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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

### **Disclaimer**

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## EDITOR'S NOTE

Several significant developments in the maritime domain took place in the month of December. Reports indicated that Australia is considering buying high tech Japanese technology for its submarines. Bangladesh is going ahead with its plan to buy frigates and submarines from China. Admiral RK Dhowan, Indian Naval Chief, has called for strengthening the aviation arm of the Indian navy. At the same time India has recently handed over the first warship built for export to Mauritius. The scourge of piracy continues to threaten maritime traffic across the Indian Ocean. Recently, pirates killed a tanker crewman and injured another off Malaysia. Meanwhile, Sri Lanka is set to enhance its defence cooperation with China. Reports suggest that the Sri Lankan government is willing to open its ports for the People's Liberation Army (PLA) Navy.

On the economic cooperation front, reports allude towards China thinking of an Indo-Pacific partnership with India. Amid suggestions about revision of the 'Maritime Highway' project of Indonesia, the country's Kadin (Chamber of Commerce and Industry) announced plan for importing 500 Chinese-built ships. Iran inaugurated new railway link from Central Asia to the Persian Gulf. Malaysia expressed its willing to participate in China's Maritime Silk Road. More importantly, Mauritius has replaced Singapore as India's largest FDI source.

On the environmental concerns and disaster risk management front, there are reports that Australian Government is thinking to ban super trawlers. An accidental oil spill by a tanker caused environmental damage in Sunderbans, a UNESCO heritage site in Bangladesh. Recently, India collaborated with the UN to strengthen the Tsunami and natural disaster warning system in the Indian Ocean region.

Hope the readers will find this issue useful.

**Ruchita Beri**

**Editor**

## MARITIME SECURITY

### **Australia considers buying high tech Japanese technology for its submarines**

Australia needs to replace its six Collins Class diesel powered submarines by 2026, according to Australian Defence Minister David Johnston. The present government is scrapping the plan of the previous government to build 12 submarines locally, which according to estimates would cost around US\$29.6 billion. Instead, government is considering buying high-tech technology from Japan. Apart from Japan, proposals from Germany, Sweden and France are also being considered. The decision on replacement of the submarines is expected by March 2015.<sup>1</sup>

### **Bangladesh will buy frigates and submarines from China**

During a visit to the naval academy at Chittagong on December 21, Sheikh Hasina, the prime minister of Bangladesh, said that her government has made a decision to purchase two corvettes and two submarines from China. The two type 056 frigates are under construction. The Bangladesh Navy had also announced to buy two Ming-class submarines from China in 2013. Hasina informed that the two submarines would be commissioned in the year 2016. She highlighted that the Bangladesh Navy is to defend its oil and gas resources in the Bay of Bengal. However, the sale of Chinese warships to Bangladesh raises concerns for India. Some unconfirmed reports, previously, had suggested that Bangladesh had dropped the plan of purchasing Chinese submarines due to pressure from

New Delhi but this recent speech by Hasina reveal that the plan remains unchanged. India's analysts say that China has been making consistent effort to wean away India's neighbouring nations by providing them financial assistance and military hardware.<sup>2</sup>

### **India to revamp its submarines to tackle China's presence in Indian Ocean**

The naval mishap on November 6, 2014 has made the Indian government more concerned about the security of its naval personnel. This has made the Indian Government initiate an overhaul of its ageing naval fleet. Minister of Defence (MoD) Manohar Parrikar raised this issue in the Upper House of the parliament and told that investigations indicate human error and technical issues as main causes behind the mishaps at sea. While three naval accidents each occurred in 2011 and 2012, seven happened in 2013 and 11 till November 6, 2014. The accidents in 2013 included the one involving INS Sindhurakshak in which 18 personnel had lost their lives. However, another reason to replace the ageing submarines is due to the fear of increasing Chinese presence in the South China Sea and the Indian Ocean. According to experts, if the Government really wants to stop China from making its mark in Indian waters then it has to bring in new fleet as soon as possible. India has to start to build submarines at home because it will reduce its dependence on Israel and Russia, as India is the largest importer of arms from these two countries. Increasing India's naval capabilities in the Indian Ocean will be deterrence to the Chinese and a scenario of conflict will be more unlikely.<sup>3</sup>

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<sup>1</sup> "Australia considers buying high tech Japanese technology for its submarines", *Bloomberg*, December 17, 2014, at <http://www.bloomberg.com/news/articles/2014-12-17/australia-mulls-japan-submarines-under-china-s-apprehensive-gaze>

<sup>2</sup> "Bangladesh to buy Chinese corvettes and submarines", *Want China Times*, December 23, 2014, at <http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20141223000123&cid=1101>

<sup>3</sup> "India to replace ageing submarines to tackle Chinese dominance", *Niti Central*, December 4, 2014, at <http://www.niticentral.com/2014/12/04/india-replace-ageing-submarines-tackle-chinese-dominance-248034.html>



## Indian Navy working towards enhancing its air warfare capabilities

India's Naval Chief, Admiral RK Dhowan, said that it is imperative for the Indian navy to expand its maritime surveillance footprint in order to meet contemporary operational requirements. Hence, the Indian Navy is working towards a new fleet of aircraft and helicopters for maritime surveillance, electronic warfare, anti-submarine and anti-ship warfare. This includes 12 Boeing P-8I long range maritime reconnaissance (LRMR) aircraft, nine yet to be identified medium range maritime reconnaissance (MRMR) aircraft and 12 Dornier-228 short range maritime reconnaissance (SRMR) aircrafts. The number of hostile submarines has multiplied in the Indian Ocean and the Indian navy lacks modern submarines in comparison. Therefore, there is an urgency to at least strengthen the aviation arm with aircrafts and helicopters. Dhowan reiterated that emphasis is given on infusing of newer technologies. He felt that the naval air arm in the future is poised for significant growth as part of the Indian Navy's developmental plan. It also envisages a deployable force-level of two carrier task forces, one each on Indian western and eastern seaboard.<sup>4</sup>

