi (EAD) released last year said that 65 per cent of Abu Dhabi's corals was already lost, due to natural and man-made causes. Reefs were also at a record low. Ashraf al Cibahy, the manager of marine-protected areas for the EAD, said the balls could help, but should also not be relied upon.

Source(s): Anna Seaman, The national, Feb 11, 2010.

<http://www.thenational.ae/apps/pbcs.dll/article?AID=/20100211/NATIONAL/702109856/1041/BUSINESS>

MARITIME COOPERATION

Multi-nation Navy Exercise at Andaman

Indian Navy hosted the 'Milan' multi-nation exercise and conclave at the strategic Andaman and Nicobar Islands during the first week of February, and the groundwork is also being laid for the next edition of the Indo-US 'Malabar' Naval war games in April-May. The Malabar exercise on the West coast this year will be purely a bilateral one between the Indian and American navies, unlike the 13th Malabar exercise held in the Bay of Bengal in September 2007 that were expanded to include Australian, Japanese and Singaporean navies as well. The 2007 Malabar had led to large-scale protests by the Left parties, with the CPM and CPI contending that US was using India to build up a security cooperation axis to 'contain' China.

Beijing, too, had lodged strong protests against this so-called 'axis of democracy' emerging in the Asia-Pacific region. Since then, India has restricted the Malabar exercise to a bilateral one, even though both the Indian and American navies would like it to be a multi-lateral engagement. As for the four-day Milan begun on Thursday (Feb 4), there was naval warships and delegations from 12 countries of the Asia-Pacific region took part in it. Apart from humanitarian and search and rescue operations, the discussions was also focused on maritime terrorism, piracy, poaching and the like.

The seventh edition of Milan had participation from Australia, New Zealand, Bangladesh, Brunei, Philippines, Myanmar, Thailand, Indonesia, Sri Lanka, Singapore, Vietnam and Malaysia. "Milan basically is a biennial conglomeration of Asia-Pacific maritime navies, hosted by the Indian Navy, to foster bonds of 'friendship across the seas' and share views on common maritime issues. From four navies in 1995, it has grown to include over a dozen navies now," said an officer. An important priority in the Asia-Pacific region is the protection of sea lanes around Malacca Strait since around 60,000 ships sail through it every year, transporting around 30% of the world trade in goods. There is growing concern that terrorists might target Malacca Strait to disrupt this main ship passageway between the Indian Ocean and the Pacific Ocean.

For India, the stakes are clearly high, with the strategic A&N Islands dominating the approaches to Malacca Strait. "India's central location in Indian Ocean, astride these major commercial routes and energy lifelines, makes us a major stakeholder in the region's security and stability," said the officer.

Source(s): The Times of India, Feb 2, 2010.

<http://timesofindia.indiatimes.com/india/Multi-nation-Navy-exercise-at-Andaman/articleshow/5524885.cms>

United Arab Emirates Hosts Third Indian Ocean Naval Symposium

The third Indian Ocean Naval Symposium comes at a time when regional super-powers India and China are vying for more presence in an area stretching from Gulf of Aden to the Malacca Straits. The meeting is a cornerstone of the Indian Navy's aim to increase its influence in the region. Twenty-six littoral countries of the Indian Ocean comprise this pan-Asian maritime security forum. The meeting could upset the Arab world: Pakistan argues that IONS is grouped against the Islamic world.

The United States policy makers have shown an interest in the IONS forum. Robert Kaplan argues in his March/April 2009 article, "Center Stage for the 21st Century," published in the Foreign Affairs journal, that India and China might have a greater rivalry in controlling the Indian Ocean for the better part of the 21st Century, with Washington acting as a moderator. India's courtship of new Indian Ocean defense allies, such as Maldives, Seychelles, Mauritius and Madagascar, aims to counter China's "String of Pearls Strategy." China plans to surround India by building deep water ports in Pakistan's Gwadar City in Baluchistan province and in Sri Lanka's southern tip of Hambantota.

The host, the United Arab Emirates, is increasing its Navy and it wants to want to protect its interests in the Strait of Hormuz and the Persian Gulf. Earlier this year a contract was announced by the UAE Armed Forces and Abu Dhabi Ship Building ADSB to build 12 new vessels for the UAE Navy and retrofit 12 existing vessels. There are strong indications that a permanent secretariat of IONS might be set up in Abu Dhabi. The first IONS forum was held in New Delhi on 14-15 Feb 2008, with the second in Sri Lanka on 21-22 May 2009.

