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Indian Ocean Watch

A Monthly Newsletter on the Indian Ocean Region



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

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

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EDITOR'S NOTE

The month of September was quite happening in the Indian Ocean Region (IOR) and several significant developments were observed in the maritime security domain. The Australian opposition expressed its concern over the country's submarine fleet plan. INS Sumitra, the largest naval offshore patrol vessel of India, was commissioned into the Indian Navy. The Indian Navy received the fifth maritime patrol aircraft from Boeing. Indonesia and Singapore signed a settlement on the third segment of their sea border. Pirate attempts to hijack Iranian Oil tankers and a Chinese vessel in separate incidents were foiled by the Iranian Navy. Iran also welcomed Chinese Naval vessels at the Port of Bandar Abbas and held exercise with them. Kenya and Qatar signed agreement on maritime cooperation; Seychelles and New Zealand also expressed their keenness to cooperate on maritime security. ReCAAP report suggested a decline in piracy in Asia.

On the economic cooperation front, Australian company announced its plans to acquire mineral sands exploration tenements in Tanzania. Bangladesh Prime Minister forwarded six-point proposal at the BIMSTEC Secretariat inaugural ceremony. India assured Bangladesh to consider its fresh proposal for credit-line. India's 'Make in India' campaign outreached to Indonesia as well. India also announced its intention to launch 'Project Mausam' to restore its ancient routes and cultural links with the IOR countries. Iran opened doors for FDI in Kish Islands and showed willingness to strengthen cooperation with the ASEAN and ECO countries. Sri Lanka welcomed China's 'Maritime Silk Road' initiative and US\$500 million were promised to be released in the first phase of the expansion of the Dar es Salaam Port in Tanzania.

On the environmental and disaster risk management front, the environmentalists termed Australia's "Reef 2050 Long-Term Sustainability Plan" as inadequate to protect the Great Barrier Reef. Bangladesh recently announced that it will impose Green Tax on industries polluting the environment. A tsunami drill comprising twenty-four nations from the IOR region was also organised.

Hope the readers will find the issue useful

Ruchita Beri

Editor

MARITIME SECURITY

Australian opposition concerned over the country's submarine fleet plan

The Australian opposition party and industry groups want clarity from the government on the issue of reports that Australia could buy a new submarine fleet from Japan instead of building that at home. This is to note that Australia is planning to replace its old fleet of diesel and electric-powered submarines dating from the 1990s. It was being reported, before the conservative government came in power last year, that about 12 new vessels would be built in Australia probably with the help of the Japanese. But the reports now are that Japan may not only supply technology and equipment but also construct the submarines as the cost of building them in Australia would too high than in Japan. Ian Macfarlane, Australia's Industry Minister, stated that South Australia is still in loop of the mix but he declined to comment on if the contract would be given to Japan. The opposition and the trade unions in Australia fear that the overseas purchase of the submarines is potentially fatal to naval shipbuilding and associated industries in Australia. The final government position on the issue is expected to be stated in the next defence white paper, to be released in June 2015.¹

Australian and New Zealand Navies combine to seize drugs off the coast of Africa

Australian Navy and New Zealand Air Force combined together to seize more than 5.6 metric tons of *cannabis-resin* worth an estimated Australian Dollar 280 million. The seizure was made 260 kilometers off the coast of East Africa. The cannabis resin was discovered in a dhow in hessian bags stowed in a hidden compartment. In a five day operation that was made difficult due to

bad weather conditions, the Royal Australian Navy frigate HMAS Toowoomba and a Royal New Zealand Air Force P-3K2 Orion combined to make the seizure. The Royal Australian Navy has been deployed in the Indian Ocean for Operation MANITOU. Operation MANITOU is Australia's contribution to the Combined Maritime Forces (CMF) and Combined Task Force 150 (CTF 150). The mission of CTF 150 is maritime security and counter-terrorism in the Middle East and Indian Ocean. The CMF is a multi-national naval force formed to defeat terrorism, prevent piracy, encourage regional engagement, reduce illegal trafficking of people and drugs and promote safety for mariners and legitimate businesses.²

Australian think-tank launches a program to study India-China maritime issues

The Australia India Institute has started a project focusing on India-China maritime security in the strategically vital Indian and Pacific Oceans. The research project which is headed by David Brewster, a fellow of the institute and a leading expert in regional security, will also look at the economic competition between two nations and its impact on maritime security in the region. The interests of Australia and the United States in the Sino-Indian relationship will also be studied. An estimated 40 per cent of the world's offshore oil production comes through the Indian Ocean as it connects major sea routes linking the Middle East, Africa, and East Asia with Europe and the Americas.³

INS Sumitra is the largest naval offshore patrol vessel of India

India's largest new generation offshore patrol vessel

¹ "Concern in Australia over Japan submarine fleet plan", *Jakarta Globe*, September 9, 2014, at <http://thejakartaglobe.beritasatu.com/international/concern-australia-japan-submarine-fleet-plan/>

² "Australia, New Zealand navies intercept drugs off Africa", *MarineLink.com*, September 22, 2014, at, <http://www.marinelink.com/news/intercepts-australia377655.aspx>

³ "Major project launched to address India-China maritime issues", *Outlook*, September 25, 2014, at, <http://www.outlookindia.com/news/article/Major-Project-Launched-to-Address-IndiaChina-Maritime-Issues/861403>

(NOPV) named INS Sumitra has been built for the Indian Navy by Goa Shipyard Limited (GSL). The state-of-art warship, formally commissioned by the Naval Chief Admiral Robin K Dhowan, is likely to join the Eastern Naval Command fleet at Chennai for maritime surveillance and coastal security. The vessel has been equipped with highly sophisticated weapons like the heavy calibre SRGM, rapid fire Russian AK630 guns, chaff launchers Kavach, early warning system Sanket and several other electronic sensors. The GSL was given the contract of building four NOPVs, out of which three vessels namely, INS Saryu, INS Sunayna and INS Sumedha have already been handed over to the Indian Navy. These vessels will meet the requirements of the Indian Navy, while strengthening India's maritime defence in carrying out ocean surveillance and surface warfare operations.⁴

Indian Navy receives the fifth maritime patrol aircraft from Boeing

Consequent upon a deal signed for eight P-8I aircrafts by the Indian Navy in January 2009, Boeing has delivered the fifth maritime patrol aircraft to India on schedule to support the Indian Navy's maritime patrol requirements. The aircraft arrived at Naval Air Station Rajali. The latest aircraft joins the Indian Navy's already existing fleet of four P-8Is, which are currently undergoing operational review. It incorporates not only India-unique design features, but also Indian-built sub-systems that are tailored to meet the country's maritime patrol requirements featuring open system architecture, advanced sensor and display technologies and a

worldwide base of suppliers, parts and support equipment. The aircraft is powered by CFM International's two CFM56-7 engines and features systems to safeguard the jet from approaching infrared-guided missiles. It also supports anti-submarine warfare (ASW), anti-surface warfare (ASUW), intelligence, maritime patrol, surveillance and reconnaissance.⁵ India's Deputy Chief of Naval Staff Vice Admiral RK Pattanaik said that the P-8I programme has been taken forward as per the schedule.⁶ Boeing has affirmed to deliver one more P-8I by the end of 2014, followed by two more in 2015.⁷

India lacks clear and strong anti-piracy law, piracy shifts closer to its coast

During a three-day workshop on maritime piracy, organised in cooperation with BKA Germany, the Director of Central Bureau of Investigation (CBI), India, Ranjit Sinha, expressed concern by stating that India lacks a clear mechanism for the prevention of maritime piracy. He was of the view that India does not have a separate domestic legislation to deal with piracy issues, not assuring effective prosecution of the pirates.⁸ Further, he stated that due to the presence of the Indian Navy in the Gulf of Aden, some pirates have been shifting their activities and are operating along the Indian Exclusive Economic Zone (EEZ) and closer to the Indian western coast. Sinha also told that several anti-piracy operations by the Indian Navy along with the Coast Guard have been conducted in the western coast of India, as a result of which around 120 suspected pirates have been captured.⁹

⁴ "GSL delivers India's largest offshore patrol vessel", *The Times of India*, September 3, 2014, at <http://timesofindia.indiatimes.com/city/goa/GSL-delivers-Indias-largest-offshore-patrol-vessel/articleshow/41546447.cms>

⁵ "India receives fifth Boeing P-8I maritime patrol aircraft", *naval-technology.com*, September 11, 2014, at <http://www.naval-technology.com/news/newsindia-receives-fifth-boeing-p-8i-maritime-patrol-aircraft-4369446>

