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# Indian Ocean Watch

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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

In the month of February, there were several important developments regarding Maritime Security in the Indian Ocean Region. Reports indicated that the US is thinking of setting up a naval base in Australia. Putting all media speculations at rest about the nature of tenders, Australia asked Japan, Germany and France to bid for its ambitious submarine building project. Indian Government approved a US\$8 billion indigenous warship building project as well. During the Sri Lankan President Maithripala Sirisena's visit to India, the two countries shared concern over the growing Chinese presence in the Indian Ocean. The Malaysian Maritime Enforcement Agency (MMEA) said that out of the 14 sea robberies in the Southeast Asian region in 2014, none took place in the Strait of Malacca.

On the economic cooperation front, the Director of the National Centre for Antarctic and Ocean Research, India, informed that India is preparing for deep sea mining off Mauritius coast with the permission of the International Seabed Authority (ISA). During the visit of Tony Tan Keng Yam, the President of Singapore, to India, the bilateral relationship between the countries was elevated to a strategic level. Most importantly, India and Sri Lanka signed a civil nuclear pact, among other agreements. China has stepped up its cooperation with Mauritius and has given it a sum of MUR500 million as grant and interest-free loan.

On the environmental concerns/disaster risk management front, environmentalists expressed their concern regarding the use of explosives by Indonesia in sinking illegal foreign boats in delicate marine ecosystems. Madagascar established its first community-controlled shark sanctuary; and Mauritius sought for India's help to construct mobile bridges for disaster management.

Hope the readers find this issue useful.

**Editor**

## MARITIME SECURITY

### US may set up a naval base in Australia

The United States (US) is considering of building a naval base in Australia. The base will dock the US naval vessels with an eye on growing Chinese expansion in the Indian Ocean. While the US does not have a formal basing agreement with it, Australia hosts as many as 2,500 US Marines in the northern city of Darwin and the two countries regularly hold joint military drills. As a part of its “pivot-to-Asia” strategy, the US will see 60 per cent of its naval forces deployed in the Indian Ocean Region by 2020. It is a policy that China claims is an attempt to contain its military expansion into the South China Sea and the Indian Ocean. China has also been promoting its interests in the region with initiatives like “Maritime Silk Road” that would see it developing ports and infrastructure in Indian Ocean countries including Sri Lanka, Bangladesh, the Maldives and Pakistan. However, the basing talks between Australia and the US are at a very early stage.<sup>1</sup>

### Australia invites Japan, Germany and France to bid for its submarine project

Japan, Germany and France have been shortlisted as the bidders for US\$39 billion defence procurement contract of new submarine fleet for the Royal Australian Navy. It is the largest defence procurement contract in the nation's history. The announcement comes after media speculation intensified that Australia would bypass a bidding process and select Japan to build the fleet. Australia needs to replace its six Collins-class diesel-electric submarines by 2026 in order to adequately patrol the Pacific and the Indian Oceans. The bidders

will have all the three options of designing and building the fleet overseas, in Australia or with a combination of both. This is to note that the current Prime Minister Tony Abbott's government had scrapped the previous Labour Government plan to locally build 12 submarines.<sup>2</sup>

### India's US\$8 billion warship project

According to defense sources, the Government of India has cleared a US\$8 billion plan to build the country's most advanced warships. After years of neglect, India is not in a position to fight a two front war. Through this plan, India seeks to narrow the gap with the Chinese navy in the Indian Ocean Region. India's Prime Minister Narendra Modi summoned a meeting of the cabinet committee on security on February 2, 2015 to approve the construction of seven frigates equipped with stealth features to avoid easy detection. The frigates, in a program called Project-17A, will be built at government shipyards in Mumbai and Kolkata. This is in line with the Modi's make in India campaign to reduce dependency on imported good. Recent Chinese forays in the Indian Ocean and the docking of their ships on a Sri Lankan port, have exposed Indian Navy's vulnerabilities and weaknesses in undersea defences. India needs to fast-track its programmes to match the capabilities of China at sea.<sup>3</sup>

### India and Sri Lanka join hands to tackle Chinese presence in the Indian Ocean

India's Prime Minister Narendra Modi held delegations level talks with Sri Lankan President Maithripala Sirisena

<sup>1</sup> “U.S. Navy considers setting up ship base in Australia”, *Bloomberg*, February 10, 2015, at <http://www.bloomberg.com/news/articles/2015-02-10/u-s-considering-basing-navy-ships-in-australia-greenert-says-i5yxouxp>

<sup>2</sup> “Australia asks trio to bid for \$39 billion submarine project”, *Bloomberg*, February 20, 2015 at <http://www.bloomberg.com/news/articles/2015-02-20/australia-invites-trio-to-bid-for-39-billion-submarine-project>

