

MAKING WAVES

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MARITIME INFRASTRUCTURE

India's Infrastructure Falls Short as Economy Moves Forward

India requires focusing more on infrastructure such as building roads, seaports, airports, high-speed expressways and power plants as economy is growing at a rapid pace. However the current situation has been woefully inadequate. "Inadequate transport networks in bursting cities is just one of the problems confronting a country where all infrastructure is in short supply -- whether it is reliable power, highways, ports or world-class airports", said Bidisha Ganguly, a consultant at the Confederation of Indian Industry, New Delhi.

The bottlenecks are becoming severe. Vehicles choke already crowded roads as car sales go up. Average loading and unloading time at busy sea ports is 85 hours -- 10 times longer than at Singapore or Hong Kong. Airports and ports often run short of warehouse space. It takes manufacturers days to transport goods from one part of the country to the other -- partly because trucks are barred from congested cities during the day for fear they might bring traffic to a standstill.

The head of the Indian Council of International Economic Relations, Rajiv Kumar, says lack of adequate infrastructure holds back growth and discourages investors -- both domestic and foreign. "The industry has to provide all the infrastructure needs, itself, rather than these be available to it as it is in all other countries routinely as a part of the delivery of public services," Kumar said. The government acknowledges the country is grappling with a huge infrastructure deficit. It estimates India needs to invest \$500 billion, in the next five years, to build roads, seaports, airports, high-speed expressways and power plants. The government is calling on the private sector to share the task. Some of that investment is already in the pipeline.

Source(s): Anjana Pasricha, New Delhi, Voice of America, May 01, 2008
<http://www.voanews.com/english/2008-05-01-voa21.cfm>

Indian Port's Capacities to Be 1500 Mt By 2011-12 Says Secretary, Shipping

The government has decided to hike cargo handling capacities of major and non-major ports to 1500 million tones by 2011-12 with public-private investment of Rs.100,000 crore. Disclosing this at ASSOCHAM-EXIM organized International Conference 'CONQUEST 2008' here on 9th April, Secretary Union Ministry of Shipping, Mr. A.P.V.N. Sarma also unveiled that capacities of major ports would be increased to 1000 million tones and those of non-major ports to 500 million tones. The private-public investment of Rs. 55,000 crore would be required for capacities enhancement of major ports and Rs. 45,000 crore for non-major ports. In 2006-07, ports both major and non-major have handled export-import cargos to an extent of 520 million tonne and the Ministry of Shipping in consultation with the Planning Commission has already decided to take it up to around 1500 million tonne by terminal year of 11th five year plan, said Mr. Sarma. And the public private investment of Rs.100,000 crore would be channelised through National Maritime Board (NMB). Since 100% FDIs are permitted both at ports and shipping sector, the Ministry of Shipping has already received a good deal of FDIs proposals to upgrade and modernize existing ports but refused to disclose names of companies that intend to help government in its attempt to hike cargo capacities of its ports. The Ministry would bridge the gap between bureaucracy and industry so that a large number of private sector participation is sought in ports capacities increasement.

Source(s): April 10, 2008.
<http://frontierindia.com/indian-ports-capacities-to-be-1500-mt-by-2011-12>

More Mergers in India's Port Sector

Consultancy firm Ernst and Young has predicted in its report Transforming Indian Ports into World Class Facilities — that there will be more mergers and acquisitions in the Indian port sector in the future. “Of late, Indian ports are witnessing an unprecedented interest from strategic buyers, including international liners and terminal operators. Financial suitors such as banks, hedge funds, private equity investors and even pension funds are interested in funding private ports. The sector will see increased M&A activity in the near future,” said Rajesh Samson, associate director of Ernst and Young.

Interested investors include the Port of Singapore Authority (PSA), which has shown consistent interest in the expansion of the sector. PSA is acquiring a 49 per cent stake in ABG Kandla Container Terminal from Mumbai-based ABG Infralogistics. The Singapore player had earlier acquired a 49 per cent stake in ABG's Calcutta Container Terminal. PSA has already undertaken construction of a container terminal for the Hazira Private Port in Gujrat on a build, own and operate basis. Earlier this year, four private equity firms — Blackstone, Merrill Lynch, Deutsche Bank and Galleon Group — picked up a 2.25 per cent stake in Pipavav Shipyard for Rs 105 crore. Rent-A-Port, the investment arm of Port of Antwerp, Belgium, has recently opened an office in India. The company is planning to invest in private greenfield and brownfield port projects.

Source(s): The Telegraph, Kolkatta, May 05, 2008
http://www.telegraphindia.com/1080506/isp/business/story_9229425.jsp

Tender for Kerala's Vizhinjam Port Finalised

The proposed Rs. 53.48 billion port at Vizhinjam will be built by a consortium, led by Hyderabad-based Lanco Kondapalli Power Private Ltd. The implementation of the project is structured in a public private partnership format and Build Operate Transfer basis in which the state government would have a 24 percent stake. The other members of the consortium include Malaysia-based Pembinaan Redzai Sdn. Bhd and Lanco Infrastructure Limited. The first phase of the project would be ready in three years from the start of the work. This is the second time that an attempt to build the port is being undertaken. During the previous Oommen Chandy government (2004-06), after selecting a consortium of two Chinese and a Mumbai firm through a global tender, the central government had not sanctioned the project citing security reasons. A major advantage of Vizhinjam port is that it needs no dredging. The natural depth is 24 metres, one of the deepest in the world. Another advantage is that the proposed port lies very close to the international waters, which is a busy route. It is to be built on an area of 150 acres and there will be no displacement of local fishermen. The port will be able to handle 4.10 million TEU annually.

Source(s): 14 May 05
<http://www.indiaprwire.com/businessnews/20080514/30080.htm>

Dubai Major Plans to Drop Anchor Along Gujarat Coast

In what could be another big-ticket investment in Gujarat's port sector, Dubai's Emirates Trading Agency (ETA), the flagship business of ETA-Ascon and the Star Group, has written to the state government evincing interest in setting up a shipbuilding yard and a port along the state's coastline. While the investment details are not known, state government sources say the amount could be huge. Currently, Maersk manages the Pipavav port, Shell Hazira runs an LNG terminal in Hazira. DP World operates a container terminal in Mundra. Gujarat handles 11.5 per cent of the total cargo traffic among India's major ports and 71.5 per cent of the total cargo handled by the non-major ports. The state's non-major ports handled 132.44 million tonnes (mt) in 2006-2007, an increase of 22 per cent over the previous year. The total port capacity of Gujarat has grown more than three times, from 45 mt in 1995 to 197 mt, in 2006-07.

Source(s): Harit Mehta / Ahmedabad May 20, 2008, 0:26 IST
http://www.business-standard.com/common/news_article.php?leftnm=3&subLeft=1&chklogin=N&autono=323511&tab=r

22 Submit Initial Bids for Ennore Container Terminal

Unlikely partnerships have emerged in the bidding process for a Rs1,300 crore container terminal facility at the Ennore Port in Tamil Nadu, with companies determined to stay in the race till the final lap. 22 entities have applied for building the facility of which only six entities will be pre-qualified to submit financial bids for the facility with an annual capacity for 1.5 million TEU. This is because of a government policy on bidding criteria for cargo terminals at major ports. Ennore is the first project to apply the new eligibility criteria after the rules were finalized in January by the Planning Commission.

