

# OPRF MARINT Monthly Report January 2008



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This monthly report is edited/ summarized by publisher and staff writers based on published news resources.

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

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#### Retrospect: the Second Half of 2007

Security: In the latter half of the year 2007 were notable events over the piracy incidents off Somalia. On August 23, a Danish government spokesman said the owners of a Danish cargo ship, the *Donica White*, seized by Somali pirates since June 2, paid ransom to the pirates. Shortly after the ransom was paid the pirates released the ship and its five crew members, and were turned over to a French warship on August 22.

On October 28-30, a series of the piracy incidents occurred off Somalia. On October 28, a chemical tanker chartered by the Japanese shipping company (Dorval Kaiun K.K.), the Panamanian-flagged ship the Golden Nori, was hijacked by the pirates in the vicinity of Socotra archipelago, near the "Horn of Africa." On this occasion, getting an approval of the Mogadishu provisional government, the U.S. 5th Fleet guided missile destroyer, the USS Porter (DDG 78), which formed CFT-150 operating in this area, entered the Somalia waters, and sank two speed-boats tied to the tanker. After that, on December 4 two American warships and one German warship cornered the Somali pirates that had hijacked the Golden Nori, in Bosasso in Somalia. Pirates freed the tanker and its crew members on December 12.

On October 30, a North Korean-flagged freighter, the *Dai Hong Dan*, was attacked by the pirates off Somalia and rescued by the U.S. Navy. On November 8 the official (North) Korean Central News Agency (KCNA) reported North Korea officially thanked the U.S. for conducting rescue operations for the North Korean cargo ship.

On November 4, Somali pirates released

Tanzania-flagged fishing trawlers owned by a South-Korean, *Mavuno 1* and *Mavuno 2*, after holding them since May 2007. On November 5, Somali pirates freed Taiwan-flagged fishing trawler *Ching Fong Hwa*. Ever since, pirates freed the *Golden Nori* and its crew members on December 12, which meant no ships and their crews were being held by Somali pirates for the first time in the year 2007.

While operating in this area, the naval vessels of several nations are playing a major role in the anti-piracy measures. On November 16, French Defense Minister Herve Morin said that the French navy began escorting ships carrying World Food Program (WFP) provisions to Somalia to protect them against attacks by pirates. He asked other nations to join France. On December 21, Admiral William Fallon, the of commander U.S. Central Command (USCENTCOM), said that, in recent months, pirates off the coast of East Africa have become bolder, attacking more and larger ships. Admiral said, "I have given some guidance to our naval commanders, and we've been able to get some approvals to do some things that are a little more aggressive than we had in the past. We're going to continue to operate in this area and to do everything we can to discourage this kind of activity." He clarified that he had ordered his naval commanders to take a tougher approach to pirates off the coast of Somalia.

Concerning the matter over the Malacca Strait, the "Singapore Meeting on the Straits of Malacca and Singapore: Enhancing Safety, Security and Environmental Protection," a meeting jointly convened by Singapore and the International Maritime Organization (IMO), was held in Singapore on September 4-6. In this meeting was represented a "Co-operative Mechanism" that sets out how the littoral States will involve user States and industry stakeholders in efforts to ensure navigational safety and environmental protection of the Straits of Malacca and Singapore. Article 43 of the United Nations Convention on the Law of the Sea (UNCLOS) states that user States and States bordering a strait should by agreement cooperate in "the establishment and maintenance in a strait of necessary navigational and safety aids or other improvements in aid of international navigation," as well as for "the prevention, reduction and control of pollution from ships." Mr. Raymond Lim, Minister for Transport, Singapore, said the "Co-operative Mechanism" is the first formal representation of Article 43 of the UNCLOS, which adds a new dimension in Straits cooperation. The Nippon Foundation stated that it is prepared to contribute to the "Aids to Navigation Fund" which is established under the "Co-operative Mechanism."

Military: In South Korea, completing one-year trial, the lead unit of 14,000 ton class amphibious landing and transport vessel (LPH) named "Dokdo," the largest landing and transport ship in Asia, was commissioned in Chinhae Base on July 3. The Dokdo (Korean name for Japanese territory Takeshima) will commence operations from the first half of 2008. According to the Republic of Korean Navy (ROK), the Dokdo LHP, with helicopters on board, will become a key element of the South Korean mobile task fleet to be established in 2010. The Dokdo attracted keen interest from participants in the Langkawi International Maritime and Aerospace exhibition (LIMA 2007) held in Malaysia in December. Ranking Malaysian defense officials and local and overseas media are paying special attention to the ship built by Hanjin Heavy Industries & Construction Co. in South Korea. Malaysia's top

military officer General Tan Sri Abdul Aziz bin Hj Zainal expressed great interest in adding the *Dokdo* class ship to his nation's fleet. The Malaysian government is reportedly considering purchasing the *Dokdo* class landing and transport ship as part of its nine-year plan to bolster defense capabilities and supporting international humanitarian missions.

A destroyer DDH (13,500-ton) named Hyuga of the Japanese Maritime Self Defense Force (JMSDF) also attracted attention from the foreign countries. Launched on August 23, the Hyuga will be the largest one of all the JMSDF's naval ships, allowing four helicopters to lift off and land her through-deck platform simultaneously. The formal deployment is expected to in March 2009. It is of note that the overseas mass-media are regarding the ship as a milestone toward Japan's having aircraft carriers, while paying attention to its name and style of the ship. For example, it was reported that the ship belongs to more or less the same category of the European "Harrier *carriers.*" While this ship is currently planned to carry helicopters only, European experience (particularly from the British) has shown that this can be an effective platform for fixed-wing aircraft like the F-35B STOVL. Also, the Hyuga is the largest warship constructed in Japan since World War II. It is considered by some experts to be the first step toward the development of a large aircraft carrier. In this context, the innovative design of the Hyuga raises the question: "What's next?"

In Asia, competition in expanding submarine fleets is likely to be intensified. On December 3, Indian Navy chief Admiral Sureesh Mehta announced that India's first indigenously-built nuclear submarine - "Advanced Technology Vessel (ATV)" - will be ready for testing by 2009. On December 18, Taiwan's President Chen Shui-bian at Tsoying naval base in southern Taiwan, warned against a possible Chinese blockade of Taiwan and pressed for a build-up of naval force, particularly for purchasing eight submarines. On December 26, Australian New Defense Minister Joel Fitzgibbon ordered planning to begin on the next generation of submarines to replace the Royal Australian Navy's *Collins*-class submarines. The 17-year project will cost up to 25 billion Australian dollars. On December 29, the Republic of Korea (ROK) Navy deployed nation's first type-214 class submarine (1,800-ton), the *Sohn Won-il*, to Jinhae naval base in South Korea after 18 months of test-operations.

The Chinese Navy conducted a cruise to Europe and Oceania, proving its operational areas are expanding. On July 24, the guided missile destroyer Guangzhou and the supply ship Weishanhu left Sanya, Hainan, for an 87-day tour that took them to Russia, Britain, Spain and France. While cruising more than 23,000 nautical miles, the two ships visited Russia's Saint Petersburg, Britain's Portsmouth, Spain's Cadiz, and France's Toulon in succession. While they had only a friendship call to Russia, they conducted the exercises with Royal Navy including the British aircraft carrier the Ark Royal, which covered search and rescue, communications drills and fleet-maneuvers. This was the first exercise in the North Atlantic. In Spain they had the first search and rescue exercise, while in France they had the second naval exercise since both sides first conducted it in the South China Sea in March 2004. On 27th, the Guangzhou missile destroyer and Weishanhu supply ship successfully conducted night replenishment operation in a sea area of the Mediterranean. Two ships conducted replenishment of fuel and fresh water, while maintaining a space of 50 meters between them.

On September 10, a guided missile destroyer *Harbin* and a fuel tanker *Hongze Lake* departed from Qingdao to join Australia and New Zealand navies in the first maritime exercises to be staged by the three countries. Additionally, a guide missile destroyer *Shenzhen* left Zhanjiang, Guangdon, for a port call to Japan on November 21. The *Shenzhen* made a courtesy visit to Japan on November 28 – December 1 at the invitation of Japanese Maritime Self Defense Force.

On the other hand, Russia is reviving the Soviet-day military exercises. On August 17, Russian President Vladimir Putin said Russian permanently resumed long-range patrol flights of strategic bombers, which were suspended in 1992 after the collapse of the Soviet Union. Putin said, "I made a decision to restore flights of Russian strategic bombers on a permanent basis. Although we stopped this kind of strategic flights in 1992, unfortunately, not every country followed our example. Other states' long-distance strategic patrol flights have created certain problems for our national security. We act on the assumption that our partners will treat with understanding the resumption of strategic air flights." One of the reasons Russia halted its flights 15 years ago was that it could no longer afford the fuel. Today Moscow's coffers are stuffed full of oil money. Russian Navy has resumed its continual presence in several regions of the world's oceans, Russian Defense Minister Anatoly Serdyukov told the president at a meeting in the Kremlin on December 5.

