

OPRF MARINT Monthly Report

March 2007



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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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Major Events in March 2007

Security: In order to remove within the year of 2007 two wrecked ships posing danger to ships transiting the Straits, preparation for the works is now on going. The salvage operations are expected to take six months or more.

In Kuala Lumpur, on March 13 and 14 the symposium on the 'Enhancement of Safety of Navigation and Environmental Protection of the Straits of Malacca and Singapore' was held. The summary of the symposium and the address made by Mr. Sasakawa, Chairman of the Nippon Foundation can be referred to the Feature.

On March 28, Singapore built the new Command and Control (C2) Center next to Changi Naval Base. The C2 Centre will advance multiagency cooperation and interoperability amongst national maritime agencies, and also enable international cooperation and interoperability between countries to promote maritime security in the region.

Military: On March 2, the Washington Times reported the state of China's strengthening of its submarine force as an analyzed report of the Office of Naval Intelligence of the United States (ONI), which was obtained by the Washington Times.

China's defense budget for 2007 is expected to be 350.921 billion yuan (44.94 billion U.S. dollars), 17.8 percent increase over the previous year, Jiang Enzhu, a spokesman of the National People's Congress of China made announcement on March 4.

The multinational naval exercise, AMAN-07 (or Peace-07) hosted by the Pakistan Navy will be held from March 6 to 11 in two phases, the harbor phase and the sea phase off coast Pakistan. Two Chinese frigates, Lianyungang and Sanming participate this exercise. This is the first time for the Chinese navy to participate in multinational military exercises.

According to the Korean newspaper, the Hankyoreh, well-informed sources over the China's military affairs reported on March 27 saying it from the insiders' dossier that China is now pushing ahead a plan called the '085 Project' to build a 93,000 ton class nuclear-powered aircraft carrier, and there is also a plan to build a 48,000 class conventional type of aircraft carrier under the project of '089.'

On March 30, the U.S. Navy announced that the USS *Carl Vinson* (CVN 70) will change its homeport and be relocated to the West Coast of the United States, San Diego, California, by the time of early 2010.

Diplomacy and International Relations: Japanese Prime Minister Shinzo Abe had talks with visiting Australian Prime Minister John Howard on March 13, and signed 'Japan-Australia Joint Declaration on Security Cooperation'. It is the first time for Japan to issue such a comprehensive joint declaration in the field of security with a country other than the United States. (See the details in the Intelligence Assessment.)

Visiting Russia on March 26, Chinese President Hu Jintao had talks with President Vladimir

Putin on that day. Both agreed to further promote the Sino Russian strategic partnership for cooperation.

Shipping, Resources, Environment and Miscellaneous: The Gwadar port of Pakistan opened on March 20. Pakistani President Musharraf said at the inauguration ceremony of Gwadar port that the Gwadar port would be a gateway for trade with the Central Asia, expressing “This port would provide to be trade corridor for Central Asian states, China and the Gulf as 60 percent trade of oil and gas is done through this route.”

1. Information Digest

1.1 Security

March 6 “Australia and Five ASEAN Countries to Strengthen Anti-Terror Cooperation” (Channel News Asia, March 6, 2007)

Australia, at the conference jointly hosted with Indonesia at Jakarta on March 6, agreed to enhance cooperation with the participated five ASEAN members of Indonesia, Malaysia, Thailand, Philippines and Singapore for anti-terror in the region. The foreign ministers from those countries confirmed that although there were considerable achievements in the last three years, there was still much to be done against terrorism. In future in the region emphasis will be placed on looking at ways to stop the movements of weapons such as portable anti-air gun and chemical substances that are feared to be used by terrorist groups.

March 8 “Malaysia’s Deputy Prime Minister Najib Razak Praises the Efforts Made by Three Coastal States for the Safer Waterways” (AFP, March 8, 2007)

Malaysia’s deputy prime minister Najib Razak said on March 8 that the Malacca Strait has become safer as the coastal states have total control over its security, and 2006 report on the piracy issue of the International Maritime Bureau proved this. Moreover he emphasized that it is proved by the fact that the establishment of the Malaysia Maritime Enforcement Agency and enhancement of joint patrol activities among the forces of the littoral states prove that were surely effective to ensure the security of the Malacca Strait. (Of the IMB annual report, see the analysis in the January edition of 2007)

March 12 “Removal of Two Wrecked Ships from the Malacca Straits” (The Star Online, March 12, 2007)

In order to remove within the year of 2007 two wrecked ships, *MV California* off Linggi and passenger liner *Bahtera Emas* off Malacca, posing danger to ships transiting the Straits, preparation for the works is now on going in cooperation between the Marine Department of Peninsular Malaysia and other government offices like the Environmental and Fisheries Departments. It is learnt that the ship owners will be held responsible for the costs for the demolition of the ships, which is expected to run into a few millions ringgit. *California* sank in 2006 by collision with a container ship *MV Sinokor Seoul* while passenger vessel *Bahtera Emas* sank in 2002. The salvage operations are expected to take six months or more.

At international level, in conformity with the Traffic Separation Scheme (TSS) of the Straits of Malacca and Singapore Straits, it was agreed at the IMO Kuala Lumpur conference that in order to enhance navigational safety 12 shipwrecks will be removed over a five-year period (See the analytical article of 2006 September edition.) This issue is to be discussed furthermore at the 2007 Singapore meeting.

To further enhance navigational safety at the Straits, the Marine Department will be placing an additional automatic identification system (AIS) from Langkawi to One Fathom Bank, covering 235 nautical miles. At present, 17 AIS base stations are located at the choke point of the Straits of Malacca, from One Fathom Bank up to Tanjung Piai at the tip of Johor. This system automatically functions to capture and broadcast the data such as a vessel's position, speed, name, call sign, course of the vessel ahead for and cargo type. Once installed at the northern entry and exit point of the Straits, the AIS will enhance safety of navigation, especially that of passenger boats and ferries.

March 13 “US House Committee on Energy and Commerce Releases a Report of the Analysis on the Impact by Terrorist Attack on LNG Tanker” (MARINE LOG, March 14, 2007)

The US House Committee on Energy and Commerce released the report of the General Accounting Office that had been issued saying that the influence on the public by terror attack on LNG tanker needs more study. GAO reviewed six unclassified completed studies to compare and examined. (See Table 1 given below)

The variations among the studies occurred because researchers had to make modeling assumptions since there are no data for large LNG spills. These assumptions included the size of the hole in the tanker, the volume of the LNG spilled, and environmental conditions, such as wind force and wave height. One of the studied conducted by Sandia National Laboratories concluded that a good estimate of the heat hazard distance would be about one mile (1,652 meters). Federal agencies concerned use this conclusion as the standard assessment for establishing new LNG import terminals. GAO's expert panel generally agreed on the public safety impact of an LNG spill, but believed further research and study would be needed to clarify the extent of these effects.

The report is available on Internet at: <http://www.gao.gov/new.items/d07316.pdf>

March 13 ~ 14 “Symposium Held in Kuala Lumpur on Enhancement of Safety of Navigation and Environmental Protection of the Straits of Malacca and Singapore” (The Nippon Foundation HP, March 14, 2007)

In Kuala Lumpur, on March 13 and 14 the symposium on the ‘Enhancement of Safety of Navigation and Environmental Protection of the Straits of Malacca and Singapore’ was held. This conference was jointly sponsored by the Maritime Institute of Malaysia, the Center for Southeast Asian Studies of Indonesia, the S. Rajaratnam School of International Studies of Singapore and the Nippon Foundation of Japan.

The summary of the symposium and the address made by Mr. Sasakawa, Chairman of the Nippon Foundation can be referred to the Feature of this March edition.

