



# MAKING WAVES

## Inside this Brief

- **Maritime Security.....p.6**
- **Maritime Forces.....p.21**
- **Shipping, Ports & Ocean Economy....p.34**
- **Geopolitics & Marine Environment.....p.54**

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**International experts talk maritime security at high-level conference in Vietnam**

**China sends message to US, Japan with frigate near Senkakus**

**China's strident words on South China Sea sovereignty are anything but reassuring to a wary region**

**India Planning to Sell More Missiles Amid Concerns on China's Military Activity**

**Lombok, Makassar Straits Could Replace Malacca Strait as Main Sea Trading Lane, Says Indonesian Government**

**UN Security Council Approves Resolution allowing European Union's maritime force off Libya's coast to seize illegal weapons shipments**

**Govt told to watch Natuna military base**



**22nd Annual CARAT Philippines Exercise Begins in Subic Bay**

**US, Indian, Japanese Maritime Forces to Participate in Malabar 2016**

**Malabar Exercises kick off close to the South China Sea**

**Navy deep sea fleet further bolstered**

**Russian Black Sea Fleet Gets First New Frigate Since Cold War**

**NZ Defence Force to get \$20bn upgrade**

**U.S. Third Fleet expands East Asia role as tensions rise with China**

**2nd US aircraft carrier enters Mediterranean: US Navy**

**India explores American, Israeli and German Torpedoes for its Submarines**

**Coast Guard's first Japanese-made Multi-Role Vessel launched**



**After Iran, India Eyeing Bangladeshi Port**

**Korean Shipbuilders Sign MOUs for Iranian \$2.4bn Shipbuilding Projects**

**COSCO vessel berths at Piraeus port on way to historic transit through expanded Panama Canal**

**Myanmar struggles to clear Yangon port jam; Port delays could stymie industries**

**U.S. Shipping Industry Slams Amendment Seeking to Exempt Puerto Rico from the Jones Act**

**Korean shipbuilders speed up restructuring**

**Maritime Energy Efficiency Project Forges Ahead**

**Rs 50,000 crore to be invested in Paradip port**

**Global shipping law deadline catches Kenya unawares**



**Southeast Asian infrastructure benefits heavily from One Belt One Road**

**Fish and reefs under siege as feuding South China Sea claimants refuse to cooperate**

**India-US bonhomie may make China allow Delhi into NSG: Experts**

**US – India Defence Ties: Roads and Bridges**

**World Oceans Day 2016 focuses on preventing plastic pollution**

**Indian Navy to harness solar, ocean energy**

**PM Modi's Africa visit: From energy security to infra – 6 things on his agenda**



### **International experts talk maritime security at high-level conference in Vietnam**

Tuoi Tre News

An international conference on European and Asian maritime security and development kicked off on Thursday in the northern Vietnamese province of Quang Ninh, focusing on disputes and China's actions in the East Vietnam Sea.

The two-day high-level workshop is organized by the Diplomatic Academy of Vietnam and the European Union Delegation to Vietnam in Ha Long City, Quang Ninh, and sees the attendance of over 180 experts, nearly 50 of whom are international academics from ASEAN, the EU, China, Japan, and other countries.

ASEAN is short for the Association of Southeast Asian Nations, which is a political and economic organization whose members include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

#### **Escalating situation**

The opening discussion of the conference focused on current challenges to maritime security and saw a consensus from all delegates on the importance of preservation and improvement of international peace, security, safety, and respect for the 1982 United Nations Convention on the Law of the Sea (UNCLOS).

The participants also hoped that all relevant nations will show a high level of responsibility and provide practical contributions to the maintenance of regional peace and stability.

Tetsuo Kotani, senior fellow at the Japan Institute of International Affairs, assessed that the situation in the East Vietnam Sea has been escalating.

Though China and the United States hold different visions for the region and freedom of navigation in the area, the military balance is leaning toward the latter, according to the Japanese academic.

However, Beijing shall continue to challenge the system by carrying out actions in the 'gray area,' to avoid direct confrontation with Washington, Kotani said, recommending that the U.S. and allies sort out effective measures against China's bullying activities.

China should be put into a new legal framework, the expert stated, explaining that the Asian nation seems to interpret the law differently from other nations.

Beijing's application of threats and violence in the maritime area, which is in violation of international law, should be condemned, he asserted.

According to Felix Heiduk, an expert from the German Institute for International and Security Affairs, ASEAN has not lived up to its expectations as the member states have not issued a unanimous voice or consistent policy against China.

Meanwhile, other opinion leaders stated that the organization still holds an essential role in forming regional security and providing a forum for discussion on the situation in the East Vietnam Sea.

The delegates also stressed the need for focus in dealing with the current crises and establishing practical cooperation and a Code of Conduct for the East Vietnam Sea.

### **Legal grounds**

Speaking at the opening ceremony, Ambassador Bruno Angelet, head of the EU Delegation to Vietnam, asserted that maritime security and international legal frameworks are significant in the preservation of peace in Southeast Asia.

Members of the EU have a developed dialogue and negotiation strategy while dealing with matters regarding resource management and territorial sovereignty, Angelet said, adding that the EU could share its experience with Asian countries.

According to Dang Dinh Quy, Vietnamese Deputy Minister of Foreign Affairs, international laws on maritime issues provide important grounds for discussion and the determination of each party's legitimate rights.

During an interview with *Tuoi Tre* (Youth) newspaper, Erik Francks, head of the Department of International and European Law under Belgium's Vrije Universiteit Brussel, said the conclusion of the international tribunal relating to the suit between the Philippines and China would be proof of the power of international law.

The decision would not only help alleviate current disputes but it would also contribute to the development of global law, Francks assessed.

Meanwhile, Dr. Kotani stated that nations both in the region and throughout the world need to pressure China into compliance with the tribunal's decision in order to ensure the safety and freedom of navigation and aviation in the East Vietnam Sea.

**Source:** [Tuoi Tre News](#), 10 June 2016

### **China sends message to US, Japan with frigate near Senkakus**

Okie Nagai

A Chinese frigate on Thursday sailed through a "contiguous zone" near the Japan-administered Senkaku Islands, in the East China Sea.

The move was an attempt to check criticism coming from both Japan and the U.S. over China's aggressive actions in and above the nearby South China Sea.

Chinese coast guard boats have often sailed into waters near the Senkaku islands, also claimed by China, but this is the first time a Chinese Navy vessel -- a 3,900-ton Jiangkai class frigate -- has come near the area.

It shows China's resolve not to make concessions in the East China Sea or the South China Sea, where its island- and runway-building activities have caught the international community's attention, analysts said.

On Tuesday, a Chinese fighter jet conducted what experts called an "unsafe" intercept of a U.S. patrol plane in international airspace over the East China Sea. The Chinese Foreign Ministry demanded the same day that the U.S. stop reconnaissance activities near China.

Beijing is growing warier now that Japan and the U.S. are jointly approaching Southeast Asian nations that have territorial beefs with China to use one voice to criticize China's provocations and declare that freedom of navigation still holds sway through the important shipping lane. Japan and the U.S. in May rapped China at the Group of Seven summit in Japan, then did the same in June at the Asia Security Summit.

China's move also comes ahead of an expected ruling by the International Tribunal. The Philippines unilaterally brought the case, which involves South China Sea islands, to the court; China is refusing to participate. Now Beijing is trying to burnish a no-compromise stance on territorial issues in both seas, Japanese Defense Minister Gen Nakatani on Thursday told a press conference in Singapore.

The naval ship did not enter Japan's territorial waters -- an act that would constitute a violation of international law. Instead the frigate sailed through a so-called contiguous zone, which is an area of water that extends as far as 24 nautical miles out from territorial seas. This was probably to avoid a direct armed conflict with Japan and the U.S.

In Tokyo, Chief Cabinet Secretary Yoshihide Suga said Japan is gravely concerned about the ship's voyage, which he said has "unilaterally" increased tensions. Japan will "resolutely and calmly" cope with the issue based on a firm resolve to protect its territory and territorial waters, Suga said. Referring China's response to Japan's protest, Beijing gave an account for the naval action based on its "own justification", he added.

Suga also said Japan has gone through a diplomatic channel to tell Moscow of its concerns that Russian vessels are also sailing near the East China Sea.

**Source:** [Nikkei Asian Review](#), 9 June 2016

### **China's strident words on South China Sea sovereignty are anything but reassuring to a wary region**

Bonnie S. Glaser

In what was perhaps the only extemporaneous remark made by China's PLA representative at the Shangri-La Dialogue this past weekend, Admiral Sun Jianguo (孫建國) said that his bilateral meetings with foreign counterparts – 17 in all – were “warmer and friendlier” than those he held last year. Sun claimed to have received fewer questions during these meetings on the South China Sea. He insisted that trust had increased since the last dialogue. If Beijing really believes its behaviour over the past year has led to greater confidence that China's rise will be peaceful and will not come at the expense of other nations, then China and its leaders are truly autistic.

A succession of defence leaders and delegates at the dialogue voiced concern about China's uncertain intentions, its island building and military activity in the South China Sea, and its rejection of the pending ruling by the UN arbitration case filed by the Philippines. One after another, they called for a rules-based international order and for all countries to abide by prevailing international norms and laws.

Defence ministers from the US, India, Malaysia, Japan, Britain, France and Canada raised pointed concerns about China in their remarks. “The uncertainty of China future's trajectory is arguably the main driving concern about possible military competition now and in the future,” said Malaysian Defence Minister Hishammuddin Hussein. French Defence Minister Jean-Yves Le Drian cautioned that “if the law of the sea is not respected today in the China seas [sic], it will be threatened tomorrow in the Arctic, the Mediterranean or elsewhere.” In a thinly veiled reference to China, Indian

Defence Minister Manohar Parrikar warned the forum that the “shared prosperities and the enviable rate of growth” that the Indo-Pacific region has enjoyed “over past decades will be put at risk by aggressive behaviour or actions by any one of us.” Chung Min Lee, a professor at Seoul’s Yonsei University, told Sun in the Q&A session that “many Asian countries don’t trust China” because of its “aggressive” posture in the region.

It is undeniable that China’s uncompromising stance on sovereignty and territorial issues, combined with a dismissive attitude towards international law, aggressive interference with foreign fishing vessels, extensive land reclamation on tiny reefs, and rapidly growing coast guard and navy have created enormous anxiety in the region and driven many countries inside and outside Southeast Asia closer to the US. This is what Secretary of Defence Ash Carter meant when he charged that China is erecting a Great Wall of isolation.

The remarks by Sun, deputy chief of the People Liberation Army’s joint staff department, contained nothing reassuring. He staunchly defended China’s “indisputable sovereignty” over the South China Sea, and attempted to shift the blame for rising tensions there onto the US and the Philippines. Absent was any mention of President Xi Jinping’s (习近平) pledge – made publicly in Washington last September – to not militarise the Spratlys. Sun didn’t even attempt to soothe anxiety by reiterating Chinese intentions to use the reefs in the disputed waters primarily for the provision of public goods, such as search and rescue. His call for countries to “address the reasonable concerns of others while pursuing their own interests” rang hollow. While other defence representatives tabled concrete proposals to promote cooperation, Sun failed to offer anything hopeful other than a vague assertion that China has no hegemonic ambitions and that Xi’s China Dream is consistent with the dreams of other countries in the region. His insistence that China has been a victim of aggression and invasion by its neighbours in the South China Sea over the past decades probably didn’t win any sympathy.

Sun delivered his speech in a booming, shrill tone that seemed designed to intimidate the audience while assuring listeners in China that the PLA would defend Chinese national interests. For the second year in a row, he did not respond directly to any

questions put to him, opting to read only prepared remarks. Once again, Sun's performance left the impression that China could not care less about others' concerns and will stay the course in the South China Sea regardless.

China missed another opportunity to listen to the region, assuage concerns about Chinese intentions, and signal willingness to find common ground to advance security and stability in the region.

**Source:** [South China Sea Morning Post](#), 8 June 2016

### **India Planning to Sell More Missiles Amid Concerns on China's Military Activity**

Mala Salvacion

India has increased efforts to sell an advanced cruise missile system to Vietnam and 15 more markets amid concerns of China's military build-up, according Reuters. India's shift from being the world's biggest arms importer to seller of the supersonic BrahMos missile is seen as a move to bolster the defenses of its partners as well as boost revenues. The Reuters report cited an Indian government note which stated that Prime Minister Narendra Modi has ordered BrahMos Aerospace, the country's missile producer, to accelerate sales to five countries that included Vietnam, Indonesia, South Africa, Chile and Brazil. The note, which sources said was issued early this year, also has a second list that included 11 other countries led by the Philippines, Thailand, Malaysia and the United Arab Emirates.

