

OPRF MARINT Monthly Report

July 2006



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Each resource is referenced with bracket below each title and is displayed as link USL on the last page of this report.

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Retrospect: The First Half of 2006

1.1 Law and order

The Ministerial Conference on International Transport Security was convened from January 12 to 13 in Tokyo. In addition to Ministerial Declaration, the following Statements were adopted at the Conference: Ministerial Statement on Security in International Maritime Transport Sector; Ministerial Statement on Aviation Security; Ministerial Statement on Land Transport Security and Ministerial Statement on Transport and Influenza. The full excerpts from the Ministerial Statement on Security in International Maritime Transport Sector are listed in the January 2006 edition of the monthly report.

On January 31, 2006, the International Maritime Bureau (IMB) released its 2005 annual report on "PIRACY and Armed Robbery against Ships" during January 1- December 31, 2005. As a whole, total number of piracy or armed robbery attacks in 2005 have been on the decline, due to efforts by each country to strengthen security measures. Especially, piracy attacks in the Malacca Straits decreased significantly. (Refer to the January 2006 edition of monthly report, Chapter 2 Intelligence Assessment.)

No piracy or armed robbery attack was reported in the Malacca Straits in the first quarter of 2006. Malaysia asked London insurer Lloyd's to reconsider its war risk rating on the strait on the ground of the current situation as well as ongoing security measures implemented by the three littoral states (Indonesia, Malaysia and Singapore). Details of the discussion over the

removal of the region from Lloyd's security blacklist are featured in the March 2006 edition of the monthly report. On June 15, Head of the Kuala Lumpur-based Piracy Reporting Center of IMB asked Lloyd's to drop the Malacca Straits from its list of war-risk areas because the strait was no longer a piracy hotspot due to strengthening of patrol activities by the three littoral states. In response to this, Lloyd's has insisted that it should retain the strait on its war and terrorism listing until it makes sure the current situation in the strait is not a temporal in statistics but a long-term trend. In the meantime, Lloyd's newly included waters of Sri Lanka and Yemen on its list of "areas of perceived enhanced risks" on May 22. As for the security measures in the Malacca Straits, the three littoral states signed an agreement on April 21 to set up a Joint Coordinating Committee (JCC) with an aim to oversee air and sea patrols. The Terms of Reference (TOR) and the Standard Operating Procedures (SOP) were also signed to operate the Malacca Strait Sea Patrol (MSSP) and Eyes in the Sky (EiS) under one umbrella. On June 13, Japan has decided to use ODA to provide Indonesia with three patrol boats to Indonesia, as an exception to Japan's three principles of arms export.

With regard to the other noticeable security-related events occurred during the first half of 2006, the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) will enter into force on September 4, 2006, as the tenth country, Sri Lanka has deposited its instrument of ratification with the Depositary, Singapore. The ReCAAP was initiated by Japanese Prime Minister Junichiro Koizumi in 2001 and finalized in Tokyo in 2004. The ReCAAP is the first regional

government-to-government agreement aimed at promoting multilateral anti-piracy cooperation amongst 16 regional countries, namely the ASEAN 10, plus Japan, China, South Korea, India, Bangladesh and Sri Lanka. Under the agreement, the Information Sharing Centre (ISC) will be established in Singapore. The ISC is the first of institutionalized organization in the form of a standing body with permanent member of staff (13-15 members including representatives from each country).

1.2 Military security

The U.S. Defense Department released the “Quadrennial Defense Review Report 2006” (2006QDR) on February 3. The 2006QDR reveals U.S. Navy plan by stating, “the Navy plans to adjust its force posture and basing to provide at least six operationally available and sustainable carriers and 60 % of its submarines in the Pacific to support engagement, presence and deterrence.” What drew attention is the indication of U.S. naval force buildup in the Asia-Pacific region. Such a buildup plan appears to be part of hedging strategy against China. This topic is covered in the February 2006 edition of the monthly report.

In connection with the U.S. hedging strategy against China, there have been growing concerns in the U.S. about when China will acquire its own aircraft carrier. Any aircraft carrier China acquires is believed to be a significant platform in developing full-scale blue-water navy. On January 24, Taiwan’s Ministry of National Defense (MND) released 20 pictures of Chinese military establishment and a Soviet-made aircraft carrier, VARYAG which was under a refit in a Dalian military shipyard. Together with some media articles and pictures, this topic is featured

in the January 2006 edition of the monthly report. The “ANNUAL REPORT TO CONGRESS Military Power of the People’s Republic of China 2006” (annual report) released by the U.S. Defense Department on May 23, highlights the topic of China’s efforts to develop aircraft carriers with a boxed article, which shows the high level of U.S. interest. This topic is taken up in the May 2006 edition of the monthly report. The annual report notes that China’s final goal remains unknown, but it enables the PLA Navy engineers to study the structural design of the aircraft carrier comprehensively. On that basis, if China will shift to a broader “sea control” strategy, several signs including development of aircraft carrier could be seen. From these standpoints, China’s movements over the Varyag will be the key to foreseeing the future of the PLA Navy.

In association with China’s energy strategy, its “string of pearls strategy” matter along with India’s activities has been examined several times in the past editions of the monthly report. The “string of pearls strategy” is a term of a collective series of diplomatic and military measures by China aimed at acquiring access and strategic bases along more than 10,000 kilometers of sea-lanes stretching from the Middle East to China via the Persian Gulf. The first “pearl” is the port of Gwadar, Pakistan, where is expected to be ready for operation around the middle of 2006. The March 2006 edition of the monthly report introduces the whole picture of the “string of pearls strategy” as well as the strategic value of the Gwadar port, on the basis of information from various media sources.

One of the other notable incidents on the military front is the progress of the U.S. military realignment plan in Japan. The governments of

the U.S. and Japan held the Security Consultative Committee (SCC) meeting on May 1 and agreed to finalize their plan on the realignment of U.S. force in Japan. The May 2006 edition of the monthly report illustrates its strategic meaning as a feature story in Chapter 2, Intelligence Assessment.

In the meantime, U.S.-China military exchanges took another turn in June. The U.S. carried out its large-scale military exercise, named "Valiant Shield" in the Pacific from June 19 to 23, involving three aircraft carriers. The top U.S. commander in the Pacific Adm. William J. Fallon invited Chinese military observers to attend the exercises. It is worth keeping eyes on how China will reciprocate to the U.S. concerning their military exchanges in the second half of this year.

1.3 Diplomacy and International Relations

What has been noticeable on the diplomatic front is the development of U.S.-India relations. U.S.-India summit meeting was held on March 2 during the U.S. President's visit to India and Pakistan. Both U.S. and Indian leaders reached an agreement on separation of civil and military nuclear facilities as well as cooperation on civil nuclear facilities. The March 2006 issue of the monthly report covers this topic, examining the significance and challenge of the U.S. about the cooperation on civil nuclear facilities with India that hasn't signed the Nuclear Proliferation Treaty (NPT).

Meanwhile, attention has also focused on diplomacies of China and Russia. On March 21-22, Russian President Vladimir Putin had talks with his Chinese counterpart during his

official visit to China. Putin and Chinese President Hu Jintao agreed to strengthen ties between the two countries. The Shanghai Cooperation Organization (SCO), which consists of China, Russia and the four Central Asian countries (Kazakhstan, Kyrgyz, Tajikistan and Uzbekistan), held its sixth annual summit on June 15 in Shanghai, marking the fifth anniversary of the establishment of the SCO. Although the summit did not draw keen attention from the West, the SCO has gradually increased its presence in Eurasia since its inception. Also, the SCO has become increasingly important with regard to relations with the U.S. The June 2006 edition of the monthly report features the general overview and strategic significance of the sixth SCO summit meeting.

