

MAKING WAVES

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Cochin Terminal to be Launched Soon, Colombo Port Under Pressure

With the Vallarpadam International Container Transshipment Terminal in Cochin, Kerala, scheduled for launch in January 2010 the situation becomes more unnerving for the Colombo Port. The debate in Colombo still continues as to what the Sri Lanka Ports Authority (SLPA) will do for the future of its Colombo port while the sword of Damocles hangs over. By March 2010, the Cochin terminal is likely to go full stream, handling 42 million tonnes of cargo. The project is being developed by Dubai Port World in two phases with the first phase ready for launch while Phase II would commence immediately after the launch of the terminal. An Indian news portal Cochin Square says "This would help the trade reduce the need to tranship their containers through ports like Colombo, Singapore or Salalah."

At present a very part of the cargo handled by the Colombo Port is transshipment for India, and the SLPA spends its time debating what they should do for the South Harbour expansion in Colombo whilst all the time, the Colombo Port is nearing capacity. Shipping sources say that even with the development of the southern Indian port, Colombo can still stay ahead, it can keep attractive enough for the world's biggest ships (super post panamax) given the advantage of facilities and expertise since Vallarpadam cannot handle such large ships.

Source(s): Suraweera, The Island, Nov 4, 2009.
<http://www.island.lk/2009/11/04/business3.html>

Three Port Projects Worth Rs 7,700 Cr Get PPP Clearance

In a move to boost capacity at major ports in the country, a government panel approved three projects worth over Rs 7,700 crore, to be developed through the public-private partnership (PPP) mode. The projects, cleared by the Public-Private Partnership Approval Committee (PPPAC), include development of the fourth container terminal at Jawaharlal Nehru Port (JNPT), Navi Mumbai, the largest container terminal in India.

The project, to be built at an estimated cost of Rs 6,700 crore, is currently stalled due to litigation issues. A senior official at the shipping ministry said "The ministry is revising some policy guidelines so that monopoly is prevented while awarding PPP projects. We are confident that all legal issues will be sorted out and all three projects approved by PPPAC today will be awarded by March 2010." The revision of policy guidelines pertains to a successful concessionaire for a PPP project being debarred from bidding from the consequent project at a port. The revised directive is intended to prevent domination of a single player in developing projects at a particular port. The other projects that have been approved are for developing a standalone container handling facility with quay length of 330 m north of NSICT terminal at JNPT (Rs 600 crore) and mechanisation of coal handling facilities and upgrade of general cargo berth in the outer harbour of the Visakhapatnam port.

Source(s): The Business Standard, Nov 12, 2009
<http://www.business-standard.com/india/news/three-port-projects-worth-rs-7700-cr-get-ppp-clearance/376201/>

Pvt Ports Set to Overtake Govt-Run Majors

Central government-owned ports such as Kandla and Visakhapatnam might be the top two in the pecking order in terms of bulk cargo that they handle. But they might soon be overtaken by the new private upstarts, which have set up ports in Mundra and Pipavav (in Gujarat) and Gangavaram (Andhra Pradesh) and are growing at a rapid pace. Bulk cargo does not include container traffic, for which Jawahar Lal Nehru Port (Navi Mumbai) is the largest. Mundra, Gangavaram and Pipavav taken together are projected to handle more bulk cargo (about 68 million tonnes) this year than Visakhapatnam (projected to handle 67 million tonnes), which emerged as the second largest port in the country in terms of cargo handled in 2008-09.

On the eastern coast, Gangavaram (Andhra Pradesh), a public-private initiative of the state government, run by a consortium led by D V S Raju, is doing substantial business. The port, into its first year of operations, has already carried around 10 million tonnes of cargo. CFO Pranav Choudhury said: "We are expecting to do Rs 350 crore of business or 14 million tonnes by March next year." The projected revenues of Gangavaram port in the first year of operations look attractive when compared to the fact that Kandla had a turnover of Rs 591 crore and Visakhapatnam does Rs 580 crore of business (and is also located in Andhra Pradesh).

More important, private ports are taking away business from government ports. For instance, the Vizag Steel plant has already transferred two million tonnes of the coal it used to ship through the Visakhapatnam port to Gangavaram. Chowdhury adds: "Our port, being the deepest in the country, has facilities for anchoring large vessels up to 200,000 DWT (dead tonne weightage). Users get the cost advantage, as they can transport cargo on larger vessels and save on ocean freight expenses."

Source(s): Sharmistha Mukherjee, Nov 19, 2009

http://www.google.com/url?sa=X&q=http://www.business-standard.com/india/news/pvt-ports-set-to-overtake-govt-run-majors/376952/&ct=ga&cd=zt6vxsx5V8M&usq=AFQjCNG6iW1iF8uNI8wLj_v0tjZEHBBuQ

Foreign Ports, Trade Eye Indian Partners

India is becoming a favourite hunting ground for port and foreign trade operators from recession-ridden and cargo-starved western countries. Recent months have seen many foreign ports and their trade delegations doing the rounds of trading centers of the country looking for possible avenues for trading opportunities. While most of them were in search of cargo to attract to their ports, at least some of them were looking for collaborations with ports, both private and centrally owned. Even though ports like Antwerp, Le Harve, Amsterdam, Halifax have their own set ups to hard sell their facilities to the local trading community, an Indian tour has become an annual exercise for most of them. According to trade circles, other ports, especially from America, are working towards having their representations in India.



