



MAKING WAVES

A maritime news brief covering:

- **MARITIME SECURITY**
- **MARITIME FORCES**
- **SHIPPING, PORTS AND OCEAN ECONOMY**
- **MARINE ENVIRONMENT**
- **GEOPOLITICS**

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MARITIME SECURITY

WHAT DOES VIETNAM WANT FROM THE US IN THE SOUTH CHINA SEA?

- Derek Grossman

As the incoming Biden administration formulates its South China Sea strategy, one regional partner that looms large is Vietnam. Over the last few years, tensions between China and Vietnam in the South China Sea have remained high, impacting fishing and natural resource exploration in disputed waters. While the Biden administration is likely to continue the positive momentum in bilateral ties, it is less clear what specifically Hanoi seeks from Washington to help it effectively deter Beijing. This is wholly understandable. As I have recently examined at length in a RAND research report, Vietnam is doubling-down on its delicate balancing act as U.S.-China competition throughout the Indo-Pacific dramatically heats up. Although Hanoi feels compelled to counter China's bad behavior in the South China Sea, it also understands that its future is inextricably tied to peaceful relations with Beijing. Thus, Hanoi typically avoids publicly airing policy preferences, and even privately, the Vietnamese are notoriously subtle and difficult to read. That leaves Washington in the dark most of the time. But through my research and discussions with Vietnamese interlocutors over the years, a few policy preferences have become apparent.

First, Vietnam was quite pleased with Secretary of State Mike Pompeo's statement on July 13 in which he announced the U.S. would not respect Beijing's maritime claims derived from disputed features in the Spratly Islands, Scarborough Shoal, Luconia Shoals, and Natuna Besar. Prior to that moment, Washington's policy of maintaining the integrity of maritime counterclaimants' exclusive economic zones (EEZs) over China's expansive "nine-dash line" claims had been an open secret, but Pompeo's announcement for the first time confirmed it. His statement coincided with the fourth anniversary of the Philippines' arbitration victory over China on their disputes, and Washington reaffirmed its support for this legal decision, which essentially invalidated Beijing's entire approach to sovereignty claims in the South China Sea.

Following Pompeo's announcement, Vietnam probably felt just a little more confident that the U.S. planned to support Hanoi in defending Spratly Island claims within its EEZ. Significantly, Washington specifically highlighted Vanguard Bank – the scene of the last major China-Vietnam standoff in 2019 – as indisputably part of Vietnam's EEZ. A Biden administration decision to reiterate this policy stance would be greatly appreciated in Hanoi. But Vietnam certainly seeks more, particularly in the Paracel Islands where China in 1996 declared straight baselines – i.e., internal Chinese waters between Paracel features – and in April extended administrative control over the Paracels (and Spratlys) from Sansha City on Woody Island, the largest island in the Paracels. If the Biden team issued a similar statement that refused to recognize

Chinese sovereignty over the waters pertaining to the Paracel archipelago (and even better, the territory itself), then Hanoi would likely be overjoyed.

Second, as I have previously written in these pages, Vietnam has quietly endorsed the U.S. Indo-Pacific strategy because it takes a hard line against China in the South China Sea and suggests Washington's intent to sustain a presence in the region for years to come. Indeed, in one of my discussions with Vietnamese interlocutors, I was told in no uncertain terms that the U.S. cannot allow a repeat of China's 2012 takeover of Scarborough Shoal from the Philippines. Hence, if the Biden administration keeps the Indo-Pacific strategy (which it should), then it would likely signal to Hanoi that Washington strives to deter Beijing from undertaking such actions, and the U.S. will punish China for new transgressions.

To be sure, Vietnam's tacit support of the U.S. Indo-Pacific strategy comes with certain caveats. For example, it does not want to see U.S.-China relations become so adversarial that the dynamic forces Vietnam to choose between the two powers. Hanoi has also generally remained mum on the rising number of U.S. freedom of navigation operations (FONOPs) in the South China Sea. Although Vietnam supports challenging Chinese maritime claims under the auspices of the United Nations Convention for the Law of the Sea (UNCLOS) and in the interest of maintaining a rules-based order, Hanoi also does not wish to see FONOPs against waters surrounding territory it controls. Yet the U.S. occasionally does so. Going forward, Hanoi would rather see continued FONOPs focused on the Paracel Islands that make China less comfortable there.

Third, showing up for key regional fora is, as it has always been, at least half the battle in Southeast Asia. Unfortunately, the U.S. has quite a bit of work to do in this area. Over the last few years, the Trump administration sent insufficiently senior representation to the ASEAN Regional Forum and East Asia Summit, angering Southeast Asian leaders. Vietnam's chairmanship of ASEAN in 2020 was hampered by the pandemic, but Hanoi still managed to hold events virtually. But for the second year running, the Trump administration dispatched National Security Adviser Robert O'Brien to participate in the event – a clear slight to ASEAN leaders in attendance, especially when no travel was required. If the Biden administration would like to improve its image in Vietnam, and the broader region for that matter, then sending high-level officials to attend these events – preferably the president himself – will be critical. While participating, the administration would be served well by reiterating Pompeo's statement on the South China Sea and going further on the Paracels, if possible. At a minimum, Hanoi expects that Washington will reemphasize its long-standing policy to uphold a norms- and rules-based order in the region.

Fourth, there are distinct opportunities for the U.S. to engage in security cooperation with Vietnam. To be sure, Hanoi's "Four No's and One Depend" defense policy – formerly and more commonly referred to as "Three No's" (no military alliances, no foreign bases on Vietnamese soil, and no working with a second against a third country) – is constraining, but there is certainly room for less provocative forms of cooperation. For example, the U.S. can support Vietnamese development of maritime domain awareness capabilities to help it better understand what China is doing in the South China Sea. Non-traditional forms of security cooperation, such as in the areas of humanitarian assistance and disaster relief (HA/DR) or search and rescue (SAR),

enable bilateral exercises that, though not lethal, may still provide critical skill sets to the Vietnamese armed forces. Hanoi also welcomed procurement of additional coast guard capacity from Washington following the sale of ex-Hamilton-class coast guard cutters. Moreover, Vietnam's latest defense white paper, published in November 2019, offers two additional points. The first is another "no," which pledges never to initiate, or threaten to initiate, armed conflict. The "One Depend," however, is quite relevant to the U.S. as it reads: "depending on the circumstances and specific conditions, Vietnam will consider developing necessary, appropriate defense and military relations with other countries." Hanoi is clearly leaving the door open to deepening security relations with the U.S., without specifically naming the U.S., if Chinese assertiveness continues to rise in the South China Sea. Hence, the Biden administration may benefit from a Vietnam actively seeking greater cooperation in the future.

Finally, as the Biden administration takes the reins, it might want to consider re-engaging with Vietnam on upgrading the U.S.-Vietnam "comprehensive partnership" to a "strategic partnership." Doing so would send a clear message to China that Vietnam has a strong backer in the U.S., and probably unlock deeper security cooperation. As early as 2011, Vietnam floated the idea, but nothing has happened since then for unknown reasons. The Biden administration, however, will have a unique opportunity to discuss this possibility with new Vietnamese leaders following the Vietnamese Communist Party's 13th Party Congress, set to take place this month. Depending on who emerges from the Party Congress, they may possess the political capital needed to make such a decision. Regardless, Vietnam is likely to increasingly look for support from the U.S. to help it push back against China in the South China Sea. The Biden administration should look to capitalize on these opportunities while coordinating its efforts across allies and partners – namely "like-minded partners" such as Australia, India, and Japan – that can complement U.S. assistance.

Source: [The Diplomat](#); 04 January 2021

THE BIDEN ADMINISTRATION'S YEMEN IMPERATIVE

- Nabeel Khoury

Ending the war in Yemen, which has raged for the past six years, would fulfill two stated goals of the incoming Joe Biden administration: restoring the United States' leadership role in international affairs and reducing tensions in the Gulf. In addition, it would be in the best national security interests of the US. Former President Barack Obama's administration sacrificed Yemen at the altar of achieving the 2015 nuclear agreement with Iran and securing short-term counterterrorism goals by heavily relying on the use of drones against al-Qaeda in the Arabian Peninsula (AQAP). The Donald Trump administration bought into the Saudi-Emirati argument that the Houthi rebels, acting as a proxy force for Iran, were intent on taking over Yemen to extend Iran's influence to the Bab al-Mandab Strait and the Red Sea. The Arab coalition led by Saudi Arabia, which launched a war against the Houthis in 2015 in

order to combat Iran’s “malign” influence, got the equation backwards. It was precisely the Saudi intervention—first in 2009-2010 on behalf of then President Ali Abdullah Saleh, and again in 2015 with the coalition’s war—that pushed the Houthis closer to Iran. What started as an internal struggle for power in Yemen has turned into a dangerous regional conflict that has only brought poverty, disease, and famine. The Biden administration will have a chance to correct past mistakes by averting further destabilization of the region and by lifting Yemen from its current status as the world’s worst humanitarian disaster.