Source(s): Oct 09, 2010

<http://www.newsahed.com/preview/2010/03/01/abu-dhabi-mar-2010-united-arab-emirates-hosts-third-indian-ocean-naval-symposium/index.php>

US Donates Five Patrol Boats to Pakistan's Maritime Security Agency

The United States government donated five maritime interdiction patrol boats to Pakistan's Maritime Security Agency (MSA) at the Karachi shipyard on Saturday(Feb 13), significantly enhancing the agency's coastal interdiction and patrol capabilities. U.S. Army Brig. Gen. Michael Nagata, officially donated the 13-meter (42-foot) Fast Patrol Boats to Rear Admiral Tahseen Ullah Khan, MSA Director General, during a hand-over ceremony in Karachi. The event was attended by Mr. Steve Fakan, U.S. Consul General to Karachi, and more than a dozen US. and Pakistani military representatives, says a press release.

Each of the new vessels are equipped with two 565-horsepower Caterpillar diesel engines that enable them to operate in inclement weather up to 300 nautical miles offshore with a maximum speed of 72+ KPH (45+ MPH). Known as Fast Patrol Boats, they greatly increase the MSA's ability to patrol Pakistan's coastal waters and conduct a wide range of maritime operations. The US. government will donate four more Fast Patrol Boats to the MSA later this year. In total, the nine boats and spare parts are valued at approximately \$10 million.

During the last three years, U.S. civilian and security assistance to Pakistan has totalled more than \$4 billion. Assistance provided and delivered has included support for medical aid school refurbishment, bridge and well reconstruction, food distribution, agricultural and education projects, 14 F-16 fighter aircraft, 10 Mi-17 helicopters, more than 450 vehicles for Pakistan's Frontier Corps, hundreds of night vision goggles, day/night scopes, radios, and thousands of protective vests and first-aid items for Pakistan's security forces. In addition, the USA funded and provided training for more than 370 Pakistani military officers in a wide range of leadership

Source(s): Feb 14, 2010.

<http://www.onlinenews.com.pk/details.php?id=158742>

Singapore and Malaysian Navies Conduct Maritime Exercise

The Republic of Singapore Navy (RSN) and the Royal Malaysian Navy (RMN) will be conducting a bilateral maritime exercise from February 22 to March 4. The exercise, codenamed 'Malapura', is hosted by Singapore. During the 11-day exercise, both navies will conduct drills in conventional naval warfare and maritime security at the Changi Naval Base and in the Malacca Strait. The RSN is participating in the exercise with a frigate (RSS Steadfast), a missile corvette (RSS Victory) and a patrol vessel (RSS Daring).Joining them are a frigate (KD Lekiu), a corvette (KD Laksamana Tun Abdul Jamil) and a patrol vessel (KD Terengganu) from the RMN. The exercise is the 20th in the series of bilateral exercises held since 1984.

Source(s): AsiaOne, Feb 22, 2010.

<http://news.asiaone.com/News/AsiaOne%2BNews/Singapore/Story/A1Story20100222-200286.html>



US. Navy Budget Includes 9 Ships, Kills CG(X)

The Department of the Navy would build nine ships, buy 206 aircraft, postpone construction of the Marine Corps' Expeditionary Fighting Vehicle and kill the advanced cruiser known as CG(X), according to the \$179.1 billion spending plan it has submitted to the US Congress. The budget proposal, made on 01 Feb 10, includes \$160.6 billion in baseline funding — compared with the \$156 billion the Navy requested last year — and \$18.5 billion in funding for what the Pentagon calls “overseas contingency operations,” better known as the Iraq and Afghanistan wars. Of that base budget, \$45.1 billion would go to personnel costs; \$46.2 billion would go for operations and maintenance; \$46.6 billion would go to buying ships, aircraft and weapons; \$17.7 billion would go for research and development; and \$5 billion would go for infrastructure.