The BrahMos missile, said to be world's fastest cruise missile with a top speed of three times the speed of sound, has been requested by Vietnam since 2011, which China considers as destabilizing. Indonesia and the Philippines also asked for the BrahMos, which has a range of 290 kilometers and can be launched from sea, land and submarine. The air-launch version of the missile is currently being tested.

Although India has no territorial dispute in the South China Sea, unlike Malaysia, the Philippines and Vietnam, its land border claim with China is still unsettled and it is concerned with China's expanding presence in the Indian Ocean. India has also complained about the military assistance given by China to its rival, Pakistan, and for allowing Chinese submarines to dock in Sri Lanka.

"Policymakers in Delhi were long constrained by the belief that advanced defense cooperation with Washington or Hanoi could provoke aggressive and undesirable responses from Beijing," Jeff M. Smith, Director of Asian Security Programs at the American Foreign Policy Council in Washington, said. "Prime Minister Modi and his team of advisers have essentially turned that thinking on its head, concluding that stronger defense relationships with the U.S., Japan, and Vietnam actually put India on stronger footing in its dealings with China," Smith added.

After Indian Prime Minister Modi's tak with U.S. President Barack Obama, India is set to join the Missile Technology Control Regime (MTCR). The country's inclusion in the MTCR will give it more credibility to join the Nuclear Suppliers Group. India's membership in the two groups would give it greater access to research and technology. BrahMos Aerospace, owned by both the Indian and Russian governments, said that it is still discussing with several countries on the missile exports. The country is continuing to build military ties with Vietnam, and gave it a \$100-million credit line.

In a statement on Monday, June 6, the Indian defense ministry said that Defense Minister Manohar Parrikar and his Vietnamese counterpart General Ngo Xuan have agreed to exchange information on commercial shipping as well as expand hydrographic cooperation. India was also expecting to clinch the negotiation to supply BrahMos to Vietnam by the end of the year while planning to offer the country a battleship armed with BrahMos missiles.

**Source:** [Yibada](#), 12 June 2016

## **Lombok, Makassar Straits Could Replace Malacca Strait as Main Sea Trading Lane, Says Indonesian Government**

Ship and Bunker

The Lombok and Makassar straits could take over from the Strait of Malacca as the world's main shipping route, Rizal Ramli, Coordinating Minister for Maritime Affairs and Natural Resources in Indonesia told local media on Monday. With the world's biggest bunkering port, Singapore, located in the Strait of Malacca, such a shift could also have a significant impact on world bunker markets.

Explaining that the Strait of Malacca is too narrow, has become too busy, and is getting shallower, he says the number of vessels and risk of collisions is growing in the passage every year, while in contrast the Lombok and Makassar straits would be better suited to accommodate increasing shipping traffic. "The lane is deeper and wider that there would be less risk of sea accidents and damage to the environment from oil spill," said Ramli.

"We want to encourage more ships to take the lane," he added, noting that some large vessels already route through the Lombok and Makassar straits. Ramli says increased traffic through the alternate shipping route would be beneficial to Indonesia, and would require the development of supporting infrastructure and businesses, particularly in eastern Indonesia. "We need to lobby big players in global shipping industry such as Greece, Norway, and Denmark," added Ramli, noting that he recently met with Greek shipping players.

Singapore, meanwhile, is currently enjoying its best ever bunker sales volumes, with the latest preliminary data from the Maritime and Port Authority of Singapore (MPA) showing May was its highest ever monthly sales total ever.

**Source:** [Ship and Bunker](#), 14 June 2016

## **UN Security Council approves resolution allowing European Union maritime forces off Libya's coast to seize illegal weapons shipments**

Edith M. Lederer and Dave Bryan

The U.N. Security Council on Tuesday unanimously adopted a resolution allowing the European Union's maritime force off Libya's coast to seize illegal weapons that are helping to fuel violence and instability in the North African nation. The British-drafted resolution authorizes EU ships in Operation Sophia — now charged with seizing migrant-smuggling vessels — to also stop vessels on the high seas off Libya's coast suspected of smuggling arms in violation of a U.N. arms embargo.

Council President Francois Delattre of France said before the vote that the resolution, if passed, had the potential to be a "game changer" for Libya. "We would finally have the means to enforce the arms embargo in Libya," he said. "In doing so, we will be better equipped to fight against" the Islamic State extremist group. Libya slid into chaos following the 2011 toppling and killing of longtime dictator Moammar Gadhafi. Since 2014, the oil-rich country has been torn between two parliaments and governments with each backed by a loose set of militias and tribes.

Islamic State extremists have exploited the turmoil, seizing territory and triggering fears in Europe at the prospects of an expanding extremist-run bastion on its doorstep, just across the Mediterranean Sea. Meanwhile, a U.N.-brokered unity government is struggling to gain control of the country, which is awash with weapons. Britain's U.N. Ambassador Matthew Rycroft said "the existing arms embargo has been only partially effective" and the abundance of weapons in Libya has undermined peace and security in the country and the region.

The resolution "enables us to interdict vessels off the coast of Libya when we believe there are arms on board," he said. The Security Council resolution condemns the flow of arms to and from Libya, including to IS "and other terrorist groups."

It authorizes ships from the EU and other regional and individual countries to inspect "vessels bound to or from Libya which they have reasonable grounds to believe are carrying arms or related materiel to or from Libya" for a period of 12 months – provided the country "makes good-faith efforts to seek the consent of the vessel's flag state prior to any inspections." This provision added to the resolution addressed a key concern of Russia and other council members who were concerned that the inspections would take place without attempting to get consent of the country where the vessel is registered.

**Source:** [Daily Journal](#), 14 June 2016

### **Govt told to watch Natuna military base**

Jakarta Post

The planned military base in Natuna, Riau Islands, should be strictly controlled so that it provides protection rather than causing trouble for people living around the base, a local political observer has said. "The local community has long expected a strong maritime security presence in the face of intruders from the north, such as Chinese fishermen who have been repeatedly fishing illegally in waters off Natuna with the backing of their naval forces. The role of the planned military base is expected to eliminate such [border] violations by protecting local fishermen," Tanjung Pinang Social and Political Sciences Academy (Stisipol) head Zamzami A. Karim said on Monday.

Suradji, a sociologist from the Raja Ali Haji Maritime University, said the construction of the military base should be in line with the government's policy on local community economic empowerment. "Border regions, such as Natuna, have long been neglected. The government has so far paid a lot of attention to security, but little to the welfare of people living in border regions. Attention is only paid whenever there are incidents," Suradji said. He said a lack of concern about locals' welfare would almost certainly lead to socioeconomic imbalances.

“The presence of Chinese fishing boats in Natuna waters have so far provided economic benefits to locals as they have been procuring fish catch from local fishermen. How can local people play an active role, for example in reporting illegal fishing activities of the Chinese fishermen, if they don’t benefit from the presence of the military base?” Suradji said. He suggested that the government, through the Maritime Affairs and Fisheries Ministry, should provide incentives to local fishermen along with the establishment of the military base. “Give the local fishermen incentives, welfare. Buy their fish catches as this will simultaneously empower them economically,” he said.

Zamzami, however, reminded the government that the military base should also be strictly controlled in order to avoid conflict with the local community, so as not to defeat the purpose of the base’s construction. “The welfare of on-duty soldiers must be guaranteed to prevent them from seeking income from illegal activities that will lead to trouble with local people,” said Zamzami. According to Zamzami, based on information he obtained, the construction of the military base in Natuna will soon go ahead following the allocation of Rp 1.3 trillion (US\$97.5 million) from the 2016 State Budget.

“The Rp 1.3 trillion budget is substantial enough to build a military base in Natuna. As part of the local community, we hope the welfare of soldiers deployed there will be fully guaranteed,” he said. If the military’s presence in the Natuna Sea cannot be strictly controlled, Zamzami said, it could generate a new issue of public security in the region.

“The Defense Ministry must carefully take into account the immediate social and economic consequences in the region. Riau Islands’ image as an investment destination is highly dependent on the ability of the government to guarantee legal certainty and security in the region,” said Zamzami. Based on data, the presence of military bases in a number of territories often leads to problems among the local community. Such as the conflict between the 134 Tuah Way Infantry Battalion and the police’s Mobile Brigade in Batam, Riau Islands. Disputes between the two units have broken out frequently and disrupted community activities.

The Riau Islands provincial administration supports the government's plan to build the military base in Natuna. The Riau Islands administration support was first publicly expressed by former Riau Islands governor, the late Muhammad Sani. The idea for the establishment of a military base in Natuna was first brought up by then defense minister Purnomo Yusgiantoro in September 2014. Natuna is located 550 kilometers northeast of Batam island, which borders directly with the South China Sea.

**Source:** [The Jakarta Post](#), 14 June 2016



### **22nd Annual CARAT Philippines Exercise Begins in Subic Bay**

Task Force 73 Public Affairs

The U.S. Navy and Marine Corps will join the Armed Forces of the Philippines June 6-10 for CARAT Philippines 2016. The exercise will take place in multiple locations across the Philippines and in waters near Subic Bay and Palawan.

This year's CARAT Philippines will focus on combined operations at sea, amphibious landings, diving and salvage, maritime domain awareness, and community service events. Sailors and Marines will train with their AFP counterparts in a host of military engagements, professional exchanges and training seminars. Civil action projects, community service events and combined military band concerts are also planned to foster relationships and bonds with the Filipino people.

“CARAT enables us to develop strong relationships with our Philippine Navy and Marine partners,” said Rear Adm. Charles Williams, Commander, Task Force 73. “Through persistent presence and relationships, we continue to make steady progress in increasing the complexity of our training and enhancing cooperation between our navies.”

CARAT Philippines is part of a broader exercise series the U.S. Navy conducts with nine partner nations in South and Southeast Asia to address shared maritime security priorities, strengthen maritime partnerships and enhance interoperability among participating forces. The Philippines has participated since the series began in 1995.

"CARAT strengthens the strong and enduring relationships between the U.S. and Philippine navies," said Rear Admiral Ronald Joseph S. Mercado AFP, commander, Philippine Fleet. "We're looking forward to working along-side our U.S. Navy partners during CARAT 2016."

U.S. Sailors and Marines participating in CARAT Philippines 2016 represent a host of ships, squadrons, and units from across the Indo-Asia-Pacific region. This year's exercise features the guided missile destroyer USS Stethem (DDG 63), the landing dock ship USS Ashland (LSD 48), and the diving and salvage ship USNS Salvor (T-ARS-52), along with a P-8 Poseidon aircraft, Navy expeditionary forces, Marines assigned to the III Marine Expeditionary Force - 3rd Marine Division, a platoon from Explosive Ordnance Disposal Mobile Unit (EODMU) 5, staff from Commander, Task Force 73 (CTF 73) and Destroyer Squadron (DESRON) 7, and the 7th Fleet Band Orient Express.

The Philippine Navy assets and units will include the Minesweeper Frigate BRP Rizal (PS74), the Del Pilar Class Frigate BRP Gregorio Del Pilar (PF-15), a Landing Craft Heavy vessel, an AW109 helicopter, an EOD Team, Diving Team, Construction platoon, a Marine Company and the Philippine Fleet Band.

“CARAT provides a great opportunity for our navies to operate together at sea and train during realistic scenarios that better prepare our forces for real-world operations,” said Capt. H. B. Le, commodore, Destroyer Squadron Seven. “With more than two decades of experience working together we are able to execute complex exercises that address shared maritime security priorities and improve interoperability between our navies.”

CARAT 2016 will be the most complex series to date. Its continuing relevance for more than two decades speaks to the high quality of exercise events and the enduring value of regional cooperation among allies and partners in South and Southeast Asia.

As U.S. 7th Fleet's executive agent for theater security cooperation in South and Southeast Asia, Commander, Task Force 73 conducts advanced planning, organizes resources and directly supports the execution of maritime exercises, such as the bilateral CARAT series, the Naval Engagement Activity (NEA) with Vietnam, and the multi-lateral Southeast Asia Cooperation and Training (SEACAT) with Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand.

**Source:** [Task Force 73 Public Affairs](#), 5 June 2016

## **US, Indian, Japanese Maritime Forces to Participate in Malabar 2016**

Commander Task Force

Naval ships, aircraft and personnel from India, Japan and the United States are scheduled to participate in the annual exercise Malabar 2016, June 9-17. Malabar 2016 is the latest in a continuing series of complex, high-end war fighting exercises conducted to advance multinational maritime relationships and mutual security issues. Participants from the U.S. Navy include Nimitz-class aircraft carrier USS John C. Stennis (CVN 74) with embarked Carrier Air Wing 9, guided-missile cruiser USS Mobile Bay (CG 53) and guided-missile destroyers USS Stockdale (DDG 106), USS William P. Lawrence (DDG 110) and USS Chung-Hoon (DDG 93); a P-8A Poseidon aircraft; and a Los Angeles-class fast attack submarine.

