

# MAKING WAVES

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### MARITIME INFRASTRUCTURE

#### South Africa: Gateway Potential of Port Exploited

Shipping and logistics group Grindrod of South Africa has evolved from a local shipping company struggling against the adverse international shipping charter market a decade ago to a powerful entity holding substantial investments on the high seas and quaysides around the world. Earlier this year Grindrod announced a multimillion-rand venture in which the Durban-based company joined forces with the international group, Dubai Ports World (DPW), to give both entities a substantial influence in running the port of Maputo.

Since the Mozambique government paved the way for private investment into the country and the dilapidated port became the recipient of international capital, billions of dollars have been pumped into the facility. Strengthened by the shorter distance to the Mozambique coastline, significant marketing and investment has been made into developing the transport route between Gauteng and Maputo as an alternative to the Durban-Gauteng pipeline, and Maputo has advanced into one of the fastest-growing harbours in southern Africa. The port also has substantial expansion potential -- unlike Durban, which battles against the built environment constraints.

Grindrod Freight Services CEO Dave Rennie says the group partnered with DPW as the international corporation was already invested in the port and is a global port operator concentrating on Africa. DPW runs the Maputo container terminal as well as 41 other terminals around the world.

Source(s): Nicola Jenvey, Johannesburg, Mar 03, 2008.  
<http://allafrica.com/stories/200803030667.html>

#### New Port Planned for Russia's Far East

Russia is building a new port near the city of Nakhodka in the Pacific coast to serve as a terminus for a new multi-billion-dollar pipeline for Russian oil transport to Asia. It's not only the money that this project brings to the region, but has a strategic interest also.

It was discovered in the 19th century by the crew of a ship called 'America.' Then it became a Finnish settlement, a tiny fishing village. But all that changed in 1950, when nearby Vladivostok was chosen as the base for the Soviet Pacific Fleet. As Russia's primary deep-water port in the Far East, the area was transformed. The city is now known as Nakhodka and boasts four major international ports. The South Stream project and the recent crisis over Ukraine's unpaid gas bills have put the spotlight on Europe's reliance on Russia's energy resources. But thousands of miles away, in Russia's Far East there is an energy project in the offing for consumers in a different part of the world. A new multi-billion dollar pipeline is being planned and its terminus is a new port to be built just a few kilometres up the coastline from Nakhodka. Right now Kozmino Bay serves as a hot spot for local ice fishermen, but this is where the port will be built to serve as the end point for the massive East European Pacific Ocean pipeline.



Once completed, the pipeline, stretching over some 4,000 kilometres of land, will carry 300,000 tons of oil per day to a place where it will be loaded onto ships to make its way across the Sea of Japan. ESPO, as the pipe is also known, is designed to transport oil from central Russia to energy-thirsty China, and potentially Japan and other countries along the Pacific Rim.

Source(s): Russia Today, March 3, 2008,  
<http://www.russiatoday.ru/features/news/21651>

## **Kochi Port Sets Sail for The Big Global League**

A 50-berth marina will come up on five acres in an island off Kochi. Chief Minister VS Achuthanandan, who inaugurated the project in Kochi on Saturday, March 1, said that the marina would elevate Kochi to the global league of leisure boating destinations. "Sailors and tourists from across would be docking at Kochi. They would boost the tourism industry in Kerala," he said.

With the Rs 8.25-crore marina being operational, Kochi is destined to be a natural hub connecting Sydney and Singapore to Dubai and European ports, estimate industry sources. The project is implemented by Kerala Tourism Development Corporation (KTDC).

"We will complete the project in two phases. The first phase, with 30 berths, will be ready in 18 months. In two years, the project will be in full steam, accommodating 50 yachts at a time," KTDC chairman Cherian Philip said. The Union government has sanctioned Rs4 crore for the project. The eco-friendly marina will have a wet dock and machines for carrying out repair works. It will have rooms and recreational facilities. It will have two luxury cruisers and five jet skis. KTDC will be helped by the state-owned Kerala Industrial and Technical Consultancy Organisation (KITCO) in implementing the project. The marina will encourage foreign cruise liners and rich Indians who own a boat to come to Kochi. Several luxury yachts call at the Kochi port every year en route from the Gulf to the Far East despite poor berthing facilities. Kochi has one of the best natural ports in Asia and Dubai Port World is building an international container transshipment terminal here.

Source(s): Don Sebastian, Thiruvananthapuram, Mar 04, 2008  
<http://www.dnaindia.com/report.asp?newsid=1154245>

## **Speedy Development of Road-Rail Links to Gwadar**

The Senate Standing Committee on Ports & Shipping of Pakistan observed that road and rail links with Gwadar Port be developed and completed speedily along with other facilities to realize its full potential, so that it could emerge as a major economic hub in the region. They called upon the Government to accord the highest priority to the project. Taking cognisance of the peculiar conditions prevailing in Balochistan particularly the inhospitable terrain and other difficulties a 3-member Committee will sort out issues would be to act as an intermediary between NHA and local population/influential so that the outstanding issues may be resolved amicably and speedily.



The Chairman NHA, in his briefing to the Committee, stated that the road links Gwadar to Turbat, Hoshab, Panjgaur, Nag, Basima and Surab (N-85). It links Gwadar to N-25 Highway at Surab. He said the road would connect Gwadar to N-85 & N-25 Highway at Khuzdar and N-55 Indus Highway at Ratodero. The Senate Committee was also briefed on the stalled Rs. 100 billion Gwadar-Quetta Rail-link project. The Committee took a strong exception to the provincial Government's violation of the ban on sale of state lands imposed by the federal Government in Balochistan. The Government/ Railway prized land was allegedly sold by the unscrupulous elements in the provincial administration to private housing societies/ land developers etc at throw away prices. The same societies, it was alleged, are now demanding millions of rupees from the railways to provide land for construction of Container Yard etc.

Source(s): APP, Islamabad, Mar 10, 2008  
[http://www.app.com.pk/en /index.php?option=com\\_content&task=view&id=31490&Itemid=2](http://www.app.com.pk/en /index.php?option=com_content&task=view&id=31490&Itemid=2)  
[http://www.dailytimes.com.pk/default.asp?page=2008%5C03%5C11%5Cstory\\_11-3-2008\\_pg5\\_18](http://www.dailytimes.com.pk/default.asp?page=2008%5C03%5C11%5Cstory_11-3-2008_pg5_18)

## **U.S. Reports: Rising Sea Levels Threaten Infrastructure**

A rise in sea levels and other changes fuelled by global warming threaten roads, rail lines, ports, airports and other important infrastructure in the United States, according to new U.S. government reports, and policy makers and planners should be acting now to avoid or mitigate their effects. While increased heat and "intense precipitation events" threaten these structures, the greatest and most immediate potential impact is coastal flooding, according to one of the reports, by an expert panel convened by the National Research Council, the research arm of the National Academy of Sciences. Another study, a multi-agency effort led by the Environmental Protection Agency, sounds a similar warning on coastal infrastructure but adds that natural features like beaches, wetlands and fresh-water supplies are also threatened by encroaching salt water. The reports are not the first to point out that rising seas, inevitable in a warming world, are a major threat. For example, in a report last September, the Miami-Dade County Climate Change Task Force noted that a rise of two feet, or a little over half a meter,

by the year 2100 as predicted by the United Nations' Intergovernmental Panel on Climate Change "would make life in South Florida very difficult for everyone."

But the new reports offer detailed assessments of vulnerability in the relatively near term. Both note that coastal areas are densely populated, economically important and gaining people and investment by the day, even as scientific knowledge of the risks they face increases. Use of this knowledge by policy makers and planners is "inadequate," the academy panel said.

Source(s): Cornelia Dean, International Herald Tribune, Mar 12, 2008.  
<http://www.ihrt.com/articles/2008/03/12/america/coast.php>

### **Russia Opening Up the Arctic Market**

With accelerating investment in oil and gasfield development in the Arctic region, the current decrease, followed by a projected increase in ice, are a challenge for Russian maritime navigation and vessel design. According to Central Marine Research and Design Institute – CNIIMF reports, "the routes of the 'North Sea Passage' (Sevmorput) were covered in winter one-year ice of 1.5m thickness in the western sector, and 2m thickness in the east. Delayed ice creation in the autumn of 2006 and the higher temperature anomalies of the air in the winter-spring period of 2007 led to a decrease of ice thickness in the Karsk Sea by 30cm; in the Laptev, East Siberian and Chukotsky Seas by 20 cm.

In the past five years, between 47 and 50 vessels were operating on what the Russians call their North Sea route. It is estimated that they made around 180 runs annually. The biggest of the fleet operators on the route is Murmansk Shipping, which accounts for about 75% of the vessel movements and shipments. At present, about 20 tankers have been operating in and out of Arkhangelsk, Vitino and Murmansk on approximately 200 shuttle runs. Export of nonferrous metals and other cargo movements for the Norilsk Nickel company through the inland port of Dudinka have stabilized at around 1.3 million tonnes per year. Norilsk Nickel has already ordered 5 cargo carriers of 14,500 deadweight and ice class ARC7; these can operate without icebreaker support. The first of the fleet, called the "Norilsk Nickel" and Russian-flagged, started operations on the Dudinka-Murmansk run in April 2006. The company claims that operating efficiencies have been so positive, the icebreaking services previously provided on contract by Murmansk Shipping have not been needed.

Years of stagnation and charges of mismanagement have taken their toll on the Murmansk Shipping Company, which has been responsible to date for operating the atomic powered icebreakers required for the Arctic routes. In all, there are 12 icebreakers in the Russian Arctic. Six atomic powered and 2 diesel icebreakers work the Arctic basin, both west and east, while 4 diesel icebreakers, also state owned, are operated by Far Eastern Shipping Company (Fesco), and work in the Far East. The increasingly muscular Rosatom, the state agency for nuclear industry now being reorganized by former prime minister Sergei Kirienko. He is essentially taking over all nuclear-powered shipping from both the Murmansk company, and the federal Ministry of Transport in Moscow. The fleet management will then be transferred into the wholly owned state enterprise, Atomflot. As he has done with mining, nuclear reactor, and nuclear fuel processing units under Rosatom control, Kirienko is likely to plan for the restructuring and privatisation of the operating companies.

Source(s): John Helmer, Moscow, Mar 17, 2008  
<http://www.mineweb.com/mineweb/view/mineweb/en/page67?oid=49521&sn=Detail>

### **Positra: India's Rotterdam?**

Gujarat's port dreams just got bigger. One of the world's busiest and Europe's biggest ports, the Port of Rotterdam, and Oman's Port of Sohar have joined hands with Nikhil Gandhi's Sea King Infrastructure Ltd (SKIL) to develop Positra as a mega transshipment hub and industrial port at an estimated cost of Rs 6,000 crore. Located on the picturesque bay near Dwarka in the Gulf of Kutch, Gandhi's Positra is now proposed to be developed on the lines of Netherlands's Rotterdam and Sohar and could well give Adani's Mundra port and Kandla port a run for their money, thanks to its killer location. IL&FS Infrastructure Development Corporation will be the advisor for the project. Rotterdam would provide its expertise in developing, managing and operating the terminal, while Sohar will help it link with an international maritime network with its world-wide commercial linkages. As per the action plan presented to Chief Minister Narendra Modi, the SKIL-Rotterdam-Sohar consortium wants to capitalise on the natural 18 metre-22 metre draft at Positra and develop it as India's first deep sea container terminal capable of



receiving fourth generation container vessels (4,600 TEUs) and emerge as a transshipment hub with a complete logistics chain and connectivity.