“Even after qualifying on financial, technical and experience criteria on their own for these projects, many firms face the threat of elimination because of the six-bidder-per-project rule,” said Kshitiz Bhasker, head of business development at Gammon Infrastructure Projects Ltd. “As a result, rival firms and like-minded entities are teaming up to strengthen their chances of pre-qualification and be in the reckoning.” For example, International Container Terminal Services Inc. submitted its bid independently, while DP World bid along with IDFC Projects Ltd; PSA International Pte Ltd with ABG Infralogistics Ltd; Sical Logistics Ltd with Macquarie Group Ltd; NYK Line with Hyundai Merchant Marine Co. Ltd; Mundra Port and SEZ Ltd with Neptune Orient Lines Ltd; and GVK Power and Infrastructure Ltd with Mitsui and Co Ltd. Applicants will now be ranked on the basis of their experience scores in various fields, after which they will be short-listed for submission of price bids. The bidder willing to share the highest proportion of his annual operating gross revenues with the government port will get the right to run the new terminal.

Source(s): P. Manoj, Livemint, Bangalore, May 20, 2008

<http://www.livemint.com/2008/05/20232617/22-submit-initial-bids-for-Enn.html>

MoS to Spend Rs 5000 cr. on Port Expansion Projects in 2008-09

As part of the Union governments' plans to raise port capacities significantly by 2011-12, the Ministry of Shipping (MoS) proposes to launch 10 major expansion projects this fiscal involving an estimated investment of Rs 5,000 crore. About 60 per cent of this amount will be invested in the Chennai mega container terminal, which is expected to cost around Rs 3,100 crore. Expansion projects are being taken up at eight Major Ports Paradip, Visakhapatnam, Chennai, Tuticorin, Cochin, New Mangalore, Mormugao and Kandla—in 2008-09. As Paradip is located close to the major iron ore and coal mining region, the plan is to develop two deep-draught berths. Separate berths have been planned for iron ore and coal shipments. MoS also plans to set up a mechanised iron ore handling facility at the New Mangalore Port. Shipments of iron ore and coal are expected to see a 70 per cent leap between 2005 and 2012, according to government estimates. Two separate cargo terminals are also proposed to be developed at Visakhapatnam for liquid and bulk cargo. An international cruise terminal at Cochin, a multi-purpose cargo berth at Kandla and a bulk cargo berth at Mormugao are also on the agenda. At Tuticorin, berth No. 8 is proposed to be converted into a container terminal. In the near future, capacity addition is also planned for extension of berths at JNPT, setting up a new oil berth at Mumbai and adding more berths at New Mangalore. On the east coast, more capacity will be created by adding berths at Haldia and Tuticorin.

Source(s): Gunjan Pradhan Sinha, TNN, New Delhi, May 26, 2008

http://economictimes.indiatimes.com/News/Economy/Infrastructure/Govt_to_reclaim_land_from_sea_for_expansion_of_ports/articleshow/3071859.cms

http://www.doond.com/forum/forum_posts.asp?TID=5354&PID=5384#5384

SHIPBUILDING

L&T to Seek Orders to Build Cruise Ships

Enlarging its shipbuilding capabilities, Larsen and Toubro Ltd (L&T) plans to look for orders for constructing passenger cruise ships at its proposed facility at Kattupalli in Tamil Nadu. If successful, L&T could grab market share from dominant European shipyards, though existing players note that it won't be easy for India's biggest engineering and construction firm. Since 1980, European yards have delivered at least 97% of all cruise ships worldwide.

“From my point of view, it will be very difficult to catch up with the European players in building cruise ships,” said Reinhard Luken, secretary general, Community of European Shipyards Association, a body that promotes the interests of the European shipbuilding and ship repair industry. “The entry barriers to the production of cruise ships are very high due to technical and commercial risks. Companies in several nations, including the US and Japan, have in the past tried entering this field with no or limited success and stepped out,” Luken said. Cruise ship construction requires large infrastructure with hundreds of specialized suppliers, and a single project might employ as many as 800 subcontractors. None of India's 27 yards has the capability or the expertise to build cruise ships. “However, India could certainly become an attractive destination for the cruise industry. If the cruising market would grow fast, I would assume that this could also create opportunities for European and Indian shipyards to cooperate,” Luken said.

Source(s): P. Manoj, Live Mint, May 05, 2008.

<http://www.livemint.com/2008/05/05221337/LampT-to-see-orders-to-buil.html>

Russia to Integrate Shipbuilding into Global Market

Using modern financial instruments is necessary for the development of shipbuilding in Russia, the country's Prime Minister Vladimir Putin said during a meeting on the industry's development. Putin, making his first working trip as the Premier to his hometown of St. Petersburg, used a visit to the federally owned Admiralty Shipyard to focus on one of the major industries his government has made a priority of revamping.

As President, he helped pushed the idea of creating gigantic state-owned conglomerates to breathe new life into sectors of the economy deemed of strategic importance, like shipbuilding or aircraft building or nanotechnology. Seeing those conglomerates into reality is now likely to be one of his main focus areas as Prime Minister. He mentioned the leasing of Russian sea and river vessels, noting that the scheme would provide producers with orders and enable consumers to receive new marine equipment at better terms. Russian shipbuilding must be integrated into the global market, Putin stressed. He specified that technological, engineering, industrial, and marketing cooperation with foreign partners was required for the sustainable development of the industry.

Source(s): May 13, 2008.

<http://www.rbcnews.com/free/20080513175145.shtml>

UK to Proceed with Carrier Program

The U.K. will go ahead with its 3.9 billion pound (\$7.6 billion) aircraft carrier. The future of the carrier program for the Royal Navy has been in doubt for months as the Ministry of Defence has battled to balance its books in the face of a potential budget overspend during the next few years. One option under consideration had been to slip the carrier start date by a year or more. The carrier program appears to have emerged from the MoD's planning round for 2008 unscathed. Although much support for the carrier program had slipped away within the MoD over the last 12 months, the Navy retained the political backing of government anxious to avoid large-scale job losses in key constituencies.

The shipbuilding industry estimates that the contract for the HMS Queen Elizabeth and HMS Prince of Wales will safeguard 10,000 jobs and create more than 1,000. Babcock, which owns Devonport and Rosyth dockyards, and Thales, the French defence electronics company, are involved in the design and construction of the vessels. The current schedule is to have the first of the carriers in service in 2014 and the second in 2016. The program will see the warships built by an alliance of BAE Systems, Babcock International, Thales, the VT Group and the MoD. The warships will be built in modules at yards around Britain and floated up to the Babcock yard at Rosyth in Scotland for final assembly. At 65,000 tons, they will be the largest warships ever built in Britain. A 3 billion pound contract for a military flying training program, which VT and its partner Lockheed Martin have been negotiating with the MoD, is also expected to be signed imminently, he said.

Source(s): Andrew Chuter, Defence News, London, May 13, 2008

<http://www.defensenews.com/story.php?i=3526553&c=EUR&s=TOP>

Russell Hotten, The Telegraph, May 18, 2008

<http://www.telegraph.co.uk/money/main.jhtml?view=DETAILS&grid=&xml=/money/2008/05/18/cnship118.xml>

Modernise Ship Building Industry: Indian Defence Minister

Stressing the need to expand and modernise indigenous ship building industry, Defence Minister A.K. Antony said efforts should be made to reduce the cost of building ships within the country. The Defence Minister was speaking after the commissioning of ICGS Sankalp, the fifth advanced offshore patrol vessel (AOPV) of the Indian Coast Guard at Vasco-da-Gama. Stating that the ship building scenario in the world was changing very rapidly, Mr. Antony said India needed a number of ships and also other equipment for its Navy and Coast Guard and emphasised that these should be made available by "our own shipyards." While expressing happiness that the Goa Shipyard had acquired the competence in building modern war ships, Mr. Antony, nevertheless, pointed out that the general record of Indian shipyards on delivery schedules and cost escalations was not satisfactory. "Indian shipyards have to further improve their designing facilities so that they can meet the requirements of the Navy and Coastguard very fast," he said. He also referred to the "shortage of equipment in emergency times adding to the problems of efficiency and timely delivery."