India sponsored the multinational joint exercise codenamed "Malabar-2007" on September 4-9. Malabar has been conducted 13 times, and the current one has been expanded to involve Australia, Japan and Singapore, in addition to the original members, the United States and India. The action was centered in the

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Bay of Bengal, stretching from Visakhapatnam on the eastern seaboard to the Andaman and Nicobar Islands that guard the approaches to the strategic Straits of Malacca. According to an announcement of Vice Admiral Raman Suthan, Commander of the Indian naval fleet on the eastern front, on November 14, India plans to station an aircraft carrier in the Bay of Bengal along with at least half of the 32 new warships and six submarines over the next five years or so. Already, a few months ago, India's Air Force said it would strengthen its presence in the east, adding new fighter jets and moving two squadrons of 36 state-of-the-art Russian-built Sukhoi-30 aircraft to the area. They are an apparent move to counter Chinese interests in the region.

On October 17 the United States unveiled a new maritime strategy. The new strategy titled "A Cooperative Strategy for 21st Century Seapower," born of the attacks of 9/11 and the following wars, stresses conflict prevention as much as wining victory in war, and acknowledges that "no one nation" can secure the world's waters against terrorist and other threats. Based upon this, new strategy is shifting from a narrow focus on combat toward one that also emphasizes the use of "soft power" to counter terrorism and deliver humanitarian assistance. This approach is a clearly epoch-making shift from the current maritime strategy which focused heavily on offensive operations against the Soviet Union. U.S. Defense Secretary (DS) Robert M. Gates visited three East Asian countries, China, South Korea and Japan between November 4 and 9 for the first time after he took office. DS Gates had a talk with Japanese Defense Minister (DM) Shigeru Ishiba at the Defense Ministry on November 8. In addition, DS Gates met with Prime Minister Yasuo Fukuda and Foreign

Minister Masahiko Komura, and delivered a speech on U.S. Asian policy and U.S. Japan alliance at Sophia University on November 9.

In November friction arose between the United States and China over the port calls of the U.S. Navy vessels to Hong Kong, the crew members of the U.S. aircraft carrier USS Kitty Hawk were to visit Hong Kong for four days beginning on November 21. Shortly before the call, the Chinese side refused the entry of the USS Kitty Hawk. On November 29, a spokesman of the U.S. Pacific Fleet announced a U.S. aircraft carrier group sailed through the Taiwan Strait on November 23 - 24 on its way back to Yokosuka base in Japan, The U.S. Navy spokesman said on November 29, "USS Kitty Hawk carrier strike group has transited the Taiwan Strait. This was a normal navigational transit of international waters, and the route selection was based on operational necessity, including adverse weather." A few days before the USS *Kitty Hawk's* group, the Chinese side had also refused to allow two small U.S. minesweepers, USS Patriot and USS Guardianto, enter Hong Kong to get provisions and avoid bad weather. Furthermore, a request for the USS Reuben James (based at Pearl Harbor), a Navy frigate, to make a New Year's holiday stop on November 30 in Hong Kong was formally denied by the Chinese side on November 22.

Diplomacy and International Relations: A noteworthy event in this area was that the Committee on Foreign Relations of the United States (U.S.) Senate (hereafter the Committee) held a public hearing on U.S. accession to the United Nations Convention on the Law of the Sea (UNCLOS) and the Committee passed an approval of ratification of the Agreement and sent it to the plenary session. By the presidential statement on June 15, President George W. Bush was asking for the approval of ratification of the UNCLOS at the first session of the 110th congress by the end of 2007. On September 27, the Committee held the first public hearing on accession to the UNCLOS, in which Deputy Secretaries of the Department of States and Department of Defense and Vice Chief of Naval Operations appealed respectively from their positions for an approval of early ratification of the UNCLOS. On October 4, 2007, the Committee opened the second public hearing on the ratification of the UNCLOS, in which representatives from the worlds of maritime relations and oil and natural gas related business gave their testimonies respectively. On October 30 the Committee carried the ratification of the UNCLOS with 17 ayes and four nays, and sent the bill to the Senate Plenary Session. The Committee published a report summarizing the deliberations about the UNCLOS at the Senate Foreign Relations Committee on December 19. The report is recommending the Senate members to approve ratification of the UNCLOS at the plenary session, while attaching opinions of a minority group who have opposed its ratification at the same session.

The International Court of Justice (ICJ) began hearing arguments on the sovereignty of Pedra Branca (Pulau Batu Puteh) "island" on November 6. Pedra Branca is located some 24 nautical miles to the east of Singapore, and it commands the entire eastern approach to the Straits of Singapore. Pedra Branca houses the Horsburgh Lighthouse, the oldest feature on the island which was built by the British between 1847 and 1851. The island also comprises Middle Rocks which are two clusters of rocks situated 0.6 nautical miles south of Pedra Branca, and South Ledge, another rock formation can be seen only at low-tide that sits 2.1 nautical miles to the south.

Shipping, Resources, Environment, and Miscellaneous: Two Russian deep-sea submersibles, Mir-1 and Mir-2, reached the bottom of North Pole on August 2, and the researchers on board the submersibles planted a titanium Russian flag at the ocean bottom, and collected various data, which incited the respective nations. One of the aims of Russia is collection of data for its claim for an extension of outer limits of the continental shelf, and the other is securing the energy resources. On December 20, 2001, as a front runner in the world, Russia made an official submission into the United Nations (U.N.) Commission on the Limits of the Continental Shelf in accordance with the U.N. Convention on the Law of the Sea (UNCLOS) (article 76, paragraph 8). In the document Russia proposed to establish new outer limits of the continental shelf of Russia as far as 350 miles beyond the previous 200 mile zone. The submission stated that the "Lomonosov Ridge" is a 2,000-kilometer underwater mountain ridge underneath the Pole, and an extension of the Eurasian continent. Under the UNCLOS, the five Arctic nations--Canada, Denmark (through Greenland), the United States, Norway and Russia are permitted to claim 200 nautical miles of territorial waters-the exclusive economic zone (EEZ). Besides Russia, these countries can also file claims for more territory if they can prove that their continental shelves are geographically linked to the Arctic seabed. The substantial discussion at the Commission on the Limits of the Continental Shelf (CLCS) over the submission of extension of the continental shelf in the Arctic Circle is regarded to be made after all submissions of extension of five countries are prepared. The discussions are expected to face

difficulties with interests of every country being closely connected. Some experts are regarding the rivalry over the Arctic Circle as a "New Cold War." Apart from the Arctic Circle, regarding a start of historical works called a division of the control rights over the maritime areas submitted under the CLCS, an expert has pointed s out, "This will probably be the last big shift in ownership of territory in the history of the Earth. Many countries don't realize how serious it is."

On September 3, the biggest construction work of expanding the width of Panama Canal started since it opened 93 years ago. The expansion costing 5.25 billion US dollars (USD) is expected to double the 50-mile canal's capacity and lower the price of consumer goods on the East Coast of the United States by allowing the wider vessels to pass through the waterway with more cargo. The canal moves four percent of the world's cargo at present. The new locks are expected to be ready for use between 2014 and 2015. The Panama Canal Authority is borrowing up to 2.3 billion USD between 2009 and 2011 to help finance the project. It expects to pay that back by increasing ship tolls an average of 3.5 percent a year.

#### **Major Events in January 2008**

Security: On January 9, the International Maritime Bureau (IMB) published an annual report on piracy and armed robbery against the ships in the world in the year 2007. Reported attacks on ships numbered 263 for 2007, which increased by 24 cases from 239 attacks in 2006, rising 10 percent in 2007 compared to the previous year. The details of this report are available in 2. Intelligence Assessment in this Monthly Report, January 2008.

On January 17, the United States handed over 15 patrol boats to Indonesian National Police. The small patrol boats will be used to secure Indonesian waters prone to piracy, smuggling activities of drugs and firearms and other maritime crimes.

On January 17, Vietnamese Prime Minister Nguyen Tan Dung signed regulations on regional coordination in implementing the Agreement on Combating Piracy and Armed Robbery against Ships (ReCAAP) outside Vietnam's waters territories. Under the decision, the Department of Maritime Police, the Navy Force and the Air Defense-Air Force Department will undertake tasks of combating piracy and armed robbery against ships.

The Japanese government will provide the Malaysian Maritime Enforcement Agency (MMEA) with financial assistance of 14.2 million Malaysian ringgit (RM) (473 million yen) to improve and enhance its maritime security equipment in the Straits of Malacca. The signing of the exchange of note was held on January 25.

**Military:** In his New Year's Day address on January 1, Taiwan President Chen Shui-bian said China now had 1,328 ballistic missiles aimed at Taiwan, up by more than a third from a previous estimate, further threatening stability in the Taiwan Strait.

According to Andre Chang, a Hong Kong military expert, Taiwanese forces would face a grave shortage of ammunition after just seven days of fighting if a conflict should break out across the Taiwan Strait. Even though China has a much greater stockpile of ammunition than Taiwan, it would also encounter similar problems in a sustained conflict. As a consequence, if a conflict broke out and a military embargo was imposed, the People's Liberation Army Air Force (PLAAF) would immediately face difficulties.