⁶ "Boeing delivers 5th maritime patrol aircraft to India", *India Today*, September 11, 2014, at <http://indiatoday.intoday.in/story/boeing-maritime-patrol-aircraft-indian-navy-naval-air-station/1/382104.html>

⁷ "Boeing delivers fifth maritime patrol aircraft to Indian Navy", *The Financial Express*, September 12, 2014, at <http://www.financialexpress.com/news/boeing-delivers-fifth-maritime-patrol-aircraft-to-indian-navy/1288221>

⁸ "Navy's Gulf vigil led pirates closer to India: CBI", *Hindustan Times*, September 26, 2014, at <http://www.hindustantimes.com/india-news/navy-vigil-in-gulf-led-pirates-closer-to-india-s-west-coast-cbi-chief/article1-1268873.aspx>

⁹ "India lacks clear, unambiguous mechanism for prosecution of pirates: Ranjit Sinha" *The Indian Republic*, September 24, 2014, at <http://www.theindianrepublic.com/nation/india-lacks-clear-unambiguous-mechanism-prosecution-pirates-ranjit-sinha-100049799.html>

Indian Navy has an eye on Chinese maritime activity in the IOR

The Indian Naval Chief Admiral Robin Dhowan stated that Chinese warships and submarines have been deployed in the Indian Ocean Region recently; along the area of Indian operation and therefore the Indian Navy is continuously monitoring and observing the strength of the deployment and the gravity of challenges posed by them. He further mentioned that on the Indian side, aircrafts, submarines and warships are always deployed to face any challenge and that the Indian Navy is always ready to tackle the situation. He further stated that India's economic interests are preserved in the maritime region that needs protection. However, Admiral Dhowan also said that the two sides have been cooperating in terms of port visits and anti-piracy operations in the Gulf of Aden.¹⁰

India and United States work together towards strengthening maritime ties

The world's two largest democracies, India and the US have sought to strengthen maritime security cooperation portraying a stronger relationship. A joint statement by Obama and Prime Minister Modi of India stated that cooperation in the field of maritime security needs to be intensified to ensure freedom of navigation and unimpeded movement of lawful shipping and commercial activity as per the principles of international law. The leadership of both the countries also agreed to negotiate a 10-year extension of a military cooperation, emphasising on counter-terrorism cooperation and joint efforts against militant networks.¹¹

Indonesia and Singapore sign a settlement of the third segment of their sea border

A third border deal between Indonesia and Singapore regarding their territorial seas have been finally signed.

Now only one and the final boundary segment is left to be negotiated and agreed upon in future. This border runs between Singapore's Changi area and Indonesia's Batam Island in the Riau Islands province. The central and the western segments of the boundary were agreed upon in 1973 and 2009 respectively. The negotiations for the recently signed agreement regarding the eastern and third segment of the border were undergoing since June 2011. The agreement was signed on the sidelines of the recent visit of the Indonesian President Susilo Bambang Yudhoyono to Singapore. The agreement would help both the countries to maintain their sovereignties and uphold the law on maritime border between the two countries, ultimately boosting their cooperation in navigation, maritime safety, fishing and preventing trans-border crimes in the Singapore Strait. The settlement also serves as an example that there can be peaceful resolutions for maritime border disputes with the help of the principles of the international maritime law.¹²

Pirates unsuccessful in hijacking Iranian Oil tankers and Chinese vessel

Ships in the Gulf of Aden and the Bab el-Mandeb Strait experience organised attacks from pirates routinely. On September 4, 2014, three attempts to hijack Iranian oil tankers were made by 12 boats in this region. However, the Iranian Navy's 31st fleet of war vessels comprising of the Bayandor destroyer and Bandar Abbas auxiliary ship successfully repelled the attacks and dispersed the assailants. Iranian Navy Commander Rear Admiral Habibollah Sayyari said that the Islamic Republic has been actively defending the high seas from pirate attacks; and in the last four years, the Iran Navy has managed to repulse 150 such attacks at high seas. Iran Navy's increased presence in the international waters has given it the ability to protect naval routes and merchant vessels. This also includes

¹⁰ "Monitoring Chinese activity in Indian Ocean: Navy chief", *live mint*, September 25, 2014, at <http://www.livemint.com/Politics/LuVuYyF9ztis2GrQHwbj0H/India-China-to-hold-flag-meeting-today-amid-border-standoff.html>

¹¹ "Obama, Modi work to deepen improving U.S.-India ties", *Reuters*, September 30, 2014, at <http://www.reuters.com/article/2014/09/30/us-usa-india-modi-idUSKCN0HP11M20140930>

¹² "Indonesia, Singapore agree on border between Batam Island and Changi", *Jakarta Globe*, September 4, 2014, at <http://thejakartaglobe.beritasatu.com/news/indonesia-singapore-agree-border-batam-island-changi/>

conducting anti-piracy patrols in the Gulf of Aden since November 2008; in line with the international efforts to safeguard the vessels involved in maritime trade, especially the ships and oil tankers owned or leased by Iran.¹³ In a separate incident, a Chinese vessel, Xin Lian Yun Gang, was also saved by the same Iranian 31st Fleet when it came under attack in the Gulf of Aden. The vessel was on its way from Singapore to the Jeddah Port in Saudi Arabia.¹⁴

Iran welcomes Chinese vessels at the Port of Bandar Abbas

As a result of growing United States (US) presence in the Persian Gulf region, Iran is reaching out to extra-regional powers to counter balance its influence. As a result, for the first time, Iran hosted two Chinese vessels – guided missile destroyer Changchun and guided missile frigate Changzho – at the Bandar Abbas port on September 20, 2014. The Peoples Liberation Army Navy vessels were on a five-day goodwill visit to the country. By developing closer relationships with China, Iran is strategically breaking out of the isolation it has faced as a result of economic sanctions imposed by the US and Europe. For Iran, this joint venture with China is an opportunity to exploit its rivalry with the US. However, China's main aim is to protect the long vulnerable sea lanes originating from countries in the Middle East across the Indian Ocean and the South China Sea via the Strait of Hormuz and the Strait of Malacca. These lanes are the route for the transportation of more than 20 per cent of the Chinese oil import. The US and China are therefore engaged in a strategic competition for influence and power in the wider Asian region. Even though the balance of power in Asia and

along the transit routes currently lies in favour of the US, the fierce competition for influence on the Middle Eastern and Asian powers could have destabilising effect on the peace and security of the Indian Ocean in future.¹⁵

Joint exercises held by Iranian and Chinese navies

The Iranian and Chinese navies held a joint exercise in the Persian Gulf.¹⁶ Two Chinese vessels participated in the exercise on September 24, 2014. According to Iran's Navy Commander Rear Admiral Habibollah Sayyari, the exercises focused on rescue operations, information exchange as well as testing operational capabilities and tactical coordination. A senior Iranian delegation headed by Iran's defence minister, Hossein Dehghan had visited China in May 2014 to discuss military cooperation issues with Chinese officials. Iran's defence cooperation with China is not limited to the sea only. China has helped Iran by conducting training of high-level officials on advanced systems, providing technical support, supplying steel for missile construction, providing control technology for missile development, building a missile factory and test range also. Iran, since 2008, has been involved in safeguarding vessels passing through the Gulf of Aden; and its influence and control over the Persian Gulf has increased over the last few years. Having an ally like China in this region is an incentive for Iran to counterbalance the might of the US forces and their influence in the Gulf.¹⁷

Iran cements its naval presence in the Persian Gulf

The Persian Gulf is of immense strategic importance to the Iranians. On September 23, 2014 Tehran held a ceremony to mark the endorsement of a memorandum

¹³ "Iran Navy repels three pirate attacks on Iranian oil tankers", *PRESS TV*, September 4, 2014, <http://www.presstv.ir/detail/2014/09/04/377671/iran-navy-foils-pirate-attacks-on-tanker/>

¹⁴ "Iranian Navy rescues Chinese container ship from pirates", *PRESS TV*, September 17, 2014, <http://www.presstv.ir/detail/379044.html>

¹⁵ "In search for security, China's Navy enters Strait of Hormuz", *Reuters*, September 22, 2014, <http://www.reuters.com/article/2014/09/22/china-navy-iran-kemp-idUSL6N0RN2FK20140922>

¹⁶ "Iran, China hold joint naval exercise successfully", *Iranian Students' News Agency*, September 27, 2014, at <http://isna.ir/en/news/93070502732/Iran-China-hold-joint-naval-exercise-successfull>