Interestingly, Sohar Industrial Port is a 50:50 joint venture between Port of Rotterdam and the Government of Sultanate of Oman. Positra, christened as Port West by its original promoter SKIL, was conceived as India's first private port and special economic zone in 1998. It ran into serious environmental problems but all the legal hurdles were cleared when the Gujarat High Court, on Nov 26, 2007, permitted the Gujarat government to decide the environmental applications on merits. Subsequently, the consortium has engaged NEERI to carry out the environmental impact and risk assessment study for the project. According to sources, the consortium was keen on starting operations within two years from signing the concession agreement, which is under government's consideration.

Source(s): Tushar Prabhune, Times News Network, Gandhinagar, Mar 21, 2008

[http://timesofindia.indiatimes.com/Positra\\_set\\_to\\_be\\_Indias\\_Rotterdam/articleshow/2885971.cms](http://timesofindia.indiatimes.com/Positra_set_to_be_Indias_Rotterdam/articleshow/2885971.cms)

### **New Concession Agreement for Indian Ports**

The Indian government has approved a new model concession agreement governing private participation in ports. It is hoped that this will energise a number of dragging projects, including the proposed deep draught iron ore than coal berths at Paradip port, four multipurpose berths at Kandla and container terminals at Ennore and Tuticorin. The new agreement allows port authorities to go directly to the inter-ministerial public private partnership appraisal committee to obtain final approval, rather than first having to acquire an in-principal approval.

Sources: Mar 22, 2008

[http://www.portstrategy.com/archive/2008/march2/news\\_asia/new\\_concession\\_agreement\\_for\\_indian\\_ports](http://www.portstrategy.com/archive/2008/march2/news_asia/new_concession_agreement_for_indian_ports)

### **£4bn Navy Shipbuilding Programme Delays Could Put Scots Jobs at Risk**

A £4 billion project to build new Navy supercarriers in Scotland faces further delays - putting jobs at risk. Defence Secretary Des Browne announced last year that sections of the HMS Queen Elizabeth and HMS Prince of Wales would be built north of the Border. Work on the main body of the 65,000-ton ships has been split into four. The move safeguarded the jobs of 1000 workers at Govan, Rosyth, Portsmouth and Barrow-in-Furness. But yesterday, the Commons Defence Committee said they were "concerned" the Government had yet to sign the contract.

The ships are due to enter service in 2014 and 2016 - already two years late - at an estimated cost of £3.9 billion. The Defence Committee blamed the latest delay on a funding shortage and warned major projects may have to be cut back. Their report said: "We found unsatisfactory the responses from the MoD. "There must come a point where delays in letting the contract will affect the programme schedule." Committee chairman James Arbuthnot said the Government have had an unaffordable equipment programme for too long. The Nimrod programme, for example, was £800 million over budget and nearly eight years late. An MoD spokesman said: "We will sign the manufacture contract for the aircraft carriers when we have achieved the best alignment of expenditure, work schedule and commercial arrangements."

Source(s): Kevin Schofield, Daily Record, Mar 27 2008

<http://www.dailyrecord.co.uk/news/scottish-news/2008/03/27/4bn-navy-shipbuilding-programme-delays-could-put-scots-jobs-at-risk-86908-20363877/>

### **Finland PM Considers State Stake in Shipyards**

The state of Finland could become a part owner in shipyards to ensure that shipbuilding remains in the country, Prime Minister Matti Vanhanen told national broadcaster Yle. "We have a great interest in keeping especially the cruise ship knowledge in Europe," Vanhanen told Yle news late on Friday (March 28). "If there were an alternative where it would be expected that the state would invest permanently or temporarily in the industry, we would consider that." Norway's Aker Yards owns three shipyards in Finland, which specialise in building cruise ships and ferries. Korean STX Shipbuilding has made an offer for a controlling stake in Aker Yards and unions have feared this could lead to job cuts at European yards as work would go to Asia. Politicians in Italy and in France, where Aker Yards bought the Chantier de l'Atlantique shipyard in 2006, have been reported to be worried about losing European control of shipbuilding.

Source(s): Sakari Suoninen, Reuters, Helsinki, Mar 29, 2008

<http://in.reuters.com/article/asiaCompanyAndMarkets/idINL299023420080329>

## **Kolkata-Chennai Rail Cargo Corridor**

The Indian Railways has entrusted an international consultancy organization to carry out a survey to link Chennai Port with Mumbai and Kolkata by means of a dedicated cargo corridor, a top railway ministry official said today (March 29). Speaking to PTI, the official, who did not wish to be quoted, said a 12 month time frame had been set for completion of the survey. The survey would also reveal details like carriage variants like transportation of cement, coal, foodgrains and petroleum products. On completion, the Railways is likely to embark on project implementation under the PPP (Public Private Partnership) mode.

Source(s): Tiruchirapalli, Mar 29, 2008

<http://www.chennaionline.com/colnews/newsitem.asp?NEWSID=%7BC75C4C83-8115-47BB-9E4E-7362112E1151%7D&CATEGORYNAME=CHN>

## **Shanghai on Course to Become No 1 Container Port**

Global growth in container port throughput increased by 8.7 per cent in 2005. Preliminary figures for 2006 indicate an increase of 13.5 per cent over 2005. In 2005, the container throughput growth rate for developing countries was 10.03 per cent, with 241 million TEUs. This corresponds to 62 per cent of the total world throughput. The figures for developing countries reveal that their share of world container moves grew by approximately a third more than that of developed countries for the period from 2004 to 2005 as per UNCTAD (Review of Maritime Transport 2007). Containerization International, has also carried an assessment of the performance of top 30 container ports in its issue dated March 1, 2008. According to this analysis, Singapore retained its number one position by handling 27.9 million TEUs, registering 12.50 per cent increase in volumes as compared to 2006. Shanghai upstaged Hong Kong by handling 26.15 million TEUs — 20.5 per cent over the throughput in 2006. Hong Kong thus ended up in the third place by handling 23.88 million TEUs in 2007.

A deeper analysis will show that just five years ago, Shanghai's total throughput was a mere 8.6 million TEUs compared to Hong Kong's vastly superior 18.6 million TEUs. In 2007, not only did Shanghai overtake Hong Kong to capture the number two position but also put Singapore on notice. If the same trend of growth in container traffic continues in 2008, Shanghai is expected to top the box port traffic league with a total traffic of about 31 million TEUs. Shanghai's developmental plan is now focused on having sufficient capacity in place to handle 35 million TEUs by 2010. Another significant factor that emerges from closer examination of the league of top 30 world container ports is that China accounts for nine out of 30 top container ports and they account for about one-third of the total throughput handled by the top 30 ports.

Latest estimates suggest that China's ports have handled collectively more than 110 million TEUs in 2007 — the first country in the world to do so. The throughput of Chinese ports in 2007 represents an increase of 21.7 per cent over that in 2006. In comparison, Indian ports seem to have handled about 7 million TEUs in 2007 — an increase of about 15 per cent over 2006. Interestingly even if China is a bigger country with 18,000 km of coast line as against that of India's 7,500 km, capacity in India is much lower in terms of proportion.

Source(s): The Hindu Business Line, Mar 31, 2008

<http://www.thehindubusinessline.com/2008/03/31/stories/2008033150310600.htm>

Position	Port	Country	Containers Handled (2007) Million TEU
1	Singapore	Singapore	27.90
2	Shanghai	China	26.15
3	Hong Kong	China	23.88
4	Shenzhen	China	21.1
5	Busan	South Korea	13.27
6	Rotterdam	Netherlands	10.79
7	Dubai	UAE	10.65
8	Kaohsiung	Taiwan	10.26
9	Hamburg	Germany	9.90
10	Qingdao	China	9.46

Source: Containerisation International, 2008

## **Vizag Seaports Handles 3 Million Tonnes of Cargo in 10 Months**

Exim India reported that operations at the bulk terminal in the inner harbor run by Vizag Seaports Private Limited has crossed a new milestone when 3.06 million tonnes of cargo were handled during April 2007 to January 2008 period. Mr Jacob Cherian chief commercial & administration officer of Vizag Seaports said that out of the 3 million tonnes, 37% was accounted for by exports and 63% by import cargo. He added that "The achievement had boosted Vizag Port Trust's efforts to be the numero uno port and its objectives of providing quick turnaround of vessels, saving huge amounts in freight advantage to steel plants, thermal plants, fertilizer plants and other port users."

Vizag Seaports had recently started coastal movement of cargo and dispatches had been made to Haldia Dock. The major items handled by Vizag Seaports included coking coal, iron ore, iron ore pellets, lam coke, steam coal, anthracite coal, limestone, manganese ore, urea, rock phosphate, gypsum, BF slag, etc.

Source(s): March 31, 2008

[http://steeltguru.com/news/index/2008/03/02/MzgyNTQ=/Vizag\\_Seaports\\_handles\\_3\\_million\\_tonnes\\_of\\_cargo\\_in\\_10\\_months.html](http://steeltguru.com/news/index/2008/03/02/MzgyNTQ=/Vizag_Seaports_handles_3_million_tonnes_of_cargo_in_10_months.html)

## SHIPPING

### US puts Ships from Syria on Watchlist

The United States has put ships making port calls in Syria on a watchlist, an official said on 6<sup>th</sup> March, 2008 as Washington ratcheted up the pressure on Damascus over its alleged links with terrorism. The decision was a further blow to long strained ties that had held out brief hopes of improvement last November when the United States courted Syria for the launch of new Palestinian-Israeli peace talks.

Syria was placed on the so-called "Port Security Advisory List" amid "concerns about the connections between Syria and international terrorist organizations," the State Department's deputy spokesman Tom Casey told reporters. The move allows the U.S. Coast Guard "to impose some additional port security measures to ships travelling to or arriving in US ports that have previously been either departing from Syria or have called on Syrian ports," he said.

Casey added he understood the measures would affect any ship that has visited Syria during its last five ports of call, but referred reporters to the Coast Guard and Department of Homeland Security (DHS) for further information. Washington had long complained of Syria's support for opponents of the Middle East peace talks, such as the radical Hamas movement in the Palestinian territories and the pro-Iranian Shiite Muslim group Hezbollah in Lebanon. Both are denounced here as terrorist groups.

Source(s): AFP, Washington, Mar 6, 2008.

