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Indian Ocean Watch

A Monthly Newsletter on the Indian Ocean Region



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This Newsletter tracks developments in the following countries of the Indian Ocean region

Australia, Bangladesh, Comoros, India, Indonesia, Iran, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Seychelles, Singapore, South Africa, Sri Lanka, Tanzania, Thailand, United Arab Emirates, Yemen

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EDITOR'S NOTE

The Indian Ocean region, in the year 2012 witnessed a relative calm due to decrease in incidents of piracy. Among other reasons, policing along the Internationally Recommended Transit Corridor contributed to this fall. In another significant development, India, Singapore and Maldives have decided to pool their resources for trilateral maritime cooperation. Meanwhile, the UAE has developed a new technology to protect vessels from attacks by sea criminals.

On the economic front, India has sought lands in Bangladesh for setting up India-specific special economic zones in order to narrow down the gap in bilateral trade between both the countries. Separately, India and ASEAN concluded Free Trade Agreement in services and investments which is likely to boost trade to \$100 billion by 2015. In other developments, Russian businessmen are keen on investing in Seychelles and have identified possible areas of investment which includes setting up factories to manufacture goods for export. According to reports, Sri Lanka has expressed its willingness to commence barter trade with Iran in order to boost their bilateral trade. Meanwhile, the UAE signed an agreement with Russia to strengthen cooperation in development and use of atomic energy for peaceful purposes.

The devastating floods that wrecked havoc in Malaysia have forced more than 14,000 people to flee and seek refuge in relief centres. Separately, due to rising sea levels, Indian cities of Kolkata and Mumbai could become vulnerable to climate change. Meanwhile, reports have estimated that climate change could be the biggest threat to Tanzania's tourism industry in the future.

We look forward to comments and suggestions from our readers.

Ruchita Beri

Editor

MARITIME SECURITY

Piracy in the Indian Ocean eases due to multinational presence

According to reports, incidents of piracy came down and a relative calm prevailed in 2012. It is reported that the drop in piracy is due to the heavy presence of multinational coalition forces. It could also be attributed to the monsoon season in the Indian Ocean region, protection convoys of the shipping companies and policing along the Internationally Recommended Transit Corridor. However, the relative calm could also mean that the pirates are working in smaller groups or are regrouping.¹

India hopes China would contribute to maritime security operations in Indian Ocean region

Ahead of the annual navy Day celebrations, India's Flag Officer Commanding-in-Chief of the Southern Naval Command expressed the hope that China would contribute to maritime security operations in the Indian Ocean region through its naval expansion. He added that hydrographic ships of the command provided Exclusive Economic Zone surveillance and survey assistance to friendly nations including Seychelles and Maldives. Meanwhile, India's long-term plan envisaged operating three carriers.²

Indian navy receives first of its P-8I eight maritime surveillance aircraft

The Indian navy received the first of the eight P-8I maritime surveillance aircraft from Boeing. This aircraft along with two more are expected to arrive in India in May 2013. P-8I is expected to replace the navy's Russian *Tupolev Tu-142M* maritime surveillance turboprop.³

India's largest offshore patrol vessel delivered to the navy

A new indigenously designed vessel built by Goa Shipyard Ltd. was handed over to the Indian navy in order to meet its increasing requirement of undertaking ocean surveillance and surface warfare operations to prevent infiltration and transgression of maritime sovereignty. The vessel which is the largest offshore patrol vessel of the Indian navy, is also suitable for monitoring sea lines of communication, defence of offshore oil installations and other critical offshore national assets.⁴

Mauritius to have own offshore patrol vessel by 2014

The National Coast Guard of Mauritius will receive its state-of-the-art Offshore Patrol Vessel

¹ "Presence of Coalition Eases Piracy in the Indian Ocean", *Daily News Online*, December 29, 2012 at <http://www.dailynews.co.tz/index.php/local-news/13126-presence-of-coalition-eases-piracy-in-the-indian-ocean>

² "Soni hopes Chinese naval expansion will add to maritime security operations", *The Hindu*, December 01, 2012 at <http://www.thehindu.com/todays-paper/tp-national/soni-hopes-chinese-naval-expansion-will-add-to-maritime-security-operations/article4152520.ece>

³ "Navy gets first of 8 P-8I maritime surveillance aircraft from Boeing", *The Hindu*, December 20, 2012 at <http://www.thehindu.com/news/national/navy-gets-first-of-8-p8i-maritime-surveillance-aircraft-from-boeing/article4218787.ece>

⁴ "Goa shipyard hands over India Naval OSPV", *MarineLink.com*, December 23, 2012 at <http://www.marinelink.com/news/shipyard-hands-india350286.aspx>

to ensure the security of its Exclusive Economic Zone (EEZ) in 2014. The vessel, currently under construction, will also participate in anti-piracy, anti-smuggling, anti-narcotics and illegal fishing operations in the EEZ. The vessel will carry a close-range naval gun and an optical fire control system as well as the most advanced global maritime distress and safety system. It will have the capacity of boarding a helicopter, landing craft vehicle and a rubber inflatable boat.⁵

Anti-piracy training for Seychellois coastguard on Belgium frigate

Under a military cooperation agreement signed between Seychelles and Belgium, Seychellois coastguard would be trained to deal with piracy and other related threats onboard a Belgian frigate for a month. The effort to boost cooperation in this field began in November 2009 when the Belgian defence minister visited Seychelles. It was indicated that the Seychellois coastguard on the Belgian naval ship, *Louise-Marie* is the beginning of a new set of cooperation.⁶