On 14 January, Admiral (Adm.) Timothy Keating, commander of U.S. Pacific Command, met with Chinese officials in Beijing. This is the second visit for Adm. Keating since taking the helm of the U.S. Pacific Command in March 2007 and the first one since a port call of the aircraft carrier in Hong Kong was refused in November 2007.

On January 21, Indian Naval Chief Admiral Sureesh Mehta lectured that the Gwadar port being built by Pakistan with Chinese assistance would have serious strategic implications for India.

The U.S. aircraft carrier USS *Nimitz*, along with ships in its strike group, left San Diego on January 24. The USS *Nimits* Carrier Strike Group is to be deployed to the western Pacific for six months until September to fill the operational gap while the USS *Kitty Hawk* is in dock for

repairs in Yokosuka, Japan.

USS *Blue Ridge* (LCC 19), the U.S. 7th Fleet flagship, made a port call to Hong Kong on January 28. This is the first visit by a U.S. vessel since the USS *Kitty Hawk* was denied entry in the Chinese administered territory about two months ago.

**Diplomacy and International Relations:** China and the United States opened their fifth strategic dialogue in China for two days between 17 and 18 January. The dialogue was co-chaired by Chinese Vice Foreign Minister Dai Bingguo and U.S. Deputy Secretary of State John Negroponte, exchanging views on international situation, lasting and healthy development of China-U.S. relations, and cooperation in international and regional issues.

On January 23, China and Vietnam agreed to properly handle their dispute over the South China Sea, according to the consensus reached at the second meeting of the China-Vietnam steering committee on cooperation.

According to a Taiwan defense ministry official, Taiwan sent a C-130 military aircraft to the Taiping islet in the Spratlys for the first time on January 21, and the aircraft returned to Taiwan later that day. Taiwan's defense ministry began building a 1,150-meter runway on the Taiping islet from mid-2006 and the runway had already been completed.

Shipping, Resources, Environment and Miscellaneous: The representatives of railway authorities from six countries - China, Mongolia, Russia, Belarus, Poland, and Germany - signed a memorandum to expand cooperation of railway transport between Asia and Europe in China on January 9. The six countries agreed to create conditions that will pave the way for a regular container train service between Asia and Europe. Container train carrying a load of Chinese goods rolled out for a trial on January 9. It is expected to cover a distance of 9,780 kilometers in 18 days, before arriving in Hamburg, Germany.

According to a survey report issued by Hong Kong-based Fusion Consulting Asia on January 10, the Asia-Pacific region accounts for 42 percent, 43 million US dollars (USDs), of the global market for maritime port operations and services, with growth forecast to reach 44 percent, or 54 billion USDs by 2010.

On January 16, China outlined a plan for a second West-East natural gas pipeline project. According to the plan, the major line will extend 4,945 km, running from the northwestern Xinjiang Uygur Autonomous Region to Guangzhou, Guangdong Province.

On January 22, a German commercial cargo ship, MS *Beluga Skysails*, fitted with a computer-controlled gigantic kite, left Bremerhaven in Germany for Guanta in Venezuela on her maiden voyage across the Atlantic. The 160-square meter kite sail is expected to cut fuel consumption by as much as 20 percent.

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#### **1. Information Digest**

#### **1.1 Security**

## January 9 "IMB published Annual Report on Piracy in 2007" (IMB News Release, January 9, 2008)

On January 9, the International Maritime Bureau (IMB) published an annual report on piracy and armed robbery against the ships in the world in the year 2007 through its Piracy Reporting Center in Kuala Lumpur, Malaysia. Reported attacks on ships numbered 263 for 2007, which increased by 24 cases from 239 attacks in 2006, rising 10 percent in 2007 compared to the previous year. IMB director, Mr. Pottengal Mukundan said, "The significant increase in 2007 is directly attributable to the increase in incidents in Nigeria and Somalia. Pirates in these two countries attacked vessels further out at sea and were better armed and organized, amid a lack of proper law enforcement."(Details are available at 2. Intelligence Assessment in OPRF MARINT Monthly Report, January 2008.)

#### January 15 "Sri Lanka's Navy smashes LTTE militant group" (Islamic Republic News Agency, January 16, 2008)

On January 15, Sri Lankan Navy Chief Wasantha Karannagoda said the Navy had given a heavy blow to the anti-government sea forces, the "Liberation Tigers of Tamil Eelam (LTTE)," getting cooperation from the Indian Navy. According to Wasantha Karannagoda, the Sri Lankan Navy destroyed eight LTTE's floating warehouses within a year. Stationed off about 300 kilometers from the island's coast, these warehouses used to transfer from there the arms cargo on to trawlers to smuggle them ashore. The Navy Chief said, "The LTTE is not strong enough to sustain its fight against the government for long and the outfit's naval power is badly weakened after several losses." As for the assistance from India, Wasantha Karannagoda said, "Cooperation with India has been extremely successful in countering the LTTE. Every year, the Sri Lankan Navy holds four bilateral discussions with the Indian Navy and the Indian Coast Guard, and we are conducting coordinated patrols with the Indian Navy as well," On January 26, Indian Navy Chief Admiral Sureesh Mehta acknowledged helping the Sri Lankan Navy in its operations against the Tamil Tigers.

#### **[Related Story]**

### "U.S. Pacific Fleet Commander visits Sri Lanka" (Sri Lanka Navy HP, January 17, 2008)

On January 17, United States Pacific Fleet Commander Admiral (Adm.) Robert F. Willard visited Sri Lanka, and called on Vice Admiral Wasantha Karannagoda, the Commander of the Sri Lanka Navy. They confirmed the enhancement of the relationships between the two navies, and Adm. Willard expressed his appreciation on the performance of the Sri Lanka Navy's recent

achievements in destroying the LTTE's logistics capability. During his visit to Sri Lanka, Adm. Willard inspected the radar-based maritime surveillance system and the Rigid Hull Inflatable Boats (RHIBs) provided to the Sri Lanka Navy by the United States. These were delivered to enhance the security in the surrounding maritime areas by increasing the Sri Lanka Navy's ability to detect off-shore smuggling activity.

#### RHIB

Source: allinflatables.com http://www.allinflatables.com/shopping/boats/ribs.html

### January 17 "China asks Vietnam to investigate armed robberies in the Gulf of Tonkin" (Xinhua, January 17, 2008)

On January 17, Chinese Foreign Ministry spokeswoman Jiang Yu said China had asked Vietnam to seriously investigate a recent robbery incident in the Gulf of Tonkin (the Beibu Gulf). According to Jiang, up to 10 Chinese boats fishing in international waters in the Beibu Gulf in the northern part of the South China Sea were attacked and robbed of equipment by about a dozen armed Vietnamese fishing vessels on January 7. "We are ready to make joint efforts with the Vietnamese side to safeguard stability in the Beibu Gulf and the immediate interests of the fishermen living along the gulf," said Jiang.

#### **[Related Story]**

#### "Vietnam denies armed robbery incidents" (AFP, January 19, 2008)

On January 17, a Vietnamese foreign ministry spokesman denied an armed robbery incident accused by Chinese side. According to preliminary investigations, "there were clashes between four Chinese fishing boats and three Vietnamese fishing boats because the fishing net s' anchors were trapped to each other, after fishermen took them apart and drew up nets, the boats continued to fish normally again. This is totally not (true) that Vietnamese armed boats attacked Chinese fishing boats," said Vietnamese foreign ministry spokesman Le Dung. He told that the Vietnamese agencies are now continuing investigations into these incidents.

### January 17 "U.S. Grants 15 patrol boats to Indonesian National Police" (The Jakarta Post, January 17, 2008)

On January 17, the United States Ambassador to Jakarta, Caron Hume, handed over 15 patrol boats to National Police chief Gen. Sutanto in Batam, Indonesia. The small patrol boats

will be used to secure Indonesian waters prone to piracy, smuggling activities of drugs and firearms and other maritime crimes. Of 15 boats, Batam and Bitung (in North Sulawesi) will each get four of the boats while Tarakan (in East Kalimantan) will receive five and another two will be stationed in Bangka Belitung Islands (located in the sea area between Sumatra and West Kalimantan).

#### January 17 "Vietnam decides rules on cooperation with ReCAAP" (Vietnam News Agency, January 18, 2008)

On January 17, Vietnamese Prime Minister Nguyen Tan Dung signed regulations on regional coordination in implementing the Agreement on Combating Piracy and Armed Robbery against Ships (ReCAAP) outside Vietnam's water territories. Under the decision, the Department of Maritime Police, the Navy Force and the Air Defense-Air Force Department will undertake tasks of combating piracy and armed robbery against ships. Ships operating on the Vietnamese territorial waters are required to inform the above-said bodies of suspicious signs of piracy and robbery activities.

