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Charting A Success Story in India's Maritime Trade

Until the turn of the century, when commodities trader Gautam Adani ventured into building ports, India's maritime sector was dominated by 12 ports owned by the Union government. Exporters and importers had no choice but to ship their cargo through one of these ports, enduring the poor service quality at these maritime gateways. Adani braved many challenges in developing Mundra port in Gujarat, now India's biggest private port and the only one to be listed on stock exchanges. Mundra handled 35.8 million tonnes (mt) of cargo in the year to March and earned a net profit of Rs467 crore on revenues of Rs1,140 crore.

In a short span of eight years since starting operations, Mundra handles more cargo in a year than at least three Union government ports—Tuticorin, Cochin and Ennore. In fact, Ennore, the newest of the government-owned ports that also started operations in 2001, the same year as Mundra, handles a paltry 11.5 mt of cargo in a year. The Adani Group has invested close to Rs2,400 crore to build the port. It currently handles cargo such as dry bulk, liquid bulk, containers and automobiles. The Adanis plan to raise the port's cargo handling capacity to as much as 100 mt by 2014. Mundra's biggest selling propositions are its natural deep draft (depth), proximity to the north-west hinterland (a port's cargo generating and destination area), railway connectivity and ability to provide all cargo handling services under one roof. "Mundra has got the basics right," said Tapasije Mishra, chief executive at investment bank IDFC-SSKI Ltd. "A deep draft, integrated infrastructure, adequate rail and road connectivity has been the key attraction for its customers. Its proximity to the northern hinterland market saves inland logistics costs for exporters and importers vis-à-vis Jawaharlal Nehru Port and Mumbai port (both Union government-owned) also on the western coast."

Mundra's location near the entrance of the Gulf of Kutch on the north-west coast of India places it near major maritime trade routes to serve as a hub port for foreign trade to and from West Asia, Asia, Africa and other global destinations. "As a port, Mundra is the deepest in the country with a water depth of 17.5 metres," said Rajeeva Sinha, a director at Mundra Port and Special Economic Zone Ltd (MPSEZ). At this depth, Mundra can easily handle capesize ships, the biggest ships that can carry dry bulk commodities such as coal, iron ore, steel and grains. A capesize bulk carrier hauls 175,000 tonnes of goods. Among the Union government-owned ports, only Visakhapatnam can handle capsize ships. "Using larger vessels reduces ocean transportation costs for exporters and importers through economies of scale," said Sinha. Mundra's strategic location helps it serve a big population of the land-locked north and north-west regions of India that generates significant port traffic.

About half of India's trade in commodities such as crude oil, coal, fertilizers, food grain and container cargo is accounted by cargo centres in north and north-west India, including the National Capital Region of Delhi, Gujarat, Rajasthan, Haryana, Punjab and Uttar Pradesh. Being a port outside the control of the Union government, Mundra is free to set its own tariffs, whereas the tariffs at 11 of the 12 Union government ports are set by the tariff regulator, the Tariff Authority for Major Ports (TAMP). Ennore is the only exception in this regard because it was set up under the Companies Act and, hence, outside the scope of TAMP. Although Kandla is India's biggest port by cargo handled but earned double the revenue of the Union government port. Mundra handled only half the cargo volumes handled at Kandla, but its revenue excluded earnings from land lease and interest income that are typically factored into the financials of Union government ports.

Source(s), Manoj P, Live Mint, Aug 10, 2009.

<http://www.livemint.com/2009/08/10231329/Charting-a-success-story-in-In.html>

Mumbai Port Deal Offers Advantage to Pvt Party'

The first public private partnership (PPP) project in port development at Nhava Sheva in Mumbai — to operate a container depot under build-operate-transfer (BOT) basis — has come under the scanner with a cabinet secretariat-initiated probe by the Central Vigilance Commission (CVC) revealing undue advantage to the private operator. The CVC findings, sources said, were submitted to the government a few months ago and it is believed that the cabinet secretariat is keen that the operator should face penal action while the regulator is made accountable for not adhering to the guidelines on revising tariff within the given timeframe.

The first PPP project in port development — the Nhava Sheva International Container Terminal (NICT) — was initiated at Jawaharlal Nehru Port Trust (JNPT). The joint venture on BOT basis was applicable for a 30-year period. A Tariff Authority on Major Ports (TAMP) was set up to fix and revise tariff rates of NICT. The first revision was supposed to be done in 2002, within two years from the time the terminal came into operation. However, the CVC investigation revealed that the

TAMP failed to take up any revision till five years, and between 2000 and 2005, the NICT had an income of Rs 473 crore in excess of the projected tariff.

But, despite the fact that the private operator was making huge profits, the department of shipping, the joint venture partner, made no attempt to revise the tariff, the CVC report said.

Source(s): The Times of India, Aug 19, 2009.

<http://timesofindia.indiatimes.com/news/business/india-business/Mumbai-port-deal-offers-advantage-to-pvt-party/articleshow/4908447.cms>

FE Editorial: Please Leave 'Minor' Ports Alone

Minor ports have hitherto been beyond the Centre's purview. As the shipping ministry revises this situation, we have cause for concern. Back in 1950, the Constitution made a distinction between major and minor ports, with the idea that the former would be principal gateways for international trade and hence under central jurisdiction, while the latter would be suitable for fishing and the like and so remain under state charge. This differentiation was without significant impact till liberalisation, when the government allowed private enterprise into the sector. Then, given that the Constitution didn't define ports by size, go-getting state governments like that of Gujarat made sure that their ports really took off on the back of private enterprise. Nothing epitomises this triumph better than that so-called minor ports have now become some of the biggest ones in the country. In 2004-05, Vishakapatnam's long reign (berthed in AP) as India's biggest port was interrupted by Gujarat's minor port of Sikka becoming the top port. Next fiscal, the state saw its minor ports handling 123.6 million tonnes of cargo compared to the 53 million tonne handled by its only major port at Kandla. In the 11th Plan, private enterprise is expected to deliver three-fourths of the total projected investment in the ports sector.

On the face of it, recommendations submitted in the first week of August by the committee headed by Vijay Chhibber, ministry of shipping, look liberal. For instance, on standardising port operations, the committee suggests delegating power for greater flexibility, clarity and operational freedom in the managements of major ports. The problem is that the Centre doesn't have too great a record on implementing policy in a consistent way. To take one example, the Centre gave security clearance to a consortium that includes a Chinese port operator to bid for terminals at Paradip Port in Orissa but denied permission to another group that includes a Hong Kong (now a part of China) company. Also, let's consider why captive ports (like the one belonging to RIL in Gujarat) are not pressing on the liberalisation argument to convert to general use, whereby they could charge other companies to use their facilities. What they fear is that such a step would bring a bunchload of bureaucrats and customs inspectors riding their operations. Finally, when ports and developers are outside the ambit of a central regulator, they have operational flexibility as well as freedom in fixing...

Source(s): The Financial Express, Aug 19, 2009

<http://www.financialexpress.com/news/fe-editorial-please-leave-minor-ports-alone/503554/>

GCC Seaports a \$40bn Investment Pipeline, Says Markaz Study

In its new research on the GCC Port sector, Kuwait Financial Center 'Markaz' notes that GCC governments have benefited from high oil prices during the last several years, aiding them in reducing external debt and increasing expenditure. The majority of this expenditure has been focused on infrastructure building. Among the various facets of infrastructure development, the sea ports segment is witnessing a robust growth in investments. The large volume of export of hydrocarbons by sea has ensured the development of ports in all Gulf countries. The GCC region's total trade (Imports + Exports) witnessed a CAGR growth of 15% between 1994-2009E. Of this, imports from 30% and exports from the rest.

Within exports, the hydrocarbon related exports constitute 90%. Also, there has been a shift in the concentration of the top three trading partners since 1994. The GCC exported 61% of its total exports to EU, Japan and US in 1994. This rate is expected to decline to 44% in 2009. This trend is similar for imports too. GCC imported 69% of its total imports from EU, Japan and US in 1994. This has declined to 53% currently. GCC seaports have witnessed robust growth rates in volume. At an overall level, the sea ports in GCC have witnessed an estimated 12% CAGR in volumes to 24m TEU's in 2008 from 15m TEU's in 2004.

