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# MARITIME SECURITY



## Japan and Indonesia to prioritize Maritime Security in South China Sea to counter Beijing's buildup

-Vasudevan Sridharan

Japan's Prime Minister Shinzo Abe is shoring up support to boost maritime security in the disputed waters of the South China Sea in order to counter Beijing's growing influence in the region. During talks with Indonesian President Joko Widodo, he made it clear that maritime issues would be given top priority in regional affairs. As part of his four-nation tour, which took him to Indonesia on Sunday, 15 January, he held lengthy discussions with the Indonesian leader on China's military buildup in the region. "As both countries are maritime nations, maritime cooperation is a top priority. Japan will proactively advance cooperation in Indonesia's development of remote islands and maritime security," Abe told reporters following his talks in Jakarta. "The issue of South China Sea has drawn the attention of the international community and directly affects the peace in the region."

Following an agreement with the Indonesian president to boost cooperation, Abe and Widodo decided that the foreign and defence ministers of both the countries would meet shortly. Without explicitly referring to China, the two leaders said regional conflicts should be resolved through peaceful means. China has been asserting its sovereign rights over almost the entire energy-rich South China Sea with multiple nations including the Philippines, Vietnam, Malaysia, Brunei and Taiwan having overlapping claims. Though Indonesia is not a direct claimant in the South China Sea dispute, Jakarta has begun to express serious concerns over the presence of Chinese military forces.

Japan, traditionally a key partner of Indonesia, had recently fallen out of favour with Jakarta when it lost out key infrastructure projects to China. However, the situation is likely to change after Abe's latest visit. Abe has promised 74bn yen (\$640m) as loan for irrigation and coastal construction projects in Indonesia. On Monday, 16 January, Abe left for Vietnam on the last leg of his tour.

Source: www.ibtimes.co.uk, 16 January 2017

### Increased Chinese Submarine activity in Indian Ocean Region, Navy tells Government

-Sudhi Ranjan Sen

Instances of Chinese submarines lurking in the Indian Ocean Region (IOR) has increased manifold in the last few years, the Indian Navy has told the government. And, at any given point there is at least one Chinese submarine in the region. China, much to the surprise of the global maritime community, deployed submarines in the Persian Gulf region in 2012 apparently to counter piracy. Chinese submarines have been spotted in docking in the Karachi Harbour in May 2016. Top Naval sources told *HuffPost India* that although more Chinese Submarines have been spotted in the IOR, "they haven't showed any hostile intent. They move through the International waters". "They are testing our capabilities and we too keep a watch on their movements," the senior officer said. The officer however refused give out the exact number of Chinese submarines that have been spotted. "Revealing numbers would also give away our operations details," the officer said.

Earlier this week Admiral Harry Harris Commander of the US Pacific Fleet had warned about the growing Chinese influence in the IOR. He was in New Delhi to attend the 2nd Edition of the Raisina Dialogue. On the sidelines of the dialogue he told reporters "there is sharing of information on Chinese maritime presence in the IOR". The newly acquired US made P8I - a long range maritime surveillance aircraft - of the Indian Navy have been monitoring movements of the Chinese submarines closely from the sky. India has eight P8I aircraft and is acquiring four more. China has a fleet of about 60 submarines that includes at least five nuclear powered and four nuclear powered submarines that are capable of firing nuclear weapons. Unlike the conventional submarines, nuclear submarines have an unlimited range. They can, therefore, be deployed for extended periods and are difficult to track. In comparison, India has a much smaller submarine arm. Besides, all of India's conventional submarines are over 25 years old. The India Navy will get its first new submarine – INS Kalvari - after a gap of almost three decades. The INS Kalvari – a conventional diesel-electric submarines designed by French defence giant DCSN and manufactured in Mazgaon Docks - is likely to join the Navy in June 2017. The next submarine of the same class – INS Khanderi - is expected to join the Navy in December 2017. India, as of now, has 13 conventional submarines and two nuclear powered submarines.

Source: www.huffingtonpost.in, 20 January 2017

#### Shippers avoid new 'Pirate Hotspot' in waters west of the Philippines

- Keith Wallis

A surge in piracy to the west of the Philippines is forcing ship-owners to divert vessels through other waters, stoking their costs and extending the time it takes to transport goods such as Australian iron ore to key Asian destinations. There have been 16 attacks since last March on ships in the Sulu and Celebes Seas, through which about \$40 billion worth of cargo passes each year, according to the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP).

That government-backed anti-piracy organisation says over a dozen crew are currently being held hostage by Filipino Abu Sayyaf militants, all from ships sailing through the Sulu and Celebes Seas. "The Sulu/Celebes area is the world's fastest growing piracy hotspot, with violent attacks on commercial vessels and their crews, and an increasingly successful kidnap and ransom business model," said Gerry Northwood, chief operating officer at armed guard company Maritime Asset Security and Training (MAST).

The International Maritime Bureau's piracy reporting center in Kuala Lumpur has also warned of the rising threat of armed pirates in these waters, with shipping companies starting to shy away. "Increasing piracy particularly in the Sulu Sea has been a rising concern for us," said Benedikt Brueggermann, chartering manager at shipper Oskar Wehr Asia in Singapore. "We are doing our best to avoid the area both on empty and laden voyages. We'd rather do that than put the ship and crew's lives at risk. It's very sad to see this happening in this region."

Shipping data in Thomson Reuters Eikon shows several large vessels carrying iron ore from Australia to northern Asia, which used to take the route through the Sulu Sea, are now sailing east of the Philippines, through the open Pacific Ocean. At least six shipping companies are diverting vessels via this route, according to shipping executives. One is U-Ming Marine Transport, Taiwan's largest dry-cargo ship-owner, which said 10 of its large capesize-class ships have taken this detour since the end of 2016. "All our ships sailing from Australia to China and North Asia are now sailing via east of Philippines - it is a proactive action to prevent pirate attacks," said U-Ming's president, Ong Choo Kiat.

Other firms avoiding the Sulu and Celebes seas are Eastern Pacific Shipping, Diana Shipping, and Anglo-Eastern Ship Management. Sailing east to avoid the Sulu Sea adds about half-a-day to a 14-day voyage from Port Hedland, Western Australia's main iron ore export terminal, to northern Asia. Shippers said that while the extra costs of around \$300 per day for fuel on each journey were not huge, the added costs would mount up over time - another blow to an industry already grappling with a period of extremely low profit margins.

Source: www.reuters.com, 20 January 2017

#### US military holds Naval Drills with S Korea, Japan to counter N Korea

he US military starts joint naval missile-defense drills with South Korea and Japan to counter the "growing threat" posed by North Korea. The three-day war games kicked off amid concerns that Pyongyang may test-fire an intercontinental ballistic missile or "stage another provocation in connection with Donald Trump's inauguration ceremony," US-based *military.com* reported on Saturday. According to the report, among the warships taking part in the naval exercise were Japan-based guided-missile destroyer USS Stethem, Japan's JDS Kirishima and South Korea's Sejong the Great, which conducted "missile detection and tracking drills in the waters off the divided peninsula and Japan." No missiles were fired during the drills as the Aegis-equipped warships faced simulated targets in waters within the 7th Fleet area of operations, according to US Naval Forces Korea spokesman Josh Kelsey. "The US Navy continually seeks every occasion to strengthen relationships and interoperability with participating allies and partners, while further developing maritime capabilities and capacity," he said in a statement.

The naval exercise, according to South Korea's Yonhap news agency, is the third of its kind after identical maneuvers in June and November 2015. North Korean leader Kim Jong-un declared recently that his country is in the "final stages" of developing an Intercontinental Ballistic Missile (ICBM), which would constitute a major step towards the nation's stated aim of reaching the capability of targeting the US mainland as a deterrent measure against persisting military provocations by Washington and Seoul.

This is while Trump, who has not yet stated his policies concerning North Korea, responded to Kim's declaration on Twitter by stating, "It won't happen!" North Korea's foreign ministry, meanwhile, reacted swiftly by insisting that "the ICBM will be launched anytime and anywhere" as ordered by the country's leadership. While experts remain divided over how close Pyongyang is to developing an ICBM and miniaturizing nuclear warheads that would fit on one, some agree that it may come by the end of the current decade.

Moreover, Yonhap has also cited unnamed military sources in the country as saying that the North has probably built two new ICBMs and placed them on mobile launchers to prepare for a test. The defense ministry, however, said that it could not confirm the report.

Source: <u>www.presstv.ir</u>, 21 January 2017

#### 3 Chinese ships temporarily enter Japanese waters around Senkakus

NAHA (Kyodo) -- Three Chinese coast guard ships temporarily entered Japanese waters around the Japan-administered Senkaku group of islets in the East China Sea on Sunday, the Japan Coast Guard said.

The vessels sailed in the territorial waters near the Senkakus, which China claims, for nearly two hours after 9 a.m. before moving to a contiguous zone outside Japanese waters, the coast guard said.

Chinese coast guard ships last entered Japanese territorial waters around the group of uninhabited islets, known as Diaoyu in China, on Jan. 8, according to the Japanese coast guard.

Source: mainichi.jp, 22 January 2017

#### 26/11 changed how we look at Marine Security

AHMEDABAD: The attacks by a small group of armed terrorists that took place on November 26, 2008, shook not only the nation but also forced the country's military minds to change the scenario of coastal security. "After the incident, the government

promulgated the security framework. Joint operations centres (JOC) were established for coordination with stakeholders. Coastal radars were installed and marine police was strengthened. A coastal security bill was introduced. However, we still have some distance to go," said Shekhar Sinha, vice admiral (retired) of the Indian Navy and former chief of integrated defence staff, on Monday. Sinha is conducting a three-day workshop with students of the homeland security course at the Gujarat Forensic Sciences University (GFSU) in Gandhinagar. Sinha said no other state is more important than Gujarat as far as maritime security is concerned due to its proximity to Pakistan and naval border issues.

Source: timesofindia.indiatimes.com, 24 January 2017

#### Philippines, Malaysia eye deeper Maritime Security cooperation

Prashanth Parameswaran

On Monday, the Malaysian Marine Police Force and the Philippines National Police Maritime Group met for their first bilateral meeting. The three-day event is testament to both the growing collaboration between two sides in the maritime security realm as well the inroads they are gradually making on issues central to their interests in spite of the challenges that remain. The holding of the meeting itself is significant and deserves recognition. Though Malaysia and the Philippines have long had shared challenges ranging from piracy to terrorism, disagreements and disputes between the two sides have previously often limited cooperation. But following a rather rocky start with the rise of President Rodrigo Duterte, Kuala Lumpur and Manila have been stepping up collaboration over the last few months. The momentum from the November summit between Duterte and Malaysian Prime Minister Najib Razak has been sustained with follow up meetings and visits, including that of Malaysian police chief Khalid Abu Bakar in late December 2016. The meeting this week between the maritime police of both sides indicates that cooperation is gradually moving from commitments at the leader level to practical implementation.

In terms of the agenda, Malaysian officials said the three-day meeting was intended to cover a wide-range of security issues, including illegal fishing, transnational crime, and terrorism. All of these areas are central in their own right within the context of the

bilateral relationship. For instance, on the terrorism front, Malaysia's disruption of a new Islamic State (IS) cell this month planning to use the eastern state of Sabah as a transit point for sending militants to the Philippines was another reminder of the importance of closer bilateral security ties.

But the headline item was the further implementation by the two sides of trilateral patrols that have been agreed on by Malaysia, the Philippines and Indonesia. As I have written before, the three countries had agreed to conduct coordinated maritime patrols as part of a broader plan to tackle rising security challenges in the waters bordering them (See: "New Sulu Sea Trilateral Patrols Officially Launched in Indonesia"). Even if many of these challenges are longstanding, some of them such as terrorism and transnational crimes have been a rising concern of late (See: "Confronting Threats in the Sulu-Sulawesi Seas: Opportunities and Challenges").

Though the leaders have agreed to the move, its implementation will require a series of follow-up steps by security forces on all sides. For instance, in the Malaysia-Philippine context, although Najib had said during his summit meeting with Duterte last November that the Philippine leader had granted permission for Malaysia to pursue kidnappers beyond the Malaysian border and into Philippine waters, they need to determine exactly how this would work. As Sabah Police Commissioner Ramli Din put it to the *New Straits Times*, the so-called cross-border pursuits require "the proper mechanism to implement it."

In a move to facilitate the implementation of maritime patrols, Ramli said both countries would form a new joint enforcement working group which would lead to more intelligence sharing as well as increased collaboration in the patrolling of waters between the two countries. He offered few specifics on this new group. But it is yet another example of how maritime security cooperation between Malaysia and the Philippines is gradually beginning to show tangible progress amid rising threats.