¹⁷ "Iranian, Chinese navy to hold joint exercises", *TREND*, September 22, 2014, <http://en.trend.az/iran/society/2314495.html>

of understanding (MoU) between Islamic Revolution Guards Corps (IRGC) Navy and Iran's Ports and Maritime Organisation for conducting joint search and rescue operations as well as confronting oil pollution at sea. Commander IRGC Navy Rear Admiral Ali Fadavi feels that there is an increase in the presence of American forces which threatens the security environment in the Persian Gulf. Therefore, since 2008, the IRGC has declared the security of the Persian Gulf as its primary responsibility. Admiral Fadavi also noted that other Islamic nations that border the Persian Gulf and share important economic interests and religion with Iran should put the security of the Persian Gulf as a top priority. Iran's naval capabilities to wage unique asymmetric warfare against larger naval forces has also been confirmed by the Washington Institute for Near East Policy in a September 11, 2008 report. The IRGC is now well equipped and financed to control various vessels going through the waterways and also to control the world's oil lifeline, the Strait of Hormuz. Hence, in the light of Iran's increased naval capabilities and also growing control in the Persian Gulf, Washington has to tread cautiously because any military action against Iran will result in a directly proportional response.¹⁸

Iran, Oman eager to expand maritime trade

Iran's Ambassador to Oman Ali Akbar Sibeveih announced about the expansion of maritime trade between Iran and Oman by establishment of direct shipping line. An agreement in this regard is expected to be signed in the coming three months. The shipping line will be operating between four Omani ports of Sohar, Sultan Qaboos, Musandam, and Shinas and the Iranian ports of Chabahar, Bandar Abbas, Bandar Imam Khomeini. In the recent years, Iran has been persistent in consolidating Tehran's relations with the Middle East countries, especially with those nations that

share borders with the Persian Gulf. Hence, this agreement with Oman is one such effort towards building an alliance to cooperate towards the protection and promotion of peace in the region.¹⁹

Seychelles and New Zealand keen to cooperate on maritime security

During the official visit of Seychelles' President James Michel to New Zealand, the two countries highlighted the importance of maritime security for a flourishing Blue Economy. Michel's delegation that included Jean-Paul Adam, the Minister of Foreign Affairs, toured the Maritime Police Unit of New Zealand as it wants to develop a similar civilian unit. This coastal police unit engages in activities like search, rescue and counter-terrorism; and also cooperates with other law enforcement agencies as needed. As New Zealand is willing to support Seychelles in patrolling its maritime space, it has sent a P3 Orion military aircraft to visit the country. The delegation also observed a simulated patrol aboard the aircraft. The aircraft is supposed to be deployed under the Combined Maritime Force (CMF) for global maritime security operation and will also work with Seychelles for the surveillance of its Exclusive Economic Zone (EEZ).²⁰

Reports say that the Sri Lankan navy attacked Indian fishing boats

According to the Indian media reports, Sri Lankan Navy personnel attacked some Indian fishing boats and damaged more than 100 fishing nets near the International Maritime Boundary Line (IMBL). The Press Trust of India was informed by the representatives of fishermen association that the Sri Lankan Navy had deployed its vessels, including two ships with cannon and machine guns, deep inside the Indian waters and did not allow the boats even near the IMBL.²¹

¹⁸ "IRGC Commander: US presence in Persian Gulf cause of insecurity", *FARS News Agency*, September 23, 2014, <http://english.farsnews.com/newstext.aspx?nn=13930701001805>

¹⁹ "Iran, Oman keen to establish direct shipping lines", *FARS News Agency*, September 29, 2014, at <http://english.farsnews.com/newstext.aspx?nn=13930707000935>

²⁰ "Seychelles and New Zealand seek to boost ties in maritime security", *Seychelles Nation*, September 3, 2014, at <http://www.nation.sc/article.html?id=242880>

²¹ "Sri Lanka Navy accused of attacking Indian fishing boats", *Colombo Page*, September 14, 2014, at http://www.colombopage.com/archive_14B/Sep14_1410703168CH.php

ReCAAP report suggests a decline in piracy in Asia

According to a report published by the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP), there has been declining incidents of piracy and armed robberies at sea in Asia during the month of August 2014. There were 21 cases in June 2014 and 14 cases in July 2014 while the month of August reported only 11

cases. The regional break up of 11 incidents reported in August 2014 points out that five of them occurred at ports and anchorages in Indonesia, three in the Straits of Malacca and Singapore, two in the South China Sea (SCS) and one in Malaysia. However, the report has warned ship owners to continue vigilance as there have been growing incidents of ship fuel being siphoned off or small tankers being attacked.²²

²² "ReCAAP: Number of piracy attacks in Asia decreasing", *World Maritime News*, September 18, 2014, at, <http://worldmaritimenews.com/archives/137221/recaap-number-of-piracy-attacks-in-asia-decreasing/>

ECONOMIC COOPERATION

Australian company to acquire mineral sands exploration tenements in Tanzania

Gunson Resources, an Australia based company has plans to acquire 18 mineral sands exploration tenements. The tenements will cover an area of about 2000 square kilometers in Tanzania. The area is in a quality mineral sands rich geological setting similar to Kenya, Mozambique and Madagascar. All the tenements are located within 20 kilometres of the coast and are easily accessible to road and port transportation facilities. This acquisition is to supplement the company's Coburn Mineral Sands Project in Western Australia. The company will acquire 100 per cent of the shares of Strandline Resources Pty Ltd that focuses on mineral sands. There are substantial geological reasons to believe that the Tanzanian coastline might be highly rich in world-class heavy mineral sands accumulations that Gunson wants to tap in.²³

Australian Foreign Minister discusses economic cooperation with Seychelles and Mauritius

A high-level dialogue on maritime security and ocean economy was held in Mauritius on September 16, 2014. Seychelles' Foreign Minister Jean-Paul Adam was invited to join the Mauritian Minister of Foreign Affairs, Regional Integration and International Trade, Arvin Boolell and the Australian Foreign Minister, Julie Bishop in the deliberations. Seychelles and Australia have identified various areas of mutual co-operation in ocean resource management, otherwise known as the 'blue economy', which includes fisheries, climate change, hydrocarbons, maritime lanes and all other oceanic resources. The concept of 'blue economy' was adopted

by African Union in the 22nd Ordinary Session of the African Union's heads of state and government held in Addis Ababa in 2014. The harvesting of energy from ocean waves is also an area of cooperation between Australia and Seychelles since Seychelles is looking towards development of renewable energy sources. The Australian Foreign Minister highlighted the opportunities present in the hydrocarbon sector in Seychelles' Exclusive Economic Zone (EEZ) extending to about 1,374,000 square kilometres. Mauritius and Seychelles already have an agreement to co-manage an extended continental shelf area of 396,000 square kilometres. Both countries had submitted a proposal to jointly manage the Mascareignes plateau region which was accepted by the United Nations in 2011 and an agreement was signed between the countries in March 2012.²⁴

Australian and Mauritian universities sign MOU for Indian Ocean research

The University of Western Australia signed a Memorandum of Understanding (MOU) with the University of Mauritius for enhancing cooperation in the field of Indian Ocean Research (IOR) on September 15, 2014 in Mauritius. The two universities sought to enhance cooperation and joint research in upcoming fields such as ocean engineering, aquaculture, ocean forecasting, marine energy and marine ecology. The University of Western Australia's Oceans Institute and the University of Mauritius's Faculty of Ocean Studies will collaborate to develop and exchange knowledge through new university courses; and also for supervision of PhD students and joint research. The Ocean Economy was a high level dialogue on the Mauritian

²³ "Australian firm expands foothold in Tanzania", *Daily News Online*, September 12, 2014, at <http://dailynews.co.tz/index.php/biz/35894-australian-firm-expands-foothold-in-tanzania>

²⁴ "Seychelles, Mauritius and Australia announce blue economy partnerships", *Seychelles News Agency*, September 17, 2014, at <http://www.seychellesnewsagency.com/articles/1381/Seychelles,+Mauritius+and+Australia+announce+blue+economy+partnerships>

Government's Ocean Economy Roadmap, a long-term management plan for the Indian Ocean between neighbouring countries.²⁵

Bangladesh expects to drop the LDC tag soon

Bangladesh expects to come out of its Least Developed Country (LDC) status in the next 2 or 3 years. Speaking at the release of the "Millennium Development Goals: Bangladesh Progress Report 2013", AMA Muhith, the Finance Minister of the country, stressed the need to take the required steps to be able to achieve the target. With this expectation, he also hopes that Bangladesh will be able to achieve the target of poverty alleviation by 2030. He also said that his country has done tremendously well to meet some of the Millennium Development Goals (MDGs). Bangladesh has performed well on the MDG indicators like reduction of rate and intensity of poverty, gender parity in primary and secondary education, HIV and tuberculosis control etc. Besides, this is to be noted that the performance has come well before the time frame. The country has also made positive strides on the indicators like poverty reduction, children enrollment in primary education, weight deficiency of children, maternal mortality, child vaccination and reduction of contagious disease.²⁶