Commandant of US Coast Guard meets international partner agencies in Singapore

Commandant of the US Coast Guard, Admiral Bob Papp, paid an official visit to Singapore to meet international partner agencies and also coast guardsmen. It was reported that the visit provided insights into the challenges faced by the port of Singapore, the busiest port in the world as measured by vessel arrival tonnage, and further strengthened ties between the Coast Guard and Singapore. Admiral Papp remarked that he was

impressed with Singapore's technically advanced vessel management system and highly capable police coast guard assets and people. The Commandant also conducted an "all-hands" meeting with coast guardsmen stationed at the U.S. Coast Guard Marine Inspection Detachment, Singapore to discuss current issues and answer questions.⁷

Singapore will send third team to Gulf of Aden to oversee anti-piracy patrols

Senior minister of state for defence and acting minister for social and family development, Chan Chun Sing, announced that Singapore would send a third team of sailors, soldiers and airmen to the Gulf of Aden in March 2013 to oversee multinational anti-piracy patrols. Reiterating that the Gulf of Aden is a major waterway that connects Asia and Europe, the minister said that when piracy in the Gulf of Aden threatens the freedom of navigation and the safety of international shipping, it impacts Singapore's security and economic well-being directly. The three-month deployment will also be Singapore's eighth since 2009 in the pirate-infested waters off Somalia. Since 2009, the Singapore Armed Forces sent four task groups to the Gulf of Aden under the ambit of the multinational Combined Task Force 151 to enhance the security of ships transiting the Gulf. The first three task groups each comprised an RSN Landing Ship Tank and two Super Puma helicopters. In addition, an RSAF Fokker-50 Maritime Patrol Aircraft was deployed in 2011 to assist in surveillance operations along the Gulf of Aden.⁸

⁵ "Mauritian waters to have own offshore patrol vessel in 2014", *The Independent*, December 14, 2012 at <http://theindependent.mu/local/3329-mauritian-waters-to-have-own-offshore-patrol-vessel-in-2014.html>

⁶ "Belgium involves Seychelles more in anti-piracy drive", *Seychelles Nation*, December 24, 2012, at <http://www.nation.sc/index.php?art=29960>

⁷ "Adm. Papp Continues Outreach Trip in Singapore", *Military.com*, December 6, 2012, at <http://www.military.com/daily-news/2012/12/06/adm-papp-continues-outreach-trip-in-singapore.html?comp=7000023468292&rank=2>

⁸ "Singapore to send third team to Gulf of Aden", *Asia One*, December 13, 2012, at <http://news.asiaone.com/News/Latest%2BNews/Singapore/Story/A1Story20121213-389426.html>

Sri Lanka, India and Maldives to pool resources for trilateral maritime cooperation

The Sri Lankan defence secretary, Gotabaya Rajapaksa, announced at the maritime security seminar in Sri Lanka that Sri Lanka, India and Maldives decided to sign an agreement on extending maritime cooperation among the countries and to pool resources and share data in the region for better control over the territorial waters and detect suspicious movements. Gotabaya said that Sri Lanka, India and the Maldives have been working on a trilateral agreement for cooperation in carrying out surveillance, anti-piracy operations and in curbing illegal activities including maritime pollution. India has posted a Military Attache in the Maldives to ensure better coordination and shorten response timings during a crisis.⁹

Sri Lanka defends Chinese presence in Indian Ocean region

At an annual maritime conference held in Galle, Sri Lanka's defence secretary, Gotabhaya Rajapaksa defended China's increasing presence in the Indian Ocean and justified it on the trade and economic interests that China has in the region. He further added that Sri Lanka has always pursued a non-aligned foreign policy and that economic assistance from any country should not be misunderstood as a form of alignment.¹⁰

Sri Lanka organises international maritime security conference

The Sri Lanka navy, under the aegis of Ministry of Defence, organised an international maritime security conference, 'Galle Dialogue – 2012', in

the southern port city of Galle. The broad theme of the Dialogue was 'Strategic Maritime Cooperation and Partnership to face the future with Confidence' intended to encourage the large navies in the Indian Ocean region to cooperate with smaller naval powers to benefit the region. Sri Lanka opined that strategic cooperation and partnership between naval powers in the Indian Ocean region was essential to achieve lasting security, stability and success in the region and to counter the threats it was facing. Sri Lanka's defence secretary, asked the IOR nations to look beyond immediate security threats and operational considerations to forge cooperation and partnership at the strategic level. The defence secretary pointed out that Indian Ocean, due to its sheer scale, faces a number of serious threats including piracy, terrorism, human smuggling, drug trafficking, illegal, unregulated and unreported fishing, and illegal waste disposal. Among the countries that participated in the Galle Dialogue were Australia, China, India, Malaysia, USA, UK, Pakistan, Bangladesh, Canada, France, Germany, Iran, South Africa, and Oman.¹¹

Sri Lanka hosted inaugural Sri Lanka-Australia JWG on People Smuggling and Transnational Crime

The inaugural meeting of the Sri Lanka-Australia Joint Working Group (JWG) on People Smuggling and Transnational Crime was held at the ministry of defence and urban development. The discussion was streamlined at further boosting maritime security in the region in order to find ways and means of containing illegal migration attempts to Australia from the Island. A wide range of subjects including identifying the

⁹ "India, Sri Lanka, Maldives to sign agreement on maritime cooperation", *The Hindu*, December 15, 2012 at <http://www.thehindu.com/news/international/india-sri-lanka-maldives-to-sign-agreement-on-maritime-cooperation/article4203041.ece>