A representative from the Port of Amsterdam is understood to be camping in Mumbai doing the ground work for such a set up. October saw officials from French Port of Le Havre appraising the exim community in Mumbai of their facilities and the unique advantages of using them. The chairman of the Port Authority of Antwerp visited India from November 9 to 14 along with a delegation of port officials and terminal operators and logistics companies from the port. They visited Chennai, Mumbai, Mundra, Ahmedabad and New Delhi. Their visit was primarily 'to meet old customers and friends, to make new friends and attract customers to the port'. "They visited major manufacturing centres in India to present the port's facilities, to talk to new customers and develop ideas for future growth," said Raj Khalid, who represents the port in this region. In Chennai, the 10-member delegation met the chairman and other officers of Chennai Port and discussed possible technical collaboration using expertise of the Port of Antwerp's training centre. The visiting port authority is understood to have expressed their willingness to assist the city port to handle its coal cargo safely. The delegation also had dialogues with many corporates, including the Essar group, in Mumbai, inviting them to use the port facilities which are some of the best and largest ones in Europe for liquid and bulk cargo.

"The three-year old technical cooperation between Port of Antwerp and Mundra Port is bearing fruits," said Mr Khalid. "The increase in trade flow between Antwerp and Mundra is a testimony to what Mundra as a multi port has gained from its association with our port. Ours is a no-cash deal to guide the Mundra Port in its ambitious programme to develop as a truly world-class port catering to all types of cargoes," he said. Mundra's technical collaboration programme with Antwerp Port will expand in 2010. "The unique and logistical capabilities of the foreign port facilities are not well known or not widely published in India. The trade in India in general is not abreast with the excellent facilities which could offer unique cost advantages to it," said Capt RR Iyer, GM, Seahorse group, which represents Port of Le Harve in India.

<http://economictimes.indiatimes.com/news/news-by-industry/transportation/shipping/-/transport/Foreign-ports-trade-eye-Indian-partners/articleshow/5282750.cms>

SHIPBUILDING

China Overtaking Korea in Global Shipbuilding Market

Korean shipbuilders have been overtaken by Chinese competitors for the first time after having dominated the global market for the past 10 years. Shipbuilding has led Korean manufacturing and exports, along with semiconductors. Clarkson Research Studies said that the combined order backlog of Korean shipbuilders was 53.63 million compensated gross tons at the end of last month.

Chinese rivals, however, had 54.96 million CGTs and controlled 34.7 percent of the global market, higher than Korea's 33.8 percent. Until last year, the combined order backlog of Korean shipbuilders had topped the world since they overtook their Japanese rivals in February 2000. China is expected retake the No. 1 spot for new orders received and combined order backlog before the end of the year.

The rapid growth of Chinese shipbuilders is mainly due to increased orders from overseas. Backed by their government, Chinese maritime transportation companies have placed most of their orders with Chinese shipbuilders. "With an enormous amount of foreign exchange reserves, China lends up to 90 percent of a vessel's price to foreign carriers that place orders with Chinese shipbuilders," said Yang Jeong-dong, a researcher at Korea Investment and Securities. "China's protection of its domestic industry has affected the global shipbuilding market." European and North American shipping companies, the major buyers of Korean-built ships, have also placed fewer orders amid the global financial crisis.

Source(s): Dongda.com, Nov 07, 2009.

<http://english.dongda.com/srv/service.php3?bicode=050000&biid=2009110780818>

S. Korea Set to Help Struggling Shipbuilders

State-run financial institutions will increase their support to shipyards and shipping lines struggling to cope with the fallout from the worldwide economic slump, the government said Monday (Nov 9). The Ministry of Knowledge Economy said the global economic crisis has caused new orders won by local shipyards to fall 90 percent on-year from January through September, making it necessary to take active measures to prop up the sector. South Korean companies like Hyundai Heavy Industries Co., Samsung Heavy Industries Co. and Daewoo Shipbuilding & Marine Engineering Co. won 47 new orders in the first nine months of this year compared to 655 vessels won for the whole of 2008. According to Clarkson Research, South Korean shipyards won 1.33 million compensated gross tons (CGT) of ships up till September, compared to 2.42 million CGTs by Chinese rivals. "Under the action plan, the Export-Import Bank of Korea will move to increase shipbuilding-related financing, while Korea Export Insurance Corp. plans to introduce a package support coverage program that can reduce the burden on shipping lines," Cho Seok, deputy minister at the ministry said. He said up to 500 billion won (US\$430 million) will be offered as loans to shipyards to build and launch new ships, with efforts made to link direct loans with greater export insurance coverage that can help shipping companies place orders for new vessels. "The financial support will be extended to both local and foreign companies without discrimination," the official said. The creditors of eight mid-sized shipyards undergoing workout programs plan to get these companies to move away from building complete ships and to become components manufacturers

Source(s): Yonhap, Nov 9, 2009.

<http://www.google.com/url?sa=X&q=http://english.yonhapnews.co.kr/business/2009/11/09/99/0501000000AEN20091109002300320F.HTML&ct=ga&cd=Wgqy5Fi0aOE&usg=AFQjCNEsea89-ZfksuilwvEEjilHmzcXOQ>

MARITIME SECURITY

'Biggest Threat to India through Maritime Borders'

After the 26/11 terror attacks in Mumbai India's security agencies have undertaken a series of reforms to ensure that similar attacks does not occur again. In a Counter Terror-2009 conference held in New Delhi in the last week of October, several security experts discussed the immediate terror challenges that India and the world confronts. Union Home Secretary **Gopal Krishna Pillai** spoke on developing a robust counter-terrorism strategy to combat emerging threats. Mr. Pillai also dealt with various aspects of security while laying special emphasis on sharing intelligence.