## Iranian Army organised a massive drill in Persian Gulf

The state TV in Iran reported that the Iranian National Army had a massive military drill near the strategic Strait of Hormuz at the entrance to the Persian Gulf. General Ahmad Reza Pourdastan, chief of the Army's ground forces, said that the drills were aimed at "transferring experiences" to younger generations of Iranian soldiers. The weeklong exercise was carried out over 527,000 square kilometers in the northern part of the Indian

Ocean, Sea of Oman and the eastern part of the passage, through which one-fifth of the world's oil supply passes.<sup>5</sup>

## Pirates kill tanker crewman, injure another off Malaysia

The International Maritime Bureau (IMB) has confirmed that pirates shot a tanker crewman dead and injured another off the coast of Malaysia. Seven pirates had forcefully boarded the Vietnamese-flagged asphalt/bitumen tanker on December 7, 2014. Dissatisfied with the nature of the cargo, they robbed the crew members and shot a seafarer in some circumstances. He was airlifted to a Singapore hospital where he died of injuries. Another injured seafarer was also sent to the hospital. It is suspected that the pirates were looking for gas or fuel oil. The attack on the vessel was close to the position where M/V Sunrise was attacked on October 2, 2014.<sup>6</sup>

## Mauritius receives India's first warship built for export

India handed over its first ever warship export to Mauritius in the eastern port city of Kolkata on December 20, 2014.<sup>7</sup> The US\$58 million ship built by India's Garden Reach Shipyard and Engineers (GRSE) is a 1,300-tonne Offshore Patrol Vessel (OPV) named "Barracuda." The UPA (United Progressive Alliance) government had formulated a "Defense Exports Strategy" as it felt that the domestic industry, in a competitive environment, should have a larger share in the design and production of military hardware for both domestic use and export. According to Rear Admiral A K Verma (Retd), chief of GRSE, India has an advantage over other foreign shipyards due to

<sup>4</sup> "Indian Navy strengthening its air warfare capabilities", *NDTV*, December 11, 2014, at <http://www.ndtv.com/india-news/indian-navy-strengthening-its-air-warfare-capability-711631>

<sup>5</sup> "Iran's Army begins massive drills", *Brahmand*, December 26, 2014, <http://brahmand.com/news/Irans-army-begins-massive-drill-/13333/1/10.html>

<sup>6</sup> "Tanker crewman shot dead off Malaysia", *IHS Jane's 360*, December 8, 2014, at <http://www.ihsmaritime360.com/article/15739/tanker-crewman-shot-dead-off-malaysia>

<sup>7</sup> "India hands over first ever warship built for export", *IHS Jane's 360*, December 21, 2014, at <http://www.janes.com/article/47226/india-hands-over-first-ever-warship-built-for-export>

cheaper labour cost. GRSE, in the meantime, has been bidding to build two frigates for the Philippines Navy for an estimated Rs 1,000 crore each. If GRSE wins the order, it would be the first time a warship designed and built in India is selected in an international tender.<sup>8</sup>

### **Omani and Pakistani Navy strengthen ties**

Pakistani frigate PNS Aslan docked at the Sultan Qaboos Port on December 21, 2014 and a reception was held by Omani Navy for the ship. Omani and Pakistani Navy conducted bilateral exercise in the area of anti-piracy. The exercises covered the regions of the Sea of Oman, the Gulf of Aden and the Indian Ocean. PNS Aslan is deployed in the region to conduct anti-piracy missions. The frigate has a speed of 33 Knots per hour and carries over 150 crew members. It is armed with C-802 anti-ship missiles, FM-90 surface-to-air missiles, AK-176M main gun, Type 730B CIWS, ET-52C torpedo launchers and RDC-32 ASW rockets.<sup>9</sup>

### **Seychelles Coast Guard intercept two fishing vessels registered in Iran**

Two foreign fishing vessels were intercepted by the Seychelles Coast Guard (SCG) some 90 nautical miles southeast of Mahé on December 16, 2014. They were suspected of illegal fishing in Seychelles' exclusive economic zone (EEZ). The SCG used Topaz and Etoile ships as their reinforcement in the operations. The SCG Vessel Board Search and Seizure (VBSS) teams boarded the vessels and the Seychelles Fishing Authority (SFA) inspectors carried out thorough search of the vessels. The vessels were escorted to Port Victoria to be handed over to the police and the Seychelles Fishing Authority (SFA). Both the detained ships, namely MAOLI and

MARLIKI, are registered in Iran and have 18 crew members each onboard, all Iranian national.<sup>10</sup>

### **Seychelles and Japan sign agreement to fight piracy on sea**

Seychelles and Japan signed, on December 18, 2014, an agreement that enables Japanese Navy to transfer suspected pirates detained at sea to the Seychelles' authorities for their trial, conviction and repatriation back to their countries. Joël Morgan, the Minister for Home Affairs and Transport, expressed his appreciation for Japan for its support to Seychelles for maritime safety and stability in the South West Indian Ocean. The agreement represents a step further in the collaboration of the two countries in the maritime domain. This kind of cooperation is essential for world trade, securing sea lanes from criminal elements. The Japanese ambassador to Seychelles stated that the agreement is vital for the prosperity of the international community in general and island states in particular. Therefore, Japan has also enacted laws criminalising acts of piracy and enabling its naval vessels and maritime patrol aircraft to protect any ship from pirates regardless of its flag.<sup>11</sup>