¹⁰ "Sri Lanka defends China's presence in Indian Ocean", *Deccan Herald*, December 13, 2012 at <http://www.deccanherald.com/content/298354/sri-lanka-defends-chinas-presence.html>

¹¹ "Sri Lanka calls for strategic cooperation and partnership between naval powers in Indian Ocean Region", *Colombo Page*, December 13, 2012 at http://www.colombopage.com/archive_12B/Dec13_1355418158CH.php

underlying causes related to illegal migration, finding preventive measures, strengthening cooperation between the two countries, beefing up border protection, preparing of proper legal procedures pertaining to deportation and repatriation, training and skills development, law enforcement cooperation, creating public awareness and other relevant topics were highlighted during the discussion.¹²

Spain promotes new offshore patrol vessels to South African navy

According to *DefenceWeb*, a Spanish ship-building company, Navantia, was actively promoting a new offshore vessel to the South African navy. It mentioned that the Spanish shipbuilder wants its Avante 3000 class of offshore patrol vessel to be bought by the South African navy. In this regard, the company's ship, *ESPS Relámpago*, also paid an informal visit to Cape Town. The Spanish ministry of defence said that the visit aimed to provide the crew with rest and recuperation while enhancing co-operation and ties with the South African navy. Navantia said that the ship could be adapted to the requirements of the South African navy, which was considering buying new offshore and inshore patrol vessels.¹³

Thirty six Iranian ships carrying Tanzanian flag deregistered

According to reports, Iranian vessels are switching flags due to the sanctions imposed by the United States and the European Union over its nuclear programme. Tanzania has deregistered 36 Iranian

vessels and has shown further commitment to deregister the Iranian ships found carrying Tanzanian flag. The US and EU governments maintain that Iran's nuclear research is a cover for developing atomic weapons while the government in Tehran contends it is for civilian purposes.¹⁴

Zambian fishermen arrested in Tanzania

Tanzanian police has arrested twenty-eight Zambian fishermen for entering into its territory. The fishermen under custody have been accused of fishing on Tanzanian waters. A team of Zambian defence and security officers have gone to Tanzania for negotiations of their release.¹⁵

UAE: New vessel protection technology to guard against pirate attacks

A partnership between global shipping, logistics, and marine services provider, GAC Group, and the risk mitigation firm, AKE Group, has resulted in the development of a new technology to protect vessels from attack by sea criminals. The technology, developed by GAC Maritime Security, and called PirateFence is a perimeter protection system consisting of anti-climb and grapple-resistant components, and is aimed at fortifying a vessel to buy time for the crew to counter threats. Commercial shipping currently relies heavily on armed guards on vessels passing through high-risk areas which may be an unsustainable long-term solution to managing sea crimes.¹⁶

¹² "Sri Lanka - Australia Joint Working Group conference held", *Ministry of Defence and Urban Development*, December 18, 2012 at http://www.defence.lk/new.asp?fname=Sri_Lanka_Australia_Joint_Working_Group_conference_held_20121217_07

¹³ "SA Navy looking at new offshore patrol vessels", *Biz Community*, December 28, 2012 at <http://www.bizcommunity.com/Article/196/598/87422.html>

¹⁴ "Tanzania Acts On 'Unfair' Iran Ships", *Daily News Online*, December 6, 2012 at <http://www.dailynews.co.tz/index.php/local-news/12359-tanzania-acts-on-unfair-iran-ships>

¹⁵ "28 fishermen 'netted' in Tanzania", *Times Of Zambia*, December 19, 2012 at <http://www.times.co.zm/?p=23446>

¹⁶ "UAE: GAC to Provide PirateFence Vessel Protection Technology", *World Maritime News*, November 27, 2012 at <http://worldmaritimeneeds.com/archives/70059>

ECONOMIC COOPERATION

India to reduce Iranian oil imports in 2013-2014

Indian government sources have said that the country would cut imports of Iranian oil by 10 to 15 per cent in the next fiscal year owing to high costs for refiners. State refiners stated that they were yet to receive any directive from the Indian government on cutting Iranian imports beginning in April 2013, but they are likely to reduce imports in any case. Iranian crude oil has become more expensive for refiners to import because international sanctions force them to borrow at high domestic rates to finance purchase and bear volatility in the rupee against the dollar. Iranian oil has thus become economically non-viable for state refiners. Refiners have begun buying more from Saudi Arabia and Iraq. India is the world's fourth biggest oil importer and currently Iran's second biggest client of oil.¹⁷

India seeks land in Bangladesh for special economic zone; Adopts liberal visa policy for Bangladeshi nationals

India has asked Bangladesh to allow the use of its territory to enable Indian companies operating in Bangladesh to export their goods through North-East states corridor in order to boost trade, investment and economic engagement between both the countries. Furthermore, India has also

sought earmarking land for setting up a India-specific special economic zone. This is seen as an attempt by India to narrow down the bilateral trade gap that is currently heavily loaded in favour of India.¹⁸ Earlier, India said that the "brutal trade imbalance" enjoyed by it over Bangladesh was unacceptable and that it would promote massive investments into Bangladesh for creating jobs and economic opportunities for the local population.¹⁹ Separately, India decided to adopt a liberal visa policy for various categories of Bangladeshi nationals to promote economic engagement, people-to-people contact, cultural ties and tourism between the two nations.²⁰

India and ASEAN conclude FTA in services and investments

India and the ASEAN concluded the Free Trade Agreement in services and investments which is likely to boost trade to \$100 billion by 2015. At present, trade between India and ASEAN stands at \$80 billion. Simultaneously, India is negotiating similar market opening pacts with ASEAN members like Indonesia and Thailand.²¹

