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# Indian Ocean Watch

*A Monthly Newsletter on the Indian Ocean Region*



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## **Editor**

Ruchita Beri

## **Contributors**

Keerthi Sampath Kumar

Saurabh Mishra

Princy Marin George

Sneha Bhura

## **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

## **Disclaimer**

This newsletter does not reflect the views of IDSA. IDSA is not responsible for the accuracy and authenticity of the news items.

## EDITOR'S NOTE

In the month of January, the Indian Ocean region witnessed some significant developments on the security front. The IOR-ARC and the Indian Ocean Commission agreed to reciprocal observer status which will assist in developing policies and programmes among the member states. In other developments, the United States recognised Australia as a 'critical pillar' in the US pivot. At the bilateral level, Australia and Japan agreed to strengthen security cooperation while India and Myanmar are working together on maritime patrols in the Indian Ocean region. Meanwhile, Iran deployed warships in its regional waterways to counter threats at sea. In an interesting development, a private security group based in Dubai is in the process of assembling the first private navy to ensure protection of vessels against piracy at sea.

As far as economic cooperation among the members of the IOR-ARC is concerned, Iran is all set to build its first gas refinery at a cost of US\$1.6 billion. According to reports, Mauritius is keen on becoming the gateway to African markets for Pakistani products. Meanwhile, a joint Seychelles-Mauritius pact on the Mascarene plateau has provided both the countries the chance of exploring oil in the zone. In other developments, Singapore unveiled its first overseas trading centre in Africa which is its first step for robust economic partnership with the continent.

A recent study has revealed the link between sea surface temperatures in the Indian Ocean region and the amount of rainfall that East Africa receives. In other developments, heavy rains in Jakarta forced 46,000 residents to flee their homes. Separately, the UN warned a crisis in Mozambique due to rise in the number of displaced people caused by flooding.

We look forward to suggestions and comments from our readers.

**Ruchita Beri**

**Editor**

## MARITIME SECURITY

### **IOR-ARC and Indian Ocean Commission agree to reciprocal observer status**

In a press release issued, the IOR-ARC announced that the Association and the Indian Ocean Commission had agreed to reciprocal observer status. The decision to pursue reciprocal observer status between the two organisations was taken at the 12<sup>th</sup> meeting of the IOR-ARC held in November 2012. This collaboration is expected to assist in developing policies and programmes among the member states in focus areas such as sustainable development, enhancement of economic and trade relations and other aspects which would be mutually beneficial to the member states of both the organisations.<sup>1</sup>

### **Australia attends Indian Ocean Commission Council**

Australia's Parliamentary Secretary for Foreign Affairs, Richard Marles, has completed a 2-day visit to Seychelles where he represented Australia at the 28th session of the Council of the Indian Ocean Commission (IOC). It is for the first time that Australia attended an IOC Council. Mr Marles signed agreements with the IOC Secretary General committing Australia to fund disaster risk reduction pilot projects in both Madagascar and Comoros and assist in the implementation of the Madagascar Roadmap.<sup>2</sup>

### **Australia a 'critical pillar' in the US pivot: Chief of US Pacific Command**

The Chief of US Pacific Command, Samuel Locklear said that Australia is a "critical pillar" in the US pivot to Asia and in the rebalancing of its military strategy. He added that from this perspective, the Indian Ocean is a vital strategic region that cannot be thought of separately from the Asia-Pacific.<sup>3</sup>

### **India and Australia reaffirm commitment to IOR-ARC**

At the 14<sup>th</sup> session of India-Australia Joint Ministerial Commission convened in New Delhi in January, India's Minister of Commerce, Industry and Textiles, Anand Sharma and Australia's Minister for Trade and Competitiveness and Minister assisting the Prime Minister on Asian Century Policy, Dr. Craig Emerson welcomed the positive momentum in the India-Australia relationship based on shared values, converging interests and growth in economic links. The Ministers also reaffirmed their commitment to reinforce the Indian Ocean Rim Association for Regional Cooperation, both during India's term as the current chair of the Association as well as during Australia's term beginning in November 2013. They also commended the work being done by the IOR-

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<sup>1</sup> "IOR-ARC and IOC agree to reciprocal observer status", *Press Release – IOR-ARC*, January 18, 2013 at <http://www.iorarc.org/ior-arc-and-ioc-agree-to-reciprocal-observer-status.aspx>

<sup>2</sup> "Australia engaging with our Indian Ocean neighbours", *Invest in Australia*, January 21, 2013 at <http://www.investinaustralia.com/news/australia-engaging-our-indian-ocean-neighbours-12c3>

<sup>3</sup> "Australia 'critical pillar' in US strategy", *SBS.com.au*, February 01, 2013 at <http://www.sbs.com.au/news/article/1732655/Australia-critical-pillar-in-US-strategy>



ARC on trade facilitation, customs cooperation and business-to-business cooperation as useful steps towards greater regional trade and economic cooperation.<sup>4</sup>

### **Australia and Japan agree to strengthen security cooperation**

Australia and Japan agreed to strengthen security cooperation in the Asia-Pacific and Indian Ocean regions with the United States amid the growing maritime assertiveness of China. Among other issues, the countries also discussed territorial rows in the South China Sea involving Beijing and members of the Association of Southeast Asian nations.<sup>5</sup>

### **Indian Navy commissions *INS Saryu***

In the month of January, the naval offshore patrol vessel (NOPV), *INS Saryu* was formally commissioned into the Indian navy. This is the first in a series of four new class of NOPVs designed and built by the Goa Shipyard Limited for the navy which will be tasked with protecting India's strategic maritime interests and assets in the region. In addition to ocean surveillance and surface warfare operations to prevent infiltration and protect maritime sovereignty, the ship will

monitor sea lines of communication, defence of offshore oil installations and other assets.<sup>6</sup>