The Navy Department's top budget official, Rear Adm. Joseph Mulloy, briefed reporters about the fiscal 2011 submission Monday afternoon at the Pentagon. His presentation included the Obama administration's first set of near-term spending goals, the Future Years Defense Program — which the Navy did not submit last year — but did not include the 30-year shipbuilding or aviation plans the service is required to submit along with its budget. Although the Navy also was required to submit those plans last year, it did not. Pentagon officials told Navy Times that DoD and the Navy were briefing Congress on this year's 30-year programs and that the plans would be made public soon. With its shipbuilding dollars the Navy would buy two Virginia-class submarines; two Arleigh Burke-class destroyers; two littoral combat ships; one America-class big-deck amphibious ship; the first in a new class of Mobile Landing Platform auxiliaries; and one Joint High Speed Vessel. The Navy would also extend the lives of four air-cushioned landing craft; buy one oceanographic ship; and pay for one new variety of “ship-to-shore connector,” a potential replacement for the air-cushioned landing craft.

As for aircraft, in fiscal 2011 the Navy would buy 13 F-35B Lightning II fighters for the Marine Corps; seven F-35C fighters, which fly off Navy carriers; 22 F/A-18E and F Super Hornets; 12 EA-18G Growler electronic attack jets; four E-2D Hawkeye advanced airborne warning planes; and seven P-8 Poseidon maritime patrol planes.

Source(s): Philip Ewing and Andrew Tilghman, Navy Times.com, Feb 3, 2010
http://www.navytimes.com/news/2010/02/navy_2011_budget_020110w/

'Port Sector Needs Investment Friendly Policies'

Highlighting the lower levels of private investment in Indian port sector, ASSOCHAM has emphasised the need for investment friendly policies so that the projected investment of 22 billion dollars for the sector during the 11th plan period can be accomplished. According to a paper brought out by the chamber, as against an anticipated private investment of 13.64 billion dollars in Indian port sector between 2007-08 and 2011-12, this sector could attract private investments only to an extent of 3.21 billion dollars in about five deals with an average deal size of 80.2 million dollars. Gujarat Pipavava was the first port in India that received private funding to the tune of 30 million dollars from IDFC PE's India Development Fund. Subsequently, the flow of PE investments begin in other ports which included 3iS investment in Mundra port and Krishnapattam port and Warburg Pincus investment in Gangavaram Port.

The chamber in a statement said that among the projected investments of around 22 billion dollars for 11th plan period in the port sector, 62 per cent is expected to be contributed by the private sector. However, so far only 3.21 billion dollars of private investments had come to port sector despite reasonably impressive economic growth of India. It was further stated that between 2000 and 2009, container traffic increased at a CAGR by 13.5 per cent and was further expected to increase from the current 7.7 million twenty-foot equivalent units (TEUs) to 20 million TEUs by 2020.

According to the chamber, several new projects involving 600 million tonnes of cargo handling capacity have already commenced and besides, new projects are on the anvil at the major ports of Chennai, Cochin, Ennore, Mumbai, Paradip and Vizag. The warehousing market segment is estimated to grow from 20 billion dollars to about 55 billion dollars by 2012 and warehousing activities account for about one-fifth of the country's logistics industry. However at present, inefficient infrastructure is the single-most critical issue faced by the port sector.

The Government has already provided incentives to private sector for developing logistics parks and free-trade warehousing zones. There are 12 major and about 200 non-major ports in the country which account for 95 per cent of India's total trade in terms of volume and about 70 per cent in terms of value. Most of these ports have almost 100 per cent capacity utilisation levels and are unable to receive larger vessels due to draught constraints which resulted in substantial gaps between the Indian ports and their global counterparts. "This increasing disparity can also be attributed to numerous other challenges, including complex regulatory approvals and high costs due to taxation norms," said ASSOCHAM.

Source(s): United News of India, Feb 14, 2010
<http://www.centralchronicle.com/viewnews.asp?articleID=26956>

Boost for Kolkata and Mumbai Ports in Budget

The government is planning to develop a new port in West Bengal on a Public Private Partnership model. "In Kolkata, there are low tides during most of the year and the port also needs to be dredged often. Therefore, we have proposed to set up a new one at Sagar Island downstream. This will be a major port and will be developed on a PPP mode," shipping secretary K Mohandas said. Overall, the government has made available about Rs 18,000 crore for the port sector, with Rs 15 crore being allocated for purchase of survey vessels in the light of heightened security in the coastal regions. It has also allocated Rs 1,372 crore for upgrading infrastructure in the 12 major ports with Mumbai alone getting Rs 329 crore. "It may lead to a minor increase in cost to the end user but no adverse impact is expected," Nikhil Gandhi, head of SKIL Infrastructure Ltd, said.