### **South Africa arms company Denel sets up its maritime division**

South Africa's aerospace and defence company Denel has launched its new Denel Integrated Systems and Maritime division (DISM). The move is expected to expand the range of products and services offered to the South African defence and security sectors and also open up new markets for the company. The creation of the new division will enable Denel to meet the

<sup>8</sup> "India's first warship export to Mauritius", *Business Standard*, December 19, 2014, at [http://www.business-standard.com/article/economy-policy/india-s-first-warship-export-to-mauritius-114121900027\\_1.html](http://www.business-standard.com/article/economy-policy/india-s-first-warship-export-to-mauritius-114121900027_1.html)

<sup>9</sup> "Pakistan Navy strengthens its relations with Oman", *Times of Oman*, December 21, 2014, at <http://www.timesofoman.com/News/44616/Article-Pakistan-Navy-strengthens-its-relations-with-Oman>

<sup>10</sup> "Coast Guard intercepts two foreign fishing vessels", *Seychelles Nation*, December 18, 2014, at <http://www.nation.sc/article.html?id=243974>

<sup>11</sup> "Seychelles and Japan team up to fight piracy", *Seychelles Nation*, December 19, 2014, at <http://www.nation.sc/article.html?id=243989>

recommendations of the South African Defence Review, 2014, that calls for the company to develop advanced Command-and-Control and Electronic Warfare systems. For the development of local capacities, the DISM will focus on research and investment in Maritime Systems, Surveillance and Reconnaissance, Cyber Warfare and Security, Integrated Defence and Security Systems and Civil Security.<sup>12</sup>

### **Sri Lanka opens ports for the PLA Navy**

India and the US have been concerned for some time about the growing military cooperation between China and its neighboring countries for many years. The growing presence of China in the Indian Ocean is also a cause for worry, especially for India. Sri Lanka, in the recent months, has expressed willingness to give China access to its military-related facilities. Hence, for China, Sri Lanka is a good option to gain a deep water port in the area. However, it may not be clear to what extent these bilateral arrangements will proceed in the future, but Beijing's security cooperation with Colombo indicates that China is doing something more than just implementing only an economic project in the region.<sup>13</sup>

### **Prosecutors from the Horn of Africa region gather to discuss maritime crime**

The Third Regional Conference of Prosecutors dealing with Piracy and other Maritime Crime ended on December 4, 2014. Prosecutors from the countries of the Horn of Africa and Western Indian Ocean region had gathered in Dar-es-Salaam, Tanzania, for the Third Regional Conference of Prosecutors dealing with piracy

and other kinds of maritime crime. The Director of Public Prosecution Office, Tanzania, and the EUCAP Nestor, EU's Regional Maritime Security Capacity Building Mission in the Horn of Africa and Western Indian Ocean had jointly organised the event. The conference was a part of the coordinated effort to improve maritime security, stabilise Somalia and to bring the criminals to justice. The regional gathering is considered as an important step towards capacity building for law enforcement in the maritime domain. The participants exchanged information and ideas about the best practices regarding trial relevant evidence collection at sea and exchange of legislation on issues related to jurisdiction.<sup>14</sup>

### **A steep decline in Somali Piracy affects Maritime Security Firms**

The rise of piracy in the Indian Ocean and the Gulf of Aden had led to rise in Maritime Security Firms. However, according to the International Maritime Bureau, attacks in the Gulf of Aden and the Indian Ocean have dropped from a peak of 237 in 2011 to just 10 in the first nine months of this year, the lowest since the piracy trouble began in 2008. Therefore, due to fall in business and increasing competition in the sector, the margins of Maritime Security Firms have fallen. Cash-strapped maritime security firms are being forced to use fewer costly elite guards and to diversify into other businesses such as cyber security. Hundreds of security firms sprang up over the past seven years to offer protection to shipping companies as the Somali piracy was on rise.<sup>15</sup>

<sup>12</sup> "Denel establishes new maritime division", *Defence Web*, December 1, 2014, at [http://www.defencweb.co.za/index.php?option=com\\_content&view=article&id=37204:denel-establishes-new-maritime-division&catid=7:Industry&Itemid=116](http://www.defencweb.co.za/index.php?option=com_content&view=article&id=37204:denel-establishes-new-maritime-division&catid=7:Industry&Itemid=116)

<sup>13</sup> "Sri Lanka shows security value of China's Maritime Silk Route", *Want China Times*, December 17, 2014, <http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20141217000001&cid=1101>

<sup>14</sup> "3rd Regional Maritime Crime Conference", *MarineLink.com*, December 3, 2014, at <http://www.marinelink.com/news/conference-regional381699.aspx>

<sup>15</sup> "Maritime guns for hire adapt to changes in sea piracy", *Reuters*, December 3, 2014, at <http://www.reuters.com/article/2014/12/03/us-piracy-shipping-guards-idUSKCN0JH2HC20141203>