Furthermore, vigorous diplomatic activities by Chinese leaders have grabbed attention from the viewpoint of the relations with U.S. and Taiwan along with energy strategy. Chinese President Hu Jintao and U.S. President George W. Bush held a summit meeting on April 20 during Hu's U.S. visit. Then Hu flew to call on Saudi Arabia and three African countries. Meanwhile, Chinese Premier Wen Jiabao attended the first Ministerial meeting of the China-Pacific Island Countries Economic Development and Cooperation Forum convened in Fiji on April 5. China tried to knock its wedge into South Pacific Ocean region where is Taiwan's diplomatic arena. Then he made a tour of New Zealand, Australia and Cambodia. Wen also made a seven-nation African tour from June 17 to 24. Such frequent African visits by Chinese leaders are significant in terms of securing of energy resources. From April 5 to 19, Chinese Defense Minister Cao Gangchuan visited five countries, namely Malaysia, Singapore and Vietnam where are vital

for China's sea lanes, as well as North Korea and Republic of Korea. The April 2006 edition of the monthly report examines the main objective of these rounds of visits by the leaders.

At the U.S.-Japan summit meeting held on June 29 in Washington, the two leaders announced "The Japan-U.S. Alliance of the New Century," sharing their view as "the U.S.-Japan partnership stands as one of the most accomplished bilateral relationships in history." The joint statement concluded that, "They shared the expectation that the U.S.-Japan friendship and global cooperation shall continue to grow stronger." The details of the U.S.-Japan summit meeting are described in the June 2006 edition of the monthly report.

On April 25, Panama announced its ambitious plan to widen the Panama Canal with US\$5.3 billion funds, in order to keep the canal as a key route for global cargo. This plan is to be put to a referendum later this year.

1.4 Resources and Environment

China's aggressive energy strategy has caught a lot of attention. China has concluded several agreements with the Central Asian, Middle Eastern and African countries on the development and supply of energy resources, along with promoting development of offshore oil and natural gas off South China Sea. Kazakhstan began oil deliveries to China via its new pipeline on May 25, which marked the first time for imported oil to be directly pipelined into China. On the other hand, China's largest carrier of crude oil, China Shipping Development has ordered eight new tankers to handle increasing energy demand in China. Meanwhile, China will complete construction of its first strategic oil reserve facility in Zhenhai, Zhejiang province in August, 2006. Like this, Beijing is focusing on developing its oil reserve facilities as well as expanding its energy transport infrastructure.

Introduction

Law and order : No piracy or armed robbery attacks were reported in the Malacca Straits in the first quarter of 2006. But there were two piracy attacks this month, which raises concern about whether those piracy acts are isolated incidents or the start of more attacks in the Malacca Straits. On July 25, the International Maritime Bureau (IMB) released its semiannual report on “PIRACY and Armed Robbery against Ships” during January 1-June 30, 2006. It says out of the total of 127 actual and attempted piracy or armed robbery attacks, the damages in Indonesian waters marked the highest with 33 cases, followed by off Bangladesh. (See p.20, Intelligence Assessment “2.1 Figures of Piracy and Armed Robbery for the first half of 2006” for more details)

Military security : North Korea intermittently launched seven ballistic missiles early in the morning of July 5. Russian missile designers believe that the attempt to increase the range of old Soviet-made Scud-D missiles by enlarging their fuel tanks and adding stages to the missile has technical limitations. Therefore, it can not ensure the desirable result. The launch of the Taepodong-1 in August 1998 and the Taepodong-2 this time do not mean North Korea has reached the design and production level required by ICBM. On 15 July, the U.N. Security Council unanimously adopted Resolution 1695, condemning North Korea’s missile test. (Regarding the future trends of North Korea, together with the U.S. and China, see p.25, Intelligence Assessment “2.2 North Korean Missiles: An Outlook for the Future”)

On July 9, the India’s Agni-III missile was test-fired from the site of the Defense Research and Development Organization (DRDO) at Wheeler Island, off the coast of Orissa. At first, the launch went smoothly, but it crashed into the Bay of Bengal after going up to a height of 12 kilometers. According to the source, the failure was due to the design problem. “The second stage of the two-stage solid-fuelled missile apparently failed to separate,” said the source.

Diplomacy and International Relations : South Korea announced on July 5 that its survey ship completed a maritime survey of the disputed areas around the Takeshima islets (known as Dokdo in South Korea). Tokyo demanded on July 5 that Seoul immediately stop the survey activities around the waters claimed by both countries, and sent a coast guard patrol to the waters.

Group of Eight (G8) summit was convened on July 15-17 in St. Petersburg, Russia. G8 leaders adopted a document on Global Energy Security on the second day of the summit. The chair's summary was released after the close of the summit, stressing that open, transparent, efficient and competitive energy markets are the cornerstone for their common energy security strategy. It also urged North Korea to reestablish its preexisting commitment to a moratorium on missile launching and to promptly return to the Six-Party talks without precondition.

Resources, Environment and Others : Washington-based Nuclear Energy Institute (NEI) said

that currently 18 reactors, which is about 70 percent of the world's total under construction, are being built in Asia and additional 77 have been planned or proposed due to the growth of economy in China and India together with soaring oil prices. Reactors can save oil or coal, and reduce polluted sulphur dioxide and nitrogen oxide, but the biggest problem is how to deal with the spent fuel.

1. Intelligence Bulletin

1.1 Law and order

July 2 "Pirates attack two U.N. ships in the Malacca Straits" (The Associated Press, July 3, 2006)

Two U.N. chartered ships carrying construction material were attacked by pirates off the Indonesian coast in the Malacca Straits on July 2. Noel Choong, the chief of the International Maritime Bureau's (IMB) Piracy Reporting Center in Kuala Lumpur, said that the two ships were heading for Aceh province to transport construction material for the restoration of the tsunami damage. While it caused no injuries, cash and some of the equipment were stolen. The attack raises concern about a resurgence of piracy acts in the Malacca Straits. IMB said that there were no pirate attacks in the Malacca Straits in the first three months of 2006, but five cases were reported since April, including the U.N. chartered ship attack.

July 4 "Japanese ship attacked by pirate in the Malacca Straits" (Dow Jones, July 4, 2006)

Pirates attacked a Japanese-based Panamanian flagged carrier in the Malacca Straits off the coast of Indonesia's Aceh province on July 4. But the crew repulsed the attack by raising an alarm, turning on floodlights and spraying water from fire hoses. The chief of the Piracy Reporting Centre, Noel Choong expressed concern about three-time occurrence of such pirate attacks over the several days in the same area. "We have informed the Indonesian authorities, and we hope they will take action to contain the problem," Choong said. He added that he didn't know whether the two attacks were of the nature of a one-time incident or herald other attacks in the Malacca Straits. "We are still monitoring. But we urge ships to keep a strict piracy watch."

July 11 "China, U.S. carry out joint patrols to prevent illegal fishing in north Pacific" (Xinhua, July 11, 2006)

The China Fishery Law Enforcement Command announced on July 11 that two Chinese fishery law enforcement boats and U.S. coastguards started to conduct joint patrols to crack down on illegal fishing in the North Pacific. This is the fifth consecutive year China and the U.S. have conducted joint patrols since 2002. The two Chinese vessels set out for the North Pacific on June 24 and met with U.S. coastguard cutter "RUSH" on July 9. Both China and the U.S. will exchange information and will sail separately, with keeping in contact each other via satellite. Based on a Memorandum of Understanding (MoU) concluded between China and the U.S. in 1993, China has sent personnel to the North Pacific to join the patrol with the U.S. every year since 1994. Since 2002, China has dispatched one or two vessels to the joint activities with the U.S.

July 11 "Indonesia to boost security at air and sea ports" (The Sydney Morning Herald, July 11, 2006)

Under a joint project with Australian immigration department, Indonesia will beef up its security at airports in Jakarta, Denpasar, Surabaya and Medan, Batam sea port. Australian company, CPS Systems will provide passport readers, name-matching software and databases to identify any suspicious individuals entering Indonesia. Australian Immigration Minister Amanda Vanstone said, "Better control of borders throughout our region will help curb potential terrorist movements and other threats to the safety and wellbeing of all people in our region."