<sup>3</sup> “India clears \$8 billion warships project”, *The Maritime Executive*, February 2, 2015, <http://www.maritime-executive.com/article/india-clears-8-billion-warships-project>



regarding India's Ocean Policy. President Sirisena was on an official visit to India from February 15-18, 2015. This was the first leg of the future talks that India looks forward to have with other littoral countries of the Indian Ocean Region. The topic that dominated these discussions was the concern about China's Maritime Silk Road (MSR) project. Both the countries are wary over China's growing influence in the region. India feels that the China's MSR proposals are designed to strangle India strategically. China has already started investing enormously in the small nations of the Indian Ocean Region, by building ports and maritime infrastructure. Modi has shared these concerns with President Sirisena and would want both India and Sri Lanka, with the help of other countries like Mauritius, Maldives and Seychelles, to counter China's growing presence in the region. The Modi government is acutely aware of the fact that its dithering alone on the MSR project would not prevent China from embarking on the super ambitious project. India will have to come up with its own credible alternative.<sup>4</sup>

#### **Japan and Indonesia may sign MoU on defence partnership**

Reports indicate that Indonesia and Japan are planning to sign a memorandum of understanding (MoU) on defence partnership. The reports have cited Indonesia's ambassador to Japan Yusron Ihza Mahendra as their source of information. The two sides are thinking to ink a MoU with a particular focus on the transfer of Japanese-manufactured equipment to Indonesia as well as "joint research and production" in defence sector. Details about the timing and specifications of the expected MoU are still unclear. As Indonesia is looking to develop up its defence industry and upgrade its military capabilities, Japan is also increasingly active in

its attempts to expand defense relationships with Southeast Asian countries, especially since it eased some domestic arms export restrictions in April, 2014.<sup>5</sup>

#### **Iran confident of providing security in Hormuz Strait**

Iran's Navy commander Admiral Habibollah Sayyari confidently claims that Iran has the capabilities of providing security and stability in the seas that fall under their jurisdiction i.e., the Persian Gulf, the Sea of Oman and especially the Strait of Hormuz. Security in this region is a priority for the Iranian Government. In order to boost security in this region, Iran had announced in late January 2015, that it will hold a joint rescue and relief drill in the waters south of Iran. According to reports, the maritime drill is scheduled to be held east of the Strait of Hormuz and Sea of Oman sometime between April 21 and May 21. These are one of the several other drills that Iran has participated in to show their level of readiness and capability to confront any threats in the international waters.<sup>6</sup>

#### **Madagascar would host new maritime information centre for East Africa**

It was decided at the African Union (AU) maritime security meeting held in Seychelles that a new regional maritime information centre (RMIC) for the western Indian Ocean would be located in Madagascar. The construction work for the European Union-funded project, initiated by the Indian Ocean Commission (IOC), would start in the Month of March, 2015. Mauritius and Seychelles were also competing to host the project. The centre is expected to help ensure the safety and security of about 7,000-8,000 ships that sail every day between Africa and Southeast Asia. It would especially have a watch over about 2,500 vessels that

<sup>4</sup> "Ocean diplomacy: Sirisena visit key for India to tackle China's Maritime Silk Route ambitions", *Firstpost*, February 17, 2015, <http://www.firstpost.com/world/ocean-diplomacy-sirisena-visit-key-for-india-to-tackle-chinas-maritime-silk-route-ambitions-2104399.html>

<sup>5</sup> "Japan, Indonesia to sign defense partnership", *The Diplomat*, February 5, 2015, at <http://thediplomat.com/2015/02/japan-indonesia-to-sign-defense-partnership/>

<sup>6</sup> "Iran can establish security in Hormuz Strait: Navy cmdr", *Press TV*, February 6, 2015, at <http://www.presstv.ir/Detail/2015/02/06/396393/Iran-can-establish-security-in-Hormuz>

transit through the Mozambique Channel daily. The centre would be a point for processing, and analysing maritime information for about 4,000 nautical miles of sea passage between the Horn of Africa and the Cape of Good Hope. The Madagascar Government feels that hosting the RMIC would benefit it in the form of increased traffic at its ports.<sup>7</sup>

### **Malaysia and Indonesia to appoint officials to seek formula for maritime delimitation**

After a meeting of the Malaysian Prime Minister Datuk Seri Najib Tun Razak and President Joko Widodo of Indonesia on February 6, 2015, the two countries struck a deal to boost their long-term bilateral ties. It is associated with several bilateral issues including of maritime boundary, job employment management and trade. Prime Minister Najib said that although both the countries had agreed to resolve the maritime boundary dispute on the basis of the report of a technical committee regarding maritime delimitation, there has been no outcome even after a total of 26 meetings. The two countries have now agreed to appoint special officers to seek and negotiate the right formula to be accepted by their governments and people. They have also agreed that any fishermen from the other country in their mutually prohibited waters would be returned back immediately while fishermen caught beyond the legitimate zone would be penalised.<sup>8</sup>