Source: thediplomat.com, 24 January 2017

#### Pakistan captures 60 Gujarat fishermen, seizes 10 boats

RAJKOT: Sixty Gujarat fishermen and their ten boats were captured by Pakistan Maritime Security Agency (PMSA) on Thursday from Jakhau coast in Kutch. Manish Lodhari, secretary of National Fishworkers' Forum (NFF) said that fishermen were apprehended by PMSA from near International Maritime Boundary Line (IMBL)

when they were fishing in Arabian Sea. "We have received the information that 60 fishermen on-board ten fishing boats were apprehended by the PMSA near Jakhau coast and have been taken to Karachi port," Lodhari. Fishermen leaders claimed that there was a possibility that more fishermen and boats could have been captured by Pakistan agency.

"We are waiting for the confirmation from Pakistan counterpart about the exact number of fishermen and their boats captured from sea," Lodhari added. As many as 439 Indian fishermen lodged in Pakistan prisons were released in two batches on December 25, 2016 and on January 2. Indian fishermen are apprehended on regular intervals by PMSA from the sea, claiming that they had entered in their waters after crossing IMBL. In December, last year, at least 65 fishermen on board 13 boats were captured by the agency.

Source: timesofindia.indiatimes.com, 28 January 2017



## MARITIME FORCES



#### India steps up Submarine induction as Chinese presence grows in region

The Indian Navy expects to induct two Scorpene diesel-electric submarines into service this year and launch a third submarine into water even as officials acknowledged the growing Chinese maritime presence in the Indian Ocean Region (IOR). The first of the Scorpenes, *Kalvari*, is expected to finish sea trials by May and is on track to be inducted before the monsoon. The second submarine *Khanderi* was launched into sea in Mumbai last week. "*Khanderi* will begin sea trials in March and the target is to complete them by December. The aim is to commission the second submarine this year," Rear Admiral (RAdm) Mohit Gupta, Assistant chief of Naval Staff - Submarines said on Friday.

#### Monsoon gap

The commissioning of the *Khanderi* would be dependent on the monsoon as trials cannot be conducted during the three to five-month period. In addition, RAdm Gupta said the third Scorpene submarine '*Vela*' will be launched into water this year after the monsoons. He said the *Vela* has already been 'booted up', which means all the sections have been assembled. India has contracted six Scorpene submarines from DCNS of France to be built locally with technology transfer. The Navy intends to induct all six by 2020. Separately officials said the P-8I long range maritime patrol aircraft, procured from the U.S., has been a major force multiplier and the Navy has been keeping track of Chinese "sub-surface movement", which has increased in the name of anti-piracy operations in the Gulf of Aden. "At least one Chinese submarine has been continuously deployed in the Indian Ocean while others are in movement to replace it," defence sources said. However, sources said there has been no confrontation of any sort. "They just pass through and it is meant as a statement of their capability and reach. Each one is accessing the other's strengths as of now," sources added.

Early this week Admiral Harry Harris, Chief of U.S. Pacific Command said there has been "sharing of information regarding Chinese maritime movement in the IOR" between India and the U.S.

Source: www.thehindu.com, 21 January 2017

#### China commissions 31st stealth warship

Chinese media have said the U.S. has to wage a war with China if America blocks it from accessing the artificial islands it has built in the contested South China Sea. Rapidly expanding its naval fleet, China has commissioned its 31st stealth warship as it got its battle group under its first aircraft carrier ready amid tensions with the U.S. and other nations over its assertiveness in the disputed South China Sea. The People's Liberation Army Navy has commissioned its 31st Type—056 class corvette, marking a new addition to the world's largest fleet of modern corvettes, official media reported. With a maximum speed of 52 km/h, the ship features good manoeuvrability, a high-level of automation and stealth capability, and is capable of hitting aircraft, ships and submarines, the PLA Daily, the official organ of the Chinese military said.

The CNS Ezhou with a hull number of 513 was delivered to the East Sea Fleet in a naval base in East China's Fujian province. The ship will perform coastal patrol, fishery escort, anti-submarine and anti-ship operations. It is the second ship that has been commissioned to the PLA Navy since the start of 2017, following the CNS Kaiyangxing, a Type—815A class electronic reconnaissance ship, which now belongs to the North Sea Fleet. Russia has the world's largest corvette group that consists of about 80 vessels, but most of them were built in the 1980s and 1990s and cannot compete with the Type—056 in terms of technology and equipment, the report quoted defence observers as saying, adding that China's fleet is now the biggest force of modern corvettes of all navies.

PLAN has expanded its fleet rapidly in the past ten years taking delivery of about 100 advanced ships and submarines as well as a large number of new aircraft. It commissioned around 20 new ships in 2015 as well as last year and is believed to have deployed several new-generation nuclear submarines during this period, state-run China Daily reported. The Navy now has a carrier battle group headed by its first aircraft carrier Liaoning, which just completed a long-distance, live-fire drill in the Western Pacific Ocean and South China Sea.

A second aircraft carrier is being built with plans for the third. The Navy's aviation force has carried out several long-range, combat-ready drills as China appears bracing itself for renewed tensions in the South China Sea under Donald Trump Presidency. Mr. Trump's Secretary of State nominee, Rex Tillerson in his testimony before the US Senate had said that America should block China from accessing islands in the disputed SCS. He likened China's island-building in the SCS to "Russia's taking of

Crimea". He warned that the new U.S. government will send a "clear signal" to China that it must abandon its artificial islands in the South China Sea. His remarks were denounced by official Chinese media which said the U.S. has to wage a war with China if America blocks it from accessing the artificial islands it has built in the contested South China Sea. China's claims over almost all of the SCS is contested by Vietnam, the Philippines, Malaysia, Brunei and Taiwan.

Source: www.thehindu.com, 22 January 2017

#### Hong Kong to return Singapore's seized troop carriers, easing tensions

Anshuman Daga

Hong Kong said on Tuesday it would release the nine Singaporean armored vehicles it seized in November on their way home from military exercises in Taiwan, easing tensions between China and Singapore. After the troop carriers, had been seized, Beijing, which regained sovereignty over the former British colony of Hong Kong in 1997, warned countries against maintaining military ties with Taiwan, which it views as a wayward province.

Singapore Prime Minister Lee Hsien Loong wrote to Hong Kong Chief Executive Leung Chun-ying requesting the return of the carriers, and Hong Kong said it would handle the matter in accordance with its laws. The seizure came amid signs of tension between China and Singapore, which has deepened its security relationship with the United States over the last year and remains concerned over China's assertive territorial stance in the South China Sea.

Since then, Beijing has been unsettled by U.S. President Donald Trump's statement, made in December before his inauguration, that the United States did not necessarily have to stick to its long-standing position that Taiwan is part of "one China". Singapore's foreign affairs ministry said Hong Kong authorities would release the Singapore Armed Forces' (SAF) troop carriers and other equipment to the Singapore government, but it did not give details such as a time frame. "This is a positive outcome," it said, adding that Lee had thanked Leung for Hong Kong's cooperation.

#### State of Flux

Analysts said the impounding of the troop carriers and China's subsequent comments on Taiwan showed Singapore had to adjust to the region's changing geopolitical climate. "This whole incident is a reminder that things are in a state of flux," said Gillian Koh, deputy director for research at the Institute of Policy Studies in Singapore. "We didn't know that we would be influenced or infected by this state of flux, but this is now brought home very acutely and explicitly."

Singapore has a long-established, if low-key, military relationship with self-ruled Taiwan, using the proudly democratic mountainous island for infantry training. Beijing has grudgingly tolerated this agreement since re-establishing diplomatic ties in the 1990s with Singapore, which recognizes Beijing's "one China" policy that says Taiwan is part of its territory. But China has repeatedly warned Singapore to stay out of the South China Sea dispute, where China's claims overlap with those of Brunei, Malaysia, the Philippines, Taiwan and Vietnam. Singapore has no claims in the South China Sea, but the open economy of Southeast Asia's biggest port depends on free navigation in the area.

Source: www.reuters.com, 24 January 2017

#### Thai junta gives nod to buy Chinese Submarine

Thailand's military government has approved 13.5 billion baht (\$380 million) to buy a submarine from China after putting the purchase on hold last year, Thai officials said on Wednesday. While the Thai army will purchase 10 tanks and auxiliary vehicles from China, in addition to 28 main battle tanks ordered from China last year. Relations have been strengthening between China and America's oldest ally in Southeast Asia, particularly since ties with the United States cooled after a 2014 coup. The purchase of the submarine was put on hold last year in the face of public criticism and questions as to whether Thailand really needed a submarine.

Thai navy officials said negotiations with the Chinese government were nearly finalised and the budget had been earmarked to pay for the submarine over six years. "We are in the process of negotiating but this year there will definitely be a signing agreement as we have the budget," Navy spokesman Admiral Jumpol Loompikanon

told Reuters. Jumpol said the submarine would allow the navy to study tactics and how submarine warfare may be used against Thailand. Maritime security is a hot issue in Southeast Asia given competing claims over the South China Sea, but Thailand is not involved in that dispute. The Thai army has also set aside two billion baht over three years to buy 10 tanks and auxiliary vehicles from China, according to General Chatudom Thittasiri, the deputy permanent secretary at the Ministry of Defense.

The purchase is in addition to 28 main battle tanks ordered from China last year. China was the first major power to acknowledge Thailand's ruling junta following a 2014 coup. The United States responded to the coup by freezing \$4.7 million of security-related aid and cancelling some security agreements.

Source: www.reuters.com, 25 January 2017

#### UK signs P-8A maritime patrol aircraft declaration with US

The UK has enhanced its maritime patrol capability by signing a P-8A Poseidon maritime patrol aircraft (MPA) declaration with the US, in a move set to strengthen defence relations between the two nations. Signed by UK Minister for Defence Procurement Harriett Baldwin and US Defense Deputy Secretary Bob Work, the deal will see both countries share logistics and support bases, as well as optimise the use of P-8A aircraft, particularly in Europe.

The arrangement comes after UK Defence Secretary Sir Michael Fallon agreed to cooperate on MPA operations during his recent visit to Norway, and ensure the UK continues to plays a key role in delivering collective maritime security worldwide. Work said: "Today's signing of the declaration on P-8A Poseidon Bilateral Cooperation exemplifies the importance and strength of the US-UK partnership. "Together, the US and UK will continue to deter regional threats and maintain a robust military posture." "Today's signing of the declaration on P-8A Poseidon Bilateral Cooperation exemplifies the importance and strength of the US-UK partnership."

The UK will take delivery of the first Boeing P-8A Poseidon MPA in 2019. Baldwin said: "The United States is our pre-eminent ally in global defence and collective security. This declaration is further evidence of how our two countries continue to

cooperate and build mutual security, particularly in the North Atlantic region. "Backed by a rising defence budget and a £178bn Equipment Plan, the P-8A programme will provide us with enhanced surveillance capabilities." The UK is purchasing nine P-8A Poseidon MPAs in total, which will be based at RAF Lossiemouth, Scotland. The aircraft will be used for conducting anti-submarine and anti-surface warfare, search-and-rescue operations, as well as intelligence gathering.

Source: <u>www.naval-technology.com</u>, 27 January 2017

#### Iran Navy to hold large-scale drill in north of Indian Ocean

Iranian naval forces plan to stage a large-scale drill to boost and put on display the country's military prowess. Iran's Navy Commander Rear Admiral Habibollah Sayyari told reporters on Saturday that the country's biggest naval military maneuver, codenamed Velayat 95, would be held in the north of the Indian Ocean in February. "This maneuver will show the Islamic Republic of Iran's power in the international scene," he said. He added that Iran's Navy attached special importance to defense missions and presence in the high seas, including the Gulf of Aden and the Bab el-Mandeb, to protect commercial vessels and tankers.

In line with international efforts against piracy, the Iranian Navy has been conducting patrols in the Gulf of Aden and the strategic Bab el-Mandeb Strait to safeguard maritime routes used by the country's vessels and oil tankers. Iran's Navy has managed to foil several attacks by pirates on both Iranian and foreign vessels during its missions in international waters. The Iranian commander said that the country's naval fleets had so far traveled to all littoral states of the Indian Ocean and Southeast Asia, adding that they plan to sail into the Indian Ocean and the Atlantic Ocean in the near future. Sayyari also announced Iranian Navy's plans to manufacture state-of-the-art military equipment and attain self-sufficiency in this regard soon.

"A Fateh-class submarine, Sahand destroyer and another missile-equipped warship will join the Navy ... in the near future," the commander said. Iran's Navy staged Velayat 94 military maneuvers in January 2016 across a large swath of territorial waters and high seas in the Persian Gulf, the Strait of Hormuz and the Indian Ocean.