### **India and Japan agree to conduct joint naval exercises in Indian Ocean**

Japan and India agreed to coordinate moves and exercises in the light of China aggressively pursuing its territorial interests in the South and East China Seas. Both the countries are likely to conduct more joint naval exercises in the Indian Ocean off the Somalia coast as well. India and Japan also plan to work together to coordinate rescue attempts and in this regard, India has ramped up its anti-piracy initiatives.<sup>7</sup>

### **India gifts Dornier surveillance aircraft to Seychelles**

In the month of January, the Indian Defence Minister, A K Antony handed over a Dornier surveillance aircraft to the Foreign Minister of Seychelles, Mr. Jean Paul Adam. The maritime surveillance aircraft will be used to guard Seychelles' coastline. The Foreign Minister said that the aircraft will revolutionise the coastal surveillance of Seychelles and help in fighting piracy.<sup>8</sup> India has also provided defence equipment and gifted a naval patrol vessel to the country for better patrolling against Somali pirates.<sup>9</sup>

<sup>4</sup> "14<sup>th</sup> Session of India – Australia Joint Ministerial Commission convenes in Delhi", *Press Information Bureau*, January 29, 2013 at <http://pib.nic.in/newsite/erelease.aspx?relid=91875>

<sup>5</sup> "Japan, Australia agree to boost security cooperation with U.S.", *The Japan Times*, January 14, 2013 at <http://www.japantimes.co.jp/news/2013/01/14/news/japan-australia-agree-to-boost-security-cooperation-with-u-s/#.USMFAx3e4q9>

<sup>6</sup> "INS Saryu commissioned into Indian Navy", *The Times of India*, January 22, 2013 at [http://articles.timesofindia.indiatimes.com/2013-01-22/goa/36483316\\_1\\_air-marshal-roy-nopvs-naval-offshore-patrol-vessel](http://articles.timesofindia.indiatimes.com/2013-01-22/goa/36483316_1_air-marshal-roy-nopvs-naval-offshore-patrol-vessel)

<sup>7</sup> "India, Japan make common cause to thwart China's maritime moves", *The Times of India*, January 29, 2013 at [http://articles.timesofindia.indiatimes.com/2013-01-29/india/36615613\\_1\\_maritime-dialogue-india-and-japan-joint-naval-exercises](http://articles.timesofindia.indiatimes.com/2013-01-29/india/36615613_1_maritime-dialogue-india-and-japan-joint-naval-exercises)

<sup>8</sup> "India hands over a dornier surveillance aircraft to Seychelles", *Press Information Bureau*, January 31, 2013 at <http://pib.nic.in/newsite/erelease.aspx?relid=91933>

<sup>9</sup> "India to gift aircraft to Seychelles for marine surveillance", *Hindustan Times*, January 24, 2013 at <http://www.hindustantimes.com/India-news/UttarPradesh/India-to-gift-aircraft-to-Seychelles-for-marine-surveillance/Article1-999253.aspx>

## India and Myanmar work jointly on maritime patrols

India and Myanmar are working together on a roadmap of border management, including modalities for patrolling their land and maritime boundaries in order to curb activities of insurgent groups and other illegal and criminal activities in the area. The countries also agreed to conduct periodic, coordinated land and maritime patrols. This move is seen by analysts as an effort to check China's entry into the Indian Ocean region.<sup>10</sup>

## 10 mariners rescued off Somali coast by EU NAVFOR

According to reports, ten mariners from an Indian flagged dhow were rescued by a warship of European Union Naval Force (EU NAVFOR) after it started to sink into the ocean off the Somali coast. After the rescue, the mariners were transferred to EU NAVFOR warship, Belgium frigate, *BNS Louise Marie* for their onward journey to land.<sup>11</sup>

## Indonesia and UK forge closer defence cooperation

The UK and Indonesia forged stronger defence ties at a bilateral meeting in Jakarta between UK Defense Secretary Philip Hammond and his Indonesian counterpart Purnomo Yusgiantoro by agreeing to cooperate on civil-military sectors

including training and education, armed forces management and weapons procurement. Indonesia had signed an memorandum of understanding (MoU) in London in 2012 during President Susilo Bambang Yudhoyono's visit and this meeting was a follow-up on that.<sup>12</sup>

## A new naval dialogue between China and Indonesia

Indonesia and China has decided to set up a naval dialogue mechanism during the 5<sup>th</sup> Defence and Security Discussion between defence ministers of China and Indonesia. The Chinese have been consistently deepening their relations between the militaries of the two countries over the last few years in order to strengthen their friendly exchange and at the same time collaborate in the safeguarding of regional peace and stability.<sup>13</sup>

## Iranian warship fleet in northern Indian Ocean

The twenty-fourth fleet of the Iranian Navy has been dispatched to northern Indian Ocean to defend the country's cargo ships and oil tankers against the continued attacks by pirates. The Iranian Navy has been conducting anti-piracy patrols in the international waters in the Gulf of Aden since November 2008, when Somali raiders hijacked the Iranian-chartered cargo ship, *MV Delight*, off the coast of Yemen.<sup>14</sup>

<sup>10</sup> "India, Myanmar seek closer ties with an eye on China", *Defense News*, January 22, 2013 at <http://www.defensenews.com/article/20130122/DEFREG03/301220007/India-Myanmar-Seek-Closer-Ties-an-Eye-China?odyssey=tab%7Ctopnews%7Ctext%7CFRONTPAGE>