India faces a threat from both internal and external terror, and counter-terrorism encompasses both these threats, he said. The most important measure is intelligence, and if this aspect is not right, then consider 90 per cent of the battle lost. What remains if intelligence fails is nothing but reacting to the situation, and hence, analysing intelligence is a very key aspect. Post 26/11, intelligence sharing has been taking place on a daily basis. The Government of India is constantly looking for intelligence agencies that can piece together intelligence effectively. Such agencies, along with the counter-terror agencies, are the need of the hour so that we can eliminate as well as restrict the movement of terrorists, and if this happens effectively, then we are at a great advantage.

India as a country needs to take up these measures and also constantly upgrade our forces. Unlike the United States of America, we do not go on the offensive mode, since that is just not our policy. Hence, it is important that we upgrade our forces and intelligence so that the movement of terrorists is completely restricted.

On the international borders: India has large international borders and the Indo-Pak border is the most well defined one, apart from being well protected. While our Indo-China border is reasonably protected, the one which is worrisome is the Indo-Nepal border and is considered to be most porous. It is time to look closely at this border and enhance security, since this is becoming a free route for

terror activities. Today India is taking this border very seriously and has already started to enhance security along this border. India is also looking at introducing Unique Identification Numbers for all its citizens, and I personally feel that once this is in place, it would be a good source of security for all of us.

On maritime security: While work on the borders is underway, it could easily say that India's biggest threat today is through the maritime borders. We are constantly upgrading maritime security, and by March next year, we would have added several more interceptor boats. We have been constantly discussing this issue during various high level meetings. However, maritime security is not easy. There are lakhs (*hundreds of thousands*) of fishing boats, and it is almost impossible to monitor each one of them. We could put an interceptor on a big boat, but the smaller ones are a problem. What has been discussed is that we need to apprehend them once they land, and hence, security along the beach area needs to be tight. Since it is next to impossible to keep a tab on every fishing boat, we need to catch them once they land. However, there should be no slip-ups once they land, since if they manage to dodge security and enter into the cities, it would become very difficult to stop them after that.

On lessons learnt from the Mumbai attacks: What one witnessed during the Mumbai attack was that each security wing was doing something different, which acted as an advantage to the enemy. The first thing that the heads of each department ought to do at the time of such an attack is land up in the control room. From here the rest of the force is to be mobilised and the counter-attack coordinated. In the first 15 minutes of the attack, security forces ought to know what exactly is to be done. During the Mumbai attack, this did not happen and hence gave the terrorists advantage of time. Apart from intelligence sharing and strategy by security forces at the time of an attack, the forces also have to carry out mock drills on a daily basis. There is no point in just planning things. Mock sessions in various locations and high-profile areas ought to be carried out, so that the forces have ample practice to counter a terrorist attack.

Source(s): Nov 02, 2009

<http://news.rediff.com/special/2009/nov/02/home-secretary-on-indias-terror-challenges.htm>

Coastal Security Projects Fall Flat

India's coastlines are far from secure even a year after terrorists struck Mumbai from the sea. Though the defence and home ministers had vowed a flurry of initiatives to beef up coastal security after 26/ 11, words have not translated into action. Recently addressing a coast guard meeting, defence minister A. K. Antony said the Centre sanctioned 3,000 additional personnel to be filled up on a "priority basis". The press release put 2022 as a possible date to the completion of the induction process of the personnel. It would take 13 years to fill up 3,000 posts of a security force tasked to play a primary role in upholding the country's maritime security.

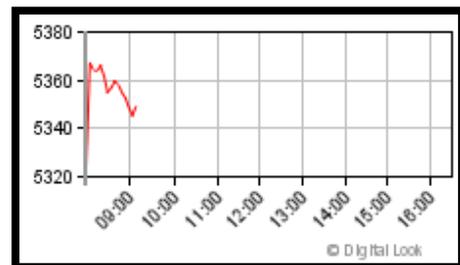
All priorities set after 26/ 11 were bunched into an omnibus Maritime Security Plan. The navy was given the overall responsibility for maritime security, "both coastal and offshore". It was to coordinate with about 16 different agencies such as the coast guards, marine police, customs, shipping and fisheries. Joint operations centres were to be set up in Mumbai, Vizag, Kochi and Port Blair under the charge of naval commanders-in chief. The navy was supposed to control all naval and coast guard operations so as to "ensure that the assets are optimally deployed and there is synergy between the organisations". One year on, much of the vaunted coordination remains a distant goal. Multiple turf wars between the navy, the coast guard and the state police departments over division of responsibilities have broken out. The concept of marine police has not taken off because the state police departments lack trained personnel. "Expect no immediate solution to this problem," Captain Alok Bansal, Executive director of the National Maritime Foundation, says. The Centre wants to appoint a maritime security adviser based on a French model, but it has not fructified. Antony said the proposal was still being examined.