Indonesia upbeat about its fishing sector

With the release of the McKinsey & Company 2012 report which projects Indonesia to be among

¹⁷ "Exclusive: India to cut Iran oil imports in its 2014 fiscal year", *Reuters*, December 19, 2012 at <http://in.reuters.com/article/2012/12/19/india-iran-imports-idINDEE8BI07R20121219>

¹⁸ "Land for India-specific SEZs sought in Bangladesh", *The Hindu*, December 06, 2012 at <http://www.thehindu.com/business/Economy/land-for-indiaspecific-sezs-sought-in-bangladesh/article4171367.ece>

¹⁹ "India to promote investments in Bangladesh", *The Hindu*, December 04, 2012 at <http://www.thehindu.com/business/Economy/india-to-promote-investments-in-bangladesh/article4164392.ece>

²⁰ "India introduces liberal visa regime for Bangladesh", *The Hindu*, December 03, 2012 at <http://www.thehindu.com/news/national/india-introduces-liberal-visa-regime-for-bangladesh/article4159802.ece>

²¹ "India, ASEAN finalise FTA in services, investments", *The Hindu*, December 20, 2012 at <http://www.thehindu.com/business/Economy/india-asean-finalise-fta-in-services-investments/article4222052.ece>

the seven largest economies by 2030 as a result of its robust agriculture and fisheries sector, the maritime and fishery ministry of Indonesia has raised its growth prospects for the future. Maritime and fishery minister, Sharif Cicip Sutardjo said on December 28 during a lecture at Udayana University in Bali that the sector aims to increase its input to the country's GDP to \$450 billion by 2030, which would be a major boost from the 2010 figures of \$5.2 billion.²²

Japan, Turkey maintain Iranian oil imports while South Africa suspends oil shipments to Iran

Japan's purchase of crude oil from Iran hit its highest level of 2012 in November with the country raising its crude imports from Iran. Turkey has also maintained its oil imports from Iran and the country meets close to half its oil import needs from Iran.²³ Meanwhile, South Africa suspended all imports of Iranian crude in November 2012 under pressure from EU sanctions that prevent insurance companies from underwriting Iranian shipments. South Africa has replaced Iranian shipments with crude from other countries including Saudi Arabia, Nigeria, Angola, the UAE, and Ghana.²⁴

Pakistan to continue with joint oil pipeline project with Iran despite international pressure

The Pakistani government has said that the country will push ahead with a joint oil pipeline project with Iran despite reported pressure from

other countries including the United States to abandon the project. Government officials have stated that the project would help Pakistan overcome its energy shortages and improve the country's industry, and that the project would continue "under any condition". The pipeline when completed is expected to facilitate export of 21.5 million cubic meters of Iranian natural gas to Pakistan daily. Pakistani President Asif Ali Zardari is expected to visit Iran soon to finalise the project.²⁵

Kenya-South Africa establish formal business lobby

Kenya and South Africa have now formalised their long standing business relationship by launching a formal business lobby, South Africa-Kenya Business Association. The launch was presided over by Kenya's trade permanent secretary, Abdulrazaq Adan Ali and South African High Commissioner, Ndumiso Ntshinga. Polycarp Igathe, chairman of Kenya Association of Manufacturers and Stephen Isaboke, regional head of DSTV channel, were instrumental in getting the new lobby off the ground.²⁶

Deadlock on EPA risks Kenyan exports

If the Economic Partnership Agreement (EPA) fails to materialise anytime soon, Kenya's flower sector risks suffering a great loss. The proposed EPA which wants to see countries in the East African Community (EAC) and the European Union liberalise tariffs and duties for imports and

²² "Indonesia's fishing sector targets 240 billion by 2030", *The Jakarta Globe*, December 29, 2012 at <http://www.thejakartaglobe.com/business/indonesias-fishing-sector-targets-240-billion-by-2030/563899>

²³ "Japan Ups Iran Crude Imports", *Iran News Daily*, December 29, 2012 at http://www.irannewsdaily.com/view_news.asp?id=244338

²⁴ "S. Africa Suspends Iran Crude Imports Again", *Iran News Daily*, December 29, 2012 at http://www.irannewsdaily.com/view_news.asp?id=244339

²⁵ "Pakistan Resolute in Iran Gas Project", *Iran News Daily*, December 24, 2012 at http://www.irannewsdaily.com/view_news.asp?id=244148

²⁶ "Kenya-South Africa business lobby launched", *The Star*, December 3, 2012 at <http://www.the-star.co.ke/news/article-98036/kenya-south-africa-business-lobby-launched>

exports from both regions has suffered a setback as both the sides have taken harder lines. The negotiations on the EPA started in 2007 and the EU parliament has now imposed a January 2016 deadline forcing countries to sign or lose access to its market. This means Kenya's exports to EU will be under Generalised Systems Preferences while exports by other partner states which are enlisted as the Least Developed Countries will be under 'Everything But Arms' initiative provision. Though EAC is negotiating as a bloc, Kenya is the only member that is not classified under Least Developed Countries.²⁷

India and Malaysia to develop other third-world countries

India and Malaysia have decided to collaborate and work on infrastructure and housing projects in other third-world countries like Bangladesh, Sri Lanka and Indonesia. There is an MOU signed already between Indian Railway Construction company Limited and Malaysia's Scomi Rail for the construction of Colombo monorail project. 2010 saw India's GMR group and Malaysia Airports Holdings Berhad win a joint contract to run the Ibrahim Nassir International Airport in Male for 25 years. However, the Maldives government had recently cancelled the contract.²⁸