Mistakes of the past

There is no escaping the fact that Yemen descended into conflict starting in 2011 due to the failure of Yemeni parties to come to a new national agreement after the departure of President Saleh. The takeover of Sana’a by the Houthis invited a counter-invasion by the Arab coalition, which the Obama administration indirectly endorsed in 2015 and empowered via logistical and material support. These actions played a role in the destruction of Yemen while achieving none of the original goals of the civil war and Saudi-led intervention. If this war continues for another year, or worse, if regional powers rush towards an end-game scenario, it will result in the total destruction of Yemen and the decimation of an entire generation. From a national security perspective, former Secretary of Defense James Mattis and various Pentagon officials have expressed over the past several years that the Yemen war was not going to end in victory for either side. Rather, they warned, it was more likely to expand, putting at risk the very Gulf states involved and threatening to drag the US into a wider regional conflagration. During his stint as defense secretary, Mattis sought to use his influence to help bring the war to an end. He is often credited with having initiated the Stockholm peace talks, mediated by United Nations (UN) Special Envoy for Yemen Martin Griffiths at the end of 2018. However, Mattis, a military man, was not in charge of US diplomacy and the Trump administration had very little interest in investing much energy in ending the war. For his part, Griffiths has thus far lacked the superpower support he needs to succeed in his mission. This is where the incoming Biden administration can play a role.

Deconstruction of the Yemen conflict

The Yemen war has three interlinked components: internal, regional, and international. Ending the war will require a complex strategy dealing with all three levels.

Internal

The political transition, which was called for by the 2011 youth uprising, has stalled. Yemen’s descent into chaos started with the frustrated goals of that uprising: an end to corruption and the installation of a government that truly represents the Yemeni people and cares about their grievances. The National Dialogue Conference (NDC), which took place under UN auspices in 2013, brought together over five hundred delegates from various regions of Yemen, including representatives from civil society and political parties. As comprehensive as the charter that came out of the conference was, it had one major flaw: it failed to get the main power brokers around the country to negotiate a power-sharing agreement, which would be critical for a new political system in Yemen. The balance of power in Yemen, though fragmented, is currently

maintained between three major blocs. The Houthis are likely the strongest single bloc, with roughly one hundred thousand fighters and a massive arsenal of light, medium, and heavy weaponry. The Hadi government's troops and loyalists, encamped largely in the Hadramawt region and further south in Abyan, add another one hundred thousand to the mix. Finally, the Southern Transitional Council (STC), which represents several but not all of the southern forces and is armed and trained by the United Arab Emirates (UAE), makes up a further one hundred thousand fighters, if all southern armies work together. These three blocs can be major power brokers in ending the fighting. Critical for each power broker in any final peace agreement is their region's political boundary, which was negotiated unsuccessfully in 2013. All blocs would like to include oil and natural gas facilities in Shabwa and Massila in their zone of influence. A final peace deal will have to ensure an equitable sharing of natural resources by way of undercutting unreasonable demands for territorial control.

Regional

The geography of Yemen, as a natural extension of the Arabian Peninsula with shores on the Arabian Sea and the Red Sea, tempts Saudi Arabia and the UAE to pursue their national commercial interests there. The Horn of Africa provides a desirable route for a potential Saudi oil pipeline from its oil fields directly to the Arabian Sea, circumventing, if need-be, the Strait of Hormuz. Access to ports in Aden and the Socotra Archipelago at the entrance to the Red Sea has similarly interested the UAE for years. These are natural stops along their shipping lane from Dubai to the Red Sea and the Suez Canal to the Mediterranean and Europe. This complements the UAE's growing interest and involvement in the Horn of Africa, especially Eritrea and Djibuti. As a result, Arab coalition cooperation in ending the war may be difficult to acquire, given the conflicting motives and interests. Nevertheless, Saudi commitment to reshaping Yemen to its liking has been deep and costly for the kingdom. Saudi Crown Prince Mohammed bin Salman may have overextended himself and state resources, resulting in budget cuts over the last couple of years. UAE leadership may also have felt overextended in Yemen, resulting in a withdrawal of most of its forces in 2019, although it left behind trained and equipped southern militias to act on its behalf.

Given those facts, cajoling and persuading Saudi Arabia and the UAE to cooperate in a Yemen peace effort would likely include promising them what they need rather than what they want. Clearly, both countries must be part of a maritime security agreement for the Strait of Hormuz and Horn of Africa. Fear of Iran—whether real, imagined, or contrived—is often posited as the first motivator for the use of force in Yemen by the Arab coalition. A broader US-Iran dialogue—assuming both sides agree to return to negotiations over the nuclear deal—should include Gulf Cooperation Council (GCC) countries so a case can be made directly to that forum. The two Arab coalition partners could also be convinced to join a mutual non-aggression pact with Iran, mediated by the US. Finally, Saudi leadership is worried, and rightly so, about continuous missile attacks from northern Yemen. A final peace agreement in Yemen could certainly include a non-aggression pact with its neighbors—perhaps a separate addendum to an internal agreement between the main Yemeni antagonists. Working through armed proxies in a divided country will never protect the security and economic interests of Saudi Arabia and the UAE the way commercial agreements—buttressed by international security arrangements—might do with a peaceful and stable country.

With this in mind, the Riyadh Agreement has led to a new cabinet under President Abdrabbuh Mansur Hadi, which, while currently lacking a Houthi element to make it a true unity government, is neither a step towards comprehensive peace nor a united military front preparing for a final assault on the north of Yemen.

International

The interests of Saudi Arabia, the UAE, and Iran, not to mention the US and Europe, are now intertwined with local interests. International actors, including European, American, and other arms exporters must be brought into an agreement to end the war via a moratorium on the export of arms to the region—at least for the duration of new peace talks and preferably through a successful end to such talks. A Yemen approach that encompasses all sides of the conflict must start with a commitment from the five permanent members of the United Nations Security Council (UNSC) to actively pursue an end to the war, starting with their sacrifice of revenue from arms sales and followed by a new unanimous UNSC resolution ordaining a coordinated diplomatic effort for peace in Yemen. The US, which has more raw power and presence in the Gulf than any other nation, must lead this effort. For the incoming Biden administration, such an undertaking would fit in with the intended rapprochement with Iran, not only to restart the Joint Comprehensive Plan of Action, but to expand it into a broader understanding on conflict resolution in the region. Getting buy-in from the great powers should not be too difficult, as none of the other permanent UNSC members have a strong interest in Yemen and all would benefit from a more harmonious Middle East—if from nothing else than the safeguarding of international trade routes and oil shipments.

Urgent matters

As the Biden administration brings renewed focus on Yemen, an agreement on a country-wide ceasefire is an urgent first step, as the human cost of the Yemen tragedy is horrifyingly high and continues to climb. Given tensions in the Gulf, Yemen's utility as a confrontation zone will only grow with time. The peace talks that follow a ceasefire must be managed closely by the Biden administration. Soon after, buy-in has to be obtained from the Arab coalition and, through them, the principal power brokers inside Yemen. Following peace talks, an urgent rescue plan must be internationally funded and implemented under the auspices of international institutions and civil society organizations. If fitted to the needs of various regions of Yemen, the plan can be an added incentive for the warring parties to come to terms quickly to benefit from the redevelopment of Yemen. The plan must also include the elements of good governance and a strong anti-corruption plan, which can bring back the educated youth who have fled the country and whose expertise will be sorely needed in helping to launch the new Yemen.

Turning the page in the Middle East requires new leadership and the deft management of complex files. Negotiating a new US-Iran relationship must involve several separate but related tracks, of which Yemen is a central part. Solving the Yemen conflict will help put the rest of the pieces of the larger Middle East puzzle back in place. Active involvement by the United States will be critical.

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Source: [Atlantic Council](#); 08 January 2021

INDIA STARTS UNSC TENURE, VOWS TO BE THE VOICE FOR DEVELOPING WORLD AND TO SPEAK AGAINST TERROR

- Shailaja Tripathi

As India assumed its membership for the 8th time at the United Nations Security Council, it vows to be the voice for the developing world and to use its tenure at the council to foster human-centric and inclusive solutions for peace and security. The Permanent Representative of India to the UN, TS Tirumurti also mentioned that the country will use this opportunity to raise its voice against terrorism. India's flag was installed at UNSC stakeout on January 4, 2021, as the country began its two-years tenure as a non-permanent member of the UN body for 2021-2022. The country technically joined the Security Council on January 1, which was a public holiday. For the term, India is also accompanied by four other countries who joined as non-permanent members: Ireland, Kenya, Mexico, Norway.

India to bring human-centric and inclusive solutions to UNSC:

According to TS Tirumurti, India comes into the council as the largest democracy which represents 1/6th of humanity. It also has a strong commitment to reformed multilateralism, equitable and fair international system, rule of law and peace, security and development. He added that India will use this tenure to bring human-centric and inclusive solutions to the matters of peace and security and it will be the voice for the developing world. India also extended its appreciation to the outgoing members, Dominican Republic, Belgium, Indonesia, Germany, and South Africa for their work at the council for the last two years and welcomed the delegations of Mexico, Kenya, Ireland, and Norway as they joined India for the two-years journey at the council.