<sup>11</sup> "EU Naval force rescues 10 mariners in Indian Ocean", *Outlookindia.com*, January 15, 2013 at <http://news.outlookindia.com/items.aspx?artid=787088>

<sup>12</sup> "UK, Indonesia to strengthen defence ties," *The Jakarta Post*, January 17, 2013 at <http://www.thejakartapost.com/news/2013/01/17/uk-indonesia-strengthen-defense-ties.html>

<sup>13</sup> "China, Indonesia establish naval dialogue mechanism," *People's Daily Online*, January 14, 2013 at <http://english.peopledaily.com.cn/90786/8090264.html>

<sup>14</sup> "Iran dispatches new fleet of warships to Northern Indian Ocean", *Trend*, January 21, 2013 at <http://en.trend.az/regions/iran/2110168.html>

### Iran to launch its first indigenous ocean-going oil tanker

Iran plans to launch its first indigenous ocean-going oil vessel in the coming month. The vessel, ordered by the National Iranian Tanker Company, would have a carrying capacity of 35,000 tons of oil products and is valued at US\$29 million. Iran has developed several domestic and international projects in the marine and shipbuilding industries in recent years. Most recently, it delivered one of four Aframax tankers that it is building for the Venezuelan national oil company, PDVSA.<sup>15</sup>

### Iran warns foreign airplanes to stay out of airspace during naval drill

An Iranian military spokesman announced on January 29 that Iran had warned foreign surveillance planes to keep away from its forces that were engaged in naval drills in the Strait of Hormuz. The six-day exercise was aimed at showcasing Iran's military capability in the region. The Strait of Hormuz is a major shipping route allowing 40 per cent of the world's sea-borne oil exports through it, including one-fifth of the world's oil supply. Iran has threatened to close the strait to international traffic if it comes under military attack over its disputed nuclear program; the United States has said that it would not tolerate any obstruction to the route. Meanwhile, Iran announced that it had successfully test fired Qader coast-to-sea and Nour surface-to-surface missiles during the drills.<sup>16</sup>

### Navy carried out 138 anti-piracy missions, says Iran's Navy Commander

The Iranian Navy has said that it has carried out at least 138 anti-piracy missions in international waters so far. The navy has conducted anti-piracy patrols in the Gulf of Aden since November 2008, when Somali pirates raided an Iranian-chartered cargo ship,<sup>17</sup> to protect particularly Iranian owned or leased ships and oil tankers that are engaged in maritime trade in the region. Iran recently staged joint rescue and relief drills in Iranian territorial waters south of Hormuz Island and has said that it is willing to conduct joint naval exercises with other countries in the region. Pirate attacks have forced shipping firms to reroute their traffic around southern Africa instead of through the Gulf of Aden (which is the quickest route for vessels travelling between Asia, Europe, and the Americas), leading to rising costs.<sup>18</sup>

### Iran to deploy warships in regional waterways to "counter threats"

Later in the month, the Iranian Navy announced that it would deploy warships in the Mediterranean, the Red Sea, the Gulf of Aden and other waterways in its neighbourhood, including the Suez Canal, the Indian Ocean, and Southeast Asia, as a show of force and to "counter threats". Iran's Navy Commander has said that the move and the recently held naval drills was not a threat to regional countries, but a defensive measure. Rear Admiral Habibollah Sayyari also said that Iran aims to place warships "within the next few

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<sup>15</sup> "Iran to launch first indigenous ocean-going tanker ship", *The Tehran Times*, January 25, 2013 at <http://www.tehrantimes.com/economy-and-business/105130-iran-to-launch-first-indigenous-ocean-going-tanker-ship>

<sup>16</sup> "Iran Warns Off Foreign Planes During Naval Drill", *Maritime Connector*, January 2, 2013 at <http://maritime-connector.com/news/general/iran-warns-off-foreign-planes-during-naval-drill/>

<sup>17</sup> "Iranian Navy Foils Pirate Attack on Oil Tanker Off Oman", *The Maritime Executive*, January 28, 2013 at <http://www.maritime-executive.com/article/Iranian-Navy-Foils-Pirate-Attack-on-Oil-Tanker-Off-Oman/>

<sup>18</sup> "Navy carries out 138 anti-piracy missions: Iran Cmdr.", *PressTV*, January 27, 2013 at <http://www.presstv.ir/detail/2013/01/27/285836/iran-carries-out-138-antipiracy-missions/>

years” in international waters off the US coast and elsewhere to safeguard Iranian interests.<sup>19</sup>

### Twelve Somali pirates charged in Mauritius

Twelve Somali pirates have been temporarily charged with ‘committing act of piracy in high seas, armed with offensive weapons’ under the Piracy and Maritime Violence Act at the Port Louis District Court. The remanded pirates in police custody have requested the Court to allow them to take the benefit of free legal aid. They will be transferred to Beau-Bassin Prison. If found guilty of the charges held against them, the pirates could face up to 60 years in prison.<sup>20</sup>

### Amatola special air service patrols in the Mozambican channel

The South African National Defence Force (SANDF) will continue with its operation in the Mozambican channel in support of Southern African Development Community maritime strategy in conjunction with South Africa’s security partners. It is important for the SANDF to maintain its presence in the area in order to ensure that no element undermines the passage of maritime traffic in the region. The SAS Amatola is expected to be in Mozambique for a period of three to four months.<sup>21</sup>

### Danish naval forces in Seychelles

A high level delegation from the Royal Danish Navy (RDN) visited Seychelles. The delegation met the Minister for Home Affairs and Transport,