Malaysia keen on increasing trade with India to \$15 billion by 2015

Malaysia's visiting international trade and industry minister, Datuk Seri Mustapa Mohamad, said on December 15 in Hyderabad that Malaysia plans

to increase trade with India to more than \$15 billion by 2015. The bilateral trade between India and Malaysia currently stands at \$12.5 billion. Mr Mohamad said that Indian presence is expanding in the Malaysian corporate sector with big ticket companies investing around \$260 billion via acquisitions in 2012. Malaysia is now keen on roping in small and medium Indian enterprises into the Malaysian market.²⁹

First securities exchange in Seychelles starts operating

With the launch of three initial equities boards that allow for the listing and trading of shares, Trop-X, the Seychelles Securities Exchange, started on November 30. While the exchange is now open for business, the processes and procedures for listing a company on the exchange will take a minimum of six weeks and can vary greatly depending on the complexity of the listing. Trop-X and its sponsor advisors are in discussions with companies which are interested in listing on the Trop-X exchange. Bobby Brantley, director of Operations and Finance at Trop-X said that a part of success in attracting international interest is due to the Trop-X's adherence to international best practice, its experience, expertise and robust regulatory framework put in place by the Seychelles International Business Authority. The inception of the first Seychelles Securities Exchange represents the culmination of five years of government and private sector collaboration initiated by the passing of the Securities Act in 2007.³⁰

²⁷ "EU deadlock wilts Kenya's rosy future", *The Star*, December 11, 2012 at <http://www.the-star.co.ke/news/article-99204/eu-deadlock-wilts-kenyas-rosy-future>

²⁸ "Indonesia, Malaysia to jointly develop project in third countries," *Business Standard*, December 30, 2012 at <http://www.business-standard.com/india/news/india-malaysia-to-jointly-develop-projects-in-third-countries/497121/>

²⁹ "Malaysia wants to boost trade with India to \$ 15 billion by 2015," *The Times of India*, December 16, 2012 at http://articles.timesofindia.indiatimes.com/2012-12-16/business/35850024_1_malaysian-minister-malaysian-companies-international-trade

³⁰ "Seychelles securities exchange in operation", *Seychelles Nation*, December 3, 2012 at <http://www.nation.sc/index.php?art=29736>

Russian businessmen look for opportunities in Seychelles

During a two-week mission to Seychelles, a group of Russian businessmen, specialising in infrastructural projects, looked for areas of investment in the country. The businessmen met the ministers of finance, trade and investment, minister of home affairs and transport, minister of tourism and culture, the Governor of the Central Bank of Seychelles and the Chief Executive of the Seychelles Investment Board. The delegation discussed water recycling projects for multiple uses, a field in which Russia has advanced technology. The possibility of turning Port Victoria into a transshipment centre in the Indian Ocean was also discussed. The possible areas of investment identified by the Russians included building factories to manufacture goods for export.³¹

Seychelles' economic reforms receive impetus from the EU

The government of Seychelles has received a grant of 2.5 million euros to sustain its comprehensive economic reforms. The grant is EU's fourth and last installment through budget support which was agreed for a total of 16.5 million euros for the period 2009-2012. Alessandro Mariani, ambassador and head of the delegation of the EU for Seychelles said that the Government of Seychelles has well demonstrated its commitment to its economic reform programme. The progress made by Seychelles in achieving macro-economic stability, implementation of sustainable fiscal policy measures as well as enhancing the country's

public financial management is remarkable. The 2012 payment, as explained, aims at mitigating the economic and social impact of the global crisis and to promote the economic recovery of Seychelles.³²

US\$ 10 million Indian credit line for Seychelles

A US\$ 10 million credit line agreement has been signed between Seychelles and India. The credit will be given by the Export-Import Bank of India to the Development Bank of Seychelles (DBS). This facility will be used by the DBS to finance projects in various development sectors. The agreement contains that 75 per cent of the funds should be used to import products or services from India. The loan carries a repayment period of 20 years and has a moratorium on amortization on five years. The agreement was signed by T. C. A. Ranganathan, chairman and managing director of the Export-Import Bank of India and Seychelles' Minister for Finance, Trade and Investment Pierre Laporte.³³

Seychelles launches bid for UNWTO executive council seat

Seychelles is bidding for an executive council seat allocated to Africa in the United Nations World Tourism Organisation (UNWTO). The elections to the council will take place at the 55th meeting of the Regional Commission for Africa. Seychelles feels that as it remains dependent on tourism it can play a part to increase the importance of tourism for Africa as a whole. This move is inspired from the current president of Seychelles James Michel's launch of 'Seychelles Brand' of tourism when he held the tourism portfolio.³⁴

³¹ "Russian investors discuss business opportunities in Seychelles", *Seychelles Nation*, December 4, 2012 at <http://www.nation.sc/index.php?art=29745>

³² "Economic reforms get boost from EU", *Seychelles Nation*, December 14, 2012 at <http://www.nation.sc/index.php?art=29840>

³³ "Seychelles gets US \$10m line of credit from India", *Seychelles Nation*, December 20, 2012 at <http://www.nation.sc/index.php?art=29911>

³⁴ "Seychelles launches bid for UNWTO executive council seat", *Seychelles Nation*, December 27, 2012 at <http://www.nation.sc/index.php?art=29984>

Sri Lanka promotes tourism with tour operators and media personnel from Kuwait

In order to promote Sri Lanka as a high-end tourism destination, Sri Lanka Tourism Promotion Bureau organised a familiarisation tour for tour operators and media personnel from the State of Kuwait, together with Sri Lanka Association of Inbound Tour Operators, The Hoteliers' Association of Sri Lanka and Oman Air. The bureau also arranged a business networking meeting with 26 tour operators of Sri Lanka, who are currently active in the region of Middle East.³⁵