The UAE ports have the highest share of volume among the GCC countries at 61%. The ports in UAE have been witnessing a 13% CAGR growth in volume between 2004 - 2008. The highest growth according to our estimates is in Kuwait with a CAGR of 15%, but with a low share of overall GCC volume at just 4%. GCC countries have 35 ports in all, some of which are currently undergoing expansion to meet increasing trade demand. Total investments in GCC port projects till 2008 have touched almost \$38.2bn, with maximum investment in the UAE (around \$23bn). Between Jan 2008 - Jul 2009 alone, the total value of projects that have witnessed completion has been at \$843m. The total value of upcoming projects is at \$38.57bn. However, there are two major challenges

for the ports sector in GCC. Depressed oil revenues over a long period of time might result in cancellations of some of the large port projects currently being undertaken in the GCC. Also, continuation of the financial crisis in the Middle East would result in cancellation of the projects. Our estimates show that already \$1.68bn worth of projects have either been put on hold or cancelled.

Source(s): Ameninfo.com, Aug 23, 2009.
<http://www.ameinfo.com/207361.html>

UAE Invests \$ 23bn to Expand Seaports

The UAE has pumped \$23 billion) to develop its seaports in an effort to take advantage of the growth in business it expects from high oil exports and swelling imports. The capital accounts for nearly 60 per cent of the total investments of around \$38.2bn injected in port projects by the six-nation Gulf Cooperation Council (GCC), the Kuwaiti Financial Centre, Markaz, said in a study on Gulf ports. As a result, the UAE has emerged as the largest transshipment centre in the region, handling about 61 per cent of total port business in the 28-year-old GCC between 2004 and 2008.

Its figures show total volume handled by the GCC's 38 sea ports grew by around 12 per cent annually from 15 million twenty-foot equivalent units (TEUs) in 2004 to a record 24 million TEUs in 2008. "The UAE ports have the highest share of volume among the GCC countries at 61 per cent. Ports in the UAE have witnessed a 13 per cent growth in volume during 2004-2008. "The highest growth was in Kuwait at around 15 per cent, but it had a low share of overall GCC volume at just four per cent," it said. The report said the GCC countries, which control 45 per cent of the world's proven oil deposits, have 35 major seaports, some of which are currently undergoing expansion to meet increasing trade demand. "Total investments in GCC port projects until 2008 have touched nearly \$38.2bn, with maximum investments in the UAE at around \$23bn," it said.

But the report said port projects in the GCC face two major challenges. "First is lower oil revenues for a long period of time, which might result in the cancellations of some of the large port projects currently under way. "Also, the continuation of the financial crisis could result in the cancellation of many projects. Estimates show that \$1.68bn worth of projects have either been put on hold or cancelled."

Source(s): Zawa.com, Aug 28, 2009.

[http://www.zawya.com/Story.cfm/sidZAWYA20090829051748/UAE%20Invests%20\\$23bn%20To%20Expand%20Seaports](http://www.zawya.com/Story.cfm/sidZAWYA20090829051748/UAE%20Invests%20$23bn%20To%20Expand%20Seaports)

Performance Of Indian Ports In 2008-09: Increased Efficiency On All Major Parameters

Indian ports have been the target of much criticism for their poor efficiency. But, according to recent government data, the average operational efficiency in the country's 12 major ports has improved considerably in the last seven years. Whether it is turnaround time, pre-berthing detention time or output per ship per berth-day — the three basic efficiency parameters at major ports — have all shown improvement since the beginning of the decade.

The average turnaround time — between arrival of a ship and its departure from a port — has nearly 'plateaued' out as vessels of higher tonnage are increasingly berthing at ports, keeping in line with the international trend of a bigger vessels being employed by the shipping lines. This is reflected by the fact that the average output per ship per berth-day has shown a consistently increasing trend, indicating improved cargo-handling at the ports (see Table on 'Performance...'). However, there has been a deterioration in the average pre-berthing time — time that elapses between when the vessel arrives at a port and it is berthed at the terminal

Performance parameters			
	2000-01	2007-08	2008-09 (provisional)
Average turnaround time (in days)	4.24	2.63	2.44
Average pre-berthing detention time (in hours)	11.04	11.4	9.95
Average output per-ship per berth day (in tonnes)	6961	10071	10464

Source: Shipping Ministry

— because of capacity constraints in handling specific commodities in certain ports. Further, priority berthing for fertilisers and food-grains in 2006-07 and 2007-08, in consonance with the Government's policy of giving priority to vessel carrying food-grains and fertilisers, has also often led to bunching of vessels, with consequent increase in pre-berthing waiting time, according to the Outcome Budget for 2009-10 of the Shipping Ministry.

About 72 per cent of seaborne trade is handled by the major ports and the rest by non-major ports. Traffic has increased at a CAGR of 7.4 per cent over a ten-year period, from a volume of 227.26 million tonnes (MT) in 1996-97 to 463.78 MT in 2006-07 — in the Tenth Plan period alone, the traffic volume has increased at a CAGR of 10 per cent, from 287.59 MT in 2001-02 to 463.78 MT in 2006-07. Despite the global slowdown the cargo handled by major Indian ports in 2008-09 was 530.35 MT — a 2.1 per cent increase compared to the volume of 519.3 MT handled the previous year. The non-major ports handled 185 MT in 2006-07, or 28 per cent of the overall seaborne trade.

There are mega plans for Indian ports. By the end of the Eleventh Plan Period, the total traffic handled by the ports in India is expected to cross the one-billion mark and the share of major ports is likely to be 70 per cent. The Shipping Ministry's National Maritime Development Programme involves a total investment of Rs 1,00,339 crore over a period of 10 years to ensure co-ordinated development of port infrastructure, tonnage acquisition, maritime training, coastal shipping, aid to navigation, shipbuilding and building up IWT infrastructure. While it is good to hear about the efficiency improvement, people in the trade say the Indian ports are a long way away from catching up with standards in the international ports. For instance, in ports such as Singapore the turnaround of ships is six to eight hours, compared with more than 24 hours in India.

Source(s): T. E. Raja Simhan, *Business Line*, Aug 31, 2009.
<http://www.thehindubusinessline.com/2009/08/31/stories/2009083150180500.htm>

Allocations for the port sector			
	Plan		Non Plan
	GBS*	IEBR**	
	(in Rs crore)		
Major ports	150.0	1525	484.58
Andaman and Lakshadweep Harbour Works	65.0	0	25
Dredging Corpn of India	0	495.5	0
Sethusamudram Corpn Ltd	151.1	10	0
Others	18.9	0	0
Total	385.0	2030.5	509.58

Source: Shipping Ministry
 *Gross budgetary support
 **Internal and Extra Budgetary Resources

SHIPBUILDING

Coastal Security Faces Shipbuilding Delays

India's coastal and maritime problems are growing faster than the fleet of ships needed to deal with them. Here in Kolkata, at Garden Reach Shipbuilders & Engineers (GRSE), two newly built patrol ships have lain for two months, waiting for collection by the Indian Navy. But the Admirals insist: first meet the navy's performance requirements.

GRSE, India's second-biggest defence shipyard, got a Rs 514-crore order in March 2006 to build 10 Water Jet propelled Fast Attack Craft (WJ-FACs), whose high-tech German MTU water-jet engines could propel these sleek vessels through the water at 65 kmph, tackling threats along the coastline for up to 3,600 km without refuelling. After the Mumbai attacks on 26/11, the need for such craft was felt more than ever. The first two WJ-FACs — INS Car Nicobar and INS Chetlat — were press-ganged into the navy in February 2009, even though they were restricted to just 50 kmph by flawed gearboxes supplied by Kirloskar Pneumatic Company Ltd (KPCL).

But now the navy has refused to accept the next two WJ-FACs — INS Cora Divh and INS Cheriyaam — until KPCL rectifies the transmission systems that it had developed and supplied to GRSE. Rear Admiral K C Sekhar, GRSE chairman and managing director, told *Business Standard* that KPCL had already supplied 30 defective gearboxes (three go into each WJ-FAC), but had now taken some back to diagnose and resolve the problem. "I expect three gearboxes to come back very shortly," said Admiral Sekhar, "and we have a commitment from KPCL that they will be responsible for their product. Any additional expenditure incurred will be their responsibility."

KPCL is unlikely, however, to pick up the tab for the growing expenditure on trials. And GRSE supervisors say the morale of workers — who are pushed hard to get vessels ready for on-time delivery — suffers when buyers reject a completed ship. KPCL has not responded to repeated requests for their comments. As coastal security grows in importance, the Indian Navy and the Coast Guard are acquiring greater numbers of patrol vessels and attack craft. These smaller, lightly armed vessels, like the Car Nicobar Class WJ-FACs, are lighter, cheaper, easier to build, and better suited for coastal surveillance than the capital warships — corvettes, frigates and destroyers — that are designed and built for war.