## ECONOMIC COOPERATION

### Indo-Pacific partnership between India and China

The initiation of the “Look East” and “Act East” policies by Prime Minister Narendra Modi of India has made China initiate a thought of an Indo-Pacific partnership. China’s People’s Daily came out with a commentary analysing Modi’s foreign policy in which China acknowledges that Modi wants a peaceful and stable periphery that will allow him to concentrate on domestic economic structural reform and infrastructure building. The write-up, also mentions that “Indian government and scholars” have not endorsed the “Indo-Pacific geo-strategy” scripted by countries such as the United States and Japan, which aims to “balance and even contain China’s increasing influence in the Asia-Pacific region and the Indian Ocean”. The daily observes that Bangladesh-China-India-Myanmar Economic Corridor (BIMC) and the China-Pakistan Economic Corridor are part of this grand inter-continental plan. Also, indirectly referring to the “Asia Pivot,” the daily asserts that China and India can overcome their obstacles, “if New Delhi steers clear of foreign backed attempts to establish an exclusive political, military and economic alliance from the Pacific Ocean to the Indian Ocean, which would lead to strategic and military competition and even conflict.”<sup>16</sup>

### Indonesia looking for US\$7 billion foreign investment to build ports

In order to realise its goals of being a major maritime nation, Indonesia is seeking foreign investment of about US\$7 billion for investment in the ports in Medan, Jakarta, Surabaya, Makassar and Sorong. The state

budget is insufficient to meet the requirements. The construction of ports in Surabaya, Jakarta and Makassar has already begun. Nevertheless, the government is urged to give similar incentives to domestic investors as it does to foreign investors. According to Anwar Satta, the Chairman of the Standing Committee for Logistic and Strategic Commodity Business Entity of the Indonesian Chamber of Commerce and Industry (Kadin), domestic investors must also be involved in financing maritime infrastructure in the country by being provided incentives similar to the foreign investors. Currently, there are around 60 investors from 22 countries ready to invest in Indonesia’s maritime sector.<sup>17</sup>

### Indonesia’s Kadin announces plan for importing 500 Chinese-built ships

Indonesia has a plan to import 500 Chinese-built vessels by 2019. This announcement was made by the Indonesian Chamber of Commerce and Industry (Kadin) in response to the seas highway concept introduced by President Joko Widodo. The import is expected to strengthen the country’s local maritime sector and improve domestic logistics efficiency. Around US\$5.5 billion would be spent to buy these vessels. However, the deal has generated disappointment in certain sections of the Indonesian industry. Indonesia’s Ministry of Industry also expressed regrets over Kadin’s move to import rather than constructing the vessels in local shipyards.<sup>18</sup>

### Indonesia’s “maritime highway” faces revision

Indonesia’s “marine highway” plan intending to develop new routes connecting the country’s east and west with

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<sup>16</sup> “China invites India for Indo-pacific partnership”, *The Hindu*, December 6, 2014, <http://www.thehindu.com/news/international/world/china-invites-india-for-indopacific-partnership/article6664706.ece>

<sup>17</sup> “Indonesia seeks \$7Bn foreign funding to build ports”, *IHS Maritime 360*, December 10, 2014, at <http://www.ihsmaritime360.com/article/15772/indonesia-seeks-7bn-foreign-funding-to-build-ports>

<sup>18</sup> “Indonesia to import 500 ships from China”, *IHS Maritime 360*, December 11, 2014, at <http://www.ihsmaritime360.com/article/15789/indonesia-to-import-500-ships-from-chin>



scheduled maritime traffic that is all charged with a fixed rate is facing a revision due to some infrastructural problems. Indonesia's National Development Planning Board (Bappenas) is behind the bold US\$55.4 billion plan that aims to develop 24 commercial seaports, over a thousand non-commercial seaports and procure large number of vessels. Now the board has found that some ports in the proposal may not be suitable for handling containers. The unsuited ports in the proposal include one located in the centre of a river and another one is an oil terminal. However, the ministry might replace them with other seaports. The plan is expected to increase connectivity within Indonesia, Southeast Asia's largest economy, and reduce its high logistical costs hurting the competitiveness of local products.<sup>19</sup>

### **Indonesia targets to double the Chinese tourist arrivals in 2015**

To help achieve its target of doubling tourist arrivals from China in 2015, Indonesia plans to waive visa requirements for the country. The country has targeted to attract two million tourists from China, compared with the 800,000 in the year 2014. Although Indonesia wants to offer visa-free travel to the Chinese, it also expects China to reciprocate. This plan is a part of a huge five-year plan to increase foreign tourist arrivals in Indonesia to 20 million from around 9 million in the year 2014. The tourism sector in the country is projected to generate 8 per cent of the gross domestic product by 2019, from around 4 percent in the year 2014.<sup>20</sup>

### **Iran inaugurates new railway link from Central Asia to the Persian Gulf**

Iran along with Turkmenistan and Kazakhstan inaugurated a new 925 km railway route that links the

resource-rich Central Asia to the Persian Gulf. This was a joint project between the three Caspian neighbours and it will ease the exchange of goods and shipment between the landlocked post-Soviet Nations and countries lying along the Indian Ocean and Persian Gulf. The construction of this route was not disclosed until it was fully constructed. According to some sources, the Asian Development bank and the Islamic Development bank have funded the project.<sup>21</sup>

### **Kenya joins hands with the EU to increase fish production in its coastal region**

To boost fish farming in the country's coastal region, Kenya Fish Processors and Exporters Association has joined with the European Union. Anthony Njaramba, the executive secretary of Agriculture Livestock and Fisheries, Kenya, while speaking to the fisheries stakeholders' forum, said that there are plans to provide motorboats to fish farmers. In addition to this, several ports will be opened to help the import and export of fish in the country and beyond. A fish depot is also being constructed in Mtwapato to provide market infrastructure. Although Kenya has joined in the partnership with EU, the main challenge is the issue of increasing fish production and enabling the country to export. Therefore, the main focus of the Kenyan fishing industry is to go to the deep sea.<sup>22</sup>