The exercise will feature both ashore and at-sea training. While ashore in Sasebo, training will include subject matter expert and professional exchanges on carrier strike group operations, maritime patrol and reconnaissance operations, surface and anti-submarine warfare, medical operations, damage control, explosive ordnance disposal (EOD), helicopter operations, and visit, board, search and seizure (VBSS) operations. The at-sea portions of the exercise will be conducted in the Philippine Sea and are designed to advance participating nations' military-to-military coordination and capacity to plan and execute tactical operations in a multinational environment.

Events planned during the at-sea portions include liaison officer professional exchanges and embarks, a photo exercise, submarine familiarization, high-value unit defense, air defense exercises, medical evacuation drills, surface warfare exercises, communications exercises, search and rescue exercises, helicopter cross-deck evolutions, underway replenishments, gunnery exercises, VBSS exercises, and anti-submarine warfare.

Indian, Japanese and U.S. maritime forces have a common understanding and knowledge of a shared working environment at sea. Each iteration of this exercise helps to advance the level of understanding between the navies' Sailors, and is a continuing

process over time. Members of the Indo-Asia-Pacific nations utilize their maritime forces as natural partners, and continue to strengthen relationships.

**Source:** [Commander Task Force Public Affairs](#), 9 June 2016

## **Malabar Exercises kick off close to the South China Sea**

Brahmand

India, Japan and the US have kicked off their marine wargames, Malabar Exercise, near the troubled waters of East China Sea that will see in action over 100 aircraft and 22 naval ships including a nuclear submarine. The exercise assumes significance as it is being conducted close to East China Sea at a time when Chinese assertiveness in the region is a raging issue. It aims to achieve deeper military ties and greater interoperability amid rising tensions in the region.

The exercise, started on June 10, is being held close to the uninhabited isles in East China Sea called Senkaku by Japan, which controls them. However, they are aggressively claimed by China as its Diaoyu islands. The Indian Navy said that their four ships are participating in the 20th edition of the naval exercise in consonance with India's 'Act East Policy' and growing ties among the three countries.

The exercise will support maritime security in the Indo-Pacific region and benefit the global maritime community, the Navy said. India and the US have regularly conducted the annual exercise since 1992. Since 2007, Malabar has been held alternatively off India and in the Western Pacific. Last year, it was conducted off Chennai and included participation of Japan.

While the harbour phase of the exercise started at Sasebo on June 10, the sea phase in the Pacific Ocean will be held from June 14 to 17. Indian ships participating in the exercise are from the Eastern Fleet and include INS Sahyadri and INS Satpura,

indigenously built guided missile stealth frigates, INS Shakti, a modern fleet tanker and support ship, and INS Kirch, an indigenous guided missile corvette.

The US Navy will be represented by aircraft carrier USS John C Stennis (CVN 74), that holds 90 fighter aircraft and helicopters besides Ticonderoga class Cruiser USS Mobile Bay and Arleigh Burke class destroyers USS Stockdale and USS Chung Hoon, all carrying helicopters. In addition, one nuclear-powered submarine, carrier wing aircraft and long-range maritime patrol aircraft will also participate in the exercise.

Japan will be represented by Hyuga, a helicopter carrier with SH 60 K integral choppers and long-range maritime patrol aircraft, besides 9 other advanced warships for specific parts of the exercise. Additionally, the Special Forces (SF) of the three navies will also interact during the exercise.

**Source:** [Brahmand.com](http://Brahmand.com), 13 June 2016

### **Navy deep sea fleet further bolstered**

Mahinda P. Liyanage

The Sri Lanka Navy augmented their flotilla of deep sea patrol vessels with a state of the art Advanced Offshore Patrol Vessel built for them by Goa Shipyards Ltd. The ceremonial launch of the new vessel was held at Goa Shipyard which was attended by Defence Ministry Secretary Karrunasena Hettiarachchi and Navy Commander Vice Admiral Ravindra Wijegunawardana.

The ship is 105 m in length and 13.6 m in width complete with a helipad capable of landing a helicopter. It also has a displacement capacity of 2350 tons with accommodation for 18 officers and 100 sailors. The vessel has an endurance of 4,500 nautical miles in terms of carrying out surveillance operations. The entire project will cost the government USD 74 million on completion.

Among the other invitees were Joint Secretary Aeronautical and Defence Production Ministry of Defence India, Sanjay Prasad, High Commissioner to Sri Lanka in India, Esala Weerakoon and Weerakoon, Flag Officer Naval Aviation and Flag Officer Commanding Goa Area, Rear Admiral and Puneet Kumar Bahl, former Commanders of the Indian Navy, Admiral (Retd) Arun Prakash and Admiral (Retd) Sureesh Mehta, President and Managing Director of Goa Shipyards Ltd. Rear Admiral and Shekhar Mital, dignitaries and special invitees of the Indian government, senior officers of Indian and Sri Lanka Navies. The programme concluded following exchange of mementos among the participants.

**Source:** [Daily News](#), 13 June 2016

### **Russian Black Sea Fleet Gets First New Frigate Since Cold War**

Sam LaGrone

The first in a new class of Russian guided missile frigate arrived on Thursday to Sevastopol marking the first time the Black Sea Fleet has seen a new blue water warship since the end of the Cold War. The Project 11356-class *Admiral Grigorovich* arrived in Crimea, the first of several new surface ships the Russian Navy intends to base in the Black Sea. “This is the first vessel for distant water operation, which the Black Sea Fleet has received over the past 35 years,” fleet spokesman Vyacheslav Trukhachyov told the *TASS* news service.

The 4,000-ton frigate delivered to the Russian Navy in March and is the first of a planned class of six based in the Black Sea. Based Talwar-class frigates that Russia built for the Indian Navy between 2000 and 2013, the Grigorovich frigates are built as a multi-mission surface combatant and can handle submarine, air and surface threats, according to information from the Russian defense ministry.

The frigates also field the Russian Kalibir NK long range land attack cruise missiles – first used operationally last year from Russian Navy ships in the Caspian Sea to strike

targets in Syria. The ship's arrival is part of a planned \$2.43 billion expansion of the Black Sea Fleet, *announced in 2014*.

Eric Wertheim, naval analyst and author of *U.S. Naval Institute's Combat Fleets of the World*, told USNI News on Thursday the frigate's arrival in Crimea was a win for the Russian Navy. "This shows that Russia's plans to modernize its naval forces are starting to pay dividends," he said. "This also helps their forces to achieve a better balance among their fleets and to project power where needed."

Prior to the new frigate, the Black Sea Fleet was populated by mostly 1980s era surface combatants and newer but smaller patrol craft. The new push to refresh its surface forces might be difficult to sustain.

For instance, since Russia invaded Crimea, Ukraine has refused to supply maritime gas turbines for new Russian surface ship construction. Russian ship builders have also been plagued by construction delays. "The long term question remains one of sustainability. Can their forces maintain this level of modernization and increased operations and capability in the decades ahead? It will take years to get an accurate answer," Wertheim said. "For the short term, Russia remains serious about enhancing their naval and military forces."

**Source:** [USNI News](#), 9 June 2016

## **NZ Defence Force to get \$20bn upgrade**

Jane Patterson

The government will spend \$20 billion on the Defence Force in a long-term investment plan that includes a new cyber security system for defence networks. A new White Paper, which updates the Defence Force's policy, was released this morning. It detailed plans to replace the Air Force Boeing 757, the C130-Hercules, the Orion maritime patrol aircraft and the ANZAC frigates, over the next 15 years. While New Zealand did not face

the prospect of an imminent military attack, there were growing threats as a result of failing states and pressure on food and water resources, the paper said.

Prime Minister John Key said the new policy was being launched at a time of "increasing uncertainty and instability in the international environment". "The emergence of ISIL (Islamic State of Iraq and the Levant), heightened tensions in the East and South China seas, increases in military spending across South East Asia, and the rapid evolution and spread of cyber threats are just a few examples," he said.

New Zealand's geographical isolation did not provide the protection it once did, Mr Key said. "As a maritime nation dependent on open trade routes, our security and prosperity is inextricably linked to events occurring far from our shores. "New Zealand needs a defence force than can protect New Zealand and also contribute to international security and stability," he said.

It also said work was well under way to consider whether the existing Light Armoured Vehicles might be modernised, or replaced. This included responding to activities in New Zealand's Exclusive Economic Zone, Antarctica and the Southern Ocean, Mr Key said. Cyber security was also identified as a major new risk, and a new defence cyber support network would be developed. More intelligence personnel would be hired to help analyse and distribute information collected from surveillance. The paper noted demand for disaster relief and recovery efforts in the South Pacific would increase in coming decades.

### **Cyber attacks 'as effective a weapon as a bomb'**

The White Paper noted increasing reliance on technology and information was creating "new vulnerabilities". The threat to systems relying on networked technologies had increased "markedly" since 2010, it said. "New Zealand therefore has an interest in contributing to international cyberspace and space efforts to protect this infrastructure from being exploited or disrupted."

Defence Minister Gerry Brownlee would not give specific details about the resourcing for the boosted cyber security system, as that had not yet been determined. "But it will

be a significant number of people who are deployed into the armed forces or from the armed forces who will specialise in, to a greater extent, in this sort of deterrent."

Mr Brownlee said cyber weapons were now significant, as evidenced by the reliance of individuals on a multitude of technologies. "Now you can multiply that across a whole economy, or a whole set of economies and see what the potential might be to turn an attack on that - we all know about this - cyber attacks into an effective a weapon as a bomb.

"So it's a much wider concept than just saying it's to protect, or it's to attack - we need to know what other people are up to, particularly in a military sense." When asked how closely the Government Communications Security Bureau would be involved, Mr Brownlee said there would be a "high level of co-operation".

### **Maritime threats and illegal fishing**

As activity in New Zealand's waters increased, the White Paper warned incidents that required a New Zealand response were more likely to occur. It said the size, intrinsic value and challenges associated with managing the country's large maritime domain underlined the significance of maritime threats to New Zealand.

New Zealand had a direct interest in the stability of Antarctica and the Southern Ocean, including its preservation, and the Defence Force must continue to monitor illegal, unregulated and unreported fishing, the paper said. Mr Brownlee said illegal fishing came at a great cost to the country.

"Illegal fishing is one of the things that troubles us the most. It is an attack on our economy. "Similarly throughout the Pacific when you have unregulated fishing in some of our Pacific neighbours, that is also an attack on their economy and comes at a cost to us and our partner nations," Mr Brownlee said.

The White Paper also raised concerns about escalating tensions in the East and South China seas. Over half of the country's maritime trade passed through the South China

Sea, and the paper predicted that, over the coming decades, it was likely to remain a contested environment.

There would be serious implications for trade routes, and New Zealand's ability to service markets, should major instability occur in the region, it said. "A secure maritime environment is vital to ensure our continued prosperity through maritime trade, as it is estimated that 99 percent of New Zealand's exports and imports are delivered by sea transport," Chief of the Defence Force Lieutenant General Tim Keating said. "We just can't leave maritime security responsibilities to others without having a credible contribution ourselves," he said.

### **Funding not broken down**

A \$20bn price tag over the next 15 years would be needed to implement the plan, but the White Paper did not contain a specific breakdown of costs. Mr Key said the money would have to be appropriated through the normal budget process.

"So Budget 2016 had the forecast period where there was some obviously increase but also base allocation for [the Defence Force]. "Secondly, there is some that can be funded through their depreciation allowance but over time, future budgets will have to make bigger allowances, both capital and operating, for Defence's capability."

The level of military spending was justified, Mr Key said. "Well, firstly, it's over a long period of time... Secondly, if you look at our spending at about 1.1 percent of GDP, it's at the more modest end of spending when nations allocate resources towards our military capability."

**Source:** [RNZ](#), 8 June 2016

## **U.S. Third Fleet expands East Asia role as tensions rise with China**

Idrees Ali and David Brunnstrom

The U.S. Navy's Third Fleet will send more ships to East Asia to operate outside its normal theater alongside the Japan-based Seventh Fleet, a U.S. official said on Tuesday, a move that comes at a time of heightened tensions with China.

The Third Fleet's Pacific Surface Action Group, which includes the guided-missile destroyers USS Spruance and USS Momsen, was deployed to East Asia in April. More Third Fleet vessels will be deployed in the region in the future, said a U.S. official who requested anonymity. He and a second official said the vessels would conduct a range of operations, but gave no details.