India to speak out against terrorism:

The Permanent Representative at the United Nations further informed about India's stance of speaking against terrorism while adding that the country also looks forward to the collective pursuit for an ideal where 'World is one family'. He added that the country will not shy away from raising its voice against the common enemies of humanity such as terrorism and that peace-building, peace-keeping, women and youth, maritime security, particularly in conflict situations will be receiving India's attention while on UNSC.

India to Chair 3 subsidiary bodies of UNSC:

India has also been asked to chair 3 major bodies of the United Nations Security Council. The bodies are the Taliban Sanctions Committee, Libyan Sanctions Committee, and the Counterterrorism Committee.

Taliban Sanctions Committee: Also known as the 1988 Sanctions Committee, has been a high priority for the country. While chairing this committee, India will help to keep the focus on the terrorists and their sponsors who threaten the peace process in Afghanistan.

Counterterrorism Committee: India will chair this committee in 2022. It also has a special place for India as the country has not only been leading to fighting terrorism, particularly cross-border but also has been one of its biggest victims. The committee was formed in 2001 in September after the terrorist attack of 9/11 in New York.

Libya Sanctions Committee: It is also called the 1970 Sanctions Committee and is also a very significant subsidiary body of UNSC. India will assume the chair of this committee at a critical point when there is a global focus on Libya and on its peace process.

Source: [Jagran Josh](#); 08 January 2021

MODI SPEAKS TO FRENCH DIPLOMAT, SAYS HAPPY WITH PROGRESS TWO COUNTRIES MADE

Emmanuel Bonne, Diplomatic Advisor to the French President Emmanuel Macron called on Prime Minister Narendra Modi after the representatives of the two countries discussed key issues at their annual strategic dialogue. Modi told the French diplomat that he is happy with the progress the two countries have made and conveyed his best wishes to the French President. The Ministry of External Affairs (MEA) later informed India and France discussed key issues such as counter-terrorism, maritime security, cooperation in the Indo-Pacific region and vowed to accord high priority to their partnership. National Security Advisor Ajit Doval led the Indian delegation, while the French delegation was headed by Emmanuel Bonne at the talks. The Prime Minister expressed his satisfaction with the progress both countries have made on key aspects of the India-France strategic partnership, including counter-terrorism, cyber-security, defence and strategic cooperation, etc. Bonne also briefed the Prime Minister on India-France cooperation on various regional and global issues, including maritime and multilateral cooperation.

Prime Minister fondly recalled his recent exchanges with President Macron, and conveyed his best wishes for his health. He also reiterated his invitation to President Macron to visit India as soon as conditions permits. The Prime Minister later tweeted, Had a productive meeting with Mr. Emmanuel Bonne, Diplomatic Advisor to President Macron. Expressed joy at the progress in India-France Strategic Partnership, a force for global good in the post-COVID world. Reiterated the invitation to my friend Emmanuel Macron to visit India. In its statement, the MEA said the two sides held discussions on a variety of issues including counter-terrorism, cybersecurity, defence cooperation, maritime security, regional and global issues and

cooperation in the Indo-Pacific region. The French release on the dialogue said, at the dialogue, they reiterated their attachment to an inclusive, rules-based Indo-Pacific which contributes to a multipolar Asia in a multipolar world. The agenda of the strategic dialogue covered all aspects of the Indo-French strategic partnership in the Indo-Pacific and in the fields of space, defence, security, civil nuclear energy, among others. On each topic, the two sides noted the high degree of convergence of views and agreed on concrete steps to further enhance their cooperation, the French statement said. During his meetings, Bonne conveyed President Macron's wish to further strengthen the relationship of trust and friendship between France and India in 2021.

"Indo-French cooperation will be key to tackling global challenges in 2021, such as ensuring equal and universal access to COVID-19 vaccines, protecting climate and biodiversity, and building a renewed multilateralism," the French statement said. Bonne highlighted that France will work closely with India in the UN Security Council in 2021-2022 and reiterated France's support for India's bid for a permanent seat, it said. Both sides reaffirmed the high priority they accord to the India-France strategic partnership and highlighted the convergence of views between the two countries, the MEA said.

Source: [Live Mint](#); 09 January 2021

THE BRITISH INTERESTS IN THE SOUTH CHINA SEA AND THE NEW FACE OF ANGLO- SINO RIVALRY

- Punsara Amarasinghe

China's relations with the United Kingdom have been a strained one in the recent past as both states have involved in a media war by lampooning each other. Britain openly criticized China's new security law in Hong Kong as a draconian move to oppress its people and it was reciprocated by Beijing through harsh diplomatic statements. In the light of such uncertainties, Britain made one more step to accelerate the tension by declaring that its strongest and newest aircraft carrier HMS Queen Elizabeth may be deployed to the South China Sea in the coming months. It is by no means an action taken by Britain spontaneously as London is well aware of the subsequent results emerge from China, nevertheless, it seems that UK's ambition of "Global Great Britain" agenda is rooted in aggrandizing its military strength in the sea.

The statement issued by Chinese Defence Military Spokesperson Tan Kefei is a clear indication of Beijing's stances regarding the West's presence in the South China Sea. Kefei states that West should impede from sending warships to the South China Sea, vowing that China might retaliate. This news may provide a tense beginning for 2021 in a situation that the whole world is eagerly waiting to get rid of the encounters they suffered during 2020. However, in examining China's tryst with the South China Sea that it is worth noting the South China sea has been generally regarded as a mother of all disputes as it has created so many delimitation issues with the neighbors such as the Philippines, Malaysia, Brunei and Indonesia. From an international law

perspective, the legal framework established by the United Nations Covenant of Law of the Sea in 1982 to make a balance for potential issues that can arise among the coastal nations has not been adequate as a forcing mechanism regarding the issues in the South China sea as many legal and territorial disputes persist.

The recent revival of Britain's enthusiasm for sending its biggest aircraft carrier to HMS Queen Elizabeth has its roots that derived from Britain imperial past in the yesteryears. In particular, Britain maintained a rapport with its ex-colonies in East Asia such as Malaysia and Singapore on the defence issues in the aftermath of colonialism by keeping a naval base in Singapore and also British army's jungle warfare unit is still located in Brunei. It is important to remember that, both Singapore and Brunei are countries facing the South China Sea and also the defence pact established by Britain in 1971 which is known as the five-power defence arrangement (FPDA) consists of UK, Australia, New Zealand, Singapore and Malaysia plays an indispensable role in Asia pacific region indicating Britain's persistent interest in the region even after British imperial glory has been faded away as a memory in the past. As a matter of fact, Britain's nostalgia for Kipling's romanticized version of "East of Suez which is much akin to British agenda in keeping her eye on the affairs beyond the European theatre still prevails active with the newest development of British involvement in the Asian Pacific region. However, it seems to indicate that early Chinese activities in the South China sea were not viewed by the British as acts which were hostile to their interests during the cold war. Yet decades after the end of the Cold war, the emergence of China as a global power has dragged Britain back to its former region of power with new strategic interests. It was in January 2014 that UK then foreign secretary William Hague expressed UK's newly revived interest toward Asia Pacific affairs, which was further reflected in the statement issued by the UK National Strategy for maritime security where the South China sea was mentioned as an important maritime region for the security interests of the UK. It stated "The UK Government is concerned by the tensions in the South and East China seas. The UK has significant economic and political interests in the Asia Pacific region. It is important that all nations in the region resolve any maritime dispute peacefully and within the rule of law while protecting and promoting freedom of navigation and trade. Following the steeping growth Chinese military presence in the South China Sea, Britain formally announced in 2019 that it would actively take part in the affairs in the South China Sea to confront China as China flouts international law.

The British ambition of seeking its new global Britannia dream has been further intensified by the report of NATO, which has declared that "rise of China is the single biggest, most consequential change in NATO's strategic environment and one that alliance really has to reckon with".

Considering UK's yearning to restore its ambition to play a key role in global politics beyond Europe in the aftermath of Brexit is likely to be an escalating event that would push Beijing to take defensive acts. The statement made by a Chinese leader in addressing the first military exercises of the people's liberation army of 2021 echoes an implicit warning for the UK's ambition of deploying HMS Queen Elizabeth in the South China sea as Xi Jin Ping mentioned that "army must remain ready to act at any second". It is becoming much clearer that besides the territorial disputes existing in the South China Sea, the UK's arrival in the concert would lead to a much serious

conflict as both the UK and China have their grudges stemming from their colonial encounters of the past. Nevertheless, unlike the weaker China who was subjugated by the British opium in the 19th century, modern China stands equal or much superior to the military and economic capacities of the UK.

Source: [The Khaama Press News Agency](#); 06 January 2021

MARITIME FORCES

US, MALDIVES HOLD INAUGURAL DEFENCE DIALOGUE; REAFFIRM COMMITMENT TO FREE AND OPEN INDO-PACIFIC

- PTI

The US and the Maldives have concluded their inaugural Defence and Security Dialogue during which the two countries agreed on taking concrete steps to operationalise the Security and Defence Relationship Framework signed late last year.