[http://afp.google.com/article/ALeqM5hVnKlnqYu2\\_Ak-5s6JMpJa-CNoYg](http://afp.google.com/article/ALeqM5hVnKlnqYu2_Ak-5s6JMpJa-CNoYg)

## SHIPBUILDING

### China Shipbuilder Expects to Enter World Top 500 By 2015

China is striving to rank among the global top 500 by 2015 in ships building, said Li Changyin, General Manager of China Shipbuilding Industry Corporation (CSIC), one of the largest shipbuilders as last year his company earned US\$ 12.2 billion revenue. The company now holds shipbuilding orders worth more than 260 million tons, up 84 percent year-on-year. Major ship factories had been fully occupied until 2010. Latest statistics show that the company's total revenue reached 87.1 billion yuan (US\$ 12.2 billion) in 2007, while the revenue from main business and the profit stood at 80.6 billion yuan and five billion yuan, respectively, all sharply increased. According to company plan, the total revenue and main business income would both top 100 billion yuan in 2008.

Source(s): Mar 3, 2008.

[http://www.app.com.pk/en\\_/index.php?option=com\\_content&task=view&id=30542&Itemid=1](http://www.app.com.pk/en_/index.php?option=com_content&task=view&id=30542&Itemid=1)

### Shipping Corporation in Talks with Korea's STX for Shipbuilding JV

State-run Shipping Corp. of India Ltd (SCI), the country's biggest shipping firm by fleet size and revenues, is in talks with South Korean shipbuilder STX Shipbuilding Co. Ltd for a joint venture even as India looks to scale up its shipbuilding capacity to tap into a global shipbuilding boom. "SCI has started discussions with STX for a joint venture shipyard in India, but nothing has been finalized as yet," said a person familiar with the development, who did not wish to be named. The person declined to provide more details. S. Hajara, CMD of SCI, said the company is "talking to many partners and will finalize one at an appropriate time." He did not confirm talks with STX and declined to name the potential partners. An STX spokesperson, too, declined to comment on the subject.

The Union government plans to build two international-size shipyards, one each on the east and west coasts, with investments from private firms to boost India's shipbuilding capacity as part of its \$12.4 billion (Rs49,500 crore) national maritime development programme. It isn't known whether SCI's talks with STX are for one of these yards. Indian shipyards currently have the capacity to build ships with a combined cargo carrying capacity of 2.8 million tonnes (mt) a year. This is small by global standards. India has 23 shipyards, seven of which are owned by the Centre and two by state governments. The other shipyards are owned by private firms, including ABG Shipyard Ltd, Bharati Shipyard Ltd, Larsen and Toubro Ltd and Pipavav Shipyard Ltd.

STX, the world's fifth biggest shipbuilder by orders, has filed a so-called expression of interest to develop, construct, operate and manage the proposed mega shipyards on India's eastern and western coasts. The exact locations of the two yards are yet to be decided. Global shipbuilding capacity is projected to peak at 50mt a year in 2010 before levelling off in the 40-45mt region over the following five years. India's capacity is projected to double to 4mt by 2012 and rise further to 19mt by 2017, according to audit and consulting firm KPMG India Pvt. Ltd.

Source(s): Live Mint, Mar 3, 2008.

<http://www.livemint.com/2008/03/02215305/Shipping-Corporation-in-talks.html>

### **Gujarat to Focus on Ship Building Sector**

Gujarat plans to divert its attention on ship building industry from ship breaking industry, said Vajubhai Vala, finance minister of Gujarat, while addressing the state budget in the Legislative Assembly. He also announced that the government would undertake developmental schemes on existing ports of Gujarat Maritime Board with an expenditure of INR 175 crore, with a possibility of private investment to the tune of INR 4,267 crore being made. Meanwhile, Mr Vala said that the government had taken new initiatives for developing ship building and repairing yards, private ports, jetties, captive jetties, VTMS system, training and introduction of new marine courses and implementation of schemes relating to roll on roll off ferry services at 22 coastal areas of the state, which will prove beneficial to development of Sagarkhedu.

Mr Vallabh Shah adviser to ABG Shipping Limited said that "It is for the first time that ports have been mentioned in detail in a Budget. While the government has talked about promoting the ship building industry, nowhere has it mentioned the promulgation of a ship building policy, which has been pending since long. Moreover, only port development is not enough. Multi model activities like better road network to link ports also need to be developed."

Mr Shah said that Budget estimates reveal that 160 million tonnes traffic will be handled from the small ports of Gujarat during 2009. He added "After the port policy in 1995, which generated traffic of 16 million tonnes at that time, traffic had grown by 10 times already. It will rather touch the 200 million tonnes mark in the coming days. Therefore, a ship building policy should be announced soon to generate similar results."

Source(s): March 03, 2008

[http://steeltguru.com/news/index/2008/03/03/MzgzMzM=/Gujarat\\_to\\_focus\\_on\\_ship\\_building\\_sector.html](http://steeltguru.com/news/index/2008/03/03/MzgzMzM=/Gujarat_to_focus_on_ship_building_sector.html)

### **China Set to Post Record Shipbuilding Profits**

China's shipbuilding sector is set to post record profits of more than Yuan20bn (\$2.8bn) for last year according to provisional estimates by China's top decision and policy making body, the National Development and Reform Commission. The forecast is based on results for the first 11 months of last year which showed the combined net profit of shipyards, shiprepairers, machinery companies and ship recyclers topped Yuan18.5bn, the commission said. This was an 136% increase, or up Yuan7.85bn, on the same period in 2006. By comparison China's shipbuilding industry reported total net profits of Yuan9.6bn for the whole of 2006. Separately, the China Shipbuilding Industry Association said the country's shipyards completed ships totalling 18.93 dwt last year, a 30% increase over 2006 and equivalent to 23% of the world's total. Of this, ships totalling about 14.9m dwt were delivered to overseas customers, up 25.5% compared with a year earlier and 79% of total output.

The shipbuilding association said shipyards secured newbuilding orders for 98.45m dwt in 2007, up 132% year-on-year and equal to 42% of the world's total order book last year. Chinese yards had an order backlog at the end of last year of 158.89m dwt, providing shipyards with work until 2011-2012.

Source(s): By Keith Wallis, Hong Kong - Tuesday 4 March 2008.

<http://www.lloydlist.com/ll/news/viewArticle.htm?articleId=20017511592>

### **Steelcast to Enter Shipbuilding Arena**

Indian steel producer Steelcast Limited has purchased a plot of land in Gujarat in order to set up a shipyard dock near Bhavnagar coastline, reports the Business Standard. This would be a new addition to the company's portfolio which currently includes the manufacture carbon steel, low alloy steel, high alloy steel, hadfield manganese steel, etc. Chetan Tamboli, Steelcast md said, "We have earmarked Rs100 crore (\$24.6) for the Greenfield project and acquired about 130,000sq mtr of land in the creeks of Bhavnagar." He added that Steelcast intends to form a new company to manage the yard and will raise the funds needed for the project through a mix of equity, debt and private placements.

Source(s): Mar 07 2008.

<http://www.seatradeasia-online.com/News/2394.html>

## **Bangladesh: Shipbuilding May Create New Economic Horizon**

Some local entrepreneurs in Bangladesh have claimed to have earmarked fresh means of bulking foreign exchange by manufacturing marine-vessels, ferries, cruise-ship, fishing-boats and launches at the country's coastal belt and the off-shore islands. They believed that the potential of the newly earmarked sector had long been left untapped simply for want of visionary entrepreneurs, favourable atmosphere and state patronization.

It is assumed that the shipbuilding industry will be the driving force of another socio-economic upliftment in the country, after the RMG (readymade garment) driven revolution of the 80s, by creating many employments at the shipyards and its backward linkage subsidiaries. The annual turnover of the global shipbuilding industry is around US \$ 1,522 billion. European shipbuilders stopped taking order until 2010, while the Asian shipbuilders in Korea, Japan, China, Singapore, Malaysia and Vietnam received adequate export orders.

The Western Marine Shipyard Limited has so far set an example of huge private initiative by acquiring orders for manufacturing five seagoing cargo vessels from a Danish company. An official of the shipyard claimed that they would soon enter into fresh agreement of making container vessels and cruise-ship for Dutch company. Two other shipbuilders - Ananda Shipyard Limited and Slipways Shipyard Limited - are also in operation.

Entrepreneurs claimed that acquiring international certification and accreditation from the Germanischer Lloyd and Norske Veritas were a must for growing as a shipbuilding nation. Referring to Vietnamese investment in the shipbuilding yards over the last decade, officials said that Bangladesh had a competitive edge over its Asian competitors because of its cheap and able workforce.

Source(s): Mar 09, 2008.

<http://nation.ittefaq.com/issues/2008/03/09/news0697.htm>

## **Vietnam Becomes World Shipbuilding Giant**

Vietnam has been listed as one of the top five shipbuilders in the world by Fairplay magazine and its shipbuilding sector is on track to becoming the fourth largest in the world by 2015. The delivery of two 53,000-tonne ships to the UK in June last year is seen by many Vietnam's passport to the world market. Vinashin now has almost 200 shipyards nationwide and the capacity to build oil tankers greater than 300,000 tonnes. It has received orders to build ships worth about US \$6 billion, including US \$4 billion from countries with advanced shipbuilding technology such as the UK, Japan, the Netherlands and Germany.

However, Vinashin General Director Nguyen Quoc Anh says that currently only about 30% of the materials and services required to build ships come from Vietnam. The industry has to import most of the materials and engines and employ international consultants and supervisors. In the quest for 60% local content by 2010, and 75% by 2015, Vinashin has set up large shipyards in three regions of the country. It has invested heavily in subsidiaries and now owns 18 industrial parks and diesel hydraulic engine and steel plants. Vinashin has also invested in developing the industry's labour force and says this is an important element in its strategy to develop the sector. The group annually sends technicians to Poland, Japan and Denmark for training.

Source(s): March 11, 2008

[http://www.nhandan.com.vn/english/business/110308/business\\_v.htm](http://www.nhandan.com.vn/english/business/110308/business_v.htm)

## **Mitsubishi Heavy to Double Shipbuilding Profit**

Mitsubishi Heavy Industries Ltd., Japan's third-largest shipyard, aims to more than double earnings from its shipbuilding operations next fiscal year and marine business will climb to about 10 billion yen (\$97.7 million) in the financial year starting April 1, from an estimated 4 billion yen this year. The division incurred losses in the previous four years as prices were not sufficient enough to absorb increased steel costs.

Mitsubishi Heavy, which builds ships ranging from liquefied natural gas tankers to container vessels, is seeking to tap demand from shipping lines to carry Chinese imports of raw materials and exports of finished goods to the rest of the world. South Korea ended Japan's 44-year reign as the world's largest shipbuilder in 2000. China overtook Japan as the second-largest shipbuilding nation by new orders in 2006 and extended its lead last year. Mitsubishi Heavy doesn't rule out the possibility of merging its shipbuilding operations with a rival to cope with growing competition from South Korean and Chinese shipyards. JFE Holdings Inc. of Japan, the world's third-largest steel maker, last week agreed to raise its stake in a shipbuilding venture to 85 percent from 50 percent and may combine the unit with IHI Corp. to create Japan's largest shipbuilder.