China claims most of the South China Sea, through which \$5 trillion in ship-borne trade passes every year. The Philippines, Vietnam, Malaysia, Taiwan and Brunei have overlapping claims, as well as close military ties with the United States. China has been angered by what it views as provocative U.S. military patrols close to islands that China controls in the South China Sea. The United States says the patrols are to protect freedom of navigation.

The Third Fleet, based in San Diego, California, traditionally has confined its operations to the eastern side of the Pacific Ocean's international dateline. Japan's Nikkei Asian Review quoted the commander of the U.S. Pacific Fleet, Admiral Scott Swift, as saying on Tuesday that the move came in the "context of uncertainty and angst in the region," an apparent reference to China's behavior.

Swift argued that the Navy should utilize the "total combined power" of the 140,000 sailors, over 200 ships and 1,200 aircraft that make up the Pacific Fleet. The Seventh Fleet consists of an aircraft carrier strike group, 80 other vessels and 140 aircraft. The Third Fleet has more than 100 vessels, including four aircraft carriers.

Chinese officials have blamed the rising tensions on the United States. "I think before Americans' so-called 'rebalancing in Asia Pacific,' the South China Sea was very quiet,

very peaceful," Liu Xiaoming, China's ambassador to Britain, told Reuters in an interview last week.

"China was talking to the neighboring countries. We had a Declaration of Conduct. And the Philippines was talking to us. Once the Americans came in, so-called `rebalancing,' things changed dramatically." "They want to find an excuse to have their strong military presence in the South China Sea and in the Asia Pacific. If it is so quiet, what is the reason for them to be there?" he asked.

Greg Poling, director of Asia Maritime Transparency Initiative at the Center for Strategic and International Studies think tank, said on Tuesday that the move appears to be part of President Barack Obama's plan to shift 60 percent of U.S. naval assets in Asia as part of his rebalance of resources to the region in the face of China's rise.

**Source:** [Reuters](#), 14 June 2016

## **2nd US aircraft carrier enters Mediterranean: US Navy**

Presstv

A second US aircraft carrier has arrived in the Mediterranean amid American officials' concerns about Russian maritime expansion in the region, the Navy says. USS Dwight D. Eisenhower entered the Mediterranean late on Monday, leading a strike group of cruisers, destroyers and warplanes, according to the US Navy. The carrier was deployed to the region to relieve the USS Harry S. Truman carrier strike group which is currently operating in the area following an extended eight-month deployment. It is expected to head back to the US later this month.

The Eisenhower, also known as the "Ike," will continue on to the Persian Gulf to participate in US air strikes on purported Daesh targets in Iraq and Syria. Fighter jets have been flying off the board of the Truman to carry out air strikes on Daesh since June

3. The Eisenhower's deployment is part of a rotation of US forces backing maritime security operations around the world, the Navy claimed.

Its strike group encompasses two guided-missile cruisers, four guided-missile destroyers and nine air squadrons. The Navy said the presence of two US carriers in the Mediterranean is indicative of Washington's commitment to safety and security of the region, while sending "a strong message of support to our allies and partners in Europe."

The deployment coincides with NATO military exercises across Eastern Europe and Turkey that may lead to intensification of tensions with Russia. US officials argue that Russia is sailing its warships and submarines in the Mediterranean and plans to conduct its own military exercises in the coming weeks.

"Combined with extensive and frequent submarine patrols throughout the North Atlantic and Norwegian Sea, and forward-deployed forces in Syria, Russia has the capability to hold nearly all NATO maritime forces at risk," according to an article written by Vice Admiral James Foggo, who heads the US Navy's fleet in the Mediterranean, and naval analyst Alarik Fritz, in the naval journal *Proceedings*.

They said last week that it was important to leverage allied navies to cooperate with NATO allies so that they could respond to emergencies and protect maritime infrastructure. Russia last week said it would respond to a recent move by the US military to deploy a destroyer, upgraded with a new missile system, to the Black Sea near Russian borders. The Russian Foreign Ministry said on Friday that Moscow would respond to the June 6 entry of the USS Porter into the Black Sea.

The US had declared that the mission was "routine" and was meant to promote "peace and stability." NATO recently launched its biggest-ever joint exercises in Poland — to the west of Russia, claiming that such military activities are not targeted at Russia, but Moscow has long complained that the military alliance was making inroads into Russian spheres of influence in Eastern Europe.

**Source:** [Presstv](#), 14 June 2016

## **India explores American, Israeli and German Torpedoes for its Submarines**

Sputnik News

According to sources, India is in talks with the US, Israel and Germany for procuring heavy torpedoes to mount on the six Scorpene submarines to be inducted by the Indian Navy starting this year. Each submarine will have a capacity of 16 torpedoes. India's Defense Secretary G. Mohan Kumar toured German defense firm ThyssenKrup's unit in Keil. ThyssenKrup in collaboration with EADS produces SeaHake torpedoes. Kumar is on a three-day visit to Germany to attend the Indo-German Higher Defense Committee meeting.

Commander Abhijit Singh (Retired), senior fellow at Observer Research Foundation, told Sputnik, "the Navy is exploring options. The Finmeccanica problem has been there for few years now. We are facing problems in frigates also." Defense Minister Manohar Parrikar said, "Now since we have decided to blacklist Finmeccanica and its group companies, immediately, we can't even think of this torpedo but we have alternative plans. For purposes of secrecy, the commercial importance of price, I will not inform you of the alternative at this stage. Let the decision be taken by the government, then it will come (to you)."

India is building six Scorpene class submarine at Mazagon Dock with technology from French firm DCNS. The first submarine is likely to be handed over to Indian Navy in the last quarter of this year. After winning a tender, Italy's WASS was to supply Black Shark torpedoes to be fitted for the six submarines. However, the deal was scrapped following India's decision to blacklist Finmeccanica in the wake of a massive controversy over the alleged involvement of one of its subsidiaries, Augusta Westland, in a chopper scam.

Meanwhile, the Indian Navy is currently building 46 naval platforms such as aircraft carriers, submarines, and warships at different dock yards. India had already struck deals with subsidiaries of Finmeccanica to purchase equipment for at least 26 out of the 46 platforms. The Navy had also ordered guns to be fitted to its Shivalik class frigates from Otemelara, another subsidiary linked to Finmeccanica. According to sources, the fate of these deals also hangs in the balance.

**Source:** [Sputnik News](#), 14 June 2016

### **Coast Guard's first Japanese-made Multi-Role Vessel launched**

Update.PH

The first of ten ordered Multi-Role Response Vessels (MRRVs) for the Philippine Coast Guard was formally named Tubbataha, one of the lighthouses in the Philippines situated in Tubbataha Marine National Park, Palawan, the Philippine Coast Guard said. Ten 40-meter MRRVs were ordered from Japanese shipbuilder Japan Marine United (JMU) under Maritime Safety Capability Improvement Project (MSCIP).

Tubbataha was unveiled during the Launching and Naming Ceremony at Japan Marine United Corporation (JMUC) Yokohama Shipyard Isogo Works 12, Shin-suguta-cho, Isogo-ku in Yokohama, Japan last May 12. Coast Guard Commandant Rear Admiral William Melad and Lieutenant Junior Grade Lalaine Manapul attended the ceremony.

On the same day, Keel Laying Ceremony of the 2nd MRRV of the Philippine Coast Guard was held also at the Isogo Works of JMUC Yokohama Shipyard on May 13. Keel laying for Tubbataha was conducted February this year. Deliveries of the first two Coast Guard vessels is scheduled this year with Tubbataha expected to be delivered September. From first delivery, succeeding deliveries are expected every quarter until completion of 10 units in 2018.

“(The MRRVs can) be deployed anywhere but the (MRRV) project is all about maritime safety improvement, basically its for search-and-rescue and other needs, but if needed to augment (our naval presence) at the West Philippine Sea, it could be deployed there, as it could also be use for security patrols,” Melad previously said.

**Source:** [Update.PH](#), 4 June 2016

## **After Iran, India Eyeing Bangladeshi Port**

Koushik Das

India, which recently bagged the strategically important Chabahar Port project in Iran, plans to develop Payra Port in Bangladesh as a part of its 'Act East' policy.

Indian Shipping Minister Nitin Gadkari recently said that New Delhi is discussing different aspects of the project with Dhaka, as India Ports Global – a joint venture between state-run Jawaharlal Nehru Port Trust (JNPT) and Kandla Port for overseas ports – has shown interest in developing the Bangladeshi port. “Talks are on between our External Affairs Ministry and them (Bangladesh). Dhaka also wants us. We have sent a team there for studies,” stressed the minister.

In the past, China had shown keen interest in building the Payra port. However, the Sheikh Hasina government in Dhaka plans to award the deal to India. New Delhi has welcomed Dhaka's move, describing the Hasina government's decision as a reflection of the growing Indo-Bangladeshi ties.

Since becoming PM of India in May 2014, Narendra Modi has been talking about an 'Act East' policy. Although India is building maritime infrastructure in Iran (in West Asia), it is also eager to develop the same infrastructure in Bangladesh and other Southeast Asian countries in order to counter neighbouring China's aggressive policy in the region. New Delhi is well aware of China's plan to corner India in its own backyard by developing Hambantota Port in Sri Lanka and Gwadar Port in Pakistan.

Gadkari told the media: “The Shipping Ministry is closely following the developments in regard to the Payra Port so as to secure our national and strategic interests.” He said that it would be important for India to counter China's 'String of Pearls' strategy on the

basis of which the Asian giant is creating assets across the circumference of the Indian Peninsula in the Indian Ocean Rim region.

Meanwhile, the minister revealed India started constructing a bridge over the Feni River in Tripura mainly to transport heavy machines and goods to and from the north-eastern provinces and the rest of India via Bangladesh through the Chittagong international port. Earlier, Dhaka had agreed to allow New Delhi to use the Chittagong port that is situated about 72km from Tripura's southern border town of Sabroom. Prime Minister Modi and his Bangladeshi counterpart Hasina had jointly laid the foundation stone of the bridge on June 6-7, 2015.

Gadkari met the press a couple of weeks after India secured a deal with Iran to set up the strategically important Chabahar Port in the West Asian nation with an initial commitment of USD 500 million. The minister claimed that the Chabahar project would help serve India's interests not only in the Persian Gulf region, but also in the broader region (read Central Asia). Experts opine that the immediate benefit of developing the Chabahar port will be cheaper gas availability that can help India reduce its subsidy bill by nearly USD 6-7 billion.

**Source:** [Inserbia](#), 12 June 2016

### **Korean Shipbuilders Sign MOUs for Iranian \$2.4bn Shipbuilding Projects**

Huh-Sung Soo

Hyundai Heavy Industries (HHI) and Daewoo Shipbuilding & Marine Engineering Co (DSME) have reached preliminary deals estimated at some US\$2.4 billion with an Iranian shipping company and an Iranian petroleum company to build ships, tankers and offshore equipment.

HHI and DSME are in talks with Islamic Republic of Iran Shipping Lines (IRISL) and Iranian Offshore Oil Co. (IOOC) for contracts to build container carriers, bulk carriers and tankers, which together are valued at roughly US\$2.4 billion, according to Wall Street Journal on June 7.

However, the efforts have fallen short of reaching official contracts, but just signed memorandum of understandings (MOUs). It also noted the South Korean shipbuilders are in a fierce competition with other foreign shipbuilders including Chinese companies, the US-based economic daily added.

The Iranian government has been working hard to revitalize its economy since the economic sanctions on Iran were lifted early this year. The situations on the ground, however, have turned out to be slow in recovery, which makes the Iranian counterparts in the talks encounter cash shortages to complete these deals. Such a situation might lead to a state-to state crude oil deal where the Korean government gets the crude oil from the Iranian government and gives a cash warranty to the Korean shipbuilders for the 20% down payment.

Hyundai Mipo Dockyard, a subsidiary of HHI, signed a MOU with IRISL for orders of 10 tankers and at least six handy-size bulk carriers. The Hyundai Heavy is also in talks with IRISL for building around six container carriers with a 14,500 TEU capacity. In this deal, however, HHI is known to be in competition with China's Dalian Shipbuilding Industry Co. IRISL operates about 115 oceangoing vessels, with a total of capacity of 3.3 million tons. But most of the ships are old, and have been declassified or deemed unsafe to travel. While modernizing vessels, IRISL is chartering ships from foreign shipping companies including Greek carriers.