March 19 “Present State of the Coalition Task Force 150 (CTF-150)” (AP, March 19, 2007)

The present state of CTF-150, according to the AP report from the board the German frigate, FGS *Bremen*, is as follows.

- (1) CTF-150, the Bahrain-based Coalition Task Force, is comprised of the naval vessels from 13 nations of the United States, France, Saudi Arabia, Denmark, Italy, Spain, Canada, Germany, Bahrain, New Zealand, Pakistan and Singapore.
- (2) At present, a fleet comprised of nine nations' warships patrols along up to 19,000 kilometers (11,700 miles) coastline of 14 nations, covering 6.2 million square kilometers (2.4 million square miles) of sea, which is equivalent to the area size of the United States.
- (3) The greatest threat in the region remains an attack against three choke points. Once an attack is occurred, there is likely a temporal paralyzing of the world's economy. More than 90 percent of European trade passes through the Strait of Hormuz in the Persian Gulf, the Suez Canal and the Bab al-Mandab at the tip of the Horn of Africa. Some 3.3 billion barrels of crude oil a day destined for Europe and the U.S. pass through the width of 14-kilometer (18-mile), almost defenseless Bab al-Mandab.

March 20 “Indonesian and Indian Navies Conducting Coordinated Patrols in Andaman Sea” (ANTARA News, March 20, 2007)

The Indian Embassy in Jakarta said in a press release on March 20 – The navies of India and Indonesia are currently conducting three-week-long coordinated patrols in the Andaman Sea. The opening ceremony of the coordinated patrols was held at Port Blair, Andaman and Nicobar Islands, from March 5-6, 2007. Two Indian naval ships and an Indian naval aircraft, and an Indonesian naval corvette and one Indonesian aircraft were participating in the event. The participated ships and aircraft from both countries, besides carrying out coordinated patrols, are also to carry out joint exercises at sea to improve inter-operability. The coordinated patrols of this sort between India and Indonesia are conducted twice every year under a protocol signed by the two navies in August 2002. Such coordinated patrol activities have proved to be mutually beneficial for ensuring the security in the Andaman Sea. The closing ceremony will be held at Belawan, North Sumatra, from March 25-27, 2007, the release said.

March 28 “Singapore Builds New Command and Control Centre” (MINDEF, Singapore, News Release, March 28, 2007)

On March 28, Singapore built the new Command and Control (C2) Center next to Changi Naval Base. The new centre will house the Singapore Maritime Security Centre (SMSC), an Information Fusion Centre (IFC) and a Multinational Operations and Exercises Centre (MOEC). The C2 Centre will advance multiagency co-operation and interoperability amongst national maritime agencies, to enhance Singapore's maritime security capabilities. The Centre will also enable international cooperation and interoperability between countries to promote maritime security in the region.

1.2 Military

March 2 “China Expands Submarine Force” (The Washington Times, March 2, 2007 and Other Sources”

Of the article titled “China expands sub fleet” written by Bill Gerts, who is a prominent security affairs specialist of the Washington Times, the Washington Times reported the state of China’s strengthening of its submarine force as an analyzed report of the Office of Naval Intelligence of the United States (ONI), which was obtained by the Washington Times. The main points are as given below.

- (1) The new type nuclear-powered missile submarine (SSBN) identified as Type 094 equipped with 12 – 5000 mile range JL-2 missiles, new SLBMs, will provide China with a newest and powerful maritime nuclear deterrent force. According to the ONI report, five new type SSBNs under construction are to provide a redundant force in order to maintain nearly continuous at-sea SSBN presence. At present some of them are under sea trials, and the first deployment is expected to begin in 2008 at the earliest. It is the first time that the U.S. Defense Department identified the number of Chinese new type SSBN now under construction.
- (2) The new type SSBN will make Chinese current SLBM capabilities upgrade drastically. In 1983, China built one Xia Class SSBN equipped with 12 – 1,000 mile range JL-1SLBMs. This particular SSBN had only twice test-fired its missiles and never departed beyond China’s coastal sea areas. The ONI reported that because of the range of JL-1 the efficiency of Xia class submarine as a deterrent platform, but the JL-1 would be possible to attack against targets in the region including U.S. military establishments from the launching points inside traditional Chinese navy’s operational areas.
- (3) Of the Chinese new attack submarine, the ONI indicated that an unspecified number of Type 093 nuclear powered attack submarine (SSN) has been launched and put in sea trials in state. China’s published reports said that two 093s were deployed. According to the ONI report, the construction of the new type submarine demonstrates part of China’s efforts to bolster its anti-ship weapons to permit strikes at greater ranges from the Chinese coast than relying on those of the existing, conventional submarine force. China at present is replacing its current force with about 55 attack submarines, most of which can be tracked easily, to the force with the submarines that are much harder to track including those of Russian-made Kilos and its own Song- and Yuan-class. The ONI points out that these submarines are quiet platforms with anti-ship cruise missiles, and demonstrate an inevitable force in the regional access denial strategy of China.
- (4) The ONI stated that China’s maritime strategy is focused on blocking U.S. or Japanese intervention in a future dispute over Taiwan. To that end, China has begun equipping its medium- and short-range missiles in its shore areas, hundreds of which are deployed to face the Taiwan Strait. These radar-guided or heat-seeking missiles have the accuracy of on-target necessary to attack ships at sea.

(5) The ONI continues to state that due to China's rise in international trade and growing dependence on import of oil, it has expanded its maritime strategy from the strategy of a mostly submarine force to that of building surface ships for the purpose of defending sea lines of communication, because protection of sea-lanes with sole submarines is impossible. The ONI indicates that in addition to new destroyers, China is likely to operate an aircraft carrier to support sea-lane defense by around 2020. The prospected initial unit may be composed of the refurbished Varyag of the former Soviet that was acquired from Ukraine in 2000. (See the editions of January and May, 2006 of the Monthly Report on the former Soviet Varyag.)

“Type 094 Initiating Sea Trials” (Strategy Page, March 13, 2007)

China began sea trials for its Type 094 SSBNs. The Type 094 is based on the Type 093 SSN. The first two 7,000 ton Type 093s were already deployed, but China was disappointed by their performance, for instance, they are too noisy. This may mean construction will end with those only two 093s. The 094 is similar to the 093 class SSN, and looks like the three decade old former Soviet Victor III. Taking SLBM compartments onto the SSN is an old fashioned technology that was used by the United States to produce the first SSBN. China seems to have done the same thing with their new SSN, building 9,000 ton SSBN. The JL-2, which is the SLBM to be equipped to the Type 094, is still under development. The JL-2 has a range of 8,000 kilometers (5,000 miles), so any targets in the United States from a Chinese 094 submarines off Hawaii or Alaska could be attacked. Each 094 will carry 16 JL-2s. (Note: in the fore-mentioned articles the ONI says, “12.”)

Type 094 SSBN

Source: AFP, March 2, 2007

“China Surpass the U.S. in Submarine Building 14 to 1” (UPI, March 9, 2007)

At the Subcommittee of the House Armed Services Committee Representative Roscoe Bartlett (Republican) warned on March 8, saying that the ratio of submarine building of the United States and China in 2006 showed 1 to 14, and if the trend continues, Chinese submarine force will outstrip that of the United States by the year of 2017.