Source(s): The Hindu, Mormugao, May 21, 2008

<http://www.hindu.com/2008/05/21/stories/2008052153481300.htm>

India Neglected Maritime Capabilities

Merchant shipping suffers from a lack of exposure nowadays because of recent defence and security measures built into most aspects of the business. This is especially so in India, which, despite its 7,500-km long coastline and multiple islands, lacks a perspective on maritime maturity as an essential element of economic strength. To take just one example, we casually let the retreating British give away our Chagos archipelago to the US, which then established its geo-strategically significant Diego Garcia base, while making it a critical mission to fight Pakistan for the icy waste of Siachen. This speaks volumes for maritime myopia.

The financial sector, understandably, is more concerned about the country's dismal seaport infrastructure. How this impacts the economy, and not just domestic and international trade, is becoming increasingly apparent as the price of crude oil climbs higher by the day. The fact is that there is no cheaper way to transport anything in the world than by sea. Just look at a map of India. It's a landmass blessed in a way that few recognise. Vast tonnages of cargo sent by ship from Gujarat to West Bengal would cost far less than using our existing railway lines.

Source(s), Veeresh Malik, *The Financial Express*, May 02, 2008 .
<http://www.financialexpress.com/news/Southern-sea-loop-comfort/304204/>

Hyper Galex II Calling Port Pipavav

A fixed day weekly sailing from Pipavav, Emirates Shipping Line now provides shippers in Gujarat and north-west India with direct connections to ports in China and the Middle East. The inaugural call of this service at Pipavav was made by 'MV Emirates Kabir' on May 20, 2008. Port Pipavav's chief commercial officer, Ashley Dinning, said on May 22 that the Hyper Galex II service offered direct connections with the rapidly growing trading and commercial centres in Northern China and the Middle East. "We are very happy to welcome this service to Port Pipavav," Dinning said. The Hyper Galex II is serviced by six vessels of 2500 – 3100 TEU size and offers one of the best transit times between Northern China and Dubai. Ports serviced by this service are Tianjin (Xingang), Qingdao, Shenzhen, Hongkong, Singapore Port Klang, Qualombo, Dubai and Bandar Abbas. With direct services covering all major trade lanes, plus good road and rail connectivity with regular weekly train services to all North India Ices, Port Pipavav is emerging as an efficient gateway for shippers in North West India.

Source(s): Piyali Ghosh, *Meri News*, May 27, 2008
<http://www.merineews.com/catFull.jsp?articleID=134735>

Australia, Indonesia Coordinate Patrols Against Illegal Fishing

Australia and Indonesia have completed a two-week operation of coordinated patrols targeting illegal fishing in the Arafura Sea north-east of Darwin, local press said on May 7. Australian Ambassador to Indonesia Bill Farmer described the latest coordinated patrols as 'concrete evidence' of the seriousness with which both countries were dealing with the threaten illegal fishing in the region, reported the national Antara news agency.

During the joint operation, the Australian Customs vessel Triton and Indonesian Fisheries vessels Hiu Macan 003 and Hiu Macan 004 patrolled their respective Exclusive Economic Zones, with the Indonesian vessels also visiting an Australian port for the first time. Indonesian Minister for Fisheries and Maritime Affairs Freddy Numberi said: "our respective maritime zones should be seen as a common resource and both sides are equally responsible for their wise and sustainable use." This solid cooperation between Australia and Indonesia is very important in establishing coordinated patrols targeting illegal fishing vessels entering Indonesian waters or at the border area between the two countries," Numberi said.

Source(s): Xinhua, May 07, 2008.
http://news.xinhuanet.com/english/2008-05/07/content_8122709.htm

Iran, Azerbaijan Sign Maritime MoU

Iran and Azerbaijan have signed an agreement to cooperate in maritime trade and shipping, expressing interest in cooperation in the Caspian Sea. In the joint Iran-Azerbaijan ports and maritime cooperation commission the two countries' officials stressed the expansion of cooperation in various fields, including expansion of transportation ties, especially in activities relating to shipping and ports, IRIB reported. Compliance with maritime safety regulations and inspection rules as well as environmental issues in the Caspian Sea are among the key points of the MoU signed between the two sides, said a senior official with Iran's Ports and Shipping Organization.



Source(s): Presstv, May 12, 2008.

<http://www.presstv.ir/detail.aspx?id=55266§ionid=3510213>

Pakistan Navy and US Navy Conducting "Inspired Union" Exercise

US and Pakistani Naval forces are conducted bilateral exercises code named "Inspired Union" in the North Arabian Sea from May 11 to 21. The exercise is yearly feature meant to enhance inter-operability between the two Naval Forces and improve security in maritime domain. The exercise was divided into harbour and sea phases. The sea phase included serials designed to refine war fighting tactics, practice Command and Control and fight asymmetric threats. USS Curts and USS Ross, PNS Shahjahan, PNS Badr, PNS Nasr (all surface ships) and USS Norfolk (submarine), Corvettes of Maritime Security Agency also took part in the exercise. Concurrently, Special Operations Forces (SOF) of both navies also conducted an exercise code named "Inspired Response."

Source(s): Associated Press of Pakistan, Islamabad, May 14, 2008

http://www.app.com.pk/en/_/index.php?option=com_content&task=view&id=38196&Itemid=2

US Calls for International Cooperation to Combat Sea Piracy

The United States called for increased civilian and military cooperation worldwide to combat sea piracy, off the perilous coasts of Africa in particular. Maritime forces should unite with insurance and shipping companies to make it "so hard, so difficult, and high risk for pirates to undertake their business that they stop doing it," Admiral Gary Roughead, the Chief of US navy operations, told AFP. He was speaking on the sidelines of a conference in Copenhagen on maritime security which grouped more than 200 representatives from 60 countries, including navies, non-governmental organisations and NATO. "Cooperation is the key. One country can't do it alone," Roughead said, citing the example of efforts made by countries bordering the strait of Malacca. Faced with "significant" piracy problems, "Singapore, Malaysia and Indonesia came together, put together ways of sharing information (and) began in an effective way patrolling the area," he said. "They have essentially reduced piracy for the last five years from an excessive 50 events a year to one this year," he added. But acts of piracy have continued to increase elsewhere around the world. In 2007, there were 263, up from 239 in 2006, according to the International Maritime Organisation. Waters off the coast of Somalia -- which has not had an effective central government for more than 17 years and is plagued by insecurity -- are considered among the most dangerous in the world. Ships from Denmark, France, Spain and Japan have been hijacked by pirates in the region in the past six months and released after ransom money was paid.



Source(s): AFP, Copenhagen, May 14, 2008

http://afp.google.com/article/ALeqM5h8kYpeTwWRbQu_nkMD_U4SFP43dg

9 Indian Ocean Nations Partner in Security Cooperative

A new organization dedicated to Indian Ocean regional port and maritime security has been launched. The South Asia Regional Port Security Cooperative, composed of nine nations, sees such traditional rivals as India and Pakistan making a rare attempt to work together on such issues of mutual concern.

The South Asia Regional Port Security Cooperative, known as SARPSCO, brings together many of the countries sharing the waters of the Indian Ocean: Bangladesh, Comoros, India, Madagascar, the Maldives, Mauritius, Oman, Pakistan and Sri Lanka. On hand for the group's unveiling Monday on a remote and pristine atoll in the Maldives was the country's president,

Maumoon Abdul Gayoom. In a speech broadcast to the nation's 200 inhabited islands, Mr. Gayoom said the nine countries' vigilance is crucial to combat the maritime threats they jointly face. "This conference, with its broad representation, is an excellent opportunity to chart a new framework for regional cooperation in this vital area," he said.