Vice-Admiral Arun Kumar Singh, who until recently commanded the Eastern Naval Command in Visakhapatnam, points to the growing importance of coastal security: "The term 'a balanced Navy' has now acquired a different meaning altogether; a 'brown water' coastal force is as relevant and

essential as a 'blue water' force." In recent years, the navy has built 7 Sukanya Class offshore patrol vessels, one of which was sold to Sri Lanka; 4 Trinkat Class fast patrol vessels (FPVs), one of which was given to the Maldives and one to Seychelles; 7 Super Dvora Mark II class FPVs; and 4 Bangaram Class fast attack craft (FACs). In addition, four Saryu Class offshore patrol vessels are being built by Goa Shipyard Ltd. The 10 Car Nicobar class WJ-FACs, with their ability to react quickly at high speeds, are purpose designed for coastal security. These 50 metres long, 600-tonne vessels are crewed by 35 sailors. Each WJ-FAC is armed with a 30 mm CRN-91 automatic cannon that can engage targets up to 3 kilometres away.

Source(s): Ajai Shukla, [business-standard](http://www.business-standard.com/india/news/coastal-security-faces-shipbuilding-delays/367325/) Aug 18, 2009.

<http://www.business-standard.com/india/news/coastal-security-faces-shipbuilding-delays/367325/>

70 Percent Of World's New Shipbuilding Orders in July Received by China

According to statistics issued by the China Association of the National Shipbuilding Industry (CANSI), in July, China's shipbuilding enterprises received new shipbuilding orders of 4.1 million dead weight tons, accounting for nearly 70 percent of the world's total, and more than those of Japan and South Korea, the two largest countries in the world's shipbuilding industry. China has received the most shipbuilding orders in the world in two consecutive months. According to the latest data released by UK-based Clarkson Company, an authoritative advisory body in the international shipbuilding industry, in July, the world's total new shipbuilding orders exceeded 6.3 million dead weight tons, and 1.2 times those of the first half of 2009. In May 2009, there were no global shipbuilding orders, setting the lowest record in at least seven years. In particular, no deal in the trade of new container ships was inked for eight consecutive months between November 2008 and June 2009.

Due to overcapacity of the shipping market, when the trade volume of new ships almost stagnated, a number of other severe situations of different levels also emerged in China's shipbuilding industry, such as order cancellations, ship delivery delays and financial strain. China's state-owned and private shipbuilding enterprises have obtained relatively relaxed loans through encashment credit, bond financing and other methods, alleviating their financial pressures. Meanwhile, they have closely cooperated with ship owners to stimulate the market. In the first half of 2009, China's total export volume of the three main ship types reached 9.13 billion USD, accounting for about 70 percent of China's total ship export volume. With the exception of container ships, ship exports increased significantly.

As the global shipping market bottomed out in the second quarter, idle shipping capacity decreased to 1.2 million TEUs in the beginning of July from 1.42 million TEUs at the end of March, and China's shipbuilding enterprises also started to receive orders in bulk. "We believe that it is only individual shipbuilding orders received in the last two months that have greatly increased compared to that of the previous months, and it remains to be seen whether the shipbuilding industry can continue to recover in future," said CANSI experts.

Source(s): China View, Aug 17, 2009.

<http://english.people.com.cn/90001/90778/90857/90860/6730645.html>

Shipyards Face Global Price War Risk, Mitsui Engineering Says

Shipbuilders may be drawn into a global price war next year triggered by South Korean discounting, an executive at Mitsui Engineering & Shipbuilding Co., Japan's second-largest builder of vessels, said. "A risk of some new Korean yards setting very low prices is our biggest concern," Norio Nagata, the head of the company's ship and ocean project division, said in an interview in Tokyo. The possible price cuts to fill idle docks could lead to global discounting, he said. Shipping lines have postponed or canceled vessels as demand dropped amid the recession. Bulk carrier prices have declined as much as 30 percent from levels before the economic slump and a global fleet oversupply may continue for six years, boosted by the expansion of Korean and Chinese yard capacity and weak demand, Nagata said.

"Things will be extremely tough until 2015," he said. "The most important thing is how quickly we will respond to a rapid change in the business environment." The company will compete with Asian rivals by developing more fuel-efficient ships, said Nagata, who became head of the ship division in June. The company plans to sell, as early as 2013, very large crude carriers, or VLCC, and handymax vessels designed to cut greenhouse gas emissions by 30 percent. About 854 million gross-ton vessels are scheduled to come into the global ship market, based on order books held by yards around the world, Koichi Kato, an official at the transport ministry's Maritime Bureau, said this month, citing government data. That's equivalent to about 40 percent of the fleet in operation, even as demand is expected to remain flat, he said.

Overall capacity at South Korea shipyards is expected to increase by almost 20 percent in the two-year period ending December, according to analysts, including Cho In Karp at Good Morning

Shinhan Securities Co. in Seoul. That includes plans by Hyundai Heavy Industries Co. to add two additional yards and the extension of docks by rivals. Japan lost its title as the world's largest shipbuilding nation to South Korea in 2000. Six years later, China overtook Japan as the second-largest shipbuilder by new orders. Excess shipping capacity across the world will peak in 2012 before returning to growth as early as 2015, Nagata said. Orders received by Japanese shipyards tumbled 63 percent in July and have fallen 76 percent since the beginning of this year, according to the Japan Ship Exporters' Association.

Source(s): Masumi Suga and Hiroshi Matsui, Bloomberg, Aug. 28, 2009.
<http://www.bloomberg.com/apps/news?pid=20601101&sid=adf6ZuCaNSEI>

SHIPPING

India's Container Trade Thrives in Tandem With Booming Economy, Finds Frost & Sullivan

India's containerized transportation is poised for significant growth spearheaded by rising international trade, and increasing investments in ports infrastructure by the government and through public-private partnerships (PPPs). Sea traffic carries 95.0 percent of India's exports by volume and 70.0 percent in value terms. Considering the present stage of economic development, the shifting of manufacturing activities to India, privatization of port operations, and demand from foreign nations to containerize commodities bode well for the market.

New analysis from Frost & Sullivan, Strategic Assessment of Containerization Trends in India, finds that container capacity handled for international and domestic traffic stood at 9.1 million twenty-foot equivalent units (TEU) in 2008, and expects this to reach 21.0 million TEUs in 2014. "Indian merchandise export and import has registered a double digit growth of 23.0 percent during the year 2007-08," says a Frost & Sullivan Research Analyst. "Trade was growing at over 25.3 percent CAGR over the past 5 years. Since a greater share of trade is moving towards finished goods requiring containerization, the container traffic in the country is experiencing an impressive growth."

However, the Indian ports infrastructure is far behind world standards. With global and Indian trade growing at 11-12 percent per annum, congestion at major ports can depress port performance and impede containerization growth unless sufficient port capacity is created. "Further, the absence of a hub port in India has resulted in a significant share of containers leaving an Indian port going through a feeder, with transshipment and mainline movement causing additional delay," observes the analyst. "This results in a delay of 40 hours to 50 hours as containers are transshipped through ports such as Colombo, Singapore (east), Dubai, and Salalah (west)."

To keep abreast of the growth rate, the Government of India must ratchet up port capacity expansion plans. It is already developing the port infrastructure through PPPs, allowing 100 percent FDI in construction and maintenance of ports, operations, and other supportive services. PPPs add value to infrastructure development at ports by being advantageous to the Government, private companies, and customers because they have the opportunity to choose from various options while discharging their commodities. The upcoming Vallaradam International Transshipment Terminal and Vizhinjam Terminal will position India as a transshipment hub, conferring major advantages to Indian exporters in terms of reduction in feeder service cost and faster shipping service if the cargo is routed through Kochi instead of Colombo, Sri Lanka.

Source(s): PRNewswire Aug 5, 2009.

http://sev.prnewswire.com/auto/20090805/3948713en_iCrossing05082009-1.html

Strategic Implications of Chinese Fisheries Development

With much attention focused on China's growing naval, shipbuilding and port infrastructure developments, it is easy to forget another important dimension of China's maritime rise: China's status as a major global fishing power. With a total haul of over 17 million tons in 2007, China's take is four times that of the nearest competitor, and far exceeds the catch of Japan, the United States and other major Pacific maritime powers. China's massive fishing fleet is concentrated in the Western Pacific, but is also active now on all the world's oceans. This issue should foremost be evaluated in an environmental context since the world's oceans are now under severe strain from overfishing. Yet, there are also vital foreign policy and international security aspects to Chinese fisheries developments that can not be neglected by U.S. policymakers. Indeed, fisheries issues are a significant security concern among Chinese maritime strategists, because they fit squarely into perceived resource and sovereignty imperatives now driving current maritime development. As a whole, China's actions as the largest world fishing power can serve as an important signal for

determining Beijing's willingness to conform to global maritime norms as a "responsible maritime stakeholder."