July 13 "Thailand, Malaysia to strengthen naval intelligence cooperation on the southern coastal border" (Xinhua, July 14, 2006)

Navy officers from Thailand and Malaysia met in Songkhla, southern Thai province on July 13, to discuss security cooperation on the southern coastal border. Commander in Chief of Second Fleet Royal Thai Fleet, Vice Admiral Chatchawal Amrapala said that he had asked Malaysia to take some measures to boost surveillance in the shared offshore waters. Thailand wants to thoroughly investigate all vessels entering into Thai waters from Malaysia aiming to prevent transportation of arms, cash and rebels who possibly use the sea routes to raise a row in three Muslim-dominated southern Thai provinces bordering Malaysia.

July 17 "U.S. expresses support to security in the Malacca Straits" (AFP, July 17, 2006)

On July 17, the chief of U.S. naval operations, Admiral Michael Mullen told reporters that the U.S. is prepared to share maritime expertise with Malaysia to combat piracy in the Malacca Straits, following the meeting with his Malaysian counterpart, Ilyas Din during Mullen's visit to Malaysia. Malaysian Defense Minister Najib Razak had said in 2005 that the countries bordering the strait were seeking the U.S. to play a supporting role by providing patrol aircraft to the region.

July 18 "Bangladesh Coast Guard and Navy begin joint patrols to eradicate pirates" (Narinjara.com, July 18, 2006)

Bangladesh launched joint patrol activities by the Coast Guard and Navy to seize pirates in the Bay of Bengal following the increasing maritime criminal wrongdoings. The combined operations involve more than 3,000 personnel from both the Coast Guard and Navy along with some 17 vessels. The joint operations have been conducted after identifying strategic points within the Bay of Bengal, but no announcement of pirates capture has been made as of July 16. Pirates have attacked more than 500 fishing trawlers and looted fishing nets, fish and other goods worth about US\$ 1.43 million during the past month. The recent attacks killed two fishermen and injured over 300 others. Furthermore, the pirates have kidnapped about 300 fishermen and captured several trawlers to demand the release of their members who are in custody. The Coast Guard and the pirates exchanged fire on July 5 and 11, which left two pirates dead. On the other

hand, Myanmar's military government hasn't taken any anti-piracy measures, nor cooperated with its neighbor countries.

July 25 "Philippine, Malaysia, Indonesia to launch joint sea patrols by 2007" (The Daily Tribune, July 25, 2006)

The Philippine government hopes to implement a proposal to carry out joint naval patrols with Malaysia and Indonesia as part of efforts to enhance security within Brunei, Indonesia, Malaysia, Philippines-East ASEAN Growth Area (BIMP-EAGA) by 2007. Philippine's special envoy to the BIMP-EAGA, Ambassador Efren Abu said naval and coastguard officials of the three countries have started the discussions regarding the requirement of the joint security initiative, aiming at preventing the water from terrorist movements and illegal activities.

Abu said the Mindanao Economic and Development Council (Medco) serves as the coordinating agency of the Navy, Coastguard, Bureau of Fisheries, Aquatic Resources and other relevant agencies. Medco also plays a role of coordinating the customs-immigration-quarantine (CIQS) activities in the BIMP-EAGA. Australian government granted about AU\$ 1.2 million to Medco late 2005 to strengthen the capacity of CIQS activities in Mindanao and Palawan. Recently, Australia has committed to expand the program, focusing on the improvement of the CIQS operations in ports serving the BIMP-EAGA route.

BIMP-EAGA covers an aggregate area of 1.54 million square kilometers and an estimated population of over 50 million, consisting of Brunei; East and West Kalimantan; North and South Sulawesi, Maluku, Gorontalo and Irian Jaya in Indonesia; Sabah, Sarawak, Labuan in Malaysia and Mindanao and Palawan in the Philippines. The seas surrounded by these four countries had been incomings and outgoings routes of terrorists who were allegedly responsible for a series of bombings in principal cities in the area over the last three years.

July 25 "Indonesia records the highest number of sea attacks in the first half of 2006" (The Jakarta Post, July 26, 2006)

The International Maritime Bureau (IMB) released its report, "PIRACY and Armed Robbery against Ships" for the first half of this year. According to the report, Indonesia recorded 33 sea attacks, marking the highest number out of the total 127 cases followed by Bangladesh with 22 attacks. (Refer to p.20, Chapter 2, Intelligence Assessment, "2.1 Figures of Piracy and Armed Robbery for the first half of 2006" for more details)

July 26 "Indonesian Navy arrests former GAM rebel as piracy act" (Reuters, July 26, 2006)

Chief of the Indonesian Navy's Western Fleet, Rear Admiral Moekhlas Sidik told reporters that the navy has arrested three former separatist rebels of the Free Aceh Movement (GAM) for pirating ships carrying aid for the tsunami-hit Aceh province. Sidik said, "We are still on alert for more action from their groups because they use weapons like rifles and grenade launchers in their operations." The cease-fire deal signed by the Indonesian government and the GAM in Helsinki in

August 2005 required the GAM to hand over its weapons, and Indonesian authorities to drastically reduce the number of soldiers and policemen stationed in Aceh. The final disarmament of the GAM and withdrawal of Indonesia were conducted in January 2006. Sidik said that the arrests have forced Indonesian authorities to investigate the number of guns remaining in the hands of the GAM.

July 27 "Indonesia should consider establishing a Coast Guard, researcher proposes" (The Jakarta Post, July 27, 2006)

In Indonesia, there are various agencies responsible for law enforcement in the sea. The Coordinating Agency for Sea Security (Bakorkamla) has been established by the government, but it has poorly fulfilled the role as a coordinating agency. Dirhamsyah, a researcher at the Research Center for Oceanography, Indonesian Institute of Science (LIPI) suggests the establishment of its own coast guard. He notes three advantages of having a national organization that is responsible for services at sea as below:

- (1) A coast guard is a paramilitary organization which is better suited than a warship to enter into sensitive sea areas to enforce maritime law or conduct patrols of border areas. The inspection of a foreign ship by a coast guard may be more acceptable and regarded as more legitimate than a Navy vessel.
- (2) In general, coast guard vessels and aircraft can be purchased at the lower price than naval units. As a civil organization, developing country's coast guard unit is easy to get financial aid from international aid organizations.
- (3) The creation of a coast guard can facilitate its integrated law enforcement program, as it can accommodate various operations ranging from the monitoring of fisheries to customs and immigration into one agency.

However, he said that establishing a coast guard may provoke heated debate. Besides, it will require major amendment to ongoing maritime laws giving the Navy the right for the enforcement. Nevertheless, he advocates that as a maritime state, Indonesia should conduct a feasibility study on the creation of a coast guard.

July 28 "MMEA to cooperate with U.S. Coast Guard" (BERNAMA, July 28, 2006)

The Malaysian Maritime Enforcement Agency (MMEA) carried out at-sea combined exercise with the U.S. Coast Guard (USCG) on July 28-29, as part of the 12th Cooperation Afloat Readiness and Training (CARAT) exercise series. The "Exercise Guardian" (Ex-Guardian) which focused on anti-smuggling activities at pier and sea was conducted on the USCG Sherman, involving about 50 MMEA personnel. "This is the first time the MMEA is participating with the USCG in conducting exercises which include pier side and sea exercise," MMEA operations officer said after finishing their first day. "They taught us many new things in conducting inspection, especially in dealing with smugglers and pirates. I personally believe that our personnel, through this kind of cooperation, will benefit for their operational betterment."

CARAT is a series of bilateral military exercises held annually between the U.S. and

Southeast Asian countries since 1995. Participating countries include the navies of Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand. Malaysia is the fourth segment of the six series CARAT beginning on May 29 in Singapore. CARAT 2006 involved approximately 1,400 U.S. personnel, 1,000 Malaysian Armed Forces personnel, along with a five-ship U.S. task group consisting of a dock landing ship USS Tortuga, a guided missile destroyer USS Hopper, a guided missile frigate USS Crommelin, a high endurance cutter USCGC Sherman and, a rescue and salvage ship USS Salvor.