### **Malaysian agency reports that no sea robbery took place in the Strait of Malacca**

According to the Malaysian Maritime Enforcement Agency (MMEA), 14 sea robbery cases were reported in Southeast Asian region in the year 2014. Several of them happened to be in southern Johor (the Straits of

Singapore), eastern Johor and the South China Sea. The agency was able to capture six groups of sea robbers some of whom have been sentenced for 10-15 years. Datuk Admiral Maritime Mohd Amdan Kurish, director-general MMEA, said that no case was reported in the Straits of Malacca. The detainees were all captured in the Strait of Singapore. Mohd Amdan also revealed that many people wrongly believe that many of these robberies occurred in the Strait of Malacca as they don't have a clear view of where these robberies had occurred.<sup>9</sup>

### **Mauritius and Seychelles to reinforce maritime security and blue economy cooperation**

In a meeting between Sir Anerood Jugnauth, Prime Minister of Mauritius and Mr Callixted' Offay, the Ambassador of the Republic of Seychelles in Port Louis on February 11, 2015, the two country intended to further collaborate in reinforcing maritime security in their region as well as the Indian Ocean. They also discussed important issues related to their strategic partnership regarding Blue Economy in Seychelles; marine resources management; fisheries. They also shared their views on the fight against maritime piracy in their Exclusive Economic Zones and the 396,000 sq km maritime zone on the Mascarene Plateau that they collaboratively manage. Both the countries expressed their interest in signing an Investment Promotion and Protection Agreement and cooperation in implementing joint projects in the region.<sup>10</sup>

### **Mozambique receives naval manoeuvres simulator from Brazil**

Brazil handed over a naval manoeuvres simulator to the Mozambique Navy on January 29, 2015. The

<sup>7</sup> "Madagascar to host maritime information centre", *IHS Maritime 360*, February 17, 2015, at <http://www.ihsmaritime360.com/article/16737/madagascar-to-host-maritime-information-centre>

<sup>8</sup> "Indonesia to appoint special envoys to address maritime boundary issue", *Astro AWANI*, February 6, 2015, at <http://english.astroawani.com/malaysia-news/malaysia-indonesia-appoint-special-envoys-address-maritime-boundary-issue-53477>

<sup>9</sup> "Malaysian Maritime Enforcement Agency reports 14 sea robbery cases in 2014", *The Sun Daily*, February 24, 2015, at <http://www.thesundaily.my/news/1337537>

<sup>10</sup> "Mauritius and Seychelles to reinforce collaboration in maritime security", *All Africa*, February 12, 2015, at <http://allafrica.com/stories/201502121212.html>

equipment would be used for basic instruction and training. The simulator would save resources used in real training operations. The donation of the equipment by Brazil reflects the growing importance of its defence partnership with Mozambique. Both the countries are trying to deepen their mutual cooperation to develop joint defence initiatives. The equipment would strengthen the combat readiness of the Mozambican Navy. Brazil has also donated other equipment to Mozambique in the past. In March 2014, Brazil had announced that it would give three ex-Brazilian Air Force Embraer EMB-312 Tucano trainers to Mozambique. It was also willing to fund the acquisition of three Super Tucanos to boost the operational and combat capabilities of the country's armed forces.<sup>11</sup>

### **Seychelles military participates in Cutlass Express regional maritime exercise**

A group of the Seychelles Coast Guard (SCG) and Seychelles Air Force (SAF) personnel led by

the island nation's coastguard's naval wing commander, Lieutenant Colonel Simon Laurencine, returned back home after taking part in the eight day long Cutlass Express 2015 regional military exercise. The Seychelles maritime forces tested their capabilities to detect and respond to a range of high seas crimes during the exercise. The event was organised by the US Africa Command (Africom) and the islands of Seychelles, Mauritius, Madagascar, the Comoros, as well as eastern and southern African countries including South Africa, Kenya, Djibouti, Uganda and Mozambique among others took part in it. This was the fourth such collaborative exercise organised in 2015; aiming at greater regional cooperation and information sharing regarding sea crimes. Some International organisation related to maritime crimes combat in the Indian Ocean also participated.<sup>12</sup>

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<sup>11</sup> "Brazil donates naval simulator to Mozambique", *Defence Web*, February 3, 2015, at [http://www.defencewebsite.co.za/index.php?option=com\\_content&view=article&id=37808:brazil-donates-naval-simulator-to-mozambique&catid=51:Sea&Itemid=106](http://www.defencewebsite.co.za/index.php?option=com_content&view=article&id=37808:brazil-donates-naval-simulator-to-mozambique&catid=51:Sea&Itemid=106)