Source(s): Pinaki Bhattacharya, India Today, Nov 3, 2009

<http://indiatoday.intoday.in/site/Story/69023/LATEST%20NEWS/Coastal+security+projects+fall+flat.html>

An Industry Grows in the Pirate Waters

It's not just pirates who are doing a roaring trade in the dangerous waters off the coast of Somalia, East Africa. As pirates become bolder - attacking merchant ships, taking crews hostage and seeking big ransoms - so the demand for protection grows. And shipowners desperate for security



are turning to dozens of firms, many from the West. Some of these 'security companies' are merely former soldiers willing to sell their defensive skills but without the experience of dealing with complex rules governing the use of firearms at sea.

In some cases, trigger-happy 'experts' have themselves ended up on trial for being 'pirates'. But deploying the skills of former SAS and Special Boat Service soldiers and former Royal Marines, a number of UK security operators now find themselves in demand. Earlier this year, one such company, Elite Maritime Protection of Northampton, was set up by Graham Freeman, 49, who already owned a private security firm called Brookmans International. Using contacts built up over years in the Army and private security, he established a group of highly skilled directors with a knowledge of not only maritime security but also the special forces.

After just eight months of business, EMP has built up a 300-strong freelance team of former special forces members and has already guided ten merchant ships successfully through the dangerous waters off Somalia. It claims it is on track to make a \$1m (£600,000) profit. Freeman said: 'What is important is experience and training. Just having guns on board is not the solution.'

Source(s): Tom McGhie, Financial Mail, Nov 8, 2009.

http://www.thisismoney.co.uk/markets/article.html?in_article_id=493139&in_page_id=3

Navy to Deploy Fast Crafts to Thwart Mumbai-Like Attacks

The Indian Navy would soon deploy fast attack crafts to protect the eastern coast to thwart attacks like last year's terror strike on Mumbai where the terrorists landed on the city's shoreline and unleashed mayhem, a senior navy official said. 'The Eastern coast can be as vulnerable as any other part of the Indian coast. You can't afford to leave one part of the coast unguarded especially after the Mumbai attack. We are giving equal importance to eastern coast as the Western coast and won't leave any part of the coast unattended,' Rear Admiral P. Murugesan, the flag officer commanding of the Indian Navy's Eastern Fleet, told visiting journalists on board INS Jalashwa off the port city in Orissa.

'The Indian Navy will deploy some swift-moving fast attack craft to thwart such attacks in the western coasts too. These crafts are not big ships, but they will be of medium and small sizes so that they can reach a place with a minimum time lag,' Murugesan said. The navy has already commissioned four to six such vessels in the last six months and more are being built in shipyards on a 'fast track' basis', he said. These ships would be positioned at different places in the eastern coast 'starting from Kameswaram to Haldia', the officer said. Apart from the navy, the coast guard is also commissioning such crafts to counter possible infiltrators along the Indian coast, he added.

INS Jalashwa is an amphibious assault ship that is capable of carrying and transporting 1,000 combat troops, tanks, artillery and vehicles to support operations ashore. It is equipped with Landing Craft Mechanized LCM-8. It is also capable of leading humanitarian assistance and disaster relief missions.

Source(s): IANS, November 9, 2009

<http://trak.in/news/navy-to-deploy-fast-crafts-to-thwart-mumbai-like-attacks/21527/>

Maritime Security Challenges for India

Government has accorded top priority to coastal security and for this an integrated approach has been put in place. The intelligence-sharing mechanism has been streamlined through the creation of joint operation centres and multi agency coordination mechanism. Surface and air surveillance has been enhanced by Indian Navy and Coast Guard Ships and aircraft all along the coast and in all offshore development areas. Further, Joint and operational exercises are taking place between Navy, Coast Guard, Coastal Police and Customs in order to check the effectiveness of the new systems. Central Government is funding coastal States / Union Territories through coastal security scheme for operationalisation of Coastal Police stations, patrol boats etc for coastal security. Indian Coast Guard has also trained 1515 state police personnel. This information was given by Defence Minister Shri AK Antony in a written reply to Shri A Vijayaraghavan in Rajya Sabha on Nov 25

Source(s): Press Information Bureau, Nov 25, 2009.

<http://pib.nic.in/release/release.asp?relid=54537>



MARINE ENVIRONMENT

Red Sea Cleanup: A Never-Ending Story

A group of volunteer divers from places of Asia, Europe and America sailed out of Desert Sea Divers marina on north Obhur, Jeddah, on Thursday(Nov26) to revisit and clean up a section of Jeddah's reefs. A coast guard warning that they should return by noon to avoid risk from an

approaching weather system cut their time offshore to just enough time for one dive. The event this year received a boost when it got backing from the Jamjoom Group as part of their corporate responsibility program. Hasam Agha, Jamjoom's perfume division manager, said the developing and increasingly important international concern with environmental matters had triggered the decision to join in.

Among the usual haul of discarded nylon fine mesh fishing nets and crude anchors made from rebar, indicating that professional fishermen had been involved, was a variety of plastic items. They ranged from 20 plastic garden chairs, a set of toy steps through to a child's colorful push-along helicopter. These told a story of the sea being used by land bound day-sailors who use it both as a source of entertainment and free and easy garbage disposal. The annual cleanup is part of the Project Aware scheme run by the Professional Association of Dive Instructors. The project is aimed at raising awareness of the fragility of the marine environment and the need to conserve it as a resource both for simple environmental reasons and as a managed environment that has tremendous commercial potential as a source of tourist income and fish stocks. "Over 20 years of diving on Jeddah's reefs and many more in the Red Sea nearby, I have witnessed a severe decline in fish stock," said Sjoeholm. "The garbage we retrieve is only part of the problem — but the first move is to make the general public aware of what is happening to an extremely valuable resource. Today was part of that attempt."