Signed in September 2020, the framework focused on four areas: exercises, logistics, information sharing and professional military education. Held in Male on January 5, the dialogue was co-chaired by Anthony Tata, performing the duties of under secretary of defence for policy from the US and Maldivian Minister of Defence Mariya Didi. Both sides reaffirmed their shared commitment to a free and open Indo-Pacific region and agreed on activities in 2021 that will advance shared priorities such as maritime security, counterterrorism, humanitarian assistance and disaster relief, the Pentagon said in a statement. The Department of Defence commended the Maldives' success in rapidly mobilising and responding to the COVID-19 pandemic, and both sides agreed to evaluate further cooperation opportunities in the area of Covid-19 vaccine distribution.

The two sides affirmed the importance of dialogue as they looked forward to holding the next Defence and Security Dialogue in 2022. The US Department of State's Bureau of South and Central Asian Affairs said on Twitter that the "inaugural US-Maldives Defence and Security Dialogue builds on our long-running cooperation on maritime security, humanitarian assistance, & disaster relief. "We look forward to a new year of advancing shared values in the Indo-Pacific with our Maldivian friends and partners".

Source: [Deccan Herald](#); 06 January 2021

US NAVY TO INSTALL 127MM MEDIUM CALIBRE GUNS ON INDIAN SHIPS

- PTI

The Indian Government has reportedly issued a Letter of Request (LoR) to the US Administration for the supply of 127mm medium calibre guns. Sources told India Today that the guns will be installed on large-size naval ships, including the Visakhapatnam-class destroyers of India. The request comes at a time when India and China are engaged in a border conflict. It is expected that such a capability will better position the country to respond to a potential dispute. The LoR is for procuring 11 127mm medium calibre guns, which are in use with the US Navy. The deal is valued at about Rs3.8bn (\$519m) and the guns are manufactured by BAE Systems. The new plan suggests that the first three guns will be provided to the Indian Navy on an urgent requirement basis. It is expected to be supplied from the US Navy's own inventory.

The Indian Navy is currently working in close cooperation with the US counterpart. Most of the new capability acquisitions being made by India are from the US. In July last year, the Indian Navy expanded its deployment of frontline ships and submarines in the Indian Ocean Region. In November, the Indian Navy inducted two Predator drones into its operations, under a lease agreement with a US vendor.

Source: naval-technology.com; 07 January 2021

U.S. NAVY OUTLINES STRATEGY FOR A "BLUE ARCTIC"

The U.S. Navy has released a new strategy blueprint intended to "chart a new course for American naval power" in a rapidly-warming Arctic - a "Blue Arctic," with less ice, more shipping and more competition. The report notes that melting sea ice is making it easier to operate in the Arctic, leading to more shipping activity and more economic development in the decades to come. The potential benefits are significant - shorter shipping routes, development opportunities for 13 percent of the world's oil and an estimated 30 percent of its undiscovered natural gas, and the continued access to fish stocks that are migrating northwards. Russia is moving quickly into this space, investing in its Arctic defense capabilities and its economy along the Northern Sea Route. It has implemented new cabotage restrictions along this seaway, the Navy noted, including pilotage and notification requirements that appear to conflict with UNCLOS. Meanwhile, the government of China has shown a new interest in developing an Arctic presence and opening up the far north for its shipping interests. The Navy expects to see increased Arctic deployments of the People's Liberation Army Navy (PLA Navy) in the years ahead, including a submarine presence.

To counter rising competition in the region, the Navy plans to rely on its partnerships - particularly with the Coast Guard, the only U.S. entity with year-round icebreaking capability - and on America's allies. "The United States will always seek peace in the Arctic. History, however, demonstrates that peace comes through strength. In this new era, the Navy-Marine Corps team, steadfast with our joint forces, interagency teammates, allies and partners, will be that strength," the service wrote. "No one nation has the knowledge and resources required to provide security and defense throughout the entire Arctic Region. For that reason, we seek to cooperate with Allies and partners in the Arctic." It also plans to maintain an enhanced presence in the Arctic, with regular exercises, joint inter-agency operations and "regionally postured naval forces." This will include a mix of permanently-stationed forces, temporary forces, prepositioned equipment and basing infrastructure.

Source: maritime-executive.com; 06 January 2021

CHINA DEVELOPS WORLD-CLASS ESCAPE SYSTEM FOR SUBMARINE CREW MEMBERS

China has developed a new type of escape system for individual submarine crew members and successfully completed a combat testing for the system, as the country reaches world-level in related technologies, according to recent media reports. During the test, six submarine crew members wearing the new escape systems quickly surfaced from a submarine that dived to the seabed of the East China Sea and safely reached the surface, China Central Television (CCTV) reported last week. The test validated the system's parameters including basic functions, compatibility, reliability and safety, Gu Jinghua, chief designer of the system, said in the CCTV report.

Developed by the Naval Medical University of the People's Liberation Army (PLA), the system consists of a buoyant escape suit, an air inflation helmet and self-examine devices for the suit and the helmet, CCTV reported. In the event of a submarine accident, crew members could use escape capsules on the submarine together with the new escape suit and safely reach the surface from a depth of 200 meters, or use breathing apparatus along with the new decompression escape method from a depth of 120 meters, CCTV said. The new system is compatible with all types of submarines in service with the PLA Navy, the report said.

Source: [Global Times](#); 06 January 2021

PUTTING PUTIN IN HIS PLACE: U.S. NAVY EYES 'FREEDOM OF NAVIGATION' PATROLS OFF RUSSIA'S ARCTIC COAST

- Ben Wolfgang

The Navy is eyeing a tougher posture in the Arctic to push back against Moscow, and top Pentagon officials said this week that the U.S. could launch “freedom of navigation” operations near Russia’s Arctic coastline. Such operations would resemble Navy exercises in the South China Sea, an area in which American ships regularly contest growing Chinese territorial claims. Officials believe similar movements may be needed in the Arctic as Russia tries to seize strategically vital sea routes as their own. “It’s sort of the same situation in the South China Sea that when we look at freedom of navigation operations and the ability to operate in international waters, the United States claims the right to be able to do that,” Navy Secretary Kenneth Braithwaite told the news outlet Breaking Defense on Tuesday. The Navy is eyeing a tougher posture in the Arctic to push back against Moscow, and top Pentagon officials said this week that the U.S. could launch “freedom of navigation” operations near Russia’s Arctic coastline.

Such operations would resemble Navy exercises in the South China Sea, an area in which American ships regularly contest growing Chinese territorial claims. Officials believe similar movements may be needed in the Arctic as Russia tries to seize

strategically vital sea routes as their own. “It’s sort of the same situation in the South China Sea that when we look at freedom of navigation operations and the ability to operate in international waters, the United States claims the right to be able to do that,” Navy Secretary Kenneth Braithwaite told the news outlet Breaking Defense on Tuesday. There are already signs that Russia will use its strategic edge to claim Arctic territory as its own, or to restrict other nations’ access to shipping lanes. The Russian military also has a growing footprint in the region, including bases off its northern coasts.

U.S. military officials say one key method of guaranteeing international access to the region could be Pacific-style navigation missions that extend all the way to Russia’s Arctic doorstep. “That takes us up into the Barents [Sea], and then takes us around the Barents and up towards the Kola Peninsula to be more present in that part of the world. Again, where sea lanes open up in the northern passage becomes navigable, the U.S. Navy is going to guarantee that freedom of navigation exists for our partners,” Mr. Braithwaite said. The U.S. and British navies last year sailed through the icy Barents Sea for the first time since the Cold War, offering a clue of what the future could hold for the Arctic region.

Source: [Washington Times](#); 06 January 2021

SHIPPING, PORTS AND OCEAN ECONOMY

MEA WARNS OF RISING CYBER FRAUDS AGAINST EXPORTERS

The external affairs ministry has cautioned the commerce ministry against rising cyber frauds against Indian exporters, which are causing a spike in bilateral trade disputes. This has prompted the Directorate General of Foreign Trade (DGFT) to issue an advisory to exporters to put in place adequate security protocols to ward off such frauds. Cyber frauds are the latest in a series of adversities—from a Covid-induced fall in shipments to an acute container shortage and a drastic cut in official benefits — to hit exporters this fiscal.

In a trade advisory for export organisations, traders and regional authorities on Monday, the DGFT said: “The ministry of external affairs has informed that email spoofing/phishing cyber frauds are causing increased bilateral trade disputes. Though this is registered as a cybercrime in the respective jurisdictions of the country, the authorities cannot do much to reverse the transaction. The victims end up being the Indian exporters who after supplying the goods, have neither the goods in their possession nor have received payment for it.” The DGFT said after examining the matter, it found that such issues can be largely tackled by implementing security protocols such as sender policy framework, domain keys identified mail and domain-based message authentication reporting & conformance. It has also asked its regional authorities to sensitise exporters through outreach programmes. The exporters should have better passwords and they could confirm bank details by another channel such as a secure voice line. A contraction in merchandise exports narrowed to 0.8%, year on year, in December from 8.7% in the previous month, according to a preliminary estimate released by the commerce ministry on Saturday. But imports rose at a faster pace of 7.6% in December, the first increase since February, driving up trade deficit to a 25-month high of \$15.7 billion.