DSME is in a negotiation with IOOC to deal orders of at least five jack-up rigs. But the deal also reached just signing a MOU. In fact, rig orders are rare these days as oil prices are low and offshore drilling is expensive, which is raising a competition among major shipyards including Chinese companies.

**Source:** [Business Korea](#), 13 June 2016

## **COSCO vessel berths at Piraeus port on way to historic transit through expanded Panama Canal**

Maria Spiliopoulou

COSCO Shipping Panama, the vessel that was selected to make the first historic transit through the expanded Panama Canal later this June, berthed at Piraeus port and left Greece on Saturday with the best wishes of Panama Canal Authority officials and China COSCO Shipping Corporation Limited top managers for the landmark sail.

On June 26 the China COSCO Shipping Corporation Limited operated ship which is owned by American-based MC-Seamax and chartered to COSCO Shipping Lines, will be the first and only "Neopanamax" vessel that will go through the new lock at the Panama Canal. The 299.99-meter-long container vessel with a carrying capacity of 9,443 TEUs will be recorded into the international shipping history during a ceremony attended by heads of states and major maritime stakeholders that will mark the conclusion of a nine-year project.

On Saturday during a reception and tour on the vessel at the premises of China COSCO Shipping's subsidiary Piraeus Container Terminal (PCT) at Greece's largest port, the Indian captain of the vessel, Jude Sebastian Rodrigues, Weng Lin, Vice President of COSCO Container Lines Europe and Panama Canal Administrator Jorge Luis Quijano briefed Xinhua and local media on the ship's history and operations, its milestone passage and the significance for Panama, COSCO and the global shipping industry.

The Marshall Islands-flagged vessel was built in the Hyundai Samho Shipyard in South Korea and delivered on Jan. 15, 2016. Currently, it is in service in the route from the Far East to the Black Sea with a 22-member crew. Currently, the ship is in service in the route from the Far East to the Black Sea. In this special historic voyage, the COSCO SHIPPING PANAMA set out from Dalian Port on April 23, and it is expected to arrive in Shanghai on Aug. 6. From Piraeus, it sails directly to Panama to pass through the canal within about 12 hours and then stop at South Korea before reaching Shanghai.

"It is a great honor for me to be Captain of the COSCO Shipping Panama. Having the vessel selected to make the first transit across the Canal is an honor not only for the vessel and its crew, but also for COSCO Shipping and all its employees working on board and at sea," Captain Rodrigues said.

"The inauguration of the Canal in itself is a significant event and marks a milestone in the development of the global shipping industry. We are full of excitement and expectation for this ceremony, feeling glorious about being able to have the opportunity witnessing this historic event," he stressed.

The captain also noted that as one of the most important shipping passages in the world, the Panama Canal plays an important role in the development of global trade and its expansion reflects the industry's efforts to follow the trend of mega ships against the background of globalization by upgrading global maritime infrastructure.

Speaking to Xinhua during Saturday's event, Panama Canal Administrator Jorge Luis Quijano hailed the completion of the major project as the start of a new era for Panama and the global shipping industry and trade, as it provides to all sides a great opportunity for further growth.

"We believe it is an opportunity for Panama to grow further. The canal had reached its point of almost no further go unless we expanded it. Now we can almost double the capacity of the canal with this new system that we have installed," he explained.

"I think the opportunity we offer to the shipping community is that now we are able to offer a new product that means you can have a different packaging, you can bring a big vessel instead of a Panamax which is 4,000 TEU, you can go all the way to 14,000 TEU vessels," he stressed.

There is already big interest in transits through the new locks, he said. The Panama Canal Administration has already received bookings for the next 90 days for at least 120 transits and most ships are containers of more than 8,000 TEUs.

Regarding the selection process for the first historic passage on June 26, Quijano said that the "ship was selected by itself." The COSCO Shipping Panama was a vessel that was meeting all criteria set by the Authority when they informed their top 16 customers on the inauguration ceremony. COSCO is one of the canal's top ten customers.

Weng told Xinhua that PCT is a major part in the "Belt and Road" initiative and COSCO Shipping Panama's sailing from PCT for the expanded Panama Canal inauguration marks a major step for the company to explore further the global shipping market.

COSCO Shipping Panama is the first vessel with the logo of "COSCO SHIPPING" after the establishment of China COSCO Shipping Corporation Limited through the merger and restructuring of COSCO Group and China Shipping Group on Feb. 18, 2016. For COSCO Shipping the expansion and upgrade of Panama Canal will also support the company in expanding its global business and improving its overall customer service.

**Source:** [Xinhuanet](#), 12 June 2016

## **Myanmar struggles to clear Yangon port jam; Port delays could stymie industries**

Indian Express

Myanmar's new government has been grappling with its first economic management crisis, as a weeks-long traffic jam of cargo ships at the country's biggest port threatens to scare potential investors away and choke off nascent economic growth.

The bottleneck at the dilapidated port was caused by a spike in demand for goods as the opening up of the economy accelerates following a historic election win by Aung San Suu Kyi's National League for Democracy (NLD) in November.

"Because of the general growth of the economy we are packed. The ships have nowhere to go," said Ma Cherry Trivedi, managing director of Ayudroma International, an

advisor to Myanmar Industrial Port (MIP), where congestion has been worst. Myanmar boasts one of the world's fastest growing economies, expanding at 7-8 per cent in the years since the military relinquished direct control in 2011.

But its main port has changed little since the end of British colonial rule nearly 70 years ago – emblematic of ramshackle infrastructure that could hold back the foreign investment if Suu Kyi needs to live up to sky-high expectations and remake a country impoverished by decades of junta rule. The number of ships docking in Yangon has doubled over the past decade and the number of containers has jumped fourfold, data shows, clogging up inadequate storage space, overwhelming sclerotic logistics systems and delaying deliveries.

“We bring in the steel, the cement, everything you can think of...as infrastructure grows, which is the key aspect of any development in a country like Myanmar, you are going to see massive growth in imports,” said Ma Cherry Trivedi. Western shipping lines are largely confined to a single creaking terminal within the port, because of reluctance to use other facilities operated by Asia World, whose majority owner Steven Law remains subject to U.S. sanctions.

The tipping point into a crisis came when MIP miscalculated the volume of incoming shipments before a three-week holiday in April, when the country largely shut down, shipping companies operating at the terminal said. That meant up to 10 ships faced delays of as long as two weeks to have their cargo unloaded, causing the biggest jam the port had seen in modern times.

Industry sources said the hold up cost major shipping lines millions of dollars a week. “There was no proper cooperation between shipping lines, container storage facilities and terminal operators. Chaos,” said Aye Lwin, Joint Secretary General of Myanmar's Chamber of Commerce, who was involved in efforts to resolve the jam.

Myanmar's presidential office announced emergency measures in mid-May to tackle the congestion, including 24-hour port operation and customs clearance, and ordered daily reports from the ministers of commerce and transport.

Some of the biggest shipping companies, such as Denmark's Maersk Line Ltd, dispatched their own specialists to help manage the situation. By Thursday, the backlog had been largely cleared, Ma Cherry Trivedi said, although additional staff flown in by shipping lines remained in place, as did the emergency measures, to prevent cargoes piling up once more.

Tatsuya "Ricky" Ueki, managing director at shipping company MOL Myanmar, said the port infrastructure has not caught up with the economic development of the country. "There's no easy way out of this, but billions of dollars in the country's development hinge on how aggressive the government is in solving the problem," said Ueki.

The port jam underscores the challenges Suu Kyi's government faces to keep growth going and attract investment to a country struggling to compete with neighbours in sectors such as garment exports, which rely on accurate and timely deliveries.

"Lead times are very important," said Jacob Clere, who works on a European Union-funded project to improve Myanmar's garment industry. "Taking a few days longer than those in the region, they (garment brands) will avoid Myanmar until the lead time is shortened."

Another factor contributing to the port disruption has been a crackdown by China on sugar smuggling, officials said. Up to 1 million tonnes of sugar is trafficked into China every year, experts say, mostly entering the country from India and Thailand via Myanmar. In March, just before the handover of power, Myanmar's outgoing government issued additional "re-exporting licences" to sugar traders, Aye Lwin of the chamber of commerce said.

That meant that, just as port operations were closing down for the long April holiday, "four vessels came and discharged about 20,000 or 30,000 containers," said Aye Lwin. "These containers couldn't move for the time being, they were blocked." As China stepped up inspections, he said, "our cargo got stuck on the border. So a lot of containers cannot move and a traffic jam is formed all the way to the jetty in Yangon".

“There should be quotas and some predictability,” Aye Lwin added. “Our governments should talk about it. Otherwise, it’s a total mess.”

**Source:** [Indian Express](#), 10 June 2016

## **U.S. Shipping Industry Slams Amendment Seeking to Exempt Puerto Rico from the Jones Act**

Mike Schuler

U.S. shipbuilders and the greater maritime industry are fighting back against an amendment offered to a draft Puerto Rico debt relief bill currently advancing in the House seeking to exempt the Commonwealth from the Jones Act. The amendment was offered by Alabama Congressman Gary Palmer (R-AL) to the proposed H.R. 5278, the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), which seeks to create a legal framework for the federal government to oversee the fiscal and budgetary affairs of certain U.S. territories, and Puerto Rico in particular.

In a press release, Congressman Palmer argues that exempting U.S. territories from the Jones Act has proven to be a stable and successful way of improving a territory’s economic environment, providing the baseless example that the costs of shipping goods to U.S. Virgin Islands, which is exempt from the Jones Act, from the U.S. mainland are now nearly half that of shipping to Puerto Rico.

“Relief from the Jones Act would allow the cost of living in Puerto Rico to decline, allowing residents to stretch their wages further than before,” said Congressman Palmer. “If Congress wants to help Puerto Rico we must provide them with opportunities to better their economy and lower their cost of living, not bail them out without any forward thinking solutions.”

Sponsorship of the amendment by Rep. Palmer is surprising given that Jones Act shipping and shipbuilding is a major industry in Alabama. Fighting back against

Palmer's claims, Matthew Paxton, President of the Shipbuilders Council of America (SCA), released a statement slamming the political nature of the amendment to spite U.S. jobs.

"Given that the Jones Act and U.S. shipyard industry support more than 12,800 jobs and contributes over \$953 million in GDP to the U.S. economy from Alabama alone, we are disappointed that Rep. Palmer seems to be more focused on political maneuvering than on protecting our nation's domestic and economic security. Exempting Puerto Rico from the Jones Act would do nothing to address island's debt crisis and would actually jeopardize the more than \$1 billion the U.S. maritime industry has invested in the Puerto Rican shipping trade, as well as the thousands of good-paying jobs on the island," Paxton said.

For months, shipping industry stakeholders have been keeping a close watch on Jones Act opponents who have been actively working to tie the debt crisis in Puerto Rico to the maritime industry, but supporters of the Jones Act see things differently. Speaking at the annual Tradewinds Jones Act Shipping Forum last September, Tom Allegretti, Chairman of the American Maritime Partnership (AMP), explained:

"Some in Puerto Rico have suggested that a Jones Act exemption be included in the legislative package under the erroneous theory that the Jones Act is bad for Puerto Rico. But here's the kicker: If Congress did that – include an anti-Jones Act amendment in the package – the chances of the overall package getting enacted into law would diminish. That's because the presence of an anti-Jones Act amendment would reduce or subtract the number of Members of Congress who would vote for the overall bill. So Puerto Ricans would be undermining – and maybe even sabotaging – their own assistance package by including an anti-Jones Act amendment in it."

Speaking to Palmer's amendment to H.R. 5278, Allegretti stressed that the Jones Act is not the cause for the island's financial woes, and that any vote against the Jones Act is a vote to outsource American jobs, undermine national security, and degrade homeland security. "Weakening the Jones Act would harm, not help, the Puerto Rican people and the Commonwealth's economy. In fact, a vote against the Jones Act is a vote to

outsource American jobs, undermine national security, and degrade homeland security,” Allegretti said in the statement.

Echoing these sentiments, Edward Wytkind, president of the Transportation Trades Department, AFL-CIO (TTD), released his own statement: “The Jones Act has served as an indispensable role in promoting American economic and national security since 1920. Exempting Puerto Rico from the Jones Act not only threatens our military sealift capabilities and thousands of domestic seafaring and shipbuilding jobs, but potentially further damages Puerto Rico’s already fragile economy. This amendment could increase shipping rates for Puerto Rico, erode an important, dedicated Northbound route for exports and undermine ‘just in time’ delivery methods for goods traveling in both directions.”