"An integration in the shipbuilding industry is on the cards and we intend to be flexible" Iijima said. The company is also considering offering ship-repair services in Vietnam as early as 2010 and will examine the possibility of building new ships in the country to trim costs. The Nagasaki shipyard installed the nation's largest crane that's able to hoist parts weighing as much as 1,200 tons at the one kilometer long dock. The addition of the crane enables the shipyard to build the equivalent of seven liquefied natural gas carriers a year, up from five now. Mitsubishi Heavy is in talks with a potential customer to build a luxury cruise-liner, which will be the first passenger ship it will build since 'Diamond Princess' caught fire at its Nagasaki yard in 2000.

The Shipbuilders' Association of Japan, which represents 20 Japanese builders of vessels, will seek to establish a pricing system that enables shipbuilders to pass raised costs on to buyers, a similar price structure adopted for commercial planes. Ship prices are typically set when shipyards receive orders and builders are not able to charge more to customers even when additional costs are incurred. Ships are typically delivered three to four years after contracts are made.

Source(s): Masumi Suga, Bloomberg, Mar 12, 2008

[http://www.bloomberg.com/apps/news?pid=20601101&sid=a\\_KCigLLnwkU&refer=japan](http://www.bloomberg.com/apps/news?pid=20601101&sid=a_KCigLLnwkU&refer=japan)

### **U.S. Navy's Shipbuilding Wish List Sails into Troubled Waters**

The U.S. Navy's shipbuilding program sailed into a bipartisan minefield, with members of a key House subcommittee tossing around terms like 'pure fantasy' and 'totally unaffordable'. Reps. Gene Taylor, D-Miss., Chairman, and Roscoe Bartlett, R-Md., ranking Republican on the House panel overseeing shipbuilding, took turns bashing the Navy's plan while praising the work of its chief architect, Deputy Assistant Secretary of the Navy Allison Stiller. Service leaders want to add more than 30 ships to the fleet by 2019 to reach 313 ships. The Navy's long-term plan would cost an average of \$25 billion annually for 30 years, double what the service has been spending per year on new ships in recent years.

The House subcommittee has become increasingly restive, its skepticism fed by frequent changes in those plans and wide gaps between the service's cost projections and those of independent analysts. Taylor complained that the service wants funds next year for three added "littoral combat ships," even after canceling contracts for two similar ships last year because of cost overruns. He also criticized plans to terminate established and affordable ship programs such as the Arleigh Burke class destroyer and San Antonio class amphibious transports in favor of the expensive and untested DD-1000 destroyer. Bartlett, meanwhile, predicted that the Navy "will never get" the 313-ship fleet its leaders have said they need unless Congress is willing to boost budgets dramatically or the service changes the mix of ships. Other lawmakers urged another look at stepping up production of Virginia class attack submarines.

Source(s): Dale Eisman, The Virginian Pilot, Washington, Mar 15, 2008

<http://hamptonroads.com/2008/03/navys-shipbuilding-wish-list-sails-troubled-waters>

### **Shipbuilding: Setting Sail to Favourable Winds**

The shipbuilding industry in India has just set sail and appears headed for a promising future with an order book of almost Rs 24,000 crore or \$5 billion. While ABG Shipyard and Bharati Shipyard are the only listed players dedicated to this business, a number of companies such as Larsen & Toubro, Mercator Lines and Adani Group have entered this lucrative segment. Increase in seaborne trade, increase in oil and gas exploration on the back of high oil prices and regulatory issues such as scrapping of single hull vessels by 2010 and retiring of older fleets are all driving demand. This is, however, not backed by sufficient berths in shipyards in countries such as Korea and Japan. These countries, apart from being fully booked in terms of capacities, have also moved to building larger vessels as high labour costs eat into the margins of smaller handy size vessels. Hence, newer and low cost destinations such as China, India, Vietnam and Turkey have become conspicuous.

Historically, the prominent shipyards in India have been public sector companies catering to both the civil/commercial users and the Navy. The abolition of the Industrial Licensing Policy in the 1990s paved the way for private shipbuilders such as Bharati Shipyard. Their entry, however, coincided with the Asian financial crisis, leading to a dip in demand for ships. The private players, therefore, witnessed real growth only after 2003. While the public sector companies have a balance of domestic and export orders, the private players' order book is tilted 85 per cent in favour of overseas orders, a good number of them being repeats. Nevertheless, the orders in terms of dead weight tonnage (DWT) are less than 0.5 per cent of the global order book. This is due to the fact that Indian players handle smaller vessels whereas established players globally have moved to larger segments. Yet, most of the private Indian shipbuilders' current capacities are fully booked up to 2011 with listed players ABG Shipyard and Bharati Shipyard holding orders 11-12 times their FY07 revenues.

With such huge orders (see table), the companies are looking at both the organic and inorganic growth route to ensure timely deliveries. ABG, for instance, acquired Vipul Shipyard and was also awarded Western India Shipyard (under a revival plan). This is apart from expansion of its Surat facility and setting up a new unit in Dahej. Similarly, Bharati Shipyard is also trying to acquire State-run Alcock Ashdown and has expansions plans in Dabhol and a new unit in Orissa (Bharati-Apeejay). Given the current gloomy picture for exports in general, an overseas exposure of 85 per cent of the order book in the case of shipyards may appear risky. However, the shipyards have weathered the currency appreciation well on the back of a high import component, close to 50 per cent in their production.

Order book of shipbuilders	
(Rs cr)	
ABG Shipyard	8277
Pipavav Shipyard	4400
Bharati Shipyard	4080
Dochin Shipyard	2000
Hindustan Shipyard	2000
Alcock Ashdown	1200
Febma Shipyard	1182
Larsen & T Hazira	820
as of January 2008	
Investments by new entrants	
Ruia Group	3000
Shipping Corporation of India	3000
Mercator Mech Marine	2000
Goodearth Maritime	1975
Adani Group	1000

The recent order boom, combined with the Government's subsidy scheme, especially for exports, has lured a number of companies into shipbuilding. The subsidy scheme, which expired in August 2007, provided a 30 per cent incentive for ocean-going merchant vessels more than 80 meters in length that are sold domestically. More importantly, a 30 per cent incentive is also available on all ships sold to foreign firms, irrespective of ship size. Representation has been made by the shipbuilders' association to revive this subsidy. The Ministry of Shipping has also proposed a 20 per cent subsidy scheme. Clearly, with a huge import component and orders for low-end vessels, the sector hopes that the proposal is accepted. Another factor that may have driven companies from other streams into the sector may be the fabrication facility built in shipyards. Punj Lloyd, for instance, will be able to use the fabrication facilities of Pipavav Shipyard (in which it has a strategic stake) for its mainstream business as well. A similar logic can be extended to Larsen & Toubro too. For these players, better utilisation of resources, apart from entry into a booming business, may well be one of the objectives.

Source(s): Vidya Bala The Hindu, Mar 16, 2008

<http://www.thehindubusinessline.com/iw/2008/03/16/stories/2008031650881500.htm>



## MARITIME COOPERATION

### Joint U.S., Nigerian Exercise "Maritime Safari 2008" Concludes

Personnel from Commander Task Force Six Seven, Patrol Squadron Detachment Sigonella (PATRON SIGONELLA), and Fleet Maritime Patrol Mobile Operations Command Center Mediterranean concluded a seven-day deployment to Ikeja Air Force Base in February last. The Nigerian air force and Navy, under the auspices of the Defense Headquarters, hosted the U.S. Navy in joint exercise Maritime Safari 2008. Maritime Safari is part of the growing ongoing military-to-military cooperation between the United States and Nigeria. The highlight of the exercise was the location of a simulated lost at sea exercise through coordination between a Nigerian air force Dornier 228, a U.S. Navy P-3 C Orion maritime patrol aircraft, and the Nigerian Navy Ship Nwamba. "By participating in this exercise, we establish the strengthening of partnerships and relationships," said Navy Capt. John Nowell, commodore of Destroyer Squadron Six Zero and commander of Task Force West and Central Africa. Collaboration between the two nation's militaries also focused on aircraft maintenance procedures, mission planning, and idea exchanges about maritime concepts. Focus was on improving maritime safety and security by building upon capabilities of maritime personnel, maritime domain awareness, infrastructure, and response and enforcement fields.

Source(s): Mar 03, 2008

<http://www.eucom.mil/english/FullStory.asp?art=1606>

### Nigeria, Cameroon Agree Border in Oil-Rich Atlantic

Cameroon and Nigeria have settled their long-disputed maritime border off the Bakassi Peninsula, ending years of uncertainty as to who owns sections of Africa's oil-rich Gulf of Guinea. The deal, signed in Cameroon's capital Yaounde, finalised the maritime border which cuts through the Gulf of Guinea. After decades of sometimes bloody disputes over the Bakassi Peninsula, Cameroon took Nigeria, Africa's top oil producer, to the International Criminal Court in The Hague in 1994. A 2002 ruling awarded the peninsula to Cameroon, and the UN set up a special commission to oversee the withdrawal of Nigerian forces from the territory, which is now scheduled to be completed by August. "Today is a glorious and remarkable day, a milestone in the history of Cameroon-Nigeria relations. Many people had expected our two countries to go to war, but we have proven to them and the entire international community that boundary disputes, no matter how serious they may be, can be resolved through peace and dialogue." Nigerian delegation head Prince Bola Ajibola told Reuters after the ceremony.

Source(s): Reuters, Yaounde, Mar 15, 2008

<http://africa.reuters.com/wire/news/usnBAN531941.html>

## **U.S. Taking Steps Toward Ratification of U.N. Convention**

With the world entering what former Japanese Foreign Minister Taro Aso has described as an "age of growing maritime uncertainty," the United States is undertaking a major shift in its ocean policy to cope with the challenges this change presents. One such change is that the U.S. government has started taking concrete steps toward ratifying the U.N. Convention on the Law of the Sea (UNCLOS). So far, 155 nations have joined the treaty, with Japan ratifying it in 1996. President George W. Bush in May requested the Senate to support ratification of the convention, and the Senate Foreign Relations Committee approved ratification of the convention in October 2007.

The change in U.S. policy reflects recognition by the United States that existing mechanisms for containing terrorism and weapons proliferation are extremely fragile. Indeed, the PSI initiative, unveiled in 2003, was itself a direct response to the inability of the United States to seize missiles being transported on a North Korean ship that the Spanish military discovered off Yemen in December 2002, as international law did not allow for their seizure. Clearly, Washington realizes it cannot ensure maritime security on its own and that it would be more beneficial to seek other nations' involvement. The United States' shift toward ratifying UNCLOS, which it had virtually ignored for more than two decades, also stems at least in part from a belief that adherence would help expand the PSI regime. In a public hearing of the Senate Foreign Relations Committee in September, Adm. Patrick Walsh, vice chief of naval operations, testified: "Our failure to be a party to the UNCLOS is limiting further expansion of PSI. Critically important democratic Pacific countries have indicated a desire to support our counterproliferation efforts, but they tell us that so long as we are not a party to the UNCLOS, they will not be able to convince their legislatures to endorse PSI." He went on to say: "How, they ask us, can they convince their legislatures that PSI interdiction activities will only occur in accordance with international law including the UNCLOS, when the leading PSI nation, the United States, refuses to become a party to the UNCLOS?" The United States is not limiting its partnerships to allies such as Japan and Australia, and has welcomed China to join its efforts. The "1,000-Ship Navy" initiative proposed in 2005 by Adm. Michael Mullen, then chief of naval operations and currently chairman of the Joint Chiefs of Staff, urged the Chinese Navy to be part of it. A further sign of change was seen in the new maritime strategy drawn up last year as it did not mention China's naval buildup.