Source(s): Roger Harrison, Arab News, Nov 28, 2009.

<http://www.arabnews.com/?page=1§ion=0&article=128894&d=28&m=11&y=2009&pix=kingdom.jpg&category=Kingdom>

Protection Plans for Marine Areas

Industry groups are to be consulted over proposals for three new marine conservation sites which would stretch from the Wash to the Thames Estuary. The sites are proposed as the latest additions to the Natura 2000 network of European areas designed to protect important habitats, species and birds. Fishermen, energy and wind farm firms, leisure interests, and sand and gravel extractors are to be consulted. Natural England said potential impacts of the sites would be considered.

The most northerly proposed Special Area of Conservation is between Lincolnshire and Norfolk covering the Outer Wash at Inner Dowsing, Race Bank and North Ridge. These were selected as important sandbanks and Ross worm reefs. The potential Outer Thames Special Protected Area is a string of three sites off the coasts of Norfolk, Suffolk and Essex. The area stretches from Caister-on-Sea in Norfolk to Woodbridge in Suffolk. It also includes an area near Lowestoft and the outer part of the estuary east of a line north from Sheerness in Kent to Shoeburyness in Essex. Natural England said: "This area supports almost 40% of the country's red-throated diver population with more than 6,000 of the birds overwintering there. "They are attracted by herring, sprat, gobies, sand eels and various flatfish that make up the bulk of their diet." Natural England and the Joint Nature Conservation Committee are asking for comments on the scientific reasons for proposing the sites.



They also want to make an assessment of the likely impacts of the sites on marine industries such as fishing, recreation, sand and gravel extraction, wind farms and the oil and gas industry. If approved, the new sites would treble the number of existing conserved and protected marine areas in England. Shaun Thomas, Natural England's East of England regional director, said: "The Natura 2000 network of marine protected areas is a vital way of ensuring that our most important marine habitats and bird species are effectively protected. "The consultation on the proposed new sites will create significant opportunities to promote understanding of our precious marine undersea landscapes.

Source(s): Nov29, 2009

http://news.bbc.co.uk/2/hi/uk_news/england/8385058.stm

MARITIME COOPERATION

India and Japan to Increase Cooperation in Peace Keeping Anti-Piracy and Disaster Relief Measures

On November 9, India and Japan expressed their firm determination "to take forward bilateral defence exchanges and cooperation in a meaningful way". In a Joint Press Statement issued at the



end of a comprehensive review of Defence Cooperation issues at a meeting between the visiting Defence Minister AK Antony and his Japanese counterpart Toshimi Kitazawa in Tokyo, the two sides expressed their commitment to 'contribute to bilateral and regional cooperation', such as, ASEAN Regional Forum (ARF) in the field of peace-keeping, peace-building and disaster relief. The two Ministers held in-depth discussion on Defence Exchanges and Cooperation. Regional and International Security situation also came up for discussion at the meeting.

The two countries also recognized their mutual interest in the safety of sea-lines of communications and welcomed recent reinforcement of cooperation in the field of Maritime Security between the two Defence authorities as well as the inauguration of Japan-India Maritime Security Dialogue which was held in India last month. The two Ministers shared international concerns on piracy off the Coast of Somalia and in the Gulf of Aden and expressed their support for international efforts of anti-piracy.

They also expressed their determination to accelerate bilateral discussions on various measures to further promote Defence Exchanges and cooperation through a Defence Action Plan, as envisaged between the Prime Ministers of the two countries in October last year. The two sides will develop such an action plan and hoped that the same would be signed during the visit of Prime Minister Hatoyama to India for the Annual Summit. The two Ministers expressed their desire to hold annual meetings and expressed their expectation that the Second Defence Policy Dialogue will be held at the earliest mutually convenient time in India next year. The two sides also reiterated the importance of strengthening Service-to-Service exchanges such as Staff Talks including Navy-to-Navy and Ground-to-Ground Staff Talks, as well as bilateral exercises between Japan Self Defence Forces and the Indian Armed Forces to enhance cooperation and core ability for maritime security operation and disaster relief. Antony was accompanied by a high-level delegation including the Defence Secretary Pradeep Kumar, Scientific Advisor to Raksha Mantri Dr VK Saraswat and the Vice Chief of Naval Staff Vice Admiral DK Dewan.

Source(s): The Frontier India, Nov 9, 2009.

<http://frontierindia.net/wa/india-and-japan-to-increase-cooperation-in-peace-keeping-anti-piracy-and-disaster-relief-measures/499/>

China's Pearl in Pakistan's Waters

When Chinese Premier Wen Jiabao visited Pakistan in November to inaugurate the Gwadar deep sea port, China took a giant leap forward in gaining a strategic foothold in the Persian Gulf region. It will advance what a recent Pentagon report describes as Beijing's "string of pearls" strategy that aims to project Chinese power overseas and protect China's energy security at home. Gwadar is a fishing village on the Arabian Sea coast in the Pakistani province of Balochistan. Balochistan shares borders with Afghanistan and Iran to the west - Gwadar is just 72 kilometers from the Iranian border. More important is Gwadar's proximity to the Persian Gulf. It is situated near the mouth of this strategic body of water, and about 400km from the Strait of Hormuz, a major conduit for global oil supplies. Pakistan identified Gwadar as a port site in 1964. However, it was only in 2001 that significant steps toward making the proposal a reality were taken, when China agreed to participate in the construction and development of the deepsea port. The arrival of the United States in late 2001 in Afghanistan - at China's doorstep - nudged Beijing to step up its involvement in the Gwadar project. In March 2002, Chinese vice premier Wu Bangguo laid the foundation for Gwadar port.