### **Slumping tourism slows down Kenyan economy**

As the tourism industry in Kenya contracted following several attacks carried out by Islamist militants, growth in the country's economy, the largest in East Africa, has slowed. According to the Kenya National Bureau of Statistics, the gross domestic product in the quarter of July-September 2014 rose by 5.5 percent on an annual

<sup>19</sup> "Indonesia may have to scale back marine highway plan", *JOC.com*, December 16, 2014, at [http://www.joc.com/port-news/international-ports/indonesia-may-have-scale-back-marine-highway-plan\\_20141216.html](http://www.joc.com/port-news/international-ports/indonesia-may-have-scale-back-marine-highway-plan_20141216.html)

<sup>20</sup> "Indonesia hopes to double number of China tourists in 2015 – minister", *Reuters*, December 10, 2014, at <http://in.reuters.com/article/2014/12/10/indonesia-tourism-idINKBN0JO0OX20141210>

<sup>21</sup> "Central Asia gets shorter railway link to Persian Gulf", *World Bulletin*, December 3, 2014, <http://www.worldbulletin.net/haber/149810/central-asia-gets-shorter-railway-link-to-persian-gulf>

<sup>22</sup> "Kenya: Boosting fish farming in the coastal region", *All Africa*, December 9, 2014, at <http://allafrica.com/stories/201412090198.html>

basis as compared with 5.7 percent growth in the earlier quarter. The growth rate for the same quarter was 6.6 percent in the year 2013. The accommodation and restaurant category output shrank for the seventh straight quarter. This output shrank by 14.6 per cent in 2014, as compared to the year 2013. Tourism in Kenya has been adversely affected by the increasing gun and grenade attacks.<sup>23</sup>

### **Malaysia is willing to participate in China's Maritime Silk Road**

Speaking at the welcome dinner of the Sixth World Chinese Economic Forum (WCEF), Liow Tiong Lai, Transport Minister, Malaysia, stated that his country is willing to cooperate in the construction of the 21st century Maritime Silk Road concept introduced by China. The new Silk Road and the Trans-Asian Railway, according to him, will be instrumental in expanding the Asian economy. He further said that this project would generate new opportunities for many countries and they should discover and explore how best to participate in this. Liow said Malaysia also welcomed China's support in the country's development, especially in the field of sea, land and air transportation. He also expected that China, which possesses world-class construction technology, would share the relevant technical expertise and operational experience with Malaysia.<sup>24</sup>

### **Malaysia to develop Tok Bali as a supply base for offshore oil and gas**

Mustapa Mohamed, Malaysia's International Trade and Industry Minister, told that Tok Bali Port is set to become a supply base for offshore oil and gas sector.

As Kemaman district is fast developing and is nearing the point where there is no room for further expansion, Tok Bali is being seen as having the potential to become a support base. Tok Bali is ideally located on Malaysia's East Coast, a region its government is keen to develop. Therefore, oil and gas figure prominently in plans for Tok Bali. The Phase 3 (2016-20) of development map has plans for a 40M litre oil and gas terminal at Tok Bali that will be supplemented by up 1.5M f<sup>2</sup> of warehousing, a further 500 acres of industrial port (on top of 264 acres under construction) and an open yard of 300 acres. This phase also envisages a total wharfage of 6515, with water depth of 15m.<sup>25</sup>

### **Mauritius replaces Singapore as India's largest FDI source**

Mauritius has replaced Singapore as the largest foreign direct investment (FDI) source for India. With an investment of US\$4.19 billion, during the April-September 2014 period, Mauritius emerged as the strongest contributor of FDI to India. Singapore, during the same period, invested US\$2.41 billion. Both the countries have a double tax avoidance agreement (DTAA) with India that encourages and enables entrepreneurs to set up a holding company to access the Indian market.<sup>26</sup>

### **Mauritius' tuna company faces tough competition due to Thailand's access to EU**

The EU-Thailand trade in tuna fish has led to a drop in the earnings of Mauritius' second largest tuna processor Ireland Blyth Limited (IBL). The tuna market, according to the IBL has been made tougher by this trading. The seafood and marine segment of the company registered

<sup>23</sup> "Kenya economy slows as tourism extended almost two-year slump", *Bloomberg Business*, December 30, 2014, at <http://www.bloomberg.com/news/articles/2014-12-30/kenya-economy-slows-as-tourism-extended-almost-twoyear-slump>

<sup>24</sup> "Liow: Malaysia keen to participate in Maritime Silk Road initiative", *The Star Online*, December 5, 2014, at <http://www.thestar.com.my/News/Nation/2014/12/05/Liow-Msia-keen-to-participate-in-Maritime-Silk-Road-initiative/>

<sup>25</sup> "Tok Bali Port to become offshore O&G supply base", *IHS Jane's 360*, December 10, 2014, at <http://www.ihsmaritime360.com/article/15767/tok-bali-port-to-become-offshore-o-g-supply-base>

<sup>26</sup> "Mauritius overtakes Singapore as India's top source of FDI", *India Briefing*, December 4, 2014, at <http://www.india-briefing.com/news/mauritius-overtakes-singapore-indias-top-source-fdi-9458.html/>

a 3.7 per cent negative trend in revenue in the financial year that ended on June 30, 2014. There was a greater fall in profit that went down by 18.6 per cent. The downturn in the IBL's fortunes has been attributed to the duty free access granted to Thailand by Europe.<sup>27</sup>