Source: [Financial Express](#); 05 January 2021

BIHAR: VESSEL TAKES 5 DAYS TO REACH PATNA FROM VARANASI, CASTS DOUBTS ON WATER TRANSPORT PROJECT

- Mohd Imran Khan

Patna: The much-hyped Inland Water Transport (IWT) connecting Patna to Kolkata and Varanasi through the river Ganga is proving to be a big flop. The Inland Waterways Authority of India vessel MV RN Tagore which sailed from Varanasi on December 29 with a container of fertiliser reached Patna's Gaighat terminal on Saturday night. The vessel took nearly five days to reach Patna from Varanasi due to problems it encountered along the route. The number of pipa bridges – locally known as pipa pul – across the river Ganga have become a significant hurdle disrupting the smooth sailing of the vessel, an official said. “It takes more time to transport cargo than while using road transport or the railway. Why will traders opt for?” asked an IWAI official who wished to remain anonymous. According to him, the vessel MV RN Tagore was stationed in Patna on Sunday and was likely to leave for Kolkata on Monday only. “It is not a good idea to develop and promote Inland Water Transport on this route via the river Ganga; there are delays and it is a time-taking process, which is not at all a healthy sign,” the official added.

Usually, a truck loaded with cargo takes 24 hours to reach Kolkata from Varanasi by road and a goods train completes the same journey in 13 to 15 hours. Keeping the reality in mind, private companies, including those from the logistics sector, are not keen on using the vessels. The situation is evident with hardly a few vessels operational on the route from Varanasi to Kolkata via Patna, contrary to the government's tail claims. “There are seven pipa bridges in the river Ganga between Varanasi and Patna which take a lot of time to get past. The pipa bridge opens for a vessel after it has reached the spot, wasting about three to four hours in the process since the vessel is made to wait,” another official said. Other technical reasons have also contributed to the vessels hardly being on time. The Centre has claimed on multiple occasions that the opening up of Kolkata-Patna as a new origin-destination pair based on inland waterways would boost trade and water transport. It also waxed lyrical about the benefit of the Varanasi-Patna-Kolkata operation for container cargo movement.

Over two years ago, on November 12, 2018, Prime Minister Narendra Modi had received the country's first IWT cargo that reached Varanasi from Kolkata. Then, Union Transport Minister Nitin Gadkari had said: “For the first time since Independence, a container is moving on (an) inland vessel.” He had added then that the government planned to reduce rail and road traffic, handling costs, pilferage and damage to products, and would enable cargo owners to reduce their carbon footprint. As per its official website, the Ganga-Bhagirathi-Hooghly river system from Allahabad to Haldia was declared National Waterway No.1 under the National Waterway (Allahabad-Haldia stretch of the Ganga Bhagirathi- Hooghly river) Act 1982. It became operational on October 27, 1986, after the formation of the IWAI. The waterway extends from Haldia to Allahabad, a distance of 1,620 kms. Work is ongoing on to develop NW-1 (River Ganga) under the Jal Marg Vikas Project (JMVP) from Haldia to

Varanasi (1,390 Km) with technical and financial assistance by the World Bank at an estimated cost of Rs 5,369 crore.

Source: [newsclick.in](https://www.newsclick.in); 04 January 2021

BIDS READIED TO TAKE SHIPPING CORPORATION OF INDIA PRIVATE

- Sam Chambers

A management buy-out of sorts is being mooted for India's flagship carrier. According to the Hindu Business Line, around 400 serving and 200 former employees are keen to bid for Shipping Corporation of India (SCI), aided by three Indian investors. New Delhi has publicly stated it is readying privatisation plans for SCI, as well as a host of other state-run entities. On December 22, the Department of Investment and Public Asset Management (DIPAM) invited expressions of interest to privatise SCI by selling the government's 63.75% stake to a strategic buyer. Potential bidders have until February 13 to file their interest with other bids likely to come in for the 71-year-old shipping line, including from existing private Indian shipowners. HK Joshi-led SCI runs a fleet of 59 vessels consisting of two container vessels, 18 crude oil tankers, 15 dry bulk carriers, one LPG/ammonia carrier, two multipurpose vessels, eight offshore supply vessels and 13 product tankers.

Source: [Splash247.com](https://www.splash247.com); 06 January 2021

GROWING MONGOLIAN COAL EXPORTS ALARM DRY BULK OWNERS

- Sam Chambers

Dry bulk owners are watching customs stats out of Beijing closely to see where China is sourcing coal to replace banned Australian products – the choice will have an enormous ramifications for the overall tonne-mile picture of the sector. Relations between Canberra and Beijing have soured in recent months after Australia called for an international probe into the origins of the Covid-19 pandemic, leading the government of Xi Jinping to ban a range of Australian products including coal. The start to 2021 has seen no sign of a thaw in China's Australian coal stance. "China is not backing down on this. Very little Australian thermal coal will go to China in 2021. It's the chicken game," commented Peter Sand, chief shipping analyst at BIMCO. Sand said that for the sake of shipping, he was crossing his fingers that China turns to Colombia and Canada and not Mongolia and Russia for its coal needs. Coal to China from Russia travels around 1,000 nautical miles, it's 2,000 miles from Indonesia, 4,000 miles from Australia, 9,000 from Colombia and 11,000 from Canada. Most

worrying for dry bulk owners is the growing exports by land from Mongolia into China – volumes have leapt during 2020 (see chart below). Latest data from Braemar ACM show there are 23 capes and 52 panamaxs laden with Australian coal remaining outside Chinese ports, unable to discharge, with a median waiting duration of over 90 days so far. The ban has already reshaped trade flows. Some of the cargoes waiting in China have diverted to nearby countries such as Vietnam and South Korea, while India's share of Australian exports grew over the last few months. Ralph Leszczynski, head of research at Banchemo Costa, said dry bulk owners ought to be looking at the bigger coal picture rather than the current Australia – China dispute. "The reality is that 2020 was across the board a horrible year for coal trade, worldwide," Leszczynski said.

Global seaborne coal trade declined by 12.7% year-on-year in 2020.

Nevertheless, the International Energy Agency (IEA) has revised its forecasts for coal demand upwards. Citing a faster-than-expected economic recovery in Asia, the agency amended its previous forecast of a 7% drop in 2020 to 5%, and forecast growth of 2.6% in 2021. The IEA estimated that coal trade volumes had decreased by 10% or 150m tons in 2020, the largest drop ever recorded. Thermal coal volumes fell 10% and coking coal 12%. Remaining bullish for China coal import numbers is Jeffrey Landsberg, the managing director of US-based Commodore Research & Consultancy. In recent weeks Commodore has been highlighting how a surge in electricity generation for heating has remained underway in China. Of note most recently is that nine separate power grids all saw their power loads set new highs this week. This includes the power grids in Hebei, Shanxi, Liaoning, Heilongjiang, Shaanxi, Ningxia, Jilin, Xinjiang, and Beijing. "Going forward, we remain bullish for China's coal import prospects," Landsberg told Splash. The dry bulk analyst said it was significant that it is not common for power loads in China to set records during the winter. Instead, records are only normally set in the summer. "The current record power production levels in China at present are atypical for this time of year and very supportive to the dry bulk market. With the ban on Australia in place, China's imports from Indonesia at present have been rising," Landsberg said.

Source: [splash347.com](https://www.splash347.com); 08 January 2021

PNGRB RELEASES DRAFT TECHNICAL, SAFETY STANDARDS FOR OIL REFINERIES, GAS PROCESSING PLANTS

- Shalini Sharma

New Delhi: The Petroleum and Natural Gas Regulatory Board (PNGRB) has released draft 'Technical Standards and Specifications including Safety Standards for Petroleum Refineries and Gas Processing Plants,' and has sought comments from stakeholders within 30 days. The regulations lay down minimum requirements of layout within the plant boundary for unloading or loading, storage, processing, transfer and handling of hydrocarbons/ other hazardous substances / chemicals in

Refineries and Gas Processing Plants and shall apply to all refineries and gas processing plants. “This regulation applies to all entities engaged in Operation of Petroleum Refineries and/ or Gas processing plant to ensure Safe and reliable operations through complete lifecycle of the project. It shall be necessary to comply with all statutory rules, regulations and Acts in force as applicable and requisite approvals shall be obtained from the relevant competent authorities for Refineries and Gas Processing Plants,” said the draft released by PNGRB.

PNGRB regulations focus primarily on safety aspects

These standards are intended to ensure uniform application of design principles in layout and to guide in selection and application of materials and components, equipment and systems and uniform operation and maintenance of the Refineries and Gas Processing Plants and shall primarily focus on safety aspects of the employees, public and facilities associated with Refineries and Gas Processing Plants, said the regulatory board. The regulations also cover engineering considerations in design, installation, operation, maintenance, inspection including fire protection and safety systems.