Source(s): Shin Nagahara, Daily Yomiuri, Associated Press, Mar 25, 2008  
<http://www.yomiuri.co.jp/dy/world/20080325TDY19002.htm>

## **India-Singapore Maritime Bitateral Exercises (SIMBEX - 2008)**

SIMBEX is an acronym that stands for 'Singapore India Maritime Bilateral Exercises' and is an institutionalised and regular series of annual exercises conducted between the Indian Navy and the navy of the Republic of Singapore (RSN). The Indian Navy's operational interaction with the RSN, which commenced with modesty – pitched anti-submarine training exercises in 1994, has grown steadily and impressively over the past 14 years. 'SIMBEX 2008', currently being conducted on India's Eastern seaboard between the 16th and 30th of March.

For SIMBEX-2008, Singapore fielded one 'Endurance class' landing platform dock (RSS Persistence), one 'Formidable class' frigate (RSS Formidable), two 'Victory Class' guided-missile corvettes (RSS Vigilance and Valour), and one 'Fokker-50' maritime patrol aircraft. Indian participation in the exercise included one guided missile destroyer (INS Rajput), one guided-missile frigate (INS Gomati), two guided-missile corvettes (Kirch & Kuthar), two missile vessels (Vinash Vibhut), one fast attack craft (INS Trinkat), one submarine (INS VAGLI) shore-based fighter aircraft (IN Kiran & IAF MIG-27s) medium-range maritime patrol aircraft (Dornier) and shipborne helicopters. Bilateral interaction was progressed at sea as well as in harbour. Whilst the harbour phase focussed on sharing operational experiences through professional interaction, the sea phase concentrated upon the conduct of a plethora of exercises ranging from surface firings and anti aircraft engagements to anti submarine warfare exercises and serials involving the deployment and coordination of maritime patrol aircraft as well as shore based fighters.

The Indian Navy lays great stress on enhancing and sustaining bilateral ties, as also on improving mutual understanding with regional navies, through exercises such as those of the SIMBEX series. These exercises not only provide immense training value to our sea going personnel but also help in fostering mutual trust and friendship between our respective nations, adding strength to our commitment and resolve to tackle common challenges with the maritime domain.

Source(s): Press Information Bureau, Mar 28, 2008  
<http://pib.nic.in/release/release.asp?relid=36965>



## **Former Senator Voices Concerns Over Port Security**

Former US Senator Warren Rudman's recent concerns over port security should not be taken lightly given his history as co-chair of a bi-partisan committee assigned to investigate the threat of international terrorism after the September 11 attacks and his role in setting up the Department of Homeland Security.

In an interview with Congress Daily and National Journal in December 2007, Senator Rudman stated that port security remained a major unsolved problem, and that the domestic ports were effectively "wide open". But how can the US Customs and Border Protection (CBP) agency effectively monitor the estimated 70,200 truck, rail and sea containers that it processes each day?

Mar 01, 2008.

<http://huntoftheseawolves.net/blog/?p=1031>

## **India's Security Halts Bidding for Colombo Port Terminal**

India's security has become an issue in the controversial bidding for the new container terminal in Colombo port. One of the parties has been carrying on a thinly veiled campaign in the Sri Lankan media saying that India's security will be threatened if the contract is awarded to Hutchison Port Holdings (HPH), a Hong Kong-based company. The campaign has been successful to the extent that the Sri Lankan government has now cancelled the earlier bids and called for fresh bids "in the national interest".

Observers say that "national interest" may have two aspects, one is the need to give the project to a Sri Lankan company (Aitken Spence) and the other is to be mindful about the security needs of India, Sri Lanka's only neighbour and regional power, which is in competition with China. When the bids

for the project to build a three-berth terminal to handle 2.4 million Twenty-foot Equivalent Units (TEU) containers per annum closed in June 2007, the principal bidders were Aitken Spence Shipping Ltd. (in partnership with Singapore's PSA International); Hong Kong's Hutchison Port Holdings (HPH); and Hayleys (in partnership with the French company CMA-CGM).

Aitken Spence quoted \$195.6 million, HPH \$173.5 million and Hayleys \$99 million. The Cabinet Appointed Negotiating Committee (CANC) and the Technical Evaluation Committee (TEC) recommended the award of the contract to Aitken Spence-PSA combine, having given 78 marks to Aitken Spence, 69 to HPH, and 60 to Hayleys.

Source(s); P K. Balachandran, Mar 02, 2008.

[http://www.thaindian.com/newsportal/uncategorized/indias-security-halts-bidding-for-colombo-port-terminal\\_10023094.html](http://www.thaindian.com/newsportal/uncategorized/indias-security-halts-bidding-for-colombo-port-terminal_10023094.html)

## **Declaration of Security Keeps Things Straight**

Most tasks involving two or more parties are less difficult if each party understands what the others are doing. Within the context of maritime security regulations – under both the International Ship and Port Facility Security (ISPS) Code and the U.S. Maritime Transportation Security Act (MTSA) – this is done by means of the Declaration of Security.

A Declaration of Security (DOS) is defined as "an agreement reached between a ship and either a port facility or another ship with which it interfaces, specifying the security measures each will implement." For U.S. ports and vessels, maritime security regulations promulgated by the U.S. Coast Guard are more specific and provide that a DOS is "an agreement executed between the responsible vessel and facility security officer, or between vessel security officers in the case of a vessel-to-vessel activity, that provides a means for ensuring that all shared security concerns are properly addressed and security will remain in place throughout the time a vessel is moored to the facility or for the duration of the vessel-to-vessel activity, respectively."

Under the ISPS Code, these security regulations affect all commercial yachts of 500 gross tons and greater. Accomplishing this exchange of information is most easily done with a written form.

Review of the form recommended in the ISPS Code for documenting the DOS between a ship and a port facility reveals that, after identifying the ship and port facility involved, it dictates: (1) the period of validity of the DOS; (2) the activities covered by the DOS (such as mooring, loading or discharging cargo, bunkering, etc.); (3) the security levels of the ship and port facility; (4) the affixing of the initials of the ship security officer and the port facility security officer for a variety of specific activities indicating that each agrees that the relevant activity will be done in accordance with its approved security plan.

Among the specific actions addressed on the DOS form are monitoring restricted areas to ensure that only authorized personnel have access; handling of cargo; delivery of ship's stores; handling of unaccompanied baggage; controlling the embarkation of people and their effects; and ensuring that

security communication is readily available between the ship and the port facility. Obviously, some of these items do not affect yachts.

Source(s): David Reed, Mar 04, 2008.

<http://www.the-triton.com/megayachtnews/index.php?news=2340>

### **Three Indian Boats and 14 Fishermen Seized in Pakistani Waters**

Pakistan arrested 14 Indian fishermen for illegally fishing in Pakistani waters on Wednesday, March 5, said Pakistan's Maritime Security Agency (MSA) official. "Three Indian fishing boats were also impounded," a press statement from MSA declared. It said Indian fishermen have repeatedly intruded into Pakistan's exclusive economic zone despite frequent warnings and tried to benefit from rich fish resources at the mouth of Indus Delta. The two rival nuclear neighbours have a long history of mutual tension since they gained independence from Britain in 1947. They have fought three wars since. The two sides regularly arrest each other's fishermen who unintentionally violate the poorly demarcated naval boundaries. They engaged in peace process in 2004 and released hundreds of each others prisoners, many of them fishermen. But dozens still languish in prisons. The 14 arrested Wednesday were handed over to the Karachi Docks police station for further legal action, the press statement said.

Source(s): Islamabad, Mar 05, 2008.

<http://www.earthtimes.org/articles/show/190264.three-indian-boats-and-14-fishermen-seized-in-pakistani-waters.html>

### **Ocean Bound Drugs to Gulf Funds Terror**

Drugs are being smuggled into the Gulf to raise money for terrorism, top US military official said yesterday, March 4. Fifth Fleet Commander Vice Admiral Kevin Cosgriff revealed the news as Bahrain took command of a multinational force that combats criminal activity in the southern and central Gulf. He referred to the 4.3 tonnes of hashish that coalition warships recovered from a Pakistan-registered fishing dhow in the northern Gulf last month. It was the biggest drugs bust in the area since 2005 and within 24 hours a fishing vessel carrying more than 10,000 bottles of alcohol was also intercepted. "The mandate of coalition forces is to deter and disrupt terrorist activity on the high seas," said Vice Adm Cosgriff. "We all care about drug smuggling, but we care even more when the money from the drugs goes towards financing terrorism."

He confirmed the hashish recovered from the Pakistan-registered vessel had been purchased with the intention of financing terrorism, but refused to go into details. Vice Adm Cosgriff would only say the ship had come from "a regional country", but confirmed it was not on its way to Bahrain. He was speaking at a ceremony at the Bahrain Royal Naval Force headquarters, Mina Salman, yesterday to mark the handover of command of Combined Task Force (CTF) 152 to Bahrain.

Bahrain Royal Naval Force Brigadier General Abdulla Saeed Al Mansoori said he and his colleagues were honoured and proud of the opportunity to assume command of the taskforce. "Maritime security operations are not a single country's mission and no country single-handedly can achieve the goal of these operations," he said.

"Our mission contributes to regional maritime security by making sure that terrorists, pirates and criminals cannot use our waters as a haven for their illegal activity."

Source(s): Geoffrey Bew, Gulf Daily News, Mar 05, 2008.

<http://www.gulf-daily-news.com/Story.asp?Article=210632&Sn=BNEW&IssueID=30351>

### **Launch of Maritime Security International 2008**

Informa, the owners of information super-brands including Lloyd's MIU and Datamonitor - in association with Lloyd's List, the international maritime and transport newspaper - have launched India's first large-scale exhibition dedicated entirely to maritime and naval defence and security. MSI 2008, which will be held in India in November 2008, will be a 3 day international exhibition with 2 day conference at NOIDA near new Delhi. "The realm of maritime security today includes the defensive and anti-terrorist role of navies, the anti-piracy and anti-smuggling responsibilities of coast guards, as also the commercial interests of shipping companies and ports all over the world. India as a major geo-strategic and maritime power has, in recent years - along with many of her international counterparts - placed significant emphasis on the safeguarding of its maritime and sea-influenced national security" says Abhaey Singh, Managing Director of Informa India. He adds "In the Indian context, this focus also extends to an aspiration for and significant effort to achieve a truly blue water navy. The commensurate opportunity for international partners to work with India to safeguard these interests in the context of the above, therefore, is clearly immense." More information on MSI 2008, is available at: [www.msi-exhibition.com](http://www.msi-exhibition.com).