China's involvement in the Gwadar project is immense. The total cost of the project is estimated at US\$1.16 billion, of which China has contributed about \$198 million for the first phase - almost four times the amount Pakistan has forked out for this phase - which includes construction of three multi-purpose ship berths. China has invested another \$200 million toward building a highway connecting Gwadar port with Pakistan's largest city, Karachi, which is also a port on the Arabian Sea. The second phase, which envisages nine more berths, an approach channel and storage terminals, will also be financed by China. In addition to its financial contribution, China has sent about 450 engineers and provided technical expertise for the project. In recent years, bilateral trade has steadily increased between China and Pakistan, with a 35% rise to \$2.4 billion in 2004, half the trade volume registered between China and India. The balance of trade remains overwhelmingly in China's favor, whose exports amounted to \$1.8 billion compared with Pakistan's \$575 million. Both Pakistan and China have highlighted the immense economic returns that development of the Gwadar port holds out for the two countries, as well as others in the region.

For Pakistan, the economic returns from Gwadar port stem from its location near the Strait of Hormuz, through which 40% of the world's oil passes. Gwadar could emerge as a key shipping point, bringing Pakistan much-needed income, and when combined with the surrounding areas could become a trade hub, once road and rail links connect it to the rest of Pakistan, Afghanistan and

Central Asia. A road from Gwadar to Saindak, said to be the shortest route between Central Asia and the sea, is under construction. Gwadar would provide landlocked Afghanistan and the Central Asian republics with access to the sea. Goods and oil and gas reserves from these countries could be shipped to global markets through Gwadar port. Pakistan's business community seems to be in favor of Gwadar port being designated a free trade zone and an export-processing zone. The development of Gwadar could bring economic gains to backward Balochistan province as well. The infrastructural development of the province could make it an attractive investment destination. Meanwhile, land prices around Gwadar are said to be shooting up. China's gains Zia Haider, an analyst at the Washington-based Stimson Center, writes that Gwadar provides China "a transit terminal for crude-oil imports from Iran and Africa to China's Xinjiang region". The network of rail and road links connecting Pakistan with Afghanistan and Central Asian republics that is envisaged as part of the Gwadar project and to which China will have access would provide Beijing an opening into Central Asian markets and energy sources, in the process stimulating the economic development of China's backward Xinjiang region.

But it is the strategic significance of Gwadar port that is perhaps more important for Pakistan and China - and a number of other countries as well. For Pakistan, Gwadar's distance from India is important. The value of this distance becomes evident if one considers how vulnerable Karachi port, which handled 90% of Pakistan's sea-borne trade in 2001, is to Indian pressure. During the 1971 India-Pakistan war, India's blockade of Karachi had a serious impact on the Pakistani economy. Again in 1999, during the Kargil conflict, India threatened to blockade Karachi port. That Gwadar is situated 725km to the west of Karachi, which makes it 725km further away from India than Karachi, provides "Pakistan with crucial strategic depth [vis-a-vis India] along its coastline", writes Haider. For China, Gwadar's strategic value stems from its proximity to the Strait of Hormuz. About 60% of China's energy supplies come from the Middle East, and China has been anxious that the US, which has a very high presence in the region, could choke off these supplies to China. "Having no blue-water navy to speak of, China feels defenseless in the Persian Gulf against any hostile action to choke off its energy supplies," points out Tarique Niazi, a specialist in resource-based conflict, in the Jamestown Foundation's China Brief. A presence in Gwadar provides China with a "listening post" where it can "monitor US naval activity in the Persian Gulf, Indian activity in the Arabian Sea and future US-Indian maritime cooperation in the Indian Ocean", writes Haider. A recent report titled "Energy Futures in Asia" produced by defense contractor Booz Allen Hamilton for the Pentagon notes that China has already set up electronic eavesdropping posts at Gwadar, which are monitoring maritime traffic through the Strait of Hormuz and the Arabian Sea.

Drawing attention to China's "string of pearls" strategy, the report points out that "China is building strategic relationships along the sea lanes from the Middle East to the South China Sea in ways that suggest defensive and offensive positioning to protect China's energy interests, but also to serve broad security objectives". The port and naval base in Gwadar is part of the "string of pearls". The other "pearls" in the string include facilities in Bangladesh, Myanmar, Thailand, Cambodia and the South China Sea that Beijing has acquired access to by assiduously building ties with governments in these countries. The Pentagon report sees China's efforts to defend its interests along oil shipping sea lanes as "creating a climate of uncertainty" and threatening "the safety of all ships on the high seas". This perception overlooks the fact that China's "string of pearls" strategy has been triggered by its sense of insecurity. The United States' overwhelming presence in the Gulf and the control of its exercises over the Malacca Strait, through which 80% of China's oil imports pass, has contributed enormously to Beijing's fears that Washington could choke off its oil supply, in the event of hostilities over Taiwan.