### January 22 "Indonesia to install 7 radars from U.S. in Malacca Strait" (The Jakarta Post, January 22, 2008)

The Indonesian government agreed to install seven radars provided by the United States in the Malacca Strait to support security efforts in the major sea lane, Defense Minister Juwono Sudarsono said on January 22. According to Juwono Sudarsono, the U.S. government is committed to helping Indonesia build its capacity to secure its waters by providing the surveillance radars. The U.S. previously provided Indonesia with five surveillance radars that were set up along the Malacca Strait to support security in the world's busiest sea lane.

### January 25 "Japanese government to provide financial assistance for Malaysia's new maritime surveillance system" (The Star, January 25, 2008)

The Japanese government will provide the Malaysian Maritime Enforcement Agency (MMEA) with financial assistance of 14.2 million Malaysian ringgit (RM) (473 million yen) to improve and enhance its maritime security equipment in the Straits of Malacca. At the signing of the exchange of note for the program held on January 25, Malaysian Foreign Ministry secretary-general said that the grant would be used to improve the existing radar surveillance system, the Malaysian Sea Surveillance System developed in 1996. The upgrading program includes the installation of a radio direction finder system and electro-optronics system on Malaysia's remote sensor sites. Stressing that the maritime security was a vital element for Japan's national security, Japanese ambassador to Malaysia, Masahiko Horie, said, "We take note that the high expectation of international users and increased volume of maritime traffic have placed considerable demands and financial burden to the Malaysian Government. Japan remains committed in providing the impetus for a fundamental transformation of Malaysia's maritime security through the development and improvement of essential capabilities." Furthermore, Horie added that Japan's

coastguard and private sector had also provided various cooperation programs for Malaysia.

#### January 29 "Security situation around Andaman and Nicobar archipelago has significantly improved" (NewKerala.com, January 29, 2008)

On January 29, Indian Air Marshal S. Radhakrishnan, commander-in-chief of the Andaman and Nicobar command, said that, although maritime threats in the Andaman waters had been under control since India's unified command took over the region, terrorism, drug trafficking, arms smuggling and poaching continued to be major concerns for the region. The command puts all the 572 islands, islets and rocks of the archipelago under surveillance.

#### **1.2 Military**

### January 1 "Taiwan President Chen Shui-bian alerts to China's missile buildup" (Reuters, January 1, 2008)

In his New Year's Day address on January 1, Taiwan President Chen Shui-bian said China now had 1,328 ballistic missiles aimed at Taiwan, up by more than a third from a previous estimate, further threatening stability in the Taiwan Strait. Chen said the number of short-range ballistic missiles deployed against Taiwan had proliferated from 200 in year 2000, when he took office, and now exceeded his most recent estimate of 988. Chen said, "In addition to setting in motion a three-stage plan for its People's Liberation Army to invade Taiwan, Beijing is poised to designate an 'air defense identification zone' in the Taiwan Strait and open a new civil air route along the median of the Taiwan Strait." According to Chen, the three-stage plan includes establishing combat preparedness for contingencies in the Strait by 2007, ensuring capabilities for large-scale engagements by 2010 and being ready to ensure a decisive victory over Taiwan by 2015.

#### **[Related Story]**

## "Taiwan arms frigate with home-developed supersonic anti-ship missiles" (AFP, January 25, 2008)

According to the report in the Taiwan's *United Daily News* dated January 25, Taiwan for the first time installed home-developed anti-ship missiles, Hsiung-feng (Brave Wind) 3, on a Perry-class "Cheng Kung" frigate in the southern port of Tsoying on January 24. The paper quoted Commander-in-chief Admiral Wang Li-shen as saying that defense authorities will determine how to deploy the missiles and on which warships after testing is completed by the end of the year. With a range of at least 130 kilometers (80 miles), the Hsiung-feng 3 has been designed to counter the Russia-made SS-N-22 Sunburn bought by China. The Hsiung-feng 3 can be fitted with a variety of guidance systems and can function as a ship-to-ship, land-attack or anti-radar missile.

### January 3 "Russian fleet to participate in Rim Pac 2008" (Honolulu Star-Bulletin, January 4, 2008)

On January 3, Admiral (Adm.) Robert Willard, commander of the U.S. Pacific Fleet, stated that Russian navy will participate in the Rim of the Pacific exercise held every two years in waters off Hawaii. The other nations participating this year have not been announced. According to Adm. Willard, China has declined to join the naval war games as an observer nation.

### January 4 "China's ability to sustain war - Estimate by Hong Kong Expert" (United Press International, January 4, 2008)

According to Andre Chang, a Hong Kong military expert, if a conflict should break out across the Taiwan Strait, Taiwanese forces would face a grave shortage of ammunition after just seven days of fighting. Even though China has a much greater stockpile of ammunition than Taiwan, it would also encounter similar problems in a sustained conflict. The gist of his assessment is as follows.

- (1) In full-scale warfare across the Taiwan Strait, suppose there were a loss of 20-30 combat aircraft each day, the current fleet of 344 third generation fighters in effective service in the People's Liberation Army Air Force (PLAAF) could sustain combat operations for only 11-17 days. Unlike the United States and Russia, China does not yet have the capability to independently manufacture third generation fighters. For instance, in order to produce J-11B fighters, China has to rely on imports from Russia for critical subsystems. As a consequence, if a conflict broke out and a military embargo was imposed, the PLAAF would immediately face difficulties.
- (2) Taiwan's depleted ammunition could be immediately resupplied from U.S. stocks, because most of the Taiwanese ammunition is the same as that used by U.S. and Japanese forces. However, such Chinese equipment imported from Russia as the Su-30 MKK multi-role fighters and others are not in service in Russia. China's large-tonnage combatants rely on Russian and Ukrainian technologies. In case of ammunition, China's supply capability is greater than Taiwan's, but attrition of ammunition is far greater for the attacking side than for the defending side.
- (3) If war should develop into a war of attrition when the third generation combat platforms and ammunition supplies become a serious problem, China would be put to use the older equipment of the Chinese military; hence a 1970s war would be played out on a 21st century battle field. This proves the practicality of the Chinese military's concept of "fighting a quick battle." Obviously the Chinese military is well aware of the hard reality that the current international political dynamics, China's own limited strategic oil reserves and its limited supply of advanced ammunition will not allow it to engage in a prolonged war across the Taiwan Strait.

### January 7 "Malaysia, India agreed to step up defense cooperation" (Antara News, January 7, 2008)

On January 7, Malaysia and India agreed to step up defense cooperation, including training of

air force pilots and submarine personnel, at the meeting of the defense ministers of two countries in Kuala Lumpur. India is fostering closer ties with Southeast Asian allies, and Indian Defense Minister A.K. Anthony said, "Both sides will enhance defense exchanges at various levels, as well as promote cooperation in training, in strategic and security studies."

### January 7 "Singapore, China signed agreement on defense exchanges an security cooperation" (MINDEF, Singapore, January 7, 2008)

Singapore Permanent Secretary for Defence Mr. Chiang Chie Foo visited China from January 6 to 8, 2008, to co-chair the inaugural China-Singapore Defence Policy Dialogue (DPD) with the People's Liberation Army (PLA) Deputy Chief of General Staff Lieutenant General (LG) Ma Xiaotian. At the conclusion of the DPD, Mr. Chiang and LG Ma signed the bilateral Agreement on Defence Exchanges and Security Cooperation. The Agreement will formalize on-going activities between Singapore Ministry of Defence (MINDEF) and the PLA such as the exchanges of visits, attendance at courses and seminars, and port calls. The agreement also includes new areas of cooperation such as Humanitarian Assistance and Disaster Relief.

### January 8 "Russian Navy commences big exercises in the Mediterranean" (RIA Novosti, January 8, 2008)

On January 8, a Russian Joint Naval Task Force comprised of the *Admiral Kuznetsov* aircraft carrier, the *Udaloy*-Class Large Anti-submarine Ship *Admiral Levchenko*, the *Sergei Osipov* auxiliary vessel, and other vessels, launched a training exercise to perform a variety of missions in the central part of the Mediterranean Sea. The *Admiral Kuznetsov's* main fixed-wing aircraft is the multirole SU-33 (NATO reporting name 'Flanker-D'), which can perform air superiority, fleet defense, and air support missions and can also be used for reconnaissance and the searching for naval mines. The Joint Task Force left Russia on December 5, 2007, as part of Russian Navy's global deployment project, to conduct the two-month expedition in the ocean.

## January 11 "Russia must be a naval power-Russian First Deputy PM" (Interfax, January 11, 2008)

"The navy must revived so that Russia is a naval power," Russian First Deputy Prime Minister Dmitry Medvedev said at a meeting with crewmembers of the fishing vessel in Murmansk on January 11. "We were respected when we were naval power."

Notes: In the background of this speech underlies the conflict over the border demarcation with Norway in the Barents Sea, where Norway is demonstrating a naval presence. The representatives of the fishermen said that they felt more secure in Soviet times, and they asserted, "Our naval units should protect sailors against Norway." (RIA Novosti, January 11, 2008)

#### January 14 "U.S. Commander Meets with China Officials" (various sources)

On January 14, Admiral (Adm.) Timothy Keating, commander of U.S. Pacific Command, met

with Chinese officials in Beijing. This is the second visit for Adm. Keating since taking the helm of the U.S. Pacific Command in March 2007 and the first one since a port call of the aircraft carrier in Hong Kong was refused in November 2007.