PNGRB or board-accredited third party to monitor compliance

Compliance to these regulations will either be monitored directly by PNGRB or through an accredited third party. “The Board of the entity (refinery or the gas processing plant) shall appoint one of its directors, within ninety days of these regulations coming into force, to be responsible for ensuring compliance to these regulations,” said the document. “Any entity intending to set up Refineries and Gas Processing Plants shall make available its detailed plan, including design consideration, conforming to these regulations to PESO for their approval prior to seeking registration with the Board,” said PNGRB.

What if a refinery or gas processing plant is found lacking?

If an entity has laid, built, constructed, under-construction or expanded the refineries and gas processing plants based on some other standard or is not meeting the requirements specified in these regulations, the entity shall carry out a detailed analysis through one or combination of multiple PHA techniques such as: HAZOP, HAZID, Qualitative Risk Analysis, LOPA and QRA of its infrastructure, the PNGRB said. “The entity shall thereafter take approval from its Board for non-conformities and mitigation measures. The entity’s Board approval along with the compliance report, gap analysis, mitigation measures and implementation schedule shall be submitted to the PNGRB Board within six months from the date of notification of these regulations... In case of any deviation or shortfall, including any of the following defaults, the entity shall be given reasonable time limit for rectification of such deviation, shortfall, default,” said the document. In case of non-compliance, the entity shall be liable for any penal action under the provisions of the Act or termination of operation or termination of authorisation, said PNGRB. There shall be a system for ensuring compliance to the provision of these regulations through conduct of technical and safety audits during the construction, pre-commissioning and operation phase.

Source: psuwatch.com; 06 January 2021

SHIPPING CORPORATION OF INDIA TO TIE UP WITH INLAND WATERWAYS AUTHORITY TO START COASTAL SERVICES

- PTI

KOLKATA: State-run Shipping Corporation of India (SCI) will collaborate with Inland Waterways Authority soon to commence coastal shipping services, a company official said on Saturday. The coastal shipping activities will be undertaken by its wholly-owned subsidiary - Inland & Coastal Shipping Ltd. "We will announce a collaboration with Inland Waterways Authority of India (IWAI) very soon. We are commencing coastal shipping operations," SCI chairman and managing director HK Joshi said at a virtual event organised by Bengal Chamber of Commerce and Industry. She said that Inland & Coastal Shipping Ltd, a Kolkata-headquartered company, is likely to start its operation on national waterway-1, the stretch from Varanasi to Haldia on Ganga river. The proposed development assumes significance after another state-run entity, Container Corporation of India, had discontinued its coastal shipping operation, the industry sources said.

Coastal shipping accounts for only two per cent of the country's freight movement.

SCI has interests in various segments of the shipping trade, and its fleet includes bulk carriers, crude oil tankers, container vessels and passenger-cum-cargo ships. At a time when exporters are facing a shortage of containers, Joshi emphasised the importance of making the country self-reliant in terms of its availability.

Source: [New Indian Express](#); 06 January 2021

MARINE ENVIRONMENT

CLIMATE CRISIS: 2020 WAS JOINT HOTTEST YEAR EVER RECORDED

- Damian Carrington

The climate crisis continued unabated in 2020, with the joint highest global temperatures on record, alarming heat and record wildfires in the Arctic, and a record 29 tropical storms in the Atlantic. Despite a 7% fall in fossil fuel burning due to coronavirus lockdowns, heat-trapping carbon dioxide continued to build up in the atmosphere, also setting a new record. The average surface temperature across the planet in 2020 was 1.25C higher than in the pre-industrial period of 1850-1900, dangerously close to the 1.5C target set by the world's nations to avoid the worst impacts. Only 2016 matched the heat in 2020, but that year saw a natural El Niño climate event which boosts temperatures. Without that it is likely 2020 would have been the outright hottest year. Scientists have warned that without urgent action the future for many millions of people "looks black".

The temperature data released by the European Union's Copernicus Climate Change Service (C3S) showed that the past six years have been the hottest six on record. They also showed that Europe saw its hottest year on record, 1.6C above the long-term average, with a searing heatwave hitting western Europe in late July and early August.

2020 tied with 2016 as the hottest year on record

The Arctic and northern Siberia saw particularly extreme average temperatures in 2020, with a large region 3C higher than the long-term average and some locations more than 6C higher. This resulted in extensive wildfires, with a record 244m tonnes of CO₂ released within the Arctic Circle. Arctic sea ice was also significantly lower, with July and October seeing the smallest extent on record for those months. "[The year] 2020 stands out for its exceptional warmth in the Arctic," said Carlo Buontempo, director of C3S. "It is no surprise that the last decade was the warmest on record, and is yet another reminder of the urgency of ambitious emissions reductions to prevent adverse climate impacts."

"The extraordinary climate events of 2020 show us we have no time to lose," said Matthias Petschke, at the European commission. "It will be difficult, but the cost of inaction is too great." "Despite the absence of the cyclical boost of El Niño to global temperatures [we are] getting dangerously close to the 1.5C limit," said Prof Dave Reay, at the University of Edinburgh. "Covid lockdowns around the world may have caused a slight dip in emissions, but the CO₂ accumulating in the atmosphere is still going up fast. Unless the global economic recovery from the nightmares of 2020 is a green one, the future of many millions of people around the world looks black indeed." The level of CO₂ in the atmosphere reached a new record in 2020, with the cut in

emissions due to Covid lockdowns described as a “tiny blip” by the UN’s World Meteorological Organisation. Vincent-Henri Peuch, director of the Copernicus Atmosphere Monitoring Service, said: “Until the net global emissions reduce to zero, CO₂ will continue to accumulate in the atmosphere and drive further climate change.”

The UK Met Office issued a forecast on Friday that CO₂ levels will pass a new milestone in 2021 – being 50% higher than before the Industrial Revolution. Its scientists said CO₂ will exceed 417 parts per million (ppm) for several weeks from April to June, which is 50% higher than the 278 ppm in the late 18th century when industrial activity began. This is despite the expectation that weather conditions brought by the counterpart of El Niño, La Niña, will see higher natural growth in tropical forests that will soak up some of humanity’s emissions. “The human-caused buildup of CO₂ in the atmosphere is accelerating,” said Prof Richard Betts at the Met Office. “It took over 200 years for levels to increase by 25%, but now just over 30 years later we are approaching a 50% increase. Global emissions will need to be brought down to net zero within about the next 30 years if global warming is to be limited to 1.5C.”

Source: [The Guardian](#); 08 January 2021

HOW CAN SOUTHEAST ASIA BENEFIT FROM THE NEW U.S. POLICY ON ILLEGAL FISHING? (COMMENTARY)

- Aristyo Rizka Darmawan

In September 2020, the United States Coast Guard (USCG) released a new USCG IUUF Strategic Outlook. The USCG created such a comprehensive position and strategy in reiterating the U.S.’s strong commitment to the war against illegal, unreported and unregulated fishing, known as IUUF, all over the world. The document recognizes IUUF as the biggest threat to maritime security, even more dangerous than piracy. The document shows that IUUF has a huge impact not only on fisheries in the U.S. but also on fisheries stocks all over the world. For instance, it shows that 93% of the world’s major marine fish stocks are classified as fully exploited, overexploited, or significantly depleted, and that it also results in tens of billions of dollars of lost revenue for legal fishers every year. Indeed, IUUF has been a huge threat to all countries all over the world. In Southeast Asia particularly, IUUF has been a major challenge. In Indonesia alone, there are several estimates for how Indonesia suffers from IUUF. It is estimated that Indonesia suffers \$3 billion in losses annually from IUUF. Mas Achmad Santosa, CEO of the Indonesian Ocean Justice Initiative (IOJI), an NGO, argues that the huge prevalence of IUUF in Indonesia is because of the economic benefit from IUUF, and weak governance and law enforcement.

During Susi Pudjiastuti’s tenure as Indonesia’s minister of maritime affairs and fisheries, Indonesia took serious measures in combating IUUF. The policy of sinking foreign fishing vessels that conduct IUUF in Indonesian waters was claimed to be effective in reducing IUUF practices in Indonesia. Susi, who left office in 2019, also actively championed globally at many international conferences for IUUF to be

recognized as a form of transnational organized crime. Indeed, international support and awareness to recognize IUUF as a common threat to all nations is necessary to strengthen global efforts in eradicating IUUF. Even though there have been some international conventions and measures in combating IUUF, state-to-state cooperation in any form is also necessary. Even though the USCG outlook on IUUF does not explicitly mention any particular region as a priority, the South China Sea will surely be one of the most important regions in countering IUUF, considering the huge number of IUUF cases and overfishing in the area. Therefore, it is likely that the U.S. might strengthen cooperation against illegal fishing in the disputed area.

However, many Southeast Asian countries view the outlook with suspicion, especially given the U.S.-China rivalry in the region and other tensions in the South China Sea. Indeed, IUUF in the South China Sea has been a major concern for all coastal states. Overfishing and environmental damage are getting worse and need an immediate response. Southeast Asian states might worry that the U.S. will use the U.S.-led global effort against illegal fishing to increase its military presence in the South China Sea. Member states of the Association of Southeast Asian Nations (ASEAN) surely do not expect that the U.S. will bring more militarization into the South China Sea to eradicate IUUF in the region.