Joël Morgan who also holds the chair of the high-level committee on piracy. The RDN is operating under NATO’s ‘Ocean Shield’ maritime operations. The Danish delegation has reiterated to the Seychelles government their commitment and engagement in maintaining their presence in the waters around Seychelles and in the region. Seychelles with its allies will be focusing its efforts at apprehending and prosecuting those who mastermind the operations of the pirate groups. The current agreements will see the RDN and other military assets from the Kingdom of Denmark in the region until 2014.<sup>22</sup>

### Seychelles calls the African Union to support AMISOM and end piracy

Speaking at the 20th Assembly of the African Union (AU), Seychelles’ Vice-President, Danny Faure has urged all African nations to strengthen the efforts to bring peace in Somalia and end the scourge of piracy. He has called on the AU to continue supporting the AMISOM (African Union Mission in Somalia) and also consider establishing a maritime component to it. He also expressed appreciation and support for the efforts being made by the new Somali government to improve the security situation there.<sup>23</sup>

### Dutch use Sri Lanka as hub to protect merchant ships from piracy

According to reports, Dutch marines have begun using Sri Lanka as a hub to protect merchant ships against piracy in the Arabian Sea and the Indian

<sup>19</sup> “Iran to deploy warships to Mediterranean in show of force”, *Maritime Connector*, January 17, 2013 at <http://maritime-connector.com/news/general/iran-to-deploy-warships-to-mediterranean-in-show-of-force/>

<sup>20</sup> “12 Somali pirates temporarily charged”, *The Independent Daily*, January 28, 2013 at <http://theindependent.mu/local/3387-12-somali-pirates-temporarily-charged.html>

<sup>21</sup> “The Special Air Service (SAs) Amatola Starts with the Next Rotation of Patrols in the Mozambican Channel”, *All Africa*, January 24, 2013 at <http://allafrica.com/stories/201301281584.html>

<sup>22</sup> “Minister Morgan meets Danish naval forces team”, *Seychelles Nation*, January 21, 2013 at <http://www.nation.sc/index.php?art=30200>

<sup>23</sup> “Seychelles urges Africa to keep up efforts to end piracy and bring stability to Somalia”, *Seychelles Nation*, January 30, 2013 at <http://www.nation.sc/index.php?art=30303>



Ocean. The Vessel Protection Team that disembarked in Colombo, originated from Suez and passed through the Indian Ocean. A statement released by the Netherlands embassy stated the importance of Sri Lanka's geographical location at the boundary of the greatest risk area to ships. Sri Lankan naval officials added that the Dutch have been allowed the use of Colombo as a hub for their military escorts of merchant ships.<sup>24</sup>

### Yemen sentences Somali pirates for 2011 hijacking

A Yemeni court has sentenced three Somali pirates to ten years each in prison for a 2011 hijacking in the Gulf of Aden. The men were charged with taking over a Yemeni fishing vessel and a foreign yacht with the aim to use the vessel for piracy attacks. The three have been ordered to compensate the owner of the vessel for the 15 days he was held captive. Pirates have operated in the Gulf of Aden and preyed on ships using heavy weapons and high-powered speedboats and taken hostages, releasing them only on payment of large ransoms by governments or ship owners. Pirate attacks have diminished since the deployment of an international patrol force off the Horn of Africa.<sup>25</sup>

### Intercepted ship carrying weapons was Iranian, says Yemen

Yemen has confirmed that a ship intercepted on

January 23 off its coast by Yemeni authorities, in coordination with the US Navy, and carrying weapons, was Iranian. American officials have said that the vessel, carrying explosives, and weapons, including Russian-designed SAM 2 and SAM 3 anti-aircraft missiles, is believed to have been from Iran and destined for Yemeni Houthi rebels, who are mainly Shiite Muslim. Yemen has previously accused Iran of meddling in its domestic affairs; most recently, an Iranian-led spy ring was uncovered operating in the capital Sanaa last year. Iran has denied any interference in Yemeni internal affairs.<sup>26</sup>

### Private security group for protection against piracy

Navies cannot cover huge areas in the Indian Ocean and find themselves more thinly spread than ever after defence cuts. Anthony Sharp, chief executive of a private security group, Typhon, is assembling the first private navy since the East India Company. Its operational hub is a control room in Dubai from which it monitors its clients' vessels. The Typhon takes services of specialist lawyers to ensure that the rules of engagement in international waters are followed to the letter. Typhon's first boats will be put to sea in April.<sup>27</sup>

<sup>24</sup> "The Dutch are back in Sri Lanka!", *The Indian Express*, January 31, 2013 at <http://www.indianexpress.com/news/the-dutch-are-back-in-sri-lanka-/1067440/0>

<sup>25</sup> "Yemeni court jails 3 Somali pirates", *AFP*, January 20, 2013 at [http://www.google.com/hostednews/afp/article/ALeqM5i9g9ITZSZDZ6OhiO\\_fP6Trn041oA?docId=CNG.b13ded9289e5f21d1bc5dbe35b038129.3e1](http://www.google.com/hostednews/afp/article/ALeqM5i9g9ITZSZDZ6OhiO_fP6Trn041oA?docId=CNG.b13ded9289e5f21d1bc5dbe35b038129.3e1)

<sup>26</sup> "Yemen says intercepted ship carrying weapons was Iranian", *Reuters*, February 2, 2013 at <http://www.reuters.com/article/2013/02/02/yemen-iran-arms-idUSL5N0B22GC20130202>

<sup>27</sup> "Private security group assembles first private navy since East India Company to protect Indian Ocean shipping convoys from Somali pirates", *This is Money.co.uk*, January 30, 2013 at <http://www.thisismoney.co.uk/money/markets/article-2270223/Private-security-group-Typhon-assembles-private-navy-protect-Indian-Ocean-shipping-Somali-pirates.html>