During 2009, Chinese fishing vessels and fishing policies made global headlines with increasing frequency. Beginning in March with the so-called Impeccable incident, in which a few Chinese fishing trawlers in the company of two other enforcement ships and at least one Chinese naval vessel surrounded and harassed a U.S. surveillance vessel 75 miles south of Hainan, represented one of a number of recent and similarly dangerous incidents at sea. Shortly thereafter, China's largest fishery enforcement vessel, Yuzheng 311, was sent on a lengthy patrol in the South China Sea following legislation by the Philippines to formalize its offshore claims to several islets in the South China Sea. In June, Chinese enforcement of fishery claims came under international scrutiny when Vietnam lodged a series of protests concerning alleged rough treatment of their own fishing vessels by Chinese authorities.

According to one report, incomes of Vietnamese fishermen have declined because of "China's stepped up [fisheries] enforcement," in the vicinity of the Paracel Archipeligo. Then in late June, a major incident erupted between Beijing and Jakarta after Indonesian authorities seized eight Chinese fishing vessels and detained 75 Chinese fishermen, whom were allegedly fishing illegally in Indonesia's Exclusive Economic Zone (EEZ)—59 of the 75 Chinese fishermen detained were permitted to return to China in July. Such incidents illustrate how the activities of fishing vessels and related enforcement authorities of the Western Pacific region represent one of the jagged edges of volatile maritime territorial disputes. There is a real potential in China—and also among its neighbors—for fishing nationalism to take hold, because resources coupled with sovereignty disputes are at the heart of energized naval development in the East Asian region. Unfortunately, fishing tensions could aggravate these disputes to the point of military conflict. The potential for this nationalism is implied, for example, in one recent Chinese assessment that concludes: "Although our country has signed one after another fishing agreements with neighboring states, the number of fishing industry security incidents involving foreigners has unceasingly increased ... Some [countries] even send warships to bump and sink our side's fishing boats ...".

Official figures suggest that China currently has about 297,937 motorized fishing vessels and approximately eight million fishermen. Among finfish, Chinese are largely catching anchovy, Japanese scad, hairtail and small yellow croaker, while significant subsectors also catch shrimp, crab and squid as well. The dominant method is trawling, though gill nets, set nets, line and hooks, as well as purse seines are also used. The East China Sea accounts for the largest catch, followed by the South China Sea and then the Yellow Sea. Among these sea areas, only the South China Sea region has seen increasing catches of late. Of China's major marine industries, marine fisheries and related industries are ranked as the largest sector. Guangdong and Shandong are the leading provinces measured by fishing output, though Fujian and Zhejiang are close behind.

Source(s): Lyle Goldstein China Brief Volume: 9 Issue: 16, August 5, 2009

http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=35372&tx_ttnews%5BbackPid%5D=7&cHash=f4bf7444bc

MARITIME SECURITY

Global Terror Warning as Somali Militants Flex Muscles

An Al Qaeda-linked militant group waging war against Somalia's fragile government is becoming an increasing threat to Western ally Kenya and could potentially destabilize the region with dire consequences for global security, including maritime security officials and analysts warn. Al-Shabaab, one of the strongest Islamic militias battling for control of Mogadishu, has gained ground in recent weeks, according to officials, and has started to flex its muscles beyond Somalia's border with terror strikes, kidnappings and recruitment drives.

They warn that unless the world takes action the group, which wants to impose an extreme type of Islamic sharia law, could extend its grip across parts of East Africa to gain control of a region that flanks busy shipping routes already plagued by Somali pirates. Appeals by Somalia's government for international help to unpick its long-running civil conflict have escalated Al-Shabaab's threats with the group behind warnings of an attack



on the Kenyan capital, Nairobi. And, say experts, the group is being backed by foreign fighters -- some said to have links to Osama bin Laden's Al Qaeda network -- a situation that draws direct comparisons with the group's influence in pre-9/11 Afghanistan. "Al-Shabaab is a threat to the whole world," Somali Information Minister Farhan Ali Mohamoud told CNN. "First to Somalia, to the neighborhood, and to everywhere they have disagreed with." "Somalia's problems are not for Somalia alone to solve. Not only for the African Union to solve. It is a global and regional issue. We are very appreciative that the international community understands that, but they need to act now, rather than later," said Mohamoud.

Source(s): David McKenzie, CNN August 1, 2009

<http://us.cnn.com/2009/WORLD/africa/07/29/shabaab.somalia/index.html>

Boeing Shows off Poseidon, India is First Global Buyer

India will be the first international customer of the Boeing P-8I Poseidon, a variant of the P-8A Poseidon, US Navy's newest maritime patrol and reconnaissance aircraft showcased by the Boeing Company. Ceremonially rolled out on Thursday (July 30) at the Boeing facility in Renton, Washington, the P-8A, a derivative of the Next-Generation 737-800, is a long-range anti-submarine warfare, anti-surface warfare, intelligence, surveillance and reconnaissance aircraft capable of broad-area, maritime and littoral operations.

"The P-8A Poseidon will equip the US Navy with the most advanced multi-mission maritime patrol and reconnaissance aircraft in the world," said Jim Albaugh, president and CEO of Boeing Integrated Defence Systems. "The Poseidon is also the latest in a decades-long Boeing tradition of working closely with the Navy and other customers to deliver a wide range of platforms that meet their most critical mission requirements." As the replacement for the US Navy's P-3C Orion aircraft, the P-8A will provide greater payload capacity, significant growth potential, unprecedented flexibility and interoperability, and advanced mission systems, software and communications, Albaugh added.

"The P-8A programme is an outstanding example of evolutionary acquisition at work," said Capt. Mike Moran, US Navy maritime patrol and reconnaissance aircraft programme manager. India is buying eight P-8I long-range maritime reconnaissance and anti-submarine warfare aircraft for the Indian navy at a total cost of \$2.1 billion with each aircraft costing about \$220 million. These aircraft would replace Indian Navy's aging Tupolev Tu-142M maritime surveillance turboprops.

Boeing will deliver the first P-8I to India by 2013 and the remaining seven by 2015. Interest has been expressed by many other countries, including Australia and Italy. The P-8A for the US Navy is built by a Boeing-led industry team that includes CFM International, Northrop Grumman, Raytheon, Spirit AeroSystems and GE Aviation. The team currently is assembling and testing the first five P-8As as part of the programme's System Development and Demonstration contract, awarded in 2004. The integrated Navy/Boeing team will begin formal flight testing of the P-8A later this year. The US Navy plans to purchase 117 P-8As, and initial operational capability is planned for 2013.

Source(s): The Economic Times, Aug 01, 2009.

<http://economictimes.indiatimes.com/News/News-By-Industry/Transportation/Boeing-shows-off-Poseidon-India-is-first-global-buyer/articleshow/4840515.cms>

Emerging Threats: Al-Qaida's Navy?

Hollywood's glamorization of the Barbary Pirates over the years blurred the horror of a seaborne plague. Between 1530 and 1789, some 1.5 million European Christians and Jews, and American sailors and travelers, were kidnapped and enslaved in Islamic North Africa. Thomas Jefferson, the second U.S. ambassador to France, was shocked by what he heard when he went with John Adams, first U.S. envoy to Great Britain, to see Tripoli's ambassador to London in 1785. By what right did the Barbary States seize American shipping and make slaves of both crews and passengers, they asked. It was written in the Koran, the "Barbarian" replied, that all nations who didn't acknowledge the holy book and its laws were sinners who must be slain in battle; those who surrendered were to become slaves.

"Algerian Corsairs and the Pirates of Tunis and Tripoli" and their rapacious demands compelled the states to unite and build a federal navy and form a Marine Corps. Later, the Barbary Wars made America the global nation it is today. A daring U.S. raid on Tripoli's harbor elicited a rare compliment from Adm. Lord Nelson, who called it "the most bold and daring act of the age." "From the halls of Montezuma to the shores of Tripoli" became the Marine anthem. Off Somalia's 1,800-mile coastline, the pirates of Mogadishu, in rickety wooden boats with outboard engines, armed with AK-47s and RPGs, have boarded and ransomed some 150 merchant vessels and oil tankers in the past 18 months. Some seajackings occur several hundred miles from the Somali coast.