China's foothold in the Arabian Sea has set off alarm bells in India, Iran and the US. For India, China-Pakistan collaboration at Gwadar and China's presence in the Arabian Sea heightens its feeling of encirclement by China from all sides. Iran sees the development of Gwadar port in its neighborhood as likely to erode the significance of its ports - especially Chabahar port that India has helped construct - to Central Asia and Afghanistan. However, Iran's good relations with Afghanistan and the Central Asian republics would help it maintain its advantage vis-a-vis Pakistan's Gwadar port. Ultimately, the extent to which Pakistan and China are able to reap economic and strategic gains from the Gwadar project would depend on the challenges to it from within their borders. The Gwadar project is bitterly opposed by Baloch nationalists who see it as yet another example of Pakistan's Punjabi-dominated ruling elite siphoning away Balochi wealth and resources without this backward region or its people gaining.

For instance, it is non-Balochis who are said to have gained from the sharp rise in real estate prices around Gwadar. This has, not surprisingly, triggered angry and violent attacks on pipelines carrying oil from Balochistan and on those working on the Gwadar project. Last May, three Chinese

engineers were killed and 11 others, including nine Chinese and two Pakistanis, were injured in a bomb attack by the Balochistan Liberation Army. Pakistan has often blamed "a foreign hand" (read India or Iran) for the violence in Balochistan. But the threat to the port project or the oil pipelines comes from disaffected Balochis. Similarly, Uighur separatists angry with Beijing's "Hanification" of their land, could target Chinese workers at Gwadar. Unless Islamabad ensures that the Baloch people have a sizeable share of the prosperity that is expected to come from Gwadar port, and Beijing ensures that the Uighurs gain from the trade with Central Asia, both Pakistan and China could find the scale of their economic and strategic ambitions diminished.

Source(s): Sudha Ramachandran, Pakistan Defence, Nov 21, 2009.

<http://www.defence.pk/forums/economy-development/39615-chinas-pearl-pakistans-waters.html>

Gulf Maritime 2009

The Middle East's premier maritime event, dedicated to the complete commercial, government and military maritime industry, Gulf Maritime is the longest running maritime event in the Middle East with six successful editions held before. Since its debut in 2003, it has been held annually as a market-entry vehicle for international suppliers. With the maturing of the regional maritime industry, Gulf Maritime will now go biennial and will be held every two years, in the last quarter of the odd years.

A high quality conference addressing the regional maritime challenges will be held alongside the exhibition. With the new format, the exhibition is expected to expand in size with all the regional & international suppliers taking part. The event takes place in Dubai from 14 December to 16 December 2009.

Source(s): The Arabian Business, Nov 24, 2009.

http://www.arabianbusiness.com/index.php?option=com_events&view=detail&Itemid=82&evt_id=4826

S. Korea, U.S. Agree to Strengthen Maritime Safety

South Korea and the United States have agreed to work together to strengthen maritime safety, the South Korean Ministry of Land, Transport and Maritime Affairs said on Thursday (Nov 26). The two countries reached the agreement as they adopt a maritime safety declaration on the sidelines of a meeting of the International Maritime Organization in London on Wednesday. In the agreement, the two sides pledged to make joint efforts to tighten monitoring of port control, expand cooperation in the area of maritime safety sponsored by international agencies and exchange of inspectors.

The cooperation is aimed to prevent accidents and make faster response in case of emergency situations, and also to better protect the environment and deal with potential terrorist threats to ship traffic, the ministry was quoted as saying. Under the agreement, South Korean vessels will also be "preferentially" treated by the United States Coast Guard (USCG) while entering U.S. ports.

Source(s): Xinhua, Nov 26

http://news.xinhuanet.com/english/2009-11/26/content_12542243.htm

Singapore Shipyard Co, Indian Port form JV for Marine Facility

Singapore-based Sembawang Shipyard, a wholly-owned subsidiary of Sembcorp Marine and Kakinada Seaports announced on Nov 26 that a joint venture to establish and operate a marine and offshore facility in India with an investment of \$375 million. The joint venture (JV)-- Sembmarine Kakinada Seaports Ltd (SKL) will develop the marine facility in east coast near Krishna-Godavari and Mahanadi basin area in three phases over 3-5 years. "We are very optimistic of the region's growth in terms of shipping and offshore activities, oil and gas drilling and exploration, which will provide sustainable growth and expansion for SKSL," Sembcorp Marine Deputy President and Sembawang Shipyard Managing Director Ong Poh Kwee said.

Source(s): Press Trust of India, Nov 26, 2009.

<http://www.google.com/url?sa=X&q=http://www.business-standard.com/india/news/singapore-shipyard-co-indian-port-form-iv-for-marine-facility/79297/on&ct=ga&cd=NkETs2n7ifM&usq=AFQjCNFuYrX-H2Fk1bMsYM9BLtYbdkMHwA>

LIMA '09: 'Look at Piracy in South China Sea'

With piracy in the Straits of Malacca all but eradicated, attention should now be turned to the South China Sea. Malaysian Defence Minister Datuk Seri Dr Ahmad Zahid Hamidi said the five littoral nations around the sea have to work together to combat piracy. "Piracy there is not conventional any more. Pirates feel that the countries don't patrol the sea enough," said Zahid, at a press conference after delivering the keynote address at the Langkawi International Maritime and Aerospace Exhibition

(Lima) International Maritime Conference 2009. The conference, titled "The Changing Nature of Maritime Security: Challenges and the Application of Technology", was attended by top navy men from 24 countries.