At the beginning of talks at the Defense Ministry with Adm. Timothy Keating, General (Gen), Chen Bingde, the People's Liberation Army (PLA)'s chief of general staff, said that the distance between China and U.S. militaries is so big that the Chinese military has no such ability to make U.S. military afraid of China. Regarding the port calls of the U.S. naval vessels, Gen. Chen told Adm. Keating, if the United States wants to stop by in Hong Kong, they have to follow the international rules and go through some procedures, after which China was welcome to U.S. make port calls in the future. (AP, January 14, 2008)

At the meeting on 15th with Gen. Chen, Adm. Keating said on the Chinese military power, "They (the Chinese) specifically have no hegemonic intentions, they do not have any expansion strategy, and they advocate a peaceful rise." However, Adm. Keating stressed that he was not entirely satisfied by China's explanations and wanted further exchanges to better understand the reasons for its military growth. "Increased transparency can lead to greater trust that reduces the potential for misunderstanding. Misunderstanding can lead to conflict or crisis and that is very much not in our interest," he said. (Reuters, January 15, 2008)

Concerning the transit of the USS *Kitty Hawk* battle group through the Taiwan Strait, Adm. Keating said, "We don't need China's permission to go through the Taiwan Straits in international waters," and he mentioned clearly that the group had transited through the Strait to avoid typhoons in the South China Sea. As for the Chinese refusal of aircraft carrier's port call to Hong Kong, Adm. Keating said Chinese officials offered him no explanation for the USS *Kitty Hawk* incident although he had discussed with them on this matter. (Reuters, January 15, 2008) Adm. Keating said they would have a request for another visit to Hong Kong fairly soon, and he was given assurances that China would receive it. (The Washington Post, January 15, 2008) (As for the issue on the denial of aircraft carrier's port call to Hong Kong, refer to 2. Intelligence Assessment, OPRF MARINT Monthly Report, December 2007.)

Regarding the Taiwan daily newspaper report that the carrier strike group encountered Chinese destroyer *Shenzhen* and a *Song*-class sub in the strait on November 23, causing the group to halt and ready for battle, as the Chinese vessels also stopped amid the 28-hour confrontation, Adm. Keating denied it, saying, "When we saw that report, I was surprised. We went back and checked with our headquarters and to the best of my ability to tell today, there is no foundation to that report." (The Central News Agency (Taiwan), January 16, 2008)

### January 16 "USS *Nimitz* CVBG to deploy to the Western Pacific" (Navy Times, January 17, 2008)

According to a U.S. 3rd Fleet spokesperson in San Diego on January 17, the U.S. aircraft carrier USS *Nimitz* and its battle group will leave San Diego on January 24 to deploy in the Western Pacific, in accordance with a "regularly scheduled" deployment under the Navy's Fleet Response Plan for the nuclear-powered ship, This is to fill the gap in the Western Pacific while the

Yokosuka, Japan-based USS *Kitty Hawk* is in the shipyards for maintenance, The USS *Nimitz* is accompanied by the guided-missile cruiser USS *Princeton* and guided-missile destroyers USS *John Paul Jones,* USS *Higgins* and USS *Chafee.* The USS *Kitty Hawk* is to return to the U.S. mainland for retirement later this year. Navy officials wouldn't say how long the USS *Nimitz* strike group will be deployed. But the aircraft carrier USS *Ronald Reagan* left San Diego on January 27, 2007 to return home on April 20 while USS *Kitty Hawk* was in the shipyard in 2007.

#### **[Related Story]**

The aircraft carrier USS *Nimitz*, along with ships in its strike group, left San Diego on January 24. The guided-missile destroyer USS *Chafee* will join the group from its homeport in Hawaii. According to the Navy's Third Fleet public affairs, the USS *Nimitz* Carrier Strike Group is to be deployed to the western Pacific for six months until September, after getting replenishment supports in Yokosuka, Japan. (FOX6 News, January 24, 2008)

### January 18 "Indian Navy-sponsored Multinational Navy Meeting begins" (All Headline News, January 18, 2008)

On January 18, the 'MILAN2008' was held in Port Blair, the capital of the state of Andaman and Nicobar Islands for five days between 18 and 21. The Milan is a biennial conglomeration of multinational maritime navies held on an initiative of the Indian Navy. Milan is to foster bonds of 'Friendship across the Seas' among navies of different countries in the Indian Ocean region, and share views on common maritime issues. Ships and delegations from Australia, New Zealand, Myanmar, Thailand, Indonesia, Sri Lanka, Singapore, Malaysia, Bangladesh, Vietnam and Brunei are expected to take part in the 'MILAN2008.'

### January 18 "China may develop submarine ASAT" (The Washington Times, January 18, 2008)

According to the U.S. newspaper, the *Washington Times*, dated January 18, Pentagon officials are increasingly worried that China is advancing its clandestine anti-satellite (ASAT) weapons program by building a submarine-launched direct-ascent missile system. The secret ASAT program, which Chinese side refused to discuss in recent meetings with visiting U.S. military leaders, will be aiming to put space-capable ASAT warheads on the new JL-2 submarine-launched ballistic missile that will be employed on the Type-094 subs. If it is true, ASAT weapons aboard Chinese nuclear submarines could pose serious threats for U.S. military forces, which rely heavily on satellites for their operations.

Jin class SSBN (Sinodefence.com) China is developing warheads for its new JL-2 submarine-launched ballistic missile for use in anti-satellite weapons.

Source; The Washington Times, January 18, 2008 http://www.washingtontimes.com/apps/pbcs.dll/article?AID=/20080118/NATION04/696008582/1008

### January 21 "Gwadar Port has serious strategic implications for India: Admiral Mehta, Indian Navy Commander" (The Times of India, January 22, 2008)

Speaking on "Oceanic Influence on India's Development in the next Decade" on January 21, Indian Naval Chief Admiral Sureesh Mehta said the Gwadar port being built by Pakistan with Chinese assistance has serious strategic implications for India. The gist of his lecture is as follows.

- Being only 180 nautical miles from the exit of the Straits of Hormuz, Gwadar, would enable Pakistan take control over the world energy jugular and interdiction of Indian tankers.
- (2) The challenge for India was to balance relations with China in such a manner that competition for strategic significance of space in the Indian Ocean leads to cooperation rather than conflict. The pressure for countries to cooperate in the maritime military domain to ensure smooth flow of energy and commerce on the high seas will grow even further.
- (3) Chinese designs on the Indian Ocean are represented in a strategy called "String of Pearls."\* China seeks to set up bases and outposts across the globe, strategically located along its energy lines, to monitor and safeguard energy flows. Each pearl (base) in the string is a link in a chain of the Chinese maritime presence. The string moves Northwards from Gwadar. A highway is under construction joining Gwadar with Karachi and there are plans to connect the port with the Karakoram Highway, thus providing China a gateway to Arabian Sea, which could pose a problem for India.
- (4) India, as a regional power with a dominant position in the Indian Ocean Region, must take the lead in initiating collaborative frameworks in the maritime arena. (Comments: Indian Navy will host the "Indian Ocean Naval Symposium (IONS) 2008" in New Delhi from 14 to 16 February 2008. In the seminar the naval commanders from the Indian Ocean littoral nations will participate. The subject is the "Constructive Engagement in the maritime domain."--Indian Navy HP)

Further, stating that oceanic influence on India's foreign policy would grow in the next decade,

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and expressing concerns over the shipbuilding industry in the country, Admiral Mehta said as follows.

- (1) The shipbuilding industry in the country is very small by present global standards. No nation can aspire for great power status by only buying ships. India has to build them.
- (2) Despite orders of 32 warships and six submarines with Defense shipyards, their capacity and capability to build ships are just not enough to meet our force accretion plans. The Navy would play its part in any government initiative to enhance indigenous warship construction capacity.
- Note\*: Details on this strategy are available in: Christopher J Pehrson, "String of Pearls: Meeting the Challenge of China's Rising Power Across the Asian Littoral," Strategic Studies Institute, U.S. Army War College, July 2006. This document is available on Internet at; http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB721.pdf

### January 22 "Vietnamese Navy Commander visits South Korea" (The Korea Times, January 22, 2008)

On January 22, Nguyen Van Hien, commander of the Vietnamese Navy, visited South Korea at the invitation of the Republic of Korea Navy (ROK) and talked with Admiral Song Young-moo, chief of Naval Operations. The two commanders exchanged views on matters regarding defense relations, modernization of naval forces and the reinforcement of the defense industry. During his stay until January 26, he will also meet with Defense Minister Kim Jang-soo.

### January 28 "U.S. 7th Fleet flag ship arrives in Hong Kong" (Navy News Stand, January 28, 2008)

USS *Blue Ridge* (LCC 19), the U.S. 7th Fleet flagship, made a port call to Hong Kong on January 28, as part of a scheduled port visit. This is the first visit by a U.S. vessel since the USS *Kitty Hawk* was denied entry in the Chinese administered territory in November 2007.