1.2 Military security

July 5 "North Korea launches seven missiles" (Several news sources, July 5-7, 2006)

Early in the morning of July 5, North Korea intermittently launched seven ballistic missiles. Out of them, six fired from a Kittaeryong base, in southeastern North Korea, fell down in the Sea of Japan, eastward off Nakhodka. Of these six, the second and the fifth missiles are believed to be Nodong, with a range of 1,300 kilometers, and the others are Scud, with a range of 500 kilometers. The Japanese Defense Agency released a statement immediately after the launch of six missiles, saying that all missiles fell into the Sea of Japan, southward off the maritime region of Russia. On the other hand, Russian side said all missiles fell in the Sea of Japan approximately at the 40th parallel, about 350 kilometers from the Russian coast. (RIA Novosti, July 7) Russian President Vladimir Putin said on July 5 that "our equipment tracked no warheads or other [missile] parts falling either into our territorial waters or our economic zones." (RIA Novosti, July 6)

On the other hand, Taepodong-2, widely believed to have the firing range of 3,500-6,000 km, was launched from a base in Musudanri, northeastern North Korea, and was the third of the seven missiles North Korea test-fired that day. Taepodong-2 reportedly exploded in mid-air after going up to a height of 1.5 kilometers, and fell into the surrounding area of Musudanri missile base and the Sea of Japan some ten kilometers away from the base. White House Press Secretary Tony Snow said on the same day it was a failure since the Taepodong-2 plunged into the sea within 40 seconds of the launch. A press release issued by U.S. Northern Command (USNORTHCOM), which defends America's homeland, said as ground-based midcourse defense system interceptors based at Fort Greely, Alaska, and Vandenberg Air Force Base, California were operational during the missile launch by North Korea, Northern Command officials were able to assess in the early stage that the launch posed no threat to mainland U.S. and its territories.

According to the RIA Novosti of July 6, a Russian expert on strategic arms, Major General (Ret.) Vladimir Dvorkin noted the following points concerning the North Korean missile technology. (1) There was no reliable information about the type of the missiles launched by North

Korea. If it was really the Taepodongg-2, then the launch was totally opportunistic. Because North Korea has yet tested the missile's prototype, Taepodong-1. The first and only missile launched in August, 1998. North Korea's statement on launching the missile to orbit a satellite was a bare-faced lie, because none of the world's monitoring and control systems saw or heard that satellite. Therefore, it can be assumed that Pyongyang repeated the Taepodong-1 launching, which failed again. (2) To supply such a missile to the armed forces, North Korea must test-fire missiles, just as the Soviet Union, the U.S. and other countries did. And all of such test launches must be successful. In order to do this, there needs to have a ramified network of trajectory measurements for pinpointing design drawbacks and providing the effectiveness of amendments, but it is apparent that North Korea does not have such a network. (3) Russian missile designers believe that the attempt to increase the range of old Soviet-made Scud-D missiles by enlarging their fuel tanks and adding stages to the missile has technical limitations. Therefore, it can not ensure the desirable result. The launch of the Taepodong-1 in August 1998 and the launch of the Taepodong-2 this time (supposing that it was the Taepodong-2) do not mean North Korea has reached the design and production level required by ICBM.

On 15 July, the U.N. Security Council unanimously (including Russia and China) adopted Resolution 1695 proposed by the U.S. and Japan. Excerpts of Resolution 1695 follow:

“Acting under its special responsibility for the maintenance of international peace and security,

1. Condemns the multiple launches by the Democratic People's Republic of Korea (DPRK) of ballistic missiles on 5 July 2006 local time;
2. Demands that the DPRK suspend all activities related to its ballistic missile programme, and in this context re-establish its pre-existing commitments to a moratorium on missile launching;
3. Requires all Member States, in accordance with their national legal authorities and legislation and consistent with international law, to exercise vigilance and prevent missile and missile-related items, materials, goods and technology being transferred to DPRK's missile or WMD programmes;
4. Requires all Member States, in accordance with their national legal authorities and legislation and consistent with international law, to exercise vigilance and prevent the procurement of missiles or missile related-items, materials, goods and technology from the DPRK, and the transfer of any financial resources in relation to DPRK's missile or WMD programmes.”

Resolution 1695: <http://www.un.org/News/Press/docs/2006/sc8778.doc.htm>

July 5 "Indian Navy agrees with Russia to buy three warships" (BBC News, July 6, 2006)

India has agreed to purchase three stealth frigates and 28 cruise missiles from Russia for

more than US\$1 billion. The 4,000-ton frigates will be delivered in five years. India had already bought three similar frigates from Russia in the 1990s. The INS Talwar was the first of three Krivak class frigates commissioned from Russia in another deal of US\$1 billion.

July 6 "U.S. to give the Philippines 26 military helicopters" (Xinhua, July 6, 2006)

According to the Philippine Air Force, at least 26 U.S.-made secondhand helicopters will be delivered in the country in six months to enhance government's capability in handling insurgents of the New People's Army. An air Force spokesman said that the type would be UH-1H or Huey helicopters. Among them, six will arrive immediately and the remaining 20 will arrive by the end of this year. The U.S. President George W. Bush committed to provide 30 aircraft with the Philippines under the U.S. Excess Articles Program. The 26 helicopters will be part of the 30 aircraft.

July 9 "India fails to its test launch, Agni-III" (The Hindu, July 10, 2006)

On July 9, the India's Agni-III missile was test-fired from the site of the Defense Research and Development Organization (DRDO) at Wheeler Island, off the coast of Orissa. At first, the launch went smoothly, but it crashed into the Bay of Bengal after going up to a height of 12 kilometers. "The second stage of the two-stage solid-fuelled missile apparently failed to separate. The test failed to achieve most of the operational parameters set for it, which were being monitored by three radars, six electro-optical tracking systems and three telemetric data stations," sources said. Defense Minister Pranab Mukherjee and Chairman of Atomic Energy Commission witnessed the test from a control room.

The indigenously built Agni-III is 16 meters tall and weighs 48 tonnes, capable of carrying nuclear warheads with a total payload weighing up to 1.5 tonnes and of hitting targets over 3,500 kilometers away. A successful launch will enable India to have a credible nuclear deterrence with a robust second strike nuclear capability reaching the northern China. Agni-III belongs to India's Integrated Guided Missile Development Programme (IGMDP) together with other missiles in the Agni series being already deployed, such as Agni, Agni II and Agni I, all of which already have gone several flights. The IGMDP also includes Trishul, Prithvi, Akash and Nag missiles.

Agni-III missile test was scheduled around 2003-2004 at first, but it was put off due to some technical reasons. Although it was again scheduled in February, 2006, it was forced to cancel in view of the U.S. President's visit to India in the following month.

July 11 "Singapore and Thai Navies hold bilateral naval exercise" (Channel News Asia, July 12, 2006)

Navies of Singapore and Thailand kicked off a bilateral naval exercise on July 11. The exercise lasting until July 20 will be carried out at Changi Naval Base and Sattahip Naval Base in Thailand. The exercise is the fourteenth in the series conducted biennially between the two navies since 1981. This year's exercise includes maritime surveillance and tracking elements for the first time.

July 14 "Kyrgyz and U.S. agree to extend U.S. air base lease" (The Dawn, July 14, 2006)

Kyrgyz and the U.S. announced on July 14 that they have agreed to allow the U.S. forces to continuously use an air base in Kyrgyz. The terms of the deal were not released yet.

July 16 "Indian naval vessel INS Tabar conducts search and rescue exercises with Fiji Navy" (Fiji Times Online, July 17, 2006)

The Indian naval vessel INS Tabar held anti-piracy and search and rescue exercises with the Fiji Navy at Suva Harbor on July 16. Maritime Commander of the Fiji Navy said the aim of the exercises was to enhance compatibility and cooperation with the Indian Navy. The INS Tabar has been on a cruise to Southeast Asia, South Pacific Ocean for six weeks as part of a goodwill tour and has already visited Indonesia, Australia, New Zealand and Tonga so far. It will also stop at Port Moresby in Papua New Guinea and Singapore before it heads back to home port in Mumbai, India.

July 17 "Australia to unify four defense operations" (The Australian, July 17, 2006)

On July 17, Australian Defense Minister Brendan Nelson announced that the country will unify the current four separate defense operations protecting Australia's sea borders and fish stocks. The current four operations Relax II (to crack down on illegal boat arrivals), Cranberry (illegal fishing), Celesta and Mistral (patrols of the Southern Ocean) will be replaced by Operation Resolute. The operation will also conduct patrols around offshore gas and oil rigs.