The United States is pledging to support the new multination initiative, although it will not be a member. U.S. Coast Guard Rear Admiral Craig E. Bone (see photo) said it is necessary to work together on port and maritime security to save lives and prevent economic damage by thwarting criminal and terrorist acts before they can be carried out. "If crimes such as illegal fishing, human smuggling and the transportation of illegal cargoes and drugs can not be collectively combated, then neither can terrorism and piracy," he said. The admiral said the formation of SARPSCO sends a clear message and a warning to terrorists and criminals in the South Asia and Indian Ocean region that they will be detected, they will be interdicted and their activities will not be tolerated. U.S. Ambassador to Sri Lanka and the Maldives, Robert Blake, Jr., also spoke at the cooperative's inaugural session, saying the group could do a lot to thwart those thinking of attacking ports in the Indian Ocean region. SARPSCO is the latest in a series of such economic and security cooperative initiatives in the region. India organized an Indian Ocean naval symposium in February.



Source(s): Steve Herman Voie of America News, Nalaguraidhoo, Maldives, May 19, 2008

[http://www.voanews.com/english/2008-05-19-](http://www.voanews.com/english/2008-05-19-voa17.cfm?renderforprint=1&textonly=1&&TEXTMODE=1&CFID=304140696&CFTOKEN=63099530)

[voa17.cfm?renderforprint=1&textonly=1&&TEXTMODE=1&CFID=304140696&CFTOKEN=63099530](http://www.voanews.com/english/2008-05-19-voa17.cfm?renderforprint=1&textonly=1&&TEXTMODE=1&CFID=304140696&CFTOKEN=63099530)

The Hindu, <http://www.hindu.com/2008/05/21/stories/2008052157441400.htm>



MARITIME SECURITY

Chinese Nuclear Sub in Malacca Strait Security Concern For India

China has deployed a Jin-class nuclear submarine to its newest base on Hainan Island in the South China Sea, apparently to get an inroad into the strategic Strait of Malacca — a key choke point in Asia. More than 50,000 ships transit annually through the 621-mile-long strait. In a response to such move, India on 5th May voiced concern over the build-up of Chinese submarines equipped with nuclear arsenals in its neighbourhood. This was echoed by India's Naval Chief Admiral Suresh Mehta that it is a "cause for security concern" when asked about the revelations by satellite pictures that China had amassed five nuclear submarines carrying long range missiles.

"It is not the nuclear submarine bases that matter, we are concerned over the number of nuclear submarines that are being built in our neighbourhood," he said. Defence Minister A K Antony sought to be evasive on the subject, saying the country's armed forces are capable of taking "full care of our security interests" whether it is sea lanes or land borders. The Cabinet Committee on Security (CCS) is likely to meet soon to deliberate on the security implications that the build-up in the South China sea will have on India. The pictures suggest that China has secretly built a major underground nuclear submarine base that could threaten India and other countries in the region.

Satellite imagery reportedly showed that a substantial harbour has been built which could house a score of nuclear submarines equipped with ballistic missiles besides a host of aircraft carriers at the Sanya base on Southern tip of Hainan island. "Nuclear Submarines have long legs and can operate over long distances," said Admiral Mehta who is expected to brief the CCS to be chaired by Prime Minister Manmohan Singh.

Source(s): Press Trust of India, May 05, 2008.

<http://timesofindia.indiatimes.com/articleshow/3012606.cms>

Iftikhar Gilani, The Daily Times, May 05, 2008.

http://www.dailytimes.com.pk/default.asp?page=2008%5C05%5C04%5Cstory_4-5-2008_pg7_43

US Company Offers Submarine Hunter Aircraft to Indian Navy

Several Indian companies are likely to be involved in building American aerospace giant Boeing's long-range anti-submarine warfare Aircraft for which the Indian Navy has issued a request for proposal (RFP). The Boeing company, which is in discussions with Indian Navy for over two years in connection with the P-8I submarine hunter aircraft, said the Indian companies would play a role in equipping the aircraft with sensors and communication systems.

Indian Navy is in the process of replacing eight long-range patrol aircraft TU-142 with a new fleet. The eight TU-142s, currently being used by us, have to be replaced and we are currently in the process of negotiations with the seller, who quoted the lowest price, Chief of Naval Staff Admiral

Sureesh Mehta said. The replacements will be arriving in three years' time, he said. Admiral Mehta also said that the aviation wing of the navy has some deficiencies, which have to be sorted out and a special attention needs to be given on the surveillance capabilities. The TU-142s, built by Russian aerospace major Tupolev, were inducted by the Indian Navy in 1988 and are used in surface surveillance and anti-submarine warfare.

"There is a possibility of Indian companies being involved in building the P-8I," said Richard Buck, programme manager of Boeing's defence wing, Integrated Defence Systems. The plane that IDS proposes to sell to Indian Navy is a variant of a 737 commercial aircraft which shall have a bomb bay for torpedoes and launching tubes for sonar listening buoys and which could fly low and slow over the ocean, searching for enemy vessels on or under the surface. "The Indian Navy is very exact about the capability the plane brings to them in future," he said about his interaction with a team that visited Boeing's facility in connection with the RFP issued in December 2005 for building the submarine hunter aircraft at a cost of about Rs two billion.

Source(s): Press Trust of India, Mumbai, May 09, 2008

http://www.business-standard.com/common/storypage_c_online.php?leftnm=10&bKeyFlag=IN&autono=37167

The Times of India, May 12, 2008.

<http://timesofindia.indiatimes.com/articleshow/3032542.cms>

Security Council Planning for UN Peacekeepers in Somalia

The Security Council unanimously approved a resolution on Thursday calling for a U.N. political presence in conflict-wracked Somalia for the first time in years and setting conditions for the deployment of U.N. peacekeepers. The resolution urged the United Nations to move its Somalia political office from Kenya to the Horn of Africa nation. The council also said it will consider deploying U.N. peacekeepers "at an appropriate time" to replace African Union troops now on the ground, subject to progress in improving political reconciliation and security conditions on the ground. That will be difficult in a country that has not had a functioning government since clan-based warlords toppled dictator Mohamed Siad Barre in 1991. Britain's U.N. Ambassador John Sawers cautioned against immediate results, "The United Nations can't bring peace to Somalia overnight. It's a long, hard road to peace in a country that has not known effective government for 17 years," Sawers told reporters. "Many things can go wrong, but the Security Council is backing those efforts, not just rhetorically but in practical terms as well."

In the meantime, the resolution calls on all countries to provide money, personnel and equipment to fully deploy the AU force now on the ground in Somalia, known as AMISOM. It is authorized to have 8,000 troops but currently only has 2,600 soldiers from Uganda and Burundi. In a report to the Security Council in March, Secretary-General Ban Ki-moon raised the possibility of the AU force being replaced by an 8,000-strong multinational force, which could pave the way for the withdrawal of Ethiopian troops who helped Somalia rout the Islamic movement in January 2007. The multinational force could then be replaced by a U.N. peacekeeping force of up to 27,000 soldiers and 1,500 police, he suggested. The resolution calls on the secretary-general to keep planning for the possible deployment of a U.N. peacekeeping force, including "possible additional scenarios."

The United States and France have introduced a separate U.N. resolution that would allow countries to chase and arrest pirates off Somalia's coast, responding to recent attacks including on French, Spanish and Japanese vessels. Sawers expressed hope that the piracy resolution will be adopted later.