Rep. Duncan Hunter, Chairman of the House Coast Guard and Maritime Transportation Subcommittee, also recently stressed the importance of the Jones Act in the Washington Times, saying:

“It’s imperative not to conflate the unrelated issues of Puerto Rico’s debt and the Jones Act, and to fully grasp the importance of ensuring the safe transport of goods between American ports. There must also be acknowledgment of the dire consequences of exposing ports and waterways to foreign seafarers.”

H.R. 5278 is likely to be debated by the U.S. House of Representatives beginning Thursday. Meanwhile the House Rules Committee is expected to decide on Wednesday which amendments, if any, would be attached and up for debate by the full house.

**Source:** [Gcaptain](#), 8 June 2016

## **Korean shipbuilders speed up Restructuring**

Park Han-na

Restructuring in the struggling Korean shipbuilding industry is in full swing, with shipyards set to push their self-restructuring schemes after receiving the go ahead from creditors. Among the nation's top three shipbuilders, Hyundai Heavy Industries and Samsung Heavy Industries received approvals from their respective creditors for their debt restructuring proposals last week. Daewoo Shipbuilding & Marine Engineering is awaiting its key lender's green light. Daewoo Shipbuilding is in the final stage of negotiations with its main creditor Korea Development Bank to gain support for its self-rescue plan worth some 3.4 trillion won (\$2.86 billion).

Daewoo Shipbuilding was supposed to get a nod from creditors at the end of May, based on results of a stress test completed around the time. But the two parties have not come up with a finalized plan so far because of a drop in new orders this year, which further squeezes the shipbuilder's balance sheet. "The creditor may confirm the plan this week at the earliest," a source said. On May 29, the shipyard submitted its debt restructuring measures which aim to secure liquidity by cutting 2,300 employees and selling assets including two floating docks.

With the latest measure, the shipyard has drawn up self-rehabilitation plans worth 5.26 trillion won since last October when it mapped out a 1.85 trillion-won program in return for 4 trillion won in financial aid. Samsung Heavy seeks to roll over 250 billion won debt maturing in June, from commercial lenders like KB Kookmin Bank and Shinhan Bank. According to industry sources, Samsung Heavy's main lender Korea Development Bank is expected to extend the maturity of 600 billion won of debts. But KB and Shinhan have not decided whether they will roll the debt over.

If creditors agree on the bailout plan, the shipbuilding arm of Samsung Group will be able to speed up sales of its noncore assets such as the Pangyo R&D Center and Samsung Hotel Geoje to raise cash. "Success or failure of the debt maturity extension will become a chance to see the market's view on the plan whether financial firms think

that the scheme is sufficient or not,” a source said. The country’s three largest shipbuilders closed 2015 with combined losses of more than \$6 billion due to a trade slowdown, a glut of vessels and low freight rates hitting the global shipping industry.

Hyundai Heavy has mapped out 3.5 trillion won worth of self-rehabilitation measures, including asset sales and workforce reduction, in order to stay afloat amid a drop in new orders. Under the shipbuilder’s self-rescue plans, which are temporarily approved by the financial authorities and its creditors led by KEB-Hana Bank, it will sell noncore assets, including shares in companies that it has invested in, and cut its workforce, which will reduce its debt-to-equity ratio to below 100 percent by 2018.

**Source:** [Korea Herald](#), 5 June 2016

## **6 top international shipping firms forge alliance**

William B. Depasupil

An alliance forged by six of the world’s largest multi-services shipping companies is expected to revolutionize the maritime industry in the next five years and beyond. The new partnership, dubbed as “The Alliance,” is an expanded alliance of G6 and CKYHE, and is expected to counter the dominance of global giants Maersk Line and Mediterranean Shipping Co. (2M).

The new alliance was announced simultaneously in Hamburg and Seoul, and is composed of industry leaders Nippon Yusen Kaisha, Hanjin, Hapag-Lloyd, K-Line, Mitsui O.S.K Lines, and Yang Ming Transport Corp. The massive integration plan is expected to create a reliable shipping service in the East-West Trade lanes, which covers Asia-Europe/Mediterranean, Asia-North America West Coast, Asia-North America East coast, Transatlantic and Asia-Middle East/Persian Gulf/Red Sea.

Statements from the official websites of the partner firms said that the binding agreement is scheduled to be implemented in April 2017 subject to approval of all relevant authority. The initial term of cooperation will be five years.

The move, they said, will build one of the leading networks in the container shipping industry combining approximately 3.5 million TEU (twenty-foot equivalent unit) which reaches 18 percent share of the global container fleet capacity. TEU is the standard unit for describing a ship's cargo carrying capacity, or a shipping terminal's cargo handling capacity. A standard 40-foot container is equivalent to two TEUs.

All six partners operate advanced and competitive fleets with a total of more than 620 ships, which will be the basis of a dedicated fleet deployed into the groups' future service portfolio. With their combined resources, the partner firms pointed out that their clients will be able to enjoy an outstanding product characterized by fast transit times, high-frequency sailings and expansive port coverage.

"This agreement is a milestone and will enable the six partners of The Alliance to offer sailing frequencies and direct coverage in the market," member carriers said in a statement. "The unique product will feature enhanced port coverage in Asia, North America, Europe including the Mediterranean as well as Middle East. The network of The Alliance will ensure frequent sailings, high reliability and very attractive transit times for all shippers in the East-West trade lanes," it added.

Jeremy Nixon, NYK Chief Executive Officer, in a separate statement, expressed confidence that the move would yield the expected results envisioned by the partner companies when they agreed to form The Alliance. "Some external parties may be artificially trying to raise concerns about there being major disruptions when the switch takes place. In reality, the members have plenty of experience in terms of creating and disengaging from joint agreements, and typically this is carefully planned in advance, and timed to coincide seasonally with the weakest demand period," Nixon said.

"It will be in everyone's interests to be as cooperative as possible, and to ensure that the disengagement and reengagement process is handled as smoothly as possible post

Chinese New Year 2017,” Nixon added. Hapag-Lloyd, a German-Chilean leading global liner shipping firm, has 177 modern container ships with approximately 9,500 staff at more than 366 locations in 118 countries. It is the world’s fifth largest container carrier in terms of vessel capacity. Hanjin Shipping, on the other hand is South Korea’s largest and one of the world’s top 10 container carriers that operates some 60 liner and tramper services around the globe transporting over 100 million tons of cargo annually. Its fleet consists of some 170 container ships and bulk carriers.

Hanjin has four regional offices located in the U.S., Europe, Asia and South East and West Asia, approximately 5,800 global staffs as well as 12 container terminals in the world’s major ports. Mitsui O.S.K Lines Ltd. (MOL) is a Japanese-owned international transport company. Its major shareholders are Japan Trustee Services Bank, Ltd., The Master Trust Bank of Japan, Ltd., Mitsui Sumitomo Insurance Co., Ltd. Sumitomo Mitsui Banking Corp. Trust & Custody Services Bank, Ltd., The Nomura Trust and Banking Co., Ltd., Mizuho Bank, Ltd., The Bank of New York Mellon SA, State Street Bank West Client-Treaty and Sumitomo Life Insurance Company.

The MOL Group is operating 896 fleets and has some 10,508 employees. Yang Ming Marine Transport Corp. is a Taiwan-based shipping company. It currently operates 85 container ship and 17 bulk carriers. Yang Ming’s service scope covers over 70 nations with more than 170 service points. K-Line is also a Japanese shipping company with overseas offices in Manila, Middle East and Yangon. K-Line is operating 68 container ships, 369 bulk ships, 48 energy transport and tanker ships, and 65 others vessels for other businesses.

**Source:** [The Manila Times](#), 4 June 2016

## **Maritime Energy Efficiency Project Forges Ahead**

Global Trade

A global train-the-trainer workshop on maritime energy efficiency was held in China in late May, preparing personnel needed to cascade knowledge on energy efficiency for ships and related efforts for mitigation of greenhouse gas emissions from international shipping.

The five-day course was organized by the International Maritime Organization (IMO), within the framework of the Global Maritime Energy Efficiency Partnerships (GloMEEP) Project. The workshop was co-hosted by the China Maritime Safety Administration (China MSA) and Dalian Maritime University (DMU).

The GloMEEP project supports implementation of energy-efficiency measures for shipping. China is one of the ten lead pilot countries implementing the GloMEEP project.

The 30 participants on the course—including two from each GloMEEP pilot country and ten national participants from China—underwent training in the art and techniques of knowledge transfer in a classroom environment, alongside comprehensive technical training on energy efficient ship operation and the regulatory requirements.

Welcoming the trainers on the course, Jose Matheickal, Head of Integrated Technical Cooperation Programme Implementation and Major Projects, Marine Environment Division, IMO, referred to the challenges set by the Paris Climate Change Agreement to reduce greenhouse gas emissions and recalled that IMO has adopted mandatory energy-efficiency measures under Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL). These regulations made mandatory the Energy Efficiency Design Index (EEDI) for certain types of new ships, and the Ship Energy Efficiency Management Plan (SEEMP) for all ships.

“We have a long way to go and the road ahead is challenging for many developing countries who may not have the necessary capacity to implement and enforce these measures,” said Matheickal. “To increase the impact of these measures and to ensure that no one is left behind, we need to enhance the capacity in all countries in all aspects of implementation of MARPOL Annex VI. Collectively we can train the world so that collectively we can ensure the future of our planet.”

“I consider this activity to be a milestone event for IMO where we continue to build and strengthen the foundation for capacity building by growing the pool of trainers around the world,” said Stefan Micallef, Director of IMO’s Marine Environment Division. “It shows the commitment of IMO to respond to the needs of our member states to support effective implementation of the international regulations on energy efficiency for ships.”

The workshop was facilitated by international and national experts on ships’ energy efficiency and was coordinated by the Project Coordination Unit of GloMEEP.

**Source:** [Global Trade](#), 7 June 2016

### **Rs 50,000 crore to be invested in Paradip port**

The Indian Express

Paradip port will be developed into one of the biggest ports with an investment of Rs 50,000 crore to increase its capacity to 325 million tonne from the present 112 million tonne within the next five years.

Announcing this here today, union minister for road transport, highways and shipping Nitin Gadkari said with the increase in transportation of goods by waterways, Paradip will turn into growth engine of Eastern India. Gadkari, who was here as part of the Vikas Utsav being observed by the NDA government at the Centre on completion of two years in office, said Talcher-Paradip railway line project will be started at a cost of Rs 7000 crore. On completion, the railway line will be used for transportation of coal to the port.

The Centre has set up the Indian Port Rail Corporation to construct, operate and maintain rail and road infrastructure to facilitate connectivity for transportation of goods from ports, he said. The union minister said target has been set to increase the production of coal by the Mahanadi Coalfields Limited (MCL) to 300 million tonne from the present 60 million tonne. The coal will be transported through the Paradip port, he said and added that this will save Rs 10,000 crore.

Stating that the Centre has given priority on development of waterways to bring down the cost of transportation, Gadkari said Bramhani river has also been included in the national waterways number-5. The minister said while 47 percent of transportation of goods in China is through waterways, in India only 3.5 percent of goods is transported through waterways. Stating that infrastructure development is a priority area of the Centre, Gadkari said `80,000 crore will be invested during the next four years for taking up irrigation projects. He said Rs 20,000 crore has been earmarked in the 2016-17 central budget for development of irrigation potential through the Pradhan Mantri Sinchai Yojana.

Gadkari said development of agriculture sector and welfare of farmers is also a priority area of the government. He said Rs 9 lakh crore will be provided to farmers as loan for which `20,000 crore budget provision has been made for subsidy. Referring to the controversy over toll gates set up by National Highways Authority of India (NHAI), the minister said no toll gate is illegal. Stating that the busowners had met him to discuss the issue, Gadkari said the ministry is considering providing relief to the passenger carriers. However, the proposal will have to be approved by the union cabinet, he said.

**Source:** [The Indian Express](#), 10 June 2016

## **Global Shipping Law Deadlines catches Kenya unawares**

Patrick Beja

Importers using the port of Mombasa have expressed fear that Kenya and its neighbours might miss a global deadline requiring them to weigh all cargo at the port of loading before it is shipped.

The International Maritime Organisation (IMO) imposed the regulation three years ago to improve maritime safety and integrity of cargo by tracking its weight on transit and set July 1 this year as the deadline for shippers to comply. Cargo owners in the region have indicated it would take urgent preparations and further sensitisation for the country to meet the July 1 deadline. East African Shippers Council (EASC) chief executive officer Gilbert Langat said although the global rule was agreed upon three years ago, Kenya might be forced to negotiate for extension of time because it was not yet ready less than a month when the new rule enters into force. Mr Langat said it was not yet clear what percentage cost would be factored as weighing charge and exactly where the exercise will take place; at the port of Mombasa or container depots.