## ECONOMIC COOPERATION

### India and Sri Lanka review bilateral relations

At the 8<sup>th</sup> session of the India-Sri Lanka Joint Commission, India's External Affairs Minister, Salman Kurshid and his Sri Lankan counterpart, Prof G L Peiris comprehensively discussed and reviewed the bilateral relations between the two countries including trade, investment and services, development cooperation, science and technology, power, agriculture, health, people-to-people contact among other aspects. Two agreements relating to combating international terrorism and illicit drug trafficking and avoidance of double taxation were also signed.<sup>28</sup>

### India-Mauritius negotiations for trade pact suspended

India has decided to formally put on hold negotiations to finalise a trade liberalisation pact with Mauritius. It has cautioned Mauritius that the negotiations will not resume till the island nation expedites revision of its double-taxation avoidance agreement (DTAA) with India. The two sides have failed to amend DTAA due to differences over capital gains tax, especially the definition of 'enterprise' and the treatment of 'shell companies'. However, Mauritius has been insisting on separating the two issues of trade liberalisation through the comprehensive economic cooperation and partnership agreement (CECPA); and revision in DTAA. Mauritius is also keen to act to position itself as a preferred

route for channeling outward Indian FDI to Africa. However, the Department of Revenue (DoR) under the finance ministry thinks that conclusion of the trade deal would entail monetary concessions to Mauritius, impacting the talks of modifying DTAA. The definition of enterprise and treatment to shell companies also cannot be different in DTAA and CECPA. Till now, ten rounds of negotiations on the India-Mauritius CECPA have been held.<sup>29</sup>

### India bids boosting Kilimo Kwanza initiative with US \$ 40m loan

The government of India has given a US\$ 40m loan to Tanzania in a bid to boost the Kilimo Kwanza initiative. The money will be used to purchase 1846 tractors which will be channeled to small scale farmers for a reasonable price to boost their agricultural outputs.<sup>30</sup>

### Iran to build first gas refinery, raise oil and gas refining capacity

Iran is set to build its first gas refinery at a cost of US\$1.6 billion. The refinery will feed on gas produced at the Halgan and Sefid Baghoon fields. According to Iranian Oil Minister Rostam Qasemi, Iran has the capacity to produce 4 million barrels of crude and 600 million cubic meters of gas per day. Iran is home to the world's third-largest proven oil reserves and second-largest natural gas reserves.<sup>31</sup> Iran has also inaugurated

<sup>28</sup> "Lankan and Indian External Affairs Ministers hold bilateral discussions", *Daily News*, January 24, 2013 at <http://www.dailynews.lk/2013/01/24/news21.asp>

<sup>29</sup> "India-Mauritius trade pact put on hold", *Business Standard*, January 14, 2013 at [http://www.business-standard.com/article/economy-policy/india-mauritius-trade-pact-put-on-hold-113011400048\\_1.html](http://www.business-standard.com/article/economy-policy/india-mauritius-trade-pact-put-on-hold-113011400048_1.html)

<sup>30</sup> "India gives Dar es Salaam a \$40m agriculture loan", *East African Business Week*, January 20, 2013 at <http://www.busiweek.com/news/tanzania/4321-india-gives-dar-es-salaam-a-40m-agriculture-loan>

<sup>31</sup> "Iran to set up first national gas refinery costing \$1.6b", *The Tehran Times*, January 8, 2013 at <http://tehrantimes.com/economy-and-business/104728-iran-to-set-up-first-national-gas-refinery-costing-16b>

one of its largest oil refining facilities. The Cheshmeh Khosh facility is expected to add 125,000 barrels to Iran's oil refining capacity and 60 million cubic feet to its gas refining capacity per day. Iran invested close to one billion dollars to develop its oil and gas fields during the past year.<sup>32</sup>

### **Indonesian import restrictions invites US ire at the WTO**

With Indonesia imposing restrictions by way of strict licensing over imports on horticultural and animal products from 2011, the US has lodged a complaint with the World Trade Organization (WTO) against Indonesia's protectionist tendencies. The US claims that Indonesia's moves are a violation of existing WTO rules and would badly hurt their exports to Indonesia. The US is believed to have invoked the dispute settlement mechanism of the WTO for the resolution of this development.<sup>33</sup>

### **Iran calls for foreign aid to recover sunk natural gas platform**

Following the sinking of a US\$40 million natural gas platform in the Persian Gulf, Iran has called for foreign aid to recover it. The platform sunk on January 28 as it was being installed by the state-owned Pars Oil and Gas Co. (POGC) Ltd. Iran has been building its own oil equipment to achieve self-sufficiency following the imposition of economic sanctions on it by the European Union and the United States.<sup>34</sup>

### **Kenya, Uganda seek investment for oil pipeline**

Kenya and Uganda are looking for a new private investor to build and operate a refined petroleum pipeline projected to be operational latest by early 2015. A 20 year concession would be issued for the pipeline. The two governments have terminated an earlier agreement with Tamoil, a Libyan company, citing failure to fulfill some of the conditions. The cross-border pipeline will interconnect Nairobi to Eldoret. It was also announced that the private investor or the lead partner in the consortium should have a minimum annual turnover equivalent to \$500 million.<sup>35</sup>

### **Malaysia and Britain deepen bilateral ties**

In order to minimise trade barriers and help boost bilateral trade between the UK and Malaysia, the British High Commission in Malaysia and the Ministry of International Trade and Industry have set up a special working group following the visit of British Prime Minister David Cameron in April last year. Bilateral trade is thereby expected to go beyond RM40 billion by 2016. Many British companies perceive Malaysia as the best launchpad in the ASEAN region.<sup>36</sup>