Source(s): The Associated Press, May 15, 2008

<http://www.iht.com/articles/ap/2008/05/15/news/UN-GEN-UN-Somalia.php#>



MARINE ENVIRONMENT

Heavy Oil Traffic in the Gulf Threatens Fragile Marine Life

Experts attending a regional conference on environment protection in Doha have warned of increasing threat to marine life in the Gulf from the heavy traffic of oil and warships. Currently, some 47,000 oil ships enter the Gulf waters every year and the figure is expected to climb to a staggering 70,000 over the next few years due to increased exploration and exports of crude.

The challenges posed to the Gulf marine environment from the oil-carrying vessels have been somewhat successfully confronted until now but the situation could spin out of control as time passes by and more and more oil and warships sail through the regional territorial waters, said Abdul Rahman Al Awadhi, Executive Secretary of Kuwait-based Regional Organization for Preserving Marine Environment (ROPME). Water desalination plants, which are mushrooming all over the Gulf, pose added threat to the regional marine life and environment, he cautioned.

The region has witnessed several wars over the past 20 years and this has compounded the challenges one faces in the realm of marine environment protection. Mustafa Tulba, from Egypt, said that some of the warships which have visited the region several times over during the different conflicts have carried nuclear reactors, putting the marine environment at a greater risk. If coral reef is damaged, it's extremely hard to undo the loss and replace it, Tulba said. The Western experts are advising the Gulf countries to switch to nuclear power to meet the rising demand for electricity in the region. "Why can't we simply tap solar energy resources, which we have in abundance, as an alternative," argued Al Awadhi.

Source(s): The Peninsula, May 01, 2008.

http://www.thepeninsulaqatar.com/Display_news.asp?section=Local_News&subsection=Qatar+News&month=May2008&file=Local_News2008050123654.xml

India's First Marine Reserve in Lakshadweep Soon

India's first marine conservation reserve is coming up around Lakshadweep Islands. After a prolonged research and intervention in the local community by a team of experts from across the country led by Deepak Apte, principal scientist and head of conservation at Bombay Natural History Society (BNHS). The local panchayat has forwarded a formal proposal to the Ministry of Environment and Forests (MoEF) to declare the area a marine reserve. The project was funded by UK-based Darwin Institute and now the ministry officials say that they are impressed with the detailed plan and level of community involvement in conservation of the unique biodiversity in the region.

This will also be India's first co-managed marine protected area (MPA). The project was started in 2005. It has now emerged as the most successful conservation initiative in the country. "In 2005, we started with conservation of Giant Clam, a type of coral reef that comprises an extremely vital part of marine ecosystem. This reef helps a large part of aquatic fauna to survive through their life cycles. Fast depletion of these reefs was also causing disappearance of the entire fauna in the area," said Apte, The protected area will be located in the Agatti atoll, the western most land formation off of Lakshadweep archipelago, about 500 km from the mainland of India.

Source(s): Aditya Ghosh, Hindustan Times, Mumbai, May 06, 2008.

<http://www.hindustantimes.com/storypage/storypage.aspx?id=f13eeb91-92ab-47c9-8059-8e1cab54023f&MatchID1=4688&TeamID1=4&TeamID2=1&MatchType1=1&SeriesID1=1182&PrimaryID=4688&Headline=First+marine+reserve+in+Lakshadweep>

Biodiversity Cut by a Third Since 1970

Marine birds have rapidly declined by about 30 per cent since the mid 1990s. Biodiversity in the world's land and seas has declined by almost a third in the last 35 years, WWF has warned. The discovery questions how successful governments have been at reducing biodiversity loss, as they pledged in 2002 to do so by 2010. WWF's Living Planet Index tracks nearly 4,000 populations of species. It found that land-based, marine and freshwater species fell overall by 27 per cent between 1970 and 2005. Marine species were particularly affected, falling by 28 per cent between 1995 and 2005 alone. Marine birds have rapidly declined by about 30 per cent since the mid 1990s. Colin Butfield, head of campaigns at WWF-UK, said the downward trend is "alarming" as biodiversity "underpins the health of the planet and has a direct impact on all our lives". "However, there are small signs for hope and if government grasps what is left of this rapidly closing window of opportunity, we can begin to reverse this trend and move away from three planet living to a one planet future," he added. The WWF's report was released ahead of the Convention of Biological Diversity in Bonn from May 19th to 30th.

Source(s): In the News, May 16, 2008

[http://www.inthenews.co.uk/news/politics/science/biodiversity-cut-by-third-since-1970-\\$1222981.htm](http://www.inthenews.co.uk/news/politics/science/biodiversity-cut-by-third-since-1970-$1222981.htm)

Zones of Death are Spreading in Oceans Due To Global Warming

Marine dead zones, where fish and other sea life can suffocate from lack of oxygen, are spreading across the world's tropical oceans, a study has warned. Researchers found that the warming of sea water through climate change is reducing its ability to carry dissolved oxygen, potentially turning swathes of the world's oceans into marine graveyards.

The study, by scientists from some of the world's most prestigious marine research institutes, warns that if global temperatures keep rising there could be "dramatic consequences" for marine life and for humans in communities that depend on the sea for a living. Organisms such as fish, crabs, lobsters and prawns will die in such zones, warned Lothar Stramma of the Leibniz Institute of Marine Sciences in Kiel, Germany, who co-wrote the



research paper with Janet Sprintall, a physical oceanographer at Scripps Institution of Oceanography in California. In the study, published in the journal Science, they collated hundreds of oxygen concentration readings taken over the past 50 years in the Atlantic and Pacific over depths ranging from 985ft to 2,500ft. "In the central and eastern tropical Atlantic and equatorial Pacific the oxygen-minimum zones appear to have expanded and intensified during the past 50 years," Stramma said. The researchers found that such regions now extend deeper into the oceans and closer to the surface.

A report by the United Nations Environment Programme found that such coastal dead zones have doubled in number since 1995, with some extending over 27,000 square miles, about the size of the Republic of Ireland. Among the worst affected are the Baltic Sea, the Black Sea, and parts of the Mediterranean. Perhaps the biggest of all is found in the Gulf of Mexico, where the Mississippi carries thousands of tons of agrochemicals into the sea every year. Recent research has revealed that about 250m years ago average oxygen levels in oceans fell almost to zero – a reduction associated with dramatic changes in climate that resulted in the extinction of 95% of the world's species.

Source(s): Jonathan Leake, The Sunday Times, May 18, 2008
<http://www.timesonline.co.uk/tol/news/environment/article3953924.ece>



HUMAN RESOURCES

Private Container Terminal Operators Exploiting Labourers: ITF

The Asia Specific Dockers' Section of the International Transport Workers Federation (ITF) has claimed that all private operators of the container terminals in the country, have been exploiting their labourers. "In my countrywide special study tour of all major and non-major ports, which have container terminals run by private operators or multi-nationals, I have found that the port workers are paid low wages and work in poor conditions. I have already visited Kandla and Mundra ports for the study. I will soon visit the Jawaharlal Nehru Port Trust and thereafter I will present my special report at the ITF Dockers' section meet at Stockholm on June 15," said P M Mohamed Hanif, a member of the Asia Specific Dockers' section. Hanif said the ABG Kandla Container Terminal Limited (ABGKCTL) and the two others at Mundra were openly violating the country's labour laws. The terminals at Mundra, known as MICT (Mundra International Container Terminal) are run by the Dubai Port World (DPW) of the Dubai government and the Adani group. Hanif added that the working conditions at the ABGKCTL were worse than at Mundra. The 400 employees at DPWMICT received good accommodation, canteen, transport and schooling facilities, but were low paid. The DPW runs 42 container terminals all over the world, but the salaries here are not the same as in the western countries. Crane operators here get paid between Rs 12, 000 and 15, 000. Also, no union activities are permitted. Hanif further said the company was yet to obtain the stevedoring licence for handling of container facilities at Kandla in accordance with the rules. The licence would require it to employ only dock labour to work in the hatches of ships and pay labour charges with compulsory welfare levy. "The recommendations would go to the ITF's International Fair Practice Committee for a policy decision. The Mumbai-based union leader, S R Kulkarni is the world member from Asia Pacific and he had appointed me to conduct the survey in a fortnight and submit the report to him," he said.