### January 30 "Indonesian Navy takes delivery of 2nd Dutch Navy corvette" (Antara News, January 30, 2008)

Having ordered four 1,600-ton *Sigma*-class corvettes to the Netherlands, the Indonesian navy took delivery of the second of four corvettes, the KRI *Hasanuddin*, from Netherland on January 30. Joining the navy's Western Flee, the KRI *Hasanuddin* will operate as a patrol ship. The first corvette arrived in August 2007, and the third and fourth ships are scheduled to be delivered in late 2008 and mid-2009, respectively.

#### **1.3 Diplomacy and International Relations**

#### January 16 "Bangladesh, Myanmar (Burma) to discuss maritime border line" (The Daily Star, January 17, 2008)

On January 16, Bangladesh will send a high-level delegation to Myanmar (Burma) to discuss demarcation of its maritime boundary with Myanmar shortly. The two nations have made significant progress in a number of key areas such as road links, border management and energy cooperation in a year, which has made the recent talks to start. India, Myanmar and Bangladesh have not demarcated their territorial water among them. India and Myanmar have agreed on an "equidistant" boundary allowing them to explore gas in the Bay of Bengal. According to Bangladesh foreign ministry official, Bangladesh's delay in claiming its maritime territories has allowed both Myanmar and India to creep into Bangladeshi territory 18,000 square kilometers and 19,000 square kilometers into Bangladeshi territory respectively. Bangladesh is reported to have plans to explore the maritime resources in its claimed 200 nautical miles of territorial water in the Bay of Bengal. According to the United Nations Convention on the Law of the Sea (UNCLOS), Bangladesh could extend the outer limit of its Continental Shelf to 350 nautical miles, for which Dhaka needs to submit an application for its extension to the UNCLOS by 2011.

#### January 17-18 "China, U.S. holds strategic dialogue" (Xinhua, January 19, 2008)

China and the United States concluded their fifth strategic dialogue in China for two days between 17 and 18 January. The dialogue was co-chaired by Chinese Vice Foreign Minister Dai Bingguo and U.S. Deputy Secretary of State John Negroponte, exchanging views on international situation, lasting and healthy development of China-U.S. relations, and cooperation in international and regional issues. Regarding the Taiwan issue, Dai stressed China's firm opposition to Taiwan authorities' splitting activities of Taiwan independence, including the U.N. membership referendum. Negroponte said the United States understands the sensitive nature of Taiwan issue and China's concern in this regard, adding the U.S. side insists on the one-China policy and opposes Taiwan independence activities including the U.N. membership referendum.

### January 23 "China, Vietnam agree to properly settle South China Sea dispute (Xinhua, January 23, 2008)

China and Vietnam agreed to properly handle their dispute over the South China Sea, according to the consensus reached at the second meeting of the China-Vietnam steering committee on cooperation held on January 23. The meeting was co-chaired by Chinese State Councilor Tang Jiaxuan and Vietnamese Deputy Prime Minister and Foreign Minister Pham Gia Khiem. The two sides also agreed to maintain frequent contacts of senior leaders of both countries, expand economic and trade cooperation, strengthen cooperation in fighting transnational crime and terrorism, promote cultural exchanges, and enhance coordination in major international and regional issues.

## January 23 "Taiwan sends military aircraft to Taiping islet in Spratlys" (AFP, January 23, 2008)

On January 21, Taiwan sent C-130 military aircraft to the Taiping islet in the Spratlys for the first time, which returned to Taiwan later that day, the defense ministry official told Agence France-Presse (AFP) without giving details. In its article, AFP quoted the Taipei-based news paper *United Daily News* dated January 23, it said President Chen Shui-ban is planning a trip to the Spratlys before the March 22 presidential election to underscore Taipei's claim to the islands. Presidential office spokesman Lee Nan-yang declined to confirm the report on the planned visit. The trip, if it goes ahead, would likely lead to protests from the nations concerned, including China. Taiwan's defense ministry began building a 1,150-meter (3,795-feet) runway on the Taiping islet in mid-2006, despite protests from Vietnam, and the project has been completed.

#### **1.4 Shipping, Resources, Environment, and Miscellaneous**

### January 9 "Six Eurasian countries signed memorandum on railroad transport cooperation" (China Daily, January 10, 2008)

The representatives of railway authorities from six countries - China, Mongolia, Russia, Belarus, Poland, and Germany - signed a memorandum to expand cooperation of railway transport between Asia and Europe in China on January 9. The six countries agreed to create conditions that will pave the way for a regular container train service between Asia and Europe. They also agreed to simplify transit procedures, and cooperate in customs and border patrols to minimize transit time of containers through the national borders. Container train carrying a load of Chinese goods rolled out of one of the logistics bases of China Railway Container Transport Corp Ltd in Beijing on January 6 for a trial. It is expected to cover a distance of 9,780 kilometers in 18 days, before arriving in Hamburg, Germany. After the train finishes its journey, representatives from the six countries will analyze the route with an eye towards improving operations.

Although issues such as transport cost remain unsettled, the Eurasian continental corridor is considered a favorable choice for cargo transport between the two continents because it takes less time than shipping by sea. As shipping goods from Asia to Europe means passing through the Indian Ocean, it would add an additional 10,000 kilometers to the journey. It takes at least 40 days to ship goods from China to Germany, more than double the time it takes to send a train through the Eurasian corridor. However, countries along the corridor have different types of rail tracks and various customs and border checking regulations. It costs more to carry goods by rail than by ship. China's Ministry of Railways has been working to remove these obstacles and promote cooperation.

#### Eurasian railroad corridor

Source: China Daily, January 10, 2008 http://www.chinadaily.com.cn/china/2008-01/10/content\_6382884.htm

### January 10 "Asia-Pacific Region shares 42% of World Maritime Industry" (Asia Bulletin, January 10, 2008)

According to a survey report issued by Hong Kong-based Fusion Consulting Asia on January 10, the Asia-Pacific region accounts for 42 percent, 43 million US dollars (USDs), of the global market for maritime port operations and services, with growth forecast to reach 44 percent, or 54 billion USDs by 2010. The main areas of growth in ports and terminals are expected in China, India and South Korea. Asia is also expected to be the main battleground in terms of container traffic, Fusion said. Singapore, Hong Kong and Shanghai are far ahead of the pack in this area. The Asia-Pacific's share of the global market for offshore operations is 23 percent, but likely to rise from 31 billion USDs currently to 41 billion USDs by 2010. In the long run, the ship repair industry in Singapore is likely to be threatened by the rise of low-cost ship repair yards in China, India, Indonesia and Vietnam.

### January 10 "Singapore became the top in container's handling record in 2007" (Channel NewsAsia, January 10, 2008)

The Singapore maritime sector achieved double-digit growth across the board in the year 2007. Despite intense competition from the likes of Hong Kong and Shanghai, the port was able to hold its own. It handled a record 27.9 million containers or twenty-foot equivalent units - up 13 percent from 2006. The Singapore Registry of Ships grew by 13.8 percent to reach 39.6 million gross tons as at end 2007. The number of international shipping groups operating in Singapore is pushing towards 100. In a recent World Bank study, Singapore was ranked the number one logistics hub out of 150 countries surveyed.

### January 11 "Philippines, China agreed to establish a common fishing area" (Reuters, January 11, 2008)

On January 11, the Philippines and China agreed to set up a common fishing area in the South China Sea, hoping it would reduce tension in the area. Philippine's House Speaker Jose de Venecia Jr. said in Beijing that the two countries could expand the fisheries agreement by asking other Southeast Asian states, particularly Vietnam, to take part in the cooperative fishing activities. De Venecia said the creation of common fishing areas in the disputed waters of the South China Sea would help them prevent undue arrests of fishermen from China and Southeast Asian states, which would also lessen tension in these disputed areas. Poaching and illegal fishing have been a traditional irritant among the six claimant states in the South China Sea. China, Vietnam and Taiwan have conflicting territorial claims over the entire South China Sea while Brunei, Malaysia and the Philippines are claiming parts of the Spratlys. De Venecia said the fisheries deal could also boost existing cooperation among China, the Philippines and Vietnam to conduct scientific research and studies to discover oil, gas and minerals within the Spratlys.

#### January 12 "China surpassed South Korea as the World's No. 1 Shipbuilder" (Bloomberg, January 12, 2008)

According to data compiled by London-based Clarkson Plc, the world's largest shipbroker, China surpassed Korea to become the world's biggest shipbuilder by new orders in 2007. Following what it said, Chinese shipbuilders booked orders for 103.6 million deadweight tonnages of ships, compared with Korea's 94.8 million. In China demand for vessels to carry their imports of raw materials and exports of consumer goods is fueling earnings growth at shipbuilders. However, China remained behind Korea in new orders measured by Compensated Gross Tons (CGTs). China booked 29.2 million CGTs of new orders in the year 2007, compared with Korea's 32 million. Regarding the order backlog, China records 51 million CGT while South Korea does 64.4 million 64.5 million CGT.