<sup>12</sup> "Seychelles military returns from regional Cutlass Express maritime training session", *Seychelles News Agency*, February 12, 2015, at <http://www.seychellesnewsagency.com/articles/2356/Seychelles+military+returns+from+regional+Cutlass+Express+maritime+training+session>

## ECONOMIC COOPERATION

### India prepares for deep sea mining off Mauritius coast

India is preparing to start exploring for polymetallic sulphides and other minerals off the coast of Mauritius. It would do it with the permission of the International Seabed Authority (ISA). S Rajan, Director of the National Centre for Antarctic and Ocean Research, India, said that the exploration would be launched in an area of 10,000 sq km in the mid-ocean ridge off Mauritius. India's Ministry of Earth Sciences had submitted an application to the ISA for Sea Mining Licence in April 2013. The approval for the plan came in July 2014. The exploration project that is expected to lead to "vast deposits of lead, zinc and copper ranging from several thousands to about 100 million tonnes" would be implemented in three phases. Mr Rajan also revealed that India has also made a submission before the United Nations Commission to increase the limits of its Continental Shelf from 200 nautical miles to 350 nautical miles.<sup>13</sup>

### India and Singapore boost bilateral relations

Singapore President Tony Tan Keng Yam's visit to India has resulted in elevating India-Singapore partnership to a strategic level. According to Singapore's High Commissioner to India Lim Thuan Kuan, this strategic partnership would be enhanced by cooperation in areas such as promotion of investments, urban solutions, smart cities, water and waste management and skill development. Mr Tan reiterated that the ties between the two countries have grown stronger since the signing of the Comprehensive Economic Cooperation

Agreement in 2005 and now Singapore is India's largest foreign direct investor. There were fruitful discussions between the Indian Prime Minister Narendra Modi and Mr Tan resulting in discussions of enhancing aviation and maritime connectivity.<sup>14</sup>

### India and Sri Lanka sign important Nuclear Pact among others

India and Sri Lanka have strengthened their bilateral ties by signing a civil nuclear agreement and agreeing to expand defense and security ties. This is significant as it is the first-ever such agreement signed by Lanka. The visit of the newly elected Sri Lanka President Maithripala Sirisena to India from February 15-18, has turned back the page when Lanka had docked Chinese submarines at the Colombo port. India and Sri Lanka have also agreed to revitalise cooperation with Maldives on maritime security and qualitatively improve the annual defence dialogue. This will help in confronting India's security concerns related to China and also Pakistan whose intelligence agency (ISI) has used Lanka as a base for recruiting 'talent' to scout in southern India. In addition to this, three other pacts have also been signed which include cooperation on agriculture, Lankan participation in the Nalanda University, Indian involvement in Sri Lankan infrastructure development and investments and visa-free travel for Indian officials.<sup>15</sup>

### Indonesia's growth in 2014 was lowest in 5 Years

With the weakening of investments and exports, Indonesia's economic growth in 2014 slipped down to its lowest in five years. Joko Widodo, the president

<sup>13</sup> "India to explore mineral deposits off Mauritius coast", *The Hindu*, February 9, 2015, at <http://www.thehindu.com/news/cities/Kochi/india-to-explore-mineral-deposits-off-mauritius-coast/article6872852.ece>

<sup>14</sup> "Singapore, India to be strategic partners", *asiaone news*, February 10, 2015, <http://news.asiaone.com/news/singapore/singapore-india-be-strategic-partners/news/singapore/singapore-india-be-strategic-partners>

<sup>15</sup> "India, Lanka seal civil N-deal", *The Tribune*, February 17, 2015, <http://www.tribuneindia.com/news/nation/india-lanka-seal-civil-n-deal/43036.html>



of Indonesia, Southeast Asia's largest economy, faces formidable challenges in running the growth engine as the commodities boom has come to an end and high interest rates weigh more on domestic demand. The Indonesian economy expanded 5.02 percent in 2014 while it was 5.58 percent in 2013. Capital Economics, a London-based consulting firm, said that growth was expected to be flat in 2015 and unlikely to rebound soon.<sup>16</sup>

### **Indonesia focuses on "Sharia tourism" to increase the number of foreign visitors**

Indonesia is hoping to boost its tourism sector through Islamic tourism and has made Lombok, "the island of 1,000 mosques", as the axis of this drive. Indonesia has the world's largest Muslim population and its hopes to get more visitors from the wealthy Middle Eastern countries. The country is known for its pristine beaches that are flocked by Western tourists. However, it is focusing on its Islamic heritage – shrines dedicated to ancient Muslim preachers – to raise the number of tourists in the country. The country is still lagging far behind its neighbours regarding the number of foreign visitors; and Islamic tourism may be a tool in the competition. Although no official figures are available for "sharia" tourism in Indonesia, the sector is said to have been experiencing a strong growth internationally. Crescent Rating, a Muslim-oriented business group, has projected that the sector, by the year 2020, would be worth US\$192 billion, increasing from US\$140 billion in 2013.<sup>17</sup>