Sri Lanka expresses willingness to start barter trade with Iran

During his meeting with Iranian industry, mine and trade minister, Mehdi Ghazanfari, in Tehran, the Sri Lankan industry and commerce minister, Rishad Bathiyutheen, expressed willingness to start barter trade with Iran. Both ministers also discussed ways to diversify and expand industrial and trade ties. For his part, Bathiyutheen welcomed Iranian investment in his country and proposed bartering as a means to give a boost to the two-way trade.³⁶

Sri Lankan business delegation visits South Africa to improve trade relationship

A business delegation, comprising ten Sri Lankan companies, visited South Africa and participated at business forums in Johannesburg, Pretoria and Cape Town. The delegates were able to interact with nearly 200 companies during the visit. The

interaction emphasised that the exchange of trade delegation between Sri Lanka and South Africa has given fresh impetus for trading relationship between the countries and the delegates were able to secure new opportunities in the South African market. A MOU between Johannesburg Chamber of Commerce and the Ceylon Chamber of Commerce was also signed to further strengthen business relations between the two countries. The visit of the Ceylon Chamber of Commerce (CCC) trade and investment delegation to South Africa was a joint initiative of the Sri Lankan High Commission in South Africa and the Ceylon Chamber of Commerce. The trade and investment mission was organised as a follow up and reciprocal visit to the ANC Progressive Business Forum (ANC-PBF) visit that took place in Colombo in September 2012. The CCC delegation visit to South Africa was also an outcome of the MOU signed between the CCC and ANC-PBF for collaborative business relationships between two countries.³⁷

South Africa to host 7th Africa Economic Forum in 2013

South Africa will host the 7th Africa Economic Forum in 2013, a premier annual conference focused on the fundamentals shaping Africa's economic future and discussing strategies for unlocking natural capital for maximal economic growth. The conference, to be held in Johannesburg on March 6, 2013 will bring together leading corporates, state officials, industries, senior executives and economic thinkers on Africa's economies in a content-rich meeting.³⁸

³⁵ "Kuwait travel delegation visits Sri Lanka", *The Nation*, December 9, 2012 at <http://www.nation.lk/edition/business-tbl/item/13290-kuwait-travel-delegation-visits-sri-lanka.html>

³⁶ "Sri Lanka proposes barter trade with Iran", *Tehran Times*, December 11, 2012 at <http://tehrantimes.com/economy-and-business/103962-sri-lanka-proposes-barter-trade-with-iran>

³⁷ "Business Delegation from Ceylon Chamber of Commerce Visits South Africa", *Asian Tribune*, December 15, 2012 at <http://www.asiantribune.com/news/2012/12/14/business-delegation-ceylon-chamber-commerce-visits-south-africa>

³⁸ "South Africa to host Africa Economic Forum next year", *NZweek*, December 15, 2012 at <http://www.nzweek.com/world/south-africa-to-host-africa-economic-forum-next-year-37720/>

Thailand and Bangladesh to deepen bi-lateral cooperation

Thailand Prime Minister, Yingluck Shinawatra called on Bangladesh Prime Minister, Sheikh Hasina on December 22, to discuss ways to enhance cooperation between the two countries. Both Heads of State pointed out with that there has been a 65 per cent increase in the level of trade in the year 2011 during which it crossed the \$ 1 billion mark. There was agreement on both sides to explore possibilities of cooperation in oil and gas exploration, building of roads and other infrastructure projects to improve connectivity, health services and related areas, apart from Thailand agreeing to consider investment in the development of tourism and hospitality industries in Bangladesh. The Bangladesh-Thailand Joint Commission has been tasked to make recommendations on identifying feasible areas of cooperation.³⁹

Thailand and United States strengthen ties for human resource development

The Thailand International Development Cooperation Agency (TICA) and the United States Agency for International Development/Regional Development Mission for Asia (USAID/RDMA) signed a MoU to initiate a trilateral cooperation to promote human resources development in a ceremony held at the Ministry of Foreign Affairs. This trilateral arrangement will sustain the Millennium Development Goals and Busan Declaration on a diversity of areas of mutual interest like agriculture, trade, environment, health, capacity building and policy

reforms and will be facilitated by relevant TICA, USAID/RDMA and Thai authorities.⁴⁰

UAE inks nuclear energy cooperation deal with Russia

The UAE has signed an agreement with Russia to strengthen cooperation between the two countries in development and use of atomic energy with peaceful purposes that allows transfer of technology, equipment and nuclear material between Moscow and Abu Dhabi. This follows the go-ahead given earlier last year to the UAE to build two nuclear power units, the first in a number of civilian power plants planned in the country. Facing rising demand for electricity, the UAE hopes to meet at least 25 per cent of its power demand using nuclear energy. The country is investing billions of dollars in the development of alternate energy sources to diversify its economy away from hydrocarbons.⁴¹

Abu Dhabi to host third World Ports and Trade Summit in March

The Abu Dhabi Ports Company will play host to key industry players and members of the International Association of Ports and Harbours at the third annual World Ports and Trade Summit to be held in Abu Dhabi from March 19 to 20, 2013. The Summit has aimed at discussing the changing dynamics of seatriade, with the 2013 summit specifically designed to promote trade and development, examine supply chain management systems, and address port efficiency. New areas of discussion will include waterborne tourism, marine development and a special focus on Africa