Instead of increasing its military presence in the South China Sea to eradicate IUUF, what the U.S. should do to help the coastal states in the South China Sea is joint training, capacity building, sharing information, and transfer of technology to detect IUUF in the region. The USCG, therefore, could have more cooperation with the coast guards of the coastal states without immediately increase its military presence in the region and countering IUUF in the disputed area itself. Because considering the sensitiveness of the disputed area, claimant states should secure their territorial claims without any major involvement from other parties. Yet it seems that U.S. president-elect Joe Biden will still be focusing on the U.S. presence in the South China Sea, following from President Donald Trump's policy to rebalance China in the region. U.S. strategy has to do it in the right way, by not increasing tensions in the region. Indeed, it is very important for the claimant states that peace and security are maintained in the area while the negotiation of a code of conduct for claimants is carried out. And a more militaristic U.S. approach in dealing with IUUF in the disputed region will only increase tensions in the region. Therefore, even though more international cooperation and awareness in combating IUUF is necessary, the war against IUUF, especially in the South China Sea, should be done in the right way by having more coast guard-to-coast guard and law enforcement cooperation instead of a militaristic approach.

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Source: [Mongabay](#); 08 January 2021

GEOPOLITICS

CHINESE CITIES REPORTEDLY GO DARK AS COUNTRY FACES SHORTAGE OF COAL, A MAJOR AUSTRALIAN EXPORT

- W Tan and Evelyn Cheng

SINGAPORE — Several major Chinese cities have reportedly gone dark as authorities limit power usage, citing a shortage of coal. Analysts said prices of the commodity in the country have shot up due to the reported crunch. The reports also follow rising trade tensions between Beijing and Canberra, leading some analysts to tie the coal shortages and blackouts to the unofficial ban on Australian coal. Relations between the two nations soured last year after Australia supported an international inquiry into China’s handling of the coronavirus pandemic. Coal is just one in a growing list of Australian goods that China is targeting, as a result of their escalating dispute. Last year, China told its power plants to limit the amount of coal imports from other countries to keep a lid on prices. Beijing reportedly lifted those restrictions later, but didn’t remove curbs on coal imports from Australia. China also reportedly gave state-owned utilities and steel mills verbal notice to stop importing Australian coal. China is the world’s largest coal consumer and its greatest source of coal imports was Australia. Coal is the energy source that the world’s second largest economy predominantly relies on — even as it has committed to a renewable energy plan. China is the second-biggest buyer of Australia’s thermal coal, a variety used to generate power.

Coal restrictions leading to blackouts?

Prices of coal in China have shot up as a result of the shortage and research firm Wood Mackenzie predicts they will remain high during the peak winter demand period. “China’s thermal coal market is in chaos, with prices rocketing after daily price index releases were suspended on 3 December,” research firm Wood Mackenzie said. The report said power rationing “has already commenced” in Hunan and Zhejiang provinces due to the shortages, and there is “little scope” for increased production from Chinese producers. Concerns about the availability of electricity for ordinary Chinese spiked in December. A widely shared online article listed planned blackouts by the Shanghai State Grid for different parts of Shanghai on Dec. 22. Other regions have also restricted electricity use, the Shanghai State Grid added. Some cities, primarily those in southern China, have imposed limits on off-peak electricity usage for factories since mid-December, according to a report last week by the South China Morning Post. In the tech hub of Shenzhen, there have been week-long blackouts in different areas, the report said.

It was not immediately clear whether any of the blackouts actually happened, or to what extent. Senior economist Marcel Thieliand at research firm Capital Economics

said the blackouts are “underlining that China is willing to go to great lengths to harm Australia.” Chinese authorities have not tied the blackouts to tensions with Australia or the coal restrictions. They instead attribute the restrictions on power use to exceptionally high demand and routine maintenance. China has used 11% more electricity this December than last year, the National Development and Reform Commission said in December. The department is the country’s top economic planning body. The commission said the rapid economic recovery, cold winter weather and limited supply have prompted some regions to restrict power use. China’s November coal imports fell 44% from last year, according to data from the Commonwealth Bank of Australia. As temperatures are set to remain low, the commission said it expects national electricity demand to rise.

A shift in coal flows

China is now turning to alternative sources for coal. Analysts noted that could lead to a shift in trade flows as Australia’s coal, one of the country’s largest exports, becomes the latest casualty in the trade fight. But experts say the developments will have limited impact on overall demand for Australian coal as it will simply find other markets. “Trade flows will shift, as Australian coals look for new homes and higher volumes of non-Australia coking coals move to China,” said Wood Mackenzie in a recent note. Coking coals are a variety of coal used to produce steel.

Correspondingly, shifts in other trade flows of coal will occur, with China’s import data showing increased coal imports from Mongolia, Canada and Russia, the research firm said. Last month, China signed a deal with Indonesia to buy \$1.5 billion worth of thermal coal. Still, China is short of coal, said Wood Mackenzie, with some mills surviving on stockpiles and Mongolian coal prices increasing as the Chinese switch over. “We suspect that China will continue (and probably intensify) its long-running efforts to reduce reliance on imported coal more generally in the coming years, though it will perhaps take some time to bear fruit,” according to a report by Capital Economics. Next year, there will still be great pressure on China’s three main coal-producing regions to ensure supply, a national coal industry association said in a Dec. 1 report in the Economic Observer, a Chinese financial news outlet. But factors such as China’s aim for peak carbon emissions in 10 years give companies less incentive to ramp up production.

Source: [CNBC](#); 05 January 2021

GOVT PLANS CRUDE SOURCING PLAYBOOK TO BOOST ENERGY SECURITY

- Utpal Bhaskar

In a big push for India’s energy security efforts, the Central government is working to help state-owned oil refiners and private sector companies draw up a coordinated approach for sourcing crude oil, said two government officials aware of the development, seeking anonymity. The first such calibrated strategy, involving public and private firms, may not only help save on oil import bills, but may also be able to

counter China's dominant global position as the world's second largest oil importer that helps it land better terms for oil imports. India is third largest oil importer globally. The ministry of petroleum and natural gas held preliminary meeting to discuss the way forward. Energy security is key to India's national security as the country imports over 80% of its oil requirements. Large refiners include Indian Oil Corp. (IOC), Bharat Petroleum Corp. Ltd (BPCL), Hindustan Petroleum Corp. Ltd (HPCL), Nayara Energy Ltd (formerly Essar Oil) and Reliance Industries Ltd (RIL). "There was a discussion on the coordinated approach with a meeting called by the petroleum and natural gas ministry. This is about a calibrated and coordinated approach that will help the country as well as the firms involved," said one of the officials cited above.

India is particularly vulnerable as any increase in global prices can affect its import bill, stoke inflation and increase its trade deficit. India spent \$101.4 billion on crude oil imports in 2019-20 and \$111.9 billion in 2018-19. It is a key refining hub in Asia, with an installed capacity of over 249.36 million tonnes per annum (mtpa). It has 23 refineries and plans to grow its refining capacity to 400 mtpa by 2025. "We want our companies to talk and work together. We are working on that. We are working out the coordination for public and private sector companies buying crude oil," the official added. India has been recalibrating its crude sourcing strategy amid growing uncertainties to buffer consumers from any spike in global prices. The new playbook may have a major bearing on the global energy architecture and help bargain for crude oil purchases. "Joint sourcing of crude oil is neither possible nor desirable. However, given the expanse of India's oil sourcing network, mutual information sharing can help refiners evolve a calibrated approach that can result in significant savings," said a second official cited above.

Queries emailed to the spokespersons of the petroleum and natural gas ministry, IOC, BPCL, HPCL, Nayara Energy and RIL late on Thursday remained unanswered. While covid-19 had hit global energy demand, the announcement of several successful vaccine candidates, international crude oil prices witnessed a spike. Experts however remained wary of the move. "India used to import oil at over \$100 per barrel five years ago—now the price is less than \$50 per barrel. This reduction has happened not because of joint sourcing of oil, but because of new oil production from the US and Canada resulting in a better supplied market. If we want oil to remain cheap, we need to invest in upstream oil production in places such as the US," said Amit Bhandari, fellow, energy and environment studies programme, Gateway House, Mumbai. India, which is a major energy consumer, has been calling for a global consensus on "responsible pricing". Every dollar increase in the price of oil raises India's import bill by ₹10,700 crore on an annualized basis.

Source: [Live Mint](#); 05 January 2021

INDIA'S IOC BUYS ITS FIRST CARGO OF IRAQI BASRA MEDIUM OIL - DATA, SOURCE

- Reuters Staff

SINGAPORE/NEW DELHI, Jan 6 (Reuters) - Indian Oil Corp (IOC) , the country's top refiner, has loaded its first cargo of Iraq's new Basra Medium crude grade which was introduced this year, according to ship tracking data from Refinitiv Eikon and a source with knowledge of the matter. IOC loaded the cargo onto Minerva Kalypso, a suezmax-sized vessel, which left Iraq's southern port of Basra on Jan. 4, the data showed. The ship is expected to arrive at Chennai port in southeastern India around Jan. 14. Iraq has increased Basra crude exports by introducing this new grade after the Organization of the Petroleum Exporting Countries and its allies agreed to raise output by 500,000 barrels per day (bpd) in January. "From this year IOC will get all three grades - Basra Light, Basra Medium and Basra Heavy - depending on the availability with the supplier," the source said, adding that the 1 million barrels of Basra Medium crude would go to IOC's subsidiary Chennai Petroleum Corp. Chennai Petroleum and Indian Oil Corp did not immediately respond to requests for comments.