### **Iran and Oman begin direct shipping line**

In the end of February, a direct shipping line was launched between Iran and Oman. This line would be

running from Oman's Sohar port to Iran's Bandar Abbas port. This has initiated the possibility of opening port linkages between the two countries in future. According to Mohsen Zarrabi, head of the Iran-Oman Chamber of Commerce, the volume of trade between the two states is expected to overtake the trade volume between Iran and the UAE. He added that Oman will become a hub of re-export of Iranian goods in the region.<sup>18</sup>

### **Kenya may rank among top growing economies in 2015**

As the world economy slows down to the growth of 3.2 per cent, China, Philippines, Kenya and Indonesia are to be watched in the next two years. However, Kenya may be among the top three countries to drive the world economy in 2015. Although unemployment and poverty remain high in the country, it is expected to grow 6 per cent in 2015, say analysts. Almost 40 per cent of the Kenyans live below poverty line. A survey by Bloomberg, conducted in 57 countries, reveals that although China is growing at a much lower rate than earlier, it is still the fastest growing economy. Down from 7.2 per cent growth in 2013, China, is expected to grow at 7 per cent in 2015. Nigeria, Africa's largest economy, and the United States economy have been projected to grow at 4.9 per cent and 3 per cent respectively in 2015.<sup>19</sup>

### **Malaysia thinking to waive visa fee for Indian tourists**

Malaysia targets for 29.4 million international tourist arrivals in the year 2015 and therefore it needs an additional two million tourists this year. India was the

<sup>16</sup> "Indonesian economic growth falls to its lowest in 5 Years", *New York Times*, February 5, 2015, at [http://www.nytimes.com/2015/02/06/business/international/indonesian-economic-growth-falls-to-its-lowest-in-5-years.html?\\_r=0](http://www.nytimes.com/2015/02/06/business/international/indonesian-economic-growth-falls-to-its-lowest-in-5-years.html?_r=0)

<sup>17</sup> "Indonesia pushes Islamic tourism", *CTV News*, February 25, 2015, at <http://www.ctvnews.ca/lifestyle/indonesia-pushes-islamic-tourism-1.2252616>

<sup>18</sup> "Oman-Iran direct shipping to begin by end of February", *arabianSUPPLYCHAIN.com*, February 4, 2015, at <http://www.arabiansupplychain.com/article-10888-oman-iran-direct-shipping-to-begin-by-end-of-february/>

<sup>19</sup> "Kenya among top three countries to drive world economy in 2015", *The Star*, February 26, 2015, at <http://www.the-star.co.ke/article/kenya-among-top-three-countries-drive-world-economy-2015#sthash.dgAiuvo9.dpbs>

fifth largest source of tourists to Malaysia in 2014. Malaysia has become a favourite destination in the ASEAN region for Indians; and a total of 643,335 visitors from the country went to Malaysia in the period from January to October 2014; that is a rise by 20 per cent as compared to the same period in the year 2013. Therefore, Malaysia plans to waive the visa fee for Indians as a part of its strategy to hit the number target of foreign arrivals this year.<sup>20</sup>

### **Malaysia wants to expand Singapore oil and gas hub to its own land**

Malaysia, an oil and gas exporter, is building the Pengerang Integrated Petroleum Complex (PIPC) at its southern most point in Johor state. This is being done in a bid to do away the lack of sufficient storage and refineries in order to become an oil and gas pricing hub like the neighbouring Singapore and Europe's ARA hub (Amsterdam, Rotterdam and Antwerp). The facility under construction is just about 10 km east of Singapore as Malaysia is willing to work with the country to become part of a regional oil pricing area. The efforts from Malaysia include offering Singapore the land for storage that it lacks. The first phase of the project is expected to be completed by 2019. The work is being done jointly by Petronas, the state-owned firm, and private firms like Dialog Group and Vopak.<sup>21</sup>

### **China gives Mauritius a sum of MUR500 million as grant and interest-free loan**

China has given an assistance worth MUR500 million to the Government of Mauritius. This sum includes a grant of about MUR250 million and an interest-free loan of about MUR 250 million. The assistance is intended to support projects in the priority areas of the Mauritian Government. Vishnu Lutchmeenaraidoo,

Minister of Finance and Economic Development, Mauritius, said that this assistance agreement would bring friendly relations between Mauritius and China to new heights. Both the countries are looking for further cooperation including mutually beneficial transfer of capital, technology and business opportunities. Mauritius is also negotiating with China regarding the Jinfei project at Riche Terre; and the Sino-Mauritian Joint Commission would focus on key infrastructure and water projects including other priority areas. China-Mauritius cooperation officially dates back to 1972 and Mauritius has obtained around MUR36 billion as assistance for infrastructure projects like airport, roads, housing, closed-circuit television (CCTV) camera and sewerage system.<sup>22</sup>