### **IFAD grants Mozambique US\$46 million for agriculture and artisanal fisheries**

Mozambique has been given a US\$46 million grant by the International Fund for Agricultural Development (IFAD) for the development of artisanal fisheries and agriculture. The grant is a part of the larger funding of US\$213 million agreed by the IFAD to be paid by 2020. The government of Mozambique has already started seven projects under the grant. Projects linked to artisanal fisheries are located in the country's provinces of Cabo Delgado, Maputo, Sofala and Manica, while agricultural projects are being carried out in Zambezia and Limpopo in northern Mozambique.<sup>28</sup>

### **Air Seychelles starts connectivity flight to Dar-es-Salaam**

Extending its regional connectivity in East Africa and the Indian Ocean, Air Seychelles started its twice weekly flight to Tanzania on December 2, 2014. The occasion was marked with a water-canon-salute to the plane. The new Mahé-Dar es Salaam route would increase tourism and commerce between Tanzania and Seychelles. Connectivity with Tanzania is about creating a purely African tourism and business product that will benefit all concerned.<sup>29</sup>

### **Seychelles' accession to WTO formally completed**

Seychelles' World Trade Organisation (WTO) accession package including the Accession Protocol has been accepted and approved by the General Council of the Organisation. The Accession Protocol was signed by Pierre Laporte, the Seychelles Minister for Finance, Trade and Investment and Roberto Azevedo, Director General, WTO. This completed the accession process started in 1995. Minister Laporte also noted that the accession process have already brought about important benefits for Seychelles: Laws and policies in the country have become in line with the international standards and best practices and the private sector is reaping benefits of a more predictable and transparent trading system.<sup>30</sup>

### **Singapore to help Andhra Pradesh build its new capital**

After the creation of India's 29th state of Telangana by bifurcation of Andhra Pradesh, the latter will need a new capital city. Hyderabad is currently the joint capital city of Andhra Pradesh and Telangana and will remain so for 10 years. However, a new capital has been planned for Andhra Pradesh. The new city will come up in the Guntur-Vijayawada region and is estimated to cost Indian Rupees 1 trillion. International Enterprise Singapore and the Infrastructure Corporation of the Andhra Pradesh government signed a memorandum of understanding (MOU) on December 8, 2014 to prepare the master plan for the new capital city. The

<sup>27</sup> "Mauritius tuna processor blames lower earnings on Thai access to EU", *undercurrentnews*, December 12, 2014, at <http://www.undercurrentnews.com/2014/12/12/mauritius-tuna-processor-blames-lower-earnings-on-thai-access-to-eu/>

<sup>28</sup> "IFAD finances agriculture and artisanal fisheries in Mozambique", *macauhub*, December 18, 2014, at <http://www.macauhub.com.mo/en/2014/12/18/ifad-finances-agriculture-and-artisanal-fisheries-in-mozambique/>

<sup>29</sup> "Air Seychelles makes maiden Dar es Salaam flight", *Seychelles Nation*, December 3, 2014, at <http://www.nation.sc/article.html?id=243838>

<sup>30</sup> "Seychelles' WTO accession process completed", *Seychelles Nation*, December 12, 2014, at <http://www.nation.sc/article.html?id=243916>

MOU also covers the training of Andhra Pradesh government officials in urban development and governance.<sup>31</sup>

### **History of Maritime Silk Road showcased in Tanzania**

As a part of the markup of the 50th anniversary of the establishment of diplomatic ties between China and Tanzania, an exhibition about the history and culture of the Sino-African Maritime Silk Road was opened in Dar-es-Salaam, the Tanzanian capital. The exhibition shows 42 pieces from China and 24 items found in Tanzania. The showcased items included porcelain and pottery, bronze wares and silk products. The exhibition drew hundreds of visitors inciting the locals to hope that exhibitions about Tanzania's history could be held in China one day.<sup>32</sup>

### **Tanzania is trying to tap the Middle East tourist market**

Tanzania is eying and lobbying for tourists and travel trade investments from Gulf States and rest of the Arab World. This has been possible due to the fast-growing air connection between East Africa and the Middle East. A delegation of tourism stakeholders and marketing officials led by the Tanzanian Prime Minister Mizengo Pinda visited the Middle East looking for potential tourists and investors. During their first leg

of the trip in United Arab Emirates (UAE), the delegation held a two-day symposium on tourism and investment at Le Meridien Hotel in Dubai. About 14,000 tourists visit Africa every year. Although the numbers are not as big as the tourists from the Europe and America, significant numbers of high end hunting tourists come to Africa every year. There is a competition in the East African countries about tapping this section of tourists. Affordable flight links of the region with the Middle East has made the market more lucrative.<sup>33</sup>

### **Thailand's Bangkok Airways and Garuda Indonesia sign codeshare agreement**

The Bangkok Airways (PG) and Garuda Indonesia (GA) announced their two-way codeshare agreement on Bangkok Airways' selected flights in Thailand. The flight operations on the codeshare routes are effective from December 15, 2014. The agreement has enabled passengers of Garuda Indonesia a smooth transit in Bangkok to connect to Thailand's top as well as Southeast Asia's favourite holiday destinations – Samui, Lampang, Phuket, Udon Thani, Krabi, Chiang Mai, Chiang Rai, Phnom Penh, Luang Prabang and Dhaka. The Bangkok Airways passengers will be able to get reservations on Garuda Indonesia's network that include Bangkok-Jakarta, Singapore-Jakarta, Jakarta-Denpasar Bali, Jakarta-Yogyakarta, Jakarta-Semarang, Jakarta-Surabaya and Jakarta-Ujung Pandang.<sup>34</sup>