Along with Chennai Petroleum, IOC controls about a third of the 5 million bpd of refining capacity in India. Iraq's state oil marketing company (SOMO) launched the new sour crude grade in January by splitting the existing Basra Light production into two grades to provide better quality stability. "Basra Medium helps fill the gap of a shortage of heavy oil globally due to sanctions on Iran and Venezuela, declining production in Colombia and Mexico and OPEC+ quotas," analytics firm Kpler said. (Reporting by Nidhi Verma in NEW DELHI and Shu Zhang in SINGAPORE. Editing by Florence Tan and Mark Potter)

Source: [Reuters](#); 06 January 2021

DHS WARNS THAT AMERICAN BUSINESSES FACE ONGOING DATA THEFT THREAT FROM VENDORS IN CHINA

- Scott Kedia

The Department of Homeland Security (DHS) has issued a broad warning to all American businesses about potential data theft by partners in China that have connections to the government. The advisory outlines "PRC legal regimes and known PRC data collection practices" that could present a risk to any organization not based in the country, warning that China's ambitious plans to become the premier "global technological superpower" by 2049 translate into an increased focus on all types of data collection. According to Chad Wolf, Acting Secretary of the DHS: "For too long, U.S. networks and data have been exposed to cyber threats based in China which are using that data to give Chinese firms an unfair competitive advantage in the global marketplace. Practices that give the PRC government unauthorized access to sensitive data – both personal and proprietary – puts the U.S. economy and businesses at direct risk for exploitation. We urge businesses to exercise caution before entering into any agreement with a PRC-linked firm."

Data theft warning highlights long-term strategic concerns for US

Underpinning the new data theft warning are two general concerns about the US's most formidable rival: PRC government access to data held by Chinese companies under the 2017 National Intelligence Law, and the country's collection of stated trade and economic growth plans. The National Intelligence Law essentially requires companies in China to provide the government with access to any data they hold upon demand. The DHS warning thus essentially applies to all businesses based in the PRC: those that have an "ownership nexus" in country or that use equipment manufactured by such a company, along with firms that have PRC citizens in "key leadership and security-focused roles." The warning also highlights a collection of PRC initiatives meant to bear fruit by 2025-2050, all of which would be supported and accelerated by widespread data theft. The advisory names the "Made in China 2025" plan that seeks to reform the country's manufacturing sector from a low-tech to a high-tech focus, the "Digital Silk Road" initiative that looks to export telecommunications infrastructure to targeted parts of the world, and the Military-Civil Fusion policy that seeks to have China's armed forces at a "world class" level by 2049. Nothing presented in the advisory is new information; it's essentially an executive summary of the expected data theft risks from PRC entities that store data on Chinese servers or provide hardware, framed in terms of expectations based on geopolitical interests. The advisory echoes the core concerns of many cases that have emerged in the past couple of years, from the ban on Huawei hardware to the proposed ban on TikTok. The DHS believes that, in keeping with these various strategic initiatives, the Chinese government is stepping up its collection of data through both legal and illegal channels. Its most immediate interest in data is in supporting its shift to a high-tech manufacturing base, something that espionage could provide a massive boost to. Longer-term, the CCP seeks data to improve both its intelligence and military goals by improving both technology and its ability to project propaganda to other nations.

The advisory identifies some specific entities that present an elevated risk of data theft: data centers owned or operated by PRC firms, foreign data centers built with PRC equipment, organizations that have a PRC firm as a joint venture partner, and devices or apps owned by Chinese companies. The DHS suggests taking account of all sensitive and personal information that is shared with PRC partners and ensuring that contractual agreements stipulate clearly where it is stored and how it is handled. This also applies to reviewing the terms of service of any apps, software and hardware made in China. DHS warns that the CCP is most interested in particular categories of data: high tech, export-controlled products, trade secrets and confidential intellectual property, biotech and genomic data, medical test data, personally identifiable information and geolocation data.

Long history of suspected data theft

Intellectual property theft in the interest of Chinese economic development has been a major problem for organizations in the US for many years, predating both the Trump and Obama administrations. The country has struggled to keep up with the West in technological innovation due to a number of factors, ranging from the nature of the

government to domestic law that is weaker on data theft by competitors. A fundamental PRC strategy has been to simply infiltrate or hack into innovative foreign companies, steal confidential information, and use it to create domestic knockoffs. The “Thousand Talents Plan” for recruiting foreign tech and biological experts also essentially incentivized IP theft by requiring candidates to bring research with them, something that led to several high-profile cases of alleged espionage by American researchers. DHS cautions that American companies should be concerned not just with targeted espionage, but also back doors (or “bugdoors”) built into hardware manufactured in the PRC and distributed for data theft purposes in a more broad fashion. The National Intelligence Law allows for hardware backdoors of this type if they are in the interests of the ruling government.

Source: [CPO Magazine](#); 06 January 2021

EXTENDING CPEC

- Umer Khan

NEVER in Pakistan’s history has a project been peddled to the people as a game changer the way that the China-Pakistan Economic Corridor has been. The government is enthusiastic about the \$60 billion worth of concrete carpeted highways, energy projects and special economic zones. Early harvest projects worth \$19bn have been completed, and CPEC is now in its second phase, in which most of the projects will be based on a public-private partnership model. For now, the projects in its first phase have failed to usher in the level of prosperity that was promised to the people. Therefore, it is imperative to ensure that CPEC projects are optimally utilised and, thus, there is a case to be made for enlarging its scope to neighbouring countries, particularly Afghanistan. Pakistan and China have already invested huge capital on building the road infrastructure for CPEC. According to estimates, \$11bn will be spent on the construction of roads and highways. However, Pakistan will not be able to accrue maximum economic benefits and ensure the financial sustainability of the infrastructure if it does not link CPEC to other countries in the region.

Moreover, Pakistan already had a road network – which may not have been as shiny as CPEC, but certainly helped to connect different parts of the country. A parallel road infrastructure might look good to the eyes, but it will not gain traction with the heavy transport sector since it also means more fuel and toll costs. The M2 motorway between Lahore and Islamabad is a good data point to understand how un-optimised highways can be detrimental to the economy. The motorway took more than seven years to build, with a total cost of approximately \$1.2bn. Despite this, to date, the preferred route for trade transport is the GT Road, which saves fuel and toll costs for heavy transport. Even after more than 20 years of its construction, the motorway has not seen a massive increase in freight traffic; rather, it has only added to Pakistan’s foreign debt service obligations. In addition to increasing trade, regional connectivity will mitigate the risk of other deadweight projects like the M2 motorway. Pakistan has recently announced that it will be developing trade points on the border it shares with

Afghanistan. While this is a positive development, this initiative will only be fruitful if major highways and motorways are connected to these trade points. According to reports, Pakistan's share in intra-regional trade has dipped to 7.4 per cent of its total overseas shipments, down from 12.2pc in 2011. Similarly, Pakistan's regional imports have reduced to 4.7pc of its total global purchases from 7.4pc. Connecting CPEC to regional countries could be an incremental process, starting with Afghanistan. Despite its challenges, Afghanistan appears to be the most feasible country to extend CPEC. Moreover, the destinies of Pakistan and Afghanistan are intertwined due to historical and cultural links. Without peace and stability in Afghanistan, Pakistan cannot achieve economic progress. With the US pulling out of the country, Afghanistan will need to diversify its economy, as the current \$8.5bn aid from the West will also likely dry up.

Pakistan has already been involved in the construction of the highway from Torkham to Jalalabad. Further extending this highway till Kabul is the logical next step. China has also given indications that it will be open to investing in road infrastructure and energy projects if the Afghan Taliban are able to ink the peace deal with the Afghanistan government. Another reason for extending CPEC to Afghan-istan is to boost the Gwadar port. Pakistan is struggling to get traction for the port in the international market. The development of the Gwadar port was slower than envisaged by Pakistan. So far, international freight companies prefer to dock their ships at the two ports in Karachi due to better infrastructure facilities. The Gwadar-Chaman highway would be a lucrative route for freight traffic and would significantly reduce the time it takes for freight to reach Afghanistan from Pakistan. While there are multiple reasons for extending CPEC to Afghanistan, there are certain challenges before this can become a reality. One of the biggest challenges would be to get the necessary buy-in from all the relevant stakeholders in Afghanistan. Moreover, relations between China and the US, Pakistan and the US, and even India and Pakistan will be critical in connecting CPEC with Afghanistan.

At the end of the day, Pakistan will have to bring all stakeholders on board if it wants to enhance regional connectivity, which is beneficial to both Pakistan and Afghanistan.

The writer is a graduate of Middlebury Institute of International Studies and University of Oxford.

Source: [Dawn](#); 06 January 2021

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