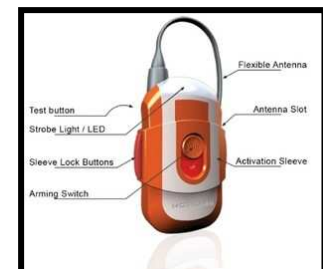
Source(s): DV Maheshwari. Express India, Bhuj, May 19, 2008
<http://www.expressindia.com/latest-news/Private-operators-of-container-terminal-exploiting-labourers-says-ITF-study/312058/>



MARINE TECHNOLOGY

Quick MOB Recovery With New MOBILARM Technology

Mobilarm has introduced the revolutionary VPIRB which successfully marries existing marine safety technologies to make the recovery of man overboard victims far quicker and more effective. Mobilarm's VPIRB is a fully-automated Marine Survivor Locating Device specifically designed for the marine environment. It is small, light-weight, easy to use and competitively priced safe alternative to a personal EPIRB. Its functionality is intuitive through its in-water automatic activation and sending tracking data to all VHF DSC or VHF radio equipped vessels within range including the distressed mariner's vessel.



Rather than sending emergency distress signals to an onshore location, the Mobilarm V100 VPIRB sends a signal from the device via VHF DSC Channel 70 and VHF Channel 16 to multiple stations - back to the boat the person has fallen from, to other boats in the area of the man overboard incident and to any land-based rescue stations within listening distance of the signal. The VPIRB uses existing and standard marine technology, but in a new combination. It combines VHF radio transmission and GPS receiver functionality. When a VPIRB wearer falls overboard the device detects the person has gone into the water. There is a 20 second delay, to counter false alarms, before the system automatically starts to transmit a Mayday message on VHF DSC.

DSC, or Digital Selective Calling, works in a similar way to a paging system. It uses data signals which automate transmission and reception calls between vessels. DSC allows for the transmission of critical information including the MMSI of the caller, the last recorded position of the caller and the priority of the call. Each call is categorised using the DSC's standard system of prioritised identifiers of which Man Overboard is one.

Source(s): May 08, 2008.

<http://www.powerboat-world.com/Quick-MOB-recovery-with-new-MOBILARM-technology/44244/arc>

SeaGen Successfully Installed in Northern Ireland

Pioneering renewable energy developer Marine Current Turbines has successfully completed the first installation phase of the 1.2MW SeaGen Tidal System into the fast flowing waters of Strangford Narrows of Northern Ireland. It is the world's first commercial scale tidal energy turbine. 'Rambiz' carries the SeaGen tidal turbine to Strangford Narrows. The crane barge, 'Rambiz' returned to Belgium after safely positioning the 1,000 ton structure onto the seabed and releasing its four moorings. SeaGen's location is approximately 400m from the shoreline. When fully operational its 16m diameter twin rotors will operate for up to 20 hours per day to produce clean, green electricity, equivalent to that used by 1,000 homes. This is four times greater than any other tidal stream project so far built. The U.K. government granted £5.2m of funds for the project. SeaGen will enter commercial operation after a commissioning phase of around 12 weeks and supply electricity to the local grid.



Source(s): Maritime Journal, May 11, 2008

http://www.maritimejournal.com/archive/2008/may/marine_renewables/seagen_successfully_installed_in_northern_ireland

Oceans Vibrate with the Sounds of Tagged Fish

The secret lives of whales, sharks and even fish that frequent Sydney Harbour will soon be revealed with a new national project to attach acoustic tags to marine life around the coastline and track their movements using receivers placed at one kilometre intervals along the ocean floor. Some of the animals travel such vast distances underwater each year it has been very difficult for scientists to discover much about their habits. Deep sea sharks are among the first to have been wired for sound. In March CSIRO researchers tagged 50 gulper sharks, swellsharks and green eye dogfish in South Australia, to help determine the best size and location of protected areas so they are not over-fished. "We need to know how much time the sharks spend there, what the seabed habitats are like, and what role they play in the ecology of the sharks," says a CSIRO scientist, Dr Alan Williams. "For example, the sharks may rely on shelter in rough habitats and these are scarce." The Australian Tagging and Monitoring System is part of a worldwide project, the Ocean Tracking Network, that will follow thousands of marine creatures - from fish to birds to polar bears - around the world. It is also one of the 11 arms of the Australian Integrated Marine Observing System (IMOS), a federal government program using the latest technology to monitor the marine environment. Floats that measure temperature and salinity down to 2000 metres every 10 days will be deployed along the coast, along with an autonomous underwater vehicle for detailed surveying, and a radar network to map surface currents. A fleet of 10 gliders that can dive for periods from three weeks to six months, will be used to study ocean eddies and currents such as the East Australian Current, says Professor Iain Suthers of the Sydney Institute of Marine Science, which is the NSW headquarters for IMOS.

Source(s): Deborah Smith, The Sydney Morning Herald, May 22, 2008

<http://www.smh.com.au/news/national/oceans-vibrate-with-the-sounds-of-tagged-fish/2008/05/21/1211182896603.html>



Asia and Alaska are Losing Out to Europe in The Cruising Stakes

Europe has become the No. 1 cruising destination for Australians after the South Pacific, easily outstripping two traditional hot spots, Asia and Alaska, in popularity. New industry data shows that the number of Australians taking a European ocean cruise last year leapt 67 per cent from the previous year to nearly 21,000. Another 12,000 bought European river cruises.

By comparison, the number of Australians cruising in Asia in 2007 dropped 28 per cent to just under 24,000. Alaska's Inside Passage sailings attracted 22,000, a 10 per cent increase. The figures come from the International Cruise Council Australasia (ICCA), which has been tracking Australian cruising preferences since 2002. Over that period, the number of Australians taking a cruise has more than doubled. Last year, nearly 252,000 holidayed at sea, a 14 per cent increase on 2006. Easily the biggest-selling cruises were those from Australian ports to New Zealand and the South Pacific, accounting for 161,000 passengers, or 61 per cent of the total market. The ICCA, representing 24 cruise lines worldwide, says the Europe surge has been sparked by big increases in capacity, particularly in the Mediterranean, and the decision by lines to extend the cruising season into winter months.

Source(s): May 10, 2008, Mike Heard.

<http://www.smh.com.au/news/cruising/europe-the-new-hot-spot/2008/05/07/1209839700457.html>

Cruising can be Tender Misery

One of my most vivid memories of cruising in the Caribbean is a snake-like queue of sweaty passengers waiting for a tender from Royal Caribbean International's private island of Labadee back to the ship. I've since seen that same queue three times at the island, where Royal Caribbean ships call for a day of sun, sea and sand. People standing in the blazing sun for an hour or more to return to the ship, getting more and more hot under the swimsuit, speaks volumes about the inadequacies of tendering. The first time I was there with my family, we took one look at the queue and headed to the beach beside the tender hut, where we spent an hour or so in the sea or on the sand, watching the tenders come to and fro, until it was time for the last one. Result? No queue. We have done that every time we have been there and it always works a treat.