During the drills, various types of Ghadir-class and Tareq-class submarines detected and tracked the mock enemy's mobile targets and destroyed them by firing advanced and overhauled torpedoes. Iran's domestically-built Jamaran destroyer and other vessels also fired different torpedoes. The Iranian Army's naval forces also fired surface-to-surface Nasr missiles which successfully hit targets. Iranian naval forces also successfully test fired Nour (Light) surface-to-surface cruise missile which has a range of 150 kilometers. Nour cruise missile has an accurate impact precision, good velocity, high detection power and powerful warhead. It could be launched both from sea and surface.

In recent years, Iran has made major breakthroughs in its defense sector and attained self-sufficiency in producing important military equipment and hardware. Iran has also conducted major military drills to enhance the defense capabilities of its armed forces and to test modern military tactics and state-of-the-art army equipment. The Islamic Republic maintains that its military might poses no threat to other countries, stating that its defense doctrine is merely based on deterrence.

Source: presstv.ir, 28 January 2017



## SHIPPING, PORTS & OCEAN ECONOMY



# Australia disappointed by Japan's continued whale hunt in Southern Ocean

Australia said on Monday it was "deeply disappointed" Japan had continued whaling in the Southern Ocean after anti-whaling activists published a photograph of a dead whale, and two days after Australian and Japanese leaders discussed the issue. Australia has long opposed Japanese whaling and the contentious issue was raised in talks between Prime Minister Malcolm Turnbull and Japanese Prime Minister Shinzo Abe in Sydney on Saturday, sources familiar with the discussions said. "The Australian government is deeply disappointed that Japan has decided to return to the Southern Ocean this summer to undertake so-called 'scientific' whaling," Australian Environment Minister Josh Frydenberg said on Monday. "It is not necessary to kill whales in order to study them," Frydenberg added, without confirming the exact location of the current hunt.

Japan's whaling in the Southern Ocean should stop, the International Court of Justice ruled in 2014 in a case brought by Australia, prompting Japan to suspend its hunt for one season, though it resumed in 2015. Australia, which opposes all forms of commercial and scientific whaling, will continue raising its concerns about the issue with Japan, Australian Foreign Minister Julie Bishop told Reuters. Japan maintains that most whale species are not endangered and that eating whale is part of its culture. Japan started what it calls "scientific whaling" in 1987, a year after an international whaling moratorium took effect. Anti-whaling group Sea Shepherd published a photograph on Sunday of a dead minke whale, that appeared to have been punctured by a harpoon, on the deck of the Japanese whaling ship Nisshin Maru. Video footage showed the dead whale later covered by a blue tarpaulin. The group said the ship was hunting in an Australian sanctuary off the Antarctic coast.

Source: uk.reuters.com, 16 January 2017

#### India, Sri Lanka to reach decision soon on Trinco port

Sri Lanka is in talks to offer the port of Trincomalee to India. Speaking to *The Hindu* on the sidelines of the Raisina Dialogue in New Delhi, Field Marshal Sarath Fonseka, Colombo's Minister of Regional Development, said that the decision on offering the port to India will be taken soon. "Talks are at present going on between India and Sri Lanka and we hope to offer the Trincomalee port, which is one of the best deep sea ports in the world, to India," said Mr. Fonseka speaking to *The Hindu* on the sidelines of the Raisina Dialogue. Trincomalee has been on the table for sometime as Sri Lanka wants to maintain a neutral stand and provide equal access to its ports to both China and India.

Sri Lanka's experience with the Chinese, who carried out major infrastructural work at the Hambantota port in southern coast of the island nation, has put a heavy burden on the country, said Mr Fonseka. "Our experience [with the Chinese] on Hambantota has not been very beneficial as we are facing a heavy debt burden due to the work done in that port. The problems and corruption in the project prompted us to review our policy on infrastructural development. We have currently given the port to a private entity so that some of the more immediate issues are resolved. This arrangement will also address India's security concerns," said Mr. Fonseka, indicating that Sri Lanka is willing to address India's concerns on the visit of Chinese nuclear submarines to Sri Lanka. The port of Hambantota was conceived as a major Sri Lanka-China project during the presidency of Mahinda Rajapakse, but the controversy around the debt burden has slowed down the project.

Speaking at the Raisina Dialogue, Mr. Fonseka, who led the Sri Lankan defence forces during the 2009 Eelam war against Tamil rebels, said that Colombo is aware of its responsibilities in the Indian Ocean region, and is committed to freedom of navigation. Field Marshal Sarath Fonseka said that Sri Lanka will remain committed to the fight against terrorism and extremist violence in the region and beyond.

Recollecting the fight against the Tamil Tigers, he said that insurgency often receives extra-territorial support, and pointed at the support for the Tamil Tigers from India. "Some political parties and leaders from the southern part of India, extended support to the Tamil rebels at the time of the war due to narrow political interests," he said.

Source: colombogazette.com, 19 January 2017

#### S. Korea sees more shipping restructures in 2017, expects headwinds

SEOUL, Jan 25 (Reuters) - South Korea said on Wednesday it will continue with corporate restructuring efforts in 2017, with plans focusing on shipping and shipbuilding companies struggling with shrinking global demand. "If last year we put together the rules and framework for corporate restructuring despite hardships, this year we will engage in restructuring in earnest and make sure the efforts are carried out smoothly," Finance Minister Yoo Il-ho said in opening remarks at a joint meeting with other government ministers. They minister were discussing this year's plans for restructuring industries that also include steel and petrochemicals.

South Korea launched efforts last year to save its shipping and shipbuilding industries, traditional engines of growth, including injecting state-run bank money into a shipbuilder and also planning to establish a state-backed ship financing company. A joint statement regarding the plans said it was uncertain whether the country's three biggest shipbuilders, Hyundai Heavy Industries, Daewoo Shipbuilding & Marine Engineering Co Ltd and Samsung Heavy Industries Co Ltd would meet their earnings goals for this year. The statement said shipbuilders would continue to struggle in 2017 because of their reliance on offshore orders, which have been dwindling due to a broad cooldown in the global economy.

To beat these headwinds, the shipbuilders will continue with plans to sell off non-core assets. For example, Daewoo Shipbuilding will sell all assets not related to ship production to shore up liquidity, as well as scaling back plans for offshore projects. Hyundai Heavy and Samsung Heavy would do the same with assets that were not key to their shipbuilding business, the statement said. Regarding the shipping industry, which saw the collapse of Hanjin Shipping Co Ltd last year, South Korea sees market conditions improving after two to three years of corrections, although demand will not be favorable for the time being, the statement said. Yoo said the government would improve the regulation of relationships between ship and and cargo owners by October and boost incentives to attract more trans-shipment cargoes. The finance minister added South Korea will also announce more market-friendly plans for corporate restructuring by March.

Source: www.cnbc.com, 24 January 2017

# China downplays protests in Sri Lanka over leasing out Hambantota Port to Chinese firm

Last month, there were reports that Sri Lanka will lease out Hambantota port to a Chinese firm in January, raising USD 1.12 billion to help pay off mounting debts. Refuting allegations of pressurising Sri Lanka with huge loans to lease out the loss-ridden southern port of Hambantota, China on Thursday said the agitation against its industrial zone is a result of "misunderstanding". "Small-scale protest that took place recently was result of local people's misunderstanding of the policies of the Hambantota port project," Chinese Foreign Ministry spokesperson Hua Chunying told reporters here, replying to a question whether China was forcing Sri Lanka to offer concessions because Colombo owes a lot of money to Beijing.

Last month, there were reports that Sri Lanka will lease out Hambantota port to a Chinese firm in January, raising USD 1.12 billion to help pay off mounting debts. "China has never and will not ask the Sri Lankan side to give permits only to Chinese companies in Hambantota port industrial zone," Hua said, adding that the protests by locals was due to misunderstanding and that the Sri Lankan government itself has clarified. "Chinese companies adhere to the principle of willingness, equality and mutual benefit and as engaged in negotiations on the Hambantota port project based on market principles and the purpose is to play a role for the long-term development of Hambantota port and Sri Lanka," she said.

According to recent reports, loans for various projects obtained by Sri Lanka since the time of its pro-China President Mahinda Rajapaksa amounted to over USD eight billion and Colombo was finding it difficult to repay them. The present Sri Lankan government headed by President Maithripala Sirisena recently agreed to give 80 per cent stake in the Hambantota port built by China for about USD 1.1 billion on 99-year lease. Local people resorted to protests over plans to evict them for Chinese industrial zone. Reports from Colombo said Sri Lanka is negotiating the sale of stakes in other projects as well to China.

Source: indianexpress.com, 26 January 2017

#### Technology can turn around Shipping's prospects

Tim Schweikert

The start of every year calls for time to reflect on the last. The offshore and marine industry can look back on 2016 as one of the most bruising in recent memory. The downturn has been tough and drawn out, with increased divestment, more stringent environmental regulations and a prolonged shipbuilding cycle that has resulted in overcapacity.

However, challenges can be harnessed as a force for progress. The downcycle has pushed the industry to reshape its competitive landscape, probably a change that has been overdue. Looking forward, 2017 will not be an easy year; but recovery is on the horizon and it will be a time for critical decision-making and planning for the future. Crucial to this will be ensuring fleet readiness, including how and when stacked assets can be cost-effectively reactivated. Ensuring optimal fleet performance to control costs and compliance with environmental regulations while reducing the level of reporting, where possible, will also remain top of the agenda for most ship owners and operators.

In a market that is still volatile, the timing of these decisions will be a challenge. The worst-case scenario is that, as an industry, we are not ready to make these decisions, or we are not adequately prepared to run with opportunities as the market recovers. It may be much talked about, but the time really is right for the digital revolution in offshore as the industry heads towards a new start. Digital solutions help to de-risk decisions, bring practical, actionable insights into vessel and fleet performance and provide proven opportunities to optimize operations in a sustainable way.

Breaking down data silos and data complexity are the first crucial steps. Through embedded sensors that enable the collection of data on critical vessel systems, using software analytics it is now possible to gain insights on future performance. Through analyzing these insights, vessel operators can anticipate and address problems before they cause an operational disruption. Thanks to advanced algorithms and a strong data-processing capability, digital analytics tools can map out a "digital twin" of a physical asset—be it a propulsion motor, an engine or an entire vessel—based on its normal operational data profile. Drawing a comparison between the "digital twin" and the vessel's real-time data, digital software is able to spot inefficiencies as well as detect potential failure, up to weeks ahead. This gives operators time to mitigate potential problems in advance, enhancing a vessel's operational efficiency through reduced downtime and increased productivity.

The predictivity will also enable the industry to switch from calendar-based planned maintenance to condition-based maintenance, saving companies significant maintenance expenditures. Insights on the performance of a critical piece of equipment will allow tailoring maintenance to a specific piece of equipment. This will assure that maintenance actions are only implemented when needed to assure optimal reliability and reduced life cycle costs.

The access to real-time insights from vessels enables onshore experts, no matter where they are in the world, to remotely diagnose problems and advise on next steps immediately. This approach not only provides vessel owners with fast access to the knowledge of experts globally, but can also save a significant amount of time, as one engineer, for example, is able to analyze and diagnose multiple ships concurrently from a centralized control center, reducing the need for multiple specialist's onboard vessels. With the backdrop of a skills shortage looming in the industry, this connectivity maximizes the reach of an individual's expertise and can help ease the impact of downsized teams.

Data analytics tools also enable energy-efficient operations, as software can forecast weather and wave conditions, helping inform the heading and operational mode with optimized fuel consumption, a crucial advantage in complying with increased environmental regulations. With the objective of capitalizing on this emerging digital opportunity, GE has developed SeaStream Insight asset performance management solution. Working in collaboration with Maersk Drilling, GE will help deploy SeaStream Insight on one of Maersk Drilling's rigs with an aim of increasing productivity through big data and reducing maintenance costs by up to 20 percent.

This partnership is a prime example of how digital technologies are shaping the future of the offshore marine industry. While uncertainty may be the new norm in the marine industry, through digital technologies, we can seize the opportunity to lead the transformation of the marine industry.

Source: maritime-executive.com, 30 January 2017

# shares of Shipping stocks move big today on Industry consolidation, analyst downgrades

#### What happened

Today has been a busy day for shipping stocks. Shares of oil tanker company DHT Holdings are up 11.3% as of 1 p.m. EST today after the company received a nonbinding proposal from Frontline Ltd to acquire it. Shares of Frontline are up less than a percent on the news. Also, shares of container-ship vessel owner Costamare are down 9.8% after last week's earnings resulted in an analyst downgrade. And, of course, no day on the stock market is complete without a double-digit move from dry-bulk vessel owner DryShips for absolutely no reason whatsoever. Shares are up 13% today.