³⁹ "Bangladesh, Thailand want to double bilateral trade by 2016," *The Financial Express*, December 23, 2012 at <http://www.thefinancialexpress-bd.com/index.php?ref=MjBfMTJfMjNfMTJfMV8xXzE1NDAxNA==>

⁴⁰ "Thailand, US sign MoU on trilateral cooperation," *Pattaya Mail*, December 2, 2012 at <http://www.pattayamail.com/news/thailand-us-sign-mou-on-trilateral-cooperation-18813>

⁴¹ "UAE, Russia sign nuclear energy cooperation deal", *Zawya*, December 17, 2012 at http://www.zawya.com/story/UAE_Russia_sign_nuclear_energy_cooperation_deal-ZW20121217000036/

that will examine the continent's ports and harbours, and long-term growth plans. Abu Dhabi is at the centre of facilitating cargo transportation within the UAE and promoting intra-regional networking across the GCC.⁴²

Abu Dhabi tourism authorities seek boost in Indian visitors

Officials of the Abu Dhabi tourism authority have announced a five-city tour of India to encourage

more Indian businesses and travellers to the Emirates. Apart from New Delhi, Ahmedabad, Mumbai, Bangalore and Chennai, the officials are expected to target more cities later with the tourism body planning to place full-time staff in some of these cities. India is Abu Dhabi's second largest international hotel guest market – from January to November 2012, 125,180 Indian guests stayed in Abu Dhabi, a 30 per cent increase from the previous year.⁴³

⁴² “Key Industry Players to Attend World Ports and Trade Summit 2013 (UAE)”, *World Maritime News*, December 25, 2012 at <http://worldmaritimenews.com/archives/71957>

⁴³ “Abu Dhabi goes in search of Indian tourism”, *Zawya*, December 27, 2012 at http://www.zawya.com/story/Abu_Dhabi_goes_in_search_of_Indian_tourism-ZAWYA20121227044106/

ENVIRONMENTAL CONCERNS/ DISASTER RISK MANAGEMENT

Indian cities, Kolkata and Mumbai vulnerable to climate change

A US-based environmental law expert delivering a talk at Kolkata cautioned that rise in sea level in the Indian Ocean could make cities like Kolkata and Mumbai vulnerable while on the other hand, he added that Surat and Ahmedabad are responding well to adapt to climate change.⁴⁴

Indonesia forges diplomatic ties with Nauru

In a bid to expand cooperation in the realm of disaster risk management, climate change and South-South cooperation, Indonesia established diplomatic ties with the South Pacific island nation of Nauru, which is the 183rd member of the 193 members that are currently part of the United Nations.

Indonesia's permanent representative to the United Nations, Desra Percaya expected this nascent relationship to blossom further. Botswana, Tuvalu and Haiti are the three other countries Indonesia inked diplomatic ties with in 2012.⁴⁵

Indonesia gives green signal to its major rainforest project

Indonesia approved on December 5, Rimba Raya Biodiversity Reserve, the much awaited rainforest conservation project four years in the making. The reserve is as big as Singapore in terms of size

and in a first-of-its kind move will reward tradable carbon credits to investors. Its carbon-rich swamp forest, which is also the world's first forest on deep peat and estimated to be around 80,000 hectares was at the risk of being deforested for plantations of palm oil. German insurance firm, Allianz and Russian energy giant, Gazprom are the two major supporters of the project.⁴⁶

Malaysian floods displace 14,000 people

Over 14,000 people were forced to flee and seek refuge at relief centres after devastating floods caused by heavy monsoon showers wreaked havoc in Malaysia, according to the official news agency, Bernama. Three northeastern states - Terengganu, Pahang and Kelantan - were heavily affected with some 13,746 people being harboured in evacuation centres. However, the number of evacuees have continued to escalate and important roads in Pahang remained shut with rivers bursting the banks, reflecting the deteriorating flood control situation.⁴⁷

Oman holds Gulf Eco 2013 to address environmental challenges

Oman hosted a three-day expo from January 20 to 22, 2013 to target and combat its environmental challenges. The Gulf Expo 2013 focused on clean energy, water technology, recycling and waste management, and environmental protection. Oman faces challenges such as desertification

⁴⁴ "Climate change serious for India, says expert", *The Hindu*, December 05, 2012 at <http://www.thehindu.com/sci-tech/energy-and-environment/climate-change-serious-for-india-says-expert/article4167381.ece>

⁴⁵ "Indonesia Announces New Diplomatic Ties with Nauru," *The Jakarta Globe*, December 25, 2012 at <http://www.thejakartaglobe.com/international/indonesia-announces-new-diplomatic-ties-with-nauru/563499>

⁴⁶ "Indonesia approves landmark forest protection project," *Reuters*, December 5, 2012 at http://www.swissinfo.ch/eng/news/international/Indonesia_approves_landmark_forest_protection_project.html?cid=34112888

⁴⁷ "14,000 flee Malaysia floods, Paya Peda dam wall broken," *AFP*, December 26, 2012 at <http://www.straitstimes.com/breaking-news/se-asia/story/thousands-flee-malaysia-floods-20121226>

caused by climatic change, overgrazing, and sand drifting; pollution caused by oil spills in beaches and coastal areas and water shortages due to drought and limited rainfall, leading to soil salinity. The expo was aimed at highlighting solar applications and potential for harnessing other renewable sources of energy.⁴⁸