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<sup>31</sup> "Singapore to help develop new capital city of south India's Andhra Pradesh", *Straits Times*, December 8, 2014, at <http://www.straitstimes.com/news/asia/south-asia/story/singapore-help-develop-new-capital-city-south-indias-andhra-pradesh-20141>

<sup>32</sup> "Sino-African Maritime Silk Road exhibition opens in Tanzania", *CCTV*, December 17, 2014, at <http://english.cntv.cn/2014/12/17/VIDE1418756278191892.shtml>

<sup>33</sup> "Tanzania eyes Middle East tourist market", *eTN*, December 22, 2014, at <http://www.eturbonews.com/53876/tanzania-eyes-middle-east-tourist-market>

<sup>34</sup> "Bangkok Airways and Garuda Indonesia announce codeshare agreement", *Travel Daily News*, December 15, 2014, at <http://www.traveldailynews.asia/news/article/57505/bangkok-airways-and-garuda-indonesia>



## ENVIRONMENTAL CONCERNS/ DISASTER RISK MANAGEMENT

### Australian Government mulls ban on super trawlers

The Australian government is considering a ban on super trawlers due to their hazardous impact on marine ecosystem. A temporary ban on super trawlers was introduced in late 2012 to block the controversial FV Margiris, the world's second-largest trawler at the time. FV Margiris has a 300-metre long net and is capable of processing 250 tonnes of fish a day. Supporters of the ban argue that the super trawler would deprive Bluefin Tuna of their natural prey and drive them out. This will adversely impact on fishers and tourism. However, the opponents of the ban argue that use of super trawlers were sustainable and based on credible scientific research.<sup>35</sup>

### Australian Defence Force helps in the search of missing Air Asia plane

After leading the search of Malaysia Airlines flight MH370, Australia has also pledged to help Indonesia in searching the missing Air Asia flight QZ8501. The Air Asia flight went missing on December 28, 2014 while flying from Singapore to Surabaya, Indonesia, due to bad weather. A Royal Australian Air Force (RAAF) AP-3C Orion took off from the northern city of Darwin on December 29, 2014 to join the operation, which is centred on the Java Sea, the Australian Defence Force said. The Chief of Defence, Air Chief Marshal Mark Binskin, said that the Orion would help in the search for the Air Asia flight. Australian Prime Minister Tony Abbott has also pledged support for the search

operation.<sup>36</sup>

### Accidental oil spill brings environmental disaster in Bangladesh

*OT Southern Star 7*, an oil tanker carrying around 350,000 litre of oil collided with an empty ship and partially capsized on the Shele River, Bangladesh. The accident happened in the Sunderbans, a UNESCO Heritage site. The oil slick due to the leakage after the accident has spread around 25 km affecting the fragile ecosystem of the site. Although rescue vessels salvaged the tanker and two tanks with 120,000 liters of oil remained intact, the other four tanks had already been spilled. An initial clean-up has been launched by the authorities but they lack the equipment and experience for a major cleaning effort. As the Shele River passes through environmentally fragile region inhabiting several sensitive species, it is generally not open to shipping. But the vessels had been passing through it as an alternative route since the legal shipping route was blocked due to heavy siltation in 2011. The authorities, after this accident, have prohibited shipping in the area till further notice. Environmentalists have also been demanding a complete ban on shipping in the region for long.<sup>37</sup>

### India collaborates with the UN to strengthen natural disaster warning system

India is already a 'Regional Service Provider' for the Indian Ocean Tsunami Warning and Mitigation System (IOTWS) that became operational in 2011. It is also an active member of the ESCAP/World Meteorological

<sup>35</sup> "Super trawlers set to be banned from Australian waters permanently under Federal Government regulations", *ABC News*, December 25, 2014, at <http://www.abc.net.au/news/2014-12-24/super-trawlers-to-be-banned-from-australian-waters-permanently/5987854>

<sup>36</sup> "Australia joins hunt for missing Air-Asia flight", *Daily Mail*, December 29, 2014, at <http://www.dailymail.co.uk/wires/afp/article-2889534/Australia-joins-hunt-missing-AirAsia-flight.html>

<sup>37</sup> "Ship collision sparks environmental disaster in Bangladesh," *The Maritime Executive*, December 11, 2014, at <http://www.maritime-executive.com/article/Ship-Collision-Sparks-Environmental-Disaster-in-Bangladesh-2014-12-11>

Organization Panel on Tropical Cyclones. However, recently, India in association with the United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP) announced contribution of US\$1 million to the Multi-Donor Trust Fund for Tsunami, disaster and climate preparedness in the Indian Ocean and Southeast Asian Countries. This will be the first step taken by India to enhance its support to regional warning systems. The focus now is to promote innovative solutions with a more regional approach. The Asia-Pacific region remains highly vulnerable to coastal hazards such as tsunamis, tropical storms and storm surges; and India has been one of the first countries to extend assistance in Search and Rescue and rehabilitation of the victims of the Tsunami in countries in its neighborhood. Hence, according to the UN, it is vital that India extends the multi-hazard early warning system to cover other regions in the Asia-Pacific region.<sup>38</sup>