July 18 "U.S. Defense Secretary meets with top Chinese Officer" (American Forces Press Service, July 18, 2006)

On July 18, U.S. Defense Secretary Donald H. Rumsfeld had talks with Vice Chairman of China's Central Military Commission, General Guo Boxiong during his U.S. visit. The two parties talked about a wide range of issues from North Korea's nuclear program to their plan to participate in search and rescue exercises which are expected to take place later 2006 under the Military Maritime Consultative Agreement. Rumsfeld urged Guo to join the sessions of the Asia-Pacific Center for Security Studies held in Hawaii as well as the annual Shangri-La Dialogue in Singapore, both of which aim at enhancing regional understanding and cooperation. China has refused to join both sessions because of Taiwan's participation. His U.S. visit includes a tour of the aircraft carrier, USS Ronald Reagan and the 3rd Marine Aircraft Wing in San Diego. Guo will also meet with Secretary of State Condoleezza Rice and deliver a speech at the National Defense University in Washington. Then he will visit the U.S. Military Academy in New York.

July 18 "USS Enterprise arrives at South Korean port" (The Associated Press, July 18, 2006)

The U.S. aircraft carrier USS Enterprise (the Carrier Strike Group 12) arrived at a port of Busan, South Korea, on July 18 for the first time in 17 years. The U.S. Navy said the deployment

to the Asia-Pacific region is “part of a regular rotation of vessels in support of U.S. commitments to around the world,” and it has nothing to do with anything related to North Korea which recently conducted missile tests. It wasn't clear how long the aircraft carrier will stay at the port.

July 23 "Sixth Aegis ship to be deployed at Sasebo" (The Japan Times, July 23, 2006)

According to the Maritime Self-Defense Force (MSDF) source, its sixth Aegis warship equipped with Standard Missile-3 interceptor missiles, which is now under construction, will be deployed at Sasebo, Nagasaki prefecture after its completion in spring 2008. The MSDF currently owns a fleet of four 7,250-ton class Aegis destroyers: the Kongou and Choukai based in Sasebo, the Myoukou in Maizuru, the Kirishima in Yokosuka. The fifth Aegis warship, Atago, the first 7,700-ton class which will be commissioned next spring, is to be deployed at Maizuru. As a result, five of six Aegis warships will be deployed at MSDF bases along the Japan Sea or the East China Sea as part of Japan's missile defense shield. The MDSF is planning to upgrade the current Aegis warships equipped with SM-2 interceptor missiles to SM-3 interceptors capable of hitting ballistic missiles.

July 24 "Singapore, Australia kick off joint naval exercise" (The Sydney Morning Herald, July 24, 2006)

Singapore and Australia launched a joint naval exercise, “Exercise Singaroo” on July 24 in waters off Darwin, northern Australia. The 10-day exercise, aiming at improving joint procedures and tactics of the two navies in maritime warfare, will end August 2. The exercise involves Royal Australian Navy's guided missile frigates and Seahawk helicopters, and Singaporean Navy's two corvettes. Australia will also send F-111 fighter jets and strike-support aircraft.

July 24 "Pakistan plans to increase its plutonium production, U.S. think tank reports" (ISIS, July 24, 2006)

The U.S.-based think tank, Institute for Science and International Security (ISIS) published its report on Pakistan's construction of a plutonium production reactor, attaching satellite images provided by Digital Globe. It says Pakistan is constructing a second heavy water production reactor inside the Khushab complex in Pakistan. The reactor is estimated to be capable of operating in excess of 1,000 megawatts-thermal. Besides, assuming that it operates at full power for 220 days a year, it can produce over 200 kilograms of weapon-grade plutonium per year. The report also said that it could produce enough plutonium to make 40 to 50 nuclear weapons a year at 4-5 kilograms of plutonium per weapon. At the current construction pace, the reactor can be completed within a few years.

ISIS Report on Pakistan:

<http://www.isis-online.org/publications/southasia/newkhushab.pdf>

July 26 "House approves U.S. and India Nuclear Cooperation Promotion Act of 2006" (United States House of Representatives HP, July 26, 2006)

On July 26, U.S. House of Representatives passed legislation to exempt India from certain requirements of the Atomic Energy Act of 1954 which prohibits civilian nuclear cooperation with non-NPT member states. The United States and India Nuclear Cooperation Promotion Act of 2006 was adopted by 359 (219 Republicans and 140 Democrats) votes to 68. Then, the nuclear deal was sent to Senate for approval.

The United States and India Nuclear Cooperation Promotion Act of 2006:

http://www.house.gov/international_relations/109/FHR%205682%20US-India.pdf

1.3 Diplomacy and International Relations

July 2 "Chinese ship conducts survey in waters around Senkaku Islands without prior notice" (Mainichi Daily News, July 2, 2006)

On July 2, a patrol ship of Japan's 11th Region Coast Guard Headquarter (Naha City) spotted a Chinese survey ship, the Dongfanghong No. 2 in Japan's exclusive economic zone (EEZ), where is about 60 kilometers northwest of Senkaku Islands (known as Diaoyu in China). There was no prior notification from the Chinese side to the Japanese side. The 3235-ton Dongfanghong No. 2 ignored a Japanese coast guard ship's repeated warning and continued its marine survey in the waters. This is the second time Japanese coast guard spotted China conducting marine surveys in Japanese EEZ in the East China Sea without prior notice since August 2004. The Japanese Foreign Ministry lodged a protest to China through diplomatic channel on the day, but an officer with the Chinese Foreign Ministry only commented they would look into the matter.

July 5 "South Korea completes survey waters off Takeshima" (Xinhua, July 5, 2006)

South Korea announced on July 5 that its survey ship completed a maritime survey of the disputed areas around the Takeshima islets (known as Dokdo in South Korea). On July 5, the 2,533-ton Ocean-2000 vessel entered waters claimed by both South Korea and Japan as part of their exclusive economic zones (EEZs), spending hours collecting data on salinity and water temperatures. The Ocean-2000 conducted its survey under the escort of two South Korean patrol vessels. Earlier on July 3, the South Korean government announced its plan to conduct the survey from the day to July 14. It is unclear whether the South Korean government changed its plan on the survey. Japan has protested against South Korea's maritime survey near the islets since Seoul's announcement of its plan in June. Japan demanded on July 5 that South Korea immediately stop the survey activities around the waters claimed by both countries, and sent a coast guard patrol ship to the waters.

July 12 "Vietnam and China conclude negotiations on sea issues" (VNA, July 13, 2006)

Vietnam and China concluded the eleventh round of negotiations on sea issues in Ho Chi Minh City on July 12. At the three-day negotiations, the two sides agreed to pursue friendly and cooperative policies for a long-term solution acceptable to both sides. The Vietnamese Foreign Ministry issued a press release on the day, saying the negotiations were conducted based on agreements under international law, particularly the U.N. Convention of Marine Law in 1982 and the Declaration of (East Sea) Conduct (DOC). The two sides agreed to work out a model for regional cooperation and mutual development.

July 15 "G8 Summit 2006 is convened" (The Ministry of Foreign Affairs of Japan HP, July 17, 2006)

Group of Eight (G8) summit was convened on July 15-17 in St. Petersburg, Russia. G8 leaders adopted a document on Global Energy Security on July 16. At the chair's summary released after the close of the summit, mainly the following points were stated regarding Global Energy Security (excerpt from the chair's summary):

“We discussed challenges to global energy security and set out our common goals and approaches aimed at ensuring sufficient, reliable and environmentally responsible supplies of energy at prices reflecting market fundamentals.

We stressed that open, transparent, efficient and competitive energy markets are the cornerstone for our common energy security strategy. We also recognized that governments and relevant international organizations play an important role in this area.

We adopted the St. Petersburg Plan of Action to enhance global energy security through efforts to increase transparency, predictability and stability of the global energy markets, improve the investment climate in the energy sector, promote energy efficiency and energy saving, diversify energy mix, ensure physical safety of critical energy infrastructure, reduce energy poverty and address climate change and sustainable development.”