### **Gas discovery transforms Pemba town of Mozambique from backwater to economic hub**

According to CNN Marketplace Africa, the Pemba town in northern Mozambique is surging with huge change since the discovery of gas in the protected Bay of Pemba. Once a backwater, the area has become a centre for huge economic activity. Big gas companies are drilling in the area since 2010, transforming the economy of the area. According to a Standard Bank report, Mozambican economy would be added with about US\$39 billion due to Liquefied Natural Gas (LNG) trade in the next 20 years. It is expected to increase the country's per capita income to US\$4500 by the year 2035 from US\$650 in 2013. The benefits of the gas industry may take some time to materialise as the first LNG is likely to be ready for export only in 2019/2020. Climatic conditions and floods are other factors that may delay the benefits. However, despite the adversities, the work and economic activities in Pemba continues.<sup>23</sup>

<sup>20</sup> "Malaysia mulls visa fee waiver for Indian tourists", *The Star Online*, February 14, 2015, at <http://www.thestar.com.my/News/Nation/2015/02/14/India-Tourism-Visa-waiver/>

<sup>21</sup> "Malaysian oil storage expanding Singapore hub", *The Maritime Executive*, February 27, 2015, at <http://www.maritime-executive.com/article/malaysian-oil-storage-expanding-singapore-hub>

<sup>22</sup> "China allocates a grant and an interest-free loan totaling Rs 500 million to Mauritius", *All Africa*, February 10, 2015, at <http://allafrica.com/stories/201502101019.html>

<sup>23</sup> "Massive gas discovery transforms Mozambique backwater into boomtown", *CNN*, February 3, 2015, at <http://edition.cnn.com/2015/02/03/africa/pemba-port-mozambique-gas/>

### Oman aims to improve fishing production

Oman has been initiating many projects to improve its fishing exports. It exported around 126,000 tonnes of fish in 2014. The country is exporting more than 50 per cent of its fish catch to other countries, which include the neighbouring Gulf countries, other parts of Asia, Europe and North America. Oman also plans to boost its aquaculture industry with the establishment of Oman Aquaculture Development Company, which is intended to lead this sector. A budgetary allocation of OMR500 million will be used towards improving the infrastructure, development of ports and fish markets, expanding the fishing fleet and also for subsidies on fish farming. The fishery harbour project coming up at Duqm is in its tender evaluation stage. When completed, the port would accommodate not only Omani fleets but also fleets from other countries passing through the Indian Ocean; and more than 60 processing plants and related facilities would be set up in a big industrial area at the back of the fishing port.<sup>24</sup>

### Oman keen to bolster economic ties with India

Oman has sought to enhance its economic ties with India by engaging in joint ventures in areas such as finance, engineering and construction. For this, Oman has invited Indian industries to establish more joint ventures in sectors like finance, insurance, engineering and telecom as the Gulf nation seeks to diversify its economy. India's Foreign Minister Sushma Swaraj officially visited Oman from February 17-18, 2015. She held talks with her Omani counterpart Yousuf bin Alawi bin Abdullah. During the talks, India and Oman reviewed their strategic ties as well and decided to expand defence and maritime cooperation in maintaining the stability and security of the Indian Ocean region. Oman is a key trading partner of India in the

Gulf region with bilateral trade exceeding US\$5.7 billion in the fiscal year 2013-14. Indians also form the largest expatriate group in Oman. Annual remittances of about US\$3 billion are earned by India from its migrants in Oman.<sup>25</sup>

### South Africa working to build and improve infrastructure for gas imports

South Africa is dependent on coal for power and runs turbines using diesel that is relatively expensive. Therefore, the country has a plan for improving its pipelines and ports for importing more gas to be used in power generation. Eskom, the state-run power company, is currently trying to manage the supply of power through controlled blackouts. It also has planned to reduce costs by replacing diesel with gas in the next three years. Although gas is being seen as the future fuel in South Africa, the infrastructure for its import is lacking. The Government wants quick buildup of infrastructure like pipelines, mooring and degasification facilities in the next 24 to 30 months. The Government is already negotiating with Mozambique and Namibia for import of their recently discovered natural gas deposits. The country is also considering bringing gas from Algeria, Nigeria and Tanzania by ships.<sup>26</sup>

### Sri Lanka and China have diverging views on approval of the Colombo port project

Sri Lankan Prime Minister Ranil Wickremesinghe has said in the parliament that no decision has been taken over the controversial Colombo port city project that is being reviewed by the currently elected government in Sri Lanka. However, The CEO of China Communication Construction Company, Zhang Baozhong, has said that they have got all the necessary approvals for the ambitious land reclamation initiative.