#### So, what?

So, let's start with the big news: Frontline looking to acquire DHT Holdings. This shouldn't come as a surprise, really, as Frontline and its affiliate companies have been building a position in DHT for some time. It currently owns 16.4% of shares outstanding and is looking to buy out the remaining in an all-stock deal of 0.725 shares of Frontline for every share in DHT.

Today, that would value DHT at about \$5.12 per share. Shares have jumped on the news, but they haven't quite reached the offer price because it is a nonbinding offer. There are several hurdles that will need to be overcome, such as DHT's board of directors adopting a plan to issue shares in the company to existing owners if Frontline were to increase its offer. Basically, the board doesn't want to be bought out, at least not at the price Frontline is currently offering.

For Costamare, this is a bit of a head-scratcher. The company beat revenue, EBITDA, and normalized earnings expectations for the quarter, but losses related to an asset held for sale meant that the company's \$0.20 per-share loss was below expectations for GAAP earnings. Analysts at Credit Suisse downgraded the stock from "neutral" to "underweight" on the news. According to the analyst that issued the downgrade, continued pressure on charter rates throughout the year coupled with a very high number of idle vessels means that it will be incredibly challenging for Costamare to find charters for its 32 vessels up for recharter this year.

As far as DryShips is concerned, it just doesn't take much to move this stock double-digits anymore. Last week, the company's stock completed its fourth reverse stock split in the past year, most likely to keep its share price high enough from being delisted. Also, on Jan. 20, the company announced the purchase of a very large gas carrier. With this move, it will shift from just being a dry bulk shipper and become a more diversified company, but in making the acquisition it ate up all available liquidity, which will likely put the company in a cash crunch. A lot of shareholders abandoned ship last week, with shares dropping 58% over the past five trading days, so this move looks like another one of those day-trader feeding frenzies.

#### Now what?

Just about every move today is a non-issue for investors. For Frontline and DHT Holdings, the combination of the two companies would consolidate a pretty fragmented industry and would likely give the combined company some pricing power. However, it sounds as though the emotions between the boards of directors aren't looking great, and the deal may not happen in its current form.

For Costamare, this downgrade seems more like some short-term industry issues that could resolve themselves over time. The analyst report even says that the company has done a commendable job of cutting costs and that it should be able to handle an industry downturn.

For DryShips, its stock is completely toxic for long-term investors. I'm sure there is someone out there saying that things can't get any worse from here, but they have been saying that for five years now with a 99.99% loss to show for it. If you care about your investing dollars, then don't put a penny in DryShips. History reveals potential Trump gold mine for 2017 We aren't politicos here at The Motley Fool. But we know a great investing opportunity when we see one. Our analysts spotted what could be a \$1.6 trillion opportunity lurking in Donald Trump's infrastructure plans. And given this team's superb track record (more than tripling the market over the past decade\*), you don't want to miss what they found. They've picked 11 stocks poised to profit from Trump's first 100 days as president. History has shown that getting in early on a good idea can often pay big bucks — so don't miss out on this moment.

Source: www.fool.com, 30 January 2017

#### Pakistan and China: don't fear Chabahar Port

A closer look at what Iran's Chabahar port deal with India and Afghanistan really means for China and Pakistan's CPEC. Recently, on the sidelines of the sixth Heart of Asia Conference-Istanbul Process in Amritsar, India, Afghanistan and India planned to start air cargo transportation over Pakistan. The move will help greatly in exporting Afghan goods, such as fruits and carpets, to India and allowing Indian medicines to be imported to Afghanistan. According to Afghan official sources, both sides will soon sign a memorandum of understanding in this regard.

This air cargo deal comes after Afghanistan and India, along with Iran, signed the Chabahar transport and transit agreement in Tehran. That trilateral agreement, centered on the Chabahar port, provoked suspicions in the region and negatively influenced hawkish views in both Pakistan and India. Strategists in both India and Pakistan are overestimating the potential of the Chabahar port and often frame it as the main rival to the China-Pakistan Economic Corridor (CPEC), which is anchored by Gwadar port in Pakistan.

For Kabul, the Chabahar agreement was a sigh of relief. The Afghan ambassador to India, Shaida Mohammad Abdali, praised the deal as "heralding a new era in regional integration," fulfilling "a billion hopes" and "a billion dreams." The Chabahar deal means that Afghanistan is no longer dependent on Pakistan for its transit and trade with India and the rest of the world. It has diversified transit routes options for Kabul, giving an end to the Pakistani transit route's monopoly.

#### The Chabahar Dilemma?

Given the importance of Chabahar in the current strategic milieu, observers might be surprised to know a similar arrangement was proposed by Afghanistan all the way back in the 1950s. At the beginning of the Cold War, Afghanistan-Pakistan relations were soured and even severed due to "Pashtunistanism" and the issue of the Durand line border between the two countries. Cold bilateral ties also damaged Afghan trade through Pakistan. Therefore, in the 1950s, Kabul asked Washington for assistance in carving out a new transit route through Iran to the Chabahar port, thus bypassing Pakistan completely. However, both the United states and Iran rejected the Afghan proposal regarding Chabahar port as being economically "impractical."

Today, the signing of the Chabahar transit agreement in Tehran has left Pakistan in a quandary. This transit trade agreement, seen with both suspicious and hopeful eyes in

Islamabad, has since become a dilemma for Pakistanis. The reactions of the Pakistani media (particularly the Urdu media) have been uneasy; some retired army generals (and former defense secretaries) even referred to the Chabahar agreement as a "security threat" to Pakistan. Though these views can't officially represent governmental policies, they surely shed some light on what Pakistan's power center (the army) might be thinking regarding Chabahar.

In this vein, it is interesting to note that the former spokesman of the Pakistan Army, Asim Bajwa, recently shared an article titled "The New Great Game" on his Twitter account, saying it was "worth the weekend read." The article, written by Munir Akram, a former Pakistani ambassador to UN, spoke of a "new Great Game" taking place in regional geopolitics, particularly against the backdrop of the Chabahar agreement, One Belt, One Road (OBOR), and CPEC. According to this article, a new Great Game is under way this time between China and the United States (and to a lesser extent between the U.S. and Russia) with Pakistan, India, Iran, and others in "subsidiary" roles. The main motivation behind this new Great Game, according to Akram, is China's twin projects of OBOR and CPEC; the Indians and Americans are considered to be rivals to these Chinese mega-projects. The author recommends that Pakistan should further strengthen its ties with China, Saudi Arabia, and Turkey in order to balance a growing Indo-Iranian and Indo-American nexus.

These suspicions are due to typical Pakistani strategic thinking about being strategically "encircled" by India, along with a rising concern about being bypassed in regional transit routes. Some Pakistani analysts argue that Chabahar, in the context of Indian Prime Minister Narendra Modi's foreign policy, is a step to "isolate" Pakistan at the regional level. Most importantly, some even view the agreement as an Indian reply to CPEC, a view reflected in Indian media as well. Overall, Islamabad's concerns over Chabahar are apparently due to the "Indian factor" and the possibility of losing transit customers such in Central Asia and Afghanistan.

Despite open concerns voiced in Pakistani media, and by former and current officials, the Pakistan Muslim League (Nawaz) of PML(N) government's top officials have expressed their support for Chabahar and labeled Chabahar and Gwadar as "sister ports." Moreover, Sartaj Aziz, advisor to Prime Minister Nawaz Sharif on foreign affairs, and Tareq Fatemi, special assistant to Sharif on foreign affairs, have also spoken about the chances to link Gwadar with Chabahar and build a motorway between Peshawar and Chabahar.

The Chinese, on the other hand, have been mostly silent over Chabahar and rarely expressed their views publicly. However, some news sites have cited Chinese Prime Minister Li Keqiang as saying that Chabahar and CPEC (including Gwadar port) are complementary projects and will benefit China. The argument is that the geopolitical and economic importance of the Chinese projects mainly depends on the health of regional infrastructure as a whole; Chabahar will improve infrastructure in Iran and Afghanistan, which will then indirectly boost Chinese projects.

I heard a similar view when I had an opportunity to discuss Chabahar with the top Chinese diplomat at the Chinese Embassy in Kabul. I asked about Beijing's stance on the Chabahar agreement, the diplomat said that "China welcomes interconnectivity in the region and hence it welcomes Chabahar port." Regarding some countries' concerns over OBOR and CPEC and the debate over "Chabahar versus CPEC (and Gawadar)," he diplomatically answered that OBOR is "inclusive," not "exclusive." He further explained that Chabahar will also help China because the region is infrastructure poor and any improvement in infrastructures in the region will automatically boost OBOR.

#### Chabahar and Gwadar Are Not 'Rivals'

Despite both being transit and deep sea ports, there is a big difference between Gwadar and Chabahar that must be taken into consideration. The underlying goal behind CPEC is to develop China's western provinces. Accordingly, it was economically logical to have a transit route via Pakistan to not only import energy to western Chinese regions but also export western Chinese products to the Middle East and to the rest of world through Pakistan. By doing so, Beijing will cut the time and cost needed to reach the sea (China's western provinces are farther from the Chinese coast lines than Pakistani ports such as Gwadar and Karachi). This Chinese initiative to develop its western provinces is a step toward balanced growth, which is seen as a necessary step in fighting against terrorism, separatism, and extremism in the country.

CPEC is a part of the larger OBOR initiative. The main motives are threefold: economics, geopolitics and energy security. It is expected that these projects will lift Chinese trade to \$2.5 trillion within a decade at a time when Chinese GDP is growing at its lowest rates since the 1990s. OBOR will pass through Central Asia, the Middle East, and the European Union, with whom Beijing has very strong trade relations. According to Chinese statistics quoted in Ma Yuan's *New Silk Road: A Journey Restarts*, the EU has been China's largest trade partner since 2004, with bilateral trade touching \$559.1 billion in 2013. China had bilateral trade of \$50.2 billion with Central

Asia republics, up from \$460 million in 1992, when Central Asian republics declared independence from the former Soviet Union. Meanwhile Beijing's bilateral trade with Gulf Cooperation Council states (Saudi Arabia, United Arab Emirates, Qatar, Bahrain, and Oman) in 2012 was \$155 billion and will further increase if a free trade agreement between these two partners is signed. China also is dependent on the Middle East, Central Asia, and Russia for its energy resources. OBOR will further enhance energy and trade relations with these regions. Chabahar will not affect China's ability to achieve these goals, and so will not derail CPEC. As of now, the sole purpose of Chabahar port is "transit trade" with Central Asian republics and Afghanistan. It is neither an alternative route to Chinese transit through Pakistan and nor a substitute for Chinese investments in Pakistan.

Afghanistan wisely welcomed these big Chinese projects and signed an MoU with Beijing to become a part of OBOR during Afghan Chief Executive Officer Dr. Abdullah Abdullah's visit to China in 2016. Regarding CPEC, the former Afghan ambassador to Pakistan and the new Afghan ambassador to China, Janan Mosazai, has said in an interview that Kabul "supports[ the] China-Pakistan Economic Corridor. We would like to link up with it." Mosazai added that Kabul is ready to "facilitate the linking of Central Asian countries with the corridor." Iran is also expected to be an active part of the Chinese OBOR at a time when Tehran is just becoming open to the world. Iran also wants to connect CPEC (and Gwadar) and Chabahar. Given that both Afghanistan and Iran have embraced OBOR, it seems unlikely that Chabahar will line up in direct competition with the Chinese project.

The rivalry between Chabahar and Gwadar mostly hinges on two factors. First, analysts posit that the probability of a Chinese and Indian military (especially navy) presence in these ports will increase Sino-Indian rivalry in the Indian Ocean. Second, there is an expectation that Chabahar port will diminish the importance of Gwadar port (the end of CPEC) as a transit hub and route for Central Asian republics and Afghanistan.

Strategically, though Pakistan may give permission to China to use Gwadar militarily, it will definitely be on Pakistani terms. Moreover, Pakistan might also use the port for its own military purposes. However, Iran, for her part, may not agree to allow India to use Chabahar for military purposes. Iran may not want to enter into the Sino-Indian strategic rivalry at a time when Sino-Iranian economic, political, and strategic relations far outweigh Indo-Iranian relations. Bilateral trade between India-Iran is \$14 billion, compated to \$51.8 billion between China and Iran. Moreover, Iran and

China agreed in Janary 2016 to increase bilateral trade to \$600 billion in the next 10 years. Moreover, it was China (along with Russia) that vetoed United Nations Security Council resolutions against Bashar al-Assad's regime in Syria, a strategic ally of Tehran.