As for the recent missile launch by North Korea, the chair's summary states as below:

“We expressed support for UN Security Council resolution 1695 of 15 July 2006, which condemns the launches by the Democratic People's Republic of Korea (DPRK) of ballistic missiles on 5 July 2006.

We urge the DPRK to reestablish its preexisting commitment to a moratorium on missile launching.

We strongly support the Six Party talks, and urge the DPRK to promptly return to them without precondition and to cooperate in implementing the Joint Statement of September 2005 in good faith.”

Chair’s Summary: <http://www.mofa.go.jp/policy/economy/summit/2006/summary.html>

Global Energy Security: <http://www.mofa.go.jp/policy/economy/summit/2006/energy.html>

July 28 "Chairman’s Statement of the 13th ASEAN Regional Forum" (ASEAN Official Website, July 28, 2006)

The thirteenth ASEAN Regional Forum concluded in Kuala Lumpur, Malaysia, on July 28 with the issuance of the chairman's statement. The statement touches on the recent missile tests by North Korea as follows:

- (1) The Ministers stressed that the denuclearization of the Korean Peninsula is essential to maintain peace and stability in the Asia Pacific region. They also urged all concerned parties to resume the Six-Party Talks without preconditions; and
- (2) Most Ministers expressed concern over the missile tests conducted by North Korea on July 5, and pay attention to the U.N. Security Council resolution 1695 adopted unanimously on July 15, and to the rejection to this by North Korea. They urged North Korea to refreeze its missile tests.

About the Myanmar issue, the chairman’s statement says that the Ministers expressed concern about the progress of the national reconciliation process and hope to see a peaceful transition to democracy in the near future. The Ministers also called for the early release of all of those people detained and for effective dialogue with all concerned parties. The chairman’s statement also says that the Ministers welcomed the measures taken by ASEAN and China to the full implementation of the Declaration on the Conduct of Parties in the South China Sea (DOC). They also expressed their expectations that in the implementation of the DOC, both ASEAN and China would make efforts for the final adoption of a Code of Conduct for the South China Sea.

Chairman’s Statement of the Thirteenth ASEAN Regional Forum:

<http://www.aseansec.org/18599.htm>

1.4 Resources, Environment and Others

July 8 "Increase in demand for nuclear reactor in Asia" (The Associated Press, July 8, 2006)

Washington-based think tank, Nuclear Energy Institute (NEI) said that currently 18 reactors, which is about 70 percent of the world’s total under construction, are being built in Asia, and additional 77 have been planned or proposed. The backdrop is the growth of economy in the

region. Future growth of China and India is at stake due to energy shortage, unless both countries diversify their energy resource. The same can be said for South Korea, the world's second biggest coal importer and third biggest oil importer. About 40 percent of its power comes from nuclear reactors, which is discussed to rise up to 60 percent by 2035. Japan also depends on nuclear plants for one third of its power and is planning to double its nuclear generating capacity by 2050. The World Nuclear Association, a group promoting nuclear energy, says that China plans to increase its nuclear capacity from the current 6.6 gigawatts to 40 gigawatts by 2020 by establishing the additional 30 nuclear plants. India also considers adding 31 plants in mostly the west where much of its heavy industry locates, aiming to increase from today's under 3 gigawatts to 20 gigawatts by 2020. According to NEI, every 1,000-megawatt reactor can save 7.9 million barrels of oil or 3.4 million tonnes of coal a year and reduce 34,000 tonnes of polluted sulphur dioxide and 11,000 tonnes of nitrogen oxide. But the biggest problem is how to handle the spent fuel.

2. Intelligence Assessment

2.1 Piracy and Armed Robbery in the first half of 2006

On July 25, the International Maritime Bureau (IMB) Piracy Reporting Centre in Kuala Lumpur released its semiannual report on “PIRACY and Armed Robbery against Ships” during January 1 - June 30, 2006 (hereafter semiannual report). The IMB defines “Piracy and Armed Robbery against Ships” as “An act of boarding or attempting to board any ship with the apparent intent to commit theft or any other crime and with the apparent intent or capability to use force in the furtherance of that act.” Below is the summary of the trend for the first half of 2006 highlighted in the semiannual report.

1. Locations and the number of ACTUAL and ATTEMPTED attacks

It listed the total of 127 actual and attempted piracy or armed robbery attacks in the first six months of 2006. Of these, 85 were the accomplished cases (11 hijacking cases and 74 boarding), and 42 were attempted cases (6 gun-use cases and 36 boarding attempts). While the total number of attacks remains the same compared to the corresponding period last year, it has been on the decline from the first half of 2004 that had 182 attacks. It also showed a significant decrease compared to the same period of 2000 that had 161 cases and 2003 that had 243, both of which marked the highest figure in the last 10 years.

Of the location of occurrence, 88 of the total 127 cases were concentrated in six bodies of waters, which accounts for more than two-thirds of the total occurrences. In order of frequency, 33 incidents (10 attempted) occurred in the Indonesian archipelagic waters, the highest number in this half year; Bangladesh suffered 22 attacks (15 actual, seven attempted); the Gulf of Aden and the Red Sea suffered nine attacks (one actual, eight attempted); off Malaysia suffered nine attacks (all nine actual); off Somalia suffered eight attacks (four actual, four attempted); and off Nigeria suffered seven attacks (four actual, three attempted). As for the other waters in Asia and the Indian Ocean, there were two attacks off the Philippines, one each Thailand/Gulf of Thailand, in China/Hong Kong, off Vietnam and in the South China Sea, and three attacks off India, all of which were actual, not merely attempted.

Given the high frequency of occurrence shown in the statistical data of the semiannual report, the IMB points out that the attacks in Indonesian archipelagic waters marked pinnacle, accounting for nearly one quarter of the total attacks, and noted that the said waters are regarded as the most dangerous in the world. And it also says that while this infamous trend has remained constant for 10 years, from the viewpoint of the numbers of occurrences there has been a recent declining trend compared to the corresponding period of 2003 with 64 attacks, 2004 with 50, and 2005 with 42 cases. The 22 attacks off Bangladesh rank as the second highest after the same

period of 2003 with 23 cases even when viewed for the past 10 years, marking considerable increase from the total eight cases in the first half of 2005. Off Malaysia (which is to say off the eastern coast of the Malay Peninsula) saw the highest number of occurrences, with nine attacks in the past 10 years compared to the same period in 2001 of 13 cases, showing a significant increase compared with two cases during the first six months in 2005. A decrease in the same period last year is observed off India.

The Malacca Straits has shown an improved situation with only three attacks (two actual, one attempted) as compared to 20 for the same period in 2004 and eight in 2005. Meanwhile, the Singapore Straits recorded three attacks (one actual, two attempted). This shows a decreasing number compared to seven attacks in the same period of 2004 and six attacks in the same period last year.

The activities to secure the Malacca and Singapore Straits having been carried out by the surrounding countries have been dealt with the OPRF monthly report each time whenever the information was obtained. The areas from Indonesian archipelagic waters to the southern Philippine waters are regarded as transit routes in terrorist networks. Philippine-proposed joint naval patrols by tri-naval forces of Malaysia, Indonesia and the Philippines are expected to be initiated by 2007 as a part of efforts to beef up security within Brunei, Indonesia, Malaysia, and Philippines-East ASEAN Growth Area (BIMP-EAGA). The Australian government has also actively cooperated with the countries in the region to secure the safety of the waters.

As for the trend of ensuring the security in the Malacca and Singapore Straits, in order to control the patrol activities in the air and sea in those straits, the three littoral states of Indonesia, Malaysia and Singapore have proceeded with the arrangements from both soft and hard aspects. The arrangements include the agreement to set up the Joint Coordinating Committee (JCC), and the signing the agreements regarding the Terms of Reference (TOR) and Standard Operating Procedures (SOP) that are to make the Malacca Strait Sea Patrol (MSSP) and Eyes in the Sky (EiS) operate under one umbrella. According to the June 23 IMO press release, the Marine Electronic Highway (MEH) Demonstration Project in the Malacca and Singapore Straits will be launched in July 2006. The objectives of this four-year project are to link shore-based maritime information and communication infrastructure with corresponding navigational and communication facilities loaded on transiting ships, as well as to upgrade maritime services, improve navigational safety and security and to promote maritime environment protection.