<sup>24</sup> "Oman determined to reduce fish imports", *The Fish Site*, February 11, 2015, at <http://www.thefishsite.com/fishnews/25104/oman-determined-to-reduce-fish-imports/#sthash.jfDNj24b.dpuf>

<sup>25</sup> "Oman keen To attract more Indian investment", *Business World*, February 23, 2015, at <http://www.businessworld.in/news/economy/india/oman-keen-to-attract-more-indian-investment/1748021/page-1.html>

<sup>26</sup> "South Africa to improve pipelines, ports", *The Maritime Executive*, February 17, 2015, at <http://www.maritime-executive.com/article/south-africa-to-improve-pipelines-ports>

Hence, the project from the China's side will go ahead as planned. Zhang has assured that his company follows strict standards and environmental regulations and that the project is in line with the developmental goals and law. However, Wickremesinghe has said that a special committee has been appointed to look into the project and its impact. The new Sri Lanka Government has also said that China should not be concerned about how the whole affair will impact the future initiatives by China in Sri Lanka.<sup>27</sup>

### **Sri Lanka and South Africa review bilateral relations**

Colombo convened the 5th round of Sri Lanka-South Africa Partnership Forum on February 24, 2015. The Forum comprehensively reviewed the two country's

bilateral relations, including trade, investment, science and technology, transport, tourism, agriculture, education, mutual legal assistance, cooperation between police services, defense cooperation, wildlife, cooperation between Zoological Gardens and people to people contact. Most importantly, the two sides highlighted the need to deepen economic and trade linkages by initiating the involvement of the private sector. Agro processing, steel and copper related products, aquaculture, apparel and textiles, IT and IT enabled services and software development, ship repair and ship and boat building industry, manufacture of automobile and spare parts were identified by both sides as the important priority sectors which have potential for economic cooperation.<sup>28</sup>

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<sup>27</sup> "China firm "sure" about Colombo project go-ahead", *India Today*, February 11, 2015, <http://indiatoday.intoday.in/story/china-firm-sure-about-colombo-project-go-ahead-china-communications-construction/1/418359.html>

<sup>28</sup> "5th round of the Sri Lanka - South Africa partnership forum reviews wide range of bilateral relations", *Colombo Page*, February 25, 2015, [http://www.colombopage.com/archive\\_15A/Feb25\\_1424804323CH.php](http://www.colombopage.com/archive_15A/Feb25_1424804323CH.php)



## ENVIRONMENTAL CONCERNS/ DISASTER RISK MANAGEMENT

### Indonesia's use of explosives in sinking illegal foreign boats concerns environmentalists

Indonesia is strictly following its new policy to sink illegal foreign fishing boats venturing in its waters. The sinkings had begun on December 5, 2015. Due to this policy, Susi Pudjiastuti, Indonesia's fisheries minister, has become one of the most popular ministers in President Joko Widodo's cabinet. The policy has the full support of the Indonesian Navy as well. Although the policy has earned accolades from the public, environmentalists are concerned about the use of explosives for these sinkings in the delicate maritime ecosystems. The explosives used and the floating debris of the vessels are harmful for the marine life and ecosystems near the location of the sinkings. In one way, it has an adverse environmental impact equivalent to dynamite fishing. It is also not clear if the Indonesian Navy properly cleans out the boats of their highly polluting diesel and bunker oil before sinking them.<sup>29</sup>

### Madagascar sets up its first community-controlled shark sanctuary

Antongil Bay marine reef, measuring some 2,300 sq km, is the largest along the eastern coast of Madagascar and enjoys a national importance. The Bay boasts a high marine biodiversity including concentration of pelagic fish, humpback whales and several species of sharks. Madagascar coasts have a high density of population and the people are directly involved in artisanal and small-scale fishing. Therefore, it is important for their government to take steps to strike a balance

between fishing activities and sustainability of marine life and resources found in the Antongil Bay. Hence, the Madagascar Government has enacted a law in early February 2015 that allows the community at the coast of the Bay to locally manage their marine resources by taking steps like temporary ban on fishing in demarcated areas. Prohibition of shark fishing is an important feature of the new law. According to the US-based Wildlife Conservation Society (WCS) statement, the first community managed shark sanctuary has been created in Madagascar that provides protected home to about 19 shark species. The WCS is working with the Madagascar Government for the conservation of marine biodiversity. The local people in the area has received the new law in good spirit.<sup>30</sup>