Source(s): March 12.

[http://www.pr-usa.net/index.php?option=com\\_content&task=view&id=82480&Itemid=9](http://www.pr-usa.net/index.php?option=com_content&task=view&id=82480&Itemid=9)

## **A Variety of Motives for Modern Pirates**

Although attacks on ships have decreased from the early 1990s, Rupert Herbert-Burns, a maritime security expert at Lloyd's Intelligence Unit, says piracy is still a worrying problem. "Attacks rose by 14% towards the end of last year, largely due to attacks off the Horn of Africa, specifically in Somali waters or in the territorial waters off Somalia," he said. According to the International Maritime Bureau, which runs the piracy-reporting centre in Kuala Lumpur, pirates attack different kinds of vessels for a variety of reasons. In Nigeria, pirates tend to attack vessels involved in the oil business, while in South East Asia, mainly small tankers, tugs and barges are seized. Cargo is often stolen from barges and crew members are kidnapped and held for ransom. In Somalia, any merchant ship is a potential target, and they are advised to stay at least 200 miles off the Somali coast. Somalia is a unique problem, because there is no effective central government and no navy to protect its territorial waters. Andrew Mwangura, who runs the Kenyan Seafarers' Association in Mombasa, thinks that piracy has become a way of life for many young Somali men, as they simply do not know any better way of making money.

Many militia groups have taken it on themselves to deal with the problem of illegal fishing. "Illegal fishing costs Somalia \$6m annually and around 800 vessels from around the world are involved," says Mr Mwangura. Pirate fishermen provide cheap fish for home markets, Somali pirates support their towns and villages. "All the attacks off the coast of Somalia are aimed at hijacking for ransom," says Capt Pottengal Mukundan of the International Maritime Bureau.

"The idea is to seize the ships hundreds of miles off the coast, force the ship well inside Somali waters and then the hijackers keep the ship until the owners pay an agreed ransom for the return of the ship and crew." The amount of money that is demanded by pirates is often substantial. "In all cases where the vessels have been released in Somalia, they have been paid," Capt Mukundan adds. When a Danish cargo ship, the Danica White, was seized by Somali pirates in June 2007, the ransom paid to secure its release was reportedly as high as \$1.5m.

A piracy attack is an attack against a vessel that happens in international waters. However, attacks that happen inside territorial waters, are deemed as acts of robbery. The laws that govern this distinction also determine the type of response that can be initiated. For example, if a naval or coastguard vessel is a witness to an attack by pirates who manage to get into territorial waters, they are often forced to break off the right of "hot pursuit", as they do not have the permission of the relevant coastal state to be in those waters. As Mr Herbert-Burns of Lloyd's Intelligence Unit recalls, that is exactly what happened in the case of the Danica White. "Two days after the attack, a United States naval vessel tried to intercede and fired shots across her bow," he says. "The Danica White then managed to get inside Somali territorial waters and the United States naval ship had to break off pursuit for that reason. "No one nation has a responsibility for policing international waters. We are reliant upon countries which have an economic or strategic interest in maintaining the security of sea lanes of communication."

Source(s): BBC News Mar 11, 2008  
<http://news.bbc.co.uk/2/hi/business/7280042.stm>

## **India Strengthening its Navy to Meet Security Challenges**

In a written reply in the Rajya Sabha (Upper House of Indian Parliament), Defence Minister Shri AK Antony said, "The Government constantly reviews the security environment and accordingly decides to induct appropriate equipment, including aircraft, for the Navy. The number of reconnaissance and Sea Harrier aircraft in the Navy has decreased over the past few years. However, this shortfall is being met by induction of additional Dornier aircraft, procurement of MiG-29 K and Long Range Maritime Reconnaissance aircraft. Limited upgrade of Sea Harrier aircraft is also being undertaken through state-run Hindustan Aeronautics Limited and is expected to be completed by 2009". "The need for reconnaissance aircraft has increased in the present context" he stressed. On acquisition of aircraft carrier (Gorshkov) from Russia, Shri Antony said that, "Contracts and supplementary agreements comprising of repair and re-equipping, logistics supports, shore infrastructure, training of ships crew, repair and technical documents were signed with Russia on January 20, 2004 for acquisition of Admiral Gorshkov with delivery schedule in August 2008." "The cost of repair and modernisation of Admiral Gorshkov including Logistic Support, Training and documentation is 974 million USD. It is, however, apprehended that delay may take place in the delivery of the ship, the Minister added. The process of examination of the scope and necessity for additional works projected by the Russian side has been initiated.

Source(s): Khabrein, New Delhi, Mar 12, 2008  
[http://www.khabrein.info/index.php?option=com\\_content&task=view&id=13174&Itemid=88](http://www.khabrein.info/index.php?option=com_content&task=view&id=13174&Itemid=88)

## **Arab States to Invest Over \$23b in Warships**

Arab countries are set to spend more than \$23 billion on warships to boost maritime security, market sources said as Qatar inaugurated its first-ever maritime defence exhibition on Monday (March 17). "Several new players are entering the naval market in the region. Indicators for the next 20 years point to major growth in the market from various countries in the region," said Bob Nugent, a consultant at AMI International. "Mena navies are growing into well-rounded fleets, with larger ships with more robust capabilities to undertake more missions."

Presenting a report on the latest market developments, Nugent said between 2000 and 2008 the naval market in Mena grew 65 per cent from \$14 billion to \$23 billion amid economic growth, increasing sea-borne trade as well as transnational threats and security concerns. The trend will continue, experts say, and between 2008 and 2027 the region will acquire more than \$14 billion in frigates, destroyers, cruisers, aircraft carriers and submarines.

Source(s): Barbara Bibbo, Gulf News, Mar 17, 2008  
<http://www.gulfnews.com/business/General/10198218.html>

## **America's Naval Supremacy Slipping**

During a recent trip to China with Adm. Timothy Keating, American reporters asked General Chen Bingde, chief of staff of the People's Liberation Army, "Should the United States have anything to fear from China's military buildup?" The general responded: "That's impossible. Isn't it? There's such a big gap between our military and the American military. If you say you are afraid, it means you don't have enough courage." Courage or not, China's rapid and massive military buildup (particularly in terms of its expanding submarine force and progressive aircraft-carrier R&D program) has analysts concerned. And the U.S. Navy -- the first line of defense against any Chinese expansionism in the Pacific -- continues to struggle with the combined effects of Clinton-era downsizing, a post -9/11 upsurge in America's sealift and global defense requirements, and exponentially rising costs of recapitalization and modernization of the Navy's surface and submarine fleet, aircraft, and related weapons systems. Currently, America maintains a 280-ship, a dwarf fleet compared to the nearly 600-ship Navy under President Ronald Reagan. Not only is the Navy fleet small, it is rapidly aging, and gradually losing the depth and flexibility needed to accomplish all of its current missions and strategic requirements. Hoping to remedy its overall shortfall, the Navy has proposed a 313-ship fleet -- an increase of 33 surface ships and submarines -- able to be deployed according to Navy officials by 2019.

Of the proposed \$515 billion U.S. Defense budget for Fiscal Year 2009, the Navy is asking for \$149.3 billion -- 29 percent of the budget. Nevertheless, experts contend that the Navy is unlikely to crack the 300 ship mark under the current plan. "This is the dirty secret inside the Beltway," says Mackenzie Eaglen, a senior policy analyst with the Heritage Foundation. "If you crunch the actual shipbuilding numbers -- year-to-year for the next 10 to 20 years -- a 313-ship Navy is a pipe dream." According to Eaglen, the budget requests for shipbuilding submitted to Congress between FY 03 and FY 07, averaged just over \$9.5 billion per year. "What's needed is at least \$15 billion per year," she says. "What's worse is that I see Defense spending dropping."

Cynthia Brown, president of the American Shipbuilding Association, believes money slated for new ship construction needs to be at least \$22 billion per year. "Of the proposed \$149.3 billion, only \$12 billion is slated for new ship construction in FY 09," says Brown. "Since 2001, the Defense Department has increased its spending by 80.8 percent, excluding war supplementals, but shipbuilding has only increased 12.2 percent." Costs of recapitalizing and modernizing our Navy will continue to rise, as will the conventional and unconventional threats our sailors must be trained and equipped to fight. And considering the make-up of Congress -- and who may be moving into the White House in 2009 -- the nation's primary power-projection force may find it near impossible to avoid becoming, as Eaglen says, "a mere shadow of its former self."

Source(s): Human Events, Mar 17, 2008  
<http://www.humanevents.com/article.php?id=25534>

## **USCG Adds Iran to Port Security Advisory List**

The U.S. Coast Guard alerted the maritime community today that Iran has been placed on the port security advisory list. The Coast Guard determined that Iran has not maintained effective anti-terrorism measures. The determination was made in accordance with the Maritime Transportation Security Act of 2002, which authorizes the Secretary of Homeland Security to take into account several factors, including whether a foreign port poses a high risk of introducing terrorism to international maritime commerce.

Ships arriving to the U.S. that have visited any of these countries within their last five port calls must take special measures while in those countries as a condition of entry into U.S. ports. Vessels that visited countries on the USCG list during their last five port calls will be boarded at sea by the Coast Guard to ensure the vessel took the required actions. Failure to properly implement the actions will result in denial or delay of entry into the United States.

Source(s): Marine Log, Mar 18, 2008  
<http://www.marinelog.com/DOCS/NEWSMVMVII/2008mar00184.html>

### **JMSDF Boss Fired Over Lapses**

Japan's defence minister Shigeru Ishiba has sacked his navy chief and punished dozens of officials after a series of scandals. Ishiba acted after an official report criticised the navy over a collision between a destroyer and a fishing vessel. Two fishermen were missing presumed dead after the destroyer Atago ploughed into a trawler last month. Other embarrassing incidents included the leaking of data about a radar system and a fire on board a navy ship. Mr Ishiba dismissed Admiral Eiji Yoshikawa - the country's top admiral - as well as fining and disciplining more than 80 other defence officials.

Source(s): BBC, Mar 21, 2008.  
<http://news.bbc.co.uk/2/hi/asia-pacific/7308569.stm>

### **US Navy Secretary in India: Focus on Maritime Security**

Secretary of the US Navy, Donald Winter, toured to India in the last week of March met top Indian defence officials and discussed maritime security issue pertaining to Indian Ocean region. On 28th March, Winter met key defence and other officials at a Round table conference at the National Maritime Foundation, a think tank based in New Delhi focusing on maritime related issues.

The American Navy Secretary's visit to New Delhi comes a month after US Defence Secretary Robert Gates toured India. Winter also visited the Western Naval Command and the Mazgaon ship building yard in Mumbai. In 2006, India and US pledged to work out a framework for cooperation in maritime security. The two nations had agreed to address the logistics involved to prevent piracy and other transnational crimes at sea. Fighting marine pollution and responding to natural disasters are also on top agenda of the two nations.