March 4 “2007 China’s Defense Expenditures: 17.8 % over the Previous Year” (Xinhua, March 5, 2007)

China’s defense budget for 2007 is expected to be 350.921 billion yuan (44.94 billion U.S. dollars), 17.8 percent increase over the previous year, Jiang Enzhu, a spokesman of the National People’s Congress of China made announcement on March 4. The ratio of the defense budget in the nation’s expenditures is 7.7% in 2004, 7.3% in 2005, 7.4% in 2006 and 7.5% in 2007. Spokesman Jiang Enzhu stated the reasons of the budgetary rise: (a) increase of the salaries and allowances for servicemen corresponding to economic and social development; (b) improvement of military exercises and living conditions of the armed forces; (c) improvement of military equipment, and enhancement of fighting capabilities based on information technology.

March 6 ~ 11 “Multinational Naval Exercise Starts Off Coast Pakistan” (Xinhua, March 6 and China Daily, March 10, 2007)

According to the Pakistan Navy, the multinational naval exercise, AMAN-07 (or Peace-07) will be held in two phases, the harbor phase and the sea phase. During the harbor phase exercise at the port of Karachi from March 6 to 7 representatives from participating countries are to visit each other’s ships and have tours around Karachi. The ships from participating countries of Bangladesh, China, France, Malaysia, and the United Kingdom arrived at Karachi on the 5th, but the U.S. ships were staying in the Arabian Sea off the port. The Italian ship is scheduled to arrive on the 7th. Turkey will not send ships but Special Forces to the event. From March 8 to 11, the participating ships from nine countries will conduct exercises at sea. Those countries will send observers; they are Australia, Japan, Jordan, Libya, Maldives, Myanmar, Nigeria, the Philippines, Qatar, Saudi Arabia, Singapore, Spain, Sri Lanka, Sudan, Thailand, the UAE, Ukraine, and Kenya. (Xinhua, March 5, 2007)

The joint exercises with 23 ships from nine countries including 2 aircraft carriers from the United States are aimed at displaying international unity in the fight against terrorism and human, drug, and weapons trafficking. Commander of the Chinese fleet, Qui Yanpeng said “For us, the most important part of the exercises is learning how to communicate effectively with foreign ships, because all signals are sent and received in English,” and emphasized that only through such multinational exercises it is possible for the Chinese navy to improve its communication skills with the other countries’ naval ships, refine its procedures, and conduct cooperation with them effectively. Leaving the port of Ningbo on February 19, two Chinese frigates, Lianyungang and Sanming, traveled more than 7,000 kilometers far to Karachi. This is the first time for the Chinese navy to participate in multinational military exercises. (China daily, March 10, 2007)

The People’s Daily Online of March 13 reported that the Chinese navy accomplished very well its first exercises in the multinational exercises, and was able to successfully communicate in English between the ships in the multinational exercises.

The People’s Daily Online of March 21 wrote that two Chinese frigates participated in the exercises will visit Indonesia from March 23 to 26 on way back to China for the first time in 12

years.

March 14 “The ROK Navy Initiates Strengthening Its Fleet” (The Chosun Ilb0, March 14, 2007)

The South Korean navy has started to implement its plan to build up the fleet capabilities by the year of 2020. It is prospected that the ROK strategic fleet will be composed of six 7,000 ton class Aegis ships, 12 KDX-II 5,000 ton class destroyers, and two Landing Platform Experimentals (LPX). The LPX resemble a light aircraft carrier. In terms of the number of Aegis warship the ROK will be the third after the United States and Japan. The ROK navy completed already building six KDX-II destroyers in 2006, and now plans to construct three Aegis ships by 2012.

March 22 “India and Japan Agreed on Security Cooperation” (Ministry of Foreign Affairs HP, March 22, 2007)

Japanese Foreign Minister Taro Aso and Indian External Affairs Minister Pranab Mukherjee paying an official visit to Japan, had the first ministerial level strategic dialogue between the two countries of India and Japan on March 22. With regard to the cooperation between the two countries in the field of defense and security, the outline of the joint press release says:

- (1) Two ministers evaluated the steady development of cooperation and exchanges in the field of defense and security. They, in this context, expressed to welcome the goodwill visit of the Indian Navy ships to Japan, dialogue on defense policy, and advancement of cooperation in the service-to-service of the two countries through the annual plans for cooperation and exchanges, and directed that the next round of the security dialogue should be held at mutually convenient time in 2007.
- (2) The two ministers supported the idea that India and Japan would have to cooperate closely, including through the regular exchanges between the Coast Guards of the two countries, in order to ensure the security of international maritime traffic that is a vital element for the economic well being for both countries as well as for the region.

Joint Press Release: http://www.mofa.go.jp/mofaj/area/india/visit/0703_pr.html

March 22 “Iranian Navy Commences Exercises in the Persian Gulf” (Reuters, March 22, 2007)

Iranian State Television stated that the Iranian navy started to hold naval exercises on March 22 in the Persian Gulf with small vessels carrying missiles and tactical submarines. The exercises aimed at demonstrating “the Iran’s defensive power for protecting the Persian Gulf” will last until March 30.

March 26 “French Aircraft Carrier *Charles de Gaulle* Arriving in the Persian Gulf Coast” (Reuters, March 26, 2007)

A spokesman for the French Navy confirmed that arriving in the Persian Gulf in the middle of March, *Charles de Gaulle*, a French aircraft carrier, has supported the operations related to

Afghanistan. The aircraft carrier is deploying accompanied by one anti-air defense frigate, two anti-submarine frigates, one supply ship and one submarine, said the spokesman.

March 27 “U.S. Naval Forces Starting Exercises inside the Persian Gulf” (U.S. Naval Forces Central Command, U.S. Fifth Fleet, News Release, March 27, 2007)

The aircraft carrier USS *John C. Stennis* entered inside the Persian Gulf, and with the aircraft carrier USS *Eisenhower* deploying in the same sea area, started to conduct a dual-carrier exercise. This marks the first time the two strike groups operate together in a joint exercise while dispatched to the U.S. Fifth Fleet. This exercise demonstrates their operational ability by dual task forces as part of the U.S. long standing commitment to maintaining the maritime security and stability in this region. Two air wings mounted on the aircraft carriers will conduct air warfare exercises while the surface ships anti-submarine, anti-surface ships, and mine sweeping exercises.

March 27 “China Promotes Building Plan of Mega-sized Nuclear-Powered Aircraft Carrier” (The Hankyoreh, March 28, 2007)

The main points of the article in the Korean newspaper, the Hankyoreh are as given below.

- (1) Well-informed sources over the China’s military affairs reported on March 27 saying it from the insiders’ dossier that China is now pushing ahead a plan called the ‘085 Project’ to build a 93,000 ton class nuclear-powered aircraft carrier, and there is also a plan to build a 48,000 class conventional type of aircraft carrier under the project of ‘089.’ This insiders’ material describes the fact that China’s Central Military Commission recently approved the projects of construction of two aircraft carriers, and contains the descriptions of the specifications of each aircraft carrier.
- (2) According to the dossier, the construction of the nuclear-powered carrier will be completed by 2020; the Shanghai Jiangnan shipyard of the China State Shipbuilding Corporation is responsible for the designing and construction, and the size of similar to *Ulyanovsk*, unfinished nuclear-powered aircraft carrier of the former Soviet Union. Reportedly, China purchased secretly the design of *Ulyanovsk* from Russia. On completion of construction of the carrier China is to possess a nuclear-powered aircraft carrier equivalent to the U.S. newest 97,000 ton nuclear-powered aircraft carrier, USS *Ronald Reagan*.
- (3) The dossier says that China also plans to build a non-nuclear-powered carrier as a transitional stage to the construction of the nuclear-powered carrier. The conventional type aircraft carrier, of which completion is expected in 2010, is a medium-sized carrier with a standard displacement of 48,000 tons and full-loading displacement of 64,000 tons, having capacity of carrying 30 ~ 40 J-10 fighters, which China put into deployment for fighting in December 2006.