- Notes
   Compensated Gross Tonnage (CGT) is used as an indicator to grasp the construction amounts of the shipbuilding company as the working load, as the gross tonnage does not accurately reflect the working load of the shipbuilding company or added value because of various kinds and types of the vessels to be built at the shipping company. CGT classifies the vessels into various kinds and types, by which defines the coefficient in accordance with classification items, and CGT is measured out by multiplying the gross tonnage of an individual vessel. (Corporation: Operational Glossary, Association of Japan Shipping Owners)
- Comment : On December 13, the chief of the U.S. naval operation Admiral (Adm.) Gary Roughead said "Chinese ship building capability is increasing rapidly. I believe that not in a distant future China will likely surpass Korea as the prominent ship builder in the world" (See December 2007 issue of OPRF MARINT Monthly Report for details)

#### January 16 "China to build 2nd West-East pipeline" (Xinhua, January 17, 2008)

A plan for a second West-East natural gas project was outlined yesterday, with construction on the pipeline to begin this year with an operational date of 2010. The 8,794-kilometre (km) pipeline consists of one major line and eight sub-lines, and the major line will extend 4,945 km, running from the northwestern Xinjiang Uygur Autonomous Region to Guangzhou, Guangdong Province. Construction of the pipeline will begin in 2008 and it will go into operation in 2010. It would carry natural gas from central Asian countries and Xinjiang to the economically prosperous but energy thirsty eastern and southern China areas, including Shanghai and Guangdong Province.

#### January 17 "South Korea's Hyundai Heavy Industries to deliver tanker to Russia" (RIA Novosti, January 17, 2008)

The *Zaliv America*, a new supertanker built for the Russian Primorsk Shipping Co. by Hyundai Heavy Industries, has successfully completed a series of sea tests in the Sea of Japan, and will be delivered to Primorsk in late January. The *Zaliv America* has a deadweight tonnage (DWT) of 104,000, and is capable of operating in northern waters without icebreaker support. The South Korea's Hyundai Heavy Industries Co. is to build six tankers in all.

## January 22 "The world's first German cargo ship equipped with a kite leaves for across Atlantic voyage" (BBC News, January 22, 2008)

On January 22, a German commercial cargo ship, MS *Beluga Skysails*, fitted with a gigantic kite, left Bremerhaven in Germany for Guanta in Venezuela on her maiden voyage across the Atlantic. MS *Beluga Skysails* is fitted with a computer-controlled kite sail to partially aid its propulsion for the first time in the world. The 160-square meter kite sail is expected to cut fuel consumption by as much as 20 percent. They also hope the kite will help reduce carbon dioxide emissions, as it tugs the ship. Fuel burnt by ships accounts for four percent of global CO<sub>2</sub> emissions - twice as much as the aviation industry produces.

According to managing director of SkySails GmbH, the company chartering this ship, the maiden voyage marks the beginning of the practical testing during regular shipping operations of the SkySails System. During the next few months they will finally be able to prove that their technology works in practice and significantly reduces fuel consumption and emissions.

MS Beluga Skysails Source: SkySails GmbH HP (German chartering company) <u>http://www.skysails.info/index.php?id=6&L=1</u>

#### HOW THE KITE SHIP WORKS

The kite sail will help reduce annual fuel costs by 10-35%. Reduced fuel also means fewer harmful carbon emissions. The large towing kite resembles a paraglider and is shaped like an aircraft wing, to enable it to take advantage of different wind directions. It operates at 100-300m above surface level  $\cdot$  much higher than a normal sailing craft  $\cdot$  where winds are stronger and more stable. The kite can be used in winds of between 12-74km/h (7-40 knots) and not just when the wind is blowing directly from behind the ship.

Source: BBC News, January 22, 2008 http://news.bbc.co.uk/2/hi/europe/7201887.stm

#### **2. Intelligence Assessment**

#### Piracy and Armed Robbery against Ships in the year 2007 (1 January – 31 December): ~From IMB Annual Report~

On 9 January 2008, the International Maritime Bureau (IMB) of International Chamber of Commerce (ICC) published a report on the incidents of piracy and armed robbery against the ships noted in the world in the year 2007 titled "Piracy and Armed Robbery against Ships, 1 January – 31 December 2007" (hereafter, the Report) through the Piracy Reporting Center (PRC) based in Kuala Lumpur. According to the IMB, piracy and armed robbery have been described as "act of boarding any vessel with the intent to commit theft or any other crime and with the intent or capability to use force in the furtherance of that act." This definition includes actual and attempted acts regardless of the situation where the vessels are in ports, anchorages, or navigation, excluding an act of theft by persons who are not armed with knives. Below is the gist of the report.

## 1. Characteristics viewed from numbers and locations of attacks (including the attempted cases)

Locations	2003	2004	2005	2006	2007
Indonesia	121	94	79	50	43
Malacca Straits	28	38	12	11	7
Malaysia	5	9	3	10	9
Philippines	12	4		6	6
Singapore Straits	2	8	7	5	3
Thailand / Gulf of Thailand	2	4	1	1	2
South China Sea	2	8	6	1	3
Vietnam	15	4	10	3	5
Bangladesh	58	17	21	47	15
India	27	15	15	5	11
Gulf of Aden / Red Sea	18	8	10	10	13
Somalia	3	2	35	10	31
Nigeria	39	28	16	12	42
Tanzania	5	2	7	9	11
Peru	7	5	6	9	6
Total at year end*	445	329	276	239	263

Table 1: Changes of attacks in number (including the attempted attacks) noted annually in Asia and other areas during the past five years

Source : Depicted from Table in Report in the 2007, p. 5.

Note \*: Total number of attacks throughout the respective years includes all sea areas listed in the Report.

As shown in the Table 1, the total number of 263 attacks (cases) was reported in 2007. Of them, 187 were the actual attacks, of which 18 were hijacked cases and 169 were boarded cases. 76 cases were the attempted attacks, of which 14 were fired upon cases and 62 attempted boarded cases. The number of attacks in the year 2007 increased by 24 cases – 10 percent from 239 attacks in the year 2006. This number of attacks is lesser, compared to the highest number of 445 attacks in 2003 for the past five years, the number of 329 attacks in 2004 and that of 276 attacks in 2005. However, it showed an increase for the first time, compared to a number in the previous year throughout the past five years. Captain Pottengal Mukundan, IMB Director, said, "This significant increase in 2007 is directly attributable to the increase in incidents in Nigeria and Somalia." "Pirates in these two countries attacked vessels further out at sea and were better armed and organized, amid a lack of proper law enforcement." (IMB News Release, January 9, 2008)

Looking from the locations of the incidents (attacks), nearly two-thirds of a total of 263 attacks in 2007-- 166 attacks occurred in the seven areas. In order of frequencies, 43 attacks (50 attacks in 2006) in Indonesian archipelagoes, 42 attacks (12 ditto) off Nigeria, 31 attacks (10 ditto) off Somalia, 15 attacks (47 ditto) off Tanzania, 13 attacks (10 ditto) in the Gulf of Aden and Red Sea, and 11 attacks (nine ditto) off Tanzania, and 11 attacks (five ditto) off India.

According to this Report, the greatest number of attacks was observed in Indonesian archipelagoes. In view of the number of the attacks, it remains unchangeable for the last ten years. Looking at the number of attacks that have occurred for the past five years, it has been decreasing gradually from 121 attacks in 2003. Looking at the past five years, the number of attacks in the Malacca Straits has been remarkably decreasing since 2005, In case of Malaysia (East Coast), the attacks decreased from 10 cases in 2006 by one case to nine cases in 2007, but in Asian sea areas, number of attacks remains great after Indonesia. In Singapore Straits three attacks were noted in 2007, and incidents have been decreasing since 2004. In other areas in Asia, six attacks (six cases in 2006) in the Philippines and five incidents (three cases ditto) in Vietnam are remarkable.

As a whole, the incidents of attacks are showing a tendency to decrease in Southeast Asian areas. The Report welcomes such a decreasing trend, and evaluates it as an outcome of accumulating effects of strengthening surveillance and patrols by the respective coastal nations. The Singaporean newspaper, *The Straits Times*, dated 14 January evaluates a decrease of the incidents in the Malacca Straits as a good example of cooperative efforts of three coastal countries. According to the paper, Captain Noel Choong, the Kuala Lumpur-based head of the IMB's PRC, says, "The pirates 'will lie low' as long as there is no let-up in the concerted efforts of the three littoral players to keep the Malacca Straits safe." Also, Dr. Rohan Gunaratna, head of the Singapore-based International Center for Political Violence and Terrorism Research, attributed the success to the strong collaboration between the states. But he stressed that the piracy problem is not just a sea problem, adding, "As the pirates are only at sea for raids and on land the rest of the time, governments should recognize this, and their land agencies like the police should work towards erasing the pirates' land bases." (The Straits Times (Singapore),

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January 14, 2008) The Report, also, introduces a statement of Malaysia's Prime Minister Datuk Seri Abdullah Ahmad Badawi at the opening session of the Langkawi International Maritime and Aerospace exhibition (LIMA) 2007 held in early December 2007. According to this, Prime Minister Abdullah said on the U.S.-led Regional Maritime Security Initiative (RMSI) in his keynote address, "We are strongly against any involvement of foreign assets to ensure security of the strait." The Royal Malaysia Navy Chief Tan Sri Ramlan Mohamed Ali issued a stern warning to the international shipping communities that hire the private security firms in its territorial waters. Admiral Ramlan Ali declared that Malaysian armed forces would take stern action to deter such firms from operating in Malaysian waters.