Source(s): ANI, New Delhi, Mar 28, 2008  
[http://www.thaindian.com/newsportal/india-news/us-navy-secretary-in-india-focus-on-maritime-security\\_10032220.html](http://www.thaindian.com/newsportal/india-news/us-navy-secretary-in-india-focus-on-maritime-security_10032220.html)

### **US May Find a Nuclear Weapon Hidden in a Cargo**

For 2009, the White House is requesting \$12.3 billion to develop ballistic missile defence. This is on top of the more than \$120 billion taxpayers have already spent since 1985 to develop a system that still has yet to be realistically tested and may never be operationally effective. But this spring the Bush administration asked for just \$210 million for port security grants, slashing by one-half what Congress allocated in 2008. Part of the problem is the White House and Congress have not organized themselves to evaluate defense and homeland security budgets side-by-side. The Office of Management and Budget has never weighed whether an additional dollar spent on missile defense might be better used to fund the Coast Guard, Customs, or the Massachusetts Port Authority to protect a ship with liquefied natural gas transiting Boston Harbor or to detect and intercept a dirty bomb smuggled in on a small boat or in a cargo container.

Capitol Hill also retains its pre-Sept. 11, 2001, spending oversight process that treats the half-trillion-dollar Pentagon outlays in isolation from the far smaller budgets for the frontline agencies now housed in the Department of Homeland Security. Separate authorization and appropriations panels and subcommittees review and approve the Defense and Homeland Security budgets. The combined budget for funding all the domestic and international maritime and port-of-entry interdiction efforts pursued by the Coast Guard, Customs, and Border Protection, plus the domestic nuclear-detection activities performed by the Department of Homeland Security, is only one-half of the annual budget the White House wants for missile defense. More importantly, even if spending hundreds of billions of dollars could overcome the tremendous technological challenges that go with constructing an effective missile shield around America, it would only elevate the motivation for America's adversaries to select the easier, lower-cost, and anonymous alternative of smuggling a nuclear weapon into the United States.

Five years ago this month, the Bush administration took its eye off the ball when it invaded Iraq instead of pursuing Al Qaeda in Afghanistan. Throughout the Bush presidency, it has been doing the same by investing more heavily in missile defense than port and border security. The best way to mark the 25th anniversary of President Reagan's "Star Wars" speech would be with a debate about its strategic relevance in our post-Sept. 11 world.

Source(s): The Boston Globe, Mar 28, 2008  
[http://www.boston.com/bostonglobe/editorial\\_opinion/oped/articles/2008/03/28/misguided\\_missile\\_defense/](http://www.boston.com/bostonglobe/editorial_opinion/oped/articles/2008/03/28/misguided_missile_defense/)



### Court Holds Navy to Rules Safeguarding Marine Mammals

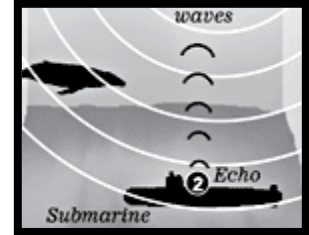
A federal appeals court has rejected the Bush administration effort to exempt Navy sonar training from key environmental laws, backing up a lower court that imposed extensive safeguards to protect whales and dolphins from harmful sonic blasts. Even so, the U.S. 9th Circuit Court of Appeals gave the Navy a 30-day reprieve from the most far-reaching protections -- such as shutting down sonar when whales are spotted within 2,200 yards- and asked to conduct a pair of training missions off Southern California and to give it time to appeal to the U.S. Supreme Court.

"The Navy is carefully considering additional review, including possible review by the Supreme Court," Lt. Cmdr. Cindy Moore said Saturday. Once the monthlong reprieve ends, the Navy spokeswoman said, the ruling "leaves in place significant restrictions on our ability to train realistically." The decision, released late Friday, February 29 night, is the latest in a string of legal defeats for the Navy in Los Angeles and Hawaii as it tries to avoid court-ordered restraints on how it trains sailors to hunt for submarines with a type of sonar that has been linked to the death of whales and dolphins.

The cases pit the interests of national security and troop readiness against the enforcement of environmental laws and the safeguarding of federally protected marine mammals. The case in Los Angeles has taken on additional overtones of a constitutional struggle between the judicial and administrative branches of government.

Source(s); Kenneth R. Weiss, Los Angeles Times, March 2, 2008.

<http://www.latimes.com/news/printedition/california/la-me-sonar2mar02,1,2811523.story>



## HUMAN RESOURCES

### Jaffna Port Workers Complain of Mismanagement

The lack of interest by government officials of the North of Sri Lanka in paying wages on time to workers at the sea port of Jaffna has resulted in frequent disruption in unloading of cargo ships. After the eruption of clashes between Sri Lanka Army and LTTE in 2006, essential supplies and consumer goods for the general population in Jaffna arrive by cargo ships. Three sea ports, Point Pedro, Kankasanturai, and Mayiliddi, were initially used by these ships but recently Point Pedro port has been closed for cargo ships.

The workers who are allowed into these two ports located in the High Security Zone (HSZ) jointly controlled by Sri Lanka Army (SLA) and Sri Lanka Navy (SLN) have complained that their grievances are not being addressed and they unable to perform their work due to the unsatisfactory working conditions, spokesperson for fishermen said. Fishing restrictions by SLA last few years drove many fishermen to seek to employment as labourers in the ports to earn a living. However, many workers affiliated to the Fishermen Federation in Kurunagar quit work recently due to the lethargic attitude by officials in paying the workers timely. The workers who remain continue to work long hours to cover up for the shortage.

Source(s); TamilNet, Mar 02, 2008.

<http://www.tamilnet.com/art.html?catid=13&artid=24827>

### 40,000 Workers Needed for Hanjin's Mindanao Shipbuilding Facility

South Korea's Hanjin Heavy Industries needs 40,000 workers over the next few years to construct and operate their \$2 billion shipyard in Tagoloan, Misamis Oriental. "Hanjin officials prefer untrained applicants so they can be properly trained the Hanjin standards," said Pacifico Pupos, Jr., presidential assistant for Northern Mindanao. "In fact, the first batch of 50 welders is now training in Hanjin's Subic facility."

Besides welders, Pupos said Hanjin would also be needed plumbers and electricians for the project. He said Hanjin will be shortly opening its recruitment offices in Cagayan de Oro. The shipyard is the firm's second in the country and will be situated in a 441.8-hectare lot at the Phividec Industrial Estate. The new facility will have a capacity of 830,000 tons per year when completed in 2017, the Phividec Industrial Authority said earlier in a statement.

It will be the largest in the county-even bigger than Hanjin's \$1-billion shipyard complex in Subic- and would employ 40,000 people to initially make ship parts. The first phase of its Phividec operations will fabricate pipes and light bridges with a maximum capacity of 80,000 tons a year starting next year.

The facility's capacity would expand to 830,000 tons in the next 15 years, when it starts producing cargo and container ships.

Source(s): Mike Banos, Mar 03, 2008.

<http://www.americanchronicle.com/articles/54068>



## MARINE TECHNOLOGY

### Keeping an Electronic Eye on Ports

Two projects partly funded by the European Union - the vessel traffic management information system (VTMIS) and the digital CCTV security infrastructure - have just been launched with the aim of boosting safety and security at sea and in ports. The VTMIS project, procured and implemented by the Malta Maritime Authority (MMA), costs €3.5 million (Lm1.5 million) and the CCTV project costs €400,000 (Lm171,720). VTMIS is mandatory for commercial shipping and the port community under international and EU legislation. The system is complemented by the electronic port notification and ship clearance system (Portnet Malta) that operates via the internet. All players within the port community, including terminal operators and other service providers, have access to the Portnet Malta on a need-to-know basis.



The objective of the VTMIS, which includes an automatic identification system (AIS), is primarily to monitor shipping and to provide vessel traffic management to shipping within the national waters and in ports. This system provides the MMA and the AFM with the means to monitor and manage, on a 24x7 basis, ports and coastal vessel traffic respectively and automatically sends ship notifications to the European Maritime Safety Agency through the national Safe Sea Net system, which is obligatory to all EU member states, with Malta being one of the first to implement the system. The digital CCTV security system comprises 12 cameras linked via a wireless network to a newly-built control room at the MMA's Maritime Trade Centre in Marsa to monitor six ports in Malta and Gozo, namely Marsaxlokk, Grand Harbour, Marsamxett, St Paul's Bay (Buġibba), Ċirkewwa and Mġarr. It principally monitors port approaches, port waters and fairways, port terminals, public marinas, quays, jetties, wharves and breakwaters.

Source(s): Times of Malta, Mar 12, 2008

<http://www.timesofmalta.com/articles/view/20080312/local/keeping-an-electronic-eye-on-ports>

### SingTel Offers Global Maritime Satellite Broadband Service

Singapore Telecommunications Limited (SingTel) announced that it is the first satellite service provider in Asia to offer a maritime broadband service with true global coverage. SingTel, one of Asia's satellite service providers, has been providing Very Small Aperture Terminal (VSAT) services with regional coverage for over two years. It is now extending its reach to provide seamless, worldwide coverage over all major shipping routes through its strategic alliances with top-tier global satellite service providers. In the past, VSAT deployments onboard vessels such as container ships required time-consuming re-configurations of the satellite communications equipment when the vessels move from one ocean region to another. SingTel's global maritime VSAT service has advanced auto-beam switching capability which eliminates the need for manual intervention. This helps shipping owners save valuable time and resources. The new service is the first in the world that offers customers secure connectivity to offices on land over a private terrestrial network. It is fully integrated with SingTel's award-winning ConnectPlus Internet Protocol – Virtual Private Network (IP-VPN), which provides extensive coverage in over 80 destinations worldwide. Customers will enjoy peace of mind knowing that sensitive shipboard information and data applications such as email will be safe from the threat of hackers and terrorists, as they are delivered over a secure private network. Network congestion and latency will also not be a problem, unlike services that deliver traffic over the public Internet. Customers can quickly and easily extend their office Virtual Private Network (VPN) applications to the sea in a secure manner. This enables the ship to become an extension of the shore-based office.

Source(s): Hardware Zone, Mar 20, 2008

<http://www.hardwarezone.com/news/view.php?id=10234&cid=5>

### The Rise of British Sea Power

Britain is set this week to enter a new age, generating energy directly from the seas that surge around its shores. On March 22, a strange, 122ft- long contraption – looking like an upside-down windmill – will set off from the Belfast dock that built the Titanic to produce the first electricity ever brought ashore from British tides.

The device – the first of its kind anywhere in the world – is expected to start a revolution which could lead to our island nation getting a fifth of its power from its surrounding waters, and to the far north of Scotland becoming "the Saudi Arabia of marine energy".