In addition, the close ties between the United States and India will influence Iranian strategic thinkers. Its unlikely that Iran will allow its ports to be used militarily by Indians against China as Tehran considers the Indo-U.S. alliance in the Indian Ocean as against its own interests. In order to avoid Chinese and Pakistani misconceptions, the Iranian envoy to Pakistan has already invited both Pakistan and China to be a part of the Chabahar accord. Given the opportunities among Pakistan's lengthy coastline and ports, both China and Pakistan may be reluctant to take part in developing Chabahar. But the chances for Chinese investment in Chabahar are not negligible. The Chinese envoy to Iran expressed earlier that Chinese firms are ready to invest in Chabahar port. A technical team from Beijing had even visited the port in April 2016. According to Iranian sources, both sides signed an MoU on the construction of an industrial town in Chabahar in 2015.

Regarding the question of Afghanistan-Pakistan transit, problems were in place long before the Chabahar deal was signed. Afghanistan's deputy minister of commerce and industries, Muzamil Shinwari, said in an interview that due to the transit and trade problems with Pakistan, Afghan traders have diverted their attentions to Bandar-e-Abbas in Iran. He explained that "in 2008-2009 nearly 60 percent of Afghan imports were transited from Pakistan, but now, in 2016, it is not even 30 percent." On the other hand, "nearly 15-20 percent Afghan imports were transited from Iran in 2008-2009 but it is now 37-40 percent."

However, the increase in transit from Iran and decrease in transit from Pakistan is not due to the Chabahar port. The change is driven by the state of bilateral relations between Kabul and Islamabad and Pakistan's reluctance to give Afghan goods a path to enter into India. The distrust works both ways. A Pakistani minister told Pakistani media that Islamabad will soon enter into a quadrilateral transit agreement with Central Asian republics and China. Thus, Pakistan will bypass Afghanistan and reach Central Asian republics through China and CPEC.

### Why Afghanistan Needs Chabahar

Chabahar has helped the landlocked Afghanistan to overcome its transit dilemma. Many Afghans believe that Islamabad is using the right of a landlocked country to transit as a pressure point against Kabul. Thus, Afghan transit is linked with Kabul-Islamabad ties; the worse bilateral relations are, the worse the transit situation becomes for Kabul. Afghanistan's top 10 trading partners through the Afghanistan-Pakistan Transit Trade Agreement are, in order of trade volume: China, the United States, Malaysia, Indonesia, India, UAE, Kenya, Vietnam, Hong Kong, and South Korea. In 2012, 2013 and 2014, 33 percent of total Afghan imports through APTTA were solely Chinese imports to Afghanistan, which made China Afghanistan's top trading partner through APTTA. In the absence of a direct trading route with China through Wakhan pass and with technical problems in the newly established railway link between Afghanistan and China, Afghanistan's trade with China will continue to mostly depend on Pakistan and CPEC.

That is to say, despite Kabul's love affair with Chabahar, the port deal with Iran and India may not represent a paradigm shift in Afghan transit in the short run. But, in the long run, factors such as the persistence of transit and trade problems faced by Afghans on Pakistani soil, Islamabad's reluctance to make India a part of a transit trade agreement between Afghanistan and Pakistan, and the opening of alternate routes for Afghan imports from China via Pakistan (the five-nations railway line linking China, Kyrgyzstan, Tajikistan, Afghanistan, and Iran, along with a smoothly-functioning China-Afghanistan rail link) will further decrease the importance of Pakistani transit route.

However, the Pakistani route could still be of importance for both Afghanistan and India. But this will depend on whether Pakistan agrees to make India a part of APTTA, allowing for the smooth movement of Indian goods from Pakistan to Afghanistan and beyond, and Afghan goods through Pakistan to India and beyond.

Source: thediplomat.com, 31 January 2017



## MARINE ENVIRONMENT



#### **ASEAN urged to address Plastics Pollution in seas**

Leander C. Domingo

GREENPEACE has urged the Association of South East Asian Nations (Asean) to take concrete measures against plastics pollution in the high seas to stop environmental degradation and dwindling of marine life in the region. The call was made ahead of the Asean leaders' summit in Manila in April. At the same time, Greenpeace urged countries to promote protection of the oceans by including support for global efforts to protect more marine areas. Lawyer Zelda Soriano, legal and political adviser for Greenpeace Southeast Asia, said a 2015 study named five Asean member-countries as the biggest sources of plastics pollution in the world's oceans. These are: Indonesia, Malaysia, the Philippines, Thailand and Vietnam. She said now is the time for Asean to come together and protect and conserve the fragile marine environment before it is too late. "We challenge the Philippine chairmanship to make a mark and leave a historic legacy if it can muster regional cooperation to address the plastics pollution that originates from Asean countries," Soriano said.

In a recent forum held by the Department of Agriculture and the Department of Environment and Natural Resources in Manila, crucial issues were raised on the conservation and sustainable use of marine biodiversity in areas beyond national jurisdictions. The forum was held in collaboration with Greenpeace Southeast Asia and the Pew Charitable Trusts attended by delegates from Southeast Asian nations, marine scientists and activists from Indonesia, Malaysia, the Philippines, Thailand and Vietnam.

In its report, Greenpeace said plastic production rates have seen a steady growth in recent years, especially in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. The report also showed that of the 275 million tons of plastic the world produces each year, about 10 percent ends up in the ocean. "Plastic wastes often float in the open seas, often ending up in gyres, circular motion of currents, forming conglomerations of swirling plastic trash called garbage patches, or accumulates in closed bays, gulfs and seas," the report said.

It added plastics also kill and injure a wide range of marine life and consequently people's health are threatened when they eat fish that have ingested toxin-saturated plastics. Soriano noted areas beyond national jurisdiction make up two-thirds of the world's ocean that are governed by an insufficient patchwork of management mechanisms, with little coordination across the bodies that regulate industries such as fishing, mining and shipping.

She said a new treaty could help to close gaps where no one country or body has full authority to act, and create opportunities to establish marine-protected areas including fully protected reserves, in waters beyond national control. Asean governments, Soriano said, need to create more marine reserves where biodiversity can thrive, both within and beyond national waters adding that this is the only way to effectively address marine pollution and climate change that adversely affect the productivity of the oceans.

Source: www.manilatimes.net, 21 January 2017

# **Ballast Water Management (BWM) Convention: late Implementation, huge Impact**

Kapil Narula

Ballast water is used to stabilize the ships and is essential for the hydrodynamic safety of the ship. Ships fill in ballast water in their tanks after unloading the cargo at the destination port and then discharge it prior to reaching the source port. During this process, a large number of marine organisms such as bacteria, microbes, small invertebrates, eggs and larvae are transferred from their native location to a foreign environment. In the process, there is a persistent danger that these organisms may become invasive species and could wipe out local biodiversity, thereby permanently changing the native marine environment. The problem of invasive species has been observed across the world and is expected to grow further due to the expansion in seaborne trade and new routes taken by ships. It is estimated that up to 5 billion tonnes of ballast water is transferred annually throughout the world and approximately 10,000 unwanted species are carried in ships ballast tanks daily. Ballast water is hence widely recognised as a major environmental threat as it endangers the sensitive marine ecosystems and may lead to irreversible damage to marine life.

In order to prevent the unhindered flow of marine organisms across the oceans, standards and procedures for management of ballast water have to be implemented so as to minimize the transfer of harmful aquatic organisms. Article 196 of the UN Convention on the Law of the Sea, 1982 relates to 'use of technologies or introduction of alien or new species' and there is a provision for introducing a legally binding mechanism to coordinate a global response to this issue. Under this article, "States shall take all measures necessary to prevent, reduce and control pollution of the marine environment resulting from the use of technologies under their jurisdiction or control, or the intentional or accidental introduction of species, alien or new, to a particular part of the marine environment, which may cause significant and harmful changes thereto." In accordance with this clause, the IMO adopted the 'International convention for the control and management of ships' ballast water and sediments', known as the BWM 2 Convention by consensus in 2004. However, it took more than 11 years for countries to ratify this convention. Finland was the latest signatory to this convention in September 2016, bringing the overall country count to 52. With its accession, the combined tonnage of contracting parties crossed 35 percent threshold (tonnage of world merchant shipping) and the convention will enter into force from 08 September 2017.

Once the BWM convention is enforced, all ships of 400 GRT and above will be required to fit an approved ballast water treatment system onboard the ship. Ships would need to have a ship specific BWM plan approved by the maritime administration and this will be verified by issue of an international BWM certificate. The BWM plan includes a detailed description of the actions which need to be taken to implement the ballast water exchange standard and the ballast water performance standard for ships. Under the regulation for ballast water exchange, all ships should conduct ballast water exchange at least 200 nm from the nearest land and in water at least 200 metres in depth. Further, all ships shall remove and dispose off sediments from spaces designated to carry ballast water in accordance with the provisions of the ships' ballast water management plan. The ship will also have to maintain a ballast water record book which would record the time and location of taking or discharging the ballast water and the type of treatment which is undertaken on-board a ship.

According to the existing guidelines, BWM systems onboard ships shall discharge less than 10 viable organisms per cubic metre (greater than or equal to 50 micrometres in size) and less than 10 viable organisms per millilitre (less than 50 micrometres and greater than or equal to 10 micrometres in size). Further, to ensure that there is minimal health impact, standards have been adopted to ensure that the discharge of

the indicator microbes shall not exceed the pre-defined concentrations. More than 50 BWM systems manufactured by various companies have received type final approval certification for installation on-board ships. There are three types of ballast water treatment systems: mechanical, physical and chemical. The mechanical treatment methods include filtration and separation while physical treatment methods involve sterilisation of the ballast water by use of ozone, ultra-violet light, electric currents and heat treatment. Chemical treatment methods include addition of biocides to ballast water to kill organisms.

The IMO Secretary General has termed the BWM convention as a significant step towards preservation of the marine environment but complying with the convention would pose a huge challenge for the shipping industry. The convention will impact ship-owners as they will have to retrofit the ballast water treatment systems at an additional cost. It is 3 estimated that around 60-70,000 ships would have to be fitted with approved ballast water treatment system. It will also lead to an increase in the sales of ballast water treatment systems and the time spent to retrofit the system on operational ships will lead to loss of productivity for shipping companies. Ship operators will have to train seafarers to take various measures to comply with the new regulations when the ship is underway. Ship designers and ship builders will have to modify the existing design for optimising the fitment and for system integration of the ballast water treatment equipment and systems onboard ships. Ports where cleaning and repair of ballast tanks are undertaken will need additional facilities for reception of sediments from ballast water tanks. Maritime administrations of flag states will have to make extra arrangements for inspection of vessels including sampling of ballast water and for verification of documents. Port state control would have to train their staff for detecting the violation of regulations and for collecting evidence apart from having to issue additional documents in a routine manner.

The BWM convention does not apply to warships and hence there are no implications for the navies. India acceded to the BWM convention in 2015 and the Union Cabinet approved the introduction of the Merchant Shipping (Amendment) Bill, 2015 in May 2015. The bill provides for penalty on the violation/non-compliance to the regulations contained in the convention and there is a provision for the ports to charge the visiting ships for the use of additional facilities. Further, Indian ships below 400 GT plying within the territorial waters of India shall be issued an Indian Ballast Water Management Certificate instead of an international certificate and have to follow all regulations under the convention in Indian waters. The BWM convention is likely to significantly lower the negative environmental impact from shipping and is an

important step in environmentally safe shipping. It directly contributes to Sustainable Development Goal (SDG) 14 on sustainably using the oceans. However, there are many implications for the shipping industry and maritime actors will have to cooperate to overcome the challenges for implementing the convention seamlessly across the globe.

Source: www.maritimeindia.org, 23 January 2017

# Is the EU 'Undermining' UN efforts to Curb Maritime Pollution?

This past December, the European Parliament's Environment Committee decided to include shipping emissions in the EU's Emissions Trading System in 2023 if the UN's International Maritime Organization fails to adopt a comparable system for global shipping by 2021. The EU Emissions Trading System (ETS) is a cornerstone of the EU's policy to combat climate change and its key tool for reducing greenhouse gas emissions cost-effectively. It is the world's first major carbon market and remains the biggest one. It operates in all 28 EU countries plus Iceland, Liechtenstein and Norway and limits emissions from more than 11,000 energy intensive installations (power stations & industrial plants) and airlines operating between these countries. Overall, it covers around 45% of the EU's greenhouse gas emissions. The ETS works on the 'cap and trade' principle.

A cap is set on the total amount of certain greenhouse gases that can be emitted by installations covered by the system. The cap is reduced over time so that total emissions fall. Within the cap, companies receive or buy emission allowances which they can trade with one another as needed. They can also buy limited amounts of international credits from emission-saving projects around the world. The limit on the total number of allowances available ensures that they have a value.