"There is need to identify third parties with well calibrated weighing equipment to avoid any hitches. It is also important for the Kenya Maritime Authority (KMA) as the industry regulator to determine the percentage cost of weighing the containers and ensure there is no exploitation in the process," Langat said. KMA has said it would be mandatory in Kenya to determine the weight of packed shipping containers before they are loaded onto ships. The new safety measure was based on international regulations developed by the United Nations International Maritime Organisation (IMO).

With the new regulation in force, it is hoped shipping experts will ascertain exact weight of cargo ships carry across the seas. KMA which regulates the maritime industry says the new measures are meant to improve safety of life at sea by July 1 this year. KMA acting managing director Mr Cosmas Cherop said in a public notice on Thursday the regulation on Verified Gross Mass (VGM) of packed shipping containers will come into force on July 1 this year and that cargo owners who fail to comply would not have their containers loaded onto vessels at the port of Mombasa. "The shipper shall be responsible for obtaining, documenting and communicating to the port and the shipping line the VGM, that is total gross mass, of the packed container.

Failure to which a packed container received at the port without the verified gross mass shall not be loaded into a ship," cautioned Mr Cherop. According to KMA, the

requirement followed the amendment of the International Convention on the Safety of Life at Sea (Solas) at Chapter VI Section 2.

**Source:** [Standard Digital](#), 13 June 2016



### **Southeast Asian infrastructure benefits heavily from One Belt One Road**

Turloch Moony

Southeast Asia's infrastructure is emerging as a major beneficiary of China's One Belt One Road policy, with Chinese companies accounting for 17% of infrastructure investment across the region in 2015, according to Citibank.

In a note to investors, the bank said the favorable demographics, strong natural resource base and strategic location of the ASEAN countries mean they are attracting a high proportion of China's overseas direct investment outflows, nearly a third of which go towards infrastructure development.

Citi estimates ASEAN's infrastructure needs investment in the order of USD100 billion a year for the coming 10 to 15 years, up to six times historical levels, with particularly high demand for funding of transport and power infrastructure.

In the case of transport, improving port infrastructure and hinterland links is widely seen as central to reducing logistics costs and increasing the competitiveness of economies such as Indonesia, the Philippines, Cambodia, and Myanmar, where ports and hinterland links suffer from congestion, inefficiencies, and poor productivity.

“Removing many of the inefficiencies associated with exporting could lower the prices of goods and services as well as enabling retailers to stock a broader range of merchandise. In addition, improved logistics networks (in terms of both cost and efficiency) will speed time to market and allow companies to be more nimble in responding to new demand,” according to a report by McKinsey & Company entitled *Southeast Asia at the Crossroads: Three Paths to Prosperity*.

Major port projects in southeast Asia that have had Chinese investment include the expansion of Kuantan Port and phase 1 development of Samalaju Port, both in Malaysia. Here the backers were Guanxi Beibu International Port Group and China Harbour Engineering Company. The development of Tanjung Sauh Port on Batam Island in Indonesia was funded by China CAMC Engineering Company, and the construction of a deepsea port on Madae Island, Rikthane State, Myanmar, received investment from China National Petroleum Corporation.

Several large Chinese-backed railway and road development projects are also under way across the region. While One Belt One Road is meeting part of the region's financing needs, it may not overcome non-financial barriers to infrastructure development, including land acquisition, domestic political instability, and corruption, the bank said.

Ensuring the right regulatory environment for projects is also a key challenge, with fears on the part of foreign investors about the political and legal influence of local business entities and problems that might arise in partnerships, or other areas, during project development and operations. One Belt One Road is most likely to be acting as a catalyst for additional investment in Southeast Asia by countries such as Japan, but China is the dominant player.

“China's advantage is seen to be in its greater physical and cultural proximity to ASEAN. Being in the middle of supply chains, China has greater scope for vertical integration with ASEAN economies, as compared with Japan, which is largely at the ‘terminal end’ of the supply chain, specialising largely in high-end segments,” the bank said.

According to Citibank, Chinese policy-makers have four main objectives with One Belt One Road. As a facilitator of Europe-Asia connectivity, one of these is to expand international markets for Chinese goods. A second is to secure raw materials for China, which the bank says is becoming a more pressing issue because of vertical integration of regional supply chains within China.

Further objectives of the programme are to provide outlets for excess capacity in China's restructuring economy and to promote the internationalisation of the renminbi as an invoicing currency for international trade.

**Source:** [IHS Maritime Portal](#), 7 June 2016

### **Fish and reefs under siege as feuding South China Sea claimants refuse to cooperate**

Li Jing

Tensions among China and Southeast Asian countries with territorial claims in the South China Sea are creating a conservation vacuum and taking a heavy toll on the ecology of an area known for its biodiversity, conservationists warn.

They say the hostility harboured by rival claimants, and the resultant lack of intergovernmental cooperation, has prevented any meaningful projects to combat illegal fishing, the over exploitation of fisheries, poaching of sea creatures and destruction of coral reefs.

The South China Sea, one of the world's five most-productive fishing zones, suffers from severe illegal, unreported and unregulated (IUU) fishing activities by 12 countries or territories, so much so that its marine resources have been fished down to 5 per cent to 30 per cent of their 1950 levels, according to a study by researchers at the University of British Columbia in Canada, published last year.

“Much of the South China Sea is basically a ‘free-for-all’ [area] in terms of fishing ... fishers of all countries in the area are heavily involved in IUU activities,” said Dr Michael Fabinyi, a senior research fellow at University of Technology Sydney, who has studied the use of marine resources. Destructive fishing practices – including bottom trawling, dynamiting and using cyanide to catch fish – were widely used in the area, severely damaging marine habitats and coral reefs, the Canadian study said.

Overfishing and habitat destruction had directly contributed to a reduction in biodiversity, with marine megafauna such as dugongs, formerly abundant along the coasts of Malaysia and southern China, now rarely found. It said countries bordering the South China Sea should work together to address common problems, but competing territorial claims and historical animosity had created strong barriers to intergovernmental cooperation on marine and fisheries issues.

Mainland China claims more than 250 islands, reefs and sandbars in the South China Sea that are also claimed in whole or in part by Vietnam, the Philippines, Malaysia, Brunei and Taiwan. China's increasing assertiveness over its territorial claims and counter reactions by other countries only made things worse, said Professor John McManus, a marine biologist at the University of Miami in the United States.

"Any time one claimant tries to implement a fishery regulation, the other claimants are obliged to protest it," he said. "Otherwise, it is widely believed that their compliance with the regulation would be evidence that they recognise another nation's authority and thus, ownership of an area. "It makes little sense to argue over who should control the fisheries when the fisheries and their supportive ecosystems are being rapidly degraded." A Manila-based environmental campaigner said the animosity between the Chinese and Philippine governments made illegal poaching and trading of endangered sea turtles by fishermen from the two countries easier due to the lack of joint operations between their coast guards.

A Beijing-based staff member at a green group, who requested anonymity, said that in China, which accounted for about 45 per cent of the commercial catch in the South China Sea, the political and diplomatic significance of the territorial claims had made it "taboo" for conservation groups to even talk to the fishery authorities about over fishing and other illegal practices. "We tried to approach officials from the fishery authorities to see if there are chances for possible cooperation projects to tackle illegal fishing in the South China Sea, but were told it's out of their responsibilities and is a diplomatic issue," he said. "They are approachable on other issues, but regarding the South China Sea, it is impossible."

Chinese fishermen received “special diesel subsidies” of 168,557 yuan (HK\$198,740) a boat from a local government in Hainan province in the middle of last year for month-long voyages to the disputed Spratly Islands, amid claims China is using its vast fishing fleet as an advance guard to press its expansive territorial claims in the South China Sea.

Overfishing is not the only threat to the ecology of the South China Sea, which a Chinese official admitted in May had been “rapidly degrading” for many years, with more than 80 per cent of the coral reefs and 73 per cent of the mangroves present in the 1970s having disappeared. McManus said the most widespread physical damage to coral reefs across the Paracel Islands and Spratlys was from giant clam harvesting – to make expensive artefacts – by fishermen from Hainan province’s Tanmen township.

“They anchor small boats and pull them with the propellers on ... the process spreads sand and silt into the water, which then kill nearly all coral reef animals,” he said. More than 40 reefs had been severely damaged, with another 20 under threat.

Destructive as that was, McManus said it was intensive island construction work that spelled the “death sentence” for damaged reefs. “It is often claimed that China built islands only on areas of dead coral. This is actually true,” he said. However, the subsequent burials of coral reefs for island building had permanently destroyed more than 13 square kilometres of coral reefs. “Although other nations in the region have done some reef burial, China accounts for at least 95 per cent of the total damage,” he said. McManus and Fabinyi said the gloomy environmental situation was only likely to improve if calls for the creation of a “Spratly Islands Peace Park” – modelled on the successful Antarctic Treaty and carefully modified for the South China Sea – bore fruit.

“The treaty will see all territorial claims frozen – kept as they are with no changes – and no nations will have to work to prove administrative control,” McManus said. “All will benefit from improved fish catches and from the very high tourist income to be gained from a peaceful South China Sea.”

Fabinyi said: "Although I'm not optimistic this will eventuate, it would surely be an improvement on the status quo for the marine environment."

**Source:** [South China Sea Morning Post](#), 10 June 2016

## **India-US bonhomie may make China allow Delhi into NSG: Experts**

Chidanand Rajghatta

Tact is the knack of making a point without making an enemy, goes the wise saw in diplomatic circles. As some of the more mature and experienced practitioners of art of negotiations, the United States, China, and India appear to be inching closer to accommodating New Delhi at the international (nuclear) high table following Prime Minister Narendra Modi's visit to Washington this past week.

On the face of it, China appears to have balked at, and blocked, India's admission to the Nuclear Suppliers Group that concluded its initial sitting in Vienna in Friday. But officials conversant with the issue say only the opening gambits are in play and all three sides still have many more moves before the matter is resolved to the satisfaction of all. There is no one grand bargain, one official said in a conversation agreed to on basis of anonymity; each side will seek incremental changes and deals in the different areas to advance its national interest.

Purely as an illustration, the official said, US and India may have dropped the reference to South China Sea in their joint statement to assuage Beijing's concern, even as Washington, by shepherding New Delhi into the Missile Control Technology Regime (MTCR), is dangling the same for China (which is not a member of MTCR) in exchange for lifting its objection to India's ticket to the NSG.

Certainly, US diplomats talked up India's membership of the MTCR in a way that would have prickled Beijing ears. A senior administration official observed that membership of MTCR "permits India to continue to advance its non-proliferation leadership in the world and contribute to that regime, to limit missile proliferation in the world".

China is widely seen as a proliferator that has helped rogue regimes and militaries in North Korea and Pakistan acquire advanced nuclear and missile technology. Beijing would have also noted the kind of advances US and India made in technology transfers and cooperation in other frontier areas, including finalising the text of an agreement which will enable sharing of information vital in India's development and, ultimately, deployment of aircraft carriers, and a framework for the US-India cyber relationship, the first such document the US has concluded with any foreign country.

"It will help India and the US work together to shape and protect and advance cyber norms globally, and it will help each country protect its own information and infrastructure from cyber (attacks) as well," a US official said, without alluding to the fact both countries have been victims of cyberattacks from China-based entities. Officials expect China to take note of all these developments before putting a monkey wrench in the NSG wheels that are inexorably moving towards facilitating India's membership, notwithstanding residual token objections from a few other hold-outs to extract small concessions.

While accommodating China's role — sans aggression — in the South China Sea does not appear to be an issue with India and US, the clinching of a US-India agreement to assert primacy in the Indian Ocean region, through which over 70% of the world's energy supplies pass, will be of more concern to Beijing.

Among the documents signed in the run-up to the Modi visit: a 'White Shipping' agreement that allows sharing of information about commercial shipping on the oceans that US officials said "will help India have a much better situational awareness, or maritime domain awareness, of what's going on in oceans around the country". Such an agreement, as a piece of the overall security partnership between US and India, is expected to make China think about whether it is worthwhile to block India's entry to the NSG at the instance of its client state that has an established proliferation record — that too when the membership merely formalises what New Delhi has already achieved with the civilian nuclear deal waivers.

While the next NSG meeting is scheduled for June 20-24 in Seoul, no one is sure if China will take a call by then. Sources said it really depends on what kind of concessions India and the US make to China in the meantime, and how much political capital Obama invests in the exercise. US officials have said it is the Obama administration's stated objective to help India enter the NSG and President Obama is fully behind it. Just ahead of last week's meeting, US secretary of state John Kerry, in fact, wrote letters to all NSG members rooting for India's entry, but it did not make an impression on the Chinese. It might now require President Obama to pick up the phone to talk to the Chinese leadership the way President Bush did in 2008 in case of the nuclear deal.