Bangladesh PM forwards six-point proposal at BIMSTEC Secretariat inauguration

Speaking at the inauguration of the Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC) Secretariat in Dhaka, Sheikh Haisna, the Prime Minister of Bangladesh, has forwarded a six-point proposal for the consideration

of the BIMSTEC member countries. The proposal projects itself in the greater interest of the region. She emphasised on the success of Bimstec for the overall development and progress of the Bay of Bengal Region. The six points highlighting the areas that need to be focused on are: poverty alleviation, cooperation in agriculture sector, making effective the 'Framework Agreement on Bimstec Free Trade Area', improvement of regional connectivity, cooperation in energy sector and united efforts to face the challenges of climate change. She hoped that the BIMSTEC forum would develop itself as a unique organisation of partnership among seven countries in the region of the Bay of Bengal. She hoped that the secretariat will help implement the BIMSTEC programmes and will also forward creative ideas and initiatives for developmental cooperation in the region.²⁷

Bangladesh and Malaysia sign MoU on 1320 Megawatt thermal power plant

Bangladesh and Malaysia have signed a Memorandum of Understanding (MoU) to jointly set up a 1320 Megawatt thermal power plant at Moheshkhali Island in Cox's Bazar. Prime Minister Sheikh Hasina had given her consent for the deal on December 5, 2013. The project is supposed to be completed by 2019. The two sides have also agreed for a 25 year power purchase agreement (PPA). The plant will be using high-end technology that means using coal with low sulphur, low moisture content and high calorific value. The plant, requiring some 11,000 tonnes of coal per day, will import its fuel from the Indian Ocean Region countries like Indonesia, South Africa, Australia and Mozambique.²⁸

²⁵ "University of Western Australia enhances Indian Ocean research", *The Fish Site*, September 25, 2014, at <http://www.thefishsite.com/fishnews/24182/university-of-western-australia-enhances-indian-ocean-research>

²⁶ "Bangladesh to drop LDC tag in 2 to 3 yrs", *Daily Sun*, September 8, 2014, at http://www.daily-sun.com/details_yes_08-09-2014_Bangladesh-to-drop-LDC-tag-in-2-to-3-yrs_971_1_3_1_0.html

²⁷ "PM places 6-point proposal for Bimstec sates", *Daily Sun*, September 13, 2014, at http://www.daily-sun.com/index.php?view=details&archiev=yes&arch_date=13-09-2014&type=daily-sun-news&pub_no=976&cat_id=1&menu_id=0&news_type_id=3&index=0

²⁸ "Dhaka-KL MoU signed on 1320MW power plant", *Daily Sun*, September 23, 2014, at http://www.daily-sun.com/details_yes_23-09-2014_Dhaka-KL-MoU-signed-on-1320MW-power-plant_986_1_1_1_3.html

Bangladesh's first trade surplus since its independence

G M Abul Kalam Azad, senior Bangladesh Bank (BB) spokesman, stated that Bangladesh, for the first time after its independence, recorded a trade surplus of US\$195 million in July 2014. The trade deficit for the same month in 2013 was estimated to be US\$129 million. However, analysts say that there is nothing much to be pleased as both export earnings and import payments were lower in the month. Trade surplus with lower exports and imports is not a good sign for macroeconomic stability. Rather, it is a matter of concern that both export and import sectors have suffered a setback due to slow economic activities and political uncertainty in the country.²⁹

India and Australia set up joint working group of customs agencies

The Chief Executive of Australian Customs and Border Protection Mike Puzzello was in New Delhi to attend the inaugural meeting of the joint working group to promote closer cooperation between the customs agencies of Australia and India on September 14, 2014. The joint working group will be a mechanism that will move away from transaction based approach of custom agencies to a more institutionalised approach. The mechanism will focus on exchange of sharing of technical expertise, people and information. Puzzello also had a meeting with the Directors General of Narcotics Control Board and the Indian Coast Guard.³⁰

India to launch 'Project Mausam' to restore ancient cultural links in the Indian Ocean

In a significant move, the NarendraModi Government

will soon launch 'Project Mausam' aimed at restoring India's ancient maritime routes and cultural links with the countries in the region. India is all set to launch what is probably the NarendraModi Government's most significant foreign policy initiative.³¹ Project Mausam aims to explore the multifaceted Indian Ocean "world" from East Africa, the Arabian Peninsula, the Indian subcontinent and Sri Lanka to the Southeast Asian archipelago. The project will identify with the natural wind phenomenon (particularly monsoon winds) which was used by the Indian sailors in ancient times in order to facilitate maritime trade and interactions between countries that were connected by the Indian Ocean. In a meeting held with the Secretary of the Ministry of Culture, India's Foreign Secretary Sujatha Singh discussed on how to give shape to the project.³²

India seeks to expand its presence in the IOR

Being aware of China's increasing maritime presence in the Indian Ocean, India has been concerned with adopting methods to cope with the fast-developing geostrategic reality. In this backdrop, India has decided to offer a concessional line of credit to Vietnam worth US\$100 million for deploying patrol boats in the South China Sea. The two countries have sought to look for new maritime opportunities while a defence procurement agreement was signed during the visit of Indian President Pranab Mukherjee to Vietnam. Alongside, in the IOR, India has been looking forward to engage in power play with China, with focus on joint naval exercises in tackling maritime security issues. Sujatha Singh, Foreign Secretary, India, has stated that her country wants to take advantage of its strategic presence in the IOR, as it is located in the middle of the dense network of seaborne energy and trade, in

²⁹ "Bangladesh sees trade surplus for first time", *Daily Sun*, September 24, 2014, at http://www.daily-sun.com/details_yes_24-09-2014_Bangladesh-sees-trade-surplus-for-first-time_987_1_10_1_0.html

³⁰ "Australian Customs for closer ties with Indian customs agency", *The Hindu*, September 14, 2014, at <http://www.thehindubusinessline.com/economy/australian-customs-for-closer-ties-with-indian-customs-agency/article6409703.ece>

³¹ "Project Mausam, India's answer to China's maritime might: Explained", *oneindianews*, September 16, 2014, at <http://news.oneindia.in/feature/project-mausam-india-s-answer-china-s-maritime-might-expla-1523058.html>

³² "NarendraModi's 'Mausam' manoeuvre to check China's maritime might", *The Times of India*, September 16, 2014, at <http://timesofindia.indiatimes.com/india/Narendra-Modis-Mausam-manoevre-to-check-Chinas-maritime-might/articleshow/42562085.cms>

boosting cooperation and strengthening maritime networks. India has maintained close ties with other important countries in the region, like Mauritius, Maldives, Seychelles, Sri Lanka, Singapore, Vietnam, Malaysia and Oman. India also wishes to enhance trilateral cooperation with Maldives and Sri Lanka in the framework of maritime security.³³

India assures Bangladesh to consider its fresh proposal for credit-line

Apart from the US\$1 billion soft loan that it has given to Bangladesh recently, India has assured Bangladesh to consider the proposal for a fresh line of credit to the country. Abul Hassan Mahmood Ali, the Foreign Minister of Bangladesh, had pushed the proposal in his talks with the Indian Foreign Minister Sushma Swaraj at the third India-Bangladesh Joint Consultative Commission (JCC) meeting in New Delhi on September 20, 2014. The two sides have agreed to meet again to discuss about the areas where fresh funds could be directed. Such joint meetings have widened the scope of India-Bangladesh bilateral cooperation that, amongst others, includes trade and investment, security, border management, connectivity, power, water, shipping, development cooperation, renewable energy, people to people exchanges, arts and culture.³⁴

India's 'Make in India' campaign outreaches to Indonesia as well

As Prime Minister Narendra Modi of India wants to turn his country into a manufacturing hub, he has invited businessmen in Indonesia to invest in India. Modi has officially launched his "Make in India" drive in India. He wants the foreign investors to treat India not only as a market but a potential place for growth. The Indian

Embassy in Jakarta organised a live-streaming of Modi's speech regarding the "Make in India" campaign. It had also invited several Indonesian businessmen and executives at the event. The Indian Ambassador to Indonesia Gurjit Singh also extended an invitation to the Indonesian companies on behalf of the Indian Government. He further emphasised that partnership in the two countries is required to focus on sectors like financing, automotive and textile which have a huge potential in both the countries. According to the data from Indonesia's Investment Coordinating Board (BKPM), Indians also have made US\$17.7 million of investment in Indonesia in the first half of 2014.³⁵