In the only successful anti-pirate operation, the U.S. Navy ended a standoff last April with a green light from President Obama -- and three well-placed shots from three concealed sharpshooters

that killed three pirates and freed the American merchant marine captain -- and escorted the Maersk Alabama to safe harbor in Kenya. Some 20,000 ships per year pass through the Gulf of Aden. Currently deployed on ship protection in an area one-third the size of the United States are warships from the U.S., Canada, EU, Russia, China, South Korea, India and Australia. Almost all seajackings end with the shipowners coughing up from \$3 million to \$5 million on demands that range from \$100 million to \$150 million. Security companies, lawyers and negotiators collect inordinate fees for their part in getting the pirates to release their catch. An estimated \$80 million has been paid by shipping companies since the beginning of 2009. The 2008 take is estimated at \$180 million. A report released by the International Maritime Bureau's Piracy Reporting Center last month showed a total of 240 incidents (not all successful boardings) since the beginning of the year -- up from 114 over the same period in 2008. Some 300 seafarers are currently being held pending ransom payments.

Profitable piracy in Somalia, the prototype of a failed state with no central authority, has attracted all manner of transnational criminals, including al-Qaida-affiliated groups from Yemen. Small-boat pirates are the last stage of a long food chain. They are the maritime militia, mostly teenagers, who are well paid but turn over the bulk of ransom payments to clan leaders. The gang chiefs use satellite phones that are used for intelligence on ship movements south down the Red Sea and out of the Persian Gulf headed southwest to the Gulf of Aden along the Omani and Yemeni coasts for the shipping lanes parallel with the Somali coastline. Pirates have ventured as far as 600 miles, halfway to the Seychelles in the Indian Ocean.

Shipowners hire professionals from private security firms, mostly ex-special forces from the United Kingdom and Australia, including negotiators experienced in seajackings. They are reported to get a flat fee of \$1 million per successful negotiation. Most transactions are conducted in London, where the maritime insurance giants are located.

Maritime security experts believe that pirates who operate hundreds of miles offshore are launched from "mother ships" flying Panamanian flags and disguised to look like innocent coastal freighters. Pirates' land bases are dotted along hundreds of miles of coastline, and thousands of small boats that line the beaches all look the same. The only real solution to end piracy is a military one, a lesson that was learned in the 18th and 19th centuries, but evidently forgotten in the 21st. America's NATO allies have sent their best troops to Afghanistan, where most of them are only allowed to fire in self-defense. The very idea of attacking pirates on the high seas sends European parliaments into conniption fits. At the very least, ships plying those waters should have barbed wire fences above the waterline and several crew members trained on night-vision scopes to kill pirates as they come aboard. International law recognizes the right of self-defense. The "universal jurisdiction" gives all nations the right to punish pirates, irrespective of any connection between the pirates and their nation. Platitudes about shoring up the moderate Somali government with 40 tons of munitions backfired. By the time the shipment arrived, the alleged moderates were out -- and the ammo gratefully received by the Shabab organization in cahoots with terrorists -- on land and at sea.

Source(s): Arnaud De Borchgrave, United Press International, Aug 10, 2009.

http://www.upi.com/Emerging_Threats/2009/08/10/Commentary-Al-Qaidas-navy/UPI-37721249909200/

Has Piracy Spread to Europe's Waters?

Recently we've become used to the idea of modern-day piracy, as we hear more and more stories of gangs hijacking ships for ransom in the lawless waters of East Africa. But the mysterious disappearance of a 4,000-ton cargo ship off the coast of England in the last week of July suggests the most unlikely of scenarios: buccaneering has returned to Europe. On July 24, the Maltese-flagged *Arctic Sea* reported that it had been boarded by gunmen posing as law-enforcement officers off the coast of Sweden and that its 15 Russian crew members had been tied up and beaten. Four days later, the ship — which was carrying a load of timber from Finland worth \$1.84 million — sailed into the English Channel, where it made routine communications with British maritime authorities, who at the time were unaware of the hijacking. About 50 miles (80 km) off the coast of Britain, the ship then slipped off the radar and has yet to be located. Officials are baffled

"Who would think that a hijacked ship could pass through one of the most policed and concentrated waters in the world?" a bemused Mark Clark of the U.K.'s Maritime and Coastguard Agency told the BBC. "There didn't seem [to be] anything suspicious. It could well be that a crew member had a gun put to his head by a hijacker when contact was made." According to Swedish police and the Maltese Maritime Authority (MMA), the *Arctic Sea's* crew reported that a group of eight to 12 men boarded at 3 a.m. on July 24, occupying the vessel for 12 hours. "During their stay onboard, the members of the crew were allegedly assaulted, tied, gagged and blindfolded, and some of them were seriously injured," says an MMA statement. According to CNN, since the crew at first believed they had been boarded by a genuine law-enforcement agency, no police complaint was

made, and the *Arctic Sea* continued on its way. At one point, a spokeswoman for the Swedish police told CNN, the ship was witnessed performing "extreme maneuvers."

On July 28, ship managers based in Finland finally reported the hijacking to the Helsinki police, according to the MMA. Later that same day, the ship passed through the English Channel, communicating its position and speed to the British coast guard as dictated by standard procedure, with no mention of any trouble. The ship's Automatic Identification System, which relays the ship's position to authorities, was either switched off or broken. According to CNN, three days later, Swedish police phoned the ship and spoke to someone they believed to be the captain. When the ship failed to make its scheduled arrival in Algeria on Aug. 4, the alarm was raised. On 30, Britain's *Daily Telegraph* newspaper, citing unnamed European Commission maritime officials, reported that following its attack in Swedish waters, the *Arctic Sea* sent a second set of radio messages saying it had again been hijacked after it passed through the English Channel, off the coast of Portugal. "Radio calls were apparently received from the ship which had supposedly been under attack twice, the first time off the Swedish coast and then off the Portuguese coast," a commission transport official told the *Telegraph*.

Five Russian naval vessels — reported to include nuclear submarines — have been dispatched to search for the *Arctic Sea*. Russian President Dmitri Medvedev instructed the country's Defense Minister, Anatoly Serduykov, to "take all necessary measures to locate, monitor and, if necessary, to free the missing vessel," a Defense Ministry statement said. Finnish police have said they are also helping with the search. While piracy has become a common scourge off the coast of Somalia, an attack in a region blanketed with "sophisticated surveillance and extensive navies and coast guards is almost unheard of," says Douglas Burnett, a maritime partner at the U.S. international law firm of Squire, Sanders & Dempsey. It is all the more suspicious given the relatively low value of the listed cargo on board. "The cargo on the ship is timber," he says. "No one would steal a ship for timber, especially in European waters. So perhaps the lumber could be a cargo cover. Was it drugs? Was it nuclear weapons? Who knows what could be on that ship?"

Source(s): Eben Harrell, *the Times*, Aug. 13, 2009.
<http://www.time.com/time/world/article/0,8599,1916161,00.html>

N. Korean Ship Seized by India Under UN 'Authority'

The Indian Coast Guard detained a North Korean ship August 5, claiming they suspected it was carrying nuclear material. The action to seize and "inspect" the ship was taken under the cover of a UN Security Council resolution aimed at pressuring the North Korean government to abandon development of their nuclear program. Indian officials later said they found the vessel was carrying 16,000 tons of sugar bound for the Middle East. The ship was detained shortly after it left a port in the Andaman Islands, a territory of India.

The UN Security Council resolution passed in June widens a 2006 UN ban on North Korean arms imports and exports. It calls for inspecting and destroying "all banned cargo" to and from North Korea "on the high seas, at seaports and airports." The resolution states that if a ship's "flag country" refuses to be boarded at sea, it should order the vessel to a nearby port and have the inspection carried out by local authorities. The Security Council, led by Washington, voted unanimously to approve the sanctions following North Korea's second nuclear test in late May. The council's five permanent members: Britain, China, France, Russia, and the United States, are the countries that control the world's largest arsenals of nuclear weapons.

The North Korean captain and 38 crew members of the *M V Mu San* are being interrogated by Indian officials. After two days of searching and questioning, India's Navy and Coast Guard handed the ship and crew over to police and intelligence services for further investigation.

Source(s): Ben Joyce, *The Militant.com*, Aug 24, 2009.
<http://www.themilitant.com/2009/7332/733203.html>

Is China a "Soft" Naval Power?

China created a stir late last year when it announced that the People's Liberation Army Navy (PLAN) would commence policing the Gulf of Aden for Somali pirates. Two PLAN destroyers and a combat logistics ship arrived on station off the Horn of Africa this past January. By most accounts, Chinese commanders have coordinated their efforts smoothly with other antipiracy contingents, notably the U.S.-led Task Force 151, the European Union's Operation Atlanta, and individual detachments dispatched by the likes of India and Russia. Nevertheless, skeptics saw ulterior motives at work in the Chinese expedition. China is finding that controversy follows great-power naval actions.