### **India prodded to consider investment from Malaysia**

Datuk Seri S. Samy Vellu, Malaysia's special envoy (Infrastructure) to India and South Asia, has forwarded two proposals to the Indian government, asking it to consider Malaysian

<sup>32</sup> "Iran to raise oil and gas refining capacity", *The Tehran Times*, January 12, 2013 at <http://tehrantimes.com/economy-and-business/104791-iran-to-raise-oil-and-gas-refining-capacity->

<sup>33</sup> "US takes Indonesia to WTO over import restrictions", *BBC News*, January 11, 2013 at <http://www.bbc.co.uk/news/business-20981870>

<sup>34</sup> "Iranian Natural Gas Platform Sinks in Persian Gulf", *The Maritime Executive*, January 31, 2013 at <http://www.maritime-executive.com/article/Iranian-Natural-Gas-Platform-Sinks-in-Persian-Gulf/>

<sup>35</sup> "Kenya, Uganda Seek Oil Pipeline Investor", *The Star*, January 29, 2013 at <http://www.the-star.co.ke/news/article-104900/kenya-uganda-seek-oil-pipeline-investor>

<sup>36</sup> "Malaysia, Britain bilateral ties to exceed RM 40 bil by 2016," *The Sun Daily*, January 25, 2013 at <http://www.thesundaily.my/news/597929>

participation in the two mega-projects which includes projects of land reclamation in Mumbai and a township in Tamil Nadu. The envoy has requested the Indian Prime Minister Dr. Manmohan Singh to hold further meetings between the two countries to discuss the two projects and measures to be taken to strengthen economic ties between the two countries.<sup>37</sup>

### **Mauritius may act as a gateway to Africa for Pak traders**

Muhammad Rashad Daureeawo, the High Commissioner of Mauritius, during a meeting with the president of Islamabad Chamber of Commerce & Industry (ICCI), said that the future relations between Pakistan and Mauritius should be based on market access and trade especially in the context of Mauritius acting as a gateway to African markets for Pakistani products. He also called for an exchange of business delegations to increase bilateral trade and the dissemination of trade-related information. The ICCI president said that there was a huge scope for expansion in trade and the private sector has the responsibility to be a front-runner in creating new avenues of establishing trade and investments relations between Pakistan and Mauritius.<sup>38</sup>

### **More coking coal discovered in Mozambique**

Beacon Hill Resources, the London-based mining company, has announced that it has increased the estimated reserves of coking coal by almost a third at its Minas de Moatize mine. Test drilling in 2012 resulted in the estimated reserves rising to 86.8

million tonnes, which is up from the previous estimate of 66.4 million tonnes. The company is planning to increase production and will focus on mining the high value coking coal that is used in steel production. Independent experts believe that coal exports from the Zambezi coal basin by several companies could reach 100 million tonnes per year over the next decade, making Mozambique one of the world's largest coal exporters.<sup>39</sup>

### **Seychelles-Australia MOU opens airline code-sharing**

A Memorandum of Understanding (MoU) between Seychelles and Australia opens the way for code-sharing between airlines linking the two countries to promote tourism and business. The accord will be followed by a more comprehensive air services agreement whereby both countries will designate their carriers to provide excellent connectivity between the two countries. It is to be noted that President James Michel during his visit to Australia in August 2011 had stressed the need to develop tourism and air links between Australia and Seychelles.<sup>40</sup>

### **STA - Oman Tourism College MoU renewed**

The MoU between the Seychelles Tourism Academy (STA) and the Hotel and Tourism College in Oman signed in 2002 has been renewed. The renewal of the MoU will provide opportunities for STA students to follow courses at the Oman tourism college and STA lecturers will follow internship courses on an exchange

<sup>37</sup> "India urged to consider Malaysia for 2 mega-projects," *New Strait Times*, January 7, 2013 at <http://www.nst.com.my/latest/india-urged-to-consider-malaysia-for-2-mega-projects-1.197558>

<sup>38</sup> "Mauritius offers huge opportunities to Pak traders", *The Nation*, January 24, 2013 at <http://www.nation.com.pk/pakistan-news-newspaper-daily-english-online/business/24-Jan-2013/mauritius-offers-huge-opportunities-to-pak-traders>

<sup>39</sup> "Beacon Hill discovers more coking coal", *All Africa*, January 30, 2013 at <http://allafrica.com/stories/201301310334.html>

<sup>40</sup> "New accord opens airline code-sharing and tourism avenues", *Seychelles Nation*, January 19, 2013 at <http://www.nation.sc/index.php?art=30182>



programme. It will also create opportunities for Seychellois hospitality professionals working in hotels and restaurants to go on work attachments in Oman's reputed hotels through STA for exposures to another level of hospitality standards and clientele.<sup>41</sup>

### **Seychelles-Mauritius pact provides them access to potential oil zone**

The joint Seychelles-Mauritius claim on the Mascarene plateau has ensured that they can start exploring for oil there. The area is thought to be rich in hydrocarbons but falls outside the exclusive economic zones of both Seychelles and Mauritius. Each of the two countries could also claim the zone as an extension of its continental shelf. There was a deadline for countries to submit their submissions beyond which the whole area would have gone to the UN which would have managed it. Now, the UN has agreed that the 400,000 square kilometre area is a joint zone of both Mauritius and Seychelles.<sup>42</sup>