Admiral Timothy Keating, who is to take command of the U.S. Pacific Command on March 26, stated in the interview with the VOA on March 23 that he could not confirm that China was promoting development toward possessing a nuclear-powered aircraft carrier. (Voice of America,

March 23, 2007)

March 30 “USS *Carl Vinson* Returning to the Pacific Fleet” (Navy News Stand, March 30, 2007)

The U.S. Navy announced that the USS *Carl Vinson* (CVN 70) will change its homeport and be relocated to the West Coast of the United States, San Diego, California, by the time of early 2010. *Carl Vinson* is, at present, under maintenance at the East Coast of the United States, Newport News, Virginia. Currently, the U.S. Navy has USS *Nimitz* (CVN 68) and USS *Reagan* (CVN 76) homeported in San Diego. Among the eleven aircraft carriers of the U.S Navy *Carl Vinson* is the 6th aircraft carrier to be homeported in the Pacific. Secretary of the Navy Donald C. Winter stressed that “Having six of our aircraft carriers in the Pacific greatly enhances our nation’s security. It will help protect our vital interests, reassure our friends and allies, and maintain unfettered access to sea lanes.”

USS Carl Vinson

Source: U.S. Navy

1.3 Diplomacy and International Relations

March 13 “Japan and Australia Signed ‘Japan-Australia Joint Declaration on Security Cooperation’” (Ministry of Foreign Affairs HP, March 13, 2007)

Japanese Prime Minister Shinzo Abe had talks with visiting Australian Prime Minister John Howard on March 13, and signed ‘Japan-Australia Joint Declaration on Security Cooperation’. It is the first time for Japan to issue such a comprehensive joint declaration in the field of security with a country other than the United States. (See the details in the Intelligence Assessment.)

March 26 “Chinese and Russian Presidents Hold Talks” (Xinhua, March 27, 2007)

Visiting Russia on March 26, Chinese President Hu Jintao had talks with President Vladimir Putin on that day. Both agreed to further promote the Sino Russian strategic partnership for cooperation. The two leaders, in the joint statement, also stated that strengthening the continued Sino-Russian cooperative relations in all areas is conducive to the national interests of the two countries, and makes contribution to the Asian-Pacific region as well as the world in terms of

safeguarding peace and stability in the region and the world. Moreover, they agreed to deepen cooperation in the areas of economy, science and technology, and security.

March 27 “Russian Foreign Policy Document Specifying Russia to Strengthen Relations with India” (Bernama News, March 29, 2007)

Press Trust of India (PTI) quoted the Russian foreign policy document approved by Russian President Vladimir Putin on March 27, saying that Russia will develop its strategic relationship in all fields with India keeping the long-term interests of both countries in mind. This document expresses, “Development and deepening of strategic partnership with India in all directions – political, trade and economy, scientific-technological, cultural and defense will remain one of the priorities of the Russian foreign policy.” It has been so far an immediate prioritized agenda for Russia to expand Indo-Russian trade and economy to the level of 10 billion U.S. dollars by the year of 2010. President Putin has directed the Foreign Ministry to develop dialogue and interchanges in the trilateral India-Russia-China framework.

1.4 Shipping, Resources, Environment, and Miscellaneous

March 20 “Pakistan Inaugurates Gwadar Port” (Dawn, March 21, 2007)

Pakistani President Musharraf said at the inauguration ceremony of Gwadar port on March 20 that the Gwadar port would be a gateway for trade with the Central Asia, expressing “This port would provide to be trade corridor for Central Asian states, China and the Gulf as 60 percent trade of oil and gas is done through this route.” The President also revealed infrastructure construction projects including that of highway and railroad extending from Gwadar, and airport. A Marine College is to be set up in Gwadar likewise. The Gwadar port is the third port in Pakistan. President Musharraf also revealed the fourth port to be built at Sonmiani, northward from Karachi.

80 percent of the Gwadar Port’s initial development costs, 248 million U.S. dollars, was provided by China. This port is said to be the first ‘pearl’ of the China’s ‘string of pearls strategy’ initiative, which is situated at a strategic foothold to control the doorway of the Straits of Hormuz, and yet on the shortest route to the Central Asian region. The Port of Singapore Authority (PSA) is to handle the port’s operation and management. (See the 2006 March edition of this Report)

March 23 “China Becoming to Rank a Top Customer of Venezuela Oil” (Examiner.com. March 23, 2007)

Venezuela President Hugo Chavez, after his talks with an executive from the China National Petroleum Corporation on March 23, said that Venezuela was moving toward the target to raise its oil export to China to 1 million barrels a day by 2012 from its current level of about 150,000 barrels a day. President Chavez said that the export level to China would become close to it to the

United States, where Venezuela supplies about 1.5 million barrel per day. He also announced plans for Venezuela and China to build jointly three refineries in China that could process a total of 800,000 barrels of Venezuelan crude oil a day, and these refineries would finish construction within two to three years. President Chavez, furthermore, said that Venezuela and China decided to establish a joint oil shipping company which could transport between the two countries with its own tankers carrying crude oil and manufactured products. Venezuela also is to provide a permission to China to expand its activities for oil exploitation in the river mouth area of the Orinoco.

2. Intelligence Assessment

What is about Japan-Australia Joint Declaration on Security Cooperation: Significance, Intention, and Asian Reactions

Prime Minister Shinzo Abe had talks with visiting Australian Prime Minister John Howard on March 13, and signed 'Japan Australia Joint Declaration on Security Cooperation' (hereafter the Joint Declaration). It is the first time for Japan to issue such a comprehensive joint declaration with a country other than the United States. Raising the status of Japan-Australia relations to the level that can be said the "quasi-alliance" equivalent to the U.S. Japan security relations, the joint declaration is what adds depth and expanse to Japan's security interests. The joint declaration has an important meaning for both countries to grapple for the future with peace and stability as well as well-being and security of the Asia-Pacific region. All the more, there seem so many reactions within the region to the declaration which are worthy to listen to. The reactions included both expectations and wariness. However, inside Japan, only a part of mass media reported the pre-interview with Australian Prime Minister and Foreign Minister regarding forming a cooperative relationship with other countries over the security field that is a vital function for a state, and no substantial or active arguments took place even at the National Diet deliberation.

Followings are the study on the reactions within the region to and the significance of the joint declaration.

1. The Outline of the Joint Declaration¹

(1) The joint declaration, in its preamble, states fundamental thoughts on the strategic partnership between Japan and Australia. First of all, the two ministers affirm that the strategic partnership between Japan and Australia is based on democratic values, a commitment to human rights, freedom and the rule of law, as well as shared security interests mutual respect, trust and deep friendship.

Confirmed the basic thoughts mentioned above, in addition to strengthening cooperation on regional and global security challenges as well as contribution to peace and stability of the region, the two countries, in order to develop continually their strategic partnership, commit ① to increasing practical cooperation between Japanese self-defense forces and Australian armed forces and other security related authorities of both countries, ②to working together for mutual cooperation and with other countries to respond to new security challenges and threats as they arise.

On the Japan-Australia relationship and their respective relationships with the United

¹ Japan Australia Joint Declaration on Security Cooperation:
http://www.mofa.go.jp/mofa/area/australia/visit/0703_ks.html
English Version: <http://www.mofa.go.jp/rerion/asia-paci/australia/joint0703.html>

States, the two ministers agreed that affirming the common strategic interests and security benefits embodied in their respective alliance relationships, two countries commit to strengthening trilateral cooperation, including through practical collaboration among the foreign affairs, defense and other authorities concerned, as well as through the trilateral strategic dialogue.