Chinese spokesmen cataloged various reasons for the extended Indian Ocean deployment. Senior Colonel Ma Luping, director of the Navy Operations Department in the PLAN General Staff Headquarters Operations Department, told reporters that the mission's main goal was to protect Chinese (and Taiwanese) merchant ships and crews, as well as ships carrying supplies to Africa on behalf of the U.N. World Food Program. Xiao Xinnian, the PLAN deputy chief of staff, said the cruise would allow China to showcase its "positive attitude in fulfilling its international obligations," burnish its "image as a responsible power" (fu zeren de daguo xingxiang), and demonstrate the PLA's capacity to enhance "world stability and peace" while "handling multiple security threats and fulfilling diverse military tasks".



Beijing means to prove that it is a reliable defender of the global maritime order by tangible deeds.

For some time Chinese strategists have debated the part that "non-war military operations" (fei zhanzheng junshi xingdong) can play in coping with nontraditional security threats like piracy. Analysts contend that combating such challenges will not only fulfill China's responsibilities as a rising great power, but also help it accrue "soft power" over time, enhancing its attractiveness vis-à-vis fellow Asian nations.

Beijing was stung by its inability to contribute to tsunami relief in 2004-2005, for instance, and set out to correct the naval shortcomings exposed during the aid effort. Procuring transport aircraft, landing vessels, and a hospital ship has bolstered the PLAN's capacity for this high-profile non-war military operation (Washington Times, January 26; Jiefangjun Bao [Liberation Army Daily], June 4, 2008). China's soft-power strategy seems based on the premise that a nation can store up international goodwill by supplying "international public goods" like maritime security, which benefit all nations with a stake in the international order.

PLAN patrolling the Gulf of Aden, which will also buttress China's ability to project power along the African seaboard and prosecute high-seas combat operations, is mentioned sotto voce—if at all—by the Chinese leadership. Portraying China as an inherently benevolent sea power—a power that Asians need not fear as it constructs a great navy—is central to Chinese maritime diplomacy. Yet as with all narratives, the reality is subjective and more complex. Good diplomacy is seldom good history. The "Inevitable Outcome" of Chinese Maritime History. For Details See: *China Brief* Volume: 9 Issue:17

Source(s): James Holmes , Toshi Yoshihara , *China Brief* Volume: 9 Issue:17, Aug 20, 2009.

http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=35432&tx_ttnews%5BbackPid%5D=7&cHash=9bec3926d0

China Urges US to End Military Surveillance at Sea

China has urged the United States to end military surveillance operations in its coastal waters, but a US official said Friday that Washington's policies were unchanged. "The constant US air and sea surveillance and survey operations in China's exclusive economic zone is the root cause of problems between the navies and air forces of China and the US," China's defence ministry said in a statement. "The way to resolve China-US maritime incidents is for the US to change its surveillance and survey operations policies against China, and decrease and eventually stop such operations," the statement said.

The request came during two days of talks this week in Beijing between the two militaries on maritime issues, said the statement, posted on the ministry website early Friday(Aug 28). The meetings come as part of efforts by both sides to overcome recent tensions sparked by confrontations between Chinese and US vessels in the South China Sea in March this year. The United States agreed to continue to explore and discuss ways to improve maritime safety between the two nations, the statement said. An official at the US embassy in Beijing told AFP that US policy on the issue had not changed.

"The United States exercises its freedom of navigation of the seas under international law, while putting emphasis on avoiding any unwanted incidents," embassy spokeswoman Susan Stevenson said. "This policy has not changed." China has insisted that US naval vessels entering its exclusive maritime economic zone, which stretches 200 nautical miles from its coast, must abide by Chinese law. The United States has meanwhile insisted that it is free to navigate in waters outside China's territorial waters, which end 12 nautical miles from the coast. In two separate incidents in

March, Chinese fishing boats confronted US naval surveillance vessels and attempted to interfere with their operations. Beijing accused the US ships of engaging in espionage activities.

Source(s): AFP, Aug 29, 2009.

http://www.google.com/hostednews/afp/article/ALeqM5iNEpvc5LdCOsYcoQpnJol6Z_H9A

Indian Navy Upgrades War Doctrine

The Navy on Friday(Aug 28) came out with an upgraded version of its war doctrine improving upon the last edition that was published five years ago. The Indian Maritime Doctrine, released by outgoing Navy Chief Admiral Sureesh Mehta, includes new threat perceptions keeping in mind the security environment in the region and underlines the fact that low intensity warfare would continue to be one of the biggest challenges. Many of the chapters in the maritime doctrine, first brought out in 2004, have been changed. This includes one on concepts of maritime power where emphasis has been laid on the contribution of the government and the people towards attitudinal change and consciousness.

The maritime security network in the country has undergone a change after Mumbai attacks as the navy has become the nodal agency responsible for any threat from the sea. The new doctrine takes into account organisational changes in the maritime security network of the country and puts in place operational requirements to cope with geostrategic realities. It acknowledges that security environment in the region was fragile and India was an oasis of stability amidst all the chaos. This makes India's position most vulnerable to outside threat. The Navy said Indian Maritime Doctrine focuses on concepts and application of maritime power. It redefines India's interests in the sea and enlists various environments in which the Navy would have to operate.

Admiral Sureesh Mehta had said on Thursday that India had a blue water Navy capable of operating in various environment. After Mumbai attacks, the Navy was made the nodal agency responsible for any threat from the sea. The Mumbai attacks were seen as a failure of India's maritime security network. One of the major problems was involvement of several agencies without any collective responsibility.

But the organisational set-up has changed. If an attack takes place from sea, the Navy would be held accountable. The government has taken several steps to augment the operational capabilities by ordering new powerful boats, ships and weapons. The surveillance and intelligence mechanisms have been strengthened. There is much more co-ordination among various agencies. The doctrine also talks about the need to make the force network centric.

For the first time, the laws governing armed conflict have been covered in detail for a better understanding of the legal aspects covering combat. There are notable changes in the 'principles of war' with the inclusion of 'synergy' and 'intelligence'.

Source(s): Gautam Datt, Express Buzz, Aug 29, 2009

<http://www.expressbuzz.com/edition/story.aspx?Title=Navy+upgrades+war+doctrine&artid=y4Ux3ssD/iw=&SectionID=b7ziAYMenjw=&MainSectionID=b7ziAYMenjw=&SectionName=pWehHe7IsSU=&SEO=Sureesh%20Mehta,%20Mumbai>

The Times of India, Aug 29, 2009.

<http://timesofindia.indiatimes.com/NEWS/India/Navy-factors-in-terrorism-coastal-security-in-revamped-maritime-doctrine/articleshow/4949176.cms>



China to Hold Biggest Maritime Rescue Drill for World Expo

China's maritime rescue services will stage their biggest ever rescue drill in the East China Sea next month, an official with Zhejiang Provincial Maritime Bureau said Monday(Aug 24). The drill, jointly held by the Ministry of Transport and east China's Zhejiang Province, will involve 35 ships, three aircraft and more than 1,000 personnel. However, no exact timetable was given.

The drill would test maritime rescue capabilities and security for the Shanghai World Expo in 2010, said He Yipei, deputy director of the Zhejiang provincial maritime bureau. The 90-minute exercise would simulate a collision between a passenger ship and a cargo vessel loaded with chemicals, and a fire on the passenger ship and a benzene leak, He told a press briefing. Rescuers would search for people in the water, put out the fire and evacuate 16,000 people living along the coast

Source(s): Hangzhou, Xinhua, Aug 24, 2009.

http://news.xinhuanet.com/english/2009-08/24/content_11937567.htm



World's Most Diverse Marine Environment at Risk

The Verde Island Passage in the Philippines has arguably the highest concentration of marine species of any of the world's oceans -species here include whale sharks, giant clams and banggai cardinalfish. Conservationists and scientists met to discuss the effects of climate change on the area. They found that increasing water temperatures are causing coral bleaching, rising sea levels are 'drowning' corals by inhibiting their growth and fiercer, more frequent storms are damaging marine habitats, coastal towns and the tourist trade.

Dr. Giuseppe Di Carlo, Conservation International's marine climate change manager, said: 'The marine habitats and species of the Verde Island Passage are already threatened by human impacts, like over-fishing, pollution and coastal infrastructure development. Climate change is intensifying these impacts, with severe consequences for the well-being of the people of the area, since they depend on fishing and tourism industry. This workshop tried to offer concrete solutions to adapting to the effects of climate change, so that the unique biodiversity of this place can survive for future generations. One of the measures suggested to protect the ecosystem was marine reserves for ecologically important areas such as mangroves and seagrass beds.

Source(s): Jo Mattock, Aug 07, 2009.