A resolution of the issue and a broader accommodation between the three countries could lead to a more agreeable G-10 summit on September 4-5, the first hosted by China. It will be the last time Obama and Modi, and possibly Xi Jinping, will be meeting as leaders of their countries.

**Source:** [The Times of India](#), 12 June 2016

## **US – India Defence Ties: Roads and Bridges**

Richard M. Rossow

The visit to Washington, DC by Prime Minister Narendra Modi in June 2016 was meant to bring pending deals to closure where possible, and also to build bridges that will last into the next U.S. administration. In no area of cooperation has progress been more evident than in defense and security ties. Despite the fact that this visit came close on the heels of U.S. Defense Secretary Ashton Carter's visit to India in April, the two governments managed to line up a new set of deliverables and articulate a new set of shared security objectives.

## **Today's Perception from Washington and New Delhi**

Showing progress in the closing months of the Obama administration is critical for the U.S. India security relationship. America's partnership with India is still not sufficiently deep as to automatically warrant attention from the next U.S. administration. America enjoys much deeper partnerships (measured by operations, bases, formal intelligence sharing structures, etc.) with numerous European nations, Japan, Korea, Australia, Kuwait, the United Arab Emirates, among others. In addition, India is not actively involved in managing global security threats such as China's naval militancy in the South China Sea, the rise of the Islamic State, North Korea's nuclear arms developments, or Russia's military adventurism. Working with India is still a choice, not a mandate. But that decision is easier when the next U.S. leader can point to both shared vision, and recent progress on bringing the vision to life. That is certainly the case today.

From India's perspective, however, the U.S. is looming much larger. The United States is India's largest exercise partner, and has become the Indian military's largest supplier of critical defense materiel. And the U.S. and India have conducted some joint operations, notably in a humanitarian relief context. Looking at India's emerging security threats such as cyber-attacks and increased naval presence in the Indian Ocean by rivals, the U.S. partnership as a bulwark against these threats is very important, not to mention the importance of strong U.S. support to bring India in to the global non-proliferation regimes.

### **What was Announced**

During the visit, the two leaders noted the progress made on existing initiatives, as well as a few new areas of cooperation. Four agreements appeared to be the most significant in deepening defense cooperation:

1. Finalizing the text of a Logistics Exchange Memorandum of Agreement (LEMOA). Having LEMOA in place will facilitate planned exercises, as well as potential operations such as disaster relief operations.

2. The plan to finalize a Framework for the U.S.-India Cyber Relationship in the next 60 days. The Framework looks at both commercial as well as defense-strategic areas of cooperation in cyberspace.
3. Agreement to share terrorism watch list information. One of the few areas of “intelligence-sharing” that will be publicly acknowledged.
4. Finalizing the text of an Information Exchange Annex under the Joint Working Group on Aircraft Carrier Technology Cooperation. The Annex is important for continued progress on this landmark project.

Apart from these four announcements, there were other key areas of cooperation such as the indication of American support for India’s inclusion in the global non-proliferation regimes, notably the Nuclear Suppliers Group (NSG) and the Missile Technology Control Regime (MTCR). While these goals have previously been articulated, the real action takes place behind the scenes as the U.S. presses other members to accept India’s application. Having these other tangible signs of progress on U.S. India defense ties ensures maximum U.S. effort in this regard.

### **What’s planned for rest of 2016**

Some analysts portray the June Modi-Obama summit as the last key U.S. India bilateral of the Obama Administration, and that our governments will now coast on our momentum into the election in November. But that is not necessarily the case. The resurgence of ties with India has been powered by a small group of senior U.S. officials. As long as key officials remain in place, notably Defense Secretary Dr. Ashton Carter, the chance of additional tangible progress in our defense relationship remains possible. Looking ahead in 2016, there are a few critical dates on the horizon that will highlight cooperation, or present opportunities to make our security partnership more tangible.

- **Exercise Malabar:** The second consecutive EXERCISE MALABAR that includes the Japanese Navy will take place in mid-June, hosted by Japan.

- **China-Philippines UNCLOS Decision:** This summer the tribunal established under the U.N. Convention Law of the Sea is expected to render a decision on the maritime boundary dispute between China and Philippines. China is a signatory to UNCLOS, yet has chosen not to participate in the proceedings and officials have indicated that the country may not abide by any ruling. This will be a critical test of China's adherence to international rule of law, and other international responses will be watched closely.
- **S. India Strategic & Commercial Dialogue (S&CD):** Expected to take place in late summer, the S&CD is led by the foreign and commerce ministers of both countries. The timing may provide a "deadline" for completing the cyber framework announced at the conclusion of the Modi-Obama summit this month.
- **Opening of U.N. General Assembly Meeting (UNGA):** Prime Minister Modi and President Obama are expected to attend, providing another opportunity for a bilateral meeting.
- **East Asia Summit (EAS):** On September 6-8 leaders of East Asian Summit members, including the U.S. and India, are expected to gather in Laos.

Of course, these are only the key dates we know about today; others will likely present themselves in the coming months. And it does not count the ongoing work streams such as the Aircraft Carrier Working Group, Jet Engine Technology Working Group, and various other sub-cabinet projects that could lead to tangible progress during the year.

Looking further out, leaders from both countries must begin to consider options to ensure the next U.S. administration engages India quickly to ensure continued progress in our security relationship. The most obvious opportunity for senior-level engagement is the Strategic & Commercial Dialogue, noted above, which should happen in mid-2017. It is helpful that the U.S. Congress has come alive to the opportunity that exists to deepen security ties with India. Legislation is pending that can help point to reduced controls over critical defense technologies available to India. This increased Congressional attention can provide an important bulwark against a slowdown that will likely happen after the U.S. presidential election.

There is still time on the clock to mark further progress before the end of the Obama administration. “Coasting to a close” is dangerous, as U.S. India defense ties are still fairly nascent compared to other American security partners. But the trajectory is clear, as is the need for both nations to deepen our defense partnership.

**Source:** [Bharatshakti](#), 12 June 2016

### **World Oceans Day 2016 focuses on preventing plastic pollution**

NewKerela

To emphasise on the importance of oceans in our lives, the United Nations has selected "Healthy Oceans, Healthy Planet" as the theme for the World Oceans Day which is being celebrated across the globe on Wednesday. UN Secretary-General Ban Ki-moon said, Urgent action on a global scale is needed to alleviate the worlds oceans from the many pressures they face, and to protect them from future dangers that may tip them beyond the limits of their carrying capacity. One of the biggest threats to the ocean is plastic pollution.

According to the UN website, plastic pollution is a serious threat because it degrades very slowly, polluting waterways for a very long time. In addition, plastic pollution impacts the health of aquatic animals because animals including zooplankton mistake the microbeads for food. Scientists also fear health impacts for humans. Careful management of this essential global resource is a key feature of a sustainable future. The Indo-US joint statement issued following the meeting between Indian Prime Minister Narendra Modi and United States President Barack Obama on June 7, also referred to the need to work together to combat marine pollution.

The statement said, The leaders look forward to Indias participation at the September 2016 Our Ocean Conference in Washington, D.C. as well as holding of the first India-U.S. Oceans Dialogue later this year, to strengthen cooperation in marine science, ocean energy, managing and protecting ocean biodiversity, marine pollution, and sustainable

use of ocean resources. The concept of a World Oceans Day was first proposed in 1992 at the Earth Summit in Rio de Janeiro to celebrate the worlds shared ocean and our personal connection to the sea, as well as to raise awareness about the crucial role the ocean plays in our lives and the important ways people can help protect it.

World Oceans Day is observed on June 8 every year since 2008. The Indian Ocean, named after India, is said to be the third largest ocean in the world. Oceans cover three quarters of the Earths surface, contain 97 per cent of the Earths water, and represent 99 per cent of the living space on the planet by volume. Over three billion people depend on marine and coastal biodiversity for their livelihoods. Globally, the market value of marine and coastal resources and industries is estimated at \$3 trillion per year or about 5 per cent of global GDP.

Oceans contain nearly 200,000 identified species, but actual numbers may lie in the millions. Oceans absorb about 30 per cent of carbon dioxide produced by humans, buffering the impacts of global warming. Oceans serve as the worlds largest source of protein, with more than 2.6 billion people depending on the oceans as their primary source of protein. Marine fisheries directly or indirectly employ over 200 million people. Subsidies for fishing are contributing to the rapid depletion of many fish species and are preventing efforts to save and restore global fisheries and related jobs, causing ocean fisheries to generate US\$ 50 billion less per year than they could. As much as 40 per cent of the world oceans are heavily affected by human activities, including pollution, depleted fisheries, and loss of coastal habitats.

Source: [newKerela](#), 8 June 2016

### **Indian Navy to harness solar, ocean energy**

Odishasuntimes

Aiming to reduce its carbon footprint, the Indian Navy has set a target of producing 21 MW of solar power and is also looking at tapping the energy of oceans for power

generation, a statement said. For this, the navy has pledged to use 1.5 per cent of its work budget for generating renewable energy, it said in a statement on World Environment Day.

An official statement said the navy has set itself an “aggressive target” of 21 MW solar power installation, to be implemented in three phases. The initiative is in line with the National Mission for achieving 100 GW solar system installations by 2022. “Additionally, the navy has also pledged to use 1.5 percent of its works budget towards renewable energy generation,” the statement said.

“Under this scheme, solar projects are being undertaken at various naval stations across all Commands. Naval stations, with scarce available land, have resorted to the deploying rooftop solar PV panels,” it said. The statement added that while the renewable energy scenario in the country is dominated by solar and wind energy, the navy is also exploring the possibility of harnessing the renewable energy from oceans.

“Towards this, in consultation with pioneers in the field and the Ministry of New and Renewable Energy (MNRE), feasibility of exploiting ocean thermal energy and wave energy as sources of power, are under discussion,” the statement said. Sunday marks two years of the Green Initiatives Programme of the navy. (*IANS*)

Source: [Odishasuntimes](http://Odishasuntimes), 5 June 2016

## **PM Modi’s Africa visit: From energy security to infra – 6 things on his agenda**

Huma Siddiqui

Energy security, food security, ‘blue economy’, education, health, skill-building and infrastructure will be the key topics of discussion during Prime Minister [Narendra Modi](#)’s visit to the African continent next month. During his four-nation visit to Tanzania, South Africa, Kenya and Mozambique, Modi is expected to seek further

strengthening of India's economic as well as maritime ties with these countries. 'Blue economy' will be one of the major areas which India will be focussing on.

"Africa has a long coastline which is subject to global threat like piracy, and the Indian Navy has played a very significant role on the east coast of Africa in guarding the trade routes, in securing the coastlines, even helping African nations organising international events by providing naval security," a senior official in the foreign ministry said.

The 'blue economy', the economy of the ocean, is extremely important to Africa, and India has had discussions on it with Kenya, Mozambique, Tanzania and Mauritius.

Food security is also a common concern for India and Africa. India being the biggest producer of foodgrain and horticulture crop could help the African continent develop its agri sector. Diplomats from both sides have sought greater cooperation in agriculture and agro-processing, which would have a great bearing on the food security situation in Africa and India.

In boosting Africa's agriculture production, India too can meet its food needs with imports from Africa, especially pulses, where India faces huge shortfall. According to Tanzania's deputy minister for agriculture and food security Adam Malima, "India's cooperation was crucially important to ensure food security in the African region."

Cheap land and labour costs in Africa are attracting a number of Indian firms with interest in agriculture. A large number of people in East African countries such as Kenya work in the cultivation of tea, coffee, corn, vegetables, sugarcane, wheat and fruits, among other things.

Both India and Mozambique have decided to ramp up economic engagement, particularly in the energy sector, as the African country has a "large source" of coal and natural gas to drive the growth of Indian economy.

Trade between the two countries has multiplied five times in the last five years and Modi said he was happy that Indian investments in these sectors have grown significantly in recent years. Mozambique hosts nearly 25% of Indian investments in Africa. Since India

and Mozambique have large coastlines and are linked by the Indian Ocean, ways to intensify cooperation in maritime security and ocean economy will also figure during the discussions. India is a large trading and investment partner of Mozambique, with bilateral trade in 2014-15 reaching almost \$2.4 billion.

India's bilateral trade with the African continent is \$70 billion. India has extended soft loans of about \$7 billion to the African countries. Currently, India has investments worth over \$32 billion in foreign direct investment (FDI) in Africa.

**Source:** [The Financial Express](#), 14 June 2016