- (2) According to the joint declaration, the scope of security cooperation between the two countries include at least the following as well: ①enforcement of the laws on combating transnational crimes which include illegal trafficking of drugs and precursors, human smuggling and trafficking, counterfeiting currency and arms smuggling). ② border security ③ counter-terrorism ④disarmament and counter-proliferation of weapons of mass destruction and the means of their delivery ⑤peace operations ⑥exchange of strategic assessment and related information ⑦ ensuring maritime and aviation security ⑧ humanitarian relief operations including disaster relief ⑨contingency planning, including for the occurrence of pandemics.
- (3) As part of the above-mentioned cooperation, Japan and Australia will, as appropriate, commit to strengthening practical cooperation between Japan's self-defense forces and Australian armed forces, and other related authorities, including through ①personnel exchanges ② coordinated training to further enhance effectiveness of cooperation, including in the area of humanitarian relief activities ③ coordinated activities including those in areas of law enforcement, peace operations, and regional capacity building.
- (4) In order to implement security cooperation in the above-mentioned areas, both countries agree that the following specific measures be taken: ①drawing up an action plan entailing specific measures ②strengthening the strategic dialogue between the two countries' Foreign Ministers on an annual basis ③strengthening dialogue between the two countries' Defense Ministers on an annual basis ④enhancing joint Foreign and Defense Ministry dialogue, including by establishing a regular ministerial dialogue.

2. Features of the Reactions Inside the Region

It is the first time for Japan to issue a joint declaration that gets to the nub of the area of security with a country other than the United States. This joint declaration has attracted attention inside the region where fears about the North Korean nuclear issue and China's military buildup are increasing in the East Asia. The reactions as raised below can be said to immediately emboss themselves in the significance of the Joint Declaration. Those reactions within the region reported through the media touch without exception upon the fact that it is the first time for Japan to issue a joint declaration in the security field with a country other than the United States. Therefore, their concerns are on why Japan made this declaration, and such views as there was an aim in the background for Japan to cope with China.

The two leaders clearly stated that the Joint Declaration did not mean any hostile intention to

any state in the region. At the press conference² on March 13, Prime Minister Abe emphasized that ①Japan and Australia agreed China is a country to help develop in Asia, ②both countries agree to develop the Japan-China relationship as a strategic reciprocal relationship, ③using the forums, including through the ASEAN + 3 and the East Asia Summit as well, the relations with China will be strengthened, and ④the prime minister is confident that the Japan Australia Joint Declaration on Security is matched to the national interest of the two countries, and will come to contribute to the peace and stability of the East Asian region. On the other hand, Prime Minister Howard emphasized and tried to dispel the concerns of China, expressing that ①the significance of the joint declaration is to bring the security aspect closer to line with social and economic aspects by adding to the past relations, ②this declaration is not intended to target anyone at all, and therefore, China should not regard it to be hostile, either, ③the joint declaration does not become linked to other states' military buildup or arms race, and ④Australia never expects that the joint declaration harms good relations with China in practical aspects, and nor does China, he believes. Foreign Minister Alexander Downer also stressed that the security cooperation between Australia and Japan was not targeted at China.

That the two leaders were forced to make mention of China is understood as an implication of a China factor behind their expressions. The reactions inside the region prove it. For instance, Professor Hugh White of strategic studies at Australian National University points out, "Japan is working hard to build strategic ties as it competes with China's growing influence," and "a security pact with Australia is part of that." (Business Day, March 13, 2007) March 15 Economist (Web edition), in its editorial headlined, "We're just good friends, honest," pointed out that "the natural question is, against whom? The louder the denials from both sides, the more evident are the main catalyst for the security pact: the rise of China" Moreover, touching upon Prime Minister Abe's policies such as his pushing faster deployment of missile defense system, turning the Defense Agency into a full scale of Ministry, hoping for revision of the Constitution, strengthening security relations with ASEAN countries, and promoting a new partnership with India, the Economist said, "It all amounts to a strategy of balancing China's geographical reach: Japan, in other words, is not about to roll on its back to let China be the region's top dog."

At home, it seems that there has been a fear that entering into security ties with Japan, Australia might be dragged into a Japan-China conflict. In the article of "The Bulletin Australia" titled "Howard's Risky Japan Deale" of March 13 prior to the joint declaration issuing, Dr. Robert Alyson, director of Graduate Studies in Strategy and Defence at Australian National University, stated, "Australia's unwanted choice is between the US and China and it's managed to balance things, even under the Howard Government. But this (the joint declaration) tilts us to the US/Japan end. There is no reason for Australia to seek an agreement, because the cooperation in counter-terrorism, maritime security, border protection and disaster relief could be handled without one. Japan gets more out of this than Australia. Japan gets support for an expanded role on regional security in a region.... It probably gains a bit more leverage in the [China-Japan]

² MOF HP: <http://www.kantei.go.jp/jp/abespeech/2007/03/13kyoudou.html>

relationship and I think that's the way China will see it.”

On the one hand, Chinese reaction itself took a calm attitude toward the Japan-Australia Joint Declaration on Security. Foreign Ministry spokesman's press conference on March 13 was questioned: ① if he believes that both Japanese and Australian leaders have said the Japan-Australia security relation is not targeted at China, and ② whether or not China will be forced to spend more for military modernization since Australia, following the United States, becomes the second country with which Japan signed such a deal. He replied as follows: “I hope they really mean what they have said. China adheres to the path of peaceful development with a defensive national defense construction. Our military modernization and maintenance of reasonable military strength is purely to safeguard our security, territorial integrity, and development interest rather than invasion or expansion. We hope relevant countries could take an objective view of china's diplomacy and national defense policy.”³ However, analysts' views do not necessarily share the same tone. According to the Strait Times of Singapore on March 14, for example, Dr. Zhu Feng of the Beijing University pointed out that the security pact between Japan and Australia would bring long-term strategic questions for China, and would definitely make China emphasize more its national defense and could lend weight to those who call for greater military expenditures.

Such reactions from inside the region were easily predictable. And it cannot be denied that these reactions themselves will compose a certain restraint toward China. Nevertheless, it is necessary for Japan and Australia to tone down the apprehension in the region by explaining repeatedly in the future that the joint declaration does not intend a system to respond to threats by targeting a specific country, but by maintaining respective alliance relationship with the United States, it is to form a trilateral security framework in order to create a security system more open and inclusive in the Asia-Pacific region.

3. Significance of the Joint Declaration

(1) The first security ties with a country other than the United States

The two leaders mentioned at the press conference the significance of the joint declaration as follows: Prime Minister Abe highlighted it extremely meaningful for contributing to peace and stability of the two countries as well as of the region and the world that both countries that share basic values such as freedom and democracy, basic human rights, and law enforcement, and strategic interests will deepen their security cooperation. Stating that the joint declaration was a new proof showing how the two countries trust each other, Prime Minister Howard emphasized that both countries are an important partner in the Asia-Pacific region sharing common, fundamental values and having a common strategic interest in the security field as allies with the United States.

Australia is the first country for Japan to stipulate the joint declaration concerning the security cooperation with a country other than the United States. Although the joint

³ Transcript is available on Internet at:
<http://www.fmprc.gov.cn/eng/xwfw/s2510/2511/t303512.htm>

declaration does not have a legal validity, Japan and Australia can be said to have become closer as quasi allied nations in terms of security relationship. The latest declaration stipulates that neither Japan nor Australia as the allied nation bears the defense responsibility that a security treaty normally stipulates, but instead it attaches great importance to cooperative relationship for “the contributions to regional peace and stability as well as prosperity and security,” stated clearly in its preamble.