Sri Lanka prepares a national emergency operations plan for disaster management

Sri Lanka prepared a National Emergency Operations Plan (NEOP), with the support of United Nations Development Programme (UNDP), to handle disasters and enhance disaster response. The NEOP identifies the roles and responsibilities of different agencies involved in emergency operations and includes communication mechanisms at the national and sub national levels and among relevant organisations. A live rehearsal was conducted in November 2012 to test the NEOP and identify the gaps and potential improvements. An innovative web interface was also used by disaster management personnel to upload, edit and share information during the development of the NEOP. Now, the NEOP would be submitted to the National Council of Disaster Management through the ministry of disaster management. The plan will be made operational, with adequate training being provided throughout the island, as an integral part of the next phase of the Disaster Management Programme that was developed to cover the period 2013 to 2017.⁴⁹

Sri Lanka Coast Guard establishes new life-saving post in Wellawatte

In order to ensure the safety of people, a new life-saving post was established at the Wellawatte beach by the Sri Lanka Coast Guard department. The life-saving post was built in conforming to international standards with an elevated platform that will enable clear and far reaching visibility. Director General of Sri Lanka Coast Guard declared open the new life saving post and said that specially trained life savers would man the post 24/7 throughout the year.⁵⁰ Meanwhile, Captain Sadaharu Shibuta, the Defence Attache of the Embassy of Japan in Sri Lanka, visited the Northern Regional Headquarters of the Sri Lanka Coast Guard at Kankasanthurai. A cordial discussion was held on strengthening the bilateral relations focusing on future maritime security cooperation between the Coast Guards of the two nations. The Defence Attache assured continued assistance to the Sri Lanka Coast Guard in providing expertise, specialised training and knowledge in order to strengthen coast guard activities.⁵¹

South Africa and European Commission hold meeting on scientific collaboration

During a high-level meeting on scientific collaboration to improve disaster anticipation and resilience, the South African National Space Agency and the European Commission's Joint Research Centre signed an agreement in Brussels, Belgium to collaborate in using remote sensing

⁴⁸ "Gulf Eco 2013 to tackle current environmental issues in Oman", *Oman Daily Observer*, December 17, 2012 at <http://main.omanobserver.om/node/133668>

⁴⁹ "Sri Lanka developing a national plan for disaster management", *Colombo Page*, December 14, 2012, at http://www.colombopage.com/archive_12B/Dec14_1355507634CH.php

⁵⁰ "New Coast Guard Life Saving Post in Wellawatte", *Ministry of Defence and Urban Development*, December 15, 2012 at http://www.defence.lk/new.asp?fname=New_Coast_Guard_Life_Saving_Post_in_Wellawatte_20121215_01

⁵¹ Ibid.

technologies to monitor the environment to help improve international disaster risk management. According to the Joint Research Centre, the agreement aims to “better exploit remote sensing technologies for monitoring atmospheric, terrestrial and marine environments”. It was also expected that the signing of the agreement would assist in “fostering partnerships to advance international scientific collaboration”. The meeting was initiated by commissioner for research, innovation and science, Máire Geoghegan-Quinn, and included senior officials of the European Commission, the World Bank and the United Nations.⁵²

Climate change may affect Tanzanian tourism industry

Climate change is the biggest threat being faced by the Tanzanian tourism industry in the long run. Experts say that climate change may affect the environmental systems and patterns of a range of international tourist destinations directly affecting the tourism industry. Tanzania has a huge tourism sector which needs to be protected in the future. Therefore, the climate change issue has to be addressed in the context of more than

21 thousand km² set aside as national parks in East and South Africa and harbouring one of the world's last and greatest wildlife populations.⁵³

Zanzibaris advised to start using renewable energy

Ms Asha Abdallah, principal secretary, ministry of labour, economic empowerment and cooperatives advised Zanzibaris to start using renewable energy to avoid environment degradation to counter the negative impacts of climate change. She was speaking at a ‘climate change’ awareness seminar organised for the principal secretaries and their deputies. Working together to address climate change was an immediate answer that should be adopted by leaders at all levels and motivates people towards mitigation. The participants were also informed that though the government has taken steps to reduce the problems that contribute towards climate change and pollution of the environment, it requires more effort. Zanzibar as an island is more vulnerable to the negative impacts of climate change and it is high time to engage in renewable energy.⁵⁴

⁵² “SA, Europe in Earth observation pact”, *SouthAfrica.info*, December 10, 2012 at <http://www.southafrica.info/about/science/eu-collaboration-101212.htm#.UObQE3nppcA>

⁵³ “Climate Change - Immediate Action Vital to Save Country's Tourism”, *Daily News Online*, December 16, 2012, at <http://www.dailynews.co.tz/index.php/features/popular-features/12725-climate-change-immediate-action-vital-to-save-country-s-tourism>

⁵⁴ “Zanzibaris Asked to Tackle Climate Change”, *Daily News Online*, December 23, 2012, at <http://www.dailynews.co.tz/index.php/local-news/12936-zanzibaris-asked-to-tackle-climate-change>

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Africa, Latin America, Caribbean & UN Centre

The Institute for Defence Studies and Analyses (IDSA) is a non-partisan, autonomous body dedicated to objective research and policy relevant studies on all aspects of defence and security. Its mission is to promote national and international security through the generation and dissemination of knowledge on defence and security-related issues.

The Africa, Latin America, Caribbean & UN Centre of IDSA focuses on understanding developments in the African and the Indian Ocean Region. The Centre also endeavours to analyse India's engagement with Latin American countries, particularly in forums such as the IBSA and BRICS. In addition, the Centre carries out research on the broader theme of India and the United Nations.

This newsletter, compiled by the IDSA covers the recent developments in the fields of maritime security, economic cooperation and environmental concerns/ disaster risk management in the various countries of the Indian Ocean region.



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