Indonesian banks are well positioned and highly competitive to face adverse environments

Fitch Ratings has stated that the Indonesian banks are well positioned to face difficult environments as they are well-capitalised as well as regulated by the government. The banks have taken steps to offset pressure on capital from a continued loan growth. The rating agency also took into account the resilience of Indonesian lenders due to the guidelines of the Financial Services Authority, a prudent regulatory initiative. Bank Indonesia, in its previous role as the regulator, had started the process of incrementally implementing the voluntary Basel III global regulatory standard for banks health since January 2013; and it is supposed to be completed in January 2019. The Indonesian central bank, since early last year, has asked the commercial lenders with the lowest and the highest risk profiles to have a minimum capital adequacy ratios (CAR) of 8 and 9 per cent respectively. Fitch states that despite the fall in the number of commercial banks since the Asian economic crisis in 1998, the Indonesian banking sector remains fragmented and highly competitive.³⁶

³³ "India and friends fight for ocean rim space", *The Times of India*, September 17, 2014, at <http://timesofindia.indiatimes.com/india/India-and-friends-fight-for-ocean-rim-space/articleshow/42676860.cms>

³⁴ "India to consider offering fresh loan to Bangladesh", *Daily Sun*, September 21, 2014, at http://www.daily-sun.com/details_yes_21-09-2014_India-to-consider-offering-fresh-loan-to-Bangladesh_984_1_10_1_4.html

³⁵ "Modi's 'Make in India' campaign extends to Indonesian investors", *Jakarta Globe*, September 25, 2014, at <http://thejakartaglobe.beritasatu.com/business/modis-make-india-campaign-extends-indonesian-investors/>

³⁶ "Fitch says Indonesian banks well positioned to face challenging environments", *Jakarta Globe*, September 29, 2014, at <http://thejakartaglobe.beritasatu.com/business/fitch-says-indonesian-banks-well-positioned-face-challenging-environments/>

Indonesia passes the plantation bill after dropping the clause limiting foreign ownership

The Indonesian Government has dropped the controversial foreign ownership clause limiting foreign ownership and approved the plantations bill aiming to maximise land usage in the country by opening up the sector to smallholders. The earlier draft of the bill would have retroactively capped the foreign ownership of plantations to just 30 per cent, much below the existing maximum of 95 per cent. The earlier draft had a potential to hurt foreign plantation firms in Indonesia, the leading palm oil producer, and other agri-products. The final draft of the bill without the controversial clause has now been approved by the DPR [the House of Representatives] and the government of Indonesia to be enacted as law. But this is to be noted that the bill still enables the Indonesian Government to make rules on the issue. It also requires the plantation companies to allocate 20 per cent of their concessions to the population living nearby their areas and help them plant their own plantations.³⁷

Iran and Qatar strengthen economic ties and tourism

Iran and Qatar recently signed several protocols to expand their bilateral economic cooperation. On September 13, 2014, the head of Iran-Qatar Friendship group, Masoud ibn Abdullah al-Hanzab, arrived in Tehran with a delegation to assess the status of the bilateral relations between the two nations. He was also there to survey strategies and make new proposals for expansion of ties and cooperation in different political, economic, defence, security fields. He, during the visit, called for an exchange of views on tourism and recreational facilities and also for the establishment of direct flights between Rasht and Doha to help broaden economic cooperation between two cities.³⁸

Iran opens doors for FDI in Kish Islands

The sanctions on Iran by the West has had a great impact on the Iranian economy. Hence, the Tehran Stock Exchange (TSE) wants to promote Iran as a viable investment destination for foreign creditors. Iran's nuclear policies and its behaviour towards its neighbouring countries make investors sceptical about their prospects in the region. However, to solve this problem, Iran is using the Kish Island – a 91.5 square kilometre resort island in the Persian Gulf that is a part of the Hormozgân Province of Iran – as an offshore counterpart and free zone to give investors the opportunity to function without Ayatollah's presence. The international director at the TSE, Hamid Rouhbakhsh, invited global investors to the island for an investment conference in October 2014, where a program to introduce methods and benefits of financing at the TSE was also held. The reason behind a recent interest for investing in Iran is the improvement of the country's economy under the new leadership of President Hassan Rouhani. The Iranian stock market has seen a major swing; and inflation in the country has also dropped to 23 per cent. Investment in Kish Island would be easier because investors would not require visas to enter; and they would also be able to open an Iranian Rial or foreign currency bank account there.³⁹

Iran pitches for becoming a transit corridor

President Rouhani is pitching for Iran to become a "big corridor" for transiting groups. He assured the regional countries that the Islamic Republic provides a safe route for the transit of goods given its geo-strategic position in the region. Rouhani promises to improve quality and speed of custom inspection and formalities. In addition to this, he has asked the government bodies dealing with customs and foreign trade to adjust the customs laws in the country according to the international

³⁷ "Indonesia passes Plantations Bill, drops clause on foreign ownership", *Jakarta Globe*, September 30, 2014, at <http://thejakartaglobe.beritasatu.com/business/indonesia-passes-plantations-bill-drops-clause-foreign-ownership/>

³⁸ "Qatar keen to broaden tourism cooperation with Iran", *IRNA*, September 15, 2014, at <http://www.irna.ir/en/News/2737562/>

³⁹ "Iran's financial trading browse eyes on overseas cash injection", *FOREX MAGNATES*, September 15, 2014, at <http://forexmagnates.com/irans-financial-trading-bourse-eyes-overseas-cash-injection/>

standards. In 2013, over 11.6 million tons of goods were transited through Iran. More than 100 countries transit their good via Iran. However, Central Asian countries are more dependent on the country as they do not have any other route for this.⁴⁰

Iranian Offshore Oil Company increases crude oil production in the Persian Gulf

Iranian Offshore Oil Company is renovating its offshore oilfields in the Persian Gulf and Oman Sea (encompassing an area of 1,800 km long and 27 to 120 km wide) to increase the output of crude oil. Saeed Hafezi, Managing Director, Iranian Offshore Oil Company, believes that oil production in Iran's Lavan oilfield in the Persian Gulf will increase by 20,000 barrels in the near future. The Iranian Oil Minister, Bijan Namdar Zanganeh, confirms that Iran's oil production will reach 4.7 mb/d in three years, 700,000 b/d of which will come from joint fields and that this will boost Iran's OPEC status remarkably.⁴¹

Iran, Oman air travel expansion

Iranian Ambassador to Oman, Ali Akbar Sibeveih, announced that Oman Air, a flagship carrier of the Sultanate of Oman, is going to add two new flights to Iran. The new flights between Muscat and Mashhad and Muscat and Shiraz are expected to be launched in the first three months of 2015. The capacity of the carrier from Muscat to Tehran will also be increased from March 2015. In Oman, two international airports in Muscat and Salalah are undergoing massive expansion that has pressed the Oman Air to also announce an expansion of its fleet strength by 50 aircrafts by 2017. In addition to this, three regional airports are near completion and ready to receive passengers. With

regards to cargo carriers, both the countries have not set any limits. However, Sibeveih hoped that a flight carrier to Salalah would also be launched in the near future, as many tourists from Iran visit Salalah, especially during the Khareef season. He also pushed the idea of promoting Oman's tourism among the Iranians.⁴²

Iran strengthens cooperation with ASEAN and ECO

Iran expressed its willingness to expand its ties with two prestigious organisations, Association of Southeast Asian Regions (ASEAN) and the Economic Cooperation Organisation (ECO) at a joint session (co-chaired by Iran and Malaysia) held in New York on the side lines of the UN General Assembly meeting. Iranian Foreign Minister Mohammad Javad Zarif willingly extended Iran's support for the private sectors of the member countries of both the organisations saying that it will help them further to achieve their desired goals. He also expressed hope that a meeting on tourism would be held in November.⁴³

Single Customs Deal set to be piloted by Kenya and Tanzania

The Kenya Revenue Authority has announced that Kenya and Tanzania will clear the first batch of goods from September 15, 2014 under the Single Customs Territory (SCT) plotted on a pilot basis. The importers, exporters and clearing agents of the intra-trade and maritime goods will need to get their duties cleared, before the goods are released from the originating country, by the customs officials of the country where the goods are destined. Importers of different goods destined for Uganda passing through the Mombasa Port will also require to follow the SCT rules and

⁴⁰ "President Rouhani calls for turning Iran into transit corridor", *Tasnim News Agency*, September 17, 2014, at <http://www.tasnimnews.com/English/Home/Single/502105>

⁴¹ "Iran to raise crude output through renovating Persian Gulf offshore oil platforms", *FARS News Agency*, September 21, 2014, at <http://english.farsnews.com/newstext.aspx?nn=13930630001514>