Both Japan and Australia, as maritime nations, have maintained the safety of the sea line of communication (maritime traffic routes) vitally important to the region, and supported the U.S. military presence in the region for that purpose. As the two countries depend on the sea for much of their trade, they have a shared recognition of the importance of the safe maritime transportation and vital issue to maintain peace and public order of the calling ports. Australia, in February 2005, decided to dispatch 450 troops to Iraq, where they assumed charge of protecting the area where the Japan Self Defense Forces were engaged in humanitarian and reconstruction assistance activities in Samawah. This led to deepening importantly cooperation in international peacekeeping operations as well as humanitarian and reconstruction activities between Australian armed forces and Japan Self Defense Forces. Moreover, the opportunities for their cooperation were increased with the same objectives through activities consequent to the East Timor affairs and the earthquakes off the coast of Sumatra in December 2004. Through these opportunities, each force deepened understanding of the other as well-trained, well-disciplined, and possessed of high morale.

Viewed from these perspectives, it can be said that Australia is the most appropriate country as the second one with which Japan issues a joint declaration regarding security cooperation.

(2) Framework of security cooperation to make the United States a hub

Japan and Australia are the both most cooperative allied nations for the United States in the Asia-Pacific region. On and after the nine-eleven terror, there have been more occasions to cooperate in the security area among the three nations of the United States, Japan and Australia through the frameworks of those three nations themselves or through multinational cooperations. The three countries started a high working level dialogue among themselves in 2002, and initiated a foreign ministerial Trilateral Strategic Dialogue (TSD) with the objective to deal with security challenges centering on the Asia and the Pacific. Visiting Japan and Australia in March 2006, in his address at Sydney, U.S. Vice President Dick Cheney commented on the trilateral security structure among the U.S., Japan, and Australia as follows: “The growing closeness among our three countries sends a clear message – that we are united in the cause of peace and freedom across the region” (see the February edition of 2007.) and announced a strong feeling of expectation of security cooperation with both Japan and Australia.

The joint declaration of this time can be said a clear commitment from Japan and Australia toward collaboration among the U.S., Japan, and Australia to which the United States attaches great importance. Prime Minister Abe. At the press conference on the 13th, stated ①Through the TSD, the relationship between Japan and Australia out of the three countries will

furthermore become deepened, and then, since the U.S, and Australia as well as Japan and the United States are the allied countries, a strategic cooperation among the three will be much more strengthened, ②the TDS is expected to be promoted further because it is extremely meaningful for the peace and stability of the region.

The common belief sticking to their alliance is the shared values such as democracy. Pavement of a way to security cooperation provided in the joint declaration signed by the two leaders of Japan and Australia is to show that is meant to be a big step for the future, since it is possible to make arrangements for security cooperation with many more countries with which common values are shared and mutual confidence is placed one another. With regard to this point, Prime Minister Abe touched upon India at the joint press conference saying that India is the country with which Japan and Australia share a fundamental values, and taking a serious view of the relations with India, he hopes to move forward a dialogue among the U.S., Japan and Australia, and still more with India. Thus, he hinted at a possibility of such a dialogue toward the future.

The article headlined “Pacific allies to enlist India” in the March 15 Australian newspaper wrote about the cooperation with India that ①the Government of Japan and U.S. Vice President Cheney are enthusiastic to include India with growing economic and military power in the already enhanced TSD, and thereby linking it to the three most powerful democratic countries in the Asia-Pacific region, that is, turning the trilateral security arrangements into ‘quadrilateral arrangement’ including India. ②It is thought that Australian government is not against this idea in principle but does not wish to hurry the process and wants to ensure the enhancement of relationship with Japan before embarking a new framework of security arrangement.

In Asia, there is still a deep-rooted distrust toward Japan on her playing an active role in the security field in the region due to such reasons as the past history and the recent growing nationalism in China and Korea. On the one hand, however, a loud voice of evaluating Japan’s contributions over the sixty years in the post war era to the region and the world is there from many of the ASEAN countries such as Indonesia, Thailand and Malaysia.

Although Australia is promoting its involvement in Asia, there yet exist a cool view in the ASEAN that Australia is identical culturally with the West and it is not an Asian country. In particular, distrust remains in Indonesia, for instance. In part, there is a tendency to look upon Australia with distrust wondering if it has a political aspiration, even over the dispatching of its troops to the states in Micronesia. Of another side, Australia is deepening cooperation with China for the political and economic arena. Having a diplomatic relation with North Korea as well, although it was frozen due to the North Korean’s nuclear test in October 2006, Australia is entering consultations for restoring the relationship with North Korea. Australia is maintaining a closer political and security relations with the NATO countries.

It may not be wrong to say that turning the images of the countries in Asia and the world toward the two countries to positive images through their cooperation as provided in the joint declaration, their continued efforts to win a greater trust should bring for them about

improvement of relationship of trust in the region, eventually link to the peace and stability of the region, which is aimed at by the joint declaration. It is desirable that Japan would expand its security role in the region by gradually extending the limited signatory countries of this sort of joint declaration to the Asian allied nations with the United States, through a network of security cooperation with the U.S. as the hub, and furthermore, even by utilizing such frameworks as the APEC, the ARF and the EAS.

3. Feature

Symposium on the Enhancement of Safety of Navigation and the Environmental Protection of the Straits of Malacca and Singapore

On March 13-14, 2007, the Maritime Institute of Malaysia (MIMA), the Nippon Foundation, S. Rajaratnam School of International Studies (RSIS) of Singapore and the Center for Southeast Asian Studies (CSAS) of Indonesia co-hosted the “Symposium on the Enhancement of Safety of Navigation and the Environmental Protection of the Straits of Malacca and Singapore” in Kuala Lumpur, with about 200 people from the littoral states, Japan and the Chinese government officials attended. At the symposium, an estimation of future traffic values of the Straits with the cost benefit analysis of necessary projects such as the maintenance of aids to navigation was presented and then the way of burden sharing was discussed based on the analysis. At the end of the symposium, the four host organizations announced a consensus document which called for the establishment of a “Malacca Straits Fund” to provide a mechanism for shipping companies and other users of the Straits to voluntarily provide financial support. The four host organizations are going to present the consensus document at the next International Maritime Organization (IMO) meeting in Singapore.

The Straits of Malacca and Singapore, the world’s busiest and economically important waters, stretch more than 1,000 kilometers with many shallows and has become a hot spot of wrecks and sea pollution. Accordingly, prompt measures to navigational safety and environmental conservation in the Straits should be taken. The littoral states of the Straits, namely Indonesia, Malaysia and Singapore, have taken the primary responsibility for such measures with support from the Nippon Foundation and the Malacca Strait Council. However, the traffic in the Straits continues to grow with larger and faster ships passing through. The costs are becoming unaffordable for the littoral states. Against this background, it was agreed at the IMO-KL meeting of 2006 that the stakeholders would cooperate in establishing a voluntary funding mechanism. (See, Monthly Report September 2006) Then this symposium aimed at putting the funding mechanism for navigational safety and environmental conservation, bringing in ideas from private sector.

At the keynote speech, Malaysian Transport Minister Chan Kong Choy said, “[N]avigation safety in the Straits should not be taken for granted by the international community. It should in fact be the collective responsibility of the users as well as the littoral states.” Then in the opening remarks, Dato' Cheah Kong Wai, Director General of the MIMA, Hasjin Djalal, Director of the CSAS, and Kwa Chong Guan, Head of External Programme of RSIS called for contributions from the users, all referring to the 2006 IMO-KL statement. Yohei Sasakawa, Chairman of the Nippon Foundation, referring to the notion of corporate social responsibility (CSR), stated that the user industries should make active contributions to the safety of the Straits and proposed the

establishment of the Fund. Sasakawa also argued that a contribution of only one cent per ton would raise a huge amount of 40 million U.S. dollars a year (see the attachment). Then followed the presentations of the four host organizations.