Remarkably, the pioneering device, which will start producing power from predictable and clean tidal energy, is the fruit of the vision and persistence of a single campaigning engineer, and has been developed by a small West Country firm. The inauguration of a tidal turbine, dubbed SeaGen – which will generate enough electricity to power 1,140 homes by being placed directly in the tide race that rushes in and out of the lough – may unexpectedly prove to be a significant event. While the much-vaunted Severn Barrage has only just begun to undergo a two-year feasibility study, experts are hailing the new turbine as the start of a giant leap in exploiting marine energy, where Britain is now leading the world. Later this year, in another global first, a wave energy power station developed by an Edinburgh firm is to be installed in the Atlantic Ocean off the coast of Portugal. Next year, an even bigger one, off Cornwall, is expected to start feeding electricity into the national grid, and yet another is planned for the Orkneys. And Marine Current Turbines, the firm behind SeaGen, has joined with the utility company Npower to develop a tidal power station off Anglesey. In all, Britain has about half of all Europe's such "tidal stream" potential and between 10 and 15 per cent of what has been identified worldwide, making it uniquely blessed. Some 24 technologies, at various stages of research and development, have been put forward for exploiting tidal currents, but SeaGen – invented by Peter Fraenkel – a renewable energy pioneer who is now Marine Current Turbines' technical director (see right) is well in the lead.

Source(s): Geoffrey Lean, *The Independent*, Mar 23, 2008

<http://www.independent.co.uk/environment/green-living/the-rise-of-british-sea-power-799630.html>



## MARITIME TOURISM

### **New Cruise Routes: The Blue Danube All the Way to the East**

The picturesque scenery on the banks of the river Danube has provided a new impetus to the cruise tourism in the central Europe. This route is in contrast to well-established traditions in Western and Central Europe, sailing along the Balkans section of the river – not without traditions itself, was hampered by several decades of communism, the subsequent transition period and the Yugoslav Wars. For a long time, because of the torn-down bridges near Novi Sad, cruise ships on the Danube sailed only between Passau in Germany and Budapest in Hungary. The traffic was consist mainly of smuggling activities on dilapidated motor boats or floating around, using the inside of old truck tyres.

With the recent boom in the popularity of cruise tourism, however, new ports of call are being sought out. In the last few years, stops along the Balkans section of the Danube, as far as its delta, have begun to be incorporated on cruise routes, giving tourists access to undiscovered places and a new viewpoint of more familiar destinations in Croatia, Serbia, Romania and Bulgaria.

The Danube is the EU's longest and Europe's second longest river, after the Volga. It starts out in Germany's Black Forest and, nearly 3,000 kilometers further to the East, it flows into the Black Sea. The river passes through ten countries, including Germany, Austria, Slovakia, Hungary, Croatia, Serbia, Bulgaria, Romania, Moldova, and the Ukraine, and a cruse along its length affords the opportunity to view not only several glorious and well-known cities – like Vienna and Budapest, but also numerous historical and natural sites further to the East.

Whether as part of a broader European route or a shorter trip limited to the region, the Balkans section of the river offers many wonderful, yet still not widely popular, stops. Those include several natural sites that could be observed from aboard the ship, a number of notable port towns and destinations that lie within easy reach of the harbours.

Source(s): Mar 02, 2008.

<http://shiphappenzz.wordpress.com/2008/03/02/new-routes-to-cruise-in-europe-%E2%80%93-the-blue-danube-all-the-way-to-the-east/>

### **Cruise Sector will Survive Economic Slump**

In spite of gloomy economic forecasts, the cruise industry is in good shape to weather an economic downturn, speakers at the Seatrade cruise conference in Miami suggested. Gerry Cahill, chief executive of Carnival Cruise Lines, said the industry had to deal with a flood of negative information on the state of the US economy, with downward houseprices, bad employment predictions and a stock market downturn of 15-20%, the industry had performed well during the last two periods of recession in 1990 and 2001. Recent survey information suggests that, faced with an downturn, the US population is not inclined to forego its annual vacation, and cruise holidays are among the best value for money available.

With the globalisation of the cruise sector, other countries offered a significant new source of potential cruisers, he said, as witnessed by the three fold increase in the number of cruisers in Europe between 1995 and 2006, according to European Cruise Council statistics. Considering advance bookings for 2008 in terms of occupancy and pricing for Carnival and Royal Caribbean, cruising should turn out to be resilient. Royal Caribbean president Adam Goldstein believed that the industry's message that it provided value for money was one of the most valuable assets it had. Others did not feel the industry needed to be overly concerned about an economic downturn, as fundamentals for cruising remained good, with an ageing population with high disposable income. Rick Sasso, chief executive of MSC Cruises (USA) told that drivers for the future included the extensive investment being made in new tonnage. MSC alone has invested E4bn in the last three years, he said. Cruise passenger were now getting ships with twice the space per passenger than 20 years ago, he said, and the variety of brands available meant that there was something to suit every lifestyle.

Most speakers agreed that the region remained the best cruising place in the world although there were opportunities to balance Caribbean business with other markets. If cruise lines decided to put ships into the European market rather than leaving them in the Caribbean, this was less a sign of lack of confidence in that market but a sign of confidence in Europe. Putting cruise ships into Asia is another area that the cruise lines are considering, although pricing might be an issue, as was the amount of time people take for holidays. Asia would prove an interesting market for companies already in Europe. One trend among cruise lines was that of "disegalitarianism". This, he described as a change in perception by passengers who, while being prepared to pay "top dollar" were not prepared to accept being on the same footing as other passengers when outside their cabins.

While European yards continue to dominate in the cruise shipbuilding sector, speakers felt that there was no reason why this should not change. However, at the moment the Far Eastern yards were fully occupied with building ships for other sectors of the shipping industry. Stein Kruse, chief executive of Holland America Line said that given the currency challenge presented by a weak dollar and a strong euro, shipbuilding propositions from Asian yards would be attractive. However he felt that while the "skill sets" were available, Asian yards were not quite there in terms of availability of sub-contractors. There was little to suggest that current high fuel prices would change, Mr Kruse also said and the cruise industry was under pressure to find ways of conserving fuel, whether by the use of distillates, cold ironing, hull coatings or emissions trading.

Source(s): Sandra Speares, Lloyds List, Miami, Mar 12, 2008  
<http://lloydslist.com/ll/news/viewArticle.htm?articleId=20017514024>



## MARITIME LEGISLATION

### Gujarat to Go Slow on Profit-making PSU Disinvestment

In a significant development, the Gujarat government has decided to go slow on the divestment process of profit-making PSUs. The state government has already decided not to go ahead with the divestment process of Alcock Ashdown (Gujarat) Ltd (AAGL), a 100 per cent government-owned shipbuilding company. AAGL has been on the block for over three years now. Senior government officials said the government was seriously considering putting on hold divestment of profit-making undertakings. "The government believes that divesting at this juncture may not fetch the right price," said a senior government official.

The state government has informed industries commissioner and chairperson of AAGL not to accept the price bid and not to go ahead with the disinvestment. As a result of the boom in the shipbuilding industry, the order book of the state-run shipyard is close to Rs 1,400 crore. The divestment process of Alcock had hit a roadblock in September last year when both ABG Shipyard Ltd and Elecon Engineering Ltd, the companies shortlisted for buying out the government's stake in the company, had quoted much less than the reserved price. However, some of the state PSUs have done extremely well in the recent past. The Gujarat Mineral Development Corporation (GMDC), Gujarat Narmada Valley Fertiliser Company (GNFC), Gujarat Alkalies Company (GACL), Gujarat State Fertilisers and Chemicals (GSFC), Gujarat State Petronet (GSPL) have seen a turnaround in profits in the last three to four years.

Source(s): Harit Mehta and Ashish Amin, Mumbai and Ahmedabad, Mar 29, 2008  
[http://www.business-standard.com/common/news\\_article.php?leftnm=lmnu2&subLeft=1&autono=318282&tab=r](http://www.business-standard.com/common/news_article.php?leftnm=lmnu2&subLeft=1&autono=318282&tab=r)



**Trinity House: Full of Inspiring Maritime History?**

A historical venue in the City of London, is the Headquarters of The General Lighthouse Authority for England, Wales, The Channel Islands and Gibraltar. Trinity House designed by Samuel Wyatt and built in 1796 is set in a tranquil City location overlooking Trinity Square and The Tower of London. Trinity House originated as a Guild of Pilots in Deptford in the 14th century, operating Lighthouses from 1566, and moving into The City in 1660, finally onto Tower Hill in 1796. The present house was rebuilt in 1953.

Trinity House has five rooms in a versatile town house environment. Shipwrights models, Royal paintings, a fine painted ceiling and unique carpet along with The Bell from the Royal Yacht Britannia assure a very special Maritime atmosphere. The House is now home to many a luncheon, dinners, board meetings, receptions and wedding receptions, for up to 120 guests.

Source(s): 17 March 2008

<http://www.londonlaunch.com/newsArticle.asp?retid=36&newsID=2581>



**Global Maritime Regulator Turns 60**

The International Maritime Organisation (IMO) that champions the campaign for a clean and safe shipping environment has turned sixty on Mar 06 as it was set up on the same day in 1948 as a specialised agency of the UN at a conference in Geneva. However, it was not until 1958 that the IMO Convention came into force following recognition of the organisation as a regulator of the world maritime industry by many countries. To mark its achievements, it has chosen the theme of this year's World Maritime Day to be IMO: 60 years in the Service of Shipping, which IMO secretary-general Efthimios E. Mitropoulos says is a befitting tribute to the organisation. "IMO was established out of long-standing recognition that the best way of improving safety at sea was by developing international regulations that could be implemented by all nations with an interest in maritime transportation", Mr Mitropoulos added. Indeed, from the mid 19th century, a number of treaties covering various aspects of maritime safety have been adopted. There had been earlier attempts to establish a permanent international body to deal with shipping, similar to those that had already been established, for example, to regulate international telecommunication services (ITU established in 1865), and postal services (UPU, established in 1874).

Particularly in the inter-war period, many countries were apprehensive that such industry organisations might seek to regulate shipping aspects considered more suitable for regulation by national Governments, or through commercial arrangements. However, by the end of the Second World War, many Governments had become convinced of the need for greater international co-operation. As soon as the United Nations was established, a number of specialised agencies, which were then already in existence and had been set up to deal with specific subjects, were brought within its framework. In 1948, a conference was convened by the United Nations in Geneva to consider the establishment of a new organisation to deal with international shipping, and especially shipping safety. That conference ended on 6 March 1948 with the successful adoption of the convention establishing the Organisation. Originally called the Inter-Governmental Maritime Consultative Organisation (IMCO). It took 10 years for enough countries to accept the convention and for it to meet its entry-into-force requirements. Eventually, the new organisation commenced operations in January 1959. Its name was changed to the International Maritime Organisation in 1982, to reflect its evolving role as a regulatory body.

Source(s): Joseph Kazungu, Mar 12, 2008

[http://www.bdafrica.com/index.php?option=com\\_content&task=view&id=6385&Itemid=5860](http://www.bdafrica.com/index.php?option=com_content&task=view&id=6385&Itemid=5860)

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**Associate Membership:** Membership of NMF is open to individuals. Application forms may be downloaded from [www.maritimeindia.org](http://www.maritimeindia.org).

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

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