On the other hand, in South Asia, it is notable that the incidents (attacks) of Bangladesh in the Gulf of Bengal have reduced from 47 in 2006 to 15 in 2007. The report warns "Although Bangladesh authorities have to be commended for their efforts, this should not be taken as and indication that the threat has ceased to exist. Masters are advised to maintain strict anti-piracy watches especially while approaching the anchorage and while anchored."

Looking at the numbers of incidents in 2007, what is the most notable is an increase of attack cases in Somalia and Nigeria.

The number of incidents (attacks) in Somalia is 31, which has been increased three times, compared to 10 in 2006. Including the attacks in the Gulf of Aden and the Red sea areas, the total number of the cases reached 44 in 2007, which indicates the sea areas around the "Horn of Africa" continue to remain a dangerous zone. On the other hand, the multinational naval forces, the Coalition Naval Forces 150 (CTF-150) have shown willingness to get actively involved in resolving these incidents. On 12 December 2007 the chemical tanker chartered by the Japanese shipping company, the Golden Nori, was released through patrol activities of the U.S. Navy. For the first time over a year there are no vessels and crews detained by the Somali pirates in 2007. (For details, see 1.1 Security in October, November and December, 2007 issues of OPRF NARINT Monthly Report.) According to the Report, while willing to assist vessels hijacked by pirates, the CTF-150 had initially hesitated to venture inside Somali territorial waters. Knowing this, the pirates would anchor hijacked vessels well inside 12 mile limit. However, as in the case of the Golden Nori, the report says, "The intervention of the CTF-150 by entering the 12 mile limit could prove to act as a deterrent to the Somali pirates." In addition, it is worthy of note that the report thanks the CTF-150 forces, especially the U.S. Navy, who have released the hijacked vessels and provided humanitarian assistance and supplies. (The supply and support activities of the Japanese Maritime Self Defense Force based on the special anti-terrorism measure law were directed to the vessels of CTF-150. When it is resumed, it will also be directed to its vessels.)

The number of the incidents in Nigeria has remarkably increased from 12 cases in 2006 to 42 cases in 2007, which is higher than 39 cases in 2003-- the highest number in the past five years. The report ha pointed out a possibility of more unreported incidents.

#### 2. Characteristics viewed from the status

As shown in the Table 2, of 187 actual attacks (incidents) in the year 2007, 22 cases (14 cases

in 2006) while the ships were berthed, 105 cases (113 ditto) while the ships were anchored, 53 cases (48 ditto) while the ships were steaming, and seven cases (one ditto) whose status was not stated, were noted respectively. On the other hand, of 76 attempted attacks (incidents) in the year 2007, one case (one case in 2006) while the ships was berthed, 17 cases (22 ditto) while the ships were anchored, and 58 cases (40 ditto) while the ships were steaming, were noted respectively. In Indonesia, Bangladesh and Nigeria, the highest number of incidents (attacks) was noted while the ships were anchored. On the other hand, in Somalia, of 11 actual attacks, seven cases while the ships were steaming, whereas, of 20 attempted attacks (incidents) seven attacks while the ships were steaming were noted respectively. This trend reflects the characteristics that the pirates use the "mother-ships" in this area.

Location	Berthed	Anchored	Steaming	Not Stated
Indonesia	6	23	5	
Malacca Straits			3	
Malaysia	3	3	3	
Philippines		5		
Singapore Straits		2		
Thailand / Gulf of Thailand			2	
South China Sea			1	
Vietnam	1	4		
Bangladesh	2	12		
India		7	4	
Gulf of Aden / Red Sea			1	
Somalia		2	7	2
Nigeria	5	19	9	3
Tanzania	1	1	7	
Peru	1	3		
Subtotal*	22	105	53	7
Total*	187			

Table 2: Status of ships during actual attacks in Asia and other areas

Source: Depicted from Table 4 in the Annual Report (2007), pp. 10~11. Note \*: Includes all the related sea areas in the Annual Report.

In 2007, there were 20 countries in the world where ports and anchorages, with three or more reported incidents (attacks), were noted. Of 20 countries, three nations with more than 10 cases were noted. In Lagos, Nigeria there were 25 cases which were increasing remarkably from six cases in 2006. To the contrary, in Chittagong, Bangladesh the incidents are radically decreasing from 46 cases in 2006 to 15 cases in 2007. 13 cases were noted in the Gulf of Aden and Red sea. As for Asia, in Indonesia, nine cases in Belawan, six cases in Balongan, and three cases in Jakarta-Tg Priok, Dumai, and Balikpapan respectively; in the Malacca Strait, seven cases; in

Singapore Straits, three cases; and, in Vietnam, three cases in Vung Tau.

Looking from the types of vessels attacked, of a total number of 263 attacks in 2007, the highest number was 53 cases (49 cases in 2006) for containers, the second highest one was 52 cases (35 cases ditto) for chemical and product tankers, the third was 36 cases (30 cases ditto) for general cargoes, the fourth was 32 cases (57 cases ditto) for bulk carriers, the fifth was 25 cases (nine cases ditto) crude oil tankers, and the sixth was 16 cases (18 cases ditto) for fishing trawlers. The order of the types of vessels attacked frequently shows a trend for years, Compared to 2007, an increase for oil tankers was remarkable in 2007.

Table 3: Types of violence to crew from 2003 onward					
Types of Violence	2003	2004	2005	2006	2007
Taken Hostage	359	148	440	188	292
Kidnap / Ransom		86	13	77	63
Crew Threatened	65	34	14	17	6
Crew Assaulted	40	12	6	2	29
Crew Injured	88	59	24	15	35
Crew Killed	21	32	-	15	5
Missing	71	30	12	3	3
Total per year	644	401	509	317	433

#### 3. Characteristics of violence and arms used

Source: Depicted from Table 8 in the Annual Report (2007), p. 12.

As shown in Table 3, looking at the violence - damage inflicted on the crew, a total number was 433 cases, which was a substantial increase, compared to 317 cases in 2006. Particularly, it is notable that hostage incidents have increased.

Looking at the violence from the location where it occurred, of 292 incidents of hostage taken, 154 cases in Somalia, a little more than half of a total, and 36 cases in Nigeria were noted. Of 63 cases of kidnapping and ransom, two countries occupied almost all of a total with 40 cases in Nigeria and 20 cases in Somalia. Also, of 35 cases for crew injured, 15 cases in Nigeria and six cases in Somalia were noted. Of five cases for the crew killed, two cases for these two nations respectively (plus one case for Thailand) were noted. Looking from these types of the violence, Nigeria and Somalia are assessed to be the most dangerous places.

Looking at the violence in the Southeast Asia, in Indonesia, eight cases of hostage taken, two cases of crew threatened, one case of crew assaulted, one case of crew injured and one case missing, and, in Malaysia, nine cases of hostage taken, six cases of crew assaulted, four cases for crew injured and one case for missing, were noted. There were two kidnap cases in Malacca Straits. In the Singapore Straits, there was one case of hostage taken, while, in Thailand, there were 11 cases for hostage taken and one case missing.

As shown in Table 4, looking from the types of arms used, Nigeria and Somalia seems to be

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dangerous countries. Of a total 263 incidents, in 72 cases (53 cases in 2006) guns were used. Looking at these incidents from location, 19 cases in Nigeria and Somalia were noted respectively, which is a significant increase, compared to five cases in Nigeria and nine cases in Somalia respectively. In view of the types of weapons used, these two nations are also said to be the most dangerous places. Regarding the assaulting cases where knives were used, of 67 cases, Nigeria tops others with 14 cases, which is followed by 11 cases (10 cases in 2006) in Bangladesh and 10 cases (22 cases ditto) in Indonesia. The last two nations are noted for their peculiarities in having many piracy cases of using knives.

Location/Types of arms used	Armed with Guns	Armed with Knives	Other Weapons	Not Stated
Indonesia	6	10	5	22
Malacca Straits	1			6
Malaysia	3	4		2
Philippines	1	2		3
Singapore Straits		1		2
Thailand / Gulf of Thailand	1			1
South China Sea	1			2
Vietnam		2		3
Bangladesh		11		4
India		5	1	5
Gulf of Aden / Red Sea	3			10
Somalia	19			12
Nigeria	19	14	2	7
Tanzania		3	2	6
Peru		2	2	2
Subtotal*	72	67	14	110
Total*	263			

Table 4: Types of arms used for attacks in Asia and other areas in 2007

Source : Depicted from Table 10 in the Annual Report (2007), p. 14. Note \*: Includes all the related sea areas in the Annual Report.

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