Japan International Transport Institute (JITI) made a presentation on the estimation of future traffic volumes of the Straits and the cost benefit analysis of four projects for navigational safety and environmental conservation. The benchmark of the future traffic estimations was the traffic volume of 2004, and then the quantitative cost benefit of four projects, two from the projects which the littoral states proposed at the IMO-KL meeting (wreck removal and replacement and maintenance of aids to navigation) and two from projects requested by the Japan Captains' Association (dredging of shallows and replacement of DW Lane with SW Lane on the eastbound traffic separation scheme (TSS)). The traffic volume in 2020 is expected to increase 50% and the cost benefit of the projects was above 1.5 which is said to be effective for implementation. (See the results of the analysis below.)

	2004	2010	2020
DWT	4.0 billion	4.7 billion	6.4 billion
Number of ships	94 thousand	117 thousand	141 thousand

	①wreck removal	②aids to navigation	③dredging	④replacement of DW and SW Lanes
Cost (million USD)	64	21	43	322
Cost benefit(2004)	5.16	9.65	6.62	2.22
Cost benefit(2010)	10.35	12.58	13.23	2.61
Cost benefit(2020)	14.09	16.44	17.8	4.81

The MIMA made a presentation on the basic principle of burden sharing. Mohd Nizam, a researcher at the MIMA, stated that there is now a consensus on the necessity of burden sharing for navigational safety and environmental conservation in the Straits, but there remains a fundamental question of "who pays for what and how?" unresolved. Then, he argued that some existing framework such as the Tripartite Technical Expert Group (TTEG) or the Revolving Fund might serve as a reference. He also pointed out the necessity of projects for areas beyond navigational safety.

The CSAS made a presentation on the relationship between the user responsibility and the UNCLOS. Dr. Djalal argued that Article 43 of the UNCLOS does not exclude contributions from the users of the Straits and that nobody can "free ride" now. Then as for the measures of burden sharing, Indonesia prefers mechanisms based on bilateral agreements or, if any, a fund separated from the existing Revolving Fund. He also argued that it is more realistic and more legally and politically acceptable for the users to contribute to the six projects proposed by the littoral states than for the users to try to manage the use of the Straits.

RSIS made a presentation on the roles of shipping industry. Professor Beckman of Singapore

National University pointed out fairness and CSR as rational for contributions from the shipping companies. He stated that companies can raise their image by making contributions based on the notion of CSR and then argued that such contributions should be “voluntary” and that the contributions should be used only for navigational safety. He continued that contributions from companies are not against the provisions of Article 43 of the UNCLOS. He also argued that the user states might encourage the user industries to make contributions.

Then remark from the relevant organization followed. Delegations from the users—Japanese Shipowners’ Association, the International Chamber of Shipping, International Association of Independent Tanker Owners (INTERTANKO), and the Baltic and International Maritime Council (BIMCO)—and ReCAAP and Ocean Policy Research Foundation made their remarks. By and large, the users welcomed the mechanism building. Mr. Timlen, head of security and international department of INTERTANKO, supported the discussions at the Symposium, stating that a voluntary mechanism for burden sharing in the Straits is the most desirable. Director General Nakamoto of the Japanese Shipowners’ Association states that any toll will not be accepted and argued that the user states can also make contributions by concluding some agreement with the littoral states. Secretary General Ito of ReCAAP Information Sharing Center stated called for a comprehensive mechanism because maritime safety and maritime security are interrelated. Chairman Akiyama of Ocean Policy Research Foundation welcomed users’ participation in the cost sharing mechanism as a first step toward regional ocean governance.

The discussion section, welcoming comments from the floor, the main question was whether the cost sharing mechanism should be “voluntary” or “mandatory.” Some argued that a state-centric “mandatory” system would be more legal and efficient, but some responded that such a mechanism would meet many obstacles involving the parliaments of countries concerned. Others argued that a “voluntary” system is more realistic now that the momentum for it is enhanced. By and large, many people appreciated Chairman Sasakawa called for a voluntary, not mandatory, mechanism based on the notion of CSR and welcomed the high estimation of cost benefit.

Lastly, the four host organizations agreed to hold a workshop to discuss the details of the presentation before the IMO-Singapore meeting (probably in June).

The Summary of the Consensus Document

- ◆ Principles
 - Respect for the sovereignty of the littoral states
 - Realization of a framework under the UNCLOS in general and Article 43 thereof in particular
 - Voluntary contributions from the shipping industry based on the notion of CSR
- ◆ Measures
 - The establishment of “the Malacca Straits Fund” to provide a mechanism for the users to make voluntary financial contributions
 - Shipping industries make contributions as major potential contributors to

marine pollution and maritime accidents.

- Contribution of one cent per one dead weight tonnage
- The management of the Fund should be agreed by the littoral states and the users, in cooperation with the IMO.
- ◆ Acknowledgement
 - The offers from the Nippon Foundation for setting up the Fund
 - The offer of continued support from the Japanese Shipowners' Association
 - The interests of the International Chamber of Shipping, BIMCO and INTERTANKO in the voluntary mechanism
- ◆ Follow-up
 - The MIMA will convey the Consensus document to the three littoral states and seek to present it at the IMO-Singapore meeting.
 - The four host organizations will further study the establishment of the Fund.

The CONSENSUS DOCUMENT is available on Internet at:

<http://www.mima.gov.my/mima/htmls/conferences/som07/CONSENSUS%20DOCUMENT.pdf>

Document

**Address Presented at the Symposium on the Enhancement of Safety of Navigation and the Environmental Protection of the Malacca and Singapore Straits
by Chairman of the Nippon Foundation, Yohei Sasakawa**

**Development Toward a New World Maritime Community:
A Cooperative Framework for the Future of the Malacca -Singapore Straits**

I am honored to speak here today at the Symposium on the Enhancement of Safety of Navigation and the Environmental Protection of the Straits of Malacca and Singapore.

As one of the organizers of this symposium, I am sincerely grateful to Minister of Transport, Dato' Sri Chan Kong Choy, and to other government officials, representatives from the three littoral states, user industries such as INTERTANKO, ICS, and the Japanese Shipowners' Association, and all of you for being here today. This is the first symposium to be held jointly by the research institutions of the littoral and user states. I would like to express my admiration and gratitude to the Maritime Institute of Malaysia for hosting this symposium and sparing no efforts in arranging such warm hospitality.

I believe that this collaboration between the research institutions of the littoral and user states is epoch-making, and will lead to solutions to the problems concerning navigational safety and environmental protection of the Malacca-Singapore Straits. The Nippon Foundation is truly honored to participate.

Recently, an Oscar-winning documentary called "An Inconvenient Truth" has been widely talked about. The subject of the film is the climate change caused by global warming. Former US vice president, Al Gore, plays the lead role. The film shows a series of terrible scenes caused by climate change, such as the rising temperature of the sea, submerged coasts and retreating glaciers. It provides many concrete examples of the various harmful effects on the world's oceans, which cover about three quarters of our earth. As the documentary shows, the impact on the sea now threatens economic development. It threatens our very lives.

To counter this crisis, we ourselves must examine our way of living and implement the changes necessary. In particular, work in the maritime field, which is a major human activity, must be reexamined. In this field, activities which exploit the sea must be changed to efforts to protect the sea and to respond appropriately to changes. This is also true for the Malacca-Singapore Straits.