### **Singapore unveils its first trading centre in Africa**

With the opening of International Enterprise (IE), Singapore's first overseas trade centre in Johannesburg, Singapore-Africa relations took the first step towards a robust economic partnership. Singapore has global network of 35 such centres abroad. Singapore is particularly interested in exploring opportunities for investment in Information Communication Technology, education and training, transport and urban & environment solutions. Chief Executive Officer

of IE Singapore, Teo Eng Cheong, said at the opening ceremony, "South Africa is a good launch pad given its developed infrastructure and connectivity to the rest of Africa. Our overseas centre here will support Singapore companies as they explore and access the African market."<sup>43</sup>

### **Zanzibar approves Isle Maritime Transportation Amendment Bill**

Zanzibar lawmakers have approved the Isles Maritime Transport Amendment Bill. As per the bill, which awaits presidential assent, Zanzibar will not register ships of more than 15 years old. Emphasising on accountability and maintenance of vessels, the law makers unanimously approved the Zanzibar Maritime Transport Act No.5 of 2006 Amendment Bill. The amendment aims to provide better conditions for administration of maritime transport and ensure the implementation of regulations.<sup>44</sup>

### **Dar es Salaam port will compensate for lost cargo**

Tanzania Ports Authority (TPA) has decided to compensate those who will lose their cargo at the Dar es Salaam Port. According to the Transport Minister, the efficiency at the Dar es Salaam Port has improved. It now takes only seven days instead of 21 to offload cargo. Such efficiency has led Uganda, Rwanda and Burundi to express their interest in the port. The decision was taken as cargo loss was growing as a big problem for the nation's economy. Tough security measures have been taken, that have helped safeguard properties that would have otherwise been stolen. Despite

<sup>41</sup> "STA renews ties with Oman's tourism college", *Seychelles Nation*, January 21, 2013 at <http://www.nation.sc/index.php?art=30199>

<sup>42</sup> "Pact gives us access to potential oil zone", *Seychelles Nation*, January 30, 2013 at <http://www.nation.sc/index.php?art=30305>

<sup>43</sup> "Singapore seals ties with African Continent," *The Business Times*, January 26, 2013 at <http://www.asiaone.com/A1Business/News/Story/A1Story20130127-398243.html>

<sup>44</sup> "Zanzibar tightens screws on marine transport", *Daily News Online*, January 20, 2013 at <http://www.dailynews.co.tz/index.php/local-news/13819-zanzibar-tightens-screws-on-marine-transport>

the good steps taken by the ministry, TPA still faces some challenges, including low capacity for the Dar port to accommodate big ships due to narrow and shallow jetty.<sup>45</sup>

### **Tanzanian government expects private sector to invest in fish processing**

The Tanzanian Minister for Livestock Development and Fishing, Dr David Mathayo David, said that the country has not been able to tap existing fishing potential of its lakes and deep waters due to insufficient investment and resources. He asked the private sector to invest in fish processing business, to cater for the increasing domestic and foreign demands. The government welcomes more investors and the private sector investments by constructing as many factories as possible.<sup>46</sup>

### **More than 22 million tourists visited Thailand in 2012**

Witnessing a 16 per cent increase from last year, Thailand tourist arrivals exceeded the 22 million mark, which is a record high for the country whose primary source of foreign exchange is tourism. The Thai ministry of Tourism and Sports

said that 22.3 million foreigners visited Thailand in 2012, with Chinese tourists topping the list of nationalities visiting the country, followed by Malaysians, Russians, Japanese, Koreans, British and Germans. 24.5 million tourists are expected to visit Thailand in 2013.<sup>47</sup>

### **Thailand and Japan enhance bilateral cooperation**

Bangkok hosted a bilateral talk between Thailand and Japan meant to augment cooperation and partnership between the two countries on areas related to High-Speed Trains, anti-flood management, and border infrastructural build-up and industrial development with particular interest in Myanmar's Dawei deep sea port. A Trilateral meeting between Japan, Thailand and Myanmar is on the anvil with respect to finding out ways to invest together in the deep sea port project. Thai Prime Minister Ms Yingluck Shinawatra was highly appreciative of her visiting Japanese counterpart Shinzo Abe and stressed on the importance of Thai-Japanese and Thai-Asean relationship. 2013 also marks the 40<sup>th</sup> anniversary of ASEAN-Japan Exchange and Cooperation.<sup>48</sup>

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<sup>45</sup> "Dar es Salaam port to pay for lost cargo", *Daily News Online*, January 25, 2013 at <http://www.dailynews.co.tz/index.php/local-news/14014-dar-es-salaam-port-to-pay-for-lost-cargo>

<sup>46</sup> "Private sector advised to venture into fish processing", *Daily News Online*, January 31, 2013 at <http://www.dailynews.co.tz/index.php/parliament-news/14213-private-sector-advised-to-venture-into-fish-processing>

<sup>47</sup> "Thailand's tourist arrival exceed 22 million for first time," *The Nation*, January 28, 2012 at <http://www.nationmultimedia.com/national/Thailands-tourist-arrivals-exceed-22-million-for-f-30198842.html>

<sup>48</sup> "Thailand, Japan to extend cooperation on economic development," *Pattaya Mail*, January 21, 2013 at <http://www.pattayamail.com/business/thailand-japan-to-expand-cooperation-on-economic-development-21152>

## ENVIRONMENTAL CONCERNS/ DISASTER RISK MANAGEMENT

### Indian Ocean temperatures and East African droughts are linked

A new study may help forecast drought conditions in the often famine-stricken and geopolitically crucial Horn of Africa. It has long been clear that El Niño can affect precipitation in the region, very little is known about the drivers of long-term shifts in rainfall. The study traced the link between sea surface temperatures and atmospheric convection in the Indian Ocean changes rainfall in East Africa.<sup>49</sup>