⁴² "Oman Air to add Mashhad and Shiraz flights next year: Iranian Ambassador", *Times of Oman*, September 24, 2014, at <http://www.timesofoman.com/News/40431/Article-Oman-Air-to-add-Mashhad-and-Shiraz-flights-next-year-Iranian-ambassador>

⁴³ "Iranian FM optimistic about expansion of cooperation between ASEAN, ECO", *FARS News Agency*, September 27, 2014, at <http://english.farsnews.com/newstext.aspx?nn=13930705000593>

procedures. The SCA initiative is geared at dealing with the increasing cases of dumping and smuggling in the region. It is also expected to help slashing the transportation costs for the goods and increase the revenue earned by the destination country. This initiative was originally signed into by Presidents Uhuru Kenyatta, Yoweri Museveni of Uganda and President Paul Kagame of Rwanda in Kigali on October 28, 2013.⁴⁴

Maritime cooperation agreement between Kenya and Qatar

After signing an agreement on maritime cooperation with the Kenyan authorities, a delegation from Qatar lead by its Transport Minister Jassim Saif Al Sulaiti met Kenya's President Uhuru Kenyatta on September 12, 2014. The agreement provides for direct shipping between Mombasa and Doha; and is expected to boost trade within Kenya as well as the East African region. It also contains a seafarers agreement according to which Kenyans will get a priority while recruitment in Qatar shipping companies and facilities. Sulaiti also stated that the Qatar Government has offered to train three Kenyan engineers regarding port development. His country will employ more Kenyans in its aviation and transport sector.⁴⁵

Kenya and China sign MoU for cooperation on tourism

Kenya and China have signed a Memorandum of Understanding (MoU) for joint promotion, security and transport in tourism sector. Kenya's tourism industry will not attract more Chinese investors to establish hotels and help Kenya meet the shortage of accommodation facilities for tourists in the country. The Kenyan Government is quite keen to tap the huge Chinese tourism market. It is now eyeing and campaigning for

getting at least a million Chinese tourists to the country annually. The Kenyan Government is also quite clear that it want the Chinese tourists to add up to its market rather than substitute the traditional western tourist markets.⁴⁶

Kenyan Government pushes for more security as an effort to boost tourism

In order to increase the safety of the tourists and deploy its security forces appropriately, the Kenyan government has conducted a comprehensive survey of the country's important tourist sites, and distribution centres. The move has come to boost Kenya's tourism industry which is experiencing a decline in tourism sector due to a perceived threat to safety and security. The Task Force on Tourism Recovery in Kenya has already boosted the security at airlines, airstrips and ferries. Systems have already been installed for updates to the foreign missions regularly. Meanwhile, the Kenyan Government has also decided to apologise to an American Family that felt harassed due to a mistaken identity by the Kenyan Police recently. The government has promised to sponsor the family for "a fully-paid holiday" as compensation.⁴⁷

Kenya's referendum drive may adversely affect its port business

The Kenya Ports Authority (KPA) has pointed out that the referendum fever in Kenya seeking to raise funding to the county administration is likely to have a negative impact on port business. The experience and the previous records at the Mombasa port allude that election times have always been unfriendly to port business. The tension emerging with the referendum campaigns across the country may increase anxiety amongst the investors – both foreign and local. The

⁴⁴ "Tanzania: Kenya, Tanzania pilot single customs deal", *The Star*, September 11, 2014, at <http://the-star.co.ke/news/article-189599/kenya-tanzania-pilot-single-customs-deal>

⁴⁵ "Kenya and Qatar sign maritime cooperation deal", *Capital FM*, September 12, 2014, at <http://www.capitalfm.co.ke/business/2014/09/kenya-and-qatar-sign-maritime-cooperation-deal/>

⁴⁶ "Kenya and China in tourism promotion pact", *Capital FM*, September 13, 2014, at <http://www.capitalfm.co.ke/business/2014/09/kenya-and-china-in-tourism-promotion-pact-2/>

⁴⁷ "Kenyan Govt surveys tourist sites in bid to increase security", *Sabahi*, September 16, 2014, at http://sabahionline.com/en_GB/articles/hoa/articles/newsbriefs/2014/09/16/newsbrief-05

port business in the country requires an environment of peace to thrive, but the current political trends are likely to impact negatively on the business in Mombasa port. This is to be noted that in the last Kenyan general elections the port recorded a considerable drop in containers, as their numbers fell to 894,000 containers against 903,000 containers from the previous year.⁴⁸

Madagascar's capital enters in the Air Seychelles regional network

Air Seychelles has decided to start direct flights between Seychelles and Madagascar from December 3, 2014. The flights will take-off from Seychelles for the Ivato International Airport in Antananarivo, the capital city of Madagascar. The destination is the fourth including Tanzania, South Africa and Mauritius in the growing Air Seychelles' regional network of flights. Madagascar is known for its diverse biodiversity attractions; and its three United Nations Educational, Scientific and Cultural Organisation (UNESCO) heritage sites in particular – the rainforests of the Atsinanana, the Tsingy de Bemaraha Strict Nature Reserve, and the spiritual centre of the Merina people called as the Royal Hill of Ambohimanga. These flights will cater to the growing demands of leisure travel, eco-tourism and business travel in Madagascar. The route is expected to increase tourism in both the countries. It will also facilitate Malagasy nationals living in Seychelles an easier way for visiting their friends and family. Other new opportunities of trade, tourism and cultural exchanges will also develop within this part of the Indian Ocean Region.⁴⁹

Malaysian envoy suggests Bangladesh Govt to do more for its tourism industry

Speaking at the 3rd Asian Tourism Fair in Dhaka, Norlin Othman, the Malaysian High Commissioner to

Bangladesh, stated that more support by the Bangladesh Government to tourism sector will help explore the unfathomed potentials of the industry. She observed that Bangladesh is rich in arts, culture and tourist sites; and the government and tourism stakeholders should work more to attract tourists. She pointed out that although Bangladesh organises several tourism fairs in the country, it participates only in a few abroad. She said that the Malaysians know only about a few of the tourist places in Bangladesh and are also ignorant about the tourism facilities in the places like Sundarbans and Cox's Bazar. She suggested that Bangladesh should participate in international fairs more frequently to tell people in the world about its tourism industry.⁵⁰

Seychelles Paradise is back to Port Victoria after overhaul in Colombo

After spending a ten days dry dock period in Colombo, Sri Lanka, Seychelles' tanker Paradise has returned to Port Victoria. It was on its fifth year class renewal survey. This survey was required by the International Association of Classification Societies (IACS) standards and the Seychelles Maritime Safety Administration (SMSA). The vessel went through strict class inspections, engines and equipment overhauls as well as a complete repainting. This kind of five-year renewal is required to ensure that the vessel is fit and later certified to sail and trade. This is also required to be able to get further insurances. The Colombo dockyard was selected based on its proximity, quality of service, experience with similar vessel types and its ability to complete work in time.⁵¹

Seychelles - India air links revamped to ease operations

As a symbol of the longstanding friendship and mutual

⁴⁸ "Kenya vote puts Mombasa Port on notice", *East African Business Week*, September 21, 2014, at <http://www.busiweek.com/index1.php?Ctp=2&pl=1903&pLv=3&srI=%2047&spl=&cl=10>

⁴⁹ "Air Seychelles adds Madagascar to growing regional network", *Seychelles Nation*, September 12, 2014, at <http://www.nation.sc/article.html?id=242972>

⁵⁰ "Malaysian envoy for more govt support to explore potentials", *Daily Sun*, September 8, 2014, at http://www.daily-sun.com/details_yes_08-09-2014_Malaysian-envoy-for-more-govt-support-to-explore-potentials_971_1_3_1_1.html

⁵¹ "Seychelles Paradise returns from dry dock in Colombo", *Seychelles Nation*, September 3, 2014, at <http://www.nation.sc/article.html?id=242878>

interests in air transportation, Seychelles and India have agreed on a modern air services framework by signing an air services agreement (ASA) on September 19, 2014. Although Air Seychelles and Air India both have been already connecting the countries directly, this milestone agreement has put a revamped system with the required in-built facilities for easier airline operations. India, for Seychelles, is a growing tourism market with immense opportunities for cultural and health tourism. It also provides numerous commercial opportunities in medicines, essential oils, spices, furniture as well as services. An average of 2,500 tourists from India arrive Seychelles per year. Seychelles has recently seen a growth in the number of visitors from India. The modernisation of the air links will open intensify the engagement between the two countries.⁵²