<http://www.divemagazine.co.uk/news/article.asp?uan=5300>



Gorgon Gas Project 'Environmental Vandalism'

Green Party leader Bob Brown says the Government's approval of the Gorgon gas project off the Western Australian coast is environmental vandalism. The project involves injecting 3.5 million tonnes of CO2 a year into a reservoir under Barrow Island. The carbon capture technique will cost Chevron and its partners more than \$1 billion and is the biggest geo-sequestration project of its type ever undertaken. But Environment Minister Peter Garrett says he is satisfied that the \$50 billion project will not cause unacceptable damage to the local environment. He has given approval to the project's joint venture partners - Chevron, Exxon Mobil and Shell - as long as they meet 28 new conditions to protect the Barrow Island ecosystem. This includes the protection of the endangered flatback turtle and detailed surveys will have to be completed of Barrow Island and the surrounding marine environment before and after construction. But Mr Brown has described the conditions as window dressing.

"How can you build a plant like this on the rookery of an endangered turtle and expect there's going to be no outcome for that species?" he asked. "How can you have 3,000 people on the island and expect there's not going to be introduced species? It just goes against environmental common sense, let alone science." Mr Brown says the Gorgon partners could have moved the project and its plans for a carbon capture and storage facility to the mainland, and the Government should have forced them to do so. "There were good alternatives to this project but there's no alternative to Barrow Island," he said.

The Greens say Mr Garrett was left with no choice because several lucrative deals to export the gas to China and India have already been signed. While Mr Garrett has been weighing up his decision, other members of the Federal Government have been bragging about the deal's potential to boost the economy and create 6,000 jobs. Mr Garrett denies he has been swayed by the project's economic benefits. He says he was not required to consider alternative sites under this approval process but he has indicated he would like to be more involved in similar decisions in the future. Meanwhile the Opposition's Greg Hunt is happy the project looks set to go ahead. "We wanted to see that there was a clear set of protections both for land-based animals and also the marine



environment. Those conditions which we set out, appear to have been met," he said. The head of the Gorgon Project, Colin Beckett from Chevron Australia, says they are confident they can meet the new conditions.

Source(s): Naomi Woodley, ABC News, Aug 26, 2009.
<http://www.abc.net.au/news/stories/2009/08/26/2667962.htm>

Sea Rise 'Will Exceed Forecast'

Climate change is likely to lead to sea level rises above the Australia's Provincial State Government's previous expectation of 80 centimetres by 2100, a new report says. A Government report on Victoria's ports warns that sea level rises are "tracking near the upper limit" of projections and that "higher changes are likely". "Extreme sea level events are likely to occur more frequently and with greater severity as weather patterns change with climate change," it says. It also says port infrastructure "may need to be ready to withstand sea level rises and increased severity and frequency of storm surge events and rising levels".

The report was one of a series released by Ports Minister Tim Pallas as part of planning for Melbourne ports, including plans to expand the Port of Hastings, for which the Government will begin investigating road and rail corridor options.

Source(s): Jason Dowling, [climateemergencynews](http://climateemergencynews.blogspot.com/2009/08/sea-rise-will-exceed-forecast.html), Aug 29, 2009. <http://climateemergencynews.blogspot.com/2009/08/sea-rise-will-exceed-forecast.html>
The Age, August 29, 2009
<http://www.theage.com.au/environment/sea-rise-will-exceed-forecast-20090828-f2ka.html>



MARITIME COOPERATION

Cooperation Crucial To Maritime Security

Engagement and interoperability are critical to maritime security and successful humanitarian assistance and disaster relief missions worldwide, linking regional stability to ideals of cooperation and partnership. This was said by Rear Admiral Nora W Tyson, Commander, Logistics Group, Western Pacific (COMLOGWESPAC) during her speech for the opening ceremony of the 15th Cooperation Afloat Readiness and Training (CARAT) 2009 exercise series held onboard the USS Crommelin on Aug 3. "Together with our partners, we can shape the maritime domain, relieve the suffering of others and ensure we are prepared for any uncertainty in the future," said Rear Admiral Nora W Tyson.

CARAT, she said, represents the ideal venue to address the current challenges and in ensuring that preparations are made to respond, not just as individual operating units but as cooperative regional partners, in any circumstances or environment. "Working together with partners helps us reap the benefits of joining forces and sharing experiences to the best effect of the security of the maritime domain and best respond to regional crises. These partnerships allow to bring in complimentary forces together in order to face common challenges worldwide," she said. By working side-by-side and gaining synergy from the different skill sets and talent would ensure success of any mission, said the Rear Admiral.

She added that CARAT gives the opportunity to work alongside one another in different environments and learn from each other, honing military skills while building relationship and trust. "Seaborne threats such as armed robbery, piracy, drug smuggling, human trafficking, oil bunkering and terrorism are real. Many of these threats cross international borders, requiring like-minded maritime and ground forces to cooperate and share real-time information to keep the world safe," she said. She added that cyclones, earthquakes and flooding in the region serve as stark reminders of the need to remain vigilant in their readiness to provide humanitarian assistance and disaster relief when the need arises. "We owe it to our fellow men to be as prepared as we can be when we are called upon to ease human suffering." Several tactical collaborations will be conducted such as maritime interdiction and surveillance, search and seizure operations, force protection, diving symposium as well as disaster response/relief, mass casualty response and civil defense issues.

"By operating together in an exercise environment, we develop mutual awareness and understanding. Whether we end up working together in humanitarian assistance or maritime interdiction operations, this is the time when we forge the bonds that will further increase our ability to complete our mission more effectively, both individually and together," she said. The Rear Admiral also emphasised the importance of maintaining friendships and professional contacts. "You are the future leadership of your respective services and will meet each other again and depend on each other again," she said. She concluded that "our nations are bound together by a realisation of global

dependence on the seas and a vital need for security on those seas. Efforts to enhance maritime security serve both our national interests and at the same time, they serve the global good".

Source(s): Aug 4, 2009.

<http://www.brudirect.com/index.php/200908044086/Local-News/cooperation-crucial-to-maritime-security.html>

Malaysia, Indonesia, The Philippines to Enhance Maritime Cooperation

Malaysia, Indonesia and the Philippines will expand the scope of cooperation in the maritime zone and the air space in the region with a more systematic and organised surveillance to curb smuggling and piracy. Malaysia Maritime Enforcement Agency (MMEA) director-general Admiral Datuk Mohd Amdan Kurish said ironically there had been no coordination in the maritime surveillance and monitoring among the three countries. "We plan to enhance the cooperation by focusing on areas of security concern in our waters," he told reporters after opening the four-day Legal Aspects of Border Security in a Maritime Environment Seminar here on Aug 17.

The seminar is aimed at enhancing understanding on how officials of the government agencies in the region coordinate and share information on border law enforcement, deal with cross border crimes and related threats including those linked with terrorism. It is also attended by the United States as moderator. Mohd Amdan said cooperation, collaboration, exchange of information and multilateral approaches were needed to deal threats in the waters of the region. He said the Malaysian Maritime Zone comprised interior waterways, regional seas, the continental basin, the exclusive economic zone and the fishing ground and the air space. On the safety of the vessels plying the Melaka Straits he said only one piracy case was reported so far this year compared with three cases last year and 12 in 2007. "The security of the Melaka Straits could be further tightened through joint naval patrols as previous efforts had helped reduced piracy," he added.

Source(s): Bernama, Aug 17, 2009

<http://www.bernama.com/bernama/v5/newsindex.php?id=433566>

MARINE TECHNOLOGY

Russia is Breaking Into The Arctic With New Ship Technology

An historic event could have been left unnoticed if it wasn't for Prime Minister Vladimir Putin. The operational start of icebreaker St Petersburg has helped Russia increase its advantages in the fight for the Arctic's hydrocarbon and raw mineral reserves. Several years ago, if the Russian icebreaking fleet did not seem hopeless, the outlook was definitely bleak. Veterans of the Soviet "ice power" ships, Lenin and Siberia, were effectively obsolete; three more nuclear-powered icebreakers were ready to be discarded; the unfinished successor – the nuclear-powered 50 Years of Victory – had been rusting on the water since 1993.



In 2007, it moved to an operational stage and shipbuilders also began working on a new order – the construction of two diesel-electric icebreakers, Moscow and St Petersburg. At the beginning of this decade, it became clear that old Soviet shipbuilding factories, now controlled by private investors, would not be able to complete modern orders. The Amur Shipbuilding Plant, once the cradle of the nuclear submarine fleet, for a long time made ends meet by building yachts. In spite of receiving a number of export contracts for military vessels, it wasn't able to complete them due to basic lack of technology.