After each year, a company must surrender enough allowances to cover all its emissions, otherwise heavy fines are imposed. If a company reduces its emissions, it can keep the spare allowances to cover its future needs or else sell them to another company that is short of allowances. Trading brings flexibility that ensures emissions are cut where it costs least to do so. A robust carbon price also promotes investment in clean, low-carbon technologies.

#### IMO too S low?

In the past year, we have seen a couple major developments come out of the IMO regarding environmental protections. The first was the Ballast Water Management Convention followed by a mandate to reduce sulfur emissions. Both projects had been in the works for many, many years. I have written about both and warned that due to the extended time it took to develop and then implement these measures the IMO could be perceived to be falling behind the curve in terms of environmental protection which is widely viewed as having greater importance now more than ever.

Well, it appears that I wasn't the only one feeling this way and the latest action out of the EU confirms this sentiment. I have previously warned that acting too slow would lead to unilateral action on the part of individual governments which could create a fragmented playing field and potential distorting the current market. While smaller markets, like California for example, have implemented strict guidelines surpassing the IMO's own regulations this latest move by the EU represents a major shift in the global shipping market and could impact a significant number of vessels and companies.

#### Battlefield Earth

The 2015 Paris Agreement makes no reference to emissions from international shipping, due to the global nature of the sector and the difficulty in allocating emissions from a ship to a single state. IMO's own research found that shipping GHG emissions are up 70% since 1990 and are projected to grow by up to a further 250% by 2050. A recent European Parliament study shows shipping could be responsible for 17% of global CO2 emissions in 2050 if left unregulated. To put it in perspective, Pulitzer Prize-winning journalist Edward Humes, author of "Door to Door" recently revealed some startling facts on a NPR interview last April. He noted that just 160 large container ships create more emissions than all the cars in the world combined.

There are more than 6000 cargo ships plying back and forth across the oceans of the world today. Do the math. Ocean shipping puts 375 times more pollutants into the atmosphere every year than all the cars in all the countries in the world combined. But you won't see those statistics reflected anywhere. The vast majority of those emissions take place on the high seas and are not included in the official emissions tally for any one nation. It is an invisible problem that is responsible for hundreds of thousands of premature deaths every year and millions of negative health outcomes worldwide.

#### EU vs. UN

The inclusion of shipping in the ETS represents the most significant unilateral action taken against an industry that has largely escaped regulation in the past. This action is the result of mounting frustration as illustrated by a comment from an EU spokesperson: There is potential to reduce emissions from the shipping sector significantly, yet currently there are no adequate regulatory measures in place to limit or reduce them. Action is needed. More action and fewer letters. But the IMO is less than enthusiastic about the EU attempting to take the lead on reducing global emissions.

#### IMO Secretary-General Lim stated:

I am concerned that a final decision to extend the EU-ETS to shipping emissions would not only be premature but would seriously impact on the work of IMO to address GHG emissions from international shipping. Inclusion of emissions from ships in the EU-ETS significantly risks undermining efforts on a global level. The International Chamber of Shipping's (ICS), Simon Bennett believes: The EU ETS has been an abject failure. Its unilateral application to global shipping would create market distortion while generating trade disputes with China and other Asian nations, as happened when the E.U. tried unsuccessfully to impose its ETS on international aviation. But not all shipping bodies are crying foul. The Port of Rotterdam is the largest port in Europe in terms of annual throughput, currently handling around 30,000 seagoing vessels and 110,000 inland vessels every year. It is important to note that shipping emissions in ports follow a highly-skewed distribution pattern, with more than a third of the emissions occurring in only 50 ports. This points to the concentration of air pollution in selected environmental hotspots, among them would be the Port of Rotterdam.

The Port of Rotterdam Authority is supporting the European Parliament to put pressure on the International Maritime Organization (IMO) to produce an ambitious worldwide CO2 reduction plan for sea shipping. Given the recent plans, measures could only be expected by 2023 at the earliest. "Far too late. The plans are not challenging enough," believes President and Chief Executive Officer of the Port Authority, Allard Castelein. He added, "we are prepared to make a supportive contribution to the implementation of measures."

Those advocating swiftly addressing this issue believe that utilizing governmental bodies like the EU will ultimately put pressure on the IMO to act faster if they wish to maintain the uniform nature of shipping rules and regulations around the globe.As

Secretary Lim noted, "unilateral or regional action that conflicts with or undermines actions that have been carefully considered and deliberated by the global community at IMO threatens world-wide confidence in the consistent, uniform system of regulation developed by IMO."

Obviously if that uniformity is to be maintained the IMO will be forced to address this issue and develop an acceptable plan prior to 2021. If it fails to do so regional action may begin to alter trade flows and while the environment may benefit, some predict it may well lead to cargo being transshipped outside of Europe with direct impacts on European employment. Already the pressure seems to be working as The Business Insider reports: In response IMO Secretary-General Kitack Lim said tackling the issue was a matter of "urgency" and it would continue its work to find a global solution for controlling greenhouse gas emissions "by working together and not leaving anyone behind".

#### Conclusion

While the UN sees the latest unilateral action out of the EU as undermining the uniformity of the global rules and regulations of which shippers must abide, others see this route as a method of putting pressure on the IMO to address issues which have lingered on for far too long. Reactions are mixed with shippers uniformly decrying this action while environmental groups and those regions strongly impacted by harmful CO2 emissions supporting the action.

This regional action represents the largest unilateral measure ever taken and it remains to be seen if it proves successful in pressuring the IMO into taking the lead. If successful the future could see more regional bodies attempting to address issues they deem important by threatening or implementing changes which threaten to derail the uniformity of shipping laws, rules, and regulations.

The IMO has often been criticized for acting to slow on issues of significant global importance. Now it appears other governmental bodies are no longer accepting this and taking the lead. If the IMO fails to address future issues in a timely manner, regional action my become more frequent and begin to erode the importance and credibility of the UN's IMO. The IMO's track record for speedy implementation of vital environmental protection is not great. It took approximately 13 years after first recognizing the need for Ballast Water Management before actual measures were implemented. It took approximately 12 years for sulfur emissions to be curbed on a global scale after amendments were adopted in 2008. This followed the Annex VI to

the International Convention for the Prevention of Pollution from Ships (MARPOL Convention) in 1997 which officially recognized the problem and the need for regulation. The issue of CO2 emissions from maritime trade is an important one and many are not willing to wait several more years for it to be addressed.

Source: seekingalpha.com, 28 January 2017

#### Second tanker in recent days' rolls and leaks diesel fuel

Alex DeMarban

The year's second fuel tank rollover reported by state environmental regulators shut down the Richardson Highway for more than an hour on Tuesday, with a minor spill of ultra-low-sulfur diesel on the highway. The crashes have underscored concern about dangers posed to motorists and the environment amid a rising number of tanker-truck accidents in recent years. The fuel is often hauled up the Richardson Highway from Valdez, in trucks pulling double tankers often bound to support drilling and other industrial operations on the North Slope oil fields. Regulators have said trucking companies are taking steps to reduce the number of accidents.

Tuesday's rollover came after a Big State Logistics truck lost traction at the Keystone Canyon, at Mile 17.5 of the highway. The second fuel tank briefly slid off the road. The truck driver took corrective action to bring it under control, forcing that so-called pup tank to roll onto the highway and leak, according to a report from the Alaska Department of Environmental Conservation. The accident shut down the highway for about 1½ hours, starting about 1:45 p.m., a Valdez official said. About 30 gallons of diesel leaked, but did not leave the road. No injuries were reported, and the truck and main tank were not damaged. "Big State Logistics placed sorbents at the area that fuel was being released from the tank and sorbent boom was placed around the entire secondary tank," the ADEC report said. "Big State Logistics transferred the fuel oil from the compromised secondary tank to another tank trailer." In an incident on Jan. 9 involving a two-tanker truck owned by Colville Transport, the DEC reported an estimated 4,000-gallon spill of ultra-low-sulfur fuel, along the highway about 20 miles south of Paxson. A right-front tire left the pavement, and the truck rolled into the ditch, leading to a puncture in the main tank.

Source: www.adn.com, 19 January 2017

#### Vietnam at risk of sea desertification

Sea desertification is a problem that is becoming more severe around the globe, including in Vietnam. *It greatly affects the livelihoods of coastal* communities but also sustainable development, environmental security, and sea and island sovereignty. Dr Du Van Toan from the Institute for Sea and Island Research at the Vietnam Administration of Seas and Islands said sea desertification is an urgent issue. He cited international experts as saying that preventing desertification is a task for the entire world, requiring long-term international cooperation.

The United Nations Food and Agriculture Organisation (FAO) defines a marine desert as an area where all marine species die or are unable to live in due to poor natural conditions, water quality or landscapes. The first cause of sea desertification is climate change which heats up air and sea water and lowers the concentration of nutrients and dissolved oxygen. In oxygen-deficient areas, marine species usually swim away to seek oxygen-rich zones while others such as bivalve mollucs suspend activities and go into hibernation. These shellfish will die if the oxygen deficiency lasts too long. Another major cause of sea desertification is the mushrooming of coastal cities and industrial parks which generate a huge volume of solid waste, wastewater and fumes that impact air and seawater quality.

Most marine deserts appear near the coast, cities and industrial zones whose activities fuel greenhouse gas emissions, increase acidification, and interrupt nutrient supply along with oxygen, nitrogen and phosphorous cycles. Ocean acidification will lead to coral bleaching and habitat degradation. Destructive fishing practices such as using explosives or hazardous chemicals damage important marine ecosystems such as coral reefs, submerged forests, and sea grass. In addition, land reclamation activities also destroy coastal forests and coral reefs.

The surge of nutrients as a result of waste release from human activities also leads to a bloom of toxic red dinoflagellates, also known as red tide, which kills marine species. It takes decades, huge efforts and a lot of money to recover coral ecosystems. Too many shipping activities in one small area such as those near seaports or river mouths also wipe out animals there. US scientists found that regions with low chlorophyll, or marine deserts, are spreading around the globe, particularly in the northern hemisphere.

In Vietnam, mass fish deaths have been recorded along the coast of the central provinces of Ha Tinh, Quang Binh, Quang Tri and Thua Thien-Hue, as well as at fish farms in other localities. Vietnam, like many countries in the world, is influenced by climate change and waste release from cities and industrial activities which have polluted the marine environment. That fact shows Vietnam is likely to face sea desertification. To sustainably develop and protect the maritime environment, it is necessary to study the causes and expansion of marine deserts in the waters off the coast of Vietnam. Marine deserts also need to be classified and shown on maps. Authorised agencies should have thorough assessments of the impacts of socioeconomic activities and security problems on the marine environment.

Additionally, they should set up special monitoring systems for areas at risk of desertification, and enhance international cooperation on tackling sea desertification. It is important to disseminate information about this phenomenon among coastal communities and relevant organisations so that they are aware of the problem and join efforts to prevent sea desertification. Vietnam now has 16 marine protection areas (MPAs). Though they cover a small area, just 0.3 percent of total waters, they still can help maintain ecological balance if they can be managed well. Marine protection areas are believed to create a restoration effect after five years, and later create a spillover effect which helps disperse nutrients to the surrounding areas.

Source: english.vietnamnet.vn, 29 January 2017

# Chennai cargo ships collision: A ton of oil may have spilled, turtles and fish float dead

A day after the fuel tank of an oil tanker ship burst after the collision with an LPG carrying vessel, dead turtles and fish floated on the sea at Ernavur. "There is no damage like oil spill and no casualty or injury to any person. Both vessels are afloat and anchored. The extent of damage is under assessment," Kamarajar Port said in a statement on Saturday.

However, MA Bhaskarachar, chairman of Kamaraj Port in Ennore told TOI that at least one ton of heavy furnace oil (HFO) may have leaked from MT Dawn tanker Kanchipuram. He added that the incident may have occurred due to miscommunication between both the ships. indian Coast Guard on Sunday said it coordinated the mopping operations of oil spill due to the collision of the two petroleum product carriers. The Coast Guard has already issued a notice to the master and the owner of the vessel to take all actions to undertake containment and recovery

of oil spill and to take all necessary action to keep the environment clean as prevailing before the incident. The collision between liquefied petroleum gas (LPG) vessel MT BW Maple and oil tanker MT Dawn Kanchipuram happened on Saturday early morning 4am.