Zahid explained that pirates did not think twice about travelling more than 1,800km from their points of origin. "So, it's hard for patrol ships to track them. "Technology is useless without cooperation." Zahid said ASEAN naval forces shouldn't compete with each other because there was no longer enmity among the countries. "The enemies now are pirates and terrorists." He said piracy in the South China Sea was still small in number and in scale, with most reports being of petty theft. However, he said he had been advised by the United States government that petty theft would eventually become piracy. He said the lessons learnt from combating piracy in the Straits of Malacca could be applied to the current problem off Somalia's coasts. Though it might not be possible to apply the Asean solution to Somalia and the Gulf of Aden, some lessons could be gleaned from the war on piracy in the Straits of Malacca.

A long-term solution for the piracy problem off Somalia's coast is proving to be elusive, in contrast with what happened in the Straits of Malacca, when a few years ago a slew of pirate attacks and bad publicity led to its listing as a war risk zone and the threat of external involvement. The situation prompted Malaysia, Singapore and Indonesia to launch coordinated patrols and "Eye-in-the-Sky" initiatives.

Source(s): New Straits, Nov 30, 2009.

http://www.nst.com.my/Current_News/NST/articles/12lg2/Article/index.html



MARITIME LEGISLATION

Lessons from India's Port Privatization

Among the several twists and turns in the port privatization programme flagged off by the Union government in 1997, this case stands out. In October, the Madras high court set aside a December 2008 order passed by the Tariff Authority for Major Ports, or TAMP, to cut rates by 34% at the container handling terminal in Tuticorin port on India's eastern coast. TAMP sets rates for 11 of the 12 Union government-owned ports in the country. In its October order, the Madras high court asked the tariff regulator to revisit the case and pass a fresh order.

So after seven years and three attempts to raise rates for the services provided at the terminal, PSA-Sical is back to square one. In effect, it is operating the 450,000 standard container capacity a year terminal at rates approved in 1999, when it started out on a 30-year contract. PSA-Sical currently charges its customers some Rs2,300 for handling a standard container. In September 2002, TAMP reduced the then existing tariffs at the facility by 15% when the terminal operator asked for a hike. PSA-Sical challenged the order. The Chennai high court stayed the TAMP order and allowed the operator to charge rates that prevailed earlier. In September 2006, TAMP ordered a 50% reduction in tariff over the 1999 rates when the operator sought a 30% increase. PSA-Sical filed a writ petition. In August 2007, the Madras high court quashed the TAMP order and directed that the matter be decided afresh. Accordingly, the tariff authority passed a fresh order in December 2008 reducing rates that were approved in 1999 by 34%.

One of the main issues involved in this case is the royalty that the operator has to pay the government-owned port for handling a container. According to the terms of the contract, the royalty per container was Rs102 in the first year of operations. In the 30th year of operations in 2029, it would reach Rs5,178 for a container. The royalty rises every year on 15 July. This year, the operator is paying a royalty of Rs1,641 per container. Next July, it rises to Rs1,969 a container. Very soon, the royalty payable to the government-owned port will exceed the rates charged from customers. With ageing of assets, the return allowed on capital in tariff setting decreases over a period of time. Even today, the terminal is operating at a cash loss because the revenue earned per container is not sufficient to cover the royalty paid to the port and the operating expenses of the facility. But PSA-Sical has nobody to blame except itself for this mess. Because, in its zeal to win the project, PSA-Sical quoted unrealistic and unworkable royalty that was low in the first 10 years of the contract and rapidly rising over the balance period. There is another problem involved here. The tariff approved in 1999 included the royalty paid to the port as an item of cost.

Source(s): Manoj P, Live Mint Nov 12 2009.

<http://www.livemint.com/2009/11/12204900/Lessons-from-India8217s-por.html?h=B>



Oasis of the Seas: Cruising on a Sailing City

Royal Caribbean's brand new Oasis of the Seas has all that and more - Sixteen decks, 24 dining options, seven themed neighbourhoods and a rooftop zip line. An ice-skating rink, handcrafted carousel and the first Broadway production to be staged at sea. In fact, it has much more, including a passenger capacity of 5,400 that easily makes it the largest cruise liner in the world. The ship departed Tuesday (Dec 1) on its first public sailing from Port Everglades, Fla., on a four-night cruise to Labadee, the cruise line's private island off the coast of Haiti. Beginning Dec. 5, the ship will sail on seven-night eastern Caribbean cruises with ports of call in St. Thomas, St. Maarten and Nassau, Bahamas.

Among the ship's most distinctive features is a new design concept that gives passengers various "neighbourhoods" to explore. The Pool and Sports Zone, for example, is a 3-acre extravaganza with four pools (including a sloped entrance "beach pool"), 10 whirlpools, miniature golf, zip line and a pair of Flow Rider surfing simulators. Royal Caribbean is banking on efficiency, with nearly 1,100 kitchen staff, bartenders and servers dedicated to the ship's two dozen dining spots. Naturally, passengers can choose from (and often pay an extra surcharge for) a gut-busting array of experiences - sushi, tapas, an upscale steakhouse. There's also a doughnut shop, ice-cream parlor and specialty cupcake boutique. Feeling squeamish? The Solarium Bistro serves lunch and dinner entrees that pack less than 500 calories.



Source(s): Shawna Van Ness, New day Nov 27, 2009 .

<http://www.newsday.com/travel/oasis-of-the-seas-cruising-on-a-sailing-city-1.1622364>

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