"Russia already has the largest nuclear-powered icebreaker in the world – 50 Years of Victory – which guarantees it access to natural resources located anywhere in the Arctic. We are losing our position in a global competition." Who else, besides Russia and the United States, is making claims for the Arctic shelf? There is oil-producing Norway, equipped with one icebreaker; Canada's fleet consists of two heavy ships and 10 middle-class icebreakers; Denmark has four icebreakers; Finland has none. Icebreakers equipped with nuclear power units are only found in Russia. In this race, there is no conditional or significant advantage – it must be absolute. This is a victory in a global competition, as Admiral Allen correctly pointed out, in which Russia can now be the leader, the locomotive of the world economy. The commissioning of the icebreaker St Petersburg, especially with the crisis as a backdrop, is a bright, significant and outstanding event.

By 2020, Russia proposes to build three more nuclear-powered icebreakers with a capacity of 60MW and one lead icebreaker with a capacity of 110MW, as well as seven diesel-electric and four port-supporting icebreakers. Government willingness to make such significant investment means Russia is not only interested in seriously exploring the Arctic, but also in regaining its status as a large shipbuilding power, while allowing the industry to reach new technological levels. In addition,

investment could start collecting returns before the Arctic shelf starts heralding profit: the modern shipbuilding industry is fully capable of recovering all these costs.

Source(s): Nikolai Petrakov, Izvestia, Aug 28, 2009.

<http://www.telegraph.co.uk/sponsored/russianow/6105600/Russia-is-breaking-into-the-Arctic-with-new-ship-technology.html>

MARITIME LEGISLATION

Canadian Shipbuilding Project Takes Back Seat To Policy

A multibillion-dollar program to build new Arctic patrol ships for the Canadian Navy is being delayed as the government tries to determine a new shipbuilding policy. The Canadian government plans to build as many as 50 naval and Coast Guard vessels over the next 30 years at an estimated cost in excess of 30 billion Canadian dollars (\$27 billion).

But government and industry officials have expressed concern about the need to have a long-term shipbuilding policy to help smooth the way for the maritime construction program. Industry and federal representatives met July 27 and 28 in Gatineau, Quebec, in closed-door sessions to determine how best to proceed on a more effective and long-term shipbuilding policy. Industry representatives have until early September to provide the government with feedback on any future shipbuilding policy. But in the meantime, plans for a 3.1 billion Canadian dollar project to acquire a new fleet of Arctic/Offshore Patrol Ships are being delayed.

Shipbuilders were supposed to meet with Defence Department and other government officials for a project industry day Aug. 12. But that meeting has been canceled. The issuing of a letter of interest for the project also has been delayed. The letter of interest, released to industry, would be one of the first tangible signs that a program is moving forward. "The extent of the delay is unknown at this time," the Arctic/Offshore Patrol Ships project office stated in a message on its Web site. "A new date will be communicated as soon as possible."

Peter Cairns, president of the Shipbuilding Association of Canada, said there was an expectation in industry that the project might be put on hold while shipbuilding policy issues are worked out. But he said the policy consultations held in July with industry were a sign that the government is serious about ensuring the development of a long-term shipbuilding strategy. He noted that ongoing problems with procurement policy contributed last year to derailing government plans to purchase a new fleet of supply ships for the Navy and patrol vessels for the Canadian Coast Guard.

Defence Department officials have examined foreign designs such as the Thetis-class vessels used by Denmark for fisheries and sovereignty protection missions as well as the Svalbard Arctic patrol vessels operated by Norway. The Canadian ships are to be armed and equipped with helicopter landing pads, have a range of 6,000 nautical miles and be able to sustain operations for up to four months. In May 2008, the Canadian government awarded a contract to BMT Fleet Technology to assist in developing technical specifications for the Arctic/Offshore Patrol Ships project. Those technical specifications will eventually be used to draft a request for proposals to select a contractor to design and build the ships.

Source(s): Dave Pugliese, Defence News, Aug 13, 2009.

<http://www.defensenews.com/story.php?i=4232292&c=AME&s=SEA>

Shipping Ministry Calls for Barring Private Ports Entry in Major Ports

It is reported that shipping ministry committee has recommended that there is a need to have a policy that prevents competing private ports from bidding for operating terminals in major ports under the public private partnership policy. Such a policy will promote inter port competition and also prevent private ports from diverting high value cargo from major ports by operating a terminal within the major port under the Center's jurisdiction.

The private ports under State Government jurisdiction are not regulated by the Tariff Authority of Major Ports and they enjoy greater flexibility. Under the PPP policy, the terminal operator in a major port is required to meet a minimum throughput an annum and shell out certain share of revenues to the port trust. Private ports located within a 100 kilometer radius of a major port should not be allowed to bid for operating a terminal of that major port, said the committee set up to suggest ways to improve functioning of major ports.

Source(s): Steel Guru, Aug 16, 2009

http://steeltguru.com/news/index/2009/08/16/MTA3Mjlx/Shipping_ministry_calls_for_barring_private_ports_entry_in_major_ports.html

Mekong Delta Provinces Link up to Promote Tourism

Four Mekong delta localities, including An Giang, Kien Giang, Ca Mau and Can Tho city, have been cooperating on a programme to develop the tourist industry in the next five years and through 2020. The programme aims to form a tourist quadrangle in the Mekong Delta key economic region. For the long term, they have mapped out a master plan, as well as detailed plans for each locality, to develop the industry, making it a key economic sector thus helping boost the region's socio-economic and cultural development.

The four localities will join hands in developing and upgrading infrastructure and encouraging economic sectors to invest in the industry. They will also coordinate in personnel training, building a tourism promotion centre along with a website to publicise the region's tourism industry, and diversifying and improving the quality of tourism products and services. In particular, Kien Giang's Phu Quoc island will be developed into a tourist island city, and a centre of international-standard ecological resorts. The island will have luxury recreational facilities, five-star hotels, casinos, trade centres, and conference halls, as well as non-tariff zones for air and sea ports, craft villages and centres for hi-tech agricultural production to serve the tourism industry.

Source(s): VNBusinessNews.com , Aug 6, 2009.

<http://www.vnbusinessnews.com/2009/08/mekong-delta-provinces-link-up-to.html>

International Ship Recycling Convention Adopted

The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 is aimed at ensuring that ships, when being recycled after reaching the end of their operational lives, do not pose any unnecessary risk to human health and safety or to the environment.

The new Convention addresses all major issues surrounding ship recycling, including the fact that ships sold for scrapping may contain environmentally hazardous substances such as asbestos, heavy metals, hydrocarbons, ozone-depleting substances and others. It will address concerns raised about the working and environmental conditions at many of the world's ship-recycling



locations. Regulations in the new Convention cover: the design, construction, operation and preparation of ships so as to facilitate safe and environmentally sound recycling, without compromising the safety and operational efficiency of ships; the operation of ship-recycling facilities in a safe and environmentally sound manner; and the establishment of an appropriate enforcement mechanism for ship recycling, incorporating certification and reporting requirements. Ships to be sent for recycling will be required to carry an inventory of hazardous materials, which will be specific to each ship. An appendix to the Convention will provide a list of hazardous materials the installation or use of which is prohibited or restricted in shipyards, ship-repair yards, and ships of Parties to the Convention.

Ships will be required to have an initial survey to verify the inventory of hazardous materials, additional surveys during the life of the ship, and a final survey prior to recycling. Ship-recycling yards will be required to provide a "Ship Recycling Plan", to specify the manner in which each ship will be recycled, depending on its particulars and its inventory. Parties will be required to take effective measures to ensure that shiprecycling facilities under their jurisdiction comply with the Convention. A series of guidelines are being developed to assist in the Convention's implementation.

The Convention will be open for signature by any State at the Headquarters of the Organization from 1 September 2009 to 31 August 2010 and shall thereafter remain open for accession by any State.

It will enter into force 24 months after the date on which 15 States, representing 40 per cent of world merchant shipping by gross tonnage, have either signed it without reservation as to ratification, acceptance or approval or have deposited instruments of ratification, acceptance, approval or accession with the Secretary General of IMO. Furthermore, the combined maximum annual ship-recycling volume of those States must, during the preceding 10 years, constitute not less than 3 per cent of their combined merchant shipping tonnage. The text of the ship-recycling Convention was developed over the past three years, with input from IMO Member States

and relevant non-governmental organizations, and in co-operation with the International Labour Organization and the Parties to the Basel Convention.

The Diplomatic Conference was attended by delegations from 63 IMO Member States, as well as by observers from two Associate Members, the United Nations Environment Programme, ILO, the European Commission, and eight non-governmental organizations. It was organized with the support of the Government of China and the Marine Department of the Government of the Hong Kong Special Administrative Region.

Source(s): IMO News, Issue 2, Aug 2009.

http://www.imo.org/includes/blastDataOnly.asp/data_id%3D26360/IMO-News-02-09-Web.pdf

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

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