Source(s): The Times of India, Feb 27, 2010,
<http://timesofindia.indiatimes.com/union-budget-2010/Kolkata-Mumbai-ports-hit-paydirt/articleshow/5622477.cms>

Ottawa Floats Stronger Claim over Arctic Waters

Canada took another step Saturday(Feb 27) to assert its sovereignty in the Arctic after publishing new rules regulating domestic and foreign ship traffic in northern waters — a potentially controversial registration system scheduled to come into force on Canada Day. The planned Northern Canada Vessel Traffic Services Zone, announced late Friday by Transport Minister John Baird, falls short of opposition demands to target all sizes of vessels but could still spark objections from foreign countries — including the United States — that view the Northwest Passage as an "international strait" rather than Canadian waters. The new regime would replace the current NORDREG ship registry, a voluntary system for tracking the movement of cargo carriers, cruise ships and other large vessels moving through the Canadian Arctic archipelago.

The record retreat of sea ice in recent years and increasing Arctic marine traffic had prompted repeated calls from a wide range of experts for Canada to strengthen its ship-tracking rules in the North. And in December, a Senate committee urged that all ships — regardless of size — be required to register Arctic voyages with Canadian authorities to help prevent pollution, terrorist activity and search-and-rescue failures. But the government's plan requires mandatory registration only for ships of 300 tonnes or more, for tugs with a two-ship weight of 500 tonnes or more, and for any vessel carrying dangerous goods or potential pollutants. "Mandatory vessel reporting will help keep maritime traffic moving safely and efficiently," Baird said in a statement announcing the new measures.

The announcement pointedly noted: "The proposed regulations would apply to both Canadian and foreign vessels, and are consistent with international law regarding ice-covered areas." When Prime Minister Stephen Harper unveiled plans in 2008 for mandatory Arctic shipping registration, he acknowledged the move could rile other nations. "It'll be interesting to see. I expect that some countries may object," he said during an August 2008 visit to the Arctic. "I think it ultimately is in everybody's interest to ensure there is some kind of authority in the area, some kind of environmental and commercial authority," he stated. "We have no particular power play here." Last year, the government also introduced stiffer pollution-prevention regulations for Arctic waters, doubling the offshore distance over which Canadian rules would apply to 370 kilometres. "These measures will send a clear message to the world: Canada takes responsibility for environmental protection and enforcement in our Arctic waters," Harper said at the time.

Source(s): Randy Boswell, Canwest News Service, Feb 27, 2010.
<http://www.vancouversun.com/news/Ottawa+floats+stronger+claim+over+Arctic+waters/2622142/story.html>

Shift Cost of Port Security from Government to Private Industry, Says Informs Study

An incentive system for shippers could help push some of the costs and responsibilities of port security from the federal government to private industry, according to a Management Insights Feature in the current issue of *Management Science*, the flagship journal of the Institute for Operations Research and the Management Sciences (INFORMS®). The feature, entitled "Securing the Containerized Supply Chain: Analysis of Government Incentives for Private Investment", is by Nitin Bakshi, of the London Business School, and Noah Gans - of the Wharton School.

More than 15 million containers enter the United States through its ports each year carrying more than \$400 billion in products. The researchers investigated how the U.S. Bureau of Customs and Border Protection (CBP) should structure its inspection programs to improve safety against terrorist threats while maintaining fluidity at borders. Because inspection-driven congestion is costly, CBP provides incentives for firms to improve security upstream in the supply chain to reduce the inspection burden at U.S. ports. The CBP Customs-Trade Partnership against Terrorism (C-TPAT) offers an incentive program to understand its effect on the CBP, firms, and terrorists. They found that with proper incentives, C-TPAT can shift some of CBP's security burden to private industry while simultaneously reducing total terror prevention costs.

From the perspective of the companies, the benefits of joining C-TPAT must offset the additional investment required to comply with the security guidelines. The authors focus attention on the benefit related to reducing the frequency of inspections. An additional level of benefits would accrue from a proposed tiered membership of C-TPAT, with the highest performing members of C-TPAT being eligible for access to an inspection-free shipping process -- referred to as the "green lane" concept. The authors note that implementing this proposal is contingent on research advances and the successful rollout of "smart" containers.

Source(s): Scienceblog.com, Feb 19,2010.

<http://www.scienceblog.com/cms/shift-cost-port-security-government-private-industry-says-informs-study.html>

Associate Membership: Membership of NMF is open to individuals. Application forms may be downloaded from www.maritimeindia.org.

Suggestions and contributions are welcome at maritimeindia@gmail.com