In a statement issued in Chennai, the Coast Guard said it received information about drifting oil spill near Ennore from an inspector of the Fisheries Department. "The Coast Guard promptly mobilised their Pollution Response Team (East) team for the mopping operation in close liaison with the State District Collector, Pollution Board, (formerly) Ennore Port (now Kamarajar Port) and local fisheries authorities," said a Coast Guard statement. According to the Coast Guard, the initial assessment indicated a small patch of about 50 x 30 metre stretch along the rock beach. The oil spill is suspected from the oil tanker MT Dawn Kanchipuram. Coast Guard Pollution Response Team along with Oil MOP Skimmer with all gears undertook the mopping operations to clear the drifted oil slick from the beach area. "The mopping operation is likely to continue for the next day with an aim clean the beach from the oil slick," Coast Guard said. "There is no damage like oil spill and no casualty or injury to any person. Both vessels are afloat and anchored. The extent of damage is under assessment," Kamarajar Port said in a statement on Saturday. Shipping industry professionals had said that it was "providential" that no major damage occurred due to the collision, which seems to be due to grave human error. The LPG carrier was outbound while the other was inbound. "It could certainly be said that it was a lucky escape as no major damage has happened to the vessels," said Girish Sehgal, LNG Vessel Technical Adviser. He said the collision could have happened mainly due to human error. Industry professionals said even if the LPG tanker is empty, there is always a risk of explosion due to presence of gas traces in emptied tanks.

Source: www.thenewsminute.com, 30 January 2017

### Oil spill from tanker involved in collision being mopped up: Coast Guard

Chennai: Indian Coast Guard has said it coordinated the mopping operations of oil spill due to the collision of two petroleum product carriers off Kamarajar Port here. The Coast Guard has already issued a notice to the master and the owner of the vessel to take all actions to undertake containment and recovery of oil spill and all to take all necessary action to keep environment clean as prevailing before the incident. The collision between liquefied petroleum gas (LPG) vessel MT BW Maple and oil

tanker MT Dawn Kanchipuram happened on Saturday early morning 4 a.m.

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Shipping industry professionals had told IANS it was "providential" that no major damage occurred due to the collision which seems to be due to grave human error. The LPG carrier was outbound while the other was inbound. "It could certainly be said that it was a lucky escape as no major damage has happened to the vessels," Girish Sehgal, LNG Vessel Technical Adviser, told IANS on Saturday. He said the collision could have happened mainly due to human error. Industry professionals said even if the LPG tanker is empty, there is always a risk of explosion due to presence of gas traces in emptied tanks.

Source: energy.economictimes.indiatimes.com, 30 January 2017



# **GEOPOLITICS**



#### Will Donald Trump Rebalance the 'Rebalance'?

Gurpreet S Khurana

On 20 January 2017, Mr Donald Trump assumes office as the 45th President of the United States (U.S.). Six years ago, in 2011, his predecessor, President Barak Obama launched the 'Rebalance to Asia'. Among the key objectives of the policy were to engage with the economically rising Asia-Pacific, maintain U.S. supremacy in this region, and manage the rise of China. So far, clearly, the 'Rebalance' has not been effective for the U.S., inter alia in terms of bringing about an enhanced economic integration, reassurance of allies, or even managing military escalation.

There is much speculation on what the new incumbent to the White House Donald Trump would do. A few believe that Trump will unravel 'Rebalance'. The mainstream view is that the Asia-Pacific is too important an area for the U.S. to disengage with. Nonetheless, the texture of 'Rebalance' may change. This essay attempts to lift the fog on this issue to extent possible, and examine its strategic implications for the Asia-Pacific, and the broader Indo-Pacific region.

Those who have followed the U.S. election campaign are well aware that America's electorate voted for a change. Trump, therefore, notwithstanding all his odd ways, did win. This will embolden him to continue to do things differently. However, he can do things differently only with regard to the functions that he understands well. This calls for an analysis of Trump's disposition towards the three key dimensions of the U.S. 'Rebalance': economics, diplomacy and military-strategy.

#### **Economics**

Undeniably, Donald Trump understands economics. Besides having being a successful businessman, his book 'The America We Deserve' published in the year 2000 is a rather 2 compelling read. It emerges from the book that Trump believes that sound economics and economic strategy will lead to, not only effective governance, but also successful international relations. In the book, he lays a vision for the U.S. grounded in economics, and the need for America to have a 'dealmaker' President. It was perhaps

with this strong conviction that he trashed the Trans-Pacific Partnership (TPP) without a second thought. Of course, this does not imply that the U.S. would hold back its economic engagement with the Asia-Pacific countries, only that he may seek more favourable arrangements, with a focus on bilateral ones.

# Diplomacy

Does Donald Trump understand diplomacy? One cannot be very certain, but then Donald Trump thinks that he does. The reasons are evident. He began appointing key envoys – such as to the United Nations and China – without even naming his Secretary of State, whose advice he could have benefited from for making these key envoy appointments. He then picked Rex Tillerson as the Secretary of State. Tillerson is a former Exxon Mobil CEO, who has never served in the U.S. government, but is close to the Russian President Vladimir Putin. All these indicate the likelihood that Trump will adopt a self-willed foreign policy; but one that premised on rationale, which to him is 'sound economics'.

Trump has irked China by 'cosying up' to Taiwan, but it also fits well into 'the picture'. Trump may continue making noises against Beijing suggesting a review of 'One-China' policy and so on, but all this commotion is likely to be meant as leverage against China to concede to the critical U.S. interests, such as in terms of Beijing's trade practices, about which, lately, Washington is not too happy about.

#### Military-Strategy

Does Donald Trump understand military-strategy? Here, Trump may find himself on a 'sticky wicket'. Undeterred, he had wisely appointed the retired Marine Gen Mattis as his Defence Secretary, who has served in Iraq; notwithstanding the special waiver he would need from U.S. Congress for the post. Although Trump has declared that he would avoid repeating the "mistakes" of his predecessors in getting the U.S. embroiled in "costly wars", he is likely to focus on the Islamic State (IS) and other forms of religious terrorism, which may hold his attention on developments in the Middle East/ West Asia, and its periphery.

Hence, the indicators are that Trump may be more inclined to be conservative on military assertion in the Asia-Pacific. Of course, this may change based on the developments, particularly the behaviour of China and North Korea. But in the overall sense, the U.S. assertiveness in the Western Pacific using its 'hard power' is likely to reduce.

#### Implications for the Region

The aforesaid 'informed' speculation on the likely U.S. strategic disposition under Donald Trump leads to two broad conclusions. First, China may assert itself more strongly, not only in Asia-Pacific, but also in the broader Indo-Pacific region. Such assertion could be centered on the 'One Belt One Road' (OBOR), and also involve a maritime-military assertion in the Indian Ocean Region (IOR). Furthermore, if the U.S. manages to rob China of its emerging strategic ally Russia, Beijing may be cornered, and behave quite like a cat that is cornered – aggressively.

Second, notwithstanding the U.S. stakes in the IOR, America's security role in the IOR may be scaled down somewhat, carefully calibrated to prevent a 'vacuum' being filled by China; and possibly, coordinated with the European powers. This will ensure that the stakeholders in the IOR do not enjoy 'free-riding' financed by American citizens. In this scenario, India would need to play a more proactive role as a regional 'net security provider'. Though New Delhi has always been willing to do so, its challenge would be to balance the regional security role with the more pressing commitments of homeland (internal, coastal and offshore) security.

Source: www.maritimeindia.org, 18 January 2017

# China's Increasing Influence in Indian Ocean Matter of Concern for India: US commander

Warning India against increasing Chinese influence in the Indian Ocean region, a top American military commander on Wednesday stressed on the need to sign two key agreements between India and the US for joint tracking. Admiral Harry B Harris, who heads the US Pacific Command (PACOM), termed Chinese submarine forays into the Indian Ocean an "issue" and said signing of the Communications Compatibility and Security Agreement (COMCASA) will help in joint tracking. "India should be concerned about increasing Chinese influence," he told a select group of journalists.

Harris also flayed China's relationship with Pakistan and Bangladesh. "I am not a CENTCOM guy but I think the relationship between China and Pakistan is of concern

and I believe that Indian counterparts are also concerned. I believe that China's relationship with Bangladesh is also of some concern," he said. The top American commander said both India and the US have come a long way in the last few years. "Logistics Exchange Memorandum of Agreement (LEMOA) is a clear indicator of progress. There are other foundational agreements like COMCASA and Basic Exchange and the Cooperation Agreement for Geospatial Information and Services Cooperation (BECA). "These are important foundational agreements. If we get these agreements signed, I think we will be at great place. But I do not want to punish India in the COMCASA or BECA areas i.E. Before India is ready to go," he said. Asked about the Indo-US cooperation in the Indian Ocean, Harris said, "In tangible terms, with the P8i aircraft, we will be able to do more interoperable activities". He said the aircraft provided the best capable anti-submarine platform. "While India has the P8i, we have the P8A, they are not completely interoperable because of different communication system. In order to really maximise the potential here in the Indian Ocean against those submarines (Chinese), we need to move this agreement forward," the US commander said.

Noting that LEMOA was signed after talks of over a decade, he hoped that the two agreements will not take the same time period. Talking about the US's help to India in tracking of Chinese submarines in the Indian Ocean, Harris said, "We work closely with India. Malabar exercise helps us horn our ability of highly technical tracking of submarines. I think we are getting better together on our ability to track what china is doing in the Indian ocean.""Chinese submarines are clearly an issue and we know that they are operating through the region," he added. The senior US commander commented that a strong and prosperous China was not a bad thing. "It is when that strength and prosperity tuns into aggression and coercion, it becomes a problem. It could become a problem for all of us," he said.

Earlier, addressing the Raisina dialogue here, Harris said he can proudly report on the upward trajectory of cooperation between India and the US. "With its commitment to improving its defence capabilities and modernising its forces, India has demonstrated it has skin in the game," he said. Talking about the South China Sea, he said no one, including him, wants conflict. "I have been loud and clear that I prefer cooperation so that we can collectively address global security challenges. But I have also been clear that we will not allow the shared domains to be closed down unilaterally - no matter how many bases are built on artificial features in the South China Sea. "I say this often but it is worth repeating - we will cooperate where we can and be ready to confront where we must," he said.

Harris said there were many who questioned the motive behind the increasingly cooperative relationship between the US and India. "They say that it is to balance against and contain China. That is simply not true. Our relationship stands on its own merits," he said. He said a hindrance to free flow of navigation in Indian Ocean can disrupt economies. "The threat to freedom of navigation is the biggest threat," he said.

Speaking about the terror group ISIS, Harris said as the group was being eliminated elsewhere, some of the surviving foreign fighters will likely return to the countries from whence they came. "What is worse is that they will be radicalised and weaponised. We have seen the beginning of this trend in the Indo-Asia-Pacific. It is not a theory. It is real. In the past year alone, ISIL has made its murderous intentions clear in places like Bangladesh, Indonesia, the Philippines, Malaysia and the United States. "It is clear that ISIL wants to conduct its bloody attacks right here in this country. But so far, ISIL's plans for operations in India have been thwarted by the diligent work of India's law enforcement, intelligence and counter-terrorism agencies," he said.

Source: www.news18.com, 19 January 2017

# US defence chief heads to Japan and South Korea to strengthen ties

The new US secretary of defence, James Mattis, is to reassure Japan and South Korea of Washington's commitment to the security of the volatile Asia-Pacific region, despite suggestions by Donald Trump that he was ready to scale down the US's military presence there. Mattis, a retired Marine general, will reaffirm America's role in strengthening security ties with its two strongest allies in the region when he visits South Koreaon Tuesday and Japan the following day. "The trip will underscore the commitment of the United States to our enduring alliances to Japan and the Republic of Korea, and further strengthen US-Japan-Republic of Korea security cooperation," the Pentagon spokesman, Jeff Davis, said.

Trump rattled nerves in Tokyo and Seoul during the presidential election campaign when he suggested he would withdraw tens of thousands of troopsfrom Japan and South Korea unless their governments paid more to maintain US forces based there. In an interview with Fox News last April, he also intimated that the two countries should be able to develop independent nuclear deterrents – a move that would trigger a potentially catastrophic Asia-Pacific arms race. South Korea hosts about 28,500 US

troops, mainly along its heavily armed border with North Korea. Japan is home to about 47,000 US military personnel, more than half of whom are based on the southern island of Okinawa, where a row over the construction of an offshore runway for use by the marines has fuelled anti-US sentiment.

Japanese officials have pointed out that Japan contributes almost 75% of the total cost of hosting US troops in the country. "The Japan-US alliance is not a mechanism from which only one of the countries benefits," the chief cabinet secretary, Yoshihide Suga, said earlier this month. "We believe the costs are being appropriately shared between Japan and the United States." Japan and South Korea are eager to build on the close military ties they enjoyed under Barack Obama, amid rising tensions over North Korea's nuclear weapons programme and China's military buildup in the South China Sea.