### Mauritius seeks India's help to construct mobile bridges for disaster management

Mauritius is looking for Indian cooperation in disaster management. The country seeks India's cooperation in constructing mobile bridges that are very useful for evacuation of people during natural disasters like floods. This quest for India's cooperation was expressed by Jayeshwur Raj Dayal, the Environment Minister of Mauritius, in a meeting with his counterpart Prakash Javadekar from India. Mauritius also wishes to train its engineers and professional in construction and maintenance of such mobile bridges with the help of India. Mr Javadekar also expects cooperation from Mauritius in the field of solar and other renewable energy.<sup>31</sup>

<sup>29</sup> "Sinking poachers' boats doesn't float with environmentalists", *Jakarta Globe*, February 17, 2015, at <http://thejakartaglobe.beritasatu.com/news/sinking-poachers-boats-doesnt-float-environmentalists/>

<sup>30</sup> "Giving power to the people: Madagascar creates first community-controlled shark sanctuary", *Seychelles News Agency*, February 19, 2015, at <http://www.seychellesnewsagency.com/articles/2404/Giving+power+to+the+people+Madagascar+creates+first+community-controlled+shark+sanctuary>

<sup>31</sup> "Mauritius seeks India's coop in construction of mobile bridges", *Business Standard*, February 4, 2015, at [http://www.business-standard.com/article/pti-stories/mauritius-seeks-india-s-coop-in-construction-of-mobile-bridges-115020401403\\_1.html](http://www.business-standard.com/article/pti-stories/mauritius-seeks-india-s-coop-in-construction-of-mobile-bridges-115020401403_1.html)

### ENI's floating factory project in Mozambique is environmentally viable, says report

The preliminary report prepared by Consultec, finds the project to build a floating plant for the processing of natural gas in the Area 4 block in northern Mozambique, as environmentally feasible. But certain measures would be required to be implemented for the feasibility. Consultec is involved in the evaluation study undertaken to assess the environmental impact of such a floating project. The study that started in 2013 is currently in its second phase. ENI East Africa, an Italian oil company, has discovered natural gas reserves of over 85 trillion cubic feet and it plans for a floating processing unit in the sea as Area 4 of the Rovuma Basin. The study identified more than 80 positive and negative impacts of the project in total. However, majority of them have been classified as being of low or medium significance after mitigation – meaning proper implementation of the measures to be undertaken to prevent the negative impacts as suggested by the study group.<sup>32</sup>

### South African forces return home after flood assistance in Mozambique

South Africa's 28 Squadron C-130BZ returned back to AFB Waterkloof on January 31, 2015, after a 14 day long Operation Loapi in Mozambique. The Operation took place to assist the flooded northern Mozambique. The 80-strong South Africa National

Defence Force (SANDF) deployment has wrapped up its operations and returned in the stipulated time. Although the floods in Mozambique this time have not been as grave as it were in 2000, the lessons learnt during that period have helped. During the Operation, the South African airmen, medics and soldiers stayed in civilian accommodation in Quelimane and they logged about 120 flying hours in delivering food, medical and shelter aid. About 74 tonnes of equipment was flown from Quelimane to the places in need.<sup>33</sup>

### Current MH370 search area will be covered by May this year

The Joint Agency Coordination Centre (JACC) tasked with locating Malaysia Airlines flight MH370 has covered over 24,000 square kilometer of seafloor in a remote area of the Indian Ocean, which is around 40 per cent of the search area. The JACC predicts that the current underwater search area may be largely explored by May 2015, assuming there were no other significant delays with vessels, equipment or from weather. The Malaysian vessel Go Phoenix and Dutch vessel Fugro Discovery are conducting underwater search operations. They will be assisted by Fugro Equator and Fugro Supporter. The Boeing 777 flight MH370 with its 12 crew and 227 passengers disappeared from the radar screen while *en route* from Kuala Lumpur to Beijing, about an hour after departing from the Kuala Lumpur International Airport on March 8, 2014.<sup>34</sup>

<sup>32</sup> "ENI's floating factory in Mozambique is environmentally viable", *macauhub*, February 13, 2015, at <http://www.macauhub.com.mo/en/2015/02/13/enis-floating-factory-in-mozambique-is-environmentally-viable/>

<sup>33</sup> "Job done in Mozambique – SANDF safely back home", *Defence Web*, February 2, 2015, at [http://www.defencewebsite.co.za/index.php?option=com\\_content&view=article&id=37789:job-done-in-mozambique-sandf-safely-back-home&catid=111:sa-defence&Itemid=242](http://www.defencewebsite.co.za/index.php?option=com_content&view=article&id=37789:job-done-in-mozambique-sandf-safely-back-home&catid=111:sa-defence&Itemid=242)

<sup>34</sup> "Australia says about 40% of MH370 search area covered", *The Malaysian Insider*, February 25, 2015, at <http://www.themalaysianinsider.com/malaysia/article/australia-says-about-40-of-mh370-search-area-covered>

## 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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