Without tenders, a lot of wonderful places would be off the radar for cruise passengers – the likes of Villefranche in France, Portofino in Italy and Santorini in Greece – and that would be a real shame. The problem is that as ships get larger, they will either have to tender more because ports are not big enough to take them – and more passengers means ever-longer queues - or stick to visiting large ports that regular cruisers have seen many times already. The last time I visited Labadee in Haiti with my family, we were on Freedom of the Seas, sharing the ship with just over 4,000 passengers. Thus for now, tenders are here to stay, and annoying as they are, there are ways to numb the pain:

- Before booking a cruise, check itineraries to make sure that there aren't too many tender ports. These are usually denoted by an anchor.
- Have a leisurely breakfast and wait for the rush to subside. The queues on Freedom of the Seas were bad, but we avoided standing in line just by being a bit patient.
- Alternatively, be outside the room where they are handing out tender tickets early so that you are on the first boat across.
- Aim for the last tender back to the ship – most people will want to be back well before that, so later queues will be minimal.
- Accept the tender as part of the cruise experience and relax. You'll get there in the end.

Source(s): The Telegraph, May 28, 2008

http://www.telegraph.co.uk/travel/cruises/types_of_cruise/2041703/Cruising-can-be-tender-misery.html

Over 40 New Cruise Ships Planned To Launch By 2010

There are announcements of about 40+ new ships to take to the seas during the next three-years. Practically every major cruise line has plans for a least one new vessel: Many have three or even four slated by 2010. And, just as the number of new ships is growing, so is the trend toward building bigger and more luxurious vessels. Although the smallest ships of the lot, Carnival has the most projects in the works over the next three-years.

Ranging in size from 110,000 tons to 130,000 tons, Carnival's highlight will be "Freedom," a new class of ship costing about \$400 million and carrying 2,974 passengers. Announcing its new Freestyle Cruising campaign in 2006 was just another step in a long process of completely revamping the entire NCL fleet from the inside out. Since its buyout in 2000, NCL has made great strides in listening to the cruising population then delivering what they want. With innovations including rock-climbing walls, Garden Villas and bowling alleys, you would think NCL had run out of ideas. It seems not! "Pearl" is slated to launch in October 2007 and has gotten rave reviews thus far. The crowning glory of the NCL fleet, however, will be three ships in an entirely new class deemed "F3." Weighing in at 150,000 tons and carrying 5,400 passengers, these "F3" class ships have been described by NCL as, "a further evolution of NCL's progressive dismantling of the structure, regimentation, and constraints of the traditional cruise experience." One of the most impressive features is that 100% of outside cabins will have balconies. Three projects are also on the docket for Royal Caribbean between 2007 and 2010. "Liberty of the Seas" and "Freedom" (yes, Carnival and Royal Caribbean will have ships with the same name) and "Independence of the Seas" all shine far above the rest of the fleet with a tonnage of 160,000 each.

Costing in excess of \$700 million each, they will accommodate 3,600 passengers respectively. While they will be exceptional vessels offering inventive features, there is one ship that will outdo them. In fact, Royal Caribbean's grandest vessel yet will outdo every other ship built to date. Creating an entirely new class of ship, Royal Caribbean has drafted "Genesis." This will be, to date, the largest ship ever built by any cruise line. It will even surpass the size of "The Queen Mary," which holds the current record at 151,400 tons. Accommodating up to 6,400 passengers, "Genesis" will weigh about 220,000 gross tons and cost an estimated \$1 billion. Royal Caribbean chairman and CEO Richard Fain brags, "Project Genesis truly is a remarkable ship. Its bold design, daring innovations and technological advancements will delight our existing cruisers and help us draw in new ones." Others are also jumping in on the new ship bandwagon. Keep your eyes peeled for "Emerald" from Princess Cruise Lines, "Queen Victoria" from Cunard, and "Solstice" and "Equinox" from Celebrity. Cruise options are growing more abundant by the day, which makes this a cruiser's market. The cruise lines are bound to offer more incentives in order to fill these new, expensive ships. Stay on the alert for what are bound to be incredible bargains to come.

Source(s): Roy Witman, Cruise Vacation Centre, May 29, 2008

http://www.cruisevacationcenter.com/mediterranean_cruises.htm>Mediterranean cruises



MARITIME LEGISLATION

[India Bars Statutory Inspections By 6 Survey Entities From August](#)

In a bargaining move aimed at securing full-time membership for India on a body that classifies and certifies the design, construction and maintenance of ships globally, India's shipping ministry has decided to revoke the permission given to six major entities in this field to operate in the country from August.

India's maritime administration, the Directorate General of Shipping (DGS), sent out notices last week to six of the 10 full-time members of the International Association of Classification Societies, or IACS, which works as per the requirements of the International Maritime Organization, or IMO, to wind up their statutory survey operations by August. As a result, these entities will be derecognised by India and barred from conducting statutory surveys on Indian flag ships or ships that are registered in India. The Indian Register of Shipping, or IRS, will then have monopoly over such activity in India. Statutory surveys are performed periodically to ensure that ships are maintained as per IMO specifications.

The 10 full-time members of the IACS include American Bureau of Shipping, Bureau Veritas, Det Norske Veritas, Germanischer Lloyd, Nippon Kaiji Kyokai, Lloyd's Register, Russian Maritime Register of Shipping, China Classification Society, Korean Register of Shipping and Registro Italiano Navale. Of these, the first six were permitted to operate in India, remaining four were not. IRS is currently an associate member of IACS but this status will expire soon. J. C. Anand, chairman, IRS, maintains that there is "no time-limit for the associate membership granted to his firm".

Source(s): P. Manoj, Live Mint, May 12 2008

<http://www.livemint.com/2008/05/12001823/India-bars-statutory-inspectio.html>

Karnataka to Regulate Tariffs for Karwar Port

Six consortia of private companies in the reckoning for developing and operating a modern deep-sea port at Karwar in Karnataka, with an investment of more than Rs1,000 crore, are stumped by a decision of the state government to regulate tariffs at the port. This is the first instance of a maritime state deciding to regulate tariffs at a port being developed with private investments. The Karnataka government will set the upper tariff limit for the Karwar port, allowing private operators the flexibility to levy charges within this frame. "However, for computation of annual gross revenue for purposes of revenue sharing with the state government, the ceiling will be taken into account, ignoring discounts or rebates offered by the private operator," said an official at the department of ports and inland water transport at the Karnataka government.

The short listed bidders have now sought freedom to set tariffs on their own. "As the Karwar port would require significant investments, development and marketing efforts, we should be allowed the freedom to fix tariffs," said an executive at Sical Logistics Ltd. Sical will be bidding for the project in partnership with Subhash Projects and Marketing Ltd. The other consortia that are pre-qualified to submit financial bids for the project are Mundra Port and Special Economic Zone Ltd, Hindustan Infrastructure Projects and Engineering Pvt. Ltd along with Pembinaan Redzai Sdn Bhd of Malaysia, Apollo Infrastructure Projects Finance Co. Ltd with KEI-RSOS Maritime Ltd and North Canara Seaport Pvt. Ltd, and Maytas Infra Ltd with Nagarjuna Construction Holdings Ltd and Kakinada Sea Ports Ltd. Noble Group Ltd is also in the fray along with Gammon Infrastructure Projects Ltd, VM Salgaocar and Brothers Pvt. Ltd and MMTC Ltd. The entity willing to share the highest proportion of annual operating gross revenues from the port project with the state government will get the rights to operate the 30-year contract.

The private firm selected to develop and operate the port would be entitled to levy charges from owners and consignees of cargo using the project facilities and services, as per the scale of rates approved by the state government, the department of ports official mentioned earlier said. The state governments of Gujarat, Maharashtra, Orissa, Tamil Nadu and Kerala, which are also developing ports through private investment, have granted these private operators the freedom to fix tariffs for the services provided at these ports. In comparison, tariffs at the 12 major ports owned by the Union government are set by a regulator, the Tariff Authority for Major Ports (TAMP).