The Malacca-Singapore Straits, connecting the Indian Ocean, the South China Sea, and the Pacific Ocean have been vital for shipping since ancient times. In recent years, they have become even more important because of the economic development of East Asia, particularly China. The straits underpin the lives of many local people as well, both as a fisheries resource and as a valuable source of earnings from tourism. As you can see, maintaining navigational safety and conserving the environment in the straits not only benefits people living near the straits, but the world community as a whole.

However, these long, narrow straits, used by so many countries, have many chokepoints, and maintaining them is expensive. A large oil spill would rapidly and extensively damage the environment, harming local economies by destroying the fishing and tourism industries there. A spill at a critical point could even close the straits to shipping.

The traffic volume in the Malacca-Singapore Straits is four times that of the Suez Canal and more than ten times that of the Panama Canal. By 2020, we can expect a sixty percent increase in traffic, from the current 4 billion deadweight tons to 6.4 billion deadweight tons. The number of vessels will rise by fifty percent, from the current number of 94,000, to 141,000. Various safety measures need to be implemented to cope with the greater safety risk due to this rise in traffic, increase in the size of vessels and diversification of the goods transported. It is estimated that introduction of these measures will cost about 300 million dollars over the next decade. This is much greater than can be borne by the littoral states alone.

Under these circumstances, it is most significant that the governments of the littoral and user states have been meeting to discuss the issues of the Malacca-Singapore Straits. Undoubtedly, the efforts made by the littoral states over the years are bearing fruit internationally. I am very glad that the meeting between government representatives, here in Kuala Lumpur last September, was such a success. A great step forward was made toward establishing a spirit of international collaboration, both in the area of navigational safety and in the costs involved.

However, I think we should ask, is it right for only governments to attempt to solve these problems? The direct beneficiaries of the straits are private industries. The potential polluters of the straits are also these private industries.

I wonder whether the international maritime industry can fulfill its responsibility simply by complying with treaties concerning navigational safety and prevention of marine pollution, or by using the usual methods in conducting business.

For many years, the Nippon Foundation has been cooperating with the littoral states to maintain navigational safety and environmental protection of the Malacca-Singapore Straits. It would be a great pleasure for the foundation if our efforts led to improvements in safety. On the other hand, it would be grave disappointment if our efforts have lead users to believe that they do not need to take the lead in bearing the costs. Such an attitude works against the sustainable development of maritime operations.

I believe that maritime companies must shoulder responsibility, based on existing concepts and laws. They have an international social responsibility for the safety and environmental protection of the oceans, as well as the countries and local communities affected by their business.

This concept of corporate social responsibility is not new. For instance, in Japan, some automobile transport companies use vehicles powered by natural gas. These are expensive but emit even less exhaust than the levels set by the stringent Japanese exhaust gas regulations. Similarly, in the field of international aviation, the costs required for facilities to assist flights over Greenland are borne by the airlines using the route.

Let us consider the navigational safety and environmental conservation of the Malacca-Singapore Straits from this angle of corporate social responsibility. From this viewpoint,

it is the responsibility of private shipping companies to bear some of the cost of safe passage through critical stretches of the sea, rather than making littoral states shoulder the whole burden. In the case of the Malacca-Singapore Straits, companies which use the straits, and which are the principal beneficiaries should be required to fulfill their corporate social responsibility by tackling problems of safety and conservation, on the understanding that such problems are their own problems. They must do this together with the littoral states, and agree to help pay the cost.

Horsburgh Lighthouse, which stands at the eastern end of the Malacca-Singapore Straits, was constructed in 1851. It was requested, and paid for, by seafarers using the straits. This concept is important for the straits. In other words, users should collaborate with the littoral states, and help to fund and establish the necessary safety systems. History is showing us the way with this ray of light from the past.

Now I would like to humbly offer a proposal concerning the allocation of costs. I have named my idea "burden-sharing for the next generation".

This concept involves collaboration and will enable us to hand down a safe and healthy ocean to future generations. A burden-sharing system would respect the littoral states' sovereignty, realize cooperation for mutual benefit and specify the social responsibility of users of the straits. The burden would be shared equitably among the relevant parties. Therefore, the burden-sharing system should be based on the initiative of the littoral states, with the cooperation of the user states and the contributions of the user companies.

Over 4 billion deadweight tons of shipping pass through the Malacca-Singapore Straits each year. If users paid just one cent per ton, this would raise 40 million dollars a year. This is such a small amount that it would not even impact freight rates. Such revenue would eliminate the excessive burden borne by the littoral states, and users would be contributing to the navigational safety and environmental protection of the straits.

These are the requirements of a system that I believe is the fairest and most equitable for all parties. They cover the maintenance, management and replacement of present and future navigational aids, investments for the installation of new navigational aids and dredging operations, and capacity-building to devise policies and perform traffic control and management.

Users should pay for the maintenance, management and replacement of navigational aids because they use them. Users should also bear the costs of installing new navigational aids and dredging operations directly required for navigational safety, but user states should cover the costs beyond the level that the user companies can shoulder.

The littoral states should bear the cost of capacity building in most cases because capacity building is required to exercise their sovereignty through maritime policing. However, navigational safety and environmental protection in the area requires special equipment and the nurturing of capable staff and administrators. Therefore, user states which have relevant experience and private-sector organizations such as the Nippon Foundation should extend special support and cooperation for such capacity building.

If the proposal that I have made finds international acceptance, then a fund for the navigational safety and environmental protection of the Malacca-Singapore Straits can be

established by the littoral states, the users, and NGOs like us, for the first time in history. The Nippon Foundation is willing to set up such a fund with the hope that this will be the first step of reform for the future.

The Nippon Foundation will endeavor to establish international frameworks to distribute the costs required and set up an appropriate environment based on an understanding that these straits are the forerunner of reform toward the development of a new maritime community in the 21st century. The Nippon Foundation will support the littoral states, which must play the core role in solving the problems of the straits.

Grotius, a legal scholar in the Netherlands in the 17th century, is known as the father of international law. He published *Mare Liberum* following an incident involving a Portuguese ship in the Malacca-Singapore Straits, basing his argument for freedom of the seas on the grounds of the non-exhaustibility and reproductive capacity of the sea. That was in the age of sail.

Now, in the twenty-first century, we understand that free and unlimited exploitation of the sea is unacceptable. To make marine activities sustainable, it is vital for users of the sea to cooperate with littoral states and local communities and agree to pay the costs. Four hundred years on from *Mare Liberum*, I hope a modern version of Freedom of the Seas will emerge from the Malacca-Singapore Straits based on the premise that users agree to shoulder the costs required to freely and safely navigate and to protect the environment.

I hope that this symposium will be the first step towards this new community. If the navigational safety and environmental protection of the Malacca-Singapore Straits is realized through collaboration between all of us here today, this will show the people involved and all other people of the world the route to take in the future.

Source: The Nippon foundation HP;

http://www.nippon-foundation.or.jp/eng/brief_dtl/2007777/20077771.html

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EXAMINER.com	http://examiner.com/
MARINE LOG	http://www.marinelog.com/
MIMA	http://www.mima.gov.my/
MINDEF SINGAPORE	http://www.mindef.gov.sg/imindef/home.html
Navy NewsStand	http://www.navy.mil/index.asp
STRATEGY PAGGE	http://www.strategypage.com/
The Hankyoreh	http://www.hani.co.kr/
The Ministry of Foreign Affairs of Japan	http://www.mofa.go.jp/index.html
The Nippon Foundation HP	http://www.nippon-foundation.or.jp/
The Star Online	http://thestar.com.my/
Voice of America (VOA)	http://www.voanews.com/english/portal.cfm
Xinhua	http://www.xinhuanet.com/english/

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