Seychelles and Mauritius tourism ministers meet in Paris

Alain St Ange, Seychelles' Minister for Tourism and Culture, met Sydney Pierre, Chairperson, Mauritius Tourism Promotion Authority (MTPA) at the IFTM Top Resa Tourism Trade Fair in Paris. They discussed the possibilities of further cooperation between Mauritius and Seychelles. Both the leaders agreed to explore avenues for cooperation to work together towards the strengthening of the Indian Ocean Vanilla Islands Regional Organisation. Pascal Viroleau, the CEO of the Vanilla Islands Tourism Organisation, was also present at the meeting. He welcomed the cooperation of the two countries and their support to his organisation.⁵³

South Africa and Australia advance ocean economic opportunities

South Africa and Australia have identified to tap opportunities in mining and ocean economy through

cooperation in the Indian Ocean Rim Association (IORA). International Relations and Cooperation Minister of South Africa Nkoana-Mashabane says that his country will collaborate with Australia to unleash the ocean economy through skill exchange and development. The two countries also have committed to create common ground for regional economic co-operation, especially now when the world order is shifting from land resources to include the coast and ocean resources. South Africa and Australia also have a history of productive co-operation across a range of issues including fisheries protection, law enforcement, defence relations and customs cooperation. They also share the host locations for the Square Kilometre Array (SKA) Project which is an international enterprise to build the largest and most sensitive radio telescope in the world. There is also an extensive people to people link and cultural exchange between the two countries as well as shared values such as democracy, equality, human rights and respect for the rule of law. Hence, Australia, being a resource-rich country with substantial experience in mining, development and mining equipment as well as technology services, has the potential to help South Africa derive real sustainable benefits especially from the mining sector.⁵⁴

Sri Lanka welcomes the 'Maritime Silk Road' initiative

Sri Lankan President Mahinda Rajapaksa has affirmed to support China's Maritime Silk Road (MSR) initiative, announcing that this will be important for the development of the island-nation. Rajapaksa recognised the importance of the visit of Chinese President Xi Jinping to Sri Lanka as for enhancing bilateral cooperation. Sri Lanka wishes to strengthen its ties with China in trade and investment sector by being part of the MSR proposal. Several infrastructure projects have

⁵² "Seychelles, India modernise air links framework", *Seychelles Nation*, September 19, 2014, at <http://www.nation.sc/article.html?id=243038>"

⁵³ "Vanilla Islands tourism: Seychelles and Mauritius cooperation", *eTN*, September 25, 2014, at <http://www.eturbonews.com/50748/vanilla-islands-tourism-seychelles-and-mauritius-cooperation>

⁵⁴ "SA, Australia talk mining, ocean economy", *South African Government News Agency*, September 11, 2014, at <http://www.sanews.gov.za/south-africa/sa-australia-talk-mining-ocean-economy>

been carried out by Chinese enterprises, paving way for social stability and prosperity in Sri Lanka, as expressed by Rajapaksa.⁵⁵

Sri Lanka receives the leaders of China and Japan, enhances cooperation

China and Japan regard Sri Lanka's location in the IOR as significant and of major importance in the realm of maritime security. With the recent visits, agreements and joint statements of the political leadership of China and Japan with Sri Lanka in September, the island nation is set to expand its maritime presence in the domain of security. From the Chinese side, President Xi Jinping has welcomed the support of Sri Lanka in reviving the 21st century Maritime Silk Road, seen as opening up new channels of cooperation. China is also looking forward to promote a strategic cooperative partnership with Sri Lanka for mutual development. With regard to the discussion between Sri Lanka and Japan, the joint statement between Sri Lankan President Rajapaksa and the Prime Minister of Japan Shinzo Abe highlighted the potential of Sri Lanka as a maritime nation in the Indian Ocean. The Japanese side expressed their wish to extend a long-lasting friendship with Sri Lanka, with both the nations moving towards a new maritime partnership. Abe stated that both Japan and Sri Lanka can strengthen their cooperation and play significant roles in the stability and prosperity of the Pacific and Indian Ocean Regions.⁵⁶

Dar es Salaam Port will get US\$500 million for expansion in the first phase

The World Bank, UK's Department for International Development (DFID), Tanzania Ports Authority (TPA) and the Ministry of Transport have signed a

memorandum of understanding (MoU) worth US\$500 million with Trade Mark East Africa for the development, expansion and modernisation of the Dar es Salaam Port. The finance will come in a combination of a soft loan and grant. This will improve the operations at the port and will help the Tanzanian economy connect further and better with the world. The next phase of the financing will include about US\$700 million. The World Bank intends for the immediate release of these funds so that the development work could be started soon. The Trade Mark East Africa will provide the money immediately while the World Bank speeds up for the release of the funds. This is to be noted that this money will not be for the development of Berths 13 and 14 that were awarded to Impala Africa in early 2014.⁵⁷

2,000 Megawatt electricity project to benefit Tanzania and Kenya

The Independent Power Tanzania Limited (IPTL), a subsidiary of the Pan African Power Solution, will implement a large power project that will benefit both Tanzania and Kenya. The IPTL administration and the Kenyan Government have concluded their discussion on the 2,000 Megawatt project; and the logistical arrangements are now to follow in. The letter of agreement signed on August 19, 2014 indicate that all parties in the agreement should convene and decide on the modalities of the implementation of the project as soon as possible.⁵⁸

Tourism in Zanzibar boosts after joining Vanilla Islands group

Zanzibar's tourism sector has accelerated after the island received the membership of the Vanilla Islands group.

⁵⁵ "Mahinda Rajapaksa backs China's Maritime Silk Road project", *The Economic Times*, September 13, 2014, at http://articles.economictimes.indiatimes.com/2014-09-13/news/53877075_1_century-maritime-silk-road-president-xi-jinping-subcontinent-visit

⁵⁶ "The strategic hub of Indian Ocean maritime security", *defence.lk*, September 20, 2014, at http://www.defence.lk/new.asp?fname=The_strategic_hub_of_Indian_Ocean_maritime_security_20140920_02

⁵⁷ "As Dar Port gets Sh800 billion for expansion", *Daily News Online*, September 13, 2014, at <http://www.dailynews.co.tz/index.php/local-news/35922-as-dar-port-gets-800bn-for-expansion>

⁵⁸ "IPTL signs 2,000mw power contract for Kenya, Tanzania", *Daily News Online*, September 21, 2014, at <http://www.dailynews.co.tz/index.php/local-news/36229-iptl-signs-2-000mw-power-contract-for-kenya-tanzania>

Seychelles, Madagascar, La Reunion, Mauritius, Comoros, Maldives and Mayotte together formed the group in 2010 to form a new collective travel destination brand. The co-operation group focuses to pool tourism forces and collectively market the vanilla region compared to individual marketing of each island. Other objectives of the organisation are to increase intra and inter island connectivity, create new multideestination products to draw more visitors to the Indian Ocean sites.⁵⁹

UAE's Etihad Airways to launch daily flights to connect Dar es Salaam and Abu Dhabi

A daily service to Dar es Salaam, Tanzania, will be started

by Etihad Airways, the national airline of the United Arab Emirates. This is happening under the airlines programme to expand its African route network. The first flight between Abu Dhabi and Dar es Salaam will take off on December 1, 2015. Dar es Salaam is being seen by Etihad Airways as an important destination in its global network also. The city, for Etihad Airways, is the 110th destination globally and the 11th destination in the African continent and the Indian Ocean. The flights will provide two-way connectivity between the countries which will also provide Tanzania a further connectivity to 45 other destinations across the Middle East, Europe, India, North and Southeast Asia and Australia as Abu Dhabi is an international flights hub.⁶⁰

⁵⁹ "Zanzibar gets Vanilla Islands membership to boost tourism", *Daily News Online*, September 24, 2014, at <http://www.dailynews.co.tz/index.php/local-news/36353-zanzibar-gets-vanilla-islands-membership-to-boost-tourism>

⁶⁰ "Etihad airways to launch daily Dar flights", *The Star*, September 23, 2014, at <http://www.the-star.co.ke/news/article-191613/etihad-airways-launch-daily-dar-flights>

ENVIRONMENTAL CONCERNS/ DISASTER RISK MANAGEMENT

Australia's "Reef 2050 Long-Term Sustainability Plan" is inadequate

The Australian Government's draft "Reef 2050 Long-Term Sustainability Plan", released on September 15, 2014, to save the Great Barrier Reef have been criticised by environmentalists pointing that it will do nothing substantial to halt the destruction. The government's plan has come in response to the UN concern for the protection of the reef. UNESCO had asked Canberra to submit a detailed report about steps it had taken to protect the site. It also threatened to put the reef on its World Heritage "in danger" list. Commenting on the government's plan, Dermot O'Gorman, Chief Executive, WWF Australia, said that it did not set targets high enough for cutting agricultural pollution. It is also providing inadequate funds for the restoration of the health of the reef. The plan lacks of new and bold actions required to save the reef at this stage. However, the plan includes some positive elements that provide greater coordination between government agencies. It also has provision to ban any port development in the Fitzroy Delta, Keppel Bay and North Curtis Island near Rockhampton in Queensland State in future.⁶¹