In his new year's speech, North Korea's leader Kim Jong-un boasted that the country was preparing to test-launch an intercontinental ballistic missile "soon" — a claim that has been supported by South Korean intelligence officials. Mattis will visit Japan and South Korea amid rising tensions over Chinese island-building in disputed parts of the South China Sea. China, meanwhile, has warned the US to "speak and act cautiously" after the White House said it would oppose Chinese attempts to "take over" the South China Sea. The foreign ministry in Beijing urged Washington to avoid doing anything to "harm the peace and stability" of the strategic waterway. This month, Chinese state-controlled media said Beijing would "take off the gloves" if Trump followed through with a promise to abandon the US policy of recognising that Taiwan is part of "one China".

Mattis has been more emphatic than Trump in affirming the new administration's commitment to its military alliances. He described "the Pacific theatre" as a priority, and some analysts expect an anticipated rise in defence spending under Trump to strengthen the US military's presence in the Asia-Pacific. On Monday, Mattis reiterated America's "unshakeable commitment" to Nato. That contrasts with earlier comments by Trump, who described the organisation as "obsolete" for being ill-equipped to fight international terrorism, and criticised most of its members for not paying their fair share towards the alliance.

During his senate confirmation hearings, last week, Mattis also acknowledged that it was in the US's interest to preserve its alliances with South Korea and Japan. "The United States is stronger when we uphold our treaty obligations," he said, but added:

"We expect our allies and partners to uphold their obligations as well". Though dismayed by Trump's decision to pull the US out of the Trans-Pacific Partnership free trade deal, Japan's prime minister, Shinzō Abe, appears to have convinced the president that Japan should figure prominently on his security agenda. Abe was the first foreign leader to meet Trump after his election victory in November, and the two leaders are reportedly preparing to hold a summit in Washington in the first half of next month.

Source: www.theguardian.com, 26 January 2017

### Julie Bishop calls on US to increase role in region, raises concerns over South China Sea

Foreign Minister Julie Bishop has warned other nations may "call the shots" in Asia should the US retreat into isolationism under President Donald Trump. In a speech to be delivered in Los Angeles on Friday, Ms Bishop will claim most Asian nations want to see more US leadership in the region despite concerns about tensions in the South China Sea. "Australia is concerned about continued construction and militarisation of disputed features in the South China Sea, in particular the pace and scale of China's activities," Ms Bishop said. Ms Bishop said Australia would continue to exercise its right to freedom of navigation and flight over the South China Sea, but did not take a side in the territorial dispute. "However, we encourage countries to resolve disputes peacefully in accordance with international law, including the UN Convention on the Law of the Sea."

Mr Trump's nominee for secretary of state Rex Tillerson has threatened to restrict or block China's access to artificial islands in the South China Sea, drawing a strong rebuke from Chinese state media. His comments also drew criticism from former prime minister Paul Keating, who accused the Trump administration of threatening to involve Australia in a war with China. Ms Bishop has spoken with US Vice President Mike Pence, with White House staff confirming he thanks Australia for its "steadfast partnership and contributions around the globe". One of Mr Trump's first acts as President was to announce an "America first" foreign policy based on "peace through strength", and increased investment in the military.

In her speech, Ms Bishop will argue Australia and the US are like-minded partners and reaffirm that the Federal Government is prepared to "defend, and when necessary,

fight for the values we share".Her comments come after Australia's security experts called on the Federal Government to increase efforts to influence Mr Trump's administration, avoiding complacency and panic. Ms Bishop will claim the US is "an indispensable power" in the Indo-Pacific region, and call on the Trump administration to reject isolationism. "Most nations wish to see more US leadership, not less, and have no desire to see powers other than the US calling the shots," Ms Bishop said. "Australia welcomes China's rise and consistently urges it to assume a leadership role that supports the rules-based order and international laws that have well served us all." Prime Minister Malcom Turnbull told Melbourne's 3AW Radio that Mr Trump had already invited him to Washington for a formal meeting. Mr Turnbull said he had reiterated his desire for a strong US presence in the region, saying Mr Trump told him "the US isn't going anywhere".

Bishop: We support TPP principles

Ms Bishop will reaffirm Australia's support for "the principles that underpinned the Trans-Pacific Partnership", saying Australia will attempt to ratify the agreement with remaining nations. Mr Trump made signing an executive order to withdraw from the trade deal a first priority of his Government, after previously claiming the deal would be a "disaster" for the US. "While the Trump Administration has withdrawn its support for the TPP, we note President Trump's commitment to ensuring the United States continues to be a great trading nation of the world," Ms Bishop said. abor's foreign affairs spokesperson Penny Wong said US engagement in Asia promoted peace, stability and security, but criticised the Coalition for pursuing a "dead trade policy". Labor's Chris Bowen said there was bipartisan support for US engagement and warned against making snap judgements about Mr Trump's intentions. "Its early days, let's not rush to details in terms of the relationship with President Trump," he said. "I think around the world there are a lot of people waiting and seeing at the moment." Mr Turnbull conceded on Thursday that it was unlikely the US would reconsider its position on the global trade deal. "There is no question that the United States, as the biggest part of the TPP, its loss is a very big loss," he said. "That's obvious. The TPP would need to be renegotiated among the remaining countries to continue without the US."

Source: www.abc.net.au, 27 January 2017

# The Trump administration vows to get tougher on China's maritime claims

When Donald Trump's nominee for secretary of state, Rex Tillerson, said during his confirmation hearings that America should deny China access to the bases it had built on disputed reefs and islands in the South China Sea, many assumed that he was speaking off the top of his head, perhaps trying to impress the senators by sounding tough. But when, at a press briefing on January 23rd, the new president's spokesman said something similar, it was not just jumpy Chinese who began wondering whether Mr Trump might deliberately and dramatically escalate military tensions with China. At the briefing Sean Spicer, Mr Trump's press secretary, was asked if he agreed with Mr Tillerson's remarks. He replied, "It's a question of if those islands are in fact in international waters and not part of China proper, then, yeah, we're going to make sure that we defend international territories from being taken over by one country."

Certainly, there are strong grounds for objecting to China's ejection of neighbours' forces from islands and reefs, to its naval build-up and, above all, to its island-building. Last July an international tribunal produced a damning verdict on China's "historic claims" in the South China Sea, declaring them invalid. It said China's tongue-shaped "nine-dash line", which descends over 1,500km from the Chinese coast to encompass nearly all the sea (see map), had no legal standing under the UN Convention on the Law of the Sea, to which China is a signatory. The court also dismissed China's claim to territorial waters around certain rocks, originally visible only at low tide, on which it had built. And it lambasted China for violating the rights of the Philippines, whose 200-nautical-mile (370-km) exclusive economic zone covers some of the rocks in question, and whose vessels China had prevented from fishing and prospecting for oil.

China said flatly that it would ignore the ruling. If anything, it has increased its presence in the sea since. For instance, it has installed hangars for fighter jets on some of the islands, in spite of a pledge not to "militarise" them. In December the Chinese navy briefly seized an underwater drone that had been deployed by an American naval research vessel about 50 nautical miles from Subic Bay in the Philippines. China has ong resented America's (perfectly legal) naval patrols and surveillance operations near its coasts.

There is a good case for standing up to creeping Chinese expansionism. But the Chinese media are surely right when they say that a blockade of the islands would be construed as an act of war. Nor do America's friends in the region want an escalation. The Philippines has had a change of government since bringing the petition to the

tribunal. Its new president, Rodrigo Duterte, has said he will set the ruling aside. Australia, America's closest military ally in Asia, has distanced itself from the Trump administration's stance. And, in an abrupt change of course, Vietnam, another oncevocal critic of China's claims, recently said it would settle its maritime disputes with China bilaterally, as China prefers. Decades of ideological inculcation have seared the nine-dash line across the hearts of Chinese nationalists. It is there on maps on the wall of nearly every classroom, and is reproduced in all Chinese passports. Facing a blockade, China would not climb down lightly.

It is not clear whether Mr Trump endorses the measures, vague as they are, that Messrs Tillerson and Spicer seem to be sketching out. But it is hard to pretend that there is no change in attitude towards China. Mr Trump has tilted notably towards Taiwan—he has broken the taboo of questioning the "one-China" policy—and he seems bent on picking a fight over trade. It is all starting to sound quite hostile, notwithstanding the deep interdependence of the two powers. Yet if the stern talk on the South China Sea is followed by inaction, America's credibility will be damaged.

A charitable interpretation of the emerging line, floated by Bill Hayton, an expert on the South China Sea at Chatham House, a think-tank in London, is that the hawkish comments have a narrower aim, of keeping China from building on the Scarborough Shoal, a set of reefs near the Philippines from which the Chinese chased the Philippine navy in 2012. A base there, in addition to ones already built in the Paracel Islands to the west and the Spratly Islands to the south, would allow China to dominate the sea. Last year Barack Obama's administration is thought to have warned China that America would block any attempt to build on the shoal. Mr Tillerson may therefore simply be restating existing policy more bluntly.

Will it work? Perhaps. Satellite imagery suggests that China's island-building stopped months ago. China's new courtship of the Philippines argues against any provocative building on Scarborough Shoal. Besides, Xi Jinping, China's president, has declared 2017 to be a year of stability, so he can scarcely afford a crisis in the South China Sea. Still, Mr Trump's emerging line gives China an excuse to do what it swore not to, and fully fortify the islands it has spent years creating.

Source: www.economist.com, 28 January 2017

### War with US practical reality: PLA official

A Chinese military official has said that war with the US is a practical reality, signalling Beijing's preparedness for a possible military conflict with Washington.

In a commentary on the official website of People's Liberation Army, the official at the national defence mobilisation department in the Central Military Commission has said that US rebalancing its strategy in Asia, military deployments in the East and South China Seas and the instillation of a missile defence system in South Korea were hot spots getting closer to ignition. "A war within the president's term' or 'war breaking out tonight' are not just slogans, they are becoming a practical reality," South China Morning Post quoted the article. The official People's Daily said in another commentary on Sunday that China's military would conduct exercises on the high seas regardless of foreign provocations. China's sole aircraft carrier Liaoning passed through the narrow Taiwan Strait last month.

The tensions between the two countries have been on constant rise after Donald Trump's election as the US President. He has infuriated China by challenging on the issues of Taiwan and South China Sea. The real estate mogul has contested "One China Policy," which considers Taiwan as part of mainland. No US government has done that in the last four decades. Trump has openly challenged Beijing's sovereignty over the energy-rich South China Sea while his predecessor Barack Obama maintained neutrality over the dispute. However, he did send the US warships to the contested waters, citing the freedom of navigation. The commentary referred to remarks by the US secretary of state Rex Tillerson hopeful that the US should stop China's access to artificial islands it has built in disputed areas of the South China Sea. New White House spokesman Sean Spicer told a press conference that the US would prevent China from taking over territory in international waters in the South China Sea.

Source: <u>www.business-standard.com</u>, 28 January 2017

#### Delhi seeks to counter China while cozying up with Manila

Prime Minister Narendra Modi has reached out to the Obama baiter, President R.R. Duterte of the Philippines and current Asean chair, with both leaders praising each other on Indo-Asean cooperation.

However, what is most significant is that in a veiled message to China, PM Modi — in his outreach to Mr Duterte — clearly said India would stand shoulder-to-shoulder with

Asean in the pursuit of a rules-based regional architecture. During the last year of former US President Barack Obama's tenure, the US and the Philippines had a bitter falling out over the alleged brutal crackdown on the drug menace in the southeast Asian country. The rift was used by China to its advantage, which reached out to the Philippines despite the Sino-Philippines dispute over maritime rights to the South China Sea.

The ministry of external affairs on Saturday said, "The PM's message clearly says that India would stand shoulder-to-shoulder with Asean in the pursuit of a rules-based regional architecture which is open, inclusive, balanced and equitable. India wants to continue to work closely with Asean in regional and international fora." The reference by PM Modi to the "rules-based regional architecture" in the southeast Asian region is a clear indication of the apprehension that China is using its military might to settle territorial disputes in the South China Sea. And India's move is also being perceived in some quarters as an attempt to reach out to the Philippines and contain Chinese influence there.

PM Modi and President Duterte reached out to each other, with the current year marking the 25th anniversary of the Asean-India Dialogue Partnership. The ministry said, "In his message to President Duterte, the PM observed that the 'Act East Policy' is a reflection of the importance we attach to our strategic partnership with Asean. He also reaffirmed India's desire to deepen its engagement with Asean." The MEA added, "President Duterte praised the ground-breaking initiatives taken by India across the political-security, economic and socio-cultural pillars of the Asean-India strategic partnership for mutual benefit."

Source: www.asianage.com, 29 January 2017