The Malacca Straits were added in July 2005 by the insurer Lloyds of London to its list of war-risk areas. But no piracy or armed robbery attacks were reported from October 2005 through the end of March 2006. (See Commentary, p.28, in the May 2006 edition of the monthly report). Therefore, vice premier Najib Razak of Malaysia and Noel Choong, head of the Kuala

Lumpur-based Piracy Reporting Center of the IMB, asked the Lloyds to remove the Malacca Straits from the list by the reason that the strait was no longer a piracy hotspot due to strengthened patrol activities by the three littoral states. Not persuaded by this argument, Lloyds took the position that it could become assured that the improved situation in the Malacca Straits is not merely a temporal phenomenon fleetingly reported from the short-term statistical data but a long-term trend. To be convinced of the improved situation in the Malacca Straits, Lloyds needs a long-term set of statistics gathered after the strengthened patrols have begun.

However, again there have been mounting concerns about the worsening security situation in the Malacca Straits as six piracy cases have been reported in the waters from the end of April to July 2006. In the wake of a pirate attack on a Japanese-managed (Panamanian flagged) bulk carrier in the sea off the coast of Aceh province in northern Sumatra on July 4, Noel Choong expressed concern about pirate attacks over several days in the same area. He said that he did not know whether the two attacks were of the nature of a one-time incident or herald other attacks in the straits, saying “We are still monitoring. But we urge ships to keep a strict piracy watch.” In the meantime, the Indonesian navy arrested three former separatist rebels of the Free Aceh Movement (GAM) for their piracy against tsunami aid ships destined to do damage restoration in the northern Aceh province. Because they use weapons such as rifles and grenade launchers as in the case of the piracy off Somalia, the remnants of the GAM becoming pirate-like are of concern. Conforming to the cease-fire agreement signed in Helsinki in August 2005, the final disarmament of the GAM and withdrawal of Indonesian armed forces were conducted in January 2006. Indonesian authorities expressed intent to continue to investigate how many weapons have remained in the hands of the GAM remnants. (See Intelligence Bulletin, Chapter 1, 1.1 Law and order) Unlike the situation in Somalia, a potent central government exists in Indonesia. Despite that, there are several reasons Indonesia is unable to conduct frequent patrols of the coastal waters. Malaysian maritime officials pointed out that soaring fuel prices may limit Indonesia from carrying out maritime patrols frequently along its vast coastal waters (AFX News Limited, July 25, 2006).

Among the comprehensive safety measures to be taken for the anti-piracy agenda by the whole Asian region, the Japan-led initiative “Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia” (ReCAAP) is to enter into force September 4, 2006. This is the first intergovernmental agreement to deal with piracy in Asia. Under the agreement, each participating country is to share information through the center to be situated in Singapore. The Singapore government will host the first intergovernmental conference at the end of this year.

Bangladesh launched joint patrol activities by the Coast Guard and Navy to seize pirates in the Bay of Bengal in the wake of increasing criminal activities in the seas. The combined operations involve more than 3,000 personnel from both the Coast Guard and Navy along with some 17 vessels. On the other hand, Myanmar’s military government has not taken any

anti-piracy measures nor cooperated with its neighboring countries. (See Intelligence Bulletin, Chapter 1, 1.1 Law and order)

Pirates remain rampant off Somalia and in the Gulf of Aden/Red Sea. The “Horn of Africa” waters and beyond have become increasingly dangerous. The IMB warns that ships not scheduled to call at ports in the waters should stay at least 200 miles away from the coast. In May 2006, Lloyds newly listed the waters off Sri Lanka and off Yemen as war risk zones.

Locations of actual and attempted attacks, January-June from 2000 to 2006

Locations	2000	2001	2002	2003	2004	2005	2006
Indonesia	56	44	44	64	50	42	33
Malacca Straits	14	14	9	15	20	8	3
Singapore Straits	0	2	3	0	7	6	3
Vietnam	7	13	7	5	5	2	9
Bangladesh	18	15	11	23	9	8	22
India	14	13	12	18	8	8	3
Red Sea/Gulf of Aden	0	7	9	14	4	4	9
Somalia	4	4	4	3	1	8	8

(Note: The above table is depicted from Table 1, p.5 from the semiannual report “PIRACY and Armed Robbery against Ships” by ICC International Maritime Bureau)

2. Characteristics viewed from the mode of attack

The semiannual report says that out of total 85 accomplished cases during the first half of 2006, attacks on ships at port numbered six, at anchor 48 and under steam 30. There was also one case uncategorized by transit status. Of a total 42 attempted cases, 15 attacks were made at anchor and 27 under steam. Five ports marked more than three attacks during the first six months of 2006. Of these ports, the most dangerous in the world judged by the highest number of attacks is the port of Chittagong, Bangladesh with 22 attacks, a significant increase over the same period in 2005.

According to the AFP on May 16, shipowners have been warned to be vigilant in the face of frequent pirate attacks in the port of Chittagong. “We believe that there are groups of pirates operating in the area. We are warning ships that enter the area to be extra vigilant. We are concerned about the high number of attacks in that location,” said Noel Choong. He also said that the Bangladesh authorities have been urged by the IMB in a letter to take appropriate measures as well as to increase patrol activities in the waters. (See Intelligence Bulletin, Chapter 1, 1.1 Law and order, p. 4, in the May edition of the monthly report)

The second most dangerous port is Jakarta-Tg. Priok, Indonesia, with eight attacks. While the overall trend in the area was unchanged from the same period in 2004 at nine incidents and 2005

at eight, there was an increase from five cases in 2003. Balikpapan, located on the east coast of Kalimantan (formerly known as Borneo), Indonesia recorded zero attacks in the first six months of 2006, a significant decrease from the corresponding period of 2005 five cases and 2004 six cases. Lagos, Nigeria, recorded four attacks while Callao, Peru, and Kingston, Jamaica recorded three attacks each.

3. Types of violence to crew and arms used during attacks

In the first half of 2006, 156 ship crew members were taken hostage. This shows a dramatic increase from 78 in 2003, 82 in 2004 and 31 in 2005. In another type of case, 13 crew members were kidnapped for ransom. This type of case rose from 10 incidents in the same period of 2005 when such cases were reported for the first time. Twelve members of the crew were injured, a considerable decrease from the first six months of 2004 with 34 cases, but an increase from last year's four cases. Six crew members were killed, an increase from zero in the same period of 2005. The table below illustrates the breakdown of the types of arms used during attacks since 2000.

Types of arms used during attacks, January-June from 2000 to 2006

Types	2000	2001	2002	2003	2004	2005	2006
Guns	17	35	31	55	55	35	34
Knives	54	50	57	80	52	43	41
Other weapons	11	17	24	27	7	7	6
Not stated	78	61	59	72	68	42	46
Total for three months	161	165	171	234	182	127	127

(Note: From Table 6, p.9 of the semiannual report "PIRACY and Armed Robbery against Ships" by ICC International Maritime Bureau)

2.2 North Korean Missiles: An Outlook for the Future

On July 5, North Korea launched seven ballistic missiles intermittently despite the call for restraint from the international community. The United Nations Security Council (UNSC), in response, unanimously adopted a resolution condemning North Korea after many twists and turns. This unanimous resolution, along with the Chairman's commentary at the G8 summit and announcements at ASEAN Foreign Minister Meeting and ASEAN Regional Forum (ARF), called for the suspension of firing missiles and immediate and unconditional return to the Six Party Talks. The international society thus delivered a firm message to North Korea, which will put more pressure on North Korea. In Japan, on the other hand, there is a rising call for preemptive strike capability stirring up controversy within and outside the country. This section will provide an overview of the movements of North Korea, China and the United States after the U.N. resolution was adopted and an outlook for the future.