Source(s): P. Manoj, Live Mint, Bangalore

<http://www.livemint.com/2008/05/20233906/Karnataka-to-regulate-tariffs.html>



DP World to Pay Rs 91-cr Compensation to Chennai Port

DP World Chennai, the private container terminal operator at the Chennai port, has to pay Chennai Port Trust (ChPT) Rs 91.51 crore as compensation for not achieving the minimum container throughput of non-transshipment traffic — containers not transhipped in neighbouring ports of Colombo, Singapore, Port Klang, Dubai and Salalah. The ChPT encashed a bank guarantee of Rs 46.08 crore from DP World Chennai. The private operator also paid, under protest, a demand draft of Rs 17.78 crore to ChPT. The Port Trust has raised a demand for the balance payment of Rs 27.65 crore from DP World Chennai for 'non-achievement of non-transshipment' traffic between December 2006 and November 2007.

DP World's contention is that containers meant for neighbouring ports should also be considered as containers falling under the 'non-transshipment' traffic category. However, the Port Trust did not accept this argument citing the norms prescribed in the License Agreement between ChPT and the then Chennai Container Terminal Ltd (CCTL) in September 2006. The agreement says that the licensee (CCTL) shall develop Chennai as a 'hub port', and ensure that within three years from the date of commencement of operations (November 30, 2001), main line vessels also call on the port. The non-transshipment traffic norms for CCTL was to be 20 per cent of the total traffic in the third year, 25 per cent in the fourth year and 30 per cent from the fifth year onwards. In the event of the shortfall in the non-transshipment traffic, the licensee is liable to pay the licensor compensation equivalent to the amount of royalty by the licensee on the shortfall in traffic. CCTL did not achieve the norms, and therefore the Port Trust is to be compensated.

The agreement further says that the intention of the licensor to develop Chennai as a hub port is not only to provide for direct sailing between neighbouring ports and Chennai. The purpose of privatisation of the terminal is to develop Chennai as a 'hub port' and not to get compensation for the failure of the licensee to fulfil his commitments. If the licensee cannot develop Chennai as a hub port, the licensor shall be at liberty to terminate the licence.

The private container terminal in Chennai is one of the oldest in the country as originally, P&O Ports (DP World later took over the company's terminals) commenced operations on November 30, 2001. Chennai port was then handling 3,50,000 TEU, while the private terminal now handles over 10 lakh TEU a year.

Source(s): T.E. Raja Simhan, The Hindu Business Line, Chennai, May 22, 2008
<http://www.thehindubusinessline.com/2008/05/23/stories/2008052350870700.htm>

UN Court Rules in Maritime Dispute Between Singapore and Malaysia

The International Court of Justice said it had found by 12 votes to four that Pedra Blanca/Pulau Batu Puteh, a granite island in the Straits of Singapore on which a lighthouse stands, belongs to Singapore and has done so since at least 1980, when the dispute between the two countries crystallized. The chain of three rocky outcrops is 15 km (10 miles) off peninsular Malaysia's southern coast and set in the Strait of Singapore, which in turn is just off the Malacca Strait. The main outcrop, 137 metres by 60 metres, is known as Pulau Batu Puteh in Malaysia and Pedra Branca by Singapore, which has a lighthouse on the island.

In the case of Middle Rocks, which consist of a group of rocks that are permanently above water, the ICJ ruled 15 to one that it belongs to Malaysia. The court also noted that South Ledge, a nearby low-tide elevation, falls within the apparently overlapping territorial waters generated by Pedra Blanca/Pulau Batu Puteh and by Middle Rocks. Given that the two countries have not asked the court to draw the line of delimitation, the judges said, by 15 to one, that sovereignty belongs to the State in the territorial waters of which it is located. The ICJ hears disputes between States and its decisions are binding and without appeal.

Source: United Nations, Published: May 23, 2008

<http://newsblaze.com/story/20080523145134tsop.nb/newsblaze/TOPSTORY/Top-Stories.html>

Maritime Boundary Issues in Asia

In addition to the Malaysia and Singapore issues mentioned above, here are some facts about Asia's maritime boundary issues between states:

Northwest Borneo - Malaysia/Brunei

Malaysia and Brunei said last year they had reached a tentative pact to end a dispute over the ownership of two large oil exploration blocks off the northwest of Borneo in the South China Sea. The row has stopped deepwater exploration in the area. In 2003, Malaysian state-owned Petronas [PETR.UL] awarded deepwater blocks L and M to Murphy Oil. But Brunei awarded a production-sharing contract (PSC) to France's Total for Block J and was negotiating PSC terms with Shell for adjacent Block K. Murphy made a sizeable discovery in a Malaysian block near the disputed area in 2003 and will produce 120,000 barrels per day by the end of 2008 from the Kikeh field, with the light sweet crude oil now trading at a record high.

Greater Sunrise - East Timor/Australia

The Greater Sunrise gas fields in the Timor Sea are expected to start producing gas by 2012-2014, after a pact by East Timor and Australia to evenly split royalties. The fields are estimated to hold 8 trillion cubic feet (Tcf) of gas and up to 300 million barrels of condensate. Greater Sunrise was frozen in 2004 while waiting for Canberra and Dili to resolve their differences over the revenue split. There is still debate on whether to transport the gas to Darwin in northern Australia, process it at sea at an offshore plant, or bring it via pipeline to East Timor for export from an onshore liquefied natural gas (LNG) facility. The project involves Woodside, Royal Dutch/Shell and Japan's Osaka Gas Co. Ltd.

Spratly Islands - China/Vietnam/Taiwan/Malaysia/Philippines

The national oil companies of China, the Philippines, and Vietnam signed a three-year joint-seismic accord in 2005, to cooperatively assess oil and gas deposits. Their proximity to nearby oil and gas-producing fields, discovered in the 1960s, bolstered the belief that they harbour rich untapped reserves of oil and gas. Modern disputes date back to the 1930s, with claims bolstered by references to historical maps and literature. In 1988, China and Vietnam fought a brief naval battle near the Spratly reefs, in which more than 70 Vietnamese sailors died.

Pattani Trough - Thailand/Cambodia

The Gulf of Thailand is already a gas-producing zone but 27,000 sq km (10,430 sq mile) is disputed between Thailand and Cambodia. It involves no territory. Thailand produces natural gas but still relies on imports. Cambodia, which relies on foreign aid, hopes to begin pumping oil from offshore fields in the Gulf of Thailand by 2010.

Tianwaitian and Chunxiao - Japan/China

China's CNOOC Ltd. said in April last year it had begun producing gas at the Tianwaitian field in the East China Sea despite Japan's objections to development. Beijing and Tokyo disagree over the boundary between their exclusive marine economic zones and Japan objects to Chinese development of gas fields near the border, although they are in an undisputed area. Tokyo fears drilling there could inadvertently drain Japanese gas through a honeycomb of seabed rocks. Japan has proposed to jointly develop the Tianwaitian and Chunxiao gas fields, the Yomiuri newspaper said in February, without citing sources. China's state-controlled CNOOC has said it is ready to begin production from the Chunxiao gas field. Estimated net known reserves in the East China Sea total a relatively modest 180 million barrels of oil equivalent, Japan says.

Source(s): Reuters, May 23, 2008
<http://uk.reuters.com/article/oilRpt/idUKSP14397020080523>

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

Suggestions and contributions are welcome. Requests for subscription and cancellation may be sent to the address below.

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