### Indonesia grapples with flood control

Heavy rains battered Jakarta leading to 32 deaths and forcing over 46,000 residents to flee their homes, according to the National Disaster Mitigation Agency of Indonesia. In order to prevent the submersion of the mega-city along with other satellite cities which together account for a population of 20 million, authorities from the artificial rain unit will deploy 20 ground-based acetone generators to forestall condensation of clouds in Western Jakarta. It will also employ cloud-seeding measures to make approaching clouds rain over the ocean before they can reach Jakarta. In the year 2007, severe flooding had claimed 57 lives and forced close to 4, 20, 000 to flee Jakarta.<sup>50</sup>

### Experts discuss water management techniques in Arab region

Oman hosted the first meeting of the Arab

Network for Water Resources Management in arid and semi-arid areas in its capital, Muscat, on January 28. The two-day discussion was held in cooperation with the UNESCO office in Cairo and the Islamic Educational, Scientific and Cultural Organisation. The aim of the meeting was to improve understanding of water systems in the Arab region, exchanging experiences, technical support, and technology in water management and water systems analysis, and increase awareness of possibilities for institutions and individuals to participate in water management. The experts from Bahrain, Lebanon, Jordan, Egypt, Yemen, the UAE, Saudi Arabia, Sudan, and Oman also worked towards determining an action plan for water management.<sup>51</sup>

### UN warns a crisis in Mozambique

The United Nations said that the number of people displaced by flooding in the southern province of Gaza in Mozambique has increased to 150,000. Mozambican government and aid organisations found themselves struggling to respond to the needs. Thousands of residents of the town of Chokwe fled to higher ground as the Limpopo River rose rapidly on January 22. Many people are now at Chiaquelane camp where the government and aid agencies are distributing emergency rations and tents. It is said that the aid has been distributed as fast as possible but by January 26 only a fraction of the estimated 54,000 people staying at the camp had access to a tent or

<sup>49</sup> "Climate: Indian Ocean temps drive East African droughts", *Summit County Citizens Voice*, January 19, 2013 at <http://summitcountyvoice.com/2013/01/19/climate-indian-ocean-temps-drive-east-african-droughts/>

<sup>50</sup> "Indonesia bid to control rains to avert more floods," *Channelnewsasia.com*, January 25, 2013 at [http://www.channelnewsasia.com/stories/afp\\_asiapacific/view/1250250/1/.html](http://www.channelnewsasia.com/stories/afp_asiapacific/view/1250250/1/.html)

<sup>51</sup> "Experts to share experiences, latest in water management", *Oman Daily Observer*, January 28, 2013 at <http://main.omanobserver.om/node/143172>

a tarpaulin. Shortages of medicines, oral rehydration salts and mosquito nets have also been reported with cases of malaria and diarrhoea at the camp in Chiaquelane.<sup>52</sup>

### **Oman looks to aquaculture as an alternative to oil dependency**

Oman's Research Council (TRC) is set to fund a research project for the development of tools for aquatic biological security in the country with the goal of preserving local aquatic wealth and doubling Oman's production of marine life. The project is in conformance with a strategy to ensure an alternative source of economy along with Oman's oil-dependent economy. Statistics show that current fish production in Oman could double by annual production of aquaculture. The TRC aims to promote scientific innovation and capacity building in the field of aquatic health.<sup>53</sup>

### **Seychelles awarded for compliance to the treaty to protect ozone layer**

Seychelles has received the 'Compliance to the Montreal Protocol on Substances that Deplete the Ozone Layer' Award. The award is a significant

milestone for Seychelles as it proves to the rest of the world that islands can make a difference. Seychelles was among the first countries to ratify the provisions of the Montreal Protocol and subsequent amendments. By 2007, Seychelles was among the few African countries which have achieved complete phase-out of zero consumption of CFCs and was in compliance with the Montreal Protocol before the 2010 deadline.<sup>54</sup>

### **Seychelles gets a national disaster relief fund**

Seychelles' National Disaster Relief Fund has come into operation with the appointment of its members by President James Michel. The fund replaces the National Emergency Foundation created in 2005.<sup>55</sup>

### **Sri Lanka conducts tsunami pre-warning tests**

Sri Lanka's Disaster Management Centre conducted tsunami pre-warning test in eight coastal districts of the country. The drills were conducted to raise awareness in the public on how to react to an emergency situation such as a tsunami.<sup>56</sup>

<sup>52</sup> "UN warns of displacement crisis", *All Africa*, January 29 at <http://allafrica.com/stories/201301300168.html>

<sup>53</sup> "Research project to help preserve marine wealth", *Oman Daily Observer*, January 28, 2013 at <http://main.omanobserver.om/node/143185>

<sup>54</sup> "Seychelles gets award for complying with treaty to protect ozone layer", *Seychelles Nation*, January 8, 2013 at <http://www.nation.sc/index.php?art=30076>

<sup>55</sup> "President appoints national disaster relief fund", *Seychelles Nation*, January 31, 2013 at <http://www.nation.sc/index.php?art=30312>

<sup>56</sup> "Sri Lanka to conduct tsunami drill today", *Colombo Page*, January 24, 2013 at [http://www.colombopage.com/archive\\_13A/Jan24\\_1359015544CH.php](http://www.colombopage.com/archive_13A/Jan24_1359015544CH.php)



## About the IDSA

### 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.



No.1, Development Enclave, Rao Tula Ram Marg,  
Delhi Cantt., New Delhi - 110 010  
Tel. (91-11) 2671-7983 Fax.(91-11) 2615 4191  
E-mail: [contactus@idsa.in](mailto:contactus@idsa.in) Website: <http://www.idsa.in>