1. Watching the Moves of North Korea

(1) Statements by North Korea after the U.N. Resolution:

- North Korean Ambassador to the United Nation Park Kil-yon gave a speech on July 15 and rejected the resolution and announced the continuation of missile exercises.
- The statement given by the North Korean Foreign Ministry on July 16 regarded the resolution as a product of U.S. hostile policy toward North Korea and announced that North Korea would strengthen its self-defense capability without being bound by the resolution and that missile firing does not go against the Pyongyang Declaration or the Six Party Talks statements. In other words, Pyongyang sent two different signals by repelling the U.N. resolution and sticking to other existing frameworks. By the 19th, the Foreign Ministry sent a letter of protest to the UNSC Chairman, who is the French Ambassador to the U.N., which read that the U.S. hostile policy lead to the terrible situation and reaffirmed that North Korea would disregard the resolution and take every effort to improve its self-defense capability.
- On the 26th, Defense Minister Kim Il-choi in Pyongyang called for strengthening self-defense capability, while condemning the U.N. resolution as well as Tokyo and Washington by name for their efforts in its adoption, and implied the continuation of missile test-firing and nuclear development.
- Foreign Minister Paek Nam-sun stated at the ARF, which was the first international conference since the U.N. resolution regarding North Korean missile firing was adopted, that firing missiles was a legitimate exercise of their sovereign right and rejected the provocative U.N. resolution. He also rejected the draft of the ARF chairman's press statement and warned that Pyongyang might review its membership in the ARF.

These North Korean actions suggest that the unanimous U.N. resolution supported by China

and Russia as well as growing international pressure greatly shocked North Korea. It is said that North Korea launched missiles in an attempt to pressure the United States into bilateral talks and to remove U.S. financial sanctions but in vain. On the contrary, Japan, the United States and Europe are considering additional economic sanctions. Bringing its pigs to the wrong market, North Korea might feel restless as it is becoming isolated in the international society.

(2) What will North Korea do?

Pyongyang's future moves will surely be greatly influenced by its relations with Beijing. Pyongyang may think that Beijing was cooperating with the U.S. policy of isolating Pyongyang by supporting the U.N. resolution and other international statements, by freezing North Korean accounts at Chinese banks, and by signing the July 29 U.S.-China agreement on judicial cooperation for drug smuggling, counterfeit, money laundering. Pyongyang's distrust and disappointment of Beijing might grow.

In order to maintain its regime despite the international isolation, there are few options available for Pyongyang and the best course is to accept food and oil aid from its largest supporter, China, in order to maintain domestic order. Therefore, for the time being, North Korea might show its dissatisfaction to China by not accepting mediation proposals from China and by maintaining its international isolationism without returning to the Six Party Talks, and, at the same time, might try to test China's reliability. Then, it might covertly demand more food and economic aids from China as a condition for returning to the Six Party Talks. Ultimately, North Korea would determine the timing of accepting the U.N. resolution and of returning to the Six Party Talks by gradually accepting China's mediation. However, a North Korean response like this might lead to additional economic sanctions from the United States and others.

On the other hand, there is a possibility that North Korea might roll the dice again to recover from its failure of brinkmanship. It is estimated that two Taepodong missiles, one of which was launched in July, were brought to the missile site in Musudanri in May, and it is possible that North Korea would intimidate international society with additional missile firing. It might resort to more severe policies such as breaking away from the U.N. or proceeding in its nuclear development with a small-scale underground nuclear test. North Korea lost its face with the last missile firing while inviting stronger pressure from the international community, so another missile firing would lead to a U.N. resolution calling for sanctions and isolate Pyongyang more, probably making it more difficult to maintain the North Korean regime.

2. China's moves

(1) China should be relieved that it could avoid exercising its veto power over a U.N. resolution calling for sanctions which would have put North Korea in a difficult position and led to its implosion or explosion. On the other hand, China sent Vice Premier Hui Liangyu to North Korea in an effort to adopt the UNSC Chairman's press statement but he failed even to meet Kim

Jong-il. China should be dissatisfied with this loss of face and feel its declining leverage over North Korea. At the same time, Beijing should be disappointed that it had no other way but to compromise on the U.N. resolution condemning Pyongyang. Since Beijing opposed the resolution drafted by Tokyo and Washington even hinting at exercising its veto power out of consideration to Pyongyang, it can be said that Beijing, as a stakeholder in the world society, is now responsible for persuading Pyongyang to refrain from explosive consequences of firing additional missile and to return to the world community such as participation in the Six Party Talks.

(2) Accordingly, Beijing might, on one hand, try to convince Pyongyang of the strong pressure from the international society, but, on the other hand, try to call on the international community to refrain from imposing additional economic or diplomatic sanctions on Pyongyang in an effort to restore its relations with Pyongyang by continuing its aid to Pyongyang as appropriate according to Pyongyang's needs. Accordingly, on the 16th, a spokesman of the Chinese Foreign Ministry called on North Korea to refrain from further missile launch, saying that Beijing would oppose any movement that complicates the situation or increases tensions on the Korean Peninsula. On the other hand, he expressed Beijing's concern over the firmer measures Washington and Tokyo were considering and called for calm approach. In addition, he stated that resuming the Six Party Talks was the right thing in line with the will of the international community and demanded Pyongyang's immediate return to the Talks. Foreign Minister Li Zhaoxing also stated at the ASEAN + 3 meeting on the 26th that long and profound mutual distrust among the countries concerned led to the North Korean missile firing and expressed his perception that mutual concession between Washington and Pyongyang was necessary. This was a message to Washington calling for the reconsideration of Washington's financial sanctions against Pyongyang, direct talks between Washington and Pyongyang or shelving additional countermeasures. Beijing has done a lot to calm down Pyongyang, but its leverage is limited due to Pyongyang's firm attitude and distrust of Beijing. There is very little possibility of Pyongyang's immediate return to the Six Party Talks.

If Pyongyang takes another firm policy such as missile firing, would Beijing veto a UNSC resolution calling for sanctions or agree on partial sanctions as long as these sanctions would not lead to Pyongyang's implosion or explosion? Beijing will be put to the test as a great power in the region and as a stakeholder in the international community.

3. The United States

(1) Washington is seeking immediate restart of the Six Party Talks given the U.N. resolution as U.S. Secretary of State Condoleezza Rice stated on the 16th that Pyongyang had no other way but to return to the Six Party Talks if it wanted to avoid further isolation and pressure. Many observers in the United States think that an appeasement would further Pyongyang's brinksmanship. Washington is unrelenting towards Pyongyang – no lifting of financial sanctions against counterfeiting and money laundering and no direct bilateral talks outside the Six Party

Talks framework – while strengthening international pressure on Pyongyang.

However, because Pyongyang is strongly refusing to return to the Six Party Talks, the only option for Washington is to bring Pyongyang back into international society by increasing pressure for the time being. On the 16th, President George Bush agreed with Chinese President Hu Jintao on solving the problem through the Six Party Talks. In other words, Washington urged Beijing, if Beijing sticks to appeasement, to exercise its leverage over Pyongyang as the chairman of the Six Party Talks to press Pyongyang to implement the U.N. resolution and to return to the Talks.

(2) On the other hand, in order to maintain international pressure on Pyongyang, Washington is considering taking additional economic-diplomatic measures outside the U.N. mechanism. Depending on Pyongyang's attitude toward the Six Party Talks, Washington might strengthen the existing sanctions. Effective sanctions require multilateral cooperation especially from Beijing and Seoul, the closest friends of Pyongyang, but it is uncertain if these two governments would cooperate. Washington also has to balance the North Korean problem with the Iranian nuclear development problem, especially when the situations in the Middle East are in disarray.

Another North Korean firm measures such as missile launch would invite additional countermeasures from the U.S., Japan and Europe in an instant. The U.N. might adopt a resolution calling for sanctions based on Chapter 7 of the U.N. Charter and the U.S. would strengthen international sanctions. Some people in the U.S. would call for a direct bilateral negotiation and others might call on the Chinese to increase pressure on North Koreans. As a result, there is a possibility that Washington would take firmer military measures to stop Pyongyang's brinkmanship as in the limited preemptive strikes on missile sites recommended by former Defense Secretary William Perry.

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