### Indian Meteorological Department starts SMS weather alerts

India's national weather forecaster – Indian Meteorological Department (IMD) – has launched an SMS-based weather alert system for dissemination of weather and disaster-related (cyclone, floods, heavy rains) information for public. IMD will send SMS to individuals who would register themselves at the weather forecaster's official website — [www.imd.gov.in](http://www.imd.gov.in) — for this purpose. The country's union minister of earth sciences, Harsh Vardhan, said that the information on warnings will be disseminated to officials involved in administration, district magistrates besides fishermen, farmers and general public. This system will eventually reduce the loss of life and property in areas prone to cyclones, tsunamis, etc.<sup>39</sup>

### Kenya's Lake Turkana Power Project is set to become Africa's largest wind project

Kenya has plans to construct the largest wind power project of its kind in Africa. The planned project is to be known as the Lake Turkana Power Project that would enable the country save fuel costs and widen the electricity access to its population. It is expected to generate 15-20 per cent of Kenya's electricity needs after its completion. The site of the project is a unique location with a plenty of consistent and predictable wind. If the project goes ahead with the plan, it could have 50 to 90 megawatts of electricity up and running in 2015; and will be completed by 2016. The African Development Bank is backing the project that, with an investment of more than US\$800 million, is expected to be the largest private sector investment in Kenya ever. It will also enable the country to avoid paying US\$186 million in fuel costs each year.<sup>40</sup>

### Study to find out ways for the sustainable management of Kenya's 'last big mountain forest'

The Center for International Forestry Research (CIFOR) with some international partners is conducting a study around Mau Forest as the pressures and changing pattern of land use around the area is becoming a challenging problem in Kenya raising questions about the future of the forest and of the millions of people who depend it. Mariana Rufino, the project leader, told that they are studying on hydrological cycles, on greenhouse gas emissions from the mountain forests and from forest transitions in the region. The funds for the three-year project is being provided by the CGIAR Fund under the CGIAR Research Program on Forests, Trees and Agroforestry (CRP-FTA) led by

<sup>38</sup> "India joins UN body to strengthen early warning systems for natural disasters", *Times of India*, December 26, 2014, at <http://timesofindia.indiatimes.com/india/India-joins-UN-body-to-strengthen-early-warning-system-for-natural-disasters/articleshow/45650629.cms>

<sup>39</sup> "IMD launches SMS-based weather alerts", *Times of India*, December 26, 2014, at <http://timesofindia.indiatimes.com/india/IMD-launches-SMS-based-weather-alerts/articleshow/45644559.cms>

<sup>40</sup> "Kenya to build Africa's largest wind project", *The Christian Science Monitor*, December 18, 2014, at <http://www.csmonitor.com/Environment/Energy-Voices/2014/1218/Kenya-to-build-Africa-s-largest-wind-project>

CIFOR. The study aims to find out ways for the sustainable management of the last big mountain forest, its resources and the ecosystem. The forest is Kenya's single most important water catchment area and the ecological services the area provides are estimated to have an annual market value of US\$1.3 billion supporting the energy, tourism, and agriculture sectors in Kenya. This is vital for the lives of about six million Kenyans as it is the source of water for many urban centers in the country, forms the upper catchment of 12 rivers and feeds five major lakes, including Lake Victoria, the source of the Nile.<sup>41</sup>

### **Mozambique urges international help to harness renewable energy**

At the opening of the seventh International Energy Congress and Fair, Ankara, Jaime Himende, the Deputy Energy Minister of Mozambique, urged for international cooperation in the renewable energy sector in his country. Mozambique has recently taken some bold steps to use renewable energy resources efficiently. The country has a huge hydroelectric potential and it needs construction of hydroelectric power plants to harness it efficiently. Long-term investment is also required in the energy sector to fulfill the demands of the Mozambican people. The event was organised by the Global Energy Association. Renewable energy, oil-and-natural gas, regulations and energy finance are some

of the topics that were discussed at the congress.<sup>42</sup>

### **Airport plan near Tanzania's Serengeti National Park goes ahead despite criticisms**

The construction plan for a US\$350 million Serengeti airport, close to the Serengeti National Park is still on its way forward despite criticisms. The project has been approved by the Tanzania Civil Aviation Authority (TCAA) and the National Environmental Management Council (NEMC). Stephen Kebwe, the Member of Parliament for Serengeti Constituency (CCM), confirmed that the plans for the construction could start soon. The compensation to the affected people from the project has already been paid and the equipments are being mobilised to the site. Kebwe dismissed the allegations that the airport would disturb the ecosystem of Serengeti National Park by saying that such concerns raised by various people and NGOs are due to trade competition in the tourism industry. The government's position is that the airport must be constructed. The funding is being provided by an American billionaire, Paul Tudor Jones, who owns five-star lodges at Sasakwa Hill and three hunting blocks of Ikoma, Grumeti and Ikorongo, located just 26 kilometres from the planned airport. "Friends of Serengeti," AN NGO, has joined other voices protesting against the project. Fears are that such an airport would have a negative impact on the world's greatest animal migration in Serengeti, a Unesco Heritage Site.<sup>43</sup>

<sup>41</sup> "Researchers study future of Kenya's 'last big mountain forest'", *Forest News*, December 5, 2014, at <http://blog.cifor.org/25664/kenya-mau-forest-water-study-climate-change#.VTFJJPaprdE>

<sup>42</sup> "Mozambique seeks help for country's renewable energy", *WORLD BULLETIN*, November 24, 2014, at <http://www.worldbulletin.net/haber/149135/mozambique-seeks-help-for-countrys-renewable-energy>

<sup>43</sup> "\$350 million airport planned near Serengeti National Park", *East African Business Week*, December 14, 2014, at <http://www.busiweek.com/index1.php?Ctp=2&pl=2398&pLv=3&srI=%2057&spl=&cI=19>

## 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.



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