Australia signs an asylum-seekers resettlement deal with Cambodia

Australia signed an asylum-seekers resettlement deal with Cambodia on September 26, 2014. Australian Immigration Minister Scott Morrison was in Phnom Penh. The deal that has been criticised by human rights groups allows Australia to transfer some of the asylum-seekers held in offshore detention camps by Australia to Cambodia. Morrison said that decision for the

transfer to Cambodia will be "strictly voluntary" for refugees and the resettlement would be permanent. The Australian government will also provide support to help the migrants become self-reliant once resettled. Human Rights Watch has criticised the deal on the grounds that the agreement puts migrants into risk as Cambodia is not a safe third country. In a related development, Australian government presented a bill in the parliament that allows it to grant temporary visas for asylum-seekers held in its offshore detention facility at Christmas Island. The bill has removed direct references to the UN Refugee Convention from the Migration Act and replaced it with an Australian understanding of the nation's protection obligations.⁶²

Bangladesh to impose green tax on industries polluting the environment

The National Board of Revenue (NBR), Bangladesh, is preparing to impose green tax on polluting industries. This is being done with an eye to meet the revenue target of the current fiscal in the country. The tax authority may soon issue fresh rules and regulations in this regard. M A Muhith, the Finance Minister of the country, emphasised on the necessity of imposing green tax to check environmental degradation. With this, the Bangladesh Government is trying to meet the environmental and fiscal targets at the same time. The minister told that there are plans to impose a 1 per cent Environment Protection Surcharge or green tax on all kinds of environment polluting manufacturing industries in Bangladesh. The move is expected to encourage the polluting industries set up effluent treatment plants (ETPs) and take other steps to reduce pollution.⁶³

⁶¹ "Environmentalists criticise Australia reef protection plan", *The Star Online*, September 15, 2014, at <http://www.thestar.com.my/News/Regional/2014/09/15/Environmentalists-criticise-Australia-reef-protection-plan/>

⁶² "Australia confirms refugee deal with Cambodia", *NDTV*, September 25, 2014, at <http://www.ndtv.com/article/world/australia-confirms-refugee-deal-with-cambodia-597657>

⁶³ "Green tax on industries to be imposed soon", *Daily Sun*, September 7, 2014, at http://www.daily-sun.com/details_yes_07-09-2014_Green-tax-on-industries-to-be-imposed-soon_970_1_3_1_3.html

Tin curse haunts the Bangka and Belitung islands in Indonesia

The islands of Bangka and Belitung in Indonesia provide the world a third of the tin available in the world market. Tin is almost everywhere as an important part of electronic gadgets nowadays. The two islands have been exporting tin for a long time and have a key place on the global tin map at least since 1850s. The mines on the two islands are handled by the proud BHP Billiton, currently the largest mining company in the world. But the way the islands are being mined is transforming the beautiful Bangka and Belitung islands from a prime tourist destination into a wasteland. Craters are replacing fertile land to become sources of malaria. Fishermen have reported an 80 per cent decline in their catches as the tin-sucking dredgers are destroying the coral reef and fish stock. Landslides and accidents underneath the sea are common in the area, often resulting in loss of human lives. Proper rehabilitation and good environmental management still is far from tin mining in Bangka and Belitung. This brings a negative value to the Indonesian society that is due to the high costs of health impacts, payments for clean water and funds needed to manage decreasing productivity in non-mining sectors. The area is also known for its unique Muntok white pepper. But, if the mismanaged tin mining continues, the people in the area will face a total environmental and economic collapse soon.⁶⁴

Toxin detected in the Shellfish in Kuantan Port waters

Shafik Fauzan Sharif, Chairman, State Rural Development, Agriculture and Agro-based Industry Committee has given an advisory not to pick or consume shellfish like cockles and mussels from the Kuantan Port waters at Tanjung Gelam, Malaysia. These fish have been found affected with the paralytic shellfish

poisoning (PSP). The tests conducted on samples of mussels and plankton from the area found toxin in them. The toxin readings have been found between 317 and 3,560 microgrammes (µg) per 100 grams that are substantially above the standard set at 80 µg/100g. Therefore, consuming these fish could cause health problems and even death in the lack of immediate and proper treatment. The toxin was first detected in November 2013 when number of individuals experienced food poisoning after consuming mussels from this area. The Pahang Fisheries Department is investigating the source of toxin and has taken several precautionary measures in this regard.⁶⁵

Tanzania and Finland cooperate to harness sea wave energy in the Indian Ocean

With an eye on to address the electricity shortages in Tanzania, its government has created a partnership with Finland in renewable energy sector, particularly sea wave energy. Waveroller, a Finnish firm is expected soon to arrive in Tanzania to carry out a feasibility study for tapping wave energy in the Indian Ocean. The project, once completed, is expected to generate electricity somewhere between 500 and 1,000 Megawatts. The agreement about the partnership also includes cooperation on other forms of renewable energy and other areas like mining and postgraduate training for Tanzanian students in Finland. Finland regularly supports the efforts of the Tanzanian government for poverty alleviation and development. Finland, in 2014, has provided Tanzania about Euro 29 million as support.⁶⁶

Tanzania installs two important localised weather systems

Tanzania has installed localised weather stations along its sea shores to detect advancing storms and other

⁶⁴ "Indonesia needs to save Bangka and Belitung Islands from tin curse", *Jakarta Globe*, September 3, 2014, at <http://thejakartaglobe.beritasatu.com/news/indonesia-needs-save-bangka-belitung-islands-tin-curse/>

⁶⁵ "Shellfish in Kuantan Port waters poisonous", *The Star Online*, September 4, 2014, at <http://www.thestar.com.my/News/Nation/2014/09/04/shellfish-kuantan-port-waters-toxin/>

⁶⁶ "Sea wave power on horizon", *Daily News Online*, September 18, 2014, at <http://www.dailynews.co.tz/index.php/local-news/36124-sea-wave-power-on-horizon>

marine obstructions. It will help ships and fishermen operating in the Indian Ocean as well as Lake Victoria. New meteorological equipment have been installed at Dar es Salaam City as well as in Mwanza that will do the job of informing the ships and the fishermen about the weather conditions. The demand for meteorological services in the Southern Africa Development Community (SADC) region is increasing day by day. But there exists a lack of timely and quality information, observational station networks, trained personnel, proper data processing and information dissemination facilities in the region. The two new centres are important to meet the mandatory ISO standards calibration of meteorological equipment. Tanzania Meteorological Agency (TMA) has recently made significant efforts to improve itself in the seasonal climate outlook and weather forecasts.⁶⁷

24 nations from the Indian Ocean Region participate in IOWave14 tsunami drill

The United Nations-backed Indian Ocean Wave Exercise (IOWave14) was held from September 9-10,

2014, a decade after the strongest tsunami in the living memory hit the region. Twenty-four nations from the Indian Ocean Region participated in the drill. The tsunami exercise was conducted to test the participating countries for their capability to forecast and tackle similar disasters. They used the opportunity to evaluate their communication systems and standard operating procedures to handle such disasters. The drill was organised by the Indian Ocean Tsunami Warning and Mitigation System (ICG/IOTWS) that had decided to conduct this exercise way back during its ninth session in 2012.⁶⁸ The tsunami that struck the Indian Ocean off the west coast of Sumatra on December 26, 2004 killed 300,000 people in 14 countries. Half, among the dead, were Indonesians while Sri Lanka and India were the second and the third countries with the highest death toll.⁶⁹

⁶⁷ "Fishermen to benefit from localised weather stations", *Daily News Online*, September 21, 2014, at <http://www.dailynews.co.tz/index.php/local-news/36228-fishermen-to-benefit-from-localised-weather-stations>

⁶⁸ "Seychelles takes part in tsunami exercise", *Seychelles Nation*, September 11, 2014, at <http://www.nation.sc/article.html?id=242953>

⁶⁹ "24 nations, including India, Indonesia and Australia, take part in tsunami alertness drill", *The Straits Times*, September 9, 2014, at <http://www.straitstimes.com/news/asia/more-asia-stories/story/24-nations-including-india-indonesia-and-australia-take-part-tsunami>

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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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